



Outcomes Working Group
Brief on Session 7: The experience of Friendship Bridge, Guatemala

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Learning and expanding on our journey – to empower women to create a better future for themselves, their children and communities, through microfinance and education

Started 1998. Village Banking methodology
 2015: 29,300 clients, all women, largely rural, indigenous
 \$14.1m disbursed, \$317 average first loan
 Loan agents called “facilitators”, who transact loans and deliver non-formal education = ‘microcredit plus’

Theory of Change

Provision of a range of credit services, plus non-formal education and health related services, to women organized in groups, will generate a process of benefits for women in the 3 capitals - human (personal skills), social (relationships and networks), and financial, leading to outcomes of empowerment, business development and poverty alleviation.

Types of Data Measured and Indicators Used

Tracking the theory of change involves three types of data:

Short-term - outputs	Medium term/'indicative' = client perception of:	Longer term - outcomes
<ul style="list-style-type: none"> •client retention rate •client attendance at meetings (access to credit plus services) •number of loans 	<ul style="list-style-type: none"> • change (savings, business income, leadership) •application of education topics •benefits to the family •achievement of objectives of new products/services - such as stove loan (also under longer term) 	<ul style="list-style-type: none"> •Change in poverty likelihood •Change in child school enrolment rate •Change in net revenue of client business •Change in # employees •Change in # business control tools used

Data Collection Tools – by FB staff

FB involves facilitators in collecting data as part of routine operations, and a separate team designated as ‘client advocates’ to conduct sample interviews. There are six tools, applied during the last 4-5 years.

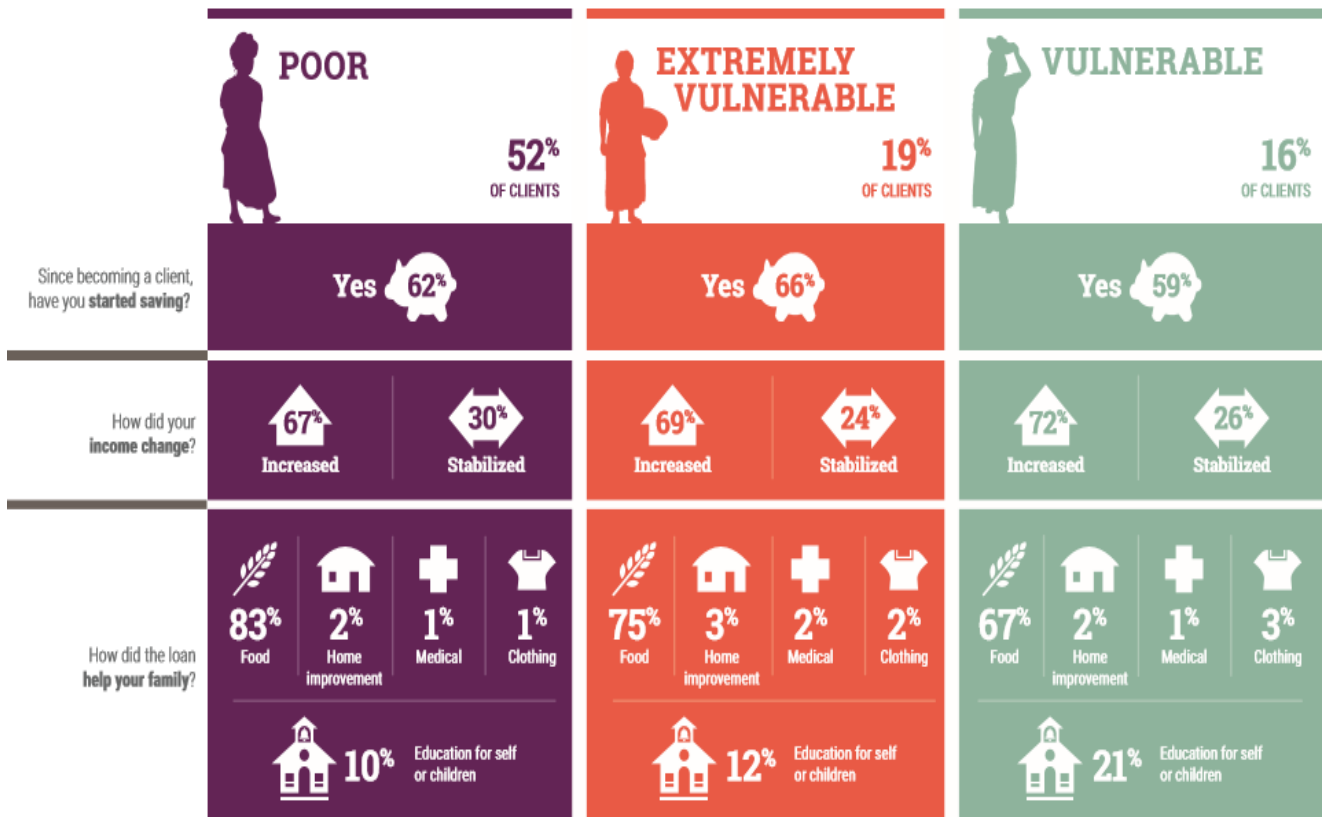
Data collection by facilitators	Data collection by branch advocates (since 2012)
1.Credit application – all clients, pre-credit meeting 2.PPI (since 2011) – all clients, disbursement meeting 3.Business evaluation (since 2012) – all clients attending one month’s education session 4.Use of new products and services – stratified sample	5. Satisfaction survey – 5% sample, interviewed after repayment meeting 6.Exit survey – 5% sample of exited clients [sample stratified at facilitator level]

Over time, FB has improved the quality of the data it collects through strengthening internal controls and linking collection processes to incentives.

Data analysis by segment

FB uses PPI scores to identify different poverty segments of its clients.¹ This allows nuanced comparisons, triangulation of data and patterns to emerge within the data set, as shown in the graphic below. FB also segments by sector, and other demographic markers such as age.

PPI data from design document created in 2010 from 2006 national data (a bit out of date!)			
Poverty line equivalent	<National PL	NPL - <150% National PL	150% - <200% National PL
Benchmarks % rural hh	61%	20%	9%



Other techniques of analysis include:

- comparison with national country benchmarks (where the data is reliable);
- cross-sectional analysis (of different clients) across loan cycles,
- regression analysis to see if loan cycle is a predictor of response; and
- for panel data (that is, time series data for the same clients) – paired averages to see if over time there is a significant difference in response.

¹ FB's method is in line with the guide to segmenting recommended by the Grameen Foundation, at <http://www.progressoutofpoverty.org/materials-data-management-and-analysis>. Segments may be labelled differently, but should reference the relevant poverty lines.

*With the updated information from the government, we are starting to understand the **importance and value of stability** for the poor*

Friendship Bridge uses data to improve its impact.
"A lot of data is good, but it's not always easy to use."

In our few years of monitoring the change in poverty of our clients, we have found that our clients are mostly stable (not changing poverty levels), but there is a slightly positive trend. It hasn't been the most positive result for us, because we wanted to see major improvements. It is a result that we find challenging to communicate externally to investors and donors as positive.

Use of data

Below are some ways FB uses its data.

- [Outreach/baseline data] To understand where Friendship Bridge targets rural, poor women. To know whether it is actually reaching them, it uses PPI data to segment clients into different discrete poverty levels using PPI data.
- To define who its target clients should be. Tracking movement in PPI score over time showed that FB's basic program is most effective with clients in the categories of "poor" or "extremely vulnerable." It therefore now targets new clients in these categories, as opposed to the extremely poor or those who are vulnerable or above. This focuses outreach on clients for whom FB is most likely to create benefit.
- To validate its theory of change: Friendship Bridge analyzes outcomes for clients, segmented by poverty level. For each group, it asks the questions "Since becoming a client, have you started saving?" and "How did your income change?" and "How did the loan help your family?" The results have confirmed its theory of change. Recent statistical analysis of panel data has also shown a small (3%) but statistically significant increase in PPI mean score for a panel of clients over a three year period (2012-15), in a period when national data has shown an increase in poverty levels in Guatemala between 2006-14.
- To develop products and services better matched to client need. For example, cross-referencing business evaluation survey data with poverty data [Outreach/baseline data] revealed that clients whose primary business was either agricultural or artisanal had the highest likelihood of poverty. As a result, FB developed and is currently piloting an artisan market access program and an agricultural program. Another example is that FB has introduced differentiated pricing for longer-term clients versus new clients.
- To guide strategic and operational decisions so they support achievement of the social mission. Friendship Bridge gave two examples of this type of data use: 1) Data show that the more loan cycles a client has with FB, the more likely she is to improve her economic well-being. As a result, Fb has focused on client loyalty strategies to improve retention rate. 2) With the use of the PPI, FB has improved its marketing to target clients. It developed an infographic that it provides to field staff to use when they are promoting products and services or starting new loan groups.

Key Lessons

FB has derived many lessons from the 4 years of experience in collecting and reporting on outcomes data:

1. Clarity about the baseline – what it is, what it isn't: Baseline data is essential to validate targeting, and to develop client profiles and needs. It is an indepth snapshot of outreach against which to compare change over time, and the effectiveness of program interventions. Stakeholders – and funders – need to realize that it does not in itself reflect change.
2. Quality requires strong process controls: To ensure that the data we have is sufficiently representative for segmented analysis, we prefer to collect census data (covering all our clients). Census methods require data collection by our facilitators. In order to collect good, representative data in this methodology, we have embedded the collection in regular processes and performance criteria.
3. Take advantage of tested survey instruments: We have learned to take advantage of other survey tools that have been tested. PPI is the obvious example of this. We are now looking for tested business development indicators, corroborated by other research, to improve our business evaluation survey.
4. Separate client satisfaction/feedback from outcomes measurement: combining client feedback with the measurement of results seems convenient. But we now think it better to generate quick data on client satisfaction, which is actionable, and to separate this from outcomes data that needs to be representative and longer term.
5. Outcomes must be clearly linked to program activities: our regular baseline data and client profiles, together with monitoring program implementation, and outcomes, enables us to revisit the Theory of Change, to check on our assumptions that program interventions will lead to expected outcomes.

Currently, FB is working to: streamline its data collection systems, explore clients' own, potentially more diverse, objectives; and to use qualitative data to understand better the social, cultural, political, structural barriers that face our clients, and our program.

Advice on where to start

Take advantage of existing processes and systems to collect outcomes data. This is more affordable and easier to implement. Choose 2 tools and validate the data over 2 years. Do not attempt to measure too many types of data. Make sure that each indicator you do use is linked closely to your own intervention, because the data will not be useful to you unless your direct action can influence the results. Conducting segmented data analysis is of critical importance, given that different types of clients have different needs and outcomes.

*The working group is open to all stakeholders:
practitioners, networks, TA providers, investors, researchers, subject matter specialists – academics
Contact us to share your experience and views: info@sptf.info*