Impact Brief Series, Issue 1

Al-Amal Microfinance Bank

Yemen

The Taqeem ("evaluation" in Arabic) Initiative is a technical cooperation programme of the International Labour Organization and regional partners including Silatech, the International Fund for Agricultural Development and the International Initiative for Impact Evaluation. Taqeem applies an iterative cycle of capacity development, impact research and policy influence to improve evidence on "what works" in youth employment and to support youth employment stakeholders make evidence-based decisions to improve resource allocation and programme design.

The Taqeem Impact Brief Series documents how organizations measure outcomes of their youth employment programmes, the tools that are applied and the findings and recommendations that emerge to assist them in improving impacts and programme design. The organizations profiled in the Impact Brief Series form a Community of Practice, a collaborative approach to building capacity on monitoring, evaluation (M&E) and impact evaluation and foster learning and cooperation among youth serving organizations.

KEY MESSAGES

- In designing an M&E system, be mindful of the organizational capacity to implement it. Prioritize information needs and build basic data collection tools and M&E system around priorities before expanding.
- Secure buy-in from both senior management and front-line staff to ensure successful implementation of a new M&E system.
- Technology can be a powerful tool in M&E, allowing organizations to streamline processes, ease the workload on collecting the data, and minimize the number of data entry errors.

Complementing a microfinance bank's management information system with targeted M&E to better understand the social impact of lending on the Bank's clientele

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Background

Al-Amal Microfinance Bank (AMB) seeks to reduce poverty and unemployment in Yemen by providing a range of financial services, including credit, savings, and insurance, to Yemen's unbanked population. The Bank has 18 branches throughout the country, spread over nine governorates. As of April 2013, AMB had served over 80,000 clients and disbursed over 67,000 loans totalling US$18.1 million. Women constitute over 60 per cent of the Bank's borrowers.

In 2009, AMB and Silatech established the Youth Loan Fund, with an initial capital of US$2 million, to distribute micro loans and business development services to young Yemenis aged between 18 and 30. The first youth-focused loan programme in Yemen, the Youth Loan Fund was developed to support youth through the transition from micro enterprise to small business, with a strong emphasis on long-term sustainability and job creation. Typically, loan terms last between six and twenty-four months, with loans ranging from US$50 to US$1,000 per applicant.

Taqeem support

AMB joined Taqeem to build a body of evidence on the effectiveness and success of its Youth Loan Fund. While the Bank had put in place the basic building blocks of an M&E system before joining, it identified four main areas for improvement:

1. **Expanding data collection beyond loan monitoring:** AMB's data collection had focused on financial measures such as loan volume, number of active borrowers, and repayment rate. However, it only collected a few socio-economic indicators focused on measuring well-being and economic status.

2. **Strengthening the management information system (MIS):** The Bank's MIS system required significant changes to adapt to a revised M&E system. Using technology to collect borrowers' financial data as well as social outcome data could further streamline their processes and drive efficiency.

3. **Enhancing data collection capabilities:** AMB relied on its loan officers to collect and record data through loan application forms, home visits, and regular contact with youth lenders. However, loan officers had little experience with qualitative data collection, conducting more sophisticated household surveys, or using mobile data collection devices.

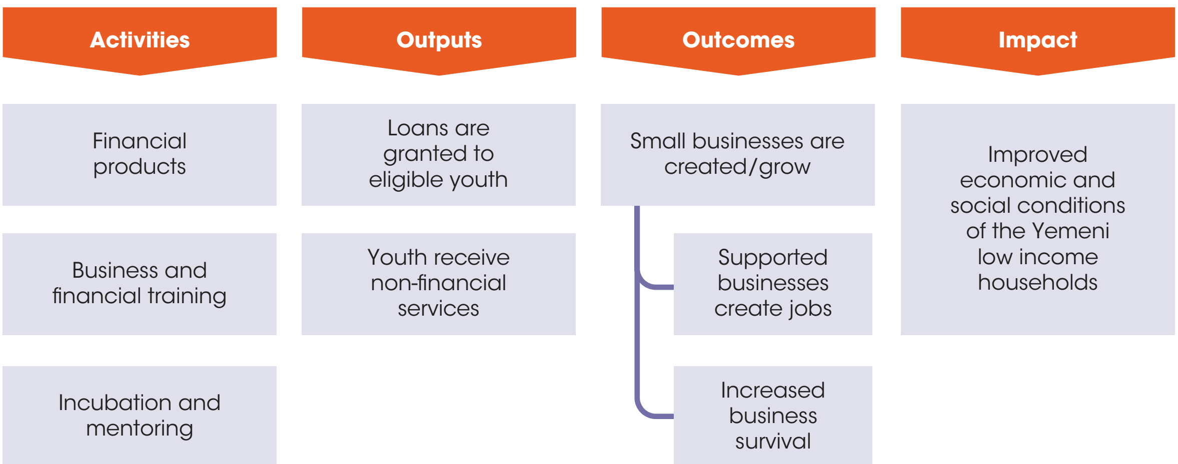
4. **Measuring impact:** AMB had no reliable information regarding the real impact of its microfinance services on medium- and longer-term outcomes such as job creation or business survival.

M&E system

Results chain

By providing access to financial and non-financial services, the Youth Loan Fund programme aims to support the creation and growth of small businesses, thereby increasing income and job opportunities and ultimately reducing poverty in Yemen (figure 1).

FIGURE 1. Overview of the results chain for AMB's Youth Loan Fund



Data collection instruments

The basis for AMB to measure its achievements is a set of well-defined indicators linked to each output and outcome (table 1). Many of the data collection instruments used for output monitoring were already in place at AMB when they joined Taqeem, but tools for measuring outcomes were largely absent. By mid-2013, a number of data collection instruments had been piloted and were being rolled out.

TABLE 1. Description of data collection tools and indicators for the Youth Loan Fund

Instrument	Main indicators measured by the instrument	Description
Application form (or baseline youth survey)	■ Percentage of youth clients benefiting from business development services ■ Number of youth clients aged 18–30 ■ Average loan size ■ Demographic information: gender, rural/urban, household income, education level	Self-administered paper form filled out at the loan application stage that includes information on demographics, family situation, business and loan history, credit history, current income, and budget and assets. Data are subsequently manually entered into the MIS
Follow-up youth survey	■ Average enterprise expenditure per week ■ Value of enterprise ■ New enterprises operating after two years ■ Household health expenditures over last year ■ Number of start-ups created ■ Number of jobs created	A follow-up survey repeating questions from the baseline survey but adding questions on employment and health. The survey is issued to a sample of borrowers only. The follow-up survey is administered at the loan completion, as well as two years after the loan completion. Surveys are conducted on tablet devices and answers are uploaded automatically to the MIS
Progress out of Poverty Index (PPI)	■ Number and percentage of youth living in poverty ■ Percentage of households sending children to school	A poverty-monitoring tool developed by the Grameen Foundation and tailored for Yemen. Ten questions are used to determine a score. Administered at the time of applying for a loan and at loan repayment (additional follow-up one year after final repayment planned to measure change in poverty status). Administered as a paper form completed by the loan officers with the client, and entered manually into the MIS
Client satisfaction survey	■ Percentage of young clients satisfied with AMB services during the loan period	A survey to measure how satisfied young clients are with AMB services and administered once with each client. The survey is planned to be implemented on tablet devices, allowing loan officers to collect data when visiting clients and to send collected data automatically to the MIS database
Focus groups	■ Motivation and confidence in the client groups and anecdotal evidence of impact in the wider society	Group meetings of available clients in the same location who have paid off their loans to discuss personal stories of the impact of the programme. Groups are arranged and facilitated by the M&E officer

Data management

AMB had constructed a comprehensive MIS which tracked and recorded all financial transactions and assisted in project management. This database became the backbone of the M&E system as a repository for storing, analyzing, and distributing results and findings. To ensure this capability, the database had to undergo an upgrade to include socio-economic fields and add the capacity to track longitudinal information.

Loan officers are responsible for collecting data from borrowers through loan application forms, home visits and other communication channels (figure 2). AMB's research and development department is responsible for entering all data into the MIS database and analysing findings. They are also responsible for coordinating focus groups. Follow-up surveys are expected to be carried out by an external data collection firm.

In the future, loan officers are expected to collect information through tablet devices allowing data to be directly synchronized to the database. This digital data capture will ease the workload on collecting the data and will minimise the number of data entry errors.

M&E results

An initial analysis of the existing data yielded the following findings:

- **Beneficiary characteristics:** The Youth Loan Fund targets young people aged between 18 and 30. The majority of youth clients are women (62 per cent) and the average age is 25.6 years.
- **Dropouts:** For various reasons, youth clients drop out of the programme after they receive the loan. Overall, the dropout rate is 24 per cent; of these, 87 per cent are women. Nearly 45 per cent of dropout clients justify dropping out because of the type of loan or the payment methods. These dropouts may occur as a result of the wrong type of loan being agreed to in the first place and clients only realizing the implications afterwards. Moving forward, it will be crucial for AMB to understand why young people are withdrawing from the programme.
- **Poverty index:** AMB's initial PPI data also suggest that almost 30 per cent of women for which data are available ($N = 268$) have seen a negative change occur in terms of their poverty situation during the loan period. For men, this percentage reaches 35 per cent ($N = 48$). While this could be due to a number of factors, such as social and political instability, a deeper analysis would help AMB better understand these results. For instance, by looking into the type of loans given to youth clients for whom a negative change has been observed, AMB could better align loan product characteristics with client needs. Early results also show that relatively more women

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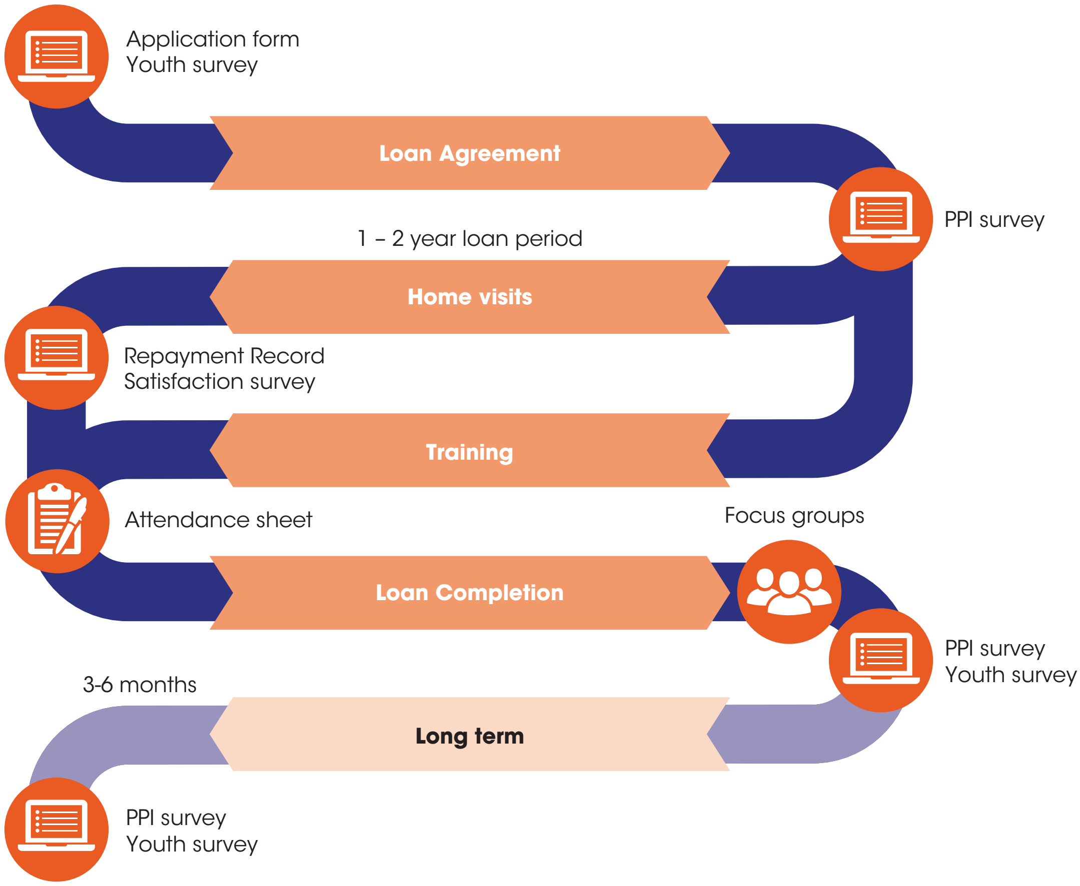
FIGURE 2. **Overview of the data collection workflow of AMB's M&E system**



are experiencing a positive change than men (50 vs. 38 per cent) in terms of their poverty situation, indicating that gender dynamics may influence the effectiveness of the youth loans in Yemen.

Lessons learned

Keep it simple

In designing an M&E system, it is important to ensure that it is aligned with the capacity of the organization to maintain it. A limited number of simple data collection tools and indicators are normally enough to start an effective M&E system. Once the system is running, other tools and indicators can be added. AMB's original M&E plan included over 50 indicators and 10 data collection instruments. In the end, AMB cut its indicators down to 20 and discarded plans for video focus groups and an exit survey. Data collection tools such as the loan application form have been adjusted to allow for higher-quality data to be collected from already existing tools and technological solutions such as the use of tablets are being introduced to reduce time and error.

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Put in place follow-up procedures

Following up with beneficiaries after their loan has been repaid is the only way to determine if medium- or long-term outcomes have been achieved. However, this proved challenging for AMB as it faced many competing business priorities. Moreover, beneficiaries can be hard to track in Yemen as they often live in hard-to-reach rural communities and are highly mobile. Options to make follow-up easier include:

1. Constantly update contact databases. To save time and expand reach, tracing exercises can be conducted using bulk SMS messaging.

2. Offer a small incentive (e.g., free phone credit) to youth who fill out a survey.

3. Hire a professional data collection firm which can help you trace contacts and provide advice on survey design and methodology, data collection and analysis.

Ensure buy-in from implementing organization

In AMB's case, the call for M&E reform was a top-down initiative, and securing buy-in from senior management was key before any changes could take place. Part of that buy-in was incentivized by the opportunity for funding and external partnerships. However, AMB's ability to absorb M&E changes was largely due to the personal commitment of AMB's CEO, who himself attended Taqeem Clinics and pushed for changes to AMB's approach to M&E.

On the other hand, the introduction of M&E into AMB created a new set of processes, resource demands and competing interests, increasing resistance among many front-line employees at AMB. Loan officers are at the front line of data collection, which increased their workload. The newly formed research and development unit is responsible for the M&E system, but they face a lack of human and financial resources needed to accomplish the ambitious plans. A consultative process across departments has been initiated within AMB to discuss the implementation of new M&E tools and help increase ownership among staff. Continuous capacity building and support for staff will be needed to anchor M&E within the organization. AMB also plans to highlight the achievements of its departments and thereby increase the perceived value of supporting M&E across the organization.

Next steps

Impact evaluation

The Taqeem initiative has allowed AMB to build a stronger M&E system while also learning about impact evaluation. In turn, AMB, in partnership with Georgetown University and Silatech, initiated an impact evaluation of the Youth Loan programme in late 2013. The study seeks to assess the impact of youth-oriented microcredit on poverty, business growth, market behaviour, and financial risk of participants. The evaluation uses a randomized controlled trial approach to examine the impact of participation in the programme on (i) employment and economic opportunity; (ii) income and consumption; and (iii) vulnerabilities. The impact evaluation is financed by the Qatar National Research Foundation.

Database development

AMB's MIS system will receive an upgrade to further refine the database to accommodate M&E survey data collection. The design of the follow-up survey is being finalized, as are the questionnaires for the satisfaction surveys. Loan officers will also start to pilot the use of tablets to collect data during the visits with the client. Data input will be synchronized with the database.

Using the results

Given its interest in scaling-up and increasing the capital of the Fund, AMB intends to further enhance the use of its findings from M&E activities. This includes stronger outreach to better communicate the project's outcomes through targeted reporting to donors, presentations of results in public events, and highlighting findings in AMB's newsletters, annual reports, and website. Moreover, AMB seeks to improve programme delivery by assessing the performance of each area of the process. To this end, findings will be shared and discussed in monthly senior management meetings, and all AMB employees will have access to the database in order to strengthen the awareness of programme performance.

Continued capacity-building

AMB's research and development team have participated in three Taqeem Evaluation Clinics where they have learned basic theory on M&E and impact evaluation. In the future, AMB will continue to build the M&E capacity of its research and development unit including by participating in trainings on impact evaluation.

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