Innovations Against Poverty

Social Impact Measurement Insights of the 1st Investment Round of Phase II

February 2021

Social Impact Measurement for IAP Phase II Overview

Innovations Against Poverty Phase 2 is an enterprise challenge fund with the mandate to identify and support innovative inclusive businesses that benefit people living in poverty and generate commercial returns to become self-sustaining. The fund is focused on the sectors agriculture and food, energy, and WaSH in Cambodia, Ethiopia, Uganda and Zambia. IAP is funded by Sida, the Swedish International Development Cooperation Agency, and managed by SNV Netherlands Development Organisation in partnership with BoP Innovation Center and Inclusive Business Sweden.

An introduction to the social impact measurement for IAP Phase II and to the report.

Introduction to the report

This report contains data collected by 60 Decibels through our Lean Data approach with IAP investees in Cambodia, Ethiopia, Uganda, and Zambia. The objectives for IAP and the report are to:

1. **Assess effectiveness:** Validate if the approach of inclusive business support is an effective way of achieving social impact.
2. **Measure outreach to low-income people**: Understand the outreach to low-income people (LIP) to determine whether the programme can be improved to better serve intended beneficiaries.
3. **Understand depth of impact created:** Understand how customers experience the goods or services provided by investees and how it affects their quality of life.
4. **Evaluate gender impact:** Get a comprehensive picture of the gender impact of prioritised investees for measurement.

innovations against poverty

Funded by

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Project Overview

Lean Data Methodology

Lean Data projects were conducted through one-off surveys with a standardised set of customer profile, impact, and business indicators. This report includes project data and compares data across the portfolio companies selected as part of this impact measurement initiative. The customers sampled were selected randomly from each company's customer base. For IAP-level results, we used the average of company results to ensure companies included were equally weighted.

In 2020, we spoke with 1,692 customers from 6 IAP portfolio companies across 4 countries.

- As part of SNV's effort to evaluate the commercial benefits for the private sector and developmental benefits for low-income people for companies participating in IAP Phase II, SNV commissioned 60 Decibels to evaluate the impact results of selected portfolio companies.
- Participating companies were selected by the IAP team and introduced to 60 Decibels.
- This report presents the results of the research carried out by 60 Decibels on the impact and experience of customers who purchased products and services from 6 companies: AMK, Medeem, Shayashone, WANA Energy Solutions, WE Venture, and Yellow Star. In addition, we have included results from a Lean Data project with IAP investee company Winsol in 2019, funded by the World Bank.
- Over three months (October to December 2020), the 60 Decibels team conducted 1,692 interviews with customers from 6 IAP portfolio companies; 1,748 interviews including Winsol. We have aggregated all the data collected on these customers to present the insights here. In addition, we have conducted segmented analysis by gender of customer; we have highlighted where there were any differences throughout this report. Therefore, if we haven't commented on differences, it will be because there were not significant differences observed here.

Participating Companies

We completed projects with 6 companies in 2020 while one project with Winsol, funded by World Bank, was completed in 2019.

On average, projects were completed in 10 weeks.

Project breakdown:

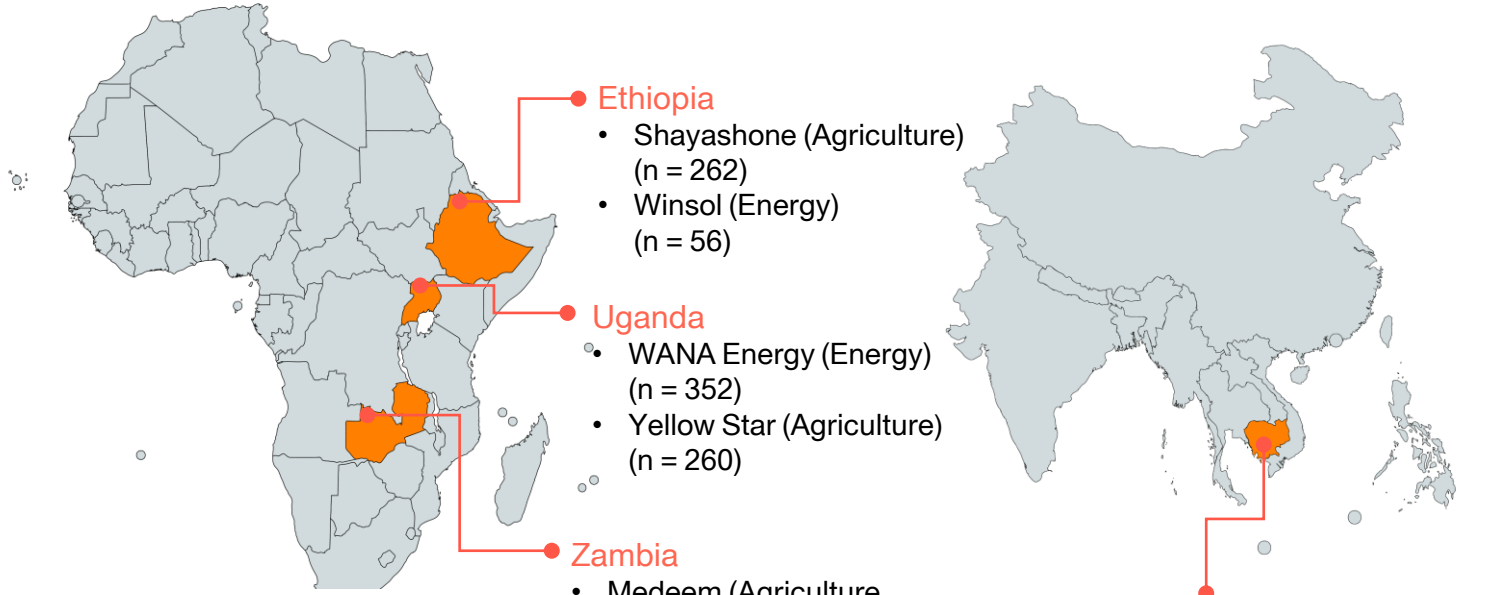
> Method: 100% phone interviews

> Languages: English, Khmer, Bemba, Chewa, Nyanja, Luganda, Amharic, Oromo, Luo

> Average survey length: 21 minutes

> Average Response Rate: 76%

An analysis of impact performance across 7 companies, based on feedback direct from customers.



Who Did We Speak To?

Here are the details of the customers we spoke to from each of the 7 companies.

AMK (n = 271)

Random sample of 901 AMK customers from full database of 20,190 customers

We spoke to customers who used the Tonlesap Application to better understand their experience.

Medeem (n = 286)

Random sample of 786 of Medeem's registered customers.

We spoke to customers who had acquired their ParcelCert to understand the impact of the certificate.

Shayashone (n = 262)

Random sample of 471 Shayashone farmers who attended the company's product demo event.

We spoke to customers who used PICS bags – an agricultural storage bag.

WANA Energy (n = 352)

We drew a random sample of the full customer database of 2,166 contacts.

We spoke to customers who used WANA's LPG and related products.

WE Venture (n = 259)

We spoke to a random sample of 549 WE Venture customers who use the company's water supply and had provided their contact details.

Winsol (n = 56)

We spoke to 56 customers who use Winsol solar home systems (SHS) – the work was funded by World Bank as part of their support to the Climate Innovation Centre (CIC) in Ethiopia.

Yellow Star (n = 260)

Random sample of all of 1,118 Yellow Star distributor and 105 supplier contacts.

We spoke to suppliers who had undergone training 2 years ago on *Farming as a Business.* We talked to distributors; entrepreneurs working for Healthy Entrepreneurs and who sell Yellow Star products.

- Agriculture
- Energy
- ICT
- WASH

IAP Portfolio Performance Snapshot

IAP portfolio companies are providing customers access to products and services not accessed before. There is an opportunity to be further reaching low-income customers and to increase issue resolution.

Inclusivity Ratio

0.59

degree of reaching low-income customers

Gender

31%

are female

Impact

43%

quality of life ‘very much improved’

First Access

83%

first time accessing service provided

Net Promoter Score®

42

on a -100 to 100 scale

Challenges

21%

report challenges; 44% unresolved

Customer Effort Score

3.8

on a scale of 1 to 5

Alternatives

78%

cannot easily find a good alternative

Customer Voice

“I am very happy that my income has improved a lot. I also sell products for pregnant women and I can testify that they give birth to big babies. Also, the children that looked malnourished and are using the products, have gained weight. I am very happy about this because it is community growth.” [Yellow Star Distributor, Male]

Data Summary

IAP Performance: 1,748 customers interviewed across 7 companies in 4 countries.

Quintile Assessment compares SNV IAP’s performance with 60dB Global Benchmark of 350 companies, 50+ countries, and more than 150,000 customers.

Performance vs. 60dB Benchmark

- TOP 20%
- TOP 40%
- MIDDLE
- BOTTOM 40%
- BOTTOM 20%

You can click on the center of the benchmark bubbles to go to the detailed information on this indicator.

Top Portfolio Insights

Companies are bringing low-income households access to new products and services. There are opportunities to share lessons across the portfolio, and from customers that have offered suggestions for improvement.

Headline	Detail
The IAP portfolio is performing well across social and operational impact metrics.	The Innovations Against Poverty portfolio average is at par with the 60dB Global benchmark on six key social and operational performance metrics. 83% of customers served by portfolio companies report accessing a product or service for the first time and 78% say they cannot easily find a good alternative. 92% of customers across the portfolio have seen an improvement in their quality of life, and customer satisfaction is good with a portfolio Net Promoter Score of 42. Outcomes for men and women were relatively similar across satisfaction and improved quality of life. An idea: NPS varied from 4 to 83 across the portfolio. What learning can be shared across the companies?
The agriculture sector companies are outperforming those in energy, WASH and ICT.	Agriculture companies – Medeem (Zambia), Shayashone (Eithopia), Yellow Star (Uganda) - are outperforming companies in other sectors. Their customer base is also the most inclusive of the poorest in the countries. Food for thought: Are some sectors inherently more likely to be providing products and services that better serve low-income families?
Customer challenge rates are an area to focus on.	21% of customers interviewed have experienced a challenge using the IAP portfolio companies' products and services, with 44% not having had these issues resolved. Customers' top suggestions for improvement mirrored the challenges they faced, which varied by company and sector. Even so, the average Customer Effort Score is 3.8 out of 5 showing that customers are reasonably satisfied with how companies are handling their issues. Next step: We encouraged companies to call back customers who have complaints or unresolved issues to find out more, demonstrate they care, and aim to resolve or fix the challenge.

Customer Profile: Demographics

The typical customer of the IAP portfolio companies we interviewed is male; aged 41, living in a household of 6.

We asked a number of questions to understand the typical customer household that IAP's companies are reaching.

The characteristics of the average customer are summarised on the right.

Demographic Information of IAP Portfolio Customers Interviewed

Average data relating to customer characteristics (n = 1,748 customers)

	AMK (n = 262)	Medeem (n = 286)	Shayashone (n = 262)	WANA Energy (n = 352)	WE Venture (n = 259)	Winsol (n = 56)	Yellow Star (n = 260)	IAP (n = 1,753)
Age (in years)	34	48	41	38	42	37	43	**41**
Female (%)	13	31	3	46	54	9	63	**31**
Education (above secondary %)	100	95	85	100	83	41	92	**85**
Household Size	4.8	6.5	6.8	5.2	5.1	4.5	7.7	**5.8**
Male Head of Household (%)	93	80	98	86	77	-	90	**86**

Poverty Profile

On average, the companies in the IAP portfolio are serving a slightly wealthier customer base than the populations of the countries they're operating in.

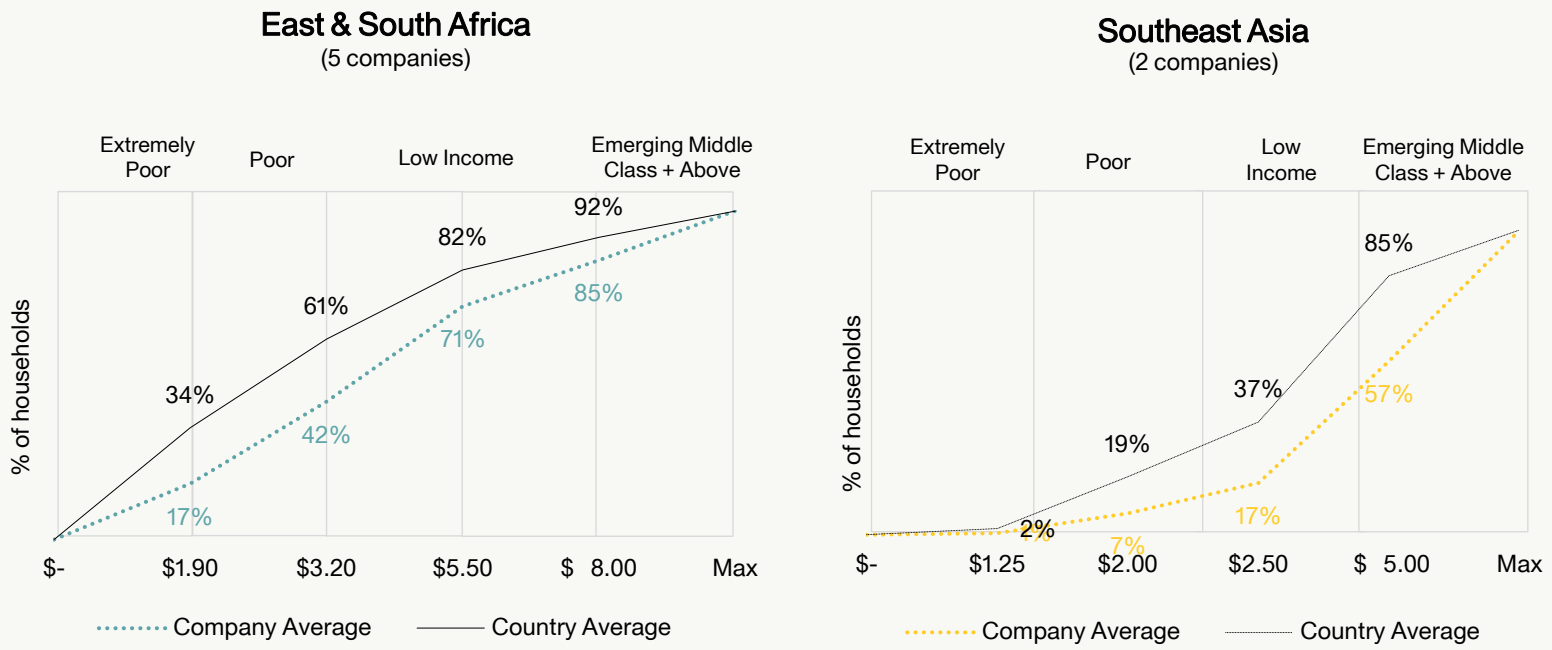
Using the Poverty Probability Index®, we can measure the income profile of customers and compare it to the country's average. This reveals whether a company is under- or over-penetrating a certain income segment. One can think of it as a way of gauging company 'inclusivity'.

We compared the poverty profile of the companies' customers to the population of the countries they were operating in.

42% of IAP portfolio companies' customers we interviewed in East & South Africa live below the poverty line of $3.20 per person per day compared to the average population rate of 61%. IAP portfolio companies we worked with in Cambodia show similar results. Data on the $8 income line is not available in Cambodia.

Income Distribution of companies Relative to Portfolio Country Average

% living below $xx per day (2011), (n = 1,578)



Percentages are cumulative, adding up to 100% when intersecting the max. y-axis

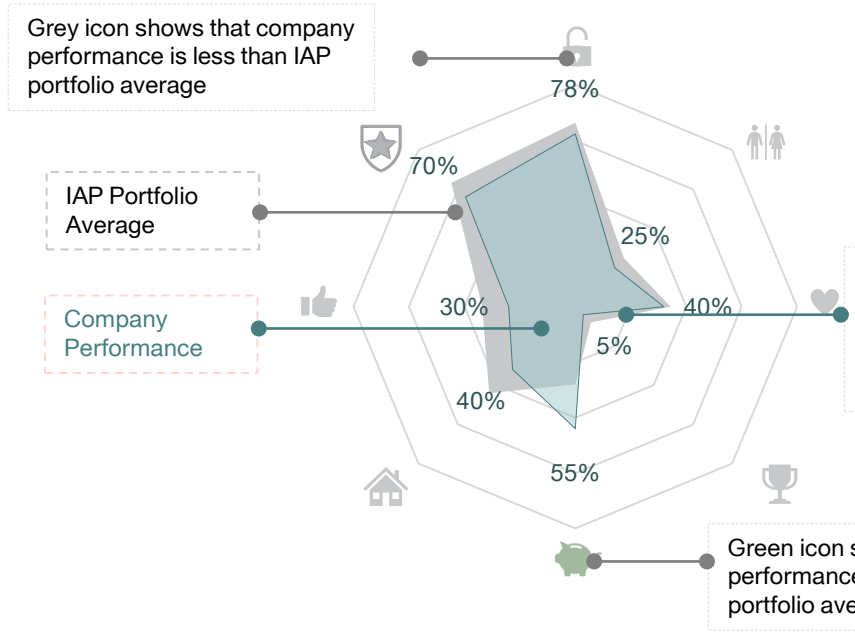
Portfolio Comparison

The selected indicators cover comparable aspects of the companies' performance and impact on customers based on IAP's objectives:

- **Outreach:** Is the company providing customers first time access to a product/service? How well does it serve men and women?
- **Depth of impact:** To what extent are customers reporting improvements in overall quality of life because of the company? What is the impact on productive use, household income and decision-making?
- **Satisfaction:** How likely are customers to recommend the company to someone? Did they experience any challenge using the product or service?

In line with IAP's objectives, we selected eight indicators to visualise the performance of the IAP portfolio companies.

Guide on How to Read Spider Charts



Key

- **First Access** — % accessing services for first time
- **Quality of Life** — % 'very much improved'
- **Income Earned** — % 'very much increased'
- **Net Promoter Score** — Customer satisfaction/loyalty
- **Gender** — % of females
- **Productive Use (Income Generation)** — % reported 'Yes'
- **Household Decision-making** — % 'very much increased'
- **Ease of Use** — % experienced 'no' challenges

Gender Insights

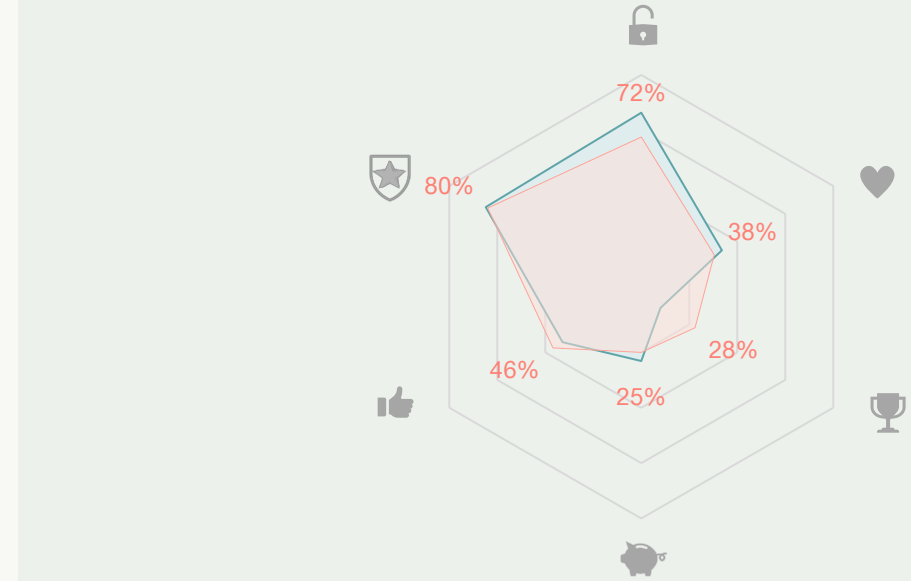
Male and female customers experienced broadly similar impact.

We wanted to understand if customer experience differed based on gender.

The impact on both men and women was relatively comparable across satisfaction and improved quality of life. Female customers were found to be significantly ahead (28%) of male customers (10%) on productive use.

Impact on Customers By Gender

(n = 1,670)



Key

First Access
% accessing services for first time

Productive Use (Income Generation)
% reported 'Yes'

Net Promoter Score
Customer satisfaction/loyalty

Quality of Life
% 'very much improved'

Income Earned
% 'very much increased'

Ease of Use
% experienced 'no' challenges

Calculations & Definitions

For those who like to geek out, here's a summary of some of the calculations we used in this deck.

Metric	Calculation
Net Promoter Score®	The Net Promoter Score is a common gauge of customer loyalty. It is measured through asking customers to rate their likelihood to recommend your service to a friend on a scale of 0 to 10, where 0 is least likely and 10 is most likely. The NPS is the % of customers rating 9 or 10 out of 10 ('Promoters') minus the % of customers rating 0 to 6 out of 10 ('Detractors'). Those rating 7 or 8 are considered 'Passives'.
Inclusivity Ratio	The Inclusivity Ratio is a metric developed by 60 Decibels to estimate the degree to which an enterprise is reaching less well-off customers. It is calculated by taking the average of Company % / National %, at the $1.90, $3.20 & $5.50 lines for low-middle income countries, or at the $3.20, $5.50 and $11 lines for middle income countries. The formula is: $\sum_{x=1}^{3} \frac{([Company]\ Poverty\ Line\ \$x)}{(Country\ Poverty\ Line\ \$x)} / 3$
Customer Effort Score	How easy do you make it for your customers to resolve their issues? This measure captures the aftersales care and customer service. Customers who have experienced a challenge are asked to what extent they agree with the statement: Do you agree or disagree with statement: Overall, [Company] made it easy for me to handle my issue : disagree (1), somewhat disagree (2), neither agree or disagree (3), somewhat agree (4), agree (5). The CES is the average score between 1 and 5. It is an important driver of uptake, adoption, and referrals, as well as of impact.

Indicator Glossary (1/2)

The indicators are designed so that a higher score is a more positive impact score. 100% is the best a company could achieve from a social impact perspective.

Ease of use
The percent of Customers who have not experienced challenges with the product/service. (Options: 'Yes', 'Maybe', 'No', 'Not sure')

First access
The percent of Customers saying they did not own or have access to the relevant product/service before their engagement with the company. (Options: 'Yes', 'No')

Income Inclusivity
We compare the poverty levels of customers to national poverty lines in the countries they are working in. This allows us to assess how representative the company is in comparison to the market they are operating in. $\sum_{x=1}^{3} \frac{(\textit{Grantee Poverty Line } \$x)}{(\textit{Country Poverty Line } \$x)} \; / \; \mathbf{3}$, where x= 1, 2 and 3 are $1.90, $3.20 and $5.50 respectively for East and South Africa and $1.25, $2, $2.5 and $5 for Southeast Asia.

Customer Effort Score
The Customer Effort Score (CES) indicates how easy customers feel it is to get an issue handled through the company (Options 'Disagree', 'Somewhat Disagree', 'Neither Agree nor Disagree', 'Somewhat Agree', 'Agree').

Indicator Glossary (2/2)

Net Promoter Score®
The NPS is used the world over to gauge customer satisfaction and loyalty. NPS is measured through asking customers to rate their likelihood to recommend a product or service to friends or family on a scale of 0 to 10, where 0 is least likely and 10 is most likely. The NPS is the percent of customers rating 9 or 10 out of 10 ('Promoters') minus the percent of customers rating 0 to 6 out of 10 ('Detractors'). Those rating 7 or 8 are 'Passives'. The score can be anything from -100 to 100.

No access to alternatives
This indicator looks at awareness of and access to alternatives in the market and gives us an idea of how critical the company is for providing access. This is measured through % of customers saying they could not easily find an alternative to the product or service. (Options: 'Yes', 'Maybe', 'No', 'Not sure').

Poverty reach
The percent of customers living below different poverty lines. We use the Poverty Probability Index® (PPI), a standardized tool developed by Grameen Foundation, now housed at Innovations for Poverty Action. The PPI identifies the likelihood of customers living at different internationally recognized income levels. We use the World Bank relative poverty line of $3.20 per day and the extreme poverty line at $1.90 per day, using 2011 PPP.

Quality of Life
The percent of customers saying their quality of life has improved because of a product or service. For benchmarking, we look at those saying their quality of life has 'very much improved' i.e. a meaningful change. (Other options: 'got much worse', 'got slightly worse', 'no change', 'slightly improved')

Thank You For Working With Us!

Let's do it again sometime.

About 60 Decibels

60 Decibels is a global, tech-enabled impact measurement company that brings speed and repeatability to social impact measurement and customer insights. We provide genuine benchmarks of impact performance, enabling organizations to understand impact relative to peers and set performance targets.

We have a network of 750+ researchers in 50+ countries and have worked with more than 350 of the world's leading impact investors, companies, foundations, corporations, NGOs, and public sector organizations. 60 Decibels makes it easy to listen to the people who matter most.

We are proud to be a Climate Positive company.

60 Decibels has offices in London, Nairobi, New York, and Bengaluru. To learn more, visit 60decibels.com.

Acknowledgements

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I have been able to pay school fees for my children.
My land is secure and I have no worries anymore.
LPG made my cooking easy.

When I need to
buy things

>I
>can
>buy
>from
>the
>app

I don’t need to spend lots
of time as before.

Kat Harrison
kat@60decibels.com

Katie Mountain
katie.mountain@60decibels.com

Ayushi Srivastava
ayushi@60decibels.com