

Monitoring and Evaluation Tool for Instituto Palmas



May 2010

Four Pillars of the CDBs

Correspondent
Banking

Production Loans

Consumption
Loans

Capacity Building

Project Purpose

Create a monitoring and evaluation (M&E) tool to track the social and economic impact of Instituto Palmas and the Community Development Banks (CDBs) in the communities in which the banks operate.

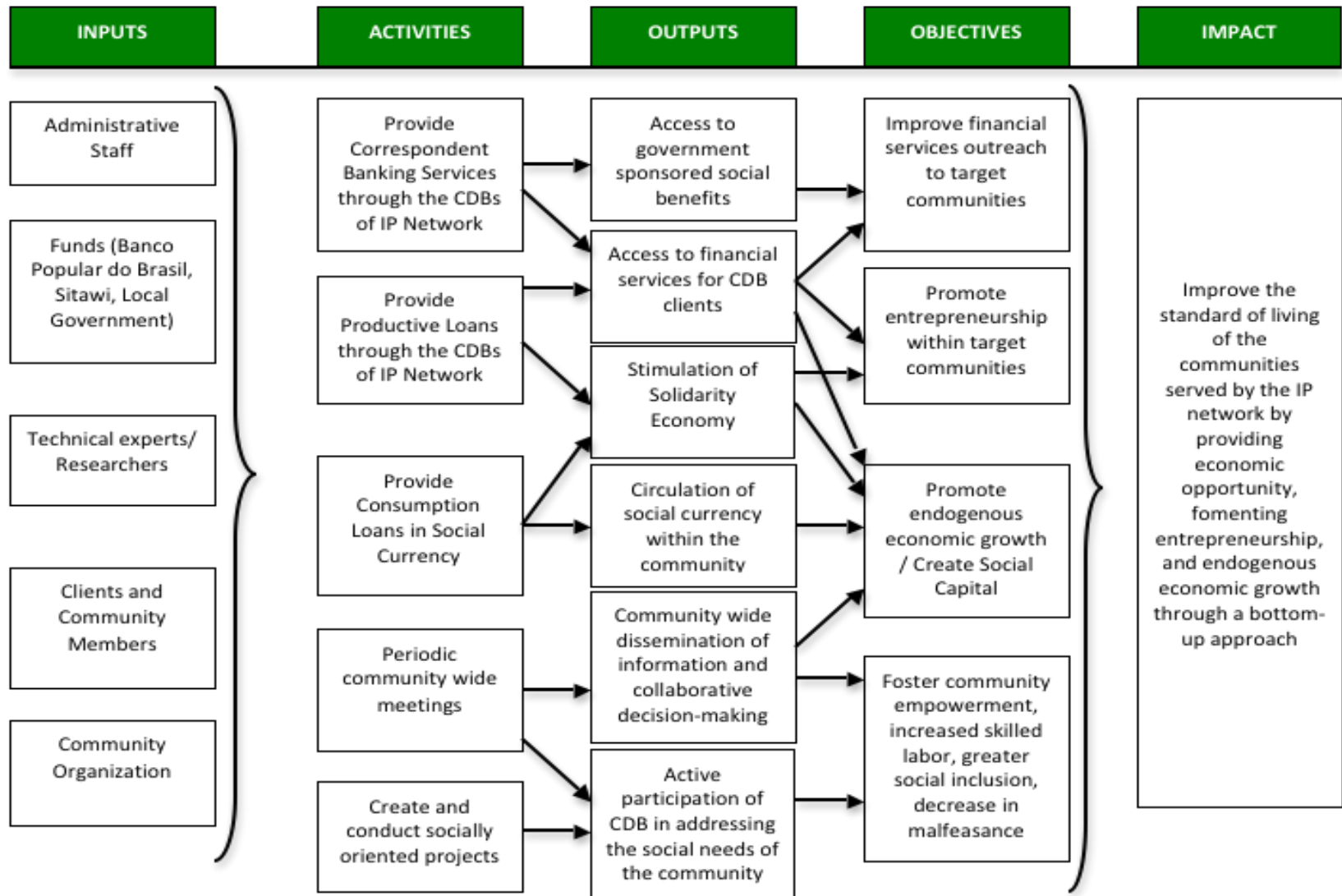
Rationale for the Logical Framework

Logframe: Logical sequence to develop and construct the M&E tool

– Addresses: What should the project achieve? How? What are the Risks and Assumptions?

- 1) Goal/Impact: Overall long-term objective of the project
- 2) Objectives: Immediate project objective, observable changes in performance
- 3) Outputs: Products, services or results delivered to achieve the objectives and overall goal
- 4) Activities: Actions taken required for the delivery of the outputs

INSTITUTO PALMAS LOGICAL FRAMEWORK



Main risks and assumptions within the Logical Framework

Objectives and Outputs

Project Structure	Risks	Assumptions
Objectives		
1. Improve financial services outreach to target communities		Access to a CDB can substitute access to a commercial bank
2. Promote entrepreneurship within target communities	Productive loans could promote more indebttness instead of local entrepreneurship	
Outputs		
2. Access to financial services for CDB clients	CDBs will not be able to meet their cost when providing financial access to remote communities	Having a CDB near relative to other banks or correspondent banking outlets actually improves the access to financial services of the clients
4. Circulation of social currency within the community	SC returns to CDBs after short cycles	

Main risks and assumptions within the Logical Framework

Activities

Project Structure	Risks	Assumptions
Activities		
1. Provide correspondent banking services through the CDBs of IP network	CDBs unable to meet costs of providing correspondent banking services given low revenues IP chooses to charge on correspondent banking fees	
2. Provide productive loans through the CDBs of IP network	1) Client default, 2) Breach of default rate cap can result in a freeze of the funding line source(s) used for productive credit line disbursements	
3. Provide Consumption Loans in Social Currency	1) Client default risk 2) Overindebtedness of clients	
5. Create and conduct socially oriented projects	Social projects do not address all the critical issues of the community given funding constraints	All non-financially oriented projects offered at the CDB are socially oriented

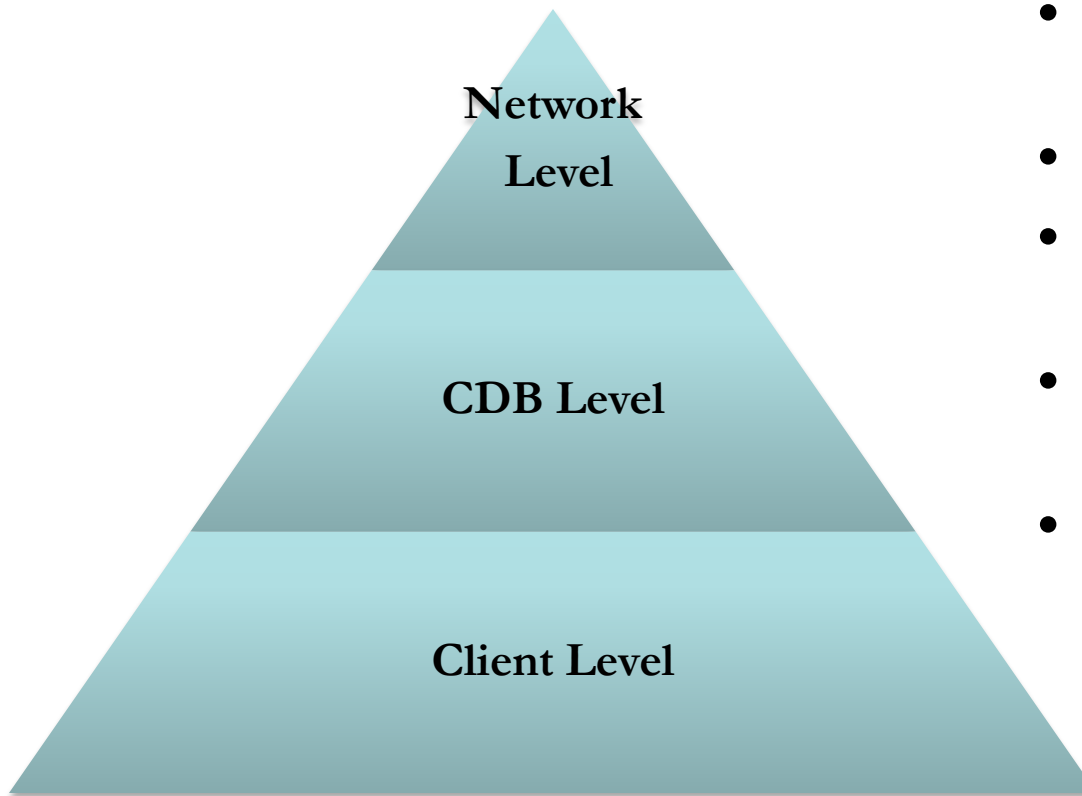
Rationale from Logframe to M&E Tool

Objective: Utilize the logical framework to address relevant questions to monitor and evaluate the impact of the IP network

Steps:

- 1) Identify performance questions for each component of Logframe
- 2) Identify information needs and indicators to respond to each performance question
- 3) Know what baseline information is needed
- 4) Select which data gathering methods to use, by whom and how often
- 5) Identify necessary practical support for data gathering
- 6) Organize analysis and feedback

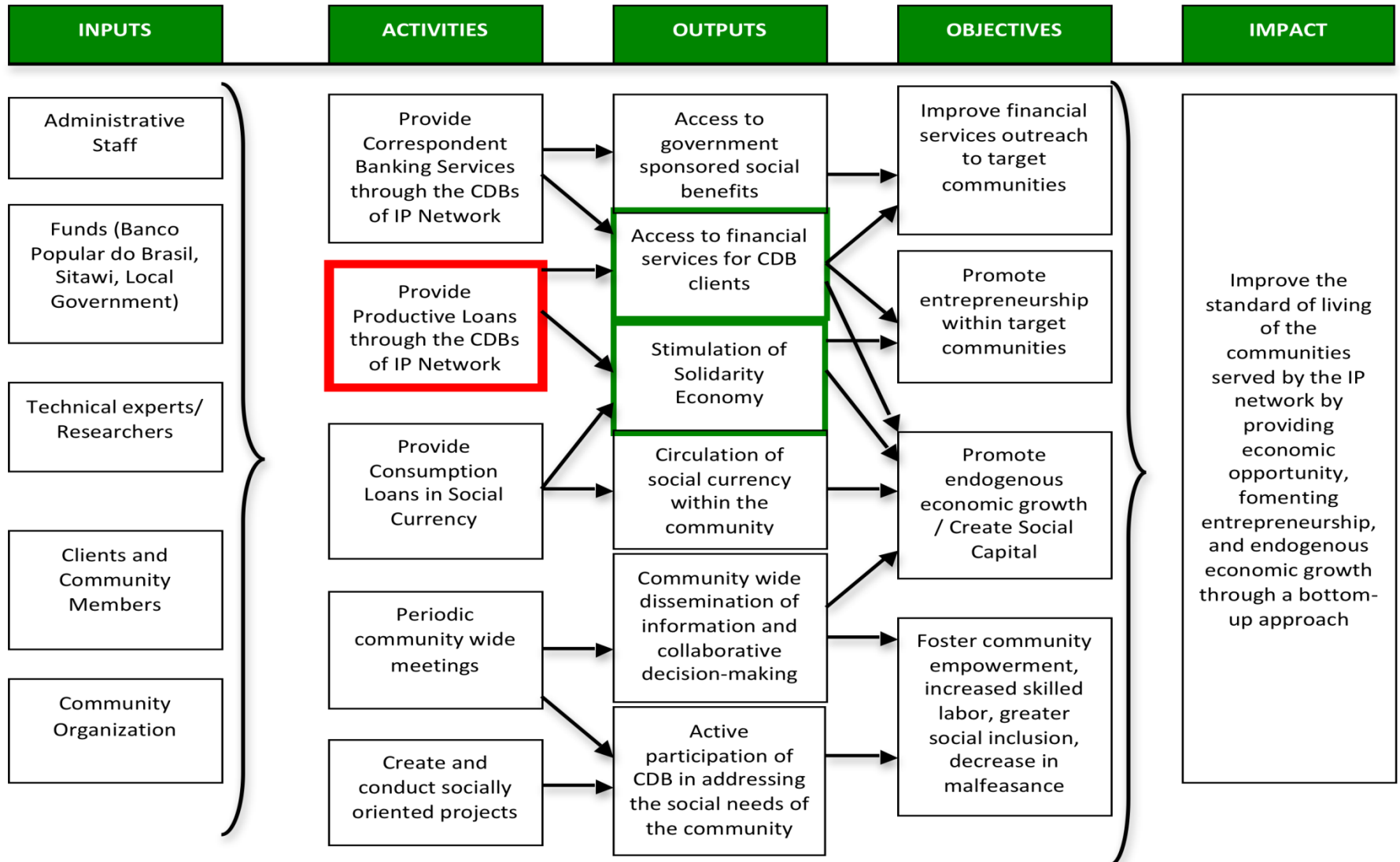
Levels of Data Aggregation



Selection of Indicators (From Logframe)

- **Provision of Productive Loans**
- **Access to Financial Services**
- **Provision of Correspondent Banking Services**
- **Circulation of Social Currency**
- **Foster Community Development**

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Provision of Productive Loans

Activity 2

Provide Productive Loans through the CDBs of IP Network

Performance Question 2.1

Are the CDBs in the network giving productive loans?

Indicators

Cumulative total number of disbursed productive loans per CDB

Maximum, minimum and median amount (R\$) of outstanding productive loans per CDB

Total amount (R\$) of delinquent productive loans by 30, 90, 120 days per CDB

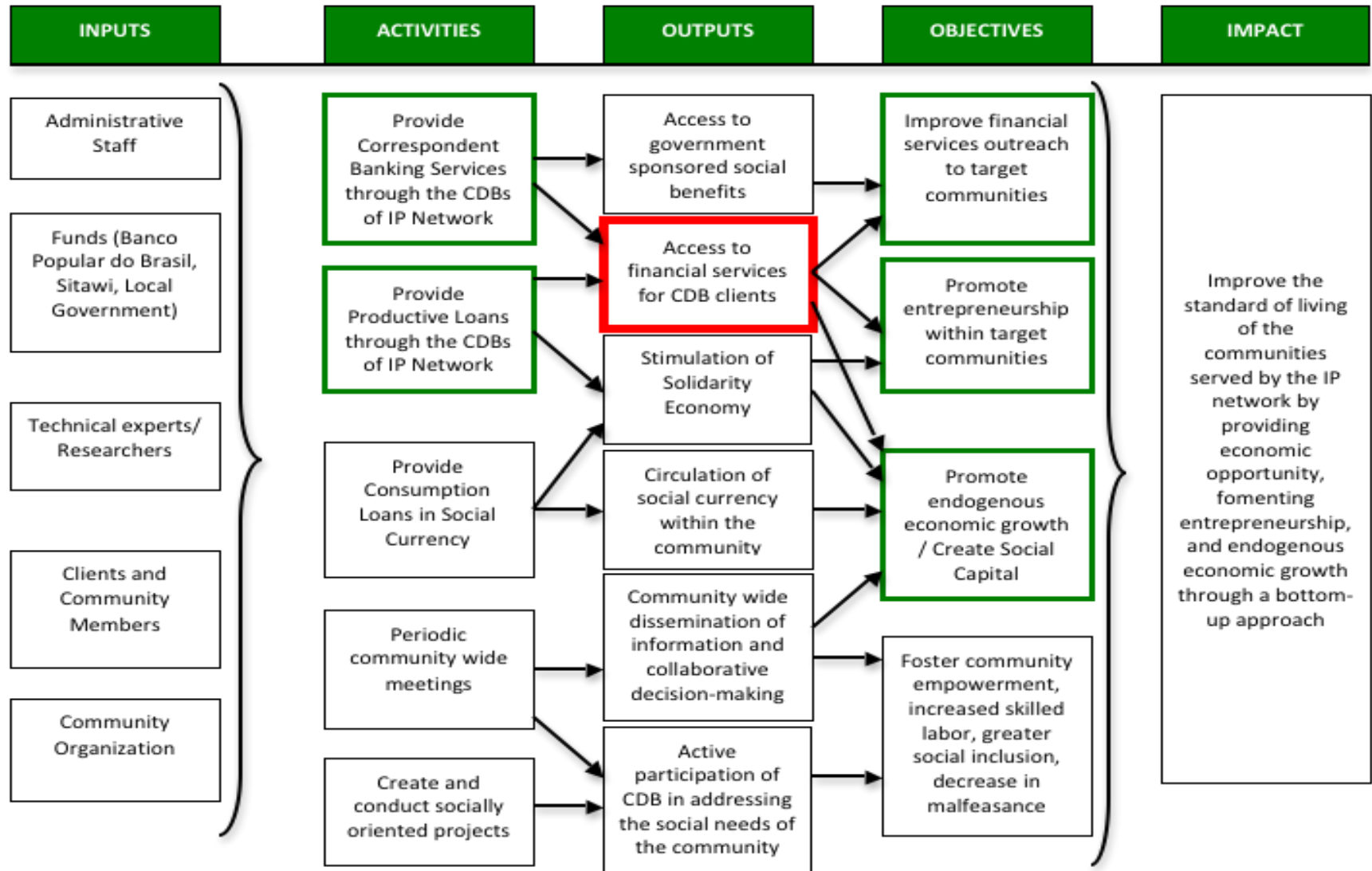
Years of operation of the microenterprise where the productive loan is used: a) New business (start-up capital), b) Less than 1 year old, c) Between 1 and 2 years old, d) More than 2 years old

Take Aways:

1. In-depth understanding of productive loan portfolio
2. Systematize measurement of productive loan portfolio at risk
3. Establish whether loans are promoting the growth or creation of local businesses

Assumption: The greater the loan amount for start-up capital the more the CDBs are promoting the creation of new businesses.

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Access to Financial Services

Output 2

**Access to
Financial Services
for CDB clients**

Performance Question 2.1

**Has access to
financial services
improved as a
result of CDB
activities?**

Indicators

**Median time for client to
arrive at CDB**

**Median cost for client to
arrive at CDB**

**Median client time to
nearest: a) bill payment
center, b) full service CB, c)
commercial bank, d) other
MFI**

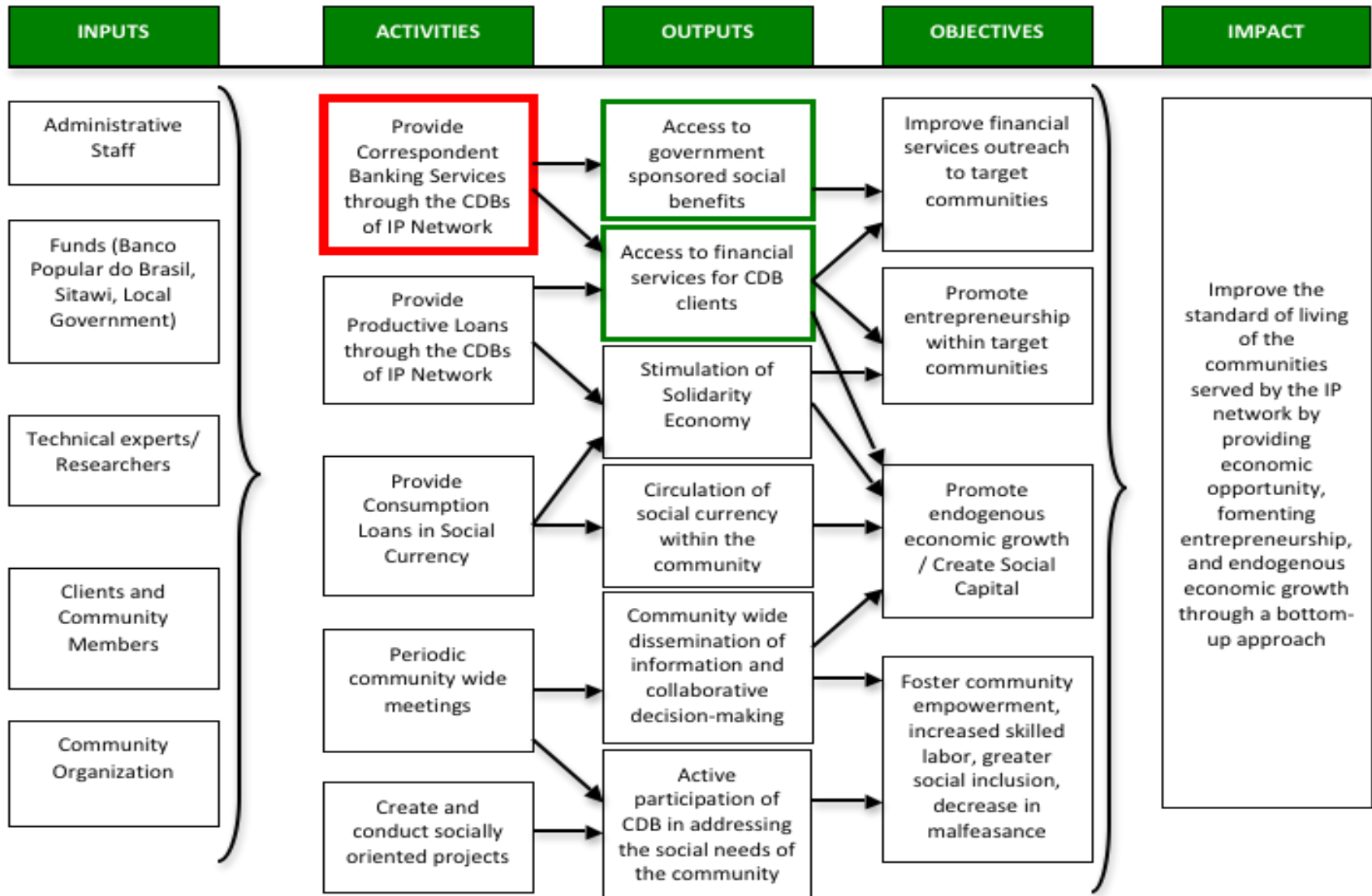
**Median client cost to
nearest: a) bill payment
center, b) full service CB, c)
commercial bank, d) other
MFI**

Take Aways:

1. General measure of whether the CDBs' clients have access to financial services
2. Establish if financial access for clients improves with the presence of the CDBs
3. If any, quantify the improvement in financial access brought about by the CDBs

Assumption: An improvement in time/cost improves financial access

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Provision of Correspondent Banking Services

Indicators

Activity 1

Provide correspondent banking services through the CDBs of IP Network

Performance Question 1.2

Correspondent banking services being used by the community

Total # of CB transactions at each CDB

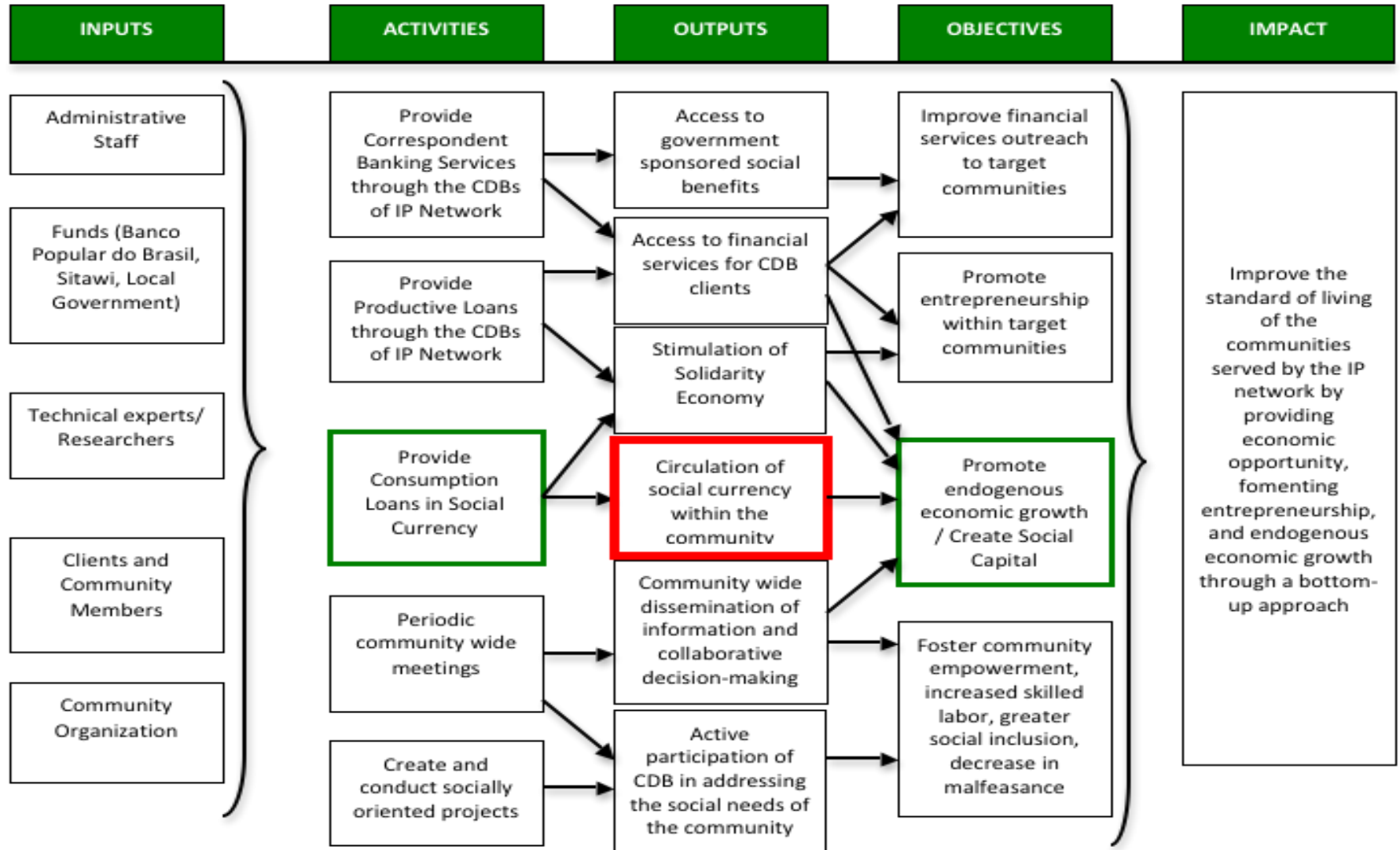
Total # and amount of monthly CB transaction at the CDB (by type of transaction):

- a) Bill payments
- b) Open account
- c) Payment of boletos bancarios
- d) Collect government social benefits
- e) Credit approval,
- f) Deposits

Take Aways:

1. Improve internal tracking of correspondent banking operations
2. Improved understanding of the break-down of correspondent banking operations
3. Monitor the type of correspondent banking services offered at each CDB

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Circulation of Social Currency

Output 4

**Circulation of
social currency
within the
community**

Performance Question 4.1

**Are the CDBs in
the network using
SC**

Indicators

**SC Reserve for
disbursement available on-
hand per CDB**

**R\$ Amount of Salary paid in
SC**

SC Available out of the CDB

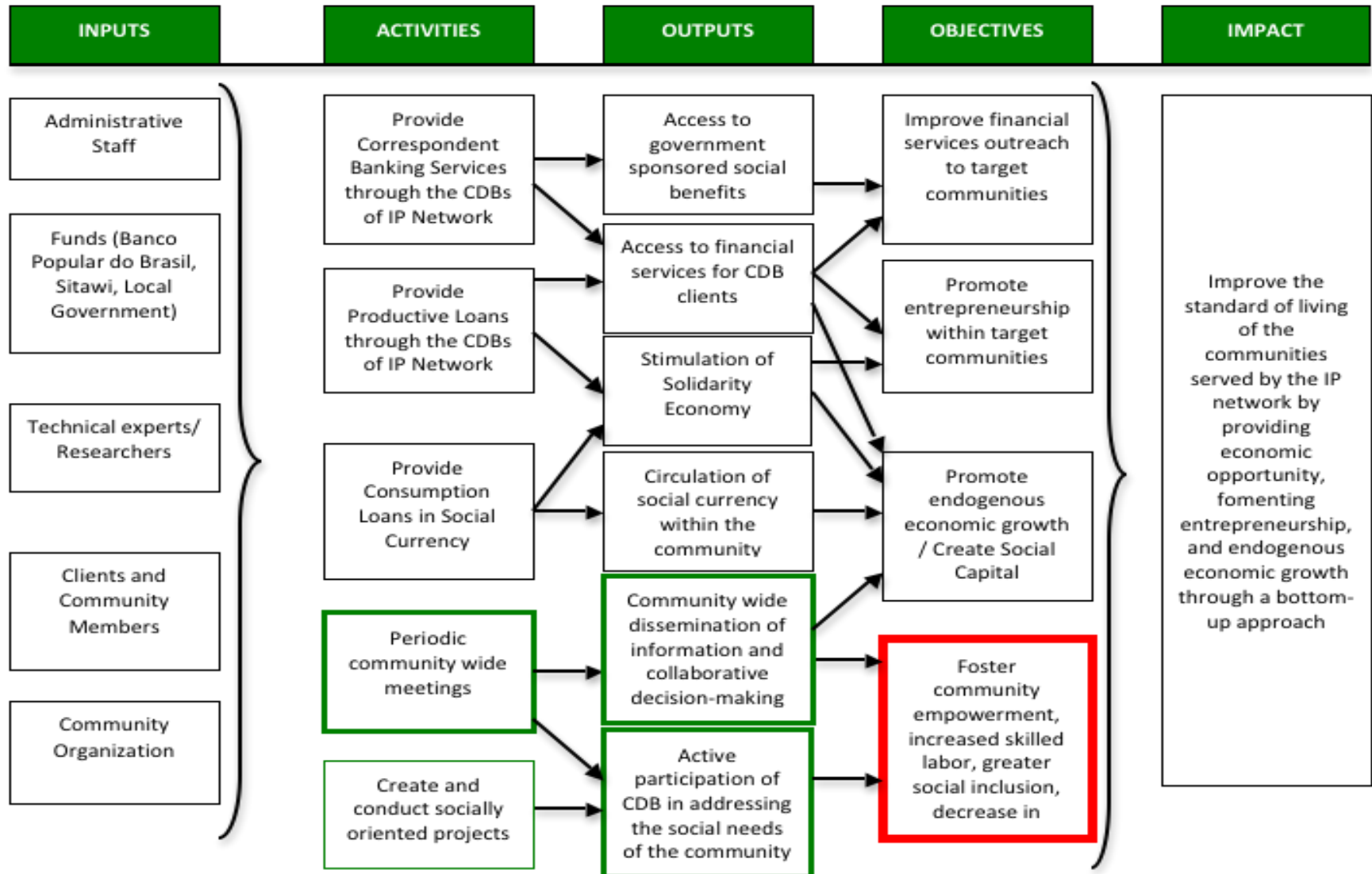
**Amount of SC for \$R
exchanged at the CDB teller**

Take Aways:

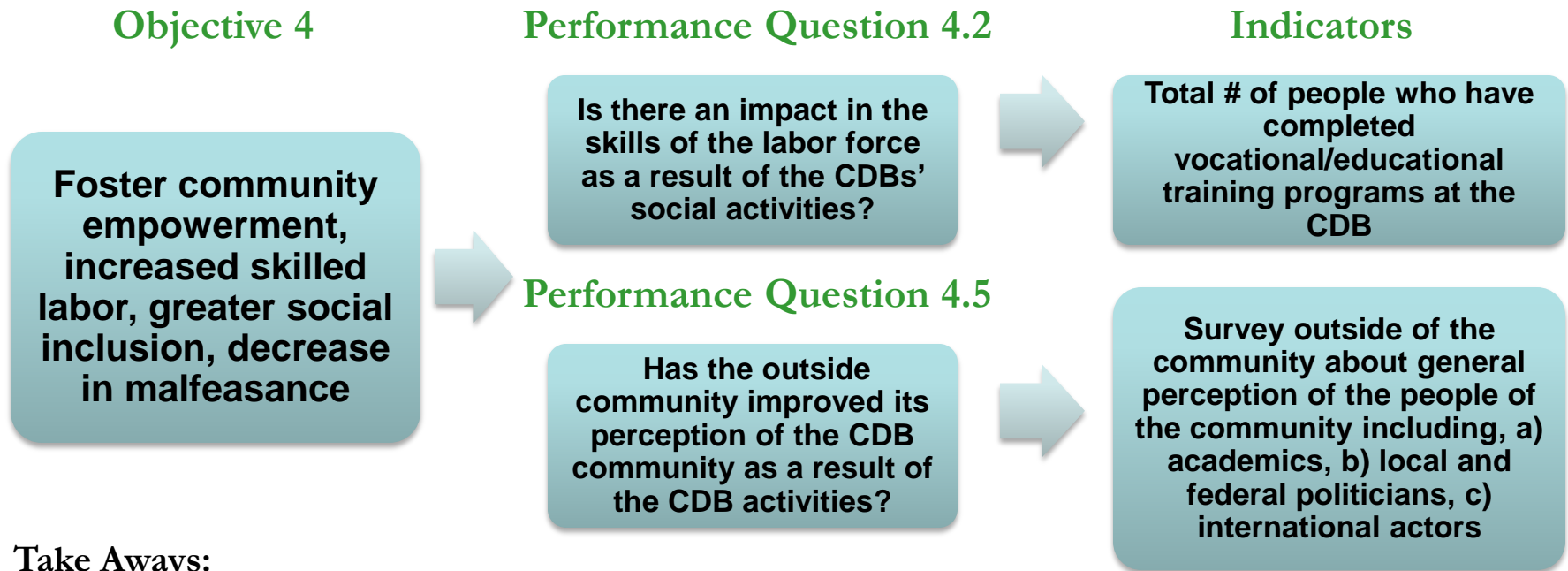
1. Build relevant SC related database from which SC circulation can be studied in the future
2. Track involvement of local businesses in promoting solidarity principles

Assumption: Paying salaries in SC is a way of promoting solidarity

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Foster Community Development



Take Aways:

1. Ability to start tracking the level of involvement of community members in socially oriented and community driven activities
2. Give insight to whether involvement in the CDBs' activities enrich the lives of community members

Assumption: Greater involvement of community members has a positive impact on the community as a whole, and on the lives of the community members.

Obrigado!

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