Women’s Microfinance Initiative  
Strategic Plan

Background

The Women’s Microfinance Initiative is a comprehensive microlending and training organization serving rural villages in Uganda, Kenya, and Tanzania. Since its inception in 2008, WMI has provided thousands of women across rural East Africa with access to capital, training, and support to pursue business ventures. The program’s goal is to integrate women into the mainstream economy where they can use their business profits to improve household living conditions for themselves and their families. As borrowers gain business experience, they become empowered and self-confident, developing into advocates for themselves, their families, and their communities. WMI focuses exclusively on rural women’s entrepreneurship because of their systemic exclusion from access to financial services and their historic alienation from the benefits of small business ownership, plus the data that supports that economic empowerment of women translates into improved living conditions for the entire family.

WMI has developed a unique economic platform that functions exceedingly well at the village-level. Loans are distributed through multiple, rural loan hub centers, with each borrower receiving four loans over the span of two years in our Basic Program. During each six-month cycle, borrowers make ten repayments with 10% flat interest. The interest collected remains in each loan hub’s bank account and is used to pay for all local operational costs and outreach programs within the community. The loan hubs are managed by village women WMI has trained and frequently operate in collaboration with another non-profit partner providing outreach services to the local community. This model allows WMI’s loan hubs to become self-sustaining; each loan program can continue operating indefinitely without receiving additional financial support from WMI, as long as borrowers continue to repay their loans consistently.

Borrowers are divided into solidarity groups of twenty women at the start of their two-year loan period. The WMI methodology uses social capital instead of collateral to secure the loans, with solidarity group members cross guaranteeing one another’s loans. The group members provide support and accountability for one another, contributing to the high success and repayment rate of the program. Our default rate consistently stays below 2.5%. Loan defaults typically are a result of adverse circumstances such as illness or death. Borrowers also receive ongoing business and management training so that they are properly equipped to run a successful business.

How do we know our program works? WMI has operated successfully in East Africa since 2008, when we launched our two-year Basic Program by providing skills training and loans to 20 widows in rural Buyobo, Uganda. Since then, we have expanded to hundreds of small villages across Uganda, Tanzania, and Kenya, issuing over 55,000 loans totaling over $7.2 million. Our program works because we continually evaluate and adapt in consultation with our local partners. We assess and modify our approach if data from our operations shows some aspect of the program is not working.

WMI has a robust evaluation plan in place to ensure we are successful. We collect and maintain extensive records that document the socio-economic impacts of the loan program on borrowers, their families, and the community. We utilize survey information to better understand the population we serve and design products and services that meet their needs. These records are analyzed and compiled to develop WMI’s Annual Factbook, which highlights the demographics of our borrowers, their
businesses, and the impact of loans on their lives. In addition, we closely monitor the women trained and/or retrained in marketing and the record-keeping skills necessary to run businesses. Finally, loan coordinators maintain regular contact during the course of the loans and meet with all borrowers bi-weekly to mentor and provide feedback.

Results have consistently shown significant increases in income, improved living standards (permanent housing, clean water, improved nutrition), increased schooling for children (many children now go on to secondary school and a fair number to college or trade school, as well) and reduced domestic violence. From no longer being dependent upon a husband for money, to launching a business that in turn employs other rural women, our surveys show that the sense of control and empowerment women now feel is one of the most profound impacts of the loan program. Additionally, women open bank accounts, become conversant in basic financial literacy, and learn to access mainstream financial services.

Is the WMI loan program sustainable? Based on our 13-year record, our Microfinance Program is sustainable both in theory and in practice. Every new project is designed to be sustainable after its initial funding. Our programs may request additional funding for expansion loan capital or a new infrastructure project, such as meeting space, but never for operations funding. Loan capital is a permanent resource to the community. All interest generated from our loan programs is applied to loan hub operating budgets, which cover all local stipends for program management, office operations expenses, borrower training costs and materials, and other direct program costs. Any loan interest income in excess of these direct expenses is used to repay the minimal loan defaults and then to support community projects that benefit the local area. Using this approach, WMI ensures that all income over expenses from the loan program is invested in the local community.

In sum, WMI delivers a triple bottom line: capital and training are made available to rural women to start businesses and generate income used to improve household living standards; infrastructure and human capacity are built in the village-level management organizations, which then become advocates for the community and, fundamental structural change is achieved in the way banks deal with rural women, resulting in greater access to financial services for the poor.

Structure

All WMI programs operate in conjunction with a local partner registered to provide outreach services to the community. Typically, these are NGOs or community-based organizations (CBOs) managing women’s self-help projects, operating health clinics or running schools, that want to start a microfinance initiative to expand their services to rural women. They understand that providing economic opportunities to women and improving local household living conditions are imperative to the success of their own missions. For example, our Tanzania programs began in conjunction with non-profits building wells and providing livestock to indigenous Maasai populations living in semi-nomadic communities near the Ngorongoro Crater. In central Kenya, we link with a wildlife conservancy and a health clinic. Our headquarters in Buyobo evolved from our partnering with a village widow’s association. Regardless of their differing origins, all WMI loan programs are grass-roots operations, managed by local village women and supported by the community in all facets of their operations. Decisions about how the loan program is run and how its funds are spent are made in partnership with the rural women who are the backbone of our organization.

Technically, WMI provides funding and resources by making grants to these local partners pursuant to an explicit grant agreement that outlines the parameters for operating a loan program. We then
develop a close working relationship with the loan hub leaders, communicating regularly, reviewing progress reports and finances, offering problem-solving advice, inputting strategic decisions, and visiting annually. Based on the loan hub’s progress, WMI provides follow up grants to fund additional loans and training, infrastructure and technology projects (buildings, latrines, solar power, and computer equipment), and may assist with community projects like clean water initiatives and health screenings.

WMI is currently working in nine hub regions in three countries. The size of the programs varies greatly. Buyobo, Uganda started loan operations in 2008 and has nearly 2,500 active borrowers; Aitong, Kenya started in 2020 with its first 40 borrowers.

**Thumbnail operations.** A number of the WMI loan programs utilize staff employed by and compensated by our local partners. These individuals have multiple job responsibilities within their organizations, but the number of staff involved in loan program operations breaks down roughly as follows: Uganda – 60; Kenya – 20; Tanzania – 15.

Additionally, each of the loan groups has a Chairwoman, Assistant Chairwoman, and Treasurer who are not paid but who volunteer as a condition of the group receiving a loan.

Each program is unique in how it operates, in part because they operate based on local conditions. A new program will have just one or two staff, both part-time. Staff functions include qualifying borrowers, loan issuance and collection, borrower training, and on-going support. Loan coordinators are added as the number of groups, and the physical distance between them, expands. Buyobo (BWA), our largest loan program, provides the best example of a loan program budget since it operates independently of other services. Many of our loan programs partner with NGOs or CBOs with imbedded infrastructure, the result of which is the loan program itself does not have to cover typical overhead expenses of maintaining an office or paying stipends to staff.

It is important to note that all our village programs operate in remote, rural areas that run on a cash economy. Everyone is paid in cash and loans are collected in cash. Accounting systems run on a cash, rather than an accrual basis, are tracked on excel spreadsheets, backed up by hard copy record books, and reconciled monthly to bank statements.

**Sources of WMI Funding**

WMI began operations with $5,000 in contributions from our Board members. Our early funding sources came primarily from our friends and neighbors. After 6 months, we were very fortunate to secure a $5,000 grant from the Cordes Foundation that enabled us to offer a five-year guaranteed salary to our local program director, Olive Wolimbwa, who was a local teacher and chair of the widow’s association. This grant gave the early program important structure and stability. It also demonstrated our commitment to putting the rural women of the loan program front and center.

**Individuals.** A large base of support continues to be our loyal donors. groups from two to four, and up to 10 (we’ve grown beyond that now.) We partner with employer-giving sites such as the federal government’s CFC, the World Bank’s Community Connections Fund, the IMF, as well as internet giving sites such as Global Giving and Network for Good. Today, individual support provides about 55% of our funding.

**Partner Support.** We ask our partner organizations to provide support, either in cash or program services (office space, staff, transport, etc.). Often, we ask our partners to match loan capital funding on a 50/50 basis. We believe it is important that we see a vested interest from the local community when
we start a new program. The cash portion of this support currently measures about 5% of our funding, but the value of the program services they provide is much higher.

**Foundations.** Foundations provide a significant source of funding, and WMI continues to raise funds from them on a sustained basis.

**The Future**

WMI typically plans only a year out into the future. Our strength lies in innovating. We are a grass roots organization, and we depend on the ideas and strategies developed locally. Our patient approach to development has proven that it is feasible for a village-run loan program to become entrenched in a community and provide consistent and reliable financial services to local businesswomen over an extended period of time, in a manner that is 100% self-sustaining. Our local management teams constantly review, revise, and revitalize programs, operations, and budgets. Programs and processes that are working are amplified and expanded, systems that are struggling are revamped and relaunched; and, most significantly, whatever isn’t working is jettisoned – never lightly, never without thoughtful debate and deliberation. The local staff are not averse to cutting the cord on something that seemed like a good idea, but turned out to be a dud. The don’t tolerate non-performance in their own businesses and they certainly won’t tolerate it in the loan program they have worked so hard to build.

We listen hard and each year we continue to provide the resources to test new concepts and add new tools to WMI’s toolbox. Given tools and support, we believe WMI women improve their lives without “experts” planning for them. We believe that rural communities have the insight and capacity to design projects and take the central role in rural development. WMI brings the structure and oversight to these projects.

This is the reality of what we do at WMI. Our team in Buyobo, and those in every other loan hub as well, is intimately connected to the unique rhythm of small business operations in rural villages. What we do is deeply connected to what rural women have told us over and over again they want and need to improve their household living conditions. It’s a network of informed decision-making based on continual feedback from the women we serve - it has rough edges - it evolves over time. It's organic and can adapt quickly to changes in local circumstances. Our local leadership of over 100 rural women is shrewd, agile and dedicated. And now, after 13 full years of operations, the WMI leadership is experienced. Certainly, they haven't "seen it all" - but they have surely seen a lot! That experience allows us to make better, more informed judgments that lead to improved program outcomes.