

VisionFund  
ANNUAL  
REPORT  
2022



## LEADERSHIP MESSAGE

We are grateful to our staff, our clients, and our partners for enabling us to continue to change lives through our global microfinance services. We remain deeply committed to following God's calling to serve the most vulnerable families, especially in rural areas – strengthening their financial resilience to thrive.

In FY 22 (October 1, 2021 - September 30, 2022), the challenges of COVID-19 continued to affect small businesses; unexpected and growing political and economic unrest caused further disturbances as families sought safety and hope for a better future. As we look at this uncertain future – and *Our Livelihoods Promise* strategic goals to 2030 – we realize that we cannot do business as usual and must innovate to better serve our clients.

In Genesis 12:1, God said to Abraham, "Go from your country, your people and your father's household to the land I will show you." Walking together in faith, we must innovate as we seek the new way where God will lead us.

We started our innovation journey this year by expanding our microfinance services through the launch of health and life insurance products in seven VisionFund microfinance institutions (MFIs) and partnered with World Vision, providing health insurance to World Vision savings groups in Ghana and Malawi. A new insurance programme was designed for areas like Lebanon where World Vision works (but not VisionFund) and will launch in FY23 as we expand our financial service products.

Our digital transformation work has accelerated the use of digital field applications among branch staff, with more than half of MFIs now using paperless processes for clients and loans. In Guatemala, the time to approve a loan was reduced from a six-day process to one-day for most of the portfolio improving customer engagement with faster service.

Our impact and more specifically, our evidence of impact, was captured and shared because MFIs adopted a standardised questionnaire that is appropriate to all contexts in which VisionFund works. We also received funding from a generous donor to measure the impact of our FAST - Finance Accelerating Savings Group Transformation clients. Through both of those instruments, we found that in Malawi, at least 80% of respondents said that the loan contributed to improved access to education (91%), food (80%), clothing (83%), and housing (84%). Five MFI surveys found that more than 90% of clients said their income had increased as a direct result of the loan from VisionFund. 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%.

God is calling us to innovate to provide financial services to more vulnerable families and we are committed to that mission. We are reshaping our geographic footprint for better capital allocation. We are grateful to our staff, our clients and their families, and our donors for their dedication to our ministry.

Edgar Martinez  
President and CEO

Jim Bere  
Board Chair



## ABOUT VISIONFUND

Our mission to serve vulnerable families was carried out compassionately and skillfully by our 7,227 staff across our network of 28 microfinance institutions (MFIs). This year also saw our staff responding to unique client needs in the midst of natural disasters and economic, political, and social challenges in Myanmar, Sri Lanka, Philippines, Malawi, Ethiopia, and Kenya among others.

Our support to our clients is crucial and we're grateful to the dedication of our front-line staff – especially field officers and other branch staff – who live out their devotion to our clients and our mission every day.

We continue to integrate our work with World Vision, the global Christian relief, development, and advocacy organisation, serving as their microfinance partner. Working together, we are creating communities with greater financial resilience and a strong economic base.

### GLOBALLY

28 microfinance institutions  
576 branches  
7,227 employees  
42% of clients in World Vision Area Programmes

### AFRICA

11 microfinance institutions  
273 branches  
3,073 employees  
48% of clients in World Vision Area Programmes

### ASIA

6 microfinance institutions  
135 branches  
2,103 employees  
47% of clients in World Vision Area Programmes

### EASTERN EUROPE

4 microfinance institutions  
51 branches  
426 employees  
43% of clients in World Vision Area Programmes

### LATIN AMERICA

7 microfinance institutions  
108 branches  
1,612 employees  
34% of clients in World Vision Area Programmes



# Brighter Futures for 4.7million children

## LOAN CLIENTS 1 million

569,000 Africa  
173,000 Asia  
21,000 Eastern Europe  
190,000 Latin America

## WOMEN CLIENTS 69%

63% Africa  
87% Asia  
50% Eastern Europe  
72% Latin America

## RURAL CLIENTS 65%

65% Africa  
75% Asia  
74% Eastern Europe  
53% Latin America

## JOBS IMPACTED 1.3 million

707,000 Africa  
338,000 Asia  
34,000 Eastern Europe  
227,000 Latin America

## VALUE OF LOANS DISBURSED \$706 million

\$244 million Africa  
\$86 million Asia  
\$30 million Eastern Europe  
\$346 million Latin America

## NUMBER OF LOANS DISBURSED 1.1 million

606,000 Africa  
232,000 Asia  
16,000 Eastern Europe  
265,000 Latin America

4,020,00 Africa  
280,000 Asia  
26,000 Eastern Europe  
349,000 Latin America



## REGIONAL HIGHLIGHTS

### DOMINICAN REPUBLIC

VisionFund Dominican Republic moved to be a profitable institution with low PAR (Portfolio at Risk) and grew its portfolio 40% over budget, after several years of low performance. This was possible under new management, simplified processes, and setting a new culture of efficiency, all centered in Christ.

### GUATEMALA

VisionFund Guatemala is now 95% paperless, reducing the time of loan assessment, approval and disbursement to serve even more clients. This was achieved through the implementation of a new core banking system, a digital field assistant and new product development.

### INDIA

VisionFund India was launched in September 2022 and will expand access to financial services in the country and is expecting to reach over 1 million clients by 2030.

### MYANMAR

VisionFund Myanmar continues to support vulnerable families, especially in the agriculture sector by providing loans, savings, training, and insurance services to 55,717 clients.

### PHILIPPINES

Community Economic Ventures Incorporated (CEVI) supported 3,383 clients with recovery lending loans after Typhoon Odette struck the Philippines on December 2021 disbursing US \$1.6 million.

### TANZANIA

VisionFund Tanzania trained 53 managers on *Managing your Portfolio for Growth* to equip them with microfinance technical skills. Results of the training included growing their portfolio threefold, maintaining PAR below 2%, and achieving a client retention rate of 80%.

### UGANDA

VisionFund Uganda launched a digital smart phone tool that allowed them to capture client data, enter loan applications, and document household well-being data. This has resulted in improved client satisfaction, cost reduction, faster disbursement, and improved accountability with reduction in fraud.

### ZAMBIA

VisionFund Zambia used digital technology to manage the savings of 1,209 savings groups allowing for group to member transactions and providing access to digital financial services through their phones.



## LIVELIHOODS IMPROVED IMPACT CASE STUDY - UGANDA

In Uganda, VisionFund conducts regular surveys to understand the impact of their work on their clients. In a survey conducted in September 2022, 100% of clients who support children reported that their loan resulted in benefits to their children, with the most-cited benefit being that children were able to continue their schooling or training (85%).

The study also sought to assess change in income: 97% of respondents asserted that the income from their livelihoods had increased because of the loan. Moreover, 96% of the respondents said the loan had contributed dramatically to improved quality of life.

VisionFund Uganda clients were also asked how the loan had affected their sense of control over their financial affairs: 98% of the clients felt their financial control had improved, with 40% saying it had improved very much.

The survey results are solid evidence that the work of VisionFund is indeed transforming the lives of its clients, enabling them to achieve their goals and, with together with their children, live life in all its fullness.



## SAVINGS GROUPS TRANSFORMED WITH FAST LOAN

In 2018, Ellen (43) helped form the Kulijamia savings group in Zambia to help herself and others in her community who needed capital to expand their struggling businesses.

She had a small garden at the time that yielded enough to feed her family and sell at a small grocery store she operated on her property.

When World Vision introduced the group to mobile money, they no longer worried about the security of their savings and the profits they made. They also received financial literacy training, where Ellen learned how to use money, how to borrow wisely, and how to invest in livestock as an asset and earn larger profits. World Vision also provided a training called Empowered Worldview, which promoted a shift in mindset for Ellen. She said the training, “helped her think outside the box” and she began seeing opportunities in her community for new businesses she could start.

When VisionFund introduced a new program called FAST - Finance Accelerating Savings Group Transformation, savings groups were able to receive additional loan capital to scale up members’ businesses. The Kulijamia savings group members used to borrow 1,000 kwacha (\$63 USD) from their group savings, but with the VisionFund FAST loan they were able to take up to 5,000 kwacha (\$313 USD).

The Kulijamia savings group received FAST loans to invest in businesses that would improve the livelihoods of all its members. A hammer mill was purchased to grind and process corn, as the nearest hammer mill was seven kilometers away. The group also purchased goats and pigs that the members raised and then transported over 700 kilometers to the border between Zambia and DR Congo where they sold the animals for 1,500 kwacha (\$93 USD) compared to 400 kwacha (\$25 USD) locally. The group plans to invest in more livestock and a transport vehicle to increase their profit.

Ellen used her additional capital to scale up her garden, started making school uniforms (see photo on right), and also purchased five of her own animals to sell at the border. Ellen’s income has now greatly increased and she recalls how she once struggled to put food on the table for her five children and pay their school fees. Her children now enjoy three nutritious meals a day. Even the children’s living conditions have improved with the purchase of a mattress for them to sleep on.

Ellen is happy and proud that her family’s life has been transformed as a result of her hard work. She hopes that with the expansion of her livestock business she will be able to finance all of her children to go to university.



# LOAN OFFICERS SHARE CLIENT STORIES

## EMPOWERED WOMAN

Jessy from Ecuador had dreams of becoming a teacher and educating children. Her parents however, could not afford the fees to complete her education and that of her five siblings. Now a mother, Jessy is determined to give her children the opportunities that she never had, and with the help of her cattle rearing business she knows she can with the financial support of VisionFund.

Story by Cristina Romero  
Loan Officer, VisionFund Ecuador



## INSURANCE

Low-income earners have great challenges recovering from shocks in times of crisis. VisionFund has been introducing a variety of microinsurance products to prepare clients to face inevitable circumstances such as death, birth, theft, accidents, illnesses, or disasters, without having to deplete their savings or sell assets. Four African countries piloted a health insurance scheme through saving groups, a project funded by the Swiss Capacity Building Facility with the aim of reaching 100,000 beneficiaries within four years.

Story by Abban Enoch Johnson  
Loan Officer, VisionFund Ghana



## INNOVATION

Pham, a client from Vietnam now knows how to manage all her transactions through internet banking and receives financial education via an app on her phone. Her loan officer has also trained clients on apps that support children with online learning. These interventions have not only helped increase service efficiency, but also helped clients and children withstand the challenges of the pandemic, embrace technology, reduce costs, and develop as a community.

Story by Nguyen Thi Thanh Ha  
Loan Officer, Microfinance Unit of  
World Vision Vietnam



## UNDERSERVED COMMUNITIES

Access to finance remains a challenge in many underserved rural areas. Members of a savings group in India shared how some money lenders charged them exorbitant interest rates and took the interest payments from them before providing the loan. A large part of VisionFund's work includes reaching underserved communities in rural areas and providing education on savings and business planning to create livelihood activities that are sustainable.

Story by S. Vincent  
Loan Officer, VisionFund India

## SERVING FRAGILE AREAS

From disaster recovery lending to serving refugees and families living in conflict affected areas, VisionFund Myanmar has been piloting programs to ensure underserved communities can access credit when they need it. With the support of partners and grant funding, as the security context and risk levels change, VisionFund continues to provide essential financial services to families to help sustain livelihoods.

Story by Naing Lin Oo  
Loan Officer, VisionFund Myanmar





## FINANCIAL PERFORMANCE

As the world continues to recover from the pandemic, VisionFund experienced a very positive FY22. After two years of significant loss from the pandemic, our MFI network achieved four consecutive quarters of sustainability during this fiscal year. We reached \$14.2 million in net income before donations and our operational sustainability is 109%; both are at their highest levels in many years.

Our gross loan portfolio grew 9% to \$476 million despite a significant delinquent portfolio write-off stemming from the impact of pandemic and political instability in Myanmar. As a result of this write-off, our loan loss rate increased to 7.4%, though our portfolio quality (portfolio at risk > 30 days) improved to 3.0% from 12.4%, which is now close to our historical norm.

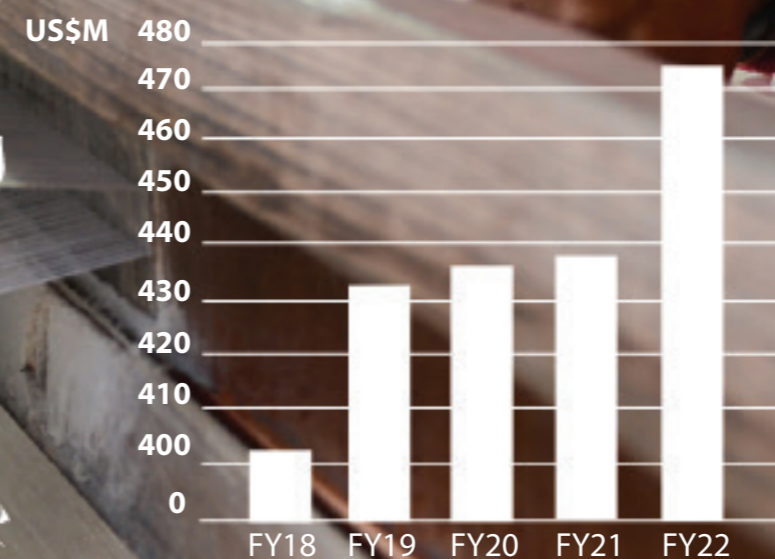
Despite challenges brought by the pandemic and instability in some of the MFIs, the VisionFund Network continued to improve the lives of the most vulnerable children. By the end of FY22, we served nearly 1 million borrowers, reached 4.7 million children and disbursed \$706 million in loans, a 15% increase from FY21. Overall, VisionFund's global financial position remains solid with liquidity at 16% as a percentage of total assets.

<b>VisionFund International Network</b>		<b>FY22</b>	<b>FY21</b>	<b>FY20</b>
Gross loan portfolio	US\$m	<b>477</b>	438	434
Total assets		<b>585</b>	523	549
Notes payable		<b>309</b>	285	308
Client deposits (savings)		<b>81</b>	63	57
Total equity		<b>148</b>	127	141
Financial revenue		<b>159</b>	141	146
Financial expense		<b>35</b>	37	38
Financial income		<b>124</b>	104	107
Operating expense		<b>104</b>	95	97
Net income after tax and before donations		<b>14</b>	(21)	(12)
Value of loans disbursed		<b>706</b>	613	576
Portfolio yield		<b>33%</b>	31%	33%
Operational sustainability		<b>109%</b>	87%	93%
Operating expense ratio		<b>23%</b>	22%	22%
Loan delinquencies (portfolio at risk >30 days)		<b>3.0%</b>	12.4%	7.4%
Loan loss rate		<b>7.4%</b>	2.7%	2.1%

Data in USD and millions except as otherwise indicated.



Gross Loan Portfolio



## GOVERNANCE

The VisionFund International Board is the ultimate governing body of the VisionFund network. At the country level, each microfinance institution has a board of directors whose members are appointed by the VisionFund International Board and thereafter, by the regulator, where applicable. The microfinance institutions' boards adopt all the governance policies developed by VisionFund International. Such policies are adapted to the local context to comply with local laws and regulations.

Jim Bere, USA  
Board Chair  
Chairman & CEO  
Alta Resources

Petronella Dhitima, Zimbabwe  
Managing Director  
Mustard Seed Advisory

Tiffany T. F. Huang, Taiwan  
Senior Partner & Practices Head  
Baker & McKenzie

Stephen Lockley, UK  
Chief Admin. & Financial Officer  
World Vision International

Andrew Morley, UK  
President & CEO  
World Vision International

Chris Glynn, USA  
SVP, Transformational Engagement  
World Vision US

Dr. Jean Baptiste Kamate, UK  
Chief Field Operations Officer  
World Vision International

Edgar Martinez, USA  
President & CEO  
VisionFund International

Emma Osborne, UK  
Formerly Chief Investment Officer  
The Chubb Corporation

Luis Hermosa, Ecuador  
Financial Consultant  
Independent

Kate Lam, USA  
Managing Director  
Ideanomics

Suanne Miedema, Canada  
Board Deputy Chair, President  
Miedema's Board Consulting Inc.

Dennis Weibling, USA  
Managing Director  
Rally Capital LLC

## LOCATIONS

VisionFund International headquarters is located and registered in California, USA. Our microfinance institutions are located in the following countries:

### Africa

DR Congo  
Ethiopia\*  
Ghana  
Kenya  
Malawi  
Mali\*  
Rwanda  
Senegal  
Tanzania  
Uganda  
Zambia

### Asia

India  
Mongolia  
Myanmar  
Philippines\*  
Sri Lanka  
Vietnam\*

### Eastern Europe

Armenia \*\*  
Kosovo\*  
Montenegro  
Serbia\*\*

### Latin America

Bolivia\*  
Dominican Republic  
Ecuador  
Guatemala  
Honduras  
Mexico  
Peru\*\*

\* Affiliated and not owned entities.

\*\*In FY 23, Armenia, Peru, and Serbia are transitioning out of the VisionFund network.



# Building Brighter Futures for Children



**VisionFund**



[VisionFund.org](https://www.VisionFund.org)