Applying the basic needs methodology for developing a poverty index, the Basic Needs Survey

• Results

Farmers. Products with outreach networks directly to the villages reached a relatively poorer clientele. Extending not significantly poorer than borrowers of financial products such as PACCEM and CCA that are designed for women had the highest average loan size and the relatively best-off client households. However, quantitative and qualitative methodologies to answer three types of specific questions.

Methods

The objective of the study, carried out in February/March 2000, was to determine whether the CEE strategy improves the depth of outreach of the Kafo Jiginew and Nyèsigiso credit union networks. The study also examined the obstacles to membership that may deter the poor from participating. The study employed a variety of quantitative and qualitative methodologies to answer three types of specific questions.

- A basic needs survey methodology was used to answer the question: Is CEE better at reaching relatively poorer households than the credit unions’ other financial products? With this method, a poverty score is assigned based on whether or not a household has been able to meet a series of “basic needs.” Definition of the basic needs comes from the survey respondents themselves. Only those items or conditions, which at least 50% of the sample believes every household should have, are included in the poverty index. One urban and one rural credit union for Nyèsigiso (Ségou area) and two rural credit unions for Kafo Jiginew (Koutiala area) were included in the study. In total, 498 clients were randomly selected from five financial products for Nyèsigiso and three financial products for Kafo Jiginew.

- A wealth-ranking exercise was undertaken in nine rural communities from both networks to answer the question: What proportion of the CEE clients come from the relatively poorer versus the relatively better-off households? Using this approach, local informants were invited to define poverty in their own terms and then use this poverty perception to rank all households of the community according to their wealth status.

- Focus-group discussions were held with CEE members and nonmembers, all from households identified as among the poorest in the community, to answer the following questions: What obstacles prevent women from the relatively poorest households from joining CEE? Why is it that some women are able to overcome these obstacles and join CEE even though they come from the relatively poorest households? In total, 18 focus groups with approximately six women each were facilitated in the same nine communities.

Results

Basic Needs Survey

Applying the basic needs methodology for developing a poverty index, the CEE clients were the relatively poorest client category for both credit union networks. It appeared that CEE improved Nyèsigiso and Kafo Jiginew’s outreach to a significantly poorer clientele as compared to their regular credit union members. Also, CEE clients were significantly poorer than the clients of financial products such as AFCRED that cater to a predominantly urban female clientele. Of the five financial products included in the Nyèsigiso sample, the AFCRED individual loans for women had the highest average loan size and the relatively best-off client households. However, CEE clients were not significantly poorer than borrowers of financial products such as PACCEM and CCA that are designed for farmers. Products with outreach networks directly to the villages reached a relatively poorer clientele. Extending
the credit unions’ services beyond the towns and large villages in which the branches are typically located was more
important than loan terms or even preferentially lending to women in reaching a relatively poorer clientele.

**Wealth-Ranking Exercise**

In nine CEE program communities, local informants categorized all households into four relative wealth groupings:
food-secure, vulnerable to food insecurity, periodic food insecurity, and chronically food-insecure. The wealth-rank
exercise showed that *Credit with Education* is reaching its intended clientele since the majority of client households
for both networks are vulnerable to or experiencing food insecurity (87% for Nyèsigiso and 69% for Kafo Jiginew) among
whom 35% and 11% were identified as being chronically food-insecure.

One of the most striking findings from the wealth-ranking exercise was how closely the wealth distribution of CEE
members mirrors the overall wealth distribution in the communities in general. In the absence of specific screening
mechanisms, the wealth-ranking exercise showed that a cross-section of socioeconomic groups will participate in the
CEE program. The relative wealth of the clients will closely mimic the distribution of wealth in the community at
large indicating a strong relationship between prevalence of poverty and depth of outreach. For example, more of
the Nyèsigiso CEE households were chronically food-insecure than Kafo Jiginew CEE households, in large part
because, in general, more of the households in the Nyèsigiso communities had been classified that way. Despite
the program terms, a certain number of women from better-off households will join CEE (31% for Kafo Jiginew and
13% for Nyèsigiso). For Kafo Jiginew, some bias is evident in CEE membership toward the food-secure category
and away from the two poorest categories. Still, this bias is relatively minor and the representation of each wealth
category among CEE households is never more or less than 10 percent of what it is in the population at large.

**Focus-Group Discussions with Women from the Poorest Households**

Focus-group discussions were organized with women from households identified by the wealth-ranking exercise as
among the poorest third in the community. Separate discussions were held with members and nonmembers. The
majority of these women believed that the program was designed for the poor. The discussions revealed little to no
evidence of the poorer women being systematically excluded either by better-off members or by program
representatives. However, some poor women were self-excluding themselves and chose not to join out of fear for
their already precarious economic situations. They also referred to a lack of experience or a lack of means for
starting an income-generating activity, fear of tainting their reputation or the trust of others if they are unable to
repay, and the pressure to use the loan money to meet immediate consumption needs.

The poor women who had joined CEE talked about how their participation had helped them meet not only their
families’ basic needs for food, clothing and medical expenses and prepare for the marriages of children, but also
provide for the acquisition of agricultural and transportation equipment. But they also talked about how hard they
struggled to make their repayments and few described real progression in their socioeconomic status. The pressure
to repay weekly emerged as a particular burden to the women. The relatively poorest households lack alternative
sources of income, in addition to the loan activity, from which they can adequately meet their weekly loan
repayments. Likewise, the poorer members are also at particular risk if there is a sickness or death in the family.

The focus-group interviews provided insight into the type of flexing and ancillary financial services the credit unions
might offer to better reach and keep the poorest, most food-insecure clients; for example, experimenting with
lengthening the loan period and reducing the meeting and repayment frequency. Ideally, the repayment schedule
would match women’s earning cycles and capacity to repay. Repayment frequency also needs to be linked to the
economic opportunities available within villages, such as the frequency and vigor of the market.

**Conclusion**

*Credit with Education* membership has greater socioeconomic diversity than might be assumed. If no intentional
screening mechanism is used but the program is described as being “for the poor,” socioeconomic breakdown of the
members is likely to be relatively similar to the wealth distribution in the community at large. Selection of program
sites becomes very important. With no screening, there is a need to go where the poor are in the majority. Findings
call into question whether relatively poor households will make up a large portion of clientele if Credit Associations
operate in areas where much of the population is above the poverty line. This would seem to be especially true if
alternative sources of formal credit for women are limited.