Editorial

In our last edition we described microfinance and enterprise development programmes for reaching the poorest – marginalized groups such as landless labourers, widows, disabled people and people living with AIDS/HIV. I concluded that these programmes need continued funding – their costs cannot be absorbed by banks or other commercial organizations. But if donors, governments or social bankers are to provide continued funding, they want to know that their money really is reaching the poorest. That is what this edition of *EDM* is about – how to measure whether we are reaching the poorest.

All three of the articles on this theme put tools squarely in the hands of the programme staff – measuring poverty outreach is to be carried out as part of loan officers' or value chain facilitators' routine work, rather than being measured by an external evaluation team. The advantage of this is that concerns about whether or not the organization is reaching poor clients, and what can be done about it, are shared by frontline staff.

If this seems likely to involve extra, unwelcome work, the 'poverty scorecards' described in two out of the three articles make light of this work. Nigel Biggar's article describes the Progress out of Poverty Index, designed by Mark Schreiner for Grameen Foundation, and how it was used by two organizations, one in the Philippines and one in Mexico, to measure the proportion of their new clients below the poverty line. Loan officers complete a poverty scorecard for each client, which involves answering ten questions, such as the number of children of school age, and whether anyone in the household owns a bicycle. Weightings are given to the answers, and the resulting total score is then read off against a 'look-up table', giving the likelihood of having an income below certain defined poverty levels. These scorecards are correlated against research into what assets and other characteristics are common among households of known income. Scorecards and look-up tables have different weightings for different countries, reflecting how the households of poor people vary around the world – in Mexico a stereo system rates a high score, whereas in the Philippines you need to own more than one television to get a high rating.

Both organizations have used the information generated to alter their programmes. In the Philippines management reconsidered a policy to avoid lending to *sari-sari* shops when they discovered that most of their *sari-sari* clients had considerably improved their poverty scores after several loans. In Mexico management decided to raise

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staff incentives for reaching rural poor clients, compared to incentives for acquiring large numbers of clients.

Clifton Kellogg describes a similar scorecard designed for BRAC's small business lending programme in Bangladesh. Here, small business owners are themselves not usually poor, but potential funders of BRAC's programme want to know whether the firms' employees are likely to be poor. Rather than visiting employees' homes – an impossible addition to the normal loan application procedure – a scorecard has been designed to predict on the basis of easily measurable characteristics of the firm itself whether the employees are likely to be poor. The authors emphasize that this scorecard won't help BRAC measure employees' progress out of poverty, but at least it gives an estimate of the proportion of employees poor at the outset. Only 17 per cent of them were estimated to be below the national poverty line, so perhaps BRAC needs to review its client approval procedures.

In another situation where the ultimate beneficiaries are some steps removed from the intervention, it is difficult to measure and unequivocally to attribute benefits for poor producers at the bottom of a value chain to an intervention involving another set of actors further up the chain. Clare Battle describes progress towards a universal set of indicators for market development programmes, including number of enterprises reporting financial gain, and number of additional jobs created. Much of the work involved is proving the causal links between the intervention and changes at the producer level.

It is always difficult to attribute changes experienced by producers to the programme intervention. Is it the programme – or is it the wider economy, or the entrepreneurialism of those coming forward to join the programme – that has resulted in higher incomes and the stereo system? This problem is discussed in Crossfire, in which Dean Karlan and Nathanael Goldberg argue against James Copestake that in many cases only randomized controlled trials allow us to compare fairly programme outcomes with what would have occurred without the programme.

The last two general articles in this edition don't attempt to measure outreach or impact, but describe programmes grappling with reaching particularly marginalized groups: the Roma in Bulgaria and the Hmong in Thailand. Their poverty goes beyond material possessions to social exclusion from mainstream society. These articles remind us that there is still much to be done to develop tools measuring these important aspects of poverty.

Clare Tawney
Editor