

# FACT BOOK: Loan Impact Data

## Bulambuli Widows Association

Buyobo, Uganda

August 2011



WOMEN'S  
MICROFINANCE  
INITIATIVE

[wmionline.org](http://wmionline.org)

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# Background on WMI

- WMI is a U.S. based non-profit organization that provides microcredit 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.
- By the end of 2011, WMI will have issued 3,500 loans in 8 villages hubs across Uganda and Kenya.
- Women use their business profits to pay school fees, buy more food for their families. Improve 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 help to issue the surveys.
- The data presented in this fact book was collected from April 2010 to April 2011 from 194 borrowers.



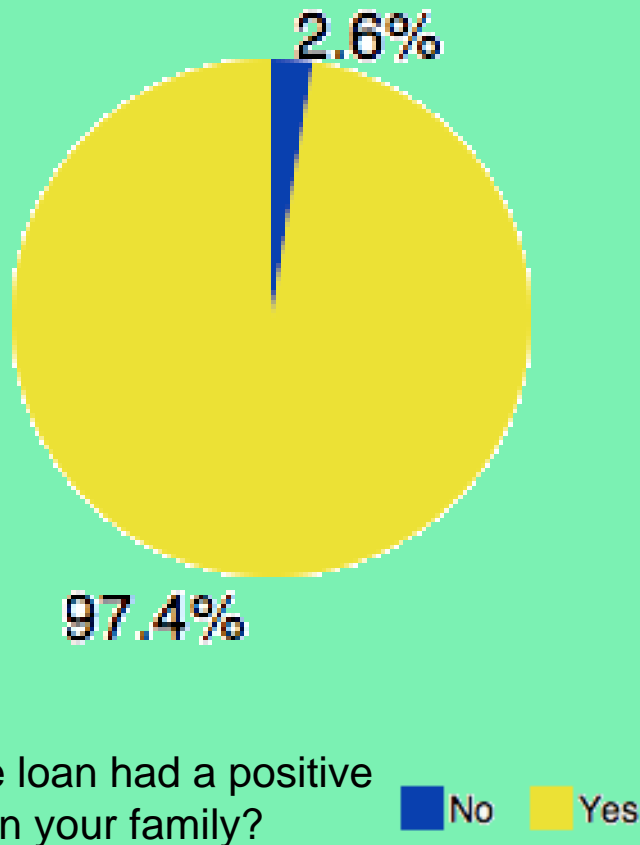
# I. Loan Program Results

1. Effect on Borrower's Family
2. Priorities for Use of Income
3. Improvements in Reading, Writing, and/or Arithmetic

4. Reasons to Save
5. Improvement in Personal Skills
6. Improvement in Business Skills
7. Summary

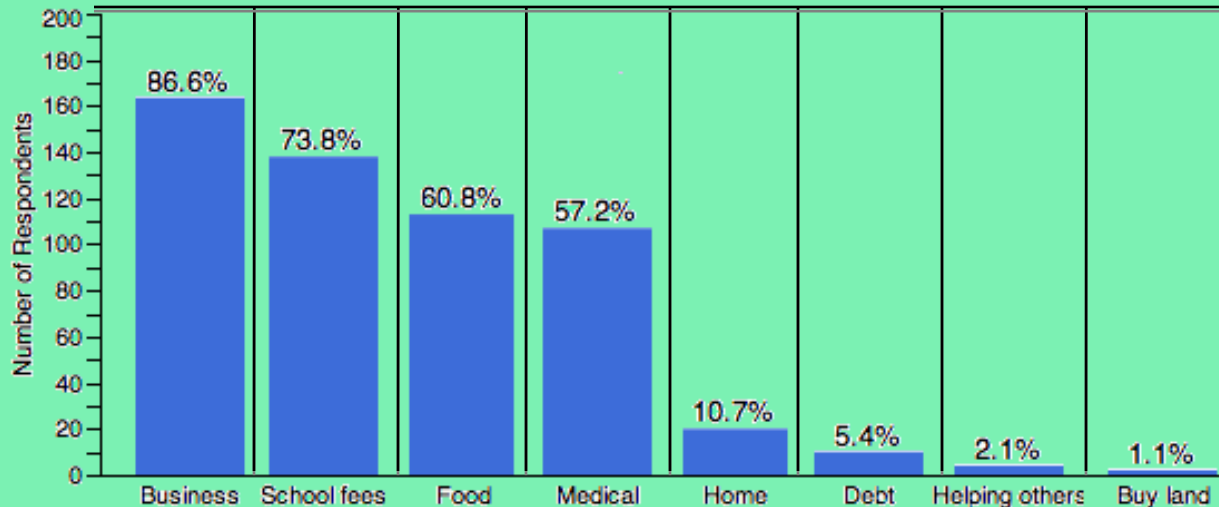


# Almost 100% of borrowers report a positive impact on their family since entering the loan program.



- The only negative effect mentioned by borrowers is that they have more overall work since obtaining a loan because they have to operate their business on top of other household duties and sometimes other jobs.

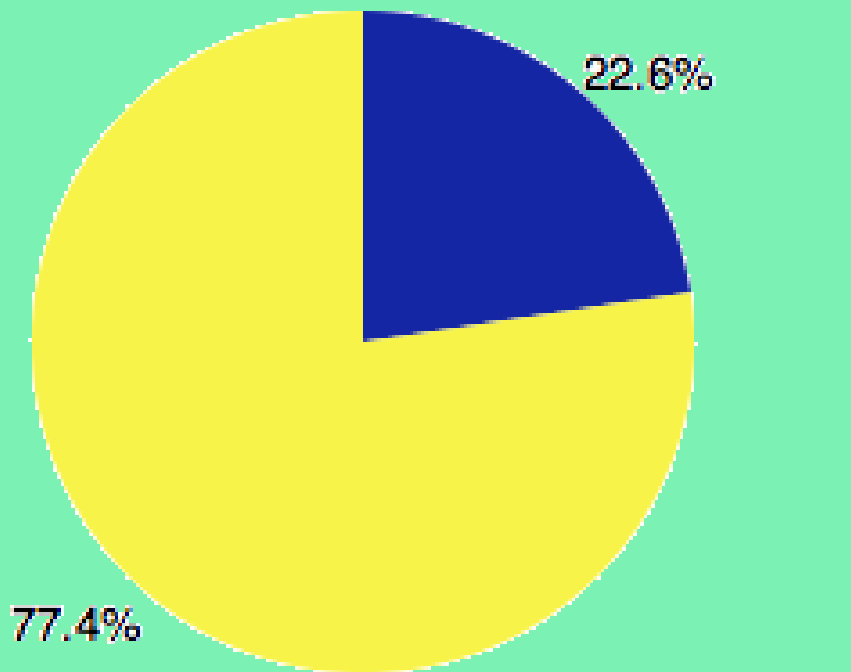
# Over two thirds of borrowers put improving their business as a top priority for spending their income.



Priorities for Income Use

- Borrowers place a high priority on improving their businesses and on education—school fees are one of the first household expenses paid their extra income.
- Home improvements include cementing the floor and adding an iron roof.

# Over 75% of borrowers report improvement in their reading, writing, and/or arithmetic skills.

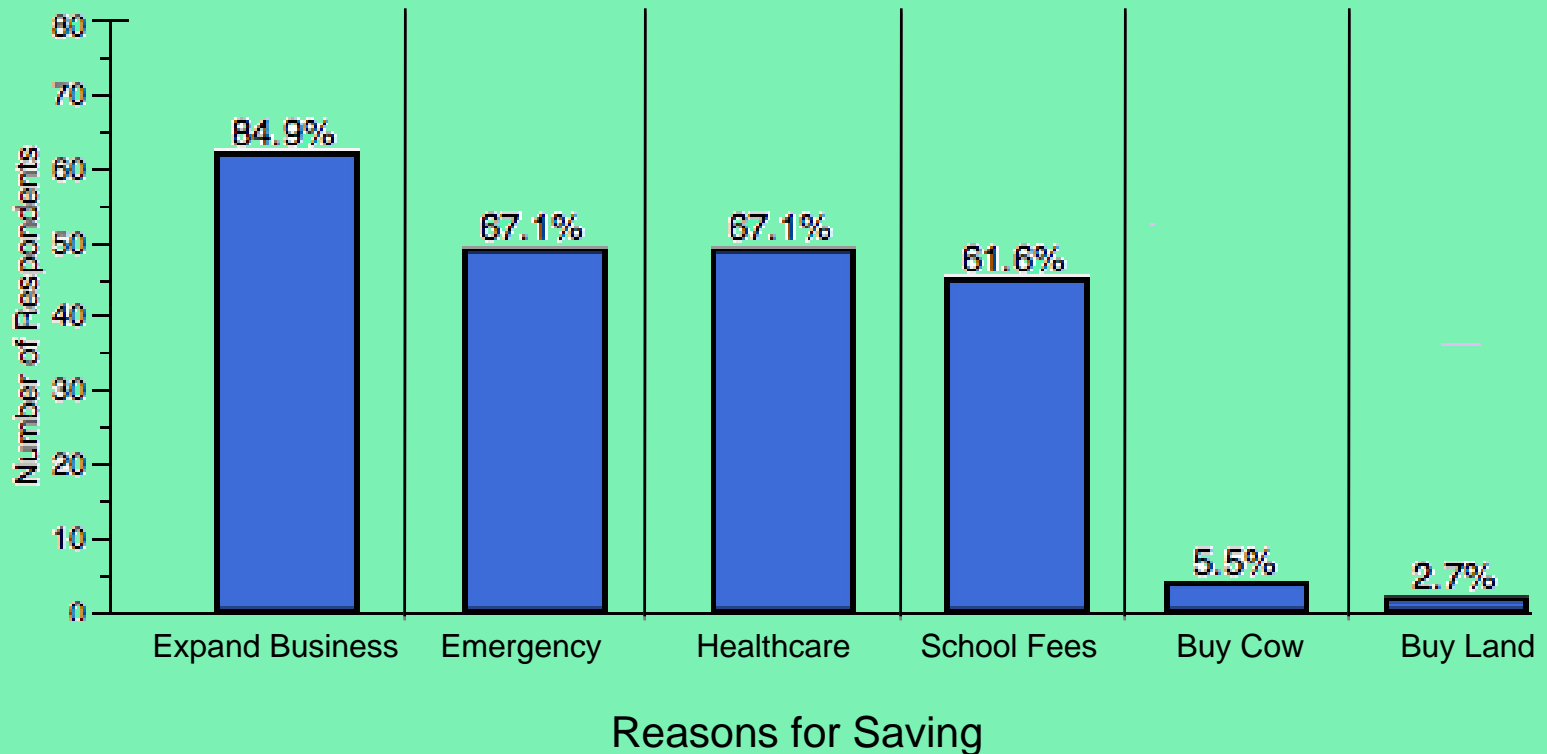


Have you noticed improvement in your reading, writing, and/or arithmetic skills?

■ No ■ Yes

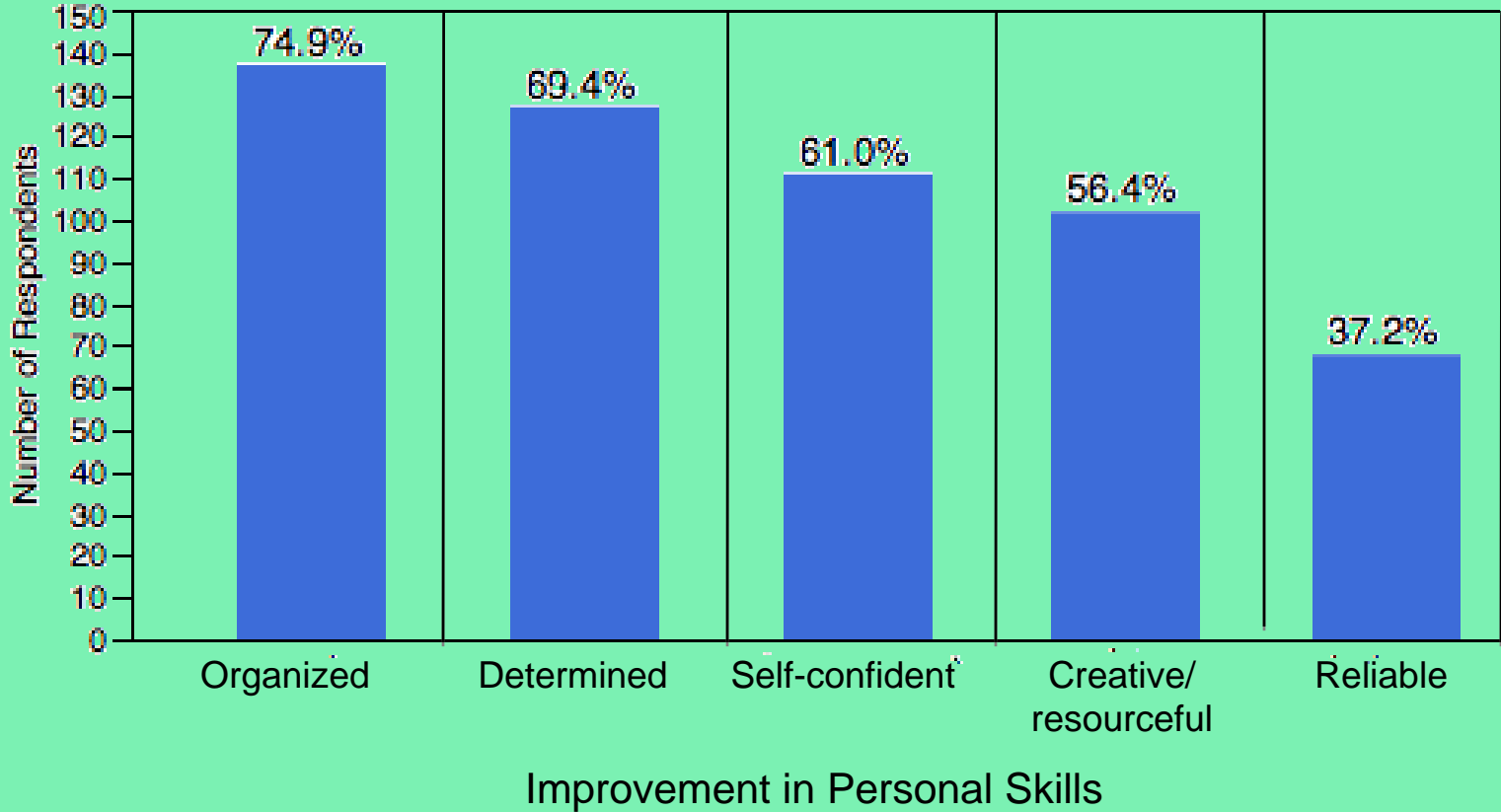
- WMI provides ongoing business skills training in record-keeping.
- Borrowers regularly request adult education classes to improve basic reading and writing skills.

Borrowers' top three reasons for saving are: expanding their businesses, emergencies, and health care.

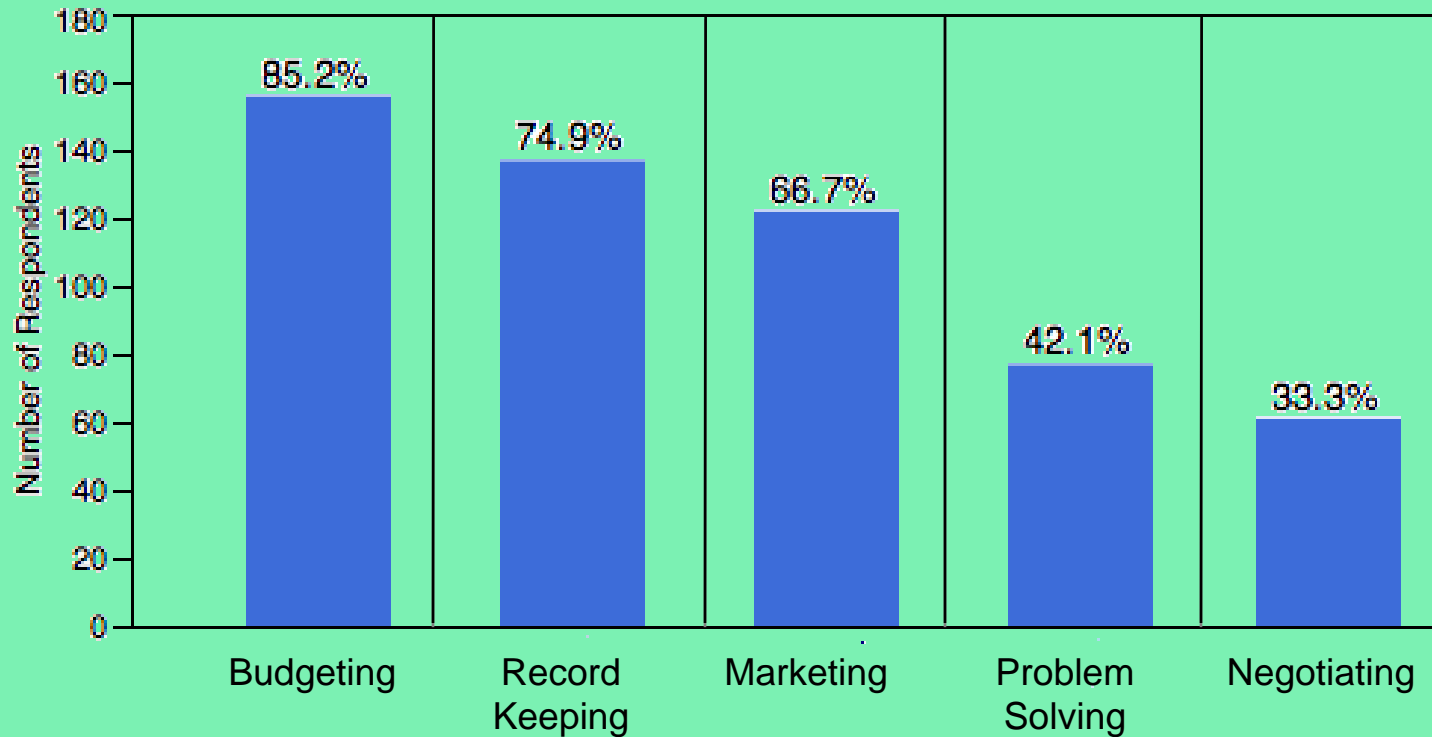




All borrowers have seen an improvement in their personal skills since receiving a loan.



All borrowers report an improvement in their business skills since receiving their first loans.



Improvement in Business Skills

# 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 skills and business skills have improved, and they feel more confident and self-assured.
- Borrowers place a high priority on saving for emergencies and health care.
- 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.



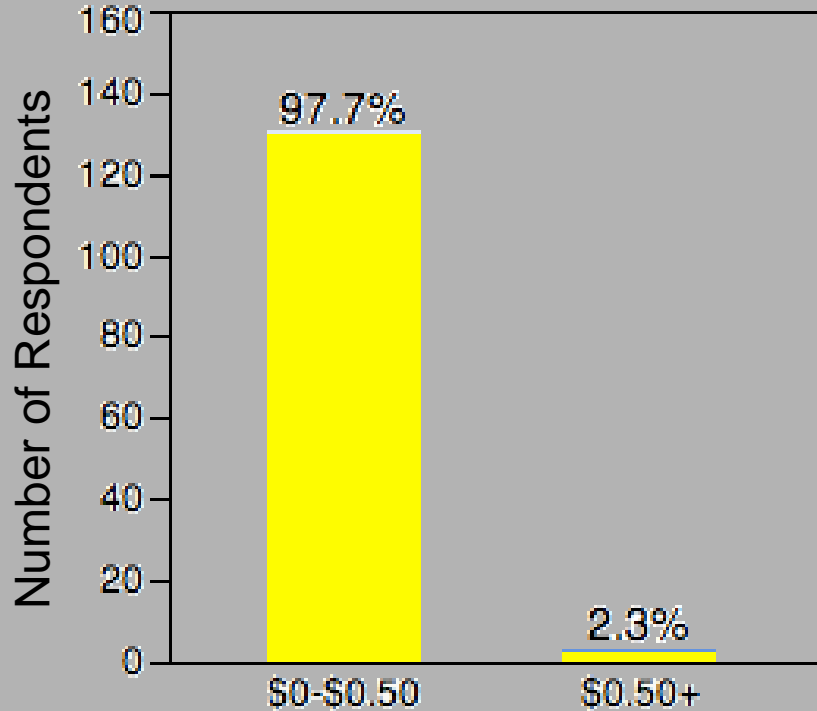
# II. Business Operations

1. Monthly Income
2. Family Assistance
3. Employees
4. Business Difficulties
5. Business Growth
6. Savings Trends
7. Summary

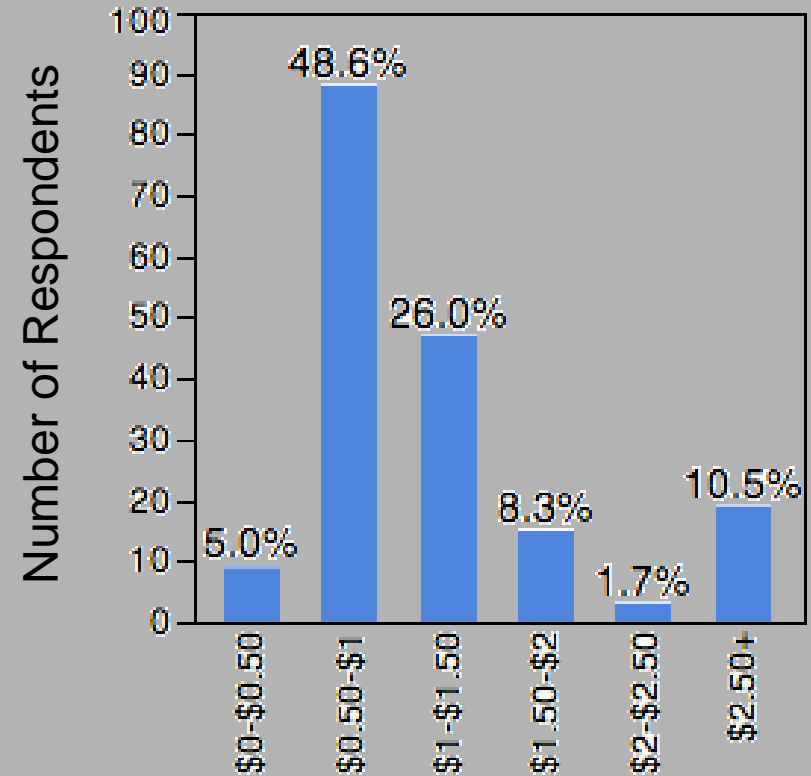




After 6 months in the loan program, 95% of women earn more than \$0.50 a day.



Daily Income Per Capita: Before Loan

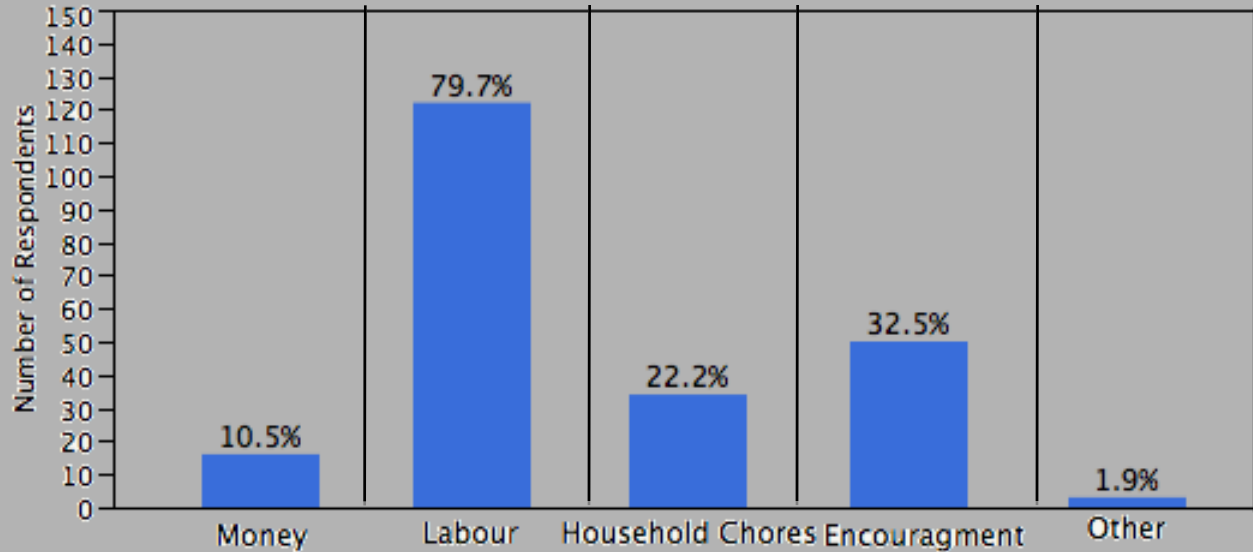


After Loan

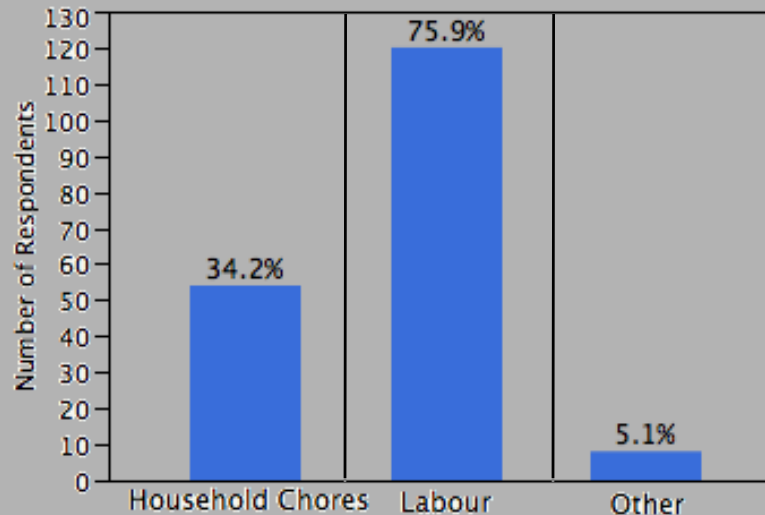
- Before receiving loans, the average income among borrowers was \$0.19 a day. After receiving a loan, borrowers' average income increased to \$1.27.
- The highest daily income before loans was \$0.80. After loans, the highest income was \$8.47.

# Many borrowers' children and husbands assist them in their businesses, especially by providing labor.

How does your husband help?

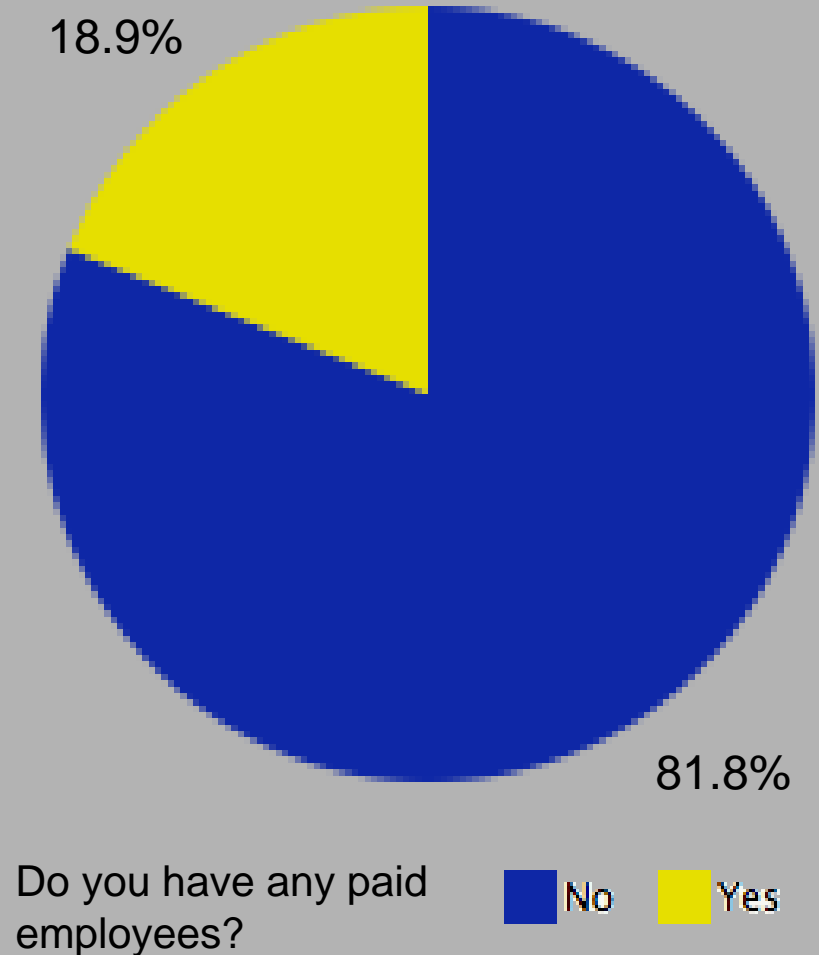


How do your children help?

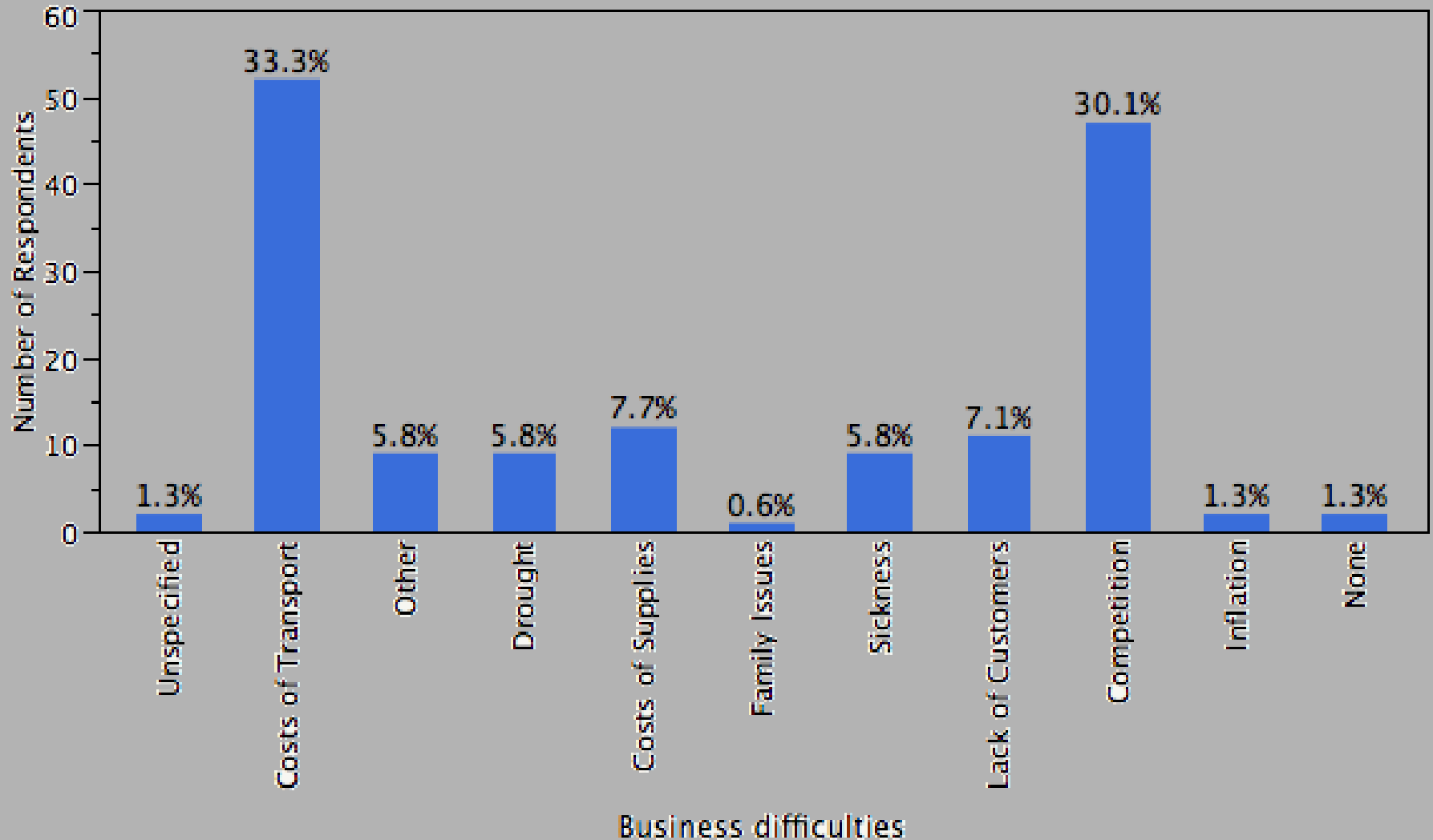


# Almost 20% of borrowers pay employees to help with their businesses.

- Most employment contracts are not written down. Verbal agreements sometimes 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 have a record of the obligations and responsibilities they have agreed too.

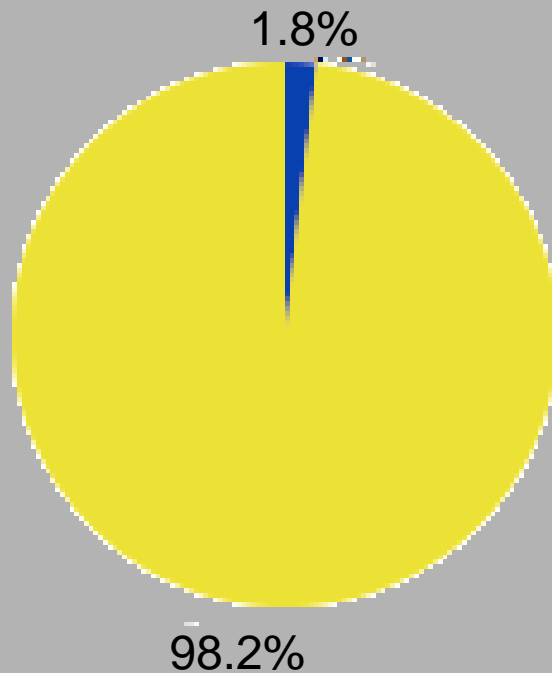


The most common business difficulties for borrowers are the costs of transporting goods and competition.





# Almost all borrowers have reported growth in their businesses.

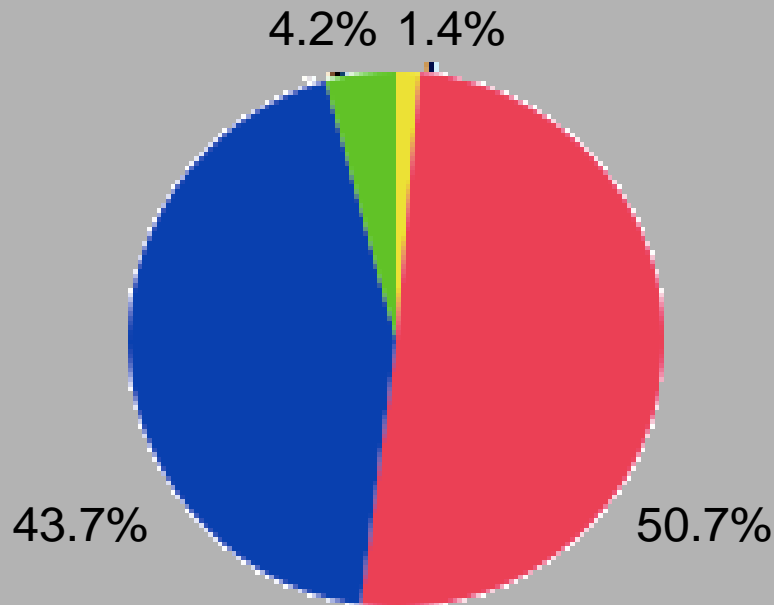


Has your business grown since you received your loan?

Yes No

- The additional capital provided by the microloans allows borrowers to expand their businesses.
- Borrowers often communicate with each other about market conditions to aid each other in improving their businesses.

# Nearly 95% of borrowers save weekly or biweekly.



How often do you save?

Never Weekly Biweekly Monthly

- Access to savings can smooth the consumption curve and provide financial security in the event of emergencies.
- Saving is also a key component to sustained improvement in household living standards.

# Business Operations Summary

- Daily incomes have increased dramatically since borrowers received their first loans.
- Borrowers' businesses frequently involve the whole family and 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 the business in the future
- As borrowers' businesses expand, they are able to save more money and hire employees.



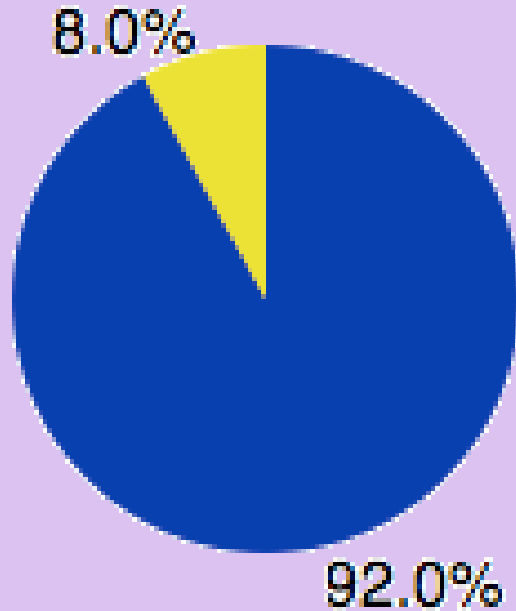
# III. Household Improvements Since First Loan

1. House Improvement
2. Mosquito Nets
3. Cooking Fuel and Lighting Source
4. Water Source
5. Meal Improvement
6. Summary





# 8% of borrowers report improving their house after receiving the loan.

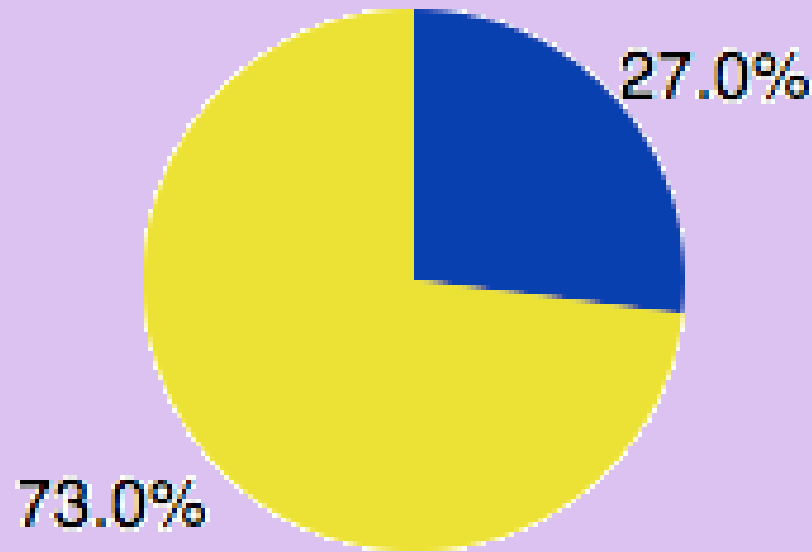


Have you changed your house since receiving the loan?

■ No ■ Yes

- Home improvements are expensive and can only be done after accumulating savings.
- Common changes made to houses are adding a tin roof or additional rooms, or cementing the floor.
- Cement floors dramatically reduce dust in the home, improving the living conditions for all family members.

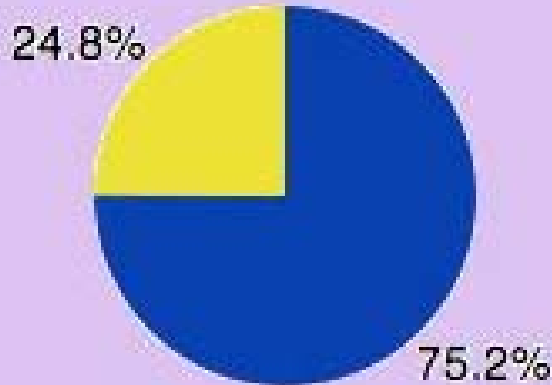
Nearly 75% of borrowers have more mosquito nets after their loans.



Do more people in your house sleep under mosquito nets since you received the loan?

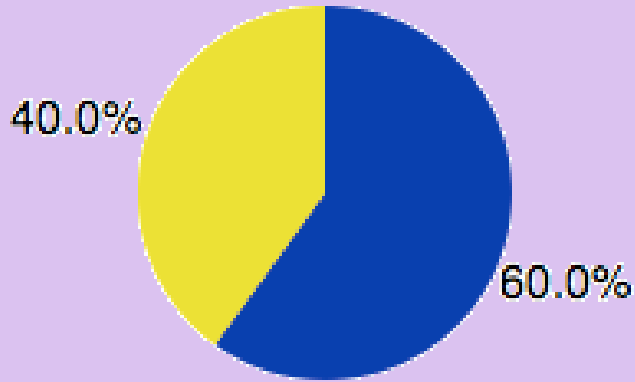
 No  Yes

Since receiving a loan, nearly 25% of borrowers report improving their cooking fuel, and 40% report improving their lighting source.



Has your source of cooking fuel improved since your last loan?

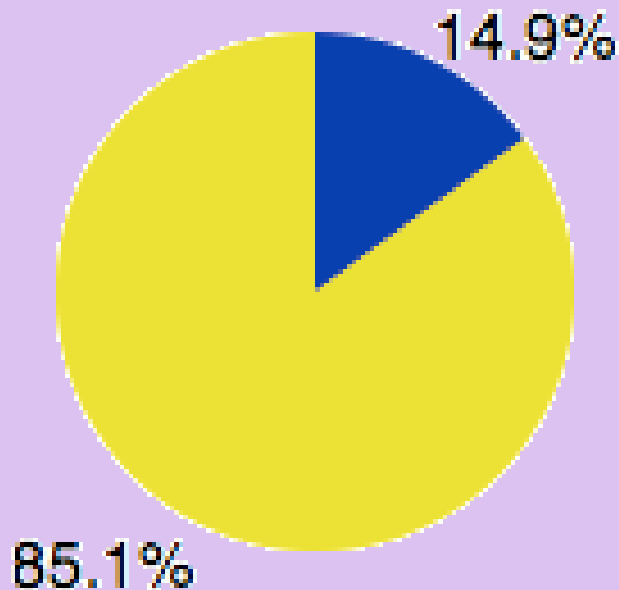
■ No    ■ Yes



Has your light source improved since your last loan?

■ No    ■ Yes

# 85% of borrowers report having cleaner water since receiving their loans.

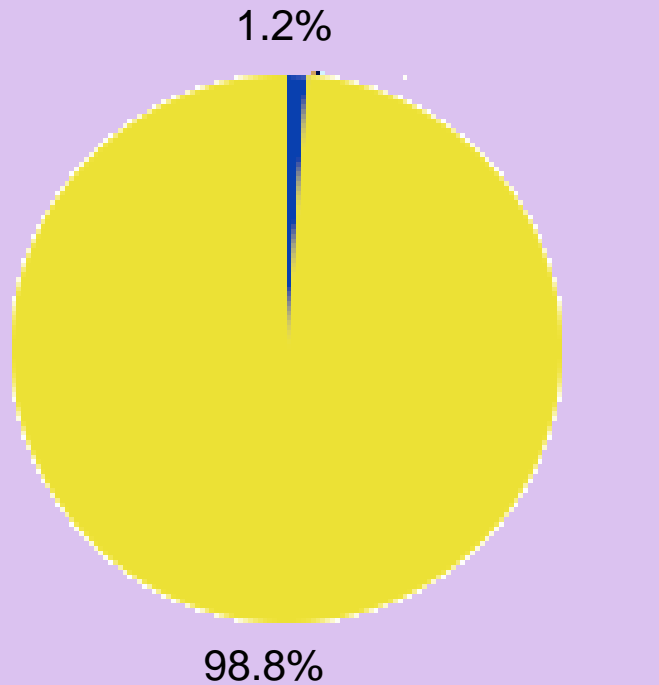


Since your last loan, have you improved your drinking water?

 No  Yes

- Borrowers report either boiling their water more often or treating it with a chemical called WaterGuard, which kills some of the bacteria commonly found in the water sources in the area.

# Almost 100% of borrowers have improved their households' meals since receiving their loans.



Have your meals improved since receiving your loan?

■ No ■ Yes

- Common improvements include eating more meat along with a larger variety of other foods (vegetables, eggs, milk).

# Household Improvement Summary

- Borrowers use profits from their businesses to improve the living conditions in their households.
- Upgrades in cooking fuel and lighting sources help reduce the likelihood of family members developing respiratory diseases.
- Good nutrition is clearly a high priority for borrowers, who almost universally reported an improvement in their meals after receiving a loan.

