



## CASE STUDY

# Chirag and the Progress out of Poverty Index<sup>®</sup>

A livelihoods program in India combines relative and absolute poverty measurement for optimal insight .



August 2013

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The Progress out of Poverty Index® (PPI®) is a Grameen Foundation product that allows poverty-focused organizations and businesses to measure poverty among the households they affect. Each PPI is created by Mark Schreiner of Microfinance Risk Management, L.L.C.

Cover photo by Jayesh Jain for Grameen Foundation.

For more information on the PPI, visit [www.progressoutofpoverty.org](http://www.progressoutofpoverty.org).

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# Introduction

## Why is poverty measurement important in the livelihood context?

Livelihoods has been a major focus area for most of the anti-poverty programs in India. With a rural population far exceeding the urban, lack of access to work and credit has been an impediment to the socio-economic development of the local population. Straitlaced schemes introduced by the government also have a trickle-down effect since India is extremely diverse and the context changes from region to region. It is therefore essential to consider the local context of the targeted area while designing any community based intervention – especially livelihoods. Since the mid-1990s many large scale livelihood programmes have been implemented in the country through respective state governments with assistance from the World Bank and bilateral and multilateral aid agencies like DIFID and IFAD.

A study commissioned by Grameen Foundation India, Social Performance Management of livelihood Initiatives: Relevance of Measuring Poverty Indicators (2013) found that while promotion and protection of livelihoods has been on the forefront of both public and private development efforts, there has been an equal amount of criticism for poor implementation and failed targeting; critics claim that benefits have been diverted to not-so-poor households. Most of the initiatives use geographical targeting. The poorest states and districts are chosen for program intervention.

However, the above leaves questions unanswered. How do programs identify the poorest households in the selected territory? What are the social and economic benchmarks of poverty that the programs need to follow? How do the organizations track change in poverty levels or impact on the program beneficiaries? When do the organizations know that the mode or features of the intervention need to change due to perceived change in the enterprises of the poor?

It is in light of these questions that Grameen Foundation India, with support from Ford Foundation, first met Chirag.



Photo by Jayesh Jain for Grameen Foundation

## About Chirag

Chirag is a rural development organisation based in the Kumaun region of Uttarakhand in India. Chirag seeks to improve the quality of life of families – with a special emphasis on women, children and the poor – residing in villages of the Central Himalayan region. Chirag recognises the need for an integrated approach to development and therefore is involved in diverse kinds of activities.

Their activities include community forestry, soil and water conservation, watershed management, increasing the availability of fodder, animal husbandry, agriculture and horticulture, drinking water, primary health care, primary education and skill development and capacity building of young people.

Chirag's integrated approach and diversity of activities requires focus on only the most needful geographies. However, by providing technical support to other organisations in the region and the state they are able to increase their impact beyond the villages in which they work. Chirag currently provides technical support on development of watersheds, cultivation of fodder for milk cattle and treatment of water source catchments.

The Chirag team constantly seeks to learn from the people they work with and focus on developing strong community-based institutions to ensure the sustainable management and use of natural resources in the region.

## Chirag for poverty and PPI for poverty measurement

### How was Chirag measuring poverty?

Chirag has been engaging intensively with 200 villages in four districts of Uttarakhand to cater to the livelihood needs of the people. Their field representatives use Poverty Wealth Ranking (PWR) as the key tool to capture the poverty levels of a village besides other social parameters such as caste, health, education, asset ownership and nutrition. PWR is a relative poverty measurement tool that involves the local community to rate the levels of poverty of the surrounding households using criteria that they define. Because of the multifaceted approach of livelihood organizations that tackles different facets of poverty such as health, education, sanitation and not just the economic needs of a household. However, the following challenges have emerged during PWR implementation:

- ▶ The information collected is highly subjective and specific to the context of the assessed village.
- ▶ Extending lessons from one area to the entire portfolio is not possible because of lack of verifiable quantitative data.
- ▶ Products and delivery infrastructure becomes difficult to design because of lack of standardized metrics that reflect features of the client segment they work with.
- ▶ Chirag has not been able to track over time the improvement in the socio-economic well-being of clients.

The above challenges bring to fore the need to measure poverty in a statistically accurate manner, enabling Chirag to not only assess the poverty level of its beneficiaries at the point of program entry, but to also track changes over time due to the interventions made and compare data across programs and regions. Though relative poverty measurement is valuable, Chirag also has a clear need for absolute poverty measurement.

Grameen Foundation developed the Progress out of Poverty Index®, or PPI®, for exactly this purpose. The PPI is a 10 question scorecard that provides the likeli-

hood that a household is living below the national poverty line or an international poverty line, such as \$2 per day PPP. When the PPI is administered to a group of households, the organization can determine the rate of poverty in the group. PPI scorecards are based on a country's census data and therefore are specific to one country; scorecards have been developed for over 40 countries around the world. Because each scorecard uses the same methodology, poverty data is not only comparable across regions, but also across countries when using international poverty lines.

Chirag underwent a training by Grameen Foundation India in February 2013. After an orientation about the PPI and one-on-one discussions with the India PPI specialist, Jayesh Jain, the organization understood that by adopting the PPI, it would be combining relative and absolute poverty measurement for optimal insight gathering.

### How has Chirag used the PPI?

In March 2013, Chirag began to pilot test the PPI and collected PPI responses from an initial 200 households—50 of which were collected using TaroWorks, a mobile-enabled data collection application by Grameen Foundation.

Currently, the organization is looking to adopt a technology platform that would help in data management and subsequent reconciliation of the already available data.

### Future benefits of using the PPI

The Chirag management has been discussing PPI can be integrated into their existing systems and processes and the benefits its usage can yield. They plan to administer the PPI across 12000 beneficiaries once the data from the initial 200 households is reconciled and analysed. Following are some of the benefits that Chirag perceives with the use of PPI:

- ▶ Chirag will be able to use the PPI and PWR data to segment its client base using both relative and ab-

solute poverty data. The combination of both the tools will provide the organization with rich data on both the local context of poverty in a particular village/region and the absolute poverty in terms of globally accepted poverty lines

- ▶ Chirag management understands that once the data analysis is complete, they will be able to view their entire portfolio with the same lens and understand the underlying trends in poverty. This information will further help them with better resource allocation to areas/households that need more attention.

- ▶ The management further wants to integrate PPI into their systems as an annual 'campaign' exercise when their entire client segment will be scored which in turn will enable tracking over time. Unlike microfinance service providers, Chirag (most livelihood organizations) do not have very frequent home visits/door step touch points with the clients. Therefore, an annual campaign to collect PPI and PWR data will enable the organization to track data effectively

## Lessons for Grameen Foundation India

The Chirag experience has proved to be an important learning exercise for GFI because of the way the organization has been able to see the use of PPI for multi-dimensional insights. The initial discussions with the organization and observations from the field prove that a livelihood focused initiative can benefit from the PPI only when used in conjunction with relevant social parameters. Since the service offerings made by these organizations are complex, it becomes critical for them to assess the poverty levels to provide a level ground for other equally important dimensions such as education, health, nutrition, sanitation and so on. The correlation drawn from such a multidimensional analysis can help build a rich literature around beneficiary level insights.

We look forward to working with Chirag and other such organizations to create innovative solutions for poverty alleviation using the PPI.



Photo taken by Jayesh Jain for Grameen Foundation