

Making a difference to people living in poverty: Our work to understand who benefits from our investments

Cross sector lessons drawn from fourteen companies across the CDC portfolio

Working in partnership with DFID, CDC is committed to making investments that benefit local communities in some of the world's poorest countries.

We are increasingly using a range of cutting-edge measurement and evaluation tools to help us gain rapid insights into what impacts are being experienced by which suppliers, workers and customers, and how much impact occurs, in scale, depth and duration.

One exciting tool in CDC's new Rapid Insights Toolbox is Lean DataSM, an approach to impact measurement developed and deployed by the social enterprise 60 Decibels. This briefing sets out the key findings from over a dozen Lean Data studies which cumulatively surveyed thousands of customers, suppliers and workers across Africa and South Asia. These studies sought to discover more about who the beneficiaries of CDC investment are, as well as how their lives have been impacted.

Rapid Insights Rapid Insight studies generate learning for businesses and investors about the impact of private sector investment and support long-term positive change in the world's poorest places.

Portfolio segment overview:

The data in this snapshot is drawn from fourteen CDC investee businesses that have completed Lean Data projects. The companies involved are predominantly from CDC's Impact Fund, which invests through intermediary funds into businesses across Africa and South Asia. The businesses that ultimately receive CDC investment provide underserved populations with access to better jobs and basic goods and services such as energy, water, sanitation, health, education and financial services. While this sample represents a small proportion of CDC's total investment portfolio, the data comes from a good range of companies by sector and maturity. This means that while we are keen to unearth more insights, we are encouraged that we are already able to draw out some interesting early insights.



▲ Map: Geographical location of investees included in the Lean DataSM studies.

Headline findings

- 61% of customers, employees or suppliers surveyed are from low income households, i.e. where household members live on less than \$6 per person per day (at 2011 PPP prices).
- Products and services supplied by CDC investments are making material improvements in the lives of poor customers in multiple ways.
- The degree to which companies in this report are able to reach customers and suppliers living in poverty is broadly in line with the performance and findings from other companies that have undertaken Lean Data projects.



▲ Image: a customer of an off-grid energy company.

“

Thank [Company] for bringing the product to us. I am a person of low income I could not have afforded to own such a thing if it were not for the credit method of payment.”

- customer of an off-grid energy company

Focus of analysis

The focus of this aggregated analysis is to help CDC and DFID better understand and communicate how CDC's investments serve the poor. Both CDC and DFID are committed to supporting the private sector to foster broad-based economic growth as a means of reducing poverty.

We collected data on poverty levels using an adapted version of The Poverty Probability Index (PPI®). The PPI is a statistically-sound, yet simple to use poverty measurement tool. The answers to a handful of questions about a household's characteristics and asset ownership are used to compute the likelihood that the household is living below various internationally recognised poverty lines.

The data in this report was gathered using a specifically adapted five question version of the tool and calibrated to both the new international poverty lines as well as new lines that can be used to identify customers or employees from higher income strata.

CDC and DFID have also benefitted from the benchmarks 60 Decibels have gathered working with more than one hundred and fifty other social enterprises. This helps both CDC and DFID understand how their investments perform against comparable organisations.

“

I am grateful for the light, at least my life is changing.

After a few months I will be able to sell the chicken and get good money.”

- customer of an off-grid energy company

Research findings

The data shows that businesses reach the poor and can reach the very poorest. Amongst the fourteen companies, 61% of customers, employees or suppliers surveyed are from low income households, i.e. where household members live on less than \$6 per person per day (at 2011 PPP prices).

Over a quarter (28%) are from households living below the relative poverty line (\$3.10 per day), and a tenth of beneficiaries are below the extreme poverty line (\$1.90 per day). This performance is broadly in line with the performance and findings from other companies that have undertaken Lean Data projects.

Moreover, investment can play an important role in driving down prices and establishing the distribution infrastructure that can increase reach to the most marginalised customers. The data shows that some companies and sectors have been particularly successful at reaching the poor. For example, as investment in home solar systems has increased, these products have become significantly more affordable. Today, 30% of customers of solar home systems live below \$3.10 per day.



▲ Image: a farmer in West Africa.

“

I'm happy selling to [Company] because they come to us to buy and it lessens my bearing”

- a harvester for an agriculture company in West Africa

It is also possible that modern businesses, which attract international investment, can include and benefit a high proportion of the poor in their supply chains. An agricultural processor in Northern Ghana in which CDC invests is working with suppliers of whom more than four fifths live on less than \$3.10 per day. These predominantly female harvesters report that their incomes, food security and confidence have improved as a result of supplying to the company. Similarly, for one CDC investee that focuses on establishing distribution outlets in rural Indian villages, half of its customers are living in poverty, and for one of the products it sells this proportion rises to as much as three-fifths.

What's more the impacts can be material and lasting

Of course, it is not enough just to reach the poor through investments. It is also of the utmost importance that the incomes they have and the products and services they consume are making material improvements in their lives.

We will be looking more deeply into these kinds of questions in future Lean Data studies, but already data from across these companies illustrate some significant self-reported improvements in people's lives.

For instance, when asked to describe

the changes they experienced in their own words, four out of five respondents said that their quality of life had meaningfully improved because of purchasing a good or service or working within the supply chain of a CDC investee. When asked to describe in what ways their lives had changed, customers mentioned themes that align to six of the Sustainable Development Goals.

Our studies dived deepest into the impacts of our off-grid energy companies. We were able to collect data on, and better understand the impact of our companies against fourteen standardised measures of impact developed by 60 Decibels. Using this data, we learnt a range of insights about our impact.

Company	Region	Sector	Poverty Score % \$3.1 @ 2011	Poverty Score % \$6.0 @ 2011
Company 1	East Africa	Off-grid Energy	30%	66%
Company 2	West Africa	Education	22%	54%
Company 3	East Africa	Education	29%	67%
Company 4	West Africa	Financial Inclusion	9%	45%
Company 5	East Africa	Energy/Agriculture	12%	34%
Company 6	India	Education	13%	59%
Company 7	West Africa	Agriculture	82%	97%
Company 8	East Africa	ICT	3%	15%
Company 9	East Africa	Off-grid Energy	27%	60%
Company 10	East Africa	Off-grid Energy	30%	60%
Company 11	East Africa	Off-grid Energy	40%	71%
Company 12	India	Off-grid Energy	61%	95%
Company 13	India	Off-grid Energy	39%	86%
Company 14	West Africa	Financial Inclusion	10%	45%

▲ Table: Poverty reach per company. Some companies have been particularly successful at reaching the poor.

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I have water all the time, even during the dry season I can plant crops as I wait for the rains to come”

- customer of an agriculture company

“

[Before purchasing the product] I was spending much money on lighting and sometimes would be forced to close shop early because of enough paraffin.”

- customer of an off-grid energy company



▲ Image: a field worker in India.

“

I don't have stress like before about petrol, cows are getting water well and I don't spend money for that”

- customer of an agriculture company

For instance we discovered that each solar home system sold by one Ugandan business mitigated 1.1 tonnes of carbon - equivalent to driving 4,500 miles in an average car; that purchasers of solar lanterns from one Indian company saved \$186 a year, equivalent to 13% of a poor household's annual expenditure; that four-fifths of purchasers of solar home systems or solar lanterns, reported using their products for educational purposes, increasing their study time by an average of 44 minutes; and that Kenyan smallholder farmers who switched from diesel to solar irrigation pumps saved an average of \$676 a year.

Sustainable Development Goals aligned to outcomes reported by customers:



Going forward

We are encouraged by the insights from this aggregation of multiple rapid insights projects, but this is only the start of the analysis we intend to do. Going forward we will continue using more end-beneficiary surveys approaches like Lean DataSM to deepen our understanding of how CDC can maximise its impact and benefit the poor through its investments.

“

I save a lot of cash that I initially spent on buying petrol for pumping water.”

- customer of an agriculture company

“

After taking [Company's] training, the fear factor in me has disappeared and I now have access to a lot of jobs.”

- customer of an education company

“

If you have a business like mine in a remote area with no electricity, it's a very good option for you.”

- customer of an off-grid energy company

**Further information
and contacts:**

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**For further information on
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