



Keystone/Xinhua/U Aung

BUILDING ECONOMIC RESILIENCE

THROUGH SYSTEMIC RESPONSE

TO COVID-19

Quick and necessary response to the coronavirus crisis needs to be complemented with long-term systemic approaches for development



COVID-19 IMPACT ON DEVELOPING ECONOMIES

The measures taken to contain the outbreak of Covid-19 are causing widespread disruptions in trade and economic activity around the world. The International Monetary Fund (IMF) estimates that the lockdowns will produce the worst economic recession since the Great Depression. [IMF's April World Economic Outlook](#) projects global growth in 2020 to fall to -3%. This recession is projected to affect all major regions of the world with some specific sectors being hit harder than others (e.g. Tourism vs. Information and communication technology [ICT]). Devastating economic and social crises are to be expected for many already fragile economies and contexts throughout the world. The economic impacts of the crisis affect disproportionately the most vulnerable people. [The International Labour Organization \(ILO\) states](#) that the pandemic is already exacerbating existing inequalities. Lockdowns pose serious restrictions to movement of goods and paralyse the informal economy, on which a lot of vulnerable groups depend.

Developing economies need a crisis response that is systemic and sustainable, considering both the humanitarian and development sides. Emergency responses to crisis situations often fail to take into consideration the local supply chains of food and non-food items which are accountable for providing essential services to the affected populations. Emergency response can potentially weaken the existing systems if the referenced supply chains are not taken into consideration at the time of the response. **Helvetas believes that emergency responses should be implemented with emphasis on avoiding negative impacts (*do no harm*) by understanding how market systems work and involving local actors to the extent possible.**

Helvetas believes that interventions that use and support local systems and partners can produce the desired short-term emergency response while promoting sustainable development.

Helvetas' systemic approach to emergency response starts with the definition of a clear Strategy and Vision which is based on the analysis and diagnosis of the local context. These dimensions determine what is going to be implemented during the intervention. Lean and agile monitoring and evaluation feed into the intervention allowing adaptive projects that respond quickly to the market and people's needs. In the next chapters we will introduce the dimensions of Helvetas' systemic approach to emergency response with short and medium- and long-term considerations, complemented by examples from Helvetas project portfolio.

In **Moldova**, farmers and businesses are facing difficulties and increasing pressure due to the COVID-19 pandemic. The most expected and justified response in such cases is saving lives and supporting short-term humanitarian efforts. Helvetas' OPTIM project in Moldova saw an opportunity to meaningfully contribute to minimizing the impact of the pandemic by searching for innovative solutions in the food systems. The project and partners embraced a medium to long-term agenda. In addition to the agricultural sector, OPTIM works in the ICT sector. This means that OPTIM didn't need a steep learning curve to adapt to the changing environment, i.e. continue the operations of the project while working remotely. The project has supported partners develop online food delivery services. The support areas ranged from online platform (online payment) to customer communication and delivery systems through better logistics

For Helvetas, it is important that development initiatives help to change systems, which create better opportunities for poor and marginalised women and men and contribute to the sustainable use of environmental resources. Strategies should strive for systemic changes that benefit the most vulnerable. Systemic changes are deep and transformative innovations in the structures and mindsets of a system and its actors that lead to different patterns of behaviour. A crisis can be a good opportunity for transformational change.

Implementers should follow Helvetas' suit and shift from direct and intensive project delivery models towards approaches that emphasize local ownership for sustainable and large-scale changes, also in emergency response situations like the one we are living with the Covid-19 pandemic.

In the short run

- Develop initiatives that include local actors and allow local market systems to remain active, while considering health and safety measures;
- Place women at the core of the strategy and consider how the intervention can diminish vulnerability of women and support them to take advantage of new opportunities;
- Respond to the crisis with a flexible approach but well-defined objectives that consider the sustainability, autonomy, and resilience of the system;
- Agile responses to Covid-19, which are mindful of the local economic systems and can provide the adequate emergency response while promoting development;
- Awareness raising at Governmental level for the potential socio-economic impacts of emergency responses. Interest groups (such as farmers groups) have an incentive to advocate.

In the medium and long run

- Promote local ownership of the medium- and long-term recovery plans;
- Support micro, small and medium size enterprises (MSME) and key actors with business training, and financial solutions;
- Contribute to the empowerment of women and shift gender relations towards equality;
- Promote solutions that increase resilience and mitigate exposure to future shocks;
- Support strengthening of local food and non-food systems that contribute to the increase of food sovereignty and the resilience of populations;
- Envision more inclusive, efficient and fair market systems that integrate and do not discriminate people;
- Technology can respond to the actual needs of people and increase resilience (e.g. cashless payments connected to cheap and secure international money transfers);
- Involve local actors and beneficiaries in exercises to envision future market needs and trends.

Access to affordable rural advisory services is crucial for poor and disadvantaged producers to recover, improve and sustain their incomes. Such advisory services include technical advice on production, support in business planning and management, linkages to input and output markets, to financial service providers, to financial literacy trainings, etc. Taking a market systems approach, Helvetas has successfully strengthened private local service providers (LSPs) in various contexts such as **Bangladesh, Philippines and Mali**. These LSPs are men and women experienced in agriculture or non-agricultural income generating activities, living in the neighborhoods of poor and disadvantaged producers, and motivated to provide rural advisory services as a paid profession. To ensure long-term sustainability of rural advisory services, payment comes from within the local market systems (fees paid by producers, commissions charged to buyers and input providers, etc.). In Bangladesh in particular, Helvetas has promoted the LSP model in emergency and early recovery settings (flood-affected areas in Northern Bangladesh, refugee context in Cox's Bazar) with the following adaptations:

- A part of the rural advisory services, such as support in business planning after emergencies, are subsidized by projects while other services, such as linking producers to traders/processors, continue to be financed by market systems actors. This dual model increases the probability that services continue to be provided after the early recovery period on a fee/commission basis.
- LSPs understand the value of proactive and effective services in emergency periods will accelerate the recovery of economic activities and strengthen trust relationships with producers and other market actors. This is in the business interest of LSPs as it supports building and keeping their client base in the long run (i.e. long term demand for the LSPs services and ability to pay for services are strengthened).
- In the context of restriction of movement like under Covid-19, the proximity of LSPs to the neighborhoods of producers is an additional advantage. The model can be adapted from providing services to groups (e.g. trainings) to providing 1:1 services.

SYSTEMIC ANALYSIS & DIAGNOSIS OF COVID-19 IMPACTS

During a crisis, a proper diagnosis of the situation is paramount. This diagnosis should involve local actors, be iterative and updated regularly since the situation can change fast. The objective of such iterative and participatory diagnosis is to identify the new threats and opportunities on the system.

This allows us to better understand the root problems, to adapt our work in practical ways, and to support others in changing what they do.

Helvetas conducts sound and continuous analysis and fosters critical enquiry and active discourse, internally and with our partners and system actors.

In the short run

- Covid-19 response needs to be based on an iterative and participatory analysis of the local market systems. This analysis should be thorough but at the same time lean (see [MERS](#); [EMMA toolkit](#)). Good dialogue, collaboration and adaptation are key;
- Engage market actors in multi-stakeholder dialogues to discuss and agree on the main priority bottlenecks and new opportunities to act upon;
- Identify and target vulnerable groups for the Covid-19 response intervention;
- Strive to analyse the root causes of the discrimination of the target group;
- Identify key market actors that have the potential to trigger urgent systemic changes.

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- In the medium and long run**
- Monitor trends and predict how market systems will change in response to the crisis;
 - Document the systemic changes and their consequences on target groups;
 - Systematize and communicate best practices;
 - Deepen the understanding of the root causes of discrimination of the target group (market system dynamics and local rules);
 - Encourage multi-stakeholder concertation to analyse how regulations can be adapted to promote inclusive and sustainable economic development and increase resilience.
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With the arrival of Covid-19 in **Guatemala**, the context is constantly changing in health, economic and social terms. The rural areas of the country and specifically the vulnerable rural population faces additional challenges related to the spread of the pandemic. In order to assess the needs of the rural communities and generate inputs for dialogue and reflection on support strategies, through lean surveys combined with digital platforms Helvetas and IREX together with important market system actors conducted a needs assessment in 369 rural communities. The assessment revealed that the communities and local health systems are not ready to contain the pandemic, and that the communities are on the verge of entering a very serious food and economic crisis. The following action plan was identified:

- With adequate health protocols, re-establish the functioning of local markets and rural transport, to facilitate access to food, agriculture and health;
- Strengthen income generation from new opportunities, such as soap making, face masks, home delivery, foster business and technical capacities, and offer seed funds and/or credit through system actors (e.g. skills development institutes or financial institutions);
- Strengthen social capacity to prevent violence against women and children and to provide medical, psychosocial, and legal care to victims, based on the existing capacities of specialized civil society organizations.
- Helvetas' office in Guatemala continues to monitor the situation and the response on the ground in close collaboration with local partners.

INTERVENTIONS THAT USE AND SUPPORT LOCAL MARKETS

Helvetas implementation approach is based on a facilitative role, through which we support local market actors taking ownership of the change processes. We believe that local ownership of response and change processes mitigates the potential harm caused by emergency response and confers sustainability to development initiatives. Facilitating system change processes is highly complex and requires constant learning and adaptation of strategies.

Helvetas' role is facilitative, stimulating system actors to take on change-supporting roles within targeted systems for a large-scale impact.

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- In the short run**
- Promote local ownership of emergency response implementation by key local market actors and facilitate the development of tailored solutions;
 - Engage with donors and consider how new resources can be mobilized or existing resources can be used/redeployed for the appropriate Covid-19 response;
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In the short run

- Facilitate the exchange of ideas between value chain actors, service providers and regulators to discuss collective actions and measures to adapt and improve the functioning of markets, with inclusive and fair transactions;
- Facilitate small and decentralized meetings (virtual or with adequate precautions);
- Establish very precise agendas to address specific topics with the right actors;
- Encourage systemic emergency investments – both private and public – to maintain or improve important system functions (e.g. Food or water supply);
- Advocate to local authorities, based on systemic analysis, to alleviate bottlenecks (e.g. authorise and monitor safe movement of people for key activities, such as food production);
- Pro-actively engage with market actors on scenario planning and on ways in which actors can reconvert operations in response to emergencies;
- Emergency distribution of cash or cash vouchers to vulnerable people, which will ensure minimum disturbance to the local markets and service providers;
- Design and produce small tutorials to introduce, recall, or recycle practices or technologies (e.g. for distance or online training).

In the medium and long run

- Facilitate the reconstruction. Markets and actors will need support to relink or rebuild supply chains;
- Facilitate continued advocacy towards public sector to anticipate crisis situations and response scenarios for financial and non-financial sectors;
- Support MSME transition to a new market context where work conditions and market demands may have shifted;
- Support financial service providers in developing products and services tailored to the new needs of MSME;
- Support job creation while promoting gender equality and decent work standards;
- Train project and partner staff on market system development principles.

In **Burkina Faso**, as part of a program to support the promotion of agricultural entrepreneurship several business clusters were set up with a view to develop more inclusive and sustainable agricultural market systems based on promising value chains. With the Covid-19 health crisis, the government took urgent measures with direct and indirect impacts on the functioning of these business clusters and market systems. New constraints emerged, and some opportunities have disappeared. By stimulating constructive business dialogues – sometimes using personal messaging applications, such as WhatsApp groups in order to limit meetings and travel - local stakeholders quickly identified threats and urgent collective actions to address them and increase system resilience. The program had to quickly adapt its interventions, notably by reallocating budget lines to create an "emergency systemic co-investment fund".

For example, in the very insecure North Region, 250 tons of onions, an important source of income for many women, were threatened by the inability of many buyers to send their trucks out in time before the rainy season started. The onions were simply stored under the trees. As a result of a business dialogue between all the players, a strategy for systemic investments was developed. Namely, emergency construction of about fifteen village granaries for a total capacity of 200 tons was improved with locally sourced materials, and a storage warehouse managed by a women's group was rehabilitated and now benefits nearly 400 women.

Such an adaptation of the intervention enables the actors in this market system, especially women, to save their harvest, preserve the quality of their products, and negotiate good prices since local demand has increased substantially.

The program has been able to adapt and participate in emergency investments that will have long-term impacts in structuring the system and its reliance.

FLEXIBLE AND AGILE MANAGEMENT

& MONITORING PRACTICES BASED ON DATA

The management of programs dealing with complex and dynamic systems requires an internal organization (structure, policies, and processes) that supports adaptive management and responsiveness to changing realities and emerging opportunities.

Growing utilisation of mobile phones and the increasing access to internet allows us to consider lean ways of measuring impact and communicating with market actors. A sound monitoring and evaluation system enables us to detect change, to assess the effectiveness of what we do, and to plausibly attribute change to our systemic actions. This is increasingly important when addressing constraints in the wider system, where the link between what we do and the change we hope to see becomes more indirect.

Helvetas' projects are implemented in a flexible manner, with adaptive management based on a culture of intentional learning that fosters continuous improvement while maintaining accountability towards clients.

In the short run

- Donors and project teams understand the need to be flexible and adapt the projects;
- Donors allow for the reallocation of resources to respond to the unanticipated situation;
- Project teams are agile in analysing new system constraints and target group needs;
- Use fast and reliable data collection methods to evaluate the impact of interventions;
- Lean data collection methodologies to monitor and measure the produced change;
- Adjust interventions faster based on the feedback gathered locally;

In the medium and long run

- More organisations follow Helvetas' approach in agile and adaptive management;
 - Mindset of agility and flexibility is kept in the long-term by both donors and implementing organizations;
 - Promote a culture of testing, validating, scaling and learning, based on data;
 - Increase transparency and accountability of development practices in line with Results-based management (RBM);
 - Train local actors in data collection methodologies.
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In restricted mobility and interaction, understating the nature of the Covid-19 impact is a precondition for responding effectively. **EYE Kosovo** and **RisiAlbania** use a range of tools and processes to keep track of what happens and what needs to be adapted. For example, we use [Outcome Harvesting](#), a method that enables evaluators or projects to identify, formulate, verify, and make sense of outcomes of their initiatives. The method doesn't measure progress towards predetermined outcomes or objectives, but rather collects evidence of what has been achieved, and works backward to determine whether and how the projects contributed to the change. Project monitoring and evaluation systems have been at the heart of Helvetas' decisions for responding to the pandemic. Having enough data is imperative for an evidence-based decision making on how to prioritize resources, measure what matters, and convert data collection methods to remote or virtual platforms.

- The first step towards adaptation is **understanding** the basics: the level **of impact on different people and partners**. The pandemic is having profound effects, some of which are more visible and immediate (economic, health) while others are concealed (well-being, mental impact) but equally critical with long-term consequences. Besides, the effects of this pandemic aren't distributed equally, hitting the disadvantaged and the vulnerable the hardest.
- Then the next course is **moving from knowing to acting**. Interventions are needed during the crisis more than ever. Some are immediate to cushion the impacts and bridge gaps, while others are medium- to long-term. The monitoring and evaluation systems have been at the heart of decisions for responding to the pandemic. Two considerations that guided the projects' adaptation of the systems were: (i) appropriateness (why we need the information?), and (ii) feasibility and usage (is it possible to get the information timely and what kind of information do we need to make decisions?)
- Overall, **three key features** describe adapting monitoring and evaluation as a result of the pandemic. First, a strong emphasis on timely and relevant information collection and then the adaptation and the integration of the information into the ongoing initiatives.

The current pandemic has also generated a large amount of secondary data which we are closely following and using. Second, prioritizing what tools and processes to use for efficiency in the face of uncertainty. And third, the projects have treated planning as iterative, as no single solution has been the best fit for changes required due to Covid-19. Learning has been documented and used for adapting initiatives that have great potentials for better results beyond the crisis.

OUR TRIPLE COMMITMENT

Founded in 1955, Helvetas is the largest Swiss-based and a leading European international development NGO. As a politically and denominationally neutral organization, Helvetas works in developing, emerging and transition countries to improve the livelihoods and living conditions of the poor and disadvantages people. The impact of our work is the product of a combination of concrete development projects, thematic advice, and policy dialogue at local, regional and international levels. Helvetas strives to integrate systemic approach in its Covid-19 response through three avenues, such as project implementation, advisory services, and advocacy. The examples above are taken from the project implementation piece of our work. Besides that, Helvetas provides advisory services on integrating a systemic approach and sustainability perspective into emergency response and recovery. Moreover, Helvetas advocates for sustainability/nexus in emergency response and recovery.

RESOURCES TO COMPLEMENT THIS DOCUMENT

<u>SDC</u>	Swiss Agency for Development and Cooperation, Employment and Income Network (e+i), Covid-19 & Inclusive Economic Development page.
<u>USAID</u>	USAID learning lab presents COVID-19 response information. Please consult USAID's insights on <u>Adaptive Management</u> .
<u>SEEP Network</u>	Documentation from the "Small Enterprise Evaluation Project" (SEEP) network on project adaptation to the coronavirus.
<u>MERS Guidance</u>	Minimum Economic Recovery Standards (MERS) Guidance in Response to Covid-19.
<u>EMMA Toolkit</u>	A set of tools and guidance notes that support development practitioners and humanitarian staff to understand, adapt, and make use of market systems.
<u>REACH</u>	Research centre with ongoing initiatives on humanitarian response relevant topics.
<u>CaLP</u>	Market Support Interventions in Humanitarian Contexts – a Tip Sheet by The Cash Learning Partnership (CaLP).
<u>CaLP</u>	Cash and voucher assistance (CVA) in Covid-19 Contexts: Guidance from the CaLP network.

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