Progress out of Poverty Index as an effective and efficient tool for Results Measurement

A presentation to DCED Participants
March 24-26, 2014, Bangkok, Thailand
Presentation Outline

- Introduction of Grameen Foundation
- Overview of the PPI
- Application and Examples of the PPI on Results Measurement
PC Users:
To change the photo in the background, SELECT DESIGN and then BACKGROUND or right click.

Mac Users:
To change the color of the background, go under the FORMAT menu and select SLIDE BACKGROUND.
For light photos, you may need to adjust the gradient. Duplicate the CALL OUT OVER PHOTO Master Slide and adjust the transparency on the gradient graphic. Then apply the new master to your slide page.
Challenges Faced By The Poor

- Insufficient & inconsistent income
- Inability to tolerate shocks and manage risks
- Lack of essential and actionable information
- Needs are not understood & sub-par services are delivered
Addressing challenges in the economic lives of the poor

Solution Areas

**Information Services**
Build two way flows of trusted, actionable information

**Financial Services**
Provide appropriate, innovative products to manage household cash flows and risk

**Poverty Tools and Insights**
Deliver services to the poor though use of client data and tools

- Lack of essential, actionable information
- Inability to tolerate shocks and manage risks
- Insufficient & inconsistent income
- Needs are not understood and sub-optimal services are delivered
GF’s track record in mobile for development

- Poor, unbanked individuals
  - Financial Services
    - Uganda, Kenya, Colombia, Philippines
- Casual laborers, rural poor
  - Mobile Microfranchise
    - Indonesia
- Poor people, pregnant parents
  - Health
    - Ghana, India, Nigeria, Kenya
- Smallholder farmers, rural poor
  - Agriculture
    - Uganda, Colombia, Kenya, Cote D’Ivore

- Indonesia

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What is the Progress out of Poverty Index (PPI)

- It is an **easy to use** poverty measurement tool
- Uses **10 high poverty correlated non-financial indicators**
- The **indicators are simple and verifiable**
- **It is based on national household income and expenditure survey**
Poverty Outreach Metrics & Dimension

Poor Households in Area

Non-Poor Households in Area

MFI Clients

Concentration = \[
\frac{\text{Poor MFI Clients}}{\text{MFI Clients}}
\]

Percentage of clients living below the poverty line

Scale = \[
\frac{\text{Poor MFI Clients}}{\text{No. of Poor Households Served}}
\]

No. of Poor Households Served

Penetration = \[
\frac{\text{Poor MFI Clients}}{\text{Poor Households in Area}}
\]

Percentage of poor households served by NWTF
47 Country-specific PPIs

- Afghanistan
- Bangladesh
- Benin
- Bolivia
- Brazil
- Burkina Faso
- Cambodia
- China*
- Colombia
- Dominican Republic
- Ecuador
- Egypt
- El Salvador
- Ethiopia
- Ghana
- Guatemala
- Haiti
- Honduras
- India
- Indonesia
- Jordan
- Kenya
- Malawi
- Mali
- Mexico
- Morocco
- Nepal
- Nicaragua
- Nigeria
- Pakistan
- Panama
- Paraguay
- Peru
- Philippines
- Romania
- Russia
- Rwanda
- Senegal
- Sierra Leone
- South Africa
- Sri Lanka
- Syria
- Tanzania
- Timor-Leste
- Uganda
- Vietnam
- Yemen

*China has an expert-based poverty scorecard in place of a PPI.
Application and Examples of PPI Use for Results Measurement
Mission Check

Are you really reaching the poor or just relying on proxy indicators?

Working in rural areas does not mean that you are reaching the poor.
Poverty Profiling

PPI enables program to measure and show distribution of poverty status of their beneficiaries that can be useful in choosing the sector that have higher potential to impact the poor.
Beneficiary selection

PPI can be used to select households that can benefit from the program using a cut-off score.

Useful for programs that is faced with limited resources but aiming to achieve high impact to the poorer households.

Table 7: Percentage of individuals (within the sample) with PPI score below the cut-off

<table>
<thead>
<tr>
<th>Poverty Line</th>
<th>Cut-off PPI Score</th>
<th>Prawn</th>
<th>Maize</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD1.25/day [2005 PPP] poverty line</td>
<td>30-34</td>
<td>25%</td>
<td>41%</td>
</tr>
<tr>
<td>USD2.5/day [2005 PPP] poverty line</td>
<td>55-59</td>
<td>87%</td>
<td>93%</td>
</tr>
</tbody>
</table>
Measuring smallholder farmers well-being

Towards a Shared Approach for Smallholder Performance Measurement:

Common indicators and metrics

**Table 1: Common Indicator Framework**

<table>
<thead>
<tr>
<th>Impact Areas</th>
<th>Guiding Question</th>
<th>Indicator</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livelihood and Well-Being</td>
<td>Are farmers meeting basic needs and seeing improvement?</td>
<td>Food Security: Access to sufficient food</td>
<td>Food security is a key component of sustainable livelihoods, understood by many as a basic right, and is a CSR and sustainability risk. It is important to measure separately where possible because of cases where gains in income didn’t lead to gains in food security.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Income</td>
<td>Household revenue can show whether the household is above a poverty line and whether overall revenue is improving with crop income. But household income can be difficult to estimate in a quick survey. One approach is the Progress out of Poverty Index (PPI). The PPI is a 10 question, country-specific survey developed by the Grameen Foundation. It measures the likely percent of producers above an absolute poverty line, or above local poverty line.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Assets</td>
<td>Measurement of a few key assets like land-holding, access to electricity, ownership of a form of transportation, or communication device, and type of cooking fuel used allows us to learn more about the farmer’s living conditions and is complementary to efforts to measure wealth.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Perceived Well-Being</td>
<td>Farmer perception of well-being can be equally as important as other livelihood indicators as it gives a sense of whether farmers believe their basic needs are being met and whether they will continue with this crop.</td>
</tr>
</tbody>
</table>
Measuring poverty change over time

• Can be used to create a baseline and track change over time

• Useful for measuring impact of intervention
Analyzing poverty movement

**New Clients**
- 1st loan cycle
  - Poverty likelihoods go down over time
  - Differences are statistically significant

**New Clients**
- Loan cycle <= 5
  - Poverty likelihoods go down over time
  - Consistent with above

**Old clients**
- Loan cycle 5-15
  - No movement

Note that this doesn’t capture impact: among those who had 3 PPI scores in 2.5 years, we see a declining trend in poverty likelihood. But this declining trend may have been caused by something other than NWTF loans.
Benchmarking & performance management

- PPI allows for benchmarking of similar organizations’ poverty outreach
- A few institutions are using it to improve performance management internally
1. Find the PPI for your country
2. Download PPI documents
3. Download learning materials
4. Ask questions and share information on the discussion forum

Also available: case studies, blog, instructional videos, and more.

Get started at www.progressoutofpoverty.org