


RLI INVESTMENT SNAPSHOT	
VISIONFUND UGANDA LTD (VFU)	
Reason for Selection:	<p>VisionFund Uganda (VFU) is a microfinance company that provides credit services in Uganda. VFU has a wide range of products which include personal loans, business loans, agricultural loans, and asset finance, and have tailored products for refugees. The organization currently serves over 20,000 clients in both refugee settlements and host communities through lending to savings groups as well as MSMEs across various sectors.</p> <p>VFU lends to VSLAs at an average rate of 3% per month, and the VSLAs then on-lend to members at an average rate of 7% per month. Group lending models have proven to be successful and sustainable given that the groups comprise community members who know and guarantee each other, and typically borrow against savings for short term needs. VFU intends to scale their loans to VSLAs with a clear repayment record by VSLAs and members in other refugee hosting communities.</p>
Location:	Kampala, Central region, Uganda
RLI Business Category:	R3, R4
Company Background:	<p>VFU started operations in Uganda in 1996 as World Vision Uganda's Micro-Enterprise Development Network (MED-NET). It was later incorporated as a company limited by shares in 2012. It is regulated by the Uganda Microfinance Regulatory Authority (UMRA) mainly to offer credit services to Ugandans.</p> <p>For over 20 years VFU has been committed to creating brighter futures for children where they can experience the love of Christ, building lives free of need and full of promise.</p> <p>Vision – "Our vision for every child, life in all its fullness. Our prayer for every heart, the will to make it so".</p> <p>Mission – "We believe in brighter futures for children. Empowering families to create income and jobs. Unlocking economic potential for communities to thrive."</p>
Industry/Sector:	Financial services: Microfinance
Products and Services:	<p>VFU has a range of loan products, business loans, agriculture loans, asset finance, and Group Savings linkages, as well as WASH and Education programs.</p> <p>For refugees, a major focus is on-lending via Savings Group Linkage (SGL) to drive impact primarily in World Vision Area Programs, as well as to SMEs in agriculture and business.</p>
Management Team:	<p>HEAD OFFICE</p> <p>CEO is supported by a 7-member Senior Management Team (SMT); COO, CFO, Company Secretary/Legal Manager, HR Manager, Risk and Compliance Manager, Internal Audit Manager, IT Manager and Business Development & Integration Manager.</p> <p>BRANCH LEVEL</p> <p>Regional Managers and Branch Managers oversee running business activities.</p>
Employees:	800+ employees

Market Overview and Trends:	<p>Despite there being few Financial Service Providers (FSPs) serving refugees, demand for services continues to grow with increase in refugee numbers in northern Uganda and innovations by development partners to shift from cash-based aid to vouchers and digital solutions.</p> <p>Many refugees are organized in community groups including Village Savings and Loan Associations which make them lendable and traceable.</p>
Estimated Investment Needs:	<p>\$4,000,000</p> <ul style="list-style-type: none"> - To reach out to a larger number of potential beneficiaries of the current financial inclusion intervention. - Products and services will be extended to SMEs, youth, and women across all respective segments. - To develop new products tailored to refugee and host communities in northern Uganda
Target Funding Source(s):	<p>Impact investors, on-lenders in access to finance and financial inclusion</p>
Investment Opportunity:	<p>VisionFund lends to VSLAs at a rate of 3% and they on-lend to members at 7% per month. The VSLAs have demonstrated a clear repayment track record and so do the group members, who are typically known to each other. New capital would enable the company to scale loans to VSLAs and introduce the following new products:</p> <p>Resilience and livelihood – recovery and emergency lending, a recovery fund would support ongoing efforts in supporting clients with a recovery loan product(s) as the guarantee would potentially provide more options to roll out emergency lending, particularly to refugee clients, to cope with the impact of the COVID-19.</p> <p>Reach – VFU serves over 20,000 clients in both settlements and among host communities, 76% of these are women. They are looking to grow this to over 30,000 by 2024.</p> <p>With a strategic plan to end the year 2023 with 1,200 groups from the Saving Group Linkage Product, an investment would create traction in achieving the underlying objectives, impact, and scale, with children benefiting the most.</p> <p>Branch expansion: VFU plan to add six new branches in rural communities during FY2022-24.</p>
RLI Social Impact Opportunity:	<p>Some of the insights that an investment would provide and scale are:</p> <p>Channel – VFU expands its channels by partnering with other World Vision Field Offices and external partners which enables them to empower more vulnerable individuals and their communities.</p> <p>Refugee inclusion – VFU has developed refugee products that have elevated the financial status of refugees and host communities.</p> <p>It will increase the possibility of providing more financial literacy training using "Embedded Education" with a variety of modules that refugee clients require.</p>
RLI Support Strategy:	<p>Support VFU to access concessional or impact financing from impact investors in the microfinance spaces such as Oiko Credit or FS Impact Finance.</p>