Progress out of Poverty Index® - Pilot test
SEED CENTER PHIL. Inc, PHILIPPINES
November 2012 – Alexandre Goutchkoff, SEED Technical Assistant

Table of Contents

List of Appendices

Appendix 1 - Philippines_PPI_Indicators_and_Lookup_Table_revised_2010.pdf
Appendix 2 - Philippines_2004_DesignDocumentationMemo_1.1.pdf
Appendix 3 - PH PPI Translation Tagalog.doc
Appendix 4 - Philippines_2004_InterpretationOfIndicators_1.0. pdf
Appendix 5 - PPI Standards_Basic_1.2.pdf
Appendix 6 - Poverty Outreach of Selected MFIs in the Philippines_2012_0.pdf
Appendix 7 - 2012 - SEED PPI pilot test, data.xls
Appendix 8 - Partner Satisfaction Survey

I. Introduction

SEED's mission consists in working with underprivileged individuals, families and communities to enhance their knowledge and skills, assisting them on livelihood and employment generation, and referrals to basic services, for their increased income and increased use of basic services.

"The **Progress out of Poverty Index®** (PPI®) is an absolute poverty measurement tool. The answers to 10 questions about a household's characteristics and asset ownership are scored to compute the likelihood that the household is living below the poverty line – or above by only a narrow margin. The latest version of the PPI for the Philippines was used for the pilot test. Indicators are based on data from the 2004 Annual Poverty Indicators Survey (APIS).

The **objective** of the pilot was twofold: (1) to have a snapshot of SEED's outreach to the poor (2) to test a new tool. Indeed, SEED decided to revamp the tool it uses to track the socioeconomic profile of its partners[1] and was pondering on adopting this internationally recognized tool that measures the monetary poverty incidence.

SEED submitted the PPI to 260 partners from 5th to 9th November 2012 by incorporating the ten PPI questions into SEED's biannual partner satisfaction survey. The document summarizes the results, key lessons and challenges of the pilot.

II. Methodology

This section summarizes the methodology adopted to conduct the PPI pilot. The exercise was coordinated by Alexandre Goutchkoff. Entrepreneurs du Monde's social performance manager provided support from a distance. For further information on the methodology please refer to the 2012 partner satisfaction survey report.

- ## Sample design
Given that loan products are the core of SEED activities, the total population considered for the survey consisted of all active borrowers (3,232 as of August 2012). In order to assess SEED's outreach to the poor, the population identified for the PPI was restricted to new and active borrowers only[2] (1,742 as of the end of August).
Representativeness was obtained by selecting partners in the sample whose characteristics are similar to the population in terms of branch location. Yet, it proved particularly hard to stick to the characteristics of the population.[3] This was due to a significant proportion of partners that could not be reached either for lack of information on their house location and/or because they were missing and not willing to cooperate. Besides, given that the same sample was used for the partner satisfaction survey, the focus on new partners could not be fully implemented.

- ## Sample size
In order to balanced feasibility and accuracy we decided on a sample size of 260 individuals. Indeed, using the Sample Size Calculator for the Philippines provided, a sample size of 260 (n = 260) gives a confidence level of 95% and a confidence interval of +/- 0.3% for the national, food, USAID 'Extreme' and $1.25 International 2005 PPP poverty lines.

- ## Administration
The 10 questions of the PPI were submitted to partners prior to the partner satisfaction questionnaire and took around 5 minutes. The Tagalog version of the questionnaire provided by the Grameen Foundation was used. The PPI was administrated inside partners' home by a team of 10 external interviewers. Each day, interviewers were in charge of visiting partners in a given Barangay to increase feasibility.

---

[1] SEED refers to its clients as « partners » to emphasise its social mission.
[2] Partners who joined SEED before July 1st 2012, having no past due over 360 days and having had at least one loan transaction since June 1st 2012.
[3] 1st cycle borrowers represented only 13% of the sample.

Prior to the field work, the 10 interviewers took part to a one - day training on the institution, its products and services, and the two questionnaires (partner satisfaction survey and PPI). Half day was dedicated to role plays through simulation between participants.

- **Audit**

A quality control check of the accuracy of PPI collection was performed by SEED staff to verify that the interview actually happened, and the responses recorded by the external interviewers were reasonably close to those found also by the checker. This quality control check included the checking of 5% of PPI scorecards collected (3 partners per branch, i.e. 12 scorecards for a total of 248 PPI questionnaires administrated and taken into consideration for the analysis). The audit took place the week following the survey. No discrepancy was found between the initial administration and the audit.

III. Results

Poverty concentration of the sample of partners reflects the ability of SEED to serve poor households. Data revealed that 25% of interviewed partners are found to be below the national poverty line while 12% are estimated to live under the national food poverty line.

Poverty concentration is **higher than the provincial poverty incidence** (13%) which confirms SEED's rather good depth of outreach. Given that SEED concentrates its operation in the urban areas of the Cavite province, it is interesting to see that the overall economic situation of households tend to be better than those joining the institution. Indeed, 11% of households living in urban Cavite were found to fall below the national poverty line while it was the case of 25% of the sample of SEED partners.

When it comes to putting SEED **data in perspective with the three microfinance institutions**[4] **that applied the PPI in Cavite province**, we found that **19%** of interviewed clients were below the national poverty line.

SEED seems successful in reaching households living in more precarious conditions than the total population where it operates and households served by other microfinance institutions. Nevertheless, scope for improvement was identified by SEED top management to further increase the institution's outreach to the poor in the coming years in order to increase its social performance.

It is worth mentioning that while PPI scores were collected in November 2012, the data used for comparison are not from the same period. National and provincial poverty incidence estimates are based on the 2004 APIS.

Poverty lines	Poverty likelihood	Poverty incidence - Cavite overall[1]	Poverty incidence - Cavite urban[1]	Poverty incidence - Philippines[1]
Total Below the National Poverty Line	25%	13%	11%	31%
Total Below the National Food Poverty Line	12%	4%	3%	15%
Total Below the USAID "Extreme" Poverty Line	11%	7%	6%	14%
Total Below the $1.25/Day/2005 PPP Line	9%	5%	3%	18%
Total Below the $2.50/Day/2005 PPP Line	28%	28%	26%	48%
Total Below the $3.75/Day/2005 PPP Line	44%	50%	49%	65%
Total Below the $5/Day/2005 PPP Line	56%	62%	61%	76%
Total Below the $4.32/Day/1993 PPP Line	25%	23%	21%	44%

[1] 2004 APIS, household poverty rate.

Source: PPI design documentation

---

[4] "Poverty Outreach of Selected Microfinance Institutions in the Philippines", Grameen Foundation, 2012. PPI scores were collected within 2010-2011.

IV. Key lessons and Challenges

- ## Sample design

The initial plan to focus on new partners could not be respected and 1st cycle borrowers represented only 13% of the sample.

- ## Sample size

4.6% (12) of the interviewed partners did not answer to at least one question. Consequently, these scorecards were excluded reducing the sample to 248 individuals. Yet, a sample size of 248 partners gives the same confidence level of 95% and confidence interval of +/- 0.3% for the national, food, USAID 'Extreme' and $1.25 International 2005 PPP poverty lines.

- ## Administration

The methodology used was in compliance with the requirement stipulated in the PPI basic standards of use, on the sampling, assessment and analysis. Yet, 7% (17) of the 248 interviews took place outside the house, but in the same community. Administration outside the home may have limited the ability of the interviewer to validate responses to PPI questions. Besides, the training provided by the Project Manager might have been not substantial enough on the PPI section. It might have caused some bias on some of the answers.

The lack of information on the location of partners' house in the MIS and the Loan Application Form[5] made the localization of partners difficult. Therefore, the group leaders were forced to accompany interviewers from one house to another house.

- ## The tool

The PPI relies on national statistics, as mentioned above, and this is precisely one of its main limits as far as the country goes: the population census on which this tool is based dates back from 2004 - and indeed the country has gone through tremendous economic and social change since then, making the PPI scores and poverty likelihood somewhat outdated. Consequently, the issue of the validity over time of some questions might arise. This could tend to underestimate the monetary poverty incidence among partners and affect the reliability of the tool to track the evolution of the levels of poverty over time.

---

[5] Incomplete address in the MIS and no map in the Loan Application Form.