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Government Enterprise Empowerment Programme

Investigating the Effects of COVID-19

December 2020



Overview



About this 60 Decibels Report

GEEP is a Nigerian financial inclusion program with close to five million borrowers. 60 Decibels was commissioned to assess the impact of COVID-19 on GEEP clients by conducting 18 rounds of phone surveys, one every two weeks from August 2020 to May 2021.

This report features data at mid-point of this project, after eight rounds of data collection and 4,940 interviews.

We conducted interviews in English, Pidgin, Igbo and Hausa across all of Nigeria's six geopolitical regions. All interviews were conducted by trained 60dB Nigerian researchers.

We will be publishing final results in May 2021, at which point we will have spoken to more than 11,000 GEEP clients.

How to read this report?

To see the evolution of the different indicators across time, we present our insights by data collection round. For example, R1 refers to Round 1, which ran from August 4-14, 2020. Subsequent rounds were completed in two-week intervals through to December 2nd, 2020.

We hope you enjoy these insights!

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At a Glance



Headline Insights

The impact of COVID-19 has been significant on GEEP clients, many of whom live in poverty. We are seeing early signs of the situation improving as lockdown measures ease.

> **Impact on Income:** 9 in 10 GEEP clients have experienced a reduction in their income because of COVID-19. The severity has decreased somewhat over time; in the later rounds, clients were more likely to report that their incomes had ‘slightly decreased’ rather than ‘extremely decreased.’ The latter category reached a peak of 74% in early October and since has dropped to 56% in late November.

> **Impact on Businesses:** Business closures due to COVID-19 have decreased significantly since the beginning of data collection, from 57% in August to 18% in late November, offering a sign of hope for businesses that struggled during lockdown. Nevertheless, businesses continue to struggle with a lack of customers, closures due to COVID-19 restrictions and constrained supply chains.

> **Coping Mechanisms:** Clients are relying heavily on savings, borrowing, and reducing investment to weather the pandemic. These coping mechanisms may provide short-term relief that exacerbates long-term financial distress. Male clients (35%) appeared to borrow slightly more than female customers (31%).

Some Key Indicators

77%

live in poverty, versus the national average of 73%

> GEEP’s business model is inclusive, reaching a customer base slightly lower-income than the Nigerian average

91%

reported a worsened financial situation due to COVID-19

> yet there is a very low level of ‘job-switching’ in response to COVID-19 among respondents (5%), suggesting few employment alternatives

74%

are ‘very much concerned’ about COVID-19

> main causes of concern include ability to work/earn an income (80%) and the economy (19%)

67%

reported ‘very much decreased’ savings

> tapping into savings is the main coping mechanism employed to deal with COVID-19, reported by 84% of clients

“Coronavirus affects businesses. There were no sales and during the lockdown we did not sell anything because there was no movement.



After the lockdown, I don't have enough money to go on with my business... I am even in debt now.”

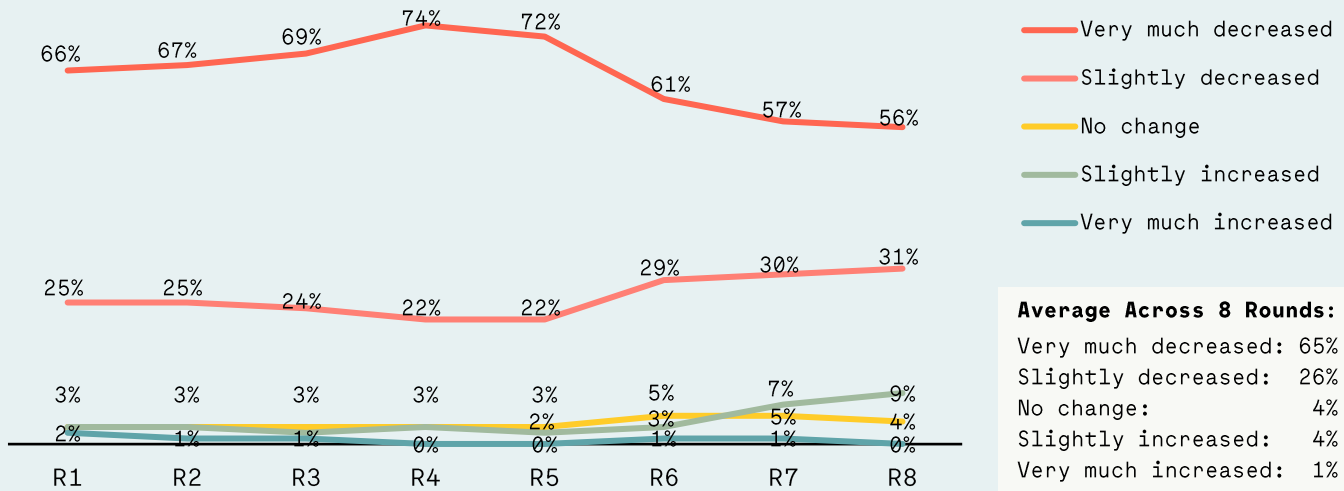


What Impact is COVID-19 Having on Incomes & Business?

> While, overall, 65% of clients have reported 'very much decreased' income due to COVID-19, this indicator has been improving since Round 4 in early October, reaching 56% in Round 8.

Change in Income

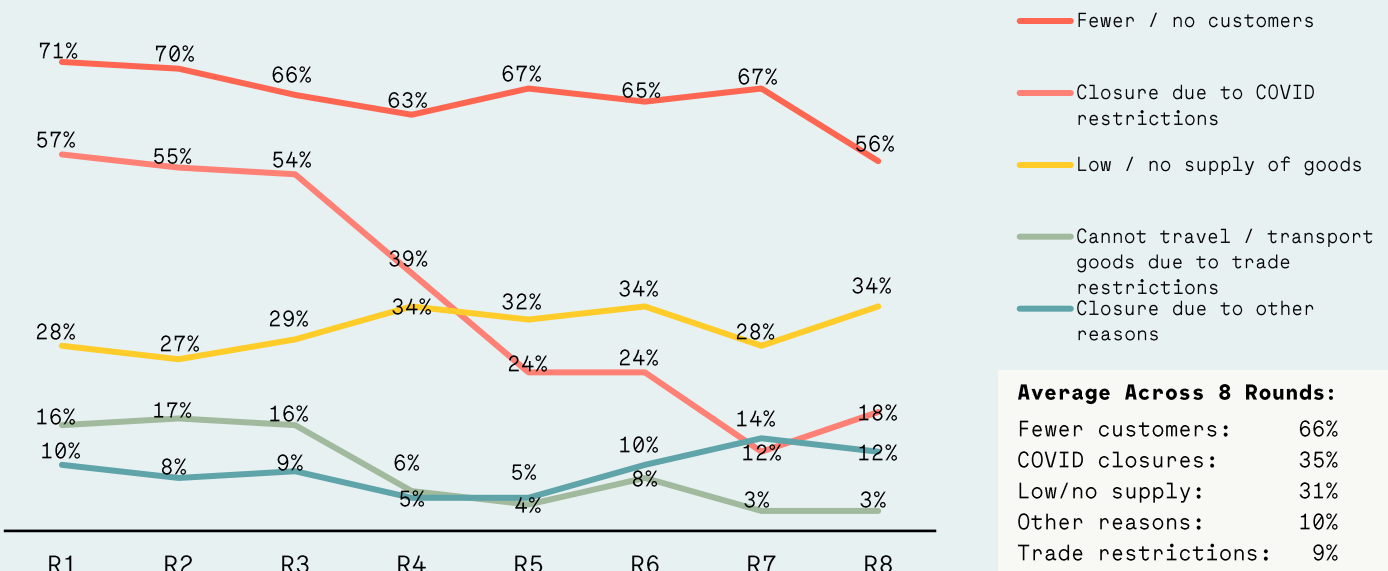
Q: Has your income changed since the lockdown in March 2020? (n=4,940)



> 66% of clients have reported fewer or no customers due to COVID-19, yet business closures due to coronavirus legal restrictions have dropped sharply in the past months

Impact on Business

Q: Has your income from your business this month been impacted by any of the following? (n=4,767)



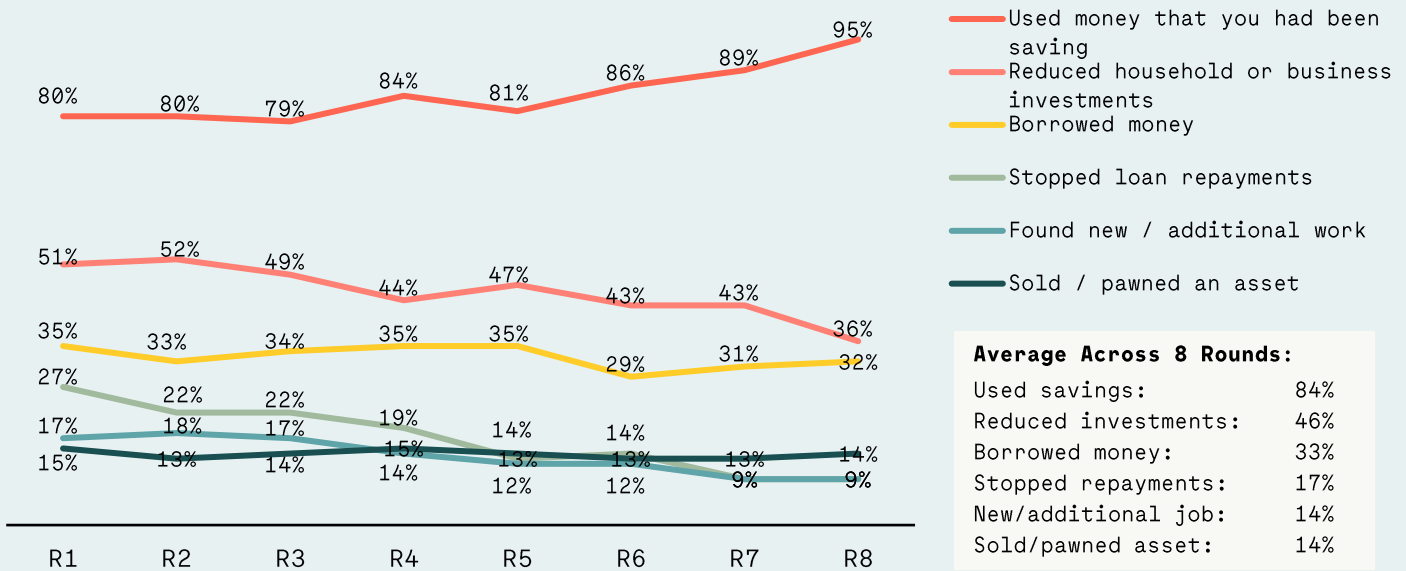


How Are GEEP Clients Responding To The Crisis?

> COVID-19 has forced GEEP clients to tap into savings and reduce household or business investments—84% of clients reported using savings to cope with the crisis

Use of Coping Mechanisms

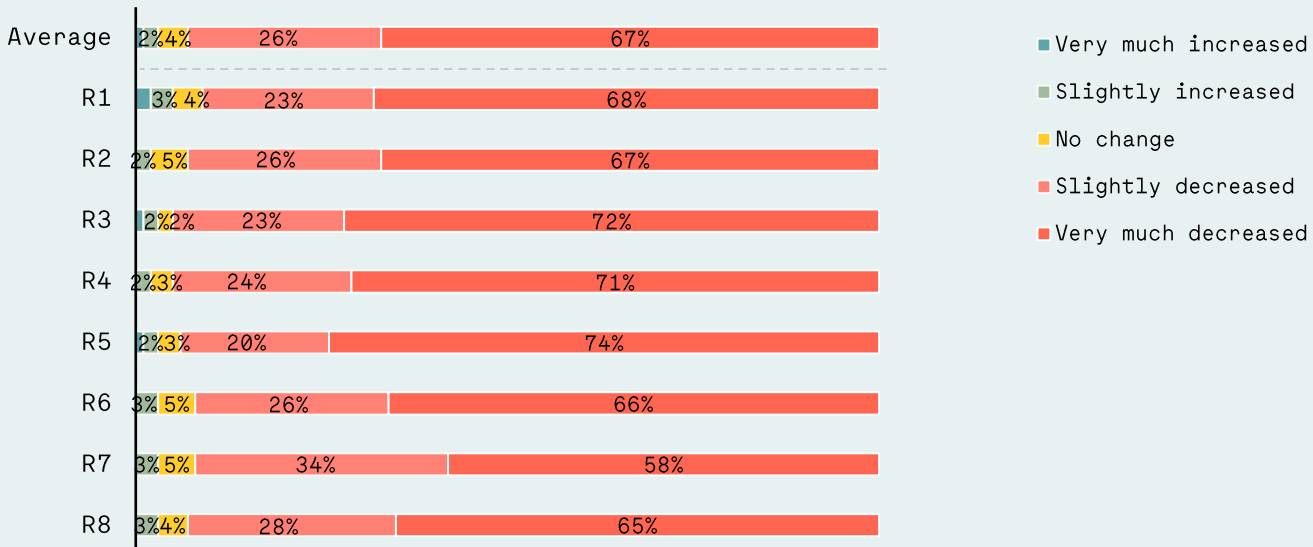
Q: As a way to cope with the COVID-19 situation, have you had to do any of the following? (n=4,771)



> 93% of clients report a decrease in savings to some extent. Should savings continue to drop, it would be an important indicator of more clients edging towards greater vulnerability

Impact on Savings

Q: Compared to before the start of COVID-19 in March 2020, has your savings level changed? (n = 4,940)



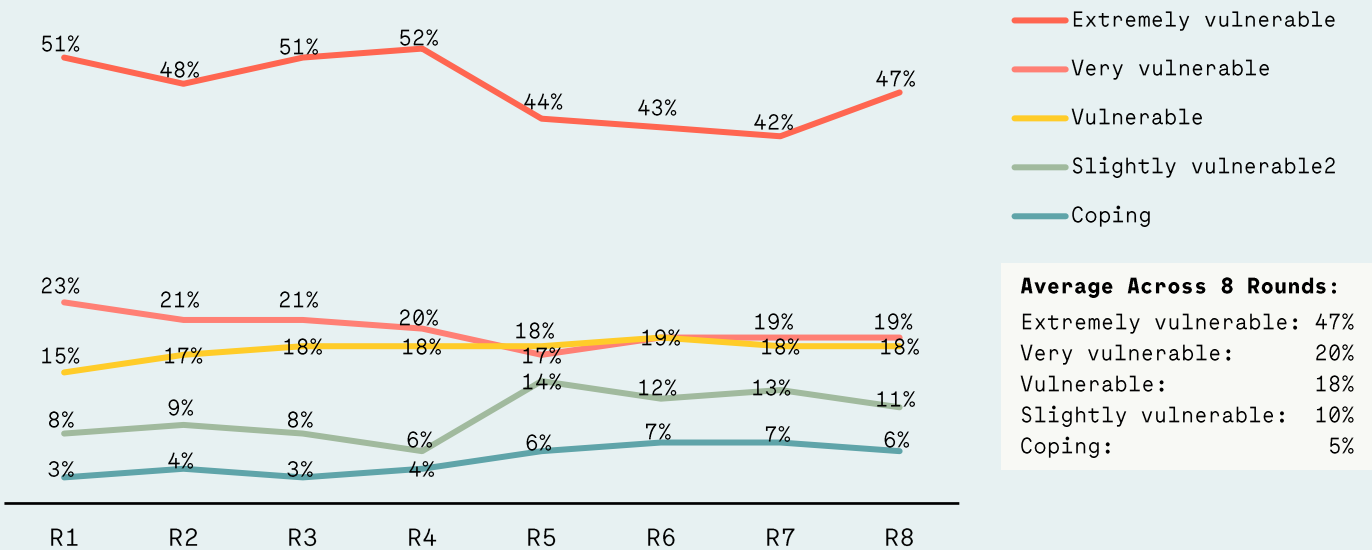
Who Is GEEP Reaching?



> GEEP is serving a vulnerable population—47% of clients are considered ‘extremely vulnerable’ on 60dB Vulnerability Index

GEEP Clients by Level of Vulnerability

(n=4,940)



The proportion of clients classified as ‘extremely vulnerable’ peaked in Round 4 (early October), reached its minimum in Round 7 (middle of November), and increased again in Round 8 (late November). This variability, coupled with decreasing incomes, suggests clients’ financial situation continues to be extremely challenging.

About the 60dB Vulnerability Index

60 Decibels developed the Vulnerability Index to help identify how shocks affect a family’s situation. It was designed during COVID-19 and can be used during health pandemics, after natural disasters like floods, or other events.

The Vulnerability Index is made up of four key themes:

1. **Poverty Level:** Those living in poverty are already more vulnerable as their income and savings are likely lower, and they may have fewer assets to rely on. We utilize the Poverty Probability Index® to calculate the likelihood that people live in poverty.
2. **Change in Financial Situation:** Getting a sense of how a family’s overall situation has changed gives an understanding of the ability to weather internal and external shocks. The most points are allocated to respondents who said their financial situation has “gotten much worse”.
3. **Coping Mechanisms Used:** Behaviours such as using savings, borrowing money, stopping loan repayments and selling assets allow us to understand what strategies are available to families to deal with the shock. These coping mechanisms also help to indicate if families must employ strategies they might not normally use, which may affect their ability to recover.
4. **Effect on Food Consumption:** Reducing food consumption serves as a major signal of financial stress.

“The farm that we depended on for food got burnt down and cows ate a lot of our crops. We used to eat mostly the maize that we harvest.



Our business doesn't [give] us much money to buy food... as it is very costly due to the pandemic. We always manage to eat, but [it's] less food [than before].”

Are GEEP Clients Faring Worse Than Others?



About the 60dB COVID-19 Benchmarks

Here, we compare GEEP to data for Nigeria from the [60dB Financial Inclusion Dashboard](#).

60 Decibels has been listening to customers about the impact of COVID-19 data since April 1st, 2020. We launched our first full, 40-question survey on May 11th, 2020. These surveys first targeted customers of off-grid energy companies, and, at the beginning of June, we began speaking to clients of microfinance institutions. As of December 1st, 2020, we've gathered data on COVID-19 impacts on 25,019 people in 19 countries.

By asking the same questions in the same way across multiple geographies, we're able to develop benchmarks that help put data into context. Benchmarks provide an objective standard for comparable impact outcomes to understand and fuel performance.

Our Nigeria benchmark is based on a sample of 630 clients of multiple Financial Service Providers surveyed between July and October 2020. Overall, GEEP appears to be serving a less vulnerable population than the clients of Financial Service Providers 60dB surveyed, and GEEP clients have experienced less of a worsening in their financial situation. They have coped by using more savings and borrowing.

GEEP Outcomes vs. 60dB Nigeria Benchmark

Who Is Reached?

47%

classified as 'extremely vulnerable'

67%
Nigeria Benchmark ↓

How are They Coping?

84%

used savings to cope with the pandemic

69%
Nigeria Benchmark ↑

Change in Financial Situation

43%

financial situation got 'very much worse'

59%
Nigeria Benchmark ↓

Borrowed Money

33%

borrowed money to cope with the pandemic

25%
Nigeria Benchmark ↑

Impact on Food Consumption

35%

'very much decreased' food consumption

21%
Nigeria Benchmark ↑

Loan Repayments

44%

loan repayment is a 'heavy burden'

37%
Nigeria Benchmark ↑

Appendix

Data Summary



4,940 phone interviews completed from August 8th, 2020 to December 2nd, 2020.

Methodology

Survey mode	Phone interviews
Country	Nigeria
Language	English, Hausa, Pidgin, Yoruba, Igbo
Dates	August 4 th , 2020 – December 2 nd , 2020
Survey Duration	Median of 17 mins
Sampling method	Respondents selected randomly from the database of GEEP’s clients. Only the TraderMoni database was utilised in rounds 1 – 5. In round 6 and beyond, the MarketMoni database was also utilised.
Response Rate	Ranged from 52% – 64% across 8 rounds
Female Participation	52% of all respondents were women
Total Responses	4,940 Clients

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Thank You For Reading Our Report!

Let's work together sometime.

Who We Are

About 60 Decibels

We're a tech-enabled impact measurement company, working in over 50 countries worldwide. Our repeatable, standardized approach to gathering data allows us to gather robust impact indicators and rich customer insights direct from end users. We also provide genuine benchmarks of impact performance, enabling our clients to understand their impact relative to peers and to make informed decisions regarding how to improve their impact. Our clients include over 350 of the world's leading impact investors, companies, foundations, corporations, NGOs, and public sector organizations.

Get Involved

Join The Conversation

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Understand Your Impact Relative to These Benchmarks

Contact us at hello@60decibels.com

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