Access to high quality inputs through E-voucher program in Ukraine

Impact and learnings
Abstract

UHBDP partnered with 26 companies to implement the incentive-based purchase program (e-voucher). The program enabled access to 12 categories of products (multiple items including seedlings, fertilizers, crop protection, environmentally friendly products etc.) to small and medium producers in Ukraine. The program was implemented during four production seasons (2017-2020), where discounts were provided to 2680 unique clients. These clients acquired 11,882 agricultural inputs worth approx. CAD $931,641. Due to the nature of the e-voucher coupon, 32% of this sum, or CAD $305,698, was provided as a discount to producers by UHBDP.

This case study presents a detailed description of how electronic vouchers (or e-vouchers) were mobilized for the delivery of high-quality inputs to smallholder producers. It explores the intent of the e-voucher, and how it was managed in the project. The case study analyzes the impact on both producers and retailers and provides learnings and recommendations for future projects to use the voucher.

Introduction

The Ukrainian agricultural sector has vast natural and human resources that contributes substantially to the Ukrainian GDP. However, it is challenged by a workforce that falls short of its potential and reforms that are slow in coming. This gap, combined with poor business and production practices and inadequate business models used by Ukrainian SMFs, result in lower crop yields, earnings and ultimately, lower revenues. UHBDP sought to bridge this gap by ensuring sustainable incomes among target farmers and SMEs by facilitating a boost in an annual consolidated sale to $65.5 million USD, and horticultural production volumes to 141,650 tons. The project accomplished this by providing access to information and knowledge, improving the whole value chain from production to sales, involving various market actors at all stages.

The Ukraine Horticulture Business Development Project (UHBDP or “the Project” – 2014-2021) facilitated the economic growth and expansion of 44,000 horticulture smallholder farmers (SHFs) and small to medium sized enterprises (SMEs) in southern Ukraine. UHBDP was funded by Global Affairs Canada (GAC) and used $19 million CAD to engage target clients in expanding market linkages, smart incentives, impact investment, gender and environment-themed programming, and business capacity building. The project goal was to increase SHF and SME incomes and production volumes. The Project accomplished this goal through the following project components: a) a purchase incentive fund (e-vouchers); b) matching grants; c) production, harvest, post-harvest handling trainings and capacity building; d) strengthening business capabilities and market linkages for SHFs and SMEs; e) cooperative development; and lastly, f) workforce competencies.

Market situation in 2017 before Program Launch

When the e-voucher program launched, market analysis demonstrated that small producers did not use high quality inputs. Small producers are defined as producers who have land area up to 5 hectares, and the annual income does not exceed 1 million UAH. A lack of high-quality inputs had a direct effect on product quality
The e-voucher had a specific goal of increasing the use of environmentally friendly products to improve the level of positive impact on the environment while tackling climate change. It also ensured that modern current technologies are widespread among producers.

**Retailer selection**

The primary criteria for selecting retailers were a) to assess the needs of the UHBDP customer, alongside b) the benefits of available product options. To determine the product benefits, UHBDP used industry experts, leading farmers, value chain development specialists and key facilitating partners. Once these initial criteria were fulfilled, the retailers also had to meet the following criteria:

1. Willingness to work in the E-voucher Program under the conditions offered by UHBDP.
2. Registration of all processes in accordance with the legislation of Ukraine, work in "white", paying taxes, without corruption.
3. Availability of goods needed by UHBDP customers, or innovative goods applicable in horticulture and beekeeping.
4. Convenient logistics location, in places of customer concentration, or willingness to work with delivery services.

**Types of products offered**

In total, 26 retailers were selected providing a range of product offerings that responded to the project needs of reducing labour/time to complete on-farm tasks. These products also catered specifically to horticulture production and beekeeping producers. The project also prioritized providing e-vouchers for products that could contribute to greater gender equality and environmental impact. For example, the following criteria were assessed when determining whether a product would be eligible for e-voucher:

- the level of positive impact on environment and affects of its use on environment;
- the level of impact on climate change;
- the level of positive impact on manual labor and processes, where women are often involved.

The selected product categories that would be eligible for e-voucher discount and the rationale for including these products at a farm level is described in Table 1 below. Most products were discounted at 30% of their retail value, however those which were deemed more innovative or environmentally friendly were discounted at 50% of their value. These products are marked in the following Table 1 in green.

| Table 1. Summary of UHBDP products included for discount for target producers |
|---------------------------------|-------------------------------|-----------------------------|
| **Product** | **Rationale and discount** | **Expected impact at the farm level** |
| Seeds | to improve the quality of cultivated products | 35% discount | increase yields |
| Mineral fertilizers | selected at the request of customers as one of the most common consumables | 29% discount | improving quality, increasing productivity, reducing financial costs |
### Table: Classification of e-voucher products based on expected impact

<table>
<thead>
<tr>
<th>Product name</th>
<th>Impact on Environment</th>
<th>Level of innovation to SMF</th>
<th>Impact on climate change</th>
<th>Impact on women business</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Seeds (over 30 crops)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Mineral fertilizer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Organic fertilizer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Crop protection</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Green house film</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Irrigation tape</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Mulch film</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Volume for seeding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Chlorophyll (biopreparation)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Insect traps</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Soil and plant analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Tensiometer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Weather station</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Packaging</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Small tractors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Beekeeping equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 2. Classification of e-voucher products based on expected impact

### Summary of the delivery mechanism

The e-voucher is a supply-chain management and market adoption tool wrapped into one. It uses SMS-based communication to deliver and redeem vouchers in low bandwidth environments. SMS technology can function even with poor reception. SMS messages, sent on the mobile phone were selected as the communication channel, because in 2017-2018 a large proportion of customers had older mobile phones (not smartphones). After selecting the company, an SMS gateway was connected to the e-voucher software, which allowed the project to send and receive SMS messages to customers, generate vouchers and change the status of vouchers from “issued” to “redeemed.” These functions are described in the overall process flow in the following section.

### Overall process flow

The flow of the e-voucher was centrally managed by MEDA staff. MEDA recruited both retailers and clients and used the e-voucher as a way to create market linkages between them. Figure 3 below describes the steps in the e-voucher process.
E-voucher codes were generated and sent to clients via SMS. The message would indicate that they were eligible for a discount at a particular retailer. At the same time, corresponding retailers were informed about the client’s e-voucher applications.

During the transaction, the consumer would present the retailer with their voucher by showing them the SMS, including the voucher code. The retailer redeemed the voucher by sending a technical SMS message along with the voucher code to a special number connected to e-voucher system. This would in turn change the status of the client’s e-voucher from “issued” to “redeemed,” and the retailer would receive an SMS validating the product and discount. The producer then paid the retailer the difference of the normal price of the product minus the discount.

At the end of each month, the UHBDP technical team generated a report in the e-voucher system on all vouchers redeemed and sent it to the UHBDP financial team to generate payments to retailers. The team also imported the data into the CRM database of the Project in order to link each redeemed voucher to a specific client of the project.

**On-line product catalogue**

Shortly after it’s start-up, in early 2018, the e-voucher program faced a situation where customers of the e-voucher were acquiring smaller, more regularly purchased products such as drip tape, fertilizers, seeds, etc. The market situation allowed large retailers to have sufficient sales of these products without needing to participate in the e-voucher program. Retailers were also discouraged by the additional time needed to spend on the e-voucher and the financial proof and documentation they would need to be compensated.

As a result, retailers were not motivated to sell their products through the e-voucher Program. The project responded by developing a project webpage which enabled clients to register and apply for the e-voucher program online. While many products were not initially connected to the program, the retailers that chose to take part gained accessibility online. This webpage became especially important with the onset of COVID-19 and the inability of individuals to visit retailers in person to order materials (discussed in Results below).
Results and impact of the e-voucher program:

E-voucher redemptions and amount of product purchased

The e-voucher program began in 2017 and continued until 2020. During this time 11,882 products were purchased, amounting to 6,288,779 UAH in discounts. The project aimed to target 5,000 issued vouchers but was able to reach 2,680 unique clients with a total number of 11,882 redeemed vouchers. The data in the below figure and table demonstrates how the e-voucher gained popularity over time, starting slowly in 2017, but growing gradually with widespread use in 2020.

<table>
<thead>
<tr>
<th>Top eV category</th>
<th>Amount of discount (UAH)</th>
<th>Number of clients</th>
<th>Number of goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drip irrigation</td>
<td>1,417,278.97</td>
<td>622</td>
<td>1,318</td>
</tr>
<tr>
<td>Greenhouse film</td>
<td>1,186,111.09</td>
<td>366</td>
<td>1,040</td>
</tr>
<tr>
<td>Seeds</td>
<td>700,638.06</td>
<td>331</td>
<td>2,699</td>
</tr>
<tr>
<td>For beekeepers</td>
<td>677,287.00</td>
<td>762</td>
<td>1,939</td>
</tr>
<tr>
<td>Mineral fertilizers</td>
<td>645,580.25</td>
<td>254</td>
<td>1,951</td>
</tr>
<tr>
<td>Organic fertilizers</td>
<td>511,226.15</td>
<td>193</td>
<td>935</td>
</tr>
<tr>
<td>Agrofiber</td>
<td>327,660.30</td>
<td>172</td>
<td>552</td>
</tr>
<tr>
<td>Small mechanization</td>
<td>275,932.50</td>
<td>91</td>
<td>96</td>
</tr>
<tr>
<td>Plant Protection</td>
<td>145,014.78</td>
<td>81</td>
<td>350</td>
</tr>
<tr>
<td>Measuring devices</td>
<td>138,419.98</td>
<td>104</td>
<td>407</td>
</tr>
<tr>
<td>Packaging</td>
<td>73,916.30</td>
<td>38</td>
<td>71</td>
</tr>
<tr>
<td>Containers for seedlings</td>
<td>60,888.37</td>
<td>58</td>
<td>118</td>
</tr>
<tr>
<td>Analyzes</td>
<td>56,400.00</td>
<td>92</td>
<td>141</td>
</tr>
<tr>
<td>Market Pochatok</td>
<td>40,325.00</td>
<td>122</td>
<td>157</td>
</tr>
<tr>
<td>Magazine Agroindustry</td>
<td>17,849.64</td>
<td>65</td>
<td>70</td>
</tr>
<tr>
<td>Mulching film</td>
<td>7,577.50</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Programs</td>
<td>3,750.00</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Biosecurity and traps</td>
<td>2,923.62</td>
<td>9</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td>6,288,779.51</td>
<td>2,680</td>
<td>11,882</td>
</tr>
</tbody>
</table>

Figure 5. Top e-voucher categories based on amount of discount distributed, number of clients reached and number of goods sold

Once issued, e-vouchers were only valid for 14 days. During that time the UHBDP used Viber and Facebook marketing campaigns to encourage redemptions. While 30,000 producers were eligible for e-voucher, 19,033 were issued and of those, 11,882 were redeemed (62% redemption rate). The below map depicts the volume and location of e-voucher redemptions.

Drip irrigation, beekeeping products, greenhouse films, mineral fertilizers and seeds were among the most redeemed products, accounting for 74% of the discount fund.

Within the life of the program, producers purchased and installed 2,266 km of drip irrigation tape, covering 350 ha of vegetables; used almost 227 tons of fertilizers, 85% of which were organic; received quality seeds for sowing of various crops on the total area of 60 ha. Beekeepers purchased over 1,130 honey barrels, in which they could store 222,600 liters of honey.

Figure 6. Graph depicting growth of e-voucher use over time among UHBDP clients based on number of annual redemptions

Figure 7. Map of e-voucher redemptions locations and volumes over the duration of the project
Impact of e-voucher on producers

Methodology for determining impact on producers
The project measured the impact of the e-voucher by conducting annual producer surveys that gauged perceptions about the e-voucher and the impact that the subsequent discounted products had on the client producers.

Impact of e-voucher products on physical labour
The 2021 survey data revealed the top three reasons why clients took advantage of the E-voucher programs were: discount (50%), product quality (25%), and value of the product quality with respect to its price (23%). Through the discount, the e-voucher exposed clients to new products; for 68% of producers, they purchased products which they had not tried before (i.e. drip irrigation, new types of seeds etc.) because a discount was available. Survey results from 2021 also demonstrated that 53% of male and 63% female clients reported that the products purchased through e-vouchers had helped them make their physical work easier. The products which had the greatest impact on physical labour are depicted below

Motoblock (25 respondents)

Greenhouse film (46 respondents)

Drip irrigation (102 respondents)

With the help of a motoblock purchased through an e-voucher, it became easier for 100% of men and 80% of women to work physically.

Thanks to the greenhouse film, 73% of women and 81% of men have reduced financial costs, and 73% of women have reduced costs (time or other). Product quality has improved in 59% of men and 70% of women.

The use of drip irrigation increased yields in 54% of women and 48% of men, reduced financial costs for 56% of women and 61% of men, and 65% of men said that it became easier for them to work with this product.

LOSSES HAVE DECREASED: FOR EXAMPLE, WATER, TIME

REDUSED FINANCIAL EXPENCES

- Agree
- Partially agree
- Disagree
- Don’t know

Another important factor influencing the savings can be identified in the changes in limits on the purchase of goods. At the beginning of the e-voucher program for Project clients there was a limit of 1 product per year. In the 2019 season, the limit on the general discount was slightly increased to UAH 2,200 and restrictions were relaxed to allow the purchase of several products. In 2020-21, the clients of the Project were allowed to receive more goods for one purchase, the total discount for these years increased from UAH 2,000 to UAH 7,000. Many customers in the survey confirmed the significance of such changes and the benefits of discounts while saving money.

Impact of e-voucher products on yield
Regarding yield, 44% of male clients, and 59% of the female reported an increase, nevertheless 90% of female clients noted that yields are influenced by many factors, not just inputs. Therefore, it is difficult to conclude whether the yields were influenced particularly by the application of e-voucher products.

In addition to the supplies outlined above, beekeeping clients reported that goods specific to beekeeping activities made physical work easier for 50% of women and 68% of men.

Impact of e-voucher products on financial costs
One of the main goals of the e-voucher was to reduce financial costs for producers. In the 2021 survey, 62% of men and 53% of women clients reported clear decreases in their financial expenses for water, electricity, labour, and inputs (shown in figure below).
“This year I harvested not a typical for me onion harvest: large, fine, and healthy. During planting, I used Biohumus fertilizer, that I took with E-voucher. I sprinkled it over the bulbs on top of compost, very little. I didn’t add anything more, no traditional fertilizers. My harvest was excellent, better than the neighbors. Discount was a big help to me, otherwise I could only afford to try it on seedlings, not on the whole crop. Thank you to the retailer for a great product for our plants.”

Female producer

Impact of e-voucher on client product quality

Overall, 61% of women and 55% of men fully agreed that when buying goods through the e-voucher service, they were able to grow better quality agricultural products. The following products contributed to the improvement of product quality (partially or completely):

<table>
<thead>
<tr>
<th>Product</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agrofiber</td>
<td>61%</td>
<td>13%</td>
</tr>
<tr>
<td>Drip irrigation</td>
<td>52%</td>
<td>18%</td>
</tr>
<tr>
<td>Mineral fertilizers</td>
<td>61%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Overall, 61% of women and 55% of men fully agreed that when buying goods through the e-voucher service, they were able to grow better quality agricultural products. The following products contributed to the improvement of product quality (partially or completely):

- **Agrofiber**: 61% of women found that their product quality increased with the use of eco-goods.
- **Drip irrigation**: 52% of women found that their product quality increased with the use of drip irrigation.
- **Mineral fertilizers**: 61% of women and 67% of men found that their product quality increased with the use of mineral fertilizers.

Client satisfaction with the retailer

Clients responded that the level of service quality provided by the retailer in 2019 was rated higher than in 2021. 93% of women and 83% of men gave the highest score of “5” in the first survey, in contrast to the score of “5” from 86% of women and 86% of men in the last 2021 survey. This may indicate a worsening of the situation with the transportation and delivery of goods due to COVID restrictions in 2020. Also, the difference in the percentage of positive responses could be a reflection of the increased range of goods available through the e-voucher, making it more difficult to assess the benefits or other impact than with a smaller range.

Despite the above findings, the average percentage of e-voucher customers satisfied with the program remains 85% over all years of the e-voucher’s operation.

“Useful service, which is necessary for producer and the difference in the price of the discounted product is very noticeable. We used the e-voucher with the whole family, the discount is good for us. We knew that this drip irrigation system is very high quality, as we used it before, and then we saw this drip tape in your catalog. Thank you for doing something useful for us!”

Male producer

Reach of Environmentally beneficial products

The project had a specific goal to introduce producers to environmentally beneficial products (EBP). By the end of the project, 43% of eV costs (UHBDP provided as a discount) were dedicated to eco-goods. A larger value of expenditures on eco-goods was distributed among drip irrigation, organic fertilizers and seeds.

There was no significant difference in discount value per the unit of goods and per a person if to compare eco-goods and conventional goods. The maximum difference was up to 5%.

Reaching female clients

Throughout the program, the UHBDP team became aware that there were more male clients in the EV program than female. To prevent a situation in which UHBDP could lose the opportunity to satisfy women with access to the purchase of modern and high-quality goods at a discount, there was a constant monitoring of those who used the service. UHBDP never restricted men’s access to the service artificially, but instead updated the marketing strategy / approach periodically to engage more female clients.
clients to the program, for example, through e-mail, social media and SMS campaigns that were aimed directly at women. Examples of these are depicted below.

Above, from left to right, an example of a Viber message, Facebook messages from the UHBDP account and an SMS message targeted towards women producers

As demonstrated in the figure below, women who participated in the program purchased more goods on average than their male counterparts. As a result, the average value of the discount received by women was 11% higher than the average discount received by men. However, because there were a greater number of men in the program (39% less women), a larger amount of expenditure at the program was directed to goods purchased by men. 100% of women who were surveyed reported that their business was a family business; none of the female respondents were single women, or women who work without family support. It is unclear whether there are many single women farmers in the target geographic areas, or whether the project was unable to target these clients. UHBDP reached both women and men from rural and urban areas through the e-voucher program, but the number of people from rural areas was higher for both genders. For example, 56% of all women who redeemed vouchers lived in rural areas. Also, of the discount redeemed by women (1.86M UAH), 59% went to rural areas.

Impact on Retailers

Over the course of the program, UHBDP worked with 26 service companies (retailers). Prior to the start of cooperation with the Project in the e-voucher program, only 64% of companies worked in the segment of small producers engaged in fruit and vegetable growing. At the same time, more than 70% of retailers said that they work in accordance with Sustainable Development Goals.

The main expectations of retailers from participating in the E voucher program:

- increase in turnover, demand for their products
- expand the customer base
- opportunity to occupy the niche
- offer to small-holder producers the opportunity to try high quality inputs.

Retailers benefited from the project in several ways. For example, to help retailers understand their customers, the UHBDP team exchanged information about client’s preferences and requests with retailers on a regular basis. This allowed retailers to update their product inventory not only for UHB-DP clients but for the whole Ukrainian market. Furthermore, for some retailers, the online catalogue became the only online platform that allowed them to be online even without their own websites. UHBDP e-voucher marketing campaigns assisted retailers in informing and engaging clients during the COVID-19 quarantine. Lastly, understanding that there are many generic and fake products in agricultural supply market, retailers benefited by supplying original goods under the UHB-DP, allowing them to compete with counterfeits when it comes to price.

In 2019 and 2020, the project conducted an impact survey among retailers, where 14 retailers took part (75% of respondents were male, 27% female). 79% of retailers reported increases in sales volume as a direct influence E-voucher program. In addition to increased revenues, retailers report that they reached new market segments in which they previously did not operate. For example, almost 30% of service-providers reported that they had not worked in the small-holder producer segment before and were selling mainly to large farms and companies. For several
service providers, an innovative solution was selling products using web-catalogue. This experience became particularly useful and kept their business running under Covid-19 quarantine. 92% of service providers reported that they would like to continue partnership with UHBDP in the new reporting period.

- **Impact of e-voucher on Retailers after the close of the program**

  One year after the conclusion of the e-voucher, another retailer survey was administered to assess the long-term impacts of the voucher. Nine retailers responded to the survey – others did not respond since they did not have sales of e-voucher products at the time of the survey. Of these nine, 8 reported that customers who had purchased products/equipment with e-voucher during the program, had returned after the close of the program to continue purchasing from the same retailers. They reported that on average, 70% of their e-voucher customers continued to be their customers. Eight of the nine respondents mentioned a variety of new marketing tools being used to keep up product marketing, including using: Viber, Facebook Advertising, Instagram and Google advertising. These results demonstrate both sustained customer bases for the retailers in the project, and their commitment to maintain marketing strategies after the close of the e-voucher program.

**Impact of COVID-19**

During COVID-19 pandemic, demand for UHBDP e-voucher service increased as many shops providing horticultural inputs were closed and the only possibility for clients was purchasing their products online. The UHBDP Project online catalogue became the only online platform for some of the retailers and allowed them to have an online presence even if they did not have their own website.

**Changes to the project during COVID-19**

After quarantine was announced, half of the project clients reported that they had difficulties with purchasing and delivery of input materials with the closure of markets and shops. Half of the respondents reported a need for information and financial support to overcome the crisis. Based on these requests, the project’s approach to the e-voucher program included the following:

1. **Increased e-voucher budget per client.** At the planning stage, the project team considered CAD $75 as a co-financing budget per client. However, the team decided to increase the budget per client up to CAD $125, as many clients had reported that the budget was too low for them to purchase required inputs even for the land plot up to two hectares.

2. **Strengthened relationships with retailers.** During the reporting period, retailers were informed on regularly basis about client’s preferences and requests, which allowed retailers to update their product offerings. This served not only to benefit UHBDP clients but also allowed the retailers to respond to the whole Ukrainian market. UHBDP e-voucher marketing campaigns allowed retailers to inform and engage clients in the uncertainty of the COVID-19 quarantine. Further, retailer’s staff were offered trainings on technical processes, issues, and compliance. This in turn reduced the number of mistakes and made procedures far more effective.

3. **Allowed relatives to collect products and make payments on behalf of a client.** An early financial control in the e-voucher program was a rule that only clients registered for e-voucher could pay and receive a product from a retailer. However, with quarantine and movement restrictions, unless a relative could collect products or make payments on their behalf, these clients would be denied the opportunity to utilize e-voucher program benefits. The adjustment allowed for increased uptake without compromising financial controls.

4. **Used ICT tools for systemic client engagement.** During the pandemic, the team updated the e-voucher catalogue, updated the brochure of goods and services, made 500+ key facilitating partner awareness phone calls, ran a weekly PR-plan, with promotion of a certain product per week. This concerted effort has also led to increases in product uptake.

Looking into the e-voucher program overall, according to the feedback survey, 68% of producers purchased products from the catalogue for the first time in 2020. This is an unexpected result for the project which might have expected to see uptake decrease with the pandemic. But with fewer suppliers overall offering web-based services, and given the quarantine restrictions imposed, the pandemic increased use of the e-voucher platform. The web catalogue became a main fixture in connecting suppliers with clients. As of 2019, only 54% of men and 56% of women bought means of production via the Internet, in contrast to 2021 where 93% of men and 87% of women purchased supplies/equipment online.

The top three reasons the e-voucher program appealed to clients were: discount (50%), product quality (25%), and product quality with respect to its price (23%). During this time frame, almost all respondents (98%) reported that the product or service met their expectation.

**Learnings and Recommendations**

As demonstrated with the evolution of the e-voucher catalogue and the changes made during COVID-19, the UHBDP team has consistently looked to pivot and improve the program. Upon reflection at the end of the project, there are also several learnings that would inform the design of a future e-voucher project in the country, or lessons that could be scaled to another geography.

- **Expand the scope and range of goods**

  Retailers reported that the greatest demand was for goods that are used daily in the production process (for example: drip irrigation, mineral fertilizers, greenhouse film), and as a result, these need to be given the most attention. Retailers requested that vouchers be applied as a means to ease the purchase price of these goods throughout the year. There were also gender differences between clients; while men were quick to take up the voucher program, women were more difficult to attract. However, women tended to purchase a greater number of goods and more eco-friendly products. As a result, a wider variety of products could allow for greater participation from women.
• **Expect lower uptake for innovative goods**
  
  One of the goals of the project was to promote innovative products among manufacturers, but during the project, it became clear that such products are much less in demand, even with discounts. Such products were interesting to audiences that already had advanced production capabilities and larger scale businesses. Due to the high level of poverty, most clients purchase only the minimum necessary for a growing season, and only those products with which they had experience.

  In a future project, such technologies must be introduced among customers at a certain level. Alternatively, the grant size for these innovative technologies should increase to further incentivize their uptake. The project felt that the amount allocated per client ($80/hectare) was a small amount to feel the impact of these grants. In the future, given the value of the products that are intended to be promoted, the grant size should also be increased.

  Furthermore, any product should be accompanied with marketing and follow-up. There is often an assumption that when products are free or discounted that people will rush to it, which is not always the case. Educating clients often requires the same efforts as in a private business to convey the advantages of the product and follow up on client interest.

• **Trust**
  
  Throughout the e-voucher program, despite the large number of supporting materials, the level of trust remained low among clients until their first use of the e-voucher. Demonstrating successful cases, positive feedback, and success stories helped to overcome this situation. Future projects might benefit from a pilot in one region to demonstrate success and then using those success stories, scale this out to other areas.

• **Location of retailers**
  
  The location of retailers also significantly affected the use of the service. Feedback from clients demonstrated that the program must involve distributors whose location coincides with the location of the concentration of producers of a particular crop, or who use the same technology.

• **Exclusion of retailers/potential exclusion of producers**
  
  Initially the project had envisioned producers to self-register via an application form on the e-voucher website. Due to the difficulty of this process, the project pivoted to register clients through project staff, which made the process more difficult than originally imagined.

  Some retailers may also have been excluded or opted not to participate in the project. The project staff used tender and set procurement procedures for retailers, but at times it was difficult to maintain those procedures in geographies with only one retailer. This also meant that retailer perhaps had higher prices for products than others in more remote areas, mainly due to the challenges and cost to get that product into those areas. With the procurement protocols in place, these retailers were unhappy to have to provide extra documentation and justification and opted not to participate in the project. In the future, the project would prefer to have exceptions in place for retailers in remote areas.

• **Pegging e-voucher discounts to a percentage rather than an absolute value**
  
  The project design was to have a set discount for each category of product. For example, some were discounted at 20%, but others at 40% or 50%. Due to the cost fluctuations of these products seasonally, the discount was always changing (as the system was based in Canada). Each time the prices changed from US dollars to Ukrainian hryvnia, the retailer agreement with the project needed to be adjusted. This caused delays for products to get out as the contracts had to be adjusted first.

  Shifting the responsibility of making financial decisions to Ukraine could possibly lead to greater flexibility of the program and the ability to cover the needs of clients at the moment when they need it. This would avoid multiple contract amendments and fluctuation with the Canadian dollar.

• **Adding the ability to send goods and pay by cash on delivery**
  
  The original design of the e-voucher required that the client be present at the retailer and pay for the product at purchase for it to be delivered later. This was difficult for project clients who often had no possibility to directly contact stores. The project adapted to allow for the products to be paid for at delivery. This was made possible by the strong postal service in Ukraine. The receipt of goods at the post office is only possible upon ID presence. In other words, the post office would identify the client and prevent anyone else from being able to recuperate the product. This change also built trust between client and retailers, as the client actually received the goods after ordering. This also helped to create an environment for development for retailers as they saw the potential of using a web-based service and its ability to expand their reach beyond their usual clientele.

• **Changes to the e-voucher redemption system**
  
  To reduce the risk of fraud, the UHBDP team conducted all accounting operations in the e-voucher system and maintained a level of inventory management and tracking. For example, if there was a certain quantity of product in the retailer’s warehouse that was eligible for e-voucher, a unique barcode was issued for each unit of this product. Subsequently, when a voucher was redeemed by the customer, the retailer would validate it using e-voucher and the unique barcode. This model worked well when there was a small volume of products for customers, a limited number of products need to be sold. However, when the programs expanded and more products were being offered, this complicated the task for both the retailer to have to keep a record of e-voucher products and the UHBDP team to maintain a sense of inventory. It also meant that several SMS would have to be sent and received to facilitate the purchase of one product. On average, for each product that was redeemed, 6 SMS had to be sent.

  In a model of the project, the UHBDP team recommends the following change to the flow of e-voucher:

  - By the request of the client, a voucher would be generated in the system, with the specified type and the quantity of the product required by the client (rather than a separate voucher for each product of the same type). Next, the voucher would be redeemed by the retailer and after redeeming, the retailer would change its status to purchased. As a result, one voucher could be used to sell multiple quantities of one type.

  This model would significantly reduce the number of operations performed by the project staff, as well as the number of SMS issued to carry out operations. This in turn would reduce cost.

  A future project would also improve its efficiency by entering all the products in the local language of the country where the project is being implemented. This would improve the understanding of clients in the process of registration / purchasing, and facilitate the work with financial reports, which are formed according to the legislation of the country where the Project is being implemented.
Creating business solutions to poverty

Offices in Canada, the United States and around the world. Visit our website for a complete list.

1-800-665-7026
www.meda.org
meda@meda.org

Head Office
595 Parkside Drive, Suite 2
Waterloo, ON Canada
N2L 0C7