

## ***Learning to Use Cost-Effective Impact Measurement Tools***

Anton Simanowitz – *Imp-Act*

## **A range of possibilities...**

Demonstrate meeting mission and objectives

Monitor social performance

Management tool to manage & improve impact & social performance

Provide market research information to improve products & client service

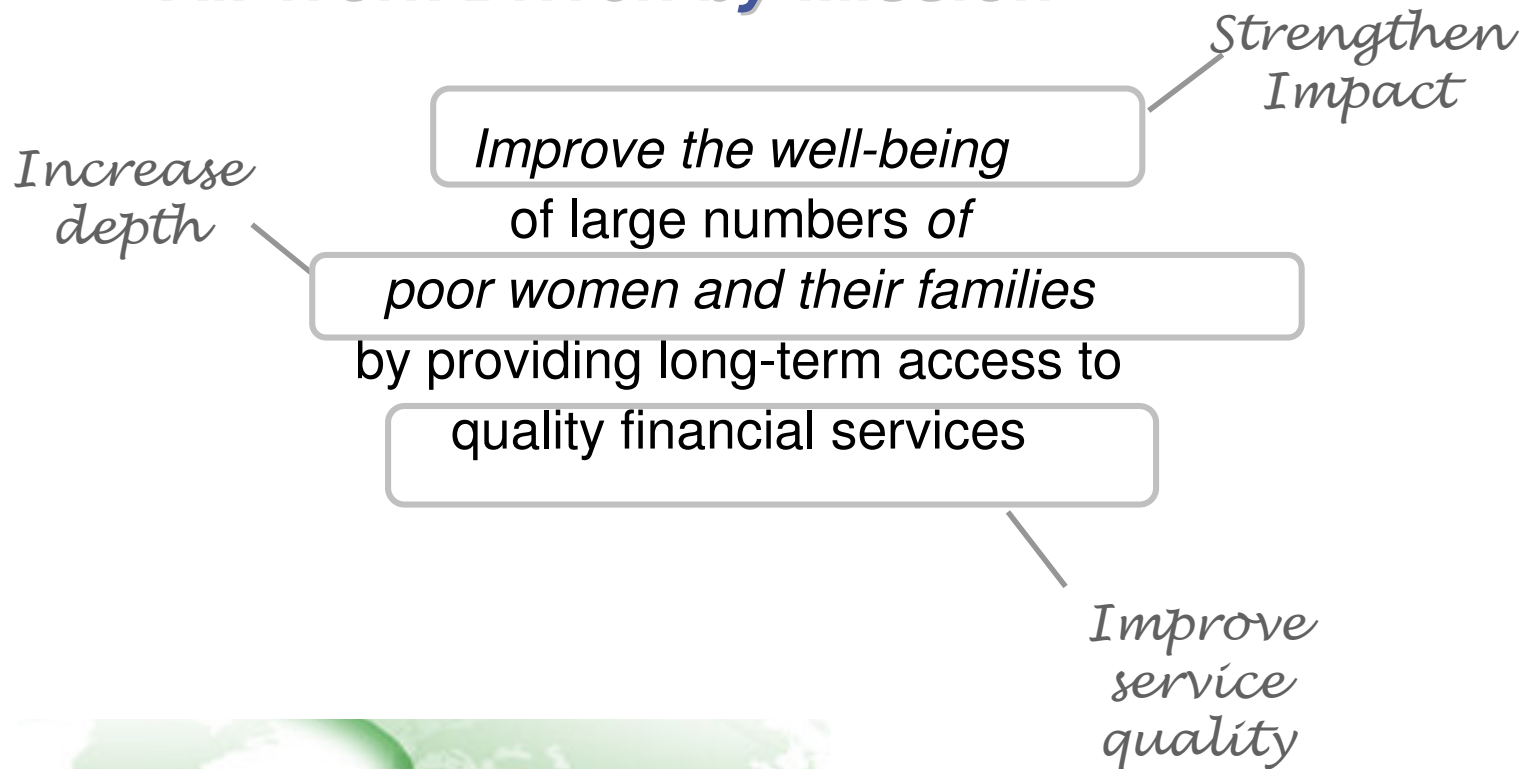
Provides accountability to clients

## **1. DEFINING YOUR INFORMATION NEEDS**

- Clarifying your social performance goals
- Understanding your causal chain
- Selecting indicators
- Defining what information is needed, by whom, for what purpose, when...

## 'Anchor'

### *All Work Driven by Mission*



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IMPROVING THE IMPACT OF MICROFINANCE ON POVERTY: ACTION RESEARCH PROGRAMME

## Levels of impact



### Community Development

- Employment & Income
- Community Linkages
- Social Networks
- Civic Participation

### HH Security

- Income
- Expenditures
- Assets
- Education
- Health
- Housing
- Food etc



### Individual Well-being

- Resource Control
- Leverage in Decision Making
- Community Participation



### ME Development

- Resource Base
- Production Process
- Management
- Markets
- Financial Results



## ENTERPRISE LEVEL

<b>Hypotheses</b>	<b>Causal chain</b>
<p>Participation...</p> <p><b>Increases enterprise income</b></p> <p>Increases net cash flow</p> <p>Increases business assets</p> <p>Leads to diversification of enterprise activity</p> <p>Increases credit-worthiness</p>	<p>1. Loan investment -&gt; increased stock -&gt; increased sales -&gt; increased profit</p> <p>2. Membership of MFI -&gt; skills training and exposure -&gt; improved business practices associate -&gt; increased profit</p>

## HOUSEHOLD LEVEL

<b>Hypotheses</b>	<b>Causal chain</b>
<p>Participation...</p> <ul style="list-style-type: none"><li>-&gt; increase in hh income</li><li>-&gt; increases in hh assets over the years</li><li>-&gt; increases in welfare (eg. education, nutrition, housing, health)</li><li>-&gt; increased ability to cope with crises</li></ul>	<ol style="list-style-type: none"><li>1. Loan investment -&gt; increased stock -&gt; increased sales -&gt; increased profit -&gt; increase in income benefits whole hh</li><li>2. Increased income -&gt; invested in improving hh welfare</li><li>3. Increased income -&gt; invested in assets and savings -&gt; better ability to cope with crises</li></ol>

## COMMUNITY LEVEL

<b>Hypotheses</b>	<b>Causal chain</b>
<p>Participation...</p> <ul style="list-style-type: none"><li>•Increases levels of local economic activity</li><li>•Leads to strengthening of local economy</li><li>•Reduces unemployment</li><li>•<b><i>Increases social cohesion and reduces crime</i></b></li></ul>	<p>1. Loans and training -&gt; increased capacity of local businesses -&gt; employ more people locally and buy inputs locally -&gt; stimulates local economy -&gt; creates greater social cohesion</p>



## INDICATORS

An indirect measure of change for something that is hard to measure directly – need to be based on understanding

- Sensitive to changes
- Reliable
- Easy to collect

- **S**pecific
- **M**easureable
- **A**chievable
- **R**ealistic
- **T**ime-bound

## **2. SELECTING TOOLS**

- **What information is already available (within your MFI or outside)**
- **How will we collect the additional information we need?**

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1. Social performance goal	2. Indicator	3. Who needs info. and why?	4. How often will info. be needed?	5. How will info. be collected – tool and who?

## **4. Tools**

## Qualitative vs. Quantitative



Sampling

Depends on objectives

Representative  
of the population

Data Collection  
& Analysis

Highly trained  
Moderator

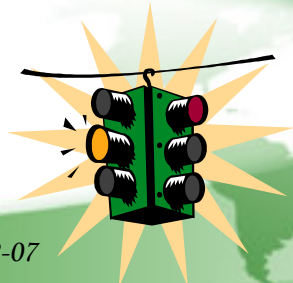
Trained  
Interviewers + Analyst

Usefulness

*Exploratory*  
Understanding reasons  
for changes observed.  
Different perspectives  
become apparent

*Descriptive*  
Shows patterns and  
trends but no  
understanding of  
reasons. Points way to  
further investigation

### Cautions:



- ⚠ Susceptible to misuse
- ⚠ Not representative of population
- ⚠ Can be subjective (analyst's point of view)

- ⚠ Rubbish in -> rubbish out
- ⚠ Difficult to use for complex issues

- Impact Survey
- Exit Survey



Quantitative

Qualitative



- Loan Use
- Client Satisfaction/Perception
- Empowerment

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PRA Tools

Financial Landscape

Financial Services Matrix  
Financial Sector Trend Analysis  
Venn/Chapati Diagram

Community Profile

Seasonality Analysis  
Life-cycle Profile  
Cash Mobility Mapping  
Time Series Analysis  
Wealth Ranking

Simple Ranking  
Relative Preference Ranking  
Pair-wise Ranking

Products & Services

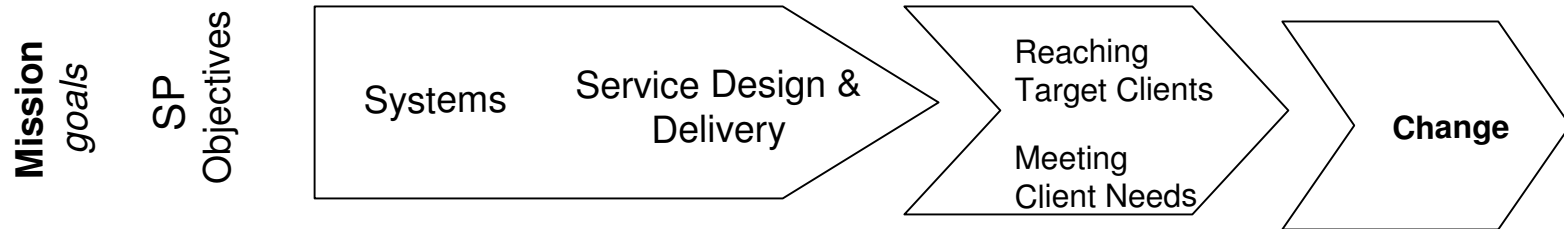
	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	SEP	OCT	NOV	DEC
INCOME			Income tokens	Income tokens	Income tokens	Income tokens		Income tokens	Income tokens	Income tokens	Income tokens	Income tokens
EXPATURE	Expense tokens	Expense tokens	Expense tokens	Expense tokens	Expense tokens	Expense tokens	Expense tokens	Expense tokens	Expense tokens	Expense tokens	Expense tokens	Expense tokens
SAVING					Saving tokens	Saving tokens				Saving tokens	Saving tokens	Saving tokens
CREDIT	Credit tokens		Credit tokens	Credit tokens			Credit tokens	Credit tokens	Credit tokens			Credit tokens

1. What are my social goals
  - Who do I want to reach
  - How are my services designed to benefit?
2. Who are my clients?
3. Are my services reaching my target clients and are they the most appropriate services
4. How are my clients benefiting from my services?
5. How can I use this information to improve my services?



## Social Performance

The effective translation of an institution's mission into practice



### Who are our clients?

<b>Social performance question</b>	<b>Tools</b>
What is the profile of our target clients? Are we reaching our target clients	Impact survey (AIMS) Individual in-depth (QUIP) PRA eg. financial services matrix (MSA) Monitoring

### How poor are our clients?

<b>Social performance question</b>	<b>Tools</b>
What is our depth of poverty outreach?	Impact survey (AIMS) PRA wealth ranking Monitoring

### How satisfied are our clients with our services?

<b>Social performance question</b>	<b>Tools</b>
Are our services meeting our client needs?	Client satisfaction FGD Product attribution & relative preference ranking Impact survey In-depth interviews Internal learning systems

### Why do some clients leave or become inactive?

<b>Social performance question</b>	<b>Tools</b>
Do our target clients stay in the programme? Understanding reasons for exit	Client exit survey FDGs Portfolio data Client satisfaction FGD Financial landscape analysis Loan and savings use

### What differences are our services making in the lives of our clients?

<b>Social performance question</b>	<b>Tools</b>
Are the changes as we expected? Who is/is not benefiting and by how much? What are the unexpected changes?	Impact survey Qualitative individual interviews FGDs Loan use strategies over time (MSA) Empowerment tool Internal learning system

## **2. TOOLS TRAINING**

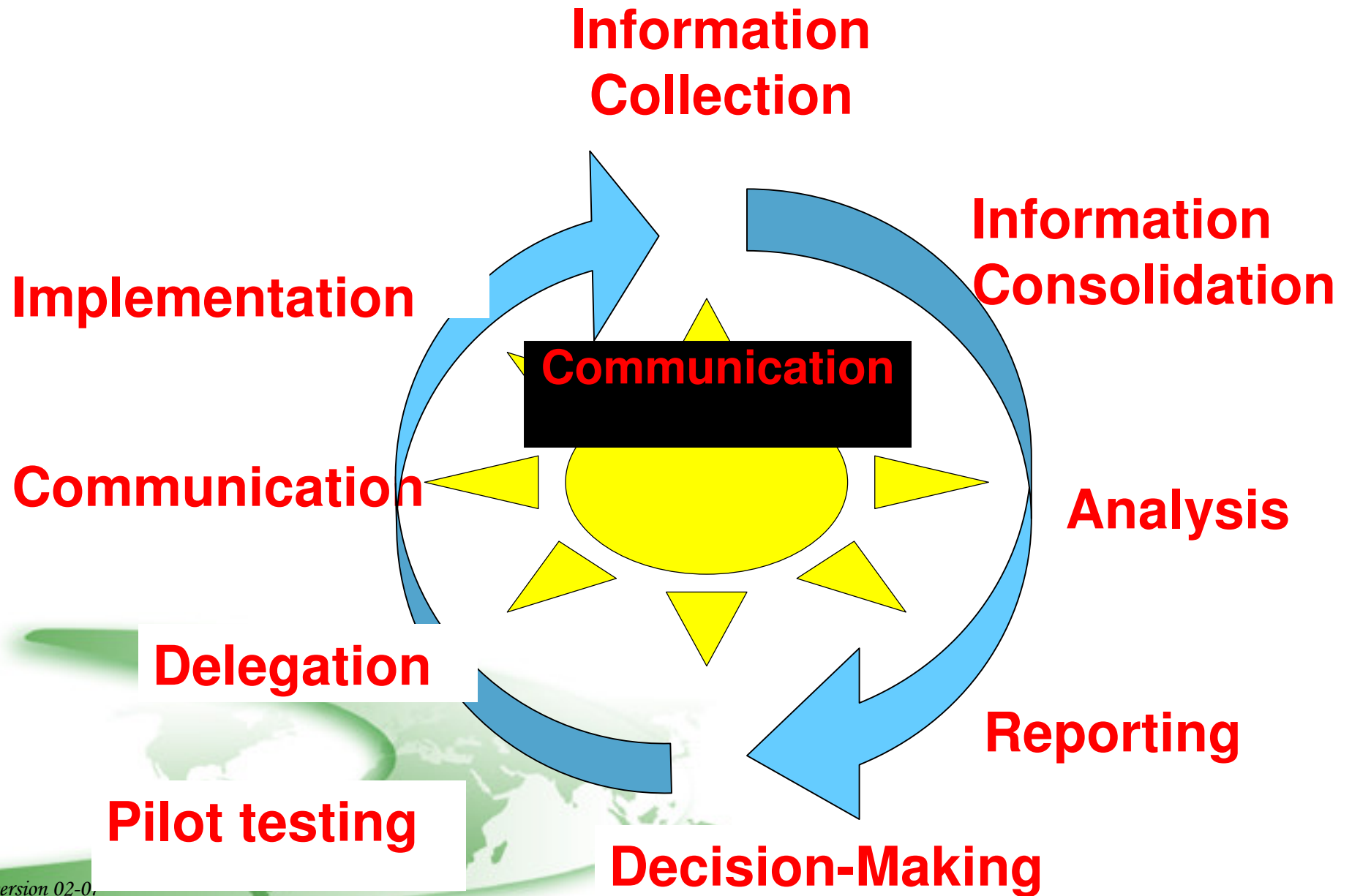
- **Quantitative – survey**
- **Qualitative –AIMS (loan use, satisfaction, empowerment) & Quantitative (exit)**
- **Participatory - MicroSave**

## **5. Processing and using information**



### **Data processing and analysis – common mistakes**

- Lack of capacity for analysis and interpretation
- Too much data
- Poor information systems and information retrieval
- Timeliness of information to be useful



## ***RESOURCES***

**SEEP/AIMS Manual – [www.microlinks.org](http://www.microlinks.org)**

**MicroSave tool kits – [www.microsave.org](http://www.microsave.org)**

**Impact assessment resource centre –  
[www.microfinancegateway.org/impact](http://www.microfinancegateway.org/impact)**

**Imp-Act – [www.imp-act.org](http://www.imp-act.org)**