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TARGETING THE POOREST:

A Solutions for the Poorest Use Case

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Targeting the Poorest: A Use Case

I. Overview

Purpose: Targeting and selection of populations based on poverty levels can be a powerful first step to achieving greater social impact in development programs. The multifaceted and contextual nature of poverty often leads to targeting processes that although accurate, are

- extremely customized for particular areas, making it difficult to compare across projects and geographies and
- very time consuming, and therefore, costly.

The targeting methodology described here aims to address both these issues in order to demonstrate a process that may be more practical to scale efforts rapidly, without significantly diluting the accuracy of the eventual outcome. It was created as part of a joint project between Grameen Foundation's Solutions for the Poorest (SfP) program and BASIX India's The Livelihood School (TLS).

The Integrated Livelihoods Model for the Poorest (ILM) aims to test the hypothesis that a single institution can provide integrated financial and livelihood development services as a holistic approach to servicing the economic needs of the poorest (defined as those living on less than $1.25 a day), while also making sound business sense for the institution. The first ILM pilot, Livelihood Pathways for the Poorest (LPP), being implemented in Bihar, India, is a collaboration between Grameen Foundation and TLS to design and test a set of products, services, and methodology in support of this aim.

Often, very poor people have been unable to build diversified, reliable income sources without access to enhanced business opportunities, the financing that allows them to utilize these opportunities, and the on-going livelihood support services necessary for the success of their business ventures. The microfinance field, moreover, still has significant service gaps in reaching very poor populations. This is partly due to not all practitioners believing that the very poor can be reached sustainably or can benefit from such services. Moreover, identifying extremely poor populations has often proved to be a time-consuming, resource-draining, and costly process.

Through the LPP pilot project, the SfP and TLS team have developed and tested a composite poverty assessment and targeting tool to facilitate the identification and selection of the poorest households in its project area. The targeting and selection process has been documented in this use case to demonstrate *one* way for institutions to identify the poorest households in rural areas and thereby increase their depth of outreach in an efficient, easily replicable, and cost-effective way. The process and tools take into account the relative nature of poverty and incorporate methods to contextualize poverty and the way it is assessed. This multilayered filtering process ensures that interventions are reaching households not only living on less than $1.25/day, but are living well below *localized* definitions of poverty.

II. Process Overview

Below is an overview of the steps for this process after the target project area is identified. Details about each step follow in section III.

Define selection criteria for poorest households using a sample group

1. Identify representative subset or sample of the target group
2. Conduct abbreviated Participatory Wealth Ranking (PWR) to identify poorest households as defined by the community (first filter).
3. Administer Progress Out of Poverty Index™ (PPI™) on Sample to Establish PPI Cut-off Score
4. Administer Household Surveys to Shortlisted Households
5. Consolidate and Analyze data and define criteria
   a. PPI Cut-Off Score (second filter)
   b. Any additional (project-specific) criteria

Output ⟹ Selection criteria for poorest households

Targeting in the project area

1. Conduct abbreviated PWR to identify poorest households as defined by the community in the remainder of the target project area.
2. Administer the PPI survey to households identified as poorest through PWR.
3. If a household scores at or below the PPI cut-off score, administer the Household Survey to capture data related to selection criteria defined in step A.
4. Consolidate this data with the data collected from the target subset and screen household data against selection criteria.

Output ⟹ Identification of poorest households in a target area

III. Targeting Process in Detail

A. Define selection criteria for poorest households

Figure 1 – Selection Criteria Process

The first step goes through several processes in order to define selection criteria that will ultimately be used to identify households for inclusion in the project. The steps are outlined below.

Identify representative subset of the target group

The representative subset or sample of households in the target area should be large enough for the user to confidently obtain statistically valid, localized information to define selection criteria for poorest households. In the case of the LPP pilot which targets 200 households from 10 villages, two villages were selected as a representative subset from which 46 households were surveyed to develop selection criteria. Alternatively, sampling a certain percentage of the households in each village will provide a more representative sample.

Participatory Wealth Ranking (PWR)

Participatory Wealth Ranking (PWR) is the first step for targeting extremely poor households in a project or research area. The participatory nature of this tool allows practitioners to engage with the community and key local stakeholders to define poverty and understand its relativity in the local context. The output of the PWR exercise is a shortlist of households considered most poor in relation to the rest of the community. It is used as the first filter in the targeting process to identify a sample of households on which to conduct the subsequent steps.[1]

Several methodologies for PWR have been established. While many methodologies are suitable for this exercise, the primary caveat is to ensure consistent use of a particular methodology in the target area and in both the first and second steps in this process.[2]

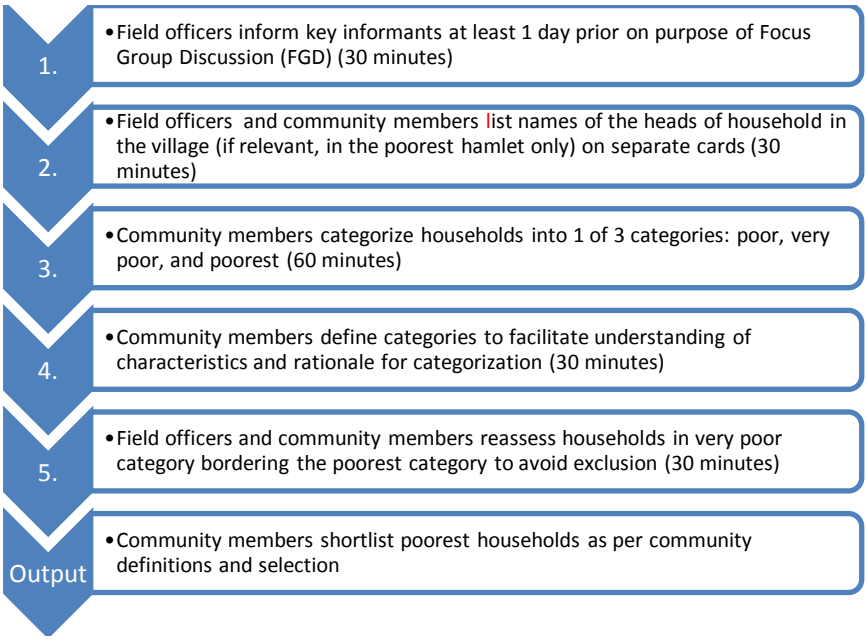
Typically, PWR is initiated by a community-wide meeting convened by the research team. After defining poverty in the local context, participants then establish criteria for each category in a pre-defined continuum, typically comprised of three to five categories e.g., very poor, poor, better off OR very poor, poor, self-sufficient, well off, and very well off. Participants then map the households in the village and

[1] Feulefack, J.F. and Zeller, M., "How Accurate is Poverty Wealth Ranking (PWR) in Targeting the Poor? A Case study from Bangladesh," October 2005.
[2] CGAP and Microfinance Gateway, "Participatory Wealth Ranking (PWR)," http://www.microfinancegateway.org/p/site/m/template.rc/1.11.48260/1.26.9234/p/site/m/template.rc/1.11.48260/1.26.10538/.

fill a card with the name and any other critical information for each household. Community members are then divided into three reference groups. Each household is categorized along a pre-defined continuum The results of the ranking done by the three reference groups are cross-checked and scored. The output is a ranked shortlist of the poorest households as defined by the community as a whole.

The average duration of a PWR exercise is three days. Given the potentially large population size of rural villages and the need to effectively target poorest households in a time-efficient manner, two abbreviated PWR methodologies were tested in the LPP pilot project, keeping in mind the potential for scaling up and replication. These are described in Appendix A. Figure 2 below illustrates the recommended abridged PWR process based on the LPP experience. The total duration for this exercise is approximately 3 hours.

Figure 2 - Summary of Abbreviated PWR Methodology



The output of the PWR exercise is a shortlist of poorest households as defined by the community. While this is the first filter in the overall targeting process, conducting it at this stage provides researchers a list of households that are relatively considered the most poor – and whom will help define the other selection criteria for the project. Realizing the limitations of utilizing any single tool to confidently target the extreme poor, the use case draws on two additional screening tools which, used together, ensure that poverty assessment is contextualized, while remaining statistically sound.

Administer Progress Out of Poverty Index™ (PPI™) on Sample to Establish PPI Cut-off Score

The Progress Out of Poverty Index™ (PPI™), developed by the Grameen Foundation, serves as the second layer of filtering in the targeting process. PPI is a statistical tool used to estimate the likelihood that an individual household falls below the national poverty line, the $1/Day/PPP and $2/Day/PPP international benchmarks. The PPI uses 10 simple indicators that field workers can quickly collect and verify. Scores can be computed by hand on paper in real time. With 90% confidence, most PPIs are accurate within +/- 2% for groups and +/- 10% for individuals.

PPI indicators are derived from the most recent national household income or expenditure survey, or the country-specific World Bank Living Standards Measurement Survey, depending on which dataset has the most complete information for each country. Indicator selection criteria include:

- Inexpensive to collect, easy to answer quickly, and simple to verify
- Liable to change over time as poverty status changes
- Strongly correlated with poverty

The responses to these 10 questions are weighted, and scores are derived such that the lowest PPI score is 0 (greatest probability of falling below the poverty line) and the highest is 100 (least probability of falling below the poverty line).

Administration of the PPI survey is a simple process that typically takes 5-10 minutes to complete per household. The questions are multiple-choice, and each response is associated with a point value. This allows for instant tallying of the points to provide a PPI score. For example, referring to Figure 3, the first question in the PPI survey asks, "Do all children ages 6 to 17 attend school?" There are five responses, each associated with different point values. If the answer is 'Yes, 3 of 4 children,' which has a point value of 10, then the field worker would circle this response and enter 10 in the score column. Once the responses and point values have been entered for all 10 questions, the points are tallied to provide the PPI score of the household. The PPI score can be matched against various poverty likelihood tables to show the probability of a given household falling below a particular poverty line, as shown in Figure 4.

Figure 3 - Sample PPI Scorecard

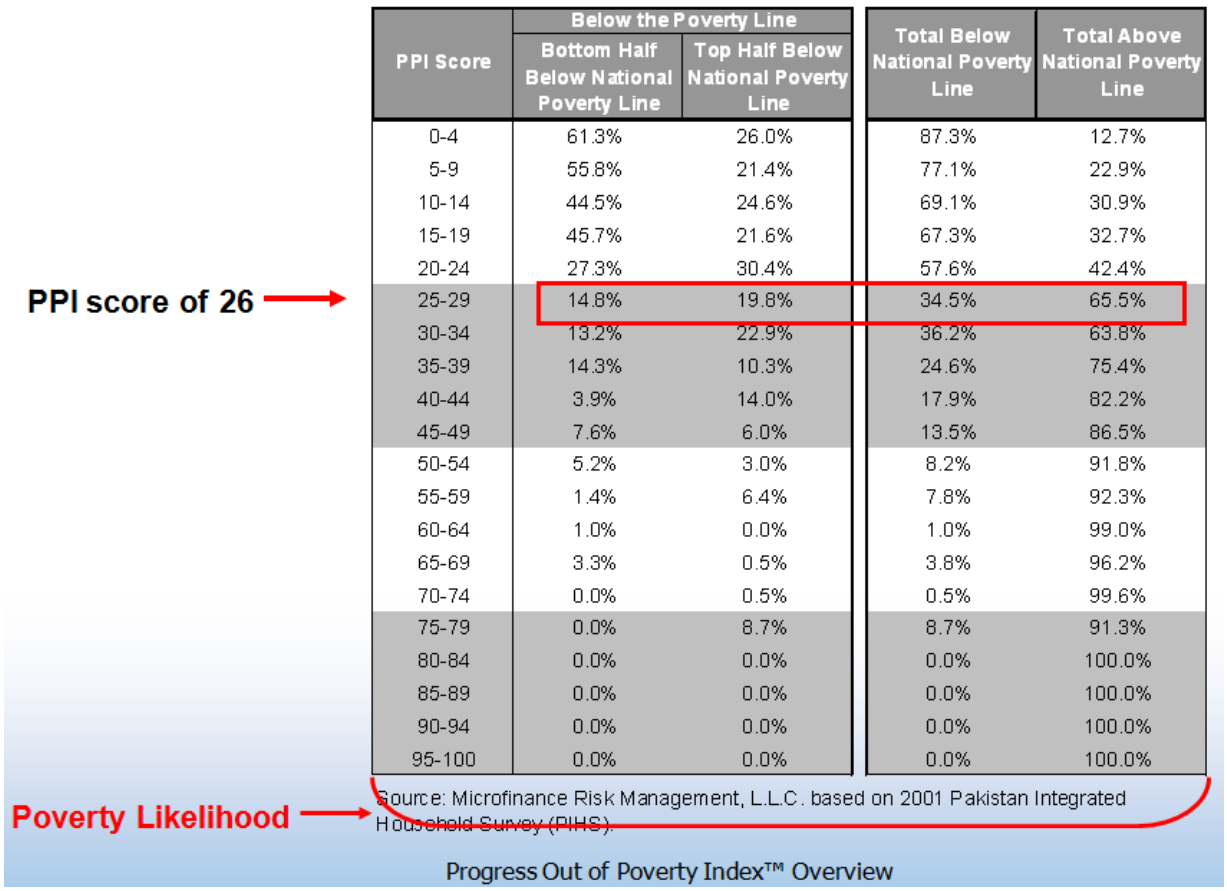
	Indicator	Response					Points
1	Do all children ages 6 to 17 attend school?	No, or 5 or more children	Yes, 3 or 4 children	Yes, 2 children	Yes, 1 child	No children	10
		0	10	15	20	23	
2	What is the household's main source of drinking water?	Hand pump, open well, closed well, pond, canal, river, stream, spring, other, or no data		Piped, motorized pump, or tube well			0
		0		5			
3	Does the household own a refrigerator or freezer?				No	Yes	0
					0	15	
4	What type of toilet is used by the household?	All others	Flush connected to pit		Flush connected to public sewerage		7
		0	7		10		
5	Does the household own a cooking stove?				No	Yes	0
					0	9	
6	How many household members have salaried employment?		None	One	Two or more		0
			0	3	9		
7	Does the household own any type of land?				No	Yes	8
					0	8	
8	Does the household own any buffaloes?	Rural, no buffalo	Urban, with or without buffalo		Rural, buffalo		1
		0	1		3		
9	Does the household own a scooter or motorcycle?				No	Yes	0
					0	11	
10	Does the household own a radio or cassette player?				No	Yes	0
					0	6	
						Total	26
						PPI Score	

In the example in Figure 3, the score of 26 does not mean the poverty likelihood is 26%. The score is applied to a simple look-up table (Figure 4) to determine the poverty likelihood level of the client – in this case, a 34.5% likelihood of being below the national poverty line.

Because the questions asked in the PPI survey are directed towards the household, irrespective of which household member is surveyed, the score or likelihood of falling below a particular poverty line will be the same. The score applies to the individual and his or her household.

In this case, the PPI survey is administered to the shortlisted households derived from the PWR exercise in order to establish a maximum PPI score, equating to a percentage probability of falling below a particular poverty line that is contextual to local poverty. This serves as a second filter in the targeting process.

Figure 4 - Poverty Likelihood



PPI Score	Below the Poverty Line		Total Below National Poverty Line	Total Above National Poverty Line
	Bottom Half Below National Poverty Line	Top Half Below National Poverty Line		
0-4	61.3%	26.0%	87.3%	12.7%
5-9	55.8%	21.4%	77.1%	22.9%
10-14	44.5%	24.6%	69.1%	30.9%
15-19	45.7%	21.6%	67.3%	32.7%
20-24	27.3%	30.4%	57.6%	42.4%
25-29	14.8%	19.8%	34.5%	65.5%
30-34	13.2%	22.9%	36.2%	63.8%
35-39	14.3%	10.3%	24.6%	75.4%
40-44	3.9%	14.0%	17.9%	82.2%
45-49	7.6%	6.0%	13.5%	86.5%
50-54	5.2%	3.0%	8.2%	91.8%
55-59	1.4%	6.4%	7.8%	92.3%
60-64	1.0%	0.0%	1.0%	99.0%
65-69	3.3%	0.5%	3.8%	96.2%
70-74	0.0%	0.5%	0.5%	99.6%
75-79	0.0%	8.7%	8.7%	91.3%
80-84	0.0%	0.0%	0.0%	100.0%
85-89	0.0%	0.0%	0.0%	100.0%
90-94	0.0%	0.0%	0.0%	100.0%
95-100	0.0%	0.0%	0.0%	100.0%

Source: Microfinance Risk Management, L.L.C. based on 2001 Pakistan Integrated Household Survey (PIHS).

Progress Out of Poverty Index™ Overview

Administer Household Survey to Shortlisted Households

While the PPI offers overall accuracy within +/-2 percentage points at the aggregate level, there is less accuracy at the individual household level. Because of this, the PPI should not be used as a standalone targeting tool – it is more effective when used in conjunction with other tools or criteria. Therefore, household demographic and economic data is collected through the household survey to supplement the PPI cut-off score with other criteria.

The household survey is developed by the user to capture both qualitative and quantitative data that can be analyzed to develop appropriate additional criteria. Appendix C provides, as an example, the household survey developed for the LPP pilot project and captures data on actual income and expenditure patterns, asset ownership, household demographics, livelihood portfolio, health, food security, housing, and cash position. As in the case of the LPP pilot, the data collected may be more exhaustive than what is required to develop the end output of this exercise-- additional selection criteria data points. However, the household level analysis facilitates a more contextual understanding of local poverty and the homogeneity or heterogeneity of extremely poor households. This analysis will allow the practitioner to cull out the key localized characteristics of extreme poverty and convert them into the remaining selection criteria.

The survey can be embedded into a baseline survey or other data collection tool already built into a monitoring and evaluation plan to measure impact, as was done in the LPP pilot, or it can serve as a standalone survey. The captured data provides a holistic snapshot of the household's economic position and is used to develop the remaining selection indicators that demonstrate a strong correlation with local poverty. These indicators are coupled with the PPI criteria and form the third and final filter for targeting extremely poor households.

The Household Survey

The household survey can be embedded into a Baseline Survey to enhance the efficiency of operations. This was done in the LPP pilot. (Please see Appendix C for a sample household survey). Data was captured on household demographics, livelihood portfolio, health, food security, asset ownership, housing, income, expenditure, and cash position. Point 2, below discusses how the remaining selection criteria were derived. [Where is this section?]

Analyze Data and Define Selection Criteria

Once the PPI and Household Surveys have been administered, collected data can be entered into a database or another data entry tool adopted by the institution to ensure robust recordkeeping and ease in filtering and analyzing data. The next step is to consolidate and analyze data to deepen the existing understanding of poverty in the target area. This analysis will result in developing the two remaining filters – a PPI cut-off score and any additional selection criteria.

1. Determining the PPI Cut-off Score

Establishing a PPI cut-off score as part of the selection criteria poses some challenges, as outlined by Mark Shreiner in the *PPI India User Guide*:

> When a program uses poverty scoring for targeting, households with scores at or below a cut-off are labeled targeted and treated as if they are below a given poverty line. Households with scores above a cut-off are non-targeted and treated as if above a given poverty line. Targeting is successful when households truly below a poverty line are targeted (inclusion) and when households truly above a poverty line are not targeted (exclusion). Of course, no scorecard is perfect, which is why the PPI cut-off is supplemented with additional indicators detailed in the next section. Targeting is unsuccessful when households truly above a poverty line are included (leakage). Targeting accuracy varies by cut-off; a higher cut-off has better inclusion (but greater leakage), while a lower cut-off has better exclusion (but higher undercoverage)[3].

To establish an optimal criterion around the PPI score, the outliers in the sample data set of PPI scores for short-listed households should be removed and the mode, or the most frequently recurring score, should be taken as the ceiling PPI score. This method, unlike taking an average score, decreases the likelihood of leakage without compromising inclusion.

For example, let's say there are 10 households in the sample group with the following PPI scores in India:

0 13 21 13 0 0 21 21 21 39

To facilitate this process, the numbers are rearranged in order of ascent. 0 and 39 appear to be the outliers in this example. Once these scores are removed, the most frequently recurring score, or the mode, is 21.

~~0 0 0~~ 13 13 21 21 21 21 ~~39~~

A score of 21 can be matched to a poverty line scorecard that accompanies the survey to assess the likelihood of a household falling below or above a particular poverty line. Using India as an example (Please see Appendix B), a score of 21 aligns with a 78.7% likelihood of falling below the $1.25/day/PPP poverty line. In this instance, a PPI score of 21 would be established as the PPI ceiling and the first selection criteria for shortlisted households. It is important to note that this ceiling is set by understanding local conditions of poverty – not by first determining what poverty likelihood the organization wants to achieve.

The LPP Experience

The Livelihood Pathways for the Poorest pilot targets 200 extremely poor households in the Bihari district of Gaya. In the initial round of PWR exercises, the project team sought to identify 40 to 50 of the poorest households in Pali and Raili villages, as a representative sample to survey and define selection criteria.

For the 46 households identified, PPI scores ranged from 0 to 31, with the three most prevalent PPI scores being '0' for 15 or 33%, '27' for 11 or 24%, and '13' for 6 or 13% of households. Initially, the team averaged the scores to define a PPI cut-off score. When this figure was derived as a score of '13,' it became apparent that many extremely poor households would be excluded from the program, leading to tremendous undercoverage. Household visits revealed the erratic livelihood patterns, severe food insecurity, and meager housing conditions characterizing very poor households.

To ensure more effective inclusion, the 0 and 31 scores were removed from the data set, and the mode derived was a PPI score of 27, which defined the PPI cut-off score for the project target area. This indicates a 21.3% likelihood of a household falling below the Indian national poverty line or a 65.2% likelihood of falling below the international $1.25/day/PPP poverty

[3] Taken directly, in segments, from Schreiner, M., "A Simple Poverty Scorecard for India," July 2008, p.48.

2. Defining Additional Selection Criteria

Because establishing a PPI cut-off means that there will be both leakage and undercoverage, the establishment of additional selection criteria helps to ensure the households selected into the program are truly the poorest based on the local context. Defining these remaining selection criteria through a household survey analysis depends not only on understanding local characteristics of poverty, but also on the institution or program's objectives and immediate versus longer-term goals. This analysis and decision needs to be taken on a case-by-case basis, as per the institution/program's objectives. Best practices, however, include:

- Understanding how local communities define poverty
- Contextualizing criteria to local definitions/characteristics of poverty and demographics
- Knowing how project objectives affect the composition of the target group
- Identifying more standardized or qualitative criteria that are characteristic of local poverty when individual data appears homogenous
- Identifying criteria that can be easily and cheaply verified, either through primary or secondary sources
- Understanding the type of heterogeneity in data, if heterogeneity is prevalent, and pair findings with existing understandings of local poverty to draw out criteria

In the LPP pilot project, based on a preliminary analysis of the collected data, the following data points were considered highly corollary to a household's income generating potential and extracted as possible selection criteria to supplement the PPI cut-off score:

- Annual earnings per household member
- Income earned per work day
- Landholding size
- Value of productive asset holding (livestock share-rearing, agriculture equipment, vehicles, etc.)
- Number of unwell dependents
- Livestock ownership

In some cases, the institution may require that households only meet a minimum ratio of requirements, especially if there is less homogeneity among the target population. Programs such as Bandhan's The Hard Core Poor (THP) and BRAC's The Ultra Poor (TUP) have each established five criteria, of which qualifying households must meet at least three. For the ILM's LPP pilot, it was initially proposed that in addition to meeting the PPI criterion, an eligible household would be required to meet three of the six criteria set around the data points above, which were defined by average figures of the data collected on the sample 46 households. Three sets of selection criteria were developed around three distinct age groups of income earning members.

A review of the proposed selection criteria was conducted through a series of discussions upon completion of the final landscaping of the target area. The review concluded with a proposal to standardize selection criteria to ensure:

i) non-exclusion of potential households solely on the basis of age and
ii) establishment of a sufficiently standardized set of criteria, supplementing the PPI, that could be applied beyond the pilot demographic for replication in poorest communities more broadly.

To do this, variance in criteria values by age group was eliminated, and the following two indicators were identified, the first being seen as highly corollary to depth of poverty in Asia, irrespective of geographic locale, and the second, contingent to the project's objectives and long-term goals.

a. Landholding

Landholding is a prominent fixed productive asset for rural populations and can be considered the most critical variable correlated with poverty in India. Four methods for calculating the criterion for selection around landholding were considered.

- The first was to take the average landholding size of the short-listed households as the ceiling, but given the nominal landholding, households that owned even a pittance of land would automatically fall above the average and be excluded.

- The second method was to take 10% of the district or state level landholding, but without a clear correlation between a 10% figure and poverty prevalence, the rationale proved unsound.

- The third method was to use the international average landholding size, which comes to .5 acres of land. However, landholding patterns vary drastically, and these values are not representative of all rural communities. Taking the international average landholding does not take into account the contextual and relational nature of poverty.

- The fourth criterion is feasible for replication, while still remaining contextual to the target area. The criterion is established on the average landholding for the bottom tenth of the population at the district or state level (whichever is more easily accessible). This figure is calculated by taking one fifth of the range of figures between 0 and the mean landholding at the state or district level. In the case of the action research, the project team considered district level data and found the mean landholding to be .75 acres. The ceiling for landholding for our target population was then determined at .15 acres.

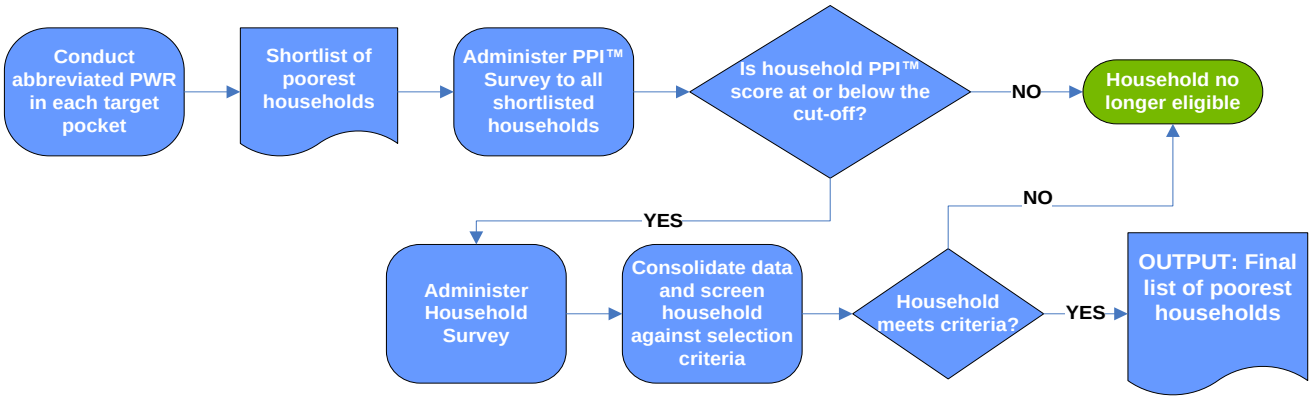
. b. Age Eligibility for subsequent MFI servicing

The ILM services poorest clients over an 18 to 24-month period with the aim of graduating them into mainstream microfinancing. While households will not be excluded solely on the basis of the age of the primary breadwinner, selection does need to take into account the ability of the household to engage in mainstream microfinance services upon graduation after the 18-24 month period. Most MFIs restrict entrance of new clients beyond a certain age. Thus, the final selection criterion requires that if the PPI and landholding criteria are met, the primary breadwinner of the household should be at least two years under the cut-off age of MFI eligibility. If the primary breadwinner's age exceeds this, then the household must include at least one other member within the productive age range of that geographic locale. This ensures that upon graduation of the program in 18-24 months, the household will still be eligible to access mainstream microfinancing for at least one loan cycle.

In the case of India, the MFI cut-off age is 60 years. If the primary breadwinner of the household exceeds the age of 58 years, his/her household is required to have at least one member within the productive age range of 18 to 55 years.

B. Targeting in the project area

Figure 5 – Targeting Process Flow



Once selection criteria have been defined, they should be applied to all households in the target project area. To simplify this, PWR is again conducted in order to reduce the number of households for whom the PPI and other selection criteria are applied.

Conduct abbreviated PWR to identify poorest households as defined by the community in the remainder of the target project area

Now that the selection criteria have been defined through the preceding steps, the filtering process can be applied to the target area beginning with PWR. The same PWR methodology used with the sample group is replicated in each of the target pockets to identify shortlists of poorest households, again, as defined by community members. (Please see Appendix A for the step-by-step approach adopted in the LPP pilot project). See discussion of PWR above.

Administer PPI™ Survey

In Phase I. Defining the Selection Criteria, the PPI was administered to a sample household group in the target area identified through poverty wealth ranking to define the PPI cut-off score. Now, administration of the PPI survey is extended to the entire project area on household-by-household basis to all shortlisted households. See detailed discussion of PPI above.

Administer Household Survey

As discussed in the previous section, the PPI score can be easily and instantly derived. If a household scores at or below the PPI cut-off score, continue with administering the household survey to capture data required to measure the household against the additional selection criteria. If the household scores above the PPI cut-off score, the household is no longer eligible to participate in the program, and hence, the household survey would not be administered to the household.

The household survey can be modified to only capture data points linked to the defined selection criteria. However, if the user decides to utilize the survey to collect baseline data, then the survey can remain in its original, comprehensive form as was done in the LPP pilot project.

Consolidate this data with the data collected from the target subset

The subset or sample group from the initial exercise includes households that may be considered poorest and hence, may be selected for inclusion into the program. Since PPI scores and household data for the sample group have already been recorded into a database or other data capturing software, in this phase also, all data about the remaining households should be recorded in the same way into the same database. This will facilitate the process of screening all surveyed households against the selection criteria.

Screen household data against selection criteria

The final step is to match the data captured for the larger shortlist of households that have passed through the first and second filters of PWR and PPI cutoff, respectively, against the remaining selection criteria to derive a final selection of target households. Households that do not meet the criteria are extracted from the list and no longer considered eligible for the program. The final output is a list of poorest households that have passed through the tri-filtered targeting process.

Screening in the LPP Project

Through a rigorous area selection process in which a set of criteria was assessed against secondary data, the Khaneta panchaayat, with a population of 30,165 or household population of 4,494 and a Below the Poverty Line (BPL) household population of 999, was identified as the poorest in the state of Bihar, one of the poorest states in India with a total population size of 100,393,433.

Through the PWR process, the project team shortlisted 302 households. Once screened against the final selection criteria, a total of 197 households were considered extremely poor and selected for inclusion into the pilot program. The total person days required to conduct this entire process was approximately 15, including provision of orientation and training to the research team. Research team members were required to have had prior experience conducting PWR or other forms of participatory rural appraisal.

IV. Conclusion

As microfinance and development institutions gradually integrate a "pro-poorest" element in their double bottom line business strategy, the critical first step is identifying who the poorest clients are. Active targeting facilitates a process for understanding localized and relative poverty. This understanding enables an institution to then measure where poorest clients start off and the impact of its interventions on poverty reduction over time. Practitioners are better informed on what indicators or proxies of poverty to monitor and over what frequency.

While there are several approaches for targeting client or beneficiary groups, the Integrated Livelihoods Model for the Poorest (ILM) demonstrates *one* way to identify the poorest households in a specific locale. Selection criteria and the filtering process are customized in an easily replicable and cost-effective way to take into account local poverty characteristics. The user's contextualized understanding of the distinction between the poor, the very poor, and the poorest facilitates inclusion of those in greatest need with minimum risk of leakage. The strength of a composite tool is the ability to triangulate and cross-check different sources of contextual information, increasing the overall confidence in its reliability.

While an institution can target clients of varying poverty levels, the products and services it offers must be customized to meet the unique needs of these clients. Poverty targeting can strengthen market research outcomes and better inform institutions on how to service different gaps through appropriately designed products and services. In the case of the Livelihood Pathways for the Poorest (LPP) pilot program, this understanding proved invaluable in executing subsequent key activities such as product and service design and identification of viable delivery mechanisms. Savings and credit products were tailored to allow for flexible repayment schedules based on income levels and seasonal livelihood patterns. Livelihood support services were extended beyond the introduction of new, low-skilled entrepreneurial activities to the enhancement of existing daily wage opportunities to help meet the household expenditure needs of today while improving income generating capacity for the future. Awareness of clients' poverty levels and needs better equipped the team to effectively enhance livelihood and business opportunities for the poorest.

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Appendix

Appendix A. PWR Process in Raili and Pali Villages

Appendix B. Progress out of Poverty Index™ (PPI™) and Category Likelihoods for India

Appendix C. Sample Household Survey

Appendix A. PWR Process in Raili and Pali Villages

Table 1 - PWR Process in Raili Village

Steps	Process	Outcome	Time taken
Step I	Inform the key informants one day prior, detailing the purpose of the Focused Group Discussion	The key informants gathered on time and the stage was set for initiating discussion	30 minutes
Step II	List head of households in the village on separate cards	Gained an overview of the 93 households in the village	30 minutes
Step III	Categorize each household into three categories – poor, very poor, and poorest: names of the head of households were called aloud and the informants discussed his/her categorization	The process facilitated the identification of poorest households as defined by the community. The informants categorized households: Poorest- 17 Very Poor- 12 Poor- 64	60 minutes
Step IV	Reassess very poor category – The very poor households were reassessed and scrutinized to further identify those borderlining very poor-poorest	A detailed analysis resulted in five of the very poor families transferred to the poorest category as per criteria	30 minutes
Step V	Learn and understand the criteria for categorization	The poverty criteria for categorization was defined by the community members	30 minutes

Table 2 – The poverty criteria for each category as defined by Raili community members:

Poor	Very Poor	Poorest
Unskilled wage labor as the only source of income	Unskilled wage labor as the only source of income	**Unskilled wage labor as the only source of income**
Able to manage regular work	Fatigued and physically not so fit	**Elderly (age > 55 years)**
Proactive in availing work	Liabilities on home front such as ill children, young children, daughters of marrying age, fighting a case against illegal work	**Diseased**
Physically fit	Insufficient physical fitness to avail work	**Unable to avail suitable work due to age**
Less liabilities on home front	**Easily cheated**	**No one to provide support**

Table 3 – PWR Process in Pali Village

Steps	Process	Outcome	Time taken
Step I	Inform key informants one day prior and detail the purpose of the Focused Group Discussion	The key informants gathered on time and the stage was set for initiating discussion	**30 minutes**
Step II	List of the head of households in Tola (hamlet) by 3 resource persons in separate lists	Gained an overview of the 215 households in the village	**90 minutes**
Step III	Pose question 'which are the poorest households in the village?'	The process resulted in categorization of widow-headed households as poorest (10)	**30 minutes**
Step IV	Rank 10 widow-headed households	These initial 10 poorest households were ranked by poverty levels	**30 minutes**
Step V	Pose question 'what does it mean to be the poorest aside from widowhood?'	The poverty criteria for poorest households was defined by the community members	**30 minutes**
Step VI	Rank households falling within criteria from each of the 3 lists	The process resulted in identifying the poorest households from 3 lists	**30 minutes**
Step VII	Consolidate three shortlists of poorest households and pose question again 'which are the poorest households?'	Shortlist of poorest households refined after discussion of their defined poverty criteria for the poorest	**10 minutes**
Step VIII	**Process of Steps III and** VI **were repeated** until a shortlist **of 25** poorest **households** was obtained	**Identified 25 poorest households in the village (or bottom** tenth**), ranked by poverty levels**	**90 minutes**

Table 4. The poverty criteria for each category as defined by Pali community members:

S.No.	Poverty Characteristics
1.	Widow headed household where full family is run by the widow.
2.	Widow who mainly beg to earn her livelihood or is depended on the mercy her daughter for her living.
3.	The household which has maximum number unmarried daughters and has single earning member in the family.
4.	Head of the family is suffering from chronic disease or underwent an accident
5.	Head of the household is though male but the family is run by the woman of the family because her husband is either mentally upset or liquor addicted
6.	The family consisting of old people.
7.	Head of the family is a widower and has more number of unmarried daughters to look after.
8.	An asset less family i.e. the family having neither livestock nor any other assets

Appendix B. Progress Out of Poverty Index™ (PPI™) and Category Likelihoods for India

Progress out of Poverty Index™ for India

Indicator	Value	Points	Score
1. How many people aged 0 to 17 are in the household?	A. Five or more	0	
	B. Four	4	
	C. Three	8	
	D. Two	13	
	E. One	20	
	F. None	27	
2. What is the household's principal occupation?	A. Labourers (agricultural, plantation, other farm), hunters, tobacco preparers and tobacco product makers, and other labourers	0	
	B. Others	8	
	C. Professionals, technicians, clerks, administrators, managers, executives, directors, supervisors, and teachers	14	
3. Is the residence all pucca (burnt bricks, stone, cement, concrete, jackboard/cement-plastered reeds, timber, tiles, galvanised tin or asbestos cement sheets)?	A. No	0	
	B. Yes	4	
4. What is the household's primary source of energy for cooking?	A. Firewood and chips, charcoal, or none	0	
	B. Others	5	
	C. LPG	17	
5. Does the household own a television?	A. No	0	
	B. Yes	6	
6. Does the household own a bicycle, scooter, or motor cycle?	A. No	0	
	B. Yes	5	
7. Does the household own an almirah/dressing table?	A. No	0	
	B. Yes	3	
8. Does the household own a sewing machine?	A. No	0	
	B. Yes	6	
9. How many pressure cookers or pressure pans does the household own?	A. None	0	
	B. One	6	
	C. Two or more	9	
10. How many electric fans does the household own?	A. None	0	
	B. One	5	
	C. Two or more	9	

Microfinance Risk Management, L.L.C., http://www.microfinance.com Total score:

Figure 6 – Poverty Category Likelihoods

Category Likelihoods according to India PPI™ Score

PPI Score	$0.75/Day/PPP Poverty Line		$1/Day/PPP Poverty Line		$1.25/Day/PPP Poverty Line	
	Total Below the $0.75/Day/PPP Line	Total Above the $0.75/Day/PPP Line	Total Below the $1/Day/PPP Line	Total Above the $1/Day/PPP Line	Total Below the $1.25/Day/PPP Line	Total Above the $1.25/Day/PPP Line
0-4	54.3%	45.7%	93.7%	6.3%	98.5%	1.5%
5-9	43.5%	56.5%	78.8%	21.2%	92.7%	7.3%
10-14	32.2%	67.8%	68.4%	31.6%	88.1%	11.9%
15-19	20.8%	79.2%	58.0%	42.0%	82.0%	18.0%
20-24	18.0%	82.0%	53.3%	46.7%	78.7%	21.3%
25-29	11.8%	88.2%	37.5%	62.5%	65.2%	34.8%
30-34	9.3%	90.7%	29.7%	70.3%	55.8%	44.2%
35-39	7.9%	92.1%	23.1%	76.9%	45.4%	54.6%
40-44	4.0%	96.0%	14.8%	85.2%	32.9%	67.1%
45-49	1.0%	99.0%	5.8%	94.2%	24.0%	76.0%
50-54	1.0%	99.0%	5.0%	95.0%	17.4%	82.6%
55-59	1.0%	99.0%	3.0%	97.0%	16.0%	84.0%
60-64	1.2%	98.8%	3.3%	96.7%	12.2%	87.8%
65-69	0.0%	100.0%	0.8%	99.2%	8.5%	91.5%
70-74	0.1%	99.9%	0.3%	99.7%	6.4%	93.6%
75-79	0.0%	100.0%	1.1%	98.9%	2.1%	97.9%
80-84	0.0%	100.0%	0.2%	99.8%	0.7%	99.3%
85-89	0.0%	100.0%	0.0%	100.0%	1.9%	98.1%
90-94	0.0%	100.0%	0.0%	100.0%	0.1%	99.9%
95-100	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%

Source: Microfinance Risk Management, L.L.C. based on Schedule 1.0, Round 62 of India's SES by NSSO

Appendix C. Sample Household Survey

Village: _____ **Hamlet:** _____
Respondent Name: _____ **Relationship to HH Head:**_____

1. Identification Details:

1. Name of Household Head:
2. Father/ Husband/Wife Name:
3. Age:
4. Caste/ Religion:
5. Women-headed/Unmarried/Deserted/Other:
6. Member of an SHG:
7. Size of Household:

Category	No. of Male	No. of Female	Total	No. of dependents	No. of earning members
Children					
Adults					
Aged					
Total					

8. Details about earning members:

Name	M/ F	Occupation	No of days of employment in an year	Income per day	Annual income

9. **Assets details**

1. House

i) Own/Rented in/Rented out/Leased in/Leased out
ii) Value of House: Rs._____

2. Land (in acres):

Own: Total acres:_____ Total Value:_____
Lease: Total acres_____

3. Water driven mechanism: Electric Motor / Diesel Engine / Country
Total Value: _____

4. Animals:

Own: Cows/buffaloes_____ Sheep/Goats _____
Bullocks_____ Others (specify)_____

Share: Cows/buffaloes_____ Sheep/Goats _____
Bullocks_____ Others (specify)_____

*Total Value:*_____
(Cows/buffaloes _____/Sheep/Goats_____
/Plough Bullocks _____Others (specify)_____)

5. Other Productive Assets:
Motorcycle _____
Bicycle _____
Agricultural equipment _____

*Total Value:*_____
(Motorcycle_____ Bicycle_____ Agriculture Equipment_____)
*Grand Value of Productive Assets*_____

16. Number of Unwell Dependents:

17. Income/Expenditure/Deficit Details (Yearly Basis)

INCOME		OUTSTANDING BORROWING		
Sources	Amount	Source	Date of borrowing	Amount

Interviewer Name: _____

Interviewer Signature: _____ **Date:** _____

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