

Micro-, Small and Medium-sized Enterprises Day



June 27 is Micro-, Small and Medium-sized Enterprises Day – the day the world observes and recognizes the importance and impact small businesses have and make on their communities and local economies. While normally this is a day to celebrate their many achievements, this year COVID-19 is hitting the people running their own small farms and businesses really badly. Restrictions have put in place to contain the spread of the virus has spread economic hardship, and especially amongst the people World Vision serves. As communities begin to reopen, small businesses need to get back to work, but many find that “sheltering in place” has meant that their capital to restart has been depleted. Fortunately, we have a solution to help get small farms and businesses back on their feet.

Because we have responded to past large-scale emergencies to support economic recovery, our microfinance arm VisionFund has developed a set of tools and methods which we call ‘Recovery Lending.’ Recovery Lending provides the financial resources to help our clients and their communities maintain or recover their livelihoods following a disaster. Recovery Lending empowers individuals and groups to restore livelihoods, markets and value chains. It does this by providing meaningful amounts of finance – usually a working capital loan - needed to get a business moving again, or sometimes to quickly pivot to new opportunities. It builds on our 28 microfinance institutions’ intimate knowledge of the economic life of the communities they serve. Their long-term presence in these communities makes such a finessed approach possible.

VisionFund has been working on the area of disaster resilient microfinance in the last seven years, guided by the call of Christ to go where the need is greatest. VisionFund pioneered Recovery Lending in 2013 in the Philippines after the devastation of Typhoon Haiyan, and in 2016 did Recovery Lending in Kenya, Malawi, and Zambia responding to the damage caused by El Nino-induced droughts and floods. To date, Recovery Lending has assisted 28,000 clients and over 125,000 beneficiaries in six countries, across three continents and four natural disasters.

It is worth noting that well-designed Recovery Lending does not lead to over-indebtedness. Repayment rates have matched or exceeded pre-disaster rates, as clients not only could repay, but wanted to, recognizing that VisionFund had stood by them through their darkest hour.

World Vision has learned that having a worldview of empowerment is critical to moving out of extreme poverty - and staying out. Because of this, we will train all 7,400 VisionFund staff in Empowered Worldview. Staff will then train clients to promote a shift in mindset from dependency to empowerment and resilience. Our expectation is that with this training and Recovery Lending, clients will open their minds, think outside the box and harness new economic opportunities around them.





World Vision is seeking \$55 million for our Recovering Lending for Resilience project over the next three years. We expect to leverage this with nearly \$95 million in concessional loans from international lending institutions and governments. To meet these urgent needs, World Vision expects to make 2.1 million Recovery Loans over the next three years to more than 700,000 people, including 545,000 women. We will target rural farmers and small businesses and urban microbusinesses. We will also lend to Savings for Transformation groups (i.e. savings groups), building on the learnings from our work in Rwanda

and Uganda, and support not only important recapitalization after COVID-19, but unleash a revolution in how these groups support rapid economic growth of their members, and savings groups - recapitalizing groups who have depleted their savings to help them reignite their livelihoods.

We welcome your partnership as we seek to empower families to move out of extreme poverty—and prevent families from falling back into it—by providing access to recovery loans. By investing in Recovery Lending for Resilience, you can help restore and stabilize the livelihoods of people who are among the most vulnerable in the world. With family farms and businesses stabilized and healthy once more, our clients' children will look forward to improved well-being and a brighter future.