

ABILITY TO ACCESS FAIR LOANS

Outcome indicator

Indicator Phrasing

INDICATOR PHRASING: % of target group members capable of obtaining a loan within a short period of time, at a given amount, and at a fair rate.

Français: to be added later

What is its purpose?

It sometimes happens that people suddenly need a larger amount of money to cover unexpected expenses, such as those related to health care or housing. An ability to access timely and affordable credit when needed gives people the resources to respond to challenges or opportunities. This indicator therefore measures the percentage of the target group members capable of obtaining a loan within a short period, given amount and fair interest rate.

How to Collect and Analyse the Required Data

Determine the indicator's value by using the following methodology:

1) Define the following:

- How quickly should a person be able to obtain a loan: People often need to access “emergency” cash relatively quickly and the period you ask about therefore should not be longer than one to two weeks.
- What the amount should be: It is recommended that the amount you ask about is equal to about half of people’s monthly income (i.e. if most people living in the area earn about 200 USD per month, ask about their ability to take a loan worth 100 USD).
- What can be considered as a fair interest rate: Review the interest rates charged by more credible banks, micro-finance institutions, savings and loan groups and other lenders to determine the maximum interest rate that can still be considered “fair”. Be realistic about what types of loans your target group members can realistically access and adjust the maximum interest rate accordingly.

2) Based on the definition above, prepare survey questions that will help you collect the required data. For example:

Q1: It is common that people sometimes need to quickly borrow money for covering unexpected costs, such as those related to health care, repairs to the home or a need to help one’s family. In the case that such a thing suddenly happens to you, do you know of any bank, group of people or individual who would be able to lend you one hundred dollars within one week?

A1: yes / no / is not sure

(ask the following question only if the previous answer is YES)

Q2: If you borrow one hundred dollars from this source and repay it within six months, how much money would you have to pay back?

A2: _____

3) **Conduct interviews** with a [representative sample](#) of your target group members, asking them the questions defined in point 2 above.

4) **Count the number of respondents** who reported being able to borrow the given amount, in the stated period and at the maximum (or lower) rate.

To **determine the indicator's value**, divide the number of respondents capable of accessing a fair loan within the stated period by the total number of respondents. Multiply the result by 100 to convert it to a percentage.

Disaggregate by

Disaggregate the data by gender and other criteria relevant to the context of your intervention.

Important Comments

to be added later