

VisionFund

World Vision



» VISIONFUND IMPACT EVALUATION
Savings Group Lending for VisionFund Rwanda
Independent study conducted by 60_Decibels



» Surveys show increased impact to Savings Groups

VisionFund is a learning organization and is committed to understanding the impact our products have on the lives of our clients and their families. To get a scientific, objective, third-party analysis of our work, VisionFund commissioned 60_Decibels to conduct two impact evaluations (an initial and a follow-up study) in Rwanda to evaluate our FAST - Finance Accelerating Savings Group Transformation product.

FAST provides access to financial services to clients typically excluded from the financial service sector – in particular, rural women. VisionFund has found that one of the most successful ways to engage rural women is to provide loans to savings groups (approximately 80% of savings group members are women).

FAST uses a **digital onboarding** process to efficiently provide mature savings groups with loans. These loans increase the capital available for group members to borrow and invest in their businesses, which can accelerate livelihood development. This loan capital is paired with **financial literacy training**. Together, through these initiatives, FAST catalyses improved financial well-being and equips clients with the resources needed to break the cycle of intergenerational poverty.

The initial 60_Decibel FAST study in Rwanda was completed in July 2022 and a follow-up study eight months later, in March 2023. The respondents were randomly selected from a sample of FAST members at a 90% confidence level and a 5% margin of error. The initial study comprised 373 respondents while 203 respondents were selected for the follow-up study.

The initial study was done during the early stages of the savings group loan cycle, which was before group members could be impacted by the FAST capital available to them. The follow-up study was completed one month after the savings group cycle concluded, and after they experienced a FAST loan cycle.

» VisionFund loan supports the most vulnerable

With nearly half of the group members living in extreme poverty (less than \$1.90/day), VisionFund's investment in providing financial access and training to the rural poor is targeting the most vulnerable, those with few financial services options. The data indicates that:

- **45%** of the **FAST group members live below \$1.90/day**, which is defined as extreme poverty
- **73%** of clients **live below \$3.20/day**

With the FAST group loan from VisionFund, nearly all respondents (96%) reported that they found it easier to access credit from the savings box. The FAST loan helped more members grow their businesses more quickly and improve their quality of life than if they had to solely depend on the group's cashbox savings for loan disbursements.

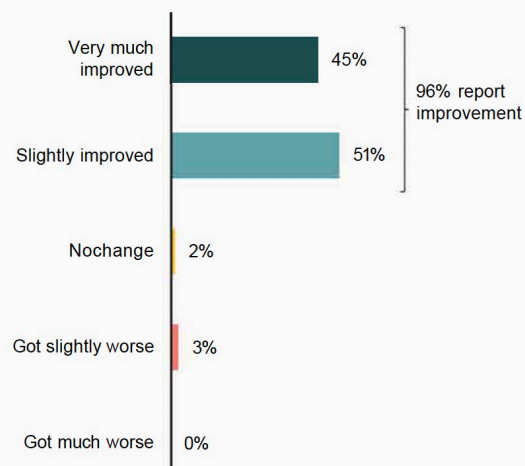
» Impact Performance: Improved quality of life

To gauge depth of impact, members were asked to reflect on whether their quality of life has changed because of the FAST loan. In total 96% said their life had improved. Members who report a "very much improved" quality of life are also more likely to report a "very much increased" savings amount (64%) in comparison to those who report only "slightly improved" quality of life (41%).

Perceived Quality of Life Change

Q: Has your quality of life changed because of the cashbox loan? Has it: (n = 203)

● ● ● ● ● - TOP20%



“ FROM OUR CLIENTS

[Before taking the loan] it was hard to afford soap, food, and other basic needs. Since I took the loan, I have started a business selling groceries, and it helped me to get soap for my children. As a family, we are able to afford food and other essential goods thanks to this loan.

Our lifestyle habits improved because I am making enough profit. My children get good meals, and I can satisfy their needs easily.

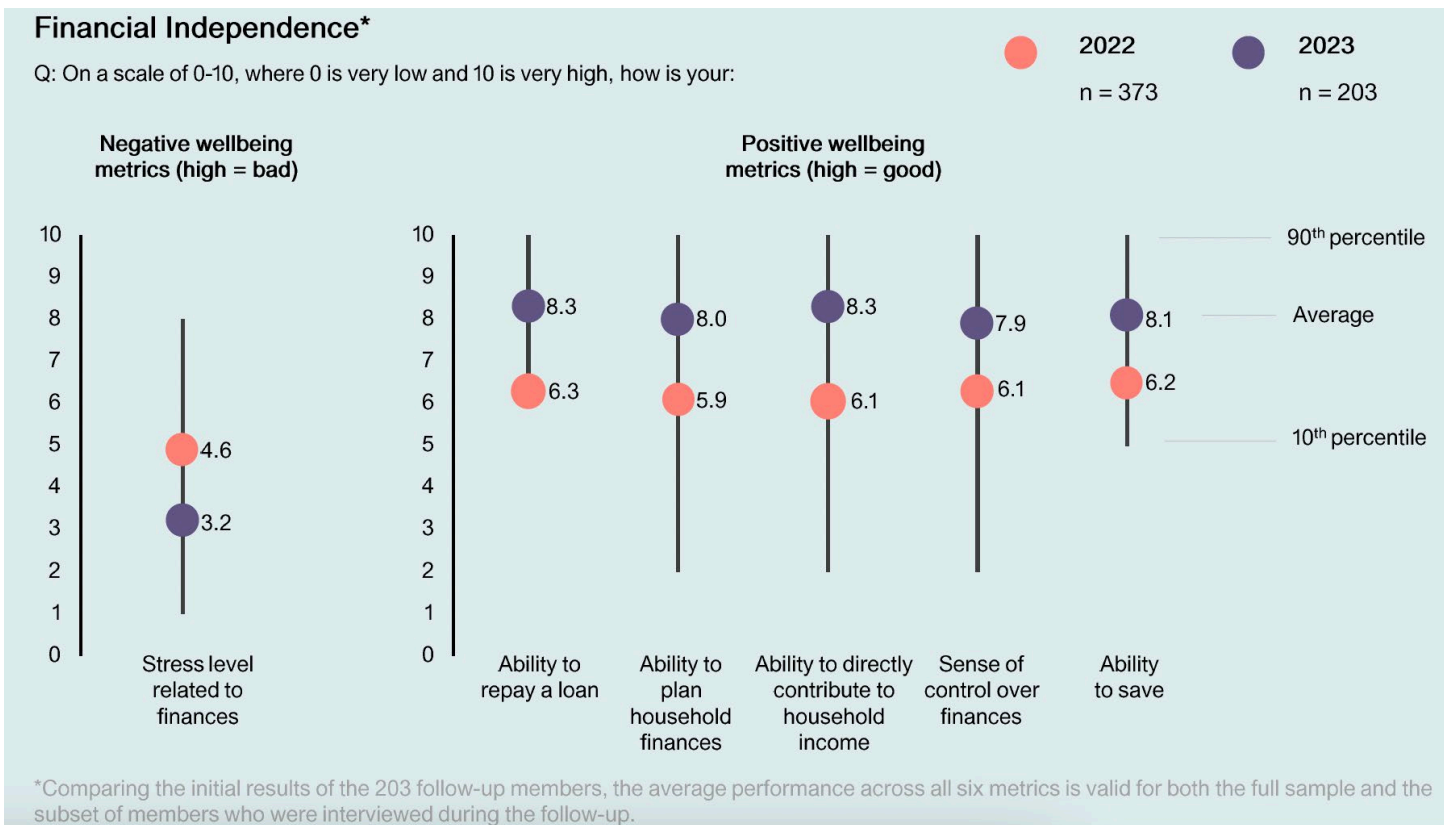
“ FROM OUR CLIENTS

My children now eat healthy food since I took the loan. It has really improved because before it was tough for them to get the required nutrients.

I used the loan to buy a cow so that I can get compost from it or milk for my children. For us in rural areas, livestock sometimes can help us anytime, so it is kind of saving my money.

» Financial empowerment metrics improve

Given the level of poverty of the FAST group members, FAST aims to provide them with the right tools to progress out of poverty through financial empowerment. An assessment of members' financial situation in relation to six metrics of financial empowerment and self-efficacy shows a significant improvement between the initial and follow-up evaluations. On a scale of 1-10, the average performance across all five positive metrics improved from 6.1 in the initial evaluation to 8.1 in the follow-up while the negative metric (financial-related stress) reduced from 4.6 to 3.2 between the initial and follow-up evaluations. This suggests that the cashbox loans have a positive impact on members' financial well-being even in the short period of time between the two evaluations (eight months).



» FAST loans support rural business growth

The results indicate that 82% of respondents used the loans for business purposes and said that their business was their main source of income. This shows that VisionFund is helping the rural poor establish and grow income-generating activities. More women (84%) than men (77%) reported that this business was their primary source of income, providing a strong confirmation that VisionFund's financial services are indeed benefitting the rural women in Rwanda by helping them generate income and achieve economic empowerment.



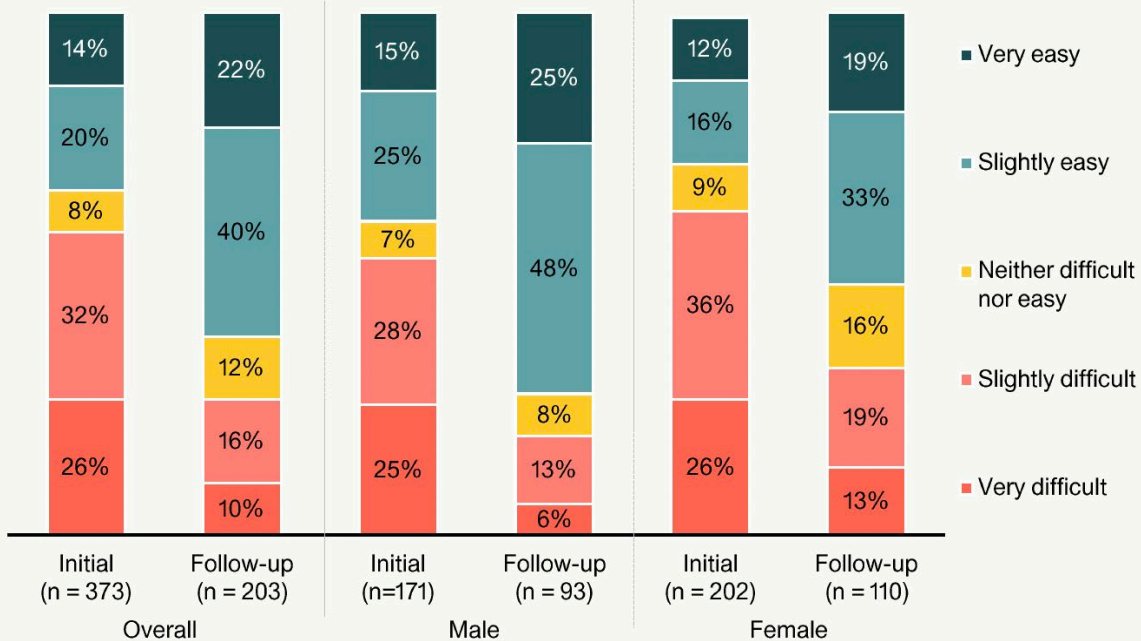
» Financial Resilience: Unexpected expenses

During the initial study, 58% of members reported that they would find it difficult to come up with emergency funds. However, during the follow-up study, this figure dropped significantly with only 26% reporting difficulty in coming up with emergency funds. This is a positive outcome, as it suggests that cashbox loans may be helping members to improve their financial stability and resilience in the face of unexpected financial challenges.

Overall, members are in a better place now than they were in the initial study to withstand unexpected expenses and general financial sustainability.

Unexpected Expenses*

Q: Imagine that tomorrow you have an unexpected emergency and need to come up with 110,000 Rfr within the next month. How easy or difficult would it be to come up with this money?



*If we just compare the initial results of the 203 follow-up members, the percentage who said 'very difficult' was 25%, therefore the improvement trend is valid for both the full sample and the sample of members who were interviewed at follow-up.

» Clients achieved their goals

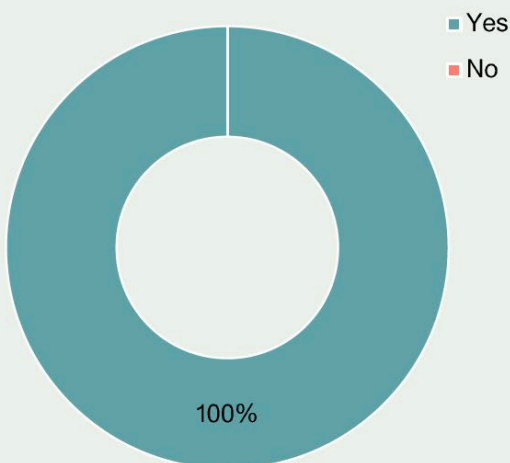
VisionFund was also keen to understand whether the clients achieved the goals they set for themselves when taking the loan – that goal could be related to their livelihood, to their family, or them personally. VisionFund is pleased to see that 62% of the members reported they were able to meet their original goal for the loan by the end of the loan cycle, as evidenced by the follow-up study findings. This is a substantial improvement compared to the initial study when only 28% reported they were able to achieve their intended goal. This is evidence that FAST loans enable clients to meet their needs and achieve their goals over time.

Further evidence shows that FAST is a strong vehicle for women's empowerment and, in turn, family and child well-being. The findings show that women are more likely to invest their loans in income-generating activities, stick to their goals, and provide better care for their children than men. In the initial evaluation, we see that 34% of women (compared to 21% of men) reported they were able to achieve their intended goal for taking the loan.

Nearly 2/3 group members said they were able to fully achieve their goal.

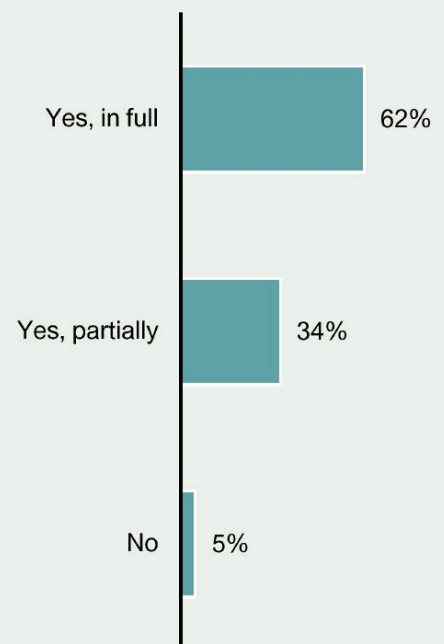
Goal Setting

Q: When you took your loan from the savings group cashbox, did you have a specific goal that the loan would help you achieve? (n = 203)



Impact on Goal Achievement

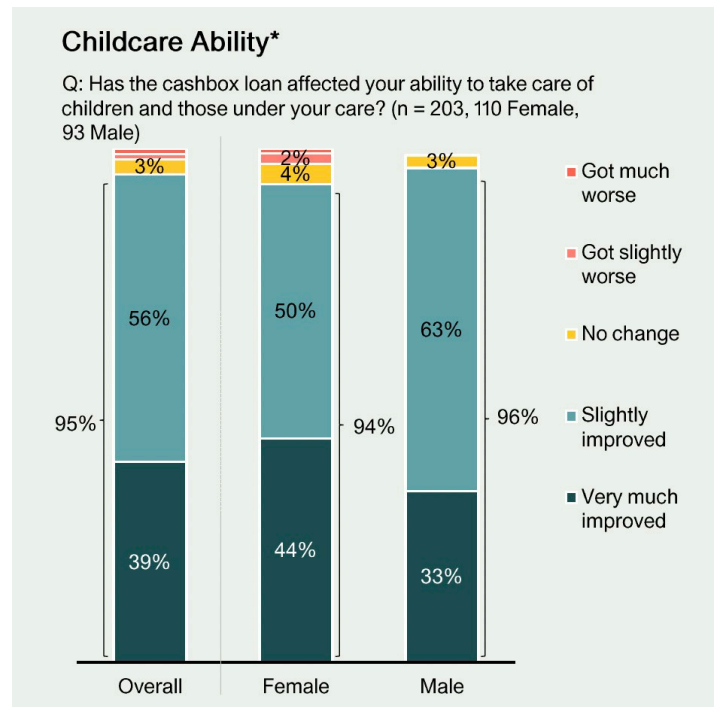
Q: Did you achieve that goal? (n = 203)



» Ability to care for children improves

In the follow-up evaluation, 95% of respondents reported improved ability to take care of the children they support. This was primarily seen in improvements to education with 79% of surveyed clients caring for children saying FAST helped them afford school fees for their children. There was a 7% increase in the percentage of surveyed clients who used at least 25% of their loan towards childcare, indicating a positive correlation between FAST and client ability to invest in child well-being.

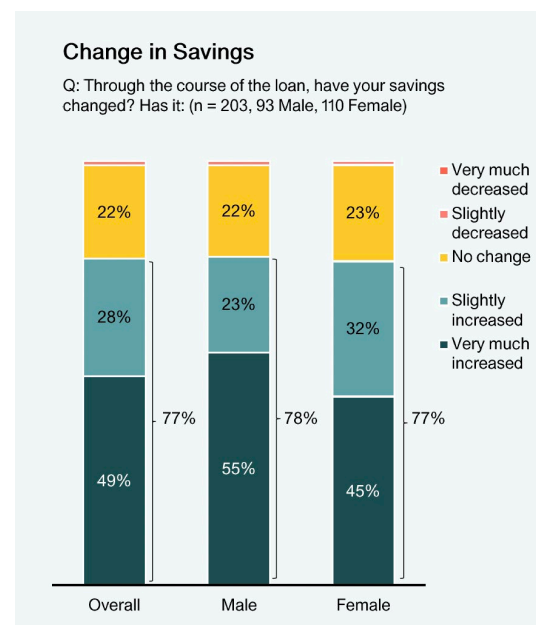
95% of members report an improvement in their childcare ability because of the cashbox loan, an increase of 3% from the initial study.



» Increased savings supports resilience

With the FAST loan, client's savings increased which indicates a positive relationship between FAST and increased financial resiliency. The average financial resiliency score improved from 5.9 during the initial study to 7.3 during the follow-up study.

The follow-up study also saw an improvement in the percentage of FAST members who were able to use their savings when they experienced an emergency (20% in the initial study and 24% in the follow-up study).



FROM OUR CLIENT

The reason for the increase is that we have been growing good crops, and our revenue has increased since I have been able to plant on time thanks to the loan I received from our savings group.



» Financial literacy training develops confidence

Financial literacy is a critical prerequisite to economic empowerment, yet women are less likely to have access to relevant training. Growing evidence shows a strong positive correlation between women's financial literacy, improved well-being, and feeling confident in their ability to support their families through savings and microcredit. VisionFund Rwanda has invested in financial education for its FAST group members and 95% of the members trained reported the training was helpful and expressed an interest in receiving more training. There is also evidence of the positive correlation between financial literacy, the ability to save and financial resilience.

» Summary

These studies demonstrate FAST is having a positive impact on the surveyed clients in Rwanda by accelerating business development, increasing savings, furthering financial resiliency, and benefitting child well-being. The studies also confirm that we are serving the targeted demographic (rural clients below the poverty line, especially women) with a product that is working to help clients achieve economic empowerment.