



Building
Assets to Better Lives

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Dining for Women Final Report – January 2016

1. Please Provide the following information:

- a) Organization Name – Women’s Microfinance Initiative
- b) Program Title – Transition to Independence
- c) Grant Amount - \$45,000
- d) Contact Person – Robyn Nietert, President
- e) Address – P.O. Box 485, Cabin John, MD 20818

2. Recap briefly what outcomes the program was designed to achieve.

WMI provides comprehensive village-level microfinance and training to women in rural East Africa with a sustainable program that the women run themselves. WMI loans provide capital for women to launch businesses and the training and support helps ensure that the women stay in business. By providing capital, skills training and support, WMI launches successful entrepreneurs who, after 24-months, graduate to financial autonomy. They can transition to regulated financial institutions or become self-financing. Our partner banks offer WMI borrowers the same terms provided to their best customers - an unprecedented benefit for rural women, many of whom are illiterate.

WMI targeted the DFW grant funds for expansion of the traditional loan hub model to even more remote locations, creating and testing a hierarchical sub-hub model. Success of this grant project will help us to focus our future plans to expand in a cost-efficient manner. Rather than starting each hub from scratch, finding local leadership and building an organization, we can connect new groups to existing hubs and take advantage of existing infrastructure, technology and economies of scale. We should be able to ramp up operations much more quickly and introduce more women to business entrepreneurship opportunities in a shorter period of time.

Specifically, the DFW grant was used to provide loans and training for 320 new women borrowers (16 groups of 20 women each) participating in WMI’s rural loan program. Following graduation from the two-year loan program, borrowers may either self-finance or

are pre-approved to take market-rate loans from our partner bank. The WMI loan funds are then recycled to 320 new borrowers in perpetuity.

3. What was accomplished in connection with this project? Please address each stated objective.

Objective 1 – Program Expansion. WMI initiated 16 new groups of 20 borrowers (320 total) in 2015: 6 in the January loan cycle, 3 in the April loan cycle, 3 in the July loan cycle, and 4 in the October loan cycle.

The groups (groups are designated by color) and their locations are:

January	Hot Pink - Budeda
January	Forest Green - Busita
January	Dark Orange - Buteza
January	Cherry Red - Bumarisa
January	Dark Green - Kalawa
January	Dark Grey - Mutufu
April	Dark Cherry - Kapchorwa
April	Charcoal Grey - Busia
April	Harvest Gold - Nakaloke
July	Bright Pink - Buyobo
July	Bright Blue - Muyembe
July	Bright Purple - Busiu
October	Tan - Buyobo
October	Serena - Buyobo
October	Peanut - Mutufu
October	Cement - Kyibbolo

Objective 2 – Community impact. Each loan impacts at least 10 people (including an average of 6 immediate family members, 2 extended family members, and 2 main suppliers to the new business) plus eventual employees, additional suppliers and local customers, meaning at least 3,200 villagers have benefited from this program expansion.

Also, although the loans are given to women, WMI encourages family involvement in the business, including the husbands, resulting in reduced instances of domestic violence. The loan hub surveys reflect that the vast majority of women receive support from their husbands in operating their businesses. For example, in Northeastern Uganda where our Buyobo hub is located, 96% of the 222 women surveyed 6 months after receiving their first loans reported that their husbands were helping them with their businesses. Even in cases where the husband is not involved in the business, the borrower now has her own income to support her family and isn't pressuring her husband for more money (which is the most common instigator of domestic violence). The children, including girls, help in the business after school and see their mothers as positive role models who are proactively pursuing opportunities to earn income; they have a chance to work in the business, inherit it, and use it as a cornerstone to build their futures.

Objective 3 – WMI Organizational Structure. WMI’s decision to concentrate expansion around its base has already had a positive impact. Without expending time and energy to create new hubs, local word of mouth has paved the way for expanding without the sometimes painful learning curve. New groups are absorbed more easily as potential borrowers seek us out rather than us seeking them. This time-saving has enabled us to push out into even poorer areas since we have the time to focus on the individual borrower and give her the coaching she needs to develop and follow a successful business plan.

4. What challenges did you face in connection with this project? How did you address these challenges?

WMI protects itself from the most obvious risk – borrower defaults on loans issued by WMI – by organizing the borrowers in self-selected groups of 20 women, who cross-guarantee repayment of the loans. All loans must be repaid before new loans can be issued. Peer pressure is our strongest tool in ensuring repayment. Despite everyone’s best efforts, however, we have an occasional default, due primarily to death of the borrower, although some borrowers have fled due to domestic abuse. As we moved to more outlying areas (poorer and with more health issues) we found that our delinquency rate increased. We were able to address most of the issues through training and one-on-one counseling to insure the business was generating sufficient income to support loan repayment, but were still dealing with mainly health-related defaults. In the poorer villages the consequences of a borrower having to pay her share of another borrower’s defaulted loan was often devastating to the very survival of that family, a consequence that WMI obviously did not want to exacerbate. So we looked at ways to ensure repayment, keeping in place the peer-structure, while not damaging the fragile financial wellbeing of our borrowers.

Generally, the concept of insurance is a hard-sell in Uganda, but we were able to convince the women that paying a small additional fee into an insurance pool could relieve them of the obligation to repay the loan in the event of a member’s death. This way the risk could be spread over the entire borrower population, and not just the 19 remaining members of that particular loan group. Given the initial concept, local management had a very long and thoughtful discussion of what would be an insurable loss (bad crops, illness, incapacity, disappearance, etc.) but ultimately determined to insure only against death since it was a clear event not subject to judgment, and put the program in place. Interestingly, their comfort with the insurance concept (insuring for low probability/high financial risk consequence) as related to loan repayment, is slowly paving the way to more general acceptance of the concepts of life and health insurances. As a result, we are subsidizing a pilot group of women (WMI local staff) in a third-party hospitalization insurance scheme to see if it is a viable product for our borrower population.

5. Is your organization or program situation different than presented in the approved proposal? For example, new executive director, significant program staffing changes or NGO affiliation, loss of large funding, or other signification changes?

No significant changes. The only difference between the original project proposal and actual events are the villages selected, as we discussed prior to the funding being issued. This was due

to the time that elapsed between the original proposal in December 2013 and funding in March 2015. At the time, we wrote:

As we discussed in our telephone conversation, the DFW grant will be used to provide loans and training for 320 new women borrowers (16 groups of 20 women each) who will participate in WMI's rural loan program. Because the grant funds will not be disbursed for nearly a year, these new borrowers may not be located in Namagumba and Malare, Uganda as anticipated in our grant application, but will indeed be located within WMI's rural service area. We will apprise DFW of the location of the new borrowers when the grant is disbursed.

Instead of creating two new sub-hubs as originally proposed (Namagumba and Malare), we determined it made economic sense to continue to fill out geographically from our hub headquarters in Buyobo, Uganda into the surrounding villages. Often we had one or two groups located slightly further than our original Buyobo project boundaries. Rather than start additional sub-hubs, we felt it would be more effective at this time to grow each of these locations into a four-to-five group sub-hub. This could be done without adding significant staffing and would strengthen the existing groups and give them a more coherent "voice."

6. What were the most important lessons learned?

We are still examining the sub-hub concept – at what point do the benefits of self-sufficiency and autonomy outweigh the actual costs of banking and management of the hub. What activities and responsibilities should be handled at the sub-hub level and what handled at the hub level? How much autonomy should they have?

Currently all of the sub-hubs are responsible for their own group formation and loan collection, but all funds are remitted to the main hub for banking. Banking is very expensive in Uganda, with high fees for account maintenance and transfers. Thus, we have not moved this function out to the sub-hubs. Also, the bank will send a mobile banking van to our main hub location on loan collection days, but it not willing to send it to smaller, more remote locations due to safety issues and road conditions. Similarly data is transferred from paper record keeping to computer at the main hub. The very rural sub-hubs do not have the organizational infrastructure/facility to secure computers, nor the power to transmit data.

7. What has changed within your organization as a result of this project?

Local hub management (made up of current and former borrowers) has shown amazing leadership skills and thoughtful management of processes and procedures with minimal guidance from the US-based WMI Board. New programs (such as the loan repayment insurance) have undergone serious local discussion of the costs, benefits, and potential problems before being launched. We believe the overall-structure of the organization is stronger as a result of this pilot project to launch the program to more and more rural villages.

8. Describe the unexpected events and outcomes, including unexpected benefits.

The difficulties encountered in expanding the program to more rural villages (poorer, sicker, and less resourced) were not unknown to us, however, the project provided the laboratory to experiment with new solutions to known problems. The insurance scheme described in 4.) above

is an example of novel thinking on the part of the local management, resulting in the stronger management skills described in 7.)

9. Did you change your strategy as a result of obstacles you encountered? How will you address these challenges in the future?

Yes, the insurance scheme was adopted across all villages in the Buyobo hub, and we will introduce the concept to our other hubs in 2016. We will also pursue new ancillary programs in partnership with third-parties such as health insurance providers.

10. Approximately how many lives have been touched, both directly and indirectly by the program?

Each loan impacts at least 10 people (including an average of 6 immediate family members, 2 extended family members, and 2 main suppliers to the new business) plus eventual employees, additional suppliers and local customers, meaning at least 3,200 villagers will benefit in just the first year. Plus the self-sustaining loan hub can continue indefinitely, employing anywhere from 5 – 25 women, depending on the size of the loan hub, and each loan hub creates a new banking relationship for the local bank it utilizes.

11. What are the measurements used to monitor success and how was this information measured (e.g. surveys, observation)? Be specific and include measurable results.

Each year, WMI collects and analyzes data from borrowers as they enter the program and as they graduate. This year WMI analyzed data collected from more than 2,000 surveys completed by women in the loan program. This large amount of data allowed us to identify patterns that emerged as women became more experienced entrepreneurs and as they increased the size of their loans. One basic trend was clear throughout all of the data: women who started businesses dramatically increased their household income, savings and standard of living.

Before entering the loan program, 76% of WMI borrowers were living below the "dire poverty" line. After just 18 months in the loan program, only 28% of borrowers were living below the dire poverty line. This is a 63% reduction in the dire poverty level. Even more encouraging was the fact that a full 10% of women had moved into the "middle income" level after 18 months in the loan program and were earning more than \$10/day. The loan hub in Buyobo (Sironko District), Uganda is the largest and oldest in the WMI program. Because the program has been so enormously successful there we have supported its expansion to 70 loan groups totaling 1,400 borrowers. We studied this loan hub separately and found the improvements in household income, savings and living standards to be even more dramatic than throughout Uganda as a whole. In Sironko District, less than one-half of one percent of borrowers entering the loan program had household incomes of more than \$1,559/year. After 24 months in the loan program, 96% of borrowers were earning more than \$1,559/year, while 42% were earning at least \$2,670/year.

The complete report is available at <http://www.wmionline.org/dataanalysis/profile/WMI-2015-Factbook-BUYOBO.pdf> and a copy has been placed in the Dropbox file.

12. If the program is ongoing, provide plans and expected results, including projected time frame.

In 2016 we plan to honor prior commitments to fully fund existing hubs and focus our expansion efforts where demand is especially high. Buyobo loan hub has asked for funding for 16 new groups. It is now operating 74 loan groups in 15 villages surrounding Buyobo, and we are looking into how best to organize these villages into sub-hubs without unnecessarily increasing organizational infrastructure. Secondly, we plan to expand a pilot “jumbo loan” program we introduced in Buyobo in 2015. The loans are 1 million UGX (\$500 USD) and are given for a ten-month period. The borrowers are all graduates of our loan program and are thoroughly vetted by the membership for ability to pay back such a large loan (our average loan size is \$150). Sixty women participated in 2015. In 2016 we plan to add four more groups (80 borrowers). These specialized loans are used when our partner commercial banks are unable to structure loans that meet some of women’s unique borrowing requirements.

The WMI program currently serves over 3,000 active borrowers and is positioned to add 20-30 groups of twenty new borrowers each in 2016 (400-600 new borrowers). An additional 1,000 new borrowers will be accommodated through re-cycled funds as borrowers graduate from the two-year training and credit program.

Over 3,600 borrowers have graduated from our program and are now banking with regulated commercial banks under an agreement with our partner banks or are able to self-finance their cash flow needs.

13. Provide a detailed list of all expenses incurred during the grant cycle which have been paid for with the Dining for Women grant.

As discussed above, instead of creating two new sub-hubs of eight groups each, due to the change in timing of the grant we agreed to add sixteen new groups to our current structure in 2015. This minor change has resulted in some cost savings in salaries and stipends for the part-time work (only three new local coordinators and a part-time staff assistant were needed to cover the expansion), enabling us to redirect those savings to follow-up loans discussed below.

Further, we have been able to take “advantage” of Uganda’s high inflation rate – the Uganda Shilling (UGX) has risen from 2,500 to 3,500 UGX to \$1 USD over the past year. In addition to the salary savings discussed above, the change in the currency conversion rate will fund loan increases to an additional number of successful borrowers. Each borrower starts with an initial 300,000 UGX six-month loan; successful borrowers are allowed to take an additional 100,000 in their second and third rounds, and another 100,000 in their fourth and final loan. Our original budget provided funding for 60 women to get increased loans, but the change in the exchange rate will enable us to fund all 320 loans with an additional 100,000 UGX per borrower.

The original 2013 budget is shown below, followed by the revised 2015 budget and actual expenses.

WMI - Project Grant Budget		
	UGX	USD*
LOAN PROGRAM EXPENSE		
Salaries and Stipends/Payroll Expenses:		
Head Administrator - Namagumba	1,080,000	\$ 432
4 Local Coordinators - Namagumba	1,800,000	\$ 720
Head Administrator - Malare	1,080,000	\$ 432
4 Local Coordinators - Malare	1,800,000	\$ 720
Salaries Subtotal	5,760,000	\$ 2,304
Office Operational Supplies:		
Airtime (two mobile telephones)	720,000	\$ 288
Transport (loan collection to Buyobo)	600,000	\$ 240
Coordinator Books (4 books per year, 2 Coordinators)	48,000	\$ 19
Loan/Savings Registers (2 books per group, 16 new grps)	192,000	\$ 77
Misc. Office	200,000	\$ 80
Office Operations Subtotal	1,760,000	\$ 704
Loan Issuance/Training Costs (4 loan rounds x 2 subhubs):		
Training Materials (newsprint,makers,tape)	120,000	\$ 48
Meals for Training Days	48,000	\$ 19
Borrower Supplies (pens, pencils, record books)	300,000	\$ 120
Borrower Calculators	1,800,000	\$ 720
Transport for Trainers	80,000	\$ 32
Trainer Allowance	480,000	\$ 192
Form Filler Allowance	480,000	\$ 192
Survey Filler Allowance	480,000	\$ 192
Loan Issuance Costs Subtotal	3,788,000	\$ 1,515
LOAN FUND CAPITAL		
Namagumba - 8 new 20 borrower groups	48,000,000	\$ 19,200
Malare - 8 new 20 borrower groups	48,000,000	\$ 19,200
Loan Increases for Successful Borrowers	5,000,000	\$ 2,000
	101,000,000	\$ 40,400
Miscellaneous - Currency Conversion and Wiring Fees	-	\$ 77
PROJECT BUDGET	112,308,000	\$ 45,000
* Currency conversion at 2,500 UGX:\$1USD		

The revised budget and final expenses are shown below. Conversion to USD was done at an average conversion rate of 3,000 UGX to \$1USD since we funded the project on a quarterly basis at the rate in effect at the time.

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WMI - Project Grant Budget - Budget Revised July 2015 - Final Report					
	REVISED BUDGET		ACTUAL TO DATE (12/31/15)		
	UGX	USD*	UGX	USD*	
LOAN PROGRAM EXPENSE					
Salaries and Stipends/Payroll Expenses:					
3 Local Coordinators	1,500,000	\$ 500	1,550,000	\$ 517	
1 Office Assistant (beginning June)	300,000	\$ 100	350,000	\$ 117	
Salaries Subtotal	1,800,000	\$ 600	1,900,000	\$ 633	
Office Operational Supplies:					
Airtime (two mobile telephones)	240,000	\$ 80	240,000	\$ 80	
Transport (loan collection to Buyobo)	480,000	\$ 160	480,000	\$ 160	
Coordinator Books (4 books per year, 3 Coordinators)	400,000	\$ 133	600,000	\$ 200	
Loan/Savings Registers (2 books per group, 16 new grps)	200,000	\$ 67	200,000	\$ 67	
Misc. Office	250,000	\$ 83	200,000	\$ 67	
Office Operations Subtotal	1,570,000	\$ 523	1,720,000	\$ 573	
Loan Issuance/Training Costs (4 loan rounds):					
Training Materials (newsprint,makers,tape)	120,000	\$ 40	120,000	\$ 40	
Meals for Training Days	80,000	\$ 27	48,000	\$ 16	
Borrower Supplies (pens, pencils, record books)	300,000	\$ 100	300,000	\$ 100	
Borrower Calculators	1,800,000	\$ 600	1,800,000	\$ 600	
Transport for Trainers	80,000	\$ 27	80,000	\$ 27	
Trainer Allowance	480,000	\$ 160	480,000	\$ 160	
Form Filler Allowance	480,000	\$ 160	480,000	\$ 160	
Survey Filler Allowance	480,000	\$ 160	480,000	\$ 160	
Loan Issuance Costs Subtotal	3,820,000	\$ 1,273	3,788,000	\$ 1,263	
LOAN FUND CAPITAL					
Jan Hot Pink - Budeda	6,000,000	\$ 2,000	6,000,000	\$ 2,000	
Jan Forest Green - Busita	6,000,000	\$ 2,000	6,000,000	\$ 2,000	
Jan Dark Orange - Buteza	6,000,000	\$ 2,000	6,000,000	\$ 2,000	
Jan Cherry Red - Bumarisa	6,000,000	\$ 2,000	6,000,000	\$ 2,000	
Jan Dark Green - Kalawa	6,000,000	\$ 2,000	6,000,000	\$ 2,000	
Jan Dark Grey - Mutufu	6,000,000	\$ 2,000	6,000,000	\$ 2,000	
April Dark Cherry - Kapchorwa	6,000,000	\$ 2,000	6,000,000	\$ 2,000	
April Charcoal Grey - Busia	6,000,000	\$ 2,000	6,000,000	\$ 2,000	
April Harvest Gold - Nakaloke	6,000,000	\$ 2,000	6,000,000	\$ 2,000	
July Bright Pink - Buyobo	6,000,000	\$ 2,000	6,000,000	\$ 2,000	
July Bright Blue - Muyembe	6,000,000	\$ 2,000	6,000,000	\$ 2,000	
July Bright Purple - Busiu	6,000,000	\$ 2,000	6,000,000	\$ 2,000	
Oct Tan - Buyobo	6,000,000	\$ 2,000	6,000,000	\$ 2,000	
Oct Serena - Buyobo	6,000,000	\$ 2,000	6,000,000	\$ 2,000	
Oct Peanut - Mutufu	6,000,000	\$ 2,000	6,000,000	\$ 2,000	
Oct Cement - Kyibboko	6,000,000	\$ 2,000	6,000,000	\$ 2,000	
Loan Increases for Successful Borrowers	32,000,000	\$ 10,667	32,000,000	\$ 10,667	
	128,000,000	\$ 42,667	128,000,000	\$ 42,667	
PROJECT TOTAL	135,190,000	\$ 45,063	135,408,000	\$ 45,136	

* 3,000 UGX to \$1 USD

14. Did this grant and relationship with DFW assist your organization in obtaining other funding, partnerships with other organizations, or public recognition in some capacity?

WMI applied for and received several grants in 2015 where we believe the Dining for Women funding added to WMI's credibility. We did not tie the funding to any specific grant or partnership funding, although it was a significant source (our largest grant) of 2015 funding. We hope we can build from the base in 2016.

WMI would like to thank Dining for Women for this exceptional grant. We are very aware of the size of the grant and are honored and extremely grateful for DFW's support. The funds enabled WMI to issue loans to 320 women in perpetuity, which has resulted in the establishment of businesses that will continue to generate income that dramatically improves the living standards for the thousands of people in the families of the borrowers. In addition, it has added greatly to our understanding of issues involved in expanding to ever poorer and more remote villages. Thank you!