Microentrepreneurship Impacts in East Africa

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Abstract: This paper introduces the economic development strategy in Africa of training poor microentrepreneurs in small business skills, enabling them to start microenterprises, and providing microloans to grow their income-generating projects in the informal economy. The focus is on the work of a large, global NGO and its work in the countries of Uganda and Tanzania. Four types of clientele totaling 409 microentrepreneurs are studied from field research conducted during summer 2002. The methodology for this approach is described, and several results are assessed in demonstrating the impacts of microcredit in poor families.

Introduction

Article: In much of the Third World, contrary to popular belief, economic conditions have been getting worse over recent decades. Today some 1.2 billion people suffer from chronic poverty, trying to subsist on less than $365 per year, which works out to only $7 a week (Daley-Harris, 2002). Glancing back at the past four decades, one sees that during 40 years the wealthiest 20 percent of the world consumed some 70 percent of all income. By the beginning of the 21st Century, that share had mushroomed further to over 80 percent. Simultaneously, the poorest 20 percent of the world's population saw decreases in their meager share, from 2.3 percent of all wealth as it dissipated to a mere 1.4 percent (Brown, 2000). Among females in the Third World, absolute poverty has grown by 50 percent in the past two decades (UNIFEM, 2001).

Unemployment is a major aspect of poverty creation, but underemployment is perhaps equally significant. It refers to the condition in which people do not hold jobs equivalent to their abilities and training. In the Philippines, for instance, it is widely known that although many people are literate and well-educated, good jobs are hard to find, resulting in underemployment well above 50 percent during recent years.

Projections for the future of the world's poor suggest that poverty may only worsen in the coming decades. For example, an International Labor Organization (ILO) study predicts that during the next quarter of a century, 1.5 billion new jobs will be needed to provide incomes for the growing global population. It assumes that if present rates continue, there will be some 3.6 billion working-age people on the face of the earth, and that possibly a third of them will be unemployed (ILO, 1990). Is it really feasible to create 40-50 million new jobs annually in the coming decades? Not if history is an indicator. Over the last three decades, the world's workforce increased by nearly a billion people needing work. But tens of millions did not obtain jobs. To make matters worse, only ten percent of future jobs will arise from the industrialized nations, meaning that 90 percent will be needed for the Least Developed Nations (LDCs)—in other words, for the Third World where population is growing, but poverty is booming.

Formal vs. Informal Economies

Traditionally, social scientists have conceptually divided a society's economic activities into the formal sector, such as labor at a factory or work as a government employee in an office, or the informal—survival on the street as a vendor or provider of services.

Informal or underground economy workers are essentially considered to be problems themselves by some experts. These are small, clandestine, unregistered individuals or family-based economic activity that do not produce taxes to the state. Typically, such people can be observed in Third World cities living in shanty towns, or functioning as street vendors. Often marginalized, they subsist by "hustling" or sweat equity, making up for the shortcomings of formal jobs such as factory employment or government positions. While the informal economy has often been viewed by traditional economists as a minor phenomenon, or a temporary reaction to natural or financial disasters, reality suggests the opposite. The Third World informal economy is growing. It is here to stay and makes up a significant percent of many LDC cultures (Sanyal, 1991; de Soto, 1989).

Microentrepreneurship

Models for Third World economic development in the past have tended to consist of large-scale, top-down approaches like the Green Revolution through which huge multinational agribusinesses attempted to overcome world hunger with John Deere tractors and Monsanto seeds. Today, there are new, small, grassroots methods like microcredit as alternatives for fighting poverty from below.

One new tool, microentrepreneurship, is beginning to yield results. Such a strategy consists of developing technical assistance centers that aid poor microentrepreneurs, often with training and consulting to create self-employment and income-generating activities. They bootstrap themselves, essentially creating their own jobs. Most of this type of work requires one's own sweat and equity, perhaps including that of one's family. It is a bottom-up method for building an income and becoming self-reliant, enjoying considerable success in certain countries as a new, innovative path to earning a living and caring for one's own. Often, training is provided, along with access to capital (microcredit) so that the small entrepreneur is able to acquire raw materials, equipment, or whatever else is needed in order to grow the business.

Microcredit may be classified as small-scale loans of $30 to $100 that are accessible to the very poor, primarily in the Third World. With even a small amount of such capital, micro -enterprises may be started, or perhaps expanded. In the mid 1990s, the World Bank conducted an analysis of microfinance schemes, finding that there were in excess of nine hundred institutions in 101 nations that offer microcredit to the poor (Paxton, 1995). The organizations studied had been in existence at least three years and each had over a thousand clients. They included banks, credit unions and numerous Nongovernmental Organizations (NGOs). Today there are perhaps thousands more of newer, smaller such programs not included in the bank's analysis. But a sample of 206 of the 900 institutions studied in 1995 enjoyed an aggregate loan portfolio of almost $7 billion, totaling over 14 million small loans to poor people and their tiny enterprises. Approximately 53 percent of loan recipients resided in rural regions around the globe. By extending microfinance capital to the poorest of the poor, millions of new jobs have been created among those languishing in extreme circumstances, thereby empowering individuals and families to gain a greater degree of control over their destinies in the move toward sustainability.

Early in 1997 the first world-wide Microcredit Summit was held in Washington, D.C. to launch an ambitious plan for empowering a hundred million of the world's poorest families through microloans and job creation. Twenty-seven heads of state and thousands of NGO representatives participated in this global organizing effort. The method advocated at the summit for obtaining credit is referred to as Grameen, or “village banking,” and was pioneered by a creative economist, Muhammad Yunus, in Bangladesh (Woodworth, 1997). The typical operations of such programs are quite simple: The NGO essentially offers small or “micro” loans to each of five to ten villagers at market interest rates. They need no collateral, nor are they required to have a strong credit history. Instead, the borrowers as a group are jointly liable for paying off both the interest and principal. Social pressure and trust thus become powerful incentives for assuming one's own financial responsibility and personal accountability. The payback rates range from 94 percent to 100 percent. In 2002, the Microcredit Summit + 5 conference was held to assess progress since 1997. It was reported that there are currently some 5,225 NGOs providing microloans to over 50 million poor borrowers and their families (Microcredit Summit, 2002). With the above introduction to microfinance schemes, we now turn to the African context for analyzing their impacts.

Struggles in Africa

Africa is to many observers, including the writers of a cover story in *The Economist*, “the hopeless continent” (2000). Today, some 45 percent of African families struggle below their country’s poverty line. Past centuries of European colonialism enslaved millions of natives and stripped Africa of its rich mineral deposits, crops and farms. In more recent years, the world has witnessed the evils of apartheid South Africa, genocide tribalism in Rwanda, drought and starvation in Ethiopia, the collapse of Somalia into battles of conflicting war lords and their thugs, and the pullout of U.N. peacekeepers from Sienna Leone as brutalization has grown.

In Zimbabwe, the state-sponsored takeover of productive, white-owned farms has plunged the nation into poverty and famine. The Congo is wracked by civil war and murder. Mali, while a West African region of relative peace, is consistently among the ten poorest countries on earth, and it has been afflicted with 18 years of drought and desertification as the Sahara moves southward. Yet, Mozambique in recent years has suffered huge flooding, wiping out half of its arable land.

Another extremely devastating form of suffering in past decades was the dictatorial powers of so-called "Big Men," leaders who have extracted billions of dollars from their poor African nations, while oppressing all attempts to build democratic movements. Idi Amin in Uganda, Robert Mugabe in Zimbabwe, Charles Taylor in Liberia, and Mobutu Sese Seko of Zaire all crushed opposition political parties while they ravished their national wealth. Looting, rape, and brutality in the form of troops and police decimated whole countries. Even so-called democratic governments like those of Zambia and Kenya are essentially corrupt. While outside aid flows in, top leaders live lives of conspicuous consumption and growing Swiss bank accounts. Even the once stable countries of Nigeria and the Ivory Coast are currently caught up in religious wars and/or rebel uprisings.

The problems of poor health and rising plagues like HIV-AIDS exacerbate economic well-being. Zambia, for instance, had a life expectancy in 1980 of 52 years. According to the World Health Organization (WHO), it has now dropped to a low on average of only 30 years (World Bank, 2000). Currently in some parts of Africa, 15-25 percent of the populations suffers from AIDS. According to the SEEP Network, some 35 million people around the world live with the virus, and millions of children in Africa are orphaned by its devastating toll (2001). All of the above elements combine in painting a grim picture of suffering in a bare economic existence. A two-year-old World Bank study concludes that today a mere 15 percent of today's Africans enjoy "an environment considered minimally adequate for sustainable growth and development" (Collier, 2000).

Just how to solve Africa's problems is of course a matter of much debate. President Joaquim Chissano (2002) of Mozambique argued last year that, "There is a compelling moral as well as economic imperative to reduce such high levels of human suffering." He called for a "new model (that) would actively engage African countries and various nongovernmental organization in both the

U.S. and Africa in the development and implementation of new initiatives….” Also, in September 2002, the Johannesburg Summit was held in South Africa, organized to concentrate on poverty eradication (Johannesburg, 2002). Speakers criticized the rich, northern countries for their policies that keep out goods which LDCs attempt to export to Europe. Others attacked investors, multinational firms, and economic planners, as well as the recently formed New Partnership for Africa’s Development (NEPAD) which advocates export-led poverty reduction.

Instead, many advocated looking to the poor themselves and recognizing their roles as actors who shape their own destitute lives. Thus, there were calls for power for the poor, many of whom are now constrained by a lack of rights. And advocates pleaded for capital to be put in the hands of the poor so that they may develop new livelihood projects and microenterprises. It was hoped that grassroots strategies like microfinance will reduce the global divide between rich and poor so that underdevelopment is transformed into more equitable, sustainable form of development.

Among Africa’s 48 nations, our research focuses on the two East African states of Uganda and Tanzania. In the case of Uganda, government policies have led to improved quality of life for millions of people. By 1999 some 85 percent of children were attending school, up from 60 percent a decade earlier. With respect to health, the country’s first ever Health Sector Strategic Plan was created in 2000 with nearly a billion dollar budget. Uganda sees eradication of poverty as essential to eliminating AIDS fatalities. The percent of HIV carriers has declined from 26 percent among pregnant mothers in 1992 to only 9 percent in 2000. Yet some 56 percent of rural people still lack access to health services.

With respect to economic conditions, Uganda is also realizing considerable progress. Two decades of Structural Adjustment Programs (SAPs) have led to the privatization of a hundred of 137 state-owned corporations. However, foreign firms bought those with the greatest value, 75 percent compared to only 16 percent for Ugandan owners. So the financial benefits of free market economics in this case have mostly flowed to rich foreigners, not local communities (Uganda Debt Network, 2000).

Getting a job is a major challenge in Uganda today. There are some 340,000 new job seekers annually in the country, yet foreign-owned firms in the formal economy only need about 6,000 positions filled each year (Uganda Investment, 2001). The result is growing unemployment, especially in the informal sector. While the number of those who are officially poor dropped from 56 percent in 1992 to 44 recently, poverty among those who are unemployed or underemployed has risen to 62 percent (Uganda Investment, 2001). Government officials hope to reduce absolute poverty, defined as living on one dollar a day, to only ten percent by 2017 (Ministry of Finance, 2000). Much of this future effort will focus on rural regions of Uganda, and it will emphasize the economic development of women. Microentrepreneurship development and microloans may become a key factor in this strategy. But such efforts should be managed through NGOs, not the Ugandan government. The country's auditor general reports the loss of millions of dollars through corruption in various departments, totaling perhaps as much as half of all funds channeled to fighting poverty (Uganda Debt Network, 2000). The organization, Transparency International, ranked Uganda as the twelfth most corrupt nation in the world.

In the case of Tanzania, economic development is also very troubling. The country is the seventh poorest nation on the planet. Approximately half of the population live below the official poverty line, and 36 percent of these are in acute poverty (UNDP, 1999). Other correlates of being poor are also painful. In the early 1990s, literacy was estimated to be about 90 percent, but today it is only 68 percent because of diminishing funds (Planning Commission, 2000). Access to clean water in Tanzania, another sign of a healthy economy, is available at the doors of only 11 percent of the population. Some 38 percent of people have to walk an average of 15 minutes to obtain water, and about 27 percent must walk at least half an hour.

According to the Health Statistical Abstract, Tanzania has only one doctor for every 23,188 people. Thus, while life expectancy is rising in other parts of the world to an average of 77 years, in Tanzania it is only 50 years. Infant mortality is a horrific 96 of every 1,000 live births, compared to 7 per thousand in other developing nations. A survey in the country's three largest cities reports that over 70 percent of the population are squatters in the informal economy (United Republic of Tanzania, 2000).

A major factor in explaining why Tanzania is so poor relates to the IMF and World Bank's financing of a structural adjustment program for the nation over the past 15 years. According to the country's finance minister, 21 percent of Tanzania's $1.75 billion budget each fiscal year goes to service external debt. This amount is roughly equivalent to the total public expenditures for health, education, agriculture, and water supply (Tanzania, 2001). Thus, over the last decade and a half, basic human welfare indicators like housing, nutrition, infant mortality, and literacy have all declined. More shockingly, per capita income is no higher now than it was in 1960!

Hence, the need in both Uganda and Tanzania for new, bottom-up approaches to economic and social development, is increasingly clear. But do microentrepreneurs' lives improve with small loans and/or business training? This is the key question we sought to study.

Methodology: Assessment of Four Different Clients

Our research reports on field data collected in the summer of 2002. A large, global NGO we shall call "AfricaFinance" sent U.S. college student research interns out to assess the impacts of microcredit on poor families. The idea of our AfricaFinance poverty assessment project was to find out if microentrepreneurs, upon entering the microfinance institution and participating in microloans, would become less and less poor until they turned self-reliant enough to leave the institution. In addition, studies were conducted to measure poverty using data other than income. These experiments, dubbed "social metrics," will be explained later. In order to assess microcredit's impact on poverty, field researchers interviewed several categories of poor borrowers: New Clients, Current Clients, Ex-Clients, and Non-Clients. The Non-Clients also acted as a control group to compare against. The assumption was made that if microcredit had helped microentrepreneurs leave poverty, Non-Clients would be the poorest, followed by New Clients, then Current Clients, and finally by Ex-Clients who left after becoming more self-reliant.

Poverty Gages

The assessment effort used economic and social factors to determine poverty. Economic factors are by far the most commonly used in today's society to determine the level of penury. Traditionally, the first and foremost ranking of poverty is defined by how much a person earns daily--the Daily Per-Capita Income (DPCI). The United Nations has declared that those in "absolute" poverty are people who have a DPCI of less than $1 (USD) a day. The "universal" poverty line is classified as those who have a DPCI of $1 – $2 (USD) a day. Our assessment took into account all of the clients' income including remittances from abroad, savings, and expenditures. After extensive field-testing, it was found that female respondents tended to be more accurate in estimating household expenses than their household income. This is because they are more involved in daily expenditures for food, education, healthcare, and so on. These expenses are normally paid with income the respondent has earned herself, or which a male income-earner has given to her to spend on the needs of the family. Therefore, in order to better represent their income, AfricaFinance found it more useful to define and measure the DPCI of a poor household by its Daily Per-Capita Expenditure (DPCE). This is how much a person spends each day, and like the DPCI, absolute poverty would be determined by those persons who have a DPCE of less than $1 a day. The universal poverty line would be determined by those who have a DPCE of $1 – $2 a day.

Although poverty has been traditionally classified by economic factors, a more recent idea has surfaced among microfinance institutions to gage poverty. This gage is known as "social metrics." Social metrics measure the *social* impact of poverty. In our methodology, the social metric factors to be considered included: household size, school attendance, chronic illness or disability, single parent households, and natural disasters. These social factors and their effectiveness to gage poverty are explained later in the results section.

Selection of Communities and Clients

After arriving in a country, the field interns obtained a list of all microentrepreneurship groups by region which were over a year old and had completed at least three loan cycles. In AfricaFinance, a loan cycle is defined as a payback period of four months. The prerequisite of over a year of time was necessary to ensure the sampling of “Current” Clients. With this list of microentrepreneurship groups, the field researcher then calculated how many of eligible groups belonged to each region. If there were more than three regions, the interns restricted their visits to only three regions, the one in closest proximity to the central AfricaFinance headquarters, as well as the next two largest regions. Each intern developed a minimum visitation target of 12 groups. After picking the regions, the interns calculated the distribution of their visitation capacity in accordance with the percentages of eligible groups (those that had one or more years in existence) in the region. For example, if there were 100 eligible banks—60 in region A, 30 in region B, and 10 in region C—this would translate into visiting 7 groups in region A, 4 in region B, and one in region C. The groups in each region were then selected based on availability as to which groups actually had regularly scheduled meetings on the days the interns were visiting the regions.

After the individual groups were picked, the field interns accompanied AfricaFinance’s field credit officer to the groups’ meetings. There, they began interviewing 10-11 clients, of which 2 or 3 had to be New Clients. If there were more than the required quota of clients, the intern randomly selected the new and current clients.

After the interviews with the New and Current Clients were completed, the interns conducted a participatory mapping exercise with the microentrepreneurs, identifying the location of all persons interviewed. This was done to map out the group’s boundaries for Non-Client interviews. Near the end of the mapping exercise, the interns asked about Ex-Clients who had left the bank, preferably over a year before, and indicated their houses on the map. A Current Client usually was asked to accompany the intern to act as a host to the Ex-Client’s residence for interviewing.

When the Ex-Client interviews were completed, the interns began interviewing Non-Clients using their map as a reference to the group’s geographical area. The intern located and interviewed Ex-Clients who lived within the geographical boundaries of the group, preferably near the residences of the Current Clients of that same group. The total number of clients interviewed was 409 in our study.

Results of Economic Findings

After analyzing the data, we found that there was a relationship between the poverty level of those who participated in microloans for a year or more, and those who had just begun. In addition, there was a relationship between the economic status of those who participated in microloans, and those who had never participated in such loans, and also between those who had discontinued participating in microcredit. Those who participated in microloans earned more money per day, and were less poor, than those who did not. The following charts contain the findings taken from AfricaFinance's New, Current, Non- and Ex-clients.

AfricaFinance's New Clients (Less than a year)

Description	Uganda		Tanzania		Total	
Total New Clients interviewed	21		22		43	
Household DPCE of less than $1/day	19	90%	18	86%	37	86%
Household of DPCE of $1-1.99/ day	1	5%	4	14%	5	12%
Household of DPCE of $2-2.99/day	1	5%	0	0%	1	2%
Household of DPCE of $3-3.99/day	0	0%	0	0%	0	0%
Household of DPCE of $4-4.99/day	0	0%	0	0%	0	0%
Household of DPCE of $5 or more per day	0	0%	0	0%	0	0%
Median DPCE for all New Clients	$0.31		$0.39		$0.35	

AfricaFinance's Current Clients (More than a year)

Description	Uganda		Tanzania		Total	
Total Current Clients interviewed	86		79		165	
Household DPCE of less than $1/day	76	88%	41	52%	117	71%
Household of DPCE of $1-1.99/ day	9	11%	23	29%	32	19%
Household of DPCE of $2-2.99/day	1	1%	3	4%	4	2%
Household of DPCE of $3-3.99/day	0	0%	3	4%	3	2%
Household of DPCE of $4-4.99/day	0	0%	3	4%	3	2%
Household of DPCE of $5 or more per day	0	0%	6	8%	6	4%
Median DPCE for all Current Clients	$0.33		$0.39		$0.36	

AfricaFinance's Ex-Clients

Description	Uganda		Tanzania		Total	
Total Ex-Clients interviewed	22		19		41	
Household DPCE of less than $1/day	20	91%	17	90%	37	90%
Household of DPCE of $1-1.99/ day	2	9%	1	5%	3	7%
Household of DPCE of $2-2.99/day	0	0%	1	5%	1	2%
Household of DPCE of $3-3.99/day	0	0%	0	0%	0	0%
Household of DPCE of $4-4.99/day	0	0%	0	0%	0	0%
Household of DPCE of $5 or more per day	0	0%	0	0%	0	0%
Median DPCE for all Ex-Clients	$0.38		$0.32		$0.35	

AfricaFinance's Non-Clients

Description	Uganda		Tanzania		Total	
Total Non-Clients interviewed	81		79		160	
Household DPCE of less than $1/day	76	94%	74	94%	150	94%
Household of DPCE of $1-1.99/day	4	5%	4	5%	8	5%
Household of DPCE of $2-2.99/day	0	0%	1	1%	1	1%
Household of DPCE of $3-3.99/day	0	0%	0	0%	0	0%
Household of DPCE of $4-4.99/day	0	0%	0	0%	0	0%
Household of DPCE of $5 or more per day	1	1%	0	0%	1	1%
Median DPCE for all Non-Clients	$0.28		$0.35		$0.31	

As shown in the above charts, microentrepreneurs in Uganda and Tanzania who had just entered the microcredit program had an average income of $ .35 a day. Of these clients, 86 percent lived in absolute poverty of less than $1 a day, 12 percent lived in poverty of $1-1.99 a day, leaving 2 percent living on more than $2 a day. This is above the World Bank's so-called range of poverty. Comparing these figures to Current Clients showed that on average Current Clients lived on $ .36 a day, with 76 percent living on less than $1 a day. Some 19 percent were living on between $1-1.99 a day, and the rest were spread out between $2 and more than $5 a day. Thus, Current Clients who had participated in microcredit loans for at least a year were less poor than New Clients who had just entered the MFI.

When comparing Non-Clients to Current Clients, it was found that Current Clients were much better off economically than Non-Clients. Together, Non-Clients from Tanzania and Uganda, on average, earned $ .31 a day with 94 percent earning less than $1 a day, 5 percent between $1-1.99 day, and one percent from $2-2.99 a day. This helps answer the question whether microentrepreneurship, coupled with microloans, helps improve economically the way of life of impoverished people. Our data show that they are financially better off. But, when Non-clients were compared to New Clients, it was observed that Non-Clients were substantially more poor than New Clients. Thus, AFRICAFINANCE seems to be attracting New Clients who are poor, but not the poorest of the poor. This could mean a drift in AfricaFinance's policy targets.

When Ex-Clients were compared to Non-Clients, Current Clients, and New Clients, a few interesting items were observed. Ex-Clients from the countries of Tanzania and Uganda on average made $ .35 a day but 90 percent of them are earning less than $1 a day. Some 7 percent earn between $1-1.99, and 2 percent make between $2-2.99. Compared to Current Clients (using the DPCE), Ex-Clients were poorer; more of the Ex-Clients were found to be at the absolute poverty level of less than $1 a day. Initially, this would seem odd since one would think that upon leaving the MFI, the microentrepreneur would be more financially self-reliant, at least enough to continue in the same economic standing as Current Clients, or even increase in standing. This disparity could be due to members leaving the MFI because they could not actually make the loan payments, or to the fact that those who leave the MFI are not self-sufficient enough to make it on their own without extra capital; thus, they fall back into absolute poverty.

Results of Social Metric Findings

To supplement their economic findings on poverty, AfricaFinance included experimental social metric tools to gage poverty. Some of the criteria included the household size, the number of adult income earners, school attendance of the families' children, and other questions. Since these social metric tools were experimental, AfricaFinance did not use them to distinguish between different poverty levels among the four clientele groups. Nevertheless, mentioning them in these paper adds further light about how poverty may become gaged in the future. The following are the findings from the households which reported.

Household Size

Description	Uganda		Tanzania		Total	
Total Respondents	210		199		409	
Median Household Size	6		6		6	
Households of 7 members or more	98		63		161	
DPCE of $0-$.99	93	95%	61	97%	154	96%
DPCE of $1-$1.99	4	4%	1	2%	5	3%
DPCE of $2.00 or more	1	1%	1	2%	2	1%
Households of 6 members or less	29		42		71	
DPCE of $0-$.99	27	93%	36	86%	63	89%
DPCE of $1-$1.99	2	7%	6	14%	8	11%
DPCE of $2.00 or more	0	0%	0	0%	0	0%

The data collected above from Tanzania and Uganda show that, on average, 96 percent of those households who reported to have seven or more members fell into the absolute poverty category (less than $1 a day.) Of those households with six or less members families, 89 percent fell into the absolute poverty category. Thus, poverty was slightly greater with larger families.

Number of Adult Income Earners

Description	Uganda		Tanzania		Total	
Total Respondents	205		196		401	
Median Household Size	1		2		1.0	
1 Income earner	102		91		193	
DPCE of $0-$.99	95	93%	83	91%	178	92%
DPCE of $1-$1.99	6	6%	6	7%	12	6%
DPCE of $2.00 or more	1	1%	2	2%	3	2%
2 Income earners	82		102		184	
DPCE of $0-$.99	83	88%	90	92%	173	94%
DPCE of $1-$1.99	9	10%	7	7%	16	9%
DPCE of $2.00 or more	2	2%	1	1%	3	2%
3 or more income earners	9		7		16	
DPCE of $0-$.99	8	89%	6	86%	14	88%
DPCE of $1-$1.99	1	11%	1	14%	2	13%
DPCE of $2.00 or more	0	0%	0	%	0	0%

As shown above, of the One-Income-Earner category, 92 percent were in absolute poverty; in the Two-Income-Earner category, 94 percent were in absolute poverty, and 88 percent of those in the Three-Income-Earner category were in absolute poverty. Thus, there was basically no difference between the One and Two-Income-Earner categories, and there was only a slight difference between these first two categories and the Three-Income-Earner category.

School Attendance

Description	Uganda		Tanzania		Total	
Total Respondents	210		199		409	
Without school-age children	21		33		54	
With school-age children	189		166		355	
All Children in school	167		129		296	
DPCE of $0-$.99	153	92%	132	95%	285	96%
DPCE of $1-$1.99	12	7%	6	4%	18	6%
DPCE of $2.00 or more	2	1%	1	1%	3	1%
Some Children in school	21		20		41	

DPCE of $0-$.99	20	95%	18	90%	38	93%
DPCE of $1-$1.99	1	5%	2	10%	3	7%
DPCE of $2.00 or more	0	0%	0	0%	0	0%
No Children in school	1		7		8	
DPCE of $0-$.99	1	100%	7	100%	8	100%
DPCE of $1-$1.99	0	0%	0	0%	0	0%
DPCE of $2.00 or more	0	0%	0	0%	0	0%

Data taken on school attendance showed similar results to those of the income earner categories. Of those households who reported to have all children in school, 96 percent were in absolute poverty, 93 percent of those who reported to have some children in school were in absolute poverty, and 100 percent of those households who reported to have no children in school were in absolute poverty. Thus, school attendance could be an indicator or result of poverty.

In addition to the criteria above, vulnerabilities such as chronic illnesses or disasters were used to see if the poorest of the poor had more vulnerabilities than those who were not as poor. Two of the highest reported vulnerabilities were found to be chronic illnesses and single parent households. The following are the results from the East African households surveyed.

All Vulnerabilities

Description	Uganda		Tanzania		Total	
Total Respondents	210		199		409	
Those with 1 or more vulnerabilities	127		120		247	
DPCE of $0-$.99	118	93%	113	94%	231	94%
DPCE of $1-$1.99	8	6%	5	4%	13	5%
DPCE of $2.00 or more	1	1%	2	2%	3	1%

As the chart above indicates, of the 409 families surveyed, 247 reported to have at least one serious vulnerability. Of those 247, 94 percent of them were classified in the absolute poverty categories. Chronic illnesses and being single parents were the highest reported vulnerabilities among all African respondents.

Chronic Illnesses

Description	Uganda		Tanzania		Total	
Total Respondents	210		199		409	
Chronic Illness or disability	39		58		97	
DPCE of $0-$.99	33	85%	54	93%	87	90%
DPCE of $1-$1.99	5	13%	3	5%	8	8%
DPCE of $2.00 or more	1	3%	1	2%	2	2%

As noted above, among the 97 respondents who suffered from a chronic illness, 90 percent of them fell in the absolute poverty range. From those 115 respondents below who reported to be single parents, 96 percent of them were in the absolute poverty range.

Single Parent Households

Description	Uganda		Tanzania		Total	
Total Respondents	210		199		409	
Chronic Illness or disability	63		52		115	
DPCE of $0-$.99	61	97%	49	94%	110	96%
DPCE of $1-$1.99	2	3%	2	4%	4	3%
DPCE of $2.00 or more	0	0%	1	2%	1	1%

Conclusion

In addition to its economic findings, AfricaFinance discovered that those who were less poor tended to score higher on our social metric scales. Thus, we may infer that Current Clients enjoyed greater education rates for their children, followed by New Clients, Ex-Clients, and finally Non-Clients. The same held true for housing quality. Those microentrepreneurs who were less poor due to their participation in loans for small enterprises, scored higher on housing quality than those who had left the program or never participated. Those who suffered more vulnerabilities were generally poorer. Thus, AfricaFinance may tentatively conclude that social metrics measuring education rates, housing quality, and vulnerabilities such as illnesses, and single-parent households may be operational indicators of poverty. Of course, much more and careful research will need to yet be designed and carried out to strengthen this assertion. For now, however, this relatively simple and inexpensive field study suggests that small loans to Third World microentrepreneurs at least shows some evidence of positive impacts that improve their quality of life.

Keywords: microentrepreneurship, microcredit, informal economy, Africa, poverty

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