Case study 2: Practical Indicators for Outcomes Measurement
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Session leaders:

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Calum:

- Why outcomes management? We are talking about more than collecting data. Outcomes management is part of an organizational process that has a feedback loop, and provides data that are useful not only externally but also internally for strategic decision making.
- Outcomes management involves setting up systems to collect the data, both accurately and at an appropriate frequency, to store the data, and to combine data collection with regular analysis and communication to decision makers so they can act on it.
- Calum recommends to everyone to download both of these documents: guidelines on outcomes management for FSPs and making the case for outcomes management to FSPs. Particularly the making the case brief is helpful for understanding how similar organizations may have faced and solved challenges through the use of outcomes data.
- SPTF has produced lists of recommended indicators in four areas:
    1. Business
    2. Poverty
    3. Health
    4. Resilience
- Opportunity International has 40 partners in 20 developing countries and 4.7 million loan clients
- Opportunity International has been promoting SPM for years, and as of a few years ago, all partners have completed the SPI4. Every quarter, each partner provides updates on key indicators using an SPM reporting template.
- Opportunity International has 15 partners actively using the PPI. To manage client outreach and outcomes, Opportunity International uses the PPI plus other indicators.
- Calum polled the room on four questions:
    1. What priority does your organization give to outcomes management (1 to 5, 1 is highest priority)
        - one person voted 1, one person voted 2, half the room voted 3, a quarter of the room voted 4, and one person voted 5
    2. How many of you are collecting outcomes data? (about half a dozen)
    3. How many of you are reporting outcomes data? (about half a dozen)
    4. How many of you are actively managing outcomes? (three said yes)

Caitlin:

- Friendship Bridge (FB) is a small non-profit organization in Guatemala
- Friendship Bridge uses its theory of change actively and in an ongoing way. It uses the theory of change to keep it on track toward good financial and social performance.
- Friendship Bridge's theory is that its interventions help clients build financial capital, human capital, and social capital, and building those will lead to business development, increased empowerment, and reduced household vulnerability.
- To build its theory of change, FB consulted its staff and clients and volunteers and funders.
- FB has 13 indicators that it collects to understand whether it is achieving the outcomes that it wants
- FB created an SPM department in 2011. It champions SPM and collects outcomes data. There are pros and cons to doing outcomes data collection in-house versus using an external organization, but

FB picked an internal system for many reasons, including that it wanted to have the expenses integrated into the general budget and it wanted to have access to the data easily. See Caitlin's PowerPoint for additional information.

- It makes business sense to do outcomes management – it attracts funding and it builds client satisfaction and good results.
- On average, FB clients experience a 1% reduction in poverty per year, while in Guatemala on average people are experiencing a 1% increase in poverty each year.
- For every additional product that a client of FB receives, on average, the positive changes increase by another 1%. For example, a client who uses two different FB products and/or services will on average experience a 2% reduction in poverty per year.
- Empowerment is one of FB's objectives. The indicators have been challenging to identify quantitatively but FB built its own indicators on empowerment. It developed these using a participatory process. Now, FB is looking toward learning how to produce change related to those indicators.
- Data collection needs to coincide with decision cycles – this facilitates data use.
- Using outcomes data requires a commitment to working toward a longer term strategy. Leaders have to have a willingness to wait for results and still value them.
- Caitlin shared an example of outcomes by mentioning the experience of Friendship Bridge client, Doña Olga. Doña Olga makes necklaces and her jewelry is available on the FB website for sale. Doña Olga receives regular technical training and mentorship from Friendship Bridge, along with loan capital, and Doña Olga has experience very positive outcomes. She has doubled her income in two years and also increased the number of her employees.

<u>Devahuti</u>:

- Grameen Foundation India (GFI) partnered with DFID UK and SIDBI started a program to improve financial inclusion in certain poor areas in India. One key question that the program sought to answer was, "How do we ensure that the microfinance practitioners working in these poor regions push themselves to reach deeper and wider to the populations there?"
- GFI collected data for almost 12,000 microfinance clients of MFIs across the four regions in the DFID/SIDBI project to benchmark the poverty outreach of each MFI. This happened in 2015.
- DFID asked GFI to train the institutions to collect these data on their own. GFI did this, and as part of it, trained four institutions on outcomes management.
- With a follow up project, again in these four regions, GFI collected outcomes data on almost 19,000 clients. This acted as a baseline study, and the donors had influence on what outcome areas would be studied. 25-30 MFIs were involved in this project, of all types. Some were tiny and some were large. Some were NGOs and some were banks, among other legal types.
- GFI approached SPTF to ask about the harmonized outcome indicators that SPTF had developed. GFI ended up integrating them into the outcomes survey it used for the baseline study. It became a very long survey.
- GFI asked each of the MFIs involved to identify a subset of indicators that it thought would be most relevant to its operations? But the MFIs did not suggest removing any indicators from the survey. They said that since the donor was funding the data collection, they suggested that GFI collect data on all of the indicators and see what we learn.
- GFI created a sampling framework for the project: how many clients to survey from each MFI, and what types of clients within each client base. Developing the sample took a lot of time.
- GFI hired an external data collection agency.
- When thinking about what data to collect and how to analyze results, consider the client ecosystem:
    - **Trigger access**. A) Who are the opinion leaders in the clients' communities that influence their decisions about whether they should use financial products. C) Consider

financial literacy training – do clients need it? Who should offer it? B) What influences the decision that a client would make to become a client of FSP X instead of FSP Y?
    - **Trigger transactional behavior:** a) What is the mode adopted for loan repayment? b) When loans are repaid, who is really managing the transactions to make repayments? Are clients arguing with their spouses about this? c) Who makes the decision on how to use the loan? Sometimes it is not the client herself.
    - **Outcomes of the previous two triggers:** a) Loan repayment stress or confidence. b) Financial well-being (savings, coping with emergencies). Are clients moving away from negative coping mechanisms? Are they able to build more assets? c) Social well being – education, health, water and sanitation.
- Often FSPs just look at the two trigger areas described above, but the data on outcomes are also relevant to FSPs.
- Recall that the donor had asked GFI to measure outcomes in four regions in India. In the donor's perception, all those four regions were comparable – all poor. But the PPI data that GFI collected showed very different poverty levels in each of the four regions.
- Another analysis that GFI conducted was segmenting poverty levels within each education level (e.g., among clients who had received only a few years, how many were very poor, or poor, or vulnerable, or earning enough not to be vulnerable). Data showed that clients with higher education tended to be less poor. Why is this relevant to an FSP? One way could be that if the FSP gives trainings to clients on health, and it knows that some clients are much less educated than others, it may need to deliver the training very differently to poorer or less poor clients.
- GFI segmented occupation by poverty levels. The different types of occupations in which clients were engaged showed very different poverty levels.
- The data gathered from these outcomes data are going to inform the theories of change of each of the participating MFIs. Each theory will get customized. In the coming months, GFI will be working with each MFI whose clients were surveyed to share the data and discuss how these data can inform the MFI's strategic and operational decisions.

<u>Discussion</u>
- FB has experienced that outcomes measurement is so much more complicated than output measurement, especially when the FSP seeks to measure outcomes over time. And, if the data get too complicated, then they are very difficult to use. So the FB learning and rule is to simplify.
- Calum shared that Opportunity International has experienced a similar lesson: too much data is too much to analyze. Their partners have to had to reduce the amount of outcomes data they collect.
- GFI is going to be thinking about what indicators to recommend that each MFI retain and which ones not to keep. For different MFIs, it will be different.
- GFI will also be thinking about whether any of the outcomes indicators tested in the survey turned out not to be effective indicators, and will share this feedback with SPTF. It will likely have feedback on this on or after August 2017.
- GFI's process for working with MFIs is to start any client outcomes discussion by first asking the FSP, "What are your business questions or goals for the next year, three years, five years?" Usually, FSPs know the answer to this easily. For example, we want to grow into these new regions, we want to build digital financial services, we want to test these two new products. Then GFI discusses how outcomes data can inform decisions made around those goals.
- Once FSPs see that there is power in outcomes data, they say ok, let's collect it.
- But even after that, you go out and collect data, and then you reflect further and cull further.
- Devahuti works with a participatory process. Each MFI knows exactly what GFI is doing, why it is doing it, and how the samples are representative.

- When GFI follows the participatory process, then when it comes back to the MFIs with data, it's difficult for the MFI to come back to GFI to question the findings and say, "Well, the data are wrong." Following a participatory process helps manage expectations even when the data do not show what you want them to show.
- FB has also experienced reactions that question the data when the results fall short of expectations. Caitlin notes that first the parties seeing the results have to understand how FB collected the data.
- For example, the change that FB has seen in poverty reduction was initially disappointing: 1% per year on average was lower than they had hoped. FB had to discuss this result with the board. They realized that it was unclear whether this was a bad result, or was it good? One helpful insight as FB was learning to interpret the results was to compare their clients' outcomes with the poverty level in Guatemala in general. When they used this benchmark, they saw that poverty levels in Guatemala were on average increasing by 1% per year during the same period FB had studied and seen its clients' poverty levels decreasing by 1% per year on average. So, comparing to that benchmark was helpful. Additionally, it helped to set realistic expectations going forward. FB refined its theory of change from setting poverty alleviation as a goal to a reduction in household vulnerability.

<u>Question to the room: What challenges have you had or heard that others have had related to outcomes management?</u>

- Carlos from Genesis says its biggest challenge is keeping the focus. The amount of data is so huge. Keeping the focus on priorities can be a big challenge.
- OISL (Ghana) is collecting outcomes data. Its biggest challenge is that data collection is very time consuming.
- OISL (Ghana) also notes that it is difficult to get personal information from the client. Previously, OISL was not asking such personal questions, so when you change and ask those questions, it feels odd.
- Loan officers are working against time. If they have to ask the PPI questions, they want to do it without taking time to explain to the client why OISL is asking the questions.
- Getting good data quality is a problem. Sometimes loan officers cut corners and fill out answers based on what they think the client's answer would be, but they do not actually ask the client.
- Opportunity International has found it to be particularly sensitive to collect empowerment information. For example, who in the family is making decisions about income, or about how many children to have?
- FB uses a team of enumerators, different from the loan officers, to ask the most sensitive questions. FB has a team of enumerators that is part of the SPM department and they are highly trained in interviewing and specialized in the tools that we have.
- Devahuti says you can't just go back to the enumerators and say these data are not correct. You have to show them specifically what data do not seem right and explain specifically why you say that. For example, if the survey asks if the household makes budget decision with both spouses together, and the client says yes, and the survey asks who decides how the household will use the loan, and the answer is that only one person does, then is a disconnect between the answers to those two questions. Also, if all the data look totally uniform, it's a sign that the enumerators were not asking probing questions to understand each client's circumstances.
- One big challenge is identifying the right indicators. Which questions will lead to the collection of data that can reflect whether we are achieving the results that we are targeting?
- Tatiana (formerly of Opportunity International) shared the challenge of using data well. For her, this is the most complex. It is frustrating when FSPs do all the work to collect data, and then at the end the data are not used. Even if the FSP wants to use it, it usually does not know how to use it. We have not put forward effective guidance about how to analyze outcomes data.

- Opportunity International has been able to use outreach data. The PPI does provide information on whether the FSP is reaching the clients it wants to reach, and FSPs have been able to take action based on what they learn about their outreach. But, using outcomes data, and going back and using those data again, Opportunity International has found challenging.
- Bobbi Gray (Grameen Foundation) agrees that data analysis and use is where you get caught. You may need to see several years of data before you act. You're maybe not sure the data are real, or you don't have confidence in it, unless you see results over several years.
- Tatiana notes there is a chicken and egg problem: if you don't use the data, you'll never continue to collect and analyze it. But if you don't collect it for many years before you use it, you may not have confidence in the data. Early on, it may be too early to use it.
- Another major challenge is shifting organization culture to act on outcomes data when it has been very focused on the financial side of the business. The culture of change in the organization is difficult. You have to show the whole organization that you have to maintain the balance between social and financial performance. When your loan officers have been doing their jobs without a focus on outcomes data for many years, and you ask them to change what they do, they will ask you, "What is all this about?"
- If your personnel is not completely and absolutely sure that they are going to have an impact in their communities, and not committed to making the transition from a purely financial focus to a joint financial and social focus, then you are not going to have success in outcomes management.
- Brian (Opportunity International) says he gets buy-in from the board but has trouble getting buy-in from the rest of the organization, despite training and retraining staff. Loan officer turnover doesn't help.
- Caitlin shared her pain point that when you develop a system and get buy in and start to implement it, and then something in your context changes, like a macroeconomic over-indebtedness crisis in the country, then our organization can begin questioning whether you should change or remove the system that you had worked to develop and implement.
- Caitlin suggests documenting why you made certain choices, so that later if elements of the outcomes management system are questioned, you have documentation of why you designed that system and implemented each procedure.
- Make reporting very relevant to people so the data are used.
- Devahuti says we need to be smart when we talk about our data. The whole idea is that your data speaks for both: commercial and social. For example, from digital financial services (DFS), you see all these fancy applications that have been created. And you say one business outcome that you target is adoption – you want the clients to adopt the application and use it. Actually, this is a both a business outcome and a social outcome, if clients are able to transact successfully via this channel. Devahuti did research that showed that mobile phone access is low in rural areas, and that even in households that have mobile phones, in many cases the woman is not the one with access to the phone. Also, many of the phones are not smart phones but feature phones.

<u>Concluding thoughts</u>:

- Outcomes management has 10 steps and all are big steps. It is a journey.
- Both case studies today made the case that there is a business case for outcomes management. You may think this has a negative impact on the bottom line. But if you do not test your outcomes and hold yourself accountable to your theory of change, eventually it catches up with you. Creating positive outcomes for clients is good for the long run.