



# SIKABU FACT BOOK: Loan Impact Data

SIAYA, KENYA

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 micro-credit to women in rural East Africa.
- ❖ Since January 2008, WMI has funded or guaranteed over 3,000 loans for women in 8 rural hubs across Uganda and Kenya.
- ❖ WMI provides borrowers with training in financial literacy, business management, record keeping and financial planning.
- ❖ Village level organizations administer the loan programs with grants from WMI. Women are organized into solidarity groups of 20 borrowers who cross-guarantee each other. No physical or monetary collateral is required.
- ❖ Each hub is administered by a separate village level organization. All local operating costs are covered by income from interest collected on the loans.
- ❖ 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.
- ❖ After 24 months in the WMI loan program, borrowers transition to loans issued by a local commercial bank. Their WMI loan funds are then recycled to provide loans to new borrowers. Once the initial loans are funded the WMI loan program becomes self-sustaining.

## Methodology

- ❖ WMI collects data from SIKABU borrowers through follow-up surveys and loan applications which every borrower must fill out before receiving a follow-up loan. Members of SIKABU who are proficient in English help administer the surveys and loan applications. The data presented in this fact book were collected from April 2010 to April 2011 from 80 borrowers.\*
- ❖ Margaret Akoth, the Head Coordinator of the SIKABU Loan Program in Siaya, Kenya supervises the collection of survey and loan application data at each loan issue. U.S. based staff analyze the data.

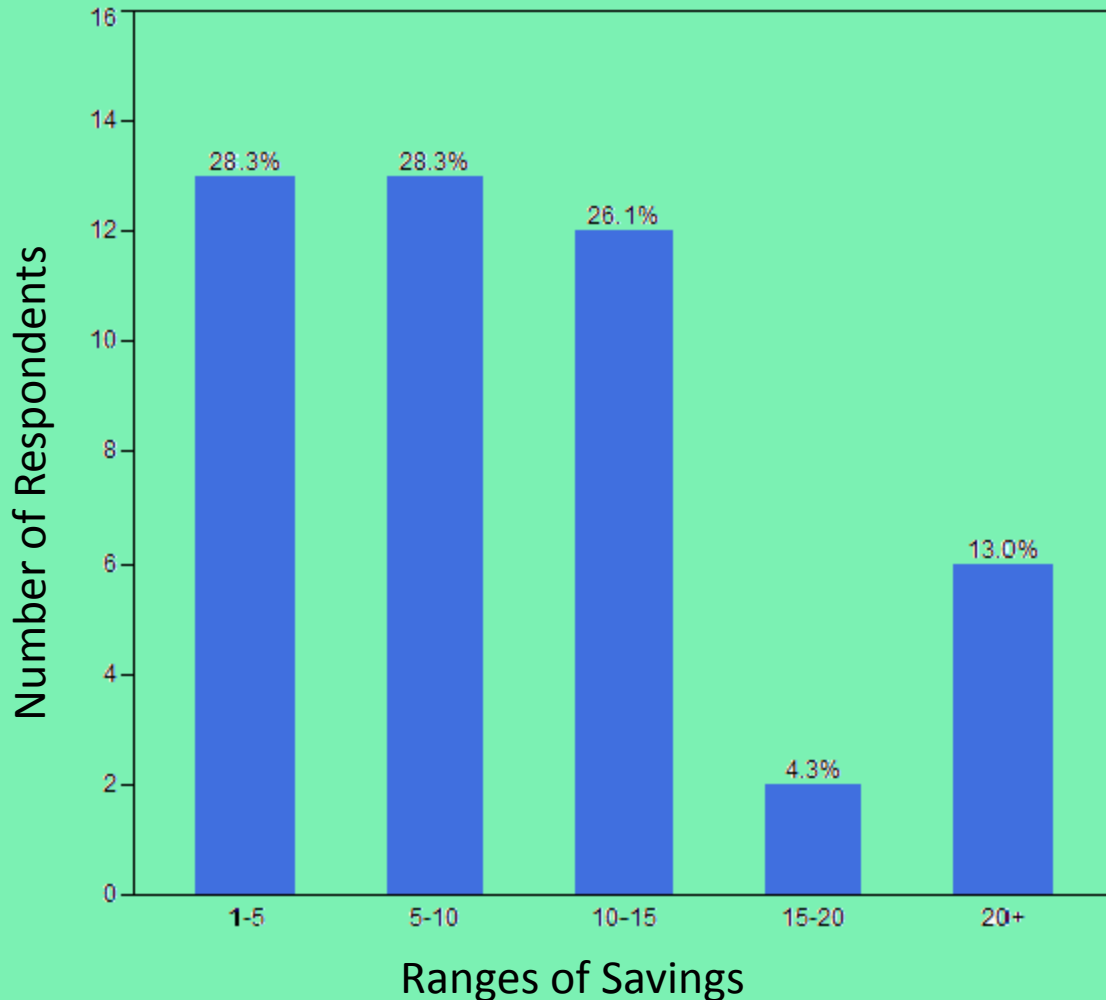
\*Not all applicants responded to all questions on the loan forms.

# I. Loan Program Results

1. Effect on Borrower's Family
2. Monthly Savings
3. Priorities for Use of Income
4. Reasons to Save
5. Improvements in Reading and Writing
6. Improvement in Personal Skills
7. Improvement in Business Skills
8. Summary

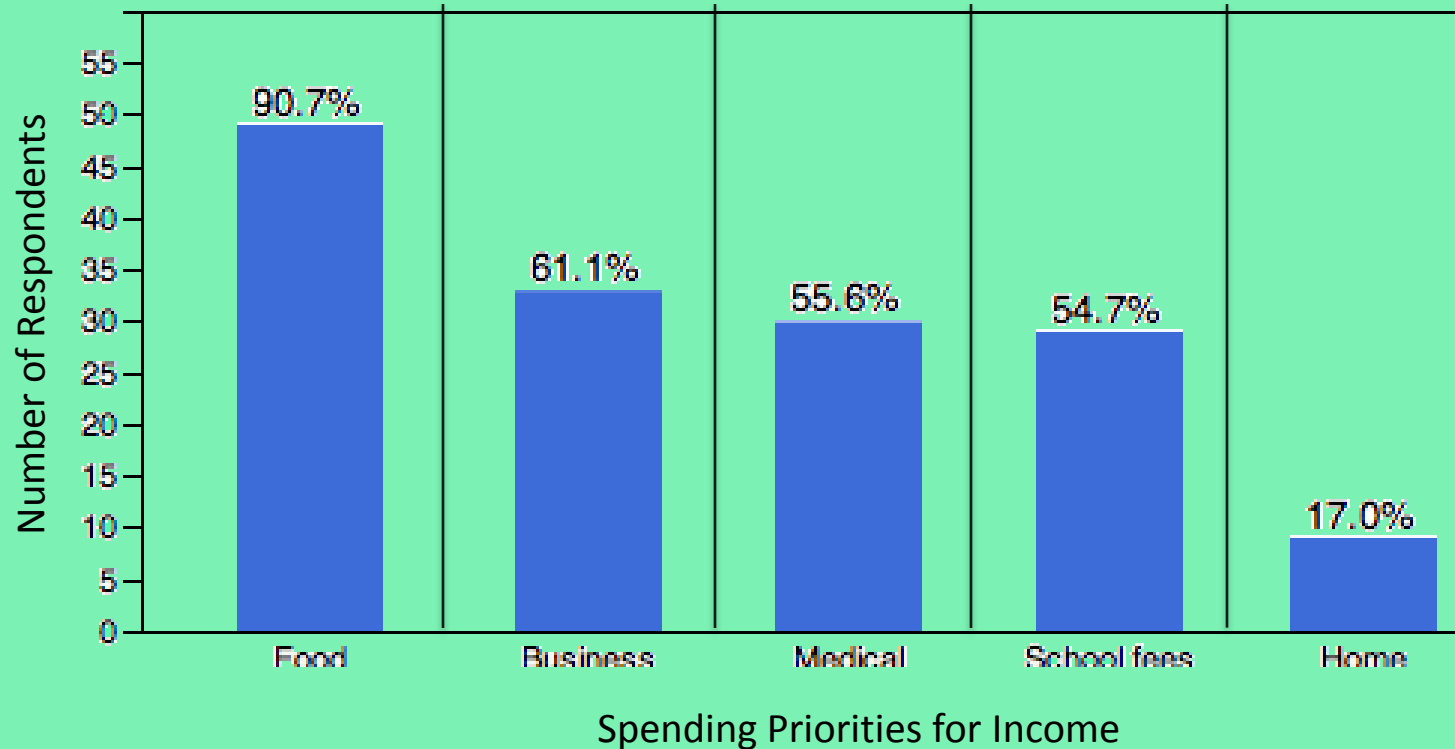


Over 70% of borrowers reported savings of least \$5 per month.

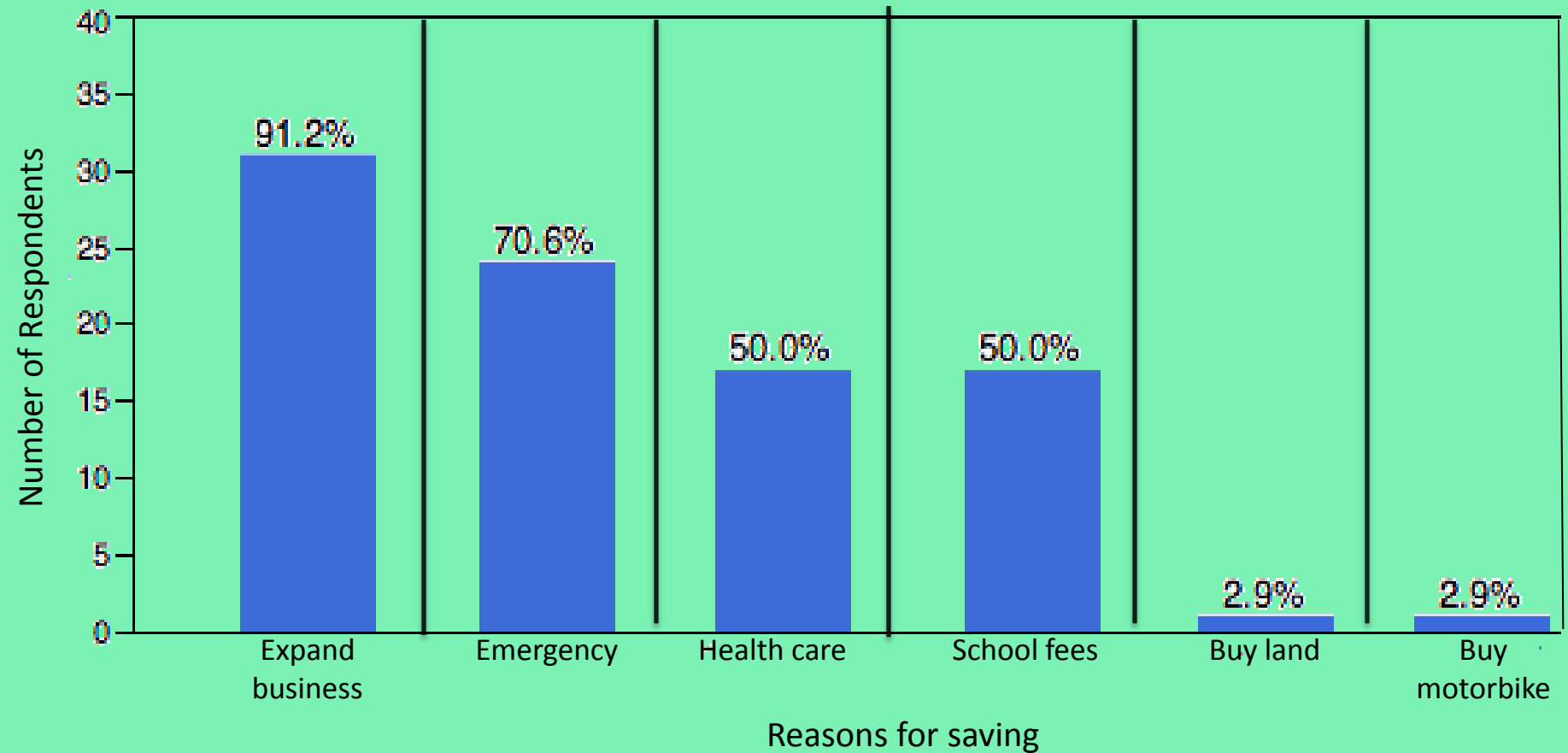


- In one year borrowers who were saving \$5 a month would have \$60 in annual savings; prior to receiving loans, a majority of borrowers reported no more than \$50 in total savings.

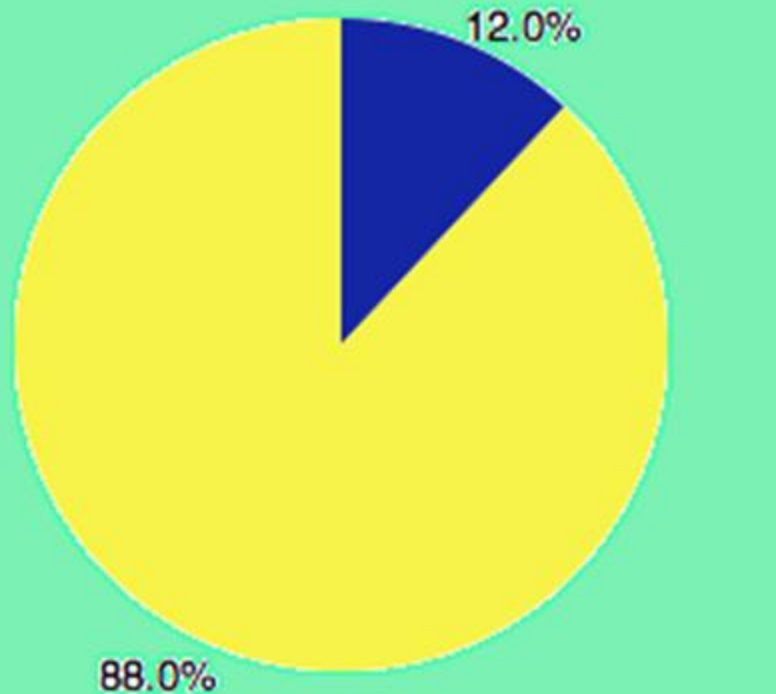
Borrowers' top three priorities for spending income are: buying food, expanding their businesses, and paying school fees.



The primary reason borrowers save money is to expand their businesses.



Almost 90% of borrowers experienced improvement in their reading, writing, and arithmetic abilities.

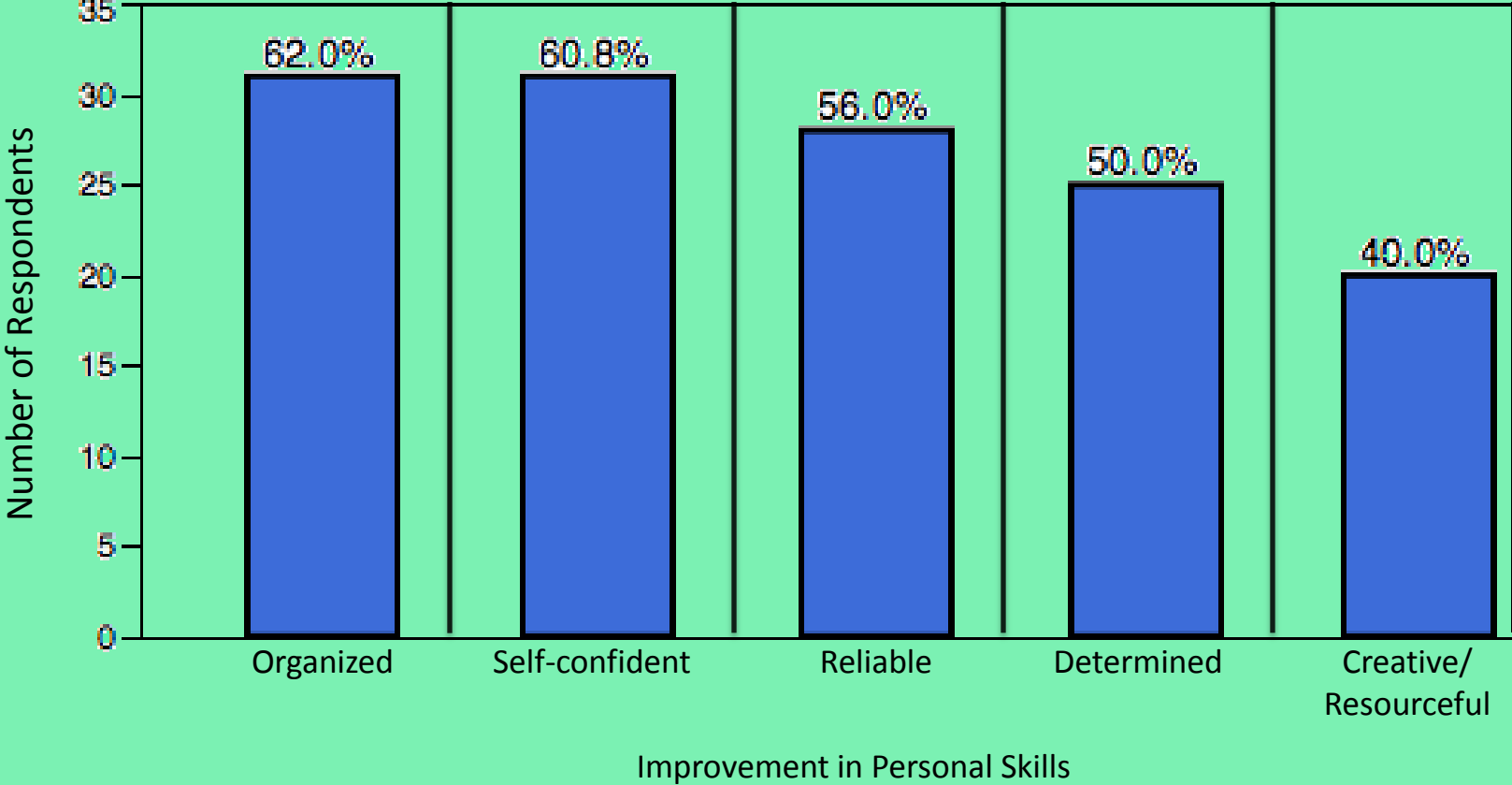


Have you experienced improvement in your reading, writing, and/or arithmetic skills?

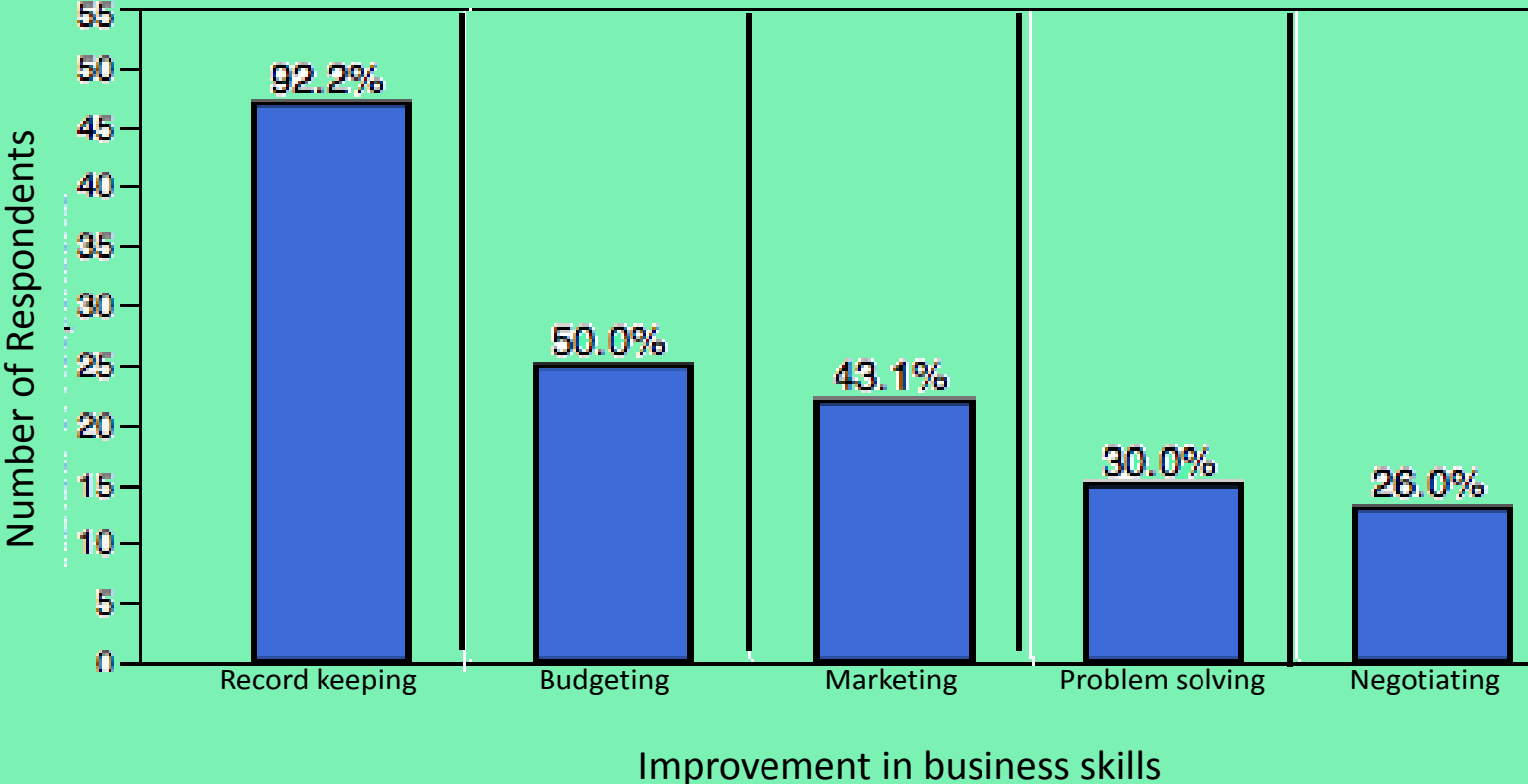
■ No ■ Yes

- Most of the women reported that regular record-keeping helped them to improve these skills.

Most borrowers report that they have become more organized, self-confident, and reliable since their first loan.



Almost all borrowers report improvement in their record keeping skills.



# LOAN PROGRAM RESULTS SUMMARY

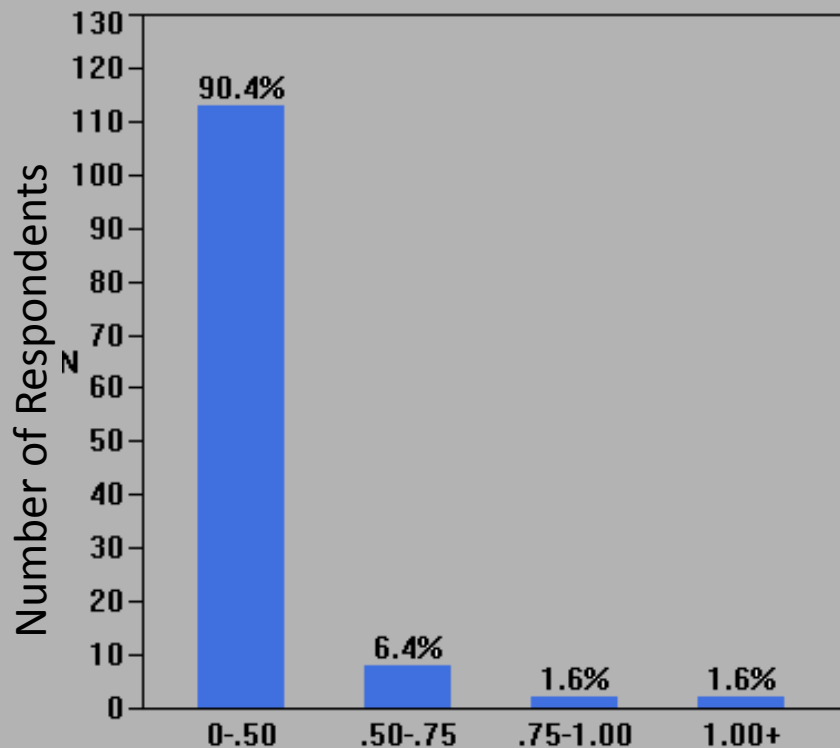
- Just six months after receiving their first loans, borrowers report that the loan program has had a positive effect on their lives. In addition to the positive changes in family dynamics, borrowers feel their personal and business skills have improved, and they feel more organized, self-confident, and reliable. Borrowers are able to buy more food and pay school fees for their children.
- The borrowers place a high priority on saving for emergencies – prior to the loan program they were only able to save very small amounts of money. With a steady income generated by their businesses, borrowers report larger and more regular savings. These savings help protect the family in the case of emergency.
- The WMI loan program gives borrowers the opportunity to make choices to improve their families' living standards. It empowers them to take control of their lives.

# II. Business Operations

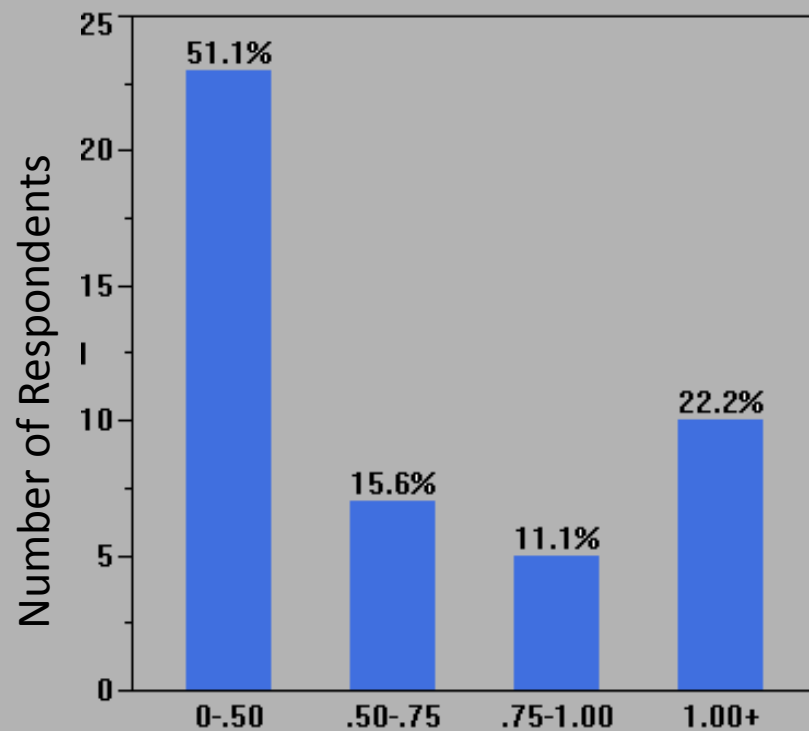
1. Daily Income
2. Expansion of Business
3. Help from Husband
4. Help from Children
5. Employees
6. Difficulties in Running Business
7. Summary



Less than 10% of borrowers had incomes of more than 50¢ per day before their loans; after only six months in the loan program, nearly 50% of borrowers had daily incomes of 50 ¢ or more and over 22% had daily incomes of \$1.00 or more.



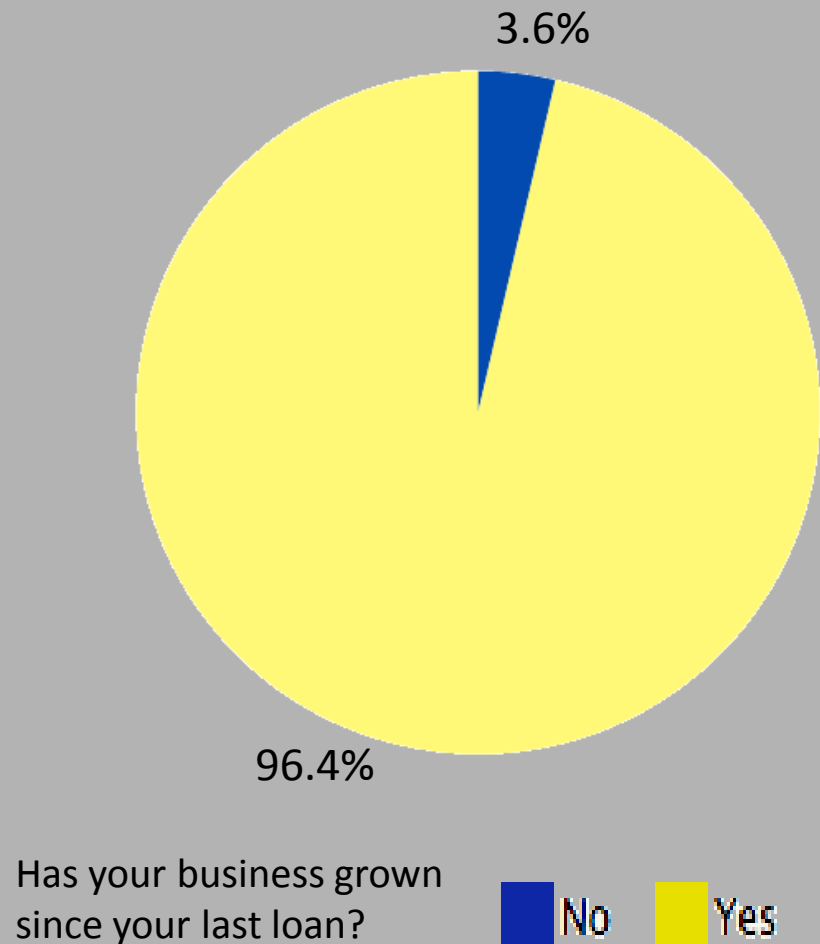
Daily income per person in each household at time of **first** loan.



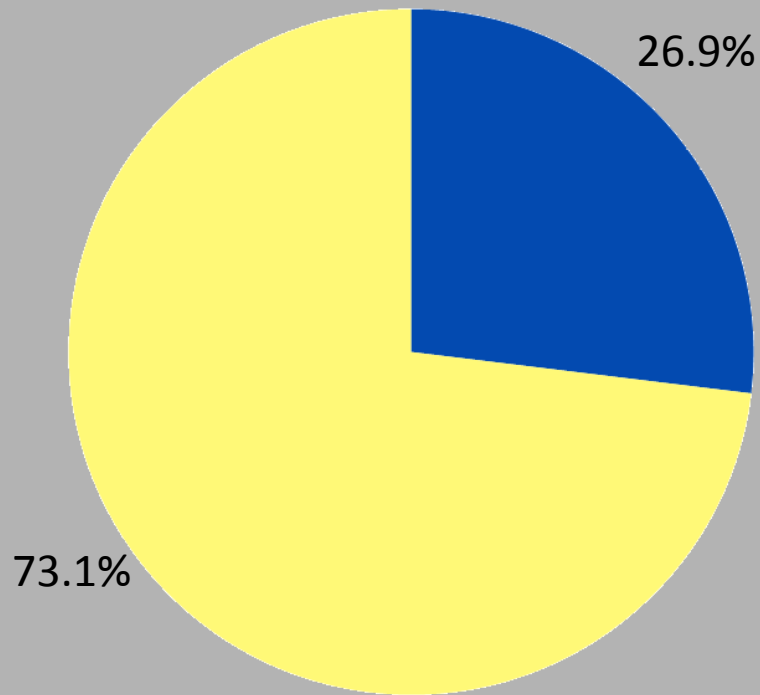
Daily income per person in each household at time of **second** loan.

96.4% of borrowers report that their businesses have grown since they got a loan.



- The other 3.6 % maintained their businesses at the same level of output.
- Borrowers consistently cite business expansion as one of their top priorities and consciously save and dedicate money towards expanding their businesses.



About three-quarters of the women are assisted by their husbands in their business.



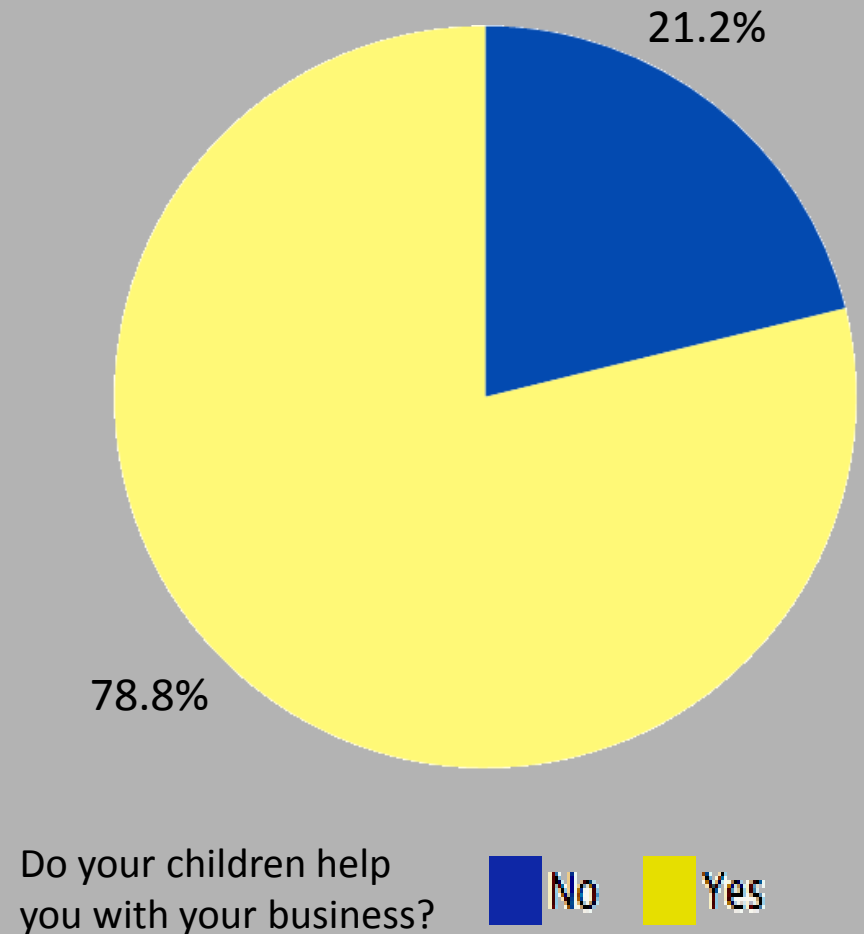
Does your husband help with your business?

 No  Yes

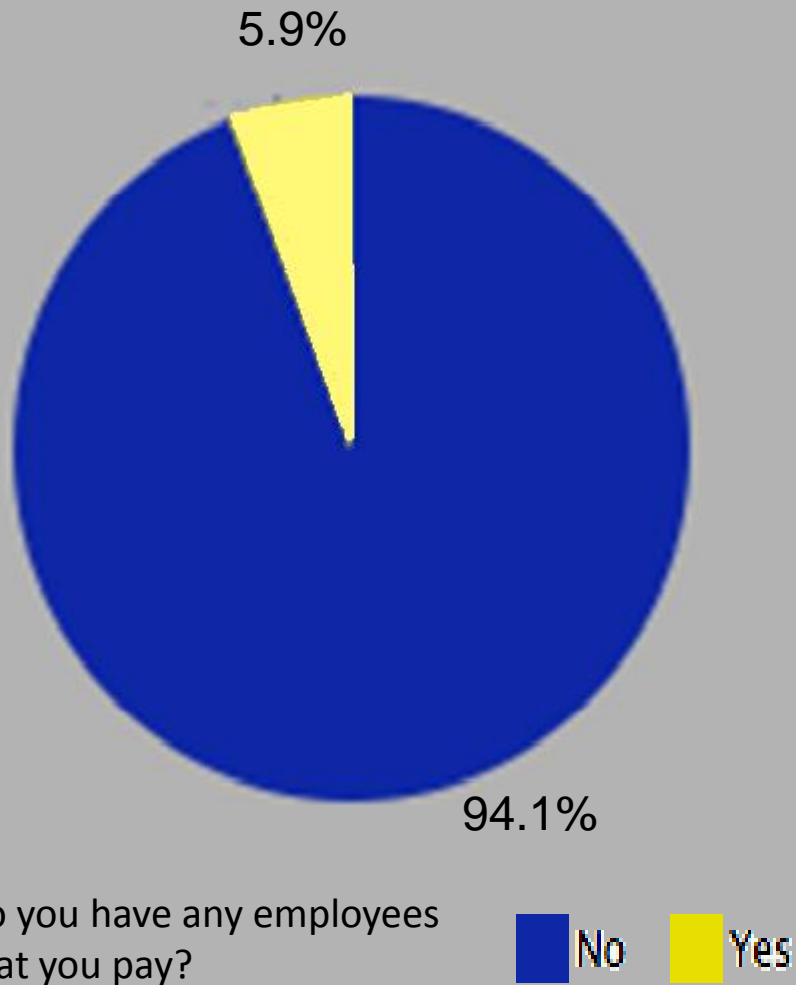
- Husbands frequently help by providing transportation, assisting with record-keeping, and selling the products.

# Over three-quarters of borrowers report that their children help them with their business.

- Children tend to help with selling the product, minding the household, and keeping the records.
- Older children also help by watching younger children.



Some women have even been successful enough to hire employees of their own.



- A few of the women reported hiring multiple employees.

# Business Operations Summary

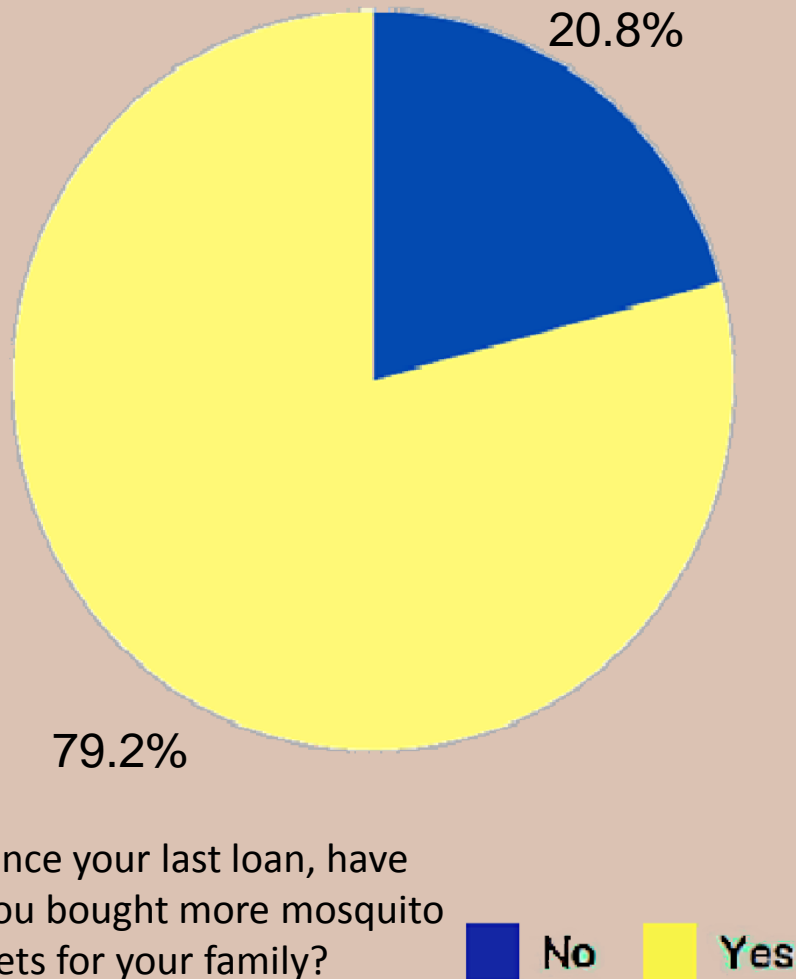
- Borrowers report that competition is the greatest challenge to their businesses, with the costs of transportation and weather also creating difficulties.
- Borrowers' businesses frequently involve the entire family. About three fourths of children and husbands assist with the businesses. This means that children see their parents becoming proactive about earning an income. It shifts the household paradigm from one of helplessness to one of self-help. Children who help in the business have an opportunity to learn a skill set, help the business grow, and possibly inherit the business in the future.
- As almost all borrowers' businesses have expanded, they have been able to save more money, and some have even been able to hire employees.

# III. Household Improvements since Borrowers' First Loans.

1. Mosquito Nets Acquired
2. Source of Lighting
3. Cooking Fuel
4. Cleaner Water
5. Meal Improvement
6. Summary

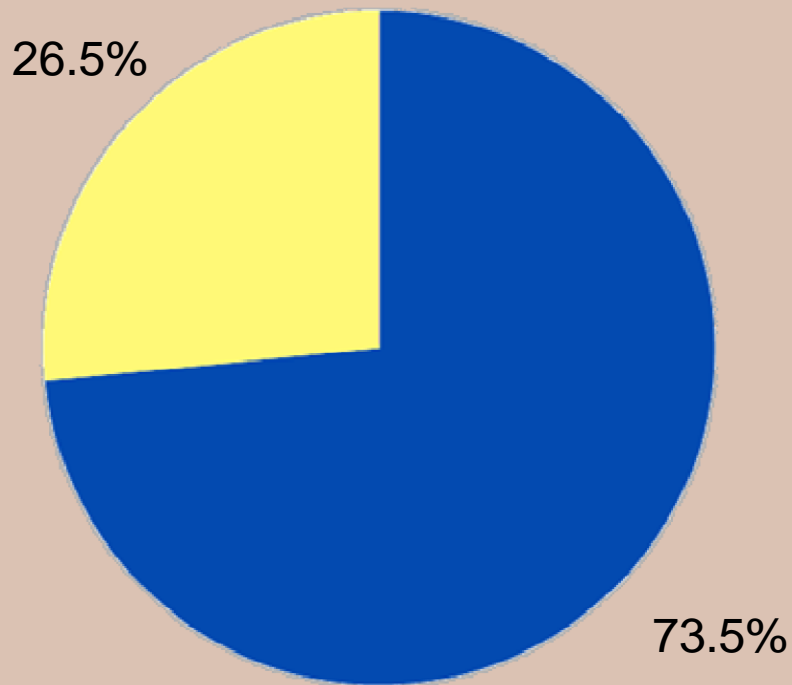


About 80% of borrowers reported purchasing mosquito nets after getting a loan.



- Additionally, over 80% of respondents experienced fewer cases of malaria in their households since their last loan.

Over one-quarter of borrowers reported improving their lighting source since their last loan.



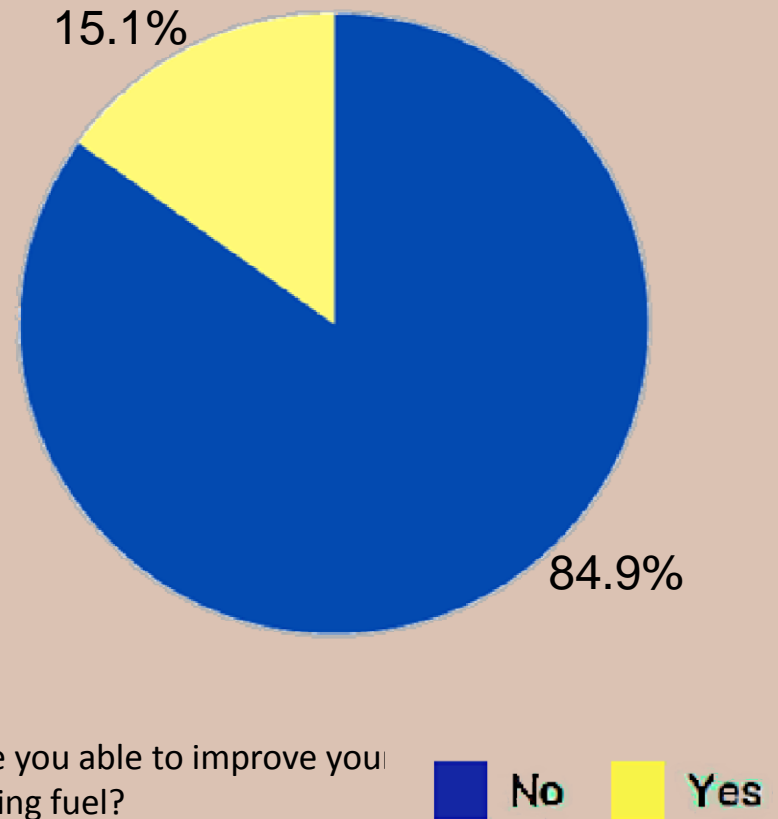
Has the main source of lighting for your house changed?

■ No ■ Yes

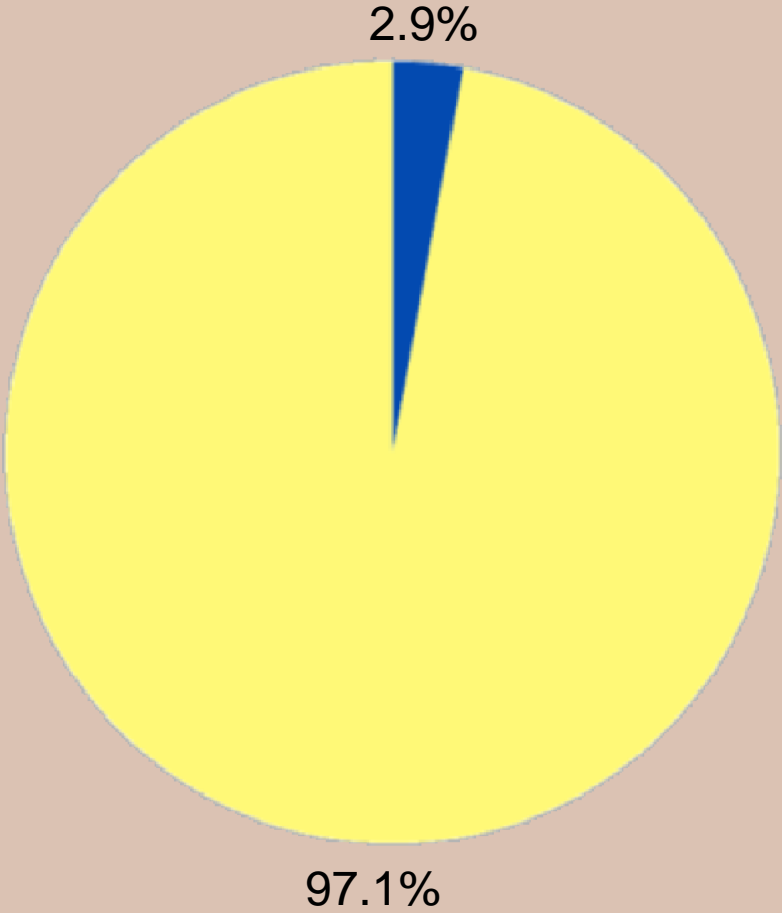
- Light after dark is a great advantage in a poor household. It allows people to work or study at night, thereby increasing their productivity.

15% of borrowers were able to improve their cooking fuel.

- Borrowers generally reported changing from firewood to charcoal, which is a more efficient and cleaner fuel source.



# Almost every woman gained access to cleaner water.

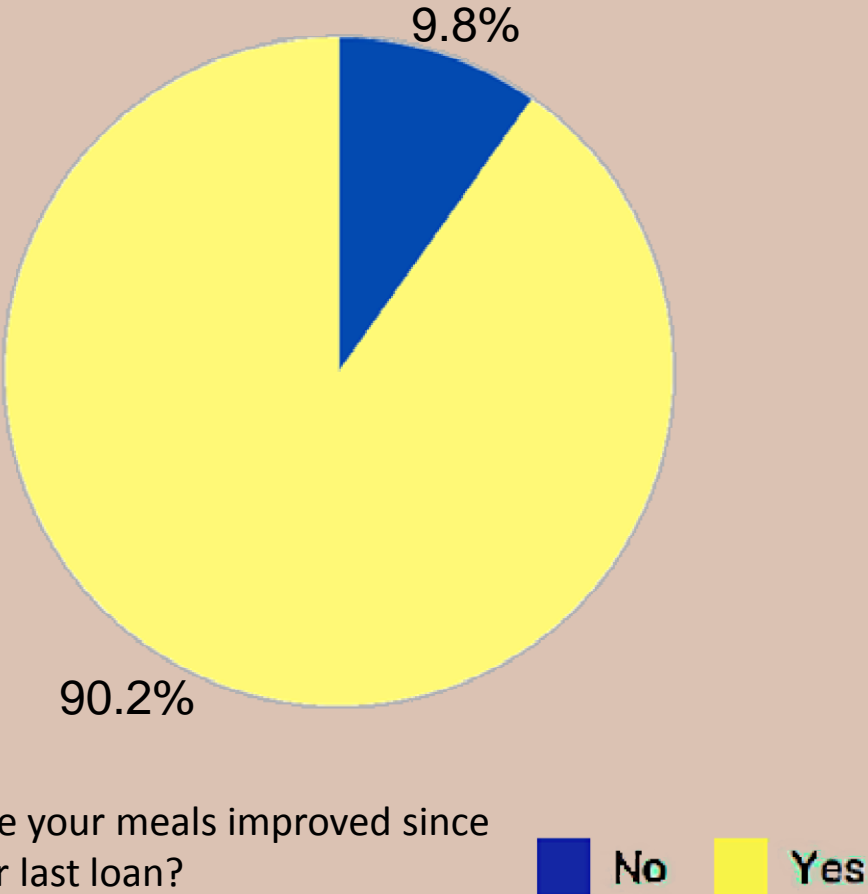


Since your last loan do you use cleaner drinking water?

**No** **Yes**

- Some were able to change their source of water while others boiled their water more often or added “waterguard” to kill bacteria.

# The vast majority of women were able to improve household meals.



- Women reported being able to add more food to their meals and increase the number of meals.

# Household Improvements Summary

- Many borrowers have used the profits from their business to improve their households, resulting in dramatic improvements in their families' health and standard of living.
- Approximately 80% of borrowers purchased more mosquito nets with their profits, and over 80% experienced fewer cases of malaria in their households since their last loan.
- Additionally, many were able to improve their cooking fuel and light sources, while nearly all the women gained access to cleaner water.
- Over 90% improved their meals, usually by adding more food to each meal or by increasing the total number of meals consumed.