



*"We seek to improve the lives of children" by providing low-income entrepreneurs with access to sustainable and integrated financial services that unlock their potential.*

## **STANDARDIZED IMPACT SURVEY**

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(September 2023)



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## 1. INTRODUCTION

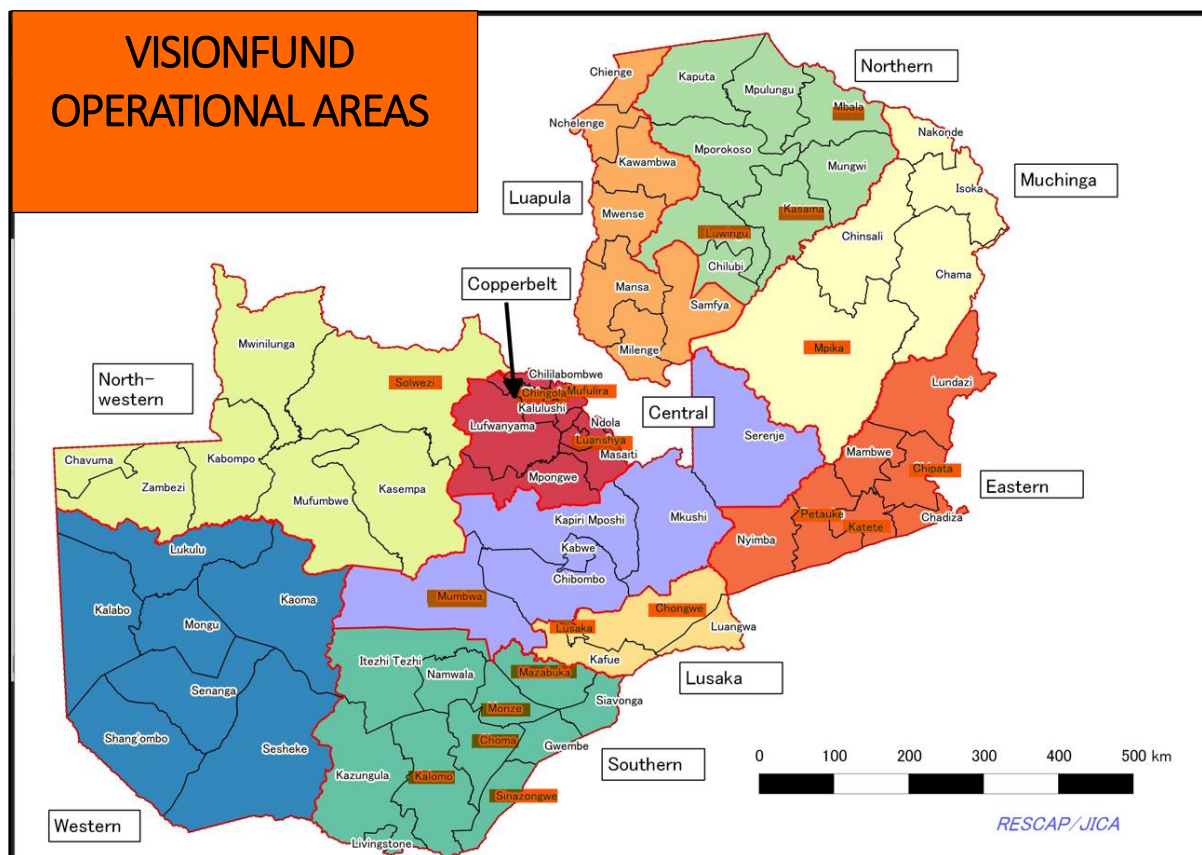
Established in 2003 as a subsidiary of World Vision, VisionFund Zambia is a micro-finance institution that is dedicated to *Our Livelihoods Promise, "to Broaden and Deepen impact"* which is the motivation to provide financial services to poor, productive business owners and communities whose children have become indirect beneficiaries.

The loans, in particular, provide the much-needed working capital for growing client's businesses. The growth in turn increases the income for their families and positions them sustainably to provide for their children, improve their economic and community well-being, decrease dependence on outside aid, and restore their hope and dignity.

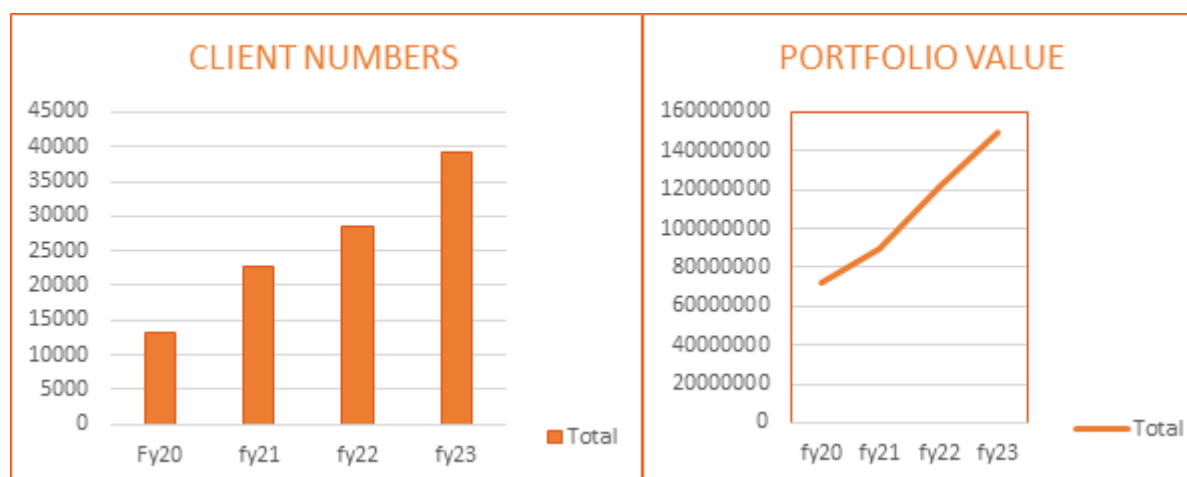
By focusing on women, who constitute about 71% of the clientele, VisionFund Zambia has been able to complement World Vision's efforts of improving the lives in most poverty-stricken communities in Zambia and help every child experience life in all its fullness. VisionFund Zambia's portfolio is currently valued at over K167 million (USD 6 million) has 22 main branches operating and 2 sub-branches countrywide with over 40,000 clients.

Throughout the network, VisionFund uses evidence of change in the lives of our clients to drive local and global decisions that maximize our impact on our clients, children, and communities. Therefore, by the year 2030 the goal is that 100% of VisionFund MFIs should be using evidence of impact in decision-making, and VisionFund Zambia is working towards this objective.

## 1. OUR PRESENCE



### 3. OUR OPERATION PERFORMANCE



### 4. OBJECTIVES OF THE SURVEY

The following were the objectives of the survey as an indication of evidence of our impact:

- To establish the Child Wellbeing Outcomes and children benefited.
- To assess the Poverty Probability Index (PPI) to measure poverty outreach.
- To understand the income changes due to VisionFund Zambia loans.
- To understand the perceived change in the quality of life due to Vision Fund Zambia loans.
- To understand the extent to which clients achieved their loan goal.
- To determine the Net Promoter Score for VisionFund Zambia as an indicator of client loyalty and service quality.

### 5. METHODOLOGY SUMMARY

In order to understand the impact of loans on our client and their children's lives, improve our product, services and scope, increase the number of partnerships, and make Good Decisions, VisionFund Zambia conducted the client impact survey with 270 qualified respondents in September 2023. The sample was determined at 90% confidence level and 5% margin of error.

All the clients who participated in the survey are repeat borrowers in the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> loan cycles. The data collection was conducted from Head Office via phone calls with the help of the call center and the sample was randomly selected and called across the 22 Branches of VisionFund Zambia. Clients were asked a range of questions, and below were the respective findings from the several indicators.

### 6. RESULTS OF THE SURVEY

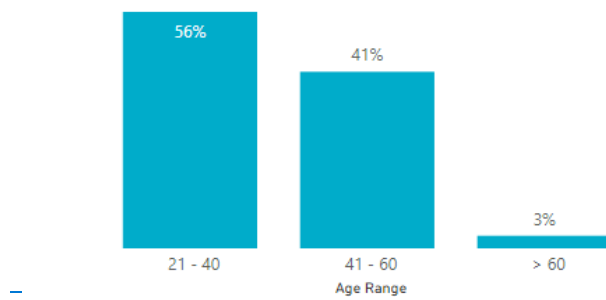
#### I. Demographics

A total of 270 clients were surveyed, comprising 141 females and 129 males (53% and 48 % respectively). The average age of the respondents was 40 years, while most clients were in their second loan cycle, representing 39% of the sample. Further demographics of the interviewed clients are shown below.



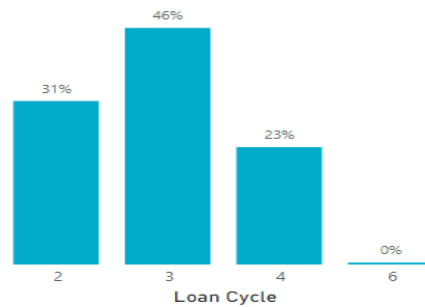
*Fig 1. Clients surveyed by gender*

Clients Surveyed by Age Range



*Fig 2. Clients surveyed by Age*

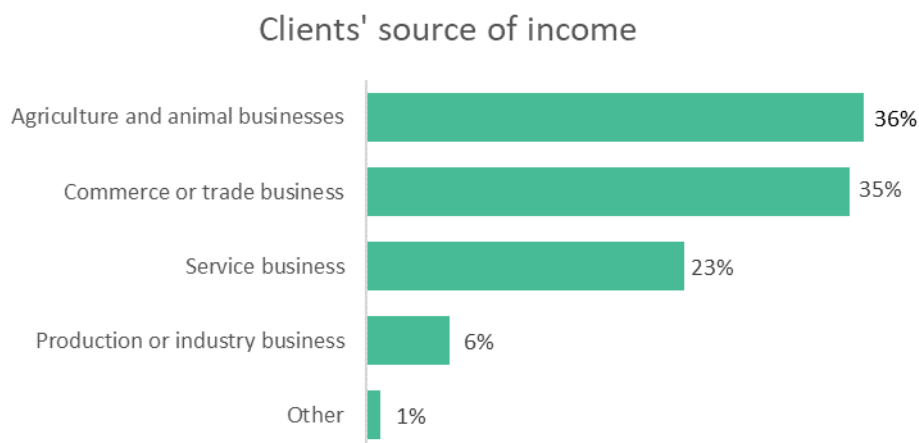
Clients Surveyed by Loan Cycle



*Fig 3. Clients surveyed by loan cycle*

## II. Clients Primary Sources of Income

The primary sources of income for the clients give us an overview of how we can further support clients with our products and services to improve their businesses and have a bigger impact on their livelihoods. From the findings, clients in agriculture or animal businesses had the highest score (36%), followed by commerce or trade business (35%), service business at 23%, production or industry business at 6%, and other sources at 1%. This indicates that many of VisionFund Zambia's clients are engaged in entrepreneurial and income-generating activities thereby increasing their capacity to provide for their families. A summary of the results is shown in Fig 4. Below.



*Fig 4. Client's source of income*

### III. Child Wellbeing Outcomes and Children Benefited

To measure the child wellbeing outcomes resulting from our work, clients were asked whether their previous loan from VisionFund Zambia improved the wellbeing of the children they support. The results show that 256 out of 270 respondents, representing 95 %, reported having a child or children under their care. The total number of children supported by all clients is 1,037 an average of 3.8 children per client. When asked how the previous loans benefitted their children, the top responses were children under the age of 18 years were able to stay in school or training because fees were paid (75%), sufficient clothing and shoes (66%) and improved housing (65%), while the response with the lowest score was all health care costs were paid at 9%.

According to Silimina D (2023) the shortage of essential drugs country wide is partly because of the messy supply chain in the pharmaceutical industry which costs the state a lot of money as well as the unscrupulous individuals who steal drugs meant for public facilities. Other reasons include the long queues at clinics and hospitals that discourage people from seeking medical attention when sick and their reference to previous prescriptions. This is a very concerning fact that begs for new strategies to improve this score. VisionFund Zambia therefore remains committed to serve its clients, reaching out further, and providing economic solutions even during difficult times to ensure children have better lives. A summary of the child wellbeing outcomes is shown in Fig 5 below.



256

# of Clients that Support Children

95%

% Clients that Support Children

1,037

# Children that Benefited From the Previous Loan



Reported Improvement in the Wellbeing of Clients' Children because of the VisionFund Loan		
Child Wellbeing Outcome	# of CWBO Response	% of CWBO Responses Based on Clients that Support Children
Children under 18 years old were able to stay in school or training because the fees were paid	193	75%
Sufficient clothing shoes and school supplies	169	66%
Improved housing	167	65%
Sufficient and varied nutritious food	157	61%
Improved sanitation	37	14%
More time playing, relaxing, or doing homework	25	10%
All health care costs paid	22	9%
Less work around the house and in the business	17	7%
<b>Total</b>	<b>787</b>	

Fig 5. Child wellbeing outcomes and children benefitted

#### IV. Perceived Change in the Quality of Life

To measure client's change in the quality of life due to VisionFund Zambia, clients were asked to imagine a ladder with steps numbered zero to ten, where zero represents their worst possible life and ten represents the best possible life, and where they felt they were before and after taking a loan from VisionFund Zambia.

As seen in Fig. 6 below, most of the clients were in the lower steps before taking their last loan, resulting in the positive skewness below. On the other hand, the negative skewness after-taking the loan shows that a lot of the clients moved to the upper steps. This shows a positive change in the quality of life of our clients, evidence that VisionFund Zambia is positively changing the lives of the poor people and communities and in turn transforming the lives of children.

Quality of Life Before and After the Loan From VisionFund

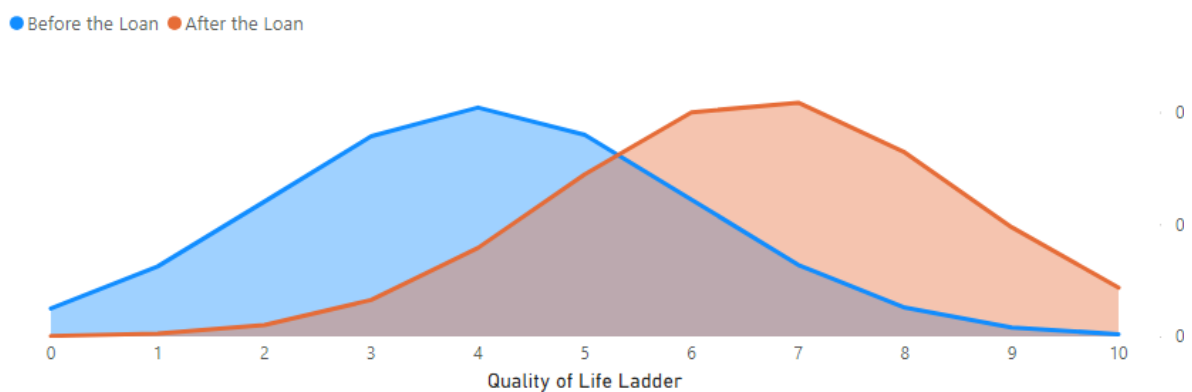


Fig 6. Quality of life ladder

Overall, 97% of the respondents reported moving up the ladder, 1% remained at the same level, while 1% moved down. When segmented by age range and source of income, the results indicated no statistically significant differences in clients' change in quality-of-life. Fig. 7 below summarizes the results.



Fig 7. Quality of life change by gender, age, and source of income

## V. Loan Goal and Achievement

As shown in Fig. 8 below, out of the sample of 270 clients, 17% reported achieving their goal in full, the highest proportion reported partially achieving their loan was 81% and 1% asserted they did not achieve their loan goal.

According to Manenga N, et al (2009), The need for social protection in Zambia is clear. There is extreme poverty and a high level of vulnerability in the country, with 64% of the population poor. High vulnerability has been induced by three main factors; The high prevalence of HIV/AIDS currently predicted at 15.8%, the failures in agricultural production on which most people depend for a livelihood (about 65% of the people live in rural areas and are engaged in agriculture) compounded by recurring droughts and floods which have created havoc for majority of the farming communities. The macroeconomic shocks and High levels of unemployment have led to reduced GDP growth and government revenue as well as increased risks and vulnerability for the poor population.

From the results it is evident that most of the clients partially achieved their goals, and this can be an attribute to the above reasons. VisionFund Zambia will therefore continue to come up with social protection programs, products and services targeted at groups exposed to such risks and living in poverty.

Below are some of the customers' voices on goal achievements;

**Achieved goal in full:** "My business has improved in a way that am able to fully provide for my family and my business is growing". **Male, 24.**

**Partially achieved:** "Due to economic challenges I did not realize my profit which affected the performance of my business". **Female, 42.**

**Did not achieve goal:** "My business is slow due to economic challenges". **Female, 40.**



### Loan goal achievement

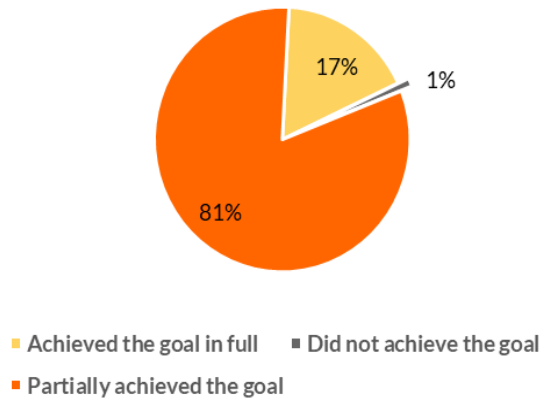


Fig 8. Goal achievement

Clients were also asked about the main goal that they wanted to achieve with their most recent loan from VisionFund Zambia. Over 80% of the clients took loans for livelihood purposes, 18% reported it was to improve their family's wellbeing, while 2% reported it was for personal use. Figures 9 is a summarized representation of the results and it is evident that most (80%) of the clients are using the loan facility to improve their livelihood by engaging in entrepreneurial activities.

On the other hand, it is unfortunate that a combined total of twenty percent (18% for family and 2% for personal or self) of the clients misappropriated the loan facility. To reduce the level of misappropriation Visionfund Zambia needs to come up with deliberate financial literacy and management training programs for clients to ensure proper investment of the loan facilities once acquired.



Fig 9. Main Goal

From Fig.10 below, it is seen that 100% of clients that acquired the loan for personal use only partially achieved their loan goal. This stands as another fact that VisionFund Zambia can use to help clients understand through financial literacy and management trainings that for a personal need to be met consistently a sustainable income generating source is required.

Clients Surveyed by Goal Achievement Status and Loan Main Goal

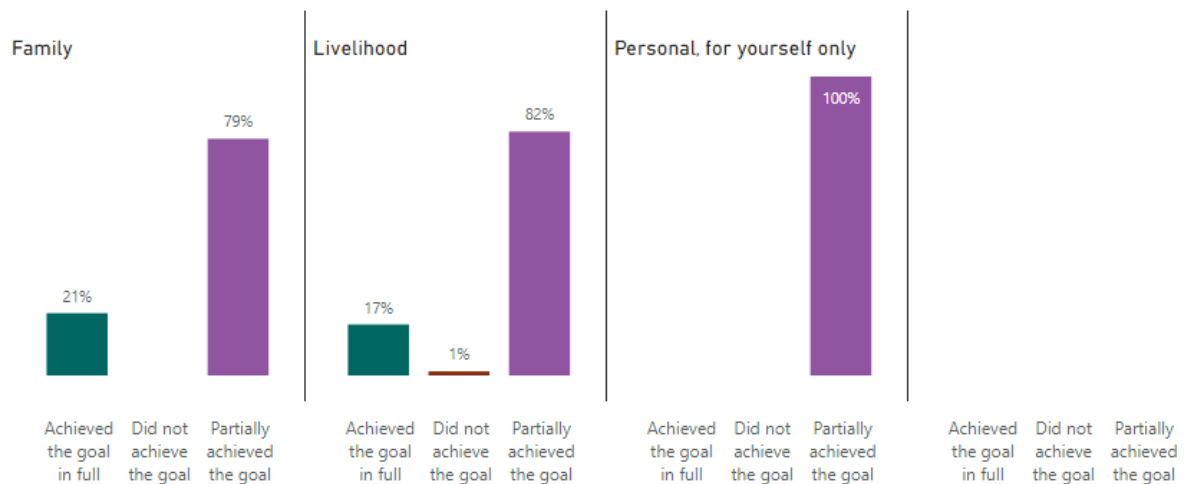


Fig 10. Goal achievement status

### VI. Change in Income Due to Vision Fund Loan

To further measure VisionFund Zambia’s impact, clients were asked how the income from their livelihood activities had changed because of VisionFund Zambia. 41 % of the clients reported that their income improved very much, 58% reported a slight improvement while 1% of the clients said that their income had slightly worsened. The improvements in the results show that VisionFund Zambia is working in line with the mission of improving the lives of children and will continue to work towards increasing the improvement of the income score. The 1% for slightly worsened income calls for VisionFund Zambia to prioritize rendering financial literacy and management trainings for clients to improve their income sources.

Clients Surveyed by Change in Income



Fig 11. Change in income

### VII. Feelings of Financial Control

Clients were asked if their feelings of financial control had changed because of VisionFund Zambia. The results in fig 12 indicate that 54% reported “very much improved, 46% reported “slightly improved”, and no client reported no change.

**Client Voices:**

- “I had no capital to boost my business for a while it almost collapsed because I was in a lot of debt, but once I heard of VisionFund and got a loan my business has grown”. **Female, 35.**
- “Before getting a loan I had no income to improve my business but since learning about VisionFund and getting a loan my business has really improved”. **Male, 30.**
- “Before joining VisionFund Zambia, I used to borrow from local community lenders and other micro-finance institutions with very high interest rates therefore I was constantly in debt then my business eventually collapsed”. **Male 44.**

In the conventional world, loans can be obtained through banking institutions or non-formal parties such as loan sharks. In addition to very high interest rates, borrowing from loan sharks carries a greater risk than borrowing from a bank. These loans can paralyze businesses that should be able to increase capital but on the contrary, it creates social pressure if the borrower fails to make the repayment. In classic cases, borrowers who are unable to make repayments are beaten and publicly humiliated (Kawamura et al., 2021).

Research by Noerchidojati et al. (2021) explains that household financial vulnerability is not only influenced by financial factors, but also by behavioral characteristics related to financial and social economic factors. Behavioral factors and limited financial literacy are also a source of loan constraints, where one may lack knowledge or training on financial issues (Prijadi et al. 2020). Women are constrained by family affiliation, poor English language skills, the scarce use of various sources of information such as television, radio, newspapers or the internet compared to men and poverty in terms of financial literacy (Reboul et al., 2021).

As confirmed by Shihadeh (2018) people at the lower economic level tend to borrow from informal financial sources because of the soft rules and regulations and this is because there are still many people who do not have bank accounts especially women because of limited job opportunities. Research by Du Zeng (2019) states that loans obtained from loan sharks are used to “dig a hole to cover the hole” where the first debt that has not been repaid, they pay with loans from other loans sharks and so on. Loans that cannot be repaid become a term for the next loan with a larger amount. This shows that financial literacy plays a very important and consisted role in financial decision making.

From the score it is evident that VisionFund Zambia has helped clients feel more in control of their finances and this has been as the result of the financial literacy and management trainings that are rendered to every client that is brought on board. To improve this score VisionFund Zambia will maximise and prioritize financial literacy training for all clients.

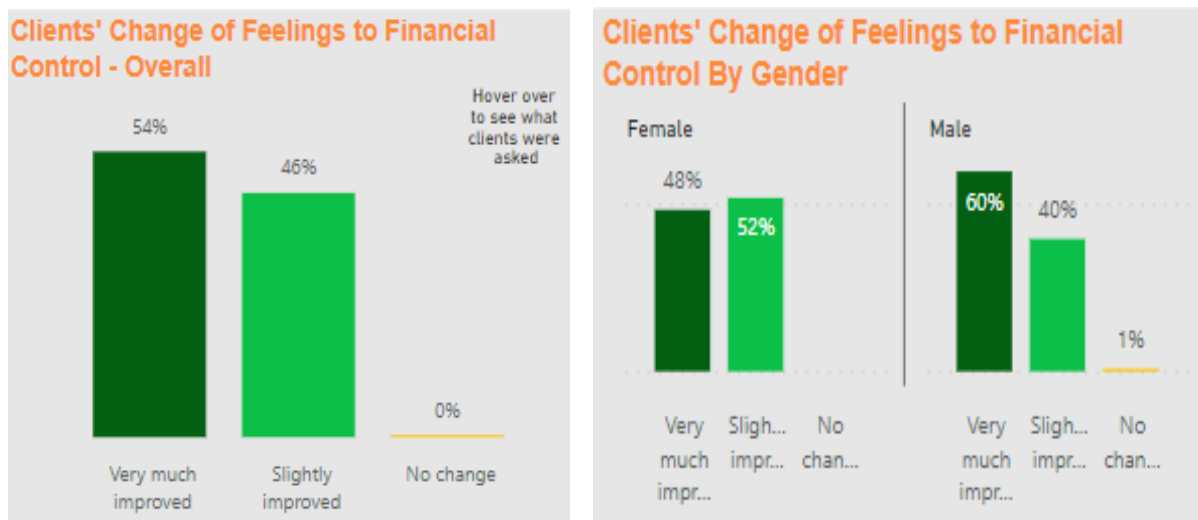


Fig 12. Feelings of financial control

Fig 12 also shows that there is a positive correlation between goal achievement and feelings of financial control. Clients who reported they achieved their loan goal are more likely to report an increased feeling of financial control. Moreover, clients who report an improvement in their quality of life and moving up the ladder are more likely to report an improvement in their feelings of financial control. When clients use their loans for the intended purposes, they are more likely to achieve their loan goals and experience an improved quality of life, and have high control over their finances. Therefore, VisionFund Zambia will continue to emphasize the importance of financial literacy and business management trainings.

### VIII. Empowered Worldview

#### *“The Things I Need to Solve My Problems Are Readily Available to Me”*

Empowered world view is a biblically based enabling project model that transforms participants world view from one of dependence to one of empowerment and personal responsibility. In this model participants find creative ways to overcome the barriers to their own development and that of their children, family and community. We infuse all our work with our Christian identity and faith, deepening our understanding of how this can enable us to tackle the spiritual roots of vulnerability. Empowered World View is designed to operate on the marred human identity and broken relationships that are at the root of child vulnerability. Therefore, the question below intends to find out client’s awareness of their capacity and resources within their own environment that can be used to solve problems and sustain themselves without any external help.

Clients were asked if the things they needed to solve their problems were readily available to them. 70% of clients agreed with the statement, 2% strongly agreed, while 28% disagreed. There were no statistically significant differences by gender. However, in terms of age range, 13% of clients over 60 years old strongly agreed with this statement compared to those aged 21- 40 years (1%) and those aged 41-60 years (2%). This shows that clients aged between 21 and 60 years feel less empowered to solve the problems they encounter in life and could benefit from the Empowered World-View training, considering that this is the age range for most of our clients.

There is a statistically significant correlation between the clients’ source of income, feelings of financial control, and feelings of empowerment and self-efficacy. As shown in Fig. 13 below, 100% of the wage earners disagreed with the statement.



- “The salary I get is not enough to support my family and even though I have employed someone to run my business it is very slow because I have limited time to do it myself”. Female, 41.

This explains why clients in this sector disagreed with the statement compared to other sources of income, like agriculture and animal business which has many clients who agreed with the statement (81%), followed by commerce and trade business (74%), production or industry business (53) and service business (51%).

This is because the wage earners do not realize the capacity within themselves and their environment to enable them explore methods that can be used to maximize the little resource they have. VisionFund Zambia has realized this obstacle to client’s financial growth and has adopted the Empowered World View to shift client’s perspective and mindsets from one of dependence to one of empowerment and personal responsibility to reduce child vulnerability.

% Clients that strongly agree, agree, disagree, and strongly disagree with the statement “The things I need to solve my problems are readily available to me”

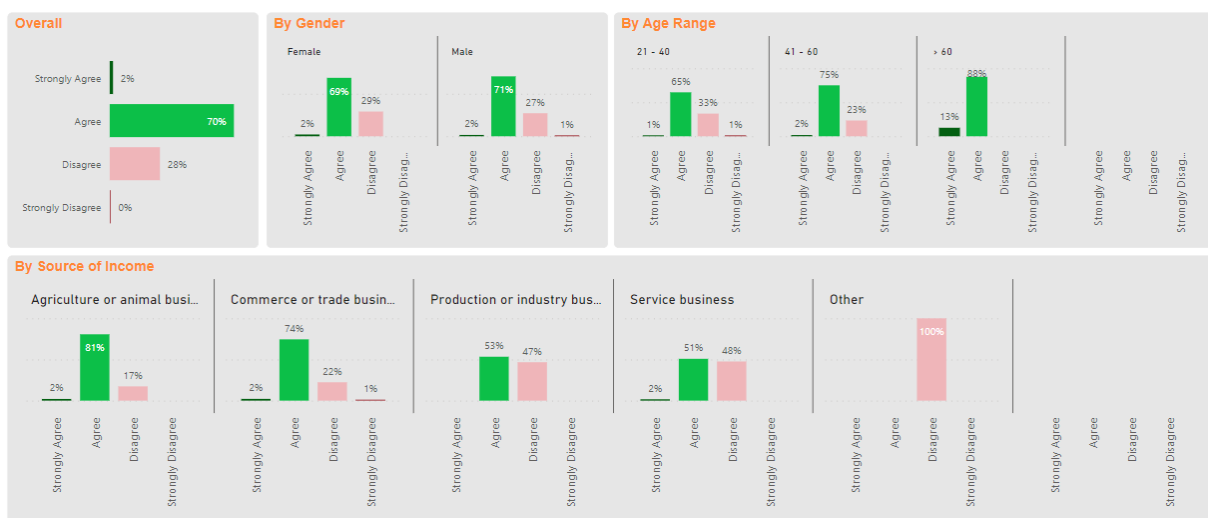


Fig 13. Feelings of empowerment

### “My Spiritual Beliefs Empower me to succeed in Life”

Clients were also asked if their spiritual beliefs empowered them to succeed in life. From Fig 14 below, the overall survey results show that most of the clients agreed with the statement, where 52% strongly agreed, 47% agreed and only 1% disagreed. In terms of gender fig 15 shows that, 60% of the female clients strongly agreed with the statement, compared to only 43% of male clients. It is important to note that most of clients interviewed have a Christian identity and relate all their achievements to God. This shows that VisionFund Zambia as a Christian organization is operating in line with the Christian faith core value.

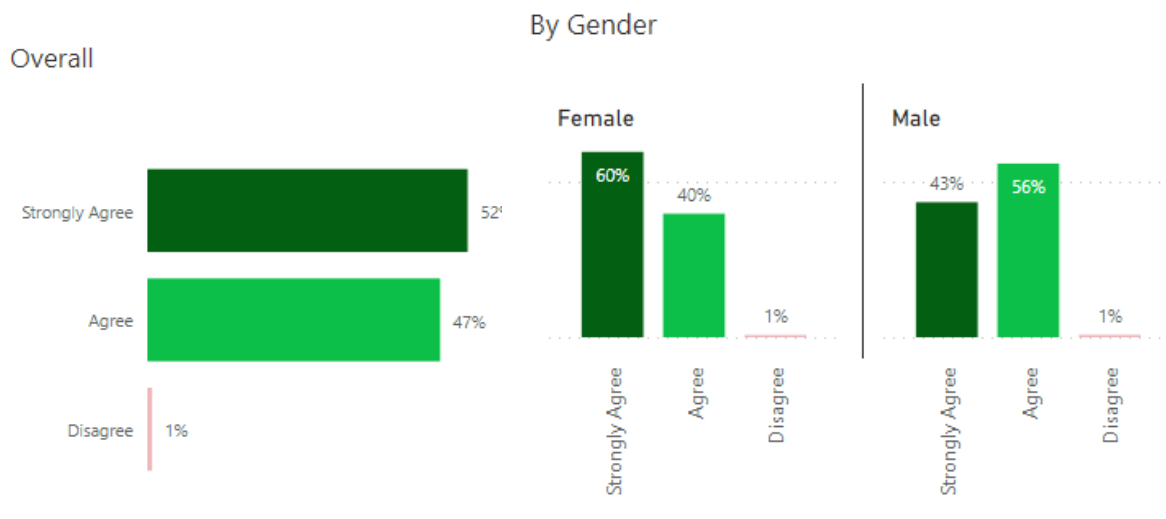


Fig 14. Empowered by spiritual beliefs

Fig 15. Spiritual empowerment by gender

### IX. Poverty Probability Index (PPI)

According to the latest survey from the statistical office, poverty analysis Zambia, (2018) out of the whole population in Zambia 54.4 % live below USD 1 .09 per day. In the VisionFund International network, the poverty line for Zambia is at USD 1.90. The World Bank has re-classified Zambia to a low-income status from lower middle income because of the financial deterioration of the Gross National Income per capita estimates recorded in 2021.

According to the reports from the World Bank, 56.53% of the population in Zambia is living below \$1.90 a day, while 74.26% of the population is living below \$3.20 a day international poverty line. This means that 56.53% of the Zambian population is living below ZMW 40 (approximately) a day, meaning this percentage of people struggle to afford one meal a day. This shows that majority of our population cannot afford three square meals a day, cannot provide proper health care, and their children are at risk of not getting quality education or even getting educated because of the struggles that their parents go through.

VisionFund Zambia uses PPI to ensure proper poverty targeting. During the survey, clients who have taken repeat loans (2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> cycles) were sampled to assess their poverty likelihood. Based on the results in fig 15 below, 13% of our clients are living below \$1.90/day while 36% live below \$3.20/day, indicating that there is still potential for us to reach more poor people in Zambia.

Given our mission, VisionFund Zambia will continue to reach out to the poor by taking its presence to all parts of the country and will keep refining the loan products to suit the needs of local population especially in locations where the poverty headcount is high. The PPI results make VisionFund Zambia's existence meaningful and shows the need to continue driving our vision and mission.

## Average Poverty Likelihood by Poverty Line

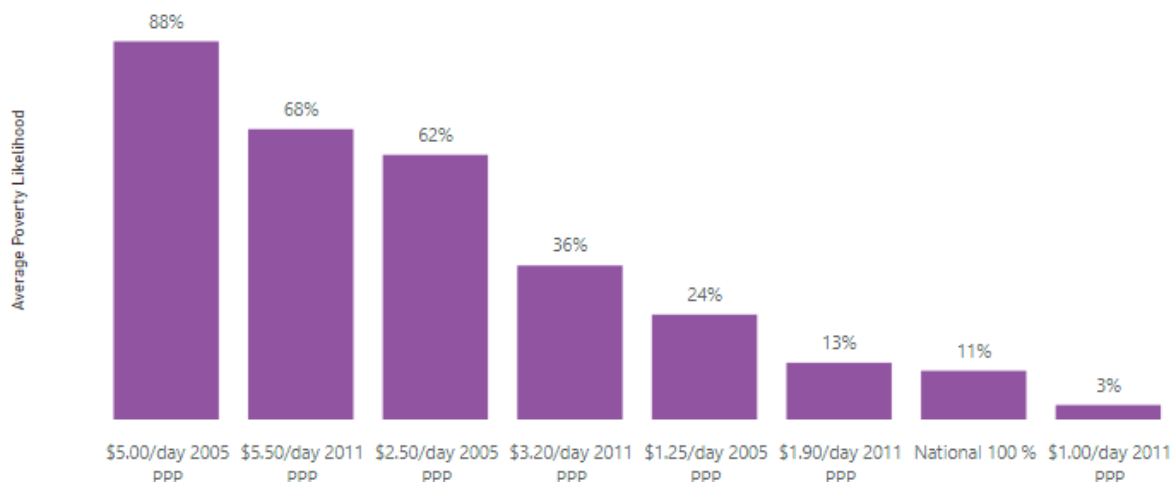


Fig 15. Poverty Probability Index (PPI)

## X. Client Satisfaction (Net Promoter Score)

Net Promoter Score (NPS) is a measure used to gauge customer loyalty, satisfaction, and enthusiasm with a company. It is calculated by asking customers the question: “On a scale from 0 to 10, how likely are you to recommend this product/company to a friend or colleague?” a score of “0” stands for “not at all likely” and “10” stands for “extremely likely”. The formula for NPS is as below;

**Net promoter score = percentage of promoters - percentage of detractors**

As shown in fig 16, VisionFund Zambia’s net promotor score is currently at 64.81 % which is rated excellent while the survey results also indicate in fig 17 that 69% of VisionFundZambia clients are promoters, 26% are passives, and 4% are detractors. These good scores can be attributed to good customer service, timely loan disbursements, low-interest rates compared to other local financial institutions, and the implementation of new programs, such as savings linkage loans, agriculture loans, farm input loans and credit life insurance. Despite the good scores, VisionFund Zambia remains committed improve the quality of customer service and experience by implementing efficient and user-friendly platforms and methods and to work with the poor communities to establish new programs, projects, strategies, and policies to reduce poverty in our local communities.

Net Promoter Score

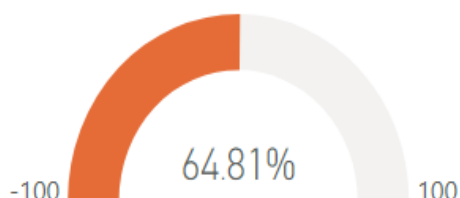


Fig 16. Net promoter score

Overall

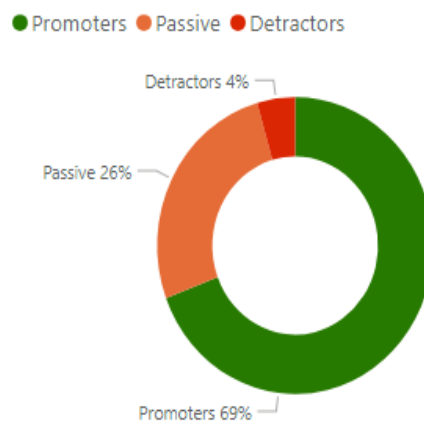


Fig 17. Net promoter score

## XI. Clients Voices

### Positive feedback:

1. “Before I joined, I had just been divorced and life was hard for me, but after joining Vision Fund I boosted my business, and now I do not need to depend on a man for my sustenance”. **Female, 58.**
2. “I have taken loans from other micro-finance institutions, and VisionFund is the best for me because they do not follow me for payments as I am able to make mobile payments using my phone, and I do not get to spend money on transport”. **Female, 56.**
3. “My life has changed because we are able to eat all meals, and I have managed to pay for a tap to be installed so that we have running water at home”. **Female, 26.**
4. “VisionFund helped me to open another business in Sinazongwe”. **Female, 30.**
5. “I have been managing to pay all my bills without asking people for assistance”. **Female, 34.**

### Client Concerns:

1. “You are doing very well as VisionFund, but I feel you equate me to a civil servant because you need a guarantor, which is not fair, especially if I have been with you for a long time and I have enough collateral to secure the loan”. **Male, 62.**
2. “Everything is good with VisionFund, but they should just look into reducing the interest rates”. **Male, 38.**
3. “VisionFund should come up with some ideas to motivate clients”. **Male, 37**

## 7. AREAS OF IMPROVEMENT

- In comparison to the World Bank data, the results show that VisionFund Zambia is targeting fewer poor clients compared to the number of people living under the \$1.90 and \$3.20, as indicated by the World Bank. However, it is important to state that we are on course and improved targeting techniques of clients living in poverty will be implemented as evidence shows that more people have been economically affected by the ongoing economic downturn. VisionFund Zambia will intensify client financial literacy and management trainings during onboarding.



- Re-training and orientations for all members of staff will be done before the next survey.
- VisionFund Zambia will establish strategies to improve the Net Promoter Score and continue to invest in listening to clients more to understand their needs by increasing the number of call center staff and design effective solutions for the wellbeing of our clients and their children.

## 8. CONCLUSION AND RECOMMENDATIONS

The survey results will play a significant role in enabling VisionFund Zambia to assess and monitor the impact of its operations to help more children experience life in all its fullness. Some of the positive outcomes from the survey include;

- 95% of clients reported supporting a total of one thousand and thirty-seven (1,037) children, representing an average of Four (4) children per client.
- 95% of clients reported moving up on the quality-of-life ladder, moving from steps 1-5 to steps 6-10. This number should be maintained and go up to 100%.
- 80% of clients reported using their loans for the purpose of improving livelihoods, which is evidence of VisionFund Zambia's support and contribution to client's livelihood improvement, and in turn, enabling children to experience improved wellbeing through VisionFund Zambia's work.
- 75% of clients assert that because of the loan from VisionFund Zambia, children under 18 years old can stay in school or training because the fees were paid. It is encouraging to know that the clients are not just focusing on their business but also ensuring children get quality education with minimal to no absenteeism, as most school supplies are catered for.



**BROADEN AND  
DEEPEN OUR IMPACT**

