Impact Study for 3 Microfinance Institutions Supported By Stromme Microfinance East Africa

Final Report

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Strømme Microfinance East Africa Ltd.

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Submitted by:

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Executive Summary

This report highlights the findings of the Impact Study for 3 Microfinance Institutions Supported by Stromme Microfinance East Africa. The impact study was conducted in September, 2015, and was conducted by SkyMark Consulting Ltd.

The objective of the study was to follow up the results of the baseline study of 1,002 partner clients in the 3 Partner institutions and also to assess the impact of SMF EA Ltd's intervention on the livelihoods of these partner clients. The impact assessment was conducted in Abaita Ababiri, Kakiri, Kiboga, Kampala, Kigumba, Luweero, Hoima, Kagadi, Mityana, and Nansana. These are the areas in which the partner institutions operated.

The impact assessment employed a quantitative data collection approach. The target respondents were clients of the partner institutions that participated in the 2014 Baseline survey.

The assessment's sample was 591 respondents a decline from the 1002 at the baseline. The attrition was due to the fact that there was no sufficient information to locate the respondents. Also the fact that some of the clients had either defaulted or completed servicing there loans explains this.

Overall clients are accessing both financial and non-financial services from partner MFIs. It has also been evident that many of clients have had their livelihoods improved as a result of this support. As indicated in the various case studies, clients track their income increase to the loans they took from partner MFIs.

Indeed, there are high scores in regards to partner client livelihood. This is however against the backdrop, of a decline in proportion for some indicators. There was a decline in the individual household incomes and ability to pay for medical care with ease.

Performance Indicator	AUMF		ECLOF-Uganda		KEDEP (U) Ltd		Overall	
	2014	2015	2014	2015	2014	2015	2014	2015
% of households with members having at least 2 pairs of clothes	99	99	98	98	100	100	99	99
% of households with all members with a pair of shoes	98	99	95	94	99	96	97	96
Firewood as energy for cooking	26	23	41	58	57	63	40	48
Charcoal as energy for cooking	74	74	59	41	43	37	60	50
Gas as energy for cooking		3		1				2

Performance Indicator	AUMF		ECLOF-Uganda		KEDEP (U) Ltd		Overall	
	2014	2015	2014	2015	2014	2015	2014	2015
Kerosene as energy for lighting	24	12	39	40	31	18	33	22
Electricity/Solar/ battery as energy for lighting	76	85	61	54	69	74	67	72
Wood as energy for lighting		3		6		8		6
Percentage of households owning small livestock	31	41	47	71	55	80	44	65
Percentage of households owning big livestock	22	22	34	31	24	26	27	26
Percentage of households owning land	76	78	85	93	93	94	84	88
Percentage of households owning a TV	77	79	55	32	48	49	60	56
Percentage of households owning a radio/cassette	95	97	85	88	95	91	92	92
Percentage of households owning any irons (charcoal or electric)	97	98	87	81	90	86	91	89
Percentage of households owning any lanterns	96	87	76	49	83	60	85	67
Percentage of households owning a bicycle	29	44	46	53	50	55	41	51
Percentage of households owning a motor cycle	17	28	26	21	40	34	27	29
Percentage of households owning a motor vehicle	15	16	10	6	4	8	4	10
Percentage of households owning a mobile phone	97	97	96	97	99	99	97	98

- All clients are accessing both financial and non-financial services from the partner clients. This has contributed to an improvement in livelihoods as shown by the high proportion of respondents that are able to meet their livelihood needs. It is however evident, that clients engaged in agriculture need information on post-harvest handling of their produce.
    - Information on agriculture post-harvest handling and markets should be made part of the non-financial services provided by the MFIs.
- There was a decline in household incomes. The decline in household income could be attributed to the foreign exchange rate and other factors.
    - SMF EA Ltd with partner clients should conduct a qualitative study to establish the other factors that explain the decline in household income and other parameters.
- The proportion of clients that could pay for medical care with ease declined. However, there were a high proportion of respondents that were willing to contribute to 'community health fund/health insurance'.
    - Organisations should be encouraged and supported to adopt the 'community health fund/health insurance' approach in providing healthcare.

- It was evident that most partners did not have an updated database for their clients. It was difficult to obtain clients telephone and physical contacts. In addition, most clients use other aliases in the community other than their official names.
    - Partner MFIs organization capacity to manage their data bases should be assessed. Basing on this, the individual organizations' capacity should be built or improved. Basing on the evaluation, the databases should be updated, and MFI capacity to continuously update it should be built.
    - While designing the database, an individuals' name should be entered alongside their alias. E.g. you could find a woman with official names registered and yet in the community she is called "maama X"- *(X's mother).*
- Many of the clients that formed the baseline sample but were not available for the evaluation, had either completed their loans, or defaulted on the payment. The few whose contacts we obtained and made an attempt to reach sounded very bitter and not willing to be part of the survey. This portrayed not very good relationship between some clients and MFIs.
    - It is important that customer service strategies are developed to enable that particular MFIs stay long with their clients.
    - Questions on non-financial services should be made part of the quantitative data collection tool. This can be designed in a way to even have the MFIs be interviewed and information validated with the clients in the field.
- Conducting the evaluation at the end of the month made it difficult to get the needed support from the MFIs. This delayed the process and in some instances made it more costly to manage.
    - An exercise like this should be conducted in the 2nd and 3rd week of the month. It is also important that the political environment in a given area is assessed before teams are deployed.
- Tracking respondents from the baseline was very difficult. This is mainly because persons were associating with MFIs with a purpose of obtaining a loan. So as soon as they have fully paid the loan, they stop associating with it.
    - Respondents eligible for this evaluation should be all those that have been clients since the commencement of the project. This would mean that any one that has been a client of these MFIs since 2014 would be eligible and the selection of the respondents should be done to only those that are still active. However, those that dropped out could be target to establish reasons that led to their dropping out.

1.0 Introduction

In August 2015, Strømme Micro Finance East Africa Limited (SMF EA Ltd) contracted SkyMark Consulting Limited to conduct an impact assessment of 3 of its partner Microfinance institutions. The findings of this assessment are the basis for which this report has been written.

1.1 Background

Strømme Micro Finance East Africa Limited (SMF EA Ltd) is a company limited by shares incorporated in Uganda in April 2004 to provide wholesale lending services to Microfinance institutions in the Eastern Africa region. SMF EA Ltd is owned by Strømme Microfinance AS Norway, Strømme Foundation Eastern Africa, SolidariteInternationale pour le Developementetl'Investissement (SIDI) and Catholic Organization for Relief and Development Aid (CORDAID). Working in the three East African countries of Uganda, Kenya and Tanzania, SMF EA Ltd envisions a world free from poverty. SMF EA Ltd mission is to provide on a sustainable basis, market responsive financial services and capacity building support to financial and business service providers to enhance access to financial services by the enterprising poor in the Eastern Africa region. SMF EA Ltd reaches the enterprising poor through partner institutions.

The microfinance industry has learned that in order to achieve financial inclusion and contribute to positive changes in the lives of clients, financial service providers need to be client-centric. SMF EA Ltd through its Microfinance intervention is committed to causing positive changes in the lives of enterprising poor. For many years, the industry has emphasized financial sustainability, but SMF EA Ltd learned that strong financial performance alone does not necessarily translate into benefits for clients. Effective performance management in microfinance requires striking a balance between social and financial outcomes at institutional level. As social businesses, microfinance institutions (MFIs) apply commercial means to achieve social ends. Social goals include larger numbers of poor and excluded people; improving the quality and appropriateness of financial services; creating benefits for clients; and improving social responsibility of an MFI, amongst other values.

In order for SMF EA Ltd to measure the changes a result of its intervention in the livelihoods its partner clients during the 2014-18 strategic planning period, three socially oriented partners were sampled from Uganda. The baseline study was conducted from partner clients of ECLOF-Uganda, AUMF and KEDEP (U) Ltd to represent SMF EA ltd work in Uganda.

These sampled Partner institutions have taken deliberate actions to be sustainable and serve clients' interests, including reaching excluded people, protecting their clients from harm, and designing and delivering appropriate products that help clients cope with emergencies, invest in economic opportunities and build assets, and manage their daily and life-cycle financial needs. It is against this background that this impact evaluation was conducted as follow up on an earlier impact assessment conducted in 2014.

1.2 General Objective

The objective of the study was to follow up the results of the baseline study of 1,002 partner clients in the 3 Partner institutions and also to assess the impact of SMF EA Ltd's intervention on the livelihoods of these partner clients.

The study specifically sought to;
1. Assess progress of accessibility to financial and non-financial services of partner clients, and
2. Assess the progress of improvement in the partner client livelihood.

1.3 Study Area and participants

The evaluation targeted three SMF EA Ltd partners that included; ECLOF-Uganda, KEDEP (U) Ltd, and ADVANCE Uganda Microfinance Ltd. Table 1 below shows the specific areas visited for the assessment.

Table 1: Partner Description and Sample size

Partner - Uganda	Location	Branch	Rural score	Number of active clients	Baseline Sample size	Evaluation Sample
ECLOF - Uganda	Plot 2, Kyagwe Road, Kati House, Ground Floor	Kampala	Urban	658	69	12
		Kigumba	Rural	1,420	139	94
		Luweero	Rural	1,404	143	33
KEDEP (U) Ltd	Hoima Municipality	Hoima	Urban	678	143	124
		Kagadi	Rural	401	90	77
		Mityana	Rural	357	74	48
AUMF	Nansana Town Council	Nansana	Urban	989	142	65
		Abaita-ababiri	Urban	894	117	76
		Kakiri	Rural	390	55	32
		Kiboga	Rural	208	30	30
		Wobulenzi	Rural	922	0	
Total				**8,321**	**1,002**	**591**

1.4 Data Collection

Training for the field team was conducted a day prior to the commencement of data collection. The training involved an overview of the study, understanding of the required task, research objectives and methodology. The interviews were conducted in Luganda, Runyoro and Swahili. Data collection was conducted by experienced SkyMark enumerators.

1.5 Supervision and Quality Control
To ensure high quality work the team was headed by a member of the SkyMark core team. Call backs were made to at least 30% of the interviews to ensure that the right responses from the respondent were captured by the enumerator.

1.6 Limitations

In the process of collecting data we found some limitations which included:

a) ***Timing of the evaluation*** - Most part of the evaluation was done at the end of the month when all MFIs were doing their end-month reports. A lot of activities happen this time of the month that includes loan recovery and reporting. Staff in the institutions had their efforts skewed towards this activity which is very important in their operations and thus giving the evaluation exercise so little support leading to delays and failure to reach some of the targeted respondents.

b) ***Limited or no client data at the branches*** - Client data at branches was very key in terms of locating the client either of phone or even places of abode. This was an issue especially in branches with new Credit Officers where the old ones left without proper handover of the client information and was experiences in all the three MFIs. This too led to difficulties in locating the target respondents and the associated delays in data collection.

c) ***Political fever*** - As the country prepares itself for the forthcoming general elections, the political fever in the districts has been felt at disproportionate levels. The evaluation was conducted at the time when NRM was conducting it lower level primaries, this hindered the team from talking to some of the target respondents due to their involvement in the exercise. On two occasions our enumerators were arrested for being thought they were involved in the politics of the areas. This not only made our team to fail to reach a number of the respondents but also contributed to the delays in data collection.

d) ***Rainy Season*** - This year the rains in the second season came rather late and quite erratic across the country. Some enumerators' programs were distracted by the rains that rendered some places hard to reach due to impassable roads. Whereas, the respondents were eventually reached, it delayed the process of data collection and increased the cost.

e) ***Non response from former clients*** – Respondents that were no longer servicing a loan with the clients (MFIs) did not agree to be part of the evaluation. Most of them observed that they did not have any obligations with the partner MFI and would therefore not be in position to take part in the exercise.

2.0 Findings

2.1 Overview of the Findings

The evaluation sample was 591 respondents a 41% decrease from the 1002 at the baseline. The Sample was however; large enough to allow for drawing of inferences to the target population. This attrition was attributed to a number of reasons some of which are highlighted under the limitations section of this report.

Overall clients are accessing both financial and non-financial services from partner MFIs. It has also been evident that many of clients have had their livelihoods improved as a result of this support. As indicated in the various case studies, clients track their income increase to the loans they took from partner MFIs.

Indeed, there are high scores in regards to partner client livelihood. This is however against the backdrop, of a decline in proportion for some indicators. There was a decline in the individual household incomes and ability to pay for medical care with ease.

2.2 Demographic Characteristics

2.2.1 Gender and age distribution

As highlighted in table 2 below, like at the baseline (62%), majority (53%) of the respondents at the evaluation were females. Whereas, there is no deliberate effort to target women, majority of the clients are women. Indeed, the baseline had found that both AUMF and ECLOF had a higher proportion of female clients. AUMF had 74% female clients and ECLOF had 68%. KEDEP was the only exception where women constituted only 41% of the clientele. The overall mean age was 40years, higher than the 37.6 at the baseline. The gender specific mean age was 39.4 for females and 40.3 for males, higher than what it was at the baseline with 37.6 and 38.2 respectively. A mean age of 40 years illustrates that most of the respondents were in the most productive age. There were however, outliers with the minimum age being 19 and the maximum of 79.

Table 2: Gender and Age representation of the sample (%)

Demographic Characteristic	Baseline N=1002	2015 Evaluation N=591
Male	38	47
Female	62	53
Overall Mean Age	37.6	40
Male Mean Age	38.2	40.3
Female Mean Age	37.6	39.4

Source: *SMF EA Ltd Partner Client Evaluation, September 2015*

2.2.2 Marital Status

Majority (74%) of the respondents were married compared to the 77% in 2014, and 9% were separated or divorced an increase from the 5% at the baseline. There were 6% of the respondents who were single parents a decline from the 10% baseline figure, while 4% were widowed 1% more than the baseline. Having majority of the respondents staying with a partner alludes to a community that is settling in life. This further necessitates them to have income that will enable them to invest in economic opportunities and build assets, and manage their daily and life-cycle financial needs. Seventy per cent (70%) of the respondents were households' heads. Thirty seven per cent (37%) of the households were female headed households.

2.2.3 Education Level

More than half (57%) of the respondents had attained a post primary level of education a 2% increase from the baseline (55%), 38% had some primary education as opposed to the 8% baseline. Those that had never attained any formal education, declined from 8% at the baseline to the current5%.Establishing of the respondents level of education was important for the evaluation because, education is useful for improving livelihood outcomes. Taley&Khadase, (2006),[1] notes that low levels of education are a barrier to disseminating useful information. In the same regard Basu*et al*., (2002)[2] posited that highly educated farmers tend to adopt productive farming earlier than those who are relatively poorly educated.

This finding therefore illustrates that a sizeable proportion (57%) of the respondents would easily comprehend information disseminated through written literature.

The evaluation further sought out respondents' literacy levels. This was done by requesting respondents to read a statement. The statement that they were tasked to read was *'How old are you?'* this statement was also translated in the local languages. It was established that overall majority of the respondents could read English (73%) and the local languages (89%). As indicated in figure 2 below, more respondents could read in their local languages than English, this therefore highlights the need to make communications in the local languages. In the same regard, 75% of respondents with partners reported that their partners could read a local language, while 62% could read English.

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[1]Taley, S. M. &Khadase, V. A. (2006). Communication Behaviour Attributed by the Farmers in the Adoption of micro Irrigation Systems. Presented in the 7thInternational Micro irrigation Congress Sept 10-16, 2006 PWTC, Kuala Lumpur.
[2]Basu, K, Narayan , A, &Ravallion, M. (200), Is the literacy shared with households? Theory and evidence for Bangladesh. Labour Economics, 8 (6), 649–665.

Figure 1: Respondents ability to read (%)
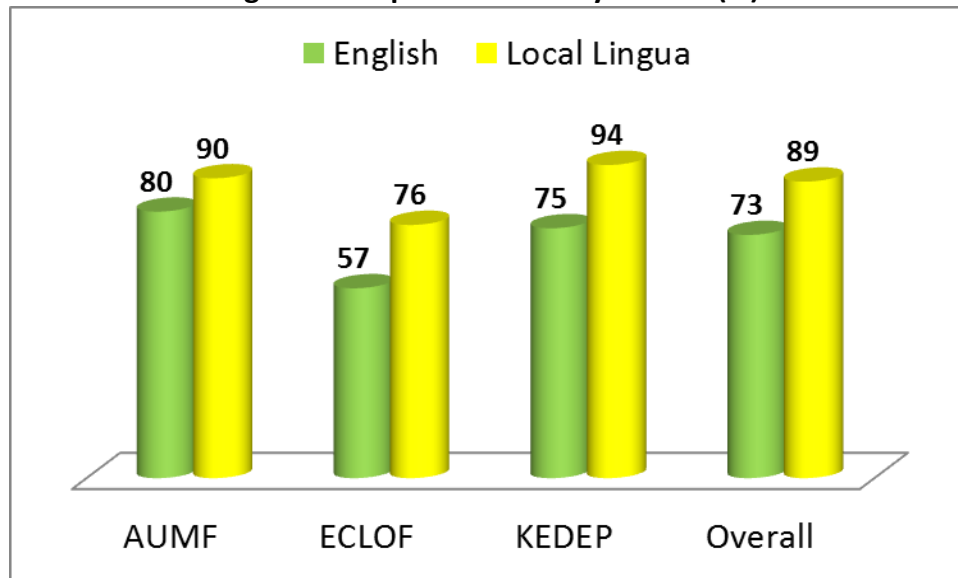
Source: *SMF EA Ltd Partner Client Evaluation, September 2015*

2.2.4 Household Size

Like at the baseline, the average household size for the study area was 5.7 members, slightly higher than the UNHS (2010) average household that is 5 members. Eighty five (85%) of the households had members that were 17 years and younger a departure from the 80% at the baseline. Twenty nine per cent (29%) of the households did not have a male person under this age category, likewise there was no female in this category in 28% of the households an increment from the baseline's 22% and 20% respectively. One was more likely to find a household member in this age category in ECLOF and KEDEP client's households than in AUMF households. Indeed, such household members were found in 94% of ECLOF and KEDEP households, compared to only 67% households that were AUMF clients.

In the same regard, 73% of the household had a child aged 6 – 12. Seventy eight per cent (78%) of the KEDEP clients had children under this age category, so did 77% ECLOF and 68% AUMF clients.

2.2.5 Household Income

The evaluation noted a decline in individual household incomes. Whereas, there was no qualitative data collected to explain the reason, this decline can be partially attributed to the depreciation of the shilling against the US Dollar and inflation in the evaluation year (2015). At the baseline the exchange rate per dollar was Ush2,600 and this increased to Ush 3,600 at the time of the evaluation. Another reason that can explain the state of affairs is the inflation rate, whereas at the time of the baseline (August 2014) the inflation

was 2.8%[3], this rose to 7.2%[4] at the evaluation time (September 2015). Whereas the average income for AUMF clients was USD 4,907 at the baseline, it was USD 4,837 at the evaluation stage. However, using the baseline rate, we see a marked increase in income to USD 6,697. The biggest decline was noted for the ECLOF clients whose income reduced from USD 4,592 in 2014 to 2, 125 in 2015 which becomes 2,942 when the 2014 exchange rate is used. KEDEP client's income for 2014 was similar to that of ECLOF, but like with other organizations it declined to USD 3,115. However, when we use the exchange rate as of 2014 baseline the income is USD 4,312.

There was a variety of sources of income that respondents described as their main occupations. Forty one per cent (41%) of respondents had business as their main occupation, followed by agriculture that was the main stay for 31%. Thirteen per cent (13%) of the respondents had a salary/wage employment from which they sustained their households. Natural resource harvesting that included mining, brick layers, fishing and timber lumbering was an occupation to 3% of the respondents. The remaining respondents' occupations were categorized as 'other' owing to the fact that they had a less than 1% response rate. These included taxi-motorcycles (Boda-boda), mechanics, electricians, masons, and tailors among others.

Figure 2: Respondent's Source of Income (%)

Source: *SMF EA Ltd Partner Client Evaluation, September 2015*

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[3]http://uia.co.ug/a-report-on-the-economy-august-2014
[4]http://www.tradingeconomics.com/uganda/inflation-cpi
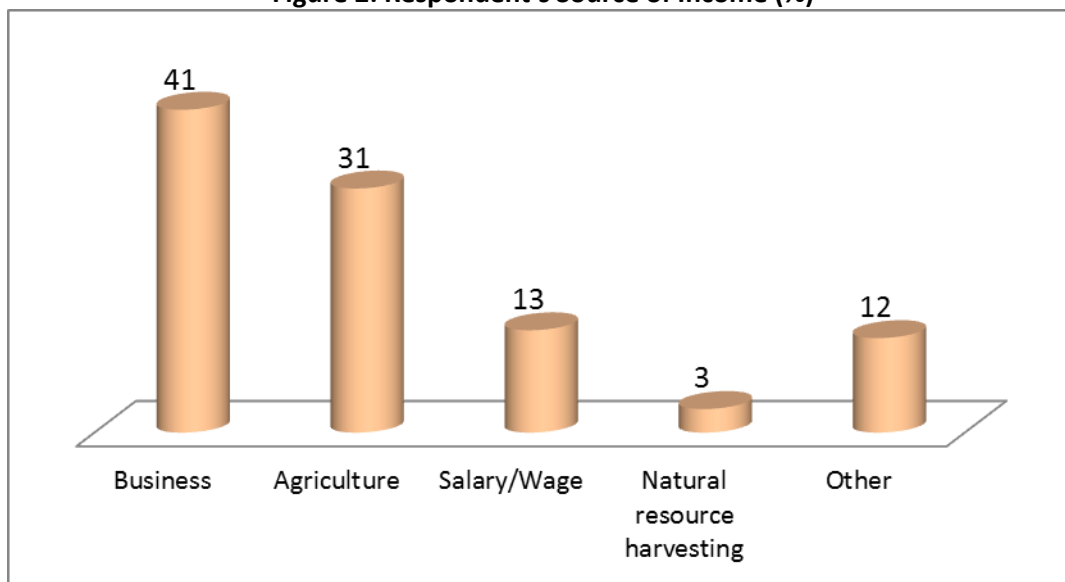
2.3 Household Welfare

2.3.1School attendance

In 1997, the Ugandan government, introduced Universal Primary Education (UPE) and as such all children 6 – 12 years are supposed to be in school. This is in line with the MDG 2, which sought to achieve universal primary education. The evaluation therefore sought to establish the proportion of households with children in this category that were in school. It was found that 73% of the households visited had children aged 6 – 12 years. A total of 1,025 children of this age category were spread across these households. We therefore sought to establish what proportion of these that were in school and found that 98% of them were, a 2% increase from 96% at the baseline.

There was a marked improvement in the school attendance indicator for ECLOF and KEDEP, but a 3% decline for AUMF. School attendance for children of ECLOF clients increased from 97% in 2014 to 98% in 2015, while that of KEDEP increased from 94% (2014) to 97% in 2015. It was further established that 94% of households with children 6 -17 years had all of them attending school.

We sought to establish the category of schools that were attended by the school going age children. Only 12% of the households reported having their children in exclusively government schools a decline from the baseline 15%, this manifest a community with an improving welfare. This conclusion is drawn from the fact that in all schools, aside from government schools parents are obliged to pay school fees. Parents' taking their children to non-government schools is a manifestation of availability of an income to facilitate it.

2.3.2 Food Security

There was a marked increase in proportion of households that were able to meet their food requirements. Almost all (99%) of the respondents reported being able to meet their food requirements, marking an 18% overall increase from the baseline. Disaggregating by partner MFI the biggest improvement was by ECLOF clients, moving from 72% in 2014 to the current 96%. AUMF and KEDEP clients should also be commended for scoring 99% and 100% in ability to meet household food requirements respectively.

2.3.3 Pay for Medical Emergency

Respondents were asked whether they could pay for their medication in case of an emergency and only 63% could afford with ease. This finding was a decline from the baseline's 70%. However, 24% could pay for a medical emergency if they borrowed while 10% could if they sold a household asset. There was a marked decline in clients' ability to pay for a medical emergency with ease across all partner clients. The most significant shift was among ECLOF clients whose proportion reduced from 64% at the baseline to the current 40%. Whereas there was a marked decline, almost all the clients could pay for the medical emergency if they sold an asset or borrowed the funds.

Figure 3: Clients ability to pay for medical emergency with ease (%)

2014 **2015**

	2014	2015
AUMF	73	72
ECLOF	64	40
KEDEP	75	68
Overall	70	63
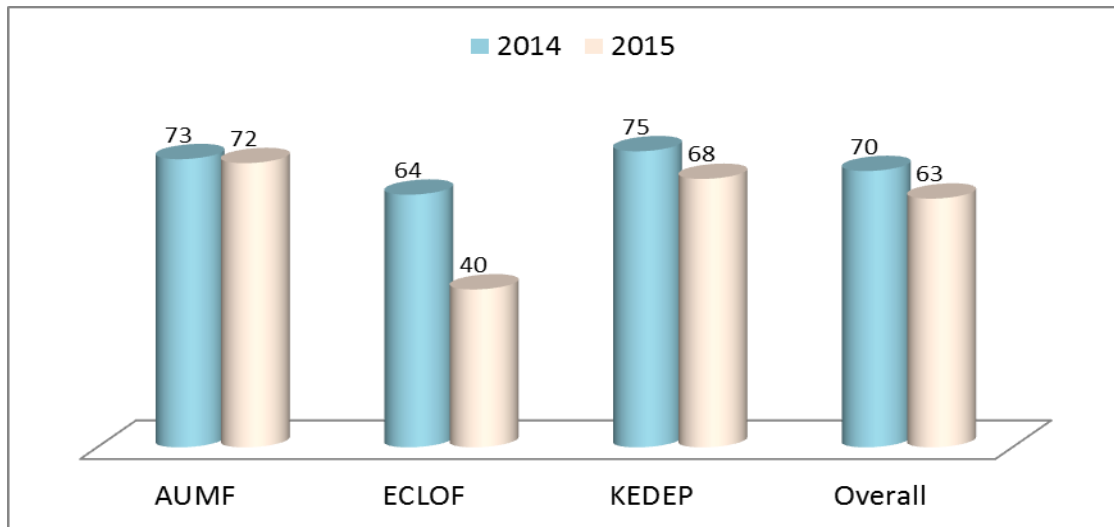
Source: *SMF EA Ltd Partner Client Evaluation, September 2015*

Whereas, only 6% of the households were currently contributing to a Community Health Fund (CHF)/Health Insurance, 73% would be willing to contribute to one. This highlights an opportunity for increasing financial inclusion of the clients by introducing this insurance scheme. This will further improve individual's ability to access medication in case of an emergency and minimise vulnerability to risk.

2.3.4 Shelter

Clients that owned a house increased from 82% at the baseline to the current 86%. This portrays that there is progress out of poverty by the persons benefiting from credit they receive from the partner clients. Aware that access to a decent shelter is a basic human right and challenging to low income earners. The increase in proportion of clients with shelter is an indicator of improving community wellbeing. Majority (91%) of clients that owned a house had two or more habitable rooms in their house excluding stores, bathrooms and garage. Like at the baseline, only 30% of the respondents had made improvements to their households in the 12 months that preceded the evaluation. Forty seven per cent (47%) of the respondents that made improvements were AUMF clients, 14% were ECLOF clients and 39% were KEDEP clients. There was a decline in proportion of clients who made improvements to their houses among KEDEP and ECLOF clients, and an increase among AUMF clients.

There was no change in proportion of households that had permanent walls for their dwellings among AUMF clients. Whereas, there was a decline in respondents who had permanent walls for their dwellings among clients of ECLOF and KEDEP, from 83% to 76% and 84% to 79% respectively, the change was not scientifically significant. Further, there was a 1% improvement in number of households with a more permanent roofing material (tiles & iron sheets). On the other hand there was a decline in respondents who had households with permanent floor materials from 82% at the baseline to 73% in 2015.

Whereas, this could indicate a gloomy picture for this indicator, an improvement in respondents that own their own houses supersedes it.

2.3.5 Other welfare indicators

Almost all (99%) members in the respondents' households had at least 2 pairs of clothes. Whereas, the evaluation proportion of household members with 2 pairs of shoes did not change compared to the baseline, 99% manifests a good welfare for the respondent's households.

As indicated in table 3 below, majority (96%) of households had all their members with a pair of shoes. This marked a slight decline from the 97% at the baseline of the project. We can therefore conclude that all beneficiaries of the SMF EA partnership are having better welfare.

Table 3: Other welfare indicators

Performance Indicator	AUMF		ECLOF-Uganda		KEDEP (U) Ltd		Overall	
	2014	2015	2014	2015	2014	2015	2014	2015
% of households with members having at least 2 pairs of clothes	99	99	98	98	100	100	99	99
% of households with all members with a pair of shoes	98	99	95	94	99	96	97	96

Source: *SMF EA Ltd Partner Client Evaluation, September 2015*

2.4 Source of Energy

The evaluation found that half (50%) of the households were using charcoal as a source of energy for cooking. Whereas, this was a reduction from the 60% at the baseline, it becomes an issue of concern since there was an 8% increase of households using firewood. Two per cent of the households were using gas as a source of energy for cooking. These respondents were AUMF and ECLOF clients they were found in AbaitaAbabiri and Luweero. This is a slight improvement from the baseline, since there was no household that used the source of energy at the baseline.

Table 4, shows that majority of households used a renewable source of energy for lighting. With 72% of the respondents stating that they used electricity, solar or battery energy compared to those that said the same in 2014. There were 6% of respondents who used wood as an energy source of lighting in their homes. Whereas, there was a decline among households that used kerosene, emergence of those that use wood raises concern.

Table 4: Household source of energy

Performance Indicator	AUMF		ECLOF-Uganda		KEDEP (U) Ltd		Overall	
	2014	2015	2014	2015	2014	2015	2014	2015

Firewood as energy for cooking	26	23	41	58	57	63	40	48
Charcoal as energy for cooking	74	74	59	41	43	37	60	50
Gas as energy for cooking		3		1				2
Kerosene as energy for lighting	24	12	39	40	31	18	33	22
Electricity/Solar/ battery as energy for lighting	76	85	61	54	69	74	67	72
Wood as energy for lighting		3		6		8		6

Source: *SMF EA Ltd Partner Client Evaluation, September 2015*

2.5 Access to financial Services

All respondents reported having taken a loan from a formal financial institution. This was a step in the right direction since access to formal credit enables communities to come out of poverty. Indeed respondents reported having taken loans that ranged from USD[5] 19.4 to USD1,388.9. The lowest amount taken in the previous loan was USD19.4for AUMF clients, USD27.8 for ECLOF and USD55.56 for KEDEP clients. The highest amount taken in the previous loan was USD361.1;1,388.89 and 444.4 for AUMF, ECLOF and KEDEP clients respectively. Respondents that had a current loan had taken a minimum of USD 33.3 (AUMF), USD 27.78 (ECLOF) and USD 69.44 (KEDEP). The maximum amount of money taken for the AUMF client was USD 1,111; ECLOF had 833.3 as their maximum loan taken, while KEDEP clients had taken 416.67.

Table 5: US Dollar equivalent loan amount taken previously/currently (%)

LOAN		AUMF	ECLOF	KEDEP
Previous	Lowest	19.4	27.8	55.56
	Highest	361.1	1,388.89	444.4
Current	Lowest	33.3	27.78	69.44
	Highest	1,111	833.3	416.67

Source: *SMF EA Ltd Partner Client Evaluation, September 2015*

A number of products were being promoted by AUMF and these included school fees loans, agribusiness loans and general business loans for IGAs. Both ECLOF-Uganda and KEDEP (U) Ltd were promoting agri-business loans. The difference in loans available in each of the two MFIs were general business loans for ECLOF, and general loans for asset acquisition, home improvement and school fees for KEDEP (U) Ltd.

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[5] 1USD: 3600UgX

All respondents saved money with their MFIs. Fifty per cent (50%) said they saved with an informal group within their community. Respondents that saved with informal groups said that they had done so to start an income generation activity, build a house, pay school fees and for healthcare. Other reason for which money was saved was to build or improve houses, and buy assets. Having a 50% of the respondents still saving with informal groups illustrates a need that could be bridged by MFIs.

Respondents interviewed for the case studies, made some observations in regards to saving with MFIs. Respondents registered their displeasure with the high loan interest rates and the fact that their savings with the MFIs did not attract any interest. Another point of concern was the requirement for the clients to take money to the MFI branch other than the credit officers picking it from the client. While we take note of the risks involved in using the Credit Officers for this purpose, this calls for innovations like the use of mobile banking platforms (e.g. mobile money) to help clients meet their obligations without incurring too much costs and risks.

2.6 Non-Financial services

At the baseline, it was established that majority of the rural folks lacked business skills. The evaluation found that case study respondents had acquired business skills through their group meetings and seminars organised within the community. Whereas, the proportion of persons that had attained these skills was not established and neither was the content of the training noted, the fact that people's businesses were growing is a positive indicator in this direction.

"KEDEP is a good Microfinance institution…I have learnt the financial discipline because of their trainings" (Male, KEDEP Client)

Respondents in the agriculture expressed a concern that could be addressed as a way of improving their incomes. They observed that they at times lose their perishable goods due to absence of market or poor storage. It would therefore be useful if clients engaged in agriculture a provided with post-harvest handling of their produce and market identification / linkages.

2.7   Ownership and Acquisition of Productive Assets

Overall, the majority of the respondents had an improved standard of living. This conclusion was drawn basing on the assets owned by the respondents. All respondents that had an affirmative response in 50% of the questions that sought to establish whether they had a set of assets were classified as having sufficient assets. It is against this background that the findings in this section were generated. Figure 5 below shows that majority of the clients had sufficient assets to be categorised as living a good life. Whereas, overall there was no change in proportion of respondents between 2014 and 2015 with both having 90%, it is evident that majority of the respondents had sufficient assets. Proportion of AUMF with sufficient increased to 93% from 2014's 92%. However, there was a slight decline for KEDEP declining from 95% (2014) to the current 92% and ECLOF from 82% (2014) to 81% in 2015.

The evaluation sought to establish the number of assets that included mosquito nets, towels, frying/sauce pans and tables. With a mean household membership of 5 people per household, having households with an average of 4 mosquito nets per house was an indicator that most of the households slept under a mosquito indicator. It was also found that the average number of towels by a home was 3.16; each had an average of 8 saucepans and at least 1 table.

Figure 4: Proportion of clients with sufficient assets
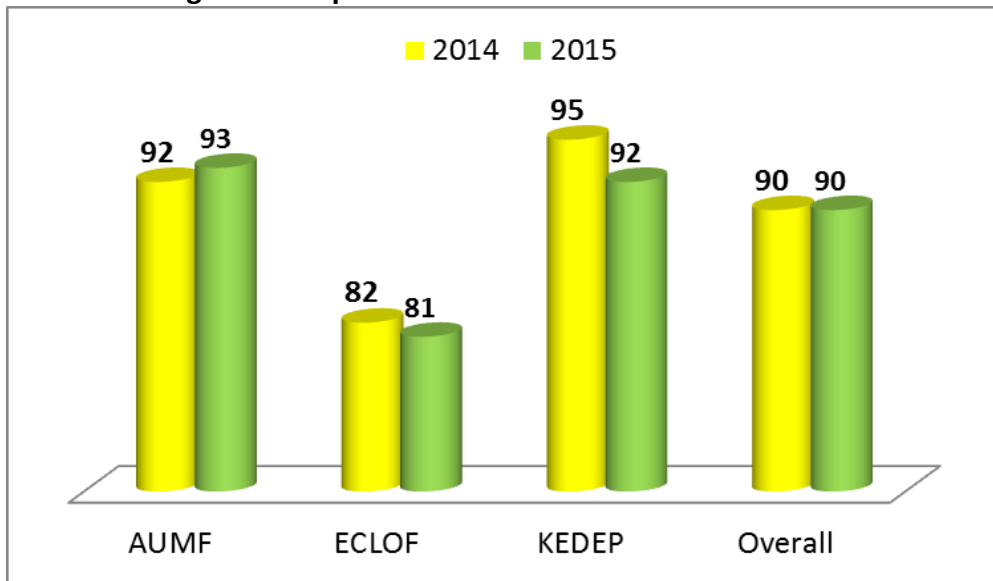
Source: *SMF EA Ltd Partner Client Evaluation, September 2015*

Table 6: Respondents that have bought or own assets (%)

Performance Indicator	AUMF		ECLOF		KEDEP (U) Ltd		Overall	
	2014	2015	2014	2015	2014	2015	2014	2015
Percentage of households owning small livestock	31	41	47	71	55	80	44	65
Percentage of households owning big livestock	22	22	34	31	24	26	27	26
Percentage of households owning land	76	78	85	93	93	94	84	88
Percentage of households owning a TV	77	79	55	32	48	49	60	56
Percentage of households owning a radio/cassette	95	97	85	88	95	91	92	92
Percentage of households owning any irons (charcoal or electric)	97	98	87	81	90	86	91	89
Percentage of households owning any lanterns	96	87	76	49	83	60	85	67
Percentage of households owning a bicycle	29	44	46	53	50	55	41	51
Percentage of households owning a motor cycle	17	28	26	21	40	34	27	29
Percentage of households owning a motor vehicle	15	16	10	6	4	8	4	10
Percentage of households owning a mobile phone	97	97	96	97	99	99	97	98

Source: *SMF EA Ltd Partner Client Evaluation, September 2015*

There has been an overall increase in proportion of that had purchased livestock and other assets in the 12 months that preceded the study. Overall, respondents that had bought an asset that included a bicycle, TV, land, furniture, motorcycle or phone increased from 46% at the baseline to the current70%. With 83%, ECLOF had more clients that had purchased items in this category compared to AUMF's 68% and KEDEP's 65%. This showed a 33%, 22% and 10% increment for ECLOF, AUMF and KEDEP respectively.

In the same regard, more than half (54%) of the respondents had purchased a livestock in the same period a 2% increase from the baseline. This state of affair as highlighted in the figure 6 below shows that an improvement in the household's welfare that enabled them acquire the said assets.

Figure 5: Clients that purchased assets in the 12months preceding evaluation
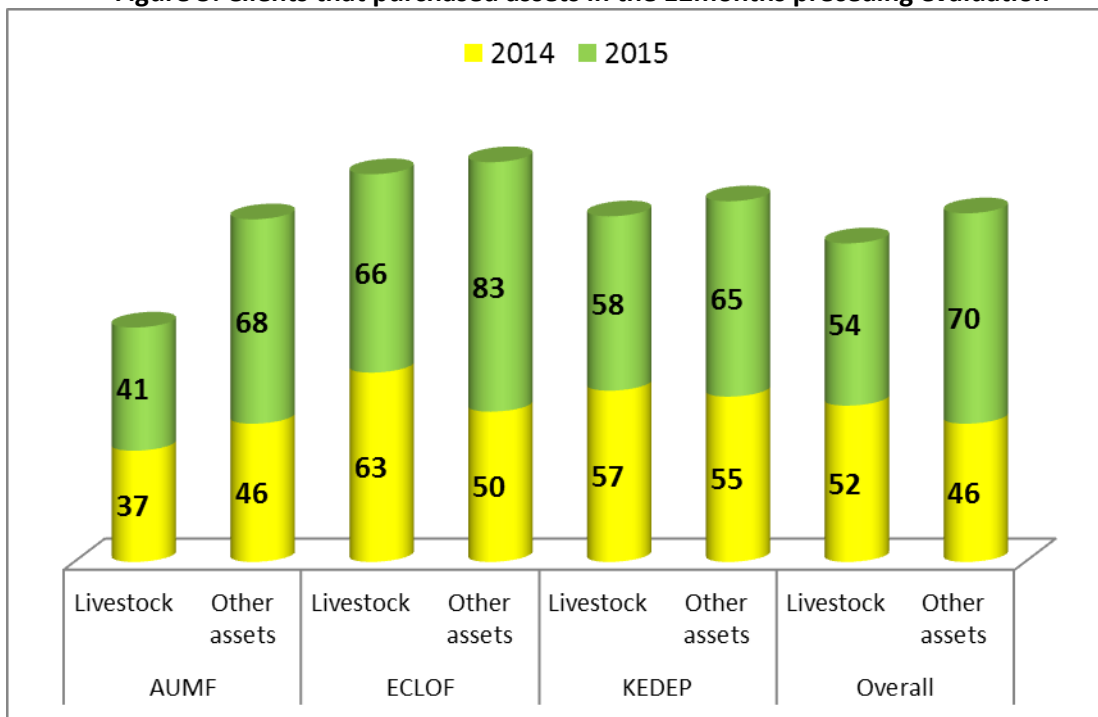
Source: *SMF EA Ltd Partner Client Evaluation, September 2015*

3.0 Conclusions and Recommendations

- All clients are accessing both financial and non-financial services from the partner clients. This has contributed to an improvement in livelihoods as shown by the high proportion of respondents that are able to meet their livelihood needs. It is however evident, that clients engaged in agriculture need information on post-harvest handling of their produce.
  - Information on agriculture post-harvest handling and markets should be made part of the non-financial services provided by the MFIs.

- There was a decline in household incomes. The decline in household income could be attributed to the foreign exchange rate and other factors.
  - SMF EA Ltd with partner clients should conduct a qualitative study to establish the other factors that explain the decline in household income and other parameters.

- The proportion of clients that could pay for medical care with ease declined. However, there were a high proportion of respondents that were willing to contribute to 'community health fund/health insurance'.
  - Organisations should be encouraged and supported to adopt the 'community health fund/health insurance' approach in providing healthcare.

- It was evident that most partners did not have an updated database for their clients. It was difficult to obtain clients telephone and physical contacts. In addition, most clients use other aliases in the community other than their official names.
    - Partner MFIs organization capacity to manage their data bases should be assessed. Basing on this, the individual organizations' capacity should be built or improved. Basing on the evaluation, the databases should be updated, and MFI capacity to continuously update it should be built.
    - While designing the database, an individuals' name should be entered alongside their alias. E.g. you could find a woman with official names registered and yet in the community she is called "maama X"- *(X's mother).*

- Many of the clients that formed the baseline sample but were not available for the evaluation, had either completed their loans, or defaulted on the payment. The few whose contacts we obtained and made an attempt to reach sounded very bitter and not willing to be part of the survey. This portrayed not very good relationship between some clients and MFIs.
    - It is important that customer service strategies are developed to enable that particular MFIs stay long with their clients.
    - Questions on non-financial services should be made part of the quantitative data collection tool. This can be designed in a way to even have the MFIs be interviewed and information validated with the clients in the field.

- Conducting the evaluation at the end of the month made it difficult to get the needed support from the MFIs. This delayed the process and in some instances made it more costly to manage.
    - An exercise like this should be conducted in the 2nd and 3rd week of the month. It is also important that the political environment in a given area is assessed before teams are deployed.

- Tracking respondents from the baseline was very difficult. This is mainly because persons were associating with MFIs with a purpose of obtaining a loan. So as soon as they have fully paid the loan, they stop associating with it.
    - Respondents eligible for this evaluation should be all those that have been clients since the commencement of the project. This would mean that any one that has been a client of these MFIs since 2014 would be eligible and the selection of the respondents should be done to only those that are still active. However, those that dropped out could be target to establish reasons that led to their dropping out.

Appendix I: Data Collection tool

2015 SMFEA Ltd Partner Client Database Tool

Introduction:

Good morning/afternoon. I am --------------- from SkyMark consult an independent research company that has been contracted by SMFEA to evaluate the impact of your MFI/bank's loans to you as a person. You have been selected to be part of this study, because you were part of a similar study conducted last year. Your views will be kept confidential and used only for the purposes of this evaluation. Are you willing to participate? **If yes continue. If no thank the respondent and terminate the interview.**

1.0 CONTROL INFORMATION

Partner ID	
Country	
Region/District/State of operation	
Location	
Name of enumerator	
Reporting period	
Name of the household head	

2.0 SMFEA Ltd Client Survey Data

HOUSEHOLD CHARACTERISTICS				
No	**Question**	**Response**	**Code**	**Skip**
1.	**What is the sex of the respondent?**	Male	1	
		Female	2	
2.	**Are you the head of the household?**	No	0	
		Yes	1	
3.	**What is your marital status?**	*Single*	1	
		Single parent	2	
		Married	3	
		Separated/divorced	4	
		Widowed	5	
4.	**How old are you?** (Please write full years)			
5.	**What is the highest level of education you have attained?**			
6.	**Can you read this statement** [English]**?** **'HOW OLD ARE YOU?'**	No	0	
		Yes	1	
7.	**Can you read this statement** [Local language]**?**	No	0	
		Yes	1	

No	Question	Response	Code	Skip
8.	**Can your partner read and write your local language?**	No Yes	0 1	
9.	**Can your partner read and write English?**	No Yes	0 1	
No	**Question**	**Response**	**Code**	**Skip**
10.	**What is your main occupation?**	Agriculture, Hunting, Forestry, Fishing, Mining or quarrying Salaried/Wage employment Other Specify _____	1 2 3 4 5 6 7	
11.	How many people stay in this household?	Male:_____ Female:_____		
12.	How many household members are 17 years or younger? Of these how many are male and how many are girls?	Male:_____ Female:_____		
13.	How many household members are between 6 and 12 years? Of these how many are male and how many are girls?	Male:_____ Female:_____		
Household Welfare				
14.	How many household members between 6 and 12 years are attending school? Of these how many are male and how many are girls?	Male:_____ Female:_____		
15.	Do all children ages 6 to 17 attend school?	No Yes No children ages 6 to 17	0 1 3	
16.	What categories of school do your school going age attend. Would you say government or private/NGO/FBO schools?	Not all attend school all government schools No school age children (6-18) all attend one or more private/NGO/Religious schools	0 2 3 4	

17.	During the last 12 months, how often did any household member eat less than 2 meals a day because there was no enough food?		_Never,_ _A few times,_ _Most of the time_	1 2 3	
18.	**How often does your household consume the following foods?**		_Never_	_Rarely_	_More frequently_
a.	Grains (_rice, maize mill, millet, bread, other cereals_), root and tubers, plantains?		1	2	3
b.	Vegetables?		1	2	3
c.	Fruits?		1	2	3
D	Eggs and dairy (_milk, butter, ghee, yoghurt_) products?		1	2	3
E	Meat and fish?		1	2	3
F	Legumes (_beans, peas_) and nuts?		1	2	3

19.	Would your household be able to contribute to a Community Health Fund (CHF)/Health Insurance?		No Yes	0 1	
20.	Is your household currently contributing to a Community Health Fund (CHF)/Health Insurance?		No Yes	0 1	
21.	Can your household afford to pay for their medication in case any emergency?		_No_ _Yes if borrowed_ _Yes with difficulty-sale household assets,_ _Yes household affords with ease_	0 1 2 3	
22.	Does every household member have at least two sets of clothing?		No Yes	0 1	
23.	Does every household member have at least one pair of shoes?		No Yes	0 1	
24.	Does the household own any house?		No Yes	0 1	
25.	How many rooms of your house are habitable if you exclude stores, bathrooms and garage				
26.	Have the households made improvements on their housing conditions (_renovations or constructions_) in the past 12 months?		No Yes	0 1	
27.	What is the wall material for the main dwelling?		_Mud & wattle_ _Un burnt bricks and mud_	1 2	

		burnt bricks with cement or cement blocks,	3	
		Grass/any other temporary material	4	
28.	What is the roofing material for the main dwelling?	*grass, leaves, bamboo or other temporary thatch*	1	
		Iron sheets,	2	
		Tiles,	3	
		Mud & grass	4	
29.	What is the floor material of the main dwelling?	*Earth*	1	
		Cement	2	
		Tiles	3	
30.	What is the toilet type?	*Bush/none,*	0	
		Uncovered pit latrine,	1	
			2	
		Covered pit latrine,	3	
		VIP latrine,	4	
		Flush toilet		
31.	What is the **primary** source of <u>energy for cooking</u> in the household?	*Firewood*	1	
		Charcoal	2	
		Gas	3	
		Other specify	4	
32.	What is the **primary** source of <u>energy for lighting</u> in the household?	*Lantern*	1	
		Electricity,	2	
		Solar,	3	
		wood,	4	
		Tadooba/Candle,	5	
		batteries,	6	
		Biogas,	7	
		None	0	
33.	Do you save with any informal group with in your community?	No	0	
		Yes	1	
34.	Which informal group do you save with?			
35.	Amount of savings held in any formal institution (*Bank, MFI or SACCO*)			
36.	How much money did you borrow for your previous loan, obtained from this institution?			
37.	How much money did you borrow in the current loan accessed?			
OWNERSHIP AND ACQUISITION OF PRODUCTIVE ASSETS				
38.	**Did your household any of these in the last 12 years?**		**No**	**Yes**

A	Assets like *bicycles, TV, land, Vehicle, furniture, motor cycle, mobile phone*	0	1
B	Livestock like *goats, sheep, pigs, donkey, poultry, cattle, etc*	0	1
39.	Does the household own small livestock (sheep, pigs, goats, poultry)?	0	1
40.	If yes above, **how many small livestock do you own?**		
41.	Does the household own big livestock (cattle, donkey)?	0	1
42.	If yes above, **how many big livestock do you own?**		
43.	**Does the household own land?**	0	1
44.	Does the household own a TV?	0	1
45.	Does the household own radio/cassette?	0	1
46.	Does the household own any irons (charcoal or electric)?	0	1
47.	Does the household own any lanterns?	0	1
48.	Does the household own bicycle?	0	1
49.	*If the household has a bicycle,* **How many bicycles do they own?**		
50.	Does the household own motor cycle?	0	1
51.	*If yes in above,* **how many motor cycles do they own?**		
52.	Does the household own motor vehicle?	0	1
53.	*If yes in above,* **how many motor vehicle do they own?**		
54.	Does the household own a mobile phone?	0	1
55.	*If yes in above,* **how many mobile phones do household members own?**		
56.	How many mosquito nets does the household own?		
57.	How many towels does the household own?		
58.	How many frying/source pans does the household own?		
59.	How many tables does your household own?		
Household incomes** Note: that most incomes are irregular or seasonal like crop and livestock sales probe the household for incomes in the last 12 months and get the average			
60.	What is your household's average monthly income from crop sales?		
61.	What is your household's average monthly income from sale of animals and animal products (*milk, eggs, honey, etc.*)?		
62.	Has any household member become gainfully employed in the last 12 months?	No	0	
		Yes	1	

63.	What is your household's average monthly income from salary and wage labour			
64.	Does the household engaged in any Income generating Activities?	No Yes	0 1	
65.	Has any household member started a new IGA or expanded the existing one in the last 12 months?	No Yes	0 1	
66.	If yes above, what is the average household monthly incomes from business and other income generating activities			
67.	What is the other household monthly incomes *like rent, remittances, etc.*			