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Measuring the Fight Against Global Poverty: 10 Years Later

Now 193 nations have agreed to the [Sustainable Development Goal of ending extreme poverty](#) by 2030. But to end poverty, you first have to be able to measure it. The Progress out of Poverty Index® (PPI®) is a unique tool developed for that purpose ten years ago. Now, the PPI makes a move that further augments its value to the global development community.

Innovation is at the core of PPI, and no less so today than when it was first launched by Grameen Foundation in 2006. The new changes, as [announced today](#), are two-fold. The Progress out of Poverty Index® (PPI®) has moved from its home at Grameen Foundation to Innovations for Poverty Action, and an alliance of organizations has been formed to support this important household poverty measurement tool into the future.

The Progress out of Poverty Index® (PPI®) was born out of a very practical need. In 2004, Grameen Foundation had just begun a five-year strategic plan to reach five million new clients with microfinance through its partners, and to ensure that half of those clients crossed the poverty line, by 2008. My colleague at the time, Nigel Biggar, was charged with determining how to measure progress against that poverty goal. Though there were other industry discussions about reaching the poor and moving people out of poverty (inspired, in part, by efforts of the [Microcredit Summit Campaign](#)), little was being done to ensure we had appropriate data to assess whether poorer households were even being reached—much less progressing on the path out of poverty.

Grameen Foundation partnered with [Mark Schreiner](#) to translate his work in credit scoring into a simple, practical, cost-effective poverty scorecard that made it easy to collect data about microfinance clients, and released the first PPI in 2006. From the beginning, our vision of the PPI went beyond reporting client poverty data. We wanted to give managers useful data to make meaningful strategic and operational decisions about their services for poor clients, like which products were most appealing to poorer clients or which client targeting practices were most effective.

With the support of donors including Ford Foundation, [CGAP](#), [Michael & Susan Dell Foundation](#), [Cisco Foundation](#), [Moody's Foundation](#), and [Cordaid](#), and the many early adopters of the PPI, we refined the tool over the ensuing years to meet a significant need in the international development market. Its use helped to dramatically change the conversations around social performance and impact in the international development sector.

In the past decade, the industry has moved from thinking about and reporting impact as simply the number of clients reached to using sophisticated monitoring and evaluation frameworks to distinguish between outputs, outcomes and impact. In this regard, the simplicity and practicality of the PPI helped pave the way for the notion that practitioners (NGOs, MFIs, social enterprises) need tools and practices to help them collect data from customers that enabled them to manage their social performance and create value for their organization and its clients. One example is Acumen, which uses the PPI in its [‘Lean Data’](#) initiative, applying lean experimentation principles to the collection and use of social performance data.

As our industry has matured, [Innovations for Poverty Action](#) (IPA) has been a lead voice in championing and guiding a more rigorous approach to measuring and understanding the impact of development programs. IPA has been at the forefront of the evidence-based policy movement, centered around measuring outcomes - how much a program moves the needle on changing individual people’s lives. Working on these questions in 51 countries, they’ve become a leading expert in the methodologies needed to answer these sorts of questions reliably.

That’s why we’re thrilled to join forces with IPA to launch a new model for managing the PPI. The new model creates the [PPI Alliance](#), a collective governance and funding structure, and designates IPA as the new organizational home for PPI. Members of the PPI Alliance include leading international development organizations and funders who value the simplicity and practicality of the PPI for measuring household poverty.

As the PPI’s director, I am inspired by the enthusiasm of our users and their stories of how the tool has helped their organization improve their outreach and services for poor households. Recently, Kuria Wanjau, Savings Group Project Manager at [FSD Kenya](#), told me: “Before using PPI, we couldn’t tell the poverty profile of those we were reaching with savings groups. [After we started using the PPI](#), we were able to tell who we were reaching and were surprised that we weren’t reaching the very poor. This knowledge helped us to design the next phase of the project differently in order to reach poorer members. The PPI has been a useful monitoring tool. It has helped validate the level of success in pro-poor outreach. We are using the PPI data for project design, monitoring, and reporting.”

PPI users can rest assured that access to scorecards, related documentation, and learning materials on the [PPI website](#) will not change significantly. A primary objective in developing the PPI’s new business model was to maintain the tool as a public good, thus freely accessible to any organization interested in measuring household-level poverty. PPI users can also expect timely updating of the scorecards, and over time, more services related to PPI implementation and analysis will be available. For answers to other questions you may have, check our [FAQ](#).

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