

ASA - Findings report and recommendations
Prepared by Gaamaa Hishigsuren, Consultant

This report is based on the process and findings of a two-year client assessment initiative funded by Practitioner Learning Program of SEEP Network. The primary objectives were to:

- Develop and institutionalize Client Assessment and Monitoring System (CAMS) by sensitizing all levels of ASA staff and management in the importance of learning from and listening to members
- Use the information gathered through CAMS in achieving the strategic goals to reach a significant scale and institutional sustainability without drifting away from the mission to reach the poorest and alleviate poverty

Specific objectives were:

- Build institutional capacity on CAMS by training the internal staff to carry on the CAMS activities
- Create member database which tracks record of members from their entry
- Conduct analysis of the members using existing database
- Identify the reasons for drop-outs
- Learn about the member satisfaction and their suggestions for improvement of existing products and services, as well as suggestions for new products and services
- Assess the impact of the program on members and their businesses
- Get feedback from the front-line branch staff as well as the management to cross-check/validate the findings of members' feedback and suggestions
- Review existing policy and administrative documents to cross-check the findings of members' assessment
- Document the process and findings and share with others in the microfinance community, specifically in PLP.

In order to improve the validity of the information, data from various sources was triangulated using a number of different tools. In total, structured surveys were conducted with a randomized sample of 240 current members and 180 former members, focus group discussions were facilitated with a randomized sample of 9 groups of current members and 9 groups of former members (on average, there were 12 members in each group), interviews were conducted with purposeful sample of 3 field staff, 4 board members, 3 representatives of funding agencies, 2 groups of management and 1 group of 30 center leaders. Members and field staff were selected from three branches: Manapparai, PK-1 and Chozhan Nagar. They were selected to represent rural, urban and semi-urban branches of ASA. Additionally, the researcher reviewed existing sources of information, such as management information system (MIS), archival documents (annual reports, operational documents and alike) and member database (information collected on new members at entry level).

This report summarizes the analyses of findings and recommendations. It is expected that the management will develop implementation framework based on the findings and recommendations, and delegate a staff member with moving the decision to implementation. Implementation includes all forms of responses to clients (whether it is an action to satisfy specific requests or it is a response to explain or clarify misunderstandings or reasons why certain actions

cannot be taken). Before implementation it is important to communicate the decisions to staff members at all levels and clients. It includes training, marketing and implementation plan development. Once a decision is implemented, the process starts again with the evaluation of the effectiveness of the decision and client satisfaction.

In summary, findings indicate that

- ASA is reaching the target, but including some better-off people and unmarried women;
- ASA has positive impact on some aspects, but not all
- Members are satisfied overall, but need further improvement
- Most reasons for drop-outs are not related to ASA program, rather due to lack of business opportunities to generate income.

Specific findings are analyzed by three dimensions of outreach; and specific recommendations are suggested for each area.

A. Depth of outreach

Mission and objectives - Impact, poverty outreach and sustainability

According to the Annual Report 2002/2003, ASA's mission is "to empower women of the poorest families economically, socially and politically through networking them into community institutions and efficient poverty alleviation and microfinance programs."

Analysis of findings:

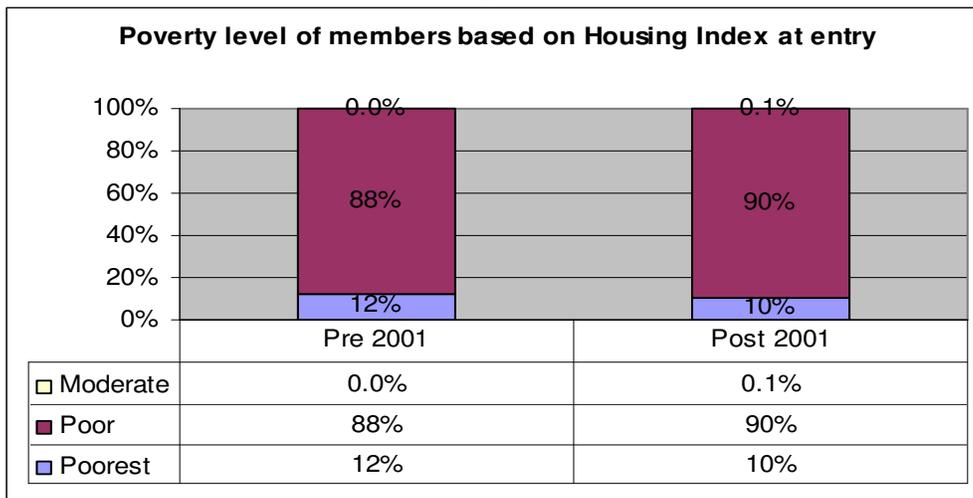
I. Poverty outreach: ASA is reaching the women of poor households:

- ✓ 100% of members, at entry level, had household income per capita less than the state GDP per capita
- ✓ 99.9% of new members lived in housing which was scored less than 8 points on Housing Index qualifying those members as poor
- ✓ 100% of ASA's members are women
- ✓ 71% of the members are served by branches located in rural areas
- ✓ 99.6% of members are Dalits.

More detailed analyses of the findings on this area are prepared in a separate document titled "Detailed analyses of Depth of Outreach".

While the above findings show positive picture about ASA's fulfillment of its mission, there were also evidences of small shifts towards less poor members and increase in urban branches as ASA has scaled up. The following graph illustrates that the percentage of poor members

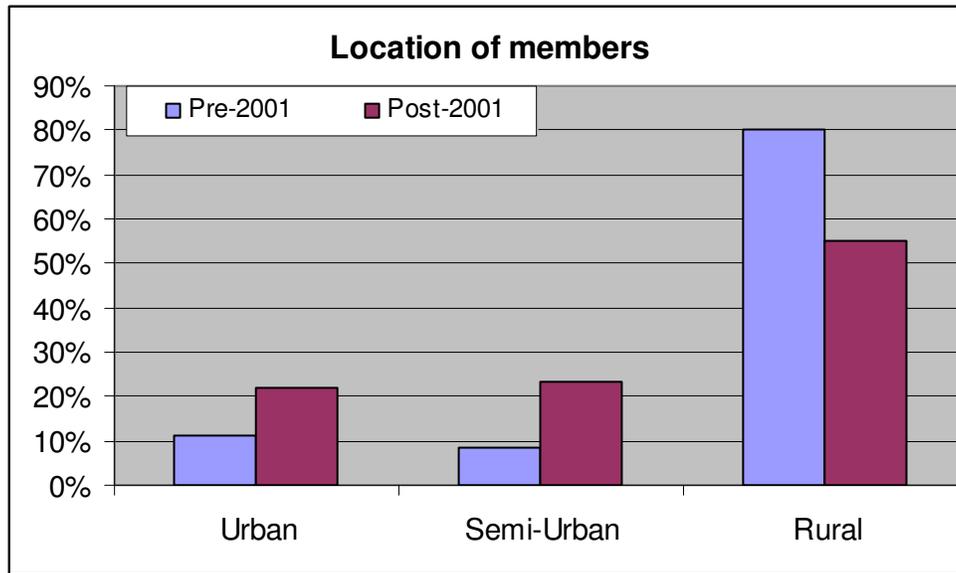
Figure 1.1



has decreased from 12% before 2001 to 10% after 2001 in the overall pool of new members at entry level (it is understandable that the poverty level can and is expected to improve after they join the program, therefore, this analysis is based on housing index scored at the entry level). On the other hand, there were evidences of acceptance of more moderate income members. This was more evident in some of newer branches. Discussions with management staff and board members revealed possible reasons of such a trend. One possible explanation was that Housing Index has limitations in capturing the poverty level of members especially in urban areas. When HI was originally adapted, ASA was primarily serving rural members and thus, was constructed to match the housing conditions of poor households in rural areas. In the recent years, ASA has opened a number of urban branches, and it is possible that housing conditions are generally better in urban areas even for people who are poor relative to their peers. Another explanation was that the government is giving free housing for those who are defined as poor (below national poverty line), and such government housing (colony housing) is generally in a good condition and receives a higher score on HI. These findings suggest that ASA needs to review the effectiveness of HI as a poverty targeting tool and also, assess the changes in who they are reaching.

Furthermore, there were also evidences of increase in urban branches. As the following graph illustrates compared to years prior to 2001, the proportion of rural members has decreased significantly after 2001. This decrease is compensated by an increase in the proportion of urban and semi-urban members.

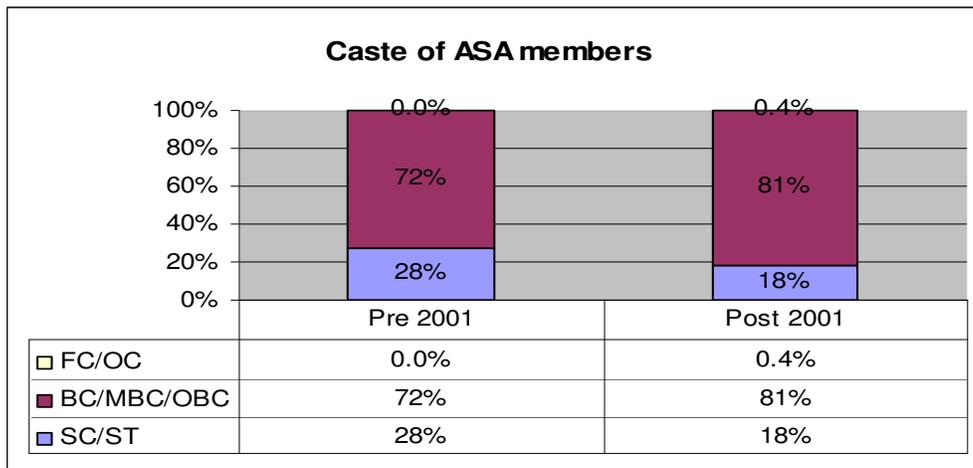
Figure 1.2.



Generally speaking, the poverty is greater and more concentrated in rural areas. Thus, shift towards urban areas is a signal of drift away from the social mission. Discussions with management staff and board members about this finding suggested that urban branches also serve rural members in the surrounding area. It is, thus, possible that some of the branches located in urban areas are not exclusively serving urban members. Based on this suggestion, data was gathered again on center-level, as opposed to branch-level. In this case, branch managers were asked to identify which centers are primarily rural members and which centers are primarily urban and semi-urban. The trend is the same even when the data is gathered at center-level. Thus, the findings suggest that in general, ASA has increased the proportion of urban members. Whether it is a drift away from poverty alleviation mission or not is another question. One can argue that poverty also persists in urban areas, especially in slums. The researcher has reviewed the recent statistics on Tamil Nadu poverty status by urban and rural areas, and did find that urban poverty is more persistent than rural poverty in the state of Tamil Nadu. ASA's expansion into urban areas appears to be justified. However, it is still worth to bring this issue to the attention of ASA's management so that the assessment of poverty is taken into consideration when a new market is identified for ASA's expansion in the future.

Next, there were evidences of decrease in the proportion of Dalits (Scheduled Caste/Scheduled Tribe), as illustrated in the following graph. Dalits as the oppressed group in the society were from the inception of ASA as the primary target group. However, the proportion of the lowest caste people has reduced from 28% prior to 2001 to 18% after 2001.

Figure 1.3.



These indicate that ASA needs to review its mission and take conscious efforts to strengthen its ability to fulfill the mission. The last section provides specific recommendations to improve on this area.

II. Impact: ASA’s mission statement reads that ASA aims to achieve empowerment of women in three areas: economic, social and political. Accordingly, specific indicators were developed and measured impact in these three areas. Overall, the findings indicate relatively low impact when mature members (those who had received more than 3 loans or had been in the program for at least 3 years at the time of the research) were compared to new members (those who had received no loans or only one loan at the time of the research). There were a number of areas where mature members had reported more positive changes than the new members. For instance, mature members were more likely to report that loans helped their families, that they participate in International Women’s Day and organize other members to address domestic violence and abuse issues. Few areas demonstrated statistically significant differences, and they are noted as “yes” in the last column of each findings table. For instance, the mature members were more likely to experience help from loans with respect to clothing and personal items and it was statistically significant compared to new members. Also, mature members were more likely to be confident in planning for the future compared to new members. However, most of these differences were not statistically significant, which means even though there are positive changes they may not be attributable to their participation in ASA’s program since their peers have also experienced similar level of changes.

Below are the specific findings by each domain followed by recommendations to improve ASA’s performance in fulfilling the mission at a deeper level. Please see attached power point presentation file titled “Analysis by new and mature members.ppt” for a graphical presentation of the findings.

Economic empowerment:

When the selected sample of members was asked in the survey whether loans helped their families, 100% of the mature members said “yes” compared to 97% of the new members. The difference between the two groups was not statistically significant. When the respondents were asked how the loans helped, the majority of them indicated help with more and better food, as indicated in the following table. The only statistically significant difference between the two groups’ responses was help with clothing and personal items. That is, mature members were more likely to have benefited from loans with clothing and personal items (50% of mature members compared to 34% of new members).

Table 1.1

| Impact indicators | New members | Mature members | p-value | Significantly different |
|--|-------------|----------------|---------|-------------------------|
| Loans helped family | 97% | 100% | 0.159 | No |
| Of those who said "Loan helped" | | | | |
| a. More and better food | 60% | 71% | 0.143 | No |
| b. Education for children and herself | 42% | 37% | 0.514 | No |
| c. Improve housing | 49% | 42% | 0.497 | No |
| d. Medical cost and improved health | 19% | 26% | 0.436 | No |
| e. Clothing and personal items | 34% | 50% | 0.041 | Yes |
| f. Furniture, utensils and goods for household | 9% | 16% | 0.217 | No |
| g. Recreation or leisure | 1% | 3% | 0.571 | No |
| h. Other | 10% | 17% | 0.215 | No |

With respect to business income, both mature and new members reported increase in their business income during the last 12 months (65% of new members and 62% of the mature members). The difference between the two groups was not statistically significant, as indicated in the following table.

Table 1.2

| Change in business income during the last 12 months | New members | Mature members | p-value | Significantly different |
|---|-------------|----------------|---------|-------------------------|
| a. Increase | 65% | 62% | 0.573 | No |
| b. No change | 28% | 29% | 0.573 | No |
| c. Decrease | 7% | 9% | 0.573 | No |

According to the respondents, relatively small percentage of them invested in small tools, utensils for house, major tools, own means of transportation, and business site. The table below illustrates the percentage of responses in each category. It seems the findings indicate the members

are not really investing in assets, rather using the loans for working capital and/or meeting the emergency cash needs. There is no statistically significant difference between the two groups.

Table 1.3

| Purchase of assets and investment in business | New members | Mature members | p-value | Significantly different |
|---|-------------|----------------|---------|-------------------------|
| a. Purchased small tools/utensils for house | 25% | 29% | 0.507 | No |
| b. Purchase of major tools | 25% | 19% | 0.364 | No |
| c. Purchase of own means of transportation | 7% | 12% | 0.265 | No |
| d. Invested in business site | 13% | 15% | 0.707 | No |
| e. Did not make any purchase | 36% | 36% | 0.959 | No |
| f. Other | 14% | 21% | 0.284 | No |

When the business income of the members increased, the money they gave to their household has accordingly increased, though to a slightly less extent (51% of the new members increased the money they gave to their household, compared to 52% of the mature members). The responses from the two groups of members were very similar and were not statistically significant.

Table 1.4

| Change in the amount of money given to household | New members | Mature members | p-value | Significantly different |
|--|-------------|----------------|---------|-------------------------|
| a. Increase | 51% | 52% | 0.803 | No |
| b. No change | 43% | 39% | 0.803 | No |
| c. Decrease | 6% | 9% | 0.803 | No |

In terms of household income as a whole, both new and mature members experienced increase during the last 24 months. As the following table illustrates, a slightly higher percentage of the mature members (63%) than new members (51%) reported increase in their household income. Also, a higher percentage of mature members, compared to new members, reported the household income increased due to access to loans from ASA. However, the differences were not statistically significant.

Table 1.5

| Change in household income during the last 24 months | New members | Mature members | p-value | Significantly different |
|--|-------------|----------------|---------|-------------------------|
| a. Increase | 51% | 63% | 0.214 | No |
| b. No change | 42% | 29% | 0.214 | No |
| c. Decrease | 7% | 8% | 0.214 | No |
| Income increased due to accessing loans from ASA | 83% | 92% | 0.179 | No |

Only very small percentage of both groups of members reported improvements in their housing during the last 24 months. As the table below illustrates, the highest percentage of the mature members' responses fell in building new house (7%), while new members were likely to move to rented house (4%). However, these are very small percentages of the total responses and are not statistically significant. The findings indicate that members are not investing significantly in improving their housing.

Table 1.6

| Changes in housing during the last 24 months | New members | Mature members | p-value | Significantly different |
|--|-------------|----------------|---------|-------------------------|
| a. Built new house | 1% | 7% | 0.574 | No |
| b. Bought land for new house | 1% | 3% | 0.574 | No |
| c. Moved to own separate house | 3% | 2% | 0.574 | No |
| d. Moved to rented house | 4% | 2% | 0.574 | No |
| e. Moved to family shared house | 0% | 3% | 0.574 | No |

Majority of both new and mature members reported no change in their financial ability to pay school fees for their children (71% of the new members and 67% of the mature members). A slightly higher percentage of the mature members indicated increase. However, the difference was not statistically significant, as shown in the following table. Of those who reported increase in their financial ability to pay school fees, the majority of them said that they are using profit from their businesses and that helped them to increase their financial ability. On the other hand, only 2% of new members and 3% of the mature members indicated decrease in their financial ability to pay school fees and 25% of those said it is because business income had reduced. Nevertheless, it is only negligible percentage of the total responses and not statistically significant.

Table 1.7

| Changes in financial ability to pay school fees | New members | Mature members | p-value | Significantly different |
|---|-------------|----------------|---------|-------------------------|
| a. Increase | 27% | 31% | 1.00 | No |
| b. No change | 71% | 67% | 1.00 | No |
| c. Decrease | 2% | 3% | 1.00 | No |

| Reasons for increase in financial ability to pay school fees | New members | Mature members | p-value | Significantly different |
|--|-------------|----------------|---------|-------------------------|
| a. Fewer children go to school | 20% | 8% | 0.33 | No |
| b. Using profit from her business | 81% | 78% | 0.70 | No |
| c. Using loans | 0% | 4% | 0.43 | No |
| d. Other | 8% | 28% | 0.06 | No |

| Reasons for decrease in financial ability to pay school fees | New members | Mature members | p-value | Significantly different |
|--|-------------|----------------|---------|-------------------------|
| a. Business income decreased | 25% | 25% | 1.00 | No |

With respect to their food security, the majority of both new and mature members reported that they had enough quantity of food, but not always the variety they want. This is a good sign. There was no respondent whose family often did not have enough to eat. Approximately half of both groups had experienced increase in their financial ability to provide sufficient amount of food during the last 12 months. When compared, there is no statistically significant difference between the two groups. It seems the food security level is almost the same in new members and mature members.

Table 1.8

| Food eaten in the household during the last 12 months | New members | Mature members | p-value | Significantly different |
|--|-------------|----------------|---------|-------------------------|
| a. Enough quantity and variety of food | 20% | 25% | 0.38 | No |
| b. Enough quantity of food, but not always the variety they want | 71% | 88% | 0.38 | No |
| c. Sometimes not enough to eat | 9% | 7% | 0.38 | No |
| d. Often not enough to eat | 0% | 0% | 0.38 | No |

| Change in the financial ability to provide sufficient amount of food during the last 12 months | New members | Mature members | p-value | Significantly different |
|--|-------------|----------------|---------|-------------------------|
| a. Increase | 56% | 57% | 0.907 | No |
| b. No change | 41% | 39% | 0.907 | No |
| c. Decrease | 3% | 5% | 0.907 | No |

The respondents' financial ability to pay healthcare for their families had not changed significantly. Only a third of both groups reported increase, while the majority indicated no change. There is no statistically significant difference between the two groups.

Table 1.9

| Change in the financial ability to pay health care for family during the last 12 months | New members | Mature members | p-value | Significantly different |
|---|-------------|----------------|---------|-------------------------|
| a. Increase | 29% | 39% | 0.131 | No |
| b. No change | 57% | 51% | 0.131 | No |
| c. Decrease | 14% | 10% | 0.131 | No |

A third of both groups had voluntary savings at the time of the research. Almost equal percentage of the two groups reported that they have voluntary savings in addition to their mandatory savings account with ASA. The majority of them reported increase in their voluntary savings during the last 12 months. For most of those who experienced increase, the main reason was

the increased income from business (75% of the mature members whose voluntary savings increased and 65% of the new members). 48% of the new members and 44% of the mature members responded that improved money management had contributed to increase in voluntary savings. The majority of those who had experienced increase said it was due to their participation in ASA (63% of new members and 68% of the mature members).

Table 1.10

| Percentage of respondents who had voluntary savings | New members | Mature members | p-value | Significantly different |
|---|-------------|----------------|---------|-------------------------|
| | 32% | 31% | 0.917 | No |
| Change in voluntary savings during the last 12 months | New members | Mature members | p-value | Significantly different |
| a. Increase | 73% | 70% | 0.567 | No |
| b. No change | 27% | 27% | 0.567 | No |
| c. Decrease | 0% | 3% | 0.567 | No |
| Reasons for increase in savings | New members | Mature members | p-value | Significantly different |
| a. Increased income from business | 65% | 75% | 0.528 | No |
| b. Improved money management | 48% | 44% | 0.808 | No |
| c. Improved savings strategies | 35% | 25% | 0.528 | No |
| d. Other | 13% | 6% | 0.504 | No |
| Percentage of respondents who reported savings increased due to ASA's program | New members | Mature members | p-value | Significantly different |
| | 63% | 68% | 0.726 | No |

Social and Political Empowerment:

Women’s confidence in planning for the future is measured as one of the expected social empowerments that ASA’s program leads to. The survey responses indicate that majority of the members felt more confident in planning for the future (99% of the mature members and 88% of the new members). Also, the difference between the two groups was statistically significant. The findings indicate that mature members were more likely to be more confident than the new members in planning for the future. This is an indication of social empowerments that members have experienced as a result of participating in ASA’s program.

Table 1.11

| Impact indicators | New members | Mature members | p-value | Significantly different |
|---|-------------|----------------|---------|-------------------------|
| More confident in planning for the future | 88% | 99% | 0.009 | Yes |

The next table shows the respondents' participation in various community activities by each type of members and whether the differences between the two groups were statistically significant. Overall, the participation of both groups is relatively low across all the activities, except International Women's Day (IWD). Higher degree of participation in IWD, as indicated by the responses, is probably due to the fact that it is organized by ASA in a more formal manner. Mature members were more likely to participate in IWD than the new members (62% versus 48%). The difference between the two groups was statistically significant. The other activities in which mature members were more involved included village level meetings and addressing domestic violence and abuse.

Table 1.12

| Participation in community activities (as a participant) | Percentage of the participants who started this after joining ASA | | | | | | | |
|--|---|---------------|---------|-------------------------|------------|---------------|---------|-------------------------|
| | New member | Mature member | p-value | Significantly different | New member | Mature member | p-value | Significantly different |
| International women's day | 48% | 62% | 0.01 | Yes | 17% | 52% | 0.000 | Yes |
| Training to other community members | 5% | 4% | 0.55 | No | 0% | 6% | 0.024 | Yes |
| Campaigning for government schemes | 2% | 2% | 0.389 | No | 2% | 4% | 0.722 | No |
| Addressing domestic violence and abuse | 2% | 6% | 0.012 | Yes | 0% | 2% | 0.159 | No |
| Right based groups | 10% | 11% | 0.838 | No | 10% | 7% | 0.644 | No |
| Infrastructure development activities | 19% | 19% | 0.768 | No | 7% | 13% | 0.279 | No |
| Meeting with local government officials | 12% | 14% | 0.364 | No | 2% | 8% | 0.125 | No |
| District or national level meetings | 5% | 2% | 0.476 | No | 2% | 0% | 0.323 | No |
| Village level public meetings | 19% | 32% | 0.021 | Yes | 5% | 14% | 0.063 | No |

| | | | | | | | | |
|---------------------------------------|-----|-----|-------|----|----|----|-------|-----|
| Voting or other political campaigning | 26% | 18% | 0.152 | No | 0% | 8% | 0.007 | Yes |
| Local governance and PRI | 7% | 6% | 0.834 | No | 2% | 2% | 1.000 | No |

The above table also illustrates the percentage of those members, who participate in each of the activities, with respect to their participation after joining ASA. For instance, 52% of the respondents who participate in International Women’s Day, started participating after joining ASA. This is intended to measure how many percentage of the members actually have started participating after joining ASA. It is possible that some of the members had been participating in a particular community activity even before joining ASA. If we do not distinguish members’ participation in each activity after they joined ASA, it is not possible to attribute the changes to ASA’s program impact. As the table shows, there are three activities in which ASA mature members reported that they started participating after joining ASA and their responses were significantly different from the new members. A greater percentage of mature members than new members had started participating in IWD, training to other community members and voting or political campaigns after joining ASA. In other activities, there responses did not indicate statistically significant difference. The findings indicate that relatively percentage of both new and mature members started participating in any of the community activities. There may be a room for improvement with respect to this impact on social and political empowerment.

The respondents were asked whether they also took a leadership role in any of the activities. The new members did not play any leadership role in any of the activities except voting and political campaigns (2% of the total new members). Mature members did respond in most of the activities they played leadership role, but the percentage of responses was negligible (2-4% of mature members). Again, here is an area where ASA may consider taking concerted efforts to expand the impact. Of those responded taking leadership role, little above half of the respondents indicated that they learnt leadership skills from ASA’s training. This does not seem to be overwhelmingly satisfactory result since leadership development is a major focus area for ASA.

Table 1.13

| Sources of leadership skills | New members | Mature members | p-value | Significantly different |
|------------------------------|-------------|----------------|---------|-------------------------|
| From the family | 33% | 28% | 0.615 | No |
| ASA training | 58% | 56% | 0.615 | No |
| Training in other program | 0% | 6% | 0.615 | No |
| Other | 8% | 11% | 0.615 | No |

Another area where ASA puts an emphasis to achieve empowerment is improved awareness about the resources around the members to take advantage of and control over. During the survey interviews, the respondents were asked if they were aware of a list of resources that are available for them in their communities to access. The list of resources is also illustrated in the following table. The responses indicated that the awareness of government schemes was relatively higher among

both new and mature members. The least known was the reservation policy (0% of new members and 3% of mature members was aware of it). The awareness in other areas was low for both groups and there was no statistically significant difference between the two groups. The only significant difference was found in their level of awareness of healthcare providers. Mature members were more likely to know about the healthcare providers than the new members.

Table 1.14

| Knowledge about government programs and structures | | | | | Knowledge before joining ASA | | | |
|--|-------------|----------------|---------|-------------------------|------------------------------|----------------|---------|-------------------------|
| | New members | Mature members | p-value | Significantly different | New members | Mature members | p-value | Significantly different |
| Public school system | 31% | 31% | 0.948 | No | 14% | 17% | 0.700 | No |
| Healthcare providers | 18% | 34% | 0.05 | Yes | 6% | 17% | 0.053 | Yes |
| Government schemes | 78% | 70% | 0.364 | No | 45% | 40% | 0.611 | No |
| Government policy on money lenders | 12% | 19% | 0.272 | No | 2% | 4% | 0.566 | No |
| Reservation policy | 0% | 3% | 0.159 | No | n/a | n/a | n/a | No |
| Election process | 12% | 23% | 0.103 | No | 2% | 3% | 0.643 | No |
| Local governance structure and PRI | 18% | 10% | 0.23 | No | 2% | 3% | 0.843 | No |

The members' level of awareness before joining ASA is an important factor in understanding and improving their awareness. As the above table shows, the members had very low level of awareness to begin with before joining ASA, and had actually improved their level of awareness on each of the areas. This is a good sign. It is possible that ASA's awareness trainings and center meetings where many of these issues are discussed could have contributed to this improvement.

Next, the members were asked where they learn about the above resources. As the table below demonstrates not a very significant percentage of them had learnt from ICT, ASA awareness meetings and center meetings. This is somewhat disappointing given the fact that ASA puts significant emphasis and spends resources on awareness building in these issues. The responses indicate that almost half of the members learnt about the above issues from their neighbors. It would be possible for ASA to develop a strategy for greater awareness using this existing source of information that is still quite widely used by members.

Table 1.15

| Source of knowledge about government programs and structure | New members | Mature members | p-value | Significantly different |
|---|-------------|----------------|---------|-------------------------|
| From neighbors | 42% | 36% | 0.501 | No |
| From center meetings | 25% | 35% | 0.22 | No |
| ICT | 0% | 3% | 0.159 | No |
| ASA awareness meeting | 27% | 23% | 0.65 | No |
| Training in another program | 13% | 10% | 0.597 | No |
| Others | 10% | 16% | 0.31 | No |

To summarize, while there are some signs of positive changes, most findings indicate relatively low level of impact in areas which are considered as strategically important impact paths for ASA. It is recommended that ASA determines the strategic areas they expect to achieve significant impact and put a concerted effort into realizing those impacts. The types of impact measured and reported above may not have fully represented the strategic impact paths that ASA expects to fulfill. This can be improved by identifying a set of selected impact indicators in which ASA wants to see significant change and measure them over time to monitor its performance.

B. Quality of outreach

Analysis of findings:

In this section, data from three sources are used to examine the quality of outreach. The sources of data include (1) quantitative data primarily drawn from the MIS, (2) quantitative data drawn from the structured survey of members, and (3) qualitative data based on FGDs with members, individual and group interviews with management, front-line staff, board members and representatives of funding agencies. The section is organized in two parts. First, the quantitative data from the MIS and the survey are analyzed. The results of these analyses are presented first for ASA as a whole and then, for the three branches as compared to ASA average. Secondly, the qualitative data from the FGDs and interviews are discussed to give more in-depth understanding of the primary findings of the quantitative data.

The quality of outreach is determined by five indicators: (1) the level of members' overall satisfaction with the organization; (2) the average number of hours available for working with each member; (3) case load (the number of members per field officer); (4) the quality of member service (e.g. personal attention, business counseling, help with family related social issues, etc.) as perceived by members; and (5) the percentage of former members who left the program due to reasons related to ASA's scaling up. As a poverty alleviation mission-driven organization, ASA emphasized the importance of high quality service for the poor, especially in terms of spending time with each member, providing both business and personal advice, helping them network with each other, giving information on nutrition, health, education, gender issues, market prices and access to public services, among others. When organizations scale up, there is a tendency to require a larger number of clients handled by a field officer to reduce transactional cost. Such an increased case load may lead to fewer number of hours spent with each client and thus, lower quality service and

member satisfaction. Furthermore, dissatisfaction may lead to member desertion. Therefore, it is important to understand whether since scaling up ASA has been able to maintain the same quality service and the level of personal attention they used to provide when the organization was smaller. Also, of importance is whether members left the program because of reasons related to ASA’s scaling up.

Overall findings in terms of quality of outreach

Within this domain, the most significant downward movement occurred in terms of increased case load (index of 5) followed by the time available per member service (index of 3), as shown in Table 6.2.1. However, the survey responses indicate that about half of the pre-2001 members who were interviewed said that they were spending about the same time with field officers at the time of the interview compared to three years ago. Only 12% of them perceived that they spend less time now. This is the same when responses are compared by the three branches. When they were asked to specify the number of hours, they indicated on average they used to spend 3.4 hours per week with a field officer three years ago, whereas now they spend 2.96 hours. Post-2001 members said they spend 2.84 hours on average. According to the survey responses, there was no statistically significant difference or reduction in the average number of hours spent before and after the scaling up.

Table 6.2.1: Overall findings in terms of quality of outreach
(index of “5” means “worst downward change” and “0” means “no change”)

| | ASA | Manapparai | ChozhanNagar | PK-1 |
|--|------------|------------|--------------|------------|
| Case load | 5 | 3 | 4 | 2 |
| Time available per member service | 3 | 2 | 2 | 2 |
| Percentage of respondents said overall quality of service "Excellent" or "Good" | 0 | 0 | 0 | 0 |
| Percentage of respondents said variety of products and service "Excellent" or "Good" | 0 | 0 | 0 | 0 |
| Percentage of respondents said FO quality of service "Excellent" or "Good" | 1 | 1 | 1 | 1 |
| Quality of outreach | 1.8 | 1.2 | 1.4 | 1.0 |

Like ASA as a whole, the branches, except the third branch have experienced their most significant decrease in terms of Quality of Outreach. For Branch 1, Manapparai, the lower quality of service occurred mostly due to increase in the case load, followed by decrease in the time available for field officer per member service and drop in the percentage of survey respondents who rated quality of member service from FO as “Excellent” or “Good”. The difference between Manapparai and ASA as a whole is that Manapparai has increased the case load to a less extent than ASA as a whole (index of 3 for Manapparai as opposed to 5 for ASA as a whole). For Branch 2, Chozhan Nagar, the increase in case load was greater than the other two branches, which puts it closer to that of ASA as a whole. All the other indicators in this domain have shown exactly the same pattern as the other units of analysis.

Within this domain, the only other variable that indicates lower quality of service is the drop in the percentage of respondents who rated quality of member service provided by the field officer (FO) as either “Excellent” or “Good”. This is shown by the results of the survey, as in Table 6.2.2 below. There is a drop in the percentage of pre-2001 members who rated the quality of member services now as “Good to Excellent” compared to three years ago. However, the drop is small: from 81.4% to 75.4%. On the other hand, there is an improvement in the percentages of responses rating overall satisfaction and the variety of services and products as “Good to Excellent”: while 78.6% of the pre-2001 members rated the overall quality of service three years ago as “Good to Excellent”, 84.9% said the same about the current quality of service; 71.9% of them gave the same rating on the variety of services three ago, whereas in the rating of current variety of services the percentage has gone up to 83.3%.

Another interesting result in this table is that post-2001 members rated the quality of member services and variety of services and products significantly higher than the pre-2001 members. In other words, significantly larger percentage of members who joined ASA after the scaling up are satisfied with the quality of member services and the variety of services and products offered by ASA, compared to those who had joined ASA before the scaling up. The same results are found in the analyses of the survey responses by the three branches. The only exception was that the post-2001 members from Manapparai branch also rated the overall quality of services higher than the post-2001 members and that was statistically significant at 90% confidence level.

Table 6.2.2: Survey responses on quality of services

| | Pre-2001 | | Post 2001 | p-value |
|----------------------------------|-------------|-----------|-----------|---------|
| | 3 years ago | Currently | Currently | |
| Good to Excellent | | | | |
| Quality of member service | 81.4% | 75.4% | 89.8% | 0.00 |
| Variety of services and products | 71.9% | 83.3% | 93.8% | 0.04 |
| Overall satisfaction | 78.6% | 84.9% | 83.8% | 0.08 |

Reasons for former members’ departure

One of the proposed indicators for measuring quality of outreach was the percentage of members who left due to reasons related to ASA’s scaling up process. To understand various reasons why some members left the program, a number of indicators were developed and a set of questions on those indicators were asked from former members through a structured survey. In total, 180 formers were interviewed, half of whom were members who had joined ASA before the scaling up and half had joined after the scaling up.

The analysis of the survey reveals that there is no significant difference between the former members who had joined before and after the scaling up in terms of the reasons why they left the program. As Table 6.2.3 below demonstrates, majority of former members, both before and after the

scaling up, decided themselves to leave. None of the post-2001 former members was expelled by ASA management, while only 1.2% of pre-2001 former members left because ASA expelled them. This is the same when each branch is analyzed separately.

Table 6.2.3: Decision to leave the program

| | Pre2001 | Post2001 | p-value |
|-----------------|---------|----------|---------|
| Member herself | 86.9% | 84.2% | 0.71 |
| Member's family | 10.7% | 14.5% | 0.71 |
| Member's group | 1.2% | 1.3% | 0.71 |
| ASA | 1.2% | 0.0% | 0.71 |

There was no significant difference in terms of the most important reasons for pre-2001 and post-2001 members to leave. The most significant, single important reason for pre-2001 members to leave was reason outside of the program and her business (34.5%) while for the post-2001 members, the most important reason was problems related to their businesses (42.3%). Table 6.2.4 illustrates that these reasons were the dominant reasons for both groups to leave. ASA related reasons as well as problems related to borrowing in a group accounted for a very small percentage. Overall, the pre-2001 and post-2001 members left the program due to the same set of reasons: problems in their business or reasons external to the program and their businesses. This finding is the same for each of the three branches. The responses of members in Manapparai branch, however, indicated significant difference in the primary reasons why they left. Problems in member's own business were the most significant reason for the post-2001 members and this accounted for more than it did in the case of the pre-2001 members (51.9% vs. 28.6%). Less percentage of the post-2001 members left due to reasons related to ASA. This was reported the same across all branches.

Table 6.2.4: Most important reason for leaving

| Most important reason for leaving | Pre2001 | Post2001 | p-value |
|---|---------|----------|---------|
| Reasons outside the program and my business | 35.4% | 36.6% | 0.42 |
| Problems in own business | 30.4% | 42.3% | 0.42 |
| Don't need capital now | 13.9% | 9.9% | 0.42 |
| Problems with borrowing in group | 7.6% | 4.2% | 0.42 |
| ASA related reasons | 12.7% | 7.0% | 0.42 |

Of those who left because they were expelled by either ASA management or by the borrowing group, most had repayment problems (15% for pre-2001 and 28.6% for post-2001). Table 6.2.5 demonstrates that the only difference that post-2001 former members reported was that some of them had problems in following the requirements to attend the regular weekly meetings, or had difficulties with other group members or with group policies and procedures. There was no statistically significant difference in the responses from the two comparison groups. None was expelled due to change in ASA's loan policy as a result of scaling up or difficulties with ASA field officers.

Table 6.2.5: Reasons for ASA and borrowing group to expel members

| Reasons | Pre2001 | Post2001 | p-value |
|--|---------|----------|---------|
| Change in ASA's loan policy due to its recent expansion strategy | 0.0% | 0.0% | n/a |
| Difficulties with the field officer of ASA | 0.0% | 0.0% | n/a |
| Repayment problems | 15.0% | 28.6% | 0.58 |
| Attendance problems | 5.0% | 14.3% | 0.46 |
| Difficulties with group policies and procedures | 5.0% | 28.6% | 0.16 |
| Difficulties with other members of the group | 5.0% | 28.6% | 0.16 |

Former members were asked a set of specific reasons related to ASA if they apply to their departure. Table 6.2.6 illustrates that except three reasons, none of the reasons applied to them. 10.3% of the pre-2001 members and 6.7% of the post-2001 members said that one of their reasons for leaving was due to stricter eligibility requirements to get a loan. Furthermore, 10.3% of pre-2001 former members said they left because processes to get a loan has changed and 7.1% said they were not longer able to get personal attention from field officers. These were not reasons why post-2001 members left.

Table 6.2.6: ASA related reasons for leaving

| ASA related reasons for departure | Pre2001 | Post2001 | p-value |
|--|---------|----------|---------|
| Eligibility requirements have become stricter | 10.3% | 6.7% | 1.00 |
| No longer able to get personal attention from Field Officers | 7.1% | 0.0% | 0.15 |
| No longer able to get info on products and services | 0.0% | 0.0% | n/a |
| Processes to get a loan has changed | 10.3% | 0.0% | 0.54 |
| I was transferred to another branch and did not like the treatment of FO in new branch | 0.0% | 0.0% | n/a |
| ASA no longer provides developmental services | 0.0% | 0.0% | n/a |
| Less access and participation in decisions regarding ASA's policy and procedures | 0.0% | 0.0% | n/a |
| had personal conflicts with the FO | 0.0% | 0.0% | n/a |

When former members were asked specifically about the quality of services they received before they left the program, significant majority of them rated quality of member services, variety of products and services and the overall quality as “Good to Excellent”. As demonstrated in Table

6.2.7, there was no statistically significant difference between the pre-2001 and post-2001 former members. The same results are found when branches are analyzed individually.

Both pre- and post-2001 former members indicated “lower interest rate” as the most liked attribute of the program (48.8% and 57.8%, respectively). This was reported by a larger percentage of post-2001 members. However, the difference was not statistically significant with an exception of members from Chozhan Nagar branch: 72.2% of post-2001 members compared to 38.9% of pre-2001 members said they liked most “lower interest rate”. This is because ASA had reduced its interest rate from 18% in 2000 to 12% at the time of the research.

Table 6.2.7: Quality of services before leaving – former members

| Good to Excellent | Pre2001 | Post2001 | p-value |
|--|---------|----------|---------|
| Quality of member service received from FO | 84.5% | 92.0% | 0.33 |
| Variety of products and services | 86.9% | 86.7% | 0.79 |
| Overall satisfaction | 88.1% | 90.7% | 0.58 |

| Most liked attributes | Pre2001 | Post2001 | p-value |
|--|---------|----------|---------|
| Lower interest rate | 48.8% | 57.8% | 0.14 |
| Simple procedures and application | 34.5% | 14.7% | 0.14 |
| Group support and help | 3.6% | 9.3% | 0.14 |
| Convenience of loan disbursement | 3.6% | 6.7% | 0.14 |
| Networking of women to address infrastructure issues | 2.4% | 1.3% | 0.14 |
| Mutual guarantee system | 2.4% | 1.3% | 0.14 |
| Compulsory savings | 1.2% | 5.3% | 0.14 |
| Larger circle of customers and suppliers | 1.2% | 2.7% | 0.14 |
| Steady source of working capital | 1.2% | 1.3% | 0.14 |

Next most liked attribute was “simple procedures and application”. The least liked attributes were repayment schedule and fees (both application and processing fees). Negligible percentage of both groups pointed “changes in ASA policy” as least liked attribute (1.4% and 2%, respectively). Again, there was no statistically significant difference between the two groups. In terms of attributes that need to be further improved, most suggested lower interest rate and larger loan sizes (both initial and subsequent loans). No significant response indicated improvement on attributes related to scaling up process.

In the following Table 6.2.8, the results of the former members’ responses on attributes they liked least or disliked and elements they would like to see improved in ASA. The survey responses indicate that a significantly larger percentage of post-2001 former members disliked the repayment schedule, high processing fee and small loan size. The same was true in the case of PK-1, the urban branch, whereas the other two branches did not indicate significant difference. These are also further elaborated below with qualitative data. In terms of attributes to improve, there is no significant difference between the responses of pre-2001 and post-2001 members. The majority of them suggested lowering the interest rate and increasing the size of initial loans, both of which had been already undertaken right before the research.

Table 6.2.8: Least liked attributes and improvement – former members

| Least liked attributes | Pre2001 | Post2001 | p-value |
|---------------------------------------|---------|----------|---------|
| Repayment schedule | 21.4% | 40.0% | 0.05* |
| High application fee | 18.6% | 10.0% | 0.05* |
| High processing fees | 5.7% | 16% | 0.05* |
| Group guarantee/paying for delinquent | 11.4% | 6% | 0.05* |
| Compulsory savings | 7.1% | 8% | 0.05* |
| Weekly group meetings | 4.3% | 2% | 0.05* |
| Loan size is too small | 2.9% | 8% | 0.05* |
| Changes in ASA policy | 1.4% | 2% | 0.05* |

*Difference is statistically significant at p<.05 level

| Things to improve | Pre2001 | Post2001 | p-value |
|--|---------|----------|---------|
| Lower interest rate | 65.8% | 71.0% | 0.62 |
| Larger size of initial loans | 13.2% | 8.1% | 0.62 |
| Larger size of subsequent loans | 3.9% | 6.5% | 0.62 |
| Longer grace period | 2.6% | 4.8% | 0.62 |
| Help solving problems with other group members | 2.6% | 0.0% | 0.62 |
| Shorter meetings | 1.3% | 1.6% | 0.62 |
| Longer loan term | 1.3% | 1.6% | 0.62 |
| Better member service from FOs | 1.3% | 0.0% | 0.62 |
| Less frequent meetings | 0.0% | 1.6% | 0.62 |
| Lower training fee | 0.0% | 1.6% | 0.62 |

Why case load increased and time for member service reduced? Does it affect members' satisfaction with ASA?

As presented above, the area in which ASA experienced most decrease in quality of outreach is the increased case load. Namely, the number of members per field officer almost doubled over the two year period: from 257 in March 2001 to 451 in March 2003. This resulted in reduced time available per member: from 47 minutes available per member per month in March 2001 to 27 minutes in March 2003. As explained above, available time is calculated by dividing the total working hours per field officer (8 hours per day and 6 working days per week). These are the two areas in which ASA demonstrated most decrease in quality of outreach due to the scaling up process.

To gain more in-depth understanding of how these changes have affected, if at all, the quality of outreach as measured through members' satisfaction. A total of nine FGDs were conducted with current members who joined ASA before the scaling up and are still members. The rationale for selecting only pre-2001 current members was that they were assumed to be knowledgeable about both the before and after scaling up program details. On average, there were twelve participants, resulting in about 108 participants. Here, some of the participants' responses related to these two changes and changes in their satisfaction are presented. Since in the FGDs,

responses were not recorded individually rather the majority's opinion is recorded as a group response, the findings are presented in terms of number of groups that had mentioned the particular response.

Participants in seven out of nine FGDs indicated that they were happy with the fact that the FOs started to come only fortnightly to the center meetings instead of weekly. One of the reasons for that was the scaling down of FOs involvement made them feel to grow up more responsible and take control over their resources. However, participants in four FGDs cautioned if FOs did not visit the centers frequently they might lose control over the members. More balanced and gradual transition is recommended.

Of the nine FGDs with current members, participants in seven groups said they were satisfied with the individual attention from field officers both before and after the scaling up. They reported that both before and after the scaling up the field officers are still providing personal care, guidelines and clarifying any questions the members may have. On the other hand, participants in three groups mentioned that they did not like the fact that the field officers' attention reduced. Participants in three groups indicated that field officers had to handle more members per day post-scaling up and they did not like the increased case load because that reduced the field officers attention to members.

However, six out of nine groups reported that after the scaling up period they were still getting the same information as they used to before the scaling up, such as on new products and center meeting procedures, government welfare schemes and other additional information. Also, six groups indicated that they were satisfied with the maintenance of records like the copy of denomination slips, collection format copy, attendance note and minutes of the center meetings. Compared to the pre-scaling up period, the FOs were still maintaining the records properly and more efficiently in the post-scaling up period.

The participants also felt happy with field officers because the field officers remained to be unbiased and flexible in their approach to members. There was no noticeable change in the field officers' attitude due to the scaling up process that affected members' satisfaction. One of the interesting findings is that members have mixed reaction to the frequent changes of FOs, which was noted by the management and board members as a big challenge. Participants in four groups mentioned that staff changes did not have much impact, while three groups indicated dissatisfaction. The latter groups claimed that frequent staff changes negatively affect the quality of relationships members build with the FOs. It takes time for new FOs to become knowledgeable about members and their businesses as well as social background.

The management, board members and front-line staff agreed that the case load increased and the service time per member reduced. However, they did not think that these changes negatively affected the quality of services overall and specifically, the member service. The stakeholders in all these three levels strongly believed that even though the number of members per field officer increased ASA had undertaken a number of measures to lessen the actual responsibilities of the field officers by improving efficiency and hiring leading members to become CFOs and replace the FOs in more mature centers. The promotion of CFOs is discussed in length in the previous section. To recall, the main idea is that one woman leader is elected in a center to become a CFO and

replace the FO and take his/her responsibilities in the alternate weeks when the FO is not scheduled to come to the center meeting. In other words, the FO is not handling all the members by herself/himself. He/she is receiving assistance from the CFOs and thus, the actual workload is not necessarily doubled as the increase case load appears to be.

One of the ways they said ASA improved efficiency was transferring the manual recording of transactions to a computerized recording. Previously, FOs used to record all the loans and savings collections by hand on paper-forms, and then, consolidate them again in the branch in order to report to the head office. Now, the transactions are easily entered into computerized database and are consolidated without any additional work. Also, in the center level, the loans and savings collections used to be given by each member to the center leader during the weekly meeting, who then records the amounts in members' passbooks and submit to the FO. There are approximately twenty to forty members in each center and counting everyone's loan repayment and deposits used to take up significant time. Now, the members are expected to give their loan repayments and savings deposits to their group leaders prior to the meeting. During the meeting, the group leaders (four to eight of them) submit their group payments to their center leaders. This streamlined procedure allowed to shorten the duration of the center meetings.

Moreover, the board members and management thought the FOs' capacity was not fully utilized with the pre-scaling up level. Thus, the post-scaling up case load is the right level. In the words of one of the board members: "Previously field officers used to have too much time sitting freely doing nothing. Now the case load has increased up to the right level where the field officers are fully utilized. So, it is not affecting the quality of work. By squeezing out inefficiencies they are creating time to manage increasing case load."

Why did the pre-2001 members' satisfaction with the quality of member service decline?

As discussed above, majority of the pre-2001 current members who participated in the FGDs indicated satisfaction with the FOs both before and after the scaling up. However, there were few groups that expressed dissatisfaction with the fact that FOs are frequently transferred between the branches (three groups mentioned the FOs are transferred every six months). They felt the new FOs did not know much about their businesses and their experience with ASA. Because they believe they belong to ASA as part of their family, the personal relationship is very important to them. The previous FOs who worked with them from the beginning know them and the members feel comfortable talking to their previous FOs. Over time, they had become like one family. FOs were also like counselors for them. Now, the new FOs do not know much about the members and thus, the members cannot trust immediately. Furthermore, six out of nine groups suggested that it would be better if the FOs continued to come every week instead of coming fortnightly. The members felt that even though in the alternate weeks that FOs do not come, center leaders or the CFOs replace them, there is a difference. Moreover, four out of nine groups mentioned that because of increased case load FOs are not able to spend time with the members as much as they used to and thus, the FOs' attention reduced. They approximated that the FOs used to spend 45 minutes to 1 hour per week with members before the scaling up whereas now, they spend about 30 minutes per week. This estimate is based on the average time a FO spends each week in each center.

It can be speculated from the qualitative data the pre-2001 current members' satisfaction declined because of three main changes that took place during the scaling up period: (a) increased case load for FOs, which led to less time available to spend with members and pay attention to them, (b) frequent changes or transfers of FOs between branches, and (c) changing FOs' visits to center meetings from weekly to fortnight visits. However, it must be noted here that the decline in the pre-2001 current members' satisfaction with the quality of member services was very minimal. That is, the survey results indicated that 81.4% of the pre-2001 current members rated the quality of member services three years ago (that is, before the scaling up) as "Good to Excellent" while 75.4% of them rated the quality of member services at the time of the research as "Good to Excellent". This means, 6% of the respondents rated current member services lower. It was not proven to be statistically significant difference.

Why did post-2001 members rate overall quality of services, quality of member services and the variety of services higher than pre-2001 members?

Post-2001 current members were not sampled for the FGDs because they joined after the scaling up period and thus, were not knowledgeable about the discussion subjects prior to the scaling up. Therefore, there is no data from FGDs on post-2001 members' opinion about why they might have rated the overall quality of services, quality of member services and the variety of services higher than the pre-2001 members. However, data from other sources, such as the review of archival documents and interviews with the management and front-line staff indicate a number of changes that took effect after the scaling up in the scope of the outreach, namely the number and type of the services as well as the terms and conditions of those services. It is assumed that those changes might have influenced the post-2001 members' level satisfaction. Those changes are discussed in detail in the next section on the findings of scope of outreach. To learn how the changes in the products and services are received by the members, ASA started to put in place a comprehensive client assessment and monitoring system. The main objective is to institutionalize a system to constantly get feedback from the members and respond to their suggestions in order to ensure continued high quality of outreach. The details of this strategy are elaborated in Strategies section below.

Another possible reason is that ASA promoted CFOs only in the more mature centers to replace the FOs, which means in the centers which were formed after the scaling up period the FOs were still visiting every week and working closely with the new members. A center must have been formed at least two years ago in order for it to qualify for the change to place - "CFO replacing the FO in alternative weeks". The assumption is that the post-2001 members rated the quality of services higher because they are still following the pre-scaling up model, in which the FOs come to facilitate the center meetings every week and work closely with the members. This is only assumption and needs to be further investigated to establish any credible relationship.

Summary

Both quantitative and qualitative data indicate that the case load did increase significantly and this increase in the case load did have significant impact on the members' satisfaction with the quality of services, in general and specifically the member service in terms of their relationship with the FOs. Although the amount of time FO has at hand appear to have reduced based on the

calculation of the number of members per field officer and the normal working hours, the management, board members and front-line staff argued that the CFOs assist FOs by replacing them in alternate weeks and taking most of the responsibilities. Therefore, the service time given to members did not reduce. The discussions with the pre-2001 current members did point out that much of the member services were provided the same way as before. There were a few groups that did indicate dissatisfaction due to these changes in the case load and the reduced time spent from FOs at the center meetings.

They also brought into discussion another consequence of scaling up. Due to lack of skilled front-line staff, ASA had to transfer the more experienced field staff from branch to branch to train the new staff and manage the new branch. This frequent change of staff appears to have affected the members' satisfaction negatively. The qualitative data from the FGDs and interviews also revealed that the changes had occurred differently and thus, had differing levels of effect across centers and branches. This section mostly focused on the changes related to the quality of member service. However, there are a number of changes that took place in the number and type of services and products, as well as in their terms and conditions. Such changes are also assumed to have affected the members' satisfaction, and are, therefore, discussed below.

C. Scope of Outreach

In this study, three main sources of data are used to examine changes in scope of outreach. They are (1) quantitative data primarily drawn from the MIS, (2) quantitative data drawn from the structured survey of members, and (3) qualitative data based on FGDs with members, individual and group interviews with management, front-line staff, board members and representatives of funding agencies. The same as the previous section, this section is organized in two parts. First, the quantitative data from the MIS and the survey are analyzed. The results of these objective data analyses are presented first for ASA as a whole and then, for the three branches as compared to ASA average. Secondly, the qualitative data from the FGDs and interviews are discussed to give more in-depth understanding of the primary findings of the quantitative data and provide additional information on the scope of outreach that are not captured by the quantitative data.

To measure scope of outreach, the study has primarily looked at changes in the number and type of financial and non-financial services offered by ASA and used by members. The primary source of data, which is MIS, offered only two indicators for which data was tracked over time and was available. Those were the number of financial services and the number of financial products within each service. Based on the available data, first an index of mission drift on scope of outreach was developed using the same method as used in the previous two domains of mission drift. Since these indicators do not capture the range of products and services that ASA used to offer and offer now, additional information was gathered through the structured survey and FGDs with members as well as the interviews with the management, front-line staff, board members and representatives of funding agencies. Such additional analyses provide insights into the changes that took place during the scaling up process on the scope of non-financial services, terms and conditions of financial products, members' participation in various services.

Overall findings in terms of scope of outreach

The results of the analysis using MIS data indicate there is no indication of decrease. That is, ASA has not reduced the number of financial services and financial products. In fact, ASA has expanded the variety of financial services package. Before the scaling up, ASA was offering two basic financial services, i.e., loans and savings in five products, namely, loans for income generation, agriculture and essential purposes, and compulsory and voluntary savings. In 2002, ASA added insurance as a new financial service and housing loan as a new financial product. In 2003, ASA added another financial service, pension, and bundled the three loan products into one general loan product. The same services and products are offered in all branches uniformly. Thus, all the three branches, like ASA as a whole, have not experienced any deterioration in terms of Scope of Outreach. There was no record of number and type of non-financial services and products offered by ASA over the years. The existing data were mostly anecdotal. Therefore, they were not included in computing the index in this domain. However, a number of focus group discussions, in-depth individual and group interviews were conducted with members, field staff, management and board members. The results of these interviews and discussions are discussed below to give a more complete picture.

To gain more in-depth understanding of the members' usage of services, the pre- and post-2001 members were asked to check all the services that they were receiving or using at the time of the interview. The analysis of the survey reveals that there is no significant difference between pre-2001 and post-2001 members in terms of services received at the time of the research. As Table 6.3.1 demonstrates, majority of the respondents were using financial services, namely loans, savings and insurance services.

Table 6.3.1: Services received by members

| Services received | Pre2001 | Post2001 | p-value |
|--|----------------|-----------------|----------------|
| <i>Financial services</i> | | | |
| Loans | 93.6% | 95.6% | 0.51 |
| Savings | 92.7% | 95.6% | 0.29 |
| Insurance | 80.4% | 84.3% | 0.36 |
| Pension | 11.4% | 10% | 0.74 |
| <i>Non-financial services</i> | | | |
| Marketing linkage | 3.2% | 4.1% | 0.78 |
| Matriculation school | 0.5% | 0% | 1.00 |
| Child labor school | 0% | 0% | n/a |
| ICT | 3.2% | 1.2% | 0.31 |
| Right-based groups | 11% | 3.5% | 0.01* |
| Election campaign | 2.3% | 1.2% | 0.47 |
| Networking federations | 7.3% | 8.2% | 0.85 |
| Leadership skill training | 3.7% | 7.1% | 0.17 |
| Awareness training on addressing social issues | 9.1% | 9.4% | 1.00 |
| Awareness training on addressing infrastructure issues | 4.1% | 9.3% | 0.06 |
| Awareness on political issues & government system | 2.7% | 2.4% | 1.00 |

| | | | |
|---------------------------|------|------|------|
| Gender training | 3.2% | 7.1% | 0.09 |
| Health training | 5% | 2.4% | 0.19 |
| Not receiving any service | 4.1% | 3.5% | 0.79 |

*Difference is statistically significant at the $p < .05$ level.

Of the non-financial services, awareness training on addressing social issues is the most actively received service both for members who joined before and after the scaling up followed by the networking federations. Interestingly, compared to pre-2001 members, a larger percentage of members who joined after 2001 reported that they were receiving awareness training on addressing infrastructure issues, leadership skill training, gender training and marketing linkage at the time of the research. However, the differences were not statistically significant at 90% confidence level (two-sided p-value of less than 0.05).

The only significant difference was found in the respondents' participation in right-based groups: 11% of pre-2001 members participated while only 3.5% of post-2001 members participated in right-based groups. In the earlier years, ASA used to organize a group of 20-30 community members to address particular right-related issues, such as tenant-right issues, quarry-worker right issues or women's right issues. In the example of tenant-right issues, ASA provides a venue for the interested members to get together, identify issues, discuss solutions and take actions collectively. The costs were covered by funding provided by international donors, such as ActionAid and Oxfam. However, the funding has stopped now and there is no on-going funding to support this kind of activities. Furthermore, ASA has realized that organizing members around a particular right-based issue is not sustainable not only because they do not generate any income but also because the groups dissolve once the issue is resolved. Due to these reasons, ASA has reduced its intervention to organize community members around right-related issues.

What are the changes that have taken place in financial services?

As discussed above, ASA introduced housing loan as a new loan product, insurance and pension as new financial services. Majority of the group indicated high satisfaction with these new services and product. Eight out of nine groups liked the insurance scheme most. However, members were not clear about the specific terms and conditions of the insurance product. There were many differing opinions among participants as to which was the correct terms and conditions. On the other hand, the introduction of pension service was not liked very much by the members. Six out of nine groups did not show much interest to join the pension scheme and seven groups thought it was adding financial burden on them because they are already paying for many things and putting aside money for pension was going to be another burden.

In addition to the changes in the type of financial services and products, a number of important changes that were made in conditions and terms of the financial products. The participants in the FGDs indicated that those changes affected their satisfaction either positively or negatively. Therefore, it is important to learn about those changes and how they affected the members' satisfaction.

Lower interest rate

Both pre- and post-2001 members indicated a “lower interest rate” as the most liked attribute of the program (48.8% and 57.8%, respectively). This was reported by a larger percentage of post-2001 members. However, the difference was not statistically significant with an exception of members from Chozhan Nagar branch: 72.2% of post-2001 members compared to 38.9% of pre-2001 members said they liked most “lower interest rate”. One possible reason for this difference is that the pre-2001 members might have been aware of the interest rate reduction because ASA had just reduced its interest rate from 18% in 2000 to 12% at the time of the research. Overall, the interest rate deduction was very much liked by the members.

Withdrawal of voluntary savings from centers

Members can no longer deposit their small voluntary savings when they come to the center meetings every week. Instead, they have to go to the branch office which requires more time and money for traveling. During the group interview, the senior management staff commented that the reason why voluntary savings are no longer mobilized at the centers was because there had been many fraud cases. Center leaders, who collected members’ small savings, were misusing members’ voluntary savings by lending to others without depositing at the branch office. Since the voluntary savings are not fixed amount, there was no way to check how much savings the members had given to the center leader each week, whereas compulsory savings were fixed amount and thus, it was possible to check the total amount collected each week.

Now that members deposit their voluntary savings at the branch office, field officers are released from their responsibility to record the transactions and thus, save some time. The deposit transactions are handled by accountants. In a way, it therefore saves important time for field officers who need to be in the field recruiting more members and also, putting in a place a more control to prevent from fraud. However, from members’ perspective it increases their transaction costs and thus, discourages them to save up financial security for their future. Seven out of nine groups strongly indicated that they would like to continue voluntary savings at the center level because they felt the voluntary savings were helpful for them to manage lump sum cash needs as well as emergencies, such as in the case of inability to service the loan repayment.

Fees

A loan processing fee of 2% is introduced in 2003. The management group commented during a group interview that the reasons for introducing this fee are: (1) financial institutions from ASA borrows on-lending fund are charging fee (cost of fund has increased); and (2) ASA had to reduce its interest rate from 18% to 12% per annum because of the Tamil Nadu State Government ordinance that has placed a cap on interest rate for retail lending. This appears to have increased the direct financial cost of borrowing for members. However, when the total financial cost is compared before (18% interest and no fee) and after the scaling up (12% interest plus 2%), there is no increase. The members are still better off.

Change in loan sizes

ASA increased the size of first loans from Rp. 2000 to Rp.3000, but reduced the size of maximum loans from Rp. 15,000 to Rp.10, 000. While five out of nine groups indicated high

satisfaction with the increase in first loan size, seven out of nine groups said they were not happy with the cut on the maximum loan size. They thought ASA reduced the maximum loan size because of on-lending capital scarcity due to the recent rapid growth in the membership. However, the management, front-line staff and board said they reduced the maximum loan size not only because of on-lending capital scarcity but also because they perceived the members' capacity to absorb loans had deteriorated due to recent droughts in the area. There were also some misperceptions about the size of loans approved. Participants in five groups said they were not happy because they were given smaller size of loans than they asked for. They thought ASA was cutting down the size of the loan because of on-lending scarcity, whereas ASA management and front-line staff said they had to reduce the size of the loan because when they assess the members' capacity to utilize, the loan the members usually did not have that capacity.

There were no changes regarding the loan term, repayment schedule and group guarantee mechanism.

What are the changes that have taken place in non-financial services?

ASA has been particularly focused on developmental activities, which are referred to here as non-financial services. During the scaling up process, a number of new services are added and a number of previous services have been stopped or scaled down. According to the members' perception, the training programs to teach members learn to write their signature, to increase awareness on gender issues, various infrastructure and developmental issues, political and local governance system used to be given much emphasis prior to the scaling up period. At the time of the research, they felt the emphasis on these services had reduced. Also, they said the senior field officers used to come to the villages and identify local issues to be addressed collectively. There was no senior officer coming to share such issues anymore. Specifically, seven out of nine groups said addressing issues and right based programs had been reduced.

Moreover, they felt previously ASA used to organize right-based campaigns by bringing together all members. They felt ASA was no longer organizing such campaigns. However, the review of other sources of data indicates that these perceptions are not always accurate. After all, they are only perceptions. The review of archival document provides evidences that such campaigns were still conducted by ASA where all the women members come together to show their strength and solidarity. This usually coincides with the International Women's Day on March 8th, and thus, is referred as March 8th campaign or International Women's Day campaign. Due to increasing scale, ASA started to organize the campaign in several locations, instead of one, because bringing together all 60,000 or so members in one place was a very challenging and not very effective task. Perhaps due to this change in organizing the campaign in different locations, some members felt that ASA was no longer organizing the campaigns of all members.

On the other hand, the participants of the FGDs identified a number of new non-financial services that ASA started to offer. Specifically, they mentioned the business development services (BDS) and Vidiyal Information Service Providers (VISP). More information about these new services are provided in Chapter 4. While these new services received high satisfaction, most of the members were not aware of them or did not have much knowledgeable about these new services. Eight out of nine groups said they would like to have more information about these new services

and be able to fully utilize them. The findings indicated a great need for promotion of the new services to all members.

Additionally, members indicated satisfaction with the increased emphasis on providing information about government schemes, from which members can access services that are not provided by ASA. Also, they feel proud of recognition some women members received at the Panchayat Raj level as a result of election campaigns and awareness programs on local governance. They feel ASA is no longer giving much emphasis on educating members about local governance and promoting them to take elected positions at the Panchayat Raj Institutions.

Other stakeholders, namely the management, board members and representatives of funding agencies all believe that ASA has not and will not eliminate the non-financial services because that is ASA's strength and because that is what the poor people need to move out of poverty. In the words of those stakeholders:

A representative of a funding agency said:

“They [ASA] cannot cut down on developmental activities even if they are not making money because they will lose their identity and cannot be competitive. Only because of developmental activities, they have gotten good reputation and are competitive compared to other NGOs. When the poverty is alleviated, they will have to shift the focus or mission because needs of the people will change. Funding agency thinks ASA will have to change the services and the composition of members only when the members are uplifted and their conditions are improved. Before that happens, now they are still providing other activities not just microfinance, like education, infrastructure, sanitation, group housing because these are very important services for the upliftment of the poor and ASA is still providing them.”

A board member said:

“ASA still believes in the importance of training and education in addition to the financial services.”

Chairman said:

“We have not changed our mission. We have changed only the entry point. Instead of organizing people around development activities, we decided to use microfinance as an entry point and use microfinance services to organize people together. Then, from that platform we will continue to provide non-financial services.”

It all boils down to the vision of the chairman and the founder who still has significant power over the strategic directions of the organization. During the individual interview, he made it clear that he continues to believe that poverty is a multi-faceted complex phenomenon, and thus, needs a holistic approach to address it. Financial services alone cannot reduce poverty. However, the chairman also pointed out a change that ASA had taken on going about providing the non-financial services. That is, based on their earlier experience, he and the staff at ASA learnt that directly delivering the non-financial services with its own staff is not effective and not sustainable.

It is also very challenging, if not impossible, to continue providing non-financial services on a large scale. Therefore, ASA started looking for ways to link members to available sources of non-financial services, while continuing to provide the services that are not available elsewhere. They started to more focus on information services. VISIP is an example of that change in their strategy. Another way to make developmental services available was perceived to be the networking and federation of women members both within the organization as well as with other networks, locally, nationwide and internationally. By enabling members to come together, talk to each other, learn from each other, identify issues together and address them collectively, ASA would provide the opportunities for members to grow and ASA can do so on a larger scale. The more members join, the better the learning becomes. As the chairman said, “This is the real learning. This is the real development.”

This vision was consistent and was reaffirmed in the interviews with the management staff and board members. It was clear from the interviews with these various stakeholders that the new strategy to seek partners and alternative sources of non-financial services for ASA’s members was well communicated and was perceived consistently across various levels of stakeholders.

What are the changes in the procedures?

Introduction of CFOs

As discussed in the previous sections, one of the major changes that took place due to the challenges of scaling up is the introduction of CFOs. The FGDs with members spent significant time focusing on the effects of this change as perceived by the members. Majority of the groups said they were happy that ASA started to promote women leaders to take control over the program and grow responsible (six out of nine groups). Four out of nine groups said they were satisfied with the service of the CFOs in approving the loan at the center level, taking responsibility for the repayment of center members, informing members of the decisions and changes shared in the center leaders’ meeting at the branch office regarding the program and policies, and taking up the roles of FOs during the center meetings. Also, the CFOs are given training on various financial management skills, which the participants in four out of the nine groups liked very much.

However, the change was not welcomed by everyone. There were some groups that expressed dissatisfaction with the idea of replacing FOs with CFOs. Three out of the nine groups thought the CFOs were not as clear as the FOs in providing new information about the program. Furthermore, participants in three groups did not like the idea of paying compensation to the CFOs out of the center fund, which is built with members’ contribution every month. In four groups, some of the participants had experiences with the CFOs who demanded bribes or fees during loan disbursements. There were misunderstandings about such fee or bribe. During the interviews, the management and the board confirmed that there was no such policy for CFOs to demand any fee from members. The policy in effect is to pay CFOs travel allowance and compensation from the center fund. Each center has been collecting Rp.2 from every member each week to build this emergency fund. This center fund concept existed even before the scaling up. It was used for any emergency related to the center members, including repayment problems, family emergencies, or for purchasing items for the center, such as mat for members to sit. However, when ASA promoted CFOs to deal with the increased case load and lack of front-line staff, ASA revised the policy on the

center fund usage and now, the centers are expected to pay the CFOs from their emergency fund. During the FGDs, participants in three groups suggested that ASA starts paying for CFOs from its own payroll not from the center fund.

Despite the center fund issue, majority of the groups were happy with the CFO introduction. Overall, the members said they are highly satisfied with the transformation of center leaders into CFOs.

Duration of compulsory group activities

The participants pointed out that the duration of compulsory training and the center meetings had become shorter. Every new member was required to go through seven-day training before she became eligible for getting a loan. The topics of the training used to cover introduction to the program, policies and procedures, the detailed terms and conditions of the products. At the time of the research, the training had been shortened to last for five days. In essence, it has become two days shorter. The management and front-line staff claimed that even though the training had become shorter, they still cover the same topics. The members do not go through that training again, and thus, were not able to make comparison. However, there was no indication of dissatisfaction with the quality of training.

The other compulsory group activity is the weekly center meeting. The members are still required to come to the center meeting every week. The center meetings are expected to provide a platform or a venue for organizing members, for empowering them through sensitization, collective actions and alike. The purpose of keeping the center meeting as a platform for development was indicated by the management, board members and the chairman as a conscious effort or strategy to maintain ASA's poverty alleviation mission. This is further elaborated in the Strategy section below. The change that the members identified with respect to the center meetings was the duration of each meeting, which was shortened from one hour to half an hour. The members are happy about this change because they feel now they can spend more time for other responsibilities they have to take care, for instance, household chores, business sale or production. The management and front-line staff explained that as a result of more streamlined procedure for financial transactions at the center meeting, they were able to shorten the duration of center meetings. However, they claimed that the content of the center meetings did not change.

Summary

The findings from both quantitative and qualitative data show that ASA has not drifted away from its mission significantly in terms of scope of outreach. There was some evidence of drift in terms of reducing the emphasis on some of the non-financial services ASA used to provide. However, those were due to conscious strategic change that the management and the board made. It was not because they decided to abandon or give less importance to the non-financial services, but rather to increase the effectiveness and impact of such services to a larger scale.

These results of minimal to no mission drift did not happen by a chance. There were a number of strategies that contributed or enabled ASA to be able to maintain its mission in the midst

of challenges during its scaling up process. Key strategies that contributed to the above findings are discussed in the next section.

D. Strategies that enabled ASA to maintain poverty alleviation mission

This section looks at the key strategies or mechanisms that have contributed to ASA's success in remaining faithful to its poverty alleviation mission while addressing the challenges during the scaling up process. The results are drawn from primarily qualitative data gathered through individual and group interviews with the management (2 groups of 20), front-line staff (3), board members (3) and representatives of fundings agencies (3) during December 2003-January 2004. The data indicate that the key strategies of maintaining the poverty alleviation mission during the scaling up process are (1) likeminded board, (2) loyal staff and management, (3) participation of members, (4) platform for socio-political empowerment and (5) member-responsive assessment and monitoring system. These five strategies are identified as the key strategies that ASA has taken to address the challenges they have faced during the scaling up process, which enabled ASA to maintain its poverty alleviation mission. In addition, the stakeholders who were interviewed identified three other strategies as important but less significant in ASA's ability to adhere to the mission. They are (1) use of technology, (2) management decision to slow down and (3) creation of social auditing team. All of the strategies are elaborated below.

Likeminded board

The most important factor is the commitment to the mission at all levels of the organization especially at the leadership and the board level. As Mr. Devaraj, the founder and chairman of ASA proudly said, one of the advantages ASA has enjoyed over the years is that ASA has been able to maintain a small board consisting of likeminded members who are primarily the initial founders of ASA. Appendix 6.4.1 demonstrates that four of the six board members were the founders of ASA, at the time of research. All of them were trained in development field and were working with a mission to empower the poor women and reduce poverty. At the time of the research, three members were staff of ASA, one member was a Professor of Economics at a women's college in Tamil Nadu, another member was a Chief Executive of Friend's of Women's World Banking, dedicated to promotion of microfinance and the last member was a Founder and Managing Director of SHARE MICROFIN, a regulated microfinance institution in India. It is clear that all the board members are committed to poverty alleviation, and that is the strength of ASA which enables it to continue to be faithful to its mission. This is primarily the result of the founder's deliberate effort to keep the board small and under control. That way, he envisioned that he would be able to develop and strengthen a development model most appropriate for empowering the poorest women in India. Board members with differing opinions about what would work were suspected to create disagreements over his visions and that would have made it harder for him to have control over many critical decisions and make sure that ASA remains adherent to its poverty alleviation mission.

However, now that ASA is on the path to scale up, S. Devaraj finds it necessary to bring in new board members with expertise in private sector. His main expectations are that private sector professionals will help ASA in tapping into more financial capital from the private sector, bring in expertise that will assist ASA in successful transforming into a regulated financial institution and learn from strengths of private sector in running financial services. This is one of the strategies to

respond to the challenges of insufficient financial resources and unfavorable legal and regulatory environment, as discussed in the previous section.

As ASA plans to bring in more private sector professionals, at least one or two at the beginning, they are aware of the potential risk of losing some control. During the group interview, management staff commented, "...There may be potential risk of shifting the mission because of business intruders." Nevertheless, the current board and the management are well aware and prepared to screen the potential new board members to make sure they have the same commitment to the poverty alleviation mission of ASA. If there is any sign of disagreement or lack of commitment, ASA will not be ashamed to turn down the candidate, even if it happens to be a potential funder offering significant amount of needed capital for ASA. The Chairman says; "If that funder is not committed to our mission, we will say "NO" to the offer even if we are badly in need for that funding." Also, he believes ASA has developed a solid foundation with rich human capital – staff at all levels – committed to the mission. Thus, an addition of one or two private sector professionals to serve on the board is not going to change its mission dramatically.

Loyal staff and management

The representatives of funding agencies consistently stated that the most important strength of ASA is the staff who are loyal and committed to the mission of the organization. This was a stunning result because these are the responses of the funding agencies as an outside who assess the strengths and weaknesses of ASA in making decision whether or not to invest. Their assessment of ASA's strength was strong and consistent in agreeing that committed and loyal human resource is really the asset of ASA in maintaining its poverty alleviation mission.

It was also clear from the interviews with the staff at different level – field officers and management – that they were proud to be part of the family, as they referred to ASA. The findings indicate that they are still working with ASA because they feel this is a social service and they like to work with the poor people and see how their lives are improving.

Also, the chairman encourages and involves all levels of staff in decision-making at various levels. He has prepared a core team of seven to eight senior management staff and has delegated major decision-making authority. The team consists of heads or executive directors of major departments. Preference is given to those who have field-based experience and worked with ASA for at least 5-6 years including the work at the branch office level. This core team is given most decision-making power. At the time of the research, the board met once every three months, with some exceptions of even less frequency. In the meantime, the core management team makes all the major decisions. One of the board members commented during an interview, as

"The core team decides almost everything. Only if there is a decision concerning significant budget or strategic direction, they will send us the decision made by the core management team to review and approve. We have not had many occasions when we had to overrule their decisions. It is really them who are running the organization. They are committed." (January 7, 2004)

The strength of this committed and loyal staff is assessed by one of the representatives of funding agencies as follows:

“Compared to other players [in microfinance field], ASA has been able to maintain staff effectively without much turnover. There are managers who have been with the organization for a long time – top management remains stable. Good quality management staff has been a successful strategy. Other players [competitors] are weak in top management. They do not allow the grass-root level staff to take responsibility, grow and be challenged, take decisions, be the owners, whereas ASA, especially the Chairman has been able to encourage the grass-root level staff to grow up and take more responsibility and decisions.”

This approach of promoting those from the grass-root level to a higher level and give more responsibilities is also observed in the case of members, as discussed below.

Participation of members

The review of ASA’s archival documents reveals that at least 6 members have been promoted from member level to staff level. During the group interviews, the management staff commented that ASA strives to empower the poor women members and promote them to become full-time staff of ASA, who in turn can start helping the other poor women. The members who are elected to become full-time staff are called community field officers (CFOs).

In branches that have been successfully operating for at least two years, those members with strong leadership skills and experience in the program are elected by other members in their centers to become a community field officer (CFO). One center elects one CFO. This is intended to achieve twin objectives: (1) cutting down cost of operation by replacing field officers with CFOs who are not paid from the ASA payroll; and (2) empowering poor women members to take leadership role and start their path to become an employee of ASA. The latter is in line with ASA’s mission to build community-based organizations owned, managed and run by the members themselves. Implementing CFO concept is therefore seen as a step towards fulfilling the mission.

CFOs are given a travel allowance and per diem or compensation for the daily wage they have to forego once a week to come and conduct their respective center meetings. This amount comes from the center fund, where each center member contributes Rp. 2 per week. Before the scaling up and the introduction of CFOs, the center fund was as an emergency fund for the center and used for expenses related to the center maintenance, for example, buying mats for members to sit on during the center meeting and building a hat for the center meeting and alike.

Once elected as CFOs, members are given a series of training both in the field at the center meetings by field officers and at the branch office by the branch managers. There are about 100 – 120 CFOs elected per branch and they are grouped into 3-4 batches of 30 or so CFOs because the branch office cannot accommodate all of them at the same time. Thus, the branch provides 3-4 rounds of training during a month, which means each CFO receives a training once every month. A sample training agenda includes the follows: pledge song by CFOs, the concept of CFOs, roles and responsibilities, usage of center fund, questions and answers about the terms and conditions of financial services and products. Also, there is time scheduled to talk about the leadership role of

CFOs in facilitating members to identify and address developmental issues, such as women's issues, caste issues, infrastructure issues (e.g. some members faced challenges from their villages because they were not allowed to use the same water pump as the higher caste people), and other issues that members face and need collective action of all center members to address those.

Previously, field officers (FOs) used to play a central role in facilitating the center meetings and handling the transactions. They used to come to each center once every week. Now, CFOs are taking most of the roles and responsibilities of FOs. The CFOs are fully responsible for conducting the center meetings; record all transactions (loan repayment and collection of compulsory savings), registering attendance, monitoring loan utilization, help solving issues members may have, share all the new information given during the training at the branch office, inform the branch manager if there is any social issue members are facing in the village, and recruit new members. Also, the CFOs are encouraged to mobilize collective actions of members to help addressing any problems a member may be having at home or with her business, and give information and guidance on the importance of literacy, education for children, awareness on health care issues, how to access medical service, how to get their pension, information on available government programs, such as immunization for children, assistance for handicapped people, and public bus facilities.

This strategy allows ASA to maintain its mission while addressing the challenges that it is facing during the scaling up process. A board member indicated during an individual interview that promoting women members as CFOs has been a good strategy because:

“Since they are community members, they are less likely to steal money and run away. ASA can still find them in the villages and get the money back. In general, village people are less likely to misappropriate money and are more trustworthy than city people, especially those professionals.”

Additionally, one leader is identified and elected by the members of one branch to become a community leader (CL). According to the Annual Report 2002/2003, there were 22 such community leaders elected and placed in their respective branches as the President of the branch and take responsibilities of an additional manager. They are given leadership training at ASA's community college in various aspects of running a branch operation. The responsibilities of CLs include carrying out day-to-day functioning of the branch and regular field monitoring, identifying local developmental issues and address them by facilitating members to take actions collectively. The community leaders also help to educate the public and lobby for the exclusion of MFIs from the State Government Ordinance on the interest rate cap. The women leaders were mobilized to convince, educate and influence various authorities, such as local police and local administration by explaining them about the program and the services they are receiving.

These women leaders have to travel widely and are therefore compensated for their transportation and opportunity cost while on duty. However, the amount they are paid for is much less than the average salary of a field officer, and is therefore considered as an effective strategy for ASA to respond to the challenges of limited financial resources, as discussed in previous section. An average salary for a field officer was US\$100-150 per month at the time of the research, whereas the compensation for a community leader (only opportunity cost without the transportation cost since the salary did not include transportation allowance for field officers) was approximately

US\$ 30-50 per month. This estimate of compensation varies greatly depending on how many days a particular community leader works at that month. The point is that hiring community leaders is cost-saving for ASA, and empowerment and employment opportunity for the poor women members.

Finally, in order to stay in touch with the community, ASA is planning to bring in one or two more women elected from its long-standing members and also, one or two staff persons. Currently, there is one woman member and one staff person who serve on the board. Their presence on the board allows better representation and ensures that the voices are heard of the various stakeholders, especially those in the bottom level.

Keeping the platform for development – Institutional structure

ASA facilitates meetings of its members at various levels on a regular basis: center meetings once every week involving at least 20 members, center leaders' meetings once every month involving 10-15 center leaders of a branch, federation meetings once every year involving all center leaders of ASA, and staff meetings every year.

The chairman and the management staff commented that keeping these regular meetings allows them to maintain the venue or the platform which has been instrumental in providing developmental services in addition to the financial services and in facilitating members' collective actions to identify and address various issues members face in improving their living standards. The core management team believes it is possible to maintain developmental aspects as long as this model of organizing regular members' meetings is maintained at various levels.

Member-responsive assessment and monitoring system

During the scaling up process, ASA has undertaken a number of efforts to get the feedback from its members about their satisfaction with the current products and services, changes in the policy and procedures, and to solicit recommendations from them on further improvements. These efforts are formally institutionalized as a client assessment and monitoring system. Specific objectives of the CAMS are (1) to create and institutionalize a credible and practitioner-led client assessment and monitoring system that receives constant feedback, reflects and responds to members' needs and (2) to contribute to the achievement of ASA's strategic goal to reach a significant scale and institutional sustainability without drifting away from the poverty alleviation mission. The system is illustrated in the following diagram.

As of January 2004, ASA had completed a number of data gathering to get feedback from the members about the scaling up process and solicit recommendations how to improve. The Chairman, board members and management staff perceive that these efforts enable them to ensure ASA's scaling up process is not leading to mission drift.

Other strategies

In addition to the above strategies, the interviewees indicated that ASA undertook other measures to respond to the challenges during the scaling up. First, to address the increased case load

and limited time for member service, ASA equipped all branches with computers so that field officers do not spend many hours recording the transactions manually. Also, the branches are connected with the head office via internet, which allowed the branches to transfer their data in cyberspace in real time. This also saves time and improves the quality of data because previously, one of the staff had to consolidate the data in the branch which were done manually and bring to the head office. As a result of improved technology, significant staff time is saved, quality of data and monitoring of field operation is improved.

Secondly, as the chairman of ASA commented, “as soon as we noticed the quality was deteriorating, we decided to slow down.” ASA has closed down some of the new branches and slowed down the expansion until the capacity was put in place and the scaling up process is in good management. This strategy to slow down the scaling up process from the top management has enabled ASA to catch up the pace of growth and maintain the quality.

Thirdly, ASA has created a separate unit that is in charge of implementing and monitoring non-financial development activities. They are called “Social Auditing Team”. The team consists of senior staff members of ASA who have been involved in the non-financial activities that are targeted to tackle the socio-political root-causes of poverty. Their responsibility is to ensure continued provision of developmental activities that are necessary to fulfill the poverty alleviation mission and make sure they complement the financial services.

Summary

MFIs can and should scale up without drifting away from their poverty alleviation mission. To achieve these dual objectives, MFIs need to learn about and adapt strategies that would allow them to address the challenges that they will face in the process. The findings of the study suggest a number of important strategies that enabled ASA to maintain its mission while scaling up. Although some of them may be unique in the context where ASA operates, most would apply to MFIs with poverty alleviation mission. For instance, many of ASA’s strategies described above are about human capital: like-minded board, loyal staff and management, and participation of members. ASA has paid careful attention to developing and building strong human resource that share common objectives. That is the core of ASA’s strategies. It was also important to keep the structure that provides a space for organizing members and allowing them to network and take collective actions. This was the essential part of ASA’s methodology which is kept intact. Finally, ASA recognized the need for feedback system that is responsive to members’ needs. It helped them to provide products and services that meet their needs and attract more members. These are the key strategies that can be learnt by other MFIs and taken into consideration as MFIs plan for their scaling up.

Overall conclusion and Recommendations

Overall, the findings of the research indicate that ASA has been able to maintain its poverty alleviation while scaling up significantly. However, there are small shifts in the poverty profile of its clients as described above. ASA needs to pay attention and take concerted efforts to re-focus its outreach on the initial targeting group.

Despite the challenges ASA has faced during the scaling up and the unfavorable environmental factors, such as interest rate ceiling imposed by the state government and unhealthy competition, ASA has been able to retain members and maintain high level satisfaction among members. 86% of the survey respondents gave “good” to “excellent” rating for overall services, 82% for quality of member services and 88% for variety of services and products. Even the members who were not longer borrowing and saving with ASA had a positive vision and appreciation of the services by the members. Majority of them were willing to come back and stay with ASA once the conditions for their business improve (such as rainfall). The main areas where members indicated dissatisfaction and suggested improvement included lack of clarity in terms of some services (such as pension), inconsistency in staff and center leaders’ knowledge about the services, products and policies, frequent transfer of staff, and withdrawal of voluntary savings deposit. More detailed list of recommendations is provided in the presentation titled “FGD findings on satisfaction_current_former.xls”

Based on the findings of the research, the following recommendations are made by each area.

Mission, objectives and performance:

A. Organizational culture:

- 1) Apply a poverty lens to all formal documentation, add to or revise where there are opportunities to reframe ASA’s operations – methodology, policies and procedures – in terms of targeting, attracting, serving and retaining poor people
- 2) Revise and strengthen the recruitment and induction process to ensure consistent mission, vision and organizational values are central to every applicant and employee’s introduction to and training within ASA
- 3) Clearly articulate the mission and objectives, and communicate consistently to all levels of staff and clients: include in internal and external audit agenda to monitor the level of awareness about the mission; include in the oath by field officers, clients; in management meetings all management staff say the mission statement
- 4) Affirm mission and values on an on-going basis via the organization’s intranet, memos, annual retreat and regular office visits.
- 5) Send social, financial and portfolio performance reports to staff on a monthly basis via the organization’s intranet and regular branch staff meetings

B. Measuring the social performance:

- 1) Modify the poverty targeting tools
- 2) Adapt a comprehensive client assessment and monitoring system (CAMS) parallel to the financial management system and integrate the social performance management system into the MIS: every quarter, the management report is producing both on financial and social performance, and is distributed to board members, management, branch staff and clients
- 3) Integrate Client Assessment and Monitoring System (CAMS) into the organizational structure (see attached document on CAMS)
- 4) Define clearly the types of impacts that ASA expects to and can achieve realistically (which is within ASA’s capacity to achieve and which are beyond ASA’s capacity). At the time of the research, there was no clear formulation of the specific impacts that ASA aims to achieve. It is

also not feasible for ASA to achieve all types of positive changes. Thus, it is important for ASA to narrow down and focus on maximum 10 types of impact (as clearly articulated as possible).

- 5) Identify the paths through which the expected impacts occur and actions that ASA can take to expand impact
 - 6) Develop a few select indicators to measure and monitor impact on an on-going basis (those indicators can and should be included in the CAMS). Areas that ASA's actions are likely to lead to positive impacts are political empowerment (number of members elected in local governance, specific programs brought in by members to their communities by mobilizing government resources, number of members who represent other members in wider gatherings or public events and speak for the empowerment of the poor women, and alike), social empowerment (increased respect from family members and other community members, alike) and economic empowerment (improvement in asset, such as transportation or livestock or housing).
- C. Incentive system for individual and branch performance balancing the social and financial objectives
- 1) Review the existing incentive system and identify specific indicators that can be included to evaluate staff members' performance, both individually and as a team, based on poverty outreach.

Operations and sustainability:

- 2) Standardize the operations by modifying and applying a standard manual for each process: targeting screening procedure, group mandatory training, CC meetings, CFO selection criteria, CFO training manual, criteria for a center to qualify for an alternate week visit by FOs
- 3) Develop a standardized system of monitoring center leader's performance and behavior
- 4) Consider offer flexible repayment schedule (weekly vs. bi-weekly or monthly – interest vs. principal payment)
- 5) Explore possibilities to use technology for expanding marketing linkages, such as through use of World Wide Web (by posting the information on members' products and marketing to potential buyers).
- 6) Do not introduce too many products too often: The only possible new product ideas suggested by members were education loans, business skill training
- 7) Audit the fees/bribes collected by center leaders from members for loan disbursement – is this the center fund fee they are confusing with?
- 8) Continue FOs in new centers until they become capable to run with CFOs
- 9) Increase coverage of service and information on VISIP – include in the center development manual
- 10) Improve business development services, esp. new business skills (most members dropped out due to difficulties with their business) – emphasis in the center development manual
- 11) Provide clearer info on the terms and conditions of the existing products (e.g. what documents are required for what purpose, what fees are charged why, roles of CFOs, etc.) - in the ASA center development manual
- 12) Re-assess the value of pension and insurance schemes to both organization and members (maybe small focused client assessment using satisfaction express)

- 13) Increase the emphasis and implementation of developmental services, e.g. PRI, literacy, issue-, infrastructure- and right-based programs. – more emphasis in the ASA center development manual
- 14) Consider increase in the maximum amount of loans, or link to institutions which can provide larger subsequent loans
- 15) Consider interest rate calculation on declining balance.

Marketing:

- 1) Use existing clients to mobilize more new members
- 2) Exhaust the market in existing geographical areas before moving to new areas
- 3) Conduct competition analysis before opening branches in new areas
- 4) Highlight your strengths in the marketing, such as a package of services to meet financial and development needs of the poor
- 5) Bring in the husbands and children as part of members' total enterprise
- 6) Segment the market and prepare marketing strategies appropriate for each segment
- 7) Learn from marketing strategies and tools used in other successful sectors
- 8) Use existing service outlets, such as VISPs for wider exposure of marketing

Human resource management

- Minimize the frequency of staff transfers
- Clearly define and document the roles and responsibilities of various positions both within the head office and at the division level
- Improve the quality and content of staff training on new products and services (e.g. pension)
- To free up senior staff time and improve efficiency of training, consider innovative approaches for staff training. For instance, distance learning can be experimented with careful follow-up and monitoring from management. It will not only reduce senior staff time to provide training in person, but also improve quality of training by standardizing the materials to be covered.
- Improve efficiency and productivity of staff both at field level and head office through deployment of technological solutions. For instance, smart cards can be used in the centers to conduct loans and savings deposit transactions. It will allow faster and more accurate recording and transfer of transaction data in real or near real time to the branches and to the head offices. It will also reduce time required for staff to enter data, thus enabling them to provide more valuable services to the members, such as literacy, awareness, and other developmental activities. There are also other technological solutions that can be deployed to improve efficiency, cut down cost, reduce staff time and improve accuracy and timeliness of data from front-line office. More cost-effective solution could be scanning. Such use of technology can enable ASA to bring back volunteer savings deposit and offer at the center level since it will prevent from fraud that was causing problem.
- Consolidate various units and staff members that are responsible for similar activities. For instance, the staff members working on ILS, PLP and other research related activities should be structured in one unit called CAMS and headed by CAMS director.

General recommendations:

- Learn from industry best practice in improving transparency and reporting (funding agencies suggested)
- Develop and use costing system for each client group (by poverty level, sector, location and alike). First, a risk and cost analysis should be conducted by each of the major target groups using the above and other categories which may be influencing the risk level of your clients.

Keep up the good work!!!

Continue what you are doing with the same quality

Framework for implementation

Please discuss the above findings and recommendations and document your decisions on each of the recommendation in a table corresponding to each recommendation number – just put the number. Remember you do not have to implement new thing for each recommendation. Some of them may not be feasible to implement. It is O.K. Just document/write the reasons and decisions for each recommendation. Also, we need to see who will follow up if there is any action to be undertaken and within what timeframe. Also, please tell us how you are going to communicate the results of the client assessment and decisions to the field staff and members. Please do follow up and communicate to them,