

FACT BOOK: Borrower Profile and Loan Impact Data

August 2009



**WOMEN'S
MICROFINANCE INITIATIVE**

www.wmionline.org

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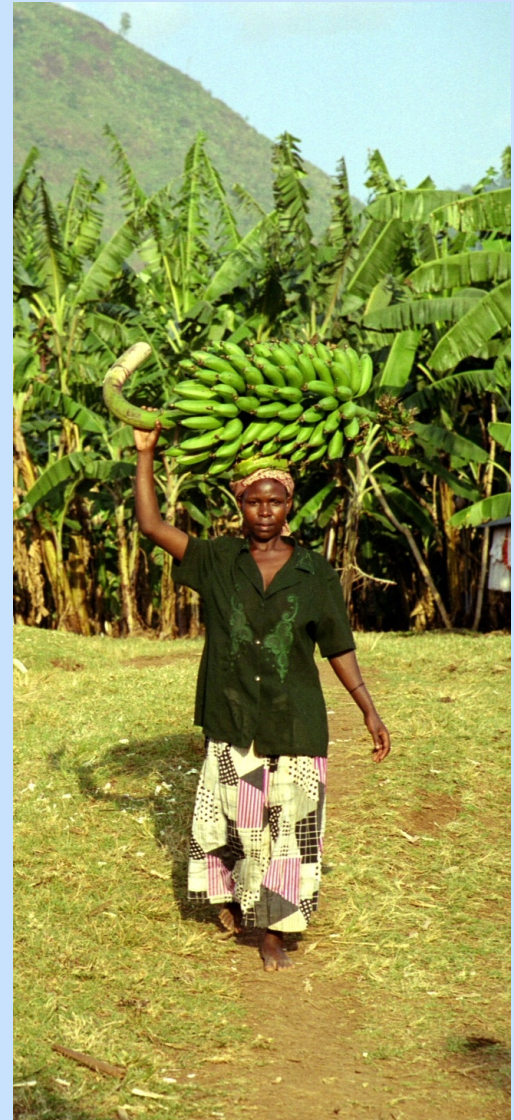
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BACKGROUND



The Women's Microfinance Initiative is a U.S. based non-profit organization providing micro-credit to impoverished women living in rural villages in eastern Uganda. WMI provides interest-bearing loans of \$50 to \$150 to help women finance their own micro-enterprises so they can generate revenue to support their families.

Founded by professional women in the Washington, D.C. area, WMI issued grants for the first loans in January 2008. WMI works through the Bulambuli Widow's Association and now serves borrowers in over 50 villages near Mbale, Uganda. WMI has issued grants for over 500 loans to 280 discrete borrowers and has established a \$50,000 revolving credit facility.

The WMI loan program has a 100% repayment rate. This is a testament to the determination, creativity and business acumen of the borrowers, who take their repayment responsibilities seriously, use their money cautiously and manage their businesses carefully.

WMI maintains a borrower waiting list and is adding new ways to generate revenue, including: fuel efficient stove distribution, a possible stove production center, Internet Café plans and solar panel loans. In May 2009, WMI launched a pilot tutoring program and will continue with tutoring in the fall, also adding a pre-school and adult literacy classes. WMI's Uganda operations are cash flow break-even and all new services will be offered on a sustainable basis.

WMI has developed the Fact Book to provide a snapshot of the women the program serves and the impact the loans have had on their lives. The Fact Book provides insight into the loan program and the utility of microfinance as a tool to combat poverty.

METHODOLOGY

- WMI collects data on its clients at the time of loan application and issuance. Borrowers generally complete a Loan Application and Baseline Survey at the time of their first loan, and a Follow-Up Loan Application and Follow-Up Survey at the time of each subsequent loan, issued at 6 month intervals.

- To date, WMI has issued seven rounds of loans in Uganda. Olive Wolimbwa, WMI's Local Director, supervises the loan issuance and data collection, which takes place in Bulambuli village, Buyobo sub-county, Sironko District, where WMI has its base of operations. WMI's U.S.- based staff collected data, or oversaw data collection, at three of the seven loan issuances. WMI employs mostly local village women who read and write English proficiently to interview the borrowers and assist them in completing the relevant forms. The interviewers work for WMI on a recurring basis and are familiar with the documents. Moving forward, we expect to rely on a combination of U.S.- based and local staff to collect data.

- The data presented in the Fact Book were collected from January 2008 to July 2009 in interviews with 200 borrowers* The data elements collected encompass information on the following: Borrower Demographics; Standard of Living; Family Health and Welfare; Loan Impact; and Business Operations.

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

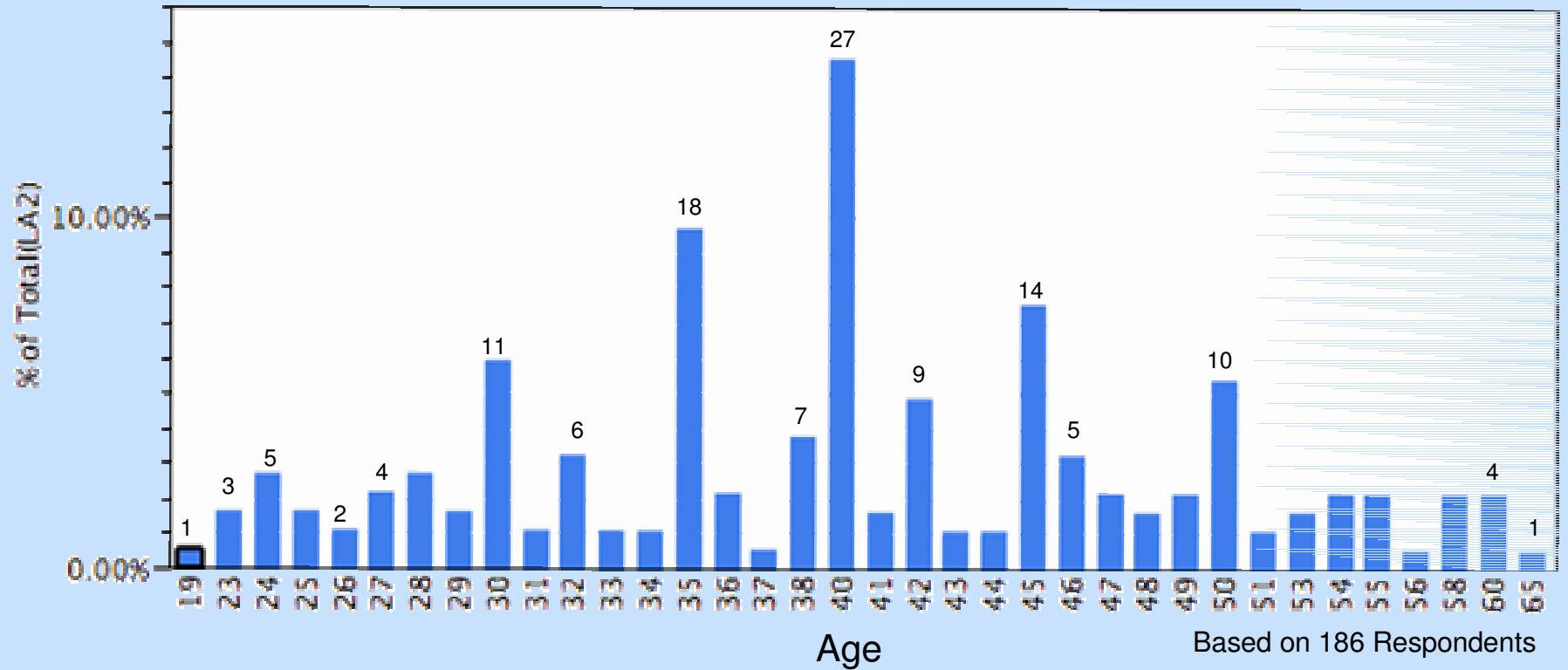


I. DEMOGRAPHICS

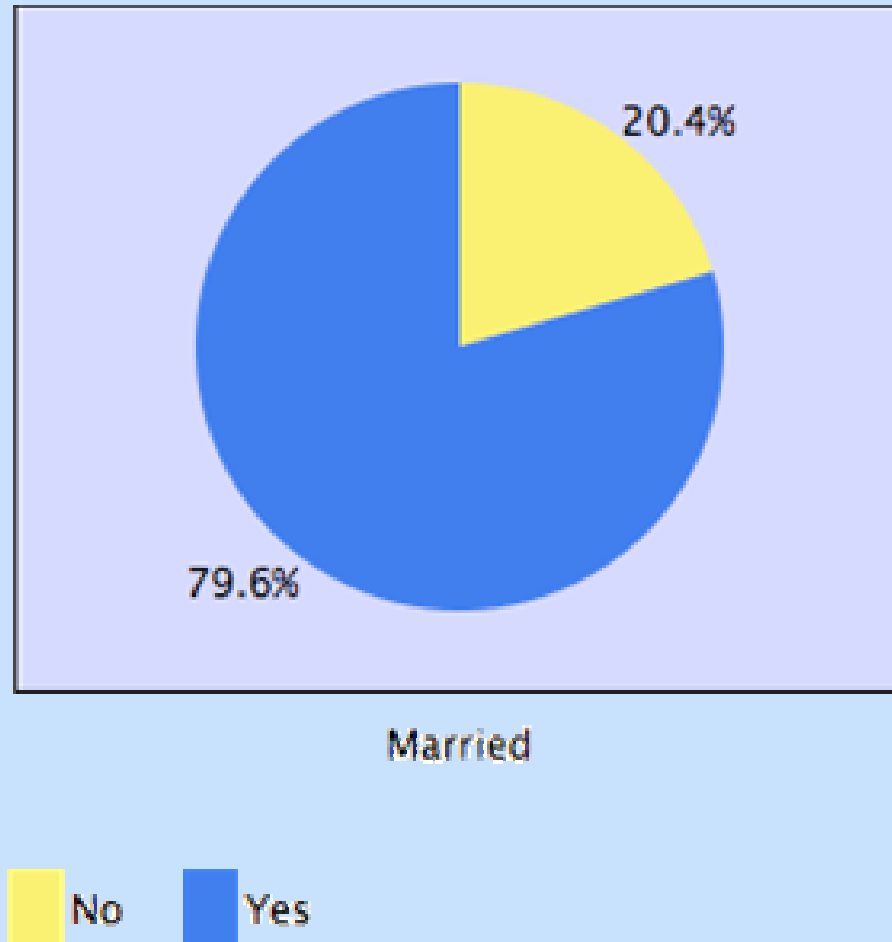
1. Age Distribution
2. Marital Status
3. Husbands in Household
4. Number of People in Household
5. Number of Borrowers' Children in Household
6. Other Children in Household
7. Literacy Rate



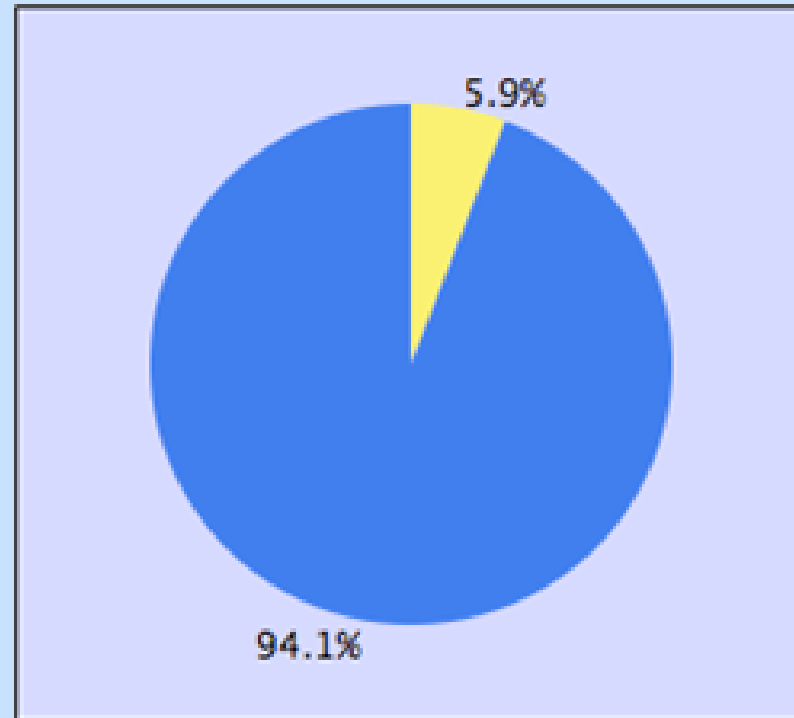
The majority of borrowers are 40 or older.



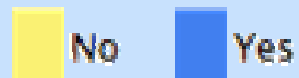
Nearly 80% of borrowers are married.



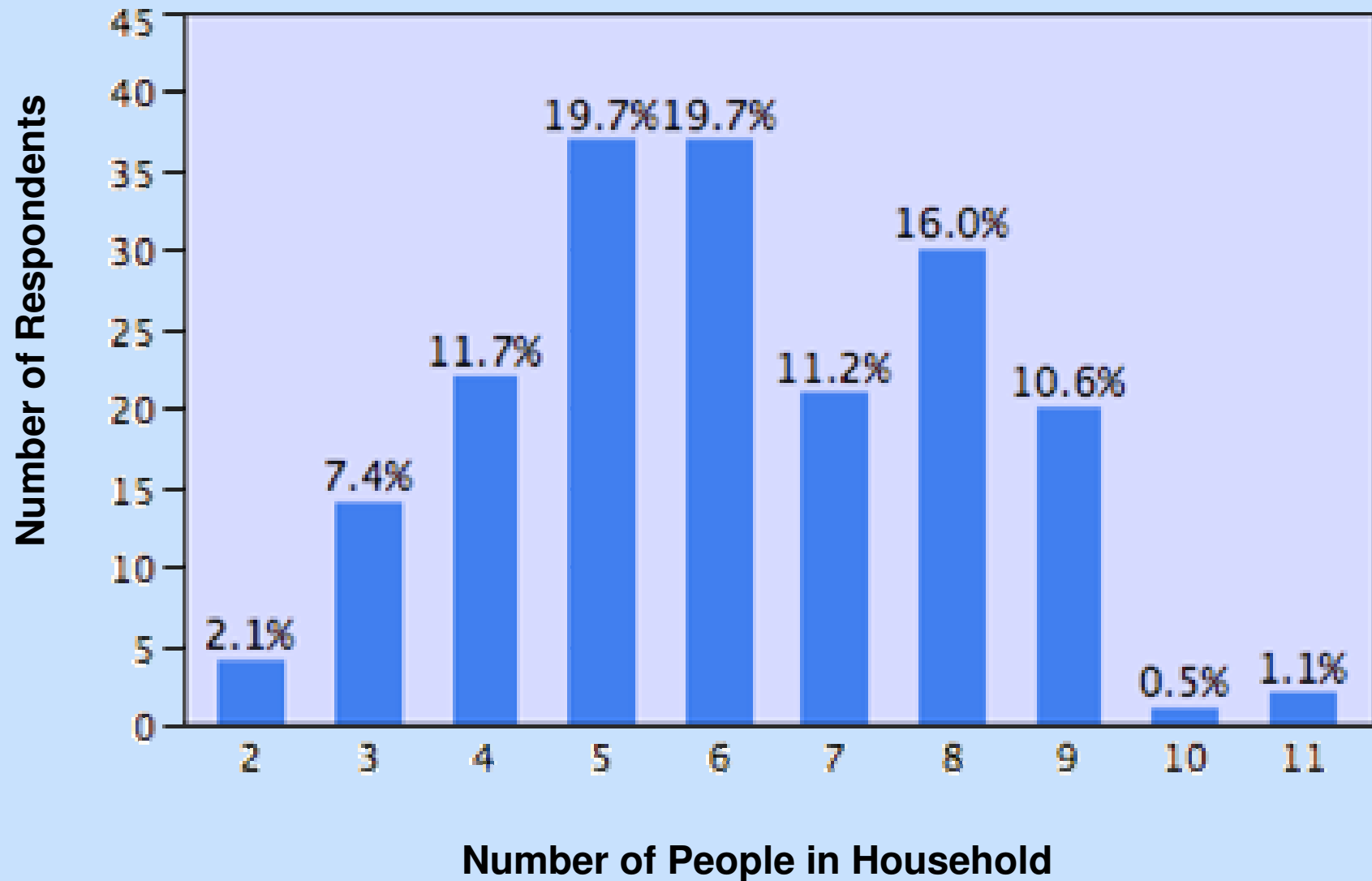
Almost all husbands of married borrowers live in the borrowers' households.



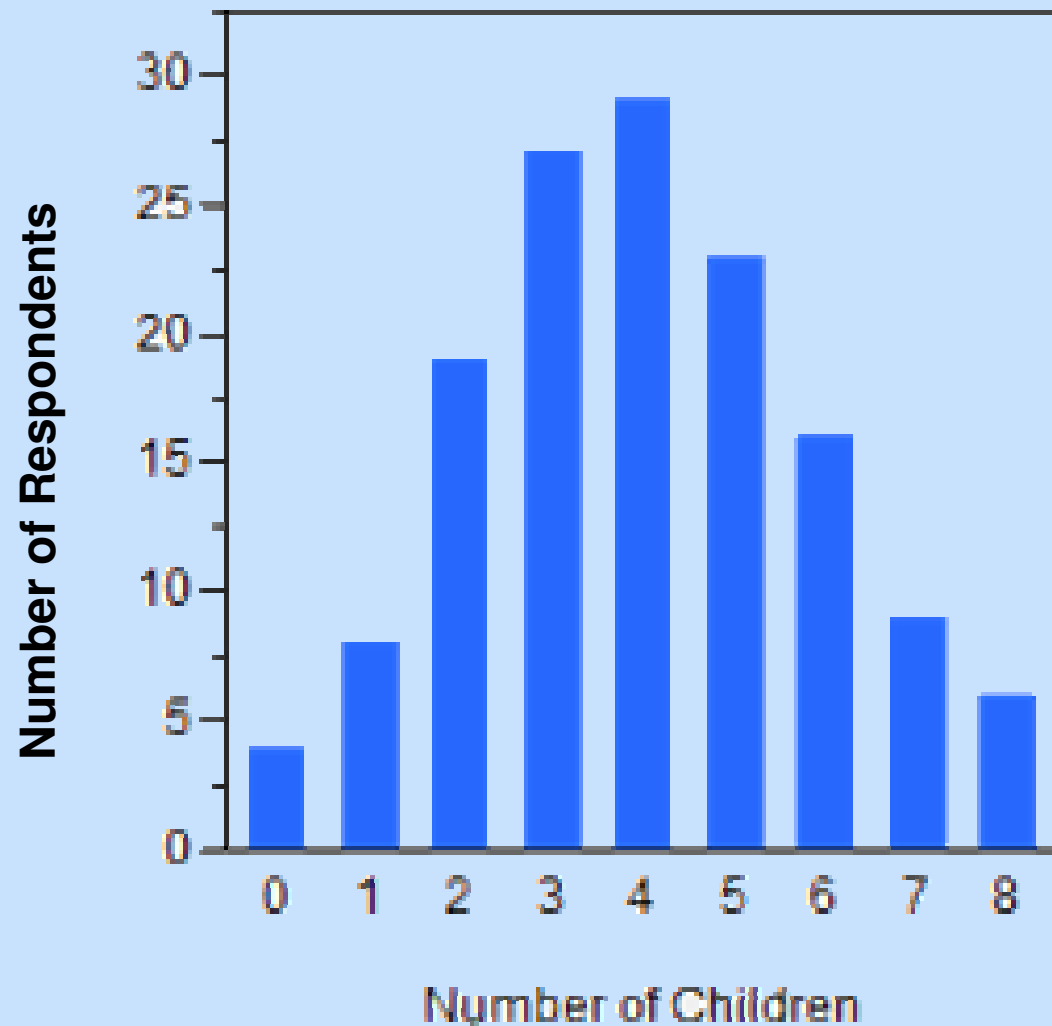
Husband Living in Household



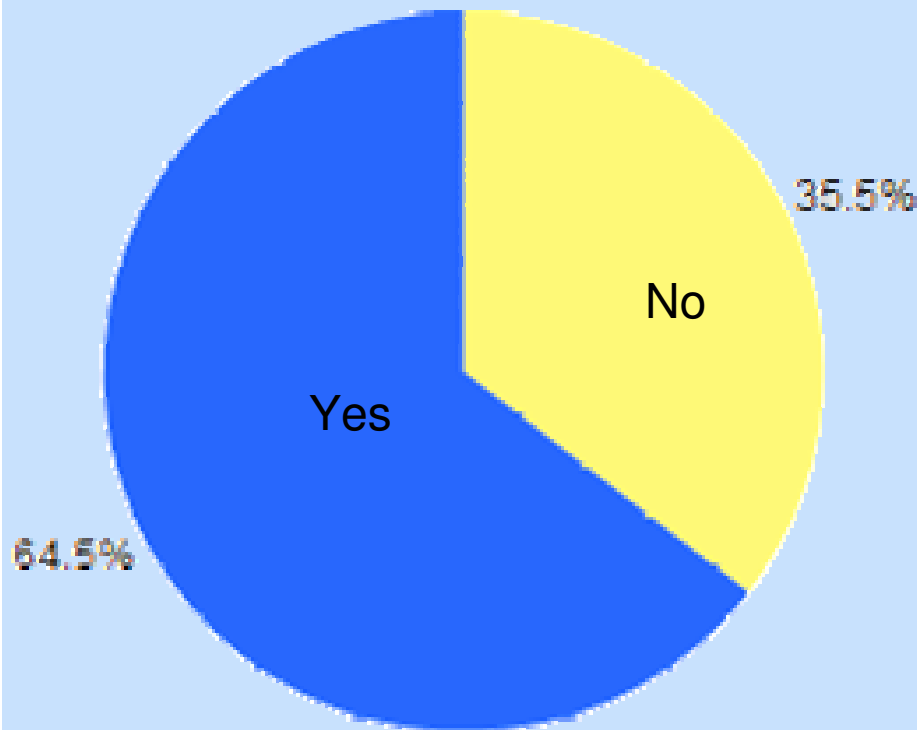
Nearly two-thirds of borrowers have 5 or more people in their households.



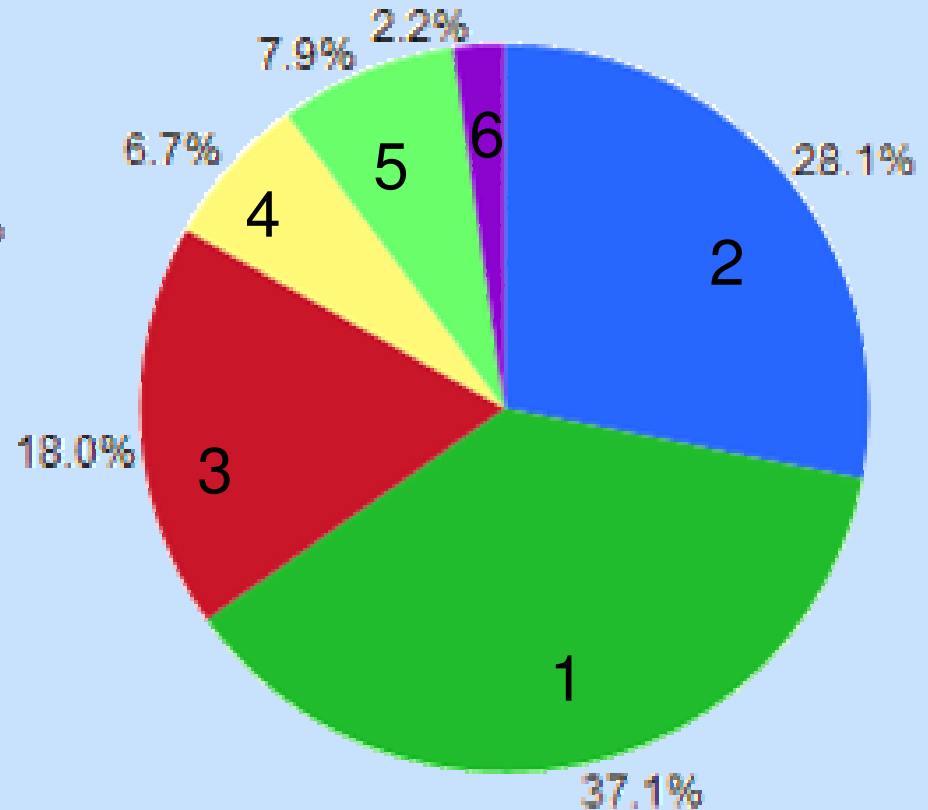
More than half of WMI borrowers have 4 to 8 children living with them.



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

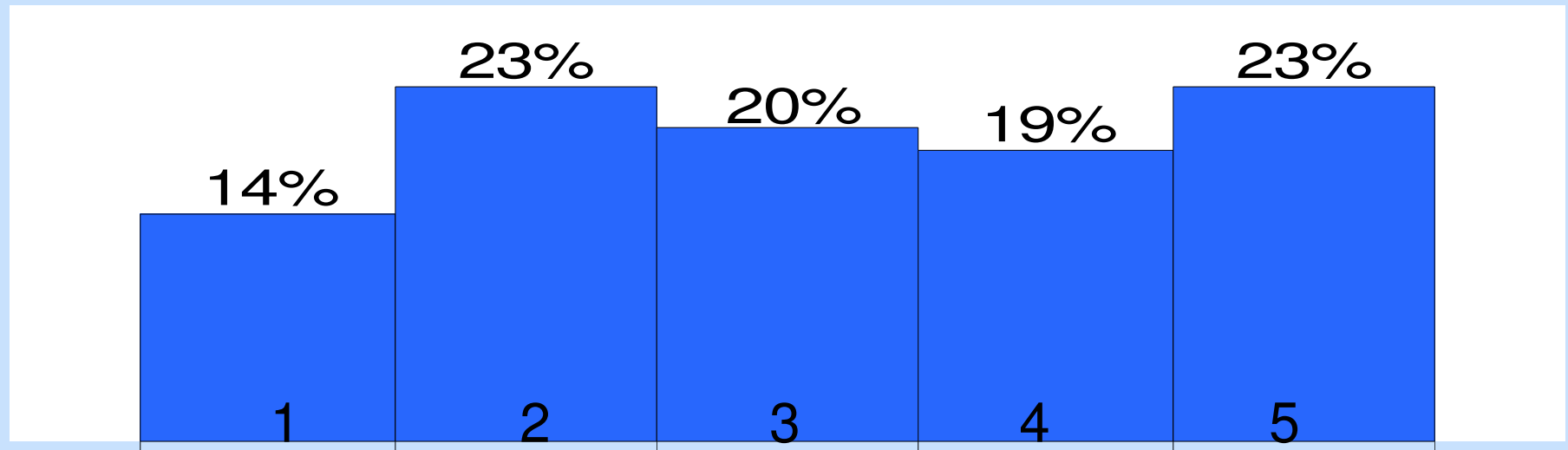


Do you care for children who are not your own?



If yes, how many do you care for?

More than a third of borrowers report a comfort level with their reading and writing skills as 1 or 2 on a scale of 5.



Comfort level with reading and writing, on a scale from 1 (low) – 5 (high).

I. DEMOGRAPHICS – OBSERVATIONS

I-1 Age Distribution – Because most borrowers are over 40, their general life experience may be a contributing factor to the 100% loan repayment rate. Also, the data showed spikes at regular intervals – 30, 35, 40, 45 and 50 – indicating that perhaps some of the women were guessing at their age.

I-2 Marital Status – The approximate 20% of borrowers who are not married, are widows.

I-3 Husbands living in households – Not only did most married borrowers indicate that their husbands lived in the household, but they also indicated that their husbands contribute to supporting the household. It appears most borrowers generally had a stable and supportive home environment before taking out a loan.

I-4/5 Household size and number of children – Borrowers tend to have very large households: 25% had 8 or more people living in their homes. Families frequently included sisters and other relatives. Uganda has one of the highest birth rates in the world – about 7 live births per woman.

I-6 Care of other children – With the majority of households caring for additional children, limited resources are stretched even further. When asked why they care for the children who are not their own, women frequently indicated, “it is because they are orphans.” Sometimes the children are related to the borrower, sometimes they are not. Many of them are AIDS orphans.

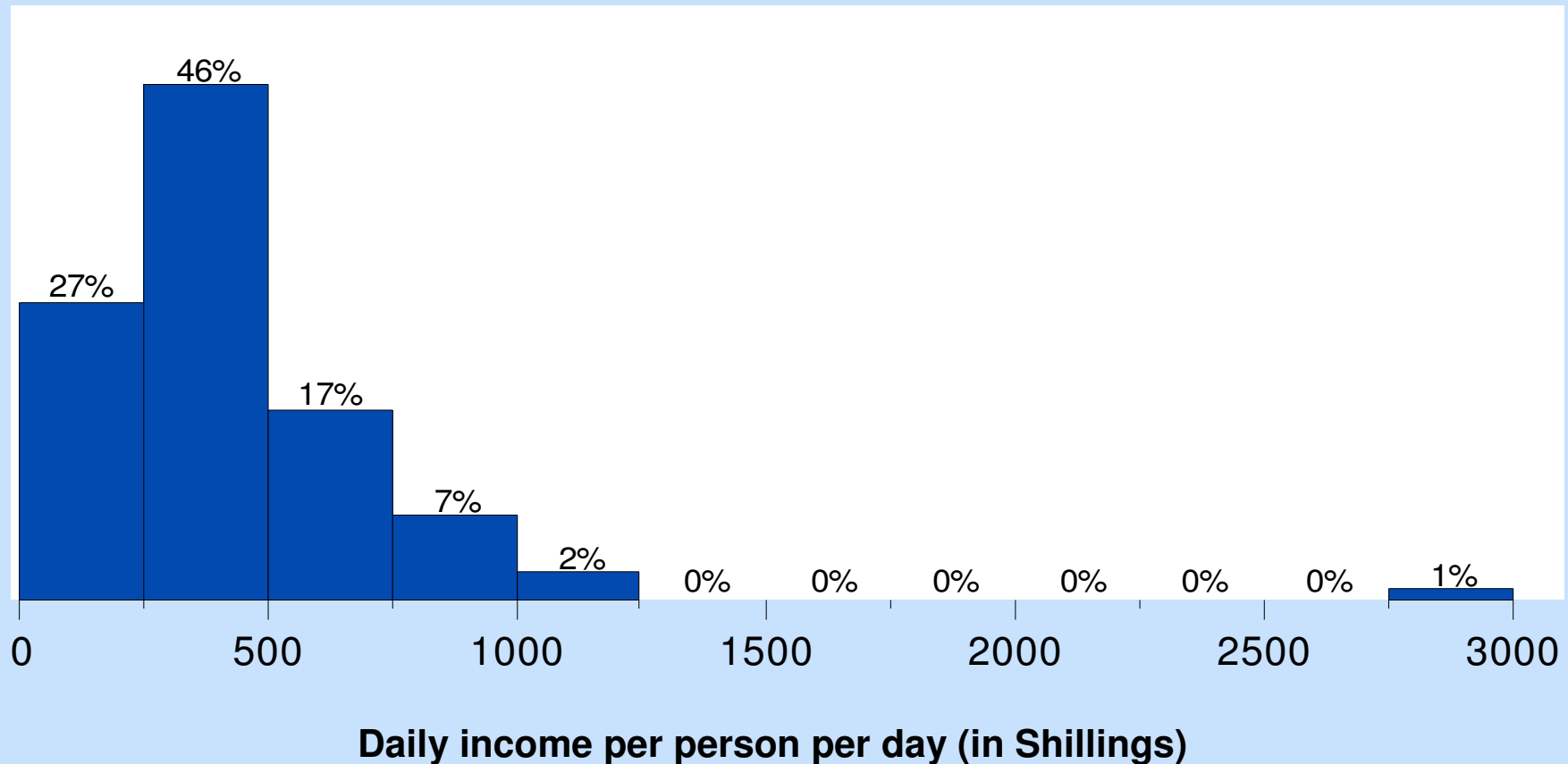
I-7 Literacy – The majority of women judged their literacy level to be a 3 or above, on a scale of 5. This is a self-imposed standard and in fact, many women signed their loan documents with a thumb print and not a signature. The WMI Local Coordinators who visit borrowers on a rotating basis indicated that many have their children, husbands or friends help them with their book keeping. When the helper is absent, the Local Coordinator frequently notes that the book keeping is not done until the helper returns. Adult literacy training will help alleviate this problem.

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. Meat In Diet
8. Shoes for Children
9. Ownership: tools
10. Ownership: farm animals
11. Ownership: household amenities
12. Light Source
13. Cooking Fuel
14. Water Source
15. Boil Drinking Water
16. Toilet Facility

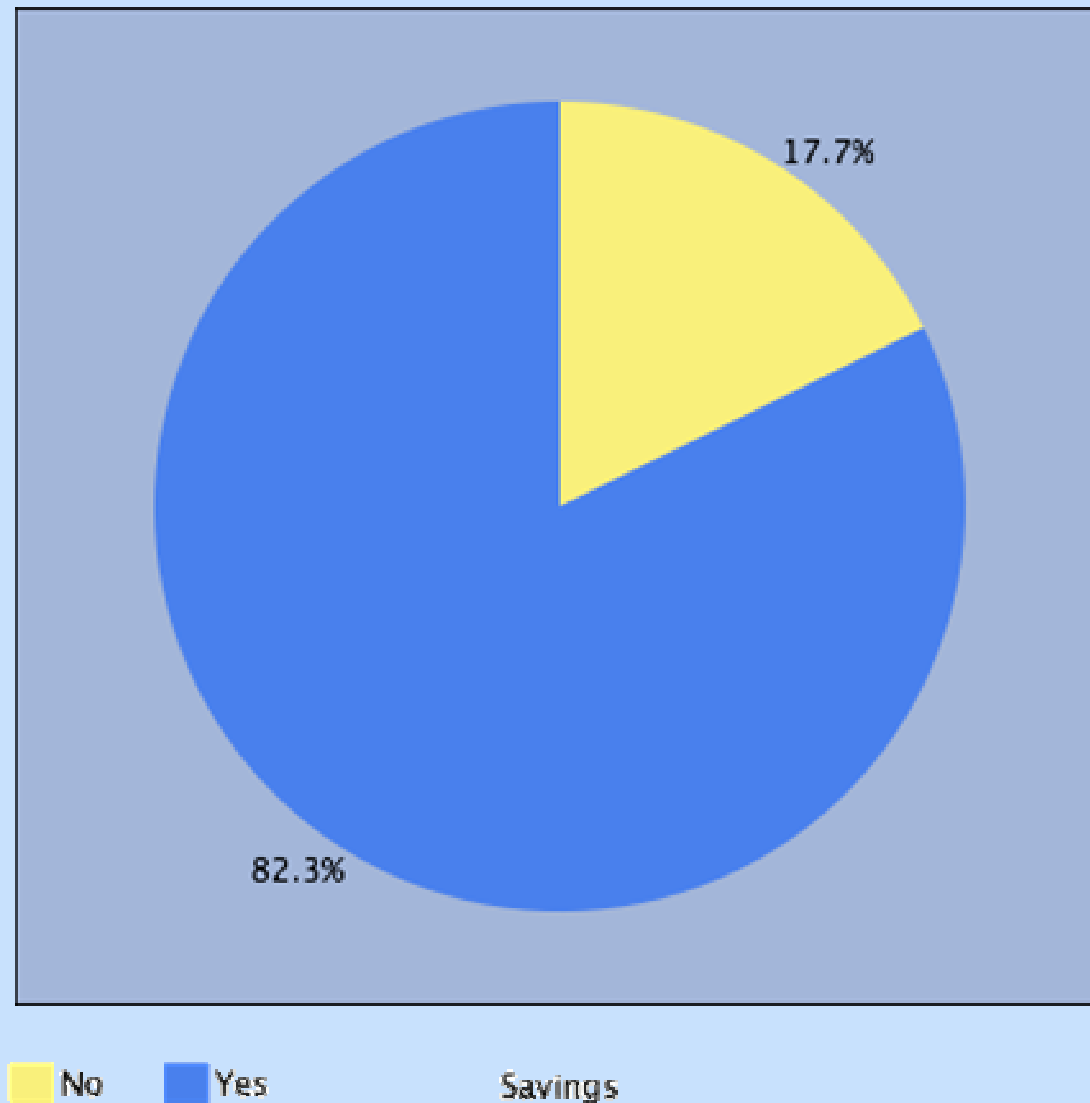


**Ninety-nine percent of borrowers live in extreme poverty*, most subsisting on less than 50 cents per day.
(2,000 shillings ≈ \$1)**

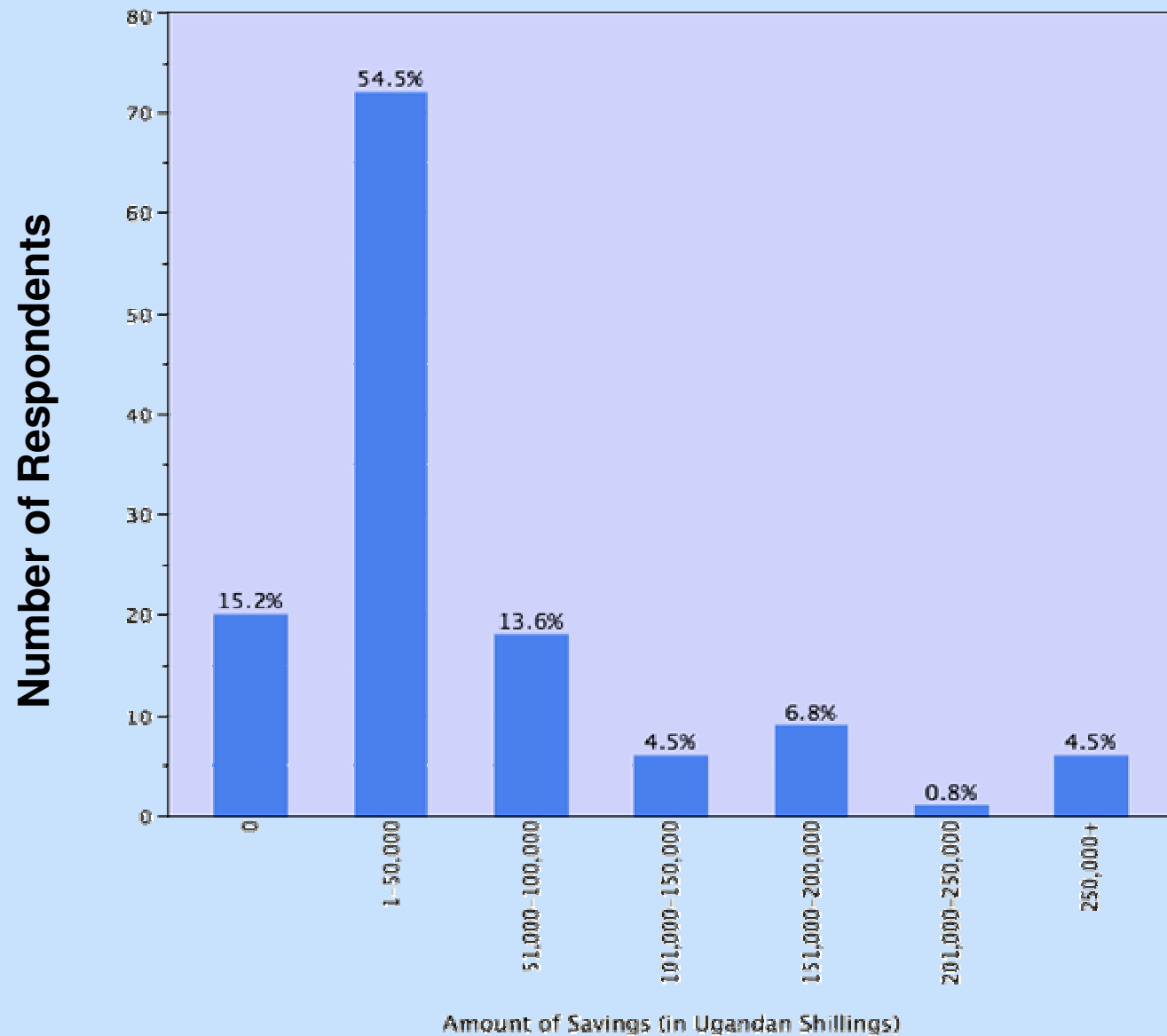


*Using the World Bank measure for extreme poverty: subsisting on less than \$1.25 US per day.

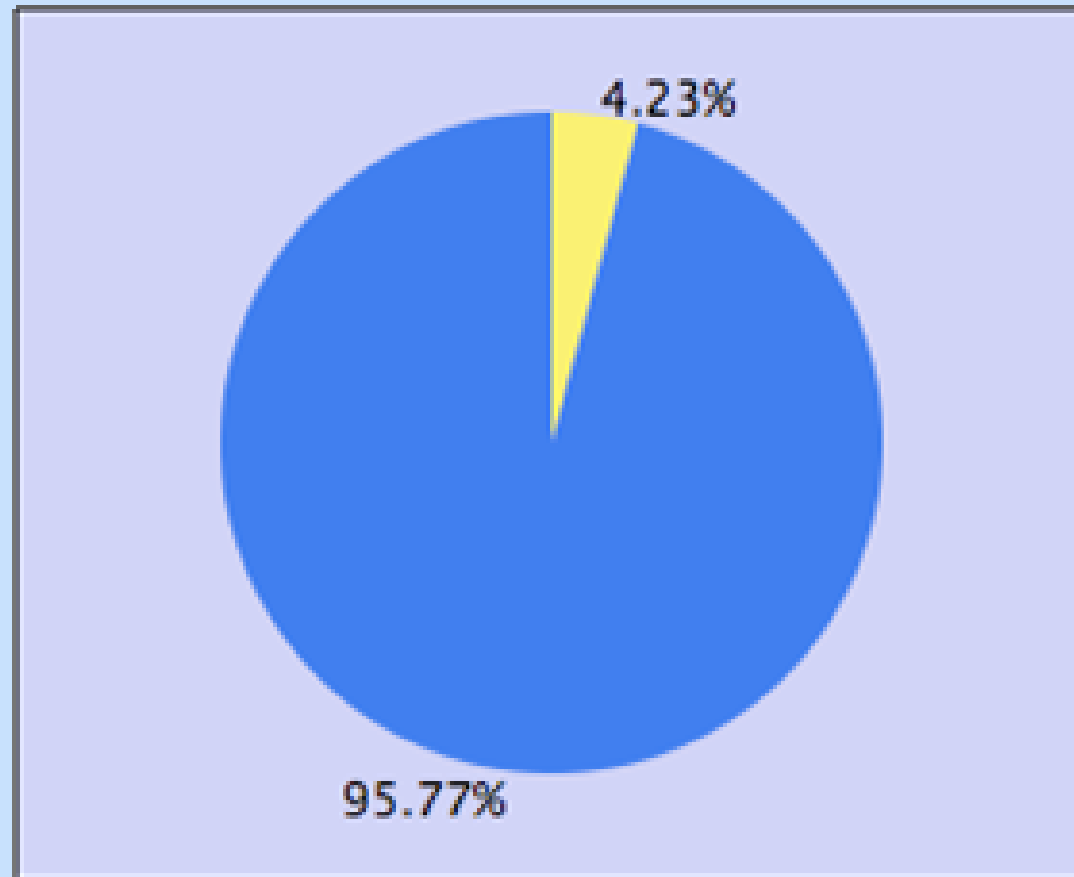
The vast majority of borrowers reported saving prior to their first loan.



Over two thirds of the borrowers had savings under \$25 before their first loan.



Almost all borrowers live in their own homes.



Does the Borrower Own a House?

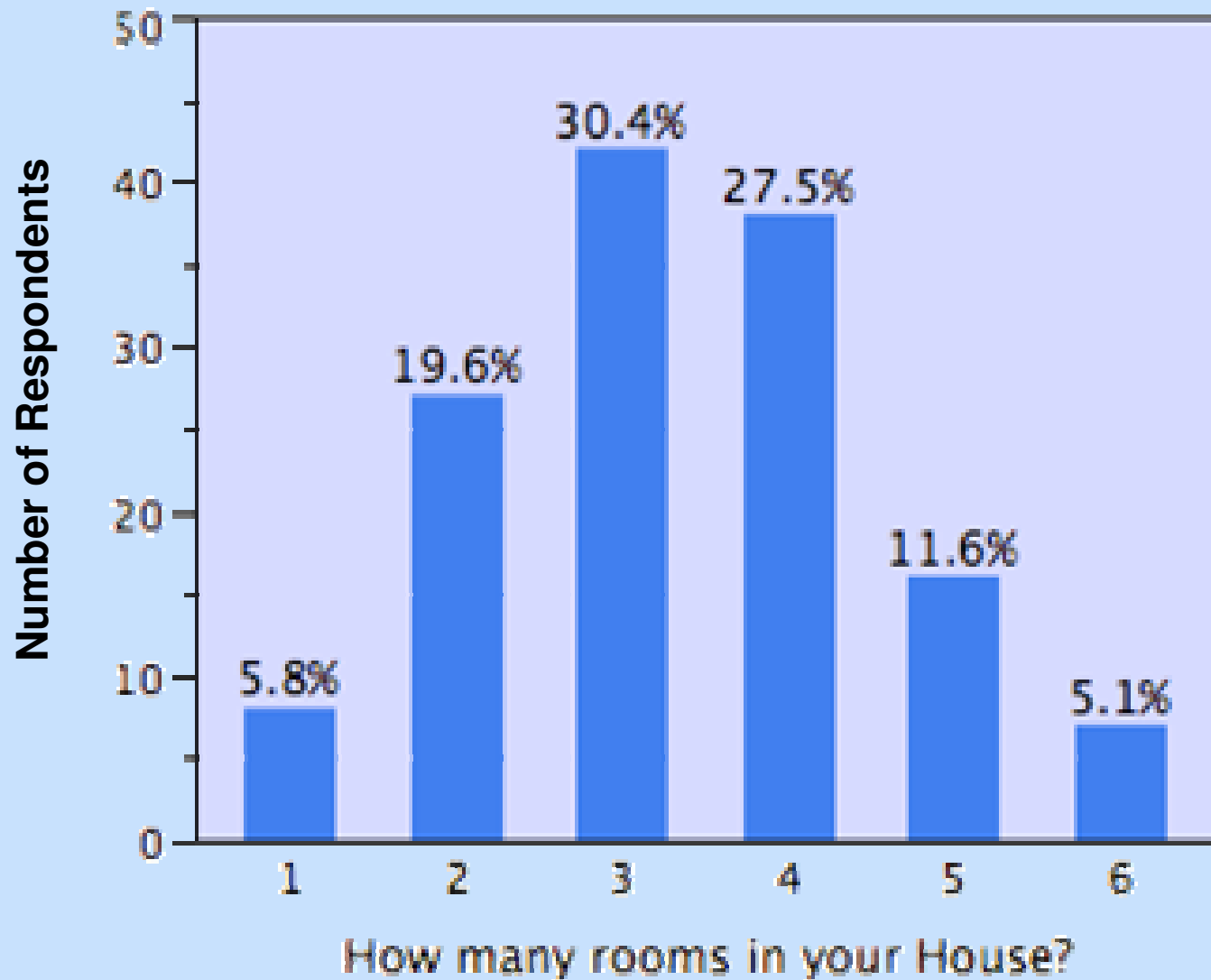


No

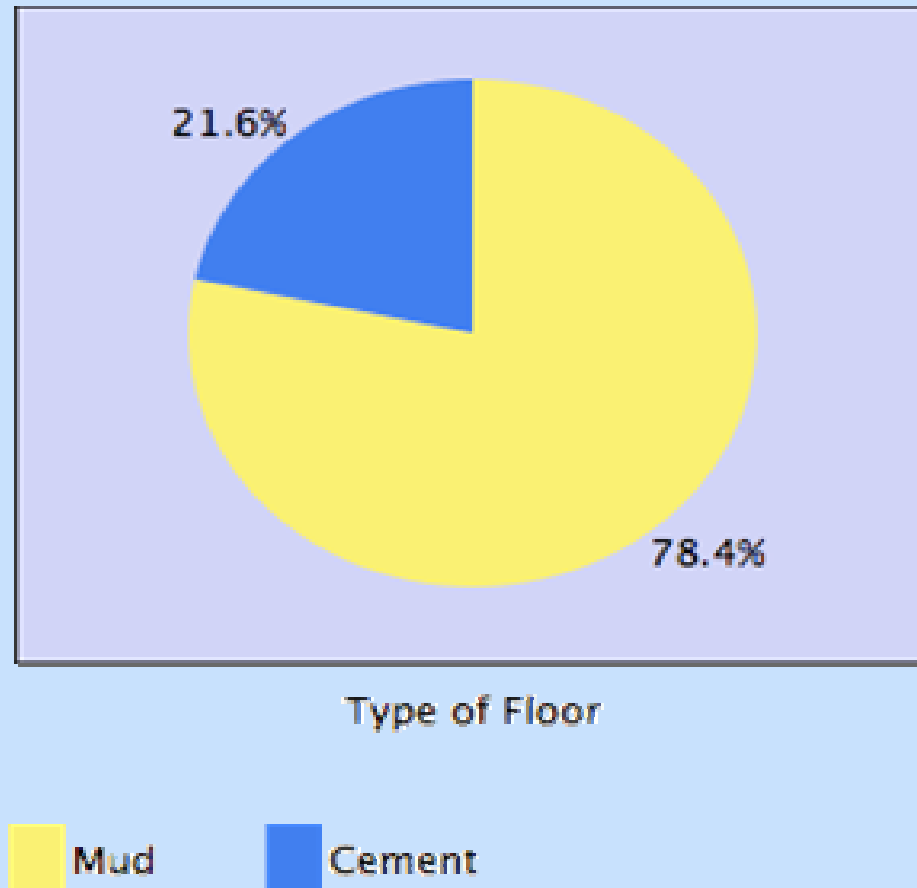


Yes

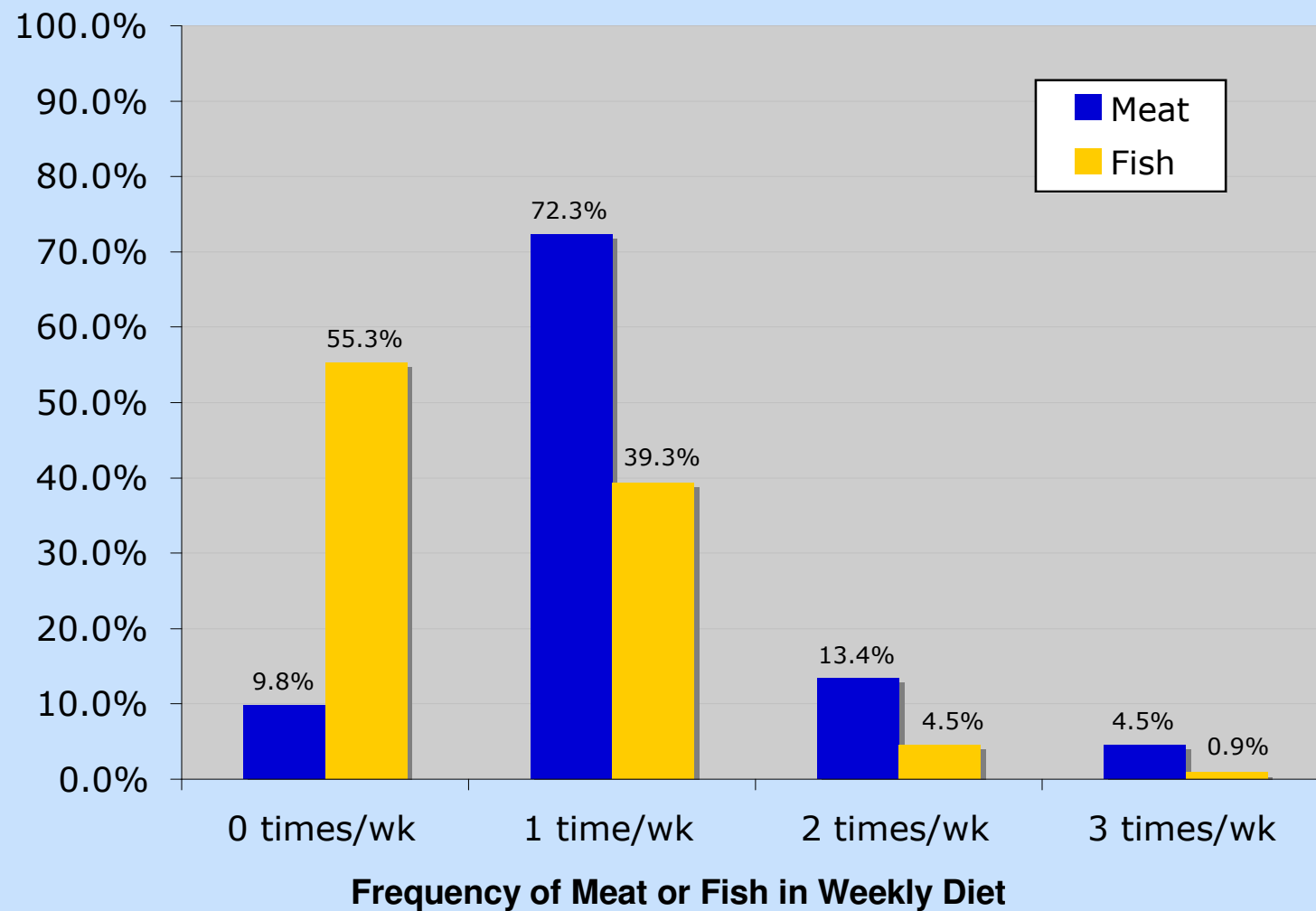
Over half of the borrowers live in homes with 3 or fewer rooms.



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



Borrowers rarely have meat or fish in their diet.

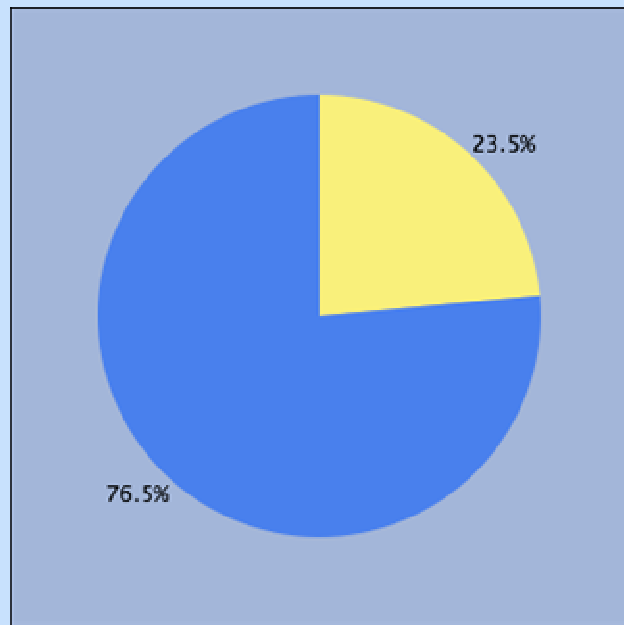


Over one-third of the borrowers could not provide shoes for any of their children.

SHOES FOR CHILDREN

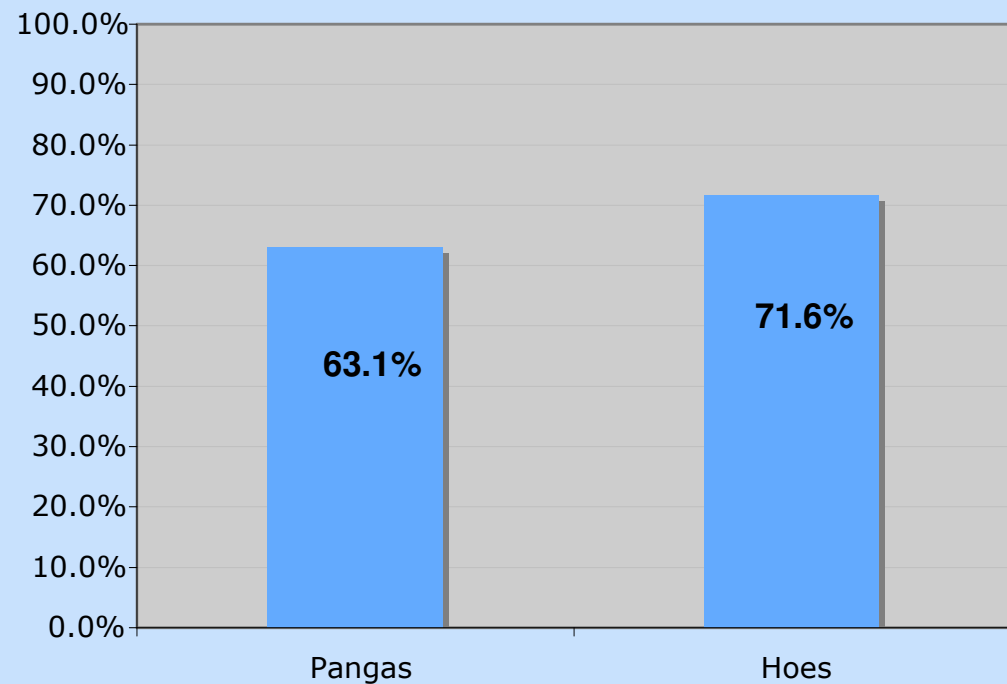
- 36% of borrowers could not provide shoes for any of their children.
- 26.3% of borrowers could not provide shoes for all of their children.
- Only 43.7% of borrowers reported that all of the children in their family had a pair of shoes.

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



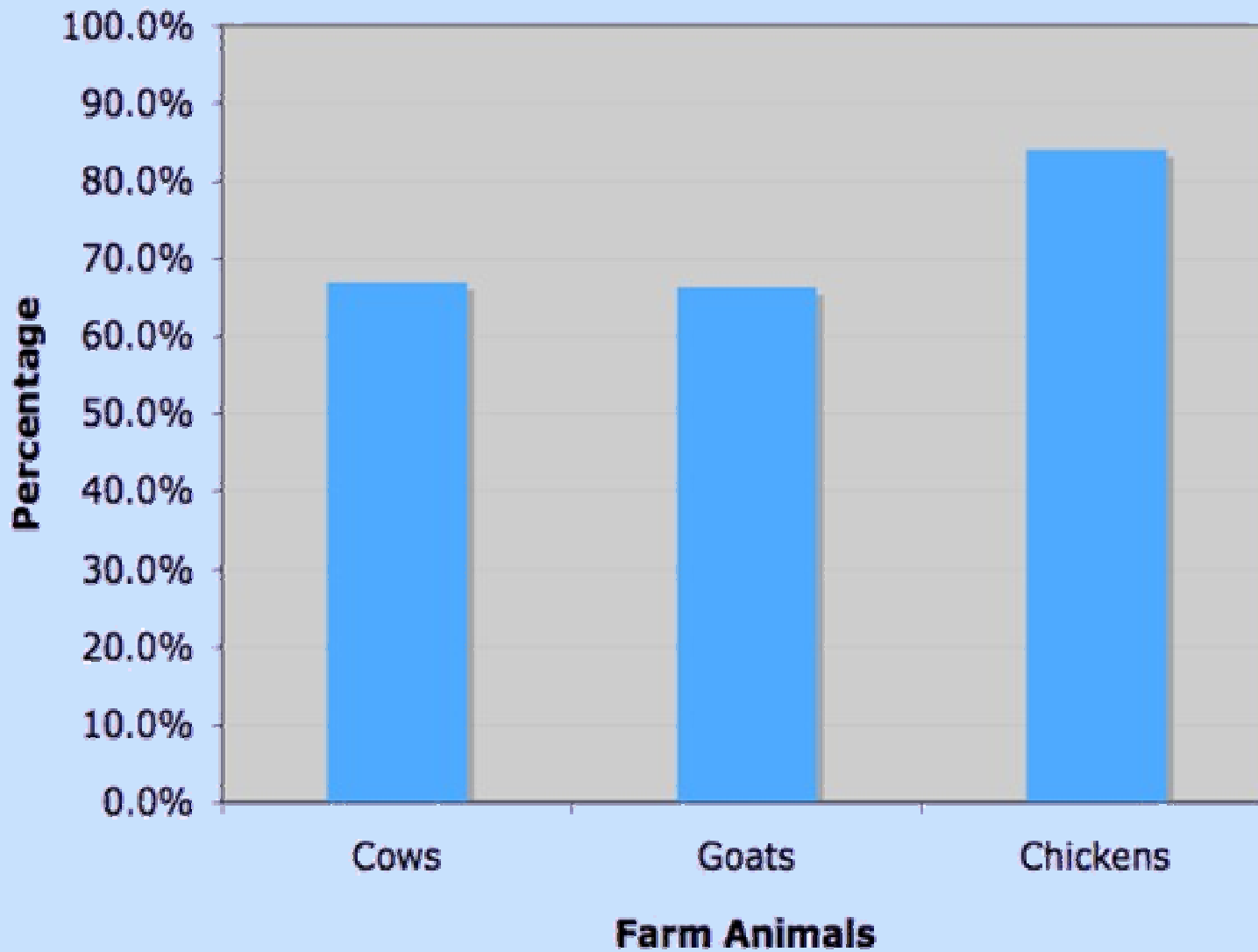
■ No ■ Yes

Do You Own any Farming Tools?

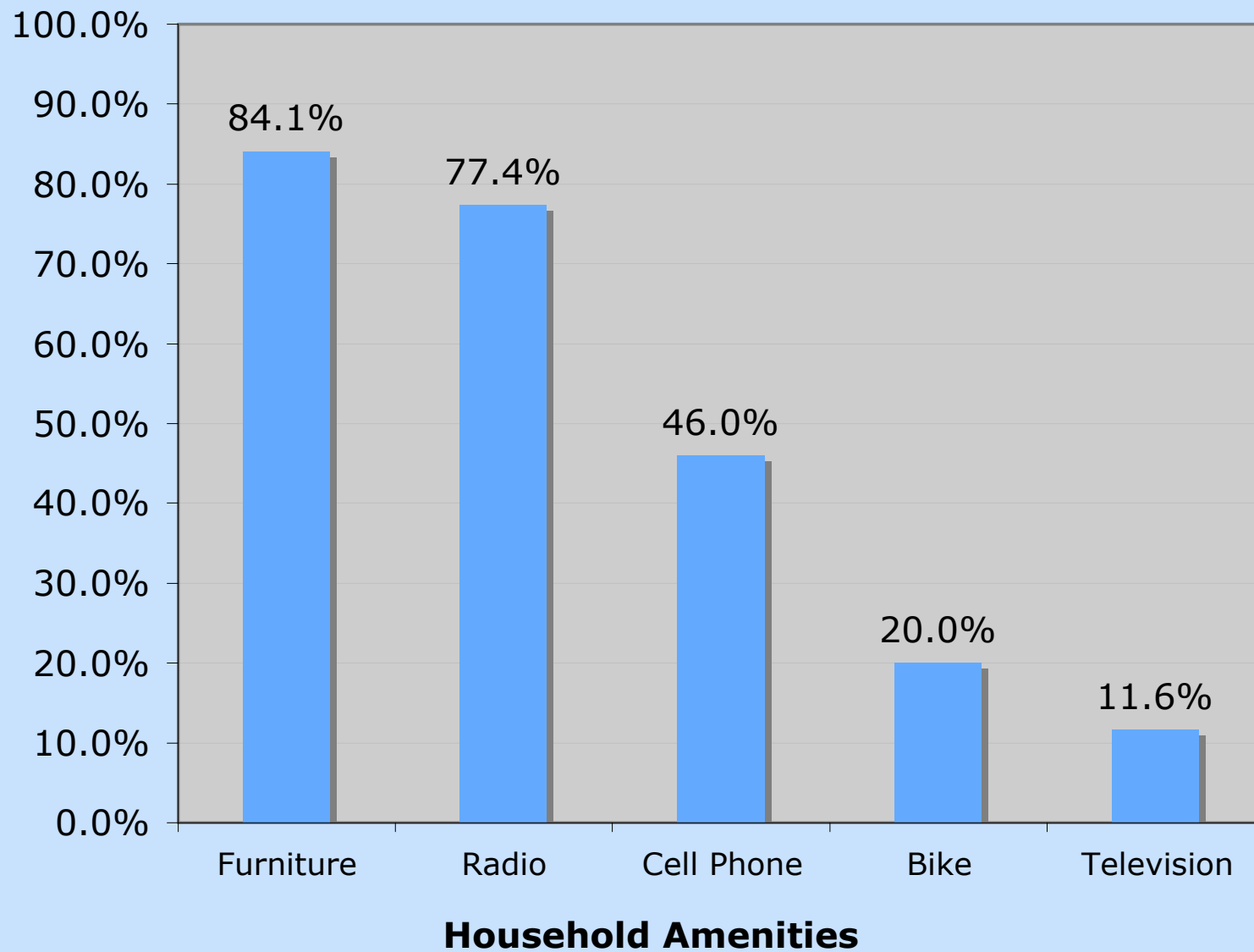


If yes, what type of Tools?

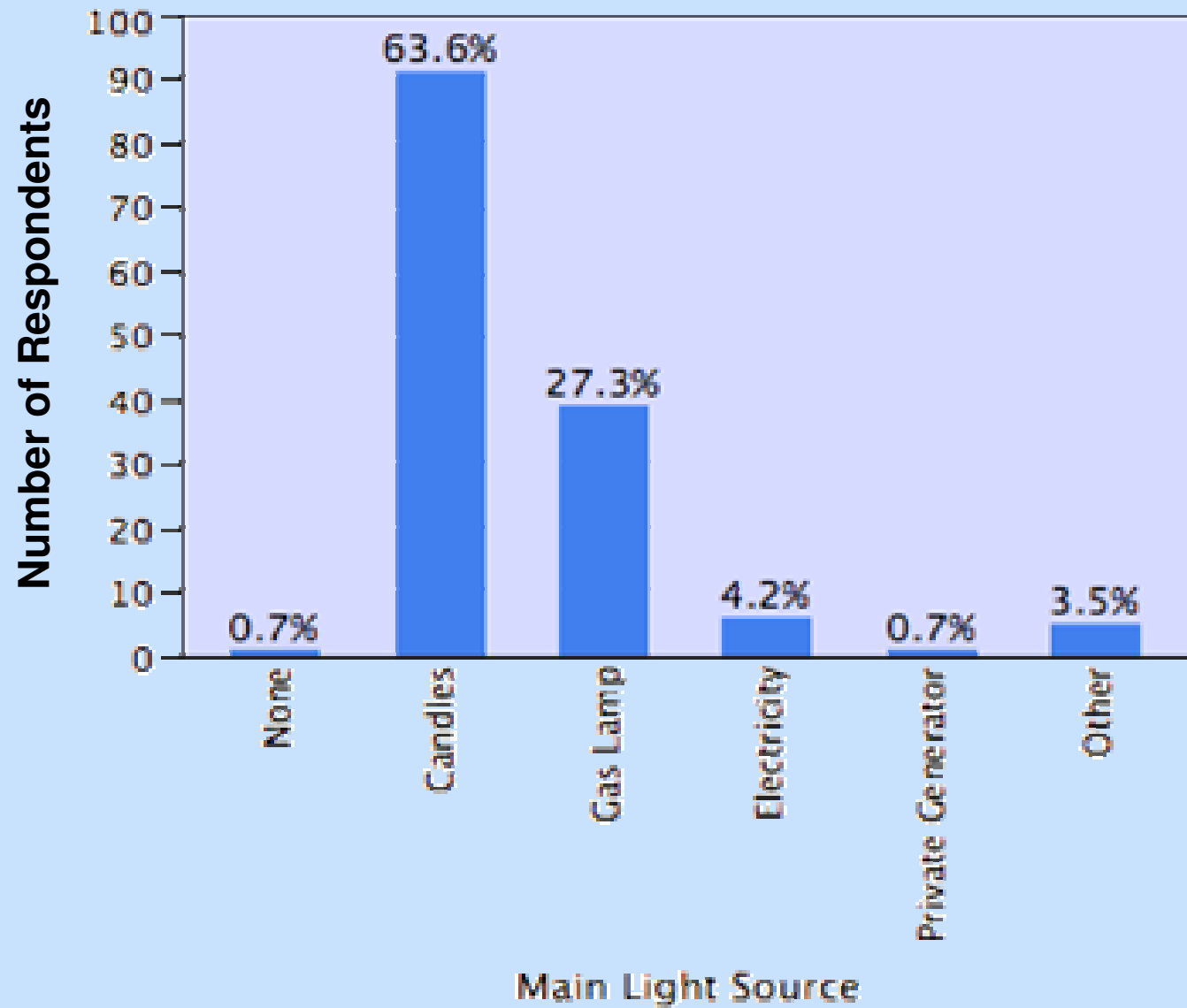
Most borrowers owned farm animals at the time of their first loan.



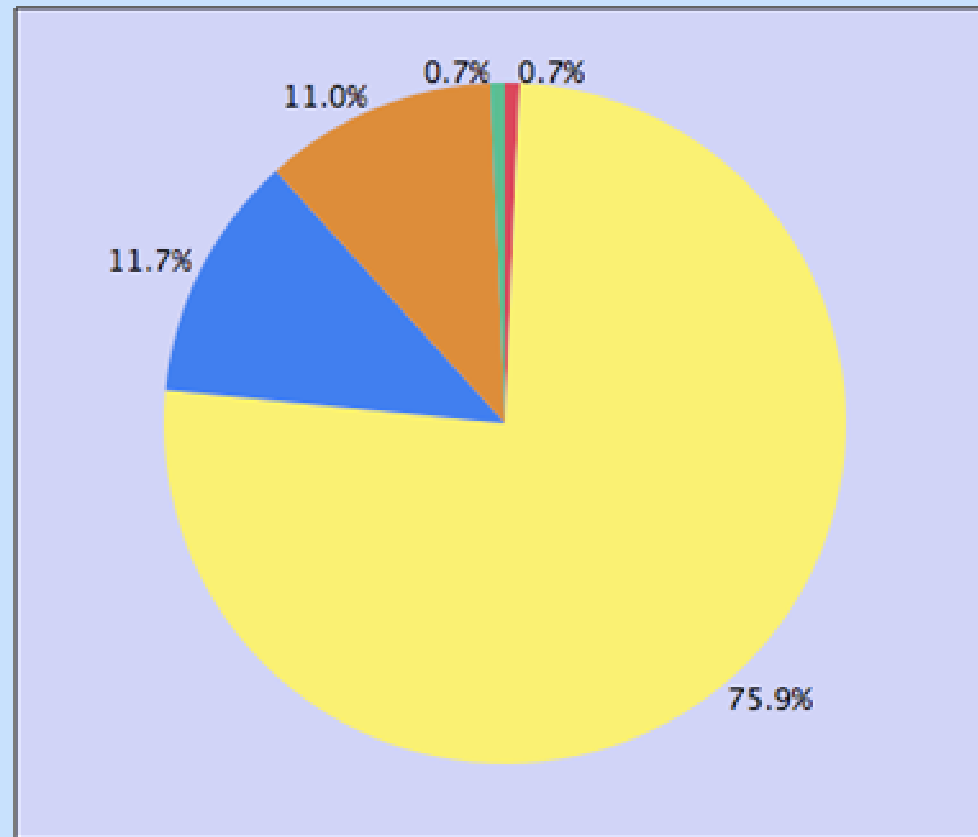
Most borrowers owned some household items at the time of their first loan.



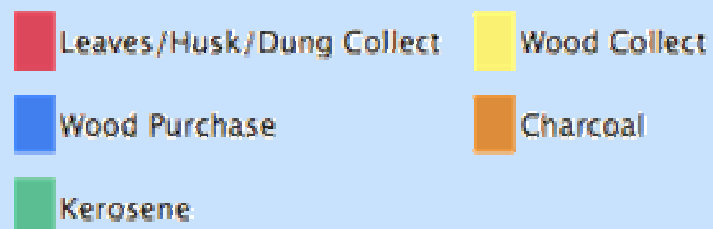
The overwhelming majority of borrowers use candles as their light source.



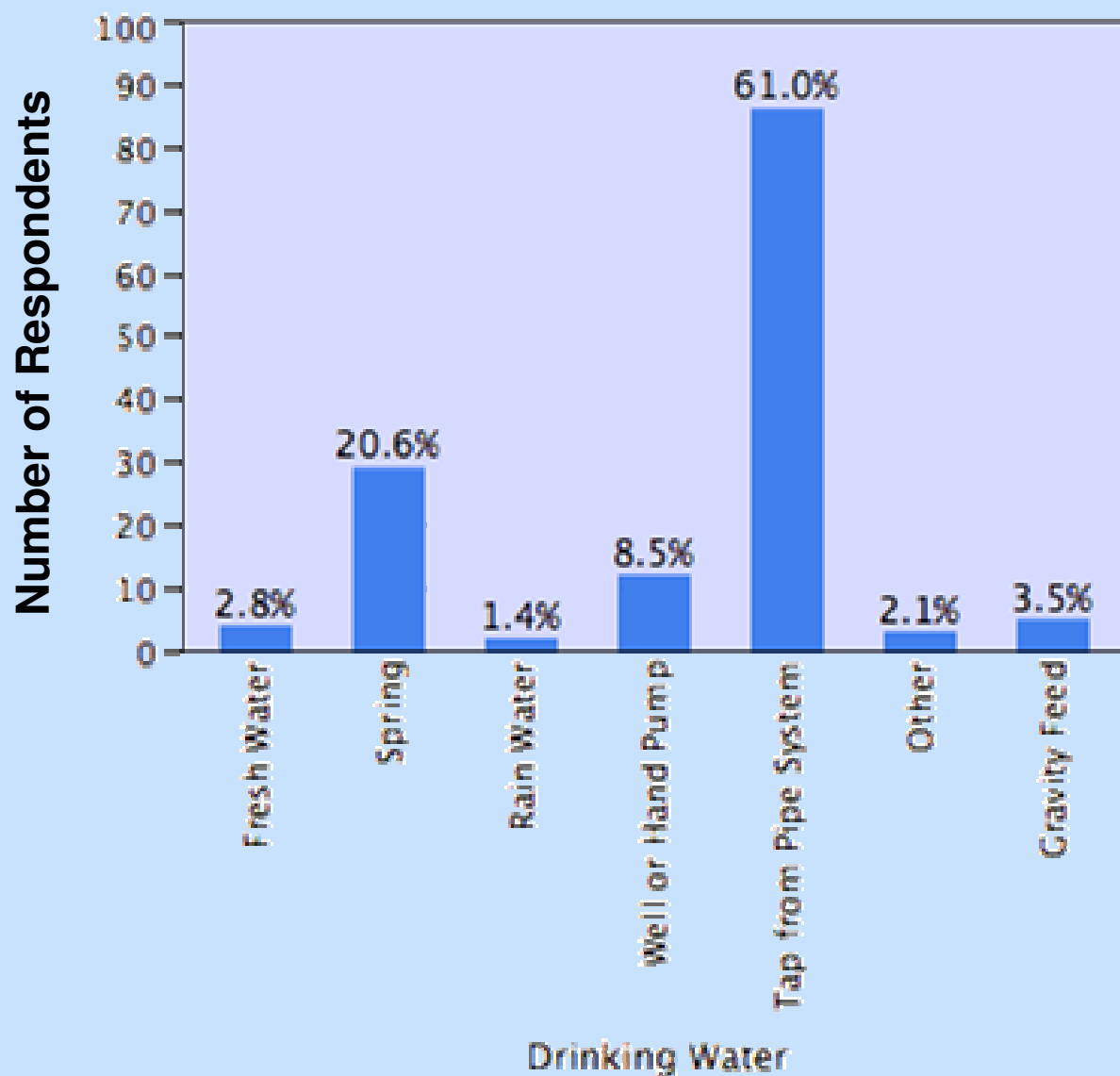
Most borrowers collect wood for cooking fuel.



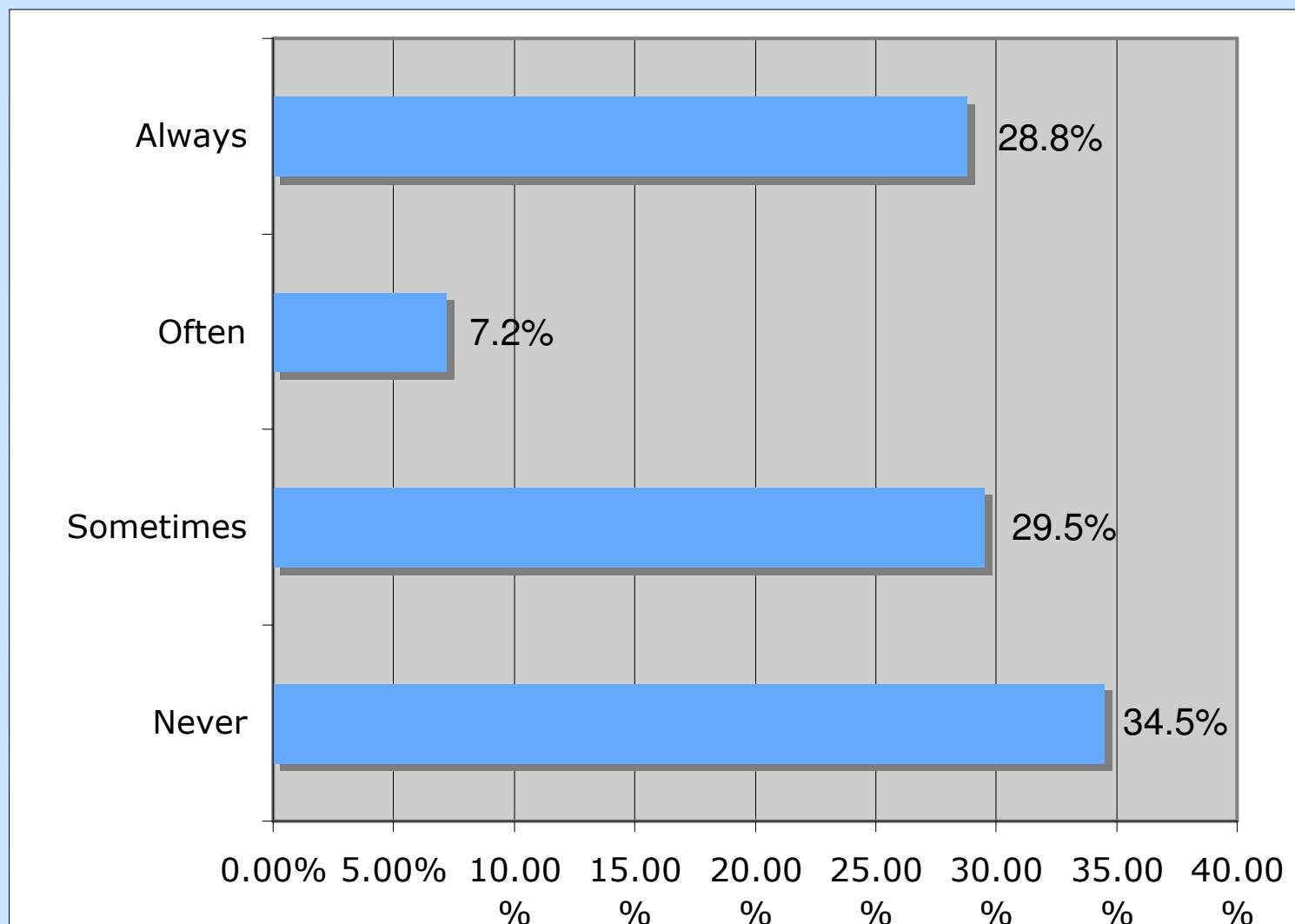
Cooking Fuel Source



Sixty-one percent of borrowers' main source of water is a contaminated, open pipe.

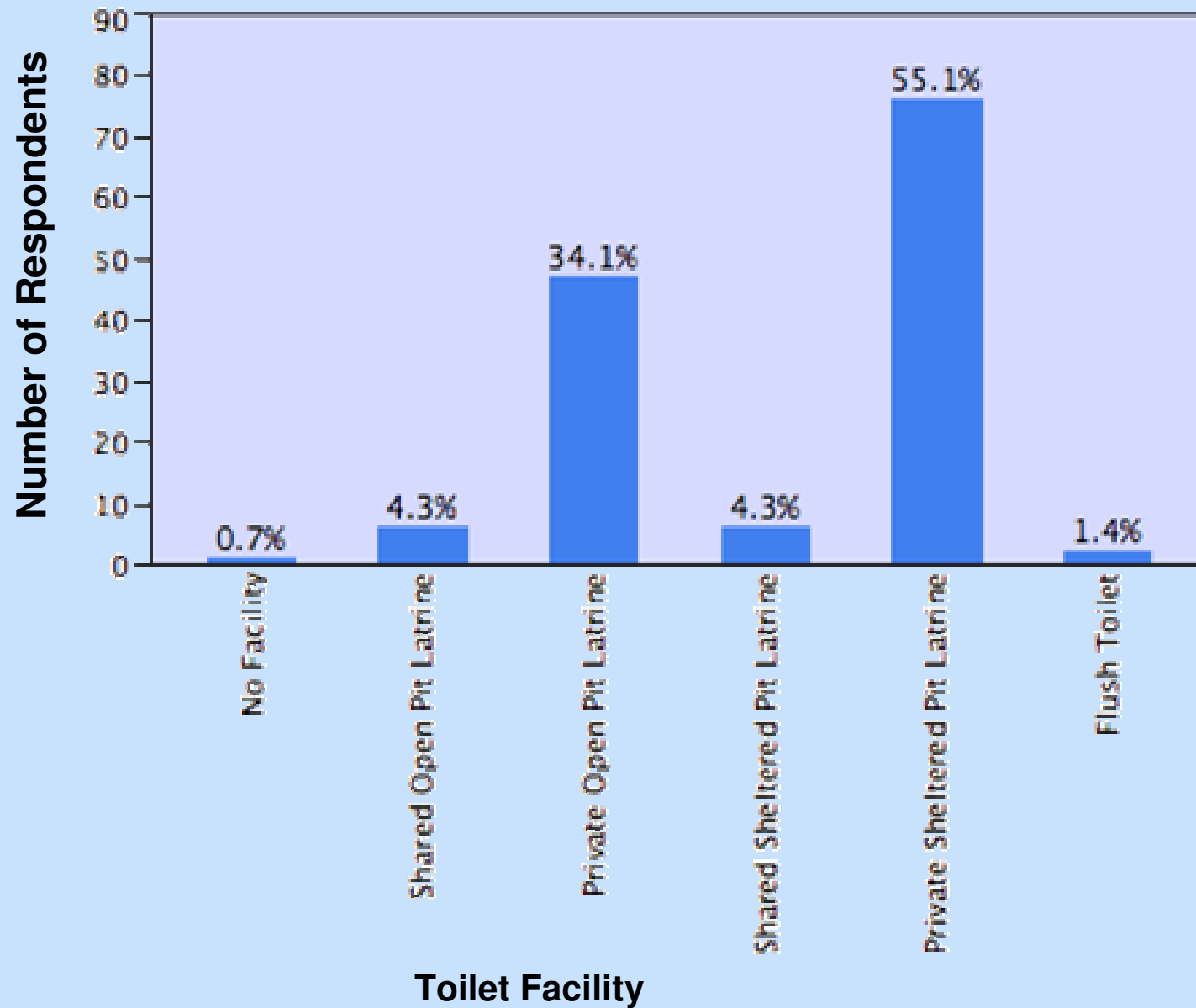


About two-thirds of first time borrowers sometimes or never boil their drinking water.



How often do you boil water before use?

Nearly all borrowers use some type of pit latrine.



II. STANDARD OF LIVING – OBSERVATIONS

II-1 Poverty level - Only one percent of WMI borrowers earn enough to be above the extreme poverty level. Borrowers and their families manage to survive through sporadic income, home-grown food, and shelter in the form of semi-permanent houses constructed on family-owned land.

II-2/3 Savings - Pre-loan data shows that borrowers have a strong savings culture. Though 99% fall below the extreme poverty level, borrowers still managed to exact small savings from their irregular incomes. Borrowers entered the loan program with an understanding that saving is important to managing their lives. The cumulative savings for most borrowers was quite small, less than \$25. By providing borrowers with loans to start their own businesses, WMI facilitates steady savings

II-4/5/6 Housing - Because traditional land ownership remained intact in eastern Uganda, borrowers typically have access to a plot where they can build a shelter. Homelessness is not an issue. Materials for permanent housing are expensive, so many families build easy to construct semi-permanent mud and wattle houses with thatched roofs. With over fifty percent of borrowers living with 4 - 8 children (I-5) in three or fewer rooms, living conditions are quite crowded. There is very little privacy. Mud floors are prevalent in borrowers' homes because they are inexpensive, although they are high maintenance. They are easily pock-marked and have to be repaired every 2-3 weeks with a mixture of mud and cow dung.

II-7 Diet - Meat and fish are rarely consumed by borrowers because they are expensive. Borrowers who have farm animals do not consume them, but use them for milk, eggs, or to sell the offspring.

I-8 Shoes - The high percentage of children without shoes increases their risk for contracting diseases and infections.

II-9/10/11 Personal possessions - Over three-quarters of borrowers owned farming tools, the most common of which were hoes. Since borrowers grow almost all of their food (III-9), a hoe is an essential item in any household. Borrower furniture generally consisted of chairs. Beds are uncommon; most people sleep on floor mats. Radios are common because they are generally the only source of news and information. Newspapers are rarely available in the villages, and many people are not sufficiently literate to read them.

II. STANDARD OF LIVING – OBSERVATIONS Cont'd.

II-12 Lighting - The wax candles borrowers so readily use for light are expensive, smoky, and inefficient. Smoke is often trapped in the houses due to poor ventilation. Electrical lighting is prohibitively expensive. Though electric transmission lines follow the main road through most villages, in order to obtain electricity people must purchase their own pole and wiring, hire a state approved technician, and then deal with rolling blackouts. WMI is working to establish a loan program for the purchase of low-cost solar panels.

II-13 Cooking fuel - The pervasive use of firewood for cooking fuel has many negative consequences. The collection process takes an enormous amount of time and energy; the smoke from the burning wood causes respiratory problems; harvesting trees hastens deforestation, which can result in dangerous mudslides and the erosion of fertile soil. WMI has launched a fuel-efficient stove distribution program.

II-14/15 Water - The open water pipe used by a majority of borrowers is buried too close to the ground's surface and is cracked in many places. This has allowed animal waste and other run-off to seep in and contaminate the water. Despite this situation, barely more than a quarter of borrowers always boil their water. It may be that they do not have the time or resources to obtain the necessary firewood to boil water on a more regular basis. With over 80% of borrowers reporting at least one member of their family as regularly sick (III-1), the failure to routinely boil water may be a contributing factor to the high rate of illness.

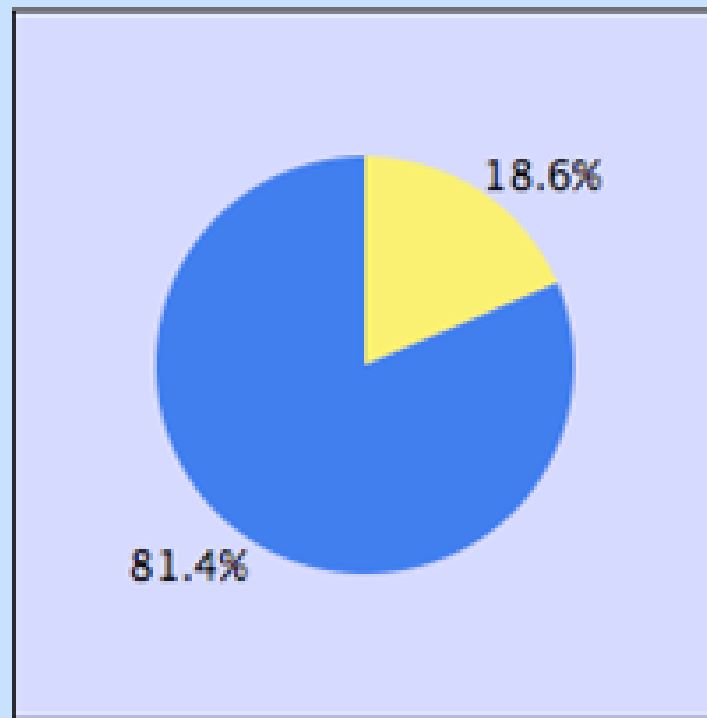
II-15 Latrines - The pit latrines that 97.9% of borrowers use are typically located at the edge of their home gardens. When the pits become full, after about five years, borrowers simply dig another pit, leaving the old pit untreated. This can lead to contamination of their food source and may contribute to the high rate of illness.

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. Food Sources



81.4% of households have at least one member who is regularly sick.



Family Members Regularly Sick

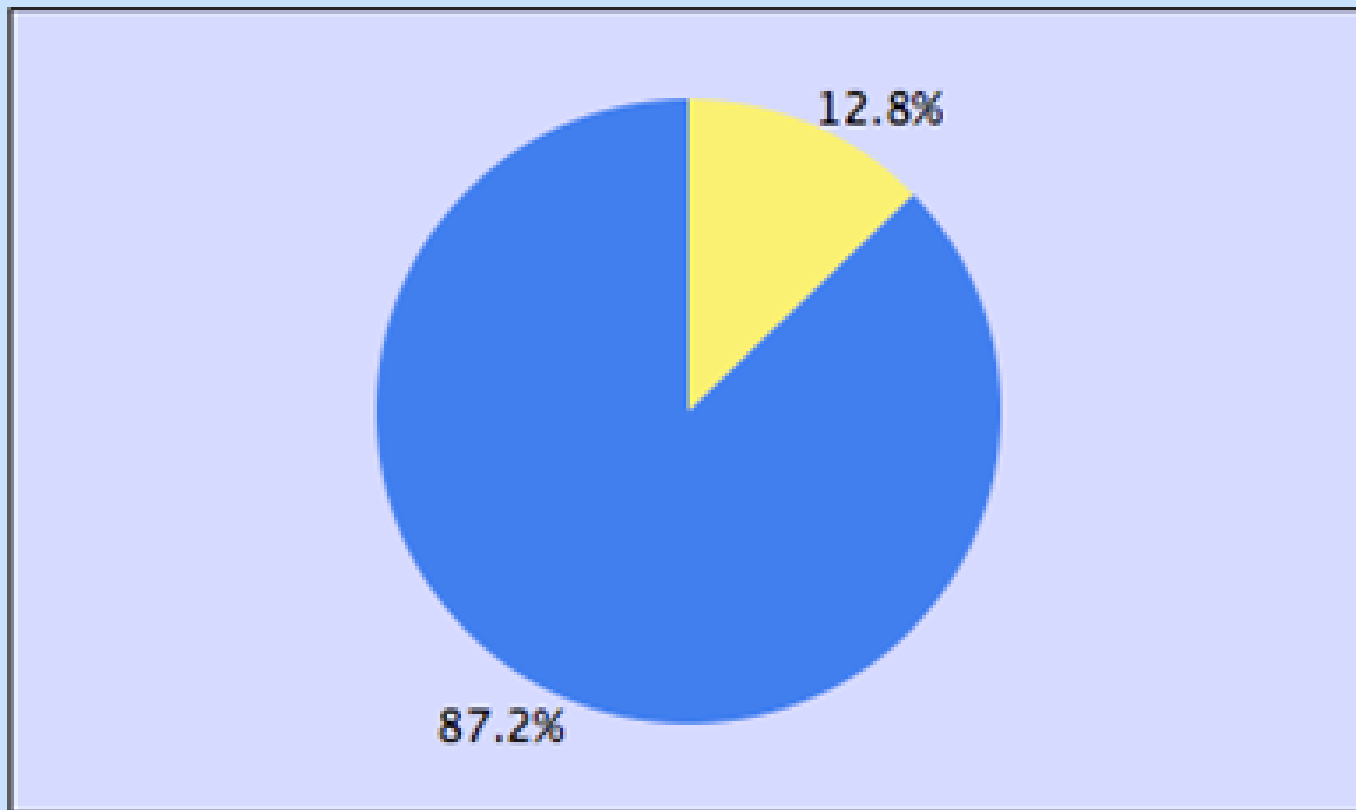


None





One or More

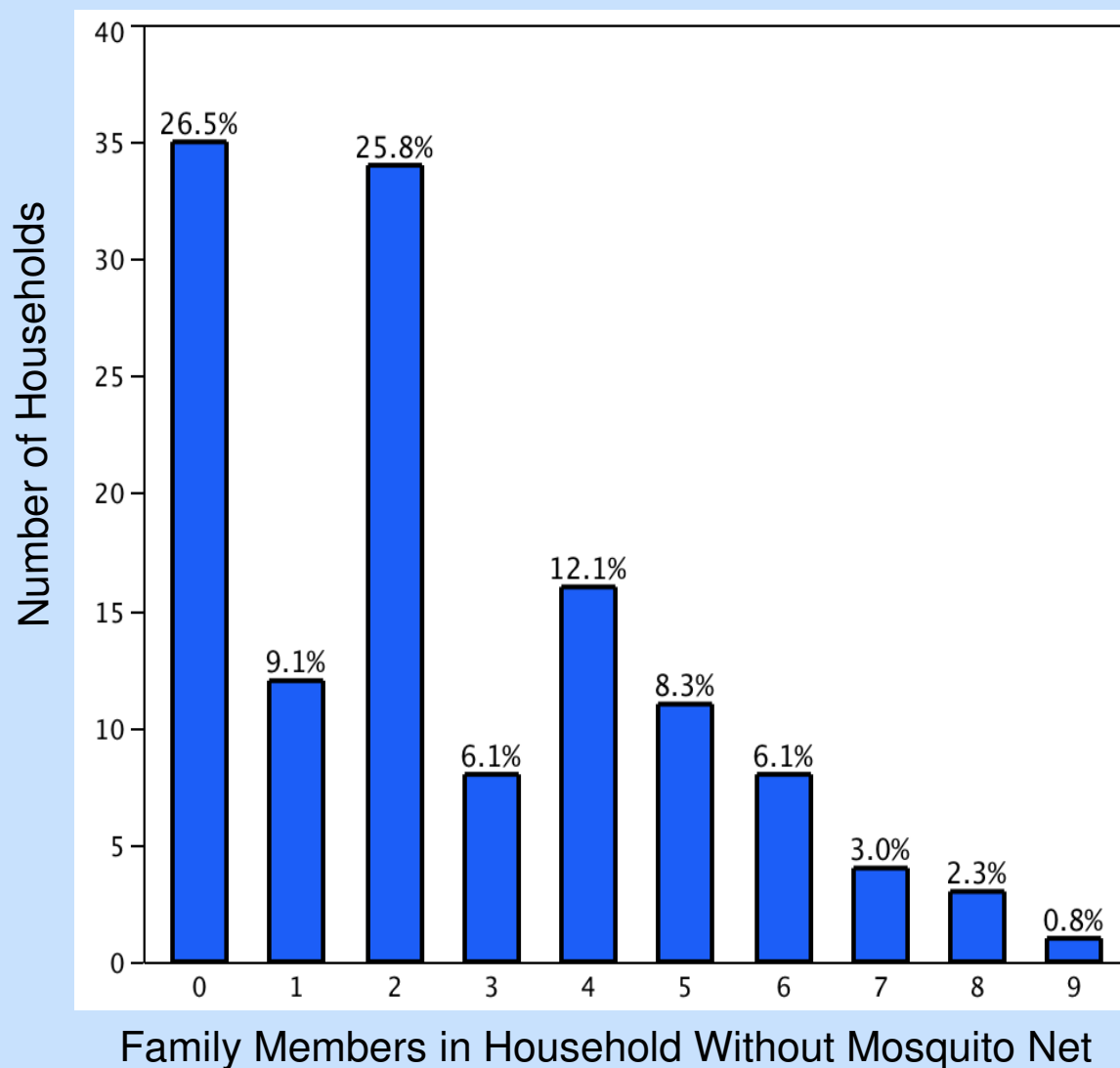
Nearly 90% of borrowers reported someone in their family had been sick with malaria in the past year.



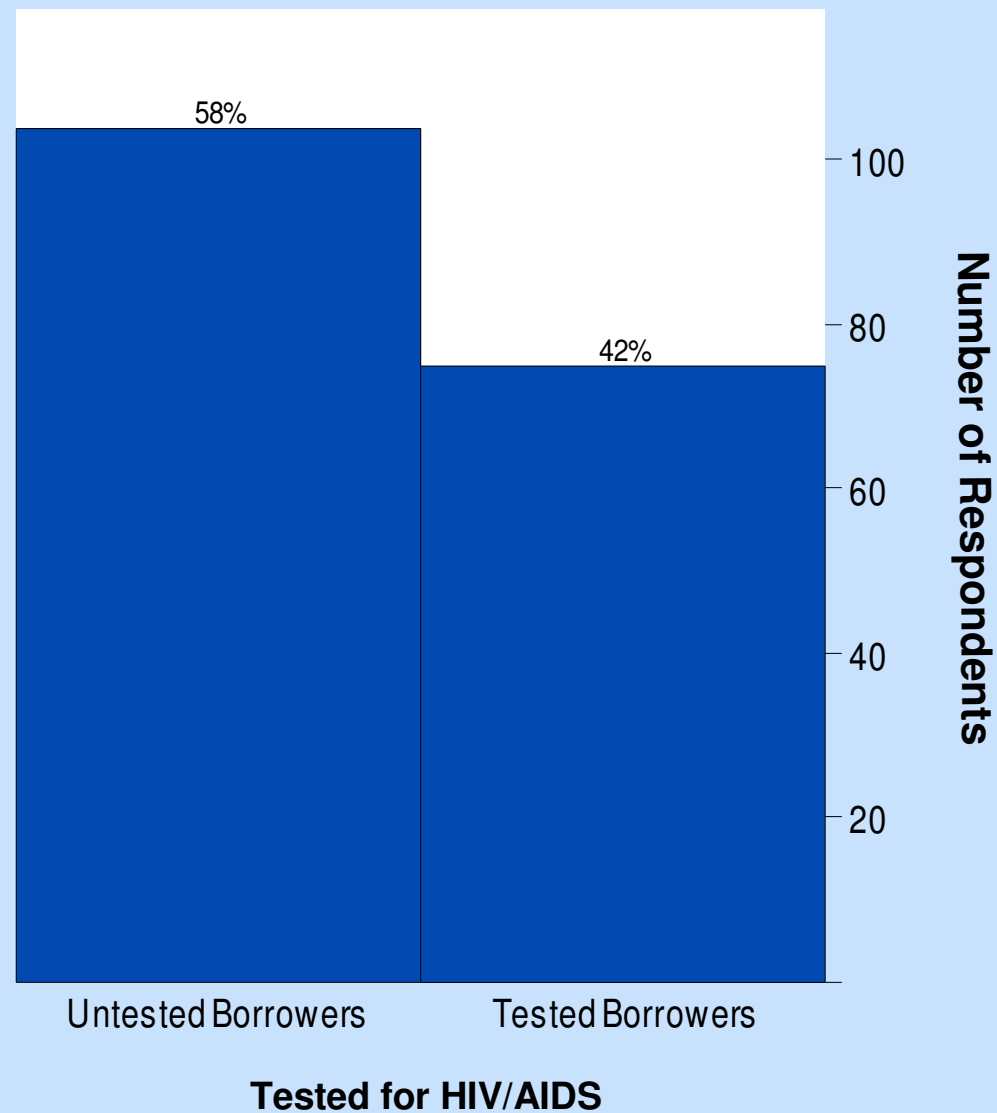
Has Anyone in your Household had Malaria in the Last Year?

 No  Yes

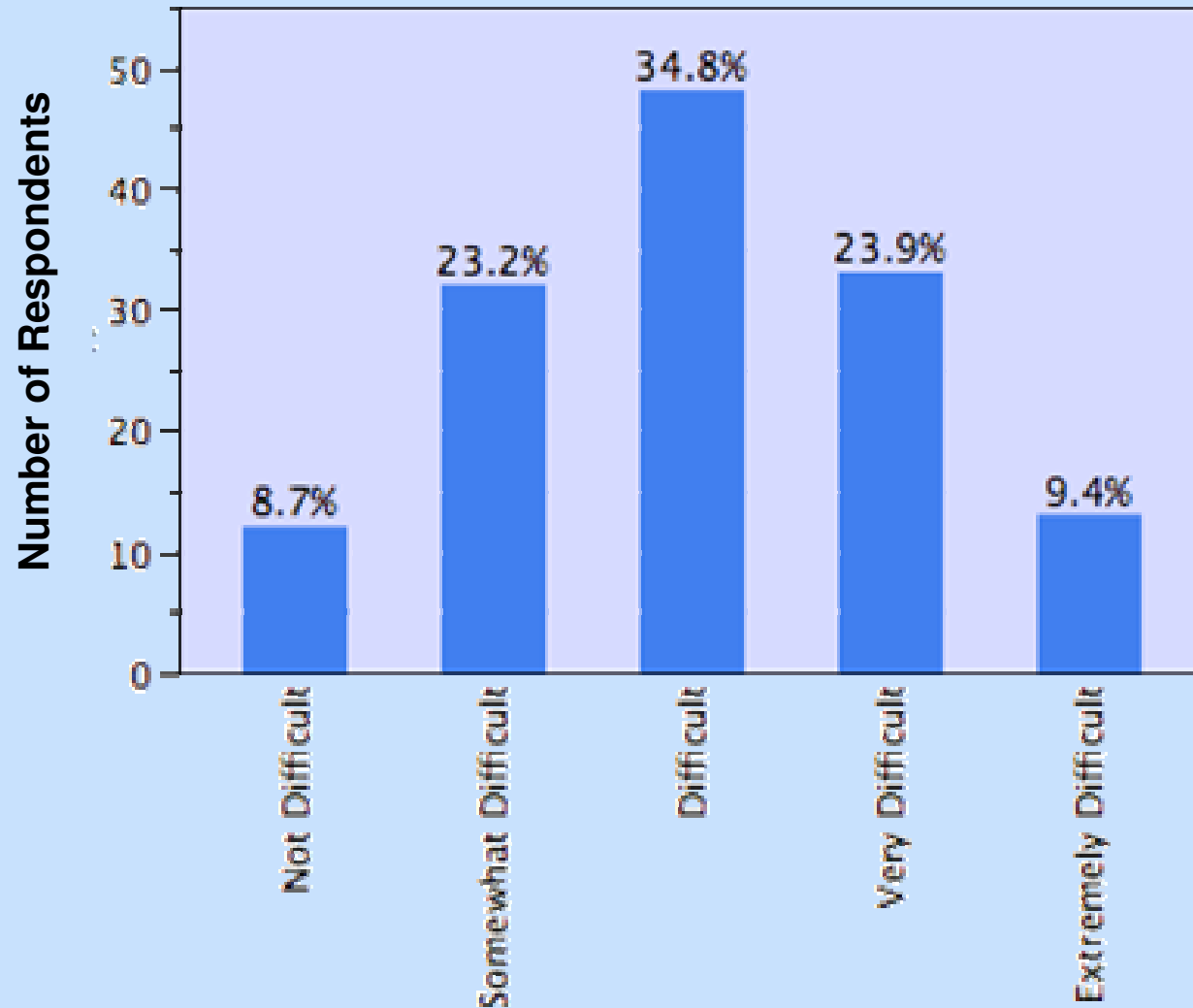
Only slightly more than a quarter of the borrowers have mosquito nets for all family members.



Fewer than half of borrowers have been tested for AIDS.

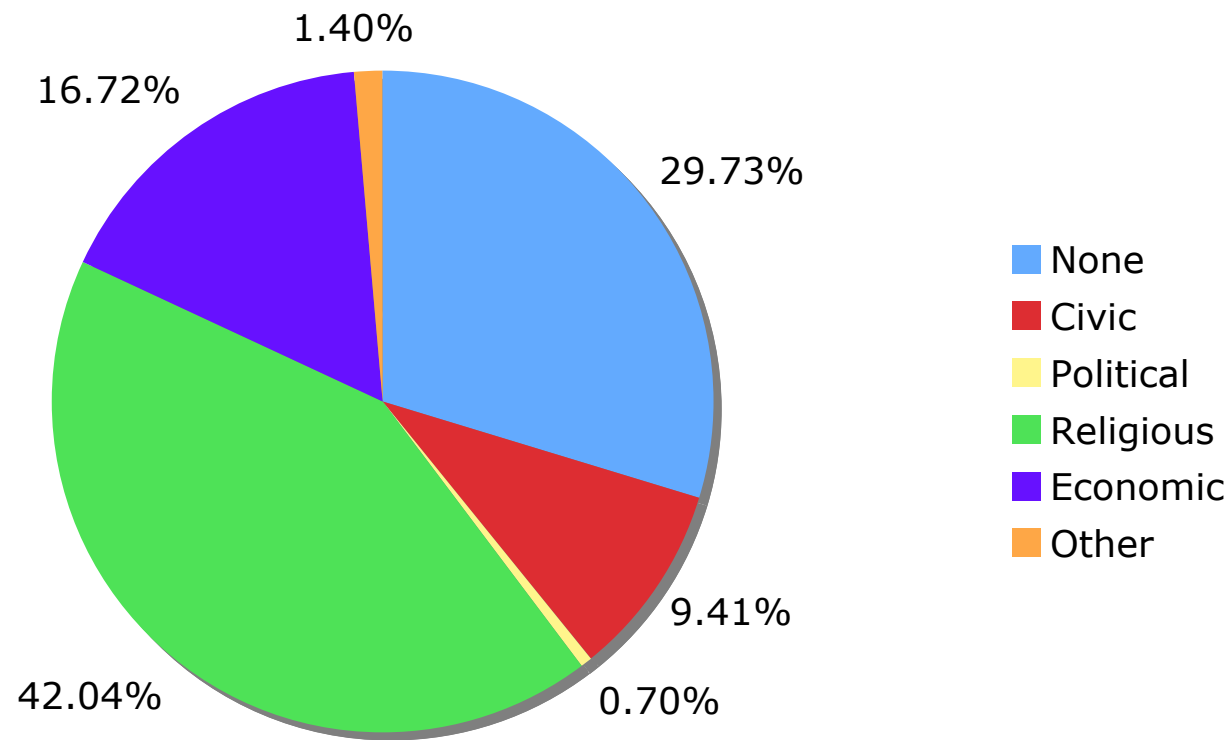


Over two-thirds of borrowers find it difficult, very difficult, or extremely difficult to pay for medical care.



Difficulty in Paying for Medical Care

Borrowers most frequently join church-based community organizations.



Membership in Community Organizations

The vast majority of borrowers' children regularly attend school.

SCHOOL ATTENDANCE

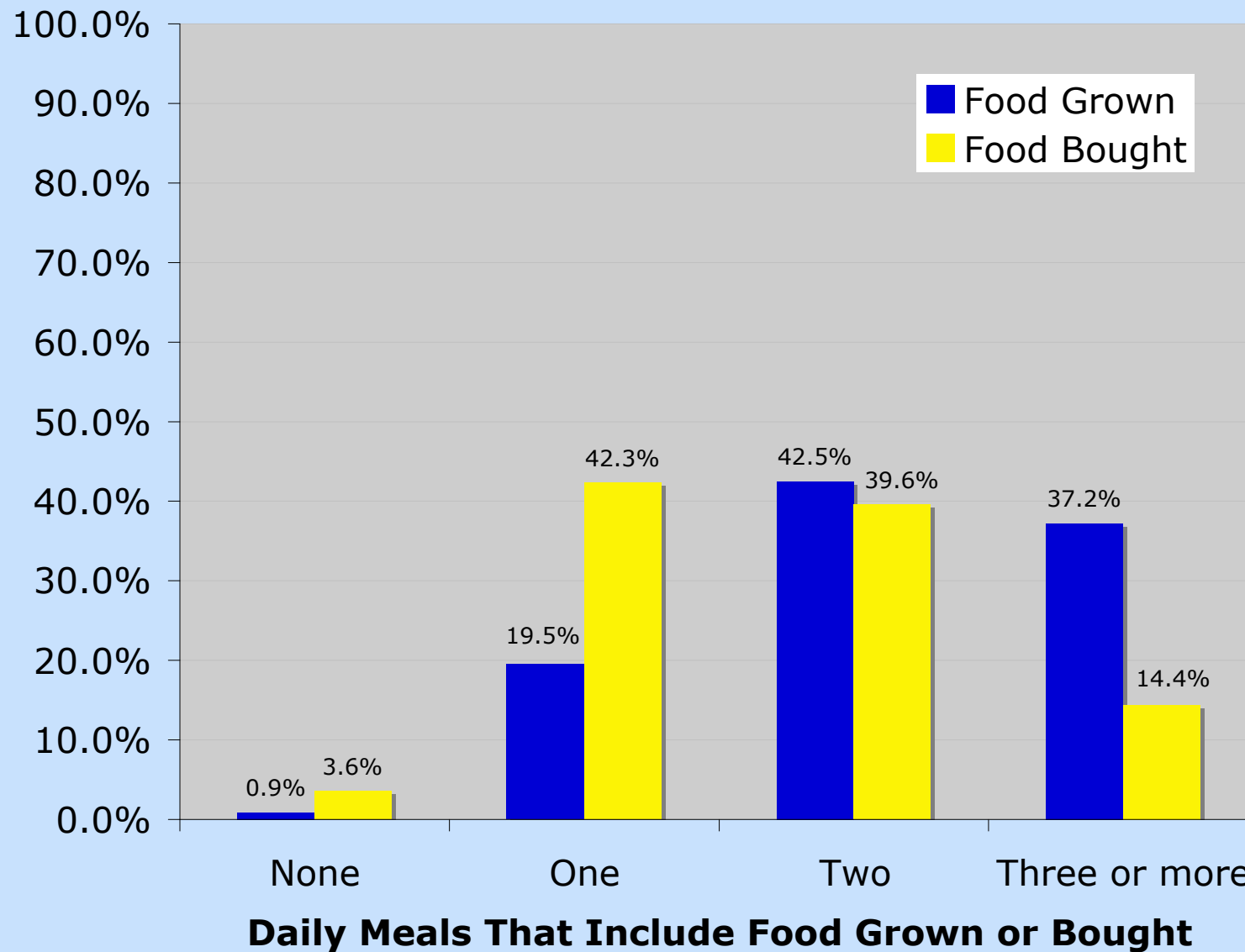
- 89% of borrowers reported that their children always attend school.**
- 9% of borrowers reported that their children often attend school.**
- 1% of borrowers reported that their children rarely attend school.**

Borrowers' children generally help with household chores when not in school.

CHILDREN'S ACTIVITIES OUTSIDE OF SCHOOL

- **Only 10.8% of borrowers report children participating in organized activities.**
- **Almost all borrowers report children's main activity as chores.**
- **Typical chores include: working in the garden, carrying water and searching for firewood**

99.1% of borrowers grow some of the food they eat each day.



III. FAMILY HEALTH AND WELFARE – OBSERVATIONS

III – 1/5 Illness in household and cost of treatment – With a majority of borrowers reporting that someone in the household is sick on a regular basis and that treatment is difficult to pay for, illness prevention is a major issue in stabilizing the family budget. Paying for medicine can strain a household's meager savings, forcing a family into crisis.

III – 2/3 Malaria in household – Of the nearly 90% of borrowers reporting that a family member had malaria in the past year, many confirmed that malaria recurred on a regular basis. Yet with such high infection rates, only a quarter of borrowers had nets for everyone in their household. Those who sleep under nets often share the net with other family members. Insecticide treated nets are a low-cost, low-tech means of prevention, and WMI is currently seeking an affordable mosquito net supplier for the borrowers.

III – 4 AIDS testing – According to the World Health Organization, 5.4% of Ugandan adults have AIDS, yet only 42% of the borrowers have been tested. Despite widespread AIDS informational campaigns within Uganda, the number of untested individuals is still quite high. Most borrowers surveyed indicated they would get tested if it was easy and affordable and that it was "good to know your status".

III – 6 Community Involvement – With large households, time-consuming chores and a business to run, most borrowers did not participate in community activities other than attending religious services.

III – 7 School Attendance – Most of the women report that their children always attend school. Public schools are over-populated and under-resourced. A recent study in a Ugandan newspaper reported an 81% teacher absenteeism rate. WMI recently launched a tutoring program and plans to launch a pre-school and adult literacy program in the future. The tutoring pilot program held during the month of May 2009, at a cost of 1,000 shillings per child per week, was extremely well-attended and the students were very well behaved. It appears borrower place a high priority on education and there is pent up demand for improved educational services.

III – 8 Children's Activities - Nearly all children have chores to do outside of school. The 10.8% who participate in organized activities are often in church choir.

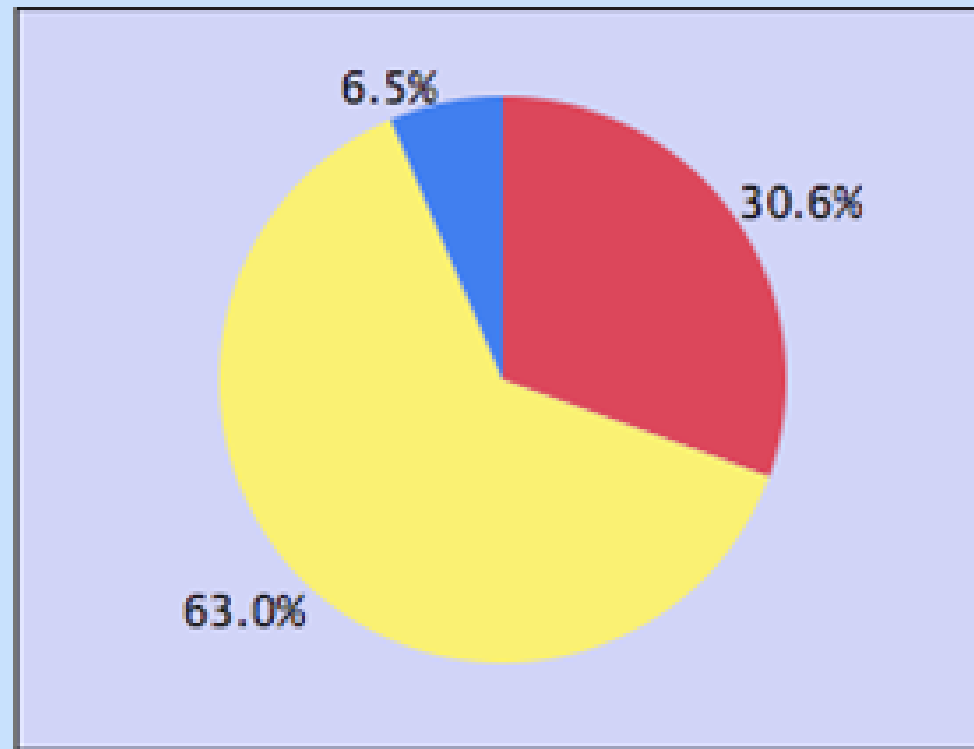
III – 9 Food Source – Less than 1% of borrowers do not grow food for personal consumption. Buyobo has an abundance of arable land and rainfall. Almost all homes have large gardens tended by the family. The women purchase items they cannot grow like grains, salt and sugar.

IV. LOAN IMPACT



1. Effect on Borrowers' Family
2. Testimonials
3. Change in Floor Type
4. Priorities for Use of Income
5. Improvement in Savings Practices
6. Reasons To Save
7. Improvement in Reading & Writing
8. Improvement in Personal Skills

Most borrowers report that running a business has had a positive impact on their family.



Effect of Business on Borrower's Family

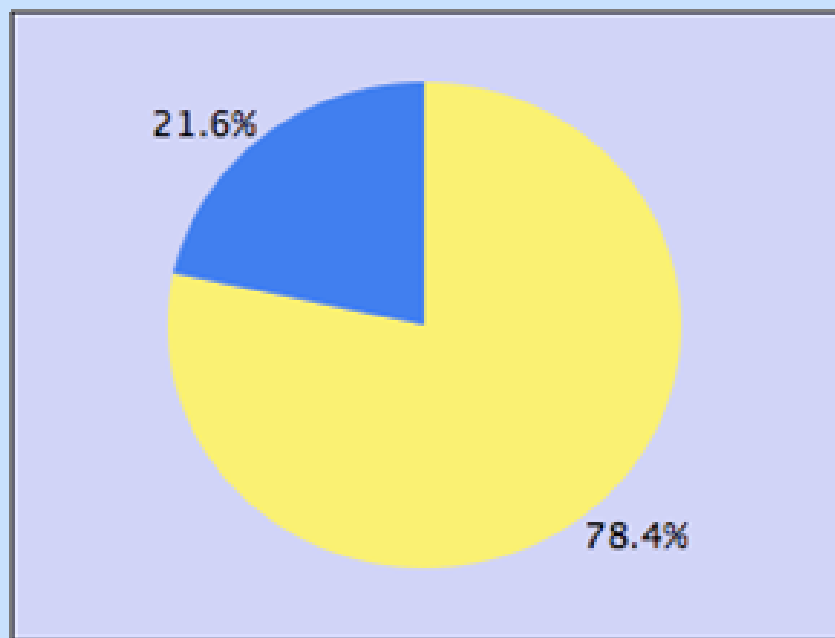


Testimony from borrowers on how the loan has improved their ability to care for their families.

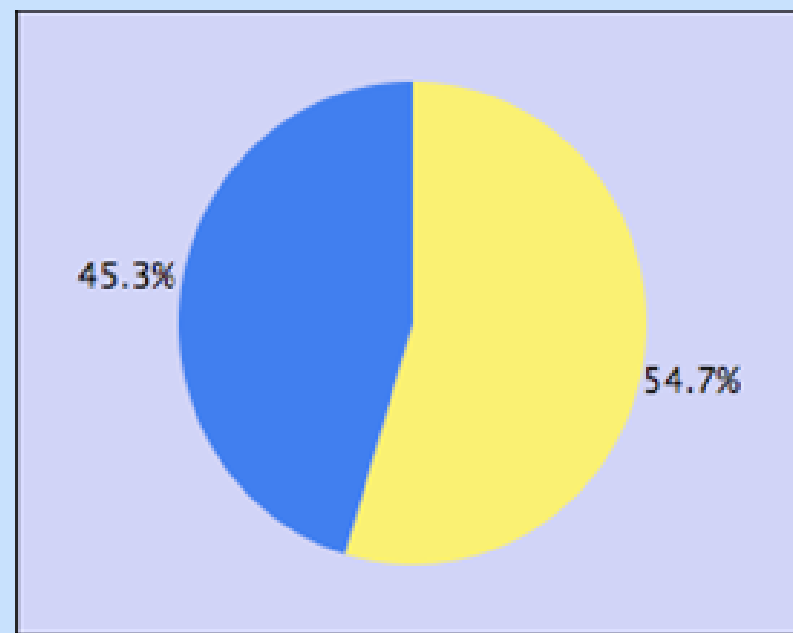
- There is good food, all the children have shoes and a school uniform. I can afford fees for the children and can buy more food. I am never worried. I can solve the problem myself, or discuss it with a friend and find a solution.
- I have a job and can touch money. Before the loan, that was just a dream. I am never worried about fees and how to get medical care; now I can buy the medicine myself.
- I don't have to ask my husband to buy everything these days.
- The loan has made me famous and more reliable. I can feed my grand-children as well as buy food.
- I am happier because it has helped me in health care, in providing food, and I am getting smarter! This loan has made my life better in a way that I can now support my family.



After receiving loans, nearly a quarter of the borrowers upgraded the floor in their homes from mud to cement.



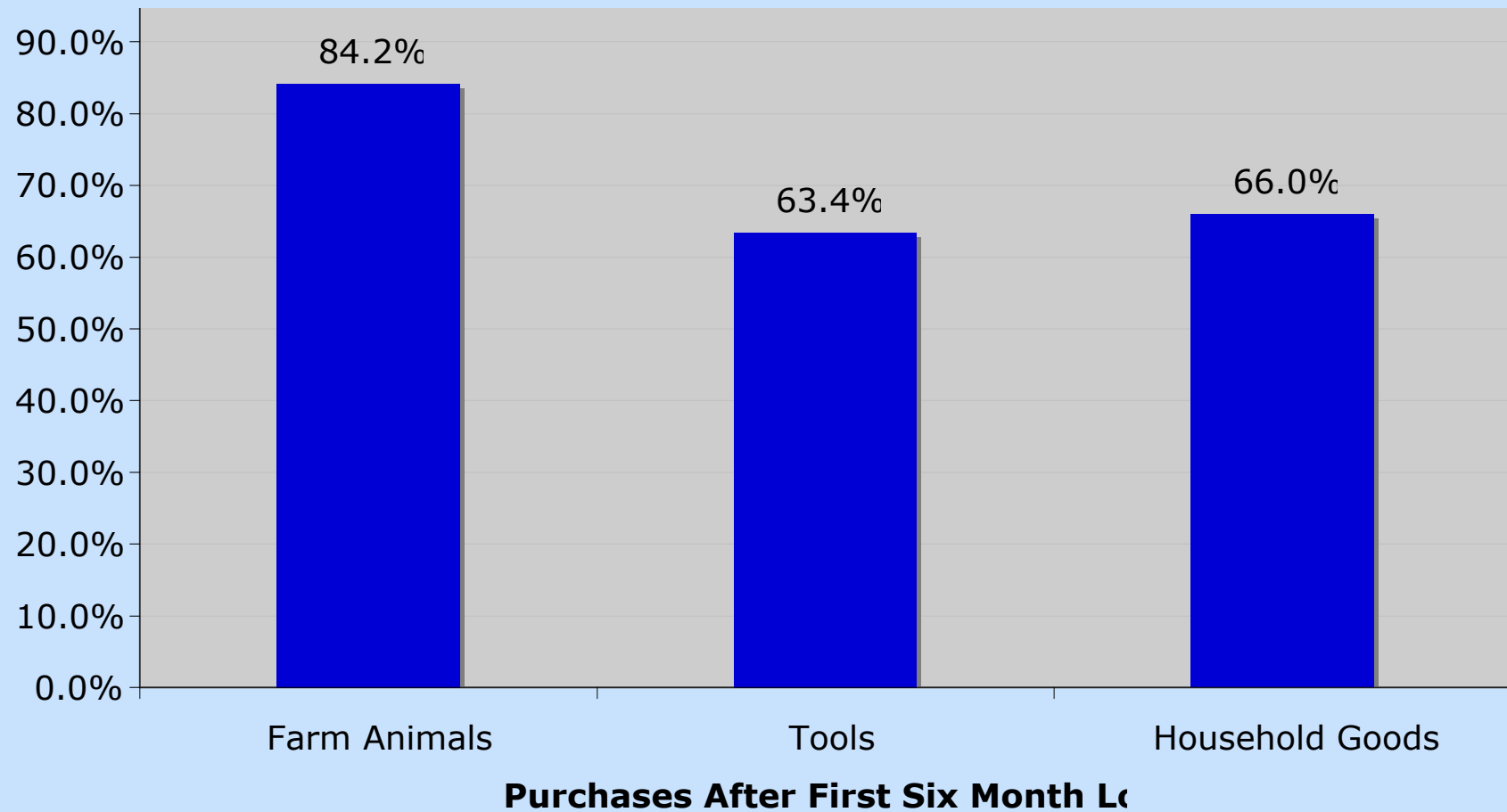
Type of Floor



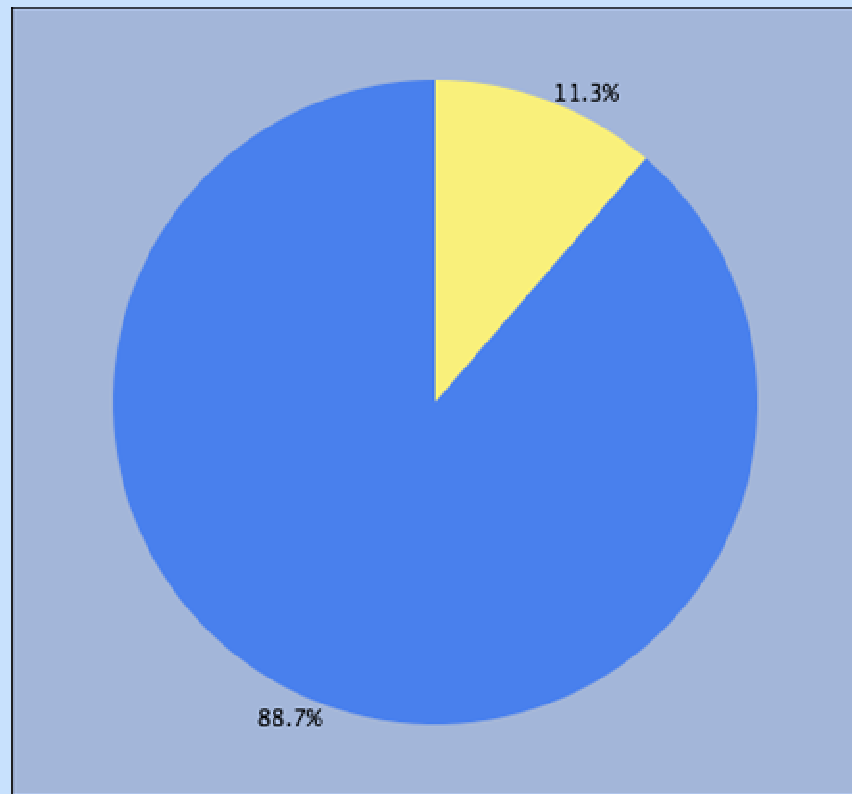
Type of Floor 6 Months after Loan



Many borrowers used the income they generated to acquire farm animals, tools and household goods.

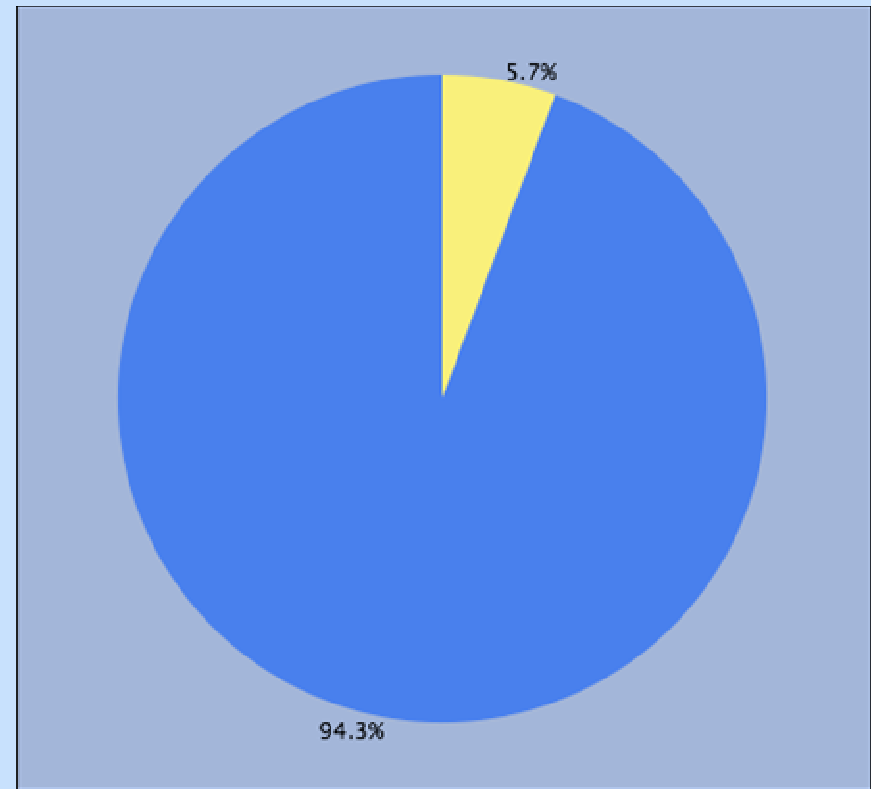


More borrowers reported having savings after their first loan.



■ No ■ Yes

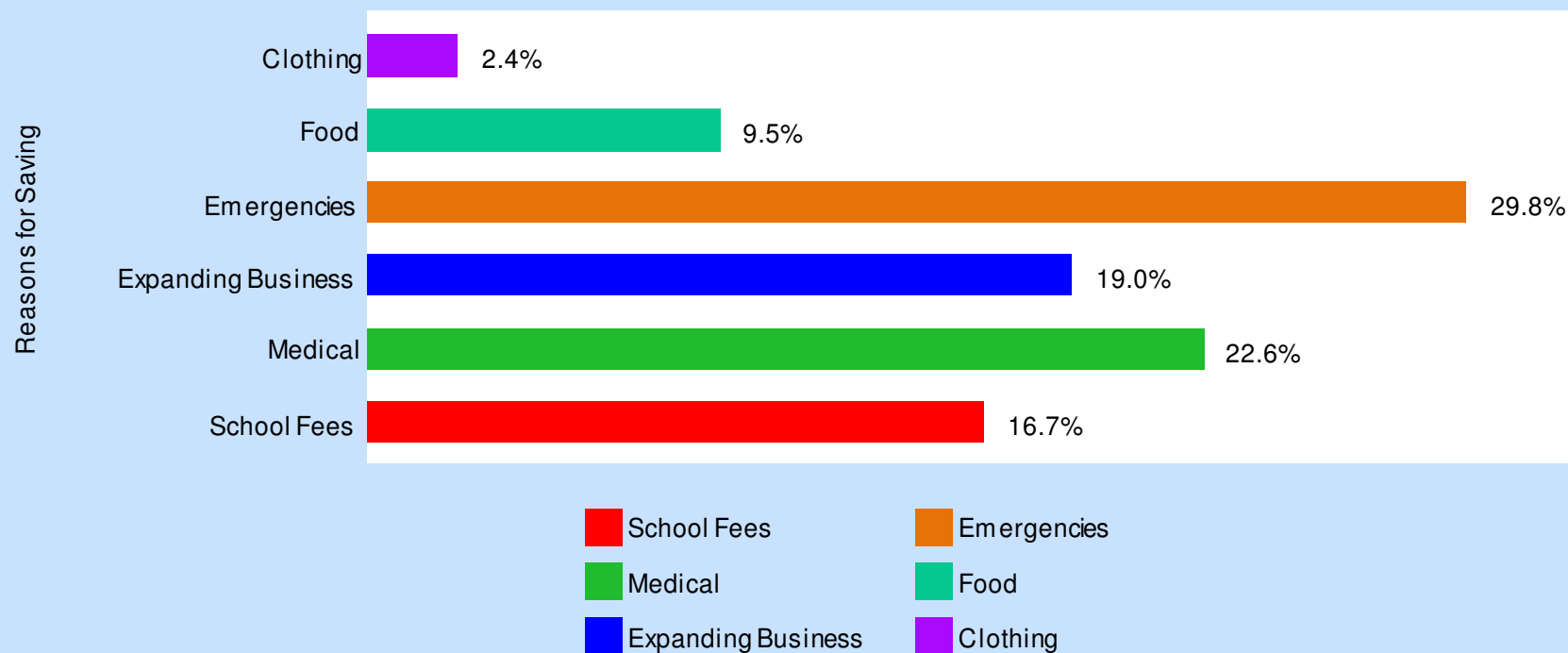
Before Loan



■ No ■ Yes

After Six Month Loan

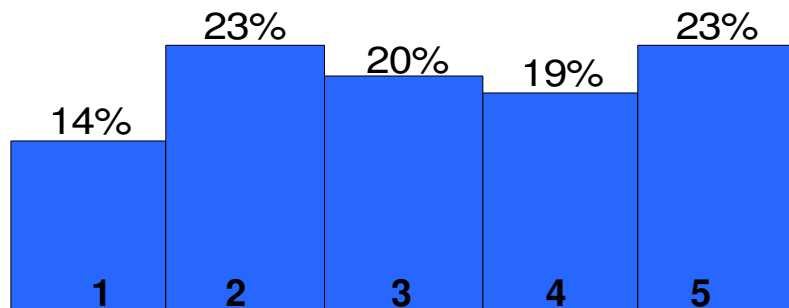
Over half of borrowers save for emergencies or for medical treatment.



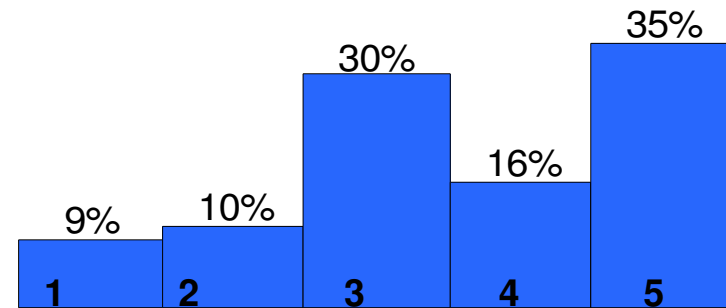
Why Borrowers Save their Money

Borrowers report an improvement in their reading and writing skills after joining the loan program.

Before Loan

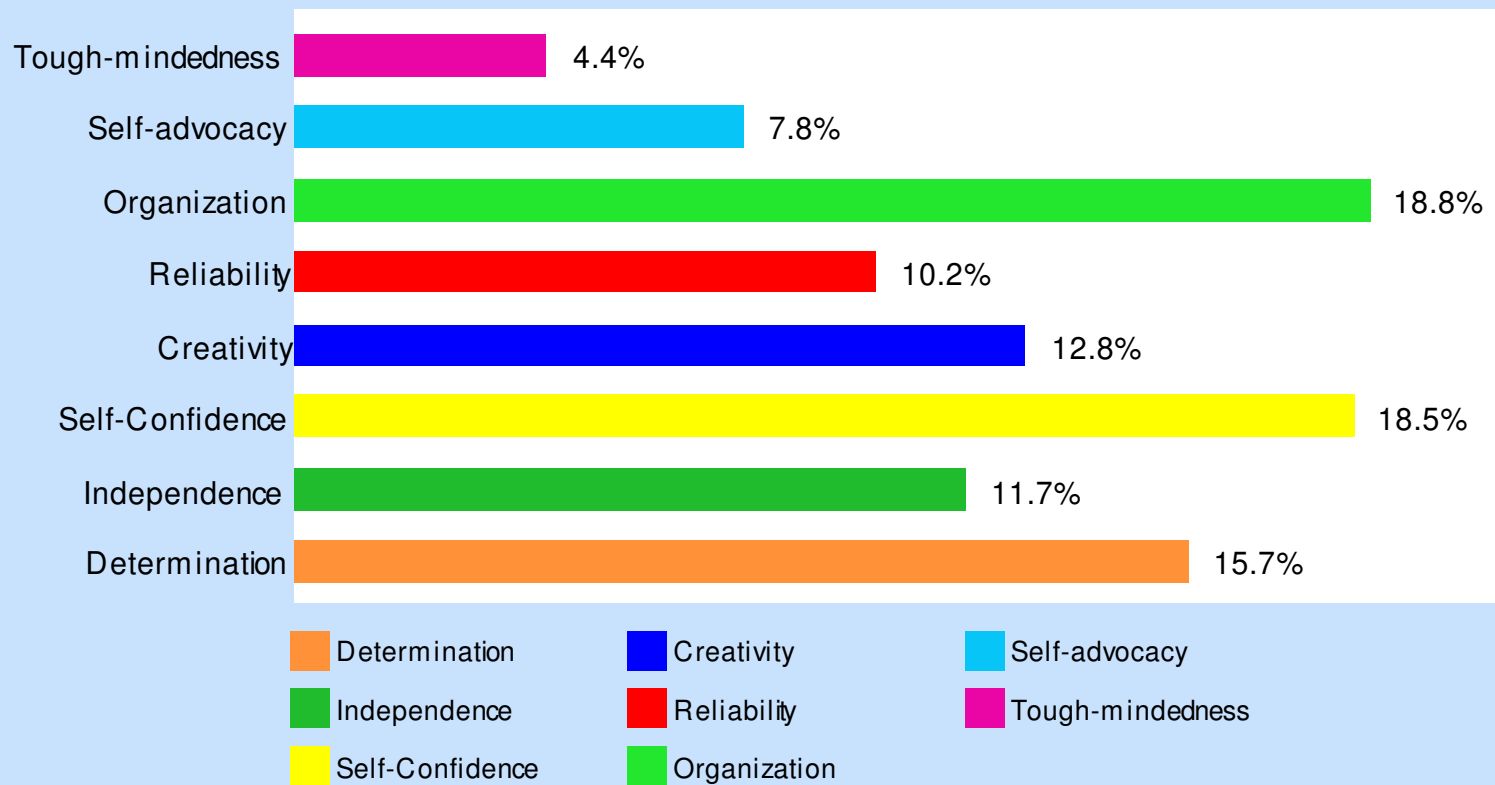


After Loan



Comfort level with reading and writing, on a scale from 1 (low) – 5 (high).

Borrowers reported improvements in their personal skills after receiving a loan.



Areas of Personal Improvement After Loan

IV. LOAN IMPACT – OBSERVATIONS

IV-1/2 Loan Impact on Families – Most borrowers reported that the loans meant they could care for their families and this had a positive impact on their lives. The biggest strain on the family frequently had to do with the amount of time the mother spends away from home. The women often need additional hands in the household to prepare meals, care for children and perform chores.

IV - 3 Change in Floor Type – One of the first improvements women made with their business profits was cementing the mud floor in their houses. The mud floors are dusty and cause significant coughing in the dry season. They easily become uneven and must be repacked regularly, which is messy and time-consuming.

IV - 4 Priorities for Use of Income –The majority of women who acquired more farm animals bought cows, goats, chickens and turkeys. The most common tools acquired were pangas and hoes to use in the garden. Profits were spent on items that could improve the quantity and quality of the food for the household.

IV – 5 Improvement in Savings Practices – The already high savings rate among borrowers increased even more after their first loans. The WMI training program emphasizes savings. Borrowers are taking active steps to plan for future uncertainties.

IV – 6 Reasons to Save – Borrowers saved to be able to cover future medical payment and emergencies. Preventative health care could curb the dent medical costs make in borrowers' savings. Borrowers also highlighted the importance of their businesses by prioritizing savings to expand them.

IV - 7 Improvement in Reading & Writing – The comfort levels with reading and writing are self-determined. However, after attending WMI training sessions and operating their businesses, there was a marked increase in the women's comfort with literacy skills: the number of women who ranked themselves "1" (the lowest comfort level) decreased from 14% to 9% and the women who ranked themselves a "5" increased from 23% to 35%.

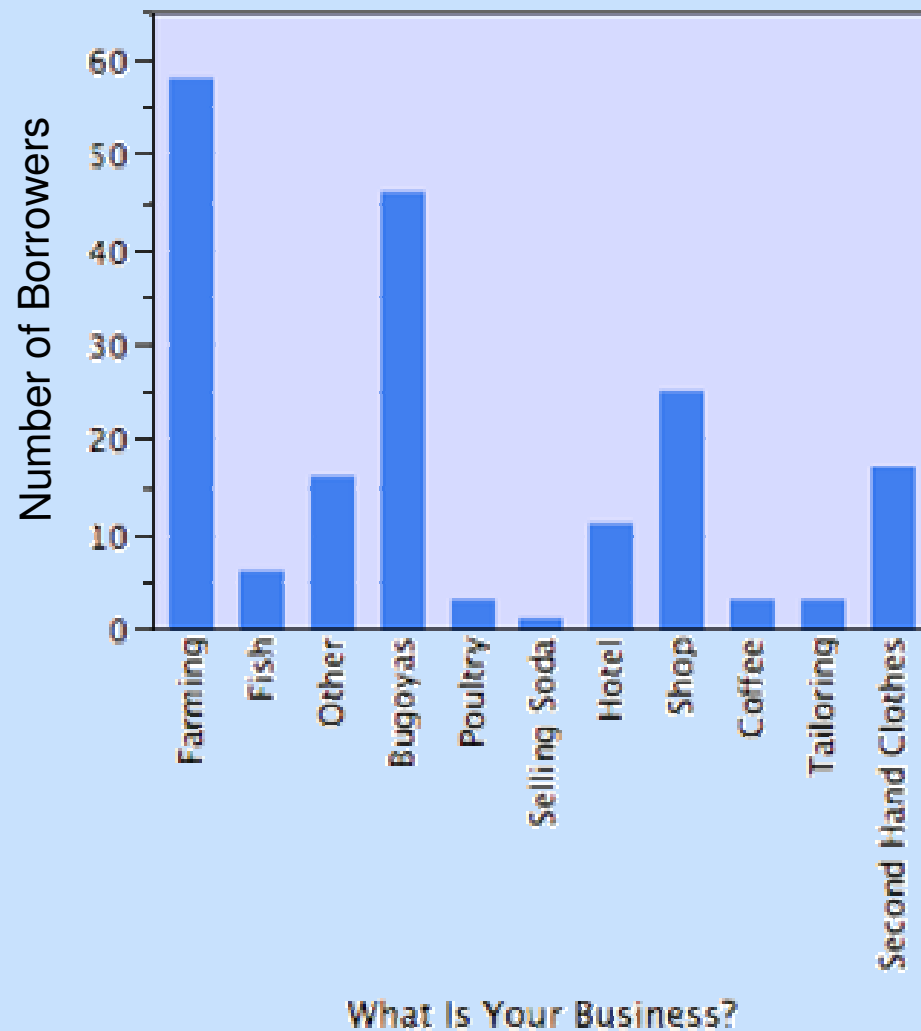
IV - 8 Improvement in Personal Skills – All women recognized personal growth in some area. Operating a successful business requires women to be negotiating, marketing and planning on a regular basis. Through these business activities they can develop proficiency in a number of important skill sets that lead them to become more confident, organized and determined. With this growth the women can become better advocates for themselves and their families.

V. BUSINESS OPERATIONS

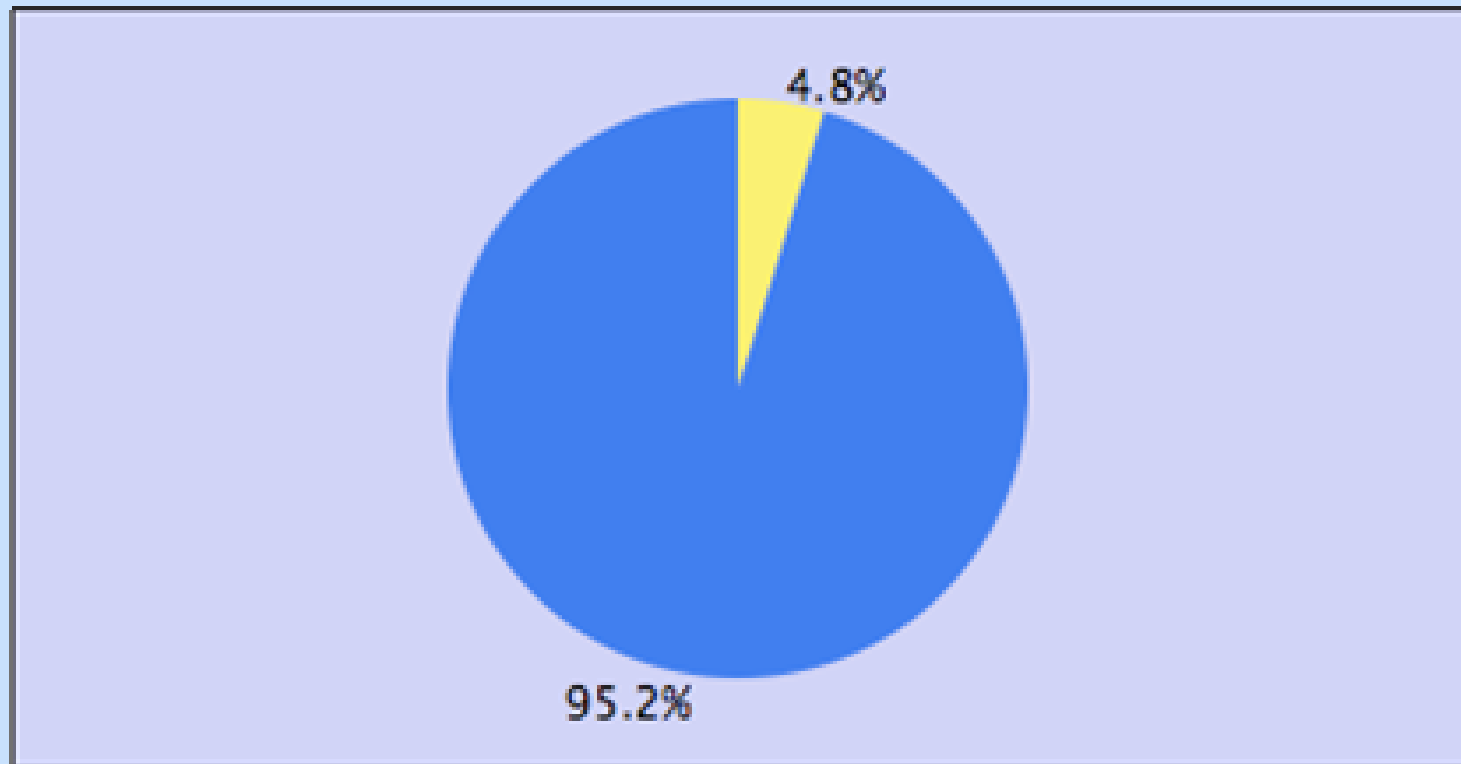


1. Businesses
2. Family Assistance with Business
3. How the Family Helps
4. Difficulties in Running Business
5. Employees
6. Biweekly Savings Trend
7. Monthly Income
8. Uses of Income

The majority of borrowers' businesses involve food production, preparation or distribution.



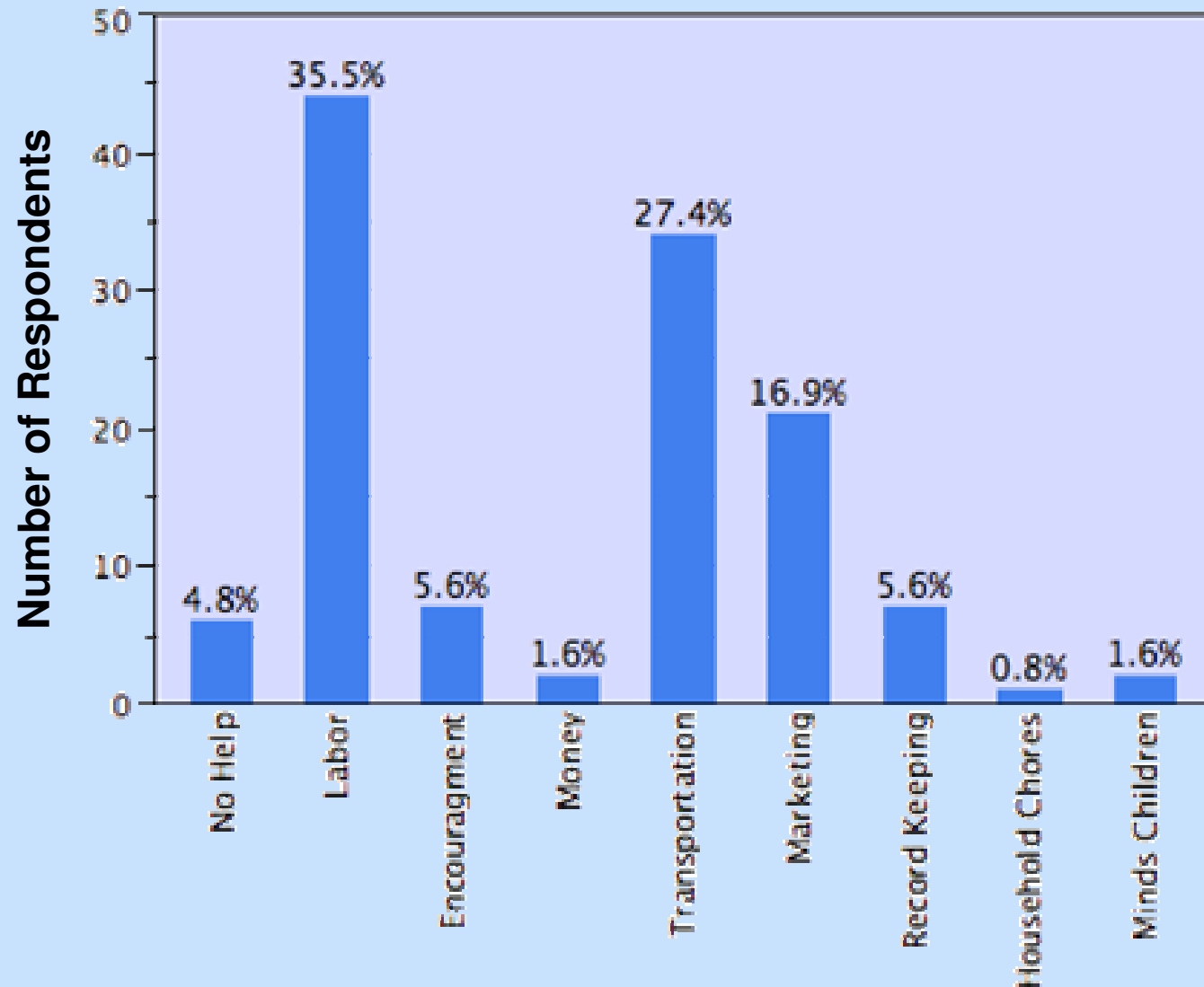
The overwhelming majority of borrowers have families who help with their businesses.



Percentage of Borrowers Whose Families Help with Their Businesses

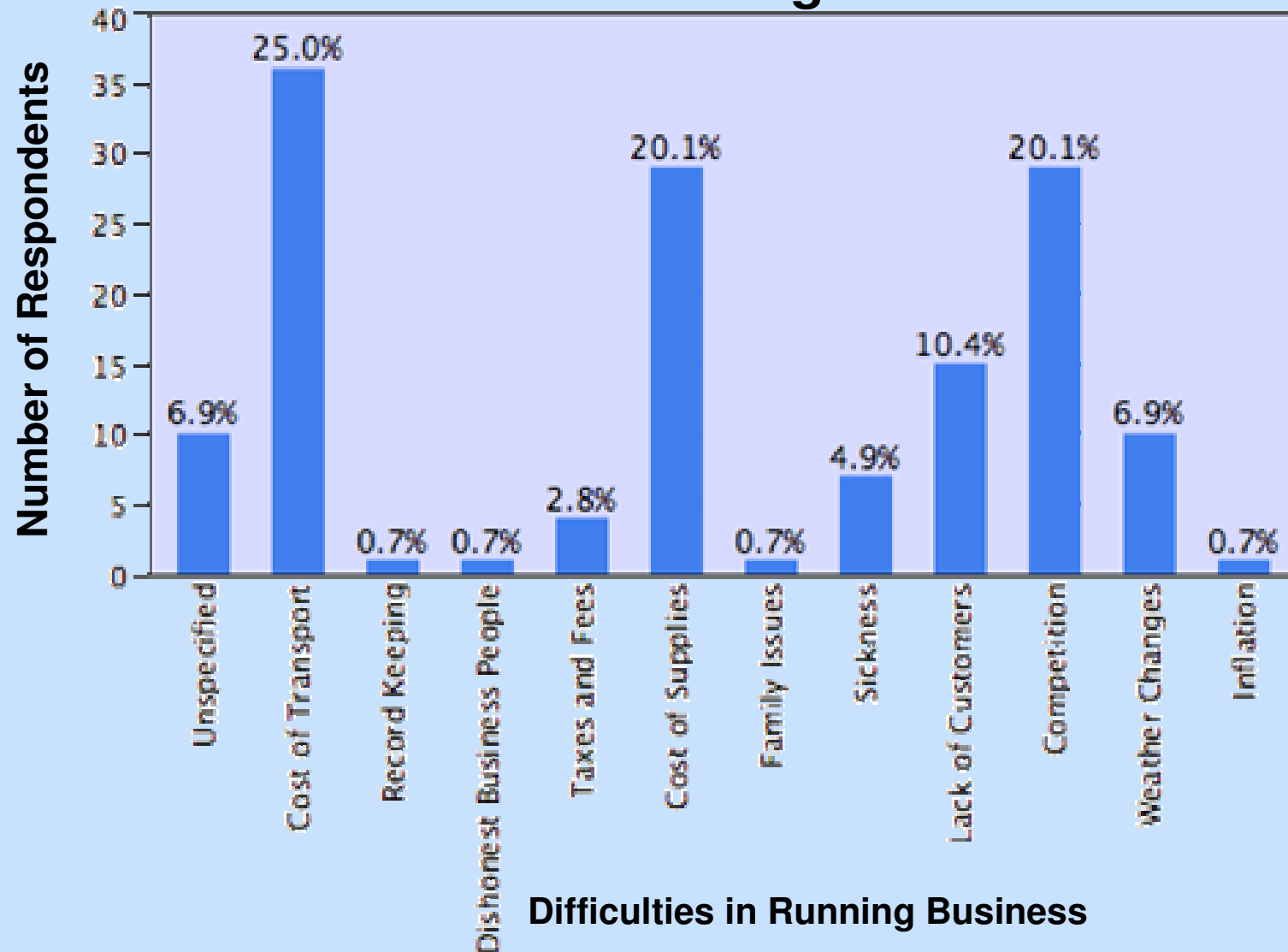


Borrowers' families primarily help with labor, transportation, and marketing.



How does your Family help with your Business

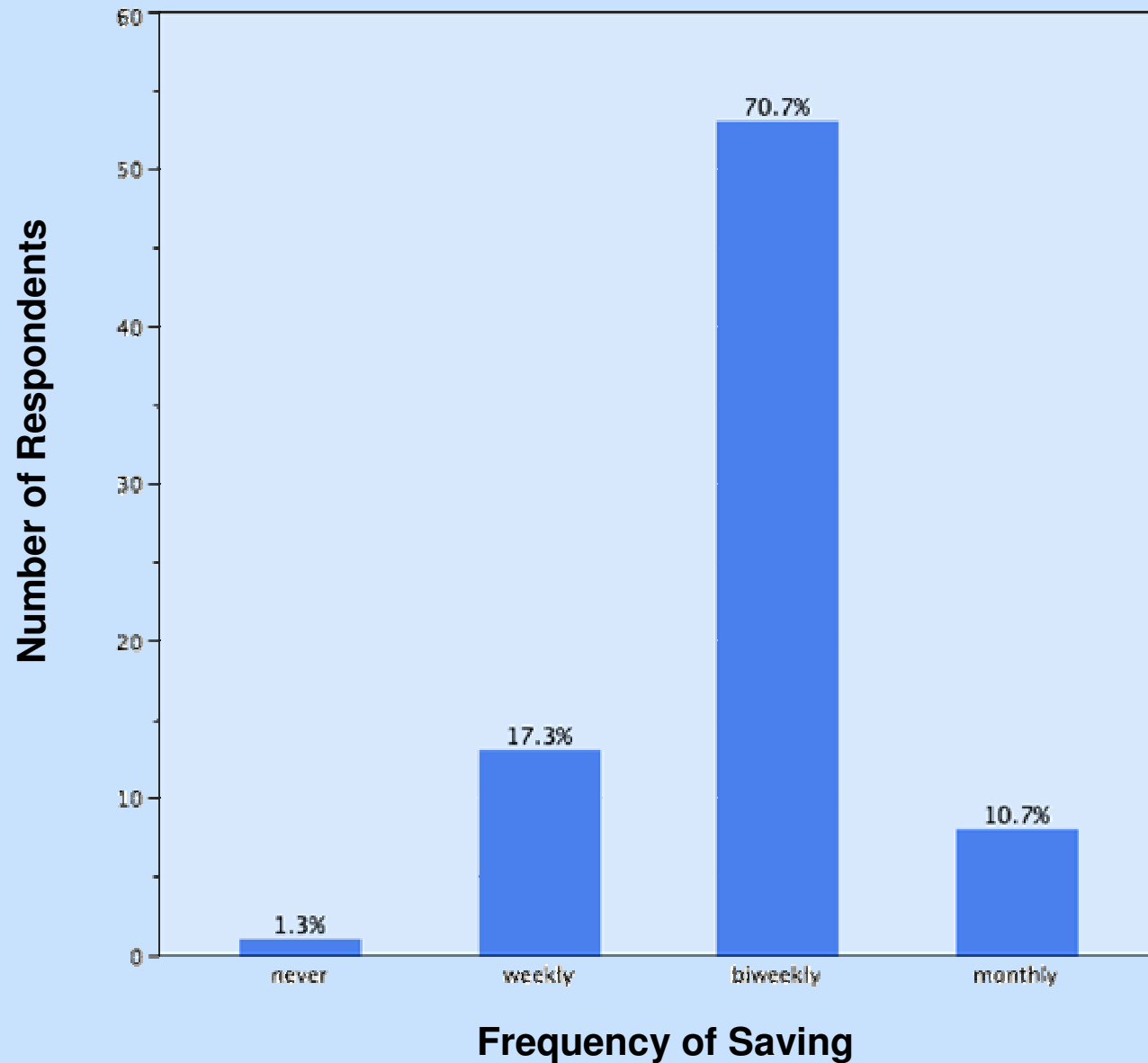
Cost of transportation, cost of supplies and competition were reported as the greatest difficulties in running a business.



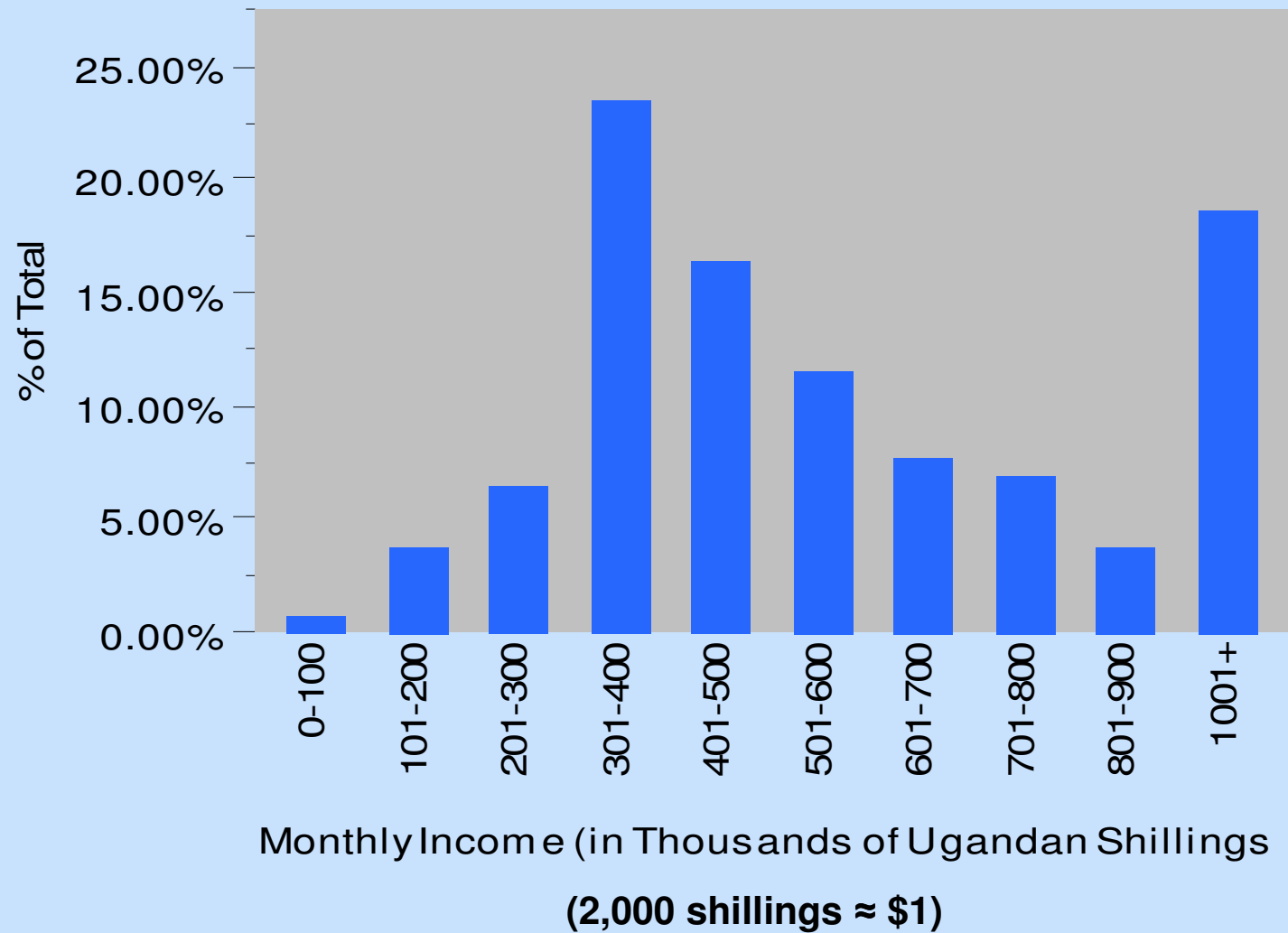
Borrowers have begun to hire employees for their businesses.



A majority of borrowers save on a bi-weekly basis.



100 borrowers reported their business income 6 - 18 months after receiving loans. All borrowers experienced a significant increase in earnings. For 85% of borrowers, income increased from 50 cents per day to at least \$150 per month.



Borrowers reported they would use their business income for practical purposes.

TOP 3 REPORTED USES OF INCOME

- Business Expansion
- Food
- School Fees

V. Business Operations – Observations

V-1 Type of Business - Many borrowers start out in food related businesses. This is an easy type of business to launch. Uganda is very densely populated, even in the rural areas, so there is a large customer base to draw on. Though many borrowers may be in the same general business, for example, selling bugoyas, they distinguish their marketing approach: some sell by the roadside, others at the different market places, others to truckers heading for Sudan, and still others to traders from Kenya and northern Uganda, who now come to the Buyobo area, perhaps attracted by the many new businesses the borrowers have started. As borrowers gain experience, they may diversify their products to add specialty items like eggplants or Arabica coffee. Some newer businesses are providing services, such as a hair salon and carpentry shop.

V-2/3 Family Help With Business – The businesses borrowers launch have truly turned into family-run operations, with over 95% of borrowers getting some kind of help from their immediate relatives. Most often, married borrowers received help from husbands and children. Microfinance research indicates that the most successful businesses are ones where the husband and wife work together in the enterprise. With cost of transport and competition cited as 2 of the greatest difficulties in running a business (V-3), it is not surprising that 2 of the areas where family members offer the most assistance are transportation and marketing.

V-4 Difficulties in Running Business – In addition to transport and competition, the cost of supplies was also a significant business problem. During 2009, the annual inflation rate in Uganda has hovered around 12% or more, driving up the price of petrol and inventory.

V-5 Employees – Despite the difficulties of operating a business, borrowers have begun to hire employees. This is a significant step in the evolution of the local economy, as there are few local employment opportunities.

V-6 Frequency of Savings – The majority of borrowers have achieved one of WMI's primary goals: saving on a regular basis. The bi-weekly savings pattern mirrors the WMI loan repayment schedule.

V-7 Business Income – All borrowers saw a leap in their monthly income after taking out their first loan. With 85% of borrowers reporting monthly revenue of \$150 or more, the loan program has significantly and immediately improved borrowers' earning capacity. With regular income, borrowers can develop budgets and learn to smooth out the consumption curve for their households.

V-8 Uses of Income – Borrowers' priority for spending their income reflected the importance to them of improving the quality of the food they eat, sending their children to school and expanding their businesses.

Summary

I. Borrower Demographics - The majority of borrowers are 40 or older and married with their husbands living in the household. More than half have 4 to 8 children living with them. Nearly two-thirds of borrowers care for children who are not their own.

II. Standard of Living - Nearly 100% of borrowers live in extreme poverty, subsisting on less than 50 cents per day. Most had less than \$25 in savings. Borrowers generally live in their own mud-floored homes, in 3 or fewer rooms. Most have farm tools, farm animals, some furniture and a radio. The majority could not provide shoes for all their children. The cooking fuel is overwhelmingly wood that is gathered, most access water from a contaminated pipe, and candles most frequently provide the only light after sunset. Nearly 100% of borrowers utilize some form of pit latrine.

III. Family Health and Welfare – Over two-thirds of borrowers find it difficult, very difficult or extremely difficult to pay for medical care. Nearly 90% of borrowers report that someone in their household had been sick with malaria in the past year; yet, only a little more than 25% have mosquito nets for everyone in their family. Fewer than half have been tested for AIDS. Borrowers report that outside of school the children attend to chores, frequently farming. Nearly 100% of households consume food they have grown on a daily basis.

IV. Loan Impact – The loans have had an overwhelmingly positive impact on family life. With their income, borrowers cement their mud floors, purchase additional farm animals and acquire furniture. Borrowers' savings rate increased and they saved for emergencies medical care, and, expanding their businesses. Borrowers' reading and writing skills and personal skills improved: they are more self-confident, organized and determined.

V. Business Operations –After 6 - 12 months in the loan program, a majority reported their income as \$150/month or more. Compared to their previous subsistence on about \$0.50/day, this represents a significant increase in their household productivity. Families overwhelmingly help with the borrowers' businesses. Borrowers have begun to hire employees. They save on a bi-weekly basis. Food-related businesses are the most popular, but over time some borrowers begin to specialize in particular items. Businesses offering similar products distinguish themselves by using different sales and marketing techniques. Newer businesses are starting to offer services, like a hair salon and carpentry shop. Traders from northern Uganda, Kenya and Sudan have started coming to Buyobo to buy goods.