



SCALE Creative Adaptation Award

Voucher-based Approach to Soap Distribution

Feed the Future — Livelihoods for Resilience Activity

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SCALE

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About SCALE

SCALE (Strengthening Capacity in Agriculture, Livelihoods, and Environment) is an initiative funded by USAID's Bureau for Humanitarian Assistance (BHA) and implemented by Mercy Corps in collaboration with Save the Children. SCALE aims to enhance the impact, sustainability and scalability of BHA-funded agriculture, natural resource management, and off-farm livelihood activities in emergency and development contexts.

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Contact information

Elisabeth Farmer

Chief of Party, Livelihoods for Resilience Activity

Elisabeth.Farmer@care.org

Kristin Lambert

Senior Agriculture Advisor, SCALE Award

klambert@mercy Corps.org

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Introduction

Background

Livelihoods for Resilience (L4R) is a five-year activity designed to reduce food insecurity and increase resilience for Ethiopia's poorest households. Funded by USAID's Feed the Future initiative and led by CARE, the L4R consortium works with 97,000 households that participate in the Ethiopian government's Productive Safety Net Program (PSNP). With L4R's support, these families are enhancing their agricultural and financial skills, accessing loans and building more resilient livelihood portfolios, with the goal of graduating from the PSNP with the resources and capacity to manage future risks.

In the chronically food insecure areas in which L4R operates, COVID-19 has had severe economic impacts. Government restrictions put in place to mitigate the virus' spread, such as closing markets and limiting travel, have also increased prices and constrained income opportunities. Youth and women who rely on off-farm livelihood activities have been particularly hard hit. Many families have also found recommendations on handwashing – a critical measure for mitigating COVID-19 transmission – challenging to follow, as handwashing with soap is not a common practice and soap can be difficult to access. Many poor rural households purchase soap only rarely and use it primarily for washing clothes, while less effective handwashing approaches, such as the use of water alone or water and ash, are more commonly practiced.

To enhance access to soap in communities like these, many NGOs have included soap distribution in their COVID-19 response plans. However, a one-time distribution does little to address households' need for soap throughout the pandemic and afterwards. It also misses opportunities to facilitate sustainable relationships between vendors and consumers that could strengthen local markets and increase economic opportunities over the longer term.

For these reasons, L4R has taken a different approach to enhancing soap access and use. By the time COVID-19 hit, the

program had been working for several years to set up sustainable distribution chains for soap and other products in rural parts of Ethiopia through its Hulu Bedej micro-franchise initiative. The women participating in Hulu Bedej (meaning “everything on the doorstep”) earn income through door-to-door sales of consumer goods in their communities. With these funds, they can make investments that improve their families’ food and nutrition security. The approach also strengthens supply chains from product manufacturers and wholesalers, opening up new opportunities for them to sell products in remote rural areas and resulting in a “win” for all involved.

By mid-2020, the L4R team had provided soap vouchers to over 95,000 poor rural households (nearly the entire project caseload).

By early 2020, Hulu Bedej had grown to a network of 778 saleswomen working with five private sector partners supplying everything from soap and other personal care products to food items, mobile credit and solar lamps. Each private sector partner had a network of branches and agents in L4R’s implementation regions and each of these distributed the goods to a network of wholesalers in small rural towns, from whom the saleswomen accessed the products for sale.

Adaptation Overview

The L4R team knew that any soap distribution activities in the implementation districts would risk undermining the nascent Hulu Bedej network. To respond to the need for increased handwashing without resorting to distribution, the project temporarily pivoted from a standard micro-franchise approach to a voucher-based one. By mid-2020, the L4R team had provided soap vouchers to over 95,000 poor rural



A sales agent hands in her vouchers. CARE, 2020.

households (nearly the entire project caseload), each of which could be redeemed through micro-franchise saleswomen for two large (250g) bars of high-quality soap. The project provided three vouchers to each household, one voucher each for the months of July, August and September. In conjunction with the vouchers, project staff provided critical information on COVID-19 health and safety measures, including the importance of handwashing with soap.

To implement this activity in all project districts, the team had to



Children wash their hands with soap acquired via vouchers from L4R. CARE, 2020.

rapidly expand the micro-franchise network by identifying new wholesalers and bringing new sales agents on board. In addition to the 778 existing saleswomen, the project quickly brought on board 241 youth sales agents, the majority of whom (145) were female youth. They also recruited members from the program's Village Economic and Social Associations (VESAs), identifying an additional 434 adult sales agents to join the network (all but four of whom are women).

From July to September 2020, the micro-franchise saleswomen and newly recruited sales agents each received soap and a distribution list from their assigned wholesaler. They then traveled to their clients' villages to redeem the vouchers and provide two bars of soap per household. Once distribution was finished, they returned to their wholesaler to hand in the vouchers and their completed voucher redemption lists. The wholesalers then paid the sales agents a commission of approximately 2 birr (6 U.S. cents) per bar of soap distributed.

Findings

COVID Prevention

The Hulu Bedej soap voucher has served as an effective mechanism for bringing soap to the doorsteps of poor rural households, which families have especially appreciated during periods of COVID-related travel restrictions and market closures. By wearing masks during soap sales, agents have also modeled other good practices for mitigating transmission of the virus. The L4R team hoped that through their initiative, project households would become so accustomed to obtaining soap via the micro-franchise network that they would continue to do so long after they used their last voucher. This would not only provide protection against COVID-19, but would also help families prevent other diseases caused by poor hygiene practices.

To date, nearly all of the 95,000 participating households have redeemed their vouchers and are reporting higher levels of handwashing at home. They have also reported their intention to practice frequent handwashing with soap even after the COVID-19 pandemic is over.

Private Service Provision and Distribution of Profits

Because L4R relied upon local private sector-based distribution networks to respond to COVID-19, the team was able to facilitate access to soap for poor rural households while also ensuring that members of those same households benefitted from the profits (particularly women and youth). These funds came at a time when job opportunities were scarce, prices of staple goods had increased and households were desperately in need of additional cash to cover basic expenses.

Under the soap voucher initiative, the micro-franchise network expanded its sales agent network by 46%.

Findings to date suggest that this additional income had a significant impact on household finances. During each round of soap voucher redemption, saleswomen earned an average of 371 birr (approximately USD 11), in addition to the profit they earned from the sale of other products. Notably, the average monthly earnings from soap voucher redemptions represented over 60% of the total average monthly income reported by project households (591 birr or approximately USD 17).

Network Strengthening and Expansion

The soap voucher has furthermore strengthened relationships amongst actors along the entire supply chain, from the suppliers to the branches, wholesalers and sales agents. In particular, the initiative has strengthened the confidence of wholesalers in their business relationships with sales agents. This is a major accomplishment as wholesalers are often the most reticent of network participants and the most difficult to engage.



A VESA group re-enacts the voucher distribution process. CARE, 2020.

Under the soap voucher initiative, the micro-franchise network expanded its sales agent network by 46%. New sales agents have begun using the soap voucher as a starting point to gain entry into the business network; many are already thinking about how they can expand their markets by selling other fast-moving items in their communities once COVID-19 restrictions cease. While L4R was unable to conduct its typical network expansion activities due to COVID (such as training the saleswomen in business skills and record-



Kensole Doda, a Hulu Bedej saleswoman. CARE, 2020.

keeping), the expansion nevertheless sets the stage for the full Hulu Bedej network to be operational in all program districts by the end of the project.

Youth as Sales Agents

The rapid expansion of the micro-franchise network relied in no small part on the increased engagement of youth, who showed a high level of interest and motivation in participating given their relative mobility, willingness to travel and entrepreneurial spirit. These youth have furthermore

demonstrated that they can also serve as effective sales agents, suggesting that they could do the same for other products that the project seeks to promote, including small-scale irrigation technologies and improved inputs. Given the positive outcomes to date, L4R is considering a shift in their approach to target more female youth as micro-franchise saleswomen during its final year of implementation.

Challenges and Lessons Learned

Balancing Objectives and Target Groups

L4R continuously strives to ensure the micro-franchise initiative targets individuals who are business-savvy, keen to engage in income-generating activities and willing to travel to different villages. As noted above, the team has seen great potential in youth as micro-franchise sales agents because they possess many of these characteristics. However, there are so few other income-generating activities available to women that deciding which group to target with the intervention was a struggle. Creation of the voucher initiative and the subsequent necessity to expand the sales agent network created an opportunity for the project to incorporate female youth as an additional target group within Hulu Bedej.

Small Profit Margins

During the expansion phase, L4R hired some youth sales agents to support micro-franchise networks outside of their own communities. This required the youth to incur transport costs in their efforts to reach target households, causing an already slim profit margin to shrink further. In light of this challenge, the project expanded sales agent recruitment beyond youth to include adult VESA members who resided in the areas requiring support. This pivot helped to ensure more local distribution networks and to maintain the initiative within a small profit margin.

Procurement and Market Analysis

Implementation of the voucher initiative occurred amidst a major country-wide spike in demand for soap. L4R therefore had to be diligent in their efforts to ensure private sector partners were reserving enough soap for the sales agents and that soap made its way to suppliers and wholesalers despite transportation restrictions.

A market analysis at the outset of the initiative would have been helpful to assess which type of soap households like and would be most likely buy in the future.

Reflecting on their process, L4R has since speculated that a market analysis at the outset of the initiative would have been helpful to assess which type of soap households like and would be most likely buy in the future. Building a supply chain based on those findings – rather than simply identifying the best soap available – would likely encourage households to sustain good handwashing practices and to continue purchasing soap over the longer term.

Conclusion

Livelihoods for Resilience’s key aim in adapting to COVID-19 was to think beyond the immediate needs of the crisis and to consider the broader impacts and longer-term possibilities of their response. Recognizing that the need for soap is an ongoing one, L4R designed the voucher initiative to build a market network, to ensure economic benefits for local communities and to strengthen long-term relationships. While definitive outcomes will not be determined until the project analyzes data over the coming months, initial findings suggest the program is moving in the intended direction. Households received relevant and timely assistance (without the need for distribution), market relationships formed and strengthened, and vulnerable service providers received an economic boost when they needed it most. Longer-term findings will reveal if households sustain soap purchases and handwashing practices, and whether there are any impacts on health outcomes. When the project ends, these relationships and behavior changes will hopefully remain as a long-term legacy of the Livelihoods for Resilience Activity and a model for looking beyond short-term distributions in times of crises.

Follow updates from the Livelihoods for Resilience Activity [here](#).

