Webinar #1: Enhancing Poverty Alleviation Performance: The Importance of Implementing Multidimensional Metrics

Presenters:
• Heather Esper, Program Manager for Impact Assessment- WDI
• Yaquta Kanchwala Fatehi, Research Associate- Impact Assessment- WDI
• Julie Peachey, Director of Social Performance Management- Grameen Foundation

This webinar is part of a larger series “Assessing Multidimensional Poverty Impacts: Techniques that are Easy-to-Implement and Customizable”.

Schedule of events:
• Webinar #2: Enhancing Poverty Alleviation Performance: Amplifying the Voice of Local Stakeholders – JUNE 17, 11 AM-12 PM EDT
• Webinar #3: Enhancing Poverty Alleviation Performance: Quantifying Changes Experienced by Local Stakeholders – JULY 18, 10 AM-11 AM EDT
• Impact Assessment Hands-on Workshop: OCTOBER 22-24, 2014, Ann Arbor, MI

Register at: http://wdi.umich.edu/research/bop/webinar2014
1. The value of capturing multi-dimensional outcomes of poverty - WDI
2. Guest speaker – Grameen Foundation
3. Contact information
4. Questions from the audience
5. References
What do we mean by multi-dimensional outcomes?

Multi-dimensional outcomes

Local stakeholders
- Producers
- Customers
- Distributors
- Employees
- Broader community

Poverty alleviation indicators
- Economic well-being
- Capability well-being
- Relationship well-being

Both positive and negative changes
- Is cash cropping increasing the risk of reduced food diversity for the farmer’s household?
- Does creating jobs for women in the community alter cultural norms which are disliked by village elders?
Why is it important to speak with all local stakeholders?

Multi-dimensional outcomes

Local stakeholders

- Producers
- Customers
- Distributors
- Employees
- Broader community

Why is this important?

“What is missing from the many evaluation reports ... [is] feedback from beneficiaries themselves.” Nicholas van Praag, Advisor- World Development Report 2011
What do we mean by multi-dimensional poverty alleviation indicators?

Multi-dimensional outcomes

Multi-dimensional poverty alleviation indicators

• Economic well-being
• Capability well-being
• Relationship well-being

Why is this important?

“The whole question hinges on one’s definition of impact. If impact equates to scale, say jobs created, then it is little surprise that you’d find financially well-run businesses deliver bigger impact. The assessment is biased by using a narrow, output-based metric...” Tom Adams, Acumen
What do we mean by **economic** well-being outcomes?

**Economic Well-being**

- +/- Income/Revenue
- +/- Income stability
- +/- Savings/Assets
- +/- Debt
- +/- Economic risk
- +/- Cost to engage with venture
- +/- Productivity
- +/- Expenditure

**Examples of other organizations/frameworks who track economic well-being**

1. United Nations (UN) Human Development Index
2. Committee On Sustainability Assessment (COSA)
3. Grameen Foundation
4. IRIS (output indicators)
5. Measuring Impact Framework, from WBCSD with IFC
6. Business Call to Action (BCtA) Results Reporting Framework, from the UNDP
7. Poverty Footprint Methodology from Oxfam
8. Global Reporting Initiative (GRI)
9. GEMI (mainly output indicators)
10. Environmental and Social Impact Assessment (ESIA) used by the Cement Sustainability Initiative at WBCSD
11. USAID Poverty Assessment Tools (PAT)
What do we mean by **economic** well-being outcomes?

**Economic Well-being**

- +/- Income/Revenue
- +/- Income stability
- +/- Savings/Assets
- +/- Debt
- +/- Economic risk
- +/- Cost to engage with venture
- +/- Productivity
- +/- Expenditure
- +/- Consumer surplus

**Why are these indicators important?**

1. “Financial services ... are essential to leading a better life...Poor people need such services more than anyone, because in developing countries, poverty does not just mean low income, it means volatile income.” *David Roodman, Center for Global Development*

2. “Study of a BRAC program that provides capital, coupled with training, for Bangladeshi women ... found... after two years these [earnings per hour] are not significantly different from the baseline, but at four years they are: 15% higher.... This suggests productivity gains that manifest over time.” *Markus Goldstein, World Bank*
What do we mean by capability well-being outcomes?

**Capability Well-being**

+- Physical health
+- Psychological health
+- Knowledge
+- Skills
+- Self-confidence
+- Self-efficacy
+- Self-worth
+- Empowerment
+- Contentment
+- Dignity
+- Aspirations

**Examples of other organizations/frameworks who track capability well-being**

1. UN’s Human Development Index
2. COSA
3. BCtA Results Reporting Framework, from the UNDP (human capital development)
4. GRI
5. IRIS (output indicators)
6. Poverty Footprint Methodology, from Oxfam
7. Measuring Impact Framework, from WBCSD and co-branded with the IFC
8. GEMI (mainly output indicators)
9. ESIA used by the Cement Sustainability Initiative at WBCSD
What do we mean by capability well-being outcomes?

Capability Well-being

+/- Physical health
+/- Psychological health
+/- Knowledge
+/- Skills
+/- Self-confidence
+/- Self-efficacy
+/- Self-worth
+/- Empowerment
+/- Contentment
+/- Dignity
+/- Aspirations

Why are these indicators important?

1. “In Malawi, ...we show that increases in income under the UCT arm caused large improvements in adolescent mental health and decreased the risk of sexually transmitted diseases among adolescent girls. The effects on mental health seemed to be due partly to increased consumption, leisure, and family support for education...” University of Otago

2. “The economic poor also often exhibit low levels of psycho-social health and functioning...” Jed Friedman, World Bank
What do we mean by **relationship** well-being outcomes?

**Examples of other organizations/frameworks who track relationship well-being**

1. COSA
2. BCtA Results Reporting Framework, from the UNDP (sustainability)
3. IRIS (environment and sustainability output indicators)
4. Measuring Impact Framework, from WBCSD and co-branded with the IFC
5. B Impact Ratings System, from B Lab (environment and community)
6. Poverty Footprint Methodology, from Oxfam (environment)
7. GRI (environment)
8. GEMI (environment output indicators)
9. ESIA used by the Cement Sustainability Initiative at WBCSD (environment)
What do we mean by relationship well-being outcomes?

<table>
<thead>
<tr>
<th>Relationship Well-being</th>
</tr>
</thead>
<tbody>
<tr>
<td>+/- Social support</td>
</tr>
<tr>
<td>+/- Social networks</td>
</tr>
<tr>
<td>+/- Relationship with spouse</td>
</tr>
<tr>
<td>+/- Relationship with family members</td>
</tr>
<tr>
<td>+/- Support to family members</td>
</tr>
<tr>
<td>+/- Interactions with family members</td>
</tr>
<tr>
<td>+/- Roles/status</td>
</tr>
<tr>
<td>+/- Access to formal institutions</td>
</tr>
<tr>
<td>+/- Values and beliefs about society</td>
</tr>
<tr>
<td>+/- Local environment</td>
</tr>
<tr>
<td>+/- Ecosystem outcomes</td>
</tr>
<tr>
<td>+/- Home environment</td>
</tr>
</tbody>
</table>

Why are these indicators important?

1. A March 2014 National Bureau of Economic Research (NBER) working paper found that “using individual level data on domestic violence we find evidence that increased property rights for women did increase the incidence of wife beating in India.”

2. “Taken all together, [in] the program [Chile Solidario] … increased access [to subsidy programs for poor households] translates most directly into improvements in the quality of housing as well as in formal ownership of housing...and younger households are less likely to experience family dissolution.” Jed Friedman, World Bank
Why is it important to track negative changes in well-being?

Multi-dimensional outcomes

Why is this important?

1. Only measure results that look good? “In the private sector, we call that fraud.” Jason Saul, Mission Measurement

2. “The word failure appears 27 times in the report [Development Effectiveness Overview-2013], compared to just 22 times for the word success. This doesn’t mean that IADB is in any way a failing institution. Quite the opposite.” – Howard White, 3ie

Both positive and negative changes

• Is cash cropping increasing the risk of reduced food diversity for the farmer’s household?

• Does creating jobs for women in the community alter cultural norms which are disliked by village elders?
Output data is useful but not sufficient!

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What is the immediate output from an activity?</td>
<td>• Tells us about changes in stakeholders’ lives in the short, medium and long term</td>
</tr>
<tr>
<td>• Easier to measure</td>
<td>• Changes in skills, knowledge, attitudes and behaviors are outcomes of an activity</td>
</tr>
<tr>
<td>• Does not measure changes in lives of stakeholders</td>
<td></td>
</tr>
</tbody>
</table>

**EXAMPLES**

| # of beneficiaries receiving female empowerment services | • Δ Gender equality  
|                                                          |   • Δ Conflict over gender roles 
|                                                          |   • Δ Mental health  
| Revenue from sales of exports                             | • Δ Income for sellers  
|                                                          |   • Δ Access/prices for locals  
| # of bed nets sold                                       | • Δ Incidence of malaria  
|                                                          |   • Δ Income of consumers  |
Poverty Metrics

Julie Peachey
Director, Social Performance Management
May 28, 2014
OUR MISSION
To enable the poor, especially the poorest, to create a world without poverty.

GRAMEENFOUNDATION.ORG
What is poverty?

- Poverty can be defined in many ways. Here are a few examples:
  - Insufficient access to basic services
  - Inability to consume a minimum number of calories per day
- A common way to express a household’s poverty status is by whether the household expenditure is under the daily amount set by a given poverty line.
Why measure poverty?

"While 77 percent of MFIs rank poverty reduction as a development goal, less than 20 percent of them can actually report poverty figures of their clients."

-Mix Market blog post May 2014

Poverty measurement is an important part of a socially-oriented organization’s monitoring and evaluation program:

- Are we reaching our target clients?
- Are we meeting our target clients’ needs?
- Are we changing the lives of our target clients?

At each step, the organization needs objective poverty data on the clients it serves in order to **assess their performance and develop strategies for improvement.**
Benefits of household-level poverty measurement

Organizations that work directly with the world’s poor can do better by collecting and analyzing poverty data from the families they serve.

Questions answered

- How many poor people are we reaching?
  - Assures practitioners and donors that services are being used by the intended demographic

- What needs or characteristics do the poor share?
  - Helps practitioners tailor services to the needs of the poor
  - Helps practitioner evaluate how current services are performing among the poor

- How are poor households progressing over time?
  - One of many factors that contribute to an impact evaluation

Benefits to business
Direct vs. Indirect Poverty Measurement

- Everyone is familiar with direct measurement
  - How much money do you earn?
- However, there are problems with direct measurement:
  - Hard to verify
  - Often inaccurate
- Grameen Foundation uses an indirect approach
  - non-financial indicators are considered in order to measure financial poverty
The Progress out of Poverty Index®

The PPI® is…

- A country-specific poverty assessment scorecard
- 10 questions in length
- Completed in less than 10 minutes
- Easy to use
- Reliable
- Tied to poverty lines

The PPI is developed by Mark Schreiner of Microfinance Risk Management, L.L.C.
PPI Indicators are multi-dimensional

- Based on national household income-expenditure survey

- Contains questions on:
  - Household income or expenditure;
  - Housing condition and characteristics;
  - Education;
  - Household composition;
  - Ownership of durable goods; and
  - Employment status.
Male 22%  
Female 78%  

Widowed females represented half of the registered female farmers (51%), and had the highest poverty rate (82.4% under the $2.50 line)
Most farmers sold their crops in the first month after harvest (53.8%)

Among the poorest farmers, 62.9% sell within the first month, compared to 42.6% of the less poor farmers

---

### E-Warehouse: Baseline Data

**How long did farmers wait to sell? Is this different across poverty levels?**

<table>
<thead>
<tr>
<th>(q70) how long after harvest did they sell</th>
<th>PPI_class Crosstabulation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>poorest</td>
</tr>
<tr>
<td>1-4 weeks</td>
<td></td>
</tr>
<tr>
<td>Count</td>
<td>728</td>
</tr>
<tr>
<td>% within PPI_class</td>
<td>62.9%</td>
</tr>
<tr>
<td>2 months</td>
<td></td>
</tr>
<tr>
<td>Count</td>
<td>288</td>
</tr>
<tr>
<td>% within PPI_class</td>
<td>24.9%</td>
</tr>
<tr>
<td>3 months</td>
<td></td>
</tr>
<tr>
<td>Count</td>
<td>137</td>
</tr>
<tr>
<td>% within PPI_class</td>
<td>11.8%</td>
</tr>
<tr>
<td>4 months</td>
<td></td>
</tr>
<tr>
<td>Count</td>
<td>2</td>
</tr>
<tr>
<td>% within PPI_class</td>
<td>.2%</td>
</tr>
<tr>
<td>5 months or more</td>
<td></td>
</tr>
<tr>
<td>Count</td>
<td>3</td>
</tr>
<tr>
<td>% within PPI_class</td>
<td>.3%</td>
</tr>
<tr>
<td>Total</td>
<td>1158</td>
</tr>
<tr>
<td>% within PPI_class</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Progress out of Poverty Index® by Grameen Foundation**

[Link to GRAMEENFOUNDATION.ORG](http://GRAMEENFOUNDATION.ORG)
The poorest farmers tend to sell more to brokers than retailers – while the less poor sell more to retailers than brokers.
Case Study: CARD Bank

- CARD Bank is the largest microfinance provider in the Philippines and it collects PPI data from all customers.
- Management wanted to test the effect of lowering the opening balance for its savings product.
- Lowering the opening balance resulted in more people below the poverty line opening an account.

Progress out of Poverty Index® by Grameen Foundation
## Contact information

**WDI Contact Information**

Heather Esper at hmoehle@umich.edu  
or  
1-734-764-6339

Yaquta Kanchwala Fatehi at  
yaquta@umich.edu

Website: http://wdi.umich.edu/

**Grameen Foundation Contact Information**

Julie Peachey at  
jpeachey@grameenfoundation.org

Website:  
www.progressoutofpoverty.org

**Link to Webinar Series:**  
http://wdi.umich.edu/research/bop/webinar2014
Questions?
• London, T., “Making better investments at the base of the pyramid.” Harvard Business Review. 2009. 87: 106-113
• Godin, S., “Getting Funded is not the same as succeeding”. http://goo.gl/CJX4Gd
• Committee On Sustainability Assessment (COSA). Our Indicators. http://thecosa.org/how-we-work/our-indicators/
• Jason Saul’s quote taken from Twitter