Message from leadership

Many parts of the world are adapting and becoming resilient to the impacts of COVID-19; however, for the most vulnerable individuals, it is still a struggle to earn a livelihood that will bring fullness of life to children. It is in these unprecedented times that we flourish as a ministry. We are conduits for the beauty and power of the Gospel of Jesus Christ for when we do our economic development work in favour of the least of these, it is as if we were doing it in favour of the Lord Jesus himself, as referenced in Matthew 25:34-40.

Within the 1 million customers we currently serve, we find endless stories of clients who persevered, with unrelenting spirits, as they took on new challenges and are now thriving. Clients like Cynthia, a Ghanaian mother of two, who struggled to put a meal on the table when her second-hand clothing business collapsed and her husband lost his job. With the help of a Recovery Loan, she was able to build back even better than before.

We believe that our greatest progress towards eradicating extreme poverty is yet to come. VisionFund celebrates the launch of a new programme: FAST – Finance Accelerating Savings Group Transformation. FAST provides loans directly to savings groups made up of mostly rural women, to boost their capital to empower group members to grow their businesses and self-esteem. Savings groups provide a powerful platform of economic development.

The Network (excluding Myanmar) ended FY21 with a solid performance of three consecutive profitable quarters. Of our 28 MFIs, 15 were profitable which is equal to the number achieved in FY19 – before the pandemic.

In January 2021, we welcomed Edgar Martinez as VisionFund’s President and CEO. And we launched Our Livelihoods Promise, VisionFund’s strategy to 2030 with an aspirational goal to end intergenerational poverty and impact the lives of 30 million children; which was shared with the Board and staff.

We are grateful for our staff, board members, partners, donors, funders and the broader World Vision family, as we continue to seek fullness of life for our clients, children and staff.

Edgar Martinez
President and CEO
VisionFund International

Jim Bere
Board Chair
VisionFund International

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.
At VisionFund, we provide more than just microlending. Across 28 countries, our 7,298 staff work closely with vulnerable communities, providing holistic financial solutions to overcome poverty.

Our financial inclusion services are integrated with the work of World Vision, the global Christian relief, development and advocacy organisation, focused on improving the lives of children and their families, and transforming the communities in which they live.

By providing access to financial support for small businesses, savings, insurance, business skills training and more, rural communities are better able to grow their livelihoods and pave the way for brighter futures for their children.

---

**We are VisionFund**

At VisionFund, we provide more than just microlending. Across 28 countries, our 7,298 staff work closely with vulnerable communities, providing holistic financial solutions to overcome poverty.

Our financial inclusion services are integrated with the work of World Vision, the global Christian relief, development and advocacy organisation, focused on improving the lives of children and their families, and transforming the communities in which they live.

By providing access to financial support for small businesses, savings, insurance, business skills training and more, rural communities are better able to grow their livelihoods and pave the way for brighter futures for their children.

---

**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
Our global outreach

BRIGHTER FUTURES for 4.3m CHILDREN

CLIENTS 1 million
Africa 520,000
Asia 289,000
Eastern Europe 23,000
Latin America 199,000

WOMEN CLIENTS 69%
Africa 61%
Asia 72%
Eastern Europe 50%
Latin America 68%

RURAL CLIENTS 64%
Africa 64%
Asia 72%
Eastern Europe 73%
Latin America 53%

JOBS IMPACTED 1.3 million
Africa 707,000
Asia 338,000
Eastern Europe 34,000
Latin America 227,000

VALUE OF LOANS DISBURSED $613 million
Africa $208 million
Asia $112 million
Eastern Europe $26 million
Latin America $266 million

NUMBER OF LOANS DISBURSED 1.1 million
Africa 598,000
Asia 268,000
Eastern Europe 16,000
Latin America 231,000

Read Nancy’s Story
Read Paula’s Story
Read Doan’s Story
Read John’s Story
Read Samasey’s Story
Read Cong’s Story

Read Nancy’s Story
Read Paula’s Story
Read Doan’s Story
Read John’s Story
Read Samasey’s Story
Read Cong’s Story

3,468,000
AFRICA

475,000
ASIA

34,000
EASTERN EUROPE

322,000
LATIN AMERICA
Our 2021 highlights

**LATIN AMERICA**
- VisionFund Guatemala provided a training programme for client care focused on the principles of customer protection, expanding our portfolio of services and care through Recovery Loans.
- VisionFund Peru (Credivision), in partnership with World Vision Peru and USAID, designed a credit product supporting Venezuelan migrant medical professionals to revalidate their professional licenses and practices in Peru.
- VisionFund Mexico, Ecuador and Guatemala implemented a cash insurance product that offers financial compensation in case of hospitalisation.

**AFRICA**
- Africa FAST – Finance Accelerating Savings Group Transformation – was implemented in DR Congo, Ghana, Malawi, Rwanda, Tanzania, Uganda and Zambia providing loans to 3,583 savings groups impacting 85,889 members.
- VisionFund Kenya’s research found that 92% of those surveyed said they could not find a good alternative to VisionFund’s Recovery Loans; 91% of clients reported the loan improved the quality of their lives.
- VisionFund Malawi and Tanzania implemented health/hospitalisation insurance products for their borrowers. This product was also piloted with World Vision beneficiaries in Ghana and Malawi.

**ASIA**
- VisionFund Vietnam worked with local authorities to identify the Most Vulnerable Families in the communities. These families were targeted with loans at subsidised rates enabling them to increase their disposable income.
- VisionFund Mongolia and Sri Lanka rolled out ‘Top-up’ loans, prioritising clients with good repayment behaviour who needed further funding to grow their businesses.
- Despite external challenges, VisionFund Myanmar continued to support clients and their families. Over 55,000 loans totalling 28 million were disbursed between February 2021 to September 2021 providing much needed support and liquidity to farmers and businesses.

**EASTERN EUROPE**
- VisionFund Armenia (SEF International) put tremendous efforts to address social and economic consequences of the war that devastated the economies and lives of 140 client families. A range of remedies, from loan forgiveness to recovery lending and restructuring, was delivered by SEF to give relief to families facing challenges.
Our strategy: Our Livelihoods Promise

Seeking to eliminate intergenerational poverty and impact the lives of 30 million children by 2030 requires VisionFund to think differently, innovate and create more sustainable ways to support our clients so that together we witness evidence of positive change. We believe the following 2030 strategic initiatives provide the framework for financial inclusion for the most vulnerable:

**CHANNELS**
Delivery channels are expanded beyond our MFIs by partnering with our World Vision Field Offices and other external partners to empower more vulnerable women and men and their communities with financial services. Goal: 70% VisionFund MFIs, 20% World Vision and 10% partners.

**CLIENT MIX**
Serving the most vulnerable with the full suite of microfinance services, we increase our client base by providing microloans and increasing FAST, insurance and savings offerings. Goal: 30% credit, 20% FAST, 25% insurance only and 25% savings only.

**DIGITAL**
Our digital solutions provide sustainable financial services to the rural poor through adoption of technology platforms that improve client engagement, create efficiency, empower VisionFund staff with the right tools and enable us to gather evidence of change. Goal: 90% cashless and 90% paperless.

**EMPOWERED WORLDVIEW**
Empowered Worldview seeks to shift mindsets of both VisionFund staff and clients from scarcity and limitation towards abundance and a vision for a better future as God intended. Goal: 100% VisionFund staff and clients trained.

**IMPACT**
Throughout the network, VisionFund uses evidence of change in the lives of our clients to drive local and global decisions that maximise the impact we have on our clients, children and communities. Goal: 100% MFIs produce evidence of impact.

**REACH**
Serving 10 million clients and their children requires the full commitment of VisionFund and World Vision to maximise all opportunities to engage and enable clients to move out of poverty. Goal: 10 million clients.
Our focus: Impact

As part of Our Livelihoods Promise, VisionFund’s impact goal is for all microfinance institutions to use impact data and evidence to drive local and global decisions that maximise impact and enable clients to achieve their personal goals.

In Kenya and Guatemala, studies recorded the experiences and changes to clients’ lives as a result of their relationship with VisionFund and the impact of the Recovery Lending programme.

From the telephone interviews with 493 clients in Kenya and Guatemala, key findings emerged:

- **VisionFund was the only source of credit for them.** In Guatemala, 81% said they could not find a good alternative to VisionFund and in Kenya, 92% said they could not. When lockdowns and other restrictions occurred in Kenya, preventing people from pursuing their livelihoods, financial institutions curtailed and even withdrew their services, while VisionFund, ready with Recovery Loans, reached out to clients when their need for financial support was greatest.

- **Loan helped achieve goals.** In Guatemala, 90% said the loan increased their ability to achieve their goals.

- **Impact on children.** In Kenya, education tops the list with 8 out of 10 respondents saying they were better able to pay for their children’s education. Regarding quality of life, 9 out of 10 respondents said the loan had a positive impact on their quality of life. With the main improvements related to education, household expenses and food.
VisionFund seeks to alleviate poverty with FAST – Finance Accelerating Savings Group Transformation – by targeting the most vulnerable: women living in rural communities. Through our partnership with World Vision, savings groups comprised of mostly women clients have access to financial services and are lent capital to grow their businesses and livelihoods, bringing dignity and well-being and breaking the cycle of intergenerational poverty.

Our methodology allows group members to kickstart businesses with a loan as low as $10 - enough to purchase flour to bake cakes for local consumers. Our funding means more people can start a small business or members can take out larger loans.

Our focus: **FAST**

**Elements of FAST**

1. Loans to mature groups: loan is to the group, members guarantee each other.
2. Field officers are from the local community and understand local culture and customs.
3. Digital solutions: mobile money and digital onboarding for clients create cashless and paperless transactions.
4. Embedded Education: training provided on topics focused on financial literacy, child and maternal health, child protection and women’s economic empowerment.
we look back with thankfulness for FY21 in which 15 out of 28 MFIs were profitable (up from 8 in the prior fiscal year). it is perhaps significant that the number of sustainable MFIs in FY21 is equal to the number achieved in FY19—before the pandemic. our gross loan portfolio experienced a modest growth of $4m to $438m, though offset by a deterioration in quality (portfolio at risk > 30 days) from 7.5% to 12.0% which was predominantly driven by localised political issues in one MFI. the value of loans disbursed has increased by 6% compared to last year, amounting to $613m.

in the face of the continuous challenges brought by government restrictions in reaction to the pandemic and the resulting instability in some of the MFIs, the VisionFund Network continues to find ways to reach the most vulnerable children. by the end of FY21, we served 1 million borrowers, and impacted the lives of 4.3 million children. operating expenses were 5% lower than last fiscal year. overall, VisionFund’s global financial position remains stable with liquidity at 19% as a percentage of total assets.

<table>
<thead>
<tr>
<th>VisionFund International Network</th>
<th>FY21</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross loan portfolio (US$m)</td>
<td>438</td>
<td>434</td>
</tr>
<tr>
<td>Total assets</td>
<td>548</td>
<td>579</td>
</tr>
<tr>
<td>Notes payable</td>
<td>244</td>
<td>262</td>
</tr>
<tr>
<td>Client deposits (savings)</td>
<td>63</td>
<td>57</td>
</tr>
<tr>
<td>Total equity</td>
<td>207</td>
<td>228</td>
</tr>
<tr>
<td>Financial revenue</td>
<td>141</td>
<td>146</td>
</tr>
<tr>
<td>Financial expense</td>
<td>27</td>
<td>28</td>
</tr>
<tr>
<td>Financial income</td>
<td>114</td>
<td>118</td>
</tr>
<tr>
<td>Operating expense</td>
<td>102</td>
<td>107</td>
</tr>
<tr>
<td>Net income after tax and before donations</td>
<td>(23)</td>
<td>(16)</td>
</tr>
<tr>
<td>Value of loans disbursed</td>
<td>613</td>
<td>576</td>
</tr>
<tr>
<td>Portfolio yield</td>
<td>32%</td>
<td>33%</td>
</tr>
<tr>
<td>Operational sustainability</td>
<td>88%</td>
<td>93%</td>
</tr>
<tr>
<td>Operating expense ratio</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Loan delinquencies (portfolio at risk &gt;30 days)</td>
<td>12%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Loan loss rate</td>
<td>2.7%</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

Data in USD and millions except as otherwise indicated.
Our 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 who are appointed by the VisionFund International Board. 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.

Our 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 controlled, all others are owned and consolidated.

Ten-year-old Precious is very proud of her mother, Cynthia, and describes her as a wonderful businesswoman. Cynthia sells second-hand clothing at Duayaw Nkwanta, in Ghana.

When restrictions to movement were imposed on their town, business came to a halt for Cynthia, and put her husband out of work. With both parents' sources of income impacted, it became difficult for the family to meet their basic daily needs. “Sometimes, we ate only once a day,” says Precious.

When business activities started to resume in their area, Cynthia obtained a Recovery Loan of GHC 10,000 (US $1,525) from VisionFund, which helped her restock and restart her clothing business. She also bought a car for her husband to work as a taxi driver.

Precious is happy to report that things are improving for her family. Cynthia has been able to provide both Precious and her brother the supplies they need for school. “I am the only girl in my class with a nice school bag and lunch box,” says Precious.

With the support of Recovery Loans, many VisionFund clients have revived businesses or started new ones to meet local market demands created by the pandemic.
Unlocking Economic Potential

Read Madam Dauda’s Story