



Building
Assets to Better Lives

wmionline.org

2010 ANNUAL REPORT



Message from the President

Dear Friends:

As we look back over 2010, the recurring theme is one of transition – WMI’s first group of borrowers began the transition to independent commercial banking – the more experienced local programs took on more responsibility for running their operations independently – and WMI moved from a single loan program to overseeing operations in six village hub programs (with a seventh slated for January 2011). In fact, there is so much to see and say that I urge you to take a fresh look at www.wmionline.org for a complete picture of our current operations!

Transition to Independence

WMI’s primary goal in 2010 was to finalize the last phase of WMI's Transition to Independence Program (TIP). In January 2010, the most experienced WMI borrowers entered the transition loan phase and began receiving individual loans directly from PBU, guaranteed 100% by WMI. During the year we still needed to finalize the exact terms of the individual loan product that PBU would offer to women graduating from the transition loan stage in early 2011.

After extensive negotiations, WMI reached an agreement with its banking partner, PostBank Uganda (PBU) and PBU agreed to move forward with a two-step independent loan product specifically designed for WMI borrowers. In Phase I, borrowers can access one year loans of up to \$1,000 with terms of a 20% deposit, 30% pledged collateral and 11% guarantee deposit by WMI. In Phase II, borrowers can move up to loans of \$2,500 with a 20% deposit, 80% pledged collateral and no guarantee by WMI. For loans of over \$2,500, borrowers can negotiate directly with PBU. WMI graduates will receive a most-favored client interest rate from PBU, and PBU is providing a monthly on-going education budget for additional borrower training sessions. We are certainly pleased that we were not only able to work out a favorable agreement for the women, but were able to create the first such program in Uganda.

Loan Program Operations

Our other major initiatives focused on program operations and expansion sites. We continued our commitment to creating and growing programs that will be capable of operating independently of day-to-day oversight by U.S. volunteer staff. We are pleased to report that in Buyobo, Olive Wolimbwa has risen to every challenge we’ve thrown her way and added budget responsibility to her many roles. She now has an Assistant Program Director, Jackline Nemonye, and a solid staff of seven Local Coordinators who help with program operations. We will continue to provide assistance and oversight, but she is responsible for financial decision-making related to the Buyobo program. In 2011 she will manage an operating budget based on anticipated loan income to the program of around 33 million Uganda Shillings (about \$15,000).

In addition to running the Buyobo program, Olive has put together a skilled staff (all loan program borrowers) to assist in training both staff and borrowers for the new village hub locations. In December 2009, the Board had approved pilot loan programs in conjunction with two existing non-profit organizations in Kenya. In Siaya District, WMI launched a microfinance loan program in conjunction with the Eastern Africa Center for Progressive Development, and WMI worked with the Laikipia Community Empowerment Centre (LCEC), to launch a group of 20 borrowers in Ol Moran in the northeastern area of Kenya. By the end of 2010, these programs had a total of 120 borrowers. We also worked with local NGOs in three additional areas of Uganda, Kabale (in the southwest), Wabulenga (near Jinja), and Bumwalukani (about 2 hours from Buyobo), to launch new loan program. These three new programs had a cumulative total of 120 borrowers at the end of 2010. Each new hub location is managed by a local community based organization (CBO) that is registered with the local government. It is composed of borrowers who are learning how to manage a WMI loan program.

Olive and her team have visited the new village hubs multiple times to train staff, provide financial education to borrowers, and oversee initial and follow up loan issuance.



In 2010, WMI granted an additional \$60,000 to the loan pools, raising them to a total of \$130,000 and enabling WMI to issue 875 loans at a time. In 2010, WMI issued over 1,000 loans: 400 to new borrowers, and 600 to existing borrowers. In dollar amounts, \$51,000 went to first time loans, \$81,000 to follow-up loans, and \$16,000 to increased loan amounts for experienced borrowers.

The borrowers' businesses are growing and thriving, as many of them add employees so that they can operate longer hours and diversify their products. The average loan size is \$148. The average initial loan is \$128, while the average follow-up loan is \$161. WMI continues to have a 100% repayment record. As of December, WMI has loaned approximately \$250,000.

Program Support

During the summer of 2010, WMI sponsored a trip to Buyobo for 14 Walt Whitman High School (Bethesda MD) students. The students took with them the laptops that Discovery Communications had donated and they helped to set up the new internet café in the building housing WMI headquarters. They trained borrowers and their children in how to use the computers, helped to build a foundation for new classrooms (they had raised the money for this in local fundraisers), and enjoyed the experience of living in a small village.

WMI was also fortunate to have 10 talented college interns in Bethesda this summer and their research and data analysis provided a wealth of information on how the WMI loan program is changing lives. See the results of their work in the WMI Fact Books posted on the web site

under Loan Program Results. In September 2010, WMI was fortunate to have two recent college graduates start a 6-month project internship in Buyobo where they completed a detailed survey of WMI's most experienced borrowers and, for the first time, conducted lengthy face-to-face interviews with borrowers. Within the first 6 months of entering the loan program, 80% of borrowers doubled their incomes and their savings rate. They reported feeling more self-confident and organized. Reports revealed that families are pulling together to support the businesses and husbands are helping their wives not just with their businesses, but with household chores as well. Children are eating more nutritious food and school fees are being paid. The Independent banking survey is also posted on the WMI web site under Loan Program Results.

Financial Support

In 2010, WMI's third year of operation, over 200 supporters and nine foundations provided funding. The Boeing Foundation provided a critical grant that enabled us to prepare operating and training manuals. The Towards Sustainability Foundation grant supported the loan guarantee fund, and the Sundance Pay it Forward Foundation and Greater Contribution Foundation grants enabled us to expand loan program operations. WMI was also gratified to receive an International Monetary Fund (IMF) Civil Society Grant based on a detailed submission of WMI's unique economic model. Global Giving provided matching funds to individual donations on two separate occasions. WMI initiated a woman's giving group called the WMI 50. It is composed of 50 individuals who have pledged \$250 a year for 2 years to WMI.

We are proud that 100% of all donor contributions support the WMI credit program. All U.S. based officers, board members, and advisors provide their services on a volunteer basis.

Partners and associates at the law firms of Baker and McKenzie have continued to donate their time and expertise generously to assist WMI. Their input was critical to the finalization of transition banking program with PostBank Uganda. Finally, the WMI Advisory Board has enthusiastically supported us with their ideas, organizational contacts, and advice.



Goals for 2011

Our goals for 2011 are to:

- Assist the first groups of women in their transition to independent banking, providing them support and working with PostBank to ensure a mutually beneficial program.
- Develop a banking manual to serve as a written guideline for all WMI borrowers.
- Develop additional business training modules for the women moving to independent banking.
- Develop a community service organization for the women moving to independent banking so that they can start projects to support their local communities.
- Explore holding an annual leadership meeting for key personnel in WMI's CBO partners who are managing the new village hub loan program.
- Train at least 10 new trainers among the six (soon to be seven) village hub locations.
- Develop accurate operating budgets for the new village hub locations.
- Identify one new village hub location and partner CBO.
- Continue discussions with partner bank candidates in Kenya.
- Ship children's books to a community center supporting the Kenya loan programs.
- Continue high school internship program.
- Seek a grant to add solar power to the WMI building in Buyobo.
- Expand the loan program quarterly, adding up to 40 borrowers per hub operation.
- Expand speaking opportunities at high schools, colleges, and universities
- Initiate a second woman's giving group.
- Seek a part-time, US-based data manager for loan program information and operations.

Thank you

In 2010, WMI successfully expanded its infrastructure and put into place all of the components of the transition to independence banking program. These achievements pave the way for the organization to reach more impoverished women in rural corners of east Africa. WMI's efforts will provide access to essential financial services that will help change their futures and improve the standard of living for their families. We estimate that each WMI loan impacts at least 10 people, including the borrower's family, relatives, suppliers and customers. Thank you for being a part of WMI's continued outreach to bring hope and opportunity to the world's poorest families.

Thank you so much for your on-going support. The demand is great, but our combined determination is even greater.

With sincere gratitude,

Robyn Nietert
President

2010 Program Accomplishments

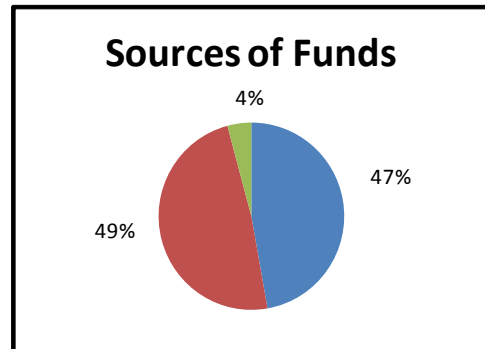
- This year WMI issued 980 loans amounting to \$148,000. To date WMI has issued 1,660 loans. In January 2011, WMI will make its 2,000th loan.
- Within the first 6 months of entering the loan program, 80% of borrowers doubled their incomes and their savings rate. They reported feeling more self-confident and organized. Reports revealed that families are pulling together to support the businesses and husbands are helping their wives not just with their businesses, but with household chores as well. Children are eating more nutritious food and school fees are being paid.
- Expansion-wise, WMI added 5 new village hub locations to its Buyobo, Uganda headquarters location, expanding into Kenya for the first time.
- In program development, WMI graduated its first group of borrowers to PostBank issued loans which are guaranteed by WMI. In January 2011, the first borrowers will move on to independent borrowing, completing the cycle of WMI's 36-month transition to independence program.
- On the fundraising front we have had our best year, raising over \$170,000. Added to the totals of \$57,000 for 2008 and \$106,000 for 2009, the grand total for funds raised to date is over \$326,500 for program operations.
- WMI was fortunate to have 10 talented college interns in Bethesda this summer and their research and data analysis provided a wealth of information on how the WMI loan program is changing lives. The fall project in Buyobo included a detailed survey of WMI's most experienced borrowers and, for the first time, lengthy face-to-face interviews with borrowers. Copies of the new Fact Books are available at wmionline.org.
- WMI sponsored 22 volunteers in Buyobo this year, including the 14 summer interns from Walt Whitman High School in Bethesda, MD.
- This year saw the addition of an Internet Cafe in Buyobo, complete with lap tops donated by Discovery Communications. PostBank donated a high quality copier/scanner/fax so that the WMI building is now a full-service telecom outpost for borrowers and villagers alike. Utility electricity was also added to the WMI building in Buyobo, as well as bathroom facilities.



Women's Microfinance Initiative Income and Program Expenses January - December 2010

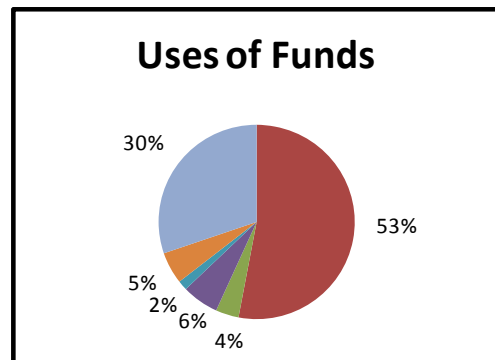
Sources of Funds

Donations - Individuals	\$ 80,583	47%
Donations - Foundations	\$ 82,950	49%
Program Income (less direct expense)	\$ 7,052	4%
Total Sources of Funds	<u>\$ 170,585</u>	



Major Uses of Funds

Loan Funds	\$ 90,412	53%
Community Building	\$ 6,534	4%
Loan Program Training	\$ 10,385	6%
Ancillary Programs**	\$ 2,764	2%
WMI Program Expense	\$ 8,990	5%
Reserve for Future Operations	\$ 51,500	30%
Total Uses	<u>\$ 170,585</u>	



** Buyobo Childrens' Learning Center/Library/Internet Café

Source - audited financial statements for the year ended December 31, 2010

Special Thanks

The WMI **Board of Directors** has guided the organization through another successful year. They have devoted hundreds of hours to program planning and development, fundraising, accounting, and outreach. Our **Advisory Board** has been especially active with volunteers assuming responsibility for major areas of operations.

Denise Kalule, Business Manager and Personal Assistant to the Head of Audley Limited in Uganda, was again instrumental in coordinating our development initiatives within Uganda and WMI's agreement with PBU. **Robert Israelite**, a credit specialist with CUNA Mutual Group, provided expert consultation on lending guidelines and the structure of the independent banking phase of WMI's loan program. **Barry Metzger**, a partner at the law firm of **Baker and McKenzie**, drafted all of the banking documents on a pro bono basis. **Robert Lewis**, also a partner at Baker and McKenzie, continued to manage WMI's legal affairs and provide a wealth of resources from the law firm's skilled team of experts. **Jeanne Rwakakooko Owiny**, a partner in the Kampala law firm of Rwakakooko, Owiny, Kakonge & Company Advocates, generously reviewed the documents on a pro bono basis for compliance with Uganda law.

The staff of PBU worked tirelessly with WMI to finalize the independent banking agreement. Special thanks go to **Olive Namutebi**, PBU's Manager of Strategic Planning, who acted as WMI's liaison to the bank, and to **Paul Ndehgo**, PBU's new head of microfinance initiatives.

Washington D.C. architect **Andrew Stevenson** provided detailed drawings for a guest house to be built in Buyobo by a WMI supporter which WMI will be able to use as a dorm for visiting interns and trainers.

The indefatigable **Walt Whitman High School** special education and English teacher, **Laurie Safran**, and her husband, Jim Cannon, chaperoned the summer internship in Buyobo for fourteen high school students. They were assisted by **Montana Stevenson**, a 2006 Whitman graduate. The law firm of **Hunton & Williams** provided pro bono legal counsel on the summer high school internship program.

WMI summer interns in Bethesda, Maryland completed a comprehensive statistical analysis project to profile the borrowers in the WMI program and investigate the progress of the loan initiative. Thanks to: **Alex Chernow (NYU); Laura Esposito (NYU); Ellen Janssen (UVa); Valerie McDonald (UVa) Glynnis McIntyre (American University); Alex Meyer (Senior, Walth Whitman High School); Kelly Parshall (Elon University); Laurel Rigsbee (Occidental College); Montana Stevenson (UVa); Victoria Stevenson (Tufts University)**. Additional thanks to recent college graduates **Montana Stevenson (B.A., UVa)** and **Ainsley Morris (Master's in Econ., Edinburgh University)** who began a 6 month project, living and working in Buyobo and other WMI hub villages to collect data on borrowers and introduce new loan programs.

Thanks to **Kathy Staudaher** who has provided invaluable office assistance and a watchful eye on the book drive; **Beth Tomasello** who has been assisting with grant writing; **Sally Kelly** who helped organize the Annual Potluck Fundraiser; and to **Deborah Smith** for preparing financial statements and projections.

Board of Directors and Officers

Robyn G. Nietert – President. For over 25 years, she was a member of the Washington, D.C. law firm of Brown, Nietert and Kaufman, which specialized in telecommunications law, with a focus on innovative wireless technologies.

Jane E. Erickson – First Vice President. She is an executive with a Washington, D.C. area global health care consulting firm.

Teresa Ciccotelli - Second Vice President. She is a corporate attorney with over 20 years experience in Fortune 100 companies, currently with Saint-Gobain's US offices in PA.

Elizabeth Gordon – Treasurer. She is a consultant to Fannie Mae in Washington, D.C.

Deborah W. Smith – Secretary. She has over 30 years of experience in corporate and personal finance and is currently associated with an independent investment advisory firm in northern Virginia.

Beatrix Van der Vossen – Recording Secretary. A native of the Netherlands, she is Assistant to the Office of the Executive Director of the Netherlands Constituency to the IMF.

June Kyakobye – Special Advisor for Buyobo Project. She has been at the Pan American Health Organization/World Health Organization (PAHO/WHO) in Washington, D.C since 2001.

Advisory Board

Carol Booker, attorney, Washington, DC

Barbara Feuer, psychologist, Bethesda, MD

Lillian Hagen, attorney, Bethesda, MD

Bonnie Holcomb, anthropologist, Bethesda, MD

Robert Israelite, credit specialist, Chicago, IL

Denise Kalule, business manager, Kampala UG

Harris Recht, attorney, Ridgewood, NJ

Katherine Staudaher, occupational therapist, Bethesda, MD

Al Tetrault, housing specialist, Vienna, VA

Beth Tomasello, attorney, Bethesda, MD

Christine Uzzell, information technology specialist, Bethesda, MD

Carol Van Oudenaren, librarian, Bethesda, MD

William Wilhelm, finance professor, University of Virginia, Charlottesville, VA

Mona Yacoubian, foreign affairs consultant, Bethesda, MD

For further information about Women's Microfinance Initiative contact us at:

8609 Fenway Drive, Bethesda, MD 20817

Tel: 301/520-0865

www.wmionline.org