



*Investing
in the Creative
Industries:*

FASHIONOMICS



Executive Summary



AFRICAN DEVELOPMENT BANK GROUP

Investing in the Creative Industries: Fashionomics

With a view to building a prosperous Africa based on inclusive growth and sustainable development, the African Development Bank (AfDB) is working towards the African Union's recently adopted Agenda 2063, aiming to leverage, among others, Africa's strong cultural identity and common heritage and unleash the potential of its women and youth to position the continent as a strong and influential global player and partner.

The creative industries in Africa offer massive potential for continent-wide job and GDP growth. For instance, the textile and clothing sectors, comprising a majority of women in their workforce, together represent the second-largest sector in developing countries after agriculture. Additionally, there is great scope to hire more youth. The AfDB approaches the challenge of women and youth unemployment by supporting micro-, small and medium-sized enterprises (MSMEs) in the creative industries – such as fashion, food and film. By fostering value chain development, the Bank prioritises, among others, the agriculture and agroprocessing industries, given their potential for value addition and their close interactions with the textile, clothing and fashion industries.

The role of the creative industries in the African economy

Diversifying African economies and furthering regional integration are essential parts of the Bank's ambition. With 13 million young Africans joining the labour market every year, the development of labour-intensive sectors is imperative for a stable and prosperous Africa. The ability of global value chains to create jobs as the result of new activities constitutes a formidable opportunity, resulting in new trade patterns for African countries. Such new activities, commonly referred to as 'creative industries', comprise emerging sectors such as the music, film, fashion, design and food industries. These industries use African culture and creativity as their unique selling point, both within and outside the continent, and are particularly attractive to large numbers of young people – skilled and unskilled. They both create economic benefits and become a vehicle to further African regional integration and identity for a more resilient continent.

The creative industries in Africa can play an important role in the continent's economy by:

- Using African culture and creativity as a unique selling point
- Boosting productivity and structural transformation
- Creating jobs for women and youth (labour-intensive, generating more skilled and unskilled jobs)
- Generating local content, building MSMEs and developing skills
- Accelerating economic growth and industrialisation
- Enhancing regional integration and new trade patterns, and boosting exports.

The Fashionomics Initiative

The African Development Bank, under the leadership of the Office of the Special Envoy on Gender (SEOG), is supporting the growth of African MSMEs in the creative industries, notably the fashion, film and food value chains. By using technology as a driver for the development of the skills and capacity of African creative industries, the Bank aims to stimulate job creation on the continent, especially for women and youth. Guided by its belief that global and regional value chains are paramount to boosting inclusive growth, the AfDB debuted Fashionomics in May 2015 during its annual general meetings to discuss ways to strengthen the global value chain of Africa's fashion industry.

Fashion also offers tremendous scope for African countries to participate in regional and global integration. With Fashionomics, the AfDB assumes leadership in promoting investments in the fashion sector, increasing access to finance for entrepreneurs and incubating and accelerating start-ups.

Fashionomics and the High-5 Agenda

Drawing on its **High-5 Agenda**, the 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. In this context, the creative industries offer massive potential for continent-wide job and GDP growth.

Power Africa



Sustainable energy is now part of the production equation; each industry has a role to play. The cotton, textile and fashion industries, and agribusinesses offer the possibility of renewable energy-powered businesses and green jobs, which is a large step towards sustainable development. Examples include: recycling of textile products, minimisation of toxic substances, alternatives for existing raw materials, waste reductions, energy use reductions, renewable energy, and consideration of the product life cycle.

Feed Africa



Close to 10% of the world's cotton comes from Africa. However, most of this cotton is then taken to Asia for further manufacturing. Cotton production is widespread across the continent: 37 of the 54 African countries produce the crop, out of which 30 are exporters. However, the African continent accounts for only about 16% of the vast global textiles market, valued at \$1.6 trillion in 2015, while Asia-Pacific accounts for almost 60%. The development of niche cotton markets offers brighter prospects for smallholders looking for fairer market returns. For instance, organic cotton has several benefits for African producers because it provides a premium price. Organic farming is also known to cover a broader farm base, which particularly favours women farmers who are typically marginalised.

Industrialise Africa



Africa currently accounts for just 1.9% of global manufacturing. There is an urgent need for Africa to rapidly industrialise and add value to everything that it produces, instead of exporting raw materials that make it susceptible to global price volatilities. The fashion industry is a case in point. Instead of exporting raw cotton, Africa needs to move to the top of the global value chain and produce garments targeted at the growing African and global consumer class.

Integrate Africa



Regional and continental policies need to support the creative industries in order for them to grow into viable economic sectors. A reliable, high-quality supply chain is currently non-existent within Africa, where a lot of inputs are being sourced from abroad. Strategic support and investment in local manufacturers may allow African producers to enter regional, continent-wide and global supply chains.

Improve the quality of life for African people



Building an industry requires investments in people's skills and qualifications. Achieving high-quality production flexibility while raising productivity is only possible with a workforce that has the necessary skills. As governments become increasingly aware that apparel production offers large-scale employment opportunities, they need to translate this awareness into investments in their people. The continent's arts and crafts industry has always been a key aspect of tourism revenue and exports but requires more financial support from the private and public sectors to reach a globally competitive level. They have untapped potential in terms of job creation, especially for women and youth.



Why develop Africa's fashion industry?

The fashion industry globally is expected to double in the next 10 years, generating up to US\$ 5 trillion annually. In the USA alone, US\$ 284 billion are spent every year on fashion retail through the purchase of 19 billion garments. This presents a tremendous opportunity for Africa at various levels of the value chain: from design to production to marketing, the fashion industry is a profitable business.

Fashion is big business in Africa as well: the combined apparel and footwear market in sub-Saharan Africa is estimated to be worth US\$ 31 billion, according to data from Euromonitor International. The textile industry value chain begins with the production of cotton and moves through the spinning and twisting of the fibre into yarn, the weaving and knitting of the yarn into fabric, and the bleaching, dyeing and printing of the fabric to obtain the fashionable garments worn worldwide today. At each step of the value chain, more value is added and additional jobs are created. Targeting the fashion industry means targeting the whole value chain, from the smallholder farmers to the fashion designers.

While still in its infancy, the African fashion industry has started to expand. This is largely due to growing interest in Africa's cultural traditions, including its vibrant hues and colourful fabrics, such as wax and printed dyed cotton, and the high quality of craftsmanship in African cultures. The industry and its designers, both on the continent and abroad, are capitalising on this situation, with Africa-inspired designs now regularly shown on the catwalks in fashion shows in Paris, London and Milan. Additionally, demand for African fashion is likely to be further boosted by the continent's growing urban middle class, opening up the perspective of sustainable growth for the African fashion industry.

Fashion retail is still at a very early stage in sub-Saharan Africa: '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.' (Nielsen, 2016, *Africa's Prospects, Macro Environment, Business, Consumer and Retail Outlook Indicators, Edition 2, February 2016.*)

The fashion industry holds considerable potential to motivate and bring change to some of the most disadvantaged people, especially women and youth, while advancing structural transformation. The textile, apparel and accessories (TA&A) industries have buyer-driven value chains characterised by:

- The production of components and assembly into final products, which is carried out by inter-firm networks on a global scale;
- Decentralised and globally dispersed production networks that are coordinated by lead firms that control activities that add value to products (design, branding);
- Outsourced, labour-intensive clothing and apparel production that has low start-up and fixed costs and requires simple technology, which encourages moves to low-cost developing countries;
- Significant buyer control of manufacturers through detailed product and production specifications.

The criteria shaping sourcing decisions of firms leading the industry are:

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

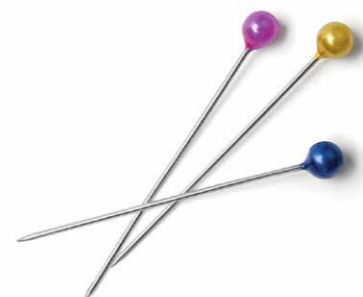


Figure 1: Successful cases in the apparel sector in sub-Saharan Africa

Mauritius



- Mauritius, with US\$ 761.3 million in apparel exports, is the leading African nation manufacturing and selling apparel abroad.
- In 2012, exports to Europe accounted for 48%, USA 18%, South Africa 24% and others 11%.
- There are more than 170 garment factories
- TA&A employment represents 66% of all manufacturing jobs.

Madagascar



- In the mid-2000s, apparel products accounted for more than 50% of commodity exports and the garment industry employed more than 100,000 workers.
- There are more than 70 apparel factories.
- Although the industry experienced adverse shocks in the 2000s, garment export growth did not collapse.

Lesotho



- Apparel represents 60% of total exports and 80% of Lesotho's manufacturing workforce.
- The number of companies has grown from 21 in 1999 to 43 today.
- The sector was strongly dependent on the USA until 2005; since then, it has been mostly dependent on South Africa.
- 20% of the workers (mainly women) are in the apparel industry.

Ethiopia



- The Ethiopian textile and apparel industry has grown an average of 51% over the last 5-6 years.
- Half of Ethiopian textile and apparel companies are SMEs with 500-1,000 workers.
- Ethiopia has 2.6 million hectares that are suited for cotton cultivation. Currently only 5-6% of this capacity is cultivated.

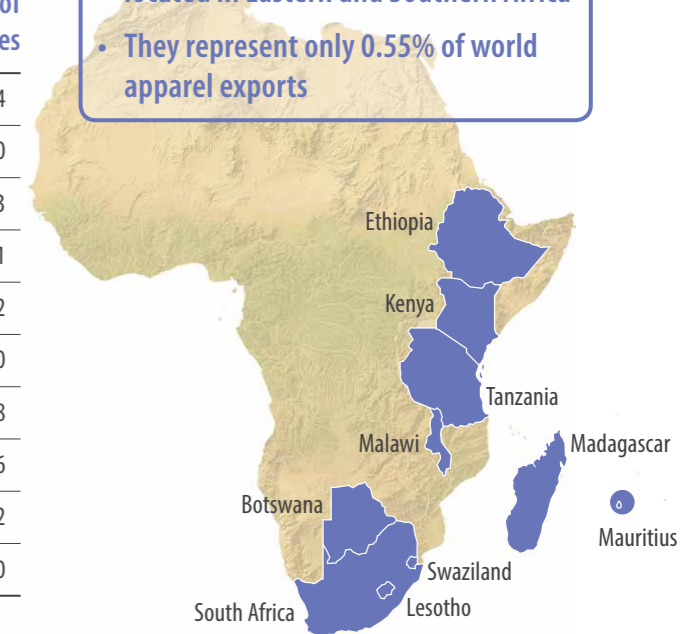
Sources: Commonwealth Secretariat, 2015, *Clothing Global Value Chains and Sub-Saharan Africa: Global Exports, Regional Dynamics, Industrial Development Outcomes*; AfDB, 2013, *Opportunities for Private Sector Development in Lesotho: Clothing and textile value chains*; Overseas Development Institute,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

Today, ten countries (all of them located in Eastern and Southern Africa) see some US\$ 2.5 billion in apparel exports from sub-Saharan Africa, representing only 0.55% of world apparel exports.

Figure 2: The top 10 apparel exporting countries in Africa

Country	Apparel exports 2013; US\$ million	Percentage of world exports	Approx. no. of apparel factories
Mauritius	761.3	0.17%	174
South Africa	502.9	0.11%	450
Lesotho	417.9	0.11%	43
Madagascar	381.1	0.08%	71
Kenya	279.3	0.06%	22
Botswana	72.4	0.02%	≈10
Swaziland	52.8	0.01%	≈18
Ethiopia	36.5	0.01%	66
Tanzania	17	0.004%	22
Malawi	10.6	0.002%	<10
Total	2,531.5	0.55%	

- All top 10 exporting countries are located in Eastern and Southern Africa
- They represent only 0.55% of world apparel exports



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

How Fashionomics can help develop the sector

The sub-Saharan Africa apparel sector presents big **challenges** that are common to the different countries:

- Textile production facilities are missing in most of the countries as they require more investment than apparel/clothing facilities;
- Small-scale producers and 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 SMEs;
- Limited local and regional input suppliers and export companies;
- Coping with changing end-market requirements (seasonality, costs, quality, volume, deliveries, styles, lead times), making skills and flexibility increasingly important;
- Lack of institutional and government support to the sector in many sub-Saharan Africa countries;
- Relationship with Asian investors and buyers: many agents;
- The need to develop intra-African exports and markets;
- Limited access to information, including trends, buyers, market data;
- Regulatory issues (tariffs) and exchange rates affect exports;
- Poor infrastructure – water, waste, energy, ports, roads, customs.

At the same time, there are significant **opportunities** in the sub-Saharan Africa textile and apparel sector that Fashionomics can help to pursue:

- Increased productivity through training;
- Access to cheaper labour in sub-Saharan Africa vs increasing wages in China and South-East Asia;
- Access to untapped local and regional markets for fashion, apparel and accessories;
- Integration in international value chains by addressing aspects of competitiveness;
- Attracting global buyers to increase exports, replicating successful models in sub-Saharan Africa;
- Working with national and regional institutions to develop the skill sets that the industry requires;
- Brand building, with Africa as a fashion hub: 'African fashion for African people'.



The Fashionomics platform could contribute to improving women's financial inclusion in the fashion sector in Africa through:

- Education and training on business and financial matters adapted to the sector;
- The provision of market information;
- The provision of access to markets and suppliers;
- The promotion of entrepreneurial activities;
- The channelling of funding to entrepreneurs and SMEs/MSMEs.

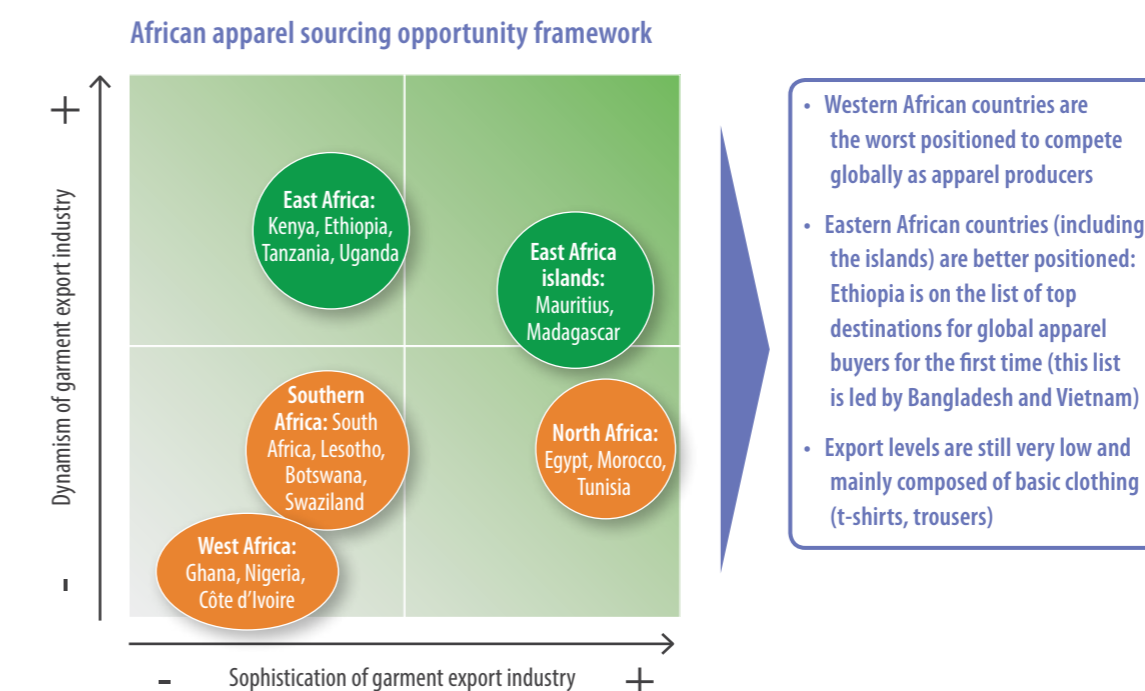
Figure 3: How Fashionomics can help develop the sector



* 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.

Figure 4: Differences among African countries' apparel sectors



Note: Côte d'Ivoire added by the consultant

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

What is already being done?



Building up the creative industries in Tunisia

An AfDB study showed the cultural sector could create 14,000 jobs. Another AfDB study identified three areas for Tunisia to focus on for future growth of the sector: tourism near valuable cultural sites, during local festivals and at Saharan destinations; the film industry; and digital capabilities.



Presidential directive to revive the cotton, textile and garment sector in Nigeria

The cotton, textile and garment sector used to be the largest employer after the government, with over 175 mills at its peak in the 1980s. Today it has a mere 30 companies operating. The new policy is a component of the National Industrial Revolution Plan, designed to address the challenges in the entire value chain, from cotton production to fashion designing.



Revamping the textile industry in Angola

The Angolan government has been proactively courting Japanese help as it seeks to rebuild a vibrant textile and clothing sector, which was damaged during the country's civil war (1975-2002). The first project has been the rehabilitation of a textile factory to produce denim and knitwear products, aiming to supply 2 million t-shirts, 2 million polo shirts and 6 million metres of denim a year.



Woodstock creative hub in South Africa

This seaside hive of creativity started when the government funded a business incubator in 2000. Low costs and nearness to the airport and all parts of Cape Town helped turn this once dilapidated area into a booming centre for cutting-edge developments in the arts, food and crafts.



H&M in Ethiopia

In 2013, Swedish clothing retailer H&M started sourcing from Ethiopian garment producers. The company set up offices in Addis Ababa to be close to suppliers. H&M 'made in Ethiopia' illustrates a buyer-driven chain where retailers retain control over their supplier's production. Suppliers are also responsible for shipping the final product to the end market.



Head start for fashion designers in Kenya

A total of 40 promising fashion designers selected in a competition set up by Kenya's Equity Bank – Design Your Destiny – underwent financial training. Upon graduation, they will get access to financing in a KES 100 million seed fund Equity Bank has put in place to strengthen the country's fashion chain, from agriculture to spinners and fabric traders.



Apparel value chain in Mauritius

Mauritius made the apparel and textile sector a focus of its development strategy to raise apparel exports to the EU and the USA. Employment quadrupled to 80,000 in just eight years through the setting up of export-processing zones and favourable tax treatment.



Creating new jobs in the textile industry in Madagascar

The AfDB is investing close to US\$ 10 million to support the textile industry in Madagascar through the Investing Promotion Support Project (PAPI). PAPI will support and build the capacities of MSMEs operating in the textile sector, especially women and youth supported by the Textile Sector Promotion Support Fund (FAPST). The project will also include a feasibility study on the establishment of a Textile Special Economic Zone (SEZ).

Hawassa industrial park in Ethiopia

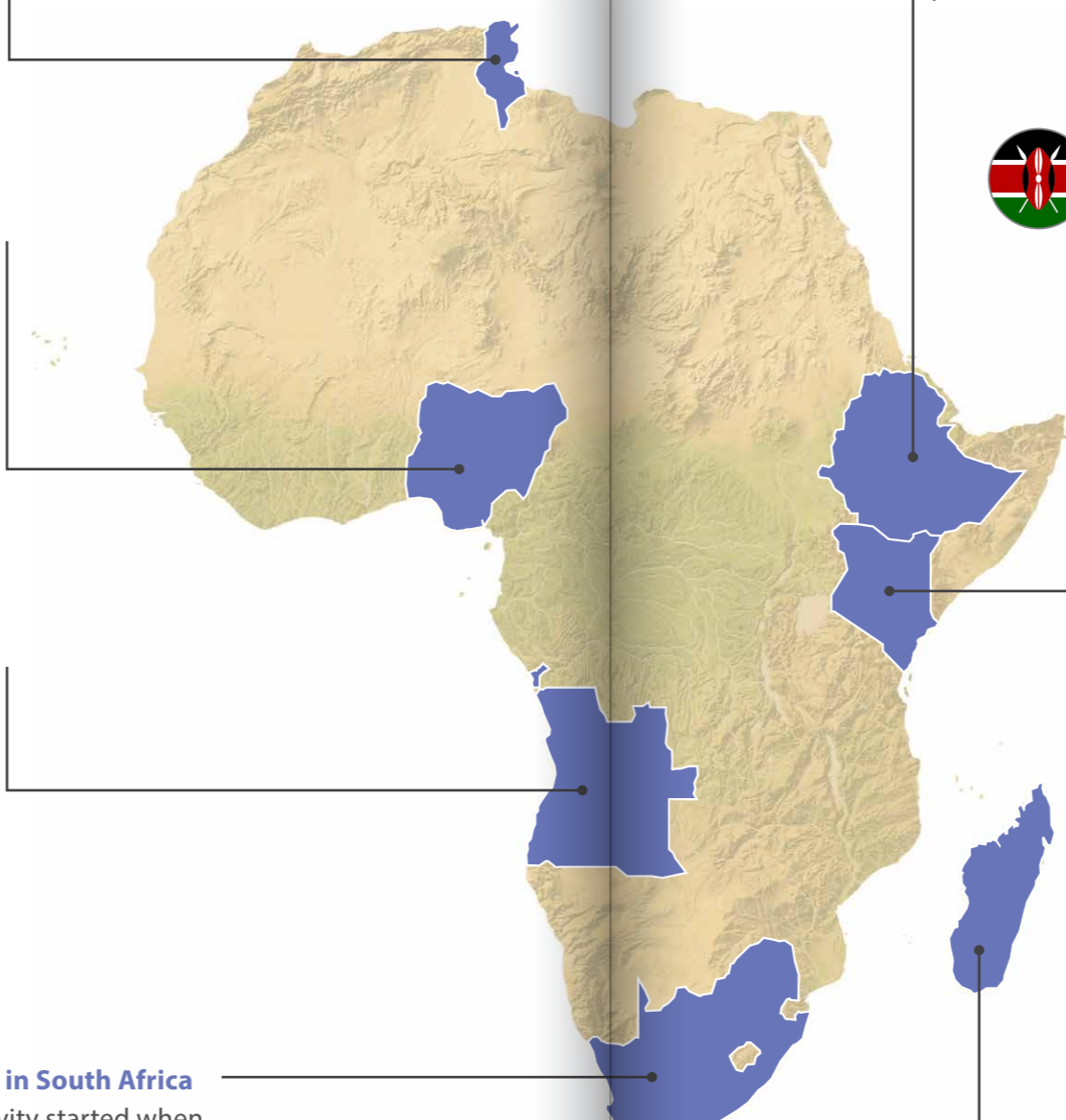
The Hawassa industrial park will offer 37 factory units dedicated solely to the textile and apparel sector. Six local companies and 15 textile and apparel companies from the USA, China, India and Sri Lanka have started operations in the park, which is expected to create 60,000 jobs and an export value of US\$ 1 billion.

Designers and small-scale manufacturers benefit from loans in Kenya

The Meridadi Business credit facility from Equity Bank Kenya offers loans ranging from KES 5,000 to KES 1 million to help designers and small-scale manufacturers tap into opportunities offered by global apparel value chains.

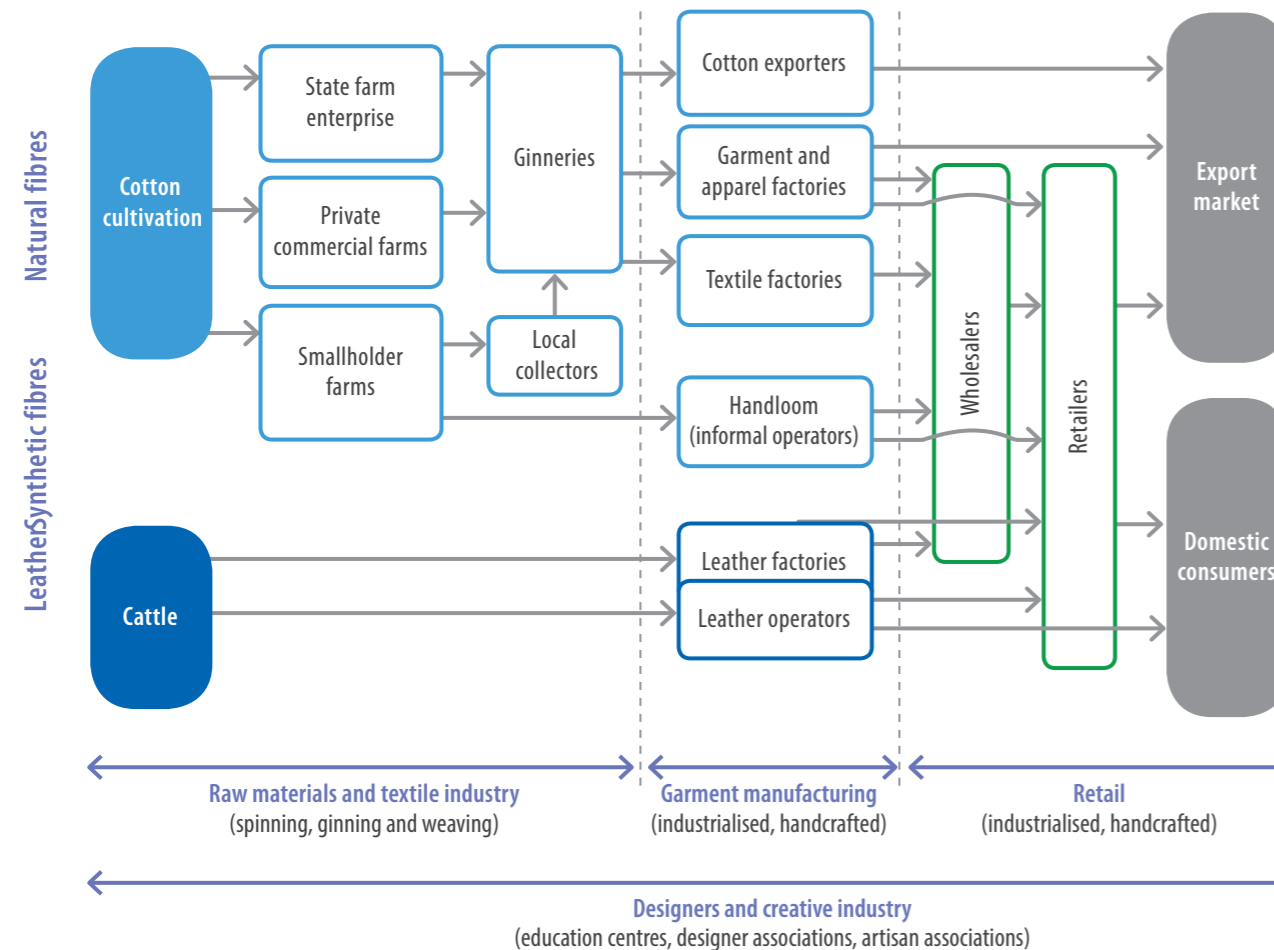
Mauritius aims to raise its manufacturing status

The Mauritian textile and apparel industry has established a solid reputation over the years as a manufacturer of high-tech, high-end clothing. The sector already comprises some 250 apparel companies employing more than 44,000 staff and accounts for around 55% of total exports. Europe, the USA and South Africa remain the country's biggest markets, and Mauritius is currently on a mission to showcase its credentials with the UK market.



Snapshot: Fashionomics potential in Côte d'Ivoire and Ethiopia

Figure 5: Industry value chain for Ethiopia and Côte d'Ivoire



Source: Consultant's analysis.



Key aspects of the TA&A industry's value chain in Côte d'Ivoire and Ethiopia

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 be 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
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, 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.

Figure 6: How garment manufacturers can 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.

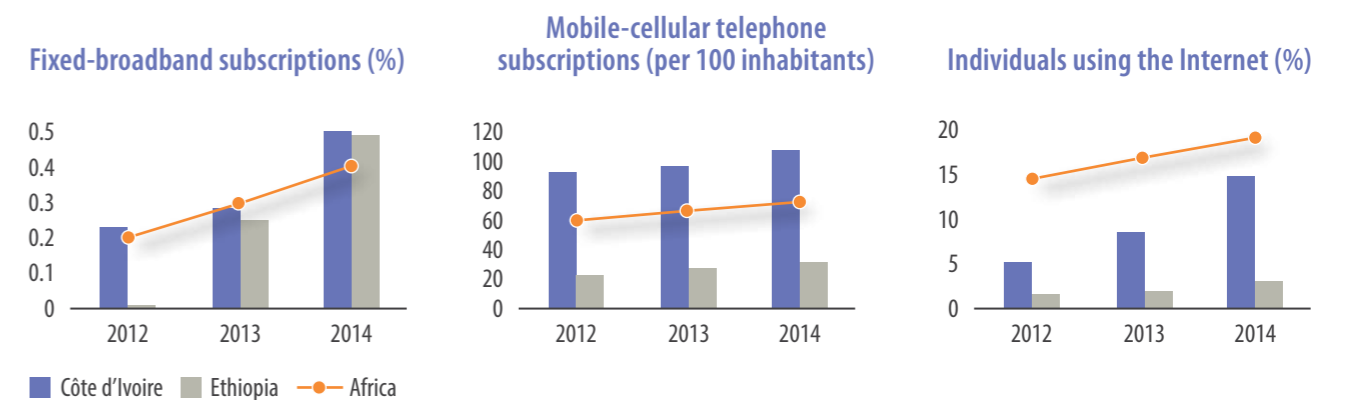
Main challenges for the Fashionomics platform based on data from Côte d'Ivoire and Ethiopia

- The banking system is not very developed in either pilot country: Ethiopia has more branches and accounts per person and Côte d'Ivoire 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 either country.
 - Use of banking services: Ethiopian SMEs use banking services more (more accounts and loans). Women are constrained in their access to finance in sub-Saharan Africa and Ethiopia according to data available.
 - Access to credit is very difficult in both countries, even worse than the sub-Saharan Africa average; therefore, most of the fashion SMEs and entrepreneurs in both countries use their own funds to finance their companies (69%).
 - The platform can be a powerful tool to contribute to women's financial inclusion in sub-Saharan Africa.
 - The need to add physical space to their businesses and access to working capital are the main requirements to finance in both countries.
 - The apparel sector is not attractive to banks overall.
- Overall, banks and microfinance institutions do not appreciate the TA&A sector 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 sub-Saharan Africa averages.

Information and communications technology use in Africa

There are strong gender differences in information and communications technology (ICT) usage in Africa. African women face structural constraints regarding education, income, assets and limited access to financial resources and education. Such constraints tend to push women into the informal sector and this fact is reflected in Internet usage. In Ethiopia, 3.2% of woman-owned businesses use a mobile connection for business purposes, a number that compares to 46.4% for those owned by men.

Figure 7: Internet access in Côte d'Ivoire, Ethiopia and Africa



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

Figure 8: Strong gender differences in ICT usage

Country	Using mobile phones for business purposes			Working Internet connection			Share of individuals with mobile Internet access (%)		
	National	Men	Women	National	Men	Women	Women	Men	Women
Botswana	42.3%	45.4%	36.8%	2.9%	3.6%	2.0%	28.1%		
Cameroon	56.2%	68.0%	40.9%	2.2%	2.0%	0.0%	14.6%		
Ethiopia	12.3%	46.4%	3.2%	0.0%	0.3%	0.0%	6.2%		
Ghana	44.9%	57.3%	35.7%	0.7%	1.2%	0.2%	23.3%		
Kenya	67.4%	70.3%	62%	3.0%	6.2%	1.2%	28.1%		
Namibia	51.9%	60.5%	45.3%	2.2%	3.9%	0.9%	25.8%		
Nigeria	44.2%	57.3%	37.2%	0.1%	0.3%	0.0%	18.0%		
Rwanda	53.4%	54.5%	44.9%	0.7%	0.5%	0.3%	22.2%		
South Africa	49.5%	55.0%	38.3%	10.5%	7.5%	7.8%	45.5%		
Tanzania	44.4%	46.6%	39.8%	0.1%	0.0%	0.2%	21.8%		
Uganda	67.9%	68.9%	63.9%	2.0%	1.4%	3.2%	8.0%		

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.

In Ethiopia and Côte d'Ivoire, Internet usage is influenced by how the telecoms markets are set up. In Ethiopia, Ethio Telecom, a state-owned company, holds a monopoly on telecommunications. In Côte d'Ivoire, the telecommunication market, which is regulated by the Autorité de Régulation des Télécommunications/ TIC de Côte d'Ivoire (ARTCI), is highly liberated and there are currently six telecom operators: Côte d'Ivoire Telecom, Comium, GreenN, Moov, MTN Côte d'Ivoire and Orange Côte d'Ivoire. The differences in the regulatory environment between the two countries mean that mobile telephone subscriptions in Côte d'Ivoire are

above the African average, while those in Ethiopia are below the African average.

However, Africans in general tend to use the Internet mainly for email and to search for information. In terms of social media, Facebook has become the most widely used platform on the continent and is the main marketing tool used by fashion entrepreneurs and MSMEs to promote their businesses. Women use Facebook even more than men (46.2% vs 33.3%).

Figure 9: Main uses of the Internet in sub-Saharan Africa

Main uses of the internet in sub-Saharan: individuals (%)

email	73%
Read news	51%
Information - personal	44%
View friends' photos	41%
Music downloads	36%
Information - work	34%
Upload own photos	33%
Visit website via link	27%
Download information	27%
Listen to music	26%
Send website link	18%
Download movies	17%
Watch movies/videos	15%
Online gaming	10%
Send comments to Web	10%
Look at product reviews	6%
Internet telephony	5%
Online banking	3%
Online shopping	3%
Airline ticket booking	2%
Utility bill payment	1%

Use of Internet in sub-Saharan Africa

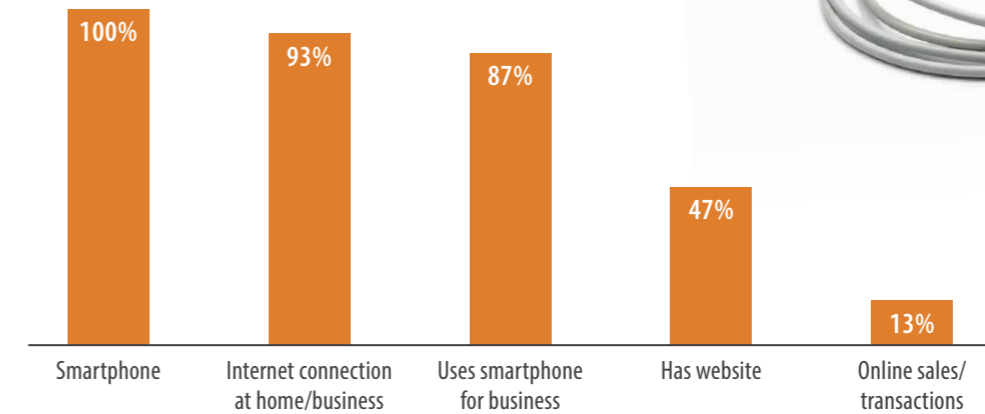
Country	Companies Use Internet (Index, 0-7)	Government	
		Departments online (%)	Information systems (%)
Algeria	3.1	10%	1%
Angola	3.4	34%	7%
Cameroon	4.6	15%	16%
Côte d'Ivoire	3.9	32%	17%
Egypt	4.6	53%	29%
Ethiopia	3.6	20%	4%
Ghana	4.5	15%	9%
Kenya	5.0	24%	23%
Morocco	4.5	24%	13%
Mozambique	4.5	17%	11%
Nigeria	4.5	10%	1%
Senegal	5.3	18%	3%
South Africa	5.3	31%	19%

- Email and reading news are the two main Internet uses in sub-Saharan Africa.
- Internet use by the private sector is similar in both countries, but Côte d'Ivoire's e-Government is more developed.

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.



Figure 10: Use of technology by entrepreneurs and SMEs



Source: Consultant's interviews.

The African continent remains the region with the lowest e-Commerce penetration: in 2013, Africa and the Middle East accounted for only 2.2% of global business-to-business e-Commerce. The future of e-Commerce in sub-Saharan Africa is promising, but it is still underdeveloped.

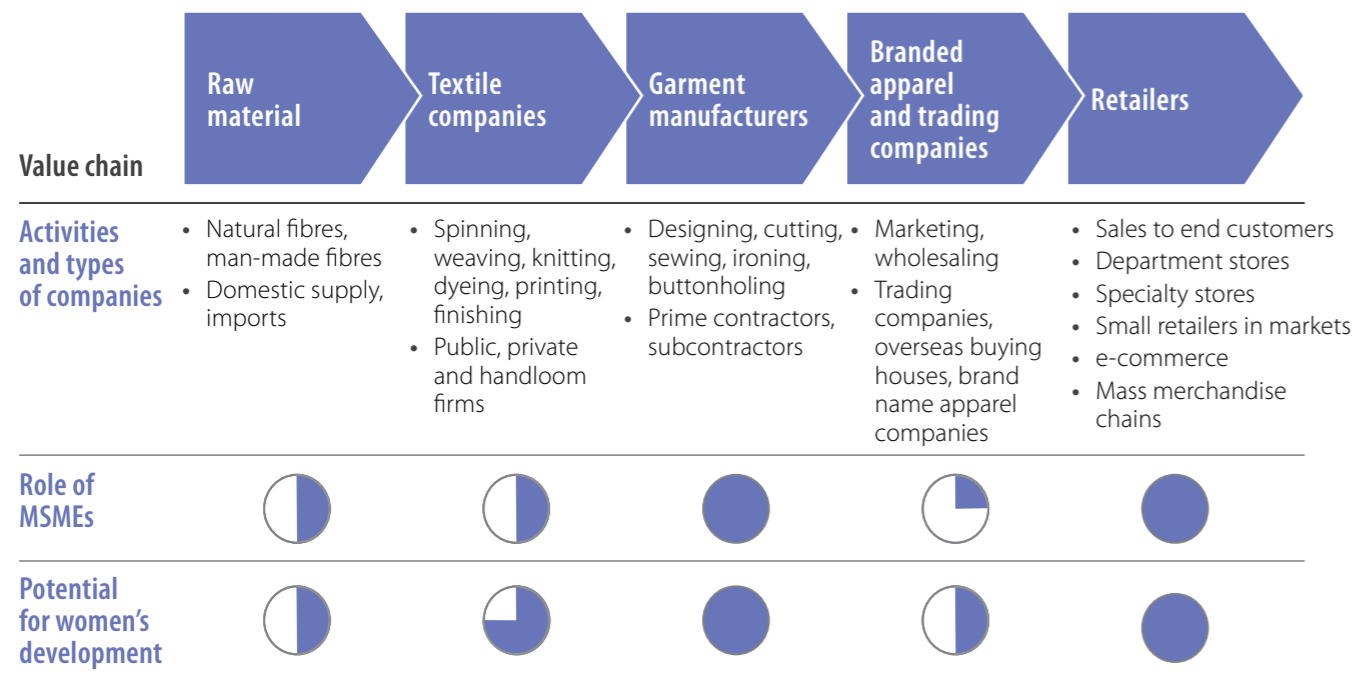
The key challenges faced are the deployment of a system to support international payments, the development of cross-border initiatives, the establishment of financial regulations, and the gaining of consumer trust.



The Fashionomics platform and structure

The goal of the Fashionomics platform is to enable African women and youth designers to create and grow their businesses. The specific objectives of the platform are four-fold: (i) increase access to markets; (ii) increase access to finance; (iii) provide mentorship and networking opportunities; and (iv) develop the skills of the target group. The platform will, among other things, facilitate access to finance, not only by connecting designers with commercial banks and established investors but also by tapping into alternative financing channels, such as crowdfunding mechanisms, and linking them to angel and venture capital investors.

Figure 11: Potential platform users and stakeholders



Source: Consultant's analysis.

Figure 12: Technical development of the platform



Source: Consultant's analysis.

Figure 13: Fashionomics platform structure

Potential structure of the Fashionomics platform (phase 1)



* How to export, financial courses, intellectual property issues, environmental, health and safety, logistics, marketing and sales, entrepreneurship, etc.

Source: Consultant's analysis.

News

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
- User-generated content through blogs available for entrepreneurs and companies.

Training

Education and training are crucial to the development of the industry in Africa. The platform will therefore include education-related content, such as:

- List of fashion schools, universities and academies, including programmes available and requisites to enrol in these programmes;
- Tutorials and online courses related to design and manufacturing of clothing and accessories;
- Other training for entrepreneurs in the fashion and textile industry;
- Business templates that will ease the professionalisation of entrepreneurs in the industry;

- Other specialised training resources related to other relevant issues, such as:
 - Intellectual property rights
 - Transport and logistics
 - Financial education
 - Entrepreneurship
 - Environment, health and safety in the industry.

Sector organisation and information

The platform will serve as a meeting point where professionals can access general and specialised industry information on 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 general description of their activities;
- A list of **national and regional associations** that help professionals, including contact data and a general description of their activities;
- General information** available for the sector in each of the countries, for example, number of companies operating in each country, average number of employees, average revenue of the companies, etc;

- **Job opportunities** at fashion and textile companies, as posted by the companies and through the market and job market places (LinkedIn, Indeed, local online job sites, etc.) where opportunities are also posted;
- A list of **research reports** conducted by trustworthy third parties, including by donors, advisory firms, research institutions, etc;
- A database of **events and fairs** that would be attractive to entrepreneurs, where they can sell their products or generate business leads;
- **Business opportunities** generated from other companies using the platform;
- **Other directories** as needed and as would add value for professionals in the industry, including specialised issues such as Intellectual property rights, transport and logistics, financial institutions, angel investors, private equity investors, crowdfunding platforms and environment, health and safety in the industry.

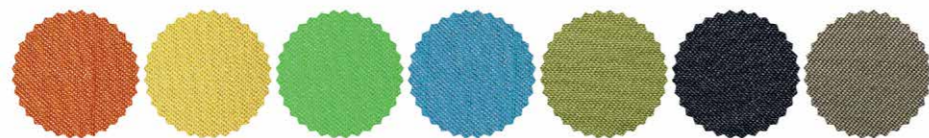
Communication

The platform will contain a public forum where professionals will be able to interact on selected topics. Additionally, the whole platform will be linked to Facebook as it is the most used social media tool on the continent.

Showroom

Each company and entrepreneur will have a section on the platform 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 in the African context over a 2-3 year period.

This section has to be tested in order to find out how many resources its operation will require. Other potential problems may emanate from this, such as intellectual property rights and the need for homogeneous quality for the images of products.



For such an online platform to be economically sustainable, it needs first to generate a relevant volume of traffic (visitors). **Several marketing actions are crucial** to increasing traffic, 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 the potential users.
- Social media and content sharing:** It is foreseen that the platform's manager and users will share content through social media channels. Facebook, which is the most popular social media network in Africa, will play an important role in this activity. Additionally, other social media platforms, such as LinkedIn or Twitter, could be used.
- Events:** The platform's administrator could conduct events and workshops to share the platform with potential users and explain the platform's benefits. Such a promotional strategy, which involves face-to-face contact, would have more impact during the first years when most of the potential users 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:** The signing of partnerships with associations, schools, universities and government organisations, among others, will help attract visitors and to have a better understanding of the needs of stakeholders in the fashion and textile sector. Such partnerships could therefore originate 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 in fuelling other marketing actions, such as email marketing and social media.

Recommendations and way forward

Important economic and social factors justify supporting the African TA&A industries as they have a profound effect on income, export volumes and employment, as well as on 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 is large enough, with some US\$ 2.5 billion in apparel exports from sub-Saharan Africa, and has a proven impact on development. And the lack of transparency, business connectivity, market information, financial and educational resources justify launching this platform.

The Fashionomics platform could contribute to:

- Enhancing youth employment in Africa through initiatives such as promoting entrepreneurial activities; fostering business opportunities; advertising job opportunities; developing skills; and channelling funding from the Bank's new Youth Investment Facility for industrialisation purposes.
- Enhancing job opportunities for unskilled labour as the largest number of jobs can be created in those positions that do not require strong education or experience levels. There are many of these in a typical mid- to large size TA&A business, for example positions such as hand sewers, sewing machine operators, garment pressers, quality controllers, fabric and apparel patternmakers, tailors, dressmakers and custom sewers.
- Enhancing job creation in the design and creativity fields, which 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, helping to create more jobs. The platform will need to cover entrepreneurial activities and services to have larger impact on job creation.
- Enhancing opportunities for pan-African cooperation by partnering with schools, educational centres and academia, including through the provision of tutorials, short courses and educational materials. Understanding of intellectual property rights, including through disclaimers on intellectual property rights, especially when showcasing products, the provision of useful content on specialised education and training on intellectual property protection, regulations and

procedures for intellectual property issues, interesting contacts, and best examples or practices on intellectual property issues in the TA&A sector.

- The provision of information on transport and logistics issues related to the TA&A industry, such as export costs hampering intra-African commerce, infrastructure, easy logistics and cheap energy, export regulations and procedures, specialised education and training on logistics related to the fashion industry, contacts of transport suppliers, intra-entrepreneur contacts for individual shipments, and potential agreements with airlines for smaller intra-African shipments.
- A greater understanding of environmental, health and safety issues in the TA&A industry, especially in textile and garment manufacturing, including how the industry deals with environmental, health and safety (EHS) issues. The platform can also contribute to better EHS practices in the industry through specialised training and courses, compiling best practices, EHS regulations, useful contacts and direct communication.

Other best practices and lessons learned that can be applied to the Fashionomics platform include:

- A section for job opportunities;
- Affordable online training courses, which may help finance the platform and serve the public since training is a demanded product;
- Selling business templates, which may help professionalise the sector and provide extra revenues to the platform;
- Knowledge of fairs and events taking place in Africa, which will help professionals with their businesses; sponsored events may generate extra revenues;
- Collecting market reports and making them available to platform users, which can help generate traffic;
- Connecting sellers and buyers, which may be a first step before having a full-scale marketplace.



To visit our **FASHIONOMICS**
platform prototype, please contact:
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