

Covid-19 Survey Report

MicroLoan Malawi September 2020

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Background

MicroLoan Foundation Malawi is a microfinance institution that provides loans to poor and vulnerable women in rural and peri urban areas across Malawi. The loans are provided to women in groups of five to fifteen. The women use the loans to start micro and small businesses to create income generating activities as well as loans for agricultural purposes. Before receiving the loan, prospective clients are trained in various areas of running a business, personal and business finance as well as savings.

MicroLoan Malawi provides these services through a network of 16 branches that are manned by three to six community-based Loan & Training Officers supervised by Branch Managers and a network of 13 satellite branches which are run by Senior Loan & Training Officers. (See figure 1 below for locations of the branches).

Figure 1: Locations of branches of MicroLoan Foundation Malawi



Towards the end of 2019 and at the beginning of 2020, the COVID -19 pandemic started to spread across the world. As a result of the pandemic, governments had to introduce various measures restricting movement of people and goods and restricting non-essential economic activities. African countries responded in a similar way and this has significant negative economic impacts. At the beginning of April 2020, limitations on movement of people and restrictions on economic activities were imposed.

MicroLoan Malawi needed to measure the impact of these restrictions on their clients so that it could formulate an appropriate response to support its clients during the pandemic as well as mitigate the risk to its own loan portfolio. There was also a requirement from various internal and external stakeholders to report on the impact of the COVID-19 pandemic on the organisation and its clients.

MicroLoan Malawi embarked on an exercise to survey its clients in order to measure the impact of COVID-19 on their lives.

Methodology

MicroLoan Malawi created a survey tool consisting of 34 Questions. (see Appendix 1 for full survey tool). The survey was primarily put together through a combination of research on what was being done in the sector globally, whilst at the same time adapting the questions more closely to the local context.

The survey questions covered the following areas:

1. General information about a client
2. Client awareness of COVID-19 and implications thereof
3. Overall Impact of COVID-19 on clients' households
4. Coping mechanisms used by the clients
5. Assistance required by clients from MicroLoan, if any

The survey tool was subsequently adapted so that the data could be captured into Musoni, our management information system, thereby facilitating quicker and more accurate results.

We aimed to interview 300 randomly selected clients across 15 branches, Rumphu which was a new branch was excluded from the survey. Social Performance Task Force recommends interviewing between 200 and 400 clients for the survey to yield statistically significant results.

An independent intern was employed at the MicroLoan Head Office. His task was to interview 300 randomly selected clients via telephone. He was trained in using the COVID-19 survey tool on 1 July 2020. Subsequently, between 2 July 2020 and 31 July 2020, the intern conducted the interviews.

After that, the data was extracted from Musoni and analysed. During the analysis of the data, it was discovered that all clients were affected in a similar way regardless of their age, location or economic activity. We therefore decided not to further break down this analysis. Findings of this survey will be presented in the following sections. (Summary of responses to major survey questions are found in Appendix 2.)

Findings

1. General information about participants in the survey

In the first set of questions in the survey, general information about participants was gathered. This included questions on their age, where they lived, their poverty status (as per the Poverty Probability Index) and the type of business they were running.

As previously mentioned, we attempted to survey 300 women clients from 15 branches across Malawi. Instead, we managed to interview 288 clients across 15 branches, with a remainder of 12 clients who could

not be reached via telephone at the time. We proceeded to analyse the survey because sample of 288 clients was still within a range recommended by Social Performance Task Force.

Table 1: Number of participants per branch

Branch	Participants
Balaka	21
Blantyre	40
Chikwawa	4
Dowa	28
Kasungu	15
Lilongwe	23
Mangochi	18
Mchinji	17
Mulanje	15
Mzuzu	10
Nkhotakota	18
Nsanje	18
Ntcheu	18
Salima	18
Zomba	25
Grand Total	288

Approximately 77% of clients interviewed were from rural areas whilst 23% were from peri-urban areas.

The above breakdown is a fair representation of demographics of clients of MicroLoan Malawi.

Out of 288 clients interviewed, 279 (93% of clients interviewed) were still running a business, indicating that COVID-19 did not have major impact on business closures in Malawi.

2. Client awareness of COVID-19 and implications thereof

The next section of the survey covered questions on client awareness of the COVID-19 pandemic as well as clients' knowledge of precautions needed to minimize the risk of contracting the COVID-19 virus.

Nearly all clients (99%) showed good awareness about COVID-19. At the time of the interview they were aware of what COVID-19 was and health implications thereof. All the interviewed clients were taking correct protective measures needed to minimize the risk of contracting COVID-19.

3. Overall impact of COVID-19 on clients' households

In the next section of the survey, the clients were asked what impact COVID-19 had on their finances, business, food consumption and health.

COVID-19 had a negative impact on client finances with all the interviewed clients indicating that their financial situation has worsened since the start of the COVID-19 pandemic.

Table 2: Financial Impact of COVID-19 on Household Finances

	No of clients	%
Got a little worse	0	0%
Got much worse	288	100%
Stayed the same	0	0%
Improved	0	0%
Total	288	100%

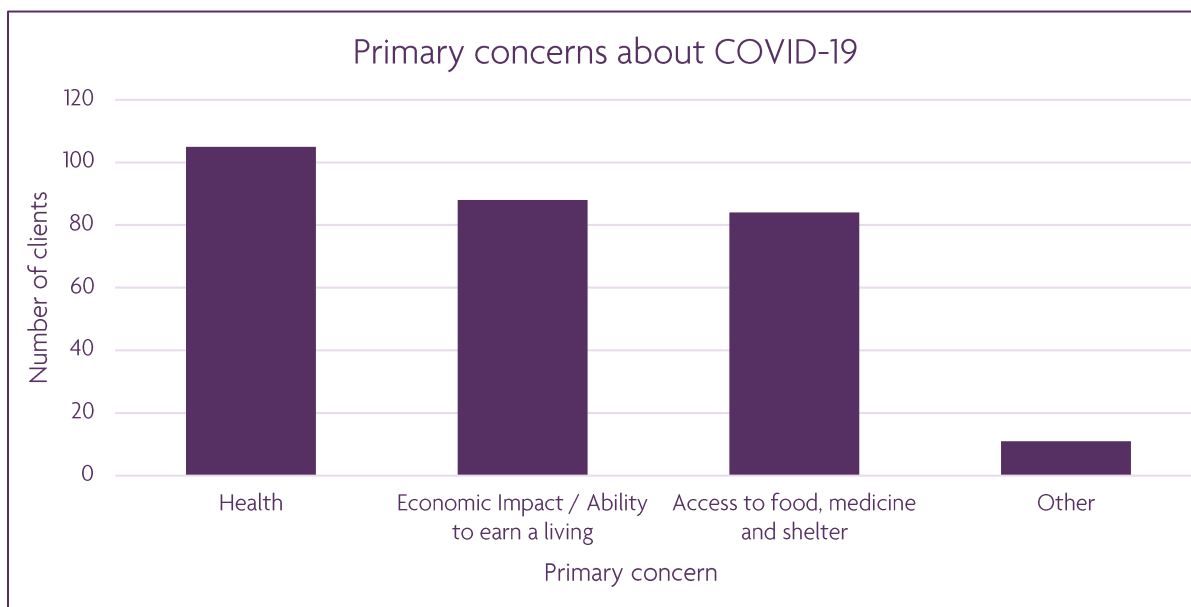
All but one client indicated that their food consumption has been negatively impacted and that they are going hungry when they normally would not be. This is obviously very concerning.

When asked about their primary concerns with regards to COVID-19, 36% of interviewed clients were concerned about the impact of COVID-19 on their health.

Around 31% of participants indicated that their primary concern was their ability to earn a living, whilst 29% indicated that their primary concern was access to basics like food, medicine and shelter.

As the government had closed schools at that time, clients also had concerns about childcare. Clients also had concerns about the affordability of protective gear and sanitizers. The graph below shows clients' primary concerns about COVID-19.





4. Coping mechanisms used by clients

Clients are forced to use coping strategies to survive during times of crisis like the COVID-19 pandemic. The next set of survey questions focused on coping strategies used by clients, which can be divided into positive and negative coping strategies.

Positive coping strategies include using savings or finding ways to earn additional income. Negative coping strategies include increasing debt (especially debt through loan sharks), or selling household assets etc.

Around 63% of participants used positive coping strategies to cope with the negative impact of COVID-19, whilst 20% of clients used negative coping strategies. Around 17% of participants did not need to use any coping strategies. Table three below shows a detailed breakdown of coping strategies used by the survey participants.

Table 3: Detailed Breakdown of Coping Mechanisms used by clients in response to the situation

	No of clients	%	Positive / Negative
Used Savings	87	30%	Positive
Changed business in some way, like offering additional products	80	28%	Positive
Found new / Additional Work	15	5%	Positive
Stopped Loan Repayments	5	2%	Negative
Borrowed money / food from friends or family	37	13%	Negative
Borrowed Money from moneylender	10	3%	Negative
Borrowed Money from other MFI /Bank	6	2%	Negative
Not needed to change anything	48	17%	Neutral

5. Assistance required by clients from MicroLoan Malawi

The final part of the survey asked what MicroLoan Malawi could do to assist clients to cope with the negative effects of the pandemic.

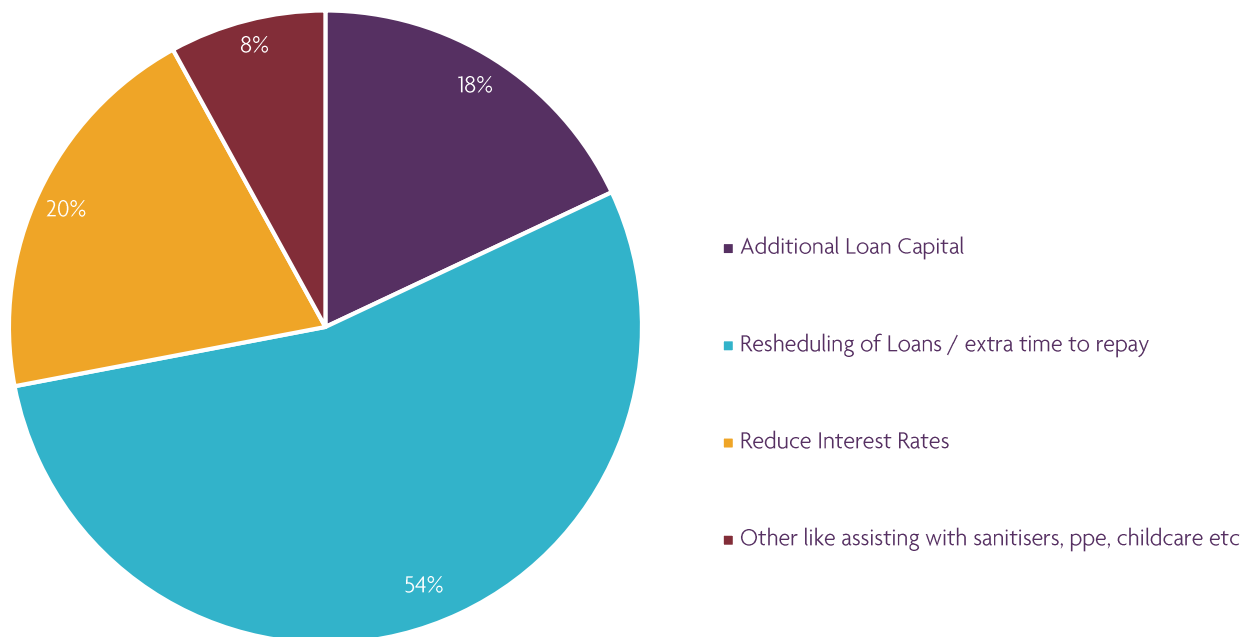
Interestingly, 92% of participants requested debt restructuring in the form of rescheduling of current loans, drop in the level of interest rates or increased access to additional capital whilst still paying off the existing loan. About 8% of clients requested other form of assistance like the provision of hand sanitizers and assistance with childcare.

The pie chart below shows a summary of clients' responses.

MicroLoan had already put in place debt restructuring and additional loan capital for those clients who are affected by COVID-19. This was done on a case by case basis.

Other requests by the clients were deemed too expensive and impractical for MicroLoan Malawi to provide at this stage.

How can MicroLoan Assist Clients?



Conclusion

In light of the COVID-19 pandemic, MicroLoan Malawi conducted a survey of 288 clients on the impact that COVID-19 had on their lives.

The survey has established that clients had a very good knowledge about the virus and steps that need to be taken to minimize the risk of transmission.

An overwhelming majority of clients saw a negative financial impact on their lives. It seems that the COVID-19 pandemic has caused additional widespread hunger and food insecurity.

Approximately 63% of clients used a positive coping strategy such as using their savings and finding additional sources of income to cope with the impact of COVID-19. Around 20% of clients had to resort to negative coping strategies such as borrowing from informal sources to manage the impact of the pandemic.

Around 92% of clients asked that MicroLoan Malawi reschedule current loans or provide further loans to help them to cope with the pandemic.

MicroLoan was very proactive in the response to the COVID-19 pandemic. Clients who required rescheduling of loans or disbursement of further loans were assisted accordingly prior to the publication of these survey results.

In conclusion, the vast majority of clients were negatively impacted by the COVID-19 pandemic.

MicroLoan Malawi has responded well and appropriately to help them minimize the impact on their lives caused by the pandemic.

Results of this survey will be analyzed together with our ongoing client satisfaction and drop out surveys and will be incorporated into our future product development and our Social Performance strategy. As it stands, we are not planning to repeat this survey unless the need to do so is identified in the future.

Appendix 1: Client Survey Questionnaire

COVID – 19 Impact Tool

1	Clients name	
2	Date of interview	
3	Branch	
4	Group Name	
5	Age of a client	
6	Current Loan Amount	
7	Clients Latest PPI Score (if available and less than 12 months old)	

Hello, can I speak to [customer name]? My name is [name] and I am calling from MicroLoan Foundation. I am conducting research on behalf of MicroLoan to learn about impact of Covid-19 / Coronavirus on you, your business and your community in general. This interview is voluntary and will not affect the service you receive from MicroLoan but if you have the time, we value your feedback. The interview takes approximately 15 minutes.

8	Would you be willing to give an interview?	Yes (go to Q9)	No (Thank the client for their time and proceed to next client on the list)
9	Do you have 15 minutes to talk to me now?	Yes Thank you	No

					May I call back another time that works? (Record call back and end interview)	
10	Do you live in a city, town, or in the countryside?	City	Town	Village	Countryside	
11	Do you run a business currently?	Yes (go to Q12)		No (go to Q13)		
12	What Business are you running currently?					
13	Have you heard about Coronavirus or COVID-19?	Yes	<p>No</p> <p>Let me tell you a little more. Coronavirus disease or COVID-19 is a new infectious disease that is affecting the world right now. Most people infected with the COVID-19 virus will experience mild to moderate flue like symptoms and recover without requiring special treatment. Older people, and those with underlying medical problems like heart disease, diabetes, lung problems, and cancer are more likely to develop serious illness. The best way to prevent and slow down transmission is be well informed about the COVID-19 virus, the disease it causes and how it spreads. Protect yourself and others from infection by washing your hands and not touching your face. The COVID-19 virus spreads primarily through droplets of saliva or discharge from the nose when an infected person coughs or sneezes, so it's important that you don't cough near other people.</p> <p>(End interview)</p>			
14	Are you concerned about coronavirus?	Yes, very much	Yes, slightly	No, not really	No, not at all	I'm not really sure

15	<p>[if response to Q14 is 'Yes, very much' or 'Yes, slightly'] ask Q 15 If response is not "Yes, very much" or "Yes, slightly" proceed to Q 16</p> <p>What is the top concern you have related to the coronavirus / lockdown right now?</p>	Access to basic needs such as food, medicine, and shelter	Ability to work / earn an income	Childcare	The economy	Concern about my health or my family's health	Other
16	<p>So far, overall, has the financial situation of your family changed since the coronavirus [lockdown] use local description? Has it:</p>	Got much worse	Got a little worse	Stayed the same	Improved a little	Improved a lot	
17	<p>As a way to cope with the coronavirus situation, have you had to do any of the following? Have you:</p> <p>(tick all that apply) [Ask this above if previous answer was "Got much worse" or "Got little worse".] if not ask below:</p> <p>If your income decreased by half as a result of Coronavirus how would you cope with the situation? Would you do any of the following?</p> <p>(tick all that apply)</p>	Used money that you had been saving					
		Found new/additional work					
		Stopped loan repayments					
		Borrowed money from an MFI or bank					
		Borrowed money from a friend or family					
		Borrowed food from a friend or family					
		Borrowed money from a money lender					
		Sold an asset?					
		(if sold an asset) What kind of asset did you sell?					
		Done something else (please specify)					

18	<p>What was the largest source of income (money) for your family in the last 12 months? Please be specific</p> <p>For example:</p> <ul style="list-style-type: none"> - If farming, what do you farm? - If business, what do you sell/what is your service? - If employment, what is your job? 					
19	<p>Has your income from this source changed since the start of the coronavirus [lockdown] use local description? Has it:</p>	Got much worse	Got slightly worse	Stayed the same	Improved slightly	Improved very much
20	<p>Could you please explain your answer?</p>					
21	<p>What was the second-largest source of income (money) for your family in the last 12 months? Please be specific</p> <p>For example:</p> <ul style="list-style-type: none"> - If farming, what do you farm? - If business, what do you sell/what is your service? - If employment, what is your job? 					
22	<p>Has your income from this source changed since the start of the coronavirus [lockdown] use local description? Has it:</p>	Got much worse	Got slightly worse	Stayed the same	Improved slightly	Improved very much

23	Could you please explain your answer?					
24	As a result of the coronavirus, have there been changes in food consumption in your household?	Yes			No (go to Q29)	
25	Have you decreased consumption of some types of foods?	Yes			No (go to Q27)	
26	Could you please explain your answer?					
27	Have you reduced the number of meals you have each day?	Yes			No	
28	Do you often go hungry when you wouldn't normally?	Yes			No	
29	To what extent do you agree or disagree with this statement: I am worried about the health impacts of the coronavirus on me and my household? Do you:	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
30	Are you taking any actions to minimize the possibility of contracting the virus	Yes			No (go to Q 32)	
31	Could you please explain the answer?					
32	Thank you for sharing this with me. Just a few more questions now.					

	What could MicroLoan do at this time that would be particularly helpful to you?	
33	Can you tell me, what actions, if any – by friends, community, government or others – are giving you hope right now?	
34	The coronavirus is affecting people in many ways. Is there anything else you would like to share about how the coronavirus has affected you and your family? Please explain.	

End interview: Thank you very much for your time. I really appreciate you talking to me and sharing your experience. Please stay safe and well.

Appendix 2: Summary of Participants' responses

Table 1: Number of participants per branch

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Balaka	21
Blantyre	40
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Borrowed Money from moneylender	10	3%	Negative
Borrowed Money from other MFI /Bank	6	2%	Negative
Not needed to change anything	48	17%	Neutral

Table 4: Client Profile

	No of Clients Interviewed	%
City	1	0%
Town	66	23%
Village	221	%
Total	285	100%

Table 5: Results of Key Questions

	Yes	No	Total	Yes	No	Total
Have You Heard About Coronavirus Or COVID-19?	286	2	288	99%	1%	100%
Are you concerned about Corona Virus?	288	0	288	100%	0%	100%
Do you currently run a business?	279	9	288	93%	7%	100%
Has your food Consumption been affected?	288	0	288	100%	0%	100%
Do you often go hungry when you would not normally?	287	1	288	100%	0%	100%
Are you concerned about health impact of corona virus on you or your family?	288	0	288	100%	0%	100%
Are you taking any preventative actions?	288	0	288	100%	0%	100%

Table 6: Client's primary concern about COVID-19

	No of clients	%
Economic Impact / Ability to earn living	88	31%
Access to basic needs such as food, medicine, and shelter	84	29%
Health	105	36%
Other	11	4%
Total	288	100%

Table 7: Basic breakdown of coping mechanisms used by clients in response to COVID-19

	No of clients	%
Positive	182	63%
Negative	58	20%
Neutral	48	17%
Total	288	100%

Table 8: Clients response to how MicroLoan could assist them

	No of clients	%
Rescheduling of Loans / extra time to repay	155	54%
Additional Loan Capital	52	18%
Reduce Interest Rates	57	20%
Write off Loans	0	0%
Other like assisting with sanitizers, PPE, childcare etc	24	8%
Nothing further needed	0	0%
Total	288	100%

References

The information from following websites was used in a research and development of survey tool:

1. <https://sptf.info/resources/covid-19-client-interview-tool>
2. <https://bfaglobal.com/insight-type/publications/your-finances-and-the-coronavirus-pandemic-dip-stick-surveys/>