

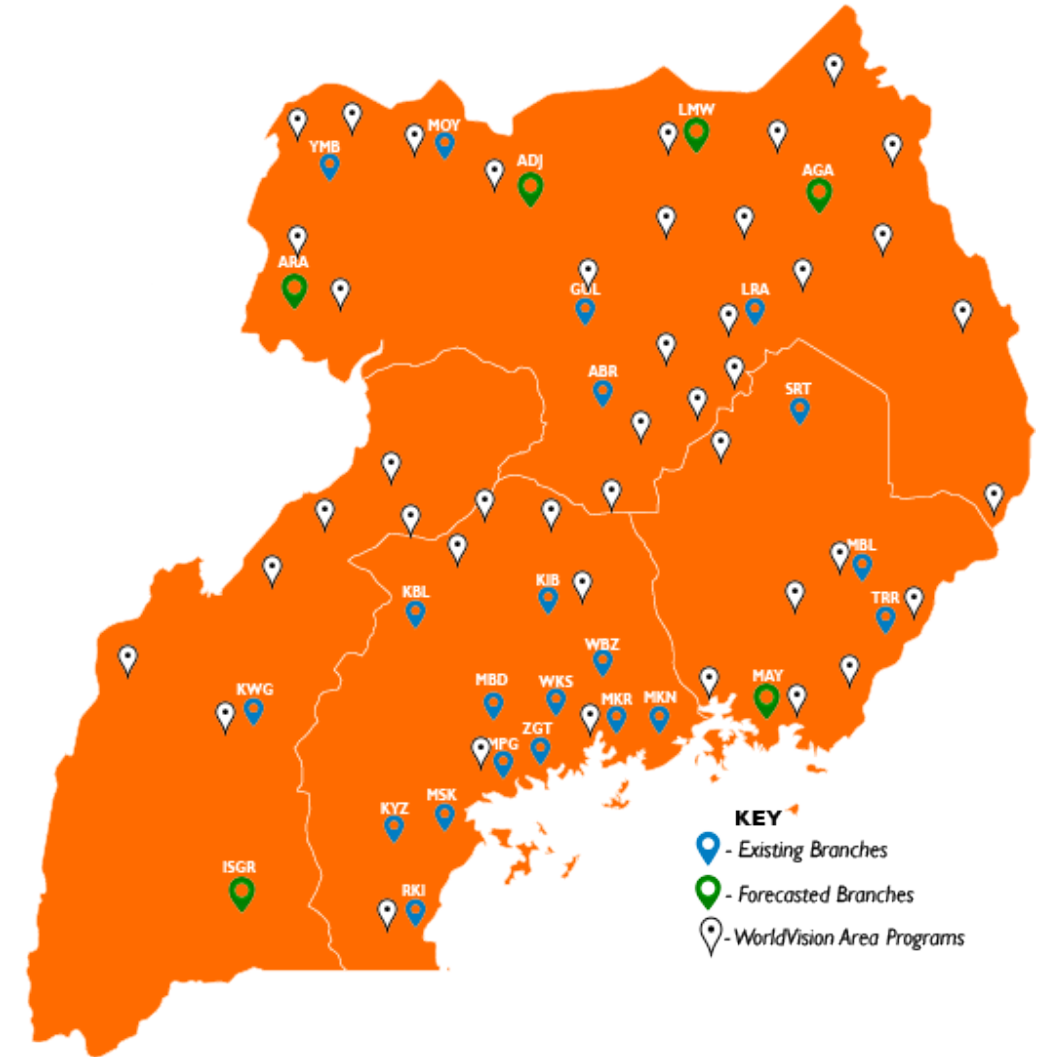


General Overview of the VFU Financial Inclusion For Refugees Intervention

As at March 2022

Introduction to VisionFund Uganda

- VisionFund Uganda Ltd. is a **Christian Microfinance Institution**, an affiliate of VisionFund International and World Vision Uganda, which started operations in Uganda in 1996 and celebrating 25 years of existence this year.
- ❑ **Our Presence;** We have footprints in Western Region, Eastern Region, Southern Region, Central Region, Northern Region and now in West Nile Region. We are operating in a network of 21 Branches across the country serving over **45,000 clients, 95% of whom are in rural areas** and **59% women**, while at the same time impacting more than **270,000 children**.
- ❑ **Our approach:** With respect to our current strategy, VisionFund Uganda works through Branch networks , digitization, World Vision & other partnerships to reach out to communities we serve.
- ❑ **Serving refugees** is in line with our strategy of sustainably impacting over 300,000 children by 2024 in the vulnerable and rural communities while aligning our footprint with World Vision
- ❑ **Key priorities:** Clients first with a key focus on women, executing flawlessly and investing in people



Background – VF Uganda Overview

1996

2012

2018

2019

2020

2021

Started operation in Uganda as World Vision's Micro-Enterprise Development Network (MED-Net)

Incorporated as VisionFund Uganda and licensed to offer credit services to Ugandans under the ownership of VFI (99%) and WVU (1%)

- Embarked on turnaround plan and reduced PAR by 50% in 12 months.
- Exit of 75% of Senior Management Team

- VFU hires new CEO in June 2019
- 3 year strategy development
- Opened up operations in West Nile Region (Moyo Branch)
- Reduced client attrition by over 40%

- Covid-19 pandemic
- Acceptable audit rating
- Mobile Banking pilot and roll out
- Cost Containment Strategy
- Rolled out Recovery Lending

- VFU posts MoM profits (March to May)
- Opened up 21st Branch in Yumbe
- VFU marks 25 years of improving lives of children

VisionFund Uganda's 3 year Strategy Summary

Old Choices

New Strategic Choices



Markets

Vulnerable **rural and urban**



Economically active **individuals** in **rural & vulnerable communities**

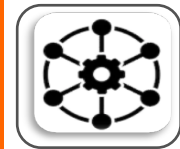


Clients

Individuals (both women & men) in rural & vulnerable communities



Individual **households** with particular focus on **women**



Channels

Branch network



Branches, digitization, World Vision & other partners



Client Offerings

Purely **credit**



Credit and other services such as Insurance



Staff capabilities

Minimal training & **no clear** succession planning



Building employee capabilities at all levels, continuous online training & succession planning



Our 2024 Strategic Ambition

- To sustainably impact 300,000 children in the rural and vulnerable communities while aligning the footprint with WV Area Programs.
- To register a Profit After Tax of UGX 500Mn or \$ 140,000 by 2024.
- To deliver products and services through branch network, digital channels, WV and other partners.

Priorities

1. Execute flawlessly
2. Place clients first with a key focus on women
3. Invest in people



Enablers

- i. Accelerate Digitization
- ii. Strengthen risk management and controls
- iii. People, culture and leadership
- iv. WV integration & other partnerships
- v. Invest in marketing

Client proposition

- **Convenience**
- **Care**
- **Relevant Solutions**

Our Current Activities With Refugees

- **Provision of Loans;**

Provision of credit to Saving Groups without collateral back-up. This is credit into the cashbox of the group that is managed by the group according to their internal operations

- **Financial Literacy training (FSD Uganda)**

Provision of financial literacy training through the use of “Embedded Education” with a variety of modules that include:

- I. Borrowing Wisely,
- II. Saving for the future and
- III. Managing Money.

- **Other key Activities include;**

- IV 4 visibility points in West Nile
- V Training - Staff Capacity Building and VFU confidence in FI4R
- VI Contribution to the Video Clip on the FI4R lessons learnt
- VII Contribution to Salary for Field officers & other Project monitoring costs
- VII Loan guarantee contribution



Over 23,000 Clients

Over 955 SGL Groups at 4 Locations

Over UGX 2.3Bn Volume

PAR: 1 Day 6.61% , 30Days 3.89%

74% Clients Are Women

Over 96,021 Children Impacted

28,000+ FL Training (75% female)

Lessons learned

- I. Before Covid-19, – very good repayment rate (100%)
- II. Refugees are very enterprising ,need capacity building in business skills and choices
- III. Local staff hiring for trust in the community
- IV. Mobile money helps overcome the barrier of long distance between the settlements and the service point
- V. Financial literacy training helps boost capacity of clients to utilize the loans well
- VI. Digital field automation for client on boarding improves operational efficiency and client service/turn around time
- VII. Need for more staff capacity building given their level of education (digital tools)
- VIII. Continuous training of clients to use mobile money so as to build their confidence levels to transact on their own.
- IX. Use of digital monitoring tools (example on next slide)



Lessons Learned: digital client on-boarding and digital monitoring

Branch	1d	7d	30d
Yumbe		5	40
Moyo	2	35	158
Adjumani	1	14	73
Total	3	54	271

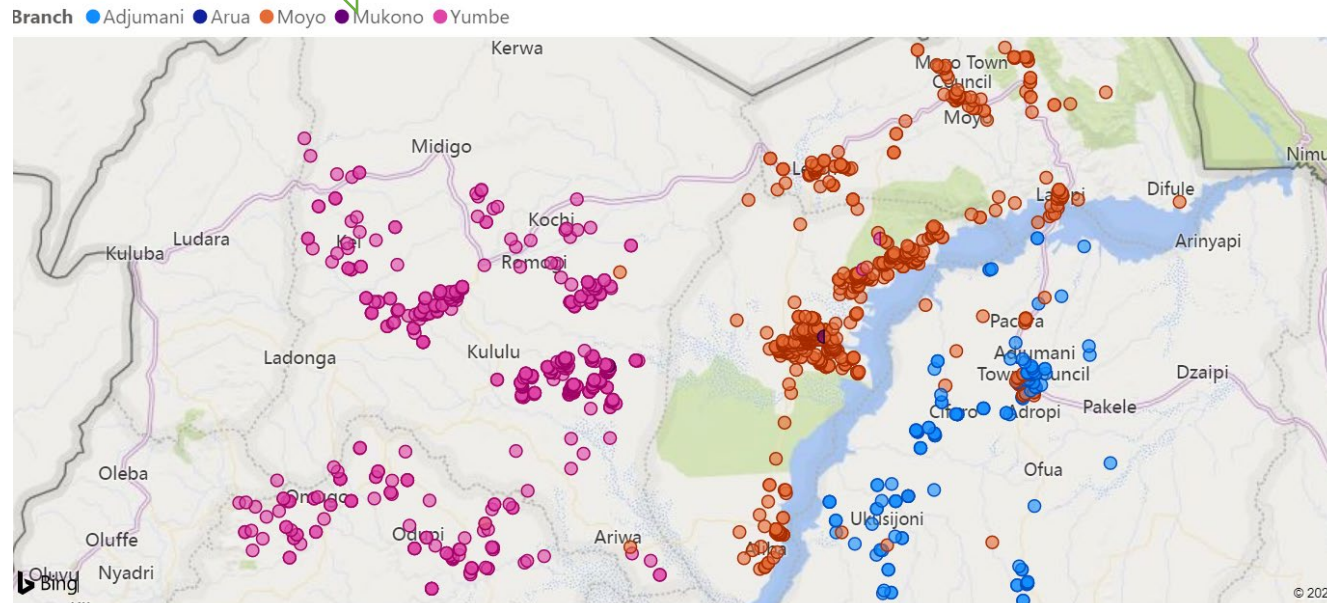
Daily Branch Monitoring

Branch	Officer	1d	7d	30d	a
Moyo	3301		14	32	
Moyo	3305		6	31	
Moyo	3303		3	28	
Moyo	3304	1	5	26	
Moyo	3306	1	6	14	

Daily Loan Officer Monitoring

Digital monitoring allows

- to cover a wide area operationally
- Is less dependent on a branch



GPS coordinates for better zoning

Achievements and Opportunities

Achievements

- i. Expanded outreach to the West Nile region and successfully piloted refugee microfinance
 - 2 Branches Moyo, Yumbe
 - 2 Field offices Arua and Adjumani
- ii. Accelerated digitization that contributed significantly to the overall 15% reduction in total costs YoY (2019/2020)

Opportunities

- i. Over 80% of Ugandans live in rural areas and are engaged in agriculture
- ii. Ability to attract cheaper funding to grow and drive impact in refugee communities
- iii. Digital technology and stronger ecosystems to expand outreach in the rural areas while reducing delivery costs.
- iv. Young population (77% being under 25 years of age)
- v. Alignment with VV APs and scaling up SGL product



General Challenges

1. Liquidity of mobile money agents, hampering the effectiveness of mobile money as a channel of service delivery.
2. Floods during 2020 making roads impassable and gardens flooded. Staff could not move nor meet saving groups thereby affecting monitoring of members.
3. Effect of COVID-19 through 2020/2021 that slowed down business and also affected our loan collection rates as markets were closed implying less income.
4. Changing legal framework in mobile money regulations.(i) Affected transactional limits (ii) sometime in 2020, refugees were stopped from acquiring simcards (iii) It has become a challenge to acquire driving/ riding licenses for refugees thereby affecting their field movements and activities.
5. Cost of operations due to high transport costs as there were restrictions on members using public transport.
6. High cost of borrowing resulting in higher interest rates for all products and smaller profit margins.
7. Funding shortage in WFP led to 30% cut in food ration for refugees. Saving groups disintegrated, some members returned to South Sudan thus affecting cohesiveness of the refugee groups.
8. Rescheduling of loans during the 3 months of the first lockdown. Monthly loan instalments were partially paid back(SGL still had higher repayment rate than other products)



Field officer in Moyo, Obongi on a flooded day

Way forward in the next 3 Years

1. Expand outreach and alleviating the field offices to fully fledged branches in Arua and Adjuman (West Nile region). New branches planned in Lamwo and Isingiro Districts.
2. Continued provision of financial literacy Training (Targeting over 24,000)
3. Innovation and Products - rolled out a Health Insurance Product in addition to the loan products.
4. Accelerate digitization and focus on individual lending / Business Loan products
5. Continue to leverage on partnerships for growth and source for cheap funding
6. Targeting to reach out to over 1200 Savings Groups.
7. Focus on Risk and Controls environment using experiences / lessons learnt



Things to remember

- i. Digitization implementation will be key especially in the wake of COVID. Indeed VFU is very passionate about the digitization journey and has already taken some baby steps in implementation. More support is needed on the Digital agenda.
- ii. The decision and underlying risk to extend financial services to the refugees has paid off. The intervention is beyond proof of concept. VFU is targeting to reach 1200 by end of year 2022 while impacting more than 140,000 children in both host and refugee communities
- iii. Partnership support has been vital for all this to happen. Special thanks to OPM, World Vision , VFI , FSD Uganda , FSD Africa , Grameen Credit Agricole Foundation , Austrian Development Agency , aBi , UNHCR etc
- iv. Scaling and Impact will require more support through partnerships of this nature





Thank you!