

WMI LOAN PROGRAM IMPACT ON BORROWERS' CHILDREN



Introduction

Women who receive loans tend to spend more of the money they earn on their families. The Special Unit on Microfinance of the UNCDF declares that it is a “well-documented fact that women are more likely than men to spend their profits on household and family needs” (Fields 172). These needs include education, diet, healthcare, and clothing. A study of a microfinance program in Guadalajara showed that, “men usually only contribute 50 percent of their salaries to the collective household fund,” while women tend to keep little for themselves, and instead dedicate their increased income to the good of the household (Fields 172). Information from data collected from WMI borrowers indicates that the WMI program’s focus on women proves especially beneficial to the children in their households

Over 95% of the borrowers in the WMI program have children in their households, and over 60% of the women live with at least four children. Financial empowerment through loans creates opportunities for borrowers to make significant changes in their families’ lifestyles. These lifestyle improvements extend beyond mere material comfort; many affect the development of their children’s mental, emotional, and physical well-being.

Impact of Parental Employment on Children

According to the *Social Psychology Quarterly*’s article entitled “Family Economic Hardship, Parental Support, “considerable evidence demonstrates that family economic circumstances affect the self-esteem of children” (353). A child’s sense of self-worth tends

to be lower when his parents are not working. Giving women the opportunity to work by offering them small business loans positively affects the psychological health of their children.

The 1992 study by Deborah Lowe Vandell and Janaki Ramanan on effects of maternal employment on children from low-income families found that children of employed mothers had a higher quality home environment as well as higher academic achievement. Another study from 2005 showed that “chronically poor families provided lower quality childrearing environments, and children in these families showed lower cognitive performance and more behavior problems than did other children” (“Duration” 795). As WMI’s loan program works to alleviate poverty, it also makes the home environment more conducive to positive child development.



Poverty also affects the quality of the diet women provide for their families. It is encouraging that 99.5% of women in the program reported that household meals have improved since receiving their loans. Adequate nutrition is vital for healthy brain development, especially prenatally and in the first two years of life. Malnutrition during these periods of rapid brain growth “may have devastating effects on the nervous system and can affect not only neurons, but also glial cell development and growth” (Nutrition and the Brain). Furthermore, certain nutrients are necessary for the production of specific neurotransmitters in the brain, which directly affects brain functioning. The improvement in variety and quality of diet that nearly all borrowers experience has positive effects on their children’s brain development.

Additionally, these women are not ignorant when it comes to nutrition. While staples of their diets tend to include mostly banana and corn-based dishes because these starch-rich foods are filling (though not particularly nutritious), when borrowers were asked how they had improved their meals, several responded that they were now preparing fewer carbohydrates and more proteins. It is promising to see that these women are seeking nutritious foods for their families when their income allows it.

Children’s Involvement in Mother’s Business

According to borrowers’ baseline surveys, only 11% of borrowers’ children participate in organized activities outside of school. Research shows that participation in extracurricular activities improves academic performance and healthy development. According to *Applied Developmental Science* by J. Douglas Coatsworth, “Youth who are engaged in constructive pursuits, such as extracurricular activities, volunteering, or sports during their free time, are more likely to develop initiative, better understand themselves in relation to others, experience optimism toward the future, and develop skills and competencies that promote a successful transition to adulthood”. Children often define themselves by their activities. When they do not participate in any activities, as is the case with many children in Buyobo, they may develop negative self-images and miss the opportunity to develop

new skills. Plus, they are simply bored.

Assisting with their mother's business can be beneficial to children. Structured activities outside of school are shown to correlate with high academic performance and self esteem. Additionally, the tasks these children perform can help them develop useful skills. For example, many children help their mothers with recordkeeping, which requires them to practice their reading, writing, and arithmetic outside of school. Even simple math such as counting money is valuable practice to children, especially in a country where the school system is fundamentally flawed. They gain experience in a business setting and acquire knowledge of the economic sector where their mothers' operate their businesses. The skills these children learn can help them find jobs as adults.



While assisting their parents in their businesses is common for the children of borrowers, the children are not deprived of schooling in order to do so. WMI borrowers place a high priority on their children's education, and payment of school fees is one of the top uses of the profits from the women's businesses.

Changes to the Community that Impact Children

As the women in the program gain more experience and their businesses become more profitable, they have undertaken community projects that improve their children's lives. In 2009, the women started a children's library with over 1,000 volumes provided by US donors. The women organized the library, staff it, and hold regular reading hours for the children. Previously, youth in Buyobo had not had the privilege of checking out a book from a library and taking it home for a week. The library has proven to be hugely popular and the children storm the doors during the hours when it is open.

In 2009 the women also launched a tutoring program for the children during the long school holidays. With nearly 2 months off from school during December and January, teachers complain that children, especially in lower grades, forget much of the material learned during previous months. The tutoring program is organized by borrowers in the loan program – they oversee all aspects of its operation.

In 2010 the women launched an after-school English language tutoring program for the local village children. Because children in rural areas do not learn English until Primary 4, they are at a significant disadvantage compared to their urban counterparts who begin learning English in pre-K. Compared to urban-educated youth, they consistently underperform on standardized exams (which they must write in English) by large margins. Poor standardized exam scores means exclusion from the best jobs in the civil service and private sectors later in life. The educational support system women in the WMI loan program are putting in place for village youth will help to change the equation that typically condemns them to repeat the life of poverty endured by their parents.

Children Can Benefit from the Chance to Inherit a Family Business



In the rural areas where the WMI loan program has been implemented, there are few career opportunities for children. A family business can be a valuable asset. Considering the limited education opportunities, the vocational apprenticeships that children gain from working with their parents provides them with the opportunity to learn useful skills. Children can work with their parents and learn their businesses, eventually inheriting the enterprises that developed with the support of the WMI. Since the vast majority of children do not go to school past the 7th grade, this is a viable option that gives them a chance to learn a skill, own a business, and support themselves later in life.

Conclusion

Many of the changes brought about by WMI's loan program help improve the lives of borrowers' children while also promoting healthy child development. School fees, clothes, shoes, and food are often major household expenses demonstrating that profits from the parents' businesses are used to improve the lives of the children. Post-loan changes in diet facilitate healthy brain development, and a proper diet helps children focus in the classroom. Furthermore, the opportunity to help their parents with the family business gives children the opportunity to acquire important skills while giving them a productive way to spend their time. By improving the life of parents, a new generation is given the chance to make changes and overcome poverty.

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