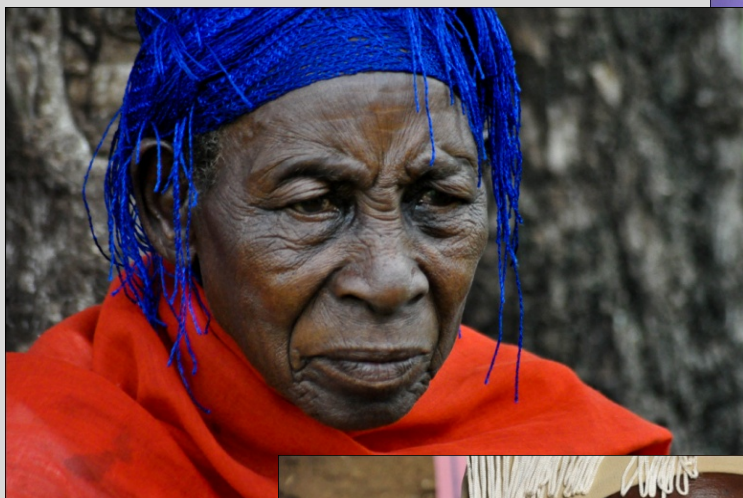




FACT BOOK: Borrower Profile Data

AUGUST 2010

www.wmionline.org



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Background on WMI

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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.

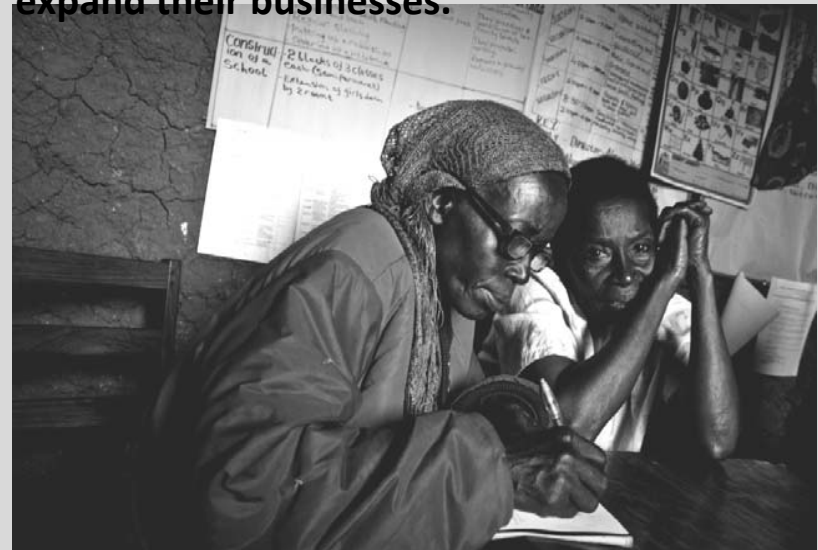
❖ After 24 months in the WMI loan program, borrowers transition to a loan issued by Post Bank Uganda (PBU) which is guaranteed by WMI.

❖ 12 months later successful PBU borrowers graduate to independent banking.

❖ Since January 2008, WMI has issued 1,400 loans in 75 villages in Uganda and Kenya and established a \$200,000 revolving credit facility.

❖ WMI's default rate is 0%.

❖ 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.



METHODOLOGY

- ❖ Olive Wolimbwa, WMI's Local Director in Buyobo, Uganda, supervises overall loan issuance and data collection for all WMI loan programs, assisted by WMI's Ass't Local Director, Jackline Namonye.
- ❖ Using a loan application and baseline survey, WMI collects borrower data whenever a new loan is issued.
- ❖ WMI administers a borrower survey every 6 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 were collected from January 2008 to April 2010 from 400 borrowers.*

*Not all respondents answered all questions on the forms and applications.

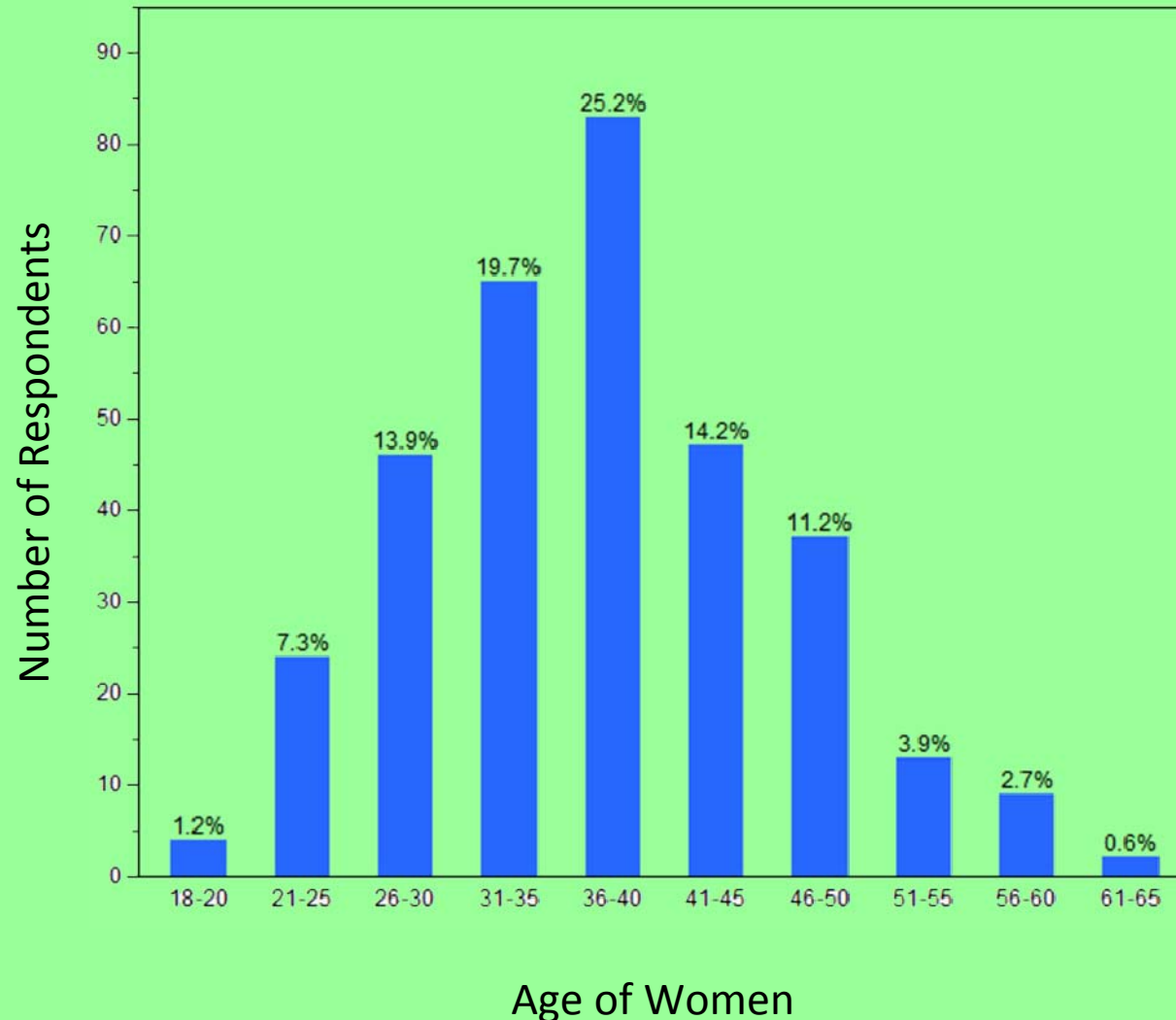


I. DEMOGRAPHICS

1. Age Distribution
2. Marital Status
3. Spouse Age Difference
4. Husband in Household
5. Number of People in Household
6. Number of Children in Household
7. Other Children in Household
8. Testimonials

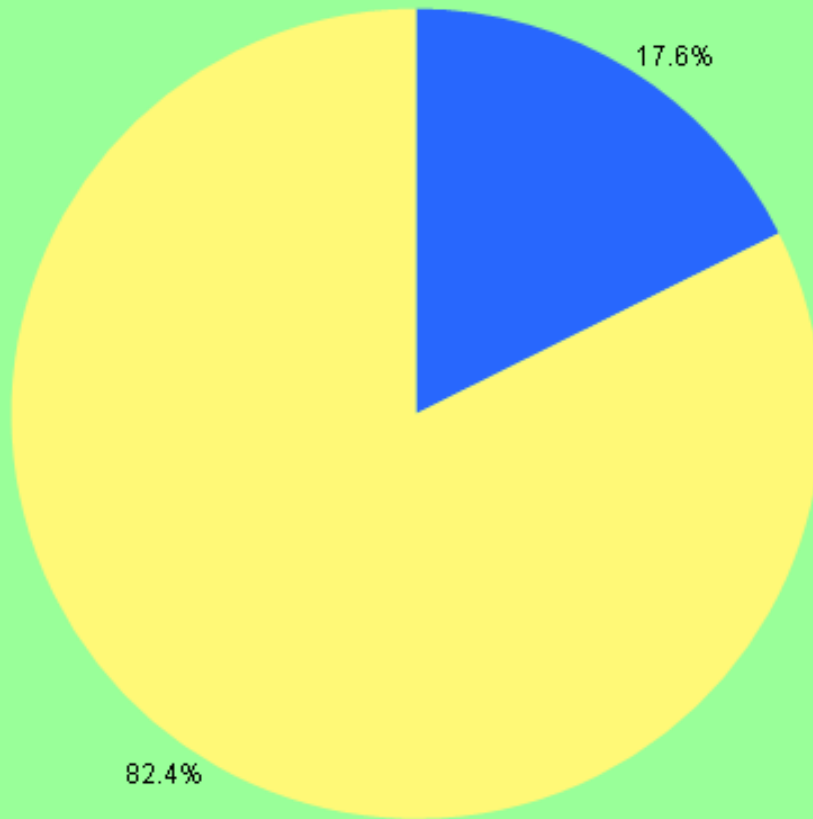


Almost 60% of borrowers are between 31 and 45 years of age.



- WMI serves a wide range of borrower age groups.
- The 20% of borrowers over 45 often have more experience in running a business and frequently have extensive connections in the local villages.

Over 80% of borrowers are married.



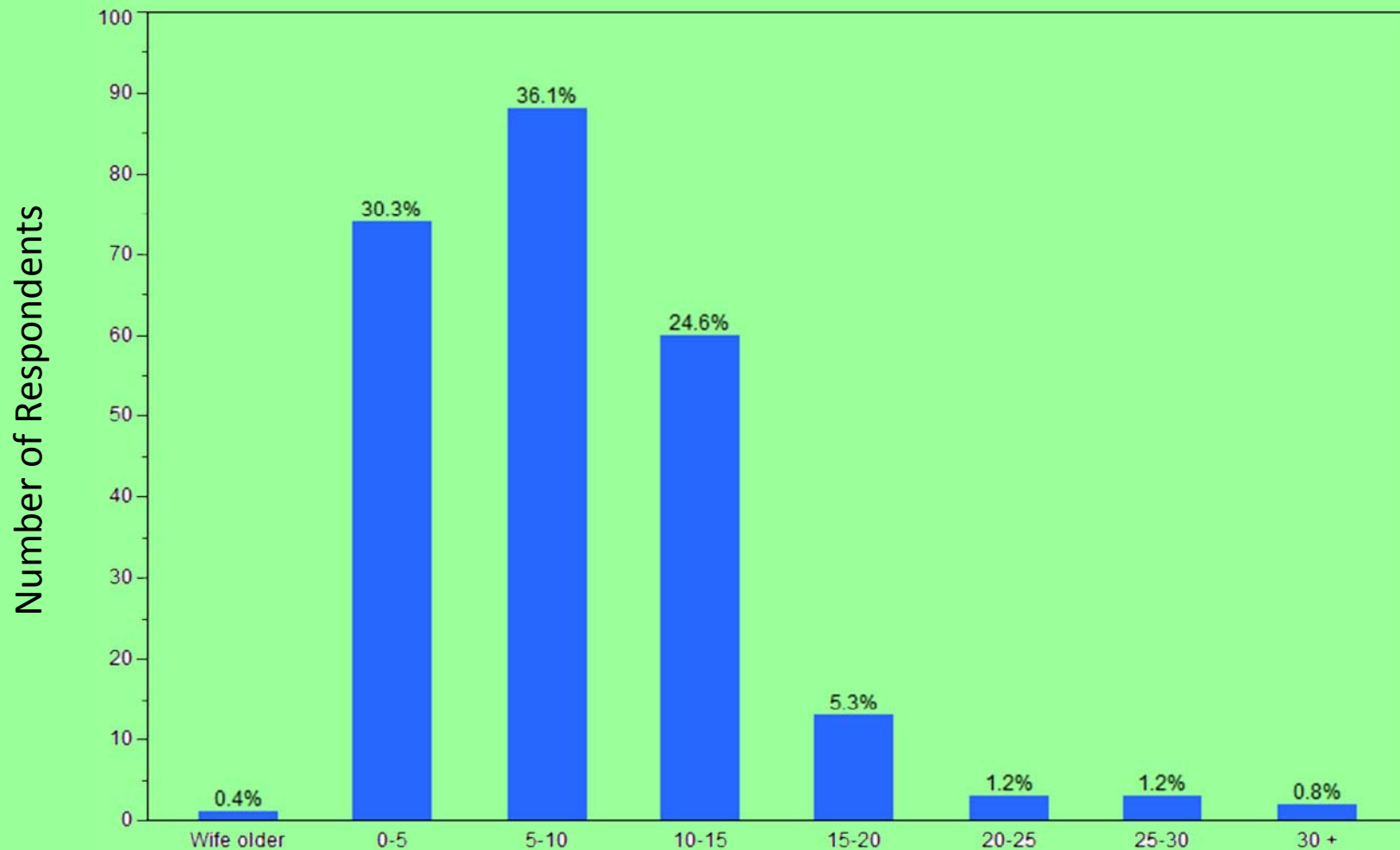
Are you married?

No

Yes

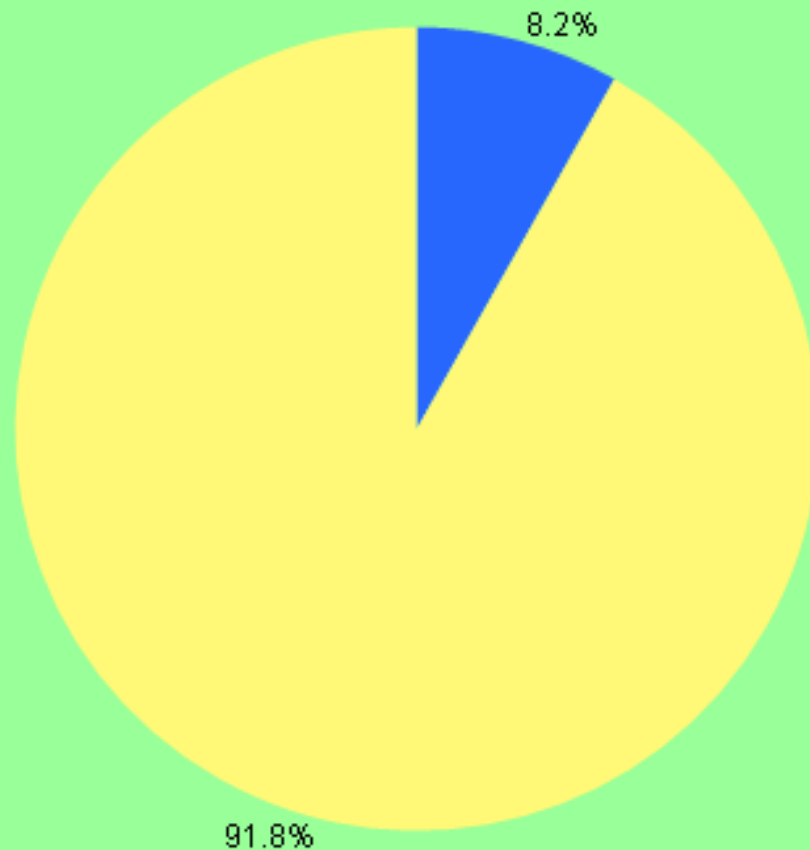
- Many unmarried borrowers are widowed, although some women in the loan program have never been married.

Almost one-third of married borrowers are at least 10 years younger than their husbands; over one-third are 5 – 9 years younger.




Age Difference Between Husband and Wife (years)

Over 90% of the husbands of married borrowers live in the borrowers' households.



Does your husband live
in your household?

 No

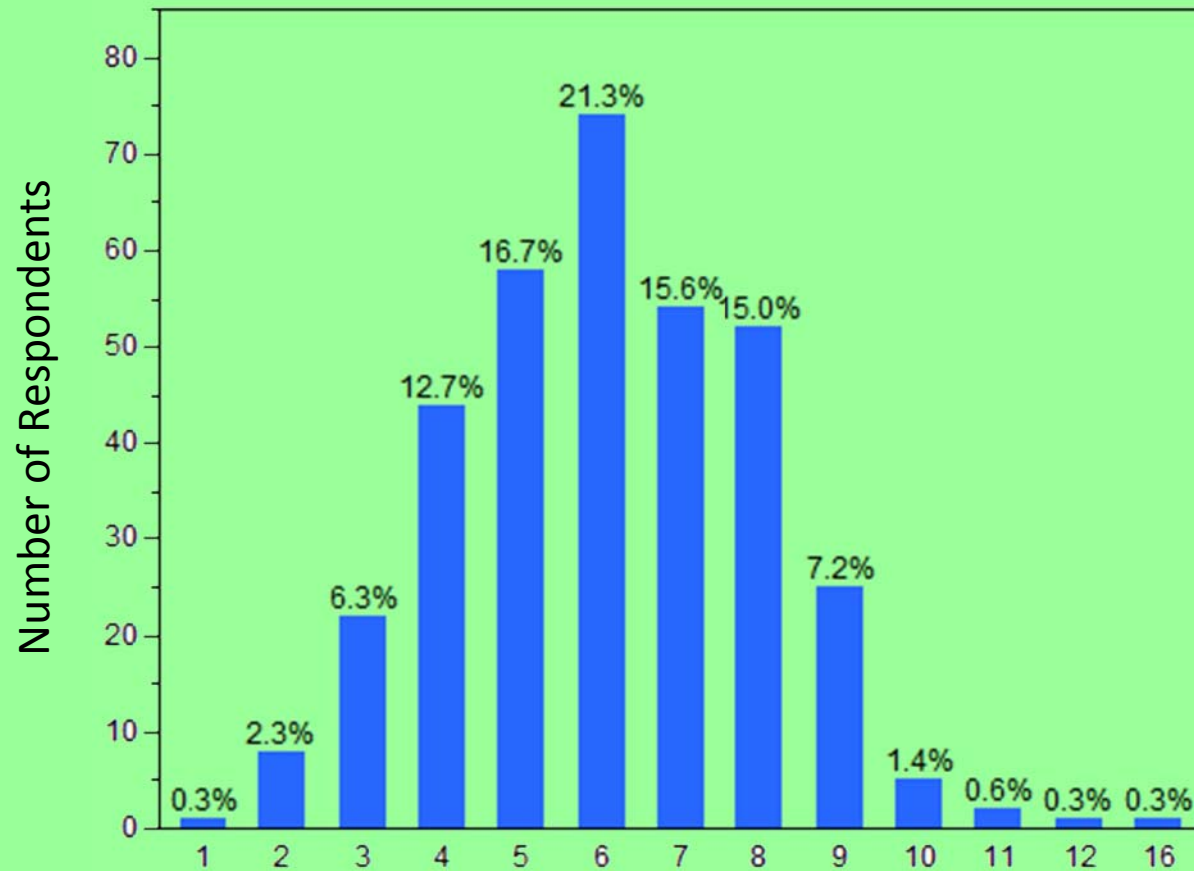
 Yes

- Husbands living in borrowers' households are able to provide emotional and economic support, creating a more stable environment in which businesses can grow.

- 91% of borrowers report that their husbands contribute money to the household.

- Some husbands who do not live in the household work in the city.

Over three-quarters of borrowers have five to sixteen people living in their household.

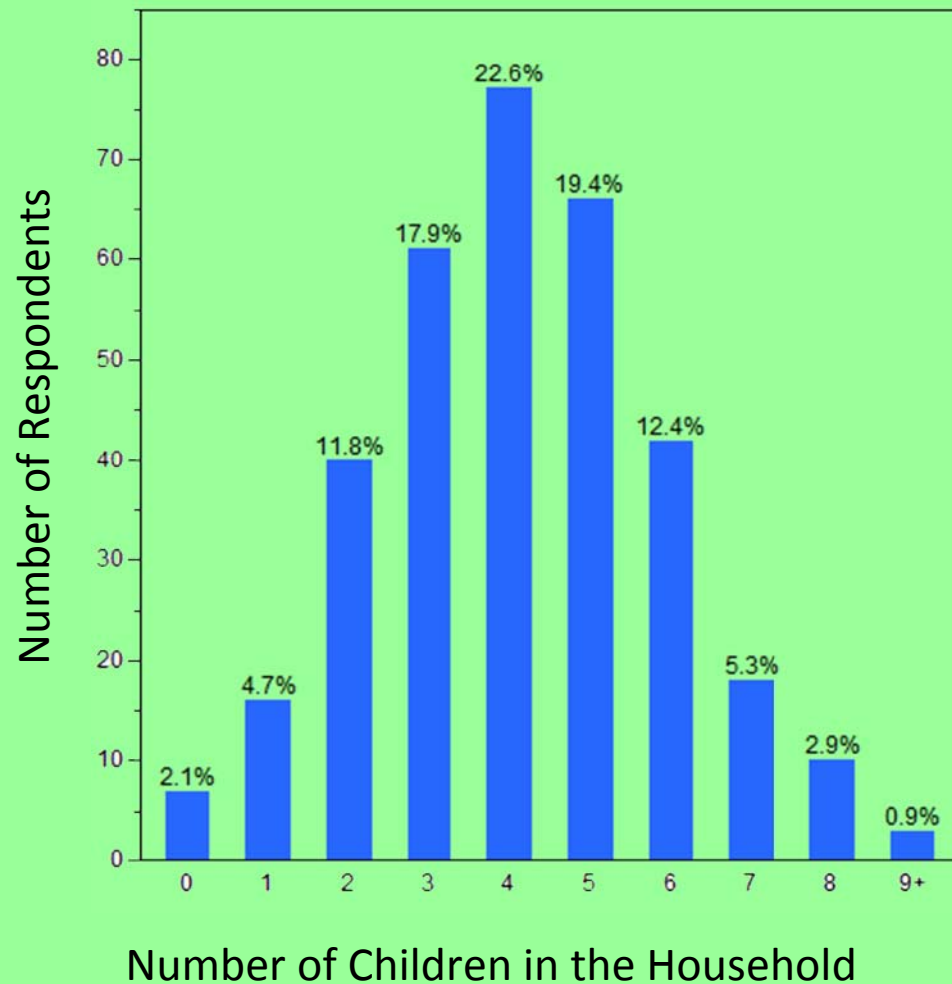


- Most people living in the households are children.

- In typical households, the wife cares for members using whatever money her husband gives her; she is typically the first person in the home to go without food or medical care if resources are insufficient.

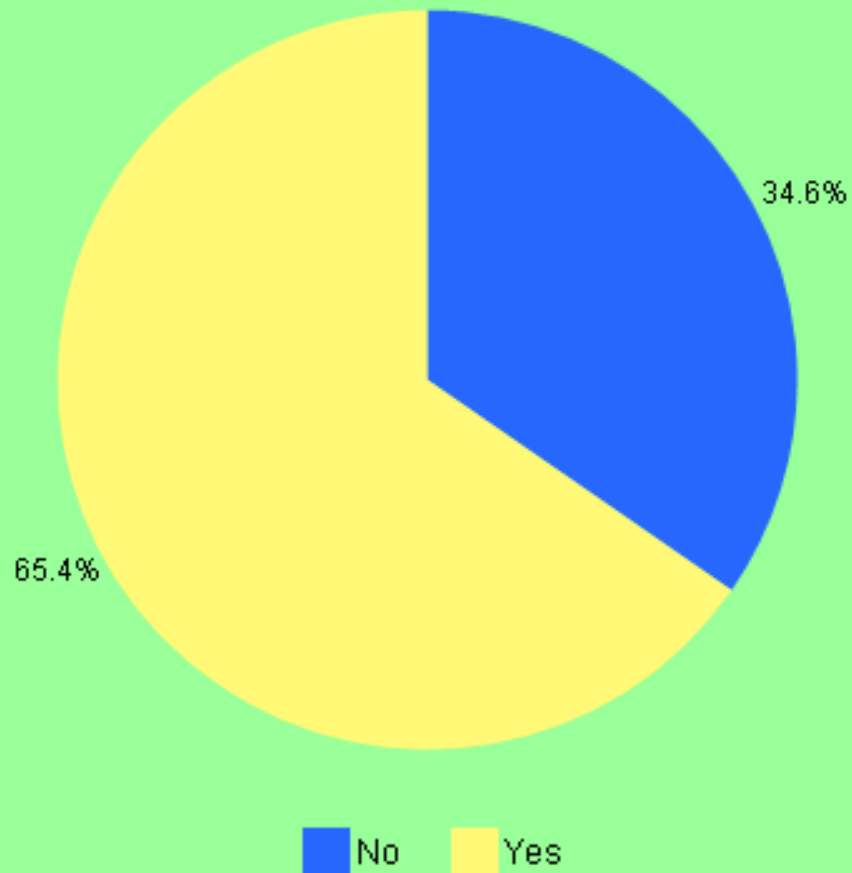
Number of People Living in the Household

Over 60% of borrowers care for four or more children in their household.

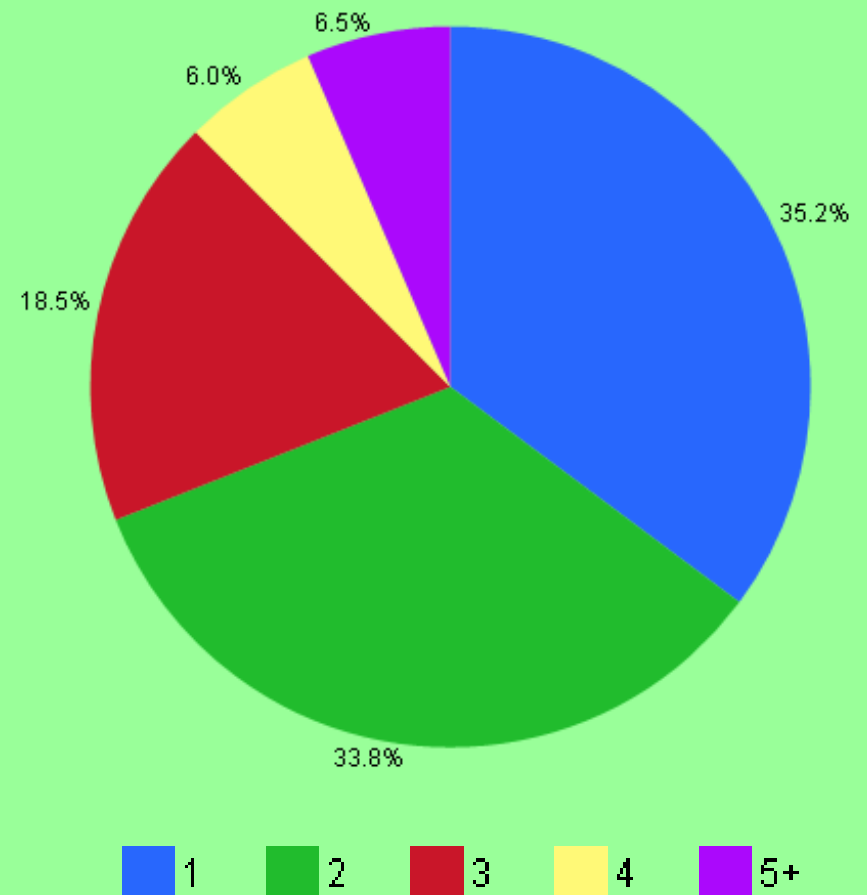


- Children in quantity provide security for parents in their old age.
- Birth rates are high to compensate for a traditionally high child mortality rate, which has been lowered in recent years due to advances in health care.
- High birth rates are also partly due to the infrequent use of contraceptives, which are often difficult to access or not available.
- Many families take in orphans, increasing their household size.

Nearly two thirds of borrowers care for children who are not their own.



Do you care for children who are not your own?



If yes, how many do you care for?

I. DEMOGRAPHICS SUMMARY

- WMI caters to a wide range of borrowers, differences ranging from age and marital status to the size of household. Women stand to benefit greatly from the economic effects of microloans, because they have so many people to care for, including orphans taken in to their already full homes. Many children have lost parents to AIDS or to treatable illnesses, and the community struggles to provide for all its inhabitants. Families can be both an economic burden and a source of support for the borrowers.



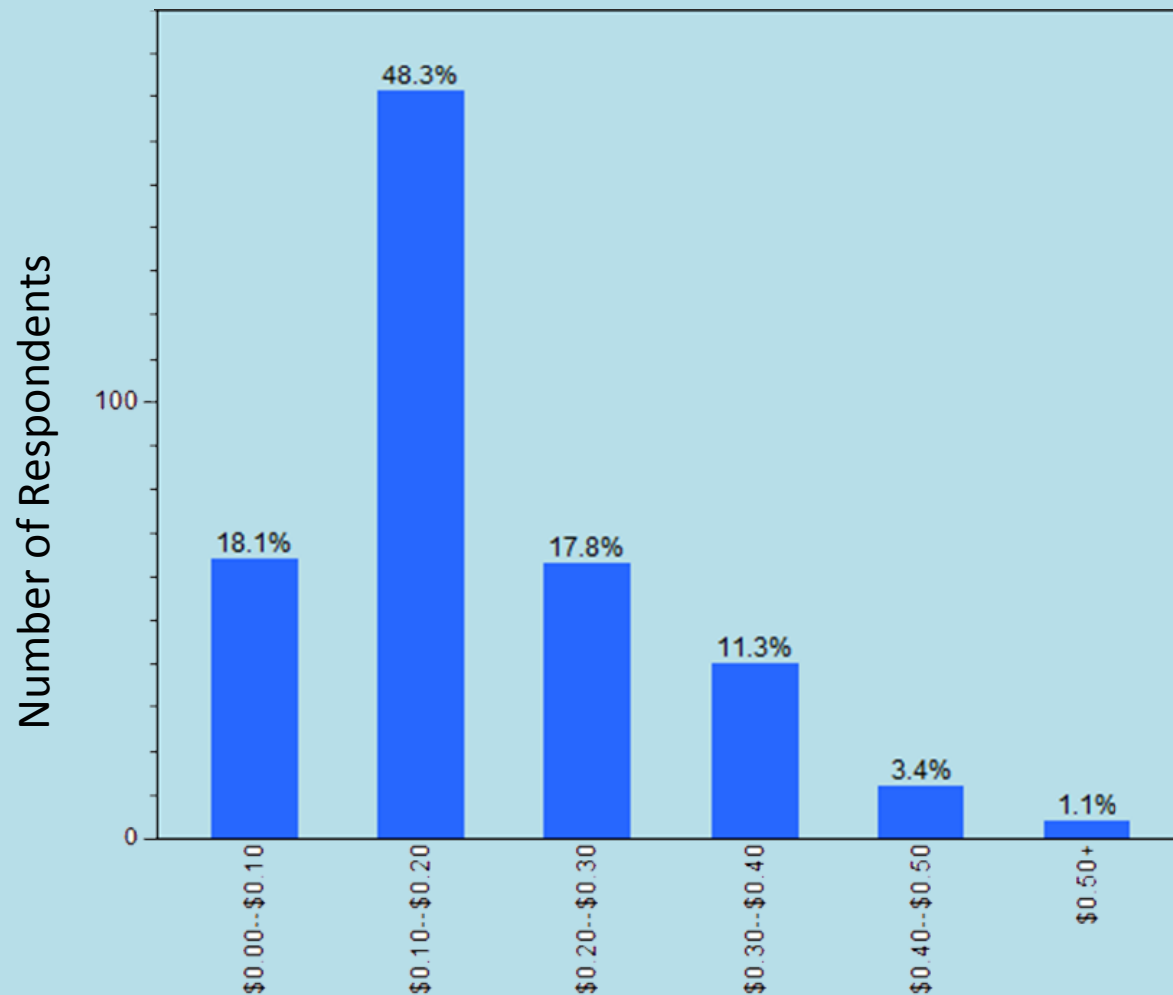
II. STANDARD OF LIVING

AT TIME OF FIRST LOAN

1. Daily Income
2. Savings Practices
3. Savings Amount
4. Ownership: Home
5. Rooms per Home
6. Floor Types
7. Food Eaten Most Often
8. Number of Meals per Day
9. Food Grown at Home
10. Shoes for Children
11. Ownership: Tools
12. Ownership: Farm animals
13. Ownership: Household amenities
14. Cell Phone Ownership
15. Light Source
16. Cooking Fuel
17. Water Source
18. Boil Drinking Water
19. Toilet Facility
20. Testimonials



Over 80% of initial borrowers live on less than 30 cents per day.



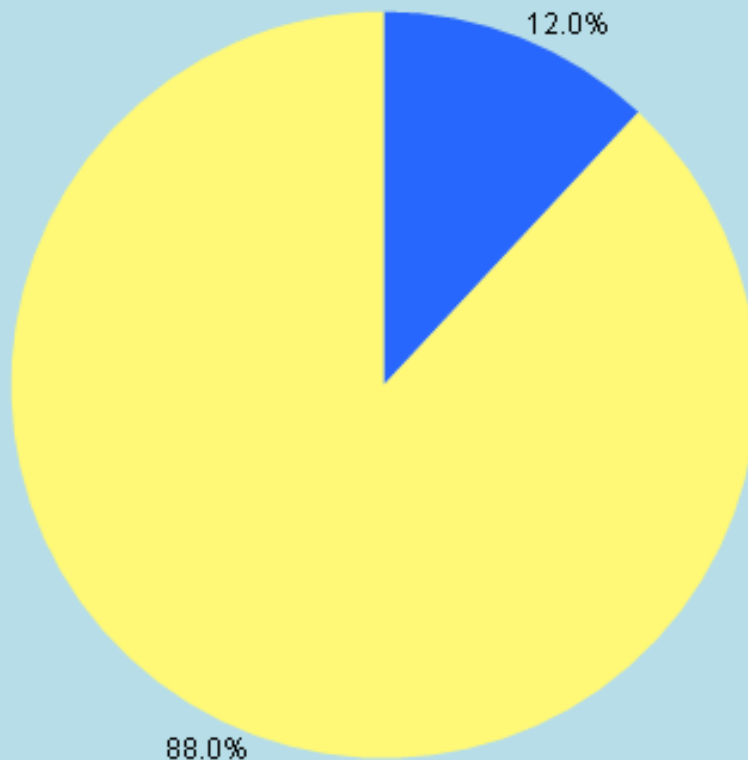
Daily income per person in each household
(\$1 ≈ 2200 Ugandan shillings)

- The World Bank defines poverty as living on less than \$2 a day, and “extreme poverty” as living on less than \$1.25 a day.

- In 2009, the World Bank ranked Uganda 191 out of 213 nations based on per capita gross national income.

- Initial borrowers’ average annual income is \$110. The average loan administered per year is \$250, which is more than double their annual income.

The vast majority of borrowers report saving prior to their first loans.



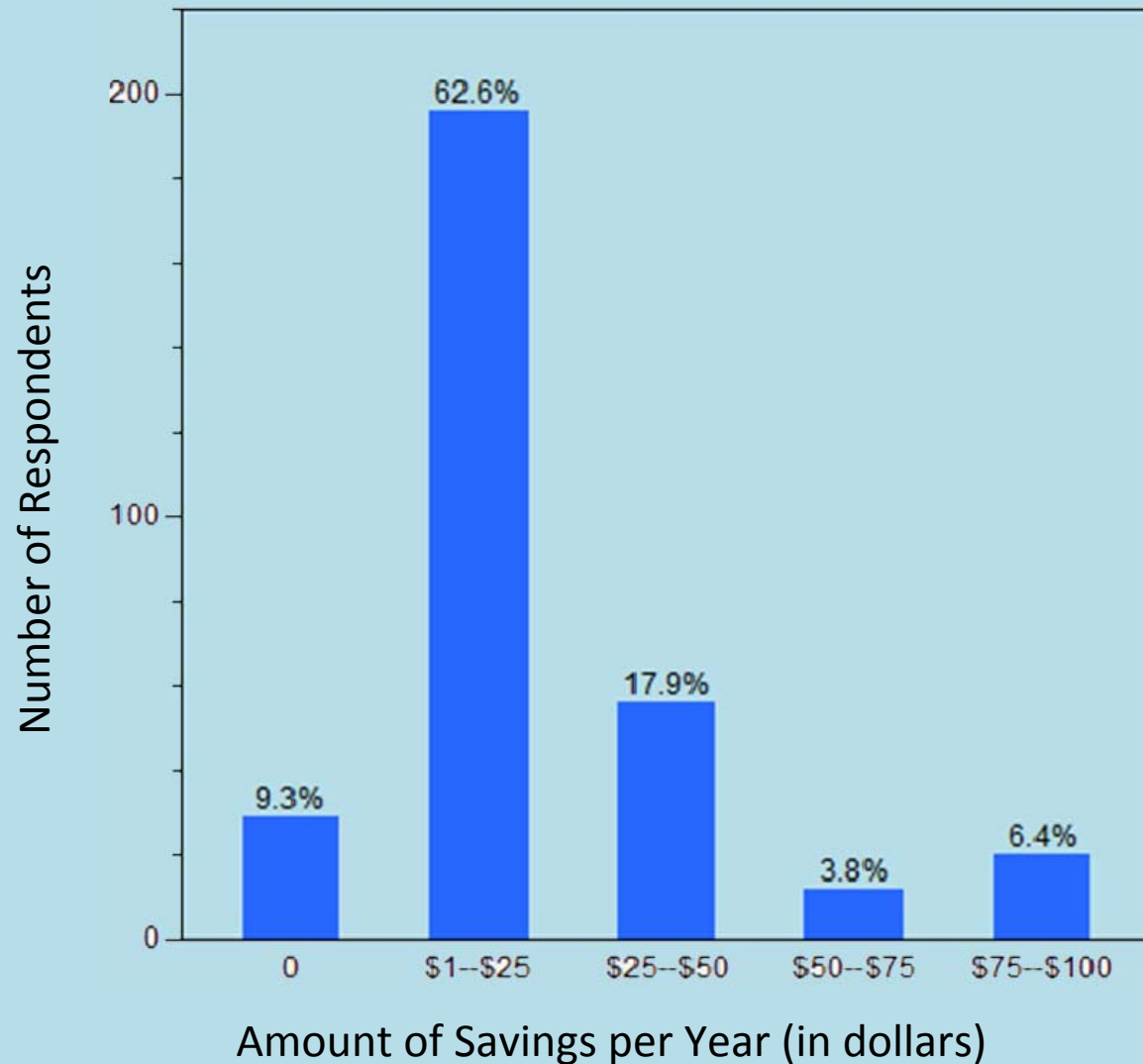
Do you save money?

■ No ■ Yes

- This strong culture of saving helps borrowers survive medical crises and other emergencies.

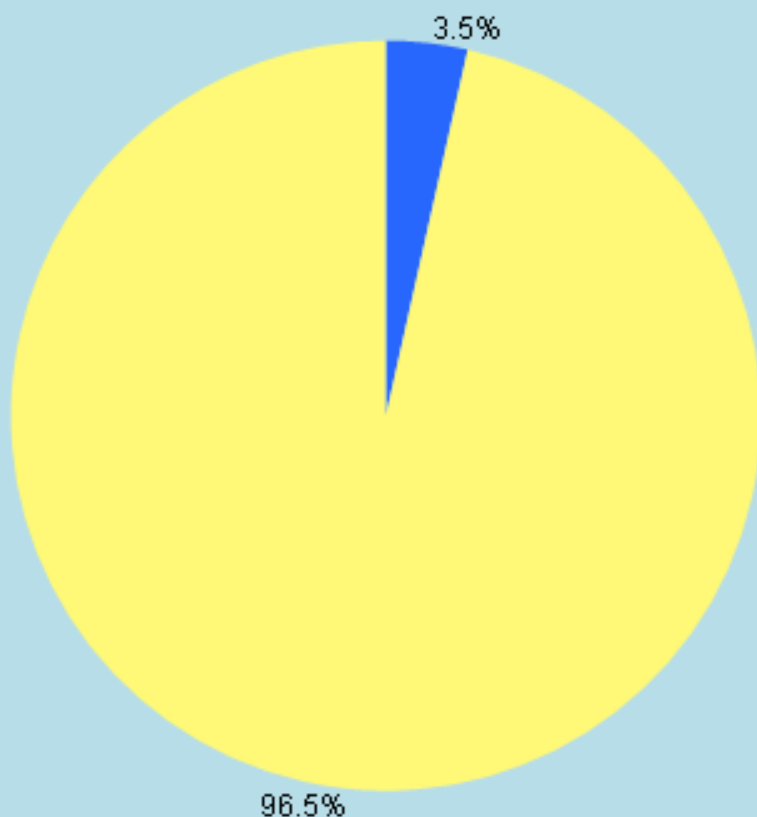
- The widespread habit of saving by women entering the loan program may also contribute to the 100% repayment rate of borrowers.

Over two thirds of borrowers have annual savings less than \$25 before their first loan.



- Even though a culture of saving is present, most people can save little more than \$2 a month.

Most borrowers own their own homes.



Do you own
your house?



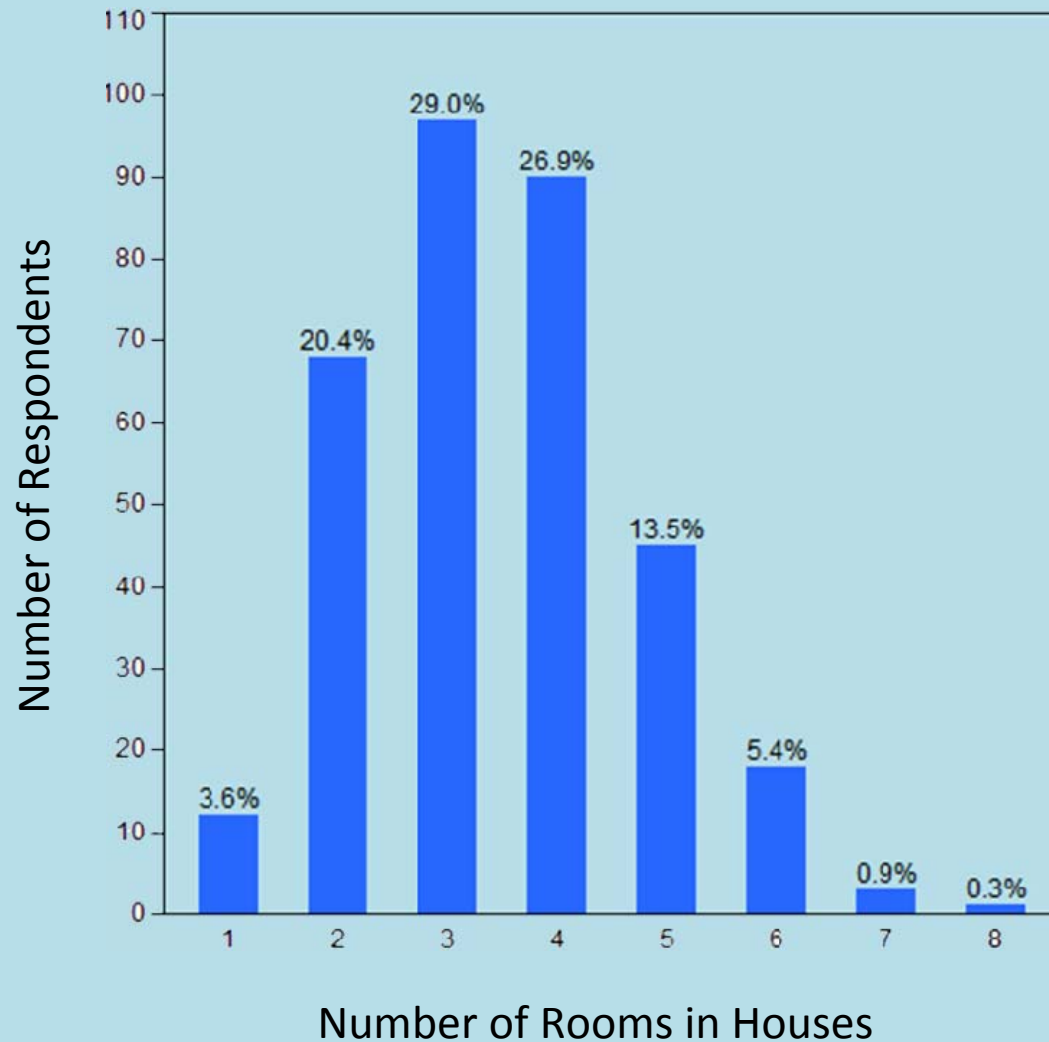
No



Yes

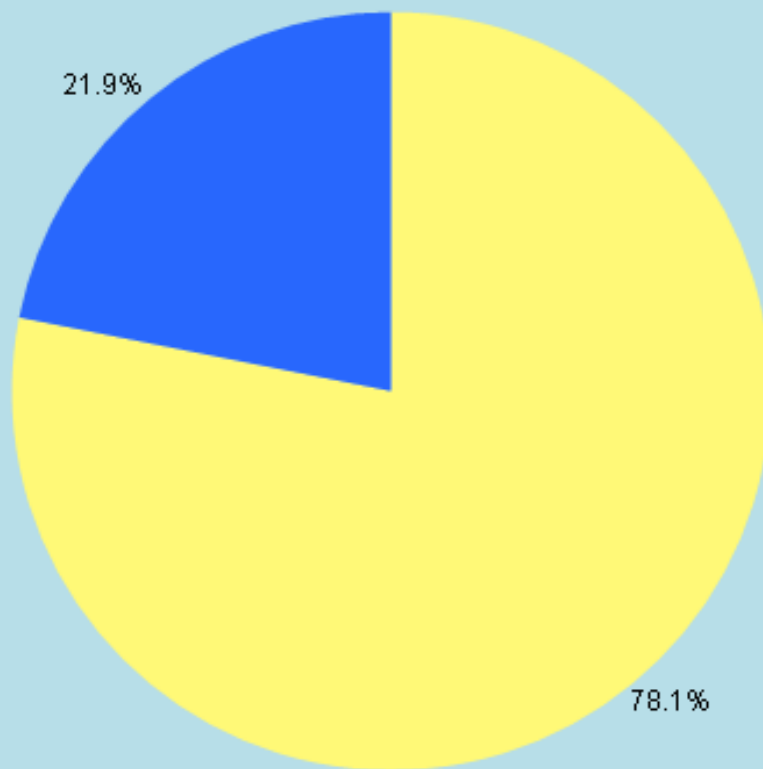
- Most people built their homes using mud—they have grass roofs, mud floors, and no glass in the windows.
- An “upgraded” home has a tin roof and cemented floors
- Homes are built on land held according to traditional ownership patterns, although few people have a written deed. Most women do not own land, although they are permitted to do so under Ugandan law.

Over half of the borrowers live in homes with 3 or fewer rooms.



- Most homes do not include a kitchen inside the house—kitchens are often situated behind the homes in the open air, with a covering of grass thatch.
- Houses do not have hallways, since the rooms are directly connected in a linear design. There is little privacy in the homes.
- Most rooms are multipurpose, and contain very little furniture.
- The most common bed is a woven floor mat that is rolled up in the morning.

More than three quarters of the borrowers have a mud floor in their home at the time of their first loan.



What type of floor
is in your house?

 Mud

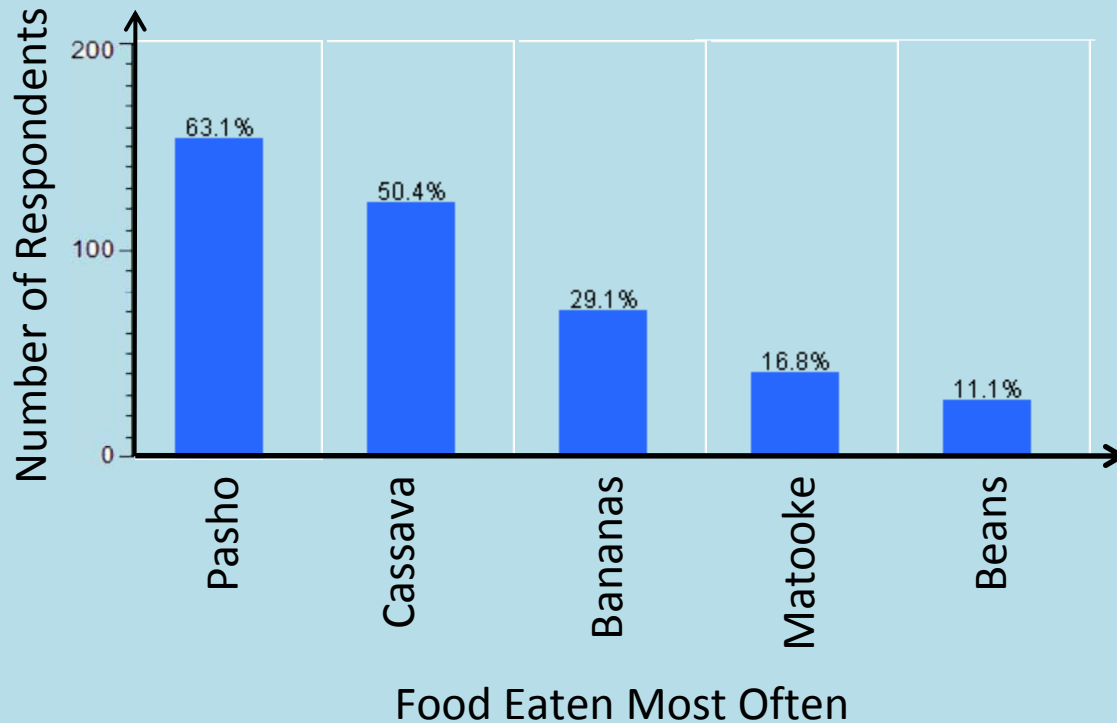
 Cement

- Mud floors cause health hazards such as respiratory diseases and an increased chance of malaria.

- The dry season creates continuously dusty floors, while the rainy season causes mosquito infested mud pools.

- According to a UC Berkeley study, mud floors also contribute to parasite infection associated with diarrhea, anemia, malnutrition, and slowed cognitive development.

The most common foods eaten by the borrowers are pasho and cassava.



- Most of the foods common to rural Uganda are high in starch content and lack nutrients and proteins. While starch satiates appetite, it does not provide a nutritional, balanced diet.

- Pasho is a paste made of maize flour and water.

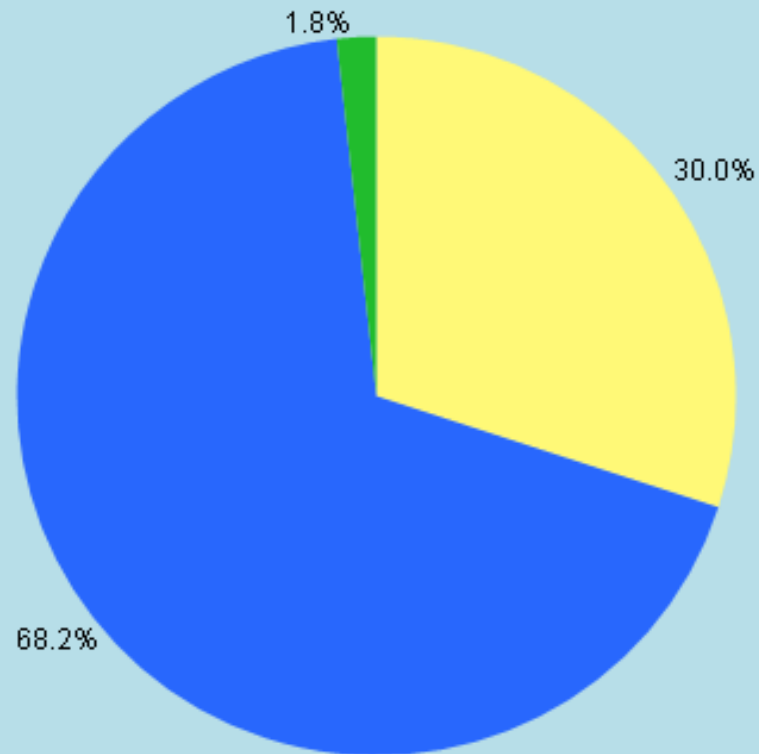
- Cassava is type of yam with a high starch content.

- Matooke is a mash of plantains which are peeled, boiled, and then mashed. When ready, the mash is dense and not very sweet.

- Other commonly eaten foods named by survey respondents are: potatoes, vegetables, yams, and bread.

- Flour is one of the most used food products

Almost three-quarters of the borrowers eat at least 3 meals per day.

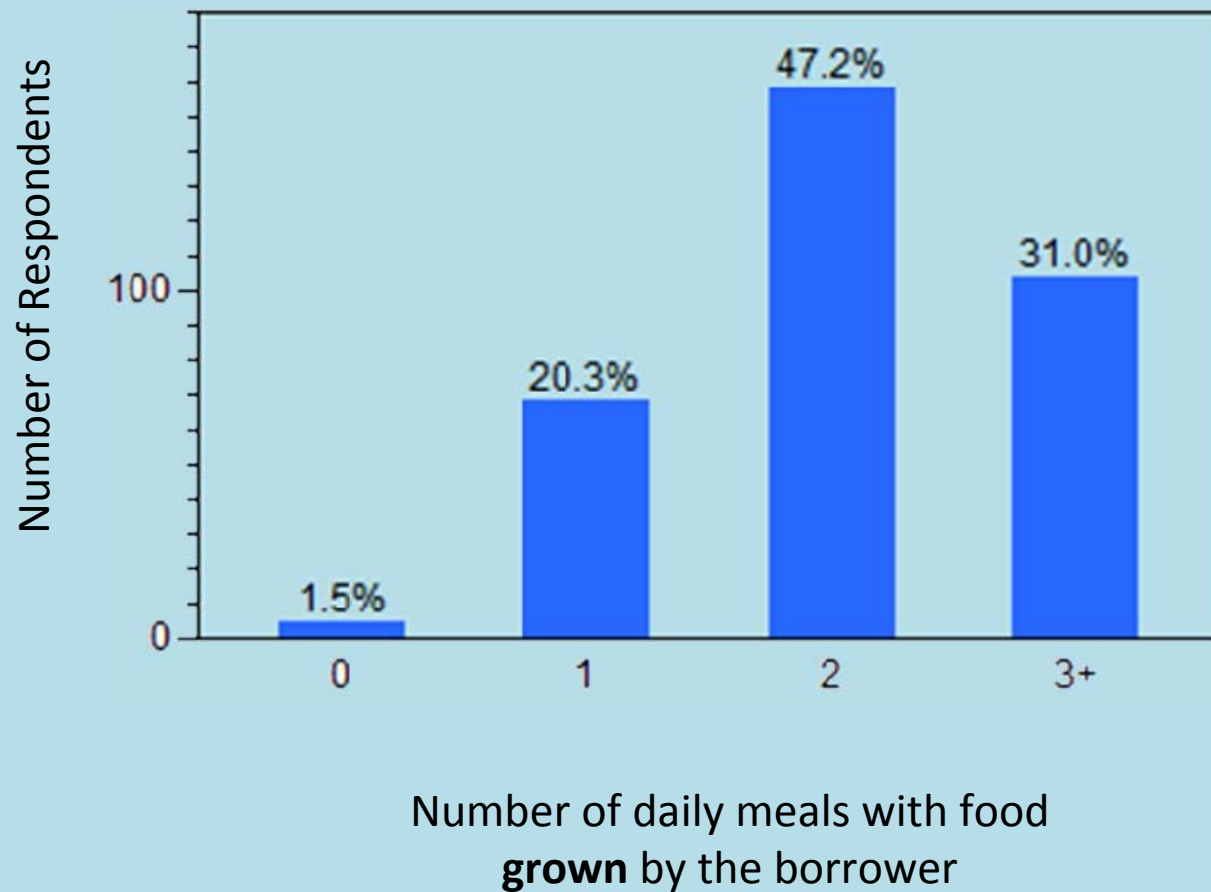


How many meals does your family typically eat per day?



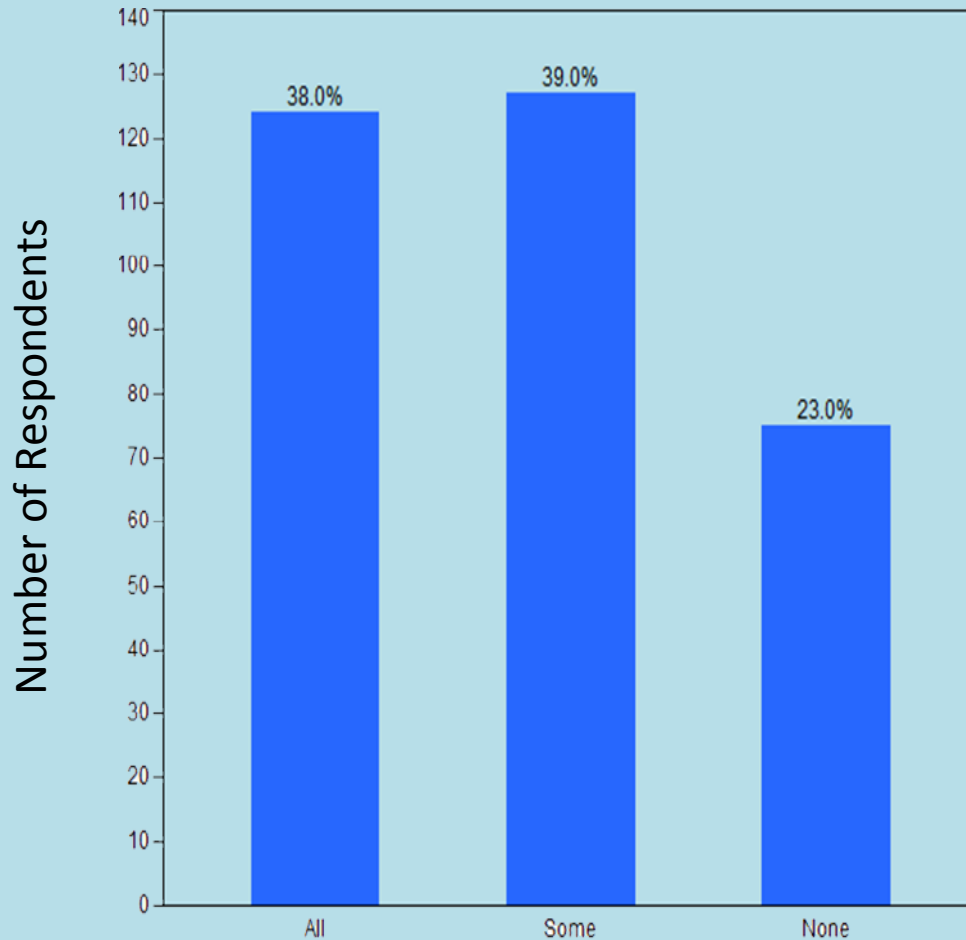
- While the food does not meet all nutritional needs, borrowers and their families generally have enough food to eat three regular meals per day.

Nearly 80% of borrowers eat home grown food in at least 2 meals per day.



- Borrowers in this region obtain most of their food through kitchen gardens located behind their houses.

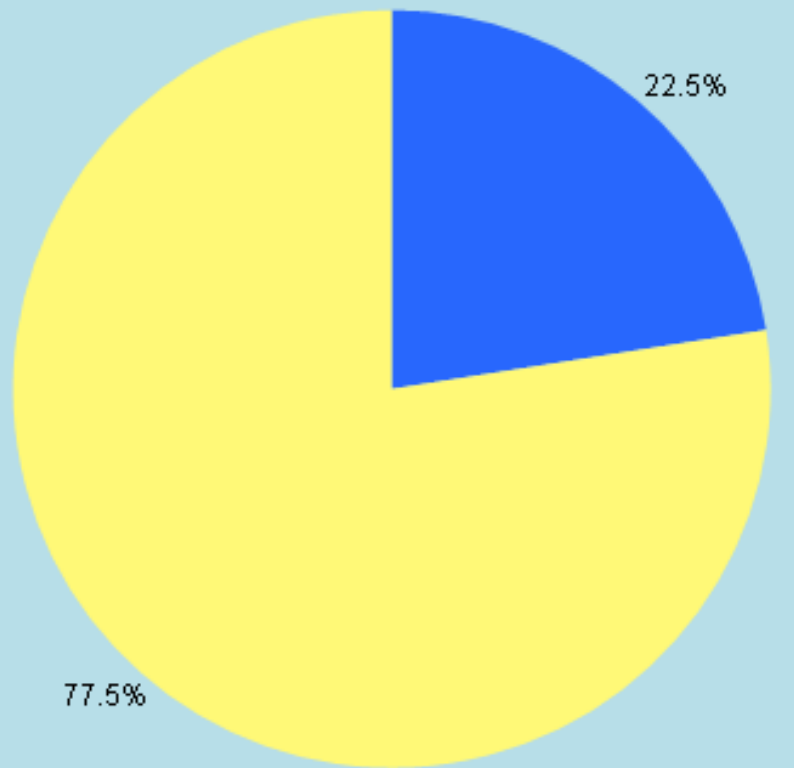
Fewer than 40% of borrowers provide shoes for all of the children in their house.



Children in House with Shoes

- Shoes minimize trauma from walking on hard dirt roads.
- Additionally, they protect against infections and parasitic diseases such as hookworm, which enters through cuts in bare feet.
- Many children walk long distances to school or doing chores, exposing them to harsh terrain and leaving them susceptible to diseases.

Most borrowers own basic farming tools at the time of their first loan.



Do you own any tools?

No

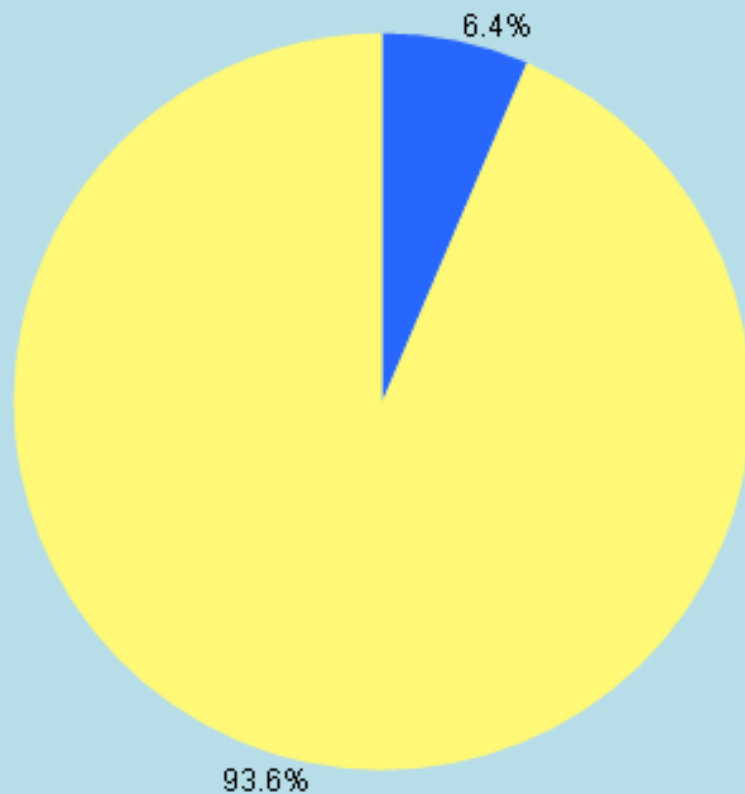
Yes

- Farming tools are important assets to poor women who obtain the majority of their family's food from kitchen gardens.

- 77.5% of borrowers report owning hoes, and 71.3% own pangas (a tool similar to a machete).

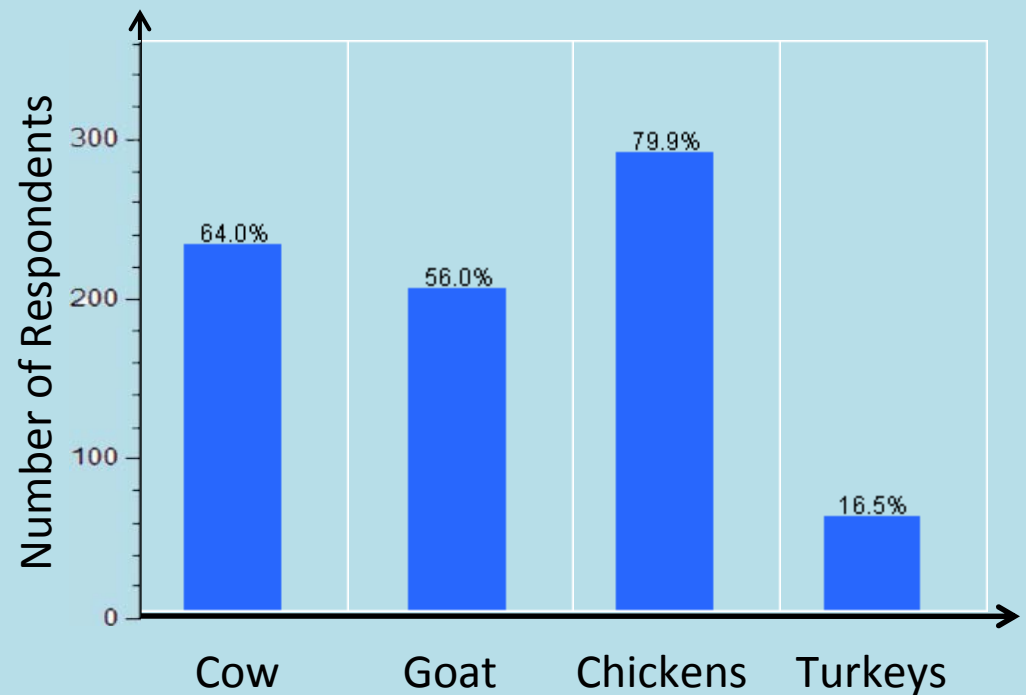
- Other common tools are axes and wheelbarrows.

A majority of borrowers own a cow and/or goat, and almost three-quarters own chickens.



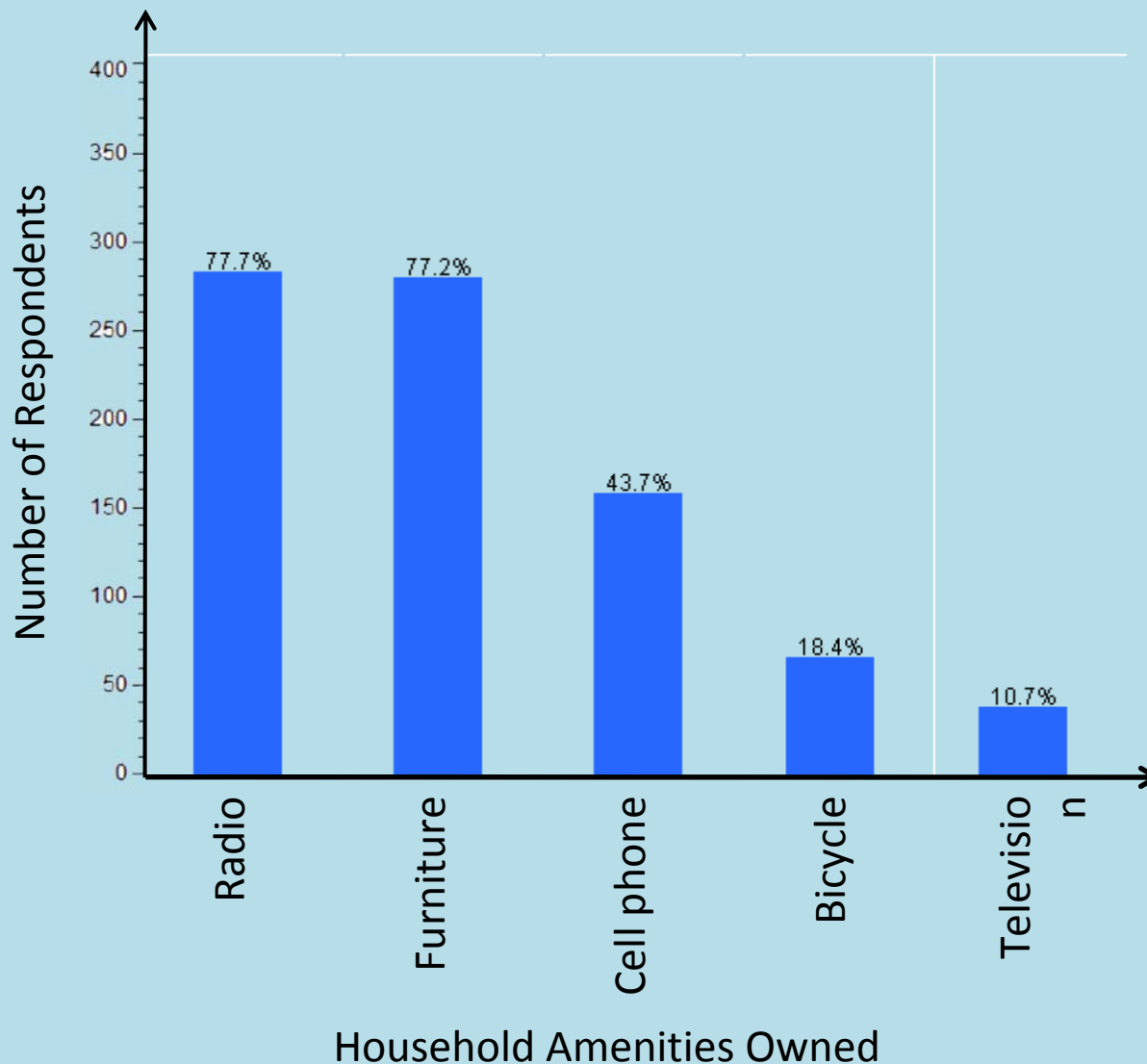
Do you own livestock?

■ No ■ Yes



If yes, what livestock do you own?

Over three-quarters of borrowers own a radio and/or furniture for their house.



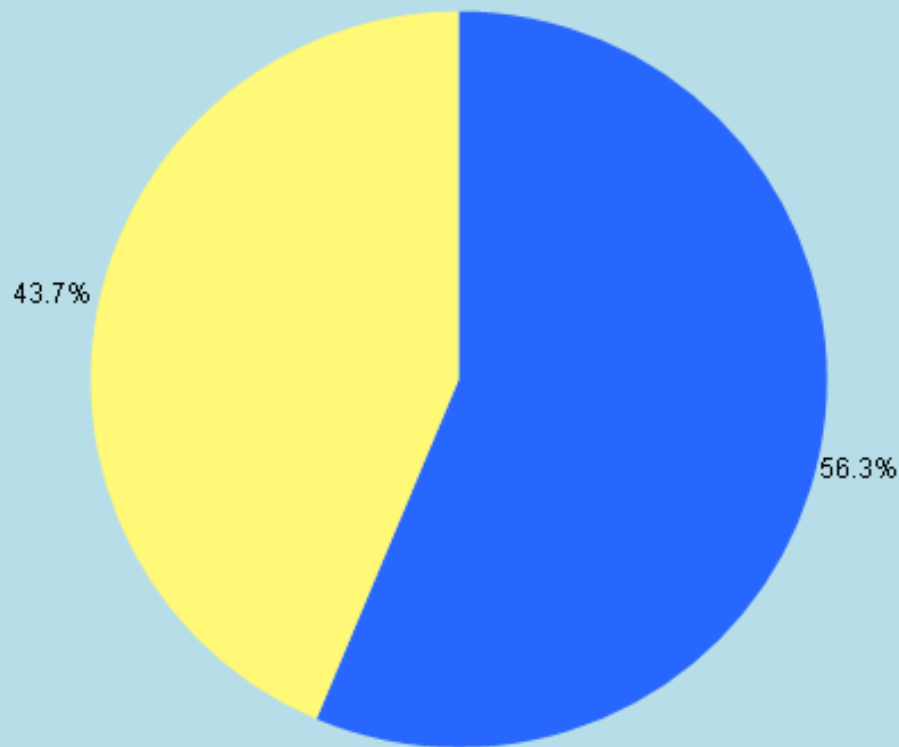
- Radio is the only way to get news—papers are not delivered in the village, and many people cannot read or afford a newspaper.

- Chairs, beds, and tables are the most common furniture.

- Almost all furniture is locally made.

- Bicycles are the primary form of mechanical transportation in rural areas.

Almost half of borrowers report owning a cell phone.



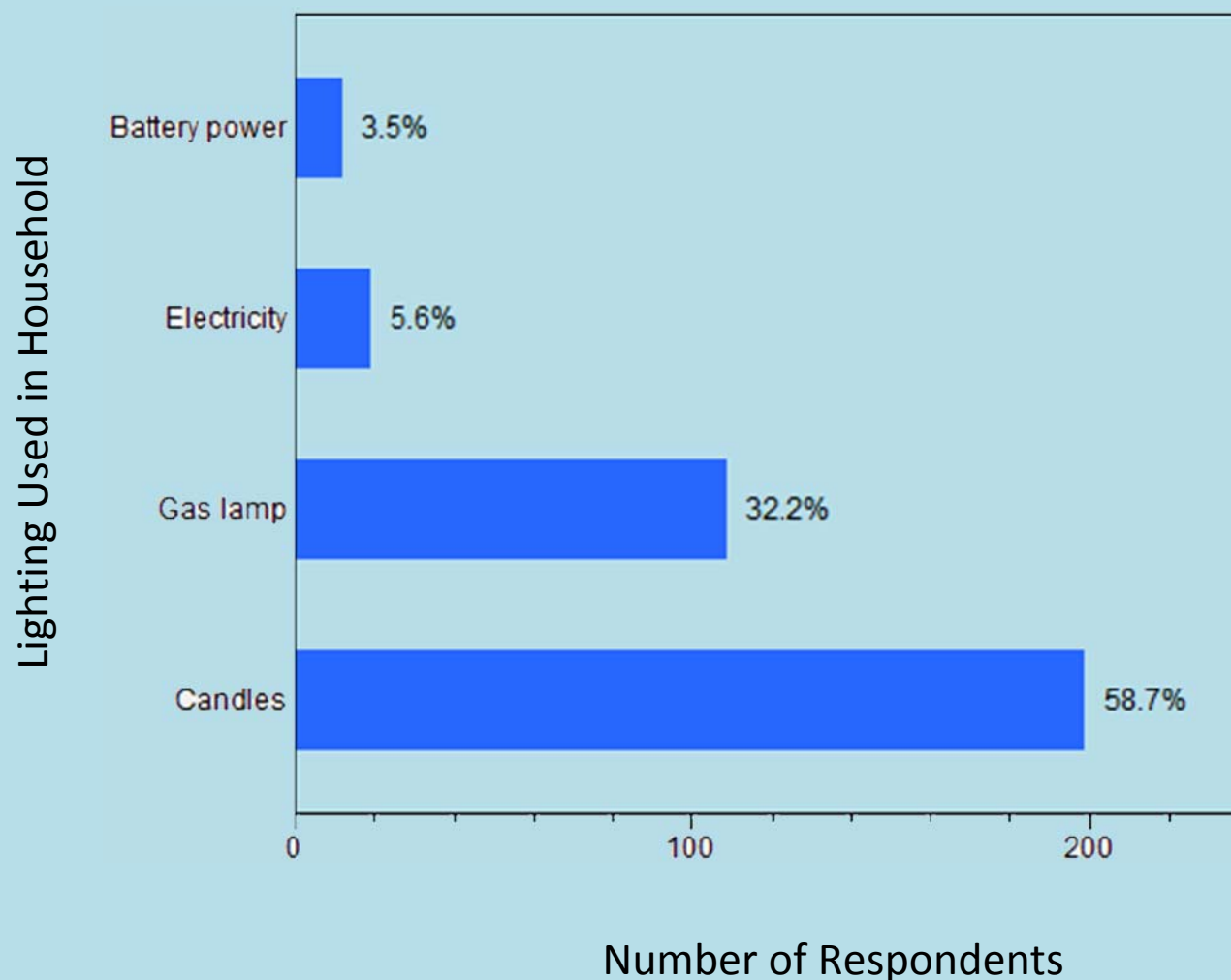
Do you own
a cell phone?

■ No

■ Yes

- Uganda has extensive network coverage, with reception available in most areas.
- A phone costs between USD \$30-100.
- However, phones do not include call time and minutes must be purchased separately with calling cards.
- Many people have cell phone,s indicating that people place a high priority on communication.
- Cell phones can be either beneficial or harmful to extremely poor populations; they allow for communication but also strain tight budgets.

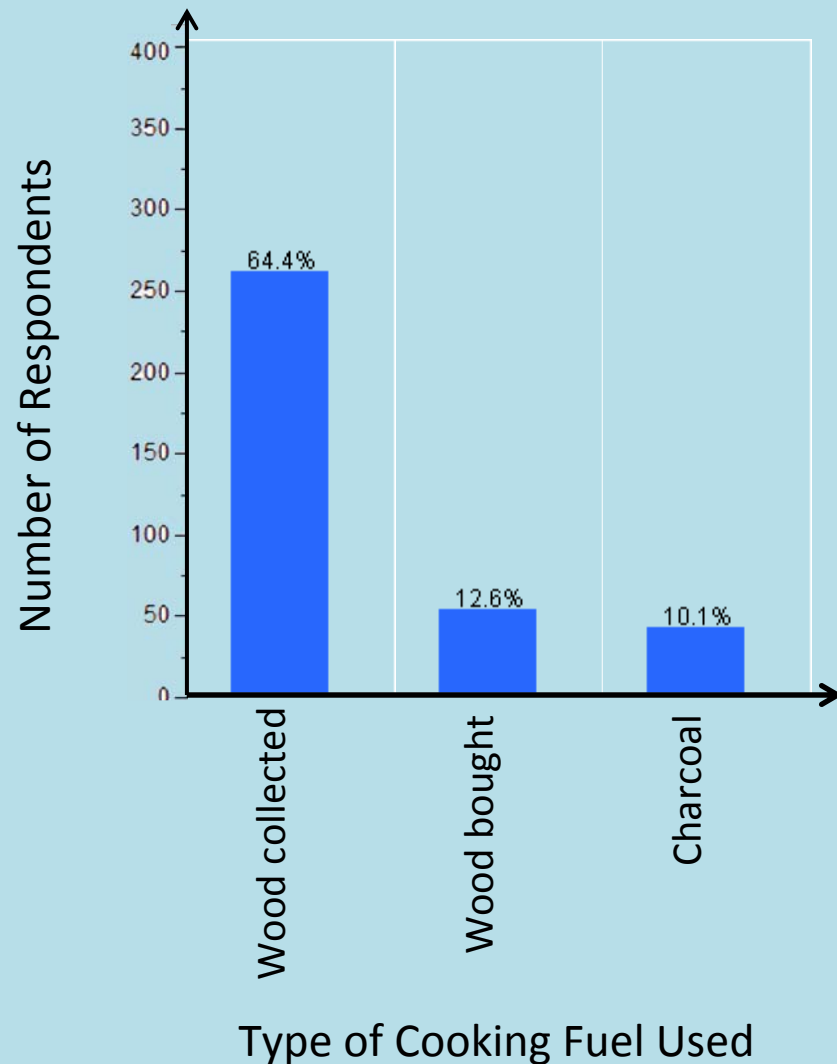
The overwhelming majority of borrowers use candles as their light source.



- Though many women want solar products, they are not readily available.

- Short term vs. long term costs causes many women to buy the cost-inefficient candles, which are inexpensive.

Over half of borrowers use wood collected by family members as cooking fuel.

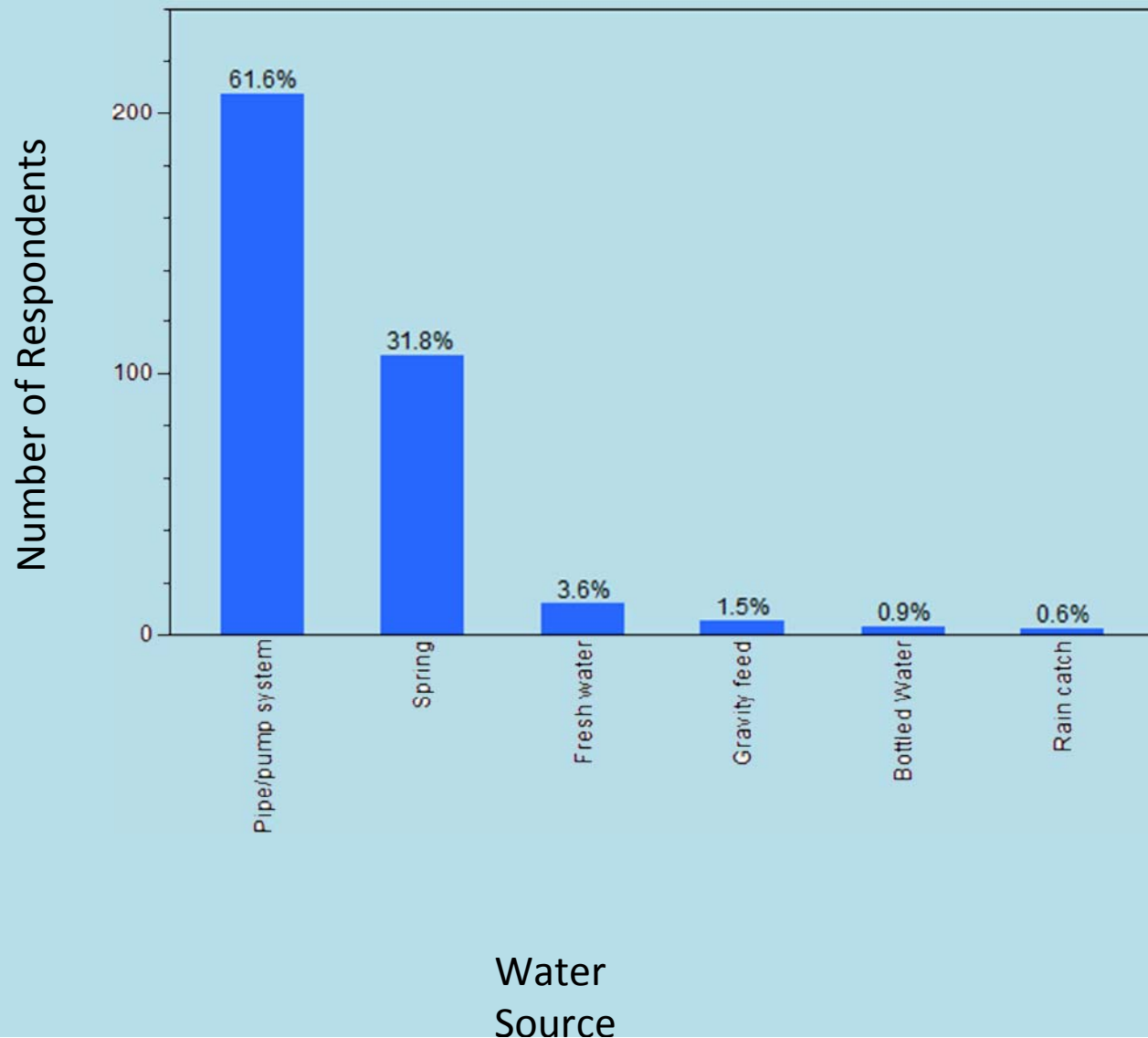


- Wood collection is time consuming, and takes time away from business operations and childrens' studies.

- Wood burning is an inefficient fuel source. It also causes respiratory problems due to constant smoke inhalation.

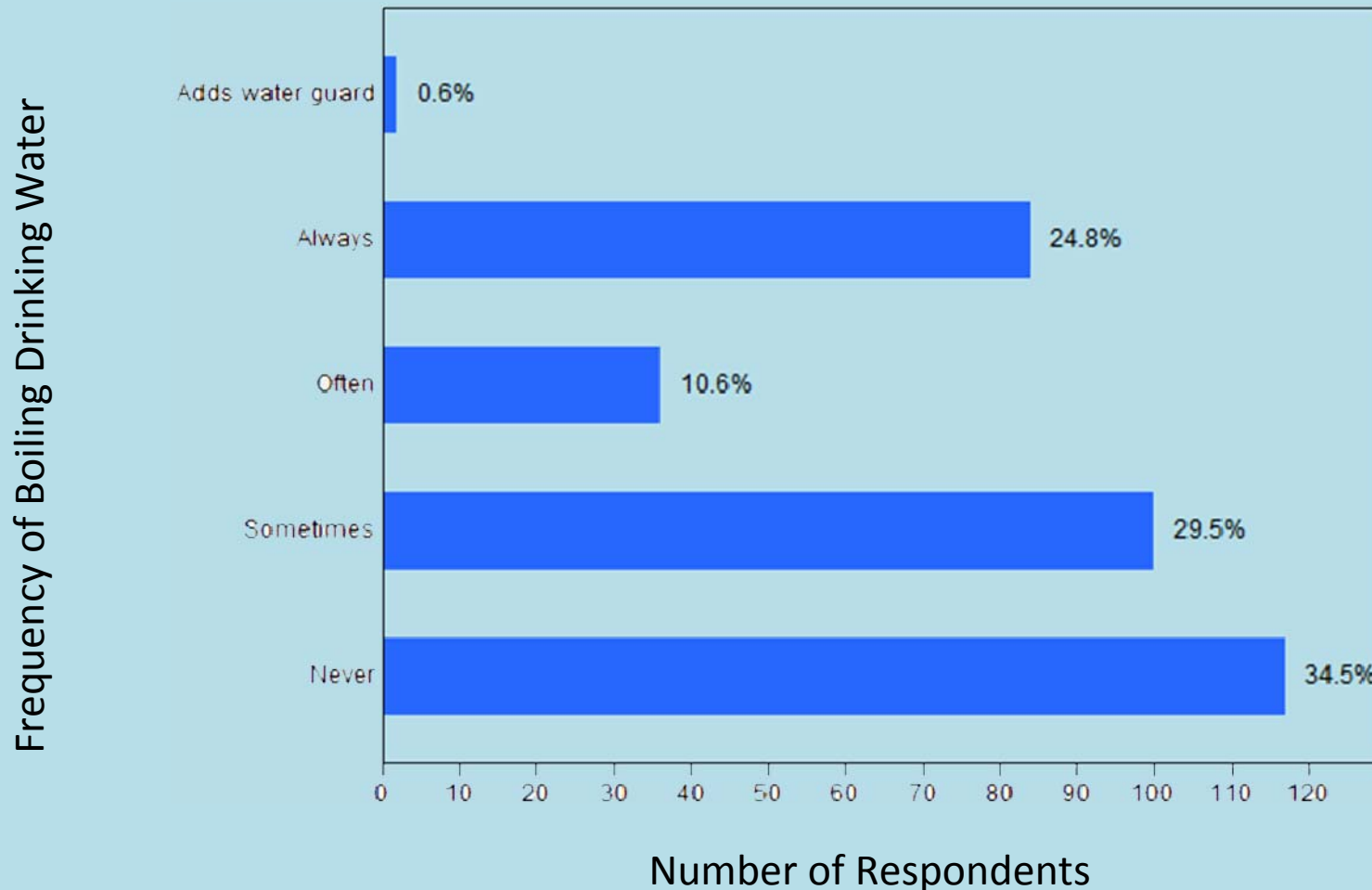
- Burning wood fuel contributes to deforestation, which is beginning to have an adverse impact on the environment. Recent mud slides in eastern Uganda that killed hundreds of people were partly attributed to deforestation.

Over half of the borrowers use water tapped from a contaminated pipe system.



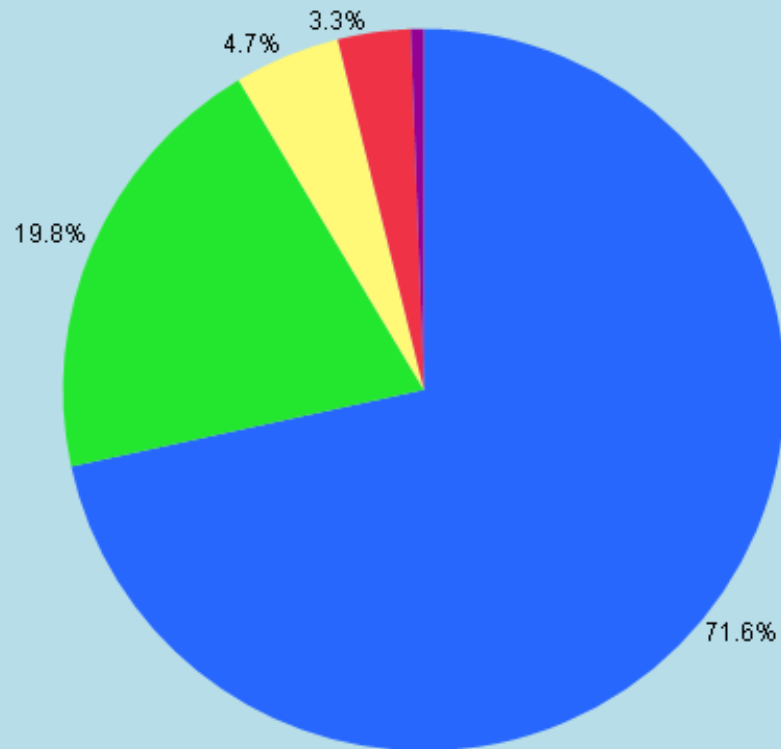
- The pipes in the local system were buried too shallowly on installation and are easily cracked, allowing bacteria, fecal matter, and insects to contaminate the water.
- Tapping from the pipe system is the easiest and cheapest way to collect water, despite the health hazard it poses.

About two-thirds of first time borrowers sometimes or never boil their drinking water.

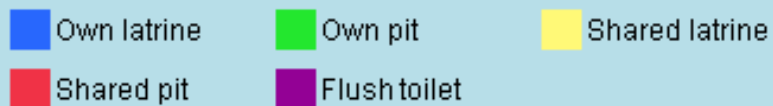


- Boiling drinking water eliminates bacteria from the water, which helps prevent the spread of infectious intestinal diseases common to the area; but, it is time-consuming and requires fuel.

Almost three-quarters of borrowers use their own latrine.



What type of toilet facilities do you use?



- Latrines are frequently placed next to the garden, contaminating the food grown there—commonly the source of the household's meals.

- When a latrine is full it is simply abandoned and a new one is built. Old latrines are rarely treated.

II. STANDARD OF LIVING SUMMARY

- Most borrowers live in semi-permanent houses that contribute to health problems for the inhabitants. The light sources and cooking fuel most commonly used are cost-inefficient and detrimental to their health. Borrowers rarely boil their drinking water, even though most sources are contaminated and exacerbate health issues.
- The monetary difficulties faced by the borrowers before receiving their loans are extreme even under the UN's definition of "extreme poverty." When dealing with such a small income, it is nearly impossible to save any money, or to purchase items, such as shoes or solar lamps, that would improve their standard of living.
- Household assets such as livestock and farming tools are common and useful to the villagers, since most borrowers depend on food grown or raised at home.
- The living conditions of these women is so extreme that generating even a small amount of income is likely to have an immediate, positive impact on their household living standards.

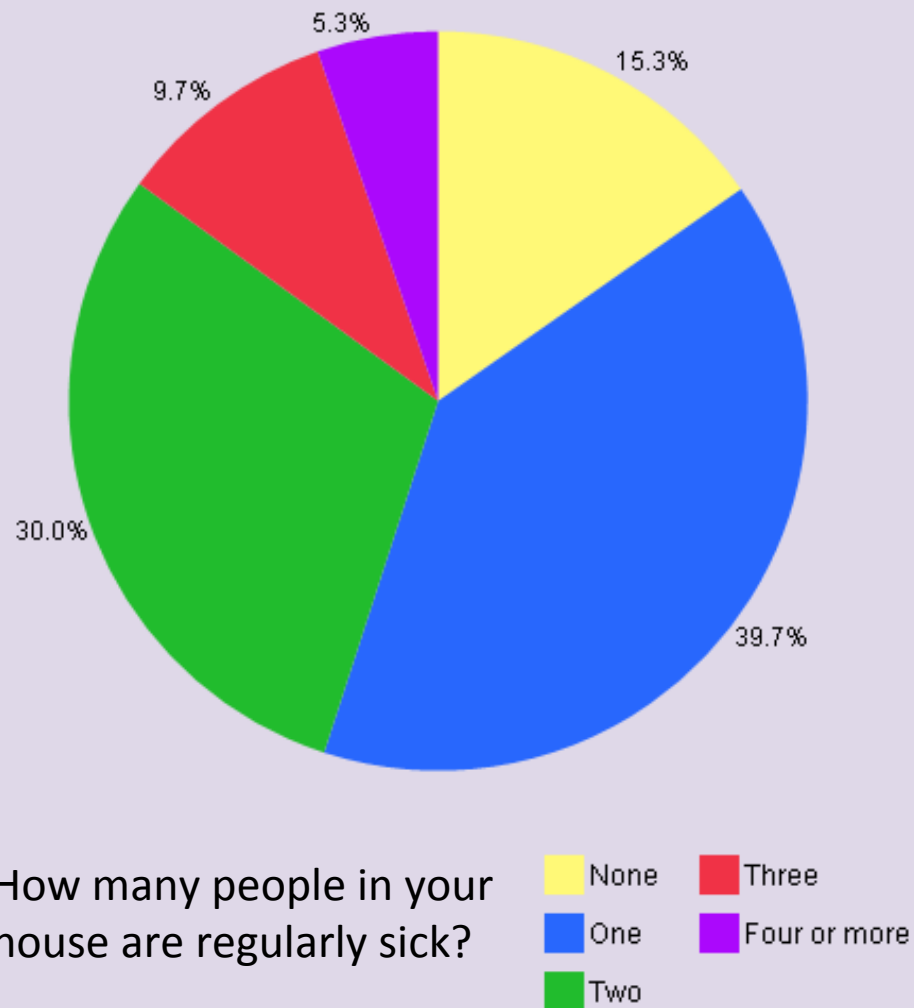


III. FAMILY HEALTH AND WELFARE

1. Illness in Household
2. Malaria in Household
3. Mosquito Nets
4. AIDS Testing
5. Difficulty in Paying Medical Bills
6. Involvement in Community
7. School Attendance
8. Out-of-School Activities for Children
9. Testimonials



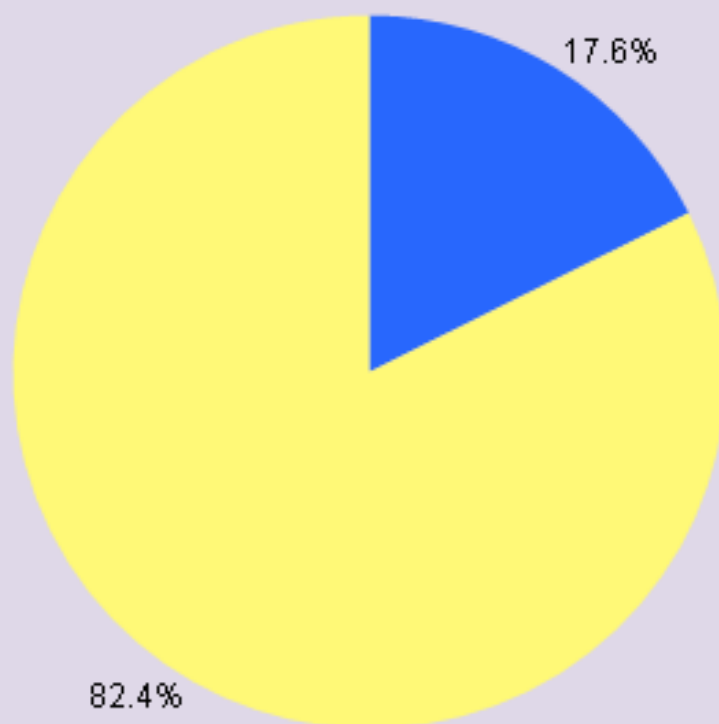
Over 80% of the borrowers' families have at least one person who is regularly sick.



- The local clinic is virtually non-functional due to lack of funding.

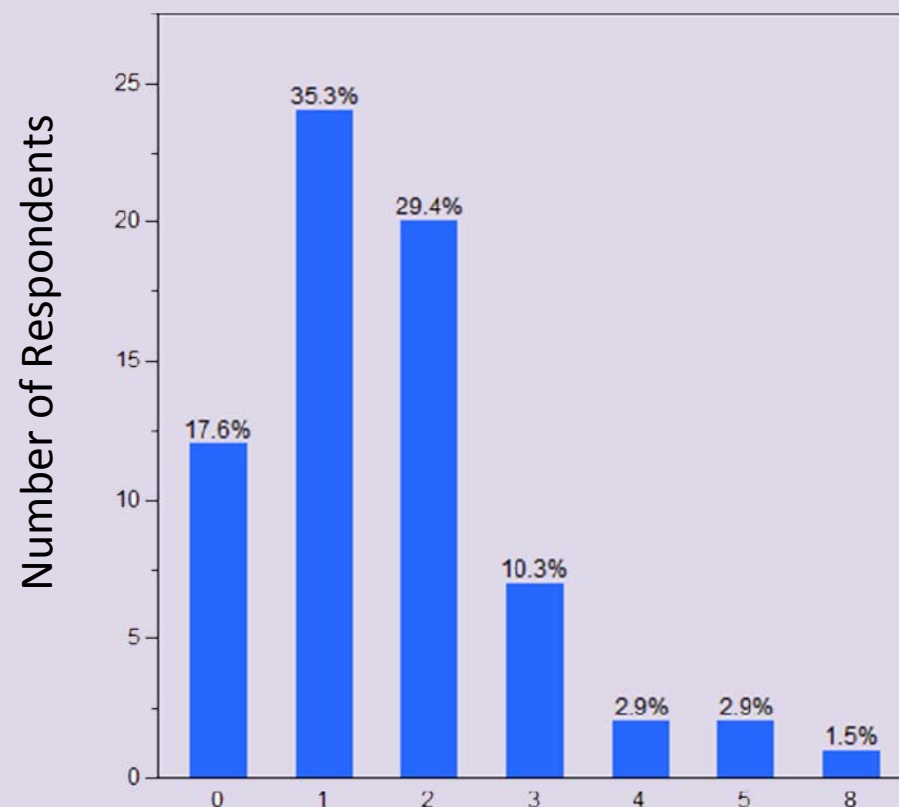
- Any medical treatment is expensive and time consuming—traveling to town, “tips” to see the doctor, and cost of drugs quickly add up.

Over half of the borrower's families have had at least 1 to 2 cases of malaria in the past year.



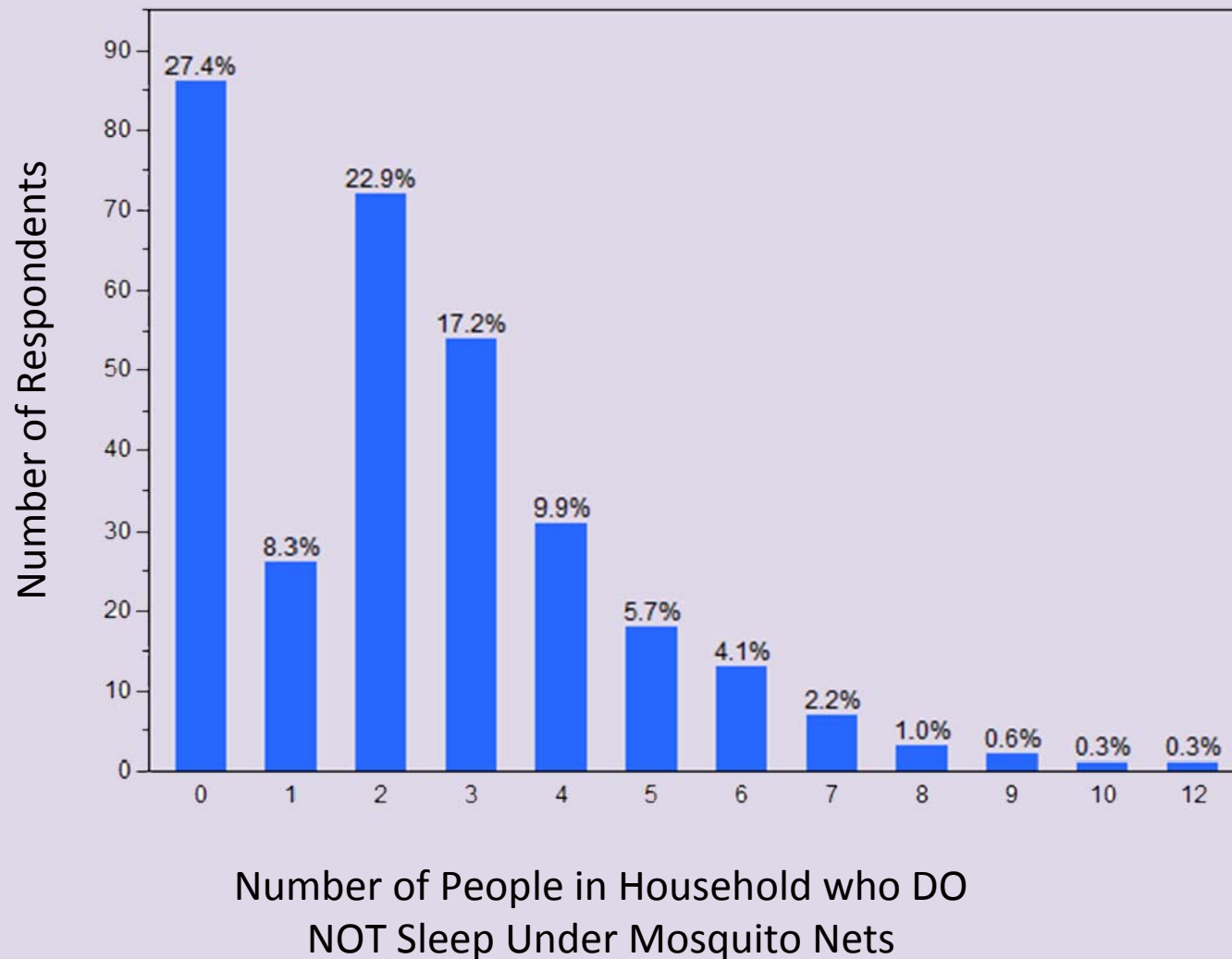
Has anyone in your house had malaria in the past year?

■ No ■ Yes



If yes, how many?

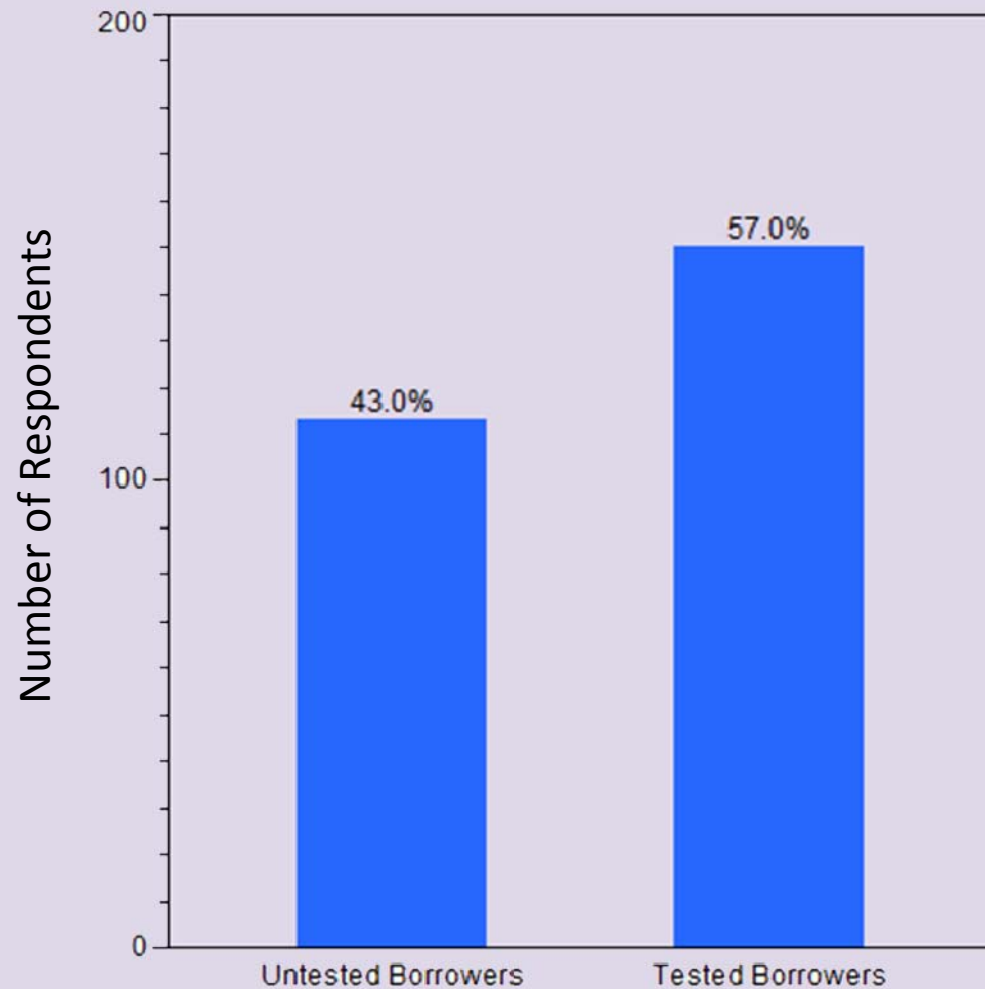
Only slightly more than a quarter of borrowers have mosquito nets for all family members.



- Mosquito nets directly correlate to malaria prevention.

- Since mosquitoes infected with malaria come out mainly at night, protection is most important and effective while sleeping.

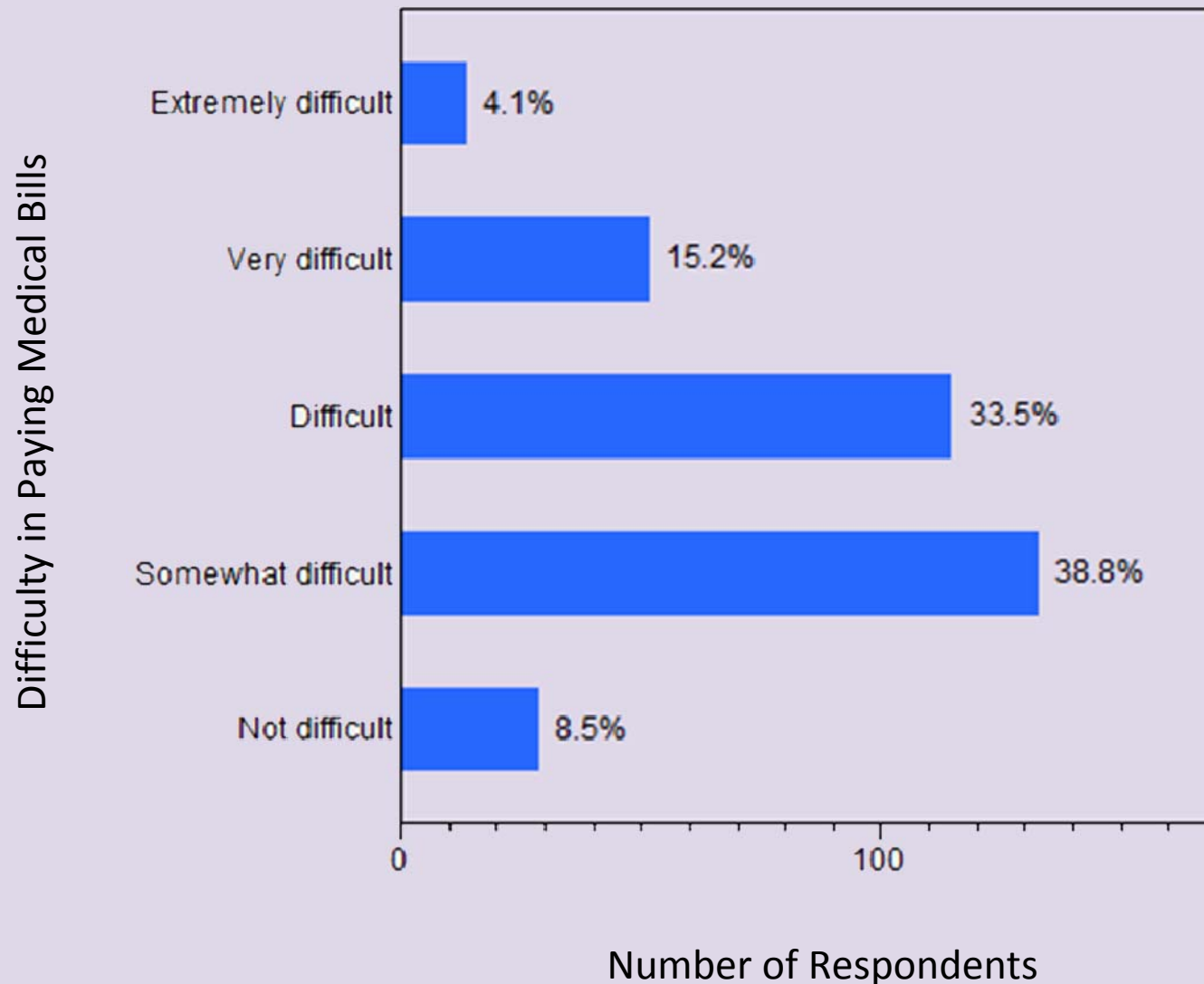
Over half of the borrowers have been tested for HIV/AIDS.



HIV/AIDS Testing

- Uganda has an extensive HIV/AIDS awareness program, resulting in a large number of citizens being tested.
- There are an estimated 1.1 million people living with HIV/AIDS in Uganda, including 120,000 children.
- Borrowers understand the importance of testing, and the majority do so to help keep themselves and their families safe and healthy.

Over 50% of borrowers find it “Difficult” to “Extremely difficult” to pay their medical bills.



- Functional health centers are far away and expensive, causing extreme difficulties for anyone requiring medical treatment.

- Local health centers often do not have the necessary drugs and equipment to treat patients.

Almost half of borrowers are involved in community groups of some sort.



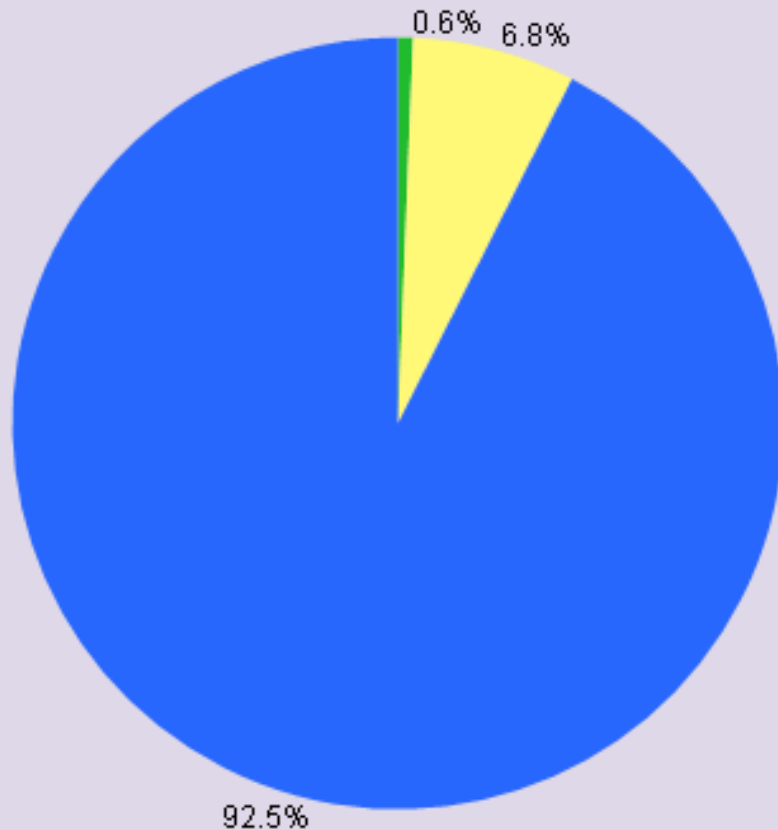
Are you involved in any community groups?

■ No ■ Yes

- Women who are involved in community groups generally join religious groups. Other organizations include political, economic, and social groups.

- Many of the women in the program consider WMI to be a community organization, offering support and assistance from their peers.

The vast majority of borrowers' children regularly attend school.



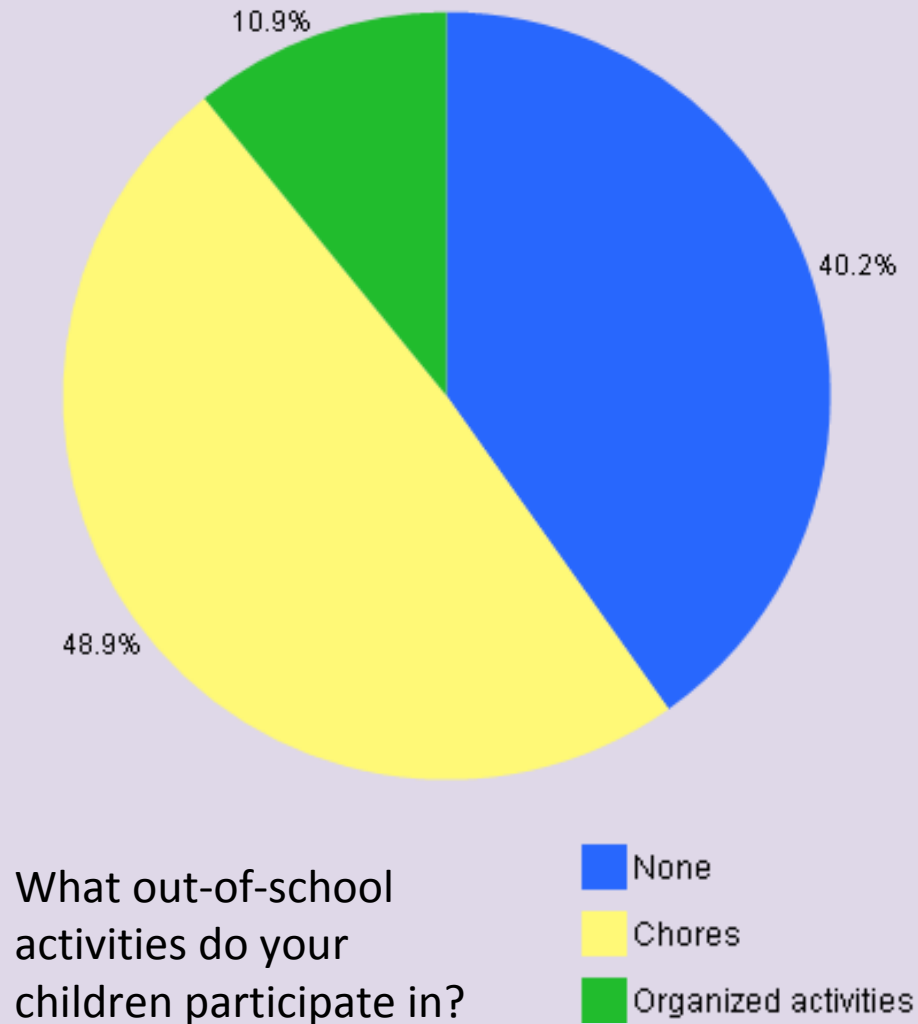
How often do your children attend school?

■ Sometimes ■ Often ■ Always

- The Ugandan government requires children to attend primary and secondary school. However, in order to attend school, families must pay a school fee and buy a uniform.

- Because of the high cost of education, and the emphasis placed on education as a priority for income use in the villages, those who can pay the fees generally always attend school.

The most common after-school activity for borrowers' children is chores.



- Very few children participate in organized after school activities. Those who do participate in activities are most commonly involved with sports or music groups.

- Nearly 50% of children report “chores” as an after school activity. Common chores include grazing the livestock, minding other children, digging in the garden, and collecting water and firewood.

- Even those children with no after school activities reported most likely do chores common to rural households, but their mothers did not categorize chores as a formal activity.

III. FAMILY HEALTH AND WELFARE

SUMMARY

- Health of the family plays a large part in the cycle of poverty. Regular sicknesses prevent children from attending school and their parents from working. Medical treatment is extremely expensive. In most villages, no local medical services are available. Traveling to medical clinics for treatment is costly and time consuming.
- Parents in the loan program place a high value on education. Their children almost always attend school. There are very few extra-curricular activities available for youth and most children spend their free time doing chores.
- Borrowers reported that the loan program's regular support group meetings create a sense of community and encourages other types of community involvement.
- Better health care and preventative measures would allow the whole village to be more productive and it would decrease spending on emergency medical expenses.

