

Innovation Assessment Executive Summary

SafeBoda

July 2022

1. Snapshot

Investee	SafeBoda
Main implementation country	Uganda
Date concluded or exited	November 10, 2017
Additional implementation countries	None (during GIF investment period), now present in Nigeria
Funding amount agreed	\$230,000 convertible note
Funding amount disbursed	\$230,000
Co-funding	Shell Foundation, USAID DIV
Expected PYI at year 10 (ex-ante)	Not modelled
Expected PYI at year 10 (ex-post)	Not modelled

The Innovation

SafeBoda is a ride-hailing app launched in 2015 that focuses on improving the safety of motorcycle-taxis in Kampala through driver safety training, provision of passenger helmets, and driver tracking. SafeBoda works by selecting, training, and monitoring drivers, and providing them with reflector jackets and helmets. The intended social benefit was a reduction in injury and mortality for passengers and drivers. Since 2020 and the onset of the COVID-19 pandemic, SafeBoda has added delivery and mobile money features.

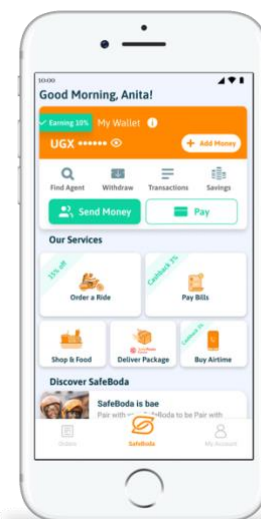
Goal of investment

The goal of this investment was to test the viability of the ride-hailing model to improve road safety. The investment did not specify concrete objectives, but sought to catalyze safety gains through three channels:

1. Heightened driver and passenger helmet wearing.
2. Improved road safety behavior.
3. Driver and passenger tracking.

Type of investment

GIF issued a \$230,000 convertible note.



Objectives and pathway to scale

The only objective explicitly written in the investment record was to reduce deaths and injuries from motorbike accidents in developing countries. However, conversations with GIF revealed a focus on reaching mass market and improving impact metrics. SafeBoda leadership explained that GIF funds were earmarked for operations and safety equipment. KPI improvements were focused on helmet use, customer perception of driver safety, and accidents. This was to be done with the support of Dr. Olive Kobusingye, Founder of the Injury Control Centre Uganda, and her doctoral student Kennedy Muni. Reaching a mass market meant expanding the service beyond the higher-income pilot customers to GIF's target population consuming less than \$5 PPP a day.

Investment implementation

SafeBoda was one of GIF's first risk capital investments. The decision to invest in SafeBoda was shaped by GIF management and third-party experts who relied on WHO data and the advice of local road safety experts. From SafeBoda's perspective, GIF was open-minded and interested in safety, which made them a suitable partner. Over the course of the investment, SafeBoda ramped up its operations from 117 trips a week at the time of investment to 5,500, reaching a peak of 595,000 trips a week in early 2020.

Investment rationale

GIF invested in SafeBoda in their first year of operations and was the largest investor at the time, providing the capital needed to fund road safety-oriented operations and scale rapidly.

GIF's investment in SafeBoda was additional in two aspects. Road safety was a relatively underfunded problem, and SafeBoda was a novel innovation and one of the only companies operating in the road safety space in East Africa, while still being a very early-stage company. It was thus in a unique position, which GIF was aiming to provide for. Secondly, SafeBoda founders at the time were struggling to raise capital, as their solution was considered too risky by most traditional investors. The founders had been using their own capital but were running out of runway and in need of capital to provide drivers with safety equipment and operational support. Grant capital by USAID and Shell Foundation helped SafeBoda during this period. The GIF convertible note served as a market signal that the company could potentially become more attractive for equity investment in the future.

Expected impact

As this was an early investment for GIF, there were no specific goals included in the investment record. However, it is inferred that GIF expected SafeBoda to improve motorcycle-taxi drivers' safety and image, improve passenger's road safety, and save passengers money with fairer trip pricing.

Channel	Size of market	Impact on end consumer
Provide motorcycle-taxi drivers with a safer experience and an improved image through safety gear, branding, and road safety training.	The motorcycle-taxi market across Africa is massive, estimated at around 20 million. The addressable market is primarily motorcycle-taxis in large cities (where smartphone penetration and population density are higher). In Kampala, this is around 150,000 motorcycles. Including capital cities throughout the rest of the	The impact on motorcycle-taxis could be significant. Reduced injuries and mortalities from road accidents were projected to bring \$3.9 million in health benefits from the first four years of SafeBoda's operations in Kampala. There are significant additional benefits from an improved reputation, which can help motorcycle-taxis follow

	large cities of the motorcycle-taxi belt of Africa creates an addressable market of around 4 million drivers.	road laws by heightening expectations of their driving behavior.
Improve passenger safety by providing passenger helmets, training drivers, and tracking drivers and matched trips to prevent crime.	The urban population in Africa is over 600 million. The population in the top 20 cities in Africa is around 150 million, which is an approximation of the addressable market.	Motorcycles are known to be involved in a high number of accidents and have high injury and fatality rates. Non-fatal road injuries contributed to 14 million healthy life years lost. Safety impacts, were SafeBoda to expand across African primary cities, could reasonably reach at least 10% of these, delivering 1.4 million healthy life years.
Save customers money by more fairly pricing motorcycle-taxi trips, through improved utilization of drivers' days.	These benefits accrue only to those who use the SafeBoda app, as SafeBoda drivers otherwise negotiate prices off the app. The smartphone owning market in major cities is at least a quarter of the population, creating an addressable market of around 40 million passengers.	SafeBoda can save users around 25% on trips. In Kampala, the average motorcycle-taxi trip costs \$0.7. Across 30,000 daily app-based trips, this represents \$5,250 in daily savings, or \$1.9 million annually. Were this to reach 40 million passengers, annual impact could be as high as \$2.55 billion.

Performance

SafeBoda went on to raise at least two major funding rounds after GIF's investment, raising the most money of any known startup in Uganda. Since having 100 drivers on their service at the time of GIF's investment, SafeBoda has signed up over 35,000 across three markets, two of which remain active.

There was an initial reduction in risky road behavior and accidents amongst SafeBoda drivers, but there has not been follow-up for five years and there are indications of relapse. Driver helmet wearing amongst SafeBoda drivers has improved to 99%, although passenger helmet usage dropped from 23% to 1% in the wake of Covid¹. Additionally, tracking provided by the app has continued to benefit passenger safety, especially for women on nighttime trips.

While KPIs were not designated specifically in the initial investment, objectives were inferred to be the following.

Inferred Objectives	Degree of Success
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¹ Based on a June 2022 observational survey carried out for this assessment. The figures may have increase since then

Improvement in helmet provision and usage	A mixed bag. An assessment in late 2017 found significant improvement from 1% to 23% Since then, however, it has plummeted back down to 1% in June 2022, as per an observational survey carried out for this assessment.
Improve driver road behavior	Partially successful. A study of driver behavior in 2017 found significant improvement in driver road behavior. Qualitative discussions with road safety experts and activists in Uganda reflect a widespread belief this has significantly declined, though no data has been made available.
Lead other companies to adopt safer practices	A mixed bag. While Uber, Bolt and others copied SafeBoda in moving into the local moto ride-hailing market, none are viewed as having comparable safety, and there is no quantitative data available on this.
Expand SafeBoda service to have 7,600 riders in FY2019	Successful. SafeBoda had 10,000 riders by June 2019, and 35,000 riders by June 2020. Churn rate complicates this measure. It is unclear how many have officially left SafeBoda and how many have simply stopped using the app, but SafeBoda estimates they have 9,000 – 10,000 daily average drivers across Uganda and Nigeria.

SafeBoda has also had several unanticipated positive impacts.

- During the Covid-19 pandemic, SafeBoda partnered with several key stakeholders to expand access to vaccinations. SafeBoda encouraged boda boda drivers to get vaccinated, offered free rides for people going to get vaccinated, encouraged communities to get vaccinated, and set up additional vaccination hubs at their office in Kyebando. Over 9,700 people were vaccinated at the SafeBoda Academy in Kyebando, while participation in the Fena Tugemebwe initiative with several public and private sector partners led to an additional 65,000 vaccinations.
- SafeBoda has supported the growth of the Ugandan tech sector through tech meet-ups, improving public tech literacy (especially amongst boda boda drivers), hiring and upskilling local talent that have gone on to new heights, and spreading tech skills through an engineering internship program.

Key learnings

There are several key high-level lessons to take from SafeBoda’s experience that can be used for start-ups, investors, and stakeholders to ensure benefits are long-lasting.

- Enforcement of road safety behaviors is key to adoption, and improved behaviors can be knocked off course if passengers, riders, and the government are not all on board.
- Strong local expertise and data collection are necessary to ensure beneficial impacts and understand the minutiae of road safety behavior.
- Ride-hailing business models are difficult to steer to profitability and are a risky vehicle for implementing society-wide change such as in road safety.
- New services and revenue streams which can provide for both drivers and companies may yet deliver ride-hailing to profitability.