Depth of Poverty Outreach

EVIDENCE FROM THE EFI SAVINGS GROUP PROJECT

EFI PROJECT BACKGROUND

In 2013, Catholic Relief Services (CRS) – with support from Mastercard Foundation – launched the Expanding Financial Inclusion in Africa (EFI) project in Burkina Faso, Senegal, Uganda, and Zambia. The goal of EFI was to expand financial service access to vulnerable households to improve their resilience, and do so by creating Savings and Internal Lending Communities (SILCs) using the Private Service Provider (PSP) methodology. To date, EFI has surpassed its original targets, forming more than 20,000 groups and reaching more than 543,000 members.

QUICKFACTS	
Project Type	**Savings-led microfinance**
Partner	**Mastercard Foundation**
Project location	**Africa**
Countries	**Burkina Faso, Senegal, Uganda, and Zambia**
# of people served	**543,000**
Timeframe	**2013-2017**

DEPTH OF POVERTY OUTREACH

One goal of the program was to ensure that PSPs recruited villagers into SILC groups who were in the lower half of the income distribution in their village. A second goal of the project was to test various methods for encouraging PSPs to reach even deeper into the villages they served. One method was to provide some PSPs with the "Pro-Poor Package (PPP)" of training and guidance. To simulate the long-term potential of the PSP model, some PSPs were constrained geographically in order to saturate their home village before extending the activities to other village—the "Limited Market Operating Area (OA)" protocol.

RESEARCH QUESTIONS

EFI staff, in collaboration with Microfinance Opportunities, sought to answer three research questions:

1) Were more than half of all SILC group members from the lower half of the income distribution in their village?
2) Did the Pro-Poor package result in greater depth of outreach than the Normal/Traditional approach?
3) Were SILC members in Limited Market Villages more likely to be lower income than those in normal villages?

RESEARCH DESIGN AND METHODS

To answer these questions, EFI consultants who conducted 5,540 reference Progress out of Poverty Index (PPI)[1] surveys in the same or nearby villages as those where PSP supervisors conducted a further 21,424 PPI surveys of members of 870 SILC groups in 252 villages, once they were formed.

[1] A method for quickly measuring the likelihood of poverty of a household.

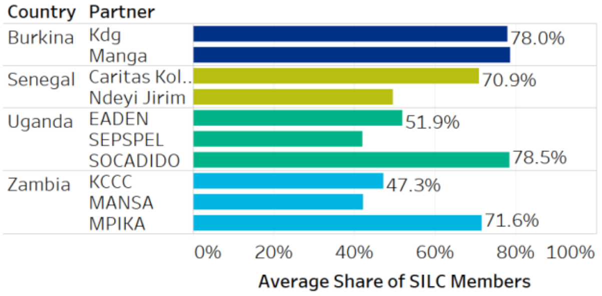
There were 159 villages covering 718 SILC groups in which EFI collected both SILC group and reference data. These data were then able to be used to measure the depth of outreach of the project across all four countries and 10 partners. To make the most use of these data, partners in both Burkina Faso and Senegal implemented both the Pro-Poor and the Normal training packages, as well as implementing the Limited Market Village protocol in some villages but not in others. This allowed for an analysis of the impact of both these initiatives on the depth of poverty outreach, taking into account country and partner effects.

RESULTS

EFI Successfully Achieved its Poverty Outreach Target

On average, across all the countries and partners, about two-thirds of SILC members were in the lower half of the income distribution in their village. This successful achievement was not evenly distributed across all countries and partners. In Burkina Faso both partners exceeded the target of 50 percent easily, but in the other countries there was only one partner who clearly achieved the target, while the others either just made the target or did not do so.

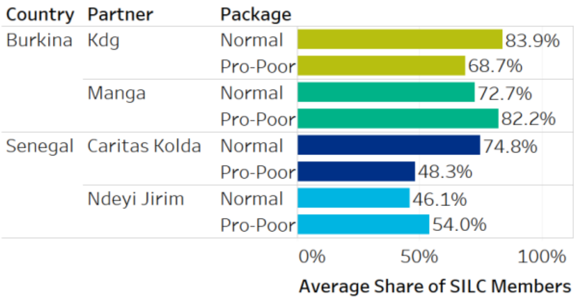
Share of SILC Members in Lower Half of Village Income Distribution



The Pro-Poor Package Did Not Increase the Depth of Poverty Outreach

In Burkina Faso and Senegal, where partners implemented both the Pro-Poor and Normal training packages, there is no systematic evidence that the former resulted in any greater depth of outreach.

SILC Members in Lower Half of Village Income Distribution by Partner and Package

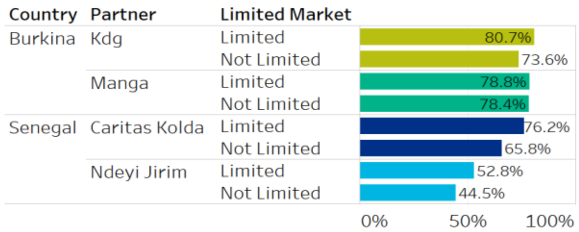


In some cases, partners even achieved greater success with their depth of outreach using the Normal package. These results held true even after taking into account village-level differences in poverty and whether they were a Limited Market OA or not.

SILC Members in Limited Market Villages had a Higher Likelihood of Being Poor

EFI's Limited Market OA protocol required PSPs to saturate their home village with SILC groups before expanding their activities to other villages. The evidence from the data shows that PSPs followed this protocol and it suggests that SILC members in the Limited Market OA were more likely to be poor—overall 72 percent were in the lower half of the village income distribution in comparison to 63 percent in villages with no limited market. This was also the case in each country and for each partner where we were able to make comparisons.

SILC Members in Lower Half of Village Income Distribution by Partner and Limited Market Village Status



INSIGHTS AND IMPLICATIONS

These findings show that EFI was successful in achieving its main goal of targeting villagers who were in the lower half of the income distribution in their villages. But the results varied across the four countries in the project and across the partners within each country. Furthermore, the findings suggest that the Limited Market OA protocol was successful in getting PSPs to go deeper and recruit lower-income villagers into their SILC groups. But the evidence also suggests that the Pro-Poor Package did not promote greater depth of outreach.

These results suggest something that most development practitioners know is true—context and implementation count—and raise important questions for CRS to consider as it further evolves the PSP model. What conditions in Burkina Faso enabled greater poverty outreach there? What was it about Caritas Kolda, Socadido, and Mpika that enabled them to reach the EFI target when other partners in the same country were not as successful? The results also raise an intriguing lesson from the Limited Market Operating Area protocol—the longer PSPs operate in a particular market the more likely they will be to recruit poorer people into SILCs. This implies that PSP longevity is a key to depth of outreach.

CRS

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