

Proposed Target Project: *Women's Microfinance Initiative (WMI)*

Brief Project Description:

WMI is a village level microfinance program that offers loans and business training to rural women in East Africa to start income generating businesses. The borrowers are organized by village in solidarity groups of 20, and cross guarantee each other's loans, creating a responsible atmosphere with a high payment rate. After 24 months (4 loan cycles) successful WMI borrowers graduate to commercial bank loans with favorable terms in a unique program offered by WMI's partner banks. Loan groups are organized under a *loan hub* serving a geographical area and a hub is "full" with 16 groups. A full loan hub becomes self-sustaining after two years as loan income & repayment is sufficient to support all future loans and all program operations. By providing training/financial education, peer support and credit in areas with limited to no banking services, WMI promotes women's economic participation which produces a ripple effect on women and their communities. Ownership of the loan program is vested in the community from Day One and WMI has a waiting list of women's village groups that have requested assistance in starting a loan program in their community. WMI also partners with local activists to provide supporting programs such as cervical cancer screening, domestic violence awareness, teen-age girl empowerment to break the cycle of oppression, tree planting and clean water. WMI's five year track record of substantive positive impact on the villages has been documented by annual and longitudinal surveys of the 4,000 women in the program.

Specific Project Objectives:

In 2013, loans were issued to three pilot women's groups in Tanzania, Uganda and Kenya as 'sisters' of existing loan hubs. Due to their success, WMI would use the FAWCO funds to turn the pilots into full-service loan hubs. Each full hub supports 16 groups of 20 women, so 3 new fully functioning and independent loan hubs will initially benefit 960 women - each loan impacts at least 10 people (including family, employees, suppliers and customers) meaning 9,600 villagers will benefit in just the first 2 years. Plus, the self-sustaining loan hub operations can continue indefinitely.

How does this project improve the lives of women?

Access to financial services is critical for rural women and their families to achieve long-lasting economic gains, but loans from formal financial institutions are not available. By providing access to collateral free loans, training and education, WMI offers women immediate benefits of launching microenterprises, increasing their skills, improving their ability to access traditional financing. They have increased self-confidence and become better advocates for themselves and their families, as well as leaders in their communities. WMI's programs disrupt the economic gender inequality that can lead to domestic violence. Other impacts: reduced financial dependence on men, increased incomes, improved household savings and standards of living, building a permanent home with a cement floor, and savings for emergency needs.

Who will carry out the project?

Founded in 2007 by seven Washington, DC area women to address economic disenfranchisement of women in rural East Africa, WMI is a registered 501(c)(3), is governed by a pro bono board, which oversees program direction and oversight. Operational support is provided by a small US-based, part time staff and numerous volunteers. All loan program operations and training functions are staffed (on a part-time paid basis by the borrowers) at in-country hub offices. All Head Administrators in WMI loan hubs are local leaders in their communities, elected to their position by the women in their community organization. Program operations are paid from income generated from interest on funds lent through the loan program.

Project Budget

The full cost to fund a loan hub is \$75,000 (\$64k permanent loan fund, plus business training and start-up costs). The three pilot programs have already received partial funding; the remainder required to fund them is \$162,000 (\$54,000 x 3) over the next 2 years. With the FAWCO grant providing the majority funding, WMI can commit to raising any shortfall from other sources to complete this project, so that FAWCO is assured its investment in WMI is used effectively and efficiently and has maximum impact.

Which UN Millennium Development Goals will the project address?

1. Eradicate Extreme Poverty and Hunger – by 24 months, all borrowers earn over US\$2,000/yr. - an increase of about 10,000% in 2 years.
2. Achieve Universal Primary Education – borrowers cite saving for school fees their highest priority.
3. Promote Gender Equality and Empower Women – by providing economic tools necessary to give women an opportunity to compete in the formal economy, they are being recognized as motivated and strategic. Two borrowers have become local government representatives.
4. Reduce Child Mortality – increase income and savings enable women to improve living standards thus reducing child mortality.
5. Improved Maternal Health –access to nutrition and healthcare due to income earned in her business leads to improved maternal care.
6. Combat HIV/AIDS, Malaria, other Diseases – sponsors HIV/AIDS/ cervical cancer testing. Borrower + family members must have mosquito nets.
7. Ensure Environmental Sustainability – two specific programs: 1) Reducing wood as fuel: partnership for borrowers to purchase fuel efficient stove; 2) Agro forestry training: protecting tree cover, environmental care. Borrowers are taught how to build nursery beds and provided seedlings.
8. Global Partnership for Development – support of sub goals: 1) an open, rule based predictable nondiscriminatory financial system; 2) making new technologies available: WMI provides laptops and software to each loan hub location.