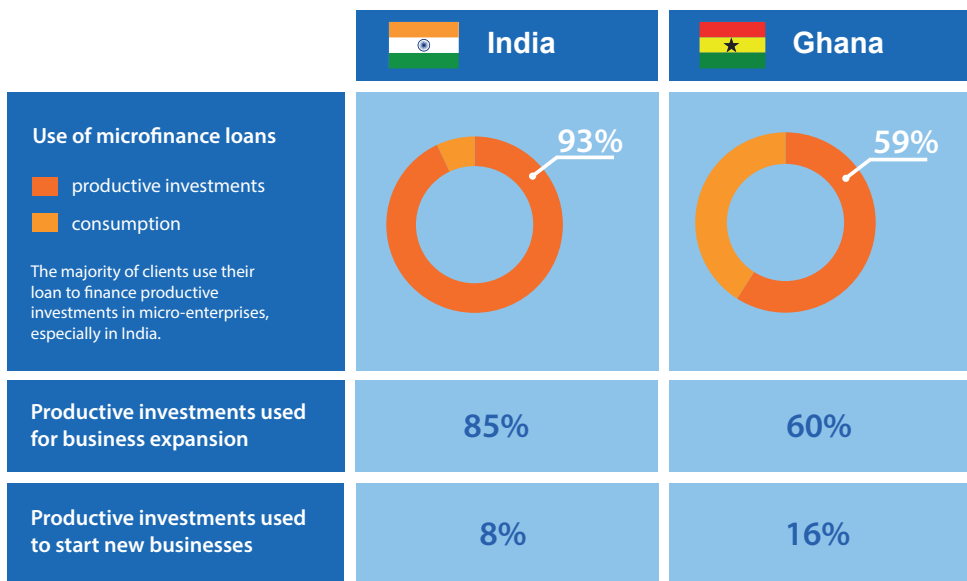


A Billion to Gain?

Financial inclusion is currently at the center of the discussion on how to improve the lives of the poor. Much of this can be credited to the rapid development and widespread use of microcredit throughout the world. Yet, in order to be successful, the sector must have an accurate understanding of the impact on its clients. That's why this 'A Billion to Gain?' report assessed the impact of group loans on 2,468 female borrowers in India and Ghana.

IMPACT OF MICROCREDIT ON BUSINESS ACTIVITIES

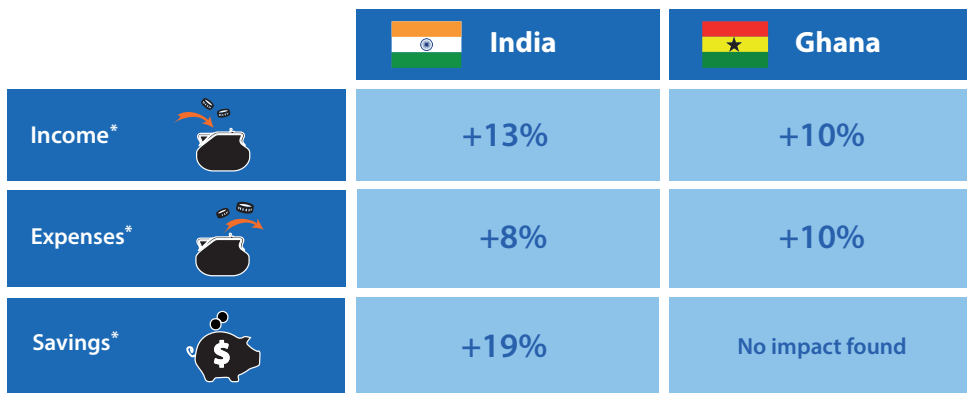


75% of the investments in agriculture were supported by microcredit.



Fertilizer and pesticides were the most common investment items.

IMPACT OF MICROCREDIT ON HOUSEHOLD FINANCES



* Change in budget after receiving three years of microcredit



In both India and Ghana microcredit has a positive impact on the ability to manage unexpected expenses.





In India only, microcredit decreases the financial dependency of households on both acquaintances and moneylenders.



In both countries microfinance clients are much more satisfied with their financial situation. No positive change is found on asset accumulation in terms of livestock, vehicles and household appliances.




IMPACT OF MICROCREDIT ON FEMALE EMPOWERMENT

	 India	 Ghana
Contribution to household income	Increased contribution	No impact is found since most women already contribute
Empowerment at home	Increased participation in decision making process	No impact as women already participate
Empowerment outside the home	Increased participation in village level activities	No impact found

In both countries microcredit makes women more confident and assertive while interacting with bank and government officials.



IMPACT OF MICROCREDIT ON EDUCATION





	 India	 Ghana
Expenditure on education 	+7%	+11%

Despite a substantial increase in education spending in both countries, no impact was found on the actual education levels within a three year period.



In India microcredit has a positive impact on the financial literacy of clients. In Ghana, no impact was found which might be due to higher overall education levels.

IMPACT OF MICROCREDIT ON FOOD AND HEALTH ISSUES

	 India	 Ghana
Food expenditure 	+7%	+10%
Medical expenditure 	+8%	+10%



In both India and Ghana microcredit has no impact on the number of days households have to go without sufficient food.

However, microcredit greatly improves the quality of food clients consume as they start eating more meat, fish, milk and lentils.



In both countries microcredit has no impact on the frequency household members fall ill. However, clients experience less stress regarding their financial situation.