

On the Frontlines

MESSAGE FROM THE CEO

For months, the world has been faced with an unparalleled crisis due to the COVID-19 pandemic. And this is very true for Village Enterprise business owners. Experts predict that the impact of the pandemic will devastate the most vulnerable populations all over the globe and make it even harder for people to rebuild. If we do not step up and help those most at risk, millions of people will starve and livelihoods will be lost.

However, there is hope. Village Enterprise is uniquely positioned in East Africa to respond to the crisis, and **we are working tirelessly to provide our business owners and their families with the resources to build resilience during and after the pandemic.**

Since July 6, our field offices in Kenya and Uganda have reopened under COVID-19 specific mandated conditions to **ensure the health and safety of our field staff and business owners.** For instance, all employees are required to wear masks, socially distance, and wash their hands frequently; Village Enterprise has also installed hand-washing and hand sanitizer stations at the offices. In the field, our staff will resume operations this month, including in-person small group training and mentoring to ensure the resilience of our small businesses during the pandemic while also following health and safety guidelines.

While our business owners face many challenges because of market closures and government restrictions, **they are also innovating and adapting to the crisis.** With targeted training and mentoring, Village Enterprise is helping our business owners identify solutions to the problems that have arisen since the pandemic. Some businesses are making new products to address urgent needs in their communities, such as tailoring businesses that began sewing facemasks or businesses that now make soap. Mask and soap-making not only provide in-demand items to customers but also help to educate and start conversations with other community members about what is essential in the fight against the pandemic. Safety is at the heart of our business owners' new trades and is always first on our mind at Village Enterprise.

The health and safety of our staff also continues to be a top priority. Our leadership team and board are



dedicated to keeping our staff safe, healthy, and fully employed during the crisis.

Resilience is essential now and in the future. Our team is looking beyond the pandemic and will continue to invest in technology, constant learning, and innovation. We are committed to ensuring that our business owners and staff succeed despite the enormous challenges they face and to helping more people out of extreme poverty both during this challenging time and well into the future.

Thank you for your continued support.

Dianne Calvi, President and CEO

Understanding COVID-19 Crisis Impact

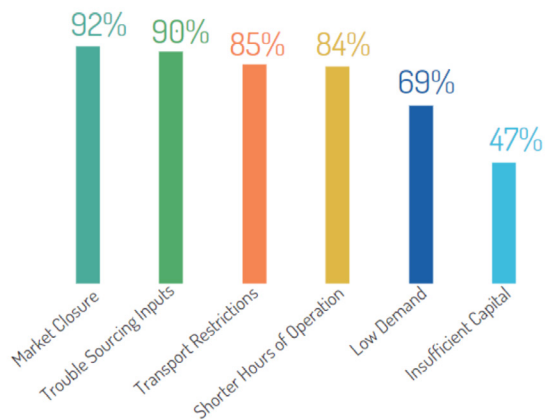
Each and every day, our Village Enterprise business mentors relentlessly continue to work remotely with our business owners and help to foster resilience throughout this pandemic. To date, our business mentors have provided mentoring by phone to over 5,000 business owners and 500 business savings groups which has informed us and given us a better understanding of the conditions on the ground.

Village Enterprise deployed a digital survey to all business mentors in late April to fully grasp the challenges of the situation and the impact on the local environments of the respective business owners. The Village Enterprise Monitoring, Evaluation, and Learning Team also conducted phone interviews with over 1,100 randomly selected business owners who enrolled in our program within the past two years.

The objective of the surveys was to assess which facets of business owners' lives are most impacted by the pandemic.

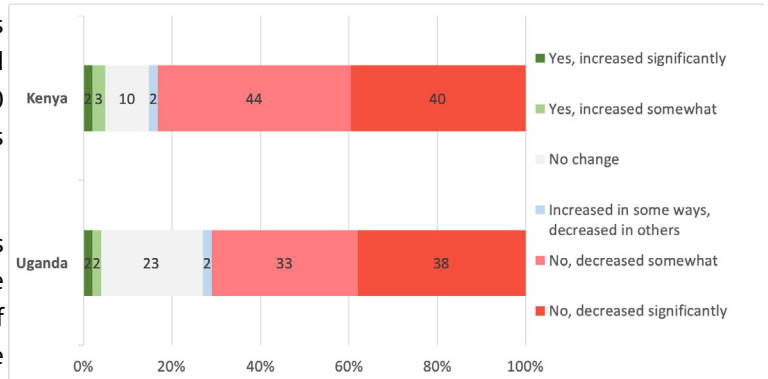
The topics explored include:

- Business owners' operations in response to the current Covid-19 Pandemic
- Challenges businesses are facing due to COVID-19 governmental guidelines
- Possible ideas for successful business opportunities
- Ideas of how Village Enterprise might help

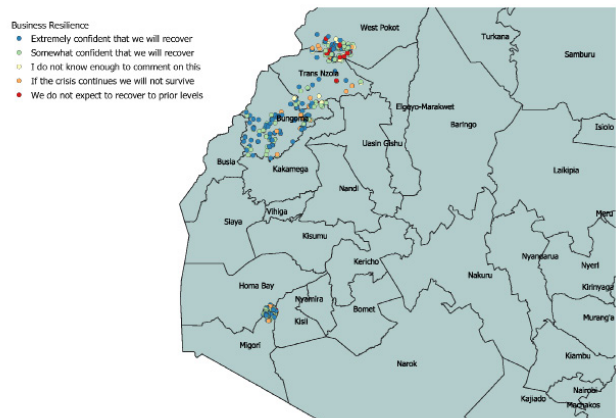
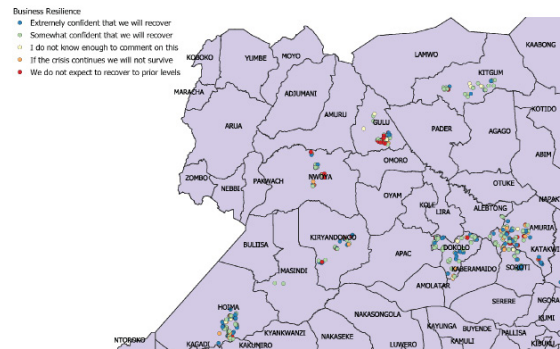
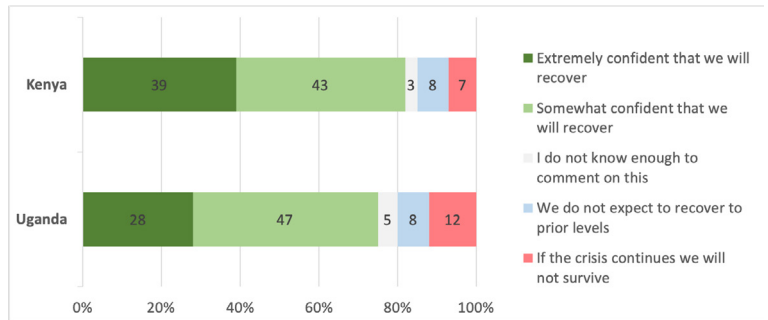


Challenges Business Owners Face

Changes in Business Revenue



Confidence Businesses will Recover



COVID-19 Response

All-Digital Program

With in-person field training and mentoring at a near halt due to the global pandemic, there is a sudden urgency to apply digital mechanisms as a way to reach business owners. As a result, we are designing an all-digital version of Village Enterprise's Graduation program. A ten-person team began design workshops to explore solutions and learnings for digitizing all program components and ultimately to build an effective digital program that can scale and complement our in-person approach once shelter-in-place is complete.

We are exploring digitizing the initial targeting of program participants, digital record keeping, digital learning, mobile money disbursements, and digital mentoring. There are immense opportunities to take advantage of the growing technology access and coverage to grow our program and scale faster.



Mentoring Design Challenge

In April, we launched a "Pandemic Mentoring Design Challenge" aimed at addressing how Village Enterprise can best support business owners and business savings groups during the ongoing pandemic. Village Enterprise's Impact Creation Unit is comprised of critical representatives from across the organization, including members of management, programs, technology, communications, and evaluation teams.

The team completed three Human-Centered Design workshops in which we shared our learnings, brainstormed, and agreed upon possible solutions, then refined and finalized an approach for a Pandemic Mentoring Pilot. We are already rolling out components of our solution, including beginning to use SMS messaging to send business owners advice on COVID-19 health-related information and how to diversify and adapt businesses to the new economic climate, in addition to providing mentoring by phone. We are rapidly lean testing several riskier components of our solution before rolling them out if they prove successful.

Stimulus Grants

Village Enterprise launched a small pilot that will test the effects of delivering stimulus grants to business groups. The goal is to better understand if a stimulus grant would help business groups overcome business liquidity constraints caused by the COVID-19 pandemic and if the grant would be used to ensure the business continues to generate income. The pilot will use mobile money to disburse business grants equivalent to \$60 to all business groups in two villages in which we worked during FY19, one in West Pokot, Kenya, and one in Nwoya, Uganda. We will conduct a follow-up survey by phone 2-3 weeks after grant disbursements to assess if and how the grant was used.

We plan to complement this pilot with our usual business progress surveys that we are currently conducting via phone for those businesses started in FY20 that received their seed capital grants before the country-wide lockdowns.

Agness Alepo's Bakery

Two years ago, Agness Alepo had to close her bakery after she was robbed and everything she needed to run her business was stolen. But now, due to COVID-19, she regained the courage to utilize her baking skills and start afresh with Village Enterprise.

A few months ago, Agness and her two business partners had invested their Village Enterprise grant into starting a peanut retail business, and even found a way to sell their nuts in produce stores in Soroti. They were doing well, but then Uganda instituted a country-wide lockdown. To prevent the spread of COVID-19, the Ugandan government banned gatherings, shut down public transportation, closed major markets for all non-essential businesses, and implemented social distancing. Overnight, their country came to a standstill.



However, Agness and her business partners did not give up. Together they discussed their options and remembered Agness' skills as a baker. They invested their money in ingredients and opened a bakery in their rural community instead.

Their community is now more populated than ever due to all the people who moved home to shelter-in-place during the global pandemic. This relocation created an opportune market for Agness and her business partners, and their bakery quickly earned more than triple their initial investment cost. They now make \$11 a day, an amount that was inconceivable before the virus!

Agness also protects the health and safety of her community by ensuring the area around her bakery stall is safe. In order to enforce social distancing measures, she installed a rope divider which curves around the stall. Agness also established a handwashing facility. Her conscientiousness has caused even more customers to come to buy her products.

Thanks to her successful bakery, Agness has renewed confidence, not to mention improved health thanks to the exercise she gets from bicycling nearly 30 kilometers a day to purchase her ingredients. Agness' advice is for everyone to take care of themselves with physical exercise and for women to take action by finding a way to earn money during the pandemic and help their households.

Hires and Promotions

PROMOTIONS



Zita Akwero
Regional Manager, Gulu



Nancy Chumo
Kenya Country
Director



Norbert Otim
Field Associate

NEW HIRES



Meshack Mbinda
Director of Technology
Solutions

Ally Smith
Director of Development
and Marketing



Village Enterprise Extend

Our two-year partnership with African Wildlife Foundation (AWF), funded by the Arcus Foundation, to institute our program in the Lomako region of the Democratic Republic of Congo (DRC) came to an end this spring. The objective was to launch 80 group-based microbusinesses and reduce poverty and provide alternate livelihoods instead of poaching, which is common in the area.

The project has been a great success. Though there were initial worries about the extreme remoteness of the region, the language barrier, and the complications of implementing our program in a new location, Village Enterprise and AWF successfully conducted training and started the 80 businesses, 78 of which are still in operation. The business owners have even gone on start 15 additional microenterprises while continuing to participate in their group business. What is more, the amount of poaching in the area has decreased.

Targeting criteria:

- Households living in extreme poverty
- Households with link to bushmeat trade

Results:

- 240 business owners trained in entrepreneurship and saving skills
- 8 business savings groups formed
- 78 group-based businesses created
- 100% of the businesses chose retail
- 15 individual businesses established from group businesses profits
- 87% of business owners reported improved attitudes towards AWF and protected areas by the end of the project



There are countless inspiring stories from the new entrepreneurs, and many of them are glad to be able to leave poaching behind for good. According to Bongole Lokuli, a business owner who sells clothes and materials, his new business is much safer than hunting, as hunters can be arrested or attacked by animals. He now earns five times more than he used to and is happy to be able to provide for his family.

Many business owners talk of how they can now send their children to school and pay for medicine and how they are more respected in their communities. One business owner is a widow with a visual impairment and six children whom she used to support by selling bushmeat. Now that she and her business owners have a business retailing petrol, four of her children returned to school, and she could pay to receive treatment in a hospital. She has also started her own side business selling shoes and clothes and is more respected by her neighbors. Though Village Enterprise will not continue to operate in the DRC at this time, we are glad to have had the chance to work with AWF and the Arcus Foundation and to have changed lives in Lomako. AWF will continue to use the tools and techniques of our Poverty Graduation program, and we look forward to seeing their further impact in the region.

"Village Enterprise has achieved great success in helping the local community to develop sustainable livelihoods which have substantially made their lives better. More importantly, this work has changed the perceptions of the community towards conservation, and they are now strong allies of the ICCN and other conservation authorities."

– Charly Facheux, VP Policy and Strategy at African Wildlife Foundation

Village Enterprise is expanding to Mozambique to support Cyclone Idai Recovery efforts

Village Enterprise will provide technical assistance to World Vision Mozambique to set up 800 businesses over 11 months in communities impacted by Cyclone Idai. This USAID-funded project will contribute to continued cyclone recovery efforts through Livelihoods and WASH support.



2020 Innovation Summit

While we all face great uncertainty for the near future, we wanted to take a look back and share some of the highlights and learnings from Village Enterprise's Annual Innovation Summit in February. The summit is a time for our staff from all over the world to come together to share ideas, learn new skills, discuss best practices, and get to know our coworkers better. **For the first time in Village Enterprise's history, our entire team of 200+ colleagues gathered in Mbale, Uganda, for a week. This year's theme was "From One Million to Many Millions," and we worked hard on how to reach those next millions.**

The summit was filled with inspiring discussions, presentations, and learning sessions. One of the summit's main focuses was on **how to use Ann Mei Chang's "Lean Impact" to transform the next million lives.** Lean Impact is a systematic method for nonprofits to approach ideas and problems in order to reach the greatest number of people and create lasting positive change. The Village Enterprise team broke into separate "interaction groups", each tackling a different problem, such as how to better support Village Enterprise staff or how to help our business savings groups last and thrive. Celeste Brubaker, Village Enterprise's Vice President of Impact, led everyone through multiple exercises that combined both Lean Impact and Human-Centered Design methodologies, including how to get to the heart of the issue and how to test each assumption before piloting solutions at a larger scale.



Business mentors are critical to Village Enterprise's success, and having them at the summit gave an authentic, ground-up view of our program. Business mentors presented on a wide variety of topics based on their experiences in the field. Some of the topics included female leadership, grant management, and lessons from successes and challenges in the field. Everyone came away from the sessions with new techniques, best practices, and ideas. We were glad we could celebrate our business mentors, some of the hardest working and most vital members of the Village Enterprise Team!

As we work to innovate and adapt in the face of COVID-19, the skills and teamwork we built during the summit continue to spur our actions. Together we CAN end extreme poverty. **Despite the new difficulties, we are committed to giving our business owners the tools they need to become resilient and survive this pandemic.**



Development Impact Bond Update

When COVID-19 hit Kenya and Uganda in March, both countries instantly instituted strict country-wide lockdowns. During this constantly evolving and challenging time, the sixth cohort of the Development Impact Bond (DIB) came to the end of the mentoring phase of the seventh and final cohort of the program. Participants had just completed the training and were ready to start their small businesses. As both countries adapted to life during a pandemic, Village Enterprise was still able to conduct seed capital grant disbursements for the final cohort in Uganda and Kenya. In total, 4,766 small businesses were started since the beginning of the DIB implementation in November 2017.

Since mid-March, our business mentors have provided mentoring by phone to our DIB businesses, helping the business owners adjust and adapt during the pandemic.

The first round of data collection for the first four cohorts of the DIB randomized controlled trial (RCT) was scheduled for April, but it is now on hold due to travel and transportation bans in Kenya and Uganda.

Since the beginning of the crisis, DIB stakeholders have met monthly, and they are dedicated to working on creative solutions to advance the Village Enterprise DIB successfully. The stakeholders are focused on assessing the global pandemic situation and understanding how best to proceed with the program.

The most critical issues are:

1. How Village Enterprise can best continue to provide services
2. When and how to conduct the RCT of the DIB
3. What the pending evaluation means for the results measured and paid to Village Enterprise



In the Press

[What happens in an outcome-based financing model when a major crisis hits?](#)

Brookings Institute – May 29, 2020

[Village Enterprise Announces Partnership with Starbucks Foundation and Days for Girls](#)

International to Alleviate Poverty and Improve Women's Health – March 5, 2020

[How Dianne Calvi, CEO of Village Enterprise, is aiming at lifting 20 million out of extreme poverty by 2030](#)

Be Your Change podcast – February 18, 2020