Outcomes Working Group
Brief on Session 5: IDEPRO's Impact Evaluation System
(held 15 October 2015)

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 outcomes indicators they will use.

Overview of IDEPRO
IDEPRO is a microfinance institution in Bolivia that has been operating for 23 years. Currently, it has 19 branches serving over 13,000 clients. IDEPRO's mission seeks to improve the productivity, income, and employment of its clients' businesses.

Summary of IDEPRO's Social Performance Framework
IDEPRO has a robust social performance management framework, meaning it has clearly defined social goals, a suite of products and services designed to help achieve these goals, and systems and tools in place to track progress, report on results, analyze data, and use data to improve practice.

Pro-Cadenas Product
One of IDEPRO's products is Pro-Cadenas, a value-chain-based product that offers both microcredit and business development services (BDS) tailored to five priority sectors: Brazil nuts, quinoa, textiles, lumber, and wine grapes.

IDEPRO's Impact Evaluation System (IES)
  - History: Development of the impact evaluation system (IES) was a ten-year process. In 2005, IDEPRO commissioned an external assessment of its outcomes and found the results disappointing. In 2006, IDEPRO launched the Pro-Cadenas product in the hopes that it would amplify IDEPRO's impact by helping its clients' businesses to grow. In 2009, IDEPRO implemented the IES, an internal monitoring system which has been operating ever since. It allows IDEPRO to track progress toward its mission, and to refine the Pro-Cadenas product line annually based on analysis of IES data.
  - Four areas of outcomes monitored:
    1. Impact of Pro Cadenas product line (does this product contribute to achievement of IDEPRO's mission?)
    2. Impact by sector (What are the differences among the five priority sectors?)
    3. Impact by each link in the value chain (What is the impact at each stage of the value chain e.g., producers, wholesalers, retailers, and exporters?)
    4. Impact by type of service offered (What is the difference in impact between those receiving only credit versus those receiving both credit and BDS?)
  - Cost: The IES is financed entirely by IDEPRO. To make it affordable, IDEPRO uses data that were already being collected by loan officers during the client intake process. Thus,

the main cost of the system is in time. The six Pro-Cadenas business advisors spend about 30 percent of their time on data cleaning and preparation, and an analyst at headquarters also spends about 30 percent of his time to further clean and analyze data and to prepare semi-annual reports. IDEPRO states that the benefits of this system outweigh the cost.

- Indicators tracked by the IES:
  - average monthly revenue of business
  - average monthly income of business
  - the business's equity (total assets minus debt) at the time of the assessment
  - monthly average number of employees (counts both permanent and temporary)
  - monthly average productivity (production value divided by number of employees)
- Data collection methodology:
  - first data collection: done by loan officer; occurs prior to client receiving first loan
  - second data collection: done at the end of the client's first year with IDEPRO, or when client finishes the first credit cycle, if s/he repays early
  - third data collection: done at the end of the second year, or when the client finishes second credit cycle if s/he finishes early
  - all branches that offer Pro-Cadenas collect IES data
  - headquarters team validates, cleans, and standardizes the data, and does a statistical analysis to estimate what percent of change can be attributed to IDEPRO's intervention
- Reporting of data: IDEPRO integrates IES data into is information management system. It produces a semi-annual IES report and presents that information to senior management as well as to the staff in all the branches that offer the Pro-Cadenas product. The staff has a chance to discuss the data, and then IDEPRO creates a summary report of these workshops. Once a year the report is shared with the Board.
- Use of data: Management uses IES data when making strategic and operational decisions. For example, it stopped offering the Pro-Cadenas product to clients working in the tourism sector because it was not achieving its desired level of impact in that sector.

Comments by Triple Jump
- Background: Triple Jump is a global social investor organization. Both Triple Jump and its investors are interested in understanding outcomes for clients.
- Impact evaluation study: In 2013, Triple Jump conducted a pilot study involving three FSPs in Latin America, one of which was IDEPRO. The goal was to analyze more effectively the data that these institutions were already collecting in order to gain information relevant to risk management, product development, and outcomes for clients.
- Tips from Triple Jump: a) Most FSPs have deficiencies at the levels of storing, analyzing, and using data, but management will invest in these if it understands how valuable the data can be for decision-making; b) It greatly facilitates analysis to integrate social data into the main MIS, rather than storing social data separately; c) FSPs should seek to collect "lean data," meaning that the data are right-sized (in both sample size and methodology), relevant, respectful, and rigorous.

Summary of Discussion and Questions
- Opportunity Bank in Malawi reports that it has seen clear benefits from its own efforts to collect social data, but notes that it has faced challenges from personnel, who objected to

being assigned additional work for social data collection, and said it made them concentrate less on real credit management.

- Triple Jump responded by sharing its experience with Fundación Paraguaya, which was able to add social indicators to its data collection. It did so by choosing only a few indicators, making each indicator very specific, and by taking the time to explain the reasons for this data collection to staff.

- Question: please provide more examples of how IDEPRO uses social data to make decisions. Answer: One example is that IDEPRO has modified the design of its financial products, and the kind of business development services it offers, to match client needs more closely. IDEPRO reports that these adjustments have helped IDEPRO reduce risk, enabling it to improve portfolio quality and reduce loan loss provisioning, as well as improving impact.

- Question: What is Integrated Quality Management and how does IDEPRO make use of it? Answer: This is a system that IDEPRO uses measure and analyze data to assess its progress toward its mission and improve its own systems, as well as its products and services. Specifically, it has indicators to assess performance annually in three areas: process management and efficiency, social performance management, and people management. Senior managers and operational teams review these data and use them to create action plans for quality improvement.

- Question: What kind of MIS does IDEPRO use? Answer: IDEPRO custom designed its MIS, and it houses all of the social and financial indicators that IDEPRO collects.