



Report on
the Feasibility Study
for the Development
of the online
FASHIONOMICS
PLATFORM



Final External Report



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ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank	JICA	Japanese International Cooperation Agency
AGOA	African Growth and Opportunity Act	KIA	keep-it-all (a crowdfunding modality)
AIP	Aninver InfraPPP Partners S.L.	LDCs	Least Developed Countries
AON	all-or-nothing (a crowdfunding modality)	LICs	Lower Income Countries
ARTCI	Autorité de Régulation des Télécommunications/TIC de Côte d'Ivoire	MDB	Multilateral Development Bank
ATM	automated teller machine	MFIs	microfinance institutions
CAGR	compounded annual growth rate	MM	million
CIA	Central Intelligence Agency	PE	private equity
CI	Côte d'Ivoire	PPE	personal protective equipment
DB	World Bank's Doing Business ranking and indicators	OAPI	Organisation Africaine de la Propriété Intellectuelle
DFIs	development finance institutions	OIPI	Office Ivoirien de la Propriété Intellectuelle
EHS	environment, health and safety	ODI	Overseas Development Institute
ET	Ethiopia	RMCs	Regional Member Countries
EU	European Union	SEOG	Office of the Special Envoy on Gender
Eur	euro	SMEs/MSMEs	small and medium enterprises/micro, small and medium enterprises
FAPA	African Development Bank's Fund for African Private Sector Assistance	SSA	sub-Saharan Africa
GDP	gross domestic product	TA&A	textile, apparel and accessories
ICT/IT	information and communication technology/information technology	US/USA	United States of America
IFC	International Finance Corporation	USAID	United States Agency for International Development
IP	intellectual property	US\$	American dollars
IPDC	Ethiopian Industrial Parks Development Corporation	WB	World Bank
		WTO	World Trade Organization

Foreword

Geraldine Joslyn Fraser-Moleketi, Special Envoy on Gender, African Development Bank



With a view to building a prosperous Africa based on inclusive growth and sustainable development and drawing on its 'High Five Agenda', the African Development Bank is investing in high-growth sectors that have the potential to promote women's economic empowerment and create 25 million jobs over the next decade.

The creative industries comprise one such area offering massive capacity for continent-wide job and GDP growth. For instance, the textile and clothing sector together represent the second-largest sector in developing countries after agriculture. Women and youth make up an important and growing percentage of this workforce, reaching towards those who have previously had few opportunities to earn an income outside of the household or the informal sector. The fashion industry in particular holds considerable potential to motivate and bring change to some of the most disadvantaged people, especially women and youth across developing countries, and offers tremendous scope for African countries to participate in regional and global integration.

The Bank, under the leadership of the Office of the Special Envoy on Gender (SEOG), is supporting the growth of African SMEs in the creative industries, notably the fashion, film and food value chains. In particular, the Bank launched Fashionomics in May 2015, assuming leadership in promoting investments in the fashion sector, increasing access to finance for entrepreneurs, and incubating and accelerating start-ups. The Bank's online Fashionomics platform aims to link designers with other designers, buyers and suppliers, connecting them to financial services providers and mentors.

This is important because Africa produces 6% of the world's cotton and holds 60% of the world's uncultivated arable land, yet most of the textiles used in Africa are imported from countries like China, the largest textile producer in the world, Bangladesh, Vietnam and India. China's shift towards a domestic, consumption-driven economy and its plans to expand market access offer significant opportunities for countries in sub-Saharan Africa to participate in global markets.

The textile and fashion industry also presents significant opportunities anchored in the rise of African consumers, the demographic dividend, and women's empowerment. With more than half of sub-Saharan Africa's population under the age of 25 and 13 million young Africans joining the labour market every year, the development of labour-intensive sectors such as the textile and fashion industry is imperative for a stable and prosperous Africa.

Small and medium enterprises (SMEs) already make up 90% of Africa's fashion industry, yet their growth has been hampered by a lack of capital. Investors need to take African fashion seriously as the sector has the potential to become a \$15.5 billion industry in the next five years as personal incomes increase and the continent's middle class grows.

And global value chains offer new opportunities for structural transformation in Africa: instead of industrializing from the bottom up and building up all the sectors required to compete in global markets, African countries can integrate into global value chains at a particular stage by providing specific skills or products. This opens up new and quicker routes for development.

The need to further invest in Africa's textile and clothing industry in general, and the fashion industry in particular, is obvious. It is a largely untapped sector that requires development and support in order to establish African culture as a vehicle for sustainable and human-centred development.

1. Executive summary

The textile and clothing industry is the second largest employer after agriculture in the developing world. A large percentage of its workforce is made up of women. The industry is labour intensive and offers large employment opportunities, particularly for youth and women. In low-income countries like Ethiopia, clear institutional support has helped the industry create more than 40,000 jobs. Some of the largest global retailers (e.g. H&M) are now considering sourcing from Ethiopian factories.

Africa has the fastest growing and most youthful population in the world. Every year, more than 11 million young Africans, many of whom are women, enter the labour force. Many fashion entrepreneurs and micro, small and medium enterprises (MSMEs) in Africa cannot grow due to the lack of financial resources, limited access to industrial capabilities, and market constraints. On the other hand, Africa's strong demographic growth offers incredible opportunities at local and regional scales for African fashion entrepreneurs and firms.

The Fashionomics initiative, launched in 2015 by the African Development Bank Group (AfDB) to foster the fashion sector in Africa as a lever to develop jobs, industrialisation, regional integration, entrepreneurship and more equal societies, is fully aligned with the Bank's 'High Fives' strategic priorities, Gender Strategy 2014-2018, Jobs strategy 2016-2025, and other efforts. Developing the textile, apparel and accessories (TA&A) sector in Africa could result in creating some 400,000 new jobs (up to 2025), if African TA&A exports grow from current levels of around US\$ 3 billion to US\$ 5 billion.

Launching the Fashionomics online platform is feasible. It will help to foster the textile, apparel and accessories sectors in Africa as an important contributor to economic growth and job creation, especially for women and youth. There are already cases in Africa (e.g. Ethiopia, Lesotho, Mauritius) whose successful development of the TA&A sector can be replicated in other countries. Creating an online Fashionomics platform would increase transparency, provide valuable information to stakeholders (contacts, jobs, access to business opportunities, access to financiers and investors, etc.), help to develop skills, increase productivity and generate more business. While an online platform will not fix all of the industry's problems, it can contribute to developing it, especially as a useful tool for African entrepreneurs and MSMEs.

The study behind this report focused on two pilot countries—Côte d'Ivoire and Ethiopia—analysing their textile and apparel sectors, financial landscapes and use of technology. The study found that the Fashionomics platform should be open to all African entrepreneurs and businesses across the textile and apparel value chains in need of developing skills, hiring specialised talent, and gaining access to business opportunities, financial resources and relevant contacts. The platform must keep a focus on MSMEs, especially on women and youth, with specialised marketing campaigns and content addressed to these groups.

Based on the research conducted, in a first stage the platform would need to cover: sector news, training and education, sector organisation and information (including financial institutions and investors), communication and showcasing products. The main sources of revenue would be advertising (both selling space to big groups and selling sponsored content like jobs, premium listings, etc.), product sales, such as courses or templates, and support from other donors. As in other Internet businesses, a multi-revenue strategy needs to be executed. Crowdfunding and e-commerce should be left for subsequent versions of the platform given the current low levels of development in Africa. Sustainability is also a key issue to consider when designing the final version of the website. In summary, the platform will be a reference in Africa for all stakeholders in the TA&A sectors in their search for information that will help them grow and prosper.

Actively promoting the platform (e.g. through social media) will be key to its success. The entrepreneurs and MSMEs interviewed for the study are connected and use social media to promote their businesses. The platform has been conceptualised according to financial and technological development in Africa today. The first prototype of the website, also developed as part of the study, will be useful for potential users, sponsors and other stakeholders to understand the potential of the Fashionomics platform.

The platform would require the Bank's economic support during the first three years. This limited investment could translate into the creation of a number of direct jobs, mainly through continued support (skills development, sales generation, business partnerships, financing and investment, etc.) for African fashion entrepreneurs and companies that would generate further employment.

2. Introduction

2.1. Objective of the study

The **objective of the study** was to undertake market and user research with the aim of developing an online interactive market place for African MSMEs in the textile and fashion industry in Africa. The study specifically looked at the fashion sector as an important contributor to economic growth and job creation in Africa, especially for women and youth. The study focused on two pilot countries: Côte d'Ivoire and Ethiopia. Given the different degrees of development of the textile and apparel sector, the use of technology and the financial landscape in these two countries, the study provided a broad view of how such a platform could be developed to support this sector with pan-African coverage.

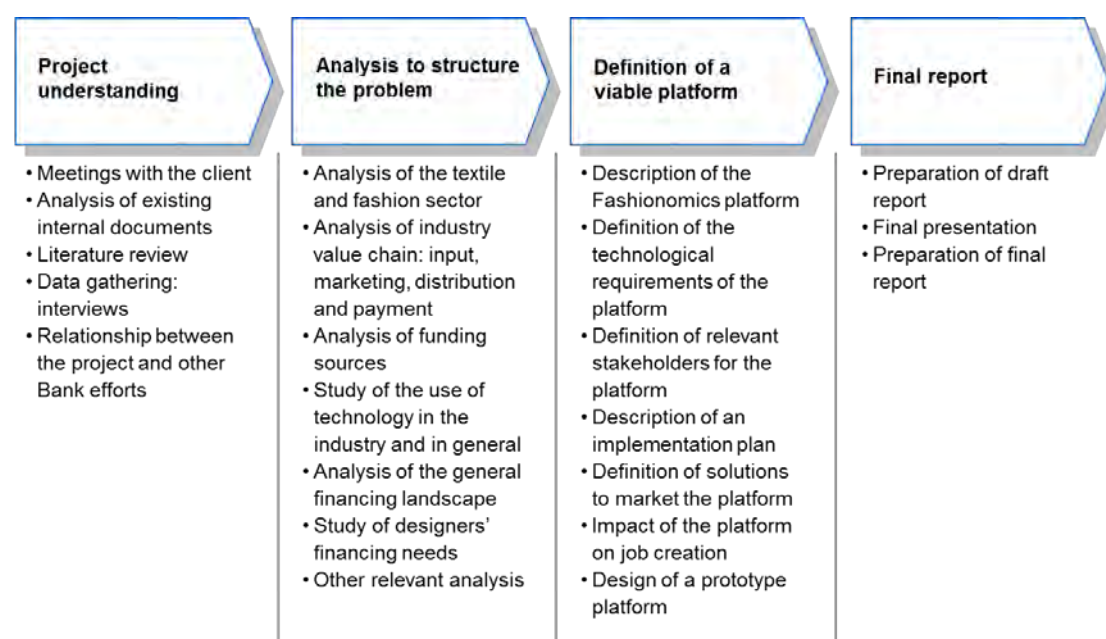
2.2. The pilot countries

The two pilot countries were selected by the Bank because (i) individually they represent two different language groups—French and English; (ii) their fashion sectors have different levels of sophistication; (iii) they have deployed and use diverse access technologies (fibre, 3G, GSM) and access devices (PCs, smart/feature/basic-phones) across each country.

2.3. Methodology

The study was based on the **methodology** described below. The methodological approach had four clear differentiated parts: project understanding, analysis to structure the problem, definition of a viable platform and final report. The team designed an approach that is adjusted to the challenging timeframe (3.5 months) and at the same time analytical and participative. Missions to Abidjan and Addis Ababa took place and different stakeholders were interviewed (see appendices 2 and 3). Some additional issues were also covered by the study. This final report collects all the final findings, conclusions and recommendations of the study.

Figure 1: Study methodology



2.4. The Fashionomics initiative

2.4.1. The Fashionomics initiative was launched in 2015 by the African Development Bank to foster the fashion sector in Africa in order to create jobs, industrialisation, regional integration, entrepreneurship and more equal societies. Some of the challenges already identified that the initiative will face are: the size of fashion businesses and the fact that they lack capital, skills and industrial capabilities, logistics and transport issues, lack of government support, intellectual property rights, etc. The initiative is fully aligned with the Bank's focus on inclusive growth and the strategic priorities, such as Industrialise Africa and Integrate Africa. It is also consistent with the second pillar of the Bank's Gender Strategy (2014-2018) and the Bank's Employ African Youth Initiative.

2.4.2. With Fashionomics 'the AfDB believes global value chains are paramount to boost inclusive growth. Fashion also offers tremendous scope for African countries to participate in regional and global integration. Thus, the AfDB aims to support the fashion sector, to provide access to finance for entrepreneurs to industrialise their work, and to incubate and accelerate start-ups by identifying and financing projects.'

2.4.3. The rationale behind fostering the fashion sector in Africa is supported by the following arguments:¹

- The textile and clothing industry is the second largest employer after agriculture in the developing world. A large percentage of its workforce is made up of women. It is labour intensive and offers employment opportunities, particularly for youth and women, thereby holding considerable potential to motivate and bring change to some of the most disadvantaged women across Africa.
- While the global fashion sector is estimated to be worth US\$ 1.3 trillion, there are no solid figures for the size and value of Africa's fashion industries. However, sub-Saharan Africa's combined apparel and footwear market can serve as a proxy in this regard as it is worth US\$ 31 billion.
- Within the apparel sector, global value chain participation has created employment opportunities and sustained output growth in low-income countries. For instance, in Ethiopia 60,000 jobs have been created in the apparel industry and it now supplies global apparel company H&M. Based on this successful development, Ethiopia was chosen as one of the pilot countries for the study.
- MSMEs make up 90% of Africa's fashion industry, most of which have talented staff and whose growth has been hampered by a lack of capital. Investors need to take African fashion seriously as the sector could become a multibillion dollar industry in the next five years as personal incomes increase and the continent's middle class grows. Africa has the fastest growing and most youthful population in the world. More than 40% are under the age of 15 and 20% are between the ages of 15 and 24. Every year, more than 11 million young Africans, many of whom are women, enter the labour force.
- The creative industries show and use African culture and creativity as unique selling points within and outside the continent. Combined with the use of information and communications technologies (ICT), these sectors can be more attractive to young people in Africa, not only creating economic benefits but also becoming a vehicle to further African regional integration in the spirit of the African Union's Agenda 2063.

2.4.4. The Fashionomics initiative is fully integrated with some key Bank efforts and programmes:

- **High Fives:** The African Development Bank launched five strategic priorities in 2016—Power Africa, Feed Africa, Industrialise Africa, Integrate Africa and Improve the quality of life for African people. The Fashionomics initiative is fully aligned with this agenda:²
 - Power Africa: Developing new industries in the TA&A sector in Africa offers the possibility of powering these new facilities with renewable energy sources.
 - Feed Africa: Cotton is one of Africa's most important agricultural commodities. However, most of the cotton produced in Africa is taken to Asia for further use in garment manufacturing. The development of niche cotton markets offers bright prospects as part of global value chains.
 - Industrialise Africa: Africa currently accounts for only 1.9% of global manufacturing. The fashion industry requires highly industrialised processes, from transforming raw materials to fine manufacturing. There is large potential for value addition in TA&A industrial processes across African countries.
 - Integrate Africa: In most of the cases, African fashion entrepreneurs and MSMEs cannot find the suppliers that they need locally. Regional and continental trade within the TA&A sector is key to further developing this industry in Africa.
 - Improve the quality of life for African people: Developing the fashion sector, which the Fashionomics platform will contribute to, requires investing in people's skills and qualifications, helping African's (especially women and youth) to find jobs.
- **Integrated value chain approach:** The Bank follows a value chain approach to support Africa's industrialisation processes. The 2014 edition of the *African Economic Outlook*³ makes the case for global value chains to boost employment and economic growth on the continent, as it can allow Africa to set up the type of new and more productive activities that are behind structural transformation. Production processes are becoming more fragmented across the globe as companies look for more competitive locations for sourcing purposes. Currently, Africa is capturing a small but growing share of trade in global value chains (its share in global trade of value-added products grew from 1.4% in 1995 to 2.2% in 2011). African economies can further integrate into global value chains by opening up to trade, targeting regional markets, modernising infrastructure, promoting entrepreneurship and developing education. At the same time, they must ensure that this integration brings a positive impact on socially inclusive development. The Fashionomics platform will allow MSMEs to access business

¹ Based on the internal note 'FASHIONOMICS Bank's wide seminar on Innovation'

² Based on the internal note 'Summary on the Creative Industries work stream - June 2016'

³ African Development Bank 2014.

opportunities and to further integrate in global value chains. It will also provide visibility to African fashion entrepreneurs and businesses.

- **Gender strategy:** The Bank has defined a Gender Strategy⁴ based on three external pillars: (i) legal status and property rights; (ii) economic empowerment; and (iii) knowledge management and capacity building. Pillar two involves increasing women's access to financial resources and services, which the Fashionomics platform will contribute to. Increasing the productivity of women-owned fashion businesses, through industrialisation support and access to more business opportunities, and skills training in technology and financial literacy are other points of alignment with the Bank's gender strategy.
- **Youth employment strategy:** The Bank has launched the 'Employ African Youth Initiative'.⁵ This initiative seeks to bring more scale, focus and structure to current efforts to address youth employment challenges in Africa. It plans to do so through three key pillars: (i) Integration—with AfDB's portfolio and operations; (ii) Investment—a dedicated investment facility to channel resources towards youth employment, the 'Youth Investment Facility'; (iii) and Innovation—youth employment flagship programmes in agriculture, ICT and industrialisation.
- **Sustainability issues:** This report includes some considerations on environmental, health and safety (EHS) issues. The Bank is targeting green investments across Africa through its different arms and is fully committed to supporting Africa's move toward climate-smart development. For example, the Bank is serving as a Climate Investment Funds (CIF) implementing agency. Established in 2008 as one of the largest fast-tracked climate financing instruments in the world, the US\$ 8 billion CIF gives developing countries worldwide an urgently needed jump-start toward achieving low-carbon and climate-resilient development. Environmental issues are also related to business opportunities for African MSMEs and entrepreneurs. In the TA&A sector, global players are increasingly aiming their efforts at sourcing from sustainable suppliers and there are trends, such as the use of organic materials (e.g. cotton), that could be leveraged by African designers and suppliers.

2.5. The textile and apparel industry in Africa

2.5.1. The textile, apparel and accessories (TA&A) industries have buyer-driven value chains where:

- The production of components and their assembly into final products is carried out in inter-firm networks⁶ on a global scale;
- The production networks are decentralised, globally dispersed, and coordinated by lead firms⁷ that control activities that add value to products (design, branding);
- Clothing and apparel production is outsourced, labour-intensive, has low start-up and fixed costs and requires simple technology, which encourages the move to low-cost developing countries;
- Buyers significantly control manufacturers through detailed product and production specifications.

The criteria shaping sourcing decisions of the lead firms in the industry are:

- Lead times and flexibility;
- Non-manufacturing capabilities;
- Consolidation of supply base;
- Compliance (labour and environmental standards).

2.5.2. These industries are key for Least Developed Countries (LDCs). Developing countries in Asia clearly dominate production networks today. The impact on development is proven, with strong contributions to employment generation (e.g. TA&A represents 80% of manufacturing employees in Lesotho⁸), export volumes (84% of exports from Bangladesh are TA&A related) and income (e.g. TA&A represents 12% of GDP in Cambodia).⁹

2.5.3. In sub-Saharan Africa (SSA), there have been some successful cases of development of the sector due to a combination of trade agreements (e.g. The African Growth and Opportunity Act, AGOA – exports to US) and government support programmes (e.g. Ethiopia). Some of these cases are illustrated in figure 2. The link with global value chains is the key to developing the industries in Africa, although there is also an important untapped market on the continent.

⁴ African Development Bank n.d.

⁵ African Development Bank 2016b.

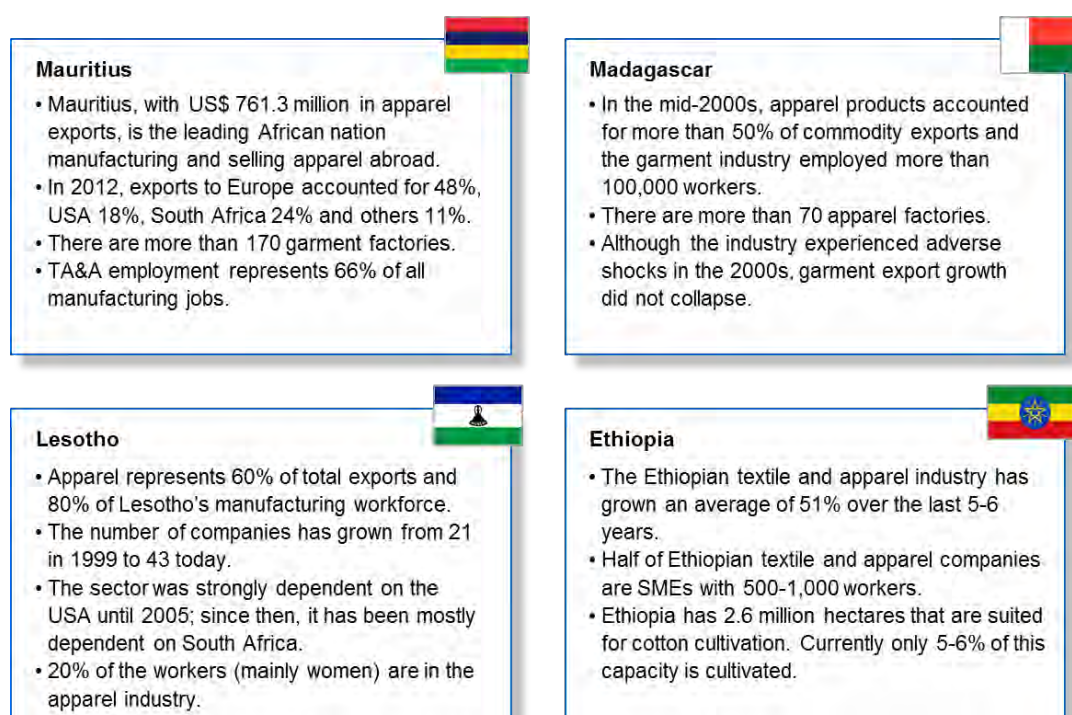
⁶ A group of related organisations that partner and/or cooperate with each other in order to provide expanded products and services.

⁷ There is typically a strong 'flagship firm' that has a keen interest in the success of the network and leads its development.

⁸ African Development Bank 2013.

⁹ Overseas Development Institute 2008.

Figure 2: Successful cases in the apparel sector in SSA



Sources: Commonwealth Secretariat, 2015, Clothing Global Value Chains and Sub-Saharan Africa: Global Exports, Regional Dynamics, Industrial Development Outcomes; AfDB, 2013, Opportunities for Private Sector Development in Lesotho: Clothing and textile value chains; Overseas Development Institute, 2008, The role of textile and clothing industries in growth and development strategies.

2.5.4. Today 10 countries (all of them located in Eastern and Southern Africa) export US\$ 2.5 billion in apparel from SSA, representing only 0.55% of world apparel exports. Although the export volumes are small in terms of global scale, developing the industry in some of these countries has had a significant impact on job creation, economic development and export volume overall. Figure 3 summarises the top 10 apparel exporting countries in SSA (2013 data).

2.5.5. Overall, SSA manufacturing exports (including re-exports) doubled between 2005 and 2014 to more than US\$ 100 billion. Garment and footwear has been identified as one of the four most promising manufacturing sub-sectors for SSA.¹⁰ With AGOA as a stimulus, SSA clothing exports increased to US\$ 3.2 billion in 2004 and dramatically changed their composition (exports to the US peaked). Nowadays, exports are more balanced: USA (43%) and Europe (42%) are the two main destinations for SSA apparel exports.¹¹ Many apparel firms based in SSA are Asian-owned.

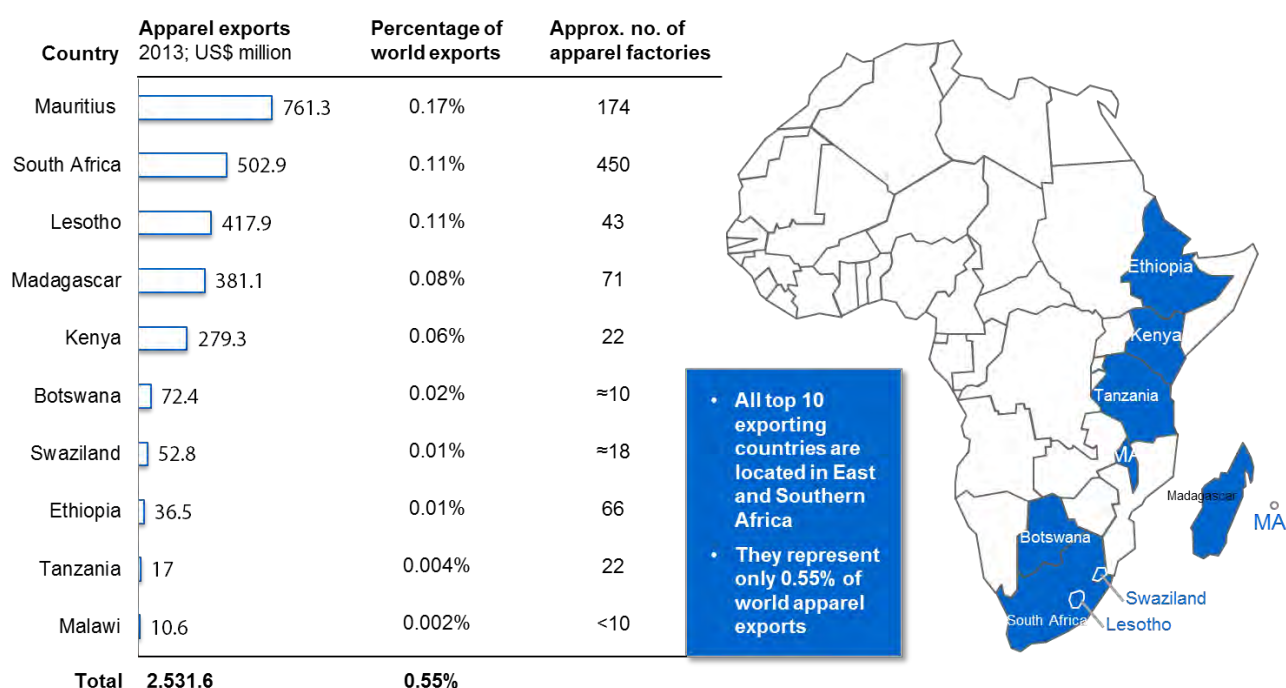
2.5.6. Within sub-Saharan African, Western African countries are the worst positioned to compete globally as apparel producers, while Eastern African countries (including the islands) are better positioned (see figure 4). The poor positioning of Western African countries is explained by their less sophisticated garment industry and a lack of export dynamism. More institutional support to the TA&A sector is required in Western African countries. Attractive investment promotion strategies and favourable tax incentives and schemes for industrial investments could help to support the TA&A industrialisation process in these countries. According to a 2016 survey of international branded fashion company chief purchasing officers by McKinsey,¹² Ethiopia is among the top destinations for global apparel buyers for the first time (this list is led by Bangladesh and Vietnam).

¹⁰ ODI 2016.

¹¹ Commonwealth Secretariat 2015.

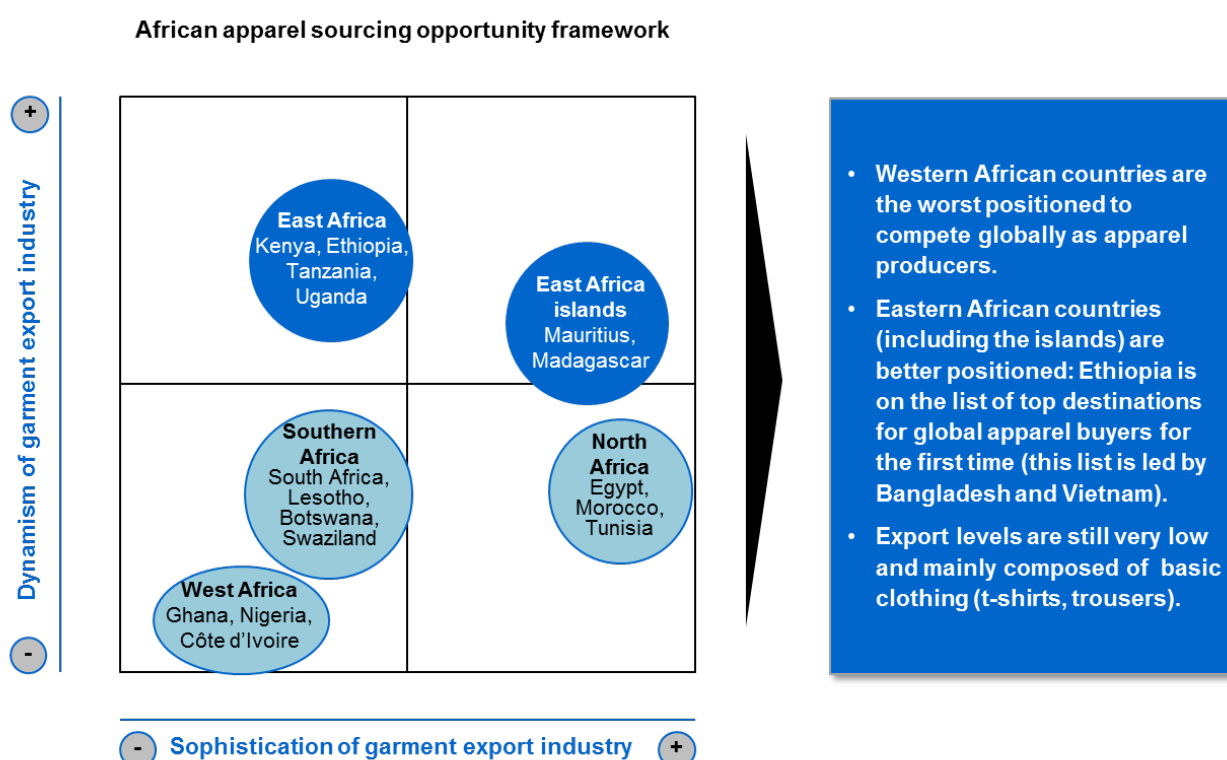
¹² McKinsey 2015.

Figure 3: Top 10 apparel-exporting countries in SSA



Source: McKinsey, 2016, Sourcing in a Volatile World: The East African Opportunity.

Figure 4: Classification of apparel-exporting countries in SSA

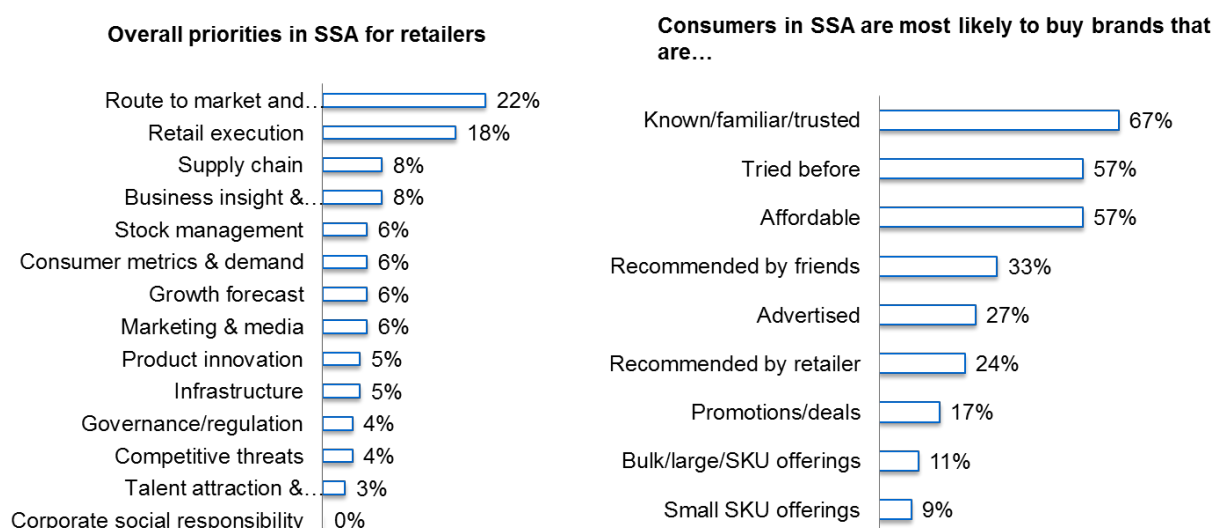


Note: Côte d'Ivoire added by the consultant

Source: McKinsey, 2016, Sourcing in a volatile world. The East African opportunity.

2.5.7. Fashion retail is still at a very incipient stage in SSA. 'Africa's retail environments are some of the toughest in the world, given that 95% of the landscape is still made up of traditional trade outlets [informal points of sale in typical markets vs. standard formats like convenience stores, shopping malls, supermarkets, hypermarkets or drugstores]'.¹³ According to market research firm Nielsen, distribution, retail execution and supply chain management are the main priorities across SSA for retailers. Familiarity, affordability and previous experience with the brand are key purchasing drivers in SSA as illustrated in figure 5.

Figure 5: Priorities and key purchasing drivers in retail in SSA



Source: Nielsen, 2016, Africa Prospects, February 2016.

2.5.8. Various Africa-focused and global initiatives address ethical apparel sourcing and the overall development of the textile and apparel sector. Examples include:

- Ethical Apparel Africa is a social enterprise taking the best of lean manufacturing and applying it to create sustainability and ethical employment. Their goal is 'to create a network of exceptional factories that deliver quality, cost-competitive products while empowering employees across the African continent.
- SOKO is a platform based in technology to give artisans access to global markets in emerging economies. Their vision is 'to be a catalyst for global supply chain innovation'. Their approach is to generate what they call 'a virtual factory', putting small artisans in contact with buyers.
- Plexus Cotton is a global cotton trader and supplier that covers the whole chain. They provide support to smallholder and commercial farming in the cotton sector, as well as advisory in textile production activities.
- International Trade Centre (ITC) was founded in 1964 as the focal point within the United Nations system for trade-related technical assistance. They provide information specific to the textile and clothing sectors, including online marketplaces, market research and directories.
- Cotton made in Africa is a project initiative launched and managed by the Aid by Trade Foundation (AbTF) and headquartered in Hamburg. Cotton marketed under the badge is produced according to strict criteria for environmental, economic and social sustainability.

2.5.9. Latest developments in the sub-Saharan Africa TA&A sector: The TA&A sector in SSA is very active. Large international retailers, such as the Swedish label H&M, have decided to source from African countries (e.g. Ethiopia). The American company PVH, which produces labels like Calvin Klein and Tommy Hilfiger, plans to start production in Kenya. Some Turkish and Asian firms are investing in countries like Ethiopia, where the government is actively promoting industrial land and parks to foster private investment in sectors like TA&A. Turkish garment manufacturer Ayka invested US\$ 160 million in a new factory in Ethiopia and currently employs around 7,000 workers.¹⁴

¹³ Nielsen 2016. The sentence refers to all Africa, not only SSA.

¹⁴ See "The rediscovery of Africa's textile industry", article published on 07.10.2014, at <http://www.dw.com/en/the-rediscovery-of-africas-textile-industry/a-17980529>.

Countries like Nigeria and Angola have recently decided to support their textile sectors. The Nigerian Ministry of Industry, Trade and Investment has declared that it has received a presidential directive to revive the cotton, textile and garment sector and the country has created a National Committee for the Implementation of the Cotton, Textile and Garment Policy.¹⁵ The Angolan government is planning to restore its textile sector, which was severely damaged after the civil war that lasted from 1975 to 2002. Japanese international trading house Marubeni Corp is re-building an industrial facility in Dondo, in Central Angola, with the support of the government.¹⁶ The African Development Bank is also active in the TA&A sector. For example, it is supporting the State of Madagascar, a traditional textile export country that is now emerging from a period of crisis (2009-2013). Prior to that, Madagascar was among the countries whose textile exports recorded the highest growth, after Vietnam and China, and the country still has major textile industry assets (textile and clothing represents more than 50% of the exports of free zone enterprises). Through this institutional support programme, the Bank expects to increase the level of private investments in Madagascar, leading to the creation of new jobs in the textile industry (passing from 80,000 in 2014 to 120,000 to 2018).¹⁷

2.6. Why develop the sector and how Fashionomics can help

2.6.1. The SSA apparel sector presents big challenges that are fairly common to the different countries:

- Textile production facilities are missing in most of the countries—they require more investment than apparel/clothing facilities;
- Small-scale producers/designers cannot access industrial production—from customised/unique to retail setup;
- Skills shortage and lack of industry-specific training facilities;
- Constrained access to financing for entrepreneurs and MSMEs;
- Limited local and regional input suppliers and export companies;
- Coping with changing end-market requirements (seasonality, costs, quality, volume, deliveries, styles, lead times, etc.)—skills and flexibility increasingly important;
- Lack of institutional and government support of the sector in many SSA countries;
- Relationship with Asian investors and buyers—many agents;
- Need to develop intra-African exports and markets;
- Limited access to information—trends, buyers, market data, etc.;
- Regulatory issues (tariffs) and exchange rates affect exports;
- Poor infrastructure—water, waste management, energy, ports, roads, customs.

2.6.2. At the same time, there are significant opportunities in the SSA textile and apparel sector that Fashionomics can help to pursue:

- Increase productivity through training;
- Cheaper labour in SSA vs. increasing wages in China and South-East Asia;
- Access untapped local and regional markets for fashion/apparel/accessories;
- Integrate into international value chains by addressing aspects of competitiveness;
- Attract global buyers to increase exports, replicating successful models in SSA (Ethiopia, Lesotho, Mauritius);
- Work with national and regional institutions to develop the skill sets that the industry requires;
- Brand building—Africa as a fashion hub with ‘African fashion for African people’.

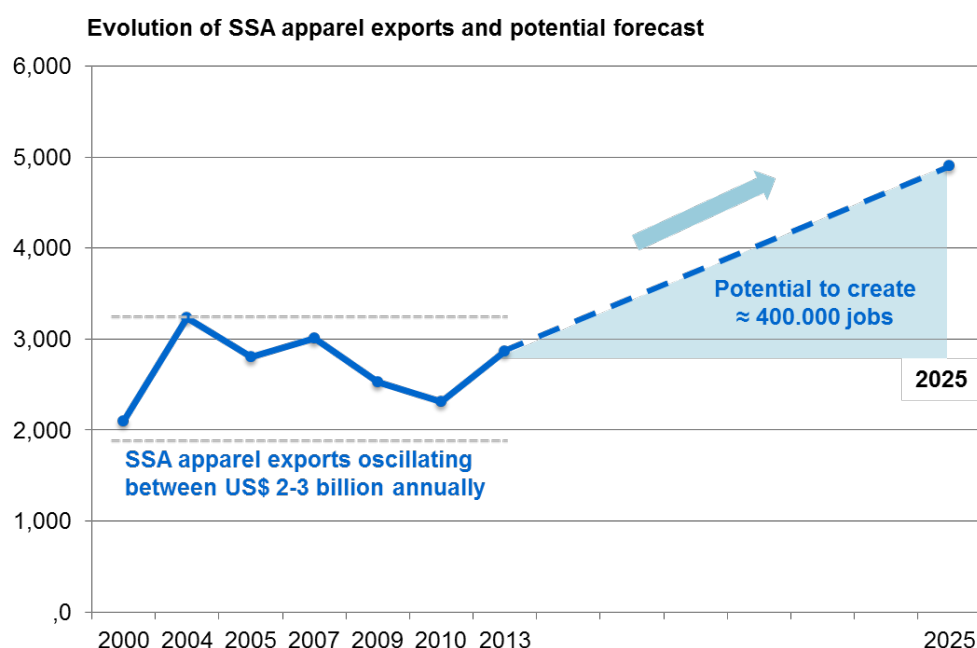
2.6.3. The analysis estimates that developing the SSA textile and apparel exports at the lowest range of Asian competitors (exports growing at 4.6% CAGR) could multiply exports by 1.7, resulting in the creation of approx. 400,000 new jobs. These estimates are in line with McKinsey’s conservative scenario for Eastern Africa (x2 until 2025). The forecasted figures are shown in figure 6.

¹⁵ See www.nta.ng. Accessed 04.05.2016.

¹⁶ See <http://www.just-style.com>. Accessed 16.06.2016.

¹⁷ African Development Bank 2015.

Figure 6: Growing SSA apparel exports could allow for the creation of a significant number of jobs



Note: Analysis based on the evolution of exports and jobs in different Asian economies, including Vietnam, Cambodia, India, Indonesia, Sri Lanka and Pakistan.

Sources: Consultant's analysis; Adhikari, R. and Y. Yamamoto, 2008, 'The textile and clothing Industry: Adjusting to the post-quota world', in Unveiling Protectionism: Regional Responses to Remaining Barriers in the Textiles and Clothing Trade; Wikipedia, 'General Wage Situation of Apparel Industry Workers in Sri Lanka'; McKinsey, 2015, Sourcing in a volatile world: The East Africa opportunity.

2.6.4. There is abundant knowledge on what needs to be done to develop the TA&A sector in SSA. Identified measures apply to governments, textile and apparel suppliers, and large international branded apparel groups. Figure 7 collects some of these key measures and how the Fashionomics platform could contribute.

2.6.5. The feasibility study analysed the viability of such a platform, identifying the key success factors and defining a clear roadmap for the platform's implementation. The following key issues are addressed:

- Analysis of the textile and apparel sector in both pilot countries (Côte d'Ivoire and Ethiopia)—Section 3;
- Analysis of the financial landscape in both pilot countries, including crowdfunding as a potential financing lever for the sector—Section 4;
- Analysis of the use of technology in both pilot countries—Section 5;
- Other relevant analysis necessary for the definition of a viable platform—Section 6;
- Definition of a viable platform—Section 7;
- Implementation matters—Section 8.

Figure 7: How can Fashionomics help to develop the sector?

What needs to be done**How can Fashionomics contribute?**

The Fashionomics initiative intends to contribute to the African fashion sector by:

- Increasing transparency in the sector and providing market information
- Ensuring financing for entrepreneurs and SMEs
- Increasing productivity
- Developing skills and providing training tools
- Putting suppliers and buyers in touch
- Generating more intra-African business.

In order to achieve these objectives, the AfDB is developing a new online platform.

The Feasibility Study analyses the viability of such a platform, identifying the key success factors and defining a clear roadmap for the platform's implementation.

* Backward and forward integration are two types of strategic vertical integration initiatives that companies may perform to reduce risks and interdependencies between external business partners. In backward integration, a company in its value chain acquires suppliers. In forward integration, the same company may acquire distributors or commercialisation partners.

Source: AfDB, 2013, Opportunities for Private Sector Development in Lesotho: Clothing and Textile value chains; International Trade Centre; consultant's own analysis.

3. Analysis of the textile and apparel sector in Côte d'Ivoire and Ethiopia



3.1. Information available

The information available on the textile, apparel and accessories sectors in both countries is limited. Data has been compiled through interviews with entrepreneurs and fashion companies in both countries and through the analysis of some company directories in both countries. The lists are not homogeneous for both countries but they provide an overview of the sector. Additionally, sample prices and data from other studies complete the market assessment. This market assessment was aimed more at understanding market limitations and needs from the point of view of the Fashionomics platform, covering two different market situations, than at understanding the demand for fashion articles in both countries. The assessment was constrained by existing market information.

3.2. Context

Côte d'Ivoire (CI) and Ethiopia are two African countries with relevant differences: CI is located in West Africa and is francophone and Ethiopia is located in East Africa and is anglophone. CI has a population of 22 million and Ethiopia 97 million, making it one of the most populated countries in Africa. With GDP per capita of US\$ 3,300, Côte d'Ivoire is the more developed country. Both countries receive relevant official development assistance (ODA)¹⁸ volumes (922 million in 2014 for CI and 3.6 billion for Ethiopia) that are similar when compared per capita (US\$ 42 for CI, US\$ 37 for Ethiopia). Both economies are growing strongly: 8.6% for CI and 10.2% for Ethiopia. Ethiopia attracts more foreign direct investment, due to solid institutional support (US\$ 1.2 billion for Ethiopia vs. US\$ 0.46 billion for CI in 2014), but Côte d'Ivoire is a more open economy, with a trade openness index of 82.80% (vs. 40.73% for Ethiopia) and almost four times more export volume compared to GDP (exports represent 43.39% of GDP for the Ivorian economy vs. 11.64% for Ethiopia). In both cases, textiles and natural fibres have significant export volumes, and only leather in Ethiopia has some relevance.

Table 1: General information on both countries

Country	Côte d'Ivoire 	Ethiopia 
Population (WB 2014)	22 million	97 million
GDP per capita PPP (CIA est. 2015)	US\$ 3,300	US\$ 1,800
GDP growth (CIA est. 2015)	8.6%	10.2%
Foreign direct investment (WB 2014)	US\$ 0.46 billion	US\$ 1.20 billion
Foreign direct investment as percent of GDP (WB 2014)	1.35%	2.16%
Trade openness ¹⁹ (WB 2014)	82.80%	40.73%
Export volume as percent of GDP (WB 2014)	43.39%	11.64%
Main exports	Cocoa, coffee, timber, oil, cotton, bananas, pineapples, palm oil	Coffee, oilseeds, vegetables, flowers, leather, meat
Net official development assistance (WB 2014)	US\$ 922 million	US\$ 3,585 million
Net official development assistance per capita (WB 2014)	US\$ 42	US\$ 37

Source: Consultant's analysis

¹⁸ The total sum of aid received from development financial institutions and other donors.

¹⁹ Trade openness is an economic metric calculated as the ratio of country's total trade, the sum of exports plus imports, to the country's gross domestic product. TO = (exports + imports) / (gross domestic product).

3.3. Profile of the entrepreneurs and companies interviewed (both countries)

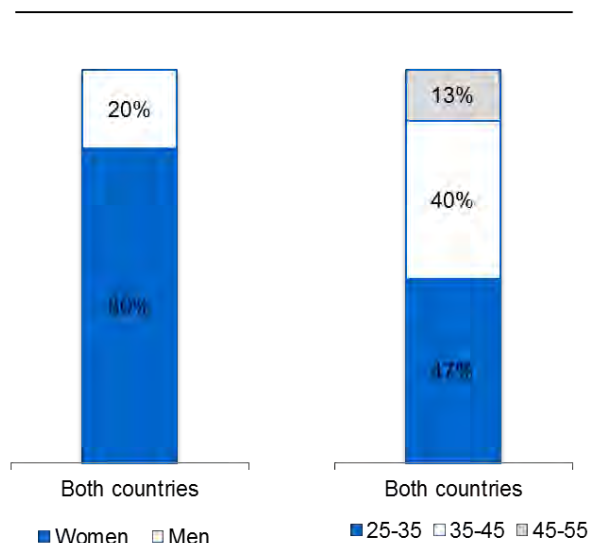
3.3.1. The interviews performed were designed to collect qualitative information. However, given the lack of updated data on the TA&A sector in both pilot countries, the information from the different interviews was processed to extract some findings to build a profile of the entrepreneurs and companies interviewed. The interviewees in both countries mainly included fashion entrepreneurs and businesses (some of them still operating informally), as well as some fashion schools, associations and chambers of commerce and other stakeholders.

3.3.2. Figures 8 and 9 synthesise some of the key information on the interviewees. The main findings on their profiles are as follows:

- Companies interviewed were mainly owned by women (80%) aged less than 45 years (87%).
- The profile of the entrepreneurs and companies interviewed in both countries was very different considering the years in business and the number of total and women employees. The Ethiopian companies interviewed are younger and employ proportionally more women (in Côte d'Ivoire there are many more men working in the sector than in Ethiopia).
- Clothing is the main line of activity (47%), although accessories are quite significant among the sample (only accessories: 33%).
- Foreign suppliers are also very relevant in both countries (only foreign 33%, foreign and local 34%).
- In both countries the majority of companies export (71% CI, 63% Ethiopia). These figures show the potential relevance of the Fashionomics platform for regional or pan-African trade within the sector (many entrepreneurs and companies source from and sell to other African countries).

Figure 8: Profile of the entrepreneurs and companies interviewed (1/2)

Entrepreneurs



Company profiles: averages

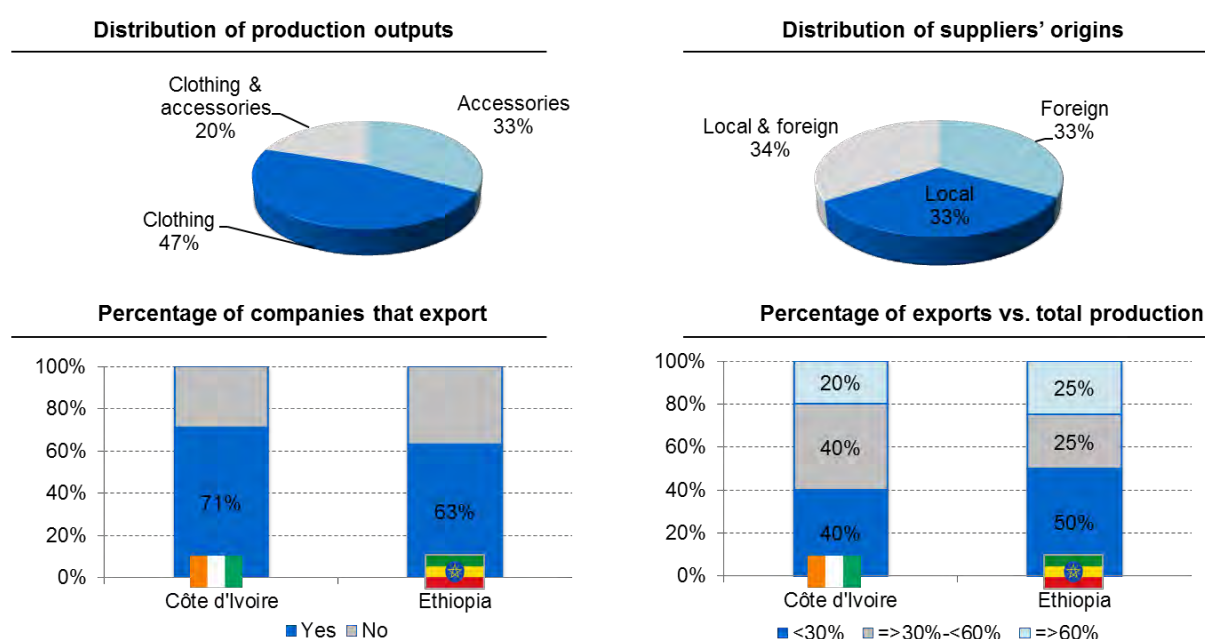
Côte d'Ivoire



Ethiopia



Figure 9: Profile of the entrepreneurs and companies interviewed (2/2)



Source: Consultant's interviews with fashion companies and entrepreneurs in Ethiopia and Côte d'Ivoire

3.3.3. On the informality of the sector: The study included interviews with entrepreneurs in both countries that operate informally and visited different local markets where most of the activity is informal. As TA&A sector market information is limited even for formal businesses, getting a broad view of the role of informality in this sector in both countries fell out of the scope of the study. The small size of their business operations and the complications of running a formal business, pay taxes and comply with all local, regional and national regulations usually push these entrepreneurs to operate informally. The Fashionomics platform shall consider that many designers or entrepreneurs are start-ups and do not operate official businesses; however, this fact alone should not exclude them from the support that the platform can potentially provide them. Giving them access to more business opportunities and investors can help to move many of these ventures out of the informal economy and to register officially.

3.4. Profile of apparel manufacturers (both countries)

3.4.1. In both countries the availability of data on the TA&A sector (e.g. number of companies, employees, profile of those companies, etc.) was very limited. Different reference guides and directories were processed, creating databases of companies (mainly garment manufacturers) in both pilot countries. Drawing on those databases, the following profiles of apparel manufacturers in both countries were drawn up:

3.4.2. **Côte d'Ivoire:** although there is no official directory of companies, a sample of companies operating in the sector was created by the Chamber of Commerce and Industry of Côte d'Ivoire for its study *L'analyse de l'offre de la filière confection-habillement*. Of this sample of 26 companies, **on average they have been in business for 15 years but are still quite young (46% have been in business for less than 10 years) and are very small (65% have fewer than 10 employees—much smaller than in Ethiopia—and 58% have less than US\$ 52,000 in yearly revenues). Exports focused on Western Africa.** The information also includes some data on production levels and turnover.

Figure 10: Profile of apparel manufacturers in Côte d'Ivoire (1/2)

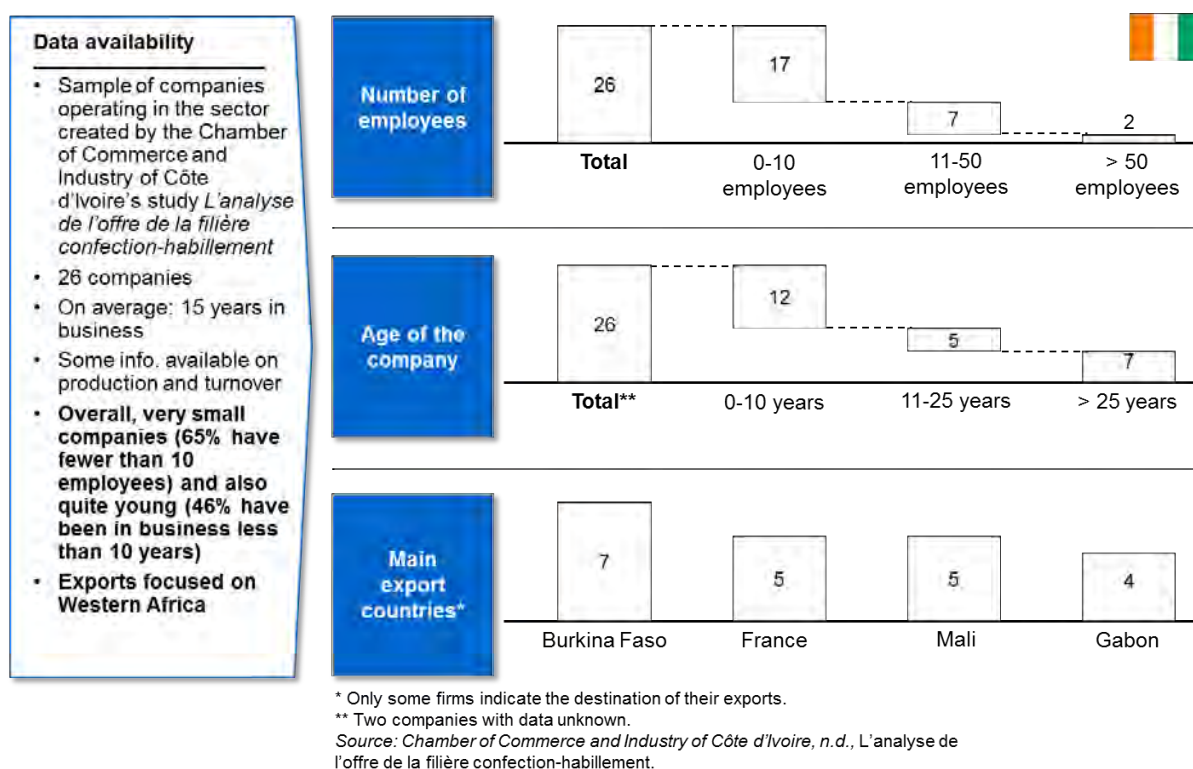
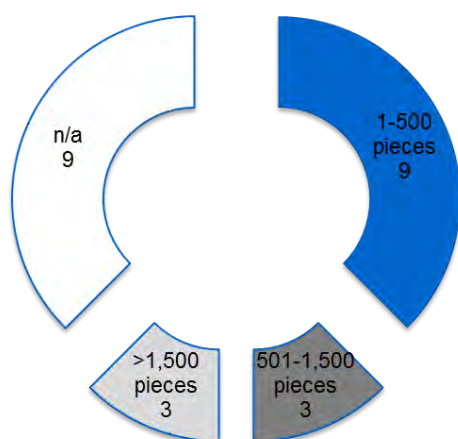
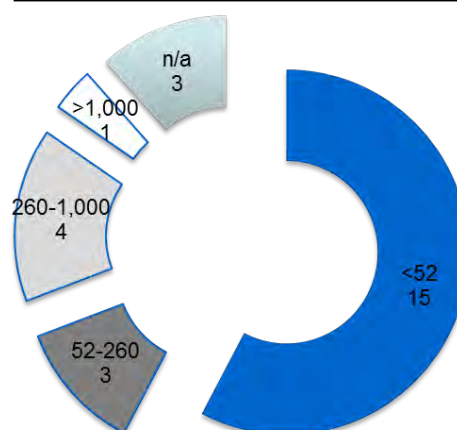


Figure 11: Profile of apparel manufacturers in Côte d'Ivoire (2/2)

Production level



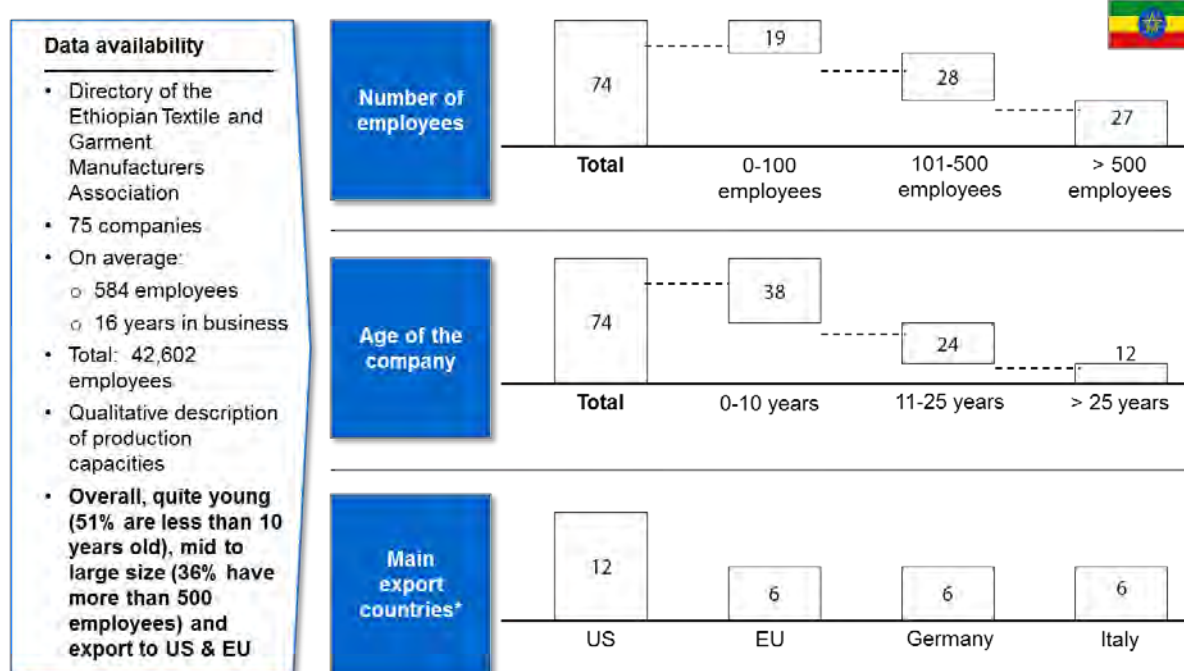
Turnover (US\$ thousands)



Source: Chamber of Commerce and Industry of Côte d'Ivoire, n.d., *L'analyse de l'offre de la filière confection-habillement*.

3.4.3. Ethiopia: The information available in Ethiopia was more exhaustive, given the existence of the Directory of the Ethiopian Textile and Garment Manufacturers Association. This list gathers information on 75 companies having on average 584 employees and 16 years in business. These companies had a total of 42,602 employees. The directory includes a qualitative description of production capacities. **Overall, Ethiopian firms are quite young (51% are younger than 10 years, this matches the findings based on the interviews), they tend to be of mid to large size (36% have more than 500 employees) and they mainly export to USA and Europe.**

Figure 12: Profile of apparel manufacturers in Ethiopia



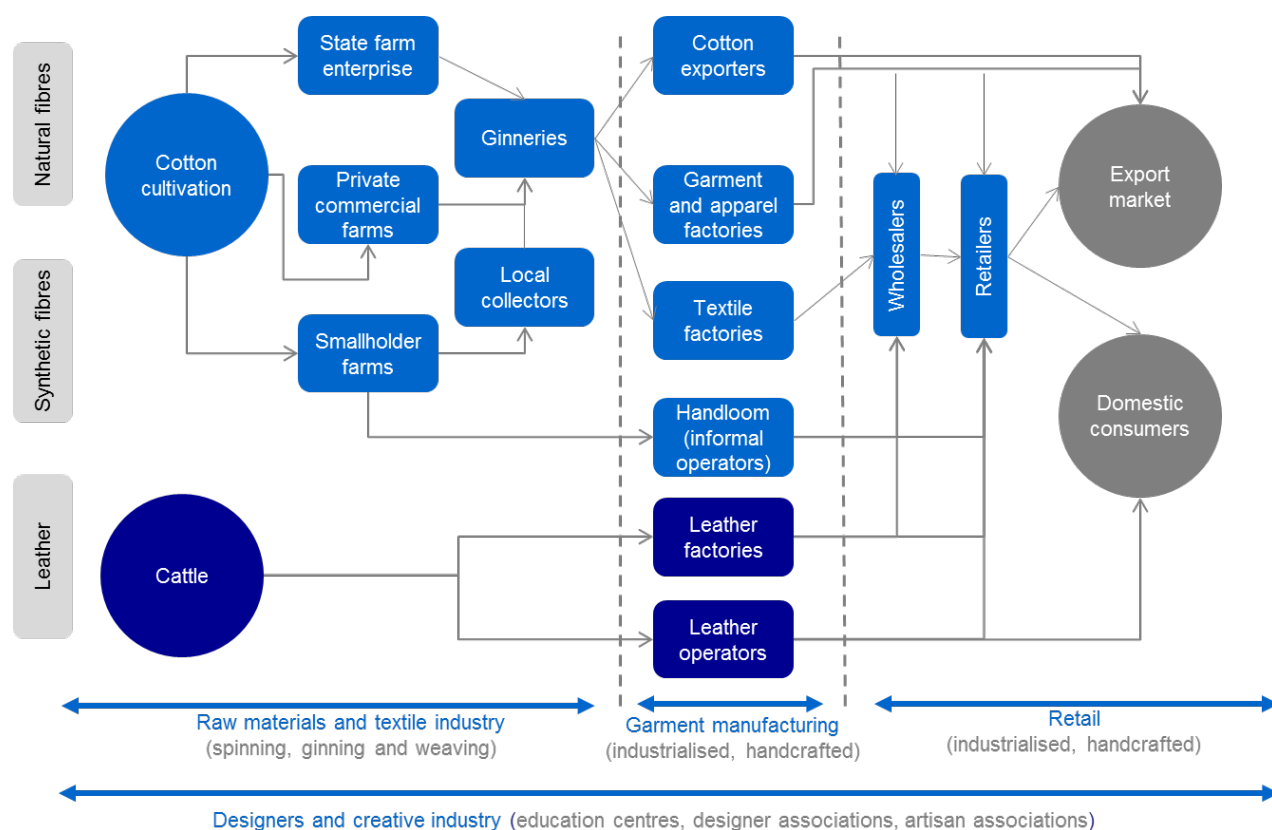
* Only some firms indicate the destination of their exports.

Source: Ethiopian Textile and Garment Manufacturers Association.

3.5. The industry's value chain (both countries)

3.5.1. Figure 13 summarises the industry's value chain (overall). As described in section 2, TA&A value chains are complex and involve different types of companies in different locations (globally). There are three key steps in the value chain: raw materials and textiles, garment manufacturing and retail. Raw materials include natural fibres (e.g. cotton), synthetic fibres and leather. For natural fibres like cotton, these can be cultivated through larger farms, either public or private, or on smallholder farms. From there, natural fibres go through spinning, ginning and weaving processes. With smaller farms, local collectors act between these industrial processes and cotton cultivation. Garment manufacturing includes handcrafted and smaller (sometimes informal) operators and factories for leather products, textiles, garments or accessories. Retail includes wholesalers and retailers, either directed to export markets or to domestic consumers. In parallel, the value chain includes other stakeholders, such as educational centres, designer and manufacturer associations, public institutions, etc.

Figure 13: TA&A industry's value chain



Source: Consultant's analysis.

3.5.2. The study highlighted different aspects of the industry's value chain in both pilot countries: inputs, distribution, marketing and payment methods were analysed through interviews in both countries. The conclusions of this analysis are gathered in table 2 below.

Table 2: Key aspects of the TA&A industry's value chain in both countries

Country	Côte d'Ivoire 	Ethiopia 
General	<ul style="list-style-type: none"> Industry dominated by a single group High degree of informality and low levels of government support 71% of companies export 80% of entrepreneurs are women 65% have fewer than 10 employees Mainly exports to Burkina Faso, France, Mali and Gabon 	<ul style="list-style-type: none"> Many industry players Sector marked as strategic by the government, with strong institutional support 63% of companies export 80% of entrepreneurs are women 36% have more than 500 employees Mainly exports to the USA and Europe
Inputs	<ul style="list-style-type: none"> Raw materials are expensive, especially wax and textiles overall Imported fabrics are gaining a greater presence, especially in the informal sector Some designers try to combine different raw materials to avoid expensive wax suppliers Low levels of government and institutional support Cotton textile manufacturers are inexistent 	<ul style="list-style-type: none"> Cotton and leather are the main raw materials produced; there can problems with the quality of the local cotton and leather Other synthetic fibres and acrylic yarns are used to a limited extent Productivity of textile mills is low Practically non-existent connection between textile mills and garment manufacturing
Marketing	<ul style="list-style-type: none"> Real estate is very expensive in Abidjan, not allowing many firms to operate through their own stores Facebook is the preferred tool to promote the business Many companies do not even have a website ('Facebook is more direct and cheaper') Given the small size of the companies, owners are typically the marketing officers 	<ul style="list-style-type: none"> Smaller firms sometimes have their own stores Facebook is stated as a key marketing tool (although not as much as in Côte d'Ivoire) Institutional support is allowing for the effective promotion of the sector at international levels Some firms are not very professional and are working with high levels of unused capacity
Distribution	<ul style="list-style-type: none"> 71% of the companies interviewed export, mainly focused on Western African countries Since the companies are very small, it is difficult for them to grow, industrialise and export Some companies organise events or small trade shows, which seem to be very frequent, even across countries in Western Africa 	<ul style="list-style-type: none"> 63% of the companies interviewed export Firms sell through traditional channels: wholesalers and export houses Some larger firms trade directly with international brands Domestic demand is increasing Firms are slowly expanding their range of products
Payment	<ul style="list-style-type: none"> Companies typically work with banks Payments are usually made in cash Credit card use is not very extensive E-commerce is starting, with some relevant companies like Jumia,²⁰ but online payments are inexistent Suppliers are stronger than manufacturers and require rigid payment conditions 	<ul style="list-style-type: none"> Payments are typically made in cash by smaller firms and bank transfers by larger firms Credit card use is not very extensive E-commerce and online payments are inexistent Working capital is strongly needed in the industry Entrepreneurs and fashion companies have difficulty accessing bank financing and microcredits

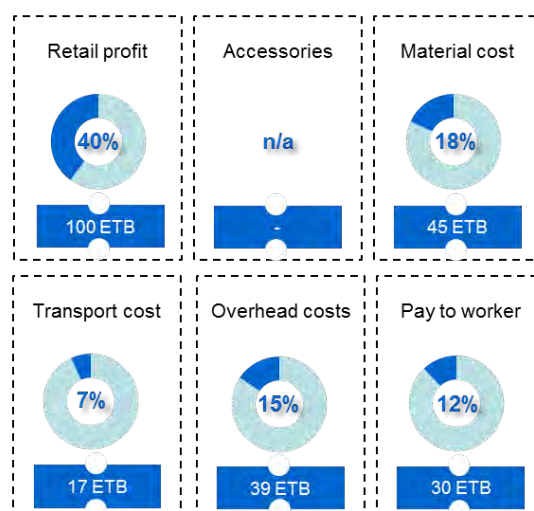
Source: Consultant's analysis; interviews performed.

3.5.3. Additionally, field data regarding costs and selling prices for basic clothing pieces in different retail settings were collected. The purpose of this analysis was to confirm the differences detected in the interviews between both countries, better understand the market dynamics and verify some of the hypotheses. The results of this price analysis are shown in figures 14 and 15. Retail profits are more attractive in Ethiopia, especially given the larger size of the potential market. More expensive raw material and labour costs, on the contrary, penalise retail profits in Côte d'Ivoire. Sections 3.6 and 3.7 explain the market forces behind these differences in more depth.

²⁰ Jumia is an online Nigerian shopping website for a wide range of electronics, fashion, home appliances and kid's items (similar to Amazon). The business was founded in 2012 with funding from Rocket Internet and now operates in more than 10 African countries.

Figure 14: Analysis of price and costs of an average t-shirt in Ethiopia

Details of selling price and costs of a t-shirt in Ethiopia

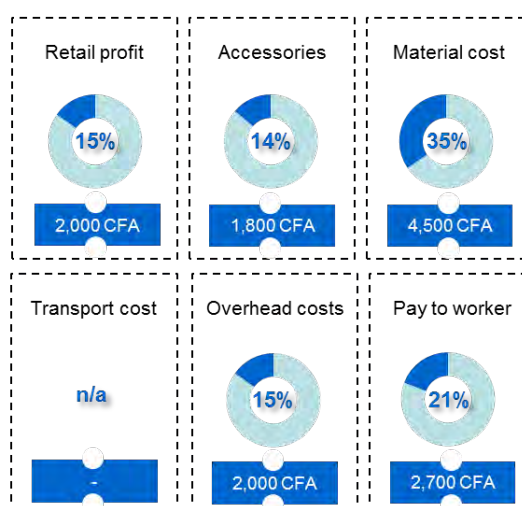


Retail profits are attractive in Ethiopia, especially given the large size of the potential market.

Source: Consultant's analysis; interviews performed.

Figure 15: Analysis of price and costs of an average t-shirt in Côte d'Ivoire

Details of selling price and costs of a t-shirt in Côte d'Ivoire















Material costs, accessories and more expensive labour penalise retail profits in CI.

Source: Consultant's analysis; interviews performed.

3.5.4. How can garment manufacturers move up the value chain? The study analysed the potential for garment manufacturers in both countries to move up the value chain. The platform should provide opportunities for companies and entrepreneurs in the sector to grow and develop. At the same time, value chains in the sector at the SSA level need to be reinforced and new links generated. Overall, Ethiopian apparel firms are much better positioned than Ivorian firms to move up the value chain (see figure 16). This movement can be classified as follows:²¹

- Function in the value chain;
- Integration in the supply chain;
- Channels;
- Products;
- Processes.

Figure 16: How can garment manufacturers move up the value chain?

Type of movement	Description	Potential for each country	
		 Ethiopia	 Côte d'Ivoire
Functional in value chain	Clothing manufacturers acquire responsibility for more value-added services: from cut-make-trim; OEM, ODM and OBM;* lead company		
Integration in supply chain	Establish backward manufacturing linkages within the supply chain: clothing, textiles, fibres, machinery		
Channel	Market diversification: diversifying and serving new buyers and geographical or product markets, often in emerging, domestic or regional markets		
Product	Shift to more complex products or expand capabilities (diversify): basic, fashion/design, functional (R&D)		
Processes	Reduce costs, increase productivity and improve flexibility by changing production processes or investing in new or better machinery or logistics		

* OEM = original equipment manufacturer; ODM = original design manufacturer; OBM = original brand manufacturing

Sources: Fredrick and Gereffi, 2011, The Apparel Global Value Chain - Economic Upgrading and Workforce Development, Duke Center on Globalization, Governance & Competitiveness; consultant's own analysis.

3.6. Detailed description of the TA&A sector in Côte d'Ivoire

3.6.1. Design and creativity:

- Fashion entrepreneurs usually buy raw materials from local retailers in Abidjan, especially from the Vlisco Group (Vlisco/Uniwax/Woodin). They add value in the mix of different fabrics, making their own fabrics to differentiate their products and reduce raw material costs, which are quite high in CI.
- There are few fashion schools in the country,²² with some having closed recently. Some designers have complained about the quality of education. The main fashion school is managed by designer Michele Yakice. She has some 155 students a year in two different programmes (Certificate of Professional Aptitude & Technical degree). About 40% of the students start their own business; 95% of them are women. The schools also provide training for women financed by donors (e.g. the *Ecole Internationale de Formation Professionnelle Michèle Yakice* in Abidjan provided training work sponsored by JICA).

²¹ Frederick and Gereffi 2011.

²² Ecole de Mode Tidiane T. SARL (Bassam), Centre de Formation de Couture - Ecole Mode Abidjan Yopougon, SOVAFRIM - Models (certified modelling agency in Abidjan); and Ecole Internationale de Formation Professionnelle Michèle Yakice (Abidjan).

- Designers are very limited in how much they can personalise their creations because it is very difficult to find the accessories needed to customise products.
- Opportunities:
 - Set up specialised design and fashion management schools and develop learning programmes according to fashion management needs.
 - Facilitate the importation of other suppliers' raw materials.
 - Generate strategic alignments with stakeholders in order to improve imports.
 - Develop Western African networks focused on fashion products and services.
 - Encourage entrepreneurship supported by successful and well-known companies, which contributes the ancillary services necessary to develop the fashion industry—banking, distribution, logistics, IT, etc.



Work of Ms Ginette Kalé (entrepreneur – accessories designer)

3.6.2. Raw materials and textiles: The Vlisco Group (Vlisco/Uniwax/Woodin) dominates the market, with large investments in marketing. In practice, they control the supply of wax fabrics, leading to very high prices and extracting most of the value, which does not leave space for many retailers to develop. Uniwax does not seem to have any significant competitors in the supply of raw materials, apart from small shops selling Asian fabrics of lower quality. Other relevant findings:

- The business community is not large enough to be considered as an industry; large clothing and apparel factories are inexistent.
- The industry uses both artisanal and semi-artisanal equipment consisting mainly of sewing and embroidery tools (e.g. brackets). Most of the companies and entrepreneurs visited for the study have obsolete machinery.
- Textiles consist mostly of cotton fibres and/or synthetic fibres. Some are produced locally but most are imported. There are also some traditional producers in the countryside, e.g. producing traditional Ivorian cotton fabrics.
- Some other designers try to combine different raw materials to avoid expensive wax suppliers.
- Low levels of government and institutional support.
- However, relevant opportunities in the textile and raw material industry exist in Côte d'Ivoire. For example:
 - The type of cotton cultivated in Côte d'Ivoire offers good quality fibre. The manual harvesting of cotton offers better quality fibres because they do not tear and are free of plant debris (vegetable residues).
 - Build more textile mills.
 - Use improved varieties adapted to Côte d'Ivoire's climate and soil conditions to help improve yields and the quality of seed cotton.
 - Increase institutional support to the industry (e.g. copy other African countries).
 - Strengthen the promotion of Ivorian cotton on international markets.
 - Facilitate the acquisition of equipment by textile manufacturing companies.
 - Encourage the development and innovation of the textile industry.



Mr Gilles Touré – one of the most recognised Ivorian fashion designers

3.6.3. Garment manufacturing: Apparel manufacturing in Côte d'Ivoire presents many challenges, including:

- A lack of skilled labour;
- A lack of a national strategy for the development of the textile industry, including a lack of institutional support to the industry as in other African countries (but the Ivorian government is fostering a new National Export strategy);
- Low levels of productivity, capabilities and professionalism among workers in the sector;
- High energy, real estate and raw materials costs, making CI unattractive to foreign investors;
- Lack of technology adapted to garment manufacturing, with non-industrial processes (mostly customised and low use of line work);
- Low level of private and public investments;
- Lack of affordable, high-quality, local production technology and capacity;
- Difficulty in accessing financing;
- Overall access to affordable raw materials hampering production costs.

The main types of garment manufacturing businesses:

- Industrial garment companies (small/medium size);
- Sewing enterprises and embroidery performed by traditional tailors and stylist-designers;
- Traditional weavers, located generally in the North and centre of Côte d'Ivoire, who make loincloths and traditional clothing;
- Fashion accessory companies that manufacture products such as hats, bags, scarves and barrettes, and linen items such as sheets, pillowcases and tablecloths.
- On the other hand, given that raw material (cotton) is abundant and cost of labour is still competitive in some parts of the country; this should allow some development of the garment industry.

Work of Mme. Chantal B. Guiraud (Kehanon Design) – supplier of traditional Ivorian fabric



Other opportunities to further develop garment manufacturers are:

- Enhance the competitiveness of garment manufacturing with public programmes and public support;
- Create incentives for investments in technology and machinery;
- Help connect designers and manufacturing facilities;
- Create specialised factories for high-end garment production.

Aleens' wear (Mr Alain Niava) factory in Abidjan



3.6.4. Retail: Some key characteristics of fashion retailers in Côte d'Ivoire are:

- Exporters face restrictive non-tariff measures in some markets (Nigeria) and within the country with the Ivorian authorities. On the other hand, the country is eligible for funds under the AGOA and a National Export Strategy is currently under development.
- Informal export circuit: Some small businesses sell abroad, either in other Western African countries or even in Europe. This kind of small-scale exporting has no significant volume but is relevant for these small designers and businesses. For example, some designers have travelled to neighbouring countries like Togo or had stores in Burkina Faso or Benin.
- Lack of competitiveness of products from local manufacturers compared to imported products. This relates to the market domination of wax fabric producers. Some multinational groups are investing heavily in marketing and, in practice, have a lot of power in the market in Abidjan, capturing most of the value. Therefore, retail fabric prices are significantly higher, leaving no room in the value chain for successful retailers.
- This effect leaves only space for small mom-and-pop businesses or companies that need to create competitive advantages through other strategies, such as using different fabrics, focusing on accessories or creating parallel business lines, such as teaching fashion courses.



Adjamé market – sale of inexpensive imports



Nadia Druide – kids



Michele Yakice's creations (own store)



Pathe'O creations

3.7. Detailed description of the TA&A sector in Ethiopia

3.7.1. Design and creativity: Key issues

- Specialised education is developing, although fashion graduates prefer to start their own business rather than work for big companies.
- Overall, designers are aware that they must bridge the gap with international fashion trends and that exports are key to developing their companies, although there are still many import/export difficulties.

- They also highlight the benefits of creating cooperation networks between African countries, both on a creative level and from an industrial and market perspective.
- Most of the designers produce handcrafted garments; however, some are introducing basic technology for cutting and sewing. The basic level of this technology still will not allow them to mass produce on any significant level.

Opportunities in the design and creativity arena in Ethiopia include:

- Develop learning programmes according to fashion management needs, for example, how to start and run fashion companies.
- Generate strategic alignments with stakeholders in order to improve exports and imports.
- Encourage factories with free capacity to collaborate with local designers.
- Develop products with a strong Ethiopian identity but that also consider international consumer behaviour and trends.
- Encourage entrepreneurship supported by successful and well-known companies, which will contribute the ancillary services necessary to develop the fashion industry—banking, distribution, logistics, IT, etc.

3.7.2. Raw materials and textiles

Cotton and leather are the main raw materials produced in Ethiopia. Cotton production and cotton cultivation in Ethiopia have been carried out for centuries but this was mainly by small-scale farmers using traditional methods. Due to the cotton sector privatisation process, many factories have sprung up. Some key issues for this field:

- The owners' lack of expertise in this sector and poor management has led to disappointing productivity and profits.
- During the interviews, some agents and specialists pointed out the bad quality of the local cotton and leather.
- Domestically produced raw and cotton lint are the major raw materials consumed by textile factories, although other synthetic fibres and acrylic yarns are used to a limited extent.
- Almost 80% of cotton lint produced locally is absorbed by the textile mills for further processing to produce fabrics both for the domestic and the export market, yet there is practically no connection between textile mills and garment manufacturing.
- The productivity of Ethiopian textile mills is low when compared to that of its major competitors, such as Bangladesh, India and China.
- The lack of relatively skilled and trained labour and proper production management are the major contributing factors to this inefficiency.
- On the contrary, the cotton industry and the textiles and raw materials arena overall present great opportunities in countries such as Ethiopia:
 - The potential for growing cotton is high because of favourable conditions in Ethiopia (weather, sunshine, topography, history, etc.);
 - The land is suitable for cotton; currently less than 5% of the total land is used;
 - The labour force is large and production costs are low;
 - Yield per hectare is increasing; however, small farms are underperforming;
 - There are many international trade agreements;
 - The textile industry is treated as a number one priority by the government's industrial development policy;
 - The development of programmes to improve cotton quality will need to see investments in R&D at all levels of production, starting with the cotton seed varieties that are used.

3.7.3. Garment manufacturing

The development of the garment manufacturing industry has been a big success recently in Ethiopia, backed by strong governmental support. The key factors affecting this industry are:

- Ethiopian garment manufacturers show relatively large production capacities but have an average capacity use of only approximately 20-30%. This has been the result of lack of experience of some factory owners/investors regarding garment production facility set-up and efficient production planning in general.
- The quality of materials (yarns and fabrics) and quality of the workmanship need to improve.
- Specialised factories for high-end garment production are needed.

- The average production time per item in Ethiopian garment factories is currently significantly higher than in competitive supplying markets; therefore the level of productivity is still comparably much lower. See table 3.

Table 3: Average production time per item: Ethiopia vs. competition

	South-East Asia	South Asia	South-Eastern Europe	Ethiopia
Basic t-shirt, cotton	6	9	8	35
Basic polo shirt, cotton	7	10	10	45
Basic men's casual trousers	20	20	25	120
Basic men's casual shirts, long sleeved	18	20	20	80
Men's formal jacket	150	130	120	300
Work overalls, cotton	25	25	28	200

Note. Data not available for Côte d'Ivoire.

Sources: Nash international, n.d., Business opportunity report Ethiopia - textile & apparel industry; CBI, Centre for the Promotion of Imports from Developing Countries, part of the Netherlands Enterprise Agency.

- The finishing of cotton yarn is not up to international requirements yet because of a lack of know-how regarding dyeing, softening and other chemical treatments.
- There are many garment factories with excellent machinery but a lack of qualifications and efficiency of operators and line inspectors/production management, leading to quality problems and in many cases to extremely low productivity.
- Recent set-up of many Ethiopian factories and most of the factory owners/general managers do not have their origin in textiles and the garment business (low garment business experience).
- Collection or product development at international standards does not yet exist in the Ethiopian garment industry as most garment manufacturers have been concentrating on setting up the technical facilities and machinery for their factories.
- Some Ethiopian companies have started to create their own design ideas and basic product designs for the domestic market but are not yet working in an efficient and appropriate manner suitable for prospective export markets.

Despite all factors above, Ethiopia continues to be a land of opportunity in the garment manufacturing industry, with brilliant prospects thanks to:

- Free capacity to grow production levels;
- Public programmes to enhance the competitiveness of garment manufacturing;
- Establishing raw, auxiliary material and textile trade markets;
- Increasing novelty in product development;
- Improving the quality of manufactured garments;
- Increasing domestic demand;
- Linking designers and manufacturing;
- Limited investments required to increase productivity (compared to purchase of new machinery);
- Low labour costs, meaning any improvement in productivity will provide more competitive advantages.

Table 4 collects some key data on how competitive Ethiopian wages and electricity costs are today.

Table 4: Ethiopia and Côte d'Ivoire as apparel supply destinations vs. competitors

	Monthly wage (US\$)	Labour productivity	Electricity cost (US\$ cents/kwh)	Existence of raw materials
Ethiopia	50	Low	3-5	Moderate
Côte d'Ivoire	150	Low	12-14	Moderate
Uganda	70	Low	5-10	Abundant
China	400	High	10-12	Moderate
India	200	High	10-12	Abundant
Vietnam	75	Moderate	8	None
Cambodia	70	Moderate	12-16	None

Note: Data for Côte d'Ivoire added by the consultant as provided in the interviews.

Sources: *Nash international, n.d.*, Business opportunity report Ethiopia - textile & apparel industry; *CBI, Centre for the Promotion of Imports from Developing Countries, part of the Netherlands Enterprise Agency.*

3.7.4. Retail: Profile of Ethiopian fashion retailers

There are two types of business that sell fashion items—those that sell clothing and handmade fabrics and those that sell products imported from Asia.

- The shops that sell products imported from Asia are found all over Addis Ababa. The shops are owned by independent sole traders and do not belong to larger corporations.
 - Intermediaries working between the shop owner and the wholesaler are important to the industry. These are companies or people who deal in batches of merchandise that they buy from the wholesaler and sell to small shops. This reduces the shop owner's profits.
- The shops that specialise in selling Ethiopian clothing and fabrics are limited to small, independent shops—there are no big chains or groups with multiple stores here either.
 - These companies are characterised by their small size, their limited selection of products, and the possibility of offering clothing made to the consumer's specifications.
 - There is a lot of competition but the level of differentiation between businesses is very limited (they usually sell similar products).



Tigist Hiferaw's store
(local designer)

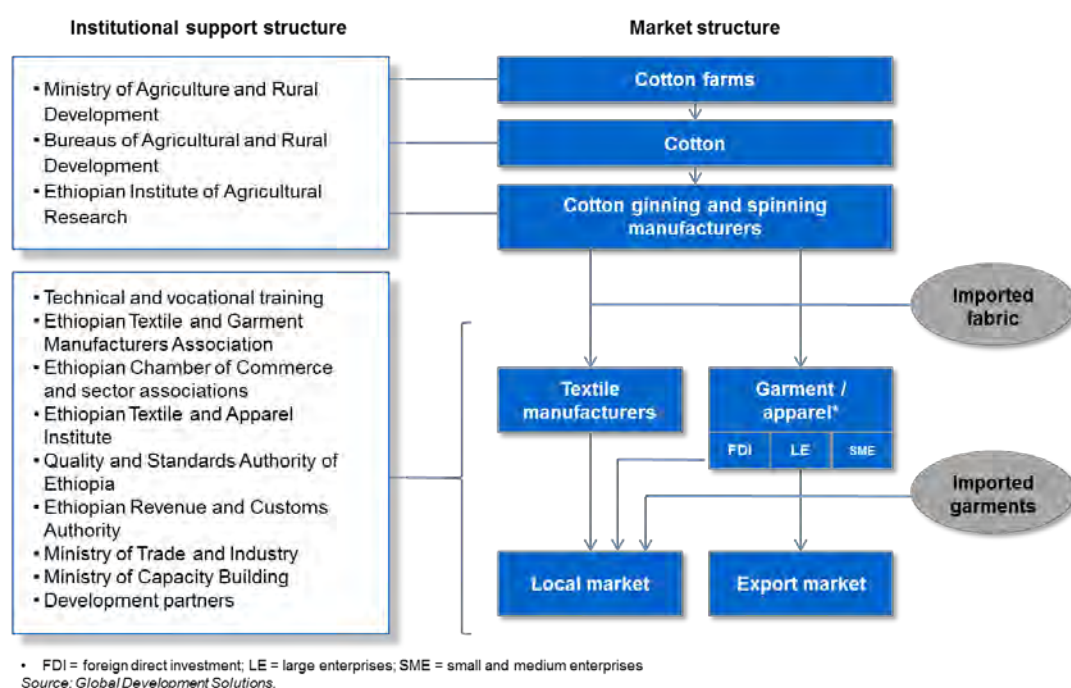


Local fashion store in Addis Ababa market centre

3.7.5. Development of the sector in Ethiopia and institutional support

In Ethiopia a differential factor is allowing for the fast development of the TA&A sector—strong institutional support of the industry. Figure 17 summarises the main existing institutions and how they interrelate with the value chain. The result is a dynamic industry currently under development, with factories being built in new special economic zones. Many of these factories are owned by Asian investors.

Figure 17: Ethiopia's institutional support of the TA&A industry



This support and the subsequent development of the industry are fostering women's employment. Overall, almost 80% of the workers employed in the Ethiopian apparel sector (approx. 40,000) are women. The largest factories have higher rates of women's employment (see figure 18). This promotes optimism for any planned efforts to support this sector at a pan-African scale.

Figure 18: Women's employment in the Ethiopian garment manufacturing industry

Area of operation	No. of factories	No. of workers	Women as % of workers
• Ginning	17	2,000	55%
• Spinning	1	443	60%
• Dyeing, printing and finishing	1	50	50%
• Integrated textiles	21	24,291	80%
• Weaving and knitting	13	2,067	50%
• Handloom	4	433	55%
• Garment factory	51	8,200	85%
• Total	108	37,484	78%

Source: Nash international, n.d., Business opportunity report Ethiopia - textile & apparel industry; CBI, Centre for the Promotion of Imports from Developing Countries, part of the Netherlands Enterprise Agency.

3.7.6. Industrial park development in Ethiopia

The Ethiopian government has strongly supported the development of new industrial parks with state of the art new industrial facilities in order to foster private investments in the manufacturing sector. These areas are attracting foreign investors, given the high level of services and differentiated positioning. The Ethiopian Industrial Parks Development Corporation (IPDC) was established in 2014 as a public enterprise. With full support from the government, the IPDC is becoming a key agent nurturing the industrialisation process of many industries in the country. The IPDC provides serviced industrial land and builds initial infrastructure and utilities meeting international standards. In collaboration with the Ethiopian Investment Commission, the Ethiopian Revenue and Custom Authority and other public institutions, the IPDC provides a one-stop shop for investors seeking to develop new industrial facilities in their parks.

The IPDC is currently constructing parks in Mekelle, Dire Dawa, Kombolcha, and Adama, and it has plans to start construction of parks in Jimma, Bahir Dar, Arereti, Aysiha-Dwele, and Debre Birhan. But the star of all this activity, and the IPDC's flagship project, is the new Hawassa Industrial Park. Located 275 km South-East of Addis, upon completion Hawassa will be a 300-hectare eco-park centred on textile and garment products. It will be mostly powered by renewable electricity sources (hydropower) and its design and construction will take many environmental measures into consideration, converting it into Ethiopia's first major eco-friendly development. In parallel, new road and air infrastructure are being built to improve Hawassa's connectivity. It will be the largest industrial park in Africa and has already attracted 15 major manufacturing firms from China, Indonesia, the US and Ethiopia. China Civil Engineering Construction Corporation is designing and building the industrial park and is also involved in the construction of the Ethiopia-Djibouti railway line, which Ethiopia hopes will increase trade by cutting the transport time for exports from four days to 10 hours.

3.8. Summary of findings for both countries

3.8.1. Summary—Côte d'Ivoire

In Côte d'Ivoire, the most relevant finding is the dominance of the textile sector by a single group, with strong marketing spending. This leaves reduced space for independent retailers and designers to operate profitably since raw material costs are quite high. The alternatives are cheap Asian products or even imported fabrics, which are usually sold at retail outlets in informal markets. Tailoring is frequently seen as a man's profession, even for women's clothing. Companies are very small and the industry is not large enough to be considered a key sector. The sector has a high degree of informality and low levels of government support. Industrial facilities are very rare and machinery is quite obsolete overall. There is a vibrant designer community but they can scarcely compete given the high costs of inputs and lack of financing, industrial capabilities and skills. Surprisingly, there is high potential to develop the textile sector since there is good quality cotton and more mills could be built with support. Also, some small designers and companies already export, although in small quantities and mainly to Western Africa.

3.8.2. Summary—Ethiopia

Ethiopia is a completely different situation, with a TA&A sector marked as strategic by the government and with strong institutional support. Designers are aware of the relevance of getting enough size and exporting. Many Asian investors are creating new industrial facilities in special economic zones and creating hundreds of jobs. However, many plants operate well below capacity and with low quality and productivity (the average production time per piece is still more than five times greater than that of Asian competitors). Skills development is also an issue in Ethiopia. Regarding raw materials, cotton and leather are produced locally, although there are some quality concerns. The textile mill productivity remains low. The potential for growth in cotton cultivation and production is enormous (only 5% of suitable land is currently being cultivated). Overall quality can be improved in terms of raw material production and in garment manufacturing (still very basic pieces produced and exported). Yet the prospects for the TA&A sector in Ethiopia are good due to its low wages and low electricity costs, and the existence of raw materials and institutional support. It is a good example of how developing these industries can help overall development in SSA (78% of all workers in garment manufacturing plants in Ethiopia are women, and there are approximately 40,000 workers in the industry).

4. Analysis of the financial landscape in both countries (including crowdfunding)

4.1. Financing

The lack of financing is always a factor hampering the development of entrepreneurs and MSMEs. This is especially true in SSA and in the fashion sector, which is frequently seen by financial resource providers as informal, not well structured and organised, and highly risky, with unpredictable cash flows. Additionally, this is a sector with very small companies and businesses, which also limits access to conventional financial resources.

4.2. Adapting the platform to lack of financing

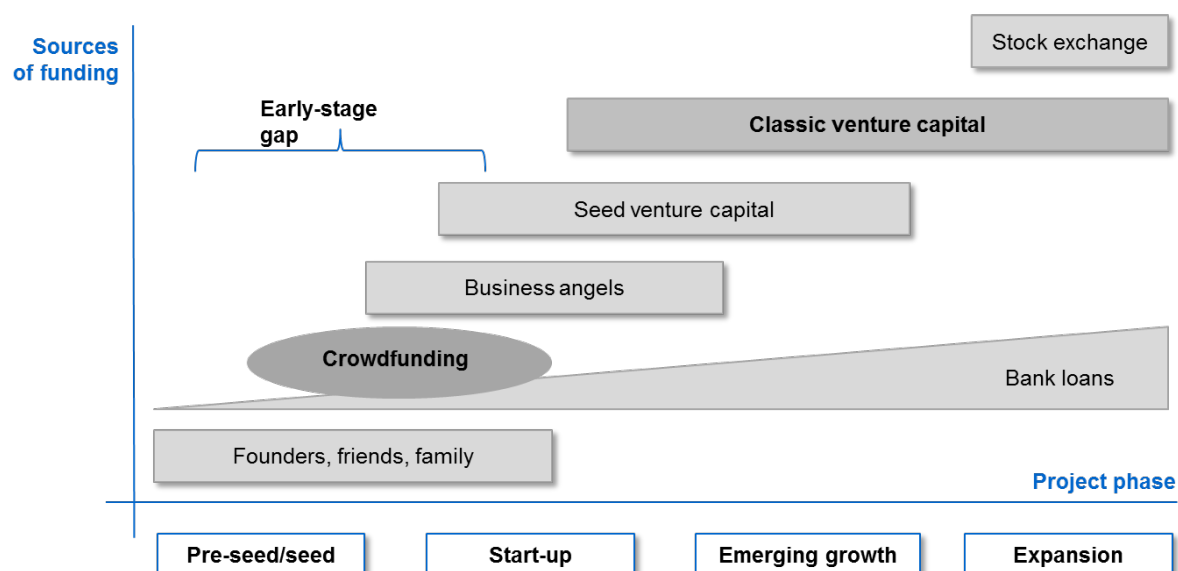
The Fashionomics platform has been developed from the very beginning with the aim of overcoming this lack of access to financing, this based on the many inputs collected from the sector at pan-African scale. Given the often small amounts of financial resources needed by entrepreneurs and MSMEs, the fostering of crowdfunding as a financing lever for entrepreneurs and companies in the fashion sector in Africa is necessary. Commercial banks need also to be linked to the platform, since it could be helpful for these institutions to improve their understanding of this sector and lower their risk perception. Some African banks, like Equity Bank Kenya, are starting to approach the sector: Equity Bank has launched the Vijana na Equity initiative, an online, Kenya-wide talent search that invites fashion designers to showcase their products in a contest where there are economic prizes and free financial management training programmes for entrepreneurs.

4.3. Traditional financing, microcredits, private equity and crowdfunding

The analysis in this section is separated in two blocks:

- The first part deals with traditional bank financing and microcredits, combining information from the desk review and the interviews performed in both countries to reach conclusions on institutional, individuals and SME access to finance, relevance of credit, financing needs, etc. Information differentiated by gender has been used where available.

Figure 19: Funding options for entrepreneurs and companies



Source: Project: Collective enHanced Environment for Social Tasks (CHEST), 'D5.2 Best-Practice Guide for Crowdfunding', in Hemer, J., 2011, A snapshot on crowdfunding, Working Papers Firms and Region, Nr. R2/2011, Fraunhofer ISI.

- The second part deals with private equity and crowdfunding. Given the potential relevance of crowdfunding for the platform, this financing alternative was analysed in depth (as shown in figure 17, crowdfunding could help to close, at least in theory, the early-stage financing gap), identifying key drivers and examples at global and African scale, and reaching conclusions on this potential use of the platform. Figure 19 collects the different sources of funding available for entrepreneurs and businesses along the different stages of development of a start-up: pre-see/seed, start-up,



emerging growth and expansion. In the pre-seed and seed²³ stages, the three 'Fs' (founders, friends and family) are typical capital providers to entrepreneurs. In the start-up²⁴ phase crowdfunding²⁵ is an emerging option in the developed world for small amounts. Business angels²⁶ and venture capital²⁷ firms are typically specialised in different segments, according to the volume of investment that they provide and the size of the firm that they invest in. Bank loans are usually only available to firms that have stable cash flows and predictable business models, and therefore their relevance to firms increases once that they reach more mature stages.

4.4. Banking sector in both countries

4.4.1. Based on the different financial landscapes how can the platform fit with the situation in different African countries? Both pilot countries, Ethiopia and Côte d'Ivoire, have differentiated financial sectors. Both countries were measured against different financial indicators, measurements and analysis to achieve conclusions on how the financial landscape could affect the development of the platform, which opportunities could arise, and how the platform could help to close gaps.

4.4.2. Table 5 shows the main financial indicators of the traditional banking and insurance sectors, according to World Bank data. Both countries present similar data with respect to these macro indicators.

Table 5: Main financial indicators for both countries

Financial indicators	 Côte d'Ivoire	 Ethiopia
Central bank assets to GDP (%)	5.5	16.9
Deposit money bank assets to deposit money bank assets and central bank assets (%)	80.7	57.9
Deposit money bank assets to GDP (%)	22.8	25.3
Domestic credit provided by financial sector (% of GDP)	24.9	36.9
Domestic credit to private sector (% of GDP)	16.7	17.7
Financial system deposits to GDP (%)	24.7	27.6
Insurance company assets to GDP (%)	n/a	0.9
Life insurance premium volume to GDP (%)	0.7	0.03
Liquid liabilities to GDP (%)	37.6	35.0
Non-life insurance premium volume to GDP (%)	0.6	0.5
Private credit by deposit money banks and other financial institutions to GDP (%)	17.2	17.2

Note: Data correspond to 2012 for Côte d'Ivoire and 2009 for Ethiopia (latest year with all data available).

Source: World Bank data.

4.4.3. The banking sector has more players in Côte d'Ivoire than in Ethiopia. There are 27 banks operating in Côte d'Ivoire and only 19 in Ethiopia.

²³ Seed capital is the initial capital used to start a business. Seed capital often comes from the company founders' personal assets or from friends and family. The amount of money is usually relatively small because the business is still in the idea or conceptual stage.

²⁴ A start-up is a company that is in the first stage of its operations.

²⁵ Crowdfunding is the use of small amounts of capital from a large number of individuals to finance a new business venture.

²⁶ Business angels or angel investors are affluent individuals who inject capital into start-ups in exchange for ownership equity or convertible debt. Some angel investors invest through crowdfunding platforms online or build angel investor networks to pool capital.

²⁷ Venture capital is financing that investors provide to start-up companies and small businesses that are believed to have long-term growth potential. For start-ups without access to capital markets, venture capital is an essential source of money.

All definitions from investopedia.com

Figure 20: Banks in both countries

Côte d'Ivoire			Ethiopia		
No	Names of Banks in Cote D'Ivoire	Year Estb.	No	Name of Banks in Ethiopia	Year Estb.
1	Access Bank	2008	1	Abay Bank S.C.	2010
2	Bank Of Africa-Cote D'Ivoire	1996	2	Addis International Bank	2011
3	Banque Atlantique-Cote D'Ivoire	1978	3	Awash International Bank	1994
4	Banque De L'habitat-Cote D'Ivoire	1994	4	Bank of Abyssinia	1996
5	Banque Internationale Pour Le Commerce Et L'industrie	1962	5	Berhan International Bank	2010
6	Banque Nationale D'investissement	2004	6	Bunna International Bank	2009
7	Banque Pour Le Financement De L'agriculture	NA	7	Commercial Bank of Ethiopia	1963
8	Banque Regionale De La Solidarite	2005	8	Dashen Bank	1996
9	Banque Sahelo-Saherienne Pour L'investissement Et Le Commerce	2011	9	Debab Global Bank	2012
10	Bgfbank-Cote D'Ivoire	2012	10	Development Bank of Ethiopia	1909
11	Biao-Cote D'Ivoire	1906	11	Enat Bank	2013
12	Bridge Bank Group-Cote D'Ivoire	2004	12	Lion International Bank	2006
13	Caisse Nationale Des Caisses D'epargne De La Cote D'Ivoire	NA	13	Nib International Bank	1999
14	Citibank-Cote D'Ivoire	2003	14	Oromia International Bank	2008
15	Cofipa Investment Bank	1978	15	United Bank	1998
16	Coris Bank International	2008	16	Wegagaen Bank	1997
17	Diamond Bank Benin-Cote D'Ivoire	2007	17	Zemen Bank	2009
18	Ecobank-Cote D'Ivoire	1989	18	Construction and Business Bank	NA
19	Guaranty Trust Bank-Cote D'Ivoire	2011	19	Cooperative Bank of Oromia	NA
20	Societe Generale De Banques En Cote D'Ivoire	1963			
21	Societe Ivoirienne De Banque	1962			
22	Standard Chartered Bank Cote D'Ivoire	2000			
23	United Bank For Africa	2006			
24	Versus Bank S.A.	2003			
25	Societe Africaine De Credit Automobile (Alios Finance)	1956			
26	Fonds De Garanties Des Cooperatives Café-Cacao	2001			
27	Credit Solidaire	2004			

Source: National Bank of Ethiopia; BCEAO 2013.



4.5. Microfinancing in both countries

4.5.1. Microcredit is widely believed to create opportunities for families and entrepreneurs to improve their economic well-being by achieving stability in spending and earnings, as well as enabling investment in business inputs. While microcredit has received praise and criticism for its poverty-fighting potential, few studies have rigorously quantified the impacts of microcredit loans on the beneficiaries and their communities, particularly in Africa. The interviews showed that some entrepreneurs and SMEs had had experience with microcredit institutions, especially in Côte d'Ivoire. Overall, this experience, although limited, was not very successful, with owners complaining about high interest rates (even higher than banks), excessive paperwork, and institutions requesting guarantees and collateral assets even for very small amounts.

4.5.2. The number of microfinance institutions operating in Ethiopia is larger than in Côte d'Ivoire (according to consultations of National Banks registries²⁸). There are 41 institutions in Ethiopia and 32 in Côte d'Ivoire. In Côte d'Ivoire, many of the firms registered as microcredit institutions are small mutual organisations (not strictly commercial firms). Overall, the Ethiopian sector is a bit more developed. There are no large opportunities for the platform in the microcredit sector given the strict requirements and hard conditions of the main players acting in both countries (one of these financial institutions in Abidjan was interviewed to compare the information).

²⁸ National Bank of Ethiopia and BCEAO for Côte d'Ivoire.

Figure 21: Microfinance institutions in both countries

Ethiopia		Ethiopia		Côte d'Ivoire	
					
No	Name of MFIs in Ethiopia	No	Name of MFIs in Ethiopia	No	Name of MFIs in Cote D'Ivoire
1	Amhara	22	Letta	1	Abidjan Credit
2	Dedebit	23	Harbu	2	Advans - CI
3	Oromia	24	Digaf	3	AE&I
4	Omo	25	Harar	4	ARGENTIFERE
5	Specialized Financial Promotional	26	Lefayeda	5	Bromalah
6	Gasha	27	Tesfa	6	CADEFINANCE
7	Wisdom	28	Dynamic	7	CANARI
8	Sidama	29	Somali	8	CEFA
9	AVFS	30	SFPI	9	CEP-CECREV
10	Buusa Gonofa	31	Lideta	10	CFCC
11	PECE	32	Nisir	11	CICE
12	Meket	33	Adaday	12	CMCI
13	Addis	34	Rays	13	CMECEL
14	Mekit	35	Gambella	14	CPFCI
15	Eshet	36	ACSI	15	CREDIT FEF
16	Wassasa	37	ADCSI	16	Diaspora finances
17	Benishangul-Gumuz	38	DECSI	17	Express Finance
18	Shashemene	39	OCSSCO	18	FIDRA
19	Metemamen	40	SEYAMFI	19	FONIC
20	Dire	41	VF Ethiopia	20	GES-CI
21	Aggar			21	IFECC
				22	La Financière
				23	LCN
				24	MA2E
				25	MicroCred - CIV
				26	MUCREFBO
				27	MUDEC
				28	MUTAS-RCEMAF
				29	PAMF - CI
				30	RCMEC
				31	REMUCI
				32	UNACOOPEC-CI

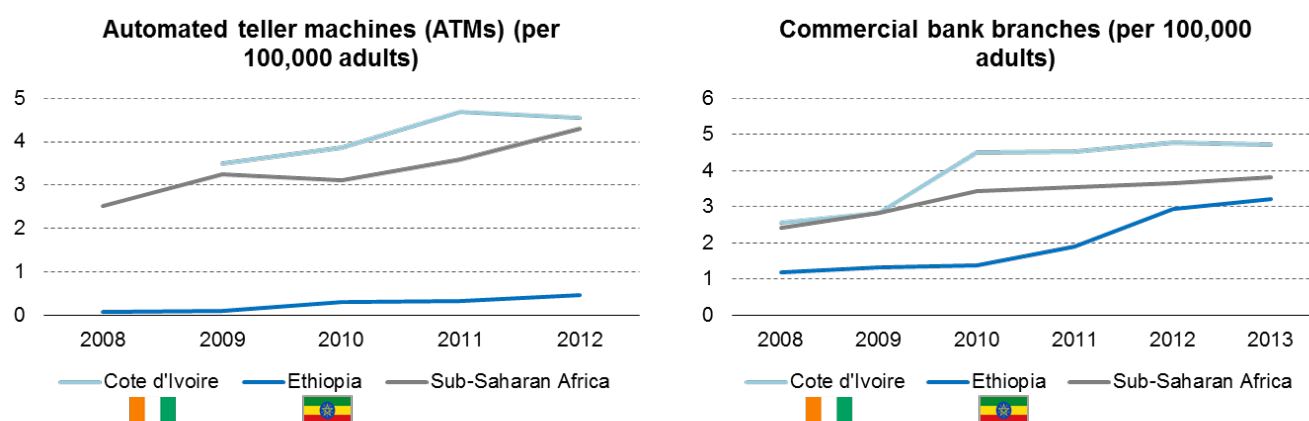
Source: National Bank of Ethiopia; mixmarket.org.

4.6. Access to finance in both countries

4.6.1. Based mainly on the analysis of available World Bank data, the study collected the following findings related to access to finance for both individuals and SMEs in both countries and SSA:

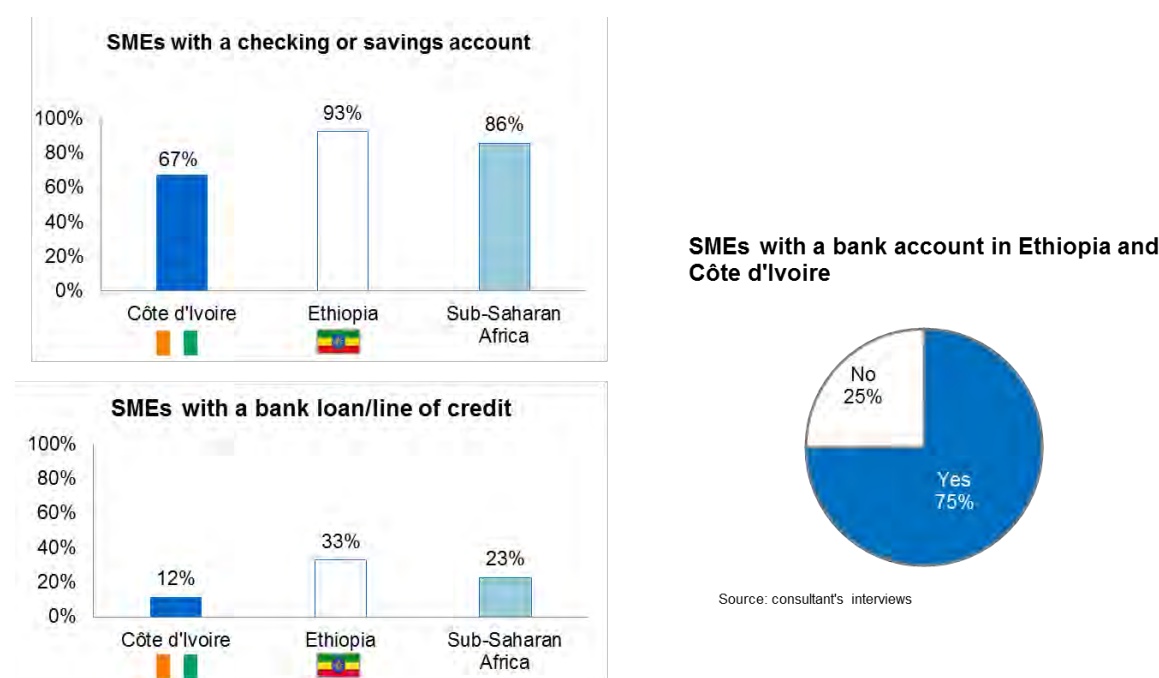
- ATMs are more present and growing strongly in Côte d'Ivoire while there are more bank branches with respect to population in Ethiopia.
- Ethiopians are slightly more likely to have an account than Ivoirians, but both are below SSA averages.
- Ethiopian SMEs are more likely than Ivorian firms to have both checking/savings accounts and bank loans/lines of credits. They also present percentages above the SSA average.
- Designers and SMEs in the apparel sector in both countries indicate similar trends.
- Regarding financing, banks see the apparel business as very unpredictable and risky, asking for disproportionate guarantees (explained with more detail in section 4.8).
- Figures 22 and 23 collect all the relevant data supporting these findings.

Figure 22: Access to finance (both countries)



Source: World Bank data.

Figure 23: Access to finance – SMEs (both countries)



Source: World Bank Enterprise Surveys.

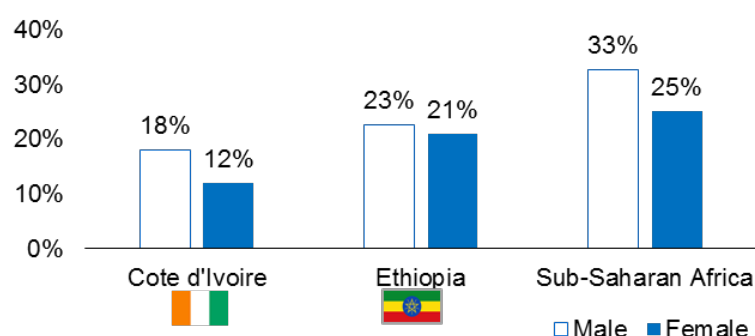
Source: consultant's interviews

4.7. Gender perspective in access to finance

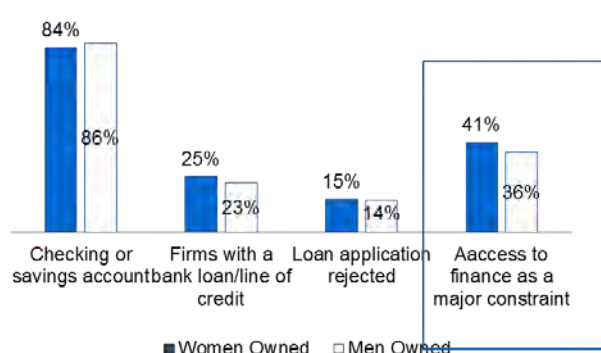
4.7.1. In Ivory Coast, and in sub-Saharan Africa overall, men are generally more likely to have bank accounts than women; however, in Ethiopia this gender difference is smaller (see figure 20). According to World Bank data, in sub-Saharan Africa women who own SMEs encounter greater constraints in accessing finance than men. Although regarding opening accounts or getting loans for SMEs, there do not appear to be large differences between businesses owned by women and men, as shown in figure 24.

4.7.2. In Ethiopia, where indicators for SME access to finance differentiated by gender were available, the proportion of loan applications rejected for women is very low. However, the access to finance as a major constraint indicator for women-owned SMEs presents much larger gender differences than the SSA average (30% vs. 5%).

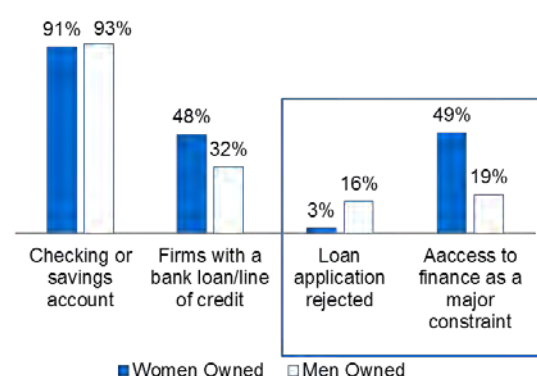
Figure 24: Gender perspective in access to finance

Account at a financial institution (age:15+)

Source: World Bank.

SME access to finance in sub-Saharan Africa

Note: Detailed data not available for Côte d'Ivoire.
Source: World Bank Enterprise Surveys.

SME access to finance in Ethiopia

4.7.3. The field of women's financial inclusion in SSA has abundant research and there are well documented barriers to this financial inclusion. These barriers can be classified as demand-side and supply-side:

- Demand-side barriers:
 - Low levels of financial literacy and capability
 - Time and mobility constraints
 - Poor access to information and networks
 - Cultural and gender norms
 - Limited access to education, employment and entrepreneurship
 - Expenditure patterns
 - Savings and investment/borrowing motivations.
- Supply-side barriers:
 - Legal and regulatory barriers
 - Financial infrastructure weaknesses
 - Gender biases in financial institutions' practices
 - Financial products, marketing and delivery that are not gender sensitive
 - Technology and innovation
 - Commercial viability.

4.7.4. How could the Fashionomics platform contribute to improving women's financial inclusion in the fashion sector in Africa? In Africa, women business owners continue to face gender-specific barriers (lower levels of financial and business education, weak property rights that cause them to lack collateral assets,

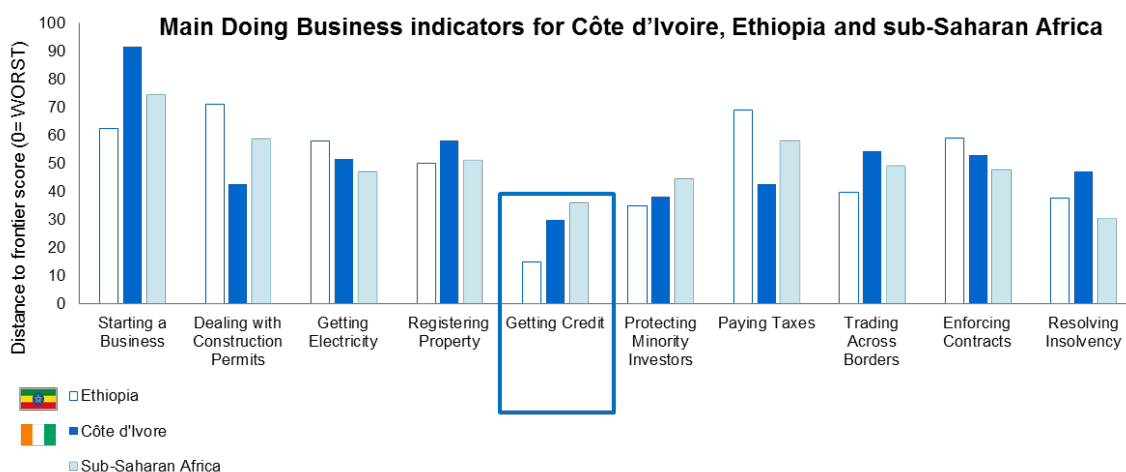
legal and cultural barriers, etc.). The consequence is a financing gap in SSA estimated at US\$ 20 billion²⁹ and likely to be more acute among younger populations and women in start-ups. The online platform can clearly contribute to bridging this gap. Examples include:

- Education and training on business and financial matters adapted to the sector—specific training materials for women-owned fashion entrepreneurs could be downloaded from the platform.
- Access to markets and suppliers—women-owned businesses can connect through the platform to generate business opportunities.
- Promote entrepreneurial activity—showcase good examples of women starting successful businesses in the TA&A sector in different African countries.
- Channel funding to entrepreneurs and SMEs/MSMEs—access specialised funding vehicles and mechanisms for women and channel those resources through the platform.

4.8. Providing credit to and financing the needs of designers and fashion companies

4.8.1. Getting credit is the Doing Business (DB) indicator where SSA and both Ethiopia and Côte d'Ivoire do worst, out of all the main DB key indicators.

Figure 25: Main Doing business indicators



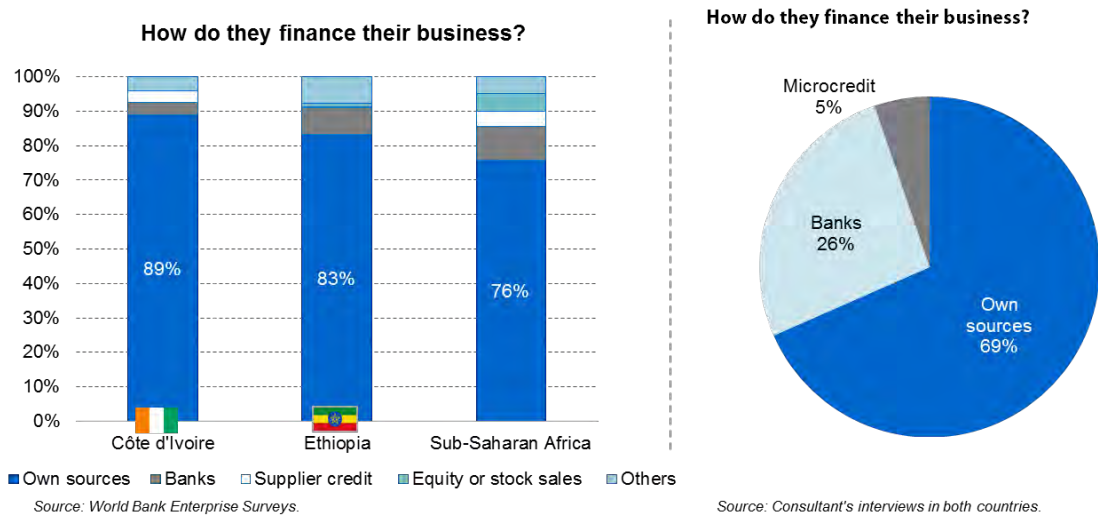
Source: World Bank, 2016, Doing Business 2016.

Both countries present results that are worse than the SSA average, with Ethiopia showing more difficult access to credit than Côte d'Ivoire.

4.8.2. According to World Bank studies, both countries present worse bank financing percentages than the sub-Saharan Africa average. The survey confirmed that in the apparel sector, both Ivorian and Ethiopian SMEs have significant problems in obtaining financing from banks. Therefore, when they need funding for their business, the companies mainly use their own resources. Some SMEs interviewed declared having used microcredits (5%), but overall the product is not well known. Their conditions are similar to the banks and they also ask for disproportionate guarantees, even for very limited loan amounts, as previously explained.

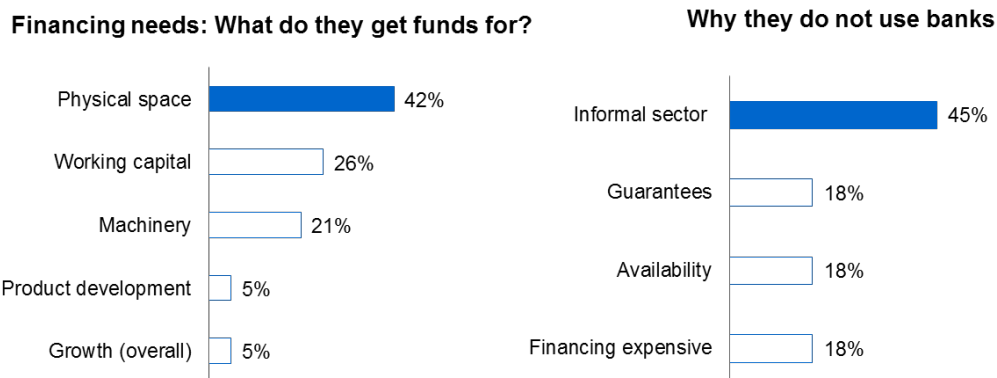
²⁹ African Development Bank's '50 million women speak' initiative.

Figure 26: How do SMEs get financed?



4.8.3. Based on extensive interviews, the study provided insights into the key financing needs of designers, entrepreneurs and fashion companies in both countries. Working capital and physical space (stores, new points of sale, new facilities to produce or store) are the main needs of the SME owners interviewed in order to finance their businesses. The informality of the apparel sector (highly reviled by banks) seems to be the key factor determining why the entrepreneurs and companies interviewed do not work with banks for financing (see figure 27).

Figure 27: Financing needs of fashion entrepreneurs and SMEs in both countries



Sources: Consultant's analysis; interviews performed.

4.9. Recommendations for the Fashionomics platform based on the analysis of traditional financial sector

4.9.1. In summary, the traditional financing landscape in both countries for the textile, apparel and accessories sector can be summarised as follows:

- The banking system is not very developed in either pilot country—Ethiopia has more branches and accounts per person and CI has more ATMs and banks. The microfinance sector is developing in both countries but it does not play a relevant role in the sector today in any of the countries.
- Use of banking services—Ethiopian SMEs use banking services more (more accounts and loans). Women have more constraints in accessing finance in SSA and Ethiopia, according to data available.
- Access to credit is very difficult in both countries, even worse than the SSA average.
- Therefore, most fashion SMEs and entrepreneurs in both countries use their own funds to finance their companies (69% according to the interviews).
- The platform can be a powerful tool to contribute to women's financial inclusion in SSA.
- Designers' financial needs—adding physical space to their businesses and working capital are the main needs to finance for the interviewees in both countries.
- Overall, the apparel sector is not attractive to banks. The Fashionomics platform can help to change some minds in the banking sector, improving their understanding of the TA&A industry.

4.9.2. Given the partial conclusions above, some recommendations and key implications for the Fashionomics platform:

- Provide advice on the platform about how to obtain financing, as it is a clear need of potential users.
- Provide a list of commercial banks and microfinance institutions on the platform.
- Provide specific content on women's financial inclusion, maybe by partnering with some other institutions.
- In the 'business opportunities' section, provide opportunities for entrepreneurs to connect with potential investors/lenders.
- Provide financial education tools to teach how to best use their own funds.

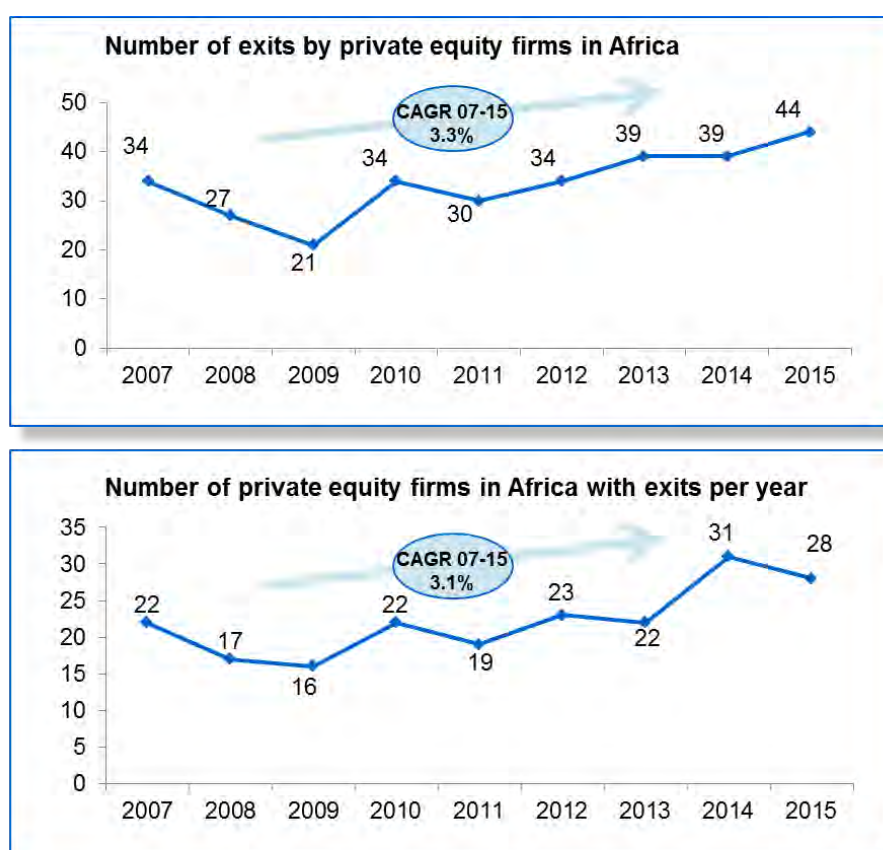
4.10. Private equity for fashion companies in Africa

4.10.1. The study analysed the current situation of the private equity (PE) industry in Africa and if this could be helpful for the development of the TA&A sector in SSA.

4.10.2. PE is not very developed in Africa. In 2015 there were 44 'exits' (a PE firm divesting its stake in a private company) in all of Africa according to a study by EY.³⁰ These exits corresponded to only 28 PE firms. Although the number appears limited, these are record figures for the industry since 2007. In 2015, PE firms retained their investments longer and waited for the right opportunity to exit as macroeconomic uncertainty increased. Figure 28 gathers the historical series on these parameters.

³⁰ EY and AVCA - African Venture Capital Association 2016.

Figure 28: Private equity transactions in Africa

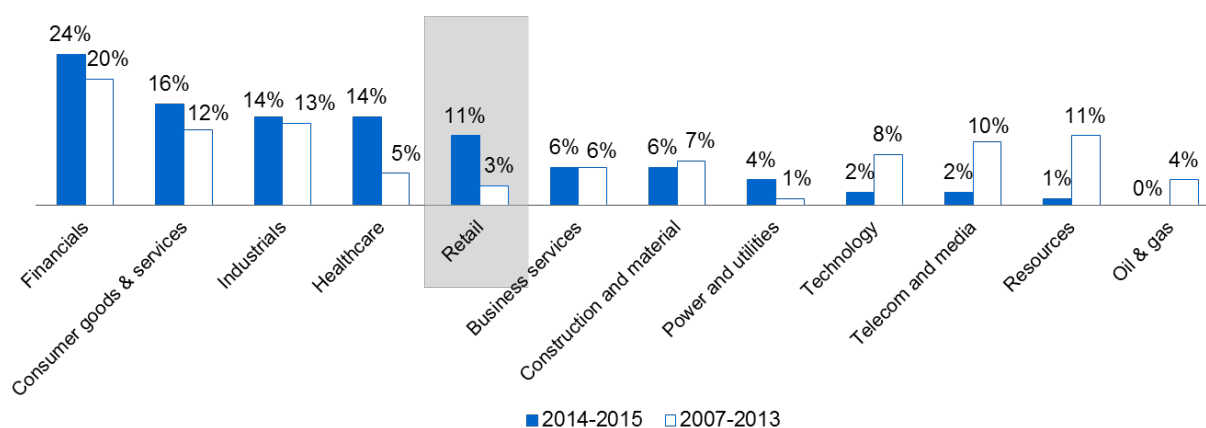


Source: EY and AVCA - African Venture Capital Association, 2016, How private equity investors create value.

4.10.3. Retail is one of the sectors where PE in Africa is growing (see figure 29). The main industries with exits were, in order, financials, consumer goods, industrial companies and healthcare. Retail is the sector with most exits, showing a clear increase from 3% of all exits in the period 2007-13 to 11% in the period 2014-15.

Figure 29: Top industries for private equity in Africa

Exits by private equity firms in Africa - Top industries: 2014/15 vs. 2007/13

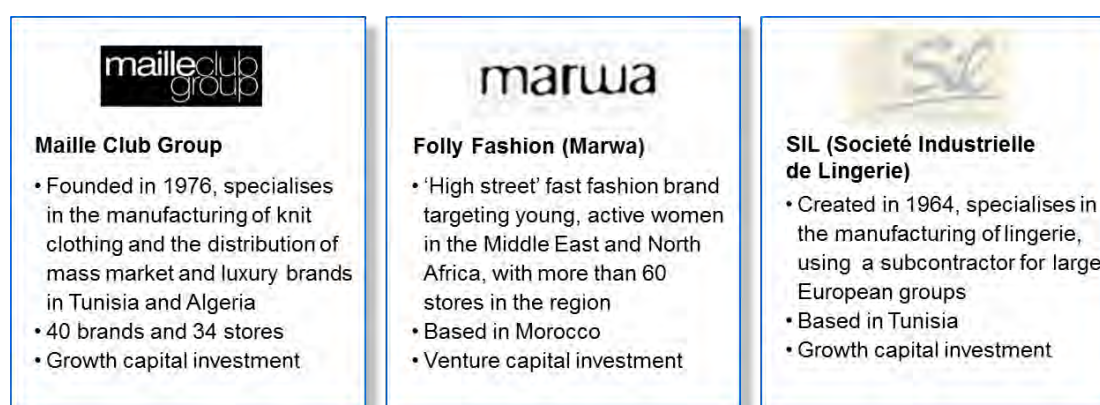


Source: EY and AVCA - African Venture Capital Association, 2015, PE exits in Africa 2015.

4.10.4. Given the limited number of PE transactions in Africa related to the textile, apparel or fashion sectors, there are not many investors with a focus on or a significant business volume in these sectors in Africa. AfricInvest, a Tunisian PE firm, is an African PE house is one such firm. AfricInvest was founded in 1994 and is part of Integra Group, an investment and financial services company based in Tunisia. The firm has dedicated investment teams focused on North Africa and sub-Saharan Africa, and employs 50 professionals based in six offices. AfricInvest manages US\$1 billion across 14 funds. The firm is an active promoter of the private equity industry in the region.

4.10.5. Since 1994, AfricInvest has invested in 125 companies across 24 African countries in a variety of high growth sectors. The Bank provided equity investment of US\$ 20 million to the AfricInvest Fund III in 2015.³¹ By co-investing in this fund with other development financial institutions, the African Development Bank complements its existing initiatives to support the development of the private sector and financial markets on the continent. See figure 30 for AfricInvest's current investments in the textile and apparel sector, through their different vehicles.

Figure 30: AfricInvest textile and apparel investments



Source: AfricInvest.

4.10.6. As previously explained, angel investors or business angels are normally affluent individuals who inject capital for start-ups in exchange for ownership equity or convertible debt. The Fashionomics platform can be a useful tool for this kind of investor, helping to identify entrepreneurs or MSMEs in the TA&A sector that they can back. Business angels do not only invest financially; they also mentor the businesses where they invest. The Fashionomics platform will include a 'Business opportunities' section where investors can identify projects and entrepreneurs/MSMEs can advertise their capital needs. Additionally, connecting people interested in the sector in Africa can result in fashion professionals in the developed informally mentoring young African entrepreneurs.

4.11. What is crowdfunding and how it works

4.11.1. 'Crowdfunding is the use of small amounts of capital from a large number of individuals to finance a new business venture. Crowdfunding makes use of the easy accessibility of vast networks of friends, family and colleagues through social media websites like Facebook, Twitter and LinkedIn to get the word out about a new business and attract investors'.³² Crowdfunding has the potential to increase entrepreneurship by expanding the pool of investors from whom funds can be raised beyond the traditional circle of owners, relatives and venture capitalists.

4.11.2. There are four types of crowdfunding mechanisms:³³

- Crowdsponsoring: campaigns aimed at funding projects ex-ante and the crowd of supporters receives non-monetary rewards, like products, services or reputation.
- Crowddonating or crowdraising: the donation of money by the crowd without explicit material or financial reward for donors.
- Crowdfunding: an equity-based (not reward-based) investment where funders receive shares of the enterprise or part of the expected profit.
- Crowdlending: campaigns allowing donors to lend money to entrepreneurs, with or without interest.

³¹ The African Development Bank supports the growth potential of the African midcap private sector through the AfricInvest Fund III.

³² Source: Investopedia.com.

³³ Collective enHanced Environment for Social Tasks (CHEST) 2011.

4.11.3. The characteristics of the main four types of crowdfunding are explained in the following figure.

Figure 31: Characteristics of the main types of crowdfunding

	Crowdsponsoring	Crowddonating	Crowdinvesting	Crowdlending
Profile of entrepreneurs	<ul style="list-style-type: none"> Teams or individuals With project experience 	<ul style="list-style-type: none"> Teams or individuals With project or research experience 	<ul style="list-style-type: none"> Teams With project and business experience 	<ul style="list-style-type: none"> Individuals Often with project experience
Motivation of backers	<ul style="list-style-type: none"> Rewards Being part of the project 	<ul style="list-style-type: none"> Philanthropy 	<ul style="list-style-type: none"> Investment 	<ul style="list-style-type: none"> Investment
Typical projects	<ul style="list-style-type: none"> Projects or products Conceptual or prototype stage 	<ul style="list-style-type: none"> Suitable for projects Conceptual stage 	<ul style="list-style-type: none"> Suitable for products Growth stage 	<ul style="list-style-type: none"> Suitable for projects No prevalent stage
Operational aspects	<ul style="list-style-type: none"> Exchange of products/ experiences/thanks Medium risk 	<ul style="list-style-type: none"> Exchange of thanks Low risk 	<ul style="list-style-type: none"> Exchange of ownership High risk 	<ul style="list-style-type: none"> Return of principal plus interest Medium/high risk
Technological aspects	<ul style="list-style-type: none"> Social networks intensively used Communication: comments and updates 	<ul style="list-style-type: none"> Communication: comments, results and updates Transparency of project and founder 	<ul style="list-style-type: none"> Platforms contain info sharing tools Communication: conference calls and finance reports 	<ul style="list-style-type: none"> Transparency on loan risk and past loan performance Backers can download data
Examples	<ul style="list-style-type: none"> Kickstarter.com Indiegogo.com Startnext.de 	<ul style="list-style-type: none"> Experiment.com Betterplace.org 	<ul style="list-style-type: none"> Equinet.com Innvestment.de 	<ul style="list-style-type: none"> Kiva.org Prosper.com

Sources: Investopedia; Collective enHanced Environment for Social Tasks (CHEST), 'D5.2 Best-Practice Guide for Crowdfunding', in Hemer, J., 2011, A snapshot on crowdfunding, Working Papers Firms and Region, Nr. R2/2011, Fraunhofer ISI.

4.12. Main crowdfunding platforms and applicable examples





4.12.1. There are over 1,500 different crowdfunding platforms globally. Most of them are for general purposes, but niche crowdfunding is growing rapidly. For Crowdinvesting, two models have developed:

- 'All-or-nothing' (AON): entrepreneurial firms set a capital-raising goal below which the entrepreneurial firm does not keep any of the pledged funds and the crowd does not get any reward.
- 'Keep-it-All' (KIA): the entrepreneurial firm can keep the entire pledged amount, albeit at higher fees.

Crowdfunding is not developed in Africa yet and is not even known about by designers and fashion SMEs in the pilot countries.

4.12.2. The main crowdfunding platforms at global scale are the following:

Figure 32: Main crowdfunding platforms

	<ul style="list-style-type: none"> • The leading crowdfunding platform globally (based on Web traffic: 775 Alexa ranking) • AON campaigns • Success rate: 43.4% (for fashion projects: 29.2%) • Stricter acceptance rules than other platforms
	<ul style="list-style-type: none"> • Second highest ranking crowdfunding platform based on Web traffic • It allows AON or KIA campaigns (KIA campaigns have higher transaction fees) • Success rate: less than 10% of projects reached 100% of goals
	<ul style="list-style-type: none"> • This platform is best for artistic and idea-based projects • Partnership with A&E TV network • 4% commission fee + 4% credit card handling fee if the goal is reached (8+4% if not) • Success rate: 11%
	<ul style="list-style-type: none"> • Focused on US, UK, Canada, Australia, New Zealand and Netherlands • This platform allows you to receive donations for anything you want • AON or KIA allowed






Sources: Companies' websites; Collective enHanced Environment for Social Tasks (CHEST), 'D5.2 Best-Practice Guide for Crowdfunding', in Hemer, J., 2011, A snapshot on crowdfunding, Working Papers Firms and Region, Nr. R2/2011, Fraunhofer ISI.; StartUp Fashion and Luevo, n.d., Crowdfunding Your Fashion Business Resource Guide and Workbook for Emerging Fashion Brands.

4.12.3. A study of fashion projects on the main two crowdfunding platforms for the two pilot countries determined the following:

- Kickstarter.com: there are 43 projects in this platform related to the fashion sector in all of Africa
 - Ethiopia: two projects were identified:
 - **fashionABLE**: raised US\$ 31,012 in October 2014. It is a social business selling fashion accessories made by women that need help. They sell online and also through retailers in the US.
 - **The World's Only Fair Trade Certified Baby Shoes**: the funding was unsuccessful.
 - Côte d'Ivoire: no projects.
- Indiegogo:
 - Ethiopia:
 - **IMI made**: raised US\$ 12,884 in May 2016. A social enterprise that imports handmade sunhats and tribal crafts from the Omo Valley benefitting Ethiopian orphans and artisans.
 - **Isatu Bindu**: this project is ongoing. They expect to raise US\$ 27,740. It is a sustainable start-up selling African designs to support girls' education and local tailors.
 - Côte d'Ivoire: no projects.

4.12.4. The study also included researching examples of fashion-focused crowdfunding platforms or experiences. These kinds of specialised platforms are not very developed at the international level. Figure 33 illustrates some of the most relevant examples identified. Some companies initiated fashion-crowdfunding efforts but then changed their business model (e.g. luevo.com); others have not even launched their websites yet (e.g. Before the Label). The different focus of the identified efforts proves that this field is still at a very incipient level of development.

Figure 33: Main fashion-focused crowdfunding platforms/experiences

Main features	
	<ul style="list-style-type: none"> • A UK-based company with a strong presence in Europe • AON campaigns; designers can use 'experience' rewards; also provides shipping • Fees: 10% or 20% if shipping is included
	<ul style="list-style-type: none"> • Active on Facebook but their website has not been launched yet • Based in NYC • Fees: 10% plus Stripe (payment platform) fees
	<ul style="list-style-type: none"> • Partnered with Flexcel, a company that focuses on pairing freelancers with businesses, and offers an array of support services at extra cost • Fees: 5% + WePay (payment platform) fees
	<ul style="list-style-type: none"> • Started as a fashion crowdfunding site but not accepting more projects • Currently more focused on marketing services and assisting entrepreneurs with their crowdfunding efforts
	<ul style="list-style-type: none"> • Best for submitting designs or ideas, allowing consumers to vote on the designs. If a project receives enough interest then it is accepted as a crowdfunding project • Designers receive 2.5% to 10% of sales in Betabrand for 2 years

Sources: Companies' websites; StartUp Fashion and Luevo, n.d., Crowdfunding Your Fashion Business Resource Guide and Workbook for Emerging Fashion Brands.

4.12.5. To complete the analysis of the crowdfunding sector and its convenience for the Fashionomics online platform, the study investigated existing Africa-focused crowdfunding platforms, finding that there are quite a few platforms already operating. Table 6 summarises the main findings. There are very different models, ranging from pan-African to country-focused, using different payment mechanisms and fee structures, partnering with different kinds of companies, etc. Overall, there is certain degree of development and the sector is expected to continue to evolve, with some business models consolidating and new entrants coming online.

There is a good opportunity for the Fashionomics platform to cooperate with some of these crowdfunding platforms. Additionally, the Fashionomics platform could provide mentorship services to users on how to develop a good crowdfunding strategy.

Table 6: Africa-focused crowdfunding platforms

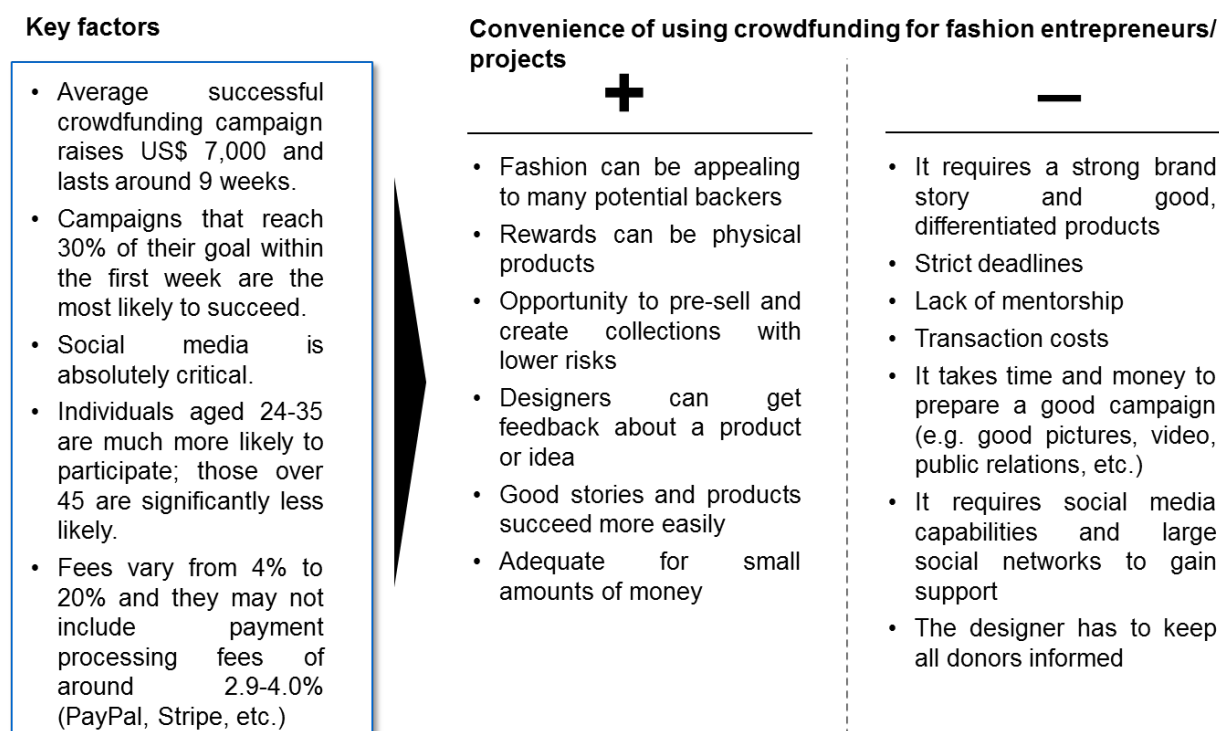
Crowdfunding website	Based in	Comments
Jumpstart Africa	US	Founded in 2013, they offer rewards in exchange of donations
Thundafund	South Africa	Created in 2013 by two South African social entrepreneurs, they raised US\$ 350,000 in their first 18 months
Lelapa fund	France	French-based platform targeting Africans living abroad
M-changa	Kenya	A platform for mobile developed by a Kenyan entrepreneur, it allows crowdfunding campaigns and collects donations via SMS or online
SliceBiz	Ghana	Investors can fund via mobile payments, bank accounts or credit cards
StartMe	South Africa	Raises funds for social, creative projects and NGOs in South Africa
Start Crunch	Nigeria	Nigeria-focused
Shekra	Egypt	Closed network of wealthy investors
Funda Sola	Nigeria	Uses only PayPal
FundFind	South Africa	Crowddonating website focused on South Africa founded in 2013
Orange Collecte	Côte d'Ivoire	Mobile platform crowdfunding for clients of Orange Money; Orange partnered with HelloAsso
Malaik	Unknown	An impact-focused equity platform for African start ups, it allows users to track the impact of their investments
Wamda	Dubai	Focused on MENA region

Sources: Company websites, AFK insider, CNN.

4.13. Crowdfunding for fashion designers and companies in Africa and recommendations for the Fashionomics platform

4.13.1. Fashion crowdfunding is not an easy task. Many crowdfunding campaigns are not successful (not reaching their targets), they require huge promotion efforts on social media, and the cost of a successful campaign is not negligible. Figure 34 collects the main findings on the key factors for a successful crowdfunding campaign in the fashion sector and the pros and cons of running such an effort.

Figure 34: Crowdfunding fashion projects/entrepreneurs



Sources: Companies' websites; Collective enHanced Environment for Social Tasks (CHEST), 'D5.2 Best-Practice Guide for Crowdfunding', in Hemer, J., 2011, A snapshot on crowdfunding, Working Papers Firms and Region, Nr. R2/2011, Fraunhofer ISI; StartUp Fashion and Luevo, n.d., Crowdfunding Your Fashion Business Resource Guide and Workbook for Emerging Fashion Brands.

4.13.2. The key success factors for crowdfunding fashion (in Africa or globally) are:

- Suitable rewards—develop a set of rewards attractive to the backers;
- Community engagement—social network support (Facebook, Twitter, etc.);
- Professional visual materials;
- The lower the funding goals and the shorter the campaign, the greater the chances of reaching goals;
- Appealing to emotions of donors;
- Regular updates—frequently publishing news and actively communicating.

4.13.3. Some recommendations for the online Fashionomics platform related to the potential use of crowdfunding as a financing tool through the platform:

- Crowdfunding in Africa is still at a very incipient stage. It is not well known and the existing platforms have not proven their business models yet. **Therefore, the addition of crowdfunding tools to the platform at a first stage of development is not recommended.**
- The platform could provide **content on how to develop a good crowdfunding strategy** for African entrepreneurs.
- The platform could add a section on '**business opportunities**' where investors and entrepreneurs could match their interests (e.g. putting them in touch).
- In a second **stage of development**, this use could be re-studied or the AfDB could partner with one of the Africa-focused crowdfunding platforms. Keeping in contact with these initiatives as part of the initial launch and marketing efforts is recommended.

5. Analysis of the use of technology in both pilot countries

5.1. Current information and communications technology (ICT) sector situation in Africa

Africa is below the world average in all key ICT indicators, as shown in table 7 below. Internet penetration in Africa reached 20% in 2014, which represents half of the 40% world average. This difference is decreasing very fast, since mobile subscriptions are rapidly increasing on the continent, a process that is helping to improve the situation of the ICT sector overall. Regarding fixed telephone subscriptions and fixed broadband accesses, the numbers in Africa are low compared to the world average and these kinds of connections are expanding strongly.

Table 7: Key ICT indicators for Africa vs. world

Indicator	Africa	World average
Internet penetration	20.0%	40.0%
Fixed telephone subscriptions	1.3%	15.8%
Fixed broadband	0.4%	9.8%
Mobile cellular subscriptions	69.0%	96.0%
Mobile broadband subscriptions	19.0%	32.0%

Sources: *International Telecommunication Union (ITU), 2014, The World in 2014: ICT facts and figures; ITU World Telecommunications/ICT Indicators database.*

5.2. Mobile expansion has allowed faster increases in Internet access in Africa

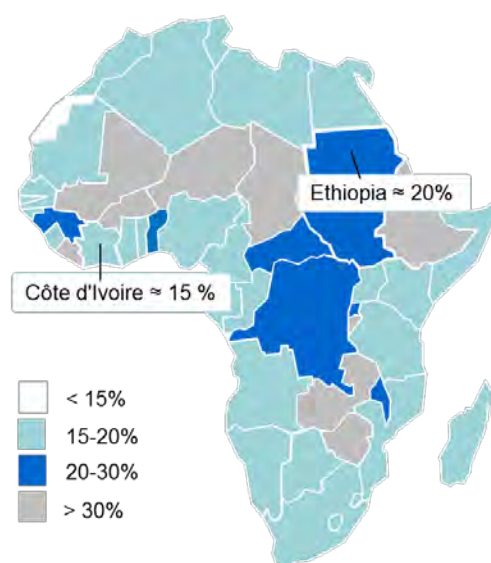
During the last decade, mobile expansion in Africa has supported the reduction of the existing gap in Internet penetration on the continent. African countries have increased Internet penetration from 0.8% in 2007 to 20.7% in 2014. This process has reduced the difference between Africa and other developed areas. As an example, in 2005 Internet penetration in Europe was 19.6 times higher than in Africa, a number that decreased to 3.9 times in 2014.

5.2.1. This expansion has been supported by the following factors: mobile services have become a core life enabler for people, prosperous macroeconomic factors support higher household consumption, many African countries have seen new licensing opportunities, and there is a favourable regulatory environment.

5.2.2. The process is expected to continue in the coming years. The expansion will be driven by, among others: lower prices, improvements in network coverage, and better mobile data coverage.

Figure 35: Mobile subscription growth in Africa 2013-2014

Mobile subscription growth 2013-2014



Sources: Deloitte analysis; Telegeography; International Telecommunication Union data; International Monetary Fund.

5.3. ICT in Ethiopia and Côte d'Ivoire

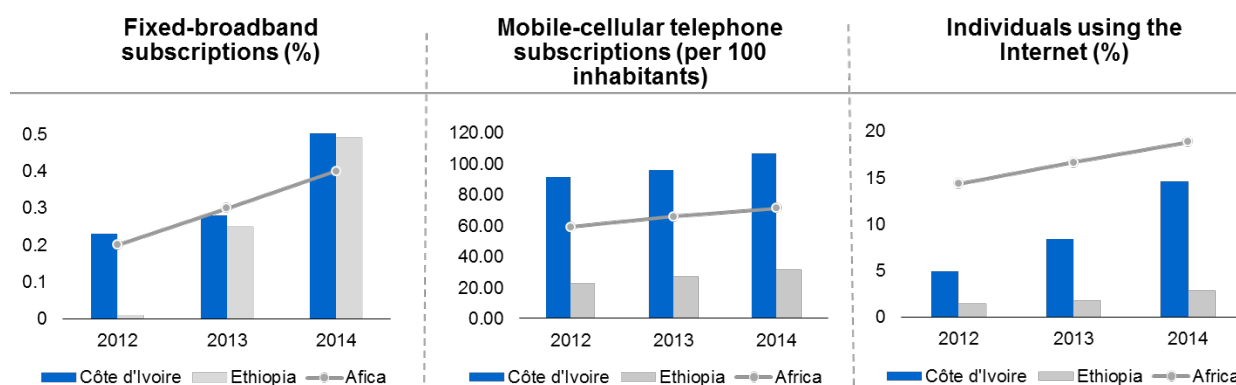
The main difference between the two countries is that Ethio Telecom, a state-owned company, has a monopoly on telecommunications in Ethiopia, while the telecommunications market in Côte d'Ivoire is highly liberated under the regulation of the Autorité de Régulation des Télécommunications/TIC de Côte d'Ivoire (ARTCI). There are currently a total of five telecom operators in Côte d'Ivoire: Côte d'Ivoire Telecom, GreenN S.A, Moov, MTN Côte d'Ivoire and Orange Côte d'Ivoire.

5.4. Differences in the regulatory environment

The differences in the regulatory environment between the countries lead mobile telephone subscriptions in Côte d'Ivoire to be above the African average. The same indicator is below the African average in the case of Ethiopia. This also helps to explain why the percentage of individuals using the Internet is much higher in Côte d'Ivoire than in Ethiopia.

As shown in the figure below, the fixed broadband subscription percentages are at similar levels in both countries and similar to the African average. The figure also shows the differences between the two countries in terms of mobile telephone subscriptions and individuals using Internet.

Figure 36: Internet Access in Côte d'Ivoire, Ethiopia and Africa



Source: International Telecommunication Union data (a specialised United Nations agency for information and communication technologies).

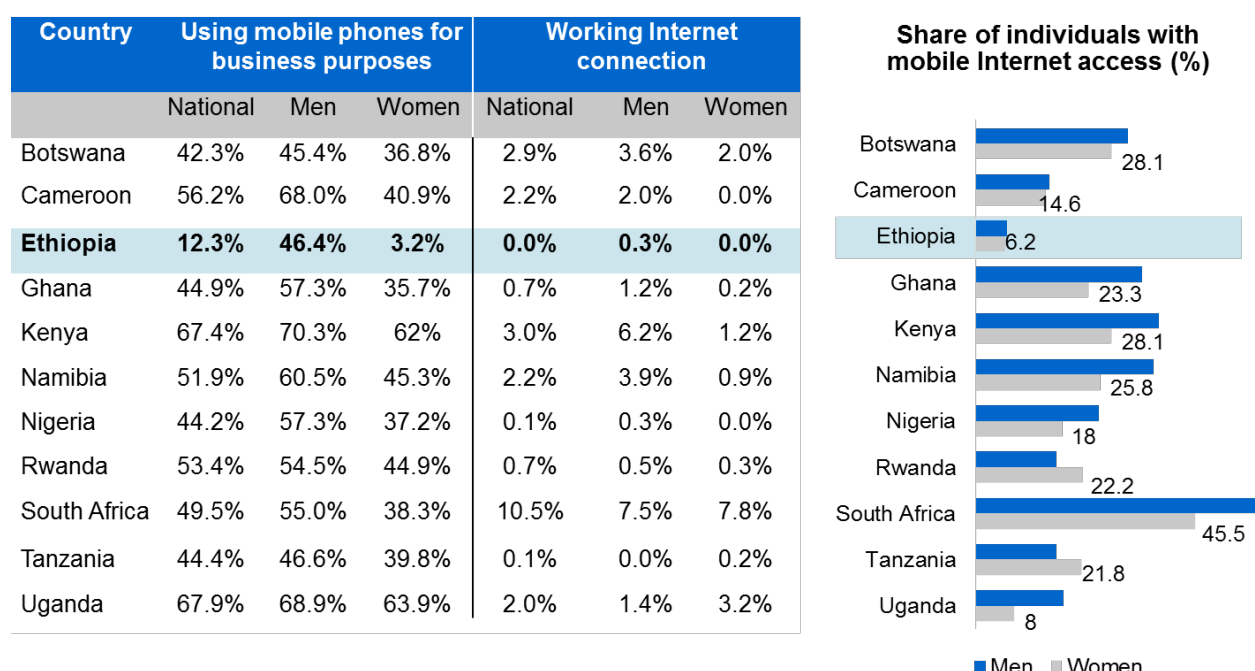
5.5. Mobile coverage

Ethiopia is now 80% covered, with 3G service throughout and 4G in Addis Ababa. Ethio telecom has 42 million subscribers, with 10 million using smartphones. In five-years, they expect to cover up to 90 million lines. One relevant player in the country is **HelloCash**, a company that provides the option to make online payments (through MasterCard), something that until now was not possible for most local companies because of regulations. HelloCash has 250 employees and offers various products, including Hellojobs, Hellobills, Hellobills, Hellobills, etc. HelloCash is adding 3,000 users per day. Regarding e-commerce, the fact that credit cards are not widely used is an issue and the related law is very recent. Ethio telecom announced new mobile Internet packages in February 2016 that should drive up Internet usage. This package and further revisions are aimed at boosting the number of mobile Internet subscribers in the country, as well as providing an incentive for current subscribers. They are also aimed at facilitating the country's quest towards modernisation. HelloCash offers the technology gateway to provide online payment schemes for the Fashionomics online platform and the company has expressed interest in partnering with the Bank.

5.6. There are strong gender differences in ICT usage

African women face structural constraints regarding education, income, assets and limited access to financial resources and education. These kinds of constraints have pushed several women into the informal sector and this fact is reflected in Internet use. In Ethiopia 3.2% of woman-owned businesses use a mobile connection for business purposes, a number that compares to 46.4% for businesses owned by men.

Figure 37: Gender differences in ICT usage (Ethiopia)



Note: Data not available for Côte d'Ivoire.

Sources: Association for Progressive Communications (APC) and Humanist Institute for Cooperation with Developing Countries (Hivos), 2013, Global Information Society Watch 2013, RIA data 2012.

5.7. Internet use

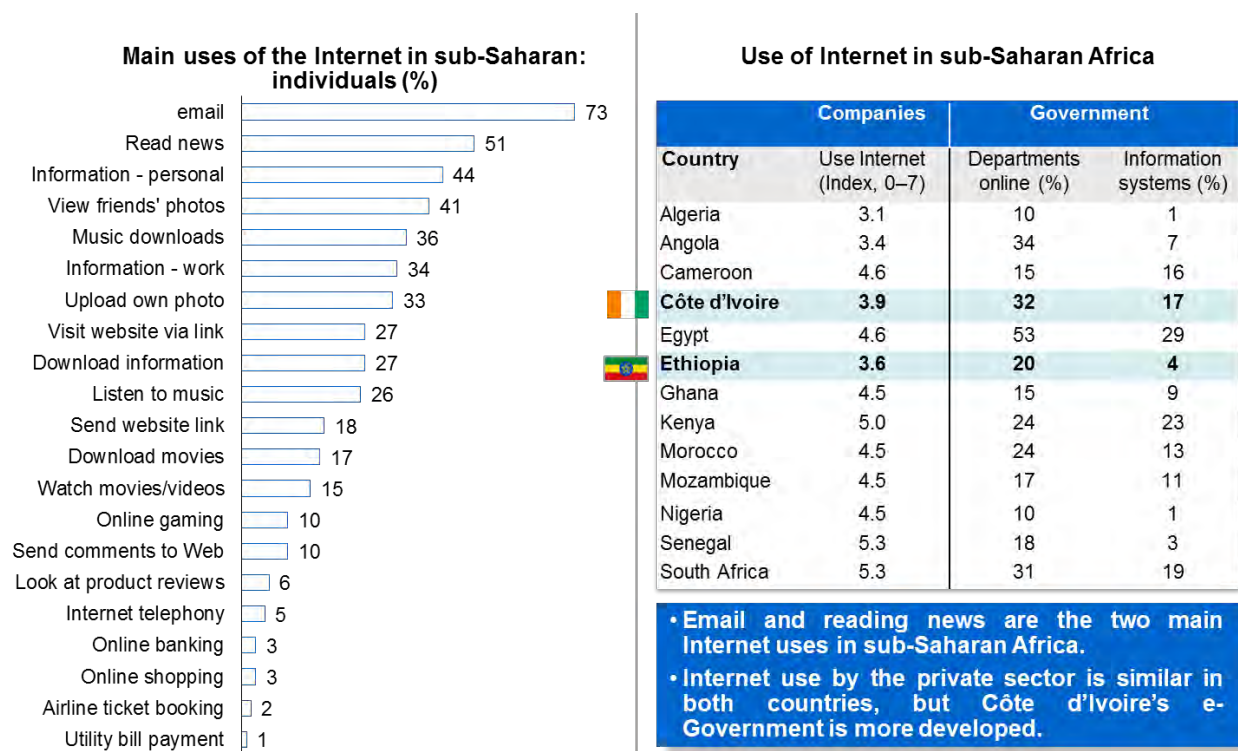
Internet is mainly used for email and reading news in SSA. As shown in figure 38 below, searching for information for personal purposes is also in the top three. Internet use by the private sector is similar in Ethiopia and Côte d'Ivoire, but Côte d'Ivoire has a more developed e-government.³⁴

³⁴ McKinsey Global Institute 2013.

5.8. Internet accessibility

Growing Internet accessibility has supported the use of social platforms. It is expected that the use of these kinds of applications will continue to increase. These social platforms are mainly used to create and maintain individual profiles, interact with other users and to read comments, access information and publish blogs.

Figure 38: Main uses of Internet in SSA

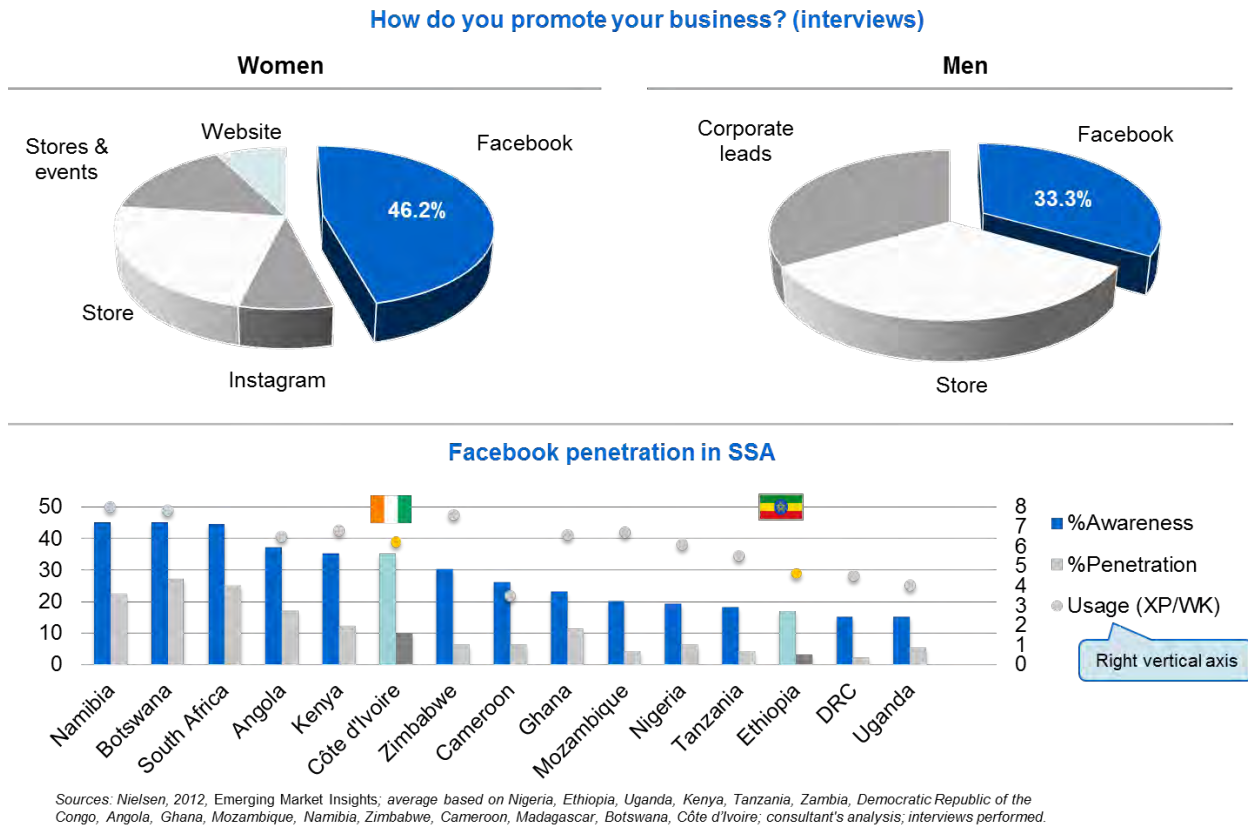


Sources: Nielsen, 2012, Emerging Market Insights; average based on Nigeria, Ethiopia, Uganda, Kenya, Tanzania, Zambia, Democratic Republic of the Congo, Angola, Ghana, Mozambique, Namibia, Zimbabwe, Cameroon, Madagascar, Botswana, Côte d'Ivoire; McKinsey Global Institute, 2013, Lions go digital: The Internet's transformative potential in Africa.

5.9. Facebook

Facebook has become the most widely used social media platform on the continent. The study determined that Facebook is the main marketing tool used by fashion entrepreneurs and MSMEs to promote their businesses. Women users (46.2% vs. 33.3%) access Facebook even more. Designers and owners consistently declared in the interviews that they prefer to use a Facebook profile for their businesses, rather than a website. Their arguments for this are mainly that Facebook is cheaper, can be updated constantly with no cost, and addressing clients or potential traffic to their Facebook profile is more direct than sharing a website address (direct sharing vs. visiting a website). **Integration with Facebook is thus very relevant for the future Fashionomics platform.**

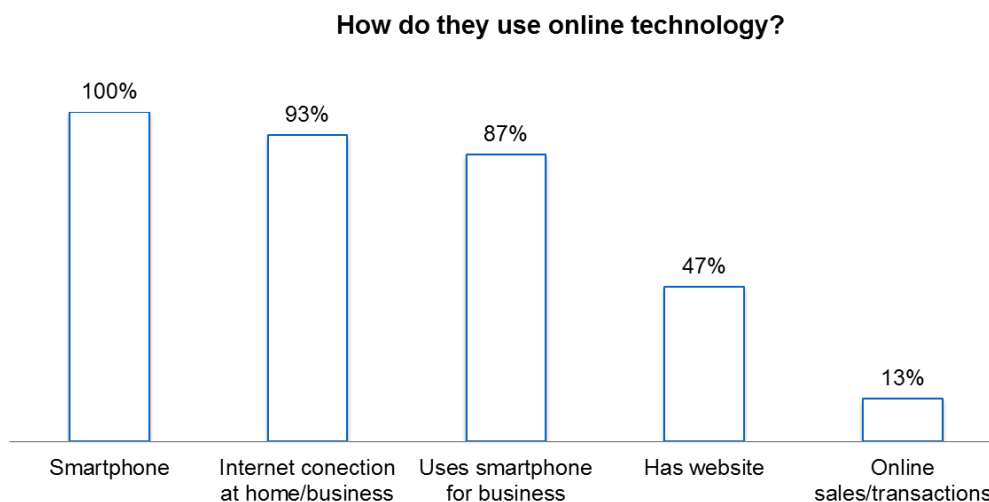
Figure 39: Facebook relevance and penetration



5.10. Smartphones

The research showed that all the interviewed entrepreneurs have smartphones and 93% of them have an Internet connection. The interviews also indicated that 87% of the entrepreneurs use phones for business purposes but only 47% have a website since they cannot afford the cost. Online transactions are rare: only 13% of those interviewed use technology that allows online sales.

Figure 40: Use of technology by the entrepreneurs and SMEs interviewed



Source: Consultant's interviews.

5.11. E-commerce today

E-commerce in Africa is still lagging, with the continent remaining the region with the lowest e-commerce penetration. In 2013, Africa and the Middle East accounted only for 2.2% of global business-to-business (B2B) e-commerce.

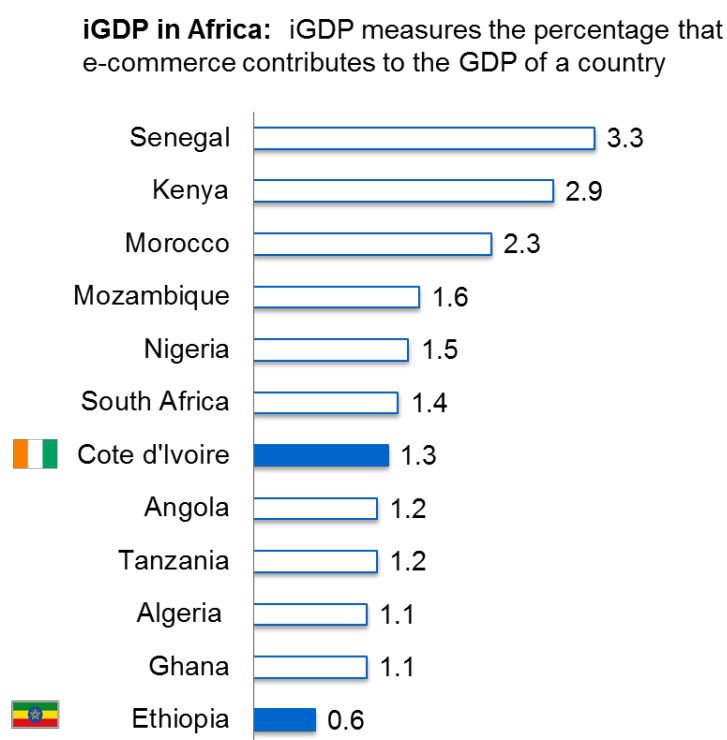
5.12. The future of e-commerce

The future of e-commerce in sub-Saharan Africa is promising, but it is still underdeveloped. The key challenges that the activity faces are the deployment of a system to support international payments, the development of cross-border initiatives, the establishment of financial regulations and the gaining of consumer trust.

5.13. E-commerce in Côte d'Ivoire is more developed than in Ethiopia

E-commerce is much more developed in Côte d'Ivoire than in Ethiopia. In terms of iGDP,³⁵ an indicator that measures the percentage that e-commerce contributes to the GDP of a country, Côte d'Ivoire is at 1.3% while Ethiopia is at 0.6%. Some e-commerce sites, such as recently launched Jumia or Africashop.ci in Côte d'Ivoire, are taking advantage of the strong growth in online sales in some African countries where technology and retail are a bit more developed. Based on all this, adding full-scale e-commerce capabilities to the online Fashionomics platform in the first stage is not recommended.

Figure 41: iGDP indicator in Africa



Sources: McKinsey Global Institute analysis; paymentsafrica.com.

5.14. ICT summary

- ICT in Africa is growing fast but it is in an early phase;
- There are very different levels of ICT development depending on the country;
- Women workers use their mobiles less for work;
- Internet uses are mostly related to email and information search;
- Facebook is one of the most used ways to promote businesses and its penetration is quite high overall;
- E-commerce is still underdeveloped.

³⁵ iGDP = the Internet's contribution to the gross domestic product of a country as measured by McKinsey's own methodology. For more details, see McKinsey Global Institute 2013.

5.15. Implications for the development of the platform

Based on the desk review and the interviews carried out, the **main implications for the development of the online platform**, from the ICT point of view, are the following:

- Low bandwidth and mobile data connection should be considered to set up a successful online platform. The platform must load on mobile devices and for low-bandwidth connections given the strong differences when considering all African countries.
- The platform should provide valuable information related to the target group's needs.
- Additionally, it is important to develop tools to integrate Facebook in the use of the platform since it is the most popular social media application in Africa.
- Since many fashion designers, entrepreneurs and MSMEs cannot afford to pay for a website, there is an opportunity for the Fashionomics platform to cover that need by offering them a free/inexpensive 'mini website'. Intellectual property rights have to be considered in this situation (covered in section 6).
- Full e-commerce capabilities should be left for subsequent versions of the platform, given that this field is still at very incipient stage of development in Africa.

6. Other relevant analysis

6.1. Introduction

This section regroups issues and analysis raised mainly during the kick-off meeting and the feedback collected after the circulation of the inception report of the study. These are side issues to the main purpose of analysing and defining the viability of the platform, but some interesting implications were developed through the analysis phase. The final objective of this analysis is not to achieve exhaustive or in-depth reviews of additional issues, but to conclude on additional factors and implications to consider when designing the platform.

6.2. Main issues

The main issues covered in this section are the following:

- Distinction between the textile and fashion sectors;
- Justification of the existence of the platform according to the current situation and size of the industry;
- Job market opportunities across the value chain—where can more jobs be developed?
- Education and learning centres in both countries;
- The intellectual property rights situation in both countries;
- How transport and logistics issues affect the sector and the platform;
- What can be learned from other similar platforms?
- Recommendations on environment, health and safety.

6.3. Definition of the sectors that the platform must cover

6.3.1. The ‘fashion’ sector is a quite broad term. The platform should be open to three main sectors that can be grouped under the ‘fashion’ term:

- Textile sector: Textile production is the main input for clothing. This sector is more capital and scale intensive. It also demands higher worker skills and has remained in middle-income countries. There is a lack of spinning mills in Africa overall.
- Garment/apparel sector: This includes manufacturing and selling clothing. Large branded retailers lead globally dispersed production networks. This sector includes simple technology and is traditionally the first step in the industrialisation process of many countries.
- Shoes and accessories: Accessories and shoes represent a smaller sector than apparel but they are highly relevant in the fashion industry. Mass market and handmade coexist. Although not clearly defined as a sector, these types of products can be considered under the umbrella of the platform, given that many designers work with clothing and accessories.

6.4. Why develop this platform based on the current size and situation of the industry?

6.4.1. Discussions with stakeholders on the rationale to develop such a platform were held as part of the initial stages of the study. Based on the research, there are solid factors that justify fostering this industry at pan-African scale. Doing so through an online platform is a secure and efficient way of adding transparency, communication and resources to the sector. The platform can be useful for those countries already exporting (e.g. Ethiopia), where there are bigger actors and more industrialised partners, but also for countries like Côte d’Ivoire, where the sector is still undeveloped and entrepreneurs and MSMEs prevail. At the same time, such a platform could put in touch a range of actors in the industry, in different countries and at different steps in the value chain, reinforcing linkages and strengthening the value chain at African level.

6.4.2. There are **key economic factors** that justify supporting these industries:

- The textile and apparel industries are a major contributor to **income** for some African countries: e.g. 20% of GDP in Lesotho.
- TA&A is the dominant source of **exports** in several African countries: e.g. 56% of exports in Madagascar.
- **Employment** in TA&A production for Least Developed Countries (LDCs) as a share of total employment in manufacturing is up to 90% in African countries like Lesotho.

6.4.3. There are also **social aspects** to supporting these industries in Africa:

- They are one of the largest job creators in South-East Africa, particularly for women (90% of employees in clothing factories are women).
- Wages and employment in apparel factories have ripple effects on much of the population since many women workers are often breadwinners for families with five to six members.

6.5. How to create more jobs and alignment with the Bank's strategy for Jobs for Youth in Africa

6.5.1. One key aspect when analysing and defining this platform was to ensure alignment with the Bank's jobs strategy. The Bank has launched the Employ African Youth Initiative.³⁶ This initiative seeks to bring more scale, focus and structure to current efforts to address youth employment challenges in Africa. It plans to do so through three key pillars:

1. Integration with AfDB's portfolio and operations—embed youth employment as an objective and improve the enabling environment for employment through knowledge and policy.
2. Investment by channelling resources towards youth employment through the dedicated Youth Investment Facility.
3. Innovation through the Bank's youth employment flagship programmes: agriculture, ICT and industrialisation.

Both initiatives can be easily aligned given the possibility of developing youth employment and the relevance of industrialisation in the TA&A sector. Moreover, the Fashionomics initiative could contribute to creating youth employment in Africa through some key activities:

- Promote entrepreneurial activity;
- Foster business opportunities: looking for partners;
- Advertise job opportunities;
- Develop skills/training efforts—collaboration with schools and educational centres;
- Channel funding from the new Youth Investment Facility for industrialisation purposes.

6.5.2. Regarding job opportunities, the largest number of jobs can be created in those positions that do not require strong educational or experience levels and there are many of them in a typical mid-to-large sized TA&A business, for example, positions such as hand sewers, sewing machine operators, garment pressers, quality controllers, fabric and apparel patternmakers, tailors, dressmakers or custom sewers (see figure 42).

6.5.3. Finally, on this issue, it is important not to forget that these industries, especially in the design and creativity fields, typically include a large entrepreneurship component. Africa presents solid societal entrepreneurship values according to the Global Entrepreneurship Monitor. Thus successful entrepreneurs are well considered and entrepreneurship is seen as a good career choice (see figure 43). The TA&A sector is typically a sector where entrepreneurs can spread and this can help to create more jobs. The platform will need to cover entrepreneurial activities and services to have a bigger impact on job creation.

³⁶ African Development Bank 2016b.

Figure 42: Job opportunities when fostering growth in the TA&A sector

	Position	Skill level (education and experience)		
Cut, make and trim/ assembly/ production	Hand sewers			✓
	Sewing machine operators			✓
	Garment pressers			✓
	Cutting machine operators			
	Line leaders			
	Production flow supervisors			
Full package	Quality control			✓
	Sourcing, purchasing and SCM*			
Original design manufacturer	Fabric and apparel patternmakers			✓
	Tailors, dressmakers, custom sewers			✓
	Designers			
	Senior designers			
Original brand manufacturer	General business positions			
	Branding and marketing positions			

* Supply chain management

Sources: Fredrick and Gereffi, 2011, The Apparel Global Value Chain - Economic Upgrading and Workforce Development, Duke Center on Globalisation, Governance & Competitiveness; consultant's own analysis.

Figure 43: Entrepreneurship values in Africa

	Societal values of entrepreneurship		
	'Entrepreneurship is a good career choice'	'High status for successful entrepreneurs'	'Media attention for entrepreneurship'
Africa	70.8	73.2	62.8
Asia & Oceania	61.9	70.5	69.2
Latin America & Caribbean	64.1	64.6	64.0
Europe	55.1	66.0	55.1
North America	n.a.	n.a.	n.a.



Source: Kelley, Donna, Slavica Singer, Mike Herrington and the Global Entrepreneurship Research Association (GERA), 2016, Global Entrepreneurship Monitor 2015/16: Global Report.

6.6. Education and learning centres for the industry in both countries

6.6.1. Skills development was identified as a key potential use of the platform through the research phase. Also based on the interviews with designers and SMEs in both pilot countries, it is evident that the sector lacks skilled professionals. Showing the main schools and educational institutions will be very relevant for the future platform. Likewise, some of the schools interviewed for the study showed their interest in sharing educational materials or using the platform as a channel to teach courses or distribute online educational materials, like tutorials or toolkits.

6.6.2. Table 8 lists the schools identified in both countries.

Table 8: Main schools and educational institutions for the TA&A sector identified in both countries

Country	Côte d'Ivoire 	Ethiopia 
School/ institution	<ul style="list-style-type: none"> • Ecole de Mode Tidiane T. SARL – Bassam • Centre de Formation de Couture - Ecole Mode Abidjan Yopougon – Abidjan • SOVAFRIM - Models (certified modelling agency) – Abidjan • Ecole Internationale de Formation Professionnelle Michèle Yakice - Abidjan 	<ul style="list-style-type: none"> • Ethiopian Textile Industry Development Institute (ETIDI) – Addis Ababa • Leather Industry Development Institute (LIDI) – Addis Ababa • Alle School of Fine Arts and Designs (ASFAD), part of Addis Ababa University – Addis Ababa • Next Design Fashion School – Addis Ababa • Ethiopian Institute of Textile and Fashion Technology, part of Bahir Dar University – Bahir Dar

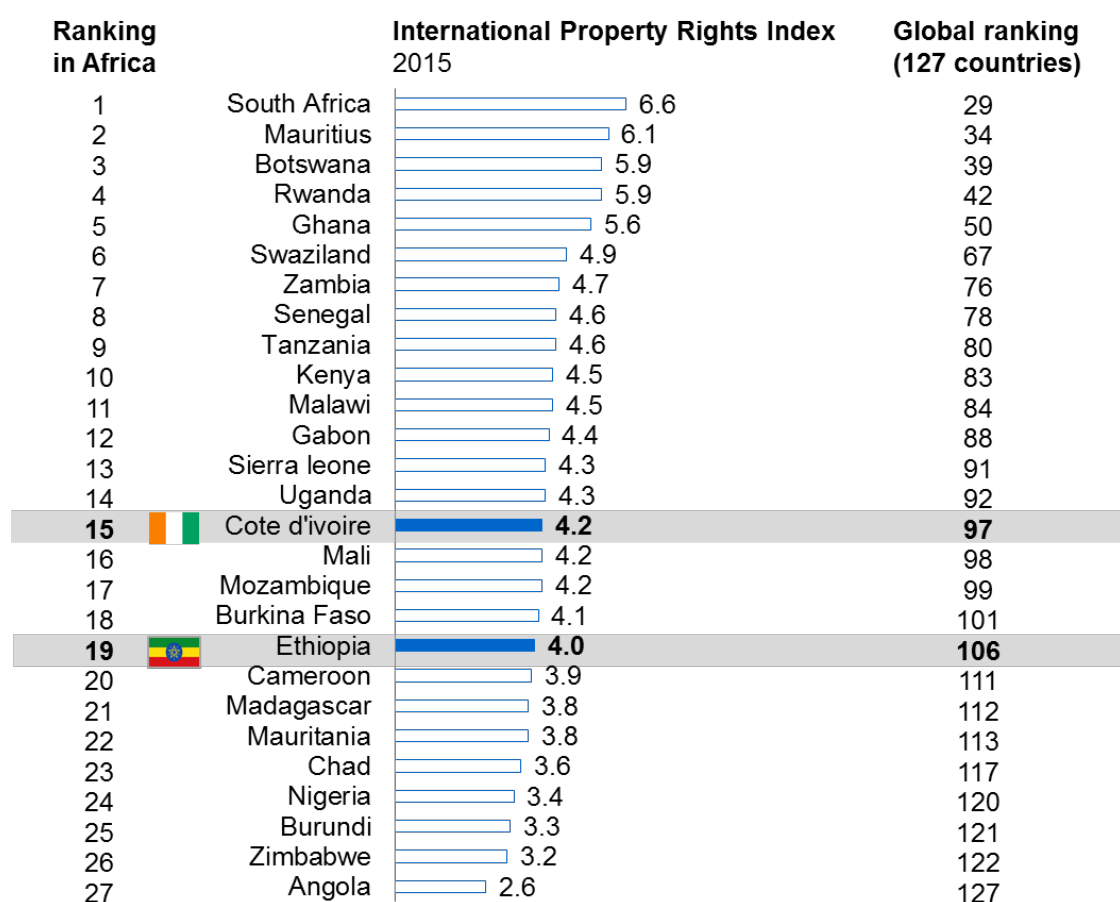
6.7. Consideration of intellectual property (IP) rights in both countries

6.7.1. Côte d'Ivoire and Ethiopia are quite behind regarding property (IP) rights (see figure 44). Côte d'Ivoire is ranked 15th in Africa in the International Property Rights index (2015) and Ethiopia is ranked 19th, out of 27 African countries ranked. Since the platform will work for all of Africa and most African countries present very low values, IP issues need appropriate consideration.

6.7.2. When considering only intellectual property rights, Côte d'Ivoire ranked 105th out of 129 countries globally. The Ivorian Civil code protects intellectual property rights but this does not meet World Trade Organization (WTO) standards. Law enforcement is weak and a lack of customs checks at porous borders permits trade in counterfeit textiles. In 2014 a National Committee Against Counterfeiting was set up to tackle piracy and the smuggling of counterfeit goods. The Office Ivoirien de la Propriété Intellectuelle (OIPI) is the national liaison structure for the African Intellectual Property Organisation (OAPI, in French). The main industrial property rights infringements concern trade names. Artistic work is the leading copyright infringement.

6.7.3. Ethiopia is slightly better positioned when considering only intellectual property rights, ranked 98 out of 129 countries globally. The Ethiopian Intellectual Property Office (EIPO) was created in 2003. Ethiopia ratified the World Intellectual Property Organization (WIPO) convention in 1998. IP legislation includes the Patent Proclamation and Implementation Regulations (1995), the Trademarks Registration Directive (1986) and the Copyright and Related Rights Proclamation (2004). However, illegal copying of artistic work is widespread, with intermittent and often inadequate measures taken by the government and EIPO to prosecute offenders. Ethiopia has applied to join the WTO, but accession will require amendments to existing IP rules and regulations to bring them up to WTO standards.

Figure 44: Intellectual Property Rights Index 2015



Source: Property Rights Alliance (PRA).

6.7.4. The desk review identified some interesting examples of how intellectual property rights can be defended in SSA in the fashion sector. For example, Mara Niang is a Senegalese plastic artist and designer. He wanted to reconcile the need to exhibit his works with the underlying threat that his artistic expression could be copied. Registering all his works with the OAPI (African Intellectual Property Organization, the regional IP office headquartered in Yaoundé, Cameroon, for French-speaking Africa) is feasible but it costs approx. US\$ 80 per piece. Although a creation is protected by copyright law as soon as it comes into being, he decided to register all his works under the Senegalese Copyright Office (Bureau sénégalais du droit d'auteur – BSDA), which he can do free of charge. This has served to discourage possible infringers and made him more trustworthy in the eyes of his commercial partners.³⁷

6.7.5. What are the implications for the Fashionomics platform regarding IP rights protection?

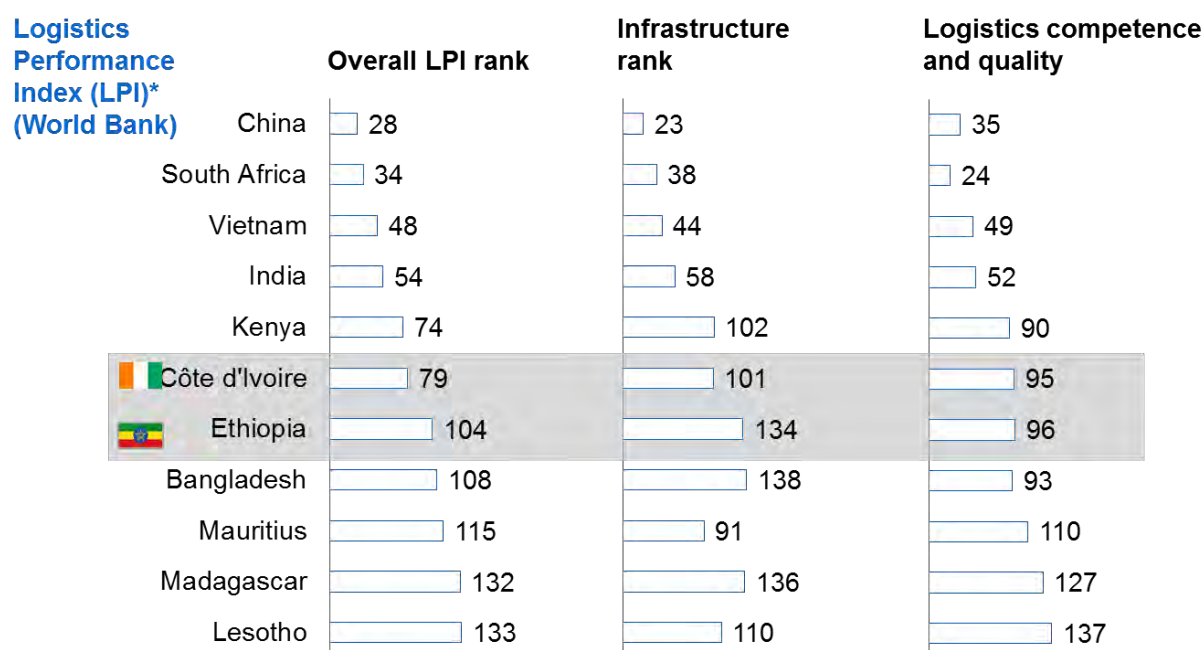
- Include disclaimers on IP rights, especially when showcasing products.
- Provide education/training on these issues.
- Add information on regulations and procedures for IP issues.
- Provide interesting contacts (e.g. relevant IP agencies).
- Showcase best examples or practices on IP issues.
- Use the Forum to allow relevant discussions on IP issues.

³⁷ Example extracted from International Trade Centre UNCTAD/WTO and World Intellectual Property Organization 2003.

6.8. Consideration of transport and logistics issues in both countries

6.8.1. The study analysed the current situation on transport and logistics for both pilot countries using as a key indicator the World Bank's Logistics Performance Index and comparing with the leading African and Asian garment exporting countries. The results of this comparison are shown in figure 45. Both countries are in the middle range of the competitive set, but interestingly, above some leading garment exporters like Bangladesh or Mauritius. Côte d'Ivoire is in an even better position than Ethiopia when considering the overall index and the infrastructure ranking.

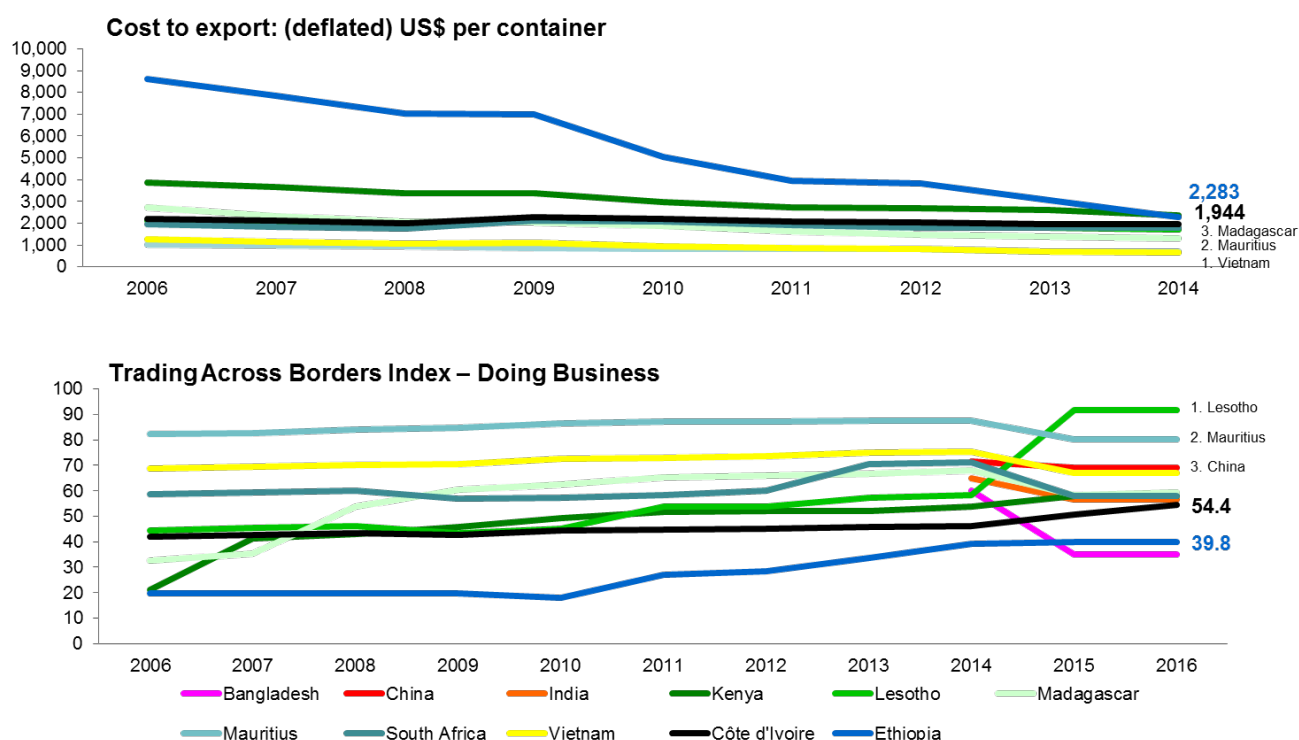
Figure 45: Logistics Performance Index (World Bank)



* The LPI is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their trade logistics performance and what they can do to improve their performance. The LPI 2014 allows for comparisons across 160 countries.
Source: The World Bank.

6.8.2. When considering some other key parameters, such as the Trading Across Borders Index (part of Doing Business, World Bank), Côte d'Ivoire and Ethiopia are still behind the competitive set. On the other hand, the cost to export, measured as the cost in US\$ per container, is rapidly converging. See figure 46 for results of both analyses.

Figure 46: Cost to export and Trading Across Borders Index



6.8.3. Existing literature identifies the key infrastructure assets for the garment industry as well as the most needed improvements in SSA infrastructure to further develop the sector:

- Water supply—quality and treatment (particularly for investments in textile mills and laundry and dyeing facilities);
- Adequate logistics and more agile customs facilities;
- Ports—container terminals and more efficient port and customs clearance;
- Roads for national trucking transport, reducing currently high inland transportation costs;
- Energy generation assets that provide cheap energy.

6.8.4. What are the implication for the Fashionomics platform regarding transport and logistics? The platform could:

- Provide information on export regulations and procedures;
- Provide education and training on logistics related to the fashion industry;
- Use the Forum to allow relevant discussions on logistics and transportation issues;
- Provide contacts of transport suppliers;
- Put entrepreneurs in contact for individual shipments;
- Look for potential agreements with airlines for smaller intra-African shipments.

6.9. Lessons learnt from similar platforms

6.9.1. The research identified several interesting fashion-focused online platforms, although not necessarily Africa-focused:

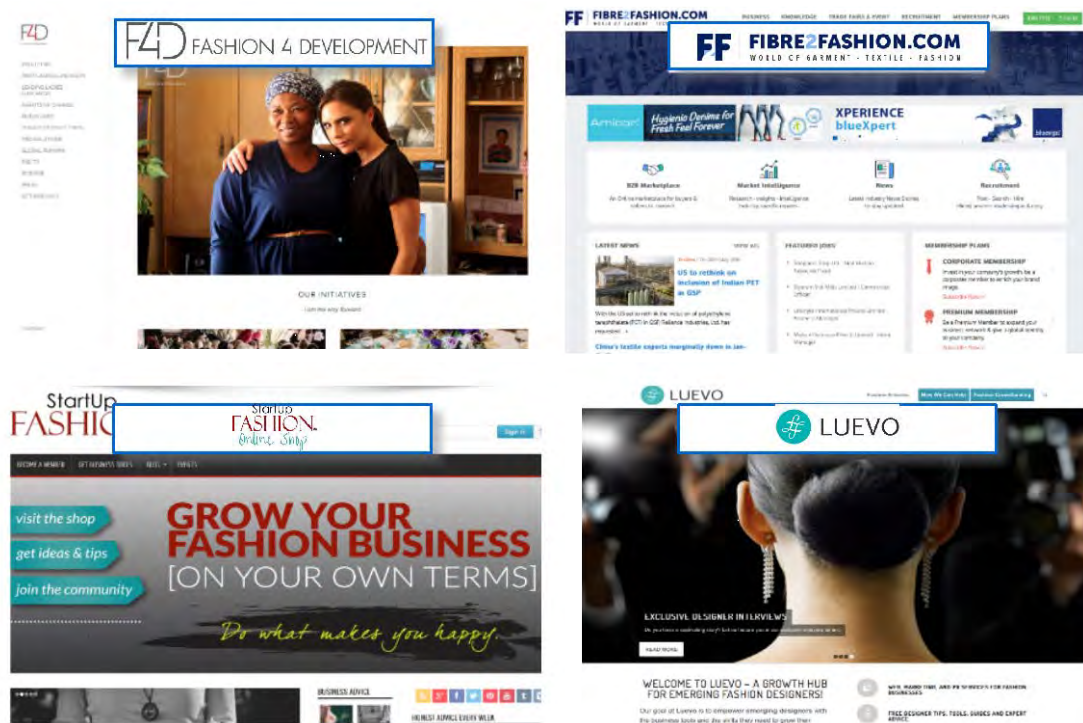
- Fashion 4 Development
- Fibre2fashion
- StartUp Fashion
- Luevo.com
- Just-Style
- Business of Fashion
- Africa Fashion Guide
- Utelier.

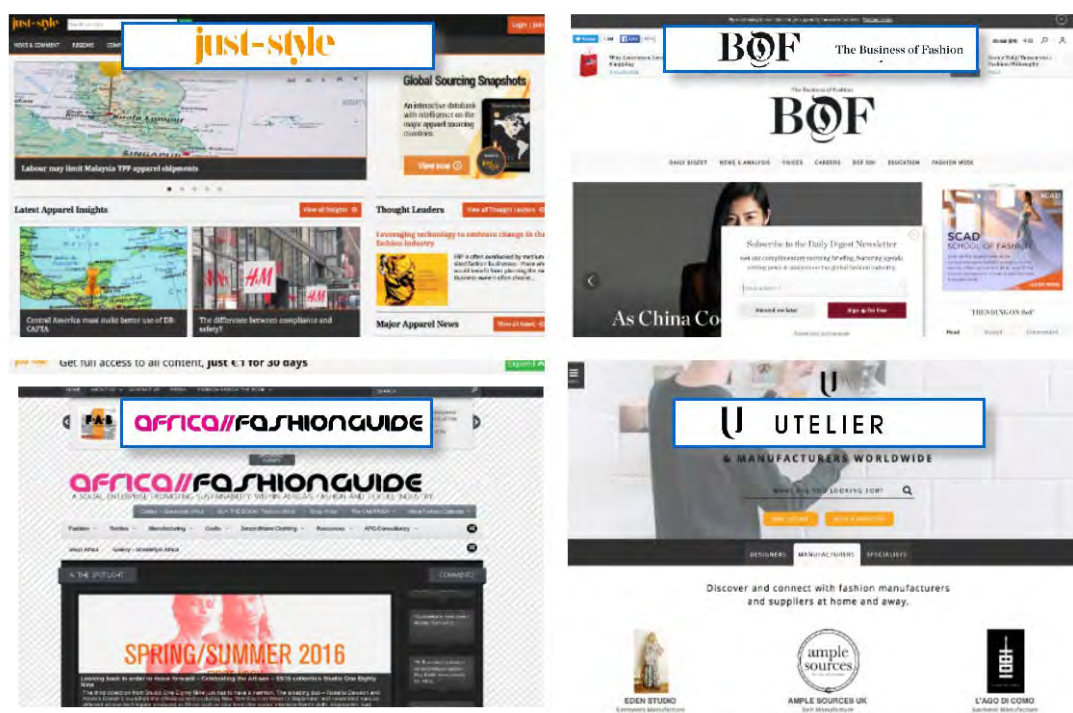
Figure 47 collects some screenshots of these online platforms.

6.9.2. The study researched these online platforms, identifying some best practices and lessons learnt on relevant features that could be applied to the online Fashionomics platform. Some of these best practices are the following:

- The platform may include a section for **Job opportunities** from third parties. Featured jobs may help to generate revenues (seen in fibre2fashion.com).
- Training is a demanded product. **Affordable online training courses** may help finance the platform and serve the public (Business of Fashion).
- **Selling business templates** may help professionalise the sector and add extra revenues to the platform (StartUp Fashion).
- Knowledge of **fairs & events** taking place in Africa will help professionals with their businesses. Sponsored fairs may generate extra revenues (fibre2fashion.com).
- **Connecting sellers and buyers** may be a first step before having a marketplace (fibre2fashion.com).
- Collecting **market intelligence reports** from trusted sources and making them available to industry professionals may generate traffic (fibre2fashion.com).

Figure 47: Screenshots of online fashion platforms identified





Overall, three of the platforms identified (fibre2fashion.com, businessoffashion.com and startupfashion.com) have certain features that could be used for the Fashionomics platform at the African level (some of them maybe at a second stage of development). Extra revenues could be derived from selling certain affordable products or selling featured products (advertising).

6.9.3. An additional platform (not fashion-focused) in which the Bank has invested is the African Partner Pool and the Business Linkage Programme in Ghana.³⁸ Invest in Africa is a not-for-profit organisation with the vision to create thriving African economies. Working in collaboration with the African Development Bank's Fund for African Private Sector Assistance (FAPA), Invest in Africa launched the Business Linkage Programme in 2015 to increase long-term partnerships between investors and local suppliers. Building on the African Partner Pool's objective to improve the visibility of Ghanaian suppliers, the Business Linkage Programme will go one step further by improving the capacity of local businesses to deliver goods and services aimed at time, quality and scale requirements, thereby meeting the long-term needs of investors and winning more business. This initiative has attracted companies like EY, Ecobank, Tullow Oil and Canon, proving that it is possible to interest multinational companies in a platform like this. Likewise, local suppliers register for the platform as they are attracted by the business and financial training materials and mentorship, proving that this kind of content can be appealing to entrepreneurs and MSMEs.

6.10. Consideration of environmental, health and safety issues

6.10.1. The report includes some recommendations on environmental, health and safety (EHS) issues for the garment industry (according to the IFC's general *Environmental, Health, and Safety Guidelines* for textile manufacturing) and how the Fashionomics platform could contribute on these matters.

6.10.2. The environmental issues the most relevant for the sector are: hazardous materials management, wastewater, emissions to air, energy consumption and solid waste management. Some recommendations on environmental issues are:

- Use biodegradable materials;
- Select water soluble and biodegradable agents and detergents;
- Reduce used water losses during the manufacturing process;
- Design specific wastewater treatment systems;
- Enclose dust producing equipment;
- Use dust extraction and recycling systems and filters;
- Avoid the use of volatile solvents;
- Capture and recover the off-gases from the sources;

³⁸ www.africanpartnerpool.com

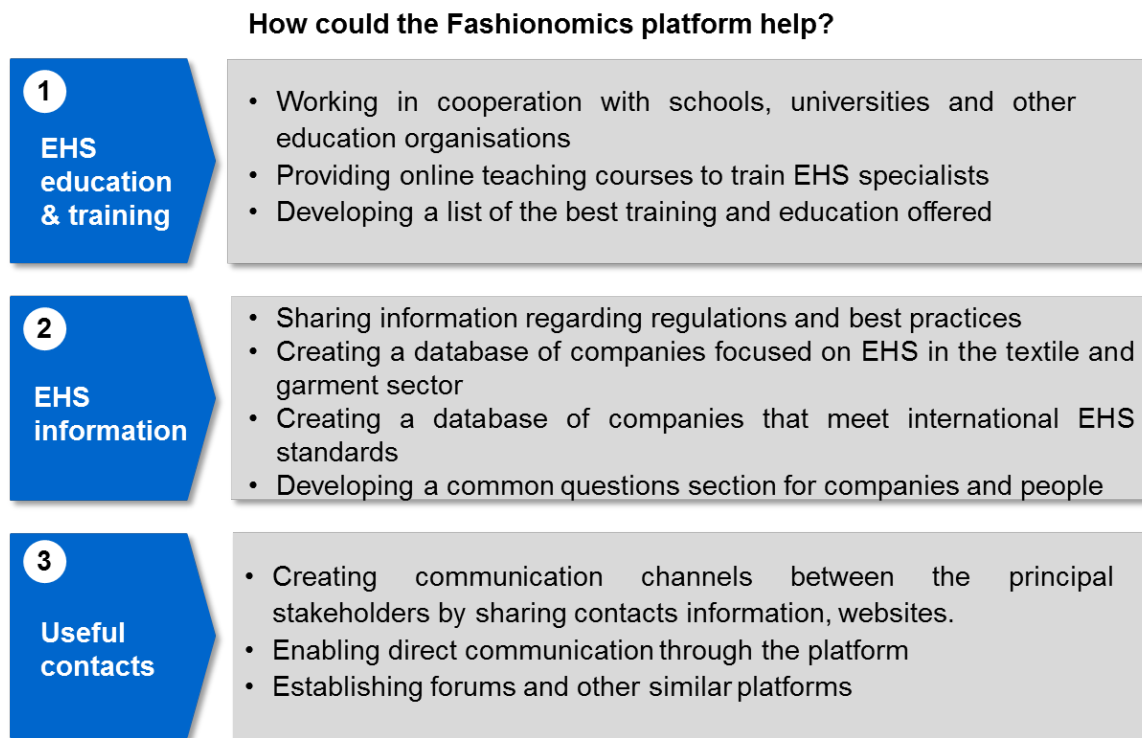
- Select energy-efficient building and technology;
- Recycle or reuse wastes generated within the process or externally.

6.10.3. The main occupational health and safety hazards for the industry are chemical hazards, electrical, heat and noise, physical hazards and ergonomics. Some recommendations on these matters for the industry include:

- Ensure exposed workers use personal protective equipment (PPE);
- Mark potential hazards with warning signs;
- Use acoustic insulating materials and personal ear protection;
- Implement machine guarding and lock-out-tag-out systems and procedures;
- Provide easy access to hydration and adequate food;
- Use fall-prevention devices;
- Select and design tools to reduce force and repetitive motion requirements;
- Perform periodic medical checks.

6.10.4. Figure 48 gathers some recommendations on how the development of the online Fashionomics platform could help in EHS matters in the sector, mainly through education and training, providing information and useful contacts.

Figure 48: EHS issues in the TA&A industry—implications for Fashionomics



Source: Consultant's analysis.

7. Definition of a viable platform











7.1. Introduction and selection of a target group

7.1.1. Launching a platform like Fashionomics is a differential effort for a multilateral development bank. It requires keeping the users in mind when conceptualising, designing, building and operating such a platform in order for it to make market sense, become successful and achieve economic sustainability. The Fashionomics platform stakeholders will be:

- Companies in the textile and apparel sector, including entrepreneurs, MSMEs, mid-size companies and large international groups, and all types of companies in the value chain, from raw material suppliers to retailers;
- Companies related to the sector, such as education centres and schools, consultants, suppliers of different specialised services, etc.;
- Public institutions, such as trade ministries, chambers of commerce, etc., in all African countries;
- Associations and all kinds of groups related to these sectors.

7.1.2. For the successful development of the platform, it is important to define the final target users of the platform before moving into what the uses of the platform will be. Analysing and defining the potential target group required looking into the different steps of the value chain in the textile and fashion industries, putting special emphasis on detecting the presence of small and medium enterprises (SMEs) and the potential for job creation for women in each of the elements (see figure 49).

Figure 49: Potential platform users and stakeholders

Value chain	Raw material	Textile companies	Garment manufacturers	Branded apparel and trading companies	Retailers
Activities and types of companies	<ul style="list-style-type: none"> • Natural fibres, man-made fibres • Domestic supply, imports 	<ul style="list-style-type: none"> • Spinning, weaving, knitting, dyeing, printing, finishing • Public, private and handloom firms 	<ul style="list-style-type: none"> • Designing, cutting, sewing, ironing, buttonholing • Prime contractors, subcontractors 	<ul style="list-style-type: none"> • Marketing, wholesaling • Trading companies, overseas buying houses, brand name apparel companies 	<ul style="list-style-type: none"> • Sales to end customers • Department stores • Specialty stores • Small retailers in markets • e-commerce • Mass merchandise chains
Role of MSMEs					
Potential for women's development					

Source: Consultant's analysis.

7.1.3. The presence of SMEs and the potential for women's employment are highly relevant in the manufacturing of garments and in retailing activities. This is also true in the different elements of the value chain.

7.1.4. **AfDB's Fashionomics platform should be open to all African entrepreneurs and businesses across the textile and apparel value chains in need of:**

- **Developing the skills of their personnel and/or hiring specialised talent;**
- **Access to business opportunities (investors, suppliers, buyers, etc.);**
- **Financial resources;**
- **Relevant contacts and exposure within the sectors.**

7.1.5. The platform must keep a focus on SMEs, women and youth. In order for the platform to be really useful for all potential users, the definition of the target group **must be non-exclusive to reach as many**

players as possible and help to strengthen links across the value chain: meaning open to firms owned by women and men and to all types of firms (micro, SME, large, multinationals, etc.). This way entrepreneurs and small businesses will have access to contacts, markets, suppliers and resources that they currently do not have. Young professionals will have access to job opportunities in mid to large companies, even in other countries. Women business owners will be able to partner with other women to organise showrooms or trips to fairs. This open approach will result in a more successful Fashionomics platform and a bigger impact.

7.1.6. The platform will have specific uses, as described in the next pages, but it will not be a magic bullet or quick fix to all the industry's problems in the different African countries.

7.2. Challenges and needs

7.2.1. Developing an online platform requires going through several stages, each having a different purpose.

7.2.2. **Product development:** In this stage, the developer has to focus on defining all platform features. Examples of technical features that will be defined in this stage are:

- Selecting technology, coding framework and database structure;
- Developing a search engine optimisation (SEO)-friendly platform;
- Defining social media channel integration;
- Defining how the user interacts with the platform and how the administrator will deal with content and users;
- Selecting languages;
- Designing the structure of the front-end and the back-end;
- Defining other functionalities;
- Designing a platform that works in the African context.

7.2.3. **Testing:** The second stage of the development of the platform consists of testing the first version of the product. The testing will be done by using the platform on desktop computers and mobile phones.

A workshop will take place where the first prototype version of the platform will be shared with the first batch of users. These users, who will use the platform through invitation, will test:

- Loading and speed of the platform;
- Correct use of functionalities;
- Navigability and user-friendliness;
- Usefulness of the platform.

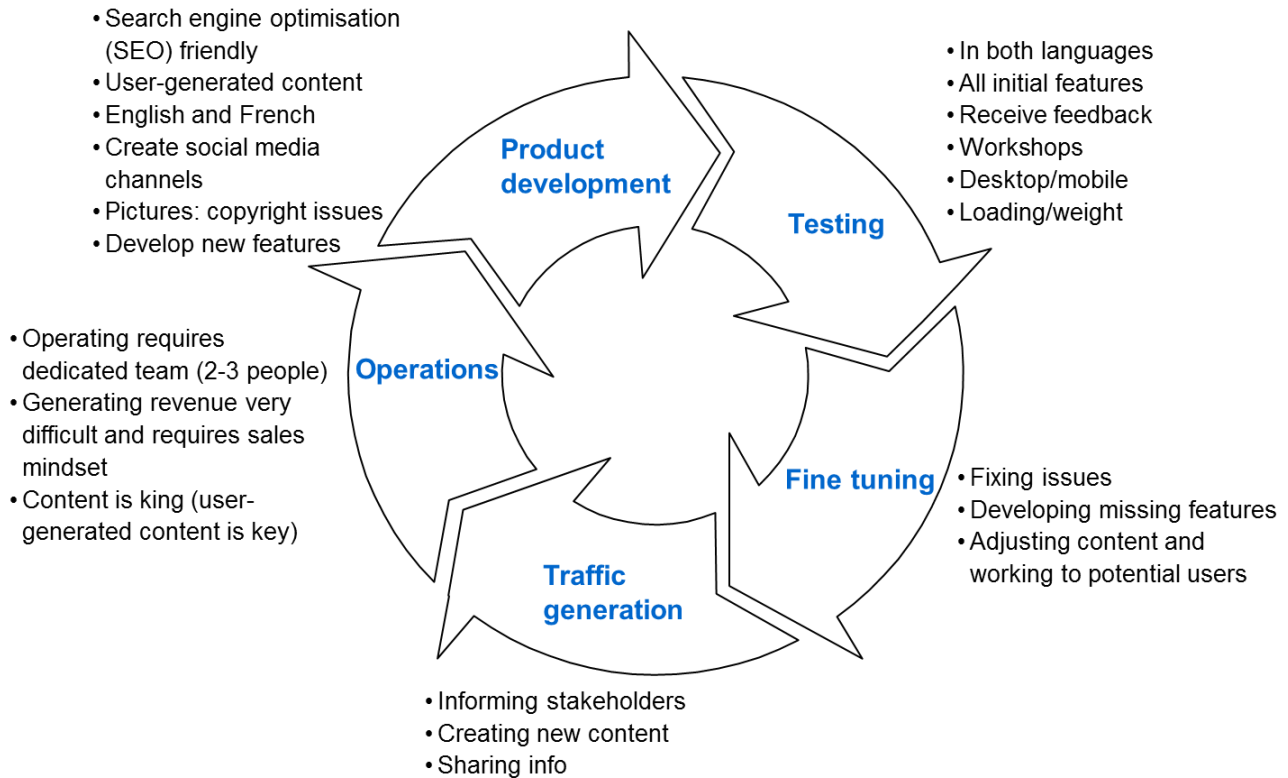
7.2.4. **Fine-tuning:** The third stage involves receiving feedback from the first users and correcting all the necessary features that are not working correctly. If necessary, new features will be developed to provide adequate services.

7.2.5. **Traffic generation:** The stage of building an audience for the platform is probably the hardest stage of the project. Creation of content by the administrators and by the first users will be key to making sure that the platform attracts traffic during the first weeks of life. Informing all the stakeholders of the fashion and textile industry will be crucial to gaining traffic growth.

7.2.6. **Operations:** The platform will need a dedicated team of professionals to have normal operations. A team formed by a programmer, a marketing specialist, a project manager and an editor will be the minimum requirement in terms of human resources for the platform. This team can be completed according to the pace of growth and development of the platform.

Creating content, getting users to develop their own content, marketing actions and selling will be the key activities in these normal operations.

Figure 50: Technical development of the platform



Source: Consultant's analysis.

It is vital to consider that growing traffic and getting volume is a daunting challenge and it takes time and a lot of content. **To get revenues it is compulsory to reach certain traffic levels.**

7.3. Structure of the platform

7.3.1. Interviews of fashion designers and SMEs in Ethiopia and Côte d'Ivoire included two questions regarding the potential development of the Fashionomics platform:

- What is your opinion about the Fashionomics idea?
- Which kind of content do you find useful to be on the platform?

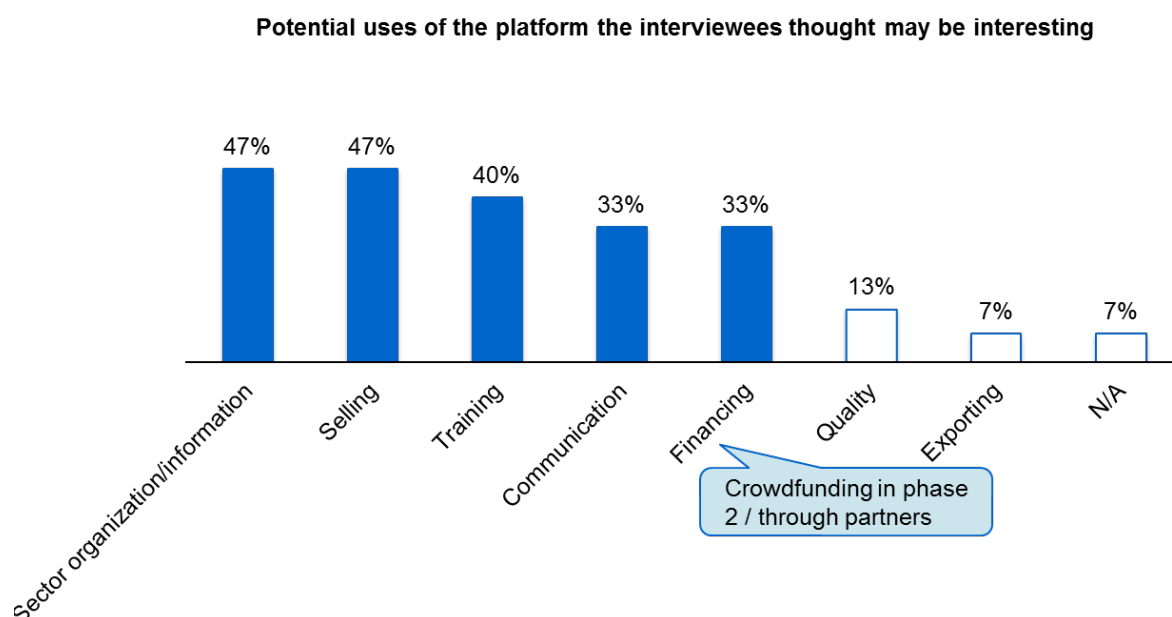
To the first question, 95% of the interviewees responded they found the platform interesting and they were looking forward to getting access to it. They have big expectations regarding this platform. It will be necessary to manage those expectations through communication measures and timing and process management.

Regarding the second question, the five main uses identified for the platform by the interviewees were:

- Sector organisation and information;
- Promoting sales;
- Training and skills development;
- Communication;
- Financing.

Further details on the responses can be seen in the figure below.

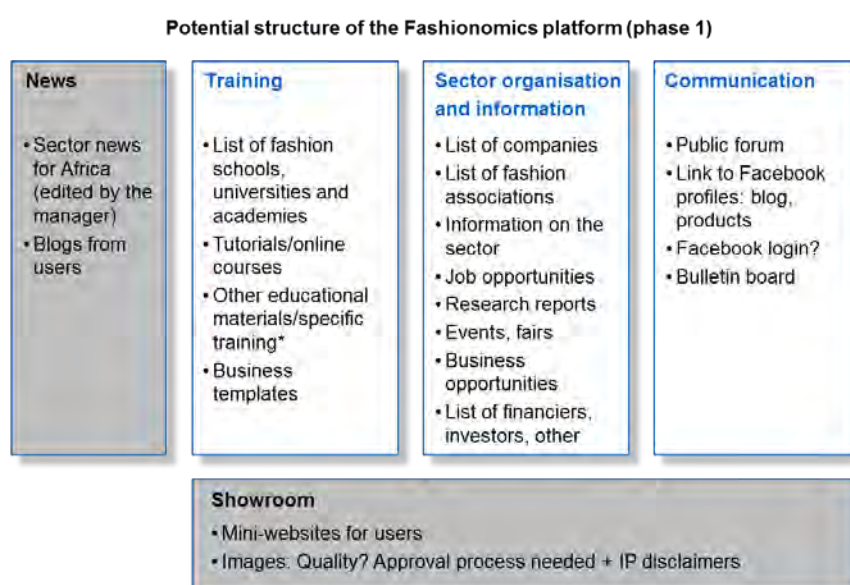
Figure 51: What potential uses of the platform the interviewees thought may be interesting



7.3.2. These results have been taken into consideration in the design of the Fashionomics platform and combined with technical and economic criteria to define the platform's viability and sustainability. The economic criteria are critical to designing features that can be maintained without consuming a lot of resources and avoiding those that involve expensive investments and features. Online e-commerce transactions should not be included at this time given that the African market is still not prepared for this. The implementation of the crowdfunding feature should be postponed for the second phase of the project. However, talks with existing African crowdfunding platforms should continue as they can be useful, even during the marketing and launch campaign, to explore further collaboration opportunities. Year three should include in-depth analysis of the possibility of adding crowdfunding capabilities (either through a partner or directly). In that case, and especially if the Bank owns the platform, an internal review of financial security concerns shall be addressed.

7.3.3. After taking into consideration the interviews and the different implications, the study developed the following structure for the Fashionomics platform during Phase I of the project (first three years):

Figure 52: Potential structure of the Fashionomics platform (Phase 1)



7.3.3.1. News: For an online platform (as in almost every media) 'content is king'. Content will allow organic traffic (unpaid traffic from search engines such as Google, Yahoo, AOL, etc.) to grow and maintain the position in the search engines for determined keywords.

The platform will include content from:

- The administrators of the platform;
- Users through blogs available for entrepreneurs and companies.

It is important to mention that, although good content is necessary to attract traffic, it is not enough for this purpose. It must be combined with the correct marketing actions.

7.3.3.2. Training: Education and training are very important for the development of the industry in Africa. This issue was constantly raised during the interviews. The platform will therefore include education-related content such as:

- List of fashion schools, universities and academies. It will include programmes available and requisites to enrol in these programmes.
- Tutorials and online courses related to the design and manufacturing of clothing and accessories.
- Other training for entrepreneurs in the fashion and textile industry. The platform could include, for example, some toolkits that are available from different development finance institutions (DFIs) for entrepreneurs and SMEs.
- Business templates that will ease the professionalisation of entrepreneurs in the industry.
- Other specialised training resources related to other relevant issues covered in this feasibility study, such as:
 - Intellectual property rights;
 - Transport and logistics;
 - Financial education;
 - Entrepreneurship;
 - Environmental, health and safety issues in the industry.

7.3.3.3. Sector organisation and information: The platform will serve as a meeting point where professionals can access general and specific industry information for the African continent. The goal is to equip entrepreneurs and other professionals with the necessary tools to further develop their businesses and create more employment.

This section will include:

- A **list of companies** operating in the sector classified by their operating activity, including contact data and a main description of their activities.
- A **list of commercial banks, investors** (e.g. business angels, venture capitalists), microfinance institutions, and in general any financial resource provider. For the final website, new content could be generated (downloadable from the platform) to better explain the sector for financial institutions and investors. Based on prototype feedback, the Bank will have enough insights into how to complete the final version of the website regarding the link between fashion entrepreneurs and MSMEs and financial institutions. Although a relevant function, the platform cannot be perceived as a magic bullet for the TA&A sector's finance problems. A key factor for any communication effort when launching and marketing the final platform will be to manage the expectations of potential users.
- A list of **national and regional associations** that help professionals, including contact data and a main description of their activities.
- **General information on the sector.** This section will contain general information about the sector available in each of the countries. Examples of this include: number of companies operating in each country, average number of employees, average revenue of the companies, etc.
- **Job opportunities.** Fashion and textile companies will be able to post job openings on the platform. The administrators of the platform will also follow market and job market sites (LinkedIn, Indeed, local online job sites, etc.) closely to post these opportunities.
- A list of **research reports** conducted by trustworthy third parties. This can include donors, advisory firms, research institutions, etc.
- **Events & fairs.** The platform will contain a database of events attractive to entrepreneurs where they can sell their products or generate business leads.
- **Business opportunities.** This section will include business leads to be generated from other companies using the platform.
- **Other directories.** As explained in previous sections, new directories can be added to the platform to add value for professionals in the industry and on specialised issues, such as Intellectual Property

rights, transport and logistics, financial institutions, and environmental, health and safety in the industry.

- **Specific issues.** There are some specific issues that can gain more relevance in the final design of the website, such as **sustainability**. Many multinational corporations are publishing sustainability goals and as such there are significant opportunities for African suppliers in fields such as organic cotton. Targeted collaboration with labels or organisations focused on sustainable sourcing is recommended when launching and promoting the final website.

7.3.3.4. Communication: The platform will contain a public forum where professionals will be able to interact around selected topics.

Additionally, the whole platform will be linked to Facebook as it is the most used social media tool on the continent.

7.3.3.5. Showroom: Each company and other entrepreneurs will have a section on the platform where they will be able to showcase their products in order to generate business leads. Consumers will be able to contact entrepreneurs and companies regarding their products. For the second phase of the project, the platform will include the option of allowing consumers to buy the products and have them delivered at home. The implementation of this feature requires a future analysis of its feasibility on the African context in a 2-3 year period.

This section has to be tested in order to find out what resources its operation will demand. There are other potential problems derived from this, such as intellectual property rights and the need for homogeneous quality for the images of products.

7.4. Marketing

For such an online platform to be economically sustainable it needs first to generate a relevant volume of traffic (visitors). **Several marketing actions are key** to increasing traffic generation, especially during the first years (ramp-up phase). The marketing strategy includes the following actions:

- Email marketing:** In order to carry out this action, the manager of the online platform will hire an email marketing provider. The action involves sending email alerts or newsletters with the latest content generated on the platform. These emails will enhance the relationship with potential users.
- Social media & content sharing:** The manager of the platform and its users share the content through social media channels. Facebook, which is the most popular social media network in Africa, will play a key role in this activity. Additionally, other social media platforms such as LinkedIn or Twitter could be used.
- Events:** The administrator of the platform could conduct events and workshops to share the platform with potential users and explain the platform's benefits. This promotional strategy, which involves face-to-face contact, will have more impact during the first years when most of the potential users still do not know the platform. It will also be important at the beginning to test the platform and successfully launch it with media support.
- Partnerships:** This action involves signing partnerships with associations, schools, universities and government organisations, among others. Partnerships will help not only to attract visitors but also to have a better understanding of the needs of stakeholders in the fashion and textile sector. Partnerships could therefore create business ideas derived from the investigations of these needs.
- Content marketing:** This action is the most important in the long term. It consists of the constant creation of new content by the administrator and the users. This is also important to fuel other marketing actions, such as email marketing and social media.

8. Implementation matters

8.1. Implementation

Once the viability of the platform has been defined, it is necessary to focus on how to implement it. Creating an online platform and actively managing it as a business is very different from just designing a website.

8.2. Prototype

A first prototype of the platform has been built. Technological requirements, content templates and some other technical issues relate mainly to this (and subsequent) prototypes, but also to a final version of the platform for the first stage of development. The study did not include the design of a full-scale website; therefore, the first prototype does not include all foreseen features, content or functionalities. Some screenshots of the prototype platform are shown in appendix 1. This prototype will be tested with potential users to refine it.

8.3. Requirements

Regarding the implementation of the Fashionomics platform, this section deals with:

- Technological requirements;
- Prototype and testing.

8.3.1. Technological requirements: As explained in section 5 (Use of technology), designing such a platform with the entire African continent in mind includes covering very different technological development situations, especially regarding access to the Internet. Sections 7 and 8 present some basic premises that need to be considered when looking into the future design of the platform:

- The platform has to be visible and easily accessible through mobile devices, since many users will use them to access;
- Although a fashion website will need to include attractive pictures and overall design, the website has to be easily loadable, working well with low bandwidth networks;
- The platform has to allow Facebook integration and user registration;

These basic premises and the technological requirements described in this part apply to the first prototype and the full scale website to be developed in stage 1. Further levels of development of the platform will obviously require more advanced features and conditions.

8.3.1.1. The recommended and minimum technological requirements for the Fashionomics platform are detailed in table 9 below and have been applied to the first prototype.

Table 9: Technological requirements for the Fashionomics platform

Software	Recommended	Minimum	More information
PHP	7.0+	5.5.9	http://www.php.net
Open SSL PHP extension	(latest build available)	(latest build available)	http://php.net/manual/en/book.openssl.php
PDO PHP extension	(latest build available)	(latest build available)	http://php.net/manual/en/intro.pdo.php
Mbstring PHP extension	(latest build available)	(latest build available)	http://php.net/manual/en/mbstring.setup.php
Tokeniser PHP extension	(latest build available)	(latest build available)	http://php.net/manual/en/book.tokeniser.php
Supported database			
MySQL (InnoDB support required)	5.7.6+	5.6.29	http://dev.mysql.com/downloads/mysql/
Recommended Web Server			
Apache (with mod_mysql, mod_xml and mod_zlib)	2.4+	2.0	http://www.apache.org (Nginx and Microsoft IIS will work too)
Recommended operating system			
Ubuntu (Other Linux distributions will work too)	16.04 LTS+	14.04.3 LTS	http://www.ubuntu.com/server (The use of Cpanel or Plesk is recommended)

8.3.1.2. Africa network bandwidth considerations: Because of limited network bandwidth in many parts of Africa, the use of popular PHP frameworks like Laravel, Symfony, Cake PHP, etc. is not recommended. Overloading the application with unused plugins or extensions would be a fatal mistake. Programming it from scratch, using PHP as the main language, building a lightweight and optimised framework adjusted to the needs of the Fashionomics platform, is proposed.

8.3.1.3. Operating system, database and extensions: The use of Linux distribution (Ubuntu 14.04.3 LTS) for the server operating system is recommended. It is powerful, lightweight, highly customisable and cheaper than a Windows operating system. Other Linux distributions like Debian, CentOS or Fedora will work too as they are all built upon the Linux kernel.

A database is also needed to store all the website information, its users, products, companies, associations, jobs opportunities, etc. A MySQL (5.6.29+) database will fit the requirements.

In terms of the PHP extensions selected, OpenSSL is needed to add an extra layer of security to the platform. PDO can be used to interact with the MySQL database in a secured way. As Fashionomics will be an international website, tools will be needed in order to handle different language encoding (Mbstring is used for the prototype). Finally, for the prototype, Tokenizer provides an interface for writing the PHP modifications without having to deal with the language specification at the lexical level.

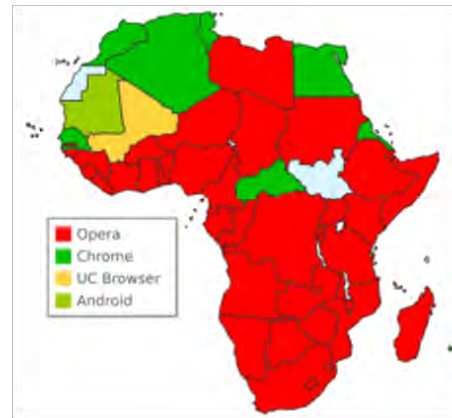
8.3.2. Internet browsers: In Africa, Opera is the leading Web browser for mobile, even on Android devices. For desktops, Google Chrome is the leading Web browser. Therefore, the design of the platform with the latest versions of Opera and Chrome in mind is recommended, with periodical quality testing for Safari, Firefox and Edge.

Figure 53: Top browsers currently being used in Africa and recommended browsers

Top desktop browsers May-June 2016



Top mobile browsers May-June 2016



Unlike Europe, in Africa Opera has surpassed Google Chrome as the main Web browser for all mobile platforms (even on Android devices). On desktops, Chrome is still the most used, followed by Firefox.

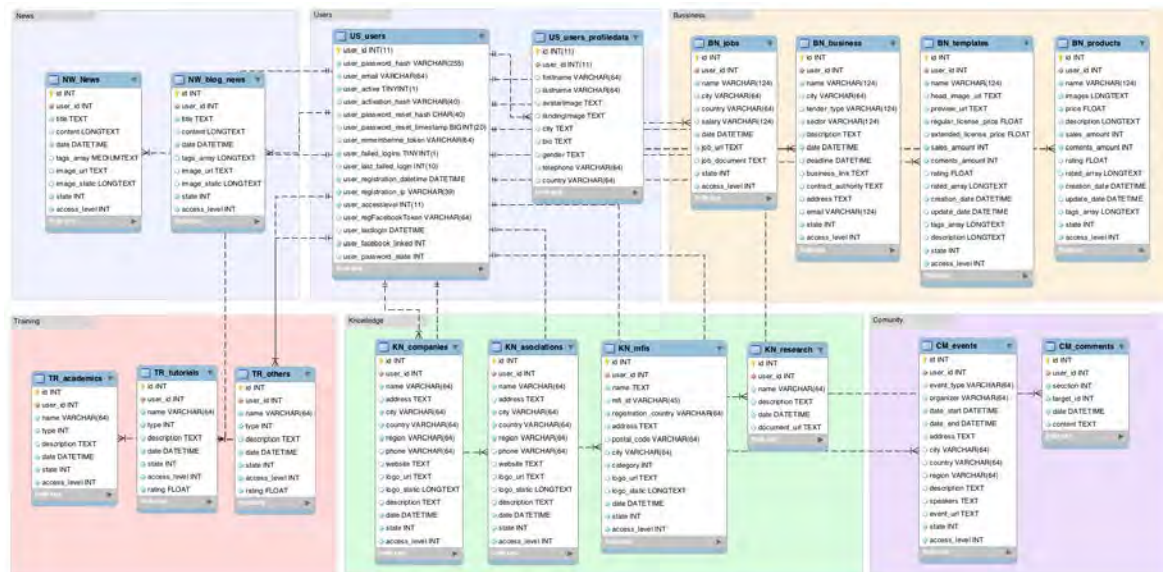
Because of the results, Fashionomics will be made using the latest versions of Opera and Google Chrome, with periodical quality tests for Safari, Firefox and Microsoft Edge.

Fashionomics recommended browsers

Google Chrome	https://www.google.com/chrome/
Opera	http://www.opera.com/
Firefox	https://www.mozilla.org/firefox/
Safari	http://www.apple.com/safari/
Microsoft Edge	https://www.microsoft.com/microsoft-edge

8.3.3. Prototype and testing: The preparation of a first prototype of the Fashionomics online platform has been completed. It is not intended to be a full-scale website, but a first version with enough functionalities to show to stakeholders and potential users what the future platform could look like and how it could work. The prototype will include different databases, as shown in figure 54, to cover the many different content pieces that will be part of the platform.

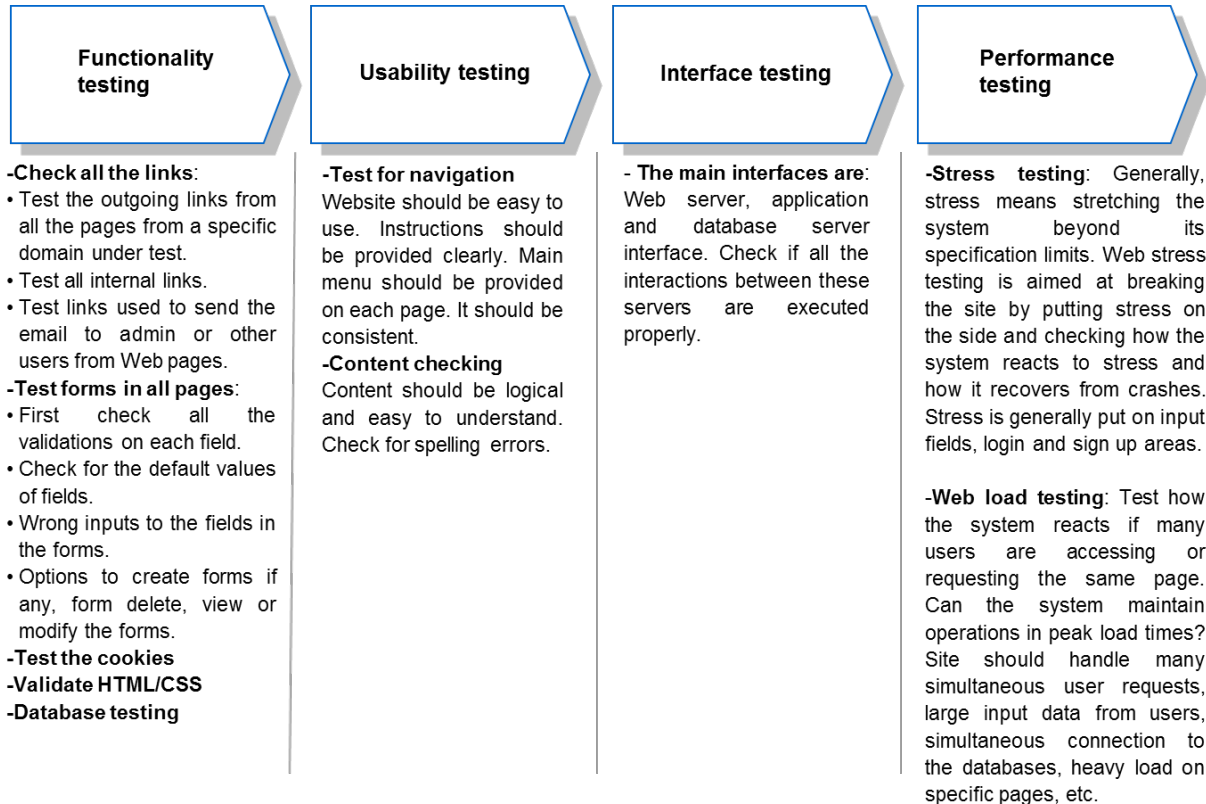
Figure 54: Fashionomics prototype database diagram



8.3.3.1. The next step is to show it to potential users in a session to be held in parallel or as part of the final presentation of the study. This will allow for the fine-tuning of the prototype and to obtain relevant insights and inputs on which functionalities need to be improved, completed, modified, eliminated or added to the

final version. Likewise, a testing plan will need to be performed once the final website is built, consisting of the steps outlined in figure 55.

Figure 55: Testing plan for the Fashionomics prototype



9. Conclusions and recommendations

9.1. Introduction

This feasibility study analysed the **viability of launching an online platform to the textile, apparel and accessories (TA&A) sectors in Africa** as an important contributor to economic growth and job creation, especially for women and youth. The work has been focused on **two pilot countries, Côte d'Ivoire and Ethiopia**, in order to cover different situations regarding the level of development of the TA&A industry, the use of technology and the financial landscape.

9.2. Coverage

This report collects all the findings, solutions, conclusions and recommendations of the study. **The report covers the following aspects:**

- Introduction and background: process, methodological issues, context and rationale (section 2).
- Analysis of the TA&A sectors in Côte d'Ivoire and Ethiopia (section 3);
- Analysis of the financial landscape in Côte d'Ivoire and Ethiopia, including specific assessment of crowdfunding as a potential use of the platform (section 4);
- Analysis of use of technology in Côte d'Ivoire and Ethiopia (section 5);
- Other relevant analysis related to the Fashionomics platform (section 6);
- Definition of a viable platform (section 7);
- Implementation matters (section 8).

9.3. Methodology

The study followed a **methodological approach** consisting of four phases: project understanding, analysis to structure the problem, definition of a viable platform and final report. The study included missions to Abidjan and Addis Ababa, various interviews with fashion entrepreneurs and businesses and other stakeholders, analyses, and different interactions with the project management team.

9.4. Context

The TA&A sector in Africa: There are successful cases of development of this sector in SSA, with countries such as Lesotho, Ethiopia and Madagascar reaching high export volumes and levels of employment. African TA&A exports are quite limited (0.55% of world exports) and mainly directed to the USA and Europe. The largest export countries are located in Eastern and Southern Africa, with countries like Ethiopia appearing for the first time in the list of top 10 sourcing destinations for global apparel buyers (McKinsey 2016). Africa's retail environment is one of the toughest in the world given that 95% of the landscape is still made up of traditional trade outlets. There are different Africa-focused and global initiatives addressing ethical apparel sourcing and the overall development of the textile and apparel sector (e.g. Ethical Apparel Africa, cotton made in Africa, etc.). Some African countries, such as Angola and Nigeria, have started to nurture their TA&A sectors. The Bank is already supporting the sector with programmes, such as institutional support to Madagascar.

9.5. Fashionomics

The Fashionomics initiative was launched in 2015 by the Bank to nurture the fashion sector in Africa as a lever to develop jobs, industrialisation, regional integration, entrepreneurship and more equal societies. It is fully aligned with the Bank's new 'High Fives' strategic priorities and the Jobs strategy 2016-2025. The Fashionomics initiative is also aligned with the integrated value chain approach that the Bank follows to support sectors, the Bank's Gender Strategy, and its sustainability policies and actions.

Developing the TA&A sector in SSA could result in the creation of some 400,000 new jobs (up to 2025), if African TA&A exports grow from current levels (around US\$ 3 billion) to US\$ 5 billion. Creating an online Fashionomics platform could help to nurture the sector by increasing transparency, providing valuable information, putting stakeholders in contact, helping to develop skills, increasing productivity and generating business.

9.6. Analysis of the TA&A sectors in Côte d'Ivoire and Ethiopia

9.6.1. Information on the TA&A sector in both countries is very limited. Thus the study included performing interviews with fashion designers, entrepreneurs and companies, and with other related stakeholders. The purpose of this qualitative research was to collect key impressions and opinions, access new sources of data, and validate the hypotheses. Although the sample was limited, the interviews still provided some quantitative results, especially regarding key issues such as relevance of exports and foreign suppliers, women-owned businesses, overall employment and women's employment, size and age of the companies.

9.6.2. This information was completed with the data and conclusions derived from a desk review of existing literature and the analysis of different companies' directories in both countries. Ivorian TA&A firms on average have been in business for 15 years but are still quite young (46% have been in business for less than 10 years) and are very small companies (65% have fewer than 10 employees—much smaller than in Ethiopia—and 58% have less than US\$ 52,000 in yearly revenues). Their exports focus on Western Africa. On the other hand, there are many more registered Ethiopian TA&A firms and they are significantly larger (75 companies employing some 42,602 employees—584 on average). Overall, Ethiopian firms are quite young (51% have been in business less than 10 years, this matches the findings from the interviews) and they mainly export to the USA and Europe. Some businesses operating in the informal sector were also interviewed.

9.6.3. The study analysed the industry's value chain in both countries, specifying some aspects like marketing, inputs, distribution, and payment methods. A price and cost analysis for both countries was also performed for a basic t-shirt, identifying the higher costs of raw materials in Côte d'Ivoire (hampering the possibility of manufacturing market-competitive products locally) and the attractive retail operating margins in Ethiopia as key results. Additionally, how companies can move up the value chain was covered, with Ethiopian firms clearly in a better position to move up, either in channels, products, processes, or vertical integration.

9.6.4. The study included detailed descriptions of the Ivorian and Ethiopian TA&A sectors, covering design and creativity, raw materials and textiles, garment manufacturing and retailing:

9.6.4.1. In Côte d'Ivoire, the most relevant finding is the dominance of the textile sector by a single group, with strong marketing spending. This leaves reduced space for independent retailers and designers to operate with profitability, since raw materials costs are quite high. The alternatives are cheap Asian products or even imported fabrics, which are usually sold at retail outlets in informal markets. Tailoring is frequently seen as a man's profession, even for women's clothing. Companies are very small and the industry is not large enough to be considered a key sector. There is a high degree of informality and low levels of government support. Industrial facilities are very rare and machinery is quite obsolete overall. There is a vibrant designer community but they can scarcely compete given the high costs of inputs and their lack of financing, industrial capabilities and skills. Surprisingly, there is great potential to develop the textile sector since cotton is of good quality and more mills could be built with support. Additionally, some small designers and companies already export, although in small quantities and mainly to Western Africa.

9.6.4.2. Ethiopia is a completely different situation. Its TA&A sector has been marked as strategic by the government, leading to strong institutional support. Designers are aware of the relevance of getting enough size and exporting. Many Asian investors are creating new industrial facilities in special economic zones and creating hundreds of jobs. The government is supporting the development of many industrial parks through a public company, and there is even one large project focussing exclusively on the textile sector (Hawassa industrial park). However, many plants operate well below capacity and with low quality and productivity (average production time per piece is still more than five times greater than that of Asian competitors). Skills development is also an issue in Ethiopia. Regarding raw materials, cotton and leather are produced locally, although there are some quality concerns. Textile mill productivity is still low. The potential for cotton cultivation and production growth is enormous (only 5% of suitable land is currently being cultivated). Quality can be improved overall in raw material production and in garment manufacturing (still very basic pieces produced and exported). Yet the prospects for the TA&A sector in Ethiopia are good due to its low wages and low electricity costs, and the existence of raw materials and institutional support. The country is a valid example of how developing these industries can help overall development in SSA (78% of all workers in garment manufacturing plants in Ethiopia are women and there are approximately 40,000 workers in the industry).

9.7. Analysis of the financial landscape in Côte d'Ivoire and Ethiopia (including crowdfunding):

9.7.1. The study analysed the financial landscape in both countries, covering traditional banking, microcredits, private equity and crowdfunding. Analysing the current level of development of the crowdfunding sector and its convenience for the Fashionomics platform as a lever to help to finance fashion entrepreneurs and MSMEs in Africa was relevant for the study.

9.7.2. Regarding traditional banking finance, both pilot countries are at a similar stage of development. The banking system is not very developed in either country: Ethiopia has more branches and accounts per person and Côte d'Ivoire has more ATMs and banks (27 operating in Côte d'Ivoire vs. 19 in Ethiopia). The microfinance sector is developing in both countries but it does not play a relevant role in the sector today in any of the countries. Microfinancing is more developed in Ethiopia (41 registered institutions vs. 32 in Côte d'Ivoire, although many Ivorian firms are small mutual organisations owned by their members). In Ethiopia a very interesting player, HelloCash, was identified. It can help with online payments and is interested in

collaborating with the Bank in this initiative. There are commercial banks in other countries, like Equity Bank in Kenya, that are approaching entrepreneurs in the TA&A sector.

9.7.3. Overall, the TA&A sector is not very appreciated by banks or microfinance institutions (MFIs) due to its lack of stable cash flows, the risks involved and the perception of informality. Requested guarantees and financing costs are disproportionate. Access to finance is more constrained in both countries compared to the SSA average. Ethiopian SMEs use banking services more (more accounts and loans). Women have more constraints in accessing finance in SSA and Ethiopia according to data available. Access to credit is very difficult in both countries, even worse than the SSA average. The Fashionomics platform can help to change this by illustrating successful cases and presenting the sector to financial institutions.

9.7.4. Most of the fashion SMEs and entrepreneurs in both countries use their own funds to finance their companies (69% according to interviews). Interviewees in both countries indicated that their main finance needs are to add physical space to their businesses and obtain working capital.

9.7.5. The platform can be a powerful tool to contribute to women's financial inclusion in SSA (add specific content on women's financial inclusion, maybe partnering with some other institutions).

9.7.6. Other potential content for the Fashionomics platform related to financing includes: advice to entrepreneurs and MSMEs/SMEs on how to get financing; add the list of commercial banks and MFIs to the platform; in 'business opportunities', put entrepreneurs in contact with potential investors/lenders; add financial education tools to teach how to best use their own funds.

9.7.7. Private equity is not very developed in Africa yet (although at record figures, there were only 44 'exits', divestments of PE houses, in 2015). While retail is one category that is increasing the fastest (from 3% of all exist in the period 2007-13 to 11% in 2014-15), there is only one significant PE house investing in African retail: AfricInvest, a Tunisian firm with three investments and managing US\$ 1 billion across 14 funds. The Bank has already invested in AfricInvest's funds. Adding a list of angel investors and venture capitalist interested in the African TA&A sector would add value to the platform.

9.7.8. Crowdfunding was reviewed in-depth for this assignment. The analysis covered: general definition, types of crowdfunding mechanisms (Crowdsponsoring, Crowddonating, Crowdinvesting and Crowdlending), how crowdfunding generally works, the main crowdfunding platforms and the main fashion projects on those leading platforms for both pilot countries (very small numbers), the main fashion-focused crowdfunding sites and experiences (globally, not many examples exist), and the main Africa-focused crowdfunding platforms operating right now.

9.7.9. The study also analysed the convenience of crowdfunding as a financing mechanism for fashion entrepreneurs in Africa, the key success factors and the convenience of adding crowdfunding features to the Fashionomics platform. Crowdfunding in Africa is still at a very incipient stage. It is not well known and the existing platforms have not proven their business models yet. Therefore, adding crowdfunding tools to the platform is not recommended. This situation notwithstanding, the platform could add a section for 'business opportunities' where investors and entrepreneurs could match their interests (e.g. putting them in touch). In a second stage of development, this use could be re-studied or the platform could partner with an Africa-focused crowdfunding platform.

9.8. Analysis of technology use in Côte d'Ivoire and Ethiopia

9.8.1. The study reviewed the current ICT situation in both pilot countries. The Ivorian telecommunications market is well liberalised, with six companies offering services. The Ethiopian market is still controlled by the state-owned monopoly. This has resulted in a different degree of development, with much higher mobile and Internet penetration in Côte d'Ivoire (one of the highest in SSA) than in Ethiopia (very low figures compared to the SSA average).

9.8.2. Data on gender differences in the use of technology were available only for Ethiopia. Woman-owned businesses use mobile phones much less for business purposes.

9.8.3. Internet is mainly used in Africa for email, reading news and searching for information. Social networks are rapidly expanding in Africa, with Facebook as the most used platform. All the entrepreneurs and businesses owners interviewed have smartphones and 93% use them for business purposes; many use Facebook as their main promotional tool, especially woman-owned businesses (46%). Facebook sites are preferred even to company or designer websites, which some businesses saw as expensive and too indirect compared to social media. The use of Internet by businesses is similar in both countries, but Côte d'Ivoire has a more developed e-government than Ethiopia.

9.8.4. E-commerce in Africa is still lagging, mainly due to low rates of credit card usage (fraud levels, associated costs), low levels of intra-African commerce, lack of consumer trust and financial regulations. Yet

it is much more developed in Côte d'Ivoire than in Ethiopia. Businesses like jumia.com or africashop.ci, with the backing of some of the largest global Internet companies, are starting operations in Côte d'Ivoire.

9.8.5. Low bandwidths and mobile data connections should be considered in order to set up a successful online platform. The platform must load on mobile devices and on low-bandwidth connections given the strong differences when considering all African countries. It is also important to integrate Facebook in the use of the platform, since it is the most popular social media application in Africa. Many fashion designers, entrepreneurs and MSMEs cannot afford to pay for a website; therefore, the platform could cover that need by offering them a free or inexpensive 'mini website'. Intellectual property rights have to be considered when doing so. Adding full-scale e-commerce capabilities is not recommended given that this field is still at very incipient stage of development in Africa.

9.9. Other relevant analysis related to the Fashionomics platform

Through the initial phases of the study (kick-off meeting and feedback to the inception report), various issues were raised considering the potential launching of this platform. The resulting analysis indicates some additional factors and implications to consider when designing the platform.

9.9.1. Although there is not a single and standard definition of the 'Fashion' sector, the study concluded that textile, apparel/garments and accessories sectors shall all be covered by the platform.

9.9.2. The research indicates that the key economic and social factors justify supporting the TA&A industry, including contributions to income, export volume and employment, the relevance of women's employment in the sector (78% of all employees in Ethiopian garment manufacturing companies are women) and the ripple effects of this situation (these women are typically breadwinners to families with 5-6 members). The sector has enough size (US\$ 2.5 billion in SSA apparel exports) and proven impact on development (successful cases: Lesotho, Ethiopia, Madagascar). There is a lack of transparency, business connectivity, market information, financial and educational resources, etc. that justify launching this platform.

9.9.3. This initiative is fully aligned with the Bank's Jobs strategy for Youth in Africa 2016-25, based on innovation, integration and investments. Both initiatives are aligned, given the possibility of developing youth employment and the relevance of industrialisation in the TA&A sector. Moreover, the Fashionomics initiative could contribute to creating youth employment in Africa through some key activities, such as promoting entrepreneurial activity; fostering business opportunities (e.g. looking for partners); advertising job opportunities; developing skills (e.g. collaboration with schools and educational centres); and channelling funding from the new Youth Investment Facility for industrialisation purposes.

9.9.4. Regarding job opportunities, the largest number of jobs can be created in those positions that do not require strong educational or experience levels and there are many of them in a typical mid-to-large sized TA&A business. For example, positions such as hand sewers, sewing machine operators, garment pressers, quality controllers, fabric and apparel patternmakers, tailors, dressmakers or custom sewers.

9.9.5. Also related to job creation, these industries, especially in the design and creativity fields, typically include a large entrepreneurship component. Africa presents solid societal entrepreneurship values and the TA&A sector is typically a sector where entrepreneurs can spread and this can help to create more jobs. The platform will need to cover entrepreneurial activities and services to have bigger impact on job creation.

9.9.6. The research identified the educational and learning centres related to the TA&A sector in both pilot countries. Showing this kind of information with pan-African reach will be useful for the future platform. Likewise, interviews with schools showed interest in collaborating with the platform (e.g. sharing tutorials, toolkits, short courses or educational materials).

9.9.7. Intellectual property rights were identified in the analysis as an additional issue to consider. Both countries rank low regarding these issues (Côte d'Ivoire is 15th and Ethiopia 19th in the IPR index 2015 for Africa – 97th and 106th globally). The platform shall include disclaimers on IP rights, especially when showcasing products, and can provide useful content on: specialised education and training on IP protection; regulations and procedures for IP issues; interesting contacts (e.g. relevant IP agencies); and best examples or practices on IP issues in the TA&A sector.

9.9.8. The study reviewed the current transport and logistics situation for both pilot countries using World Bank ratios and data, comparing them against leading African exporters and global apparel export countries like China, Bangladesh or Vietnam. Costs for exports are rapidly converging, although trading across borders still hampers intra-African commerce. Infrastructure (ports, roads, water supply and wastewater treatment) is key to developing the TA&A industry, along with easy logistics and cheap energy. The Fashionomics platform can contribute to this by adding valuable information, such as: information on export regulations and procedures; specialised education and training on logistics related to the fashion industry;

contacts of transport suppliers; putting entrepreneurs in contact for individual shipments; and potential agreements with airlines for smaller intra-African shipments.

9.9.9. The research identified eight fashion-focused intelligence platforms (globally) and some lessons and best practices that can be applied to the Fashionomics platform: a section for job opportunities with featured jobs may help to generate revenues; affordable online training courses may help finance the platform and serve the public since training is a demanded product; selling business templates may help professionalise the sector and add extra revenues to the platform; knowledge of fairs and events taking place in Africa will help professionals with their businesses, while sponsored events may generate extra revenues; collecting market reports and making them available can help to generate traffic; and connecting sellers and buyers may be a first step before having a full-scale marketplace (business opportunities section).

9.9.10. The TA&A industry, especially in textile and garment manufacturing, implies environmental issues (wastewater and solid waste, air emissions, energy consumption) and health and safety hazards (chemical, electrical, heat, noise, physical and ergonomics). The platform can contribute to better environmental, health and safety (EHS) practices in the industry through specialised training and courses, compiling best practices, EHS regulations, useful contacts and direct communication (forum). Sustainability can also be an interesting topic in which to put more effort when designing the final version of the website, since some corporations are starting to request organic sourcing and there can be relevant business opportunities for African firms and entrepreneurs associated with 'sustainable' business models in the sector.

9.10. Definition of a viable platform

9.10.1. TA&A entrepreneurs, small, medium and large businesses, associations, schools and public institutions would all be stakeholders in the Fashionomics platform. Within the TA&A sector, retail and garment manufacturing are the activities where there is the most potential for women's employment and the development of entrepreneurs and MSMEs. However, the research has shown that that Fashionomics platform should be open to all African entrepreneurs and businesses across the textile and apparel value chains in need of: developing the skills of their personnel and/or hiring specialised talent; access to business opportunities (investors, suppliers, buyers, etc.); financial resources; and relevant contacts and exposure within the sectors. The platform must keep a focus on MSMEs, women and youth, with specialised marketing and content addressed to these groups. For the platform to be really useful for all potential users, the definition of the target group must be non-exclusive to reach as many players as possible and help to strengthen links across the value chain: e.g. open to firms owned by women and men and to all types of firms (micro, SMEs, large, multinationals, etc.).

9.10.2. To develop the platform, several stages need to be considered: product development, testing, fine-tuning, traffic generation and normal operations. Creating content, getting users to develop their own content, marketing actions and selling will be the key activities during the operations phase. Making traffic grow and getting volume is usually a daunting challenge for websites (at least with constrained marketing budgets) and doing so takes time and a lot of content. On the other hand, revenues are directly linked to traffic levels.

9.10.3. The research investigated potential uses of the platform from the users' perspective. The main potential uses identified are: sector organisation and information, promoting sales, training and skill development, communication matters and financing. Considering this view and technical and economic criteria, a structure for the first stage of development of the platform would consist of five main blocks: sector news, training and education, sector organisation and information (including information on financiers/investors), communication and showroom (mini-websites for entrepreneurs/companies).

9.10.4. To generate traffic volume (which is crucial to achieving financial sustainability), several marketing actions are important: email marketing (campaigns, alerts, newsletters), social media and content sharing, events, partnerships and content marketing (the most necessary in the long term). Spreading the use of the platform will be key to ensuring its impact and reaching profitability levels. Thus it needs to be free-of-charge, address multiple issues and with different types of stakeholders in mind. Additionally, the platform's success will rely on an active social media presence and the execution of all types of proposed marketing actions.

9.10.5. Forecasted traffic for the platform shows it could reach 191,406 unique visitors per year (year 5), or 524 unique visitors per day, with 3.3 page views per unique visitor. This forecast has been validated with online technical experts.

9.10.6. Revenues for the platform can come from two main sources: fees from users (e-commerce transactions, crowdfunding activities, subscriptions of premium users) and advertising (selling advertising space to fashion or fashion-related businesses or through sponsored content, such as job offers, premium listings, event promotion). Given current low e-commerce and crowdfunding development levels in Africa,

pursuing these activities is not recommended before the second stage of the platform's development. However, discussing collaboration opportunities with crowdfunding platforms would make sense during the marketing of the first version of the final website. In the first stage, revenues will come mainly from advertising (space and sponsored content), selling of specific materials (e.g. courses, templates, etc.) and support from DFIs or other institutions.

9.10.7. Lastly, the study estimated the total number of direct jobs that the Fashionomics platform could help to create (the high-level estimate is around 2,400 jobs throughout Africa), mainly through continued support (skills development, sales generated, business partnerships, financing and investment, etc.) to entrepreneurs and companies that would create more employment.

9.11. Implementation matters

The study exposed the technological requirements for the platform. Since the study included developing a first prototype of the website, these technological requirements will be put into practice when developing this first tool. As key factors, the website has to be 'light' enough to download on mobile devices and for low-bandwidth connections; and it has to integrate smoothly with Facebook. The prototype will be tested by a group of users in a workshop in order to extract ideas for the Bank to consider when launching the final version of the website. There are also some key factors to consider when launching a tender to choose an external contractor that can design, build and run the full-scale Fashionomics platform.

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