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COVID-19 and Disruptions to Vulnerable Rural Livelihoods in the Sahel

The livelihoods of vulnerable rural households in fragile environments such as Niger and the wider Sahel have been strongly affected by the unprecedented circumstances of the COVID-19 pandemic. As traditional resilience mechanisms falter, we need to learn from them and develop new interventions to build resilience now and in the future. A holistic, coordinated approach by stakeholders can help create solutions that make it possible for vulnerable rural households to escape the recurring cycle of emergency food aid and greatly enhance their resilience to future shocks.

Let's take the story of Zeinabou, Yanoussa, and their eight children, living in a village in the Tahoua region of Niger. They are among the country's vulnerable rural households facing recurrent food insecurity. The family cultivates a plot of land to produce the millet and sorghum they need to feed themselves throughout the year. Zeinabou uses another small plot to run a minor income-generating activity—handcrafting groundnuts into oil during the dry season.

But this is not enough. Every year after the harvest, in December or January, Yanoussa migrates to the capital, Niamey, to earn money to meet the needs of the family. For six months he sells water cans to poor households in the city who cannot afford a subscription with the national water company. He supports himself on these small earnings and is able to send $10 a month to his family in the village. That was until COVID-19 and its ramifications came to Niger. Yanoussa's water business dried up overnight and with that this contribution to the family. The pandemic has upset their fragile livelihood.

Zeinabou and Yanoussa struggled with the challenges of food insecurity even before COVID-19. Vulnerable rural households like theirs had developed diversified livelihood strategies that often include a combination of crop and livestock production, seasonal labor migration, and other tools and coping mechanisms. Despite these strategies, their family and millions of other vulnerable rural households across the Sahel are now struggling as they face the strong economic impacts of the pandemic.

Chronic food insecurity disrupts the livelihoods of the most vulnerable in the Sahel

Stretching from Mauritania in the west to Eritrea in the east, the Sahel comprises 13 countries.[1] The World Bank considers nine of these countries to be in fragile and conflict-affected situations.[2] People in the Sahel face chronic food insecurity because of cyclical climatic hazards like droughts and floods. In some cases, these hazards are exacerbated by armed conflict. Together these disrupt the livelihoods of the most vulnerable people, especially subsistence farming households.[3] Niger, in central Sahel, faces the full force of the zone's challenges. The experiences of Niger's most vulnerable households illustrate common livelihood struggles across the Sahel (Chauzal 2020).

A 2018 national survey on food insecurity in Niger showed that 41 percent of rural households were considered structurally food insecure.[4] In December 2019, Nigerien national authorities estimated that more than 2 million Nigeriens could be vulnerable to famine in 2020 (Coulibaly 2019).

Just four months after this estimate, the COVID-19 pandemic hit and estimates of the population vulnerable to famine increased from 2 million to 5.6 million people (Government of Niger 2020). This represents 23 percent of the country's total population and more than 78 percent of its rural residents. Niger illustrates just how highly vulnerable people living in the Sahel are to crises like the COVID-19 pandemic. The Food Crisis Prevention Network estimates that 15 million people in the western and central African countries of the Sahel alone will face severe pandemic-related food gaps during the July and August lean season.[5]

The pandemic is further straining many aspects of poor rural livelihoods

The first cases of COVID-19 in Niger were confirmed on 19 March 2020. This prompted national authorities to enact a series of measures to protect the population from the spread of the virus. As in many African countries, these measures included closing schools, setting a curfew, restricting movement between the capital and the rest of the country, and closing borders. The measures were intended to protect public health, but they had an unprecedented direct and devastating economic impact on livelihoods, particularly for the most vulnerable subsistence segments in rural areas.

1 The 13 countries of the Sahel are Burkina Faso (in the north), Cameroon (the far north), Chad (the center), Mali, Mauritania (the south), Niger, Nigeria (the far north), Senegal, Sudan (the center, especially Darfur and Kordofan), and Djibouti, Eritrea, Ethiopia, and Somalia in the Horn of Africa. Cape Verde is also sometimes included.

2 "FY20 List of Fragile and Conflict-affected Situations," World Bank, 2020, http://pubdocs.worldbank.org/en/179011582771134576/FCS-FY20.pdf.

3 "The Sahel Crisis," Food and Agriculture Organization of the United Nations, http://www.fao.org/emergencies/crisis/sahel/intro/en/. See also Anderson et al. (2019).

4 "Enquête Conjointe Sur La Vulnérabilité à L'insécurité Alimentaire Des Ménages Au Niger," https://reca-niger.org/IMG/pdf/-25.pdf.

5 "Food and Nutrition Crisis 2020," Food Crisis Prevention Network, http://www.food-security.net/en/topic/food-and-nutrition-crisis-2020/.

CHALLENGES TO MEETING FINANCIAL NEEDS

Limited role for formal financial services. For these Nigerien households, formal financial services would not be of much immediate help because Niger has a low rate of financial inclusion. Only 16 percent of adults had a formal financial account in 2017. Most of rural vulnerable segments are excluded from formal financial services and cannot count on them now.[6]

Savings groups severely strained or suspended. Savings groups are well established among women in Niger, as they are in other countries across the Sahel. But even this long-standing local financial mechanism has been deeply affected by the pandemic, and it will be a challenge to keep savings groups running. Social distancing measures make it difficult to have regular, in-person meetings to collect savings, disburse loans, and make repayments. The biggest challenge for these groups is that members will struggle to repay what they owe according to agreed amounts and deadlines. They also will struggle to save at the same level and frequency as they did before the pandemic. Some savings groups suspend activities during the annual lean period because members typically do not have income at that time. Without loan repayments and savings, savings groups will not be able to function, leaving women without even these informal financial services.

STRAINS ON OTHER RESILIENCE STRATEGIES

Vulnerable rural households could rely on other resilience strategies and mechanisms, too. In the dry and lean periods between harvests, livelihood coping strategies like remittances from migration, cereal banks, warrantage systems (also called warehouse receipt systems), livestock, and moneylenders allowed them to cope with their needs, including access to food. In Burkina Faso, for example, research on 116 vulnerable households in 10 villages showed that in the event of a shock, the most common coping mechanisms the households used included personal savings, reduced food consumption, and sales of grains and livestock (Gash and Gray 2016). But the scope of the COVID-19 pandemic has placed these approaches under severe strain as well.

Reduced or stopped remittances from family migrants. Before the pandemic, in the off season, men from vulnerable rural households, like Yanoussa, migrated to the capital or to neighboring countries like Benin and Nigeria to take up temporary work as laborers. The men would return before the rainy season begins in June and prepare for the planting season.

The pandemic has disrupted this strategy. When the pandemic started, some migrant workers returned home earlier than usual because they lost their jobs or wanted to be with their families during the crisis. Others did not return before country borders closed, making the economic impact on their families more intense. These men can no longer send money home or they send less. Informal activities in Niamey or their host country are also constrained by the pandemic, and they are earning far less income than usual.

6 According to the World Bank's Global Findex, among the central Sahel countries, the highest rate of rural account ownership is 40 percent in Burkina Faso and the lowest is 15 percent in Niger. Account ownership mainly is driven by mobile money accounts. The percentage of account ownership in the other countries in the Sahel are 21 percent in Chad, 31 percent in Mali, 33 percent in Nigeria, and 39 percent in Senegal (Demirguc-Kunt et al. 2018).

Households that used migration as an essential coping strategy in the off season will receive substantially less than they had planned for three to four months—or they may not receive any money at all.

Yanoussa's average daily net income, for example, was $1.10 in March, but he now struggles to earn a daily average of $0.50. This amount barely covers his own survival, and he has had nothing left to send to Zeinabou in the past two months. Without income from Yanoussa, and with her own difficulties selling groundnut oil in local markets, Zeinabou struggles to feed their children. Yanoussa is now trying to save the $33.00 for bus fare home and to buy a few small things to bring back, but this is a big challenge. In addition, the premature return of some migrants has put added pressure on cereals stock for household consumption.

Disrupted cereal banks. Cereal banks generally are managed by groups of women. The women buy cereals at harvest when prices are low. They store the cereal and resell it during the lean season at a lower-than-market price to community members in need and, eventually, to external traders. Because of restrictions on travel within the country brought on by the pandemic, traders have difficulties reaching rural markets to buy grain. The local population may not have the money to buy grain despite their needs, leaving cereal banks unable to play their traditional role.

Failing warrantage systems. Warrantage systems often are established by producers' organizations or nongovernmental organizations (NGOs). Although their operations vary, they generally allow farmers to warehouse part of their production at harvest and receive cash loans based on the value of that "deposit." The pandemic has drastically decreased the number of traders in local markets, producers cannot sell as expected, and purchase prices are falling. This situation threatens loan reimbursement and potential loss of revenue for farmers at risk of stepping back into poverty.

Livestock at risk. Another coping mechanism derailed by the crisis is the important role livestock plays at this time of year, particularly for women. Before the pandemic, some women would sell livestock to buy cereals for their own consumption and feed for their small herd. However, the travel restrictions within Niger and to neighboring countries make it difficult for these women to find buyers in local markets, and the few purchases that are made are at lower than usual prices. This puts the herd at risk, and the household will not have money to buy cereals to feed the family until the next harvest.

"The drastic drop in livestock prices because of a lower demand in rural markets seriously affects women's livelihoods.… All resilience strategies, all breaths of oxygen are annihilated," notes Yacouba Reki Djermakoye, chief executive officer of 2minvest, a social enterprise dedicated to promoting entrepreneurship and financial inclusion for vulnerable segments in Niger.

Limited access to credit from local merchants. During the lean season it is common for rural households to borrow money from local merchants until the harvest, at which time they reimburse in-kind. However, these merchants also are affected by the pandemic. It has affected their ability to lend, which in turn means poor rural households will suffer. In the past, Yanoussa has borrowed approximately $33.00 from a local merchant every year. He would reimburse the merchant later with a bag of millet. This year he is afraid that will not be possible.

Increased vulnerability of women. Women in vulnerable households are disproportionately affected by the pandemic (Koning, Anderson, and Bin-Humam 2020). Zeinabou, like other women in vulnerable households, is under extra stress during the pandemic. These women find themselves alone and separated from their standard social institutions like school and savings groups. Children are at home and require care and feeding, which women must provide on their own. Caring for their children and households already was difficult before the pandemic, now without help from family members or neighbors in the village, it is much worse. Social supports are severely constrained, if not impossible to access, since everyone faces the same restrictions. The impact on poor families is considerable.

Poor vulnerable households face increased risks due to the pandemic

Vulnerable households in Niger and the Sahel are confronting worsening economic conditions and a breakdown of the traditional resilience mechanisms that they once relied on. They have few new coping mechanisms and face more risks in the near future. "The impact on food security may lead vulnerable households to resort to negative coping mechanisms, which will have lasting effects on their lives and livelihoods, including reduced number of meals, increased school drop-out rates, reduced means to cover health expenditures, gender-based violence, [and] selling of productive assets," according to the Food and Agriculture Organization of the United Nations (2020).

Assets at risk. Vulnerable households may find themselves forced to consume their meager assets. Some have reduced consumption to only one meal per day and are eating the cereals that normally serve as seed for the next planting season. Other households may need to liquidate all of their livestock at a low price, depriving them of essential assets in their hard-to-rebuild long-term resilience strategy. Others have had to sell plots of land for cash to buy food; if they are not already among the poorest, liquidating their assets may push them deeper into poverty.

Risk of untenable debt. For some vulnerable households, the only way to survive will be to go into debt with a cereal bank, a moneylender, or both—particularly to address urgent needs beyond food. Debts may be difficult to pay off after the next harvest or will place fragile households in an even more desperate situation.

Next agricultural season at risk. The conditions for a bad harvest at the end of 2020 already are in place. Some of the most vulnerable households will no longer have their own seeds to plant when the rains come in June. They also may lack the labor for agricultural production if borders remain closed or if the men who migrated cannot return home in time. There is a risk of acute food insecurity.

Poor vulnerable rural households need relief now and longer-term resilience

URGENT ACTION NEEDED NOW

Immediate action is needed to limit risks and the number of struggling rural households and livelihoods. Depending on conditions, targeted food distribution, cash transfers, and support for the next planting season—including seed distribution or veterinary supplies—could address the immediate needs of the most vulnerable households. But the COVID-19 pandemic is distinct from the typical causes of food insecurity.

The COVID-19 crisis affects more households than a climate shock. In a severe drought, for example, households would not necessarily lose their income from nonagricultural sources. As a result, households that are not already identified as traditional beneficiaries of food distribution or cash transfers may need help. A deeper understanding of how rural households are affected by the COVID-19 pandemic is needed to identify and reach them. It also is critical to engage relevant stakeholders to serve as convenient, accessible delivery channels. In addition, where "cash for work" transfer programs already are in place, given the physical distancing measures COVID-19 requires, the link between work and assistance may need to be suspended. Standard food crisis interventions will not mitigate these systemic shocks as effectively.

Some financial services may be less relevant in the emergency response to the crisis. Digitally enabled services, for example, are constrained in rural areas of the Sahel by low phone ownership and limited connectivity. However, financial institutions have an important role to play in accelerating and expanding the distribution of safety net payments. Microfinance institutions (MFIs) and post offices play a critical role because they have large networks. MFIs, in particular, have the agility to deploy *ad hoc* organization. One way to quickly get safety net payments to people who need them is to allow MFIs to apply simplified customer due diligence requirements for certain accounts—specifically, accounts for government-to-person (G2P) beneficiaries (CGAP 2020).

Funders play an important role in allocating additional support to international NGOs and United Nations organizations working in the Sahel, in close collaboration with the government. In parallel, governments in the region should urgently explore special measures to permit seasonal migrants to return home for the rainy season, which has already started.

BUILDING LONGER-TERM RESILIENCE

In the medium to long term, a holistic and coordinated approach among a range of stakeholders will be needed. A diversity of stakeholders related to both financial and nonfinancial services has an important role to play. In Niger and throughout the rural Sahel, this complex equation requires a holistic approach and close collaboration between governments, funders, and support organizations, including financial institutions. A crisis like the COVID-19 pandemic requires specific interventions to respond to its exceptional amplitude—it is likely that no preventive measures can fully cope with it.

The major challenge is to find solutions that enable vulnerable households to escape the recurring cycle of emergency food aid and increase their resilience to future shocks. To build more resilient food systems and improve food security in vulnerable rural households, several questions arise, including the following.

How might national social protection systems (G2P social transfers) be developed and institutionalized? Instead of creating *ad hoc* or partial schemes that depend on donor programs, how can governments establish ongoing G2P systems and infrastructure that reach and support vulnerable households, as called for by the Global Partnership for Universal Social Protection (USP2030) (ILO 2019)? What are the trade-offs between in-kind and cash social transfer systems, and can they be combined? Both approaches could allow families to prevent the onset of crises and invest part of the money they receive in income-generating activities, education, child nutrition, and health. The World Food Programme states: "Deprived of effective safety nets and social protection systems, poor and food insecure people can neither invest in more sustainable agricultural practices, nor even protect such modest resources as they have."[7]

Standing national G2P social transfer systems also will need a social registry that is frequently updated and that contains data relevant to the assessment of household vulnerability to shocks (Bowen et al. 2020). Delivery channels also are important, and it is crucial to understand payment and benefit delivery infrastructure:

- What markets are already in place?
- What is convenient and accessible to beneficiaries?
- What is quick, timely, transparent, less subject to fraud and error, and reconciled with confidence?

Social payments could be the entry point for offering financial services. Recent CGAP research shows that financial inclusion may help bridge the gap between cash transfers and long-term resilience (Chehade, McConaghy, and Martin Meier 2020).

How might the needs of vulnerable households be better understood, and how might the design and delivery of financial services meet those needs? What suite of financial products and services might build on the traditional mechanisms already in place and be adapted to their constraints and needs? Crop and health insurance could be part of the solution and should be explored, as should access to loans that encourage the diversification of activities and access to savings products for coping with urgent needs. Given that savings groups are popular mechanisms in Niger and other Sahelian countries, they could be leveraged to support and reach vulnerable households. A collaboration in Niger between USAID's Food for Peace and Catholic Relief Services, for example, works to improve rural households' resilience to recurrent shocks by building savings through savings and lending groups. They also strengthen community purchasing power to buy food and maintain savings in case of crisis (USAID 2019, 2020). However, it is important to accelerate links between savings groups and more formal financial institutions to help overcome the limits of savings groups in times of crisis.

7 "Sustainable Livelihoods and Ecosystems," World Food Programme, https://www.wfp.org/sustainable-livelihoods-and-ecosystems.

What digital infrastructure is needed? In remote areas with low population density, could using digital channels to deliver financial services through agent networks reach households at the lowest cost? Is good connectivity the first step toward digital financial services? The Niger smart villages concept, developed by the Government of Niger and supported by funders such as the World Bank, may be key to expanding that objective.[8] The initiative aims to reduce disparities between urban and rural areas by digitally opening up remote or underserved areas through increased mobile broadband network coverage. Expanded reach would enable the deployment of digital services such as e-health, e-education, e-agriculture, and digital financial services. This example illustrates how approaches need to be holistic in complex environments that involve several constraints to access to financial services.

Which regulations and policies should be adapted to extend financial services to vulnerable households? Should providing for tiered, risk-based, know-your-customer rules become a priority to facilitate account opening where few people, particularly women, have official ID documents? As an important step in that direction, the World Bank ID4D initiative works to advance digital identification in Niger and other countries in the Sahel to facilitate access to identification and to financial services.[9] Enabling regulation that allows traditional financial institutions to use agents also is an important priority to consider (Staschen and Meagher 2018). Given low literacy and lack of familiarity with formal financial services and digital tools in the rural Sahel, human touchpoints may play a key role when technology is involved. In addition, women play a pivotal role in maintaining family livelihoods but also face social norms that can constrain their mobility and interactions outside their families. In light of this, women can play a central role in agent networks and serve female customers who would otherwise not interact with male agents.

The approaches developed to help poor and rural households survive this pandemic also could lay the foundation for more resilient livelihoods. Imagine this:

> *Zeinabou receives a monthly social transfer from the government over a three-year period through her mobile money account. She uses it to buy livestock and build assets, which help her feed her eight children over the dry season. With this monthly transfer, she also makes regular contributions to a savings group and accesses a loan to increase turnover in her groundnut oil processing.*
>
> *Thanks to the link between her savings group's mobile money account and a financial services provider's account, the provider can assess Zeinabou's capacity for a larger loan. With these mechanisms supporting the family's resiliency, Yanoussa is no longer under pressure to migrate to Niamey for work and can use part of the transfer to start an income-generating activity in the village to complement the crops he grows.*

Vulnerable households in the Sahel could better cope with unavoidable shocks with more robust traditional *and* contemporary mechanisms in place. Even in the midst of the COVID-19 pandemic, building resiliency for the next crisis starts now.

8 "Stratégie Niger 2.0," Villages Intelligents, https://villagesintelligents.ne/strategie-niger-2-0/.
9 ID4D and World Bank, https://id4d.worldbank.org/.

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