

How AlSol Is Integrating the PPI™ Into Operations

Profiles of Poverty

Alternativa Solidaria Chiapas (AlSol) in Mexico is one of the PPI's early adopters. Located in the rural and semi-urban areas of Chiapas, the poorest state in Mexico, AlSol serves indigenous women, the poorest population group. Forty-two percent of this population has no income, while another 42 percent survives on income below the minimum monthly wage. More than 83 percent of this population works in agriculture.

How AlSol Built Its Clientele

AlSol currently serves over 16,000 clients through five branches in Chiapas. It is one of Grameen Foundation's fastest growing partner MFIs in the Latin America region. In an early effort to build its clientele, AlSol management provided incentives to loan officers based on numbers of clients recruited and increased loan portfolio size. For entering clients, AlSol previously used a means test, only to determine loan size, not poverty level. AlSol now administers the PPI with every entering client, in addition to the means test. The PPI is also administered randomly for continuing clients and for 50 percent of all exiting clients. This allows the organization to scale up outreach while staying focused on its mission of serving poor, indigenous clients.

Why the PPI?

AlSol's information needs related to the PPI include:

- Reliable, objective poverty level data
- Data that could inform regular management decision making
- Baseline of poverty status of new clients
- Ability to track clients' movement out of poverty (or lack thereof)

What AlSol Learned from the PPI

Through implementing the PPI, AlSol learned that:

- 75 percent of entering clients were likely to be under the poverty line.
- Clients who had been in the program for five years or more were more likely to be above the poverty line than entering clients.
- Nearly 50 percent of all clients in the bottom half below the poverty line were found to be illiterate, as were one third of those in the top half below the poverty line.
- 77 percent of entering clients from rural areas were likely to be under the poverty line, compared to 58 percent from semi-urban areas. Of these groups, more rural clients were in the bottom half below the poverty line (43 percent), compared to 24 percent of semi-urban clients.

How AlSol Responded to the PPI Results

Two years after first implementing the PPI, AlSol has:

- Integrated the PPI into its operations in all of its branches.
- Incorporated PPI data collection into daily activities of loan officers and automated data processing and analysis in all five branches.
- Changed its recruitment incentive system to reward rural (very) poor client recruitment instead of numbers of clients and loan portfolio size.
- Begun offering literacy and nutrition programs for its poorest clients in the rural areas.
- Assessed the loan cycle level at which clients move out of poverty.
- Trained all loan officers in administering the PPI.
- Refocused its services to reach a majority of the poor in its region.