LEARNINGS FROM CASH GRANT SUPPORT TO SMALL AND MEDIUM FOOD SHOPS
IDLEB GOVERNORATE, NORTHWEST SYRIA
DESCRIPTION OF THE INTERVENTION

GOAL provided support to market vendors in Idleb governorate, in the form of cash grants (average 500 USD) and business coaching sessions to increase their resilience to market disturbances and sustain their functionality.

With Bureau of Humanitarian Aid (BHA) funding, GOAL Syria started implementing business support projects in March 2021.

Rationale for Intervention: The majority of vendors working within GOAL’s areas of operation survive on slim margins and are highly susceptible to market and currency instability, often resulting in an inability to restock on time due to a lack of financial capital. Vendors are often confronted with other issues such as the lack of appropriate infrastructure, equipment, and electricity. These challenges faced by vendors in Northwest Syria (NWS) negatively impact the community they serve, resulting in reduced availability of affordable, diverse, and nutritious foods.

Aims of SME Support: The SME support aims at strengthening markets in NWS through increasing vendors’ resilience to market shocks. This is done by supporting small vendors through a comprehensive approach involving the provision of business support technical assistance and cash grants. Technical assistance is offered in the form of group sessions and individual coaching on business related topics such as record-keeping and marketing. This is complemented with the distribution of cash grants to the smallest and most vulnerable vendors in targeted markets and following the review of their application and business plan. Cash grants are used for a variety of business ideas, including small shop rehabilitation. Due to the successful implementation and positive effect of the programme so far, GOAL has secured more funding for this activity, and it is currently the third grant cycle of implementation in both villages and camps under BHA funding.

Methodology: Between March 2021 and August 2021, GOAL supported 242 SMEs/vendors in villages in Idleb governorate with cash grants. A baseline assessment was conducted in March 2021 with all vendors prior to receiving the SME support to understand their situation beforehand. Out of the 242 vendors who received cash grants, 113 were interviewed 1 month after receiving the support, and the same vendors were interviewed again 6 months after receiving the grant. This is a qualitative monitoring mechanism looking at the perception of vendors on the SME support intervention for the purposes of learning. The aim of this learning brief is to understand the effect over time of the cash grant component of the SME support by comparing the findings from the assessment conducted before receiving support, after 1 month, and after 6 months of receiving it.
Finding #1: Increased Sales, and Financial Capital

The distribution of cash grants as part of the SME support significantly increased the vendors’ financial capital and monthly sales.

Six months after the grant was received, 85% of vendors reported an increase in their shop’s financial capital. In addition, the number of vendors reporting a capital higher than $3,000 also increased over time as 28% of vendors reported this figure before receiving the SME support but 47% reported this after 1 month and 56% after 6 months of receiving the support.

Similarly, 89% of vendors reported that their monthly sales had increased after receiving the SME support and as a direct result of it. The percentage of vendors reporting sales higher than $3,000 increased from 30% one month after receiving support to 50% six months after receiving support. Please note that the monthly sales may not have necessarily resulted in more goods sold but could be the same goods sold at higher prices.

Finding #2: Increased Number of Customers

The cash grants received by vendors significantly increased the number of customers visiting their shop, especially 1 month after receiving the grant.

One month after receiving the cash grant, 93% of vendors reported that their average number of customers had increased as a result of the support. When interviewing the granted vendors after 6 months, 79% of them reported once more that their number of customers visiting their business had increased as a result of the SME support.
FINDING #3: INCREASED NUMBER OF EMPLOYEES

Cash grants helped vendors to increase the number of employees working in their shop 1 month after receiving the grant.

Between the assessment conducted with vendors before receiving the cash grant and the assessment conducted after 1 month of receiving support, 48% of vendors reported an increase in the number of staff working in their shop.

Later, after 6 months of receiving the cash grant, 3% of vendors reported a further increase in the number of employees.

FINDING #4: DECREASED DEBT AFTER 1 MONTH AND STABILISED DEBT AFTER 6 MONTHS

The grants received by vendors as part of the SME support have assisted them to repay debts related to their shop, especially after 1 month of receiving the assistance.

One month after having received the cash grant, the majority of vendors (54%) reported their level of debt related to their shop decreased and 31% of them reported debt remained stable as a result of the SME support.

After 6 months of receiving the cash grant, 24% of vendors no longer had debt related to their business. 76% of vendors reported still having debt in relation to their business, with the average reported debt being $1,575. Within the vendors still having debt, the majority of them (56%) reported that debt related to their shop stabilised since receiving the cash grant.
KEY TAKE AWAYS & LEARNING

TAKE AWAYS

- The cash grants increased vendors’ sales and financial capital over time, increasing their resilience to market disturbances.
- The number of customers visiting the vendors’ businesses significantly increased after they received the grant and implemented their business idea. The fact that this percentage slightly decreased between the first and the sixth month of receiving support could mean that members of the community are particularly attracted by the newly made changes to the shop but get used to it over time and the number of customers slightly reduces.
- Lastly, between the endline assessments conducted in September 2021 and the impact assessments conducted in March 2022, there was significant inflation in NWS and prices of basic commodities increased by 32% within this timeframe (CWG & REACH, 2022). This significantly reduced purchasing power of households in the region, potentially having a negative effect on the vendors’ ability to repay debt and the number of customers visiting their shop.

LEARNING

Please note some of the learnings are linked to the findings, while other were learning from programme implementation.

- GOAL continues distributing cash grants to critical market actors such as small vendors in food markets due to the positive effect of the programme so far.
- When possible, GOAL distributes the cash grants in two instalments to ensure the grant is used for intended purposes.
- The amount of debt related to the vendors’ shop significantly reduced after 1 month but stabilised after 6 months of receiving the grant. This is most probably because vendors are not allowed to use the grant to pay off debts directly, thus debt reduction is an indirect impact of the support. Moreover, according to the WFP, in 2021 73% of households in NWS were buying food on credit. Therefore, despite the grant helping vendors repaying some of their debt (for example to suppliers) right after receiving the support, if they continue to sell on credit to customers, they are unable to continuously repay their own debt. In a society in which buying on credit is very common, a one-off assistance such as the SME cash grant might only have a short-term positive effect on debt reduction.
- Out of the 306 vendors who applied for the SME support between March and August 2021, only 3 were female. Until now, the number of female vendors applying for the support remains extremely low as women owning/managing shops is not common practice in NWS.
- In future assessments, GOAL will interview shop customers to capture whether the desired impact on the customers and the communities was achieved, since indicators related to the customers’ impact cannot be assessed through the vendors themselves. GOAL will interview randomly selected customers from shops which received support to assess the activity’s impact on them.
- For future learning briefs, GOAL will look at the indicators around the second component of the SME support, the business support technical assistance. The impact of this component is assessed through additional methods such as pre and post-tests conducted before and after the provision of group training or individual coaching sessions.
- GOAL will re-assess the same vendors after 1 year of receiving assistance to understand the medium-term impact of the support.
- GOAL will start providing grant “top-ups” to eligible vendors who already received the SME support but require additional assistance. This will ensure the sustainability of their business idea implementation and potentially further reduce debt.
- In the assessments, vendors reported that the grant value was too small which could have impacted the indicators discussed in this brief. Since then, GOAL increased the average grant value in line with inflation to increase the impact of the activity on vendors and the communities they serve. GOAL will continue to re-assess the average grant value based on the economic situation in the region.
REFERENCES/ CITATIONS:


SUPPORT

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