

# Microcredit Impact

## Mission

The mission of ADR's micro-credit program (AMP) is to strengthen the economic base of the low-income population of South Lebanon by offering reliable financial services in urban and rural areas.



## Social impact on the beneficiaries

In 1999, AMP started to provide financial services for small entrepreneurs in partnership with Audi Bank. Since then, it has received funds from different public and private institutions such as EU, ESCWA, UNDP and Premiere Urgence. AMP has given small credits to more than 1400 productive business ventures (beneficiaries) of low income in South Lebanon.

This impact study has been conducted in March 2005 to verify if AMP is in line with its mission of improving the condition of lower income populations in South Lebanon. The results show that 75% of beneficiaries had their monthly income boosted and this increase is more significant among those who earned 500\$ or less before taking the loan. This income improvement encouraged savings in one third of beneficiaries. In addition, there was some impact on the children's education, although since Lebanon has a high schooling level\*, this impact is not dramatic.

Three quarters of beneficiaries are satisfied with the credit, pointing out mainly the increased income and improved working conditions. Some mentioned more specific reasons for satisfaction, such as fulfilling housing or consumption needs, being able to save, and helping in the children's education. The level of satisfaction is high enough for some to come back and ask for new loans.

ADR's loan procedures seem highly satisfactory, since many beneficiaries stated specifically ADR in their positive comments. The main reason given was the celerity of loan approval.

\* Youth literacy rate (% ages 15-24), 1990 - 92.1% (UNDP)



*"In the bank you have to wait for a long time but you need 10 days to get a loan from ADR".*

*Beneficiary*

# Profile of Beneficiaries—Statistics

We selected a sample (n) of beneficiaries broadly matching the characteristics of the micro-credit operations of ADR in terms of location, gender, and size of the loan, so that findings can be extrapolated to all of the beneficiaries. The 911 people who took a loan from ADR up to December 2003 were stratified along those criteria and 113 were then randomly chosen in order to get to a sample. The aim was to have about 100 questionnaires, after allowing for drop-outs (mainly beneficiaries who cannot be found anymore and delinquencies). We obtained 97 questionnaires, representing close to 11% of the total beneficiaries of ADR micro-credit in the period considered. The statistics of the sample are as follows:

## Gender

	sample (n)	%	% ADR*
Males	86	89%	86%
Females	11	11%	14%
Total	97	100%	

\* statistics of ADR's micro-credit operations up to Dec 2003

## Loan

	sample (n)	%	% ADR*
inf/= 2000	54	56%	57%
2000-3000	25	26%	30%
sup/= 3000	18	19%	13%
Total	97	100%	

\* statistics of ADR's micro-credit operations up to Dec 2003

## Geography

	sample (n)	%	% ADR*
Marjayoun	15	15%	17%
Bent Jbeil	12	12%	12%
Hasbaya	4	4%	10%
Tyre	64	66%	58%
Other	2	2%	3%
Total	97	100%	

\* statistics of ADR's micro-credit operations up to Dec 2003

## Residence

	sample (n)	%	% ADR*
Rural	43	44%	na
Urban	43	44%	na
Nsp/na	11	11%	na
Total	97	100%	

\* statistics of ADR's micro-credit operations up to Dec 2003

*"before the loan I was an employee in a butcher shop, but now I'm the owner of one".*

Beneficiary

## Questions Asked

What was your monthly income before taking the loan? What is it now?

Are you saving now? If yes, how much?

Did your children go to school before you took the loan?

Will they stay longer in school now that you have made the loan, or the same?

Overall, was it a good thing to take the loan?



# Impact

## ➤ Impact of the loan on the financial situation

77% of responders witnessed an increase in monthly income. The average income of the beneficiaries pre-loan was 546\$, and it increased by 32%. Borrowers with an initial income of 500\$ or below witnessed an increase of over 40%, while for those with an income superior to 500\$ the increase was closer to 25%.

### Impact of the loan on monthly income

	sample	%
Increase	75	77%
Decrease or stable	16	16%
Nsp/na	6	6%
Total	97	100%

## ➤ Impact of the loan on saving behavior

The amount saved ranges between 5 and 33% of the income, with an average of 19%.

### Impact of the loan on savings

	sample	%
Not saving	42	56%
Saving	31	41%
Nsp/na	2	3%
Total	75	100%

## ➤ Overall satisfaction with the loan

75% of beneficiaries are satisfied with the operation.

### Satisfaction with the loan

	sample	%
Positive answer	72	74%
Negative answer	14	14%
Nsp/na	11	11%
Total	97	100%

Among the people who were not satisfied expressed the following reasons were expressed:

- Bad economic circumstances
- Health conditions
- Insufficient funds

Among the people who were satisfied, the following reasons were mentioned:

- Increase in monthly income
- Improvement in the working environment
- Improvement in living conditions
- Provided education
- ADR celerity in approval of loan
- Learned leadership skills



## ➤ Impact of the loan on education

The vast majority of beneficiaries have their children in school, a testimony to the high schooling level in Lebanon. .

### Schooling level among children of beneficiaries

	sample	%
Yes	69	71%
No	6	6%
Single	13	13%
Nsp/na	9	9%
Total	97	100%

There are some signs that with increased wealth longer studies can be envisaged for the children, but the numbers are not dramatic, as only 17% of beneficiaries said their children would go to school longer .

### Impact of the loan on the length of children's studies

	sample	%
The same	57	83%
Longer	12	17%
Total	69	100%

**ADR MICROCREDIT PROGRAM**

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## MISSION of ADR

The mission of ADR—Association for the Development of Rural capacities is to empower and integrate the marginalized people through development. In this context, ADR designs and implements projects according to the aspirations and needs expressed by the local population. Its current operations cover the South of Lebanon.



*Empowering through development*