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Guest editorial

Malcolm Harper

An editorial, particularly one written by a guest editor whose only qualification is that he was some 30 years ago the first editor of the journal in which it is to appear, should never begin with an apology. But apologize I must, because I am sure that many if not most readers will be expecting the editorial to be about the Covid pandemic, and I have to disappoint them.

Given the usual and decently 'academic' delay between composition and publication, I wish I could be confident that the extraordinary global panic will have subsided by the time this issue appears, but I fear that the panic will still be with us, and that the disease will still be the main topic of reading, writing, and conversation. Its omission may disappoint many readers, but perhaps there are some who will welcome a change, and will be relieved that neither the articles in the journal nor the editorial even mention it, after this initial apology.

So what are the four articles about, since they none of them concern the impact of the dreaded 'C' word on microfinance loan recoveries, or any of the other myriad similar pieces which fill our in-boxes?

They cover a fair range of locations; one is about Nepal, one about India, one about sub-Saharan Africa, and one about the so-called 'developing' world in general. This last paper includes important examples from Odisha state in India, which like many Indian states has a much larger population than most countries, and from the Philippines. This of course omits the whole Western hemisphere, and there is no reference to anything in the richer countries of the world. One major change during the 30 years of this journal's existence has been the dramatic increase in inequality in most of these so-called 'developed' countries, particularly but not only the United States, such that relative and even absolute poverty is far more of a worldwide phenomenon than in 1990, and many of the remedies for so-called 'third world' problems are now needed everywhere. It may be that some of the lessons in our four papers apply as much to Western Europe or North America as they do to the countries about which they were written.

As for their subjects, two are very clearly about microfinance. Laher and Proffitt use agency theory in an attempt to explain why some sub-Saharan microfinance institutions reach the poorest people and others do not, while Sahai, Sinha, and Tapasvi investigate the links between a number of factors, including microfinance, and the growth of informal microenterprises in India. The other two are very specifically about farming, which is unusual and very welcome since small-scale farmers still make up the majority of the world's poorest people. Their farms, whether leased or owned, are surely micro-enterprises, although they are often excluded from that definition, as if farms were for some reason not enterprises, and farmers were not entrepreneurs. Choudhary et al. (and there are six 'al.', including your Editor Jason Donovan), discuss ways in which the local supply of hybrid maize seed can be improved in Nepal, while Florey, Hellin, and Balié introduce what is to me at any rate the totally new topic of digital agriculture.

We can therefore claim that the issue covers both of the topics which make up the title of the journal, and that there is an adequate global spread. We must not, however, forget that our title is not only ‘Enterprise and Microfinance’; it also includes the word ‘development’. This means that our readers are not interested in enterprises and microfinance for their own sake, but in how the enterprises, particularly small ones which provide poorer people with their livelihoods, and including small farms, can be ‘developed’, which presumably means assisted and improved in order to survive and grow. We should therefore look for suggestions and experiences which show how this can be done, or, perhaps, how it should not be done. What do these four articles tell us about this, and not about the statistical or methodological skills of their writers, or their qualifications for academic promotion?

Sahai, Sinha, and Tapasvi attempt to identify factors which are associated with the growth of micro-enterprises in India. They remind us that microfinance is not critical; it should no longer be necessary to show that access to this inflexible and expensive form of credit is not as important as factors such as location, but there are still some proponents of microfinance who adhere to the belief that its availability can in itself enable an enterprise to grow; hence the reminder is welcome. They also point out that gender is an important growth inhibitor; it is probably unfashionable to argue that women’s businesses are less likely to grow than men’s, not because their owners are less competent than men but because they have other things to do, but it is still true and should be recognized.

Choudhary and his six co-authors discuss the production and supply of hybrid maize seed in Nepal. They show that it is mainly in the hands of growers and merchants in neighbouring India, and they suggest that the Government of Nepal should be encouraged and as necessary assisted by foreign donors to promote and assist local Nepalese suppliers. It may be that the Indian supplies are of low quality or are inadequate in some other way, but this is not stated. Hence, given the geography of Nepal, and the lengthy open tariff-free border with India, it is not clear why Nepalese farmers will benefit from Nepalese suppliers. We must hope that there will be some benefits, and that the argument is not based only on local nationalism or on donors’ need to be engaged.

Laher and Proffitt apply agency theory to the difficult management issue which confronts microfinance institutions; to reach out to and assist the poor or to compromise with this fundamental mission and serve better-off clients in order to maintain and increase their profits. They use the ever-popular MIX market data base to compare the performance of 34 microfinance institutions in sub-Saharan Africa, and find that the institutions’ sources of finance have an important influence on their ‘mission drift’. Some Kenyans might object to read that their country is ‘an extraordinarily poor area of the world’, but the paper, unsurprisingly, finds that the institutions’ sources of finance have an important bearing on the extent to which they do or do not focus on the poorest clients.

Florey, Hellin, and Balié describe some of the ways in which digital technology is being used to assist smallholder farmers. Two days ago I walked by a large field of rape seed here in the United Kingdom which was being harvested by a vast machine which I discovered had no driver; it was being controlled by a satellite link which steered the machine and automatically halted it when the bin was full so that it could be piped into a trailer. Not long before that I observed a fertilizer sprayer in a nearby field which was also driverless. I was told that its satellite link not only controlled the steering but also varied the amount and mix of fertilizer as the machine moved along, according to its observation of the condition of the crop. The farm occupies some 400 hectares, and employs the owner and one full-time employee.

I had imagined that such applications were typical, and that 'digital farming' would necessarily be applied only to large farms, and would like so many technical advances be capital-intensive and would further reduce the agricultural workforce.

This paper, however, has corrected this impression; it describes applications of digital technology in the Philippines and in India which radically increase yields, rather than reducing labour. As might have been expected, the paper itself is somewhat acronym-intensive, and we may in time become familiar with AEW, NOPT, SSNM, and AR4D, but unlike some other papers this includes several real life examples which suggest that the authors are familiar with the ground realities. They point out that the smallest and poorest farmers may be excluded, and that men rather than women are likely to control the innovations they describe.

Microfinance is not critical for the growth of micro-enterprises; Nepal can with assistance develop local supplies of hybrid maize seed, African microfinance institutions' sources of finance affect their outreach to the poor, and there are promising applications of digital technology to small farms.

These are not earth shattering revelations, although I was myself astonished and encouraged by the potential of digital technology. They are, however, important and thought provoking, and they demonstrate that the *Enterprise Development & Microfinance* journal is still doing the job which we set out to do in 1990.

Malcolm Harper
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