



COVID-19 MITIGATION RESPONSE INTERVENTION: WHAT WE LEARNED FROM SUPPORTING 52,947 FARMERS AND MICROENTERPRISES

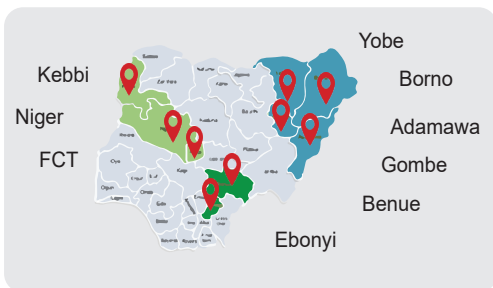
Background

The COVID-19 Mitigation Response intervention is a US\$15 million additional fund awarded by the United States Agency for International Development (USAID) to the Feed the Future Nigeria Rural Resilience Activity to deliver well-targeted cash and capital support to participants in targeted communities to prevent further backsliding and economic devastation due to the secondary impacts of COVID-19 shocks and stresses.

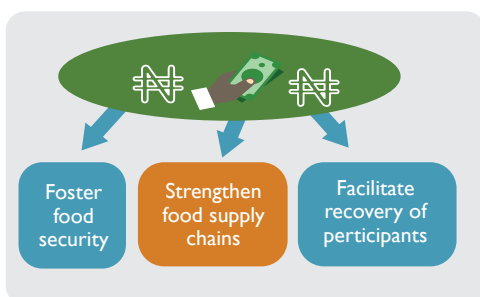
Informed by a rapid COVID-19 assessment looking at how local market systems were coping with COVID-19, the Rural Resilience Activity designed this cash response intervention to both meet the immediate economic and food security impacts affecting smallholder agricultural households, while also protecting and even strengthening key market systems functions that are critical for resilient and inclusive recovery and longer-term economic growth. This dual-pronged market-based approach was deliberate in channeling capital support to a priority subset of agribusinesses, like small local processors and agridealers, who were in a position to extend vital services to smallholder farmers, perserving and improving market linkages through the shock of COVID-19.

At the end of April 2022, the Activity reached 106% of targeted participants, and had generated evidence of impact and usage of the funds by participants through the Post Distribution Monitoring (PDM) survey and focus group discussions (FGD) conducted towards the end of the intervention. This learning brief is based on lessons learned by the Activity's staff, who implemented the intervention.

Locations



Objectives



Target Participants

The COVID-19 mitigation response intervention targeted four primary categories of participants: smallholder farmers and livestock owners (including individuals and members of agricultural collectives); rural and peri-urban microenterprises (agriculture and non-agriculture); small and medium size agribusinesses (primarily processing and agrodealers); and women cowpea processors.

45,000
Smallholder farmers, livestock producers, and members of Agric collectives

40
40 women-owned cowpea processing small enterprises

5,000
Microenterprises

50
Small and medium size agribusinesses



Implementation Status as of April 2022

Target vs Actual for Smallholder Farmers and Microenterprises (Participants)



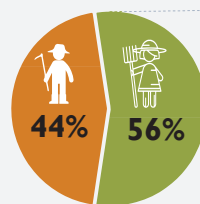
US\$ **10,018,554**
disbursed through bank accounts

52,947 of 50,000 farmers and Microenterprises have received individual cash transfers worth US\$10,018,554



47,387 Farmers
5,560 Microenterprises

Total Participants (Male and Female)



Total female participants reached is 56% vs 44% male participants

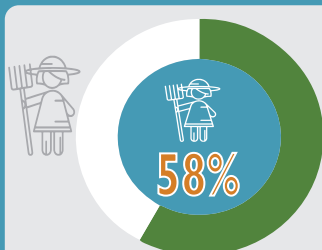
Male
23,057



Female
29,890

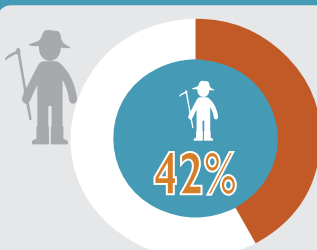


Proportion of females among youths



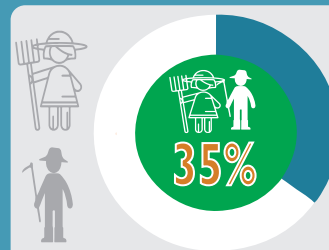
10,761 of **18,559**
female youth participants reached

Proportion of males among youths



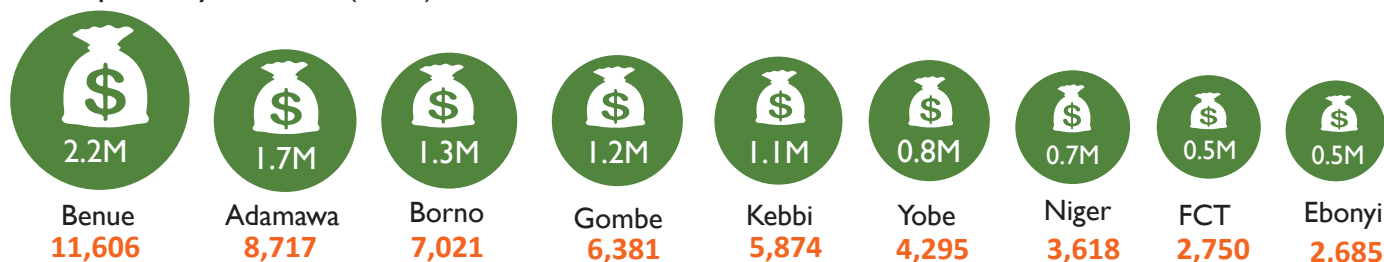
7,798 of **18,559**
male youth participants reached

Total Youths



18,559 of **52,947**
youth participants reached

Participants by location (state)



Implementation Approach



1. Development of messaging
2. Development of selection criteria and tools
3. Identification and registration of participants
4. Community engagement and sensitization
5. Validation of registered participants
6. Bank account opening
7. Disbursement through bank accounts
8. Post Distribution Monitoring (PDM)

What We Learned through the COVID-19 Mitigation Response Intervention

1 Pros and Cons of working through formal financial institutions to promote financial inclusion

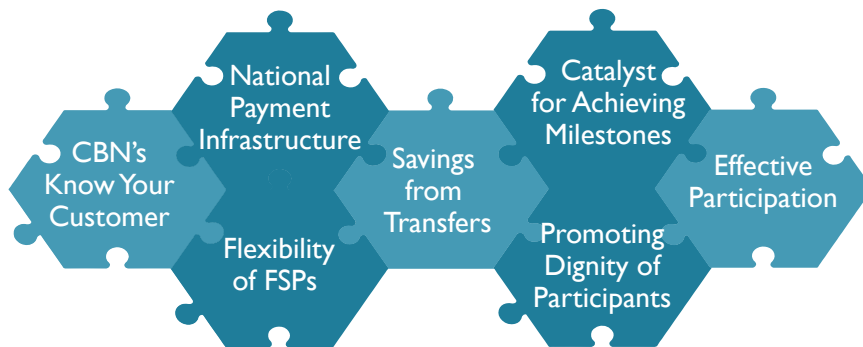
The categorization of formal bank accounts into Tier 1, Tier 2 and Tier 3 accounts impact on the amount of money a bank account can hold. Most of the rural participants had opened or submitted Tier 1 account numbers, which could not accept deposits above NGN50,000. As a result, Tier 1 accounts were responsible for 61% of failed transactions. The one-time disbursements to smallholder farmers and microenterprises, under this program, is equivalent to NGN3 billion.

Many of Tier 1-related challenges were addressed by the Mercy Corps team, through engagement of the commercial banks such as FCMB and Sterling Bank, who deployed their mobile agents to the affected

communities to assist participants to generate Bank Verification Numbers (BVN) and the National Identity Number (NIN), enabling them to open a new account or upgrade existing Tier 1 accounts to Tier 3 accounts.

A Tier 1 account is a basic savings account in Nigeria, whereby an individual can open an account without having all the mandatory civic documentation to open a standard or a regular account. This type of savings account doesn't require a utility bill, or any other identification document.

The upgraded Tier 3 accounts enabled participants to receive the COVID-19 Mitigation Response cash support provided by the Rural Resilience Activity and also position them and their businesses to access all the benefits accruable from operating a standard bank account in Nigeria.



The cash transfers are helping participants to become active players in the Northeast markets through investment in small businesses, expansion of existing businesses and diversification into new businesses.

2 Mercy Corps' preexisting humanitarian response capacity and cash payment infrastructure enabled a rapid and cost-efficient response to COVID-19

Mercy Corps Nigeria's capacity to process the cash transfers through its own online banking platforms to participants contributed to improved coordination between the COVID-19 Mitigation Response field teams, the Monitoring, Evaluation and Learning team (MEL), Rural Resilience Activity management and the Mercy Corps finance team. This is a confirmation of the expertise within Mercy Corps Nigeria in rapidly disbursing cash during emergencies, promoting financial inclusion (such as helping participants to become fully banked through civic documentation and access to financial service providers) and supporting cash transfer programs such as the COVID-19 mitigation response. This infrastructure and management capacity is not typically characteristic in development programming, and was key for Rural Resilience Activity to pivot to offer shock-responsive assistance.

The effective coordination of payments enabled Mercy Corps' finance team to manage failed payments and incorrect account details in collaboration with the Activity's Management Information System (MIS) officer. A total of 9,301 failed transactions were recorded. Failed transactions were sorted on a daily basis.

Savings

2,947
additional participants to benefit from US\$446,840 savings

3 Significant savings using Mercy Corps Nigeria expertise

By managing the disbursement of the COVID-19 mitigation response cash transfers directly through the Mercy Corps online transfer platform, a total sum of US\$496,602 was saved. This amount would have been spent as service charge, if money agents and third party financial service providers were engaged to manage the disbursements. As a result, an additional 2,947 participants benefitted from the cash transfers for smallholder farmers and microenterprise owners - exceeding the target of 50,000 to 52,947 participants. However, the direct disbursement of funds through Mercy Corps' bank transfer platform is suitable for meeting short term need of participants in emergencies. The COVID-19 mitigation response intervention adopts a humanitarian approach, which is being implemented alongside the market system approach, in which financial service providers are equipped to provide comprehensive financial services. The Activity's market system approach will afford both the financial services providers and participants the opportunity to commence a more enduring financial journey that minimizes market distortions and further unlocks access to a pool of financial services such as savings, credit, payment and insurance facilities, critical for strengthening the resilience capacities of institutions and communities.

4 **Financial service providers demonstrated flexibility in ensuring participants were banked**

Contrary to the traditional approaches deployed by humanitarian actors, which normally contract banks or financial services providers via a tender and treat cash transfers as an add-on activity, the banks that participated in the COVID-19 mitigation response intervention were actively driving the financial inclusion process by deploying agents with BVN registration machines to assist unbanked participants in remote Northeast communities to fast-track account opening. This is one of the benefits emanating from the series of engagements and Memoranda of Understanding (MoU) signed with First City Monument Bank (FCMB), Sterling Bank and other financial service providers that the Rural Resilience Activity had already been putting in place prior to the cash mitigation response. This approach also helped the banks to relate with the cash-assistance targeted participants as potential future customers, thereby furthering and protecting the Rural Resilience Activity's objectives around access to finance.

5 **Program approach as a catalyst for achieving the Activity's milestones**

The integration of the COVID-19 mitigation response into the Rural Resilience Activity workplan is helping program participants to build resilience to shocks and stresses that may have been exacerbated by COVID-19. For instance, the COVID-19 response helped to catalyze the financial services and inclusion component of the Activity through increased uptake of various categories of formal bank accounts.

From the PDM data analysis for Borno, Adamawa, Yobe and Gombe states, smallholder farmers and microenterprise recipients of cash reported that the assistance enabled them to offset increased food prices, invest in livestock business, pay children's school fees, and invest in farming and microenterprises. Thus, the cash is also helping protect and advance participants' ability to be active players in the Northeast markets through investment in small businesses, expansion of existing businesses and diversification into new businesses. Also, many farmers were able to procure and store inputs, while others used the money they received for harvest and post-harvest handling and preparation for dry season farming.

The PDM survey report captures the impacts of the intervention and details of . It is expected that the COVID-19 cash assistance will enable smallholder agricultural households and microenterprises to maintain market relationships while also accessing and leveraging more resources from formal financial services providers to grow and expand their businesses.

6 **Promoting dignity of people in crisis**

Through the expansion program, Mercy Corps Nigeria has assisted in promoting the use of automated teller machines (ATM) as well as point of sale machines (POS) among some of the vulnerable populations in North East Nigeria, thereby restoring and improving financial inclusion opportunities that had been deeply disrupted by the decade-long conflict. This approach has strengthened the dignity of people in crisis, moving away from the voucher system, and enabling vulnerable communities to spend the disbursed cash according to their household needs.

7 **Multi-stakeholder engagement and sensitization led to effective participation**

Proper community entry, sensitization of participants on program objectives, and stakeholder engagement were key to the success of the program. Stakeholder engagement did not only lead to participation of targeted communities and stakeholders, but it also helped to limit conflicts and promote safe programming.

8 **COVID-19 Mitigation Response program is a vehicle for collaboration and impact**

COVID-19 Mitigation cash transfers targeted the Rural Resilience Activity's participants and other Feed the Future Activities' participants to ensure layering of interventions. Mercy Corps Nigeria and the Feed the Future Nigeria Rural Resilience Activity, through the COVID-19 Mitigation Response, collaborated with organizations and programs such as the Feed the Future Nigeria Agribusiness Investment Activity implemented by Cultivating New Frontiers In Agriculture (CNFA), the Feed the Future Nigeria Agricultural Extension & Advisory Services Activity implemented by WinRock International, GIZ, EU MAIDA Early Recovery Program implemented by Mercy Corps, and Save the Children, through sharing of databases of participants in the Northwest, North Central and South East parts of the country. The COVID-19 response helped participants who benefitted from the intervention to layer on the supports received from Mercy Corps and other partner organizations for the purpose of sustainability and scale.

About the Feed the Future Nigeria Rural Resilience Activity

The Feed the Future Nigeria Rural Resilience Activity is a five-year, USAID-funded program which seeks to facilitate economic recovery and growth in vulnerable, conflict affected areas by promoting systemic change in market systems. The Activity is implemented by Mercy Corps, with support from the International Fertilizer Development Center (IFDC) and Save the Children (SCI), primarily in the Northeast states of Adamawa, Borno, Gombe, and Yobe. Through the COVID-19 Mitigation Response Program, the Activity's operational areas also include Benue, Kebbi, Niger and Ebonyi states, as well as the Federal Capital Territory. Using market-led approaches, the Activity will move over 540,000 individuals out of chronic vulnerability and poverty.

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