Depth of Poverty Outreach
EVIDENCE FROM THE EFI SAVINGS GROUP PROJECT
by

Guy Stuart, Ph.D., Executive Director, Microfinance Opportunities

October 2017

Table of Contents

List of Figures

List of Tables

EXECUTIVE SUMMARY

Background and Purpose of Study

In 2013, Catholic Relief Services (CRS) – with support from the 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.

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" 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 Village" protocol.

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

1. Did EFI reach its target of recruiting 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?

To answer these questions, EFI consultants conducted 5,649 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. 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.

Summary of 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 failed to do so.

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. In some cases, partners even achieved greater success with their depth of outreach using the Normal

---

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

package. These results held true even after taking into account village-level differences in poverty and whether they were a Limited Market village or not.

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

EFI's "Limited Market Village" 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 Villages 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.

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 Village protocol was successful in getting PSPs to recruit lower-income villagers into their SILC groups. But the evidence also suggests that the Pro-Poor package was not successful in promoting 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 question about the Limited Market Village protocol—what should CRS learn from its success in promoting greater depth of outreach?

INTRODUCTION

In 2013, Catholic Relief Services (CRS) – with support from the 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.

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" 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 Village" protocol.

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

1. Did EFI reach its target of recruiting 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?

DATA AND METHODOLOGY

CRS used the Progress out of Poverty Index (PPI) to determine the poverty level of households participating in SILC groups as well as the poverty level of "reference" households. Surveys of the reference households took place in the same or nearby villages to those where groups were subsequently formed. Reference households were randomly selected and were intended to represent the income distribution of their villages.

EFI consultants conducted 5,649 reference PPI surveys in 171 villages—an average of 33 per village. PSP supervisors subsequently conducted a further 21,424 PPI surveys of members of 870 SILC groups in 252 villages. There were 159 villages covering 718 SILC groups in which EFI collected both SILC group and reference data.

Table 1: Distribution of PPIs, Groups and Villages by Country

Country		SILC	Reference	Total	Matched Villages
Burkina Faso	Number of Villages	48	46	48	46
	Number of Groups	279	0	279	274
	Respondents in Matching Villages	6,738	2,336	9,074	9,074
	Total Number of Respondents	6,879	2,336	9,215	9,074
Senegal	Number of Villages	86	67	97	56
	Number of Groups	315	0	315	271
	Respondents in Matching Villages	7,290	1,346	8,636	8,636
	Total Number of Respondents	8,468	1,858	10,326	8,636
Uganda	Number of Villages	55	48	56	47
	Number of Groups	166	0	166	139
	Respondents in Matching Villages	3,395	906	4,301	4,301
	Total Number of Respondents	4,079	924	5,003	4,301
Zambia	Number of Villages	63	10	63	10
	Number of Groups	110	0	110	34
	Respondents in Matching Villages	655	531	1,186	1,186
	Total Number of Respondents	1,998	531	2,529	1,186
Grand Total	Number of Villages	252	171	264	159
	Number of Groups	870	0	870	718
	Respondents in Matching Villages	18,078	5,119	23,197	23,197
	Total Number of Respondents	21,424	5,649	27,073	23,197

All analysis of the data that follows accounts for the fact that the sample of reference and SILC PPI survey respondents were stratified by village within each country.
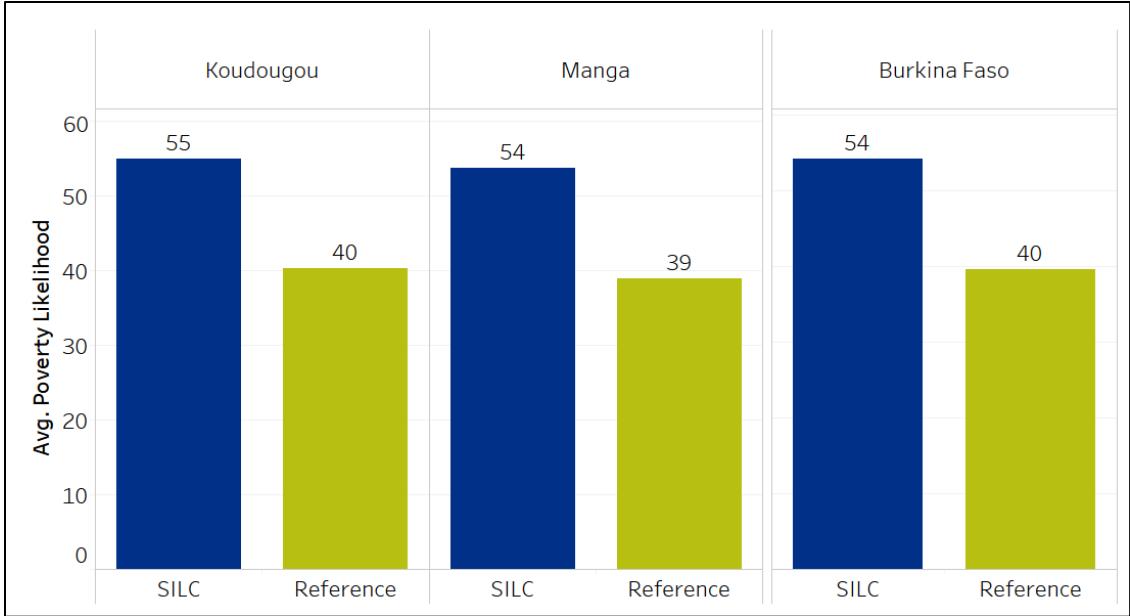
RESULTS

SILC Group PPI vs. Baseline PPI

We conducted an analysis comparing the poverty likelihood of SILC group members against the poverty likelihood of households in the reference sample. We used two different approaches to analyze the data: 1) a comparison of means across the whole sample of PPIs in each country and for each partner, taking into account that the data are clustered by village; and 2) a within-village comparison of the SILC group PPI scores to the median reference PPI score, by country and partner. Both approaches yielded the same conclusions about the poverty likelihood of SILC group members in comparison with the reference groups poverty likelihood.
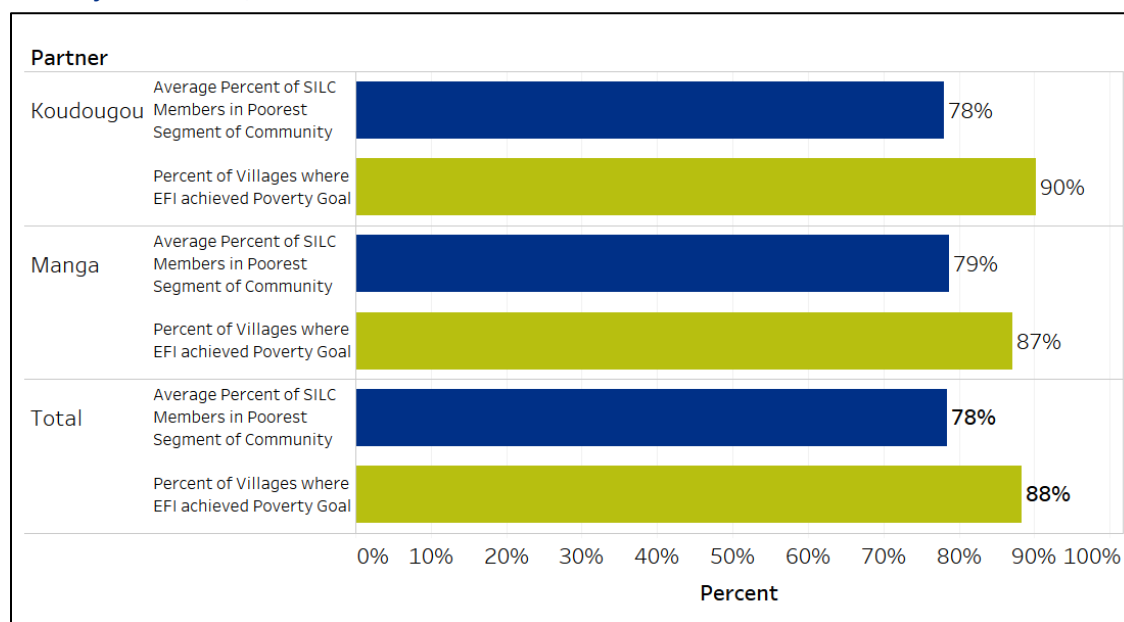
Burkina Faso

In Burkina Faso there was about a 15 percent difference at the country level and at the partner level between the mean SILC group poverty likelihood and the mean reference poverty likelihood (Figure 1). This is statistically significant at all levels.

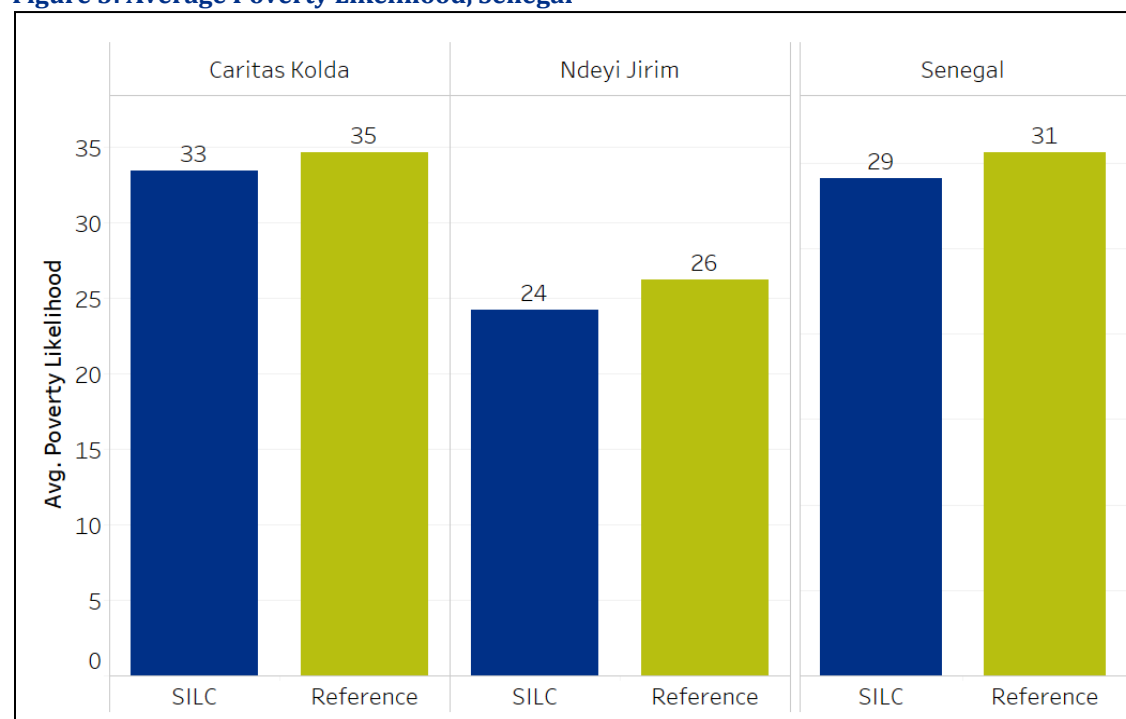**Figure 1: Average Poverty Likelihood, Burkina Faso**

Looking at the village-by-village comparison between the SILC group poverty likelihoods and the median reference likelihoods, we see that 88 percent of the villages in Burkina had more than 50 percent of SILC group members having a poverty likelihood greater than the reference median. On average, 78 percent of SILC group members were above the reference median for their village. Looking at the same data at the partner level, we see little difference across partners. Within Koudougou's territory, 90 percent of villages had more than 50 percent of their SILC group members above the reference median; and, overall, on average 78 percent of SILC group members were above the reference median for their village. Similarly, 87 percent of villages in Manga's territory had more than 50 percent of SILC group members above the median; and, on average, 79 percent of SILC group members had a poverty likelihood above the reference median (Figure 2).

Figure 2: Village by Village Comparison of SILC Member Poverty Likelihood to Reference Median Poverty Likelihood, Burkina Faso

In Senegal there was no significant difference at the country level, nor at the partner level, between the mean SILC group poverty likelihood and the mean reference poverty likelihood (Figure 3).
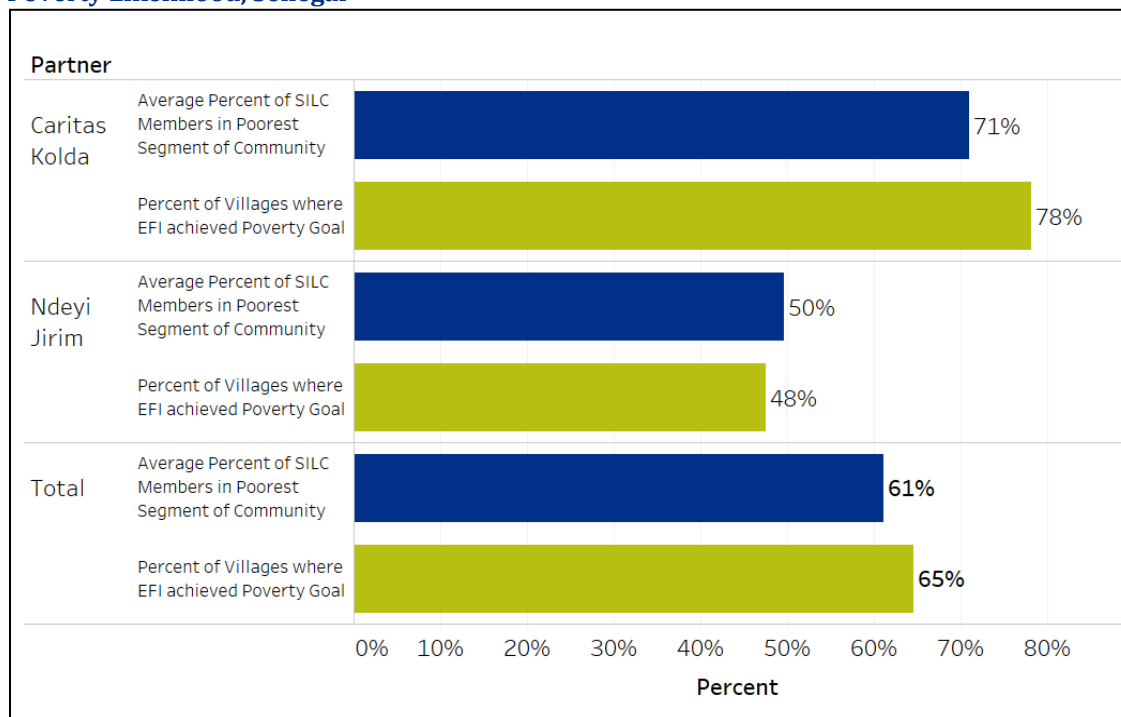
Figure 3: Average Poverty Likelihood, Senegal

Looking at the data through the prism of village-by-village comparisons between SILC member poverty likelihoods and the reference median largely confirms the findings described above. Generally, across the two Senegal partners, we see that 65 percent of the villages in Senegal had more than 50 percent of SILC group members having a poverty likelihood greater than the reference median. On average, 61 percent of SILC group members were above the reference median for their village. Looking at the same data at the partner level, we see some difference across partners. A little less than half (48 percent) of

villages within Ndeji Jirim's territory had more than 50 percent of their SILC group members above the reference median; and, overall, on average 50 percent of SILC group members were above the reference median for their village. In contrast, 78 percent of villages in Caritas Kolda's territory had more than 50 percent of SILC group members above the median; and, on average, 71 percent of SILC group members had a poverty likelihood above the reference median (Figure 4). The differences across partners in Senegal may be worth further qualitative investigation.
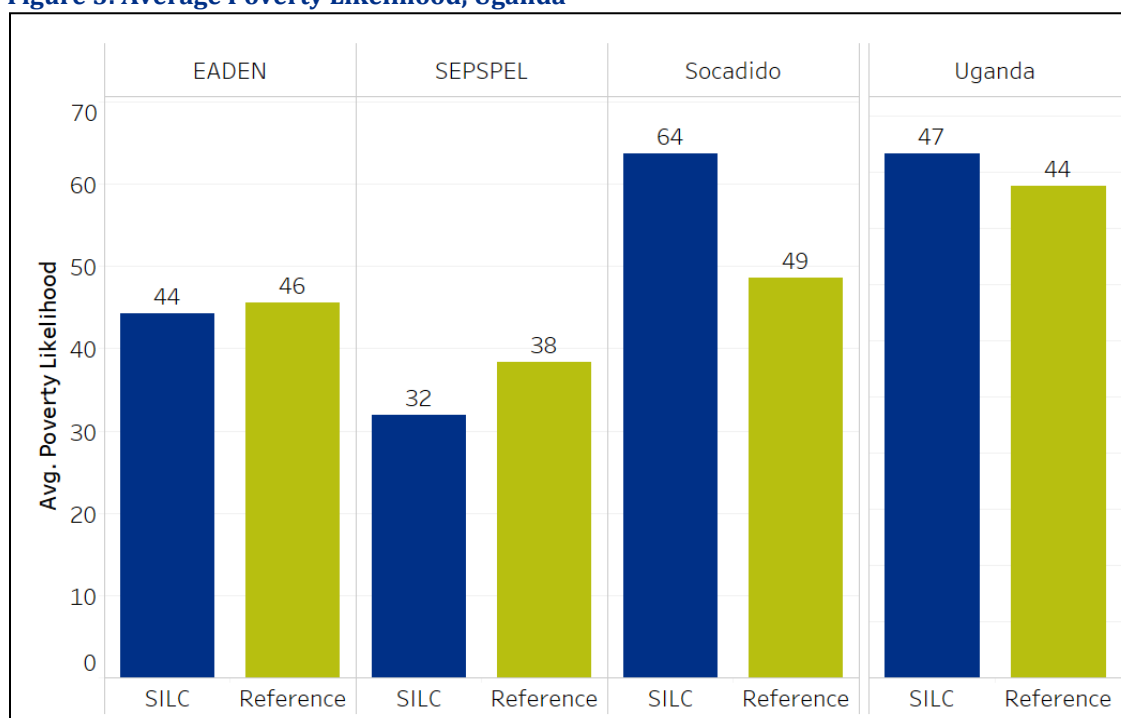
Figure 4: Village by Village Comparison of SILC Member Poverty Likelihood to Reference Median Poverty Likelihood, Senegal
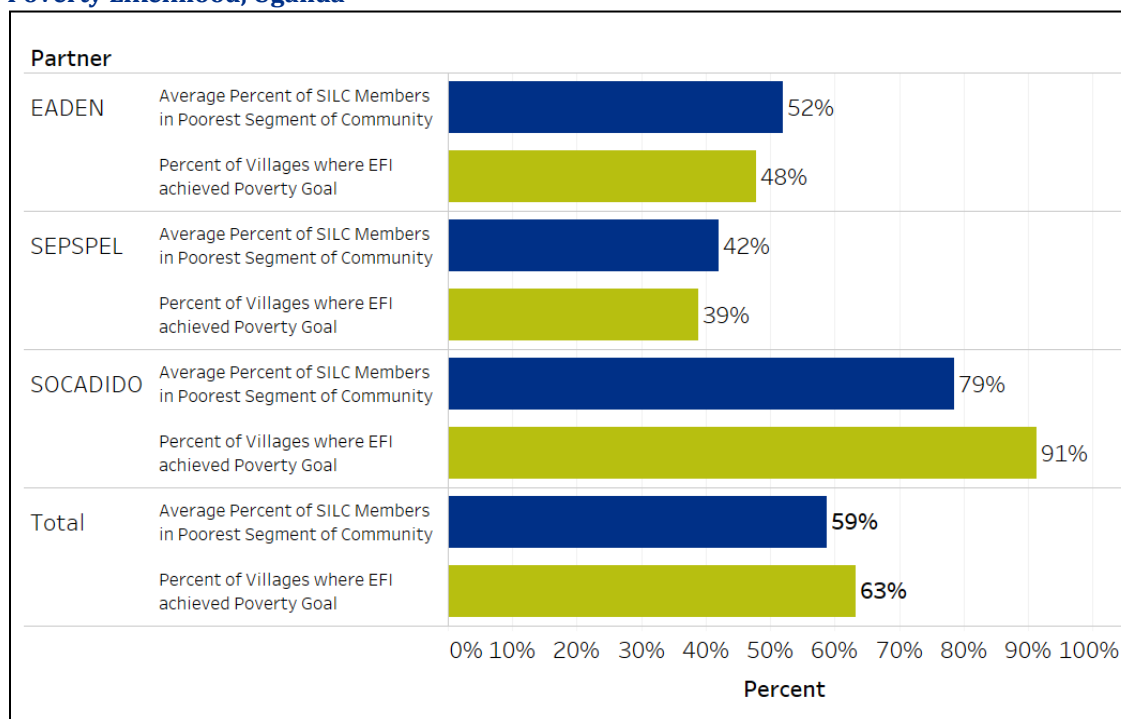

Uganda

The PPI data from Uganda show clearly that the poverty likelihood of SILC members is no different from that of the respondents in the reference survey. The poverty likelihood of SILC members in Uganda was 47 percent, while that of the reference was 44 percent—this difference is well within the margin of error and is not statistically significant. Nevertheless, there were significant differences in the depth-of-poverty outreach of the partners within Uganda. Results from two of the partners, Eaden and Sepspel, showed, if anything, results in the wrong direction—with reference poverty likelihoods greater than SILC member likelihoods. For these two partners, the average poverty likelihood of SILC members were 44 percent and 32 percent respectively, while the average poverty likelihoods of the reference respondents were 46 percent and 38 percent respectively. In contrast Socadido performed much better. The average poverty likelihood of SILC members was 64 percent, while that of the reference respondents was 49 percent. This difference was statistically significant. (Figure 5)

Figure 5: Average Poverty Likelihood, Uganda

Looking at the data through the prism of village-by-village comparisons between SILC member poverty likelihoods and the reference median confirms the findings described above. Generally, across the three Uganda partners, we see that 63 percent of the villages in Uganda had more than 50 percent of SILC group members having a poverty likelihood greater than the reference median. On average, 59 percent of SILC group members were above the reference median for their village. Looking at the same data at the partner level, we see the same difference across partners as described above. A little less than half (48 percent) of villages within Eaden's territory had more than 50 percent of their SILC group members above the reference median; and, overall, on average 52 percent of SILC group members were above the reference median for their village. The story in Sepspel's villages was similar. More than a third (39 percent) of villages within Sepspel's territory had more than 50 percent of their SILC group members above the reference median; and, overall, on average 42 percent of SILC group members were above the reference median for their village. In contrast, 91 percent of villages in Socadido's territory had more than 50 percent of SILC group members above the median; and, on average, 79 percent of SILC group members had a poverty likelihood above the reference median (Figure 6). The differences across partners in Uganda may be worth further qualitative investigation.
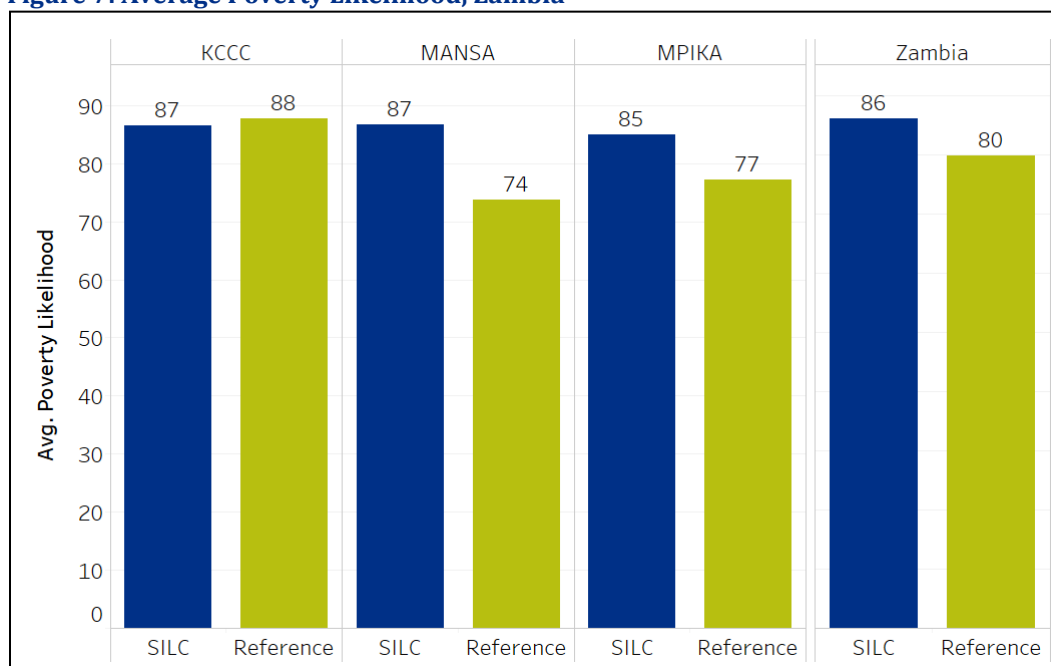
Figure 6: Village by Village Comparison of SILC Member Poverty Likelihood to Reference Median Poverty Likelihood, Uganda

Zambia

In Zambia, the picture was varied. At the country level, there was about a 6 percent difference between the mean SILC group poverty likelihood and the mean reference poverty likelihood
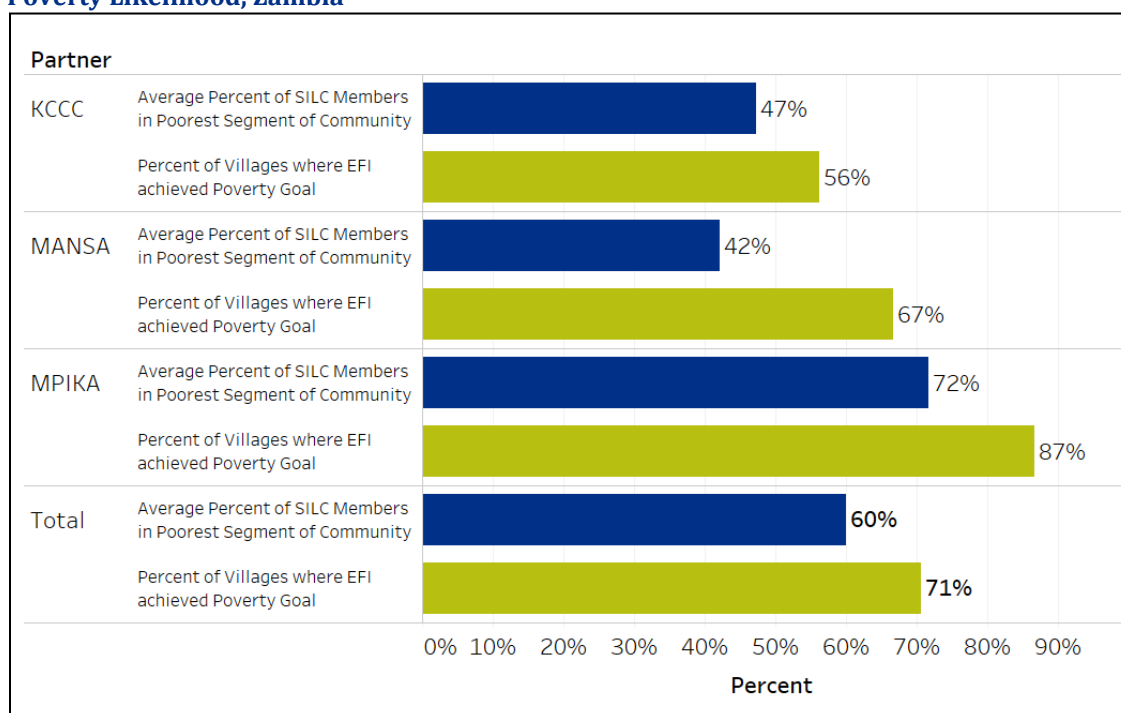
Figure 7: Average Poverty Likelihood, Zambia

This difference is not statistically significant (Figure 7). However, at the partner level, for Mansa and Mpika, there was about a 13 percent difference and about an 8 percent difference, respectively, between the mean SILC group poverty likelihood and the mean reference poverty likelihood, which

Microfinance Opportunities for Catholic Relief Services   8

were both statistically significant differences. For the other partner in Zambia, KCCC, the difference in performance level was statistically insignificant at about 1 percent.

The village by village comparison in Zambia reveals overall relatively good performances at all partner levels and the country as a whole. For KCCC, Mansa and Mpika, 56 percent, 67 percent and 87 percent of villages in their respective territories had more than 50 percent of SILC group members above the median

Figure 8: Village by Village Comparison of SILC Member Poverty Likelihood to Reference Median Poverty Likelihood, Zambia

This resulted in 71 percent of the villages in Zambia having more than 50 percent of SILC group members with a poverty likelihood greater than the reference median. And on average, 60 percent of SILC group members were above the reference median for their village for Zambia as a whole. The average percent of SILC members coming from the poorest segments of their community was 47 percent, 42 percent, and 72 percent for KCCC, Mansa and Mpika, respectively (Figure 8).
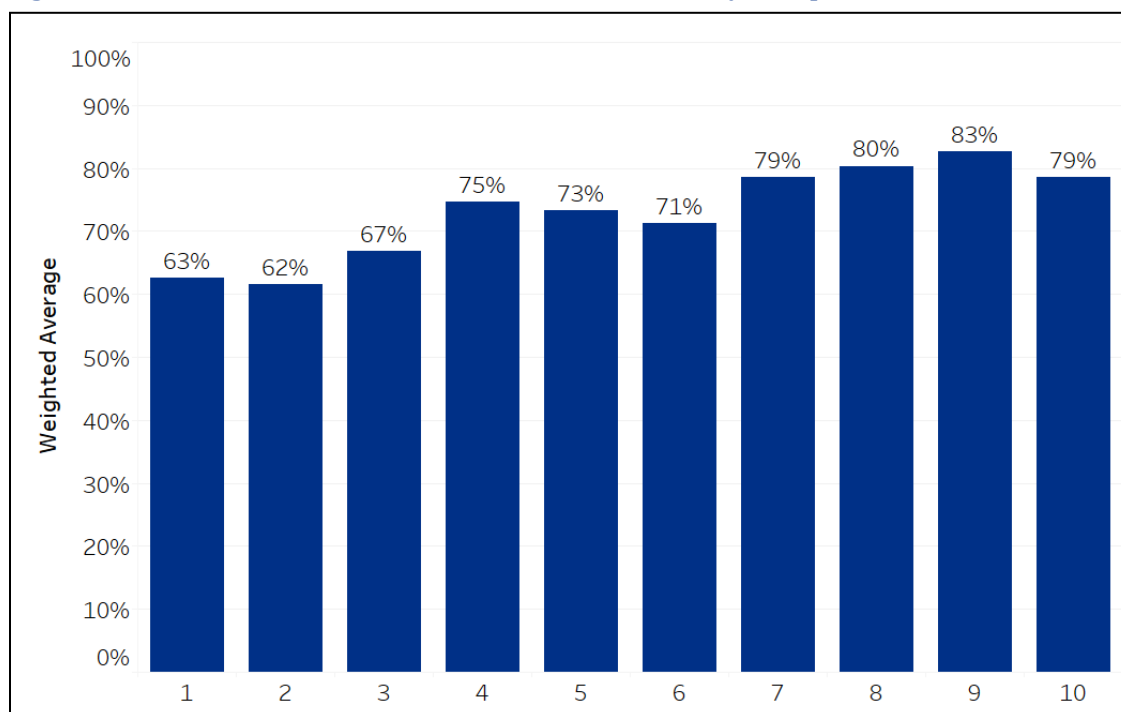
Cross-country comparisons

These data suggest that, overall, the Burkinabé and Zambian partners performed better than their Senegalese and Ugandan counterparts in achieving deeper poverty outreach. Despite this clear difference between Burkina Faso and Zambia, and Senegal and Uganda, the four countries do share a common trait: there were differences in the performance of partners within each country that could lead to fruitful insights into how field-level structures and dynamics affect the willingness and ability of PSPs to reach the poorest members of the villages they serve. In Senegal, Caritas Kolda was a stand-out performer, while in Uganda, it was Socadido. In Burkina Faso, the partner differences were not so stark, and, statistically, they performed equally as well. However, substantively, Manga seems to have outperformed Koudougou. Mpika was the standout performer in Zambia, followed by Mansa and KCCC in a distant second and third.

Sequence of Group formation and Poverty Likelihood

The above analysis focused on comparing the depth-of-outreach of PSPs in three countries by partner looking at the poverty likelihoods of all SILC group members, regardless of when they were formed. In this section, we drill down to look at whether PSPs' depth-of-outreach increased within a village over time as they formed new groups. The hypothesis is that PSPs might be tempted to "cherry pick" their first groups, but, as they form more groups in the same village, they run out of cherries to pick and reach people in greater poverty.

Figure 9: Share of SILC Members above Reference Median by Group Cohort

There is some evidence to suggest that groups formed later in a village have higher poverty likelihoods. We determined this by organizing the SILC groups in order based on when, in a sequence of group formations in a village, each group was formed and first started saving. For example, if group Y was the fifth group in Village X to be formed, then we assign this group Y to the cohort of groups from across all the other villages that were also the fifth to be formed in their village. In the graph below, this cohort is identified as "5." We then sorted all the cohorts in sequence from 1 to 10, where cohort 10 consists of just one group from a village where the PSP formed 10 groups in total. There are 154 villages in total in this analysis meaning there are 154 villages in cohort 1. This drops to 35 villages in cohort 5 and 14 villages in cohort 10—meaning there are 14 villages in our sample where PSPs formed 10 or more groups.

Looking at cohorts 1 through 10 using the village-by-village comparison of SILC members' poverty likelihoods to the reference median, we see that the data suggest an increase in depth of poverty outreach in the later cohorts—the average percent of treatment PPIs above the reference median increased in later cohorts. In cohort 1, on average, about 63 percent of group members were above the reference median poverty likelihood in the village in which they were formed. By the 10th cohort, over 70 percent of group members fell above the reference median poverty likelihood in their village (Figure 9).
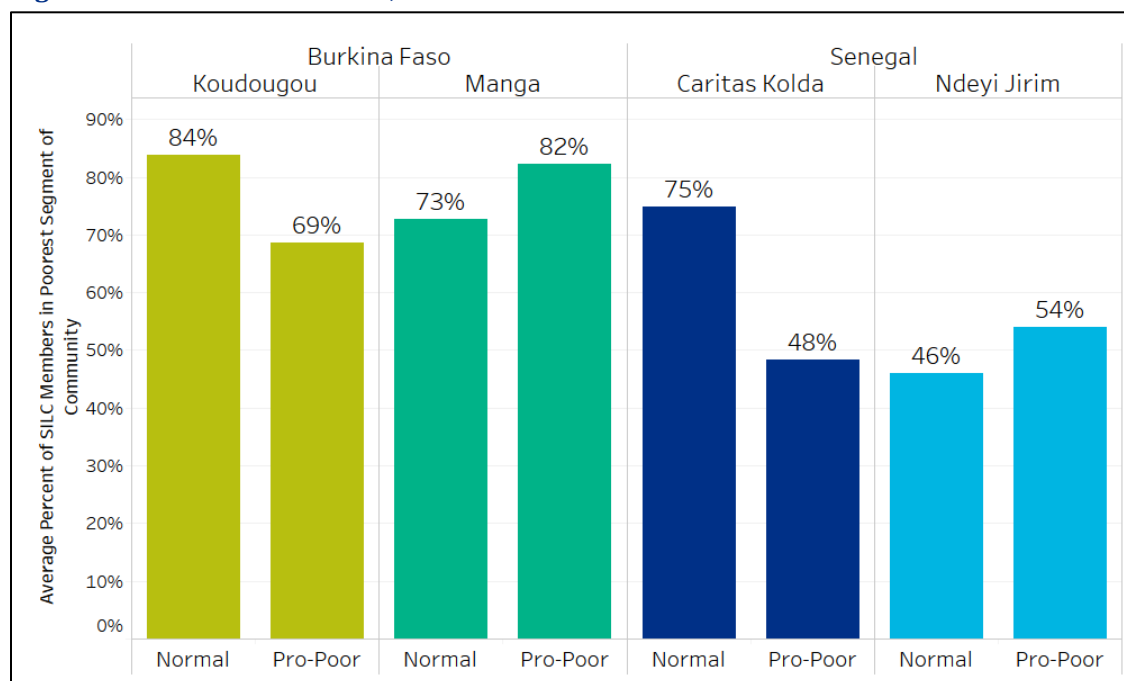
Impact of Programmatic Differences on Depth of Poverty Outreach

The EFI program had built into it a test of different PSP delivery models. As noted above, these models varied along three dimensions: pro-poor vs. normal; proportional vs. flat pricing; and limited market villages vs. no limited market villages. The implementation of EFI was supposed to allow for statistical tests of the impact of differences along one or more dimensions on the depth of outreach of the program. Unfortunately, due to considerations related to keeping the logistics of implementation simple, the structure of the EFI program only allows us to isolate delivery model effects from partner effects on depth-of-outreach in Burkina Faso and Senegal. In these two countries partners delivered a mix of pro-poor and normal packages of training to their PSPs. The same is the case for the analysis of the impact of limited market villages. We can only look at this question in Burkina Faso and Senegal.

Pro-Poor vs. Normal

The partners in both Burkina Faso and Senegal had both pro-poor and normal delivery packages in operation, allowing us to compare the relative effects of each on depth-of–outreach, taking into account any partner-specific effects. In Burkina Faso there were a total of 25 villages with 146 groups organized using the pro-poor package, and 21 villages with 128 groups organized using the normal package. In Senegal the numbers were 13 villages with 76 groups and 43 villages with 195 groups respectively.

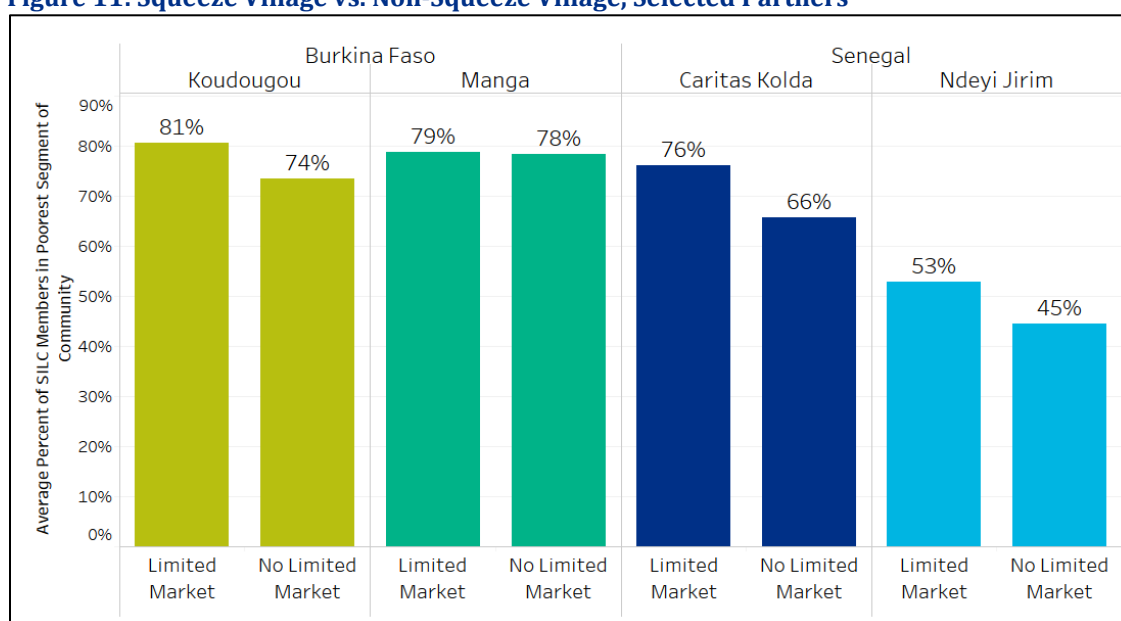**Figure 10: Pro-Poor vs. Normal, Selected Partners**

In both countries the data suggest that the pro-poor package had no effect on the depth of poverty outreach. Any differences at the partner level within each country were not statistically significant, except the difference in the depth of poverty outreach in the Caritas Kolda villages, which showed the normal package resulting in greater depth of poverty outreach.

Limited Market Villages

The partners in both Burkina Faso and Senegal had both experimented with the limited market village protocol, which required PSPs to saturate their home village with SILC groups before expanding their activities to other villages. This allows us to compare the relative effects of the protocol on depth-of–outreach, taking into account any partner-specific effects. In Burkina Faso there were a total of 14 limited market villages with 173 groups and 32 villages with 101 groups without any limits on how PSPs marketed the groups. In Senegal the numbers were 14 villages with 149 groups and 42 villages with 122 groups respectively. It is clear that in both countries limited market villages had many more groups, on average, than villages without limits.

The data suggest that after taking into account partner and package effects, groups in limited market villages were likely to have a greater share of members in the poorer half of their village's income distribution.

Figure 11: Squeeze Village vs. Non-Squeeze Village, Selected Partners

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 Village protocol was successful in getting PSPs to recruit lower-income villagers into their SILC groups. But the evidence also suggests that the Pro-Poor package was not successful in promoting 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 question about the Limited Market Village protocol—what should CRS learn from its success in promoting greater depth of outreach?