

## Graduation with Resilience to Achieve Sustainable Development

GRAD was a five-year USAID-funded project designed to help the Government of Ethiopia find sustainable solutions to chronic food insecurity. The project supported households currently enrolled in the government's Productive Safety Net Program (PSNP) so that they could access microfinance, improve on- and off-farm productivity, and establish links to markets. In addition, GRAD improved household and community resilience by increasing women's empowerment, improving nutritional practices; and introducing climate change adaptation mechanisms. CARE Ethiopia led a consortium that includes REST, ORDA, CRS, Agri Service Ethiopia, and SNV. The project worked in 16 districts in Amhara, Tigray, Oromia and SNNPR.

### **Innovation Brief #4**

### **Micro-franchise Initiative**

#### **Background**

One of GRAD's key goals was to help women diversify their livelihoods options, in part by introducing new sources of off-farm income. Climate change, population growth and decreasing farm size all contribute to decreased on-farm production, making such diversification essential. At the same time, consumer goods are unavailable in most rural areas or can only be accessed by travelling long distances to market centers, which women often cannot do given workloads and child-care responsibilities. Bringing these two challenges together pointed to an innovative solution: the micro-franchise model, where women are engaged for sales of household consumables in their communities to earn an off-farm income. CARE Ethiopia believes that this micro-franchise approach represents a reliable new source of off-farm income for women in rural Ethiopia.

#### **The Micro-Franchising Initiative**

Micro-franchising is a business model based on the traditional franchising concept common in developed countries. GRAD recruited and trained women for door-to-door sales of fast moving consumer goods. These saleswomen were linked with wholesalers based in district market towns where they can buy pre-selected items at wholesale prices. The wholesalers, in turn, are linked with a set of manufacturers or importers who are formal partners in the process. The initiative collaborates with four such private sector partners: East African Tiger Brand Industries (EATBI), Guts Agro Industries, Green Light Planet, and ETAB Soap and Detergent Factory.



Zehara Mohammed, a 35 year-old mother from Meskan Woreda, Gurage Zone, was among the most successful micro-franchise saleswomen. Her new income averages \$50US per month.

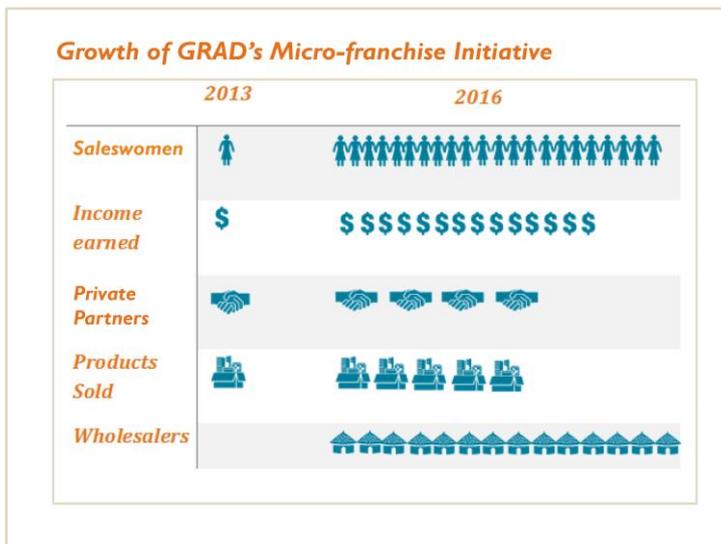
Each contributes unique products that are in demand in rural communities.

GRAD conducted rapid market surveys before selecting new products to include in the market basket. The project provided training to all stakeholders (saleswomen, wholesalers, suppliers, and government officials) about the benefits of the initiative and how it works. Saleswomen received specialized training in recover keeping and product promotion. The project also leads periodic review meetings and refresher training for all involved and keeps records for external reporting. The private sector partners contribute by purchasing sales kits for the women and providing promotional materials to help build consumer demand.

## Key Outcomes

Starting from a small pilot in 2013, the project scaled to nine districts, with more than 500 saleswomen, 14 wholesalers, and 78 products being sold (including soaps/detergents, personal care products, specialty foods, and solar lamps). The benefits extended to everyone involved as illustrated below:

- **Saleswomen** earn an average of nearly \$12 in profit every month, often for only a six-eight hour work week. The best performers can earn more than \$70 per month.
- **Wholesalers** have added new products and new customers. Their increased earnings have averaged about \$600 per month from participating in the micro-franchise initiative.
- **Private sector partners** have penetrated new markets and increased clientele and revenues. Overall, more than 50,000 customers have purchased products from the initiative's saleswomen. During a recent 12 month period, new revenues exceeded \$215,000.
- **The project**, its donors, and other stakeholders have a new tool to promote to safety net households, particularly female members, to help them increase incomes and attain food security.



## GRAD Learning

- **The model works and is broadly applicable:** There is a consistent market for consumer goods in poor, rural communities. And despite initial assumptions to the contrary, it was proven possible for women to sell door-to-door in relatively low population density areas. In addition, micro-franchise provided new access to consumer goods even close to district towns.
- **Beware of shortages and supply chain breaks:** Suppliers often could not keep up with increased demand. For instance, the solar lamps were so popular that there was a supply shortage almost immediately. Partnering with multiple companies and suppliers ensures a diverse and consistent array of products.
- **Test often and adapt as needed:** The project routinely tested new products with consumers before including them in the basket. This helped to assure that the suppliers are providing the right products that meet consumer demand, helping everyone involved recover costs and make a profit.
- **Seasonality matters:** Buying power increases and decreases during the year. The types of products being sold should follow those trends. At the extreme, the severe drought of 2015-16 depressed demand and sales. Nevertheless, most saleswomen were able maintain their activities, make a modest income profit and recover after the drought ended.

\* Learn more at [www.care.org/grad](http://www.care.org/grad)

