Global Distributors Collective

# Last Mile Distribution: State of the sector 2025

18th September 2025


Photo credit: Practical Action

Funded by:

UKaid from the British people

Transforming Energy Access

Practical ACTION

bop inc

The GDC is hosted by Practical Action alongside strategic and implementing partner Bopinc

# Agenda

## Part 1

**Insights from Last Mile Distribution: State of the sector 2025**

- Overview of progress and impact since 2025
- Three key trends
- LMDs’ aspirations

## Part 2

**Breakout groups (optional)**

- Consumer financing
- Small ticket debt
- Technical assistance
- Enhancing LMDs profitability


Photo credit: Ecofiltro

# Who you'll hear from today – GDC members

Habiba Ali
CEO
**Sosai Renewable Energies Company**

Kudzi Chitiva
CEO
**Natfort Energy**

Joyce Sikwese
Country Manager and Co-Founder
**Green Impact Technologies**

# Who you'll hear from today – GDC team

Jessica Utichi
Head of the GDC
**Practical Action**

May Joy Namulembwa
GDC Senior Membership Engagement Officer
**Practical Action**

Synthia Ontita
GDC Senior Programme Officer
**Practical Action**

Ambrose Mbuvi
GDC Innovation and Acceleration Specialist
**Bopinc**

Davinia Cogan
GDC Access to Finance Lead
**Practical Action**

# POLL

# Part 1: Insights from Last Mile Distribution: State of the sector 2025

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GDC strategic and implementing partner:

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Photo credit: GDC

# Three key takeaways

## Last mile distributors (LMDs) continue to play a critical market creation role

**67%** of customers earn less than $3.20 a day

customers living in rural areas **78%**

**66%** of customers are women

## LMDs have found it harder to access finance and support since 2021

Between 2021 and 2023, far fewer LMDs were able to raise funding of any kind:

**Grants** fell by 40%

**Debt** fell by 54%

**Equity** fell by 75%

## Yet, LMDs have demonstrated resilience and growth in challenging conditions

61% of members actually grew revenues between

**2021** and **2023**

# Products don't reach those who need them most

**666m** Without electricity

**2.2b** Lack safe water

**2.1b** Lack clean cooking

**2.3b** Without adequate nutrition

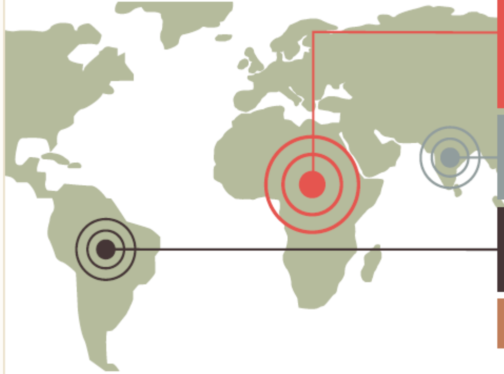
Beneficial products have a vital **role to play in closing the access gap**

**And last mile distributors are essential to making sure that beneficial products reach underserved communities.**

# GDC membership overview

## Geography

Members operate across 58 countries



**38%** operate in East Africa, **20%** in West & Central Africa, **20%** in Southern Africa

**4%** operate in Asia & Pacific

**3%** operate in Latin America & Caribbean

15% are multi-region

## Impact

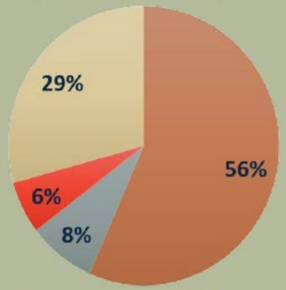
**215,000**

is the average number of people reached to date by GDC members

**67%** of customers earn **<US$3.20** per day and **78%** are rural

## Years of operation

On average, members have been operating for 8.5 years




## Distribution Channels


of members sell through more than one channel

- Direct to consumer and/or through sales agents – **88%**
- Retail – **48%**
- Partner organisations – **37%**

## Products

89% of members sell more than one product category

- Solar lights, home systems and consumer electronics **75%**
- Productive use appliances **59%**
- **51%** Cookstoves and cookers
- **23%** WASH products
- **22%** Agricultural inputs
- **20%** Cooking fuels
- **14%** Health and nutrition products

## Ownership

**88%** of members are locally owned, with > 50% of shares are owned by citizens of the countries where products are distributed.

**93%** of the members are locally led, with the CEO or MD a citizen of the countries of operations.

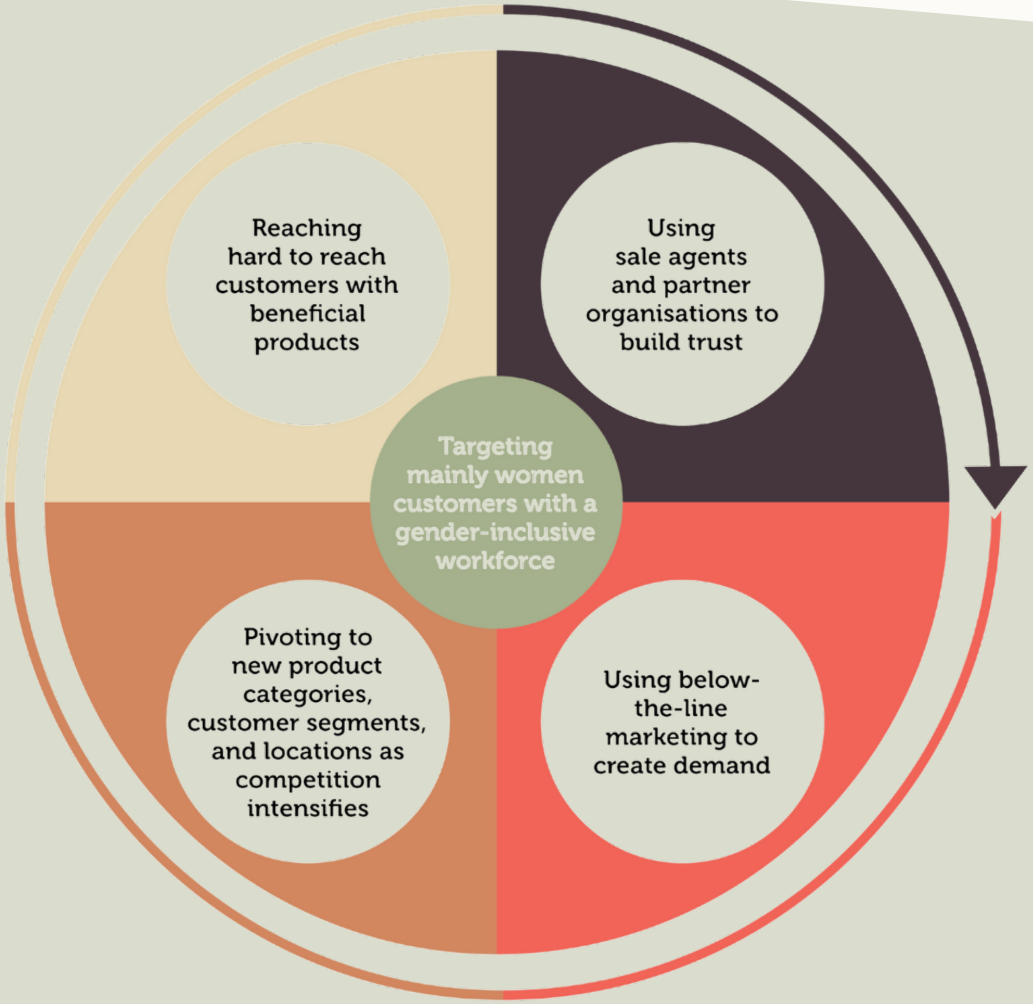
## After-sales and consumer financing

**86%** offer after-sales services

**72%** offer consumer financing

# Trend 1: Market activation

# Last mile distributors continue to play a critical market creation role





Credit: Essmart

# Last mile distributors serve the hardest to reach

**67%**

of GDC members' customers earn less than $3.20 a day

**78%**

Of GDC members' customers are rural

**66%**

of GDC members customers are women

**44%**

of GDC member serve refugee and host communities

# POLL

# LMDs are impact all stars

**88%**

of GDC members are locally owned companies

**47%**

of GDC members are women-owned

**57%**

Of GDC members' sales agents are women

**56%**

of GDC members' senior and mid-management are women

# Collectively, they are mighty

**1,700+**

Employees working for GDC members

**24.5 million**

People reached by GDC members

**14,000**

Sales agents across GDC membership

# Products and volumes sold

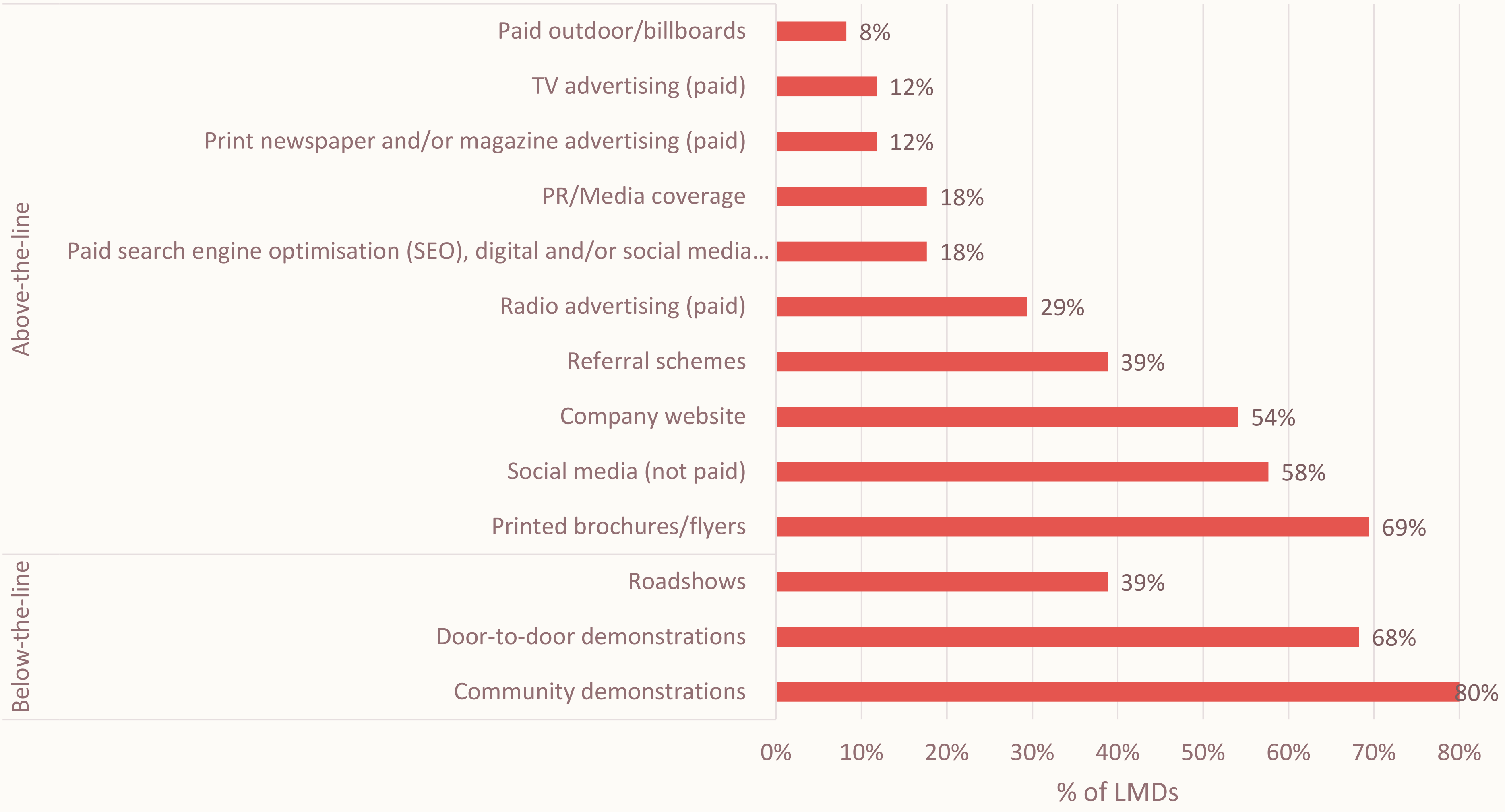
**900k**
Solar products sold

**469k**
Cookstoves sold

**273k**
WASH products sold


Credit: Practical Action

# LMDs primarily sell through sales agents and use targeted local marketing campaigns to build trust



# Trend 2: LMDs' resilience and growth

# LMDs have demonstrated resilience and growth in challenging conditions

*We had gross margins of 30% to 40%, but that disappeared overnight because of FX depreciation. Costs have gone up enormously - it becomes mathematically impossible to survive unless you have very deep pockets and can go into hibernation mode to ride it out*

*- GDC member*

Photo credit: Zonful Energy

# Revenue and profitability trajectories have become more unpredictable

Companies with revenues of more than $500k

+ 26%

Dedicated salesforce archetype

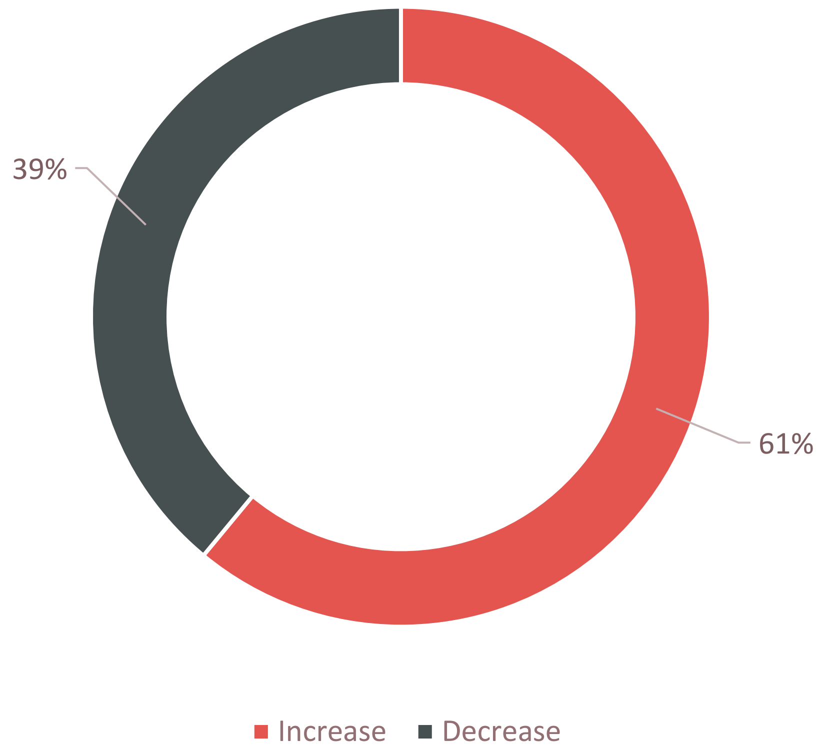
Companies with revenues of less than $500k

- 7%

Local livelihood archetype

# Most LMDs experienced growth in revenues between 2021 and 2023

Revenue growth and decline between 2021 and 2023




**7%**

median revenue growth across all members in the sample

**167%**

median revenue growth from the 61% of members' who reported growth

# LMD business model can be commercially viable

**77%** of LMDs have a gross profit margin of >25%

**54%** of LMDs reported positive operating profits


Photo credit: Practical Action

# Trend 3: Access to finance and support

# The number of LMDs reporting raising funding of all types dropped from 2021 to 2023

No. grant transactions fell by

**40%**

No. debt transactions fell by

**54%**

No. equity transactions fell by

**75%**

*If we keep knocking on the doors of funders, we will just die a natural death."- GDC member*

Photo credit: Bopinc

# Total number of transactions and amounts also dropped

## Total reported grant, debt and equity raised 2023 versus 2021

| | Grant | | Debt | | Equity | |
|---|---|---|---|---|---|---|
| | Amount raised $ | # transactions | Amount raised $ | # transactions | Amount raised $ | # transactions |
| **2023** | $7.7M | 28 | $20.4M | 17 | $0.4M | 4 |
| **2021** | $25.2M | 48 | $19.7M | 40 | $9.2M | 35 |

# Results based financing is increasing which has benefits and limitations for LMDs

## Average upfront grant and RBF transaction sizes

| | Grant | RBF |
|---|---|---|
| Lowest value | 10,000 | 10,000 |
| Highest value | 2,240,000 | 717,000 |
| Median | 100,000 | 64,254 |
| Average | 274,075 | 149,610 |

## RBF increases inclusivity along economic, geographic and gender lines

| Inclusivity type | LMDs w/ RBF | LMDs w/ no RBF | 60 dB Off-grid Energy Benchmarks 2024 |
|---|---|---|---|
| Customers below the poverty line | 82% | 50% | 51% |
| Rural customers | 79% | 61% | 62% |
| Female customers | 60% | 50% | 37% |

**Risks include:**

- Typically, smaller than upfront grants
- Application processes is prohibitive for smaller players
- Can push distributors into unsustainable expansion
- Can favour bigger players

# Implications and trends for debt transactions

**Trend 1: Investment readiness is essential**
Investment readiness must be tied to investor expectations *and* LMD capacity

**Trend 2: Digital lending shows promise for small ticket transactions**
The challenge is that LMDs need reliable digital financial data to feed into lender systems

**Trend 3: Local currency financing is critical**
Exposure to FX risk remains one of the biggest threats to LMD sustainability when borrowing in hard currency. Alternatives, that are suitable for small ticket transactions are essential.

Credit: Bopinc

# So, what makes LMDs resilient?

## Finance fundamentals

Unit economics
Financial analysis
Company structure

## Diversification

Product
Customer
Revenue

## Efficient operations

Cost structure
Sales and marketing
Consumer financing

## Macro-environment

FX risk
Supply chain
Regulatory

# LMDs' aspirations

# LMDs want to sell higher-tier SHS and cookstoves, but struggle with affordability and consumer financing constraints

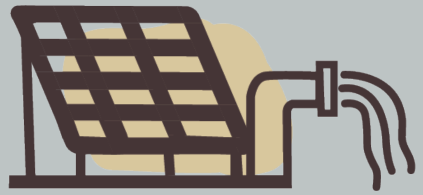
*Sales grew because products became more affordable [with PAYG], so we started selling more solar home systems. Initially, we believed customers preferred buying pico-products; however, we discovered their true preference was for SHS. It was just that they were expensive without subsidy or being sold on PAYG. - GDC member*

Photo credit: BBC StoryWorks

# LMDs want to sell productive use appliances, but volumes remain low as LMDs innovate to find the right business models to do so

**56%** Of GDC members are selling PUE appliances in 2023 - up from just **6%** in 2019

| | 2023 unit sales of LMDs surveyed | Efficiency for Access total market size estimates | Minimum LMD market share |
|---|---|---|---|
| Solar water pumps | 6,170 | 23,000 | 27% |
| Refrigerators | 742 | 7,000 | 10% |

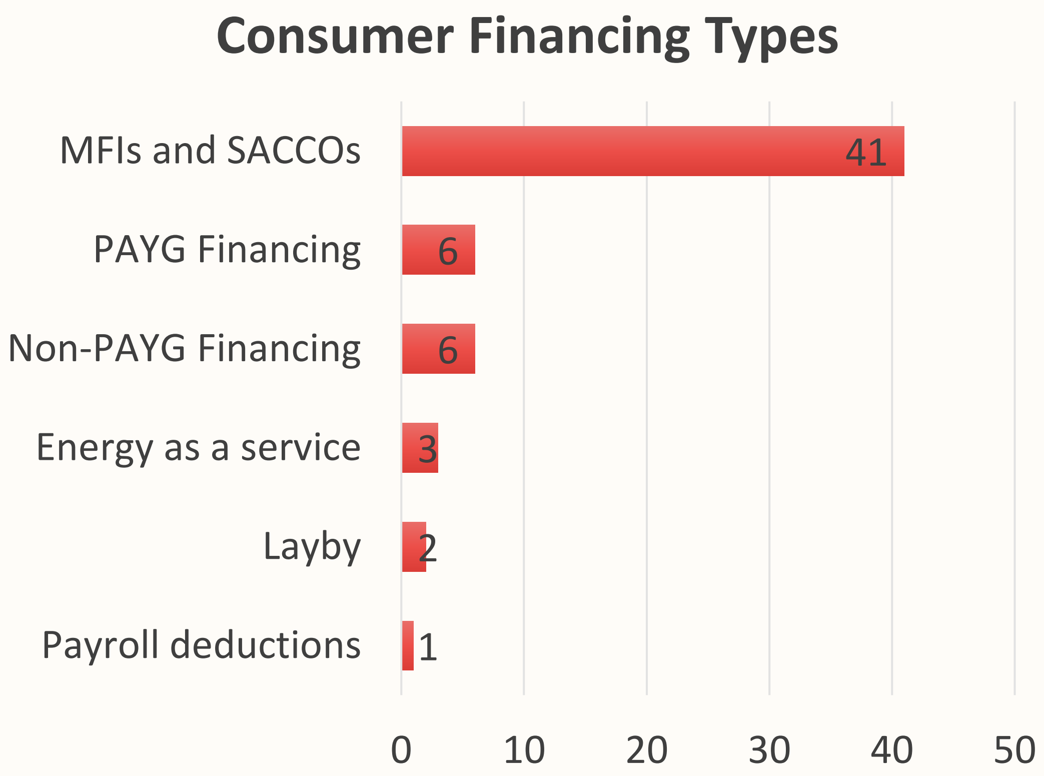


**Drivers of growth:** Strong demand, reliable technology, strong supplier and donor support

**However:** Volumes remain low because they are costly and complex to sell/service

**What's needed:** LMDs need specialized teams, time to trial business models
and subsidies to be able to do so

# Consumer financing




*It's very challenging for LMDs to become PAYG companies. Selling both the asset and the consumer finance is a conflict of interest - one side wants to push sales, while one wants quality of receivables book. It's a marathon, not a sprint - but LMDs such as Zuwa Energy in Malawi are showing it can be done.* - PAYGo Labs

# LMDs want to go beyond warranties and offer repair services to extend product lifetimes and improve customer satisfaction

**87%**

*Do you provide warranties for appliances & PUE products?*

**76%**

*Do you provide warranties for clean cookstoves?*

**91%**

*Do you provide warranties for your solar PV products?*

Credit: Nyalore Impact

# Conclusion

Supporting LMDs effectively requires a mix of grants, working capital, technical assistance, and risk-tolerant financing

1. **LMDs play a crucial role, beyond "just" selling products.**
2. **The sector is impactful, LMDs are resilient, and both are increasingly professional.**
3. **Inclusive funding and technical assistance are needed to scale the untapped potential of LMDs.**
4. **Funding and support should help LMDs:**
   - Enter hard-to-reach communities
   - Sell higher-tier
   - SHS and cookstoves
   - Offer sophisticated consumer financing or EaaS models
   - Develop sustainable PUE models
   - Provide repair services

# Part 2: Breakout groups

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Practical ACTION

GDC strategic and implementing partner:

bop inc

# Breakout groups

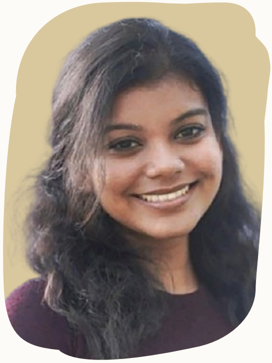
## Group 1: Consumer financing

Jessica Utichi
Head of the GDC
**Practical Action**

Willem Nolens
Co-founder and
Managing Director
**PAYGo Labs**

## Group 2: Small ticket debt

Davinia Cogan
GDC Access to
Finance Lead
**Practical Action**



Gopika Shibu
Program Advisor
**RVO**

# Breakout groups

## Group 3: Technical assistance

Charlie Miller
Former GDC
Senior Advisor
**Practical Action**

Divya Balakrishnan
Senior Advisor
**GET.invest**

## Group 4: Enhancing LMDs' profitability

Ambrose Mbuvi
GDC Innovation
and Acceleration
Specialist
**Bopinc**

Lucie Klarsfeld
McGrath
Partner
**Hystra**