Session Title: SPTF Outcomes working Group
Date: 19 February 2018
Time: 11h00-17h30
Speakers: *Amelia Greenberg (Social Performance Task Force), Devahuti Chaudhury (Grameen Foundation India), Archana Ale (SIDBI and a representative of the Poorest States Inclusive Growth Programme (PSIG)), Anant Natu (Arohan), Lucia Spaggiari (MicroFinanza Rating), Julie Peachey (PPI/IPA), Sharada Ramanathan (PPI/IPA), V. Yamini Annadanam (Ankuram Social Ventures), Sugeng Priyono (KOMIDA)*

Amelia Greenberg started the day by providing an overview of the SPTF Outcomes Working Group (OWG), which promotes strong outcomes measurement by financial service providers (FSPs) investors, and other stakeholders.

The group has hosted a series of webinars that feature industry stakeholders describing their successes and challenges in outcomes management. It has also published several resources to help advance outcomes management in the financial inclusion sector, including:

- A brief that makes the case to FSPs on outcomes management
- Guidelines for FSPs on implementing outcomes management
- Guidelines for investors on implementing outcomes management
- Case studies detailing how different FSPs have managed outcomes
- Briefs summarizing each webinar

The group is also overseeing a pilot project in Peru to help FSPs set up outcomes management systems and test outcome indicators. To read more about the OWG's work and access its resources, view its webpage here: https://sptf.info/working-groups/outcomes.

Insights from PSIG-commissioned research on using client outcomes data for strategic decision-making, Part 1
Speakers: Devahuti Chaudhury (Grameen Foundation India), Archana Ale (SIDBI and representative of the Poorest States Inclusive Growth Programme (PSIG)), Anant Natu (Arohan)

- The Poorest States Inclusive Growth (PSIG) is a program funded by UKAid through DFID and implemented by SIDBI. The PSIG program seeks to enhance the income and employment opportunities of poor women and men. PSIG commissioned Grameen Foundation India to study the socio-economic profile of clients of FSPs and to use that information to help the FSPs develop strategies around outcomes measurement and building client-centric operations.
- Women are exposed to primary household responsibilities and can't be viewed from one lens. Women are differentiated by various characteristics, such as marital status, mobility, caste, agency, etc.

The purpose of the study was to assess poverty outreach and the social impact of partner clients. The study's sample size included 18,900 women from 23 different FSPs. The study focused on issues such as empowerment, decision making, access to finance, etc.

- Grameen Foundation used the Poverty Probability Index to measure client poverty likelihoods from four areas: UP, Orissa, MP and Bihar.
- As part of the study, Grameen Foundation:
    - Conducted socio-economic profiling of clients reached by participating institutions
    - Attempted to analyze interdependencies between indicators
    - Discussed resulting data with participating institutions
    - Analyzed how to bring about theory of change
- The sample was representative and gave significant results. Question topics included basic demographic info, poverty profiling, financial capability, access to financial services, household amenities, asset ownership, mobile ownership and usage, health and nutrition, empowerment, and water, sanitation and health (WASH) issue.
- The study mapped if clients had financial access that lead to change in transactional behavior. If yes, how can a change in the behavior of access and services lead to a change in transactional behavior?

Insights from PSIG commissioned research on using client outcomes data for strategic decision-making, Part 2

- Arohan adopted a customer centricity approach in 2014 and conducted a Smart Certification and other social performance ratings. Arohan also conducted a financial literacy campaign and PPI to move the needle on customer centricity.
- Arohan did a social performance assessment to test where it stands on social impact, and it found its mission was conservative. It realized it did not identify other aspects, such as gender. It took PPI as a benchmark and added JAM data. It realized that data such as school enrollment, electricity connection, sanitation status, and staff's investment in good client outcomes would be useful to add more customer centricity angles. Additional training began on why and how such data should be collected and assessed. In the future, it will assess these data for impact assessment and other longitudinal analysis, and these results can be integrated into product development discussions.
- Arohan developed indicators that were tracked, including indicators about training, grievances, TAT, percent of new clients, and client retention rate. There were 31 parameters.
- The strategy is to better segment clients, improve product design, and improve trend analysis.
- **Audience question:** Has Arohan also investigated qualitative elements along with quantitative analysis like correlation and causation?

Answer: The data gives introductory trends and not causations. It needs more research. The qualitative interactions are part of the plan to answer the quantitative story.

Outcomes analysis services provided by MicroFinanza Rating, with a specific discussion of UNRWA results

Speaker: Lucia Spaggiari (MicroFinanza Rating)

- Lucia shared insights from a recent rating mission with UNRWA, which works with Palestinian refugees in Jordan, Lebanon, Syria, the Gaza Strip, and the West Bank. UNRWA has an outcomes management system, and MicroFinanza Rating assessed the outcomes management data as an additional service while conducting a Social Rating.
- UNRWA monitors outcomes related to women's empowerment and asset building.
- Outcome indicators were tested through client surveys and conducted as part of social ratings. Areas of indicators include:
    - Business development
    - Women's empowerment
    - Youth and refugees' empowerment
    - Poverty alleviation
- UNRWA wanted to track change for the same clients and have a big enough sample size in the analysis to be meaningful. This created a tension, as it is good to let many years go by before measuring change in clients' lives. (Lucia recommends 5-7 years ideally). However, with that amount of time lapse between baseline measurement and next measurement, there wouldn't be enough clients who were still with the institution that whole time to give a large enough sample. For that reason, they compromised and measured change after 3 years for this analysis.
- One important result was that business sales had less positive outcomes than business equity and business assets. Last year was a bad year for the Palestinian economy; while assets and equity are "stock" variables that aren't as sensitive to an economic downturn, sales is a "flow" variable that shows change quickly. Business equity outcomes were better for men than women, and business asset outcomes were better for women than men.
- To get a holistic story, it is important to combine qualitative data with quantitative data. For instance, interviews showed that female borrowers have much less to say in the use of business loans. Most decisions are made by their husbands.
- The study found that 78% of youth did not have previous loans, and 25% used a loan to repay friends and family.

- Lucia said that "Client satisfaction leads to outcomes. It is a necessary but not sufficient condition."
- Good outcomes variables must be clear with goals, allow for enough time between outcomes measurement, and assess for variation and magnitude of change.

Average results do not say much. Rather, it is good to segment each kind of outcome results by what percent of clients are worse off, better off, or unchanged.

Using PPI data in combination with other data, both financial and social, to understand and improves outcomes, Part 1
Speaker: Julie Peachey (PPI/IPA)

- Julie Peachey provided an overview of the PPI, including a discussion of its new name and new methodology.
    - The PPI is a low-cost poverty measurement tool, and it is derived from national income and expenditure surveys.
    - The PPI has rebranded to the Poverty Probability Index (formerly the Progress out of Poverty Index). Julie said the new name is a better reflection of the primary use of the PPI tool.
    - The new PPI construction method is the same from a user perspective. It was changed or reworked to improve sub-national accuracy. The revised tool has reduced subjectivity and will better ensure long-term sustainability.
- PPI development process:
    - Acquire survey data
    - Shortlist 50-100 suitable indicators
    - Run indicators through PPI model
    - Obtain 20 top indicators through correlation
    - Check for user review indicators through feedback mechanisms (check for cultural sensitivities, etc.)
    - Drop unsuitable indicators
    - Develop final questions
- What does PPI prediction model do?
    - Selects indicators
    - Estimates weights based on relative importance in predicting poverty
    - Normalizes weights to the total PPI score (always between 0 and 100)
    - Associates scores with poverty likelihoods
- There is a poverty likelihood for every score providing greater accuracy and sensitivity. The PPI data analysis tool is highly useful, and there is a user-friendly guideline available, as well as many other resources: https://www.povertyindex.org/about-ppi.

Speaker: Sharada Ramanathan (PPI/IPA)

- PPI use cases include:
    - Measure proportion of clients below the poverty lines that PPI is calibrated to
    - Compare the proportion of clients you have to benchmarks (national and international poverty lines)
    - Segment and design appropriate products
    - Target poor clients for entry in program

    - Analyze select indicators
    - Track changes in poverty levels of clients
- Ways of segmenting clients:
    - Approach 1: Use non-PPI data to create segments and analyze poverty levels of each group
    - Approach 2: Use poverty likelihood/PPI score and analyze the non-PPI characteristics of each segment
    - Approach 3: Use poverty lines to segment population and analyze non-PPI characteristics of each segment
- Segmenting by poverty likelihood is not the best approach.
- Examples using PPI:
    - Friendship Bridge uses PPI to segment customers. Most likely to be poor: low education, literacy, married, farmers or weavers.
    - CARD Bank used PPI to assess impact of product design change (lower opening balance requirement) on accounts opened by customers living on less than $2.50/day.

KOMIDA case study
Speaker: Yamini Annadanam (Ankuram Social Ventures)

- KOMIDA started as an NGO in 2004 and transformed into cooperative, which is member based in 2009.
- KOMIDA identified 25 social indicators and 11 indicators are outcomes. It is highly driven to understand how its clients are moving. The outcome measurement system is done through PPI and other social indicators. Today it is part of the loan application.
- Outreach data is collected by loan officers then moves through MIS. Analysis is done by SPM team.
- KOMIDA started using PPI in 2010 to check if its reaching the poor.
- It analyzes the data at an organizational and regional level.
- Results are reported to management about how client lives have improved through better food, decision making, sanitation, etc.

Speaker: Sugeng Priyono (KOMIDA)

- Using PPI data has led to new products at KOMIDA, such as a sanitation loan and home renovation loan
- Challenges:
    - Difficult to explain the importance of outcomes data to field staff.
    - Ensure clients (the cooperative members) are comfortable and willing to share information
    - Data analysis should be easy to do and understand
- There are strategies to overcome these challenges, such as using technical assistance to analyze and report.

- Lessons learned:
  - Target cannot be set for outcomes data
  - All the data may not result in immediate action by the organization
  - Some of the indicators will take more time to show results (like behavioral changes)
- Next steps:
  - Improve data quality
  - Better and faster analysis
  - Deeper insights and branch wide analysis
  - Streamline reporting through dashboards
- **Audience question:** The PPI was introduced as a proxy for household consumption. Why did KOMIDA decide to collect both PPI and cash flow data?
  - **Answer**: We wanted to have a few indicators for triangulation purposes. KOMIDA wanted to study income and expenditure from PPI along with cash flow data. Also, PPI was used to check if average savings increased for low-income household.
  - Sugeng added that one local funder wanted cash flow information and did not understand how the PPI data could be a proxy for that, so KOMIDA collected cash flow data as well.

Full Group Exercise to Brainstorm Ideas for a Resource on Analysis

- Amelia Greenberg said SPTF is wondering if it would be helpful to the sector if it worked with members to produce guidelines on data analysis and use. If yes, what specific topics might you want to see the analysis guidelines address? Some initial ideas to get the conversation going:
  - Tips on how to understand/interpret types of data (qualitative, non-traditional data)
  - Methodologies: descriptive, diagnostic, predictive, prescriptive
  - Segmentation (by poverty level, income source, etc.)
- What challenges are you confronting with analysis?
  - Data reliability will be a challenge.
  - PPI should not be used in a standalone manner.
  - Commercial banks are less keen on outcomes so convincing them with PPI data often difficult.
  - How to communicate data to the board
  - How to improve the quality of data using standard templates and guidelines
  - Help organization bridge data collection to data analysis
  - How to move beyond analyzing transactional data by using PPI to gather customer insights
  - How to combine PPI data and other market analysis data.
  - How to improve skills of people who run the analysis

  - Differentiate between intended and unintended outcomes and how to measure causality
  - Context/Sector specific indicators (e.g., a relevant women's empowerment indicator in India might be whether she needs permission to leave her home, whereas that may not be relevant in a different country)
  - Guidelines to audit the cases to understand reliability of data and create a central repository of outcomes data
- Would it be helpful for the SPTF Outcomes Working Group to create guidelines on outcome analysis? If not, what is more urgent focus?
  - To present data in simple and direct language
  - The guide can show tools that are cost efficient
  - Guidelines could show the limits to a tool
  - A case study of an institution to show how PPI led to product development