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# New Directions in Qualitative & Quantitative Evaluations in Microfinance

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*Microfinance Learning and Innovations After Hours Seminar*  
September 10, 2009



*Assessing the Impact of Innovation  
Grants in Financial Services*

# Financial Diaries, Malawi: Method & Preliminary Results

Michael Ferguson & Guy Stuart



# Presentation Outline:

1. Overview of research methods/sample
2. Overview of transactions
3. Preliminary look at gender roles
4. Preliminary look at risk management  
(lump sum & cash flow)
5. Conclusion



# Defining the Financial Diaries

**Relatively new methodology  
(cf. Collins, et al.)**

## **Our Version:**

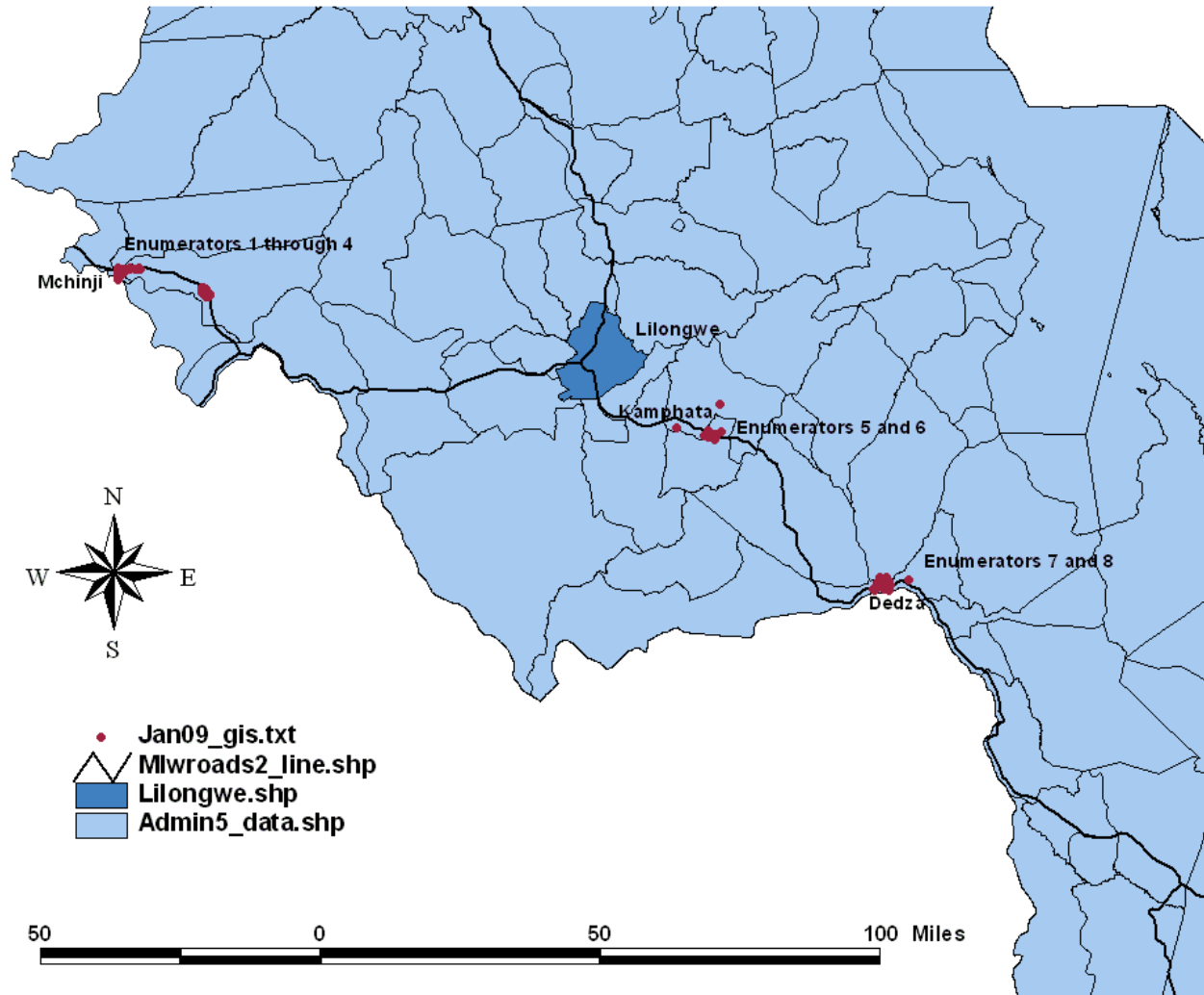
- Track transactions (inflows & outflows of cash & non-cash household assets) on weekly basis
- Capture key junctures when client households use OIBM services (esp. mobile bank)
- Identify role of OIBM services in overall well-being
- Capture causal processes of impact

## **Unique Value:**

- 1) Complement to panel studies
- 2) Inside “the black box”
- 3) Individuals & intra-household dynamics



# Research Sites & Logistics







**IRIS**



# Sample

## HOUSEHOLDS:

- 196 households of which 95 OIBM households
  - About 1/3 single-headed households

## INDIVIDUALS:

- 298 individual respondents, reporting on 327 active individuals

	Male	Female	Total
OIBM	69	92	161
Non-OIBM	72	94	166

- In total, study covers 1,017 individuals in households





# Transactions Overview

## July 2008 - March 2009

- **131,647 transactions in database.**
- **Average about 20 transactions per household per week.**
  - 123,590 transactions, during 36 weeks from total of 6,096 household-weeks.
- **Some households started later than others.**
  - Average weeks per household = 34.



# Overview of Financial Transactions Market

	Number	AvgAmount\$	Total Amount\$	% Number	% Amount
Informal Transactions	4,689	16	72,692	87%	48%
Bank Transactions	731	105	77,714	13%	52%
Total	5,420	28	150,406	100%	100%
OIBM	372	115	42,793	7%	28%



# Preliminary Findings: Gender Roles (Outflows)

Gender	Purpose	Average \$ Amount	Number	Total \$ Amount	Number per Week	Amount per Week
Women	All	2.96	64,753	191,417.09	12.20	36.07
Men	All	8.73	36,210	316,000.27	9.57	83.53
Women	Business	24.58	2,066	50,777.68	0.57	14.08
Women	Household	1.82	41,284	75,058.39	11.45	20.81
Men	Business	58.02	2,341	135,828.40	0.93	53.69
Men	Household	3.12	21,433	66,766.15	8.47	26.39



# Preliminary Findings: Financial Services & Lump Sum/Risk Management

*On the one hand....*

- 296 bank WDs & loan disbursements, Weeks 14-36
- 80% associated with household outliers outflows

*Simple Examples:*

HH ID	WEEK	BANK	TYPE	AMT	WEEK	STAND ITEM	AMT
805	14	Dedza OIBM	WD	4000	14	Bed	3500
820	17	Dedza NBS	WD	8000	17	Suit	6000
708	25	Dedza MSB	WD	2800	25	Ganyu	2600
805	23	Dedza OIBM	WD	4300	23	Maize & cloth	4950
517	26	Lilongwe OIBM	WD	11000	26	X-mas Items	9000



# Preliminary Findings: Financial Services & Lump Sum/Risk Management

*On the other hand....*

- 937 outlier household expenditures, Weeks 14-36
- Only 12% associated with bank withdrawals or loans
- OIBM clients: 64% of these associations; non-clients 36%
- In 88% of cases, people find other ways to cope

HH ID	WEEK	EXPENSE	AMT	WEEK	INCOME SOURCE	AMT
613	14	Hospital Bill	6500	14	Remittance from son	7000
213	23	Long-distance bus fare	53000	22	Gifts from brother & sister	29000
604	28	School fees	46000	28	Gift from son	50000
706	35	School fees	40000	34	Money earned via accounting job	150000
409	20	Coffin	12000	Several weeks prior	"Private" business transactions with "Zambians"	30000



# Preliminary Findings: Financial Services & Cash Flow/Risk Management

Status	Deficits		Surpluses		Total Number	Total %
	Number	%	Number	%		
Non-Client	1955	63.00%	1148	37.00%	3103	100.00%
Client	1803	60.24%	1190	39.76%	2993	100.00%
<b>Grand Total</b>	<b>3758</b>	<b>61.65%</b>	<b>2338</b>	<b>38.35%</b>	<b>6096</b>	<b>100.00%</b>



# Deficit Weeks & Financial Transactions

- **369 bank transactions occurred in same, preceding, or following 535 deficit weeks out 3,758 deficit weeks**
  - 15% of the total
- **1,651 non-bank financial transactions occurred in same, preceding, or following 2,384 deficit weeks out 3,758 deficit weeks**
  - 67% of the total



# Conclusion:

## What makes our study different

### SCOPE

- Sample, freq of visits, range of data recorded
- Cultivation of profound rapport
- Allows for more aggregation of data
  - Stories but also patterns across sample

### USE AS IMPACT ASSESSMENT

- Focus on specific intervention & its effects
- Enabled by two factors:
  - Size
  - Inclusion of non-client comparison group





# The Progress out of Poverty Index

Nigel Biggar

Social Performance Management Center

## An objective client poverty assessment tool

- Based on national household surveys
- Comprised of simple, non-financial indicators
- Accurate, inexpensive & easy to use



The PPI is developed by Microfinance Risk Management & is supported by CGAP, Ford Foundation & Grameen Foundation.

# What does it look like?

## How does it work?

### Progress out of Poverty Index™ for India

Indicator	Value	Points	Score
1. How many people aged 0 to 17 are in the household?	A. Five or more B. Four C. Three D. Two E. One F. None	0 4 8 13 20 27	4
2. What is the household's principal occupation?	A. Labourers (agricultural, plantation, other farm), hunters, tobacco preparers and tobacco product makers, and other labourers B. Others C. Professionals, technicians, clerks, administrators, managers, executives, directors, supervisors, and teachers	0 8 14	0
3. Is the residence all pucca (burnt bricks, stone, cement, concrete, jackboard/cement-plastered reeds, timber, tiles, galvanised tin or asbestos cement sheets)?	A. No B. Yes	0 4	0
4. What is the household's primary source of energy for cooking?	A. Firewood and chips, charcoal, or none B. Others C. LPG	0 5 17	17
5. Does the household own a television?	A. No B. Yes	0 6	0
6. Does the household own a bicycle, scooter, or motor cycle?	A. No B. Yes	0 5	5
7. Does the household own an almirah/dressing table?	A. No B. Yes	0 3	0
8. Does the household own a sewing machine?	A. No B. Yes	0 6	0
9. How many pressure cookers or pressure pans does the household own?	A. None B. One C. Two or more	0 6 9	6
10. How many electric fans does the household own?	A. None B. One C. Two or more	0 5 9	0

# What does it look like?

## How does it work?

PPI score of 32



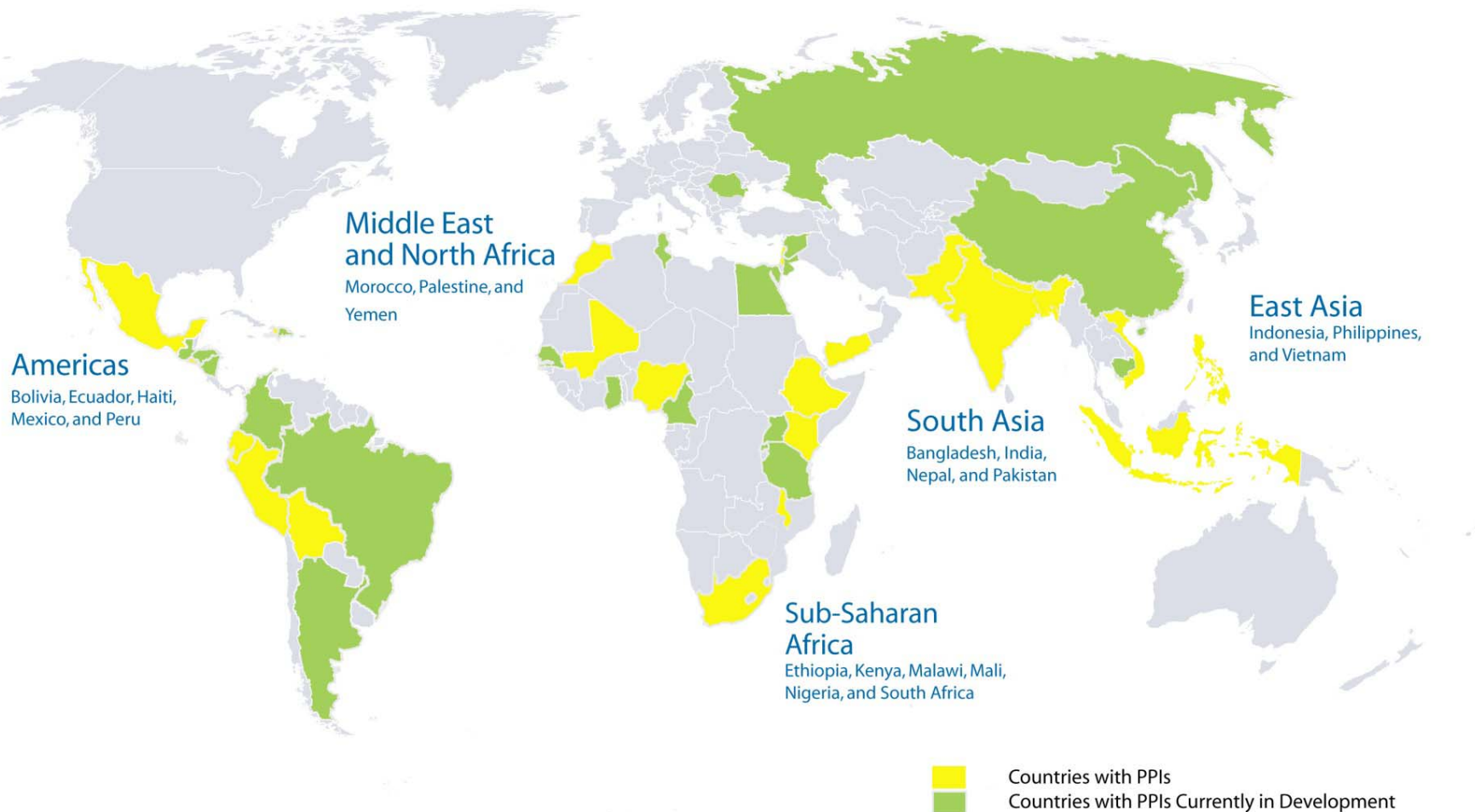
PPI Score	National Poverty Line	
	Total Below the National Poverty Line	Total Above the National Poverty Line
0-4	77.0%	23.0%
5-9	58.5%	41.5%
10-14	51.2%	48.8%
15-19	35.5%	64.5%
20-24	28.7%	71.3%
25-29	21.3%	78.7%
30-34	18.9%	81.1%
35-39	14.9%	85.1%
40-44	10.0%	90.0%
45-49	4.5%	95.5%
50-54	5.1%	94.9%
55-59	5.7%	94.3%
60-64	6.1%	93.9%
65-69	3.7%	96.3%
70-74	1.5%	98.5%
75-79	1.6%	98.4%
80-84	0.7%	99.3%
85-89	1.2%	98.8%
90-94	0.0%	100.0%
95-100	0.0%	100.0%

Poverty Likelihood



[www.progressoutofpoverty.org](http://www.progressoutofpoverty.org)

## Progress out of Poverty Index™ Coverage



- **Microfinance Institutions (MFIs)**
  - 40 MFIs are using the PPI (piloting or implementing)
- **Social Investors, Networks & Donors**
  - All expressed interest in using the PPI or are actually using it: Oikocredit, Michael and Susan Dell Foundation, Mercy Corps, Unitus, Plan International, CGAP, CRS, Opportunity International and others.

- **National and Regional Networks**

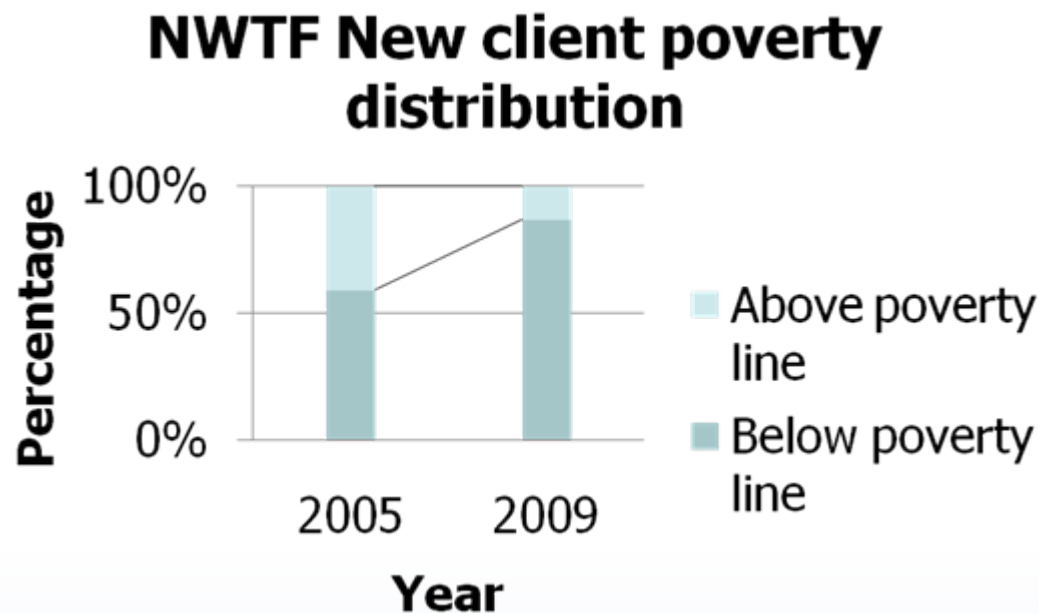
- Country and region networks interested in promoting and supporting PPI
  - Microfinance Council of the Philippines Inc (MCPI), ACCESS, Pakistan Microfinance Network

- **Social Raters**

- Including PPI data where available
- Occasionally conducting PPI surveys as part of comprehensive Social Ratings



- Results from the Philippines**





- Fonkoze, Haiti

	Percentage below \$1/day poverty line	Percentage below \$2/day poverty line
Baseline client sample in <b>2006</b>	53%	71%
Follow-up of client sample in <b>2008</b>	46%	62%

Poverty distribution of incoming clients  
& change over time.

- Client profiling
- Outreach vs profitability
- Social performance management
  - Portfolio segmentation
  - Product design
- Client drop out

- **Field staff requirement: 5-8 minutes per PPI**
- **Rough approximations of costs of PPI use:**

Min	Avg	Max
\$3,000	\$9,000	\$19,000

- Communicate lessons learned of the early adopters using website.

## “Learning Laboratory”

- Podcasts (audio & video training on PPI + intermittent interviews & conversations w/PPI users/practitioners)
- Interactive blogs (user exchange with SPMC activity)
- Case Studies
- Data Management Tool



- ✓ Launched & updated Progress Out of Poverty website
- ✓ Social Performance Management Vision Paper
- ✓ Case studies on PPI work in the Philippines & Mexico
- ✓ Case study on GF/ Oikocredit partnership in the Philippines & Peru
- ✓ Case study on GF's Peer Learning Network for PPI users
- ✓ Distributed press releases on the website & social investors



[www.progressoutofpoverty.org](http://www.progressoutofpoverty.org)

- Increased PPI uptake
- Rigorous analysis:
  - whom microfinance reaches
  - changes over time
- Techniques (and costs) serving poor/poorest
- Improved services



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# Thank you!

A screencast of this presentation will be available shortly at  
[www.microlinks.org/afterhours](http://www.microlinks.org/afterhours).

For more resources on poverty measurement, visit  
[www.microlinks.org/fs](http://www.microlinks.org/fs).