

January 2024

Quarterly Boda Report



lubyanza (n); a boda rider without a stage.

Lubyanza Research Group

January is always a crunch time - school fees must be paid, and people have eaten last years bounty. This quarter we expanded the survey to 336 respondents and asked about motorcycle loans.



7.8
years on average in the boda business



36%
of boda loans are for 24 months

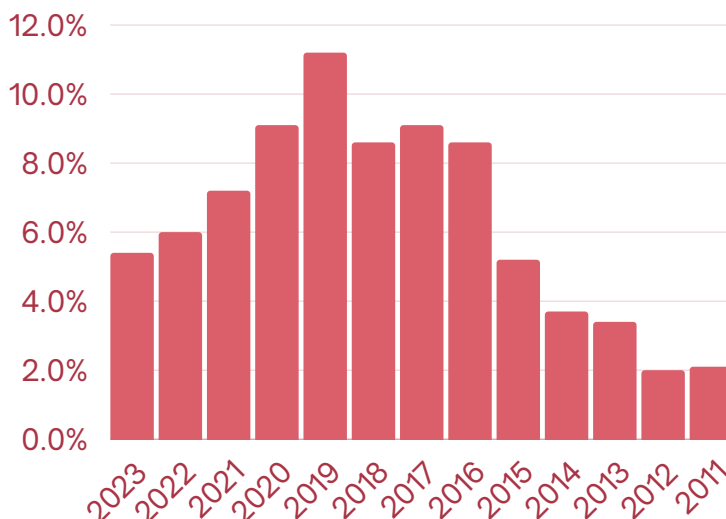
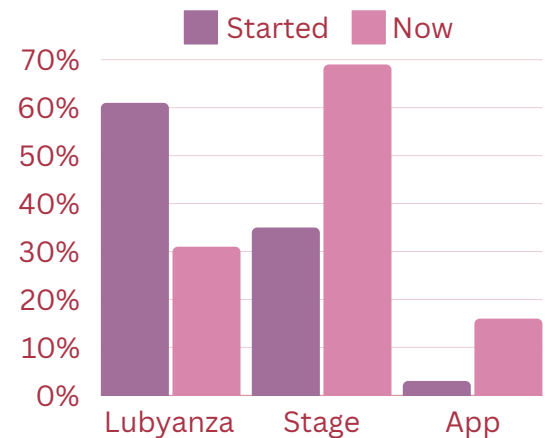


60%
of boda riders start lubyanza

How To Get Started

While over half of the boda riders in Kampala begin work without a stage (lubyanza), at least half get stage membership.

Our take: This is likely tied to the social & financial capital needed to get stage membership and get started. When riders have the capital, stages are a good place to wait with friends, get passengers, and avoid police.



How Long Riders Stay in the Business

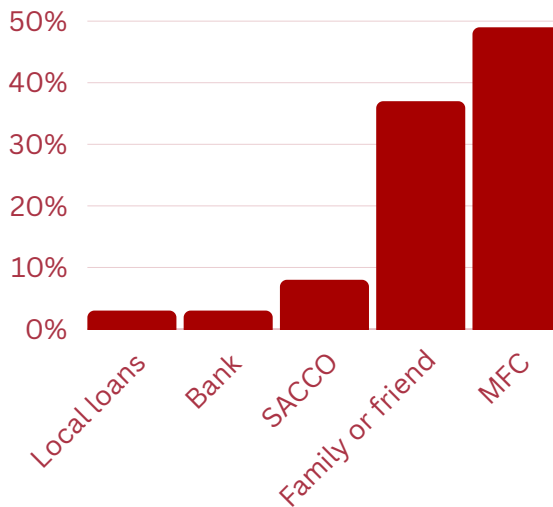
The average boda rider has been in the sector for just under eight years, with a long peak of boda riders joining the business between 2016-2020.

Our take: There was heavy turnover in 2020 & 2021- many riders bikes were repossessed, and many others lost their jobs and turned to boda boda work. The recent decline in people joining means we may be reaching a saturation point.

Getting A Loan

While over half of the motorcycles in Kampala have been obtained through lease-to-own schemes, only around half of these are from motorcycle finance companies (MFCs) like Watu, Tugende, or Mogo.

Our take: The 37% that are loans from family and friends is likely to include a number of used motorcycles. In addition, it's clear that banks have essentially failed to fill this need.



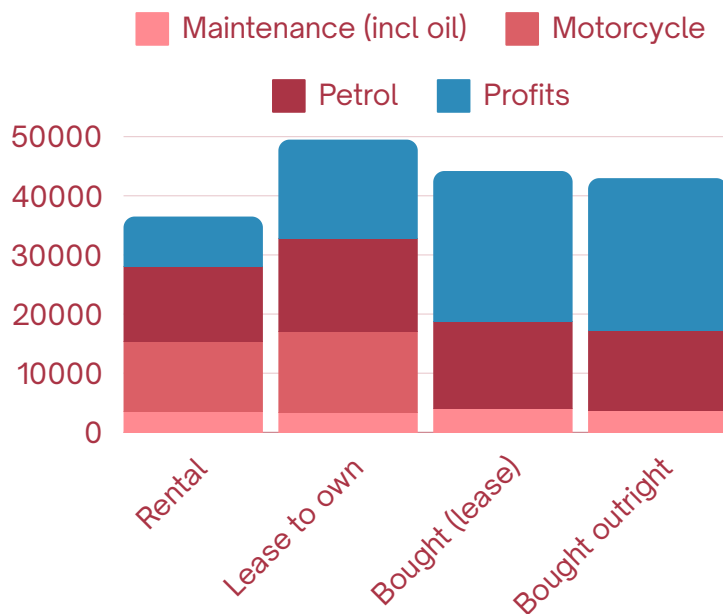
The Cost of a Lease

Taking out a loan from a motorcycle finance company is the most popular option when access to capital is low. But it will cost you.

Our take: Riders taking out a loan from a motorcycle financing company face a choice: high weekly payments, or a long payback period?

Length	Total Value	Weekly Cost	% of Leases
12 months	6.2 M	120 K	17%
18 months	7.8 M	100 K	30%
24 months	8.7 M	85 K	36%

Average total cost of payments (ex upfront payment) and weekly cost for the most popular model in Kampala.



Earnings & Ownership

Earnings were up slightly this January, with an average 41,800 daily revenue and takehome of 12,640 UGX.

Our take: We've looked at this before, but it bears repeating: rental drivers are not earning what those who are paying off loans are. They are mostly working in the same places, but have very different motivations.

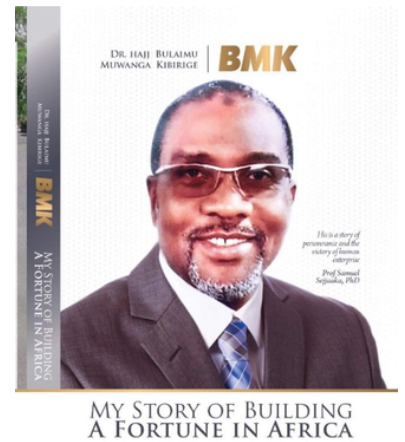


Kalungi's View

In the recent years; bodabodas have embraced the formal hire purchase system to own motorcycles due to the coming up of a number of asset financiers. Previously, banks bureaucracy was limiting the ability to obtain bikes for commercial use.

However, during the recent survey, we noted that the total cost of most bodaboda loans nearly doubles the outright cost of the same bike especially if the buyer chooses to pay his loan over two years. Yet at the end of the loan, the bike can only be sold at less than 35% of the total loan cost.

Despite this, the number of boda riders increases almost every day and fellow riders attribute this to continuing high unemployment and the ease of getting bodas on loan.



The late BMK brought the first motorcycles for boda use to Uganda in 1994, and sold them on lease-to-own.



Geofrey's View

An average boda rider makes a profit of 15,000 UGX per day, yet we find riders who report earning as low as 3,000 UGX while others earn up to 120,000 UGX in a day. Others still manage to always earn above the average and rarely experience the extreme lows and highs of bodaboda earnings.

Luck, hard work, and good connections all have a role to play. Common factors determining rider's incomes include the rider's stage, status of the customers, whether the boda rider is a lubyanza, at the stage, using an app or combining all customer-search plans. Mechanical conditions of the motorcycle also matters, as interviewees who reported earning little also often pointed out spending a significant amount of time in garages, resulting in fewer working hours and unexpected expenses. Those who reported good earnings often mentioned serving permanent customers who trusted them with many trips, or simply getting lucky at acquiring many passengers that day.



5,600

Bodas observed



336

Riders interviewed



8

Divisions of the GKMA

The survey was designed by Tom Courtright with input from James Kalungi, Geofrey Ndhogezi, Paul Mukwaya, and Peter Kasajja. It was carried out from January 2-15 by Geofrey and Kalungi.