

## Pathway 5

# Rural, informal micro-entrepreneurs at the heart of community resilience

In this emergency briefing series, ISF Advisors and the RAF Learning Lab will look at how the COVID-19 crisis is likely to affect different types of rural households in emerging markets and what the cascading effects may be on markets, food security, and national security.

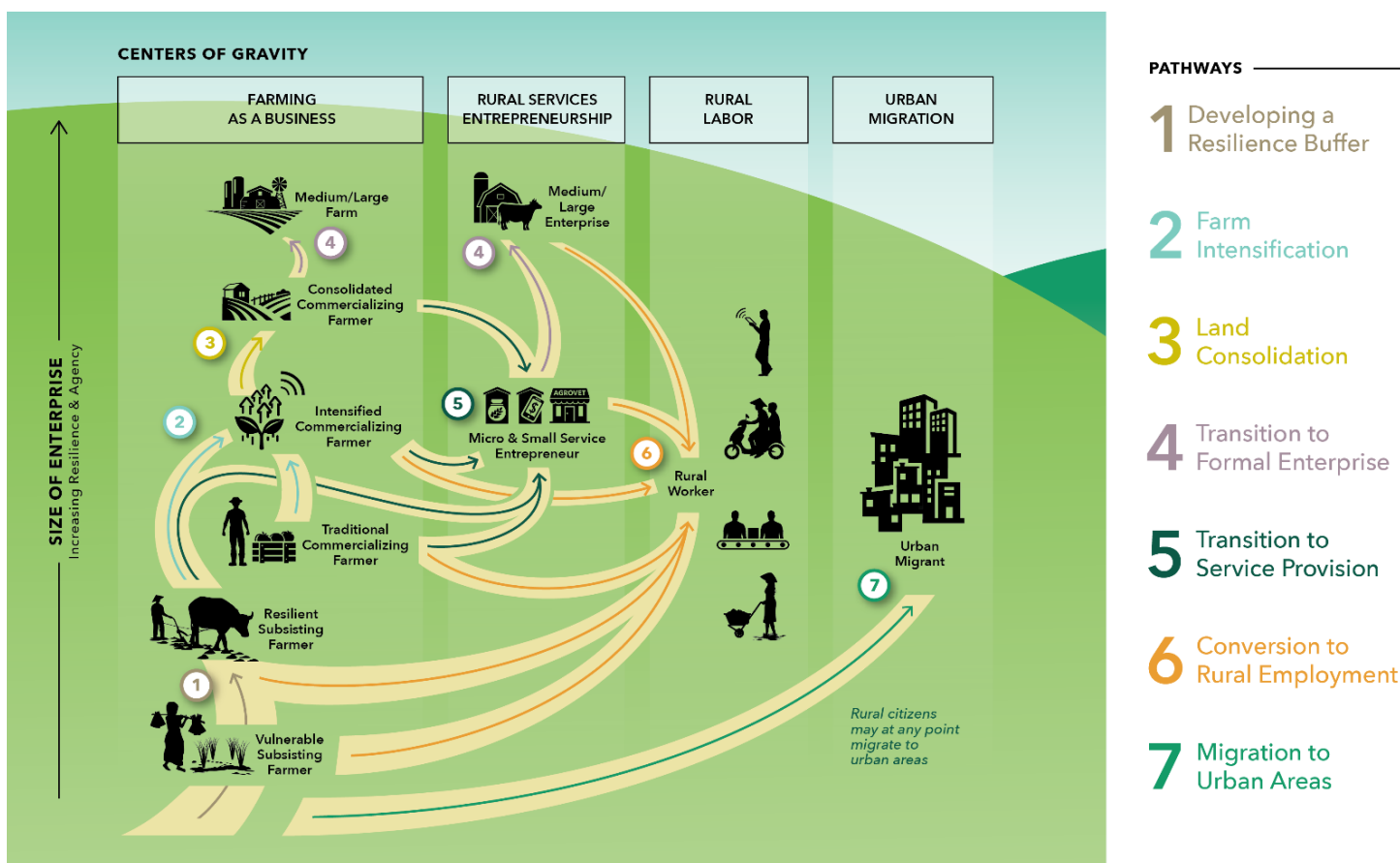
*This briefing series seeks to be pragmatic and elevate the real experiences of smallholders and service providers who are most affected by ripple effects in the economy. The series builds on the 2019 Pathways to Prosperity report and provides tangible recommendations to critical decision makers on how rural agricultural livelihoods can be supported. In this brief, we look at how the COVID-19 crisis will impact rural, informal micro-enterprises that are at the heart of community financial liquidity; often finance household expenses, such as school fees and healthcare costs; and are disproportionately run by women.*

## Introduction to Pathway 5

Pathway 5 consists of micro and small service entrepreneurs who have **informal enterprises in rural areas**<sup>1</sup>. They are typically members of a smallholder farming household who pursue an entrepreneurship livelihood as their primary source of income. These entrepreneurs may be involved in agricultural enterprise, such as small agro-vet shops; non-agricultural trading or services, such as owning a shop or taxi; or may have combined sources of income, such as being a mobile agent and shopkeeper. The defining feature of these entrepreneurs is that they manage informal enterprises with limited support from any networks and often pursue their livelihood out of necessity, rather than choice.

In the initial transition to this livelihood, the entrepreneur typically lacks management and formal financial literacy skills, and may struggle to find financing to start and develop their enterprise. While their business acumen may improve over time, they will continue to struggle with financial access. Rural, informal micro-entrepreneurs primarily rely on savings, community lending, and micro-finance institutions (MFIs) for access to capital. Most of the financing and support for this pathway happens informally within communities. There are some formal support systems that have integrated these entrepreneurs into their agent networks—notably around mobile banking and PAYGO solar—however, this remains the minority.

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Informal micro-entrepreneurs are critical in their communities. They are the true last mile sources of goods and services, providing everything from school uniforms to seeds to phone credit. There are many different types of pathway 5 entrepreneurs, varying by region, country, and community. In this briefing, we categorize them according to four primary identifiers. It's important to note that there are other identifiers not listed here, and that a single entrepreneur may operate a combined enterprise, particularly when providing agent services.

### TYPES OF PATHWAY 5 MICRO-ENTREPRENEURS:

1. **Services** (e.g., tailors, mechanics, taxis/motos, restaurants): These entrepreneurs use their skills and assets to provide a service in the community. They typically make an upfront investment in assets, and then operate based on revenue from their service. Some will take out an asset loan to help them get started or grow their service.
2. **Retail** (e.g., traders, small food shops, pharma, market vendors): These entrepreneurs can range from physical food shops or pharmacies to more informal market

vendors. What makes them similar is the importance of stock management for their operations and their reliance on cash flow to keep going. The larger vendors and shops may have working capital loans from MFIs to ensure they can buy new stock.

3. **Agriculture** (e.g., agro-vets, agro dealers, logistics): These enterprises are differentiated from more traditional agricultural SMEs by their informal operations. Their operations are highly seasonal. Some will have agricultural loans that reflect this seasonality, and many may have other operations (farming or other retail) to supplement their income.
4. **Agents** (e.g., mobile banking/money/sales agents): These entrepreneurs are typically part of a broader service network—either a PAYGO operation, a mobile money provider, or bank. Despite these ties, they remain informal in their structure, and are highly dependent on their float liquidity. Some may have working capital loans or financing from their service network. Agents may also have another source of income, such as a small shop or service.

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### Illustrative taxonomy of rural informal micro-enterprises

		Connectedness to formal systems and services		
Type	Examples	Limited	Integrated	Typical features of enterprise
SERVICES	Mechanic			Services based enterprises are often the least likely to be connected into any formal services - they are very small, and typically rely on one asset with labor. In some cases larger assets (ex. Motos or cars for taxis) may be bought through asset financing or group loans.
	Tailor			
	Taxi			
RETAIL	Market vendor			Within retail micro-enterprises there is a range of access to services. Market vendors typically have very little connection into formal systems, while retail stores may have some financing or work with providers that support inventory and other services. Pharmacies are more likely to be connected to formal systems due to their need to source medication and other products.
	Retail store			
	Pharmacy			
AGRICULTURE	Agrovet/ Agrodealer			Agrovets and agrodealers are more likely to be connected into formal services due to their distribution of technical inputs that typically come from large companies. Transporters and traders are intermediaries between farmers and buyers and may have access to working capital financing or services if in a higher value commodity (ex. Coffee).
	Transporter			
	Trader			
AGENTS	Mobile money agent			PAYGO agents have access to a formal system through the PAYGO provider, especially as the products they sell are of higher value and need more expertise maintenance. Mobile money agents need float to operate therefore have more access than mobile credit agents.
	Mobile credit agent			
	PAYGO			

NOTE: Depiction of "connectedness to formal systems and services" are relative only to depict the range of MSEs in the type examples and comparisons between businesses

These types of informal enterprises differ not only in the types of services they provide and financing they need, but also in how connected they are with formal support services. These formal support services— such as financing, digitization, and training—often do not reach rural communities. This makes these micro-entrepreneurs particularly vulnerable, as the cash flow they generate is also what pays for the school fees, supplemental food, and

healthcare costs for many rural households. It is widely recognized that micro-entrepreneurs are critical in service provision in rural communities; however, due to their informal nature, there is limited data on their characteristics. Their lack of access to more formal systems and service providers also makes them more vulnerable to exogenous shocks, such as COVID-19.

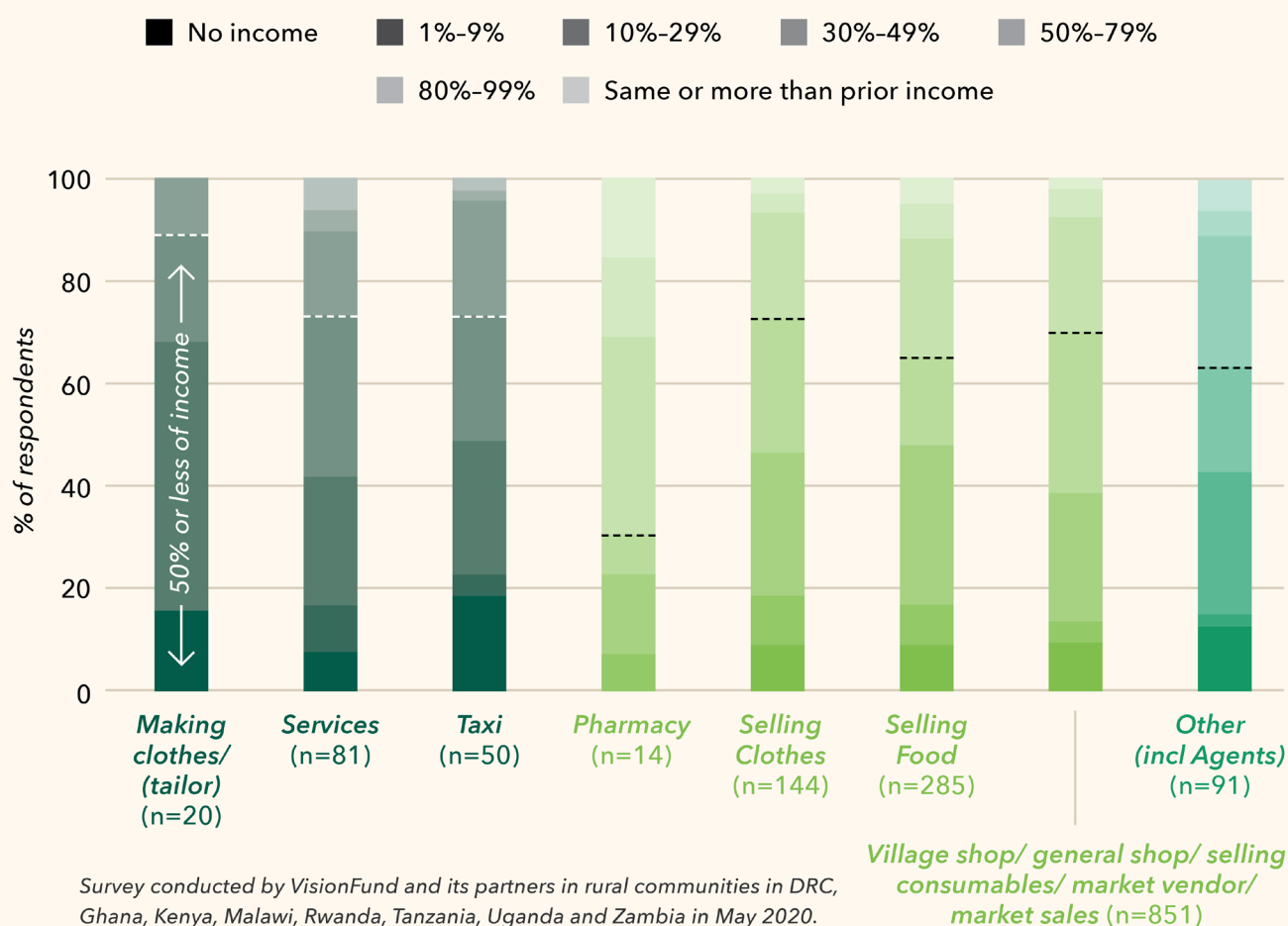
### Impact of COVID-19 on rural, informal micro-entrepreneurs: External shocks on demand and supply

Rural, informal micro-enterprises, like many businesses, have been affected by the constraints on their client base and supply channels caused by the pandemic. Consumer demand has decreased, due to declining incomes and movement restrictions from government lockdowns and curfews. The movement restrictions may impact enterprises' ability to open and get supply, and the decline in

revenue can impact their ability to restock their stores. For informal micro-enterprises, the impact is more acute due to the role the income from the enterprise plays in family livelihoods and the lack of assistance options.

Across Africa, a VisionFund survey found that decreased demand and reduced consumer spending power were the biggest challenges to rural micro-enterprises. This is consistent across the different types of enterprises and geographies. While the overall impact is similar across types, they manifest in different ways and for different durations of time. For example, the VisionFund survey found that while pharmacies have experienced some decline in income, service-based enterprises have suffered more as customers make different spending decisions.

#### % of typical income being earned by respondents









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The pandemic is also constraining the ability of micro-enterprises to access finance. One of their main sources of financing, MFIs, are under pressure due to both the operational adjustments they must make with social distancing and the financial challenges from decreased repayments. In a survey of 177 MFIs conducted in Rwanda, 91% reported a decline in revenues and 87% reported liquidity challenges. Half reported discontinuing lending in response to these challenges.<sup>2</sup> Today, MFIs are struggling not only to collect repayments for outstanding loans, but to issue new loans.

Some MFIs report collection rates down by 30-50%, even more in areas that do not have mobile money.<sup>3</sup> This precarious financial situation is expected to get worse as the pandemic lasts longer than the four- to six-month loan term of most MFIs.

This brief will consider the period during which many economies have lifted the strictest of lockdowns while maintaining a variety of restrictions. The longer term effects are likely to be an extension of these impacts—but that will be highly dependent on government decisions as the pandemic progresses.

	PRESSURE ON DEMAND OF GOODS/SERVICES	PRESSURE ON SUPPLY OF STOCK/INPUT/CAPITAL
 Services	Rural customers are less able to pay for non-essential services, and have re-prioritized spending. In the short term during curfews and travel restrictions some businesses may have been forced to close completely, or change opening times.	As service businesses rely on an initial asset purchase and then their own labor, they are less dependent on physical supply chains.
 Retail	There has been a slow down overall in demand as consumer spending power decreases and footfall of customers goes down. This is particularly high for market vendors in cases where markets have been closed.	Travel restrictions have made the access to wholesalers more expensive, or impossible. Prices of some goods have increased.
 Agriculture	Farmers are delaying or changing their planting due to the uncertainty from the pandemic, having a knock on effect of uncertainty for agro-dealers - both for this season and next season.	Last mile delivery of inputs has slowed due to delays in import of goods from abroad in some cases, and more generally due to the travel restrictions. The cost of transport, and consequently of goods, has also increased.
 Mobile banking /Sales agents	Despite mobile money being touted as an important part of the fight against COVID-19, there have been significant changes in the way in which customers use mobile money (e.g. fewer remittances) - affecting the commission structures of the agents.	Float needs and stock needs have changed as customer demand has slowed and shifted, however most have continued to operate - in some cases even increasing coverage.
<div>Low</div> <div>SEVERITY OF IMPACT</div> <div>High</div>		

## Pathways to Prosperity

Rural informal micro-enterprises are differentiated in this briefing by the types of services they provide and financing they need, as well as their connections into formal support services. In the context of COVID-19 these micro-enterprises are also affected by the demand and supply forces that are central to their operations.

**Retail:** Retail micro-enterprises can vary from informal market traders to more established shops—including food shops and pharmacies. The biggest driver of vulnerability for informal market traders is their inability to store their goods. For these traders the closure of markets and decline in consumer spending on non-essential goods can wipe out cash flow with just a few poor trading days. These entrepreneurs will need capital to buy stock in order to restart their trading.

Larger retail shops have similar challenges but on a reduced scale. Their customer footfall and spending has declined—but they are able to hold stock more easily. Changes in their cash flow, however, affect their ability to sell their stock on credit (a fairly common practice in some communities)—therefore risking the food security of consumer households. Dharma Life supports rural entrepreneurs in India—40% of whom typically sell on credit—and is working on solutions for this, to support better inventory management and encourage more efficient supply practices, such as bulk buying in groups.

*“Since the lockdown, the business has been slow because customer order quantities have decreased. We have not been able to service other shop orders because we are facing problems in getting stock from distributors who also do not have stock and have not been coming to the village to take or deliver orders.”*

*- Dharma Life Entrepreneur, Barabanki, Uttar Pradesh*

**Agriculture:** While farmers are broadly continuing to harvest and plant through the initial stages of the pandemic, the impacts on next season are unclear. Informal agriculture enterprises—typically input sellers—rely on seasonal cash flow for their operating model. The unpredictability around how farmers will adjust their planting in subsequent seasons leaves these micro-entrepreneurs very vulnerable in the medium term. They are also affected by import delays and increased transport costs.

Given the importance of timing in providing inputs and agricultural services, these delays alone may have cost these entrepreneurs revenue or affected their cash flow.

There is a sense that farmers are deciding to “wait and see” how the pandemic will progress and the market will react, risking the growth trajectory of both farmers and the services that supply them.<sup>4</sup> These enterprises are crucial for agricultural productivity. They exist in symbiosis with farmers—if the farmers don’t plant, they have no income; but the farmers cannot plant if they do not have access to inputs. It will be critical for medium- and long-term food security for these micro-enterprises to access financing and continue to operate in last mile rural communities.

**Services:** Rural, informal micro-enterprises that provide services—such as tailors, mechanics, and taxi drivers—are resilient in the short term as they have less working capital needs. But they are more vulnerable if consumer spending patterns are disrupted for long periods of time. If these micro-entrepreneurs have any financing, either formal or informal, it tends to be for asset financing. If they are unable to repay their loan they may be forced to sell their assets—which would make rebuilding and finding a new livelihood strategy more difficult.

This segment of micro-enterprises is typically the least connected to formal services, as they are very small and do not rely on significant financing. Their existence in rural communities, however, is key for service provision and household income, particularly for women. The lack of liquidity will have a knock-on effect for service entrepreneurs, as they are the smallest and often most informal of micro-enterprises, and thus particularly vulnerable.

**Agents:** (e.g., mobile money, credit, PAYGO Solar, etc.): Mobile money agents are continuing to operate, with many governments proactively encouraging the use of digital money over cash to reduce the transmission of COVID-19. These agents may be connected into broader networks through service providers. This means that they are more likely to receive information about the pandemic, and may even receive training or resources on prevention strategies such as handwashing and mask wearing.

At the same time, these entrepreneurs are facing a change in the way their customers are using their services. There has been a significant decrease in remittances and large payments, which affects the commission revenue streams for these agents.<sup>5</sup> Social distancing and travel restriction measures have also affected their liquidity.

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Flow, an e-money liquidity provider based in Uganda, reports that while 50% of its customers have been able to remain open, many are struggling to maintain enough liquidity to serve their customers.<sup>6</sup> They will have to adjust their operating model to match changes in demand and usage across countries. Despite these entrepreneurs having more access to formal networks, they are ultimately still dependent on rural demand and sufficient liquidity to operate.

PAYGO solar agents have been severely affected due to the lockdowns, with many companies forced to close their agent distribution networks - at least temporarily. As lockdowns are lifted these agents are able to operate again, however their ability to earn an income is significantly affected as purchasing power in rural areas goes down. Agents typically earn income on a commission basis, and the ability of agents to sell new products, and collect payments for old products is likely to significantly decline.<sup>7</sup> Some companies are looking to move to a salary model for its agents to guarantee a minimum wage, however this is not viable in the long term for most companies.

**Mixed Enterprises:** A number of rural, informal micro-entrepreneurs have multiple revenue streams. For countries with mobile agent networks, agents often also have a retail shop or other service. These micro-enterprises may be less affected by the decreases in consumer demand as they have access to other sources of income.

### *Insights from BRAC's experience post-Ebola<sup>8</sup>:*

*Upon the restart of rural economies after Ebola, BRAC observed a high demand for new loans, both to restart old enterprises and start new ones. Clients who had not worked in months, clients who lost their initial capital, and clients who had lost their enterprises and were in debt all demanded new capital to start generating income again. BRAC found that many borrowers who lost their primary enterprise had adapted to the new Ebola economy and established enterprises that were more suited to the new reality.*

*Rather than the crisis destroying the credit ecosystem, BRAC found that it actually reinvigorated the demand for credit and reaffirmed the importance of pro-poor financial inclusion. New capital provided a means for clients to get back on their feet, and the promise of new loans became a principal motivation for paying back current loans. These learnings are crucial as service providers look for ways to provide relief funding and plan for rebuilding once the initial effects of the pandemic have passed.*

### Household-level impact of COVID-19 on rural micro-entrepreneurs: Resilience as a survival strategy

COVID-19 has had an immediate impact on household-level spending. A VisionFund survey across a number of African countries shows that 40-85% of the rural households surveyed reduced spending in food, with basic clothes and education for children also significantly affected. These immediate effects are likely driven by declines in direct income from enterprises affected by government lockdowns and social distancing, as well as a decrease in remittance payments coming from urban areas or overseas.

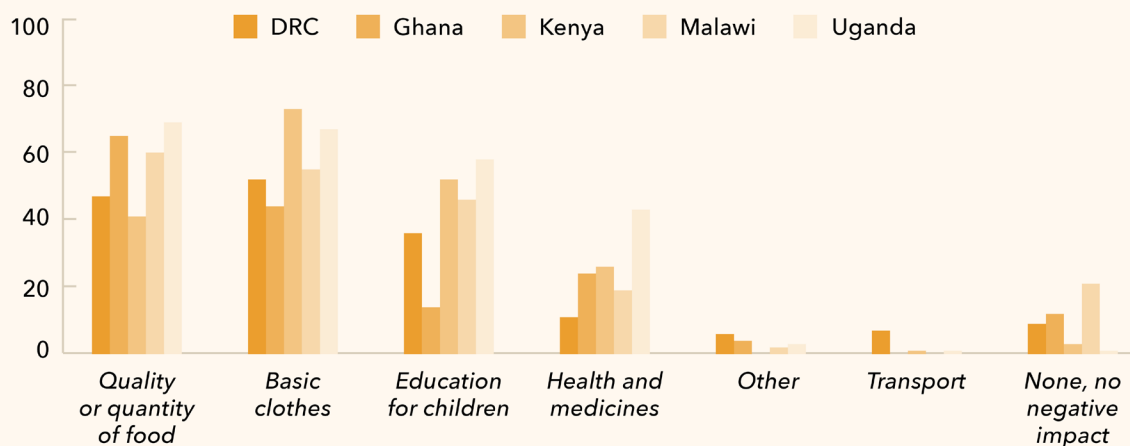
The long-term effects as economies slow down are likely to be worse. If customers cannot pay for micro-enterprise services and these enterprises, in turn, continue to lose income, there will be a knock-on effect throughout communities. Decreased cash flow within households will have more ramifications when the next school semester starts, with many families likely to deprioritize education spending. And in the worst case scenario, if the virus itself reaches rural areas at scale, healthcare and funeral costs will cause significant financial hardship on families.

Rural, informal micro-enterprises—and the households that own them—are highly vulnerable. While they are often referred to as resilient, this resilience is not a strategy or character trait, but rather the only choice most entrepreneurs have if they want to keep providing for their families. They are not usually connected to formal mechanisms of lending or other types of support. As informal enterprises, they also receive no support from government programs. The effects of the pandemic risks pushing these entrepreneurial households squarely back into poverty.

#### Effect of migrant populations on household resilience of micro-entrepreneurs:

COVID-19 has severely disrupted migration in many countries. India's 450 million internal migrants, of whom 30% are estimated to be employed informally, show the different levels of disruption - to the household incomes that rely on remittances, to the rural health systems that are already strained, and to the industries the migrants left, that are now struggling to source sufficient manpower.<sup>9</sup> There are also opportunities in this return of migrants however, with skilled labor returning into rural areas. With the right financing and support there are ways for these migrants to find new ways of earning a living, through enterprise, in their communities.

**% of respondents who said they have reduced spending in the following areas since COVID-19 (n=1,366)**



Survey conducted by VisionFund and its partners in rural communities in DRC, Ghana, Kenya, Malawi, Rwanda, Tanzania, Uganda and Zambia in May 2020.



### Deep Dive: Disproportionate effect of COVID-19 on women engaged in Pathway 5 income streams

Many women operate informal enterprises in rural areas. They pursue opportunities in this pathway because of time and mobility constraints that require flexibility and proximity to home. Because of barriers to accessing external financing, women-owned micro-enterprises are usually concentrated in sectors or activities that require low upfront investments and have lower barriers to entry. They tend to be concentrated in lower value-added (and thus, lower-paying) micro-enterprises such as retail trading, tailoring, catering, and food sales. These also happen to be high-contact activities that are most affected by lockdowns and restrictions.

#### COVID-19 IS HAVING A SIGNIFICANT IMPACT ON WOMEN'S ABILITY TO GENERATE OFF-FARM INCOME DUE PRIMARILY TO:

- *Closure of schools:* Unpaid care work and childcare responsibilities already limit women's participation, productivity, and earnings. School closures have intensified their workloads and reduced earnings, as children are typically seen as a woman's responsibility.
- *Closure of markets and other public spaces:* For many women, proximity to local markets enables them to combine home care with income-generating activities. Cenfri data from Kenya, South Africa, and Nigeria show that the most common sectors for income-earning women are "markets" and "selling goods." The closure of markets and curfew restrictions effectively put a stop to their ability to generate income.<sup>10</sup>
- *Seizing of local sources of finance and support:* Only 5% of MSMEs in Kenya (of which the informal are dominated by women) get financing from banks or MFIs.<sup>11</sup> Women are the majority users of informal finance mechanisms such as VSLAs and SACCOs, which are currently unable to meet due to lockdowns and social distancing guidelines. This limits not only their immediate access to finance, but their potential for future borrowing. These groups also offer invaluable access to networks and information; without

them, women are cut off from relevant support mechanisms and information to help them mitigate the impact of COVID-19 on their livelihoods.

Reduced livelihood opportunities for women impact the whole household, as this income is generally prioritized toward food, education, and healthcare. The most immediate impacts are likely to be a reduction of household food security, and a sharp increase in instances of gender-based violence.

Women within the household are typically responsible for day-to-day expenses, of which the main one is food. Under current circumstances, where off-farm sources of income have effectively dried up, women are under immense pressure to feed their families. A survey of more than 1,200 households from 114 rural villages in western Uganda has shown that, since lockdown was imposed, there has been a 40% decrease in food expenditure per adult equivalent.<sup>12</sup>

Globally, almost 250 million women and girls between the ages of 15 and 49 suffer physical or sexual violence at the hands of an intimate partner each year. While there is limited rigorous data available on how COVID-19 has influenced the level of gender-based violence, especially in developing countries, emerging evidence from some countries shows alarming increases in violence, especially domestic violence and abuse against women and girls. For instance, in Lebanon and Malaysia, the UN has reported a doubling in the number of calls to local help-lines.<sup>13</sup> This is driven by tensions in the household related to isolation, food and financial insecurity, and the closure of schools.<sup>14</sup> Violence against women is a pervasive and costly issue that will be exacerbated by stay-at-home orders and travel restrictions that effectively isolate women from the people and resources that can help them.

Women's loss of mobility, income, and decision-making power as a result of COVID-19 can also impact girl children within households. Analysis of the gendered impacts of Ebola in West Africa showed that increased poverty associated with the pandemic led to increased child labor and other forms of violence and exploitation of women and children.<sup>15</sup> The UN predicts there could be an extra 13 million child marriages by 2030 due to economic disruptions brought on by COVID-19. In Ethiopia, more than 500 girls have been rescued from forced marriages since March.<sup>16</sup> As overall household income reduces, boys' education will be prioritized. With girls likely to be trapped in domesticity or forced into early marriage or other forms of sexual exploitation, a generation of girls and young women are likely to lose access to education, effectively trapping them in the cycle of intergenerational poverty.

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Evidence from past crises has shown that there are also important longer-term impacts that risk rolling back important progress on women's economic empowerment and agency. A loss or decline in income can be devastating for women's economic empowerment, as their starting point in terms of earnings and bargaining power is already lower than men's. During the Ebola crisis, travel restrictions severely impacted the livelihoods of women traders in West Africa; while men's economic activity soon returned to pre-crisis levels, the effects on women's economic security lasted much longer.<sup>17</sup>

However, evidence suggests that crises can open up space where prevailing gender norms can be contested. In times of financial difficulty, women often try to pick up the slack for their families, beginning new economic initiatives or intensifying existing ones. Their increased ability to contribute to family finances and exert control over assets can help them gain more voice at home and in public spheres.<sup>18</sup> This highlights the importance of integrating a gender lens into recovery efforts to support and accelerate potential positive shifts in gender norms brought on by the crisis.

### **Disproportionate risk for youth:**

*Youth are already underemployed, at a rate three times higher than adults globally; and, when employed, are often in part-time, seasonal, or lower paying jobs than adults. Because of this—and because they also face barriers to becoming farmers—youth often take on entrepreneurial roles, providing services or becoming agents in rural areas. Decreased demand for rural services from COVID-19 lockdowns and restrictions puts youth at disproportionate risk because their employment options are already limited.<sup>20</sup>*

*The loss of income from COVID-19 could be dire for rural youth. Those who are well-integrated into households will have less income to contribute to their family, which may threaten the household's food security. However, these youth may have better options for alternative employment. Youth without family networks are particularly vulnerable to food insecurity from lost income and are less likely to find alternative employment in rural areas. Rural youth may migrate to urban areas to seek employment opportunities, which could leave rural areas without a strong labor force when markets recover.*

### MOVING FORWARD

## How governments, donors, and service providers can best support this pathway Introduction to Pathway 5

There is a high risk of Pathway 5 micro-entrepreneurs collapsing in the wake of COVID-19—their informal nature and location at the true last mile of most services puts them particularly at risk. The survival of these enterprises, often an important source of household income for rural families, is critical to mitigate the risk to food security and national security. Their continued operation would ensure stronger resilience of rural households, particularly with regard to paying for nutritious food, school fees, and healthcare and funeral costs.

These micro-enterprises are not just what keep rural economies moving, they are also important conduits of finance and other services into rural areas. They are the “capillaries” that can bring access to finance, energy, and essential goods and services into remote communities. They are also disproportionately owned and run by women, who use their income to send their children to school and buy more nutritious food. Not creating the right crisis responses to support these entrepreneurs both in the short and long term risks significantly increasing rural poverty, and potentially leading to large-scale urban migration as families seek additional income through other means.

**We believe governments, donors, and service providers should consider four major pitfalls as they develop their approaches:**

### Pitfall #1

**Governments and donors are providing staple food in some communities to overcome food security challenges, while overlooking the need to keep cash flowing to micro-enterprises.**

While in-kind donations can be effective in crises where access to food is not available, in this crisis food is available, but purchasing power is decreasing. Governments and donors must focus on supporting the purchasing power of customers to keep rural economies thriving, and ensure that the households of informal micro-entrepreneurs (who are also food insecure) can earn a living. Companies like Sokowatch are trialing e-voucher schemes that allow organizations to donate essential goods and services, while continuing to support the last mile retailer. This allows the challenge of food security to be addressed in the short term, and rural economies to be held up for the long term.



### Action Needed

Supplement direct food and other types of aid with cash transfer programs or voucher schemes.

### Pitfall #2

**Governments and donors not adopting a sufficiently gender-sensitive approach across programs, policies, and funding decisions.**

The vulnerability of women and potential regression in gender equality is understated and under-represented in donor and government plans for COVID-19 recovery. There was a proven increase in gender-based violence and child marriage during the Ebola crisis, primarily stemming from increased economic vulnerability. These learnings must inform basic livelihood protections to ensure that women do not face disproportionate harm on a much larger scale across the world.



### Action Needed

Gender sensitive initiatives and actions must be prioritized, with dedicated activities put in place in rural areas to counter the risk of gender-based violence and child marriage.

### Pitfall #3

**Governments support formal financial institutions, overlooking the important role Tier 2, 3, 4 (and informal) finance institutions play in rural economies.**

Microfinance institutions are critical to financial access in rural areas, and consequently to the livelihoods of many rural households. Currently, most of the measures announced by governments (e.g., tax reductions, loan moratoriums) are only relevant for formal enterprises, overlooking the informal sector that accounts for the majority of employment in many countries. Given the long-term nature of this crisis and the expected economic downturn, the support of cash flow should be prioritized to keep rural economies moving and households afloat.



### Action Needed

Develop strategies that support MFIs and other last mile service providers, incentivizing them to increase their supply of recovery financing to informal borrowers in rural areas.



### Pitfall #4

**Service providers and donors overlook the very last mile rural, informal micro-entrepreneurs as potential drivers of resilience in rural communities.**

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COVID-19 is a crisis point across many industries and organizations, which provides an opportunity to rethink last mile access and distribution. Given that these informal enterprises—and the households that depend on them—are so vulnerable, this crisis may provide a strong impetus to find better ways to reach the true last mile with information and services.



### Action Needed

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Commit resources to reimagining how rural last mile services can be provided.

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## Footnotes

- <sup>1</sup> The definition of informal enterprise may differ by geography. For the purposes of this briefing we are looking at micro enterprises in rural areas that have limited access to formal services and are unlikely to be registered businesses with any authorities.
- <sup>2</sup> "COVID-19 Response Survey Results from MFIs and SACCOs in Rwanda", AFR, April 2020
- <sup>3</sup> RAFLI interviews with key stakeholders
- <sup>4</sup> RAFLI stakeholder interviews, April 2020
- <sup>5</sup> MicroSave Consulting and Caribou Data, The role of DFS agents during the COVID-19 crisis, April 15, 2020.
- <sup>6</sup> FinDev Blog, "Instant Liquidity Support for Mobile Money Agents," June 5, 2020.
- <sup>7</sup> RAFLI stakeholder interviews, April 2020  
8 Seneshaw Tamru, Kalle Hirvonen, and Bart Minten, "Impacts of COVID-19 crisis on vegetable value chains in Ethiopia. IFPRI, April 13, 2020
- <sup>8</sup> Global Delivery Initiative, Financial Inclusion and Resilience: How BRAC's Microfinance Program Recovered from the West Africa Ebola Crisis, July 2017.
- <sup>9</sup> Esha Singh, Meera Mishra, "When they came home: Migration and responses to COVID-19 in India," IFAD, May 6, 2020.
- <sup>10</sup> Renée Hunter, Mishkah Abrahams and Lelethu Bodlani, "The detrimental effects of COVID-19 and lockdown on the livelihoods of female-headed households in Kenya, Nigeria and South Africa," CENFRI, May 25, 2020.
- <sup>11</sup> Anzette Were and Amolo Ng'weno, "Economic prospects for Kenya in the context of the COVID-19 crisis," fsd Kenya, May 29, 2020.
- <sup>12</sup> Mahreen Mahmud and Emma Riley, Household response to an extreme shock: Evidence on the immediate impact of the Covid-19 lockdown on economic outcomes and well-being in rural Uganda, May 30, 2020.
- <sup>13</sup> Patty Alleman, Joy Anderson, and Catherine Poulton, "Flattening the curve: Finance and the pandemic of gender-based violence," UNICEF blog, April 9, 2020.
- <sup>14</sup> FAO, Gendered impacts of COVID-19 and equitable policy responses in agriculture, food security and nutrition, May 15, 2020.
- <sup>15</sup> UNDP Africa Policy Note. "Confronting the Gender Impact of Ebola Virus Disease in Guinea, Liberia, and Sierra Leone," Vol. 2, No. 1, 30 January 2015.
- <sup>16</sup> Emeline Fonyuy, "Child marriage worries rise amid coronavirus lockdown in Cameroon," The New Humanitarian, June 11, 2020.
- <sup>17</sup> Rachel Moussié and Silke Staab, "Three ways to contain COVID-19's impact on informal women workers," UN Women, May 18, 2020.
- <sup>18</sup> Georgia Plank, Annotated bibliography: Gender norms and crisis, ALiGN, June 2020.
- <sup>19</sup> Jamie Anderson, Danielle Hopkins, and Myra Valenzuela, "The Role of Financial Services in Youth Education and Employment", CGAP, June 2019
- <sup>20</sup> "Pathways to Prosperity," Mastercard Foundation's Rural & Agricultural Finance Learning Lab and ISF Advisors, November 2019

## About the Authors

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*The contents are the responsibility of ISF Advisors and the Rural and Agricultural Finance Learning Lab, and do not necessarily reflect the views of USAID or the United States Government.*

### We want to hear from you!

As new information about COVID-19 emerges on a daily basis, we hope this series will serve as an opportunity to open dialogues and share perspectives.

If you would like to get in touch or contribute to the forthcoming research, please reach out to:

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### LEARNING LAB

*Original Content*

Rural & Agricultural Finance   
**LEARNING LAB**

The Learning Lab works to identify and share knowledge relevant to our learning agenda and our users, but also to create new knowledge through research and facilitated learning. Original content from the Learning Lab includes news about the Lab, analyses we've conducted, knowledge products we've created, and posts we've written about other relevant initiatives.

### ISF ADVISORS

*Learning Lab Strategic Partner*



ISF is an advisory group committed to transforming rural economies by delivering partnerships and investment structures that promote financial inclusion for rural enterprises and smallholder farmers. Combining industry-leading research with hands-on technical expertise, ISF develops practical, profitable, and sustainable financial solutions.

### FEED THE FUTURE INITIATIVE

*Research Partner*



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