



The Economic Context of VFM's Work

Overall, there were relatively few deaths from COVID-19 in Myanmar compared to neighbouring countries. Nonetheless, the Myanmar government ordered various phases of lockdown, seeking to avoid a widespread outbreak of the virus. Border closures and entry restrictions beginning with the banning of visas-on-arrival for Chinese nationals in early February have slowed exports out of the country, affecting production and all stakeholders upstream in Myanmar. Domestic travel restrictions and closure of markets, businesses and restaurants ordered by local governments in major cities, have adversely affected business activity and employment and disrupted supply chains in almost all sectors. In

particular, as lockdown measures were instituted during the months of the paddy season. Myanmar's agri-food systems were disrupted and members of the industry have seen a decline in demand and lower market prices.

The microfinance sector specifically has also experienced a variety of challenges primarily resulting from their shutdown of operations, mandated by the Microfinance Supervisory Committee for approximately six weeks in April and May 2020. Higher savings withdrawals and rescheduling of 3rd party loans and client repayments have led to significant liquidity challenges for MFIs and decreased availability of funds to disburse to clients.

VFM Adapted Policies to Support Clients

- Developed **different repayment options** to mitigate burdens of our clients and ensure continuity of their business productivity.
- **Eliminated 30-day advance notice** for savings withdrawals to give our clients easier access to their funds during the pandemic. Clients have currently taken out a total of **1,254,443 USD** from April through June.

Key COVID-19 Interventions



Impact of COVID-19 on VFM Clients*

- **90%** of VisionFund clients are concerned about the impact of COVID-19 to the livelihood and health of family members.
- **87%** of clients said their business activity had decreased. The top concern is that demand continues to decline.
- **57%** of clients used savings while **28%** have borrowed money from a friend, family or money lender to cope with COVID-19.

66% of clients reported at least some improvements in their ability to reduce the impact of COVID-19 because of VisionFund.

*60_Decibels Lean Data Insights for VFM

Financial Services Support the Livelihood of Clients

According to an Advisory Note issued by MCRIL in June 2020, the pressure on MFI liquidity as a result of the pandemic has led to a \$10-\$40m deficit in funding per MFI (equivalent to 15-30% of overall funds for 15 of the largest 20 MFIs in Myanmar). In spite of tightening cash flow, VFM resumed services that would increase client access to finance, including offering

repayment rescheduling, easier savings withdrawals, and loan disbursements. VFM prioritised loan disbursements to the agriculture sector to support farmers during the main paddy planting season, which accounts for 80% of the country's entire crop production according to the data analysis of Food and Agriculture Organization of the United Nations.

Farmers Prioritised for Loan Disbursements

Food security concerns have loomed large in Myanmar as farmers faced disruptions and travel restrictions imposed at the beginning of their growing season. Disruptions due to the pandemic have led to limited access to finance and inputs for farmers. Therefore, when we resumed our business operations in May, we prioritised disbursements to agriculture clients who needed credit to start the rain-fed paddy season.



Health and Safety is Our Priority

Following **MOHS** and **WHO** guidelines, we accelerated precaution procedures, including:

- ▶ Flexible working hours and work from home arrangements offered where possible
- ▶ Frequency of meetings/gatherings and group sizes reduced for managing crowd restrictions
- ▶ Insurance plan arranged to claim medical expenses
- ▶ Branch level and head office standards (disinfection, handwashing, client education posters, etc.) developed and implemented
- ▶ Emergency Staff Loan rolled out to help staff with family expenses

The Resilience and Entrepreneurship of a Single Mom

A single mom of a nine years old daughter and 11 foster children, Daw Hmwe Hmwe, is also taking care of her 69 year-old father through running a skincare product distribution business. She started in 2007 and has been steadily growing her business. However, demand for her products started to decline during the pandemic.

Prior to the outbreak of the **COVID-19** pandemic, Daw Hmwe Hmwe had plans to expand her cosmetic business and open a beauty salon. However, her monthly sales for cosmetics dropped by about **30%**, which put a halt to her plans for expansion.



In response, Daw Hmwe Hmwe quickly pivoted her business to source N95, 3-ply masks from China. There is strong demand for these masks and currently, she is seeing daily sales in excess of **\$70** for these masks. She is also looking to connect more directly with suppliers so as to lower the purchase price and increase her margins.

VFM Donated **3,500 USD**

to COVID-19 Control and Emergency Response Committee
under Ministry of Health and Sports

COVID-19 Initiatives Taken by VFM Branches



Rakhine branches set up handwashing stations in client communities



Chauk branch provided Personal Protective Equipment (PPE) to the township hospital



Some branches donated soap to clients



Branches sanitized the whole office

Good News Friday

Click the link to watch the video interview with our Programme Quality and Development Director, **Rachel Yu** about the resilience and innovation demonstrated by our staff and clients in response to **COVID-19**.

GOODNEWS FRIDAY
BE THE LIGHT

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