

Authors

Bruno Crépon
Centre de Recherche en Economie et Statistique (CREST)

Esther Duflo
Massachusetts Institute of Technology

William Parienté
Université Catholique de Louvain

American Economic Journal: Applied Economics 2015, 7(1): 123-150
<https://doi.org/10.1257/aep.7.1.123>

Estimating the Impact of Microcredit
on Those Who Take It Up:
Evidence from a Randomized Experiment in Morocco

By BRUNO CRÉPON, FLORENCIA DUYOYO, ESTHER DUFLU,
AND WILLIAM PARIENTÉ

We report results from a randomized evaluation of a microcredit program introduced in rural areas of Morocco in 2006. Thirteen percent of the households in treatment villages took a loan, and none in control villages did. Among households identified as more likely to borrow, microcredit access led to a significant rise in investment in assets used for self-employment activities, and an increase in profit, but also to a reduction in income from casual labor. Overall there was no gain in income or consumption. We find suggestive evidence that these results are mainly driven by effects on borrowers, rather than by externalities. (JEL D14, G21, J23, O12, O16, O18)

Several recent randomized evaluations in different countries and contexts have found that granting communities access to microcredit has positive impacts on investment in self-employed activities, but no significant impact on overall consumption—or on overall income, when that is measured (Attanasio et al. 2011; Augsburg et al. 2013; Banerjee et al. 2013; Angelucci, Karlan, and Zinman 2013; Desai, Johnson, and Tuzuzi 2013). A plausible interpretation of these findings is that the small businesses that the households gaining access to microcredit invest in have low marginal product of capital. Consistent with this hypothesis, these studies often find no significant impact of microcredit access on business profits or income from self-employment activities on average, although several do find an impact on profits for preexisting businesses or for businesses at the top end of the

*Crépon: CREST, 15 Bd G. Perleux 13000 Moulins, France, and I-PAL (crepon@crest.fr); Duflo: Paris School of Economics, 48 Boulevard Jourdan, 75014 Paris, France (d-11@mit.edu); Duflo: MIT, Massachusetts Institute of Technology, Department of Economics, 30 Memorial Drive, Cambridge, MA 02142, USA, and I-PAL (d-11@mit.edu); Parienté: IRES, Université Catholique de Louvain, Place Croix-Baron 3, B-1348 Louvain-la-Neuve, Belgium, and I-PAL (parient@uclouvain.be). Funding for this study was provided by the Agence Française de Développement (AFD), the International Growth Center (IGC), and the World Labor Forum Poverty Action Lab (I-PAL). We thank, without implicating, these three institutions for their support. The draft was not reviewed by the AFD, IGC, or I-PAL before submission and only represents the views of the authors. The study received IRB approval from MIT, COURSES 000001706. This paper is registered in AEA Social Science Registry under number A0ARCT0000071. We thank Abhijeet Banerjee and Ben Olcott for comments. We thank Aurélie Ours, Divya Dhar, and Sébastien Stanchera for tremendous research assistance, and seminar and conference participants for very useful comments. We also thank Jean-Marie for their effort in conducting the surveys and the French National Institute of Statistics (INSEE) for their previous help with data entry. We are deeply indebted to the whole team of AJ Attanasio without whose this evaluation would not have been possible, in particular to Fouad Abdellouahab, Zakia Lakoua and Fatim-Zahra Zaoui.

¹Go to <https://doi.org/10.1257/aep.7.1.123> to visit the article page for additional materials and author disclosure statements, or to comment in the online discussion forum.

Estimating the Impact of Microcredit on Those Who Take It Up: Evidence from a Randomized Experiment in Morocco

We report results from a randomized evaluation of a microcredit program introduced in rural areas of Morocco in 2006. Thirteen percent of the households in treatment villages took a loan, and none in control villages did. Among households identified as more likely to borrow, microcredit access led to a significant rise in investment in assets used for self-employment activities, and an increase in profit, but also to a reduction in income from casual labor. Overall there was no gain in income or consumption. We find suggestive evidence that these results are mainly driven by effects on borrowers, rather than by externalities.

January 01, 2015