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## **Tugende: A Vehicle Out of Poverty**

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**Miller Center**  
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**TUGENDE**

# A Vehicle Out of Poverty



Prepared by Global Social Benefit Fellows:  
Joseph Curran & Anne Hsia

# EXECUTIVE SUMMARY

In East Africa, 70% of the 800,000 motorcycle taxi drivers rent their motorcycles (boda bodas). Many drivers wish to own their productive assets but are stuck renting because they lack access to credit. Tugende offers a lease-to-own motorcycle financing package, enabling ownership and giving drivers a vehicle out of poverty.

In order to learn how motorcycle ownership improves the quality of life of Tugende customers and their families, we administered surveys to 301 Tugende clients that have completed at least one lease.

We found that ownership increases drivers' incomes by eliminating rental fees. Furthermore, 45% of drivers said they leveraged their newly owned motorcycles to create new revenue streams.

This increase in income helps drivers support an average of 7.1 dependents and pay school fees for an average of 2.6 students. It also enables drivers to create and invest in other businesses, such as agriculture and retail, promoting bottom-up economic growth. Customers said that ownership of their motorcycles results in "ownership of life."

With more capital, Tugende can help more people help themselves.

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# Introduction

There are 800,000 motorcycle taxi drivers (boda boda drivers) in East Africa. While 70% of drivers wish to own their own productive assets, they are stuck renting because they lack access to credit. Tugende, by offering a lease-to-own motorcycle financing package, gives drivers a vehicle out of poverty.<sup>1</sup>

We administered surveys to 301 Tugende clients that have completed at least one lease in order to answer the question, “how does motorcycle ownership improve the quality of life of Tugende customers and their dependents?”<sup>2</sup>

We found that ownership eliminates rental costs and creates new income streams for Tugende customers. With an increase in income, drivers said they are better able to support their families by paying for school fees and household expenses. Furthermore, Tugende customers created new business opportunities and reported that ownership has given them “hope for the future.”<sup>3</sup>

With more capital, Tugende can help more people help themselves, as illustrated in the following sections. Increased investment in Tugende should therefore be seriously considered.

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# Increases Income

By eliminating rental costs and creating new income streams

The most immediate positive impact of motorcycle ownership is financial. For drivers who rent their motorcycles, high rental fees are a significant part of their daily costs. This situation is exacerbated by a large variation in daily income.

## Income of Renting Drivers



As the graphic demonstrates, the burden of fixed rental costs compounded with a large variation in daily earnings results in unreliable and low net profits. Through ownership, drivers eliminate rental costs, which increases their take-home incomes.<sup>4</sup>

## Ownership Via TUGENDE

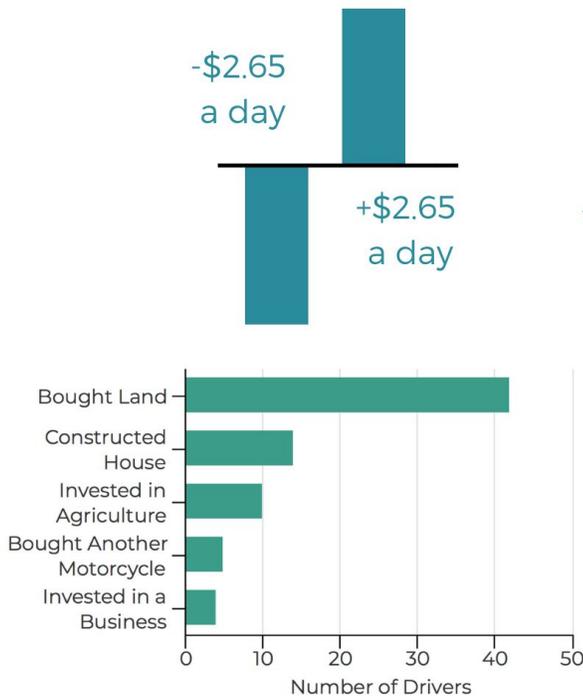


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# 85% of Tugende drivers said their incomes increased.

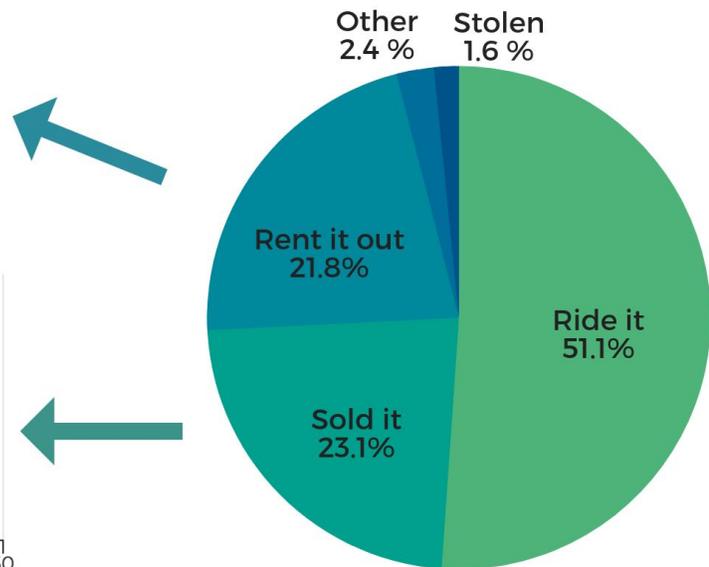
While eliminating rental fees increases drivers' take-home incomes, Tugende clients also leverage their assets to create new income streams.

## RENTING VS. RENTER



## Motorcycle Use

Distribution of how drivers use their completed Tugende motorcycle



Our study found that 21.8% of drivers rent out their motorcycles, giving them an additional source of income. Another 23.1% sold their assets for an average of \$720, thereby using the motorcycle as a savings mechanism, which has allowed them to make sizeable investments. Therefore, Tugende not only helps drivers ride rent free, but also promotes the creation of new revenue streams.<sup>5</sup>

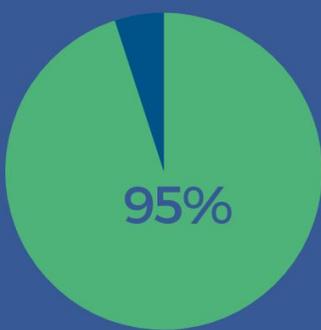
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# Supports Families

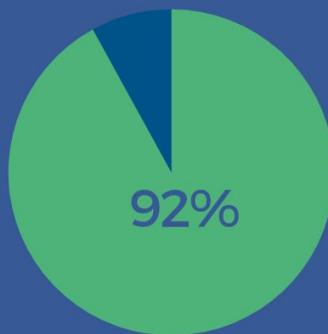
By paying for school fees, food, and medical bills

Ownership through Tugende not only increases drivers' incomes; it also enables drivers to better support their dependents. Our study found that drivers use their take-home incomes to purchase daily necessities and pay for education for their families.

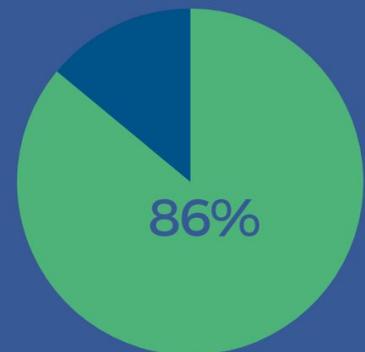
## How do Tugende drivers support their families?



Pay for Food



Pay for Medical Bills



Pay for School Fees

On average, each driver supports 7.1 dependents



4.5 live in the household

2.6 live elsewhere

While boda boda drivers are often stereotyped as young single men looking to earn quick cash, 95% of surveyed Tugende clients have families that they support. On average, drivers provide for 4.5 family members in their households and 2.6 dependents living elsewhere, often in the villages.<sup>6</sup>

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“My standard of living has greatly improved! I have managed to pay school fees for the children, I pay my rent on time, and I can afford good food and clothing for my family.”

- Mr. Hassan Mukalazi

The largest familial expense for boda boda drivers is school fees. Almost all families in Uganda pay for primary and secondary school, and the quality of education roughly correlates with cost. While tuition varies depending on the number of children, the level of education, and the type of institution, our study found that each driver pays school fees for an average of 2.6 students every term. Over one-third of drivers said that asset ownership helps them pay for school fees. Drivers pay not only for their children, but also for nieces, nephews, and siblings. One Tugende client, Mr. Yakuti, even said that the extra money he now saves helps him pay school fees for three orphans in the village.<sup>7</sup>

## Testimonials

- Mr. Joseph completed 3 Tugende leases and is paying off a fourth; he sold one motorcycle to buy land and rents out the other two. He said he is now able to save \$5.30 a day for school fees and better support his family in the village.
- Mr. Muhamud explained that ownership helped him advance all of his children through school, saying, “of all my achievements, I am most proud of this.”
- Mr. Walugembe said that since he has owned his motorcycle, his "children's cheeks have grown big."

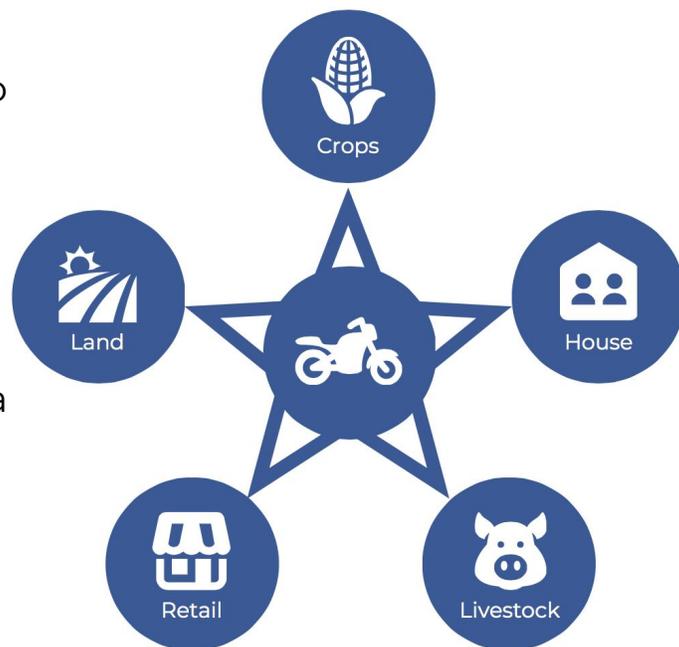
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# Enables Businesses

By creating new business opportunities through ownership

Tugende customers said that their increased incomes have enabled them to invest in land, agriculture, and retail.

For example, Mr. Godfrey, a two-time Tugende customer, sold his first motorcycle and used the capital to improve his house and pay a deposit on a second Tugende lease. He said that completing his second lease has helped him buy cows and give his wife more working capital for her retail shop.



## One out of every five drivers bought land with their increased incomes from ownership.

### Land for Agriculture

- Mr. Bernard said he used his increased savings to buy a plot of land where he cultivates Irish potatoes.

### Land for Homes

- Mr. Ssematimba sold 2 motorcycles and used the money to buy land to construct rental houses. He said he currently employs 5 people to build the houses.

## Drivers create sustainable income streams by investing in agriculture.

- Mr. Martin sold his Tugende motorcycle and bought 4 cows, which each make him \$265 a year.
- Mr. Michael described his dream to start a farm in the village he comes from. With the capital he leveraged from two Tugende motorcycles (riding one rent-free and renting out the other, earning additional weekly income), he has started a pig farm.

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## Ownership has enabled 1/3 of Tugende customers to invest in retail.

- Mr. Julius said he uses his increased income to invest more capital in his family's retail shop, where his wife works as an attendant.
- Mr. George said his increased savings enabled him to start a retail shop and help him contribute to his son's weekly repayments on a Tugende motorcycle.

“ Of drivers whose wives work, 61% financially support their wives' businesses. ”

Mr. Geoffrey is a Tugende customer that rents out his motorcycle on a weekly basis and has returned for a second lease. His wife said that since her husband has owned his own motorcycle, he has given her more working capital for her food vending business.

These testimonies demonstrate the innovative ways customers use the opportunity for ownership to improve their livelihoods.<sup>8</sup> Furthermore, motorcycle ownership helps drivers invest in their wives' businesses.



### Wives' Businesses Supported



Farm



Salon



Retail



Restaurant



Tailor



Vending

Ownership increases the amount of capital available for the entrepreneurial wives of Tugende customers.<sup>9</sup>

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# Promotes Dignity

By giving customers “hope for the future”

In addition to reporting financial improvements, Tugende clients explained how motorcycle ownership promotes their dignity. 37% of drivers said they have an increased motivation to live and work, and over one-third happily described feeling less economic stress as a result of ownership.<sup>10</sup>

## Testimonials:

- “I now have ownership of my life.” - Mr. Lawrence
- “I am targeting bigger dreams and Tugende is my way to achieve my dreams.” - Mr. Moses
- “Now I know who to trust and where to turn, the education from Tugende classes also continues to help and guide me. In Tugende, I have a friend.”- Mr. Hassan
- “My dreams are becoming realized.” - Mr. Ssematimba
- “I am so grateful to Tugende for it has put me to another level and I know more good things are coming my way.” - Mr. Bosco

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# Conclusion

This study provides insight into Tugende’s impact on boda boda drivers and their families in Uganda. The impact of motorcycle ownership goes well beyond riding rent-free. It gives drivers the ability to better support their families through purchasing household goods and paying for school fees. It also allows drivers to create new income streams and accelerate their wives’ businesses. By providing a “vehicle out of poverty,” Tugende helps drivers realize their dreams.

Drivers are very satisfied with Tugende and its work; 89% of customers said they want to return for another lease with the company.<sup>11</sup>

Tugende is in position to transform hundreds of thousands of lives by expanding throughout Uganda and to other East African countries. By supporting Tugende, you can help more people help themselves.

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# Endnotes

- [1] Tugende (March 2018). *Tugende Company Presentation* [PowerPoint Slide Deck].
- [2] Appendix H: Driver Demographics; Appendix I: Methods
- [3] Mr. Samuel. "Completed Customer Survey." Survey conducted by Joseph Curran and Peace Traudy in Ntinda, Uganda. June 16, 2018.
- [4] Appendix A: Income of Boda Boda Drivers
- [5] Appendix B: Motorcycles Use
- [6] Appendix C: Supports Families
- [7] Appendix D: School Fees
- [8] Appendix E: Investments
- [9] Appendix F: Wives' businesses
- [10] Appendix G: Promotes Dignity
- [11] Appendix G: Promotes Dignity

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# Appendix A: Income of Boda Drivers

**Conversion:** As of November 2018, the exchange rate is 1 UGX = 0.00027USD. All values are converted from UGX to USD using this rate.

**Daily earnings:** When asked, “How much do you earn from motorcycle riding per day?” 93% of drivers expressed that it depends on the day.

**Rental fees:** We surveyed 43 boda boda drivers in Kampala and Jinja that are not Tugende clients. 28 of these drivers rent their motorcycles. 22 reported rental fees as a daily amount, while 6 reported rental fees as a weekly amount. Of those that rent on a daily basis, 73% pay 10,000 UGX a day. Of those that rent on a weekly basis, two thirds pay 60,000 a week, while the other 2 pay 90,000. This leads us to conclude that 10,000 UGX and 60,000 UGX are standard daily and weekly rates, respectively, but not universal.

**Fuel costs:** Average of 11,200 UGX per day

**Lunch costs:** Average of 3,900 UGX per day

**Motorcycle Maintenance Costs:** Average of 27,400 UGX per 2 weeks

**“\$1.85 to \$18.50”:** Testimony of Mr. Yasin. Originally reported as “7,000 to 70,000 UGX.”

**+ \$840 per year:**  $\$2.65/\text{day} \times 6 \text{ days}/\text{wk} \times 52 \text{ wk}/\text{year}$

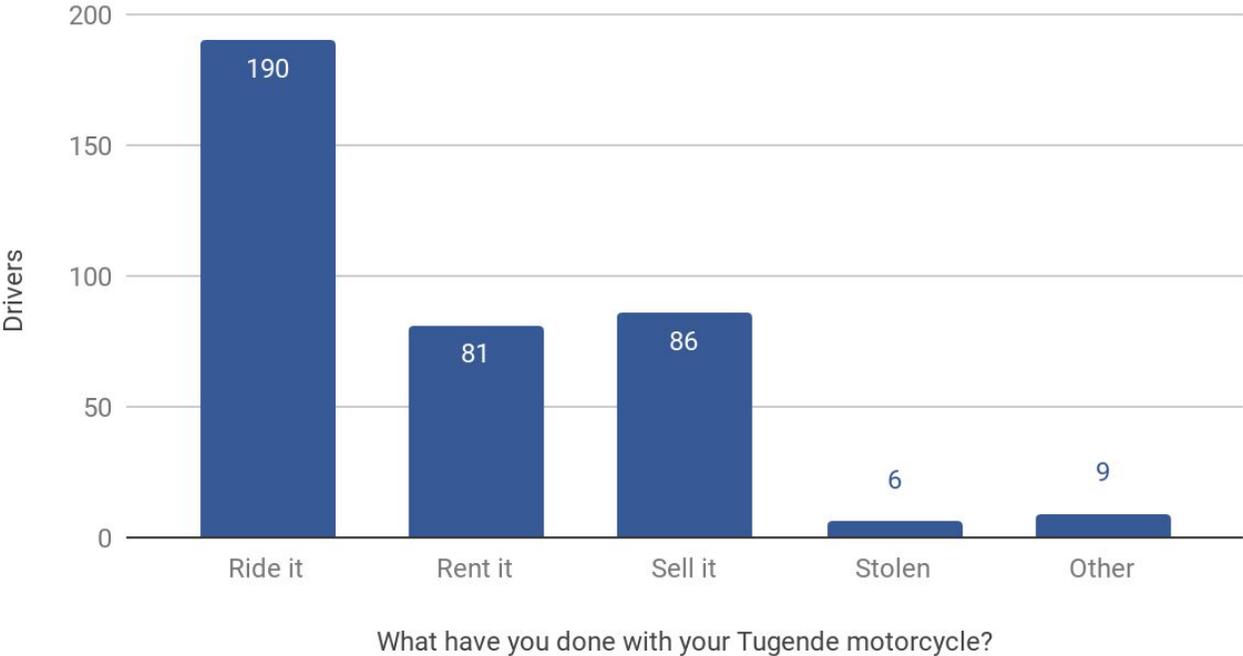
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# Appendix B: Motorcycle Use

**Increased Income:** When asked, “how ownership has changed your life?” 85% of drivers said that their incomes had increased.

**Average of \$720:** When asked, “how much did you make out of the sale?” drivers said they sold their motorcycles for an average of 2,700,000 UGX.

What have you done with your Tugende motorcycle?



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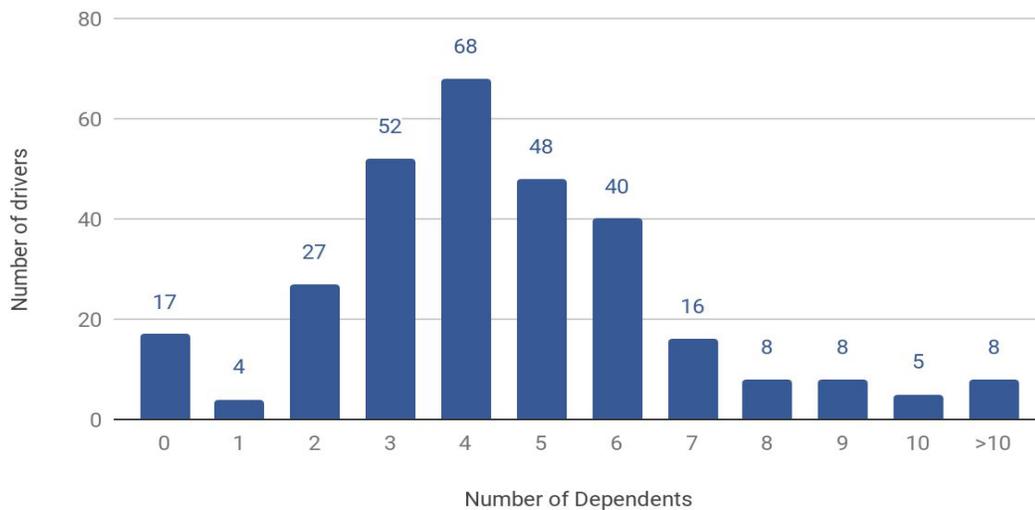


# Appendix C: Supports Families

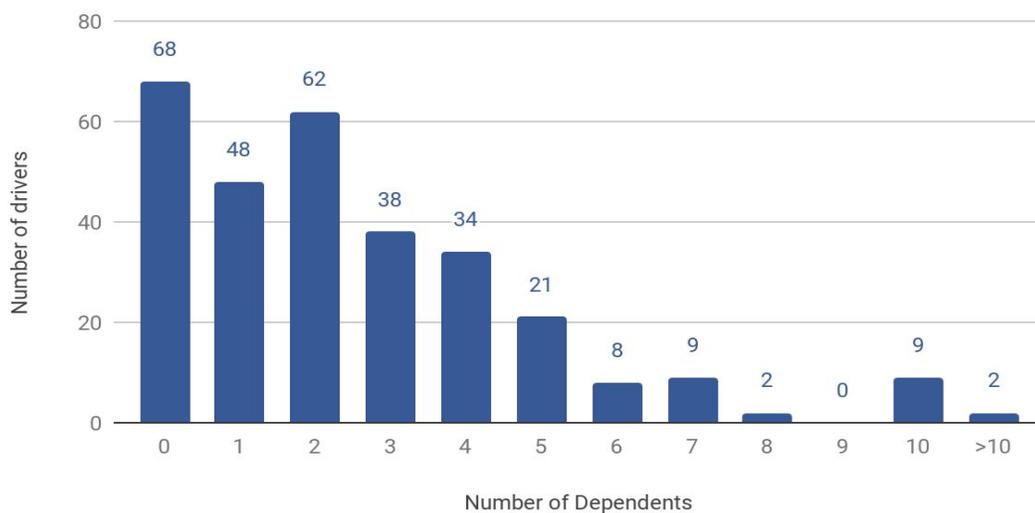
When drivers were asked how they support the people in their households

- 296 (95.0% of those who answered the question) said they buy food.
- 256 (90.5% of those who answered the question) said they pay school fees.
- 261 (92.2% of those who answered the question) said they pay medical bills.

How many people do you support in your household?

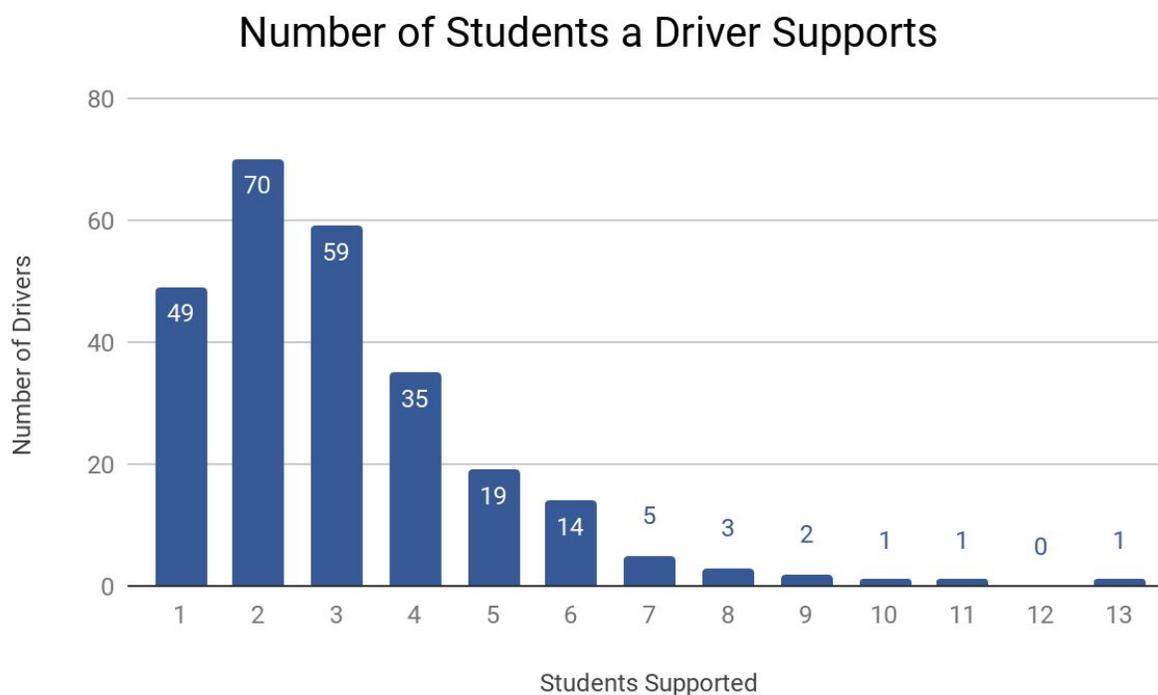


How many people do you support that don't live with you?



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# Appendix D: School Fees



When asked, “how ownership has changed your life?” 34% of drivers said they have more money to pay for education.

Drivers pay an average of 398,6034 UGX on school fees per term. In Uganda, a school year is comprised of three terms.

## **Additional Testimonials:**

- Mr. Henry has 5 children in school and said that owning his motorcycle has helped him pay for school fees.
- Mr. Kobbo said he saves 5,000 UGX every week to pay for higher education for his children.
- While Mr. Stephen is not married and has no children, he uses his boda boda income to pay for his sister's school fees.

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# Appendix E: Investments

When asked, “how has ownership changed your life?” 22% of drivers said that it enabled them to buy land.

When asked, “how has ownership changed your life?” 33% of drivers said that it enabled them to invest in or start another business.

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# Appendix F: Wives' Businesses

When married drivers were asked, "Does your wife work?" 61% responded by saying "Yes."

These drivers were asked if they financially support their wives businesses and 61% responded by saying "Yes."



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# Appendix G: Promotes Dignity

When asked, “how has ownership changed your life?” 37% of drivers expressed that they gained a greater motivation to live and/or work.

When asked, “how has ownership changed your life?” 32% of drivers said it reduced their economic stress.

When asked, “would you return for another lease?” 89% of drivers said “Yes.”

## **Additional Testimonial:**

Mr. Samuel explained that a Tugende lease has helped him buy land and start investing in a retail shop so he can transition from driving a boda, which has given him hope for the future.

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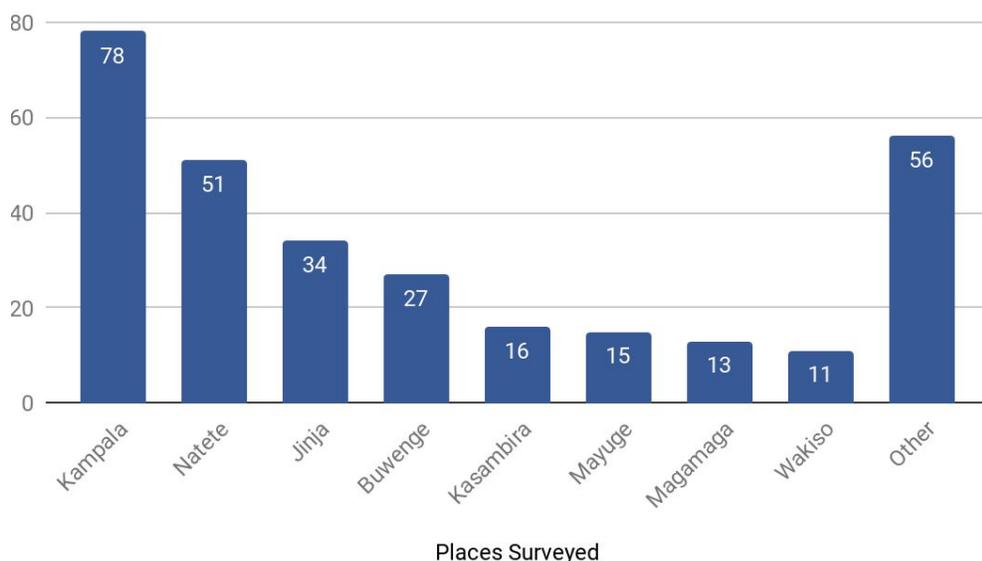
# Appendix H: Driver Demographics

Our study surveyed 301 motorcycle taxi drivers that have completed at least one lease with Tugende.

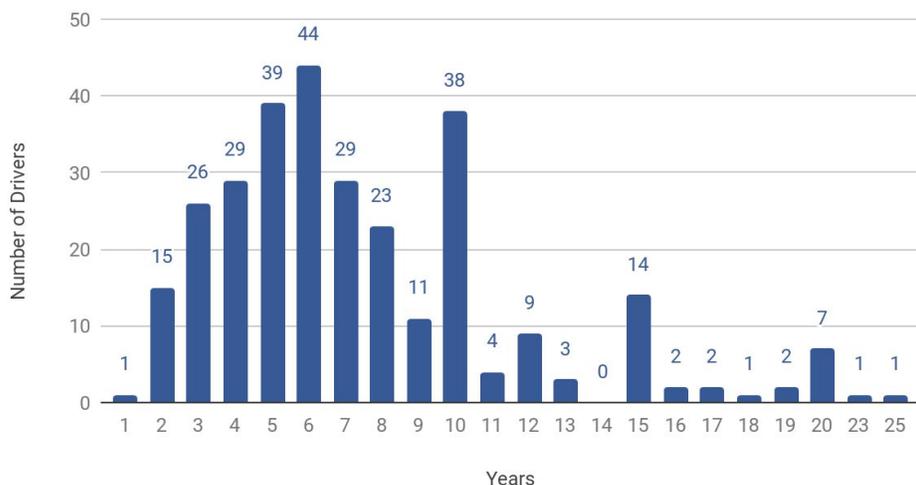
## Regions Surveyed



## Survey Location

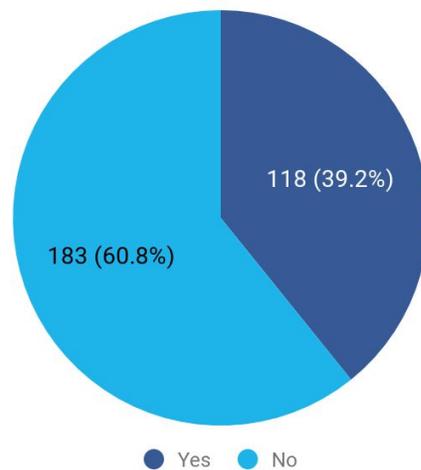


## Number of Years as Boda Boda Driver



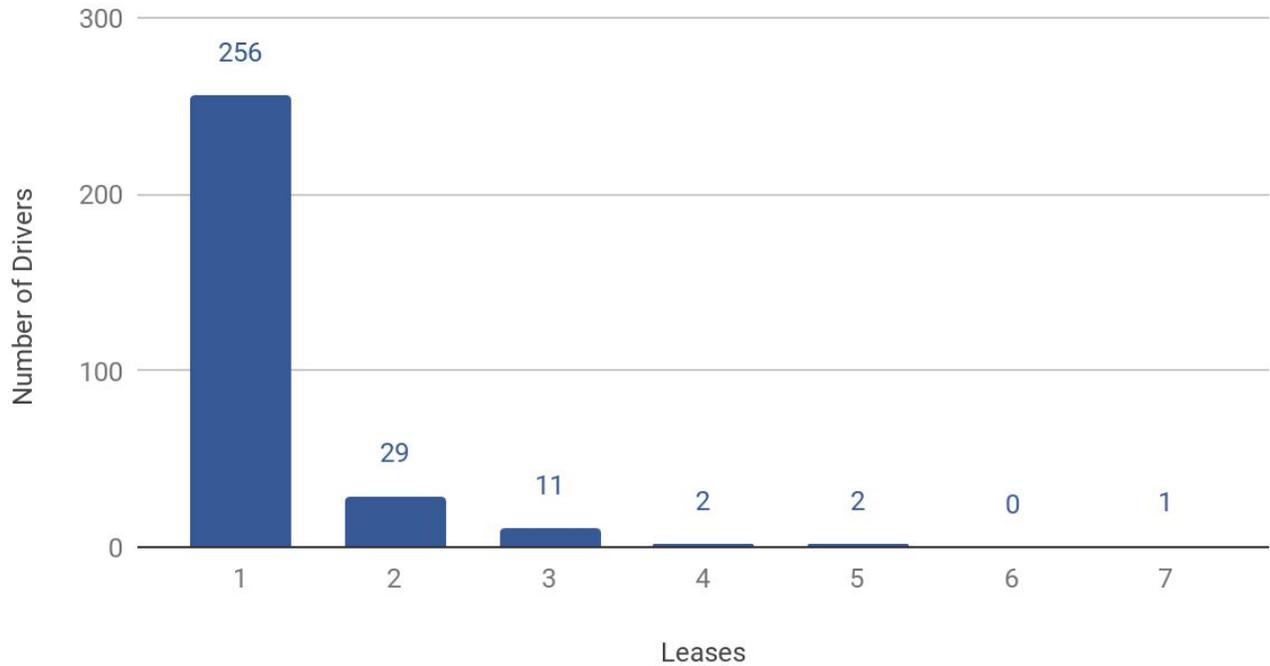
## Currently Leasing From Tugende?

Answers as of August 2018

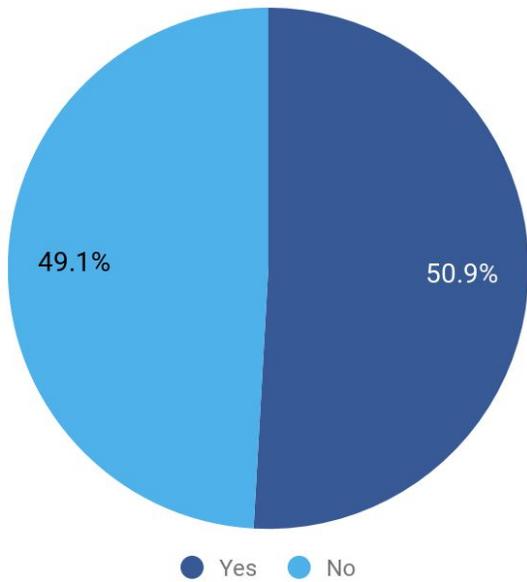


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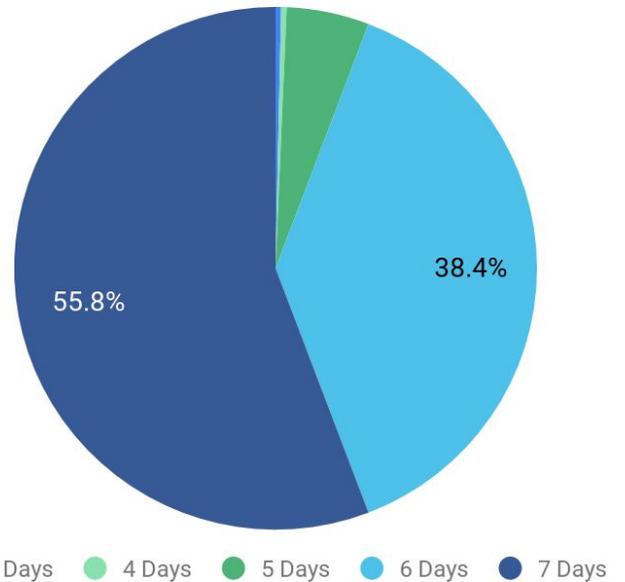
## How many leases have you completed with Tugende?



## Do you have another source of income?



## Number of Days in a Week Drivers Work



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# Appendix I: Methods

Timeline: Surveys were administered between June 28, 2018 and July 31, 2018.

Location of Research: Central and Eastern Regions of Uganda.

The Research Team:

- 2 Global Social Benefit Fellows at Miller Center for Social Entrepreneurship. The Global Social Benefit Fellowship is a comprehensive program of mentored, field-based study and action research for undergraduates that combines 7 weeks field work with 2 quarters of research at Santa Clara University.
- 2 students from Makerere University in Kampala, Uganda
  - Edgar Obuluk
  - Peace Traudy

## **Tugende Data Collection Procedures:**

### **1. Originators**

- 1.1. Developed by 2018 Summer Fellows: Edgar Obuluk, Peace Traudy, Anne Hsia, and Joseph Curran

### **2. Purpose**

- 2.1. This document describes the procedures necessary to collect, organize, and display data, from Tugende's clients who have completed at least one Tugende lease.

### **3. Audience Assumptions**

- 3.1. We assume the audience
  - 3.1.1. can safely navigate through the area necessary for survey.
  - 3.1.2. has knowledge of local language and can

- 3.1.3. has adequate understanding of the geography of the where data is being collected.
- 3.1.4. has proficiency in using Excel to collect, organize, and parse data, including data sort and graphic displays.

#### **4. Equipment Needed**

- 4.1. List of Completed Clients
  - 4.1.1. This list must contain the phone numbers and stages of the clients.
  - 4.1.2. This list can be obtained from the Business Intelligence team.
- 4.2. Printed Surveys
  - 4.2.1. This can be found in the Tugende Fellows 2018 -> Final Documents -> Surveys Final.
- 4.3. Helmets
  - 4.3.1. Tugende employees must wear helmets at all times when riding on a boda.
- 4.4. Sodas
  - 4.4.1. Boda drivers expect something in return for their time; sodas are inexpensive yet appropriate for remuneration.
- 4.5. Latest Version of this Procedure

#### **5. Special Notices**

- 5.1. When travelling to different branches, support from local officers may be required and is helpful. Credit officers, especially, have in depth knowledge of location of the stages and know the most efficient way to travel between stages.

#### **6. Overview of Procedure**

- 6.1. Draft Survey
- 6.2. Organize Client Lists
- 6.3. Call Clients
- 6.4. Survey Clients
- 6.5. Enter Data

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## **7.4. Survey Clients**

- 7.4.1. Take public transportation (taxi or boda) to the stages of the completed clients.
- 7.4.2. Call clients in case they are not at stage.
- 7.4.3. Introduce yourself and the purpose of our research.
  - 7.4.3.1. It is an ethical obligation to let the drivers know how the data they are giving us will be used.
  - 7.4.3.2. Provide the opportunity for them to ask questions about the research and the level of anonymity.
  - 7.4.3.3. Obtain verbal permission to survey completed client.
- 7.4.4. **Interview Client.**
  - 7.4.4.1. Ask clients what language they prefer to speak.
  - 7.4.4.2. Administer the survey in preferred language.
  - 7.4.4.3. Ask clients for feedback or recommendations.

## **7.5. Enter Data**

- 7.5.1. Enter data into a shareable format.
  - 7.5.1.1. 2018 Summer Fellows translated the survey into Google Forms and submitted the data this way, but there are many productive ways to do data entry.

## **8. END OF DOCUMENT**

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# Appendix J: Surveys

## Completed Clients Survey

Date: \_\_\_\_\_

Consent: Do you understand the purpose of this survey and are willing to participate? Yes / No

1. What is your name? \_\_\_\_\_ Assigned ID: \_\_\_\_\_  
2. Where are you from? \_\_\_\_\_  
3. How long have you been a boda boda driver? \_\_\_\_\_  
4. What boda boda stage(s) are you a part of, if any? \_\_\_\_\_

### Income

5. Do you own or rent your motorcycle? Own / Rent  
6. How many days in a week do you ride the boda boda? \_\_\_\_\_  
7A. How much do you earn from motorcycle riding per day? \_\_\_\_\_  
10-19k 20-29k 30-39k >40k  
7B: Did the driver say that income varies depending on the day? Yes / No  
8: If rent: how much do you pay for rent on the motorcycle? \_\_\_\_\_  
8A) Per day? \_\_\_\_\_  
5k 10k 15k >15k  
8B) Per week? \_\_\_\_\_  
50k 60k 70k  
8C. If rent: do you make Answer 7- Answer 8A per day after paying rent? Yes/No  
9. How much do you spend on fuel per day? \_\_\_\_\_  
10. How much do you pay for parking per day? \_\_\_\_\_  
11. How much do you spend on lunch every day? \_\_\_\_\_  
12. How much money do you take home per day after rent, parking, fuel, and lunch? \_\_\_\_\_  
1-9k 10-19k 20-29k >30k  
13. How much do you spend on motorcycle service per week? \_\_\_\_\_

### Asset Ownership

- 14A. When did you complete your lease with Tugende? \_\_\_\_\_  
14B. How many leases have you completed with Tugende? \_\_\_\_\_  
14C. Are you currently leasing from Tugende? Yes / No  
15A. How many motorcycles do you own now? \_\_\_\_\_  
15B. Would you return for another lease with Tugende? Yes / No  
16A. What have you done with your Tugende motorcycle(s)? \_\_\_\_\_  
a. Ride it b. Rent it c. Sell it d. Stolen e. Other: \_\_\_\_\_  
16B. If renting: how much do you earn on renting your motorcycle(s) per day? \_\_\_\_\_  
16C. If sold: how much did you make out of the sale? \_\_\_\_\_  
16D. If sold: what did you do with the money you got from selling it? \_\_\_\_\_

### Investments and Savings

- 17A. Are you married? Yes / No  
17B. If yes, does your wife work? Yes / No  
17C. If yes, what does she do? \_\_\_\_\_  
17D. If yes: do you support your wife's business? \_\_\_\_\_

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18A. How many people are in your household that you take care of? \_\_\_\_\_

18B. How do you support these people?  
Buy Food School Fees Medical Bills Transport Clothing Other: \_\_\_\_\_

19A. Do you have any children? Yes / No

19B. If yes: How many children do you have? \_\_\_\_\_  
Sons: \_\_\_\_\_ Daughters: \_\_\_\_\_

19C. Do you pay school fees for your children? Yes/No

20Ci) If yes, how many children do you pay for?  
Sons: \_\_\_\_\_ Daughters: \_\_\_\_\_

20cii) If yes, how much do you spend on school fees per term? \_\_\_\_\_

20A. How many people do you care for that don't live with you? \_\_\_\_\_

20B. If <0, what expenses do you pay for?  
Buy Food School Fees Medical Bills Transport Clothing Other: \_\_\_\_\_

21A. Do you save? Yes / No

21B. If yes, how often do you save?  
i. Daily ii. Weekly iii. Monthly

21C. If yes, how much do you save (per 18a)? \_\_\_\_\_

21D. If yes, how do you use your savings?  
School fees Medical bills Food Buy Land House rent Social expenses Don't Spend Other: \_\_\_\_\_

21E. What are your future prospects for your savings?  
Buy Land Build rentals Start Business Construct House Own a Boda Boda Other: \_\_\_\_\_

22A. Do you have other sources of income? Yes / No

22B. If yes, what do you do? \_\_\_\_\_

22C. Do you have another business? Yes/No

23D: If yes, what is your business? \_\_\_\_\_

22E: if yes, how much do you earn from that business? \_\_\_\_\_

22F. If yes, is there anything you rent to operate the business? Yes/No

22Fi) If yes, would you like to own this? \_\_\_\_\_

22Fii) If yes, how much does this cost? \_\_\_\_\_

**Health & Safety**

23. Do you have health insurance? Yes / No

24. Was it helpful to have health insurance while leasing from Tugende? Yes / No

25A. If Tugende offered health insurance for you and your family, would you pay for it? Yes / No

25B: Why/Why not? \_\_\_\_\_

26A: Did you learn from the Tugende classes? Yes / No

26B) If yes, what did you learn? \_\_\_\_\_

27A. How often do you wear a helmet while ride?  
Always Sometimes Never

27B. Do you own a helmet? Yes / No

27C. Do you have a helmet for your client? Yes / No

28A. Has owning your motorcycle changed the way you live? Yes / No

28B) If yes, how? \_\_\_\_\_

28C) Increased income? Yes/No

28D) Invest in another business? Yes/No

28E) Buy land? Yes/No

29F) More money to pay for education? Yes/No

28G) Increased savings? Yes/No

29. Would you want to work with Tugende again? Yes / No

29B) If so, how? \_\_\_\_\_  
Another boda boda Car Truck Insurance Other: \_\_\_\_\_

30. Do you have any questions or feedback?

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