Expanding Access to Finance Through Microequity in Egypt

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Sector(s): Finance

Location: Alexandria, Beheira and Marsa Matrouh, Egypt

Sample: 1500 livestock farmers

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Many people who work in agriculture are limited by both the inflexibility of the payment schedules of standard microfinance loans, and by credit products where default risks fall almost entirely on the borrower.

Researchers are conducting a randomized evaluation to test the effects of a promising alternative to conventional microcredit. Specifically, they are partnering with a microfinance institution to design equity contracts in which clients are provided with a productive asset (a set of goats) and split the proceeds of the sale of the asset at a fixed rate with the microfinance institution.

Research ongoing; results forthcoming.