



# Livelihoods and Food Security Trust Fund



Government of the Netherlands



## MICROFINANCE IMPACT ASSESSMENT DESIGNS

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### ACRONYMS

3IE	International Initiative for Impact evaluation
EA	Evaluation Assessment
FIW	Financial Inclusion Window
FSP	Financial Services Provider
IA	Impact Assessment
IP	Implementing Partner
LIFT	Livelihoods and Food Security Trust Fund (LIFT) Myanmar
M&E	Monitoring And Evaluation
MADB	Myanmar Agricultural Development Bank
MF	Microfinance
MFI	Microfinance Institutions
MIS	Management Information System
MMSE	Myanmar Microfinance Supervisory Enterprise
NGO	Nongovernmental Organizations
PG	Preparation Grant
RCT	Randomised Control Trials
RfP	Request For Proposal
SAC	Stakeholder Advisory Committee
ToR	Terms Of Reference
UNDP	United Nations Development Programme
USAID	United States Agency For International Development
VSLA	Village Savings And Loan Associations

# 1. GENERAL BACKGROUND OF PROJECT/ASSIGNMENT

UNOPS is the Fund Manager for the Livelihoods and Food Security Trust Fund (LIFT) in Myanmar. LIFT is a multi-donor fund for seven years (2010 – 2016) to address food insecurity and income poverty in Myanmar. The Donor Consortium of LIFT comprises Australia, Denmark, the European Community, France, the Netherlands, New Zealand, Sweden, Switzerland, the United Kingdom and the United States.

The overall objective of LIFT is to contribute resources to a livelihoods and food security programme with the aim of making progress towards the achievement of Millennium Development Goal 1<sup>1</sup> (the eradication of extreme poverty and hunger) in Myanmar. Working through a trust fund modality, LIFT's purpose is to sustainably increase food availability and incomes of 2 million target beneficiaries.

This is to be achieved through delivering the following programme outputs:

1. Increased agricultural production and incomes supported through improved production and postharvest technologies, improved access to inputs and markets.
2. Targeted households supported in nonagricultural livelihood activities and/or trained in livelihood skills for employment.
3. Effective social protection measures supported that increase the incomes, enhance the livelihood opportunities or protect the livelihoods assets of chronically poor households.
4. Sustainable natural resource management and environmental rehabilitation supported to protect local livelihoods.
5. Capacity of civil society strengthened to support and promote food and livelihoods security for the poor.
6. Monitoring and evaluation evidence and commissioned studies used to inform programme and policy development.

And the following management outputs:

7. Funds allocated in line with Fund Board policies and are accounted for in a transparent manner.
8. Fund flow and partner performance monitored and evaluated.

LIFT is implemented through a variety of local implementing partners (IPs) who were successful in submitting proposals that supported the LIFT purpose in the areas targeted.

LIFT has long recognized the importance of increasing access to financial services as a means to achieve its outputs for both agriculture and non-agriculture livelihoods. Recently, LIFT's baseline study found that, whilst 83% of households in the four agro-ecological zones took a loan in the prior 12 months, only 16% were able to do so from a low interest financial services provider (FSP).

LIFT has funded a number of microfinance institutions (MFIs) in Myanmar. However, only with the passing of the new Microfinance Law in November 2011 did it become possible for LIFT to significantly scale up its assistance to the provision of microfinance services as part of a broader strategy of financial inclusion. In March 2012, the LIFT Fund Board resolved to open a Microfinance (renamed "Financial Inclusion") Window (FIW), now constituted with a total amount of US\$30m.

At the same time, there is a growing need to demonstrate that financial inclusion brings real benefits to the poor in terms of increased income, better housing, clothing, food and education for their children. LIFT wished to take the lead in this area in Myanmar, for example through upcoming projects or working with some of its IPs.

However, there are several ways to conduct impact assessments, e.g. through experimental research, ran-

1 Reduce by half the proportion of people living on less than a dollar a day; achieve full and productive employment and decent work for all, including women and young people; reduce by half the proportion of people who suffer from hunger.

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domised control trials (RCTs), quasi-experiments or qualitative research. Generally, RCTs (ideally accompanied by qualitative research) are considered to be the most rigorous approach to impact evaluation, but they come with issues regarding lead times and cost.

## **2. PURPOSE AND SCOPE OF ASSIGNMENT**

The overall purpose of the consultancy is to develop a microfinance impact assessment system that is based on the best practices available but customized to the particular needs and current standard operating practices of Myanmar. The ToR for this consultancy can be found in Annex A.

## **3. METHODOLOGY**

The consultancy period was April 29 to July 31, 2013. The field work was carried out between April 29 and May 22, 2013. This work consisted of a desk review, meetings with stakeholders (LIFT, UNDP, and MFIs), and phone/Skype interviews with evaluation experts. A list of interviewed stakeholders can be found in Annex B. A stakeholder debriefing was held on May 17th, at which 8 organizations were present (Annex C: Stakeholder Debriefing).<sup>2</sup> The presentation (in PowerPoint format) is an annex to this report (Annex D). Subsequently, interviews were done with several local survey firms, to get an idea of the potential cost of the impact assessment. A sample budget is included in Annex D. This is only an estimate; the final budget will depend on the final design of the impact assessment. In order to hire a research firm with expertise in best practice impact assessment for microfinance sectors, a sample terms of reference (ToR) is included in Annex E.

## **4. FINDINGS OF THE DESK REVIEW**

### **a. Alternative Types of Impact Assessments**

Currently there is significant debate going on between donors and academics about the validity of claims about microfinance impact. Some academics claim that microfinance impacts have been exaggerated due to weak impact assessment methodologies.<sup>3</sup> Other academics assert that the most rigorous methodologies are not suitable for microfinance or any development intervention. Stakeholders seem to understand the need to keep tools practical and cost-effective. They also agree that it is important to use the evidence for decision-making purposes.

CGAP has been mediating this debate, and in January 2013, brought together a group of academics, researchers and donor representatives for a discussion of the various methodologies that have been and can be used to determine the impact of MF. The presentations covered the state of the art for MF impact assessment.

A table of the types of methodologies for MF IA, and their advantages and disadvantages, is below:

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<sup>2</sup> PACT/UNDP, Myanmar Finance, Save the Children, BRAC, CARD, ACLEDA Myanmar, LIFT, and UNDP were represented.

<sup>3</sup> For example, the DFID publication authored by Duvendack et al, entitled "What is the evidence of the impact of microfinance on the well-being of poor people?", 2011, which examines 58 recent MF IAs.

Table 1: Methodologies for MF IA

Methodology	Description	Advantage	Disadvantage
Randomized Control Trials (RCTs)	Long term. Population is grouped randomly into treatment* and control groups. The same people are surveyed at the beginning and end of the study.	It is the only way to eliminate selection bias, so that any changes to the treatment group must be due to the treatment itself, and not other factors.	Expensive. Requires a long study. Use of control groups may interfere with MF expansion. Needs very focused hypotheses and can only make conclusions about a few hypotheses at a time. Top down (i.e. not participatory in design). Ethics of not treating clients with MF during the evaluation period. Results can't be generalized to other contexts. Maintaining control groups/households/villages is necessary and yet may be difficult to enforce. Maintaining the same type of treatment (i.e. the MF methodology) is necessary and yet may interfere with responding to client demands.
Quasi-Experimental Trials	Long term. There are control groups (that may be chosen after the intervention) and treatment groups. No randomization occurs.**	Has the advantages of RCTs, but does not require randomization, therefore there are no ethical issues.	Expensive. Long study. Top down. Results can't be generalized to other contexts. Not as rigorous as RCTs due to potential biases.
Participatory Research***	Uses methods that involve the "beneficiaries" in the development of hypotheses, data analysis, defining indicators, and the development of solutions. Provides a feedback loop between researchers and beneficiaries that can improve the depth of findings. Tools such as wealth mapping	Flexible methodology, adaptable to local conditions. Can be lower cost. Can be useful to set the stage for other types of assessment, or refining research questions, or deepening understanding of findings. Are not top down; can contribute to learning and empowerment.	Are subjective. Do not establish causality. Require a certain level of skill, and the trust of the participants.
Qualitative Research****	Investigates the practice and process rather than outcomes. The focus is on participants' perceptions and experiences and the way they make sense of their lives.  Involves observing and recording behavior and events in their natural setting. Tools include focus groups, life histories, participant observation, community mapping and institutional analysis.	Allows for smaller but focused samples. Provides information and understanding of processes and perceptions. Gives insights into intra-household relations, causes or causal processes. Can access data on issues that quantitative surveys cannot. Can help understand why change does not occur.	Does not give a statistical representation of population; does not establish causality; Requires high level of skill, may be expensive.

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Methodology	Description	Advantage	Disadvantage
Mixed methods research	Combines quantitative with qualitative methods	Provides information on both “what happened” and “why it happened”; deepens the analysis.	Expensive, requires skill, takes time. Limited number of hypotheses can be investigated.

\* “Treatment” means that these people will be getting the MF services, while the “control” group will not, during the period of the evaluation.

\*\* Quasi-experimental design has control groups. But since there is no randomization, the control and treatment groups may not be comparable, due to self-selection bias. See: <http://en.wikipedia.org/wiki/Quasi-experiment>

\*\*\* Catley, Andrew, John Burns, Dawit Abebe, and Omeno Suji. *Participatory Impact Assessment: A Guide for Practitioners*. Feinstein International Center, Tufts University, 2008.

\*\*\*\* An Overview of Qualitative Research Methods. About.com: Sociology.

The forum participants concluded that the mixed method research, combining both an RCT and qualitative tools, is perhaps the most rigorous as well as useful type of research, if expense is not a constraint. LIFT also wants a rigorous evaluation method that will clearly attribute impact (if any) to the microfinance activities. The consultant agrees with that this would be the best approach, given the desires of the stakeholders.

## 5. ALTERNATIVES TO IMPACT ASSESSMENT

This section discusses tools that can be used as alternatives to doing an impact assessment as well as to supplement an impact assessment.

### Monitoring

Impact assessment experts in the field of international development, including in microfinance, place emphasis first on monitoring. Monitoring is critical to development programs and institutions because it provides information in a timely manner that can be used to correct or improve implementation. Monitoring requires having indicators and targets. Indicators can be financial, social, and/or environmental. They can be at different levels: individual, household, business, and/or village/community. Monitoring can take place at different stages, such as entry into the program, during the program, exiting the program, and post-exit. It can take place at periodic times: monthly, annually, etc. Monitoring can be done thematically, for example, to know client satisfaction, changes in clients’ lives, etc. A good monitoring system has a variety of these elements, and most importantly, a good monitoring system is designed to supply the information that the institution needs.

“While evaluation can be done some of the time, monitoring should be done all the time.”

*Source: Highlights: Impact Evaluation for Financial Inclusion: A Retreat for CGAP Members with Leading Researchers. January 10-11, 2013, London*

Monitoring is used for decision-making. Therefore, information that is captured by monitoring tools should be analyzed and presented to the appropriate decision-making body(ies) in the institution or program.<sup>4</sup> Information is costly to collect for the MFI and is an imposition on clients. If information is not being used, then there is no point in collecting it.

In Myanmar, analysis and use of monitoring information for decision-making seems rudimentary, for three reasons: 1) MFIs for the most part lack the software to assist in this; 2) MFI staff are too busy; and 3) MFI staff may not know how to translate the information into appropriate decisions.

The software is a critical element in analyzing data. World Vision has recently installed its new MIS software and reports that the efficiency of its data analysis and the use to which it puts the data have improved greatly.<sup>5</sup>

4 Different departments have different information needs. Different departments have different information needs.

5 Interview with Neal Youngquist, General Manager, World Vision Myanmar Microfinance Program, 20 May 2013.



Monitoring tools can include, among many others:

Purpose	Tool
Financial Monitoring	SEEP Frame Tool*, MFI Factsheet**
Non-rigorous Client Impact Monitoring	SEEP/AIMS Tools***
Social Performance Monitoring@	Social Performance Management (SPM) Framework"@
Client Satisfaction	MicroSave PRA and FGD tools@@@
Targeting Clients	Poverty Assessment Tools#, Progress out of Poverty Index##, Poverty Scorecard###

\* SEEP Network Frame Tool Resources

\*\* MicroFact. MFI Factsheet

\*\*\* "Non-rigorous" meaning not randomized and without a control group.

@ SEEP Network. Learning from Clients: Assessment Tools for Microfinance Practitioners (SEEP AIMS Tools)

@@ Social Performance Management Network

@@@ MicroSave.

# USAID's Poverty Assessment Tools website.

## Grameen Foundation's Progress out of Poverty website.

### Schreiner, Mark. A Simple Poverty Scorecard for Myanmar. 2012

### Learning

MFIs often collect mountains of information and then do not have the capacity to analyze it and use it. An example is the loan application for a client, which may contain demographic information about the individual and household, financial information on the business, and even social data (example: school attendance of children). This data is collected at each new loan, and yet is often never compiled and analyzed, not even by random sampling. So no decisions are made on the basis of this information.

In addition to monitoring, there are a significant number of impact studies that have been done on microfinance globally. Yet most MFIs, and even their donors, are not aware of the findings of these studies, and have not incorporated the relevant lessons learned from these studies in their own operations.<sup>6</sup> At the same time, MFIs operating in the same environments may not be sharing learning with each other, and MFIs and other projects with credit components (revolving funds for farmers, for example) may also not be sharing learning between themselves. All of this translates to lost opportunities for improving impact on poor clients, to increased costs due to monitoring, and to inefficient duplication of efforts.

In Myanmar, many MFI staff are new. They are still learning the basics of microfinance, and have not had the time or opportunity to study microfinance practices in other institutions or countries. There is an informal MF working group. If this group evolves into an association, this might provide a venue for learning among practitioners and from existing impact studies.

## 6. MYANMAR MFIS AND IMPACT ASSESSMENT

Interviews with MFIs in Myanmar show that they are mostly still in the start-up stage. Some are transforming to licensed MFIs, thanks to the new Myanmar MF Law passed in November 2011. Although PACT/UNDP has nearly 600,000 clients, the rest have less than 20,000. These new MFIs have many challenges:

- Hiring qualified staff; training staff
- Product development/refinement
- Monitoring for decision-making
- MIS purchase and installation

<sup>6</sup> For example, see the Innovations in Poverty Action website, or 3IE.

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- Rural outreach
- Preparing for deposit-taking (for those with a deposit-taking license)
- Risk management
- Business and strategic planning
- Expansion
- In the near future, competition

These large challenges interfere with MFIs' ability to measure their impact. Impact occurs over the long term, whereas these challenges are very immediate. MFIs are dealing with these challenges on a daily basis.

The greatest difficulty related to monitoring impact for MFIs in Myanmar is the lack of appropriate software. For measuring impact rigorously (long term, control group and or randomization), the challenges are the expertise needed and the expense of doing it.

Yet MFIs in Myanmar seem interested in and committed to measuring the impact of their activities. For example, PACT, Proximity, and GRET have all attempted to measure the impact of their MF activities.

PACT's study (not yet released at the time of this report) on its Sustainable Microfinance to Improve the Livelihoods of the Poor Project analyzed impact in the following way:

- A qualitative study, using focus groups and key informant interviews, in 12 villages served by the MFP and 12 non-MFP villages. This study occurred one time only (2011) and so was not comparative.
- Comparisons of clients to non-clients (at the same time) using a survey (this is called a "cross-sectional analysis")
- A panel survey was also conducted (2007, 2011) to show impact of the project over time, but there were two factors that limited the validity of the data: i) the limitation of respondents to those living in a MFP project village did not account for the spillover effects of microfinance within a village, and ii) there was variance in how some questions were asked between the 2007 and 2011 surveys.
- The surveys in this study looked at health, quality of housing, number of livestock, amount of farm mechanization, availability of wage labor, amount of wages paid, health care expenditures, household savings, food security (amount of food), rights of women, and other variables.

The PACT study does not meet the definition of "rigorous" since it did not randomize client selection.

The Proximity study focused on the following:

- Profile of borrowers
- Loan uses
- Self-reported results of loans
- Client satisfaction with the methodology

The Proximity study does not meet the definition of "rigorous" since it did not randomize client selection nor did it study changes over time.

The GRET study (2007) was conducted from an anthropologic perspective. It was conducted only in the state of Chin. It had the following characteristics:

- In-depth interviews and participatory appraisal techniques over a three-month period
- Both an anthropologist and an economist conducted in-depth interviews
- Interviews with clients, non-clients, and former clients of the MFI
- Thirty villages, among them a variety of profiles

The GRET study does not meet the definition of “rigorous” since it did not randomize client selection nor did it study changes over time.

Despite the lack of rigor, all three studies give valuable information to MF practitioners, and can be used to make important changes to MF programming. All three studies should be reviewed by the MF practitioner community and used to make changes to programs.

## **7. PROPOSAL – RCT WITH QUALITATIVE TOOLS (MIXED METHODS)**

This paper recommends that LIFT use a “mixed methods” approach, including a randomized controlled trial (RCT) with qualitative tools (focus groups and in-depth interviews). The rationale for using this approach is:

- It is the only approach that makes it possible to claim that MF is the reason for the impact (“causality”)
- It seems to be the only approach that will convince the donor community that MF has impact, and
- The addition of qualitative methods to an RCT allows for a greater depth of understanding of the reasons for impact

There are challenges to doing a mixed method RCT. These difficulties, and their mitigating strategies, are found in the table below:

**Table 2: Challenges of a mixed method RCT and mitigating strategies**

<b>Challenge</b>	<b>Mitigating Strategy</b>
Finding a sufficient number of matched control villages*	Since MF is new to Myanmar, this should not be a problem
Maintaining (not contaminating) the control vil-lages for the length of the study	This will need to be agreed to by the MF communi-ty in Myanmar, and monitored by the Stakeholder Advisory Committee; participating MFIs should sign a memo of understanding with a clause to this effect
Use of control villages may interfere with MF ex-pansion	MFIs that participate in this study must understand that the control villages are off limits for expansion; their expansion should be planned into non-con-trol villages; ; they should sign a memo of under-standing with a clause to this effect
Ethics of not treating clients with MF during the evaluation period	All stakeholders, especially the government, should be aware of this issue before the study begins; also, the randomization of clusters (villages) rather than of individuals reduces the ethical concerns
Maintaining the same type of treatment (i.e. the MF methodology) is necessary and yet may inter-fere with responding to client demands.	MFIs participating in the study need to be made aware that they may not change the methodology that is being evaluated while the study is underway; they should sign a memo of understanding with a clause to this effect

\* The RCT should use separate villages (“clusters”) as controls, rather than individual households within a village where some people are receiving the microfinance services. This reduces the possibility of spillovers and contamination.

A good design and a good research firm should be able to manage the challenges, with LIFT’s assistance to get buy-in from the MFIs. To start the buy-in process, there was a stakeholder debriefing with MFIs on 17

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May 2013, which covered the definition of impact, of impact assessment, the types of impact assessment tools and the level of rigor of each, the challenges to doing a random control trial (the most rigorous methodology), and the conditions that would need to be met in order to do one.

The MFI representatives present at the debriefing generally indicated their agreement with a mixed methods approach.<sup>7</sup> They agreed to send their causal models and expansion plans to the consultant within the 2 weeks following the debriefing workshop. This did not occur.

LIFT asked for advice on the choice of MFIs to include in the IA. The research firm hired to implement the study should choose those MFIs that are using a common methodology, so that the findings are relevant to the greatest number of MFIs. The areas of expansion, the presence of existing microfinance providers (competitors) and the need for control villages will also determine which MFIs are used. The MFIs used should be stable institutions, able to control their expansion to the designated villages. The research firm should limit the number of MFIs participating to one or two.

The consultant suggested the idea of using an IA to test new products. This has the advantage of helping the sector innovate to develop products with greater impact. It also reduces ethical concerns, since all clients will receive a product, but only the treatment clients will receive the new product. None of the MFIs suggested an innovation to be tested.

Regarding the timing of the IA, LIFT has funded five MF projects to date, and their status is the following:

- 3 projects are ending mid-2014, reaching 50,000 clients.
- 1 project is ending in 2014, and its targeted clientele is 45,000.
- Another MFI has just started and plans to reach up 20,000 clients by 2015.

Because of the growth of LIFT's own MFI partners, the proliferation of other private MF providers, as well as the time that it takes to organize an IA, it is advisable for LIFT to do the IA as soon as is feasible.

## 8. PREPARATORY STEPS

David Hulme, in his article "Impact Assessment Methodologies for Microfinance: Theory, Experience and Better Practice", notes that there are three elements of a conceptual framework: 1) the causal model, 2) the levels of units which will be evaluated, and 3) the types of impact that are to be assessed.<sup>8</sup> LIFT and its MFI partners in the assessment should think about these elements prior to the hiring and arrival of the research firm.

### Causal Models (Theory of Change of Microfinance Interventions)

MFIs were asked to submit their causal models to the consultant or LIFT for review. The purpose of this exercise is twofold: 1) to encourage them to think about how their microfinance interventions will achieve the impact that they expect, and 2) to formulate the hypotheses (research questions). Researchers who have evaluated the impact of MF programs often comment that the causal models are not well thought out. By thinking through the causal models, microfinance practitioners may find that there are missing elements that need to be incorporated in their activities in order to achieve the impact they want. These missing elements might include financial literacy programs, women's empowerment activities, legal counseling, health education and other themes. Qualitative tools, such as focus group discussions with clients and/or loan officers, can be useful to clarify the causal model. If MFIs are not able to provide their causal models for this

<sup>7</sup> The idea of having the MFIs' own staff assist in the implementation of the IA was discussed. However, given the level of rigor that LIFT would like to see, and the credibility that LIFT would like to establish with this evaluation, it is best that an independent research firm be hired, and that MFI staff only be involved to the extent needed to plan and coordinate activities.

<sup>8</sup> Hulme, David. Impact Assessment Methodologies for Microfinance: Theory, Experience and Better Practice in World Development. Vol. 28, No. 1, pp. 79-98, 2000.

exercise, or if their causal models are incomplete, LIFT might want to consider training in qualitative tools for MFIs for this purpose. By understanding their causal models better, MFIs can create better impact on their clients.<sup>9</sup>

### The Levels of Units to be Evaluated

The second task is to determine the levels of unit to be evaluated. This will also depend on the causal model. Do MFIs expect their impact to be on the individual, on the household, on the business run by the loan recipient, on the children, on the group (if a group model is used), or on the community as a whole? If MFIs are not sure about this, using qualitative tools before the impact assessment can help clarify this. More than one unit level can of course be evaluated, but knowing beforehand where the impact is likely to occur will improve the likelihood that impact can be measured. The consultant recommends that the units be individuals, households, and businesses, so as to determine the impact on each of these.

### The Types of Impact to be Evaluated

The type of impact to be evaluated also depends on the causal model. This theme was discussed in the stakeholder debriefing. MFIs mentioned the following possibilities, although not all MFIs chose the same outcomes:

- Poverty alleviation
- Financial inclusion
- HH Wealth building
- Business Growth, Diversification
- Women's Empowerment
- Health outcomes
- Education outcomes
- Democracy outcomes

While there are many impact assessments that evaluate all of these issues, research experts recommend that assessments focus on specific impacts that are most important for MFIs to know about. It is also important that the impact assessment be used to validate LIFT's own logframe.

The assessment will give more useful results if this it is focused. Also, it is important to understand the timeline of impacts. If a study lasts two years, and the impact takes three years to occur, it will not be measurable in the study time period.<sup>10</sup>

It is also important to define exactly what is meant by "impact" and which specific outcomes are being measured. For example, if an MFI expects an impact on children's education, it needs to specify which children (boys/girls, ages, in-school/out-of-school), what impact/outcome (better attendance, better grades, etc.), and so on. This is necessary so that the survey tool can be correctly designed.

### Example of a Causal Model

PACT/UNDP has described its causal model this way:

"The theory of change for the program suggests [that] loans to women will allow them to establish and build up their own small businesses. The women may then use the profits to reinvest in their business or set up and operate additional businesses. The businesses provide an income stream separate from the women's hus-

<sup>9</sup> There are online tutorials for this purpose, for example, The Community Tool Box.

<sup>10</sup> A recent impact assessment in Mali lasted for three years. See: Final Impact Evaluation of the Saving for Change Program In Mali, 2009 - 2012, by the University of Arizona Bureau of Applied Research in Anthropology and Innovations for Poverty Action.

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bands, resulting in higher household income. Larger incomes and the availability of loan products to meet a variety of needs allow client households to take advantage of opportunities as they arise and to better meet challenges to the family budget such as health emergencies.”

Using this causal model as an example, it is clear that:

1. PACT/UNDP could confirm (and may already have confirmed) the validity of its causal model by using focus groups. During these focus groups, PACT staff might ask: i) What are you doing with the loan (consumption vs business investment)? What do you need to be able to invest more in the business and less in consumption? ii) If you invested in a business, is it your business alone or is it a joint business with your husband? iii) Is your business generating more profit due to the investment? What else do you need to improve your business profits? iv) How do you spend your profits? And so on.
2. Impact could be measured at the level of the individual (women), at the business level, and at the household level. Since PACT/UNDP’s model does not include group or community level impacts, there is no point in measuring at that level.
3. PACT/UNDP has defined the type of impacts that it expects:
  - Business Establishment, Growth, Profitability, Diversification
  - Health outcomes
  - Other (unspecified) well-being outcomes at the household level

Having this information will therefore help PACT/UNDP elaborate its hypotheses to be tested, know which levels to evaluate, and design a survey with the indicators to measure the expected outcomes/impact.

For the purposes of choosing the indicators for the proposed IA, a causal model for the IA is suggested below. The consultant recommends that this causal model be reviewed with the MFIs for their input. This causal model assumes that:

- the impact of loans (rather than savings or other services) is of interest to LIFT,
- the majority of LIFT’s partners provide loans for small income-generating activities (rather than for agricultural investment),
- the majority of borrowers are female.

Under these assumptions, the causal model is:

- Loans are provided to clients in groups.
- The group provides a structure that increases the likelihood of good loan repayment.
- Clients invest the majority of the loan in their existing income-generating activity to increase inventory
- This increase in inventory leads to greater sales
- The greater sales lead to greater profits
- The majority of the profits are not reinvested in the business; rather, they are used to increase the household’s standard of living (increase in food consumption, in education and health expenditures, and in assets)
- The contribution of additional income to the household raises women’s status in the household

## 9. HYPOTHESES

LIFT and the MFIs that wish to participate in this IA should think about the possible hypotheses that could be tested. Ideally, these hypotheses are based on their causal models. It is possible that most of the MFIs will use more or less the same causal models, but this will be verified once the causal models have been reviewed by the research firm hired to do the study.

Some hypotheses that are currently being tested or have been tested in microfinance are found below:

- Does the group joint liability reduce impact without improving repayment rates?
- Who determines the use of the loan, based on what criteria?
- What percentage of a first loan is used for consumption vs investment? Subsequent loans?
- Does the provision of small business management training (the GRET Chin model) improve business income?
- Do grants to VSLAs increase household income for group members?
- Is there a greater impact on household income when women borrow?
- Does having a loan increase or reduce stress on the household? On the borrower?
- What changes to the loan terms would reduce farmers' vulnerability to market prices?
- Does access to microloans increase employment, and if so, what kind and for whom?

For LIFT and its MFI partners (current and future), some of the following hypotheses could be tested:

- MFIs are reaching the poor and vulnerable (a LIFT objective).
- Access to microfinance has a positive effect on economic activity and household poverty level, which increases with the length of participation in a microfinance program.
- Use of microcredit is reducing household vulnerability to economic shocks (a LIFT objective).
- Providing microcredit to women increases their status in the household.
- The group structure increases repayment without decreasing impact on economic activity and household poverty level.
- The timing of the loans (date of disbursement) has no effect on impact.

## 10. CHALLENGES<sup>11</sup>

There are a number of challenges that will need to be considered and possibly addressed by the research firm doing the IA. These challenges were mentioned during the stakeholder meeting in May.

### a. Survey Fatigue

There are many surveys going on in Myanmar at this time or in the recent past, as donors (and the private sector) attempt to gather information for their programs and products. This may result in people being surveyed more than once, and developing a set of responses to questions.<sup>12</sup> People who have been surveyed several times may not respond accurately or may decline to be interviewed. The research firm hired by LIFT for IA will need to be aware of what surveys have been done, and where, so as to avoid survey fatigue by respondents.

11 In "Effect of Microfinance Operations on Poor Rural Households and the Status of Women" (SST: REG 2007-19. Special Evaluation Study. ADB publication. September 2007), Appendix 21 has some interesting lessons learned about conducting an impact evaluation.

12 Mayoux, Linda. *Impact Assessment of Microfinance: Towards Sustainable Learning Process*. 2001. She notes: "These problems are obviously not confined to microfinance but are particularly acute in large-scale quantitative surveys."

## Microfinance Impact Assessment Designs

### **b. Well-Matched Control Villages**

As noted above, many surveys have occurred, are occurring, or are planned. Many NGOs and MFIs are working in the same zones, and this overlap will be exacerbated as they expand. A sufficient number of matching control villages will be needed for the control group. These villages must be carefully matched to the treatment villages so that biases are reduced or eliminated. If a sufficient number of well-matched control villages cannot be identified, the study may need to change to a quasi-experimental design (no randomization).<sup>13</sup>

### **c. Contamination**

These control villages will need to be maintained as such during the time period of the study (perhaps 2 years). During that time, it will be important that MFIs, whether participating in the study or not, refrain from working in these villages. While the effects of other financial actors (MADB and informal providers) can be statistically eliminated or reduced in the data analysis, this will be more difficult if actors with similar methodologies to the study MFIs start operating in the control villages.

### **d. Lack of compliance with the methodology**

At the same time, the loan methodology must be rigidly applied during study period. Any variations in the methodology being studied may invalidate the research findings. MFIs whose programs are being evaluated may want to appoint a compliance monitor for this purpose.

### **e. Spillover**

This is an effect where the impact (good or bad) of a program is measured in a control village even when the program is not implemented there. This can be mitigated by locating control villages far enough from treatment villages.

### **f. Lack of clarity in the research question(s)**

If the research questions are too broad, if the hypotheses to be tested are not clear, if the hypotheses to be tested are too numerous, then the impact will not be measured correctly. Experienced researchers recommend no more than 3 hypotheses to be tested.<sup>14</sup> In addition, a researcher always starts with the null hypothesis, that is, assuming that the impact is zero, and then designing a tool to prove or disprove this.<sup>15</sup>

### **g. Quality of tools (surveys and qualitative tools)**

If the survey questions do not accurately reflect the causal model (level of impact expected, type of impact expected, who it is impacting) and the hypotheses to be tested, then it will be difficult to accurately measure the impact of the microfinance activities.

### **h. Political interference**

Political interference can affect the quality of results from an IA. The Microfinance Market Outlook (2013) notes that “The greatest threat to microfinance on all continents is interference by politicians.”<sup>16</sup> In the case of an impact assessment, political interference may occur when government representatives pressure MFIs to provide services in control villages, or to change the MF model that is being tested. To avoid this, government representatives should be informed about the IA from the beginning of the process, in order to get their buy-in.

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13 Comparison villages would be established post-treatment.

14 Interview with Dr. Geetha Nagarajan, Senior Evaluation Specialist, Development & Training Services, Inc. 9 May 2013.

15 Developing a Research Question. PPT prepared by IFMIR Center for Microfinance. Partially adapted from Trochim, William. The Research Methods Knowledge Base. 2nd Edition. 2006.

16 Microfinance Market Outlook 2013. responsAbility publication.



## 11. BUDGET/COST

LIFT asked for a budget for the impact assessment. Ultimately, the cost will depend on many factors that cannot be determined at this time. However, by making some assumptions, and from interviewing survey firms, it is possible to give a range within which the IA might be done.

The assumptions are the following:

- The sample size will be determined by the research team, but will not be larger than the LIFT baseline survey report of around 4,000 people;
- The geographic area will be limited; not all departments will be surveyed;
- The IA will be done in the dry season, in other words, access to sites will be easier than in the wet season;
- A competent, experienced firm will be hired, and it may be international or national;
- The firm will do all the analysis of data;
- The IA will be mixed methods, including quantitative (survey) tools and qualitative (focus groups) tools;
- There will be a control group and a treatment group, randomized;
- There will be 2 data collection rounds, a baseline and a final.<sup>17</sup>

To ensure the best evaluation for value possible, it would be advisable to follow the process used by the International Initiative for Impact evaluation (3IE) described here<sup>18</sup>:

- A ToR for a preparation grant (PG) is disseminated.
- The PG will cover costs associated with activities such as travel to meet with LIFT, preliminary checking of administrative /secondary data, site visits, researcher time, etc. necessary to develop an impact evaluation design (around \$20,000)
- As part of the collaboration with LIFT, the research team is also expected to provide one or more workshops to LIFT officials and other stakeholders in order to finalize evaluation questions.
- At the end of the preparation grant period, the PG grantee will submit a proposed design including a proposed budget. The proposed design (s) is due within three months of signing the PG grant agreement.
- The proposed design for the evaluation is reviewed and scored by a team of reviewers.
- LIFT may provide comments and request a resubmission of the proposal if the proposed design does not meet quality criteria.
- If the proposed design is approved, LIFT will award the research team a grant to conduct the impact evaluation under its standard terms and conditions.

This process should help avoid the following scenario:

“Another pragmatic step would be to invest more in the recruitment and management of evaluation consultants. Spending time and effort in developing clear, realistic terms of reference (ToRs) is critical. Often, the questions posed to evaluators, e.g. the extent the project reduced poverty or empowered women, are not only too many and too vague but also typically impossible to credibly answer, particularly given prevailing budget, time, and/or data constraints. Furthermore, a lack of technical oversight and management often leads to a poor application of methodological rigour. Nevertheless, the evaluators’ final findings are usually accepted, by both ourselves and our donors, with minimal scrutiny (Nelson 2008). These issues call for the technical involvement of capable evaluation staff from our organisations in overseeing external evaluations,

<sup>17</sup> Note that there is debate among experts on whether a baseline study is needed if the assessment is to be randomized. This issue should be explored with the research firm. Eliminating the baseline will reduce the cost.

<sup>18</sup> For document examples, please see The International Initiative for Impact Assessment’s website, here.

## Microfinance Impact Assessment Designs

and we should not be naive as to how much time and effort this entails.”<sup>19</sup>

Other costs will include, but not be limited to, the following:

- Initial stakeholder meetings to explain the process, get input into the design, and obtain buy-in;
- Review of existing surveys in Myanmar, for the purpose of data mining (if possible);
- Design of the IA protocol and tools; production of a study protocol document;
- Training of data collectors and data entry personnel;
- Conducting the survey in the designated areas;
- Conducting the focus groups in the designated areas;
- Data entry
- Data analysis
- Report writing
- Debriefing of stakeholders
- Conducting second round of data collection in 2 years

Given these assumptions and costs, the total cost of the evaluation (including the preparation grant) over the 2 or so years of treatment might be as little as \$200,000 to up to \$500,000. It is also important to note that wage inflation is happening now in Myanmar and local costs will be going up.

## 12. KEY INDICATORS FOR INCLUSION IN MFI MIS

The LIFT ToR for this assignment included a request for key indicators for impact assessment that might be included in the MIS of LIFT MFIs. MFIs will not be able to capture sophisticated data such as household income or poverty levels. It is better to use simpler indicators for MFI.

Also, since an MFI would not be able to measure “impact” (as defined above, in other words, randomized and with a control group), these indicators would instead be monitoring indicators. They would monitor the changes of the indicators, without being able to clearly attribute these changes to the microfinance activities. Monitoring of these indicators can be done through the loan application, the savings account application, by random sampling and surveying of clients, by focus groups, and so on. These indicators should be monitored and analyzed yearly. More frequent monitoring increases costs without showing changes.

In any case, a list of practical and cost-effective monitoring indicators that MFIs could choose from includes:

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<sup>19</sup> Hughes, Karl and Claire Hutchings. Can we obtain the required rigour without randomisation? Oxfam GB’s non-experimental Global Performance Framework. International Initiative for Impact Evaluation (3IE) Working Paper 13. August 2011

Expected Impact	MIS Monitoring Indicator (changes in)
Poverty alleviation/Standard of living HH Wealth building	<ul style="list-style-type: none"> <li>• amount and value of land procured by type of land</li> <li>• house conditions including type of materials used for the roof, walls, flooring, and pillars, source of lighting</li> <li>• sources of potable water</li> <li>• type of latrines</li> <li>• amount and types of productive assets such as bullock carts, pumps, boat, trees, sewing machines, generators, etc.</li> <li>• number and type of livestock</li> <li>• personal assets such as radios, televisions, bicycles, motor cycles,</li> <li>• mosquito nets</li> <li>• financial assets such as gold, cash, and savings</li> <li>• amount of debt*</li> </ul>
Food Security	<ul style="list-style-type: none"> <li>• Perception of changes in household food supply from the previous year.</li> <li>• Perception of change in quantity and quality of food eaten</li> <li>• Perception of change in diversity of food eaten</li> <li>• Perception of number of hungry days</li> </ul>
Business Growth, Diversification	<ul style="list-style-type: none"> <li>• Number of new businesses opened</li> <li>• size of business (inventory, clients, physical space)</li> <li>• business equipment/assets</li> <li>• number of paid employees</li> <li>• number of businesses operated by clients</li> </ul>
Women's Empowerment	<ul style="list-style-type: none"> <li>• who decides the use of the loan</li> <li>• who decides the use of the profits</li> <li>• perception of ability to participate in decision-making in the household</li> </ul>
Health outcomes	<ul style="list-style-type: none"> <li>• Expenditures on health</li> <li>• Feeling of health</li> </ul>
Education outcomes	<ul style="list-style-type: none"> <li>• Expenditures on education</li> <li>• Number of school-age children in school full time</li> </ul>

\* Taken from PACT's indicator table.

### 13. SURVEY TEMPLATE

A number of survey templates were reviewed for this assignment, including but not limited to:

- UNDP Household Survey
- LIFT Baseline Survey
- PACT Baseline Survey
- Millennium Villages Project Survey
- Compartamos Mexico Survey (IPA study)

The LIFT survey instrument is comprehensive, and should be used for the base of the IA survey. Two modules could be added from the UNDP/PACT survey for the IA: “Module H: Loan Purpose, Utilization and Competitor Analysis for Most Recent Loan” and “Module K: Women Empowerment.”<sup>20</sup> The Compartamos

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survey <sup>21</sup> covers health, asset acquisition, control of assets, food consumption, migration, changes in business, stress levels, response to economic shocks, and financial access, among other categories. LIFT and its MFIs should review the Compartamos survey to see if any of these indicators are relevant to their programs, and incorporate those in the IA survey.

## 14. STAKEHOLDER ADVISORY COMMITTEE

LIFT should consider forming a stakeholder advisory committee (SAC) to monitor and oversee the design, implementation, and results of the IA. This is an excellent learning opportunity for the sector. A SAC could consist of:

- LIFT Programme Officer – Markets and Microfinance
- BRAC representative <sup>22</sup>
- A government representative, perhaps from the Central Bank or the Myanmar Microfinance Supervisory Enterprise (MMSE)<sup>23</sup>
- UNDP MF Programme Officer
- LIFT M&E Officer
- An MF technical service provider (for example, EdM, CARD)
- A reputable national university (social research department)
- An MFI whose clients are not being surveyed

The committee would be advisory, not decision-making. The committee would be formed after the hiring of the research team. The SAC should meet intensively during the design phase, with the research firm hired, and then semi-annually during the implementation stage. LIFT will want to include some funds for managing this committee in the IA budget.

The tasks of the SAC would be:

- Participate in the design of the study;
- Ensure that the research team understands the complexities of the Myanmar context;
- Disseminate information about the study to the broader sector (for example, to the MF Working Group);
- Help ensure compliance with the design of the study of MFIs directly involved;
- Help ensure that no contamination of control villages occurs;
- Other tasks as recommended by LIFT and/or the research team;

## 15. NEXT STEPS

The operational manual for the impact assessment is found in Annex E. It includes a step-by-step plan for preparing for and implementing the IA. The workplan

### a. Identify causal models

The next step for LIFT is to work with MFIs to identify their causal models.<sup>24</sup> The more clarity that MFIs have in their causal models, the better will be the results of the evaluation. As noted in an USAID publication on evaluations:

21 Innovations for Poverty Action website, Posting Hypotheses for an Impact Study of Compartamos.

22 BRAC has significant experience in impact evaluations.

23 In any case, this person should be sufficiently senior to be able to help resolve issues with local authorities during the evaluation.

24 An attempt was made to do this during this assignment, but was not successful.

“The central task in any evaluation assessment is to locate and verify the causal model of the program to be evaluated. There are a range of possible situations that may face the EA team. In the ideal case, a detailed causal model already exists, having been developed during the program design phase. In this case, the evaluation team can proceed directly to the task of verifying the comprehensiveness and plausibility of the causal model:

- **Comprehensiveness:** The causal model should include all of the program’s major activities, outputs, outcomes, and impacts presented in a way that indicates their relative importance.
- **Plausibility:** The causal chain depicted in the causal model should be logical in the sense that it is reasonable to anticipate that program activities and outputs could lead to the outcomes and impacts that are indicated in the model.”<sup>25</sup>

The results of this task will also be validated by the research team.

### b. Expansion plans

The second task is to obtain expansion plans from the MFIs that are interested in the results of the evaluation. This is necessary in order to choose both the treatment and the control areas. MFIs should provide LIFT with their expansion plans. This information should be confidential, i.e. shared only between LIFT and the research firm.

### c. Design the study

Preparation Grant: A decision should be made whether to follow the procedure outlined above for bidding a preparation grant (see Section 11). If this is seen as viable, then a ToR would be developed for this phase.<sup>26</sup> The result would be a project design.

**Peer Review:** Since there is so much debate and criticism around the subject of impact evaluations in microfinance, and there is so much riding on the results, and since the evaluations tend to be expensive, it may be advisable to request some sort of peer review of the design by other experts in the field. CGAP is already trying to lead the field in establishing parameters for IAs for MF, and it may be willing to use the LIFT IA as a test case. This would likely lengthen the time needed for the IA, but would hopefully improve the design while serving as a model of peer review for the sector.<sup>27</sup>

### d. Implementation

The implementation of the study requires a series of steps, which are explained in the LIFT Impact Assessment Operational Manual (Annex E).

### e. Dissemination of Results

Disseminate: After each phase of data collection and analysis, the results should be disseminated to the Myanmar MF sector, in a written publication and through a workshop/seminar. This ensures that all stakeholders benefit from the research.

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25 Planning for Cost Effective Evaluation with Evaluability Assessment. Impact Assessment Primer Series Publication # 6. USAID publication. 2008.

26 See a template for a PG here. International Initiative for Impact evaluation. Request for Qualifications: Impact evaluation of CABI’s Plantwise programme in Kenya.

27 Innovations in Poverty Action has a blog that it uses to solicit outsider information on its hypotheses, so the idea is not new.

**OUTCOME/ IMPACT ASSESSMENT FOR MICROFINANCE  
PROJECT 2011  
UNITED NATIONS DEVELOPMENT PROGRAMME/PACT MYANMAR  
(HOUSEHOLD QUESTIONNAIRE)**

**Module H: Loan Purpose, Utilization and Competitor Analysis for Most Recent Loan**

Competitor	Loan term or duration (months)	Amount (Ks, 000)	Loan Purpose	Loan utilization	Interest rate %	Type of collateral
Money lender...1		_ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _	Agri.....1 Livestock.....2 Fisheries/Agri.3 Non-farmers...4 Health.....5 Other what...6 _____ _____ _____	Medical care.....1 Buying inputs..... 2 Emergencies issues..3 Consumption.....4 Funeral.....5 Trading.....6 Pig breeding.....7 Other whtat.....8 ..... ..... .....		Labor.....1 Gold.....2 Crop.....3 No collateral..4 Farm Land...5 Other what...6 ..... ..... .....
Input-Provid-er...2		_ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _	Agri.....1 Livestock.....2 Fisheries/Agri.3 Non-farmers...4 Health.....5 Other what...6 _____ _____ _____	Medical care.....1 Buying inputs..... 2 Emergencies issues..3 Consumption.....4 Funeral.....5 Trading.....6 Pig breeding.....7 Other whtat.....8 ..... ..... .....		Labor.....1 Gold.....2 Crop.....3 No collateral..4 Farm Land...5 Other what...6 ..... ..... .....
Pawn shop....3		_ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _	Agri.....1 Livestock.....2 Fisheries/Agri.3 Non-farmers...4 Health.....5 Other what...6 _____ _____ _____	Medical care.....1 Buying inputs..... 2 Emergencies issues..3 Consumption.....4 Funeral.....5 Trading.....6 Pig breeding.....7 Other whtat.....8 ..... ..... .....		Labor.....1 Gold.....2 Crop.....3 No collateral..4 Farm Land...5 Other what...6 ..... ..... .....
Friend Relatives...4		_ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _   _ ,  _ _ _ _	Agri.....1 Livestock.....2 Fisheries/Agri.3 Non-farmers...4 Health.....5 Other what...6 _____ _____ _____	Medical care.....1 Buying inputs..... 2 Emergencies issues..3 Consumption.....4 Funeral.....5 Trading.....6 Pig breeding.....7 Other whtat.....8 ..... ..... .....		Labor.....1 Gold.....2 Crop.....3 No collateral..4 Farm Land...5 Other what...6 ..... ..... .....

## Microfinance Impact Assessment Designs

Competitor	Loan term or duration (months)	Amount (Ks, 000)	Loan Purpose	Loan utilization	Interest rate %	Type of collateral
Other (What)..5 (First Response)		_ ,  _ _ _   _ ,  _ _ _   _ ,  _ _ _   _ ,  _ _ _   _ ,  _ _ _   _ ,  _ _ _   _ ,  _ _ _   _ ,  _ _ _   _ ,  _ _ _	Agri.....1 Livestock.....2 Fisheries/Agri.3 Non-farmers...4 Health.....5 Other what...6 _____ _____ _____	Medical care.....1 Buying inputs..... 2 Emergencies issues..3 Consumption.....4 Funeral.....5 Trading.....6 Pig breeding.....7 Other what.....8 ..... ..... .....		Labor.....1 Gold.....2 Crop.....3 No collateral..4 Farm Land...5 Other what...6 ..... ..... .....
Other (What)..6 (Second Response)		_ ,  _ _ _   _ ,  _ _ _   _ ,  _ _ _   _ ,  _ _ _   _ ,  _ _ _   _ ,  _ _ _   _ ,  _ _ _   _ ,  _ _ _   _ ,  _ _ _	Agri.....1 Livestock.....2 Fisheries/Agri.3 Non-farmers...4 Health.....5 Other what...6 _____ _____ _____	Medical care.....1 Buying inputs..... 2 Emergencies issues..3 Consumption.....4 Funeral.....5 Trading.....6 Pig breeding.....7 Other what.....8 ..... ..... .....		Labor.....1 Gold.....2 Crop.....3 No collateral..4 Farm Land...5 Other what...6 ..... ..... .....

Module K: Women Empowerment

Question		Response categories(Now)	Code
<b>Women Empowerment on household decision making</b>			
k1	Decision on marriage of children	Follow always..... 1 Consult with husband and lose... 2 Decide both..... 3 Consult with husband and win... 4 Initiate new idea, win her idea.... 5 DK/NR..... 9	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
k2	Decision on sending children to school	Follow always..... 1 Consult with husband and lose... 2 Decide both..... 3 Consult with husband and win... 4 Initiate new idea, win her idea.... 5 DK/NR..... 9	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
k3	Decision on Asset purchase/input purchase	Follow always..... 1 Consult with husband and lose... 2 Decide both..... 3 Consult with husband and win... 4 Initiate new idea, win her idea.... 5 DK/NR..... 9	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
k4	Decision on selling of crops/selling price in grocery shop/	Follow always..... 1 Consult with husband and lose... 2 Decide both..... 3 Consult with husband and win... 4 Initiate new idea, win her idea.... 5 DK/NR..... 9	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
k5	Decision on Donation	Follow always..... 1 Consult with husband and lose... 2 Decide both..... 3 Consult with husband and win... 4 Initiate new idea, win her idea.... 5 DK/NR..... 9	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
k6	Decision on Daily Expanse	Follow always..... 1 Consult with husband and lose... 2 Decide both..... 3 Consult with husband and win... 4 Initiate new idea, win her idea.... 5 DK/NR..... 9	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>Participation in community on how often you participate</b>			
k7	Are you a MEMBER of any CBO (other than the microfinance)?	N0.....0 Yes.....1	<input type="checkbox"/> ↓ k10 <input type="checkbox"/>



## Microfinance Impact Assessment Designs

Question		Response categories(Now)		Code
k8	Please NAME of all CBOs you are a member of and your participation in them.	Name	# of participation in a month	
				__
				__
				__
k9	Are YOU consulted in Village level decision-making process?	Never.....	1	__
		Rarely.....	2	__
		Sometime.....	3	__
		Often.....	4	__
		DK/NR.....	9	__
k10	Is the opinion of WOMEN GENERALLY taken into consideration in overall decision making in the Village?	Never.....	1	__
		Rarely.....	2	__
		Sometime.....	3	__
		Often.....	4	__
		DK/NR.....	9	__

**TERMS OF REFERENCE  
(Individual Contract Agreement)**

Title:	Microfinance Impact Assessment Specialist
Project:	Livelihoods and Food Security Trust Fund (LIFT)
Duty station:	Home Based
Section/Unit:	LIFT
Contract/Level:	International Individual Contractor Agreement IICA 3
Duration:	30 working days within six (6) weeks starting from 1 May 2013
Supervisor:	Programme Officer - Markets and Microfinance

**1. General Background of Project/Assignment**

UNOPS is the Fund Manager for the Livelihoods and Food Security Trust Fund (LIFT) in Myanmar. LIFT is a multi-donor fund for seven years (2010 – 2016) to address food insecurity and income poverty in Myanmar. The Donor Consortium of LIFT comprises Australia, Denmark, the European Community, France, the Netherlands, New Zealand, Sweden, Switzerland, the United Kingdom and the United States.

The overall objective of LIFT is to contribute resources to a livelihoods and food security programme with the aim of making progress towards the achievement of Millennium Development Goal 1<sup>28</sup> (the eradication of extreme poverty and hunger) in Myanmar. Working through a trust fund modality, LIFT's purpose is to sustainably increase food availability and incomes of 2 million target beneficiaries.

This is to be achieved through delivering the following programme outputs:

1. Increased agricultural production and incomes supported through improved production and post-harvest technologies, improved access to inputs and markets.
2. Targeted households supported in nonagricultural livelihood activities and/or trained in livelihood skills for employment.
3. Effective social protection measures supported that increase the incomes, enhance the livelihood opportunities or protect the livelihoods assets of chronically poor households.
4. Sustainable natural resource management and environmental rehabilitation supported to protect local livelihoods.
5. Capacity of civil society strengthened to support and promote food and livelihoods security for the poor.
6. Monitoring and evaluation evidence and commissioned studies used to inform programme and policy development.

And the following management outputs:

7. Funds allocated in line with Fund Board policies and are accounted for in a transparent manner.
8. Fund flow and partner performance monitored and evaluated.

LIFT is implemented through a variety of local implementing partners (IPs) who were successful in submitting proposals that supported the LIFT purpose in the areas targeted.

LIFT has long recognized the importance of increasing access to financial services as a means to achieve its outputs for both agriculture and non-agriculture livelihoods. Recently, LIFT's baseline study found that, whilst 83% of households in the four agro-ecological zones took a loan in the prior 12 months, only 16% were able to do so from a low interest financial services provider (FSP).

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28 Reduce by half the proportion of people living on less than a dollar a day; achieve full and productive employment and decent work for all, including women and young people; reduce by half the proportion of people who suffer from hunger.

LIFT has funded a number of Microfinance Institutions (MFIs) in Myanmar. However, only with the passing of the new Microfinance Law in November 2011 did it become possible for LIFT to significantly scale up its assistance to the provision of microfinance services as part of a broader strategy of financial inclusion. In March 2012, the LIFT Fund Board resolved to open a Microfinance (renamed “Financial Inclusion”) Window (FIW), now constituted with a total amount of US\$30m.

At the same time, there is a growing need to demonstrate that financial inclusion brings real benefits to the poor in terms of increased income, better housing, clothing, food and education for their children. LIFT wished to take the lead in this area in Myanmar, for example through upcoming projects or working with some of its IPs.

However, there are several ways to conduct impact assessments, e.g. through experimental research, randomised control trials (RCTs), quasi-experiments or qualitative research. Generally, RCTs (ideally accompanied by qualitative research) are considered to be the most rigorous approach to impact evaluation, but they come with issues regarding lead times and cost.

## 2. Purpose and Scope of Assignment

The overall purpose of the consultancy is to develop a microfinance impact assessment system that is based on the best practices available but customized to the particular needs and current standard operating practices of Myanmar.

Under the direct supervision of the LIFT Programme Officer - Markets and Microfinance, the Impact Assessment Specialist will perform the following duties:

- a) Consult with the LIFT Fund Manager’s Office (FMO) and LIFT funded MFIs/IPs about their objectives and priorities with regard to improved impact assessment for microfinance projects.
- b) Conduct a desk-based review and synthesis of existing microfinance evaluation and impact assessment approaches in Myanmar, including those conducted by LIFT funded MFIs/IPs.
- c) Identification of impact indicators complying with microfinance industry impact assessment best-practice and of specific relevance to Myanmar.
- d) Analyse the advantages and disadvantages of different impact assessment systems, including issues of cost, time to achieve results and robust outputs, and advising on the most appropriate.
- e) Propose those LIFT funded MFIs/IPs/projects, and any others of relevance, where the impact assessment system could be implemented.
- f) Facilitate workshop amongst LIFT IPs and others to discuss preliminary findings and seek interest in participating.
- g) Develop a potential impact assessment system, containing, but not limited to, the following elements:
  - Impact assessment framework, including key indicators for inclusion in MFI management information system database as appropriate and required;
  - Baseline survey template, if any;
  - Operational manual for impact assessment system including data collection and management strategies;
  - Outline workplan for piloting and roll-out of LIFT’s impact assessment system;
  - A committee of stakeholders for overseeing assessments and results; and
  - A budget for the potential impact assessment system, assuming that LIFT will fund the entire system (even though cost sharing with other stakeholders may be possible).

The consultant is responsible to abide by security policies, administrative instructions, plans and procedures of the UN Security Management System and that of UNOPS.

## Microfinance Impact Assessment Designs

### 3. Methodology and Deliverables

The following are the key activities to be carried out by the consultant (and the impact assessment system development will be conducted in a consultative, participatory approach with all relevant stakeholders):

- Desk study of relevant documentation including materials provided by FMO and publicly available existing microfinance evaluation and impact assessment approaches in Myanmar and countries with best practice microfinance models;
- Briefing and debriefing meetings with the FMO office in Yangon as agreed throughout the project;
- Consultations with those LIFT donors in Yangon (Australia, France, Switzerland, UK, US) and in Bangkok (Denmark, EU, Netherlands, New Zealand, Sweden) who indicate interest to meet;
- Interviews (either face to face or via telephone/Skype etc) with LIFT funded MFIs/IPs and other projects relevant to the consultancy as agreed with FMO;
- A draft findings paper, for discussion with FMO, along with proposed outline of the final report, to be agreed with FMO; and
- A final report, in both electronic form and in hard copy with any databases/templates from analytical and developmental work

### 4. Monitoring and Progress Controls

The consultant:

- is expected to submit to the FMO a detailed work plan before traveling to Yangon;
- is expected to submit to the FMO the draft findings paper and a final report that complies with the agreed format; and
- will be monitored against the agreed work plan and accomplishments will be assessed for quality and timeliness by the FMO.

### 5. Timing

- The total billable days for this assignment are 30 days.
- 15 days are allocated for field work in Myanmar and, where applicable, Bangkok (including travel days).
- The field work will take place between 1 May and 30 June 2013.
- 3 days of preparation and research and 12 days of report writing in the consultant's home country are included.

### 6. Qualifications and Experience

#### a. Education

- A Master's degree in social sciences, business management, development economics, rural development, agricultural economics or related field.
- A Bachelor degree in social sciences, business management, development economics, rural development, agricultural economics or related field in combination with 10 years qualifying experience may be accepted in lieu of a Master's degree.

#### b. Work Experience

- A minimum of 8 years professional experience in a field related to rural development, livelihoods, planning or project management.
- At least 4 years of this field experience should be at a professional-level in microfinance.
- Proven track record of high quality project evaluation/baseline surveys work.
- High degree of up-to-date experience in designing impact assessment systems.
- Excellent communication skills, both orally and in writing, in English.
- Significant professional experience in South-east Asia with professional experience in Myanmar an asset.

## Microfinance Impact Assessment Designs

c. Key Competencies

- Professionalism – Ability to conduct independent research and analysis, identify issues, analyze options and recommend solutions. Ability to work systematically, accurately and under pressure.
- Planning and organizing - Ability to establish priorities and to plan, coordinate and monitor own work plan to meet the deadlines and those under his/her supervision.
- Result-oriented - Ability to focus on the result for the clients and respond positively to feedback.
- Client orientation - Ability to identify clients’ needs and appropriate solutions; ability to establish and maintain productive partnerships with clients.
- Communication - Proven ability to write in a clear and concise manner and to communicate effectively orally. Demonstrated ability to develop and maintain effective work relationship with procurement counterparts and substantive offices. Ability to communicate technical procurement matters in a simple and clear manner to individuals not well versed in the intricacies of procurement.
- Teamwork - Strong interpersonal skills and; ability to establish and maintain effective working relations with people in a multi-cultural, multi-ethnic environment with sensitivity and respect for diversity, and with high level stakeholders.
- Self-reliance: Ability to act independently with a minimum of supervision.
- Technological awareness - Excellent computer skills and ability to use software tools to present data clearly and concisely.

Project Authority (Name/Title) Andrew Kirkwood – LIFT Fund Director	Contract Holder (Name/Title)
Signature <span style="float: right;">Date</span>	Signature <span style="float: right;">Date</span>

## LIST OF PEOPLE INTERVIEWED

Name	Position/Organization
Mr. Barclay O'Brien	LIFT Programme Manager
Mr. Neal Youngquist	General Manager World Vision Myanmar Microfinance Program
Ms. Janis Sabetta	Microfinance Advisor, Save The Children
Ms. Yin Yin Myint, Dr. Pyae Phyo Lwin	Directors, Myanmar Finance
Mr. Kyaw Thu	M&E Officer, PACT
Mr. Kazi Faisal bin Seraj	BRAC
Ms. Juvy V. Gacutan	Myanmar Liaison Office Manager Credit & Savings Specialist/ Area Manager Center for Agriculture & Rural Development Inc.
Mr. Alexandre Goutchkoff	Entrepreneurs du monde Myanmar Program Manager
Ms. Kerry Bruce, Mr. Jason Meikle (by phone)	Director, Results and Measurement and Country Director, PACT
Mr. Kim Bunsoscheat and Mr. Sambath Kheang	General Manager and Company Secretary, ACLE- DA MFI Myanmar Co., Ltd.
Ms. Murielle Morisson	Project Manager GRET Chin State
Ms. Gill Pattison and Ms. Maria Fulwiler	Acting GM and Associate, Proximity Finance
Dr. Stuart Rutherford	SafeSave, Financial Diaries
Mr. Heinz Willems	UNDP Microfinance Technical Advisor
Mr. Kris Hendrickx	LIFT M&E Officer
Dr. Geetha Nagarajan	Senior Evaluation Specialist   Development & Training Services, Inc.
Dr. Nathaniel Goldberg	Innovations in Poverty Action
Ms. Nina Holle	CGAP Clients and Product Manager
Mr. Htun Htun Oo and Mr. Lutha Kyaw	Managing Director and Director, Decision Support Service Co., Ltd. (survey firm)
Ms. Suman Joseph	Myanmar Survey Research

## Operational Manual

This manual describes the steps that LIFT should follow in order to obtain a high-quality impact evaluation of its MF program.

### Step 1: Prepare RFP/TORs for the Preparation Grant

As discussed in the main document, it would be useful to use a mechanism like a preparation grant to begin the IA. An RFP/TOR should be prepared. The PG will cover costs associated with activities such as travel to meet with LIFT, preliminary checking of administrative /secondary data, site visits, researcher time, etc. necessary to develop an impact evaluation design (around \$20,000). At the same time, LIFT should prepare the TOR for the actual implementation of the study, so that once the design is approved, the firm can go forward immediately with the study.

Timeline: 1 month to write the TOR  
Responsible Party: LIFT MF Program

### Step 2: Disseminate the RFP/TOR for preparation grant

The RFP/TOR should be disseminated to a wide range of qualified firms. Some firms that should be contacted for bidding include, but are not limited to<sup>29</sup>:

- Development & Training Services, Inc.
- Innovations for Poverty Action/Abdul Latif Jameel Poverty Action Lab
- BRAC Research
- Myanmar Survey Research
- CARD
- Decision Support Service Co, Myanmar
- Myanmar Development Partners Co
- University of Arizona, Bureau of Applied Research in Anthropology

Timeline: 1 month for receiving bids from interested parties  
Responsible Party: LIFT MF Program

### Step 3: Hire research firm

The submissions are reviewed and a decision to hire is made.

Timeline: 1 month for reviewing bids and hiring chosen firm  
Responsible Party: LIFT MF Program

### Step 4: Stakeholder advisory committee formed and meets

LIFT organizes and convenes the stakeholder advisory committee (SAC). Once the research firm is hired, it will meet periodically during the design preparation phase with the SAC to discuss hypotheses to be tested, sampling strategy, which MFIs will be involved in the study, proposed indicators and data collection tools to be used, and so on.

Timeline: Concurrent with the design preparation phase (Step 5)  
Responsible Party: LIFT MF Program (convenes); Research firm and SAC (meetings)

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<sup>29</sup> The author of this document has no financial interest in any of these firms and makes no warranties about the quality of their work.

## Microfinance Impact Assessment Designs

### Step 5: Research firm designs the IA

The firm designs the IA in consultation with LIFT and MFIs. The design should include:

- Hypotheses to be tested
- Which MFIs will be involved in the study, and what their responsibilities will be
- A sampling strategy (based on cluster randomization to reduce ethical concerns)
- Tools for collecting data (quantitative and qualitative)
- Define impact indicators
- Decision on whether prior surveys can be mined for data
- Evaluation team makeup, with roles and responsibilities
- Timeline for implementation
- Budget
- List of resource needs for carrying out the study (logistics)

Regarding the impact indicators, the LIFT survey instrument is comprehensive, and should be used to measure the indicators. Two modules could be added from the UNDP survey for the IA: “Module H: Loan Purpose, Utilization and Competitor Analysis for Most Recent Loan” and “Module K: Women Empowerment.” The Compartamos survey covers health, asset acquisition, control of assets, food consumption, migration, changes in business, stress levels, response to economic shocks, and financial access, among other categories. LIFT and its MFIs should review the Compartamos survey to see if any of these indicators are relevant to their programs, and incorporate those in the IA survey.

Timeline: 2 months  
Responsible Party: Research firm

### Step 6: Peer Review and Design Approval

LIFT should establish a small, informal committee of peer reviewers, and send the design to them for comments and suggestions. CGAP can help assemble this committee. Once the suggestions are in and the design modified accordingly, LIFT approves the design. This will ensure that the design of the study meets best practice standards.

Timeline: 1.5 months  
Responsible Party: LIFT MF Program, Peer reviewers, research firm

### Step 7: LIFT hires the firm to implement the study

LIFT hires the research firm that did the design.<sup>30</sup>

Timeline: 1 month  
Responsible Party: LIFT MF Program

### Step 8: Prepare to implement the study

The research firm prepares to implement the study, following these steps (which may be concurrent in some cases):

- Develop the IA protocol and tools; produce a study protocol document and distribute to MFIs and LIFT for comments and approval/buy-in
- Design survey questionnaire (see the recommendations in Step 5 for which indicators to include)
- Develop the qualitative methodology (focus groups and semi-structured interviews with key informants are recommended at a minimum); develop the interview questionnaires and focus groups guides
- Pre-test and pilot test the survey questionnaire and the qualitative tools, revise as necessary.
- Design the database for data entry of quantitative data

<sup>30</sup> If the firm fails to deliver an adequate design, then LIFT may re-start the process and hire another firm.



## Microfinance Impact Assessment Designs

- Hire and train a data collection supervisor, data collectors and data entry personnel
- Hire and train focus group facilitators and interviewers
- Prepare field work schedule; arrange the logistics (transportation, workspaces and meeting spaces, data recording tools)
- Select participants and non-participants and villages using appropriate sampling methodology
- Update the SAC periodically with progress reports
- Update the participating MFI(s) with progress reports

Timeline: 2 months  
Responsible Party: Research Firm

### Step 11: Implement the study

- Conduct baseline survey among the selected individuals/households (2 months)
- Conduct the focus groups and semi-structured interviews with the sample (concurrent)
- Data entry and cleaning (1 month)
- Data analysis (1 month)
- Update the SAC periodically with progress reports
- Update the participating MFI(s) with progress reports

Timeline: 4 months  
Responsible Party: Research Firm

### Step 11: Dissemination of Results

The research firm writes a report describing findings and recommendations from the baseline survey. The firm then presents a summary to stakeholders in a seminar.

Timeline: 2 months  
Responsible Party: Research Firm

### Step 12: Repeat the study (quantitative and qualitative elements)

It is advisable to use the same research firm for the final study, which should occur 2 years later.

- Conduct a follow-up survey among individuals/households surveyed in the baseline (2 months)
- Data entry (1 month)

Timeline: 3 months  
Responsible Party: Research Firm

### Step 13: Dissemination of Results

The research firm writes a report describing findings and recommendations from the baseline survey. The firm then presents a summary to stakeholders in a seminar.

- First draft of impact evaluation report (2 months)
- Final draft of impact evaluation report (within 3 weeks of receiving comments on the first draft)
- Stakeholder debriefing (1 day)

Timeline: 3 months  
Responsible Party: Research Firm







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