COVID–19 Survey Report

MicroLoan Foundation Zambia August 2020

Contents

Background

MicroLoan Foundation Zambia is a microfinance institution that provides loans to poor and vulnerable women in rural and peri urban areas in Eastern, Southern and Northern Provinces of Zambia. The loans are provided to women in groups of five, so that they can use it to start micro and small businesses to create income generating activities. Before getting the loan, prospective clients are trained in various areas of running a business, personal and business finance as well as savings.

MicroLoan provides these services through a network of 15 branches that are manned by three to six community-based Loan & Training Officers supervised by a Branch Manager or Branch Head depending on the size of the branch. (See figure 1 below for locations of the branches).

Figure 1: Locations of branches of MicroLoan Foundation Zambia

Towards the end of 2019 and at the beginning of 2020, the COVID-19 pandemic started to spread. As a result of the pandemic, governments around the world have introduced measures restricting movement of people and goods and restricting non-essential economic activities. African nations have responded in a similar way. This has had severe negative economic effects across the globe. At the beginning of April 2020, limitations on movement of people and restrictions on economic activities deemed to increase the risk of transmission were imposed. This has affected MicroLoan's clients and their livelihoods, so we conducted a survey to measure the impact of COVID-19 on clients' lives. This survey informs the appropriate response to effectively support MicroLoan clients during the pandemic as well as to mitigate the risks to MicroLoan's loan portfolio and operations. We were also required by both internal and external stakeholders to report on the impact of the COVID -19 pandemic on MicroLoan Zambia and its clients.

Methodology

MicroLoan 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 Zambian 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, the management information system used by the MicroLoan Foundation Group, thereby facilitating quicker and more accurate results.

The aim of the exercise was to interview 300 randomly selected clients in six branches of MicroLoan Zambia, representing 2% of client base at the time. The Social Performance Task Force recommends interviewing between 200 and 400 clients for the survey to yield statistically significant results.[1]

Branch Managers or Branch Heads would interview the clients in person, in order to overcome biases that are attached with Loan & Training Officers interviewing clients as they interact with them on a regular basis. Branch Managers and Branch Heads were trained in using the COVID-19 tool on the 1st of June 2020, prior to rolling the tool out. The interviews took place from 6 June 2020 to 10 July 2020.

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

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[1] https://sptf.info/images/RES-COVID-User-Guidance-20200522.pdf

Findings

1. General information about participants in the survey

The first set of questions in the survey gathered general information about the participants. This included questions about their age, where they lived, their poverty status (as per the Poverty Probability Index[2]) and the type of business that they were running.

As previously mentioned, the aim was to survey 300 female clients from six branches in Zambia. During the process, MicroLoan managed to interview 285 clients across six branches in Zambia. There were 15 incomplete surveys, as these clients could not be traced due to COVID-19 restrictions at the time. The decision was made to proceed with the analysis of the clients interviewed, as the sample of 285 clients was still within a range recommended by Social Performance Task Force[3] and is still considered statistically valid.

Table 1: Number of participants per branch

Branch	Participants
Choma	50
Kafue	50
Mpika	50
Kasama	47
Livingstone	44
Chipata	44
Grand Total	285

Out of 285 clients, 220 (77%) came from rural towns, 43(15%) came from cities of Chipata and Livingstone, whilst 22 (8%) came from villages or more rural areas.

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[2] This is a globally recognised poverty measurement tool https://www.povertyindex.org/
[3] https://sptf.info/

The above is a fair representation of the demographic profile of MicroLoan Zambia's clients.

A total of 241 clients (85% of those interviewed) indicated that they still run a business, whilst 44 of the clients (15% of those interviewed) no longer ran a business. It was unclear whether the clients that did not run a business ceased operations due to general poor economic conditions or whether it was as direct result of the COVID-19 pandemic.

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 (98%) showed good awareness about COVID-19. At the time of the interview they were aware what COVID-19 was and the health implications thereof. The same percentage of clients were taking correct protective measures needed to minimize the risk of contracting COVID-19.

It seems that both the government and the health NGOs have delivered information about the virus effectively, even to the most remote rural areas of the country.

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

In the next section of 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's finances with 91% of clients indicating that their financial situation has worsened since the COVID-19 pandemic.
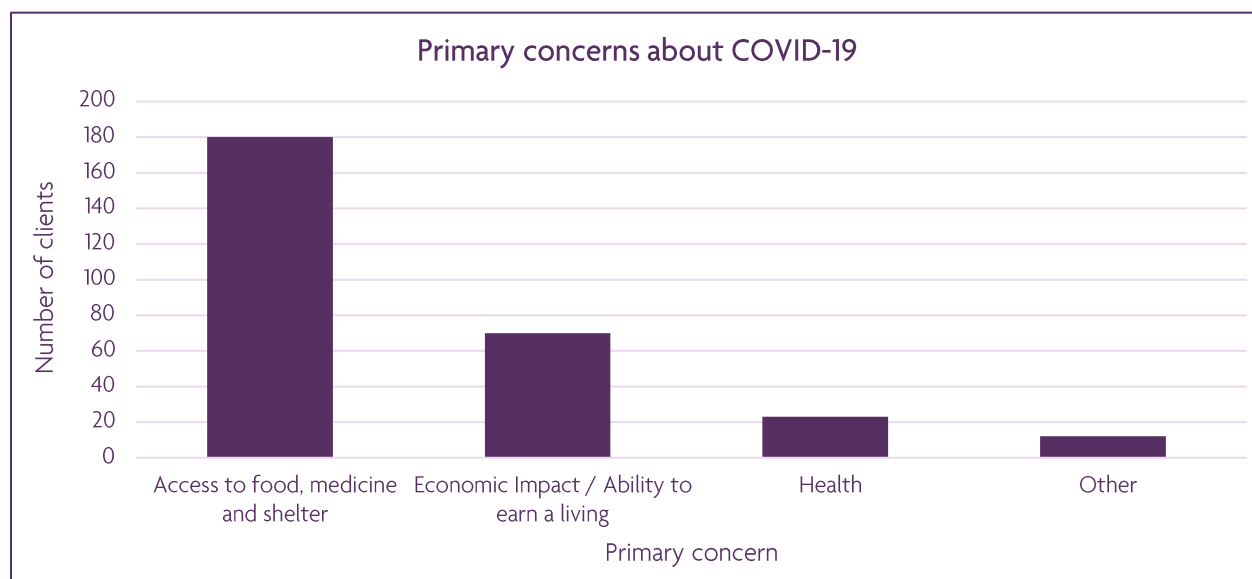
Table 2: Financial Impact of COVID – 19 on Household Finances

	No of clients	%
Got little worse	79	28%
Got much worse	179	63%
Stayed the same	24	8%
Improved	3	1%
Total	285	100%

It is also a major concern that 57% of surveyed clients revealed they were experiencing hunger when ordinarily they would not be. When questioned about their primary COVID-19 concerns, unsurprisingly, clients' main concern was access to basic needs such as food, medicine and shelter (63%).

Approximately one quarter of the participants indicated that their primary concern was their ability to earn a living. Only 8% of participants had health concerns with regards to COVID-19. As the government had closed schools at the time, clients 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.

Primary concerns about COVID-19

(Bar chart — Y-axis: Number of clients, 0 to 200; X-axis: Primary concern)

- Access to food, medicine and shelter: ~180
- Economic Impact / Ability to earn a living: ~70
- Health: ~22
- Other: ~12

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.

Examples of positive coping strategies included the use of savings or finding ways to earn additional income. Examples of negative coping strategies included selling household assets or going further into debt, especially with loan sharks/moneylenders who charge extortionate interest rates.
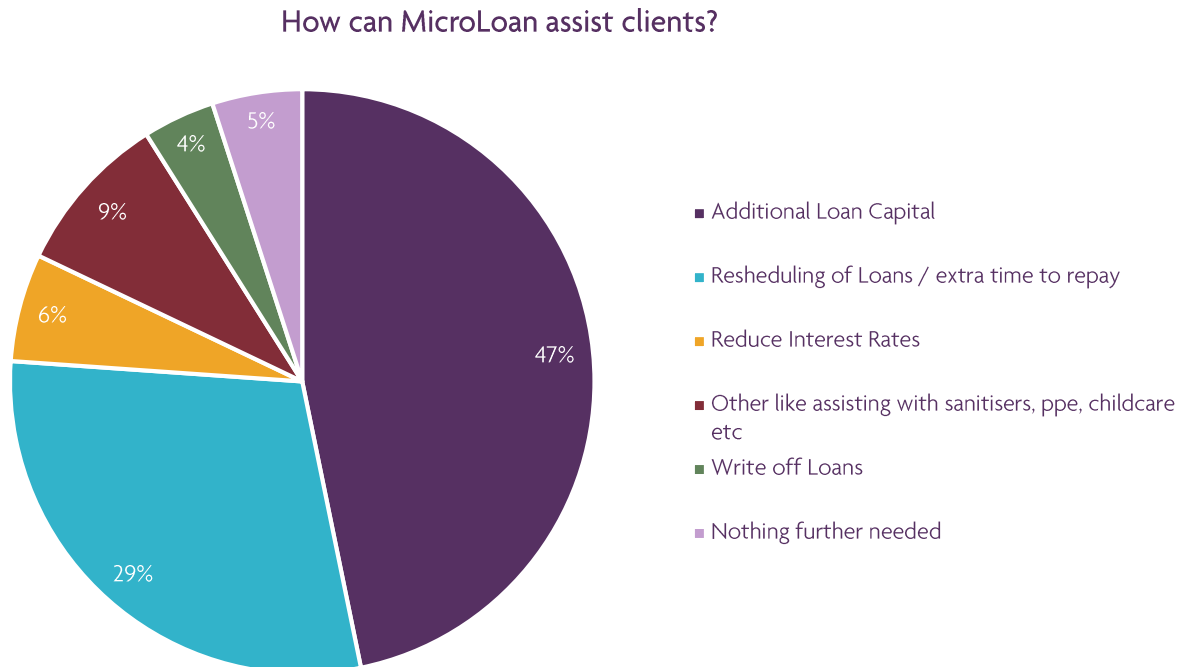
Table 3: Detailed breakdown of coping mechanisms used by clients in response to the situation

	No of clients	%	Positive / Negative
Used Savings	176	62%	Positive
Stopped Loan Repayments	83	29%	Negative
Found new / Additional Work	26	9%	Positive
Sold an Asset	14	5%	Negative
Borrowed money / food from friends or family	105	37%	Negative
Borrowed Money from moneylender	25	9%	Negative
Borrowed Money from other MFI /Bank	8	3%	Negative

One third of the participants used only positive coping strategies to cope with the impact of COVID-19. Around 19% of clients used only negative coping strategies, whilst another third used a combination of positive and negative coping strategies. Approximately 17% of participants did not need to use any coping strategies. Table three below shows a detailed breakdown of coping strategies used by survey participants. Note that 125 (44%) clients used more than 1 coping strategy.

5. Assistance required by clients from MicroLoan Zambia

The final part of our survey questioned what MicroLoan could do to assist clients to better cope with COVID-19 negative effects.

How can MicroLoan assist clients?

- ■ Additional Loan Capital
- ■ Rescheduling of Loans / extra time to repay
- ■ Reduce Interest Rates
- ■ Other like assisting with sanitisers, ppe, childcare etc
- ■ Write off Loans
- ■ Nothing further needed

Interestingly, 82% of participants requested debt restructuring in the form of rescheduling current loans, or a drop in the level of interest rates, or access to additional capital whilst still paying off the existing loan. Only 4% of participants requested that their loans were written off. Around 9% of clients requested other forms of assistance like the provision of hand sanitizers and assistance with childcare. The remaining 5% did not require any assistance.

The pie chart shows a summary of clients' responses.

Prior to conducting the survey, MicroLoan had already put into place a debt restructuring program and additional loan capital for those clients affected by COVID-19. This was done on case by case basis, based on feedback that was provided by the clients to the Loan & Training Officers.

MicroLoan will consider writing off loans once the full impact of COVID–19 on specific clients is known. Other requests by the clients were deemed too expensive and impractical for MicroLoan Zambia to provide at this stage.

Conclusion

As a result of the COVID-19 pandemic, MicroLoan Zambia did a survey of 285 clients on the impact of COVID-19 on their lives.

The survey established that clients had very good knowledge about the virus and steps that need to be taken to minimise transmission. The vast majority of clients suffered a negative financial impact. Around 57% of households were experiencing hunger when they ordinarily would not.

Approximately one third of clients used positive coping strategies such as using savings and finding additional sources of income through alternative livelihoods to manage the impact of the pandemic. Around 50% of clients resorted to negative coping strategies such as borrowing from informal sources (at higher interest rates and/or collateral).

Around two thirds of clients requested MicroLoan to reschedule their current loans and/or provide further loans to help them to cope with the pandemic.

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

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

MicroLoan Zambia has responded effectively to minimise the impact of the pandemic on clients' lives and livelihoods. 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. We are not currently planning to repeat this survey unless the need is identified further 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 MLF to learn about impact of Covid-19 / Corona virus on you, your business and your community in general. This interview is voluntary and will not affect the service you receive from MLF 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	No 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. (End interview)					
14	Are you concerned about coronavirus?	Yes, very much		Yes, slightly	No, not really		No, not at all	I'm not really sure
15	[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 What is the top concern you have related to the	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

#	Question						
	coronavirus / lockdown right now?						
16	So far, overall, has the financial situation of your family changed since the coronavirus [lockdown] use local description? Has it:	Got much worse	Got a little worse	Stayed the same		Improved a little	Improved a lot
17	As a way to cope with the coronavirus situation, have you had to do any of the following? Have you: (tick all that apply) [Ask this above if previous answer was "Got much worse" or "Got little worse".] if not ask below:	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 your income decreased by half as a result of Corona virus how would you cope with situation? Would you do any of the following? (tick all that apply)	(if sold an asset) What kind of asset did you sell?					
		Done something else (please specify)					
18	What was the largest source of income (money) for your family in the last 12 months? Please be specific For example: - If farming, what do you farm?						

	- If business, what do you sell/what is your service? - If employment, what is your job?					
19	Has your income from this source changed since the start of the coronavirus [lockdown] use local description? Has it:	Got much worse	Got slightly worse	Stayed the same	Improved slightly	Improved very much
20	Could you please explain your answer?					
21	What was the second-largest source of income (money) for your family in the last 12 months? Please be specific For example: - If farming, what do you farm? - If business, what do you sell/what is your service? - If employment, what is your job?					

22	Has your income from this source changed since the start of the coronavirus [lockdown] use local description? Has it:	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	Yes	No (go to Q29)

	consumption in your household?					
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 MLF 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

Branch	Participants
Choma	50
Kafue	50
Mpika	50
Kasama	47
Livingstone	44
Chipata	44
Grand Total	285

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

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Total	**285**	**100%**

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

	No of clients	%
Used Savings	176	62%
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Sold an Asset	14	5%
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Borrowed Money from moneylender	25	9%
Borrowed Money from other MFI /Bank	8	3%

Note that 125 (44%) clients used more than 1 coping strategy

Table 4: Client Profile

	No of Clients Interviewed	%
City	43	15%
Town	220	77%
Village	22	8%
Total	285	100%

Table 5: Results of Key Questions

	Yes	No	Total	Yes	No	Total
Have You Heard About Coronavirus Or COVID-19?	278	7	285	98%	2%	100%
Are you concerned about Corona Virus?	279	6	285	98%	2%	100%
Do you currently run a business?	241	44	285	85%	15%	100%
Has your food Consumption been affected?	214	71	285	75%	25%	100%
Do you often go hungry when you would not normally?	162	123	285	57%	43%	100%
Are you concerned about health impact of corona virus on you or your family?	254	31	285	89%	11%	100%
Are you taking any preventative actions?	280	5	285	98%	2%	100%

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

	No of clients	%
Economic Impact / Ability to earn living	70	25%
Access to basic needs such as food, medicine, and shelter	180	63%
Health	23	8%
Other	12	4%
Total	285	100%

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

	No of clients	%
Positive	92	32%
Negative	54	19%
Combination of positive and negative coping mechanisms	91	32%
No need to use any coping mechanism	48	17%
Total	285	100%

Table 8: Clients response to how MicroLoan could assist them

	No of clients	%
Rescheduling of Loans / extra time to repay	84	29%
Additional Loan Capital	133	47%
Reduce Interest Rates	17	6%
Write off Loans	12	4%
Other like assisting with sanitizers, PPE, childcare etc	26	9%
Nothing further needed	13	5%
Total	285	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/