



Human Faces of Microfinance Impact

What We Can Learn from Freedom from Hunger's
"Impact Story" Methodology



freedom
from Hunger

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Seeking a More Complete Picture

How do we know that microfinance helps people?

“Knowing” starts with the stories of individual, recognizable people, especially when we have heard them tell the stories themselves. Human beings respond to stories about human beings; this is part of our DNA. Statistics from large numbers of people tell us how common or rare are the stories we have heard, but it is the story of a flesh-and-blood person with a name, like Beatriz, that brings the statistics to life. We “know” much more deeply that microfinance has helped Beatriz if we have held her hand as she shared with us how her family has experienced much hunger, but for the first time in her life, she has savings that she uses to improve her business and feed her family. Human life stories help us “know” what that impact looks and feels like.

But is her microfinance participation what causes the positive change in Beatriz’s life? What would have happened if Beatriz had not been a microfinance client? While she was saving and investing in her business, were there other events in her life that were the real cause of her business improving and her family eating better? We cannot truly attribute positive (or negative) change to microfinance unless we have studied large numbers of people like Beatriz in “randomized control trials.” This means randomly assigning people to have access to a microfinance program (the “treatment” group) or not (the “control” group) for a period of time over which we observe changes in the lives of the people in both groups. Any statistically real difference in what happens in these two groups is assumed (according to the scientific “method”) to be due to the “treatment”—access to microfinance.

We at Freedom from Hunger have done rigorous research, including randomized control trials, and partnered directly and indirectly with research institutions and experts across the globe to measure the impact of our particular microfinance program design, *Credit with Education*, and its variants, such as *Saving for Change*.¹ We know the importance of scientifically valid research to make the case for sustained allocation of resources to a development intervention. The results from our studies have lent support to some claims of impact and failed to support others. We have embraced the revealed weaknesses and reflected with our practitioner partners and taken action collectively to make important improvements in our microfinance products and services.

Yet there are at least two problems with depending solely on this kind of rigorous research. First, randomized control trials are too costly, complicated and time-consuming to be used as a regular monitoring method in development programs. For organizations like Freedom from Hunger, we need to know how microfinance clients are succeeding or not succeeding (even if we are not yet sure that microfinance is truly the primary cause). We need to feed timely information back into design and implementation decisions. In short, we need lower-cost yet valid methods to create a feedback loop from microfinance clients to microfinance designers, managers and investors.

¹ developed in partnership with Oxfam America and Strømme Foundation.

The second problem comes from the nature of the information generated by randomized control trials. They typically involve highly structured interviews of clients and non-clients, with rigid questions and response choices that anticipate the changes that we expect from microfinance participation. In other words, the interview and subsequent analysis is designed to confirm (more accurately: to refute) a priori hypotheses about impact. But are we hearing the whole story of this individual or that family? What else is happening in her or his life that we did not anticipate?

In short, we need a mix of evaluation methods to triangulate to the “truth” to create a more complete picture of client experience than any one method can provide. Moreover, different audiences and different purposes require different methods. Randomized control trials help us understand, controlling for all human differences, whether microfinance alone can account for change in the well-being of a client. But this method does not shed enough light on how microfinance creates change in the context of whole lives, families and communities. To help explain how microfinance creates change, “impact stories,” involving open-ended questions, careful listening and free-flowing follow-up of the answers, can complement more structured interview techniques to capture a more complete picture of impact.

Personal stories have been dismissed as “anecdotes” rather than valued “data.” Is the story typical or atypical? We would know the answer if the people featured were randomly selected from the microfinance clients rather than cherry-picked to document exceptional success or failure to suit our preconceptions. This is not so hard to do.

Think how interesting it would be to have a fairly large number of stories, collected rigorously, from a representative sample of clients, households or enterprises. The content of these stories can also be teased out and turned into quantitative information. For example, if we could report that 70 percent of the stories showed a positive trend (however that may be objectively defined), 25 percent showed no meaningful change in their lives, and 5 percent have fallen backward, we would have a powerful indication of the value of being a microfinance client. The larger the number of stories, the more confidence we would have in these results. If there was an opportunity to collect stories from randomly assigned “treatment” and “control” groups, we could statistically compare the results from the two groups—a randomized control trial!

Let us say our sample of stories, though randomly selected, is just composed of microfinance clients (finding and interviewing a control group of non-clients is the more difficult and expensive task) and too small to give us statistical confidence. What do we have? First, we have enough to send a signal to program managers that their clients appear to be going mostly in the intended direction toward better lives but also that they should look more deeply at the minority who are not succeeding, with a view to adjusting product design and delivery, if possible, to help these clients do better. Second, we are able to identify what is working and what is not working, what is useful and not useful, and how satisfied clients are with their experiences. We get a chance to see what is in the “black box” of client participation in microfinance. The monitoring function is still served and probably at a reasonable cost of time and money.

Since 2007, Freedom from Hunger has been developing and testing an “impact stories” methodology to discover client experiences that are representative of the whole clientele of a microfinance institution (MFI) or even multiple institutions, ranging from wild success to dismal failure or whatever is happening

in between among these people. The key steps are to randomly select clients for story collection and to collect these client stories with a systematic yet open-ended interview process that allows the client to tell as much of the full story as she or he is willing to share. Drawbacks are that we depend on the client being forthcoming and truthful (a challenge shared by more structured interviewing as well) and on our own ability to extract useful information systematically and without bias from complex, unpredictable stories.

Our goal is to interview people who have just recently joined a microfinance program and then find these same people about three years later (whether or not they are still participating in the program) to learn what has happened in their lives in the intervening period. This method provides a “longitudinal” (before and after) story of impact. We have also interviewed “mature” clients who have been participating for at least six months. This gives us a retrospective story of impact and an early opportunity to test our ability to extract useful information from the story to see what we can learn about impact.

Here we present what we have learned so far about microfinance clients by talking to them about their life stories in three geographic areas in which microfinance is most oriented toward poverty alleviation—Latin America, sub-Saharan Africa and South Asia. We also explore how this data can help us better understand and evaluate the impacts of value-added microfinance.

More specifically, we are evaluating the impact of *Credit with Education*, in which women from very poor, rural communities come together in groups (often called “village banks”) to receive from an MFI a combination of loans and savings opportunities, as well as additional value in the form of education for better family health and business. Some *Credit with Education* programs also offer access to health protection services such as linkages to health providers, health products and health-focused financial services.

Another form of value-added microfinance is *Saving for Change*, developed in Mali for women in villages beyond the reach of MFIs. This is a savings-led microfinance approach in which women save together in a group (much like a village bank) and use their group savings to make small loans to group members. There are no loans to the group from an external institution. The program also includes education on the causes, prevention and treatment of malaria, the most common debilitating health problem in West Africa.

So far, we have collected and analyzed a total of 274 client stories from random samples in eight countries with nine local microfinance-providing partners: Promotion et l’Appui au Développement de Micro-Entreprises (PADME) in Bénin; Crédito con Educación Rural (CRECER) in Bolivia; Réseau des Caisses Populaires du Burkina (RCPB) in Burkina Faso; Fundación ESPOIR in Ecuador; Bandhan in India; Kondo Jigima and also *Saving for Change* groups in Mali; Alternativa Solidaria Chiapas (AlSol) in Mexico; and PRISMA in Peru. For a complete description of the methodology, see Appendix 1. The impact story questionnaire is attached as Appendix 2.

Of the client stories collected so far, 167 of them are from “mature” clients from all eight countries. Here we focus on what we can learn about microfinance impact from these people who have been microfinance clients for at least six months and in most cases for several years.

Four Faces of Microfinance Impact

The following four stories represent the range of accounts we heard from mature microfinance clients. The story of Beatriz is quite typical of the stories we heard from members of *Credit with Education* groups.



Beatriz thinks she feeds her family a healthy diet. They eat salad and fruit and fish, but also drink colas. However, meals are generally not as healthy today as what she ate during her childhood, such as yucca and beans directly from the farms, because today everything is full of chemicals.

Beatriz sells beer, cola, water and other items from a store in her house on the main street in a town northwest of Guayaquil, Ecuador where people cultivate bananas, corn, cotton and rice, and also raise cattle. Her participation in the village bank over the past three years has helped reduce the episodes of hunger and lack of money that had plagued her family in the past, although they still have not overcome the difficulties of sickness and poverty.

Beatriz, 38, says the key to achieving good health and well-being is eating well. She has participated in several discussions in her village bank about nutrition and health and also has gotten advice from her doctors about how to control her diabetes. But she says her diet is bad. She eats salads and vegetables sometimes, but she also eats fried foods and foods that she knows are not healthy. She says there are months when she goes to the doctor and controls her diabetes, and other months when she does not.

Her family suffers from other illnesses, too. Her husband has gastritis, a disease that is most problematic when he doesn't eat enough. In the winter, he doesn't have stable work, so he has to go out day by day with his machete seeking work; when he doesn't have enough money, he skips either breakfast or lunch, and then his stomach hurts. Last year he had a lot of trouble finding work and the entire family went hungry. The family got some assistance from Beatriz's mother, who has since died.

The 19-year-old daughter has good health, but is currently pregnant. The 10-year-old son has pains in his legs. There have been times when Beatriz didn't have the money to take him to the doctor; but when he did have medical exams, the doctors couldn't identify the problem. He can't run or play, and he has a lot of pain, especially at night.



It is much harder to control teenagers today as compared to her youth, Beatriz thinks. Teens leave the house when they want and have less respect for their parents. It is also a difficult time for youth to find work because of the economic crisis, she says, hoping her children can make use of their studies to get ahead.

When a friend invited her to the village bank, Beatriz already had her little store, but she only sold water. With her first loan of US\$150, she bought more products to expand the business. Beatriz feels that taking out higher loan amounts means that a person knows how to invest in a business. She has generally maintained a stable loan level and currently has a loan of \$200 from her village bank and an emergency loan of \$300. She has taken out a total of nine loans, including four emergency loans. She is using most of the money for her business and a small amount for medicine for her son. For the first time, she has savings of \$70, some of which she used last year for her health. She says she contributes less than 20 percent to the family income, but this is more than before she joined the village bank.



Beatriz works all the time and doesn't have time to get involved in school activities, as her mother; a homemaker with nine children, did or in other community matters. She believes it is most important for parents to have a good understanding between each other; she and her husband always talk and make decisions together. She hopes with this model and more hard work, the family will be able to *salir adelante*, or move ahead.

Beatriz and her family have made some progress since she joined the program three years ago. She has used a series of loans to diversify the products she sells in her store (and also to pay for medicine for her son). She contributes more to the family income and accumulated \$70 in savings for the first time in her life, which has helped her pay for health care. Beatriz shares that episodes of hunger and lack of money are less frequent since joining the microfinance program. She has learned how to eat well for better health but has found it difficult to do so consistently. On balance, Beatriz believes that *Credit with Education* has value for herself and her family, but they remain quite poor and plagued by health problems. She sees progress in her life, but to our eyes, it is very modest progress.

The following is the story of Kotine, which seems typical of the experience of women participating in *Saving for Change*.



Kotine believes savings groups are good for all women and believes that those who do not join will regret their decision. "Those who don't join...when they see that members of a savings group have new clothes and are eating better foods, they will be jealous. Then, if they ask someone for a loan, we will say 'No, you should join a savings group so we can all help each other and reinforce each other's lives.'"

Kotine is a 55-year-old mother of three living in the rural village in Mali. She has been a part of the *Saving for Change* program for over three years and claims that her ability to save money is a direct result of her savings group. She knew that joining a savings group would benefit her entire family; however, she was unable to join at first due to the assumption that she would not show up to meetings. Now, as an active member, Kotine has been able to save enough money to buy a donkey cart, wheelbarrow, watering can and myriad vegetable seeds. "When I joined, my life improved and I found peace." She is most proud to say that attending adult literacy school for over a year has been the most beneficial part of her savings group. She has also learned a lot about commerce from the other members of Yiriwaton and has received malaria education as a result of her participation in the *Saving for Change* program.

Kotine currently has about \$70 in savings and plans on using the money to buy things for her business and buy vegetable seeds and food for her family, which is just one of many ways her family has benefited. Her husband unexpectedly died last year, so Kotine constantly worries about how she, alone, can keep her family healthy and provide them with good food. Although some of her village has trouble getting enough food during rainy season, she says her family is healthy and is eating a sufficient amount of nourishing foods right now. In fact, she says her children have more food than she had as a child. Good health, according to Kotine, is having clean water and good food. "You have to protect yourself from germs and the other things that make people sick."



Having lost both of her parents as well as three of her six children, she is quick to say that God will determine whether her remaining three children will experience well-being. "The good life is being able to come together and exchange ideas to make things better." As for herself, she feels as though she has the means to achieve a good life. She has been farming for seven years and says, "The way you achieve a good life is by working hard; you will find importance in life." In addition, she believes women are better off today than during her mother's time because there are more job opportunities for women and children. "Independence has come."

She recommends *Saving for Change* to her friends and even convinced her daughter to join a group. She currently has a \$50 loan, which was used for her daughter's wedding. She has also taken a loan out in order to take her sister-in-law to the hospital. Her savings group gives out emergency loans and Kotine has taken advantage of this when she was sick. "If you're sick," she asks, "how will you work to pay off your first loan in the first place? Take a second loan to get healthy. You will be able to work and pay back both of them."

Kotine is more enthusiastic about her experience than Beatriz seems to be, which may be a reflection more of past tragedy than current progress. Even a little benefit contrasts sharply with her life before joining a *Saving for Change* group. Like Beatriz, Kotine has accumulated \$70 even after using some savings for a mix of business investment and consumption. She has taken loans from her group to pay for a daughter's wedding and to take a relative to the hospital. Preoccupied by health and food, Kotine believes she and her family are healthy and eating better than in the past and even better than others currently in her village. She appreciates literacy training and malaria education through her group. While her progress is very modest, Kotine clearly has hope for the future.

Not all microfinance clients have such positive experience or such hope. The story of Maya Luisa represents only a small percentage of those collected in Mexico and worldwide, but it shows that access to microfinance does not benefit everyone.



Maya Luisa suffers from a lack of information. "We don't know" whether we are in good health. "We don't know" whether our children will live good lives. "We don't know" even what a good life is.

Maya Luisa, from Mexico, comes from a very poor family with a total of 12 siblings. Every moment has been one of difficulty, she says. Her home has dirt floors, and she cooks entirely with firewood. Fifteen people live in the house where our interview took place, which belongs to a family member. Maya Luisa and her two children, ages five and three, live off her husband's income. He works as a bricklayer but currently is out of a job. Finding work is difficult "nearly every month out of the year."

Maya Luisa's father worked as a farmer, but Maya Luisa and her husband have no land to farm. Her mother sells clothes, and Maya Luisa tried it a year ago, but people simply didn't have enough money to buy anything. Now, Maya Luisa tries to sell other things, like tamales and chicharrones (fried chip-like snacks), but she isn't selling right now because no one has money to buy. According to a community discussion, this is a big obstacle for many people, including artisans—you can work very hard, but people will only buy when they have money, which usually happens right after selling the coffee harvest in January and February.

She has lived through a lot of difficulty and always without help—when her father died five years ago (she is unsure how), Maya Luisa carried on "with sorrow" but without support from anyone else. She doesn't receive government-sponsored health insurance and only visits the doctor when someone in her family is very sick. Her family's health worries her "a lot, because sometimes we don't have money to buy the medicines" they need. Maya Luisa's husband makes the financial decisions for the family, because he earns the great majority of the family's income, but many times it doesn't matter who makes the decisions, because there is no money to be decided about.

Maya Luisa's oldest son is in kindergarten. Maya herself attended school through the first year of middle school. She believes that her children will be in the same situation as she is in right now, "but we don't know." Maya Luisa lives and eats the same way as she did while growing up, and she doesn't see many things that could make life change for her children.



When she joined the village bank, Maya Luisa was hoping "to be working more" and "to better my life." But these goals have not been accomplished. "You just can't" sell when there are no buyers, and she won't be taking out a bigger loan, because "it's very difficult to invest the money." In fact, she is thinking about leaving her village bank altogether because her loan payments almost always come from her husband's earnings, and he has no job right now. "We pay every two weeks, and it costs us dearly," she said.

But Maya Luisa doesn't blame her village bank. She said she would not change the program; everything is "fine as is." Some of the other women in her group "continue selling, continue working in that business, but very few." At the very least, she has learned the importance of "helping each other out within the group and continuing the daily struggle."

While Maya Luisa's situation prior to joining the program seems no worse than, if not better than Beatriz and Kotine, her very modest expectations of benefits from microfinance have yet to be met. She appears to have gained neither money nor information. She lives in a very poor community with few business opportunities and none that she can see for herself. While she values the help of her microfinance group, she seems to have little hope for the future.

Julie from Bénin also represents the minority of clients who do not yet feel they have benefited from access to credit, savings or education.



Julie says, "I eat enough. After all, a hungry belly can't be picky."

Julie, 43, comes from the small rural village in Bénin, where she raises her four children with her polygamist husband. She runs a small business selling ground corn and oil, which she uses to help support her family.

For Julie, well-being is being able to eat well, having adequate clothing, and being able to generate some sort of revenue. "Without money," she says, "nothing is possible." Unfortunately for her, she doesn't think she has enough money to have a good life.

Like many of her contemporaries, the most difficult moments in her life happened when members of her family fell sick or died. The help she received from her extended family and friends was vital to Julie making it through. She also has a lot of hope that her children's lives will continue to improve and that they will be able to live good lives—hope that finds its source with God. "One must always have trust in God," she says, "for we humans have no strength alone."

Julie says that her community really doesn't suffer on a large scale from lack of food, and may they continue to be spared. She recognizes that they are still vulnerable, and says that "life is like the chameleon," always changing. While Julie isn't satisfied with her financial status, she eats sufficient to her needs and is satisfied with her

diet of rice, akassa, cassava, beans and corn meal. Her diet has remained unchanged throughout her life and is no different than that of her mother.

She voices significant concern over the well-being of her family, particularly her worries of eventual sickness. While she says that she is generally very healthy, she explains that poverty can cause illness and she does everything she can to help her family avoid falling sick despite their financial difficulties. "If my family were to fall sick," she explains, "I would never again find joy."

Her mother had an enormous influence on her life, and she explains that in financial decision-making and community influence, she and her mother are no different. Julie still prefers traditional healing methods she learned from her mother to hospital care as well. But, when asked how her decisions compared to her mother's with business money, she answered, "I have to make the most of my capital to be able to get something out of it instead of using it to have fun," hinting that her mother had little idea of how to invest and manage. This is one of the reasons she uses to explain the improving conditions for women in her community—thanks to the available loans and possibilities they did not previously have.

Julie joined the village bank with the hope that things would change quickly, and was disappointed to find that "the loans are too small and the time given to pay them back is too short." Large changes have yet to happen and she feels that she isn't saving more money now than she was before. She still hopes to see an upswing in her business and is appreciative of the education sessions in which she has been able to participate. She said that she would recommend the program to others and is still looking to improve her own finances.

Julie sees improvement for her generation of women compared to her mother's generation, and she attributes that to access to loans and new possibilities. But Julie does not think life has improved yet for herself and her family. Unlike Maya Luisa, Julie is hopeful that her access to financial services and education eventually will allow her to reap benefits for her and her family.

Painting a Picture

These four stories and the remaining 270 stories we collected paint a picture of the hope that women and men bring to their microfinance experiences. The 274 individuals (250 women and 24 men) representing the nine programs around the world enter their local microfinance program from a variety of backgrounds and family situations and have different ways of thinking about their immediate situations, yet almost all have some hope that their participation in the program will mean an improvement in their lives.

Our discussions with program participants about their views on what constitutes "well-being," their assessments of the changing opportunities across the generations, and their thoughts about their families' health and nutrition, provide for us a small window through which we can get a glimpse of their needs, hopes and dreams. The knowledge that we gain from these conversations provides a backdrop for understanding the true impact of value-added microfinance and humanizes the men and women, families and communities that participate in microfinance.

The Good Life

Across all nine programs, when asked about their definition of "the good life," most members spoke about "the good life" (or well-being) and good health almost interchangeably. That is, for these microfinance program members, it is not unusual to think about their own well-being in terms of the ability to stay healthy and to see a doctor when necessary. For participants in all nine programs, well-being is also associated with the ability to work and earn money.

Gulenur, from India, is married with three children—two daughters and one son. She is an active contributor to her family's income, as she is involved with her husband in the jari business. To her, well-being is "having [a] sufficient amount of money, presence and support of [my] husband, supportive in-laws, no conflict and love among family members." Her only dream is that she is able to educate her children so that they can be financially independent and capable of running their own establishments.

A majority of individuals also commented on the association between well-being or good health and access to healthy or good-quality food, or the availability of sufficient quantities of food. In Mali, Bénin and Burkina Faso, several program participants also suggested that proper hygiene or cleanliness were relevant to their well-being or good health.

Although most participants did not refer to specific material goods in the context of well-being, some of those interviewed did. At least a couple of individuals in each of the Bolivia, Peru, Ecuador, Burkina Faso, Bénin and Mali programs said that well-being or the good life depends on having a decent house. Individuals in Bénin and Mali mentioned that they need sufficient clothing for the family before they can say that they are in a state of well-being.

But for most, the concepts of well-being and good health go to the core of their lives for microfinance program members—the absence of disease, having the ability to work and access to decent food.

Hope for a new generation

In order to get a more complete picture of the extent to which these microfinance clients can envision a better future for themselves and their families, it helps to understand their perceptions of their own lives and their hopes for their children, relative to the lives and hopes of their own parents. Across the board, there are three aspects of these program members' lives that are unambiguously better than a generation earlier.

First, a majority of the members of all nine programs cited the availability of business loans or the opportunity for women to work or contribute financially to the family's income as an advantage over the opportunities presented to their own parents (especially those available to their mothers).

Asseta, from Burkina Faso, is 40 years old and married with seven children. Her husband is polygamist and she shares her household with eight of her husband's children from his other spouse. She notes that women now can make important financial decisions, a fact that wasn't true of her parents' and previous generations. Her mother didn't know how to borrow money or even know that it was an option. Health too has changed—"Now a woman can decide to bring her sick child to the hospital. Before, it was always the man who took care of the child." She enjoys a greater responsibility in managing the family income and has more of a chance to work for money herself. Her voice is now heard in the community and she says that previously, women always submitted to their husbands concerning important decisions.

Second, participants in all countries referred to the availability of some type of education as a factor in their improved quality of life. Some were more specific, identifying the non-formal education sessions associated with their loans or savings program, such as health education, as the basis for their claim about life improvements. The vast majority, however, did not relate their comments about education to any particular source or type of class.

Third, in almost every program, participants cited improved access to health care in general, or access to doctors, hospitals and/or medicines specifically, as a source of improvement over the lives of their parents.

In most of the programs studied here, the overall impression of how members of the current generation are faring relative to their own parents is mixed (with the possible exception of participants in India and Bolivia, who claim to be almost universally better off than their parents, both with respect to general quality-of-life issues and specifically when it comes to diet). For program members in programs around the globe—from Peru and Ecuador to Burkina Faso and Mali—the impression that life has improved is tempered by program members' claims that the decrease in rainfall and/or the rise in prices for necessities (mainly food) have made life significantly more difficult in many respects.

Consequently, we can think of individuals as entering these programs needing easier or cheaper access to better food, but with great potential to achieve significant life improvements, given their enthusiasm for business loans and the ability to work, along with the desire to learn.

Food and nutrition

Food-security measurement is a core component to Freedom from Hunger's impact-monitoring system. Food-security measurement of incoming clients helps us and our partners discern whether we are reaching our target population—the chronically hungry poor or the food-insecure—and it is a measure we use to track client well-being over time. Current documentation collected through use of food-security surveys (as documented in Appendix 1, Table A) indicates that more than 50 percent of incoming clients served by Freedom from Hunger's partners are considered food-insecure and the greater majority of these clients live in West Africa. We can see these outcomes more closely through the food-security scale outcomes collected in the impact-stories methodology. All of the *Saving for Change* clients represented in this report are food-insecure, indicating they experience poverty so deeply that they are unable to meet their food and nutritional needs on a consistent basis. In contrast, a little less than one-half of the clients interviewed in Mexico were food-insecure.

When asked specifically about generational differences in food, clients share mixed pictures of food security. In Ecuador, Mexico and Peru, the general impression is that adults today are not eating as well as they did when they were children. Microfinance program members in those three countries complain that the food today is processed, contains chemicals and is generally less healthy than a generation ago. Further, they criticize the increased reliance in their diets on fried foods rather than fresh fruits, vegetables and meats. In the other programs, however, those interviewed about food maintain that the food is generally better now, largely due to the availability of a greater variety of food, thereby allowing for a more balanced diet. Those in the African countries of Bénin and Mali also appreciate that potable water is now a significant part of their diets.

Clients in all parts of the world generally share the belief that their diet is sufficient and this sufficiency is based on their feelings that what they eat now is all they have ever known (they eat the same foods now that they grew up eating) or that it is all they can ever expect to eat given their poverty status. If they had more money, many would use that money to purchase more or better-quality foods.

Great expectations

We also may learn more directly about program participants' expectations of their membership with the village bank since, in many cases, members candidly stated such expectations during their interviews. Since the expectations of experienced program participants may have altered during their time in the program, it is important to consider the expectations of new program members separately from mature members.

In all programs, few new members explicitly describe what they expect to achieve once in the program; however, when they do describe their expectations, they tend to speak about very general hopes for improving their financial situations. Only a handful of new program participants mention more specific goals, such as the ability to buy medicines, pay for school expenses, or build a house. By and large, participants enter these microfinance programs with hope that they will escape the extreme poverty in which they find themselves. These expectations can determine whether or not these clients are ultimately satisfied with their participation in the program.

The Kondo Jigima clients of Mali exemplify the contrast between those who are new to the program and those with six months or more of microfinance experience. New participants have two primary concerns—that they have sufficient food for all members of their household, and that those they love are in good health. For these families, sufficient food and a disease-free existence are the components of “the good life” and therefore are the most important aspects of their expectations when joining the program. Once the women have been in the microfinance program for a year or more, and have received multiple loans, they still reference their hopes for sufficient food and good health; however, it is not unusual for women’s hopes and dreams to grow once they have been able to see small improvements in their ability to obtain food or pay for life-saving medications. At that point, women can begin to imagine what it might be like to be able to provide even more for their families. While reminding us that food and good health are still of primary concern, some go on to speak of their dreams in terms of a beautiful house, even luxury items such as a TV or a car. But more importantly, these women, who have had some success in using their loans to increase the availability of food in their homes and to provide some sense of security around the health of their family members, are able to dream about building a future.

Stories of Success

The striking finding from the review of client stories across mature microfinance program participants in the nine programs analyzed here is that the stories are overwhelmingly positive. Of mature program members, 91 percent indicated that, on balance, the quality of their lives is better than it would have been without the microfinance program. Table 1 divides mature members by program impact (positive, labeled here as “Improvement,” or neutral or negative, labeled here as “No improvement”).

Table 1. Number and percentage of program participants by reported impact

	TOTAL	Improvement	No Improvement
Mature <i>Credit with Education</i> participants	146	132 90%	14 10%
Mature <i>Saving for Change</i> participants	21	20 95%	1 5%
TOTAL	167	152 91%	15 9%

Out of the 274 clients interviewed, we classified 167 of them as being mature clients (in the program at least six months), meaning they had had the chance to put at least one loan or one savings cycle into practice. (For a breakdown of mature and new members by program, see Table C in Appendix 1.)

After exploring how all mature clients articulated their experiences with the microfinance program, we discovered three key themes that helped us determine whether the client was having a positive experience: 1) the client referred to growth in the family business, 2) the client mentioned satisfaction or benefit from the education sessions, or 3) the client mentioned enjoying a financial benefit that was not possible before. (For a description of the methodology we used to categorize these different experiences, see Appendix 1. Methods.)

It is important to emphasize that our data do not tell us that 91 percent of those who enter the program have a positive experience, but rather, of those who stay in the program long enough to be considered “mature” members, 91 percent have a positive experience. Further, we cannot directly use our data to draw conclusions about how those who are benefiting differ from those who are not benefiting. First, too few individuals in our sample are failing to reap life-altering benefits from the program to draw meaningful conclusions about that population. Second, those who do remain in the program long enough to be considered “mature” members despite their negative or neutral experience, constitute a particular subset of all of those with a non-positive experience, and we do not know whether this population differs in any meaningful way from those who drop out too soon to be classified as “mature” (i.e., those who went through only one loan cycle or stayed in the program for less than six months).

A quality-of-life improvement for almost all of the mature *Credit with Education* program members was associated with some growth in the family's business that can be attributed to the loan. In Bolivia, Jeanette told us that, because of the loans she has taken to support her stand (from which she sells "a little of everything"), she has seen "substantial improvement in the state of the family; [we] can buy more things and have more food." Martha told us, "Thanks to my village bank, now there is money." She continues that now she is "able to buy sufficient materials...food, clothing, education and health services." In Burkina Faso, Mamounata remarked, "Ever since we began to work with the bank, we have noticed a big change in our lives because through the loan we took out we were able to increase our activities and make a lot of profit. This profit allows us to take care of school fees for our children and medical expenses." From India, Anima said her finances have improved because of her village bank and that the loans have helped her to "eat well, wear well [have nice clothing] and lead a luxurious life." For the *Saving for Change* group members, life improvement often originated in the savings, which they did not have prior to joining the program.

Clients also talked about the benefits of the educational sessions. In Mali, many members were thankful for the education on the importance of breastmilk, how HIV is transmitted, and how to lower the risk of contracting malaria. It was not unusual for members to tell us, as Anta from Mali did, that "the education is the most important part of the group." In Ecuador, Cecilia discussed the benefits of the business classes in which she learned how to grow a business, choose products and manage clients.

To better understand the significance of these results, we ask the following questions: What do the members who have benefited from the program have in common? What can we learn from the 15 members in our sample who have not yet benefited from the program and may be at risk for dropping out?

Common Characteristics for Success

So what do these stories of positive impact tell us? We use the member interviews to provide a description of the participants and how they describe their lives changing after participation in the program.

Demographics

Of those categorized as having experienced improvement, 89 percent are women. The mean age is 39 years, but they range in age from 19 to 70. The youngest group is in Bolivia (mean age of 36) and the oldest group is in Mali (mean age of 43 for both the successful Mali Kondo Jigima and Mali *Saving for Change* program participants). Consistent with the age of the successful participants, we also know that most are married (although one-quarter of all participants interviewed in Mali are widows) and almost all have children. Numbers of children vary greatly, with averages from six children in the West African programs to three children in Latin America. Nine participants across Ecuador, Burkina Faso, Mali and Bénin have ten or more children. Some of the West African participants have four to six of their own children, but may also be one of many wives and therefore may be partially responsible for up to 20 children.

Shocks

It is not unusual for these program participants to have suffered some sort of shock or personal crisis—often affecting the entire family—while in the program or in the years immediately preceding their participation. Eighteen of 21 members of the Mali *Saving for Change* program mention family deaths in their interviews. Fifteen of those include a death of one or more of their own children or grandchildren. While this group in Mali is somewhat unusual for the extreme nature of the shocks with which its members have had to contend, it is clear that microfinance program participants who have benefitted from their involvement in the group have had extraordinarily difficult lives. In Bénin, 10 of 20 successful participants mention having to deal with severe illnesses and deaths in the immediate family. In Ecuador, 9 of 22 members who have benefitted from the ESPOIR *Credit with Education* program mention in their interviews various crises that have contributed to their extreme poverty (especially illnesses and injuries that have prevented them or their spouses from working).

Economic gains

Program participants whose lives have changed report the greatest change to be in their economic position. Nearly all of the 152 members that we categorize as benefiting from the program reported using their loans to invest in businesses that allow them to earn money that they otherwise would not be able to earn. In some cases, these are new businesses that were begun with those loans. In other cases, they are expansions of existing businesses or diversifications of product offerings, and those expansions have provided them with increased profits. These profits from new or newly expanded businesses give the participants the opportunity to invest further in their businesses, but also, in many cases, to set aside more money for their families. In fact, much of this group specifically describes their access to increased funds, whether from profits or direct use of the loans themselves, for various family expenses as a result of their

participation in the program. It is important to note that for *Saving for Change* participants, the increased access to funds is largely a function of the savings component of the program, although in many cases, participants also take out loans from the group savings. These loans may or may not, however, be used to invest in a business.

In Bolivia, 14 of the 17 CRECER members who have benefited from the program describe the economic gain from their participation. They mention that they are now able to pay for education, to purchase more food and, in one case, a better variety of healthy food, and to add to their savings for the future. In Burkina Faso, 24 of the 25 successful participants explain multiple economic benefits in terms of education expenses, improvements to their house, better ability to cover general family expenses, including food, and contributions to family savings. In Bénin, all 20 of the PADME members who claim to have benefited from the program describe some sort of financial benefit. Seventeen of those mention that they have more money for routine family expenses or food, and 18 are contributing to savings.

Participation in the program often introduces the first chance for a client to save money, either through voluntary savings mechanisms or, in some programs, mandatory savings that are required before loans are disbursed. Twenty-three out of 30 RCPB members (a program that includes a mandatory savings component) indicated increased savings as the primary benefit to being a member. Ten out of 21 mature Kondo Jigima clients indicated savings were an important benefit.

Interviews reveal that participation in *Credit with Education* or *Saving for Change* can make the difference between a family without the ability to purchase life-saving medications and one with the money to do so; the difference between a child whose family does not have the resources to send him to school and one whose family does; the difference between a family that eats twice each day and one that eats three times; and the difference between knowing that some unexpected event in the future will endanger the financial position of the family even further and knowing that there are sufficient savings put away to protect the family from that financial crisis.

Education as a factor in quality-of-life improvement

As described above, all participants that we classify as experiencing a positive outcome as a result of her or his membership in the program have been able to attribute at least part of their quality-of-life improvement to an improved financial status. But some also described positive developments in their lives that they can attribute to their attendance at the educational sessions (either business education, health education, or both types).² Table 2 provides the number of successful loan program participants who ascribe their quality-of-life improvements to the loan or to both the loan and educational sessions.

² The *Credit with Education* and *Saving for Change* programs offer education as part of the program experience; however, not all clients interviewed have necessarily received that education. For example, one-half of the clients interviewed in Bénin had received education due to a purposeful program and evaluation design limiting education to one-half of the participants and very few of the Burkina Faso clients had received education because they were not part of the village banking product that combined education with financial services.

Table 2. Number of program participants with positive experience who attribute their gains to the loan, educational program, or both

Country	Total with positive experience	Loan as source of quality-of-life improvement	Both loan and education as source of quality-of-life improvement
Bénin	20	9	11
Bolivia	17	7	10
Burkina Faso	25	17	8
Ecuador	22	6	16
India	17	16	1
Mali	20	2	18
Mali <i>Saving for Change</i> *	20	2	18
Mexico	11	7	4
TOTAL	152	66	86

* For the Mali *Saving for Change* members, the non-educational improvement is associated with the increased buying power due to the savings program which, in many cases, also included access to and use of loans.

Many participants who spoke about the benefits of the educational component of the program did so with great enthusiasm. It is clear from these member stories that the business and health education were critical elements in their assessments of the value of their participation. In fact, there is great recognition among program participants that the education is beneficial in and of itself, as well as in relationship to the loan or savings program.

The education sessions are hypothesized, and in some cases proven, to work in at least four important ways. First, the sessions on business practices (managing the loan, calculating profits, setting quantities, planning for unexpected events, etc.) are designed to help members better manage their businesses so that those businesses may grow and consequently provide families with more income.ⁱ Second, financial education sessions aim to improve general household financial practices such as saving, budgeting, using bank services and managing debt.ⁱⁱ Third, the sessions that focus on health issues should lead to healthier lives for participants and for their family members and friends with whom they share the information.ⁱⁱⁱ Healthier program members and their families mean that loan recipients can devote more productive time to their businesses and less time to tending their own illnesses and those of their family members. Finally, the educational sessions themselves, regardless of the topics, aim to build confidence and give members

an opportunity to share ideas and develop those community bonds that lead to supportive relationships. The result can be seen in comments such as one from Gloria in Ecuador, who told the interviewer that the program had provided not only the loans to grow her business, but also the support of a network of businesswomen, and an opportunity to serve as an example to her friends and family of achieving success for herself and her son.

Possible Reasons for Neutral or Negative Experiences

Because we categorized only 15 clients as having non-positive experiences, it is difficult to draw a clear conclusion about those for whom value-added microfinance does not work (or work well). Since we also have not yet completed a follow-up survey for a cohort of clients over time using the impact-story methodology, we do not have impact stories articulating direct reasons for dropping out. However, we can speculate about those for whom microfinance does not work well based on client exit data we collected through different surveys outside of the impact-story methodology, yet during the same time period with three of the partners whose impact stories are represented in this report: CRECER in Bolivia, PADME in Bénin and RCPB in Burkina Faso. Table 3 below summarizes the key reasons clients shared for leaving the institution.

Table 3. Client exit interviews—Reasons for dropping out

	CRECER n=131	PADME n=35	RCPB n=35	TOTAL n=201
Policies and procedures	53%	38%	41%	44%
Personal reasons	26%	32%	32%	30%
Asked to leave by group for non-payment	4%	35%	42%	27%
Group guarantee and structure	32%	24%	10%	22%
Business failure	11%	22%	18%	17%
Had other source of capital	4%	8%	0%	4%
Other reasons	12%	8%	—	7%

The findings from the client exit data suggest that the majority of clients drop out of the program for three main reasons: 1) dissatisfaction with policies and procedures, 2) personal reasons and 3) repayment issues. Dissatisfaction with policies and procedures is generally an issue about loan size, repayment periods or frequency of meetings. In the case of CRECER clients, the organization went through a process to become a regulated institution, which required it to change some policies about group formation. Consequently, some of the policies and procedural issues that led to dropout were associated with CRECER's reporting of client financial status to the credit bureau and to changes in group membership requirements (maximum age of client or minimum group size). For PADME members, most of the

policy and procedure reasons for dropout were related to small loan size and frequent meetings. At RCPB, members found that repayment periods were too short or that they received poor treatment by staff.

Personal reasons for dropout across all three organizations are typically a death in the family or illness of the member or another household member. Some mentioned theft, moving and pregnancy as personal reasons as well.

The third reason for dropout for members across the three organizations, repayment or non-payment issues, might signify a business failure of some sort, but also may be a consequence of some of the other reasons for dropping out. Many of the people who dropped out mentioned more than one reason for leaving their program. For example, being ill for an extended period of time might make it difficult to make a payment during a specified time.

As we consider the 15 members in this analysis that we categorize as having a non-positive experience, we find their stories fall into similar categories as the reasons for dropout:

- Four members mentioned that there was a death in the family or an illness that was making their experience difficult or not clearly beneficial
- Four articulated some sort of market or business failure
- Two voiced dissatisfaction with the policies or procedures of the products and services
- For the remaining five, the stories were unclear, but it appeared that these members may have been participating only in the savings program and could not identify how their lives had immediately benefited from being a member.

The risk that these 15 members will drop out of their programs is high as long as they are unable to identify and experience benefits from membership. If we had more non-positive stories to analyze here, we would expect to find more stories that fall into similar patterns.

We also asked members why some people in their community do not join the program or why they think it is not appropriate for everyone. When clients shared an opinion, they indicated that some in their community were too poor to join, that the policies and procedures are not appropriate for everyone (constraints of a loan payment-frequency and size of payments), the need to have a business or economic activity made it necessary to be able to make loan payments, or that there was lack of awareness (either they were unaware of the program, or that the person did not have the appropriate financial management skills to join and manage a loan), suggesting that microfinance is not for everyone.

Conclusion

What have we learned from qualitative interviews with our random sample of microfinance clients across multiple countries?

First, we can conclude that by using an impact-story methodology, at least with mature and existing clients, we are often telling the story of what success looks like in the lives of people participating in a value-added microfinance program. We are not presenting a counterfactual, or what the client's life would look like without the program and presenting the benefits of microfinance in that manner. We are presenting a picture of a client's life and his or her experience with value-added microfinance and what it aims to achieve—improved financial capacity and capability as well as improved health, food security and overall family well-being.

Second, these stories reveal that the needs, hopes and dreams of the poor do not differ dramatically across the world. This is usually a working assumption for many development interventions that are taken to large scale, like microfinance.

Third, we are demonstrating how a simple methodology when utilized as part of an impact-monitoring system (see appendix for full description) or when integrated with a broader research agenda can help us learn about the clients best served by microfinance and we have some suggestions as to why it does not work for everyone. Alongside the evidence that value-added microfinance has positive impact (through randomized control trials, for example), this impact-story methodology can assist in our ongoing understanding of whether our clients are on the right path to achieving long-term impact. When we incorporate client follow-ups over time, including those who drop out, we should have a clearer picture of how and when microfinance becomes less useful or ceases altogether to positively serve the client. We will also have more confidence in our understanding about what makes the program useful to clients.

Fourth, the stories provide additional evidence that value-added microfinance can and does have a positive impact for some and offer details about some of the specific effects of microfinance, especially for longer-term clients. Many of the clients interviewed through this process have been in the program for more than 2–3 years, some for more than 15 years. Recently conducted randomized control trials have been constrained by a 2- to 3-year time frame (or less) to detect impact for new clients. Impact stories, as presented here, are mainly assessing those who remain in the program beyond a year's time. The clients' descriptions of how their lives have changed help us anticipate what could occur over time as a client remains in a program. For example, the data suggest that the longer they remain clients, the higher-level needs they are able to address, or choose to address. New clients, as we know from Freedom from Hunger's food-security statistics, experience more food insecurity on the whole. Likewise, the data collected from the impact stories highlight how clients new to microfinance tend to focus on basic needs such as food, health, and steady and profitable work, while longer-term clients appear to experience more food security and begin discussing home improvements, education and car purchases. These outcomes, which appear to be dependent on the length of program participation, should be explored further in larger studies. If we suspect that greater, or different, changes occur in the long term than short term, then

we need to conduct studies that capture the long-term changes and consider those long-term changes as part of “the impact of microfinance.” Until we know what some of the long-term changes are (or are not), we cannot truly judge whether, or how, microfinance works.

If we measure the impact of microfinance in the short term, we should not draw conclusions regarding long-term effects. We have to determine changes that are reasonable to expect within a short span of time. For example, when studies look for health outcomes, we know we cannot expect long-term outcomes (e.g., reduced incidence of a chronic illness) in a short period of time. Instead, we focus on outcomes likely to be seen shortly after the intervention (e.g., health-seeking behavior). If we hypothesize that microfinance can improve health outcomes over time, we should apply the same expectations that the health community holds for its more direct interventions to improve health. If we cannot expect short-term changes in response to direct health interventions, how can we expect microfinance, with its indirect impacts on health, to generate short-term changes? But we know it is possible over the long term, because there are client stories that suggest it is possible.

In summary, our findings suggest that we have to work harder to align our evaluation goals with what is possible to measure in the time frames we are given to evaluate. Many microfinance practitioners know and repeatedly tell stories about a woman who has been in a program for five-plus years, but rigorous evaluations are telling stories in much shorter time frames. If we only measure short-term change, then we need to explain the results in the short-term context and indicate that long-term effects are still unknown.

Because the “impact story” methodology offers a chance to follow incoming clients over time, even if they drop out of the microfinance program, we are likely to discover more about long-term change, as well as gain a deeper understanding of what type of microfinance works for what type of people. This information will better equip us to design new products and services.

This research has also revealed additional questions for us to explore. The most pressing question is whether we are asking the right questions. Here, most of our stories are from women, and we understand their life goals and aspirations to be food, health, education, tranquility in the home and income stability. Are impact evaluations assessing the impact of microfinance on the self-defined needs of women? What are the most important short-term measures of success? Is it enough to focus on improvements in the microenterprise, or should we focus on the secondary effects, such as increased food consumption? How do we incorporate the poor’s perception of change as a meaningful measure of success? Would we have detected the life improvements women have told us about in their stories, if we instead had looked solely at quantitative measures of assets?

Finally, is there a paradigm shift in our understanding of how microfinance loans are productive tools for poverty alleviation? In *Portfolios of the Poor*, we learned how financial diaries revealed complex financial transactions and multiple financial tools utilized by the poor, microfinance loans being only one of them. We have also learned in other research that the poor rarely use their microenterprise loans for a sole purpose—the money is used more like consumption loans. This suggests that clients are using microenterprise loans more generally to improve their lives rather than just to grow their businesses. Our impact stories give a glimpse into that dynamic. Families also talk about how the loan was used to pay for health expenses, to pay off other debt, to pay for their children’s schooling, even to improve their home.

In conclusion, the impact stories have provided us an important and interesting insight into the life of a client of value-added microfinance and how program participation relates to general expectations for improvement in their lives. The combination of our food-security data and the impact stories suggests that we are aligning a key impact variable, food security, with a perceived benefit of life improvement among clients in value-added microfinance programs and that we are detecting value where it is held and appreciated, as well as where we might expect it. Our data also highlight how we cannot rely on any one method to tell the entire story. We must rely on multiple qualitative and quantitative methods to help us understand the full range of possible benefits of a value-added microfinance program.

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Appendix I. Methods

Program Descriptions

This paper assesses microfinance within a value-added microfinance program. In some cases, this is known as “microfinance-plus” or “integrated services.” Here, we use the term microfinance to encompass micro-loans, savings, micro-insurance and other financial products, such as health loans.

Two Freedom from Hunger programs are assessed in this report: *Credit with Education* and *Saving for Change*. *Credit with Education* is a credit-led microfinance approach in which clients receive micro-loans in combination with mandatory health, business or financial education. Some *Credit with Education* clients participate in the Microfinance and Health Protection (MAHP) initiative in which they also receive other health protection services such as linkages to health providers, health products and health-focused financial services.

Saving for Change is a savings-led microfinance approach in which clients save together in a group and use those group savings to make small loans to group members. The program also includes education on the causes, prevention and treatment of malaria.

Instrument

In 2007, Freedom from Hunger developed a qualitative, in-depth “impact story” questionnaire with six domains of questions: clients’ descriptions of “the good life” or well-being; health and food security; differences in opportunities between the client’s generation and her or his mother’s generation; food and nutrition; social capital; and experience with the *Credit with Education* or *Saving for Change* program, with a particular focus on credit, savings and non-formal education. See an impact story questionnaire in Appendix 2.

Data Collection

This questionnaire plays an important role in Freedom from Hunger’s “impact monitoring” system. It is one of five tools used in the system. The other four tools consist of Freedom from Hunger’s Food Security survey and, when available, a Progress Out of Poverty Index (PPI)^{iv} survey to measure both asset and income levels of poverty. In addition to these two quantitative surveys, a seasonality calendar focus group that looks at community-level hunger, illness and coping mechanisms, and a wealth-ranking focus-group discussion assists in community perceptions of poverty, food security and well-being. The food-security and PPI surveys are collected using Lot Quality Assurance Sampling^v (LQAS, a random sampling tool for collecting 19 surveys in each of five program areas for a total of 95 surveys). From the 19 surveys collected in each of the five program areas, four or five individuals are randomly selected to participate in the in-depth “impact story.”

At least one of the seasonality calendars and wealth-ranking focus-group discussions are conducted in each of the five program areas as well. This collection results in 95 surveys on food-security and asset-poverty levels, approximately 10 focus-group discussions, and 20 to 25 impact stories. The impact stories are

completed with a cohort of incoming clients (existing clients with less than one to two loan cycles). The goal is to follow the cohort over time, starting two to three years after the study with incoming clients, and measure changing food-security and poverty levels as well as their “stories,” even if they drop out of the program. At the time of writing this report, Freedom from Hunger had not yet begun the second round of interviews with original cohorts of incoming clients.

The description above describes the ideal impact-monitoring process; however, not all food-security data, poverty-level data or impact stories included in this report were collected in this manner. Some stories were collected without the benefit of a PPI analysis or without the additional focus-group discussions. In addition to this process that has been initiated with a few of Freedom from Hunger’s partners, the impact-story methodology was incorporated with other studies, even if this meant conducting the stories with a cross-section of clients. Clients in those cases were still randomly selected to participate to ensure bias was reduced as much as possible.

When data was collected as part of Freedom from Hunger’s impact-monitoring system, upper-class undergraduate or graduate-level students, or recent Peace Corps volunteers who were fluent in the main local language (English, Spanish, French and Bambara—a local language spoken in Mali) were trained to collect the impact stories. They were trained in how to conduct an LQAS sample, individual interviews and focus-group discussions. These students and other staff turned interview transcripts into stories about the clients’ lives.

When data was collected as part of other larger studies, local research firms often collected the impact story as an additional piece of qualitative data used to describe program participation.

Food Security and Poverty Assessment

Since 2006, Freedom from Hunger has been collecting food-security and poverty-level data either through the impact-monitoring approach as described above or as part of the broader research agenda. In some cases, we have food-security data for the clients who participated in the impact stories, or the food-security data represents the broader cohort in which the client was selected to participate in the impact story. Because the Progress Out of Poverty Index was developed several years after Freedom from Hunger’s food-security survey, there have been very few assessments using this measure. The food-security levels of incoming and mature clients (in the program for more than 1 year) are documented below in Table A.

Table A. Food-security and poverty levels among participating Freedom from Hunger partners

	Incoming clients	Members in the program 1–3 years
Percentage of organizations reaching incoming clients with at least 50% food insecurity	58%	—
Percentage of members who are food-insecure per organization / percentage who likely live below national poverty line (country, year data collected)		
AlSol (Mexico, 2009)	46% / 30%	NA / NA
Bandhan (India, 2008)	49% / NA	NA / NA
Brawka Breman and Afram (Ghana, 2006)	48% / NA	36% / NA
CRECER (Bolivia, 2006)	60% / NA	NA / NA
CRECER (La Paz, Bolivia, 2009)	53% / NA	33% / NA
ESPOIR (Ecuador, 2007)	NA / NA	33% / NA
ESPOIR (Ecuador, same cohort, 2007 & 2009)	47% / NA	34% / NA
Finca Peru (Peru, 2007)	53% / NA	NA / NA
Kondo Jigima (Mali, 2009)	86% / 54%	NA / NA
PADME (Bénin, 2007)	60% / NA	NA / NA
Prisma (Peru, 2008)	82% / NA	NA / NA
RCPB (Burkina Faso, 2003)	84% / NA	73% / NA
RCPB (Burkina Faso, 2009)	NA / NA	25% / NA
Reach India (Patna, Ranchi, Guwahati, Burdhaman & Bhubaneswar, India, 2009)	32% / NA	NA / NA
TONUS, <i>Saving for Change</i> (Mali, 2010)	100% / 73%	86% / 75%

NA=Data Not available

The data from this table represents all the data Freedom from Hunger has collected on food security and may either represent the repetition of data collected from the same cohort over time or represent data collected from entirely different cohorts collected at the same time from the same organization. For example, in 2006, Freedom from Hunger conducted a food-security assessment across all regions of CRECER, representing practically the entire country. In 2009, we included food security in the Microfinance and Health Protection initiative study we conducted with CRECER, which represented clients from the La Paz region alone. There are seasonality and programmatic differences between the data collected at CRECER. Our aim with the impact-monitoring system, which includes food security, poverty assessment, focus-group discussions and the impact stories, is to be able to provide data collected at ESPOIR in Ecuador. We evaluated food security among incoming clients in 2007 and re-evaluated a cross-section of the same cohort in 2009. Because we had not yet designed the impact-story component of the monitoring system, we do not have incoming-client impact stories; however, the impact stories collected for ESPOIR that are represented in this paper represent the clients in the 2009 cohort.

The data represented here suggest that food-insecurity levels are trending in the direction we would hope for: food-insecurity levels between incoming and mature clients appear to be improving over time. The data represented here also suggest that our partners, on average, are reaching fairly food-insecure populations, with over one-half of the organizations represented here reaching 50 percent or more food-insecure populations. The greatest food insecurity appears to exist among our West African partners.

“Impact Story” Partners

This report is based on data collected from a total of 274 client stories in eight countries and with nine partners: Promotion et l’Appui au Développement de Micro-Entreprises (PADME) in Bénin; Crédito con Educación Rural (CRECER) in Bolivia; Le Réseau des Caisses Populaires du Burkina (RCPB) in Burkina Faso; Fundación ESPOIR in Ecuador; Bandhan in India; Kondo Jigima in Mali; *Saving for Change* also in Mali; Alternativa Solidaria Chiapas (AISol) in Mexico; and PRISMA in Peru. Table B shows the number of member stories included in this analysis for each partner.

Table B. Number of program participant stories analyzed

Country/Program	Number of member stories analyzed
Bénin/PADME	30
Bolivia/CRECER Saludable	23
Burkina Faso/RCPB	30
Ecuador/ESPOIR	24
India/Bandhan	42
Mali/Kondo Jigima	42
Mali/ <i>Saving for Change</i>	41
Mexico/AISol	24
Peru/PRISMA	18
TOTAL	274

Data Analysis

Inductive analysis

The first task was a general inductive analysis^{vi} whereby all stories were read to assess for patterns around articulation of “the good life” or well-being, life shocks and coping mechanisms, health and nutrition, generational differences and program experiences. We also reviewed the stories for explanatory factors that would help to explain a positive or negative experience in the program.

Categorization of mature vs. new

Client stories qualified for inclusion in the “mature” client analysis (n=167) if the client had participated in the microfinance program for at least six months or had received more than one loan at the time of the interview. Members of the Mali *Saving for Change* program qualified for inclusion here if they had entered into the second or later savings cycle. All other clients were considered “new” (n=107). See Table C for the categorization.

Table C. Number of program participant stories analyzed

Country/Program	Total Number of Member Stories	Number of Mature Member Stories	Number of New Member Stories
Bénin/PADME	30	22	8
Bolivia/CRECER Saludable	23	18	5
Burkina Faso/RCPB	30	28	2
Ecuador/ESPOIR	24	24	0
India/Bandhan	42	19	23
Mali/Kondo Jigima	42	21	21
Mali/ <i>Saving for Change</i>	41	21	20
Mexico/AISol	24	14	10
Peru	18	0	18
TOTAL	274	167	107

Most of the members interviewed received loans either through a MFI or through a savings group. Twenty-one of the 167 mature members are associated with the Mali *Saving for Change* program. The other 146 mature members studied here are participants in either *Credit with Education* or the MAHP initiative, and in most cases are loan recipients. (There likely are a few clients from RCPB who currently do not have a loan, since RCPB clients can be members without having a loan and likely have a checking or savings account with the credit union.)

Categorization of level of “success”

We examine the stories of each of the mature program participants in order to establish whether the program has contributed to an improvement in their lives. We determine that a member has enjoyed an improvement in her/his life if she/he specifically refers to a financial benefit or a growth in the family’s business that can be attributed to the loan, if the member mentions the benefit of the education sessions associated with the program or, in the case of *Saving for Change* participants, that these savings have allowed the member to enjoy a financial benefit that was unavailable prior to joining the program (or any combination of these). At this point, it is critical to acknowledge that all information used to categorize a member as benefiting from the program is based on self-reports. That is, Freedom from Hunger has not independently verified that the members’ businesses have grown, that their families are healthier due to the health education, or that they have been able to buy more food because of increased savings. Consequently, we are unable to account for positive results associated with a member’s exaggerated perception of increased revenues from the business, or a member’s need to tell an interviewer what she

or he believes that interviewer wants to hear. Of course, it is also possible to imagine cases in which a member has underestimated the effects of the program on business revenues. Further, it is conceivable that a member may wish to use the interview as an opportunity to complain about the program and therefore fail to express the full value of its benefits.

We equate a growth in the business with a life improvement because we have assumed that the member’s business is one for which, at the time of the interview, the revenues exceed the costs. We recognize that a growing business does not benefit the business owner if the growing business requires spending that exceeds any increase in revenues; nevertheless, we deem our assumption as reasonable since nearly every member who referred to a growing business as a result of the loan also indicated increased savings or increased ability to buy goods for the family.

While we determined that it would be appropriate to classify a member as having experienced life improvement due to the program based solely on knowledge gained from the educational session, it was not necessary in any of the 167 cases to do so. That is, every program participant in this analysis who claimed to have benefited from the classes also acknowledged some growth in the business for which the loan was taken (or, for the *Saving for Change* members, a benefit associated with the increase in savings). Nevertheless, for future analyses of this sort, it may be important to examine the relevance of such a claim. That is, if a member interview reveals that the educational sessions have been informative and, in some way, have changed the behavior of the member, is that sufficient to conclude that the member has benefited from the value-added microfinance program? We would argue that it does. The educational sessions—both those that focus on business practices and those that focus on health issues—are intended to help members in the long term. Data from Karlan and Valdivia^{vii} support the claim that a member who understands the components of a successful business is more likely to eventually achieve such a business than one who is not as well informed. Likewise, a member who has more information about the prevention and treatment of the most prevalent illnesses in her community will be better equipped to avoid or readily treat such illnesses in her household and thereby devote the necessary hours to making the business a success than one who does not have such information about illness prevention and treatment.^{viii}

One also may argue that it is not necessary to assert that knowledge gained in the village banking educational sessions will necessarily better equip the member for greater business success in order to conclude that such knowledge makes the participant generally better off. If it is agreed that more knowledge is better than less knowledge, regardless of the participant’s ability to apply that knowledge to a growing business, then we might argue for a less stringent standard to determine that a microfinance program participant has benefited from the program. That standard could be, simply, that the member has learned new information that had some value that exceeded the cost of attending the education sessions; however, it is not necessary to assert that here since, as stated above, all members whom we have classified as having experienced life improvement due to the program indicated that they also have benefited in some other way.

Appendix 2. Impact Story Questionnaire

Member Details

Name of Member	Member ID:
_____	_____
Name of Community	No. of Months/Years as a Member
_____	_____ OR _____
	(months) (years)
Name of Credit Association	Credit Association ID:
_____	_____
Age of Member	Type of Business
_____	_____
Living Environment	Name of Field Agent
Peri-urban/Semi-urban <input type="checkbox"/>	_____
Rural <input type="checkbox"/>	
Size of first loan _____	Current amount in savings _____
Size of current loan _____	
Total number loans taken _____	

Interview Details

	Name of the Interviewer	Date DD/MM/YR	Start time (24-hour format)	End time (24-hour format)	Interview Successfully Completed?
First visit		__/__/__	__:__	__:__	1. Yes ... 2. No ...
Second visit		__/__/__	__:__	__:__	1. Yes ... 2. No ...
Third visit		__/__/__	__:__	__:__	1. Yes ... 2. No ...

Introduction and Permission

HELLO!

I am (Name of Interviewer) from Freedom from Hunger, an organization located in the United States that is working to end chronic hunger. We are working with (Name of Partner Organization) on a project to tell the stories of the lives of its clients.

This is an interview about the story of your life. We are asking you to play the role of storyteller about your own life—to construct for us the story of your own past, present and what you see as your own future. To help you tell your life’s story, the interview is divided into a number of themes. We will talk about qualities of a good life, your health and nutrition, key events in your life, how your life differs from that of your parents and how your children’s life differs or will differ from yours, and your experiences with being a client of (Name of Partner Organization).

The themes that emerge from the interviews will be used to improve our products and services and to better serve you and your community. We would also like to share your life’s story with others, so that others can learn from you as well. Do we have permission to share your life story with others?

Permission to Share Story Yes / No

Additionally, if it is possible, I would like to take a picture of you to go with your life’s story. Can I take your picture and share it with others? Yes / No

This interview should only take 45 minutes. If you do not want to answer a question at any point during the interview or you want to stop answering questions, please let me know. Thank you for participating.

Interviewer Questions

Interviewer reads: *I would like to start asking you a few questions about you and your family.*

Key Questions	Probing Questions
What is your marital status?	
How many children do you have?	
How many people live in your household?	(How many people in your home eat from the same pot each day?)

Interviewer reads: *Now I would like to talk to you about qualities of well-being or “the good life.”*

Key Questions	Probing Questions
1. How would you describe well-being or “the good life”?	What are the characteristics?
2. What do you think is necessary to achieving a good life or experiencing well-being?	What things, items, or types of security do you need to feel like you have a good life?
3. Do you feel like you have what you need to achieve a good life?	Why or why not?
4. What do you think prevents you from achieving a good life or experiencing well-being?	
5. In your lifetime, what were the biggest events or greatest shocks experienced by you and your household?	Have you experienced any financial shocks? Health shocks? Environmental shocks? Deaths in the family? Illnesses of children?
6. How were you able to cope with these shocks?	Were there any family members, friends or community members who helped you? Did you have to seek out financial assistance?
7. How confident do you feel that your children will achieve a good life or experience well-being?	Why?

Interviewer reads: *Now I would like to ask you some questions about your health and nutrition.*

Key Questions	Probing Questions
8. Do people in your community have trouble getting enough food?	If yes, who are likely to suffer from hunger? Is it year-round, or during certain seasons? Have you ever experienced hunger because you didn't have enough money to purchase food? Why?
9. I would like to learn about your diet. Tell me about a typical day and what you eat.	How many meals a day do you eat? What do you normally eat at each of those meals?
10. How healthy do you think your diet is?	Why do you think it is healthy or not healthy?
11. How is your diet different from that of your mother's?	What types of foods did your mother eat? Are they the same, different, better, worse?
12. If different, what do you think has contributed to the differences in the foods you eat?	
13. How is your children's diet different from the diet you had as a child?	Do they eat better foods?
14. If different, what do you think has contributed to the differences in the foods your children eat now?	
15. What does "good health" mean to you?	How would you describe your health? Do you think you have good health? Why or why not?
16. How would you describe your family's health?	Children? Partner? Parents? Extended family?
17. How much do you worry about your family's health?	Why or why not?

Interviewer reads: *Now I would like to talk about opportunities your mother had, opportunities you have, and opportunities you think your children will have and how they are the same or different.*

Key Questions	Probing Questions
18. How is your ability to make decisions about money different from your mother's ability to make decisions about money?	For example, financial decisions for the household, use of personal money, money for children, money for health care, education.
19. How is your ability to make decisions about health different from your mother's ability to make decisions about health?	For example, when to seek medical care for yourself or your children, what type of medical care?
20. How is your ability to make decisions about your business different from your mother's ability to make decisions about her business?	If respondent answers she has no business or mother had no business, ask why. How much control do you feel you have over your own business? For example, when to purchase new goods and what to purchase or what to sell.
21. How is your ability to influence community decisions or community leaders different than your mother's ability to influence community decisions or community leaders?	
22. How much influence would you like to have in your household? In your community?	What types of decisions would you like to be able to make, for example?
23. Do you think women are better off, the same, or worse off today than during your mother's time?	Why? (Possible probes: financial, health, influence in community, education, respect.)
24. Do you think your children will be better off, the same, or worse off than you are now?	Why? (Possible probes: financial, health, influence in community, education, respect.)

Participation in Program

Key Questions	Probing Questions
25. When you joined (name of organization), how did you think your life would change?	Have those changes occurred? Why or why not? (Probe on positive or negative changes.)
26. What was your life like before joining the program? Was there always enough money for food, medicine, school fees, growing your business, etc.?	
27. What is the greatest change that has happened since joining the program?	
28. How has your business changed since becoming a member?	
29. How much do your business revenues contribute to your family income?	How has this changed since becoming a member of (name of organization)?
30. How have your savings changed since joining this program?	What are you saving for?
31. What would you say are the greatest achievements of this group (if in group-based structure)?	

32. What would you say have been the most important things you have learned from the other members of this group?	
33. What do you think you have contributed to this group?	
34. In which education sessions have you participated?	
35. What would you say have been the most important things you've learned from the education sessions?	How have you used that information? Have you shared it with people outside of this group?
36. Would you recommend this program to your friends and family?	Why or why not?
37. What would you tell another woman to encourage her to be a member of the program?	
38. What factors might encourage or discourage the poor or the poorest of this community from joining a Credit Association group like yours?	
39. What would you do with more money?	

Endnotes

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- ^{viii} Dunford, C. (2001). "Building better lives: Sustainable integration of microfinance with education in child survival, reproductive health, and HIV/AIDS prevention for the poorest entrepreneurs." *Journal of Microfinance*. Vol. 3 (2): 1–25. <http://marriottschool.byu.edu/esrreview/view_archive.cfm?id=45&issue=fall01> (January 26, 2010). | De La Cruz, N., Crookston, B., Gray, B., Alder, S. & Dearden, K. (2009). "Microfinance against malaria: impact of Freedom from Hunger's malaria education when delivered by rural banks in Ghana." *Trans R Soc Trop Med Hyg*. doi:10.1016/j.trstmh.2009.03.018

