



Covid-19 Pandemic and Time for MFIs to Show Resilience

-Mustafa K. Mujeri

The microfinance institutions (MFIs) in Bangladesh have shown surprising resilience in the past especially during challenging times like natural disasters and other emergencies. The present Covid-19 pandemic and the lockdown enforced to control its spread seems to be the most severe crisis to hit the sector. The key issue for the MFIs is to resume their normal operations at the earliest opportunity. Within a period of about five months of the outbreak of Covid-19, the country's economy has been seriously affected by a sharp decline in external demand, shocks in supply due to bottlenecks in global and domestic value chains, impact of lockdown on domestic demand and large scale job losses, stress on consumer and business environments, deepening inequality and high incidence of economic and social uncertainties.

The impact is felt not just by the national economy, but by the household economy of millions of Bangladeshis, especially the low income ones. Daily wage earners have already been badly hit; many have nothing to live on now and are unable to buy food for their families. Hunger, malnutrition, and other problems that have always plagued Bangladesh in the past are poised to intensify as a result of the lockdown.

The worst part of the story is that a great uncertainty surrounds how long, how hard, and how frequent the Covid-19 crisis will continue in the coming months. This uncertainty makes any predictions extremely difficult, especially for the MFIs. In order to weather the current crisis, the MFIs need to consider a few aspects of the Covid-19 impact.

In the past, the MFIs in Bangladesh have proven their high degree of resilience during crisis. In times of natural disasters, repayment rates recovered relatively fast (within a few months), and one may expect that this might also happen during the present crisis. This usually happens as the microfinance loans are well supervised and the gestation period of loan-financed production activities are of relatively short duration. Therefore, slowing down fresh loan disbursements for a few months may be a good strategy for the fund-constrained MFIs, particularly for undertaking new activities, which would provide these MFIs with some space to manage the cash flows.



The greatest challenge for the MFIs is to ensure sustainability of their operations after the pandemic. During the past, all MFIs could revive their operations within a short period after the occurrence of crises. But for the present coronavirus crisis, it may take 12-18 months for a full rebound, depending on the extent and duration of the crisis, which is highly uncertain. Full normalcy can only be possible after the lockdown is over and the field staff of MFIs can move freely again. Yet, given the nature of the Covid-19, there is a real risk of repeated spikes and possibly repeated and localised lockdowns. These have the potential to disrupt the recovery process repeatedly.



Further, the past experience suggests that the microfinance borrowers usually bounce back quite fast in reviving their economic activities. This means that although the portfolio at risk (PAR) of the MFIs may shoot up initially, it is likely to gradually decline over 2-3 quarters once full-fledged activities and operations of the MFIs resume. Although some MFIs may have to write-off some bad loans, increased demand for credit (as customers will need liquidity to re-establish their businesses) could compensate for the losses.

Some borrowers may, however, need additional time to repay their current loans for which moratorium could be extended and installments staggered. But, if the past experience is any guide, most of the credit outstanding will flow back to the MFIs. The MFIs have already gathered useful experience of dealing with stresses in customer liquidity, which will no doubt guide them in managing the current situation.

For the MFIs, operational staff—particularly the branch managers and the field staff—will play the key role in managing their field operations once the lockdown is lifted. No doubt, the post-lockdown period will present additional challenges for the MFIs. The fear of infection from the coronavirus will continue to affect the morale and work efficiency of the operational staff. The MFIs will have to address this psychological fear upfront and offer safety nets to the staff, such as health insurance and/or other support, or both.



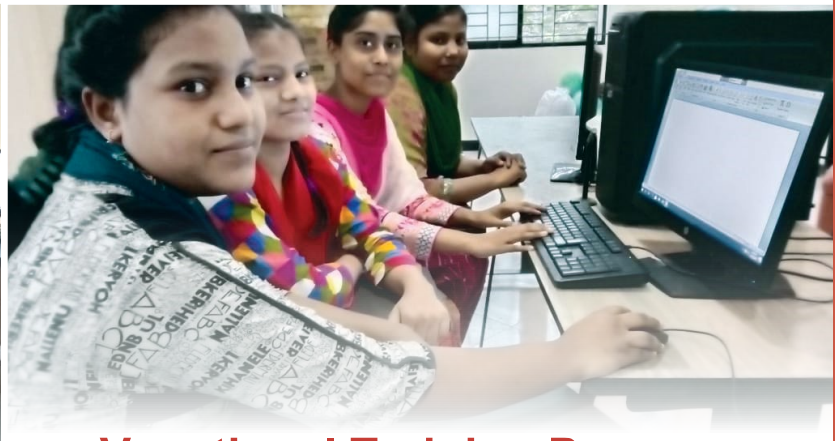
The field staff also needs to be aware of the status of the pandemic in their respective operational areas and act accordingly. They will have to be ready to deal with the customers who have been highly traumatized by the pandemic and the loss of incomes/assets. For the staff, the key will be to understand their psychology and deal appropriately.

The seniors will have to guide the field staff and ensure constant communication with them. Feedback from the field level should be communicated to the relevant authorities quickly for designing appropriate strategies for the organizational activities. The field staff should also act as effective communicators on health and hygiene during the post Covid-19 period and act as role models for their members. The staff should demonstrate best practices to protect themselves as well as educate their customers.

In the past, the MFIs in Bangladesh have weathered many challenges and crises. At all times, the MFIs have bounced back with more strength and renewed vigor. No doubt, Covid-19 is a very different and more severe crisis to hit the microfinance sector. But, the past evidence shows that the sector has the capacity and the ability to face the crisis boldly and emerge once again as more resilient and willing to provide multiple services to the millions of poor and disadvantaged members across Bangladesh.

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Capacity Development



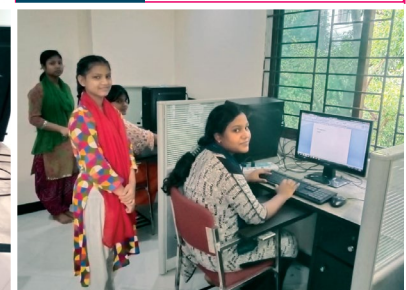
Vocational Training Programs



Short Courses for Capacity Building of Shelter House Children

KKF is working towards bringing large scale and rapid changes in the outlook of its targeted audience through working with individuals, families, communities and institutions to overcome poverty and deprivations. The Foundation works with a comprehensive approach – with financial services, capacity building and livelihood development as well as health, education and social justice – enabling people to realize their potentials. Through continuous innovation to introduce more cost effective solutions and greater effectiveness, the target is to scale up and introduce visible and lasting changes.

The Foundation has also taken up capacity development of the less and under privileged youth. Several basic course modules have been developed with the help of experts and certificate courses for capacity development of the shelter house children has started. With a minimum charge, interested outside participants are also accepted. Detailed course catalogues are available. Two such courses are ongoing at present are Basic Computer Course and Basic Photoshop and Illustration Course for Shelter House Children.



Four children (Rubi Akhter, Eshita Akter, Fatema Akhter Jiniya and Shantona Akther) enrolled for the Computer Basics Course and two (Ms. Jhuma Akter and Ms. Mili Sarif Moni) enrolled for Basic Photoshop and Illustration Course. Mr. Ripon Mondal, Senior Officer, KK Foundation with specialization in these areas is facilitating both the courses.

The duration of the Certificate course is twelve weeks, with one class every week and duration of each class is three hours. The children are provided the course outlines along with the materials. It is expected that the 1st batch will graduate in October 2020.



Events and Activities

World Labor Day

The children of the Shelter House observed the World Labor Day on 1st May 2020. This year, due to the pandemic alert across the world, the theme for International Labor Day 2020 is take as maintaining safety and security at the workplace. The background of the day, labor's rights and rules worldwide were discussed with the children through an in-house workshop.

Eid-ul-Fitr Celebration in Shelter House

Eid-ul-Fitr, the largest religious festival of Muslims, was celebrated in the country on 25th May 2020. This year, the Eid was celebrated with a different scenario without any outdoor program and Eid Jamaat at Eidgahs due to the coronavirus pandemic. The government urged the Muslims to avoid gathering and the children of the Shelter House were restricted from any outdoor activities. The children followed flexible routine and enjoyed indoor games, watched special television programs and played inside the shelter house yard. Improved meals were provided among the children and staffs for three days. The children also enjoyed cultural activities organized by themselves.

World Day against Child Labor

The World Day against Child Labor 2020 focuses on the impact of Covid-19 crisis on child labor. The Covid-19 health pandemic and the resulting economic and labor market shocks are having a huge impact on people's lives and livelihoods. Unfortunately, children are often the first to suffer. The crisis can push millions of vulnerable children into child labor. Already, there are an estimated 152 million children working as child labor worldwide, 72 million of them in hazardous work. These children are now at greater risk of facing

circumstances that are even more difficult having longer working hours. This year, the World Day has been conducted as a virtual campaign organized jointly with the Global March Against Child Labor and the International Partnership for Cooperation on Child Labor in Agriculture (IPCCLA)

The children of the KKF Shelter House observed the World Day against Child Labor on 12th June 2020. Mentors and staffs of the House shared the impact of child labor on children and society. Awareness and motivational speeches were presented. There are few resident children who were earlier involved in hazardous activities. They also shared their experiences with other children and staff.

Celebration of Modhu Mash

The Bengali month *Jaisthyo* is known as the *modhu mash* which means the month of sweets or honey as most of the summer fruits of Bangladesh are available during this time. The children of the Shelter House enjoyed mango, lychee, jackfruits, berries, wax apple and other summer fruits in different days of the month.

'Perform Qurbani with KKF' Program

This year, because of the Covid-19 pandemic people were anxious about performing the Qurbani. The Qurbani is one of the Wajibs for the Muslims which means In Islamic jurisprudence, an obligatory act, with failure to perform it being sinful. This year safety measures got the highest priority because of the pandemic.

To make the process safer and easier for the people, KK Foundation took an initiative named "Perform Qurbani with KKF". Under the program, one was able to perform Qurbani with the Foundation maintaining several criteria.

The sacrificial animals (cows and goats) were brought directly from the marginal farmers ensuring fair prices. All who performed their Qurbani with KKF distributed/donated one third or the entire portion of their sacrificial meat to KKF. The Foundation distributed the donated meat to residents of old homes, shelter houses, lower income families and slum dwellers.

Our Cow (Amader Goru)

Ms. Afifa Khanam, Educational Consultant and Trainer, and former Government School Principal (Scotland), Lead Trainer of Connecting Classroom Project in Bangladesh with British Council, who resides in the UK donated a cow (her Eid sacrifice) to the Shelter House children. The children were very happy to have their own cow for the Qurbani.

Eid Ul Adha Celebration

The children at the KK Foundation Shelter House Program in Dhaka celebrated Eid ul Adha with gift boxes donated by Mr. Mahin Mazher, Managing Director, X- Index group of industries and Chief Advisor of KK Foundation. The gift pack included new Eid dress, cosmetics, and hygiene items. The children normally receive gifts from their parents and relatives during the Eid, but these children

miss out because they are orphans with no family, and majority of them were floating children. The children were very happy to receive their gift packets and had a lot of fun opening their gifts and enjoyed the Eid celebration with KKF employees. The happiness in their smiles and in their faces, is unforgettable.

Mr. Mahin Mazher mentioned that all these children were like his own children and for their betterment, many more other activities would be promoted in the Shelter House in addition to the present activities to help alleviate hardship and improve health, education and living conditions of these disadvantaged children. He also mentioned that a small gesture could brighten the lives of these children considerably. He expressed his happiness for receiving all our cooperation and support of his employees, who had donated generously and supported the campaigns in every possible way.

The KKF Shelter House provides shelter, meals, education and support for orphans, floating and distressed children of Dhaka City. Currently, more than 65 children aged 4 to 16 years are cared at this orphanage.

The KKF plans to expand the program all over Bangladesh in the near future. Improved meals were provided for two days and the children enjoyed the Eid day with a number of activities and also organized a cultural program. The KK Foundation is grateful to Mr. Mahin Mazher, for his contribution that is helping the children feel happy and secured during this pandemic.

National Mourning Day

The National Mourning Day was observed on 15th August across the country, marking the 45th martyrdom anniversary of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman and his family members. The killing of Bangabandhu and most of his family members on the fateful night of August 15, 1975 is the ugliest chapter of the nation's history. As part of the program, the national flag was hoisted half-mast atop the buildings of the KK Foundation. The life story of the Father of the Nation Sheikh Mujibur Rahman was discussed with the children. The children recited poems and shared stories of Bangabandhu and his famous speech of 7th March to mark the occasion.

Tetanus toxoid Vaccine for Girls of Shelter House

Tetanus toxoid, also known as Tetanus vaccine, is needed to prevent tetanus. Tetanus is a serious illness that causes convulsions (seizures) and severe muscle spasms that can be strong enough to cause bone fractures of the spine. The KKF Shelter House arranged this vaccine under the Expanded Program on Immunization (EPI) of the Government of Bangladesh for ten girls with age 14 and above on August 12, 2020.



Relief and Donation

Iftar Distribution for Corona Affected People

During the month of Ramadan, KK Foundation arranged to distribute *Iftar* to 275 lower middle class people at Begunbari in Dhaka city. The vegetables used for the purpose were bought from the marginal farmers. The Foundation also ensured that the farmers could receive fair prices for their produce. 'Give Bangladesh' acted as the co-organizer of this activity along with KKF.

Corona Relief to Daily Laborers of Ceramic Industry

KK Foundation and X- Ceramics Limited jointly arranged to distribute reliefs for the lower income communities related with the ceramic industry. A package with 7-10 day's basic food and necessities was distributed to 6,337 families covering 38,022 people in 184 locations of 56 districts of Bangladesh. Daily wagers of the industry like van drivers, laborers, loaders and others were the targeted community. Dealers of X-Ceramics Limited prepared the donation receiver's list and distributed the relief on behalf of the Foundation.

Cash Donation to Jobless Middle Income Families

KK Foundation arranged cash donation activities for the jobless middle and lower middle income families during the pandemic. With assistance from the Nazrul Academy Bangladesh Foundation, the Foundation prepared a list of freelancer poets, musicians, music tutors, columnists who lost their earning sources during the pandemic and faced financial difficulties. A list of 55 distressed people was prepared and cross checked for authenticity. Another 22 such persons also received assistance through the Foundation's survey and the group included jobless shopkeepers, flower shop assistants, service persons of

small restaurants and others. Based on need assessment, an amount between BDT 1,500 and BDT 2,000 was distributed to each family.

Pandemic Relief for Daily Laborers of Agro Industry

Through a joint collaboration between KK Foundation, Index Feed Mill and Index Breeder Farm (one of the largest poultry feed supplier industries of the country), relief was distributed to the lower income communities related to the industry. These people lost their jobs because of the pandemic and faced financial difficulties during the pandemic. Each pack included 10kg rice and 2 kg lentil and the package was distributed among 500 families including 3,000 people in 12 districts of the country.

Sharing Eid Happiness with Flood Affected Victims in North Bengal

Eid-ul-Azha, the festival of sacrifice, was celebrated in Bangladesh during a time when the country was grappling with the COVID-19 outbreak as well as monsoon floods that inflicted untold sufferings to hundreds of thousands of people in the country. Almost half of the 64 districts in Bangladesh were in the grip of floods considered as one of the longest in terms of duration over more than two decades. People in the flood affected northern and central areas of the country also observed the festival of sacrifice amid this crisis.

KK Foundation with the help of Give Bangladesh served cooked meal (Khichuri and Beef Curry) after the Eid day among 1,000 people of Batikmari Char, Kamarjani Union, Gaibandha. Raw meat of two sacrificed cows was also distributed in another village of Kurigram.



Relief for Flood Affected Victims

Floods are a regular phenomenon in Bangladesh due to its geology and hydrology as well as climatic factors. This year, as per available reports, floods have already claimed 21 human lives; 3.1 million people have been marooned, while 8,140 households were washed away within two weeks. The flood situation is worsening with inundation of fresh areas due to sharp increases of water in the country's major rivers. Many people in 65 upazilas in 16 districts were facing acute food and water crises amid shortage of relief items.

KK Foundation jointly with Give Bangladesh arranged a project to help the flood victims. Under the project, 7 to 10 days' worth of food and relevant materials were distributed among the families. A campaign named 'We are Next to the Flood Victim' was launched and through social media, websites and personal contacts, the Foundation collected money for the purpose. The campaign highlighted the tagline of 'BDT 800 for the One Week Food for a Flood Affected Family'.

The distribution was conducted in two phases. The 1st phase covered 300 families of Saghata and Foolchori in

Gaibandha district. The villages were East Gabgachi, West Gabgachi, Bhorukhali and part of Putimari. The distribution was worth 3600 kg-rice, 300 kg lentil, 300 kg potatoes, 150 kg salt, 1500 pieces saline, 300 pieces candles and 300 pieces matches.

During the 2nd phase, another 506 families of five villages from the same areas named Jhopjhopia, Belebari, Kholbari, Putimari and Gobindi were covered. In this phase, 506 families of Saghata and Foolchori of Gaibandha districts got seven days' worth of food and basic necessities package. The packages covered 5,060 kg-rice, 506 kg lentil, 759 kg potatoes, 253 kg salt, 2,530 pieces saline, 5,060 pieces candles, and 5,060 pieces of match boxes.

Facing Amphan Crisis Differently

UN Spokesperson Stéphane Dujarric told reporters about Amphan - "It is believed that around 10 million people in Bangladesh are impacted by the cyclone, with half a million families potentially having lost their homes". Although the cyclone impacted 26 districts of Bangladesh, Satkhira, Bagerhat and Patuakhali suffered the maximum damage.

The cyclone damaged roads, bridges, culverts, embankments and many other infrastructures. A large number of fish ponds were inundated with sea water causing loss to the farmers. Thousands of huts and kutcha houses were damaged due to the cyclone. In addition to the destruction of housing, the Amphan created another major problem - the dire crisis of sanitary toilets. Since water in the area had already been polluted due to the tidal waves, the locals suffer due to lack of toilets acting like 'death blows'.

KKF in collaboration with Give Bangladesh decided to build 10 toilets for the people of Koyra Sub-district. In consultation with disaster management specialists, the toilets were established in such a manner that 25 families could use one toilet. In this way, approximately 250 families (having 5 to 8 members) were covered through this project.

Relief Distribution for Vulnerable Ethnic Minorities

More than 300 shops were gutted due to fire at a market at Thanchi in Bandarban district on April 26, 2020. The fire in the midst of the pandemic made the community highly vulnerable. The Foundation in collaboration with Give Bangladesh arranged relief activities in Thanchi during May 28-29, 2020. A total 270 families were covered from Murong Para, Tripura Para, Sandak Para, TNT Para, Thuisha Para, Jinnah Para and Notun Para.

A total of 2,700 kg rice, 1,350 kg lentil, 1,350 kg potato, 270 kg onion, 270 kg salt, 270 kg oil, lachha semai 270 packet and noodles 810 packet were distributed to the affected families. Along with relief, with the help of one anonymous donor, the organizers rebuilt the shops of three shopkeepers who were more vulnerable.

Publications



Gratitude from the Foundation

In the past few months, world has faced drastic changes and with the impacts of coronavirus. The main one, of course, is related to health: thousands of people have been infected, hospitalized and died. In this context, the routine of individuals, families, communities and organizations – both public and private – has been changed immensely. The pandemic forces corporations to demonstrate their commitment to society in addition to shareholders. In this new reality, the role of CSR professionals is more important now than ever. Many individuals and organizations are doing their part in many different ways both independently and collectively. Those who feel healthy are donating blood individually, and institutes are collectively supplying food, medicines, and other relevant reliefs. KKF is grateful to all the individuals to trust on us and chose us for their contribution partner.



Foundation is privileged to be the CSR activities partner of X-Index Companies. Mr. Mahin Mazher, Managing Director, X-Index Companies mentioned that the world never needed this much corporate giving before, so this is the moment to get creative and keep giving back to society. He and his group of companies are proud to be a part with KK Foundation in the donation activities in a creative and effective manner during this pandemic. He also mentioned that they are going to take action from every department of the companies to overcome this challenge, and are ready to play its part and fight this together.

PLEASE PARTNER WITH US TO HELP THE **DISTRESSED CHILDREN** & **MARGINAL FARMERS**

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