

Case Study 2

# Musanga Logistics: Smoothing last-mile logistics while creating jobs for youth in Zambia





**Founding year:** 2016

**Geography:** Zambia

**Founding team:** Njavwa Mutambo – Co-founder and CEO  
Emmanuel Kwenda – Co-founder and CFO

**Tweet pitch:** Musanga Logistics' mobile platform connects a network of independent cyclists, riders and drivers to businesses and individuals in need of logistical support.

[www.musanga.com](http://www.musanga.com)

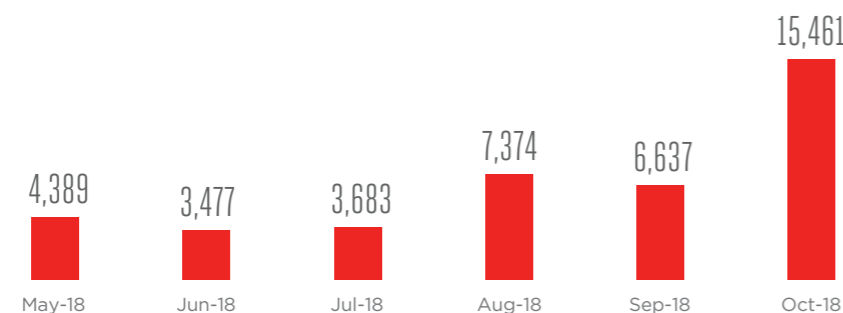
With an average distance of 4,100 km between major cities in Africa (compared to 1,300 km in Europe or 2,200 km in North America),<sup>1</sup> logistics can pose significant challenges for businesses. For landlocked countries like Zambia, these challenges are even greater. A recent UNECA report estimated that, on average, transport costs in African landlocked countries account for 77 per cent of the value of their exports.<sup>2</sup> Zambia ranks 118 out of 167 in logistics performance, lagging behind other Southern African counterparts like South Africa or Botswana.<sup>3</sup> This erodes their competitiveness and affects the profitability of small and medium-sized enterprises (SMEs) that have to move goods around the country.

Meanwhile, Zambia's youth represent almost two-thirds of the working-age population, yet youth unemployment rates are significantly higher than the national average.<sup>4</sup>

To tackle the problem of last-mile logistics while also fighting unemployment, Musanga Logistics launched an on-demand, mobile-based delivery solution that connects independent cyclists, motorbike riders and truck drivers to businesses and individuals in need of last-mile logistics support. Through the platform, merchants can access this fast, low-cost delivery service and get their products delivered within one to three hours in the capital, Lusaka. Merchants can track their inventory/packages via smartphone until they reach the agreed destination. Meanwhile, cyclists, motorbike riders and drivers with smartphones and underutilised assets (bicycles, motorbikes or trucks) can earn additional income on Musanga Logistics online marketplace. **Musanga Logistics expects to have over 1,500 trucks registered on its platform by early 2019.**

FIGURE 2

Kilometers travelled by Musanga Logistics' drivers and riders per month



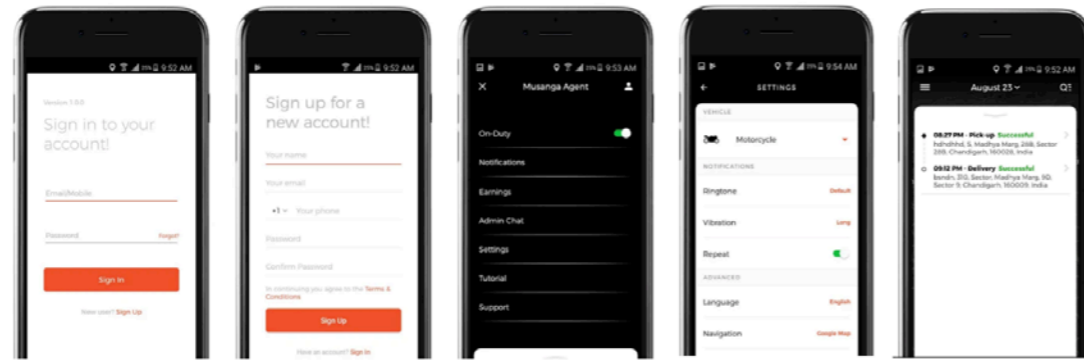
<sup>1</sup> BCG, April 2018, "Pioneering One Africa: The Companies Blazing a Trail Across the Continent", [http://image-src.bcg.com/Images/BCG-Pioneering-One-Africa-Apr-2018\\_tcm9-188261.pdf](http://image-src.bcg.com/Images/BCG-Pioneering-One-Africa-Apr-2018_tcm9-188261.pdf)  
<sup>2</sup> Export-Import Bank of India, March 2018, "Connecting Africa: Role of Transport Infrastructure," <https://www.tralac.org/images/docs/12896/connecting-africa-role-of-transport-infrastructure-exim-bank-working-paper-march-2018.pdf>  
<sup>3</sup> The World Bank, Aggregated LPI 2012-2018, <https://lpi.worldbank.org/international/aggregated-ranking>  
<sup>4</sup> Republic of Zambia Central Statistical Office, 2018, "Zambia in Figures 2018", [http://www.zamstats.gov.zm/phocadownload/Dissemination/Zambia in Figure 2018.pdf](http://www.zamstats.gov.zm/phocadownload/Dissemination/Zambia%20in%20Figure%202018.pdf)

## How the service works

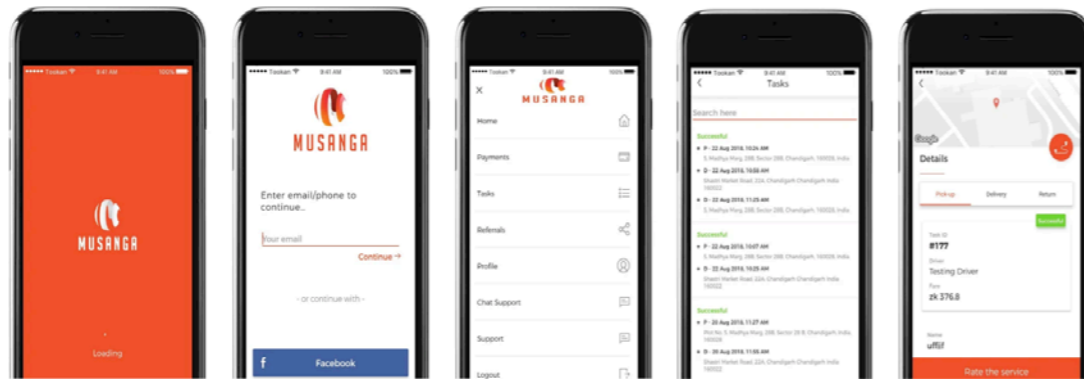
Musanga Logistics has developed two mobile apps available in both Android and iOS stores. The first one allows merchants to arrange a delivery and track packages in real time through their smartphones. The second one was created for drivers and riders to access and manage delivery requests. This is how the service works:



Driver app:



Merchant app:



## Working with mobile operators

In October 2018, Musanga Logistics signed a mobile money integration partnership with MTN Zambia, the leading mobile operator in the country by customer market share with 5.9 million connections.<sup>5</sup> The MTN Zambia partnership simplifies Musanga's payment collection and reduces reliance on cash. Cash payments are still the preferred way to pay for deliveries, but it is inherently costly and risky

since the payment has to be manually counted, collected, verified, recorded, stored, secured and transported. Beyond providing a payment solution, Musanga's partnership with MTN will also enable its users and drivers to access mobile financial services, for example, microloans that would allow drivers to purchase fuel ahead of deliveries.



"The MTN Zambia-Musanga Logistics partnership is an exciting opportunity to help the people of Zambia. I am a firm believer in Africa's potential in the platform economy."

— **Charles Molapisi, CEO, MTN Zambia**

## Changing lives

8 DECENT WORK AND ECONOMIC GROWTH



The average Musanga Logistics truck driver, cyclist and motorbike rider earn \$432 per week, significantly higher than the average wage of other drivers and riders in Zambia. Musanga Logistics is creating employment opportunities for youth and helping those working in the informal economy become active participants in the formal economy. (The average age of drivers and riders on the platform is 28.) The start-up is also helping to boost the economic productivity of businesses with faster and lower cost deliveries. The solution has already helped businesses/merchants reduce their logistics costs by up to 40 per cent.

11 SUSTAINABLE CITIES AND COMMUNITIES



Musanga Logistics has reduced average customer delivery time from seven hours to three hours. By making use of a driver/rider's underutilised assets, Musanga Logistics has reduced inefficiencies in the supply chain (i.e. half-empty trucks doing most deliveries) and the negative per capita environmental impact while contributing to a more sustainable city.

"I began working with Musanga Logistics in March 2018. Musanga Logistics' delivery requests are reliable and dependable. It has become my main source of income. So far, I have earned an average of \$1,200 monthly. I am relying on my income from Musanga to buy another truck."

— **Kevin Musa, 31, Musanga Logistics driver**



"Partnering with Musanga to deliver products to our clients has helped us as a company reduce our cost of delivery and improve on lead time. This has helped the business reduce costs and consequently maximise profits. But ultimately, Musanga Logistics has helped us gain customer confidence by ensuring our products reach customers on time."

— **Emmanuel Mwanza, 23, Shop owner**



## Working with the GSMA Ecosystem Accelerator

Musanga Logistics received a grant from the GSMA Ecosystem Accelerator Innovation Fund in February 2018 to expand its operations and platform in three cities across Zambia. The end goal is to empower microentrepreneurs (drivers, riders) who will in turn support local small businesses and shops.

By the end of the grant in early 2019, Musanga Logistics plans to have onboarded an additional 600 merchants (small shops and manufacturers) and over 670 drivers and riders. Beyond the funding, GSMA is also supporting Musanga to strengthen its relationship with Zambian mobile operators.