

WMI BORROWER BUSINESS OPERATIONS



Economic Background

Uganda has an agriculture-based economy. This sector employs over 80% of the population and generates 90% of export earnings. It is among the world's poorest and least-developed countries, ranking 157th out of 182 countries in The Human Development Index published by the United Nations; 28.8% of the population lives under the poverty line. The WMI loan program and the graduation of borrowers to independent banking through a partnership with Post Bank Uganda (PBU), gives rural women an opportunity to launch businesses and learn valuable skills that can help end the pervasive cycle of poverty and transition rural women into their country's mainstream economy. The loan program includes monthly visits to borrowers' businesses by trained Local Coordinators who live in the village and who are also borrowers. The Local Coordinators review the borrowers' book keeping, inquire about business activities and family welfare, and prepare monthly Local Coordinator Reports (LCRs). The information gathered through the LCRs over the past 2 years provides additional insight into the ways the loan program is changing the lives of borrowers and the ways it is transforming the local communities where it operates.

Local Business Operations

The majority of the women in the WMI loan program choose to start a business that sells produce, dry goods, livestock, or the most popular, bogoyas, a type of banana unique to Uganda. These small enterprises are well suited for the community in which the women live. WMI does not encourage the women to enter any particular business, but rather empowers its borrowers to make their own decisions about what business is right for their particular skills and location.

Women access the local markets and employ their own business strategies. The women provide products that have strong local and regional demand; they cater to their market; and, as they get more experience they expand their businesses. These women have the common sense to adapt to seasonal changes and economic fluctuations, and they are open to changing their business to respond to local market conditions.

Common Business Problems and Solutions

The four most commonly cited business problems in the LCRs are: competition, transportation, seasonality and lack of capital. While presenting significant problems, the women have managed to respond to these market conditions in clever and ways.

Competition. LCRs frequently note that borrowers complain that there is too much competition. Additional external economic factors also make it difficult to compete. Inventory prices fluctuate with the currency exchange rates, making it difficult for women to budget. Uganda has suffered low crop yields as a result of climatic change and declining soil nutrients, making it more expensive to operate an agricultural business. While facing significant challenges, WMI borrowers appear to analyze market conditions, adapt quickly, and implement marketing decisions that allow their businesses to succeed. While not given any formal economic training, the borrowers understand the basic laws of supply and demand:

- **July 2010 – Faith (Bogoya):** *“The commodity is in plenty during this season, and the demand is therefore low. Out of the little profits made, she can repay the loan, And cater for the family. Records are well done.”*

Acting on their understanding, some women have developed a rudimentary commodity futures trading system: they will strike deals with villagers farming very small plots of beans and maize to return at a future date and buy their harvest. In the meantime, the women will lock up deals to deliver fixed quantities of these items to larger buyers, like schools and local hotels. In order to deal with price fluctuations, the women often withhold goods when they are easy to obtain and sell them when demand is high but supply is low:

- **November 2009 – Topy (Salon and Produce):** *“She has stocked maize waiting to sell at a good season, and salon is doing well since it is Christmas season. The family helps to fetch some water, and the elder girls participate in the hair plating on weekends. She appreciates the loan program, because she can now buy books, pen, and uniform for her children. The records are currently not proper, for she had a sick mother whom she was attending to, and her savings met the medical bills. She is grateful for the loan program.”*
- **April 2010 – Judith (Produce):** *“She has stocked enough coffee and she is still buying more, wanting to sell off when the prices go high. The family members help to wash and dry the coffee. She has been sick since March, but she is now recovering and she thanks WMI, for out of her profits she managed to clear medical bills. The records are well done.”*

- **July 2010 – Ezeza (Produce and Shop):** *“Both businesses are doing well. She is presently stocking beans for sell during the next season as the shop goes on as well. The husband helps to provide labour and purchasing as well. She can make profits which enable her to repay the loan and meet family needs.”*

When women assess that the competition in a particular business is too stiff, they are open to shifting to a different business:

- **July 2010 – Farida (Shop):** *“She changed from hotel to shop, due to competition and plenty of food during this season. The shop is doing well since she has the commodities that most of her customers want. Her mother helps to mind children during her absence. The loan has enabled her buy house hold equipment, and expanding the business as well. Records are well done.”*
- **July 2010 – Angela (Cabbages and firewood):** *“Because of competition, she changed from hotel business. She can make some profits and can repay the loan, cater for the family and school fees. She thanks WMI due to the loan because it solved much of her problems. The family is healthy and happy.”*

In order to compete, some women try to distinguish their business by providing high quality goods or special customer attention:

- **March 2010 – Fazira (Charcoal):** *“She buys quality charcoal to attract customers. She sells every quantity of charcoal required by the customers and this is has attracted many to her compared to other people. Family members help in the business, records are done, and the profits can repay the loan, cater for the family, and pay fees.”*
- **April 2010 – Azida (Shoes):** *“Her business is still doing well. She selects first class shoes which have attracted many customers especially the working class. Her husband is involved in the business as such business is progressing very well.”*
- **July 2010 – Caroline (Bogoya):** *“She buys quality from farmers and sells in markets. Although the product is in plenty, people prefer quality and this attracts customer and the commodity sells so fast.”*
- **June 2010 – Arida (Market vendor):** *“There is competition at market but says that it depends upon customer care and service. Her stock is now bigger and can now supply many customers, and can make profits each market day. Her problem is transport, although the husband at times contributes. Record keeping is okay.”*

Some import goods from long distance to have unique or desirable stock to distinguish their businesses:

- **January 2010 – Allen (Clothes):** *“She buys new clothes from Congo and Kenya. The demand is always high in the months of October, November, and December. She makes much profit in this season, and she has been able pay the loan, and school fees for her children and her savings are high. She appreciates the WMI for the loan, which has brought a great change.”*

- **April 2010 – Muhenge (Charcoal):** *“She buys charcoal from teso and karamoja .It is the best type of charcoal that people rush for. She stays in a town with high competition, but has more customers compared to the rest. Her thanks go to WMI for transforming women’s lives.”*
- **April 2010 – Bwairisa (Clothes):** *“She buys quality clothes of every size from Kampala, and sells with discount to her customers. The family members are involved by providing labour and encouragement. She can repay the loan and cater for the family out of her profits. The records are well done.”*
- **April 2010 – Oliver (Fish):** *“She buys fish from Jinja on the shores of Lake Victoria, and transports them to sironko where she sells to other traders. The husband helps her to sell the fish and to make records. The family is healthy and they thank WMI for the loan due to the development they have.”*

Many women diversify their businesses to add additional lines, which helps minimize the impact of competition in any given line:

- **June 2010 – Edrisa (Hardware and milk):** *“She says that since she has got a new loan, she is now buying and selling milk while her husband is controlling the hard-ware shop. She says that all the businesses go on well and she appreciates so much for the new loan, and she says the new loan has empowered her in doing both businesses. Record keeping is good.”*
- **June 2010 – Abiya (Bun and fish):** *“She managed to make money from buns and started selling fish also, but on small scale. The family is helping in the business, and they have increased in number by one. The profits made have helped her pay fees, the loan and even bought a cow. Records are done.”*
- **June 2010 – Jessica (Chapatti baking):** *“Business is good and growing. She begun on only chapattis, she now cooks tea and has bought cups and seats for the customers. The family is involved in business. They help her in baking chapatti and sometimes selling when Jessica isn’t around. Book keeping isn’t bad, the son is helping her. Loan repay is also good.”*

Women find different market outlets to compete more effectively. Some cater to traders who come to their business location:

- **February 2010 – Rebecca (Fresh foods):** *“She buys onions and fresh beans from farmers on market days, and sells to traders who take them to Jinja, Iganga, and Kampala. Her husband helps her to weigh the onions and beans in the market. The family is happy and the records are well done.”*
- **June 2010 – Alica (Bogoya):** *“Her family helps on the labour to the market places. theres high demand when traders come from Kenya, and she makes much profit, which help her to pay the loan, save some pay fees. However when demand is low she takes to towns and gets customers there. She thanks WMI for the assistance.”*

While still others sell at local trading centers and markets:

- **May 2008 – Allen (Bananas):** "Allen makes bananas business she does it on daily routine. Takes it out to surrounding markets, towns of Sironko, Mbale, Budaka and even sells at home. The Business is growing well and does it with her children. Except transport is a problem because goods will be transported used a bicycle as markets are far."
- **February 2010 – Mary (Bogoya):** "She buys from farmers and takes to markets, where she sells to traders who go to Soroti. The loan has helped her to cater for the family, and the family helps her to run the business."
- **June 2010 – Esther (Vegetables):** "Business is going on well. She buys vegetables from farmers and sells in the trading centre. The family is involved and they thank WMI for the assistance given to the family. Children help in selling after school and they also keep records."
- **June 2010 – Margaret (Fresh foods):** "She buys tomatoes and cabbage from farmers in Buyobo, and takes to other markets. In return, she buys potatoes from bukedeza district and sells them in Buyobo. The husband helps her transport from the garden to the main road. The records are well done."

Some women travel to distant markets they have identified as attractive outlets for their products:

- **June 2009 – Sarah (Bogoya):** "Takes bogoya to markets for sell, the family helps on the labour. She takes at times to Kenya and teso, and she has managed to pay the loan effectively, save and also pay fees for the children. She also says that her annual income has gone up, and she thanks WMI for the help given."
- **November 2009 - Janet (Produce):** "She buys beans and takes them to northern Uganda, where there's demand. The family is healthy, and the husband helps to market the goods. Records are not well made because the person helping was not well informed. I will help to guide them."
- **June 2010 – Sarah (Bogoya):** "Business is on ground, she buys bogoyas on Tuesdays and Fridays, she then transports them to malaba. (Ugandan-Kenya boarder) where she sells them. Her elder daughter helps her to look after the family when she is away on business. She has written documents."
- **June 2010 – Lumolo (Vegetables):** "She buys from the market and takes to kotido. The business is growing and she is helped by the mother in her absence and home work. She was able to buy some furniture from her savings and she thanks WMI for the development in her home. The records are well done."
- **July 2010 – Amina (Bogoya):** "The business is doing well. After buying Bogoya, she takes them to lira twice a week. She says good market for Bogoya is in lira. Her record keeping is not up to date because she has a problem in writing. The person who has been helping is on a journey but will be back soon. However, the savings and loan repay has no problem. "

Some women have moved into profitable commercial markets, like supplying schools:

- **November 2009 – Abiyal (Buns):** *“The business is running well. She sells/ supplies to three(3) nearby schools and earns daily. She hires 2 more people to help her to sell, since she can’t make it alone. Records are well made. The family members help her to purchase the flour and cooking oil.”*

Some women distinguish their business by selling at attractive locations, like near a school or government office:

- **February 2010 – Naome (Shop):** *“She is situated near a school whereby the teachers and workers buy commodities from her shop. The shop is doing well and the profits helped her pay fees for her daughter in A’ level. The records are well done.”*
- **February 2010 – Afuwa (Hotel):** *“She operates the hotel near the sub county head quarters, and is helped by her children in the evening after school to clean the stencils and fetch some water. The family is happy and they appreciate WMI for the loan. The records are well done.”*

Some women choose to locate in an area where they are the sole supplier:

- **February 2010 – Aliyi (Shop):** *“Her shop is the only one in the area and the husband helps her to serve customers, and purchasing as well. They thank WMI for the support given to their family because there’s development, unlike the past experience. The records are well done.”*
- **March 2010 – Allen (Samosa):** *“She is the only one selling that at Sonoli trading centre and this has enabled her get many customers. Being a single parent, the loan has helped her cater for her family, educate children, and they are all happy and thank WMI for the loan.”*
- **March 2010 – Oliver (Local beer (waragi)):** *“She is the only one selling that in her area and has customers. the husband works with her and the business is doing well. The family is healthy and they thank WMI for the loan. Records are well done.”*
- **July 2010 – Mary (Fish):** *“Fish is on high demand and she is the only one selling fish in that area. The children help to sell and doing housework as well. Out of the profits, she can feed well, pay fees and expanding business as well. The business has expanded, because she can purchase more fish than before. God bless WMI for this program. The husband helps to purchase and sell. She has proper record system. The family is healthy and well catered for.”*

Other women are keen on watching the market and change their businesses to respond to perceived demand for particular items or to take advantage of market opportunities:

- **June 2010 – Rosea (New Clothes):** *“She says the business operates but on a lower demand. She she says that getting the new loan has enabled her transport her self to search for new markets, where there is good market and she says that*

many people are rushing for uniforms and she has also started buying uniform materials to sell. Record keeping is also done.”

- **June 2010 – Beatrice (Produce):** *“Because of much competition, she changed her business from hotel to produce, since the costs of food had now been lowered. She buys maize flour and beans from Sironko town and transports them to Moro to. The family is well catered for, the loan can be repaid, and they are happy due to the loan and the records are well done.”*
- **July 2010 – Fina (Coffee):** *“She has changed her business from bogoya to the buying and selling of coffee. The price fro coffee has risen and she can now make good profits. She thanks WMI for the loan which has enabled her buy more coffee due to the funds, and hence more profits. The family is happy and the husband helps to purchase some times when she is busy. Records are well done”*

As the local market evolves to absorb the new businesses, some women have seen opportunities to move away from retail and into wholesale supply:

- **June 2010 – Grace (Paraffin):** *“She deals in paraffin. She buys it from Kenya at affair price, and then sells to Uganda. She has customers and supplies them at whole sale price, and this enables her go for more with in a short time. The profits help to pay the loan, fees, and care for the family. She thanks WMI so much.”*

In spite of the challenges they face, many women have managed to expand their businesses: increasing their inventory, selling additional items, or renting stalls at markets or trading centers. This helps them compete successfully:

- **January 2010 – Antonia (Ripes):** *“Deals with ripes where she is making profit, and can pay loan without defaulting, has savings, and look after the family. She is faced with challenge of competition, but has stood firm with the business. She thanks WMI for the loan which has changed her life instantly.”*

Transportation. One of the most prevalent complaints of the borrowers is that high transportation costs are negatively affecting their profits. Currently, there is no reliable transportation system in the rural villages where WMI operates. Taxis – privately owned mini-vans that ply the main roads through the villages – have no regular schedules and, in return for a small tip, routinely detour down side paths to pick up/drop off passengers, making travel time is impossible to predict. The problem with transportation is being addressed through the purchase of motorcycles and, more commonly, bicycles. These capital investments not only increase the productivity of the business, but also generate a second income stream when they are rented out for a fee.

- **October 2009 – Rita (Bogoya):** *“The business is doing well even though there’s competition at market. Family members help to transport in order to reduce the transport costs. Out of the profits she does she repays the loan and saves. Records are well done.”*

- **November 2009 – Antonia (Sugar and bread):** *“Business is going on and the family is healthy. The husband could help in transportation, but now she bought a motorcycle. The records are okey.”*
- **March 2010 – Jenipher (Second hand clothes):** *“She buys from Mbale and sells to markets. The demand is low during this season, because most people are busy in gardens planting. Her mother helps her during times of sickness. She appreciates WMI for the loan, because out of her profits she managed to buy a motorcycle and some chicken. The records are not proper but I have advised her to do the needful.”*
- **April 2010 – Dawusi (Market vender):** *“She bought a bicycle which has made transport easy. The business is doing well and she is still helped by the family members to run it. Record keeping is done but not up to date and she promised to up date them.”*
- **June 2010 – Mary (Timber):** *“She buys trees which she cuts to get timber. Her timber is always taken to towns and to workshops on order. She paid the loan, saves, and pays fees. However, she faces challenges of transport due to poor roads, especially in rainy season. She thanks WMI for the loan which has changed her life and family.”*

Seasonality. The rainy season, crop harvest schedules, school vacations and, holidays bring regular adjustments to rural business cycles. During the rainy season, food prices spike because roads become inaccessible, so distribution capability is curtailed. Purchase of dry goods and food also fluctuates with the harvest season, which is the time when villagers have the most disposable income. Demand also picks up around holidays such as Christmas and Easter, when gifts are purchased and shoes and clothes replaced.



In order to respond to this cycle, many women change their business depending on the season.

Some women run a second hand clothing store during the holiday and harvesting season, but sell produce at other times when the community has less money available to invest in clothes:

- **June 2009 – Beth (Produce and buns):** *“The produce business is on standstill waiting for the festive season. She is now involved in baking buns to repay the loan and sustain the family.”*
- **June 2009 - Ezeza (Produce):** *“The produce is on standstill waiting for the season in June, July and august. As per now she is involved in poultry trade so as to sustain the family, Repay the loan and at least save as she waits for the festive season.”*
- **November 2009 – Justine (New clothes):** *“Since it is a Christmas season, the new clothes are on demand because they buy them to appear smart for the day. The elder son looks for market and the husband does purchases. The records*

are okay, and she managed to buy 2 bags of cement to help on house construction.”

- **December 2009 – Irene (Canteen):** “Since it is holidays, her canteen is closed not until children begin school. She is now involved in charcoal selling to enable her pay the loan. She is grateful because she was able to clear school dues out of her profits from her business. The records are proper, and savings also don.”
- **July 2010 – Loy (Second hand clothes):** “During this season, the daily income is low due to low demand of the clothes, because most people will have enough money to buy clothes after they have picked coffee. The children help to sell when she is sick. The loan has improved her family welfare. Records are well handled by herself.”
- **July 2010 – Constance (Saloon):** “She has customers during this period since most women have sold off their produce. She has enough customers and this has increased her daily income. The family is healthy and they appreciate WMI for the loan. Her records are well done.”

Capital. Some of the women complain that they do not have enough capital to expand their businesses as much as they would like. Additionally, starting a capital-intensive business such as solar powered lamps, hardware, or even a tailoring shop can prove difficult because of the high cost of the necessary equipment and inventory. This might inhibit women from moving up the business ladder (from for example selling produce to starting a hotel). Luckily, sometimes husbands help with extra capital:

- **February 2010 (New Clothes):** “There is low demand, although the business is going on. She appreciates for the new loan, which has enabled her begin another shop, run by his son on days which are not for market. She requests for a bigger loan next time for better working. Her problem is Inadequate money to run business. Record keeping is okay.”
- **February 2010 – Atika (Hardware):** “The business is doing well, but operating on less capital than required. The husband supports her with some money in order to enlarge the business. She can make some profits which can repay the loan, and cater for the family. Record keeping is well done.”
- **July 2010- Aliyi (Retail shop):** “Her shop operates daily and she can make profits out of it. The husband works hand in hand with her to make sure the business runs on. It is affected by little operational capital, but she hopes to add more in order to boost it. The family is healthy and records are well done”

Training Financial literacy training and instruction in marketing and record keeping are important components of the WMI loan program. Although many women had engaged in some sort of business at some point prior to joining the loan program, very few had ever kept records. The LCRs reflect that the women found the training to be critical in operating a business:

- **April 2010 – Martha (Fresh foods):** *“Her business is on ground. She says the business is doing well. Being in a town, she has many customers because of her quality of the foods she has. She appreciates WMI for the loan and also for the training which has enabled her to acquire skills in business. These skills learnt have helped her get many /customers. She is helped by her husband who goes to market to buy fresh foods and also to write business records.”*
- **June 2010 – Rose (Bogoya):** *“She buys bogoyas from people’s gardens, and takes to market places, with the help of the family to reduce the transport costs. From her profits, she pays the loan, pays fees, and saves for the future. However, she has challenges of competition and scarcity of the product, and has managed because of business skills like marketing and negotiation. She thanks WMI for the loan.”*
- **July 2010 – Alice (Martooke):** *“The business is doing well, though there’s competition. Due to the trainings she had she can attract customers, and can make profits which repay the loan, and cater for the family.”*
- **July 2010 - Yerusa (Bananas):** *“The business is doing well and she wants to begin another small business in addition to it. Due to the trainings we had with WMI she said that she had learnt how to budget and spend accordingly. Her grand children her happy, because they get basic needs. Out of her profits, she bought some kids. Book keeping is up to date. She prays that WMI keeps with spirit in order to help other people as well.*



Conclusion

In the face of these challenges the women continue to make all of their loan payments on time and consistently report that they have enough profit to cater for their families’ needs, pay school fees and save. The WMI training has provided valuable skills that help the women operate their businesses and compete successfully in the marketplace. Their businesses provide a reliable and substantial source of income. Their savings provide a cushion against economic downturns and emergencies.

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