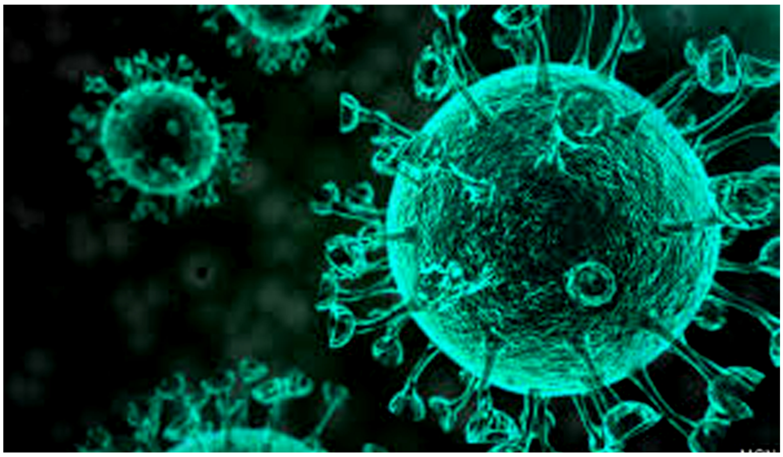
Effects of COVID-19 in Microfinance Sector

A Survey Report



Centre for Microfinance, Nepal

October 2020

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Centre for Microfinance (CMF) Nepal
Kathmandu, Nepal
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Abbreviations

BFI	Banks and Financial Institution
BOD	Board of Directors
CIB	Credit Information Bureau
CMF	Centre for Microfinance
COVID	Corona Virus Disease
CSR	Corporate Social Responsibility
FC	Financial Cooperatives
KYC	Know Your Customer
DB	Development Bank
MFI	Microfinance Institutions
MFP	Microfinance Provider
MFS	Microfinance Sector
MRA	Microfinance Regulatory Authority
NPR	Nepali Rupees
NRB	Nepal Rastra Bank
PAR	Portfolio at Risk

Foreword

COVID-19 has become a serious threat to the whole world, more so to a developing country like Nepal. Spread of this highly infectious disease across the country and the government's preventive strategy of extended lockdown in the face of this pandemic have not only disrupted the public life but also nearly paralyzed all sectors of the economy, including the financial sector. The microfinance industry in particular has been severely affected, its operations disrupted and stability threatened. The high vulnerability of this industry arises mainly from the facts that it targets its services to the helpless poor people, operates through field-based group meetings, and lends members on group-guarantee without collateral, all of them being high risk conditions for a financial institution in a pandemic situation.

Effects of COVID-19 on the organizational functioning and programmatic operations of microfinance providers (MFPs) consisting of Microfinance Institutions (MFIs), Development Bank (DB) and Financial Cooperatives (FCs) have been many and varied, directly impinging on their financial and social performance. If not properly and timely addressed, they are likely to threaten institutional sustainability as well as capability to deliver value to their members. Assessment of the extent and dimensions of such effects from immediate to long-term time scale is necessary for framing policy measures and programmatic initiatives to understand and address the COVID-induced issues in this industry.

In line with its role in the microfinance industry, Centre for Microfinance (CMF) Nepal conducted a quick survey to make initial assessment of the COVID effects on MFPs including MFIs, DB and financial cooperatives. As the report indicates, the COVID-19 pandemic and the ensuing lockdown have not only seriously disrupted overall business operations and financial position of these institutions but also substantially affected their clients shrinking their financial activities and repayment capacity. They have major policy implications for the industry stakeholders, including government, development partners, regulators, and other policy and coordinating bodies, to normalize microfinance operations

The survey was carried out as a rapid exercise to take stock of the observed and perceived effects of the global pandemic in the functioning of the microfinance industry in Nepal. Despite its limited scope in terms of its coverage and time, I hope the findings of the survey will be useful for microfinance practitioners in reviewing their practices and policies to cope with the COVID-related problems in the short run and redirecting them to create more benefits for women through their services in the long run. My belief is they will also be useful for the government and regulators for reviewing and reframing their policies and regulations in relation to the future development of the microfinance industry in Nepal. In addition, this study will also benefit to the researchers and students interested in the microfinance sector.

I take this opportunity to thank the respective MFPs including MFIs, DB and financial cooperatives for their active and willing participation without which this survey would not have been possible. I would like to believe that more of their supports will be forthcoming in future in doing research on various issues facing the microfinance sector and publishing them for the larger benefits of the poor and those serving them.

I would like to thank Mr. Jagadish Babu Tiwari, CMF Nepal Program Manager, for working on this survey project and preparing the report. I would also like to appreciate Institutional Knowledge Advisor Prof. Subas K.C. for helping us with his suggestions in designing the survey and finalizing the report. Similarly, DCEO Mr. Naresh Nepal and Program Officer Mr. Ram Nath Bhandari deserve thanks for their special efforts in conducting this survey.

Dr. Rewat Bahadur Karki
Executive Chairperson

Executive Summary

In Nepal, as elsewhere, the COVID-19 pandemic and the accompanying lockdown have had a major restrictive impact on the banking and financial industry, the most serious impact having been observed in the Microfinance Sector (MFS), involving Microfinance Institutions (MFIs), Development Bank (DB) and Financial Cooperatives (FCs), whose operations are severely disrupted and institutional sustainability threatened due to their high vulnerability. Understanding of the immediate and long-term effects of the ongoing pandemic situation, both visible and projected, would be the first step towards enabling MFS to recover from their disruptive consequences and to continue serving the targeted poor. To help develop such understanding, this quick survey was designed to assess the direction, dimensions, and degree of these effects.

This preliminary survey aimed to assess the scope and status of the effects of the COVID-19 on MFS and their clients as being experienced now and perceived in future for informing policy and programmatic initiatives to address them for sustained delivery of microfinance services. As a quick assessment, this exercise was designed as an exploratory study of the current and potential outcomes for MFS. It consisted of a field survey based on an emailed questionnaire for data collection administered to all MFIs currently in operation, some DBs and some FCs selected on convenience basis. The reference period for data for most of the indicators of the targeted effects was from March to May 2020, covering the first three months of the lockdown period. Nineteen institutions, including two financial cooperatives and one development bank, responded to the questionnaire and returned the completed questionnaire in time.

This survey identified some important consequences of institutional, social, and financial nature due to the disruption at its initial phase such as:

- Substantial disruption in business operations of MFPs (89 percent partially closed and 11 percent fully closed); suspension or drastic reduction in core activities; wider scale and scope of business closures or shrinkage; reduced connectivity with the clients and limited understanding of their needs and status; lowered access of the clients to the financial and other services; increased stress and apprehensions on the part of the clients (89 percent of MFPs received client enquiries for support services); reduced morale, mobilization, and efficiency of staff members.
- Experience of high level of difficulty (69 percent client have severe difficulty and additional 21 percent have partial difficulty in urban area and, 64 percent have severe and 23 percent have partial difficulty in rural area) by clients in repayments and reduced capacity for paying back loans due to stoppage of economic activities (79 percent and 68 percent reduction of repayment capacity among business and production loans respectively); substantial decline in the lending volume and frequency of the institutions and increase in the outstanding loans and arrears (arrears ranged 8-65 percent among

32 percent institutions) and increase in PAR though not much change in the increasing trend of deposits; moderate commitment for support from the lending sourcesand modification and adoption by many institutions some immediate measures to address the financial crunch, including policy revisions and client connectivity using technology (37 percent MFPs received demands for electronic transaction and additional 16 percent estimated for potential increase in demand).

- Experience by MFPs of a host of operational, managerial, psychological, behavioral, financial, and safety problems directly influencing the level and nature of business in an adverse way.
- Demonstration by MFPs, despite being subdued and rendered disrupted initially, some degree of resiliency in terms of both response actions and prioritized strategies to be mobilized for containing the damage further and recovering back to the normal state of operations.
- Felt needs for professional supports such as training, research, and advisory services for bouncing back and further strengthening institutional capacity.
- Various roles of multiple stakeholders associated with MFS expected as being critical in the process of recovery.

Various implications of the findings of this preliminary survey have been identified and policy and programmatic measures have been identified. Important recommended courses of actions include:

- Relief package to revive business and institution
- Relaxation by regulator in different regulations
- Fixing of maximum ceiling of interest rate for borrowings
- Provision for separate department within NRB for MFIs or separate regulatory body for MFS
- Investment in and development of technology
- Development of new service delivery model
- New product to address emergencies
- Consolidation and cost reduction measures
- Reducing general supervision & encouraging risk based supervision
- Active and supportive engagement of stakeholders
- Capacity building programs
- Increased social awareness and financial literacy programs

It is further recommended that all concerned agencies take a serious look into and develop a common understanding of the identified implications and a more comprehensive and rigorous study be carried out covering a period till the present time for a deeper and wider understanding of the impact of COVID-19 in MFS.

CHAPTER ONE: INTRODUCTION

1.1 Background

Since the beginning of 2020, the whole world is under the disruptive spell of the COVID-19 pandemic which continues unabated till now, and is likely to continue for much longer time. Starting slightly late, the dreadful contagion has been increasingly active in Nepal, creating uncertainty and turmoil across all segments of national life. In order to control pandemic infection, the government imposed lockdown early on for an extended period of time – and after a brief spell of relaxation again resumed it for some time. Restriction of movements of people and stoppage of economic activities – the inevitable actions under the lockdown situation - affected almost all sectors of the economy, bringing them to a grinding halt and causing a vast number of people to lose their livelihood.

Like all sectors of the economy, the ongoing pandemic has had a major restrictive impact on the banking and financial industry, the engine of the whole economy making it moveable. It is noticeable that within this industry the most serious impact is being felt by the microfinance sector (MFS), involving microfinance institutions (MFIs) Development Bank (DB) and financial cooperatives (FCs), whose operations are severely disrupted and institutional sustainability threatened.

The high vulnerability of MFS to the current pandemic disruption arises mainly from its nature of operations that are focused on the poor and marginal segments of the society, the group-based modality of functioning, and group-guarantee as collateral for lending services. Apparently the impact of the COVID-19 pandemic on the microfinance industry is going to be comprehensive, adversely influencing its financial, organizational, and social performance, with immediate substantial effects already clearly visible and the unfolding potential threats to its services and sustainability in the long run.

Understanding of the immediate and long-term effects of the ongoing pandemic situation, both visible and projected, would be the first step towards enabling MFS to recover from their disruptive consequences and to continue serving the targeted poor. To help develop such understanding, this quick survey was designed to assess the direction, dimensions, and degree of these effects.

1.2 Objectives

The basic purpose of this survey was to assess the scope and status of the effects of the COVID-19 on MFS and their clients as being experienced now and perceived in future for informing policy and programmatic initiatives to address them for sustained delivery of microfinance services. More specifically, this survey aimed to:

1. Assess financial, institutional, and social outcomes for MFS and their clients in the early part of the COVID-related lockdown;
2. Identify major problems and challenges facing these institutions, action priorities they are adopting, and the expected roles of the major stakeholders to address them; and
3. Generate options for initiating policy measures and programmatic actions for post-COVID recovery, revival, and renewal of MFS.

1.3 Methodology

As a quick assessment of the effects of an unfolding pandemic situation across the country, this exercise was designed, of necessity, as an exploratory study of the current and potential outcomes for MFS. It exclusively consisted of a field survey for data collection to trace the targeted outcomes.

For the field survey, a questionnaire was constructed in Nepali covering the scope of the present assessment as defined by its purposes. It required the responding institutions to provide both quantitative and qualitative data related to the various focus areas included in the survey. The questionnaire is given in Annex- II.

All MFIs currently in operation, some DBs and some FCs selected on convenience basis were emailed the questionnaire with an official request to provide the necessary information for the survey by completing the questionnaire by the Chief Executive or a senior executive of the concerned organization. The reference period for data for most of the indicators of the targeted effects was from March to May 2020, covering the first three months of the lockdown period. Some financial data was solicited for the previous three fiscal years, viz.: mid-July 2017, 2018, and 2019, for comparative analysis of the financial status before and during the COVID-19 pandemic and also included the analysis on mid-may data of two years.

All the institutions contacted for the survey were followed up for participation in the survey a couple of times. In the event, 19 institutions, including two financial cooperatives and one development bank, responded to the questionnaire and returned the completed questionnaire in time (Annex-III). This represents a fair size of the total population for deriving generalizable conclusions.

The responses as recorded on the completed questionnaire were cleaned with necessary follow-up inquiries with the concerned institutions, and then processed using Excel sheet. The quantitative data was analyzed using SPSS program and the qualitative responses were content-analyzed for drawing out inferences.

1.4 Limitations

As a quick and preliminary survey covering the first couple of months of the pandemic, the present exercise is limited in scope focusing on only a few aspects of the possible effects and issues facing MFS. Though nearly all MFIs, some DBs and a number of FCs were approached for participation in the survey, only a few of them responded to the survey questionnaire. Hence it does not claim comprehensiveness in coverage of issues and institutions.

The design of the survey instrument was of necessity not very rigorous due to the pressing of time availability as well the limited purpose of the survey. Because of the restrictions in field visits, data was administered and collected online, making it difficult to ensure understanding of the questionnaire items and accuracy of responses. Verification of responses was tried but only with limited success.

Despite several follow-ups, much time was taken by the respondent institutions in completing and returning the questionnaire for analysis. Hence there was much time pressure to analyze data and prepare the repost so as not to lose the time relevance of the study by bringing out the report much later than the time covered by the survey. Data was analyzed following a simple procedure without subjecting to any rigorous methods due to time pressure.

The results of the survey must be seen and interpreted in light of these limitations, particularly relating them to the initial period of pandemic effects and issues. They may not be fully generable for capturing the outcomes of COVID-19 for MFS in totality.

1.5 Report

Organized in five chapters, this report captures the findings of the survey while documenting the policy and programmatic recommendations. The first chapter introduces the background, objectives, limitations, and methodology of the survey.

In the second chapter, institutional and social outcomes of the pandemic-related lockdown are presented, followed by its effects on their financial performance in the third chapter. Chapter Four summarizes the problems and challenges facing MFS as a result of the pandemic as well as the action priorities needed and the expected roles from different stakeholders.

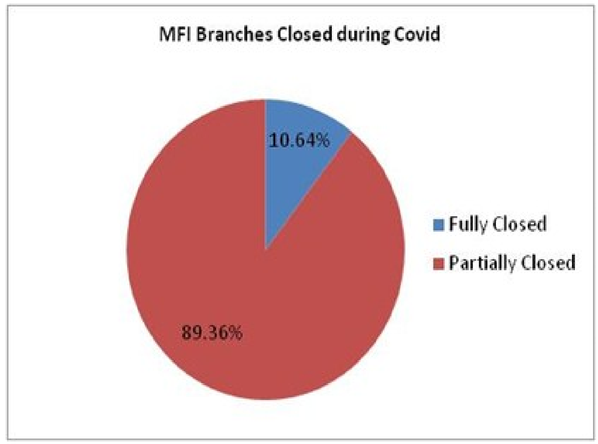
In the final chapter policy and programmatic implications of the findings of the survey are presented with major recommendations for policy revisions and programmatic initiatives.

CHAPTER TWO: INSTITUIONAL AND SOCIAL EFFECTS

The COVID-induced lockdown has created a situation in which continuing normal business operations has not been possible for nearly all organizations. It has affected programs, management processes, and other clients-related activities. Similarly, it has influenced social performance of these community-based institutions. This chapter presents the status of institutional operations and social performance of MFS following the lockdown.

2.1 Business operations

Data suggests that business operations of MFIs, DB and FCs were substantially disrupted during the period covered by the survey. Out of 19 responding institutions, an overwhelming majority (89.5 percent) of them were only partially operating whereas 10.5 percent were fully closed.



At the branch level, out of total 1,504 branches of responding institutions, 10.64 percent (160) were fully closed and remaining 89.36 percent were partially closed.

Alternative mode of business transactions has not been resorted to by nearly all institutions. Only one of them (5.3 percent of total) reported of using e-transactions during the lockdown period.

2.2 Institutional activities

With most of the core activities such as field visits, financial transactions, and monitoring suspended or drastically reduced, the institutions utilized the available time mainly for updating documents, contacting clients through phone, and holding discussion among staffs. Taking advantage of the slackening of transactions, they updated the pending documents, including client information - Know Your Customers (KYC)- and submitted reports to the Credit Information Bureau (CIB). Their reporting to the Nepal Rastra Bank (NRB) continued as before. They also collected some deposits/ loan payments at their offices.

Some of them partially collected deposits and interest and loan installments from the clients and also offered loans and withdrawals of deposits to needy clients. Others couldn't perform any financial transactions during this period. Some of the MFIs, DB and FCs organized virtual meetings with the staff at branch offices and monitored branch offices via telephone conversations. They also used the available time contacting clients and enquiring about their living, health, and business situations while also providing advices on how to protect from the infection.

Apparently, most of them couldn't perform the scheduled center meetings except in a few cases. Some of the institutions also participated in distributing the COVID awareness brochures to the clients and the neighboring communities. They also engaged in supporting the needy clients with food and necessary items individually and also contributed to the government's COVID relief program.

2.3 Scope and scale of effects

As expected, the effects of the COVID-19 related lockdown were multiple and pervasive, extending to various aspects of institutional operations and covering both staff members and clients. The responding institutions reported of its effects in almost entire of their work areas, more severe case being of those institutions operating in Province Two and *Terai* region as well as near the Indian border and within urban centers. In these areas, they faced difficulty travelling, visiting clients, operating financial transactions, and expanding operations. The major risk was that of their staffs being exposed to the virus infection.

As for the types of businesses directly affected, wage laboring, hotel and tourism, trade, overseas employment, and small enterprises were hit hard. Medical stores, agro-vets, and grocery shops were, however, operating with set in a time restrictions. Farm business had to lose market and also lacked supply of fertilizer. These had the inevitable implication for loan repayments to MFIs and FCs.

During this period, some of the clients operating businesses in one area migrated to another place mainly to their home town, creating problem for the lending institutions in identifying their status and reconnecting them into business and loan transactions.

Various programs of these institutions were affected, most important of them being saving and lending programs. Financial literacy, skill training, center chiefs meetings, and center meetings were severely restricted. Due to this, very low deposit and loan transactions were performed. Some of the institutions couldn't perform any programs.

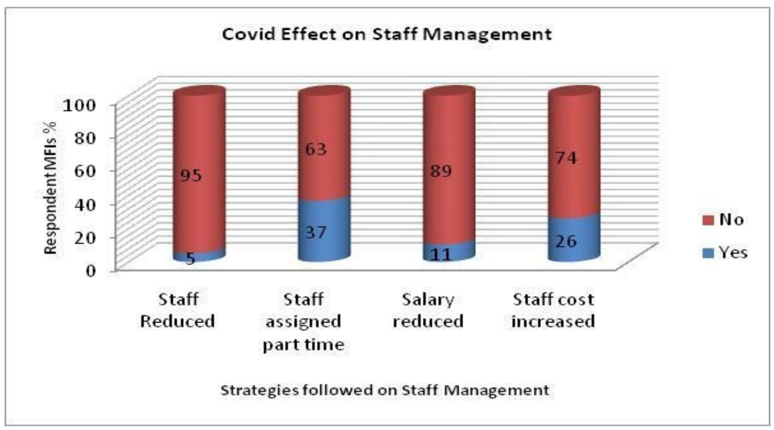
One of the fallouts was reluctance on the part of the institutions to follow-up their clients for repayment as they feared it might develop negative feeling towards them. They also had difficulty in training the staffs. These programmatic limitations resulted in the increased overdue and credit risks causing reduced income of the institutions. It directly affected their targets to expand the programs and clients as part of their annual plans.

In addition to the above effects, the institutions also faced difficulty in regular monitoring of their programs. Some of them were able to get travel pass from the local government bodies that helped in monitoring and visiting clients and providing supports to some extent but many couldn’t do that. Many of them monitored branch activities through phone and online meetings but some couldn’t.

Most of the responding institutions reported of their entire clients/ members having affected. Among them, the daily wage earners, employees working at hotels and industries, auto rickshaw drivers, agriculture- dependent workers, and small business owners were more severely affected.

All business transactions stopped during the lockdown. Many migrants lost their job and returned back home as a result of which and remittance incomes were reduced. Farmers couldn’t sell their products including quick perishable vegetables, fruits, and livestock products, so they were wasted. Daily wage earners faced difficulty in managing their basic survival due to the extended lockdown. Some of the clients living in the rented accommodation were also evicted as they were unable to pay rent.

2.4 Staff management

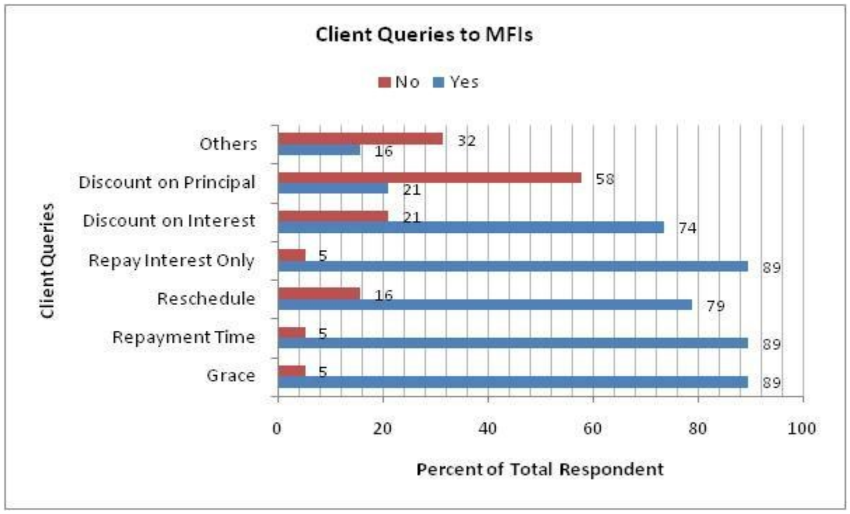


The sampled MFIs, DB and FCs were asked on staff management strategies during COVID period. Among the respondent MFIs, 5 percent had to reduce staff during COVID. Actually they were 98 new staff just recruited but postponed for deployment. Similarly, 37 percent of them had employed their staff part time as per their requirement or in rotation for the entire staff. But, only two institutions (11 percent) had cut salary of staff for the period. About 26 percent of the institutions had increased staff cost due to COVID to spend on COVID insurance, communication, and sanitary goods such as mask, globe and sanitizers for staff and soap distribution to the clients.

2.5 Client queries

Obviously the clients of MFIs, DB and FCs are directly affected by the pandemic, and it may be expected that they would contact their institutions and make inquiries about the issues related to them. Hence it was inquired to the sampled institutions whether their clients approached them and, if they did, what issues they brought up for discussion. Nearly all institutions (89 percent) had received client queries about the provision of grace, extension of repayment time, and arrangement for payment of only interest during the COVID period.

Similarly, 79 percent of the respondent institutions were asked by the clients for rescheduling of loans, 74 percent for discounts on interest and 21 percent asked on discounting the loan principal. In addition, 16 percent of the respondents were asked on other related issues such as whether they provide interest discount as on refinancing, rescheduling and term extension at least for six months and whether they discount interest as per the NRB circular. This shows that the clients are worried on their loan and asking for some type of support to reduce their financial burden due to COVID. This also indicates that the clients are watching the application status of the regulations.



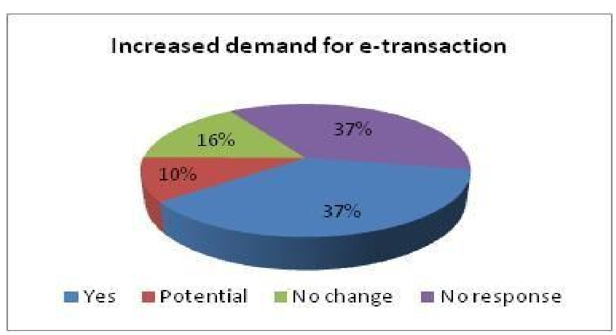
2.6 Access to formal banking and technology use

As access to formal banking and technology use can be assumed to reduce impact of such situations like COVID to the clients, the responding institutions were asked about access of their members to formal banking and modern technology for financial transactions. The questions on clients' access to formal banking and technology were responded by 47 percent and 68 percent institutions respectively. This indicates a significant number of MFIs and FCs are not aware on their clients' affiliation to formal banking and their access to financial technology.

Based on the responses made, 10to 98 percent of the clients of particular responding institutions did not have access to formal banking. Similarly, 60 to 100 percent clients depended on cash only transactions as they don't have access to modern technology for financial transactions. On an average, over 56 percent clients did not have access to formal banking and 93 percent followed cash financial transactions only.

Client Access to Formal Banking and Technology

	No bank account client percent	Clients transacting cash only percent
Mean	56.33	93.00
Minimum	10.00	60.00
Maximum	98.00	100.00



In this regard, the respondents were also asked whether the clients' demand for electronic transaction for deposit and withdrawals increased or not during COVID period. Among 63 percent institutions responding on this, 37 percent had received increased demands for electronic transaction while additional 16 percent estimated for potential increase and rest about 10 percent did not get such demand. If the non-responding samples are ignored, MFIs DB and FCs receiving increased demand for electronic transaction become over 58 percent. This shows that demand for electronic transactions increased due to COVID.

2.7 Social effects

COVID-19 has become a challenging situation affecting entire socio economic situation of people in many countries. In this regard, the respondent institutions were asked about the social effects of COVID on their institution and clients such as access to services, information, COVID education, and psycho-social problems. The findings show almost all of the MFIs, DB and FCs faced difficulty in offering financial services and some of them even could not contact their clients.

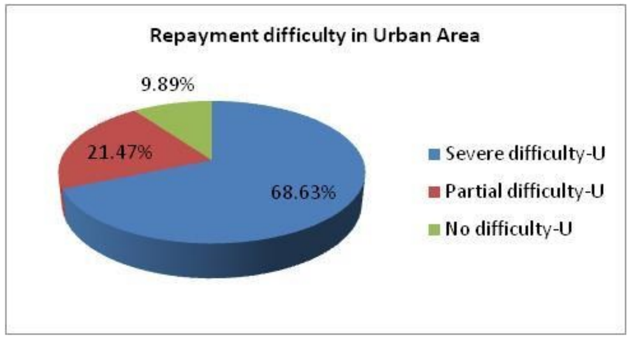
Most of the sampled institutions communicated the clients about the COVID effects and safety measures mainly through phone calls and messages to the clients or center chiefs and also distributed COVID-related information brochures reaching to more than 50 percent of the clients. Regarding psycho-social problems among the clients, their household members, and work area, most (79 percent) of the respondents expressed they did not have information on gender and domestic violence while few indicated such situation during the period.

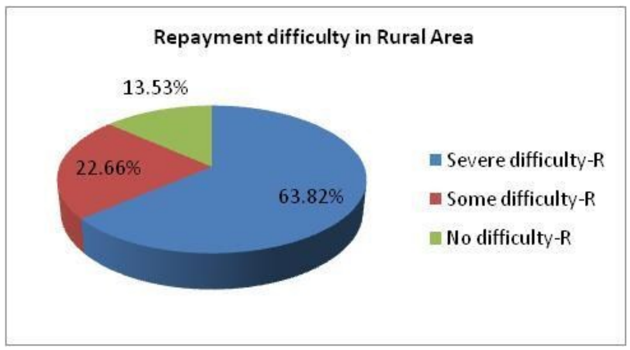
Similarly, about 70percent of the respondents did not have information on psychological problems while others noticed death in client household and clients worried on adverse budget situation of the household. In the community level people were worried about increased credit burden, increasing unemployment, chances for collapsing business, and fear of sickness and death due to COVID and other diseases. Difficulties in schooling children, participating in religious activities, and mental problems in some people were observed. Due to apprehension of infection, staffs were asked not to visit centers. In some areas, staff members were not permitted to enter the office by the house owners.

CHAPTER THREE: FINNACIAL EFFECTS

Obviously, the immediate and direct consequence of the COVID-19 pandemic and the ensuing lockdown have been felt by MFIs, DB and FCs in their financial operations. This chapter presents the financial effects these institutions have been experiencing in the first three months of the lockdown.

3.1 Difficulty in repayments





One of the immediate financial fallouts has been observed in the compliance of the repayment schedules by the clients of MFIs, DB and FCs. Data suggests that almost two-third of the client experienced high difficulty in paying back interest and principal amount as per the repayment schedules. There are slight variations in the degrees of such difficulty by rural – urban settings. Whereas 68.63percent urban clients were reported to have faced high difficulty in repayment of the clients, a slightly lower percentage of rural clients (63.82 percent) had similar problem. 21.47percent urban clients and 22.66percent of rural clients were found facing some difficulty in meeting the repayment schedules respectively.

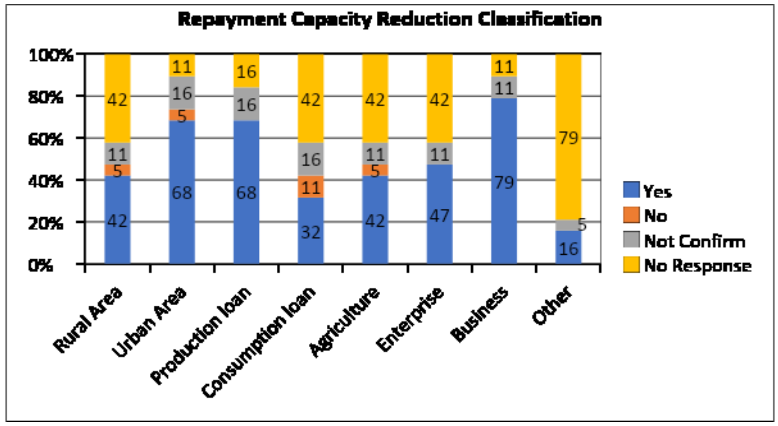
The table below shows the distribution of the estimated categories of microfinance clients facing varying levels of difficulty in repaying loans as per the schedules in urban and rural settings.

Difficulty in Repayments by Rural - Urban Settings

	Urban client in high difficulty to repay percent	Rural client in high difficulty to repay percent	Urban client in partial difficulty to repay percent	Rural client in partial difficulty to repay percent	Urban client in no difficulty to repay percent	Rural client in no difficulty to repay percent
Mean	68.63	63.82	21.47	22.66	9.89	13.53
Minimum	30.00	28.00	.50	1.00	.00	.00
Maximum	99.50	99.00	70.00	50.00	30.00	30.00

3.2 Repayment capacity

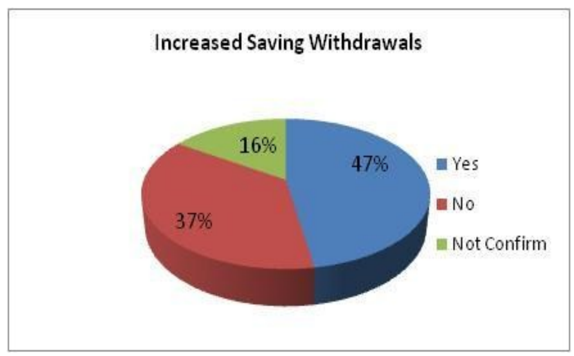
A major reason for having difficulty in repayment can be attributed to the reduced capacity for repayment by borrowers as a result of the economic activities almost suspended during this period. Most of the responding institutions (68percent) reported of the reduced repayment capacity in urban areas as compared to 42percent in rural areas.

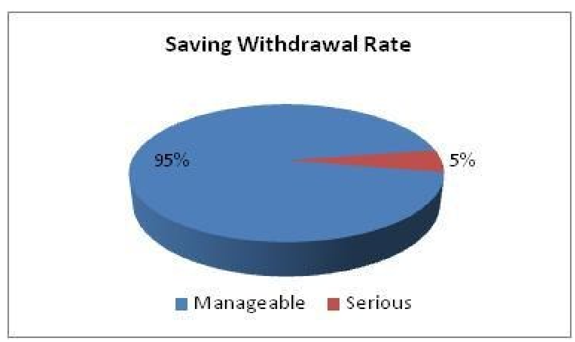


Of the various types of loan, repayment capacity of borrowers was recorded to have substantially decreased in case of business and production loans (79 percent and 68 percent respectively.) In contrast, consumption loan was found less affected at 32 percent by the lockdown during the same period. For agriculture and enterprise loans, this was 42percent and 47percent respectively.

3.3 Saving withdrawals

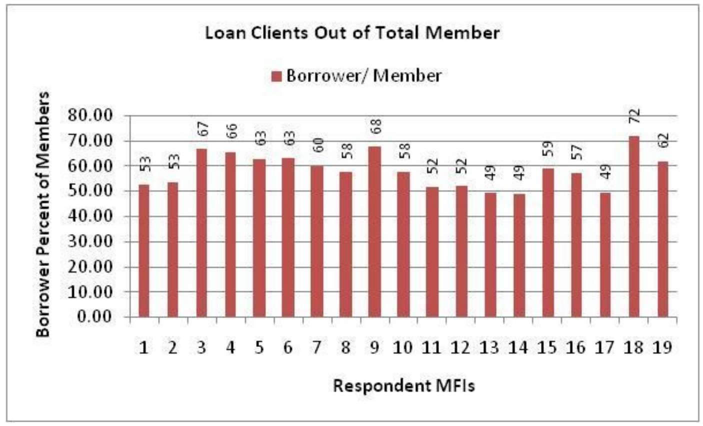
One would expect an increasing trend in withdrawal of savings at a time of economic hardship for people. This has been one of the immediate effects of the lockdown but not very significantly. The number of responding institutions reporting of an increased rate of withdrawal of their savings by their clients as compared to the normal period was slightly less than half (47 percent). A sizable number of these institutions (37 percent), however, have not experienced such up-scaling of withdrawal. The rest were not sure any such trend.



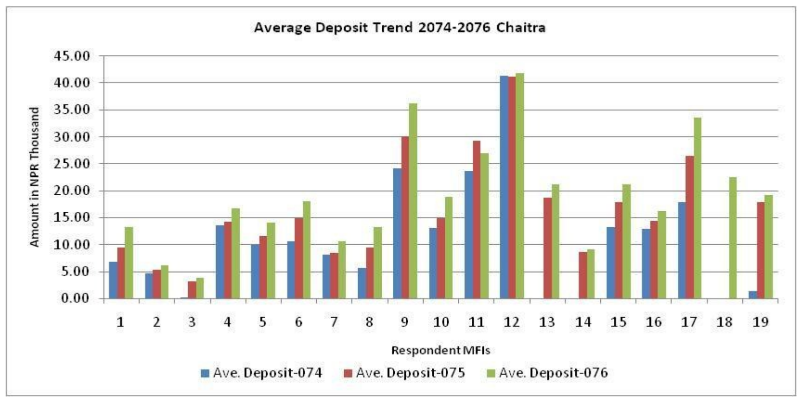


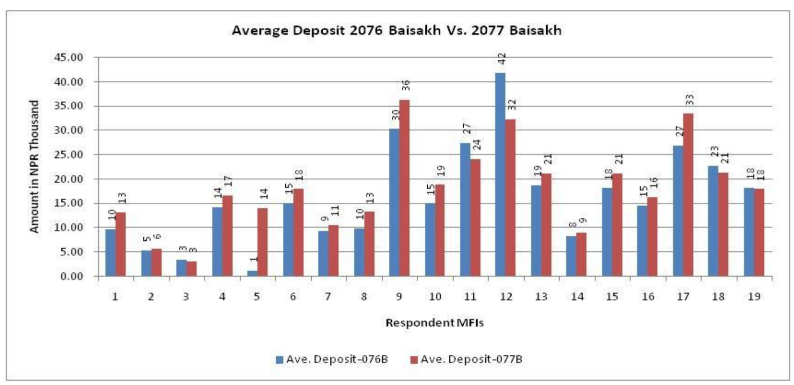
Of the institutions experiencing increased withdrawals, the increment rate ranged from negligible to maximum 80percent as compared to the normal period, the average being 34 percent. Interestingly, only 5percent of the responding institutions took such an upswing in withdrawal rate as serious, 95percent of them considering it manageable under the existing arrangements.

3.4 Financial performance



It is generally believed that the COVID-19 has had major effects on the financial performance of MFIs, DB and FCs. This trend seems visible even at the initial stage of the pandemic and the accompanying lockdown. The data collected shows that as of Baisakh 2077 (Mid-May 2020), the respondent institutions were able to provide loans to 49-72percent of their total members. Slightly less than half of them provided loans to over 60percent of their members.

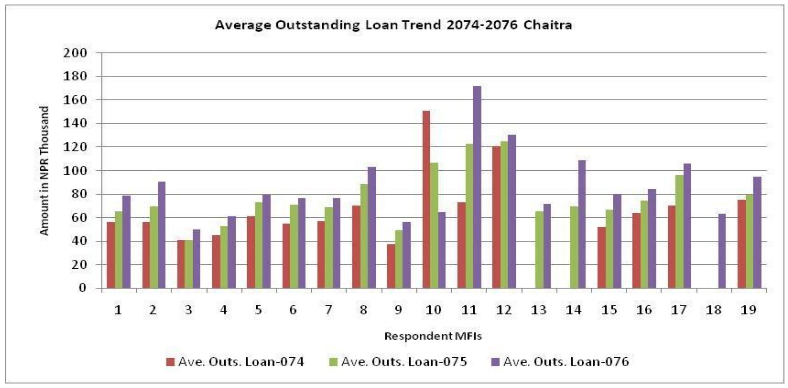


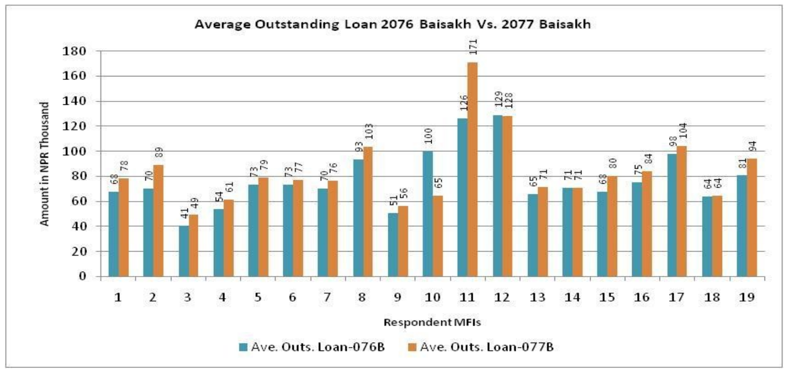


Average deposit trend of the past three years 2074-2076 for the month of *Chaitra* , the month COVID started in 2076, was steadily increasing for most of the respondent MFIs,DB and FCs, ranging from NPR 4,000-42,000. It suggests there was not much effect of the pandemic on deposit mobilization program. The comparative data for the months of 2077 *Baisakh* and 2076 *Baisakh* also shows that most of the MFIs, DB and FCs had increased average deposits during the early stage of lockdown. However, a generalization cannot be made as to the effect on deposit mobilization since the data in this survey covers only the first two months of the lockdown.

Average amounts of outstanding loans of the sampled MFIs, DB and FCs during the three years period 2074-2076 for the month of *Chaitra* showed an increasing trend in successive years. The trend was similar for the month of *Baisakh*. An increasing trend in outstanding loans suggests problems in repayment rates even before the pandemic started but it looks the current lockdown has started making it even more pronounced from the start itself.

Regarding arrears, and portfolio at risk (PAR), some of the sampled MFIs, DB and FCs provided data incorporating the NRB regulation not to count the risk as per the normal rule during COVID period while some of them provided the real situation with technical calculations as usual. It appears arrears increased in almost all cases. Thirty-two percent of the respondent institutions had arrears from 8-65 percent while the rest had 1-5 percent in 2077 *Baisakh*, average 9 percent in total.





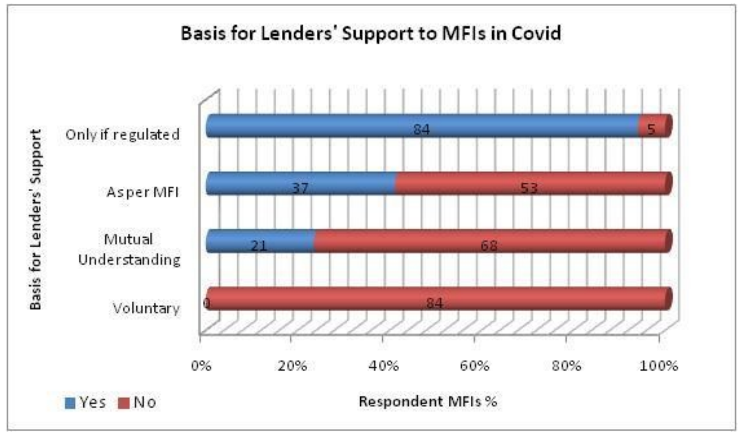
Similarly, PAR-30 in 2077 *Baisakh*ranged from 23-60percent by 26 percent respondents and 0-9 percent by rest of the respondent institutions. This shows that MFIs and FCs have high and increasing risks in portfolio due to the pandemic. (*Seemore on Table 1 in Annex 1*)

3.5 Fund source to support MFPs to respond COVID effects

In the context of potential liquidity shortage to finance revival activities post- COVID, the respondent MFIs, DB and FCs were asked about the response of their lenders. Among different support options, 42percent of the respondent had received lenders' commitment to reschedule loan and discount on interest each. Similarly, MFIs,

DB and FCs receiving offer for grace, repayment time extension, and facility to repay only the interest each were 37 percent. In addition, the respondents explained their understanding to receive 10percent discount on interest paid in *Chaitra* , grace for 3-6 months, repayment term extended by one year, rescheduling for six months to two years, 2 percent discount on interest, pay interest only for six months, and 100 percent penalty discount for the period. But some of the MFIs had a bitter experience that banks were reluctant even to provide discount on interest rate as provisioned by NRB.

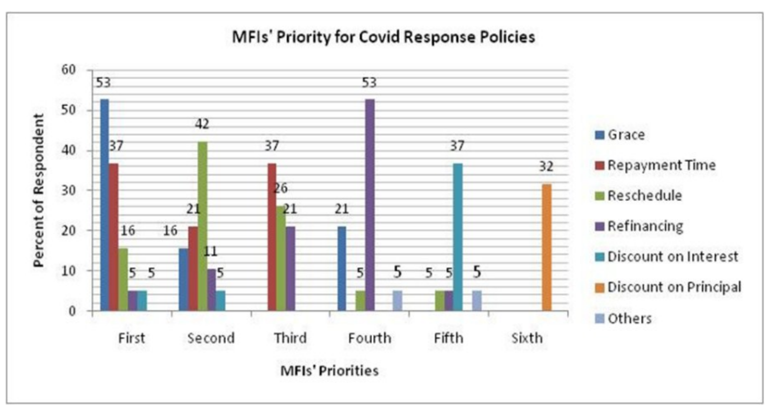
On the follow-up enquiry on the basis for such support from the lenders, most (84percent) of the respondents expressed that the supports from lenders was due to regulation. Similarly, 37 percent of them expressed the basis for such supports from the lenders depended on the interest of MFIs and FCs, and next 21percent said it depended on mutual understanding between them and the lender. None of the respondents expressed that the lenders offered such supports voluntarily. In practice, only some (16 percent) respondent MFIs and FCs said loan contracts with their lenders had conditions related to addressing the emergency situations like COVID while 58 percent did not have such provisions. 21 percent were not confirmed on this. This is not applicable to remaining 5 percent as they had internal source.



3.6 Institution's p addressing COVID effects

Similar to the clients, the respondent MFIs, DB and FCs were asked on their institutional priorities on policies to respond to the COVID effects. The first priorities were given to offering grace period to repay loan, extending loan repayment time and rescheduling of loans by 53 percent, 37 percent and 16 percent of the respondents respectively while 5 percent gave top priority for refinancing to revive the outstanding loan businesses and offering discount on interest rate.

The second priority of the most (42 percent) respondent MFIs, DB and FCs was on rescheduling followed by extension of repayment time (21 percent), offering grace (16 percent), refinancing (11 percent) and 5 percent on discounting interest rate. Similarly, 37 percent of the respondent MFIs chose repayment time extension, 26 percent for rescheduling, and 21 percent for refinancing as their third priority. Refinancing was prioritized by 53 percent respondents followed by grace by 21 percent and rescheduling of loan

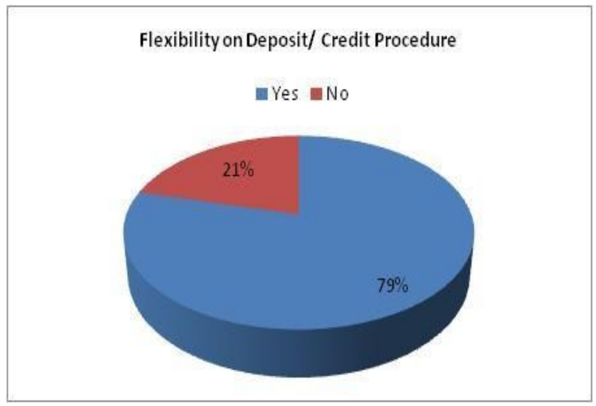


by 5 percent on their fourth choice. Similarly, 37 percent of them fifth prioritized for discounting interest rate and 32 percent put sixth priority on discount on principal.

Overall responses placed repayment time extension, grace, rescheduling of loan and refinancing on top priorities with weighted score of 474, 458, 437 and 337 respectively. Similarly, priorities for interest discount and principal discount respectively have successive ranks with weighted score of 132 and 32. In addition to this ranking, the respondent institutions mentioned priority to be given on subsidized wholesale fund, reducing number of MFIs, and initiation of business promotional programs to tackle this adverse situation.

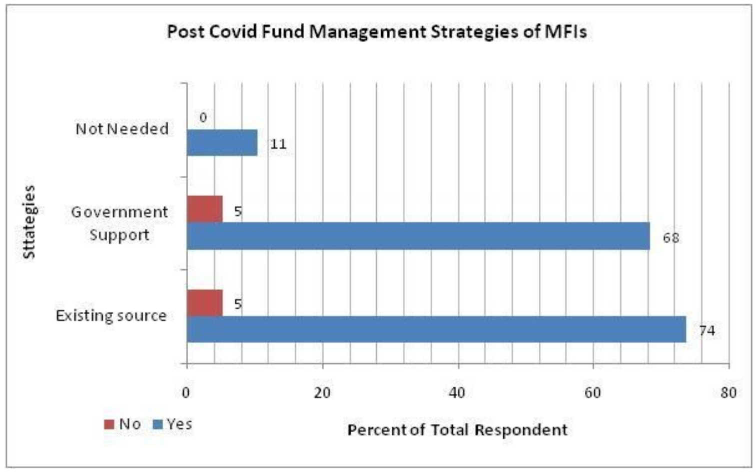
3.7 Simplification of saving and credit procedures

Disrupting situation like the present one requires that organizations amends its procedures and make them simple. On this issue 79 percent of the respondent institutions were found to have adopted different activities with flexibility in normal practices. Most of them offered saving and loan services to the individual members without even in absence of center meeting. Summary of key activities to facilitate financial transaction during the period were as follows:



- Deposit and loan installment collection and withdrawal facility at doorsteps of the clients or through center chiefs.
- Disbursed emergency loans and interest free loans to the needy clients.
- Offered loan as high as NPR 50,000 and withdrawal up to NPR 5,000 for needy individual members.
- Offered loan to interested clients to prevent closure of their business
- Offered counter service at the offices.
- Offered interest only payment option on outstanding loan.
- Repayment through mobile apps such as e-sewa.
- Extended loan period till mid-July (*Asar*-end), 10 percent discounted on loan repaid in March/ April (*Chaitra* 2076), and reduced loan interest rate by 3 percent as regulated by the central bank.
- Offered services in faster way than normal days.

3.8 Fund management approaches



In estimation of increased loan demand from the clients and hence increased requirement of loan fund to the MFIs, DB and FCs to recover from the COVID effects, it was assumed that they might have worked out strategies for managing such fund requirements. Data suggests that majority (74 percent) of the respondent institutions planned to approach the existing fund sources followed by government support (68 percent). Similarly, 11 percent respondents did not need the external support as they had a plan to utilize existing capital with them.

CHAPTER FOUR: PROBLEMS, ACTION PRIORITIES AND EXPECTED ROLES

As captured in the previous two chapters, the COVID-19 pandemic has had a range of institutional, social, and financial effects on MFS. They have resulted in a number of problems and challenges for this sector. This chapter summarizes those problems and challenges as being experienced by MFIs, DB and FCs while summarizing their action responses to address them from their side. It also outlines action strategies suggested for the revival of the sector and perceived needs for capacity building of the institutions. The roles expected by MFS of the various stakeholders in this context are also presented.

4.1 Problems experienced and responses mobilized

Not unusually, the immediate consequence of the COVID-related institutional, social, and financial effects on MFS has been that nearly all MFIs and FCs have to experience a range of problems not frequently occurring in their normal business operations. Findings of the survey suggest that the major difficulties they have been facing relate to conducting center meetings in existing group modality, reviving client businesses, and loan recovery. What is encouraging is in the face of the unexpected hurdles, they have been initiating some locally- designed action responses to address those problems and challenges.

On the issues of the COVID-induced problems and their action responses, the respondent institutions came up with a long list. They are summarized below:

a. *Problem*: A major problem was difficulty in field activities like conducting center meetings, community visits, credit appraisals, and following microfinance norms.

   Action response: Many of the respondent MFIs, DB and FCs started counter collections and conducted home delivery to counter this problem. Meetings were held maintaining social distance and travel permissions were secured for staff from the local administration. Other actions involved working out alternative ways for center meetings, exploring different individual lending model, and promoting use of technology.

b. *Problem*: Another problem immediately experienced was difficulty in collections of loan repayments and interests thereon.

   Action response: Many of the institutions started collections through center chiefs while encouraging the clients to repay as per their capacity. Some of them also revised loan policy with rescheduling, grace, refinancing, restructuring and interest rebate options, and prioritized in collecting interest if the client is unable to repay principal. A few opted for increasing collateral loans.

c. *Problem*: Nearly all the sampled institutions had overdue loan and non-performing loan increased experiencing more credit risk.

   Action response: Some of them tried to recover loan with business promotion activities, simplification in services, and regular contacts and follow-ups with the clients. They also rescheduled loan as per NRB direction and motivated for repayment informing clients on interest rebate.

d. *Problem*: An obvious operational problems was office not opening regularly making it difficult for mobilizing staff.

   Action response: In the face of this problem, the respondent institutions followed the government instructions and NRB regulations, and managed their business with one-third staff. They also engaged in online contacts giving priority to this mode of connectivity.

e. *Problem*: Even during the initial period of lockdown, there was a problem of increasing client expenses but reduced incomes for them due largely to increased unemployment, including foreign employment, among the members of these institutions.

   Action response: Many of the institutions hit hard by the financial crunch facing their clients started focusing on promotion of agri-businesses and self-employment options, provided skill training and loan, and asked for government supports to help their clients.

f. *Problem*: From personal and psychological point of view, fear of spread of the contagion among clients was a major issue MFIs and FCs had to deal with.

   Action response: Some of these institutions started motivating and facilitating clients with psycho-social counseling on a limited scale.

g. *Problem*: An internal problem was risk of infection among their staff and associated psychological pressure and loss of confidence among them.

   Action response: To address this difficulty, some of them adopted precautionary measures for staff safety, organized awareness campaign, provisioned individual expenses for insurance and health security, and counseled staff for boosting their confidence through virtual meetings.

h. *Problem*: The major financial problems facing them were those related to the reduction in outstanding loan, reduction in cash flow, difficulty in program expansion as planned, and limited lending sectors.

   Action response: Some of them prioritized collateral based lending on micro-enterprises, introduced new products for diversified sectors, and continued transactions in reachable areas through center chiefs. Others offered business counseling, loan and training etc. to enterprising clients, planned to maintain current status (not reduce) in program, and encourages clients who are running their business to take loan and increase business.

i. *Problem*: From the clients' perspective, the problems were capital loss to them resulting in collapse of business of many of them. It posed the challenge of reviving their business.

   Action response: Some of the initiatives taken by a few institutions were offering refinancing mainly for businesses, extending loan term, situation specific support to revive business, and psychological counseling to improve client confidence.

j. *Problem*: The lockdown resulted in increased loan loss provisioning cost and operating expenses; reduced income as lending interest rate reduced; reduced profit; and difficulty to repay borrowings for MFIs, DB and FCs.

   Action response: Reduction in certain expenses, change in fund expense procedures, solicitation for interest discount/ rescheduling/ grace facility from the lenders, appealing to NRB for reviewing loan loss provisioning, coordination with lenders to reduce interest rates, and depositing amount with the institution at higher interest earning accounts were the major responses by many institutions.

k. *Problem*: Most of the institutions had shortage of lending resource, reduction in deposit, and inadequate liquidity.

   Action response: Their responses included maximum utilization of existing resources, coordination with lenders and searching additional lenders, borrowing from refinancing fund, and encouragement to clients for higher saving.

l. *Problem*: Other problems included difficulty in monitoring, client dropouts, and migration of clients from business place to home.

   Action response: Many institutions tried to monitor through virtual meeting, phone and online contacts. They also tried to identify the client status, contact them, and support in operating alternative businesses.

m. *Problem*: They faced the difficulty in meeting and coordinating with other stakeholders.

   Action response: This difficulty was partially overcome by using online technology to maintain connectivity.

n. *Problem*: Finally, they feared of a reduced return to the investors.

   Action response: Some of them reported of exploring alternative ways to maintain returns to the investors.

4.2 Prerequisites for revival

In the face of the multiple effects of the pandemic onslaught, what MFS institutions think would take it for them to overcome the problems facing them and revive their operations to normalcy as before after the disruption has subsided? This issue is by far the most critical in view of the preparations necessary for recovery of MFS at the earliest.

Encouragingly enough, MFIs, DB and FCs seem to have a fair level of understanding of the prerequisites for their revival back to the normal situation. This issue brought many of their suggestions they perceived would help them out of the current downturn they are facing. They ranged from supportive changes in regulations to review of microfinance delivery modality; from provision of relief packages to the clients to improving their financial and delivery capacity; and from psychological counseling to staff and clients to digitization of transactions. Summary of their suggestions is given below:

a. Change in lockdown modality permitting easier travel, client visits, and business activities on a progressively relaxing basis.

b. Provision of financial relief packages to the loan clients such as grace at least for six months after lockdown, extension of the loan terms, rescheduling of loan, and refinancing to revive client businesses.

c. Provision of facilities to MFIs, DB and FCs such as extension in repayment term of wholesale loan, subsidized loan from lenders, and refinancing.

d. Increased investment and modernization in agriculture and livestock farming, promotion of insurance of small and medium businesses, training for members on financial and business literacy and skills, and psychological education to improve their confidence.

e. Regulation to support sustainability of MFS with support and subsidy, business promotional plan, rehabilitation program targeted for COVID- affected areas, easy access to subsidized loan or capital subsidy, policies to reduce cost of wholesale fund and loan term extension, grants to the clients, review loan loss provisioning during COVID, removal of interest rate cap, some increase in service fee, flexibility and reduction in tax, removal of restrictions in work area expansion, change of 33:67 ratio of collateral loan to collateral free loan into 50:50 ratio, permission for public deposit from NRB and the government and, positive role and guardianship from local government.

f. Advanced training to staff on positive thinking and emergency management by MFPs.

g. Development of infrastructure and investment for promotion of digital systems and use of the platform by MFIs, DB and FCs.

h. Flexibility in supervision for first six months after lockdown.

i. Change in traditional service delivery model of *Grameen* method by MFPs.

j. Merger of MFIs for higher capacity,

4.3 Financial and managerial capacity building

The institutions participating in this survey pointed out needs for financial and managerial capacity building for fast and sustained revival post COVID. Such needs as perceived may be grouped under four main strategic interventions for building capacity: training and education, research, and advisory services.

Training and education

Staff: Stress management, psycho-social counseling, leadership, motivation, client protection, risk management, credit appraisal, digitization, skill, increasing productivity, and client need assessment.

Client: Entrepreneurship development, business skill, fast yielding business orientation, agriculture and self-employment, psycho-social counseling to reduce fear of COVID, education on collateral loan.

Research

Socio-economic impact of COVID on MFS/MFIs/, DB/FCs, and clients; alternative model of microfinance suggesting on options for center meeting, group guarantee etc.; new financial product development to fit COVID context; protection of clients, staff, and investors; employ stress testing; and revival of client business.

Advisory services

Settling this adverse situation; policy formulation; expanding linkage with local bodies and project partners; digital transaction; psycho-social counseling to staff and client; business counseling to clients; advice to the government and NRB on COVID impacts for MFS; advice on increasing saving and utilization of credit; and counseling on health and safety measures to staff and clients.

4.4 Roles of stakeholders

Recovery from as comprehensive a disruption as the COVID-19 pandemic would naturally require a much longer and concerted effort from all stakeholders associated with MFS. Hence, the respondent MFIs, DB and FCs were asked what they saw would be the roles of various stakeholders in their recovery process. Again they seem to have a pretty clear understanding of the roles expected of various stakeholders. Below is presented a summary of their expectations:

1. *Board of the institution*

Diagnose problems and develop policies as needed; hold in implementing the policies and procedures not sensitive to the present crisis situation; improve staff confidence; frame policies to serve clients with advanced technologies; facilitate and advice management in daily operations; identify risk areas and direct; make rehabilitation related policies and special products for affected client; balance profitability and social part of institution; ensure offering client friendly services; manage for client support packages like interest discount, extending loan term, loan renewals to fit client status; and review the policies as needed.

2. *MFP management/ staff*

   Be patience, think positive, improve confidence and work with high morale supporting institutional development; make effective concepts and strategies for loan disbursement, recovery and field works; develop innovative models workable in such situation; coordinate with relevant organizations; analyze different indicators and perform result oriented activities; engage in policy formation and implementation, coordination, facilitation; apply rehabilitation related policies of the institution; invest more time than usual; improve efficiency, productivity and innovation accepting the contingent situation; make regular contacts with the clients, orient them on financial management in such income scarce time and counsel on dealing the situation; collect COVID impacts among clients; make collective decisions and apply them promptly; and encourage subordinate staff for self-confidence.

3. *Clients*

   Try to be self-reliant and confident; think positive towards microfinance institutions that they support in adverse situations too; utilize credit, reduce expenses, and repay loan timely; select high yielding businesses with low investment as per individual capacity; identify the businesses that are less affected by such situations like COVID; focus to recover and expand the business even taking additional loan; use technology for financial transactions; regularly follow financial discipline; care the family as well as business; and inform needs and problems to the institution and ask for solution.

4. *Microfinance network*

   Lobby and advocate policies on difficulties, challenges, and sustainability of MFS; coordinate with the regulators for appropriate policy development for short and long term; create pressure to apply uniform rules and promotion of microfinance sector by the regulators and government; demand necessary provisions, supports and subsidies with the regulators; be responsible to the members; lobby the government for appropriate management of COVID impacts to microfinance sector; lobby for programs supporting self-sufficiency and sustainability of MFIs, DB and FCs; and promote interaction and exchange good practices among institutions within the sector.

5. *Lenders*

   Promote lending environment with additional and cheaper loan; increase loan repayment time; restructure and renew loans; provide additional loan; know the status of MFIs, DB and FCs, analyze risks, and offer loans; support in capacity building measures; bring subsidy schemes; and consider problems and complains of MFIs, DB and FCs.

6. *Technical and advisory service providers*

   Develop innovative digital financial technologies accessible to MFS; facilitate transactions through digital technology in microfinance; improve staff efficiency to work more by less staff; identify avenues for post COVID situations different to pre COVID agendas; offer result oriented advice to MFIs as needed; share best international practices to be followed in crisis period; advise regulators; conduct research; revise software to enable providing client, credit, and deposit information accurately and timely; analyze collateral provision, portfolio management, loan monitoring mechanism, risk concentrations, portfolio quality, risks, loan interest rate, provisioning, policy application, and business strategies; identify solutions to reduce risks; and educate on COVID-19 effectively.

7. *Donors and support organizations*

   Launch programs to support psycho-social counseling and micro-enterprise development; support training, workshop and technology; support to improve financial and institutional efficiency and risk reduction; involve MFIs, DB and FCs too in subsidy and support programs; provide financial, technical, and training support for impact minimization; come up with meaningful contribution, not just show-off activities for post COVID period; provide technical and financial supports for regular stress testing as various risks are potential to increase; and play positive role towards microfinance to recover from such adverse situations.

8. *Regulators and government bodies*

   Facilitate institutional tax reduction at least for two years; encourage clients to repay loan through policies and programs; make policies to exclude willful defaulters on government facilities; increase loan ceiling; reduce compulsory deposit provision; manage to reduce loan interest rate; capitalize interest; discount loan loss provisioning at least for two years; support in technological and supportive programs and IT infrastructure development; issue circular on rehabilitation; encourage merger and reduce number of MFPs; each level of government need to facilitate and coordinate to protect the microfinance sector; implement programs for institutional efficiency improvement; make the policies flexible to fit current context; encourage in modernization in agriculture; and encourage financial literacy.

CHAPTER FIVE: SUMMARY, IMPLICATIONS AND RECOMMENDATIONS

Though designed as a quick and preliminary survey, this inquiry yielded a number of important initial effects and issues associated with the COVID-19 pandemic in MFS at its initial stage. The effects with major implications for the operation, results, and even sustenance of the sector are summarized in this chapter. Major recommendations for addressing them are then presented for policy consideration and programmatic initiatives.

5.1 Major effects and issues

In MFS, as in other sectors of economy, there have been without doubt major outcomes as a result of the global pandemic and lockdown it led to. The effects are many and the issues they have given rise to, varied. This survey identified some important consequences of institutional, social, and financial nature due to the disruption at its initial phase.

1. Of the institutional and social effects the critical ones were substantial disruption in business operations of MFIs , DB and FCs even at the earlier stage of the infection; suspension or drastic reduction in core activities such as field visits and center meetings, financial transactions, and monitoring; wider scale and scope of business closures or shrinkage; reduced connectivity with the clients and limited understanding of their needs and status; lowered access of the clients to the financial and other services from institutions; increased stress and apprehensions on the part of the clients; reduced morale, mobilization, and efficiency of staff members.
2. Financially speaking, the clients of these institutions experienced high level of difficulty in repayments and reduced capacity for paying back loans due to stoppage of economic activities; the lending volume and frequency both substantially declined and the outstanding loans and arrears increased; PAR increased though there was not much change in the increasing trend of deposits; there was moderate commitment for support from the lending sources due largely to the regulatory provisions but also due to mutual relationship; and many institutions modified and adopted some immediate measures to address the financial crunch, including policy revisions and client connectivity using technology and other innovative approaches.
3. The multifarious effects of the COVID-19 resulted in a host of operational, managerial, psychological, behavioral, financial, and safety problems directly influencing the level and nature of business of MFIs and FCs in an adverse way.
4. In the face of several problems resulting from the pandemic, MFIs, DB and FCs, despite being subdued and rendered disrupted initially, appeared to demonstrate some degree of resiliency in terms of both response actions and prioritized strategies to be mobilized for containing the damage further and recovering back to the normal state of operations. They were able to suggest a number of policy, programmatic, and methodological measures for

revival, and also reported of having taken some initiatives from their side to cope with the disruptive effects on a limited scale.

5. The supports they needed for bouncing back and further strengthening their institutional capacity were many and varied, pertaining mainly to training, research, and advisory services.
6. In the process of recovery, the roles of multiple stakeholders associated with MFS were thought to be critical with specific roles expected of each of them clearly articulated by MFIs and FCs.

5.2 Implications

Implications of the findings of this preliminary survey are not difficult to discern. What is apparent is MFS has taken a serious jolt with the spread of the pandemic across the country. Their financial and institutional capacity has been seriously compromised, rendering them to a debilitated state of functioning. The social fallout of the infection and of the accompanying lockdown has further crippled their ability to operate and serve their members as before and as aspired. Stagnation and even shrinkage in the business of MFS is most likely to result from the present disruptions and its immediate effects. Strategies for arresting and reversing this trend would be necessary.

If the scale and duration of disruptive conditions continue further, as it appears they will, many of MFIs, DB and FCs may find themselves in a situation of further erosion of their business. Their institutional capacity – both financial and management - will weaken to the point from where recovery may be somewhat difficult for many and an uphill task for some, thereby severely limiting their operations or even threatening their survival. It may lead to loss of their membership base and also erosion of their faith on the institutional relevance to them. It may also cause a further drift in mission of these institutions, an issue already much under regulatory scrutiny and public criticism. Policies and programs directed at strengthening capacity during and beyond the current crisis will have to be planned and implemented at the earliest working closely with all stakeholders.

Shrinking resource base from limited supply of funds and delayed or defaulted payments by borrowers will further limit their institutional strength and vibrancy to serve the market well and continue to generate institutional resources for growth and expansion. Funding crunch will be more severe, leaving the demands for loans unmet at an even higher level with its impact on business expansion and growth. It calls for working out resource augmentation and mobilization strategies.

Reduced connectivity and difficulty in direct reach due to the lockdown and safety concerns will distance these institutions from their members, a change in the operational modality of MFS. What is even more important is the members not being served and supported through direct contacts and interactions as before. This is significant particularly if the present disruption continues much longer as feared in many quarters and predicted by experts. Redefining the modality of relationship during this period would be required.

Boosting morale and enhancing competency of staff members of these institutions in the aftermath of the current health hazard of such a huge proportion will demand their priority attention for which appropriate plans will have to be worked out and resources committed. Lowered down spirit and skills of staffs will make recovery even more difficult. Similarly, management systems and operational processes need review, redesign, and recalibration to fit the emerging situations of managing uncertainties, risks, and disruptions. More flexibility and adaptability will be required in the days ahead during and even beyond the COVID era.

Obviously, MFS will require moving more rapidly and robustly into technology adoption as the new normal, gradually replacing and supplementing the conventional mode of operations as the pandemic has upended the ways of delivering services. More investment in new technology and more need for leveraging the existing technology will be necessary.

Findings of the survey revealed that MFS has a fair level of resiliency - and also a willingness to mobilize it - to fight the current crisis befallen them. Some immediate and even innovative action responses have been mobilized to get around the short term implications of the pandemic – and with some good results. However, a long-term perspective and action strategy would be required for sustaining and succeeding in the extended time frame. Similarly, more collective and concerted actions, with all stakeholders developing a common understanding of issues and directions ahead, pooling and sharing resources, and partnering for progress would be critical for long term recovery of MFS from the present disruption.

5.3 Recommended courses of actions

What seems apparent from the survey is that MFS has been struck hard by the on-going pandemic, the impact of which will linger on for long if effective revival and redirection strategies are not worked out and put in place at the earliest. Diagnostic assessment of some initial effects and issues as well as the supports perceived as being critical by the practitioners in this sector for its revival as captured in this survey clearly indicate the need for taking a number of critical policy measures and action initiatives. Without being exhaustive, some important policy and programmatic measures are recommended below as a way forward for the revival and redirection of MFS.

First, however, a fuller understanding of the implications of the pandemic effects and issues for MFS as stated in the previous section would be necessary for initiating any improvement actions. We recommend that all concerned agencies take a serious look into and develop a common understanding of the identified implications of COVID for MFS. We also recommend that a more comprehensive and rigorous study be carried out covering a period till the present time for a deeper and wider understanding of the impact of COVID-19 in MFS.

1. *Relief package to revive business and institution*

Closing down of clients' businesses has severely curtailed their repayment capacity resulting in serious financial consequence for MFIs and FCs. The three percentage point interest reduction to borrowers has helped them a little bit to lessen the interest burden. But this is not enough for the micro and small businesses which have been seriously hit by this pandemic. More interest subsidy directed at borrowers for at least two years period would greatly help ease the financial burden of both the clients and the institutions by creating conditions for reviving businesses and repayment of loans. In addition, subsidized loan and re-financing facility should be easily available in addition to insurance of business and clients. Microfinance institutions should also be given institutional income tax rebate for a couple of years so that they can spend that amount for client benefits.

2. *Relaxation by regulatorin different regulations*

NRB as the principal regulator of MFS would be well advised to relax some of its regulations in practice, particularly with regard to moratorium on loan repayment, loan procedure, provisioning and rescheduling of loan etc. It would also be advisable to grant some authority or delegate power to the concerned MFIs depending on variable situation unless the situation improves. This flexible regulation policy helps to improve their situation. MFIs should also be given authority to spend CSR fund to improve situation for the benefit of clients and their welfare program for at least two years.

3. *Fixing of maximum ceiling of interest rate for borrowings*

As the central bank has already fixed the interest rate for MFI borrowers at 15 percent with six percent interest spread to them, the institutional lenders to these institutions such as banks and financial institutions (BFIs) would do well to fix maximum ceiling on borrowing interest rate accordingly until the situation improves, which has to be coordinated by NRB. This will help to improve the financial capacity of MFIs in the current this difficult situation.

4. *Provision for separate Regulation Department within NRB for MFIs or separate regulatory body for MFS*

As a critical and growing sector of Nepali economy and society, MFS needs more focused and engaging regulatory supports, particularly at times of such disruption and serious COVID effect as now but also in the normal period for its sustained growth and contributions. This has not been possible presently as the regulatory body of this sector is more concentrated on other larger financial institutions. It is time that the establishment of separate Regulation Department within NRB for MFIs or a separate regulatory body explored in the country for effective promotion, support, and growth of MFS, much in line with the Microcredit Regulatory Authority (MRA) as is in operation in Bangladesh and some other countries.

5. *Investment in and development of technology*

   While other financial institutions have increasingly adopted technology in a big way as their response to the pandemic effects, MFS institutions have been both slow and constrained in making use of digitized operations. This is the result of both lack of their access to technology and inadequate capacity to utilize their existing system. It is necessary that MFIs and FCs invest more in digital financial technology and adopt it more for their operations. The government and regulator should support in making such investment in technology.

6. *Development of new service delivery model*

   For their part, MFIs and FCs would be well advised to start modifying their traditional *Grameen* Bank model to new and innovative service delivery systems more relevant to the evolving situation. While this is required to address the immediate constraints in personal and group connectivity due to the public health hazards, innovations in business models would also be necessary for sustained growth in the long run.

7. *New product to addr ess emergencies*

   In order to cope with sudden disruptive situations in emergencies and other social and political turmoil, MFS should work out special products and provisions to provide services to the clients. Besides separate savings products and emergency loans, they may create a special fund to respond to disaster risks and use that in supporting the affected people in disasters as well as conducting awareness and capacity building activities for the clients and staffs.

8. *Consolidation and cost reduction measures*

   For increasing competitiveness and capacity as well as to reduce financial strain, institutions in MFS would do well if they consolidated their operations through merger and acquisition process. But care must be exercise not to compromise on access and competition. Other cost cutting measures such as staff reduction and use of technology may serve the purpose well.

9. *Reducing general supervision and encouraging risk based supervision:*

   In such a COVID affected period, the regulators and microfinance providers need to take measures to adjust supervisory provision/work. Such measures should reduce general supervisory burdens but enhance risk-based supervision/monitoring based on the institutions and clients

10. *Active and supportive engagement of stakeholders*

    More active and supportive engagements of the principal stakeholders of MFS, including BOD, clients, network associations, lenders, regulators, and government, would be necessary, particularly in implementing their respective roles. They should be more supportive and accommodative so as to normalize microfinance operations at the earliest.

11. Capacity building programs

MFS should invest more in and use more of capacity building measures aimed at improving managerial and operational competencies, particularly under the situation of uncertainties and risks. Such measure would include training and education programs for staffs and members. Additionally, there should be more use of professional advisory services to help institutions in diagnosing their organizational and managerial problems and designing and implementing improved systems and practices. More research –based knowledge will also help them with improving their responsiveness and preparedness to face difficult situations.

12. Increased social awareness and financial literacy programs

Social awareness programs directed at both COVID -related social issues and financial education objectives should be extensively executed in collaboration with the local and federal governments with active engagements of MFS.

It is further recommended that all concerned agencies take a serious look into and develop a common understanding of the identified implications and a more comprehensive and rigorous study be carried out covering a period till the present time for a deeper and wider understanding of the impact of COVID-19 in MFS.

ANNEXES

Annex I: Tables

Table 1: Total Members and Loan Clients

MFPs	Total member	Women member	Men member	Total loan client	Women client	Men client	Borrower/ Member
1	55892	55685	207	29486	29279	207	52.76
2	85387	84967	420	45609	45384	225	53.41
3	31623	29037	2586	21068	19338	1730	66.62
4	62636	61362	1274	41078	40394	684	65.58
5	112488	112262	226	70598	70337	261	62.76
6	87761	87451	310	55212	54902	310	62.91
7	375196	372742	2454	225076	222622	2454	59.99
8	17341	16827	514	9980	9466	514	57.55
9	249511	249511		168539	168539		67.55
10	89023	89023	0	51283	51283	0	57.61
11	177751	151086	26665	91837	76225	15612	51.67
12	145920	134520	11400	75798	68218	7580	51.94
13	36600	36327	273	17995	17723	272	49.17
14	104399	101311	3088	51120	49368	1752	48.97
15	257110			151074	148518	2556	58.76
16	218706	193183	25523	125229	116876	8353	57.26
17	55399	51886	3192	27403	26352	1051	49.46
18	28809	28809		20611	20611	0	71.54
19	33518	33485	33	20752	20719	33	61.91

Source: CMF/N Survey Report 2020

Table 2: Number of Deposits and Insurance Transaction

MFP	Total deposit	Deposit women	Deposit - men	Total insurance	Insurance - women	Insurance - men	Total COVID insurance	COVID insurance women	COVID insurance men
1	55223	55223	0	29096	29096	0	0	0	0
2	85387	84967	420	45609	45384	225	0	0	0
3	31623	29037	2586	21068	19338	1730	0	0	0
4	60756	59498	1258	29973	29973	0	0	0	0
5	112488	112262	226	70598	70337	261	0	0	0
6	87761	87451	310	54902	54902	0	0	0	0
7	412722	400773	11949	222622	222622	0	0	0	0
8	17341	16827	514	0	0	0	0	0	0
9	249511	249511		168539	168539				
10	89023	89023							
11	177751	151086	26665						
12	70122	64999	5123	58368	52532	5836	7296	2918	4378
13	36600	36327	273	17995	17723	272	0	0	0
14	104399	101311	3088	104399	101311	3088	0	0	0
15	257110								
16	218706	204118	14588	5533	5164	369	0	0	0
17	55399	51886	3192	28300	26300				
18	28809	28809		20611	20611		0	0	
19	33518	33485	33	20752	20719	33	0	0	0

Source: CMF/N Survey Report 2020

Table 3: Average Deposit Trend

Amount in NPR'000

MFP	No. of Deposit or 074 Chaitra	No. of Deposit or 075 Chaitra	No. of Deposit or 076 Chaitra	No. of Deposit or 076 Baisakh	No. of Deposit or 077 Baisakh	Amount of Depositor 074 Chaitra	Amount of Depositor 075 Chaitra	Amount of Depositor 076 Chaitra	Amount of Depositor 076 Baisakh	Amount of Depositor 077 Baisakh	Average Deposit 074 Chaitra	Average Deposit 075 Chaitra	Average Deposit 076 Chaitra	Average Deposit 076 Baisakh	Average Deposit 077 Baisakh
1	30034	42358	55257	43864	55223	202923.61	401755.94	730003.83	429445.76	730502.42	6.76	9.48	13.21	9.79	13.23
2	188860	222891	244757	226163	244707	868049.17	1183932.93	1515607.43	1213401.19	1414364.20	4.60	5.31	6.19	5.37	5.78
3	55898	83121	101682	80566	101690	12989.00	266447.00	379855.00	275879.00	319674.00	0.23	3.21	3.74	3.42	3.14
4	50655	58844	62644	59363	62636	686210.91	836779.94	1046369.07	848069.04	1047618.09	13.55	14.22	16.70	14.29	16.73
5	70723	92364	112560	94391	112488	699411.00	1073688.00	1580307.00	110866.00	1587988.00	9.89	11.62	14.04	1.17	14.12
6	57131	75053	87643	77537	87761	608232.00	1121713.00	1583162.76	1170212.00	1580602.00	10.65	14.95	18.06	15.09	18.01
7	981388	1211038	1203624	1102806	1204741	7888199.00	10275298.00	12826592.00	10409196.00	12849484.00	8.04	8.48	10.66	9.44	10.67
8	6575	14694	17341	15027	17341	36719.00	138816.00	230383.00	149608.00	231272.00	5.58	9.45	13.29	9.96	13.34
9	221686	233372	249484	234310	249511	5351247.00	7007656.00	9051586.00	7108619.00	9053131.00	24.14	30.03	36.28	30.34	36.28
10	52577	74727	89085	76208	89023	686463.56	1113565.93	1677459.63	1147102.79	1682152.62	13.06	14.90	18.83	15.05	18.90
11	119204	132055	177960	132965	177751	2828527.99	3873111.54	4788207.52	3656062.46	4298378.28	23.73	29.33	26.91	27.50	24.18
12	81999	96994	110226	109981	145920	3390000.00	4000000.00	4620000.00	4610000.00	4720000.00	41.34	41.24	41.91	41.92	32.35
13		32716	36595	33093	36600		613383.00	775362.00	621472.00	775389.00		18.75	21.19	18.78	21.19
14		72198	104381	79342	104399		623165.87	947744.64	655798.14	947771.66		8.63	9.08	8.27	9.08
15	225839	242125	257082	243239	257110	2973739.12	4334070.80	5432941.39	4418023.07	5465475.14	13.17	17.90	21.13	18.16	21.26
16	202496	213803	220624	213987	218706	2602788.00	3094274.00	3585206.10	3121411.00	3581387.20	12.85	14.47	16.25	14.59	16.38
17	45418	52492	55392	52580	55399	814145.40	1391759.18	1863394.12	1419884.97	1854188.65	17.93	26.51	33.64	27.00	33.47
18			19755	20111	28809			443261.34	457509.86	617122.55			22.44	22.75	21.42
19	14554	25451	33440	26071	33518	18698.26	456769.97	643101.97	475549.66	604314.80	1.28	17.95	19.23	18.24	18.03

Source: CMF/N Survey Report 2020

Table: 4 Average Outstanding Loan Trend

Amount in NPR'000

MFP	No. of Outst Loan 074 Chaitra	No. of Outst Loan 075 Chaitra	No. of Outst Loan 076 Chaitra	No. of Outst Loan 076 Baisakh	No. of Outst Loan 077 Baisakh	Amount of Outst Loan 074 Chaitra	Amount of Outst Loan 075 Chaitra	Amount of Outst Loan 076 Chaitra	Amount of Outst Loan 076 Baisakh	Amount of Outst Loan 077 Baisakh	Average Outst Loan 074 Chaitra	Average Outst Loan 075 Chaitra	Average Outst Loan 076 Chaitra	Average Outst Loan 076 Baisakh	Average Outst Loan 077 Baisakh
1	19721	24683	29510	25410	29486	1110953.54	1619194.54	2309188.23	1721841.54	2306717.38	56.33	65.60	78.25	67.76	78.23
2	46654	49395	51133	50265	51072	2632715.82	3435788.29	4630542.85	3519171.24	4549961.85	56.43	69.56	90.56	70.01	89.09
3	17689	28058	29137	28757	28639	714360.00	1133333.00	1446059.00	1170642.00	1402618.00	40.38	40.39	49.63	40.71	48.98
4	34285	37500	41118	38437	41078	1530552.04	1985548.64	2518433.28	2063345.03	2510942.14	44.64	52.95	61.25	53.68	61.13
5	49362	60113	70634	61321	70593	3026849.00	4374885.00	5603066.00	4489533.00	5594056.00	61.32	72.78	79.33	73.21	79.24
6	40736	49062	55331	49999	55212	2226480.00	3479375.00	4250871.00	3657660.00	4242272.00	54.66	70.92	76.83	73.15	76.84
7	260524	270856	271138	271660	270787	14783074.00	18554020.00	20737310.00	19027964.00	20687480.00	56.74	68.50	76.48	70.04	76.40
8	3798	8618	9990	8881	9980	266101.00	759737.00	1031738.00	828090.00	1030675.00	70.06	88.16	103.28	93.24	103.27
9	259646	270913	284064	274904	283627	9711640.00	13354221.00	16034750.00	13903800.00	16017147.00	37.40	49.29	56.45	50.58	56.47
10	13103	26118	51693	28992	51565	1977225.42	2777516.84	3354359.25	2889698.50	3336111.12	150.90	106.34	64.89	99.67	64.70
11	90365	94281	93558	94607	91837	6580859.50	11552645.45	16059123.21	11938549.39	15702683.47	72.83	122.53	171.65	126.19	170.98
12	41819	49466	56215	56090	75798	5040000.00	6190000.00	7350000.00	7240000.00	9700000.00	120.52	125.14	130.75	129.08	127.97
13		17195	18062	17382	17995		1121316.00	1294400.00	1138387.00	1284707.00		65.21	71.66	65.49	71.39
14		32531	33479	34944	51120		2252305.05	3652058.49	2465127.81	3628677.44		69.24	109.09	70.55	70.98
15	141574	145313	151153	147251	151074	7322984.82	9697266.57	12094109.47	9995208.01	12084775.51	51.73	66.73	80.01	67.88	79.99
16	133901	129587	125222	129969	125229	8519332.00	9683004.00	10542915.00	9799461.00	10519468.00	63.62	74.72	84.19	75.40	84.00
17	21761	25392	27112	25896	27403	1524209.95	2442531.19	2864606.08	2532262.46	2855478.10	70.04	96.19	105.66	97.79	104.20
18			15002	15311	20611			950312.66	977194.38	1328320.57			63.35	63.82	64.45
19	10473	17118	20783	17449	20752	789512.13	1357759.26	1961899.35	1405637.69	1955609.30	75.39	79.32	94.40	80.56	94.24

Source: CMF/N Survey Report 2020

Table 5: Arrear Trend

Amount in NPR'000

MFP	No. of Overdue loan 074 Chaitra	No. of Overdue loan 075 Chaitra	No. of Overdue loan 076 Chaitra	No. of Overdue loan 076 Baisakh	No. of Overdue loan 077 Baisakh	Amt. of Overdue loan 074 Chaitra	Amt. of Overdue loan 075 Chaitra	Amt. of Overdue loan 076 Chaitra	Amt. of Overdue loan 076 Baisakh	Amt. of Overdue loan 077 Baisakh	% Arrear-074 Chaitra	% Arrear-075 Chaitra	% Arrear-076 Chaitra	% Arrear-076 Baisakh	% Arrear-077 Baisakh
1	209	816	2652	876	2650	8134.38	43185.70	185212.91	45826.23	185138.66	0.73	2.67	8.02	2.66	8.03
2	1403	1611	2793	1609	20912	33140.57	44388.48	193461.33	45300.18	431416.91	1.26	1.29	4.18	1.29	9.48
3	875	1617	3858	1795	21386	21146.00	30076.00	84574.00	32413.00	219202.00	2.96	2.65	5.85	2.77	15.63
4	1826	1520	1987	1656	2148	27894.96	33569.17	50564.31	33212.04	50538.58	1.82	1.69	2.01	1.61	2.01
5	4040	5253	7062	7102	7580	22041.00	278911.00	263504.00	263504.00	263504.00	0.73	6.38	4.70	5.87	4.71
6	1002	1849	1588	2292	1589	37014.00	54697.00	85026.00	58996.00	106228.00	1.66	1.57	2.00	1.61	2.50
7	4673	6018	11493	6388	12445	99047.00	180028.00	329564.00	189825.00	332562.00	0.67	0.97	1.59	1.00	1.61
8	0	0	1906	206	3046	0.00	0.00	21912.00	4548.00	28056.00	0.00	0.00	2.12	0.55	2.72
9	3385	4293	112620	4205	97017	88206.00	103102.00	687378.00	104530.00	672851.00	0.91	0.77	4.29	0.75	4.20
10	517	908	2092	892	20395	15420.10	33400.54	89119.18	33948.64	1323250.63	0.78	1.20	2.66	1.17	39.66
11	111	374	12215	423	42449	2565.36	7893.32	90580.76	9203.48	338431.61	0.04	0.07	0.56	0.08	2.16
12	3944	6011	5873	5720	5453	140000.00	210000.00	191000.00	180000.00	174700.00	2.78	3.39	2.60	2.49	1.80
13		288	284	254	302		23721.00	22630.00	22630.00	22614.00		2.12	1.75	1.99	1.76
14		2238	4031	2575	4054		37043.19	78906.19	41173.99	78989.75		1.64	2.16	1.67	2.18
15	2826	3355	8230	3610	8230	52211.35	73336.42	128255.93	82296.65	128255.27	0.71	0.76	1.06	0.82	1.06
16			23381	21141	23381			823051.27	461223.00	823051.27	0.00	0.00	7.81	4.71	7.82
17	99	91	454	442	433	24692.22	39861.39	115805.60	66400.14	134343.14	1.62	1.63	4.04	2.62	4.70
18			1146	1147	4222			38096.80	24826.52	31374.86			4.01	2.54	2.36
19	19	481	1689	398	13289	69133.00	28988.03	134880.06	24113.68	1266155.00	8.76	2.13	6.87	1.72	64.74

Source: CMF/N Survey Report 2020

Annex II: Survey Questionnaire

प्रश्नावली

संस्थाको पुरा नामः	
उत्तरदाताको नाम र पदः	
पुरा ठेगानाः	
सम्पर्क फोन र इमेल	

1. कार्यक्षेत्रको जनसाङ्ख्किीय विवरण

1.1.	घरधुरी संख्या	
1.2.	जनसंख्या	
1.3.	महिला जनसंख्या	
1.4.	ग्राहक सदस्य वा तिनका परिवारमा कोभिड संक्रमित संख्या	

2. संस्थाको पहुँचको विवरण (२०७७ साल बैशाख मसान्त)

क्र.स	विवरण)	जम्मा संख्या	महिला (जना)	पुरुष (जना)
2.1.	आबद्ध सदस्य			
2.2.	ऋणी सदस्य			
2.3.	बचत कर्ता सदस्य			
2.4.	बीमा कर्ता सदस्य			
2.5.	कोभिड बीमा गर्ने सदस्य			

3. संस्थाको वित्तीयसूचकहरु (रकम रु हजारमा)

क्र.स.	विवरण	इकाइ	२०७४ चैत्र मसान्त	२०७५ चैत्र मसान्त	२०७६ चैत्र मसान्त	बैशाख मसान्त	
						२०७६	२०७७
3.1.	जम्मा सदस्यको बचत	संख्या					
		रकम					
3.2.	कुल कर्जा (वाकी)	संख्या					
		रकम					
3.3.	लघु व्यवसायकर्जा (वाकी)	संख्या					
		रकम					
3.4.	लघु उद्यम / धितो कर्जा (वाकी)	संख्या					
		रकम					
3.5.	अन्यकर्जा (वाकी)	संख्या					
		रकम					
3.6.	भाखा नाघेको ऋण(Arrears)	संख्या					
		रकम					

3.7.	जोखिममा रहेको कर्जा ३० दिन (PAR 30)	संख्या					
		रकम					
3.8.	जोखिममा रहेको कर्जा ९० दिन (PAR 90)	संख्या					
		रकम					
3.9.	कर्जा सुरक्षण कोषमा रहेको	रकम					
3.10.	ग्राहक संरक्षण कोषमा रहेको	रकम					
3.11.	संस्थागत सामाजिक उत्तरदायित्व कोषमा रहेको	रकम					
3.12.	नाफा/घाटा	रकम					
3.13.	सापटी	रकम					
3.14.	कुल तरल सम्पत्ती	रकम					

नोट : माथिको समेत २०७४, २०७५ र २०७६ चैत्र मसान्तको बासलात, नाफा नोक्सान हिसाव र ऋणको प्रतिवेदनराष्ट्रबैंकले तोकेको फराम अनुसार सहकारीकाृ हकमा MIS Report अनुसार उपलब्ध गराउनुहोला ।

4. वन्दावन्दीको अवस्थामा संस्था र शाखा संचालनको अवस्था

क.स.	विवरण	**अवस्था**(मिल्नेमा □ लगाउनुहोस्)		
4.1.	**संस्था संचालन**	पूरै वन्द	आंशिक बन्द	विद्युतीय कारोवार
4.2.	**संस्था संचालन भए के के काम गरियो**उल्लेख गर्नुहोस्			
4.3.	**शाखा संचालन**	पूरै वन्द	आंशिक बन्द	विद्युतीय कारोवार
4.4.	**शाखा संचालन भए के के काम गरियो**	ऋण वितरण/ असूली /वचत जम्मा /भुक्तानी/सवै		

5. कोभिड १९ का कारण मुख्य प्रभाबितहरुको वारेमा उल्लेख गनुहोस् ।

क.सं	**मुख्य प्रभाबित**	**विबरण**(को, कहाँ, के)	**मुख्य प्रभाबहरु**
5.1.	सदस्य	क)	क)
		ख)	ख)
		ग)	ग)
5.2.	कार्यक्षेत्र	क)	क)
		ख)	ख)
		ग)	ग)
5.3.	व्यबसाय	क)	क)
		ख)	ख)

		ग)	ग)
5.4.	कार्यक्रमहरु	क)	क)
		ख)	ख)
		ग)	ग)
5.5.	अन्य		

6. ग्राहकहरुको ब्यबसायमा बन्दाबन्दीको क्षेत्रगत (शहरी/ग्रामीण) असर कस्तो परेको छ?

क.सं	कोभिडबाट ब्यवसायमा असर पर्ने ग्राहक	अनुमानित %	
		सहरी क्षेत्र	ग्रामिण क्षेत्र
6.1.	उद्यमहरुबाट आम्दानी नहुने तथा ऋणको किस्ता समयमा तिर्न नसक्ने ग्राहक		
6.2.	उद्यमहरुबाट सीमित आम्दानी गर्ने वा केही मात्रामा ऋणको किस्ता तिर्न सक्ने सदस्य ग्राहक		
6.3.	उद्यमहरुको आम्दानीमा खासै फरक नपर्ने वा ऋणको किस्ता तिर्ने क्षमतामा कम मात्र असर पर्ने ग्राहक		
जम्मा		१००	१००

7. कोभिड १९ को कारण ग्राहकहरुको कर्जा तिर्ने वास्तविक क्षमता (निम्न आधारमा)घटेको छ? उपयुक्त बिकल्प छनोट गर्न□ चिन्ह लगाउनुहोस् ।

क.सं	ग्राहकको तुलना गर्ने आधार	कर्जा तिर्ने क्षमता घटेको		
		छैन	**छ भने कुनमा**	**अनुमान गर्न सकिन्न**
7.1.	भौगोलिक–गाउँ/शहर		गाउँ	
			सहर	
7.2.	कर्जाको प्रकार–उत्पादनमुलक/उपभोग		उत्पादनमुलक	
			उपभोग	
7.3.	ब्यवसायको प्रकार–कृषि/उद्योग/ब्यापार		कृषि	
			उद्योग	
			ब्यापार	
			अन्य	

8. कोभिड १९ का अवस्थामा ग्राहकहरुले सरदरभन्दा बढी बचत फिर्ता लिएका छन्?

8.1. छन् (कति प्रतिशतले ?)	8.2. छैनन्	8.3. निश्चित भन्न सक्दिन

9. कोभिड १९ का अवस्थामा हाल भएको बचत फिर्ता स्तर सामान्यतया कस्तो छ?

9.1. ब्यवस्थापन गर्न सकिने	9.2. ब्यवस्थापन गर्न नसकिने (चिन्ताजनक)

10. कारोवार भूक्तानीमा प्रबिधिको प्रयोग र औपचारिक बैंकिंगको अवस्था

10.1. औपचारिक वित्तीय संस्था (बैंक) मा खाता नहुने सदस्य संख्या …….

10.2. आधुनिक प्रबिधि प्रयोग गरी बचत तथा कर्जा भुक्तानी कारोबार गर्ने ग्राहक प्रतिशत ....

10.3. विद्युतीय भूक्तानी तथा एटिएएम नभएका कारण रकम नगदै जम्मा गर्न वा झिक्न पर्ने ग्राहक प्रतिशत ....

10.4. कोभिड १९ का कारण ग्राहकहरुबाट विद्युतीय भूक्तानीर बचतको माग बढेको, घटेको वा उस्तै छ ?

10.5. औपचारिक वित्तीय संस्थामा खाता नहुने ग्राहकको प्रतिशत ....

11. कोभिड १९ का कारणले संस्थाको कर्मचारी र खर्च व्यबस्थापनमा कस्तो दवाब परेको छ ?

11.1. कर्मचारी संख्यामा कटौतकर्मचारीलाई आंशिक समय मात्र काम

11.2. कर्मचारीको पारिश्रमिक कटौती भयो भएन भएमा कति प्रतिशत भयो ?

11.3. कर्मचारी सम्वन्धी अन्य खर्च बढेको

11.4. अन्य केही खर्च भए (खुलाउनुहोस्)

12. कोरोनाको यस समयमा सदस्यले संस्थासंग सोधेका वा खोजेका तल दिईएका जस्तै मुख्य के के बिषय छन्?मिल्ने जति सबैमा □ चिन्ह लगाउनुहोस् ।

12.1. किस्ता तिर्ने अबधि कति बढाउने वा ग्रेस अबधि कति दिने?

12.2. कर्जा तिर्ने अबधि कति बढाउने?

12.3. कर्जा पुन तालिकीकरण गर्ने?

12.4. ब्याज मात्र तिर्ने?

12.5. आंशिक वा पुरै ब्याज मिनाहा गर्ने?

12.6. आंशिक वा पुरै कर्जा मिनाहा गर्ने?

12.7. अन्य भए उल्लेख गर्नुहोस् ....

13. यस अवस्थामा लघुवित्त क्षेत्रलाई जोगाउन उपयुक्त उपायहरु के के हुन सक्लान्? तपाईंको संस्थाको के अबधारणा छ, प्राथमिकता दिनुहोस् ।

क्र.सं	**उपाय**	**प्राथमिकता**(१= पहिलो)
13.1.	किस्ता तिर्ने अबधि बढाउने वा ग्रेस अबधि दिने	
13.2.	कर्जा तिर्ने अबधिबढाउने	
13.3.	कर्जा पुन तालिकीकरण गर्ने	
13.4.	पुनरकर्जा दिने	
13.5.	आंशिक वा पुरै ब्याज मिनाहा गर्ने	
13.6.	आंशिक वा पुरै कर्जा मिनाहा गर्ने	
13.7.	अन्य भए उल्लेख गर्नुहोस्	

14. कोभिड १९ का अवस्थामा बचत जम्मा गर्ने र झिक्ने वा कर्जा लिने र तिर्ने प्राबधानहरुमा सरलीकरण गरियो ?

14.1. गरिएन	
14.2. गरियोभने के के गरियो उल्लेख गर्नुहोस् ।	

15. कोभिड १९ को अवस्थाका कारण लगानी कर्ता, ऋण दाता आदिले कस्ता कस्ता सहुलियत दिने बताएका छन् ?(मिल्ने जति छान्नुहोस्)

15.1. किस्ता तिर्ने अवधि बढाउने वा ग्रेस अबधि दिने कति ?कर्जा तिर्ने अबधि बढाउने कति ?

15.2. कर्जा पुन तालिकीकरण गर्ने कति अवधि ?

15.3. ब्याज मात्र तिर्ने

15.4. आंशिक वा पुरै ब्याज मिनाहा गर्ने

15.5. आंशिक वा पुरै कर्जा मिनाहा गर्ने

15.6. अन्य भए उल्लेख गर्नुहोस् ....

16. यस्ता सहुलियतहरु सामान्यतया कसरी दिईन्छ?

16.1. स्वेच्छिक

16.2. कर्जा दाता वा लगानीकर्तासंगको सहमती अनुसार

16.3. संस्थाले तोके अनुसार

16.4. सरकार वा नियामकले अनिबार्य गरेमा मात्र

17. कोभिड १९ को जस्तो अवस्थामा के गर्ने भन्नेबारे तपाईंको संस्था र कर्जादाताको संझौतामा बित्तीय शर्तहरु (कर्जा लगानी अनुपात, ब्याज बेहोर्ने अनुपात, आदि) उल्लेख गरिएका छन्?

17.1. छन्	17.2. छैनन्	17.3. निश्चित भन्न सक्दिन

18. कोभिड १९ का सामाजिक प्रभाव

18.1. समष्टीमा सेवा तथा सुचनाको पहूँचको अवस्था कस्तो छ ?

18.2. सदस्यका परिवारमा लैगिंक वा घरेलु हिंसाको अवस्था आयो ? आयो भने कतिमा?

18.3. सदस्य वा उसको परिवारको मनो सामाजिक अबस्थामा समस्या भयो ? भयो भने कति जनामा कस्ता समस्या भए?

18.4. कार्यक्षेत्रका समुदायमा मनो सामाजिक अबस्थामा समस्या भयो ? मुख्य कस्ता समस्या भए?

19. कोभिड १९ को अवस्था पछि सञ्चालन पूँजी जोगाउन तथा लगानीका लागि आबश्यक वित्तीय श्रोत बृद्धि गर्न तपाईको संस्थाले के के रणनीति लिएको छ ?(मिल्ने जति छान्नुहोस्)

19.1. बिद्यमान ब्यापारिक ऋण दाता वा लगानीकर्ताहरु खोज्ने

19.2. सरकारी वा राष्ट्रबैंकको सहयोग खोज्ने

19.3. कुनै पनि आबश्यक छैन

19.4. अन्य (खुलाउने)

20. कोभिड १९ का कारण उत्पन्न भईसकेका वा हुने सम्भाबना बढी भएका समस्याहरु र समाधान गर्न संस्थाका योजना तथा रणनीतिहरु भए के के छन्? मुख्य ५ वटालाई प्राथमिकता अनुसार उल्लेख गर्नुहोस् ।

क्रं.सं	समस्या	समाधानका योजना
20.1.		
20.2.		
20.3.		
20.4.		
20.5.		

21. अबको अवस्थामा कुन कुन काम भयो भने लघुवित्त संस्थाहरु सामान्य अवस्थामा फर्कन सक्लान् ?

21.1.	
21.2.	
21.3.	
21.4.	

22. कोभिड १९ जस्ता अवस्थाहरुमा सहज रुपमा संचालन गर्नका लागि भबिष्यमा लघुवित्त क्षेत्रका निम्न सरोकारवालाहरुको के भूमिका हुनुपर्ला ?

क्रं.सं	सरोकारवाला	भूमिका
22.1.	लघुवित्त संस्थाको संचालक	
22.2.	लघुवित्त संस्थाको ब्यवस्थापन/कर्मचारी	
22.3.	ग्राहक	
22.4.	लघुवित्त संजाल	
22.5.	कर्जा प्रदायक	
22.6.	प्राबिधिक सेवा तथा परामर्शदाता	
22.7.	दाता तथा सहयोगि निकायहरु	
22.8.	नियामक तथा अन्य सरकारी निकाय	

समय र सूचनाको लागि धन्यवाद !

Annex III: List of Respondent Authorities and MFPs

S. N.	Respondent Name	Institution Name	Designation	Institution Address	Email	Phone
1.	Ananta Man Shrestha	Muktinath Bikas Bank Ltd.		Kathmandu-28, Kathmandu Plaza Kamaladi, Kathmandu	ananta.shrestha@muktinathbank.com.np	9802306732
2.	Ash Narayan Chaudhary	Forward Community Microfinance Bittiya Sanstha Ltd.		Duhabi-2, Sunsari	info@forwardmfbank.com.np	
3.	Ashok Kumar Acharya	Jalpa Laghubitta Bittiya Sanstha Ltd.		Pokhara-8, Simalchaur	ashok.jalpamf@gmail.com	
4.	Badri Prasad Dulal	Asha Laghubitta Bittiya Sanstha Ltd.	CEO	Kakani-6, Nuwakot	ashamicrofinance@gmail.com	010-630004
5.	Bhoj Raj Bashyal	Swabalamban Laghubitta Bittiya Sanstha Ltd.	CEO	Baluwatar, Kathmandu	bhojraj@swbbl.com.np; bashyalbr@gmail.com	9851123236
6.	Dambar Bahadur Shah	Kisan Bahuudeshiya Sahakari Sanstha Ltd.	General Manager	Lamkichuha-1, Lamki, Kailali		9802507140
7.	Dinesh Bahadur Niraula	Sahara Nepal SACCOS		Birtamod-2, Jhapa	dbn158@yahoo.com	023-541198
8.	Dr. Sumitra Manandhar Gurung	Mahila Sahayatra Laghubitta Bittiya Sanstha Ltd.	CEO	Thaha-9, Chitlang, Makwanpur	sumitramgurung@gmail.com	9851041075
9.	Gopal Raj Bista	Swarojgar Laghubitta Bittiya Sanstha Ltd.	Assistant Manager	Banepa-5, Kavre	slbsl.ad@gmail.com	011-661060
10.	Indra Kumar Shah	NRN Laghubitta Bittiya Sanstha Ltd.	CEO	Dhangadhi-2, Baiyabehadi Kailali	ikshah76@gmail.com	9848561111
11.	Jagannath Kuikel	Rastra Utthan Laghubitta Bittiya Sanstha Ltd.		Banepa-13, Sanga, Kavre	info@rulbsl.com.np	9851198000
12.	Kul Chandra Parajuli	Infinity Laghubitta Bittiya Sanstha Ltd.		Gaidakot-2, Nawalpur	info@infinitylbsl.com.np	078-553301
13.	Laxman Neupane	Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	Assistant Manager	Naxal, Kthamandu	laxman.neupane@nirdhan.com.np	9841508884
14.	Madhaw Prassad Sharma	Laxmi Laghubitta Bittiya Sanstha Ltd.	Asst. Manager	Kathmandu-3, Kapanmarg	madhaw.sharma@laxmilaghu.com.np	9851181695
15.	Ram Bahadur Yadav	National Microfinance Laghubitta Bittiya Sanstha Ltd.	CEO	Nilkantha-3, Dhadingbesi, Dhading		010-520876
16.	Ramhari Dahal	Mero Microfinance Laghubitta Bittiya Sanstha Ltd.	CEO	Bidur-4, Battar, Nuwakot	ramhari_dahal@meromicrofinance.com	9851177836
17.	Roshan Kumar Mandar	Mahuli Laghubitta Bittiya Sanstha Ltd.	Managing Director	Agnisair Krishnasbaran RM-6, Saptari	roshan.mandar@mslbsl.com.np	9852832005
18.	Shyam Kumar Katuwal	Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	Deputy CEO	Butwal-10, Rupandehi		071-438951
19.	Sudip Acharya	Sparsha Laghubitta Bittiya Sanstha Ltd.	Assistant Manager	Pokhara-26, Bijayapur, Kaski	info@sparshamicrofinance.com	061-411439

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