



Stabilizing HH Livelihoods / Food security through NGO-MFI Integration

The Experience of
WISDOM Micro Finance
Institution
&
World Vision Ethiopia



Presentation Framework

- Institutional Background
 - Integration / Operational modalities
 - Performance trends
 - Clients Profile
 - Successes: Impacts on Food security
 - Challenges & Constraints
 - Way forward
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BACKGROUND

World Vision in Ethiopia

- Started in 1980s to provide famine relief
 - A branch of WVI
 - Operates through geographically focused Area Development Programs (ADPs)
 - Started providing small loans as part of the rehabilitation program
 - Loans were mainly for farmers in kind (oxen, agricultural inputs & implements)
 - Repayments were in kind and in cash
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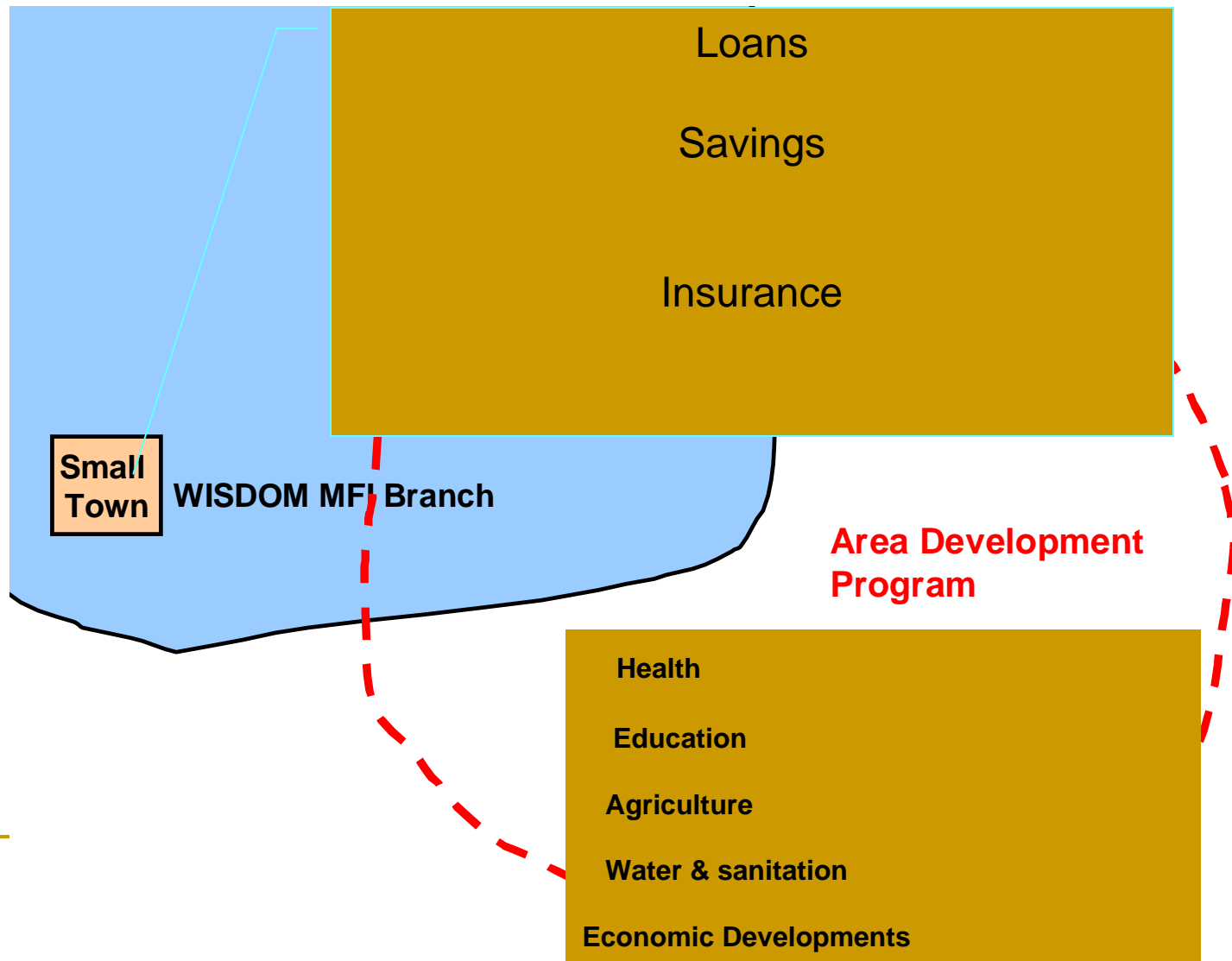
WISDOM MFI Historical Background

- Established on June 1998
 - WV facilitated the establishment process
 - Launched Operation in January 1999
 - Operates in four Regional States (SNNPR, Oromia, Amhara and Addis Ababa)
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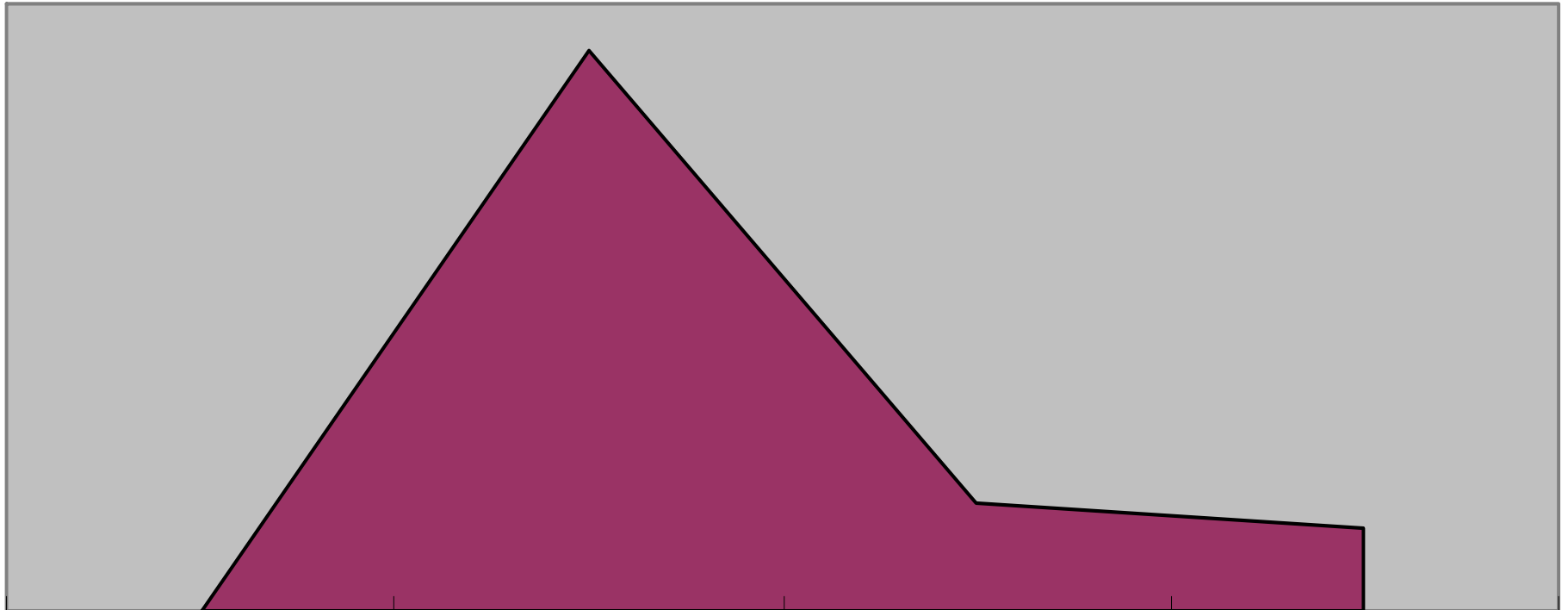
Market and Client Profile

- Smallholder farmers
 - Micro entrepreneurs
 - Low Salaries employees
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Integration Modalities WISDOM and WV



Client,s profile



Married

Widow / divorced

single

%

41%

24%

36%

Age

20-30

31-40

> 41

Success & Potentials
in HH
Livelihood Diversification &

Food Security

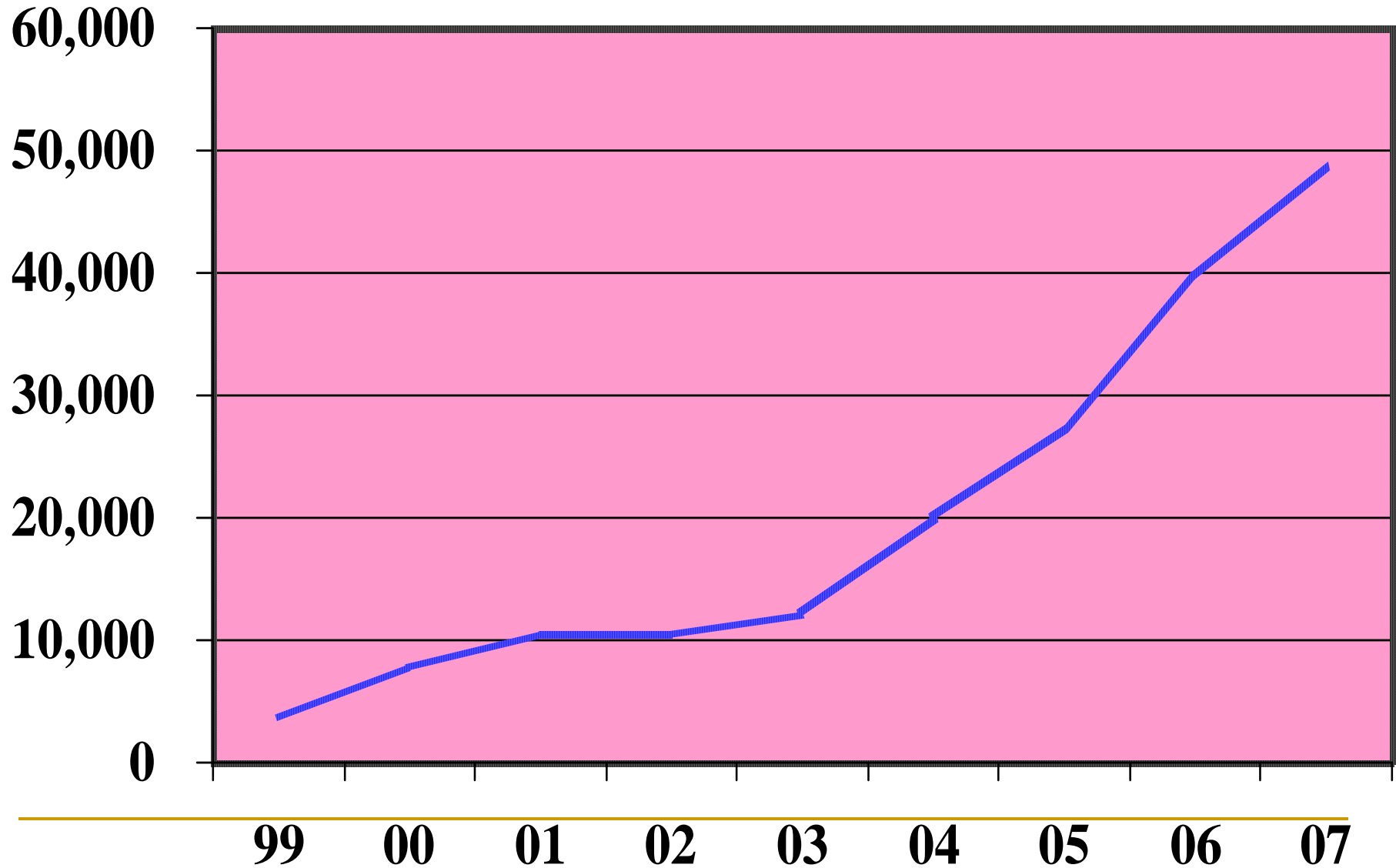
MFI Level

Performance Trends

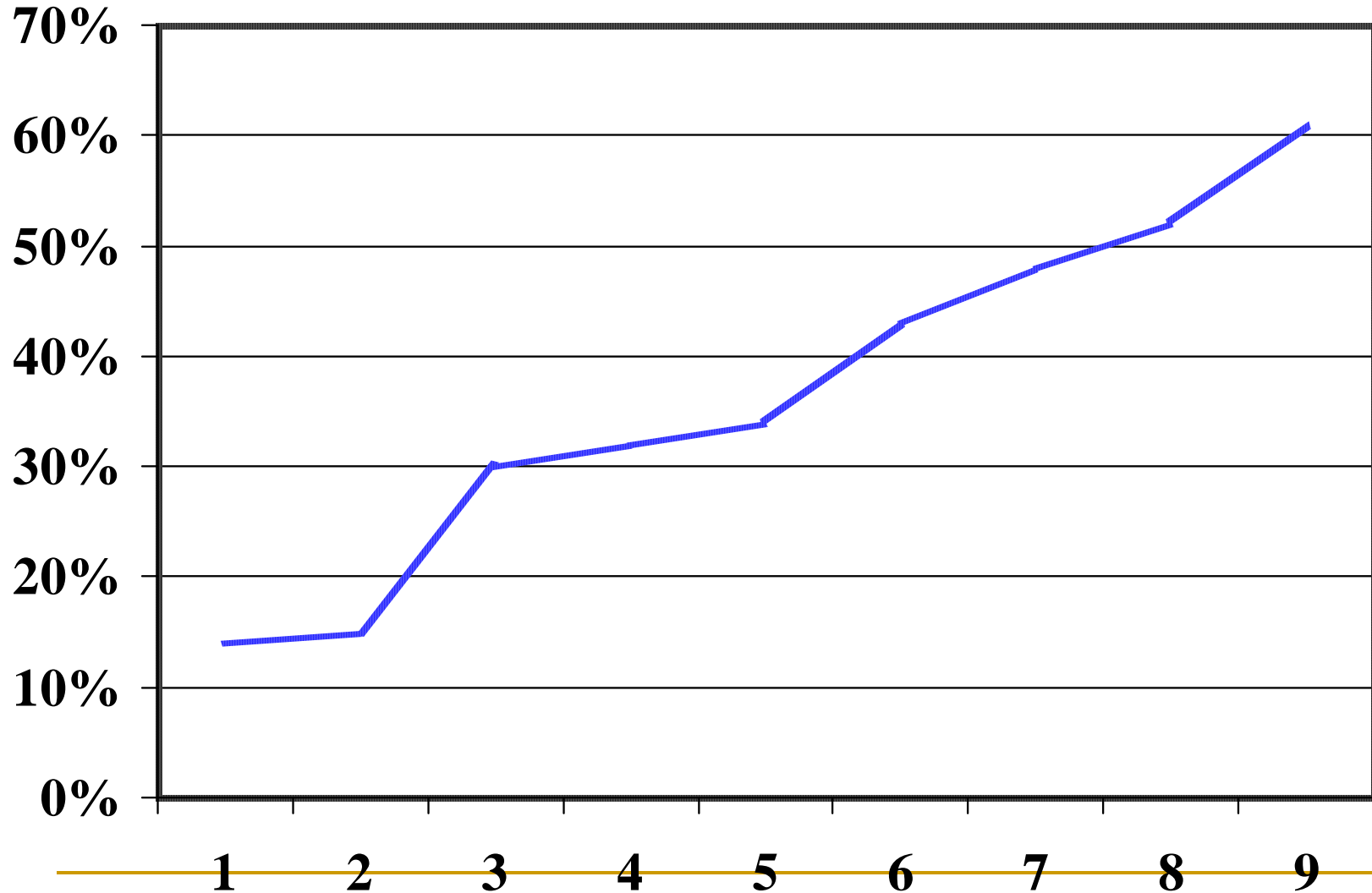


- Key Performance Indicators
 - ❑ Active clients
 - ❑ Loan portfolio
 - ❑ Female clients
 - ❑ Portfolio quality
 - ❑ Operational Self sufficiency
 - ❑ Impacts
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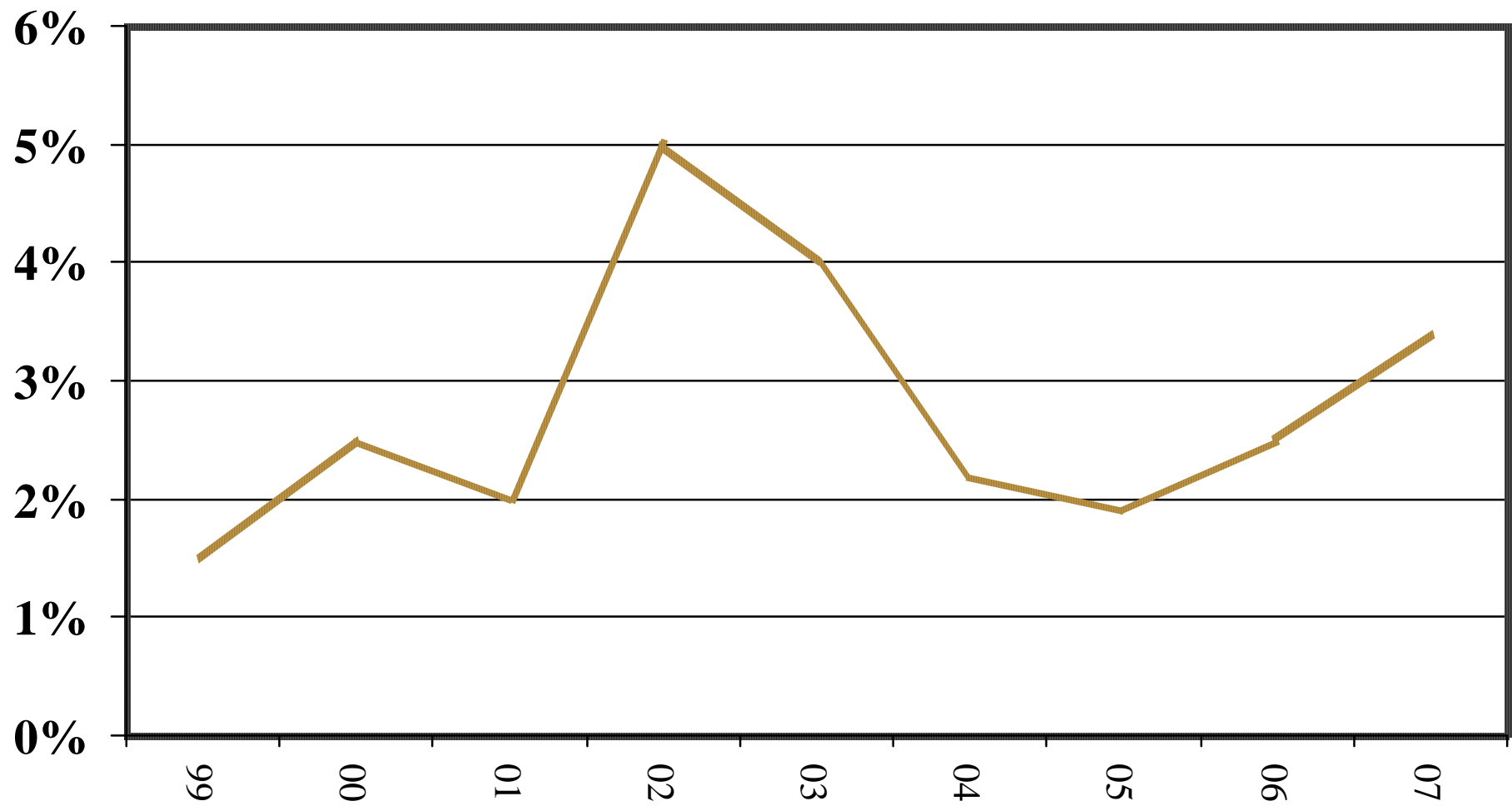
Active Clients Trends



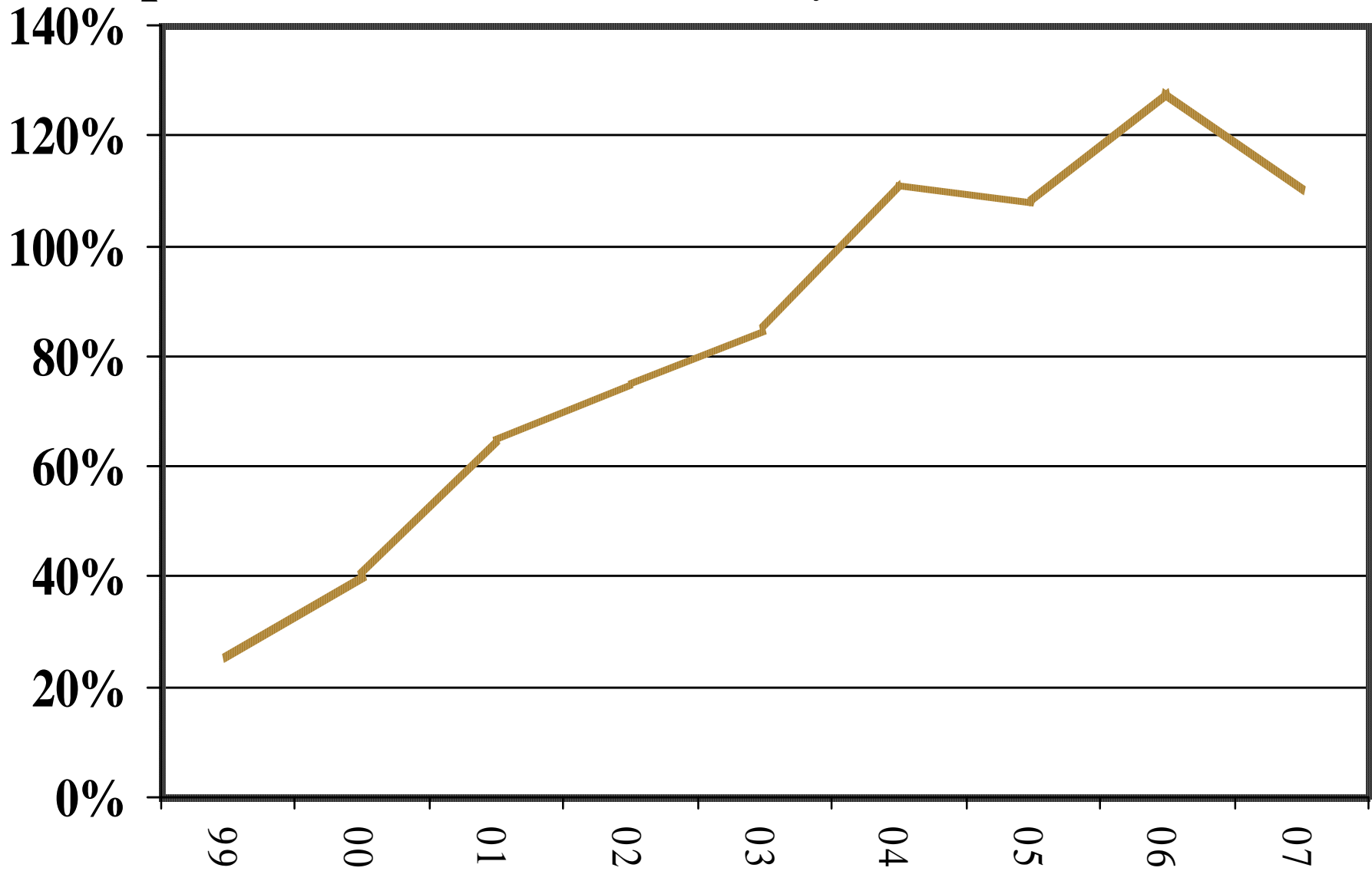
Female Clients Percentage



Default Rate Trends



Operational Self Sufficiency Trends





Sectoral Distribution of Financed Activities

- Agriculture 48%
 - Service business 28%
 - Commerce / Trade 23%
 - Production/ industry 1%
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Impacts On Food security after Accessing MFI Services

Key Facts

- 20% clients moves from food shortage
- 76% clients report better Variety & Quality in diet
- 20% OVC HHs are MFI clients
- Significant number of clients are caring for OVCs – 75% are female- caring an Av of 2 OVC
- Annual Income is more than double
- Saving raise from \$2 to \$75 per year

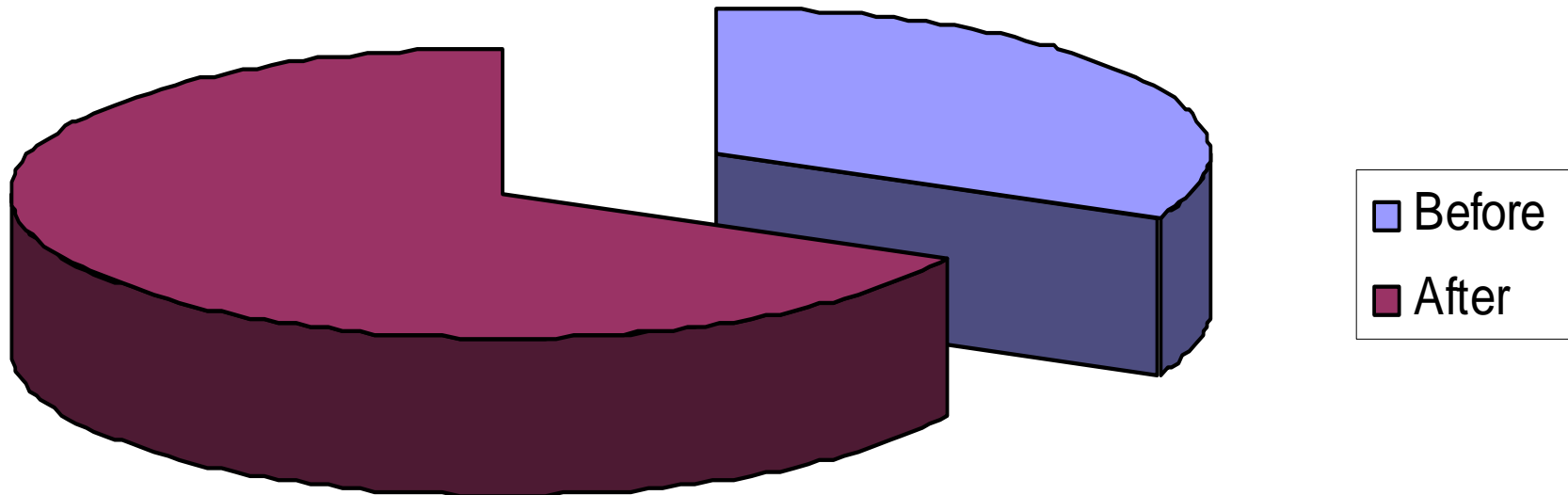


Impact on Clients

- Findings of the study done by Johns Hopkins University School of Hygiene and Public Health in May 2003:
 - Children of female clients have significantly better nutritional status
 - Clients had more diversified income sources as they stay in the program
 - Clients have better coping mechanisms (not food aid recipient)
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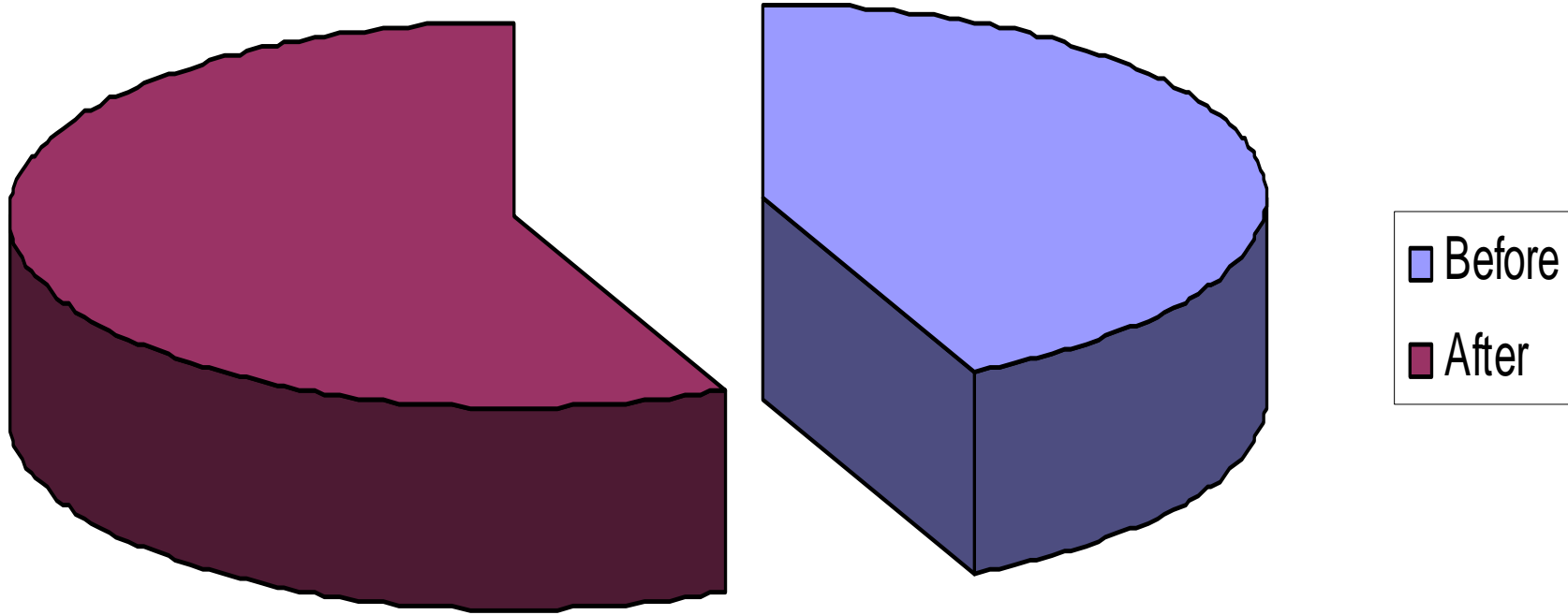
Impact on on clients' income, and resilience?

Income of Clients Before & After Joining WISDOM



Coping with Difficult Times

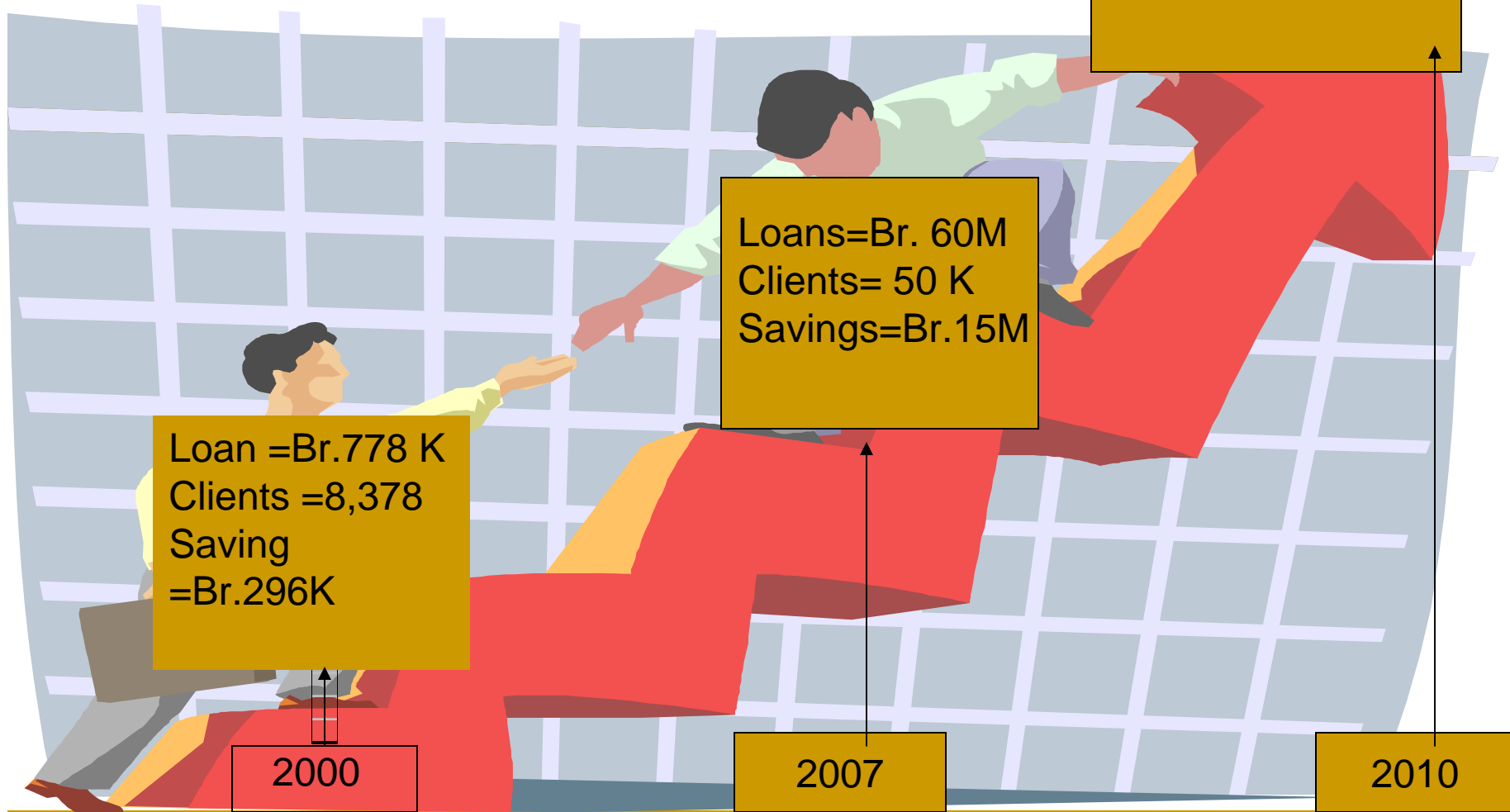
[% of HHs that can find \$10 for Emergency with in a Week]



Challenges, Problems & Constraints

- Shortage Loan Funds
 - Access to high Value Market
 - Access to BDS
 - Instabilities in macro economy
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Way forward



“Our vision for every child, life in all its fullness,
Our prayer for every heart, the will to make it so”



Thank you !!!

