

# WMI FACT BOOK: Loan Program Data

## Buyobo, Uganda Loan Hub

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## BACKGROUND on WMI

- WMI is a U.S. based non-profit organization that provides micro-credit to women in rural East Africa.
- Women use the loans to start and expand small businesses.
- WMI provides borrowers with training in financial literacy, business management, record keeping, and financial planning.
- Loan programs are administered by village level organizations and issued to lending groups of 20 borrowers, all of whom guarantee each other's loans. No collateral is required.



- After 24 months in the WMI loan program, borrowers graduate to financial independence and transition to a bank loan issued by a financial institution.
- Women use their business profits to pay school fees, buy more food for their families, improve their homes, pay for health care, and expand their businesses.
- Since January 2008, WMI has issued over 5,000 loans in nearly 500 villages in Uganda, Kenya, and Tanzania.



## METHODOLOGY

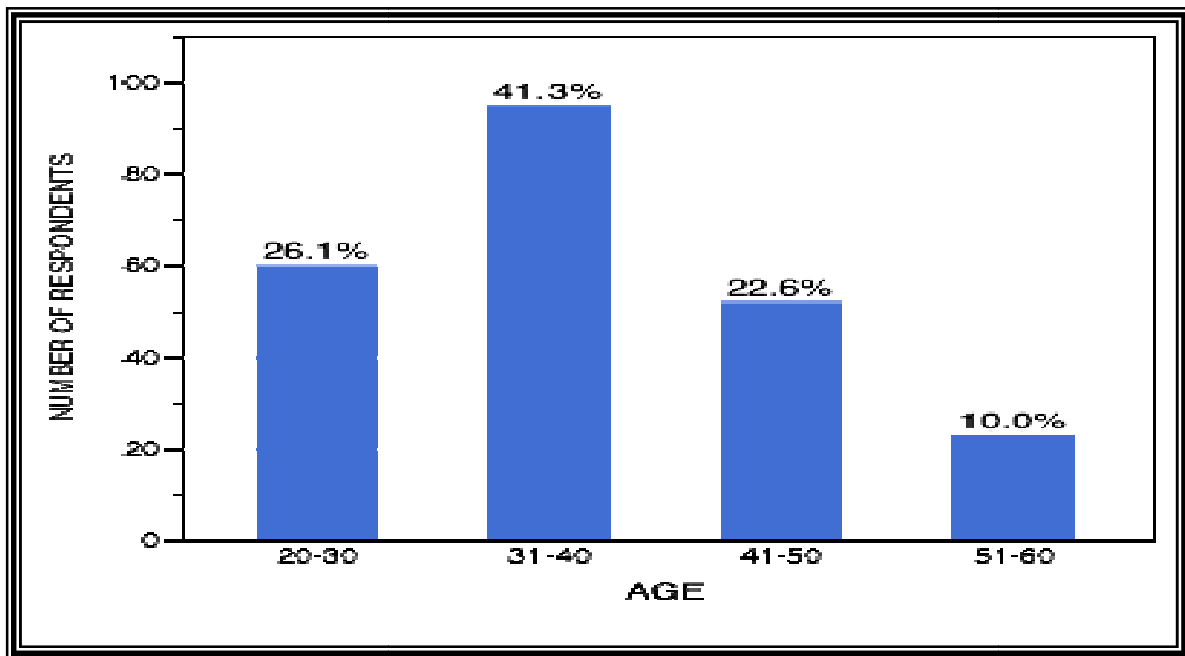
- Olive Wolimbwa, WMI's Local Director in Buyobo, Uganda, supervises overall loan issuance and data collection, with help from WMI's Assistant Local Director Jackline Namonye.
- Using a loan application and baseline survey, WMI collects borrower data when a new loan is issued.
- WMI administers a borrower survey every six months concurrent with follow-up loan applications.
- Local village women who are proficient in English administer the surveys.
- U.S. based staff analyze the data.
- The data presented in this fact book was collected from April 2011 to April 2012 from 238 borrowers.



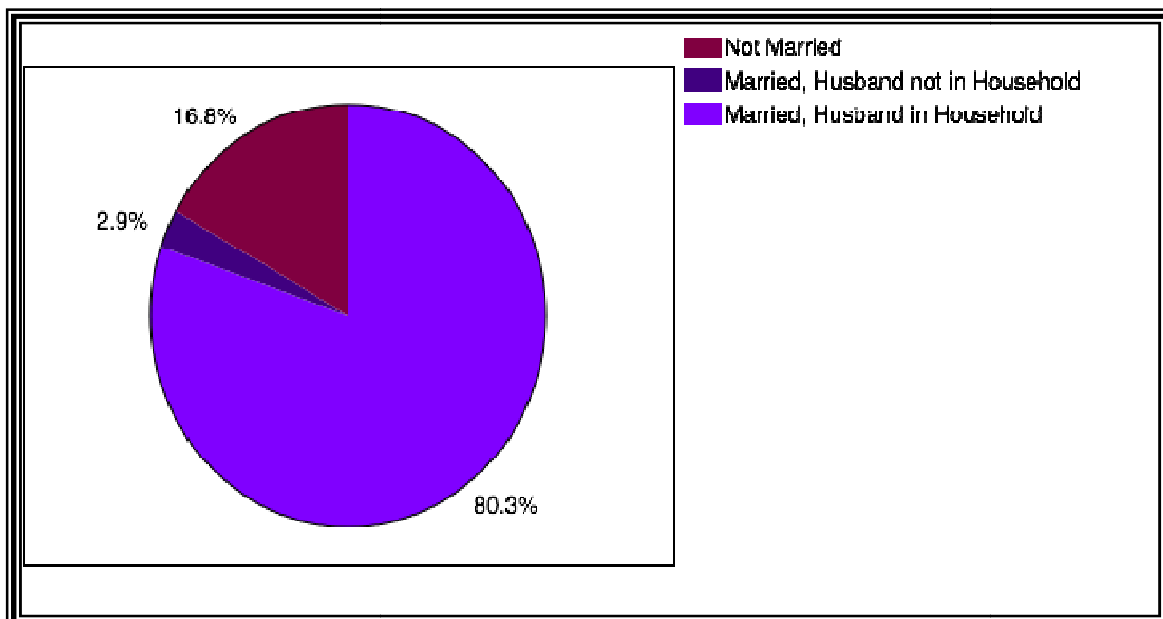
## I. BASELINE DATA

### A. DEMOGRAPHICS

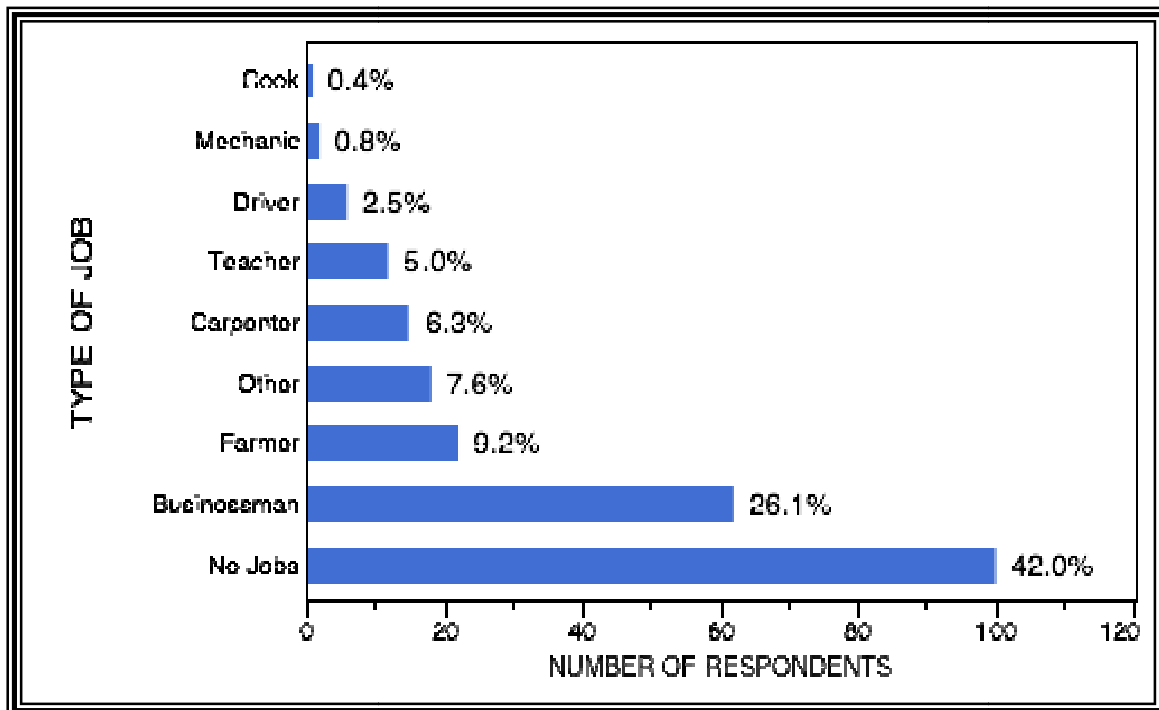
1. **Age Distribution** – Nearly 70% of Borrowers are between the ages of 20 and 40.



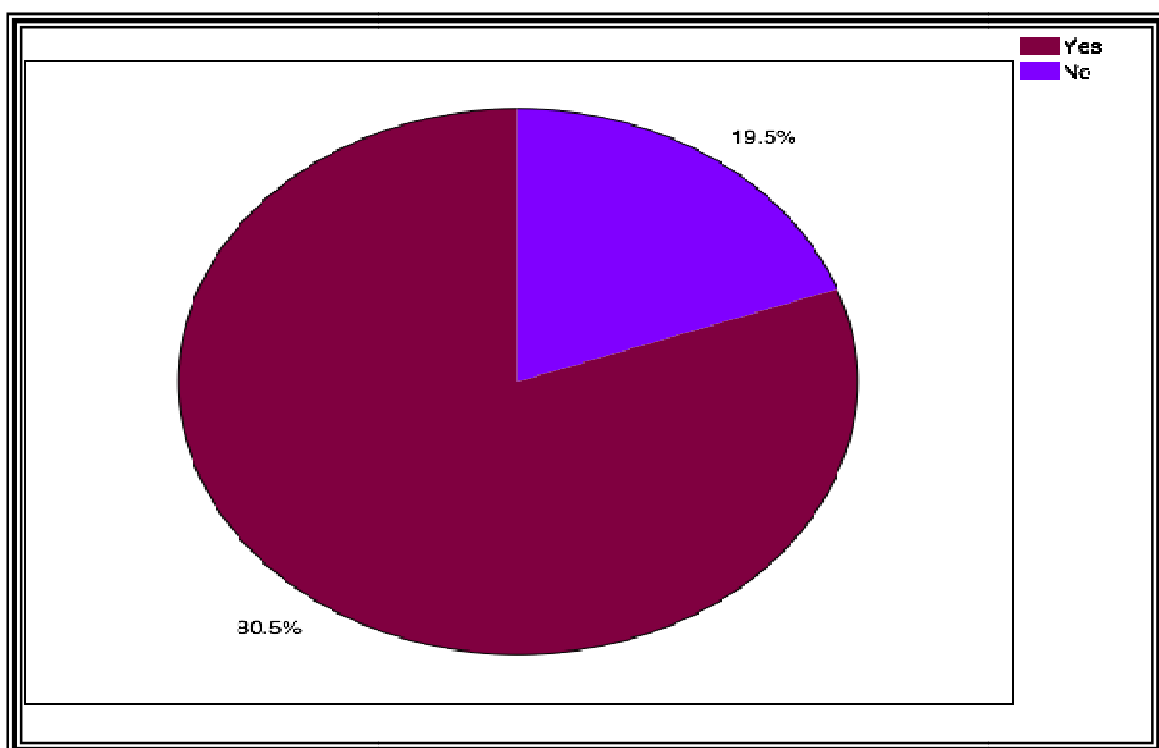
2. **Marital Status & Husband in Household** – More than 80% of Borrowers are married with their husbands living in the household.



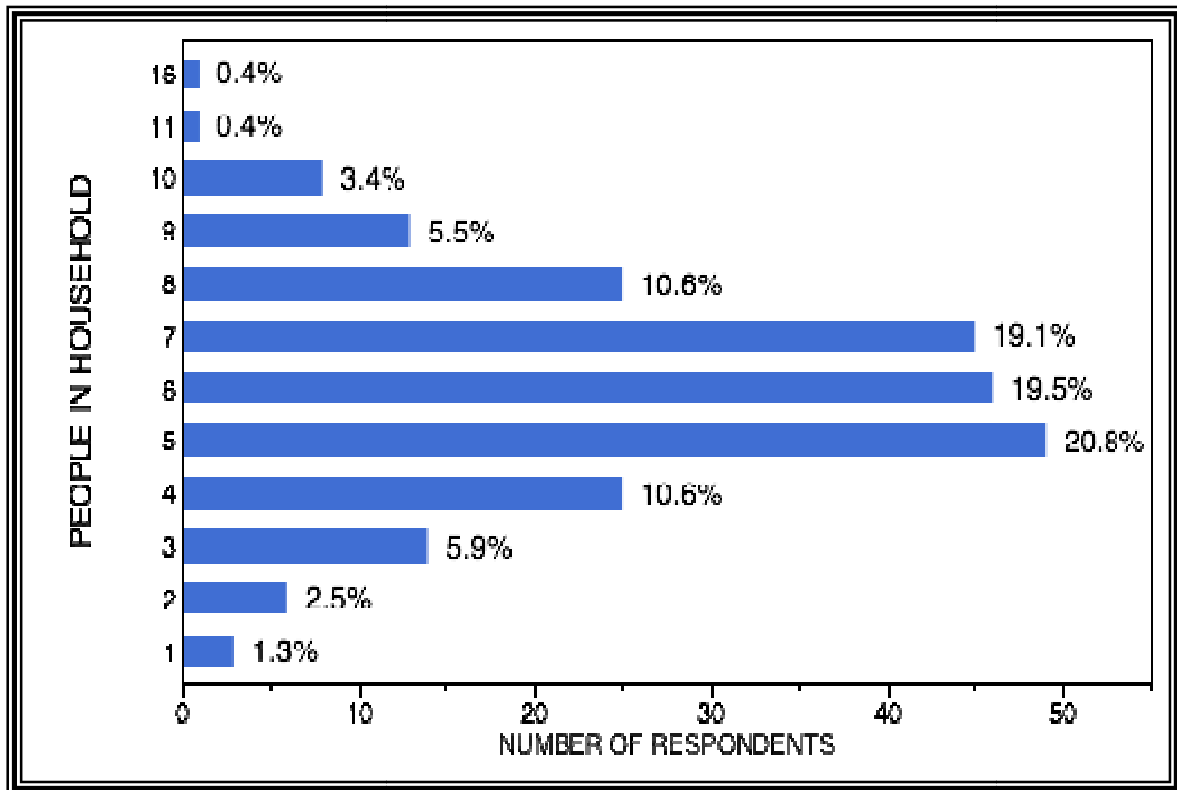
3. **Husband's Employment** – More than 40% of Borrowers report that their husbands have no job.



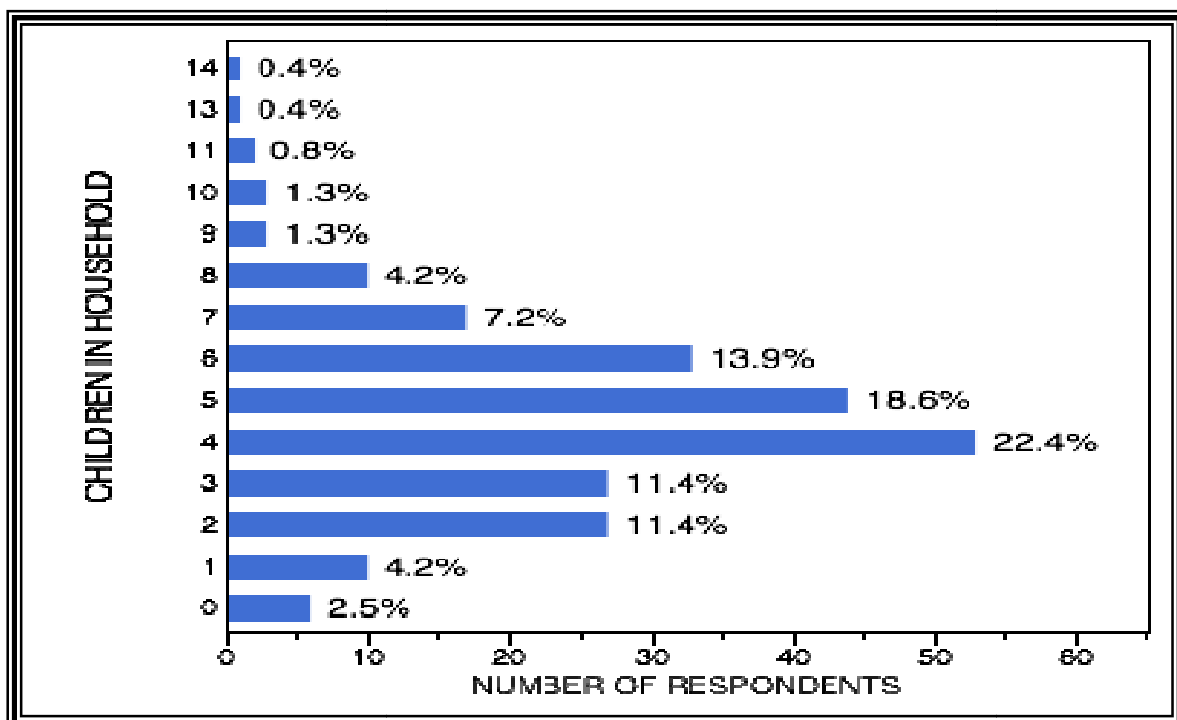
4. **Husband's Financial Contribution** – More than 80% of Borrowers report that their husbands contribute financially to the household.



5. **People in Household** – Nearly 80% of Borrowers have five or more people in their households.

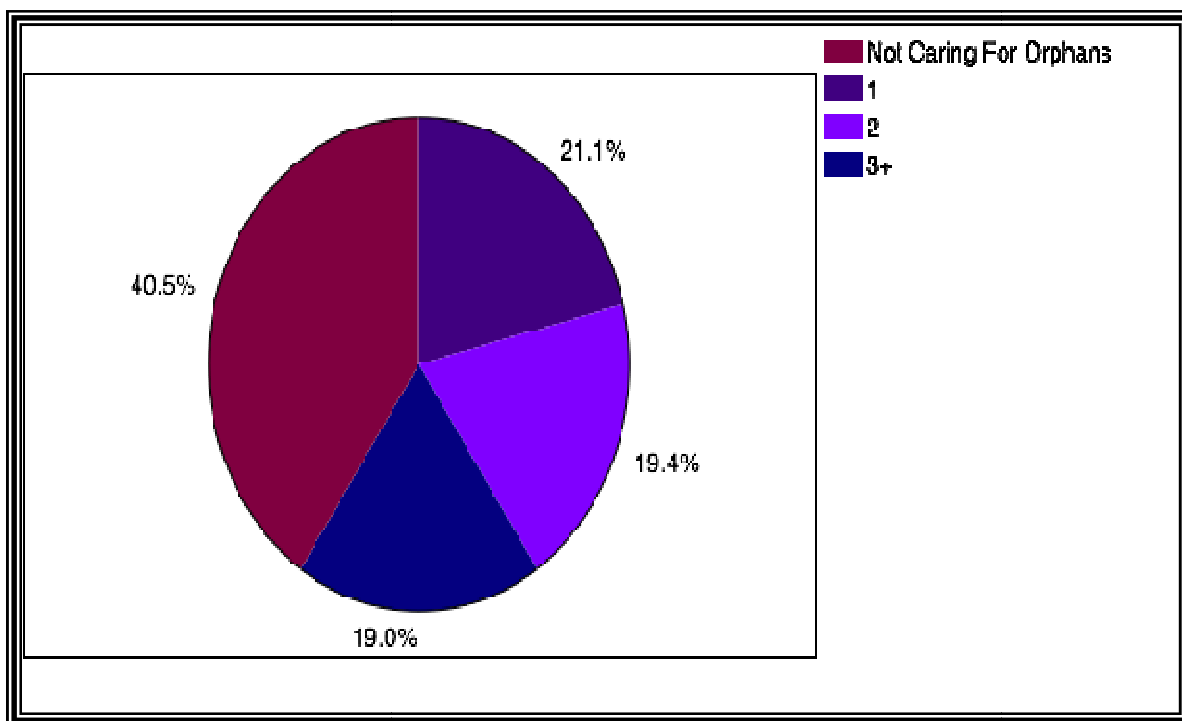


6. **Children in Household** – Nearly 70% of Borrowers have four or more children in their households.

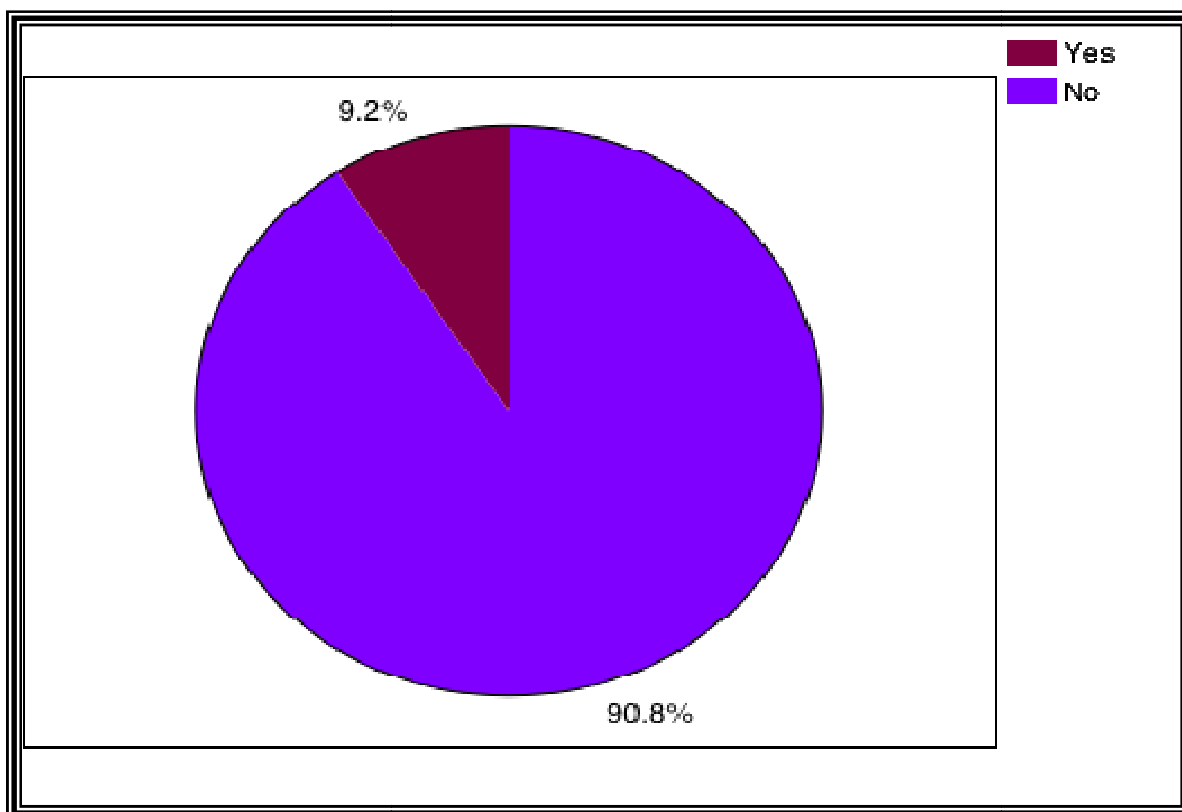




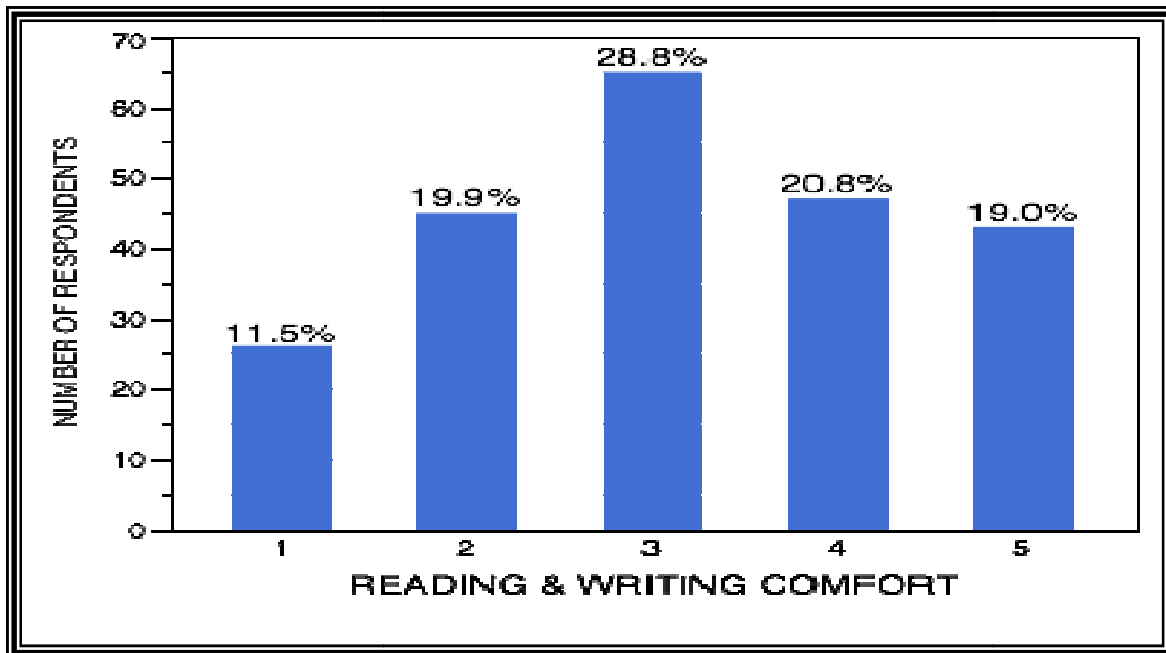
7. **Caring for Orphans** – Nearly 60% of Borrowers are caring for orphans. HIV/AIDS and other diseases have left many children parentless. It is more common for community members to take in orphans than to consign them to institutions.



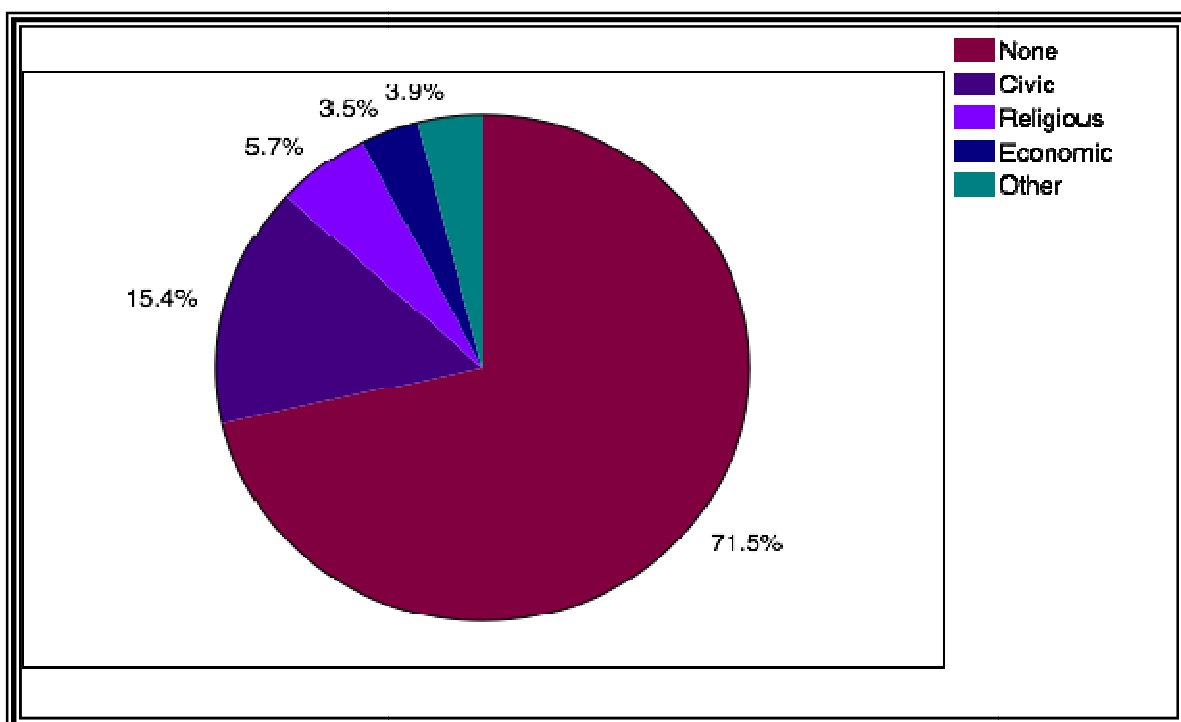
8. **Widowed** – More than 90% of Borrowers have never been widowed.



9. **Reading & Writing Comfort Level** – Nearly 60% of Borrowers consider their reading and writing skills average or below average (with 1 being the least and 5 being the most comfortable).

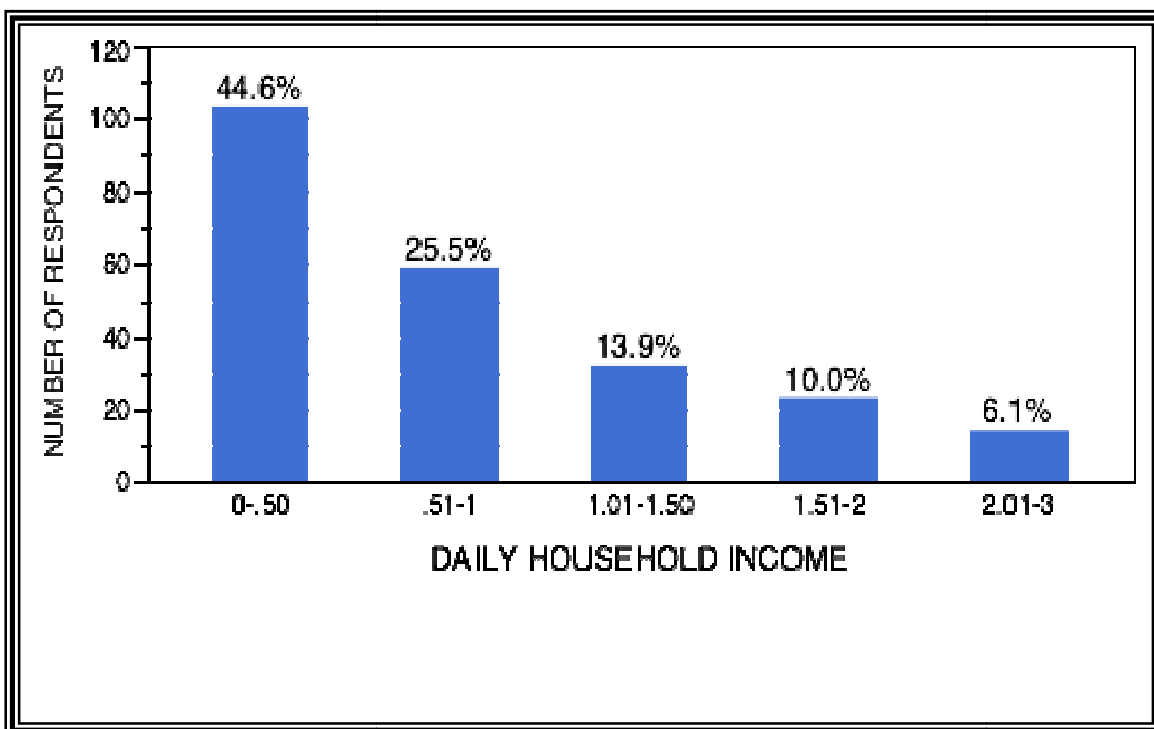


10. **Community Involvement** – Fewer than 30% of Borrowers belong to a community organization.

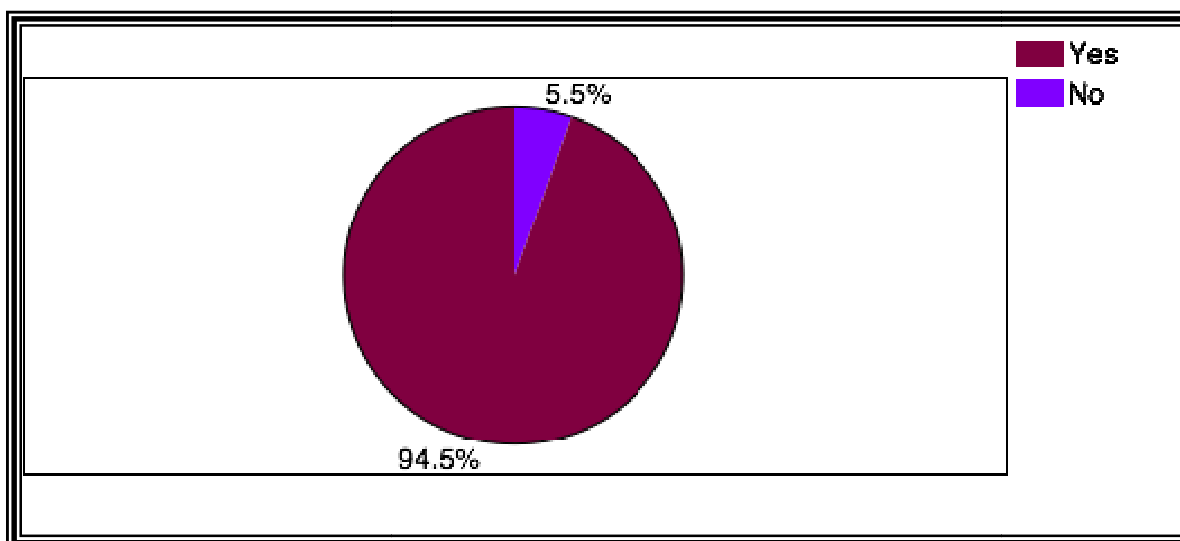


## B. STANDARD OF LIVING

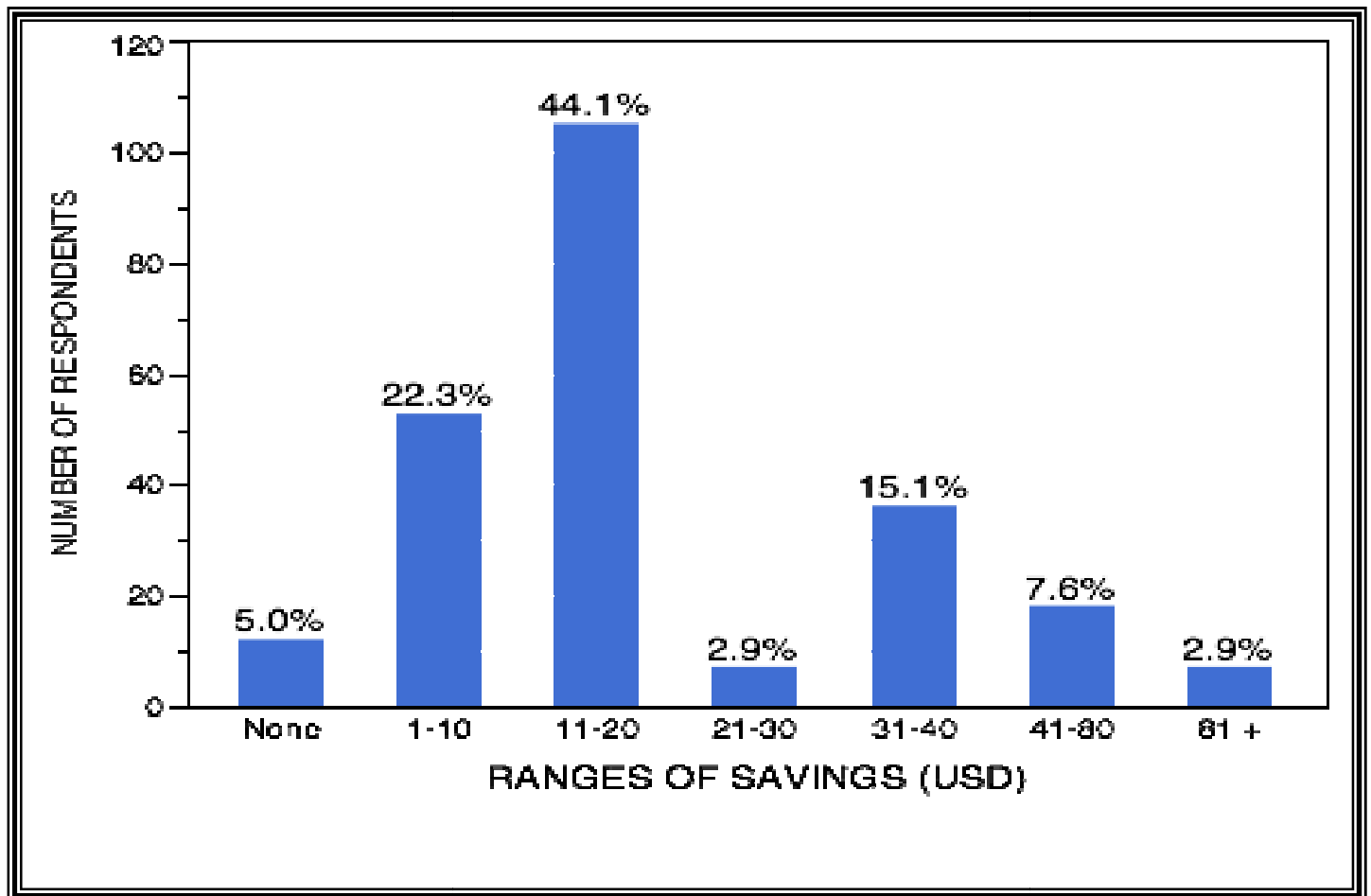
1. **Daily Household Income** – More than 70% of Borrowers' **households** subsist on less than \$1/day; nearly 95% subsist on less than \$2/day. The poverty line set by the World Bank is defined as an **individual** subsisting on less than \$2/day. Borrowers' average household size is 6.2 people, meaning that 100% of Borrowers live below the poverty line.



2. **Savings** – 95% of Borrowers have savings, reflecting a strong savings culture.



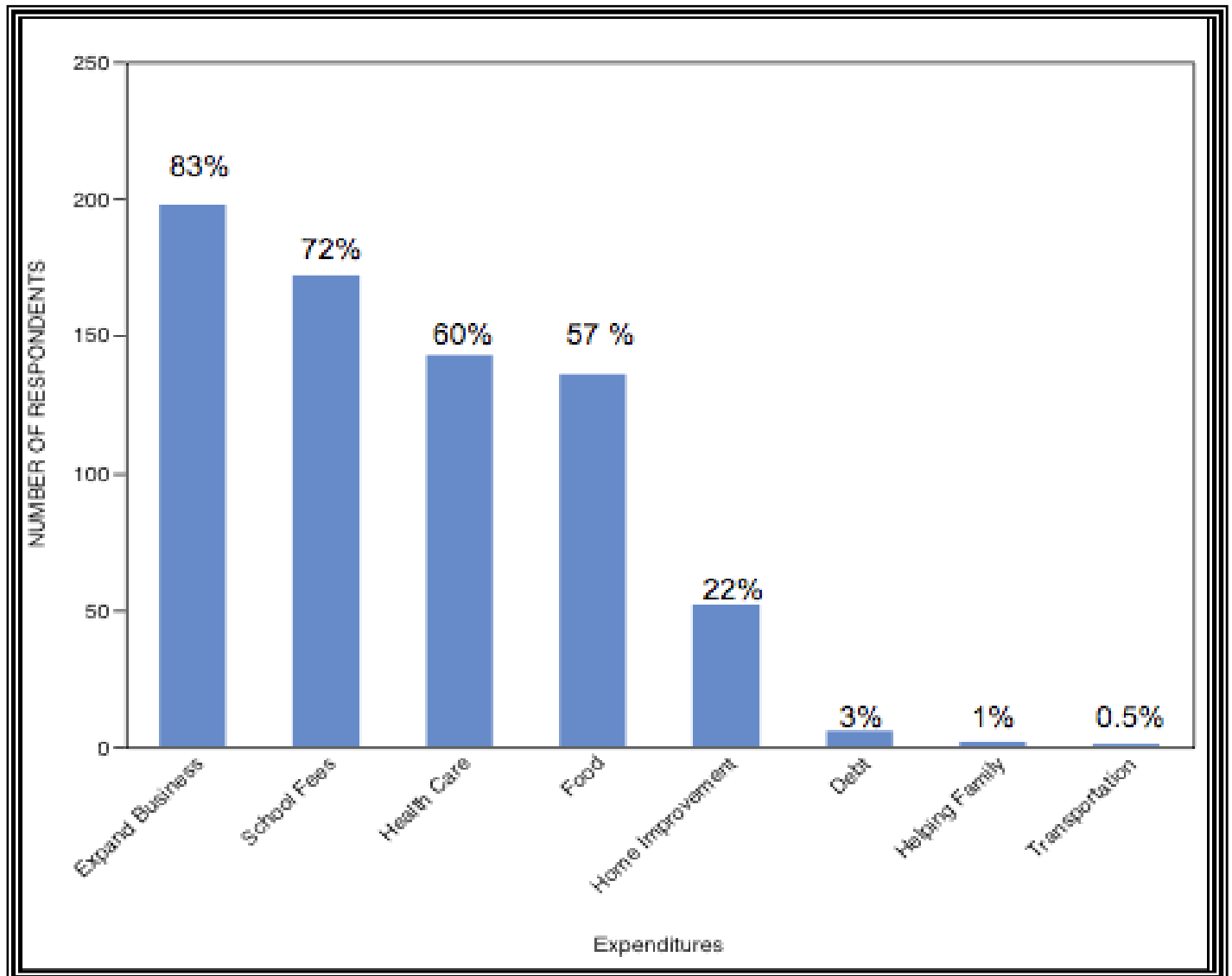
- 3. Ranges of Savings** – Although most Borrowers save, nearly 90% have accumulated less than \$40. Lack of sufficient savings leaves Borrowers and their families unable to survive medical crises and other emergencies that require financial resources.



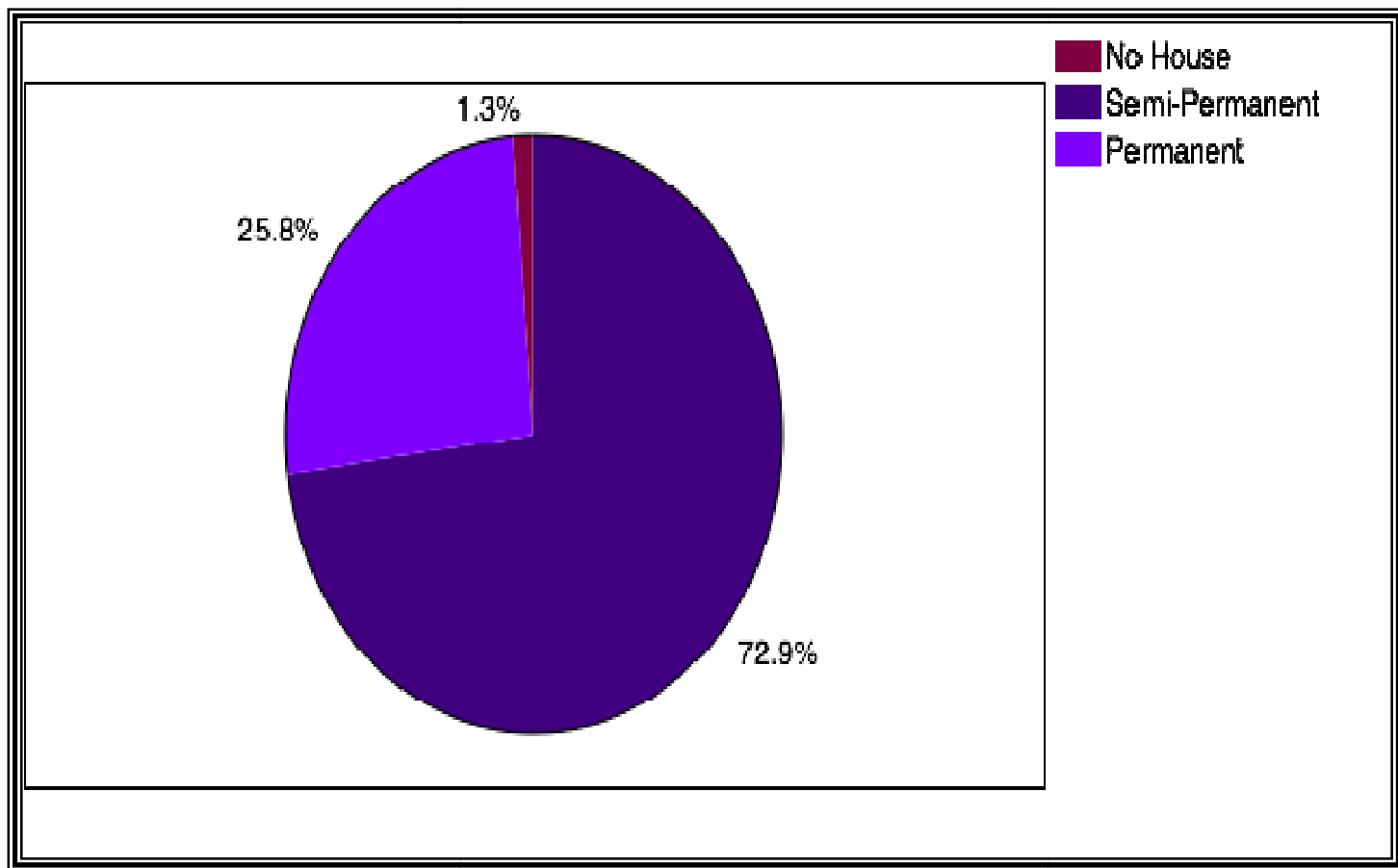
- 4. Bank Usage** – More than 90% of Borrowers do not keep their savings in a bank. Lack of access to conventional banking cripples rural women's ability to operate businesses.

**5. Reasons for Saving** – The top three reasons that Borrowers save are for emergencies, business expansion, and school fees.

**6. Expenditures** – Borrowers' top three expenditures are business expansion, school fees, and health care.



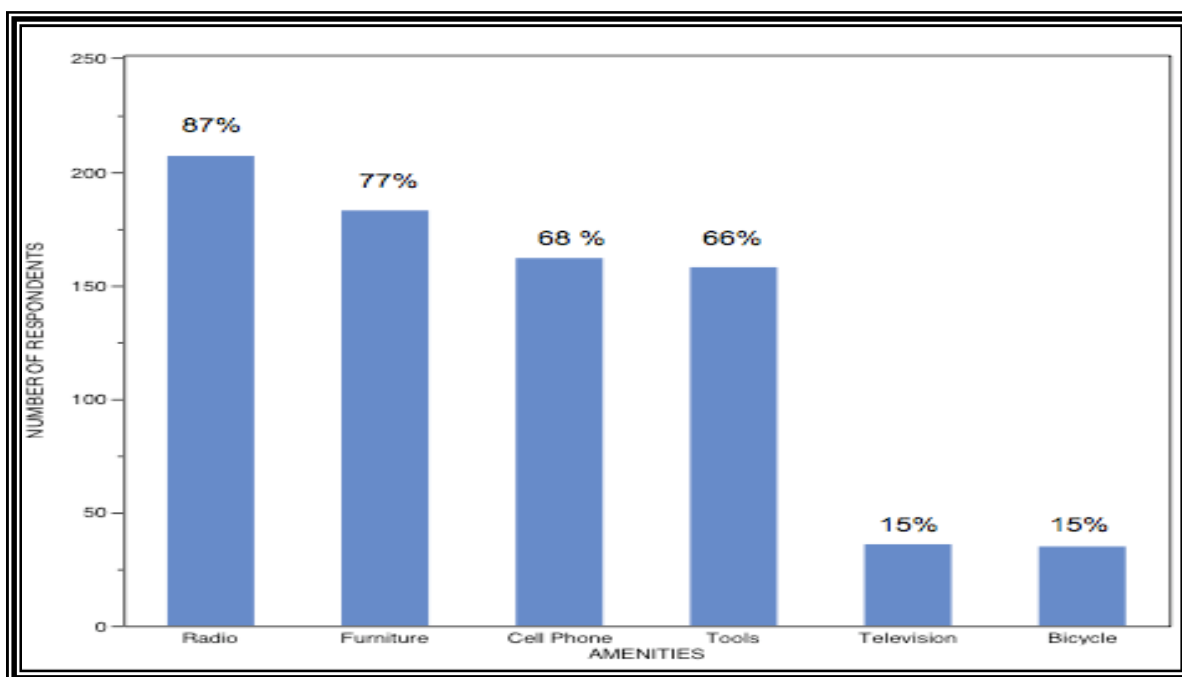
**7. Type of House & Ownership** – More than 70% of Borrowers own a semi-permanent house. The walls are constructed of dirt and dung, and the floors are mud. The roofs are typically tin sheets. 90% of Borrowers report owning some land, which can be a farming plot not associated with their homes.



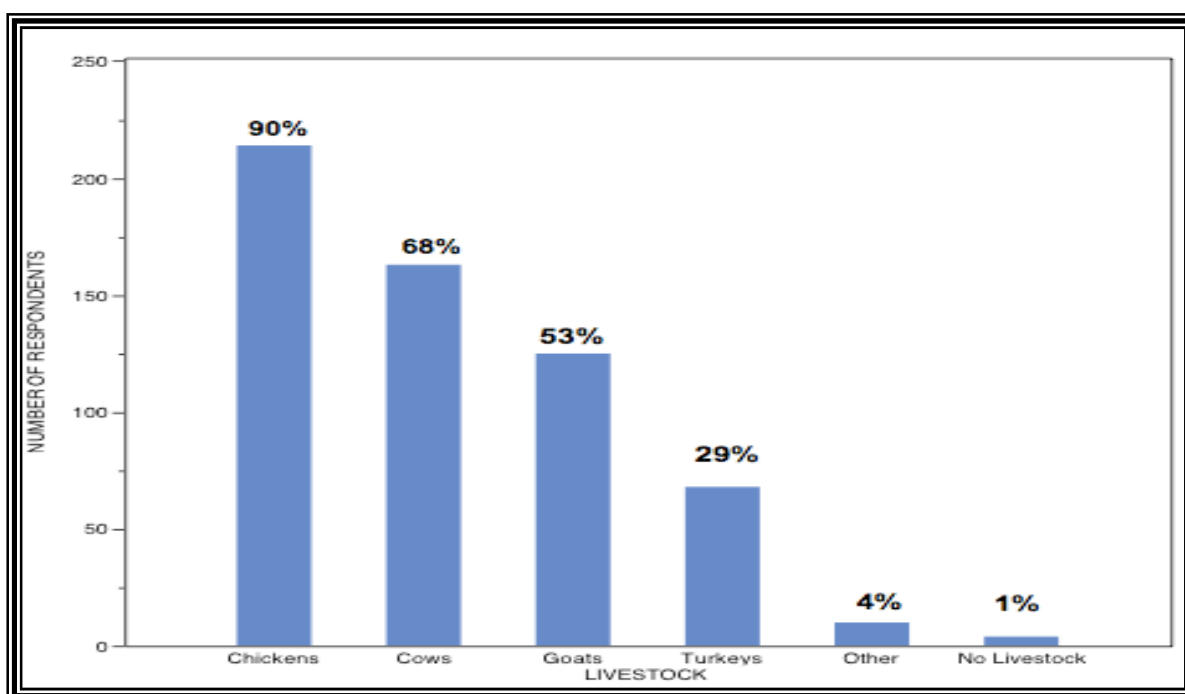
**8. Number of Rooms in House** – More than 70% of Borrowers live in homes with four or fewer rooms. Rooms usually connect to one another – there are no hallways. Kitchens are typically located outside, behind the house.



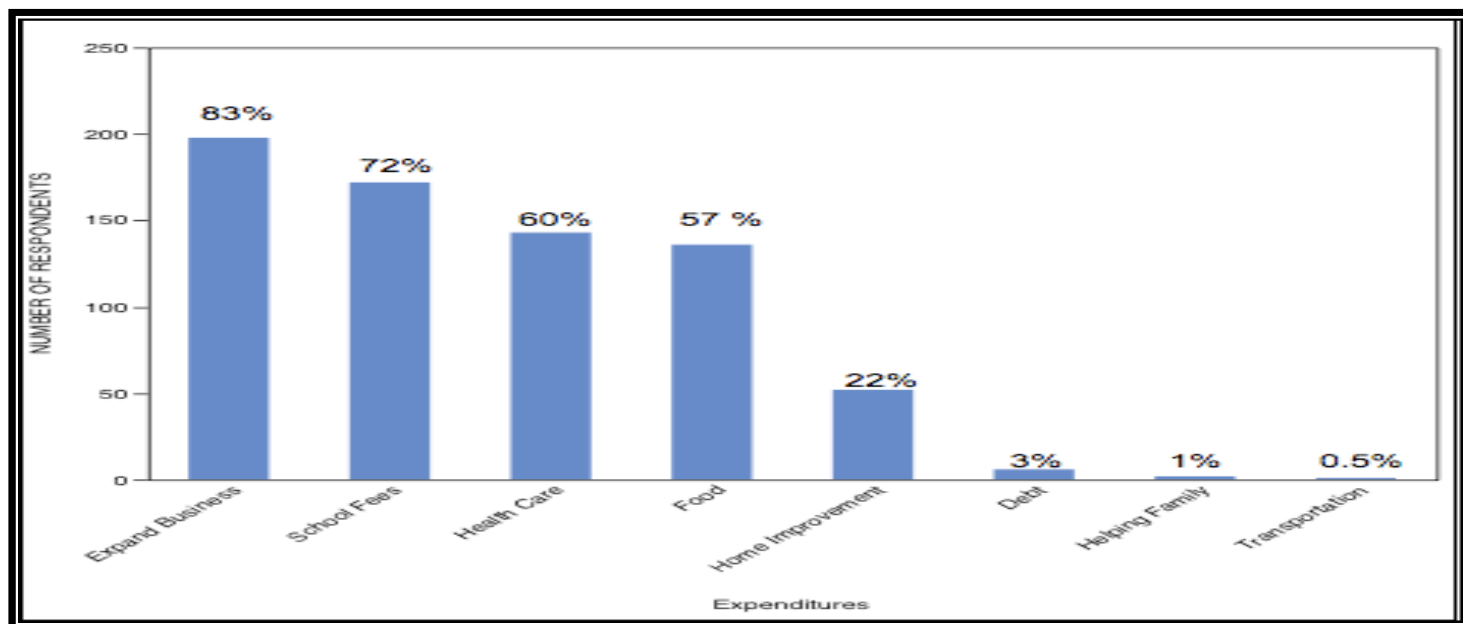
- 9. Household Amenities** – Many borrowers have radios, furniture, cell phones, and tools, while few have televisions or bicycles. Cell phone use is becoming more common even in extremely rural areas. Radios are the predominant medium for the distribution of news and information.



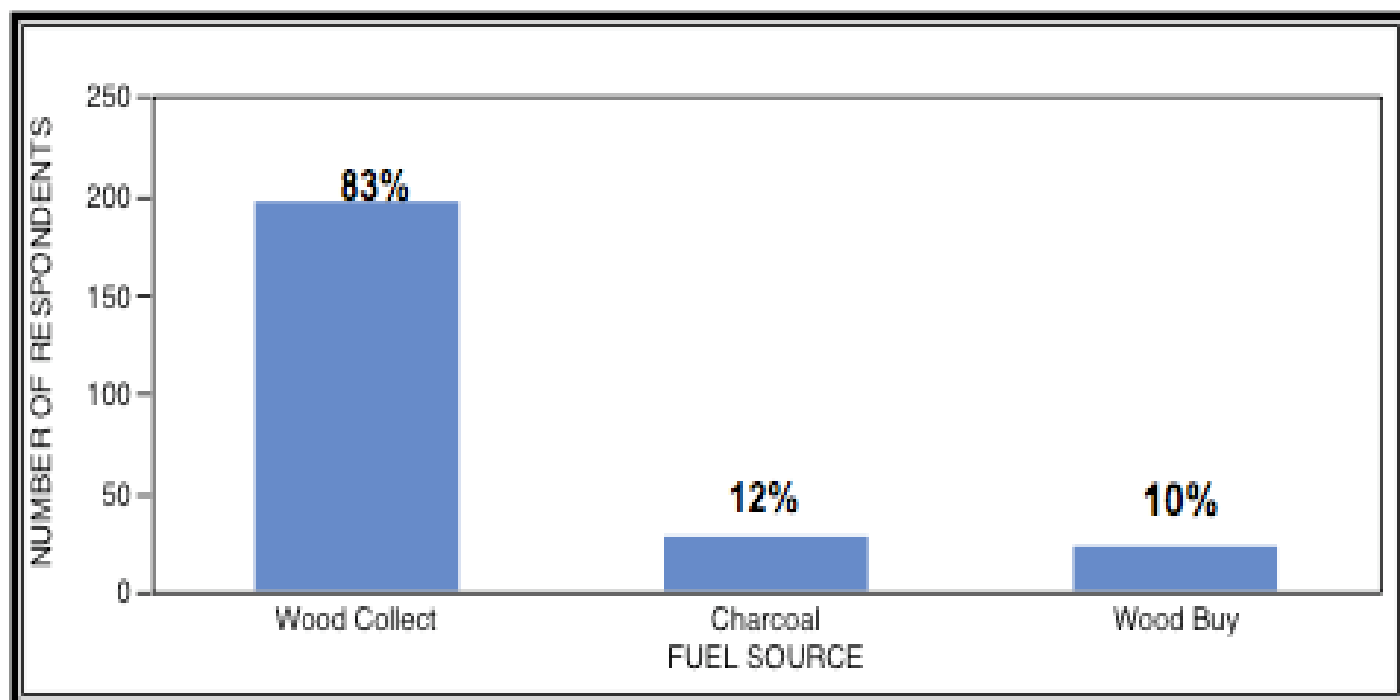
- 10. Livestock** – Nearly all borrowers have some type of livestock. Chickens are most common because they are the least expensive; however, they are prone to disease. Goats are more expensive, but more disease-resistant. Cows are the most desirable livestock because they are an ongoing source of dairy products.



**11. Lighting Source** – More than 75% of Borrowers use candles or kerosene lamps as their main source of lighting.



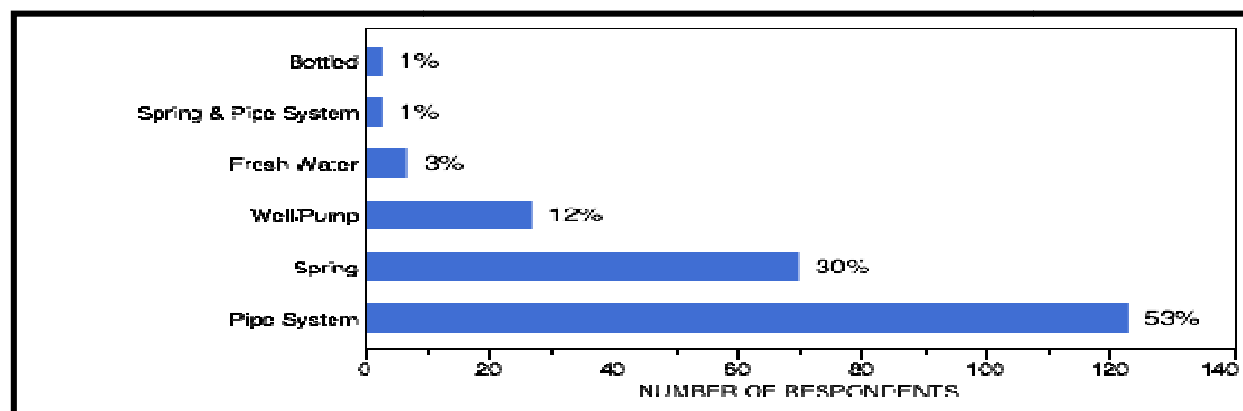
**12. Fuel Source** – More than 90% of Borrowers use wood as their cooking fuel.



**13. Toilet Facilities** – More than 90% of Borrowers have their own latrine. None of the homes have flush toilets or composting toilets.

## C. FAMILY HEALTH AND WELFARE

- Water Source** – More than 50% of Borrowers get their water from a pipe system connected to a town pump.



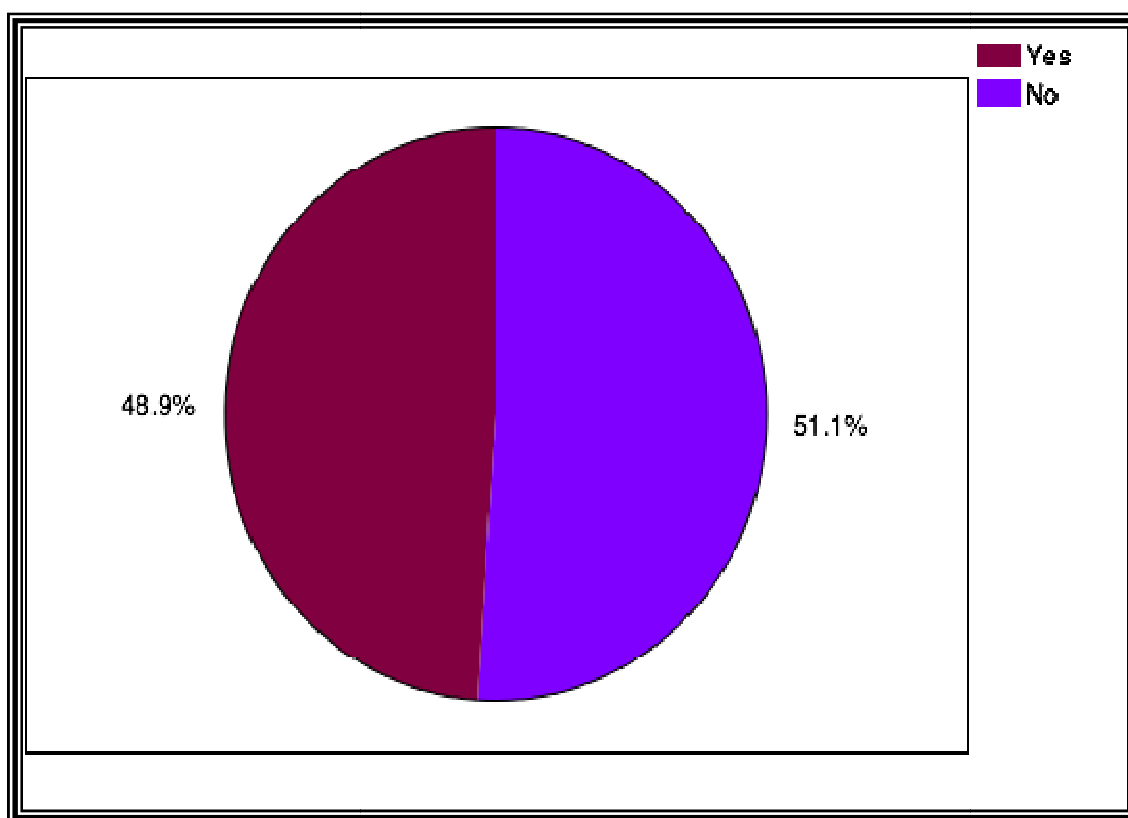
### 2. Water Safety

How often do you boil water?	<ul style="list-style-type: none"> <li>• 26% never boil their water</li> <li>• 32% sometimes boil their water</li> <li>• 5% often boil their water</li> <li>• 37 % always boil their water</li> </ul>
On a scale of 1-5, with 1 being not safe and 5 being very safe, how do you rate the safety of your drinking water?	<ul style="list-style-type: none"> <li>• 2% give their water a rating of 1</li> <li>• 21% give their water a rating of 2</li> <li>• 36% give their water a rating of 3</li> <li>• 25% give their water a rating of 4</li> <li>• 16% give their water a rating of 5</li> </ul>

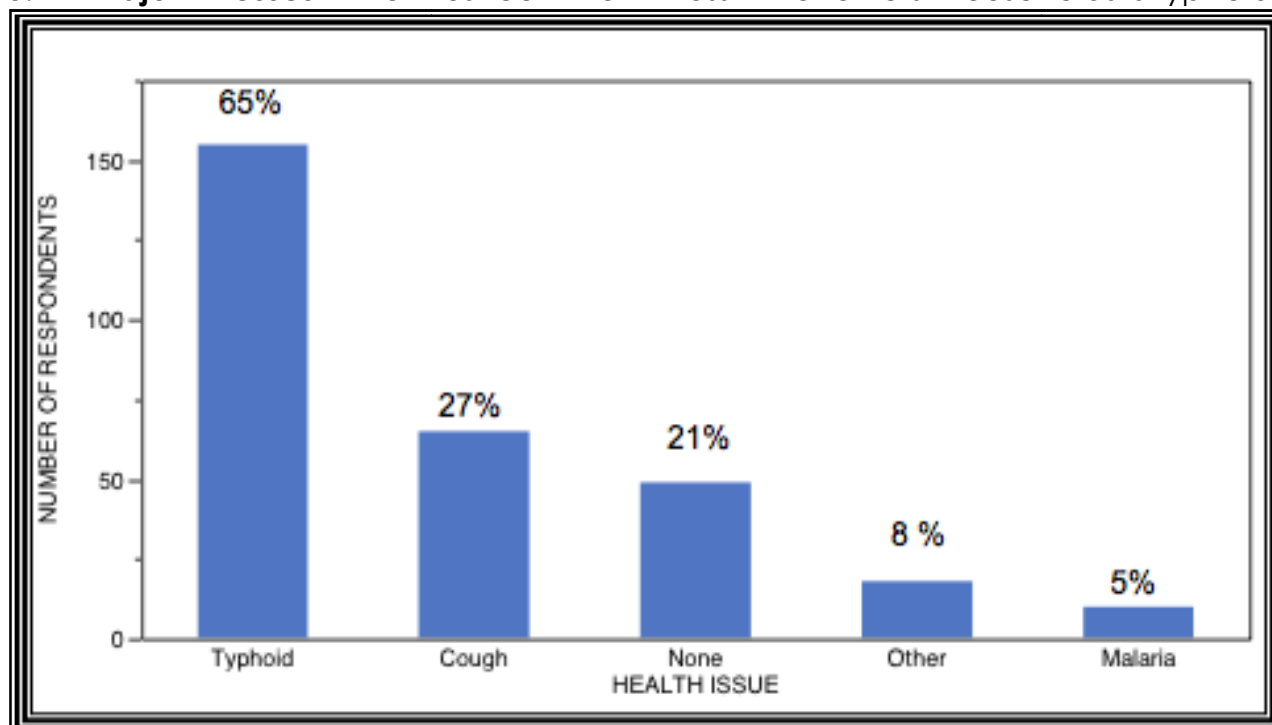
### 3. Food Consumption

How many meals does your family eat per day?	<ul style="list-style-type: none"> <li>• 23% - 2 meals per day</li> <li>• 74% - 3 meals per day</li> <li>• 3% - 4 meals per day</li> </ul>
How many meals per day include food that you grow?	<ul style="list-style-type: none"> <li>• 1% - 0 meals per day</li> <li>• 21% - 1 meal per day</li> <li>• 58% - 2 meals per day</li> <li>• 20% - 3 or more meals per day</li> </ul>
How many meals per day include food that you buy?	<ul style="list-style-type: none"> <li>• 3% - 0 meals per day</li> <li>• 62% - 1 meal per day</li> <li>• 25% - 2 meals per day</li> <li>• 10% - 3 or more meals per day</li> </ul>
What foods do you eat most frequently?	<ul style="list-style-type: none"> <li>• 57% - Pasho</li> <li>• 52% - Cassava</li> <li>• 41% - Bananas</li> </ul>
What foods do you buy most frequently?	<ul style="list-style-type: none"> <li>• 52% - Pasho</li> <li>• 51% - Rice</li> <li>• 28% - Maize Flour</li> </ul>

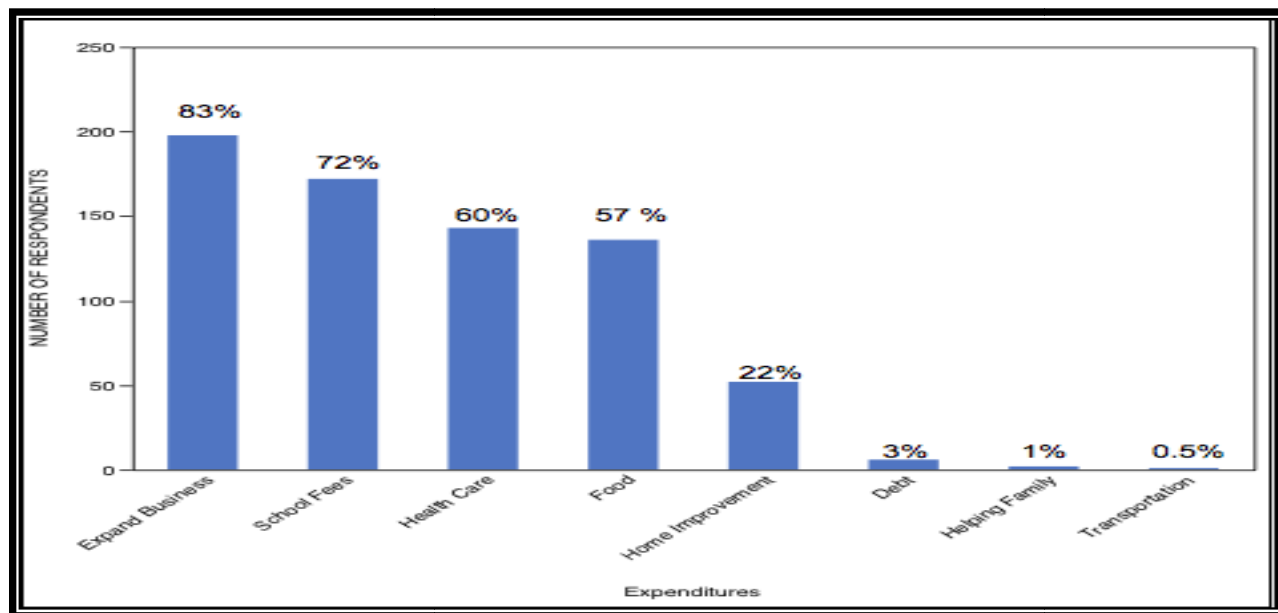
4. **Illness in Household** – Nearly 50% of Borrowers report that at least one member of their household is regularly sick and cannot attend work or school.



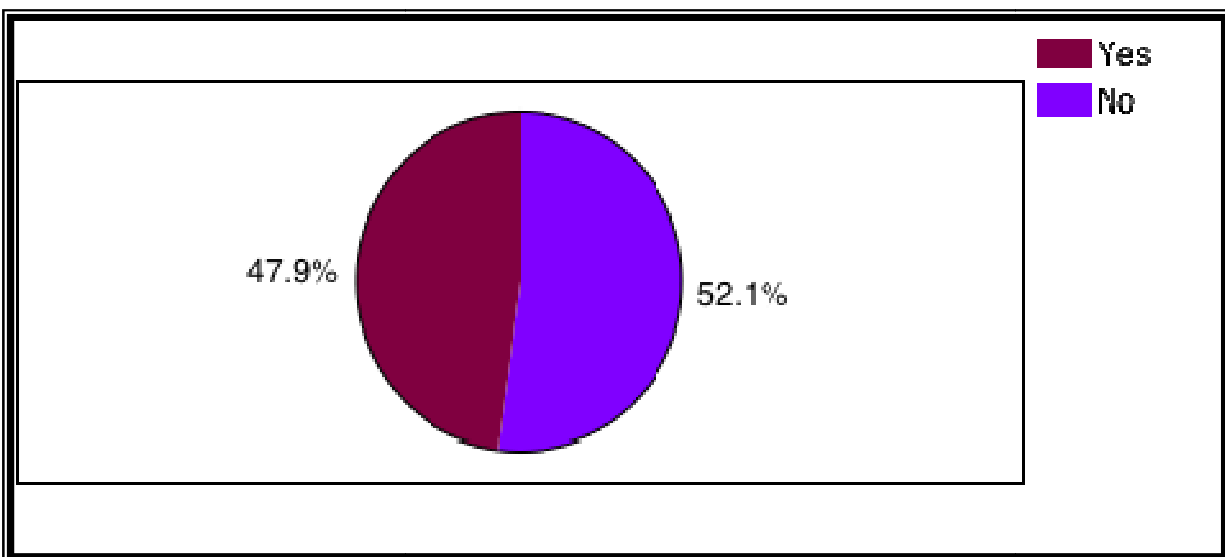
5. **Major Illnesses** – The most common illness in Borrowers' households is typhoid.



**6a. HIV/AIDS Self-Testing** – 65% of Borrowers have been tested for HIV/AIDS.

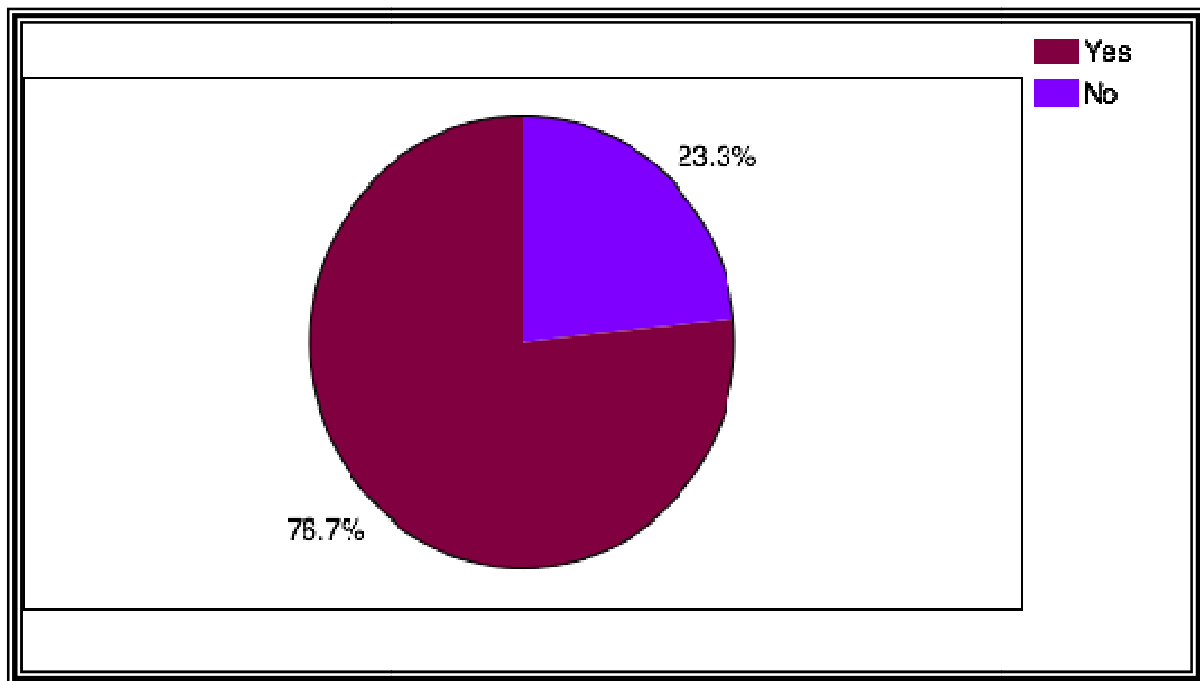


**6b. HIV/AIDS Family-Testing** – Nearly 50% of Borrowers have family members who have been tested for HIV/AIDS.

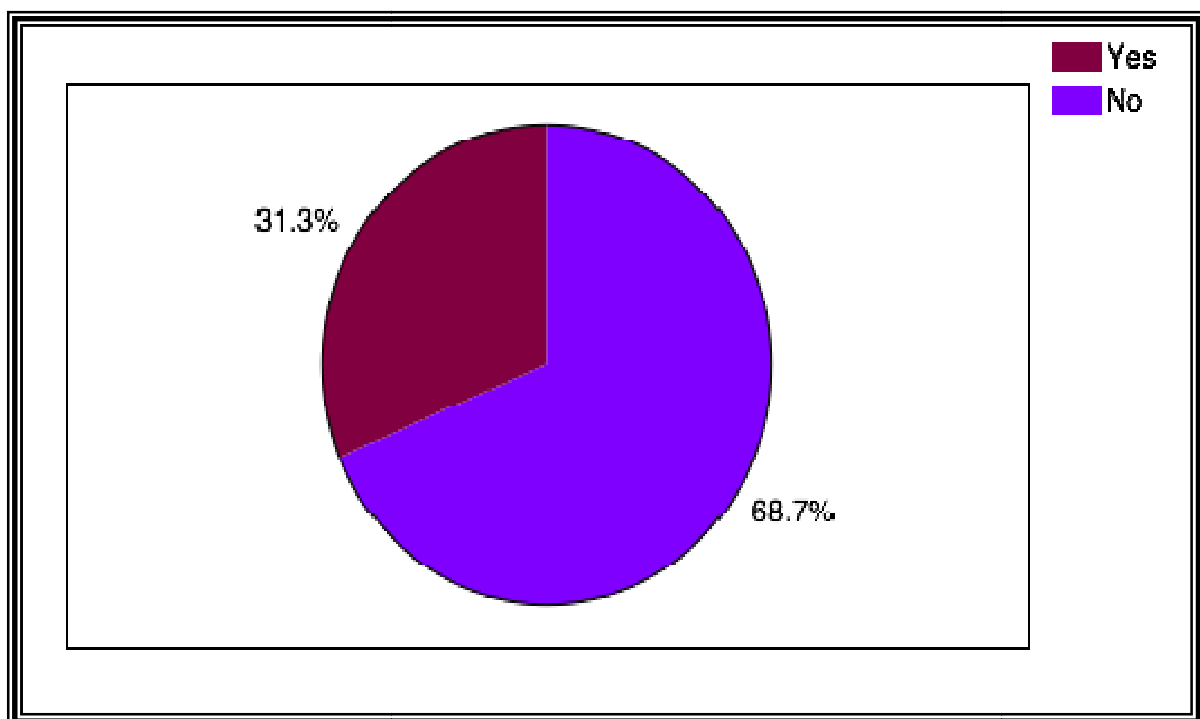


**6c. HIV/AIDS Prevalence & Treatment** – The data showed that most Borrowers/family members with HIV/AIDS receive regular treatment.

7. **Malaria in Household** – More than 75% of Borrowers reported cases of malaria in their households in the last six months – 238 Borrowers reported 412 cases.

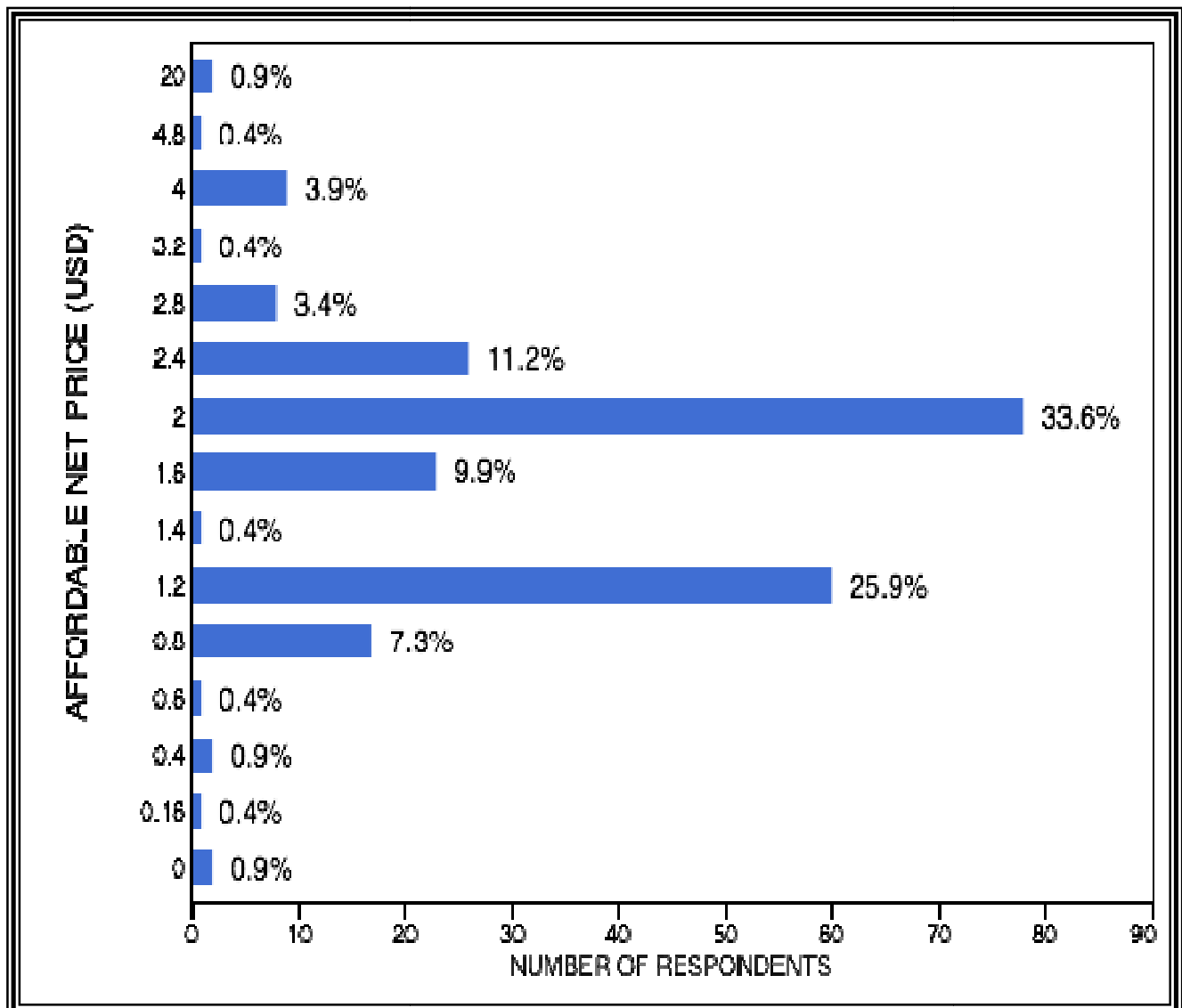


8. **Mosquito Nets** – Nearly 70% of Borrowers report that at least one member of their household does not sleep under a mosquito net.



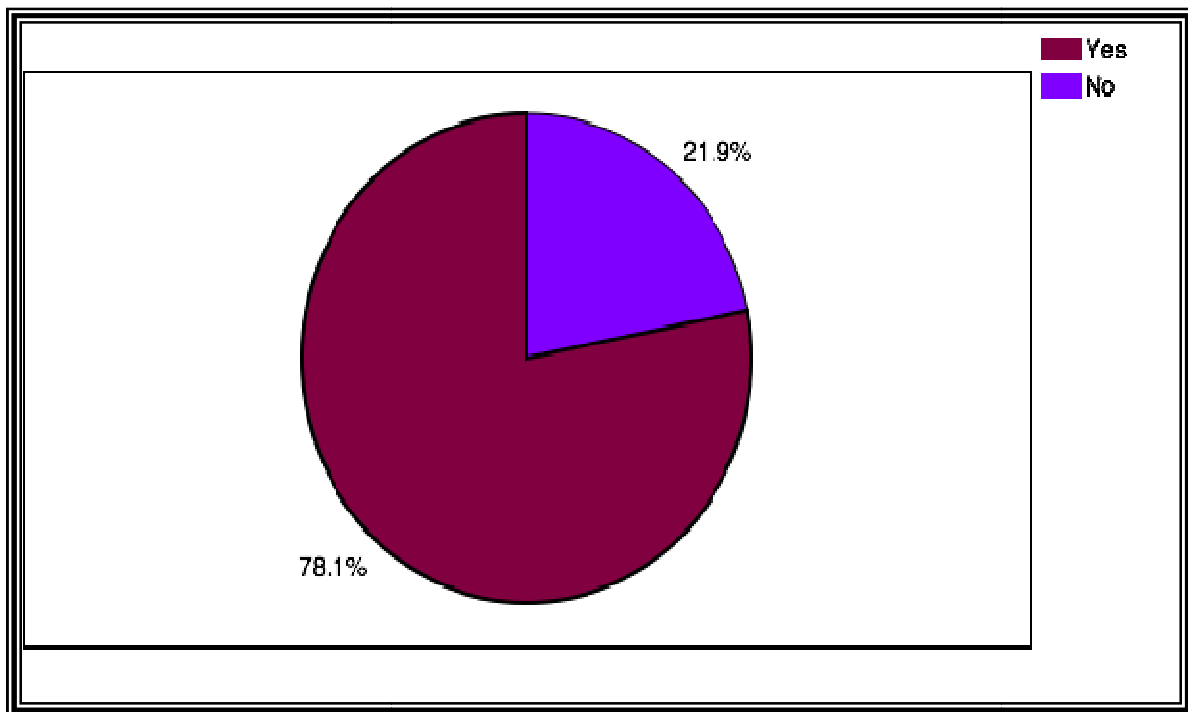


9. **Affordable Net Price** – Nearly 95% of Borrowers **cannot** afford to pay more than \$2.80 for a net. The average net price is \$5.

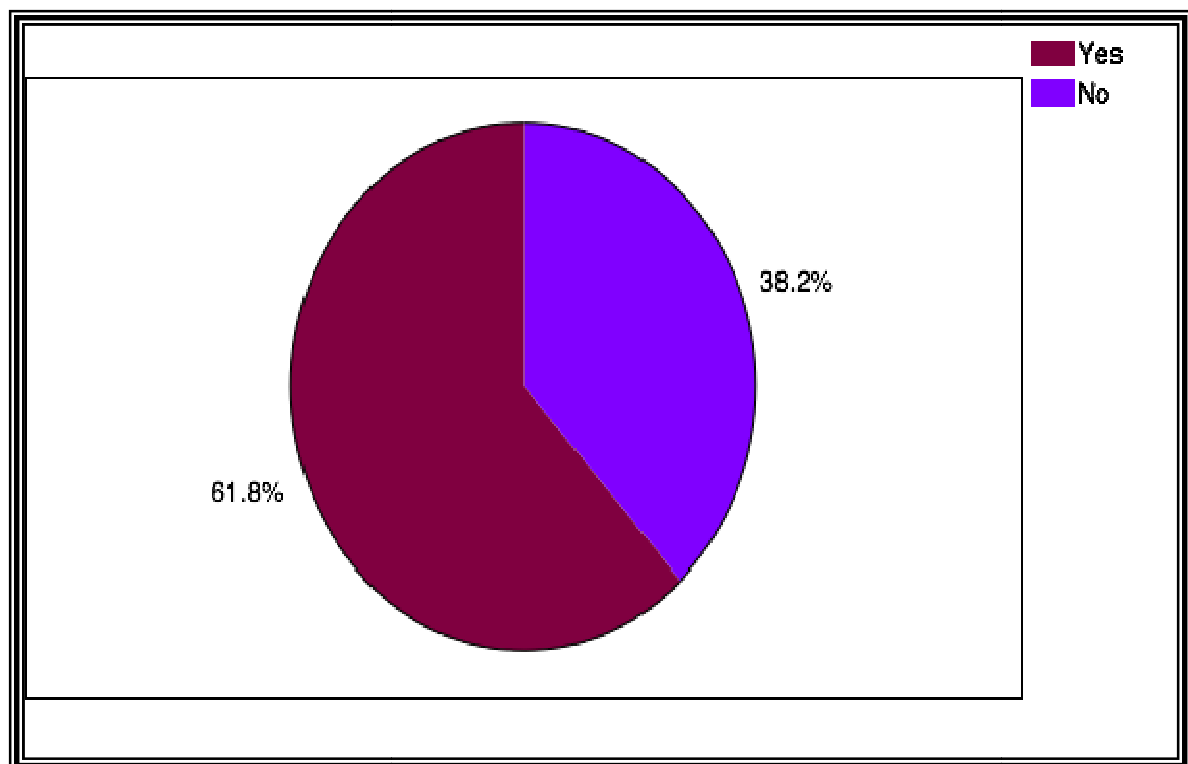


10. **Medical Payment Difficulty** – 40% of Borrowers reported that they find it “difficult” or “very difficult” to pay their medical bills.

- 11. Shoes for Children** – More than 20% of Borrowers cannot provide shoes for all of the children in their household.



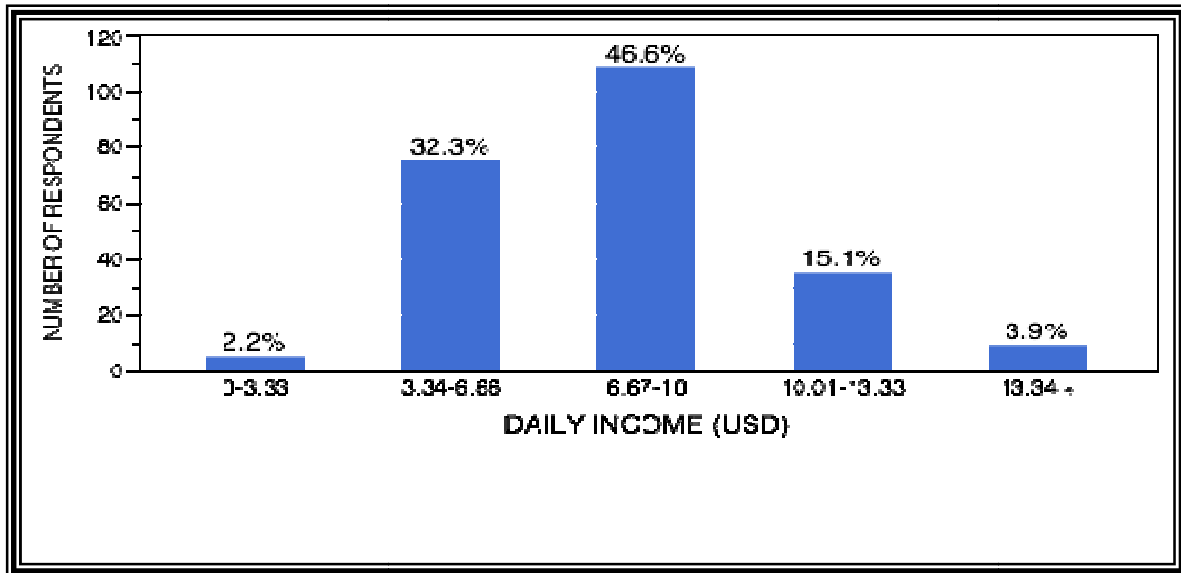
- 12. Uniforms for Children** – 40% of Borrowers cannot provide uniforms for all of the children in their household.



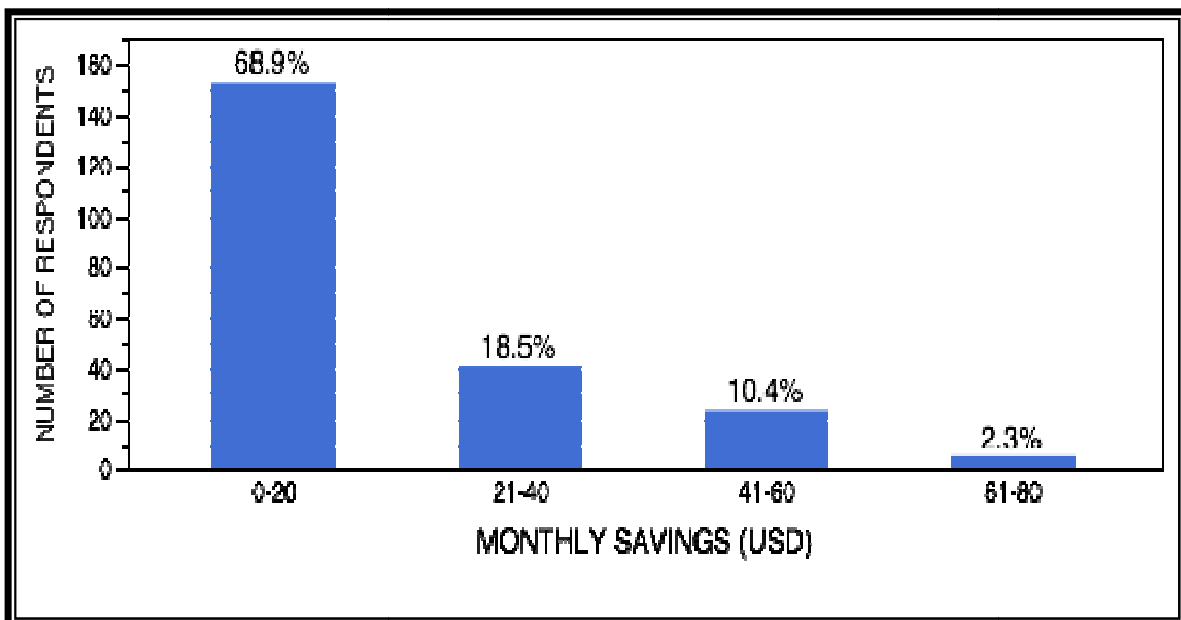
## II. 6-MONTH LOAN IMPACT DATA

### A. BUSINESS OPERATIONS

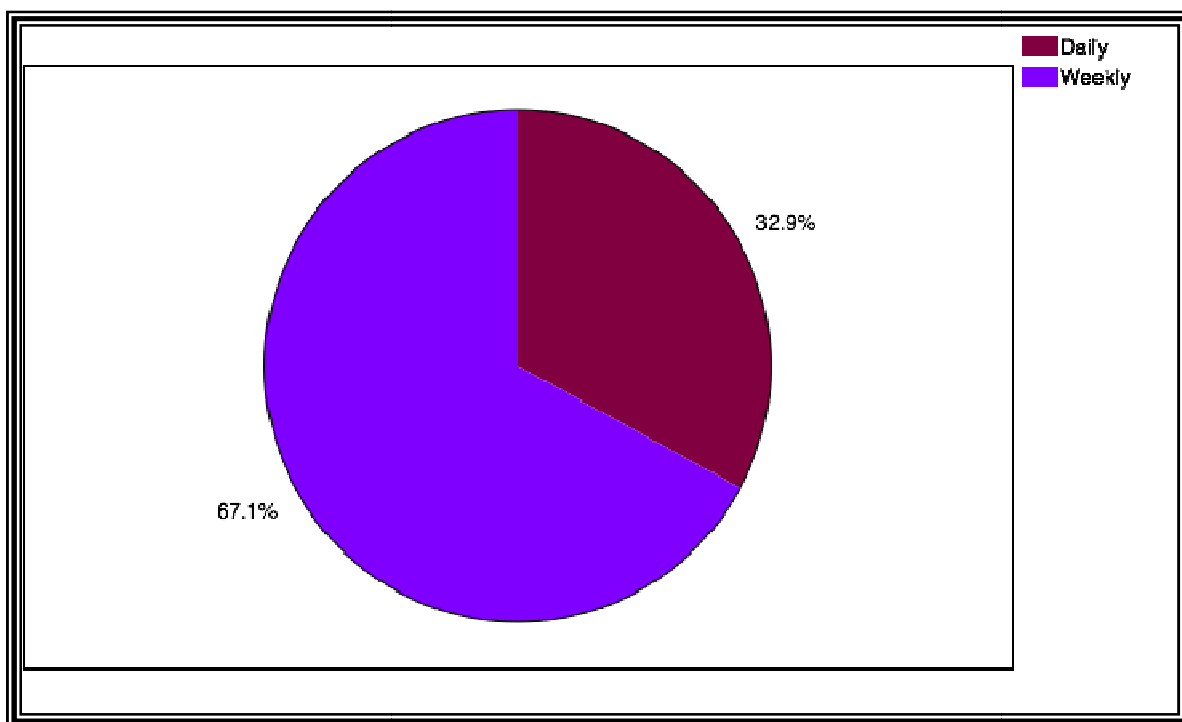
1. **Increases to Daily Income** – Prior to starting a business, **none** of the Borrowers had a daily household income of more than \$3. 6 months later, nearly **all** of Borrowers have a daily income of more than \$3.33.



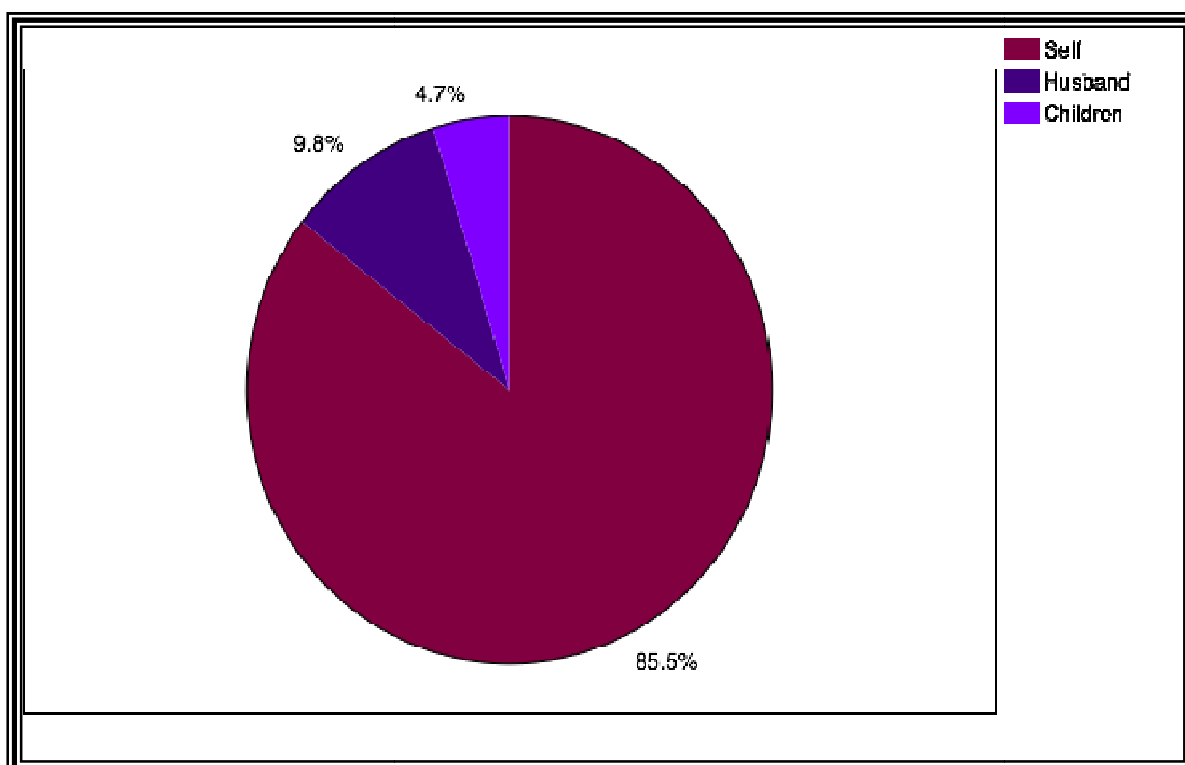
2. **Monthly Savings** – Prior to starting a business, 70% of Borrowers had savings of \$20 or less. 6 months later, 70% of Borrowers save that amount **each month**. The majority of Borrowers report that they spend their savings on livestock.



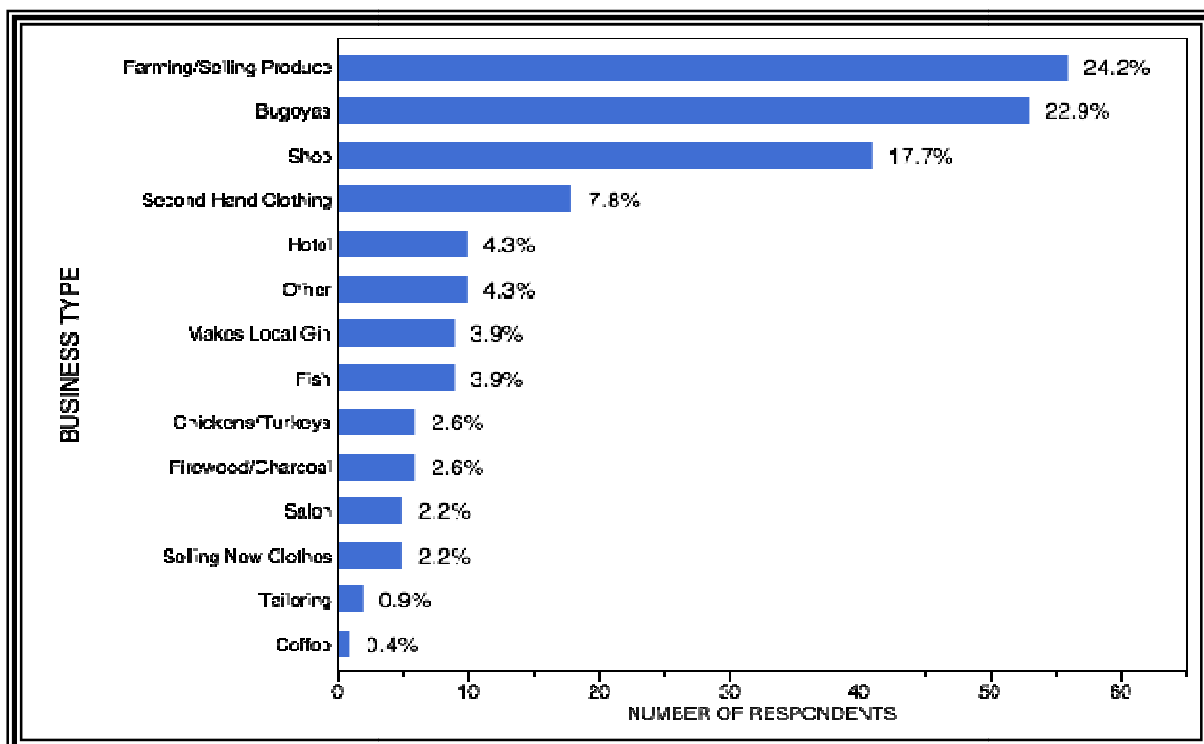
- 3. Recordkeeping Practices** – Most Borrowers exhibit exemplary recordkeeping practices, maintaining their books on a daily or weekly basis.



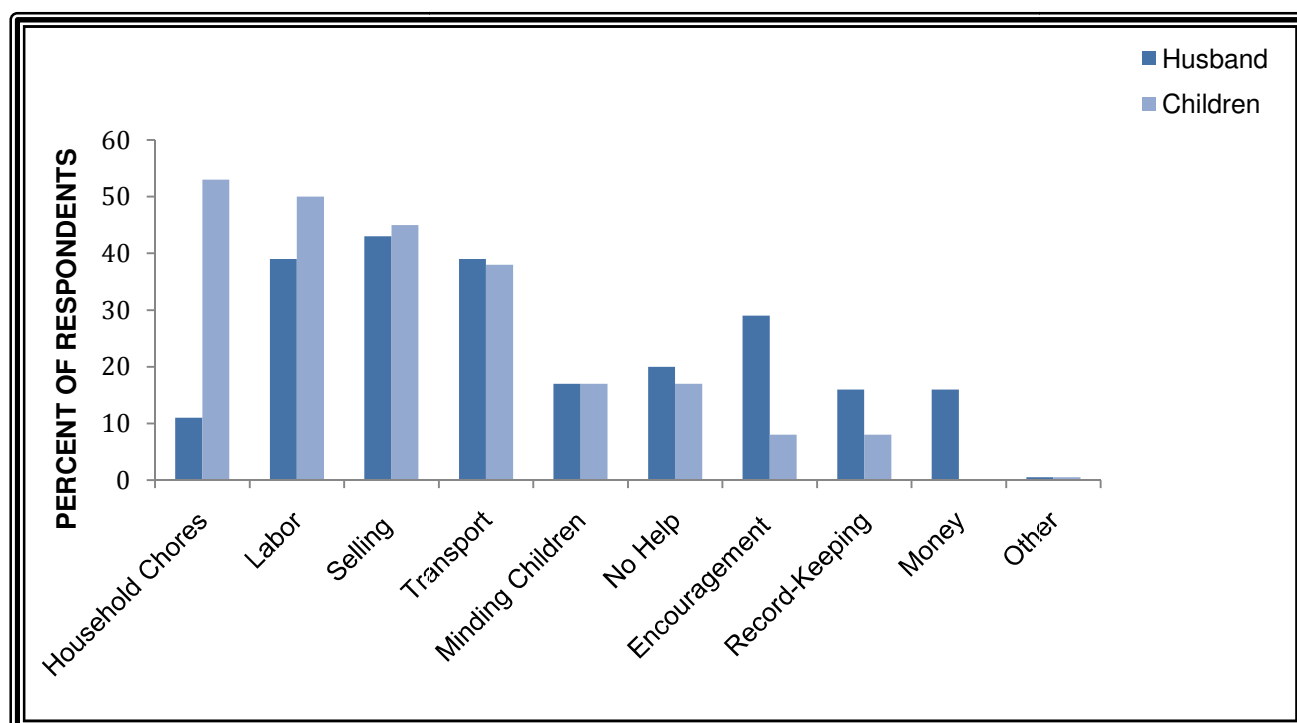
- 4. Who Keeps The Records?** – More than 85% of Borrowers maintain their business records themselves.



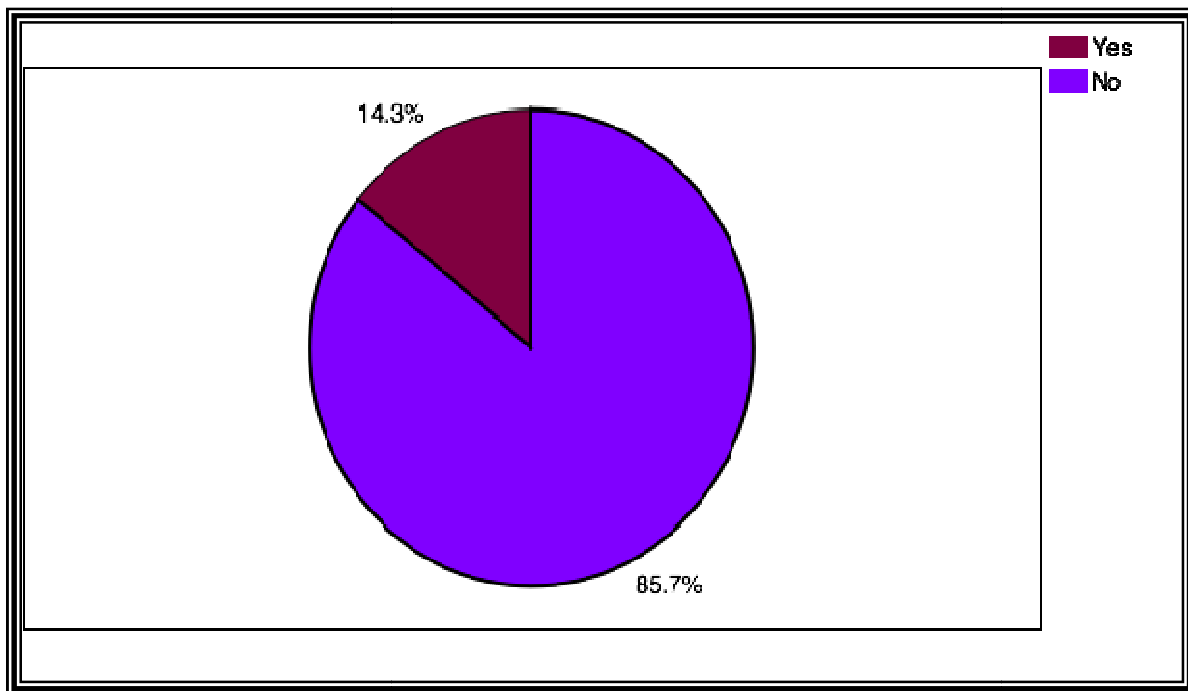
5. **Business Type** – Although businesses evolve over time, most Borrowers start their business careers farming, running a small shop, or selling bugoyas (bananas).



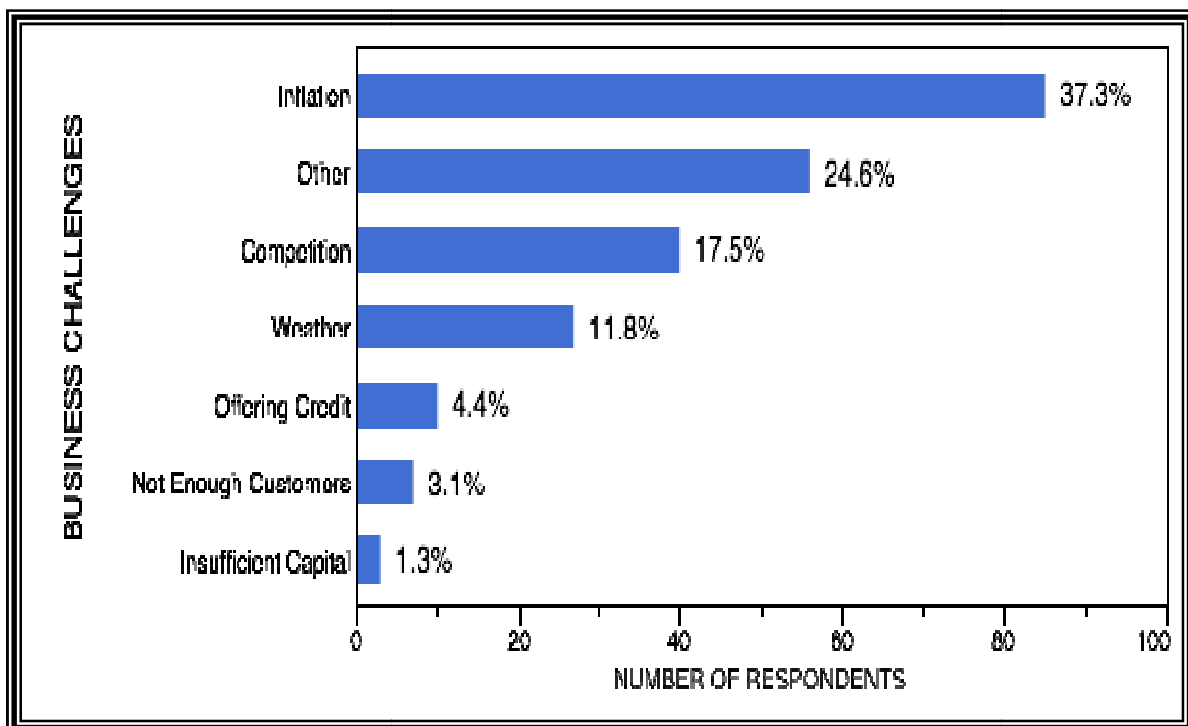
6. **Family Contributions** – Family members contribute significantly to business operations in a variety of different ways.



7. **Paid Employees** – After just six months, nearly 15% of Borrowers are employing help in their business, thereby proving jobs for local villagers.



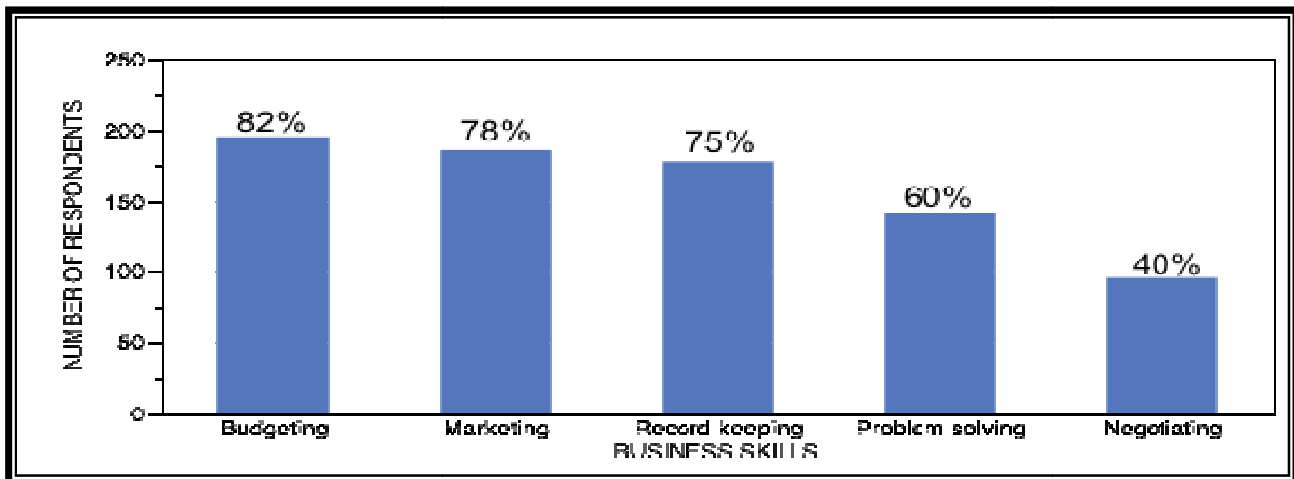
8. **Most Significant Business Challenges** – A plurality of Borrowers cited inflation as their most significant business challenge. Inflation leads to increased costs for inventory, making it more difficult for Borrowers to operate their businesses.



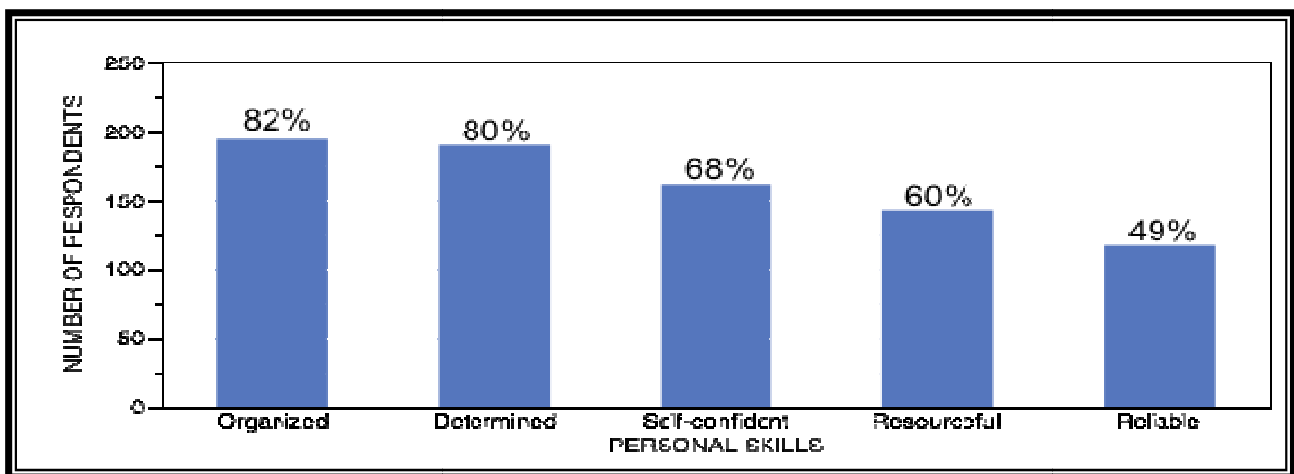


**9. Improvement in Skills & Personal Growth** – Operating a business improves Borrowers' skill sets in many areas.

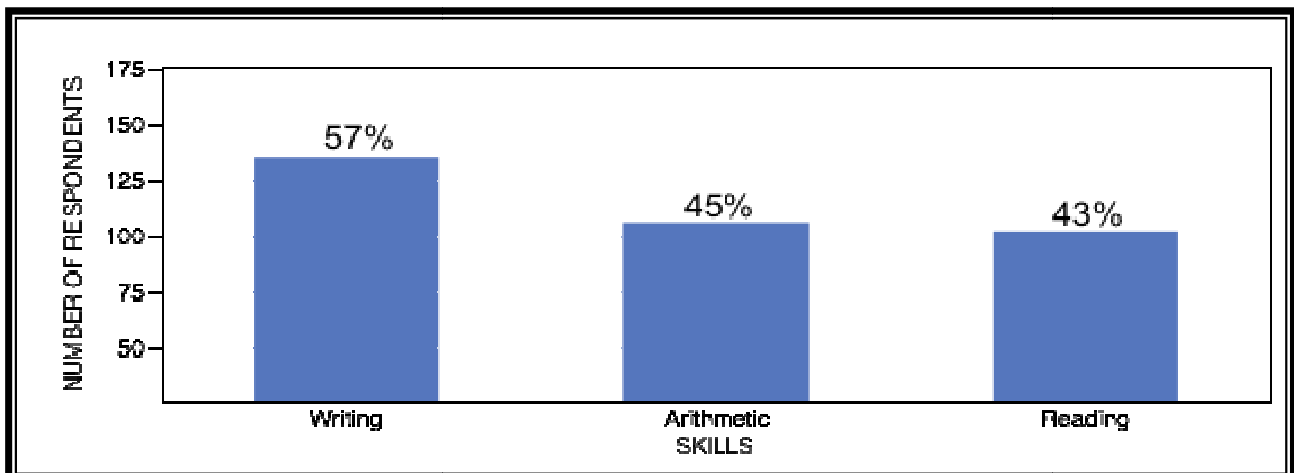
**Business Skills Improvement**



**Personal Skills Improvement**

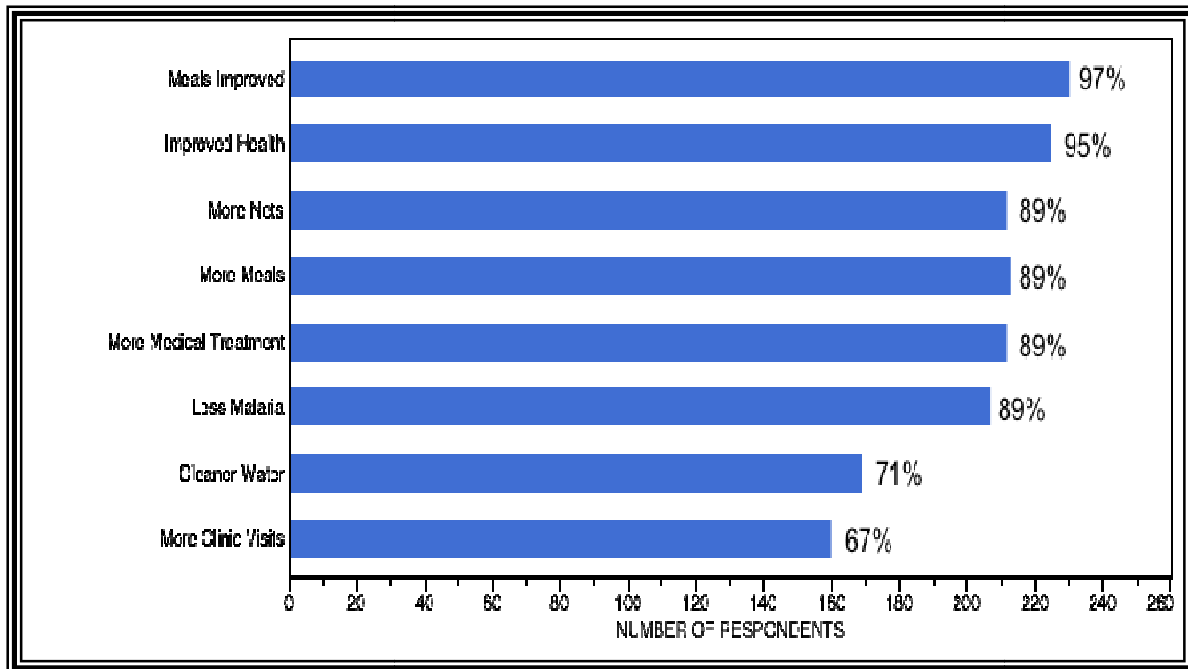


**Literacy & Numeracy Skills Improvement**

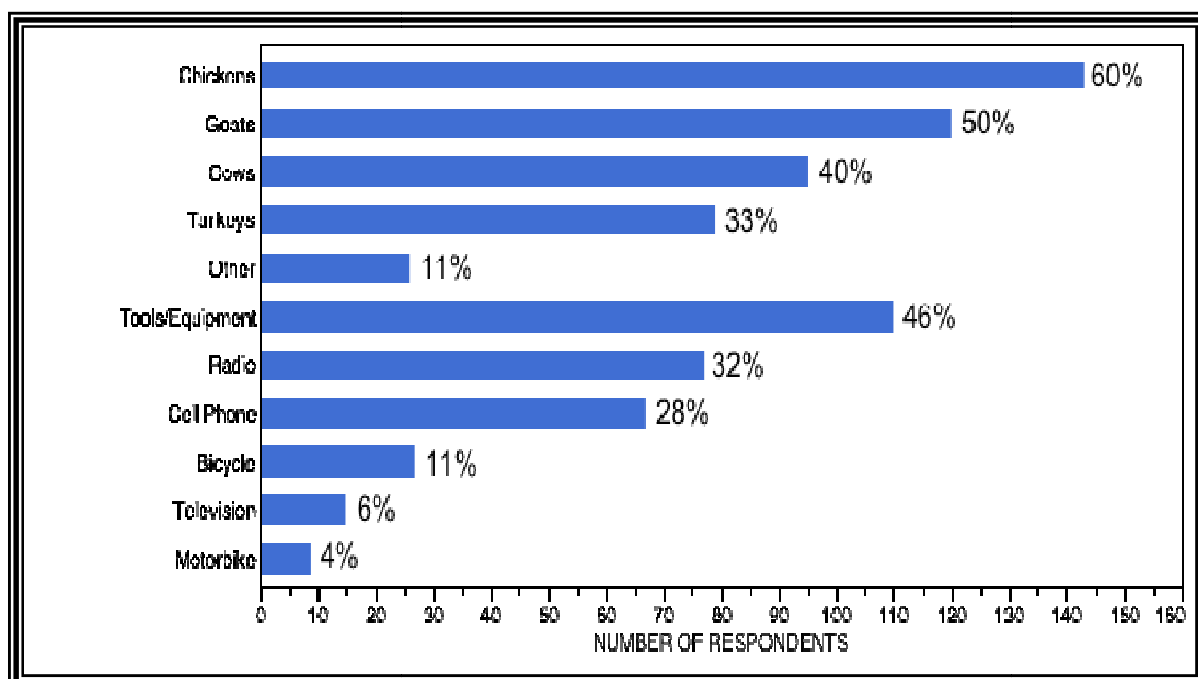


## B. STANDARD OF LIVING IMPROVEMENTS

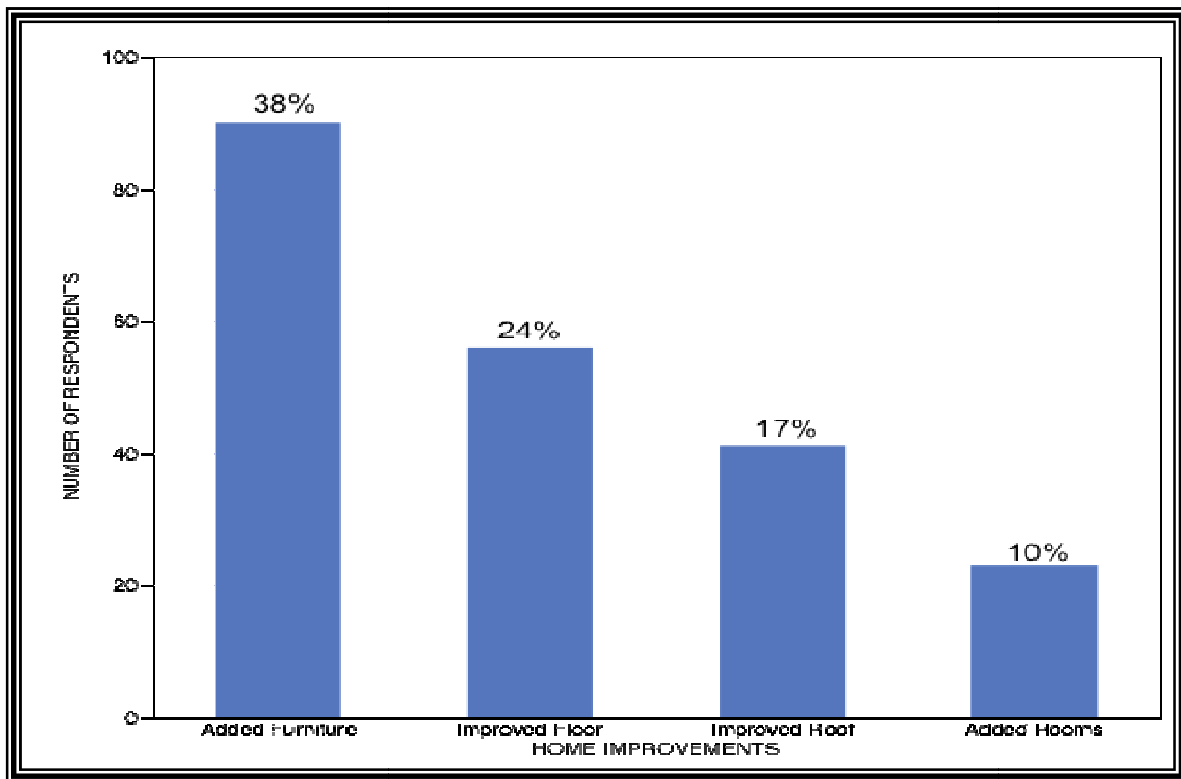
1. **Health & Nutrition Improvements** – Borrowers now provide more frequent and more nutritious meals for their families. More mosquito nets mean less malaria, and better access to medical treatment improves family health.



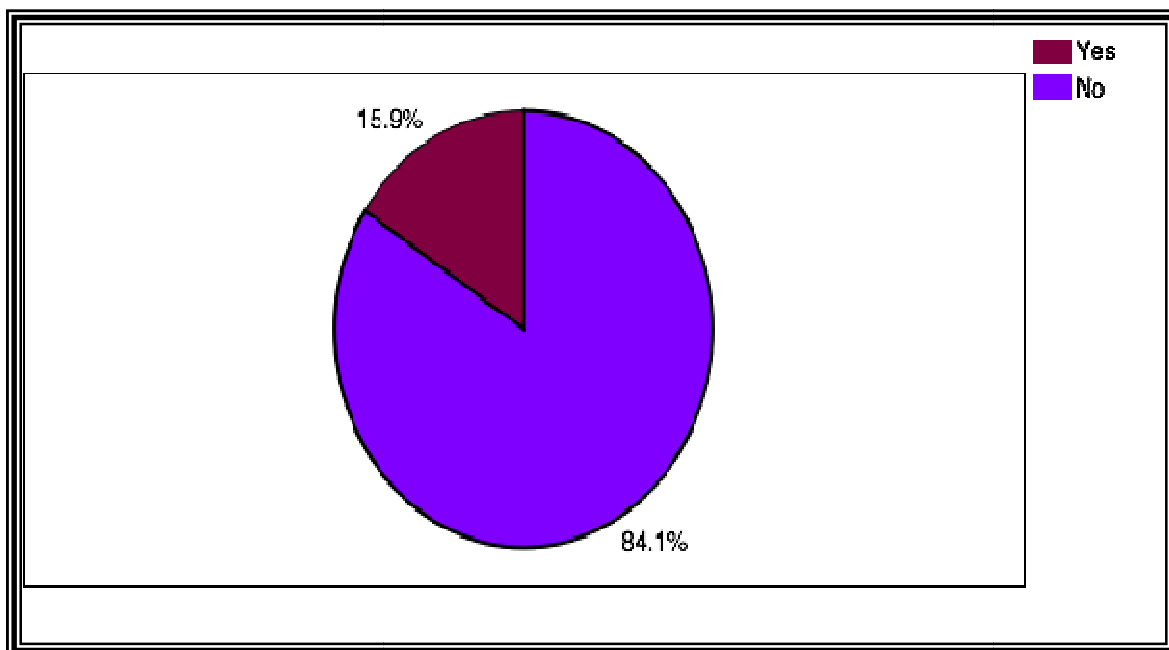
2. **Livestock & Household Purchases** – Many Borrowers buy livestock as an investment or form of savings, selling it when they need funds.



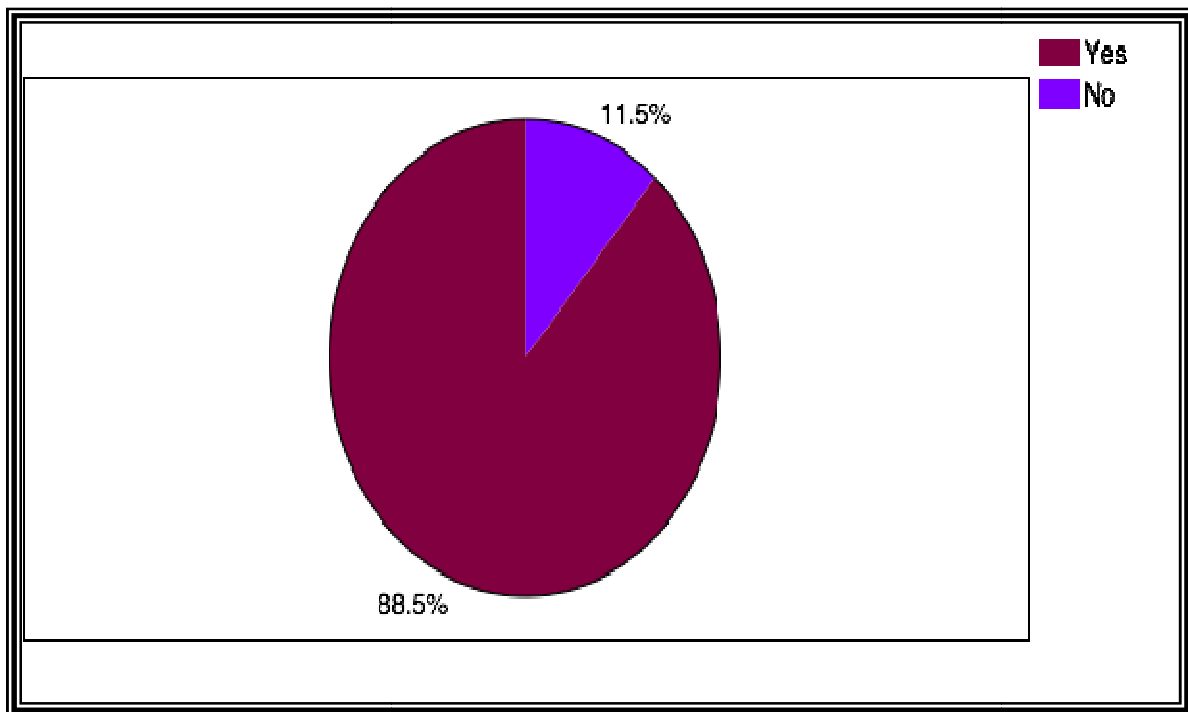
- 3. Home Improvements** – Borrowers spend less of their business income on home improvements than they do on medical care or nutrition, which are more fundamental needs. In addition to the information on the graph below, nearly 2% of Borrowers report adding electricity to their homes.



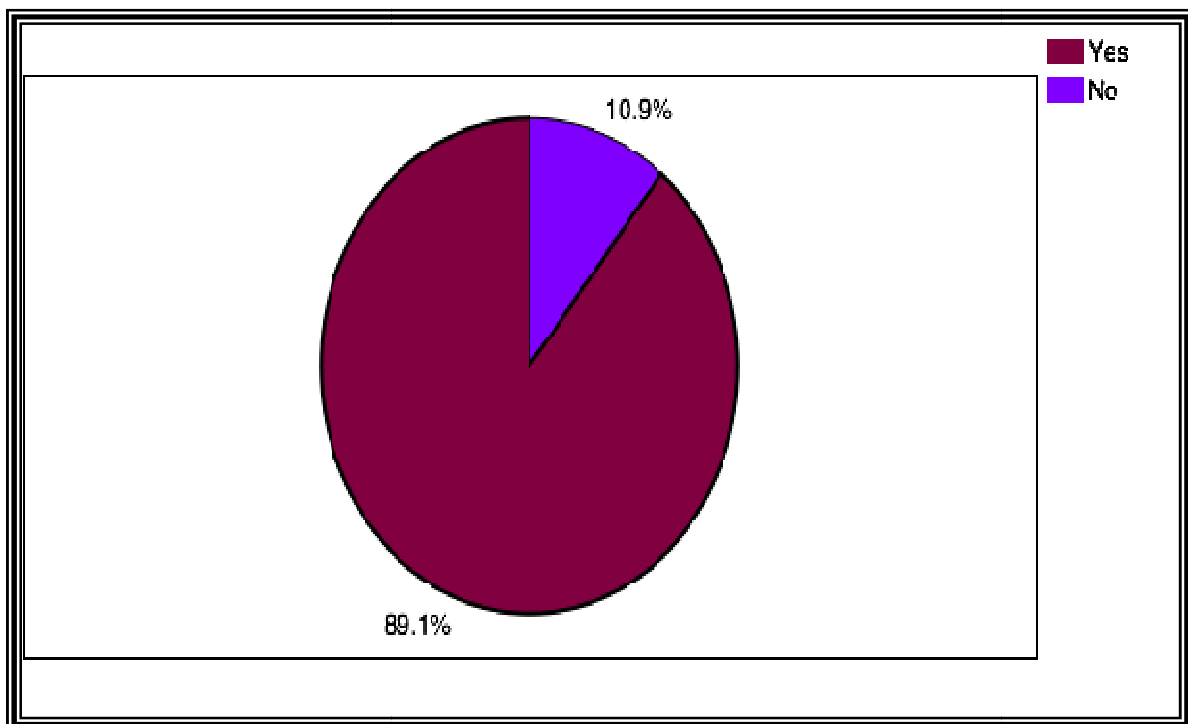
- 4. Land Acquisition** – Nearly 100% of Borrowers owned land before entering the loan program, and more than 15% chose to purchase additional land after starting their businesses.



5. **More Shoes for Children** – Since starting their businesses, nearly 90% of Borrowers were able to purchase more shoes for their children.

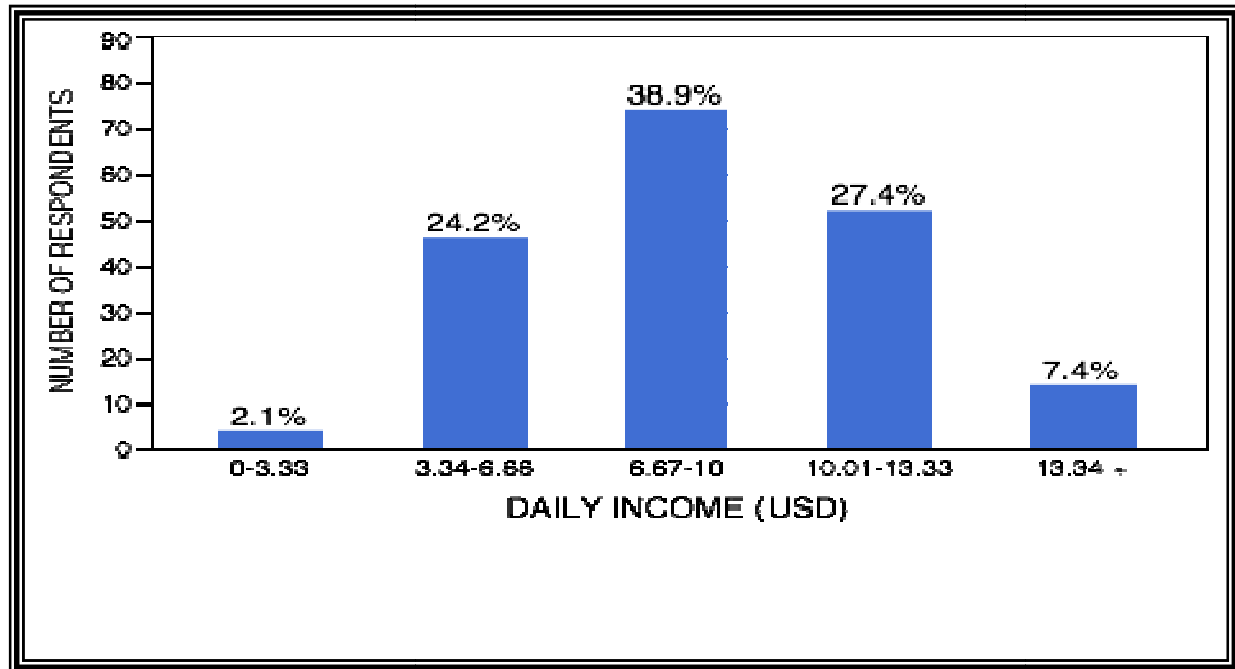


6. **More Uniforms for Children** – Before starting their businesses, 40% of Borrowers could not provide uniforms for all of their children. Six months after starting their businesses, nearly 90% had purchased more uniforms for their children.

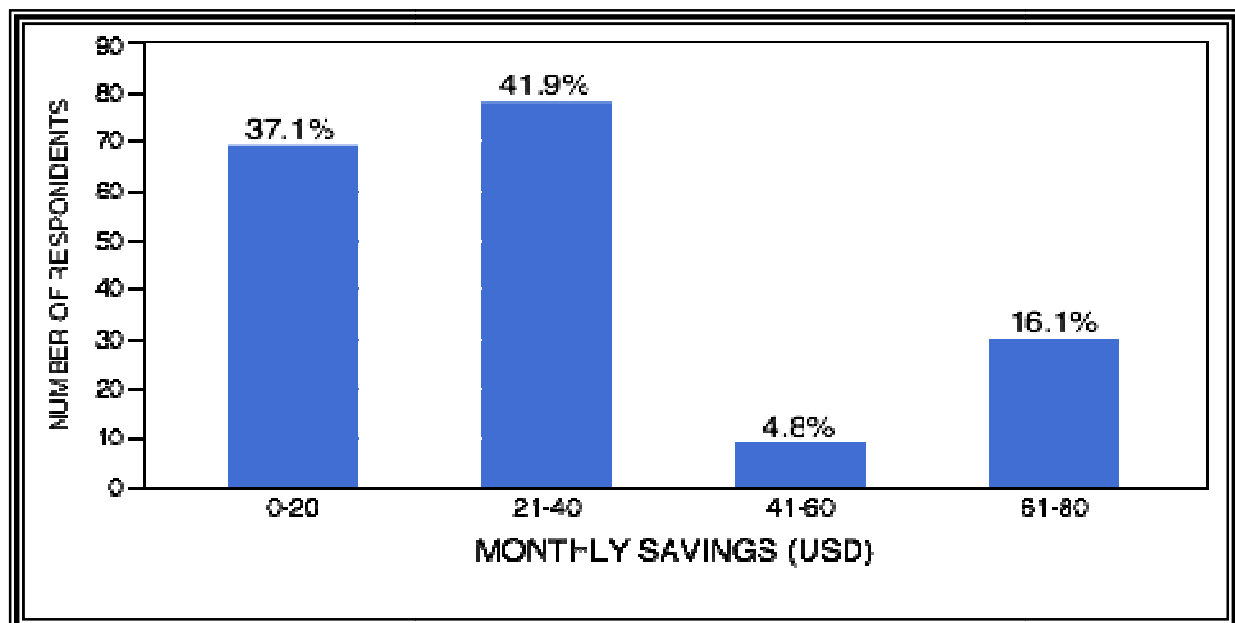


### III. 12-MONTH LOAN IMPACT DATA

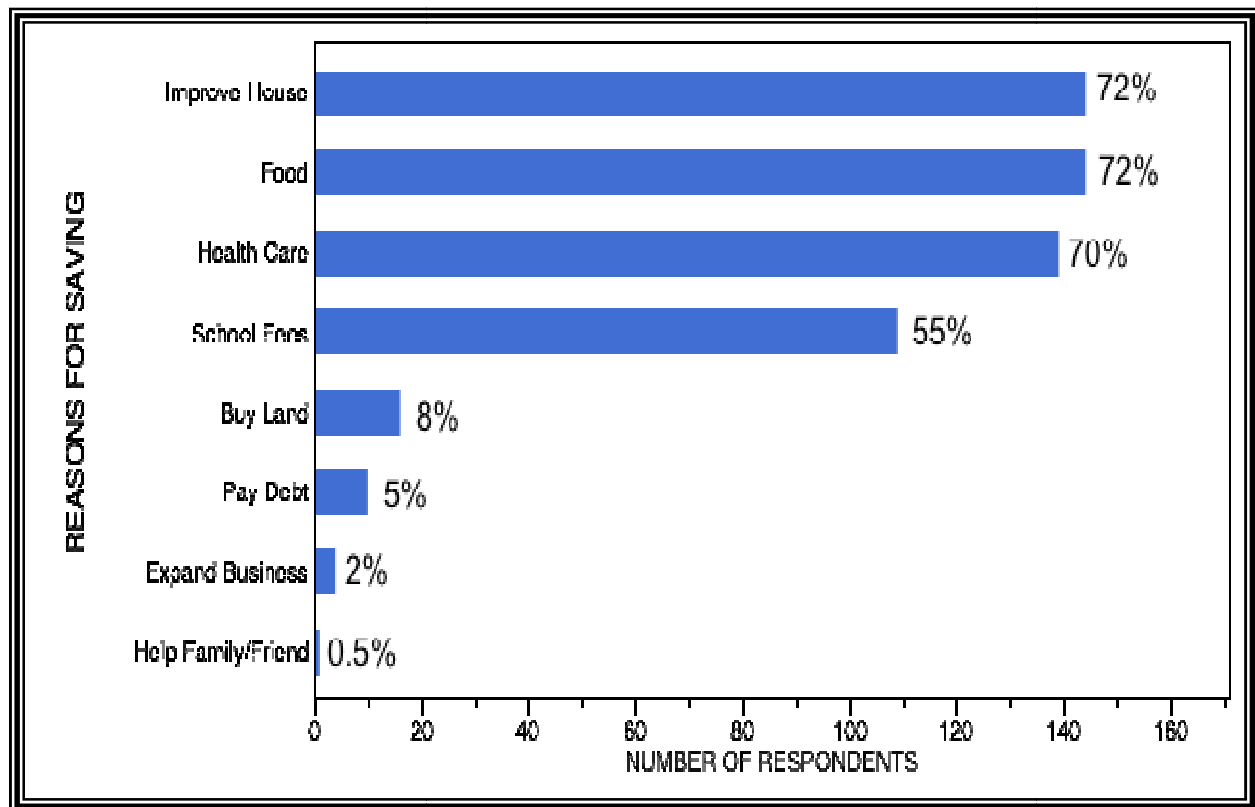
1. **Increases to Daily Income** – 6 months after starting their businesses, less than 20% of Borrowers made more than \$10 a day. At 12 months, 35% of Borrowers make more than \$10 a day, nearly doubling the number of people in the top income bracket.



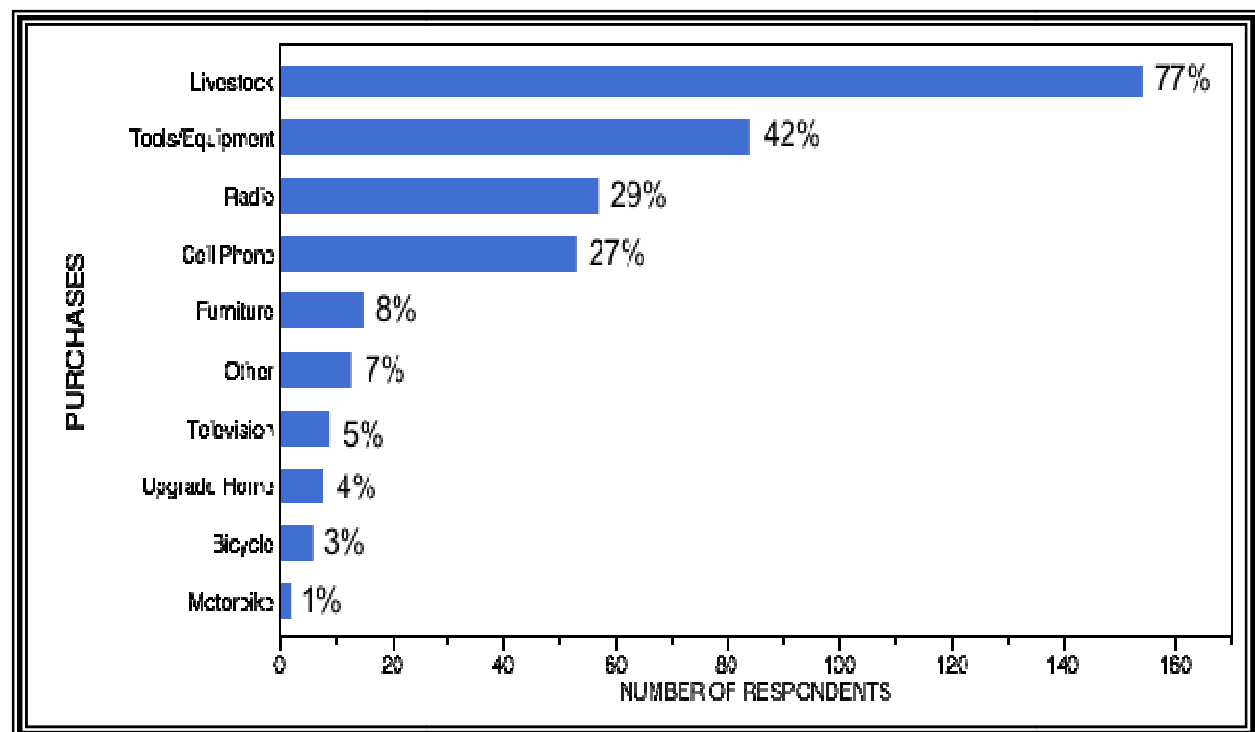
2. **Monthly Savings** – 6 months after starting their businesses, only 30% of Borrowers were saving more than \$20 per month. At 12 months, more than 60% of Borrowers are saving more than \$20 per month.



3. **Reasons for Saving** – Borrowers top reasons for saving are home improvement, food, and health care.

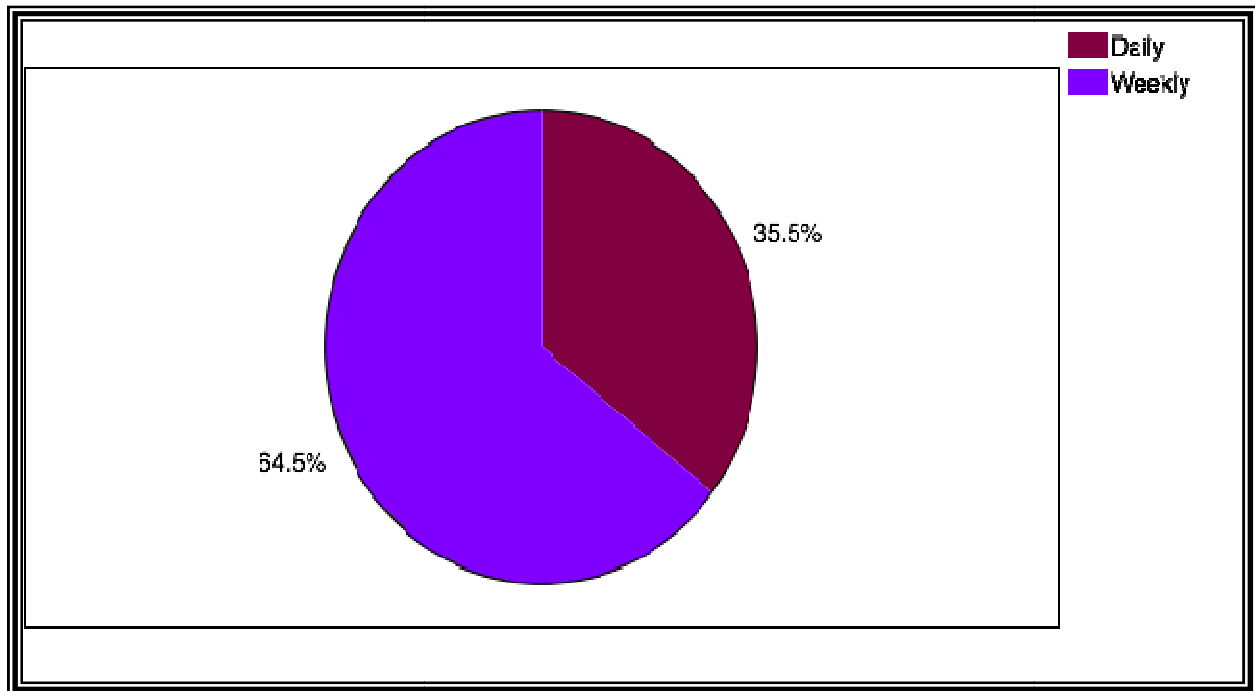


4. **Livestock & Household Purchases**– Livestock continues to be Borrowers' top purchase. Additionally, 10% of Borrowers purchased land.

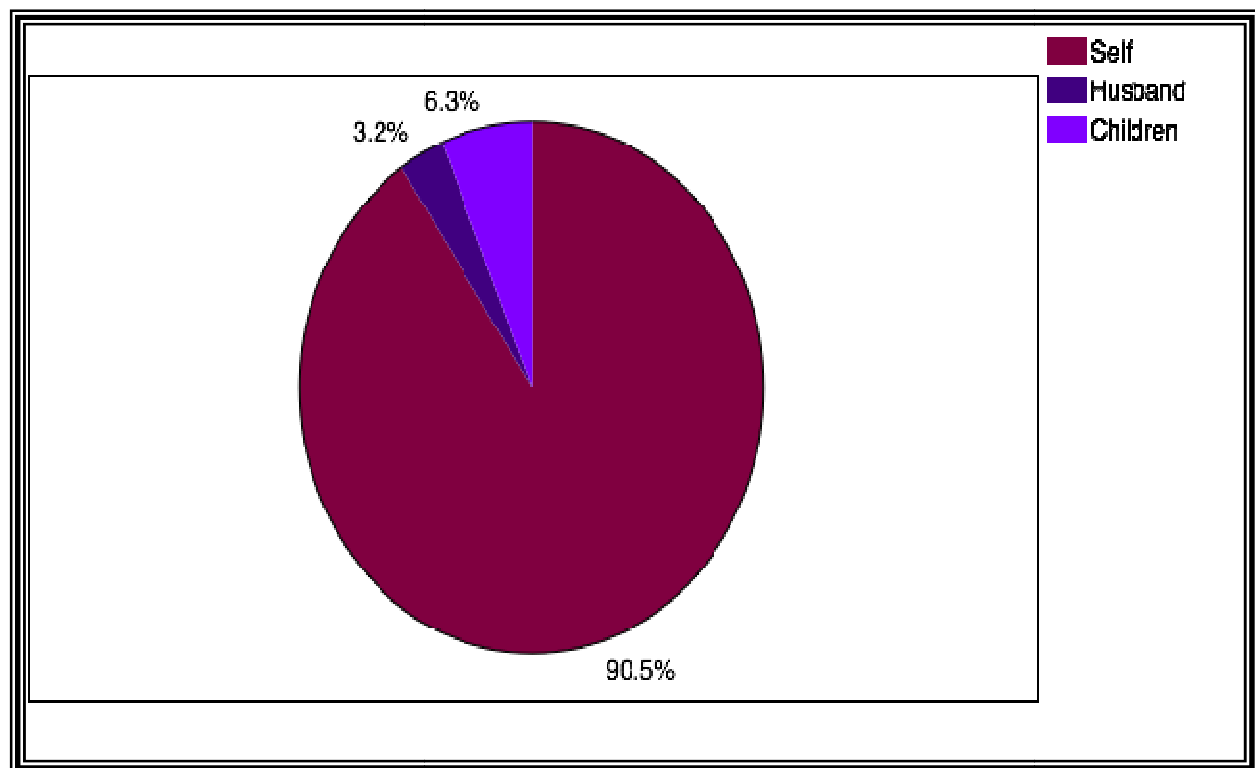




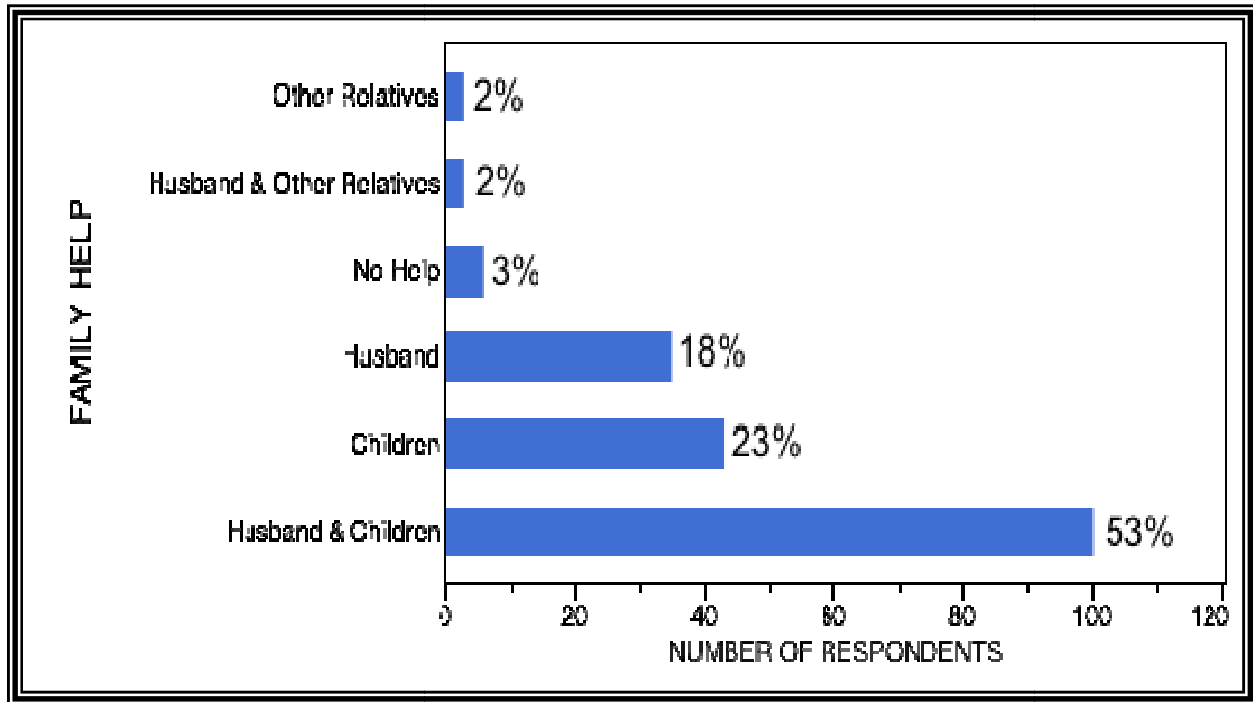
**5. Recordkeeping Practices** – Borrowers continue to exhibit exemplary recordkeeping practices.



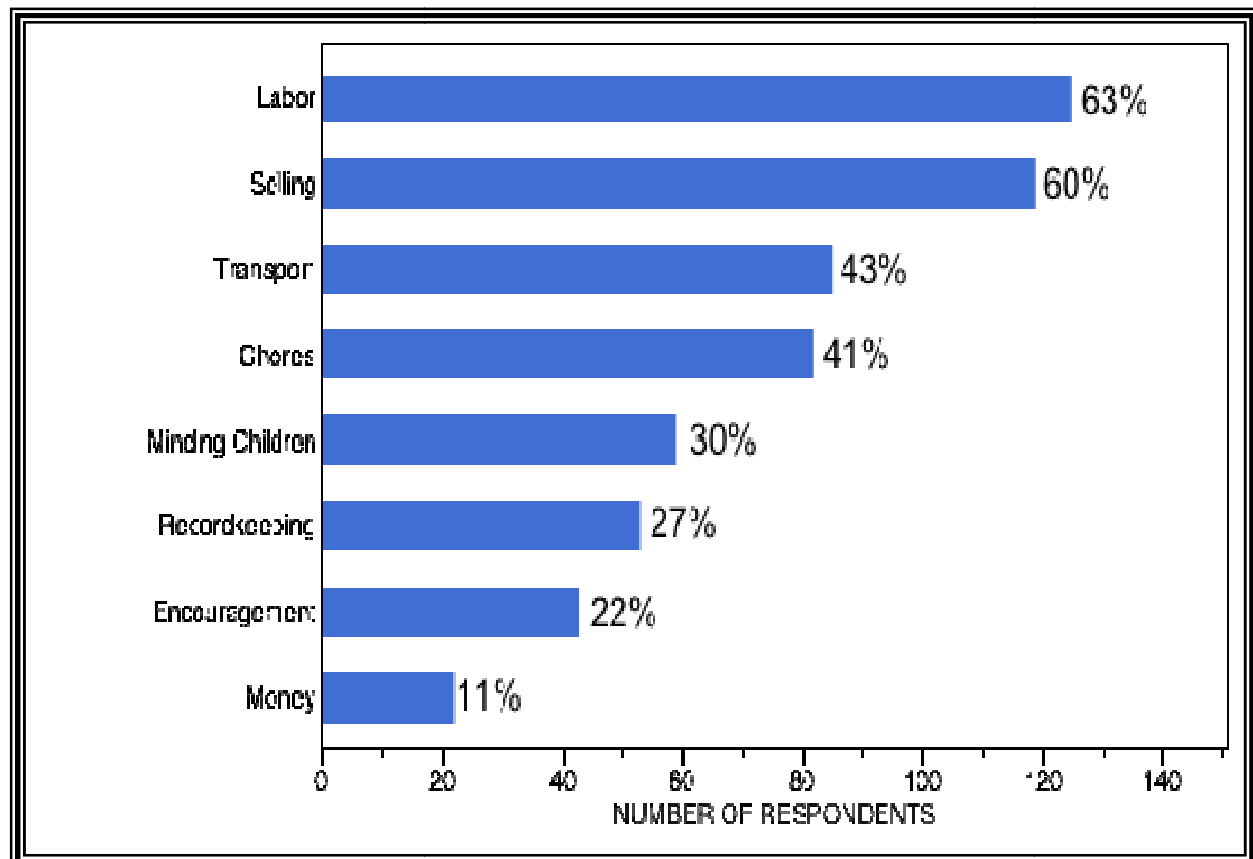
**6. Who Keeps the Records?** – At 12 months, the number of Borrowers who keep their own records increased a measurable 5% from the prior 6 months.



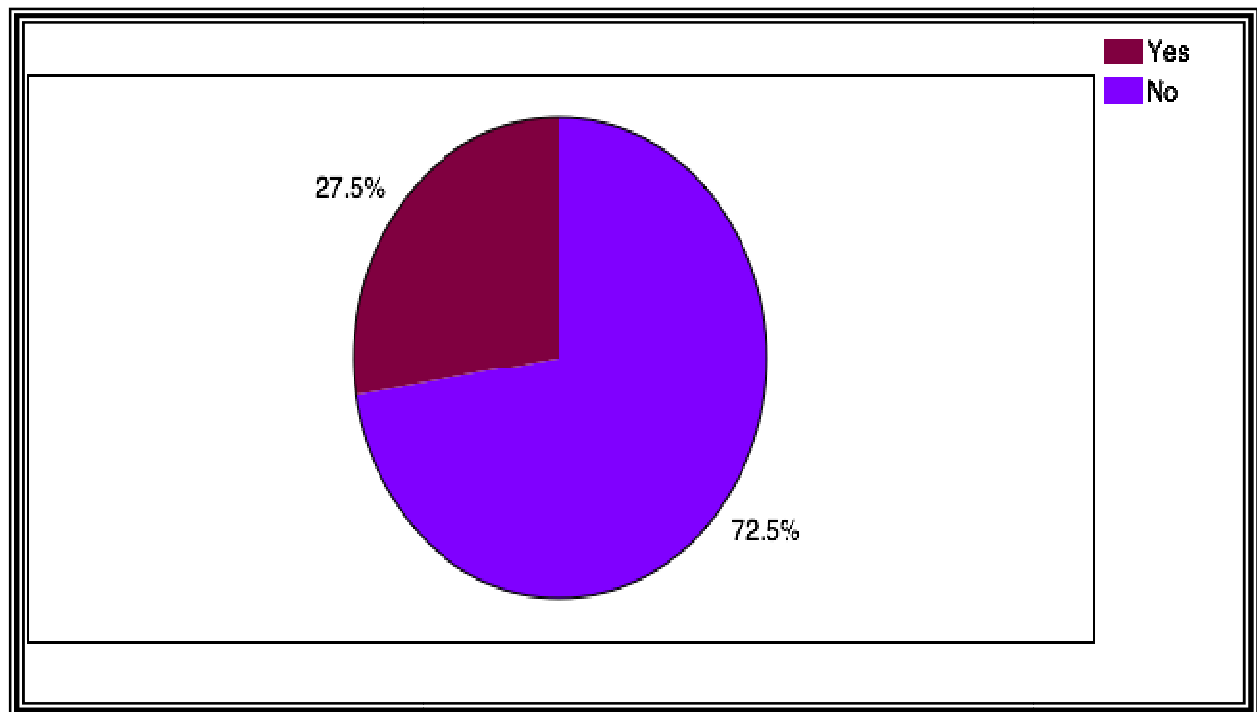
7. **Family Help** – There is a very high rate of family participation in the businesses.



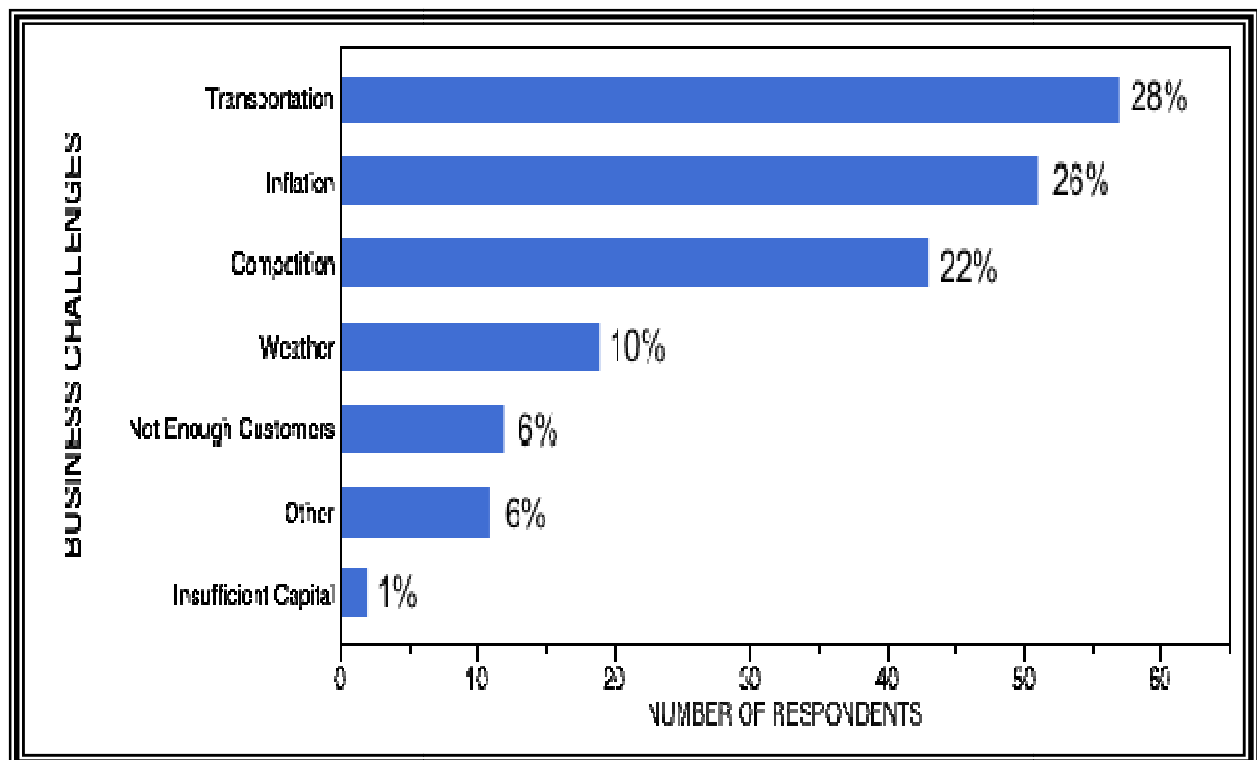
8. **How Families Help**



9. **Paid Employees** – At 12 months, the number of Borrowers with paid employees doubled (increasing from 14% to 28%).



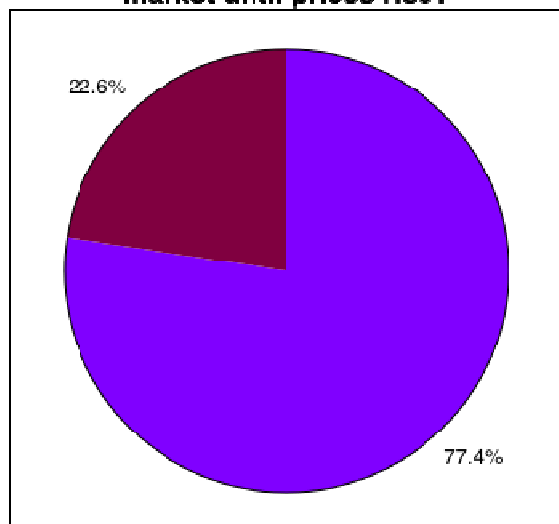
10. **Most Significant Business Challenges** – Borrowers previously cited inflation as their most significant business challenge; while inflation is still a problem, transportation has emerged as a more significant obstacle at 12 months.



## 11. Business Strategies – Borrowers adopt a variety of strategies to optimize business performance.

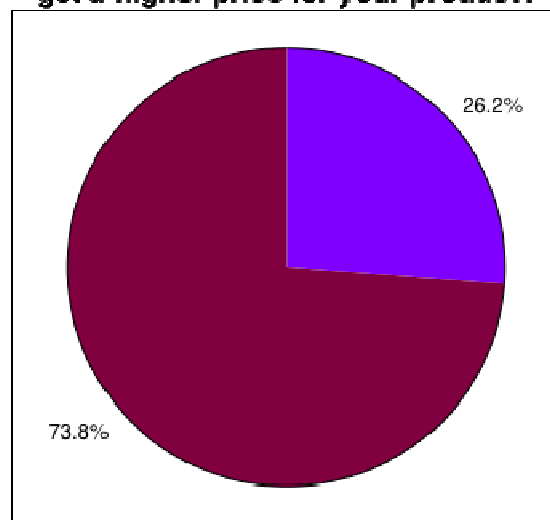
**Do you ever take your product off the market until prices rise?**

Yes  
No



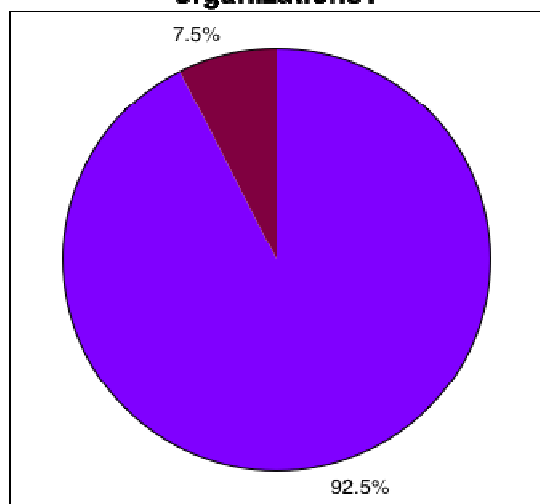
**Do you look for markets where you can get a higher price for your product?**

Yes  
No



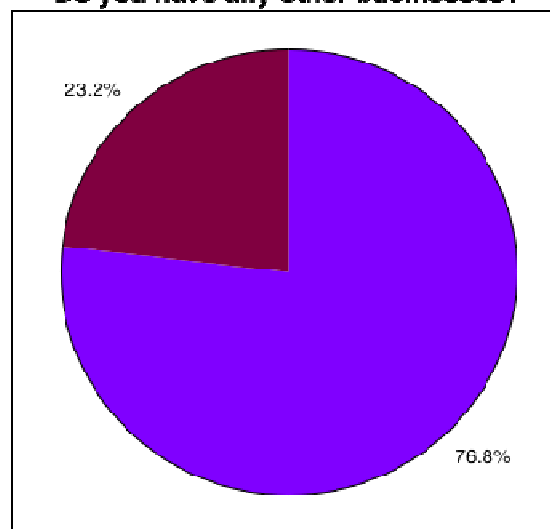
**Does your business deal with any large organizations?**

Yes  
No



**Do you have any other businesses?**

Yes  
No

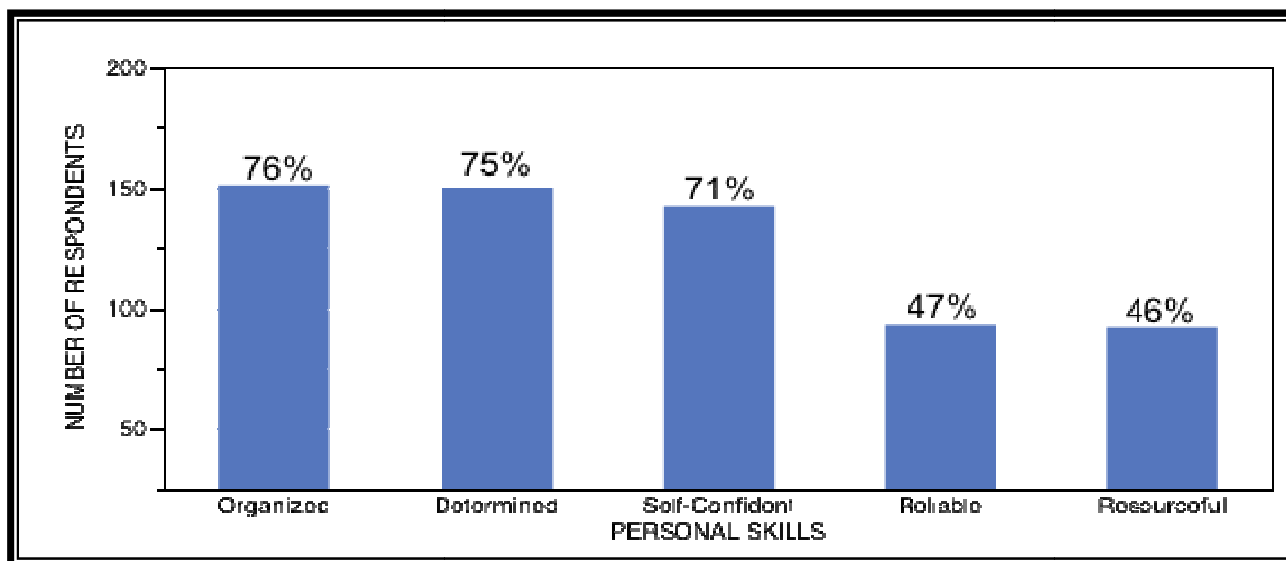


## 12. Improvements in Skills & Personal Growth

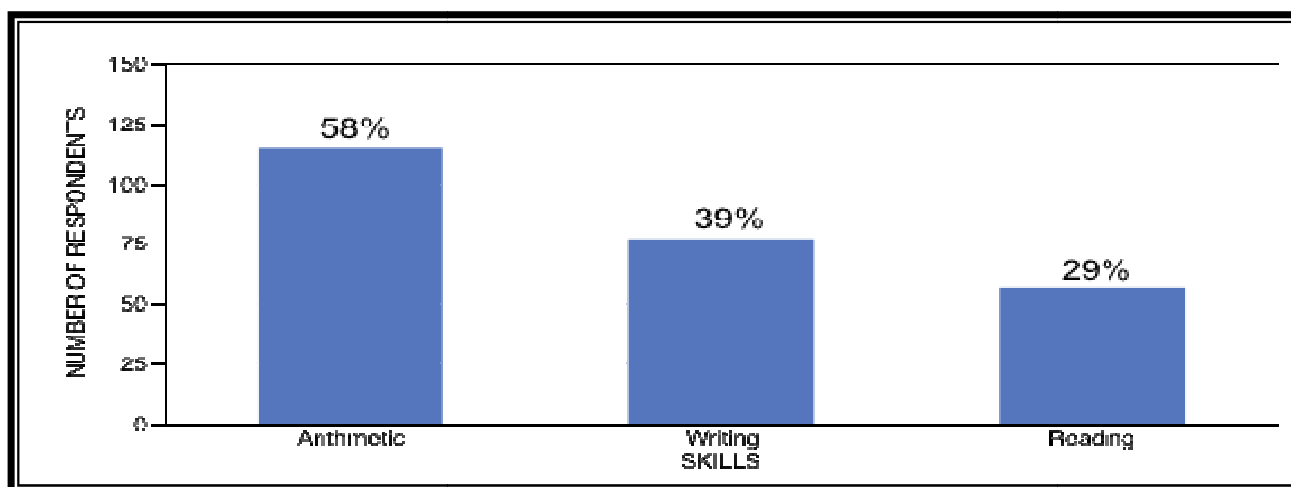
### Business Skills Improvement



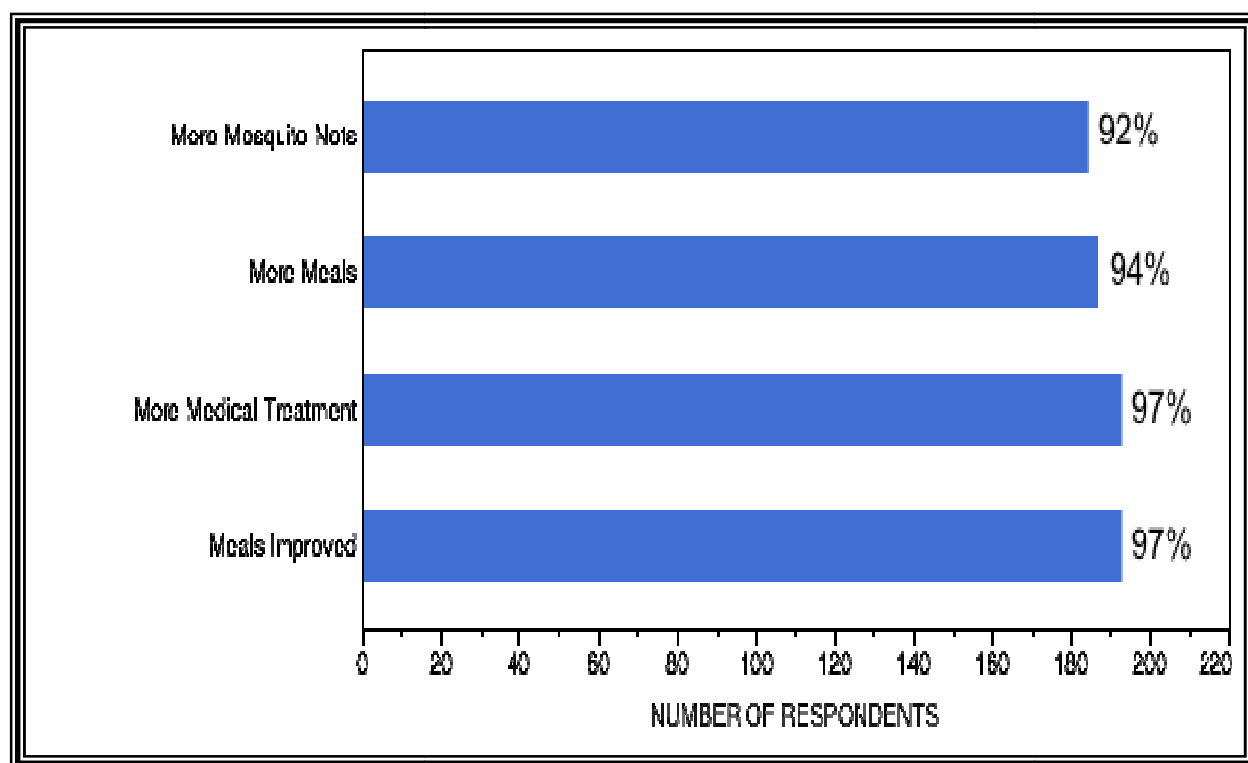
### Personal Skills Improvement



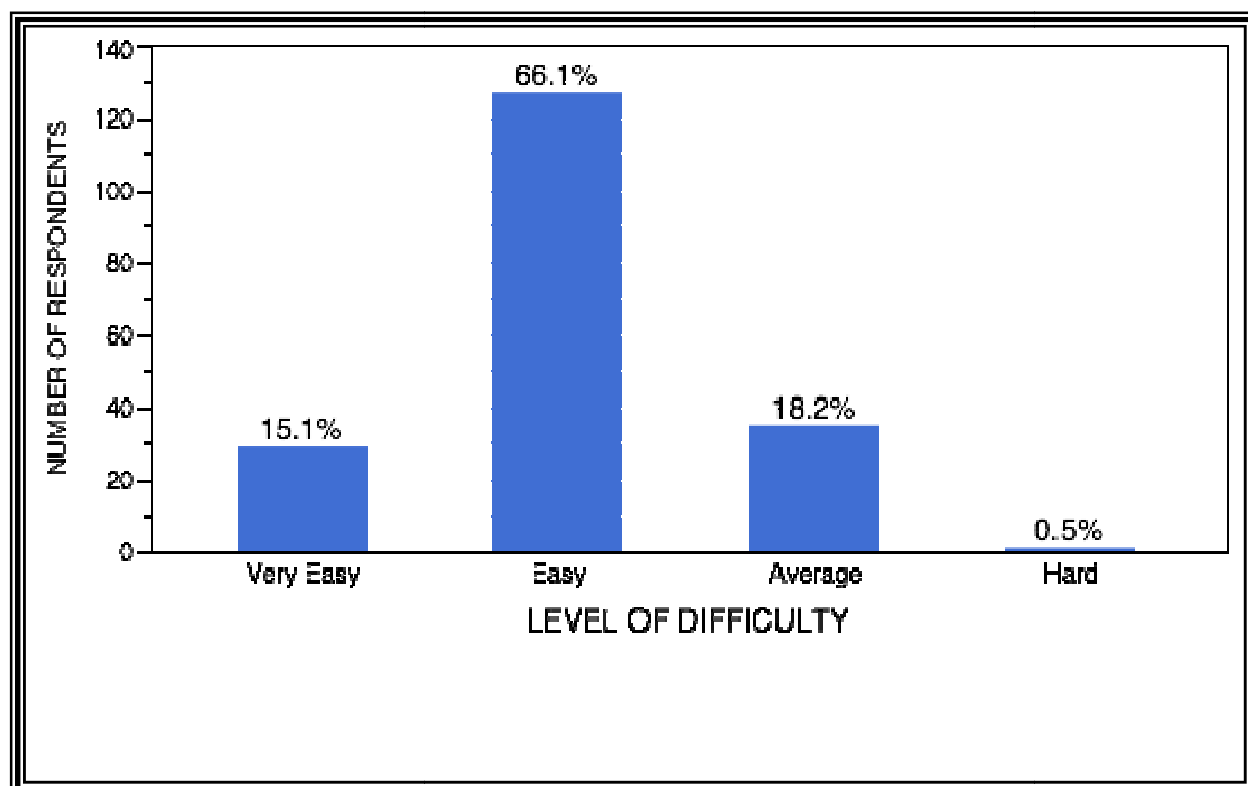
### Literacy & Numeracy Improvement



**13. Health & Nutrition Improvements** – At 12 months, the vast majority of Borrowers continue to improve health and nutrition in their households.



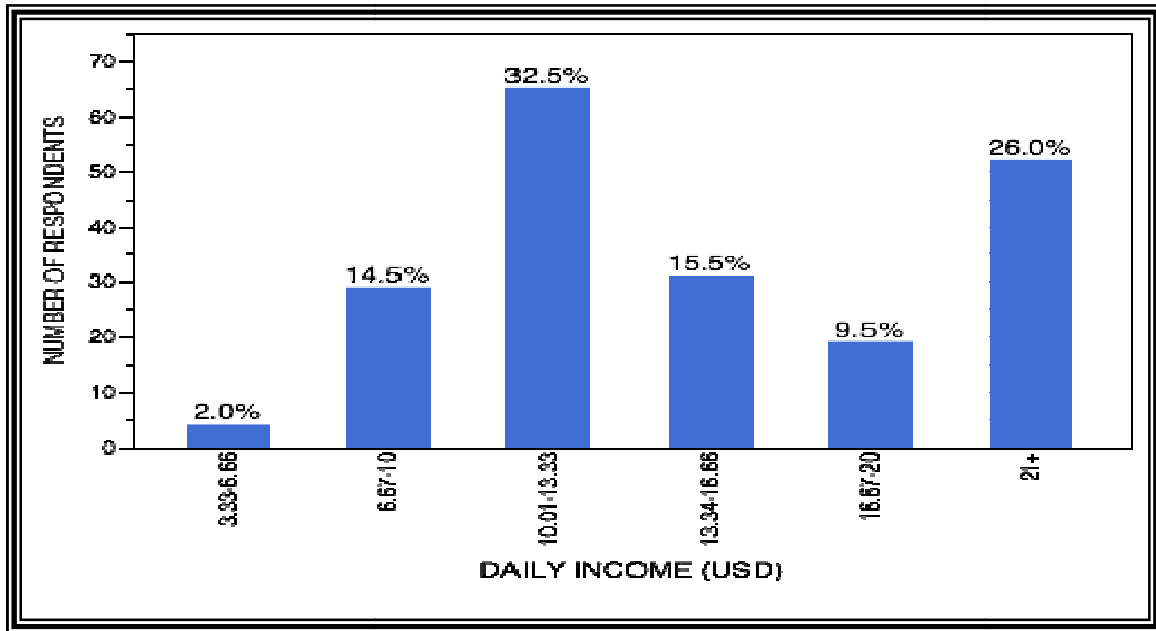
**14. Loan Repayment Difficulty** –Borrowers do not find it difficult to repay their loans.



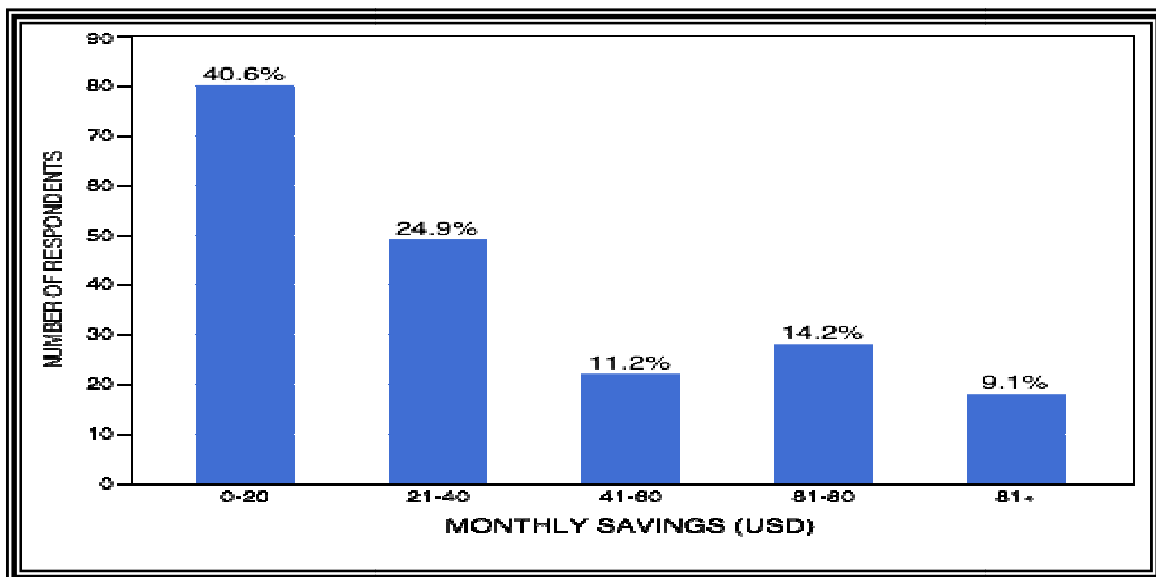
## IV. TRANSITION TO BANK LOANS

### (24 MONTHS)

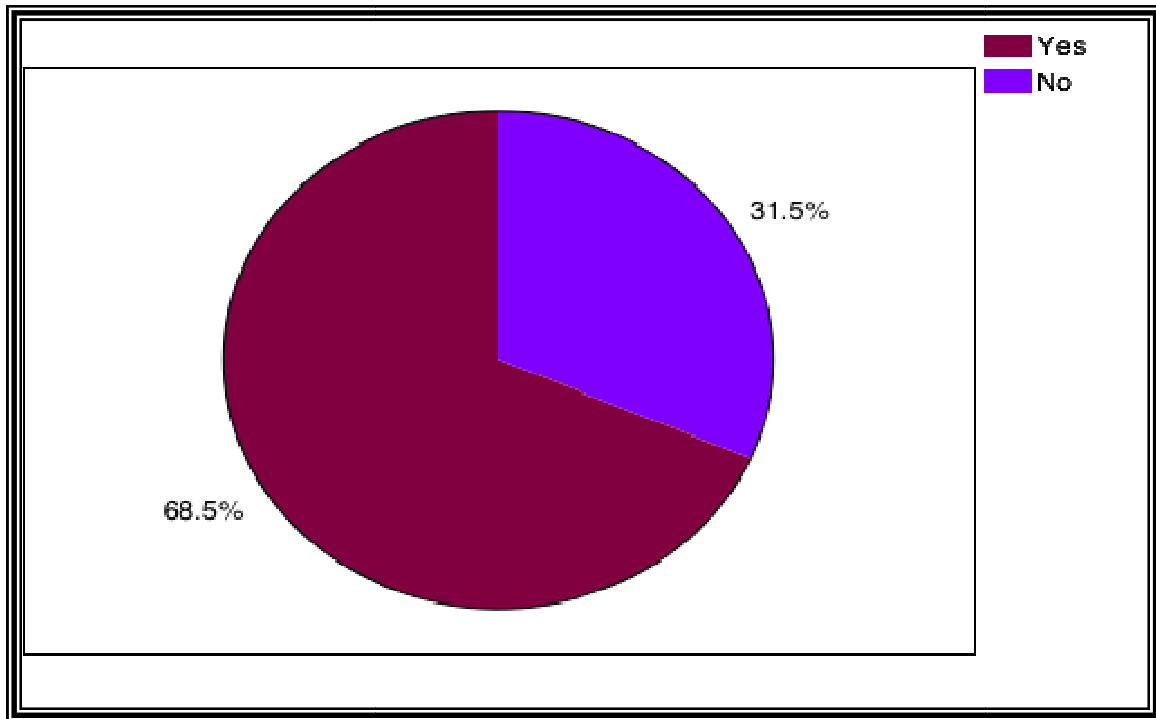
- Increases in Daily Income** – At 12 months, only 8% of Borrowers reported making more than \$13.34 per day. At 24 months, when Borrowers transition to bank loans, 51% report making more than \$13.34 per day, with 26% making \$21 or more per day.



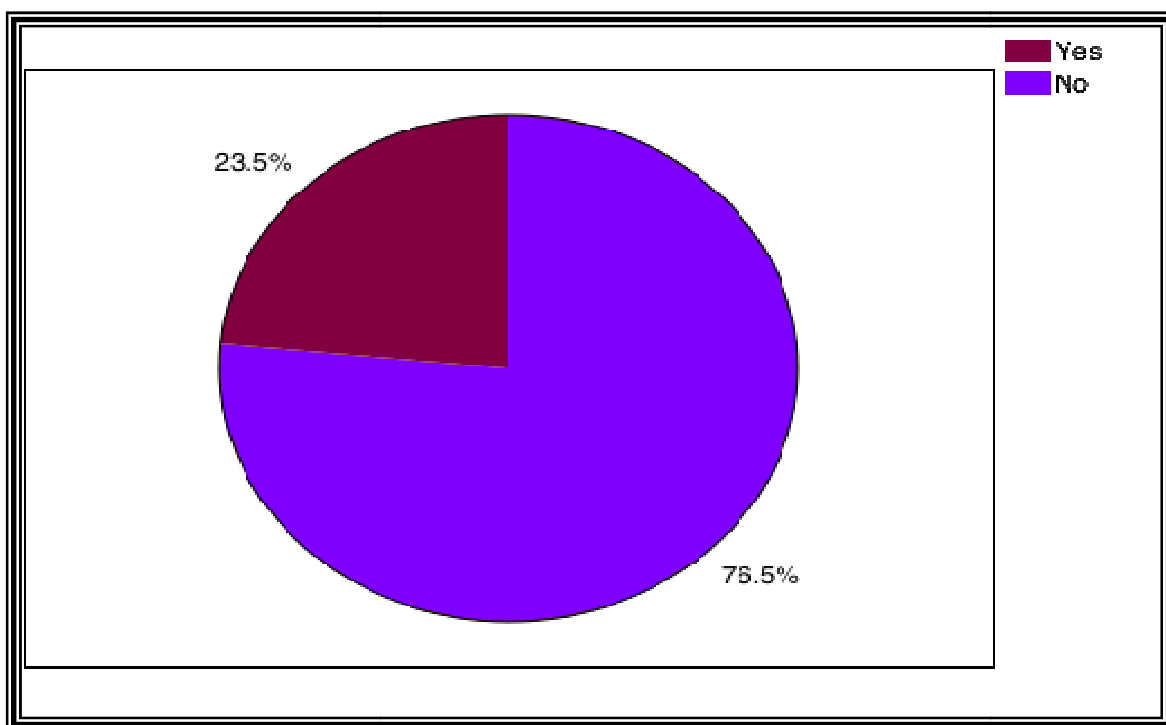
- Monthly Savings** – At 12 months, 20% of Borrowers reported saving more than \$40 per month. At 24 months, nearly 35% of Borrowers report saving more than \$40 per month.



3. **Paid Employees** – At 24 months, nearly 70% of Borrowers are employing hired help, which is more than double the number of Borrowers that employed hired help at 12 months (increase from 28% to 70%).



4. **Bank Usage** – Prior to starting a business, only 8% of Borrowers reported keeping their savings in a bank account. At 24 months, nearly 25% of Borrowers report that they use a savings account.





## **V. BORROWER NARATIVES**

### **1. Has your loan made your life better?**

- "I am no longer stressed because I have some savings and can solve or meet domestic needs."
- "I'm now smart, healthier, and my husband loves me."
- "I have more skills and not frequently attacked by diseases."
- "The cooperation in the family has improved and respect between her and the husband is observed."
- "As soon as I fall sick it is easy to get treatment."

### **2. How has your business had a positive effect on your family?**

- "My family is happy because I can feed them well, pay school fees, clothe them."
- "The problems of sickness and starving are no longer."
- "I can provide anything I want even when my husband is not around because of this business."
- "It has brought great cooperation and family uplift."
- "I have improved my house and bought a calf at home."

### **3. Are you happier since getting your loan?**

- "I can now get my own money and solve my problems."
- "I don't worry about paying school fees and maintaining myself."
- "I have managed to reach a state of being respected by my husband."
- "I'm now independent, can afford to handle family problems."
- "I have expanded my business and now visit many markets."

### **4. Have you seen any changes in your village because of the loan program?**

- "Women are now busy doing different businesses and families are no longer suffering due to poverty."
- "Women are busy, hardworking, and respected in the community."
- "Women are no longer depending on husbands and it has brought great cooperation at the family and community level."
- "Women are now exposed in community, active, and have got new friends. Domestic violence has decreased."

## **VI. SUMMARY**

### **Demographics**

WMI serves a wide range of borrower age groups, with most between the ages of 31 and 40. 30% are over 40; older Borrowers often have more experience in running a business and frequently have extensive connections in the local villages. Most Borrowers are married with husbands living in the household. 80% of Borrowers report that their husbands provide help with their businesses. Husbands living in the household are able to provide emotional and economic support, creating a more stable environment for business operations. Businesses where the entire family is involved typically have a higher success rate. Typically households have 6-7 people, including 4-5 children. Large families traditionally provided security for parents in their old age. Additionally, many families take in orphans, increasing their household size.

### **Household Living Standards**

More than 70% of Borrowers' households subsisted on less than \$1/day and nearly 95% subsisted on less than \$2/day when entering the loan program. The poverty line set by the World Bank is defined as an individual subsisting on less than \$2/day. Borrowers' average household size is 6.2 people, meaning that 100% of Borrowers lived below the poverty line before entering the loan program.

Six months after entering the loan program, 98% of Borrowers had an income of more than \$3.33/day. At 24 months, when Borrowers transitioned to bank loans, 100% reported making more than \$3.33/day, 98% reported making more than \$6.67/day, and 51% reported making more than \$13.34/day.

Prior to starting a business, 70% of Borrowers had savings of \$20 or less. Six months later, 70% of Borrowers saved that amount each month. At 12 months, the majority of Borrowers were saving more than \$20/month. When entering the loan program, the vast majority of Borrowers did not have a bank account nor did they have access to formal financial services. When graduating from the WMI loan program after 24 months, Borrowers can become customers of a commercial bank.

Most Borrowers own a semi-permanent house with mud floors, dirt and dung walls, and a metal roof. Most homes have three rooms. Meals typically consist of bananas, pasho, and cassava. Pasho is a paste made of maize flour and water and cassava is a starchy gourd with little nutritional value.

The most common cooking fuel is wood, frequently collected by hand. A typical female villager will spend approximately one third of her time collecting wood and cooking, which takes away from time spent on business operations. Wood burning creates pollution, is extremely inefficient, and has significant health risks including respiratory diseases. Uganda has the highest percentage of households in Africa that rely on purchased or collected wood for domestic fuel. The reliance on wood burning has caused widespread deforestation, which can lead to deadly mudslides and crop loss. Most Borrowers homes have a dedicated pit or latrine, and the household lighting source is typically candles or a kerosene lamp.

After entering the loan program, Borrowers almost uniformly report more and improved meals, increased livestock purchases (especially chickens), and home improvements including furniture and radios. A small percentage of Borrowers were able to install electricity in their homes.

## **Family Health & Welfare**

When entering the loan program, nearly 50% of Borrowers reported that someone in their household was regularly sick and could not attend work or school. More than 75% of Borrowers reported at least one case of malaria in their household in the last 6 months. In addition to physically affecting families, malaria can also take a significant economic toll, particularly on the poor and those who do not have access to medical care. The illness often perpetuates a cycle of negative effects, burying households in expense and misfortune. Due to their weak immune systems, young children and pregnant women are the most likely to contract malaria. While pricey for many, insecticide-treated mosquito netting serves as an effective barrier to the disease, and can reduce child mortality rates in highly impacted areas by as much as 20%. After receiving their loans, Borrowers' reported fewer cases of malaria in their households, increased net purchases, and more and better access to health care.

65% of Borrowers and 50% of their family members have been tested for HIV/AIDS. HIV/AIDS infection rates in East Africa are extremely high, making testing essential. Sub-Saharan Africa carries the highest burden of HIV infections and HIV/AIDS related mortality in the world. Sub-Saharan Africa is the only region in the world where women are disproportionately affected by the HIV epidemic in comparison with men. This is occurring in a context of poverty, food insecurity, poor economic performance, and gender inequality.

Before receiving the loans, Borrowers were unable to provide shoes and school uniforms for all the children in their households. Lack of shoes leaves many children vulnerable to preventable diseases that are contracted from direct contact with contaminated soil. Parasitic infections are particularly prevalent and, according to the Center for Disease Control, cause severe digestive issues, anemia, retarded cognitive development, and even death. Shoes greatly reduce the risk of these infections as well as lacerations and other diseases. After entering the loan program, Borrowers reported purchasing more shoes and uniforms for their children.

The vast majority of Borrowers have improved their business skills and feel more determined, organized, and self-confident since entering the loan program. Many also improved their literacy and numeracy skills. Psychological studies show that self-confidence and self-esteem are directly related to one's perceived competence in areas that one considers important. According to psychologists, people with high self-esteem are more likely to be successful, while those with low self-esteem are at a higher risk for economic failure.