

**Impact of COVID-19 Pandemic on Clients/Beneficiaries of
the Berendina Group
and Alternative Interventions Adapted in Response**

A REVIEW REPORT

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I. EXECUTIVE SUMMARY

Despite the tough restrictive measures taken by the government in Sri Lanka, and the dedication and strive of the government officials including health care workers in battling COVID-19, it has impacted the country's economy with the enforcement of prolonged lockdowns, restrictions in inter-district movement, and changes in societal practices due to health restrictions. This unpredicted crisis has created a challenging situation for the whole nation affecting the livelihoods of the majority.

Ongoing work of Micro-Finance Institutions [MFIs] and Non-Government Organizations [NGOs] was compelled to stop without notifying their clients/beneficiaries, during the lockdowns. Berendina faced the same challenge of working out alternatives to their general practices of working in the community. Despite travel restrictions Berendina officers continued to keep in touch with the clients during the lockdowns. They were regularly contacted over the phone and updated their situation. Having a clear update of the client situation Berendina team initiated a relief and livelihood interventions to support their clients/beneficiaries and the most vulnerable groups in the localities that they were in operation (EIPs).

The purpose of the review was to study the effectiveness & efficiency of coping mechanisms adopted by the Berendina group in response to the crisis situation that occurred due to the COVID 19 pandemic. Further, documentation of lessons learned, derive recommendations for potential future crisis and functioning under new normalcy.

The review includes a desk review followed by field research. Besides the desk review, the findings of this review were drawn primarily from key stakeholder interviews and focus group discussions with the participation of 77 respondents, including Board of Directors of Berendina Stichting, the staff of BMIC, BDS and BEC at every level of operations and BMIC clients, BDS/BEC beneficiaries.

The key lessons learned as reported by the respondents are:

- Redesigning service delivery practices in favour of its clientele during the lockdown period, and strictly adhering to the health and safety measures recommended by the Ministry of Health, BMIC was able to re-start its micro-finance operations and essential support services immediately after the lifting of the island-wide lockdown/quarantine curfew.
- When field staff assigned for credit recovery and processing loans were challenged with managing their time having to spend long hours in the community compared to the pre-COVID-19 times, several mitigation actions taken for addressing those issues observed to be effective: *i) EDOs were assigned to assist field officers in the field; ii) field officers' time which was earlier allocated for both disbursement and recovery of loans was limited only to recovery; iii) A holiday-work payment was introduced.*

- Considering the negative effects of COVID-19 pandemic on BDS planning process, Berendina has the flexibility to divert resources to design and launch a timely relief and resilience programme to support the affected clientele of BMIC, and EIP families, which has resulted in further strengthening the trust between Berendina and the communities in the operational areas. Besides, this exercise has contributed to healing anxieties and building team spirit especially among BMIC and BDS field-staff, who enjoyed being able to join this social welfare intervention.
- Utilization of virtual platforms has improved internal and external communication, which has also contributed to improving the organizational efficiency and effectiveness levels to a greater extent. This has been observed by the respondents especially in the case of planning, monitoring, and documentation, compared to the pre-COVID 19 work environments, when meetings were held in-person and documentation was restricted to non-virtual servers. These practices are still continuing and has become a cost-effective solution for organizational communication.
- Organizing competitions using virtual platforms for children of Berendina staff has contributed to manage stress and anxieties of children during sudden lockdowns. Such competitions under a range of subject areas such as oratory, essay and dancing have provided opportunities to show their talents.
- Contacting clients, sending new year greetings and SAHANA/NIVARANAM (Berendina COVID relief program) interventions have been greatly appreciated by the clients as the only organization provided emotional support for morale building at a difficult period. More than the value of investment on dry rations or plant material, the gesture of good will led to strengthening the bond between clients and Berendina.
- Livelihood interventions have given them a good opportunity to invest their time and effort during the crisis period leading to gain an additional income.
- Maintaining a good rapport with state administrators with diplomacy transparency, and genuiness has contributed to the effective implementation of Berendina services in general. The COVID-19 response with prompt decision making process has further strengthened this relationship with government stakeholders.

Following are the recommendations

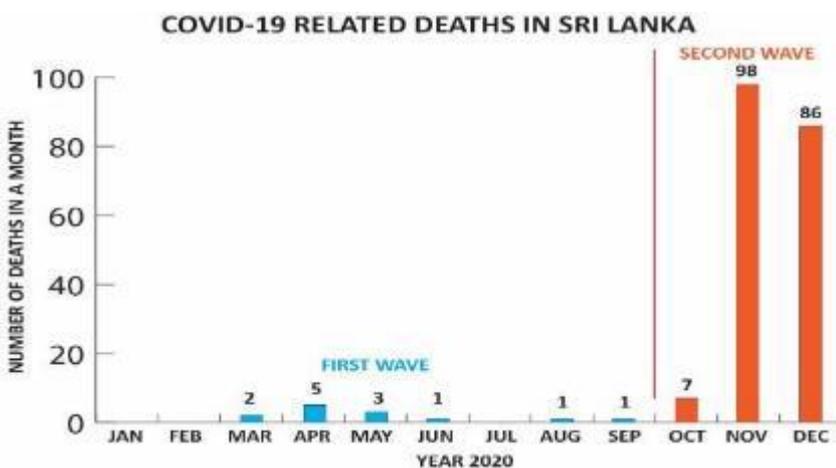
- Use virtual platforms for planning and review meetings that are conducted weekly and/or monthly basis. In-person meetings are recommended for quarterly and annual planning and review meetings, where health and safety measures required to be followed strictly in the new-normal situation.

- Assess organizational Information Communication Technology [ICT] capacity and upgrading requirements at the branch level and individual level for efficient and effective communication and as a preparatory measure for future lockdowns in the unpredictable context of pandemic.
- Assess the possibility of changing the role of cluster leaders in support of field officers, to address the time management issues, which is presently supported by EDOs.
- Strategize delivery of services offered by EDOs and BDS staff to use both virtual platforms and in-person programmes in the New-Normal situation preventing exclusion due to technical challenges.
- Continue programmes focusing on mental wellbeing of staff, their families and cluster leaders, that provide opportunity for them to display their talents and skills.
- See the possibility of establishment of a relief fund to use in future crisis/disaster situations.
- Further research recommended on cost-efficiency and effectiveness of organizational level adaptations/changes in response to COVID-19 pandemic, i.e. work from home, disbursement and recovery practices, virtual communication vs in-person meetings.

I. INTRODUCTION

1.1 Context: With the unpredicted outbreak of COVID-19 pandemic the world faces a situation drastically challenging the economies around the world, while adversely affecting the day-to-day life of the global community. Although it was forecasted that developing nations would struggle, Sri Lanka has so far coped reasonably well with the pandemic in comparison to more advanced healthcare systems in the world. It is safe to say that Sri Lanka would have been facing a different reality, had it not been for the early tough restrictive measures taken by the government, and the dedication and strive of the government officials and health care workers in battling COVID-19.

Figure 1 illustrates reported cases of deaths in the country during the period January – December 2020, indicating the impact of the first and the second waves of the COVID-19 pandemic, where Berendina operations continue adhering to the health and safety guidelines.



The pandemic has impacted the country's economy with the enforcement of prolonged lockdowns, restrictions in inter-district movement, and changes in societal practices due to health restrictions. Many families being dependent on daily-waged labour suffered severe hardships under the sudden curfews, as they immediately lost their income, and thus the means to buy food and essential supplies. Though farmers and the fishing community were largely allowed to continue working during the curfew, they faced many difficulties and were often unable to market their produce, and a lot of perishable food had to be thrown away. Farmers tend to work on credit, and their indebtedness has worsened during the crisis whilst incomes were lost.

Those affected the most were the daily-waged workers/labourers, self-employed personnel, vegetable growers, workers in the sectors of tourism, export-based production industries [garment sector], small enterprises. Many private-sector employers either reduced their staff salaries and other benefits or down-sized their cadre having no other option.

The disruption of livelihoods has also caused concern in vulnerable communities, particularly among families living on plantations,

Measures to reduce the transmission of COVID-19 were translating into real income shocks for Sri Lankan firms and households. More than 58.7% of the country's labour force are informal economy workers and seriously impacted by job and income losses and in turn, by their lack of access to social protection benefits and income replacement options. Micro, Small, and Medium Enterprises [MSMEs], accounts for over 90% of the total enterprises in the non-agricultural sector and 45% of the total employment in the country [Gunawardena, 2020]¹, which are worst-hit with fewer reserves and limited access to relief and formal-sector credit. The World Bank estimates a 19% drop in migrant remittances for 2020 depriving one in every eleven Sri Lankan households of a direct contribution to household income. In this situation, both low- and middle-income earners are likely to experience economic shocks, with knock-on impacts on household food security and indebtedness. Women represent a large percentage of frontline and essential workers dealing with the pandemic; are highly represented in some sectors most impacted by the crisis (e.g., apparels, MSMEs), and bear a disproportionate burden in the "care economy"². [UN Sri Lanka, 2020]³

women-headed households, and people living with disabilities. Although the government has voiced concern for these low-income citizens, emergency food relief, and other basic support measures have been slow to materialize at the grassroots level. There were also disparities in the distribution. By mid-April, the government had arranged for a grant of Rs 5,000 to citizens whose livelihoods had come to a standstill, which continued for two months. The Small and Medium Enterprise [SME] sector was given priority over micro-businesses and the Central Bank of Sri Lanka issued circulars to the banking and non-banking financial sectors to offer loan moratoriums for their borrowers, which was given to all who requested. Thus, small players were also benefited. Yet, it was not the same in the case of low-interest working capital loan schemes. Small players found it difficult to access this facility due to procedural requirements, such as collaterals.

Ongoing work of Micro-Finance Institutions [MFIs] and other non-government organizations was stopped without notifying their clients/beneficiaries, during the lockdown. Many civil society organizations were burdened with the responsibility of meeting programme targets, assigning field staff to work from home, and paying salaries without attending to the field activities adhering to the government-enforced restrictions and safety measures.

Berendina Board and the team faced the same challenge of working out alternatives to their general practices of working in the community. Besides, their clientele was in a desperate situation having their livelihoods greatly affected who need to be assisted. Despite being the first experience to face such an emergency situation, Berendina team introduced several initiatives such as providing loan moratorium and interest waivers for the clients; actions to keep staff strong, happy, and safe, and a relief and livelihood assistance programme to support their clients/beneficiaries and the most vulnerable groups in the localities that they were in operation.

1.2 Purpose of the review was to study the effectiveness & efficiency of coping mechanisms adopted by Berendina group within its three different organizations individually and collectively in response to the crisis situation that occurred due to the COVID 19 pandemic; document lessons learned, and derive recommendations for potential future crisis & present situation as well as changes to functioning under normal circumstances.

1.3 Study methodology: The review was planned in consultation with the Board Members of Berendina Stichting, and Board of Directors of Berendina, Senior Management team of BMIC, BDS and BEC. Besides the desk review, the findings of this review were drawn primarily from key stakeholder interviews and focus group discussions with 77 participants, including BMIC clients, EIPs, government officials, the staff of BMIC, BDS and BEC at every level of operations.

1.4 Limitations: At the time of the review, the country was affected by the second wave of the pandemic, and the travel restrictions were enforced for residents of the western province

“It was a challenging and unpredicted situation. First, we had no clue how to proceed with our operations. During the lockdown, we had no option, but work-from-home. As the first step, we started contacting our clients to see how they were coping with the situation. We had to listen to their stories as mentors and worked out ways to face the situation. Field team and management team were working closely, and decisions were taken promptly so that we could respond faster.”

Field Officers' FGD

due to which in-person interviews were limited to Batticaloa and Trincomalee districts, while all other interviews and FGDs were done virtually.

II. REVIEW STUDY FINDINGS

2.1 Berendina operations in the community prior to COVID-19 outbreak:

Berendina serves vulnerable groups in rural and estate communities in 11 districts of Sri Lanka through its three organizations, i.e., Berendina Development Services [BDS], Berendina Employment Centre [BEC] and Berendina Micro Investments Company [BMIC] as described below:

BDS serves over 15,000 families annually from vulnerable and marginalized communities in their operational districts – Anuradhapura, Batticaloa, Kegalle, Mullaitivu, Nuwara Eliya and Trincomalee. BDS services include livelihood development, education, health, water and sanitation, housing, institutional strengthening [CBOs] and social infrastructure.

BEC focusing on youth operates through seven branches located at Anuradhapura, Batticaloa, Kegalle, Mullaitivu, Trincomalee, Nuwara Eliya and Ginigathena. The main interventions of BEC are career guidance and counselling for unemployed youth; Skill development for youth from *Samurdhi* recipient families, low-income families. Job linkages for unemployed youth and scholarships for bright students to cover their educational expenses.

BMIC offers microcredit to vulnerable persons in rural and estate communities at a much lower interest rate than CBSL approved rate under the categories for investments in Income generation and Assets building purposes. BMIC is unique in its approach having a credit-plus element called Enterprise Development Service [EDS] that include business management and technical training, business counselling, and business advisory and information provision. *e-kade.com* is the e-commerce platform that BMIC introduced to rural entrepreneurs to display their products and establish a local and international customer base.

2.2 Impact of COVID-19 pandemic on Berendina operations and mitigation measures adopted at operational level:

During the first wave, operations of many organizations were affected including Berendina Group leading them to adopt new strategies to minimize the impact on its operations at the early stages of the lockdown.

“When the sudden lockdown was announced in March 2020, we had no clue how to proceed. Our management took prompt action to use the time to contact our clients, gather information on their needs and provide emotional support when required. We informed the management about the field situation, and the hardships our clients were undergoing. Our management was prompt in making decisions in support of our clients. We feel great and happy when turning back and review.”

- Branch Managers' FGD

“Berendina increases its clientele every year. It was severely affected by the COVID-19 pandemic, due to travel restrictions on field operations. Besides, rural people who are potential clients have lost income having their livelihoods affected by the pandemic. Agricultural ventures were also affected with the delay of rains.”

- Field officers' FGD

2.2.1 Field level challenges, and Berendina response:

Adjusting loan disbursement practices prioritizing Health & Safety: Prior to COVID-19 outbreak, 30 BMIC branches each disbursed between 8-20 loans per day, and three days a week were allocated for loan disbursement. Though it was stopped during the lockdown period, with the reopening of the branch offices, BMIC decided to allocate five-days a week for loan disbursement with an average of 10 clients per day and field level recovery activities were started in May/June 2020. Prior to starting the operations health and safety measures were organized adhering to the Health Ministry guidelines to ensure safety for both clients and the staff.

Community-level credit operations affected: BMIC used clusters as the vehicle for community operations. Cluster meetings were used for processing loan applications, loan recovery, and information sharing. Participation in these meetings was compulsory for anyone wanted to apply for a loan to qualify for the BMIC loan schemes.

In the COVID-19 situation, the cluster meetings were stopped/limited only to loan recovery due to government restrictions on gathering people and following the health and safety measures as per the health ministry guidance. As a result, the field staff assigned for credit recovery and processing loans were challenged with time management having to spend long hours in the community compared to the pre-COVID-19 work schedule, due to additional time required to be allocated for recovery in small groups and making home visits following the health and safety measures. This has contributed to the increase in the field operational costs compared to the pre-COVID situation.

Several mitigation actions were taken addressing the issues mentioned above: i) EDOs were assigned to assist field officers in the field; ii) field officers' time which was earlier allocated for both disbursement and recovery of loans was limited only to recovery; iii) A holiday-work payment was introduced. Besides, the field staff were not pressurized for achieving high targets, thus allowing them to operate at their pace.

Despite those challenges an analysis done by the Lanka Micro-Finance Practitioners Association [LMFPA] in December 2020, using information from five MFIs revealed that BMIC has the lowest PAR, i.e., 10.4% (30 days) compared to the other four MFIs, which was more than double the BMIC's PAR.

Cluster leaders as focal points: Facing the challenge during the lockdown, the team decided to consult cluster leaders to see how their members were doing, especially with regard to their livelihoods. From then-on, the cluster leaders were the main contact person for the field officers, to share notifications and gather information from the clusters on the situation. Mouth-to-mouth as well as telephone communication have been used in informing the cluster members, which was observed to be effective as reported by the participants of the study during the FGDs and KIIs with the clients, e.g. SAHANA project has not reported of exclusion of any of the clients as everyone received either dry

“Even during the lockdown, Berendina officers contacted us to find out about our needs and gave emotional support. They were the first organization to visit our village as soon as the lockdown was lifted and start loan disbursement work. We are given time to meet the officer, which is convenient for us.”

Client from Anuradhapura district

“Cluster meetings before this crisis gave us the opportunity to socialize leaving behind the problems at home. With COVID-19 restrictions, we faced the problem of meeting in large groups. Even within this restrictive situation, we were able to continue collections and processing loans, in small groups.”

- Cluster leaders' FGD

rations or plant material. The field officers, also communicated directly with the clients without completely dependent on the cluster leaders, and also ensuring that every client was informed.

The cluster leaders who operate as the bridge between the clients and BMIC, during and after the lockdown period, also required emotional support to maintain their morale, which was attended to. The branches also shared their contact details with the head office. Text messages carrying New Year Greetings were sent to them in April 2020, besides the regular telephone conversations carried out by the field team with cluster leaders and clients.

Offering choice to clients on loan repayment: Understanding the economic hardships that many BMIC clients were going through due to the COVID-19 pandemic, a three-month moratorium was provided for requested clients with the option to extend up to six months for severely affected clients. This offer was communicated to the clients through cluster leaders during the lockdown period. A total of 57,413 loan borrowers representing 72% of the total clients acquired this facility and the total outstanding amount of the moratorium was 2.5 billion rupees. BMIC also waived off loan interest of 4,398 clients for two months period who continued to deposit their loan instalment despite the pandemic situation.

Limiting credit-plus services to virtual business assistance: Enterprise development related training, workshops, and follow-up visits were also affected to a greater extent, though the EDOs continue to offer business counselling and advisory services through telephone, which was the most used medium for communicating at community-level. Compared to the sessions conducted in the field during pre-COVID period, the virtual counselling sessions that depend only on the information provided by the client observed to be less effective. About 20% of the clients were not contactable through phones due to connection issues. There were a few incidences of providing false information as observed during follow-up visits, i.e., successfully running businesses reported as failed due to pandemic. Yet, all the clients who participated in the study stated that Berendina staff contacted them at a time when they were helpless and emotionally down.

Extension services of BDS on hold: It was the time that BDS was planning their next phase of interventions, which was supposed to be launched in mid-2020. Field level assessments that were planned through FGDs were on hold. So were the regional-level planning meetings with government stakeholders. BDS's training and extension services being mostly group-oriented and community-based, have also been affected due to social distancing requirements, and a high probability of community spreading of the disease in the Estate community. Infrastructure development work at community level, and house-renovations, water and sanitation facilities planned in the estates, were temporarily on hold as the contractors were challenged with travel restrictions.

At the time, many Berendina beneficiaries/clients reported for struggling economically with their income generating activities stopped. The staff observed the need for a relief and resilience

"My husband is working in Qatar, and these days we are undergoing hardships. When I was informed about the moratorium, I requested and got it. They also gave us the option to select either dry rations or coconut plants. Only two of us asked for coconut plants. I received 10 plants and grown them in the new land that my family gave me. Berendina was the only organization that contacted the clients and helped them overcome the struggle. I am so grateful to them."

- Client from Mullaitivu district

support to survive in the situation created by COVID-19 pandemic. Berendina in consultation with the Board of Directors of Berendina Stitching's and Berendina Sri Lanka, decided to divert the BDS funds allocated for the coming years to initiate a relief and resilience programme. Besides, BDS staff were given additional responsibility in the implementation of SAHANA/NIVARANAM relief & resilience programme in the Ampara , Vaunia and Kilinochchi districts, which were not under the BDS operational areas. They were also involved in the implementation of livelihood assistance activities, especially coordinating with the suppliers.

Lost connections with youth participants: BEC programmes, i.e., organizing job fairs, career guidance training, referrals to vocational and professional training, were on hold. At the time those programmes conducted by the government and private sectors have also been restricted. It was also observed that job opportunities for the youth have also decreased, which resulted in the demotivation of youth who have completed the courses. Follow-up mentoring was affected having unable to conduct in-person meetings. Contacting them virtually was not practical in many cases due to weak signal strength and also because many youth trainees had the habit of changing phone numbers frequently.

Fear leading to rejection of outsiders: As a result of media updates on COVID-19 status in the country, and the fear associated with the infection, people were reluctant to accept people visiting their localities from outside. The field staff of Berendina also experienced such behaviour from their clients/beneficiaries and their neighbours. Having observed that Berendina staff adhered to the health and safety measures during community visits, community accepted them.

Advocacy and negotiations with other stakeholders: As a result of the negotiations with lending partners, Stromme Foundation offered an interest-free moratorium for micro-finance to BMIC, and WPF took the decision to advance funds scheduled for second and third years.

BMIC being an active member of the Lanka Micro-finance Practitioners Association [LMFPA] was actively engaged in advocating for the better terms for the benefit of the clientele of MFIs, with Central Bank of Sri Lanka with recommendations such as need for exclusion of MFIs from the moratorium scheme introduced to financial institutions; low-cost funding on 4% interest for licensed MFIs; lifting of liquidity deposits; bulk loans. LMFPA also collaborate with Ministry of Health to develop health guidelines for micro-finance services.

2.2.2 General operations at central and regional level:

Changing communication practices: At the beginning of the crisis the Board of Directors consulted Berendina Stichting. Discussions were held between the Board of Directors and the senior management team, followed by senior management consulting the field staff on the way of working during the crisis. Firstly, an action plan for communicating with the staff was developed by the

“Among all other districts we operate, Mullaitivu observed to have fewer job opportunities. Therefore, targeting the Colombo job market, we facilitated youth training on ICT and English. We have identified companies in Colombo for job placements. With the COVID-19 outbreak no space for new recruitments and this has demotivated the youth who have completed the courses”

- BDS/BEC team FGD

management, which included weekly Skype meetings at senior management level; WhatsApp groups at regional and branch level for easy communication, and virtual regional meetings with the participation of Operations Manager, Manager – Enterprise Development and Branch Managers of BMIC and field level, regional teams, and senior management of BDS and BEC. These were useful to prioritize timely actions than waiting for transformative solutions. The approach as observed by the staff who participated in the study was cost-effective and cost-efficient, compared to the in-person planning meetings, and faster in conveying the decisions taken at management level.

At the onset of COVID-19 pandemic virtual communication platforms even though such facilities were available. Documentation being saved on local servers at branch offices, accessing documents and data entry platforms was one of the challenges faced during the situation of working from home. For instance, BDS was using Quick Book-2005, which was upgraded to 2019 Cloud version. Though this change has caused difficulties initially, it was the only option available for ‘work from home’ situation at the time of the lockdown. The majority of the respondents found the usage of virtual platforms and cloud saving facility cost-effective and efficient and recommended for continuity.

These practices are continued even to the present day, which has become a cost-effective solution especially for communicating within the organization.

Working from home and flexi-hours: All the three organizations were relied on in-person meetings for planning, review, and field monitoring prior to COVID-19 outbreak. Berendina staff used to travel to the Head Office for such meetings, which have to be stopped adhering to the government enforced travel restrictions. During the lockdown, the offices required to be closed down, and staff were working from home. Computers were relocated and network facilities installed at staff residences, where necessary. Meetings were held virtually, mostly using the Microsoft Team, Zoom, WhatsApp and Skype applications. Activities were revisited and rescheduled/planned to suit the working condition and environment.

For many who were used to work in an office environment, adjusting to the working from home set-up was itself a challenge. It took some time for the family, especially the children to adjust their mindset to accommodate this change. Management level members experienced the need for participating in too many meetings, during the lockdown compared to the pre-COVID situation. Technical problems have also been experienced during virtual discussions, such as accessing online servers, dropping of signals due to remoteness of locations.

And with the release of the lockdown/quarantine curfew, the field team organized their time schedules [rosters with flexibility to adjust their time] to minimize the potential for infection, strictly adhering to the health guidelines and avoiding peak hours of traffic

“The practice of conducting virtual meetings is good. We also faced connection issues, which required to be upgraded. This practice has saved our time of travelling and the costs too. It is a convenient media, and sometimes we end up in too many meetings.”

- Senior Management interviews

“It was not easy to get adapted to ‘work from home’ practice. Sometimes, children do not understand that I am working, though at home. For them, who wait for the father to be with them when return from work, never realize the concept of work from home. It was a stress sometimes to be at home and work.”

-Senior Management interviews

for those using public transport. Private transport was also given for some period. Using public transport was observed as risky by some staff members, especially those with babies, and elders. One reported of getting a transfer to a branch closer to her home.

Recognizing the importance of keeping staff morale and motivation, the Board decided not to reduce staff salaries. Due to COVID-19 pandemic has adversely affected the loan recovery, drastically reducing the incentive income of the field staff of BMIC. Addressing this issue to a greater extent, the incentive scheme was revised in favour of field officers and EDOs.

Ensuring smooth operations in the field: The branches were open for operations with the release of the lockdown/quarantine curfew in the operational districts. The head office was opened on the week after the release of the lockdown/quarantine curfew in Colombo district. Authorizing and signing process of payments was affected, as the head office staff were working from home due to quarantine curfew in Colombo district. Addressing the requirement, the management has assigned drivers with curfew passes to move around to get the authorizations, share required documentation, and negotiated with banks to accept scanned versions of signed documents to stop delays in transactions.

Managing psychosocial wellbeing of staff and their families: Motivational programmes were also conducted for the staff and their families during the lockdown. It was in support of continuing the organizational operations with affected beneficiaries of BMIC and BDS, despite the anxieties and restrictions due to the COVID-19 pandemic.

Winners of the Art competition



“I’m so happy that my daughter won second place at the Covid-19 Awareness Art Competition. Thank you Berendina for organizing a competition for children understanding their psychological stress during the sudden lockdown. It will be great if you can organize many competitions in the future not only singing and drawing, but also other competitions such as oratory, essay as well as dancing competitions for the children of Berendina staff”

- Mother of a winner

“Our Board was very keen to pay the salaries on-time despite the challenges in payroll preparation, getting curfew passes, changing signatories. They were well ahead and active. The office assistant and a driver got curfew passes to move around and the salaries were paid with no delays.”

- Finance Officers’ FGD

“During the lockdown, everyone was working from home. The singing competition was a great opportunity for the staff to demonstrate their hidden talents. I participated in the competition and won second place. It was a moment of joy that gave a break to our monotonous life pattern, especially, in a situation where socializing is restricted. I am so thankful to our management for organizing such an amazing event.”

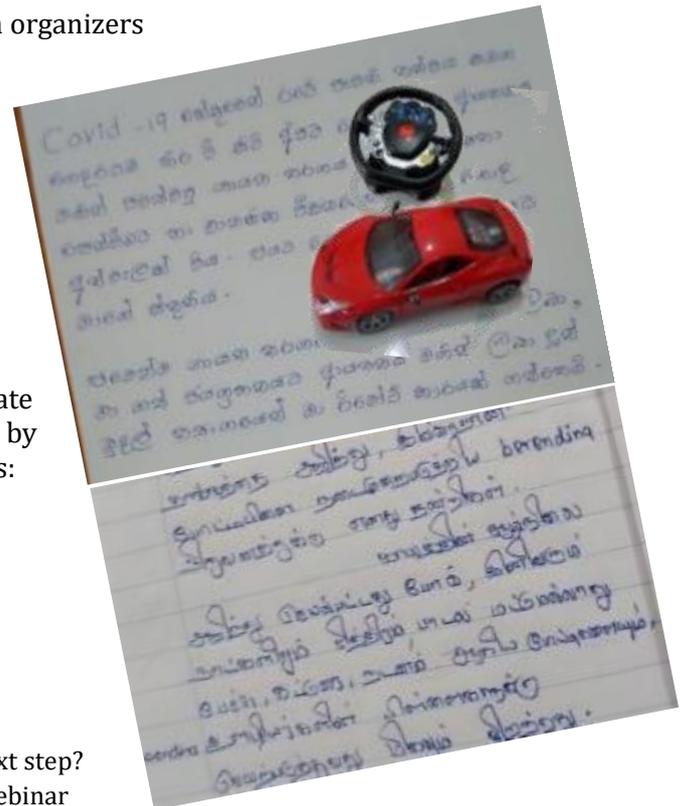
- Berendina staff member



Winners of the singing competition

Children of staff have also expressed their feelings with organizers of the competition:

“During the COVID-19 lockdown, we were confined to our homes. It was not easy for the children. Schools were closed and no way to meet our friends or play with the children in the neighbourhood. The singing competition gave us an opportunity to relieve the stress when participated. I won the First place, and using the prize money, I bought a remote car to spend time with.
– Child participant



The staff were also encouraged and directed to participate in online training programmes and webinars organized by LMFPA and other organizations, on a variety of subjects:

- Business Continuity Planning
- Challenges & Strategies for MFIs during Covid 19
- Three Ways of Immediate RoI from Data Analytics
- COVID-19 coping strategies of FPOs - Can the crisis be reinvented as an opportunity?
- A New Reality: Virtual Board Meetings & Annual General Meetings
- Financing Digital Transformation: Is Going Public the next step?
- Corporate Compliance on Good Governance Practices Webinar
- How to keep teams MOTIVATED during this time
- Challenges faced by MFIs during Covid-19 and strategic planning

Preparing staff and clients operate in the “new-normal” situation: Adapting to the challenging situation of operating within a COVID-19 affected environment was taken care of. Preparing the staff mind-set and working procedures were the priority of the management. Circulars were developed giving instructions and guidance to ensure health and safety measures implemented and installing display material to educate the public, and accordingly, the office environment was re-arranged and staff were trained. Health and safety material such as sanitizers, masks were also provided. An incident reported of delivering low-quality sanitizers, which took time and efforts of the staff to dispose the low-quality stocks and recover better stocks.

LMFPA has conducted a survey among four MFIs to find out the impact on COVID-19 on their operations. The findings revealed that four MFIs reported of client/s infected with COVID-19. One with a larger clientele than others reported of 426 clients as positive.

BMIC has no records of any client reported as COVID-19 positive. The same MFI reported of 24 staff members as positive, whereas BMIC and other three MFIs had no staff member infected at the time of the survey. These findings could be attributed to the BMIC practice of strictly adhering to the health and safety measures, which is a good practice required to be continued.

2.3 Community based relief and resilience interventions in response to the COVID-19 outbreak:

2.3.1 Berendina SAHANA/NIVARANAM project:

When the islandwide lockdown, and inter-district travel restrictions were enforced, BMIC clients and cluster leaders contacted Berendina officers and shared the hardships that many were undergoing. Despite the moratoriums and incentives offered to them, the majority were in a vulnerable situation, due to lack of work [labourers]; no markets for their produce, and many being not eligible for government relief scheme of LKR5,000 allowance, and other incentives, etc.,

At the time of the COVID-19 outbreak, BDS was in the process of designing a new development programme. Delaying the new BDS programme, the Berendina team intended to start a relief and resilience programme in their operational areas, prioritizing the needs of their clientele & EIPs affected by the COVID-19 pandemic. They develop the SAHANA/NIVARANAM project [May - September 2020] allocating LKR100,500,000 covering 72 Divisional Secretariat divisions. The project was implemented through 30 BMIC branches in the districts of Ampara, Anuradhapura, Badulla, Batticaloa, Kandy, Kegalle, Kilinochchi, Mullaitivu, Nuwara Eliya, Trincomalee and Vavuniya.

The project interventions were of two kinds: i) provision of dry rations packages and ii) livelihood interventions.

*"I am a 63-year-old person with a disability, living with my mother [81 years]. We came to know about CORONA through neighbours. We are living in a house that Berendina built and they also give us a monthly allowance of 1000 rupees. The dry rations pack was a great gift for us being not eligible to get any benefit under government social welfare schemes. Every time, it was Berendina that came to rescue us. We are so grateful to them, and bless them for all their good work."
- EIP from Nuwara Eliya district*



The BMIC clients were given the choice to select between dry-rations and livelihood assistance, that suits their situation, the best. In rural and plantation areas, there were families of Economically Inactive Poor (EIP), who are unable to engage in productive economic activities such as elders, persons with severe disabilities, single mothers, destitute/homeless people.

The close ones who supported them, also being affected economically the cluster members found the need to support them under the dry rations scheme of Berendina. They selected such vulnerable families.

Dry ration packages were distributed to 80,791 BMIC clients and 6,448 families of EIP experiencing hardships. HSBC collaborated with Berendina and invested LKR5,500,000 in support of EIP's families to provide dry rations for two months. When the packages were ready, BMIC clients were informed for collecting the packages in small groups at a given time at pre-selected venues. In the case of EIPs, the staff of Berendina delivered the packages at their doorstep.

Under livelihood intervention, 8,041 BMIC clients were able to expand/diversify their existing income generating ventures with the receipt of, plant material free of charge. In some areas, bee keeping boxes were also given. Cluster leaders with BDS staff, Enterprise Development Officers and Field Officers took the lead in the implementation of the project.

“During the lockdown, my husband couldn’t go for shrimp farming. My son is a waged labourer and both lost their income. We used to have three meals a day when my husband earned daily. During the lockdown time, Berendina came forward with their COVID relief program. We requested to cultivate banana because we have a small piece of land. If we get a good harvest, that would be an additional income.”

- Client from Trincomalee district



Berendina staff and beneficiaries were already advised and monitored with respect to the following of the health guidelines and safety measures including hands sanitizing, wearing face masks, and maintaining social distance among the participants during the official ceremonies and field level distribution programmes to avoid possible social transmission of the disease.

The programme has contributed to further strengthen the community recognition for cluster leaders, especially due to the decision of supporting EIP families as well. The field staff observed this relief and resilience programme though strenuous, as a good opportunity for healing their anxieties experienced during the lockdown, and further strengthening the team spirit among the staff.

2.3.2 Reflections of beneficiaries of SAHANA/NIVARANAM project:

All the respondents who participated in the study revealed that Berendina kept intact with them during the crisis, even though the offices were closed while many other organizations didn't have that courtesy. The officers not only talked to them but shared their problems with the management to make decisions in favour of them. All the members of their clusters received project benefits either as dry rations or livelihood assistance, as per their choice.

The credit moratorium and decision to waiving off the interest for those who continue to repay the loans has been appreciated by all, as well as the management decision to disburse loans as soon as the lockdown was released. Some respondents have been able to continue their livelihoods despite the pandemic, and there were also respondents whose spouses receiving monthly income [pensions, salaries] and were able to continue repayment of the loan during the crisis period. For instance, agriculture ventures have been allowed to proceed with, during the lockdown, and plantation sector operations were continuing. Skilled workers were on-demand as in the case of rubber tappers, who had work compared to unskilled workers.

The majority of the BMIC clients who participated in the study said that the present way of loan recovery, i.e., in small groups is convenient for them and also have no other option in the present context. They also appreciated the commitment of the Berendina Officers who had to spend more time in the community, despite the risk of infection in this COVID-19 situation and trying to accommodate the needs of their clients by processing the loans without delays.

The ones who received dry rations blessed Berendina management and the operational team as that gesture of goodwill was extended at the most needed time. The majority of the respondents, except the EIPs, were not included in the government relief package. Even those who have received said that Berendina project assistance came at the time when government assistance was stopped. Therefore, they were able to continue feeding the families with Berendina package of dry rations for another month or two [in the case of EIP] till their family could go back to work.

"My husband is a bus driver. Because of COVID-19 pandemic, he worked only for two days a week. During the lockdown he had no work at all. My earnings usually come from rubber tapping, which was not affected by the lockdown. It was because the government allowed agricultural work to be carried out during the lockdown. During the days of no work, my husband also joined me in rubber tapping. Actually, during the lockdown, we earned more than the amount that we generally earn in a month. And we continue to pay our loan instalments. It is not the same in the case of many others who work for daily-paid basis. Many didn't get work."

Client from Kegalle district

The ones who received livelihood assistance [plant material] were happy that they have grown new crops, that gave a good harvest. And they have donated an equal amount of plant material to another members for sales and a few said they also used the first harvest for consumption. Some have marketed their produce, and some have distributed plant material with others after harvesting. All were of the opinion that this intervention has helped them to manage their stress and gave them a good opportunity to invest their time and effort during the crisis period.



2.3.3 Government programmes assisted:

Berendina has a very good rapport with many of the State administrators as a transparent and humanitarian enterprise development organization that has a genuine interest in serving the vulnerable groups, complementing the government development plans with flexibility to support at crisis situations. During the early stages of COVID-19 outbreak, BDS provided sanitizers and face masks for government officials. Besides, they also contributed financially to address the immediate relief needs as requested by the District/Divisional Secretariats in the BDS operational areas.

The dry ration programme was observed by the government officials, as complementing intervention that included the needy persons who have been excluded from the government support

“Berendina is different from other micro-finance institutes as they reinvest their income on the development of most-vulnerable groups in the community. Berendina is like a ‘spare wheel’ for our programmes especially during crisis situations. We have a very good relationship with them since the time they started their operations in Anuradhapura district. Clear focus, transparency, flexibility and a team of pleasant staff are the unique features that I observed in them.”

[Former] Addl. District Secretary, Anuradhapura

schemes as Berendina consulted them during the selection of beneficiaries for their relief and livelihoods interventions.

Considering the unpredicted crisis situations occurring in the country, besides COVID-19 pandemic especially in the Berendina operational areas there was a recommendation by the former Addl. District Secretary of Anuradhapura district to establish a relief fund, so that such actions could be continued in the future.

III. ISSUES AND CHALLENGES

3.1 SAHANA/NIVARANAM programme: Though implemented to the great satisfaction of the BMIC clients and EIPs, there were several issues that Berendina team was challenged with.

Distribution of dry rations: Unavailability or shortage of stocks on requested brands and changes in quoted prices at the time of purchasing have made field officers to spend extra time negotiating with, or searching for vendors for supply as per the organisational requirements. Vendors in some areas have issued low-quality goods, e.g., Dhal in Batticaloa. There were instances of distribution delays as vendors failed to finish packing on time, and causing additional costs having to outsource the packing task. Rodent attacks were also observed in certain locations that damaged certain goods, during short spells of storage prior to distribution, causing additional costs.

Despite the health risks, late hours of work have been experienced by the staff responsible for distribution, due to long-distance travel in the poorly-maintained narrow roads. Besides, the transport cost was also comparatively high, having to hire small lorries that made several trips to the same localities.

The decision of Berendina to distribute dry rations only among BMIC clients was not accepted by the plantation management in several locations. They resisted with belief that the action may create dispute among the estate community under their management.

Livelihood assistance: Under the livelihood assistance programme, there were delays in supplying planting material that caused the increase in distribution costs. Maintaining the quality of seeds was beyond the control of Berendina, and there were also issues at the supplier end.

Beneficiary behaviour: There were instances of clients changing their minds and demanding dry rations over livelihood assistance. Failure to fulfil their requirements led to disappointment. There were clients who neglected the health and safety measures to prevent the spreading of COVID-19, and the staff's health was at risk.

Gaps in the coordination: Dry ration distribution and work related to the loan moratorium happened simultaneously. Field officers having occupied with work on loan moratorium were unable to

provide their fullest support to BDS team in coordinating the dry rations distribution programme. This has created stress and uneasiness among BMIC and BDS staff members.

Stakeholder influence: Informing the government authorities has been the practice of Berendina in their operational areas, and during the pandemic times, their involvement was managed diplomatically to avoid favours and bias when selecting beneficiaries. As the Berendina relief programme was implemented during the pre-election time, some politicians tried to participate in the distribution of dry rations.

3.2 Loan Moratorium: The moratorium process had to be completed within a very short period of time (2 to 3 weeks) serving around 57,000 clients (70%), which was a great challenge for the field team as they were required to maintain accuracy in an accelerated assessment process.

There were incidents of field officers failing to maintain accuracy, which resulted in some clients getting either more months or fewer months than what they really required.

There were also errors in the moratorium application, i.e., a place for the signature of a client family member in the absence of the client; mentioning the wrong tenor, having not calculated the excess payment, and failing to authorize the application by the responsible officer, though approved in the digital system.

The clients were unable to anticipate the time to re-start their livelihood activities due to unstable COVID-19 pandemic situation. As a result, there were instances of clients ended up with arrears loans.

There were data entry errors observed in the system, i.e., provision of moratorium twice for the same client or for the clients who have not requested moratorium; provision of the moratorium and interest waive-off for the same client, whereas it should be either moratorium or interest waive-off.

3.3 Managing psychosocial wellbeing of staff and families: Organising entertainment programmes for the staff and their families have been greatly appreciated. Yet, some staff members faced difficulties in uploading the material prepared for singing and drawing competitions, due to network issues. It would have been more entertaining for the staff and the families to participate in a live singing competition, despite the network issues.

3.4 Operational issues: Adapting the programmes to suit the unpredicted situation due to the COVID-19 pandemic and the arising needs of the clientele have also affected the general operations of BMIC and BDS. During this intermediary phase, there were financial and administration related challenges observed.

With the change in the definition of active clients, the number of clients eligible to serve under SAHANA/NIVARANAM programme has increased. As a result, the allocated budget was exceeded.

Advances that were given to field staff for dry ration distribution were not settled on time having difficulties in providing support

documents due to prevailing situation affected with COVID-19 pandemic at the time. The medical insurance claims of the staff were also delayed due to submission of claim forms with necessary supporting documents by the staff

Staff were challenged with changing their work stations from office to their homes, when the organisation decided to adhere to the “work from home” practice. There were delays in responding to the emails due to network issues, and some experience difficulties to access computers, etc.,

There was a batch of low-quality sanitizers delivered by the vendors at the early stages of introducing health and safety measures in the offices, which was later replaced.

IV. LESSONS LEARNED

4.1 Redesigning service delivery practices in favour of its clientele during the lockdown period, and strictly adhering to the health and safety measures recommended by the Ministry of Health, BMIC was able to re-start its micro-finance operations and essential support services immediately after the lifting of the island-wide lockdown/quarantine curfew.

4.2 When field staff assigned for credit recovery and processing loans were challenged with managing their time having to spend long hours in the community compared to the pre-COVID-19 times, several mitigation actions taken for addressing those issues observed to be effective: *i) EDOs were assigned to assist field officers in the field; ii) field officers' time which was earlier allocated for both disbursement and recovery of loans was limited only to recovery; iii) A holiday-work payment was introduced.*

4.3 Considering the negative effects of COVID-19 pandemic on BDS planning process, Berendina has the flexibility to divert resources to design and launch a timely relief and resilience programme to support the affected clientele of BMIC, and EIP families, which has resulted in further strengthening the trust between Berendina and the communities in the operational areas. Besides, this exercise has contributed to healing anxieties and building team spirit especially among BMIC and BDS field-staff, who enjoyed being able to join this social welfare intervention.

4.4 The COVID assistance was initially intended for the existing BMIC clients. However, there was a group of ex-clients who had applied for the next loan. Disbursement of their loans was temporarily on hold to avoid using the loan for daily consumption due to pandemic situation. Thus, it was decided that both existing and those who applied for the next loan to be included in the relief program which cost additional 10 million rupees against the budget.

4.5 Consultative and prompt decision making at higher management level; highly motivated and committed field staff prepared for serving their clients better in the crisis situation;

capacity and leadership developed at cluster-level leading to effective communication; and the organizational capacity to adapt its operations to the changing environment with the support from Berendina Stichting were the contributing factors to the success in coping with the COVID-19 affected situation efficiently and effectively.

4.6 Utilization of virtual platforms has improved internal and external communication, which has also contributed to improving the organizational efficiency and effectiveness levels to a greater extent. This has been observed by the respondents especially in the case of planning, monitoring, and documentation, compared to the pre-COVID 19 work environments, when meetings were held in-person and documentation was restricted to non-virtual servers. These practices are continued even to the present day, which has become a cost-effective solution especially for communicating within and outside the organization.

4.7 Virtual communication initiatives observed to be practically effective in the urban and semi-urban areas with better signal strength. Considering the remoteness of the localities that some clients live, there is a tendency to exclude them from virtual programmes.

4.8 Organizing competitions for children of Berendina staff has been contributed to the managing stress and anxieties of children during sudden lockdowns. Such competitions under a range of subject areas such as oratory, essay, dancing have provided opportunities to show their talents.

4.9 Contacting clients, sending new year greetings and SAHANA/NIVARANAM (Berendina COVID relief program) interventions have been greatly appreciated by the clients as the only organization provided emotional support for morale building at a difficult period. More than the value of investment on dry rations or plant material, the gesture of good will led to strengthening the bond between clients and Berendina.

4.10 Livelihood interventions have helped the clients to manage their stress and gave them a good opportunity to invest their time and effort during the crisis period. Sharing a part of the harvest with another member has opened an opportunity for widening the social relationships within the community.

4.11 Maintaining a good rapport with state administrators with diplomacy transparency, and genuiness has contributed to the effective implementation of Berendina services in general. The COVID-19 response with prompt decision making process has further strengthened this relationship with government stakeholders.

V. RECOMMENDATIONS

5.1 Use virtual platforms for planning and review meetings that are conducted weekly and/or monthly basis. In-person meetings are recommended for quarterly and annual planning and review meetings, where health and safety measures required to be followed strictly in the new-normal situation.

5.2 Assess organizational Information Communication Technology [ICT] capacity and upgrading requirements at the branch level and individual level for efficient and effective communication and as a preparatory measure for future lockdowns in the unpredictable context of pandemics.

5.3 Assess the possibility of changing the role of cluster leaders in support of field officers, to address the time management issues, which is presently supported by EDOs.

5.4 Strategize delivery of services offered by EDOs and BDS to use both virtual platforms and in-person programmes in the New-Normal situation preventing exclusion due to technical challenges.

5.5 Continue programmes focusing on mental wellbeing of staff, their families and cluster leaders, that provide opportunity for them to display their talents and skills.

5.6 See the possibility of establishment of a relief fund to use in future crisis/disaster situations.

5.7 Comparative research recommended on cost-efficiency and effectiveness of organizational level adaptations/changes in response to COVID-19 pandemic, i.e., work from home, disbursement and recovery practices, virtual communication against the earlier practices.

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1. *Impact of COVID-19 to MSME Sector in Sri Lanka*
[https://sdgs.un.org/sites/default/files/2020-11/26277Report_The_Impact_of_COVID19_to_MSME_sector_in_Sri_Lanka.pdf]
 2. *An economic system that consists of activities and relationships involved in meeting the physical, emotional, and psychological aspects of care, ensuring the welfare of communities. Care economy remains an integral but, undervalued component of economies all over the world.*
 3. *UN Advisory Paper: Immediate Socio-Economic Response to COVID-19 in Sri Lanka, June 2020*
[https://unsdg.un.org/sites/default/files/2020-07/LKA_Socioeconomic-Response-Plan_2020.pdf]