

Outcomes Working Group

Brief on Session 6: The experience of Cashpor Micro Credit, India

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A poverty-focused, not-for-profit MFI with a *measured social impact*

830,000 borrowers (September 2015),
 314,000 bank savings accounts (through Business Correspondent model) 180,000+ pension linkages;
 Health education, (from 2014) 51,000 clients; Financial literacy, (from 2015) 8840 clients

Cashpor was established in 2002, strategically located in one of the poorest states of north India. The undiluted poverty focus of its promoter, David Gibbons, led to an early emphasis on poverty targeting (through a tool widely known as the Cashpor Housing Index), and a conscious effort to measure impact, keeping track of its vision and adjusting its strategy in response to the findings. Cashpor’s experience of measuring impact (technically outcomes, without a control group), has evolved over the past 10 years, and gives insights into the pros and cons of alternative approaches (involving internal staff vs commissioning external agencies), and measuring long-term change as well as short-term results from specific services.

Three elements to tracking outcomes at Cashpor

	Methods	Focus
1	Regular: track client exit rate (MIS) and reasons for exit (sample survey)	<ul style="list-style-type: none"> Recognising that not all clients continue with CMC - assumption of benefit is linked to continued association
2	Regular: bi-annual sample survey of clients Single survey – multiple uses	<ul style="list-style-type: none"> Capture client perception of benefit Include questions related to client protection Specific information currently of interest (e.g. mobile phone) Track changes in poverty – PPI
3	Periodic sample surveys	<ul style="list-style-type: none"> Address specific questions about our non-financial services

Tracking the borrower exit rate tells us that with an exit rate of 15-20% a year, after 5 years, under half of the entry in a particular year is still with Cashpor. Exploring options for savings, as well as non-financial services in both health and education, is a strategy both for retaining clients, and promoting impact.

A **sample survey**, conducted every 2 years, is used for diverse purposes: the questionnaire includes questions of client perception of benefit, client protection, feedback on specific questions identified at the time, checking the poverty level of 1st/2nd cycle clients as well as tracking changes in poverty level, applying the PPI.

Tracking client perception of benefit: to the question ‘How much, if any, have you benefitted from Cashpor loans?’ the response options are ‘a lot’ ‘some’ ‘none’ ‘don’t know’ and reasons for saying ‘a lot’. This gives a qualitative perception of benefit, which is useful in itself, (and for reporting for Tax purposes!).

To track movement out of poverty, the basic approach is as follows:

Data collection

- Baseline: comes from robust client targeting. PPI data collected for all clients at entry. 90% are below specified PPI score.
- Endline: collection of PPI data from a sample, covering clients in 3rd-4th loan cycle, and more than 5 cycles (loan cycle = 12 months)

Analysis

- Comparison of endline PPI score with assumed baseline (targeting) and across loan cycles (from the sample survey)
- Focus on one of the PPI indicators: % clients whose main source of income is casual labour (expected to decline with use of credit for own enterprise)

Findings – and issues

Significant reduction in PPI score at loan cycle 3-4. Not a clear reduction at loan cycle 5+. At loan cycle 5, around half still below \$1.25, and engaged in casual labour. However, sample size (94) for loan cycle 5+ is small; might be clearer if there was direct comparison with a baseline (rather than the assumed target level)

Some other issues:

Who best to do the sample survey?

Since 2008, Cashpor has used different teams to collect the sample survey data: starting with a team of student interns, then using the internal audit team, and more recently commissioning the research from a local research institute. Cashpor does not have an internal research team, and its investors suggested that using a local research institute would give more credibility. However, the experience has been mixed, as summarized in the Box below.

	Pros	Cons
Own internal audit team (& responsible for client exit survey)	<ul style="list-style-type: none"> • Independent – under direction of experienced Chair • Strong understanding of microfinance and the clients – how to ask questions 	<ul style="list-style-type: none"> ○ Not seen as independent enough by external stakeholders
External research agency – local university/research institute	<ul style="list-style-type: none"> • Professor involvement - more professional, independent • More credibility with external stakeholders 	<ul style="list-style-type: none"> ○ Surveyors not knowledgeable about microfinance, less suited to interacting with clients ○ Delays in reporting - Small assignment – not a priority ○ Own statistical soft ware – MFI not able to access the data itself for additional analysis

Sample size

The idea of multiple uses of a single questionnaire seems cost-effective but representative sampling stratified by region and proportionate to loan cycles, has in practice limited the specific analysis of outcomes for mature clients, given a practical sample size of around 500 (adequate overall at 95% confidence, and following sampling theorem norms). The final sample also got reduced due to incomplete data).

Interpreting the findings – realizing opportunities for non-financial services

The periodic findings were showing continuing poverty amongst clients, even after 5 years of regular borrowing. These results, and findings from other studies, focused attention on health issues. Health problems and related expenditure were identified as a threat to our efforts to reduce poverty through access to financial services. Cashpor had the opportunity to partner with an NGO (Healing Fields) providing specialist training and back-up for community based health education. Healing Fields trains mature Cashpor clients to work as community health facilitators – to deliver focused health modules at group meetings, after the financial transactions are completed.

Tracking the outcomes of health education

- The pilot in 2013 started with a baseline study (by the CHFs) focusing on key health behaviour: birth practices, oral rehydration, mosquito nets, toilets, clean water
- After 6 months there was a follow up survey, with a sample of 300. The data was collected by Cashpor field staff, to develop their interest in the health issues
- The results showed substantial improvement in early child care, use of mosquito nets; use of toilets and clean water were still a gap
- This provided sufficient evidence to go for roll out, with focus on improving the gaps Cashpor's new loan for toilet construction is being promoted through the CHF
- Now in 2015, there has been an independent third party study, which includes the benefits for CHFs from this employment.

Cashpor notes that health education supports clients for better health practices, provides stable employment for some of their mature clients and may be expected to build client loyalty (reducing the exit rate). This is still to be tested through analysis of the MIS!

Education for the next generation: Earlier efforts for scholarships of clients' children are now being followed up with research looking into reasons for poor performance of children in school.

Cashpor has a dedicated Department for Health and Education, and now allocates 15% of its annual net income to its health and education programs – in line with its vision, that was revised to align with these components.

Cashpor's vision: We see BPL women in rural areas ...having access to microfinance services and many utilizing them to lift themselves and their families out of poverty. At the same time we see that their families have become healthy, and their children are in school.

Future plans for outcomes data:

Whilst recognizing the potential to use specialized agencies to track issues and outcomes in health and for education, in future, Cashpor is likely to go back to using its own – internal audit - team to collect outcomes data for its microfinance services.

To increase its learning from outcomes data collection, there is scope to:

- survey a larger sample of clients (particularly at 5+ loan cycles)
- do more disaggregation of data for analysis
- include quality of life indicators in the survey questionnaire in addition to the PPI. Such indicators have this year been added to the Member form for collection from clients at entry (in line with guidance from Opportunity international – Australia, a funder of Cashpor)

And, if this can be managed in the MIS:

- Link findings to baseline data (ie. have actual longitudinal data)
- Link findings to different access to financial services as well as to non-financial services.

Summary of Discussion and Questions

- **Question:** Currently at Cashpor, are all client data, including client exit data, collected by an external research team? **Answer:** Reasons for client exit are collected by the Cashpor's internal audit team. The other client surveys (2 during the past 4 years) were collected by an external research team.
- **Question:** Please discuss the pros and cons of using an external research team. **Answer:** External agencies have not analyzed and given reports to Cashpor in a timely fashion. Cashpor has had 7-8 month delays, which makes it difficult for Cashpor to meet its own deadlines, such as publishing its annual report. Cashpor's stakeholders are very interested in knowing the outcomes of its programs. Another problem is external agencies use their own statistical analysis software and Cashpor does not get soft copies of the data collected. Thus, Cashpor is unable to do additional data analysis.
- **Question:** How do you balance bias/independence vs. need for accurate and timely information? **Answer:** Cashpor has created a reporting structure for its internal audit team to bypass senior management and report directly to the board of directors. It finds this to be fully independent, but not all of its external stakeholders are convinced.
- **Question:** Cashpor's presentation showed that client poverty appeared to have increased between the 3rd and 5th loan cycles. How does Cashpor interpret that result? **Answer:** Cashpor is confounded by these data and is investigating. It wonders if over borrowing and over indebtedness in the region have caused this. It could be that clients are borrowing from too many MFIs and some of those charge too high interest rates. It could be clients are not applying all of their microloans to income generating activities. Another possible explanation is the food inflation. Frances points out that sample size is very small for the cycle of clients who have had 5+ loans. She also counsels to analyze variations around the average - who is benefiting and who is not?

The Outcomes Working Group is open to all stakeholders.

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 outcome indicators they will use.

Please contact us with questions or to share your experience: info@sptf.info