

POVERTY ASSESSMENT OF MICROFINANCE PARTNERS FINAL REPORT



October, 2007

This publication was produced for review by the United States Agency for International Development. It was prepared by Uganda Chartered HealthNet for , Chemonics International Inc.



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Rural SPEED A USAID funded project Contract No. PCE-I-00-99-00003-00, TO 826

This report submitted by Chemonics International Inc. / October, 2007

Background

1.1 Introduction

Uganda Chartered HealthNet undertook to implement the Poverty Assessment survey for Ugandan micro enterprises receiving USAID financial support as provided for by the United States legislation.

Assessing poverty levels among recipients of USAID financial support is a congressional requirement under the Micro enterprise Results and Accountability Act of 2004. The Act was enacted by the US senate and House of Representatives to amend the Foreign Assistance Act of 1961 to improve the results and accountability of micro enterprise development assistance programs. The Act specifies that at least half of the micro enterprise funding that USAID disburses be used to benefit the very poor. The very poor are described as those earning less than 1 USD per day per capita or those at the bottom half of the country poverty line.

1.2 Objective

The survey was conducted for and on behalf of Rural Speed to complete the Poverty Assessment Tool for Rural SPEED program partners receiving financial support. The aim of the survey is to determine the level of financial aid that reaches the very poor accessing financial services through local financial micro enterprises at the grass root level. The survey was conducted to assess the poverty level of groups (and not individuals) of clients benefiting from USAID financial aid through the grassroots financial micro enterprises.

2.0 Methodology

The survey was designed to be conducted as a household survey: one of the three USAID certified approaches to poverty assessment. This approach is especially useful since it enables direct observation of living conditions of participant's right inside their homesteads.

However, during the implementation, conducting the household turned out to be infeasible as up to 45% (N=205) of the respondents were busy people who could not be easily found at their homes while in other cases the terrain especially in the west was simply difficult. All the 23 respondents from Bukoto were interviewed from the financial institution since it was hard to locate their homes.

2.1 Sampling Procedure

In close consultation with Monitoring and Evaluation Management Services (MEMS) officials, the sampling procedure entailed: purposively selecting and agreeing on the 3 geographic areas of Central, East and West of Uganda where the survey was to be conducted. Each region was split up into clusters where the branch managers for the relevant micro enterprise was identified and contacted to enlist their support in the survey. These are branches of financial institutions supported by USAID funded Rural SPEED. These institutions included two Micro-Deposit-taking Institutions (MDIs) namely: Uganda Microfinance Limited (UML) and Uganda Finance Trust (UFT); one traditional credit only

MFI, Pearl Microfinance as well as six Savings and Credit Cooperative Organizations (SACCOs) namely: Muhume, Kitagata, Shuuku, Kyamuhunga, Rubabo and Bugonji.

The branch managers facilitated the survey team with the list of recipient clients of the USAID micro enterprise support from which the final sample was obtained. The study population was identified as a sample of 300 plus 120 (40%) extras totaling 400 respondents. The exact location of the institutions/sites sampled is shown in Table 1 below:

Central Region					Notes ¹
	Bukoto	20			Sacco – 60
	Nakawa	20			UML – 180
UML	Jinja Road	20			Pearl – 20
	Bombo	20			UFT - 140
UML	Luweero	20			
Pearl	Kamwokya	20			
			120		
Eastern Region					
	Jinja	20			
	Iganga	20			
	Bugiri	20			
	Tororo	20			
	Pallisa	20			
	Soroti	20			
UFT	Kumi	20			
			140		
Western Region					
	Lyantonde	20			
	Mbarara	20			
	Ishaka	20			
UML	Ntungamo	20			
	Muhume	10			
	Kitagata	10			
	Shuuku	10			
	Kyamuhunga	10			
	Rubabo	10			
SACCOs	Bugonji	10			
			140		
				400	

 Table 1: Sampling frame for the survey

¹ The number of the clients selected per institution was based on the size of the institution, i.e., larger institutions like UML had a higher concentration of surveys than one of the smaller SACCOs.

The following are the key activities that took place during the planning and implementation phases of the survey. Seven Data Collectors skilled and experienced in conducting household surveys were hired for the survey. The seven were selected for their ability and proficiency in speaking the local languages of the survey areas among other reasons. The required languages were identified as Iteso, Kumam, Lugwere, Lusoga, Luganda and Runyakitala.

An orientation half day workshop was conducted to explain the purpose and tools of the survey at Forest Cottages on the 31st August. The workshop was attended by Mr. Benjamin Aisya, a representative from MEMS who provided resourceful information about Rural SPEED, MEMS and the poverty assessment surveys.

The Data Collectors, who are all familiar with data collection using handheld computers, pretested the survey tool on handheld computers. The tool had been earlier converted to Pendragon Forms, a software application used for designing and administering handheld based surveys. The Pendragon Forms software has in-built features for ensuring completion of each mandatory question; allows for branching and skipping patterns as the case may be in the survey tool. The screenshots below illustrate the questionnaire fields in the survey tool.

PAT Uganda What is the m lighting for yo rooms? 4	ain source of ur main living (Lookup				
	PAT Uganda				
What type of	Have you made	any	hom	e .	
	improvements in the last three years?If no (enter "0") if Yes, how much did it cost ? 30000				
(End)(Previou	г			_	
		+-	7	8	9
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			000	0	
End Previous Next					

A back end Microsoft Access data base was built to receive the survey data which would later map to the Epi Info tool for the poverty calculation. One of the key outputs of the workshop was the survey implementation work plan which was defined and refined for use in the survey.

2.2 Data collection and analysis

Field work commenced on the 4th and 5th of September 2007 in the central region where all 7 Data Collectors collected data from 123 respondents. Starting with the central region allowed the survey team to further ensure that the electronic Pendragon Forms tool was working well in as far as inputting the data in the right questionnaire fields and populating the MS Access database was concerned. Each member was equipped with a handheld computer installed with the Pendragon Forms tool and a Secure Data Card for emergency back-up of data. Two laptop computers were provided for back up and offloading data on a daily basis while in the field.

Upon completion of the central region, 2 teams were created based on the language requirements to cover the Eastern and Western regions. The Eastern team was comprised of 3 members who could speak Iteso/Kumam or Lusoga/Lugwere; while the Western team was comprised of 4 members fluent in Runyakitara. Each team had a leader whose role was to lead, support and supervise the team members. Both teams left for the upcountry sites on the 7th September 2007. Table 1 shows the Coverage of the survey sites by both survey teams and the actual number of interviews done per site.

Region	Dates	Site	Institution	No. of Interviews
Central	$3^{rd} - 4^{th}$ Sep 2007	Bukoto	UML	23
	4 th – 5 th Sep 2007	Kamwokya	Pearl	21
	5 th Sep 2007	Jinja Road	UML	8
	$5^{\text{th}} - 6^{\text{th}}$ Sep 2007	Nakawa	UML	23
	$5^{th} - 6^{th}$ Sep 2007	Bombo	UML	26
	6 th Sep 2007	Luweero	UML	22
Eastern	7 th Sep 2007	Jinja	UFT	27
	8 th Sep 2007	Iganga	UFT	21
	10 th Sep 2007	Bugiri	UFT	26
	11 th Sep 2007	Tororo	UFT	25
	12 th Sep 2007	Kumi	UFT	27
	13 th Sep 2007	Soroti	UFT	30
	14 th Sep 2007	Pallisa	UFT	23
Western	7 th Sep 2007	Lyantonde	UML	21
	8 th Sep 2007	Mbarara	UML	21
	10 th Sep 2007	Ishaka	UML	22
	11 th Sep 2007	Kyamuhunga	SACCO	11
		Shuuku	SACCO	10
	12 th Sep 2007	Muhame	SACCO	12
		Bugongi	SACCO	11
		Kitagata	SACCO	12
	13 th Sep 2007	Ntungamo	UML	21
	14 th Sep 2007	Rubabo	SACCO	12
			Total	455

 Table 2: Coverage of Survey Sites

The survey data already in MS Access was cross checked for relevancy and completeness before migration to the Epi Info software. Data cleaning reduced the number of interviews used in the sample from 455 to 400 as was reflected in Table 2. Upon conversion to Epi Info, the macro for calculating the poverty level was ascertained.

3.0 Key Findings

3.1 Poverty Status

The poverty calculation level of the very poor was found to be 5.3% and those not so poor at 94.7% among groups of beneficiaries receiving USAID support through Rural SPEED supported financial institutions.

Table 3: Poverty Assessment Calculation Table

	Frequency	Percent
Not Very Poor	379	94.7%
Very Poor	21	5.3%
Total	400	100.0%

Figure 1: Poverty Calculation Chart



3.2 Key Socio-economic Characteristics

A highlight of the key socio-economic characteristics showed 87% owning a Mobile phone; 71% at least one bicycle, and 71% at least owning one radio. Only 59% prepared meals from kitchens; 43% did not own land and 40.2% had electricity supplied from the national grid. Land appeared to be high value commodity by majority respondents at 84% valuing their land above Shs. 10,000,000. This analysis is tabulated herein as Table 4.

Key Characteristic	Frequency	Percentage	
Cooking location:			
Outside	139	34.8	
In one of the rooms in the house	25	6.3	
Kitchen	236	59.0	
No of bicycles owned:			
0	155	38.8	
1	209	52.3	
2	31	7.8	
3	3	0.8	
4	1	0.3	
11	1	0.3	
No. of Radios owned:			
0	19	4.8	
1	286	71.5	
2	69	17.3	
3	21	5.3	
4	4	1.0	
6	1	0.3	
Land Ownership			
Own land		56.7	
Do not own land		43.3	
Land Value			
>= 1,000,000		52.5	
<= 1,000,000		4.2	
> 1,000,000 < 10,000,000		31.5	
> 10,000,000		84	
Mobile Phone ownership			
With phones	349	87.3	
Without phones	51	12.8	
Source of Lighting			
Candles/battery-driven lights	2	2.0	
Paraffin (Tadooba)	17	16.7	
Paraffin (Lantern)	35	34.3	
Tapping neighbor's electricity supply	7	6.9	
National Electricity Grid	41	40.2	

Table 4: Selected Socio-economic char	racteristics of beneficiaries
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4.0 Conclusions and Recommendations

- It is noteworthy that the majority of the funds recipients are not the very poor earning less than a dollar a day or those living below the poverty line.
- The poverty Assessment tool includes questions that are not applicable or relevant in some areas. These include the questions on ownership of boats/canoes; or eating fish as a special meal. The question on owning a bicycle as a means of transport may not adequately indicate the poverty level since from observation more respondents had motorcycles or even motor vehicles. Several respondents asked if they had a bicycle responded as having a motorcycle or vehicle!
- The question on land ownership was not easy to answer since different regions have different land tenure systems. For instance land ownership in the Western region is mainly communal and highly valued.

5.0 Acknowledgements

Uganda Chartered HealthNet acknowledges with thanks the participation, cooperation and confidence of the following partners who have made this assignment successfully concluded:

- Rural SPEED
- USAID Monitoring and Evaluation Management Services (MEMS)
- Uganda Microfinance Limited
- Uganda Finance Trust
- Pearl Microfinance
- Muhume SACCO
- Kitagata, SACCO
- Shuuku SACCO
- Kyamuhunga SACCO
- Rubabo SACCO and
- Bugonji SACCO