



POVERTY OUTREACH

of selected microfinance institutions

IN THE PHILIPPINES

2012



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EXECUTIVE SUMMARY

This report examines the different aspects of poverty outreach among selected microfinance institutions (MFIs) in the Philippines based on data collected using the Progress out of Poverty Index® (PPI®). It considers three aspects of poverty outreach – concentration (percentage of clients that are poor), scale (number of poor clients) and penetration (percentage of poor households in an area that are reached). The analysis provides a framework that MFIs can use to make decisions and set directions to improve poverty outreach. These three should be taken and analyzed together to understand the performance of an organization within the context of the specific goals and objectives of each MFI.



This report finds the following:

1. Poverty concentration of the sample of new clients reflects the ability of MFIs to recruit poor households. Poverty concentration tends to follow the provincial poverty incidence, but in the poorest provinces, increase in poverty concentration lags behind provincial poverty incidence. Based on the PPI data available from the MFIs, 5 out of 8 MFIs have poverty concentrations that are higher than the national poverty incidence.
2. The participating MFIs have presence in 70 of 80 provinces. In most provinces, clients with PPI data constitute an outreach of fewer than 3,000 poor clients, and in 4 provinces, over 10,000 poor clients. Two MFIs largely outnumber the rest in terms of scale, despite having relatively lower poverty concentration.
3. Penetration of poverty outreach gives a sense of the portion of poor households in a particular area that MFIs are able to reach. Given the difference in geographical focus of the MFIs participating in this report, penetration rates in each province where the participating MFIs operate range from about 0.06 percent to 20.20 percent of poor households.
4. Several factors affect poverty outreach, both within direct control of MFIs and beyond their control. Data suggests that MFIs' choice of areas of operations and recruitment/targeting policies affect their poverty outreach. In conversations with MFIs, other factors were identified, and these may be explored in future research. Those within their control may include eligibility requirements and product design. Those that may be beyond their control include infrastructure, peace and order, and the lack of replicable business models to deliver a broader range products and services.

Poverty Outreach of Selected Microfinance Institutions in the Philippines

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TABLE OF CONTENTS

1	INTRODUCTION	1
2	SCOPE OF THE REPORT	2
2.1	Methodology and Data Coverage	2
2.2	The Tool: Progress Out of Poverty Index	3
2.3	Limitations of This Report.....	4
3	ANALYTICAL FRAMEWORK.....	6
3.1	Definition of Poverty Outreach.....	6
3.2	Aspects of Poverty	6
3.3	Aspects of Poverty Outreach	7
3.4	Factors Affecting Poverty Outreach.....	8
4	ASPECTS OF POVERTY OUTREACH.....	9
4.1	Concentration of Poverty Outreach.....	9
4.2	Scale of Poverty Outreach	15
4.3	Depth and Breadth of Poverty Outreach	17
4.4	Penetration of Poverty Outreach	20
5	SUMMARY AND RECOMMENDATIONS	25
6	REFERENCES.....	27
7	ANNEXES	27

TABLE OF FIGURES

Figure 1. Scope of PPI Data of Participating MFIs	2
Figure 2. Average Poverty Lines used in the 2004 PPI Scorecard	3
Figure 3. Poverty Incidence in the Philippines.....	7
Figure 4. Poverty Magnitude in the Philippines	7
Figure 5. Concentration of Poverty Outreach to Clients Upon Entry (2004 NPL)	9
Figure 6. Concentration of Poverty Outreach to Clients Upon Entry (International Poverty Lines)	10
Figure 7. MFI D Poverty Concentration among Clients upon Entry vs. Provincial Poverty Incidence	11
Figure 8. MFI D Poverty Rate among Clients upon Entry vs. Provincial Poverty rate (2004 NPL)	12
Figure 9. Concentration of Poverty Outreach to Clients Upon Entry (\$4.32/day/1993 PPP).....	13
Figure 10. MFI J Concentration of Poverty Outreach to Clients Upon Entry (\$4.32/day)	14
Figure 11. Scale of Poverty Outreach: Number of Clients Below NPL by MFI	16
Figure 12. Distribution of Provinces by Scale of Outreach	17
Figure 13. Concentration and Scale of MFIs	18
Figure 14. Concentration and Scale of MFI D	19
Figure 15. Concentration and Scale of MFI J.....	19
Figure 16. Provinces with Highest and Lowest Penetration	20
Figure 17. Penetration in Selected Provinces.....	21
Figure 18. Provinces with Highest Incidence of Poverty	22
Figure 19. Provinces with Highest Magnitude of Poverty	23

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1 INTRODUCTION

The Philippine microfinance industry has been one of the most active in the world with numerous non-government organizations, rural banks, and credit cooperatives delivering financial services to the low-income market. Historically, there has been much focus on the financial bottom line, encouraging microfinance institutions (MFIs) to become sustainable and grow. In recent years however, questions around the measurable impact and outreach of MFIs have caused many industry leaders to call for the strengthening of the social bottom line as well. Social performance management initiatives globally aim to build and support activities that help MFIs reach their target clients, meet target clients' needs, and improve target clients' lives.

The Microfinance Council of the Philippines (MCPI), Oikocredit, the Mindanao Microfinance Council (MMC), and Grameen Foundation (GF) are among organizations and networks in the Philippines that have been advocating and supporting the use of the Progress out of Poverty Index® (PPI®), a simple poverty measurement tool that helps MFIs obtain quantitative data on the poverty levels of their clients. Through their assistance, at least ten MFIs have been regularly implementing the PPI to collect data on their clients. This report analyzes the data collected by the MFIs to describe the state of their poverty outreach. It contributes to the first area of social performance management: assessing whether MFIs are reaching the poor. Other areas including responsiveness to clients' needs and impact on clients' lives are not covered by this report.

This report proposes an analytical framework for assessing poverty outreach and is intended for microfinance practitioners to use for monitoring social performance and making evidence-based policy decisions. It is also intended for networks, support organizations, and funders to understand the state of outreach of their member/partner organizations and provide relevant assistance to improve poverty outreach.

2 SCOPE OF THE REPORT

2.1 Methodology and Data Coverage

This report covers 10 MFIs with operations across the three major island groups of Luzon, Visayas, and Mindanao. As of June 2011, the 10 MFIs had 1.7 million active clients and accounted for roughly 33 to 57 percent of the entire MF sector in the country¹. PPI data included in this report were gathered from July 2010 to June 2011. Since the participating MFIs were in various stages of implementing the PPI, the share of clients for which PPI data are available within this period vary widely across organizations, from a high of 67 percent to a low of 4 percent (Figure 1). Overall, 52 percent of the total combined clients of the 10 MFIs have poverty indices available.

FIGURE 1. SCOPE OF PPI DATA OF PARTICIPATING MFIs

MFI	Total Clients	Clients with PPI			% of Clients	% of PPI	Areas of
		New ²	Reloaning ³	Total	with PPI	Data set	Operation ⁴
2004 Scorecard ⁵							
A	23,613	1,751	9,641	11,392	48.2	1.3	L, V
B	78,702	20,942	31,743	52,685	66.9	5.9	L
C	542,659	40,650	207,275	247,925	45.7	27.6	L,V,M
D	774,338	104,444	386,443	490,887	63.4	54.7	L,V,M
E	36,527	15,452	26	15,478	42.4	1.7	L,V,M
F	52,979	589	1,242	1,831	3.5	0.2	M
G	28,449	1,145	542	1,687	5.9	0.2	M
H	39,469	2,353	0	2,353	6.0	0.3	M
2002 Scorecard							
J	98,843	20,411	40,189	60,600	61.3	6.8	L, V
K	29,911	1,548	10,353	11,901	39.8	1.3	V
TOTAL	1,705,490	209,285	687,454	896,739	52.6		

Findings of the analysis were presented and discussed with various stakeholders who provided insight and interpretation of the results. These include Executive Directors, Research Managers, and Operations Managers of participating MFIs, as well as representatives from MCPI, Oikocredit, MMC, and GF.

¹ Estimates of the microfinance industry range from 3 to 5.1 million. MixMarket estimates that as of 2010, 93 microfinance institutions are serving 3 million active borrowers. An estimate from MCPI's 2010 Philippine Microfinance Industry Report shows that as of June 2010, there are 5.1 million active borrowers.

² New clients are determined by date of membership and/or loan cycle. In cases where both fields are available, new clients are those that joined the MFI within July 2010 and June 2011 and are on their first loan cycle. If only date or length of membership is available, these are clients within their first year of membership. If only loan cycle is available, these are clients on their first loan cycle.

³ Reloaning clients are clients that are not considered new by the above definition. These are clients with either over one year of membership or are on their second or more loan cycles.

⁴ Major island groups in the Philippines: L = Luzon, V = Visayas, M = Mindanao

⁵ The PPI for the Philippines has 2 versions to date (2004 and 2002). Refer to section 2.2 for further discussion.

2.2 The Tool: Progress Out of Poverty Index

The Progress out of Poverty Index® (PPI®) is a survey and scoring system that uses indicators of a household's quality of life to provide a likelihood that the household is living below a recognized poverty line. The PPI can be used by any business or organization that provides products, services, or employment to people in poverty.

Using PPI data, the organization can do the following: (i) estimate a group's poverty rate at a particular period, (ii) track changes in the group's poverty rates between two periods, and (iii) improve its strategy to target poor households.

For the Philippines, the PPI scorecard is based on data from the Annual Poverty Indicators Survey (APIS) conducted by the country's National Statistics Office. Two scorecards have so far been developed for the Philippines. The first was based on the 2002 APIS data and the second on 2004 APIS data. Ten PPI Indicators are derived from the survey data based on its ability to predict poverty and its ease of verification. The responses are weighted and scores are linked to an estimate of the likelihood that a household falls below a poverty line⁶. The 2004 scorecard gives estimates for the following poverty lines:

FIGURE 2. AVERAGE⁷ POVERTY LINES USED IN THE 2004 PPI SCORECARD

Poverty Line		Threshold (per person per day)	Poverty Incidence
National⁸		Php 39.52	31.4%
International	2005 PPP	\$1.25/day	18.2%
		\$2.50/day	47.5%
		\$3.75/day	65.2%
		\$5.00/day	75.5%
	1993 PPP	\$4.32/day	43.5%

The international lines are available to compare results with other countries. They are not based on the prevailing foreign currency exchange rate and should not be converted using such. They are instead based on purchasing power parity (PPP) which considers the amount of money needed to purchase the same goods and services in different countries. The US\$1.25/day line based on the 2005 PPP is derived from the exchange rate for individual consumption expenditure by households, the National Consumer Price Index (CPI) for July 2002 and July 2004, and the average national CPI in 2005. The US\$2.50/day, US\$3.75/day, and US\$5.00/day

⁶ Note that the PPI is an indirect measurement tool. It provides a probability that a household lives below the poverty line, but is not able to measure with complete certainty. More information on the construction and accuracy of the PPI for the Philippines is available on the Grameen Foundation PPI website, www.progressoutofpoverty.org/Philippines (download the Design Documentation Memo for the Philippines).

⁷ Average of province-specific poverty lines.

⁸ PPI uses the 2004 poverty lines set by the National Statistical Coordination Board from the 2003 Family Income and Expenditure Survey (FIES). Strictly speaking, FIES lines should not be applied to APIS data, as the two data sets use different income and consumption modules, and different reference periods. No official poverty rates based on APIS are available but given that PPI uses the APIS data, the FIES poverty lines are the best reference available.

poverty lines are multiples of the US\$1.25/day line. The \$4.32/day is based on the 1993 purchasing power parity and provides backward compatibility with the 2002 scorecard. This is the only poverty line that is compatible with the earlier scorecard and is used in this report for the comparison between 2002 and 2004 PPI users.

2.3 Limitations of This Report

2.3.1 Data is only representative of a sub-population of MFI clients

As shown in Figure 1, the participating MFIs only had PPI data for a subset of total clients, ranging from 4 percent to 67 percent of their client base. These clients were not randomly selected, and the dataset is not a representative sample of all of the clients of the MFIs. As a result, generalizations cannot be made with complete confidence even on the level of the MFI. This means that if the sample of clients contributed by MFI A has a poverty rate of X percent, we are not able to conclude with much certainty that MFI A as a whole has a poverty rate of X percent. Conclusions can only be applied to the sample with PPI scores. This is especially true for cases where an institution's data only comes from selected branches or group of clients. The MFIs did not share the same reasons for administering the PPI to one client over another.

Annex 1 contains information on PPI scores by MFI and by province. Note that in some cases, the MFIs applied the PPI in some provinces but not in others. Since poverty varies by province, the samples cannot be considered representative in the geographic dimension. In a few cases, only a small number of clients within a province have PPI scores. With very small sample sizes in some areas, the data becomes less reliable.

Moreover, because only 10 MFIs participated in the report, results are not nationally representative. The report does not attempt to generalize the state of poverty outreach of the Philippine microfinance industry.

2.3.2 Use of different scorecards

MFIs A to H use the PPI based on the 2004 Annual Poverty Indicators Survey (APIS), while MFIs J and K use the PPI based on the 2002 APIS. As such, analyses are done separately for MFIs using 2004 PPI and those using 2002 PPI. However, since the two scorecards were calibrated to be comparable for one poverty line, \$4.32/day 1993 PPP, this line will be used for analyses on all 10 MFIs together.

The report will primarily use National Poverty Line (NPL) on the 2004 PPI and occasionally use \$4.32/day 1993 PPP where it is relevant. Results for \$4.32/day 1993 PPP are included in Annex 8.

2.3.3 Single observation

The data gathered only covers one point in time spanning a year and only for one PPI score per client. Thus, conclusions cannot be made regarding poverty movement. In addition, since the data only covers active clients, observations cannot be drawn on clients who have left the MFI, or "dropouts".

2.3.4 Varying collection policies

Although all participating MFIs have policies to collect data from all clients, many of them faced difficulties in implementing these policies consistently across their institution. Moreover, some chose to focus data collection on new clients alone, while others collected PPI scores from all clients, from the time they joined to each time they renewed their loans. To address the differences in the scope of data collection, we decided to only include PPI data for new clients in analyzing the concentration of poverty across the MFIs.

2.3.5 Potential multiple-counting of clients

The data does not contain personal details (names, addresses, birthdates, etc.), which makes it impossible to identify clients across MFIs. As a result, if a client has active loans from multiple MFIs within the period, the client may be counted more than once.

2.3.6 Limited client-level information

Non-PPI data on individual clients (such as product usage, types of businesses, and loan amounts) are not consistently available across MFIs and are thus not available for analysis in this report. Geographical data is available on the national and provincial levels but not at the municipality or city level, which prevents a more granular level of analysis. Refer to Annex 3 for the list of client information collected.

2.3.7 Availability of secondary data

While PPI scores collected are within 2010-2011, the data used for comparison are not from the same period. National and provincial poverty incidence estimates are based on the 2004 APIS. Population figures are based on 2007 census⁹ (with number of households computed by dividing provincial population with average household size per region).

⁹ <http://www.census.gov.ph/data/census2007/index.html>

3 ANALYTICAL FRAMEWORK

3.1 Definition of Poverty Outreach

Poverty outreach is herein defined as the proportion of clients who are below the poverty line. For this report we will primarily use the National Poverty Line but also consider other poverty lines. When looking at other poverty lines, we can segment the poor ranging from those below \$1.25/day to those below \$5.00/day. This is important to consider because there are varying levels of poverty and institutions differ in their definition of the poor. In addition, people who live just below a poverty line are not significantly different from people just above the poverty line.

3.2 Aspects of Poverty

In this analysis, we consider two aspects of poverty within a certain area (in this case, province) – incidence and magnitude. **Poverty incidence** refers to the percentage of households within an area who are poor (number of poor households divided by the number of households). **Poverty magnitude** refers to number of poor households in an area.

In Figure 3 and Figure 4, in darkest red are the poorest provinces and in green are the least poor. Note that there are certain provinces that have both high poverty incidence and poverty magnitude, such as Zamboanga del Norte and Maguindanao. Certain provinces have high poverty incidence but because of the sparse population, have fairly low poverty magnitude such as Ifugao, Kalinga, and Apayao in the North, and Tawi-tawi in the south. In contrast, some have low poverty incidence but high poverty magnitude such as Metro Manila, Cebu, Iloilo and Negros Occidental. For this reason, both incidence and magnitude are important in identifying areas of greatest need for poverty alleviation efforts.

FIGURE 3. POVERTY INCIDENCE IN THE PHILIPPINES

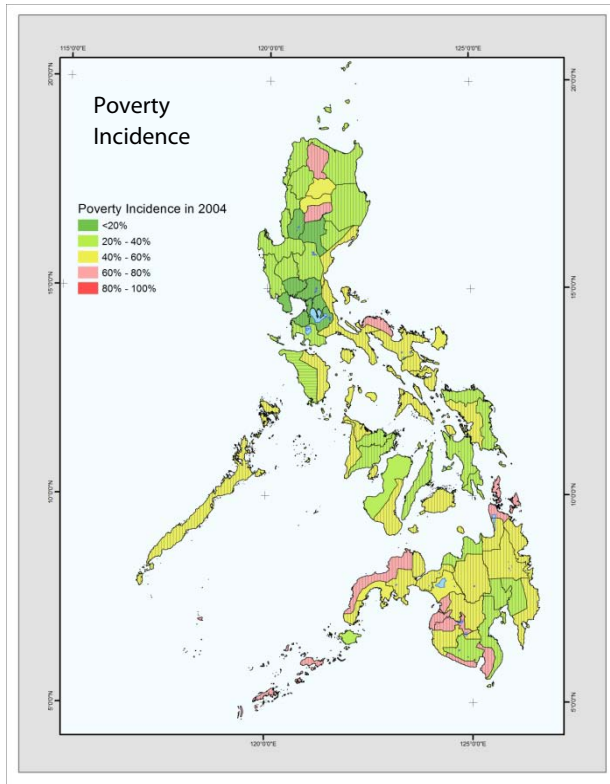
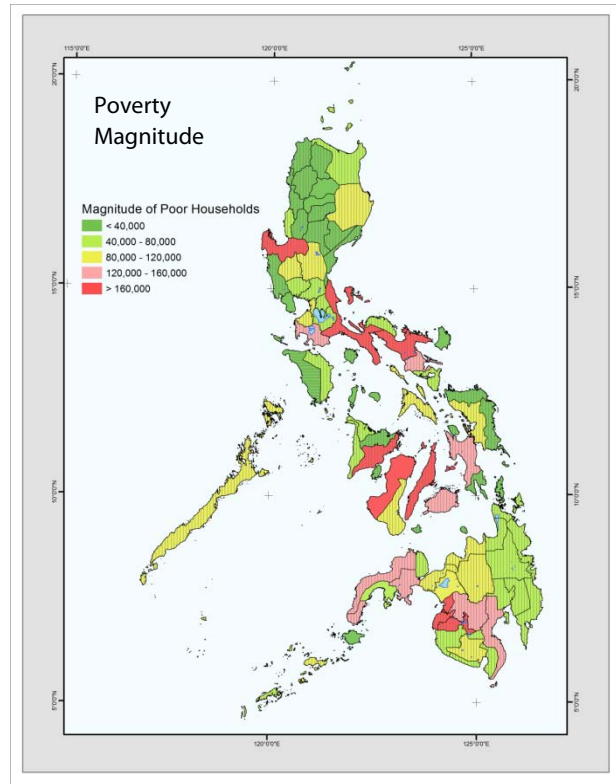


FIGURE 4. POVERTY MAGNITUDE IN THE PHILIPPINES



3.3 Aspects of Poverty Outreach

In the same way, we consider various measurements of poverty outreach. The first aspect is poverty **concentration**, the percentage of an MFI's clients who are living below the poverty line. Second is **scale**, which is the number of poor clients or households served¹⁰. Third is **penetration**, which contextualizes the scale of outreach by comparing it to the magnitude of poverty in the area. This shows the share of poor households that are reached by MFIs.

¹⁰ In this analysis, we assume that each MFI serves one client per household. The terms clients and households will be used interchangeably. This potentially overestimates outreach if more than 1 client lives in the same household.

$$\text{Concentration} = \frac{\text{No. of Poor MFI Clients}}{\text{No. of MFI Clients}}$$

$$\text{Scale} = \text{No. of Poor MFI Clients}$$

$$\text{Penetration} = \frac{\text{No. of Poor MFI Clients}}{\text{No. of Poor Households}}$$

These aspects provide ways to observe poverty outreach of MFIs – some MFIs may show high concentration but low scale and penetration, while others may have the opposite. This means that there is no single indicator or measurement that determines whether an MFI's poverty outreach is good or bad. Instead, it is important to consider all these aspects of poverty outreach together.

3.4 Factors Affecting Poverty Outreach

An MFI's poverty outreach may be a result of a confluence of factors: those that are within the direct control of the MFI such as area selection, client selection, and eligibility requirements, and those that are beyond the control of the MFI including physical infrastructure and peace and order.

In this analysis, quantitative data is limited to geography, that is, poverty outreach disaggregated on a provincial level. Through discussions with the participating MFIs, other possible factors that influence poverty outreach have been identified. While this report does not conduct an analysis on these other factors, this report discusses how they can be explored in future research and how the information can be used for improving poverty outreach. For practitioners, these factors are important in terms of helping to formulate policies that improve poverty outreach.

4 ASPECTS OF POVERTY OUTREACH

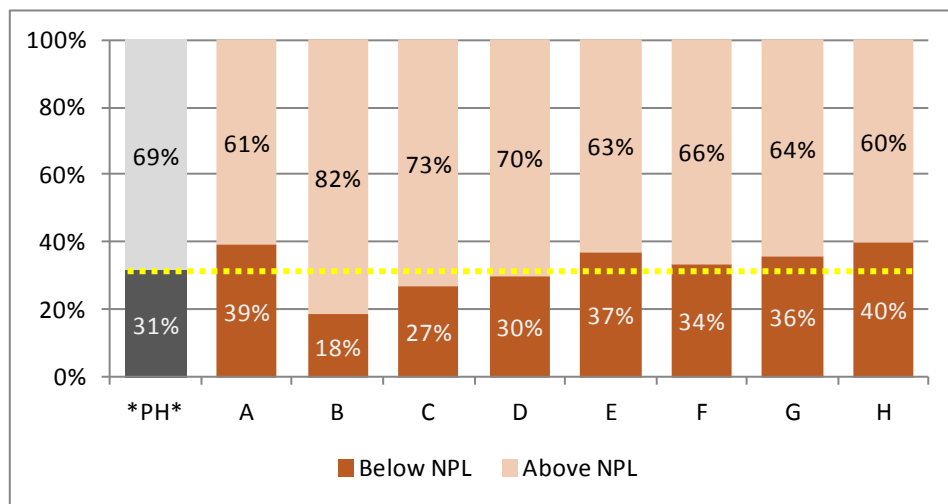
4.1 Concentration of Poverty Outreach

Poverty outreach in terms of concentration (number of poor clients out of total clients of MFI) measures one aspect of the poverty focus of an organization. A high poverty concentration for an MFI means that there are more poor people as a percentage of its portfolio. In this section, we describe the poverty concentration of the MFIs and identify factors that affect outreach.

4.1.1 Recruitment

The concentration of poverty among clients upon entry reflects the organization's ability to *recruit* poor clients. With reference to the National Poverty Line (NPL), the concentration of outreach ranges from 18 percent to 39 percent across the client samples of the 8 MFIs using the 2004 scorecard. The portfolios of MFIs A, E, F, G, and H have a higher concentration of poor households than the nation-wide poverty incidence of 31 percent.

FIGURE 5. CONCENTRATION OF POVERTY OUTREACH TO CLIENTS UPON ENTRY (2004 NPL)

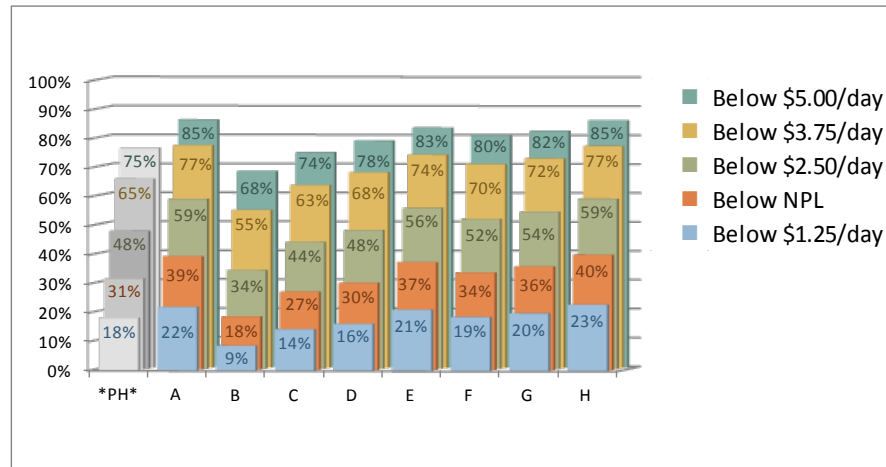


GRAY COLUMN SHOWS PERCENTAGE OF PHILIPPINE POPULATION ABOVE AND BELOW THE 2004 NATIONAL POVERTY LINE. RED COLUMNS SHOW POVERTY RATES BY MFI OF CLIENTS WITH PPI SCORE ON 2004 SCORECARD ONLY. YELLOW HORIZONTAL LINE SHOWS BENCHMARK BASED ON PHILIPPINE POPULATION.

NOTE THAT THE CLIENTS ABOVE THE NPL ARE NOT NECESSARILY FINANCIALLY STABLE. WHILE OVER 60 PERCENT OF CLIENTS ACROSS THE MFIs ARE ABOVE NPL, A VAST MAJORITY OF CLIENTS ARE LIVING BELOW OTHER COMMONLY USED POVERTY LINES.

Figure 6 shows that a significant portion earn less than \$2.50/day, ranging from 34 percent to 59 percent, and a vast majority earn less than \$5.00/day (up to 85 percent).

FIGURE 6. CONCENTRATION OF POVERTY OUTREACH TO CLIENTS UPON ENTRY (INTERNATIONAL POVERTY LINES)



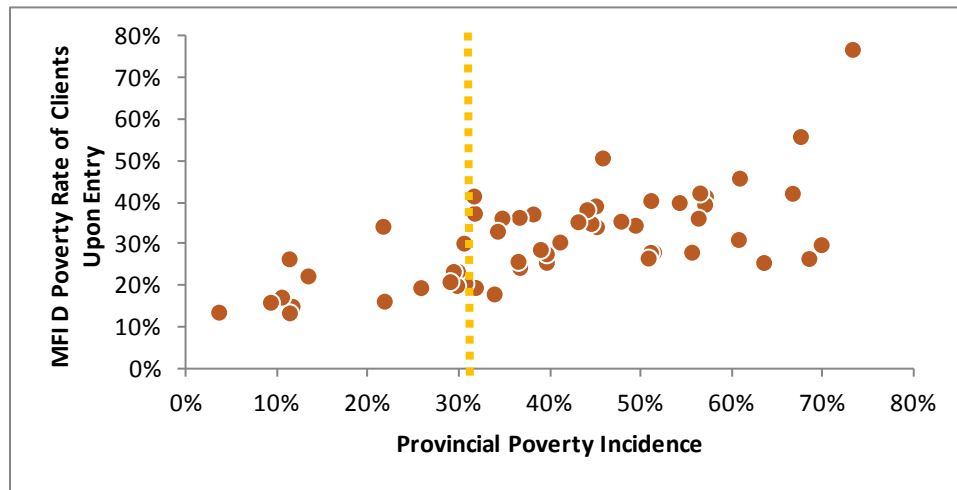
This is an important consideration because not all MFIs are targeting those living below the National Poverty Line. For instance, MFIs C and D are targeting those living under \$2.50/day, which is higher than the NPL but still a low income level. While this report focuses on NPL, each MFI's poverty outreach should also be considered in the context of its own social goals. Further, poverty is not a static condition, which means that there are people who move in and out of poverty. These "vulnerable poor" who may currently be living above NPL can easily slip back into poverty in the event of a health crisis or a natural calamity. Despite this segment of people living above NPL, they are a relevant group for MFIs to reach and serve.

It is difficult to judge if the current levels of poverty concentration are good or not because of vague social goals and lack of industry standards. However, what is important is that MFIs are able to quantify their current performance which they can use as baseline information. Observing trends of poverty outreach over time, together with continuous dialogue and refinement of goals and standards, can guide MFIs toward improving poverty outreach.

4.1.2 Location

Recall that in Figure 5, MFI D had 30% of its entering clients living below the National Poverty Line. This, however, does not mean that MFI D maintains a 30% poverty concentration across all the provinces where it operates. Figure 7 shows a wide distribution of its poverty concentration across provinces ranging from 14% to 77%. Moreover, it demonstrates that the poverty concentration of MFI D among new clients (y-axis) tends to follow the poverty incidence of a province (x-axis). This suggests that location is another factor that affects an organization's poverty outreach. As an MFI moves into poorer areas, its poverty concentration increases. Thus, how an MFI selects its areas of operations is an important element of poverty outreach.

FIGURE 7. MFI D POVERTY CONCENTRATION AMONG CLIENTS UPON ENTRY VS. PROVINCIAL POVERTY INCIDENCE

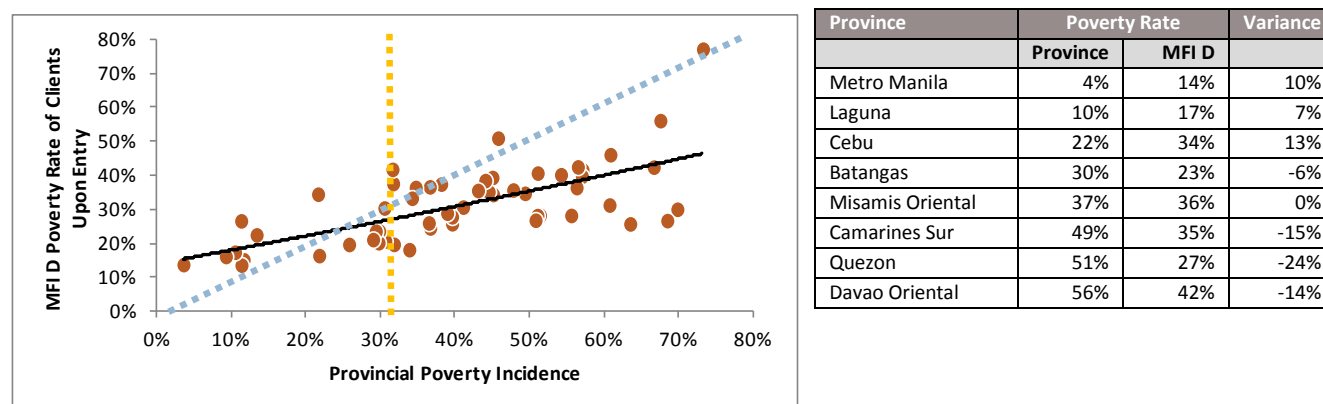


THE X-AXIS SHOWS THE HOUSEHOLD POVERTY INCIDENCE IN THE PROVINCE (NO. OF POOR HOUSEHOLDS ÷ NO. OF HOUSEHOLDS IN THE PROVINCE) WITH REFERENCE TO 2004 NPL. Y-AXIS SHOWS THE POVERTY RATE MFI D CLIENTS UPON ENTRY (NO. OF POOR ENTERING CLIENTS ÷ NO. OF ENTERING CLIENTS) THE YELLOW VERTICAL LINE IS AT 31.4% WHICH IS THE NATIONAL POVERTY INCIDENCE. LESS POOR PROVINCES ARE TOWARD THE LEFT AND BOTTOM AND POORER PROVINCES ARE TOWARD THE RIGHT AND TOP.

This potential correlation also means that poverty outreach of an MFI and its branches should be assessed relative to the area of its operations. MFIs operating in different provinces cannot be expected to have the same poverty rates. Those in Metro Manila, where poverty incidence is only 4 percent, cannot be quickly compared to those in Tawi-tawi, where 73 percent of the population is poor.

Based on the logic that an MFI that deliberately targets the poor should have higher poverty concentration than the provincial poverty incidence, we probe further into MFI D's poverty concentration and compare its outreach to the provincial poverty incidence. We see that while the two are related in Figure 7, the increase in an MFI's poverty concentration lags behind the increase in poverty incidence, especially in poorer areas. Figure 8 shows that the blue diagonal line, which represents poverty incidence across provinces, has a higher slope than the black diagonal line, which represents the poverty concentration of MFI D across provinces. In less poor areas on the left hand side, the poverty concentration of MFI D is higher than the poverty incidence of the province. However, as MFI D goes deeper into poorer and harder to reach areas, its poverty concentration becomes lower than the provincial poverty incidence.

FIGURE 8. MFI D POVERTY RATE AMONG CLIENTS UPON ENTRY VS. PROVINCIAL POVERTY RATE (2004 NPL)



This pattern is evident in most MFIs in the report (shown later in Figure 13) and reflects the fact that there are distinct barriers to reaching poorer clients in poorer provinces. In our discussions, MFIs identified barriers such as inadequate roads, peace and order problems, and low population density, which make it difficult to operate efficiently in remote areas.

This means that in hard-to-reach provinces, low concentrations of poverty outreach relative to the provincial poverty incidence do not necessarily mean poor social performance. In some cases, working in these poorest areas may require MFIs to balance their social performance with the sustainability of their operations. When these areas have low population density, it becomes difficult for MFIs to operate efficiently and consequently, costs of service delivery become prohibitive. It could then be necessary to cross-subsidize the portfolio by serving more accessible, less-poor households to ensure sustainability of its operations. In this case, it can be argued that the relatively low poverty concentration allows the MFI to serve poor households who would not otherwise have access to financial services. Thus, in the example of MFI D, its operations in Davao Oriental with a poverty concentration of 42% (which is 14% lower than the provincial poverty incidence of 56%) needs to be understood within the context of operating in remote, low-density populations. Given the difficulty of working in these areas, the critical question is not whether the MFI's poverty concentration is higher than the area's poverty incidence, but whether the MFI can sustain operations in the area and offer financial services to anyone.

Note that this provincial-level inquiry is limited and possibly obscures differences among municipalities or *barangays*¹¹ within a province. Analysis of more granular geographic information will allow better insight into poverty outreach. Also, an inquiry into the optimal balance between social and financial performance can help MFIs pursue both bottom lines more strategically. Understanding the costs and benefits of serving poorer households and remote locations can help make the outreach and targeting decisions of MFIs more intentional and transparent.

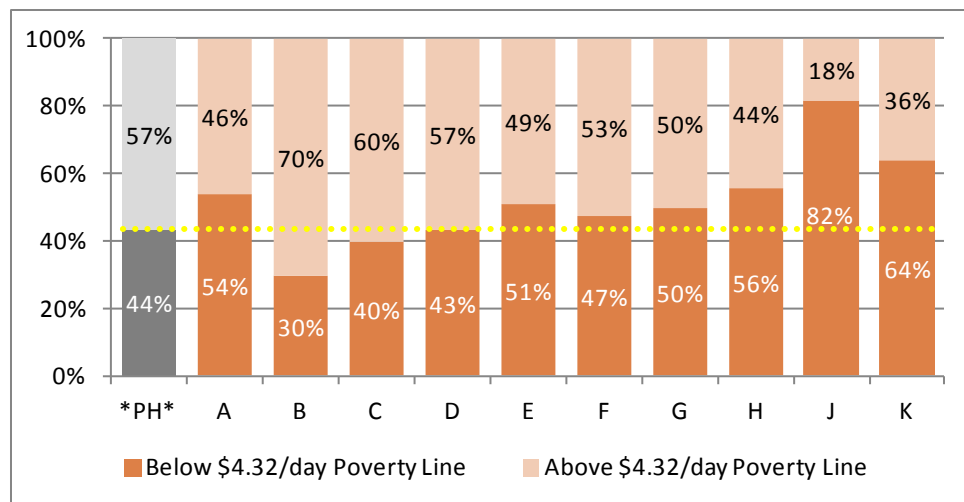
¹¹ The Philippines is divided into 17 regions, which are subdivided into 80 provinces. Each province is divided into municipalities and cities. These are further divided into *barangays* which are the smallest units of local government.

4.1.3 Targeting

Another factor that may affect poverty outreach is the targeting strategy employed by the institution. Targeting refers to how MFIs find and select their potential clients, and is being done in a variety of ways. While all MFIs implicitly target clients by geography by choosing areas of operations and recruiting clients in those areas, there are some that also employ client-level targeting. Among those doing client-level targeting, there are several tools (including and beyond the PPI) being used and varying criteria or cut-off scores.

In Figure 9 below, we see that some MFIs are able to reach a greater percentage of poor households than others. The four highest in terms of concentration – MFIs A, H, J, and K – are actually using the PPI as a targeting tool. This means that they approve or deny potential clients based on a certain PPI cutoff score¹² among other criteria. While this report is not able to isolate the effect of using PPI cutoff scores among other targeting methods, the data suggests a correlation between deliberate effort to screen potential clients and higher poverty concentration.

FIGURE 9. CONCENTRATION OF POVERTY OUTREACH TO CLIENTS UPON ENTRY (\$4.32/DAY/1993 PPP)



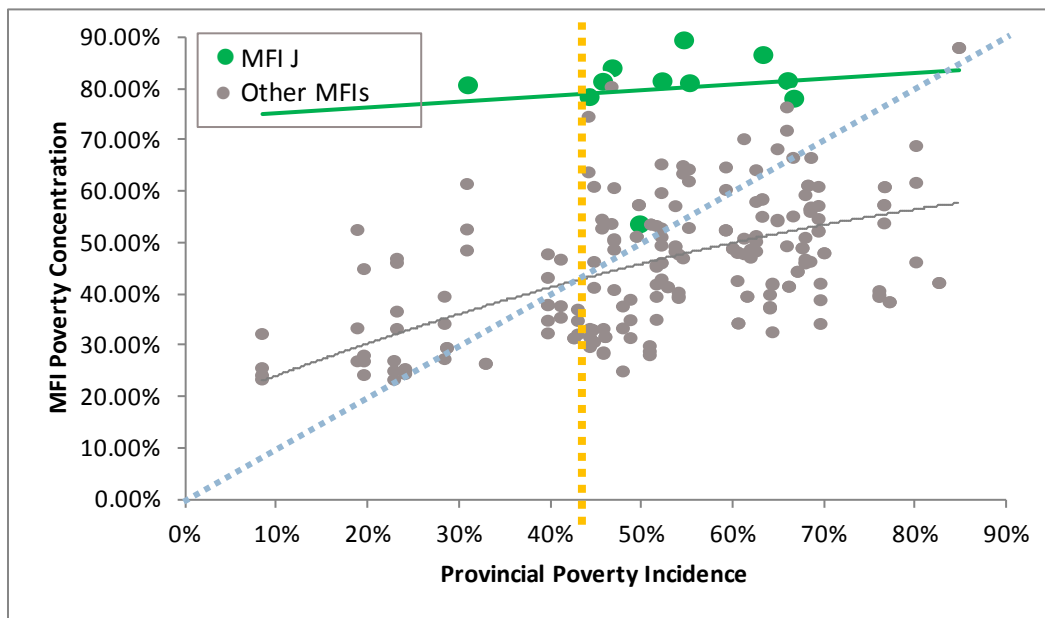
GRAPH SHOWS PERCENTAGE ABOVE AND BELOW THE \$4.32/DAY 2005 PPP INTERNATIONAL POVERTY LINE FOR THE GENERAL PHILIPPINE POPULATION AND ON CLIENTS WITH PPI SCORES FOR BOTH 2002 AND 2004 SCORECARDS. THIS POVERTY LINE IS USED TO INCLUDE MFIs J AND K WHICH ARE USING THE 2002 SCORECARD.

In the case of MFI J in Figure 10, we observe that (1) its poverty concentration is noticeably higher than other MFIs, and (2) its poverty concentration tends to be within 78 percent-90 percent regardless of the provincial poverty incidence. This may be explained by MFI J's decision to use a PPI cutoff score and apply it consistently across all its branches¹³. Since it only accepts clients within a range of PPI scores, it gets a similar poverty concentration across all provinces.

¹² These MFIs developed an internal policy to use the PPI as a targeting tool and decided what cutoff score and exemptions to use. These were not imposed by GF.

¹³ In the case of other MFIs using the PPI as client targeting tool, poverty concentrations are often higher than peers within the province, but are not consistent across provinces. This may be due to deviations (or better following of) from internal policy.

FIGURE 10. MFI J CONCENTRATION OF POVERTY OUTREACH TO CLIENTS UPON ENTRY (\$4.32/DAY)



While it is true that the poverty incidence of the area influences the profile of clients – in poorer provinces, the MFIs have a poorer portfolio – and that area selection is an important element of poverty outreach, the case of MFI J demonstrates that a more rigorous client selection strategy can help improve poverty concentration beyond the provincial average. Its targeting policy allows it to ensure that incoming clients are predominantly poor. Thus, a combination of area selection and client targeting can help MFIs reach a larger percentage of poor households in their portfolio.

4.1.4 Other factors that affect client recruitment

Beyond targeting tools, there may be organizational policies that are not directly related to targeting but nonetheless affect poverty outreach. In some cases, existing members primarily decide on the selection of new clients to replace those who leave. As a result, the loan officers are not able to screen the new clients according to poverty criteria set out by the organization. Especially in cases where the groups have been around for several years, members tend to select more financially stable clients, which then lowers the poverty concentration among new clients.

In other cases, there may be eligibility/creditworthiness requirements that hinder the participation of poorer clients, such as having an existing business or a co-guarantor. Loan liability, whether group or individual, may also attract different types of clients. While these requirements could be beneficial from a risk management perspective, they may inadvertently result to systematically excluding many poor households. Understanding both positive and negative effects of requirements and product features can help balance poverty outreach and financial viability.

In addition, product offerings may also play a role. Some products and services – savings, insurance, business development, and agricultural financing – may be more relevant for poorer market segments. While analyses on these factors is beyond the scope of this report, this may be an area for further inquiry to help MFIs make better decisions on organizational policies and product design, to improve financial inclusion.

4.1.5 Retention

While it is critical to manage the ability to recruit poor clients, it is equally important to review and monitor the ability to *retain* clients. Good recruitment alone will not result to fulfilling the social mission if the same clients quickly drop out of the program. Good retention reflects the quality of the MFI's services, fulfilling clients' expectations, and responsiveness to needs of clients. By retaining clients, MFIs have better chances of delivering services that will hopefully benefit their clients in the long term. At the same time, retention strengthens the financial viability for the organization.

Analysis of clients who stay and who leave can help assess the ability of MFIs to retain their poor clients. In addition, tracking PPI scores of the same group of clients over time can reveal any movement in poverty levels. This report, however, cannot pursue this inquiry due to lack of data. Annex 6 discusses the limitations of the data.

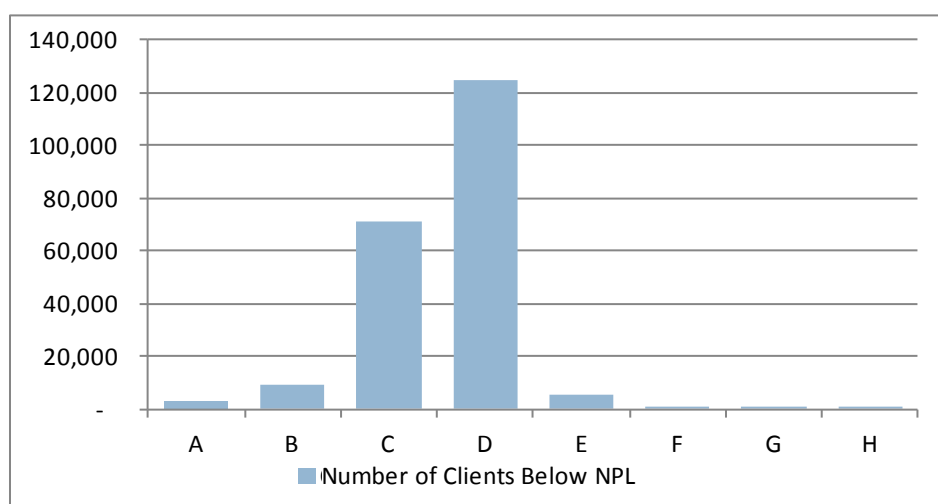
4.2 Scale of Poverty Outreach

The second aspect of poverty outreach is scale. While depth of outreach (having high poverty concentration) is a strong indicator of poverty focus, it is equally important to consider scale of outreach. Scale of outreach refers to the magnitude or absolute number of poor households that are reached. This complements poverty concentration because increasing breadth of poverty outreach also advances the social mission. In this section, we look at the numbers of poor households that MFIs are reaching across all its clients (both new and reloaning clients) with PPI scores.

4.2.1 Scale of Poverty Outreach by MFI

In Figure 11, we see that MFIs C and D largely outnumber other MFIs in terms of number of poor people served. They respectively account for 33% and 58% of clients below NPL across the 8 MFIs.

FIGURE 11. SCALE OF POVERTY OUTREACH: NUMBER OF CLIENTS BELOW NPL BY MFI



	A	B	C	D	E	F	G	H
Below NPL	3,413	9,323	70,957	124,796	5,758	530	579	938
Above NPL	7,979	43,362	176,968	366,091	9,720	1,301	1,108	1,415
No PPI Score	12,221	26,017	294,734	283,451	21,049	51,148	26,762	37,116
Total Clients	23,613	78,702	542,659	774,338	36,527	52,979	28,449	39,469

It is interesting to note that in the earlier discussion on poverty concentration, MFIs C and D had a smaller proportion of poor borrowers in their portfolios relative to other MFIs, but because of the immense scale of their operations, they are able to reach much larger numbers of poor households. On the other hand, MFIs A and H which had higher concentration, have low scale.

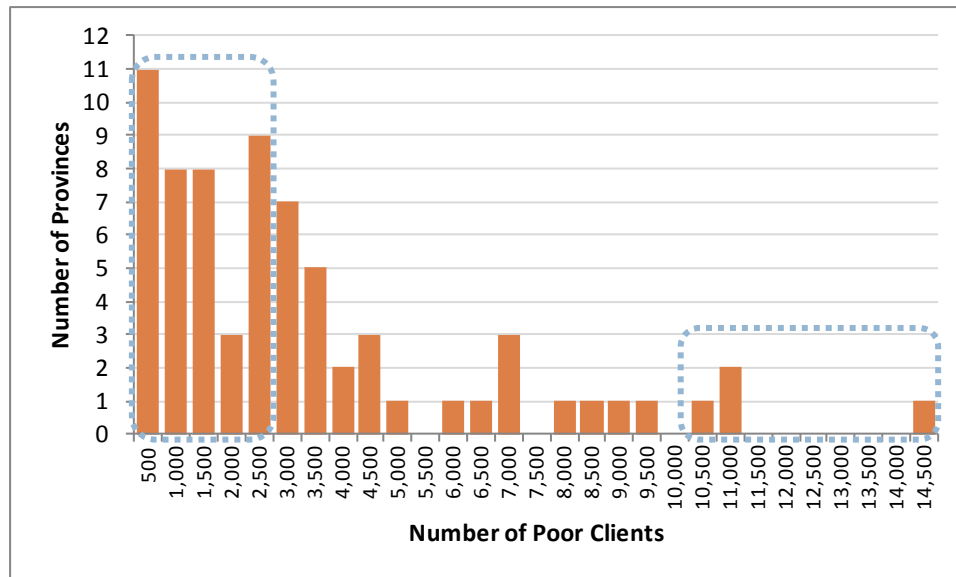
These sets of MFIs are following different strategies in achieving their social mission. While MFIs A and H focus primarily on deepening their poverty outreach, MFIs C and D strive to broaden their poverty outreach. One approach is not necessarily better than another, and an assessment of their performance should be based on achievement of their own strategies. Moreover, this is not to say that depth focus and breadth focus are necessarily mutually exclusive. It could be possible for an institution to achieve both.

Few MFIs in the country are able to achieve a nationwide scale and reach large numbers of poor. Many MFIs operate in distinct or confined regions or areas of the country either by organizational choice or limitations in raising capital. To encourage both depth and breadth, it is critical to understand if a focus on depth compromises financial sustainability which then constrains the ability to expand, and on the other hand, whether MFIs with financial means could potentially be in a better position to leverage their resources to reach poorer areas.

4.2.2 Scale of Poverty Outreach by Province

Aggregating the outreach of these 8 MFIs, we see that among provinces with operations, most (39 of 70 provinces¹⁴) have fewer than 3,000 poor clients. Eleven of these have less than 500 poor clients. On the other hand, in some provinces, MFIs are able to reach a large number of poor households. The largest is Quezon, with over 14,000 poor clients. Others with above 10,000 clients include Oriental Mindoro, Camarines Sur, and Cebu. Annex 7 contains the full list of provinces and in section 4.4, we will discuss how scale in each province compares to the poor population in the area.

FIGURE 12. DISTRIBUTION OF PROVINCES BY SCALE OF OUTREACH



THIS HISTOGRAM SHOWS THE DISTRIBUTION OF PROVINCES BY THE NUMBER OF POOR CLIENTS THAT MFIs A TO H REACH IN AGGREGATE. THE LEFTMOST BAR SHOWS THAT 11 PROVINCES HAVE LESS THAN 500 POOR CLIENTS. THE SECOND BAR SHOWS THAT THERE ARE 8 PROVINCES THAT HAVE OVER 500 BUT UNDER 1,000 POOR CLIENTS.

4.3 Depth and Breadth of Poverty Outreach

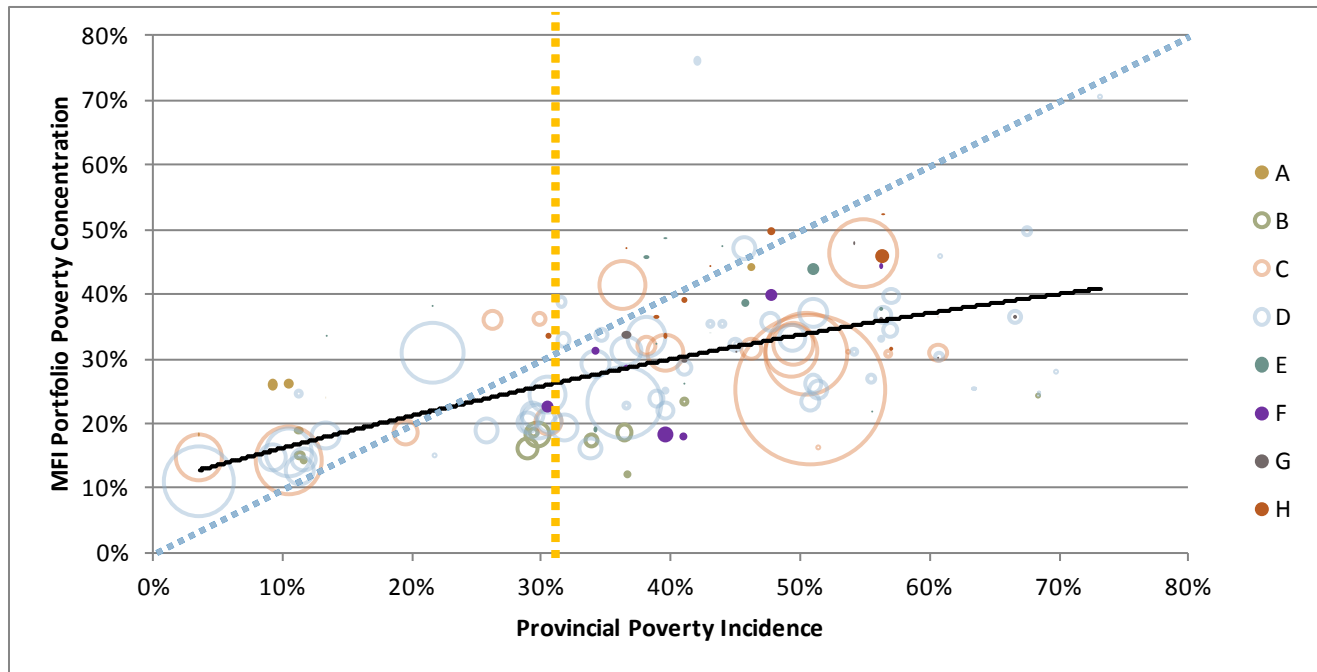
Poverty concentration and scale are complementary metrics that need to be considered together. While an institution may not be improving its poverty concentration, say 50% of its clients are below the poverty line, from one year to the next, an increase or decrease in its scale makes a difference in the way it is fulfilling its social mission. Maintaining the same level of poverty concentration while doubling scale of outreach is a step toward financial inclusion.

As previously discussed, MFIs differ in their approach towards poverty outreach. We observe varying strategies in terms of (1) focus on depth, (2) focus on breadth, and (3) selection of areas where they operate. Figure 13

¹⁴ MFIs A to H operate in 70 provinces. MFIs J and K operate in an additional province, Negros Occidental, which brings the total to 71 provinces across all 10 MFIs.

shows the operations of each MFI according to these three areas. Concentration of poverty outreach is along the y-axis, the selection of areas is along the x-axis, and scale is reflected by the size of the circles.

FIGURE 13. CONCENTRATION AND SCALE OF MFIS

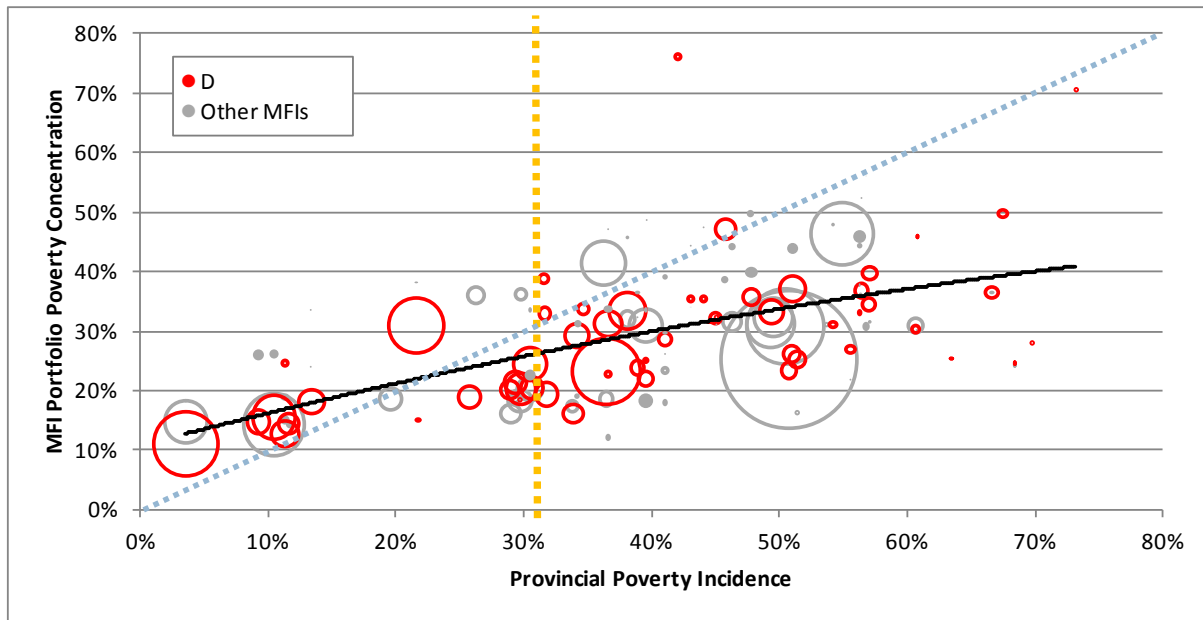


THE X-AXIS IS THE HOUSEHOLD POVERTY INCIDENCE IN THE PROVINCE. Y-AXIS IS THE POVERTY CONCENTRATION OF CLIENTS WITH 2004 PPI. CIRCLES ABOVE THE BLUE DIAGONAL LINE ARE PROVINCES WHERE THE MFI PORTFOLIO IS POORER THAN THE PROVINCIAL POVERTY INCIDENCE. BUBBLE SIZE REFLECTS THE SIZE OF THE MFI PORTFOLIO IN EACH PROVINCE MEASURED BY THE NUMBER OF CLIENTS (INCLUDING THOSE WITHOUT PPI SCORES). THE BLACK SOLID LINE SHOWS THE TREND OF POVERTY CONCENTRATION OF THE MFIS.

In terms of poverty concentration, we see most MFIs with a similar pattern to MFI D shown earlier in Figure 8. The black trend line shows that in less poor areas (to the left of the yellow line), MFIs are able to get a higher poverty concentration compared to the poverty incidence of the province (above the blue diagonal line). In poorer provinces, MFI poverty concentration increasingly lags behind the provincial poverty incidence. In terms of scale, MFIs C and D vastly outnumber other MFIs, as shown by its larger circles. The size of the circles can be considered as an illustration of where MFIs dedicate their resources. A positive observation is that across the 10 participating MFIs, a lot of activity is in the relatively poor provinces with poverty incidence of about 30 percent to 55 percent. In the poorest provinces, there are also some operations but scale is still quite small.

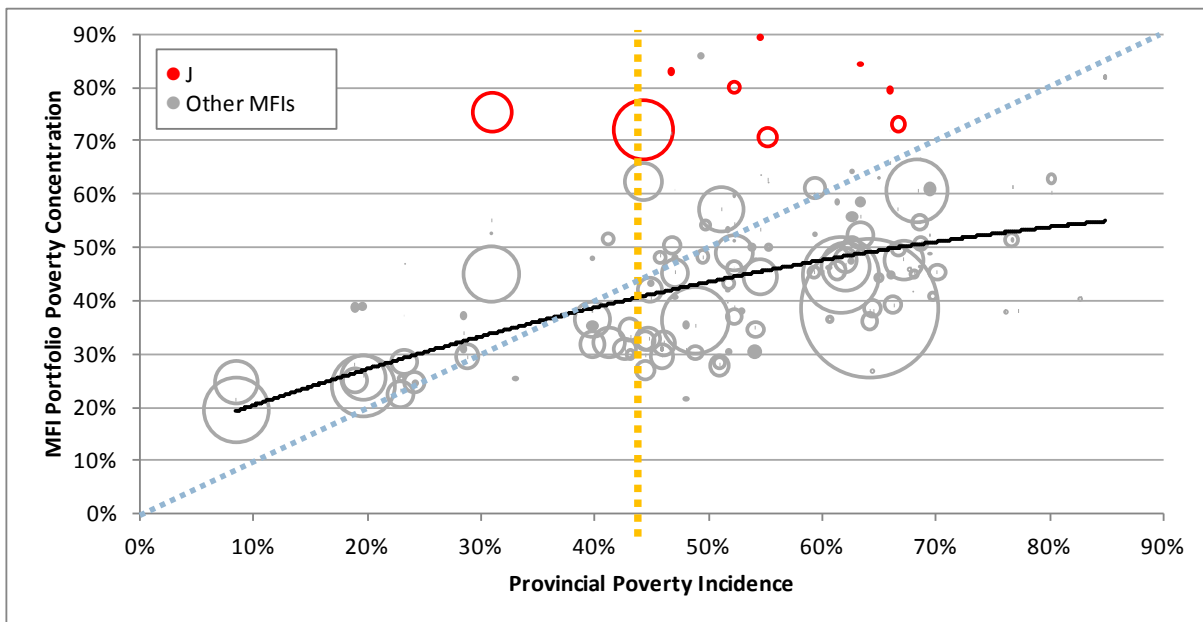
Taking the example of MFI D, Figure 14 shows that it operates across the spectrum of provinces, with operations in 56 out of 80 provinces. Although its larger portfolios are in the less poor provinces and its poverty concentration is lower than average, it manages to reach some of the poorest areas and in some cases is the only MFI operating there.

FIGURE 14. CONCENTRATION AND SCALE OF MFI D



In contrast, MFI J has relatively smaller operations, a far third after MFI C and D in terms of scale. They have presence in only 11 of 80 provinces, in fairly poorer ones with poverty incidences from 31 percent to 66 percent, but not the poorest. The concentration of poor in their portfolio is visibly higher than other MFIs operating in the same areas and as discussed earlier, fairly consistent across all its branches.

FIGURE 15. CONCENTRATION AND SCALE OF MFI J



We observe other patterns as well¹⁵ -- MFI A has low scale operations mostly in less poor areas, but within these areas, their poverty concentration is higher than others. MFI K only operates in one province of average poverty incidence, but has relatively high concentration and fairly significant scale. Again, it is difficult to determine whether one is better than another. Poverty outreach should be viewed in the context of each MFI's strategy and goals. Nevertheless, using this type of information should help MFIs and the industry move forward in refining outreach goals and standards.

4.4 Penetration of Poverty Outreach

Along with concentration and scale, another aspect of poverty outreach involves the share of poor households that the MFIs are reaching. For simplicity, we refer to this number as penetration.¹⁶ This measures the poverty outreach in the area with respect to the market that it tries to reach, which in this report, we define as poor households in the area. This measurement standardizes the scale of outreach with the magnitude of poverty in the area. This gives a better context of how reaching 10,000 households should be interpreted, and varies depending on whether there are only 10,000 households in the area or 100,000. This analysis could help identify areas of greatest need and opportunity for MFIs to offer financial services.

In this analysis, we consolidate all the operations of the 8 MFIs using the 2004 scorecard and look at their combined penetration. The full list of penetration by province can be found in Annex 7. Figure 16 shows the provinces with highest and lowest penetration. Among clients with available data, the provinces with the highest penetration tend to be slightly less poor than the ones with the lowest penetration.

FIGURE 16. PROVINCES WITH HIGHEST AND LOWEST PENETRATION

Highest Penetration			Lowest Penetration (No operations)		
Province	Penetration	Provincial Poverty Incidence	Province	Penetration	Provincial Poverty Incidence
Occidental Mindoro	20.20%	36.26%	Kalinga	0%	57.17%
Marinduque	16.30%	49.49%	Mountain Province	0%	54.98%
Nueva Vizcaya	14.54%	11.30%	Romblon	0%	54.16%
Laguna	14.45%	10.47%	Zamboanga Sibugay	0%	53.17%
Oriental Mindoro	13.79%	50.45%	Catanduanes	0%	52.86%
Masbate	10.27%	54.83%	Lanao del Sur	0%	44.61%
Southern Leyte	8.42%	31.66%	Basilan	0%	36.82%
Camiguin	8.14%	45.07%	Bataan	0%	17.79%
Palawan	7.68%	45.73%	Batanes	0%	27.78%
Eastern Samar	7.57%	34.69%	Negros Occidental ¹⁷	0%	28.32%

¹⁵ Graphs for all MFIs are shown individually in Annex 5 for MFIs using the 2004 PPI Scorecard and in Annex 8 for those using the 2002 Scorecard.

¹⁶ Varying perspectives on defining the "market" of microfinance affect how share is measured. This report will be using poor households as a proxy for the market. This overestimates the market if one would like to consider only the subpopulation of poor people that are eligible and interested in microfinance services. On the other hand, it underestimates the market if microfinance also aims to reach households that are hovering above the poverty line, or the vulnerable poor. It may also underestimate the market if more than 1 member per household can be considered as eligible for microfinance services and if there are incidences of multiple borrowing. This assumption can be adjusted depending on the purpose of the analysis.

¹⁷ MFIs A to H do not operate in Negros Occidental but MFIs J and K do.

Occidental Mindoro has the highest penetration at 20%. While there are only 6,631 poor households served in this province, it has the highest penetration because poverty magnitude is low -- under 33,000 poor households. In Figure 17, note that the scale of outreach to Occidental Mindoro is much smaller compared to the 14,075 poor households served in Quezon, which is the largest in terms of scale. However, penetration in Quezon is only 6.85% because it also has the highest poor population with over 205,000 households. In this case, while Quezon already has the largest scale, it does not mean that the market has been saturated. Instead, we see that there are still numerous other poor households that remain unserved. This information should help MFIs make data-driven decisions with regard to expansion in certain geographies.

FIGURE 17. PENETRATION IN SELECTED PROVINCES

Provinces	Region	Poverty Incidence ¹⁸	Poverty Magnitude ¹⁹	No. of MFIs	% Below NPL ²⁰	# poor HH served	Penetration ²¹
Batanes	2	27.78%	963	0	-	0	0.00%
Metro Manila	NCR	3.56%	93,011	3	12.27%	6,028	6.48%
Quezon	4A	50.75%	205,494	2	24.96%	14,075	6.85%
Occidental Mindoro	4B	36.26%	32,832	1	41.32%	6,631	20.20%
Maguindanao	ARMM	69.76%	185,326	1	28.14%	348	0.19%
Tawi-Tawi	ARMM	73.19%	57,126	1	70.47%	469	0.82%

PROVINCES WITH LOWEST POVERTY INCIDENCE ARE COLORED GREEN AND THE HIGHEST ONES ARE COLORED RED. PROVINCES WITH THE LOWEST POVERTY MAGNITUDE ARE COLORED GREEN AND THE HIGHEST ONES ARE COLORED RED. PROVINCES WITH THE LOWEST PENETRATION ARE COLORED RED AND THE HIGHEST ONES ARE COLORED GREEN.

Note that the analysis is limited to the participating MFIs, so that penetration can be significantly underestimated in areas where there are several other large MFIs. In the case of Metro Manila, the penetration is only 6.48% because only 3 of the 8 MFIs in this report are operating in the area. The numbers seem quite low and even contrary to anecdotes of saturation in the market. Much higher figures may show once more MFIs submit data and when only eligible clients are considered. In addition, more granular data at the municipality and *barangay* level will further help assess if there are indeed pockets of saturation within certain provinces. Encouraging other MFIs to measure and report on poverty outreach will help the sector better understand the state of penetration throughout the country. Coupled with data on multiple borrowing, more information can guide MFIs in determining whether or not there are unreached poor households in the area and if there is need for further outreach.

An inquiry into the profiles of households that are served and those that are unserved can help describe the qualitative differences between the two groups. Recognizing these differences, which may be beyond income segments and geography, can help determine mismatch between current products and services of MFIs and

¹⁸ Poverty Incidence based on 2004 APIS. Metro Manila has the lowest poverty incidence (in green) and Tawi-tawi has the highest (in red).

¹⁹ Poverty Magnitude is based on 2007 Census data on population and poverty incidence computed from 2004 APIS. Batanes has the lowest poverty magnitude (green) and Quezon has the highest (red).

²⁰ Based on clients with 2004 PPI scores across the 8 MFIs.

²¹ Penetration is computed as number of poor households served divided by poverty magnitude in province. Highest is Occidental Mindoro (green) lowest is Batanes among several others with zero (red).

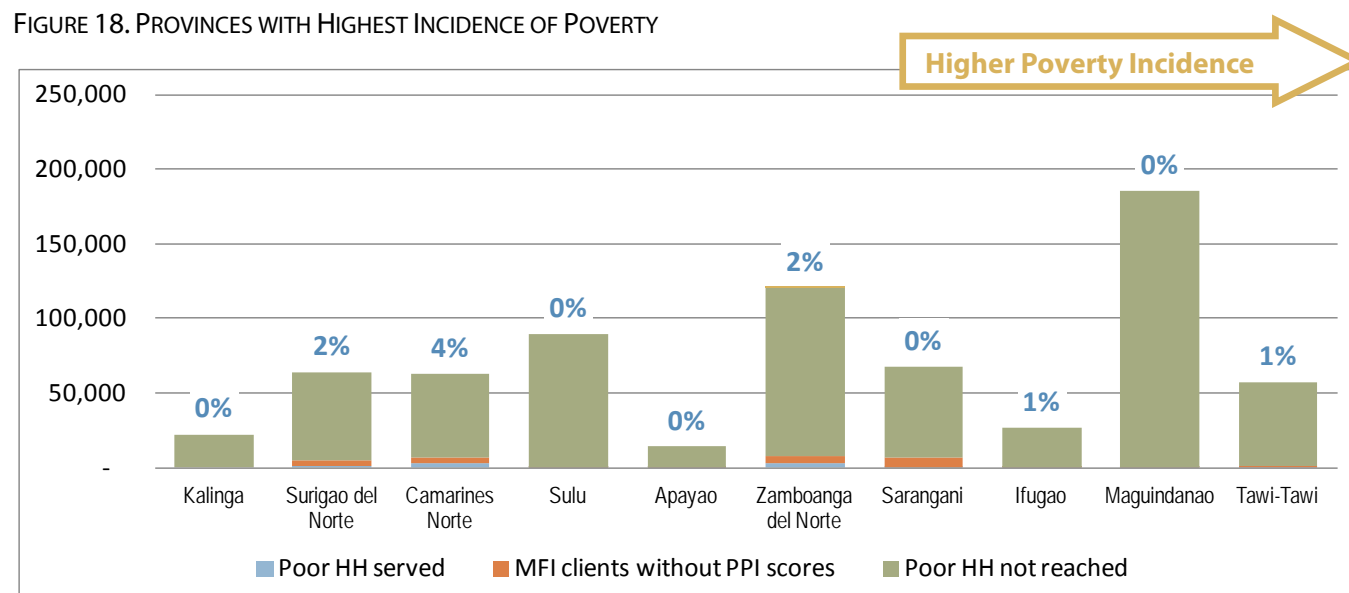
needs of the unserved. Microenterprise loans may only be suitable for households that have the interest and capacity to manage small businesses, so that even in areas with strong MFI presence, many poor households may remain excluded. Understanding needs of the unserved can guide market research, product design, and service delivery.

4.4.1 Penetration in Provinces with High Poverty Incidence

Among the country's ten poorest provinces in Figure 18, nine have at least one MFI operating in the area. In fact, MFI D is present in 8 of the 10 areas. But as shown earlier in Figure 13 both concentration and scale are low in these provinces.

The low concentration and scale translate to low penetration of 0% to 2%, with the exception of Camarines Norte at 4%.

FIGURE 18. PROVINCES WITH HIGHEST INCIDENCE OF POVERTY



	Kalinga	Surigao del Norte	Camarines Norte	Sulu	Apayao	Zamboanga del Norte	Sarangani	Ifugao	Maguindanao	Tawi-Tawi
MFIs in Province	0	4	1	1	1	2	2	2	1	1
Poverty Incidence	57%	61%	61%	61%	63%	67%	67%	68%	70%	73%
Poverty Magnitude	22,321	64,083	62,592	89,512	14,078	120,596	67,413	26,486	185,326	57,126
Poor HH Served	0	1,479	2,711	309	22	2,657	69	226	348	469
Penetration	0%	2%	4%	0%	0%	2%	0%	1%	0%	1%
Ceiling Penetration ²²	0%	7%	10%	1%	0%	7%	10%	2%	0%	2%

In many of these provinces, poor communities are located in remote areas, where inadequate infrastructure and high cost of transportation become prohibitive for MFIs to operate sustainably. In Ifugao, Kalinga, and

²² Ceiling Penetration refers to the maximum possible penetration among clients of participating MFIs. This is computed by adding the known number of poor households served and the number of households served that do not have PPI scores, divided by the poverty magnitude in the province. This assumes a best case scenario where all clients without PPI scores are classified as poor.

Apayao, for instance, population density is quite low²³ which is a critical impediment for MFIs to operate efficiently. In addition, many of these remote poor communities are primarily involved in agriculture. Microenterprise loans currently offered by MFIs, with small loan sizes and weekly payments, do not adequately match the cashflow and risks faced by agricultural households.

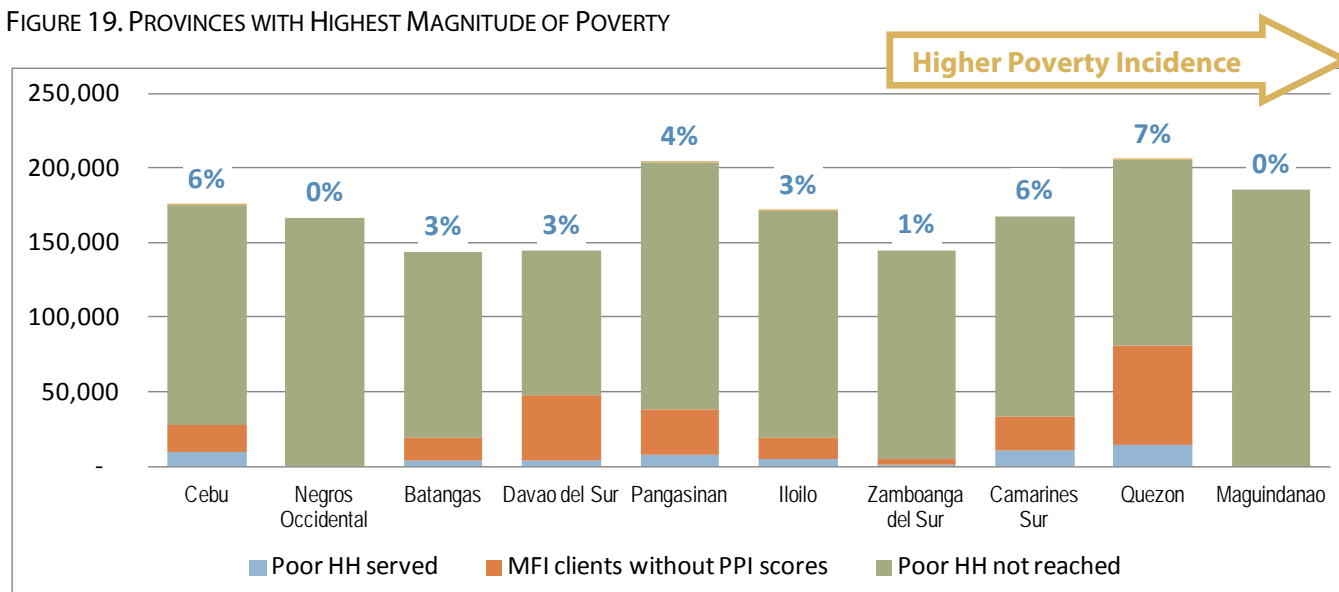
As a result, MFIs tend to gravitate toward town centers and surrounding areas where microenterprise loans are more relevant and financial sustainability is more feasible, leaving the farthest areas underserved.

4.4.2 Penetration in Provinces with High Poverty Magnitude

Figure 19 shows 10 provinces with the highest magnitude of poverty. Note that the poverty incidence actually has a wide range of from 22 percent to 70 percent. In Cebu, for example, despite only having 22 percent of its population living below NPL, its population is so high that there are almost 175,000 poor households. This comes close to Maguindanao's poor population of 185,000, where poverty incidence is significantly higher at 70 percent. Thus, while Cebu has lower poverty incidence, the high magnitude of poor in the area signifies the need for poverty alleviation efforts.

Compared to the earlier set of provinces, there are evidently more microfinance operations in these high poverty magnitude provinces. On average, they have more than 2 MFIs operating in each province. In terms of penetration, MFIs in Quezon, Cebu, and Camarines Sur reach 6-7 percent.

FIGURE 19. PROVINCES WITH HIGHEST MAGNITUDE OF POVERTY



	Cebu	Negros Occidental ²⁴	Batangas	Davao del Sur	Pangasinan	Iloilo	Zamboanga del Sur	Camarines Sur	Quezon	Maguindanao
MFIs in Province	2	0	2	5	2	2	3	2	2	1

²³ Based on information on population and land area in http://www.dbm.gov.ph/dbm_releases/IRA/parameters.htm

²⁴ As mentioned, Negros Occidental registers zero activity across the 8 MFIs using the 2004 scorecard, but the 2 MFIs using the 2002 scorecard have operations in Negros Occidental. Refer to Annex 8 for the penetration rate by these 2 MFIs in Negros Occidental.

Poverty Incidence	22%	28%	30%	30%	36%	40%	43%	49%	51%	70%
Poverty Magnitude	174,768	166,203	143,897	144,144	203,830	170,769	145,052	167,800	205,494	185,326
Poor HH Served	10,101	-	4,103	4,094	7,579	4,567	1,476	10,893	14,075	348
Penetration	6%	0%	3%	3%	4%	3%	1%	6%	7%	0%
Ceiling Penetration	16%	0%	14%	33%	19%	11%	3%	20%	39%	0%

Despite more microfinance activity in these areas, the penetration is still quite low. Even considering the ceiling penetration (maximum possible rate accounting for those without PPI scores), most have a rate of under 20 percent. Anecdotal evidence suggests that even within areas that MFIs operate, poor households remain unserved either because they do not meet the MFIs' eligibility requirements or they themselves decide against taking out loans.

As previously mentioned, current outreach may only be limited to entrepreneurial households whose needs are compatible with the products and services of MFIs. It is then possible that if we only consider entrepreneurial households that are interested in loans to be the "market" for MFIs, penetration would turn out to be high, and perhaps even to the point of saturation in some areas. However, promoting financial inclusion entails reaching more numbers of poor by offering more appropriate products and using alternative delivery channels.

Some MFIs in this report already offer microsavings, agricultural loans, microinsurance, and business development services. These programs were started in order to respond to the needs of poor households by offering other products and services in addition microenterprise loans. Although beyond the scope of this report, it is important to understand how these initiatives improve poverty outreach. The MFIs are now in the process of collecting PPI data on clients under these products and will soon have more data to measure their poverty outreach. Moreover, practitioners and industry supports play an important role in proving business models for these initiatives in order to demonstrate their financial viability. Ultimately, offering sustainable and replicable solutions will facilitate adoption throughout the sector so that these services can be delivered to the poor at scale.

5 SUMMARY AND RECOMMENDATIONS

This report considers three aspects of poverty outreach – concentration (percentage of clients that are poor), scale (number of poor clients) and penetration (percentage of poor households in an area that are reached). The analysis aims to provide a framework that MFIs can use to make decisions and set directions to improve poverty outreach. These three should be taken and analyzed together to understand the performance of an organization within the context of the specific goals and objectives of each MFI.

This report finds the following:

1. Poverty concentration of the sample of new clients reflects the ability of MFIs to recruit poor households. Poverty concentration tends to follow the provincial poverty incidence, but in the poorest provinces, increase in poverty concentration lags behind provincial poverty incidence. Based on the PPI data available from the MFIs, 5 out of 8 MFIs have poverty concentrations that are higher than the national poverty incidence.
2. The participating MFIs have presence in 70 of 80 provinces. In most provinces, selected clients constitute an outreach of fewer than 3,000 poor clients, and in 4 provinces, over 10,000 poor clients. Two MFIs largely outnumber the rest in terms of scale, despite having relatively lower poverty concentration.
3. Penetration of poverty outreach gives a sense of the portion of poor households that MFIs are able to reach. Given the small number of MFIs participating in this report, about 0.06% to 20.20% of poor households are reached in provinces where there are operations.
4. Several factors affect poverty outreach, both within direct control of MFIs and beyond their control. Data suggests that MFIs' choice of areas of operations and recruitment/targeting policies affect their poverty outreach. In conversations with MFIs, other factors were identified, and these may be explored in future research. Those within their control may include eligibility requirements and product design. Those that may be beyond their control include infrastructure, peace and order, and the lack of replicable business models to deliver a broader range products and services.

This report has several limitations due to lack of data availability. The analysis can be improved with the following:

1. Representative data. If MFIs can collect and submit census data on all clients, results can be interpreted as representative of the MFI.
2. Poverty analysis at the municipality and *barangay* level. While this paper describes poverty at the national and provincial levels, it is important for poverty to be analyzed at the municipality level in order to account for differences within provinces that may be obscured by aggregated figures. This is especially relevant in cases where one highly urbanized city pulls down the average of the province, despite the presence of high poverty incidence in other municipalities within the province. Disaggregated data will better depict the status of poverty and poverty outreach in the country.

3. Client dropout information. Including PPI information on dropout clients could provide better insight into the profile of those who do not stay in the microfinance program. Using this data can help MFIs assess and ensure that they are also able to retain the poor clients that they recruit.
4. PPI data over time. On an institutional level, PPI data over time can help observe patterns on poverty outreach – if MFIs are improving concentration and scale and reaching higher penetration. On the level of clients, tracking the PPI data of the same cohort over time will help establish evidence of poverty movement, whether positive or negative, which will also help MFIs balance outreach and ensuring that clients' lives are improving. It can also help understand patterns of the anecdotal "vulnerable" poor.
5. More client-level data beyond PPI. Information on product use, lending methodology, length of stay in the program, type of business, use of loan proceeds, and other information can be used to improve analysis on poverty outreach.
6. Financial information. Availability of financial information (at the level of clients, branches, and MFIs) will be useful in understanding the balance between financial and social performance. Information on profitability, operating efficiency, and capital structure can help assess the effect of improving social performance on financial sustainability and ultimately determine the optimal balance between both.
7. Participation of more MFIs. If more MFIs contribute information, there could be a better gauge of market penetration and the level of competition in certain geographic areas and also in particular client segments or poverty levels.

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7 ANNEXES

Annex 1. Distribution of PPI information by MFI by Province	28
Annex 2. Philippine PPI scorecards	34
Annex 3. Client-Level Information.....	36
Annex 4. Concentration of Poverty Outreach by MFI by Province (Entering Clients).....	38
Annex 5. Concentration and Scale of outreach by MFI.....	41
Annex 6. Limitations on Analysis of Reloaning Clients	45
Annex 7. Penetration of Poverty Outreach by Province	46
Annex 8. Graphs for \$4.32/day/ 2005 PPP	51

ANNEX 1. DISTRIBUTION OF PPI INFORMATION BY MFI BY PROVINCE

MFI A						
Province	Region	Total Clients	Clients with PPI			% of Clients
			New	Repeat	Total	with PPI
Aklan	6	277	268	0	268	96.8%
Antique	6	5,467	142	2,237	2,379	43.5%
Cavite	4A	844	25	158	183	21.7%
Laguna	4A	7,357	544	3,446	3,990	54.2%
Metro Manila	NCR	1,539	50	763	813	52.8%
Rizal	4A	8,231	722	3,037	3,759	45.7%

MFI B						
Province	Region	Total Clients	Clients with PPI			% of Clients
			New	Repeat	Total	with PPI
Aurora	3	5,090	1,151	2,570	3,721	73.1%
Bulacan	3	4,743	1,108	2,162	3,270	68.9%
Cagayan	2	6,078	2,481	2,524	5,005	82.3%
Ifugao	CAR	984	460	207	667	67.8%
Isabela	2	15,377	4,316	6,374	10,690	69.5%
La Union	1	2	0	0	0	0.0%
Nueva Ecija	3	18,239	3,184	6,586	9,770	53.6%
Nueva Vizcaya	2	3,924	1,357	1,803	3,160	80.5%
Pampanga	3	3,034	949	1,335	2,284	75.3%
Pangasinan	1	10,710	3,296	3,603	6,899	64.4%
Quirino	2	1,955	724	1,014	1,738	88.9%
Tarlac	3	8,566	1,916	3,565	5,481	64.0%

MFI C						
Province	Region	Total Clients	Clients with PPI			% of Clients
			New	Repeat	Total	with PPI
Aklan	6	4,297	238	1,827	2,065	48.1%
Albay	5	1,384	42	488	530	38.3%
Antique	6	14,618	908	5,445	6,353	43.5%
Batangas	4A	8,787	344	2,496	2,840	32.3%

Benguet	CAR	18,023	2,928	4,997	7,925	44.0%
Camarines Norte	5	12,437	1,694	7,067	8,761	70.4%
Camarines Sur	5	37,855	2,888	16,666	19,554	51.7%
Capiz	6	13,690	231	1,520	1,751	12.8%
Davao del Sur	11	19,424	1,965	6,428	8,393	43.2%
Guimaras	6	1,298	340	678	1,018	78.4%
Iloilo	6	26,902	2,404	10,967	13,371	49.7%
Laguna	4A	50,010	4,653	17,977	22,630	45.3%
Leyte	8	12,558	1,124	6,425	7,549	60.1%
Marinduque	4B	30,273	883	11,428	12,311	40.7%
Masbate	5	50,266	2,133	16,579	18,712	37.2%
Metro Manila	NCR	33,640	2,538	12,489	15,027	44.7%
Occidental Mindoro	4B	35,403	2,094	13,955	16,049	45.3%
Oriental Mindoro	4B	61,394	5,587	30,191	35,778	58.3%
Quezon	4A	110,400	7,656	39,652	47,308	42.9%

MFI D

Province	Region	Total Clients	Clients with PPI			% of Clients with PPI
			New	Repeat	Total	
Abra	CAR	2,815	1,420	926	2,346	83.3%
Agusan del Norte	13	9,053	449	731	1,180	13.0%
Agusan del Sur	13	9,490	0	0	0	0.0%
Albay	5	13,206	1,654	7,766	9,420	71.3%
Apayao	CAR	129	85	1	86	66.7%
Basilan	ARMM	404	0	0	0	0%
Bataan	3	2,440	0	0	0	0%
Batangas	4A	24,629	1,387	13,737	15,124	61.4%
Biliran	8	3,500	0	10	10	0.3%
Bohol	7	20,399	3,067	11,302	14,369	70.4%
Bukidnon	10	8,168	952	5,594	6,546	80.1%
Bulacan	3	21,066	1,299	10,799	12,098	57.4%
Cagayan	2	17,199	2,985	9,503	12,488	72.6%
Camarines Sur	5	18,933	3,069	11,276	14,345	75.8%
Camiguin	10	2,450	689	1,173	1,862	76.0%
Cavite	4A	20,317	2,215	12,049	14,264	70.2%
Cebu	7	45,070	5,320	25,804	31,124	69.1%
Compostela Valley	11	11,336	714	6,535	7,249	63.9%
Cotabato	12	13,063	5,632	5,690	11,322	86.7%

Davao del Norte	11	12,062	2,101	6,075	8,176	67.8%
Davao del Sur	11	27,345	1,674	6,959	8,633	31.6%
Davao Oriental	11	11,216	2,808	5,936	8,744	78.0%
Eastern Samar	8	9,449	1,631	4,896	6,527	69.1%
Ifugao	CAR	369	231	25	256	69.4%
Ilocos Norte	1	18,224	2,114	11,429	13,543	74.3%
Ilocos Sur	1	17,198	2,145	9,887	12,032	70.0%
Isabela	2	14,721	5,064	6,357	11,421	77.6%
La Union	1	18,407	1,636	8,847	10,483	57.0%
Laguna	4A	35,142	2,277	22,106	24,383	69.4%
Lanao del Norte	10	5,193	1,806	2,692	4,498	86.6%
Leyte	8	29,031	2,993	14,661	17,654	60.8%
Maguindanao	ARMM	1,462	946	289	1,235	84.5%
Metro Manila	NCR	51,106	4,963	28,326	33,289	65.1%
Misamis Occidental	10	10,952	2,256	6,041	8,297	75.8%
Misamis Oriental	10	21,765	4,808	11,973	16,781	77.1%
Mountain Province	CAR	42	0	0	0	0%
Negros Oriental	7	4,008	1,840	1,340	3,180	79.3%
Northern Samar	8	6,637	1,586	2,989	4,575	68.9%
Nueva Ecija	3	533	212	239	451	84.6%
Nueva Vizcaya	2	3,984	1,753	1,581	3,334	83.7%
Palawan	4B	16,337	3,610	9,031	12,641	77.4%
Pampanga	3	16,622	1,455	5,954	7,409	44.6%
Pangasinan	1	54,033	2,887	24,246	27,133	50.2%
Quezon	4A	12,954	957	8,116	9,073	70.0%
Quirino	2	4,314	1,421	1,921	3,342	77.5%
Rizal	4A	19,010	2,156	12,262	14,418	75.8%
Sarangani	12	6,397	54	69	123	1.9%
Siquijor	7	2,696	595	1,499	2,094	77.7%
Sorsogon	5	490	102	281	383	78.2%
South Cotabato	12	19,619	2,581	5,607	8,188	41.7%
Southern Leyte	8	9,441	1,244	5,272	6,516	69.0%
Sultan Kudarat	12	6,267	937	2,879	3,816	60.9%
Sulu	ARMM	835	168	506	674	80.7%
Surigao del Norte	13	6,005	1,146	3,534	4,680	77.9%
Surigao del Sur	13	13,115	2,621	5,891	8,512	64.9%
Tarlac	3	15,692	1,354	8,840	10,194	65.0%
Tawi-Tawi	ARMM	1,198	241	425	666	55.6%
Western Samar	8	10,070	1,628	5,389	7,017	69.7%
Zambales	3	2,230	643	958	1,601	71.8%

Zamboanga del Norte	9	9,473	1,618	5,621	7,239	76.4%
Zamboanga del Sur	9	5,027	1,245	2,598	3,843	76.4%

MFI E

Province	Region	Total Clients	Clients with PPI			% of Clients with PPI
			New	Repeat	Total	
Agusan del Norte	13	1,205	406	0	406	33.7%
Agusan Del Sur	13	1,961	505	1	506	25.8%
Bohol	7	8,650	2,886	0	2,886	33.4%
Cavite	4A	1,454	703	0	703	48.3%
Cebu	7	2,736	1,264	2	1,266	46.3%
Compostela Valley	11	1,189	1,076	0	1,076	90.5%
Davao Del Sur	11	1,282	594	0	594	46.3%
Iloilo	6	1,965	878	0	878	44.7%
Leyte	8	3,593	1,995	6	2,001	55.7%
Negros Oriental	7	1,234	488	0	488	39.5%
Palawan	4B	5,196	1,994	0	1,994	38.4%
Sarangani	12	135	25	0	25	18.5%
South Cotabato	12	3,992	1,297	0	1,297	32.5%
Sultan Kudarat	12	845	651	0	651	77.0%
Surigao Del Sur	13	609	390	0	390	64.0%
Zamboanga Del Sur	9	481	300	17	317	65.9%

MFI F

Province	Region	Total Clients	Clients with PPI			% of Clients with PPI
			New	Repeat	Total	
Agusan del Norte/	13	5,837	23	9	32	1.2%
Surigao del Norte	13		16	24	40	
Agusan del Sur	13	3,322	15	160	175	5.3%
Bukidnon	10	1,776	0	0	0	0.0%
Cebu	7	2,189	0	0	0	0.0%
Davao del Norte/	11	11,899	36	368	404	4.2%
Compostela Valley	11		0	93	93	
Davao del Sur/	11	9,354	32	215	247	4.0%
Cotabato	12		0	123	123	
Misamis Occidental	10	1,634	0	0	0	0.0%

Misamis Oriental	10	4,742	262	1	263	5.5%
South Cotabato	12	5,711	36	69	105	1.8%
Surigao del Sur/	13	9,837	169	139	308	3.5%
Davao Oriental	11		0	41	41	

MFI G

Province	Region	Total Clients	Clients with PPI			% of Clients with PPI
			New	Repeat	Total	
Agusan del Norte	13	3,782	67	0	67	1.8%
Agusan del Sur	13	3,018	68	30	98	3.2%
Bukidnon	10	2,191	0	0	0	0.0%
Camiguin	10	1,092	18	11	29	2.7%
Compostela Valley	11	1,079	0	0	0	0.0%
Lanao del Norte	10	2,486	37	17	54	2.2%
Misamis Occidental	10	2,294	97	82	179	7.8%
Misamis Oriental	10	6,669	801	380	1,181	17.7%
Surigao del Norte	13	1,444	22	12	34	2.4%
Zamboanga del Norte	9	3,203	35	10	45	1.4%
Zamboanga del Sur	9	1,191	0	0	0	0.0%

MFI H

Province	Region	Total Clients	Clients with PPI			% of Clients with PPI
			New	Repeat	Total	
Agusan del Sur	13	10,743	208	0	208	1.9%
Agusan del Norte	13	4,941	413	0	413	8.4%
Surigao del Sur	13	5,315	236	0	236	4.4%
Surigao del Norte	13	585	108	0	108	18.5%
Compostela Valley	11	3,347	423	0	423	12.6%
Davao del Norte	11	3,793	298	0	298	7.9%
Davao Oriental	11	2,160	94	0	94	4.4%
Davao del Sur	11	4,249	235	0	235	5.5%
Misamis Oriental	10	1,124	219	0	219	19.5%
Misamis Occidental	10	2,599	105	0	105	4.0%
Zamboanga del Sur	9	613	14	0	14	2.3%

MFI J						
Province	Region	Total Clients	Clients with PPI			% of Clients
			New	Repeat	Total	with PPI
Aklan	6	3,207	1,440	1,613	3,053	95.2%
Bohol	7	2,494	346	1,091	1,437	57.6%
Capiz	6	3,278	1,608	1,554	3,162	96.5%
Cebu	7	31,352	4,124	11,629	15,753	50.2%
Iloilo	6	3,106	1,806	1,289	3,095	99.6%
Leyte	8	8,145	4,046	1,853	5,899	72.4%
Negros Occidental	6	47,712	4,158	15,496	19,654	41.2%
Negros Oriental	7	14,874	1,298	3,874	5,172	34.8%
Western Samar	8	11,015	1,585	1,790	3,375	30.6%

MFI K						
Province	Region	Total Clients	Clients with PPI			% of Clients
			New	Repeat	Total	with PPI
Negros Occidental	6	29,911	1,548	10,353	11,901	39.8%

ANNEX 2. PHILIPPINE PPI SCORECARDS

PPI Scorecard Based on 2004 APIS



Progress out of Poverty Index™ for Philippines

Entity	Name	ID	Date (DD/MM/YY)
Member:			Joined:
Loan officer:			Today:
Branch:			Household size:

Indicator	Value	Points	Total
1. How many people in the family are aged 0 to 14?	A. Five or more	0	
	B. Four	4	
	C. Three	9	
	D. Two	15	
	E. One	20	
	F. None	26	
2. Do all children in the family of ages 6 to 14 go to school?	A. No	0	
	B. Yes	2	
	C. No children ages 6 to 14	4	
3. What is the education level of the female head/spouse?	A. Graduate primary or less	0	
	B. First- to fourth-year secondary	3	
	C. Graduate secondary	6	
	D. First-year college or higher, or no female head/spouse	11	
4. Do any family members have salaried employment?	A. No	0	
	B. Yes	5	
5. What are the house's outer walls made of?	A. Light materials (cogon, nipa, or sawali, bamboo, anahaw)	0	
	B. Strong materials (iron, aluminum, tile, concrete, brick, stone, wood, asbestos)	4	
6. What is the house's roof made of?	A. Light materials (Salvaged, makeshift, cogon, nipa, or anahaw)	0	
	B. Strong materials (Galvanized iron, aluminum tile, concrete, brick, stone, or asbestos)	2	
7. What kind of toilet facility does the family have?	A. None, open pit, closed pit, or other	0	
	B. Water sealed	7	
8. Does the family own a refrigerator?	A. No	0	
	B. Yes	10	
9. How many television sets does the family own?	A. None	0	
	B. One	6	
	C. Two or more	21	
10. Does the family own a washing machine?	A. No	0	
	B. Yes	10	

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Total score

PPI Scorecard Based on 2002 APIS



Indicator	Values			Points
1. How many people in the family are aged 0 to 17?	5 or more 0	3 or 4 7	1 or 2 16	Zero 27
2. Does the family own a gas stove or gas range?		No 0	Yes 13	
3. How many television sets does the family own?	Zero 0	1 9	2 or more 18	
4. What are the house's outer walls made of?	Light (cogon, nipa, or sawali, bamboo, anahaw) 0		Strong (iron, aluminum, tile, concrete, brick, stone, wood, asbestos) 4	
5. How many radios does the family own?	Zero 0	1 3	2 or more 10	
6. Does the family own a sala set?		No 0	Yes 9	
7. What is the house's roof made of?	Light (Salvaged, makeshift, cogon, nipa, or anahaw) 0		Strong (Galvanized iron, aluminum tile, concrete, brick, stone, or asbestos) 2	
8. What kind of toilet facility does the family have?	None, open pit, closed pit, or other 0		Water sealed 3	
9. Do all children in the family of ages 6 to 11 go to school?	No 0	Yes 4	No children ages 6-11 6	
10. Do any family members have salaried employment?		No 0	Yes 6	
Source: Calculations based on the 2002 APIS.				Total:

ANNEX 3. CLIENT-LEVEL INFORMATION

The following fields were requested from participating MFIs.

DATA FIELDS:

Required fields	Description	Values
Client ID	Unique client identification number that links to the same client ID used for all client information, loan/savings tracking and any client transaction	As number or text
Center	Name of center/group where client belongs	As text
Branch	Name of branch where client belongs	As text
Province	Province where client resides	As text
Date of Membership	Date when the client was considered a member of the MFI.	In any Excel date format or MM/DD/YYYY
PPI Scorecard Version	Version of PPI Scorecard used. If using the first PPI Scorecard released by Grameen Foundation, write 2002, and for the current PPI Scorecard, write 2004.	2002 or 2004
Date of PPI Score	Date when the PPI survey was conducted.	In any Excel date format or MM/DD/YYYY
Total PPI Score	Score of latest PPI within July 2010 to June 2011. If the client does not have a score between these dates, please write NONE. Do not put zero and do not leave blank.	In number format, 0 to 100, or NONE.

Optional fields	Description	Values
Municipality/City	Municipality or city where client resides	As text
Urban/Rural	Geography where client resides. Please note how the classifications are defined and if this is determined on each household or is based on center or branch location.	Urban or Rural
Gender	Male or Female	Male or Female
Type of Business	Primary business where loan is used	As text
Loan Cycle	Loan Cycle of primary loan	In number format
Number of Loans	Number of loans outstanding. If client is not currently a borrower, write 0.	In number format
Methodology	Group - Group formation with group liability Individual - Individual loan with individual liability Mixed - Group formation but individual liability	Group, Individual, or Mixed
PPI Q1	Score equivalent of answer to PPI Question #1	0,4,9,15,20, 26, or NONE
PPI Q2	Score equivalent of answer to PPI Question #2	0,2,4, or NONE
PPI Q3	Score equivalent of answer to PPI Question #3	0,3,6,11, or NONE
PPI Q4	Score equivalent of answer to PPI Question #4	0,5, or NONE
PPI Q5	Score equivalent of answer to PPI Question #5	0,4, or NONE

PPI Q6	Score equivalent of answer to PPI Question #6	0,2, or NONE
PPI Q7	Score equivalent of answer to PPI Question #7	0,7, or NONE
PPI Q8	Score equivalent of answer to PPI Question #8	0,10, or NONE
PPI Q9	Score equivalent of answer to PPI Question #9	0,6,21, or NONE
PPI Q10	Score equivalent of answer to PPI Question #10	0,10, or NONE

ANNEX 4. CONCENTRATION OF POVERTY OUTREACH BY MFI BY PROVINCE (ENTERING CLIENTS)

Concentration of poverty outreach refers to the percentage of poor clients with respect to the total clients of an MFI. Below is a list of the concentration of poverty outreach among entering clients of each MFI in each province.

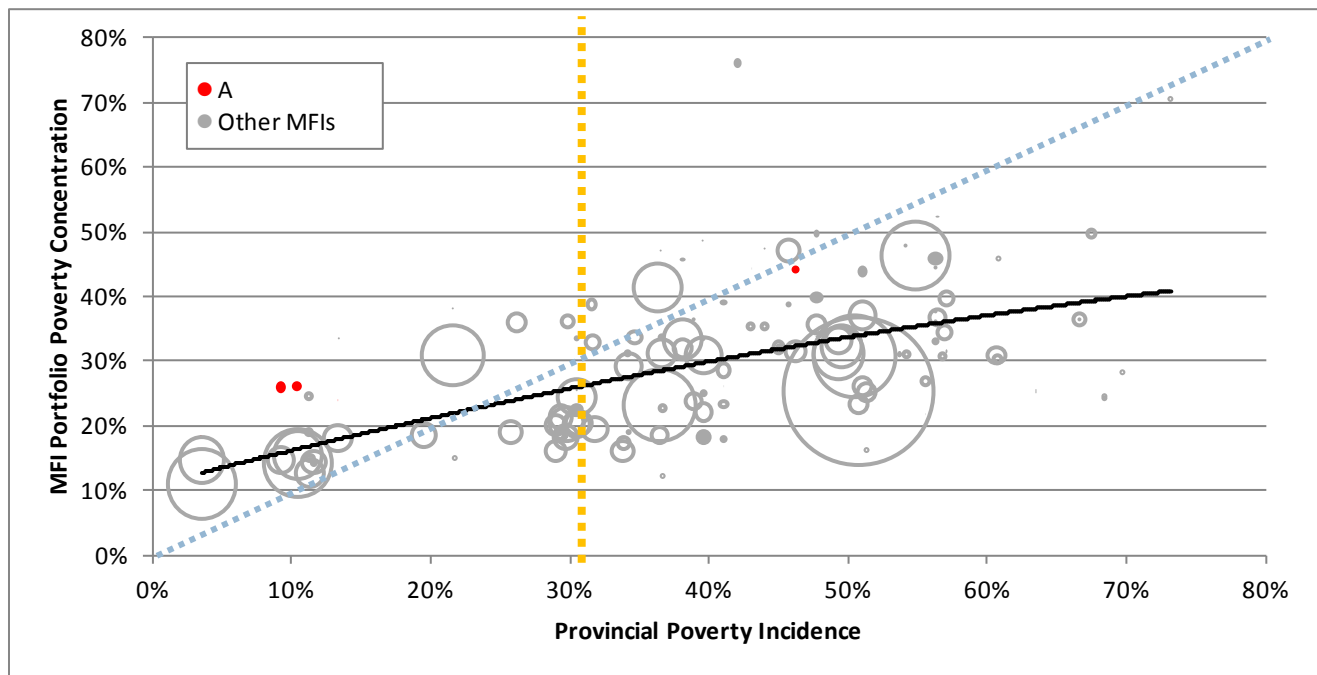
Province	Region	A	B	C	D	E	F	G	H
Ilocos Norte	1				19.57%				
Ilocos Sur	1				19.54%				
La Union	1				20.56%				
Pangasinan	1		19.69%		25.86%				
Batanes	2								
Cagayan	2		20.30%		23.43%				
Isabela	2		18.28%		20.97%				
Nueva Vizcaya	2		16.52%		26.47%				
Quirino	2		14.38%		24.39%				
Aurora	3		21.84%						
Bataan	3								
Bulacan	3		16.31%		13.47%				
Nueva Ecija	3		17.49%		20.06%				
Pampanga	3		14.16%		15.05%				
Tarlac	3		17.39%		18.01%				
Zambales	3				16.27%				
Abra	CAR				27.67%				
Apayao	CAR				25.58%				
Benguet	CAR			18.34%					
Ifugao	CAR		25.58%		26.55%				
Kalinga	CAR								
Mountain Province	CAR								
Metro Manila	NCR	20.66%		15.33%	13.63%				
Batangas	4A			32.59%	23.46%				
Cavite	4A	30.90%			22.35%	33.50%			
Laguna	4A	30.28%		14.76%	17.26%				
Quezon	4A			24.90%	26.65%				
Rizal	4A	37.41%			16.01%				
Marinduque	4B			30.32%					
Occidental Mindoro	4B			38.98%					
Oriental Mindoro	4B			26.93%					
Palawan	4B				50.76%	38.71%			
Romblon	4B								
Albay	5			20.91%	28.11%				
Camarines Norte	5			33.67%					
Camarines Sur	5			32.94%	34.55%				
Catanduanes	5								

Province	Region	A	B	C	D	E	F	G	H
Masbate	5			47.48%					
Sorsogon	5				34.98%				
Aklan	6	56.06%		34.47%					
Antique	6	57.27%		33.76%					
Capiz	6			38.92%					
Guimaras	6			34.15%					
Iloilo	6			33.15%		48.66%			
Negros Occidental	6								
Bohol	7				40.50%	43.81%			
Cebu	7				34.30%	38.22%			
Negros Oriental	7				38.30%	47.34%			
Siquijor	7				36.25%				
Biliran	8								
Eastern Samar	8				36.27%				
Leyte	8			35.26%	37.27%	45.65%			
Northern Samar	8				41.59%				
Southern Leyte	8				37.43%				
Western Samar	8				39.56%				
Zamboanga del Norte	9				42.25%			38.11%	
Zamboanga del Sur	9				35.39%	33.57%			44.35%
Zamboanga Sibugay	9								
Bukidnon	10				39.20%				
Camiguin	10				34.19%			30.66%	
Lanao del Norte	10				40.01%			53.06%	
Misamis Occidental	10				41.43%			41.26%	31.58%
Misamis Oriental	10				36.45%		28.65%	34.64%	47.06%
Compostela Valley	11				28.72%	32.24%			36.56%
Davao del Norte	11				25.62%		24.69%		33.52%
Davao del Sur	11			20.62%	30.24%	25.39%	23.61%		33.46%
Davao Oriental	11				42.31%				52.27%
Cotabato	12				28.02%				
Sarangani	12				55.91%	32.68%			
South Cotabato	12				33.11%	19.04%	48.46%		
Sultan Kudarat	12				28.06%	21.78%			
Agusan del Norte	13				30.51%	26.17%	21.11%	29.72%	39.12%
Agusan del Sur	13					37.72%	38.13%	38.88%	45.85%
Surigao del Norte	13				31.12%		45.53%	34.61%	36.46%
Surigao del Sur	13				35.53%	33.85%	42.32%		49.72%
Basilan	ARMM								
Lanao del Sur	ARMM								
Maguindanao	ARMM				29.88%				
Sulu	ARMM				45.89%				

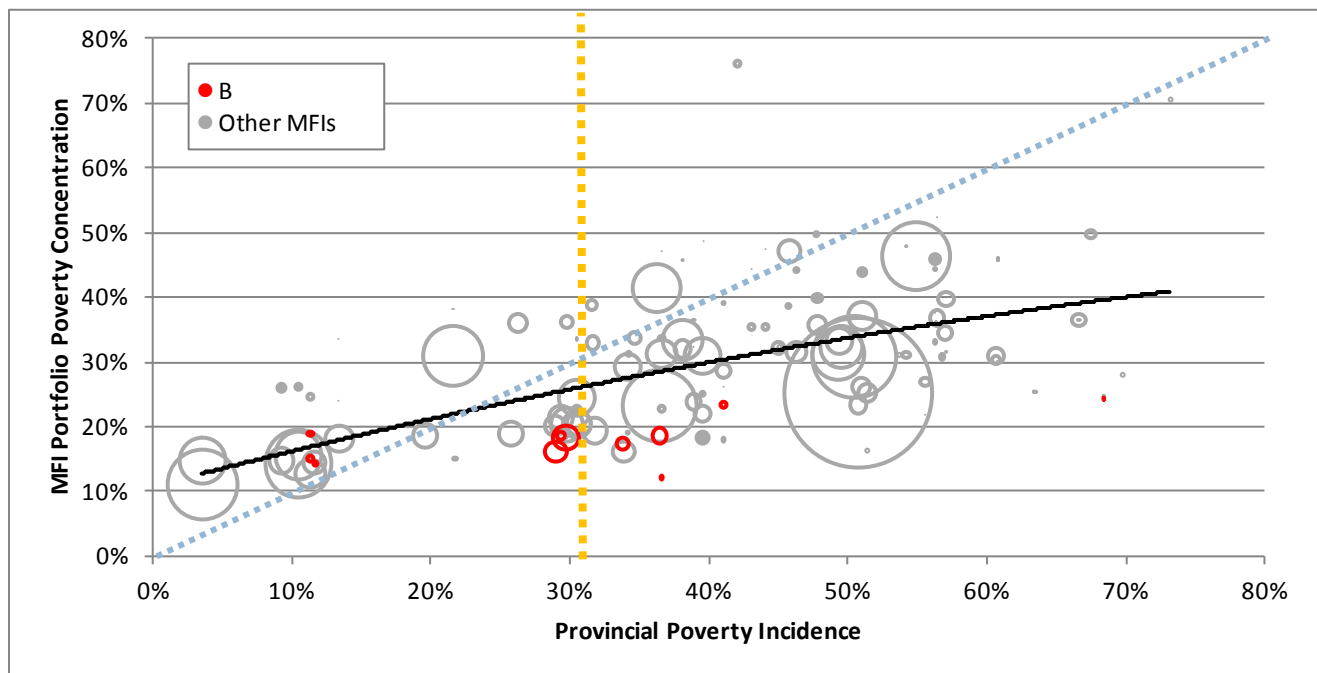
Province	Region	A	B	C	D	E	F	G	H
Tawi-Tawi	ARMM				76.88%				

ANNEX 5. CONCENTRATION AND SCALE OF OUTREACH BY MFI

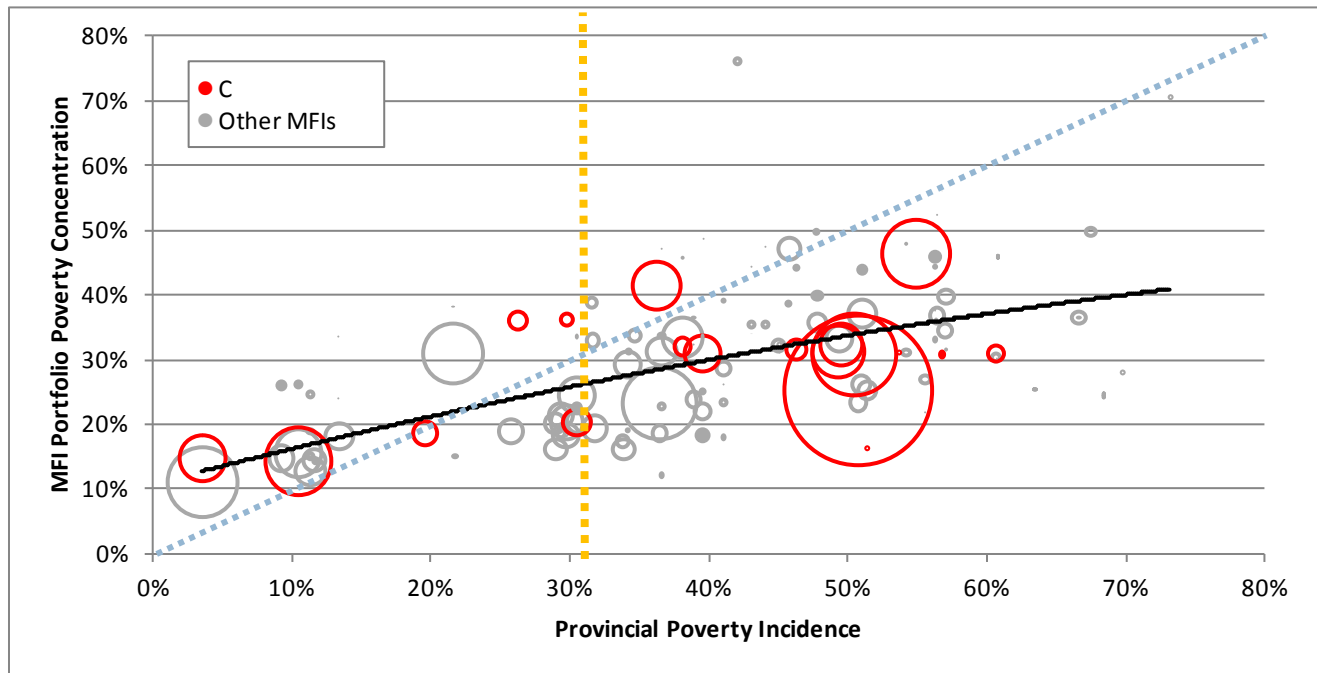
MFI A



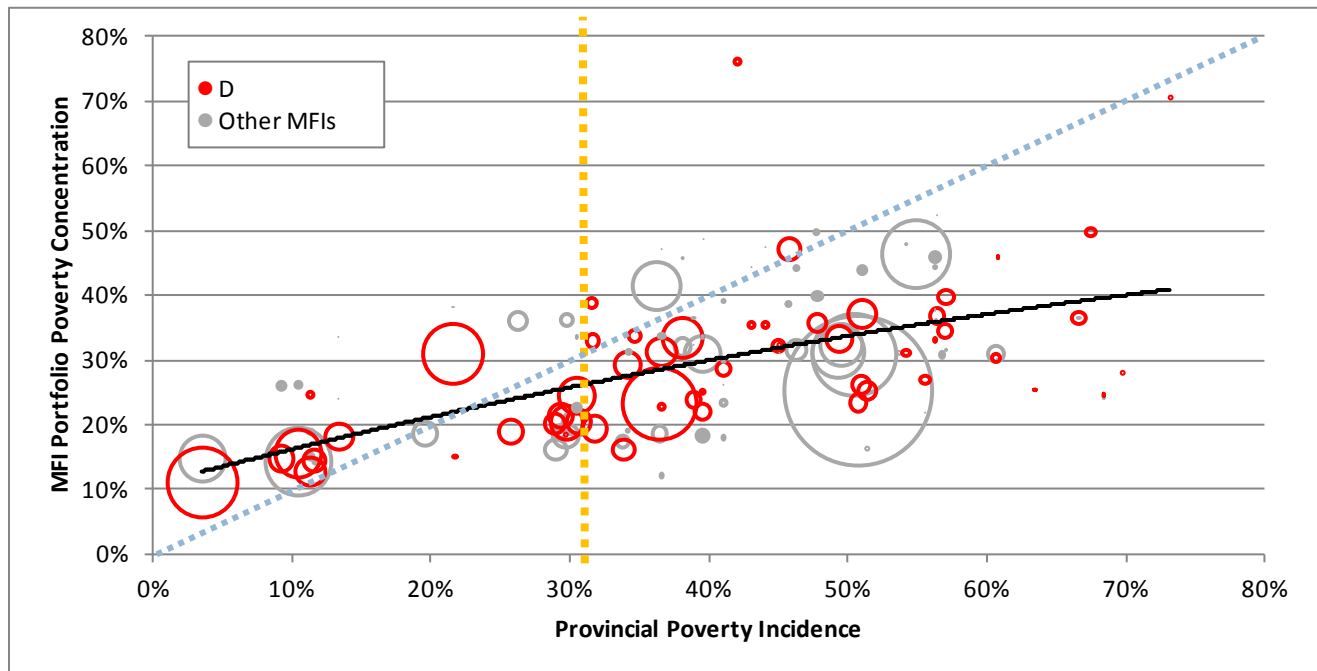
MFI B



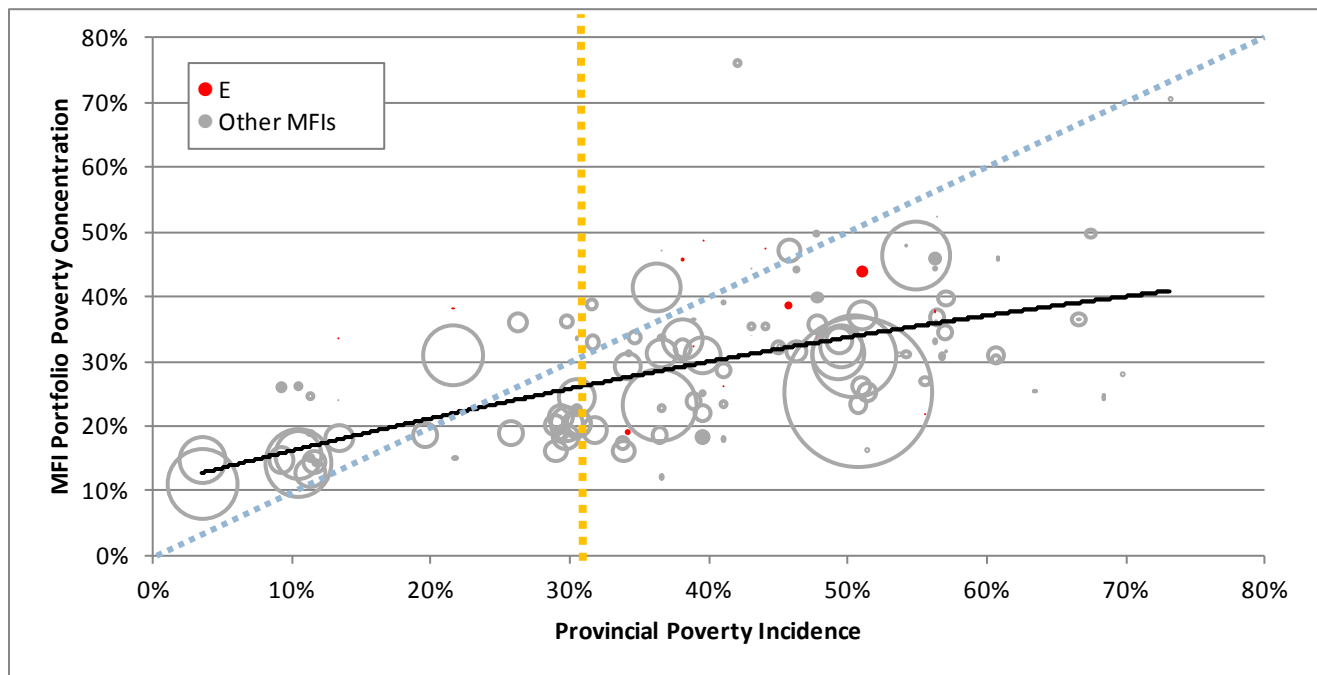
MFI C



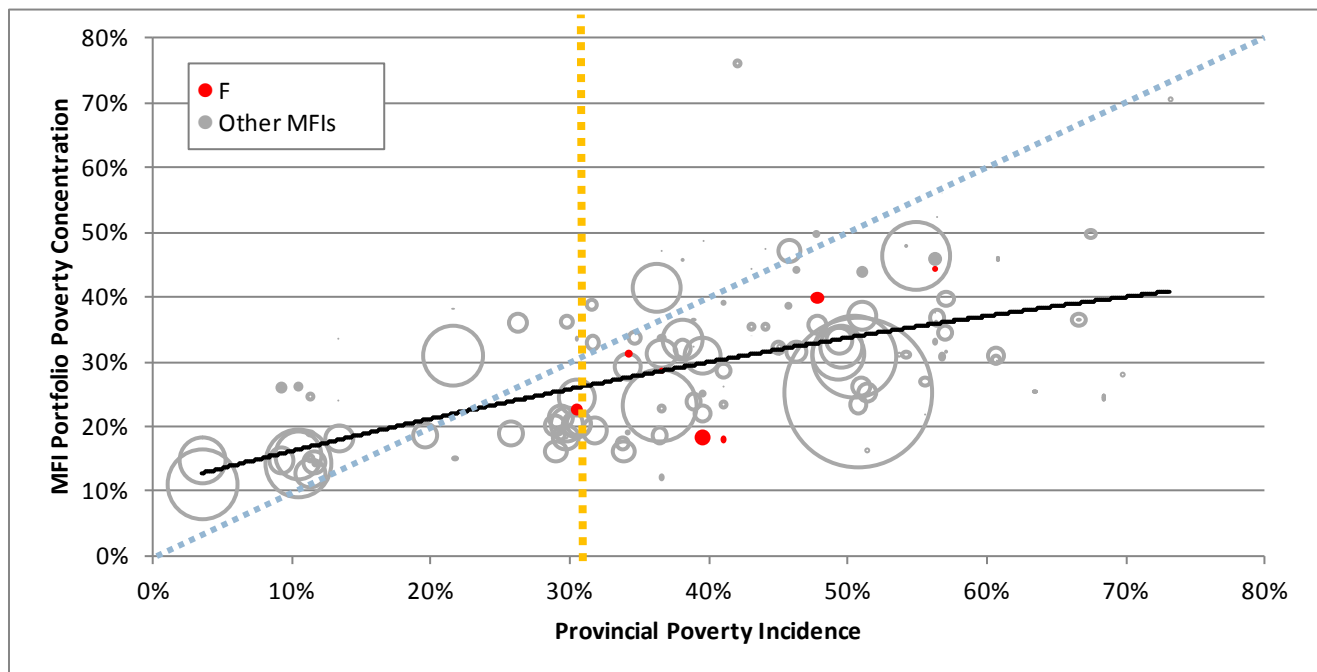
MFI D



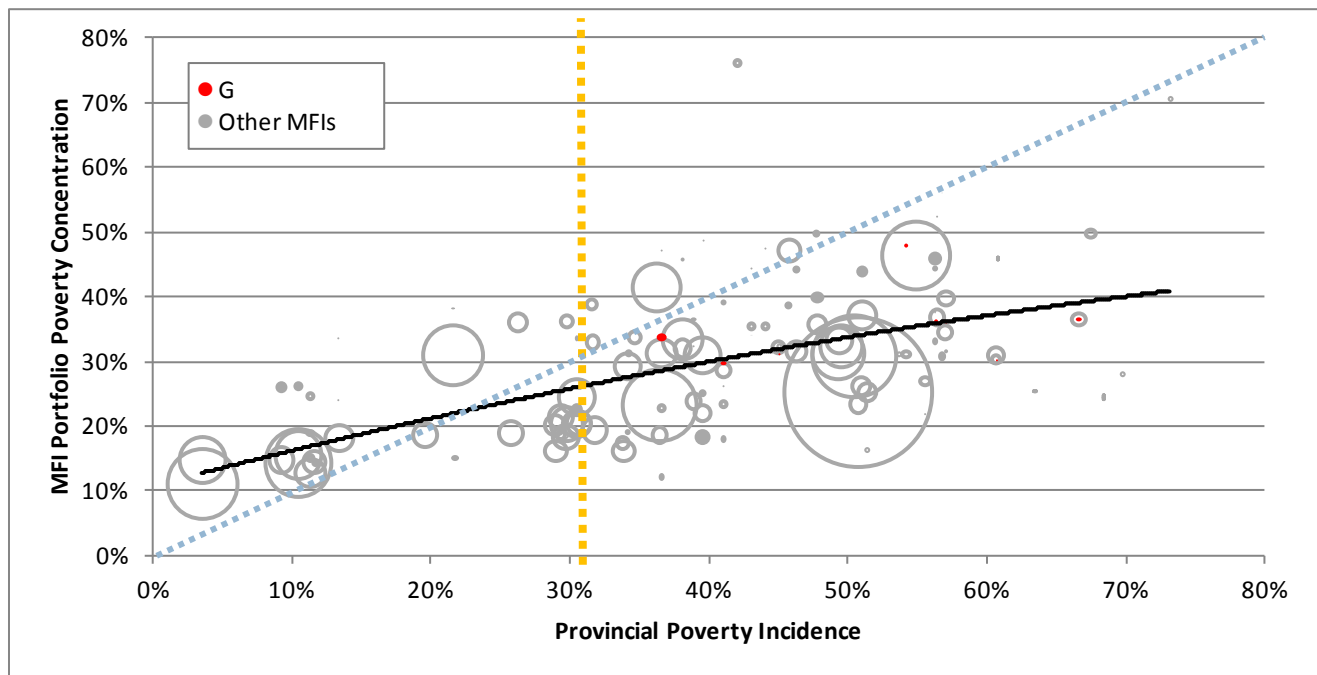
MFI E



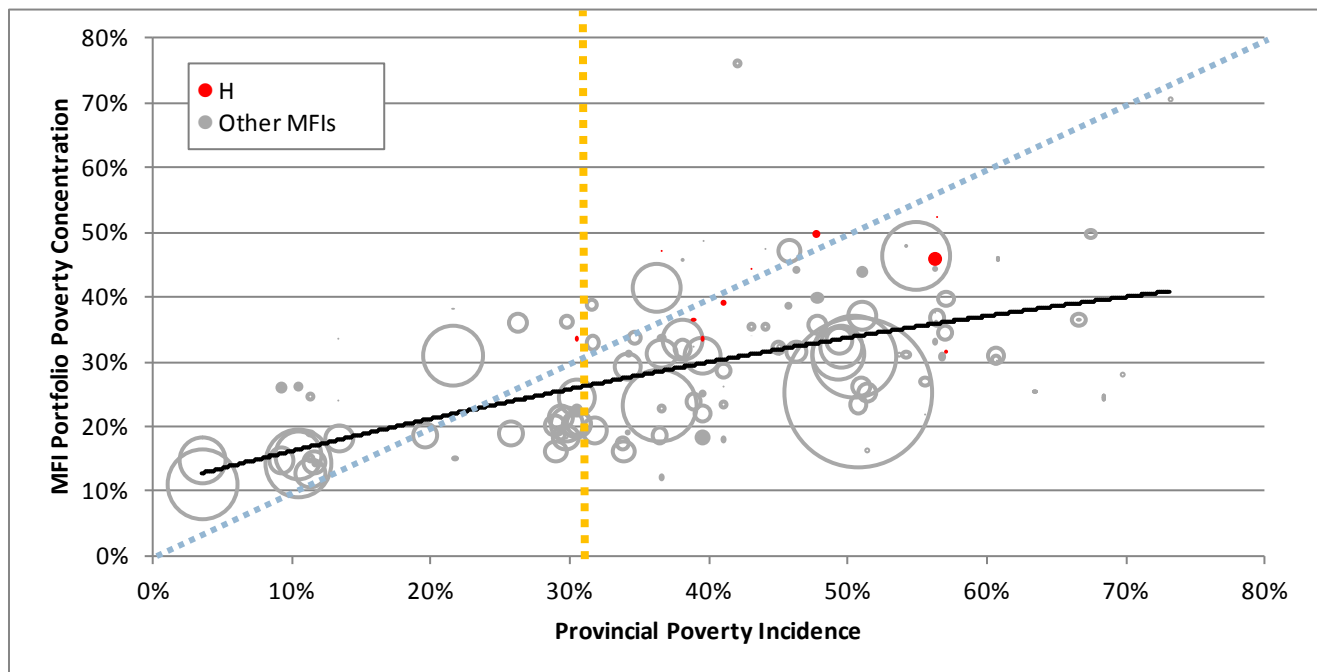
MFI F



MFI G



MFI H



ANNEX 6. LIMITATIONS ON ANALYSIS OF RETURNING CLIENTS

The current available data does not allow for a meaningful analysis of clients on their second loans or more. Conclusions cannot be drawn for the following reasons:

- Not all MFIs collect data on all clients regularly. MFIs E, F, and H do not collect data from clients after their first loan cycle.
- For MFIs that have data on returning clients, data does not allow disaggregation based on client's length of membership. An analysis of returning clients requires this group of clients to be further segmented by their length of stay in the program because the analysis should observe differences between those who have recently joined the program (presumably poorer) from those who have stayed longer (presumably less poor).
- The data collected does not include scores on former clients who have chosen to leave the program. The difference in the poverty profile between entry and reloaning clients may be skewed by the population who have dropped out of the program. In the case where poorer clients are dropping out, the population of clients who remain will consequently have a lower poverty concentration as a group without any real difference in their poverty status.
- Longitudinal data is not available. Analysis on poverty movement of clients requires repeated observations of the same cohort over time, which is not currently available for most MFIs.

ANNEX 7. PENETRATION OF POVERTY OUTREACH BY PROVINCE

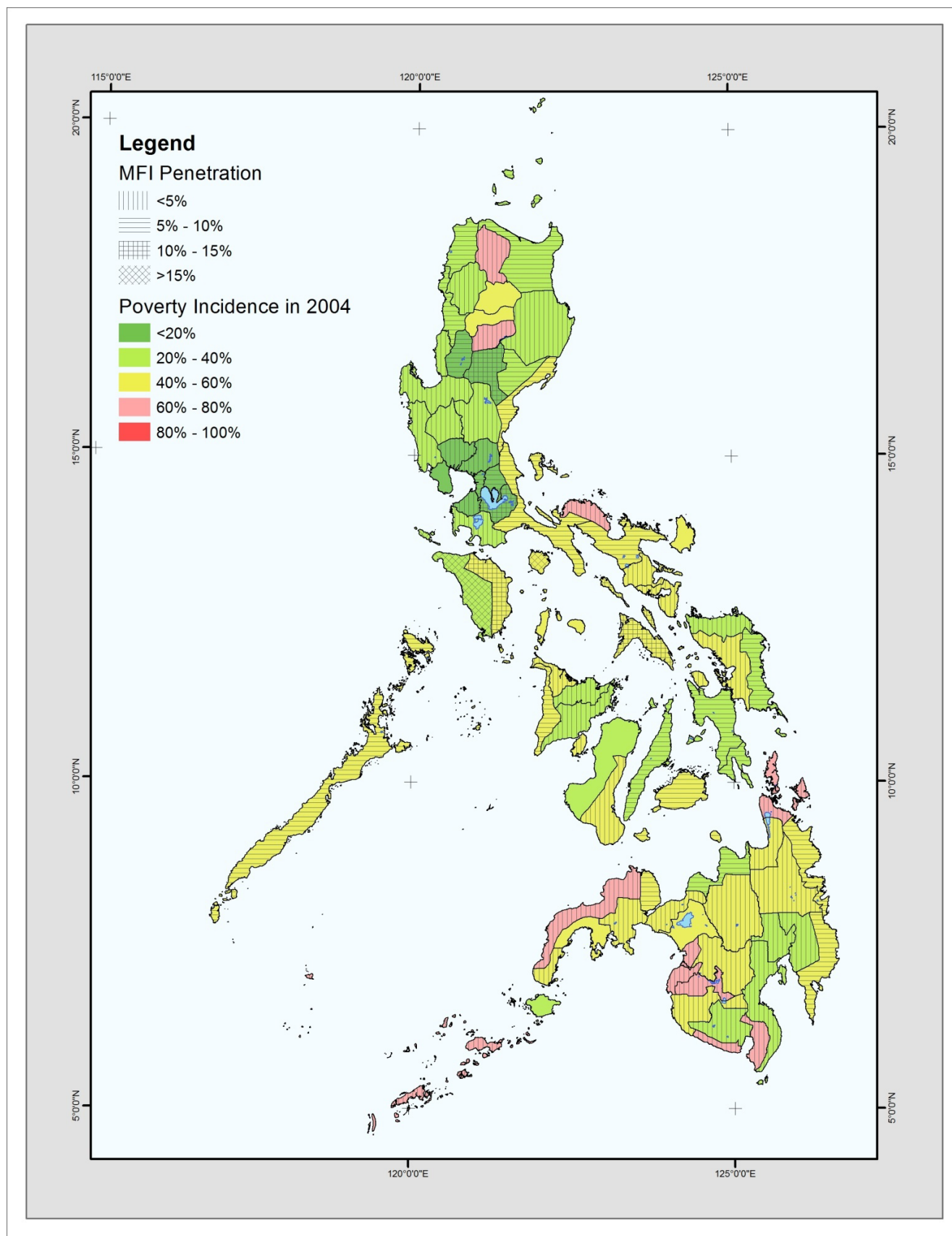
The table below shows each province, its poverty incidence (percentage of population that is poor), poverty magnitude (number of poor households in the area), and penetration (percentage of poor households that are served by the MFIs in this report). MFI clients here are only those with 2004 PPI scores, and not all of the clients.

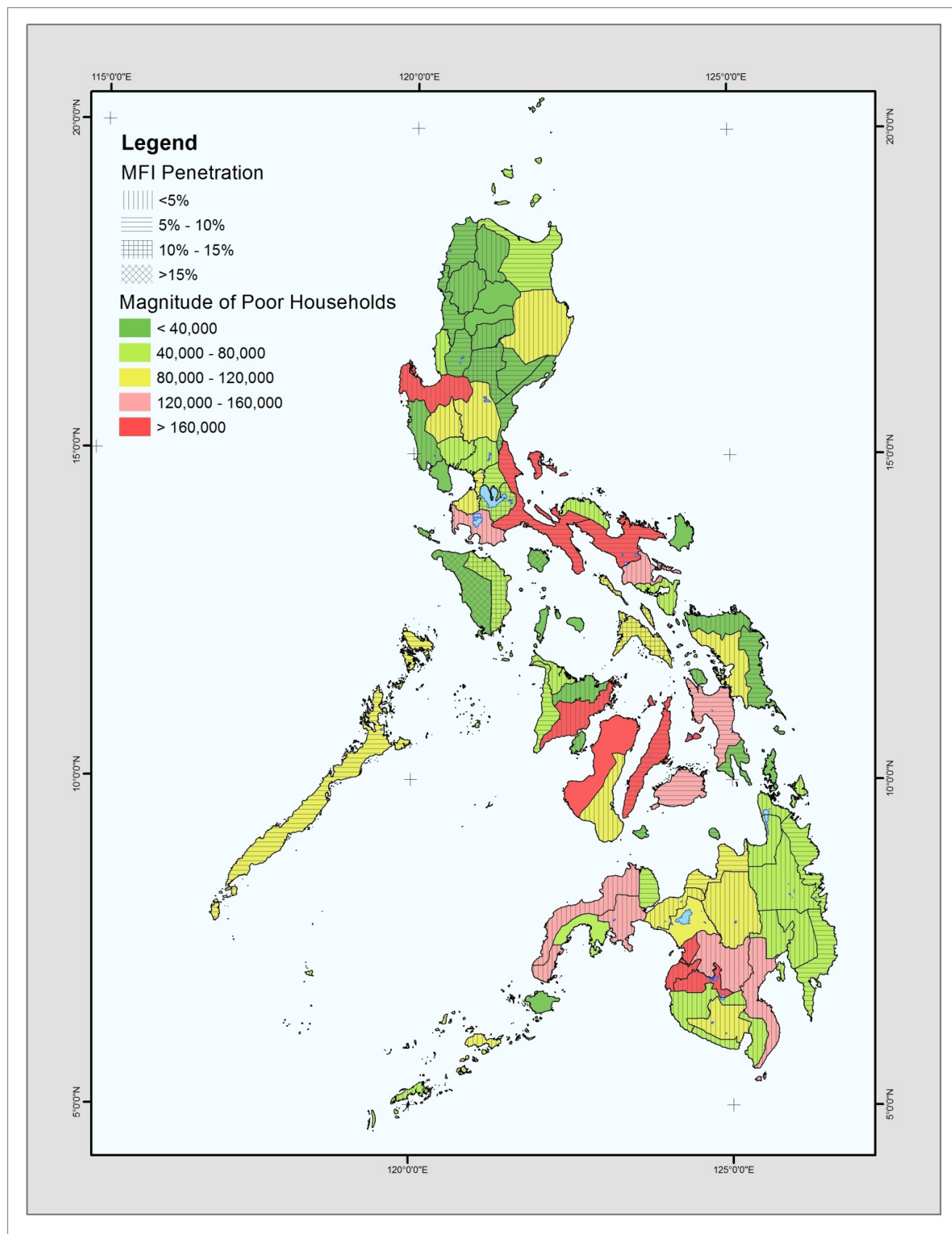
Provinces are colored with a green to red gradient: in terms of poverty incidence, the lowest is colored green and the highest is colored red, in terms of poverty magnitude, the lowest is colored green and the highest is colored red, in terms of penetration, the lowest is colored red and the highest is colored green.

Provinces	Region	Poverty Incidence	Poverty Magnitude	No. of MFIs	% Below NPL among Clients with PPI	# poor HH served	% poor HH served
Ilocos Norte	1	31.77%	36,763	1	19.41%	2,628	7.15%
Ilocos Sur	1	25.76%	34,482	1	18.99%	2,285	6.63%
La Union	1	30.62%	46,669	1	20.47%	2,146	4.60%
Pangasinan	1	36.45%	203,830	2	22.27%	7,579	3.72%
Batanes	2	27.78%	963	0	0.00%	0	0.00%
Cagayan	2	29.34%	68,260	2	20.59%	3,602	5.28%
Isabela	2	28.97%	88,085	2	18.23%	4,030	4.58%
Nueva Vizcaya	2	11.30%	9,748	2	21.83%	1,417	14.54%
Quirino	2	36.63%	13,000	2	19.11%	971	7.47%
Aurora	3	41.07%	16,239	1	23.34%	868	5.35%
Bataan	3	17.79%	24,795	0	0.00%	0	0.00%
Bulacan	3	11.33%	67,340	2	13.19%	2,028	3.01%
Nueva Ecija	3	29.71%	115,346	2	18.21%	1,862	1.61%
Pampanga	3	11.62%	54,554	2	14.36%	1,392	2.55%
Tarlac	3	33.83%	88,551	2	16.60%	2,602	2.94%
Zambales	3	21.75%	32,987	1	15.06%	241	0.73%
Abra	CAR	39.56%	19,565	1	25.03%	587	3.00%
Apayao	CAR	63.44%	14,078	1	25.30%	22	0.15%
Benguet	CAR	19.52%	28,198	1	18.52%	1,468	5.21%
Ifugao	CAR	68.41%	26,486	2	24.44%	226	0.85%
Kalinga	CAR	57.17%	22,321	0	0.00%	0	0.00%
Mountain Province	CAR	54.98%	17,503	0	0.00%	0	0.00%
Metro Manila	NCR	3.56%	93,011	3	12.27%	6,028	6.48%
Batangas	4A	29.79%	143,897	2	22.84%	4,103	2.85%
Cavite	4A	13.37%	82,110	3	18.95%	2,870	3.50%
Laguna	4A	10.47%	55,686	3	15.78%	8,049	14.45%

Quezon	4A	50.75%	205,494	2	24.96%	14,075	6.85%
Rizal	4A	9.24%	45,698	2	17.12%	3,111	6.81%
Marinduque	4B	49.49%	24,386	1	32.28%	3,974	16.30%
Occidental Mindoro	4B	36.26%	32,832	1	41.32%	6,631	20.20%
Oriental Mindoro	4B	50.45%	79,655	1	30.70%	10,984	13.79%
Palawan	4B	45.73%	87,602	2	45.96%	6,726	7.68%
Romblon	4B	54.16%	32,515	0	0.00%	0	0.00%
Albay	5	51.35%	122,404	2	24.64%	2,451	2.00%
Camarines Norte	5	60.67%	62,592	1	30.95%	2,711	4.33%
Camarines Sur	5	49.33%	167,800	2	32.14%	10,893	6.49%
Catanduanes	5	52.86%	24,706	0	0.00%	0	0.00%
Masbate	5	54.83%	84,668	1	46.45%	8,692	10.27%
Sorsogon	5	44.47%	63,376	1	31.49%	121	0.19%
Aklan	6	56.76%	57,472	2	33.62%	784	1.36%
Antique	6	46.24%	48,720	2	35.06%	3,061	6.28%
Capiz	6	26.25%	37,661	1	36.11%	632	1.68%
Guimaras	6	53.69%	16,604	1	31.04%	316	1.90%
Iloilo	6	39.57%	170,769	2	32.05%	4,567	2.67%
Negros Occidental	6	28.32%	166,203	0	0.00%	0	0.00%
Bohol	7	51.04%	131,894	2	38.28%	6,606	5.01%
Cebu	7	21.60%	174,768	2	31.19%	10,101	5.78%
Negros Oriental	7	44.02%	113,916	2	37.03%	1,358	1.19%
Siquijor	7	56.25%	10,363	1	33.07%	692	6.68%
Biliran	8	42.05%	13,008	1	76.08%	8	0.06%
Eastern Samar	8	34.69%	28,973	1	33.61%	2,194	7.57%
Leyte	8	38.10%	135,464	3	33.95%	9,234	6.82%
Northern Samar	8	31.58%	35,793	1	38.82%	1,776	4.96%
Southern Leyte	8	31.66%	25,515	1	32.97%	2,148	8.42%
Western Samar	8	56.96%	81,644	1	34.48%	2,419	2.96%
Zamboanga del Norte	9	66.60%	120,596	2	36.48%	2,657	2.20%
Zamboanga del Sur	9	43.03%	145,052	3	35.35%	1,476	1.02%
Zamboanga Sibugay	9	53.17%	57,966	0	0.00%	0	0.00%
Bukidnon	10	44.98%	109,478	1	32.21%	2,108	1.93%
Camiguin	10	45.07%	7,493	2	32.26%	610	8.14%
Lanao del Norte	10	54.16%	93,744	2	31.31%	1,425	1.52%
Misamis Occidental	10	57.05%	62,026	3	39.61%	3,399	5.48%
Misamis Oriental	10	36.58%	97,463	4	31.52%	5,814	5.97%
Compostela Valley	11	38.90%	53,556	4	25.47%	2,252	4.20%

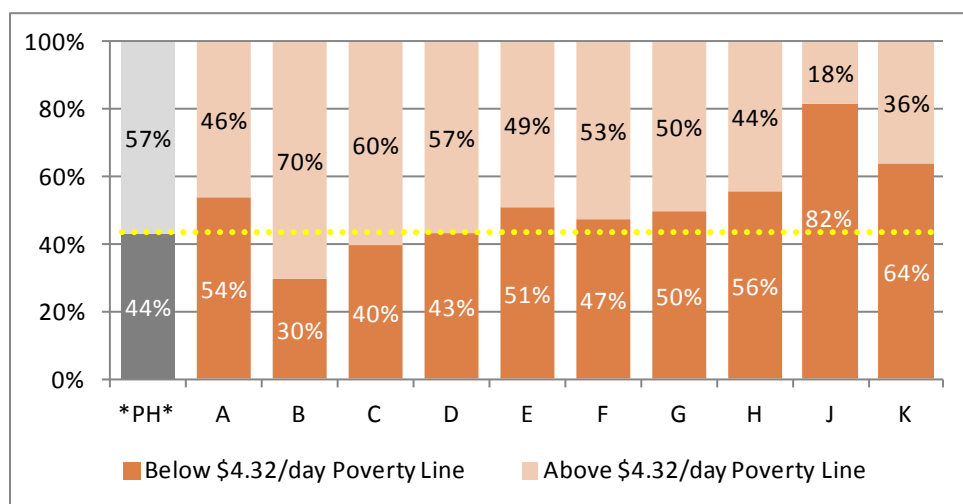
Davao del Norte	11	39.57%	72,418	3	22.32%	1,981	2.74%
Davao del Sur	11	30.49%	144,144	5	22.62%	4,094	2.84%
Davao Oriental	11	56.42%	59,239	3	36.83%	3,270	5.52%
Cotabato	12	51.00%	120,215	2	26.13%	2,991	2.49%
Sarangani	12	67.48%	67,413	2	46.85%	69	0.10%
South Cotabato	12	34.19%	93,155	3	27.78%	2,664	2.86%
Sultan Kudarat	12	55.53%	78,988	2	26.23%	1,172	1.48%
Agusan del Norte	13	41.04%	49,686	5	30.08%	631	1.27%
Agusan del Sur	13	56.28%	68,323	4	40.43%	399	0.58%
Surigao del Norte	13	60.67%	64,083	4	30.43%	1,479	2.31%
Surigao del Sur	13	47.75%	51,927	4	36.03%	3,403	6.55%
Basilan	ARMM	36.82%	35,389	0	0.00%	0	0.00%
Lanao del Sur	ARMM	44.61%	88,029	0	0.00%	0	0.00%
Maguindanao	ARMM	69.76%	185,326	1	28.14%	348	0.19%
Sulu	ARMM	60.79%	89,512	1	45.88%	309	0.35%
Tawi-Tawi	ARMM	73.19%	57,126	1	70.47%	469	0.82%



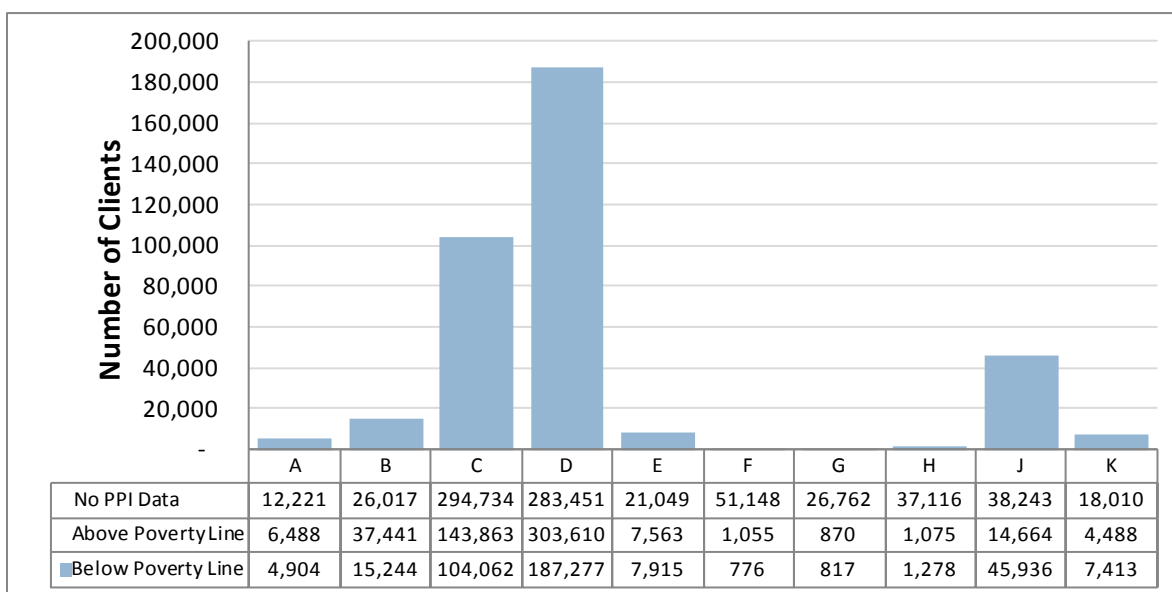


ANNEX 8. GRAPHS FOR \$4.32/DAY/ 2005 PPP

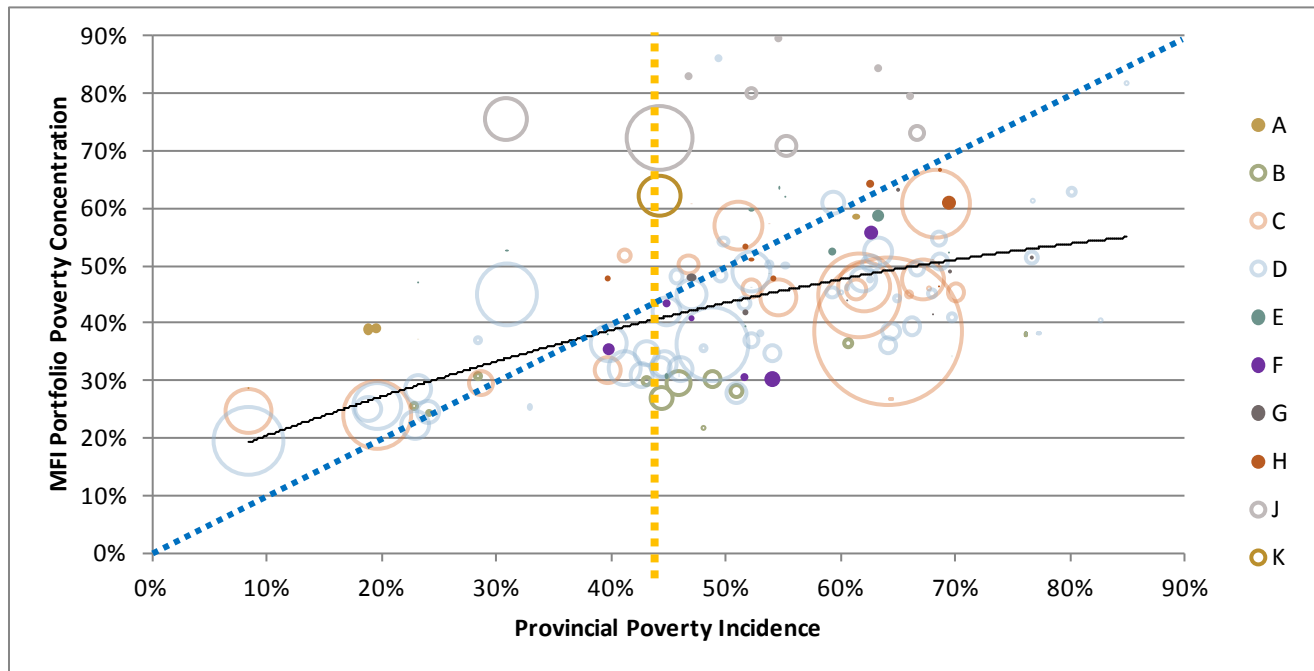
Concentration of Poverty Outreach



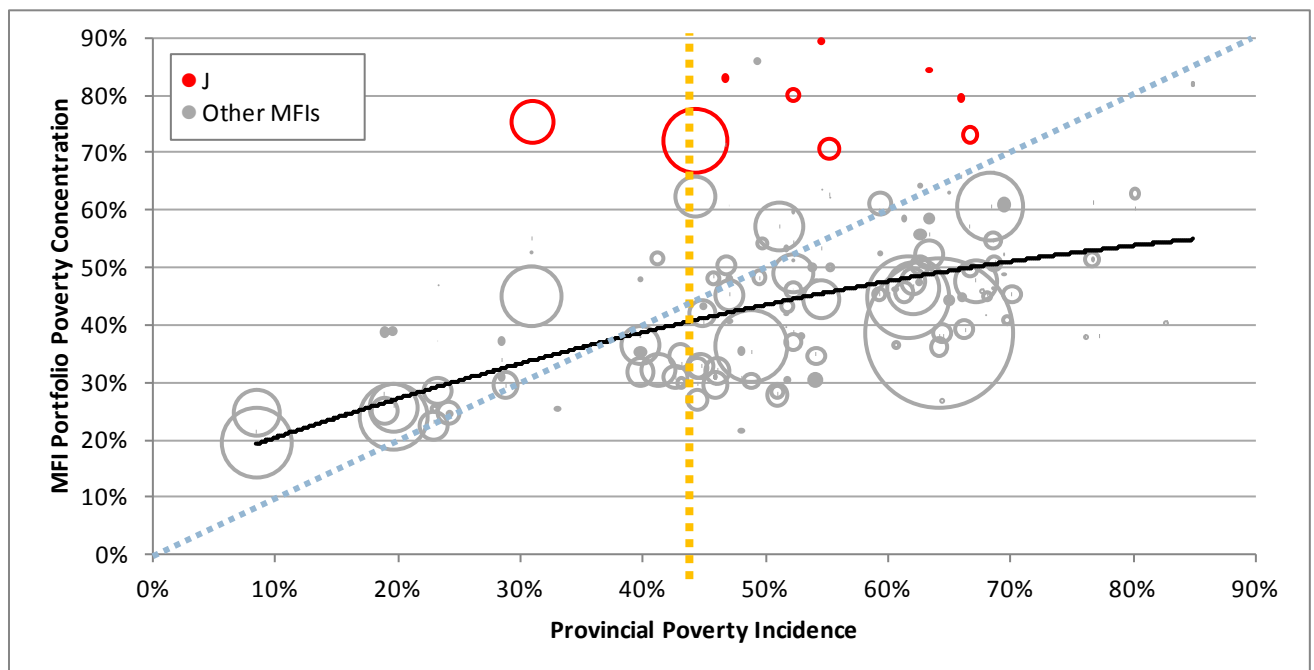
Scale of Poverty Outreach



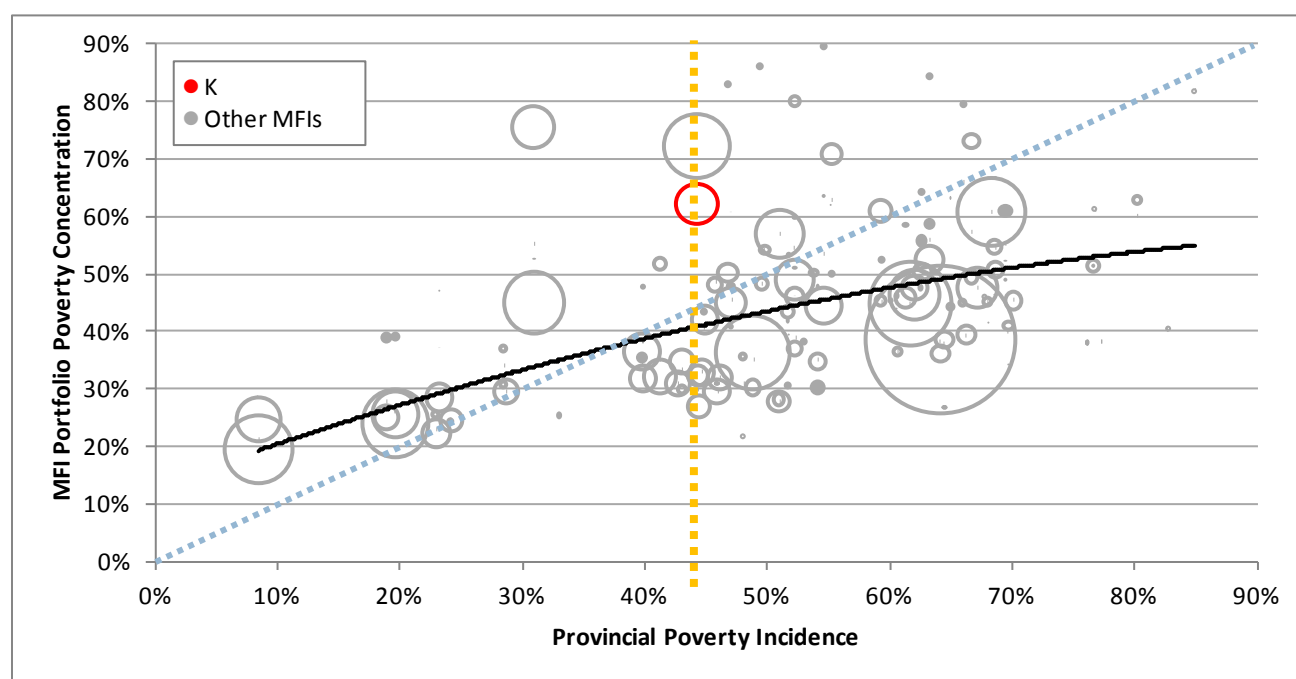
Depth and Breadth of Outreach



Depth and Breadth of Outreach of MFI J



Depth and Breadth of Outreach of MFI K



Penetration of Poverty Outreach

Provinces	Region	Poverty Incidence	Poverty Magnitude	No. of MFIs	% Below NPL among Clients with PPI	# poor HH served	% poor HH served
Ilocos Norte	1	46%	53,309	1	32%	4,338	8.14%
Ilocos Sur	1	43%	57,094	1	31%	3,718	6.51%
La Union	1	45%	68,113	1	33%	3,444	5.06%
Pangasinan	1	49%	273,099	2	35%	11,954	4.38%
Batanes	2	50%	1,733	0	0%		0.00%
Cagayan	2	43%	100,182	2	33%	5,829	5.82%
Isabela	2	44%	134,946	2	30%	6,580	4.88%
Nueva Vizcaya	2	28%	24,548	2	34%	2,212	9.01%
Quirino	2	48%	17,035	2	31%	1,566	9.19%
Aurora	3	61%	23,983	1	36%	1,355	5.65%
Bataan	3	29%	40,948	0	0%		0.00%
Bulacan	3	23%	136,162	2	23%	3,537	2.60%
Nueva Ecija	3	46%	178,076	2	30%	3,028	1.70%
Pampanga	3	24%	113,237	2	25%	2,381	2.10%
Tarlac	3	51%	133,356	2	28%	4,382	3.29%

Zambales	3	33%	49,995	1	25%	405	0.81%
Abra	CAR	53%	26,176	1	38%	895	3.42%
Apayao	CAR	77%	17,143	1	38%	33	0.19%
Benguet	CAR	29%	41,464	1	30%	2,341	5.65%
Ifugao	CAR	76%	29,469	2	38%	351	1.19%
Kalinga	CAR	72%	27,970	0	0%		0.00%
Mountain Province	CAR	66%	21,083	0	0%		0.00%
Metro Manila	NCR	8%	220,209	3	21%	10,454	4.75%
Batangas	4A	41%	198,976	2	35%	6,336	3.18%
Cavite	4A	23%	142,668	3	29%	4,463	3.13%
Laguna	4A	20%	104,299	3	26%	13,215	12.67%
Quezon	4A	64%	259,665	2	38%	21,514	8.29%
Rizal	4A	19%	93,372	2	28%	5,069	5.43%
Marinduque	4B	67%	33,095	1	48%	5,862	17.71%
Occidental Mindoro	4B	51%	46,239	1	57%	9,151	19.79%
Oriental Mindoro	4B	62%	97,325	1	45%	16,018	16.46%
Palawan	4B	59%	113,592	2	60%	8,758	7.71%
Romblon	4B	71%	42,680	0	0%		0.00%
Albay	5	64%	153,518	2	38%	3,777	2.46%
Camarines Norte	5	70%	72,308	1	45%	3,973	5.49%
Camarines Sur	5	62%	210,912	2	47%	15,897	7.54%
Catanduanes	5	62%	29,025	0	0%		0.00%
Masbate	5	68%	105,469	1	61%	11,369	10.78%
Sorsogon	5	60%	85,587	1	45%	174	0.20%
Aklan	6	66%	66,808	3	66%	3,550	5.31%
Antique	6	61%	64,578	2	49%	4,305	6.67%
Capiz	6	47%	67,088	2	71%	3,505	5.22%
Guimaras	6	68%	20,935	1	46%	468	2.23%
Iloilo	6	55%	235,648	3	53%	9,278	3.94%
Negros Occidental	6	44%	259,588	2	68%	21,587	8.32%
Bohol	7	63%	163,537	3	56%	10,437	6.38%
Cebu	7	31%	250,015	3	55%	26,568	10.63%
Negros Oriental	7	55%	142,943	3	63%	5,549	3.88%
Siquijor	7	63%	11,515	1	48%	995	8.64%
Biliran	8	49%	15,259	1	86%	9	0.06%
Eastern Samar	8	50%	41,358	1	48%	3,153	7.62%
Leyte	8	52%	185,674	4	54%	18,034	9.71%
Northern Samar	8	50%	56,395	2	54%	2,508	4.45%

Southern Leyte	8	46%	36,839	2	49%	3,214	8.73%
Western Samar	8	67%	95,556	2	57%	5,947	6.22%
Zamboanga del Norte	9	77%	138,797	2	51%	3,742	2.70%
Zamboanga del Sur	9	54%	181,201	3	50%	2,088	1.15%
Zamboanga Sibugay	9	63%	68,868	0	0%		0.00%
Bukidnon	10	59%	144,293	1	45%	2,966	2.06%
Camiguin	10	61%	10,068	2	46%	874	8.68%
Lanao del Norte	10	65%	112,409	2	45%	2,028	1.80%
Misamis Occidental	10	69%	74,542	3	55%	4,684	6.28%
Misamis Oriental	10	47%	125,334	4	45%	8,372	6.68%
Compostela Valley	11	52%	71,911	4	39%	3,437	4.78%
Davao del Norte	11	54%	99,037	3	35%	3,104	3.13%
Davao del Sur	11	40%	188,010	5	35%	6,246	3.32%
Davao Oriental	11	69%	72,065	3	51%	4,518	6.27%
Cotabato	12	66%	156,071	2	39%	4,496	2.88%
Sarangani	12	80%	80,070	2	60%	89	0.11%
South Cotabato	12	45%	122,156	3	41%	3,887	3.18%
Sultan Kudarat	12	70%	99,091	2	40%	1,786	1.80%
Agusan del Norte	13	52%	62,573	5	44%	930	1.49%
Agusan del Sur	13	69%	84,313	4	55%	546	0.65%
Dinagat Islands	13	68%	16,367	0	0%		0.00%
Surigao del Norte	13	68%	55,473	4	45%	2,198	3.96%
Surigao del Sur	13	63%	68,084	4	51%	4,799	7.05%
Basilan	ARMM	67%	64,643	0	0%		0.00%
Lanao del Sur	ARMM	59%	115,928	0	0%		0.00%
Maguindanao	ARMM	83%	219,636	1	40%	500	0.23%
Sulu	ARMM	77%	112,967	1	61%	413	0.37%
Tawi-Tawi	ARMM	85%	66,231	1	82%	545	0.82%

ABOUT GRAMEEN FOUNDATION

Grameen Foundation helps the world's poorest, especially women, improve their lives and escape poverty by providing them with access to small loans, essential information, and viable business opportunities. Through two of the most effective tools known – small loans and the mobile phone – we work to make a real difference in the lives of those who have been left behind: poor people, especially those living on less than \$1.25 per day. For more information, visit www.grameenfoundation.org.

ABOUT THE PROGRESS OUT OF POVERTY INDEX®

The Progress out of Poverty Index® (PPI®) is a simple, accurate and affordable solution that pro-poor organizations can use to estimate and track the poverty rates of those they serve. The PPI is managed by Grameen Foundation's Progress out of Poverty Initiative and is developed by Mark Schreiner of Microfinance Risk Management, L.L.C (www.microfinance.com). For more information, visit www.progressoutofpoverty.org.
