

What Can an Investor do with the PPI?

A PPI Webinar

May 30, 2017



Agenda

- ▶ PPI Overview
- ▶ PPI's value proposition for **Acumen** and its investees
- ▶ Why **LeapFrog** needs PPI data
- ▶ Q&A



Julie Peachey
PPI Director
Innovations for
Poverty Action



Ashley Speyer
Senior Associate,
Lean Data
Acumen



**Samantha
Duncan**
Head of Impact,
LeapFrog
Investments

The PPI® - A 'Lean' Poverty Data Tool

- A statistically rigorous yet easy-to-administer poverty measurement tool
- **Country specific**, derived from National Income and Expenditure Survey
- **10 questions** and a scoring system
- Uses an **indirect approach** to poverty measurement
- Provides **likelihood** that respondent's household is living below poverty line
- Calibrated to **national and international poverty lines**
- Public good, available for **free download** at www.progressoutofpoverty.org

PROGRESS OUT OF POVERTY
PPI® for Tanzania 2011

Important: A PPI score must be converted into a poverty likelihood using the PPI Look-up Table.

Indicators

1. How many household members are 18-years-old or younger?

2. Are all household members ages 6 to 18 currently in school?

3. What is the main building material used for the walls of the main building?

4. What is the main building material used for the roof of the main building?

5. What is the main fuel used for cooking?

6. Does your household have any televisions, cassette/tape recorders, or hi-fi systems?

7. Does your household have any radios, cassette/tape recorders, or hi-fi systems?

8. Does your household have any televisions, cassette/tape recorders, or hi-fi systems?

9. Does your household have any televisions, cassette/tape recorders, or hi-fi systems?

10. If the household has any televisions, cassette/tape recorders, or hi-fi systems, how many?

Responses

A. Six or more
B. Five
C. Four
D. Three
E. Two
F. One
G. None

A. No
B. Yes
C. No members ages 6 to 18

A. Baked bricks
B. Poles and mud, grass, sun-dried bricks, or other
C. Stones, cement bricks, or timber

A. Grass/leaves, mud and leaves, or other
B. Iron sheets, tiles, concrete, or asbestos
C. Firewood, coal, solar, gas (biogas), wood/farm residuals, or animal residuals

A. No
B. Yes

A. No
B. Yes

Score

0
2
5
11
14
17
28
0
3
5
0
6
13
0
6
0
9

Look-up Tables

The following look-up tables are used to convert PPI scores to poverty likelihoods: International 2011 PPP Lines

PPI Score	\$1.90/day 2011 PPP	\$3.10/day 2011 PPP	\$3.80/day 2011 PPP	\$4.00/day 2011 PPP
0 - 4	100.0	100.0	100.0	100.0
5 - 9	100.0	100.0	100.0	100.0
10 - 14	89.0	100.0	100.0	100.0
15 - 19	85.0	99.9	99.9	99.9
20 - 24	78.0	96.3	97.4	98.3
25 - 29	70.6	94.5	97.4	98.0
30 - 34	57.7	91.7	96.7	97.7
35 - 39	47.2	84.4	92.5	94.1
40 - 44	31.2	71.8	85.4	88.9
45 - 49	28.5	66.1	81.8	84.1
50 - 54	18.8	54.0	69.7	72.2
55 - 59	11.9	45.5	63.1	65.3
60 - 64	5.8	33.7	50.2	53.8
65 - 69	3.7	28.9	44.7	46.8
70 - 74	3.1	21.2	34.4	37.2
75 - 79	2.9	20.1	33.0	35.7
80 - 84	1.3	6.3	11.4	13.4
85 - 89	1.2	6.3	11.4	13.4
90 - 94	0.0	6.3	7.6	7.6
95 - 100	0.0	0.0	0.0	0.0



The PPI Scorecard - Example

Indicators	Responses	Score
1. How many members does the household have?	A. Nine or more	0
	B. Eight	3
	C. Seven	4
	D. Five or Six	6
	E. Four	8
	F. Three	12
	G. Two	21
	H. One	28
2. Are all household members ages 6 to 12 currently in school?	A. No	0
	B. Yes	2
	C. No one ages 6 to 12	5
3. Can the (oldest) female head/spouse read and write with understanding in any language?	A. No	0
	B. No female head/spouse	0
	C. Yes	3
4. What type of material is mainly used for construction of the wall of the dwelling?	A. Unburnt bricks with mud, mud and poles, or other	0
	B. Unburnt bricks with cement, wood, tin/iron sheets, concrete/stones, burnt stabilized bricks, or cement blocks	4
5. What type of material is mainly used for construction of the roof of the dwelling?	A. Thatch, or tins	0
	B. Iron sheets, concrete, tiles, asbestos, or other	5

Source: Uganda PPI (2012)






WHAT INFORMATION WE NEED

THE INFORMATION WE NEED TO MANAGE IMPACT

Our starting point for understanding the impact experienced by people and planet is to recognise that there are multiple dimensions to 'experience'.

From there, we distinguish between **data**, **analysis** and **interpretation** of information.



	IMPACT GOALS				
	 WHO Who experiences the effect?	 WHAT What outcomes does the effect relate to, and how important are they?	 HOW MUCH How significant is the effect?	 MARKET CONTRIBUTION How does the effect relate to what is likely to occur anyway?	 RISK How likely is the outcome different from the expectation?
Data	Demographic data Environmental data Geographic data	Type of outcome(s)	Quality of effect Quantity of effect How long effect lasts How long effect takes	Baseline data	Risk factors, e.g. evidence risk
Analysis	How well-served are people/planet with respect to the outcome?	Is the outcome important?	What is the quality during the relevant time period? etc.	How does our performance across 'who, what and how much' compare and contribute to what is currently available?	Which risk factors are material and how likely are they to occur?
Interpretation	Well-served ↔ Under-served	Important negative outcome(s) ↔ Neutral outcome(s) ↔ Important positive outcome(s)	Marginal effect ↔ Deep effect For few ↔ For many Short-term ↔ Long-term Slowly ↔ Quickly	Baseline data Likely worse ↔ Likely better	Material risk factors (see appendix) Low risk ↔ High risk

The PPI has Become a Global Standard for Development

More than 500 organizations working at the BoP use the PPI for measuring poverty



It has been incorporated into many impact investing and sector-specific measurement frameworks.



PPI Alliance Members



Anchor Funder:



Foundational Partner:



Institutional Support Partner:



Steering Members:



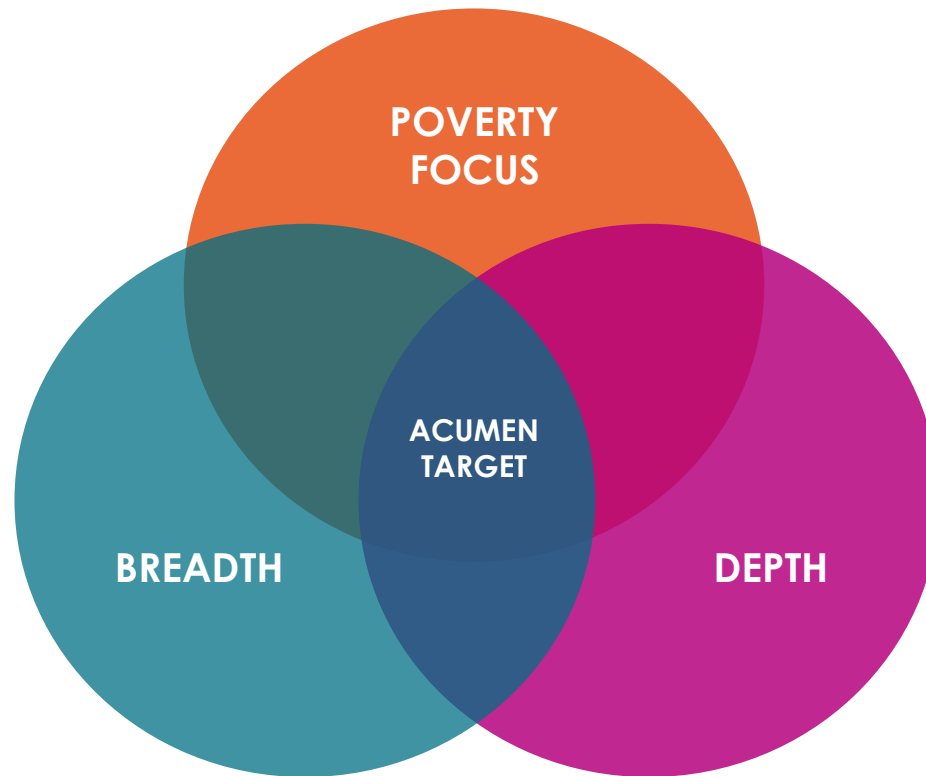
Basic Members:



A close-up photograph of a young Black woman with a joyful expression, her eyes closed and mouth open in a smile. She is wearing a light green headwrap with a decorative lace edge and a matching green shirt. She is holding a black mobile phone in her right hand, looking down at it. The background is a blurred wall with faint, light-colored patterns.

LEANDATA

A **ACUMEN**
CHANGING
THE WAY
THE WORLD
TACKLES
POVERTY



WE'VE NOTICED SOMETHING

Talk of impact is everywhere but few people seem happy with the state of measurement practice. Genuine end-consumer data that truly helps to understand social value is few and far between.

INTERNATIONAL IMPACT INVESTORS CAN TYPICALLY TELL YOU...

- # of farmers a company has reached
- # of students attending new schools
- # of new solar lanterns sold

OUTPUTS

BUT WHAT ABOUT...?

- Are these farmers better off?
- Who are the children attending these schools?
- What's the effect of owning lanterns on kerosene usage?

OUTCOMES

WHAT IS LEAN DATA?

Designed specifically for social enterprises and investors, Lean Data helps build more impactful businesses by providing them with data on their social performance, customer feedback and customer behaviour.

Lean Data uses low-cost technology and methods to gather high-quality data quickly and efficiently.



35,000+ BoP
CUSTOMERS
SURVEYED



80+
PROJECTS
SUCCESSFULLY
COMPLETED



MULTIPLE,
GLOBAL
TECHNOLOG
Y
PARTNERSHIP



IN-HOUSE
LOCAL
RESEARCH
TEAMS

WE'RE PUBLISHED, INFORMING GLOBAL STANDARDS & WINNING AWARDS



WITH A GROWING NETWORK OF CLIENTS

Working with leading funds, firms, foundations and government agencies within the Acumen portfolio and beyond.


OMIDYAR
NETWORK™

BILL & MELINDA
GATES foundation

SPROXIL


VisionSpring


GUARDIAN


UNDER THE
MANGO
TREE

 **RAIL YATRI**
Simplifying Train Travel


burn
life • saving • stoves

CDC

INJARO
INVESTMENTS


NRSP
Microfinance Bank Limited


paga


IKAMVAYOUTH

 **dr.consulta**
o meu médico


UKaid
from the Department for
International Development


d.light
SOLAR

devergy 
developing energy


ethio
chicken


orb energy

 **PROJECT ISIZWE**
Free Wi-Fi For Africa

LabourNet
Enabling livelihood...


Frontier Markets


AgriCare
Agricultural Specialist


HUSK
POWER SYSTEMS
हस्क
पावर सिस्टम्स
तमसो मा ज्योतिर्गमय

JUHUDI KILIMO



ZIQTZA


seed
Standard of Excellence in Education and Development


LifeSpring Maternity
Hospital
Safe • Clean • Affordable


**FARM
STAR**

 **Greenway**
GRAMEEN INFRA

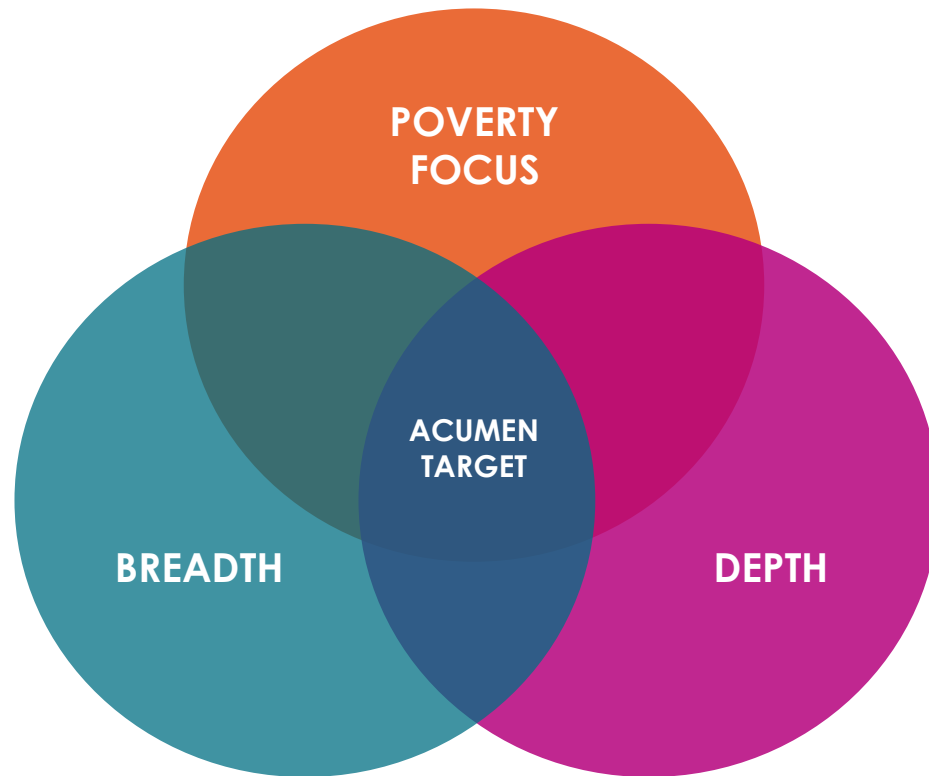

BBOXX


**NIZAM
ENERGY**


BioLite


**solar
now**

 **AARUSHA**
HOMES





BREADTH

TOTAL LIVES REACHED	500,000
LIVES REACHED <2.50/DAY	110,000
VERIFIED: HH SIZE, USAGE, PRODUCT LIFE	NO

DEPTH

QUALITY OF LIFE IMPROVEMENT % of customers claiming quality of life "improved very much" because of [...]	81%
POSITIVE VALUE-FOR-MONEY PERCEPTION % of customers rating [...] "Very good" or "Good" value for money	87%
ELIMINATION OF TRADITIONAL FUEL USAGE % of households who have eliminated usage of kerosene lanterns	30%
IMPROVEMENT IN QUALITY OF LIGHT % improvement in brightness (lumens of light available in home)	175%

POVERTY
FOCUS

% OF CUSTOMERS < \$3.10/DAY	22%
% OF CUSTOMERS < \$1.90/DAY	0.3%

RESULTS

ENERGY COMPANY

\$750k invested Equity in 2015



THE CUSTOMER

73% FEMALE 66% "PROMOTERS"

45 AVG. AGE 44 NET PROMOTER SCORE



IN THE CUSTOMER'S WORDS

"You know that the product is very smart so if anyone sees it they will have to ask and I always tell them how economical it is."



TECHNICAL NOTES

JAN
2017
DATA COLLECTED

402
SAMPLE
SIZE

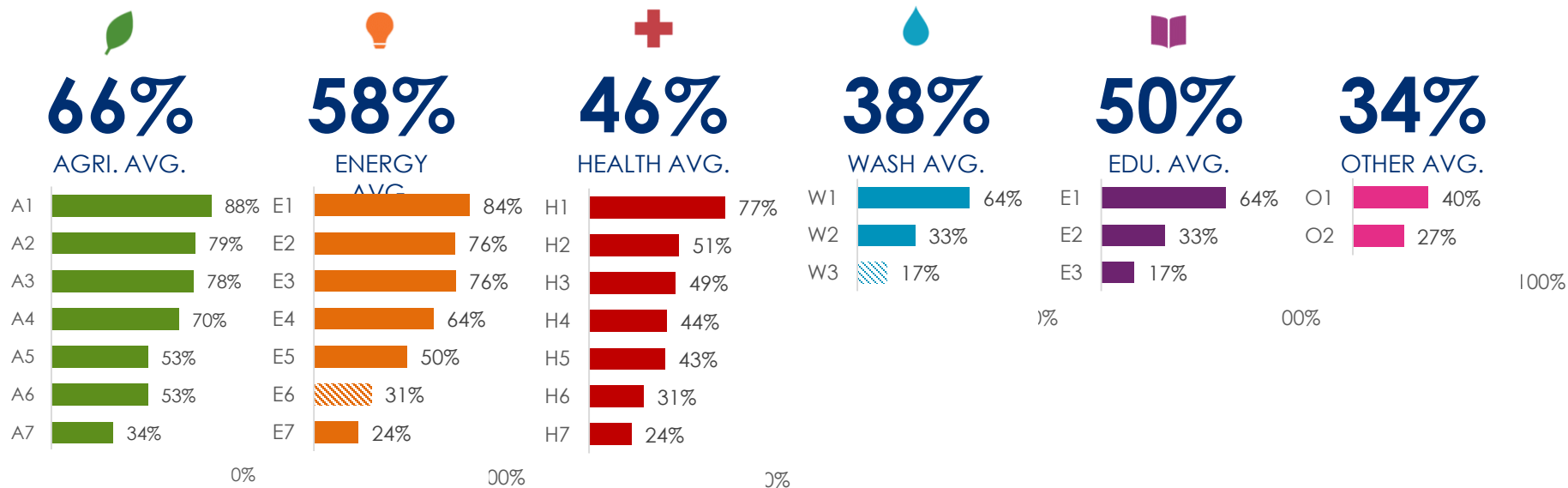


PHONE
SURVEY

BRINGING ACUMEN UNPARALLELED INSIGHT

We're now able to understand our portfolio's social performance in more nuanced terms than ever before.

PORTFOLIO AVERAGE: **52% BELOW \$2.50 / DAY**



/// Shading denotes that data represents a specific sub-set of customers not necessarily representative of general population

Other includes FinTech & Housing



LeapFrog Investments

Safetynets and springboards for the next billion emerging consumers



LeapFrog is a Profit with Purpose equity investor in emerging markets

Tapping into the historic emerging consumer opportunity

\$1bn

From leading global institutions

40+

Investment professionals with operational & EM experience

17

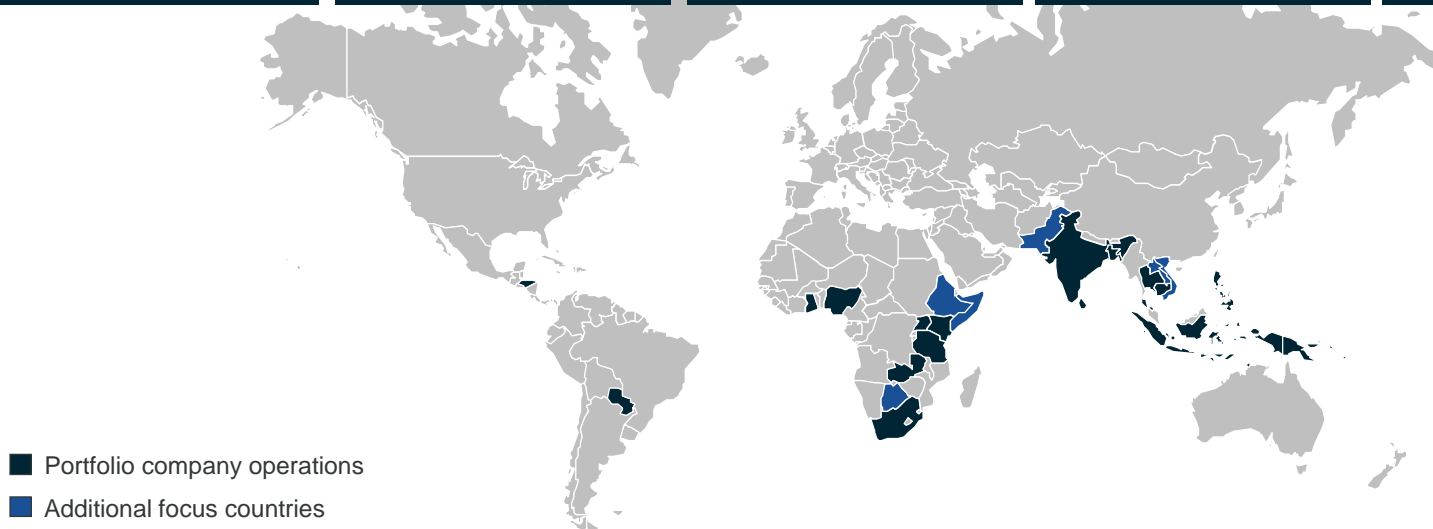
Companies operating across 23 countries

91.1m

Total people reached; 74.1 million low income

106,313

Jobs supported across portfolio companies



NOTE: Data as at 30 Dec 2016



Meeting unmet needs for 2 billion emerging consumers

Africa, South and Southeast Asia; enabling tools to rise into the middle class



2 billion

low-income people
in LeapFrog's target
markets



\$15+ trillion

of consumption will
come from emerging
consumers
by 2020



70%

without access to
financial services
(vs. 11% in developed
markets)

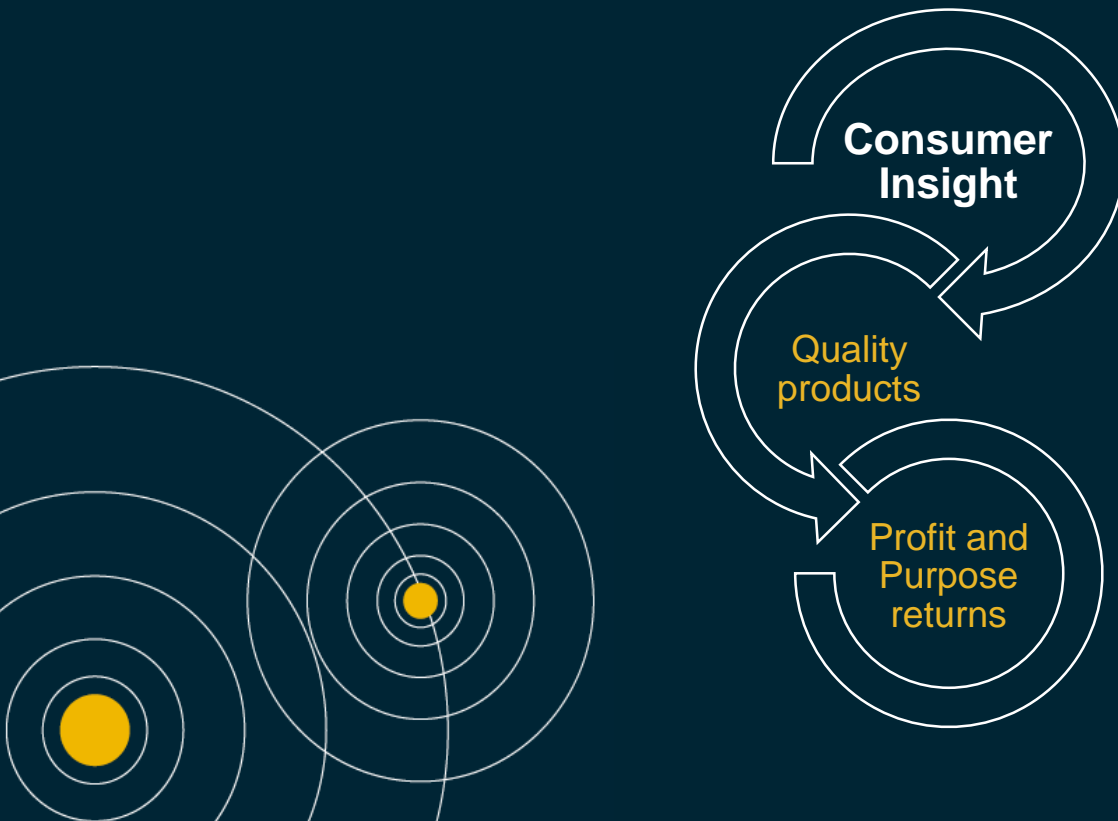


\$4+ trillion

of all global health
expenditure will come
from emerging
economies by 2022

Profit with Purpose is driven by “bottom-bottom-up” insight

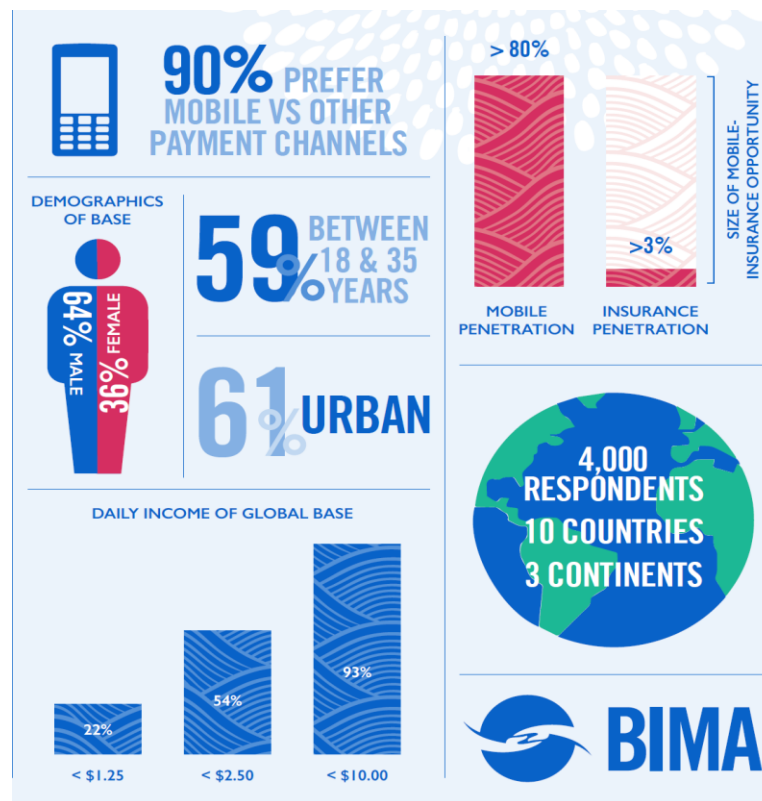
Low-income consumers are the source of company social and financial return



Consumer Insights In Practice

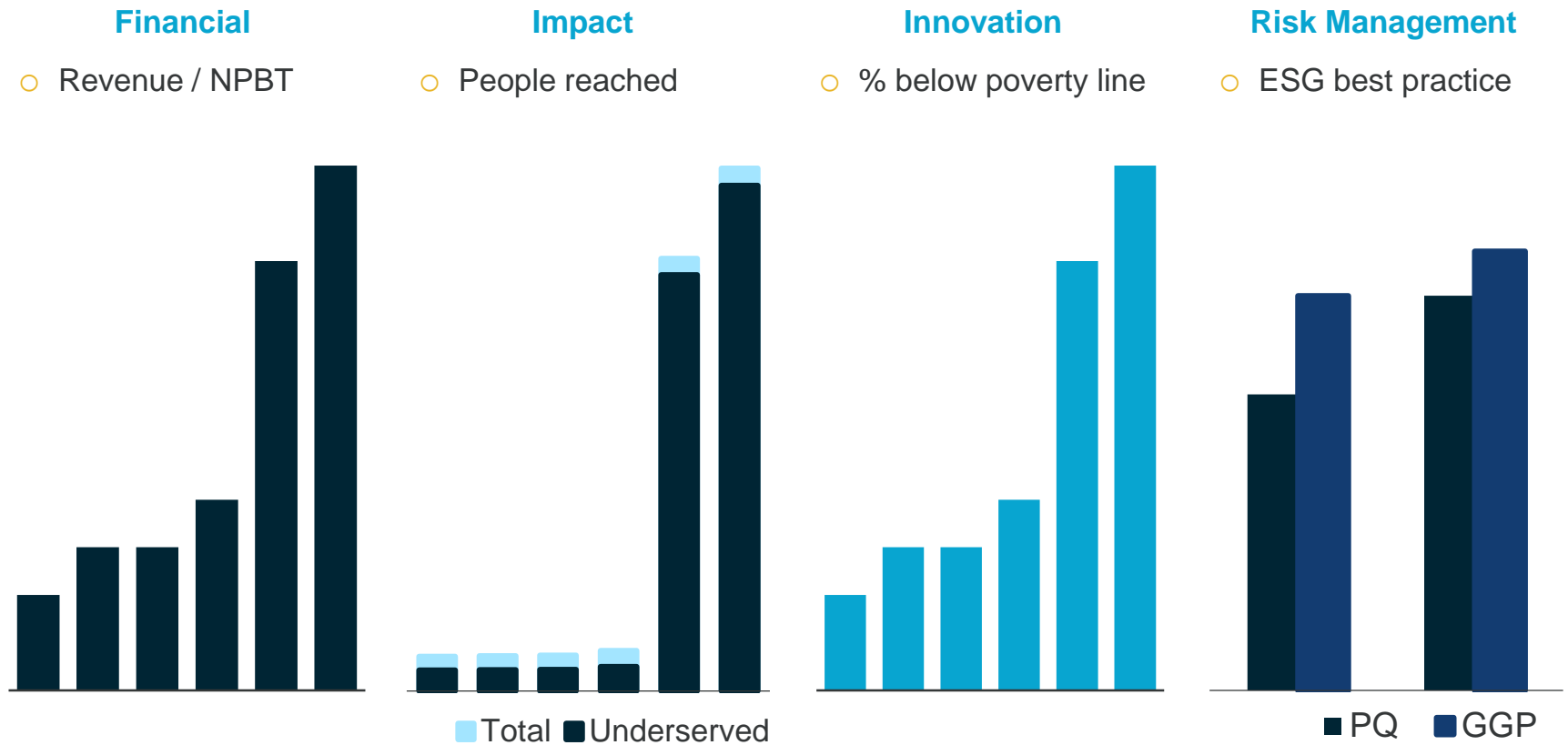
BIMA Mobile: Reaching the unreachable with insurance

- **Low-income consumers are able and willing to pay:** 93% of global customers live on less than \$10 a day, 54% on less than \$2.50
- **Young, tech-savvy consumers will drive growth:** 59% aged between 18-35, majority in urban areas
- **You can reach the uninsured:** 75% of respondents are first-time insurance users; education is therefore key to distribution model
- **Preference for mobile access:** 90% prefer to pay by deduction of airtime credit or mobile money; greater trust in digital channels than cash economy showing digital inclusion is key



Measurement Matters

LeapFrog's FIIRM: Data and transparency to drive social and financial returns



LeapFrog Labs

LeapFrog Labs is an R&D hub that accelerates growth, impact and profitability in our partner companies

- Dedicated to helping investees fast-track growth, implement innovations, and drive efficiency at scale
- A grant facility allows Labs to de-risk or support high impact innovative projects -- to date Labs has supported over 60 different projects across 23 markets
- Team comprises of actuarial, human resources, impact, operations and strategy expertise
- Strong programmatic focus on accelerating digital disruption, improving understanding of customer behaviours, and building talent development capabilities across partner companies.



Results: Achieving Profit with Purpose at scale

Current impact of Funds I and II

91.1 million

total people reached

74.1 million

low-income or financially excluded
people reached

46%

Companies have grown an
average of 46% p.a since
investment

**Affordable & relevant
products**

Delivered to meet low-income
consumer needs

**106,313
jobs**

Jobs and livelihoods
supported

**Top-tier
financial returns**

Exits achieving top-tier
private equity returns

NOTE: Revenue growth and NAV representative of Fund I portfolio only, LCU terms
SOURCE: FIIRM (December 2016 results)

A faint, light blue world map composed of a network of interconnected lines and triangles, serving as a background for the central text.

Thank you

Questions?

Thank you!

Stay informed about the PPI:

- Create an account on progressoutofpoverty.org
- Sign up for the PPI newsletter
- Follow PPI on Twitter - @povertyindex
- Contact me: jpeachey@poverty-action.org

