

Women Clients in India Significantly Increase Income and Well-Being

Based on rigorous research, **86-98%** of clients report significant improvements in well-being.
Only **46-80%** of non-clients said the same thing.

Impact Research Overview

In 2015, Opportunity International, with funding from the Caterpillar Foundation, commissioned an independent client impact assessment of three partner microfinance institutions (MFIs) in India – ESAF, RGVN, and Samhita. The rigorous research measured the impact of microfinance services on client businesses and lives, comparing clients to non-clients.

Key Research Findings from Three Partners:

- **For Client Outreach:**
 - 80-85% of clients are poor (living on under \$2.50/day).
 - 24-28% are extremely poor (living on under \$1.25/day).
 - These are women clients living in some of the most under-served regions of India.
- **For Client Impact:**
 - 88-98% of clients use their loan primarily for investing in a business or farm.
 - 83-89% of clients report that their income increased as a result of their loan.
 - 86-98% of clients report significant improvements in well-being, compared to 46%-80% of non-clients.
 - Average monthly income increased by 66% for RGVN clients and 58% for Samhita clients.
- **For Financial Institutions:** Even as a minority investor in MFIs aggressively growing and striving for financial viability, Opportunity influenced and built partner capacity in social performance.
- **For Global Learning:** Opportunity shows how to restore confidence in the sector following the 2010 microfinance crisis in India by focusing on building partner capacity to implement social performance management systems and refine socially-conscious business practices.
- **For Evaluators:** Several key indicators did not measure expected change in client lives, as follows –
 - The “Progress out of Poverty Index” did not demonstrate change in the portion of clients living in poverty over the course of this three-year study.
 - “Decision-making in the household” as an indicator of women’s empowerment showed no change for clients compared to non-clients despite verbal reports of extensive empowerment.
 - This research contributes to Opportunity’s cutting edge work to improve impact measurement in microfinance.

THE RESEARCH CONTEXT

India has one of the highest global poverty rates, with 51% of its population – 708 million people – living in poverty. Only 25% of the population had access to clean water in their homes, 48% of children suffer from malnutrition, and nearly half of the population defecates in the open.¹ Opportunity sought partners working in under-served regions with high poverty rates. These regions also typically contain large populations of historically discriminated-against populations (lower castes, so-called “tribal” people, and Muslims). Many of the districts partners serve have also been categorized by the Government of India as being under-developed due to poor infrastructure and inadequate availability of key education, health, and economic services. At the height of a microfinance crisis in India in 2010, MFIs in India were collapsing due to over-extension and were under scrutiny for high interest rates and other exploitative practices. Opportunity realized that mission-aligned MFIs could stabilize, grow, and work towards sustainability while setting a high standard for social performance and client protection when given access to adequate capitalization, good technical advice, and strong social performance measurement. With investment from Dia Vikas, the MFIs grew substantially – Opportunity’s outreach expanded the number of active borrowers from 1.45 million in June 2013 to 2.53 million in December 2015 – an increase in outreach of over 1 million active

¹ UNICEF, 2016

borrowers during the three year program. Furthermore, both Portfolio at Risk (PAR) and Operational Self-Sufficiency (OSS) remained steady during this period – indicating healthy, responsible growth. For all three partners, PAR has declined to less than 0.5% and OSS has remained solidly above 100% as of March 2016.

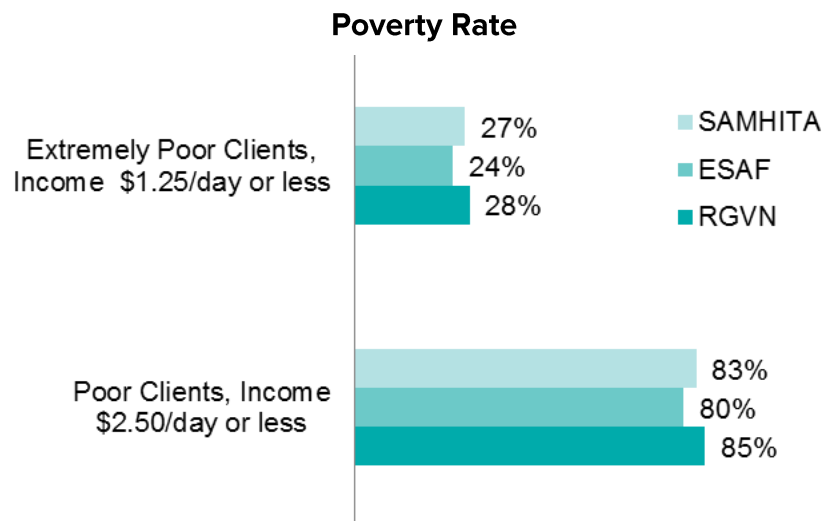
THE RESEARCH

In 2015, Opportunity, with funding from the Caterpillar Foundation, commissioned two high-caliber research organizations, India Market Research Bureau (IMRB) International and MicroSave, to conduct an intensive research initiative to produce impact assessments for three partner MFIs – Evangelical Social Action Forum (ESAF), Rashtriya Gramin Vikas Nidhi (RGVN), and Samhita. This research was designed to assess whether recent institutional growth among Opportunity’s partner MFIs had a positive impact on client lives through a blend of financial and complementary services. Researchers conducted interviews and focus group discussions with clients in their first or second loan cycle to generate rigorous, quantitative impact findings.

KEY RESEARCH INSIGHTS

Opportunity has strong poverty outreach:

- A majority of ESAF, RGVN, and Samhita clients are women who belong to historically discriminated-against caste, ethnic, or religious groups.
- 80-85% of clients live in poverty (under \$2.50/day).
- 24% - 28% of clients live in extreme poverty (under \$1.25/day).
- Among women clients, 51% at RGVN and 33% at Samhita report making no household financial decisions independently.
- Only 29% of Samhita clients have access to an appropriate latrine and only 63% have all of their children aged 5-16 enrolled in a school. (National enrolment rate is 90%.²)

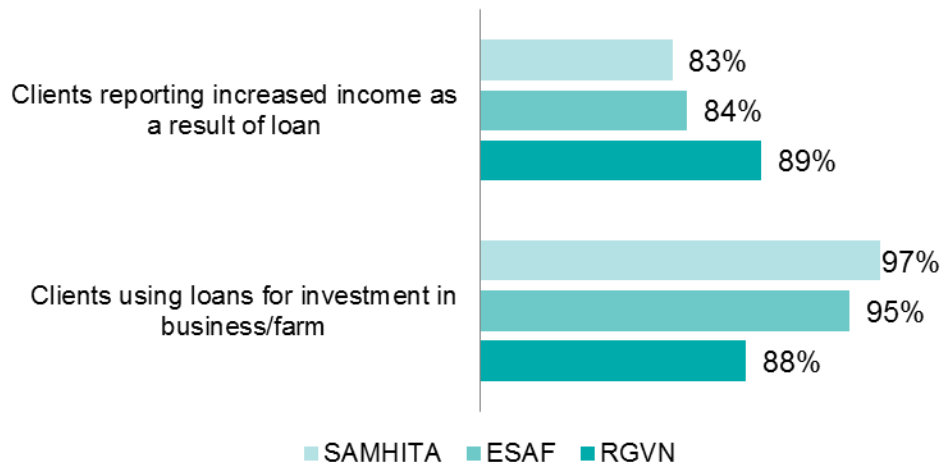


² World Bank, 2013

Client well-being improved as a result of their access to microfinance:

- 88-97% of clients use their loans to invest in businesses or farms.
- 83-89% of clients report their income increasing as a result of their loan.
- Average monthly income increased by 66% for RGVN clients and 58% for Samhita clients.
- 86-98% of clients report significant improvements in well-being, compared to 46%-80% of non-clients. 60-69% of clients report being better off by two or more steps on a ten-step scale, compared to only 20%-42% of non-clients.
- The percentage of clients with an appropriate latrine at home increased by 12 percentage points, compared to an increase of only 4 percentage points for non-clients.
- For RGVN clients, household diet became more diverse for clients than for non-clients; 33% of clients added one or more new food items to their diet, compared to only 19% of non-clients. Items added included pulses, rice, fruit, green vegetables, milk, and cookies.

Clients' Perceived Increase in Income & Use of Loan



A number of indicators did not show significant impact on clients:

- Indicators used for women's empowerment and household poverty rate did not show significant change for clients compared to non-clients, so either the non-clients had another source of support, or the indicators used may need to be improved. This impact research contributes to Opportunity's ongoing work to improve impact measurement in microfinance.

This study shows Opportunity's strengths in:

- Innovation – leveraging financial services with specialized programs for community development
- Client responsiveness – critically evaluating whether our work is having a positive impact on clients
- Poverty outreach – operating in the poorest regions of India to serve lower castes and ethnic minorities
- Global influence – intentionally investing in microfinance after the crisis in India and instituting client protection and social performance practices.