

VisionFund Impact 2022 Overview



Contents

Section I: Overview of VisionFund's Evidence of Impact in 2022	2
Section II: Impact Achievements in 2022.....	4
Section III: Outreach Achievements in 2022	6
Section IV: What Next?	8
Section V: Conclusion	9

Section I: Overview of VisionFund's Evidence of Impact in 2022

Background to the Achievements of 2022

In the year ending September 2022, VisionFund produced more evidence of the impact of its work than in all the preceding years of its existence, since 2003. This momentum started in 2021 and has grown throughout this year, culminating in seven client impact surveys; two external evaluations of recovery lending; and three external evaluations of FAST (Finance Accelerating Savings group Transformation), one of which includes both baseline and endline studies. Twelve studies provide 12 opportunities to tell our impact story to help us make decisions to create greater impact.

VisionFund's data and evidence comes from the outreach ('know your client') data that we collect with every client transaction – such as, the client's sex, the number of children supported – and from the client impact surveys that MFIs are in the process of implementing. The results related to child well-being and to resilience and poverty are summarised below.

Reason for Success #1: from Census to Sampling

There are two main reasons for VisionFund's successes with building a body of evidence of impact this year. The first is that MFIs have adopted a method of surveying a statistically valid sample of clients, using a standardised questionnaire that is appropriate to all contexts in which VisionFund works. For VisionFund this is a novel approach. Having strived for years to incorporate measurement of individual clients' level of poverty with every single loan application, only in exceptional cases was the data ever reliable or plentiful enough to evaluate change to individual levels of poverty over time.

Seeking a new, more suitable approach, we switched to sampling of clients. This meant that the responsibility of collecting impact-related data could be removed from the loan officers and placed with the call centres that were being established as part of the MFIs' digitisation projects. The frequency of collection changed to a 20-minute survey conducted with a random sample of clients two times a year.

This change of approach has succeeded because so far seven MFIs – Myanmar, Sri Lanka, Mongolia, Kenya, Malawi, Uganda, Tanzania – have been willing to make the changes and devote the resources to conducting the surveys, analysing the results, and writing their reports. Those results form the core of evidence presented here.

Reason for Success #2: Funding for External Evaluations

60 Decibels first came to the attention of VisionFund through the funding of a 'lean data' survey by a third-party lender to an MFI. The impact story made possible by the evaluation was so powerful that an individual donor to VisionFund contributed the money to commission 60 Decibels to conduct impact evaluations in all the countries where the FAST programme to savings groups was being implemented. In 2022, VisionFund Malawi completed both a baseline and an endline study. Baseline evaluations have been conducted in Rwanda and Uganda, and Zambia's is underway at the time of writing; baseline studies will commence over the coming seven months in Ghana, Tanzania, DRC, Kenya, and Senegal. Endline studies, timed to be done just after the savings group's share-out, will be conducted approximately 10 months later.

In addition to FAST, VisionFund's Recovery Lending for Resilience programme commissioned two evaluations of loan programmes designed to help micro-entrepreneurs rebuild businesses that had been destroyed by lockdowns and other restrictions. A one-off study in Mexico and endline in Guatemala were completed this year.

These external evaluations are very important supplements to VisionFund's own client surveys because (a) they are more objective than VisionFund's own studies, and (b) the results can be compared against benchmarks relevant to financial inclusion that 60 Decibels continues to develop.

Section II: Impact Achievements in 2022

Overview of the Client Surveys

Each of the three types of surveys conducted this year were designed to achieve specific learning goals:

- The MFI client impact surveys targeted a random sample of all clients to understand the changes clients had experienced that they attributed to VisionFund. These surveys were conducted in Myanmar, Sri Lanka, Mongolia, Kenya, Malawi, Tanzania, and Uganda.
- The 60 Decibels Recovery Lending evaluation sought to understand the impact of loans to aid the rebuilding of livelihoods. These evaluations were conducted in Guatemala and Mexico.
- The 60 Decibels FAST survey targeted members of savings groups who received a loan and who are, individually, amongst the most vulnerable of all VisionFund's clients due to their levels of poverty. The aim was to learn how members in the groups had benefited from access to a cashbox loan made possible by VisionFund. Evaluations were conducted in Uganda, Rwanda, and Malawi.
- For all these surveys, client sampling was calculated to ensure a confidence level of minimum 90% and error rate of no more than 5%.

In all, just over 2,500 clients were interviewed, and they report supporting more than 10,400 children. Although the questions are different in each type of survey, there is sufficient overlap to allow themes to be identified across all the surveys.

Finding: Income Increased Because of the Loan from VisionFund, SDG 1 No Poverty

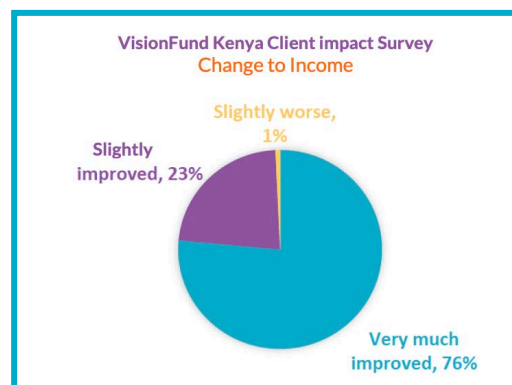
The Recovery Lending survey and the MFI client impact surveys asked about change to income. The FAST survey instead asks about changes to the ability of the respondent to care for her children. We assume these responses can be compared as more-or-less like-for-like for the purposes of this overview, and in both cases, respondents were asked about the contribution of VisionFund to this change.

In all countries, clients' income and ability to care for children improved as a direct result of VisionFund's work. There are some truly remarkable details:

- 90% of FAST clients said they were better able to care for their children.
- In Mexico, where respondents' businesses had been destroyed by lockdowns, 72% reported increased income.
- Of the seven MFI impact surveys, in five countries more than 90% of clients said their income had increased as a direct result of the loan from VisionFund, with Mongolia and Sri Lanka showing increased income for 65% and 70% of respondents respectively. In these countries, 35% and 18% respectively reported no change to income, and only in Sri Lanka was there double-digit (11%) reporting a decline in income due to VisionFund.

When considering lending to an individual or to a savings group, VisionFund conducts a detailed risk assessment to ensure that the loan will do no harm, and borrowers – especially FAST borrowers – receive financial training that emphasises the need to use the loan for productive purposes; and further, all borrowers are fully informed as to their legal obligation to repay the loan and the consequences of not doing so. In other words, as a responsible lender, VisionFund does all that it can to guide borrowers to use the loan for investment purposes and a to grow their small enterprises.

However, our clients have very complicated financial lives, often with multiple sources of income and multiple calls upon their limited resources, both planned and unplanned. Clients tell us that they are able to pay school fees because of the loan, and ideally those fees should be paid from the profits of the business, but we know that loan proceeds are diverted for this and other family-related expenses. Yet as this result about income shows, even with that potential diversion of the loan funds, most, and in some countries practically all the clients interviewed reported increased income because of the loan. This is the primary goal of microfinance as it was originally conceived and demonstrates that the microfinance theory of change continues to be correct.



Finding: Loans Pay for Children's Education, SDG 4 Quality Education

In all the surveys, respondents were asked how the children in their care benefited as a result of the loan, and the overwhelmingly popular response was that school fees could be paid. In Rwanda and Uganda, however, more food and improved nutrition came out on top, which correlates to respondents in those countries also saying that they coped with financial challenges (such as repaying their loan) by reducing food consumption: a quarter of respondents in Rwanda gave this answer. The detailed findings include the following benefits to children:

- In Malawi, at least 80% of respondents said that the loan contributed to improved education (91%), food (80%), clothing (83%), and housing (84%).
- In Mexico, 87% of respondents said the loan resulted in improvements to children's education and to the quality and/or amount of food.
- In Sri Lanka, Rwanda, and Malawi more than 20% of respondents said another benefit to children from the loan was that they had to do less work around the house or in the family business.
- In Mongolia, 44% of clients said that as a result of the loan, children were able to spend more time playing, relaxing, or doing homework.

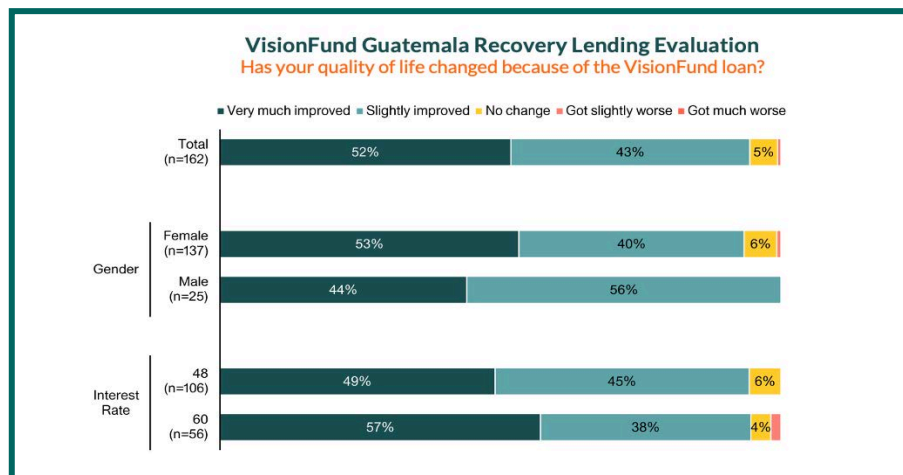
For VisionFund, it is very important to understand precisely how children benefit from our work, and it is particularly encouraging that the most frequently cited benefit relates to education. A child who is educated, especially one who completes secondary school, is able to make better decisions about food and nutrition; about healthcare and childcare; about farming techniques and business management. A girl who stays in school is less likely to be a child bride and a child mother.

Finding: Quality of Life Improved Because of VisionFund

Using different methods and words, all surveys asked respondents how their quality of life had changed as a result of the loan from VisionFund, with the link between the outcome and VisionFund explicit in the wording of the question. In all but one of the countries, the responses were dramatic, for example:

- Asked to compare their quality of life before and after the loan, respondents in Uganda who reported a high quality of life rose from 5% to 72%.
- In Mongolia the change was from 38% to 93% reporting a high quality of life, and amongst all respondents, 99% said their quality of life had improved to some degree.
- In Guatemala 100% of men and 93% of women reported improvements to their quality of life thanks to the loan from VisionFund.
- In Malawi, 92% of savings groups members said their quality of life had improved (36% significantly and 56% slightly), and none reported a deterioration in quality of life.

The one country where changes were as dramatic was Sri Lanka, yet its results were still positive: the number reporting a high quality of life before and after the loan rose from 2% to 12%; and amongst all respondents, 72% reported that their quality of life had improved to some degree. Given the macroeconomic and environmental disasters that have befallen the country in the last months and years, this is a remarkably positive result and testament to the impact of VisionFund's microfinance services.

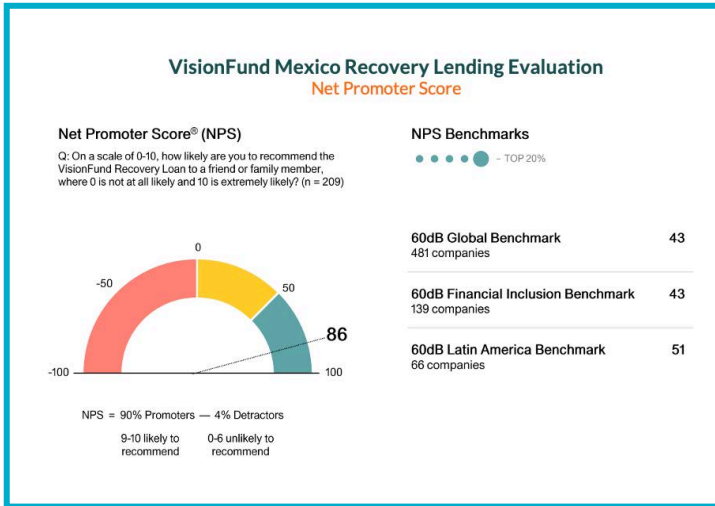


Finding: Client Loyalty and Satisfaction Vary Enormously

Included in both the MFI client surveys and the recovery lending surveys is the Net Promoter Score question: "How likely are you to recommend VisionFund to a friend or family member?" The resulting score can roughly be categorised as follows:

- less than 0 = needs improvement
- between 0 and 50 = good
- above 50 = excellent

In these nine surveys, the scores range from 86 to minus 29. VisionFund Mexico achieved the highest score in the 60 Decibels evaluation of the recovery lending programme, and others to be commended are Myanmar with 82, and Kenya with 71. Respondents are invited to comment on their reasons for giving their score, and these responses are available to the MFI to analyse clients' experiences and capitalise on what is working well and improve upon the problems noted.



Comments from Clients of VisionFund Mexico

I really like the interest rate and the payment flexibility, and I really like the organisation they have.

I really like the service they give us. They are always attentive, they solve our doubts, they have always offered us the best interest rates. They are also concerned of one's wellbeing.

They have good interest rate, in addition we have always had a detailed explanation of each cycle, of each table, and that helps us to better organise our payments and if we have questions we can ask and they always respond very kindly.

Other Findings

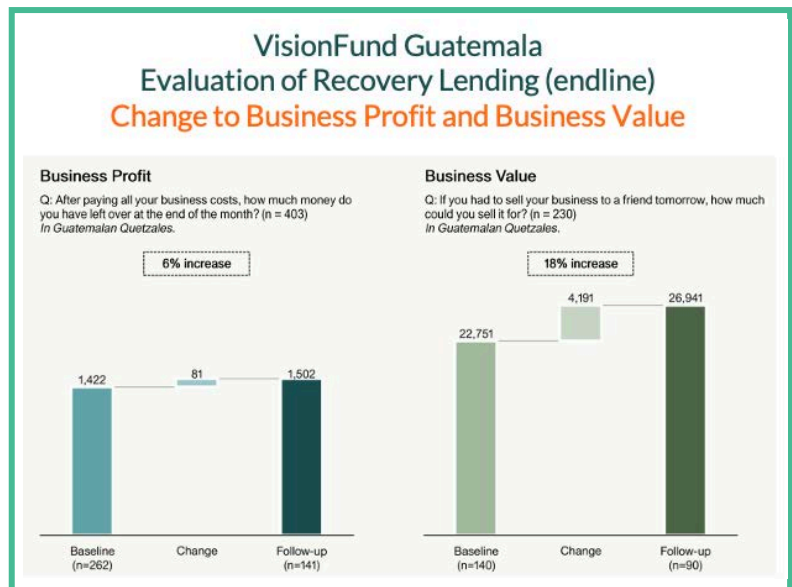
Mobile Phone Usage

Through the FAST surveys in Uganda and Rwanda, we learned that virtually all respondents own a mobile phone, whereas in Guatemala and Mexico less than 40% of respondents own a phone. Given this sample set of clients is representative of the entire client base, this information can assist the MFIs to design their digitisation projects most appropriate to their clients, and certainly the approach in these two sets of countries may be very different now that the MFIs have this knowledge.

Increase in Profits

In the endline survey of clients with a Recovery Loan from Vision Fund Guatemala, respondents were asked to estimate the change to their profits and the change to the value of their businesses since they were first interviewed in the baseline survey 12 months previously.

On average, clients reported that their profits had increased by 6% and the value of their business by 18%. In the context of clients having to rebuild their businesses, and in some cases switch to entirely new ventures, these results are a solid endorsement of the impact of continuing to lend, with appropriate risk mitigants, in the middle of an economic disaster.



Limited Good Alternatives to VisionFund

VisionFund theorises that the key is in the word 'good': for FAST loans, savings groups with little or no experience with formal financial services would not be served by financial institutions even if those financial institutions were present in the remote rural areas where VisionFund specifically targets savings groups.

For recovery loans in Mexico (as for the recovery lending evaluation in Kenya in 2021), the reason for the high score is that VisionFund deliberately extended loans at competitive rates of interest to help with recovery at a time when other financial institutions withdrew from what was perhaps perceived to be a high-risk approach. Feedback from clients is also reflected in the very high Net Promoter Scores for these MFIs: VisionFund showed itself to be loyal to its clients and to provide support when most needed.

Section III: Outreach Achievements in 2022

VisionFund's Outreach in 2022

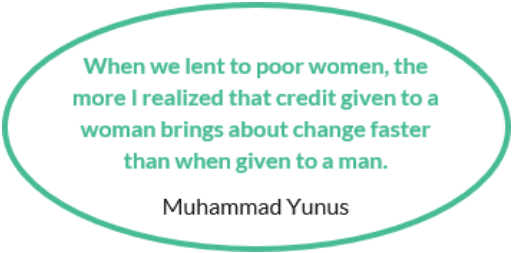
The headline outreach numbers for the end of September 2022 can be very useful in understanding the make-up of our client population.

	Children	Clients	Women clients	% Clients Supporting Children
Asia	280,000	173,000	150,000 (86%)	71%
Africa	4,020,000	569,000	361,000 (63%)	83%
LAC	349,000	190,000	137,000 (72%)	59%
MEER	26,000	20,000	10,000 (50%)	43%
Global	4,675,000	954,000	658,000 (69%)	72%

Outreach Focus on Women

Since Muhammed Yunus developed the community banking model that gave birth to the microfinance industry four decades ago, the focus has always been on women. VisionFund adheres to this principle because our ultimate goal is the transformation of children's lives. Women are their primary carers, and when women live in poverty, the children also live in poverty. Repeated [studies](#) also show a positive correlation between women's access to microfinance and child nutrition.

Moreover, as VisionFund joins World Vision in focusing our work in fragile contexts, by any measure of vulnerability, women are more vulnerable than men and for that reason alone should be the focus of our outreach.



Outreach Focus on Children

Our strategy to 2030, *Our Livelihoods Promise*, has a goal to impact the lives of 30 million children. VisionFund's operating model does not formally bring us into contact with children, nor do we have the specialist skills needed to measure the impact of our services upon children. We ask our clients about the benefits that trickle down to children, although not all our clients support children, only a very small proportion report that no child has benefited from the work of VisionFund. This reinforces VisionFund's policy that we will also serve clients who do not care for children directly because in the communities where we work, children are frequently cared for temporarily by extended family and friends.

Section IV: What Next?

Understand what the Data Shows

The raw data from all these surveys can potentially reveal precise client needs and successes. For example, the data can be analysed to work out differences in results for men and women; for clients working in the agricultural sector versus clients who have a shop or trade goods. Responses to one question can be compared to another; for example, is there any correlation between clients who reported increase in income and clients who reported a high Net Promoter Score. This kind of analysis can only be done by individuals in the MFI who are familiar with their clients, the environment, the local challenges, social norms, etc. This further analysis can be supplemented with follow-up interviews with a small number of the clients surveyed to understand the 'why' and the 'how' of the changes they reported, giving VisionFund an even deeper understanding of how beneficial changes can be brought about and sustained.

Consider the Relevance of the Findings

VisionFund can and should use these surveys to demonstrate to supporters the effectiveness of VisionFund's work, and to make that work relevant to trends in the economic development sector. Reference is made above to the Sustainable Development Goals. With analysis of the data for women versus men, the results could be linked to SDG 5, Gender Equality, and from the results an action plan could be created to make the services and products more appropriate for women clients.

Consider Trends in the Sector

Gender-sensitive programming is a hot topic in the economic development sector, indeed has always been so. However, the understanding of the particular needs of women as a client segment has evolved to be much more nuanced. Factors commonly considered include levels of technical literacy; the impact of time-poverty on women's entrepreneurial activities; the effect of social norms on women's ability to access training; the impact of mobile money on women's financial independence; the readiness of women to pay for childcare, etc.

Similarly, the effects of **environmental changes** such as deforestation and the consequent erosion and flooding that destroys livelihoods is a subject of much on-going debate in the economic development sector. MFIs can conduct their own local research to understand in detail the causes and effects of environmental degradation and investigate potential interventions alone or with partners, such as World Vision's *Farmer Managed Natural Regeneration*.

Another trend that has been building for some time is **client protection**, with investors and lenders increasingly looking for evidence that an MFI adheres to the the Universal Standards of Social and Environmental Performance Management, including the Client Protection Pathway. While many of these Universal Standards have been incorporated into VisionFund's Operating Policies, there is much more that can be done to monitor adherence and follow-through: for example, MFIs should have fit-for-purpose complaint systems that clients trust and managers oversee to ensure all complaints are resolved and lessons are learned to prevent future errors, reduce client turnover, and raise the Net Promoter Score.

Make a Plan and Follow Through

As fascinating as these survey results are to read, the primary purpose of all these surveys is to learn what combination of factors results in the greatest impact, and to replicate that for more clients and to correct what is not working. MFI leaders must take this initiative, ensuring that the feedback from clients – who have taken time out of their working days to respond to these surveys – is used for their benefit. With a change management plan, MFIs have a strong story to tell their partners and supporters, not just about the findings, but about their future ambitions.

These survey results and the MFI's plans can be shared with the clients themselves. Imagine the loyalty that would be fostered by an MFI that brings groups of clients together to review the findings and seek feedback on improvements to products and services. A true consultation process that involves two-way dialogue will ensure the MFI fully understands its clients' needs and will also ensure that clients speak highly of the respect and responsiveness of the MFI to the communities it serves.

Section V: Conclusion

This work is the start to VisionFund's strategic focus to Broaden and Deepen our Impact. This is a key element of our 2030 strategy, *Our Livelihood Promise*, a promise to our clients to serve them and respond to their needs and to the needs of their children. We can only succeed in this promise if we understand those needs and identify the combination of factors that results in the greatest, sustainable impact.

Our ultimate aim is to enable our clients to achieve their goals and live life in all its fullness. In the past year, we have started to see evidence that we are achieving that aim. We thank God for opportunity to serve and to see the fruits of our labours and of our faith.

Matthew 13:23

But he who received seed on the good ground is he who hears
the word and understands it, who indeed bears fruit and produces:
some a hundredfold, some sixty, some thirty.