

IDEPRO's Impact Evaluation System



Brought to you by the Outcomes Working Group

Speakers:

Cara S. Forster, Director for LAC, SPTF

Barbara Rademaker, Advisor for LAC, Triple Jump

Special Guest: Monica Velasco, Manager of
Institutional Development, IDEPRO

Agenda

- Introduction by Amelia Greenberg, SPTF
- Presentation by Cara S. Forster on IDEPRO, its Impact Evaluation System, and Outcomes Data
- Commentaries by Barbara Rademaker of Triple Jump on their work in SPM and with IDEPRO
- Discussion with the participants

There are 19 standards, organized into six dimensions.

They incorporate learning from many initiatives in our sector.



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Cara S. Forster



Title: Director of Communications and Training for Latin America

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SPTF

- Promotes participatory dialogue between all the actors in the responsible and inclusive finance sector who are interested in SPM.
- Coordinates the development and revision of the Universal Standards for SPM
- Provides trainings and tools to support MFIs in implementing improved SPM practices.



Mónica Velasco L.



Mónica Velasco L

Manager of Institutional Development
mvelasco@idepro.org

Ms. Velasco holds a Bachelors degree in Psychology and a Masters in Organizational Psychology and Competitive Microeconomics. She has 25 years of experience working on the design and implementation of microcredit services and enterprise development for SMEs. She currently oversees the management of IDEPRO's Impact Evaluation System and carries out the analysis and reporting of the results.



IDEPRO

Has spent 23 years providing microloan and business development services to small producers and entrepreneurs in Bolivia

General data as of September 2015:

Portfolio: 53.8 million\$US

Number of clients: 13,037

Number of branches: 19



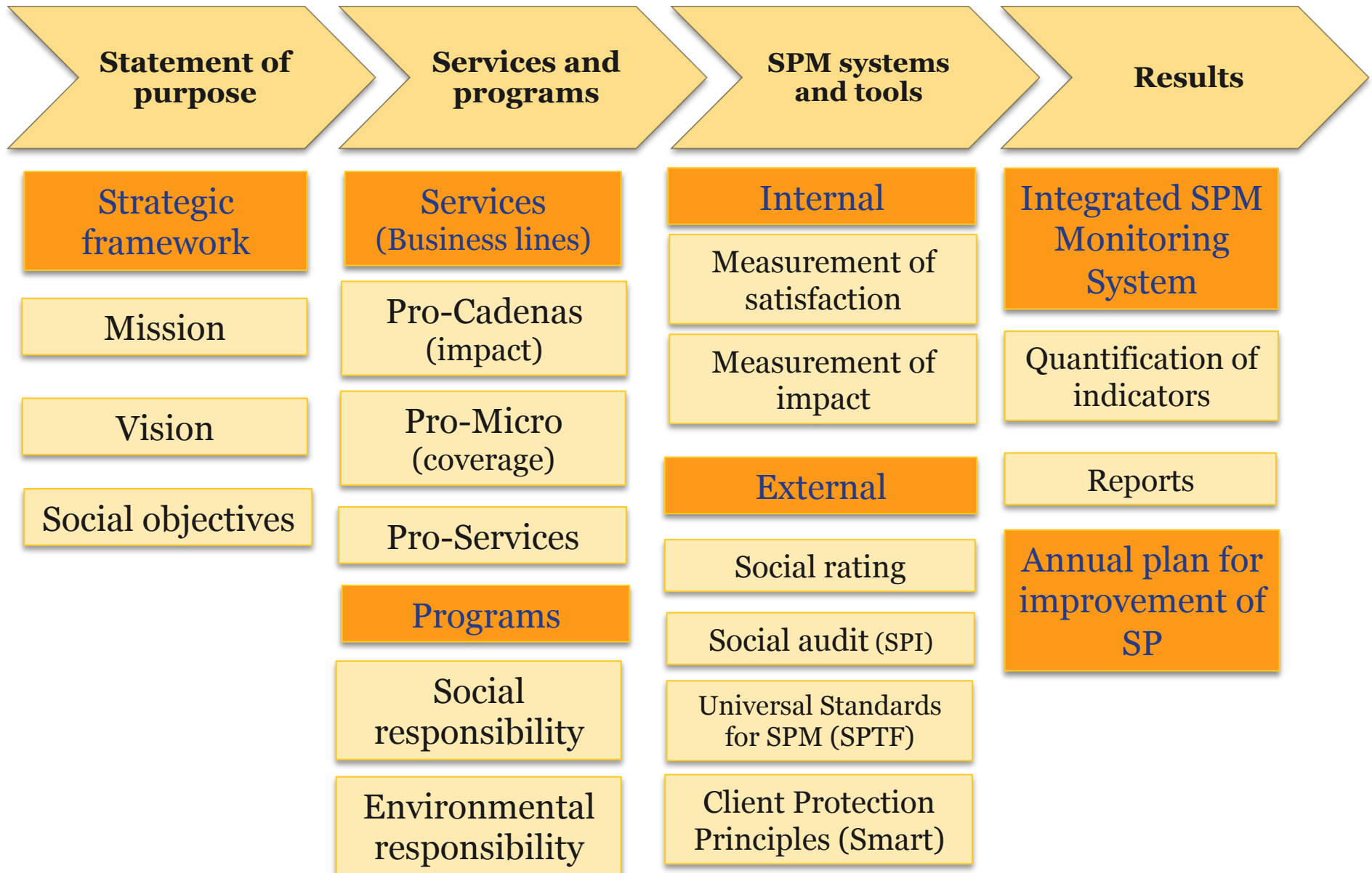
IDEPRO'S MISSION

*“To contribute to the improvement of the **productivity, income, and employment** of small producers as well as micro, small, and medium enterprises in the rural and urban areas through specialized and holistic operations and services.”*

IDEPRO'S VISION

“To become a Development Finance Institution renowned for its soundness, reliability, and commitment to sustainable productive development and its contribution to economic and social inclusion, by carrying out operations and providing holistic services with a commitment to social and environmental responsibility.”

IDEPRO's Social Performance Management Model



History of Impact Evaluation at IDEPRO

External impact evaluation result:
unsatisfactory level of compliance with
the mission

2005

Design of Pro-Cadenas [Value Chains]:
A business line offering credit and BDS
focused on achieving the mission

2006-2
007

Design and operation of the Impact Evaluation
System (IES) in order to continuously monitor
the level of compliance with the mission

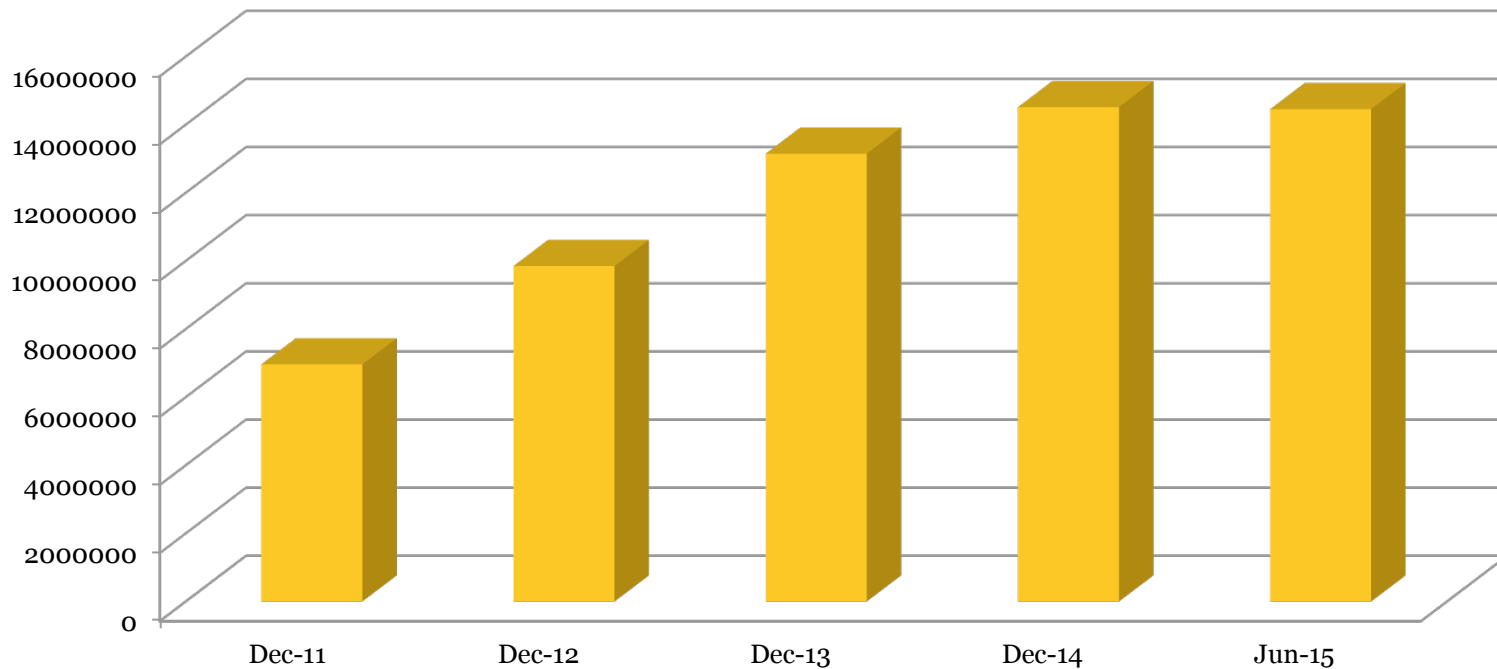
2009 to
present

Annual adjustment of the Pro-Cadenas
business line based on results of the IES

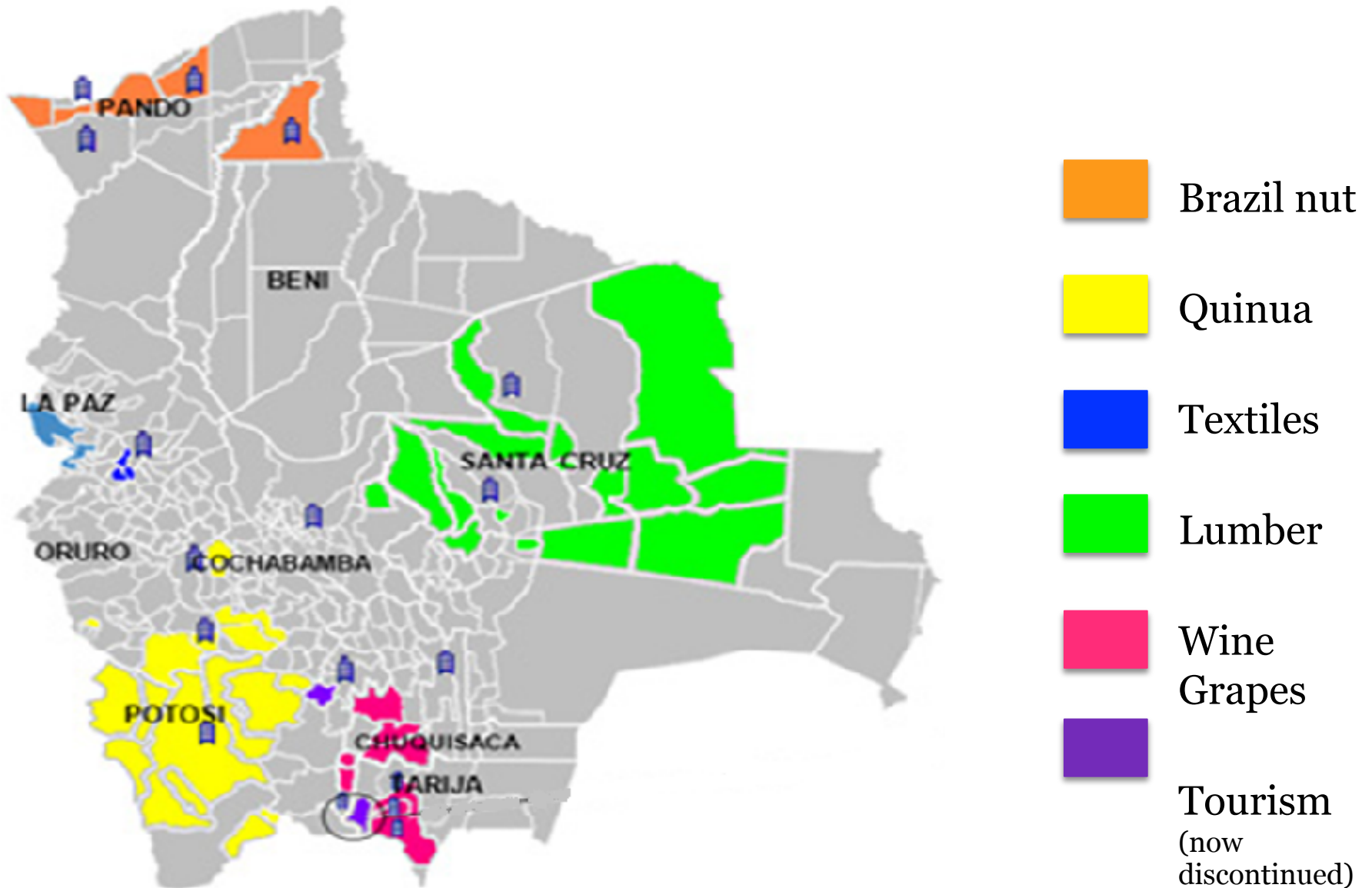
What is Pro-Cadenas?

Credit and business development services (BDS) that are highly specialized to serve five productive sectors according to a value chain approach, including social and environmental responsibility.

**Evolution of the Pro-Cadenas portfolio
(in \$US)**



Geography of strategic interventions

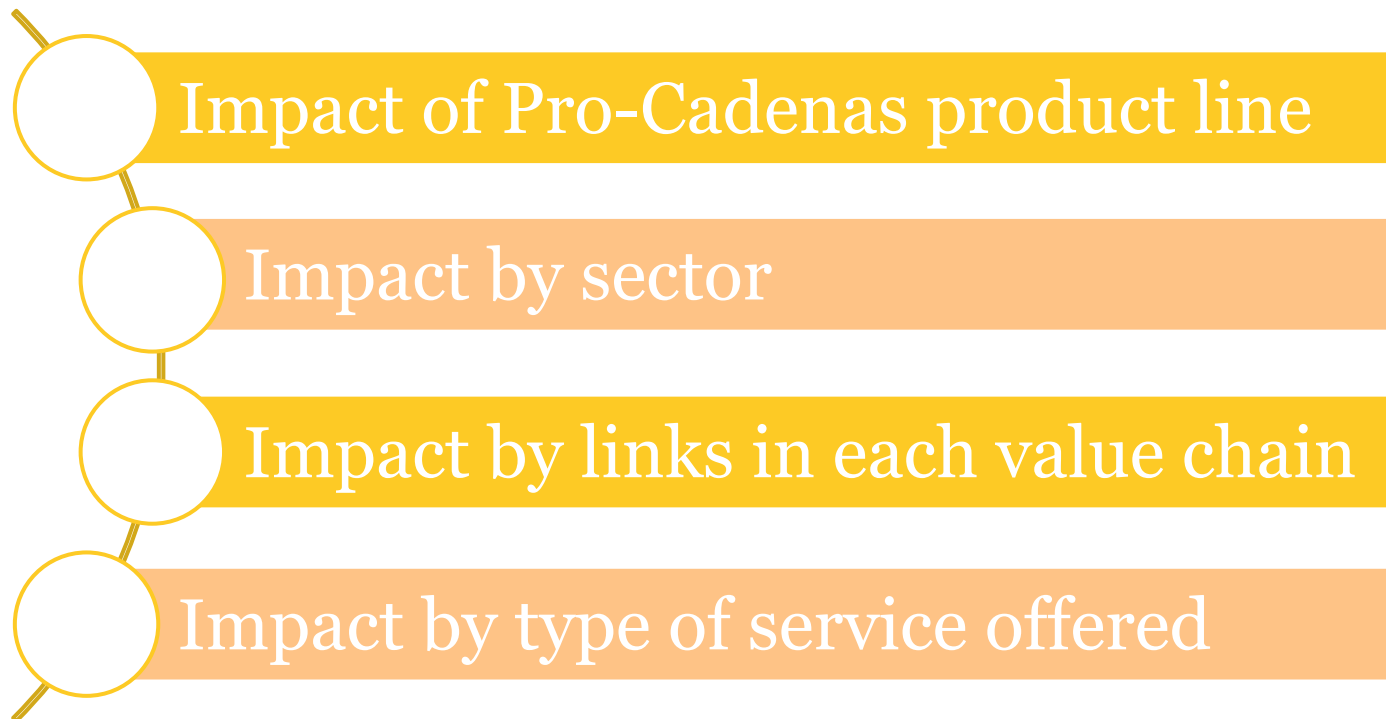


The Impact Evaluation System (IES)

Purpose of the system:

To measure Pro-Cadenas' contribution to achieving IDEPRO's mission, and to make adjustments to operations and strategy as necessary based on this information.

The four areas of outcomes the IES helps test:



Variables included in the IES



**Credit Application: Financial
assessment for new clients**

VARIABLES COLLECTED BY LOAN OFFICERS

INCOME IN Bs. (MONTHLY AVERAGE)

INVENTORY IN Bs.

SALES LEVEL (quantity) (MONTHLY AVERAGE)

PRODUCTION LEVEL (quantity) (MONTHLY AVERAGE)

TOTAL ASSETS IN Bs.

TOTAL LIABILITIES IN BS.

FIXED COSTS IN Bs. (MONTHLY AVERAGE)

VARIABLE COSTS IN Bs. (MONTHLY AVERAGE)

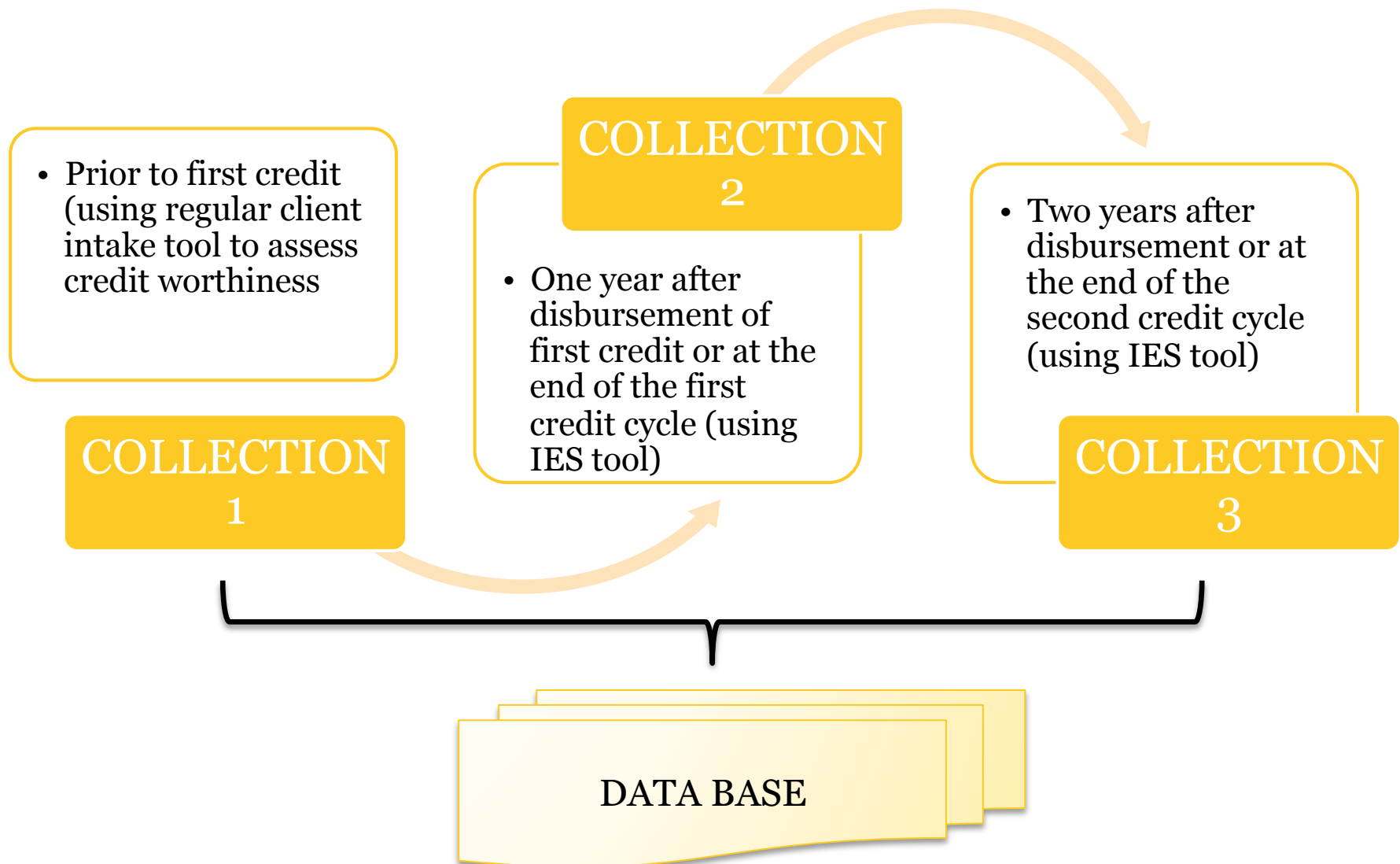
AVERAGE SALES PRICE IN Bs.

JOBS GENERATED

Impact indicators selected from the variables

INDICATOR	FORMULA
REVENUE: Monthly average in Bolivian Soles	Amount of product(s) sold in the last year <i>multiplied by</i> the average selling price of the product divided by 12
INCOME: Monthly average in Bolivian Soles	Revenue generated in the last year <i>minus</i> (variable costs in the last year <i>plus</i> fixed costs in the last year) <i>divided by</i> 12
EQUITY: At the time of the assessment	Value of all of the business' assets at the time of assessment <i>minus</i> the value of the business' debt with third parties or other businesses, at the time of assessment
EMPLOYMENT: Monthly average	Number of permanent and temporary employment positions, from the last year, generated by the business <i>divided by</i> 12
PRODUCTIVITY: Monthly average	(Value of production during the last year <i>divided by</i> the average number of employees during the last year) <i>divided by</i> 12

Impact Evaluation Methodology



IMPACT VALIDATION PROCESS

Step 1

- Integration of the data from all Pro-Cadenas branches

Step 2

- Descriptive statistical analysis

Step 3

- Normalcy test

Step 4

- Statistical test using non-parametric mean comparison (Wilcoxon)

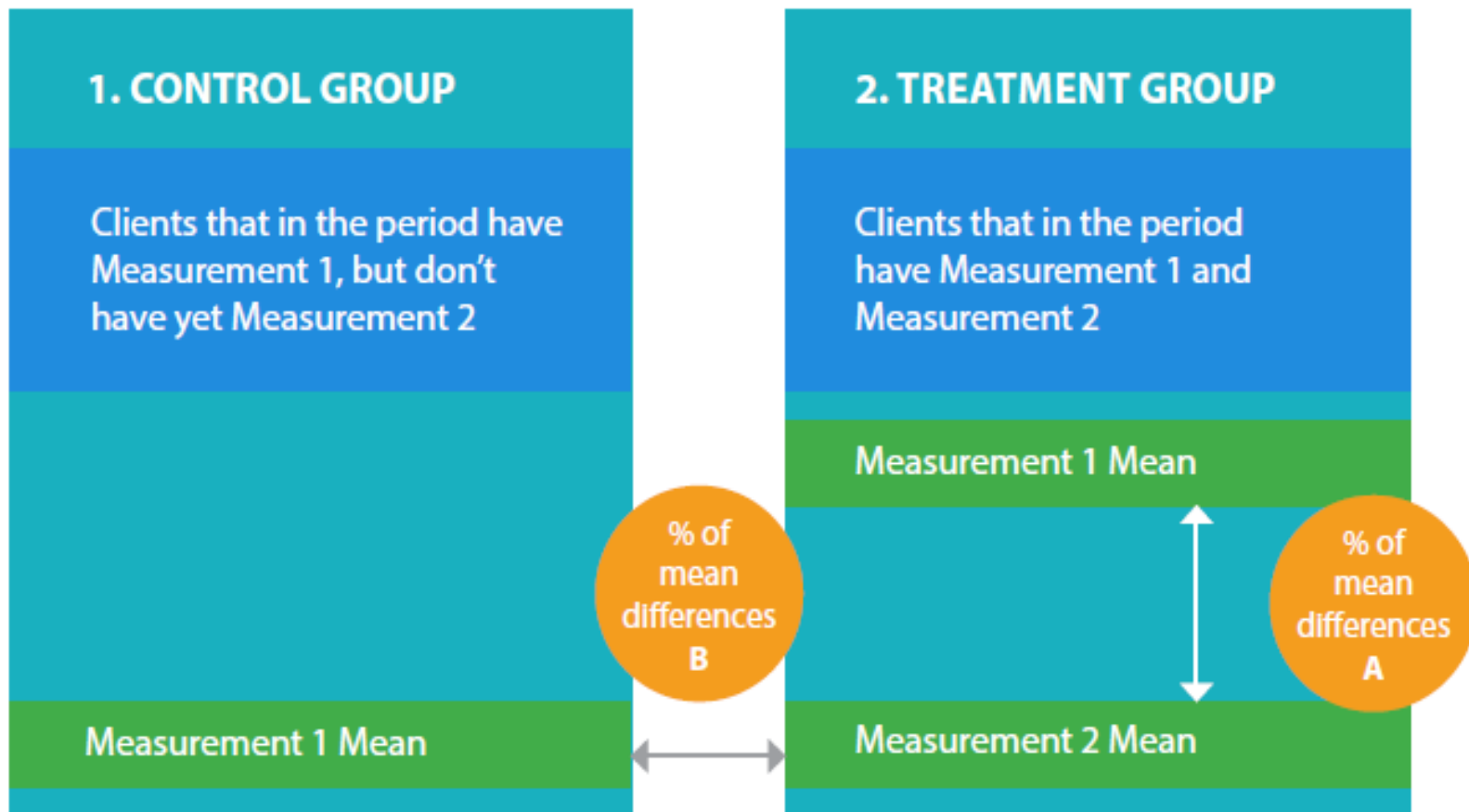
Step 5

- Attribution of impact (comparison of treatment group with control group)

IDEPRO ensures the accuracy of its data and analyzes the results using a variety of statistical techniques.

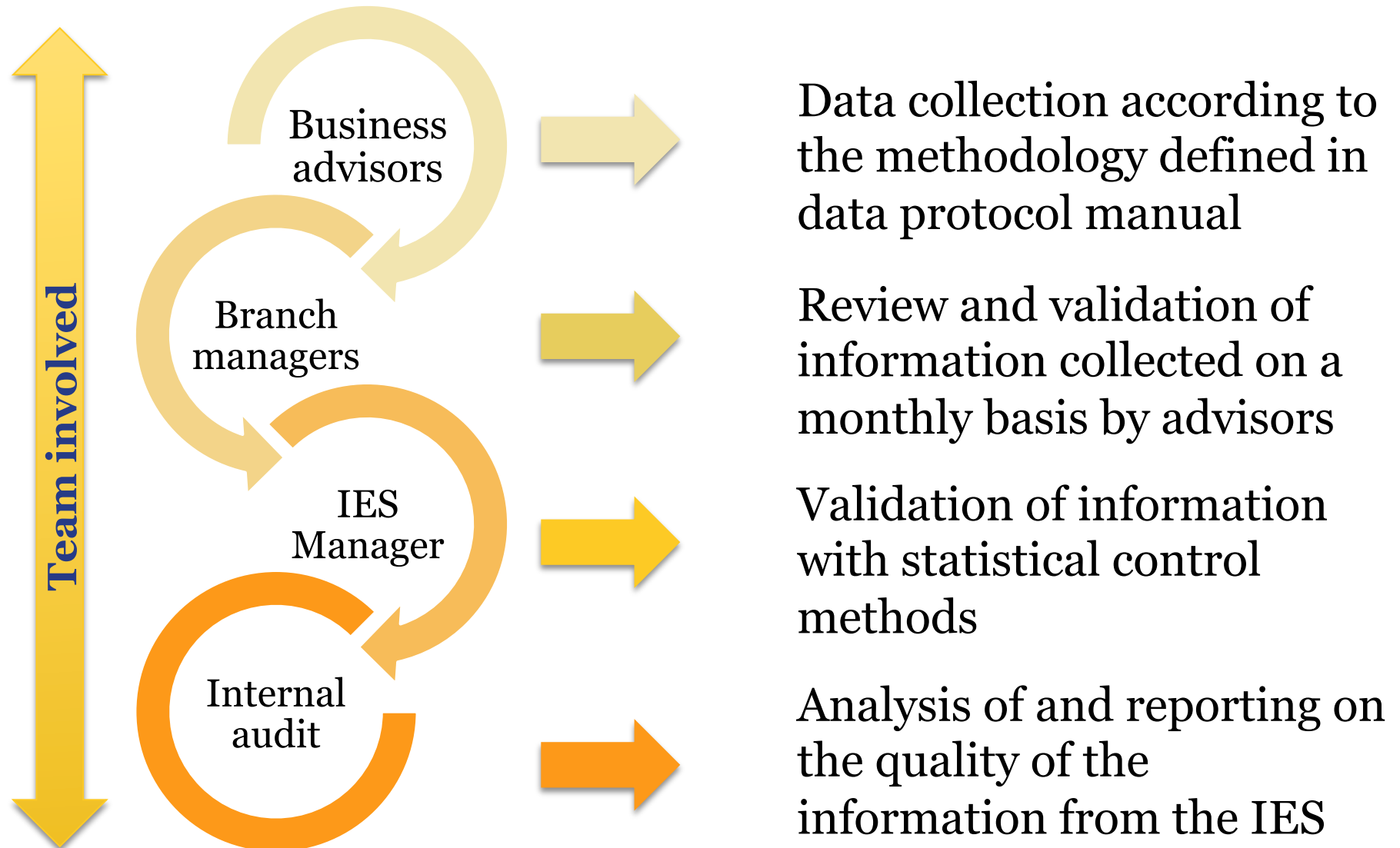
Attribution method

ATTRIBUTION METHOD FOR IDEPRO'S IMPACT EVALUATION SYSTEM



The increment of **A** with respect to **B** is attributable to IDEPRO's intervention through the Pro-Cadenas product and services.

Process used to ensure quality control of the information in the IES



IES results as of June 2015

Results on the priority impact indicators

Nº of cases	TOTAL POPULATION				
	INCOME In Bs.	PROFITS In Bs.	EQUITY In Bs.	JOBS	PRODUCTIVITY In Bs.
562					
MEAN COLLECTION 1	23.182,45	7.094,47	319.592,89	3,11	6.370,02
MEAN COLLECTION 2	24.425,18	9.296,42	398.267,72	3,75	7.065,12
Significance level*	0,000	0,001	0,000	0,000	0,701
% of attribution of impact	34.4%	30.4%	22.0%	42.0%	18.9%

* A value less or equal to 0.05 represents a difference in means that is statistically significant; therefore, it validates impact, it is equivalent to a 95% confidence level.

CONCLUSION: A year after the credit was disbursed, there is evidence of its impact in the four priority indicators studied. The level of attribution of change to Pro-cadenas services is between 18 and 42%.

How IDEPRO uses its outcome information to improve practice

○ Annual IES report

○ Integration of impact information into the SPM and Integrated Quality Management Systems

○ Annual Integrated Quality Management Workshops (7), where impact is analyzed in the framework of SPM at each branch offering Pro-

○ Adjustments to strategy and financing models by value chain, based on impact information and information related to Integrated Quality Management

Costs and benefits of implementing IES

Costs

Benefits

Collection costs

Systematization costs

Use of information from SPM

Use of information from Integrated Quality Management

Adjustment and strengthening of strategy

Increased coverage and impact



Final Considerations

If the level of achievement of the institutional mission is not measured, it is impossible to know if it is being achieved or not.

Measuring impact implies an investment that allows the periodic assessment and validation of the institutional strategy and services offered, which allows more efficient progress towards the mission.

The continuous improvement of service quality in a dynamic market implies collecting and analyzing client information continuously (impact, satisfaction, and positioning).

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Barbara Rademaker

Position: Responsible for technical assistance projects for microfinance institutions in product development, risk management, and Social Performance Management in Latin America.

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Triple Jump

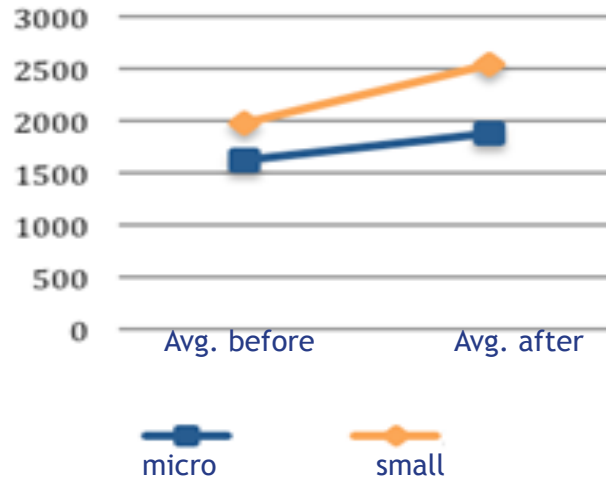
- €480 million assets under management
- Investments in over 150 financial service providers worldwide
- Currently reaching over 397,000 small entrepreneurs
- Local presence in Asia, Europe, Latin America and Africa
- Impact through more than 150 technical assistance projects in 30 countries
- Dedicated team of more than 60 professionals

Measuring Social Performance

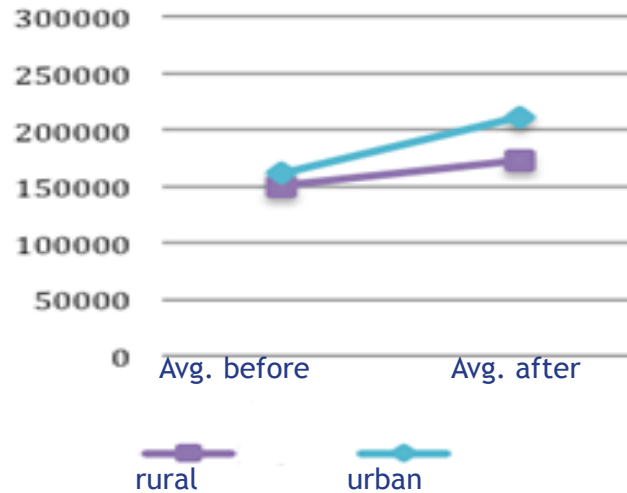
- Getting more out of your database: a cost-effective way of measuring social performance
- Using the Data Management Process methodology
- Pilot study with three MFIs in Latin America, including IDEPRO.

Get more out of your data, examples from IDEPRO:

Change in Profits by Business Size



Change in Net Worth by Geography



Improving the data management process

Define

Your business model, your theory of change and indicators:

Indicators should match an institution's business model and theory of change as well as the end goal of the measurement

Collect

An efficient data collection system: Data should be adequately collected and be part of day-to-day operations.

Store

An effective data storage: The data should be easily exported into a format useful for analysis.

Analyze

A basic capacity for analysis: The analyst should have the appropriate skill set, time and technology to effectively execute this analysis.

Utilize

Processes for sharing and responding to results:

Integrate the results of the analysis into internal decision-making and external communication of results.

Next Steps

- A Lean Data Management Pilot with D-Lab and The Fletcher School (Tufts University's Business School)
- Lean= right-sized, relevant, respectful, rigorous
- Practical tools to improve data management for MFIs in three areas:
 - Product Development
 - Risk Management
 - Social Performance Management

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Thank you for your attention
and participation!



October 15, 2015