MAKING THE CASE FOR OUTCOMES MANAGEMENT TO FINANCIAL SERVICE PROVIDERS

What is outcomes management?
How do financial service providers use outcomes data?

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SocialPerformance
TASK FORCE

PREFACE

The Outcomes Working Group

The Outcomes Working Group (OWG), founded by the Social Performance Task Force (SPTF), has actively sought practical examples of financial service providers (FSPs) using outcomes data. These examples have come from review of secondary material, in-depth stakeholder interviews, case studies, and a series of webinars that have shared FSP experience. All OWG materials are available from the SPTF website: http://sptf.info/working-groups/outcomes.

Taking this work forward

We welcome you to share your own experience with using client outcomes data. Also, we invite you to read the how-to Guidelines on Outcomes Management for Financial Service Providers,[1] the companion piece to this making the case brief that is designed for FSPs that are ready to improve their outcomes management but need guidance on what steps to take. Please email info@sptf.info to join our conversation!

e-MFP Social Performance Outcomes Action Group

Parallel to these reports, the European Microfinance Platform (e-MFP) has supported the creation of the document Guidelines on Outcomes Management for Investors.[2] As investors become more engaged with outcomes management and reporting by their investees, they are requesting systematic and comprehensive outcomes data. This action group explores the role investors can play in encouraging and supporting outcomes management for data that is not only reported "out" to funders, but also contributes "in" to FSP decision making.

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[1] http://sptf.info/images/Guidelines-on-Outcomes-Management-for-FSPs.pdf
[2] http://sptf.info/images/Guidelines-on-Outcomes-Management-for-Investors.pdf

ACKNOWLEDGMENTS

TABLE OF CONTENTS

ACRONYMS

BBVAMF	Banco Bilbao Vizcaya Argentaria Microfinanzas Fundación
MFP	European Microfinance Platform
FB	Friendship Bridge
FE	Fondo Esperanza
FSP	Financial service provider
PPI	Progress out of Poverty Index
PPP	Purchasing Power Parity
SIP	Social Indicators Project
SPTF	Social Performance Task Force
MSME	Micro Small and Medium Enterprises

INTRODUCTION

Focus of this document: making the case for outcomes management

This brief demonstrates the <u>why</u> and <u>what for</u> of *outcomes management* by financial service providers (FSPs). Why is outcome management essential for any FSP with a social mission? Specifically, how can an FSP use client outcomes data to make decisions that strengthen the FSP's performance, both financially and socially? Understanding this will help an FSP to achieve buy-in within the organisation and encourage the board and senior management to take action.

Basis for these recommendations

FSPs are often asked for evidence of the results of their products and services for clients. Some FSPs have developed ways to collect, analyse, and share this evidence internally and externally. They have demonstrated why monitoring outcomes data is necessary to the realization of their mission. They offer specific examples of how insights gained from outcomes data contributed to strategic decisions to improve outcomes for clients, and also helped them to strengthen their business operations. The ideas presented here reflect best practice to date.

Intended audience

This document is intended for FSPs and stakeholders who work with FSPs that are considering whether to include outcomes management as part of their systems for social performance management; or who already are tracking outcomes, and are interested in different ways to use the findings.

Companion piece – guidelines that explain how to do outcomes management

We hope that reading this brief will convince you of the value in, and need for, outcomes management. In fact, outcomes management is fundamental to strong social performance management and is embedded in the essential practices of dimension one of the Universal Standards for Social Performance Management (Define and Monitor Social Goals). Once you are ready to implement outcomes management, or to improve your current practices, we invite you also to read <u>Guidelines on Outcomes Management for Financial Service Providers</u>.[3] These guidelines set out how to do outcomes management in a practical, credible, reasonable cost way.

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[3] http://sptf.info/images/Guidelines-on-Outcomes-Management-for-FSPs.pdf

WHAT IS
OUTCOMES
MANAGEMENT?

In this chapter we focus on the terms we are using, to explain our focus, and to clarify the meaning of "outcomes" and "outcomes management."

Outcomes is not "impact"...

Usually we hear questions about "impact." People like the term "impact"; it sounds good, it sounds meaningful. Though "impact" is actually used in quite a few different ways, technically, "impact" equals change that is caused by an intervention. This brief focuses instead on "outcomes" as a distinct step in the *hierarchy of results* (see Graphic 1).

> **OUTCOMES** = change for clients that is plausibly associated with the FSP services

Because FSPs can get interesting and useful data from outcomes measurement, it is often unnecessary for FSPs to undertake the complex and costly task of trying to measure impact in the strict technical sense of being able to attribute causality.

Graphic 1. **Hierarchy of results**

Measures of attributions of change	>	IMPACT
Measures of change	>	OUTCOMES
		OUTPUTS
Measures of implementation		ACTIVITIES
		INPUTS
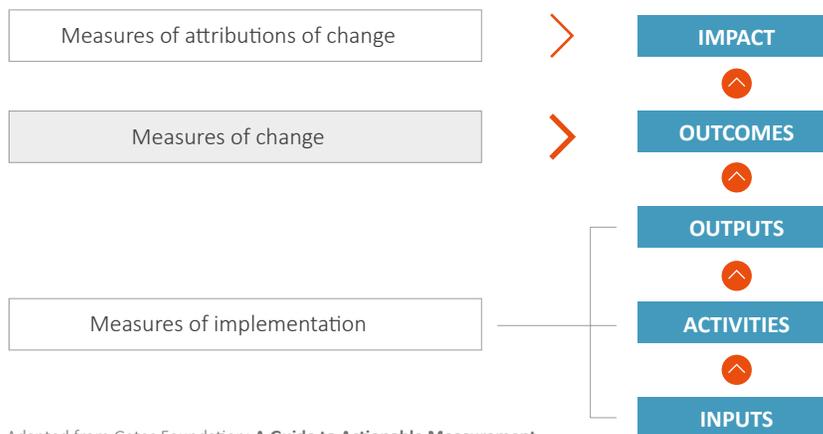
Adapted from Gates Foundation: **A Guide to Actionable Measurement**

...nor is "outcomes" the same as "access"

We frequently observe FSPs or investors answering questions about client benefits by showing the portfolio numbers for accounts and loan repayments. These are numbers are easy for FSPs to provide. The numbers also can look satisfactory, as they are likely to tell us that the number of clients is increasing, the portfolio is increasing, repayments of credit are mostly on time; and, if there are deposits, the number of savings accounts and deposits may be increasing. But these data actually tell us only about outreach and access, not outcomes.

There are other questions to answer if we want to understand the results of our services. Are clients lives improving? Do results vary for different clients? Can we do better?

… nor are nice client stories enough

In the past, client success stories have been a useful part of market promotion. But, such stories tend to be anecdotal. If an FSP is going to achieve its social mission, it must monitor outcomes to reflect a more comprehensive picture of results for all of its clients, and understand how outcomes may vary for different clients. Additionally, funders, investors, governments, and the wider public increasingly require more systematic evidence of results, as they recognise the limitations of focusing on the benefits for just a few select clients.[4]

*"We used to rely on individual client stories as a way of demonstrating client outcomes. I'm happy to say that we've moved away from this way of thinking, and so have our donors. Client stories are not bad but **we must demonstrate the effectiveness of our programs in a much more sophisticated and robust way.** We need to show client outcomes across our programs—how effective are we in different countries, with different products? What measurable improvements do we see in clients' lives? Increasingly there are funds out there – social investment funds – that we cannot tap into unless we are able to consistently and reliably report on the outcomes of our programs."*

Calum Scott | Opportunity International

…and outcomes *management* involves much more than measurement.

We use the term outcomes management to emphasise that this is part of an organisational process with a feedback loop to ensure that the information collected is relevant for the FSP and useful not only for reporting to external stakeholders but also for strategic decision-making. The collection of outcomes data alone is not even particularly helpful. The data become powerful when integrated in a process of outcomes management that begins with the identification of what data are relevant and feasible to collect, given the types of services the FSP offers, the types of changes it is hoping to effect in clients' lives, and the resources the FSP has. Once it identifies which data to measure, the FSP must set up systems to collect the data, both accurately and at an appropriate frequency, to store this data, and to combine data collection with regular analysis and communication of the results to decision makers **so they can act on it**.

> **OUTCOMES MANAGEMENT** refers to a multi-step organisational system for the collection, analysis, and use of outcomes data

The companion resource to this document, Guidelines on Outcomes Management for Financial Service Providers, details *how* to implement a strong outcomes management system.

The remainder of this brief makes the case for *why* outcomes management is essential to any organisation with a social mission.

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[4] Systematic client stories that are representative of the range of client experiences, including the less positive, can be useful and credible for outcomes management, as we discuss in Step 3 of the Guidelines on Outcomes Management for Financial Service Providers.

WHY
OUTCOMES
MANAGEMENT?

Outcomes management enables us to be accountable to different stakeholders, reporting on what we have achieved, and whether we are delivering on our promises. Accountable reporting on results for clients is important. Even more important is how the findings are used to manage the mission, i.e. to relate the findings to review current policies and systems, and ultimately take action to improve outcomes.

Graphic 2. **Primary Uses of Outcomes Management**

Key to managing the mission, outcomes management enables us to:

BE ACCOUNTABLE	REVIEW STRATEGY AND SYSTEMS	IMPROVE OUTCOMES
Report on what we have achieved	Understand which products, services, policies, and systems are effective and which are not	Adjust policies and/ or outputs to increase benefits to clients and their families

i) To be accountable

"We are providing financial services, but for what? What is the value for our clients? Social responsibility is not just about how we extend a loan, but thinking about client behaviour and results."
Arsen Kuchukyan | SEF Armenia

Financial service providers with a social mission say they aim to contribute to positive change for their clients and their families. They are responsible to their stakeholders — most directly to funders and employees — to deliver on this promise. Yet, without outcomes data, there is no way for them to have credible answers to these questions:

Are we benefiting our clients as we intend?
How much, and in what way, are clients benefiting from the work that we do?
Are some clients not benefiting?

We can guess, or we can tell stories about one or two (successful) clients. We can analyse trends in portfolio and transactions data. Such analysis is important and can give us some insights, but it is through directly tracking outcomes for clients over time that we can understand better what is happening, or maybe not happening, in the lives of our clients.

We need outcomes information to be accountable:

To funders. We need to report on outcomes to investors and other funders – who fund the FSP because they seek social returns beyond financial returns. Investors may be less interested in profit maximisation if we can demonstrate significant benefits for our clients. For this reason, providing systematic evidence of results can help to attract and retain funders.

To employees. One reason employees may choose to work at an FSP is because of their commitment to the mission. Reporting on outcomes is motivating for employees and validates their choice of career.

To other stakeholders. Accountability extends also to regulators and the 'public,' who may have doubts about the 'reasonableness' of micro-financial services for the poor.

To clients. Ultimately, accountability extends to clients – to ensure that the FSP services are beneficial to clients, and to show that the FSP is sincerely committed to achieving its mission.

ii) To review strategy and systems

"Medir para corregir" or "measure it in order to correct it"
Motto of Fondo Esperanza | an FSP in Chile

Outcomes data, like other client level data, can inform strategic decisions and guide action. For example, given outcomes data, a board can assess whether the FSP is effective in benefiting its clients. Management can use insights from the data to identify when a programme is not working, or to check that the FSP's policies and operational systems are fully aligned to the mission. Positive client outcomes can confirm areas in which to continue or increase investment of resources. Less positive outcomes on the other hand can trigger rethinking about the assumptions of the process of change and an evaluation of existing policies and operational systems to see what needs adjustment. This analysis generates ideas for more effective management in every area, including marketing, outreach, staff training, partnerships, and product development.

iii) To improve outcomes

Information on outcomes, carefully analysed, helps to explore ways – and make strategic or operational decisions – to achieve the ultimate aim, which is to benefit clients and their families.

In particular, outcomes vary among clients. Clients are not all the same – they use financial services in different ways, in different contexts, for different reasons. Analysing the variations leads to a better understanding of the factors affecting change, and how products and strategies can be adjusted to improve outcomes for more clients.

The next chapter presents examples of how FSPs have used outcomes data - adjusting their strategies and making business decisions to improve outcomes for clients.

EXAMPLES FROM
THE FIELD OF
USING OUTCOMES DATA

"Having the data is good; application of the data is better."
Caitlin Scott | Friendship Bridge

*"Our philosophy and approach emphasize measurement done for a specific purpose or action.
We recognise the most elegant [measurement] is only meaningful if its findings are used to
inform decisions and strengthen our work to improve people's lives."*
A Guide to Actionable Measurement | **Bill and Melinda Gates Foundation**

Social data has a dual purpose:

- to monitor performance and, as importantly,
- to inform strategic and operational decisions that can improve performance.

Simply put, there is no point in collecting data if you're not taking action on it.

Outcomes data are useful both for looking back to answer the question, What have we achieved? and
also, looking forward, to see what we can do better. This chapter explores several examples of these
different uses – to improve outcomes for clients and to improve the sustainability of their business.

3.1 Be accountable

A) Set realistic expectations

Accountability for client outcomes starts with having realistic expectations of what the provision of
financial services can achieve. Expectations for financial services typically relate to poverty reduction
and job creation. FSPs with experience tracking changes in clients lives report that doing so gave
them a much more realistic understanding of the types of client outcomes they could expect, the
degree of change, and a time frame within which to expect change. Poverty reduction is now largely
seen as a long-term indicator of change, one clearly affected by any number of external factors,
including negative trends in the national economy (see the Friendship Bridge and AMK examples,
below). And there are variations in the potential for change, which are particularly evident when
assessing job creation (see BBVAMF data example, below).

Realistic policies on outcomes acknowledge the following:

a. Poverty reduction takes time: lesson from the CGAP/Ford Social Indicators Project (SIP)

The SIP was an important global initiative to report on FSPs' contributions to the Millennium Development Goals – particularly, poverty reduction, ensuring primary education, and gender equality. These were all social goals that at the time aligned with the expectations from microfinance. The project engaged with over 60 FSPs across all regions to test indicators, tools, and findings on client outcomes, and ran from 2005 to 2009. Regardless of the poverty tool applied, FSPs concluded that to measure changes in poverty (or income) over just one loan cycle or one year was too soon to see significant results. Whilst recognising that there may often be pressure (from investors/funders) to demonstrate early results, a key lesson from SIP was that 1-2 years is not adequate for change in poverty levels. 3 years is the minimum, whilst 5 years seemed the ideal. This has implications not only for realistic expectations, but also for the frequency of measuring changes in poverty. If changes in poverty appear clearer after 3-5 years, this suggests that poverty is an indicator that need not be tracked over shorter (annual) periods.

b. Major reduction in poverty for all clients is often an unrealistic goal, but **stability with some poverty reduction is realistic**:

Friendship Bridge, Guatemala (29,000 credit clients, all women, mostly rural and indigenous): analysis of 569 observations of the PPI for the same clients between 2012 and 2015 showed a mean PPI score of 56.4 in 2012 that had increased to 58.1 in 2015, which was an improvement of 3% - a small change, though confirmed to be statistically significant by paired tests. More significantly, the poverty data published by the Guatemalan statistics bureau showed that the portion of people living under the national poverty line had increased 8% from 2006 to 2014. Before it compared its client data to the national average, Friendship Bridge had felt a little disappointed, because it was hoping to see "major improvements" in its clients' progress out of poverty, instead of the relatively modest 3% improvement. However, after understanding that nationally, Guatemalans were becoming more poor over the same period when Friendship Bridge clients were becoming (slightly) less poor, Friendship Bridge realized that its results were actually quite promising. And it began to understand "*the importance and value of client stability*."

AMK, Cambodia (group lending – 450,000 loan clients, 82% women, 93% rural): tracks the well-being score (in-house index) for a random representative sample of clients. Data between 2007 and 2012 showed small gains on a relative well-being scale – with 5% moving out of the two lowest categories during the 5-year period. Overall, 25% of clients showed an improved score, 60% stayed the same, and 14% worsened. Interestingly, as in Guatemala, comparative data suggested that though the improvements for client households seemed nominal, they were significantly better than for non-clients; 2008-9 were difficult years for many in Cambodia, with high food and fuel inflation and national flooding in 2008 and 2011.

c. Growth in employment in clients' businesses may be limited: There is considerable interest in the contribution of micro-credit to (hired, non-family) employment in financed businesses. Available data on such employment shows that:

• The majority of financed micro-enterprises tend to support self-employment (client, family members)
• Hired employment varies by business sector and by scale of the business
• Growth in hired employment is quite slow.

This is illustrated in the data calculated and presented by BBVAMF for some of its subsidiaries (BBVAMF Group) (Graphic 3).

B) Make the leadership accountable

Graphic 3. **Examples of data on hired employment in financed micro-enterprises**

MICROENTERPRISES' EMPLOYEE BREAKDOWN	JOB CREATION

Extremely poor — 0,3% / 1% / 8% / 90%
Poor — 0,3% / 1,3% / 8% / 90%
Vulnerable — 0,6% / 3% / 11% / 85%
Others — 2,3% / 7% / 17% / 73%
TOTAL — 0,7% / 3% / 11% / 85%

No employees | 1 employee | 2 to 3 employees | 4 or more employees

% of financed businesses by number of hired employees (including zero employees) Calculations from data of 7 MFIs

Job creation: Start / +1 year / +2 year / +3 year / +4 year
5% — 8% — 10% — 11%
2011 | 2012 | 2013 | 2014 | Avg.

% of clients that have increased number of hired employees, by cohort (time with MFI) Calculations from data of 4 MFIs

BBVAMF, Social Performance Report, Measuring What Really Matters, 2015

Once FSPs have established realistic goals for client outcomes based on observed trends, an FSP can introduce incentive systems that reward management for achieving positive outcomes for clients. Cashpor is an FSP that has been tracking outcomes data for several years, and includes outcomes targets and results as part of the performance appraisal — and incentives — for the managing director.

Cashpor, India (group lending - 830,000 loan clients, all women, mostly rural): measures and benchmarks its outreach to poor households (living below $1.88/day at purchasing power parity (PPP)) and tracks changes in poverty likelihood score over time, using the PPI. Outcomes data has shown that after 5 loan cycles (years) roughly half the clients still borrowing from Cashpor are above the poverty line, but just under half are still below. The board holds the managing director accountable both for reaching poverty outreach targets (91% of clients to be below $1.88 (PPP) when they join Cashpor) and for ensuring that 50% are above the entry level PPI score after 5 loan cycles. These targets are part of the managing director's performance incentive, and it becomes his responsibility to review the data and manage Cashpor's operations toward achievement of this social goal.

Note: outcomes data could also contribute to balanced incentives for staff. When employees are evaluated and rewarded based primarily on output and financial indicators, such as loan repayments and number of new clients receiving loans, this can easily incentivize behaviour that is detrimental to the social mission. For example, aggressive loan collection practices and over-indebting clients by employees in pursuit of low portfolio at risk and high client growth targets can result in clients' selling of productive assets and feeling angry and overwhelmed. Social performance indicators such as client satisfaction and client retention help to balance the incentives, and are likely to show positive trends when clients are able to use financial products to smooth income and grow their assets. If outcomes data can be included in staff incentives, this would help to focus attention on results for clients. See the discussion of MicroLoan Foundation, Malawi (on page 18) for one example of integrating SPM into staff incentives.

3.2 Review what is working

A) Understand different types of clients: go beyond the averages

Averages need interrogation, if the data is to generate actionable insights

When we look more closely at outcomes, we will begin to ask, not just: "Do clients benefit?" but also, "Even if there is an average benefit, are some clients not benefiting? Who are the clients who are successful – and why? Who are less successful – and why?"

Average findings across a client data set become more interesting and, more importantly, usable if the data are disaggregated to reflect differences in the results (e.g. % increase, % stay the same, % decrease) for different client segments. Though there is limited field experience doing this type of analysis, we are beginning to realize that in order for outcomes data to feed into operational decisions, we must understand differences in the results, and explore variations among types of clients. For example:

- Clients after different periods of time (for example, at different loan cycles)
- Clients who are not so successful – what are the barriers they face? How can we address those barriers so as to improve the results for them?
- What can we learn from the clients who are more successful? Can their results be improved further? Can we see what has worked well for them so far, and apply the lessons to other less successful clients?
- Possible variations in the delivery of the programme.

There are many different ways to segment clients. Below are some examples:

IDEPRO, Bolivia (individual lending to 13,000 clients, and specialised business development services): disaggregates data to show how many clients experienced negative change, no change, or positive change on various business indicators. By looking not only at the average but also at how many clients are better off, worse off, or the same, IDEPRO has a clearer picture of what is happening with its clients (Graphic 4).

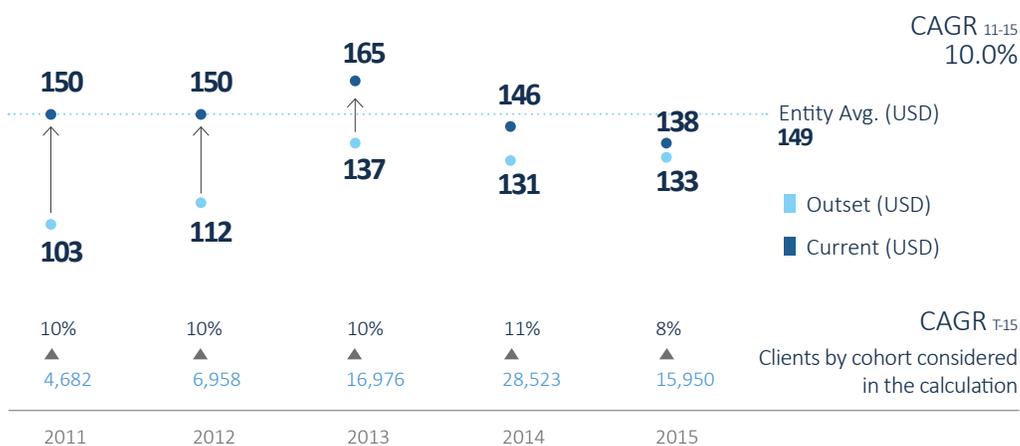Graphic 4. **Segmentation of results: % clients showing change**

	Average US$			% clients showing change		
Indicator	Mean at baseline	Mean at 2nd loan (12 m)	Avg. Change	% increased	% decreased	% no change
Revenues	592	689	97	88%	7%	5%
Profits	238	276	38	73%	26%	1%
Net Worth	21,118	24,731	3,614	77%	15%	8%
Employees	2.4	2.8	0.4	30%	3%	67%

Table header: IDEPRO ProCadenas special loan programme: 572 clients

EA Consultants for Triple Jump, 'Measuring Social Impact in Microfinance', 2014

BBVA Microfinanzas Fundacion – enterprise data (Latin American MFIs, individual credit clients): also analyses data by client segment. In the graphic below, BBVAMF has analysed subsidiary Financiera Confianza's (Peru)[5] year-on-year changes in average monthly net income by client cohort. The data show that clients who have had more loan cycles show a greater increase in average monthly (per capita) net income than clients who began borrowing just one year previously.[6] Similar graphs developed by BBVAMF cover average monthly sales, average assets, increase in employment (see page 14) – as well as client retention (discussed below, page 19). BBVAMF Group institutions have these data from the business data that their loan officers collect during loan appraisal. The next steps include further disaggregation of the data to understand different business contexts, leading to a more informed understanding of the variation in results.

Graphic 5. **Segmentation of results: average by loan cycle cohort**

Average monthly (per capita) net income, by cohort, USD

CAGR 11-15
10.0%

150   150   165   146   138

Entity Avg. (USD)
149

137   131   133

Outset (USD)
Current (USD)

103   112

10%	10%	10%	11%	8%	CAGR T-15
▲	▲	▲	▲	▲	Clients by cohort considered
4,682	6,958	16,976	28,523	15,950	in the calculation
2011	2012	2013	2014	2015	

Source: Financiera Confianza. BBVAMF calculations.
BBVAMF, Social Performance Report, Measuring What Really Matters, 2015

Notes: i) the graph presents data, as of 31 December 2015, for clients whose data has been updated in the last 12 months. The average for each cohort is shown at the outset (first loan for the cohort) and the 'current' average for that cohort at the end of December 2015; ii) CAGR = compound annual growth rate.
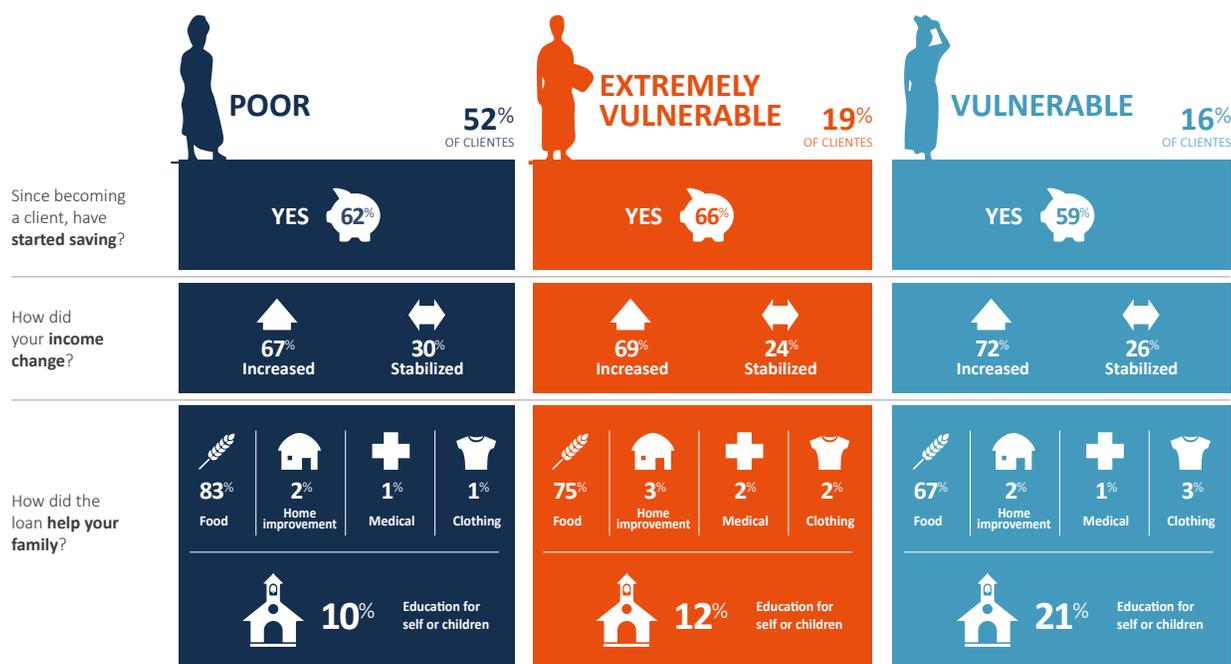
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[5] Business income is divided by the number of family members of the client.
[6] BBVAMF is tracking annual inflation in each country, which should also be taken into account when considering business income growth over time.

Friendship Bridge, Guatemala: segments its clientele based on PPI poverty likelihood score categories to identify different poverty segments of its clients. 'Poor', 'Extremely vulnerable' 'Vulnerable' are the main target segments, corresponding to bands based on the national poverty line, as shown in the table below. This segmentation allows nuanced comparisons, triangulation of data, and patterns to emerge within the data set. FB also segments by sector and other demographic markers such as age.

Graphic 6. **Segmentation of results: by poverty band**

PPI data from design document created in 2010 from 2006 national data			
Friendship Bridge categories	*Poor*	*Extremely vulnerable*	*Vulnerable*
Poverty line equivalent	<National PL	NPL - <150% National PL	150% - <200% National PL
Country benchmarks: % rural households in this category	61%	20%	9%

POOR — 52% OF CLIENTES

EXTREMELY VULNERABLE — 19% OF CLIENTES

VULNERABLE — 16% OF CLIENTES

Since becoming a client, have **started saving**?

- POOR: YES 62%
- EXTREMELY VULNERABLE: YES 66%
- VULNERABLE: YES 59%

How did your **income change**?

- POOR: 67% Increased / 30% Stabilized
- EXTREMELY VULNERABLE: 69% Increased / 24% Stabilized
- VULNERABLE: 72% Increased / 26% Stabilized

How did the loan **help your family**?

- POOR: 83% Food / 2% Home improvement / 1% Medical / 1% Clothing / 10% Education for self or children
- EXTREMELY VULNERABLE: 75% Food / 3% Home improvement / 2% Medical / 2% Clothing / 12% Education for self or children
- VULNERABLE: 67% Food / 2% Home improvement / 1% Medical / 3% Clothing / 21% Education for self or children

Author's note: 'stabilized' means 'stayed the same'

CRECER, Bolivia, (165,000 clients, mainly women in poor and vulnerable communities in rural and peri-urban zones) Research with Freedom from Hunger showed that the Credit with Education programme was not showing positive results on nutrition-related health behaviours of mothers and the nutritional status of their children, as intended. But when the results were disaggregated by the estimated quality of the education provided (quality varied among the field agents providing education on health and nutrition issues of the borrower families), the clients who had received good-quality education did show positive results. This sent a clear message that the programme could be effective, but the program did not work when field agents did not educate well. The whole CRECER organisation was therefore reorganised to emphasize field agent training and supervision.

B) Address gaps in operations that affect results

Two lessons that FSPs have frequently learned, once they started tracking client outcomes, are that

1. they were not reaching the type of clients that they thought they were reaching, or wanted to be reaching. Measuring outcomes can prompt FSPs to look more closely at their target groups and check their quality of outreach data, as well as their outreach policies.
2. a number of their clients are not staying long enough to register significant change.

Examples of client targeting:

MicroLoan Foundation, Malawi (>30,000 clients, all women, all rural) provides an example of how outcomes data can be useful in client targeting. MicroLoan Foundation has a strong social mission, and initially it assumed it was reaching rural poor women, given that it was working in communities with many poor people. But, after tracking baseline poverty data, MicroLoan Foundation realized that nearly half (46%) of new clients were *above* $1.25 at PPP (compared to the national rural benchmark of 63% or more of rural households *below* $1.25). Following workshops with branch staff and management, a number of barriers were identified that were stopping the poorest from having access to loans, including organisational culture (lack of awareness that outreach to the poorest could be improved, lack of data, belief that the poor could not repay reliably, staff incentives based on portfolio size), product design details (e.g., minimum loan sizes too high for the poorest, compulsory savings requirement to access a loan not feasible for the poorest) and client self-exclusion (poorest more risk averse, lack of confidence).

To address these barriers, MicroLoan Foundation conducted workshops with staff to ensure clearer understanding of the social mission and how to serve the poor better, and launched a pilot with very significant methodological changes, including: the design of a new pro-poor loan (smaller size of loan – and savings) along with careful mentoring, rescheduled loan options, group quality checks, and prevention of over-indebtedness by tracking individual clients' missed savings and repayments. Staff incentives were accordingly revised to promote inclusion of the poor.

The pilot is being rolled out across all branches in 2016. Whilst baseline data confirms outreach to a higher proportion of poor clients, future outcomes data will provide evidence of the benefits for these clients.

Friendship Bridge, Guatemala provides a distinct but related example. In its case, it was reaching the clients it intended to reach, but client outcomes data showed that certain types of clients were benefitting more from Friendship Bridge's products and services than others. Specifically, tracking movement in PPI score over time showed that FB's basic program was most effective with clients in the categories of "poor" or "extremely vulnerable." This led FB to change its policy to target clients in these categories, as opposed to the extremely poor or those who are vulnerable or above – so as to focus outreach on clients for whom FB is most likely to create benefit.

Observations on client exit:

When clients do not continue as borrowers but exit after one or two loan cycles, this may be too soon for effective change, given that long-term changes like poverty reduction tend to take 3-5 years at minimum. Yet, for some FSPs, data on client exit has come as a shock. Typically, for credit clients, after 3-5 years, less than 25% of clients who borrowed in year 1 will still be borrowing. This is the case both in individual borrowing and group borrowing. Tracking change over time means looking at the number of clients who stay long enough for effective change. (Example in Graphic 7).

Client retention (by cohort)
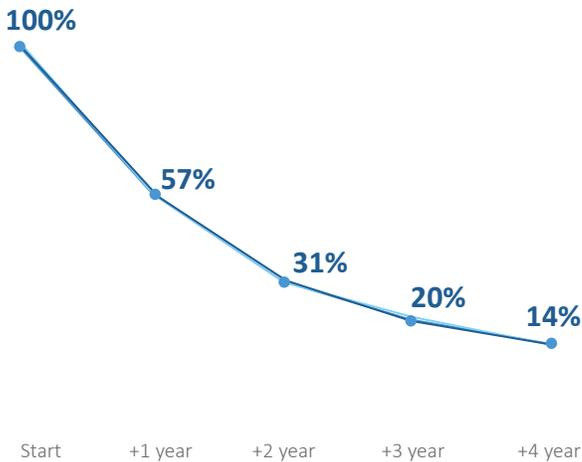
= % clients in each
cohort still current as
of 31 December 2015

100%

57%

31%

20%

14%

Data for Financiera Confianza,
Peru 90,300 credit clients,
23% rural, 51% women

| Start | +1 year | +2 year | +3 year | +4 year |

BBVAMF, Social Performance
Report, Measuring What Really
Matters, 2015

Source: Financiera Confianza, BBVAMF calculations

Not all clients may want to continue to borrow. And FSPs do have different views and experience on client exit. Nevertheless, client retention is an important component of business performance.

- **Friendship Bridge, Guatemala**, has seen a connection between client exit and outcomes. Specifically, FB data do show that the more loan cycles a client has with FB, the more likely she is to improve her economic well-being. As a result, FB has increased its focus on client loyalty strategies to improve retention rate.
- **Fondo Esperanza, Chile** (group and individual lending to more than 90,000 clients, 85% women) has identified five indicators of clients and three of village banks that are most predictive of exit. Tracking these data help it to address issues and retain more clients.

3.3 Improve outcomes for clients

Outcomes measurement can be the first of a series of steps in analysing intelligence for clients. For example, discovering a shortfall in results, or differences in results for different client segments, can lead to follow up analysis and research to understand reasons – which in turn can inform strategy and operations. The following discussion provides examples of this.

A) Develop new products or programmes and partnerships

For outcomes management, less positive findings are as important as the positive findings, since it is the lack of success that can trigger thinking about what needs to improve and what can be done. This may entail thinking about new products, a package of services to target particular segments, or new partnerships.

Friendship Bridge, Guatemala – analysis of its outcomes data revealed that clients whose primary business was agricultural or artisanal had the highest likelihood of poverty. In response to this finding, FB has developed special programmes for artisan market access and for farmers – to support higher productivity and returns in these sectors.

IDEPRO, Bolivia – when an external evaluation showed that IDEPRO was not achieving the expected results for its target clients, the organisation started a special programme, Pro-Cadenas, to offer business development services alongside credit, with services tailored to the economic and market characteristics of five key sectors. The programme involved a specialised and holistic set of services based on a careful diagnostic of the value chain in each sector. (See more below – under whether to continue a new intervention.)

Fondo Esperanza, Chile – outcomes data revealed that clients and their families had needs beyond financial services that had to be addressed in order for clients to benefit from the financial services. Fondo Esperanza has therefore created a number of strategic partnerships around the four goals of its mission: education, business strengthening, social protection, and community development. The partnerships include government agencies, universities, and local NGOs. These institutions offer collaboration and training to FE's clients, and represent an important external linkage for social networks between the clients.

Cashpor, India – outcomes data were showing continuing poverty amongst a significant proportion of clients, even after five years of regular borrowing. The Board of Cashpor reflected on these findings and, drawing on other studies, identified health problems and the related costs of medical care – reducing any savings, eliminating any increase in income -- as a major threat to Cashpor's efforts to reduce poverty through access to financial services. Cashpor made the strategic decision to partner with the NGO Healing Fields, which provides specialist training, materials and back-up for community based health education. Healing Fields staff train selected mature clients of Cashpor to work as community health facilitators, delivering focused health modules at group meetings after the financial transactions are completed. Healing Fields is helping to develop a sustainable model for the self-employment of the community health facilitators.

AMK, Cambodia – outcomes data on the well-being of clients identified increasing vulnerability, with an increasing number of clients reporting that they faced a crisis in the previous year (67% up from 33%), and fewer reporting that they never borrowed or sold assets to pay for medical care or medicine (39% down from 48%). AMK took full note of these less positive findings, and understood the significance of healthcare challenges for poor households. The management suggested going beyond micro-credit to provide linkages to micro health insurance. With the board's approval, AMK explored the market and ultimately started a health insurance programme. For this programme, AMK was one of the three finalists in the financial inclusion challenge (Asia Pacific region) organised by the *Wall Street Journal* in 2016.

B) Improve – or discontinue – a new product or programme

New products or programmes often represent a new and often substantial investment. FSPs like to track the results to justify continuing the investment, or to see whether any changes are necessary.

Cashpor, India tracked a sample of households during the pilot of the community health facilitator programme. The results provided sufficient evidence of improvements (in birth practices, oral rehydration, use of mosquito nets) to justify roll out of the programme, as well as identifying aspects that needed more focus (use of toilets). Cashpor now allocates 10% of its net profits to the health programme (and an education programme).

IDEPRO, Bolivia: Pro Cadenas, IDEPRO's loan plus business development services tailored to the sector in which the client operates, was a big investment, and the board did not want the investment to fall short of its objectives. By monitoring outcomes on key business indicators over time, analysed for the different business sectors, IDEPRO learned that clients generally were achieving good results in all sectors except one: tourism. Management therefore decided to exit offering Pro Cadenas in the tourism sector.

C) Engage with clients as part of outcomes management

Some FSPs are engaging with clients in the process of achieving outcomes – not only sharing findings from the outcomes data with clients but also sharing goal setting at baseline. Reporting back can boost a client's sense of achievement, and help to identify areas that the client needs to focus on. The first example below from Micro Medium and Small Enterprises (MSME) finance demonstrates how goal setting with the business owner from the start helps to engage with the client on what they want to achieve with credit and how they can create change for themselves. Both examples suggest that clients become more willing to participate in data collection if they see what comes of it.

Managing outcomes with MSME clients. Ontario Association of Communities Futures Development Corporations, Canada, offers loans for start-up and expansion of small businesses, along with business counselling, guidance with business plans, and entrepreneurial training. This programme has evolved a unique approach to outcomes management: it requires identifying business goals in collaboration with the client up front, at the time of loan appraisal, and tracking the results at the next loan cycle to review whether the business goals were achieved or not, and if not, why not, and what can be done. This approach was found to be useful in a number of ways:

- It helps business owners to think about what they want to achieve with the credit,
- The FSP is able to evaluate business owners' expectations and plans and provide guidance on any flaws in their approaches (i.e., help them to become more business-savvy),
- If the FSP decides not to give a loan, it can explain why not and what the applicant could adjust to be reconsidered,
- Having articulated their goals (and seeing it written down), business owners are more focused on achieving them
- There is no objection to the end measurement, as it was discussed at the beginning and can be the basis for another loan
- The stated goals act as a valid check on how credit was actually used.

A letter to each individual client: Fondo Esperanza, Chile, compares first loan cycle (baseline) outcomes data with fourth cycle outcomes data for each of its clients, every 18 months. This provides the content for a letter that is given to the client so that she can see data about the changes she has experienced. The letter contains information such as whether she has increased her business and household income, accumulated savings, or increased her leadership experience. In the letter, FE congratulates the client on positive findings and emphasizes that she should not be discouraged by any less positive results. The letter commits FE to continuing support to the client, and invites the client to make a commitment in writing about her goals for the next 18 months on these topics. . (To see a sample letter, see Annex 4 of the Guidelines on Outcomes Management for Financial Service Providers)

3.4 Strengthen the institution's business

Some FSPs are using outcomes data to inform strategic decisions that benefit clients and at the same time help to strengthen business operations.

A) Market products and services more effectively

Market promotion can be done most effectively by highlighting the benefits to clients that they prioritize, which may be different from the goals identified by the institution.

SolarNow, an Acumen partner in Uganda that sells solar panels, changed its approach to marketing after analysing outcomes data. The data revealed that clients were spending much less per month on kerosene than they had been previously, and this was a major benefit to them in their eyes. The company had been marketing its solar panels as a way to get more light during the day, but realized that switching its marketing to "spend less on kerosene" would be a more effective message. Another insight was that very poor people were using the solar panels. The company had assumed its clientele would be more upstream, so the data gave them better information about potential markets and new target clients.

Segmentation to improve marketing to target clients: Friendship Bridge developed the infographic (see page 17) to articulate market segmentation, and provides this to field staff to use when they are promoting products and services.

B) Train staff effectively

FSPs have used outcomes data to understand what is effective in their training programmes for staff and what needs improvement.

- **Improved staff training – for effective performance:** Fondo Esperanza, Chile, uses outcomes data and analysis to help evaluate staff performance and make any necessary adjustments. For example, if a loan officer has an inadequate result on the quality of education provided, then his or her supervisor will work with that person to develop a plan for improvement. The loan officer may receive extra training and support from the supervisor, who will help address the issues and then review new data on the advisor's performance to see if it has improved.

- As noted in the CRECER example (page 11), the **quality of delivery** of any service, in this case the delivery of health education, depends on the field staff. The findings of the study of the results from Credit and Education, when disaggregated, led to an overhaul of the programme. It was not enough to rely on the training materials; there had to be a new focus on careful training and full supervision of staff. This focus has extended to overall operations.

C) Improve staff satisfaction

Outcomes data is useful as a tool to motivate staff. This is particularly true in organisations with a social mission, because often the social mission is a big part of the reason that the staff have chosen to work there. When staff have evidence that their work is producing positive effects in the lives of clients, they have higher job satisfaction, are more motivated to do their jobs well, treat their clients better, and have lower turnover, all of which is good for the reputation of the organisation, and reduces the costs associated with high staff turnover.

Kenya Women's Finance Trust (KWFT) notes the importance of staff satisfaction - "In a competitive microfinance market, institutions have to work to attract and maintain their workforce"- and shares that outcomes are an important part of motivating staff. In addition to a bottom-up target setting process aligned with the social goals of the company, KWFT says that: we always look at '*why are we doing this?' how will it help our clients? What are the results for clients?* Employees are taught that we are here to 1) achieve our target, but [in the absence of outcomes targets] 2) to benefit our clients.

NEXT STEPS:
IMPLEMENTING STRONG OUTCOMES MANAGEMENT

The case for outcomes management is clear. Without outcomes management, an FSP cannot know for certain whether it is harming or helping its clients. And when problems inevitably arise, the FSP has incomplete information at best about the source of the problem and what is needed to fix it. With strong outcomes management, however, the FSP can be accountable to its stakeholders, manage its operations toward achieving its social mission, and improve results for clients, all of which also help strengthen the business.

Having established why outcomes management is important, the question, of course, is, How to do it? The data has to be credible for the FSP to base decisions on the findings. The process has to be affordable. The outcome indicators selected must be relevant and useful. There should be buy-in and engagement from the top (board and CEO) as well as across the entire organisation. Data collection must happen at an appropriate frequency and with appropriate quality checks. The analysis must be thoughtful and open to learning from less than positive findings. Reporting must be clear, concise, and sent to the appropriate decision makers. More on this, with details on how to do it, are in the Guidelines on Outcomes Management for Financial Service Providers.

ANNEX 1:
SELECTED RESOURCES

SPTF

OWG briefs, 2014-2016
http://sptf.info/working-groups/outcomes

Particularly the briefs related to the following:

    Webinar 2: Theory of Change: a framework to help us think about what to measure and when
    Webinar 4: Sharing the experience of IDEPRO (English and Spanish)
    Webinar 5: Sharing the experience of Friendship Bridge (English and Spanish)
    Webinar 6: Sharing the experience of Cashpor (English and Spanish)
    Webinar 12: Opportunities for outcomes management in MSME finance

IDEPRO case study, 2015
http://sptf.info/images/idepro%20case%20study%2020151019.pdf

CRECER case study, 2012 (Spanish)
http://sptf.info/images/crecer%20case%20study_2012-09_final.pdf

These case studies describe the changes made after reviewing outcomes data, along with a description of two institutional systems for collecting and analysing client outcomes data.

Other resources

Actionable Measurement Guidelines. Bill and Melinda Gates Foundation [undated]
https://docs.gatesfoundation.org/documents/guide-to-actionable-measurement.pdf

Designed from a funder perspective, and with examples mainly outside microfinance, there is important advice presented here, derived from the Foundation's philosophy and approach to emphasize measurement done for a specific purpose or action. *"We recognise the most elegant evaluation is only meaningful if its findings are used to inform decisions and strengthen our work to improve people's lives"*.

Acumen: Innovations in Impact Measurement, 2015
http://acumen.org/wp-content/uploads/2015/11/Innovations-in-Impact-Measurement-Report.pdf

This report documents the lessons and experience of Acumen and Roots Capital in working with social business partners to collect meaningful data that can be used to inform strategic decisions. Despite the term 'impact' in the title, the aim is "not to know with certainty that impact can be attributed to a particular intervention," but to "nurture the habit of listening to customers in order to provide actionable insight on their needs and interests… yielding data that is of sufficient quality to support decision making." The example of SolarNow referred to in this document (page 22) includes the lesson of including customer perception of social value in any Theory of Change. Acumen's lean data approach is an important reference for the Guidelines on Outcomes Management for Financial Service Providers.

Analysis and Reporting

AMK Cambodia, Have AMK loans helped its clients improve their overall well-being?
https://www.incofin.com/sites/default/files/attachments/newsitems/Change%20Study_AMK_2014.pdf

Brief presentation of results from a 5 year client change study. Provides country and FSP context as well as methodology details to introduce the positive and negative findings and clear conclusions.

BBVAMF, Social Performance Report: Measuring what really matters
http://www.mfbbva.org/informe-2015/en/pdf/wrm.pdf

BBVAMF collects and stores portfolio data from its subsidiaries in Latin America and, after checking the quality of the data, presents the findings in graphics to show trends in business performance over time. This is a neat way to present quite complex data. BBVAMF reports that the next step will be to include household level information (particularly income apart from the financed business), and to segment the analysis (by geography, type of business) to capture variation.

Friendship Bridge, Opening Pathways to Empowerment, 2014 'Impact' Report
http://3dz2c5frwrhvnlv1vwy1dyp.wpengine.netdna-cdn.com/wp-content/uploads/2015/11/IR-with-updates-11.2.15.pdf

Inspiring examples of data segmentation and presentation of results, with good use of graphics.

ANNEX 2:
LIST OF HARMONIZED SOCIAL OUTCOME INDICATORS

Outcome themes
1. Business and entrepreneurship
2. Economic poverty, assets and housing
3. Resilience and vulnerability
4. Health

Criteria applied to select the SPTF core set of social outcome indicators:	
1 RELEVANT	1.0 Captures key outcome elements for the theme 1.1 Realistic in different contexts 1.2 Will align to defined social goals and Theory of Change for the selected theme
2 USABLE	2.0 Actionable by FSP management (linked to operational strategy) 2.1 Reliable - information likely to be dependable
3 CLEAR	3.0 Unambiguous and clearly stated
4 FEASIBLE	4.0 Measurable - practical to collect, involves a non-complex questions
5 COMPARABLE	5.0 Can be benchmarked

For more details please refer to the SPTF Outcomes Working Group webpage.

1. Business Outcomes

Sub-theme	Indicator	Framing the question	Notes
Change in business assets	1. % who have invested in major tools/equipment/ structures/ productive assets for self-employment	During the last X year/s, did you purchase or invest in any of the following assets for your enterprise activity/farm? (a) Purchased major tools (such as stoves, equipment, agric .machinery), (b) Invested in structures for your marketing site (kiosk, shop)	a. Select indicators relevant to context: can be used with reference to any business the household has b. As a short term indicator, this may primarily capture loan use (any source); longer term, may capture investment over time, using income from the business c. Many of these indicators are verifiable; might have to be smart in the interpretation as seasonality may affect some of these (livestock purchases and sales, etc.).
		I'd like to know about changes to your business/farm in [*the past year*/s]. Please tell me whether these things are the same, better, or worse than at the same time last year: (a) The structure of any rooms or buildings (walls, roof, floor), (b) Appliances or equipment, (c) Livestock	d. For organisations that estimate business value with clients during group meetings, this data might not be useful or accurate as clients will not want to share openly how much they earn in profit and it may be underestimated for this reason and therefore not reliable over time.
	2. % with ↑↓→ in total business assets; and numerical values of increase	Base on information in the loan appraisal form (provide example)	e. For FSPs conducting a detailed and verified assessment of the financed business through a loan application process, current value of fixed assets, working capital, annualized sales and net income are significant business outcome indicators
Change in business revenue (financed business)	3. Annual sales (taking account of seasonality)		f. Requires clear definition/treatment of assets
	4. Annual net income (profit)		g. Otherwise, the main concern about these questions is recall and general inaccuracy of the report on profit, revenue, etc.
	5. % who report an increase in their business income [in past year/s]	Over the last year/s, has the income you have been able to earn…? (increased significantly, increased somewhat, stayed the same, decreased); ideally add – what were the reasons?	a. Perception based. b. Can be short-term or longer-term indicator
Business practices	6. % who introduced a new product or service in the last X year/s	Have you introduced new products or services in your business during the last X year/s? Have you started producing or selling any new products in the last X year/s that you didn't previously produce or sell?	a. Woman client may not be the best person to answer business related questions – needs a check
	7. % who experienced ↑↓→ in their income during the high season in past year	During the high season/harvest (e.g., Christmas, Eid, etc.) of this past year, were your sales/income greater than, about the same, or less than your sales from the same season of the prior year?	a. Consider linking to question regarding self-esteem/confidence (under business attitude) since lack of movement on any of these indicators in the short-run might be indicative of lack of self-esteem/confidence to introduce business improvements.
	8. % of women clients who either jointly or solely make the business decisions	Who [in the household] decides how the money (profit) realized from the business should be used/spent?	b. Usability – high for FSPs (considering) linking business loans to entrepreneurship training/ programmes c. Investment not included here – as covered under increase in assets
	9. % who introduced new business processes in last X years	Have you introduced new or improved existing business processes in the last year/s? (e.g. a production method, quality control, accounting system, distribution system)	d. More relevant to small business

Sub-theme	Indicator	Framing the question	Notes
Increased employment in financed business	10. # family members working in financed business	How many of your family – men-women (include yourself) are working in this business?	a. Including male/female as well as whether full-time or part-time increases relevance of employment measurement; particularly relevant for small businesses, and indirect outcomes; categories/ranges based on number of workers are useful
	11. # wage workers employed in financed business	How many paid workers (non-family) do you employ in this business?	b. Wages to paid employees or skill levels could be asked through separate research
Business attitude	12. % with ↑↓→ level of confidence in ability to be successful at their business	How confident do you feel you will be successful at your business(es)? (very, somewhat, etc.)	c. Perception based, may be overstated by those starting a new business. Better in separate research (not linked to a loan appraisal!) that adds questions on awareness/strategy related to markets, sourcing assets/materials, managing seasonality, etc.
	13. % satisfied with business earnings	Agree or Disagree: "In general, I am satisfied with the earnings obtained by my business"	

2. Poverty/Assets/Housing Outcomes

Sub-theme	Indicator	Notes
Change in economic poverty *poverty line selected relevant in country context*	1. After years 3 and 5 : % of client households above the benchmarked poverty line who were below the line at entry 2. After years 3 and 5 : % poor clients in year 1 still with MFI, % of them now above the poverty line, % still below the poverty line 3. % change in client households' poverty rate - per the PPI	a. Recommend PPI for countries where it is available and up-to-date as a relatively straightforward tool to apply. PPI, and most indicators below, can be integrated with routine operations as part of a member or loan form. Comparable to national benchmarks – at country and geographic levels. b. Given the high weightage often given to such indicators as 'number of children in the household', or 'education level of adult woman', change which is outside the scope of financials services, we recommend the PPI should be supplemented with additional indicators of quality of life or other themes, relevant to rural or urban context. c. Not every country has a PPI – or the PPI may be out of date. If the PPI is unavailable, a local poverty index is a good option, reflecting poverty in the local context – though as an index this may not be comparable to national benchmarks, though individual indicators may be. d. Long-term horizon. Data need not be collected every loan cycle, but every 3 or 5 years.
Acquisition of assets *does not include business assets*	4. % HH acquiring additional key household assets , by year, (such as radio/tape player, chairs/table/benches, bed frame/mattress, stove, refrigerator, TV, bicycle etc.)	a. Select indicators and terminology relevant in country/programme context, and with potential for a significant % of clients at baseline b. Long-term. c. There may be a large number of potential assets that are relevant, but select just a few most relevant. Can use existing assets in a PPI, or other index being used for poverty measurement d. Comparable to national benchmarks (DHS - http://dhsprogram.com/) e. But the distinction between household and business assets may not always be clear

Sub-theme	Indicator	Notes
Improved quality of life also links to housing – next	5. Increase in % of HH who have access to an improved type of toilet 6. Increase in % of HH with improved main source of drinking water 7. Increase in % HHs using clean or efficient energy sources for cooking	a. More relevant to rural context than urban context with more established infrastructure; however, access may be more dependent upon environment and not necessarily the influence of the MFI. b. May be a direct outcome, linked to use of a financial service, and therefore short-term; or indirect, resulting from increased income over time – and then longer term c. Comparable – indicators can be compared to national benchmarks (DHS - http://dhsprogram.com/)
	8. % households sending their children to school regularly – primary level, secondary; college level	a. May be appropriate in context and potentially linked to specific financial products for education
	9. % clients who feel positive about the future	a. Perception based question added based on feedback that hope for the future is an important component of quality of life. b. Likely to be better captured through separate research
Housing	10. % HHs who made specific changes to the home in the last 3 years, such as : (i) fixed or improved existing roof, floor, or walls; (ii) expanded the house (built new room, shed, attic, or fence); (iii) improved water or sanitation system (new well, drainage/sewage system, showers or latrine); or (iv) percent who got electricity or major improvement in lighting	a. Housing is a long term investment and therefore it needs security of tenure, for the future. In a volatile context, housing is not likely to be a good indicator. b. While housing is universally important, it is very contextual. It seems to be impossible to have standardized indicators, so think in terms of dimensions. c. Reliable, direct outcome area for clients with housing finance services; or long-term indirect outcome of increased income d. Comparable - to national benchmarks (DHS - http://dhsprogram.com/)
Income	% HHs with ↑, →, ↓ number of sources of income ↑, →, ↓ change in household income over previous 12 months % HHs who say their income has ↑, →, ↓ over previous 12 months % HHs who say their income has been stable over the previous 12 months	**May be considered** - Number of income sources is relatively easy to measure, may be relevant in some contexts; but may have ambiguous implications (for instance increasing income from one source vs increasing sources which are relatively low income, less stable) - Difficult to measure income: issues with seasonality, any increase over time needs to be adjusted for inflation - Perception based question may be useful

3. Resilience & Vulnerability Outcomes

Sub-theme	Indicator	Framing the question	Notes
Financial tools	1. Change in cash savings balance with the FSP % clients with ↑↓→	*a) MIS data: What is the balance of savings that the client holds with the FSP (that may be easily withdrawn in the event of a shock)?*	a. Salient and direct link to a financial service for individual client b. Increase in savings represents ability to put money away, building resilience; transactions in an account reflect utility of savings. c. Can add distribution of savings amount – appropriate in context d. A separate research question could include a question about other savings, but this may be quite an invasive question to ask
	2. Use of financial tools in response to a shock/stressor	Have you experienced a shock or major financial need in the past 12 months? If so which (if any) financial tools did you use to cope with the financial stress created - savings, emergency loan, insurance, remittances?	a. Tracks occurrence of a shock, and whether financial tools are contributing towards resilience
Financial tools/ liquid assets	3. Change in liquid assets – such as livestock, jewellery (as locally defined) % HHs with ↑↓→		a. Likely to be salient for poor and low income households. Define relevant assets in context (i.e. those assets that households accumulate specifically as a form of savings). b. Same issue as for indicator 1 c. Sale of a liquid asset can be added as an option to the previous question
Security of income	4.Reduction in reliance on casual labour as main income source	*What is the main source of income for your family? (answer options would be provided to compare changes from labour to other sources – including self- employment)*	a. In addition to being low paid, casual labour is very seasonal and unreliable and represents a major dimension of vulnerability. Diversification of livelihood away from casual labour is an important positive outcome. b. May be short-term
Liabilities	5. Appropriate ratio of household debt/ disposable income	*Calculated as part of loan application process by many FSPs*	High levels of indebtedness is considered to be an important indicator of vulnerability. Indicator can be used by FSPs that are already collecting this data as part of the loan appraisal process (probably not feasible for many group lenders)
Coping strategies & consumption smoothing	7. decrease in % of households not able to manage key expenditures (basic in local context)	In the past year have you: missed paying school fees for more than 3 months; forgone necessary medical treatment due to cost; forgone expenditure on household repairs, electricity, fuel for cooking, clothes due to cost?	a. Can be adapted to local context. This question aims to ask about expenditures on areas relating to basic needs. Inability to pay for one of these indicates financial stress and low resilience.

Sub-theme	Indicator	Framing the question	Notes
Food security	8. Improved food intake in the household (scale)	*I will read 4 choices for your response. Please tell me, which of the following best describes the food consumed by your family in the last year: Enough and the kinds of nutritious food we want to eat (1); Enough but not always nutritious food (2); Sometimes not enough food to eat, was sometimes hungry (3); Often not enough to eat, was often hungry (4)*	a. Relevant for poor/very poor households b. Indicator identifies four levels of food security (can be simplified to capture just food secure/insecure). This is a good indicator of current food security, but it is very sensitive to short term fluctuations and seasonality so needs to be interpreted with caution. Whilst the definitions are subjective (e.g., "nutritious"), this question has been demonstrated to be effective.
Self-perceived resilience	9. Change in self-perception of future risk/situation	*I feel optimistic about the future: "yes/no" or "not at all; somewhat; very"*	a. Captures both vulnerability and resilience. b. Question is more valuable if there is an added qualitative question on reasons.

4. Health Outcomes

Sub-theme	Indicator	Framing the question	Notes
Food security	1. Improved food intake in the household (scale)	*I will read 4 choices for your response. Please tell me, which of the following best describes the food consumed by your family in the last year: Enough and the kinds of nutritious food we want to eat (1); Enough but not always nutritious food (2); Sometimes not enough food to eat, was sometimes hungry (3); Often not enough to eat, was often hungry (4)*	a. Relevant for poor/very poor households b. Indicator identifies four levels of food security (can be simplified to capture just food secure/insecure). This is a good indicator of current food security, but it is very sensitive to short term fluctuations and seasonality so needs to be interpreted with caution. Whilst the definitions are subjective e.g., 'nutritious' this question has been demonstrated to be effective.
Water & sanitation	2. Improved drinking water source	*What is the main source of drinking water for members of your household?* *1) Piped water (piped into dwelling, yard/plot, public tap/standpipe)* *2) Tube well or borehole* *3) Dug well (protected)* *4) Dug well (unprotected)* *5) Well spring (protected)* *6) Well spring (unprotected)* *7) Tanker truck* *8) Rainwater* *9) Cart with small tank* *10) Bottled water* *11) Surface water (river, dam, lake, pond, stream, canal, irrigation channel)* *12) Other (specify)_____*	a. Please use water sources as provided by national Demographic and Health Surveys (DHS) for each country (http://dhsprogram.com/) b. Also, it would be important to follow guidelines developed by World Health Organisation as to what constitutes an improved water source. (for example, use of bottled water does not constitute an improved water source if household does not have improved water source for cooking or hygiene)
	3. Water is treated to make it safer for drinking	*Do you do anything to treat your water to make it safer to drink? 1) Yes, 2) No* *If yes, what do you do to treat your water to make it safe to drink?* *1) Let it stand and settle/sedimentation* *2) Strain it through a cloth* *3) Boil* *4) Add bleach/chlorine* *5) Water filter (ceramic, sand, composite)* *6) Solar disinfection* *7) Other*	a. Understanding the local context will be important; households with safe water sources for drinking are not likely to report treating their water. b. Should be used in conjunction with how water is treated to accurately classify a household as having treated its water correctly.

Sub-theme	Indicator	Framing the question	Notes
Preventive health care	1. Received preventive medical care in prior year (or other time period)	*In the past 12 months, did you or any member of your household visit a doctor or other health provider for a preventive health service (for example, medical checkups, blood pressure checks, vaccinations, breast exams, Pap smears, etc.)?* *1) Yes,* *2) No*	a. Can also break this out into individual medical exams of interest or simply ask whether they have had a medical checkup. Can find benchmarks normally in a DHS survey (pay attention to how DHS surveys ask this questions so recall period is similar if you wish to benchmark to national survey data).
	2. Saved money for health costs	*In the last 6 months, did you use a strategy to save money specifically for health?* *1) Yes,* *2) No*	a. Generally does not have a national benchmark.
Curative care	3. Reduction in those who delayed seeking treatment due to cost	*In the past year, did you delay seeking medical treatment for any person in your household because of concern about the cost?*	a. Generally does not have a national benchmark (but confirm with DHS surveys as sometimes there is a similar indicator. In some DHS surveys they will measure whether cost is a barrier for seeking medical treatment)
Psychosocial	4. Improvement in confidence for ability to afford appropriate medical care	*Which of the following best describes your household:* *1) I feel very confident that I can afford appropriate medical care for my household when needed* *2) I feel somewhat confident that I can afford appropriate medical care for my household when needed* *3) I am not very confident that I can afford appropriate medical care for my household when needed* *4) I don't know*	a. Generally does not have a national benchmark
	5. Improved sense of hope for future	*In the past year, I felt hopeful for the future.* *1) Yes* *2) Somewhat* *3) No*	a. Some country "values" studies will have this indicator. (http://www.worldvaluessurvey.org)
	6. Improved satisfaction with life one has	*On the whole, how satisfied are you with the life you lead?* *1) Not satisfied at all* *2) Not very satisfied* *3) Fairly satisfied* *4) Very satisfied*	a. Some country "values" studies will have this indicator. (http://www.worldvaluessurvey.org)
Domestic violence	7. Decrease (or no increase) in fear of husband/partner	*In the last 12 months, were you ever afraid of your husband/partner: Most of the time, some of the time, never?*	a. When using this question, make sure husband/spouse is not in close proximity both for client protection and accuracy of answer b. While most financial service providers would not see themselves capable of influencing domestic violence, they should feel confident through product design that they are not exacerbating it.
	8. Decrease (or no increase) in belief that a partner/husband is ever justified in hitting or beating his wife	*In your opinion, is a husband ever justified in hitting or beating his wife?*	a. When using this question, make sure husband/spouse is not in close proximity both for client protection and accuracy of answer b. While most financial service providers would not see themselves capable of influencing domestic violence, they should feel confident through product design that they are not exacerbating it.