



**FINANCIAL SERVICES ASSESSMENT**

# Market Segmentation and Outreach to the Poor: Results from Client Welfare Assessment Survey in Peru

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*Financial Services Assessment* project can be found on the web at <http://www.fsassessment.umd.edu/>

## ABOUT THE PROJECT

The *Financial Services Assessment* project is designed to examine the impact of financial services on the lives of poor people across the developing world. This project is funded by the Bill & Melinda Gates Foundation, which is committed to building a deep base of knowledge in the microfinance field. The IRIS Center at the University of Maryland, College Park, together with its partner Microfinance Opportunities, will assess a diverse range of innovations in financial services. The results of this project will shed light on the design and delivery of appropriate financial products and services for the poor, and the potential to scale up successful innovations to reach larger numbers of low-income households.



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## REPORT SERIES

This report is part of a series that will be generated by the *Financial Services Assessment* project. The reports are disseminated to a broad audience including microfinance institutions and practitioners, donors, commercial and private-sector partners, policymakers, and researchers.

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## ABSTRACT

This study, carried out by the IRIS Center during 2008-2009, conducted a Client Welfare Assessment Survey of 1,076 new clients of Pro Mujer Peru (PMP) to assess its depth of outreach by measuring client poverty. The study compares the poverty status of PMP clients with Regular, Premium and Feria loan products to understand if the products are associated with various poverty segments of client populations, and if loan products tailored to specific market segments increase the depth of outreach of PMP to poor households. The Poverty Assessment Tool, specially designed by IRIS, was the survey instrument used to measure the depth of poverty. The study found that rural clients are generally much poorer than urban clients, and that the specialized Feria loan is likely to be more effective in increasing the breadth and depth of outreach. Although PMP is still not reaching the ultra poor, for example, households living under \$1/day, there is still room for PMP to reach a poorer population in some specific urban populations.

## OTHER NOTES

All photos included here were taken by Zoe Cohen.

An exchange rate of 3 Peruvian soles to 1 US\$ was used in this report except where otherwise indicated.

In instances when the report refers to individuals, names and identifying information have been altered.

# TABLE OF CONTENTS

<b>INDICES OF FIGURES &amp; TABLES.....</b>	<b>IV</b>
<b>ACRONYMS .....</b>	<b>V</b>
<b>EXECUTIVE SUMMARY.....</b>	<b>1</b>
About PMP .....	1
<b>I. INTRODUCTION .....</b>	<b>4</b>
<b>II. OVERVIEW OF PRO MUJER, PERU .....</b>	<b>5</b>
A. Country Context .....	5
B. Loan Products from PMP.....	6
<b>III. RESEARCH DESIGN.....</b>	<b>10</b>
A. Study Locations.....	10
B. The Sample .....	10
C. Selection of Clients.....	11
D. Survey Instrument .....	12
<b>IV. STUDY RESULTS .....</b>	<b>13</b>
A. Characteristics of Sampled PMP clients.....	13
B. Poverty Levels of PMP Clients .....	15
C. Savings among the PMP Rural Clients.....	18
<b>V. SUMMARY OF MAJOR FINDINGS AND CONCLUSIONS .....</b>	<b>21</b>
<b>REFERENCES.....</b>	<b>23</b>
<b>ANNEXES .....</b>	<b>24</b>
Annex A – Tables: Characteristics of Pro Mujer Clients .....	25
Annex B – Description of Puno and Tacna (with Map).....	28
Annex C – Welfare Assessment Survey Instrument .....	30

# INDICES OF FIGURES & TABLES

Table 1: A summary of the data Collection rounds and location.....	2
Table 2: Features of Loan Products from PMP, as of May 2009 .....	6
Table 3: Sample Size for Welfare Assessment Survey .....	10
Table 4: Income Levels that Correspond with Poverty Lines in Peru (in Soles and usd) .....	12
Table 5: Number of Respondents, by Gender and loan products .....	13
Table 6: Poverty rates (by PPP\$2/day line) of PMP clients in Urban Areas, by products .....	15
Table 7: Poverty Rates under PPP\$2/day poverty line in Urban and Rural Areas (Percentage of Sample) .....	16
Table 8: Poverty Rate of rural clients of PMP at PPP\$2 / day, National poverty and median poverty lines, by products and regions .....	17
Table 9: Households Reporting With-drawable Voluntary Accounts in Formal Institutions, by Loan Product .....	18
Table 10: Poverty Rate among Respondents with Withdrawable Voluntary Savings Accounts.....	18
Table 11: Reasons for Not Having a With-drawable Voluntary Savings Account .	19
Table 12: Number of Respondents Aware of PMP’s Mandatory Savings Requirement.....	19
Table 13: Number of mandatory accounts held by PMP clients.....	19
Table 14: Number of mandatory savings accounts that are with-drawable .....	20
Table 15: Use of Any Savings Accounts Mandatory for a Loan to Also Save More than the Mandated Amount.....	20
Table 16: Use of with-drawable mandatory savings account to save more than the mandated amount .....	20

# ACRONYMS

BMGF	Bill and Melinda Gates Foundation
DNI	<i>documento nacional de identificación</i> (national identification card)
FSP	Financial Service Provider
INEI	<i>Instituto Nacional de Estadísticas e Informática</i> (Peru's National Statistics Office)
IRIS	Center for Institutional Reform and the Informal Sector at the University of Maryland, College Park
MFI	Microfinance Institutions
MFO	Microfinance Opportunities, Inc.
PAT	Poverty Assessment Tool
PMP	Pro Mujer Peru
PPP	Purchasing Power Parity
SEDLAC	Socio-Economic Database for Latin America and the Caribbean
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

# EXECUTIVE SUMMARY

The *Financial Services Assessment* project, undertaken by the IRIS Center at the University of Maryland, College Park (IRIS) and its partner Microfinance Opportunities (MFO), is assessing the impact of grants provided by the Bill and Melinda Gates Foundation (BMGF) to microfinance organizations for the development of innovations in financial services.

The purpose of the outreach study in Peru (2008-2009) was to assess Pro Mujer Peru's (PMP) market segmentation and depth of outreach to the poor. To do this assessment, the IRIS Center collected information using a Client Welfare Assessment Survey. The Survey examines the depth of outreach to the poor by measuring client poverty levels. The study also explores if loan products tailored to specific market segments increase PMP's depth of outreach to poor households.

PMP has the following main loan products: Regular, Premium and Feria (normal Feria and Yapita Feria). The study measures the poverty level of the clients within each of these loan products. The study compares the poverty levels of the clients to understand if the three products are associated with various poverty segments within the client populations. Using data provided by PMP, IRIS also considers the breadth of outreach (number of clients reached) in the overall analysis.

This report presents an overview of PMP, discusses the study design, shares results of the survey, and discusses the implications of the findings on PMP's outreach. This study also complements the study carried out by MFO that examined the value proposition of PMP's new products to PMP and its clients.

## ABOUT PMP

Established in 1999 by Pro Mujer Incorporated, PMP is a credit-led organization that offers a range of loan products to its traditional client base of resource-poor women in southern Peru. The organization is headquartered in Puno, Peru with 25 branch offices located in Tacna (8), Juliaca (6), Puno (4) (separate from the HQ), Ilo (2), Moquegua (3), Abancay (1), and Andahuaylas (1). Each branch has several focal centers where clients meet, receive their loans, and make payments. Each focal center is staffed with three loan officers (also called promoters), one of which is responsible for the overall, day-to-day management of the center. Each promoter is accountable for an average of 543 borrowers. The branches in Juliaca and Puno also have rural agencies located in smaller districts. PMP also has mobile focal centers in Puno, Juliaca and Tacna.

PMP offers a variety of loan products. For this research, IRIS studied the following loan products:

<i>Regular</i> (urban and rural)	Standard loan product, group loan guaranteed by a community bank, amount ranging from 100-2,000 soles
<i>Premium</i> (urban)	Complementary loan offered to veteran Regular (urban) clients, guaranteed by community bank, amount ranging from 2,000-5,000 soles

<i>Feria</i> (rural)	Rural loan, guaranteed by solidarity group, amount ranging from 100-2,000 soles
<i>Yapita Feria</i> (rural)	Complementary loan offered to veteran <i>Feria</i> (rural) clients, amount ranging from 100-1,000 soles

## STUDY SAMPLE

This study is comprised of two rounds of research. Round 1 gathered data from urban areas; Round 2, rural. The organization of this research is further divided by PMP departments – the Tacna department and the Puno department.

Round 1 of the data collection took place in the cities of Juliaca, Puno (both in the department of Puno), and Tacna (in the department of Tacna). Round 2 of the data collection took place in the rural areas of Acora, Desaguadero and Huancane (all in the department of Puno).

Round 1 consisted a random selection of new Regular and Premium clients in urban areas. Round 2 included a random selection of new Regular (rural), *Feria*, and *Yapita Feria* clients from rural areas (Table 1).

The Client Welfare Assessment Survey developed and used for this study is based on the Poverty Assessment Tool (PAT) developed by the IRIS Center. The PAT uses tailored socioeconomic indicators to measure the poverty levels of PMP clients. The survey collected information on clients’ characteristics, their socioeconomic level, as well as information on their savings behavior and perceptions. In total, 1,076 surveys were conducted. With this poverty level and loan product information, IRIS determined PMP’s outreach to different populations with different loan products.

**TABLE 1: A SUMMARY OF THE DATA COLLECTION ROUNDS AND LOCATION**

	<b>Round 1</b>	<b>Round 2</b>
	- Urban areas - Regular (urban) and Premium clients	- Rural areas - Regular (rural), <i>Feria</i> and <i>Yapita Feria</i> clients
Tacna Department	Tacna	(none)
Puno Department	Juliaca, Puno	Acora, Desaguadero and Huancane
Clients interviewed	655	421

## STUDY FINDINGS

While PMP knows that most of its clients are female, this study found that the Premium loan has the highest percentage of female clients and the *Feria* loan has the lowest. Additionally, the study found that Premium clients are older than Regular clients. Premium clients’ families have the highest levels of literacy as compared to the rest of the clients’ families. Conversely, *Feria* clients reported the lowest levels of adult literacy in the household. In general, as further explained in the report, the largest divide between different types of clients can be drawn between urban and rural clients.

In the entire study, none of the clients fall into the lowest income bracket of living on less than PPP \$1/day.<sup>1</sup> There were 6% of urban clients (Regular and Premium clients) living under the PPP \$2/day poverty line. Eight percent of the Regular clients and 1% of Premium clients fell into this category, demonstrating that Premium clients are financially more stable than Regular clients.

The percentage of rural clients living under the PPP \$2/day poverty line is much larger at 63%. Specifically, 66% of Regular (rural) clients, 61% of Feria clients, and 63% Yapita Feria clients are in the PPP \$2/day category. Moreover, Round 2 data included the national Income Poverty Line and the median Income Poverty Line. About 50% of the rural clients live below the *national* Income Poverty Line, while fewer than 10% of the rural clients live below the *median* Income Poverty Line. These data reflect similar patterns of income distribution found in other studies conducted by the World Bank and the United National Development Programme (UNDP).

Round 2 also gathered information to determine client savings patterns and perceptions. In general, very few of the clients reported having voluntary “with-drawable” savings accounts. However, the study showed that those with with-drawable savings accounts are more likely to be living above the poverty line. Lack of income was reported as the primary reason for not having a savings account. Only about half of the rural PMP clients are even aware of PMP’s mandatory savings requirement. This may mean that the clients do not perceive their mandatory savings as an actual “savings account” but rather as a stipulation for taking out a loan. About 55% of Feria clients were found to have saved more in any mandatory account required for a loan than regular (41%) and Yapita Feria (38%). Only 49% of respondents with any type of mandatory account, including with-drawable account, save more than the mandated amount. Among the various client segments, more Feria respondents (74%) appear to save more in such with-drawable mandatory accounts compared to 63% of Yapita Feria respondents, and to 62% of Regular clients.

This survey and subsequent analysis helps Pro Mujer Peru know if they are increasing the depth of their outreach through their new loan products that were designed to target client segments previously not served by PMP – clients who are especially poor. The evidence presented indicates that PMP’s loan products that target rural populations (Regular, Feria, and Yapita Feria) reach a poorer population than clients living in urban areas. For urban areas, there is still an opportunity to reach very poor people, especially in the urban centers of Juliaca and Puno, which have higher poverty rates than Tacna. However, PMP is not serving the extreme poor, defined as households earning less than PPP \$1/day.

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<sup>1</sup> In 2007, 30% of the population in Puno lived in extreme poverty and 4% in Tacna (INEI, 2007b). Extreme poverty is defined as living below US\$0.72/day which is equivalent to PPP \$1 (USAID 2001).



# I. INTRODUCTION

In May 2009, Pro Mujer Peru (PMP), a decade old microfinance organization in Peru, reached over 53,815 clients throughout the country with a financially sustainable loan portfolio of nearly US \$8.5 million. Currently, Pro Mujer offers several loan products: Regular loan (urban and rural), Premium loan (urban), and Feria loan, and Yapita Feria loan (rural). PMP also offers savings accounts (of which are mandatory), healthcare coverage through partner alliances, and business and human development courses, including marketing, customer service, and health education.

In 2007, PMP was reaching 49,280 clients with only the regular loan product in predominantly urban areas during a time when competition from other MFIs was beginning to emerge. Market research carried out by PMP from September 2006 to March 2007 showed that their clients were generally satisfied with regular loans, but the product was limited in its ability to serve rural clients while also satisfying the demands of their established clients. To assist in PMP's product development and to help launch new loan products tailored to specific client segments (e.g., established PMP clients and potential rural clients), the Bill and Melinda Gates Foundation provided a grant (also in 2007) to Pro Mujer International. PMP's innovations were to segment clients of certain characteristics and provide them tailored products to fulfill their demand for financial services. In doing so, PMP expected improvements in its breadth and depth of outreach offering value to both PMP and their clients.

In 2008-2009, the IRIS Center conducted a Client Welfare Assessment Survey that helps assess the depth of outreach by measuring client poverty levels. The study compares client poverty status of Regular, Premium and Feria clients to understand if the products are associated with various poverty segments of client populations. The study seeks to determine if loan products tailored to specific market segments indeed increase PMP's depth of outreach to poor households. The breadth (number of clients reached) of outreach is also considered in the overall analysis. This study complements MFO studies that examined the value proposition of PMP's new products for PMP and their clients (see Ferguson, 2008 & 2009).

It should be noted that the study does not compare PMP's depth and breadth of outreach to the outreach of other financial providers reaching similar client segments (or of clients of any financial service provider). The study does not examine the impact of PMP products on PMP's depth of outreach or PMP's value proposition in terms of competitiveness for the targeted clients. Therefore, the study results should be interpreted with caution.

The report is organized as follows: the next section, Section II, will present an overview of Pro Mujer Peru; Section III presents a discussion on the research design used in the study; Section IV presents the results of the study starting with the demographic characteristics of sampled clients and then a discussion on poverty outreach among clients using various PMP loan products; Section V concludes the report with a discussion on the implications of the innovations for the outreach of PMP products.

## II. OVERVIEW OF PRO MUJER, PERU<sup>2</sup>

### A. COUNTRY CONTEXT

Peru is a country located in the central west coast of South America and is comprised of three distinct regions: the coastal desert on the west, the mountainous Andean region running down the center, and the Amazon in the north east. Two of those three regions are covered in this project: Tacna, which is situated in the coastal desert and Puno, which is perched high amid the Andes mountains. The country's population was estimated at just over 28 million in 2007 (INEI, 2007b). Though Peru's economic base remains in agriculture and livestock, the last half-century has been marked by high rates of urban migration and subsequent urban growth. This growth is focused in the capital city of Lima where close to one third of the country's total population resides.

In a global context, the country ranks toward the middle of the poverty scale, ranking 87 out of 177 countries on the Human Development Index (UNDP, 2007). Peru's office of national statistics (el Instituto Nacional de Estadístico e Informático, or INEI) estimated in 2006 that 45% of the country lives below the poverty line and 16% lives in extreme poverty (INEI, 2006). The income per person at the poverty line in Peru, based on international poverty standards, is US\$1.44 per day. For the extreme poverty line, the daily per capita expenditure per person is US\$0.72 per day which is equivalent to an income of PPP \$1 a day (USAID, 2001).

Pro Mujer Peru primarily serves areas in southern Peru. Their headquarters is located in the city of Puno (within the department of Puno), with additional branches in the cities of Abancay, Andahuaylas, Juliaca, Tacna, Ilo, and Moquegua. Southern Peru is a fitting location for a women-focused microfinance institution since the region is one of the poorest in Peru and since many women in the area lack opportunities due to the strong traditional values of male dominance or "*machismo*."

PMP is a credit-led organization that offers a range of loan products to its traditional client base of resource-poor women. In addition to the main branch office, each branch has several Focal Centers where clients come to meet, receive their loans, and make payments. PMP has eight focal centers in Tacna, six focal centers in Juliaca and four in Puno. Each focal center is staffed with three loan officers (also called promoters), one of which is responsible for the overall, day-to-day management of the center. Each promoter is accountable for an average of 543 borrowers. Furthermore, the branches in Juliaca and Puno also have Rural Agencies located in the smaller districts. These agencies administer Regular rural loans, FERIA and Yapita loans. Although some groups meet at the centers, loan officers from these offices often travel into rural areas to conduct meetings. The number of staff at the rural offices range from two to five personnel (including loan officers, cashiers, and office directors).



<sup>2</sup> Portions of this section are adapted from Ferguson, 2008.

## B. LOAN PRODUCTS FROM PMP

Currently, Pro Mujer offers several loan products to help clients with their business. They include the Regular loan (urban and rural), Premium loan, Feria loan, and Yapita Feria loan. The features of these products are presented in Table 2.

**TABLE 2: FEATURES OF LOAN PRODUCTS FROM PMP, AS OF MAY 2009**

	<b>Client Selection Criteria</b>	<b>Savings</b>	<b>Loan size</b>	<b>Interest</b>	<b>Length</b>	<b>Type</b>	<b>Area covered</b>
Standard for all loans	1. Between ages of 18 and 75 2. Have business or desire to start one 3. Present a valid DNI (national id) 4. Present a copy of an electricity bill 5. Present a drawing of the location of her home and business	Required	--	Declining balance	Short term loans (within one year)	Solidarity group (5-11 people); Community bank (at least 12 people)	Rural and urban
Regular*	Standard criteria	20% of loan amount	1 <sup>st</sup> loan: S/.100- S/.500  Max: S/2,000	Rural: 3.5-4.5% (depending on area) declining balance Urban: 4.5% -declining balance	2 months – 1 year  **most 6 or 8 months	Community bank (made up of 3 or 4 solidarity groups)	Rural and Urban
Premium	Standard criteria PLUS 3 years / 8 loan cycles with PMP; history of good payment with PMP; committee approval of extra loan	Depends on amount of solicited loan	S/.2,000- S/.5,000	4% on declining balance	2-8 months	Group-solidarity group within community bank	Urban
Feria	Standard criteria	Required savings varies: at first 20% of loan but once have S/.550 saved, then 10%	1 <sup>st</sup> loan: S/.100- S/.1,000  Max: S/.2,000	4% on declining balance	2- 8 months	Solidarity Group	Rural
Yapita Feria	Standard criteria PLUS 1 full loan cycle with PMP; approval from committee to receive loan (only 60% of Feria group can have a Yapita loan at a time)	No additional savings beyond the requirement for regular Feria loan	S/. 100- S/. 1,000	4% on declining balance	1-3 months	Solidarity Group	Rural

\* A major difference between Regular Urban loans and Regular Rural loans is that in urban areas the clients come to the office and in rural areas the loan officer goes to the community to meet with the community bank.

\*\* Loan term length range from 2 months to a year with most loans for a period between 6 months to 8 months.

The Regular loan is Pro Mujer's traditional product offered at all Focal Centers and Rural Agencies throughout southern Peru. The Premium Product is a business loan for existing urban clients who have completed a minimum of eight loan cycles with Pro Mujer. The amount of the loan is larger than the traditional Regular loan. The Feria Product is a business loan targeting clients who live in rural areas in the department of Puno. Lastly, the Yapita loan is a parallel loan offered to clients of Rural Agencies who are looking to make additional investments in their businesses.

There are also a few parallel loans that clients can take in addition to the main loan for their business. One example is the Educational loan designed to cover the school costs of clients' children. There is also the Seasonal loan that clients can obtain once per loan cycle after the client has established a good payment history and if the client can show that she needs additional capital in excess of her original loan amount.

### **i. Regular Loan**

The Regular loan is the basic Pro Mujer Peru loan product offered since PMP's inception in 1999. Through Focal Centers in urban areas, it is offered to all people who qualify for a loan. Through rural agencies, it is offered only to those who qualify for a loan and are also members of a community bank.

To receive a regular loan, the promoter collects a copy of the national identity card (DNI) from everyone in the group and completes the application form for each member. The form includes personal information, type(s) of business(es) the client has, and some household statistics, such as the number of people living in the household, number of children, and the number of rooms in the house. Once the paperwork is complete, the promoter conducts a short training session, or *capacitación*, with the clients about Pro Mujer, how the loan works, and other services that Pro Mujer provides its clients, including voluntary savings, business development courses, and health services. Then the group conducts a Committee Meeting where they decide on the loan amounts for each group member. This process, from the time the group first meets to the time the Committee is finished, lasts between one and two hours. At this point, the president and treasurer of the group disburse the money to each member. After receiving the money, the members repeat the Pro Mujer pledge and the meeting is adjourned.

### **ii. Premium Loan**

The Premium product is for established Pro Mujer clients who have a good payment history with PMP and demand more than the maximum amount of S/2000 offered by the regular loan. After piloting the Premium loan in June 2006, the product was fully launched in September 2007. The Premium loan is only offered in urban areas through the Focal Centers. This product helps Pro Mujer retain clients who might go elsewhere in search of larger loans or take out additional loans from other institutions in parallel with their Pro Mujer loan.

Premium loan clients must have a history of at least eight loan cycles with Pro Mujer and provide evidence to PMP that they are able to manage larger loan amounts. Premium clients can be current or former clients as long as they meet the criteria. To apply for the Premium loan, clients must form solidarity groups of between five and 12 women. The

group members designate a President and a Treasurer who are responsible for the group's activities. The loan amounts are decided at the Committee Meeting and disbursements are handled in the same way as for the Regular loan.

### **iii. Feria Loan**

The Feria product is designed for clients in rural areas that have their businesses in markets. It was first piloted in October 2008 and, as of July 2008, PMP launched the final product, slowly expanding it into more rural communities in the Puno region.

The Rural Agencies work similarly to that of the Focal Centers. Each Rural Agency has at least three staff members: an agency manager; a staff member that manages the safe, or *caja*, located within the agency; and at least one loan officer. Loan officers conduct bank meetings, organize payment, and give training sessions. Some agencies have several loan officers.

The promoters travel to a different market each market day to talk to the women selling goods. They tell the women about the Feria loan, how it works, and encourage them to form a solidarity group. Then, usually on the following day, women who have formed a group travel to one of the rural agencies to take out a loan. All of the disbursements take place at the agency. Repayments are collected by promoters at the markets to help reduce travel time and costs for the clients.

Basic member criteria for the Feria clients are similar to that of the Regular clients in urban and rural areas. To become a client for the Feria loan, you must be a woman who has a business in one of the nearby markets, have at least two years experience with the business, and present a valid DNI to Pro Mujer. Women must also form a solidarity group of between five and 12 members. Another major difference is where the money is stored. At Rural Agencies, unlike Focal Centers, the safe is located on-site, making the loan processing time much shorter. Once the completed paperwork is handed to the safe (*caja*) manager, the money is ready for disbursement in 20-30 minutes.

### **iv. Yapita Feria Loan**

The Yapita Feria loan is a parallel loan designed in July 2008 for Feria clients who have completed at least one full loan cycle with Pro Mujer. Clients who wish to make an additional investment in their business may request this loan. PMP reports that clients generally request Yapita Feria loans during high business seasons such as Independence Day (July 28<sup>th</sup>) and the beginning of the scholastic year. (The scholastic year runs from March to December.)

Only 60% of the members of a given solidarity group could hold a Feria loan at any given point. Once a client requests a Yapita Feria loan, the solidarity group must approve it. In practice this is done by forming a committee of the members to evaluate the individual's assets, business conditions, and payment history. This approval process is conducted in the meeting prior to the disbursal of the new Yapita Feria loan. Like the regular Feria loan, the entire solidarity group is responsible to guarantee the individuals' Yapita Feria loan. Therefore, it is in the best interest of the committee to evaluate each request for a Yapita Feria, as the entire group will be responsible to pay if anyone defaults.

There are also Yapita Regular loans for clients in Rural Agencies who have Regular loans. This parallel loan was excluded from our study due to a low registration of new clients between January and March 2009.

The above discussion shows that client criteria for accessing Regular, Premium and Feria loans are different in order to segment potential clients. The products also appear to feature differentiated terms and conditions in order to serve those special segments. Our study tests if such market segmentation increased PMP's depth of outreach for these differentiated products.

### III. RESEARCH DESIGN

The Premium loan was rolled out in September 2007 and Feria loans were made available in July 2008, after which, the study began. IRIS conducted the interviews with new clients in two rounds, allowing for a grace period after the initial pilot. This timing allowed IRIS to include an adequate number of new clients to ensure a statistically rigorous analysis.

Round 1 of the survey was conducted from December 2007 through April 2008. Data were collected through interviews with clients new to the Premium and Regular loan products in urban areas. Round 2 interviews were conducted in rural areas from April to May 2009 focusing on clients new to the Regular (rural), Feria, and Yapita Feria loan products.

#### A. STUDY LOCATIONS

The field research took place in two of Peru’s southern departments: Puno and Tacna (see Annex B for details on these locations).

For Round 1, the study area was primarily in urban areas. The study locations included are the cities where Pro Mujer chose to launch the Premium Product: Puno, Juliaca, and Tacna. Puno and Juliaca are in the department of Puno and Tacna in the department of Tacna. Pro Mujer has been in these three cities the longest and many of their clients have been with them since they began operations.

The study area for Round 2 was rural and included the locations where both the Feria and Regular loan Products are offered. Pro Mujer established Rural Agencies with the distinct purpose of increasing its outreach into rural areas. The locations include the Rural Agencies of Acora, Desaguadero, and Huancane, all within the department of Puno. Acora and Desaguadero are smaller towns south of the city of Puno. Huancane is a small town north of the larger city of Juliaca. The Regular loan product offered in the Rural Agency and the urban Focal Center is the same, the only difference is that in the Rural Agency the loan officer travels to the clients to conduct meetings, distribute loans, and collect payments, whereas in the Focal Centers the clients have their meetings at the Pro Mujer office.

#### B. THE SAMPLE

The survey, Rounds 1 and 2, included a total of 1,076 clients randomly selected from the pool of new clients to obtain a representative and unbiased sample. Table 3 provides the sample size information by client type.

**TABLE 3: SAMPLE SIZE FOR WELFARE ASSESSMENT SURVEY**

Type of client	Survey period	Round	Sample Size	% to total
Regular (urban)	Dec - April 2008	1	420	39
Regular (rural)	April - May 2009	2	128	12
Premium	Dec - April 2008	1	235	22
Feria	April - May 2009	2	239	22
Yapita Feria	April - May 2009	2	54	5
TOTAL		1 & 2	1,076	100

For the study, we define a new client for Regular and Feria loans as someone who is selected to receive the loan for the first time from PMP

and is waiting for loan disbursement, was out of the organization for at least 2 years and is waiting for loan disbursement, or has just received a loan for the first time from PMP during the week of the survey.

We define a new client for Premium loans as someone who is an existing and established PMP client who has been selected to receive the loan for the first time and is waiting for loan disbursement, is a previous client but who has been inactive for at least 2 years and is waiting for loan disbursement, or has just received the loan product for the first time during the week of the survey.

We define a new Yapita Feria client as someone who is a current Feria client who has been a member of PMP for at least one full loan cycle but is taking out a complementary Yapita loan for the first time. They are either waiting for disbursement of their Yapita loan or have received the Yapita loan during the week the survey was administered.

While the final 128 interviews with regular clients during Round 2 were adequate to obtain accurate results, we should note that obtaining the required sample of new clients was challenging for regular loans. During Round 2, we targeted about 140 new clients of regular loans to ensure statistical rigor, but we could only interview 128 new clients due to a limited number of requests for regular loans during the survey period. In order to form a new Regular loan group, the group must have 12 women, as compared to a new Feria group which only needs at least five women. The PMP loan officers observed that their clients are more inclined to form groups of five women as the smaller group fosters a sense of confidence and security that each individual will pay back her loan. The loan officers reported challenges in forming new groups of 12 women (for Regular loans) especially as credit is becoming highly accessible in the region. Defaults on loan payments were becoming more common and community members were becoming skeptical about forming larger groups. They feared that large groups might increase the likelihood that someone in their group would default on payments, in which case the payment burden falls on the rest of the group.

The PMP loan officers observed that their clients are more inclined to form groups of five women as the smaller group fosters a sense of confidence and security that each individual will pay back her loan. The loan officers reported challenges in forming new groups of 12 women (for Regular loans) especially as credit is becoming highly accessible in the region.

### **C. SELECTION OF CLIENTS**

Clients were contacted at the Focal Centers and Rural Agencies where Pro Mujer offers its loans. All of the clients interviewed for Feria were new to PMP and were part of new Feria groups. Many of the new clients for Regular loans were found among existing community banks while some were located among new banks.

At the beginning of each Round of data collection, the surveyors organized with PMP loan officers and agency managers to see how many new clients each branch aimed to attract in the given months of data collection. The surveyor team had a target number for each type of client by region they needed to interview for the study. They divided these numbers by the total number of new groups that expected to be formed and accounted for the number of new clients expected to join existing groups. Surveyors attended loan distribution meetings with loan officers and randomly (either by selecting names from a hat or by selecting numbers from a randomly generated numbered list) selected new clients to interview in the given group in order to meet the required sample size of clients per product, taking into account product type and location.

During Round 2 data collection the actual take-up of new clients was not much larger than the sample size needed for the study to ensure accuracy of results. Therefore, almost all of the new clients (Regular, Feria, Yapita



Feria) who joined Pro Mujer in the study zones during the study period were selected to be part of the study.

The survey was conducted before the client used the money to invest in any kind of large purchase. Therefore, the clients were interviewed during the first meeting where the loan is distributed. This ensured that the new client was already approved to receive the loan but had not yet used the money. In a few cases, surveyors were unable to interview the new client at the loan distribution meeting because of time constraints. In this case, the surveyor made appointments to meet the client at her home or business within one week of loan distribution.

#### **D. SURVEY INSTRUMENT**

The Client Welfare Assessment Survey is based on the Poverty Assessment Tool (PAT) methodology developed by the IRIS Center. Each PAT is a short, country-specific survey gathering household data on indicators that have been identified as the best predictors of whether a given segment of households is poor.<sup>3</sup> To determine the best indicators of poverty in Peru for this study, the IRIS team used the original nationwide data collected by IRIS in Peru on living standards in 2004. In 2007, the IRIS team specially constructed a tool for this study and narrowing down the set of potential indicators into a 19 question survey.<sup>4</sup> The tool helps collect data to predict the share of respondent households living below four poverty lines: the median income poverty line, the national poverty line based on income, the \$1/day PPP international poverty line, and the \$2/day PPP international poverty line. The incomes that correspond to the poverty lines are presented in Table 4.

**TABLE 4: INCOME LEVELS THAT CORRESPOND WITH POVERTY LINES IN PERU (IN SOLES AND USD)**

<b>Poverty Lines</b>	<b>Peruvian Soles/Year</b>	<b>USD/Year*</b>
\$2 a day line	1,569	\$523
National income line	1,435	\$478
Median income line	894	\$298
\$1 a day line	784	\$261

\*An exchange rate of 3 soles to 1 USD is used.

The 19 questions included in the tool help obtain information on individual household members (e.g., level of education, health status), characteristics of the household's dwelling (e.g., roofing material, source of drinking water), household consumer durable possessions (e.g., number of color televisions, refrigerators, and cars owned by household) and the behavior of household members (e.g., participation in waste/water groups and possession of a savings or checking account).<sup>5</sup> Finally, the second round of data collection also added a few questions to understand the savings behavior of PMP clients.

<sup>3</sup> The data gathered through these surveys is then entered into a program that estimates the share of households living below the applicable poverty line. The PATs greatly simplify the lengthy and time-consuming household living standards surveys, which request information on hundreds of potential indicators of consumption, focusing instead on a small number of indicators that match the results obtained by these longer surveys.

<sup>4</sup> USAID Poverty Assessment Tools, <http://www.povertytools.org/>, 15 June 2009.

<sup>5</sup> The client welfare assessment survey questionnaire is attached as Annex C.

## IV. STUDY RESULTS

Recall, during the two rounds of data collection a total of 1,076 surveys were administered. Round 1, which collected information on Regular and Premium clients, was conducted in urban areas. Round 2 data collection, on Regular, Feria and Yapita Feria clients, was conducted in rural areas.

### A. CHARACTERISTICS OF SAMPLED PMP CLIENTS

Below is a short summary of some of the characteristics of the respondents and their households. It is interesting that differences in demographic characteristics exist among the clients of various PMP products indicating the first evidence on client segmentation.

*The majority of Premium clients were women (Table 5). About 88% of all clients interviewed for the study were female. More specifically, the Premium loan interviewees have the largest percentage of women (97%) and the Feria loan clients have the smallest percentage of women interviewees (80%).*

**TABLE 5: NUMBER OF RESPONDENTS, BY GENDER AND LOAN PRODUCTS**

Type of client	Sample Size	% to total sample size	
		Female	Male
Regular	548 (100%)	87%	13%
Premium	235 (100%)	97%	3%
Feria	239 (100%)	80%	21%
Yapita Feria	54 (100%)	89%	11%
TOTAL	1,076 (100%)	88%	12%

*Men headed the households among the Feria clients while many women headed the households that were observed among premium clients (Annex A, Table 1). About one third of the sample (34%) reported themselves as the head of the household. When considering the gender of the head of household, there is a vast difference: 26% of the female interviewees reported themselves as the head of the household while 74% of the males reported themselves as head of the household. By product type, it is the Premium clients who were most likely among female respondents to report themselves as head of household (40%) and the Yapita Feria clients who were least likely (19%). As for males, it is the Yapita Feria clients who were most likely to report themselves as the head of household (83%) and the Premium clients (of which there were very few) who were least likely (17%).*

*Premium clients were older than Regular clients (Annex A, Tables 2a and 2b). On average, respondents were 37 years of age. Premium clients were the oldest (41 years) while the Regular clients were the youngest, averaging 35 years of age. This is logical given that Premium clients must be with Pro Mujer longer before they have the opportunity to use this Premium service and that the Regular clients surveyed in this study are new to Pro Mujer. The average age of the household head, regardless of whether or not she or he was the respondent, was slightly higher at 43 years. Again, following the same trend, the Premium clients have a higher average age (45) and the Regular clients have a lower average age (41). The majority of the household heads were married with a spouse living in the household (73%) and very few were single (7%).*

*Households were larger among rural than among urban clients (Annex A, Table 3). The average household size among all respondents was 4.2. The Yapita Feria households were on average the largest (4.7 members). Regular clients' households have the largest portion of children (28% of the household is children, see Annex A, Table 4) and fewer elders. We defined child as someone under 14 years old and an elder as someone above 60 years old.<sup>6</sup> The Feria respondents have the largest share of elders in the household (8%). The data show that both the rural Feria and Yapita Feria clients have a larger percentage of elders in their homes than the clients with the urban Premium loan.*

Feria clients are the least literate in the sample

The discussion below on education levels among these clients indicates the educational divide between urban and rural areas in Peru. It is also important to keep in mind that Premium clients are from urban areas while Feria clients are from rural areas.

*Feria clients reported the lowest levels of literacy in the sample (Annex A, Table 5). The literacy rates among those surveyed are generally very high. On average, the percentage of household adults in the entire sample (18 years old and above) who can read and write is 94%. But the Feria clients had the lowest rate (90%). The average literacy rate for female adult household members was 91%. The Feria clients reported the lowest rate of 85%.*

*Premium clients reported the lowest share of illiterate school age household members (3%) and the Feria clients have the largest share of illiterate household members (8%, see Annex A, Table 6). In calculating the level of education of the household head, it was noted that very few have more than a complete secondary education. 76% of all household heads reported having attained a complete secondary education and 24% reported having a Superior education (e.g., university or technical school education). The Premium household heads have a slightly higher level of education. 65% reported having a complete secondary education while 35% reported having a Superior education. All of the household heads of the different loan products report the highest percentage of household heads as having complete secondary education as the highest education level achieved. As shown in Annex A, Table 7a, none of the households reported more than two illiterate school-aged household members. (School-aged is defined as three years of age and above.) Among the Premium clients, 89% of the households report having no illiterate school age household members while it was 77% among the Feria clients (Annex A, Table 7b).*

*Few health problems were reported in the survey (Annex A, Table 8). Of the 1,076 households surveyed there are a total of 4,527 household members. 97% of them are reported to have no chronic illnesses and 99% with no disability. Household members of the Premium clients were found to be the healthiest, as 98% have no chronic illness. The most commonly reported illness of all household members is arthritis, which was reported by less than one percent. The largest percentage of clients reporting someone in the household having arthritis are from the Feria group. It is again important to note that all these clients live in rural areas and, therefore, might perform physical labor on a daily basis and have less access to healthcare.*

As shown in Annex A, Table 9, Regular clients report the smallest number of household members with a disability (less than 1%) and the

<sup>6</sup> UN definition of "child", <http://www.un.org/esa/socdev/unyin/qanda.htm> and definition of "elder" <http://www.un.org/popin/fao/elderfao.htm>

Feria clients report the largest number of household members with a disability (1.6% with disability). Overall, less than one percent of the total household members have a disability. The most common category of disability (0.35% of the population) was the “Other” category. The Other category includes all disabilities that did not fit in the specific categories provided.

## B. POVERTY LEVELS OF PMP CLIENTS

For the first round of data from Premium and Regular clients in urban areas, we included indicators that could capture information to determine if the households fell under the PPP\$1/day or PPP\$2/day poverty lines. Since the second round of data collection was carried out in rural areas among Feria and Regular clients where poverty levels may vary widely, we added additional indicators in order to also capture the poverty levels at various poverty cut-off points. The poverty lines considered for this round included PPP\$1/day, PPP\$2/day, national poverty line, and median poverty line. The results are discussed below.

Regular clients in urban areas are poorer than premium clients.

**TABLE 6: POVERTY RATES (BY PPP\$2/DAY LINE) OF PMP CLIENTS IN URBAN AREAS, BY PRODUCTS**

Urban Client Group	Tacna (n=288)	Juliaca (n=195)	Puno (n=172)	All Regions
Regular clients	3%	13%	11%	8% (n=420)
Premium clients	0%	2%	3%	1% (n=235)
All Regular and Premium clients in Urban areas	2%	9%	8%	6% (n=655)

n = sample size

*In urban areas, Regular clients are poorer than the Premium clients (Table 6).* Of the 655 urban clients sampled, none were found to be under PPP\$1/day poverty line. However, about 8% of the Regular clients were estimated to live under the PPP\$2/day poverty line while only 1.3% of the Premium clients fell into the same category. This is logical given that the Premium clients have loan histories and have been typically operating businesses for about three years (the average time of eight loan cycles), as compared to new Regular clients who have never had a loan with PMP and have little business operations experience.

*In urban areas, poverty rates vary by geographical location (Table 6).* In general there were more respondents living under the \$2/day poverty line in both Juliaca and Puno as opposed to Tacna. The highest rate of Regular clients under the \$2/day line was in Juliaca (13%) while it was in Puno for Premium clients (3%). As noted earlier, the department of Puno is much poorer than the department of Tacna: in Puno 67% of the population lives in poverty (as established by INEI) where, as in Tacna, only 20% of the population lives in poverty.

*PMP’s rural clients are poorer than their urban clients (Table 7).* The \$2/day poverty rate among Round 2 rural clients is much higher (63%) as compared to Round 1 urban clients (6%).

Among the Regular clients, a total of 420 new clients were surveyed during Round 1 from urban areas, and 128 were interviewed in rural areas during Round 2. About 8% of regular clients in urban areas fall under the \$2/day poverty rate as compared to 66% in rural areas.

**TABLE 7: POVERTY RATES UNDER PPP\$2/DAY POVERTY LINE IN URBAN AND RURAL AREAS (PERCENTAGE OF SAMPLE)**

<b>Client Group</b>	<b>Poverty Rate</b>
All clients - Urban (Round 1)	6% (n=655)
All clients - Rural (Round 2)	63% (n=421)
Regular - Urban (Round 1)	8% (n=420)
Regular - Rural (Round 2)	66% (n=128)

n = sample size

*In rural areas, almost two thirds of clients within each of the loan products were under the PPP\$2/day poverty line (Table 8). About 66% of Regular clients, 61% of Feria clients, and 63% of Yapita Feria clients were under the PPP\$2/day poverty line. Among Feria clients, 67% in Huancane live under the PPP \$2/day poverty line compared to 60% in Desaguadero and 57% in Acora.*

6% of PMP urban clients live under PPP \$2 a day while it is 63% in rural areas.

The poverty rate for the rural area was indeed very high and intriguing. The National Statistics Institute in Peru (INEI) administered a national survey in 2006 in which they determined that in the entire country 21% of the population lives below the \$2/day threshold.<sup>7</sup> The statistic is, however, not easily comparable to our results due to high variation among rural and urban areas. A more relevant statistic for this study would therefore be that of the World Bank, which provides estimates of poverty rates in rural areas to be around 60%.<sup>8</sup> Urban areas—most notably metropolitan Lima—were high on income inequalities. The INEI, based in part on a nationwide survey of 20,000 people, showed poverty rates in 2007 in urban areas around 26% and 65% in rural areas (2008).<sup>9</sup> Our study results on poverty rates among PMP clients in rural areas appear to conform to the average poverty rates found in rural areas. Furthermore, between 1997 and 2002 the poverty level in the Andean region of Peru was measured to have grown from 43% to 54%, as calculated by SEDLAC (Socio-Economic Database for Latin America and the Caribbean).

To verify the results further, we also examined the poverty rates among our respondents in rural areas using two additional poverty lines: national income and median incomes (USAID poverty line). We assume that all dimensions of rural poverty cannot be adequately captured by a single poverty line and that examining data using multiple lines will help us better understand poverty rates. The results under all poverty lines are presented in Table 8.

<sup>7</sup> INEI (Instituto Nacional de Estadístico e Informático) (2006). Informe Técnico: Medición de la Pobreza 2004, 2005 y 2006: Lima.

<sup>8</sup> World Bank (2008). Opportunities for All: Peru Poverty Assessment. Report No. 29825-PE. Washington, D.C.: World Bank.

<sup>9</sup> Across Peru, rural poverty is higher and deeper than urban poverty, but there exist significant differences across geographic regions and departments in terms of poverty rates. Seventy two percent of the rural population is poor and 40% is extremely poor, compared with 40% and 8% respectively in urban areas. These numbers, however, mask a substantial amount of variation across regions (with rural poverty rates being lowest in the Coastal regions and highest in the Sierras) and even across departments (with rural poverty rates being lowest in Madre de Dios and highest in Huanuco).

**TABLE 8: POVERTY RATE OF RURAL CLIENTS OF PMP AT PPP\$2 / DAY, NATIONAL POVERTY AND MEDIAN POVERTY LINES, BY PRODUCTS AND REGIONS**

	TOTAL	Desaguadero	Acora	Huancane
I. % of sample under PPP\$2 a day poverty line				
Regular	66% (n=128)	68% (n=94)	66% (n=32)	--
Feria	61% (n=239)	60% (n=119)	57% (n=60)	67% (n=60)
Yapita Feria	63% (n=54)	80% (n=15)	43% (n=23)	75% (n=16)
All	63% (n=421)	64% (n=228)	57% (n=115)	67% (n=78)
II. % of sample under national Income Poverty Line				
Regular	54% (n=128)	57% (n=94)	44% (n=32)	--
Feria	50% (n=239)	55% (n=119)	32% (n=60)	58% (n=60)
Yapita Feria	44% (n=54)	60% (n=15)	26% (n=23)	56% (n=16)
III. % of sample under median Income Poverty Line				
Regular	8% (n=128)	9% (n=94)	6% (n=32)	--
Feria	6% (n=239)	5% (n=119)	2% (n=60)	13% (n=60)
Yapita Feria	13% (n=54)	7% (n=15)	0% (n=23)	38% (n=16)

Note: There were only two new Regular clients interviewed in Huancane due to very low uptake. Since the sample size is too small for a credible analysis, we did not include these clients.

*The poverty rates calculated as living under the Peruvian National Poverty Line is lower than those living under the PPP \$2/day rate (Table 8). 54% of regular clients, 50% for Feria clients, and 44% for Yapita Feria clients are reported to live under the national poverty line. It is interesting to note here that of the different groups, the Feria clients had the lowest percentage living under the PPP \$2/day PPP, while the Regular clients had the largest percentage under the \$2/day poverty line. It is also interesting to note that 58% of Feria clients in Huancane are under the National Poverty line whereas only 32% of Feria clients in Acora fall into this category.*

When considering the PPP \$2/day poverty line and the National poverty line, over half of the Feria clients fall into each category, indicating the product's appeal to poorer populations.

*The poverty rate estimated using the median income poverty line is much smaller compared to the PPP \$2/day and national poverty lines (Table 8). About 8% of Regular clients, 6% of Feria clients, and 13% of Yapita Feria clients are found to be under the median income poverty line.*

The above mixed results obtained on poverty outreach measured through various poverty lines are intriguing. Results from studies conducted in Peru on poverty rates, however, revealed similar patterns. For example, the World Bank (2008) estimated that in 2007 about 53% of Peruvians lived under the national poverty line and that there were differences in poverty rates found in urban and rural areas.<sup>10</sup> UNDP (2002) reported that about 48% of urban population and 66% of rural population lived under the national poverty lines.<sup>11</sup>

The estimated incomes related to various poverty lines presented in Table 4 showed that PPP\$1/day line is the most extreme poverty line. The poverty line capturing incomes higher than the \$1/day line is the the median income poverty line. The national poverty line is higher than the median line but just below the PPP\$2/day poverty line. Therefore, one would expect the poverty rates obtained from PPP \$2/day poverty line to give results closer to national poverty lines and the median line results closer to PPP \$1/day poverty line. Our results presented in Table 8 follows the order in poverty estimates.

10 See [http://devdata.worldbank.org/AAG/per\\_aag.pdf](http://devdata.worldbank.org/AAG/per_aag.pdf)

11 An income of about S/ 2,300 for urban areas and S/ 1,420 for rural areas (as of 2001) were used as poverty lines. See <http://www.undp-povertycentre.org/pub/IPCWorkingPaper30.pdf>



### C. SAVINGS AMONG THE PMP RURAL CLIENTS

Ferguson (2009) reported that PMP’s Premium clients considered mandatory savings requirements as “something useful and accessible in needful situations” rather than as the “price of borrowing.”<sup>12</sup> Such expressed demand for savings products from Premium clients (who are successful PMP clients and relatively prosperous) offers PMP opportunity for developing savings products. We examined perceptions about savings products in rural areas to understand the value proposition of PMP’s loan products to also serve as savings instruments. To that end, during Round 2 of data collection for this study, we added some queries addressing basic savings patterns of PMP clients. The results are presented below.

In general, microfinance clients could voluntarily hold savings accounts (or checking accounts) where they can deposit or withdraw a limited to unlimited amount of cash any time with or without a fee. In addition, many loan contracts may require a mandatory amount to be set aside as savings in order to be eligible for the loan. Indeed, such mandatory saving indirectly functions as collateral. Note that only regulated financial service providers are allowed to mobilize voluntary deposits from the public. However, mandatory savings can be legally collected from members. Many microfinance service providers insist on mandatory savings to take a loan. These mandatory savings accounts can be with-drawable under certain conditions. For instance, some institutions allow members to take their mandatory deposits upon leaving the institution while some may allow them to withdraw once the loan is paid in full or in cases of emergencies such as natural disasters.

*Very few clients reported holding with-drawable accounts (Table 9).* We inquired if the respondent or anyone in the family has a with-drawable savings account, checking account, a fixed-term deposit account, or any other savings account that is not mandatory for a loan. Only 16% of the 421 respondents interviewed were found to have such accounts in a formal institution. Regular clients were more likely to hold a with-drawable account as opposed to Feria clients (23% vs. 13%).

In rural areas, Regular clients are more likely to hold a with-drawable savings account compared to Feria clients.

**TABLE 9: HOUSEHOLDS REPORTING WITH-DRAWABLE VOLUNTARY ACCOUNTS IN FORMAL INSTITUTIONS, BY LOAN PRODUCT**

Items	All (n=421)	Regular (n=128)	Feria (n=239)	Yapita Feria (n = 54)
Yes	16%	23%	13%	15%
No	84%	77%	87%	85%

*Those living above PPP\$2/day poverty threshold are more likely to save with a formal institution (Table 10).* Of those with a with-drawable savings account, 12% lived below the PPP\$2/day household poverty line and 24% lived above it.

Clients holding with-drawable accounts in formal institutions are more likely to live above PPP \$2/day poverty line.

**TABLE 10: POVERTY RATE AMONG RESPONDENTS WITH WITHDRAWABLE VOLUNTARY SAVINGS ACCOUNTS**

Items	Live Above \$2/day Poverty line	Live under \$2/day Poverty line
Sample size	157	264
Does not have account	76%	88%
Has account	24%	12%

12 Ferguson, Michael (2009). Product Use Report. Washington, DC: Microfinance Opportunities.

Lack of income was the primary reason for non-users of voluntary savings accounts. As shown in Table 11, the major reasons offered by non-users of with-drawable savings accounts included lack of adequate income that limits their ability to save (43%) and having no habit of saving in a formal institution (23%). About 5.5% of the non-users reported that they were not aware of any sources for such accounts.

**TABLE 11: REASONS FOR NOT HAVING A WITH-DRAWABLE VOLUNTARY SAVINGS ACCOUNT**

	<b>TOTAL (n=421)</b>	<b>Regular (n=128)</b>	<b>Feria (n=239)</b>	<b>Yapita Feria (n=54)</b>
0. Do have an account	17%	25%	13%	15%
1. Too little income (cannot save)	43%	35%	45%	52%
2. No habit of savings in formal institution	23%	27%	23%	17%
3. Institutions are not safe	2%	2%	3%	2%
4. Interest rates are very low	2%	1%	3%	0%
5. Do not know where or how to get acct	5%	5%	6%	6%
6. There are no formal inst. in the district	5%	5%	4%	6%
7. The bank charges to have an acct	2%	0%	3%	4%

\*3 respondents did not have an account and did not provide reasons

**TABLE 12: NUMBER OF RESPONDENTS AWARE OF PMP'S MANDATORY SAVINGS REQUIREMENT**

<b>Aware of Mandatory Savings?</b>	<b>TOTAL (n=421)</b>	<b>Regular (n=128)</b>	<b>Feria (n=239)</b>	<b>Yapita (n=54)</b>
No	47%	54%	45%	41%
Yes	52%	46%	54%	59%
Do not know	0.2%	0%	0.4%	0%

Only half of the respondents were aware of mandatory savings requirement for PMP loans (Table 12). It is mandatory for clients of PMP to save money in order to receive a loan. All respondents interviewed for their savings behavior were PMP clients. Therefore, we would expect all respondents to report having a mandatory savings account to take a loan. Only 52% responded that they have such an account, while 47% of respondents answered that no one in the household has a savings account mandatory to take a loan. It appears that PMP clients either do not consider their mandatory savings with PMP as deposits or they do not perceive it as a savings account that is mandatory in order to take out a loan.

The majority of clients only hold one mandatory savings account, presumably with PMP (Table 13). About 83% of all respondents reported holding one mandatory savings account. Interestingly, one fifth of Feria clients reported holding more than one such account indicating use of multiple loans.

**TABLE 13: NUMBER OF MANDATORY ACCOUNTS HELD BY PMP CLIENTS.**

<b>No. of mandatory savings accounts</b>	<b>TOTAL (n=221)</b>	<b>Regular (n=59)</b>	<b>Feria (n=130)</b>	<b>Yapita (n=32)</b>
One	84%	92%	80%	84%
Two and above <sup>2</sup>	16%	8%	20%	16%



Two thirds of mandatory accounts were not with-drawable (Table 14). About 66% of mandatory accounts were reported to be with-drawable only when members leave the institution. Among the client segments, however, Feria clients appear to hold one or more with-drawable mandatory accounts (38%) compared to Regular (27%) and Yapita Feria (35%).

**TABLE 14: NUMBER OF MANDATORY SAVINGS ACCOUNTS THAT ARE WITH-DRAWABLE**

<b>No. of with-drawable mandatory accounts</b>	<b>TOTAL (n=421)</b>	<b>Regular (n=128)</b>	<b>Feria (n=239)</b>	<b>Yapita (n=54)</b>
None	66%	73%	62%	65%
One	29%	25%	31%	28%
Two and above	5%	2%	6%	7%

Although respondents were less aware about holding a mandatory savings account, their responses regarding the savings amount in those accounts reveal marked differences among client segments.

More Feria respondents than Regular and Yapita Feria reported to save above the minimum amount in any mandatory savings account (Table 15).

**TABLE 15: USE OF ANY SAVINGS ACCOUNTS MANDATORY FOR A LOAN TO ALSO SAVE MORE THAN THE MANDATED AMOUNT**

<b>Save more than mandated amount?</b>	<b>TOTAL (n=221)</b>	<b>Regular (n=59)</b>	<b>Feria (n=131)</b>	<b>Yapita (n=32)</b>
No	51%	59%	45%	63%
Yes	49%	41%	55%	38%

Among mandatory accounts, with-drawability feature has potential to attract savings above the mandated amount. Note that the results presented in Table 16 show that 70% of people holding with-drawable mandatory accounts save more than the required amount.

About 70% of people holding with-drawable mandatory accounts save more than the required amount. But, 49% of respondents with any type of mandatory account, including with-drawable account, save more than the mandated amount. These observations indicate the possibility that the with-drawability feature could attract more savings for PMP.

**TABLE 16: USE OF WITH-DRAWABLE MANDATORY SAVINGS ACCOUNT TO SAVE MORE THAN THE MANDATED AMOUNT**

<b>Save more than mandated amount?</b>	<b>TOTAL (n=143)</b>	<b>Regular (n=34)</b>	<b>Feria (n=90)</b>	<b>Yapita (n=19)</b>
No	30%	38%	26%	37%
Yes	70%	62%	74%	63%

## V. SUMMARY OF MAJOR FINDINGS AND CONCLUSIONS

We examined if PMP is increasing the depth of their outreach through the new loan products designed to cater to client segments previously not served by PMP. The major findings of the study follow.

*There appears to be a clear differentiation between the urban and rural clients that PMP serves.* The Premium product targets a population that is generally older and more financially established. This population has households that are more educated, have fewer children, and suffer few health ailments as compared to the other clients. Offering this loan could potentially entice established clients who may be inclined to leave PMP and take out a larger loan with a competitor MFI. Both the Regular (rural and urban) and Feria products appear to reach a more impoverished population. The Regular (urban) loan reaches a slightly more impoverished urban population than the Premium product, but not to the extent that the Regular (rural) product reaches poor rural populations.

*Among PMP products in rural areas, the Feria loans appear to have a better potential for breadth of outreach compared to PMP's regular loans.* Recall that the Feria product is offered through small solidarity groups of five people instead of entire community banks of 12 people. During our study period, difficulties were noticed in uptake of Regular loans compared to Feria products in rural areas due in part to the group size requirements. Furthermore, for the Feria product, credit officers visit the markets daily and establish a presence in the community, therefore allowing PMP to attract more clients under the Feria product in rural areas.

*In rural areas, PMP clients – Regular and Feria - appear to be poor and their poverty rates are similar to that observed in rural areas.* Feria clients have the largest households (overall and, specifically, in terms of the number of children and elders in the home) and also the lowest household literacy and education rates compared to Regular clients. But, when measuring the Poverty Rates, Feria clients were the group with a slightly better poverty rates compared to regular clients but almost similar to the rates observed in rural areas. The results appear to indicate that these rural products is likely to reach an impoverished rural population and, by virtue of its business model, more attractive to rural clients.

*It is less likely that those who live below PPP\$2/day poverty lines would hold voluntary savings accounts.* The observation correlates to the most frequent response to why the household did not save, which was that the households simply do not have adequate income to save. However, they may have mandatory savings accounts essential for taking a loan. There is a need for better education on the PMP mandatory deposits with its with-drawability feature in order for the clients to use the account for savings purposes. There is evidence that the with-drawability feature has the potential to attract savings above the mandated amount, indicating some client preference for such semi-flexible products.

*The Yapita Feria loan could be seen in the long term as being similar to the Premium product.* The Yapita Feria loan offers a supplemental loan for Feria clients who need a larger loan to support *savings accounts*. The observation correlates to the most their growing business. Currently, PMP reaches clients with the Yapita Feria product a population with statistically similar household characteristics to Feria. It is likely that the Feria population could progress to become the Yapita Feria client base. Of the Yapita Feria clients, 44% live below the National Poverty Line, as compared to 54% of the Feria group. The Yapita Feria households also have slightly higher education and literacy rates than the Feria clients. It is likely that PMP could grow with their clients as they develop by offering them supplemental products such as the Yapita Feria loan.

Ferguson (2008) shows heavy competition among financial institutions in the rural areas our study was performed. About nine other financial institutions have been offering loans in these areas.<sup>13</sup> In addition to this competition, PMP is new to these areas. Our study results indicate that the Pro Mujer products offered to rural populations such as the Regular loan (rural), Feria loan and Yapita Feria loan reach a more impoverished population than the products offered in urban areas. While further studies are required to understand the value proposition of Feria and Yapita Feria to help PMP compete well in rural areas, it appears that the products could likely serve the poorer segments in rural areas.

There is still room in the urban areas, however, to reach poorer segments of the population. The urban centers of both Juliaca and Puno have higher poverty rates than Tacna, thus, PMP may want to target Juliaca and Puno first. All things considered, the PMP products, both in urban and rural areas, still do not reach the ultra poor, defined as households living under PPP\$1/day.

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<sup>13</sup> Examination of PMP's advantages over its competitors is beyond the scope of this study.

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# ANNEXES

A. TABLES: CHARACTERISTICS OF PRO MUJER CLIENTS

B. DESCRIPTION OF PUNO AND TACNA (WITH MAP)

C. WELFARE ASSESSMENT SURVEY INSTRUMENT

## ANNEX A – TABLES: CHARACTERISTICS OF PRO MUJER CLIENTS

**Table 1: Number of respondents who consider self the head of household**

Type of client	Total % reporting as head of household	% Females reporting as head of household	% Males reporting as head of household
Regular	32%	26%	74%
Premium	40%	40%	17%
Feria	32%	23%	69%
Yapita Feria	26%	19%	83%
TOTAL	34%	26%	74%

**Table 2a: Average age of clients, in years, by products**

Regular	34.7
Premium	41.0
Feria	37.4
Yapita Feria	40.0
TOTAL (1076)	36.9

**Table 2b: Average age of head of household, by products**

Regular	40.8
Premium	44.9
Feria	44.6
Yapita Feria	45.8
TOTAL (1076)	42.8

**Table 3: Average household size (number), by product**

Regular	4.2
Premium	4.0
Feria	4.4
Yapita Feria	4.7
TOTAL (1076)	4.2

**Table 4: Average share of children and elders in household, by products**

Type of client	% of members under 14 years	% of members over 60 years	Sample size
Regular	28%	4%	548
Premium	24%	4%	235
Feria	26%	8%	239
Yapita Feria	27%	5%	54

**Table 5: Average share of literate adults in the sample, by products**

Type of client	% adults that can read and write (18 & above)	% of female adults that can read and write (18 & above)	Sample size
Regular	95%	92%	547
Premium	97%	96%	235
Feria	90%	85%	239
Yapita Feria	91%	88%	54
TOTAL	94%	91%	1076

**Table 6: Share of household members (excluding head, school age only) with no education**

Type of client	% of members with no education (those 3 years & above; excluding household head)	Sample size
Regular	7%	529
Premium	3%	222
Feria	8%	227
Yapita Feria	4%	53
TOTAL	6%	1031

(45 hh only have 1 person)

**Table 7a: Number of illiterates among school age member in households**

Type of client	0 household members	1 household member	2 household members
Regular	80%	17%	3%
Premium	89%	11%	1%
Feria	77%	22%	1%
Yapita Feria	82%	16%	2%
TOTAL	81%	17%	2%

**Table 7b: Share of household with university education not including head of household**

Type of client	% of household members with university education (excluding head of household)	Sample size
Regular	5%	529
Premium	15%	222
Feria	3%	227
Yapita Feria	4%	53
TOTAL	7%	1031

(45 hh only have 1 person)

**Table 8: Percentage of all household members with chronic health problems**

<b>Chronic Health Problem</b>	<b>TOTAL</b>	<b>Regular</b>	<b>Premium</b>	<b>Feria</b>	<b>Yapita Feria</b>
0. None	97%	96%	98%	96%	98%
1. Cancer	0.24%	0.13%	0.32%	0.38%	0.39%
2. HIV/AIDS, Hepatitis	0.02%	0.04%	0.00%	0.00%	0.00%
3. Heart disease	0.22%	0.31%	0.11%	0.10%	0.39%
4. TBC	0.02%	0.00%	0.00%	0.10%	0.00%
5. Asthma/repertory problems	0.44%	0.66%	0.32%	0.19%	0.00%
6. Chronic dysentery or gastric/ulcer disease	0.53%	0.57%	0.04%	0.57%	0.39%
7. Kidney insufficiency	0.18%	0.26%	0.00%	0.19%	0.00%
8. Blood Pressure	0.09%	0.13%	0.00%	0.00%	0.39%
9. Arthritis/ Rheumatism	0.66%	0.57%	0.32%	1.24%	0.39%
10. Diabetic	0.33%	0.44%	0.53%	0.00%	0.00%
11. Eczema/ dermatological problems	0.02%	0.04%	0.00%	0.00%	0.00%
12. Other (ex. chronic fever, glaucoma, lumbago, lupus)	0.62%	0.79%	0.11%	0.76%	0.39%

**Table 9: Percentage of all household members with disabilities**

<b>Disability</b>	<b>TOTAL</b>	<b>Regular</b>	<b>Premium</b>	<b>Feria</b>	<b>Yapita Feria</b>
0. None	99%	99%	99%	98%	98%
1. Mental Disability	0.22%	0.09%	0.63%	0.10%	0.00%
2. Blind	0.13%	0.18%	0.00%	0.02%	0.00%
3. Deaf/mute	0.22%	0.04%	0.00%	0.57%	1.17%
4. Hand lost	0.00%	0.00%	0.00%	0.00%	0.00%
5. Foot lost	0.05%	0.00%	0.00%	0.00%	0.00%
6. Leg lost	0.00%	0.00%	0.00%	0.00%	0.00%
7. Arm lost	0.00%	0.00%	0.00%	0.00%	0.00%
8. Other disability	0.35%	0.26%	0.21%	0.67%	0.39%



## ANNEX B – DESCRIPTION OF PUNO AND TACNA (WITH MAP)



### Puno

Puno is one of Peru’s largest departments and it is home to Lake Titicaca sitting at 3,800 meters above sea level. While most people speak Spanish, many of the inhabitants also speak *Aymara* (those living between the city of Puno and Bolivia) and *Quechua* (those living in Juliaca and to the north). Some of the elder populations only speak the native languages and do not communicate fluently in Spanish. In terms of the economy, both agricultural and livestock are incredibly important in this region of Peru and the principle crops, although primarily used for household consumption, are potatoes and quinoa. Another spark to the economy is trade as the department borders with Bolivia.<sup>14</sup>

<sup>14</sup> Barreda (1997)

The city of Puno (population 105,000) sits on the north side of Lake Titicaca. Although the city continues to grow with people from surrounding rural areas moving to Puno (the city) for work, Puno is known for high emigration of its people to the rest of southern Peru due mostly to the poverty level and lack of opportunity in the relatively small city. To the south of the city lie both the districts of Acora and Desaguadero. Acora is just one hour from the city and is known for its market on Sundays. Desaguadero is one of the districts that borders with Bolivia, about a two and a half hour drive from Puno. The town center fills up on Fridays as merchants come from the different communities to sell their wares, a large percentage of which are contraband Bolivian goods.

Juliaca (population 200,000) is a highly commercialized city and grew largely due to the presence of Bolivian contraband goods. Juliaca is glaringly disorganized as a result of its poorly managed growth. The district of Huancane lies an hour and half north east of Juliaca. Although many of the merchants travel to Juliaca to buy, sell, and trade, the district has its own market on Sundays and attracts small business owners from the surrounding towns.

### **Tacna**

Tacna is the southern most department of Peru bordering Chile. Along with Spanish, Aymara is the other language spoken in the department. Because it is a border state there are many manufacturing free trade zones and it is considered Peru's second ranked port of entry (after Callao in Lima). Tacna produces over half of the olives grown in Peru. Other principle crops of the region are corn, potatoes, and wheat.<sup>15</sup> The city of Tacna (population 250,000) is located near the coast at the border with Chile. As a result, the city itself is a hub of much international trade.

In 2007, the National Institute of Statistics and Information (INEI) found 67% of the population in the department of Puno living in poverty, while in the department of Tacna it was only 20%. Of the 67% of poor in Puno, 30% were living in extreme poverty. Puno ranks fourth among the departments with the highest percentage of extreme poverty (INEI, 2007a).

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<sup>15</sup> See <http://www.perutravels.net/peru-travel-guide/tacna-main.htm>.

## ANNEX C – WELFARE ASSESSMENT SURVEY INSTRUMENT

### Peru Client Assessment Survey

**Interviewer:** Fill out the information below before the survey begins.

Date of Interview  dd/mm/yy

Interviewer (code)

City / Region (code)

Client Location:  Urban=0; Rural=1

Status (code)

Start Time:  (military time)

End Time:

Quality Control Checks	
<i>Field Supervisor</i>	
Date _____	Initials _____
<i>Main Office</i>	
Date _____	Initials _____
<i>Data Processor</i>	
Date _____	Initials _____

**Interviewer:** Introduce the survey to the respondent. Say: "Hello. My name is \_\_\_\_\_. I work for the organization CECYCAP. We are conducting a study for the IRIS Center at the University of Maryland on entrepreneurs and the financial services available to them. I'd like to ask you some questions about you, your family, food consumption, housing and other assets. It would take about 20 minutes, and the answers you provide are completely confidential. Are you willing to take some time to answer these questions today?" After he/she agrees, proceed with the dialogue below.

**All information collected is confidential. Your answers will be grouped with the answers of other people and your name will not be used. We may take photographs or video during the interview for use in our reports and/or project website. Your name will not be used, only your country, Peru, will be identified. If you do not wish to be photographed or videotaped, please tell me and we will not take any.**

**Should you feel uncomfortable with any question(s), you may refuse to answer it. If you have any questions, please contact my director or the IRIS Center or University of Maryland. Here is a card with the contact information. Hand them the card.**

Project Director, Marcos Obando at CECYCAP (obando\_marcos@yahoo.es, Tel. 51-54-242691) or IRIS Center staff in the United States: Diana Rutherford (Diana@iris.econ.umd.edu or 301-405-3383), or the University of Maryland's Institutional Review Board irb@deans.umd.edu or 301-405-0678.

**Interviewer say: "I would like to ask you some questions about the people in your household. Let me tell you what we mean by 'household.' For our purposes today, members of a household are those that live together and eat from the "same pot." Each person contributes to and benefits from the household. Household includes anyone who has lived in your house for at least 6 of the last 12 months, but it does not include anyone who lives here but eats separately. Do you have any questions?" Answer any questions the respondent has before proceeding.**

**Interviewer: Ask the respondent for the information in Columns A-K, as it pertains to each person in his/her household. Write the information in the chart as s/he relays it to you. Say to the respondent: "Now I would like you to identify each person in your household and answer some basic questions about each person."**

A. Household Member	B. Sex	C. Relation to Household Head	D. Age	E. Marital Status (only members 12 years and older) .. (Less than 12 years enter "0")	F. Can member read or write? (only members 3 years and older) .. (Less than 3 years enter "0")	G. Level of Education (only members 3 years and older) .. (Less than 3 years enter "0")	H. Any chronic illness? (Exclude malaria, dengue, diarrhea. If no illness, enter "0")	I. Any disability? (If no illness, enter "0")	J. Was this person engaged in any economic activity that earned income in the past 30 days?	K. How many of the last 12 months was the household member living in the home?
<b>Survey Number</b>	Male...1 Female...2	Head...1 Spouse.....2 Son/daughter...3 Father/mother...4 Grandchild...5 Grandparent...6 Other relative...7 Non-relative...8	(complete years)	Single...1 Married, spouse permanently present in household...2 Married, spouse migrant...3 Widow/er...4 Divorced or separated...5	Cannot read/write..1 Can read only.....2 Can read and write...3	See education codes below	See illness codes below	See disability codes below	No.....0 Yes.....1	Enter 0-12
1) Respondent										
2)										
3)										
4)										
5)										
6)										
7)										
8)										

9)										
10)										
11)										
12)										
13)										
14)										

Education Codes	Illness Codes		Disability Codes
Never attended school.....0	None.....0	Arthritis/Rheumatism.....9	None.....0
Preschool.....1	Cancer.....1	Diabetic.....10	Mental disability.....1
Primary attended.....2	HIV/AIDS, Hepatitis .....2	Eczema and other	Blind.....2
Primary completed.....3	Heart disease.....3	dermatological illnesses.....11	Cannot hear and/or speak
Secondary attended.....4	Tuberculosis.....4	Other (for example chronic	(deaf/mute).....3
Secondary completed.....5	Asthma/Breathing Trouble	Fever, Glucoma, Lumbago,	Hand lost.....4
Superior not university	(e.g.chronic Bronchitis).....5	Lupus).....12	Foot lost.....5
(attended or completed).....6	Chronic dysentery or	<i><b>*If someone has more than one</b></i>	Leg lost.....6
Superior university	gastric/ulcer Disease.....6	<i><b>illness or disability, mark the one</b></i>	Arm lost.....7
(attended or completed).....7	Kidney insufficiency.....7	<i><b>that causes the most problems.</b></i>	Other disability.....8
Post graduate and more.....8	Blood Pressure.....8		

**Interviewer:** For questions with multiple choice answers, DO NOT READ THE ANSWERS. Ask respondent the question and match the answer to the most similar option on the survey. If respondent's answer is unclear, probe until you find an adequate answer.

**Interviewer, say: "Now I would like to ask you a few questions about your house and some items you may own."**

2 What kind of lock does the main entrance door of the house have?

- 1. No lock
- 2. Wood or metal bar to close from inside only
- 3. Key lock or simple padlock
- 4. Security key lock/metal frame with padlock

3 Which of the following alternatives best describes the ownership status of your home?

**Interviewer:** READ ALL THE OPTIONS BELOW.

- 1. Own
- 4. Live with/given by friends and relatives (w/out paying rent)

- 2. Own with mortgage/loan to pay
- 3. Rent (exclude electricity and water)
- 5. Squatting
- 6. Other

4 How many rooms are there in the house where you and your family live?  
*(Include detached rooms in same compound if same household. Exclude bathrooms, toilets, kitchen and basement)*

Number

5 Does your household have a fixed landline telephone? *(excluding community telephones)*

*0=no, 1=yes*

6 What type of material is predominant in the floors?

- 1. Dirt / Earth
- 2. Wood
- 3. Brick, Stone
- 4. Cement
- 5. Cement with additional covering  
(such as tiles, vinyl, parquet, etc.)

7 What type of roofing material is used in your house?

- 1. Leaves
- 2. Jute stick
- 3. Straw
- 4. Bamboo/wood
- 5. Tiles
- 6. Cl sheet (corrugated tin)
- 7. Brick/cement

8 What type material are the exterior walls of your house made of?

- 0. No walls (jungle)
- 1. Woven jute stick
- 2. Wood
- 3. Adobe (lime bricks)
- 4. Sticks with dirt
- 5. Stones with dirt
- 6. Bricks

9 What type of cooking fuel source is primarily used?

- 1. Leaves/husk/cow dung collected by household
- 2. Leaves/husk/cow dung purchased by household
- 3. Bamboo/Wood/sawdust collected by household
- 4. Bamboo/Wood/sawdust purchased by household
- 5. Charcoal
- 6. Kerosene
- 7. Gas from bottle
- 8. Electricity from public grid
- 9. Does not cook

10 What is your primary source of drinking water?

- 1. Dam, pond or river
- 2. Rainwater collected at/near house
- 3. Water is trucked in
- 4. Public borehole (open), Spring
- 5. Public well
- 6. Untreated piped (river) water
- 7. Treated piped water in residence yard (shared)
- 8. Treated piped water in residence (own)

11 Does your household have a (clothes) iron?

0=no, 1=yes

12 How many color TVs does your household currently own?

Number

13 How many cars/small trucks/vans does your household currently own?

Number

14 How many refrigerators and/or freezers does your household currently own?

Number

15 What is the total number of metal pots owned by your household?

Number

16a. How many food processors does your household own?

Number

**Interviewer:** If the answer is none, then mark a "0" for the current market price and proceed to question 17a.

16b. What is the total resale value at the current market price of all food blenders?

Soles

17a. How many beds and hammocks does your household own?

Number

**Interviewer:** If the answer is none, then mark a "0" for the current market price and proceed to question 18a.

17b. What is their total resale value at the current market price?

Soles

18a. How many mototaxis does your household own?

Number

**Interviewer:** If the answer is none, then mark a "0" for the current market price and proceed to question 19.

18b. What is their total resale value at the current market price?

Soles

**Interviewer, say:**

Now I would like to ask you a few questions about some agricultural assets your household may own.

19 How many horses, mules and donkeys does your household own?

Number

20 How many cattle does your household own?

Number

21 How many milk cows, alpaca and heifers does your household own?

Number

22 How many sheep and goats does your household own?

Number

23a. How many pigs does your household own?

Number

**Interviewer:** If the answer is none, then mark a "0" for the current market price and proceed to question 24a.

23b. What is their total resale value at the current market price?

Soles

24a. How many tractors or trucks does your household own?

Number

**Interviewer:** If the answer is none, then mark a "0" for the current market price and proceed to question 25.

24b. What is their total resale value at the current market price?

Soles

25 Does the household own any of the following farm assets: motor tiller, wooden plow, a manual husking machine or a manual mill?

0=no, 1=yes

26a. Does the household own a tubewell for irrigation?

0=no, 1=yes

**Interviewer:** If the answer is no, then mark a "0" for the current market price (26b) and proceed to question 27

26b. What is the total resale value of the tubewell(s) for irrigation, at the current market price? (value of the equipment)

Soles



27 During the last seven days, for how many days were butter or margarine served in a main meal eaten by the household? (in any part of the meal)

Number

28 How often do you usually purchase rice/potato/yuca?

(Recall period is last 12 months)

1. Daily

5. Monthly

2. Twice a week

6. Less frequently than a month

3. Weekly

7. We did not buy it during the last 12 months because of sufficient home production

4. Fortnightly

8. We did not buy it during the last 12 months because we never prepare rice/potato/yuca in the household

29a. Did any special event occur in the last two days, for example family event, guests invited, or religious festivity?

0=no, 1=yes

**Interviewer:** If the respondent answered "yes" to question 29a, ask 29b and enter "0" in 29c.

If the answer was "no," ask 29c and enter "0" in 29b.

29b. How many meals were served to the household members in the 2 days preceding the event?

Number

29c. How many meals were served to the household members in the 2 days preceding this interview?

Number

30 During the last 3 months, have you or anyone in your household received in-kind services from food aid programs (e.g., Vaso de leche, comedores, Desayuno Escolar, etc.)?

0=no, 1=yes

31 How many members of your household belong to a water/waste group? (water and wastewater groups, such as Junta de Administración de Agua y Saneamiento)

Number

32 Do you, your spouse or anyone else in your household have in a formal institution a withdrawable savings account, checking account, a fixed-term deposit account, or any other savings account? (Not including required savings.)

0=no, 1=yes

**Interviewer:** If no, continue to question 33, if yes, enter "0" for question 33 and continue to 34a.

33 Why do neither you nor anyone else in your family have a savings or checking account?

- 0. Have an account
- 1. Too little income (cannot save)
- 2. No habit of savings in formal institutions
- 3. Institutions are not safe
- 4. Interest rates are too low
- 5. Do not know where or how to get an account
- 6. There are no formal institutions available in the district
- 7. the bank charges to have an account

34a. Do you or anyone in your household have any savings accounts that are mandatory in order to take out a loan?

**Interviewer:** If no, then enter a "0" for question 34b, "0" for 33c, "0" for 33d, and skip to question 35.

0=no, 1=yes 2= do not know

34b. How many of these mandatory savings accounts do you or family members have?

Number

34c. How many of these mandatory savings accounts are with-drawable?

Number

34d. Do you use the account for saving more than the mandated amount?

**Interviewer:** If no, then enter a "0" for question 34e, and skip to question 35a.

0=no, 1=yes

34e. Why do you use this account to save more than the mandated amount?

- 0. Do not save more than mandated amount
- 1. easiest to save within one account
- 2. no withdrawal fee
- 3. easy to deposit because agent visits regularly
- 4. helps avoid temptation to withdrawal
- 5. with more savings I can take out a larger loan

35a. During the last three years, did anyone in the household adopt a child?

**Interviewer:** If the answer is "no," then enter a "0" for question 35b and end the interview.

If the answer is "yes," proceed with question 35b.)

0=no, 1=yes

35b. If yes, how many children were adopted during the past 3 years?

Number

**Interviewer:** Look over the survey to see if you have missed any questions. If you have, please ask those questions of the respondent. If not, it is the end of the interview. Remember to thank the respondent for his/her time in helping you answer these questions! **RETURN TO PAGE 1 AND FILL IN END TIME**