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Access to Mainstream Microfinance Services by Persons With Disabilities.

Lessons from Uganda

By

Flavia Nakabuye Bwire

George Mukasa

Roy Mersland

AMFIU

ASSOCIATION OF MICROFINANCE INSTITUTIONS OF UGANDA

NAD

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LIST OF ACRONYMS

NUDIPU	National Union of Disabled Persons of Uganda
AMFIU	Association of Microfinance Institutions of Uganda
NAD	Norwegian Association for the Disabled
DPO	Disabled Peoples Organization
MFIs	Microfinance Institutions
PWD	Persons With Disability

DISCLAIMER

The views expressed in this paper are those of the Author(s) and do not necessarily reflect the views or policies of AMFIU

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Abstract

This paper discusses the results of a pilot project in Uganda where NUDIPU, the umbrella organisation for people with disabilities has joined forces with the Association of Microfinance institutions of Uganda, AMFIU to provide persons with disabilities access to mainstream microfinance services. The Norwegian Association of Disabled (NAD) has provided technical and financial support to the project. Already several lessons have been learnt from the pilot: 1) entrepreneurs with disabilities are an untapped market opportunity for MFIs, 2) to influence MFIs, it is important to understand their business model and team up with key actors from the industry, 3) persons with disabilities are often misinformed about MFIs' terms and services and they don't know how to tap these opportunities. Gradually, a change in attitudes both in MFIs as in persons with disabilities and DPOs is observed. All MFIs participating in the project now report of an increase in the number of clients with disabilities served.

Keywords: Microfinance, disability, Uganda, mainstreaming, inclusion efforts.

Section 1: Introduction

In the township of Lugazi in Uganda, Mr. Anthony Mukungu packages and distributes flavored drinking water. Mr. Mukungu has a physical disability and moves in a wheelchair. The market for his products is growing steadily and he now needs access to additional capital to boost his business. He has therefore approached several Micro Finance Institutions (MFIs) to apply for a credit, but so far he has not succeeded. The reason he gives is *"MFIs think we [persons with disabilities] are not credit worthy".*

Persons like Mr. Mukungu and millions of others in similar situations are not able to access microfinance services because of their disabilities yet they successfully operate businesses. This is in contrast with the United Nations argument that equalization of opportunities is a right for persons with disabilities (UN, 1993).

The paper explains the main mechanisms through which persons with disabilities are excluded from financial services, and presents lessons from a successful pilot project in Uganda where the exclusion has been addressed in a systematic manner.

The paper is divided into three sections:
Section one reviews the literature and lays out basic knowledge about disability and microfinance as well as theories on exclusion. Section two presents a case of a successful pilot project on disability and microfinance, giving the background of the project, activities and results. The final section looks at the lessons and recommendations for further research and interventions into the subject and ends with the implications for donors and practitioners.

Section 2: Perspectives on Microfinance and Disability

2.1 Overview

Approximately 10 per cent of the global population are persons with disabilities. Around 80 per cent of them live in developing countries and evidence suggests that they tend to be poorer than their counterparts without disabilities. For those who live on less than one dollar a day, one in five is a person with disabilities (United-Nations, 2007). According to the Uganda Population and Housing Census Report (2006) 16 per cent of the country's 30,9 million population is disabled.

Employers often resist employing persons with disabilities. In developing counties 80-90 per cent of persons with disabilities don't have a formal job, and as a result most of them turn to self-employment in the job market (United-Nations, 2007). One of the main obstacles facing the self-employed is access to capital, either in the form of loans or accumulated savings. However, since most persons with disabilities tend to be excluded from mainstream microfinance services their economic activities tend to remain small (Handicap-International, 2006, Mersland, 2005).

Persons with disabilities are a low priority and ill-treated target group when it comes to socio-economic integration (ILO, 2002, Lewis, 2004). Even though studies indicate that they are on average among the poorest, not all disabled persons are poor. Evidence indicates that persons with disabilities have better performance ratings in the job market, and when they get access to equal opportunities as their non disabled counterparts they often experience success as self-employed (United-Nations, 2007).

Most MFIs aim at being financially sustainable which requires an interest rate on loans high enough to cover all costs, pre-screening of clients to select the best business cases, close monitoring of borrowers and strict enforcement of repayments from defaulters. Considering the general misunderstanding in the society that persons with disabilities are destitute without the knowledge, skills and opportunities to successfully operate businesses, it is no wonder that MFIs practicing their sustainable business models shy away from disabled clients. However, by doing so they miss an important business opportunity, and they don't practice the double bottom line policy of reaching both financial and social objectives which nearly all MFIs claim (UN, 2006, Helms, 2006).

The idea of improving access to financial services by disabled persons is not new. Several initiatives targeting people with disabilities have used the approach of providing a combination of training and subsidized credit, mainly from non-financially-specialized organizations like CBOs or DPOs (Handicap-International, 2006). The results from these efforts have been mixed. In some cases the results for the end beneficiary – the disabled person – have been positive, but very few approaches have been sustainable. Thus, when the donor support ends the provision of the services discontinue (Lewis, 2004, Handicap-International, 2006).

Academic literature on microfinance and disability published in peer reviewed journals is basically inexistent, Thomas (2000) and Lewis (2004) excepted. Besides, some reports like Handicap-International (2006), MIUSA (1998), Dyer (2003), CBR-Guidelines (forthcoming) and Mersland (2005) provide guidelines, conceptual frameworks, basic knowledge and when available some statistics. Most literature concerns the need to include persons with disability in microfinance efforts, but few provide evidence based insights.

Only Handicap-International (2006) provides solid data to support the analysis. There is thus a considerable gap in the literature, particularly when it comes to empirical evidence of the market size, market served, exclusion mechanisms and effect of different intervention efforts. This article aims on filling part of this void by sharing lessons learned and concrete efforts, and by providing some initial empirical evidence on the results of the efforts.

2.2 The exclusion mechanisms defined

The theoretical framework for the project is based on Simanowitz's (2001) four exclusion mechanisms that lead to the exclusion of the more vulnerable from microfinance services. The four mechanisms suggested by Simanowitz are; exclusion because of low self esteem, exclusion by other members, exclusion by staff and exclusion by design (Simanowitz, 2001). In addition to these, the project has considered psychical and informational exclusion stemming from the disability itself. The assumption has been and still is that by understanding and gradually removing these barriers disabled persons can be mainstreamed into MFIs. In the following the mechanisms are described.

<u>Exclusion because of low self esteem</u>

During life persons with disabilities often experience a considerable amount of exclusions and rejections. This accumulation of exclusions produces secondary incapacities like lack of self esteem which often lead to self exclusion from public and private services like for instance microfinance (ILO, 2002). Besides, some disabled persons and their families may have the expectation to constantly receive charity (Thomas, 2000). Such attitude is incompatible with sustainable MFIs and will naturally lead to exclusion from services.

<u>Exclusion by other members.</u>

Most MFIs use different types of group methodologies for microcredit like solidarity groups or village banks. In these the members themselves decide who to include into the group. The perceived risk of including persons with disabilities as members in groups or local stigmatization may discourage community members from including them.

<u>Exclusion by staff</u>

Due to attitudes and prejudices in the society the staff of an MFI will often deliberately or unconsciously exclude persons with disabilities. The personnel is often lacking the necessary experience and training to distinguish between real credit risk and perceived credit risk. Often a credit officer is not able to see through the disability and recognize the real ability of a disabled person. MFI staffs, and particularly the credit officers, are therefore a core target group to influence. Such influence must however, if it is to be efficient, be backed by MFIs´ top management.

<u>Exclusion by design</u>

The credit methodology practiced by MFIs often hinders persons with disabilities (as other vulnerable groups) from participating. Mobility challenges make weekly instalments often a higher obstacle for a disabled person than for a non-disabled person. Other examples are compulsory upfront savings or fees sometimes as high as 20% of the loan amount. Short repayment time and lack of well argued grace periods are other examples. Moreover, since credit history in microcredit in many ways replaces formal collateral or guarantees it becomes difficult for persons with disabilities to get started when most credit officers are not able to distinguish between the disability and the personal skills and character.

Exclusion because of physical and informational barriers

The disability itself can be a major barrier to access offices or information. MFIs give information both in verbal and in written which to many deaf or blind persons is inaccessible. Branches are located far away from people's homes and to enter the premises stairs often have to be climbed and crowds have to penetrated. Removing the physical and informational barriers also "sends a message" of being inclusive in practice.

Section 3: A Successful Pilot Project on Microfinance and disability in Uganda.

3.1 Project background

Over the years the Norwegian Association of Disables (NAD) together with their national counterpart National Union of Disabled People in Uganda (NUDIPU) have been searching for intervention models to improve disabled persons' access to mainstream microfinance services. Studies have been carried out and several discussions held with stakeholders but without fruitful results. The message from the MFIs was always that persons with disabilities were too risky a group for lending and their savings capacity was limited. When approaching the MFIs, NUDIPU and NAD tended to present the target beneficiaries as a needy group and often advocated that MFIs should provide services to persons with disabilities at a lower cost compared to the prices paid by the non disabled counterparts. The MFIs demonstrated little willingness to better understand the disability segment and NUDIPU and NAD had limited understanding of the MFIs' business model. As a consequence most efforts invested were in vain.

In 2005 NAD and NUDIPU decided to take on a different approach. A microfinance specialist was hired and was first given time to understand the disability 'movement' from its inside. He basically discovered two things; first, the disability segment constitutes an enormous untapped market opportunity for MFIs, and second, Disabled People's Organizations (DPOs) like NAD and NUDIPU know little about the MFIs' business models and the rationales behind them. In economic terms a severe situation of asymmetric information was blocking the needed interaction between the 'disability world' and the 'microfinance world'.

To overcome the situation of asymmetric information, it became very important to bring together key stakeholders, and NAD took the initiative to facilitate collaboration between several partners in Uganda. In July 2005, a four-part agreement was signed between The Association of Microfinance Institutions of Uganda (AMFIU), The National Union of Disabled Persons of Uganda (NUDIPU), the National Council for Disability (NCD) and the NAD. Under the agreement, AMFIU was assigned the role of promoting inclusiveness in MFIs while NUDIPU was to sensitise the disabled population about microfinance operations. NCD was assigned the role of monitoring the efforts, as well as taking part in informational and lobbying efforts, and NAD was to bring in technical expertise and funding. However, NCD did not take on its proposed role due to the lack of a substantive Executive Director. Thus, the final agreement was between AMFIU, NUDIPU and NAD only.

The objective of the project is to increase the outreach of sustainable mainstream microfinance services to the disabled population of Uganda through two main strategies: first, to increase awareness among MFIs (particularly members of AMFIU) about how to include the disabled population in their services; and second, to create awareness among persons with disabilities and their organisations about the pros and cons of microfinance. The project has taken on a realistic scope, making it clear that the target group for inclusion into the MFIs is those disabled persons involved in, or with the potential to become involved in, sustainable entrepreneurial activities. Furthermore, the project does not advocate for reduced interest rates or any other special conditions for the disabled clients.

The selection of NUDIPU and AMFIU as partners was important in that both are umbrella organisations in Uganda within their own areas of focus. They both enjoy a good reputation nationally and internationally and have a long history in partnering with donor agencies. Besides they are respected and listened to by their respective members and other important stakeholders including the government. Both partners have dedicated considerable time and effort to understanding better the concept and challenges of inclusiveness. Furthermore, the hiring of two project officers, one in each organisation, with the interest, skills and personal dedication has contributed significantly to the outcome of the project.

In principle, the project targets the whole country but the greatest efforts take place in a few pilot districts and selected MFIs. The districts were selected based on their CBR activities[1], while the MFIs have been selected because of their reputation in Uganda and their potential for bringing the concept of inclusiveness to more countries through their international contacts.

The communication between NUDIPU and AMFIU takes place both formally in quarterly meetings and informally through weekly and sometimes daily contact. Often the work in the field is carried out jointly. Thus, the climate between NUDIPU and AMFIU is very good and they both have a solid, in-depth understanding of both microfinance and disability. The achievement of such a close cooperation between a DPO-umbrella and an MFI-umbrella is in itself a huge step forward, and as far as we know Uganda is the only country where such close collaboration is in place.

3.2 Project Activities to reduce the exclusion mechanisms

Under the project, there are activities to confront all the five mentioned exclusion mechanisms. However, exclusion by staff and exclusion stemming from low self esteem have been identified as interdependent, most important and prioritised areas. In the following the most important project elements are outlined.

Exclusion by staff

AMFIU is responsible for this barrier. The main activities carried out are a tailored training for credit officers and sensitisation of MFIs' top managers. In principle, AMFIU aims at influencing its entire membership comprising of over 80 MFIs but the pilot project targeted six of the top 15 MFIs in Uganda. In each targeted MFI, efforts are first put into sensitising the top management. The assumption at design was that real changes can only be expected in those MFIs where the top management actively support the idea and experience so far has confirmed this. Besides the CEOs, the operational and marketing managers have been instrumental in continually keeping the issue of being inclusive on their institutions

1. Community Based Rehabilitation (CBR) is a comprehensive strategy that aims to foster rehabilitation, equal opportunities and social inclusion of all people with disabilities, their families and communities, as well as the appropriate health, education and social services. It is an international strategy promoted and developed by ILO, WHO and UNESCO and implemented by national governments. NAD has supported the Ugandan government in implementing the strategy. More about CBR in the guidelines (ILO/WHO, forthcoming).

agenda. The branch managers must actively "push" the idea of inclusion to their credit officers. This can, and has been done in management letters, articles in newsletters, staff meetings etc.

During 2006 and 2007, a total of 502 staff in 49 branches was trained. The training normally took place early in the morning in the branches of the MFI for about one and a half hours. This was important since the job of a credit officer is very demanding and time is a limited resource. The content of the training covers four areas:

Flavia (AMFIU) conductind a sensitisation session with staff of FINCA Mbale branch

¤ Definition of disability and its causes, and the mechanisms hindering the inclusion of persons with disabilities

¤ The market opportunity the MFIs are missing and the role MFIs can play in being more pro-active in their inclusion efforts. The emphasis is that this is a win-win situation.

¤ How to deal with the disabled where it is indicated that the approach should not differ from that of non- disabled customers. The screening efforts as well as the enforcement of repayments should be the same. What's important to analyse is the person and his or her willingness and capacity to repay a loan. This requires the ability to look behind the disability.

¤ Dos and Don'ts, a list of which is provided.
  * Major don'ts
  * Don't develop special credit products
  * Don't give special conditions
  * Don't install measuring systems to count the number of PWDs served.
  * Don't get disappointed too soon

¤ Major dos
  * Identify existing PWD clients. Learn from them and use them in promotional efforts and in reaching out to new clients.
  * Join efforts with local disability organizations
  * Look up potential clients. Don't expect them to first come to you.
  * Promote savings for all and credit for those who can repay
  * Take a chance or two or three. Learning by doing is the best way of learning how to better include PWDs
  * Improve the physical accessibility of the premises

In addition to the training in the branch offices and the sensitisation of top managers, AMFIU actively disseminates the information on the project and the idea of inclusion through training, meetings and regular contact with its members. Articles have been placed in the local Microbanking Journal.

Exclusion stemming from low self esteem

NUDIPU is the responsible to work on this barrier. The main activities carried out include a tailored training for entrepreneurial persons with disabilities and sensitisation of DPOs. The training workshop to the PWDs comprises three main parts of Business, Microfinance and Savings as follows.


George Mukasa (L) at a PWD workshop in Kanyum, Kumi district.

¤ The business aspects of the training
- * What it takes to start up a business and stresses self confidence as a main ingredient,
- * The need and importance of building networks starting from their own communities since majority of the people in their locality know them and
- * The essential elements necessary to make a business successful (product, market, costs etc.)-

¤ The microfinance aspects include;
- * The composition of the financial sector in Uganda,
- * Services that MFIs have to offer,
- * Requirements for one to qualify for these services,
- * The benefits of having membership in a MFI,
- * The common dangers associated with microfinance (indebtedness and potential costs of services) and
- * How persons with disabilities could approach MFIs if interested in their services.

¤ The savings part includes
- * The various forms of savings that people can engage in like participation in savings and credit groups, ROSCAs, opening up a savings account etc.
- * How to start and develop the culture of savings and the benefits that come with savings.
- * The importance of starting small businesses based on savings rather than largely relying on borrowed funds which can be a considerable risk.

The training programmes are organised as follows:

¤ Participants are mobilized at sub county level by NUDIPU's District Union officials or by the public community rehabilitation officers.

¤ In principle only those persons with disabilities who are active in some forms of businesses are invited to the workshops although this has been difficult to enforce since the audience is not used to strict screening of participants.

¤ To minimize costs, the workshop is one day only and attracts an audience of 30 to 50 participants.

¤ The main facilitator is NUDIPU's project officer, but also local role models as well as MFI officials are brought in to give vivid examples from the local setting.

¤ A training evaluation form is distributed at the close of the workshop to enable a constant improvement of the training and to better understand the background of the participants and their needs.

During 2006 and 2007 a total of 1603 persons participated in the workshops. A considerable part of these, maybe around one third, are not actively involved in businesses. 474 of the participants have filled the evaluation form. On average, those filling the form are estimated to be slightly better off than the other participants. Table:1 below shows the business earnings of people with disabilites by type of disability and their relationship with financial services.

Table 1: Monthly Business Earnings of participants

As indicated in the table above, only around 5 per cent of those handing in the evaluation forms have no earnings and around one third earns above 222 dollars per month. This should indicate that a considerable part of the persons with disabilities

Disability		Business earnings Monthly US$. Exchange rate Ksh-US$ 1:1800		Relationship with MFIs, banks, SACCOs etc.	
Physical	293	Above 444	27	Members with ROSCAs	178
Other	181	333 - 444	41	Having Savings Account	150
		222 - 332	80	Servicing Loan	79
		111 – 221	122	No financial relationships	67
		Below 111	180		
		No earnings	24		
Total	**474**	**Total**	**474**	**Total**	**474**

is an interesting market opportunity for MFIs. However, only 16.7% are servicing a loan. The preferred financial system is the ROSCAs perhaps because of their informal nature. More than 60% of the participants have a physical disability, while the rest have a mental impairment, are blind or deaf or are caretakers.

The assumption in the project is that self-esteem is needed to have success in business and to obtain credit. However, there is also an inverse effect or accessing credit as expressed by Shahidul Haque (www.sarpv.org)

> *"Credit is acceptance, hope, honour and confidence. It is not easy, rather much harder to attain acceptability, honour, trust and confidence from someone's counterpart. Someone has to be committed to achieve those. Credibility and credit go together. Credibility is the only factor to get credit. So, it goes to those who have credibility, who deserves it, who can possess it and above all who can uphold it".*

The idea that access to microfinance services can help build self-esteem has not been much elaborated in this project, but should be a subject for future project and research efforts.

Exclusion by other members

To reduce the exclusion by other members, it is generally recommended that the MFIs offer individual and not group services to persons with disabilities. It is also recommended that the credit officers sensitize their credit groups.. However, any type of imposing disabled persons into the groups should be avoided as this may hamper the self selection nature of credit groups and thus endanger the performance of the groups.

The societal challenge related to the general discrimination of persons with disabilities is a Gordian knot, and the project's contribution to untie it is limited. However, the project considers it important to make the society in general aware of the problem of exclusion as well as the possibility of inclusion. Thus, some efforts have been invested in disseminating the project in Radio and TV talk shows, a total of 700 minutes and 90 minutes respectively during 2006 and 2007. Besides, lobbying efforts are carried out with government officials.

The disseminating efforts serve as marketing for the MFIs and it opens up new opportunities for the project and its call. For example NUDIPU has during 2007 recorded 45 inquires about the project whereof several SACCOs have been informed about how to better include disabled members. AMFIU has recorded a similar number of inquiries on similar topics.

Exclusion by design

Inappropriate design of credit and savings products is a major challenge in the microfinance industry. Repayment schedules are not aligned with the type of business, loan amounts don't fit the investment need, some clients feel they waste a lot of time in groups while others would like more time in their groups, and minimum balances in savings accounts are often too high as are often the cost of maintaining an account. These are just a few examples of the thousands of complaints. To address the situation, MFIs increasingly invest in product development efforts, and several have argued the need for special products for persons with disabilities. According to the project this would be a mistaken conclusion. Persons with disabilities are not a homogenous group. Their businesses and their disabilities differ. Besides, the development and maintenance of special products will seldom turn out to be cost efficient for the MFI. The project therefore highlights that inclusion requires

- No development of special credit products
- No special conditions to PWDs
- No instalment of measuring systems to count the number of PWDs served.

Being clear in indicating that MFIs can be inclusive without jeopardizing their business model and without developing expensive products and systems has made it easier to gain MFIs' attention.

Even if the project argues that no special products are needed it doesn't mean that MFIs shouldn't invest in developing products more aligned with the needs of vulnerable groups. The project has tried to argue that PWDs can be used as a benchmark to indicate whether an MFI is inclusive in practice and whether its products are aligned with the needs of vulnerable groups. It is also propose that, if an MFI is able to design their services in such a manner that they are disability friendly, then the service will also be friendly to most other potential clients. Hence, learning to serve the disability market segment can enable an MFI to serve most other vulnerable market segments as well. However, in practice no MFI has actively made used of disabled clients and their knowledge to improve the design of the products or the quality of customer services.

Exclusion because of physical and informational barriers

Few efforts in the project address the situation of exclusion because of physical and informational barriers. However, by simply putting the issue on the agenda, some MFIs have on their own started constructing ramps, and new branches

Exclusion mechanism	Relative importance as experienced in the project	Major activities in the project to reduce the barriers
Exclusion stemming from low self esteem	Very high	Training of entrepreneurial persons with disabilities on the aspects of business, microfinance and savings. Bridge-building between disability and microfinance 'communities' and active use of role models
Exclusion by other members	High/Moderate	Lobbying efforts in the government etc. Radio and TV talk shows
Exclusion by staff	High	Training of MFI-staff, particularly credit officers and sensitisation of MFI top management Bridge-building between disability and microfinance 'communities' and active use of role models
Exclusion by design	High/Moderate	Promoting the idea of <u>not</u> developing special products for disabled clients, but to involve persons with disability in the design of new products tailored for the needs of vulnerable groups.
Exclusion because of physical and informational barriers	High/Moderate	Motivating MFIs to on their own make their premises more accessible and to carry out outreach efforts in the disability communities. Lobbying towards MFIs, donors and authorities to make sure that all new branches are made accessible

are increasingly made accessible by wheelchairs. Also the outreach efforts and the partnering with DPOs have made information available to new groups. In the trainings carried out by NUDIPU, interpretation into sign language is sometimes provided, but still no information is translated into Braille and not much effort has been made to enable the MFIs to communicate better with the deaf or the blind.

The limited efforts in addressing more actively the physical and informational barriers is partly a conscious decision. From initiation, the main message from the project has been to start with what's easiest. Thus, those who are already in business are able to understand the information and enter into the premises as is, are the main target group. Others will have to follow later. There have been discussions in the project on whether to include a scheme of incentives to the MFIs to take on more active outreach efforts. But the results so far indicate that incentives are not necessarily what it takes to get the MFIs' attention. Several MFIs have on their own started to accommodate their branches. Besides, working with the central bank as well as the government and donor programs to assure that regulations and donor conditions take into account the needs of the disabled is increasingly becoming important.

<u>The exclusion mechanisms summarized</u>

The following table summarizes the exclusion mechanisms, their relative importance and the major activities carried out in the project to reduce the barriers.

3.3 Project results

The project does not, as mentioned, impose installing systems in the MFIs to measure the number of disabled clients served. This would have been an impossible task since disability is often not easily defined or measured. Besides, counting the number of disabled clients is not part of an MFI's core business and it would therefore not have been a sign of real inclusion and mainstreaming. It would also have been difficult to defend the cost benefit of counting as the vast majority of clients will continue being non disabled.

Since counting the number of PWDs served could have been counterproductive the project has searched for alternative measurements to document the project's results. Active collection of qualitative data and success stories, and the monitoring of a selected number of MFI branches have become important alternatives.

The following story is one out of more than 100 collected by the project:
"The training gave me the motivation to join the women's SACCO in our village but getting a group to identify with was a huddle since everybody was afraid of me because of my disability and also given the fact that my husband too was disabled. Getting my first loan took another twist since many people doubted my capacity to manage it; they thought I was a bigger risk to them since also the able bodied were failing to make timely repayments. I was subjected to a 15% extra savings on top of the mandatory 30% needed to qualify for a loan. I paid back the loan in a shorter period which caused many women to realize that I was even better than most of them. I borrowed a second loan and this I used to expand my business to include food stuffs, charcoal and firewood which bring more regular income. My savings in the SACCO have increased to Ush.280, 000/= and members have trusted and appointed me to advise our loan committee. Now I no longer have to wait for my husband to provide for our family needs alone, but we contribute together and our children go to good schools. People respect me because now I use my own money to get what I want. Parents have started sending their daughters to me to be trained in knitting and tailoring because they believe I am a good example to women." Mother to five from Mbarara district.

The story above illustrates that it is possible for disabled persons to access mainstream microfinance services and to benefit from them. Information collected from the MFIs also indicates that it is possible to change the staff's attitude as the following examples illustrate:

- *"This has been an eye opener"* (participant in MFI training)
- *"We thank you for showing us this potential market of customers"* (participant in MFI training).
- *"The attitude of the staff has improved, it is positive and the number of PWD customers being served is growing." (*Branch manager reports some time after the training).
- *"The training has made me and my staff include disability issues in our plans […] we advised head office to construct a wheel ramp during the renovation of the banking hall and it was done." (*Branch manager reports some time after the training).

In some selected branches of the participating MFIs, the managers have been asked to identify the number of disabled clients served before sensitisation started (December 2005) and the number of disabled served today (December 2007). All together eight branches from the MFIs Pearl Microfinance, Uganda Finance Trust, Uganda Microfinance Limited and FINCA have been selected. Table 2 provides the results.

Table 2: Changes in Number of PWDs accessing financial services from branches

First we observe in the table above that all the MFIs have been serving PWD clients also before the start-up of the project. Thus, the situation is not "all black" as some observers tend to describe. The second and most important impression

Branch	Location	Number of PWD customers December 2005	Total number of PWD customers December 2007	% increase in PWD customers during the period
Branch 1	Kayunga	6	19	217 %
Branch 2	Kumi	18	30	67 %
Branch 3	Tororo	30	50	67 %
Branch 4	Busia	3	7	133 %
Branch 5	Entebbe	4	12	200 %
Branch 6	Tororo	8	18	125 %
Branch 7	Busia	2	9	350 %
Branch 8	Iganga	14	22	57 %
Totals		**85**	**167**	96 %

is the considerable increase in number of disabled clients served. An increase in 96%, or 82 clients with the few efforts invested indicates that the project has found a cost effective way of increasing the outreach of mainstream microfinance services to the disabled population. We also observe that there is a considerable difference between the different branches, with percentage increase varying from 57 to 350 per cent. This difference probably indicates that local efforts can considerably influence the results.

All together the project has trained staff coming from more than 49 different MFI-branches. If the eighth branches selected are representative for all the branches trained, the project may have contributed to reach out to 500 new clients. However, even if the results are positive, the situation is not as promising as the first impression might indicate. During the last two years the MFIs have grown their customer base considerably. Table 3 indicates the relative change in disabled clients served.

Table 3: Percentage of new customers with Disabilities

Note that the project does not distinguish between savings and credit clients, both are considered equally important. However, the MFIs indicate that relatively speaking they serve more disabled clients with savings than with loans.

Branch	Location	Total number of customers Dec 2005	Percentage PWD customers December 2005	Total number of new customers in the period	% of new customers that are PWD	% of total customers that are PWDs December 2007
Branch 1	Kayunga	708	0,85 %	965	1.3%	1.1%
Branch 2	Kumi	n/a	n/a	n/a	n/a	n/a
Branch 3	Tororo	905	3,31 %	737	2.7%	3.0%
Branch 4	Busia	n/a	n/a	n/a	n/a	n/a
Branch 5	Entebbe	2710	0,15 %	1575	0.5%	0.3%
Branch 6	Tororo	2932	0,27 %	2136	0.5%	0.4%
Branch 7	Busia	3278	0,06 %	1562	0.4%	0.2%
Branch 8	Iganga	2585	0,54 %	996	0.8%	0.6%
Totals		**13118**	**0,65 %**	**7971**	**1.0%**	**0.8%**

Table 3 above indicates that before the sensitisation 6,5 out of 1000 clients where disabled. After the sensitisation 10 out of 1000 new clients are disabled, representing a 50 per cent increase in the intake of disabled clients. Thus, of the nearly 100% increase reported in table xxx half seems to be natural growth while the other half may stem from the project's efforts. Interesting to note is the considerable difference between the percentage of disabled clients served in each branch, varying from 0,2% to 3 per cent as of December 2007. Branch 3 in Tororo is very interesting since as many as 3% of its clients are disabled, yet at the same time Tororo has not been able to further increase its outreach. What originated the considerable penetration in Branch 3 in Tororo remains unanswered. Moreover, whether the lack of increase in this branch indicates that well informed and sustainable MFIs will end up having around 3 per cent disabled clients is an issue for further studies. But for the time being aiming for 3 per cent disabled clients in a MFI seems realistic, and would mean an enormous step forward in mainstreaming entrepreneurial persons with disabilities into MFIs. 3 per cent natural market potential for MFIs should also be enough for them to consider this as an important market opportunity for them. However, the 3 per cent also sends a message to the disability community that more than 2/3 of the world's disabled population is not an immediate target for mainstream microfinance services. Sustainable MFIs struggle in reaching the poorest strata of the population, thus, for the less entrepreneurial, poorer or more severely disability affected persons other interventional efforts are needed.

Besides the results reported in table 1 and 2 several MFIs have also indicated that they are installing wheelchair ramps. No statistics are kept, but probably more than a dozen MFI-branches have now been equipped with wheelchair ramps, and MFI managers indicate that this will continue to be a prioritized area.

Recently Uganda Microfinance Limited (UML) has indicated that they are about to launch a special savings product for disabled customers. As indicated before the project does not advocate special products, but the willingness to design a new product as well as its features indicates that UML is taking the disability segment more and more serious. According to UML this will be the only savings account where there will be absolutely no fees in opening or maintaining the account, and the interest will be 8% p.a. which is more than double that of a regular savings account. Time will demonstrate whether UML will experience success in this new effort, and whether designing a special product results effective in terms of outreach and efficient in terms of costs-benefits.

A PWD succesful entrepreneur at his retail outlet.

Project costs

The cost of the project is low. The total on site costs in Uganda for the two year period 2006 and 2007 to NUDIPU and AMFIU is around US$ 100,000. Since the project piggybacks on well functioning organization,s the money needed is basically only for personal costs for the two project officers and logistical costs related to the trainings. Also some overhead costs are covered within the project. In addition to the on site costs NAD has covered costs related to the action research taking place in the project, and in the future the plan is to further invest in disseminating the design and the results of the project to new stakeholders in other countries.

Section 4: Lessons learned and recommendations

The following are ten most important lessons learned, according to the project's staff:

1. Barriers hindering the mainstreaming of entrepreneurial active disabled persons into MFIs can be addressed and gradually removed.
2. The most important barriers to address are exclusion because of low self esteem and exclusion by MFI-staff including its management.
3. The target audience listens better when the message of inclusion comes from an insider. AMFIU and NUDIPU have demonstrated their ability to reach out with the intended message to the microfinance and disability communities, respectively.
4. Coupling a microfinance insider (AMFIU) with a disability insider (NUDIPU) has reinforced the efforts and the synergy between the two has been considerable.
5. The flexible project design in combination with the action research efforts have been important to identify, monitor and constantly improve the interventional efforts.
6. Efforts to better mainstream disabled persons into MFIs don't have to be costly and incentives besides providing information and motivation are often not needed.
7. Special products or conditions for disabled clients will normally not result cost efficient. Persons with disabilities can make use of existing MFI-products. However, MFIs need to develop products more aligned with vulnerable groups' needs, and in doing so disabled clients may serve as interesting benchmarks.
8. Disabled persons with psychical handicaps stand out as the easiest group to reach compared to the deaf and the blind.
9. Nearly all the disabled entrepreneurs identified in the project indicate that they learned the entrepreneurial spirit from their parents, especially their mothers. This indicates the importance of working with parents of disabled children, an issue still not much addressed in this project.
10. Nearly all disabled clients identified in the project indicate that they receive help from family members (children and spouses) in operating their businesses and often also in their relationship with the MFIs. This is typical for micro-entrepreneurs in general, but the tendency is probably even stronger among PWD-entrepreneurs and requires that MFIs in their screening and monitoring efforts take on a broader look.

Section 5: Remaining questions

The results from the pilot project are promising. However, several questions remain unanswered. To stimulate further research effort the following list of questions is provided.

- First; what are the most effective interventions? Is it the training of the MFIs or is it the training of the persons with disabilities? Could other interventions have brought along even better results? Is the dosage of the trainings appropriate? Should the trainings be repeated? For how long should the project continue to influence the same branches and the same MFIs? And will the MFIs continue to increase their outreach to disabled clients without continued efforts from the project?

- Second; what is the "natural" percentage of disabled clients in a MFI portfolio? Is the 3% proposed a natural ceiling, or can this be further increased? Can those MFIs directing special marketing efforts dominate this segment and experience a two-digit slice of its portfolio being in the disability segment? Would such a portfolio be more or less risky compared to other portfolios? And are disabled clients more loyal compared to others?
- Third; does the serving of disabled clients help MFIs to be more sensitive in general? Are the MFIs serving relatively more disabled clients also those that serve better other vulnerable groups? Can learning to become disability sensitive also serve as a lesson to become more poverty sensitive in general? And is the serving of disabled clients a good benchmark to indicate whether a MFI is poverty sensitive?
- Forth; can the lessons learned in Uganda be brought to other countries? Does it require well established and reputed partners like AMFIU and NUDIPU to "sell in" the message?
- Fifth; would the inclusion of more incentives in the project design have brought along better long term results, or may it be that the no inclusion of incentives is what it takes to make the disability segment a natural part of an MFI's business?
- Sixth; how big is actually the disability segment and which part of this segment is actually a market opportunity for MFIs? What about the most vulnerable part of the disabled? What type of projects and interventions do they need? Would tailored savings and credit groups be an option (Mersland and Eggen, 2007)?
- Seven; How can access to credit and the accumulation of savings be used to enhance self-esteem among disabled persons? Does it matter who provides the credit and how the credit is structured? If a donor partly guarantees the repayment of a credit, will such a guarantee affect the enhancement of self-esteem? And would a donor-gurarantee need to be structured to avoid hampering the MFI's incentive to screen and monitor the clients and enforce their repayments?

Conclusions

This article reports from a project in Uganda where the aim is to mainstream into MFIs entrepreneurial persons with disability. Based on Simanowitz's (2001) theoretical framework of exclusion mechanisms the barriers hindering the inclusion of disabled persons into MFIs are identified, and the interventions taken on in the project to reduce the barriers are described. Without special incentives to MFIs, special conditions for persons with disabilities, or special product design the project has been able to increase in the number of persons with disability served by MFIs. Thus, the project is cost efficient and promising and the lessons learned are probably useful in other contexts also. However, the issue of increased inclusion of disabled people into mainstream microfinance is a Gordian Knot that requires time to untie. This calls for long-term interventions. Besides, increased research efforts are needed to better understand how disabled persons can be mainstreamed into MFIs in an effective and efficient manner.

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About the authors:

Flavia Nakabuye Bwire is the Project Officer of the Association of Microfinance Institutions of Uganda (AMFIU). She is responsible for lobying Institutions to actively target Persons With Disabilities into their mainstream services. She has a 9-year experience in Microfinance Operations.

flavia@amfiu.org.ug,
flaviabwire@gmail.com

George Mukasa is the Microfinance Officer at National Union of Disabled Persons of Uganda (NUDIPU). He conducts trainings targeting disabled entrepreneurs; empowering them with business skills and giving insight into operations of Microfinance Institutions.

gmmukasa@yahoo.com

Corresponding author Roy Mersland is an experienced Microfinance Consultant and a Research Fellow at Agder University Norway.

roy.mersland@uia.no

AMFIU

Contact Us @

ASSOCIATION OF MICROFINANCE INSTITUTIONS OF UGANDA

Plot 960/ 961, Entebbe Road
Millenium Chambers
1st Floor, Najjanankumbi
P. O. Box 26056 Kampala - Uganda
Tel: +256 (0) 414 259176
Fax: +256 (0) 414 254420
Email: amfiu@amfiu.org.ug
Web: www.amfiu.org.ug

Designed and Printed by
+256 712 965315,
+256 702 JIREH 4
JIREH group