

## VisionFund International Microfinance Innovation through Integration *Highlights of Integrated Programmes*

*“VisionFund Microfinance Institutions are able to have greater impact on their clients and on children by integrating microfinance with other programme areas of World Vision.”*



### Spotlight Countries

Brazil  
Ethiopia  
Kosovo  
Mauritania  
Mexico  
Serbia / Montenegro  
Sri Lanka  
Swaziland  
Zambia

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## Introduction

### *VisionFund: Highlights of Integrated Programmes*

VisionFund and World Vision have the same commitment to children, to provide life in all its fullness. World Vision's transformational development programmes focus on every aspect of a child's life. For VisionFund, the microfinance subsidiary of World Vision, that manifests itself in helping families create sustainable businesses that produce more income, increasing the quality of life for the entire family, including the children.

Some of VisionFund's Microfinance Institutions (MFIs) integrate with World Vision to create programmes that directly impact the lives of the children and communities. In the past year, VisionFund received feedback from 42 of the 47 MFIs about the programmes they link together with World Vision. These areas include HIV/AIDS, Education/Literacy, Peace, HEA, Economic Development, Christian Commitment, Gender, W.A.S.H, and ASCAs Savings.

Integration, for this survey's purposes, is any programme that directly connects with World Vision. This is more than providing funds for a project or simply working with clients in ADPs. This direct integration with World Vision sets VisionFund apart from other microfinance lending institutions in that VisionFund provides a holistic approach to alleviating a family from poverty.

Overall VisionFund found 72 integrated programmes in its MFIs around the world. The programmes varied in length and size, but many were innovative ways of combining Microfinance and other WVI programmes. The programmes varied in roles and responsibilities depending upon the needs of a community and the size of the MFI.

After collecting the results of the survey, several programmes stood out as being exceptional examples of integrated ministry. Each of these MFIs is able to have greater impact on their clients and on children by integrating microfinance with other areas of World Vision. The following examples will showcase successful VisionFund integrated programmes.

## Reaching Children through Microfinance

### Integration of Child Programmes with Microfinance

Serbia / Montenegro | AgrolInvest

AgrolInvest, VisionFund’s MFI in Serbia and in Montenegro, is committed to interacting with communities and improving the lives of children in local area ADPs. AgrolInvest has developed

**“The ‘Happy Child’ programme has been able to build 15 playgrounds...”**

a programme called “Happy Child”, originally a project proposal that came from schools, kindergartens, and medical centre representatives. The goal of “Happy Child” is to benefit all children in a community through a variety of programmes that AgrolInvest and local villages provide through resources and funding.

This programme starts with microfinance, where small business entrepreneurs receive loans that build their businesses and help families increase their income. When the family repays their loan, part of it goes to sustain the microfinance institution, and part to fund projects proposed by the communities through the “Happy Child” programme. Each year AgrolInvest dedicates 2.5% of its annual revenue to the project.

In the past three years almost 200 village communities have implemented 370 “Happy Child” projects. The communities are able to contribute around 50% of the cost of the projects. This acts as an effective way to partner with local villages and civil societies resulting in helping over 25,000 children. The “Happy Child” programme has been able to build 15 playgrounds, reconstruct 20 schools, bought more than 40 computers, developed programmes that benefited children with mental disabilities and paid for medical costs for upwards of 60 children.



The Labovic family has benefited greatly from this integration of services. One couple used their two loans from AgrolInvest to purchase dairy cows, increasing the family’s income by 30%. Meanwhile their ten-year-old son, Nemanja, was diagnosed with a tumour in his kidney. The village association proposed that “Happy Child” fund his examination and surgery. He is now back at school after two years spent in hospitals. In addition, the church they attend received World Vision donated equipment to support youth and religious education, which benefits their family and broader community.

## Opening the Floodgates of Success in an Arid Region

### Integration of WV Water Programming with Microfinance

#### Sri Lanka | VisionFund Lanka

Within the north-western province of Sri Lanka is a dry zone that experiences limited rainfall and is without any major irrigation systems. A total population of 21,672 people live in this area, of which an estimated 78% fall below the poverty line, living on less than \$1 per day. The main source of income is through cultivation of products like rice paddies, chillies, kurakkan, cowpea, peanuts, vegetables and cashew.

**“The success she has experienced thus far has instilled in her the hope of providing a good education and future for her girls ...”**

World Vision Lanka has established an ADP in this dry region called MKK. There are 4,872 families living within the ADP area. One key project within MKK (done along with the USDA) is the establishment of rainwater-harvesting ponds for ADP members. Along with providing better access to rainwater, the ponds also pose a great opportunity for beneficiaries to expand and develop more productive sources of income. MKK ADP has partnered with VisionFund Lanka, which also works in this region, to provide complementary microfinance loans for equipment such as pumps and irrigation systems as well as cattle, seeds, fertilizer and other essentials.

This partnership has produced great results. Thus far 688 clients have benefited from the rainwater-harvesting pond programme, of which 167 received microfinance loans to increase their pond’s productivity. The repayment rate has been 100% on these loans, and many clients have experienced a noticeable increase in their monthly supply of produce and income.

One client named Mrs. Sunetra Ranjani, a single mother whose two daughters are sponsored by World Vision, reported improvement in her rice paddy due to the receipt of VF Lanka loans and increased access to rainwater through her new pond. Her VF Lanka loan enabled her to increase her plot from ½ acre to 3 acres. She has successfully paid back her first loan and anticipates investing in an irrigation pump with her next one. Her daily expenses have decreased due to the increased productivity of her land. Earlier she was spending \$7 per week in the village market for her household goods. But today she spends only \$3, relying on her vegetable plot. She and her children used to live in a plank house, but today she has built her own permanent house. Currently she has \$25 in her personal savings and both of her girls have \$60 each safely tucked away in their children’s savings accounts.



The success she has experienced thus far has instilled in her the hope of providing a good education and future for her girls as well as the satisfaction of running a productive farm.

## Community Banks are Launch Point for Education

### Integration of WV Education with Microfinance

#### Ethiopia | WISDOM

In Ethiopia, a Credit Plus Education programme was implemented in collaboration with ADPs Guraghe and Wonchi alongside VisionFund's MFI Wisdom. The purpose of the programme was to use Wisdom's community banking model as a platform for raising awareness of matters related to HIV/AIDS.

To implement the programme, staff members from the ADPs and Wisdom attended half-day trainings in which they learned about HIV transmission, prevention, and caring for the next generation. The Credit Plus Education training was then provided to group leaders of the community banks, which fell within the local ADPs. They were equipped with posters and brochures and were

**“I did not want my children to suffer. I did not allow my children to drop out of school.”**

instructed to include these topics in their regular community bank meetings. Overall feedback indicated that participants appreciated the training and found it helpful for increasing their awareness of HIV/AIDS.

Azleche Haile is a client who benefited from the Credit Plus education programme. Her husband, who was a farmer and carpenter, died several years ago, leaving her on her own to provide and care for their four children. To make ends meet, she worked as a day labourer for another household. She reported that her house was deteriorating but she lacked the finances needed for repairs. She says, “I did not want my children to suffer. I did not allow my children to drop out of school. I did extra work and took on the suffering myself.”

Azleche learned of a community bank in her area and she was invited to join. She participated in the Credit Plus Education programme, from which she noted that she gained more useful information about matters related to HIV/AIDS. Also through the group she was able to qualify for a loan of 600 birr, which she used for petty trading to sell shiro (an Ethiopian type of food made from chickpeas). She is now paying of another loan of an additional 400 birr. With the profits on her loans she has built a better home for her family, was able to provide new clothes for her family and could put meat on her family's table. Through her loan experience she also now carries a valuable understanding of HIV/AIDS, which she can in turn pass along to her children.



## Christian Commitment and Microfinance

*Integration of WV Christian Commitment with Microfinance  
Serbia / Montenegro | AgroInvest*

In Serbia, AgroInvest, VisionFund’s MFI, and World Vision team up with the Serbian Orthodox Church to pass out Bibles in the Youth Bible Curriculum programme. This programme has allowed for a mutual partnership between AgroInvest, World Vision and the local community in order to connect Microfinance with Christian Commitment. This unique collaboration is able to show Christ and his Kingdom through Microfinance institutions.

**“Children are able to grow spiritually while some of their parents are able to grow their businesses through microfinance.”**

This religious education programme is for children ages 7 to 13 and is facilitated through the local church. AgroInvest partners with the church to teach the children about Christ through scripture. Children are able to grow spiritually while some of their parents are able to grow their businesses through microfinance.

World Vision also provides the church with much needed renovations to host their programmes and serve the church community. The programmes also affect the parents of the children and some are lead to come to know Christ. The small village church called Saint Petka serves the needs of over 2.500 local villagers.

“We use the hall that World Vision reconstructed for us for many different purposes: Saint Day celebrations, baptisms, and as a place for people to gather and talk after the service. More parents are deciding to baptise their children in the church”, said Father Bogosav.



Christian Commitment is a largely underdeveloped integrated programme potential in relation to microfinance.

AgroInvest’s example of partnering with local churches can be replicated in other appropriate MFIs around the world. These relationships would be able to provide both financial support and spiritual support to address all needs of a family.

## Small Savings, Big Impact

### *Integration of Savings with Microfinance*

#### *Brazil and Swaziland | ANDE & PROMICRO and SMFE*

ASCA, stands for accumulating savings and credit associations, are programmes that teach people the importance of savings. The programme is an innovative way for Microfinance institutions to integrate with ADP communities to begin to teach community members the importance of money management.

Similar ASCA’s programmes are being offered through other microfinance institutions with

**“This model also helps build community by encouraging people to work together.”**

great success. Clients are able to graduate to eventually receiving loans, and are able to maintain savings while paying back the loans in large part because of the savings education and training they receive under the ASCA programme.

There are several MFIs that currently use this model, most notably our MFI in Brazil and Swaziland. The programme operated by World Vision ADP workers identifying groups of people who are interested in business activities and money management. These people form groups where they begin to lend small amounts of money to each other. They then grow in their ability to save money individually and as a group. Once the group has shown success in lending to each other, the microfinance institution is able to come alongside and begin loaning larger amounts of money to the group. These groups then would use this loan to be able to build their businesses, supporting each other along the way. Eventually their businesses will grow and they will begin to receive individual loans.



This ASCA model has tremendous potential for VisionFund’s client base. This model is a very useful tool for clients in ADPs to get introduced to microfinance while learning about the importance of savings and basic business skills of keeping records of their earnings. This model also helps build community by encouraging people to work together in order to build their savings. Further expansion of this integrated programme within ADPs and MFIs will greatly enhance the economic development of local communities.

## Rebuilding Communities through Microfinance: Recovering from Disaster

*Integration of WV Humanitarian and Emergencies Affairs with Microfinance  
Ethiopia | WISDOM*

In 2004 WISDOM, VisionFund's microfinance institution in Ethiopia did a study on the impact of

**“...microfinance helps  
people recover faster  
after disasters...”**

Microfinance's effect on economic recovery after a disaster. The study concluded that those who had access to microfinance were less affected and were able to recover more quickly after disaster struck.

In 2002, Ethiopia experienced a 21% reduction in its national crop. The result was a food crisis and higher prices for cash crops. These conditions led to roughly 20% of the Ethiopian people requiring emergency assistance, many lost their businesses and many more were malnourished.

This study sought to determine that those clients, namely women, who had access to microfinance, were less likely to become malnourished by the food crisis. The study looked at a control group that did not have access to microfinance before the crisis and a control group within World Vision who had access to microfinance.

The results of the study showed that those who had access to microfinance before the food crisis were less likely to be effected by the crisis and less likely to be malnourished. These female clients were better nourished and less likely to receive food aid than those in the control groups.

The group also found that those who receive microfinance after a disaster but did not have access beforehand were less likely to be malnourished than those without access to microfinance. This study shows that microfinance helps people recover faster after disasters whether they had prior access or are able to receive loans after the disaster strikes.

Microfinance, when linked to World Vision's disaster relief efforts, is able to provide assistance in rebuilding communities once the initial needs following a disaster (food, shelter and medical care) are met. Communities vulnerable to disaster and its effects will be able to more quickly rebuild businesses contributing to the renewal of a whole community.



## Education Opens Doors

### *Integration of WV Education with Microfinance Mauritania | PRODEVE*

In Mauritania, PRODEVE, the microfinance institution, partnered with World Vision Mauritania to provide education and literacy programmes to women. This access to education allowed for these women to grow confident in their ability to read and learn basic business skills, providing them with financial independence and provision for their families.

**“I overcame my fear of numbers!”**

This programme began when the local World Vision ADP saw that women were by in large illiterate and did not have sufficient knowledge to grow their small business ideas. They wanted to provide them with business capital to help improve their quality of life but realised their clients would need additional resources in order to achieve their business goals.

Around 300 women participated in this programme. The clients began by learning to read through the alphabet and were taught simple math skills used in every day business practices. After they had completed some of their educational courses, they were given two cycles of loans lasting six months each. Through these loans, they were able to bring in more income, and begin to build small businesses, which created more income for their families and contributed to the local economy.

One of the women able to overcome obstacles was Gumne. Unable to go to school as a child, she grew up scared of numbers and felt controlled by money. Through this programme she was able to learn to read and be able to keep a simple set of numbers. She then received a loan, paid it back and received a second loan. Soon, she was able to start a business. Today she sells the traditional dress, the mulafah, has her own shop and ships the clothing to nearby Senegal.

“I overcame my fear of numbers!” says Gumne with a hearty laugh. “I realised I could control my money rather than being controlled by it.” Now, she is able to earn enough money to send her daughter, Khadijettou, to school and can help her with her homework.



Not only did this programme positively impact Gumne and other women, but the staff members of PRODEVE too. They expressed great satisfaction in being involved in facilitating some of the women’s education. This partnership was able to provide women with skills, enabling them to achieve greater business success, which allowed for more income and stability for their families.

## Building Lives and Building Peace

### Integration of WV Peace Building with Microfinance Kosovo | KosInvest

Kosovo faced a raging civil war that tore apart the country in the late 1990s. Many people were left without homes, communities were broken apart, and local economies were left in poor conditions. Ethnic isolation followed with the population growing increasingly suspicious of foreigners.

**“...people no longer have to live in these enclaves for fear of their neighbour...”**

In 2005, KosInvest and World Vision Kosovo saw the need for both economic opportunities and peaceful reconciliation within different ethnic communities. These organisations wanted to create new ways in which people from different backgrounds could interact and begin to rebuild communities after the war.

Two programmes were developed and then expanded to help bring peace to the war torn communities. The first involved bringing together children from different ethnic backgrounds and was called the “Kids for Peace” project. The initial programme took 360 kids from diverse backgrounds to help each other with civil society projects. This programme expanded to include youth and spread to other areas of Kosovo. Children learned how to better their communities by coming alongside other youth with different backgrounds, to work together to improve their communities.

The second programme that was developed addressed economic division. The World Vision staff saw that the war and its effects did not end with the conflict. The divisions between ethnic groups grew to fracture communities. Minorities began to live in enclaves, and had minimal interaction with any member of an ethnic group outside their own. World Vision Kosovo and KosInvest saw that one of the scars of the war and this division was a disrupted traditional economy.



In order to begin to heal this economic division, new relationships had to be established. World Vision Kosovo and KosInvest came up with the idea of “Enhance Peace through Economic Development.” These programmes crossed barriers between ethnic groups by providing capital that built businesses and created market links through different communities. These markets have thrived through KosInvest and World Vision’s guidance and commitment to connecting communities through mutual economic benefit. These markets create jobs and connection between products and the entrepreneurs who rely on other businesses to expand their capacities. Most importantly people no longer have to live in these enclaves for fear of their neighbour; they have begun to build relationships through the common interest of rebuilding communities with a thriving economy and lasting peace.

## Access to Markets and a Brighter Future

### Integration of WV MED with Microfinance Mexico | FRAC

FRAC, World Vision and VisionFund’s microfinance institution in Mexico is committed to a high standard of excellence by coupling low risk and solid sustainability. FRAC experiences these

**“It is creating jobs, increasing sustainability, lowering migration rates and raising the quality of life.”**

results and is committed to integrating other areas of World Vision’s Economic Development with their microfinance loans. They are one of many our VisionFund’s MFIs actively involved in providing services to train their clients, create access to markets, access to technology, access to know-how and access to knowledge.

FRAC works in different areas of microfinance development to help their clients build more sustainable businesses that improve their lives. One of the areas of integration FRAC uses is training clients in ADPs in money management and basic business skills. In the ADP in EL Progreso, clients are able to take the skills they received from training provided by FRAC and combine it with their micro loans. In an ADP in Vicente Camalote, fish farmers are able to receive training in raising their fish, making them more efficient in their business.

In the Cresencio Morales ADP, FRAC is able to help with a self-employment programme that teaches people how to take an idea and turn it into a business plan. Staff are able to guide their clients at every stage of the business, by teaching them business skills and learning about local markets. Once the plans for their businesses are in place, the clients apply for and begin receiving small loans. Through the help of World Vision and FRAC they are able to turn these business ideas and plans into reality by becoming micro entrepreneurs.

FRAC and World Vision also give rural micro entrepreneurs access to markets that would otherwise be unavailable. In the Montana Amuzga ADP, sixty-five families of beekeepers produce and market honey with FRACS help and training. As a result restaurants are able to purchase the honey for a fair market price. The businesses have expanded because the quality of honey has been exceptional and is being shipped internationally. The restaurants that purchase the honey have been able to develop a relationship with the beekeepers creating better business relationships and more opportunities for the beekeepers. Overall this honey programme, an integrated WV and FRAC programme, has been a great success. It is creating jobs, increasing sustainability, lowering migration rates and raising the quality of life.



## Partnership Proves Powerful for Commercial Sex Workers in Zambia

### Integration of WV Gender with Microfinance

#### Zambia | Harmos

In Chirundu, Zambia, WV Zambia developed the Sanduka Project to rehabilitate 108 female commercial sex workers and reintegrate them into their communities of origin. The project offers enrolment in formal education, vocational skills training, health care resources and provision of support for income generating activities.

**“It feels good to be working hard and sweating from doing a decent job.”**

Participants receive helpful services such as healthcare assistance for HIV concerns and vocational education from peers, using shared equipment to teach each other skills like hairdressing and tie dye. The Sanduka Project has attracted many “Queen Mothers”, women who have great influence in the sex trade and thus are potential agents for change. Former “Queen Mothers” are now recruiting young commercial sex workers into Sanduka and provide counselling to newcomers. The women have urged WV to extend the project as it has been a transforming experience for them.

As the women have built up new skills to replace their former source of income, a concern that they lacked capital to grow their businesses emerged. This puts them at risk of getting back into commercial sex work. In response to this concern WV Zambia integrated the Sanduka Project with Harmos, World Vision’s microfinance institution in Zambia, to finance capital asset acquisitions like hair dryers and working capital through loans. In 2005 a first group of 15 women received loans of about \$70-\$80. Each client completed her first loan and received a second larger loan, some almost twice as much. Mayimbowa Kawana, a Sanduka participant and Harmos client, says “After I got the first loan, I decided to invest in my salon business with equipment I got from World Vision through the Sanduka Project. My business has expanded and I paid back the loans. I am now servicing a loan of K600,000 and I’m self-reliant. I cannot go back to practicing commercial sex now; I am busy with Harmos loans and my business.”



Miss Moonde, another participant and client, says “It feels good to be working hard and sweating from doing a decent job from 8 a.m. to 5 p.m. than sweating from 5 p.m. to 5 a.m. working with different men, who at times end up beating you up at the end and not paying you.” The input of WV Zambia’s Sanduka Project and Harmos’ financing were both essential elements to addressing the many dimensions of the women’s needs. Most of the participants have since left the sex trade and have concentrated on proper businesses like restaurants, hair salons, or grocery stores. These women have reintegrated into their communities and some have even gotten married. For all of these women, this is a fresh and hopeful start towards a brighter and more rewarding future.