

## WMI FACT BOOK: Loan Program Data Shikokho, Kenya 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 commercial 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

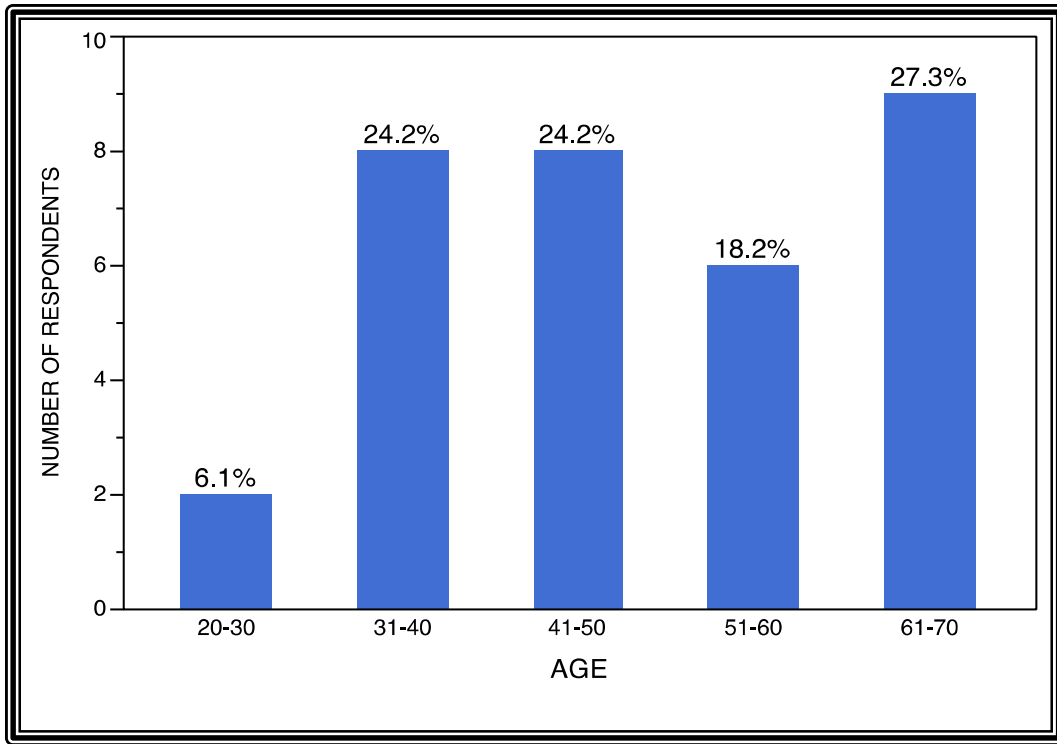
- Olive Wolimbwa, WMI's Local Director in Buyobo, Uganda, supervises overall loan issuance and data collection, with help from WMI's Assistant Local Director Jackline Namonye.
- Using a loan application and baseline survey, WMI collects borrower data when a new loan is issued.
- WMI administers a borrower 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 January 2012 to July 2012 from 35 borrowers.



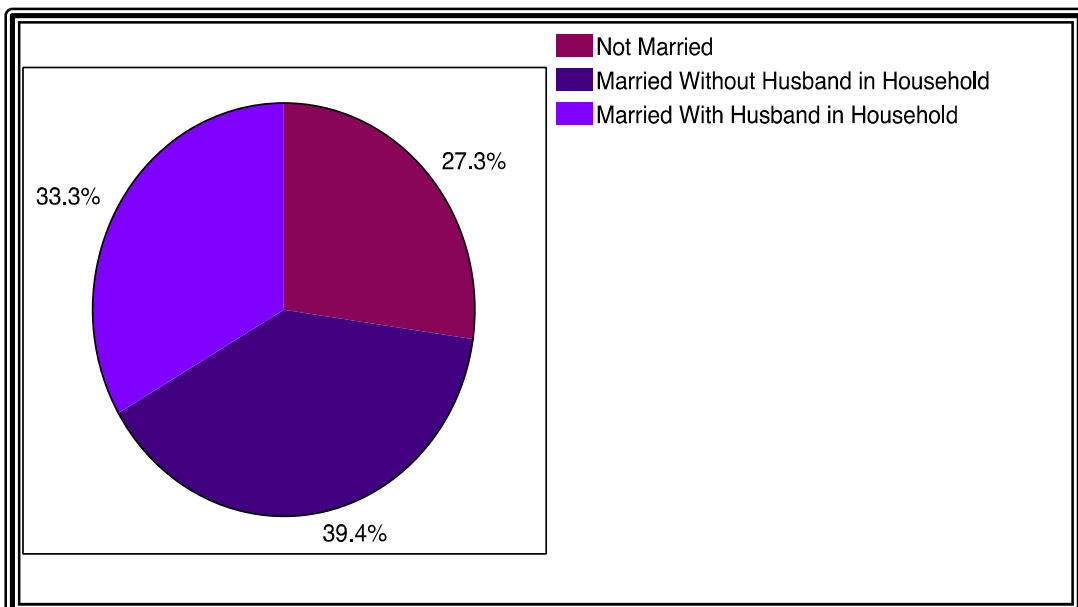
## I. BASELINE DATA

### A. DEMOGRAPHICS

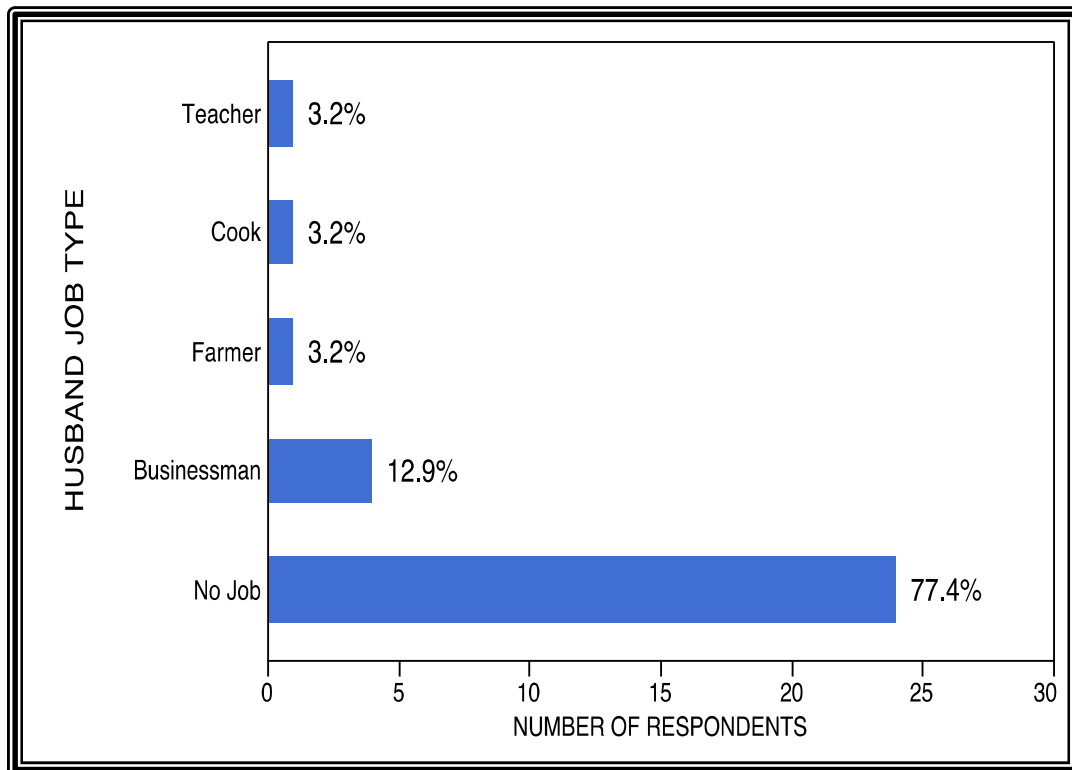
1. **Age Distribution** - Nearly 70% of Borrowers are between the ages of 41 and 70.



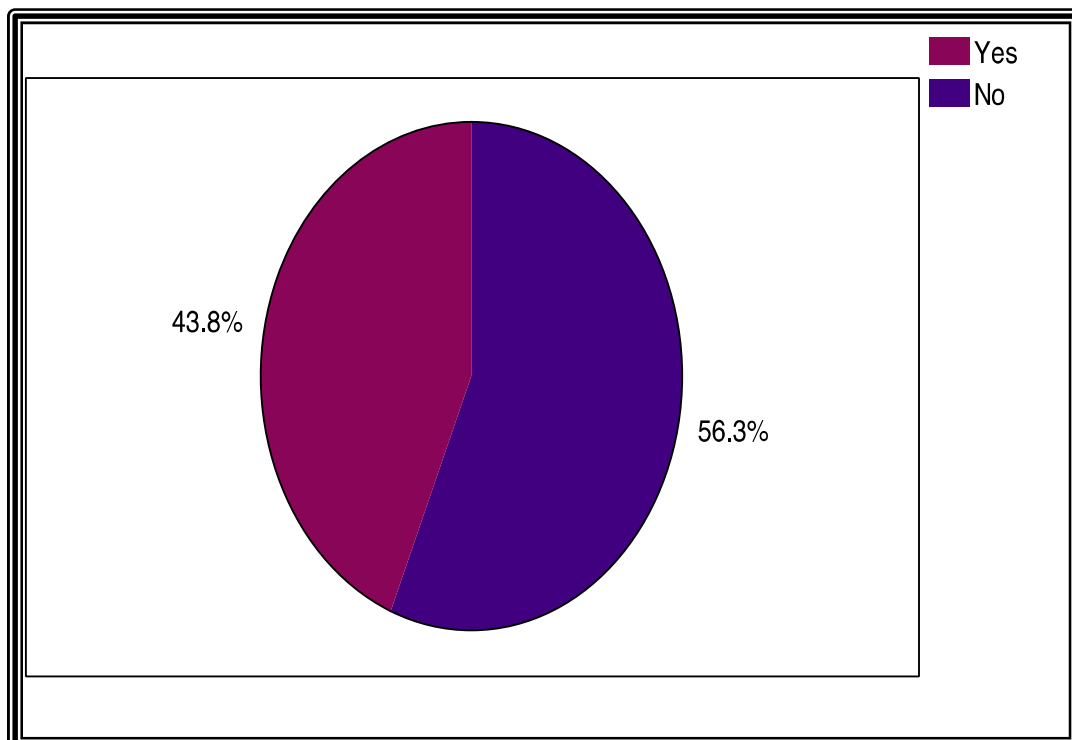
2. **Marital Status & Husband in Household** - Nearly 40% of Borrowers are married without their husbands living in the household.



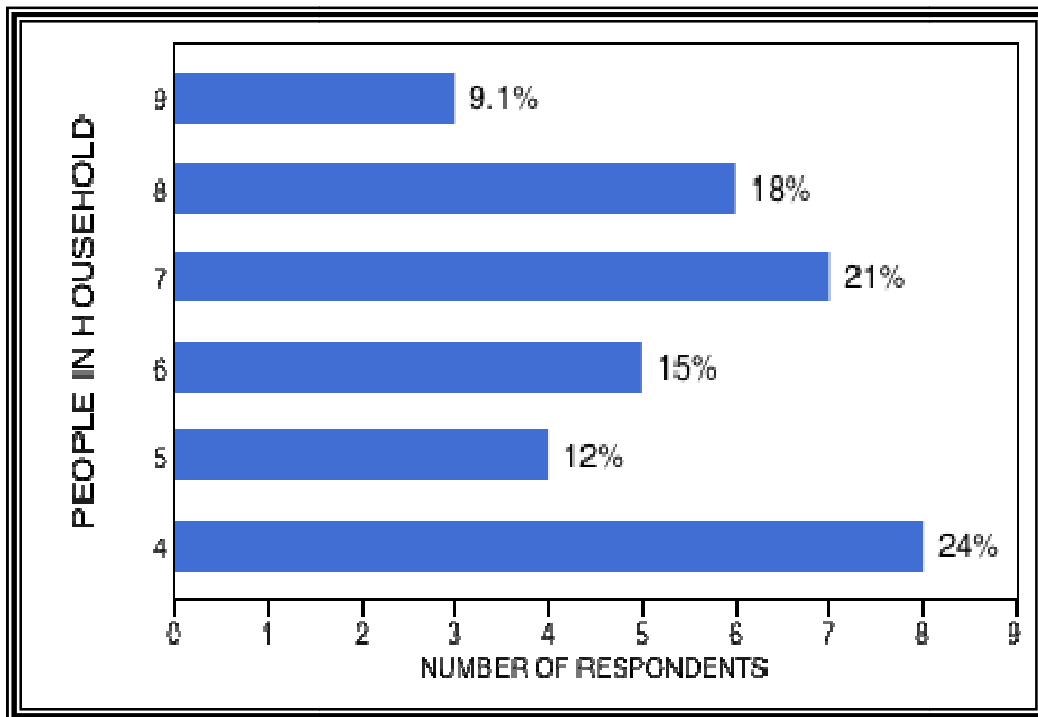
- 3. Husband's Employment-** Nearly 80% of Borrowers' husbands are unemployed.



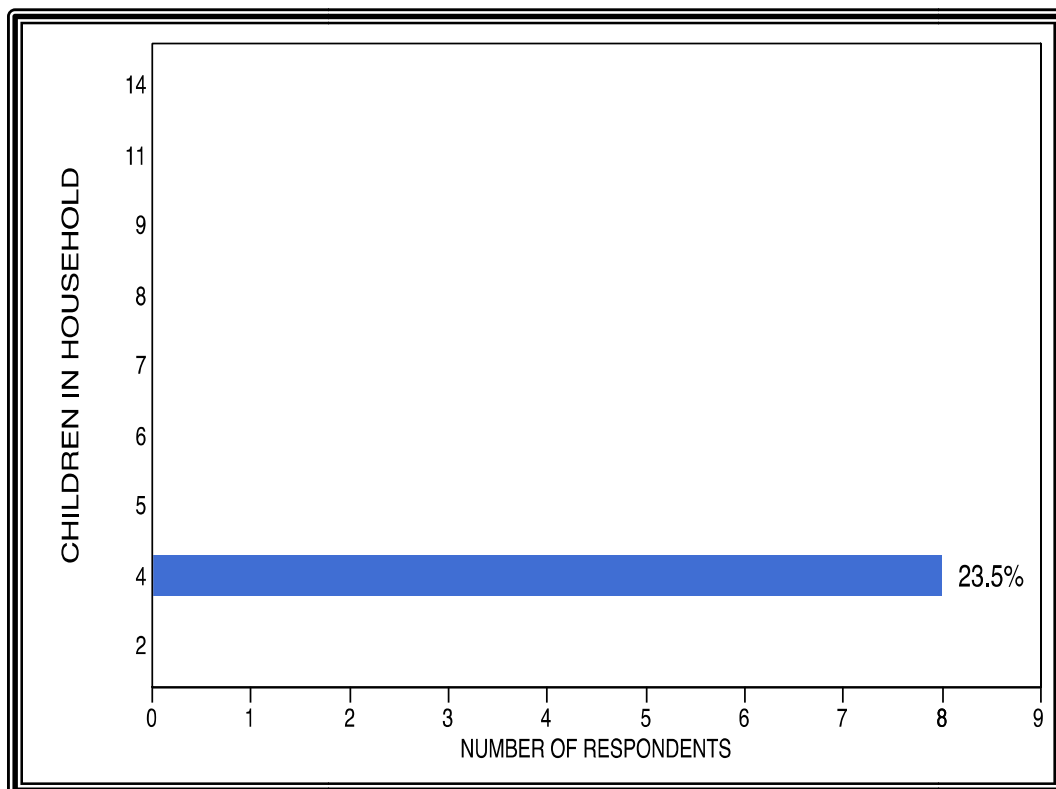
- 4. Husband's Financial Contribution-** More than 55% of Borrowers' husbands do not contribute financially to the household.



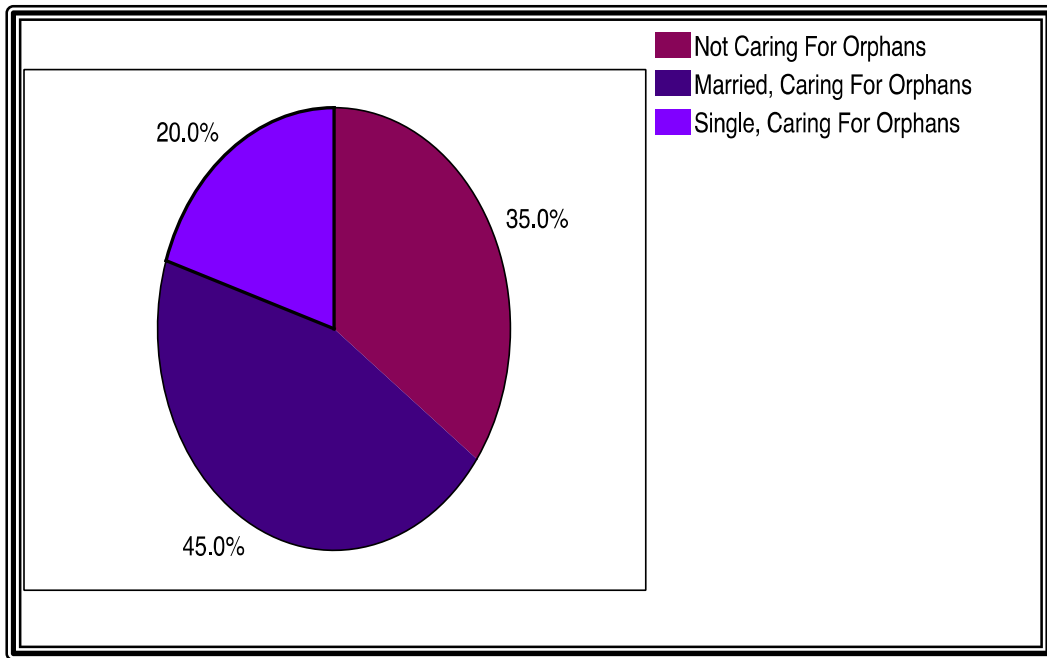
5. **People In Household-** More than 60% of Borrowers have six or more people living in their households.



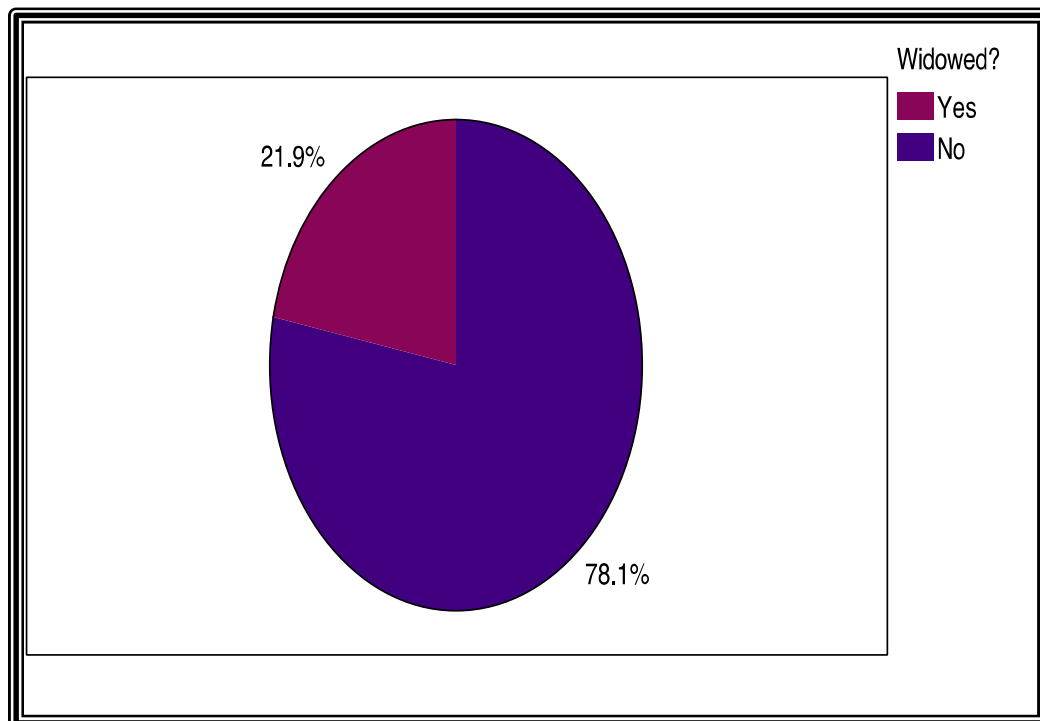
6. **Children In Household-** Nearly 60% of Borrowers have five or more children living in their households.



7. **Caring For Orphans-** 65% of Borrowers are caring for orphans. HIV/AIDS and other diseases have left many children parent-less. It is more common for community members to take in orphans than to consign them to institutional care.

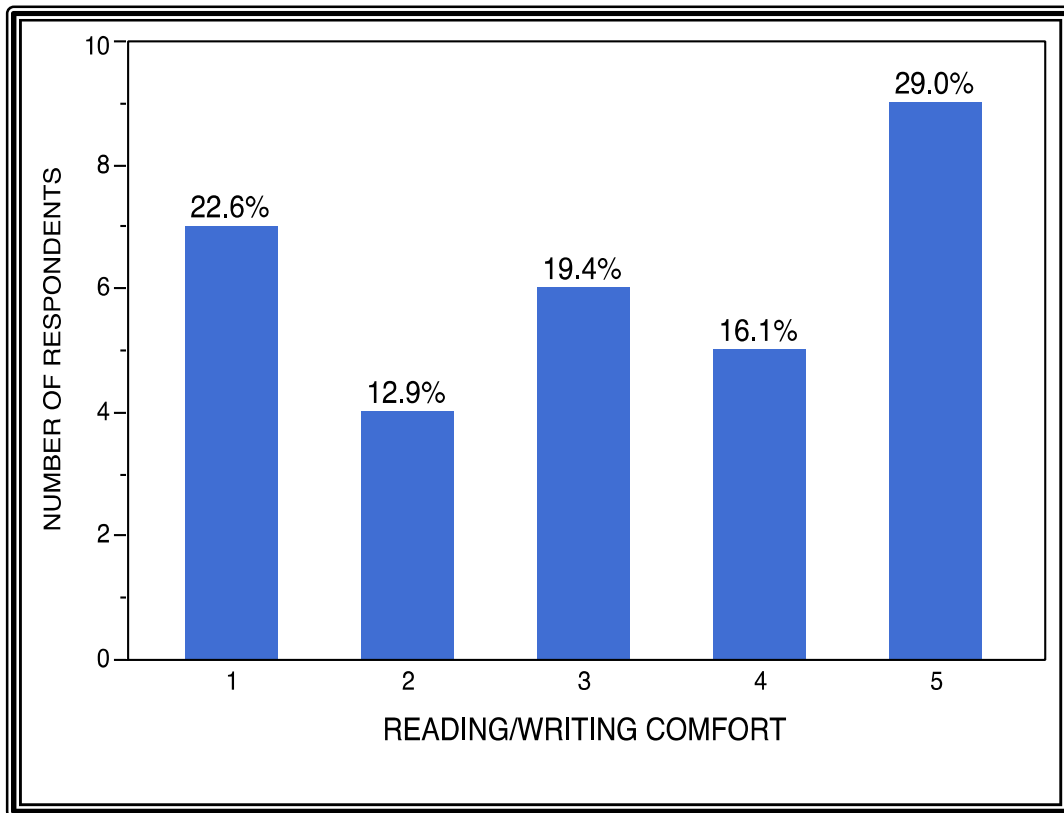


8. **Widowed-** Nearly 22% of Borrowers have been widowed.

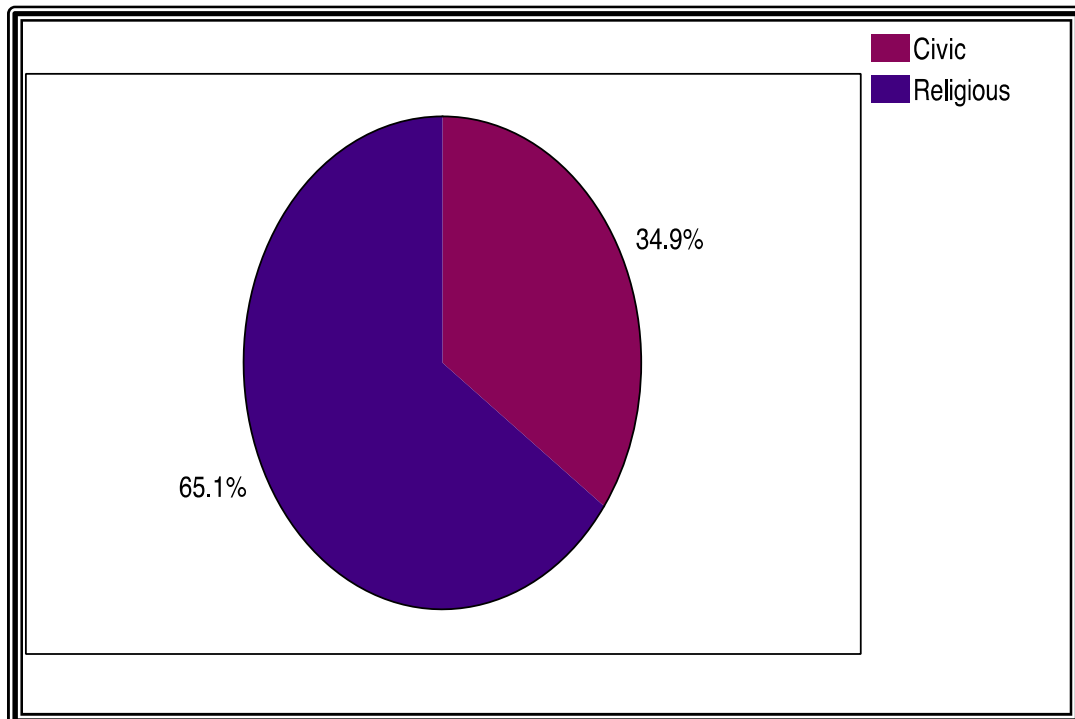




- 9. Reading & Writing Ability** - Nearly 55% of Borrowers report that they consider their reading and writing skills average or below average (with 1 being the least and 5 being the most comfortable).

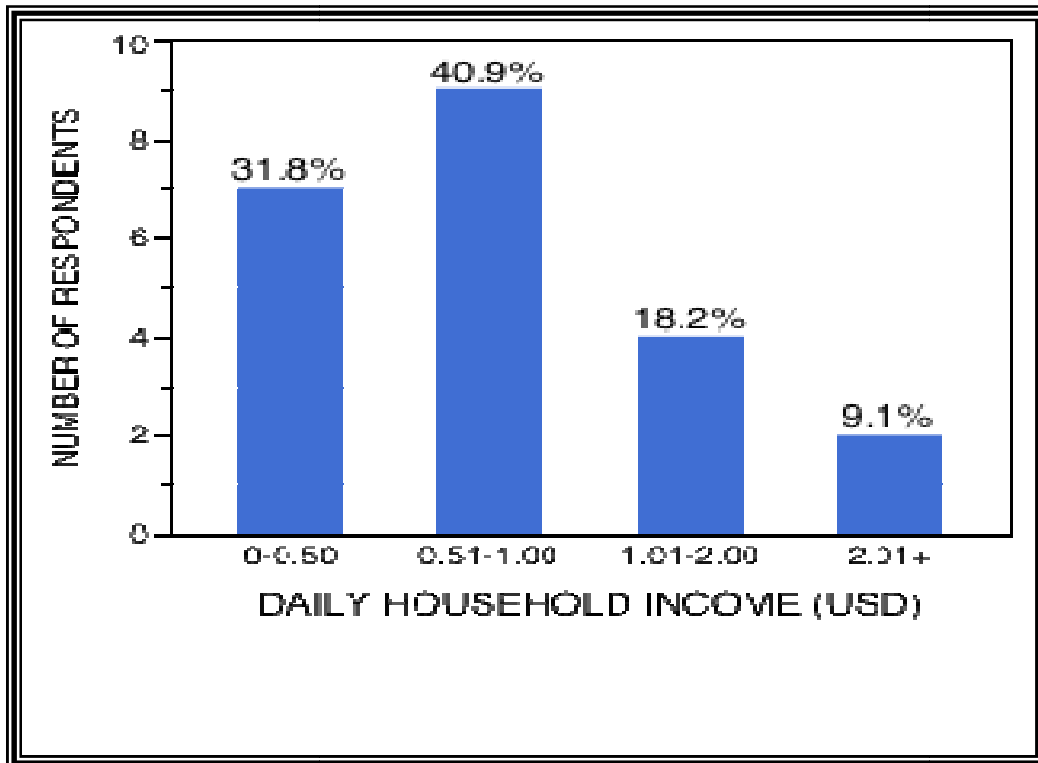


- 10. Community Involvement** - 100% of Borrowers report that they belong to either a civic or religious community organization.

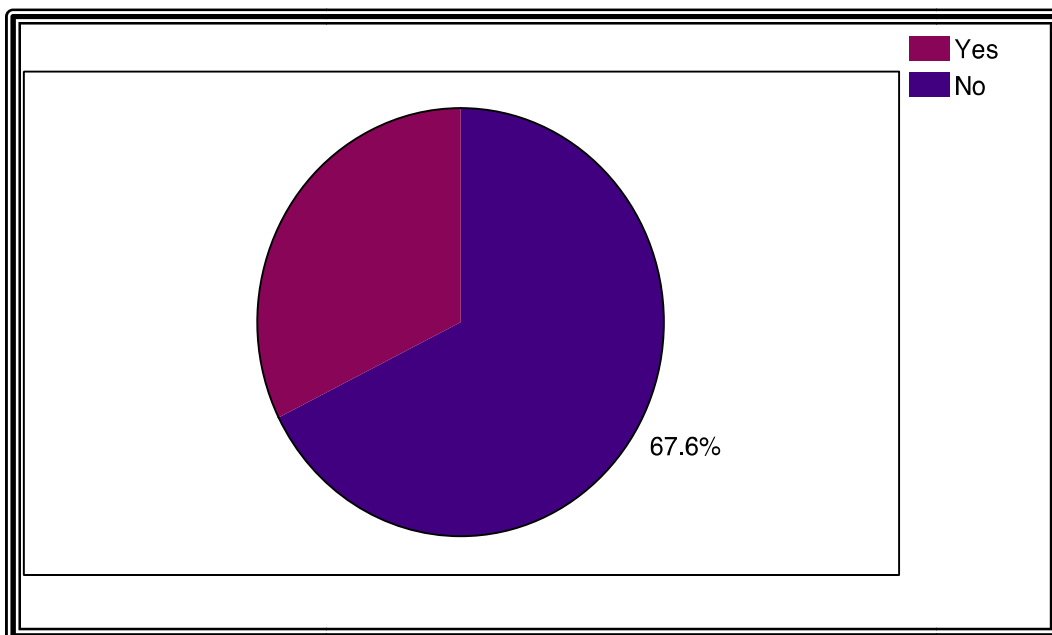


## B. STANDARD OF LIVING

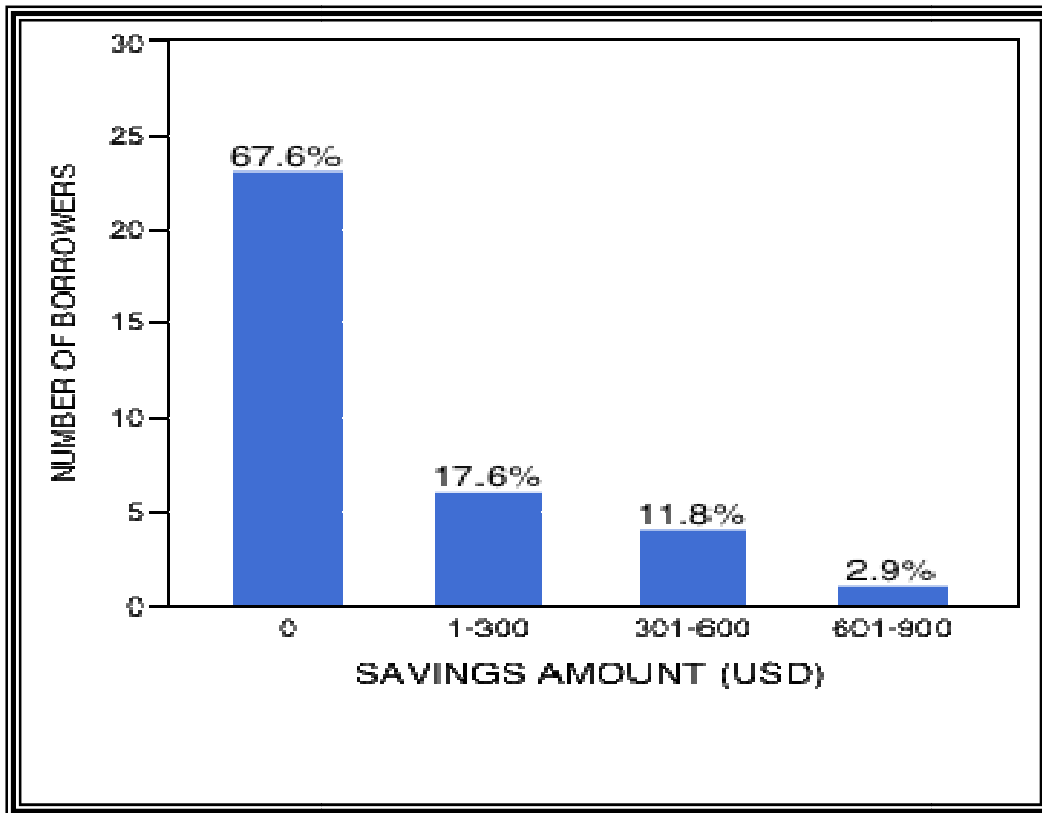
1. **Daily Household Income-** 75% of Borrowers' **households** subsist on \$1/day or less. The poverty line set by the World Bank is defined as an **individual** subsisting on less than \$2/day. Borrowers' average household size in Shikokho is 7, meaning that 100% of Borrowers' households are living below the poverty line.



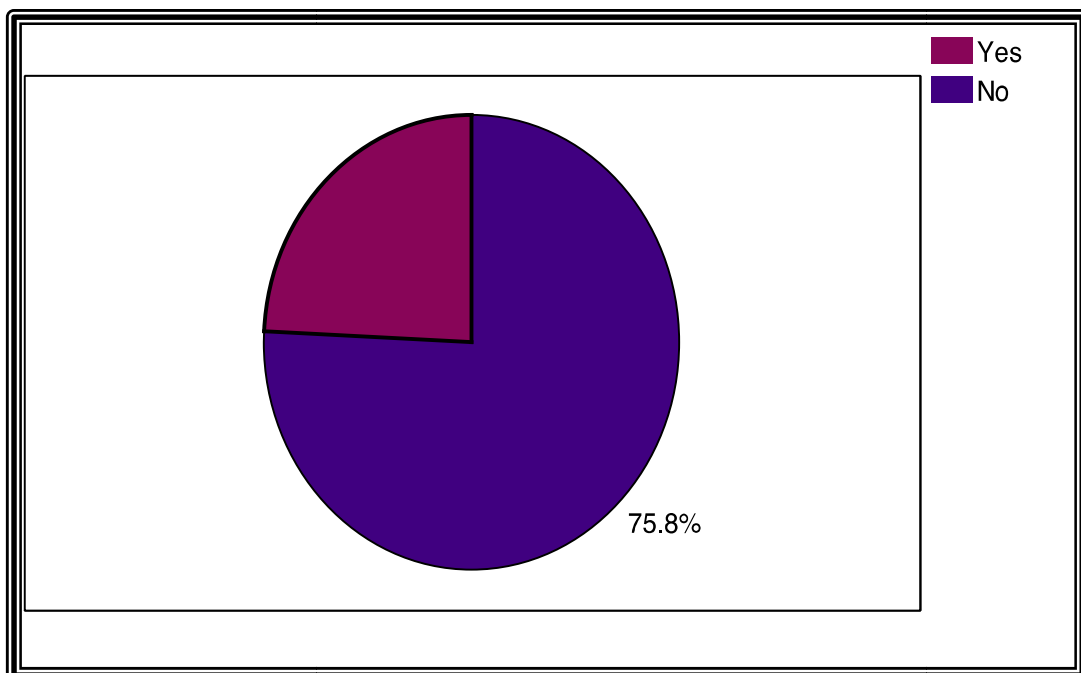
2. **Savings-** Nearly 68% of Borrowers have no savings.



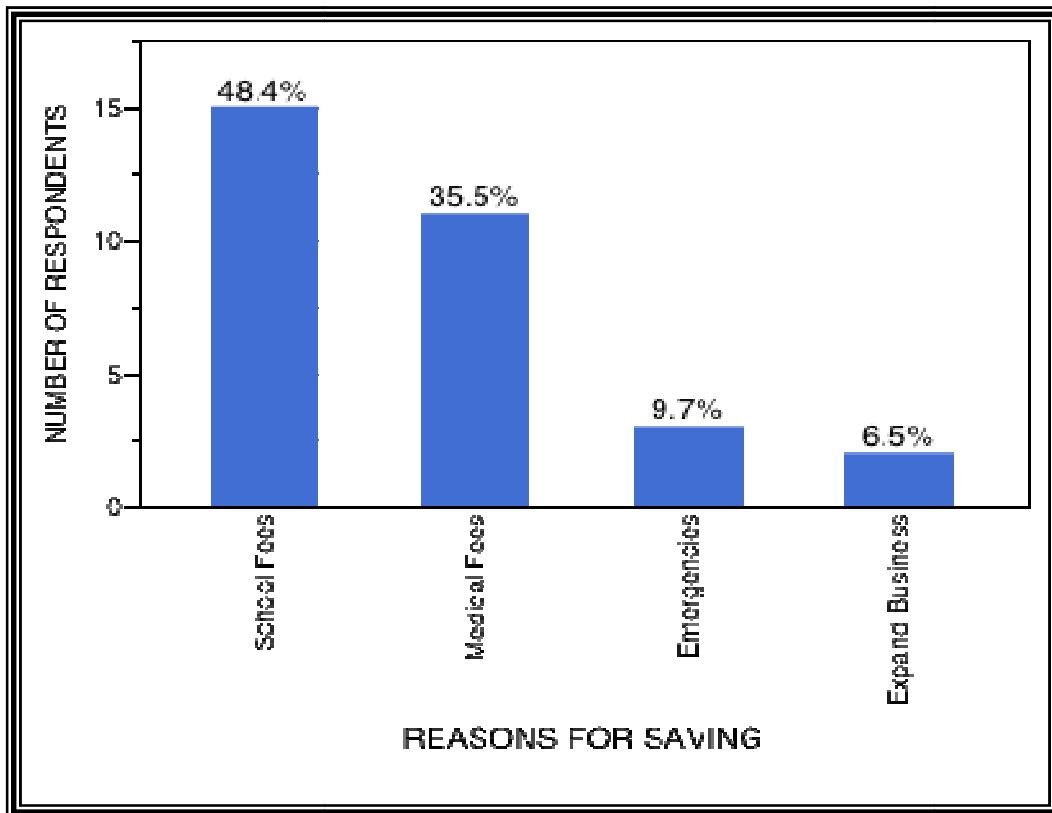
- 3. Ranges of Savings-** Nearly 70% of Borrowers have no savings. Lack of savings leaves households unable to survive medical crises and other emergencies that require financial resources.



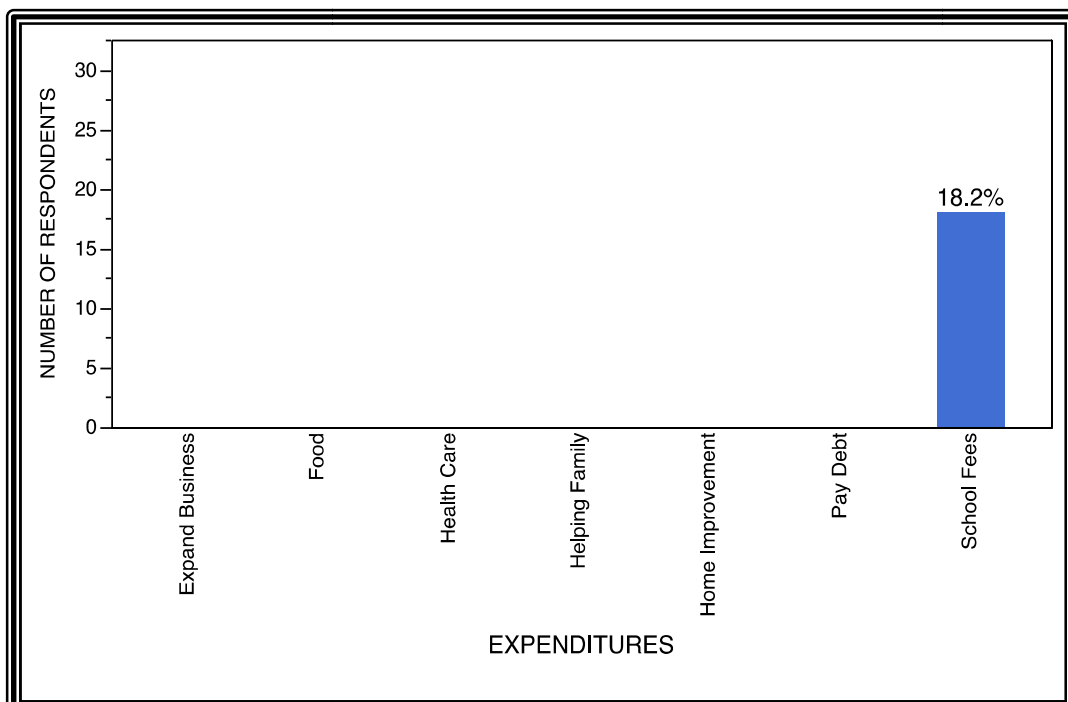
- 4. Bank Usage-** Nearly 76% of Borrowers do not keep their savings in a bank. Lack of access to conventional banking cripples rural women's ability to operate businesses.



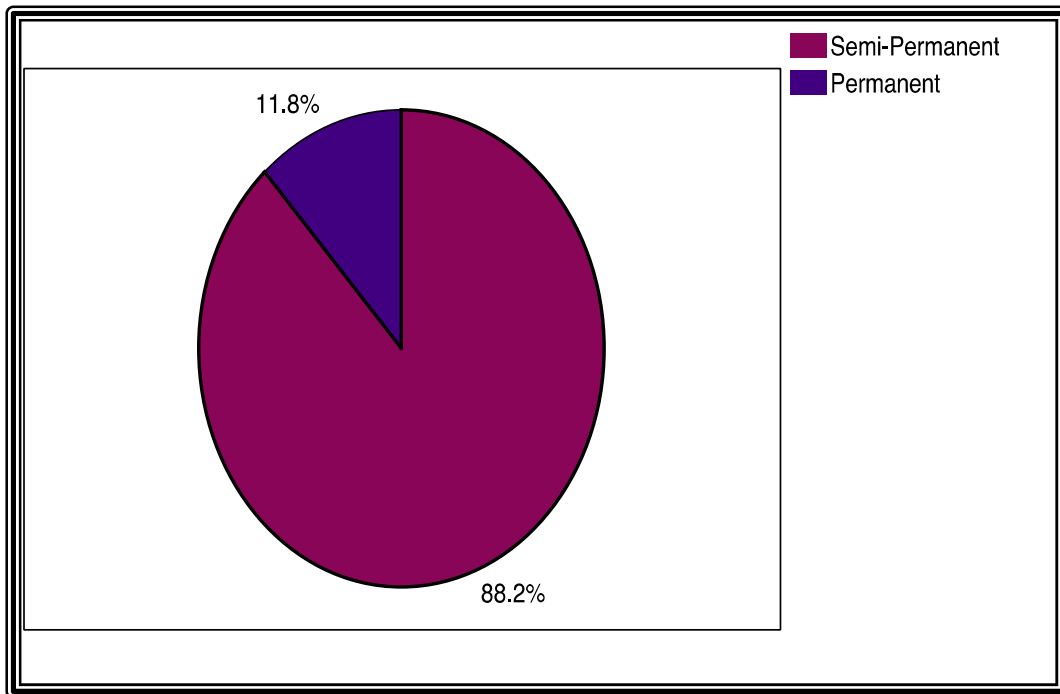
- 5. Reasons For Saving-** The top three reasons that Borrowers save are to pay for school and medical fees and in case of emergencies.



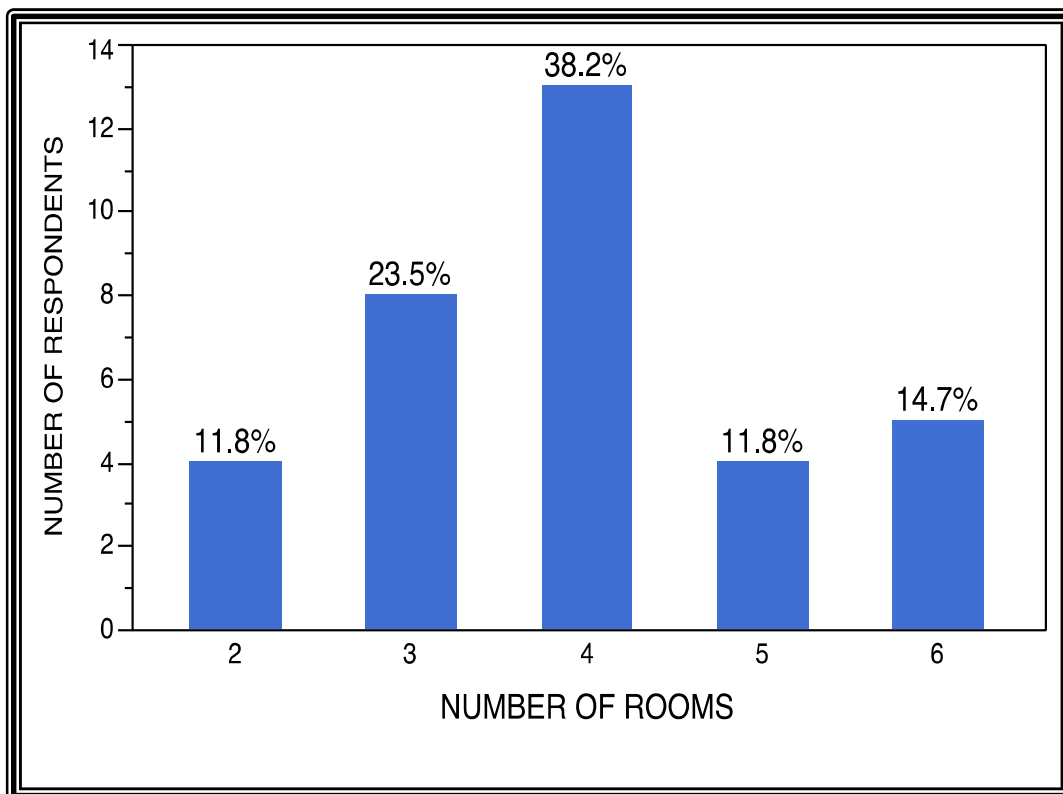
- 6. Top Expenditures-** Borrowers' top three expenditures are business expansion, food, and health care.



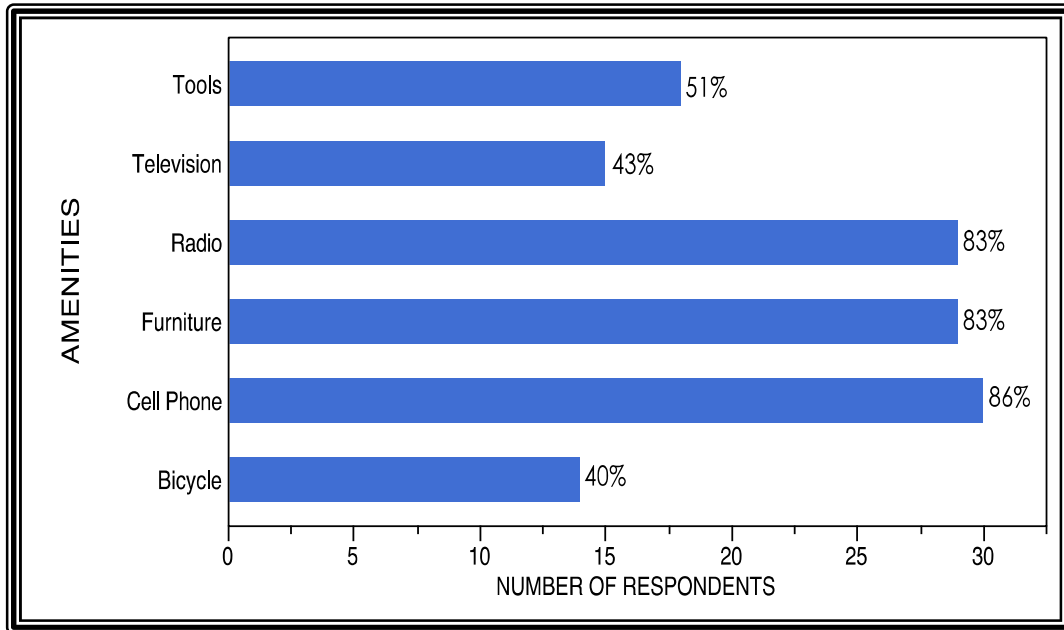
- 7. Type of House & Ownership** – Nearly 90% of Borrowers own a semi-permanent house. The walls are constructed of dirt and dung, while the floors are mud. The roofs are typically tin.



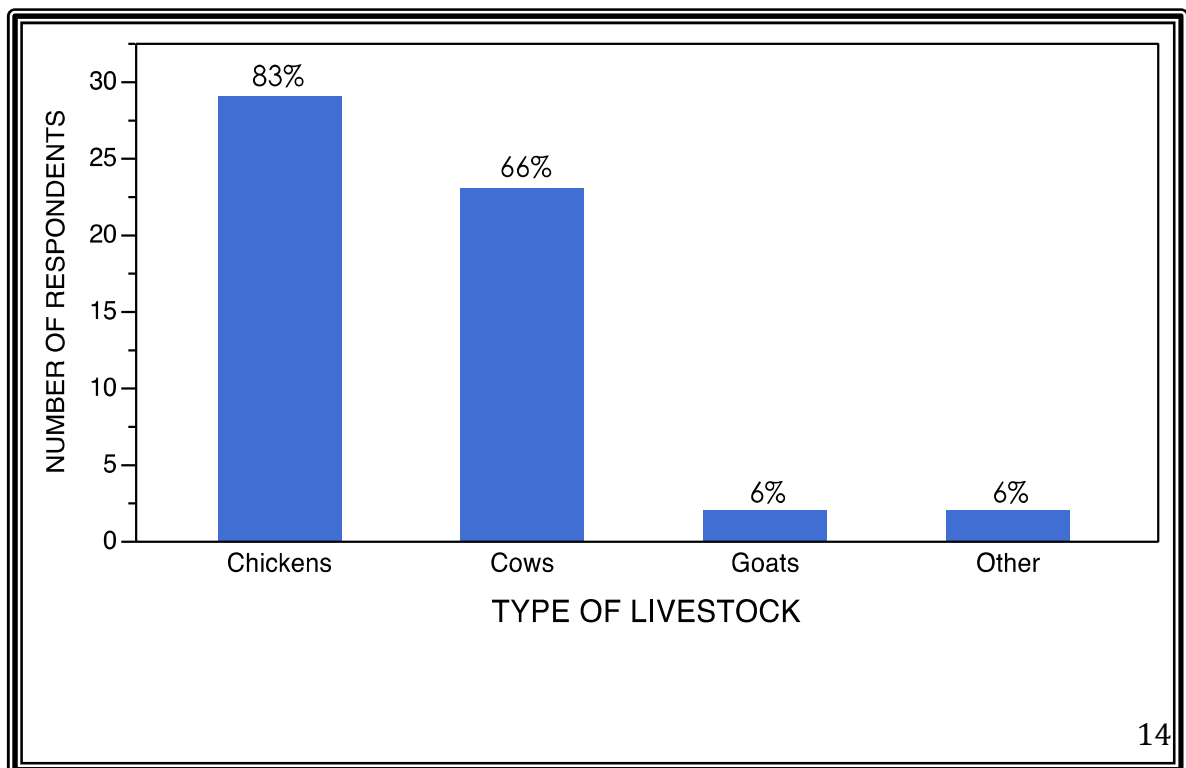
- 8. Number of Rooms in House** - Nearly 75% of Borrowers live in homes with four or fewer rooms. Kitchens are typically located behind the house in the open air.



- 9. Household Amenities-** Most Borrowers have cell phones, radios, and furniture; fewer have televisions or bicycles. Cell phone use is becoming more common, even in extremely rural areas. Radio is the predominant medium for the distribution of news and information.

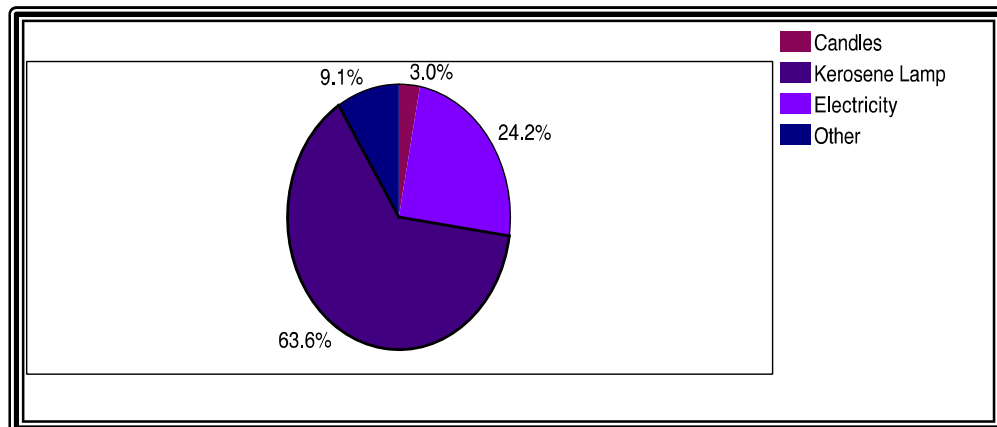


- 10. Livestock-** All Borrowers have some type of livestock. Chickens are the most common because they are the least expensive; however, they are prone to disease. Goats are more expensive, but are more disease-resistant. Cows are the most desirable livestock, as they are an ongoing source of dairy.

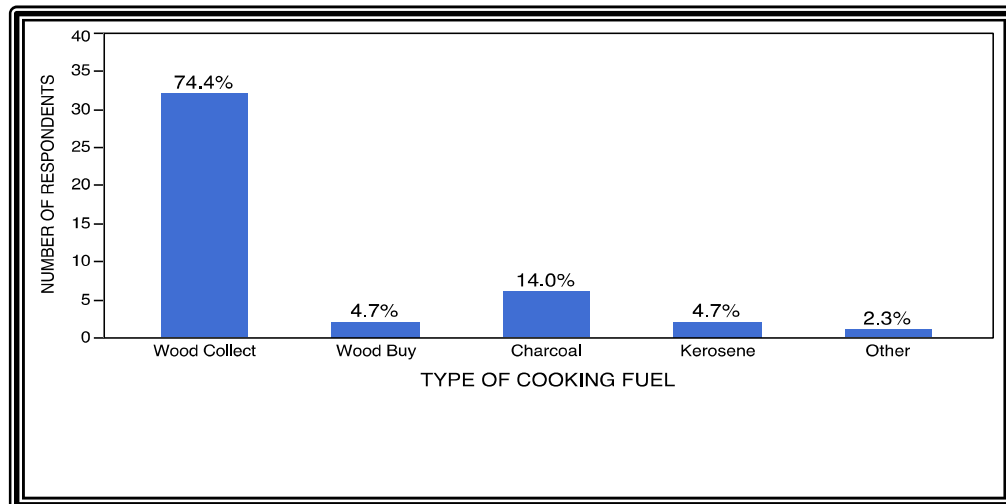




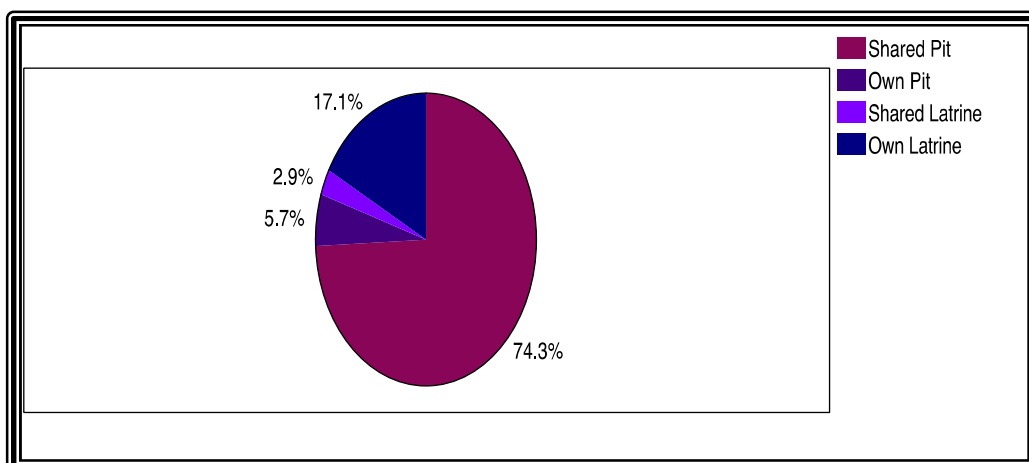
**11. Lighting Source-** Nearly 67% of Borrowers use candles or a kerosene lamp as their source of lighting.



**12. Cooking Fuel-** Nearly 75% of Borrowers use wood as their cooking fuel.

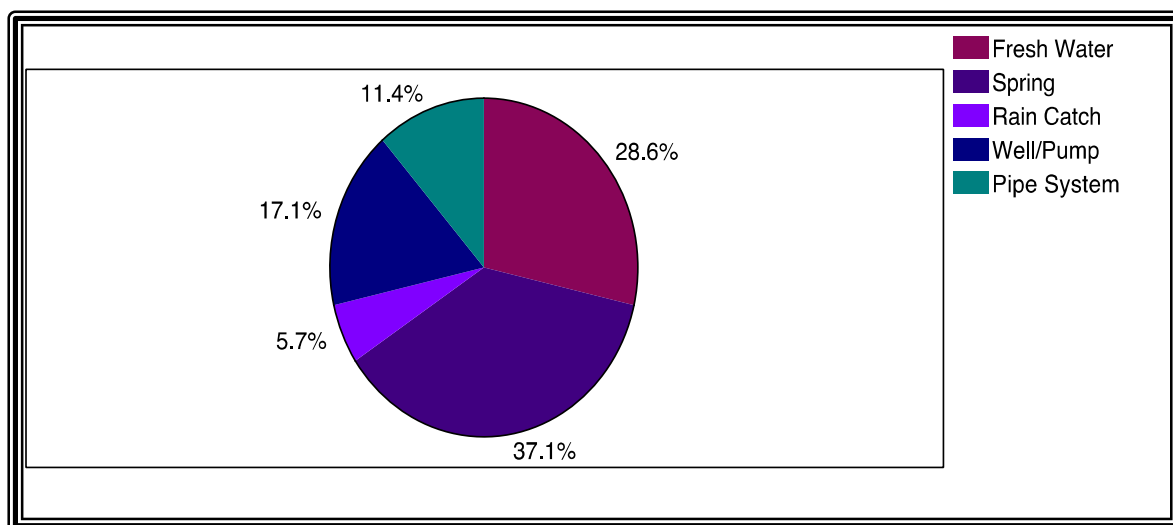


**13. Toilet Facility-** Nearly 75% of Borrowers use a shared pit as their toilet facility.



## C. FAMILY HEALTH AND WELFARE

1. **Water Source-** Nearly 66% of Borrowers depend on a fresh water source or a spring for their water.



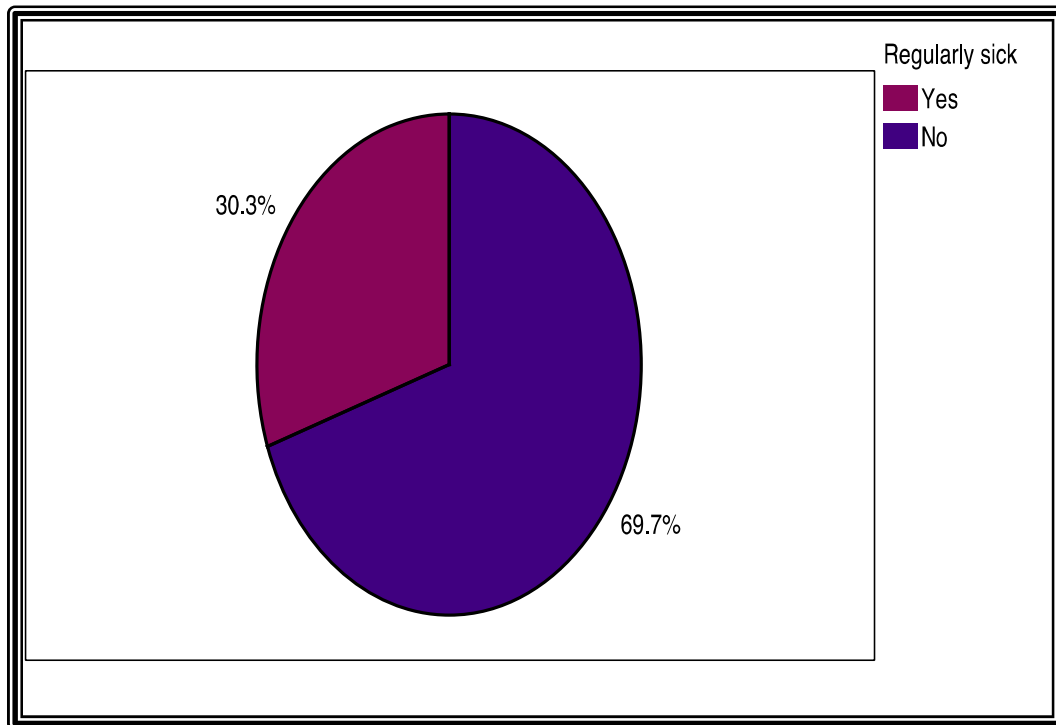
### 2. Water Safety

On a scale from 1 to 5, with 5 being the safest, how would you rate the safety of your drinking water?	<ul style="list-style-type: none"> <li>34% give their water a rating of 3</li> <li>44% give their water a rating of 4</li> <li>22% give their water a rating of 5</li> </ul>
How often do you boil your water?	<ul style="list-style-type: none"> <li>9% never boil their water</li> <li>41% sometimes boil their water</li> <li>29% often boil their water</li> <li>21% always boil their water</li> </ul>

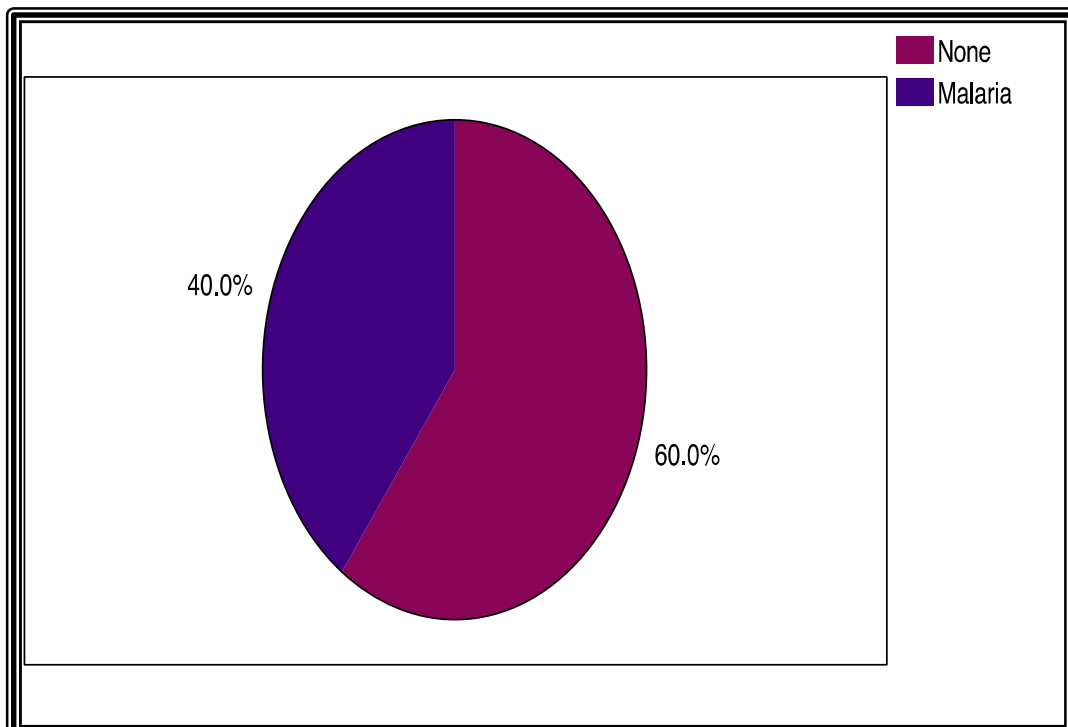
### 3. Food Consumption

How many meals does your family eat per day?	<ul style="list-style-type: none"> <li>28% - 2 meals per day</li> <li>72% - 3 meals per day</li> </ul>
How many meals per day include food that you have grown?	<ul style="list-style-type: none"> <li>3%- 1 meal per day</li> <li>39% - 2 meals per day</li> <li>58% - 3 meals per day</li> </ul>
How many meals per day include food that you have bought?	<ul style="list-style-type: none"> <li>7% - 0 meals per day</li> <li>33% - 1 meal per day</li> <li>57% - 2 meals per day</li> <li>3% - 3 meals per day</li> </ul>
What food does your family eat most often?	<ul style="list-style-type: none"> <li>41% - Maize</li> <li>20% - Ugali</li> <li>6% - Beans</li> </ul>
What food does your family purchase most often?	<ul style="list-style-type: none"> <li>50%- Sugar</li> <li>50%- Tea</li> </ul>

- 4. Illness in Household-** 30% of Borrowers report that at least one member of their household is regularly sick and cannot attend work or school.



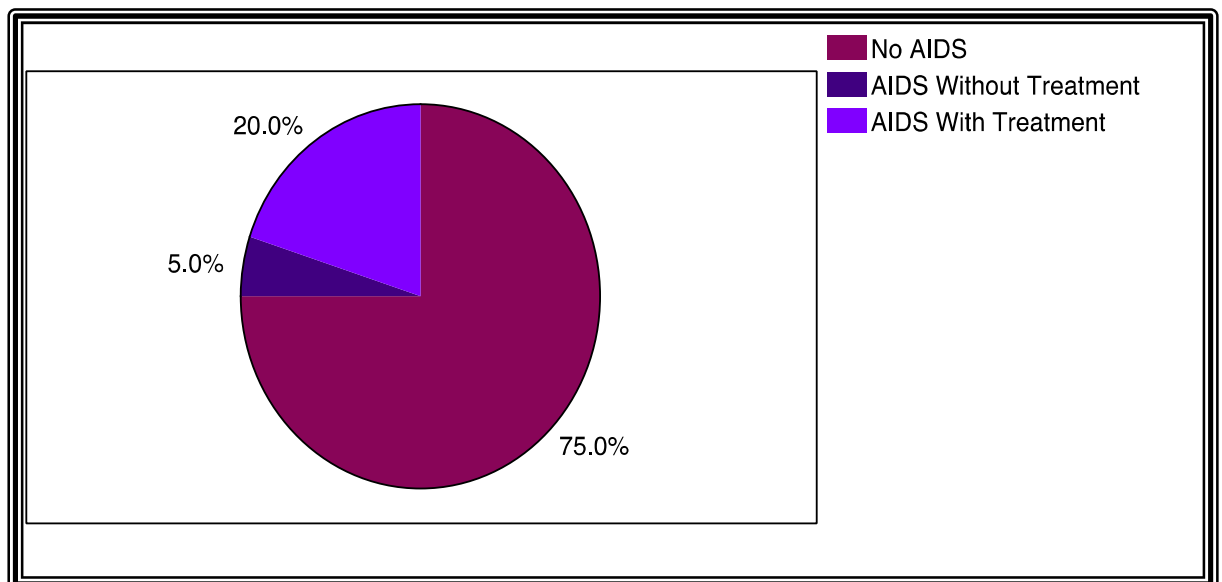
- 5. Major Illnesses-** 40% of Borrowers reported that malaria is a major illness in their households.



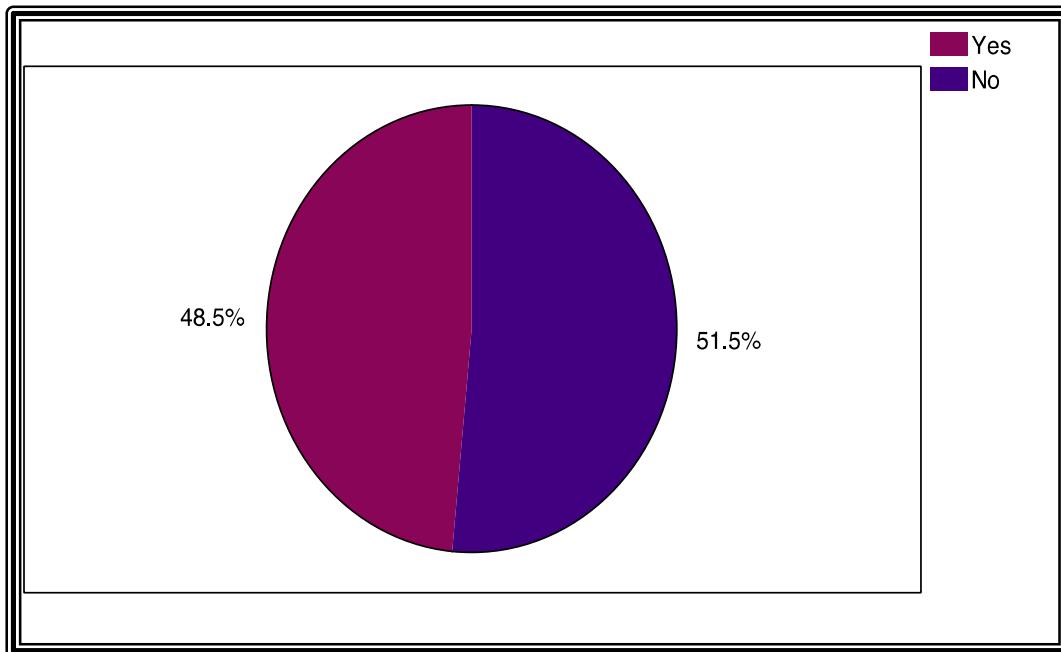
**6a. HIV/AIDS Self-Testing-** 100% of Borrowers report that they have been tested for HIV/AIDS.

**6b. HIV/AIDS Family Testing-** 100% of Borrowers report that members of their families have been tested for HIV/AIDS.

**6c. HIV/AIDS Prevalence/Treatment-** Most Borrowers/family members with HIV/AIDS receive regular treatment.

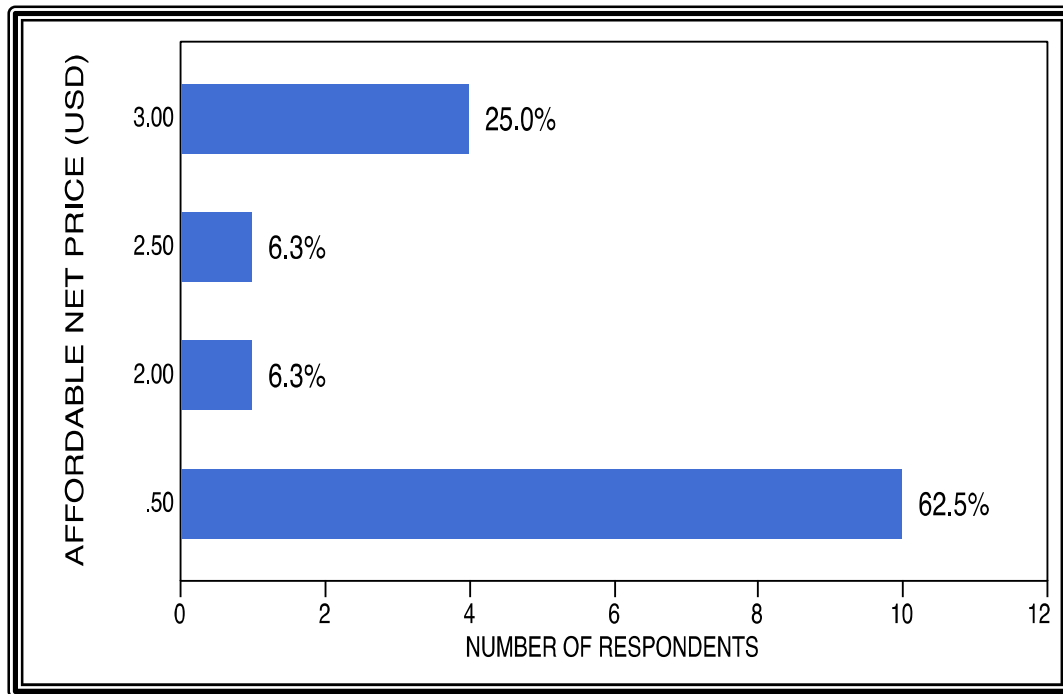


7. **Malaria in Household-** Nearly 50% of Borrowers reported malaria in their households in the last six months. Among the 35 Borrowers, 34 Cases of malaria were reported.

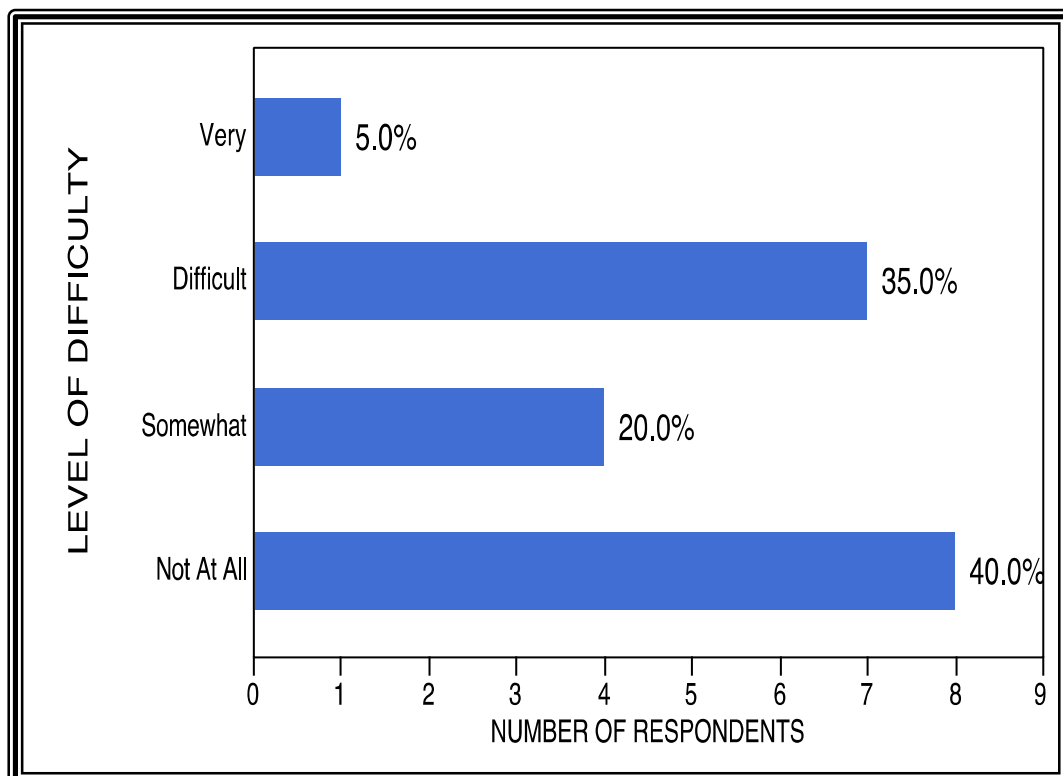


8. **Mosquito Nets-** 100% of Borrowers reported that every member of their family sleeps under a mosquito net.

9. **Mosquito Net Price** - 100% of Borrowers report that they cannot afford to pay more than \$3 for a mosquito net. The average retail price for a mosquito net is \$5.

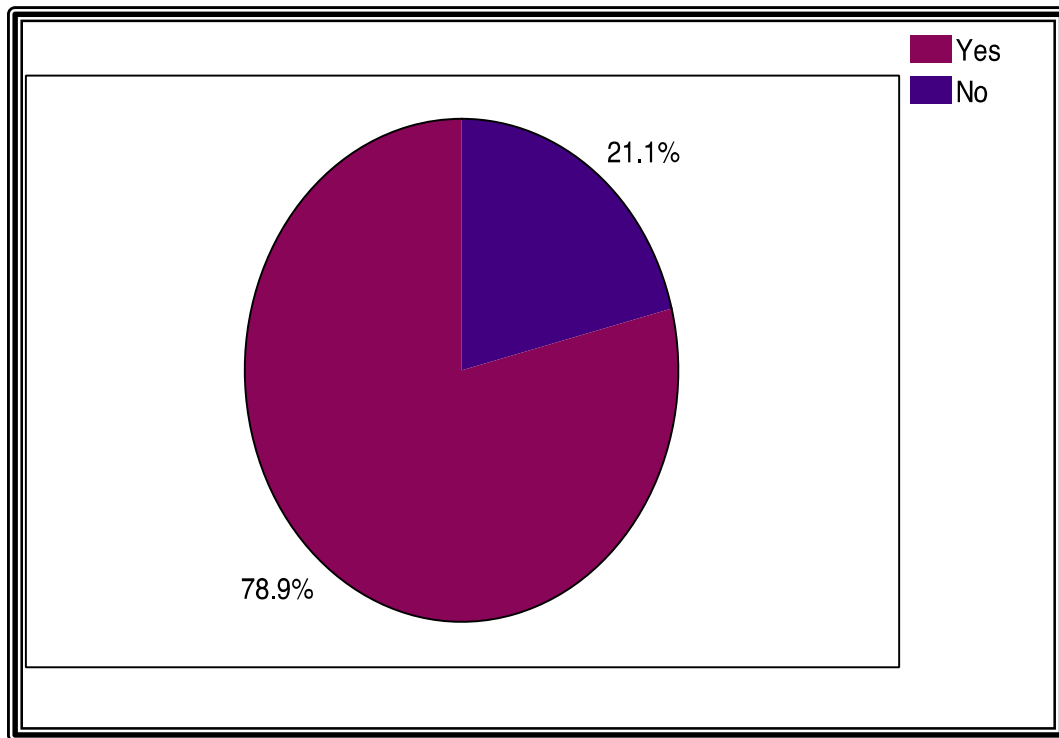


10. **Medical Payment Difficulty**- 40% of Borrowers find it 'difficult' or 'very difficult' to pay medical bills.

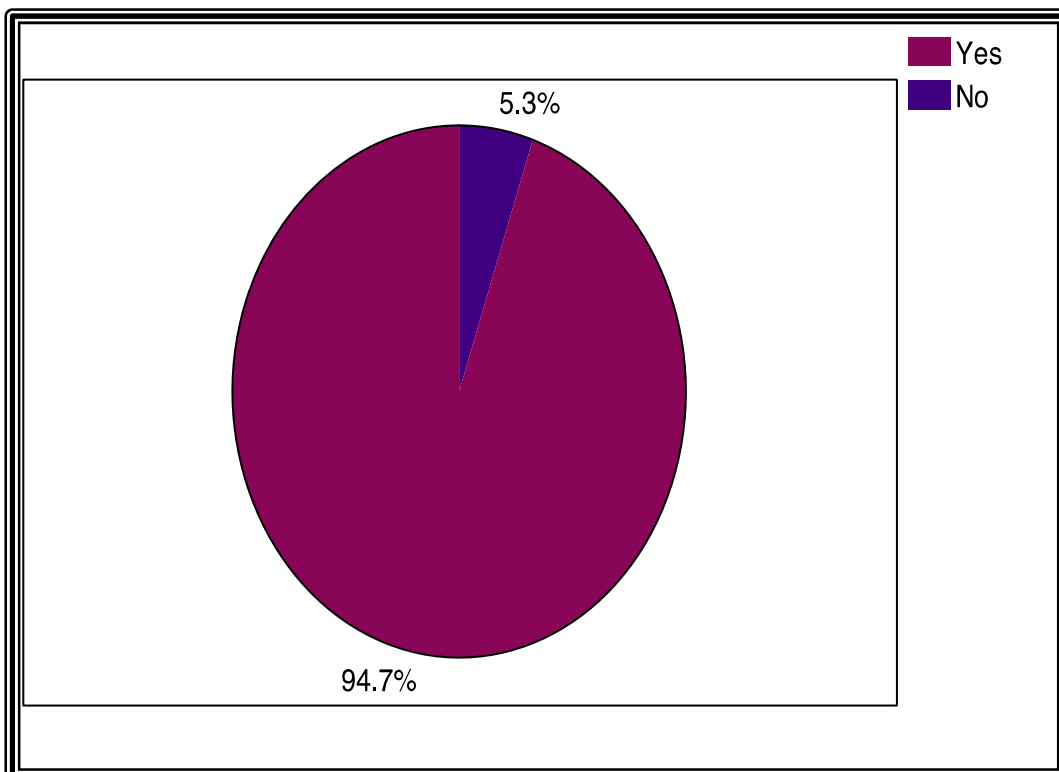




**11. Shoes For Children-** Nearly 22% of Borrowers cannot provide shoes for every child in their household.



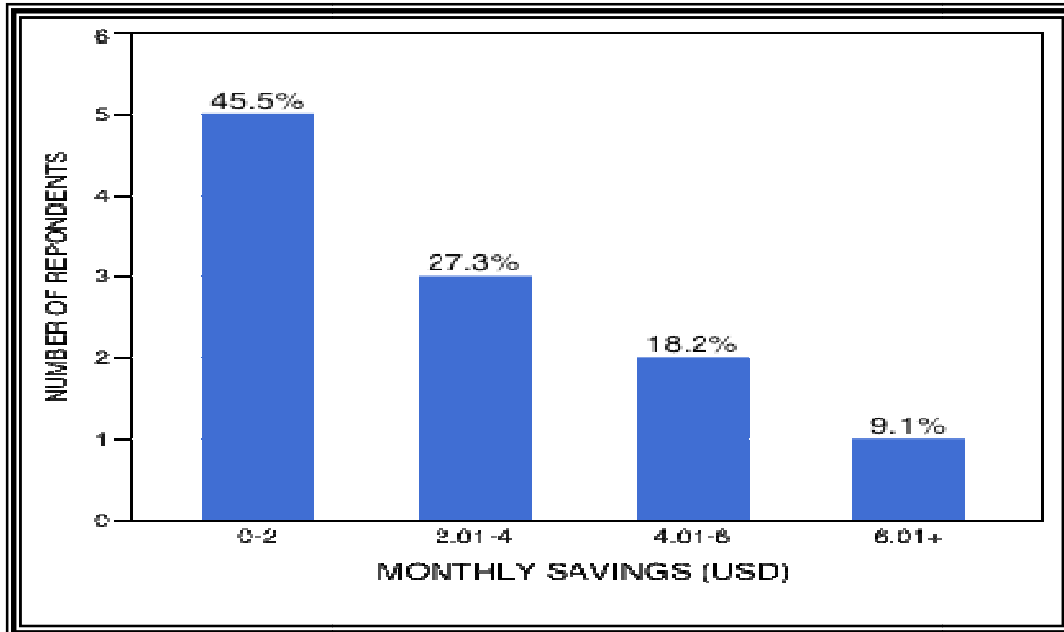
**12. Uniforms For Children-** Nearly 6% of Borrowers cannot provide school uniforms for every child in their household.



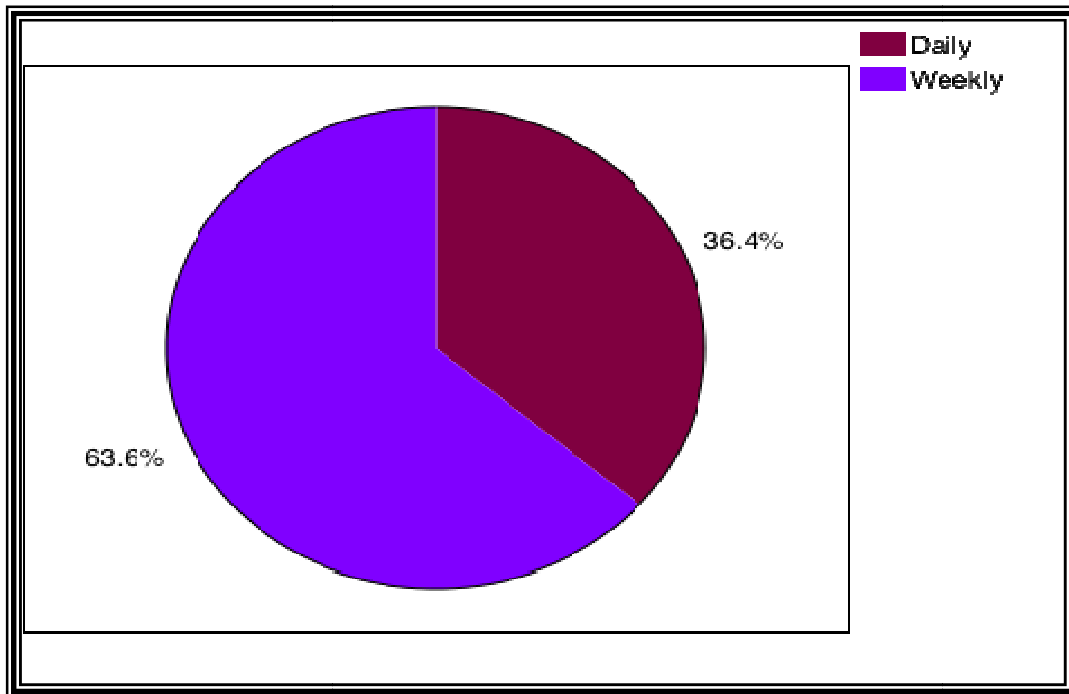
## II. SIX-MONTH LOAN IMPACT DATA

### A. BUSINESS OPERATIONS

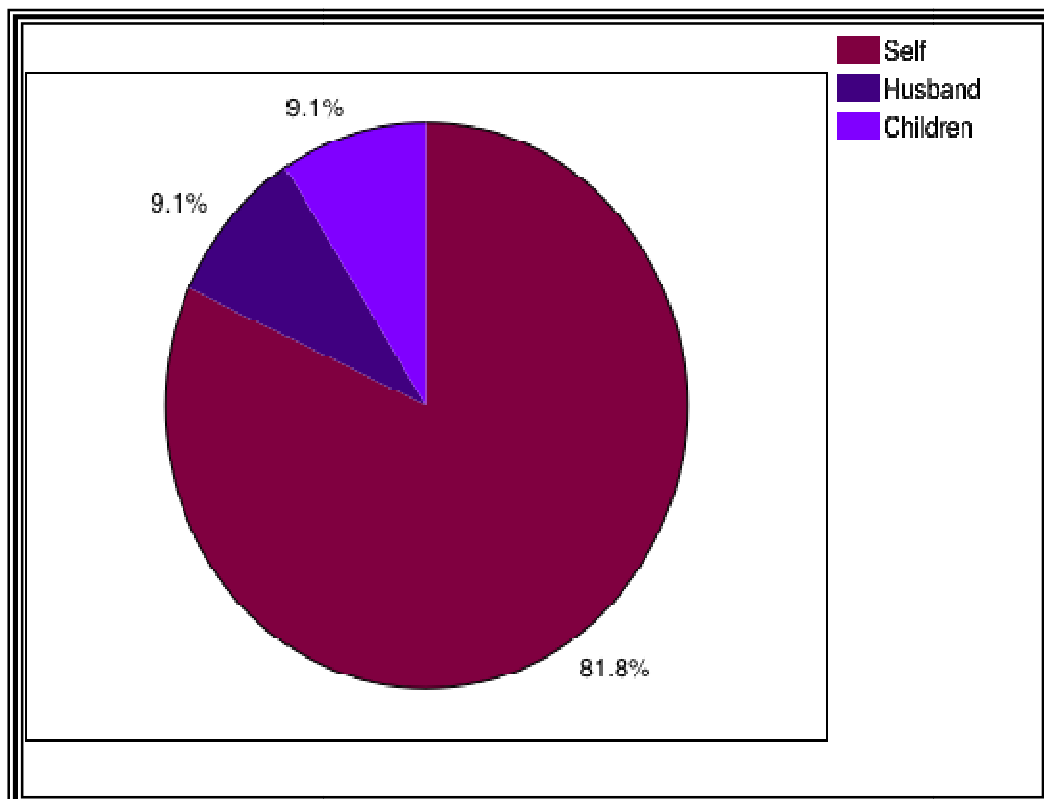
#### 1. Monthly Savings



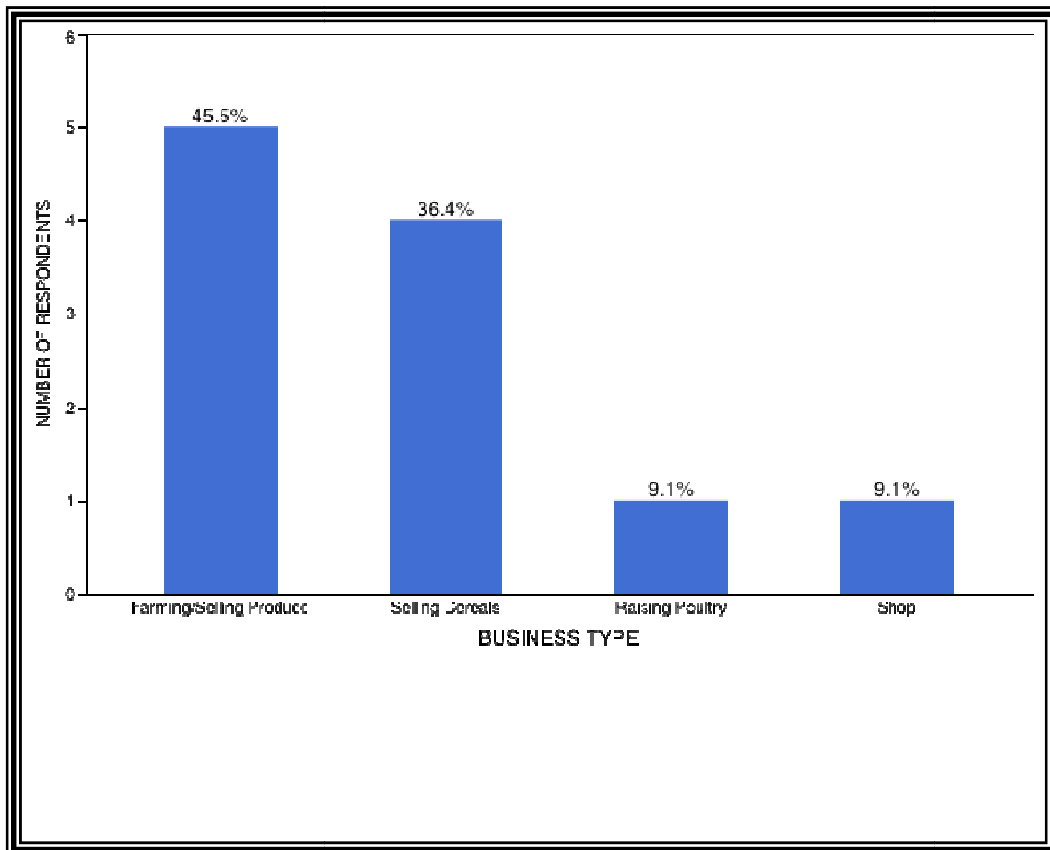
- 2. Recordkeeping Practices** - Most Borrowers exhibit exemplary recordkeeping practices, maintaining their books on a daily or weekly basis.



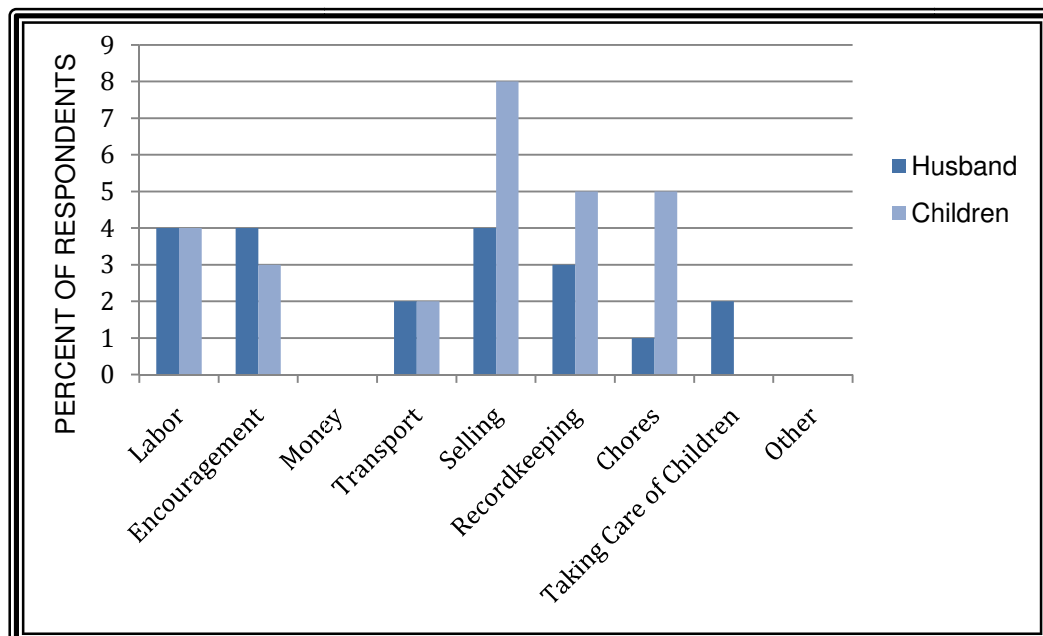
- 3. Who Keeps the Records?** - More than 80% of Borrowers maintain their business records themselves.



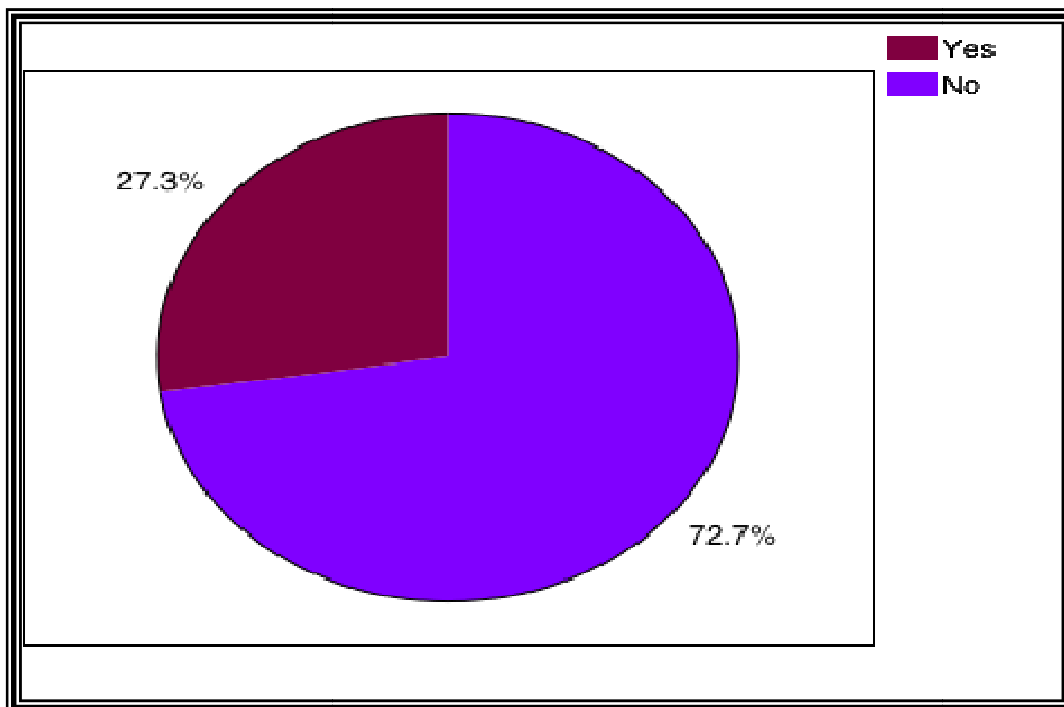
4. **Business Type** – Although businesses evolve over time, most Borrowers begin their careers selling some form of food (produce, cereals or poultry).



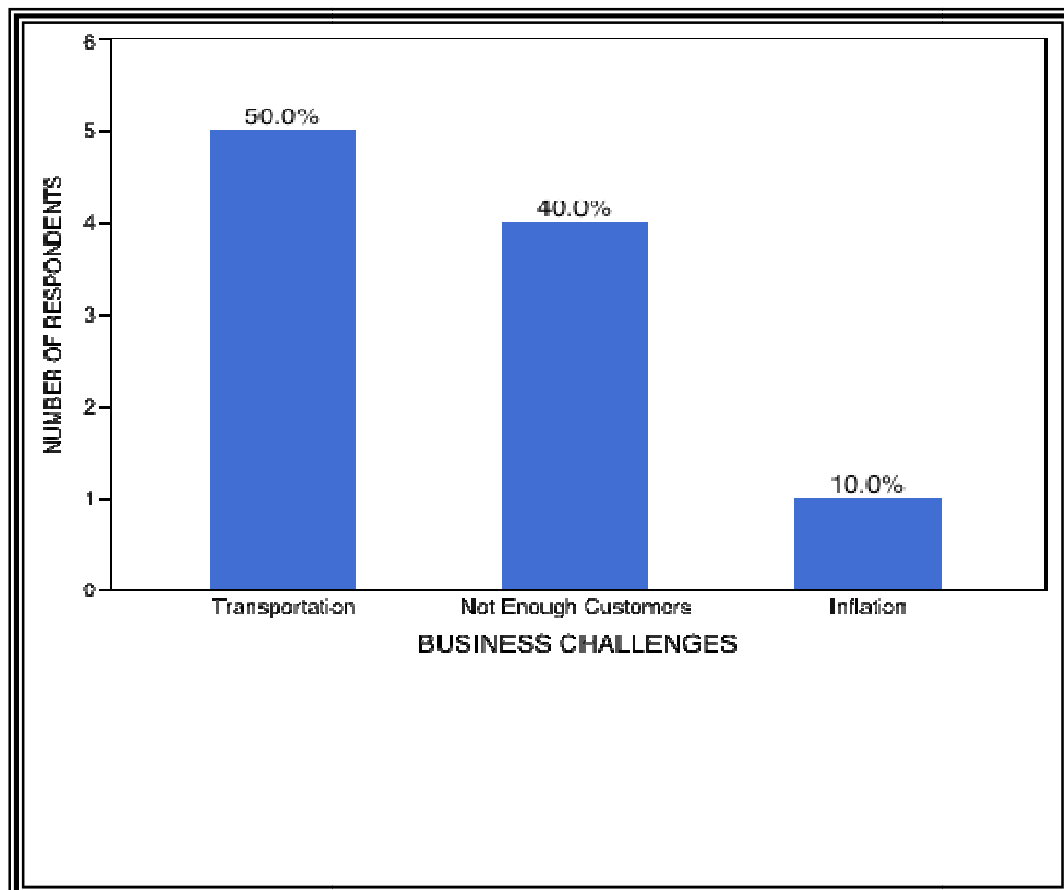
5. **Family Contributions** - Family members contribute significantly to business operations in a variety of different ways.



6. **Paid Employees** – Nearly 30% of Borrowers have at least one paid employee.

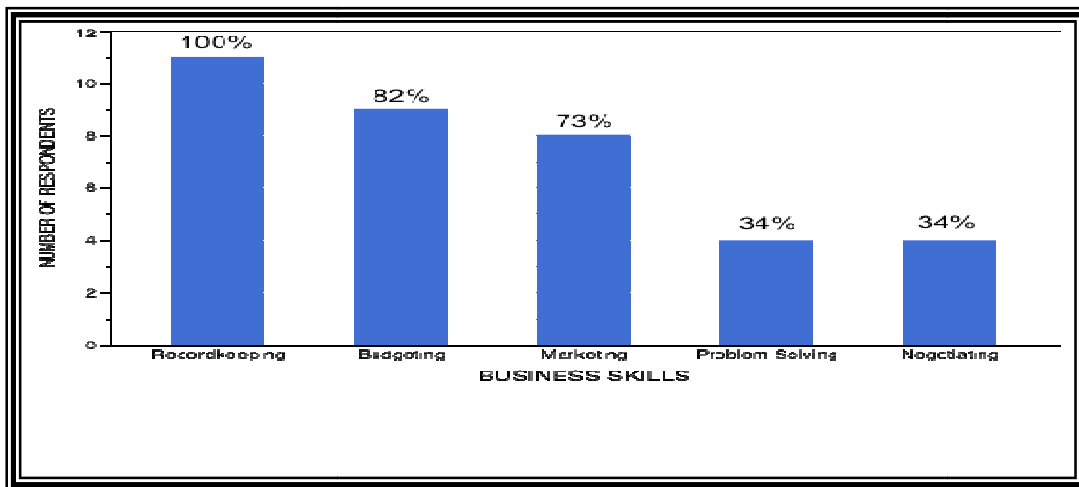


7. **Most Significant Business Challenges**

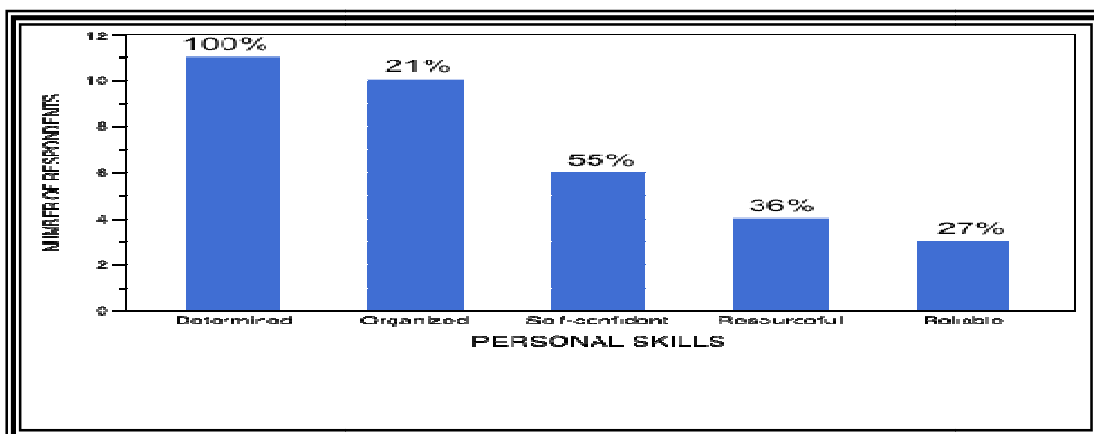


**8. Improvements in Skills and Personal Growth** – Operating a business improves Borrowers' skill sets in many areas.

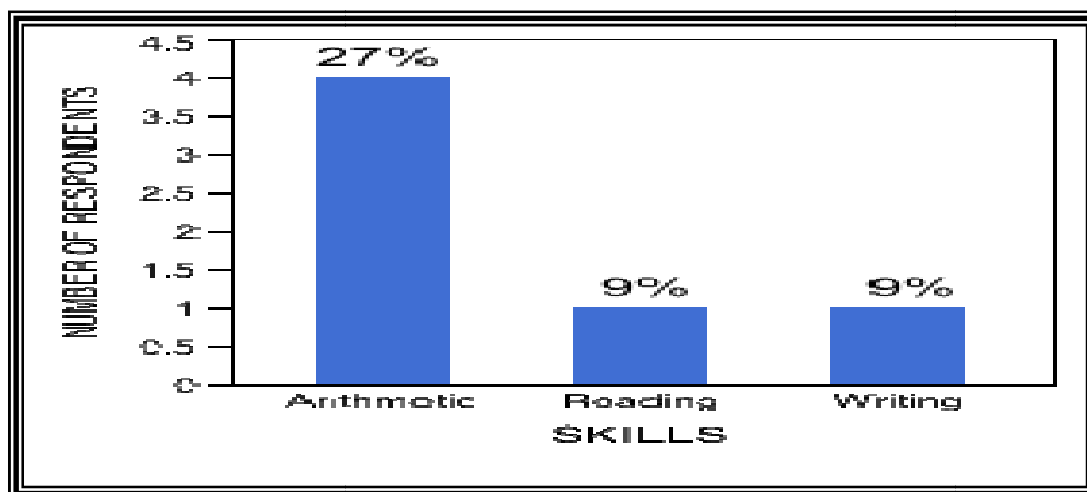
**Business Skills Improvement**



**Personal Skills Improvement**



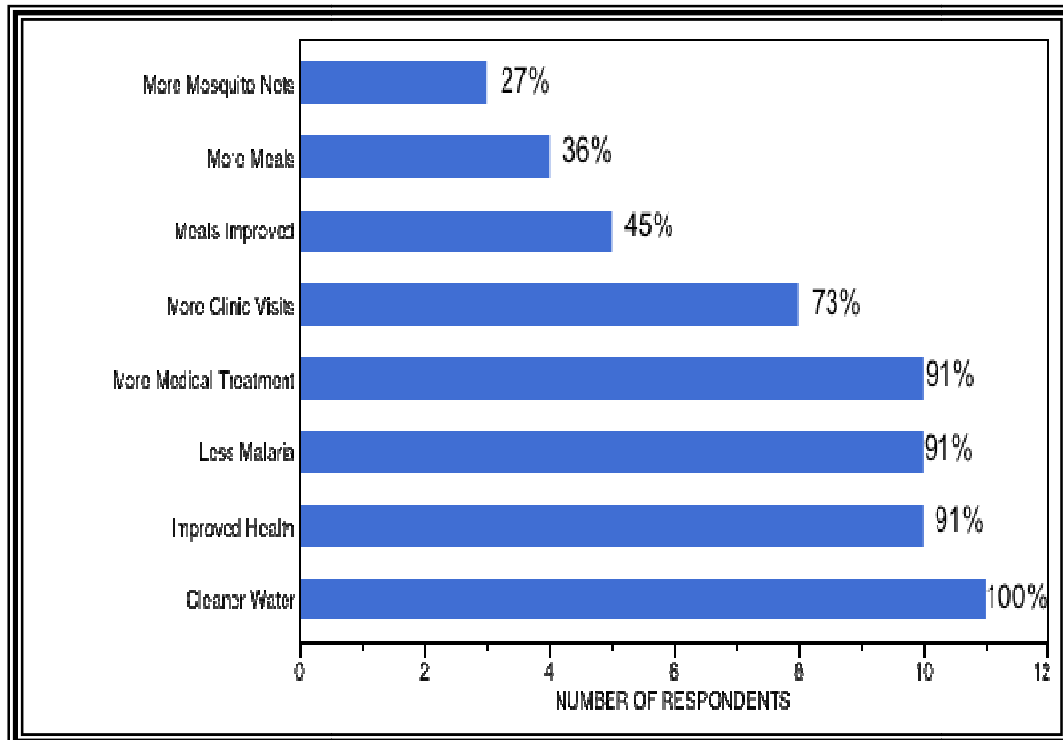
**Literacy and Numeracy Skills Improvement**



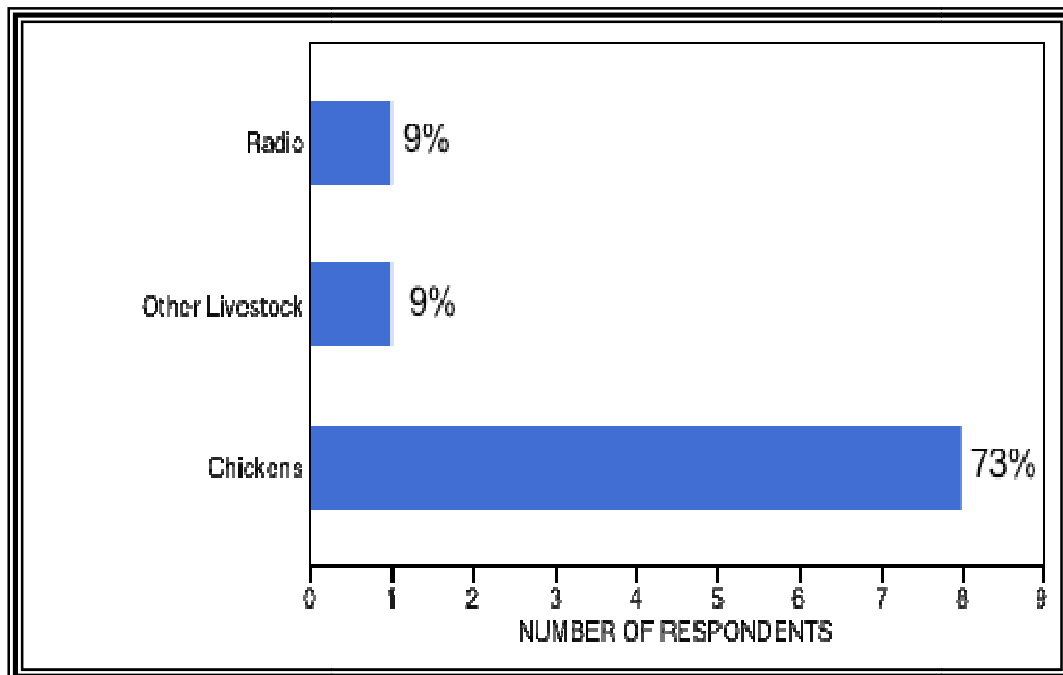


## B. STANDARD OF LIVING IMPROVEMENTS

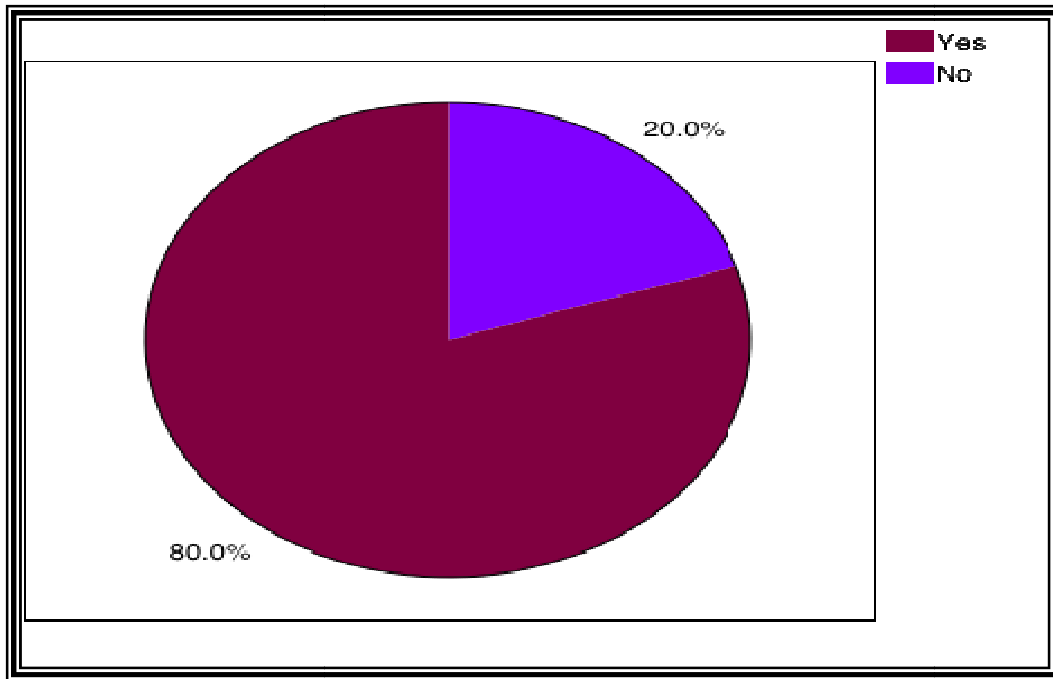
1. **Health & Nutrition Improvements** - Borrowers now provide more frequent and nutritious meals for their families. More mosquito nets mean less malaria, and better access to medical treatment improves family health.



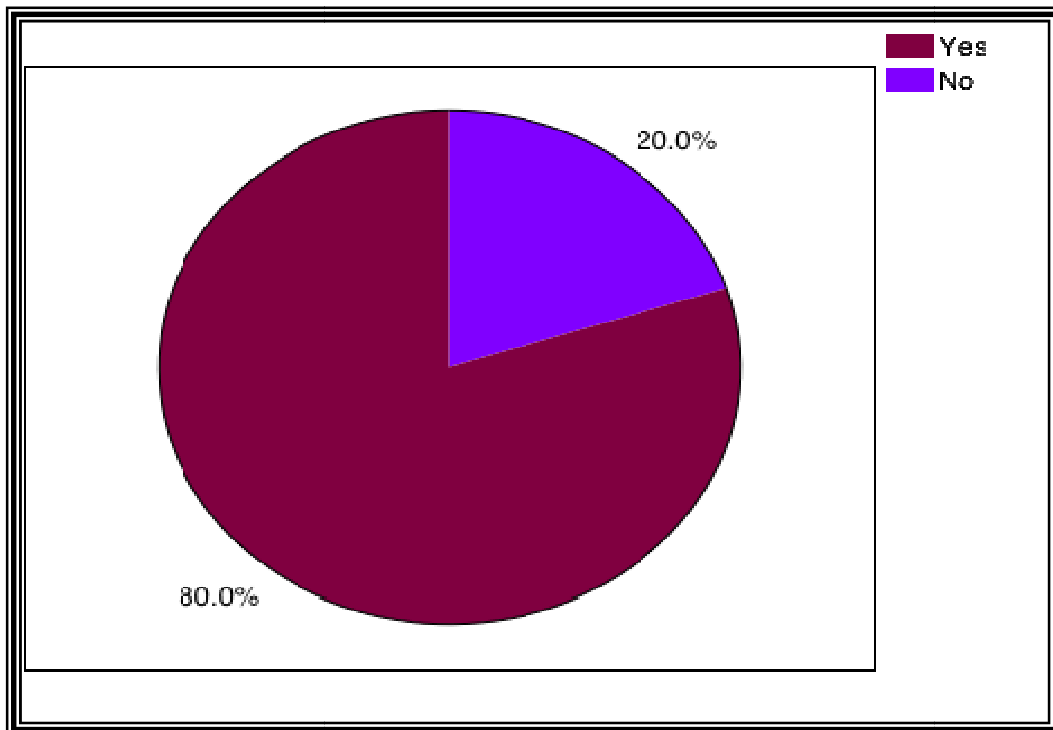
2. **Livestock & Household Purchases** - Many Borrowers purchase livestock as an investment or form of savings, selling it when they need funds.



3. **More Shoes for Children** – Before entering the loan program, more than 20% of Borrowers could not provide shoes for all of their children. Six months after starting businesses, 80% of Borrowers had purchased more shoes for their children.



4. **More Uniforms for Children** – Before entering the loan program, more than 5% of Borrowers could not provide school uniforms for their children. Six months after starting businesses, 80% of Borrowers had purchased more uniforms for their children.



### **III. BORROWER NARRATIVES**

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

- “Healthier, more skillful in financial problem solving. I have brought services to the people so that they do not have to go so far for services.”
- “My purchasing power has gone up and I have many customers”

#### **2. Has your loan improved your household living standards?**

- “Can afford basic needs.”
- “Happier, children going to school always, medicine available when unwell.”
- “Some cash on hand for use, no worries of lack of money.”
- “I have money to purchase my basics.”
- “Healthier family”

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

- “Made my children busy and hardworking.”

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

- “Many ladies look happy buying what they need.”
- “Ladies are happy.”
- “People have readily available services.”

## **IV. SUMMARY**

### **Demographics**

WMI serves a wide range of Borrowers, with most between the ages of 30 and 60. Nearly 70% are over 40 – older Borrowers often have more experience running businesses and frequently have connections in local villages. Most Borrowers are married with husbands living in the household. Most Borrowers report that their husbands 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 higher success rates. The typical household has 7 people, including 4 or 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**

Prior to starting a business, the majority of Borrowers had no savings. Six months later, 100% of Borrowers were saving on a regular basis, with nearly 30% saving more than \$4 each month. When entering the loan program, the vast majority of Borrowers did not have bank accounts or access to formal financial services. When graduating from the WMI loan program 24 months later, Borrowers can become customers of a commercial bank.

Most Borrowers own a semi-permanent home with mud floors, dirt and dung walls, and a metal roof. Most homes have four or fewer rooms. Meals typically consist of maize, ugali (a porridge made of maize flour and water) and beans.

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 use a kerosene lamp or candles as their source of lighting, and most use a shared pit as their toilet facility.

After entering the loan program, Borrowers almost uniformly report more and better meals and purchase of livestock (especially chickens). They also reported home improvements like purchase of radios.

### **Family Health & Welfare**

When entering the loan program, 30% of Borrowers reported that at least one person in their household was regularly sick and could not attend work or

school. Nearly 50% reported at least once case of malaria in their household in the last six 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%.

100% of Borrowers and 100% 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. After receiving their loans, Borrowers reported fewer cases of malaria and more and better access to health care.

Before entering the loan program, Borrowers were unable to provide shoes and school uniforms for all the children in their household. After entering the loan program Borrowers reported purchasing more shoes and uniforms for their children. 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.

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.