

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

A man in a yellow apron is holding a large bunch of green bananas. The bananas are hanging from a wooden structure. The man is looking towards the camera. The background is slightly blurred, showing some wooden beams and foliage.

OUR MISSION

To enable the poor, especially the poorest,
to create a world without poverty.

GRAMEENFOUNDATION.ORG

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

Lack of
essential,
actionable
information

Inability to
tolerate shocks
and manage
risks

Insufficient &
inconsistent
income

Needs are not
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sub-optimal
services are
delivered

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 through use of client
data and tools



GF's track record in mobile for development

Poor, unbanked
individuals



Casual laborers,
rural poor



Poor people,
pregnant parents



Smallholder farmers,
rural poor



**Financial
Services**
*Uganda, Kenya,
Colombia,
Philippines*

**Mobile
Microfranchise**
Indonesia

Health
*Ghana, India,
Nigeria, Kenya*

Agriculture
*Uganda,
Colombia, Kenya,
Cote D'Ivoire
Indonesia*

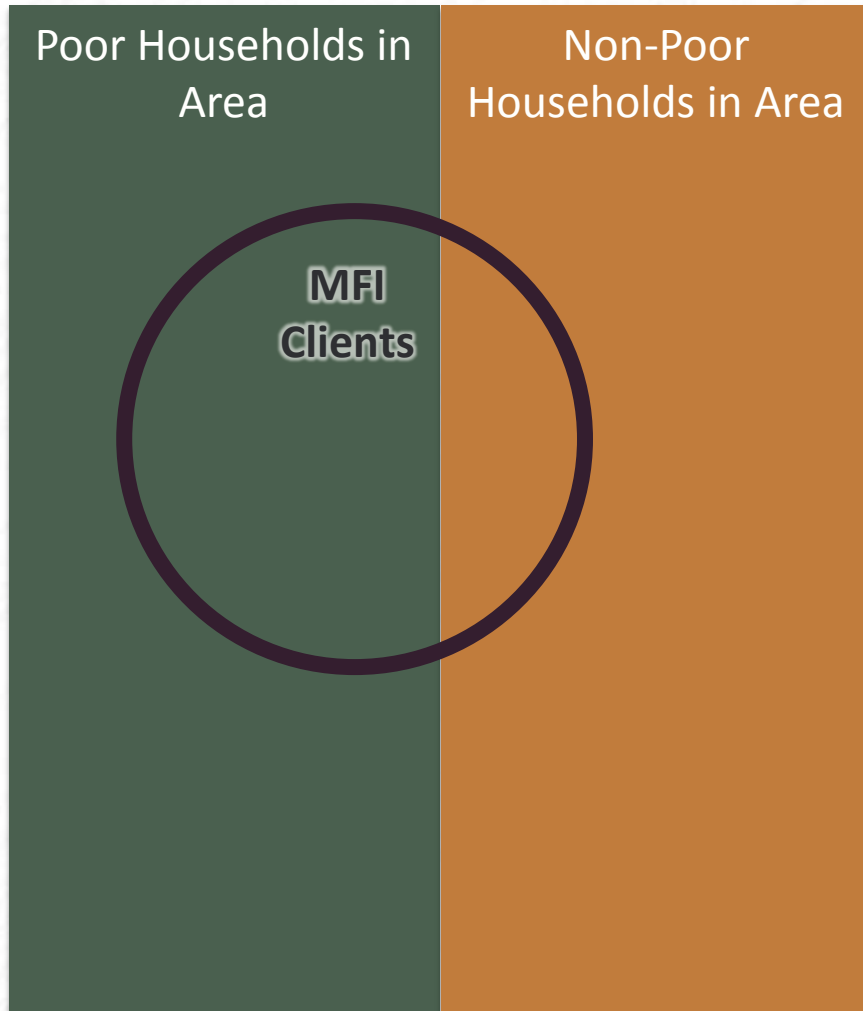


What is the Progress out of Poverty Index (PPI)

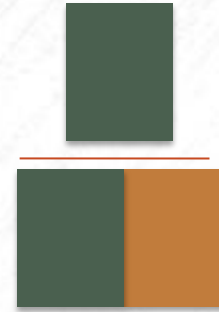


- It is an **easy to use** poverty measurement tool
- Uses **10 high poverty correlated non-financial indicators**
- The **indicators are simple and verifiable**
- It is based on **national household income and expenditure survey**

Poverty Outreach Metrics & Dimension



Poverty Incidence =



Poverty Magnitude =



Concentration =



Poor MFI Clients



MFI Clients

Percentage of clients living below the poverty line

Scale =



Poor MFI Clients

No. of Poor Households Served

Penetration =



Poor MFI Clients



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
- ▶ Palestine
- ▶ Paraguay
- ▶ Peru
- ▶ Philippines
- ▶ Romania
- ▶ Russia
- ▶ Rwanda
- ▶ Senegal
- ▶ Sierra Leone
- ▶ South Africa
- ▶ Sri Lanka
- ▶ Syria
- ▶ Tanzania
- ▶ Timor-Leste
- ▶ Uganda
- ▶ Vietnam
- ▶ Yemen

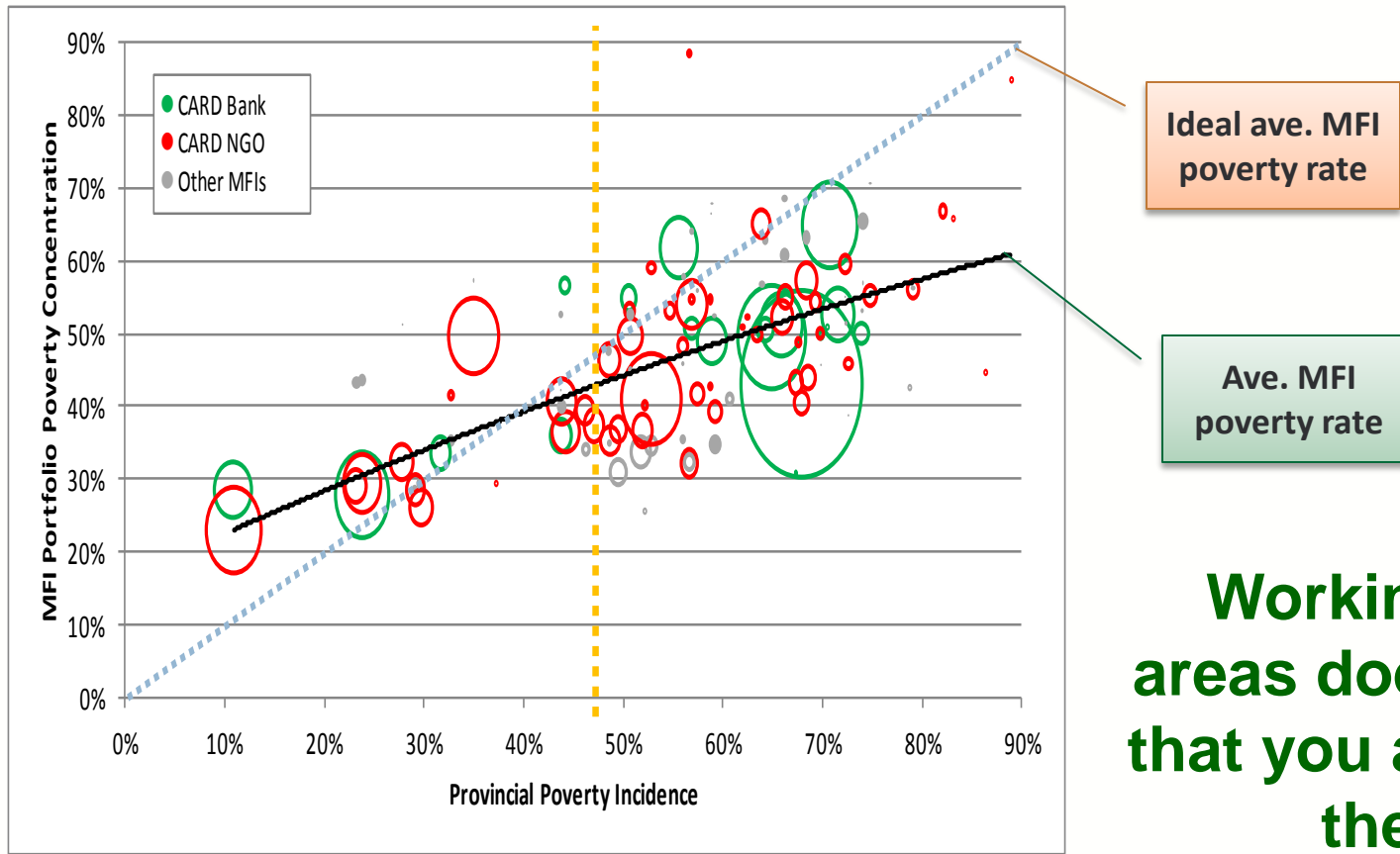
*China has an expert-based poverty scorecard in place of a PPI.

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



Figure 1: Poverty likelihood below USD1.25/day [2005 PPP]

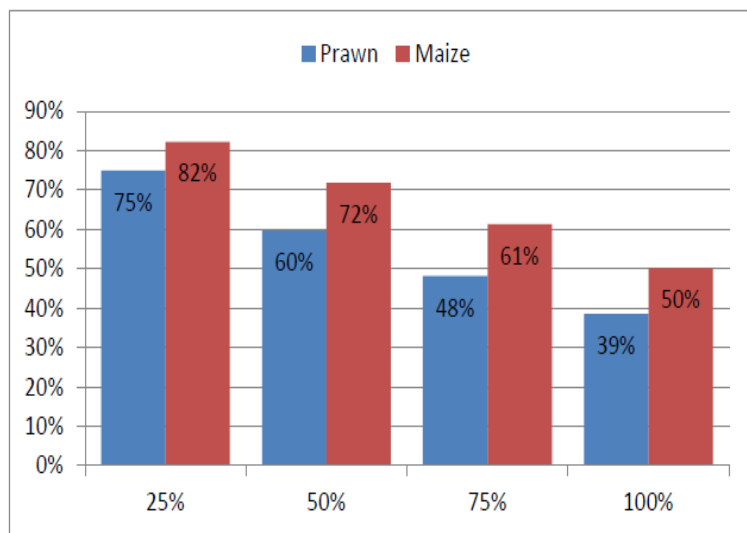
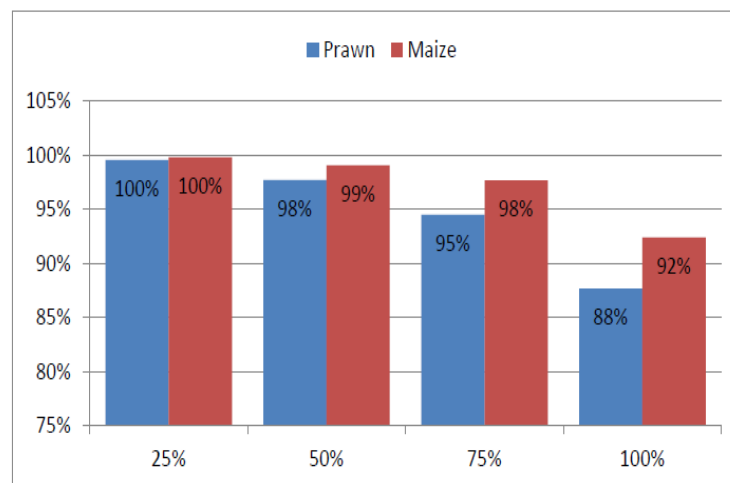


Figure 2: Poverty likelihood below USD2.5/day [2005 PPP]



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



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

Poverty Line	Cut-off PPI Score	Prawn	Maize
USD1.25/day [2005 PPP] poverty line	30-34	25%	41%
USD2.5/day [2005 PPP] poverty line	55-59	87%	93%

- **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**



Measuring smallholder farmers well-being



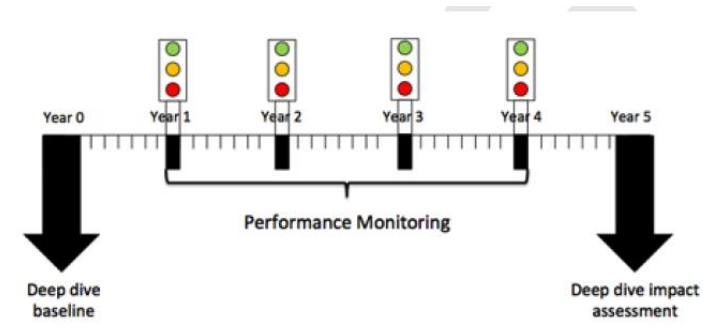
Towards a Shared Approach for Smallholder Performance Measurement:

Common indicators and metrics

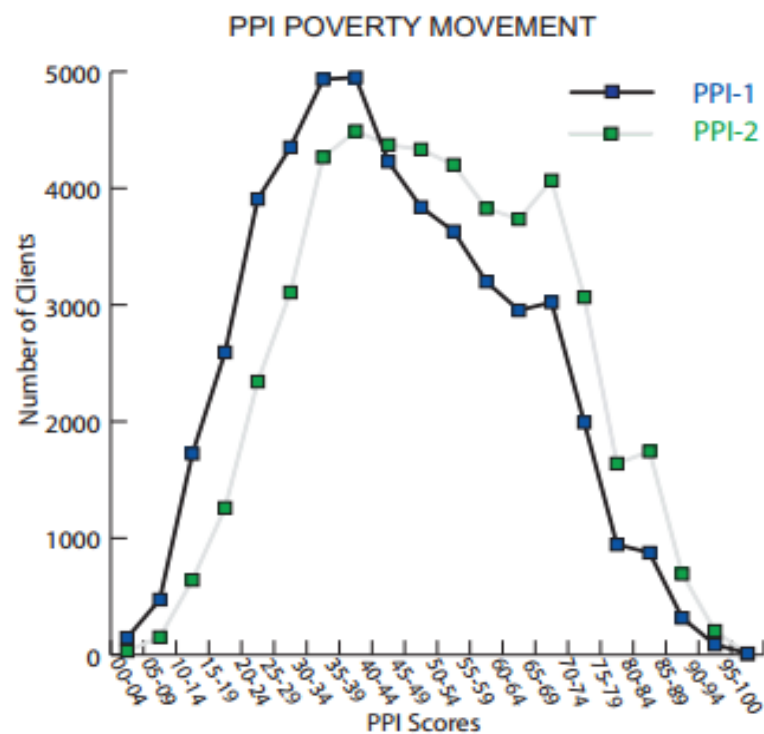
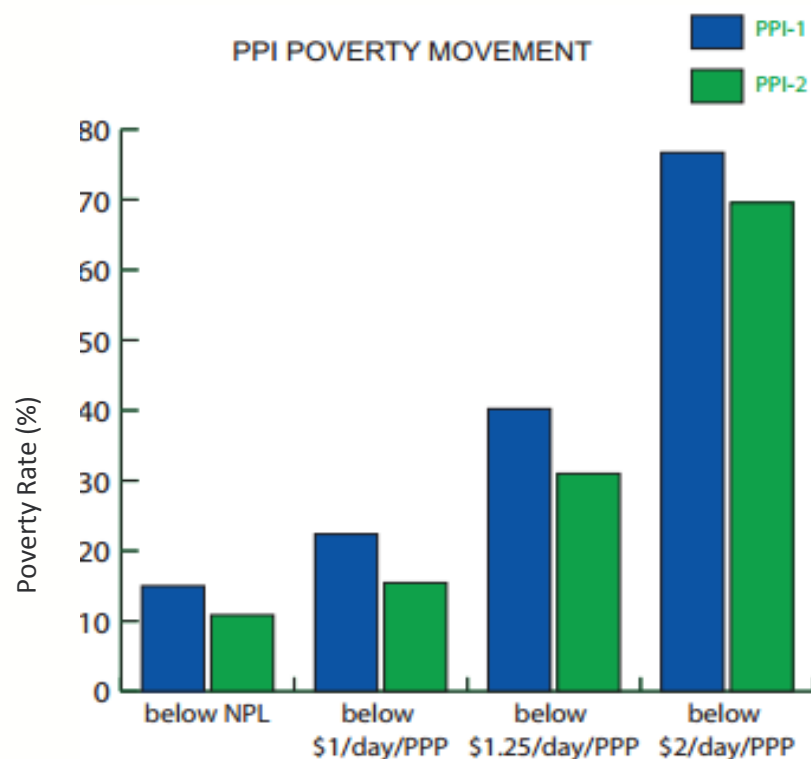
Household revenue can show whether the household is above a poverty line and whether overall revenue is improving with crop income. But household income can be difficult to estimate in a quick survey. One approach is the **Progress out of Poverty Index (PPI)**. The PPI is a 10 question, country-specific survey developed by the Grameen Foundation. It measures the likely percent of producers above an absolute poverty line, or above local poverty line.

Table 1: Common Indicator Framework

Impact Areas	Guiding Question	Indicator	Rationale
Livelihood and Well Being	Are farmers meeting basic needs and seeing improvement ?	Food Security: Access to sufficient food	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.
		Income	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.
		Assets	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.
		Perceived Well-Being	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.



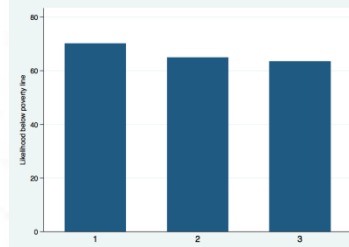
Measuring poverty change over time



- Can be used to create a baseline and track change over time
- Useful for measuring impact of intervention

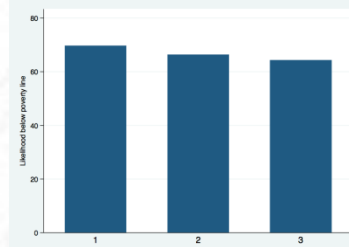
Analyzing poverty movement

New Clients
1st loan cycle



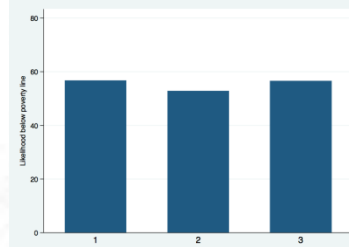
- Poverty likelihoods go down over time
- Differences are statistically significant

New Clients
Loan cycle ≤ 5



- Poverty likelihoods go down over time
- Consistent with above

Old clients
Loan cycle 5-15



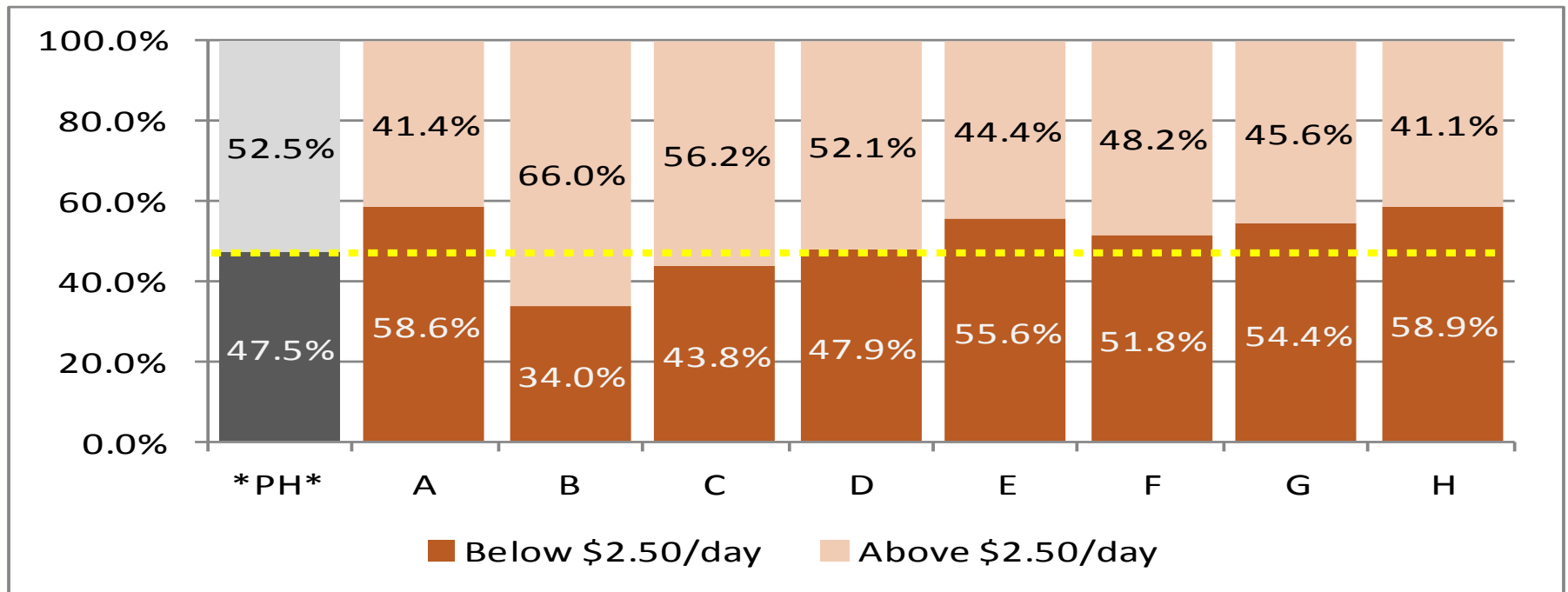
- No movement

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.

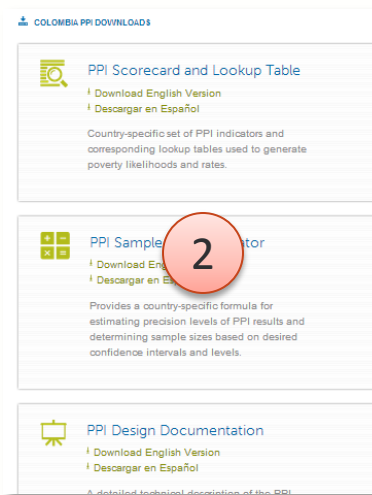


Benchmarking & performance management

- PPI allows for benchmarking of similar organizations' poverty outreach
- A few institutions are using it to improve performance management internally



Get started at www.progressoutofpoverty.org



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