Outcomes Working Group (OWG)
Brief on Session 4: Presenting the lessons from the
CGAP/Ford-Foundation Social Indicators Project (SIP)
Webinar: 16 September 2015
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In October 2014, the Social Performance Task Force (SPTF) launched the Outcomes Working Group. Its purpose is to develop practical guidelines for credible measurement, analysis, and reporting of outcomes, drawing on experience with different approaches and tools. Additionally, the working group seeks to assemble a menu of field-tested outcomes indicators related to some of the most commonly targeted outcome areas for financial service providers (FSPs) to use as a resource when selecting the specific outcome indicators they will use.

The Social Indicators Project – SIP: a major global initiative to measure MFI contribution to the Millennium Development Goals (MDGs) across all regions

In the early 2000s, the UN Millennium Development Goals were seen to align with the expectations from microfinance. Ford Foundation and CGAP created the SIP to identify and test the relevant, practical indicators that could be used by MFIs to measure their achievement. Starting in 2005, the SIP involved 61 MFIs located in Africa, Asia, and Latin America, including MFI partners of international networks – working on outcomes measurement. Over 5 years, the MFIs collaborated to identify indicators, and conducted action research to measure and report on the indicators as a baseline profile, and end-line change. The network partners and the MFIs adopted different approaches and tools for data collection.

> **UN MDGs 2000-2015**
> **Reduce poverty**
> Ensure primary **education**
> **Gender equality**
> **Health**
> Sustainable **environment**
> Global partnership

> **The aim of the SIP was to**
> - identify a small set of globally comparable, meaningful, and robust outcome indicators
> - determine how MFIs might use these indicators to report on the socio-economic profile of their clients and track change over time

The indicators developed under the SIP and the lessons of the action research are still relevant today as we consider indicator selection and practical issues of data collection and reporting.

On page 2 we present the indicators identified, and the main issues in their collection and analysis.

On page 3 we summarize the main lessons from the action research, and the resources developed as SEEP Technical Notes.

Relevant, robust and comparable indicators

MDG1: Poverty reduction

- ❖ **% 3/5 year client households above the benchmarked poverty line, who were below the line at entry**
- ❖ **After 3/5 years: % poor clients in Year 1 still with MFI, % of them now above the poverty line, % still below the poverty line**

Tools: PPI, in-house poverty index, **quality of life indicators/assets,** per capita household income/expenditure

Issues: PPI data is relatively easy to collect, and key use is to be able to benchmark poverty levels; particularly useful to profile outreach, less flexible to change; include additional, locally relevant, quality of life indicators to supplement the PPI. Benchmark all indicators used for rural and urban contexts. Household income/expenditure calculations are of doubtful accuracy in informal sector.

MDG2: Universal primary education, MDG3: Gender equality

- ❖ **% girls/boys of primary school age, attend school**
- ❖ **% girls/boys of secondary school age, attend school**
- ❖ % households with children of primary school age, all children attend school
- ❖ % households with children of secondary school age, all children attend school

Issues: Relevant in countries where school attendance is not near universal (< 90%) Analyze with reference to children's age, as appropriate to different education levels in different countries. Disaggregate by gender – a good indicator of gender (in)equality particularly where school attendance is low. The household level indicators cannot be benchmarked to national data, but they are useful to identify opportunities for microfinance products targeting education.

MDG 3: Gender equality – additional indicators

- • **% women clients who**
- ❖ **are head of household (no adult earning male)** = vulnerable segment
- ❖ **Involved in managing financed enterprise – by self, or with husband/son**
- ❖ **have house or land registered in their name or jointly**
- ❖ Report that they participate in household decisions relating to (i) purchase of assets (ii) family issues – children's education, medical care, children's marriage, (iii) routine expenses
- ❖ Report purchasing something personal for themselves
- • **% women MFI board members and staff (senior/middle, field levels)**

Issues: Interesting and relevant for stakeholders with a real interest in gender issues; evidence of women's agency and participation (jointly, not only independently), decision-making is qualitative – choose types of decision that are relevant in local context

MDG 7: Environmental sustainability – and relevant to health

- ❖ **% client households using own/improved water source**
- ❖ **% client households using own/improved toilet**

Issues: Ownership is a first step: Identify quality indicators relevant to context (e.g. type of toilet); information highlights need/opportunity, as MFIs introduce credit products for water and sanitation

Important lessons

Focus	A small number of indicators that is collected and analyzed well is better than having a wide range of indicators.
Context	Context is highly important for determining relevance of indicators, interpreting findings and setting targets.
Routine data collection	Overall, it is cost-effective to have the institution's own staff collect data, which fit within existing forms and be collected as part of routine work, though this is only effective if a comprehensive system is in place for staff training, quality checks and reporting.
In-house expertise	In-house R&D is also an option. As is commissioning an external party – for independent, 'academic' credentials, but if microfinance issues are not well understood, this can undermine the research design and reporting.
Census +/or robust sampling	Routine data collection enables census profiling (of all clients) with maximum opportunity for disaggregation by different market segments. The alternative is to use a representative sample (SEEP 1: Sampling techniques). A useful option: census for baseline, and sample for end line.
Time for change	Realistically, while certain indicators may show short-term change, significant change in poverty and gender equality are likely to be longer term. Ideally measure such change over a 3 or 5-year period. Measuring all change over shorter periods involves a lot of data and may not yield significant results.
Perception questions	It is useful – and easy – to add a few simple questions on client perception on change: ask clients what has changed, what are the reasons for this change, and did financial services contribute to this? These are simple questions that help give context.
Client dropout	Anticipate attrition. After five years, at typical rates of dropout, there may only be 25% of the original client base still with the MFI. (A census baseline helps).
A systematic approach	As with any type of information, measurement and reporting requires skill and attention, and cannot be done casually.

The SIP contributed to SP reporting, client level indicators applied in Social Ratings, and development of guidelines for the PPI. Systems issues are documented as SEEP Technical Notes: TN1 Selecting a sampling methodology, TN2 SIP Partner Experience
TN3 Why use social indicators – making the case to MFIs and other stakeholders.

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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