

VisionFund

MYANMAR

2021 ANNUAL REPORT



OUR VISION

Our vision for every child,
life in all its fullness.
Our prayer for every heart,
the will to make it so.

OUR MISSION

We believe in brighter futures for children.
Empowering families to create income and jobs.
Unlocking economic potential
for communities to thrive.



“As my income increased, I saved up for emergency use.”



“I was able to invest in more farming tools and hired more workers.”

“I was pleased when VFM started offering digital loan payments through mobile money for its convenience and safety especially during the pandemic and political crisis.”

“The business was started with 300,000 MMK and now the shop can be expanded. We are also preparing to build a house.”

“Earlier, I always used to worry about the future and borrow money from others for food. Now I can manage my business peacefully.”

CLIENT VOICES

“Make more investment in my farm business with the loan from VisionFund and getting more income.”



“Thanks to VFM, I was able to support my child until he graduated.”

“Our loan from VFM also enabled us to afford gas, oil, fertilizers and pesticides whose prices significantly increased these last few months.”



Note: Adapted from Semi-Annual Standardized Impact Survey (Dec 2021) and Lean Data Study (Sep 2021)

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MESSAGE FROM LEADERSHIP

The year 2021 was another watershed for Myanmar, with the country adapting to the impacts of the global pandemic. People and businesses in Myanmar have faced immense challenges during the past year because of the combination of conflict, stemming from the military takeover on 1 February 2021 and COVID-19. As a result, degradation of social services and economy have left many families impoverished, displaced, traumatized and cut-off from basic services such as banking and healthcare. Women and children are expected to bear the heaviest brunt of the combined impacts of the crises.

As an MFI, VisionFund Myanmar (VFM) is positioned between the banking and non-profit sectors, both of which have been paralyzed by the crisis in 2021. However, with our prior experience operating in conflict-affected areas, VFM continues operations as fully as possible to provide access to financial services to our **over 170,000 clients**.

With continued support and ongoing patience of our partners, donors, and staff, we remain committed in our work to help the most vulnerable children and communities in their darkest times. Due to our efforts and faith, since 1 February 2021, VFM has disbursed **over US\$ 23 million (MMK 45 billion) to over 54,000 clients with 85% female client and more than 281,000 children impacted** even in high security risk areas such as Kachin, Kayah, Rakhine, Northern Shan and Sagaing.

By collaborating with World Vision Myanmar, we were able to provide **1,140 clients in five target townships with a disbursement of US\$ 553,520** during the National Office Response Plan project of 1 July to 31 August 2021. The project sought to reduce deteriorating living conditions and enhance the resilience of crisis-affected households. This demonstrated the high demand for loans during this period and the capacity of VFM to meet this demand with available funding. The events of 2021 were unprecedented, and the pandemic is not over. The health crisis was further exacerbated by the political conflict and had an enormous impact on every aspect our clients' lives. In a volatile environment, VFM employees stepped up to the challenges and brought our purpose and values to life.

We would like to thank our employees, particularly our frontline workers, for your outstanding commitment and hard work, our clients and the communities in which we operate for their support, and our donors and partners for your confidence in us.



Michael Spingler
Chief Executive Officer
VisionFund Myanmar

OUR GOVERNANCE

Board of Directors



GRENVILLE HOPKINSON

Board Chair
National Director of
World Vision International -
Myanmar



CHRIS BRYAN

Board Member
Director / Trustee of Several
Businesses and Charitable
Organisations



ADRIAN MERRYMAN

Board Member
Chief Development & Impact
Investing Officer of
VisionFund International



DR SAW IVAN

Board Member
Member of Advisory Council
of World Vision International -
Myanmar



SOE KYAW KYAW

Board Member
Operations Director of
World Vision International -
Myanmar



AUDE SCHONBACHLER

Board Member
Partner/ Finance & Risk
Domain at Oliver Wyman



LAUNCE MOSES

Board Member
Regional Head, Asia
VisionFund International



CHRISTINE LEE

Board Member
Regional Operations
Director - Asia
VisionFund International



AUNG MYAING HTAY

Board Member
Freelance Consultant

Senior Executive Team



MICHAEL SPINGLER

Chief Executive Officer
BOD Member



RACHEL YU

Chief Operating Officer



MAI MYA MYA WIN

Chief Financial Officer



LIAN HUAI

People & Culture Director



TIM TEMPANY

Programme and Strategy
Director



ELIZABETH ABRERA

Risk and Compliance
Manager



THANDAR KYI

Senior Operations Manager



SUDEEP GAIRHE

Internal Audit Manager



THET HTWE HSU

Head of IT

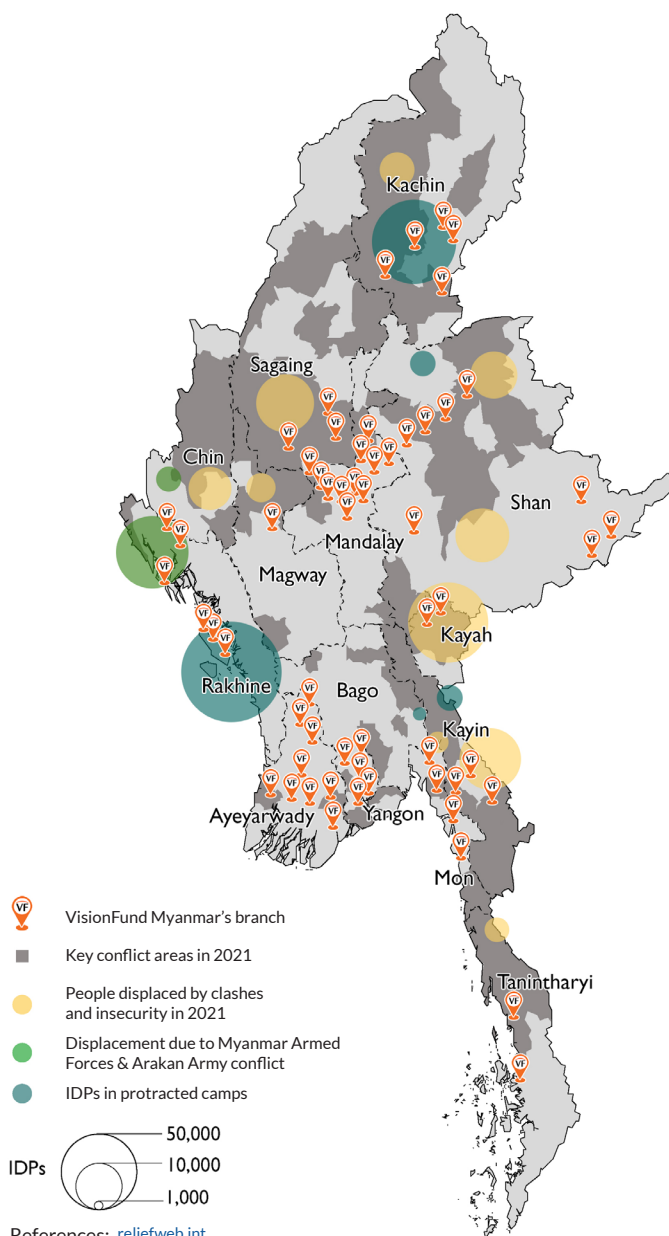
OUR PROFILE

VisionFund Myanmar (VFM) is one of the largest microfinance institutions (MFIs) in Myanmar, with the widest geographic footprint, covering 12 out of the 14 States and Regions of the country. With experience operating in fragile contexts as part of a global network of mission-focused MFIs, VFM is uniquely positioned at the intersection of banks and non-profit organizations to offer both financial and non-financial services to underserved and conflict-affected communities in the midst of ongoing and protracted humanitarian crises. Our goal is to support the livelihoods of Myanmar people, particularly for women and children most vulnerable to food insecurity.

Since the crisis that started 1 February 2021, VFM has been committed to serving the most vulnerable:

- **Over 1,000 staff** operated out of **nearly 60 branches**, half of the branches serving in conflict affected areas.
- Worked in **70+ townships** covering **95,000+ villages** total.

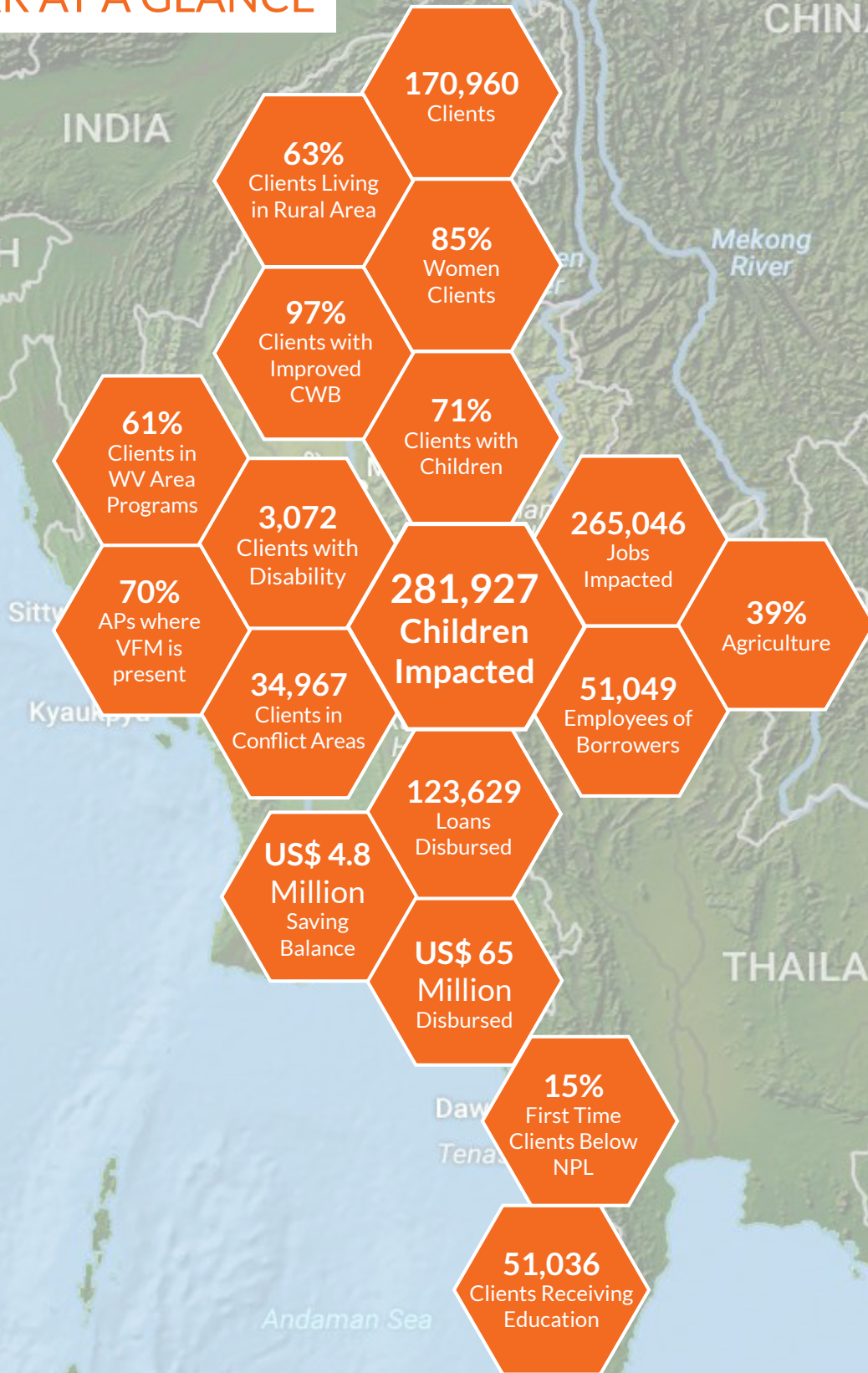
Despite external challenges, VFM continued to support clients and their families. Over **55,000 loans totaling 28 million** were disbursed between February 2021 to September 2021 providing much needed support and liquidity to farmers and businesses.



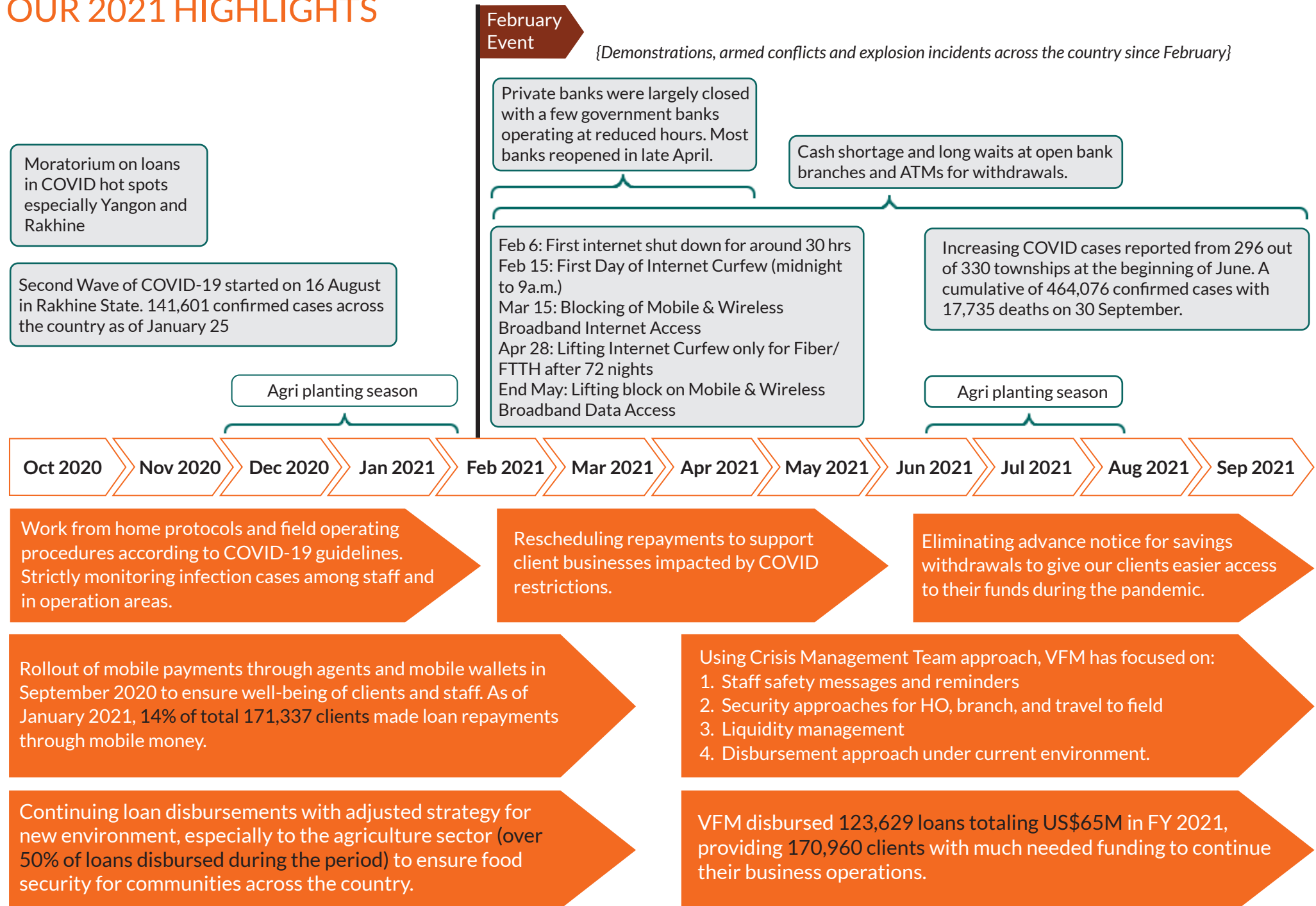
References: reliefweb.int
2021 EXERA Weekly Security Review
<https://www.ispmyanmar.com/isp-data-matters/>

Country map highlighting VFM branch locations and key conflict areas in 2021

YEAR AT A GLANCE



OUR 2021 HIGHLIGHTS



OUR IMPACT

VF Myanmar is uniquely positioned to respond to the current crisis. Many banks and NGOs have struggled to operate during these crises. But VFM, as a microfinance institution, is neither a bank nor an NGO and can continue to operate, which makes it one of the few providers of capital to the poor and most vulnerable.

We believe it is critical to understand the insight of our clients, particularly in times of crisis, and to realize the effects our business and environment has on them. We took actions to meet the shifting customer needs as well as identifying and quickly addressing new opportunity areas being created by the changing landscape.

In June 2020, VFM conducted the first Lean Data Study with the support of 60 Decibels, a specialist impact measurement organization, performing in-depth interviews with over 300 clients, 85% of whom were women. The survey highlighted that 66% of clients reported at least some improvements in their ability to reduce the impact of COVID-19 because of VisionFund.

In September 2021, we conducted a second study to gather insight into the dual impact of the political and COVID-19 crisis on our clients, to compare the results from the previous year, and to pilot conducting the study on our own. We selected 300 clients, 83% women, who were likely to be poorer than those in June 2020 survey, based on their Poverty Probability Index Scores. The purpose was to determine whether we were making an impact, especially on the poorest of our clients. Because of uncontrollable external factors emerging from the 2021 crisis, most of the study's results seem less than the June 2020 results; however, the willingness of clients to be resilient in the crisis time can be seen with 91% reporting higher ability to grow their business because of VFM.

VisionFund Myanmar Performance Snapshot 2021

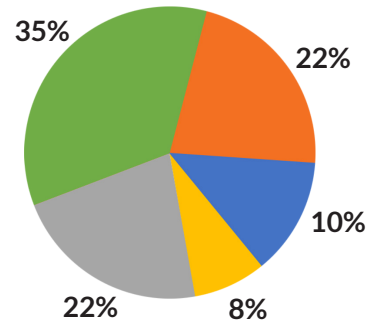
Indicators		Sep 2021
Profile	% live in poverty (below US\$3.2 line)	35%
Impact	Quality of life improved ¹	77%
Business Investment	% used their loan to grow their business	91%
Income	% increased income ²	61%
VFM's impact during COVID-19	% improved ability to reduce COVID-19 impact due to VFM	41%

¹Totaling the % reported slight improvement and % reported significant improvement

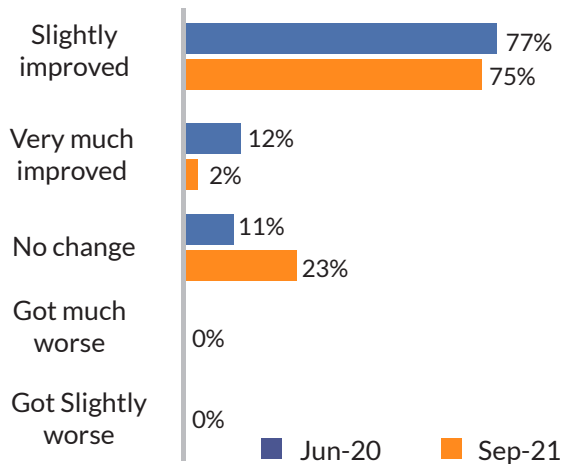
²Totaling the % reported very much improvement and % reported somewhat improvement

Most common types of businesses that clients were involved in September 2021

- Agriculture Farming
- Lifestocks Farming
- Clothes and Grocery Shops
- Selling Fishes/Fisherman
- Others

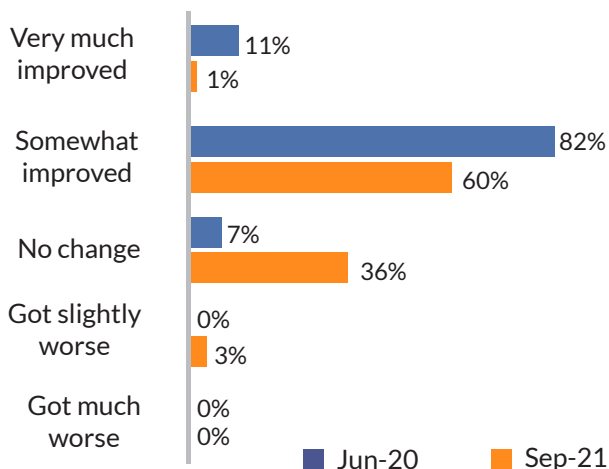


Perceived Quality of Life Change

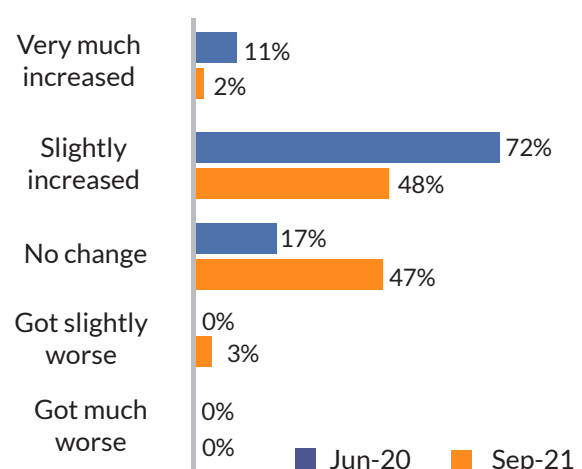


To gauge depth of impact, clients were asked to reflect on whether their quality of life has changed because of VisionFund. Of the total, 89% of clients who said their quality of life had improved very much and slightly in June 2020 decreased to 77% in September 2021. This may be because Myanmar recorded its highest number of COVID-19 cases between June to September 2021. Additionally, the political crisis has left every vulnerable household in Myanmar with no room to breathe.

Change in Income



Ability to Plan Finances



VFM was having a significant positive financial impact on clients, with an overwhelming majority reporting an increased income and better ability to plan finances. The percentage of clients who increased their income and had control over their finances in June 2020 declined slightly in September 2021 because of the difficult circumstances caused in 2021. Most of the clients said no income change because of market closure and travel restrictions due to the given crisis.

According to the UNDP, the poverty rate in Myanmar had doubled by end of 2021. However, when we look at the income change and ability to control their finances, comparing June 2020 and September 2021, we can assume that overall VFM households have not deteriorated compared to the rest of the population. This is indicative of the importance of access to finances to support families and their livelihoods especially during this difficult time. Potentially, by targeting more vulnerable households, they can benefit more from increased access to financial services provided by VFM.

Child Well-Being Outcomes (CWBOs)

(Semi-Annual VFM Standardized Impact Survey 2021 Insights)



The Strength of Motherhood



I'm confident to continue my business with the support I receive from VFM. I'm going to do everything to be able to give my daughters a comfortable life and better future.



[Read the story of Ngwe Thi](#)

Business Diversity means Surviving a Crisis



[Read the story of Ni Ni](#)



I am glad we didn't rely on just one business. Our pig breeding and rice mill business, together with the continuing support of VFM, will see us through this crisis.

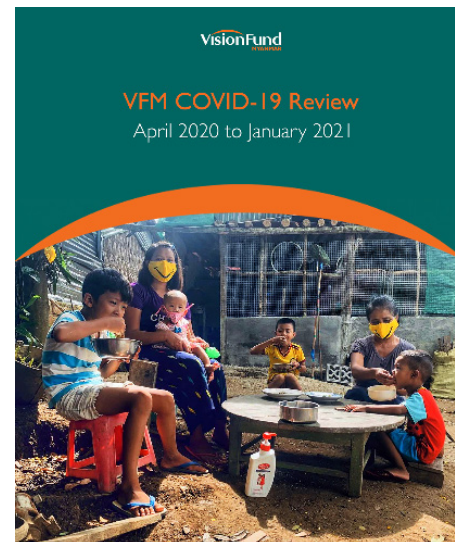
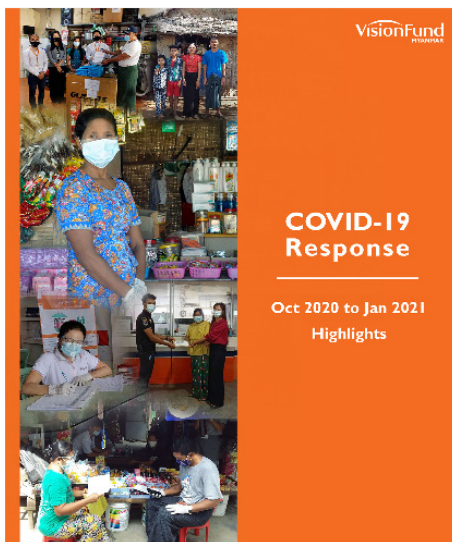


OUR RESPONSE TO COVID-19

Relief Phase	<ul style="list-style-type: none">● Payment holidays for various durations● Eliminating advance notice for savings withdrawals<ul style="list-style-type: none">- According to the collaborating survey of VFM and Innovations for Poverty Action (IPA) in October 2020, the majority of the participants (76%) reported using their savings to cover living expenses during the COVID-19 pandemic.● Strengthening cash transfer capability<ul style="list-style-type: none">- Registered 8,522 pregnant women and disbursed 197,220,000 MMK to 6,574 through Ngwe Bike project- Disbursed MMK 209 million to 3,650 beneficiaries through ENRICH nutrition project partnership with World Vision● Response to COVID-19<ul style="list-style-type: none">- 160,000+ People reached through social media- 60+ Banners- 300+ Posters- 1,000,000+ Masks- 4,000+ Sets of gloves- 10,000+ Soap/Liquid soap- 100+ Handwashing stations- 2,000+ Hand sanitizers
Recovery Phase	<ul style="list-style-type: none">● Loan rescheduling process and tools● Refinancing and Recovery loans● Innovation in loan collection channels (mobile money) and digitization efforts to reduce official cash receipt● Life insurance for all children of clients and clients' family spouses up to age 70 426,111 people (clients, spouses, and children) covered by credit life
Rebuilding Phase	<ul style="list-style-type: none">● Product adaptations and developments● Refreshing Client Education Strategy and approach, including new coaching script for business continuity/crisis management and digital literacy● Continuing efforts to secure voluntary savings license and offer health insurance

Staff protection and well-being

- Ongoing communication and reminders from Head Office on safety protocols
- Stockpiling of PPE (masks, sanitizer) at branches
- **Branch safety protocols** in place (cleaning, social distancing, capacity limitations)
- **Working From Home protocols** and tools in place
- Staff **health insurance** coverage in place
- **Offered emergency staff loans and staff care benefits** to support staff who needed financial assistance because of health and political crisis
- **New leave system** in place to better manage and monitor sick leave
- Engaging with local health services and MMFA regarding prioritized **vaccination** of staff.
Around 40% of the total staff got vaccinated as of September 2021.

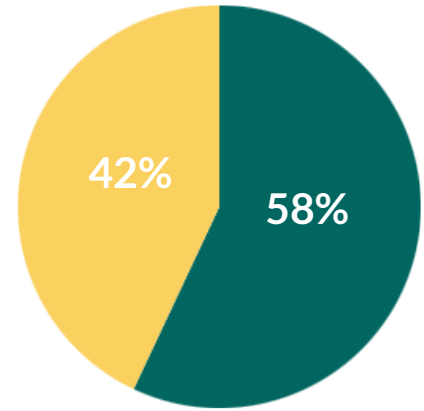


OUR PEOPLE

VFM prioritizes building the capacity of our staff and developing women leaders in the organization. We had a total of 1,112 staff, the majority are female (58%), and 67% of the senior management team members are also women as of September 2021.

Continuing our investment in our e-learning platform, we have added new courses such as the Delinquency Management Module, Musoni Tablet Application Course, Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT), and COVID-19 Loan Rescheduling Materials. A total of 24,726 training sessions were completed by staff on modules such as new staff orientation, credit officer training, credit manual training, tablet training, mobile money training, security training, motorcycle training and multiple COVID-19 response training materials.

Workforce



■ Female ■ Male



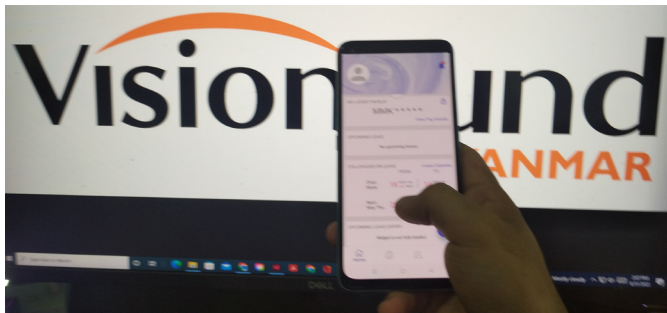
INNOVATIONS

Extending More Channels for Digital Mobile Payment

VFM partnered with Wave Money, KBZ Pay, and KBZ bank in 2021 to expand our channels to give more clients greater convenience and choice in making repayments. At the initial stage of the digital repayment project, VFM started with only MPT Pay. Now, VFM's digital repayment is available in four mobile money channels and is offering a more effective and secure way of making repayment to clients.



Launching Digitalized Payroll Check and Leave Request System



To better manage and monitor sick leave, and to offer an accurate payroll system in remote working time, a new payroll check system and leave process was implemented for VFM staffs.

Unlocking Opportunities through Digital Tools



[Read the story of Nwe Nwe](#)

OUR PARTNERS

Lenders

During FY21, VFM secured nine loans which totaled MMK 39.1 billion (approximately US \$22.1 million) from existing and new lenders. As of September 2021, VFM’s panel of lenders includes seven international lenders and two local lenders. For FY22, VFM has negotiated to roll-forward MMK 22.5 billion of existing loans from VisionFund International and two local lenders. Going forward, VFM is looking to diversify its source of funds amongst three pools of funds: local lenders, international lenders and savings. In addition, VFM has a ready credit line of US \$1.5 million with our parent company for draw-down in the event of an emergency.

Donors

During FY21, VFM received grant funding of over US \$6.9 million from partnerships with LIFT and Helvetas. LIFT has provided funding for two projects to support financial inclusion to underserved populations (including people and families with disabilities) in Shan, Kayin, Kachin, and Kayah; and to conflict affected areas in Rakhine respectively. VFM partnered with organizations shown on the right, to provide financial services for the population of communities and pilot the mobile wallet in some VFM branches.

World Vision



FINANCIAL STATEMENTS

VISIONFUND MYANMAR COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
Currency - Myanmar Kyats (MMK)

	Note	October 1, 2020 to September 30, 2021	October 1, 2019 to September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit / (loss) for the year		3,791,284,458	3,853,809,678
Adjustments for non-cash items:			
Depreciation		616,093,050	645,782,887
Write off on fixed assets		4,184,698	2,843,127
Loan loss provision		(42,826,956)	376,033,887
Operating profit before working capital changes		(3,213,833,666)	4,878,469,579
Changes in current assets and current liabilities:			
(Increase)/ decrease in net loan portfolio		17,684,454,300	(20,412,815,550)
(Increase)/decrease in other current assets		(3,027,334,338)	(533,881,328)
Increase/(decrease) in other client liabilities		(3,368,297,568)	2,517,344,362
Increase/(decrease) in other liabilities		3,349,703,151	1,787,587,488
Cash generated from operations		11,424,691,879	(11,763,295,449)
Advance Tax paid		(574,030,019)	(642,081,715)
Net cash used in operating activities		(10,850,661,860)	(12,405,377,164)
CASH FLOWS FROM INVESTING ACTIVITIES			
Transferred of property and equipment			
Additions to property and equipment		(276,486,794)	(536,825,619)
Contributions to employee benefits		354,763,858	410,243,126
Net cash used in investing activities		78,277,064	(126,542,493)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		4,477,328,000	106,918,000
Additional/decrease advanced share capital		647,001,000	587,989,064
Increase/(decrease) in short - term loan		(2,655,307,143)	14,305,225,971
Proceeds from long - term loan		1,832,274,671	1,244,499,029
Proceeds from Deferred revenue from fund		(689,462,254)	(9,688,590)
Net cash provided by financing activities		3,611,834,274	16,234,943,475
Net increase in cash and cash equivalents		14,540,773,198	3,703,023,818
Cash and cash equivalents at beginning of year		12,970,769,880	9,267,746,062
Cash and cash equivalents at end of year	6	27,511,543,078	12,970,769,880

VISIONFUND MYANMAR COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2021
Currency – Myanmar Kyats (MMK)

	Note	October 1, 2020 to September 30, 2021	October 1, 2019 to September 30, 2020
REVENUE			
Interest income	17	18,983,905,068	25,468,920,094
Interest expense	18	(12,606,482,097)	(10,940,545,183)
Net interest income		6,377,422,971	14,528,374,911
Fee and commission income on loan		1,363,175,566	2,020,404,995
Other financial revenue		15,852,470	90,981,162
Other Income	19	16,869,000	77,020,702
Other income – Donation fund	12	1,908,765,210	2,575,558,053
Total income		9,682,085,217	19,292,339,823
Other gains/(losses)	20	(137,539,257)	(403,109,931)
Provision for loan losses	21	42,826,956	(376,033,887)
Total financial revenue		9,587,372,916	18,513,196,005
EXPENSES			
Operating leases		683,301,052	672,324,264
Operation fee on VFI	26	1,336,974,356	1,531,393,360
Depreciation expense		616,093,050	645,782,887
Personnel expense	22	9,045,680,343	9,518,499,800
General and administrative expense	23	1,273,187,738	1,924,029,847
Other expenses	24	423,419,835	367,356,169
Total operating expenses		(13,378,657,374)	(14,659,386,327)
Profit/(loss) before tax		(3,791,284,458)	3,853,809,678
Income tax expense	25	(10,033,013)	(1,387,360,713)
Profit/(loss) for the period		(3,801,287,471)	2,466,448,965
Other comprehensive income			
Revaluation reserve		-	-
Total comprehensive income for the year		(3,801,287,471)	2,466,448,965

The accompanying notes are an integral part of these financial statements.

VISIONFUND MYANMAR COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021
Currency - Myanmar Kyats (MMK)

	Note	September 30, 2021	September 30, 2020
ASSETS			
Current assets			
Cash and cash equivalents	6	27,511,543,078	12,970,769,880
Net loan portfolio	7	79,540,102,026	97,181,729,370
Other current assets	8	8,321,060,332	4,729,698,988
Total current assets		115,372,705,436	114,882,198,238
Non-current assets			
Property and equipment	9	1,090,836,697	1,434,627,651
Total non-current assets		1,090,836,697	1,434,627,651
TOTAL ASSETS		116,463,542,133	116,316,825,889

LIABILITIES AND EQUITY
LIABILITIES

Current liabilities			
Other client liabilities	10	10,684,955,819	14,053,253,387
Other liabilities	11	8,531,839,462	5,182,136,311
Deferred revenue from fund	12	22,447,406	711,909,660
Short-term loan	13	31,962,312,579	34,617,619,722
		51,201,555,266	54,564,919,080
Non-current liabilities			
Employee benefits		1,500,725,674	1,145,961,816
Long-term loan	14	31,098,523,699	29,266,249,028
		32,599,249,373	30,412,210,844
Total liabilities		83,800,804,639	84,977,129,924
EQUITY			
Issued and paid-up share capital	15	27,141,250,000	22,663,922,000
Advance share capital	16	5,422,281,000	4,775,280,000
Reserve		1,096,081,020	1,096,081,020
Retained earning		(996,874,526)	2,804,412,945
Total Equity		32,662,737,494	31,339,695,965
TOTAL LIABILITIES AND EQUITY		116,463,542,133	116,316,825,889

The accompanying notes are an integral part of these financial statements.

CONTACT

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