



**GRAMEEN FOUNDATION**<sup>®</sup>

*Empowering people. Changing lives. Innovating for the world's poor.*



# THE PPI<sup>™</sup> AT FONKOZE:

*Applying Client Research to  
Programs & Services*

October 2009





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Innovating for the world's poor.*

# THE PPI™ AT FONKOZE:

## *Applying Client Research to Programs & Services*

*A Progress out of Poverty Index™ Series*

October 2009



**Fonkoze**  
fondasyon kole zepòl



## **Acknowledgments**

We would like to thank Leah Nedderman, former Director of Social Performance at Fonkoze, for developing this case study. Thanks also to Anne Hastings, Director of Fonkoze, and the Fonkoze staff for their contributions.

This case study demonstrates one microfinance institution's best use of the PPI as a tool to advance its social performance mission, offering valuable lessons for the microfinance community.

Fonkoze would like to extend its sincere thanks to PLAN Haiti for its continuous financial support of Fonkoze's Social Performance and Market Research Department.

This paper is a joint collaboration of Fonkoze and Grameen Foundation's Social Performance Management Center, which provided editorial direction and technical contributions.

Cover Photo by Darcy Kiefel: Fonkoze Client Orianie Joseph from Los Palis who used two separate loans to build a new roof for her house and to purchase chickens.

Photos inside provided by Fonkoze and Grameen Foundation.

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*Data collected in 2008 showed that Fonkoze was meeting its goal to target the poorest, and that its programs were showing results.*

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## Executive Summary

Fonkoze is Haiti's largest Microfinance Institution (MFI). From its inception, Fonkoze has targeted poor and ultra-poor women living in rural Haiti. Since 2006, the institution has used the Progress out of Poverty Index (PPI) to measure the poverty level of its clients and their progress out of poverty.

Fonkoze's Social Performance Management (SPM) and Market Research Department uses the PPI and other tools not only to measure poverty but also to research client needs and satisfaction, with the purpose of improving existing services and introducing new ones. To do so, Fonkoze has embedded the PPI into a larger Poverty Scorecard already used by the MFI. The institution uses these more comprehensive (or combined) scorecard results to: 1) quantify outcomes, 2) verify targeting, 3) demonstrate movement out of poverty, and 4) identify programs that are not working as intended.

Data collected in 2008 showed that Fonkoze was meeting its goal to target the poorest, and that its programs were showing results: its Poverty Scorecard revealed that 57 percent of Fonkoze clients were living under \$1/day (higher than the national average of 49 percent), and 72 percent under \$2/day (compared to the national average of 75 percent). A 2008 longitudinal study to measure clients' progress showed that clients who had been with Fonkoze for at least two years had increased their movement out of poverty. Seven percent had moved above the \$1/day poverty line in about two years, and nine percent had moved above the \$2/day line in the same time period.

Fonkoze also has created a special cadre of staff, called "Social Impact Monitors" (SIMs), to work with credit agents to collect and verify these data on incoming clients and to track these clients over time. Fonkoze has found that beyond providing management with actionable information concerning how well its products and services are working, the very act of collecting data helps to build relationships with clients.

Fonkoze’s SPM department is constantly challenged to collect and report data that are relevant to the daily operations of the MFI. The department has learned to shape data collection by first approaching managers with the straightforward question—What do you want to know about our clients that will help you do your job better? These requests have led to initiatives such as conducting market research on a new savings product, and interviewing delinquent clients to uncover the reasons for non-repayment. Similarly, PPI data have been used to understand the effectiveness of targeting efforts, and to signal problem areas among exiting clients. Research also is carried out through exit interviews and semi-annual focus groups.

This comprehensive effort to target clients and determine their needs has led to Fonkoze’s innovative “Staircase out of Poverty” approach: a set of four, tiered programs that begins with asset transfer and other services for the ultra-poor, and culminates in a tier that offers business development individual loans. To date, 75 percent of Fonkoze’s ultra-poor program participants have “graduated” into a small loan microfinance program, the next step up the staircase.

Looking to the future, Fonkoze seeks both to increase the number of branches with SIMs on staff, and to use existing SIMs as traveling ambassadors of Fonkoze’s social mission. Haiti’s rough terrain and dilapidated transportation infrastructure make travel expensive and difficult. However, as the department grows and additional funds become available, Fonkoze will increasingly send SIMs to branches throughout the country to conduct trainings, meet with staff and clients, and carry out ad hoc research.

Additionally, Fonkoze is in the midst of a complete conversion to Grameen Foundation’s new PPI Data Management Tool, software that enables MFIs to collect, manage and analyze PPI data. Fonkoze has found it easy to integrate the tool into the existing structure of the SPM department and believes that it will simplify the task of data collection and analysis, producing more accurate results than its current data management system.



Child of Fonkoze client

## Background

Fonkoze is “Haiti’s Alternative Bank for the Organized Poor.” It is the largest microfinance (MFI) institution in Haiti, serving more than 50,000 women borrowers, most of whom live and work in the countryside of Haiti, and more than 190,000 savers. With its network of 41 branches covering every region of Haiti, it is also the only MFI with nationwide coverage.

Fonkoze’s mission is to build a sustainable microfinance institution to:

- Provide Haiti’s poor with the financial and educational services they need to make their way out of poverty,
- Eliminate the kind of poverty that leaves people without hope, motivation and courage, and
- Reverse the decline in Haiti’s economy by empowering and motivating families to engage in sustainable economic development.

In addition to offering microcredit to groups and individuals, Fonkoze also offers a number of different savings products, currency exchange services, money transfer (remittance) services, and life and credit micro-insurance.

Fonkoze is one of the few MFIs in Haiti that is truly grassroots. Fonkoze was founded in 1994 by Father Joseph Philippe, a Haitian Catholic priest who started the institution with little more than a vision: to provide the means for all Haitians, even the poorest, to participate in the economic development of the country. His target group was women because, as he declared, “Women are the backbone of the Haitian economy and the doorway into the family unit.”

Fonkoze recognizes the diverse development needs of the rural poor in Haiti, and seeks to address them through education and healthcare initiatives. Clients participate in educational modules that include: basic literacy, business skills, sexual and reproductive health, children’s rights, and environmental protection.<sup>1</sup> Fonkoze has also introduced a health

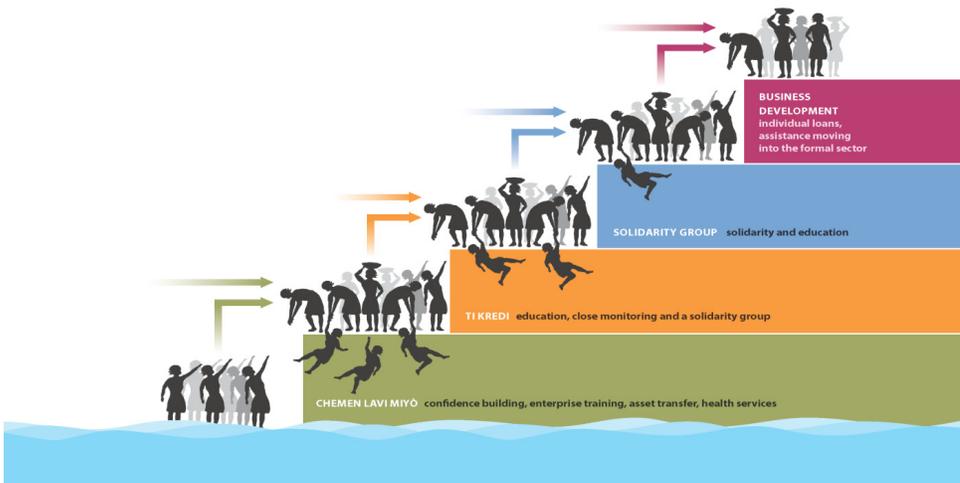
<sup>1</sup> In 2008 alone, 22,000 clients completed one or more of Fonkoze’s education modules.



Founder Father Joseph Philippe  
and Director Anne Hastings

program with the goals of helping clients access clinics and doctors throughout the country, and educating clients on healthcare topics through radio programs, mobile clinics, and a childhood nutrition campaign.

Fonkoze’s belief in a “staircase out of poverty,” has led the institution to develop different financial and education products tailored to different levels of poverty. The illustration below depicts the levels of client poverty identified by Fonkoze, along with the corresponding program or product that meets the needs of clients and helps them to climb to the next step.



*“Women are the backbone of the Haitian economy and the doorway into the family unit.”*

Father Joseph Philippe  
Founder, Fonkoze

“Fonkoze’s Staircase out of Poverty”  
(Chemen Lavi Miyò > Ti Kredi > Solidarity Group > Business Development)

In 2006, Grameen Foundation introduced the Progress Out of Poverty Index to partner institutions, including Fonkoze. Through its Social Performance Management Center, Grameen Foundation continues to support Fonkoze’s Social Performance Management Department through one-on-one problem solving, technical assistance, and opportunities to create and pilot new SPM tools along with the PPI.

## Fonkoze's SPM Department: "Action Researchers"

*The backbone of the SPM department is the field staff, Social Impact Monitors (SIMs) who work full-time in 10 branch offices and collect first-hand information directly from Fonkoze's clients.*

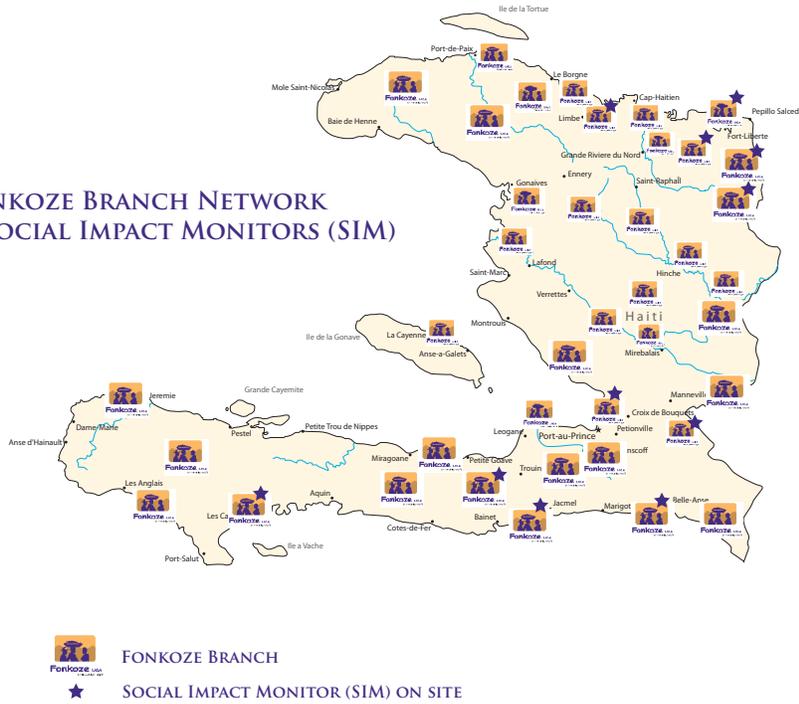


Members of Fonkoze's SPM Team, August 2009

From its inception, Fonkoze has targeted poor women living in rural Haiti. Approximately one year before the PPI was developed for Haiti, Fonkoze established a Social Performance Management and Market Research department. The department is charged with: 1) systematically verifying Fonkoze's Poverty Scorecard and the PPI, which are collected by credit agents upon client entry, 2) tracking poverty level changes of clients over time; 3) researching client needs and experience, focusing particularly on satisfaction and retention; and 4) recommending how Fonkoze can improve existing services and introduce new ones.

The department is managed by a director and two supervisors who work from Fonkoze's central office in the capital, Port-au-Prince. Here, data analysis and reporting, as well as department coordination, take place. However, the backbone of the department is the field staff, Social Impact Monitors (SIMs) who work full-time in ten branch offices and collect first-hand information directly from Fonkoze's clients in the communities where clients work and live. The illustration on the next page depicts Fonkoze's branch offices throughout the country; starred branches contain SPM staff.

## FONKOZE BRANCH NETWORK & SOCIAL IMPACT MONITORS (SIM)



SIMs use a combination of tools to collect data on Fonkoze clients, including: 1) the PPI, 2) Fonkoze’s own Poverty Scorecard<sup>2</sup>, 3) a food security survey adapted from Freedom from Hunger, and 4) a client exit survey. Additionally, SIMs lead semi-annual focus group discussions with approximately 600 borrowers each year. Finally, SIMs are assigned to ad hoc evaluation projects, like recent assignments to evaluate Fonkoze’s education program and Fonkoze’s program for the poorest of the poor.

Leah Nedderman, who led the SPM effort at Fonkoze for the past year, viewed her staff as “action researchers,” who gathered information that allowed management to improve existing products and services, or create new ones, to better suit the needs of the poor. For example, Fonkoze’s Ti Kredi (“Small Credit”) program for new entrepreneurs was created as a result of better understanding the needs of poorer clients—they require smaller loans, shorter loan terms, business skills training, and closer accompaniment by a credit agent. Similarly, Fonkoze’s Literacy and Education Program

*“We needed to know for sure that we were fulfilling our mission and we needed to demonstrate it to donors.”*

Anne Hastings  
Director, Fonkoze

<sup>2</sup> Fonkoze’s Poverty Scorecard (“Kat Evalyasyon”) is used in conjunction with the PPI. The tool consists of twenty-five questions designed to collect data on many aspects of clients’ social development, including: housing, food security, assets, literacy, sources of income, school attendance of school-age children, and business expenditures.

continues to offer new courses based on feedback gathered by the SPM team.

Importantly, Fonkoze collects indicators that are directly relevant to the six commitments that Fonkoze makes to its clients. Fonkoze commits that after five years in the program, clients will :

- Be able to send all their children to school
- Have a home with a tin roof, cement floor, and latrine
- Be able to put food on the table every day
- Know how to read and write
- Have assets they can see accumulating day by day (land, animals, savings)
- Have the confidence to face the future, no matter what it holds.

With the exception of the last indicator, Fonkoze monitors changes in the lives of clients related to each of these objectives.<sup>3</sup>



Evena Adrien, A Fonkoze client in Hinche receiving her loan (Photo by Darcy Kiefel).

<sup>3</sup> The results are presented in Appendix A.

## Using Data Collection to Build Client Relationships

Basing staff in the field ensures the regular collection and analysis of reliable data. In the branch offices where they work, SIMs select a random 20 percent sample of all incoming clients to interview using the PPI and Fonkoze's Poverty Scorecard. These clients are re-interviewed every other loan cycle (approximately once a year) in order to track progress over time. SIMs also interview all exiting clients in key branches, uncovering reasons for exit, client satisfaction, and client suggestions.<sup>4</sup> While this close monitoring of the reasons for client exits is limited to the branches where SIMs are located, it is a model for a more representative assessment when Fonkoze is able to expand the reach of SIMs to cover the whole organization.

Fonkoze's field-based model allows SIMs to develop relationships with clients that are separate from financial transactions, which leads to better information and builds rapport between Fonkoze and their clients. "Fonkoze is the only one that comes all the way to my home to talk to me," and "I felt blessed that Fonkoze came to talk with me after the hurricanes."<sup>5</sup> Unlike financial interactions that may be stressful to clients, speaking with SPM staff about their children, homes, animals, and business usually leads to a greater sense of trust in Fonkoze.

Basing SPM staff in branch offices also has a positive effect on branch culture, as SIMs focus Fonkoze staff on social issues by regularly discussing client concerns with credit staff. SIMs are included in staff meetings at the branches, and

<sup>4</sup> Fonkoze's 2008 Social Performance Report provides an example of how client exit data is used. According to the report, Fonkoze collected 300 client exit interviews in 2008, and determined that one primary reason for business failure is that clients were selling their goods on credit without keeping an account of their receivables. This finding was corroborated by feedback from focus group discussions indicating that in 2008, clients were forced to sell on credit more often than in previous years, given price inflation in Haiti. Therefore, Fonkoze has increased efforts to educate clients about bookkeeping techniques that will prevent them from losing money when they sell their merchandise on credit.

<sup>5</sup> In August and September 2008, three hurricanes and a tropical storm threatened or destroyed the livelihoods of approximately 14,000 Fonkoze clients.

*"I felt blessed that Fonkoze came to talk with me after the hurricanes."*

Fonkoze Kredi Siklon client who received a Hurricane Loan



Jean Eddy Augustine, a Social Impact Monitor at Fonkoze, interviewing a client with the Fonkoze Kat Evalyasyon (Fonkoze Poverty Scorecard).

have regular meetings with branch directors to discuss social performance findings with branch management.

Finally, SIMs are used for more than routine monitoring in the branch area. They are regularly called upon to perform one-time evaluations of Fonkoze programs in any area of the country. Focus group discussions and one-on-one interviews are used to collect information from clients when Fonkoze management has specific market research questions (e.g. Do clients want a new savings product?), when Fonkoze needs to know how clients are faring under certain conditions (e.g. What effect is the food crisis having on clients?), or when funders ask for specific impact data (e.g. How have funds for educational materials been used to strengthen clients' business practices?).

## Introducing the Progress out of Poverty Index™ (PPI™)

Even as Fonkoze's SPM department was taking shape, Fonkoze knew that it needed to demonstrate, rather than simply assume, that most of its clients were living below the poverty line, and that they were making progress while in the program.

Fonkoze sought more precise measurements of poverty and changes in poverty status over time. These measurements would allow Fonkoze to: 1) know whether or not the institution was targeting the poor and poorest, 2) understand the changes in the lives of their clients during the program, and 3) demonstrate results to external stakeholders. Fonkoze Director Anne Hastings recalls: "When Grameen Foundation approached me about forming a partnership, the prospect of developing a PPI for Haiti was one of the most exciting elements of the partnership, because we needed to know for sure that we were fulfilling our mission of reaching the poor, and we needed to demonstrate it to donors."

## PPI Adds a New Dimension to SPM at Fonkoze

Once the PPI had been developed and piloted in Haiti, Fonkoze embedded the tool into its existing Poverty Scorecard. Fonkoze did not want the PPI to replace its existing tool, as the Poverty Scorecard provides important contextual information about clients. The combined Poverty Scorecard-PPI tool<sup>6</sup> allows Fonkoze to collect PPI results without increasing the number of forms that credit agents are required to fill out for new clients. The data from the embedded PPI are then processed in the same way as any other PPI and scored according to the standard PPI scoring methodology.

Fonkoze uses client responses from this Poverty Scorecard with the embedded PPI to: quantify social performance results, verify targeting, demonstrate movement out of poverty, and identify program challenges within the organization. Each of these uses is described below.

### *Quantifying Results*

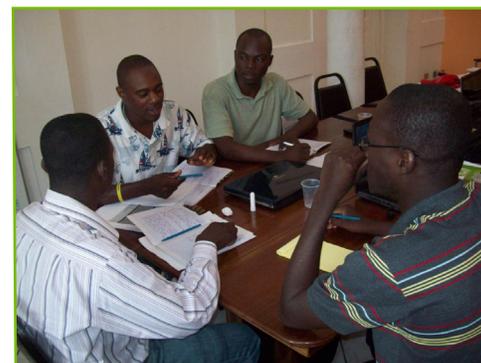
Fonkoze regularly assesses the poverty level of clients in its sample<sup>7</sup>, making comparisons between the national average and between branch locations, and looking for poverty trends at branch locations over time. In 2008, for example, Fonkoze sampled over 800 clients, determining that 57 percent of incoming clients were living under the \$1/day poverty line and 72 percent were living under the \$2/day poverty line. By way of comparison, the World Bank reports that 49 percent of the Haitian population lives under \$1/day and 75 percent lives under \$2/day.<sup>8</sup>

Fonkoze also uses the PPI to measure clients' progress out of poverty using a longitudinal study that began in 2006. Each year, Fonkoze adds a new cohort of clients who will be interviewed once a year for five years. The results of this study,

<sup>6</sup> See Appendix B

<sup>7</sup> A random 20 percent of all incoming clients in the ten branches where SIMs are assigned.

<sup>8</sup> Survey on living conditions in Haiti (2001) in Poverty Reduction Strategy Paper (World Bank, Haiti, 2007); UN HDR (2008) The national poverty line is between \$1/day and \$2/day.



Fonkoze Social Impact Monitors meet with one another to discuss their work.

through December 2008, are presented in Table 1.

Table 1.

	Average Loan Size	Percentage below \$1/day poverty line	Percentage below \$2/day poverty line
Baseline Client Sample in 2006	\$75	53%	71%
Follow-up of client sample in 2008	\$240	46%	62%



Former Director of Social Performance Leah Nedderman and Director of Fonkoze, Anne Hastings.

In 2008, Social Impact re-interviewed 30 clients for whom Fonkoze collected baseline data in 2006. These clients have been with Fonkoze for at least two years and have an average loan size of approximately \$240, after starting with loans of \$75. In this member cohort, poverty has been visibly reduced—7 percent have moved above the \$1/day poverty line in approximately two years, and 9 percent have moved above the \$2/day line in the same time period (Table 1).

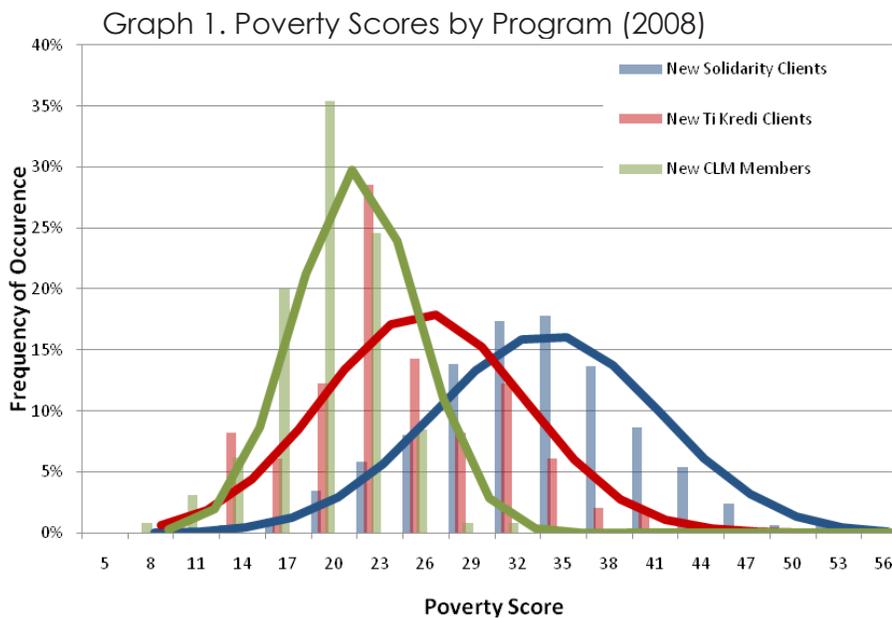
In addition to the poverty line measurement, the department monitors changes in clients' absolute scores on the Poverty Scorecard, which is a more sensitive measurement of change than the poverty line indicator. Of the 30 clients described above, 61 percent improved their absolute score over two years. Since the scorecard measures housing quality, food security, asset value, literacy, sources of income, school attendance of school-age children, and business expenditures, the majority of clients improved in one or more of these areas during the past year.

These results demonstrate the long-term nature of change among microfinance clients. Clients who have been in the program since 2006 show greater progress than those who began in 2007, and Fonkoze expects for their progress to continue along this trajectory. Fonkoze will continue to follow these sample clients over a five-year period.<sup>9</sup>

<sup>9</sup> Because Fonkoze does not use a control group method, it presents the data on clients' progress, but does not link that progress to a particular cause.

## Verifying Targeting

Data collected from the PPI is used to verify whether or not Fonkoze is accurately targeting clients at different poverty levels, and directing them into appropriate programs. For example, Fonkoze routinely compares the PPI scores of clients across different programs, to ensure that the institution is putting clients into the programs that correspond with their poverty levels. Graph 1 (below) depicts the frequency of occurrence for poverty scores among individual clients in three Fonkoze programs—Chemen Lavi Miyò (Fonkoze’s program for the ultra-poor), Ti Kredi (the small loan program), and Solidarity Loans.<sup>10</sup> These results suggest that Fonkoze is effectively targeting three distinct categories of clients. The overlap in scores of Ti Kredi and Solidarity clients is to be expected, as these clients are often living in similar economic conditions, and are distinguished by Fonkoze by the status of their business (Solidarity clients must have an existing business while Ti Kredi clients must have a plan for a business and the ability to take on a loan). Chemen Lavi Miyò scores fall within a smaller range, demonstrating the effectiveness of Fonkoze’s thorough selection methodology for this program.



<sup>10</sup>A histogram of poverty scores from each client type was created and then normalized to correct for differences in population size. Based on the assumption of normality, a normal distribution plot, created using the mean and standard deviation of each client type population, was added to differentiate between client types.

*“We want [managers] to see this information as a decision-making tool, or at the very least, the starting point for further investigation.”*

Leah Nedderman  
Former Director of SPM,  
Fonkoze



Melanie-Mirtyl, a client within Fonkoze's Chemen Lavi Miyò (CLM) at the start of the program.

### ***Showing Movement out of Poverty***

Fonkoze also uses PPI data to demonstrate client movement out of poverty within individual programs. A 2008 report on Fonkoze's Chemen Lavi Miyò program says: "Ultra-poor families made significant progress in moving out of poverty during the 18-month program, as the percentage of clients living under \$1/day fell by 20 percent (Table 2)." One-hundred fifty families were measured at program start and mid-point, and each of these families was measured at program end. While three participants died, Fonkoze was able to keep their families in the program by transferring membership in the program to the deceased members' eldest daughters.

Table 2.

	% of clients living under \$1/day
Program Start	90%
Program Mid-Point	84%
Program End	70%

### ***Identifying Program Challenges***

In addition to demonstrating positive results, Fonkoze uses PPI data to identify problems within its program. Fonkoze interviews hundreds of exiting clients each year, administering an in-depth exit survey, which includes a poverty evaluation. In 2008, Fonkoze found that poverty incidence is actually higher among exit clients than incoming clients in the same program. An average of all exit clients—including clients that had been in Fonkoze's program for several years—shows that on average, exit clients are more likely to live under \$1/day and \$2/day than average new clients in Fonkoze's solidarity loan program (Table 3).

Table 3.

	% living under \$1/day	% living under \$2/day
Exit Solidarity Clients (2008)	54%	69%
Incoming Solidarity Clients (2008)	51%	66%

While this does not indicate that exit clients necessarily became poorer during the program, Fonkoze does believe that these data suggest that the large majority of exit clients are not leaving because they grow out of Fonkoze's loan program; rather they are leaving because they are not climbing the staircase out of poverty. This was an important finding for Fonkoze, because it both confirmed the need for microfinance combined with non-financial services, and it demonstrated that Fonkoze is not yet reaching its objectives with some of its clients.

## FONKOZE'S ACTIVE LEARNING CENTER

In January 2008, Fonkoze opened an Active Learning Center in Lenbe, Haiti. It is a full-service branch offering financial and educational products and services. This office is set apart by its staff, composed exclusively of Fonkoze's most experienced and successful employees. These employees live together on site and are trained in each of the job functions of their fellow employees. Fonkoze designed the Center with two primary objectives in mind:

- 1) The Center is a model branch with the space to receive apprentice employees from all over the country. Fonkoze uses this Center to groom high performing staff for management positions, or train poorly performing employees.
- 2) The Center has a strong orientation toward field research and experimentation. Fonkoze's SPM department has a SIM located in this branch who conducts trainings on the importance of SPM at Fonkoze branches all over the country. The SIM also works with visiting students and scholars conducting external evaluations. The SIM is joined by a Business Research Specialist who studies issues such as the profitability of client businesses, and the causes of business failure among clients.



Melanie-Mirtyl, a client within Fonkoze's Chemen Lavi Miyò (CLM) at the end of the program.

## Challenges & Opportunities

### *Making the PPI Relevant to Operations*

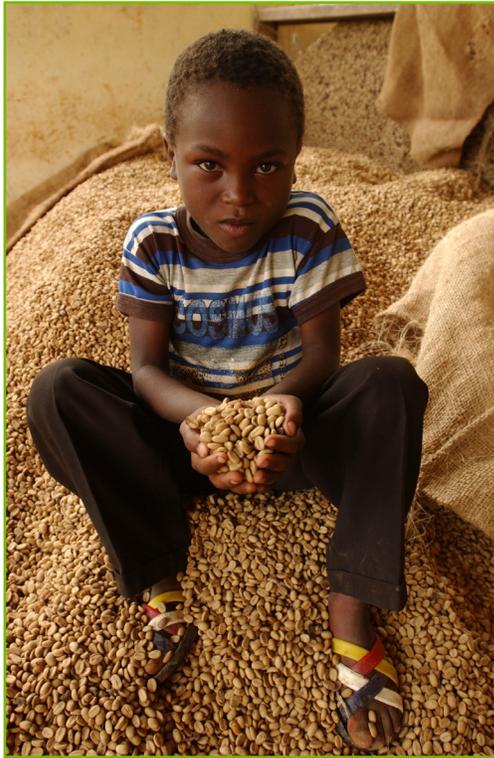
With a large and well-established team committed to SPM, Fonkoze does not struggle with data collection or validity issues, SPM staff buy-in, or problems with analysis and dissemination. The PPI is well accepted among SPM staff who find the tool easy to use, and the results are regularly analyzed and distributed to the organization and to external stakeholders. With these factors in place, Fonkoze's SPM department is now confronting the challenge of ensuring that PPI data and other client-level information are relevant to the daily operations of the institution.

In the effort to ensure that client-level data is relevant to operations, the SPM department has learned to shape data collection by first asking managers—What do you want to know about our clients that will help you do your job better? Managers' requests have led to initiatives such as: conducting market research on a new savings product, interviewing delinquent clients to uncover the reasons for non-repayment, analyzing the poverty levels of clients in zones hit by the 2008 hurricanes, and evaluating the knowledge and behavior changes of clients in Fonkoze's Literacy and Education Program. The SPM department undertakes these evaluation and monitoring projects as a direct result of input from management, and returns results that are directed toward decision-making.<sup>11</sup>

The SPM department also ensures the relevance of PPI and other client data by meeting regularly with management in the central office, and branch staff in the field offices. In the central office, management receives SPM reports, discusses findings, and develops strategies for improving products and services. In the branch offices, Social Impact Monitors meet with branch directors and credit staff to review findings and develop evaluation initiatives aimed at improving branch performance.

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<sup>11</sup> The PPI is used in the majority of the evaluations conducted by the SPM department. For example, when SPM staff interviewed clients during the Basic Literacy and Education Program evaluation, they used a pre-test and post-test tool to measure changes in knowledge and behaviour, but they also collected PPI data on every client. This allowed Fonkoze an added variable with which to analyze client data. This produced important findings regarding the learning process of poorer clients, as compared to less poor clients.



Child of a Fonkoze client pictured with coffee beans to be processed by a community association (Photo by Karl Grobl).

### ***Branch-level Relationships***

SIMs often find it difficult to fit into the local office culture at their assigned branches. Initially, the SIM may be seen as an imposition or as a challenge to the authority of the branch director, as the SIMs are hired by the central office and are charged with reporting on one aspect of branch performance. In several cases, SIMs have been viewed as “spies” attempting to reveal client-level problems within the branch and report them to management.

Fonkoze’s SPM department has recently begun a campaign to educate branch staff on the responsibilities of SIMs within the branch. The goal of the campaign is to demonstrate to branch staff how the SIMs can be used for more than routine monitoring and program evaluations. Other functions are highlighted, such as their capacity to uncover reasons for client delinquency and to assist with new client trainings. As a result, branch directors have begun using SIMs to talk directly with delinquent groups and individual clients who are experiencing problems with credit. In one branch, the director is using the SIM to follow clients as they carry their goods from one market to the next, in an effort to better understand clients’ buying and selling habits.

### ***Fonkoze’s Management Information System (MIS)***

Like many MFIs, Fonkoze does not currently use an MIS that can record large amounts of social data. Excel is used for the input and analysis, thereby limiting analysis to the financial indicators that are captured on the PPI and Poverty Scorecard, such as business expenditures and savings balances. Furthermore, clients do not currently have unique identifier numbers and the SPM department relies on client account numbers and names to match client records year-to-year in its longitudinal study. When names are spelled differently on follow-up surveys, or account numbers change or are entered incorrectly, client records do not match and longitudinal data are lost.

Department growth has led to an exponential increase in the number of clients who are interviewed each year, and too much time is spent in data entry, cleaning, and manual analysis. Therefore, during the summer and fall of 2009, Fonkoze beta tested and piloted Grameen Foundation’s

*“The tool will simplify data input and analysis, which will free me to spend less time behind my desk and more time in the field with clients.”*

Reginal Jules  
Social Impact Monitor,  
Fonkoze

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*The SPM department measures not only PPI results but also conducts focus groups on topics such as client satisfaction, clients' experience during and after the hurricanes, and clients' experience with the food crisis, to capture a more holistic picture of client progress and struggle.*

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new PPI Data Management Tool, software that enables MFIs to collect, manage and analyze data. Subsequently, Fonkoze has trained its SPM staff in the use of the tool and has begun the transition to a complete conversion to the tool. Fonkoze will soon transfer all historical data into the new tool, and will begin using it as the exclusive means for recording client data in electronic form.

According to Social Impact Monitor Reginal Jules in Lenbe, the tool “has will simplify data input and analysis, which will free me to spend less time behind my desk and more time in the field with clients.”

#### PPI GLOBAL LEARNING EXCHANGE

In March 2009, Grameen Foundation funded a learning exchange between two Grameen Foundation partners—Fonkoze and Grameen Koota in India. Former Fonkoze SPM Director Leah Nedderman shared her experience with Ashrani C.M., Project Manager of the New Initiatives Department at Grameen Koota. After several days in the field interviewing branch staff and visiting clients, the two women worked on a plan for Grameen Koota to begin reporting PPI data to management on a regular basis.

They decided that written reports would be short, published on a bi-monthly or quarterly basis, and include: 1) a description of the PPI and how it is collected, 2) a total number of PPIs collected as compared to the number of new clients, 3) a table that described client poverty by loan cycle, and 4) a short interpretation of the data. At a later stage, the report could link PPI data to action items, in order to stimulate discussion about the findings and spur management to begin considering PPI results as a tool for decision-making.

## Looking to the Future

Fonkoze recognizes that progress out of poverty is often a lengthy process, requiring years, not months. Though sample clients are interviewed on an annual basis, Fonkoze's programs are designed to bring about lasting changes in the lives of their borrowers, and the SPM department monitors both short-term and long-term changes. For example, Fonkoze saw fewer clients move above the \$1/day and \$2/day poverty lines in 2008 than in 2007, but the institution looks at these results within the context of the 2008 food crisis in Haiti, and the 2008 hurricanes that destroyed the livelihoods of thousands of clients. During the year, the SPM department measured not only PPI results, but also conducted focus groups on topics such as client satisfaction, clients' experience during and after the hurricanes, and clients' experience with the food crisis, to capture a more holistic picture of client progress and struggle.

Fonkoze is committed to growing its Social Impact Monitor Program and expanding the number of SIMs to more of its 40 branches. The expansion of the program will also strengthen the institution's social focus, as SIMs influence the organizational culture in the branches where they work. And SIMs will continue to work closely with credit agents as they work to "graduate" clients from one credit cycle to the next in the institution's "Staircase out of Poverty." Fonkoze also will seek new ways to use its strongest credit clients to train others, with the goal of creating a regularized mentoring program so that clients can pass their knowledge and experience among one another. Social Impact will inform each of these pilots and new initiatives through continuous client monitoring, so that Fonkoze can simultaneously pursue financial sustainability and excellence in client service. □



A Fonkoze client and her daughter in Latwazon (Photo by Donna Williams).

# **Appendix**

**A. 2008 Results from Client Progress Indicators**

**B. Kat Evalyasyon (Fonkoze Poverty Scorecard)**

**C. Lookup table for Embedded PPI in Kat Evalyasyon**

## Appendix A: 2008 Results from Client Progress Indicators

In 2008, Fonkoze collected data on 800 new clients, and 130 continuing clients. Comparing these two groups of clients demonstrates the impact of Fonkoze's program on the lives of clients who have been with Fonkoze for one to two years.

Percentage of clients:	Average New Clients	Average Continuing Clients	Direction of Change
<b>with a cement or tile floor in their home</b>	17%	71%	+
<b>who own their home</b>	63%	65%	+
<b>with a tin roof</b>	3%	3%	=
<b>with a sanitary toilet facility</b>	29%	49%	+
<b>who have a garden</b>	58%	56%	-
<b>who read and write well</b>	25%	55%	+
<b>who send all of their children to school</b>	52%	73%	+
<b>who eat meat regularly</b>	40%	45%	+
<b>who get water from a faucet</b>	48%	49%	+



**Fonkoze's Poverty Scorecard (English Version)**

Branch: \_\_\_\_\_ Staff member completing the evaluation: \_\_\_\_\_

Date : \_\_\_\_\_ Member's name: \_\_\_\_\_

Where the inspection took place: \_\_\_\_\_ Client's age: \_\_\_\_\_

Account number: \_\_\_\_\_ Group number : \_\_\_\_\_

Credit cycle: \_\_\_\_\_ Credit Amount: \_\_\_\_\_ Savings Amount: \_\_\_\_\_

(\*) Indicates a question that is included in the "embedded PPI"

**I. INFORMATION ON THE CLIENT'S HOUSE**

	3	2	1.5	1	0	Points
(*) What is the house made from?	Cement or blocks only	Cement/blocks with wood/stones		Wood and rocks/palm	Turf or earth	
(*) What is the roof made from ?	Concrete	Concrete/iron		Iron	Straw	
(*) What is the floor made from?	Ceramic or tiles	Cement	Cement and earth		Earth	
Do they own the house ?		Yes			No	
(*) How many rooms does the house have ?	4+	3		2	1	
Do they own the land where the house stands?			Yes		No	
(*) What type of toilet do they have?	Hygienic toilet	Latrine made from cement	Latrine made from wood/iron	Latrine made from fabric or carpet	No toilet	
<b>TOTAL</b>						

**II. INFORMATION ON GOODS**

	3	2	1.5	1	0	Points
(*) What do they sleep on?		Wooden bed	Iron bed	Mattress without a bed	Straw mat, bed made with stakes in the ground	
Do they have electricity?	Solar panel, generator, inverter	Mains electricity (EDH)	Use someone else's outlet	Car batteries	None	
(*) Do they own	Refrigerator, oven, video, or stereo equipment	Colour television, radio CD	Black and white television, radio cassette	Small radio, flashlight	None	
How much land do they have?	One acre or more	Half an acre	One-quarter acre	One-eighth acre	A small plot or less	
What do they do with this land ?		Cultivation		Raising animals	Nothing	
What livestock do they have?	More than 6 large animals (horses, cattle, mules, pigs)	2 large animals or more, with poultry and goats	Poultry, goats	Some small poultry only	None	
<b>TOTAL</b>						

Record the quantity of each animal that the member owns (if they don't have the animal, write "0")

Fowl: \_\_\_\_\_ Goat: \_\_\_\_\_ Horse/Mule/Donkey: \_\_\_\_\_ Cow: \_\_\_\_\_ Pig: \_\_\_\_\_

**III. INFORMATION ON HOUSEHOLD INCOME**

	3	2	1.5	1	0	Pwen
Is the client married/has a partner?				Yes	No	
If she has a partner/husband, what work does he do ?	Commerce, office work		Manual work	Farming or petty commerce	Day laborer; Tenant farmer	

How much income does the partner contribute to the household?	All	Most	Half	A little	None	
(*) Do they know people abroad who send money to them ?	More than 4 times a year	2 or 3 times a year		Occasionally	No	
<b>TOTAL</b>						

#### IV. INFORMATION ON THE CLIENT

	3	2	1.5	1	0	Pwen
Can she read and write?		Yes, very well	More or less	No, can read only	No	
How many children does she have?	3 or fewer	4	5	7-Jun	8 or more	
How many children go to school ?	All go to school	Most of them go to school	Half of them go to school	Most do not go to school	None attend school	
(*) How many times per week do they cook meat in the house? (goat, poultry, beef, or pork)	Almost every day	2-3 times per week		Once per week	Occasion-ally	
Where do you get your drinking water?	Pipe		Well	Stream	River, Rain	
(*) How many people live in the house?		3 or fewer	6-Apr	10-Jul	More than 10	
<b>TOTAL</b>						

#### V. CLIENT'S BUSINESS

	3	2	1.5	1	0	Pwen
What is the largest amount she regularly spends when purchasing?	More than 30,000 gourdes	15 to 30,000 gourdes	10 to 15,000 gourdes	3 to 10,000 gourdes	< 3,000 gourdes	

What type of commerce does she do (what does she sell)?

Livestock, meat	Textiles or clothes	Bits and pieces (beans, oil, flour, sugar, cosmetics, etc.)	Traveling salesperson, bulk sales (charcoal, food)	Other

Other observations:

\_\_\_\_\_

\_\_\_\_\_

RESULTS				
<b>Result</b>	0 – 16	16.5 – 32	32.5 – 47	47.5 – 63.5
<b>Category</b>	<b>Very bad</b>	<b>Bad</b>	<b>Good</b>	<b>Very good</b>

**Total Points:** \_\_\_\_\_

**I certify that all the information on this document is correct.**

**Fonkoze Agent**

**Date :** \_\_\_\_\_



**Fonkoze**  
fondasyon kole zepòl

## Appendix C: Lookup Table for Embedded PPI in Kat Evalyasyon

Kat Evalyasyon Score	Household likelihood of being under \$1/day	Household likelihood of being under \$2/day
0 - 4	100.0%	100.0%
5 - 9	97.4%	100.0%
10 - 14	89.2%	99.1%
15 - 19	82.8%	96.5%
20 - 24	73.9%	90.8%
25 - 29	65.2%	86.4%
30 - 34	59.5%	76.7%
35 - 39	48.4%	68.3%
40 - 44	41.1%	58.7%
45 - 49	36.9%	45.2%
50 - 54	21.4%	34.0%
55 - 59	19.2%	34.6%
60 - 64	12.0%	25.3%
65 - 69	11.8%	22.7%
70 - 74	0.0%	4.9%
75 - 79	0.0%	0.0%
80 - 84	0.0%	0.0%
85 - 89	0.0%	0.0%
90 - 94	0.0%	0.0%
95 - 100	0.0%	0.0%

More information on Fonkoze’s SPM department, including published evaluations, can be found on Fonkoze’s website.

[www.fonkoze.org](http://www.fonkoze.org)



## About Grameen Foundation

Grameen Foundation, a global nonprofit organization, helps the world's poorest people access financial services and technology solutions by providing financing, technology support and management strategies to the local organizations that serve them. It also spearheads technology initiatives that create new microbusiness opportunities for the poor, provide telecommunications access for the world's rural poor, and improve their access to health and agricultural information and other services. Founded in 1997, Grameen Foundation has offices in Washington, D.C. and Seattle, Washington. Dr. Muhammad Yunus, the founder of Grameen Bank and the 2006 Nobel Peace Prize Laureate, is a founding member of its board of directors and served on the board for 12 years. Since April 2009, he has served as Grameen Foundation's first director emeritus. For more information, please visit [www.grameenfoundation.org](http://www.grameenfoundation.org).



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[www.grameenfoundation.org](http://www.grameenfoundation.org)  
[www.progressoutofpoverty.org](http://www.progressoutofpoverty.org)