



With loans and business advice, Deborah Smith '70, and friends are transforming a Ugandan village and the women who call it home.

BY AMY SOUZA

# It Takes a Village

Alice Monje lives with her husband and eight children in a five-room house in Buyobo, Uganda. Daily life in this village in the eastern part of the country is difficult. People grow their own food and must gather potable water at least twice a day. Most households have a child sick with malaria, and few have money to buy the drugs that treat the disease. Here, as in much of Uganda, many women are widowed and children orphaned due to AIDS. While young men often head to cities searching for work, the women must stay behind to care for the children. Some women, like Monje, have entrepreneurial desires and ambitions for bettering their lives. What they lack, however, is capital.

“The women don’t have collateral,” says Deborah Smith ’70, who has an MBA in finance and works as a financial planner in northern Virginia. “They don’t even have an address. They live ‘near the tree,’ and they can move.”

Smith learned about the Ugandan women from her college roommate, Robyn Nietert, who was already working with June Kyakobye, a friend from church, to set up a health program in Buyobo, where some of Kyakobye’s relatives still live. The three women and some other friends from suburban Washington, DC, decided to help the women get on their feet financially by offering them loans to start businesses. This meant the funders needed start-up capital themselves, so they threw a fund-raiser potluck dinner, solicited funds on a website, and talked to friends and colleagues. Soon, the Women’s Microfinance Initiative was born. In one year, the group raised \$58,000 (more than double its goal), made 160 loans of between \$50 and \$150, and helped borrowers establish a banana resale operation, a small café, and a tailoring shop, to name a few.

In January 2008, Monje borrowed \$50 to raise chickens. After discovering the birds were susceptible to disease she switched to turkeys, and in just one year has doubled the size of her poultry house and expanded into growing and selling eggplants (a local delicacy). With her profits, Monje has outfitted four of her school-aged children with uniforms necessary for them to attend classes and purchased something she’s never owned before: furniture. The new bed, chairs, and sofa set are luxuries Monje never could have afforded before, but the physical items tell only part of this success story.

“To see the changes in these women in one year—their demeanor, carriage, confidence—is remarkable,” Nietert said. “Economists don’t take into account the changes in a person who starts a business. You can’t project that with a computer model.”

For the first loan round in 2008, Smith prepared training materials; Nietert and fellow WMI board member June Kyakobye traveled to Buyobo. Upon arrival they were greeted by village residents, the widows association, and members of the local government. Nietert passed around photos of WMI board members (all women) and told the gathered crowd about each one. For two days, Nietert, her daughter, and Kyakobye worked with the women to develop business plans and trained them on basics like marketing, operations, and recordkeeping. Each borrower received a calculator and notebook with which to track expenses and earnings. Once the loans had been made, the first 20 recipients formed an impromptu conga line in celebration. No faceless bank transaction, this.

One of WMI’s founding philosophies is that, as women, they want to help other women—a sentiment that resonates with Smith. While at Emma, she says



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there was much made of women’s empowerment, and at the time, she didn’t pay it much heed.

“When I was there it was just like, oh God,” she recalled her youthful reaction to women’s lib. “But in retrospect I find it very interesting.”

“I don’t think there’s really a level playing field,” Smith said. “What attracted me to WMI and the way

## How You Can Help

Some microfinancers, such as MicroPlace, allow you to make a return on your investment by paying you interest. Others, like Kiva, return your money to you, without interest, when the borrower pays back a loan. With the Women’s Microfinance Initiative, however, money you donate is just that: a donation.

One hundred percent of your contribution goes to loans and in-country program expenses because all U.S. costs—including board members’ and interns’ time—are provided *pro bono*. All loan interest goes back into the coffers to fund additional loans. So where will your donation go?



we designed the program is to give women the basic tools they need, both in terms of training and financial opportunity, and to let them run with it.”

The women did have a lot to learn about business, however, including basic ideas that Americans take for granted.

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Consider profit, for example—in a village where often the most cash someone has at one time equals about a dollar, the concept simply did not exist.

In addition, WMI is teaching the women about the importance of saving money. The group’s in-country program manager, Olive Wolimbwa—also head of the local widows association—has started a communal savings account at a bank in Mbale, about 10 miles away, and keeps track of each person’s money within the account.

“Part of building human capacity is not just the loans or giving people tools, it’s preventing crises that can throw someone into a downward spiral,” Nietert said. “We want to draw a line in the sand, give them

a backstop. Every time they get a little bit of money, someone gets malaria. It’s a fragile existence, and that’s why saving is so important.”

While well-known microfinance organizations, such as Kiva, work with individuals, WMI’s approach focuses on the village as a whole. Borrowers are divided into small groups, and each woman cross-guarantees the others’ loans. Despite fairly high interest rates (10% over six months), not one woman has defaulted. Formal training on business concepts certainly helps, but so, too, do the mandatory borrower meetings held weekly and what Smith calls the collective obligation each woman feels to their fellow borrowers. Years

ago, Smith worked for a neighborhood revitalization organization and witnessed the benefits of working at the community level. People are motivated to improve the collective, thus they band together to help one another. As one person succeeds, so too does the neighborhood or village.

WMI has expanded into 15 villages surrounding Buyobo. Word of the group spread quickly last year, and women kept knocking on Wolimbwa’s door to ask how they could get a loan, too. Nietert recently returned from Uganda, where she made 40 new loans and 60 loans to previous borrowers. With their hard work and dedication, the women are proving one of Deborah Smith’s beliefs.

“I’ve found so often if you just give a person an opportunity, that’s all they need to make a success of themselves,” Smith said. **e**

→ **Solar Panels:** WMI recently partnered with PostBank Uganda on a joint loan program to allow women to buy solar panels for their homes. WMI will loan down payment money and also provide loan guarantees and oversee the purchase and installation process.

→ **Transition to Bank Loans:** In 2009, WMI plans to make 160 new and 240 follow-up loans to borrowers in eastern Uganda, and will work to transition their most seasoned

borrowers to traditional banks that can provide larger loans.

→ **Office equipment:** Shipping items to Uganda can be expensive, so WMI will determine those costs before accepting large items.

→ **Picture Books:** WMI is collecting for a lending library of books, especially picture books, written in English, that can help both women and children improve their speaking and reading skills.

→ **Calculators:** WMI provides each borrower with a small notebook and calculator, and will accept donations of new items.

WMI is a collaborative effort and welcomes the ideas, advice, and assistance of others with experience in microfinance, or international development—especially in the areas of health care and innovative technology. You can find the Women’s Microfinance Initiative online at [wmionline.org](http://wmionline.org).