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Editorial: COVID-19 economic resilience

Linda Jones

The COVID-19 pandemic has exposed the gaping inequities in market systems the world over while it has exacerbated those inequities without mercy. As I write this editorial, my own sore recently injected arm reminds me that there is massive disparity even in access to vaccines among countries and within countries. And, as always, it is the most marginalized that carry the burden of suffering – vulnerable women, extreme poor households, informal workers, communities with minority status, people with disability, youth living on the edge.

It can be overwhelming – but COVID-19 has challenged us to work harder for economic and social justice. We have our approaches, our tools, our expertise, and we are equipped to be part of the solution.

This double issue of the journal brings together 10 papers: eight that offer learnings and early evidence around COVID-19 resilience and recovery, and two on financial literacy. While the latter do not make specific reference to COVID, access to and management of finance can be a key factor in economic resilience and advancement as noted by many of this issue's authors.

The journal begins with a fascinating review by Banerjee et al. on the impact of halted livestock exports to the Middle East from pastoralist communities in Somalia and the Horn of Africa due to restrictions placed on the 2020 Hajj pilgrimage. Hajj income was down 80 per cent in 2020, while at the same time livestock yields were high due to significant rainfall and excellent grazing. There were concerns for the economic impact on pastoralists and possible surplus production, but local markets were robust, various market channels were leveraged, and livestock prices remained stable. This experience emphasizes the value of strong local market systems (marketplaces, traders, trading routes, consumers) for economic resilience in the time of crisis.

The second article also takes a resilience lens to understand how low-income urban and rural households have fared during the COVID-19 shutdown in Bangladesh. Building on primary research, Sarwar reports on how households that are engaged in formal and informal economies have coped with the shock and suggests how this anticipates capacity to deal with future shocks. Review of income and expenditure, as well as savings and borrowing patterns, enabled the author to assess coping capacities among different types of low-income households. The author concludes that employment and enterprise programmes can promote resilience through increases in net savings, reduction in loan exposure, and promotion of food reserves to withstand temporary loss of income.

Bernasky, Misti, and Dahal offer insights into the economic impact of COVID-19 on women with disabilities. With an informative introduction on gender and disability in general, two local organizations report on their work and experiences serving women with disabilities during the pandemic in Bangladesh and Nepal. The article finds that governments and the private sector need to take steps to document the full impact of this crisis while also implementing programmes and services that promote economic security for women with disabilities. Civil society organizations play a critical role in documenting the daily impacts of the pandemic and advancing efforts to mitigate negative effects on women with disabilities.

Ebrahim, Jack, and Jones examine the economic impact of COVID-19 and the ability to pivot international development projects focused on vulnerable women with intersectional identities. The article describes the situation of women homeworkers and labour migrants engaged in informal jobs in Indonesia and low-income ethnic minority women in agriculture and tourism sectors in north-west Vietnam. Among a number of learnings, factors contributing to positive programme outcomes include a network of local partners, adaptive management strategies, multiple market channels, and the use of online platforms and digital technologies.

In a women's economic empowerment case study, Khursheed, Mustafa, and Khan explore the success of a select group of low-income women micro-entrepreneurs in Pakistan. These entrepreneurs were able to capitalize on a combination of micro-loans and access to digital marketplaces to grow their businesses and support their families. Beset by economic challenges and restrictive social norms, this combination of services not only overcame access barriers but also offered women entrepreneurs a culturally appropriate platform to reach consumers with their products.

Following on these initial case study articles, van den Berg, Debernardini, and Lelijveld present a model for how the impact of the COVID-19 pandemic on economic output in developing countries can be assessed by sector. They use an 'input-output modelling' approach that concludes that the average impact in Africa and Asia on industry output is –2.6 per cent and –2.9 per cent respectively. However, the impact is much greater in certain sectors, with tourism and services the most heavily impacted; between –15 per cent and –19 per cent for hospitality, recreation, and other service activities, and between –4 per cent and –7 per cent for transport services. This model is a first attempt at estimating impact at this level of granularity per country and sector, which by triangulation with empirical data can be used to make substantiated management or policy decisions.

Next, we turn to impacts on the financial sector. Peprah discusses the disruptions caused by COVID-19 and the protracted effects of the ensuing lockdown on non-bank financial institutions in Ghana. The research involved analysing data from a rapid response survey carried out between January and April 2020 by the Ghana Microfinance Institutions Network. Analysis showed that poor corporate governance, improper documentation of transactions, and an impaired loan portfolio existed prior to the pandemic. Not surprisingly, during the lockdown, savings value contracted along with further deterioration of the loan portfolio. As with many cases in this issue, the use of digital channels for delivering savings and loan products increased, suggesting the need to upgrade regulation and expand the use of digital and remote banking to reach clients in need.

Ermawati et al. explore the effect of the COVID-19 pandemic on microfinance institutions (MFIs) in Indonesia, and also identify mitigation and adaptation measures to cope with the situation. An online survey and focus group discussions revealed that in general micro and small enterprise clients have experienced a contraction in their businesses which has in turn impacted MFIs. To withstand such shocks, Ermawati et al. encourage MFIs to improve human resources in IT and digital-related skills, which would in turn advance crisis management strategies. Moreover, the authors propose that government financial support is needed along with strengthened regulation and supervision, especially in the monitoring of the governance system of MFIs.

Agabalinda and Steel posit that despite financial education, participation in informal financial practices remains high relative to formal ones in countries like Uganda. A cross-sectional sample survey of economically active urban financial service users was applied to test whether financial education through formal training is associated with financial literacy and if financial literacy is associated with increased use of financial services, especially formal ones. The findings indicate that formal financial training is significantly associated with financial literacy, and that higher literacy is associated with greater use of both formal and informal financial services. The unexpected association of the use of informal financial services with financial literacy suggests that informal financial services may have a more complementary role than a simple model of financial formalization would imply. The study suggests that promoting informal financial services may be more cost-effective in raising financial literacy and inclusion than financial training.

Ogbemudia et al. found that low levels of education and lack of electricity hinder dissemination of financial literacy information in rural communities in Nigeria. To address the challenge, this study investigated the roles of the indigenous communication systems in closing gaps in dissemination of financial literacy information among Nigerian rural farmers. The research revealed three findings regarding the dissemination of formal financial service literacy: 1) the use of indigenous language in formal financial service literacy campaigns has a significant association with dissemination of information to rural farmers; 2) contrary to the authors' earlier expectations, no significant association was found between community leaders and the dissemination of formal financial service literacy information to rural farmers; and 3) traditional town-criers' participation in literacy campaigns has a positive significant impact on the dissemination of formal financial service literacy information to rural farmers. The researchers conclude that financial authorities should encourage indigenous language and town-criers in the dissemination of financial literacy information to rural famers.

It has been a pleasure to return to the journal as guest editor of this special COVID-19 issue. I look forward to further engagement and learning, as well as feedback from our community of readers.

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