We Must Measure Poverty to End Poverty

Exploring Grameen Foundation’s Progress out of Poverty Index® (PPI®)
…setting clear goals, choosing an approach, measuring results, and then using those measurements to continually refine our approach—helps us to deliver tools and services to everybody who will benefit.…

(Bill Gates, 2013)
The Progress out of Poverty Index® is a poverty measurement tool.

The PPI enables an organization to *quickly* and *objectively* estimate:

1. whether a household lives below recognized poverty lines.

2. the rate of poverty throughout the population it surveys.
How it works

- The PPI scores the answers to 10 questions about the household’s assets and characteristics.
- A table converts the score to the likelihood that the household is living below one of several widely-recognized poverty lines.
- In a group, the average likelihood of living below the poverty line is the poverty rate.

Results for a household:  “There is an X% likelihood that this household is living below the poverty line.”

Results for a group:  “X% of these households live below the poverty line.”
The PPI is designed to meet the needs of real practitioners.

✓ **OBJECTIVE RESULTS**
   The PPI objectively assesses household poverty and the rate of poverty in a group.

✓ **EASY TO USE**
   The PPI survey can be administered quickly and the answers are easy to verify.

✓ **COMPARABLE RESULTS**
   PPI results can be compared across programs and countries, and are easily understood by stakeholders.

✓ **LOW COST**
   The PPI is a public good available online.
Why measure poverty?

Objective poverty data leads to smarter decision-making among managers and holds an organization accountable to its mission.
If you don’t know where you are going you can’t ever get there.
Objective, household-level poverty data helps organizations and their stakeholders evaluate how well they are meeting their anti-poverty goals.
Supporting Anti-Poverty Business Goals

Acquire Poor Customers → Serve Poor Customers → Benefit Poor Customers

IMPROVEMENT

*How can we do better?*

Better informed practitioners are able to optimize product design and delivery for poor customers.
## Supporting Anti-Poverty Business Goals

### EXAMPLES: Actions enabled by poverty data

<table>
<thead>
<tr>
<th>Assessment of anti-poverty business goals</th>
<th>Improvement of strategies for achieving anti-poverty business goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Measure the rate of poverty among your clients (called “poverty outreach”) to determine if you are serving those living below the poverty line.</td>
<td>• Implement a poverty “cut-off” to direct resources to the families that need it most.</td>
</tr>
<tr>
<td>• Determine if your program is able to retain poor clients as well as less-poor clients.</td>
<td>• Identify product features that are preferred by poorest clients and develop business strategy around those features.</td>
</tr>
<tr>
<td>• Track changes in client poverty over time.*</td>
<td>• Set prices that the poorest families can afford.</td>
</tr>
</tbody>
</table>

*While objective poverty movement is necessary for an impact evaluation, it does not prove impact alone.
With data, we learn more in less time so that we can deliver better solutions with fewer resources.
Growing demand for the PPI

Over 180 organizations worldwide rely on the PPI for measuring poverty. These include:

** The PPI is developed by Mark Schreiner of Microfinance Risk Management, L.L.C.
Case Study: InterMedia

“Grameen’s PPI allows us to calculate a poverty level with 10 short, easy-to-answer questions, which allows us more time to ask other questions needed for our research.”

- Program name: **Financial Inclusion Insights**
- Objective: research use of mobile money and digital financial services
- Uses PPI in all eight countries
“The use of the PPI in the recent research allowed us to use a consistent and industry-recognized methodology when examining the impact of our agricultural program.”

- A global network of microfinance institutions
- Wished to study impact of agricultural loan program in Uganda, Malawi, and Ghana.
- Used the PPI to compare change in poverty between clients and non-clients.
- Optimistic findings
Case study: Marie Stopes International

Marie Stopes International (MSI) provides sexual and reproductive healthcare. MSI uses the PPI to be sure that it is reaching the world’s poorest people with the services they want and need.

- MSI is committed to providing family planning services to the poor who would otherwise not be able to afford such services.
- MSI benchmarks its poverty outreach against regional poverty rates to be sure that it is not inadvertently excluding the poor.
- MSI uses poverty data internally to assess its poverty outreach and services, and externally to demonstrate to donors and stakeholders the need for subsidized family planning services.
How does our poverty outreach compare to the national average?

- All MSI clients
- Living below $2.50 a day
- Living below $1.25 a day

**Ghana**
- MSI clients are poorer on average than the national population: 17%
- MSI clients are of similar poverty level to the national population: 52%

**Philippines**
- MSI clients are poorer on average than the national population: 26%
- MSI clients are of similar poverty level to the national population: 64%

**Ethiopia**
- MSI clients are poorer on average than the national population: 37%
- MSI clients are of similar poverty level to the national population: 88%

**Cambodia**
- MSI clients are poorer on average than the national population: 39%
- MSI clients are of similar poverty level to the national population: 81%

**Burkina Faso**
- MSI clients are poorer on average than the national population: 42%
- MSI clients are of similar poverty level to the national population: 75%
Case Study: Gratia Plena

They used the PPI to discover that the organic farming best practices are too expensive for the poor.

They are now using the PPI to test the viability of new organic crops for their poorest farmers.

Visit ProgressoutofPoverty.org for the full case study
Banana Farmers in Colombia: Benchmark against national levels

Poverty levels

HH Uniban: 12% (Rest), 8% (Vulnerable), 16% (Very vulnerable), 37% (Poverty), 28% (Extreme poverty)
HH Asociati: 11% (Rest), 6% (Vulnerable), 14% (Very vulnerable), 36% (Poverty), 32% (Extreme poverty)
HH Colombia: 33% (Rest), 11% (Vulnerable), 17% (Very vulnerable), 25% (Poverty), 14% (Extreme poverty)
HH rural Colombia: 17% (Rest), 9% (Vulnerable), 17% (Very vulnerable), 32% (Poverty), 25% (Extreme poverty)
Small Holder Farmers in Colombia
Management of remote field operations and timely information about your business
One product, Two interfaces

Built on the Salesforce.com, field access via Android devices
37 customers in 16 countries
APPENDIX
Support for poverty measurement: The World Bank Group

The IFC has used the PPI on multiple projects.

World Bank Goals:

- **End extreme poverty**: the percentage of people living with less than $1.25 a day to fall to no more than 3 percent globally by 2030;

- **Promote shared prosperity**: foster income growth of the bottom 40 percent of the population in every country.
Why do we need a poverty measurement tool?

Households in informal economies often have characteristics which make poverty assessment very difficult.

- Inconsistent income
- Using trade instead of currency
- Inadequate records of income

“How do we know if this family is officially poor?”
Why does this tool need to be standardized?

Organizations that define and assess poverty on their terms may struggle to share findings globally.

Must speak the language of donors and stakeholders

May need to compare poverty data across regions

“Does our poverty assessment make sense outside of our community?”

GRAMEENFOUNDATION.ORG
Benefits of poverty measurement

Organizations that work directly with the world’s poor can do better by collecting poverty data from the families they serve.

**Questions answered**

- **How many poor people are we reaching?**
  - Assures practitioners and donors that services are being used by the intended demographic

- **What needs or characteristics do the poor share?**
  - Helps practitioners tailor services to the needs of the poor
  - Helps practitioner evaluate how current services are performing among the poor

- **How are poor households progressing over time?**
  - One of many factors that contribute to an impact evaluation
Endorsement

“The Microcredit Summit recommends that MFIs use a poverty measurement tool, and we recommend the PPI because it’s the most developed and has the best support.

The PPI is a really powerful tool for knowing your clients and making sure your organization is addressing the needs and challenges they face.”

Larry Reed, Director of the Microcredit Summit Campaign
What is the PPI?

- A poverty measurement tool for organizations with a mission to serve the poor
- 10 easy-to-answer questions and a scoring system
- Provides the likelihood that the survey respondent’s household is living below the poverty line
- Country-specific; there are PPIs for 48 countries

Why use the PPI?

With the PPI, your organization can:
1. Are my customers poor?

2. Is my business maximized to serve the poor?

3. Are my customers becoming more or less likely to be poor?
BoP Performance Management

San Miguel Office

How Did You Hear About VisionSpring

- Referido por Amigo: 35%
- Referido por Familia: 16%
- Rotulo: 14%
- Campana de Vision: 4%
- Publicidad Por Perodico: 4%
- Publicidad Por Volonte: 14%

Percent Below National Poverty Line

- Average National Poverty Line Likelihood
- Percent Below National Poverty Line

- San Miguel Oficina: 18.72%
- San Miguel Rural: 6.19%
- San Sal Oficina: 8.16%
- San Sal Camp Rural: 10.34%
- Santa Ana Oficina: 8.18%
- Santa Ana Camp Rural: 12%
- 30%

How Did You Hear About VisionSpring

- Referido por Amigo
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Record Count

VisionSpring
See well, do well
Are my customers less likely to be poor over time?
Are tenured employees less poor than new ones?
Are big organizations better?

The X-axis is the household poverty incidence in the province. Y-axis is the poverty concentration of clients with 2004 PPI. Circles above the blue diagonal line are provinces where the MFI portfolio is poorer than the provincial poverty incidence. Bubble size reflects the size of the MFI portfolio in each province measured by the number of clients (including those without PPI scores). The black solid line shows the trend of poverty concentration of the MFIs.
How does poverty correlate to our other KPI’s?

Real-time Monitoring

Change Quarter

Jan - Mar 2013

CKW distribution by Gender
Blue = Male, Pink = Female
Click for detailed map

CKW distribution by Poverty
Green = Very Poor, Yellow = Poor
Click for detailed map

CKW distribution by Status
Black = Inactive, White = Active
Click for detailed map

Scale

Develop scalable solutions that increase the reach of effective Ag Extension services to more poor farming households.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
<th>Actual</th>
<th>Prev. Actual</th>
<th>Comment</th>
<th>Updated</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total farmers reached</td>
<td>150,000</td>
<td>151,026</td>
<td>139,549</td>
<td></td>
<td>Daily</td>
<td>+</td>
</tr>
<tr>
<td>% Female</td>
<td>30</td>
<td>48.46%</td>
<td>33.81</td>
<td></td>
<td>Daily</td>
<td></td>
</tr>
<tr>
<td>% Very poor</td>
<td>35</td>
<td>43.27%</td>
<td>43.4</td>
<td></td>
<td>Daily</td>
<td></td>
</tr>
<tr>
<td>Total interactions</td>
<td>2,251,247</td>
<td>1,506,837</td>
<td>1,507,355</td>
<td></td>
<td>Daily</td>
<td></td>
</tr>
<tr>
<td>Total number of surveys</td>
<td>N/A</td>
<td>65,348</td>
<td>59,411</td>
<td></td>
<td>Daily</td>
<td></td>
</tr>
</tbody>
</table>
Product Development

Are the poor consuming the products designed for them?