

Impact Opportunities 2: Can Social Protection Programs Build Skills and Raise Productivity?

Microfinance in Morocco

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Social protection systems are expanding in Africa

- Very different forms
 - Cash transfer programs
 - Public works
- Can these social protection systems serve as reliable vehicles to develop businesses?
 - The Ivory Coast: combine entrepreneurship with a training
- Give access to microcredit?



What do we actually know about microcredit?



Are smiles a guarantee of success?



Microcredit raises high hopes

- Improve access to financial loans
- Start up new businesses
- Expand existing businesses
- Increase consumption
- A way out of poverty?

What about the reality of it?



A unique learning opportunity



Al Amana is a Moroccan microfinance association, mainly active in urban areas



In 2006 Al Amana decided to expand to rural areas



A unique design

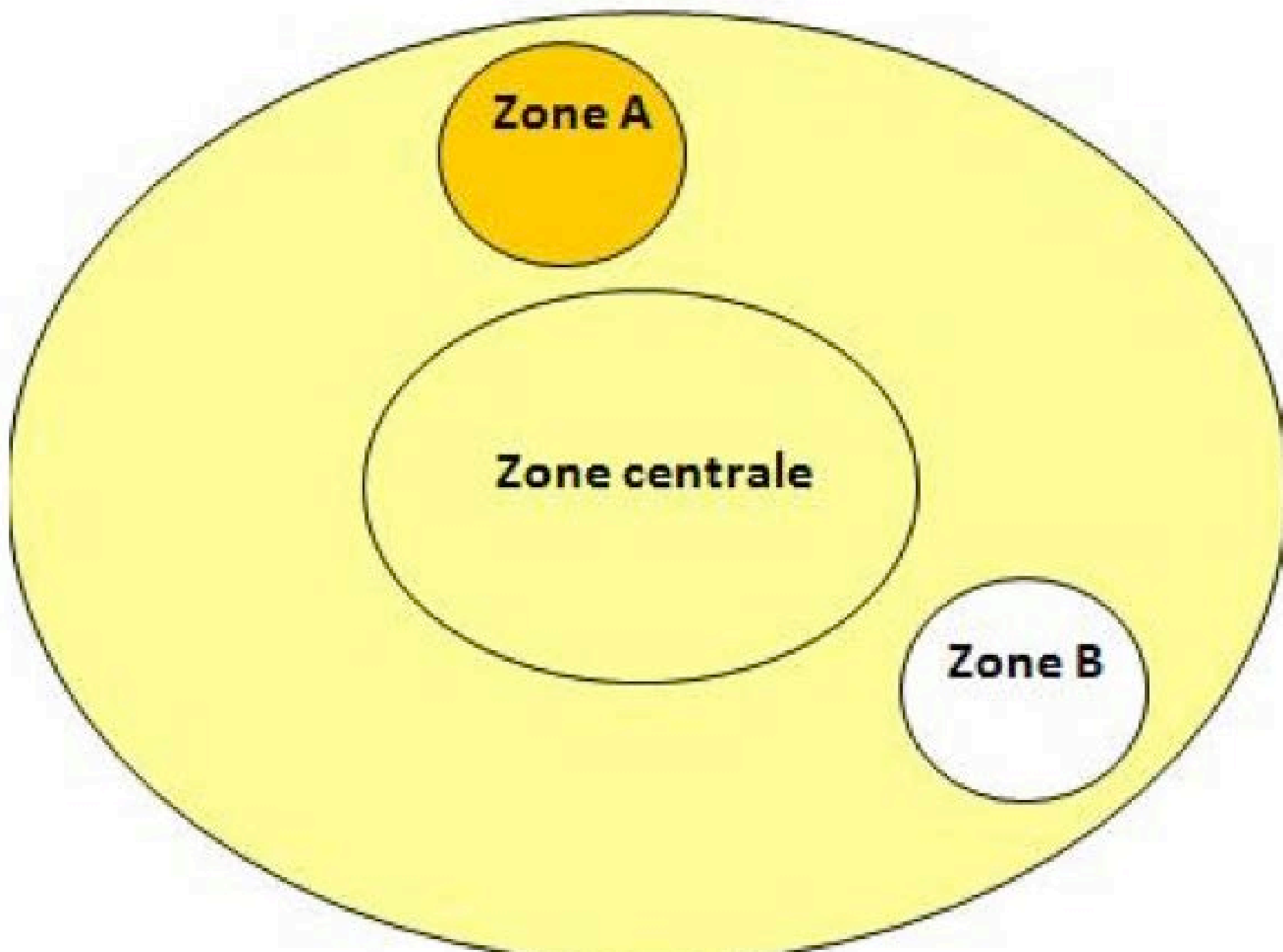
- Each new area selected by Al Amana is analyzed
- Two villages are chosen on the outskirts of the newly covered area
- One of the two villages is randomly drawn to receive immediate access to microcredit

Treatment village

- The other village will not get access to microcredit until two years later

Control village





Zone A

Zone centrale

Zone B

A unique design

- Large number of pairs of villages
80 pairs
- Spread over the whole of Morocco
- Households interviewed in every village
30 households interviewed
- A total sample of 4800 households





A detailed questionnaire

- Access to credit
- Agricultural / livestock / business activities
- Details: amount of carrots, income from the sale of carrots, etc.
- Same thing for figs, cherries, dates, wheat, rye, oat
- Consumption
- Labor market participation of household members
- Children's schooling
- Weather shocks, health shocks

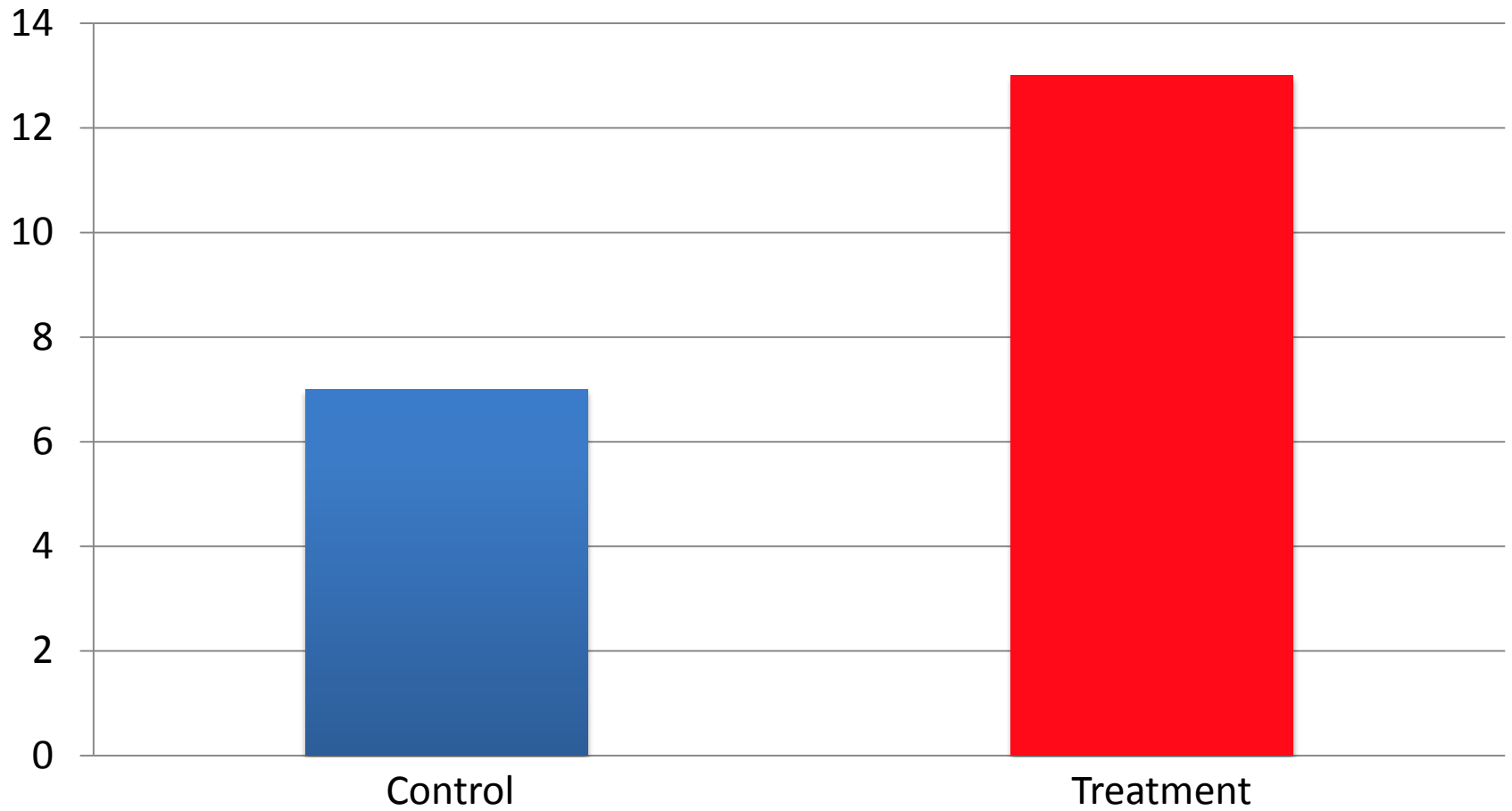


A straightforward impact measure

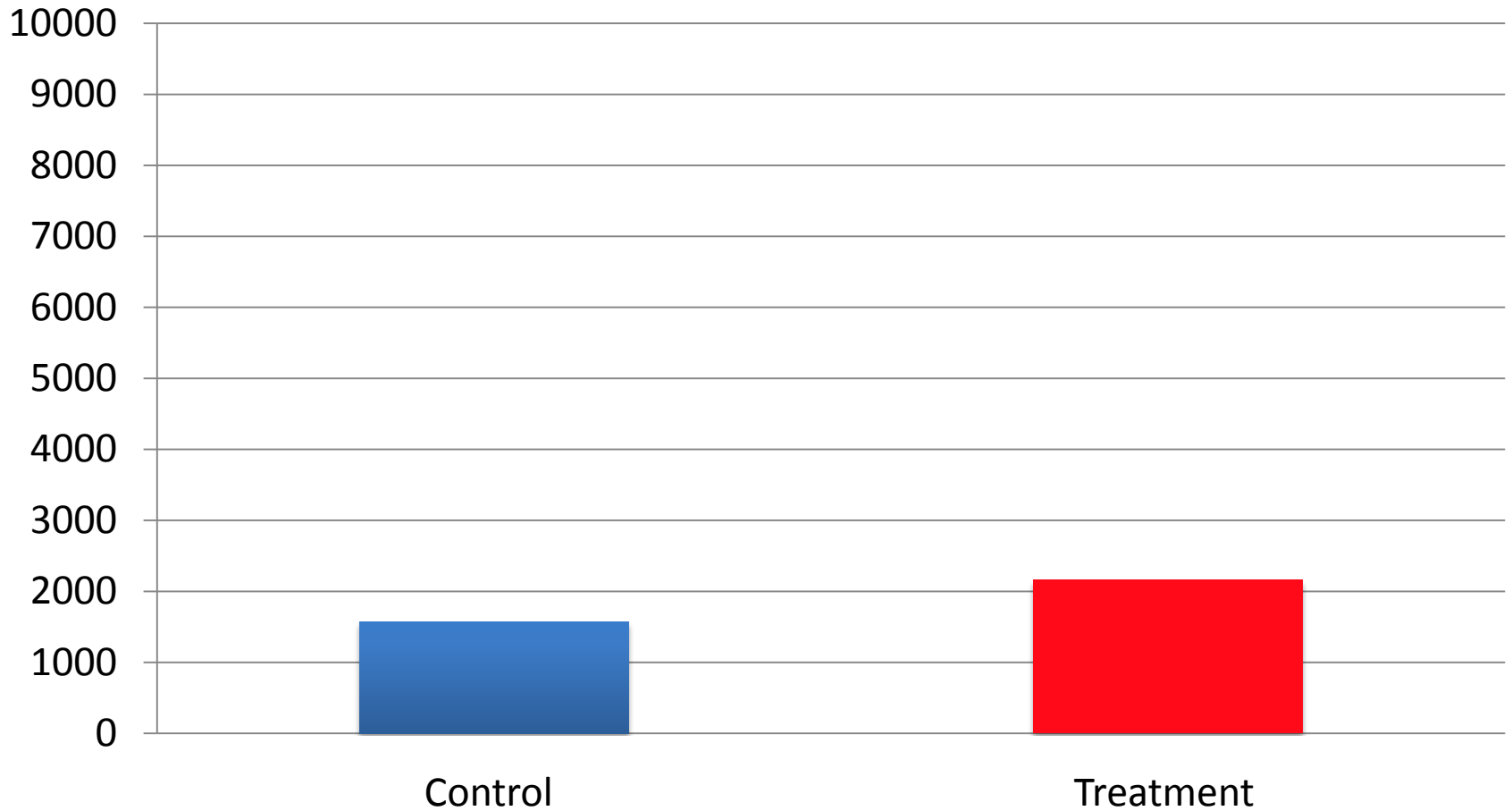
- Compare the mean situation between treatment and control villages
- Allows to measure the effect of **the supply of microcredit**



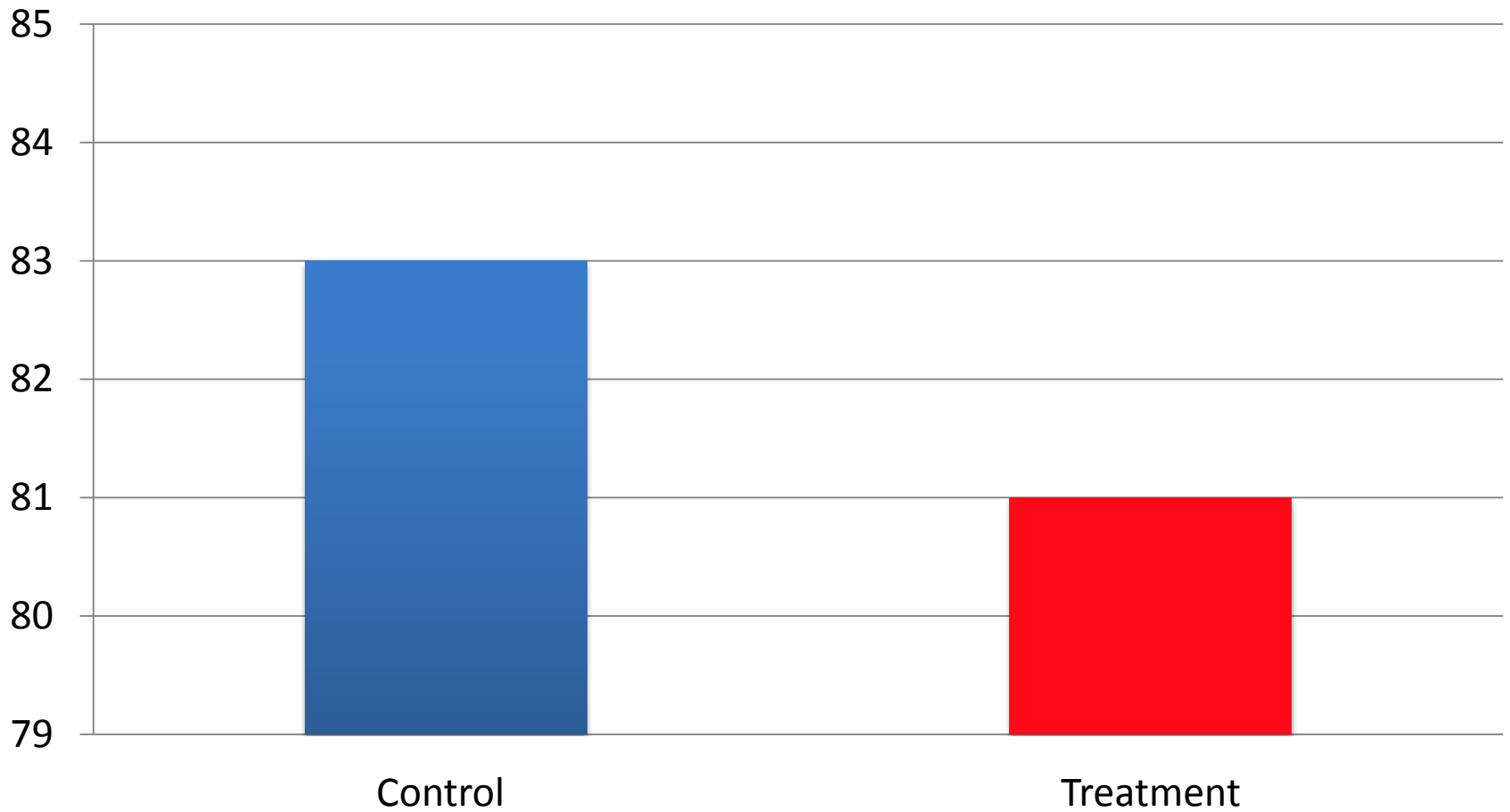
Access to credit (%) **



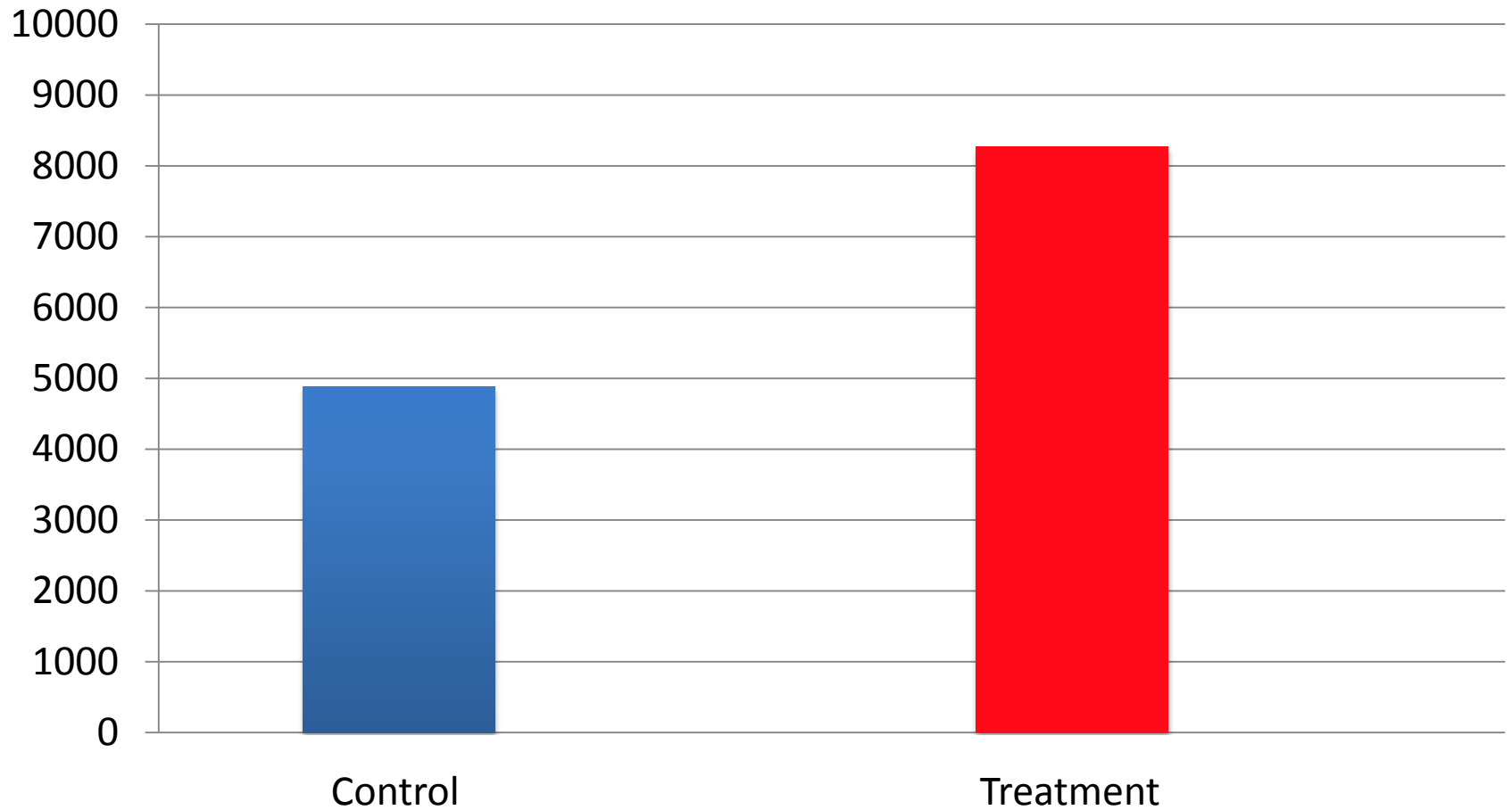
Outstanding credit (Dhs) **



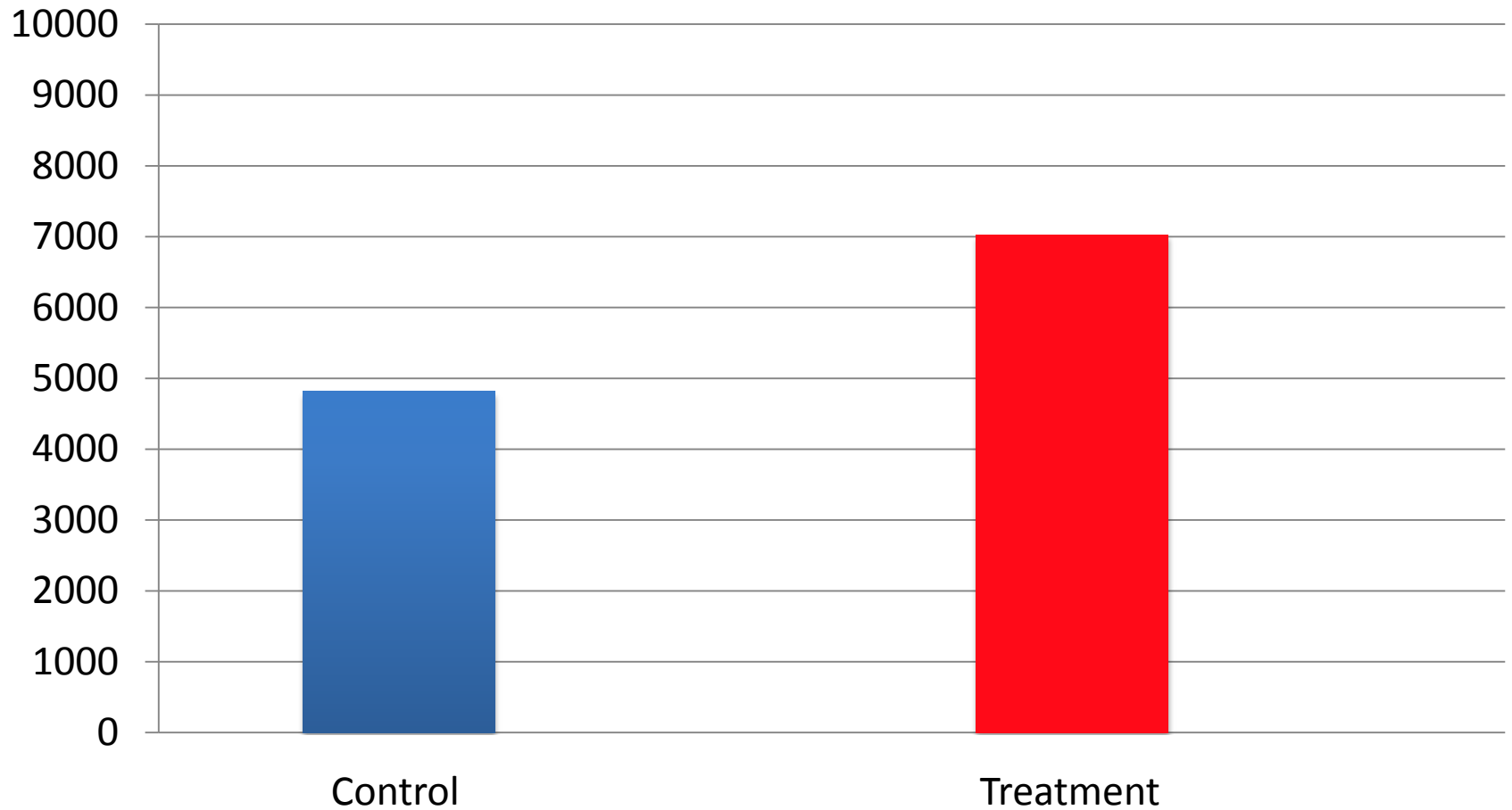
Activity (%) **



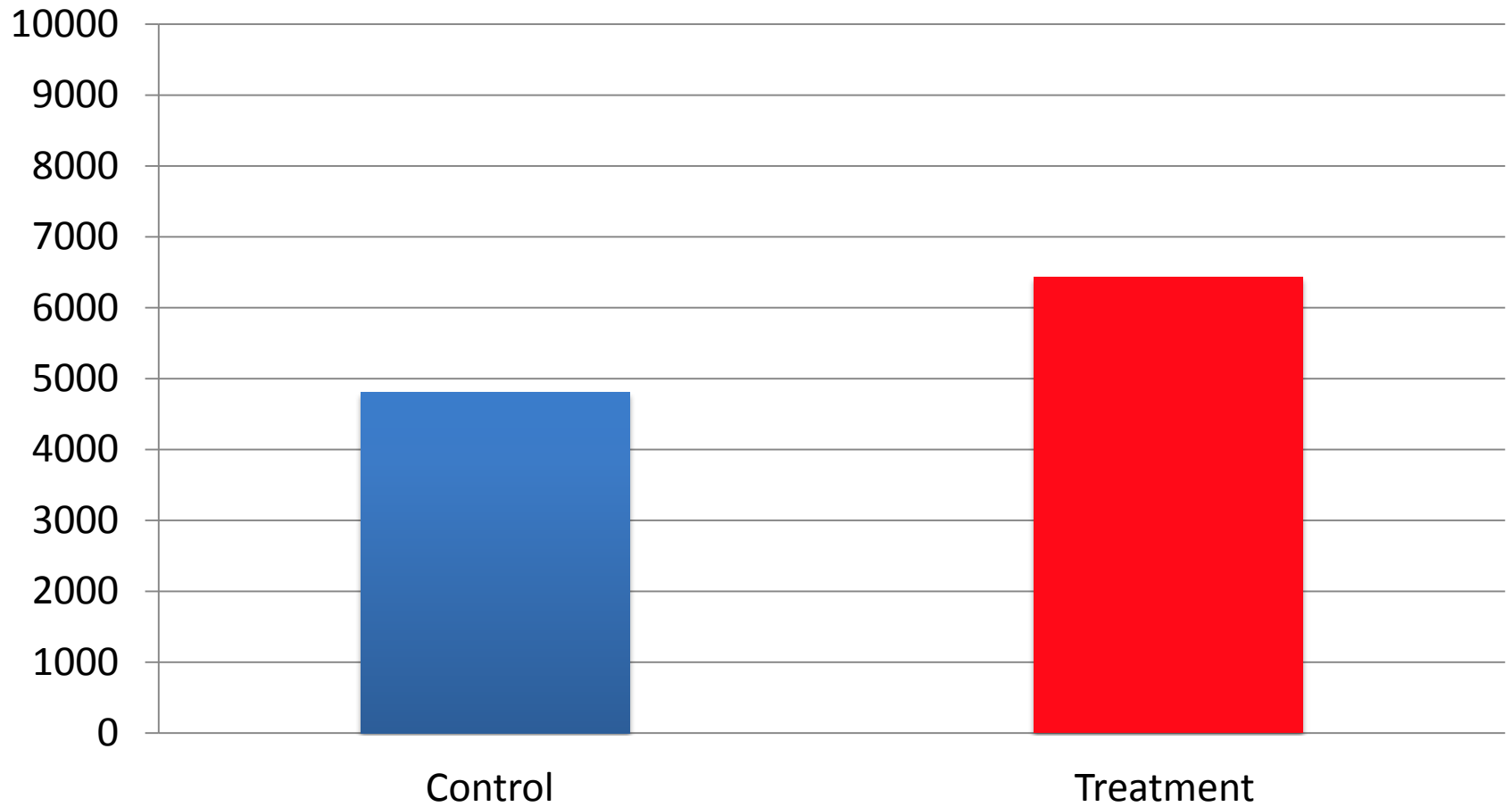
Sales and home consumption (Dhs) **



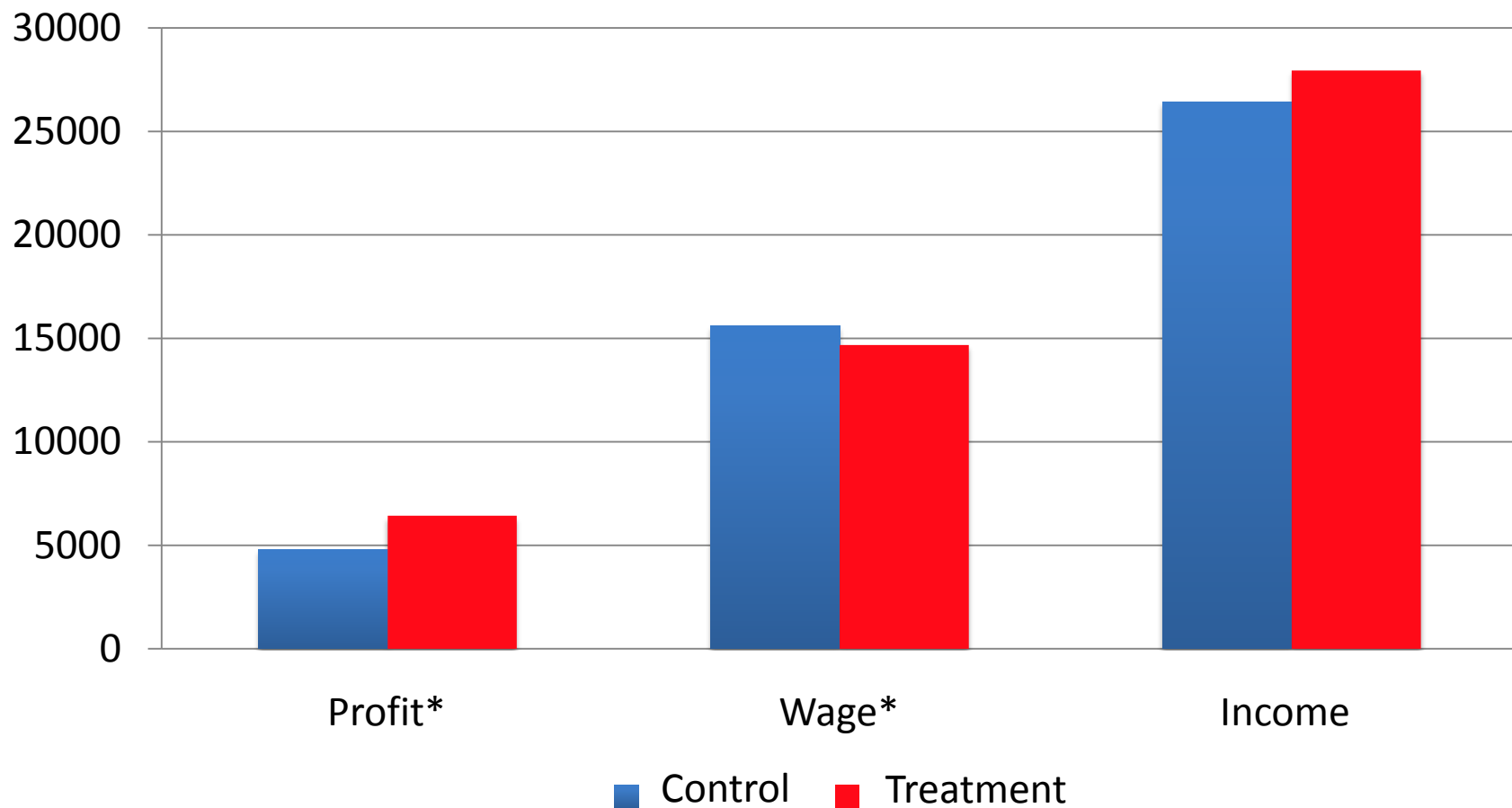
Expenditures (Dhs) **



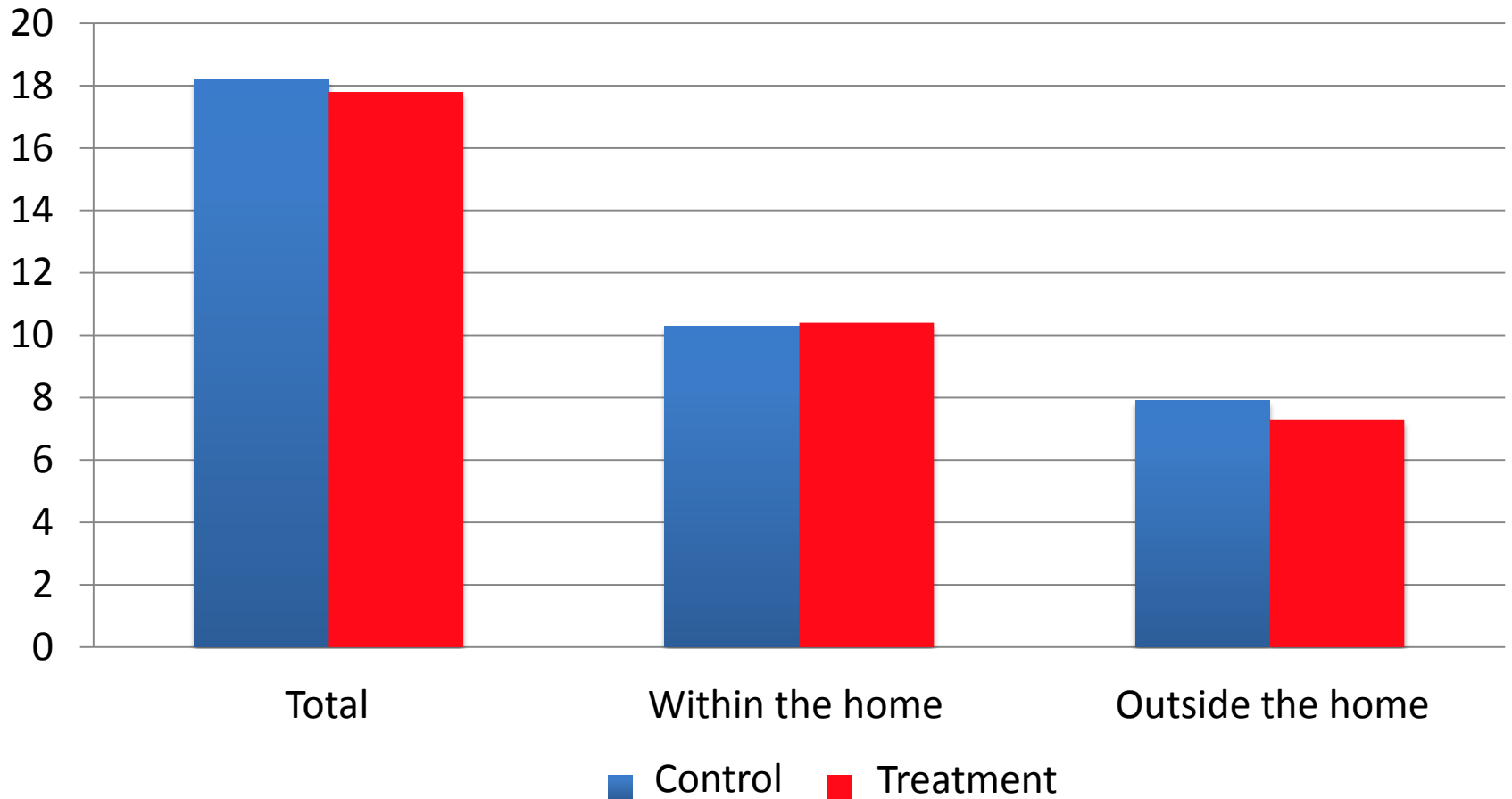
Profit*



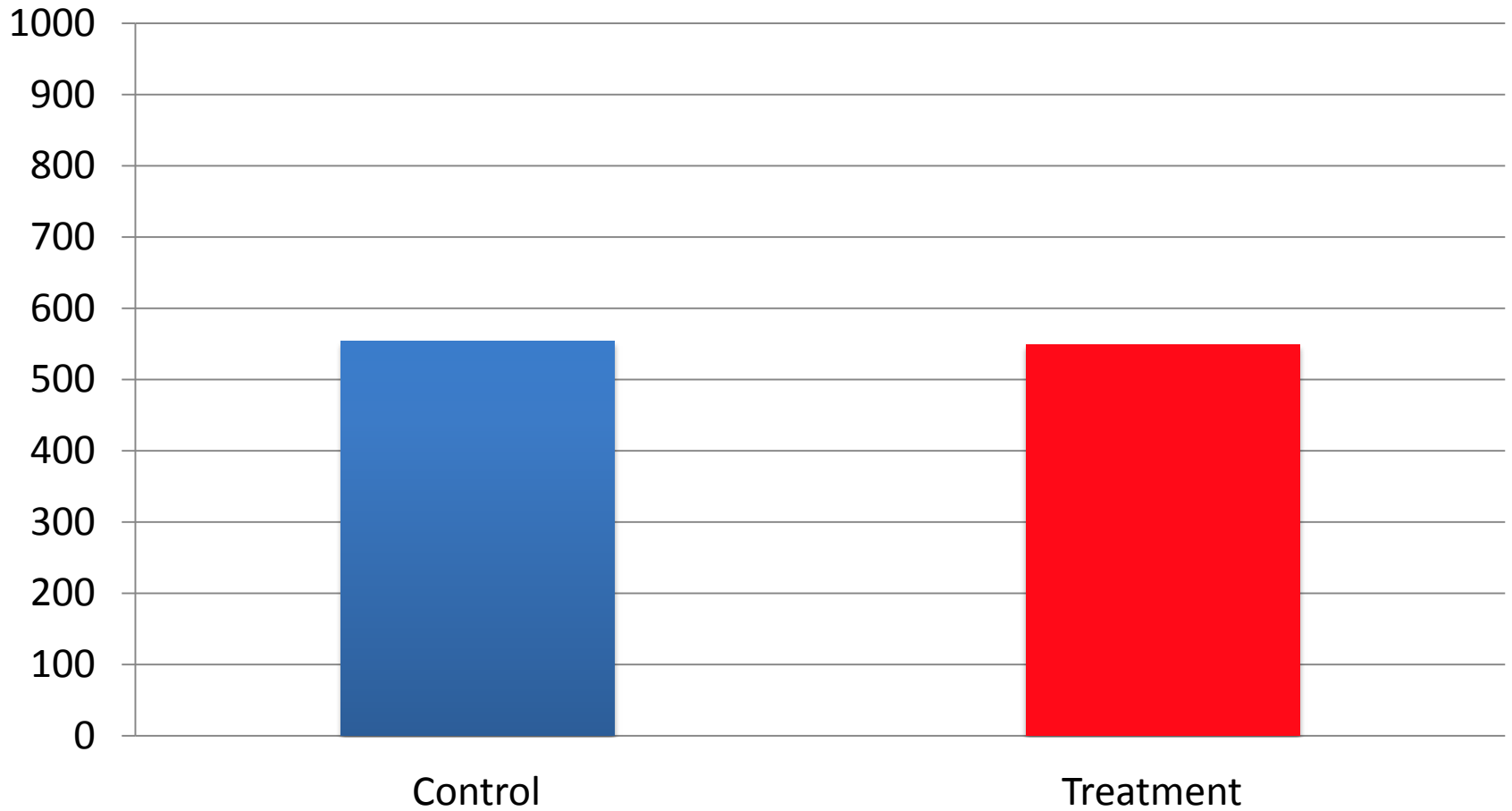
Profit – Wage – Income



Labor



Consumption



What about microcredit in the end?

- Microcredit does help develop existing activities
- It does not, however, enhance income
- Households get more earnings from their farm activities
 - Which are largely unproductive
 - But potentially have substantial productivity gains
- They work less outside and earn less outside....



Thank you!

