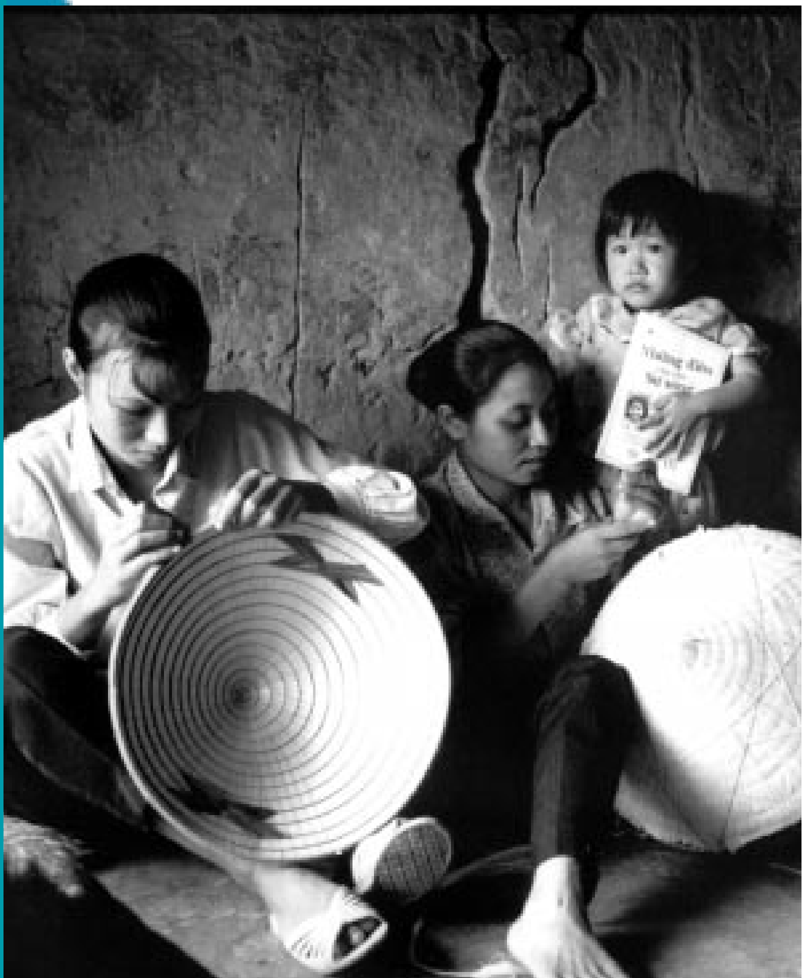
# Give Us Credit



How access to loans and basic social services can enrich and empower people

unicef

United Nations Children's Fund

**Front cover: In Viet Nam, household food security increased notably for loan recipients in income-generating projects backed by UNICEF. Here women make conical hats, while a little girl holds a copy of *Facts for Life*, a widely distributed booklet on basic health.**
**Credit: UNICEF/93-1302/Fregier**

***Give Us Credit* is based on the findings of the forthcoming study 'Microcredit: Lessons learned from UNICEF experiences and principles for support', by Ashok Nigam with Mohammad Mohiuddin, Division of Evaluation, Policy and Planning, UNICEF New York.**

# *The development equation: Microcredit + basic social services*

Microcredit is the extension of small loans to groups of poor people, especially women, for the purpose of investing in self-employment programmes[1]. It is a way of improving the earning capacity and therefore the standard of living of the poor. Nevertheless, a poor woman who generates income through microcredit but who does not have adequate access to health care for herself and her family, who lacks essential information about health and nutrition and who is unable to send her children to school is still living in poverty.

There is a greater reduction in poverty when microcredit programmes are combined with increased access to basic social services than when the programmes focus on credit alone.

When microcredit is linked with access to basic social services and key social development messages, the health and nutrition of borrowers' children — particularly girls — improves; school enrolment increases; safe water and sanitation use broadens. This combined approach, therefore, is an important strategy for achieving the year 2000 goals for children. Microcredit also empowers women, by enabling them to make economic decisions and become the source of increased household income. Experience shows that with the empowerment of women come significant improvements in children's survival rates, health, nutrition and development.

Successful experiences with microcredit involve a combination of credit and savings. When borrowers are obliged to set aside a minimum amount of savings on a weekly or a monthly basis, this savings component reinforces the discipline of the borrower to make regular repayments of the borrowed money. It also creates a sense of 'ownership' on the part of the borrowers that is vital in ensuring the scheme's sustainability.

Group-based lending has helped marginalized groups gain access to credit. Because the poor lack material collateral, group-based lending allows for the sharing of risks. The group collectively works to ensure that all loans are repaid on time so that other members of the group are not deprived of credit if a member defaults. This creates a sense of joint responsibility and generates peer pressure to comply with the repayment schedule.

Experience with microcredit has shown that the poor can be disciplined borrowers and savers, able to repay loans on time and to save. If poor families are to pull themselves out of poverty, they need access to the successive loans that microcredit programmes provide.

*[1]'Microfinance' better describes the activities involved, which include credit, savings and capacity-building. However, because of its general acceptance, the term 'microcredit' is used in this booklet to cover all these components.*

## *Where microcredit is working*

UNICEF is not new to microcredit, having supported the Grameen Bank's efforts in Bangladesh since the early 1980s. A number of country offices have also made credit an integral component of programmes designed to increase access to, and sustainability of, basic social services.

UNICEF-supported programmes are successful not only as measured by loan recovery rates but also because they have broadened access to basic social services and empowered women in a number of countries, including Bangladesh, Benin, Brazil, Cambodia, Egypt, Guatemala, India, Kenya, Nepal and Viet Nam.

In Bangladesh, the Grameen Bank, with UNICEF assistance, integrated social development activities into its credit extension services, adopting the now familiar 'Sixteen Decisions' that are recited in every weekly meeting of the Bank's borrowers. The decisions affirm, among other things, the need for health services, adequate nutrition, child spacing, safe water and sanitation and primary education, as well as the elimination of dowry in marriage.

UNICEF/93-0041/Murray-Lee

**In a Bangladeshi village, borrowers meet weekly with a representative of the UNICEF-assisted Grameen Bank to discuss issues involving health and nutrition, child-spacing, sanitation and dowry-elimination as well as credit-related topics.**


UNICEF/93-1994/Pirozzi

**There is a greater reduction in poverty when access to basic health care and other social services is linked with start-up loans to poor women. Here a boy is weighed at a health centre in Benin.**

In Nepal, UNICEF has linked the delivery of social services to credit and other support provided under the Small Farmer Development Programme (SFDP) since 1982-1983. Implemented by the Government, the programme reached 123,000 families in 422 villages and 75 districts by 1992. In areas where credit has been combined with support for basic social services, infant mortality is lower, school attendance for girls is higher and children's health, nutrition and education have shown greater improvement, than in areas where credit alone is given or where no credit is provided. In 1982, UNICEF began supporting the Production Credit for Rural Women (PCRW) programme by providing credit and training and supporting community development in five districts. In 1988, the programme was extended to 37 districts for which the International Fund for Agricultural Development (IFAD) supplied funds for credit. Since 1989, credit has been linked with social development messages, drawing on the experiences of the Grameen Bank and the Self Employed Women's Association in India. The approach of combining credit and basic social services has been successful, attracting support from a number of donor and multilateral agencies.

In Viet Nam, UNICEF provides loan funds for programmes administered by national non-governmental organizations (NGOs). These programmes combine credit with access to basic social services and information, using tools such as the basic health manual, *Facts for Life*, and opportunities such as the national literacy campaign. The results are positive: In one programme, 97 per cent of daughters of borrowers attend school compared with 73 per cent of daughters of non-borrowers. Dramatic improvements in household food security were also observed, with only 12 per cent of borrowers reporting food shortages of three months or more compared with 73 per cent of non-borrower households. Communities identified having water closer to the home as a major need that they would like to see fulfilled through access to credit.

In Cambodia, since 1988 UNICEF has provided core funds for microcredit through NGOs. Microcredit helps build the borrower's confidence: By completing successful rounds of credit with the NGO, the borrower is in a better position to apply for credit with commercial lenders or state-owned banks. The programme is now managed by commercial banks and government departments. UNICEF no longer provides funds for credit, directing support instead at capacity-building at the district level. Since the programme's inception, over 15,000 women have received credit. The recovery rate of 70 per cent is relatively low because it has been affected by severe fluctuations in borrowers'

UNICEF/Mainichi/Asabe

**Experience shows that credit alone is not enough: Without safe water and access to other basic social services people will still live in poverty. A Cambodian woman washes her daughter at a communal tap.**

incomes because of droughts, flood and war. Based on national experience and exchange visits to the Grameen Bank, a savings component and a fund for insurance against natural disasters have been instituted.

In Egypt, the UNICEF-supported Family Development Fund Project was set up in 1993 in cooperation with the Government. The programme, growing rapidly, now has 3,600 borrowers and is being implemented through local NGOs in four poor rural regions. Loans are used for small-scale enterprises in cattle raising, retail trades, food processing, sewing and handicrafts. Another 2,700 borrowers are reached through a programme that was initiated with UNICEF assistance, but that is now managed and run by a commercial bank. In another scheme, microcredit is helping to combat child labour in an urban slum area by making credit available to poor women whose children work, as long as the children also attend school. The recovery rates in the various schemes are all over 95 per cent. A commercial bank has recently committed credit of almost $6 million for the poor to be lent through group-based schemes along the lines of the Grameen Bank model, with UNICEF providing technical support.

In India, UNICEF has supported the Development of Women and Children in Rural Areas (DWCRA) programme run by the Government, which in some regions advances loans to women. In Nellore and Anantapur Districts in the state of Andhra Pradesh, for example, women pool their savings as a group: the money is then used as a revolving fund from which members of the group can borrow, at above market rates of interest but still below moneylender rates. Once the borrowers have shown that they can manage the payments, additional resources for loans are provided by the Government and donors. In some villages, these funds have been rotated 22 times since 1988.

The credit is linked to access to basic social services and social development messages and as a result, the children of borrowers are healthier — almost 100 per cent of children are immunized. Families have improved their nutritional status, through the cultivation of kitchen gardens, and they follow clean sanitary practices. Women have been empowered through the programme, openly discussing domestic violence, alcoholism and village conflicts. They are treated with greater respect by men and are more aware of their health needs, seeking medical attention for ailments that would have been endured silently in the past. It is recognized that while the empowerment of women is a process that will not happen automatically, credit is an important component for accelerating that process.

# Country experiences

## Nepal: Loans for small farmers

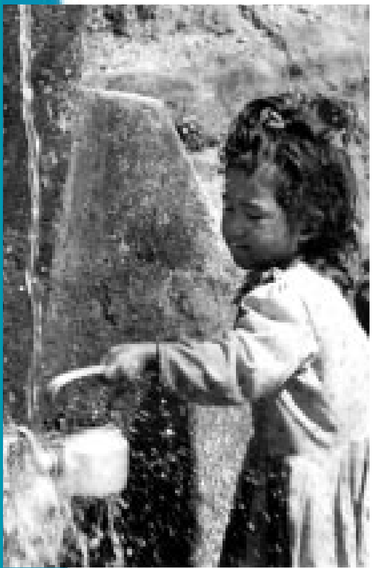
*The Small Farmer Development Programme (SFDP), implemented by the Government of Nepal, gives loans of up to NRs30,000 (currently $1 = 56.8 Nepalese rupees) on a group-collateral basis to small groups of farmers for various income-raising, agro-based enterprises. By 1992, the programme had formed 19,307 credit groups for men and 4,837 for women, each with 5 to 10 members. The groups covered 123,000 families whose annual per capita income was below NRs2,500.*

*UNICEF has supported SFDP in some areas since 1982-1983 with interventions in health, nutrition, education and water and sanitation. The repayment rate for the loans is above 80 per cent in the women's groups and 60 per cent in the men's. The loan repayment rates are higher in those areas where social interventions are combined with credit than in areas where credit alone is given. Social indicators also show greater improvement in areas where credit is combined with delivery of basic social services:*

- *school attendance of girls between 5 and 14 years of age was higher in families that received both credit and support for basic social services than it was in families that received credit alone and in families in areas where there was no SFDP (75 per cent, 63 per cent and 50 per cent respectively);*

**Children at school in Nepal. Attendance is appreciably higher for girls when micro-credit is combined with social services.**

UNICEF/93-1267/Noorani



UNICEF/93-1276/Murray-Lee

**In areas of Nepal where water and sanitation messages are linked with loans from the Small Farmer Development Programme (SFDP), tap water use has quadrupled. Here, a small girl fills a kettle at a roadside fountain outside Kathmandu.**

- *infant mortality rates were lower in areas with a combined credit and basic social services approach than in areas where credit was extended without social services and in those where no credit was provided (113, 116 and 135 per 1,000 live births respectively);*

- *the average number of child deaths from diarrhoea was reduced by 33 per cent in the areas where credit alone was provided and by 37 per cent where credit was combined with basic social service interventions;*

- *immunization coverage for BCG (tuberculosis), DPT3 (diphtheria, pertussis, tetanus), polio and measles was higher in areas of combined credit and social development interventions than in areas where credit alone was extended or where no programme was operating at all (83 per cent, 71 per cent and 61 per cent respectively);*

- *more women of reproductive age were immunized against tetanus and had greater knowledge of nutritional needs in areas where credit and basic social services were combined;*

- *the proportion of households with latrines was twice as high in areas where credit and basic social services were linked, compared with the areas where SFDP was not operating. In areas where UNICEF gave support, 70 per cent of households built latrines after receiving SFDP credit compared with only 45 per cent where only SFDP provided assistance;*

- *the percentage of households using tap water doubled (from 19 per cent to 38 per cent of households) in areas where SFDP extended only credit, but it rose by a factor of four when credit was linked with basic social services (from 9 per cent to 36 per cent).*

*Source: 'Evaluation Study of the Small Farmer Development Programme', UNICEF Nepal, 1995*

### Nepal: Production Credit for Rural Women

*"We women do not own anything and PCRW offers us credit without our having to use property as collateral." — woman borrower*

*"Our entire family has benefited from the project... my daughter has attended literacy classes, my children have all been inoculated." — husband of PCRW member*

*The Production Credit for Rural Women (PCRW) programme began with UNICEF support in 1982 in five districts of Nepal and now operates in 24. In 1989, a basic social services component was added, along the lines of the successful experiences of the Grameen Bank in Bangladesh and the Self Employed Women's Association in India. The scheme targets women with household incomes below NRs2,500 per annum, and the loans offered vary from NRs500 initially up to NRs10,000 in the most successful cases. The repayment rate is 70 per cent.*

*Source: 'Assessment of Production Credit for Rural Women: Towards future strategies', UNICEF Nepal, May 1996*

### Viet Nam: Microcredit and savings

*UNICEF has supported a microcredit and savings programme since 1989 in Viet Nam. Implemented by the Viet Nam Women's Union, the programme has provided credit to 33,584 borrowers in 16 provinces. Borrowers form groups of between 10 and 15 members, and loans are made on a group-collateral basis. All the loans are to women. Recovery rates are high. UNICEF has combined the credit programme with health messages, primarily through the booklet* Facts for Life.

*Many social indicators have shown improvement:*

- *97 per cent of the daughters of the borrowers attend school compared with 73 per cent of daughters of non-borrowers;*

UNICEF/93-1296/Fregier

**In Viet Nam, the UNICEF-assisted microcredit programme has led to a rise in household food security and improved family nutrition.**

UNICEF/93-1303/Fregier

**At a school in Ho Chi Minh City, girls learn to sew. Microcredit is used to open small businesses, generating income for many families.**

- *a survey showed that 73 per cent of the non-borrower households faced food shortages of three months or more compared with 12 per cent of the households that had borrowed money. Borrower households no longer attribute food shortages to a lack of land and capital; they attribute them instead to reduced time for food production because of the need to care for small children;*

- *the project has also increased animal husbandry as a source of income, with 36 per cent of the borrowers considering this as their main occupation compared to 16 per cent of the non-borrowers.*

*In another UNICEF-supported scheme in Viet Nam, 9,600 women have benefited from a microcredit programme combined with literacy and education. Loans go to groups of women comprised of 20 to 30 members each in four provinces. Evaluation shows that:*

- *a vast majority of the borrowers (97 per cent) have significantly increased their household production since the project began in 1994;*

- *prior to receiving credit, 86 per cent of the borrower households faced a food shortage of more than one month. After the scheme was introduced, only 33 per cent of borrower* *households experienced food shortages compared to 77 per cent of the non-borrower households;*

- *although credit has increased household production, it is not clear whether it has enhanced borrowers' confidence and their capacity for decision-making. The empowerment of women, from this perspective, is still to be assessed;*

- *there is a high demand by non-borrowers to join the scheme — 93 per cent of non-borrowers interviewed wanted access to project loans.*

*Source: 'An Evaluation of Credit Mechanisms and Impact', UNICEF Viet Nam, March 1996*

### Viet Nam: One woman's experience

*Mrs. Nguyen Thi Phu, whose arm was amputated in 1984 as a result of a fall, has three children. She had on occasion borrowed from a moneylender at a monthly interest rate of 30 per cent but at one time, when she could not repay her loan, the moneylender took some of her belongings. Since then, she has not borrowed from the moneylender, and the family has lived with food shortages. In 1994, Mrs. Phu borrowed D300,000 (currently $1 = 11,130 dongs) from funds provided by UNICEF with which she bought two piglets. She sold one pig for D720,000 and with the proceeds repaid half the loan. The rest of the money was used to cover daily expenses and her children's schooling. She sold the second pig for D1,200,000, out of which she repaid the loan in full and bought two more piglets. She then borrowed for a second time, and this time her family is experimenting with orange trees while at the same time rearing pigs. Since Mrs. Phu received the loan, her family has been eating much better and her children are in school. Mrs. Phu is also in charge of money management in her house, and her self-esteem has increased greatly.*

*Source: 'An Evaluation of Credit Mechanisms and Impact', UNICEF Viet Nam, March 1996*

UNICEF/93-1291/Fregier

**If people have access to credit but lack health care and safe water and cannot educate their children, they still live in poverty. A Vietnamese girl laughs in high spirits.**

UNICEF/96-0256/Toutounji

**Education, especially for girls, is a prerequisite for reducing poverty.**

### Egypt: Combating child labour through microcredit

*Since 1993, UNICEF has supported a number of microcredit schemes in poorer regions of Lower Egypt and in some urban slum areas. In Alexandria, a microcredit scheme run by a local NGO combines credit for women with efforts to combat child labour. Each borrowers' group comprises five women, two of whom have working children. The condition for the women's loans is that all the children should go to school. This scheme, in an area with adequate access to basic education, has proved that microcredit can reduce child labour and improve school attendance while at the same time improving the income levels of the participating families. It also shows that parents are willing to send their children to school once the economic condition of the family improves.*

*Source: 'Project Agreement between UNICEF and El Azaiza CDA', Family Development Fund Project, Cairo, 1996*

### Egypt: Three experiences

*Sabiha Mohamed is a widow with three sons and one daughter. She has taken three loans of £E1000 each (currently $1 = £E3.37). The first time, she purchased a water buffalo for £E800 and fodder for £E200. After six months, she sold the water buffalo for £E1200 and repaid £E500 as a first instalment. With the rest, she bought another buffalo and sold it for £E1300, giving her the money to repay the balance of her loan and interest. With the net profit, she bought a connection from the water supply authority for her home for £E250. Mrs. Mohamed has since taken out two more loans and now owns a cow and a buffalo. All her children go to school, and she is determined that they will continue their education.*

*Badra Ali Khalifa is a 55-year-old widow, disabled as a result of a fall and responsible for a grandchild after the death of one of her daughters. On joining the Family Development Fund project supported by UNICEF, Mrs. Khalifa took out a first loan of £E500 and purchased a small quantity of palm branches out of which she made containers for vegetables and fruits, selling them from* *her home. She made three to four pieces a day and earned £E6 per day, repaying her first loan and taking a second loan of £E1,000 with which she purchased palm branches in bulk at a lower price. She has diversified her activities and now makes beds and other food containers. She says, "This project has given me hope — a new meaning in life. I have a reason to live. I am not a burden on anyone. My granddaughter will never be in need — I will send her to school."*

*Bakhita Togan has one son and four daughters. With her first loan of £E500, she started a grocery shop. Making a good profit, she repaid her first loan fully and purchased a gas cooker. She took out another loan of £E1,000 and spent £E500 on her shop, adding fertilizer and other commodities to her inventory. Mrs. Togan purchased four goats and two sheep with the remaining £E500 and earned more profit. Before receiving credit, she was able to afford to send only her son to school, but now all of her five children are in school.*

*Source: 'An Assessment of Egypt's Family Development Fund: Achievements and recommendations', by Zamal Uddin Biswas, UNICEF Cairo, August 1996*

**Microcredit enables women to make economic decisions and increase household income. Holding her sleeping baby, a woman takes part in an adult literacy class in Alexandria.**

UNICEF/96-0255/Toutounji

## India: Credit and saving schemes in Andhra Pradesh

UNICEF/5846/Vilas

**Women participate in a non-formal literacy class in New Delhi. In Andhra Pradesh in southern India, a literacy campaign linked to UNICEF-supported rural women's microcredit activities has led to visible changes in the health and nutrition of women and their children.**

*In two districts of Andhra Pradesh, thousands of women come together in small groups. They each save 1 rupee a day (currently $1 = 35.5 Indian rupees), pool their savings and rotate the sum among themselves for production and day-to-day needs and as a source of capital for micro-enterprises. The Development of Women and Children in Rural Areas (DWCRA) scheme, supported by the Government and UNICEF, then extends further credit to the women once they have demonstrated their ability to form groups and save. Women are proud to display their passbooks and speak of their experiences.*

*In one village in Nellore District, for example, women have acquired land titles in their names and taken Rs180,000 as loans towards construction of their houses. They have said that they will not tolerate wife-beating and have forced their husbands to stop drinking alcohol. The longest-standing group in the village has rotated the revolving fund 25 times and also has a savings deposit of Rs30,000 in the bank. In another village, a group has saved Rs800,000. In total, the women of the district have mobilized savings of Rs60 million.*

*The women have used the revolving funds for productive activities, emergency consumption, health needs, marriages and children's education. The Total Literacy Campaign launched in the district in 1991 has brought education and information, with the savings groups becoming important centres for disseminating information on health, education, water and sanitation. There are visible changes in the health and nutrition of women and their children. Women have identified sanitation as a major problem and are exploring possibilities of financing sanitation improvements, with matching funds from the Government. Women in the credit groups have a positive self-image, recognize their own health needs better and find themselves consulted by men, who realize that credit and information can be accessed through the women's savings groups.*

*In 1992, in Anantapur district, 1.2 million families were destitute and another 1.3 million lived just above the poverty line. In this area, a women's savings group, which initially handled Rs500, developed its creditworthiness and capacity to handle Rs18,000 in*

UNICEF/041/Sprague

**In India, women use their savings and credit funds for emergencies and their families' health and education needs as well as for investments. Here women attend a nutrition class.**

*just 18 months. There are now around 6,000 groups, 3,500 of which are functioning well. With minimal training, the women began managing their own money and after six to eight months had built up a small amount of savings and rotated the fund among themselves. DWCRA funds were then made available to the successful groups. Almost all the children of the borrowers receiving DWCRA support attend school. As water is a major problem in this region, almost 6,000 dams and percolation tanks were planned, with the objective of harvesting rainwater. Efforts were integrated into the credit scheme to empower communities to safeguard their own environment.*

*Source: 'In Search of Synergy and Convergence', UNICEF New Delhi, undated*

### Kenya: From housemaid to hotel-keeper

*Emily, at age 26, is the sole supporter of her two sons in Baringo District in Kenya. Not educated beyond the third grade, Emily, then a housemaid, joined a UNICEF-supported credit scheme in 1992 and received her first credit of KSh1,500 (currently $1 = 54.8 Kenyan shillings), which she used to start a small business selling maize and beans in a section of a local shop. This did well, and Emily also started a hairdressing business, using part of a local salon, for which she paid KSh200 in rent. Realizing that this could not be successful in a rural setting, she teamed up with a friend to sell second-hand clothes that they bought from Nairobi. Because even this was eating into her savings, Emily opened a small hotel from which she started to make a little profit. When she received her loan, she was given 10 months to repay but the momentum in her* *business enabled her to repay it in 5 months with a 5 per cent interest rate. She then applied for a KSh10,000 loan to expand. She now owns two acres of land with title in her name and has ambitious plans for further expansion. She earns KSh2,000 profit even in a bad month and twice that amount in a good month. She is determined to educate her children and pays for private tuition for herself for one hour during her workday.*

*Source: 'Evaluation of the credit project being implemented by the District Social Services Office', UNICEF Kenya, 1993*

### Kenya: From school drop-out to micro-entrepreneur

*Biumbe dropped out of secondary school when she became pregnant and got married. She subsequently trained as a preschool teacher and found work for KSh800 per month in a nursery school. In 1989, Biumbe bought a sewing-machine to supplement her income by making dresses, and in 1992 she borrowed KSh5,000 from Tototo Home Industries, from funds provided by UNICEF, to invest in her sewing business. In 1993, she took out a second loan of KSh20,000, some of which she invested in her business, using the balance to start a private nursery school. She initially had 11 pupils, and the number soon rose to 40. Biumbe charged KSh70 per month per child for tuition, and KSh60 per month for a food service she introduced to improve the children's nutritional status. Biumbe also became the chairperson of the local women's saving club.*

*Source: 'Tototo Home Industries: Evaluation of women's credit project', UNICEF Kenya, 1994*

**A market trader in Kenya breastfeeds her child. Children's nutrition improves in areas where microcredit is linked with basic health, nutrition and sanitation messages.**

UNICEF/91-0510/Press

# *Sustaining and supporting microcredit initiatives*

Grants for establishing loan capital and covering initial administrative costs are necessary to launch a microcredit scheme. These funds usually come from donors, United Nations agencies, international financial institutions and governments. Experience has shown that some groups can also generate these funds through their own savings.

Microcredit programmes must sustain themselves by charging interest rates that are above market rates to recover the operating costs associated with extending small amounts of credit. A major concern to the poor is their limited access to credit, not the relative cost of credit.

A successful microcredit scheme requires a long-term commitment from government authorities, donors and NGOs because time and effort are needed to establish the infrastructure and to build the necessary capacities. It takes even longer to develop the trust, group confidence and financial discipline on the part of borrowers to make such schemes sustainable. Partnerships between NGOs, financial institutions, donors and UN agencies are also time consuming but are essential for developing sustainable schemes. Such partnerships allow for greater outreach, as well as better identification of, and support to, the most appropriate local NGOs to manage the schemes. Systems for monitoring and evaluating the schemes' performance are also important, and borrowers must be helped to graduate to other systems of credit.

The nature and extent of UNICEF support for microcredit is determined at the country level through the country programme process. The lessons learned from many experiences suggest that in view of limited resources and capacity, UNICEF's role in microcredit is primarily to be supportive of national schemes, with a view to maximizing their outreach and impact.

In certain countries, UNICEF plays a catalytic role in microcredit by working with governments to stimulate national efforts through NGOs and socially conscious financial institutions. Where UNICEF provides direct financial support, it covers areas such as creating a core capital fund for lending, building national capacities, and monitoring and evaluating activities to learn from experience and adapt the schemes to the specific situation at local and national levels. Management of the schemes is most often in the hands of a partner organization. All microcredit schemes that are supported by UNICEF primarily target poor women. In almost all countries, UNICEF advocates for basic social services and social communication to be linked with microcredit schemes in order to maximize the impact on the survival, protection and development of children and the empowerment of women.

Microcredit is not to be viewed as a charity or welfare-oriented programme. It should be run on sound business criteria with the objective of moving towards financial self-sustainability. UNICEF experience shows that the lasting impact of credit in reducing the worst manifestations of poverty can be enhanced when it is combined with basic social services and key social development messages.

The combination of access to microcredit and basic social services is an effective and cost-efficient approach to enable the poor to pull themselves out of poverty. Repayment rates among poor women borrowers are high, and significant improvements are seen in the health, nutrition and education of the most disadvantaged children. Microcredit, combined with basic social services and key social messages, is a powerful tool for reducing poverty.

UNICEF/4038/Schytte

**Small loans go a long way towards empowering women. This Guatemalan woman earns enough to repay her loan and support her family.**

**When poor families are given credit, the benefits are magnified if health care and education are also available. Young Tanzanians attend school.**

UNICEF/395/Wolff

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