



Building
Assets to Better Lives

wmionline.org

2012 ANNUAL REPORT



February 2013

Message from the President

Dear Friends:

As the President of WMI, it is my very great pleasure to travel to East Africa each year to review WMI loan hub operations. I am pleased to provide WMI supporters with this update on operations and very happy to report that the loan program and the women we serve are thriving!

Post Bank Uganda reported that the process of graduating WMI borrowers to bank loans after two years in our rural loan program is going very smoothly. WMI members have learned to keep accounts and use their skills training to build up successful businesses before graduating to bank loans. PBU continues to provide excellent service to WMI borrowers and we are expanding our partnership to better meet the financial needs of rural women. There is also a core group of graduating borrowers who have become sufficiently successful to self-finance their business operations. This is also good news!

WMI is entering the sixth year of its rural loan program. Our pioneer village – Buyobo – is now a hub of activity as many women have built small shops surrounding the WMI headquarters building. Whether deep in the hills of Buteza or down the dusty road to Manafwa, rural women are singing their praise for the WMI loan program. And I can report to you that the expansion of the program during 2012 has yielded tremendous results – women are telling us their household living standards have vastly improved even after just 6 months in the loan program. Hundreds of women report with great pride that they can now pay school fees for their children because of the profits they make from their businesses.

As we visited each program, the chairwomen of the loan groups gave moving speeches appreciating WMI for recognizing that they are not ignorant or lazy – for recognizing that with a boost in the form of a loan and skills training, they can launch and manage successful businesses. They tell us how WMI has found them living deep, deep in poverty and provided the tools that have brought them into the daylight of improving life for themselves and their families. They speak eloquently and honestly from their hearts as they ask WMI to continue to expand the loan program to help all rural women achieve financial security.

WMI has also been invited to work with other rural microfinance programs to help them transition their borrowers to commercial banking through our TIP program, and while in Kampala, we were able to meet with the headquarters staff of other larger NGOs and government organizations to discuss partnering opportunities. We visited the field operations of several other NGOs in the area with different development programs that have potentials for collaboration.

I can report that your support of WMI is helping us provide a program that penetrates to one of the root causes of poverty – lack of access to financial services. Your generosity and commitment is indeed resulting in better lives for thousands of rural women and their families in a format that is sustainable and long-lasting.

Loan Program Accountability and Impact

In 2012 there was a lot of discussion in the press and in academic literature on the cost effectiveness and impact of charitable organizations. The research suggests that many aspects of a non-profit's operations are important, but they are dwarfed by one key consideration: Is the organization's work effective?

We are very pleased that WMI can answer this question with a resounding YES! WMI has run a very structured program since its inception. In 2012, we continued to survey borrowers on a regular basis and analyze that data so that we remain accountable for program operations and so that we can measure loan program impact. The empirical and anecdotal data WMI has been collecting from women in the loan program for five years now document significant and sustainable improvements in household living standards for borrowers and their families. The improvements are both immediate (more meals and better medical care) and long-term (continuing education for children, improved family health, upgraded homes, cleaner water, solar power installations, and increased access to financial services). Families are not just working their way out of poverty - they are staying out of poverty. As WMI borrowers become more experienced with each year that goes by, they are expanding their businesses, accessing institutional financial services on a regular basis, and bringing improvements to their villages as they become better advocates for themselves, their families and their communities.

The most effective charitable non-profits in the development world aim to solve the most serious problems; use interventions that work; employ cost-effective strategies; are competent and honest. (The percentage of donations spent on overhead is one measure of these qualities); and, make good use of each additional dollar. WMI's innovative platform for starting poor women in business, and then graduating them to independent banking, measures up impressively in all of these categories. WMI addresses the critical problem of world poverty in a sustainable manner by offering women a hand up and not a hand out. Our microfinance intervention works because it vests the



women in the success of the loan program and puts the tools for improving household living standards in their hands, by building human capacity and infrastructure in the villages where we work, and training. WMI's local operations strategy coupled with a hands-on volunteer board of directors of professional women means WMI's percentage of donations spent on overhead is extremely small: less than 6% in 2012. Donors can feel confident that additional dollars contributed to WMI result in direct benefits to the women and families we serve.

Loan Program Operations

In 2012, we completed our fifth full year of operations, and it was a year of many accomplishments for the women in the WMI loan program. Our summer interns analyzed data collected from borrowers during the previous year and compiled Fact Books for each of the ten WMI loan hubs in Uganda, Kenya and Tanzania, completed a comprehensive analysis of the WMI loan program on borrowers lives, and prepared a four-year comparison of village living standards. All of the reports are available on our website (www.wmionline.org).

Here is a quick review of our borrowers' progress:

WMI is serving an extremely poor population. 96% of borrowers who enter the loan program are living on less than \$2 a day - the UN definition of living in poverty. That has not changed in the 4 years since WMI launched the loan program. There is no general improvement in the baseline poverty level of the rural women who seek out WMI loans.

But there are immediate and sustained economic improvements for WMI borrowers: Within 6 months their incomes increase by an average of 66%. Within 12 months, nearly 75% of borrowers are earning over \$6.50/day, with 35% earning over \$10/day. By 24 months 51% of borrowers are earning over \$13/day with 25% earning over \$21/day. The women's increased earnings translate into significant improvements in household living standards.

Loan Program Expansion

During 2012, WMI the loan program continued its rapid expansion, again more than doubling the number of new borrower groups started -- from 25 to 52 -- and bringing the total number of borrower groups from 64 to 122. The program has served 2,400 borrowers, and WMI had funded over 6,000 loans, bringing lending to over \$920,000 since WMI launched in 2008. We are beginning to also see a rapid expansion in the number of borrowers graduating from the program and transitioning to bank loans as the loan hubs started in 2010 began to reach that milestone. As of the end of 2012, 580 WMI members had graduated, and we project that number will be matched in 2013, and grow to over 1900 by 2014.

WMI hub locations and operations are spread over a compact service area of east Africa, with hubs providing support to one another in a variety of different ways. WMI is concentrating on expanding from the existing hub locations in order to effectively deploy scarce resources. Four new loan hubs were added:

- Alailelai, Tanzania (Alailelai Maasai Sustainability Organization) January 2012
- Shikokho, Kenya (Shikokho Women's Group) January 2012
- Atiak, Uganda (Blessed Watoto) April 2012
- Ntumburi, Kenya (Wendo Self-Help Group) July 2012

As the WMI loan program continues to expand, the number of women graduating each year to independent banking will grow exponentially. Because WMI loan hubs become self-sustaining after two years, the infrastructure we put in place with your generous contributions in 2012 will continue to serve successive groups of impoverished women in East Africa for many years to come.

As the loan program expanded in 2012, so did WMI's focus on building human capacity in the villages where it operates:

- WMI funded a new Resource Fellow in Buyobo to assist with the administration and growth of the WMI loan program;
- Revenue from local loan hub operations funded supplemental health and education programs for their communities. The first health training program was initiated in Buyobo with a program provided by the District health officers. The Bududa loan hub provided the next training and the Konokoya loan hub organized an enormously popular all day event that was standing room only. In addition to providing important information, each training links WMI borrowers to government programs and services, increasing the visibility of the loan program and the women who run it as leaders in their communities.
- Additional work was completed on the classrooms at Buyobo Primary School through volunteer donations, village support and intern labor.
- The Bun and Tea Program for the teachers at Buyobo Primary School entered its third year.
- Thousands of eyeglasses were donated to the larger Buyobo community through intern collection efforts.
- Construction began on a second WMI building – a one room office in Konokoya, Uganda.

Financial Support

In 2012, WMI raised more than a quarter of a million dollars for village women of East Africa. Institutional donors, including other NGOs, corporations and foundations, such as: The Greater Contribution, Boeing Corporation, Towards Sustainability Foundation, the IMF Civic Fund and the Sherman-Fairchild Foundation, provided very much appreciated critical financial support.

Yet, almost half of WMI's 2012 income derived from individual donations - people here in the US and internationally as well, reaching out to the rural women of East Africa. This one-to-one connection continues to be a core element of the WMI loan program. In addition to local fundraising efforts (our annual potluck dinner and support from giving groups), we received hundreds of pledges through the Federal Combined Giving Campaign (under the auspices of Aid for Africa) and through the on-line Global Giving website. And the mainstay of WMI's financial support - the WMI 500 – a group of women pledging \$250 a year to WMI for at least 2 years - expanded its membership role in 2012 resulting in contributions of over \$12,000 to WMI.

We also thank our in-country partners who support WMI's loan program with financial contributions in conjunction with their own NGO efforts: Arlington Academy of Hope (Maya Agiri), Chevy Chase Presbyterian Church (Shikokho), Barbara Wybar and the Bududa Vocational Centre (Konokoya), Judy Lane and the Alailelai Massai Sustainability Organization (Alailelai), Mpambara-Cox Foundation (Kabale), Child Development Organization (Gulu), and Weston Turville Wells for Tanzania (Nainokanoka).

Thank you!

Pretty terrific results! That's what we think looking back on everything you have helped WMI achieve in 2012. Although we are small, that doesn't prevent us from being extremely effective or from implementing big ideas. Together we are doing something no other microfinance initiative is doing – we are training impoverished women in business skills; giving them a chance to develop a two year credit track record; providing ongoing support; then transitioning them to bank loans and the formal economy. We are shifting the power center from the banks to the villages. We are

harnessing the borrowers' collective strength to negotiate favorable bank terms on behalf of one of the most disenfranchised populations on earth: rural African women.

A dedicated volunteer Board of Directors has been together five years implementing, refining and focusing WMI's operations and expansion. A very talented volunteer Advisory Board of experts has devoted countless hours to developing WMI's capacity and brainstorming growth strategies. Thank you!

None of this would be possible without the financial contributions and hard work of WMI's thousands of supporters. Please accept our heartfelt thank you on behalf of the thousands of impoverished women and families in east Africa that WMI serves. You are the heartbeat of WMI. Every contribution, large or small, every act of kindness you offer and every outreach gesture you make is gratefully received and put to good use.

We hope that you have experienced the joy you have given to poor woman entrepreneurs and their families through the many videos and photos posted on the WMI web site. WMI loans bring hope to areas of extreme rural poverty and it's that indomitable spirit of hope what we seek to capture in the plethora of web site media.

With sincere gratitude,

Robyn Nietert
President





Nainokoaka villagers listen intently during training session

2012 Program Accomplishments

- This year WMI added over 1,100 new borrowers (2,382 in total) and issued 2,911 loans amounting to \$425,761, at an average of \$150 per loan. To date WMI has issued over 6,000 loans totaling nearly \$1 million.
- In 2012, 280 women transitioned to independent banking with a one-year WMI loan guarantee, and 200 women graduated to fully independent banking. 600 women have now graduated from the WMI program, completing the cycle of WMI's transition to independence program.
- Four Year Borrower Survey Released: In the summer of 2012, fifty of the original borrowers took part in a follow up survey which continued to track the expansion of their business operations and improvements in household living standards.
- Expansion-wise, WMI added 4 new village hub locations. In January operations began in **Shikokho, Kenya** under the Shikokho Women's Group and in **Alailelai, Tanzania** under the Alailelai Maasai Substantiality Organization. In April, WMI launched **Atiak, Uganda**, just 20 miles from the South Sudan border, in conjunction with Blessed Watoto. In July, WMI opened a new loan hub in the village of **Ntumburi, Kenya** (outside of Meru), in partnership with the Wendo Self-Help Group, an organization of women in this rural area of central Kenya.
- On the fundraising front we have had our best year, raising over \$268,000. Added to the totals of \$52,000 for 2008, \$104,000 for 2009, \$170,000 for 2010, and \$198,000 for 2011, the grand total for funds raised to date is over \$792,000 for program operations.

- WMI sponsored 22 volunteers in Bethesda and Buyobo this year including 11 summer interns from Walt Whitman High School in Bethesda, MD.
- Three college interns spent the summer in Buyobo conducting borrower surveys. The interns also worked on separate special projects: Danielle DaCosta and Xaviera Alvarez created a Lugisu (local language)-English pictorial dictionary for local schoolchildren and visitors to Buyobo, while Dan Higgins developed borrower questionnaires to gain insight into their lives and businesses and created the fact book format for data collected on borrower savings.
- WMI was fortunate to have 7 talented college interns in Bethesda this summer under the supervision of former intern Hart Wood. Their research and data analysis provided a wealth of information on how the WMI loan program is changing lives. Copies of the new Fact Books are available on the web site at: wmionline.org.
- The high school interns from Walt Whitman High School spent several weeks teaching elementary school students, working with the students to start a garden, refurbished and painted old classrooms, and tutored borrowers on computer basics. The school continues to benefit from the tea & buns program WMI interns launched in 2010, which provides a cup of hot tea and a bun to teachers each morning before school.
- WMI funded a new position in Buyobo for a Resource Fellow to assist with the administration and growth of the WMI loan program. Hannah Kahl, a native of Martha's Vineyard, MA and a 2006 Summa Cum Laude/Phi Beta Kappa graduate of the University of New Hampshire, Durham, NH with a degree in anthropology, has been invaluable in standardizing and documenting procedures.



Buteza women display gifts for Robyn and the Buyobo trainers

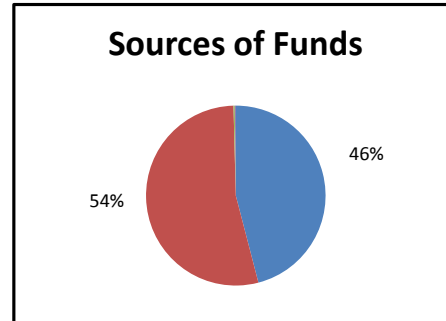
Goals for 2013

- Partner with in-country NGOs seeking to transition borrowers in their rural loan programs to commercial banking through WMI's innovative TIP program. WMI has launched a pilot project with Buseesa Community Development Center BCDC in Kibaale, Uganda to transition 20 women from their program to WMI's TIP at PostBank.
- Hire a trained bookkeeper/office manager in Buyobo to automate financial records and to develop and monitor accurate operating budgets for the new village hub locations.
- Assist 20 additional groups of women in their transition to independent banking in Uganda, providing them support and working with PBU to ensure a mutually beneficial program. 13 groups will move from the transition program to fully independent banking.
- 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.
- Hold an annual leadership meeting for key personnel in WMI's CBO partners who are managing the new village hub loan program.
- Continue to train new trainers among the ten village hub locations to support new loan groups.
- Identify a minimum of two new village hub locations and village-level partners.
- Continue WMI Fellow, college and high school internship programs.
- Expand the loan program quarterly, adding 40-60 borrowers quarterly per hub operation.

Women's Microfinance Initiative Income and Program Expenses January - December 2012

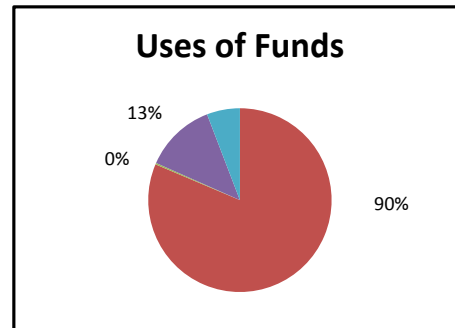
Sources of Funds

Donations - Individuals	\$ 123,176	46%
Donations - Foundations/Corporations	\$ 143,832	54%
Program Income (less direct expense)	\$ 629	0%
Interest Earnings	\$ 471	0%
Total Sources of Funds	<u>\$ 268,108</u>	



Major Uses of Funds

Loan and Guarantee Funds	\$ 158,209	81%
Community Building	\$ 500	0%
Loan Program Administration/Training	\$ 24,385	13%
WMI Program Expense	\$ 11,343	6%
Total Uses	<u>\$ 194,437</u>	



Source - audited financial statements for the year ended December 31, 2012

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. This year we welcomed two new advisory board members: **Archie Mears**, is the former Managing Director of Opportunity International Uganda, a regulated microfinance institution serving small and medium enterprise clients with loan, savings and money transfer services. He is a life-long banker specializing in African operations. Archie retired from his Opportunity International position this past April and has generously offered to provide his guidance as WMI continues to expand and build its local operations. Archie currently resides with his wife in West Linton, Scottish Borders, United Kingdom. **Jackie Vouthouris** was a tireless and dedicated WMI intern in Buyobo in the summer of 2011, updating all of the budgeting and financial data for the Buyobo Women's Association and developing financial tracking systems. All of the WMI loan hubs are being trained to use the model she developed. Jackie is currently an associate analyst at KSA MidOcean. Her current position involves building quantitative financial models and performing fundamental analysis across multiple market sectors to directly assist the investment team.

Outstanding contributions were made by the eleven **Walt Whitman High School interns** who traveled to Buyobo, Uganda this past summer with teacher-chaperone **Bob Mathis** and his wife Tali. Ambrose Masolo, the acting head teacher at Buyobo Primary, praised the high school interns for the local students' improvement and for changing the academic culture at the school. Interns raised funds to install solar power which has catalyzed parents and teachers to tutor students in the evening to help improve their results on the important leaving exams, which determine the high schools they can attend.

A dynamic group of college interns played an important role in strengthening WMI's infrastructure in Buyobo this summer. **Danielle DaCosta, Xaviera Alvarez and Dan Higgins** - from Toronto, Stockholm, and Essex, England respectively - got to work on this summer's projects, which included conducting borrower surveys and interviews, providing computer training to borrowers and local WMI staff, and interfacing with bank contacts, other NGOs and local government officials. The interns also worked on separate special projects: Danielle and Xaviera created a Lugisu (local language)-English pictorial dictionary for local schoolchildren and visitors to Buyobo, while Dan developed borrower questionnaires to gain insight into their lives and businesses and create the fact book format for data collected on borrower savings.

Not to be outdone, 7 college students – **Julie Graham, Ashley Grayson, Nikki Heimberg, Jessica Littman, Chelsea Lo, Becca Miller and Nick Shashy** -- interned with WMI in Bethesda in 2012. They entered and analyzed data and produced the annual Fact Books on the loan program's impact under the watchful eye of **Hart Wood**, WMI's assistant program director. Hart had interned with WMI in 2008 and travelled to Buyobo that summer to help issue the third round of loans; he is currently a UVA law student.

Thanks to **Kathy Staudaher** who has provided invaluable office assistance; **Sally Kelly** who helped organize the Annual Potluck Fundraiser; **Allison Ewing** for marketing support, and **Deborah Smith** for preparing financial statements and projections.

Regarding the WMI loan hubs, special thanks goes to **Olive Wolimbwa**, WMI's Local Director, and **Jackline Namonye**, WMI's Assistant Local Director, and their team of 15 staff members, who have taken on increasing responsibility for managing WMI's in-country operations. They have demonstrated outstanding leadership skills. Their resourcefulness and resilience have been key factors in the loan program's growth and success.



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.

Elizabeth Gordon – Vice President. She has been involved in the real estate finance/development business (predominantly multifamily, seniors, low and moderate income housing) since 1985 and currently works for Fannie Mae in Washington, D.C.

Deborah W. Smith – Treasurer. She spent her career in corporate and personal finance, and was a Certified Financial Planner and registered securities representative.

Teresa Ciccotelli - Secretary. She is a retired corporate attorney with over 20 years' experience in Fortune 100 companies, most recently with Saint-Gobain's US offices in PA.

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 Kyakoby – 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

Lillian Hagen, attorney, Bethesda, MD

Bonnie Holcomb, anthropologist, Bethesda, MD

Robert Israelite, credit specialist, Chicago, IL

Denise Kalule, business manager, Kampala UG

Sally Kelly, architect, Chevy Chase, MD

Archie Mears, microfinance expert, West Linton, Scottish Borders, UK

Ainsley Morris, investment analyst, Washington, DC

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Montana Stevenson, international consultant, Bethesda, MD

Al Tetrault, real estate development professor, Vienna, VA

Beth Tomasello, attorney, Bethesda, MD

Christine Uzzell, information technology specialist, Bethesda, MD

Thierry van Bastelaer, economist, Bethesda, MD

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Jackie Vouthouris, financial modeler, New York, NY

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

Mona Yacoubian, foreign affairs consultant, Bethesda, MD

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