



FACT BOOK: Loan Impact Data

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www.wmionline.org



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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. Interest-bearing loans are 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.

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



❖ 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.

❖ WMI's has a 0% default rate

METHODOLOGY

❖ Olive Wolimbwa, WMI's Local Director in Buyobo, Uganda, supervised the data collection and was assisted by the Asst. Local Director, Jackline Namonye.

❖ Using a loan application and baseline survey, WMI collects borrower data when a new loan is issued .

❖ WMI administers a survey every 6 months, concurrent with follow-up loan applications.

❖ Local village women who are proficient in English issue the surveys.

❖ U.S. based staff analyze the data.

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

❖ The data presented in this fact book were collected from January 2008 to April 2010 from 400 borrowers.*

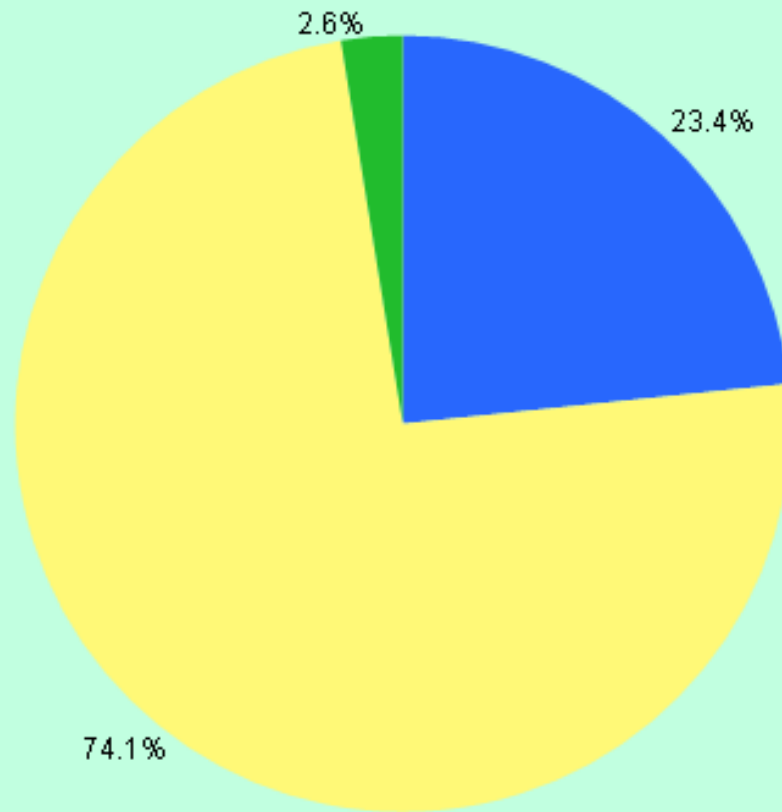


I. LOAN PROGRAM RESULTS

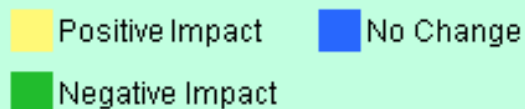
1. Effect on Borrower's Family
2. Priorities for Use of Income
3. Improvement in Savings Practice
4. Reasons to Save
5. Improvement in Reading and Writing
6. Improvement in Personal Skills
7. Improvement in Business Skills
8. Cumulative Value of all Loans Taken
9. Average Loan Amount



Almost three-quarters of borrowers report a positive impact on their families since entering the loan program.



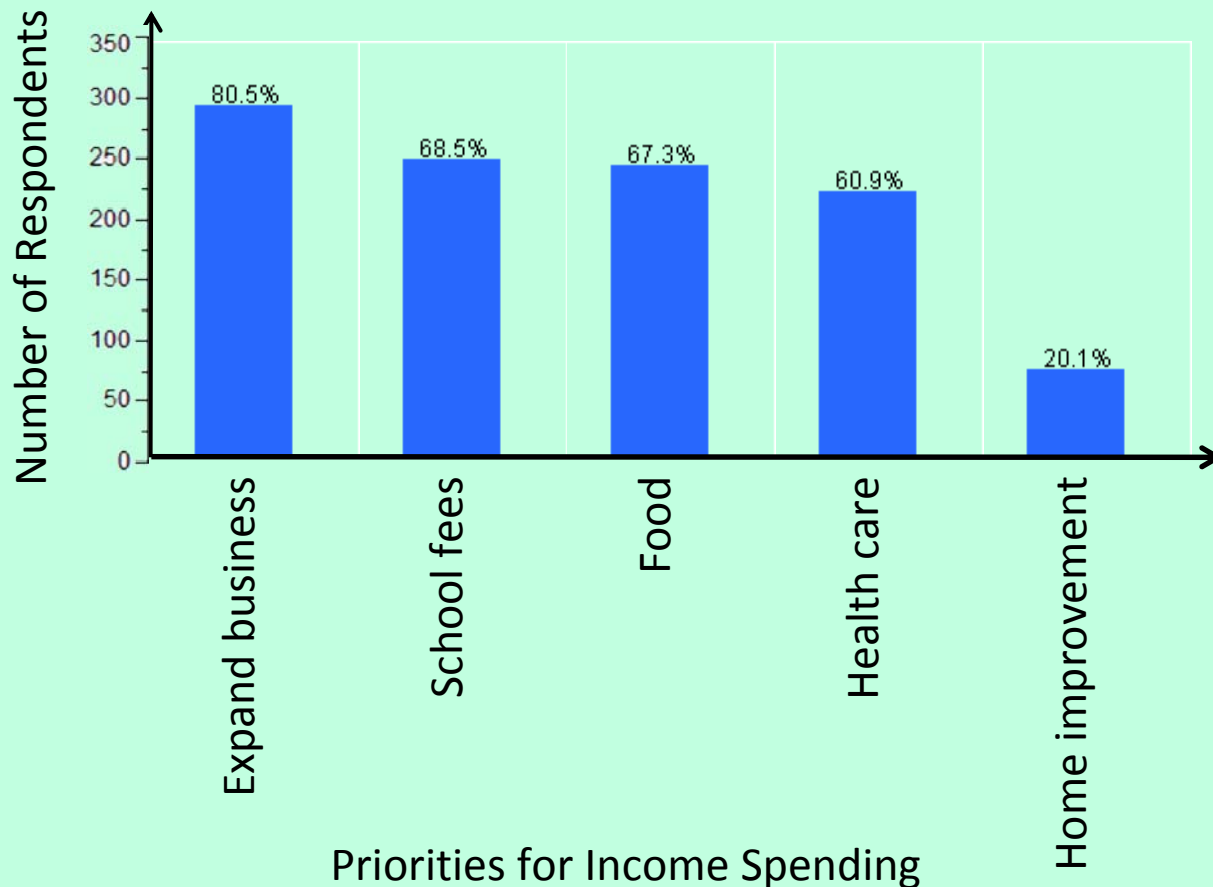
How have the loans affected your family?



- The only negative comments given by borrowers were that they have more work since obtaining a loan.

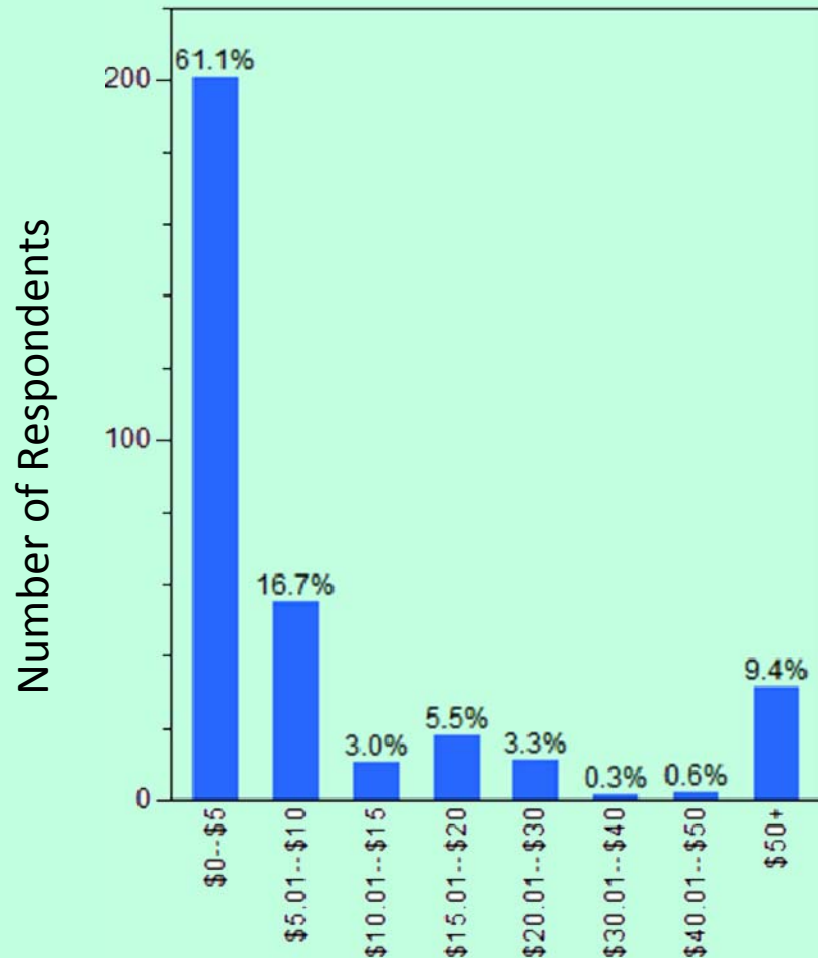
- A “no change” response generally meant no change in the family dynamic in the borrower’s household, not no change in the living standard of the household.

Borrower's top three priorities for spending income are: expanding their businesses, paying school fees, and buying food.

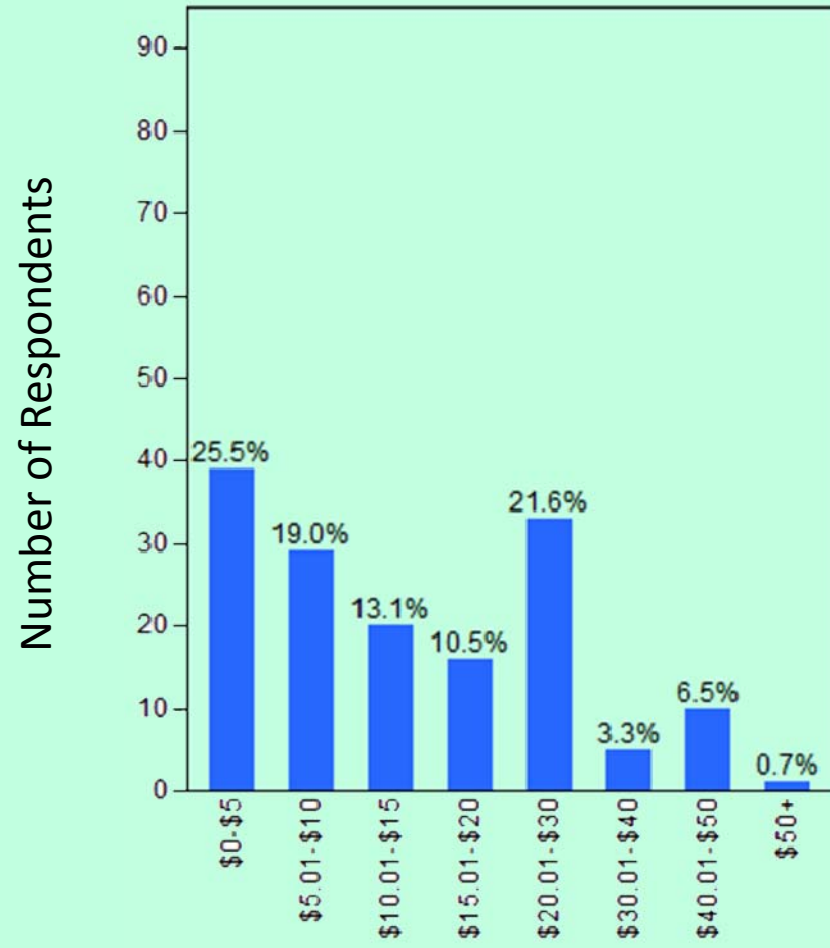


- Borrowers place a high priority on making their business successful, and on education—school fees are one of the first household expenses paid.
- Health care and better food maximize investment in school fees—healthy, well nourished children learn better.
- Frequent home improvements include cementing the floor, and adding an iron roof, buying furniture—fundamental changes that can improve the health of the family.

The majority of borrowers more than doubled their monthly savings rate after entering the loan program—from less than \$5 to more than \$10 monthly.

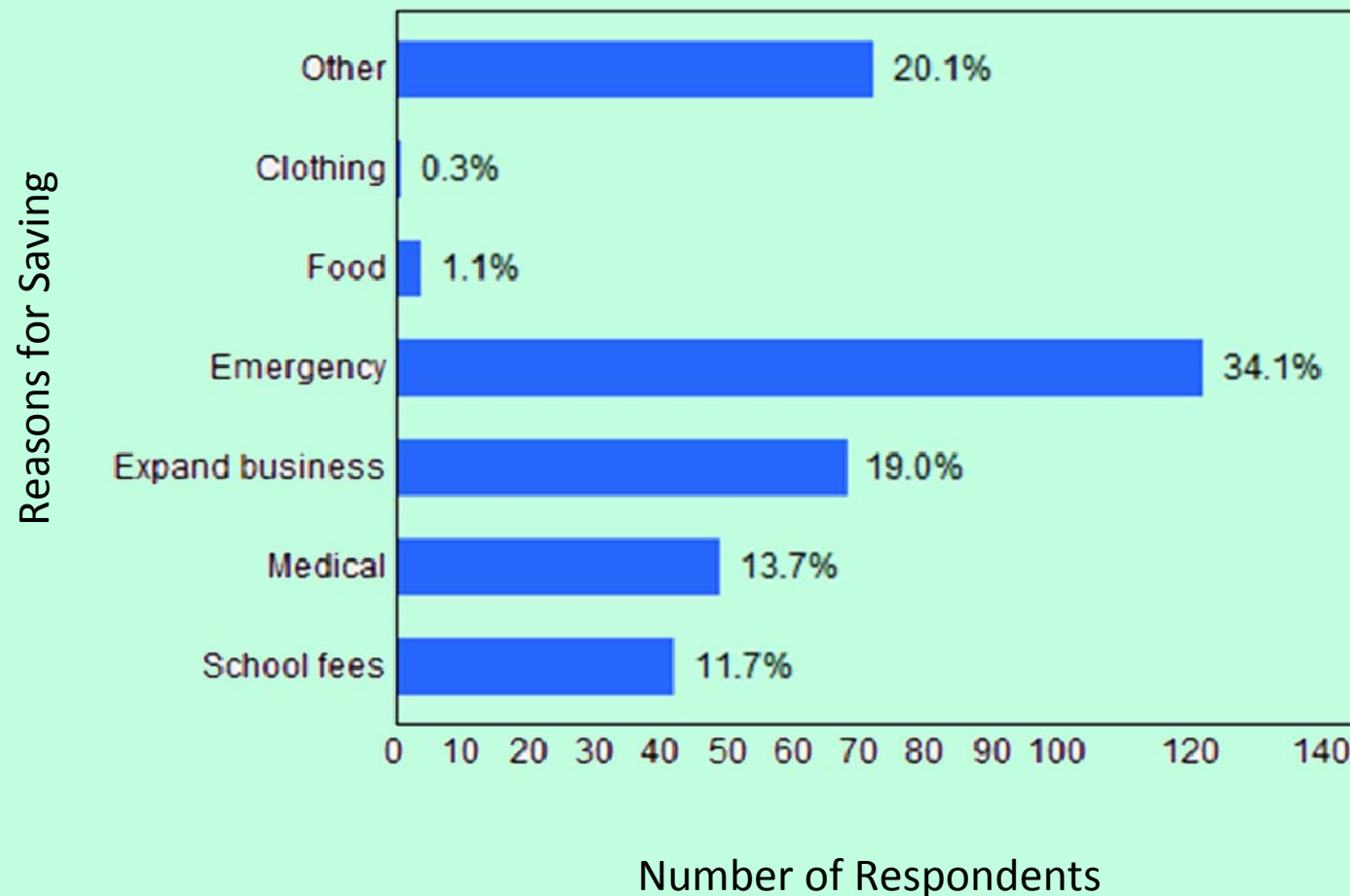


Monthly Saving prior to
Entering Loan Program



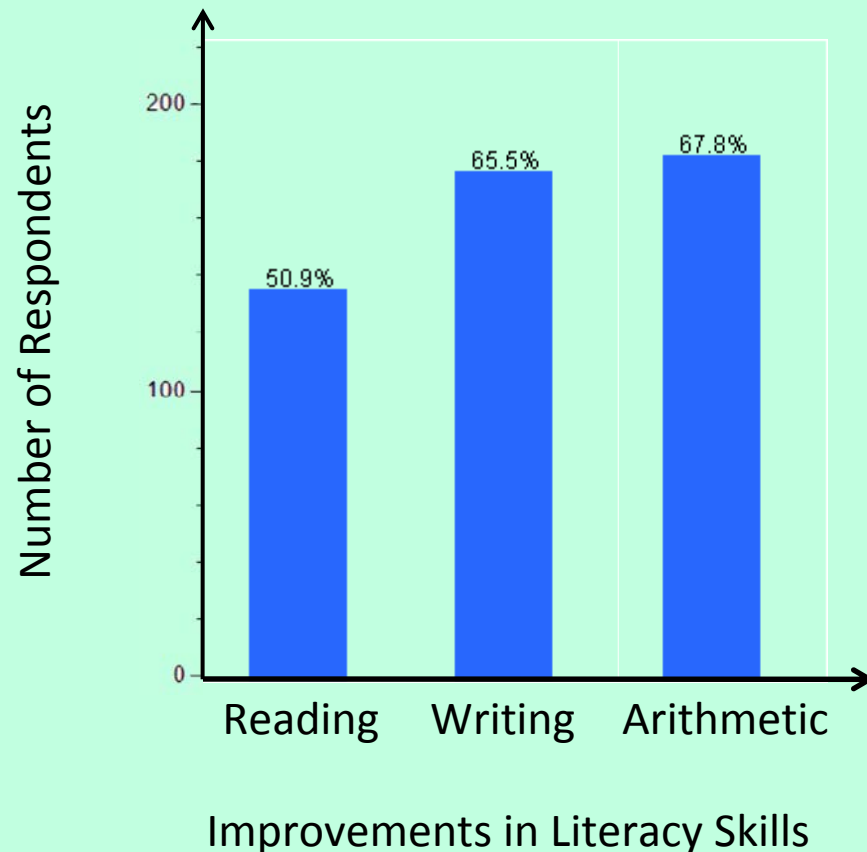
Monthly Saving after
Entering Loan Program

The primary reason borrowers give for saving money is for emergencies.



Saving for emergencies can prevent a household from slipping into destitution due to sudden illness, business reversals, natural disasters or other unforeseen events.

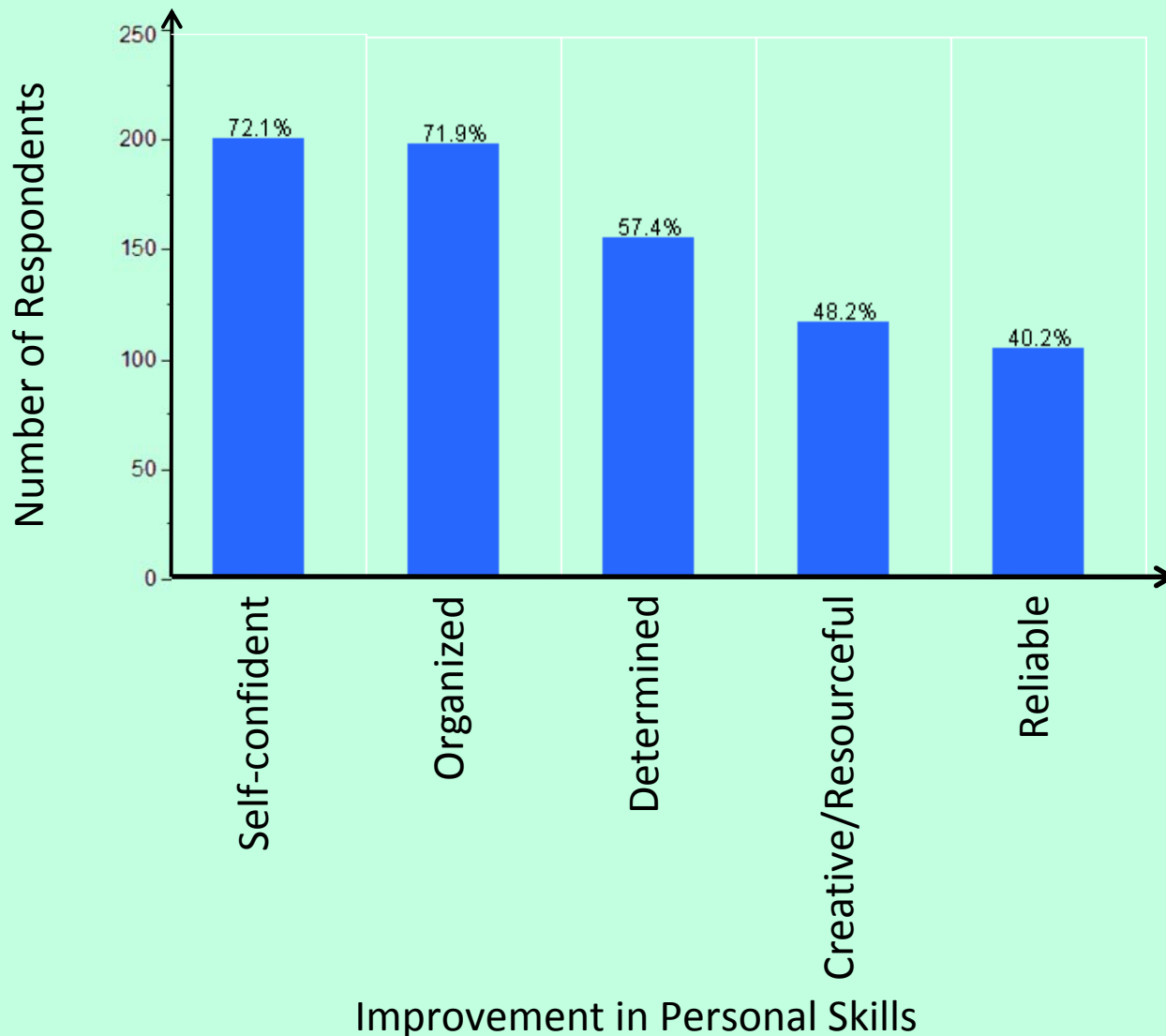
Over half of borrowers report improvement in their reading, writing, and arithmetic skills since receiving their loans.



- WMI provides ongoing business skills training in record-keeping and marketing.

- One of the programs borrowers request on a regular basis is adult education to improve basic reading and writing skills, since the WMI program focuses mainly on business skills.

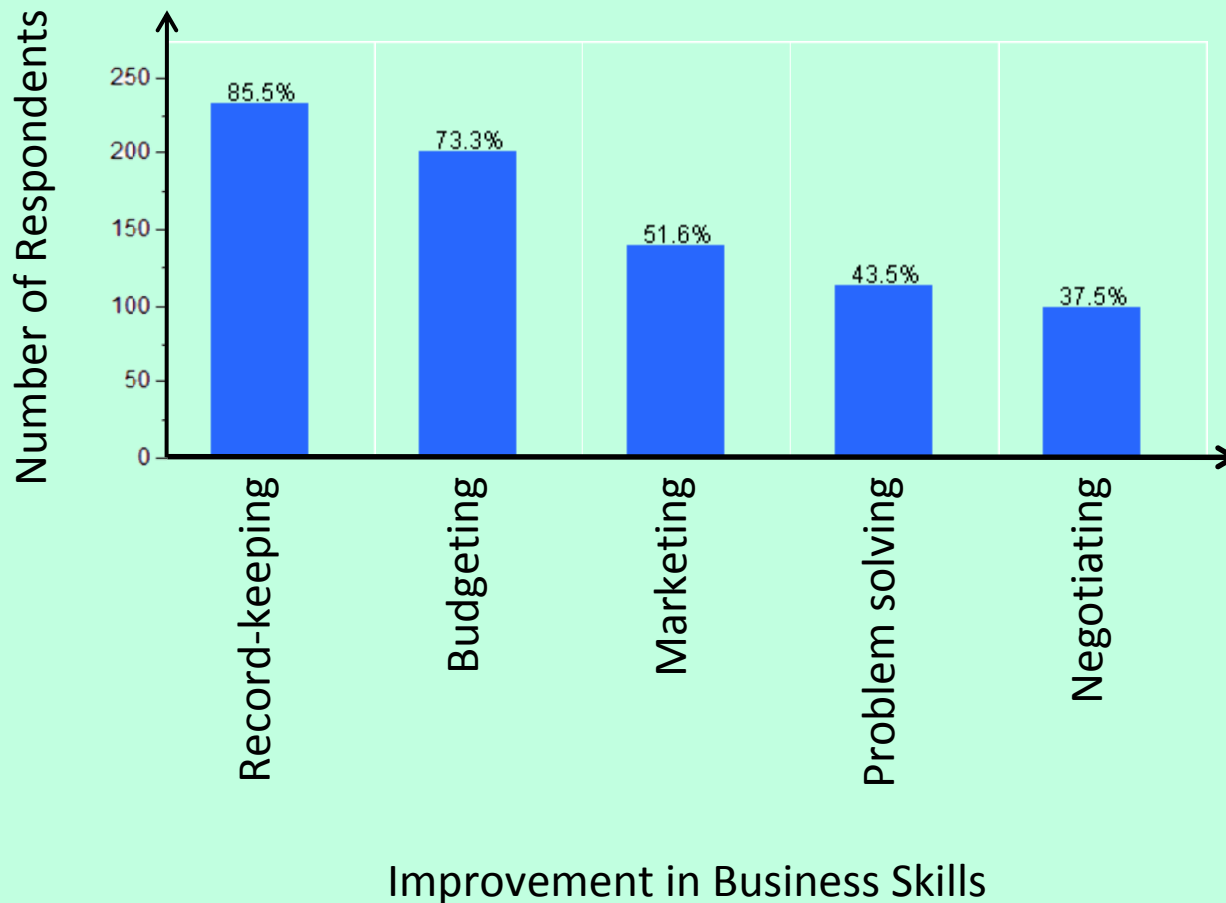
Almost three-quarters of borrowers feel more self-confident and organized since receiving their loans.



- Weekly support group meetings give borrowers the chance to discuss business problems and share solutions, which can give them confidence to handle difficult situations as they arise.

- They also have the chance to discuss family issues and personal problems, which can promote a sense of solidarity with their group members and bolster their level of confidence.

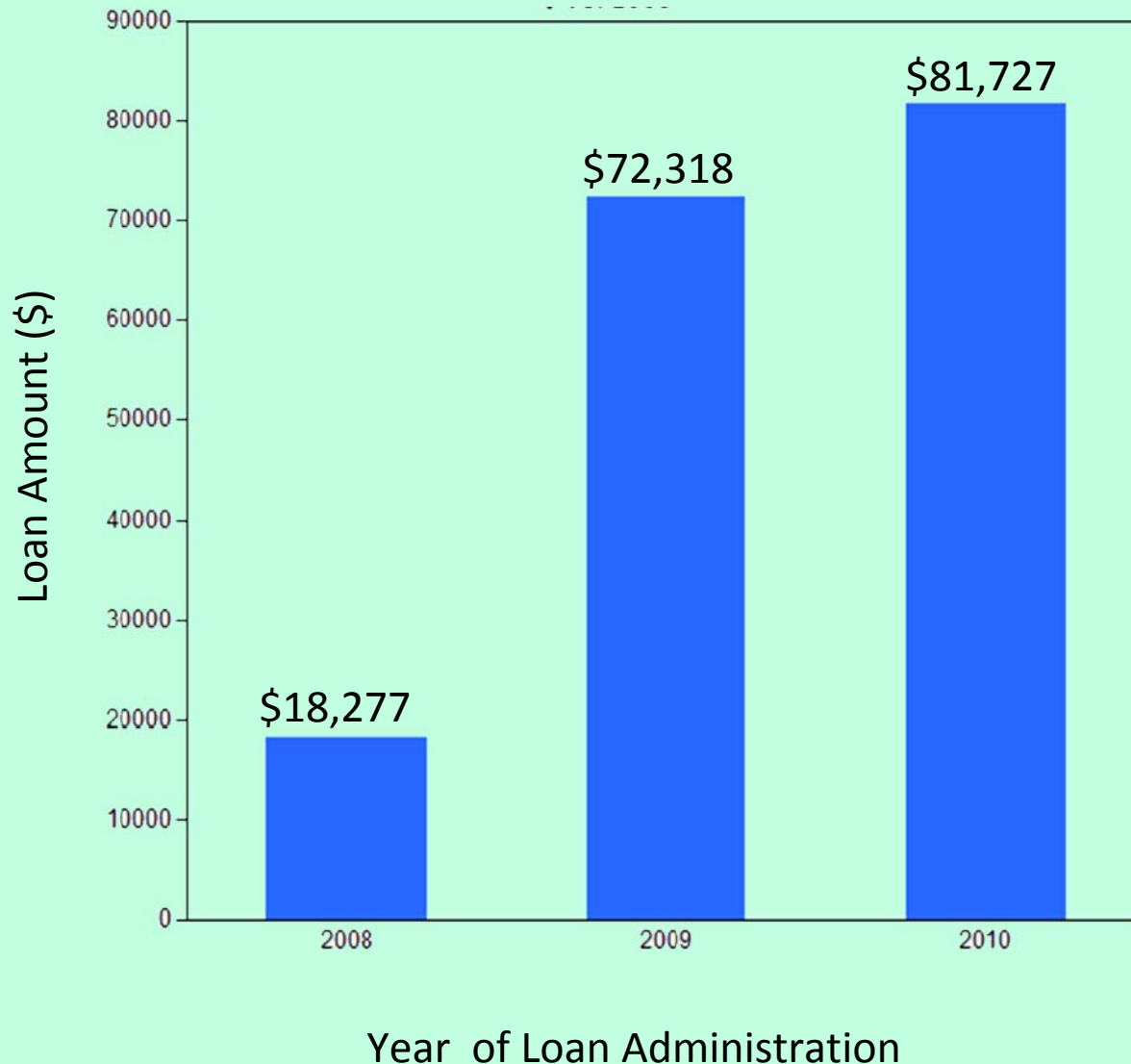
The majority of borrowers report improvement in their record-keeping, budgeting, and marketing skills since their first loan.



- The longer borrowers operate their business, the more experienced and skilled they will become.

- In 2011, women will begin to transition to independent borrowing through WMI's partnership with PostBank Uganda. WMI will introduce basic accounting training so borrowers can continue to improve their skills and make informed decisions about future business plans.

Over the past two years, the cumulative value of loans issued by WMI has quadrupled.



- WMI plans to issue loans amounting to \$36,400 in October 2010, bringing the total amount lent for 2010 to \$118,127, and the total amount lent since inception to \$208,722.
- The number of borrowers who have received loans has increased from 20 in January 2008 to 540 as of July 2010.
- In addition to the initial loan, WMI has issued 760 follow up loans to its borrowers.
- Every village where WMI operates has waiting lists of women who want to join the loan program.

**As borrowers gain more experience in the program,
they can apply for larger loans.**



- Women frequently indicate that they could benefit from even larger loans than WMI's top loan amount of \$250.

- The increasing demand for capital was the catalyst for WMI's Transition to Independence Program in partnership with PostBank Uganda, which allows women to double their loan amount and progress to independent banking.

Average Loan Amount per Person

I. LOAN PROGRAM RESULTS - SUMMARY

- Just 6 months after receiving their first loans, borrowers report that the loan program has had an overwhelmingly positive effect on their lives. In addition to the changes in family dynamics, borrowers feel their personal and business skills have improved, and they feel more confident and self-assured.



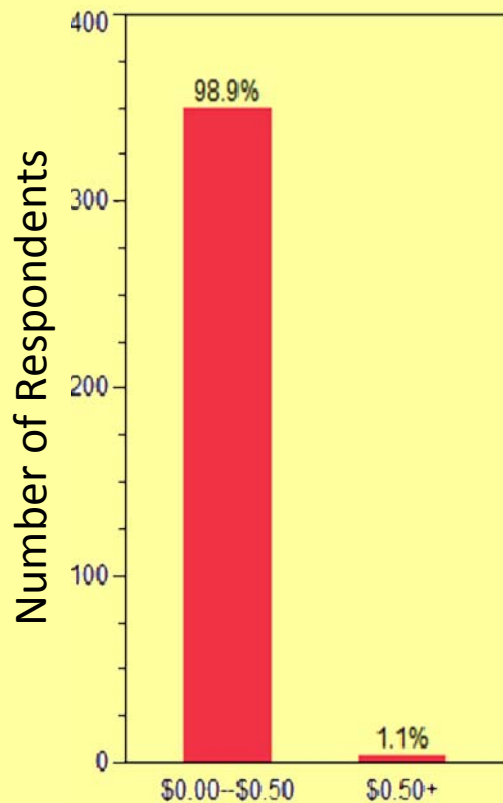
- The borrowers place a high priority on saving for emergencies—prior to the loan program they were able to save only very small amounts of money. The amount of savings has more than doubled with the introduction of the loan program.
- As WMI's loan program expands, the lives of more women can be affected in a sustainable, self-empowering way. WMI does not provide a charity, but instead provides women with the means and opportunity to take control of and improve their lives.

II. BUSINESS OPERATIONS

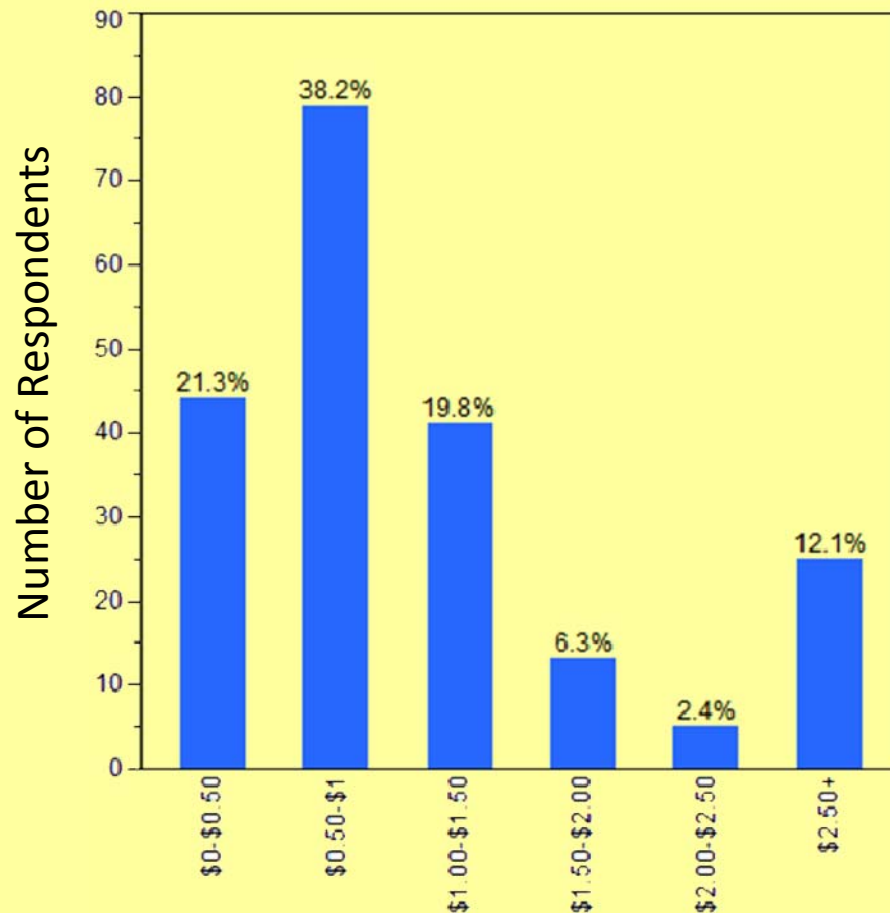
1. Monthly Income
2. Businesses
3. Family Assistance with Businesses
4. How the Family Helps
5. Employees
6. Difficulties in Running Business
7. Seasonality of Businesses
8. Biweekly Savings Trend



While almost 100% of borrowers lived on less than \$0.50 per day before their loans, after six months in the loan program only 20% lived on less than \$0.50 daily.



Daily income per person in each household at time of **first** loan

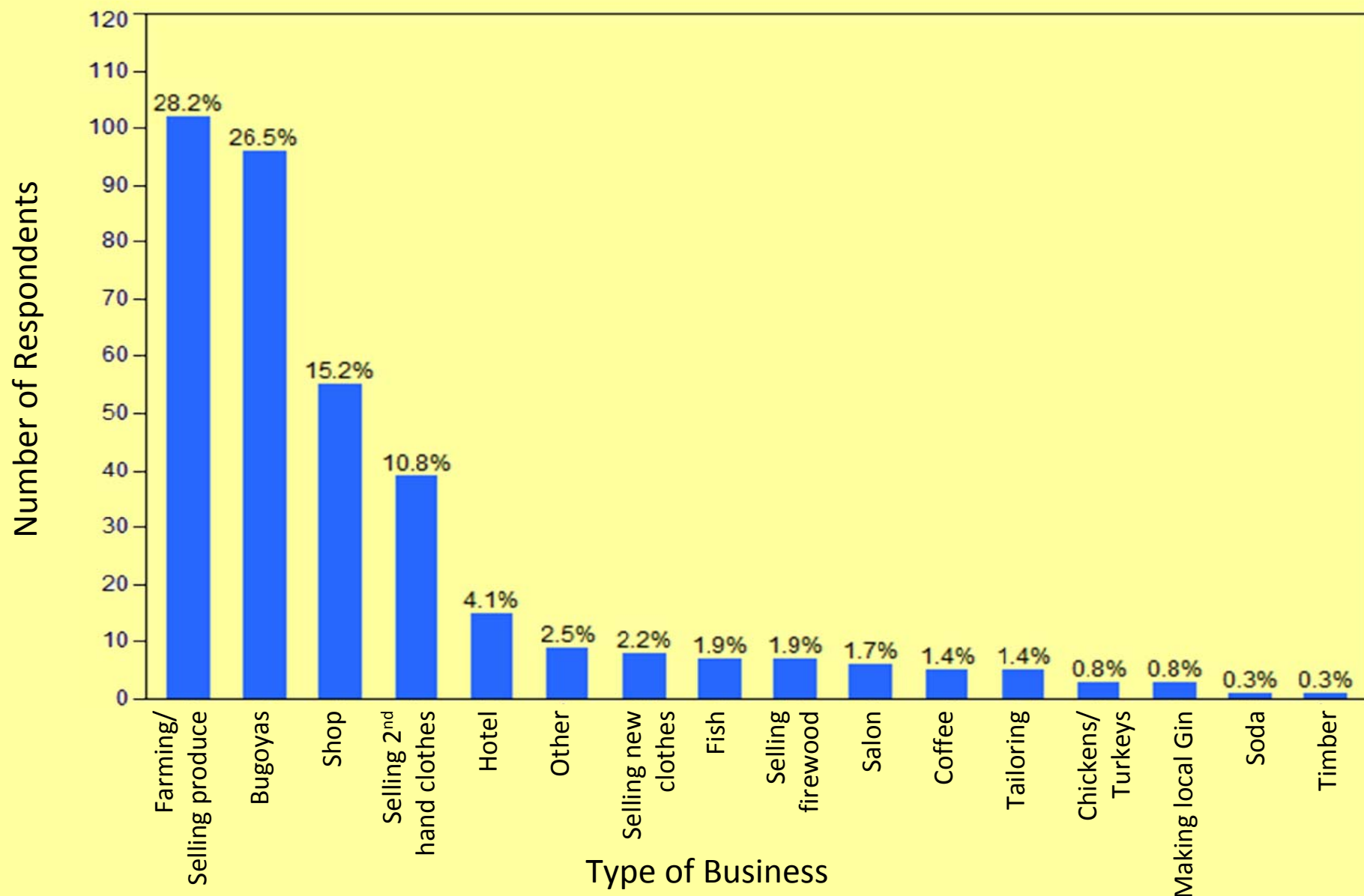


Daily income per person in each household at time of **second** loan

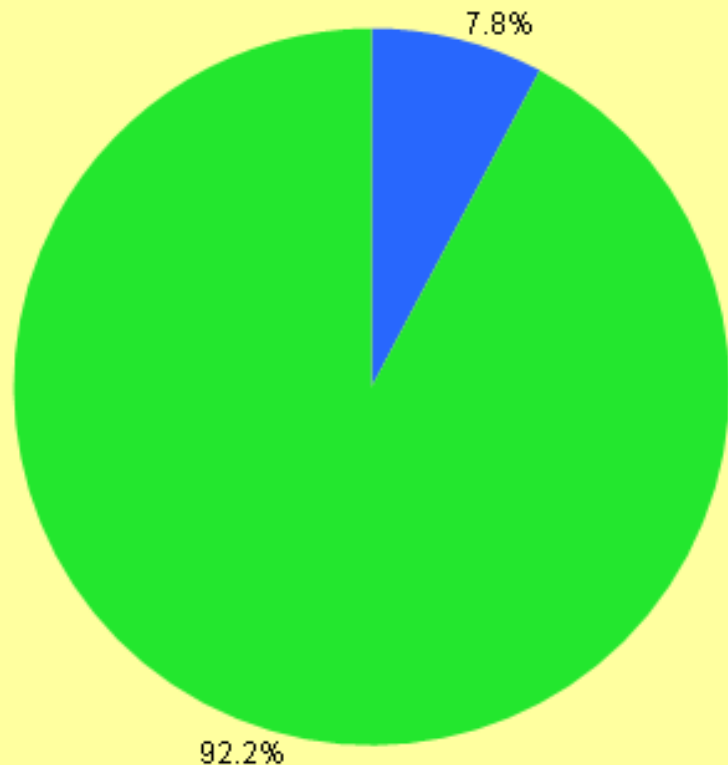
- Before borrowers' first loan, over 60% lived on less than \$0.20 per day.

- The highest daily per capita household income after 6 months in the loan program is \$8.13.

Over half the women's businesses involve farming, selling produce, or selling bugoyas (local bananas).



Over 90% of borrowers receive assistance from their families in running their businesses.



Does your family help
with your business?



No

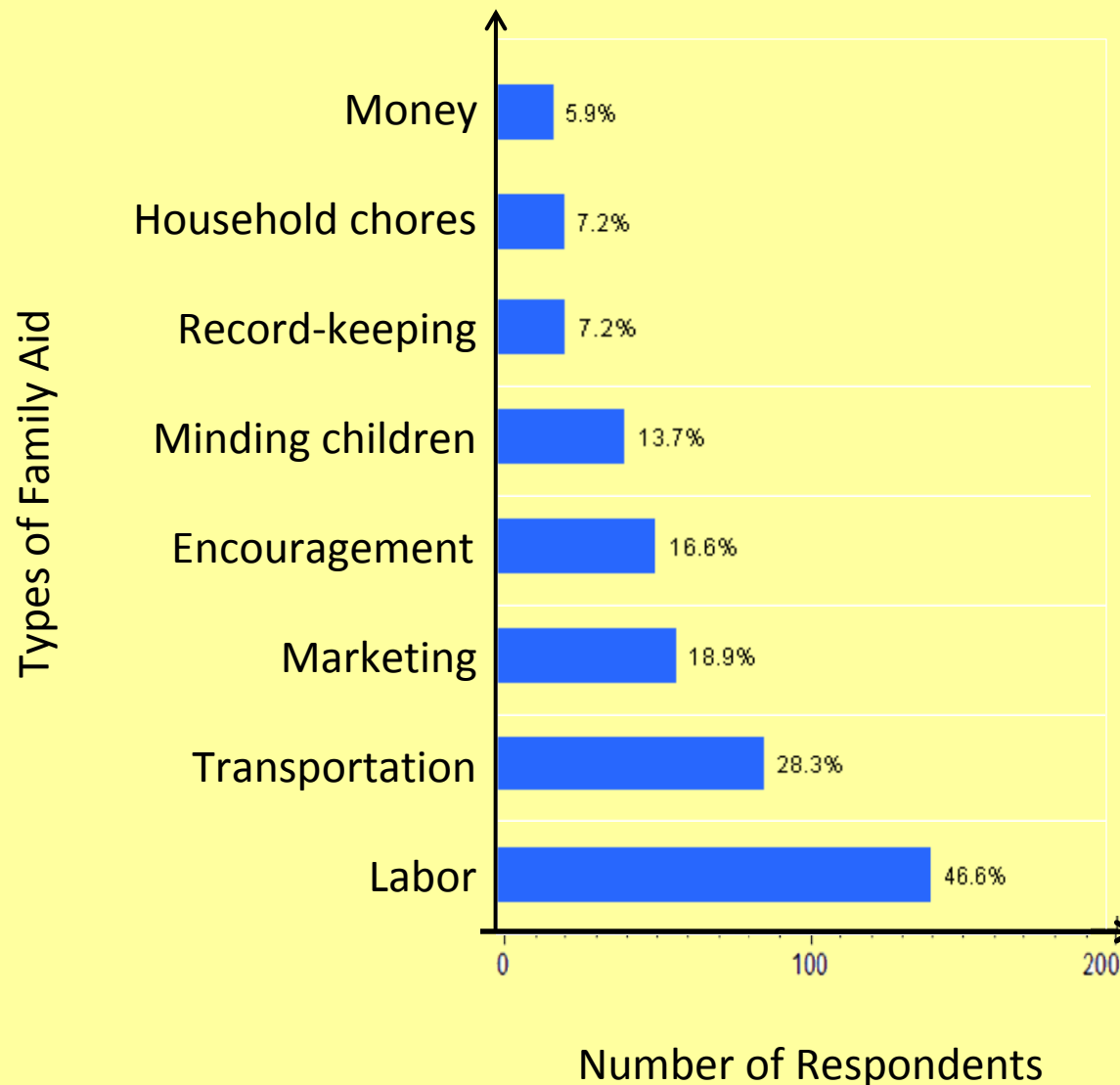


Yes

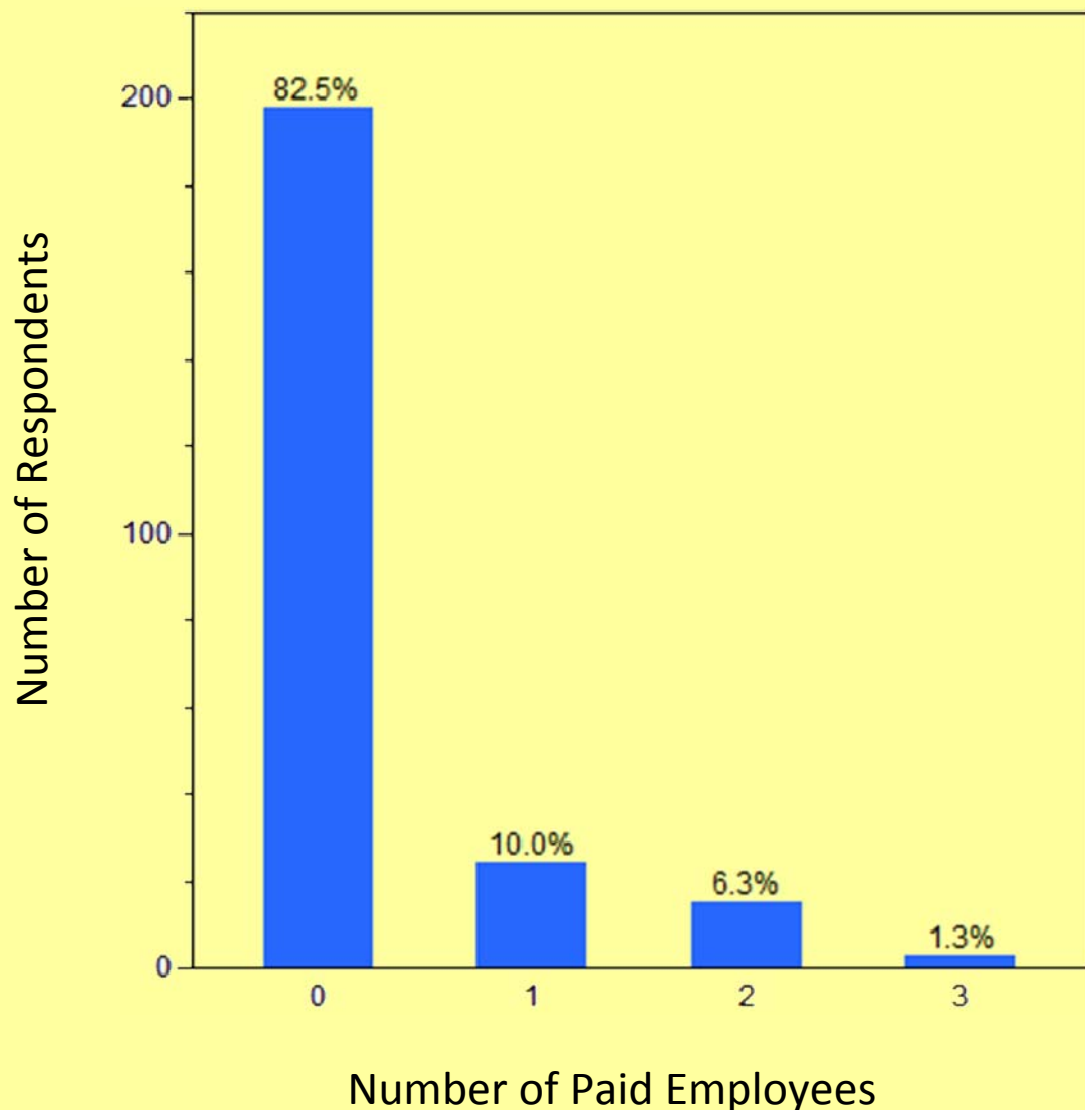
- Borrowers report that husbands are extremely supportive of their businesses, either helping with daily household activities or with business operations.

- Husbands often report that they are grateful for the loan, and there is a positive impact on marital relations since the loans.

The most common forms of familial assistance with businesses are providing labor and transportation.



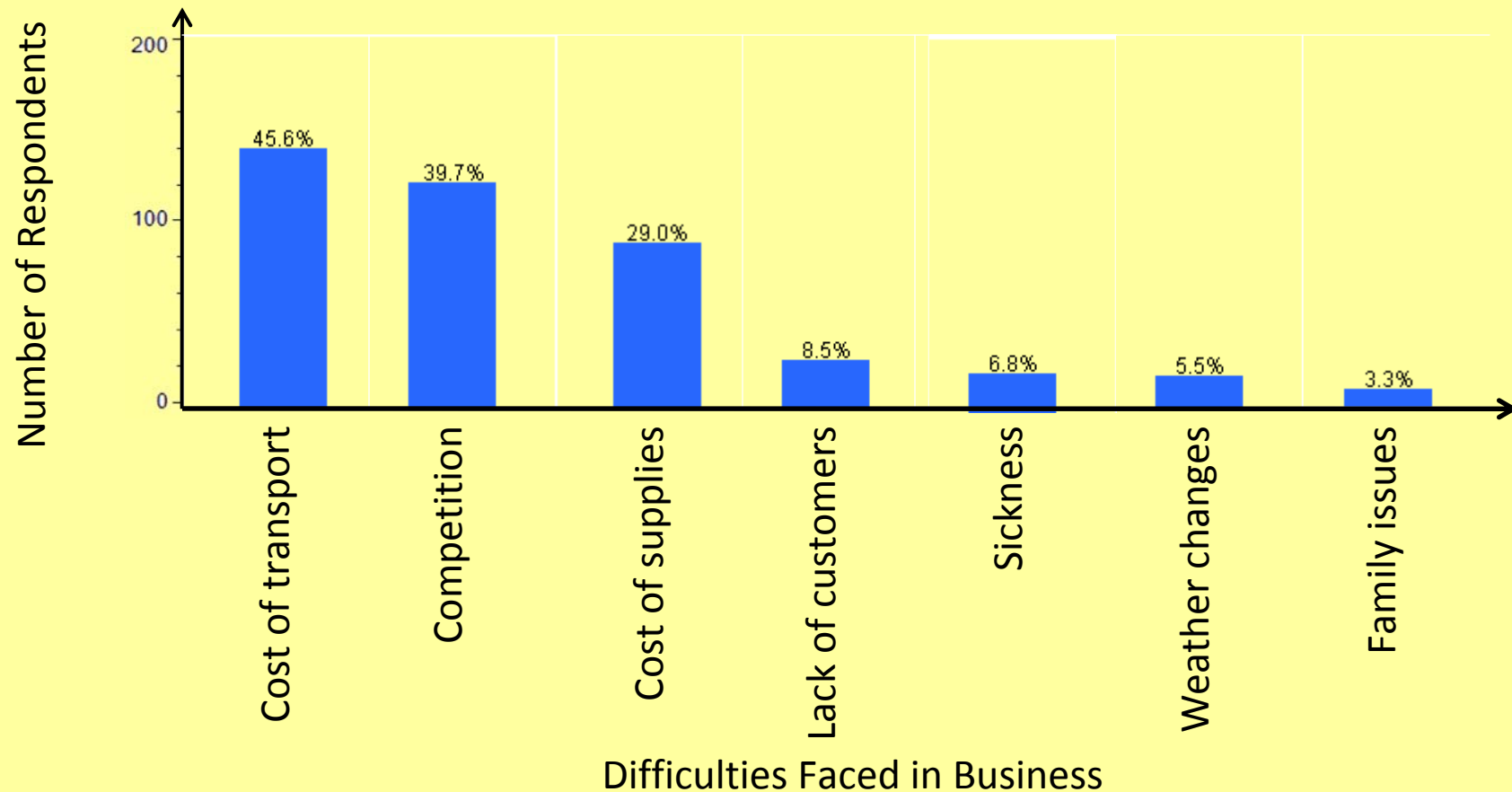
While most borrowers do not have paid employees, some have begun to hire paid help.



- Frequently employees and employers do not write down the terms of employment. Verbal agreements can lead to confusion about what is expected of each party.

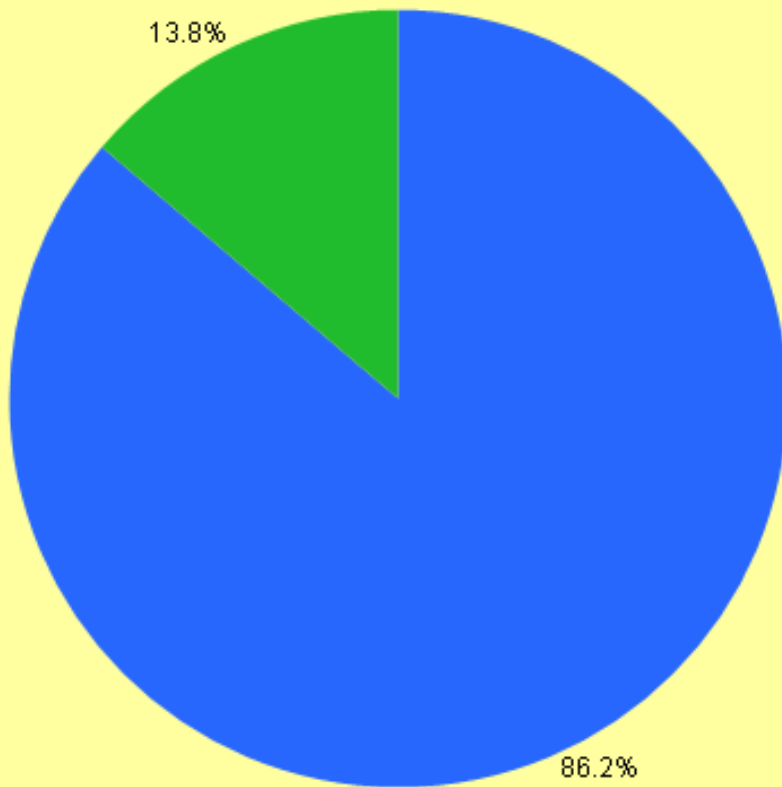
- Future resources could include simple, one-page employment contracts, so that employers and employees both understand the obligations and responsibilities involved.

The most common challenges to business are the cost of transport and supplies, and competition.



The cost of transportation, dilapidated roads, and unreliable public forms of transportation make it expensive and time consuming to travel.

Although only 10% of borrowers indicate that they have changed their businesses, many supplement their primary business with additional revenue sources.



Have you changed
your business?



No

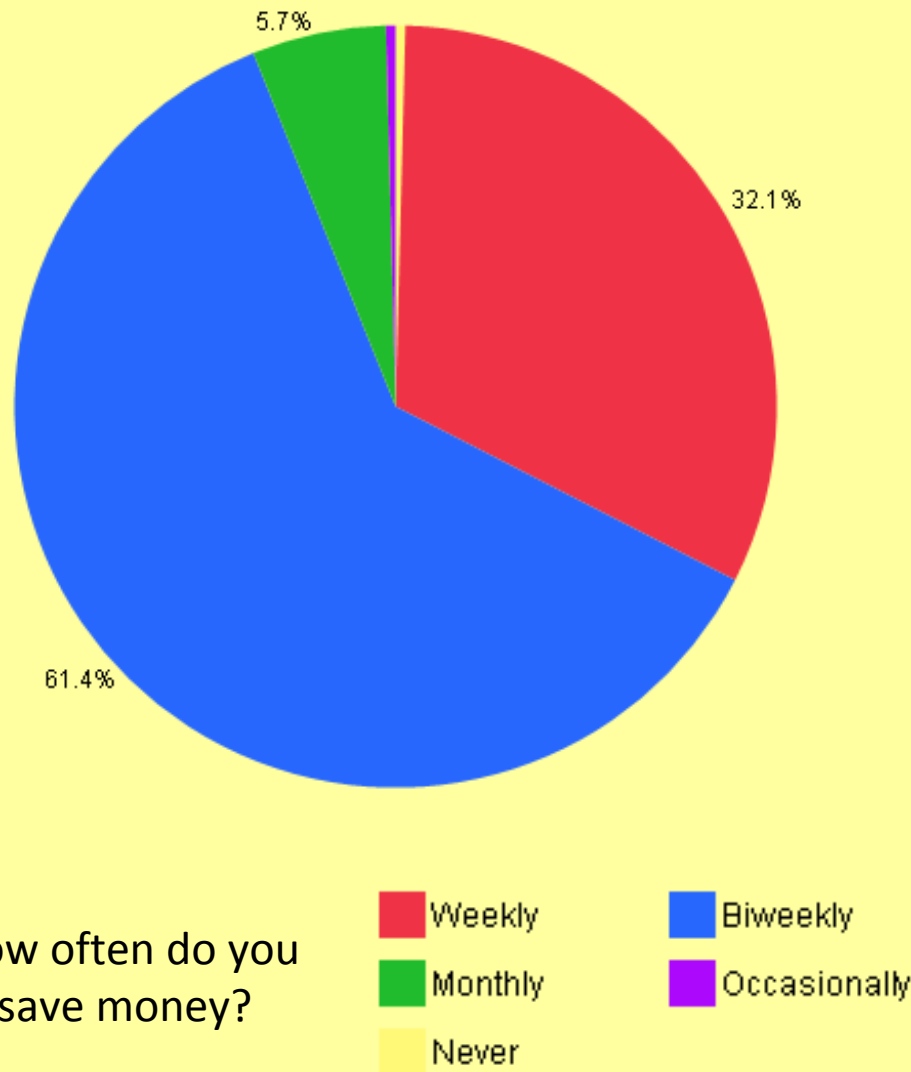


Yes

- Many women involved in food production supplement that business with the sale of shoes, used clothes, and other items depending on the season.

- The women report that they watch the local markets and shift to different businesses depending on: what items appear to be scarce; whether the harvest is in and villagers have money to spend; whether school is in session; and, upcoming holidays.

Over 90% of borrowers save money on a weekly or biweekly basis.



- Saving is a key component to sustained improvement in household living standards.

- Access to savings can smooth the consumption curve and provide financial security in the event of emergencies.

II. BUSINESS OPERATIONS SUMMARY

- Monthly savings and daily income have both increased dramatically since borrowers received their first loans.
- Borrowers report that transportation is the greatest challenge to their businesses, and that their families commonly assist by helping to transport goods. Competition and seasonality of businesses are other problems faced by borrowers, since most businesses involve buying or selling produce or used goods.
- Borrowers' businesses frequently involve the whole family. This means that children see their parents becoming proactive about earning an income. It changes the household paradigm from one of helplessness to one of self-help. Children helping in the business have an opportunity to learn a skill set, help the business grow, and possibly inherit it in the future.
- As borrowers' businesses expand, they are able to save more money and hire employees.

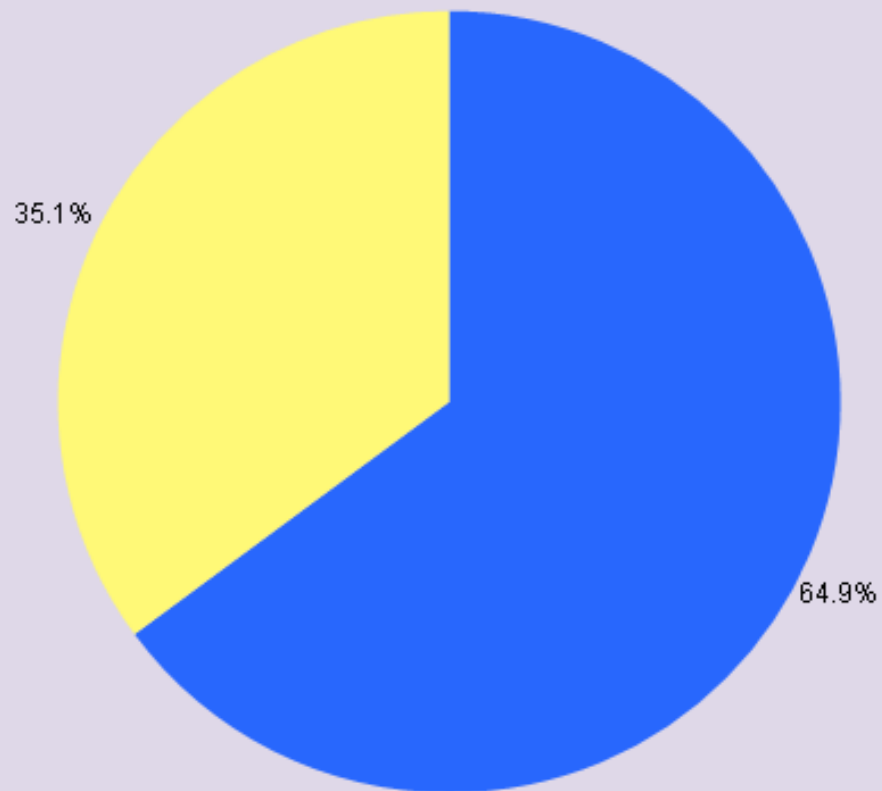


III. HOUSEHOLD IMPROVEMENTS SINCE BORROWER' FIRST LOAN

1. House Improvement
2. Mosquito Nets Acquired
3. Cooking fuel & Lighting source
4. Toilet Facilities & Water source
5. Meal Improvement



Over 30% of borrowers report changing their house after receiving their first loans.



Have you changed your house since your last loan?

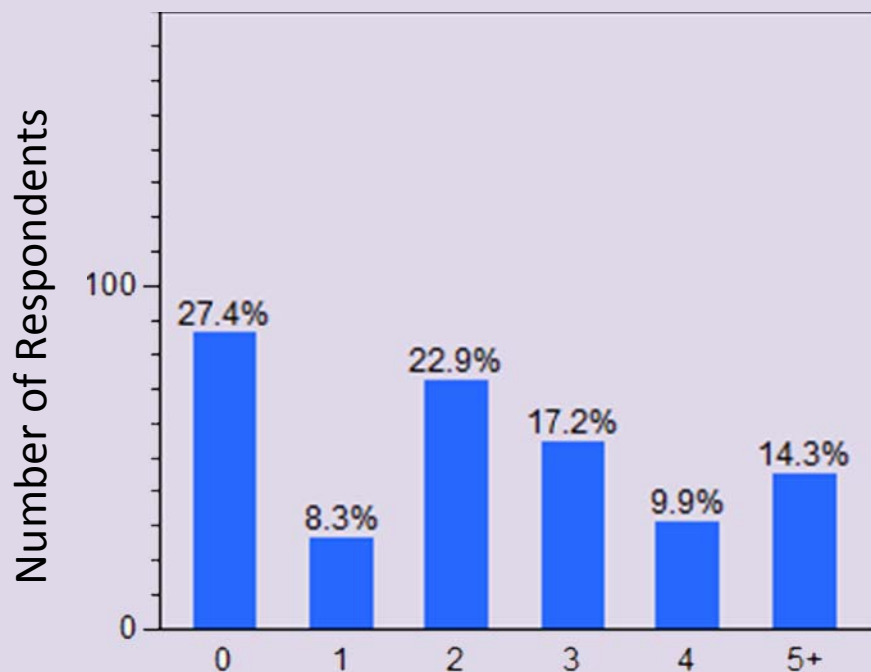
■ No ■ Yes

- Common changes made to houses are adding a tin roof or additional rooms, or cementing the floor.

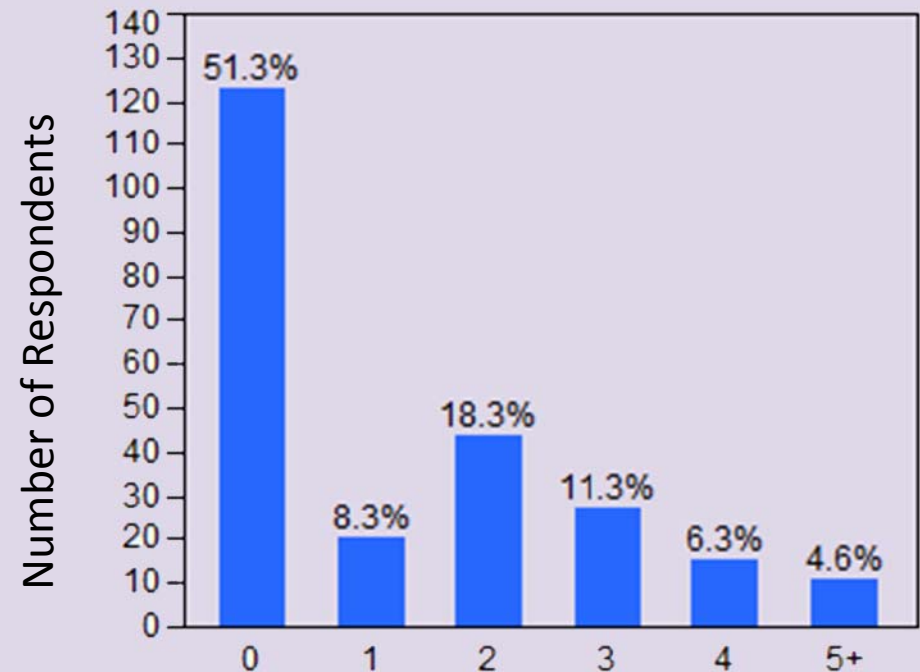
- Tin roofs instead of thatch are dryer, and reduce dust in the home.

- Cement floors dramatically reduce dust and the occurrence of respiratory problems, improving the health of all family members.

The number of households able to provide mosquito nets for everyone to sleep under has nearly doubled since borrowers received their first loans.

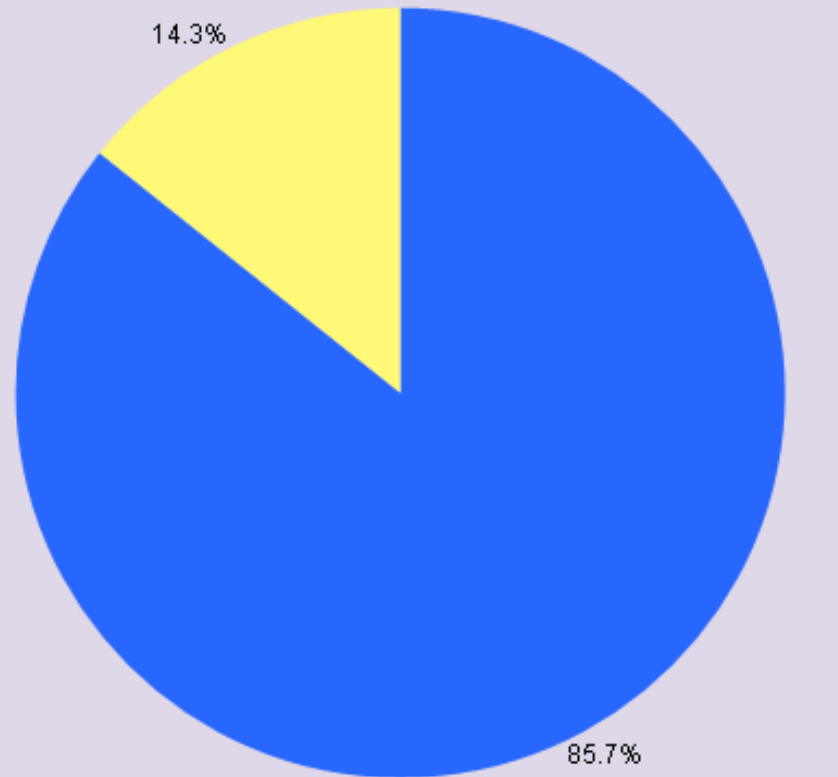


Number of people in household that do NOT sleep under mosquito nets at the time of the **first** loan



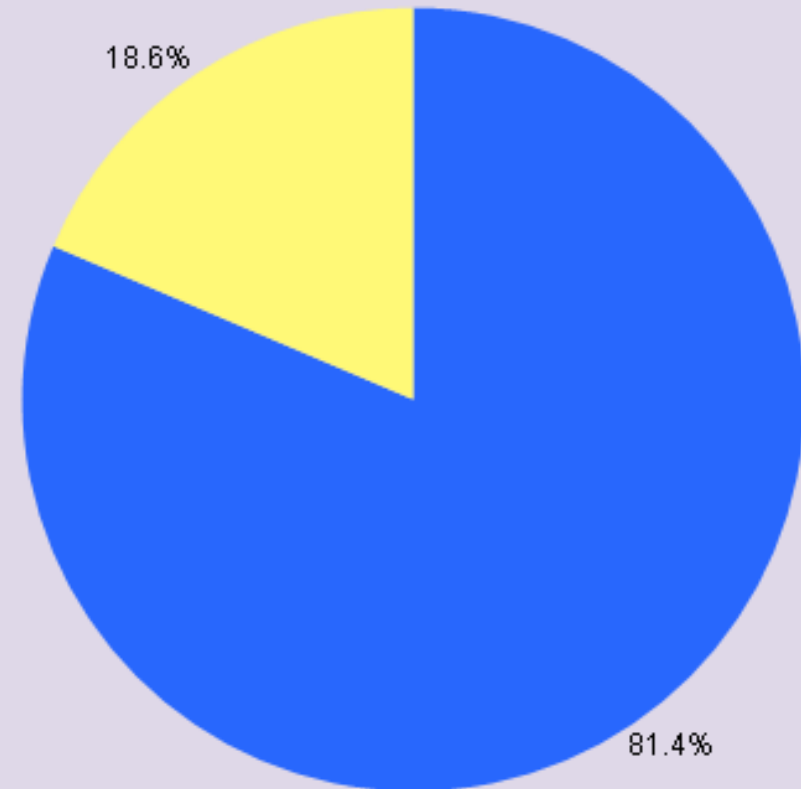
Number of people in household that do NOT sleep under mosquito nets at the time of the **second** loan

Over 10% of borrowers changed their cooking fuel since receiving their loans, while almost 20% changed their lighting source.



Have you changed the cooking fuel you use since receiving your first loan?

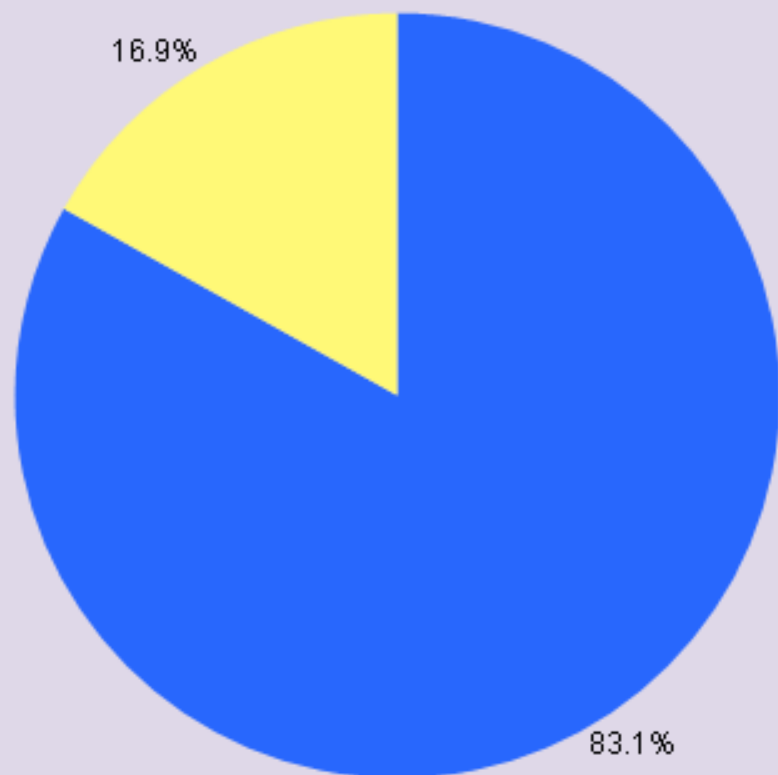
■ No ■ Yes



Have you changed the lighting source you use since receiving your first loan?

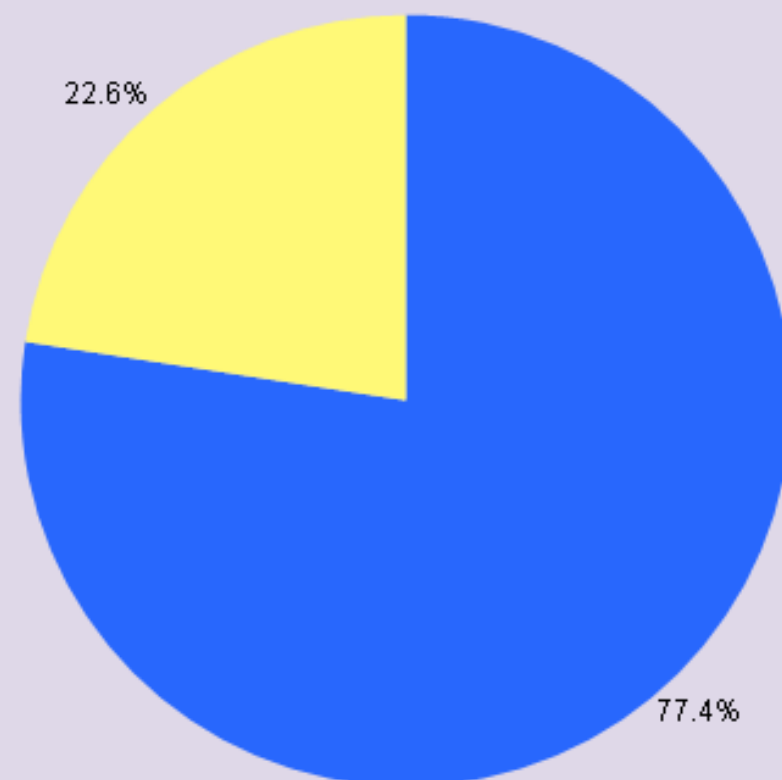
■ No ■ Yes

Over 15% of borrowers changed their toilet facilities after receiving their loans, and over 20% changed their water source.



Have you changed your toilet facility since receiving your first loan?

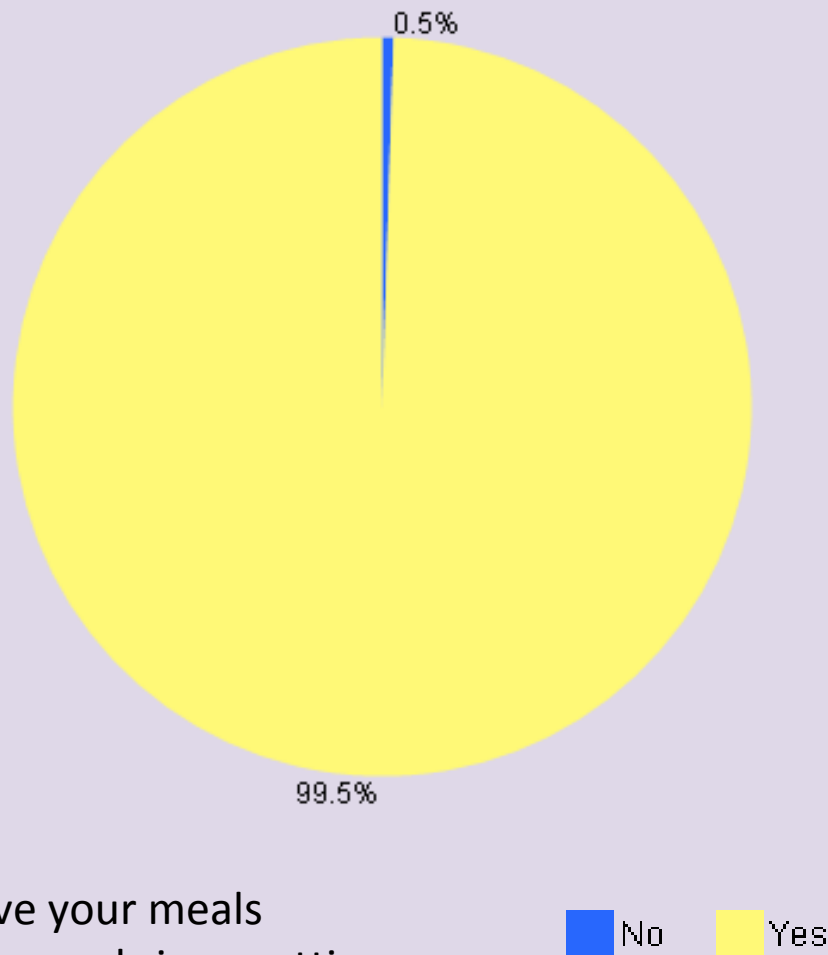
■ No ■ Yes



Have you changed the water source you use since receiving your first loan?

■ No ■ Yes

Almost 100% of borrowers have improved their household's meals since receiving their loans.



Have your meals improved since getting your loan?

- Many women report adding more meals or having more food at each meal since receiving their loans.

- Common improvements include eating more meat, adding protein to their diet, and having an overall more balanced and nutritious diet.

- Nutrition directly affects physical development in children, especially in the brain. Good nutrition improves growth, education, and health.

III. HOUSEHOLD IMPROVEMENTS SUMMARY

- Many borrowers have used the profits from their businesses to improve their households, resulting in dramatic improvements in their families' health and standard of living. Home improvements commonly include cement floors and tin roofs, which cut down on the seasonal extremes of dust and mud, thereby reducing exposure to common diseases. Upgrades in cooking fuel or lighting sources help reduce respiratory diseases.

- Improved nutrition is vitally important to overall health, productivity, child development, and education. Villagers place a high priority on eating well, and demonstrate their understanding of the importance of good nutrition through their almost universal effort to eat better after receiving their loans.

