



**Accelerated Microenterprise Advancement Project
United States Agency for International Development**

**Developing Certification Criteria
Workshop: Final Workshop Report**



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The IRIS Center at the University of Maryland

January 30, 2004

The Developing Poverty Assessment Tools project is managed by the IRIS Center at the University of Maryland. This workshop was prepared and facilitated by Cathryn Goddard of Coverdale Organization, Inc., in collaboration with the IRIS Center at the University of Maryland. The final workshop report was prepared by the IRIS Center.

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Table of Contents

Executive Summary	1
Acknowledgements	4
Overview: Workshop Preparation and Approach.....	6
Workshop Purposes	6
Workshop Approach.....	6
Workshop Schedule	7
Characteristics of Effective Criteria.....	8
Overview of Criteria	8
Cost and Time	8
Ease of Use.....	10
Accuracy	11
Utility beyond Compliance	12
Recommendations	13
Additional Areas of Consideration	14
Steps to Ensure Project Success.....	16
Lessons Learned.....	16
Annex 1: Characteristics of Effective Criteria	17
Annex 2: Overview of Criteria	19
Cost and Time	19
Ease of Use.....	22
Accuracy	25
Utility beyond Compliance	26
Annex 3: Steps to Ensure Project Success	30
Annex 4: Lessons Learned	33

Executive Summary

In 2000, the US Congress passed the Microenterprise for Self-Reliance Act, which mandated that half of all USAID microenterprise funds benefit the very poor. This legislation was amended in 2003, and now defines the very poor as those living on less than \$1 a day, or those living in the bottom 50% below their country's poverty line. The lack of widely applicable, low-cost tools for poverty assessment makes it difficult to determine whether USAID is meeting these mandated targets. Therefore, the law also requires USAID to develop and certify at least two tools for assessing the poverty level of its microenterprise beneficiaries. To implement this work, USAID's Microenterprise Development division has selected the consortium led by the IRIS Center under the Enabling Environment component of the Accelerated Microenterprise Advancement Project (AMAP).

More than twenty leaders in the international microenterprise development community gathered on January 30, 2004 at the IRIS Center on the campus of the University of Maryland, College Park to provide input to USAID on the criteria the Agency will use to certify poverty measurement tools. They were joined by the IRIS team implementing this project, the Advisory Panel of experts, and the USAID team overseeing the project, led by the director of the Microenterprise Development division, Katharine McKee. The objectives of the workshop were to:

- Gather input from practitioners on criteria that USAID will use to certify poverty measurement tools
- Ensure that a broad range of opinions on this issue is collected and presented to USAID
- Encourage participation of the very poor in USAID-supported activities
- Strengthen the spirit of teamwork among participants

The participants represented a variety of microenterprise institutions with different missions and operations. Upon arrival, they first briefly discussed the purposes and objectives of the workshop. The facilitator also outlined areas that were beyond the scope of the workshop due to time constraints, but stressed that IRIS and USAID are always open to discussing issues of concern with practitioners.

After reviewing the workshop purposes, participants then began the first task: defining the characteristics of effective criteria. A number of characteristics were discussed, most notably the idea that effective criteria need to be measurable, specific, clearly defined, and easy to use and understand. (Full transcripts from each task are provided in this report.)

The main task of the workshop was a series of brainstorming sessions designed to delve into different areas of certification criteria. In order to ensure a wide range of perspectives on each issue, participants were arranged into four groups prior to their arrival. Each group was in charge of discussing a particular category of certification criteria: cost and time, ease of use, accuracy, and utility beyond compliance. Once in the small groups, participants were asked to:

- identify and prioritize the key issues;
- discuss possible challenges to using those criteria and recommend solutions;
- examine areas of diversity (rural/urban, geographical, lending methodologies, etc.) and ways to address them.

At the end of these brainstorming sessions, each group presented their findings to the general session. Other participants were asked to add their own contributions to each group's output.

The main themes that emerged from each category include:

Cost and Time

- Survey and sample sizes
- Staffing and clients
- Systems of reporting analysis

Ease of Use

- Ease of adaptability: context/region/country/delivery mechanism
- Cost to USAID microenterprise recipient (implementing agency): financial/time/human resources

Accuracy

- Implementation issues
- Future of methodology
- Standards for judging accuracy
- LSMS/expenditure challenges

Utility beyond Compliance

- Tool or indicators can be used for market research, targeting, and other management decisions.
- Tool or indicators can be useful to measure impact
- Reports using the tool or indicators can be useful to report to social investors and donors
- Reports using the tools or indicators can be useful to guide or target other programs (e.g. a government-funded program for housing or nutrition)

Based on these discussions and consultations with USAID and the Developing Poverty Assessment Tools Advisory Panel, recommendations for seven criteria in assessing the poverty assessment tools emerged. They are:

1. Accurately predicts poverty
2. Low risk of misreporting or manipulation
3. Short and simple to use
4. Minimal cost staff time (management and line staff)
5. Ease of data collection and analysis
6. Limited cost to client
7. Applicable in a wide variety of situations

After the group reports, all participants were asked to offer what steps they would take, individually, to ensure project success. Valuable commitments were made to bring news and updates about the project to field staff and to bring field staff feedback back to the project, to build communication among project stakeholders, to help in training practitioners once tools have been certified, to include BDS providers in the project, and continuing to bring fresh perspective to bear on the project as it proceeds.

This report provides a documentation of the process of developing the workshop, a review of participants' input and ideas concerning the certification criteria, and recommendations for certification criteria. Full draft transcripts and a list of participants are provided in annexes.

Acknowledgements

The IRIS Center is grateful to Cathryn Goddard of the Coverdale Organization, Inc. who developed and facilitated the “Developing Certification Criteria Workshop.” We would like to thank her and her team, including Dorothy Earnest, for the insight and structure they brought to bear on the day. We also thank Carter Garber for working with Cathryn and our team over many long hours to prepare and facilitate the workshop.

Mostly, however, we would like to thank the participants in the criteria workshop for coming to College Park on a cold January day. Participants prepared for the day by learning more about the project, arrived ready to contribute, and brought lively discussion and insight from their own programs. Contact information for these participants can be found in Annex 5. Thanks go to:

Participants:

- Anna Awimbo, Microcredit Summit Campaign
- Brian Beard, Opportunity International
- Nigel Biggar, Grameen Foundation-USA
- Jennine Carmichael, Catholic Relief Services
- Kevin Covert, Chemonics International
- Patrick Crompton, FINCA
- Sam Daley-Harris, Microcredit Summit Campaign
- Patty Lee Devaney, ACCION
- Chris Dunford, Freedom from Hunger
- Anna Cora Evans, World Council of Credit Unions
- Jorge Gandara Gaborit, FUNDAP
- Rob Gailey, World Relief
- Mike Getubig, Grameen Foundation-USA
- Colleen Green, DAI
- Cindy Ivanac-Lillig, Catholic Relief Services
- Carrie Johnson, Corporation for Enterprise Development
- Carrie Keju, PACT
- Jan Maes, Trickle Up
- Pierre Nkepang, World Vision
- Zan Northrip, DAI
- Joshua Nzueni, Community Vision Services
- Wendy Ann Rowe, World Relief
- Karen Horn Welch, ACCION Consultant

Members of the project’s Advisory Panel in attendance:

- Anil Deolalikar
- Chris Dunford
- Laura Foose

- Carter Garber
- Manfred Zeller

USAID:

- Jeanne Downing
- Scott Kleinberg
- Katharine McKee
- Don Sillers
- Evelyn Stark

The IRIS Center would like to recognize the ongoing support of the USAID Microenterprise Development division and the staff resources they have provided to this project and specifically to this workshop. They not only supported the development of the workshop and committed to using the results in considering the poverty assessment tools, but also fully participated throughout the day.

In order to prepare an agenda and the structure of the meeting, Cathryn Goddard met with a number of members of the IRIS team, USAID, the advisory panel, and other stakeholders including Evelyn Stark, Laura Foose, Carter Garber, Chris Dunford, Manfred Zeller, and Anna Awimbo. We would like to extend our gratitude to each of these individuals for the time they spent in helping us to prepare a successful workshop.

Figure 1: Participants in the Criteria Workshop



Overview: Workshop Preparation and Approach

Workshop Purposes

Through interviews with IRIS, USAID, advisory panel members and other stakeholders, the workshop purposes were clarified as:

- Gather input from practitioners on criteria that USAID will use to certify poverty measurement tools
- Ensure that a broad range of opinions on this issue is collected and presented to USAID
- Encourage participation of the very poor in USAID-supported activities
- Strengthen the spirit of teamwork among participants

It was further noted that the workshop purposes should be narrowly defined so that the brief time participants could spend together would be used efficiently and to achieve workshop goals.

Therefore, workshop purposes did not include:

- The necessity or usefulness of the legislation
- The strengths and weaknesses of specific tools
- The impact of microfinance
- The methodology of the IRIS project

It was noted that IRIS and USAID would be available to discuss these issues outside of this workshop.

Workshop Approach

The techniques used in the workshop revolved around the use of written brainstorming to capture participants' input and ideas while allowing each participant to be heard, and their ideas documented.

The facilitation team was trained in advance by Cathryn Goddard of the Coverdale Organization in the use of these techniques. The training involved the use of the methods employed in the workshop, development of the workshop agenda and individual tasks, and training in workshop preparation and logistics.

Based on the time spent with the facilitation team and other interviews, a schedule was provided by Cathryn Goddard that provided for a discussion of characteristics of effective criteria, small group work in the areas of cost and time, ease of use, accuracy, and utility beyond compliance. Finally, participants were asked to share steps to ensure project success and lessons learned.

When small groups were employed during the workshop, roles within the team were chosen by the participants. Each group was assigned a member of the facilitation team as a process facilitator. The process facilitator's role was to help guide the process of the brainstorming session, while leaving the content of the recommendations to the team members. USAID, IRIS, and Advisory Panel members contributed as participating observers. Furthermore, each small group selected participants to fill the following roles:

- Facilitator
- Chart manager
- Time keeper
- Wide-angle reporter
- Zoom-lens reporter
- Participants

The internal facilitator guided the discussion with the help of the time-keeper and chart manager, who helped to manage the written brainstorms and put them in a visible position. Reporters presented in general session both the “wide-angle” areas of consensus and the “zoom lens” details not to be missed. All members of the group were active participants.

Workshop Schedule

The workshop had five main tasks for practitioners to complete.

In task one, practitioners were asked to identify the characteristics of effective criteria. In task two, practitioners were put into small groups and assigned a broad category from among cost and time, ease of use, accuracy, and utility beyond compliance. Each group brainstormed key issues, categorized and prioritized the categories, identified challenges and solutions, and discussed areas of diversity and ways to address them. In task three, all participants shared what steps each would take to ensure project success. IRIS shared next steps in task four and gathered suggestions from participants and in task five, participants shared lessons learned.

Characteristics of Effective Criteria

In the first task practitioners were asked to identify the characteristics of effective criteria. Most often cited characteristics include measurable, specific, clearly defined, and easy to use and understand. Practitioners also cited the need for transparent criteria, so that everyone could understand on what basis tools and indicators are being certified. All ideas provided are found in Annex 1.

This exercise also served to introduce the group to the methodology of written brainstorming to be used throughout the workshop.

Overview of Criteria

Task two was designed to fully draw out the discussion on criteria. Based on interviews with IRIS team members, advisory panel members, USAID and practitioners, criteria were broken down into four broad categories: cost and time, ease of use, accuracy and utility beyond compliance. The larger group was divided into small teams of six to eight practitioners, joined by one USAID representative, one representative of the IRIS team or the Advisory Panel, and one process facilitator. Participants were assigned teams before the workshop began to ensure that each team was equipped with a broad range of experience and perspective. Each team was assigned a category of criteria to brainstorm and asked to identify key categories and issues, challenges and solutions, and also discuss areas of diversity such as rural/urban, geographical, lending methodologies, etc., and ways to address them. What follows are the main areas of discussion from each group; full transcripts are provided in Annex 2.

Cost and Time

The blue team was tasked with identifying criteria involved with assessing the cost and time of implementing the poverty assessment tools.

The key cost and time issues identified were:

Implementing the survey

- Use existing data vs. conducting a new survey
- Number of questions

Sample size

- Population of new clients
- Representative sample: depends on the diversity of client base

Staffing and clients

- Use current staff or hire expert assistance
- Costs of staff time
- Costs of client time

Systems

- Develop new or use existing MIS reporting for analysis

How to address cost issue

- Incorporate into existing processes
- Keep survey short and simple
- Leverage existing systems if possible
- Create simple reporting systems
- Ownership by clients/donors – potential to share costs

Key details from the blue team were:

- Consider time and cost to institutions and clients
- Challenge of gathering data from diverse client bases such as savers, BDS beneficiaries
- Issue of whether institution has existing staff for data collection and whether they already collect related data
- Distinction between time to design the survey and number of clients who would need to be surveyed
- Tools should not be so onerous that institutions would only use them if forced to. Non-USAID grantees should be included in the testing process.
- Issue of buy-in by management as well as staff

Challenges and solutions identified by the blue team emphasized several main concerns. The first was in the sample selection and whether the sample would be based on new clients or existing clients, with a recommendation that only new and entering clients be assessed. The second was the client time involved in implementing the tool. Solutions for this included keeping indicators simple and easy to understand. Staffing and systems were also considered; with recommendations for criteria including selecting tools that could easily be integrated into existing data collection and MIS and could easily be taught to existing staff rather than needing to hire new staff. In minimizing the costs of staff time, the group recommended ensuring strong training of the staff and clarity within the line staff and management on who is responsible for the process. Commitment and buy-in from all levels of an institution will be key in making the process run smoothly and at lower cost.

Areas of diversity identified as affecting the cost and time of implementing the tool, and to be considered in developing the tool, ranged from clients to institutions to the environment in which the program operates. A diverse range of clients that includes savers, insurance policyholders, business development service clients, and remittance receivers should be considered in developing the tool. Institutional missions vary and would affect the implementation of the tool

and thus the cost and time of its implementation. Similarly, the environment (e.g., post conflict, rural areas, or areas with high rates of HIV/AIDS) where the program operates would affect these areas.

The general session provided some additional input to the blue team. One key recommendation for consideration was the possibility of outsourcing tool implementation, for example to national networks. This might lower the cost to the institution of collecting and reporting this data to USAID.

Ease of Use

The red team analyzed the issues involved in the ease of use of the tools, outside the cost and time issues examined by the blue team. This was a broad category and the team identified a large number of criteria.

The top two priority categories identified were:

Design and adaptation to context by the ME organization

- Clear causal link to poverty: Who should measure/who is final client
- Ease of adaptability
- Adaptation cost
- TA for adaptation
- One-time or on-going testing

- Comprehensive testing or sampling
- Language differences
- Getting comparable data in-country
- Clarity about “who” collects data (especially in BDS)

Cost to USAID ME recipient (implementing agency): financial/time/human resources

- Staff time in implementing the tool
- Client’s time taken in data collection
- Training time and simplicity/consistency of training
- Data processing time
- Usefulness for management purposes

Key details from the red team were:

- BDS has different needs in terms of assessment, as it is market-focused, not institution-focused, which requires flexibility and careful focus if one tool is to be applicable to both BDS and microfinance

- The initiative's focus is on creating an incentive to focus on the poor. Need to find a way to focus on the poor without penalizing MFIs for moving clients out of poverty.
- Important issue and solution: Focus on the clients. Importance of client focused tool showed up at the beginning of the exercise and also appeared at the end as a solution.

The challenges and solutions identified by the red team corresponded to these concerns. For example, in data collection, participants identified the use of sampling as a way to address concerns about frequency of data collection and client's time in implementing the tool. Participants also identified the use of clear guidelines and simple, comprehensive instructions in the training process for using the tool. This was also identified as a means to ensure consistent application of the tool across agencies. Participants felt a tool should be developed that did not require outside technical assistance.

Incentives for institutions and clients were also identified as a key challenge in the implementation of tools. Solutions included sampling only new clients to create an incentive to go down-market without penalizing programs that move clients out of extreme poverty. Keeping the tools short and simple and demonstrating its benefits will also provide an incentive to clients to answer accurately..

Areas of diversity that the tool should address included a variety of types of clients, methodologies, services, and programmatic missions; and allowing geographic targeting in areas where poverty data is non-existent (for example, in conflict-affected countries). The size, sophistication and level of automation were also identified as key areas of diversity among funding recipients. In order to address this area, tools need to be developed that are flexible enough to fit a broad range of programs. The different delivery mechanisms for services, particularly among BDS providers was discussed, and it was recommended that the ultimate responsibility for data collection must remain with the implementing agency. That agency may or may not choose to pass the task of data collection to private sector partners.

Accuracy

Before their brainstorming began, the team was presented with a detailed account of the methodology for the tests of accuracy by Manfred Zeller, lead researcher for the IRIS team. The discussion allowed participants to provide informed input on the key considerations for the accuracy criteria. The main themes that emerged were:

Implementation issues

- Ensuring accuracy in implementation
- Incentives for both staff and clients to provide accurate information
- Avoiding pitfalls in potential interpretation of the results by stakeholders, especially when political concerns are involved

Future of methodology

- How to ensure that accuracy is maintained over time; will indicators continue to be tested?

Standards for judging accuracy

- Accuracy comfort: how accurate is accurate enough?
- What types of error are more serious: identifying the very poor as non-poor or vice versa?

LSMS/Expenditure challenges

- Implications of non-expenditure indicators
- Is household poverty accurate enough?

The yellow team identified a number of methodological and implementation challenges in understanding accuracy. First, in understanding the standards for judging accuracy, it was recognized that this is a largely political decision that should be decided in consultation with USAID and stakeholders. In ensuring accuracy in implementation, potential solutions included examining the quality of the tool and its ability to resist influence as well as “surprise poverty assessment audits” to assess implementation accuracy. Seasonality was identified as another challenge, especially because of the short time-frame of the tool testing which does not allow for repeat testing throughout a year. To address this, the IRIS team will need to evaluate the indicators for their sensitivity to seasonality when making recommendations about their use.

Utility beyond Compliance

The green team provided input into how the tools could be used beyond compliance with the legislation. This was identified as a key area of concern among practitioners, as the ability of the tools to be integrated with other areas of operation will increase incentives for their use. Key areas identified by the green team included:

Tool or indicators can be used as part of the institution’s existing market research, targeting tools, and othersystems that provide management with information for decision-making. Tools or indicators could be integrated into existing systems that:

- Conduct market research
- Identify appropriate and/or new products for clientele to improve service delivery
- Help an organization know if they are reaching their mission
- Help to target the very poor - or intended client group - and maintain a client focus

Tool or indicators can also be useful within an impact-measuring system. This will yield some information to

- Serve as baseline information on new clients
- Help institutions assess client’s progress and test assumptions about impact
- Identify additional needs or dissatisfactions with products and services

Reports using the tool or indicators can be useful to report to others.

- They can be used to report to donors and other investors on client status and progress, not only USAID
- They can be useful to guide or target other programs (e.g. a government-funded program for housing or nutrition)

Challenges and solutions identified by this team echo concerns raised by the other teams in terms of keeping the tool inexpensive, simple, and avoiding additional staff burdens. Training was identified as an important component of good implementation.

Areas of diversity that the green team highlighted include rural/urban, male/female, intra-household poverty, different types of services, and geographical differences in levels of poverty. The group also discussed the diversity of activities within an institution or organization, particularly that there might be a large difference between the client base of an institution as a whole and the segment of clients being targeted by USAID funds.

Recommendations

From listening to the practitioners during this criteria workshop, researching the types of tools in use by practitioners, gathering input from Advisory Panel members and USAID staff, and from their own practical experiences, the IRIS team sees seven criteria that should be kept in mind when assessing the poverty assessment tools. These seven criteria are, in no particular order:

1. Accurately predicts poverty
2. Low risk of misreporting or manipulation
3. Short and simple to use
4. Minimal cost staff time (management and line staff)
5. Ease of data collection and analysis
6. Limited cost to client
7. Applicable in a wide variety of situations

1. Accurately predicts poverty

Indicators used in the tools should have achieved a minimum level of accuracy (yet to be determined) during testing. Tools should then be further assessed for their type one vs. type two error; i.e. whether they are more likely to classify the very poor and only poor or visa versa.

2. Low risk of misreporting or manipulation

Separate from an indicator's ability to accurately predict poverty in the field tests of accuracy that IRIS will conduct is a tool's ability to accurately predict poverty during implementation. Thus, the tools will be assessed for their ability to provide objective or verifiable data that is less susceptible to misreporting by respondents or manipulation by organizations. This includes an analysis of both the types of indicators used, e.g., whether a more subjective indicator leads to

increased misreporting, and the manner in which it is employed, e.g., at what point in the loan application process is the tool employed.

3. Short and Simple to Use

A main concern among stakeholders is the potential complexity of implementing the poverty assessment tools. Throughout the project, efforts should be made to keep the tools and indicators short and simple. This principle should apply to tool development, adaptation, implementation, and training. Furthermore, tools should be certified that allow for randomly sampling clients so that larger institutions do not incur excessive costs in surveying all clients.

4. Reduce cost in staff time (management and line staff)

The cost to staff in implementing the tools should be kept in mind when assessing their validity. This analysis should include the costs of training staff to use the tools, time used to implement the tools, and time used to input the data.

5. Ease of data collection and analysis

The poverty assessment tools will collect data that needs to be analyzed in order to report to USAID. Tools should be assessed for the data collection and analysis needs they present, for example, whether practitioners without existing MIS or other systems will need to create new systems, whether practitioners who will sample clients can easily collect and analyze data from the sample, and whether practitioners with existing MIS or other systems can easily integrate this process into existing systems.

6. Minimal cost to client

Clients will ultimately need to provide the data, and tools should minimize the amount of client time needed to gather data. Tools should be assessed on their ability to minimize client's time, for example, by examining the amount of additional time it takes to administer the tool to the client, whether administering the tool requires a separate visit to the client, and other measures.

7. Applicable in a wide variety of settings

It became clear in discussions on diversity that one important criteria for certifying each tool is its ability to be implemented in a wide range of situations: in urban and rural areas, with female and male clients, across different types of clients, including BDS clients, savers, insurance holders, etc., in different types of ME programs, in programs with differing lending methodologies, and in programs with varying mission statements.

Additional Areas of Consideration

Some issues came up repeatedly in the criteria workshop. Although they are not being recommended as certification criteria they should be considered and discussed in the catalog of tools to be produced at the end of this project.

1. Utility beyond compliance

Programs use a variety of “tools” to find information on impact and client satisfaction, and for product development, poverty targeting and reporting. In order to be useful for these other purposes, indicators would not only need to distinguish between types of clients (very poor, non-poor, etc.) but also across time. Indicators should be assessed for their utility in other uses; however, because the ability of these indicators to measure variance across time is not part of the legislative mandate, we are not recommending this as a certification criterion. Its importance in the daily management of many microenterprise programs, however, suggests that it is an important area of consideration.

2. Training

The need for comprehensive training for management and line staff in the use of tools and indicators was a consistent theme. It was felt that consistent training would help to ensure accuracy, increase commitment, and reduce the long term costs of implementing the tool. Tools should be assessed for the type of training required for implementation and the cost to the institution of supplying this training.

Steps to Ensure Project Success

After the results of task two were reported, the entire group engaged in a brainstorming exercise to discuss steps they could take, as individuals, to help ensure the success of the project. Consistent themes included:

- Ensure communication with and feedback from field staff
- Continue to provide input
- Participate in the field testing
- Help in training once tools have been certified
- Build communication among practitioners

Lessons Learned

At the conclusion of the workshop all participants were asked to share lessons learned during the workshop. This was an extremely positive experience, with many practitioners expressing an increased level of comfort with the process of testing and certifying poverty assessment tools. Frequently expressed responses included:

- A shift in mood from having to collect data to interest in how to use the data that is collected.
- Impressed by the way diverse points of view can develop common solutions
- Importance of practitioner and client buy-in
- Importance of continued practitioner involvement
- Importance of keeping the tools and indicators short and simple.

The IRIS and USAID teams benefited tremendously from the insights and contribution of the practitioners in this workshop. Specific comments on areas such as MIS use and development, programs working in post-conflict situations, how BDS practitioners fit into the equation, the potential use of networks in data collection, and many others helped to further our understanding. These important lessons will make the analysis of poverty assessment tools richer and more meaningful as a result.

Annex 1: Characteristics of Effective Criteria

- Measurable (4)
- Accuracy (2)
- Accurate (2)
- Accurate measure
- Assessable

- Specific (2)
- Specific enough to be applicable
- Applicable
- Concise
- Transparent

- Clear definitions
- Minimal leakage
- Not open to many different interpretations
- Link to real word poverty
- Correlates well with poverty

- Clearly descriptive
- Clarity (2)
- Clearly written, minimal jargon
- Capture what is most important
- Easy to apply

- User friendly
- Easy to use (2)
- Ease of collection or identification
- Ease of use
- Easy to understand

- Simplicity in use
- Simplicity (2)
- Simple to understand
- Usefulness for MFI and cost effective
- Cost effective

- Few hassles for the client
- Developed with broad input from practitioners
- Agreed to by all concerned

- Adaptability in multiple country context
- Applicable for savers and borrowers

- Resistant to misreporting by potential clients
- Defensibility: you can plausibly argue the association with poverty
- Allow you to know the truth

Annex 2: Overview of Criteria

Cost and Time

Key Issues

Systems

- MIS for large outreach institutions
- Systems in place to generate reports: Analysis and reporting
- Requirements of implementation, Ex: system
- Cost of verifying/validating data
- Integration with current monitoring and evaluation operations of client of separate activity

Staffing and Clients

- Identify most cost effective way of gathering information without interfering with client's work day
- Client time away from productive and personal purposes
- Identify amount of staff time that will be needed to do surveys and how it will affect on-going MF operations
- Identify length of time to train staff and availability of current staff to focus on PA
- Frequency of application

- Staffing and time
- Cost of getting staff buy-in, making poverty assessment a priority, time and incentive structure
- Training of data collectors

Survey and Sampling

- Speed of assessment (how to accelerate without losing accuracy)
- Speed of survey assessment
- Sample size: number of people asked
- Sample size

- Sample composition: new or existing clients
- Survey design/sampling design control group
- Number of questions and length of survey
- Qualitative vs. quantitative methods
- Observed vs. self-reports

Challenges

Survey and Sampling

- Sample selection
 - all incoming clients at the time of application
 - representative sample of new and existing clients
- Sample size
 - check guidelines for sample size based on diversity of client base
- Large outreach independent organizations with mixed clientele
- Indicators as proxy of poverty level for savers (remittance receivers)

Systems

- Client time: ensure survey questions are simple and easy to understand
- Communicate method and purpose
- Client time: make survey/observations short, simple and unobtrusive
- Client participation from savers, remittance receivers.(no way to automatically request income and expenditures)
- Challenge: homegrown existing software vs. new MIS *manual operations

- Paying for systems
- System requirement
 - leverage existing systems when possible

Staffing and Clients

- Make agreement on whether to retrain existing staff or hire new staff (or outsource)
- Staff time / training: make it short, simple and part of the routine or hire specialists locally and occasionally
- Paying for experts
- Staff time
 - Clarify who is responsible for managing the process
 - Ensure they are trained well
- Management commitment: understand benefits of knowing clients (poverty and other features)

- Agree on method with institutions
- Get commitment from staff, especially in relation to frequency of data collection
- Ownership by client and other donors so costs of activity are shared by several agents

Areas of diversity

- To what extent is poverty related to social exclusion? Will tool identify the excluded groups?

Client

- Look beyond borrowers to include: savers, insurance policyholders, remittance receivers

- Variety of clients: client base homogeneous versus diverse base

Institution

- Institutional mission: provide specific services versus close regular contact and monitoring of clients
- BDS support institutions and service retailers have problem to id. “clients” and contact them
- Buy-in level user-owner institutions versus donor-created institutions
- Size of institution and network
- Organizations that don’t go to communities cannot use observations methods, like housing index
- Need cost effective solutions for MFIs that don’t collect/ maintain client data

Environment

- Post-conflict situations
- Environments e.g. conflict-affected regions- implementing tools in unstable environments
- Internally displaced persons
- HIV-AIDS infested populations
- Rural: cost of surveys are higher
- Participation in surveys at busy urban MFIs versus remote rural areas. More time needed for rural areas
- Sophistication of staff and report-generating (MIS) will be higher in urban areas than rural areas

Additional Input from General Session to the Blue Team

- Outsourcing data collection and analysis: MFI national coalitions/assns could sell a service of applying tool in a country for many USAID applications to avoid them having to learn and apply themselves
- Trade-offs in developing “off-the-shelf” tools already adopted for use. Given the number of partners, regional diversity and the amount of time, money, patience remaining, we are all in this together. Practitioners need to stay engaged throughout the process- tough choices later as well as now
- Cost/time...training accuracy
Middle management branches
K.I.S.S. Cost...interest rate Buy-in ...more mid management
Senior management may buy in, but they don’t have to implement it
- Short and long term objectives of the tool.

Ease of Use

Key Issues

Priorities

- Ease of adaptability: context/region/country/delivery mechanism
- Cost to USAID ME recipient (Implementing Agency): financial/time/human resources

Design and Adaptation to Context by the ME organization

- Clear causal link to poverty: who should measure/who is final client
- Ease of adaptability
- Adaptation cost
- TA for adaptation
- One-time or on-going

- Comprehensive or sampling
- Language differences
- Getting comparable data in country
- Clarity about “who” collects data (especially in BDS)

Staff

- Incorporate into regular duties to minimize staff time
- Minimize costs to institution: financial, human resources, time
- Staff time breakdown: Implementation/Training
- Costs; financial, staff, time
- Adding additional responsibilities to already overburdened staff
- Length of questionnaire

Client

- Minimizing the amount of client time taken up in data collection
- Have in your mind the client
- Keep in mind applicability to clients - INCENTIVES

Training

- Use of unambiguous terms
- Method for easy and consistent training of staff so all apply tool in same way
- Understandable directions, model must be able to be applied by varied staff
- Not too complicated
- Not cumbersome
- Outside TA needs

Data Processing

- Data entry and analysis template with built-in controls and commands to process data

- System to capture data
- Have concise information
- Compiling data
- Verify accuracy of data easily

- Quality/accuracy of reporting
- Analysis costs
- Infrastructure/technical needs

Management/Feedback Loop

- Useful for management purposes
- Identify the purpose
- Creating incentives to ensure quality and accuracy of data

Challenges and Solutions

Data Collection Method: When/How Often/Etc.

- How often does the organization collect data? How often to report?
- Scope of the number of data.
- Frequency of data collection? Solution: Sample
- Client/staff time in data processing. Solution: Keep questionnaire short
- All clients tested or just a sample? Solution: Sample.

Adaptation

- One approach for Financial Services and BDS
- Developing a common tool relevant to countries with different poverty levels
- Who does adaptation? Burden on organization to adapt vs. applicability.
- Maintaining value-added across agencies/regions economies. Solution: Have consistent outcomes
- Adaptation/training. Solution: clear guidelines.

- Will menu of tools have an option appropriate for all organizations? Solution: Yes.
- Apply tool without T/A. Solution: Simple enough to apply & process with limited education of staff

Ensure Accuracy

- Will organization be responsible for reporting/analyzing data?
- Who is responsible for data collection? Organization, AID, independent audit? Solution: independent audit.
- How to ensure comparability with different collectors of data?
- Accuracy of data?
- Assuring consistent application across agencies. Solution: clear instructions/training

- Measure of impact/accuracy of data

Incentives

- Disincentives/incentives for the private sector to provide services to the poor.
- Incentives for clients to provide correct data when it's better to stay poor, targeting (50% poor)
- How to deal with change over time, goal of FS/BDS is to increase incomes and reduce poverty. What will the incentive now be to do that?
- Clients tested before/after/ongoing receiving services. Solution: before
- Creating incentives for client's participation in process.

- Using data in such a way that benefits are visible to staff and clients (beyond eligibility for USAID funding). Solution: For clients, participation in data collection can be mandatory for enrollment in program. For staff, include data collection in general institution incentive schemes. Use data in such a way that benefits are visible to clients. Keep time costs to clients minimal
- Client's accurate participation.
- Need to yield easily understood and meaningful outcomes to users. Solution: Model needs to provide AID needed results while being client focused.
- Make info gathered useful to institution/management

Areas of Diversity

- Variety of clients. Solution: design tools to focus on just poverty indicators since this is about identifying who is poor.
- Gender
- Comparable poverty data non-existent (conflict affected countries). Solution: Allow some geographic targeting.
- Sophistication/size/automation of service providers

- Financial or social (aim of institution)
- Different distribution methodologies. Solution: model to be sector applicable
- Different delivery mechanisms. Solution: focus on client, focus on implementing agency as responsible for data collection.
- Service mix of institution/service provider
- Different types of services: village banks, microenterprises,

- Different methodologies will make ease of use different. Solution: Need flexible methods to apply tools (individual vs. group)
- Different methodologies. Solution: determine how this impacts on ability of tool to identify who is poor; design tool accordingly.

- Different contexts, rural vs. urban. Solution: focus on clients, develop formula for relative poverty.

Accuracy

Key Issues

Implementation Issues

- Quality control with users, 2005 and beyond
- Skills of the implementers (surveyors)
- Ease for staff to collect accurate info (link to real world poverty)
- Ease for clients to provide accurate info (link to real world poverty)
- Short time-frame implications

- Simple and accurate link to real world poverty
- Reduce biases/be sure test includes the same biases as the tool
- Four test countries as proxies?
- Ability to benchmark to national poverty line and \$1, \$2 per day lines
- Interpretations of the results by stakeholders

Future of Methodology

- Ability to verify or cross-check for accuracy
- Will indicators be standard over time?

Standards for Judging Accuracy

- Accuracy comfort
- Two kinds of error: which do we worry about more?
 - “Poor as “non-poor” or “non-poor” as “poor”
- Correlate with LSMS expenditure results
- Geographical differences in accuracy (across countries and rural v. urban)
- “Winning” tools based on accuracy ranking or absolute standards?
- Implications for required percentage of target group to be very poor?

LSMS/Expenditure Challenges

- Implications of non-expenditure indicators
- Is household poverty accurate enough?
- What if the percentage of clients identified as “very poor” was less than 20%?

Challenges and Solutions

- Challenge: knowing how accurate is accurate enough. Solution: It's a political decision: consultations among USAID and stakeholders to determine
- Challenge: accuracy standard. Solution: If possible, choose methods with highest "universal" accuracy (might require more than one tool)
- Challenge: four countries as proxy. Solution: Plan future on-going tests.
- Challenge: Quality control with users 2005 and beyond. Solution: Limited number of surprise poverty assessment audits 2005 and beyond done by IRIS.
- Challenge: Biases. Solution: Conduct test under the same/similar conditions as the data will be collected by the MFI.

- Challenge: Two-week implementation period for test of accuracy. Solution: Dedicate many diversified resources, including local vendors, etc.
- Challenge: Defining the accuracy standard. Solution: Examine quality of the tool, and its courage to resist influence
- Challenge: Addressing shorter-term vs. long-term vulnerability, for example in natural disaster and war.
- Challenge: Addressing urban vs. rural poverty. Solution: Employ relative poverty lines

- Challenge: Socio-political differences, i.e. ethnic groups, different access to services. Solution: Include national survey.
- Challenge: Seasonality. Solution: Evaluate indicators for seasonality-insensitivity.
- Challenge: Measuring accuracy against both the \$1/day and national poverty lines. Solution: Use \$1/day only.

Utility beyond Compliance

Major Categories

- Tool or indicators can be used for market research, targeting, and other management decisions.
- Tool or indicators can be useful to measure impact
- Reports using the tool or indicators can be useful to report to social investors and donors
- Reports using the tools or indicators can be useful to guide or target other programs (e.g. a government-funded program for housing or nutrition)
- **Note:** Beyond compliance goals could be in separate modules of a particular compliance tool (or separate compatible tools to be applied during same data collection period) if they cannot be accomplished by using the same indicators and same tools needed for USAID purpose. Also, client satisfaction data from different poverty strata could be collected at the same time, even though it would not be needed for USAID compliance.

Key Issues

- Tool or indicators can be used for market research, targeting, and other management decisions.
- Will yield valuable information to:
 - improve service delivery
 - do targeting for new products or new branches
 - do market research
 - identify needs of clients for new products or services
 - to inform product development
 - listen to and understand clients, individually and collectively
 - target the very poor
 - maintain a client focus for both MF and BDS

- Tool or indicators can be useful to measure impact (which is not mandated by USAID but useful to the institution and its external stakeholders)
- Will yield valuable information to:
 - be sensitive to measure socio-economic impact indicators, related to hypotheses of how institutions expected their clients to change as a result of the services and products provided to them
 - to serve as baseline information when doing further research with the indicators/tools for follow-up
 - to avoid a possible perverse incentive under the legislation that would penalize the institution if the clients became less poor during their use of the institution's services
 - provide periodic client monitoring of their progress
 - identify additional needs or dissatisfactions with the services

- Reports using the tool or indicators can be useful to report to social investors and donors.
- Will yield valuable information to:
 - report to non-USAID donors on client status and progress
 - report to social investors who are looking for depth of outreach as a trade-off to receiving less financial return
 - Note: this data collection could be funded separately than the compliance data collection.
 - Note: some institutions which are savings-based will not have the same concern to report to outside donors or investors.

- Reports using the tools or indicators can be useful to guide or target other programs (e.g. a government-funded program for housing or nutrition)
- Will yield valuable information to:
 - provide to others information on the poverty status of the institutions clients
 - provide information to others on the types of needs that clients, or others like them, have

Challenges and Solutions

- Keep it inexpensive in terms of time and money – simplicity of tools
- Pushing aside or adding to the reporting and monitoring that staff have to do already – keep it simple
- Added time and cost to staff burden – consider it an investment in program quality
- Management ability to make use of the data collected – training of the management, staff and even board members of how to use the data well
- Relative lack of sophistication in research skills of practitioners in MF or BDS – intensive training will be needed to accompany the first year or two of implementation of the tools by practitioners

- Credibility and validity of the reports to external stakeholders – train the personnel how to collect the data in an objective manner
- Hard for a few tools to accomplish all of the purposes – IRIS should indicate for each of the tools how that tool could serve dual purposes of USAID goal and Beyond Compliance Goals
- Avoid the perverse incentive related to clients moving out of poverty and thus causing the program to lose funding from USAID – by focusing the compliance measurement on incoming clients

On-going concerns or questions (from the group and from the zoom-lens reporter)

- By using the tools, management may be motivated to target the very poor (which is important to the US Congress) but may not be the population segments most important to the local economy or to the sustainable growth of the institution
- Utility beyond likely will require additional indicators, modules, or tools and thus will cost more than just compliance. How much more costs are OK for the practitioner?
- With what frequency will the tools need to be used for USAID compliance?
- Social performance is not the same as impact analysis. Social performance is measuring the degree to which social objectives are being met, i.e. are the poor being reached?, while impact assessment is looking at how the client, her business, household, and community are being affected.
- Monitoring is more continuous while impact assessment is periodic. How often will these tools be used by the institution?

Areas of Diversity

- rural/urban
- male/female
- intra-household poverty
- according to the different types of services

- in relation to the clients served by the institution as a whole versus the very poor being targeted for USAID funding
- different regions of the world have very different levels of poverty (e.g. poor in Eastern Europe do not have the same characteristics or proxies as poor in Africa)

Annex 3: Steps to Ensure Project Success

The entire group met to discuss the steps they would take to ensure project success. Strong commitments were made by every member of the group and included steps to bring news and updates about the project to field staff and to bring field staff feedback back to the project, to build communication among project stakeholders, to help in training practitioners once tools have been certified, and continuing to bring fresh perspective to bear on the project as it proceeds.

The steps to ensure project success from participants are:

Steps to Ensure Project Success

“Green Team”

- Will help to find ways to increase the tools utility beyond compliance (Patrick Crompton/FINCA)
- Will help to link to impact assessment (Nigel Biggar/GFUSA)
- Interested in how the legislation is applied, i.e. implementing regs which will drive the practitioners’ incentives. Does it apply only to incoming and prospective clients or to all clients? To prospective clients? How to make the tools apply to multi-product, multi-clientele institutions, e.g. a bank for whom only 10% of the 200,000 savers are very poor (as defined by legislation). (Zan Northrip/DAI)
- I am available to ensure the success of the tools in the following areas: a) utility beyond compliance, b) data collection, c) working with prospective clients, d) training clients in rural or urban areas. (Joshua Nzueni/CVS)
- To be a good advisory panel member, focusing on the issues of KISS and utility beyond compliance. To help train practitioners and national MED associations to learn how to apply the tools in a valid but relatively inexpensive manner. (Carter Garber/IDEAS)
- Listening and participating in the PAWG, USAID-IRIS team. Trying to be a “devil’s advocate” in trying to ensure that the tools selected are the least imperfect for the practitioners to apply. (Evelyn Stark/USAID)

“Blue Team”

- Promote interests of non-credit only institutions that reach diverse clients and do not target the poor. In that vein, review indicators, offer feedback, provide suggestions and if applicable, apply for field testing in credit unions grant xxx and not a credit union financial expense. (Anna Cora Evans/WOCCU)
- Encourage field programs to implements tools once certified. This will include programs owned by WR and those we partner with that do not receive A xxxx funding. (Wendy-Ann Rowe/ World Relief)
- Disseminate information to encourage buy in/involvement from practitioners and others. (Anna Awimbo/MCS)
- Contribute understanding of benefits and challenges of using data from credit application process. (Karen Horn Welch/ACCION)

- Test and report on the feasibility (cost/time/ease and accuracy) of one or more poverty assessment methods. (Chris Dunford/FFH)

“Pink Team”

- Ensure that ME practitioners & projects of DAI are “in the loop” on the certified tools and how they will apply to ME. (Colleen Green/DAI)
- I will represent the activities of this group to CRS programs and partners, and in return, represent CRS programs and partners to the group, with a particular focus on developing a tool that is easily used & has applicability beyond meeting USAID compliance. (Jennine Carmichael/CRS)
- Offer the MFIs in World Relief Network operating in conflict affected environments to test applicability of tools in these types of environments. Scott to promote tools in MFA in countries. (Robert Gailey/World Relief)
- Ensure tools are appropriate to BDS and FS service delivery methodologies. (Jeanne Downing/USAID)
- AMAP GUC to facilitate the process – I am available in any way. (Carrie Keju/PACT)

- We are beginning to implement a monitoring system and are wrestling with all of these issues (incentives, ease of use, cost, etc.) so we will continue to share our lessons learned with everyone re: process, multi-use tool. (Brian Beard/OI)
- Participate in monthly meetings/updates of IRIS project & provide constructive feedback. (Mike Getubig/GF-USA)
- Participate in different groups to learn more about impact/measurement.
- Share with my team the ideas learned here.

“Yellow Team”

- Collect feedback from local staff as to the costs/benefits of complying with US government regulations (Cindy Ivanac/CRS)
- Help to keep people in the organization engaged in the project (Cindy Ivanac/CRS)
- Review use of geographic targeting (Jan Maes/Trickle Up)
- Integrate participatory methods (Jan Maes/Trickle Up)
- Keep issues of gender-related poverty and comparisons of gender equity between countries on the table in this discussion (Carrie Johnson/CFED)

- Encourage my institution to stay actively involved in the process (Pierre Nkepnang/World Vision)
- Have Microcredit Summit staff in Asia and Africa lead trainings on the tools developed (Sam Daley-Harris/MCS)
- Encourage the World Bank, regional banks, and UNDP to fully join this process (Sam Daley-Harris/MCS)
- Continual follow-up with practitioners through the PAWG, project listserv, and individual phone calls (Kate Druschel/IRIS)
- Balance Congressional requirements and practitioner priorities (Scott Kleinberg/USAID)

- Help MFIs use the results to reach down-market with market research and the development of poverty focused tools (Patty Devaney/ACCION)
- Continuing to develop ACCION tools and bring it to both USAID-funded and other MFIs. Make poverty assessment a priority with ACCION (Patty Devaney/ACCION)
- Try to develop/identify accurate and cost-effective tools/indicators (Omar Azfar/IRIS)
- Work with a team to brief the Hill and the USAID missions on the current state of play (Kate McKee/USAID)

- Lobby national governments, and UN and Bretton Woods institutions to include more operational poverty indicators into their national expenditure surveys (Manfred Zeller)
- Contribute to methodology development and testing (Manfred Zeller)
- Do my best to stay on the fine line (tightrope) between correct methodology and practitioner involvement/usefulness (i.e., listen more, sleep less) (Thierry van Bastelaer/IRIS)
- Make sure that the practitioner voice(s) is center to this process (Laura Foose/PAWG)

Annex 4: Lessons Learned

At the conclusion of the workshop, all participants were asked to share the lessons learned during the course of the workshop. Here are their responses.

- The overall mood has shifted from *having* to collect information on poverty levels to an *interest in how to use* the data that are collected
- Importance of on-going discussion with other institutions to share experience and gain insight
- Once again, impressed by the way diverse viewpoints can converge on common solutions animated by good will
- Importance of practitioner *and* client buy in to this process
- Importance of team work

- Idea of building local capacity to apply tools through networks
- Partnership, collaboration and involvement (of practitioners and donors) is essential in ensuring the success of this process
- Keeping it simple... isn't simple. However, the diversity of participants will ensure a better end product
- Important to maintain focus on clients
- Sharing information on this process with practitioners and getting their feedback is critical to the success of this endeavor

- To make this a positive experience for all concerned, need to address/discuss/find incentives at all levels for participating
- Incentives must be considered at all levels for all stakeholders
- An effective participatory tool needs participatory development
- It is much easier to identify issues and challenges for Poverty Assessment Tools than to offer solutions
- We have come a long way towards micro-finance industry buy-in of the importance of developing a poverty assessment tool(s) to determine who are poor among the clients

- The difficulty of putting into practice tools to measure the impact of programs on poverty
- Implementing the poverty assessment tool will be challenging but attainable with the cooperation of all concerned
- New ideas for utility beyond compliance
- How diversified and experienced the group is and how important it is to share more with one another that we all may benefit
- How important it is to get governments and multilaterals involved in this process
- Carter's idea to have MFI National Associations implement the tools as a member service
 - Economies on training
 - Revenue source for associations

- Probably increases accuracy and consistency
- Being inclusive enough to cover BDS
- The tool-project would like to see itself as a first step in a process
- There are expectations that the tools do much beyond measure the poverty level of clients and there is a tradeoff between simplicity and accuracy. All interest parties need to be realistic, willing to compromise and to engage
- Quality of tool is crucial in reaching the right target groups

- Remember, it takes 5 days to plan, but 5 years to implement. There's a tougher road ahead
- Side-benefit will be to provide input to research on microfinance impact
- Hearing people's comments about impact on local providers
- Accuracy and its influences (geography, new challenges)
- Solutions lie in the process of cooperating and agreeing on tools

- People are unclear that the intent of the legislation was the poverty level of entering clients only
- Retaining accuracy in implementation may be more important to practitioners as finding accurate indicators in test cases
- The legislation is still in the process of being defined and clarified (e.g., measure poverty levels of new clients versus all clients)
- This process is relevant and important to a broader audience than USAID-funded organizations and other donors
- With lots of issues unresolved is the deadline feasible?

- Don't forget local MFIs (non aligned). Need to keep/get multiple/variety of players in field to give clients' best options
- Good to hear a lot of similar discussion coming from variety of actors *and* a lot of commitment
- Emphasize operational benefits to practitioners, not just costs and hassles
- Importance of networking and the need for partnership with other organizations
- Application to new clients makes most sense: Application existing clients would penalize success at poverty reduction

- Participatory processes don't have to be painful
- Never underestimate the power of shared, purposes, methods and good will.