Sri Lankan - German Development Cooperation

PROMIS – Promotion of the Microfinance Sector

Impact Assessment of Microfinance in Sri Lanka

A Household Survey of Microfinance Clients in 5 Selected ProMiS Partner Microfinance Institutions

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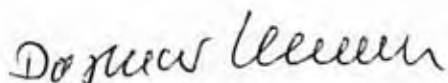
Acknowledgements and foreword

Table of Contents

List of Figures

List of Tables

Abbreviations

CGAP   - Consultative Group to Assist the Poor

GTZ   - Gesellschaft für Technische Zusammenarbeit – German Technical Cooperation

MFI   - Microfinance Institution

NGO   - Non Governmental Organization

PPI   - Progress out of Poverty Index

PPP   - Purchasing Power Parity

ProMiS   - Promotion of the Microfinance Sector

RDB   - Regional Development Bank

TCCS   - Thrift and Credit Cooperative

WDF   - Women Development Federation

Executive Summary

Introduction

Promotion of the Microfinance Sector (ProMiS) is a comprehensive program implemented by Deutsche Gesellschaft für Technische Zusammenarbeit - German Technical Cooperation (GTZ) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) in partnership with the Sri Lankan Ministry of Finance and Planning (MoFP).

The present impact assessment uses cross-sectional data from a household survey of over 760 client households from all regions in Sri Lanka to evaluate the impact of the initial ProMiS program phase (September 2005 – November 2009) on microfinance clients. For this purpose five Microfinance Institutions (MFIs) that received Technical Assistance from ProMiS during the mentioned period were selected to represent the different institutional backgrounds of the ProMiS partner MFIs during the initial phase. In particular, the effects of microfinance participation on income, consumption, vulnerability to risks and shocks, health, social participation and empowerment of client households are studied explicitly.

Methodological Approach

The study follows a prominent cross-sectional evaluation approach comparing clients of microfinance programs to incoming clients as a control group. A control group is necessary in impact evaluation to approximate the counterfactual of clients' situation if they had not participated in the microfinance program. Using incoming clients to construct a control group implies some potential biases in impact evaluation that were minimized by the survey design. First, there is a potential self-selection bias in time. Clients joining microfinance programs a few years ago are potentially inherently different than clients currently joining microfinance. Second, a survivor bias of microfinance clients exists. Individuals benefitting from microfinance will most likely stay in the program whereas individuals not benefitting from program participation will drop out over time. The client group however only contains individuals who stayed in the program and hence benefitted from microfinance. Comparing those clients to incoming clients potentially overestimates the effect of microfinance participation. Third, the group of incoming clients contains future drop outs. If the future drop outs perform

worse than clients who will stay in the microfinance program, the comparison of incoming clients and clients potential overestimates the impact of microfinance. Fourth, microfinance programs can change over time, e.g. eligibility criteria, lending methodologies, etc. creating further distortions in the impact analysis.

To minimize potential biases, firstly, only ProMiS partner MFIs are selected that existed for more than four years and did not change their lending methodology. Secondly, we selected clients from two different strata: (1) recent clients who are members of the program for longer than 1 year but no longer than 3 years, and (2) mature clients who are microfinance clients since more than 3 years. Those two client groups are compared to the control group of incoming clients who joined the microfinance programs within the last one year. The potential survivor bias is minimized in two ways. On the one hand, qualitative analyses focus on comparing recent to incoming clients. Those groups only contain clients in and after the first loan cycle. Survivors, e.g. mature clients who repeatedly borrow from the MFIs are considered only as a robustness check in the qualitative analyses. On the other hand, both recent and incoming client groups contain individuals who dropped out in the beginning of the first loan cycle, since the incoming client group is composed of individuals joining the MFI in the last one year. Comparing this group to the recent client groups reduces the differences between the two groups caused by survivor selection.

ProMiS Partner Microfinance Institutions, Clients and Client Households

ProMiS Partner Microfinance Institutions

Five MFIs that have been supported by ProMiS in the first phase of the program have been selected for the impact study. On the one hand, the selected MFIs represent different institutional types of microfinance providers. On the other hand, the five selected partner MFIs cover all regions of Sri Lanka. The distribution of clients in the impact study in different regions matches the actual share of microfinance outlets in the respective regions. Sabaragamuwa Development Bank is selected to represent Regional Development Banks (RDB), Sanasa and TCCS Union Jaffna represent Credit Cooperatives,

and BRAC Lanka and Women Development Federation (WDF)-Hambantota exemplify NGO-MFIs.

The five ProMiS partner MFIs differ in their institutional type, but also in the financial and non-financial services offered as well as their lending methodology. Additionally, the client bases are distinct. BRAC Lanka and WDF-Hambantota, for instance, solely focus on female clients. Sabaragamuwa RDB mainly offers individual loans to economically better situated clients and group loans only for low income clients or within special poverty alleviation programs. Sanasa societies offer a wide variety of financial services to their clients such as savings, insurance, credit, and pawning facilities. BRAC Lanka in contrast is only offering credit, but partly with mandatory savings and insurance. To account for those differences, clients in the three different client strata of incoming, recent, and mature clients are not only compared across the strata for the total sample but also separately for each MFI.

Financial Situation of Client Households

All Financial Products

Client households employ a variety of different financial products from numerous distinct sources. Overall, clients use on average 1.83 different financial services considering also services provided by other institutions than the MFIs under study. 63% of client households have currently one or more outstanding loans. 92% of client households own at least one savings account and 29% hold at least one insurance policy.

Considering only financial services offered by the ProMiS partner MFIs under study, client households use on average 1.42 financial products of the MFI they are client of. 53% currently have an outstanding loan, 81% own a savings account and 8% an insurance police with a ProMiS partner MFI. Mature and recent clients employ more financial services than incoming clients.

Credit

57% of mature clients and 53% of recent clients currently have an outstanding loan at the MFI compared to 49% of incoming clients. The loan amount of recent and mature clients is substantially higher on average than the loan amount of incoming clients reflecting progressive lending approaches by the MFIs in which increasing loan amounts are granted with repeated borrowing.

41% of the total clients obtain their funds from a group loan scheme out of which 81% state that they are benefitting from the group loan scheme. However, the clear majority of clients manifested the benefit in the form of *loan access through the group*. A higher share of mature clients (36%) claimed to benefit from the *solidarity in the group* than incoming clients (22%). Although most ProMiS partner MFIs offer non-financial services, only 27% of total borrowers use any of these. Over 80% declared *group meetings* as the non-financial service received. Remarkably, only 5% of borrowers received any *business training* although most clients plan to use the loans for business development or business initiation.

Savings

Sri Lanka has a very well developed savings culture. Client households on average own 2.72 savings accounts out of which 33% are with the ProMiS partner MFIs. Average total balance of all savings accounts per household is Rs. 16,826. This average is strongly influenced by high savings balances of Sabaragamuwa RDB clients.

Insurance

Client households hold on average 1.54 insurance policies, although only 6% of the total insurance schemes owned are obtained from ProMiS partner MFIs. By far the most prominent type on insurance is a life insurance scheme.

The Impact of Microfinance Program Participation

General Observations

Table 64 on page 82 summarizes the measured impact of microfinance on different outcomes by comparing incoming and recent clients. The measured impact differs across MFIs. For most outcome variables the impact is significant and positive for the majority of MFIs. However, in some cases there is no significant or even negative impact. This confirms the underlying hypothesis that different institutional settings such as lending methodology or target group focus are factors that influence impact. The most significant impact is observed for the two NGO-MFIs that focus their operations on women and relatively poor income segment clients. The observed impact of the Regional Development Bank focusing on a relatively wealthier clientele is rather limited, though it has a strong impact on the revenues of microenterprises. For the two participating cooperatives (Sanasa and TCCS Jaffna), the results are either mixed (Sanasa) or completely negative (TCCS Jaffna). The latter requires a closer look into the data and the macroeconomic changes which have taken place in the North of Sri Lanka since the end of the war in early 2009. These changes should however in principle affect both, the treatment and the control group in the same way. Hence another explanation is necessary to understand the observed negative impact in the organization. Socio-economic changes among the control group in the post-conflict area of Northern Sri Lanka could potentially have biased the results. A higher proportion of wealthier clients in the incoming client group could be an explanation for the negative impact for TCCS Jaffna clients. This is only an assumption and requires further investigation. However it would mean that the applied methodology of using incoming clients as a control group is not appropriate to measure impact in areas affected by post-conflict changes in the socio-economic environment.

Household Consumption

Households spend on average around Rs. 3,500 on food and Rs. 3,887 on non-food items per month. In a quantitative analysis three different consumption measures were compared across the three client strata per MFI. Results show an increase in consumption of recent clients compared to incoming clients

for WDF-Hambantota, Sanasa and BRAC Lanka clients. This indicates a positive impact of microfinance participation on consumption expenditures for those three MFIs. Incoming clients of TCCS Union Jaffna and Sabaragamuwa RDB display higher consumption levels than the treatment group of recent clients. The results are robust to an extension of the treatment group to recent and mature clients giving further support of a positive impact of microfinance participation on consumption for WDF-Hambantota and BRAC Lanka client households.

Household Income

Total Income
Households generate income from on average 1.9 different sources such as agriculture, household enterprises or wage earnings. A quantitative analysis is comparing total household income of incoming and recent clients. A positive effect on household income in recent client households compared to incoming client households is found for Sanasa and BRAC Lanka client households. No difference in household income is recorded for WDF-Hambantota client households. Incoming client households of TCCS Union Jaffna and Sabaragamuwa RDB denote a higher household income than recent client households. A positive effect from microfinance program participation can only be shown for Sanasa and BRAC Lanka client households. Those findings are robust to an extension of the treatment group and are supported by qualitative evidence.

Income from Agriculture and Livestock Activities
66% of client households are earning some part of their income from agriculture and another 16% of client households are earning income from livestock activities. 44% of the households engaged in agricultural activities financed an investment in agriculture with a loan provided by a ProMiS partner MFI. Most loans were used to purchase seeds and seedlings, and fertilizers. The majority of borrowers stated an increase or a substantial increase in their income from agriculture after the investment financed by a micro loan. 22% of client households engaged in livestock activities financed an investment in livestock with a microfinance loan. They primarily used the loan to purchase livestock. The majority of those borrowers stated an increase or a substantial increase in income from livestock activities after receiving the micro loan. Generally, microfinance loans in agriculture and livestock activities had a positive impact on income earnings.

Income from Household Enterprises
In the present household sample, 36% of the client households are operating a non-agricultural household enterprise. 48% of those micro entrepreneurs financed an investment with a micro credit from a ProMiS partner MFI. The majority noted an increase in profits after the investment. A quantitative analysis compares three different measures of business performance and profits of household enterprises across the three client strata. BRAC Lanka recent clients' household enterprises have higher asset values, revenues from sales in the last year and profits than the control group of incoming clients. For WDF-Hambantota and Sabaragamuwa

RDB, a positive significant difference is found only for revenue from sales of goods and services. Those findings are robust to an extension of the treatment group and are supported by qualitative evidence. Further, client households state positive income effect after investing a microfinance loan in their household business.

Household Status
Household assets have become an important and easy observable indicator for household status. The Progress out of Poverty Index (PPI) for instances strives to judge the poverty status of a household and its likelihood to fall below a specified povertyline by only ten observable characteristics. Seven out of those ten characteristics regard the housing situation like material of floor, number of bedrooms used and the possession of assets. In our sample, for nearly all client households, except for TCCS Union Jaffna client households, higher shares of recent and mature clients own the studied assets compared to incoming clients. This displays a higher wealth level of recent and mature client households compared to incoming clients.

The PPI was used to assess the likelihood of client households to fall below the national poverty line and the international 2.5 USD per day-poverty line. Unfortunately, the PPI tool was not available for Sri Lanka at the time of survey design so that information on two indicators is missing. Hence, an upper bound for the poverty likelihood was calculated excluding the two indicators. Additionally, a lower bound for the poverty likelihood was constructed assuming maximum scores of client households for the two missing indicators.

Comparing the poverty likelihoods of households measured by the PPI across client strata confirms the finding of a better situation of mature clients compared to incoming clients. The poverty likelihood of mature client households is lower than the poverty likelihood of incoming client households. This indicates a positive impact of microfinance participation on the poverty level of client households.

Nevertheless, the average poverty likelihood to fall below the 2.5 USD per day-poverty line of client households in the study ranges between a a lower bound of 28% and an upper bound of 58%. This probability is rather low if the ProMiS partner MFIs are specifically targeting poor client households. Tools such as the PPI can be used by the MFIs for a more precise targeting of poor households.

Health and Shocks
Household heads and clients alike missed on average 6.8 days of work due to poor health in the last four weeks before the household was interviewed. Additionally, 38% of the client households faced a health event on which they spend more than Rs. 2,000. The high costs in case of health shocks for treatment and medicine, as well as forgone income are primarily covered by cash. Insurance schemes for health shocks are hardly used by clients. Only 9 out of 341 insurance policies owned by all client households are health insurance schemes.

17% of households were affected by a negative shock such as drought, flooding, death of a household member or theft. Over 60% of affected households reported a severe impact of the shock on the household leading to lost assets of Rs. 54,997 and lost income of Rs. 72,675 on average. The consequences of those shocks were primarily financed by cash. Insurance schemes for shocks are hardly used by clients, neither are emergency loans to cover expenses from shocks. This indicates a lack of formal insurance mechanisms of client households.

Gender

Some MFIs are primarily targeting women because group programs are believed to work better with female clients and women are believed to benefit more from access to credit. Differences in financial services are analyzed for financial products obtained either from the ProMiS partner MFIs or from other financial service providers.

Women have access to all financial services considered here. Nevertheless, the amounts they borrow or save are substantially lower compared to male clients. Although the majority of borrowers are female, their average total loan amount is only Rs. 44,257 compared to Rs. 84,313 for male borrowers. Male borrowers obtained funds from a higher number of different sources such as government banks, MFIs or money lenders, whereas female borrowers primarily obtained credit from MFIs. A higher share of female borrowers plans to use the loaned money for business initiation or development. Although smaller, the share of women using loaned money for debt and loan repayment is twice as high as the share of men. Savings account owners are nearly evenly split up in male and female owners. However, the total balance in savings accounts of female savings account owners is substantially lower than of male owners.

The majority of female clients of all ProMiS partner MFIs except Sabaragamuwa RDB stated an increase in participation in social activities outside home since joining the microfinance program. Some female clients also stated an increase in participation in household decision making. Both aspects imply some form of empowerment of female clients through microfinance participation.

Policy Implications

Impact of Microfinance Programs

A positive impact on all observed outcome variables such as consumption, income and profits from household enterprises, is observed for clients of both NGO-MFIs BRAC Lanka and WDF-Hambantota who are focusing on female clients. Those two microfinance programs are creating the highest measured overall impact on the client households. The cooperatively organized Sanasa also creates some positive impact on its client household, although the picture is not as clear as for the NGO-MFIs. Sabaragamuwa RDB has a distinct client base that is wealthier on average than the other client households in the sample. In most aspects incoming clients are found to be better off in economic aspects than recent or mature clients. The same is observed for the cooperatively organized TCCS

Union Jaffna client households. Inconsistencies between quantitative and qualitative evidence however suggests, that the impact study was not working properly in the post conflict zone TCCS Union Jaffna is operating.

Investments financed by Microfinance Loans

The majority of households financing investments in agriculture, livestock activities or household enterprises stated an increase in income and profits due to the investment. Although those investments seem very profitable, the share of households who actually used any micro loan for an investment in the last year is comparably small. Promotion of those investment purposes might be worthwhile given the positive effect the investments have on client households.

Non-financial Services Provided by ProMiS Partner MFIs

Only a small number of clients is receiving non-financial services by the ProMiS partner MFIs. Especially business trainings or health education are rarely obtained. However, the ProMiS partner MFIs state to offer non-financial services. This inconsistency creates the need for further data to judge whether there are non-financial services but no uptake by clients, or whether clients demand non-financial services and they are not offered, not offered regularly, or not offered in all branches.

The impact of microfinance participation on business performance and profits of household enterprises was weaker than for consumption or income. Business trainings and business development plans can help further improve business performance and profits of client households increasing an impact of microfinance participation.

Insurance

Micro insurance schemes are gaining popularity. The client households, however, only hold 6% of their total insurance policies at a ProMiS partner MFI. 80% of the obtained insurance policies are life insurance schemes. Only 9 insurance policies of the 341 total insurance policies held are health insurance schemes.

The analyses about client household health issues and events revealed that cash in hand is the main financing source to cover health expenses or expenses caused by shock events. Given the high costs and the loss of foregone income, covering those expenses from regular income appears burdensome. Insurance schemes or emergency loan types might alleviate the financial burden caused by health and shock events but are not offered by the MFIs so far.

Targeting

Comparison of clients' mean and median income to national income levels and the poverty likelihoods measured by the PPI reveal that client households are on average not very likely to be poor. More accurate targeting of poor households is desirable. Tools such as the PPI to assess clients' poverty level upon admission to the microfinance program can help to better target poor client households.

1   Introduction

Promotion of the Microfinance Sector (ProMiS) is a comprehensive program implemented by Deutsche Gesellschaft für Technische Zusammenarbeit - German Technical Cooperation (GTZ) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) in partnership with the Sri Lankan Ministry of Finance and Planning (MoFP).

The initial program phase (September 2005 – November 2009) focused on broadening and strengthening sustainable access to microfinance services for poorer sections of society and for micro and small enterprises. This comprised capacity building for microfinance institutions (micro level), the development of a microfinance service sector (meso level) and advice to the government on developing a framework for a microfinance policy and legislation (macro level).

In the follow-on phase (December 2009 to November 2012), ProMiS continues to strive for an inclusive financial system in Sri Lanka, in which marginalized groups of society are included and consequently gain economic security and social participation beyond welfare. Microfinance thereby contributes to the development of the country through a wide range of modern and appropriate financial and non-financial products for marginalized segments of the society.

The present impact assessment uses cross-sectional data from a household survey of over 760 client households across all regions of Sri Lanka to evaluate the impact of the initial ProMiS program phase (September 2005 – November 2009) on microfinance clients. For this purpose five MFIs that received Technical Assistance from ProMiS during the mentioned period were selected to represent the different institutional backgrounds of the ProMiS partner MFIs during the initial phase. In particular, the effects on income, consumption vulnerability to risks and shocks, health, education, social participation and empowerment are studied explicitly.

The household survey was carried out between March and June 2010.

2 Methodological Approach

2.1 General Evaluation Approach in Microfinance

Policy makers, researchers, MFIs and many more are interested in the impact of microfinance on clients and clients' households. Does microfinance help reduce poverty? Does microfinance enable investments in microenterprises and increase their profits? Are client households participating in microfinance economically more wealthy due to program participation? Do they own more assets, do they consume more? What influence does microfinance have on women? Can it help fostering self-organization of the poor? Does it increase their participation in social activities? Many more questions exist and seek to be answered. However, there is a huge discussion between practitioners and researchers alike on how to find valid answers to those questions.

Concept of Impact Measurement

One of the most difficult tasks in impact evaluation is to separate the causal role of microfinance in these questions from other causes. Observing changes in the variables of interest like income or wealth level does not necessarily allow concluding that those changes can be attributed solely to participation in microfinance programs. They might have been driven by other developments over time of the client or of the economic environment. Further, if we observe that clients in microfinance programs have a higher variable of interest, we do not know the direction of causation. Are clients participating in microfinance programs because they have a higher variable of interest, like income, or do they have a higher outcome, e.g. income, because they are participating in microfinance programs?

A careful evaluation seeks to answer the question if observed changes are more remarkable with microfinance participation then without and how microfinance clients would have done without microfinance program participation (ARMENDÁRIZ & MORDUCH (2005)).

Evaluating the impact of participation in microfinance programs considers the full package of financial and non-financial services the MFI under evaluation is offering. Individuals can either participate in the program or not. This kind of evaluation strives to elicit the general impact of participation in microfinance programs on client households. It fails, however, to explicitly

identify the driving forces creating the impact. Nevertheless, it provides information if a program is reaching the client households in an intended way.

Figure 1 illustrates the core problem of impact analysis of microfinance participation. At point t=0 in time we can observe a client before he is receiving any microfinance services. When he is joining a microfinance program and starts receiving microfinance the same client can be observed after he has received any financial services in t=1. However, the observed difference is unlikely to be solely the impact of program participation. There would have been some development in the outcome of interest of the observed client even without microfinance. Assigning the complete change to microfinance program participation is overstating the impact of microfinance. A careful evaluation seeks to answer how the client would have done without program participation. Since the same individual can be observed in t=1 (after microfinance) either as a client who received microfinance services or as a non-client who did not receive any services, this state of the client is an unobserved counterfactual. Nevertheless, this unobserved counterfactual is necessary to estimate the impact that can be solely attributed to microfinance program participation.

Figure 1-Impact Measurement in Microfinance
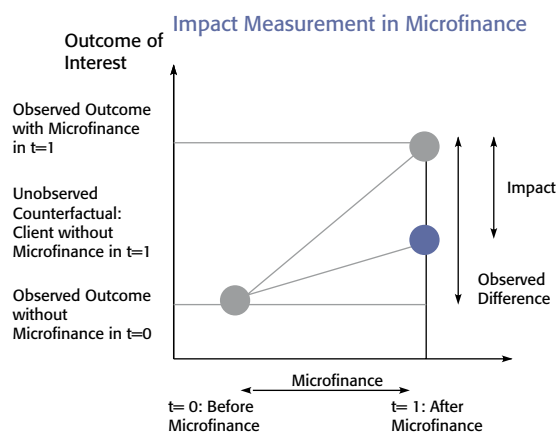
Methods of impact evaluation seek to construct the unobserved counterfactual of microfinance clients by a comparison group. The comparison group, or control group as it is called in impact evaluation jargon, is constructed using observed individuals who are not participating in the

microfinance program under evaluation. The aim is to construct the control group in such a way that it is matching the group of microfinance clients, also called treatment group in impact evaluation jargon, as good as possible. In this way, the observed control group is an approximation for the unobserved counterfactual of the microfinance client if he had not received any microfinance services as both groups are affected by similar external factors over time, the only difference being microfinance participation.

Construction of Control Groups in Impact Evaluation of Microfinance Programs

Non-clients as Control Group

One way to construct a control group is by using non-clients to which the treatment group of microfinance clients can be compared to. (See GOLDBERG (2005), KARLAN & GOLDBERG (2006), SEEP(2004) for overviews of applied microfinance Impact evaluation).This direct comparison has many drawbacks. Firstly, microfinance programs are not placed randomly within a country. MFIs choose locations with good infrastructure and a pool of potential clients. Hence, the economic environment of clients and non-clients might be very different which will surely influence economic situation of clients and non-clients. For example, people in a village with a good road connection have different employment and income generation opportunities than people in a village without a good road connection. A microfinance program is more likely placed in the village with good infrastructure where people have better economic opportunities. Secondly, if comparing clients and non-clients in the same village, clients choose to join a microfinance program and non-clients choose not to join the program. Hence, clients will differ inherently from non-clients. First of all, they might not be eligible according to observed criteria. Secondly, different unobserved characteristics influence the self-selection into the program. Clients might be more entrepreneurial, seeing business opportunities to be financed by micro credits, they might be more motivated or hard working to achieve a high return from investments. They might be more risk averse, financial literate or less myopic when signing up for micro insurance schemes. All those characteristics are influencing the decision to join a microfinance program or not. The problem is that not all are observable, but they are very likely influencing variables of interest, like income. Attributing the effect of those unobservable variables to microfinance will clearly overestimate the impact of microfinance (ALEXANDER-TEDESHI (2008), MCKERNAN (2002)). Figure 2 illustrates the described selection bias when comparing clients to non-client only after they participated in microfinance.

A valid control group cannot be formed by using non-clients due to inherent differences between communities with and without access to microfinance and between clients and non-clients. Comparing clients and non clients at two different points in time could reduce the bias. This requires panel data for which data is collected over several years. This data is not available in most impact studies trying to evaluate the impact of microfinance participation ex post. Hence, the difference between clients and non clients before microfinance

participation is principally observable, but only at time t=0. In time t=1 after microfinance participation, the difference previous to program participation is unknown to the researcher. An ideal control group compares clients to people that face the same economic environment and have on average the same characteristics than the treatment group of clients such that treatment and control group start on average on the same level.

Figure 2-Selection Bias in Impact Measurement in Microfinance
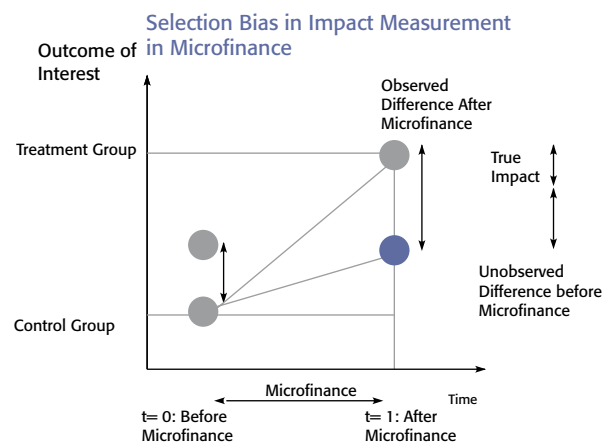
Randomized Field Experiments

A proper approach to form a valid control group can be accomplished in a randomized field experiment. In a randomized field experiment a control group and a treatment group are specified randomly from the same population. The only difference between the two groups is that the treatment group is receiving microfinance services and the control group is not receiving any of the services being evaluated. With a sufficiently high number of individuals in the treatment and in the control group, all individuals in both groups have on average the same observable characteristics due to the random set up and the statistical law of large numbers. Both the treatment and the control group are observed for one loan cycle and compared in the end. In those randomized field experiments it has to be ensured that people in the control group will stay in the control group and cooperate with the researchers over the course of the field experiment although they do not benefit from any financial services. This raises ethical objections. Aside from ethical objections, randomized field experiments are costly to conduct and cannot easily be conducted in any case.

Although randomized field experiments are the preferred choice in program evaluation, they are not applicable in every evaluation case. On the one hand, control groups and or villages with similar characteristics and economic environments are still hard to find. On the other hand, they are very costly and time consuming since the program has to be running for at least one loan cycle after the implementation of the randomized field experiment until it can be evaluated. After one loan cycle, only short run effects of program participation can be observed. Hence, a randomized field experiment, although

yielding valid results, is not the most cost- and time-effective evaluation approach.

Similar approaches have been used in rigorous impact evaluations. One set of approaches employs quasi-experimental techniques related to program expansion. A prominent example are Coleman's studies in Northern Thailand in which villages with access to microfinance services of the MFI under study are compared to villages without access to such services (COLEMAN (1999), COLEMAN (2006)). Another set of approaches relies on large panel data sets of villages with and without microfinance services. A prominent example is the study of PITT & KHANDKER (1998).

Those approaches are not applicable in the present impact evaluation. Especially in countries like Sri Lanka with high coverage of microfinance, it is hard to find regions or villages completely without access to microfinance services that can act as a control group completely without financial services. This aspect could be circumvented by a randomized field experiment when looking at expansion of MFIs into new branches. However, there were no structured expansion plans of ProMiS partner MFIs suitable for this kind of evaluation. Additionally, most expansion plans focus on post conflict regions in the Eastern and Northern Province. Those expansion plans are very unlikely to yield comparable client groups due to the post conflict environment in the Eastern and Northern Province that both have been affected by the civil conflict in Sri Lanka that ended in 2009.

Incoming Clients as Control Group

Another approach favored by practitioners is constructing a comparison group by using incoming clients (AIMS (2000), SEEP (2004)). The problem of an upward selection bias between non clients and clients is reduced since both clients and incoming clients decided to participate and consequently select themselves into the program. Also the economic environment of both groups is the same. Under the assumption that clients who joined the microfinance program in the past are not inherently different in characteristics affecting the household's economic situation from clients joining the microfinance program now, the selection bias should be minimized.

However, using incoming clients as the control group also has some caveats (KARLAN (2001), KARLAN & ALEXANDER-TEDESHI (2009)). On the one hand, the assumption of inherent similarity between clients and incoming clients is questionable. Clients signing up for a microfinance program early might be for instance less risk averse than clients waiting until a microfinance program is well established before joining. On the other hand, attrition of drop outs poses a severe problem for the correct identification of the impact that can be assigned to participation in the microfinance program. Clients staying in microfinance programs are more likely to benefit from participation than clients who dropped out over time. This so called survivor bias is likely overestimating the effect on variables of interest. Additionally, the control group of incoming

clients contains future drop outs. They are less likely to benefit from the program, might be less self-driven or entrepreneurial from the start. Since those characteristics are unobservable and cannot be controlled for, the impact of program participation is likely to be biased upward when comparing clients and incoming clients. Additional problems may arise when program characteristics of the microfinance institution have changed over time.

Nevertheless, designing a cross-sectional impact study with clients and incoming clients is cost- and time effective since it can be conducted at one point in time using a cross-sectional data set. Due to its higher practicability this approach is favored by practitioner oriented impact analysis.

In this study we decided to construct a control group by using incoming clients as a control group to assess the impact of microfinance program participation. To minimize any potential biases, we only consider MFIs that are running for more than 4 years and have not been changing their lending methodology considerably. Further, we are considering two different strata of clients in the treatment group. We consider (1) mature clients who have been clients of the MFI for more than 3 years and continued using the financial services offered by the MFI and (2) recent clients who have been with the institution for more than 1 year but not more than 3 years. Those two client strata are compared to incoming clients who just joined the MFI's program in the last one year. The potential survivor bias is minimized in two ways. On the one hand, qualitative analyses focus on comparing recent to incoming clients. Those groups only contain clients in and after the first loan cycle. Survivors, e.g. mature clients who repeatedly borrow from the MFIs are considered only as a robustness check in the qualitative analyses. On the other hand, both recent and incoming client groups do contain individuals who dropped out in the beginning of the first loan cycle. Since the incoming client groups are individuals joining the MFI in the last one year there have been potentially some drop outs within this group during the first months of MFI membership as well and consequently some form of survivor selection. Comparing this group to the recent client groups reduces the differences between the two groups caused by survivor selection.

2.2 Sampling

Choice of Participating MFIs

Five partner MFIs of the ProMiS program were selected for the impact assessment on the household level. They were selected to cover on the one hand different institutional types of microfinance in Sri Lanka and on the other hand all regions in Sri Lanka. Moreover, they had to fulfill the criteria of maintaining the same program characteristics in the last 4 years and of existing for more than 4 years in order to provide clients in the "mature clients" strata. The five selected MFIs are:

1. Women Development Federation (WDF)- Hambantota (NGO-MFI)
2. Sanasa Development Bank/ Movement (Credit Cooperative)
3. BRAC Lanka (NGO-MFI)
4. TCCS Union Jaffna (Credit Cooperative)
5. Sabaragamuwa Development Bank (Regional Development Bank)

They represent the MFI types of a Development Bank (Sabaragamuwa RDB), a Credit Cooperative (Sanasa and TCCS Union Jaffna) and an NGO-MFI (WDF-Hambantota, BRAC Lanka).

Table 1 - Regional Set Up of Sample

	Share of Microfinance Outlets in Cluster	% of Clients in Impact Study (760 Clients in Total) in Cluster	Provinces in Cluster
West	23.4%	18.4%	Western Sabaragamuwa
South	34.8%	34.2%	Southern Uva
East	12.3%	9.2%	Eastern
North	5.2%	18.4%	Northern
Central	24.2%	19.7%	Central North Western North Central

140 clients (50 incoming, 45 recent and 45 mature clients) of each MFI are interviewed for the impact study. The only exception is Sanasa of which 200 clients are included in the study. Since Sanasa is the only ProMiS partner MFI that is operating island wide, Sanasa clients are used to cover all regional clusters in Sri Lanka. We have a total sample of 760 households from five different MFIs.

Regional clusters are formed according to the regional clusters used in the "Microfinance Industry Report – Sri Lanka" by GTZ (2009). Most MFIs operate in one or more provinces. The two exceptions are WDF-Hambantota only operating in Hambantota district of the Southern province, and TCCS Union Jaffna only operating in Jaffna district of the Northern Province. The number of clients selected from the MFIs in each regional cluster in the present study was formed such that the distribution of households in the survey roughly matches microfinance coverage across regions in Sri Lanka. For instance, more clients from the Southern and Western regional cluster were selected because the actual coverage of microfinance in those regions is higher than in the Eastern or Northern regions.

Choice of Sampling

Within each MFI a four-stage stratified random sampling approach is applied. At the first stage, one district in each province the MFI is operating in is selected randomly. WDF-Hambantota and Jaffna were selected by default as the MFIs WDF-Hambantota and TCCS Union Jaffna are only operating in those districts. At the second stage, two branches within each selected district were selected randomly. At the third stage, two

GN/ DS Divisions (administrative units in Sri Lanka) were selected randomly. At the fourth stage, clients were selected randomly from the three different strata of (1) incoming clients, (2) recent clients, and (3) mature clients.

Table 2 - Sample of ProMiS Partner MFIs

	Sabaragamuwa RDB	BRAC Lanka	WDF-Hambantota	Sanasa	TCCS Union Jaffna
Clients					
Mature	47	48	43	72	45
Recent	47	50	47	64	44
Incoming	51	46	51	71	52
Total	145	144	141	207	141
Districts	Colombo	Galle	Hambantota	Monaragale	Jaffna
	Kegalle	Batticaloa		Matale	
				Puttalam	
				Polonnaruwa	
Province	Western	Southern	Southern	Uva	Northern
	Sabaragamuva	Eastern		Central	
				North Western	
				North Central	

2.3 Quantitative Data Collection and Analysis

Survey and Questionnaire

A household survey is conducted with 778 microfinance clients divided into control and treatment group. 271 interviewed incoming form the control group. The treatment group is composed of two strata of clients: (1) mature clients who have been clients of the MFI for more than 3 years and (2) recent clients who have been with the institution for more than 1 year but not more than 3 years. 252 recent clients and 255 mature clients are interviewed yielding a treatment group of 507 clients.

The survey consists of six parts. The first section is the household roster collecting demographic information on all household members. The second section is dealing with household characteristics and the housing situation and collects data on housing, household assets, land holding, and household decision making responsibilities. The third section is asking for household consumption and household expenditures for monthly and annual consumption of goods and services. The fourth section is considering household health and experienced shocks in the last one year. The fifth section is collecting information on income earning activities like agriculture, livestock and microenterprises and household income in general. The sixth section is dealing with the financial situation of the household and financial services it employed. Further, this section collects client information, qualitative data on the impact of participating in the microfinance program and client satisfaction.

Quantitative Analysis Method and Estimation Specification

To compare quantitative variables across the three different client strata an econometric analysis is conducted. As stated above, there are potential biases in constructing the control group from incoming clients. When comparing incoming clients and mature clients, we might pick up cohort effects between the groups that are not caused by participation in microfinance programs.

To avoid this upward bias, we will compare incoming clients to recent clients as the treatment group in a first step. In this case the difference in duration of program participation is smaller. The recent client group contains clients within or after the first loan cycle. We still cannot control for drop outs during the first loan cycle, but we minimize effects caused by repeated borrowers that might bias the effect of program participation on variables of interest upward. In a second step both mature and recent clients form the treatment group and are compared to the control group of incoming clients.

Additionally to the two different definitions of the treatment group, two different specifications for each dependent variable of interest are tested. In the first specification, a simple treatment specification is distinguishing between clients in the control group (incoming clients) and clients in the treatment group (recent clients or recent and mature clients). This specification measures the overall impact of microfinance, comparing clients of all MFIs in the control group to clients of all MFIs in the treatment group. Equation (1) shows the regression equation:

$$(1) \quad \ln(outcome_i) = \alpha + \beta * treatment\_dummy_i + \delta * mfi_m + \varnothing * controls_i + u_l$$

An outcome measure like consumption or income of household i is regressed on a *treatment_dummy* that takes the value of one if a household belongs to the treatment group, e.g. either recent client stratum or mature client stratum, and a value of zero if the household is in the incoming client stratum. MFI fixed effects are included in mfi_m capturing differences in the outcome variable of interest across the different MFIs$_m$. Further, a set of variables controlsi accounts for observable characteristics.

In the second estimation specification the treatment effect is measured per MFI. Since all MFIs have different lending methodologies and operate in different regions of Sri Lanka, the impact program participation might vary between the different MFIs. This increases the precision of the estimation. Equation (2) shows the regression specification.

$$(2) \quad \ln(outcome_i) = \alpha + \beta * treatment\_dummy_i + \delta * mfi_m + \varnothing * controls_i + u_l$$

The outcome measure of household i is regressed on the interaction term *treatment_dummy$_i$* x *mfi$_m$* that takes the value of one if a household belongs to the treatment group of *mfi$_m$*, e.g. either recent client stratum or mature client stratum, and a value of zero if the household is in the incoming client stratum. MFI fixed effects are included in mfi_m capturing differences in

the outcome measure of interest across the different MFIs $_m$ as well as the coefficient for the control group. Further, a set of control variables controlsi *controls* for observable characteristics. Additionally, standard errors are clustered at the MFI level to account for unobserved heterogeneity across MFIs.

Both equations are estimated using quantitative outcome measures of variables of interest such as consumption, income, or profits of microenterprises. A detailed description of the data collected will be given in the next section.

3 Overview of Participating Microfinance Institutions, Client Households and Clients

3.1 The ProMiS Partner MFIs taking part in the Study

Women Development Federation- Hambantota

Women Development Federation is an NGO-MFI that was established in 1989. It operates in Hambantota and Monaragale district in 99 branches. Women Development Federation offers credit, savings, and insurance as financial services. Different loan types like cultivation, business, housing, amma housing, and multipurpose loans can be chosen. Additionally, social mobilization, training, home garden, health, nutrition, child and elder programs, youth club, and gender violence programs are offered.

The clients of WDF-Hambantota in the present sample have an average age of 38.72 years (Table 9). 1% of the clients in the sample are male, 99% are female. On average, clients have an education of 10.36 years. 30% of the clients are economically active. Of those 9% are employees in agricultural activities, 7% are employees in non-agricultural activities, around 35% are agricultural own-account worker, and 47% are non-agricultural own-account worker. Clients can obtain multiple financial services from WDF-Hambantota. Of the 141 clients 56% have loans, 94% savings accounts, and 5% insurance policies at WDF Hambantota.

Sanasa Development Bank/ Movement

Sanasa operates in 65 branches and 3794 societies in all provinces of Sri Lanka. It was established in 1997 and offers a variety of different financial services, such as savings, loans, pawning, insurance, and leasing facilities. The loan portfolio offered by Sanasa is diversified with different loan products, such as housing, business and project, consumer, educational and microfinance loans as well as loans to purchase gold. Microfinance loans include income generating, society, livestock, and group loans. In this study we are only studying clients from Sanasa societies that are organized cooperatively to offer financial services to its members. Non-financial services regarding group formation, training for groups and societies, micro justice services, training for skill development, project base training, and women's skill development programs are offered aside financial services.

The clients of Sanasa in the present sample have an average age of 39.15 years (Table 9). 29% of the clients in the sample are male, 71% are female. On average, clients have an education of 10.73 years. 57% of the clients are economically active. Of those 30% are employees in non-agricultural activities, around 34% are own-account worker in agriculture and around 29% are non agricultural own account worker. Clients can obtain multiple financial services from Sanasa. Of the 207 clients 42% have loans, 88% savings accounts, and 13% insurance policies at Sanasa.

TCCS Union Jaffna

TCCS Union Jaffna is a co-operative Institution offering savings and loans in Jaffna district in the Northern Province. It was established in 1982 and 233 Thrift and Credit Co-operative Society (TCCS) are engaged in financial service provision, such as loans and savings. Loans are made against savings deposits or as general loans for self employment. Further, non financial services such as educational training, social activities and vocational trainings are offered.

The clients of TCCS Union Jaffna in the present sample have an average age of 42.7 years (Table 9). 26% of the clients in the sample are male, 76% are female. On average, clients have an education of 11.14 years. 46% of the clients are economically active. Of those 46% are employees in non-agricultural activities, around 17% are own-account worker in agriculture and around 17% are unpaid family workers. Clients can obtain multiple financial services from TCCS Union Jaffna. Of the 141 clients 66% have loans and 83% savings accounts at TCCS Union Jaffna.

BRAC Lanka

BRAC Lanka is an NGO-MFI that was established in 2006. It operates in 67 branches in the Eastern and Southern Province and partly in the Western and North-Central Province. BRAC Lanka only offers credit with different loan types, such as micro loans for small businesses, for agriculture and for livestock, as financial service.

The clients of BRAC Lanka in the present sample have an average age of 39.9 years (Table 9). 3% of the clients in the sample are male, 97% are female. On average, clients have an

education of 10.03 years. 63% of the clients are economically active. Of those 26% are employees in non-agricultural activities, around 69% are non-agricultural own-account worker. Clients can obtain multiple financial services from BRAC Lanka. Of the 144 clients 86% have loans, 52% savings accounts, and 2% insurance policies at BRAC Lanka.

Sabaragamuwa Development Bank

The Sabaragamuwa RDB operates 52 branches in Sabaragamuwa Province and most parts of the Western Province, namely in Ratnapura, Kegalle, Kaluthara, and Colombo district. It was established in 1999 and offers mainly individual loans. Group loans are only used for low income groups and in poverty alleviation programs. Business training

and entrepreneurship development are non- financial services offered by Sabaragamuwa RDB.

The clients of Sabaragamuwa RDB in the present sample have an average age of 43.01years (Table 9). 58% of the clients in the sample are male, 42% are female. On average, clients have an education of 11.5 years. 70% of the clients are economically active. Of those 53% are employees in non-agricultural activities, around 13% are own-account worker in agriculture and around 26% are non agricultural own account worker. Clients can obtain multiple financial services from Sabaragamuwa RDB. Of the 145 clients 19% have loans, 84% savings accounts, and only 0.01% insurance policies at Sabaragamuwa RDB. Some clients obtain multiple services.

Table 3 - Overview of ProMiS Partner MFIs

	WDF-Hambantota	Sanasa	TCCS Union Jaffna	BRAC Lanka	Sabaragamuwa RDB
Institutional Type	NGO	Cooperative	Cooperative	NGO	Regional Development Bank
Environment of MFI	Rural	Rural and Urban	Mostly Rural	Rural	Rural and Urban
Area of Operation	- Hambantota District, Southern Province - Monaragale District, Uva Province	- Island wide	- Jaffna District, Northern Province	- Eastern Province - Southern Province - Parts of western, north-western and north-central province	- Sabaragamuwa Province - Ratnapura, Kegalle, Kaluthara, and Colombo district of Western Province
Number of Branches/ Credit Societies	99 Branches	65 Branches and 3794 Societies	233 Societies	67 Branches	52 Branches
Established in	1989	1997	1982	2006	1999
Financial Services Offered	- Credit - Savings - Insurance	- Credit - Savings - Insurance - Pawning - Bank guarantees - Leasing facilities - Insurance facilities	- Credit - Savings	- Credit	- Credit - Savings - Insurance
Lending Methodology	- Individual Loans in Groups	- Individual Loans from Society	- Individual Loans from Society	- Individual Loans in Groups	- Individual loans - Group loans
Non-financial services Offered	- Social mobilization training - Child and Elder Program - Services for health and nutrition - Services for alcohol and drug abuse - Services for gender violence - Youth Club	- Group formation - Micro justice service - Training skill for development - Project management training - Support with legal procedures with responsible ministries - Women's skill development program	- Educational Training - Social activities - Vocational training		- Business Training - Entrepreneurship Development
Loan Types	- Cultivation Loan - Business Loan - Housing Loan - Housing Loan for women - Multi Purpose Loan	- Housing loans - Business and project loans - Consumer loans - Educational loans - Group loans	- Ordinary Loans against savings - General loans (self employment)	- Small business loan - Agriculture loan - Livestock loan	- Individual loans - Group loans for low income groups and poverty alleviation programs

3.2 The Client Households and Clients of ProMiS Partner Microfinance Institutions

Overview of All Client Households in the Sample

The households participating in the study are from different districts covering all regional clusters in Sri Lanka. The average household size is 4.1 members, with 1.65 economic active household members and 0.97 children per household on average. 70.01% of the households in the sample are Sinhalese, around 25% are Tamil, and around 5% are Sri Lankan Moors. Table 6 to Table 12 give a detailed overview of all households surveyed in the present study. Table 6 sets out information on household characteristics such as household size, number of children, number of economic active household members, and ethnicity of household head. Table 7 provides detailed information on the composition of household income into income from agriculture, livestock activities, household enterprises, wage earnings, and transfers. Table 8 displays information on the household head of client households, such as gender, age, education, and economic activity. Table 9 gives information on the microfinance clients. Table 10 and 11 set out the share of household heads and clients working in different occupations. Table 12 provides information on income of client households.

The households obtain income from on average 1.93 sources, ranging from 0 to 5 different income sources. 635 households generate income from agricultural activities like cultivation and livestock, 281 households operate a household enterprise to generate income, 518 households have at least one wage earner and 68 households receive transfers. From their agricultural activities, households earn on average 14% of their income. 36% of household income is earned by operating a household enterprise and 48% of the income comes from wage earnings (Table 7).

Table 4 - Household Income of Client Households – Per MFI

Household Income of Client Households		
	Mean of Household Income last Year	Median of Household Income last Year
All MFIs	384,325	211,200
WDF Hambantota	296,757	200,800
Sanasa	397,082	250,000
TCCS Union Jaffna	140,719	100,000
BRAC Lanka	498,756	250,000
Sabaragamuwa	577,437	250,000
National Level	315,432	200,820

Note: National Level from the Household Income and Expenditure Survey 2006-2007

Table 4 sets out the income of the client households in the ProMiS partner MFIs. Clients of Sabaragamuwa RDB have the highest mean household income in the last year, followed by client households of BRAC Lanka. Although the mean household income differs, both MFIs' client households have the same median household income of Rs. 250,000. Clients of TCCS Union Jaffna have the lowest household income with a median income of Rs. 100,000. The national-level mean household income per year is calculated using the monthly mean and median income from the National Household Income and Expenditure Survey 2006/2007. Comparing the mean and median income of the client households to the national level reveals that the mean and median household income of Sanasa, BRAC Lanka and Sabaragamuwa RDB client households is above the national mean income. Only WDF-Hambantota and TCCS Union Jaffna clients are below the national levels of mean and median income. In fact, client households of the ProMiS partner MFIs are not very poor households on average.

86% of the households have a male household head and 14% are female-headed. The average age of the household head is 47.66 years with an average education of 9.95 years. 86% are economic active with 47% employed in non agricultural activities, 25% agricultural own account worker, 16% non-agricultural own account worker, and 6% employed in agricultural activities. 6% are employers, of which 3% are employers in agriculture and 3% are employers in non-agriculture.

Of the 778 client households 48% obtain one financial service and 43% obtain two different financial services. In total the client households have 518 loans and 636 savings accounts, and 76 insurance policies at the five MFIs in the study.

Table 5 - Duration of Membership in MFIs

	"Duration of Membership in MFI in Months"
All Clients	36.70
Incoming Clients	7.39
Recent Clients	24.64
Mature Clients	80.76

In the total household sample three different client strata are distinguished. We consider (1) mature clients who have been clients of the MFI for more than 3 years and continued using the financial services offered by the MFI and (2) recent clients who have been with the institution for more than 1 year but not more than 3 years. Those two client strata are compared to incoming clients who just joined the MFI's program in the last one year. Table 5 gives an overview of the average months of duration of membership of clients in the three different client strata. The following subsections will draw a detailed picture of the clients in the three different strata in the ProMiS partner MFIs.

Women Development Federation-Hambantota

All Client Households

Households of the WDF-Hambantota have an average household size of 4.16 members (Table 6). On average, there are 1.57 economic active household members and 1.09 children in the household. The household obtains income from on average 1.82 sources.

86% of client households of WDF-Hambantota have a male household head, 14% are female-headed households. The average age of the household head is 45.52 years with an average education of 9.27 years. 89% are economic active and 14% are employed in agricultural activities, 21% are employed in non-agricultural activities, 52% are agricultural own account worker, and 14% are non-agricultural own account worker.

Incoming Clients

Client households in the incoming client strata have an average household size of 3.92 members, with 1.47 economic active household members and 1.00 children on average (Table 6). 84% of the households have a male household head, 16% a female household head. The average age of the household head is 43.57 years with an average education of 9.24 years (Table 8). In this client stratum 86% of the household heads are economic active with 18% being employed in agricultural and 25% in non-agricultural activities, 39% agricultural and 18% non-agricultural own account worker (Table 10)

In this stratum all clients are female and have an average age of 35.37 years with an average education of 10.71 years (Table 9). In this client stratum 24% of the clients are economic active with 8% being employed in agricultural activities, 42% agricultural and 42% non-agricultural own-account worker, and 8% unpaid family worker (Table 11).

In total, 41% of the client households obtain a credit from and 96% of households have a savings account with WDF-Hambantota (Table 13).

Recent Clients

Client households in the recent client strata have an average household size of 4.19 members, with 1.55 economic active household members and 1.28 children on average (Table 6). 83% of the households have a male household head, 17% a female household head. The average age of the household head is 44.17 years with an average education of 8.72 years (Table 8). In this client stratum 87% of the household heads are economic active with 15% being employed in agricultural and 22% in non-agricultural activities, and 49% working as agricultural and 15% working as non-agricultural own account worker (Table 10).

In this stratum all clients are female and have an average age of 38.57 years with an average education of 10.47 years (Table 9). 34% of the clients are economic active with 6% being employed in agricultural and 6% in non-agricultural activities, and 25% agricultural and 63% non-agricultural own account worker (Table 11).

In total, 64% of client households obtain a credit, 96% of client households have a savings account, and 2% of households have an insurance policy with WDF-Hambantota (Table 13).

Mature Clients

Client households in the mature client strata have an average household size of 4.40 members, with 1.77 economic active household members and 1.00 children on average (Table 6). 91% of the households have a male household head, 9% a female household head. The average age of the household head is 49.30 years with an average education of 9.90 years (Table 8). In this client stratum 93% of the household heads are economic active with 8% being employed in agricultural and 15% in non-agricultural activities, and 70% working as agricultural and 8% working as non-agricultural own account worker (Table 10).

In this stratum all clients are female and have an average age of 42.86 years with an average education of 9.84 years (Table 9). 35% of the clients are economic active with 13% being employed in agricultural and 13% in non-agricultural activities, and 40% agricultural and 33% non-agricultural own account worker (Table 11).

In total, 65% of client households obtain a credit, 91% of client households have a savings account, and 14% of households have an insurance policy with WDF-Hambantota.

Sanasa Development Bank/ Movement

All Client Households

Households of the Sanasa have an average household size of 4.24 members. On average, there are 1.77 economic active household members and 0.96 children in the household. The household obtains income from on average 1.92 sources.

90% of client households of Sanasa have a male household head, 10% are female-headed households. The average age of the household head is 47.46 years with an average education of 9.77 years. 87% are economic active with 4% employed in agricultural and 49% in non-agricultural activities, 27% agricultural and 17% non-agricultural own account worker.

Incoming Clients

Client households in the incoming client strata have an average household size of 4.13 members, with 1.68 economic active household members and 0.97 children on average (Table 6). 93% of the households have a male household head, 7% a female household head. The average age of the household head is 44.35 years with an average education of 10.25 years (Table 8). In this client stratum 93% of the household heads are economic active with 8% employed in agricultural and 55% in non-agricultural activities, 24% agricultural and 12% non-agricultural own account worker (Table 10).

In this stratum 17% of the clients are male and 83% are female. Clients have an average age of 35.69 years with an average education of 10.62 years (Table 9). 52% of the clients are economic active with 3% employed in agricultural and

16% in non-agricultural activities, 3% non-agricultural employers, 32% agricultural and 41% non-agricultural own account worker, and 5% unpaid family worker (Table 11).

In total, 37% of the client households obtain a credit from, 89% of households have a savings account, and 10% of households have an insurance policy with Sanasa (Table 13).

Recent Clients

Client households in the recent client strata have an average household size of 4.38 members, with 1.84 economic active household members and 0.98 children on average (Table 6). 91% of the households have a male household head, 9% a female household head. The average age of the household head is 47.50 years with an average education of 9.87 years (Table 8). In this client stratum 88% of the household heads are economic active with 5% employed in agricultural and 52% in non-agricultural activities, and 23% agricultural and 20% non-agricultural own account worker (Table 10).

In this stratum 31% of the clients are male and 69% are female. Clients have an average age of 36.58 years with an average education of 11.31 years (Table 9). 53% of the clients are economic active with 44% employed in non-agricultural activities, 29% agricultural and 21% non-agricultural own-account worker, and 6% unpaid family worker (Table 11).

In total, 41% of the client households obtain a credit from, 92% of households have a savings account, and 14% of households have an insurance policy with Sanasa (Table 13).

Mature Clients

Client households in the mature client strata have an average household size of 4.22 members, with 1.79 economic active household members and 0.92 children on average (Table 6). 88% of the households have a male household head, 12% a female household head. The average age of the household head is 50.50 years with an average education of 9.19 years (Table 8). In this client stratum 79% of the household heads are economic active with 39% employed in agricultural activities, and 35% agricultural and 19% non-agricultural own account worker (Table 10).

In this stratum 39% of the clients are male and 61% are female. Clients have an average age of 44.85 years with an average education of 10.32 years (Table 9). 65% of the clients are economic active with 30% employed in non-agricultural activities, 4% non-agricultural employers, 38% agricultural and 26% non-agricultural own account worker, and 2% unpaid family worker (Table 11).

In total, 49% of the client households obtain a credit from, 83% of households have a savings account, and 14% of households have an insurance policy with Sanasa (Table 13).

TCCS Union Jaffna

All Client Households

Households of the TCCS Union Jaffna have an average household size of 3.94 members ranging from 1 to 7

members. On average, there are 1.38 economic active household members and 0.82 children in the household. The household obtains income from on average 1.99 sources, ranging from 1 to 4 different income sources.

85% of client households of TCCS Union Jaffna have a male household head, 15% are female-headed households. The average age of the household head is 49.95 years with an average education of 10.50 years. 86% are economic active with 7% employed in agricultural activities and 41% in non-agricultural activities, 17% employers in agriculture, 3% employers in non-agriculture, and 26% agricultural and 6% non-agricultural own account worker.

Incoming Clients

Client households in the incoming client strata have an average household size of 3.92 members, with 1.42 economic active household members and 0.85 children on average (Table 6). 87% of the households have a male household head, 13% a female household head. The average age of the household head is 46.08 years with an average education of 10.87 years (Table 8). In this client stratum 90% of the household heads are economic active with 4% employed in agricultural and 53% in non-agricultural activities, 11% employer in agricultural and 4 % in non-agricultural activities, and 26% agricultural own account worker (Table 10).

In this stratum 33% of the clients are male and 67% are female. Clients have an average age of 38.56 years with an average education of 11.63 years (Table 9). 49% of the clients are economic active with 64% employed in non-agricultural activities, 16% agricultural and 8% non-agricultural own account worker, and 12% unpaid family worker (Table 11).

In total, 60% of the client households obtain a credit from and 79% of households have a savings account with TCCS Union Jaffna (Table 13).

Recent Clients

Client households in the recent client strata have an average household size of 4.09 members, with 1.41 economic active household members and 0.89 children on average (Table 6). 84% of the households have a male household head, 16% a female household head. The average age of the household head is 49.95 years with an average education of 11.00 years (Table 8). In this client stratum 84% of the household heads are economic active with 5% employed in agricultural and 30% in non-agricultural activities, 19% employer in agricultural and 3% in non-agricultural activities, and 32% agricultural and 11% non-agricultural own account worker (Table 10).

In this stratum 23% of the clients are male and 77% are female. Clients have an average age of 40.75 years with an average education of 11.52 years (Table 9). 41% of the clients are economic active with 5% employed in agricultural and 28% in non-agricultural activities, 11% agricultural employers, 17% agricultural and 6% non-agricultural own account worker, and 33% unpaid family worker (Table 11).

In total, 70% of the client households obtain a credit from and 89% of households have a savings account with TCCS Union Jaffna (Table 13).

Mature Clients

Client households in the mature client strata have an average household size of 3.80 members, with 1.29 economic active household members and 0.71 children on average (Table 6). 84% of the households have a male household head, 16% a female household head. The average age of the household head is 54.42 years with an average education of 9.60 years (Table 8). In this client stratum 82% of the household heads are economic active with 14% employed in agricultural and 35% in non-agricultural activities, 22% employer in agricultural and 3% in non-agricultural activities, and 19% agricultural and 8.11% non-agricultural own account worker (Table 10).

In this stratum 22% of the clients are male and 78% are female. Clients have an average age of 49.38 years with an average education of 10.22 years (Table 9). 49% of the clients are economic active with 18% employed in agricultural and 41% in non-agricultural activities, 9% agricultural and 5% non-agricultural employers, 18% agricultural own account worker, and 9% unpaid family worker (Table 11).

In total, 69% of the client households obtain a credit from and 82% of households have a savings account with TCCS Union Jaffna (Table 13).

BRAC Lanka

All Client Households

Households of BRAC Lanka have an average household size of 3.98 members. On average, there are 1.79 economic active household members and 1.13 children in the household. The household obtains income from on average 2.35 sources.

83% of client households of BRAC Lanka have a male household head, 17% are female-headed households. The average age of the household head is 44.71 years with an average education of 9.57 years. 91% are economic active with 2% employed in agricultural and 66% in non-agricultural activities, 5% employers in non-agriculture, and 3% agricultural and 24% non-agricultural own account worker.

Incoming Clients

Client households in the incoming client strata have an average household size of 3.78 members, with 1.78 economic active household members and 1.13 children on average (Table 6). 76% of the households have a male household head, 24% a female household head. The average age of the household head is 44.46 years with an average education of 10.76 years (Table 8). In this client stratum 93% of the household heads are economic active with 70% employed in agricultural and 5% in non-agricultural activities, and 2% agricultural and 23% non-agricultural own account worker (Table 10).

In this stratum all clients are female and have an average age of 38.80 years with an average education of 10.50 years

(Table 9). 61% of the clients are economic active with 4% employed in agricultural and 25% in non-agricultural activities, 7% non-agricultural employers, and 64% non-agricultural own account worker (Table 11).

In total, 91% of the client households obtain a credit from, 54% of households have a savings account, and 26% of households have an insurance policy with BRAC Lanka (Table 13).

Recent Clients

Client households in the recent client strata have an average household size of 3.88 members, with 1.68 economic active household members and 0.98 children on average (Table 6). 86% of the households have a male household head, 14% a female household head. The average age of the household head is 43.38 years with an average education of 9.00 years (Table 8). In this client stratum 84% of the household heads are economic active with 2% employed in agricultural and 60% in non-agricultural activities, 2% agricultural and 36% non-agricultural own account worker (Table 10).

In this stratum all clients are female and have an average age of 38.74 years with an average education of 9.96 years (Table 9). 54% of the clients are economic active with 4% employed in agricultural and 18% in non-agricultural activities, and 78% non-agricultural own account worker (Table 11).

In total, 78% of the client households obtain a credit from, 54% of households have a savings account, and 18% of households have an insurance policy with BRAC Lanka (Table 13).

Mature Clients

Client households in the mature client strata have an average household size of 4.27 members, with 1.92 economic active household members and 1.29 children on average (Table 6). 85% of the households have a male household head, 15% a female household head. The average age of the household head is 46.33 years with an average education of 9.00 years (Table 8). In this client stratum 96% of the household heads are economic active with 2% employed in agricultural and 67% in non-agricultural activities, 11% employers in non-agriculture, and 4% agricultural and 13% non-agricultural own account worker (Table 10).

In this stratum all clients are female and have an average age of 42.44 years with an average education of 9.64 years (Table 9). 73% of the clients are economic active with 31% employed in non-agricultural activities, 3% agricultural employers, and 66% non-agricultural own account worker (Table 11).

In total, 90% of the client households obtain a credit from, 48% of households have a savings account, and 19% of households have an insurance policy with BRAC Lanka (Table 13).

Sabaragamuwa Development Bank

All Client Households

Households of the Sabaragamuwa RDB have an average household size of 4.13 members. On average, there are 1.69 economic active household members and 0.88 children in the household. The household obtains income from on average 1.59 sources.

84% of client households of Sabaragamuwa RDB have a male household head, 16% are female-headed households. The average age of the household head is 50.77 years with an average education of 10.72 years. 78% are economic active with 6% employed in agricultural and 57% in non-agricultural activities, 4% employers in non-agriculture, and 13% agricultural and 19% non-agricultural own account worker.

Incoming Clients

Client households in the incoming client strata have an average household size of 3.98 members, with 1.71 economic active household members and 0.88 children on average (Table 6). 82% of the households have a male household head, 18% a female household head. The average age of the household head is 50.53 years with an average education of 10.14 years (Table 8). In this client stratum 80% of the household heads are economic active with 12% employed in agricultural and 61% in non-agricultural activities, and 15% agricultural and 12% non-agricultural own account worker (Table 10).

In this stratum 67% of the clients are male and 33% are female. Clients have an average age of 42.80 years with an average education of 10.88 years (Table 9). 69% of the clients are economic active with 11% employed in agricultural and 51% in non-agricultural activities, 3% non-agricultural employers, and 14% agricultural and 20% non-agricultural own account worker (Table 11).

In total, 25% of the client households obtain a credit from, 82% of households have a savings account, and 2% of households have an insurance policy with Sabaragamuwa (Table 13).

Recent Clients

Client households in the recent client strata have an average household size of 4.26 members, with 1.70 economic active household members and 0.87 children on average (Table 6). 87% of the households have a male household head, 13% a female household head. The average age of the household head is 50.13 years with an average education of 11.28 years (Table 8). In this client stratum 81% of the household heads are economic active with 3% employed in agricultural and 58% in non-agricultural activities, 8% employer in non-agriculture, and 8% agricultural and 24% non-agricultural own account worker (Table 10).

In this stratum 52% of the clients are male and 48% are female. Clients have an average age of 40.63 years with an average education of 12.13 years (Table 9). 63% of the clients are economic active with 3% employed in agricultural and

55% in non-agricultural activities, 7% non-agricultural employers, and 7% agricultural and 28% non-agricultural own account worker (Table 11).

In total, 17% of the client households obtain a credit from, 83% of households have a savings account, and 2% of households have an insurance policy with Sabaragamuwa (Table 13).

Mature Clients

Client households in the mature client strata have an average household size of 4.17 members, with 1.66 economic active household members and 0.87 children on average (Table 6). 83% of the households have a male household head, 17% a female household head. The average age of the household head is 51.66 years with an average education of 10.80 years (Table 8). In this client stratum 72% of the household heads are economic active with 3% employed in agricultural and 50% in non-agricultural activities, 6% employer in non-agriculture, and 18% agricultural and 24% non-agricultural own account worker (Table 10).

In this stratum 54% of the clients are male and 46% are female. Clients have an average age of 45.61 years with an average education of 11.57 years (Table 9). 78% of the clients are economic active with 3% employed in agricultural and 53% in non-agricultural activities, 17% agricultural and 25% non-agricultural own account worker, and 3% unpaid family worker (Table 11).

In total, 15% of the client households obtain a credit from and 87% of households have a savings account with Sabaragamuwa (Table 13).

Table 6 - Household Characteristics of Client Households

Household Characteristics

	Household Size	Number of Children	Number of Economic Active Household Members	Ethnic group of Household	Number of Income Sources
ALL MFIs	**4.10**	**0.97**	**1.65**	**1.41**	**1.93**
WDF-Hambantota					
Total	**4.16**	**1.09**	**1.57**	**1.00**	**1.82**
incoming	3.92	1.00	1.47	1.00	1.88
recent	4.19	1.28	1.55	1.00	1.70
mature	4.40	1.00	1.70	1.00	1.86
Sanasa					
Total	**4.24**	**0.96**	**1.77**	**1.02**	**1.92**
incoming	4.13	0.97	1.68	1.01	1.99
recent	4.38	0.98	1.84	1.03	1.89
mature	4.22	0.92	1.79	1.03	1.88
TCCS Jaffna					
Total	**3.94**	**0.82**	**1.38**	**2.01**	**1.99**
incoming	3.92	0.85	1.42	2.00	1.87
recent	4.09	0.89	1.41	2.00	2.07
mature	3.80	0.71	1.29	2.02	2.04
BRAC Lanka					
Total	**3.98**	**1.13**	**1.79**	**2.01**	**2.35**
incoming	3.78	1.13	1.78	1.98	2.35
recent	3.88	0.98	1.68	2.08	2.22
mature	4.27	1.29	1.92	1.96	2.50
Sabaragamuwa RDB					
Total	**4.13**	**0.88**	**1.69**	**1.19**	**1.59**
incoming	3.98	0.88	1.71	1.31	1.39
recent	4.26	0.87	1.70	1.15	1.51
mature	4.17	0.87	1.66	1.11	1.87

Table 7 - Household Characteristics and Income Sources of Client Households

Household Characteristics and Income Sources

	Number of Income Sources	% Earning Income from Agriculture	% Earning Income from Livestock	% Earning Income from Household Enterprise	% Earning Income from Wage	% Earning Income from Transfers
ALL MFIs	**1.93**	**65.7%**	**15.9%**	**36.4%**	**66.6%**	**8.7%**
WDF-Hambantota						
Total	1.82	80.1%	9.2%	30.0%	56.7%	5.7%
incoming	1.88	78.4%	5.9%	33.3%	66.7%	3.9%
recent	1.70	74.5%	10.6%	28.3%	53.2%	4.3%
mature	1.86	88.4%	11.6%	27.9%	48.8%	9.3%
Sanasa						
Total	1.92	67.6%	14.5%	36.4%	63.3%	10.1%
incoming	1.99	64.8%	18.3%	35.2%	69.0%	11.3%
recent	1.89	62.5%	10.9%	37.5%	68.8%	9.4%
mature	1.88	75.0%	13.9%	36.6%	52.8%	9.7%
TCCS Jaffna						
Total	1.99	61.0%	53.2%	9.2%	63.8%	11.3%
incoming	1.87	53.8%	42.3%	9.6%	67.3%	13.5%
recent	2.07	72.7%	56.8%	11.4%	52.3%	13.6%
mature	2.04	57.8%	62.2%	6.7%	71.1%	6.7%
BRAC Lanka						
Total	2.35	74.3%	1.4%	73.6%	77.8%	8.3%
incoming	2.35	69.6%	0.0%	71.7%	80.4%	13.0%
recent	2.22	74.0%	0.0%	72.0%	70.0%	6.0%
mature	2.50	79.2%	4.2%	77.1%	83.3%	6.3%
Sabaragamuwa RDB						
Total	1.59	44.8%	2.8%	31.7%	72.4%	7.6%
incoming	1.39	37.3%	2.0%	19.6%	78.4%	2.0%
recent	1.51	36.2%	2.1%	31.9%	68.1%	12.8%
mature	1.87	61.7%	4.3%	45.5%	70.2%	8.5%

Table 8 - Characteristics of Household Head of Client Households

Characteristics of Household Head

	% of Male Household Heads	% of Female Household Heads	Age of Household Head	Years of Education of Household Head	% of Economically Active Household Heads	% of Household Heads earning Wage
ALL MFIs	**86.0%**	**14.0%**	**47.67**	**9.95**	**86.0%**	**53.3%**
WDF-Hambantota						
Total	85.8%	14.2%	45.52	9.27	88.7%	34.4%
incoming	84.3%	15.7%	43.57	9.24	86.3%	43.2%
recent	83.0%	17.0%	44.17	8.72	87.2%	36.6%
mature	90.7%	9.3%	49.30	9.90	93.0%	22.5%
Sanasa						
Total	90.3%	9.7%	47.46	9.77	86.5%	53.4%
incoming	93.0%	7.0%	44.35	10.25	93.0%	62.1%
recent	90.6%	9.4%	47.50	9.87	87.5%	57.1%
mature	87.5%	12.5%	50.50	9.19	79.2%	39.3%
TCCS Jaffna						
Total	85.1%	14.9%	49.95	10.50	85.8%	48.8%
incoming	86.5%	13.5%	46.08	10.87	90.4%	57.4%
recent	84.1%	15.9%	49.95	11.00	84.1%	35.1%
mature	84.4%	15.6%	54.42	9.60	82.2%	51.4%
BRAC Lanka						
Total	82.6%	17.4%	44.71	9.57	91.0%	67.2%
incoming	76.1%	23.9%	44.46	10.76	93.5%	69.8%
recent	86.0%	14.0%	43.38	9.00	84.0%	61.9%
mature	85.4%	14.6%	46.33	9.00	95.8%	69.6%
Sabaragamuwa RDB						
Total	84.1%	15.9%	50.77	10.72	77.9%	62.8%
incoming	82.4%	17.6%	50.53	10.14	80.4%	73.2%
recent	87.2%	12.8%	50.13	11.28	80.9%	60.5%
mature	83.0%	17.0%	51.66	10.80	72.3%	52.9%

Table 9 - Characteristics of Microfinance Clients of ProMiS Partner MFIs

Characteristics of Household Head

	% of Male Clients	% of Female Clients	Age of Client	Years of Education of Client	% of Economic active Clients	% of Clients earning Wage	% of Clients holding Position of Authority	Number of Social Groups Client is Member of
ALL MFIs	**23.8%**	**76.2%**	**40.58**	**10.75**	**53.7%**	**39.7%**	**11.8%**	**1.59**
WDF-Hambantota								
Total	**0.7%**	**99.3%**	**38.72**	**10.36**	**30.5%**	**16.3%**	**16.3%**	**1.69**
incoming	0.0%	100.0%	35.37	10.71	23.5%	8.3%	11.8%	1.78
recent	0.0%	100.0%	38.57	10.47	34.0%	12.5%	10.6%	1.79
mature	2.3%	97.7%	42.86	9.84	34.9%	26.7%	27.9%	1.47
Sanasa								
Total	**29.0%**	**71.0%**	**39.15**	**10.73**	**57.0%**	**32.2%**	**19.8%**	**2.33**
incoming	16.9%	83.1%	35.69	10.62	52.1%	18.9%	15.5%	2.27
recent	31.3%	68.8%	36.58	11.31	53.1%	47.1%	6.3%	2.13
mature	38.9%	61.1%	44.85	10.32	65.3%	31.9%	36.1%	2.57
TCCS Jaffna								
Total	**26.2%**	**73.8%**	**42.70**	**11.14**	**46.4%**	**55.4%**	**3.6%**	**0.99**
incoming	32.7%	67.3%	38.56	11.63	49.0%	64.0%	4.0%	1.06
recent	22.7%	77.3%	40.75	11.52	40.9%	33.3%	2.3%	1.02
mature	22.2%	77.8%	49.38	10.22	48.9%	63.6%	4.4%	0.89
BRAC Lanka								
Total	**2.8%**	**97.2%**	**39.99**	**10.03**	**62.5%**	**27.8%**	**6.3%**	**1.40**
incoming	0.0%	100.0%	38.80	10.50	60.9%	28.6%	13.0%	1.46
recent	8.0%	92.0%	38.74	9.96	54.0%	22.2%	0.0%	1.24
mature	0.0%	100.0%	42.44	9.64	72.9%	31.4%	6.3%	1.50
Sabaragamuwa RDB								
Total	**58.0%**	**42.0%**	**43.01**	**11.50**	**69.9%**	**59.0%**	**9.1%**	**1.23**
incoming	66.7%	33.3%	42.80	10.88	68.6%	65.7%	5.9%	1.27
recent	52.2%	47.8%	40.63	12.13	63.0%	58.6%	6.5%	1.09
mature	54.3%	45.7%	45.61	11.57	78.3%	52.8%	15.2%	1.33

Table 10 - Occupation of Household Head of Client Households

Occupation of Household Head

% of Household Heads working as	Employee (agriculture)	Employee (non-agriculture)	Employer (agriculture)	Employer (non-agriculture)	Own account worker (agriculture)	Own account worker (non-agriculture)	Unpaid Family Worker
ALL MFIs	**6.4%**	**46.6%**	**3.0%**	**2.8%**	**24.5%**	**16.0%**	**0.6%**
WDF-Hambantota							
Total	**13.6%**	**20.8%**	**0.0%**	**0.0%**	**52.0%**	**13.6%**	**0.0%**
incoming	18.2%	25.0%	0.0%	0.0%	38.6%	18.2%	0.0%
recent	14.6%	22.0%	0.0%	0.0%	48.8%	14.6%	0.0%
mature	7.5%	15.0%	0.0%	0.0%	70.0%	7.5%	0.0%
Sanasa							
Total	**4.5%**	**48.6%**	**0.0%**	**1.7%**	**27.4%**	**16.8%**	**1.1%**
incoming	7.6%	54.6%	0.0%	0.0%	24.2%	12.1%	1.5%
recent	5.4%	51.8%	0.0%	0.0%	23.2%	19.6%	0.0%
mature	38.6%		0.0%	5.3%	35.1%	19.3%	1.8%
TCCS Jaffna							
Total	**7.4%**	**40.5%**	**16.5%**	**3.3%**	**25.6%**	**5.8%**	**0.8%**
incoming	4.3%	53.2%	10.6%	4.3%	25.5%	0.0%	2.1%
recent	5.4%	29.7%	18.9%	2.7%	32.4%	10.8%	0.0%
mature	13.5%	35.1%	21.6%	2.7%	18.9%	8.1%	0.0%
BRAC Lanka							
Total	**1.5%**	**65.7%**	**0.0%**	**5.3%**	**3.1%**	**23.7%**	**0.8%**
incoming	69.8%	4.7%	0.0%	0.0%	2.3%	23.3%	0.0%
recent	2.4%	59.5%	0.0%	0.0%	2.4%	35.7%	0.0%
mature	2.2%	67.4%	0.0%	10.9%	4.4%	13.0%	2.2%
Sabaragamuwa RDB							
Total	**0.06**	**56.6%**	**0.0%**	**4.4%**	**13.3%**	**19.5%**	**0.0%**
incoming	0.12	61.0%	0.0%	0.0%	14.6%	12.2%	0.0%
recent	0.03	57.9%	0.0%	7.9%	7.9%	23.7%	0.0%
mature	0.03	50.0%	0.0%	5.9%	17.7%	23.5%	0.0%

Table 11 - Occupation of Clients of ProMiS Partner MFIs

Occupation of Client

% of Clients working as	Employee (agriculture)	Employee (non-agriculture)	Employer (agriculture)	Employer (non-agriculture)	Own account worker (agriculture)	Own account worker (non-agriculture)	Unpaid Family Worker
ALL MFIs	**4.3%**	**34.6%**	**1.2%**	**2.2%**	**19.0%**	**34.4%**	**4.3%**
WDF-Hambantota							
Total	9.3%	7.0%	0.0%	0.0%	34.9%	46.5%	2.3%
incoming	8.3%	0.0%	0.0%	0.0%	41.7%	41.7%	8.3%
recent	6.3%	6.3%	0.0%	0.0%	25.0%	62.5%	0.0%
mature	13.3%	13.3%	0.0%	0.0%	40.0%	33.3%	0.0%
Sanasa							
Total	0.9%	29.7%	0.0%	2.5%	33.9%	28.8%	4.2%
incoming	2.7%	16.2%	0.0%	2.7%	32.4%	40.5%	5.4%
recent	0.0%	44.1%	0.0%	0.0%	29.4%	20.6%	5.9%
mature	0.0%	29.8%	0.0%	4.3%	38.3%	25.5%	2.1%
TCCS Jaffna							
Total	7.7%	46.2%	6.2%	1.5%	16.9%	4.6%	16.9%
incoming	0.0%	64.0%	0.0%	0.0%	16.0%	8.0%	12.0%
recent	5.6%	27.8%	11.1%	0.0%	16.7%	5.6%	33.3%
mature	18.2%	40.9%	9.1%	4.6%	18.2%	0.0%	9.1%
BRAC Lanka							
Total	2.2%	25.6%	1.1%	2.2%	0.0%	68.9%	0.0%
incoming	3.6%	25.0%	0.0%	7.1%	0.0%	64.3%	0.0%
recent	3.7%	18.5%	0.0%	0.0%	0.0%	77.8%	0.0%
mature	0.0%	31.4%	2.9%	0.0%	0.0%	65.7%	0.0%
Sabaragamuwa RDB							
Total	6.0%	53.0%	0.0%	3.0%	13.0%	24.0%	1.0%
incoming	11.4%	51.4%	0.0%	2.9%	14.3%	20.0%	0.0%
recent	3.5%	55.2%	0.0%	6.9%	6.9%	27.6%	0.0%
mature	2.8%	52.8%	0.0%	0.0%	16.7%	25.0%	2.8%

Table 12 - Mean and Median Household Income of Client Households – Per MFI and Per Client Strata

Household Income of Client Households

WDF-Hambantota

	Mean of Household Income last Year	Median of Household Income last Year
All Clients	296,757	200,800
Incoming Clients	241,431	150,000
Recent Clients	268,638	200,000
Mature Clients	393,112	300,000
National Level	315,432	200,820

Note: National Level from the Household Income and
        Expenditure Survey 2006-2007

Sanasa

	Mean of Household Income last Year	Median of Household Income last Year
All Clients	397,082	250,000
Incoming Clients	338,911	200,000
Recent Clients	355,905	280,000
Mature Clients	490,972	250,000
National Level	315,432	200,820

Note: National Level from the Household Income and
        Expenditure Survey 2006-2007

TCCS Union Jaffna

	Mean of Household Income last Year	Median of Household Income last Year
All Clients	140,719	100,000
Incoming Clients	197,038	122,500
Recent Clients	102,623	75,000
Mature Clients	112,889	100,000
National Level	315,432	200,820

Note: National Level from the Household Income and
        Expenditure Survey 2006-2007

BRAC Lanka

	Mean of Household Income last Year	Median of Household Income last Year
All Clients	498,756	250,000
Incoming Clients	313,584	232,500
Recent Clients	285,780	244,500
Mature Clients	898,063	300,000
National Level	315,432	200,820

Note: National Level from the Household Income and
        Expenditure Survey 2006-2007

Sabaragamuwa RDB

	Mean of Household Income last Year	Median of Household Income last Year
All Clients	577,437	250,000
Incoming Clients	738,549	240,000
Recent Clients	469,644	280,000
Mature Clients	505,819	230,000
National Level	315,432	200,820

Note: National Level from the Household Income and
        Expenditure Survey 2006-2007

Table 13 - Overview of Financial Services with ProMiS Partner MFIs

Financial Services with ProMiS Partner MFIs under Study

	Credit - % of Clients with Outstanding Loan with MFI	Savings - % of Clients with Savings Account with MFI	Insurance - % of Clients with Insurance Policy with MFI
ALL MFIs	**52.8%**	**80.8%**	**8.4%**
Women Development Federation			
Total	**56.0%**	**94.3%**	**5.0%**
incoming	41.2%	96.1%	0.0%
recent	63.8%	95.7%	2.1%
mature	65.1%	90.7%	14.0%
Sanasat			
Total	**42.0%**	**87.9%**	**12.6%**
incoming	36.6%	88.7%	9.9%
recent	40.6%	92.2%	14.1%
mature	48.6%	83.3%	13.9%
TCCS Jaffna			
Total	**66.0%**	**83.0%**	**0.0%**
incoming	59.6%	78.8%	0.0%
recent	70.5%	88.6%	0.0%
mature	68.9%	82.2%	0.0%
BRAC			
Total	**86.1%**	**52.1%**	**20.8%**
incoming	91.3%	54.3%	26.1%
recent	78.0%	54.0%	18.0%
mature	89.6%	47.9%	18.8%
Sabaragamuwa			
Total	**19.3%**	**84.1%**	**1.4%**
incoming	25.5%	82.4%	2.0%
recent	17.0%	83.0%	2.1%
mature	14.9%	87.2%	0.0%

3.3 Financial Situation of Client Households

3.3.1 Overview of Financial Situation of Client Households

To give a holistic picture of the client households' financial activities, information on general use of credit, savings, and insurance was collected. Data on up to four currently outstanding loans, savings accounts, and insurance policies were collected irrespective if the services were obtained from the respective ProMiS partner MFI. Financial services by different service providers are considered to give a picture of general household indebtedness, financial assets, and protection in case of shocks. For ease of comparability, the present analysis is only considering the most important of each type of financial products.

Table 14 - Overview of Financial Services of Client Households

	Number of Financial Services Used	% of Clients Having an utstanding Loan	% of Clients Having a Savings Account	% of Clients Having an Insurance Policy
All Clients	1.83	63.1%	91.5%	28.5%
Incoming Clients	1.79	62.0%	91.5%	25.5%
Recent Clients	1.79	59.9%	90.5%	28.6%
Mature Clients	1.92	67.5%	92.5%	31.8%

Note: National Level from the Household Income and Expenditure Survey 2006-2007

Figure 3-Percent of Clients Using Financial Services

Percent of Clients Using Financial Services
from Various Financial Service Providers

Use of financial services is not mutually exclusive such that percent of clients does not add up to 100%
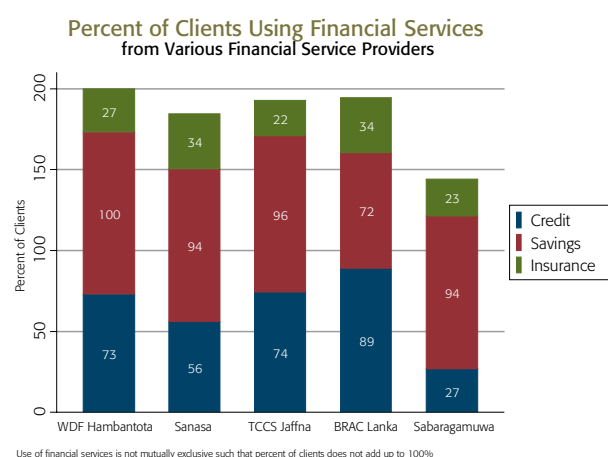
In the total sample the client households currently use on average 1.83 different financial products from a variety of financial service providers. Over 91% of the client households have at least one savings account, over 63% currently have at least one outstanding loan and only roughly 29% have at least

one insurance policy. Table 14 gives an overview of all client households and the client households in the three client strata.

Mature clients in general use a greater variety of financial services compared to incoming or recent clients. Figure 3 shows the share of clients using credit, savings, and insurance for the client households of the different MFIs. All clients of WDF-Hambantota have at least one savings account. Only 72% of BRAC Lanka clients have at least on savings accounts, although 88.9% of them currently own an outstanding credit.

Credit

491 client households currently have an outstanding loan with any financial service provider. On average, households with currently outstanding loans have 1.3 loans with an average loan size of Rs. 52,621 for all outstanding loans. Of the total loan amount Rs. 30,128 are on average still outstanding for all outstanding loans (Table 16).

Table 15-Average Loan Amount of First Outstanding Loan

	Average Loan Amount in Rs. First Outstandind Loan
All Clients	**53,642**
Incoming Clients	47,925
Recent Clients	51,342
Mature Clients	61,383

Table 15 gives an overview of the average loan amount of the first outstanding loan by client stratum. Mature clients hold, on average, loans with a higher loan size than recent and incoming clients. Most financial institutions providing financial services to poor households have some form of dynamic incentives and grant increasing loan amounts in case of repeated borrowing.

Although a loan was most often obtained from a ProMiS partner MFI, loans were also obtained from various other sources. The loan sources for the first and second outstanding loan are illustrated in Figure 4 and Figure 5. Government and private banks as well as cooperatives were used to procure funds. Informal sources like money lenders, shop keepers and NGOs also served as a funding source for loans. Table 16 gives a detailed overview of the general indebtedness situation of client households. All outstanding loans are considered here, irrespective of the credit provider.

Except for TCCS Union Jaffna client households, the pattern of increasing loan amounts with duration of membership in a ProMiS partner MFI is observable. For some MFIs, recent clients have a lower total outstanding loan amount than incoming or mature clients. This may occur when recent clients already repaid their outstanding loan and have not taken another loan yet.

Figure 4-Loan Source of First Outstanding Loan of Clients   *Figure 5-Loan Source of Second Outstanding Loan of Clients*
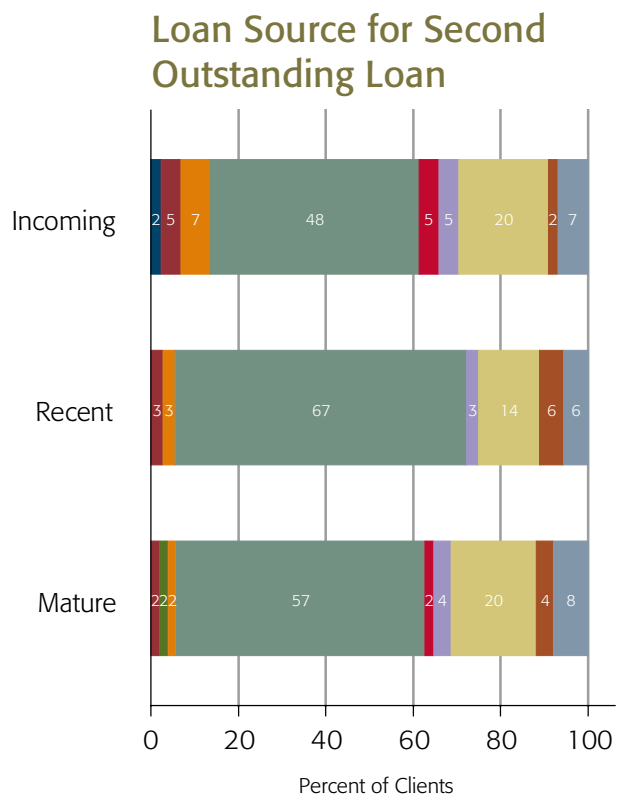
Loan Source for First Outstanding Loan

Legend:
- Family
- Friend/ neighbor
- Money Lender
- Shop keeper
- NGO
- MFI
- Borrowing & Savings Group
- Cooperative
- Bank (government)
- Bank (private)
- National housing loan scheme
- Other

Loan Source for Second Outstanding Loan

Legend:
- Friend/ neighbor
- Money Lender
- Shop keeper
- NGO
- MFI
- Borrowing & Savings Group
- Cooperative
- Bank (government)
- Bank (private)
- Other

Table 16-Indebtedness Information of Client Households

Indebtedness Information of Client Households

	Credit - % of Clients with Outstanding Loan	Number of all outstanding loans	Total loan amount of all outstanding loans in Rs.	Total amount still outstanding of all outstanding loans in Rs.
ALL MFIs	**63.4%**	**1.32**	**52,621**	**30,128**
WDF-Hambantota				
Total	73.6%	1.44	51,429	26,706
incoming	64.7%	1.30	21,725	18,538
recent	73.9%	1.44	75,628	18,806
mature	83.7%	1.56	60,209	45,028
Sanasa				
Total	56.3%	1.23	44,145	23,622
incoming	54.9%	1.18	35,169	33,973
recent	51.6%	1.24	42,500	10,658
mature	62.0%	1.27	54,458	24,938
TCCS Jaffna				
Total	74.5%	1.50	51,745	34,580
incoming	73.1%	1.66	85,356	43,923
recent	77.3%	1.41	33,295	26,462
mature	73.3%	1.39	30,944	31,722
BRAC Lanka				
Total	88.9%	1.16	37,319	33,255
incoming	93.5%	1.16	24,783	24,267
recent	80.0%	1.13	35,900	33,995
mature	93.8%	1.18	50,813	41,097
Sabaragamuwa RDB				
Total	27.1%	1.36	81,931	35,311
incoming	30.0%	1.40	43,314	41,139
recent	21.3%	1.20	149,702	14,085
mature	29.8%	1.43	56,064	50,214

Note: All outstanding loans of the client household are considered here, irrespective if the loan was provided by a ProMiS partner MFI under study. This gives a holistic picture of the financial situation of client households.

Savings

710 client households have a savings account. Of those, there are on average 2.7 savings accounts per household with an average balance in all household savings accounts of Rs. 36,763. Table 17 gives a detailed overview of savings accounts owned by client households in the different strata of the five ProMiS partner MFIs.

Households employ different kind of savings, such as savings in official savings accounts, current accounts, bank fixed term deposits, and MFI savings accounts, or in group based saving devices such as Chit funds or Self-Help groups. Figure 6 shows the distribution of types of savings accounts by client status for the first saving account stated by the household. Official savings accounts and savings with MFIs are dominating the type of savings employed by the client households in the study.

Figure 6-Type of Savings Account of Client Household

Type of Savings Account

First savings account can be any savings account, not necessarily with MFI under study

▮ Savings Account
▮ Bank fixed term deposit
▮ Current account
▮ SHG
▮ MFI
▮ Chit fund
▮ Other

Insurance

On average, the 222 households having an insurance policy have 1.5 insurance policies per household. Table 17 gives a detailed overview of insurance policies owned by client households. A high share of insurance policies is in life insurance followed by accident and asset insurance. Interestingly, only very few households obtain health insurance. In particular, none of the incoming clients owns any health insurance, compared to only a few recent and mature clients. This is mirrored by the fact that expenditures for most health

events or shocks are covered by cash payments, as will be shown in section 4.1.3 and 4.1.4.

It is noteworthy that mature clients obtain a more distinct mix of insurance schemes than incoming clients. Although clients hold insurance schemes, only 6% of the insurance holders requested a claim to be paid from the insurance. If a claim was requested, it was paid in 62% of the cases. This brings up the question why there are only so few claims requested for the insurance policies. Does this mean that no insured event happened? Or does this rather mean that clients do not know which events are exactly insured? Judging from the fact that not all requested claims are paid, it might very well be the case that clients do not request a claim because they are not sure which events are insured or do not expect the claim to be paid. Clearly, there is a need for further information on micro insurance, for instance regarding the type of demand for micro insurance and the characteristics clients desire in a micro insurance product.

Figure 7-Type of Insurance Policy of Client Household

Type of Insurance Policy

First insurance policy can be any insurance policy, not necessarily with MFI under study

▮ Life insurance
▮ Health insurance
▮ Accident insurance
▮ Asset insurance
▮ Crop insurance
▮ Other

Table 17 - Savings Accounts and Insurance Policies of Client Households

Savings Accounts and Insurance Policies of Client Households

	Savings - % of Clients with Savings Account	Number of all savings accounts	Total balance of all savings accounts in Rs.	Insurance -% of Clients with Insurance Policy	Number of all insurance policies	% of Clients Requested Claim for Insurance	% of Paid Claims Requested for Insurance
ALL MFIs	**91.6%**	**2.72**	**36,763**	**28.6%**	**1.54**	**6.3%**	**61.5%**
WDF-Hambantota							
Total	**100.0%**	**2.67**	**16,887**	**27.1%**	**1.68**	**8.1%**	**66.7%**
incoming	100.0%	2.25	14,427	21.6%	1.64	27.3%	66.7%
recent	100.0%	2.74	21,531	21.7%	1.80	0.0%	.
mature	100.0%	3.09	14,729	39.5%	1.65	0.0%	.
Sanasa							
Total	**94.7%**	**2.84**	**30,897**	**34.5%**	**1.35**	**9.9%**	**57.1%**
incoming	95.7%	2.70	38,292	35.2%	1.28	12.0%	33.3%
recent	96.9%	3.07	22,641	38.1%	1.38	0.0%	.
mature	91.7%	2.77	30,942	30.6%	1.41	18.2%	75.0%
TCCS Jaffna							
Total	**96.5%**	**2.18**	**8,819**	**22.0%**	**1.71**	**3.2%**	**0.0%**
incoming	96.2%	2.56	6,501	26.9%	2.14	0.0%	.
recent	95.5%	2.29	15,459	18.2%	1.13	12.5%	0.0%
mature	97.8%	1.66	5,006	20.0%	1.56	0.0%	.
BRAC Lanka							
Total	**71.5%**	**2.68**	**42,533**	**34.0%**	**1.53**	**2.0%**	**100.0%**
incoming	69.6%	2.41	9,213	30.4%	1.64	0.0%	.
recent	68.0%	2.50	11,973	32.0%	1.38	0.0%	.
mature	77.1%	3.08	106,299	39.6%	1.58	5.3%	100.0%
Sabaragamuwa RDB							
Total	**94.5%**	**3.18**	**85,907**	**22.8%**	**1.61**	**6.1%**	**100.0%**
incoming	94.1%	3.00	57,403	9.8%	1.00	0.0%	.
recent	91.5%	3.12	169,234	29.8%	1.93	7.1%	.
mature	97.9%	3.43	33,509	29.8%	1.50	7.1%	100.0%

Note: All savings accounts and insurance policies of the client household are considered here, irrespective if they were provided by a ProMiS partner MFI under study. This gives a holistic picture of the financial situation of client households.

3.3.2 Financial Services Provided by ProMiS Partner MFIs

All Financial Services

In total, 17% of the 778 clients obtained solely a micro loan from a ProMiS Partner MFI, and 31% only use savings facilities. The highest client share (41%) uses both savings facilities and micro credits provided by the MFIs. This high share results partly from the requirement of the MFIs under study that clients can only borrow against savings or that there is mandatory savings for borrowers. Only 8% of clients obtain loans, savings, and insurance services from their MFI. Even fewer obtain credit and insurance (0.5%) or savings and insurance services (1.5%).

Table 18-Overview of Financial Services Provided by ProMiS Partner MFIs

% of Clients using Financial Services Provided by ProMiS Partner MFIs	
Credit	17.1%
Credit & Savings	41.3%
Credit & Insurance	7.7%
Credit, Savings & Insurance	0.5%
Savings	31.2%
Savings & Insurance	1.5%
Insurance	0.0%

Figure 8-Percent of Clients Using Financial Services at ProMiS Partner MFIs

Percent of Clients Using Financial Services
from ProMiS Partner MFIs
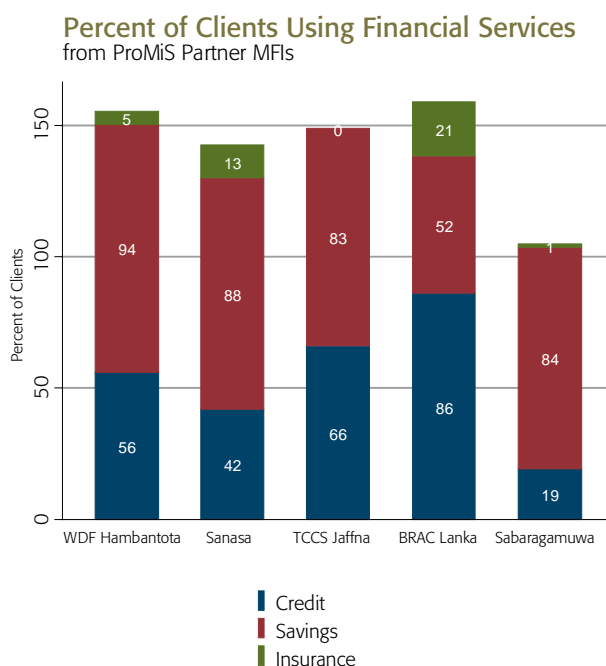
Figure 8 provides an overview of the financial services clients use at the ProMiS partner MFIs under study. For example, 86% of clients of BRAC Lanka obtain a credit, 52% have in addition to their loan a savings account and 21% insurance. This is due to the fact that BRAC Lanka mainly offers credit facilities but also provides savings and insurance policies along with disbursed loans. Clients of Sabaragamuwa RDB mainly obtain savings. Only 19% of their clients have an outstanding loan with Sabaragamuwa RDB.

Table 19 gives an overview of all financial services obtained by clients in the three different client strata with their ProMiS partner MFI. Recent and mature clients on average use more financial services provided by the MFI (1.44 for recent and 1.45 for mature clients compared to 1.38 for incoming clients). Furthermore, a higher share of recent and mature clients obtains credit indicating a better access to financial funds compared to incoming clients. The higher share of mature clients using insurance policies with the MFIs can be caused by several factors. One explanation is related to the higher share of borrowers among mature clients. They probably hold more loan types offered with attached insurance schemes, such as obligatory life insurance for housing loans or voluntary cattle insurance for livestock loans. This however, is not obvious from the data. Another explanation is related to mature clients' economic situation. If their economic situation is superior more funds are available for buying insurance schemes. Yet another explanation is related to financial literacy of mature clients. Because of their longer membership they are more financially literate and hence better able to judge benefits of insurance properly. Therefore, they demand more insurance policies. More detailed research is required to judge about the correct explanation in the present case.

Table 19-Percent of Clients Using Different Types of Financial Services by ProMiS Partner MFIs

	Number of Financial Services Used with ProMis Partner MFI	% of Clients an utstanding Loan with MFI	% of Clients Having a Savings Account with MFI	% of Clients Having an Insurance Policy with MFI
All Clients	1.42	52.8%	80.8%	8.4%
Incoming Clients	1.38	49.1%	81.2%	7.4%
Recent Clients	1.44	53.2%	82.9%	7.9%
Mature Clients	1.45	56.5%	78.4%	9.8%

Table 20 - Outstanding Loans with ProMiS Partner MFIs

Outstanding Loans with ProMiS partner MFIs under Study

	Credit - % of Clients with Outstanding Loan with MFI	Total number of outstanding loans	Number of Outstanding Loans with MFI under study	% of Outstanding Loans with MFI of Total Outstanding Loans	% of Male Borrower of First Outstanding MFI Loan	% of Female Borrower of First Outstanding MFI Loan	Loan Amount of First Outstanding MFI loan in Rs.	Amout still Outstanding of First Outstanding MFI loan
ALL MFIs	**52.8%**	**1.32**	**0.58**	**43.9%**	**15.8%**	**84.2%**	**43,271**	**36,737**
WDF-Hambantota								
Total	56.0%	1.44	0.67	46.9%	6.3%	93.7%	22,040	21,159
incoming	41.2%	1.30	0.47	36.1%	14.3%	85.7%	10,000	9,519
recent	63.8%	1.44	0.74	51.7%	6.7%	93.3%	17,267	16,796
mature	65.1%	1.56	0.84	53.8%	0.0%	100.0%	37,400	33,320
Sanasa								
Total	**42.0%**	**1.23**	**0.45**	**36.8%**	**25.3%**	**74.7%**	**64,598**	**50,773**
incoming	36.6%	1.18	0.37	31.0%	15.4%	84.6%	38,615	53,288
recent	40.6%	1.24	0.44	35.2%	19.2%	80.8%	56,375	34,367
mature	48.6%	1.27	0.56	43.7%	37.1%	62.9%	91,875	62,368
TCCS Jaffna								
Total	**66.0%**	**1.50**	**0.74**	**49.3%**	**22.6%**	**77.4%**	**30,253**	**33,273**
incoming	59.6%	1.66	0.69	41.8%	22.6%	77.4%	32,935	32,265
recent	70.5%	1.41	0.82	58.0%	29.0%	71.0%	28,774	24,347
mature	68.9%	1.39	0.71	51.0%	16.1%	83.9%	29,048	42,288
BRAC Lanka								
Total	**86.1%**	**1.16**	**0.88**	**76.3%**	**4.0%**	**96.0%**	**31,210**	**32,670**
incoming	91.3%	1.16	0.93	80.4%	7.1%	92.9%	20,238	22,861
recent	78.0%	1.13	0.78	69.3%	2.6%	97.4%	30,385	34,640
mature	89.6%	1.18	0.94	79.6%	2.3%	97.7%	42,674	40,236
Sabaragamuwa RDB								
Total	**19.3%**	**1.36**	**0.21**	**15.7%**	**42.9%**	**57.1%**	**141,346**	**80,909**
incoming	25.5%	1.40	0.27	19.6%	38.5%	61.5%	65,692	64,373
recent	17.0%	1.20	0.17	14.2%	37.5%	62.5%	344,429	101,800
mature	14.9%	1.43	0.19	13.4%	57.1%	42.9%	68,333	103,012

Note: Note: Only outstanding loans with ProMiS partner MFIs are considered here.

Credit

When talking about microfinance people most often think of micro credits. Although there is a very well-developed savings culture in Sri Lanka, micro credits still remain an important part of micro financial services offered. Table 20 gives a detailed overview of outstanding loans of client households with ProMiS partner MFIs.

Table 21-Loan Amount of First Outstanding Loan Provided by ProMiS Partner MFIs

	Loan Amount in Rs. First Outstanding Loan with MFI
All Clients	**41.3%**
Incoming Clients	29,765
Recent Clients	48,542
Mature Clients	51,245

Table 21 sets out the average loan amount of the first credit obtained from a ProMiS partner MFI. The loan amount of currently outstanding credits of mature clients is substantially higher than the loan amount of incoming clients. The same holds for recent clients. This mirrors the common practice of many MFIs to grant increasing loan amounts in subsequent loans. Mature clients who are holding a subsequent loan with a ProMiS partner MFI have proven their credit worthiness by regularly repaying their previous loans and hence have been rewarded with a larger loan.

Table 22-Borrowers in Group vs. Individual Loan Schemes with ProMiS Partner MFIs

	% of Borrowers with Individual Loan	% of Borrowers with Group Loan	% of Group Loan Borrowers Benefitting From Group	% of Borrowers Using Non-Financial Services
All Clients	**59.1%**	**40.9%**	**80.5%**	**27.2%**
Incoming Clients	58.8%	41.2%	78.1%	21.2%
Recent Clients	60.2%	39.8%	77.9%	27.4%
Mature Clients	58.2%	41.8%	84.3%	33.5%

Table 22 sets out information on clients borrowing from the ProMiS partner MFIs. In the total sample of outstanding loans with a ProMiS partner MFI, nearly 60% of the borrowers obtain an individual loan and 40% a group scheme loan. Of those obtaining a group loan, over 80% benefit from the group loan. More mature clients than incoming or recent clients stated that they are benefitting from the group. Intuitively, mature borrowers probably would not be remaining clients for on average 80 months if they were not benefitting from the group in any way. Figure 9 illustrates in which way clients benefit from the group.

Incoming and recent clients profit to a greater extent primarily from the loan access through the group than

mature clients (70% for incoming and 75% for recent clients compared to only 60% of mature clients). A higher share of mature clients however stated to benefit from the solidarity in the group (36% for mature clients compared to 22% of incoming clients). Learning from other group members and social interactions within the group are not perceived as primary benefits from group loan schemes.

Figure 9-Benefit of Group Loan Schemes for Clients of ProMiS Partner MFIs

Clients' Benefit from Group Loan Schemes

■ Loan Access through Group ■ Solidarity in Group
■ Social Interaction within Group ■ Learning from Group Members
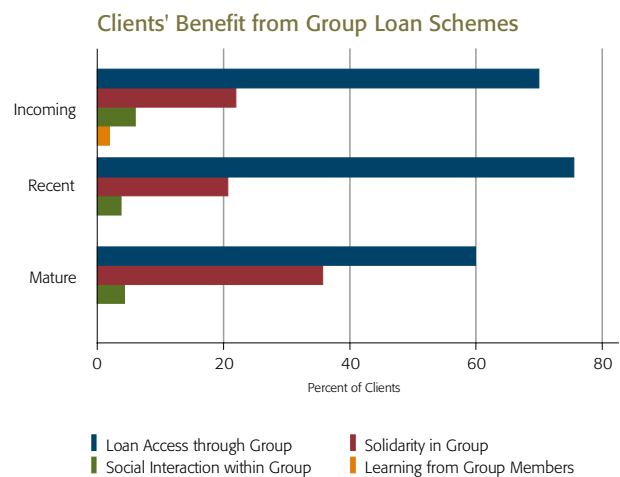
Considering that only a small amount of borrowers is using non-financial services offered by the MFIs, this finding is not very surprising. In total, 27% of clients stated to use any non-financial services offered by their MFI. The majority (81%) of those, however, cited group meetings as the non-financial service received (Table 23), which essentially are no non-financial services This indicates that groups are not used to deliver targeted education or training, for example skill development or business training. Moreover, the share of recent (27%) and mature (34%) clients receiving non-financial services is higher than the share of incoming clients (21%). Especially noteworthy is the fact, that more recent and mature clients receive business training than incoming clients, although that share is still very small. Figure 10 shows the distribution of obtained non-financial services by MFI.

Table 23-Non-Financial Services Used by Clients of ProMiS Partner MFIs

Non-Financial Service used by Clients Receiving Non-Financial Services

	Business Training	Health Education	Group Meetings	Combination of Non-Financial Service
All Clients	**4.8%**	**6.2%**	**80.9%**	**8.1%**
Incoming Clients	1.8%	8.8%	84.2%	5.3%
Recent Clients	7.4%	1.5%	83.8%	7.4%
Mature Clients	4.8%	8.3%	76.2%	10.7%

Figure 10-Non-Financial Services Used by Clients of ProMiS Partner MFIs – Per MFI

Non-Financial Services Used by Clients

Legend:
- Business Training
- Group Meetings
- Health Education
- Other
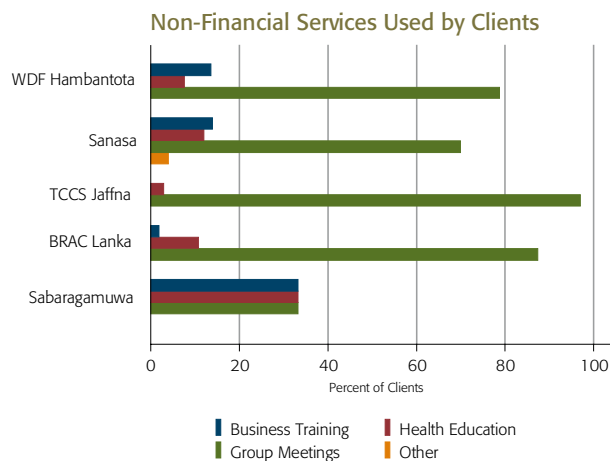
Figure 11-Loan Purpose of First Outstanding Loan of Clients of ProMiS Partner MFIs

Loan Purpose of Loan obtained from ProMiS Partner MFIs

Legend:
- Business initiation
- Business development
- Agriculture
- Construction/Housing
- Buy Assets/ Durables
- Consumption
- Medicine/ Sickness
- Settlement of Loans
- Education
- Emergencies
- Ceremonial ritual
- Debt/ Repayment loans
- Other
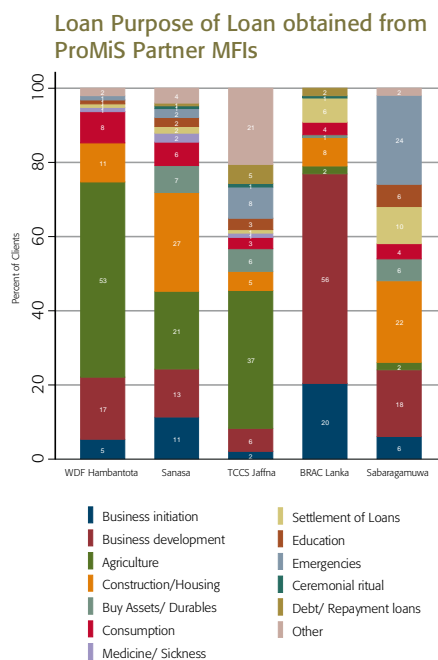
Table 24-Loan Purpose of Borrowers

Loan Purpose

	% of Clients Obtaining Loan for Loan Purpose
All Clients	
Business initiation	10.4%
Business development	25.0%
Agriculture	22.8%
Construction/Housing	13.8%
Buy Assets/ Durables	3.7%
Consumption	5.1%
Medicine/ Sickness	1.0%
Loans/ Debt Repayment	5.3%
Education	2.0%
Emergencies	4.7%
Ceremonial ritual	0.6%
Other	5.5%

Clients borrowing from the ProMiS Partner MFIs obtained loans for different purposes. Most clients stated a productive use of the loaned money. 10% loaned money for the initiation of a household business, 25% for the development of an existing business and 22% for agricultural purposes (Table 24). Figure 11 illustrates the variety of loan purposes and actual loan uses of the loaned money from the ProMiS Partner MFIs for each MFI.

When comparing planned loan purposes and actual loan uses the fungibility of money becomes obvious. Clients stated up to four different loan uses they actually spend the loaned money on. Table 25 sets out the first two stated actual loan uses.

While the first actual loan use stated differs only slightly from the planned loan purpose, the second stated actual loan use strongly indicates a diversion of borrowed funds into consumptive purposes. For all investment purposes such as business initiation, business development, and agriculture, the share of clients actually stating to use the loan in this way is

lower than the share of clients who planned to use the loan for those investment purposes. The second actual loan use is highest for consumption, and settlement of other loans and debt. This indicates that part of the borrowed money was used for consumption and debt restructuring. Although clients can only apply for certain loan types and loan purposes when borrowing from MFIs (e.g. business development loan, housing loan, etc.) the money still remains fungible within the household.

Savings

The distinct savings culture present in Sri Lanka is mirrored in the extremely high share of client households maintaining savings accounts. Regardless of savings accounts with other banks or institutions, over 80% of the client households own a savings account with their ProMiS partner MFI. Some households even have more than one savings account with the respective MFI. Table 27 sets out detailed information of savings accounts of the different client strata with the ProMiS partner MFIs.

Table 25-Actual Loan Use of Borrowed Fund

Actual Loan Use

	First Actual Loan Use	Second Actual Loan Use
All Clients		
Business initiation	9.6%	0.0%
Business development	24.5%	6.3%
Agriculture	22.0%	4.7%
Construction/Housing	14.1%	9.4%
Buy Assets/ Durables	4.3%	4.7%
Consumption	5.9%	32.8%
Medicine/ Sickness	1.2%	7.8%
Loans/ Debt Repayment	5.3%	20.3%
Education	1.8%	4.7%
Emergencies	5.5%	3.1%
Ceremonial ritual	0.6%	1.6%
Other	5.3%	4.7%

Insurance

Aside from savings and credits, micro insurance schemes gain importance. In the present sample, the most common insurance scheme is a life insurance policy. However, only 8% of client households obtain an insurance scheme from a ProMiS partner MFI, although 29% of the client households hold an insurance policy with any other provider (including the 8% having an insurance policy with the MFIs under study).

Table 26-Type of Insurance Policies of Clients of ProMiS Partner MFIs

Type of Insurance Policy	
Life insurance	80.0%
Health insurance	2.9%
Accident insurance	5.7%
Asset insurance	2.9%
Other	8.6%

The dominating type of insurance is a life insurance policy (Table 26). Figure 12 illustrates that the type of insurance policy clients hold strongly depends on the type the MFIs are offering. Sanasa and BRAC Lanka clients mainly hold life insurance schemes and hence form the biggest group of clients holding any insurance with a ProMiS partner MFI under study.

Both MFIs have around 30 clients with an insurance scheme. Only two clients of Sabaragamuwa RDB are holding an insurance policy at the regional development bank in form of an accident insurance scheme. The seven WDF-Hambantota clients holding an insurance policy hold some form of other type insurance scheme. However, none of the clients ever requested a claim to the insurance policy at a ProMiS Partner MFI.

Figure 12-Type of Insurance Policies Clients Hold with ProMiS Partner MFIs – Per MFI

Type of Insurance Policy with MFI

First insurance policy with MFI under study

Legend:
- Life insurance
- Health insurance
- Accident insurance
- Asset insurance
- Other
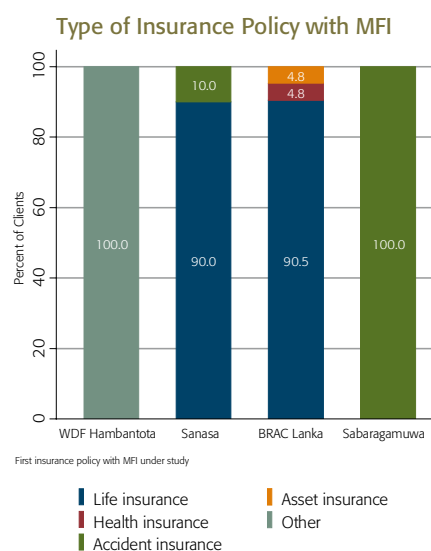
Table 27 - Savings and Insurance with ProMiS Partner MFIs

Savings Accounts and Insurance Policies with ProMiS partner MFIs under Study

	Savings - % of Clients with Savings Account with MFI	Insurance -% of Clients with Insurance Policy with MFI	Total number of savings accounts	Number of Savings Accounts with MFI under study	% of Savings Accounts with MFI of Total Savings Accounts	Balance of First Savings Account with MFI in Rs.	Total number of insurance policies	Number of Insurance Policies with MFI under study	% of Insurance Policies with MFI of Total Insurance Policies	% of Claims Requested for Insurance
ALL MFIs	80.8%	8.4%	2.72	0.90	32.9%	16,826	1.54	0.09	5.7%	0.0%
WDF-Hambantota										
Total	94.3%	5.0%	2.67	1.04	39.0%	8,494	1.68	0.05	2.9%	0.0%
incoming	96.1%	0.0%	2.25	1.02	45.2%	3,100	1.64	0.00	0.0%	0.0%
recent	95.7%	2.1%	2.74	1.11	40.3%	15,540	1.80	0.02	1.2%	0.0%
mature	90.7%	14.0%	3.09	1.00	32.3%	6,949	1.65	0.14	8.5%	0.0%
Sanasa										
Total	87.9%	12.6%	2.84	0.94	33.0%	19,352	1.35	0.14	10.0%	0.0%
incoming	88.7%	9.9%	2.70	0.90	33.4%	20,611	1.28	0.11	8.8%	0.0%
recent	92.2%	14.1%	3.07	1.00	32.6%	17,079	1.38	0.14	10.2%	0.0%
mature	83.3%	13.9%	2.77	0.92	33.1%	20,214	1.41	0.15	10.8%	0.0%
TCCS Jaffna										
Total	83.0%	0.0%	2.18	1.08	49.4%	9,034	1.71	0.00	0.0%	0.0%
incoming	78.8%	0.0%	2.56	1.29	50.3%	6,876	2.14	0.00	0.0%	0.0%
recent	88.6%	0.0%	2.29	1.05	45.7%	12,562	1.13	0.00	0.0%	0.0%
mature	82.2%	0.0%	1.66	0.87	52.2%	6,966	1.56	0.00	0.0%	0.0%
BRAC Lanka										
Total	52.1%	20.8%	2.68	0.53	20.0%	3,866	1.53	0.22	14.1%	0.0%
incoming	54.3%	26.1%	2.41	0.57	23.5%	1,984	1.64	0.26	15.9%	0.0%
recent	54.0%	18.0%	2.50	0.54	21.6%	3,208	1.38	0.20	14.5%	0.0%
mature	47.9%	18.8%	3.08	0.50	16.2%	6,811	1.58	0.19	11.9%	0.0%
Sabaragamuwa RDB										
Total	84.1%	1.4%	3.18	0.88	27.5%	44,509	1.61	0.01	0.9%	0.0%
incoming	82.4%	2.0%	3.00	0.84	28.1%	61,294	1.00	0.02	2.0%	0.0%
recent	83.0%	2.1%	3.12	0.89	28.7%	50,512	1.93	0.02	1.1%	0.0%
mature	87.2%	0.0%	3.43	0.89	26.0%	22,151	1.50	0.00	0.0%	0.0%

Note: Only savings accounts and insurance policies with ProMiS partner MFIs are considered here.

3.3.3 Client Satisfaction with Financial Services Offered by ProMiS Partner MFIs

Clients were asked what they like and dislike about the program of their ProMiS partner MFIs. Figures 13 to Figure 18 give a brief overview about the three points clients like most and the three points clients like least about the program.

Figure 13-Client Satisfaction – First Point Like about ProMiS Partner MFIs

What clients like most about the MFI First Point

Percent of Clients

- Lower interest rates (other informal lenders)
- Lower interest rate (other formal lenders)
- Steady source of working capital
- Group solidarity
- Training & technical assistance
- Other financial services
- Efficiency
- Easier guarantees than loan alternatives
- Easy to get loan
- Other
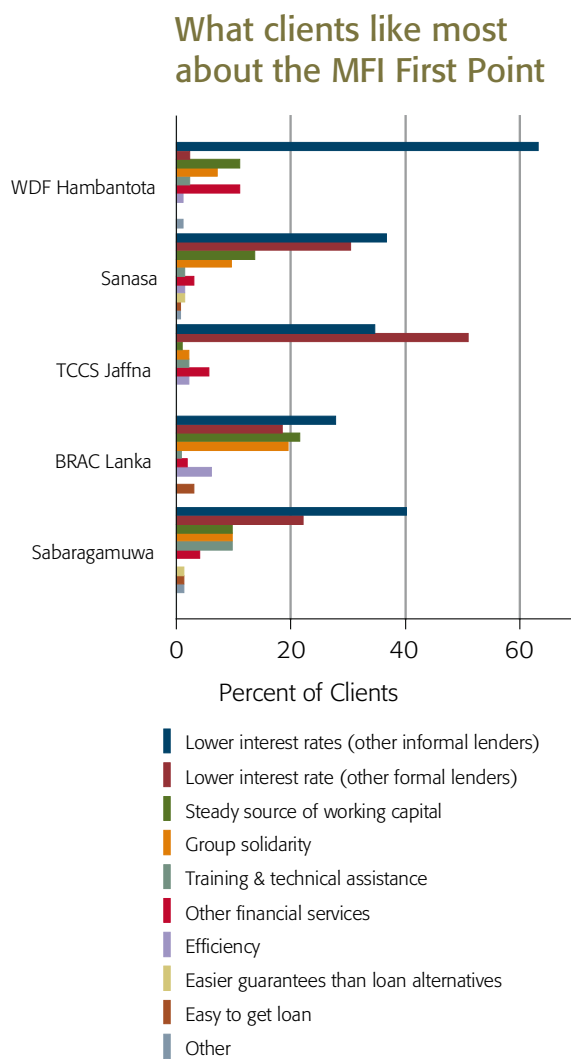
Figure 14-Client Satisfaction – Second Point Like about ProMiS Partner MFIs

What clients like most about the MFI Second Point

Percent of Clients

- Lower interest rate (other formal lenders)
- Steady source of working capital
- Group solidarity
- Training & technical assistance
- Other financial services
- Efficiency
- Easier guarantees than loan alternatives
- Easy to get loan
- Other
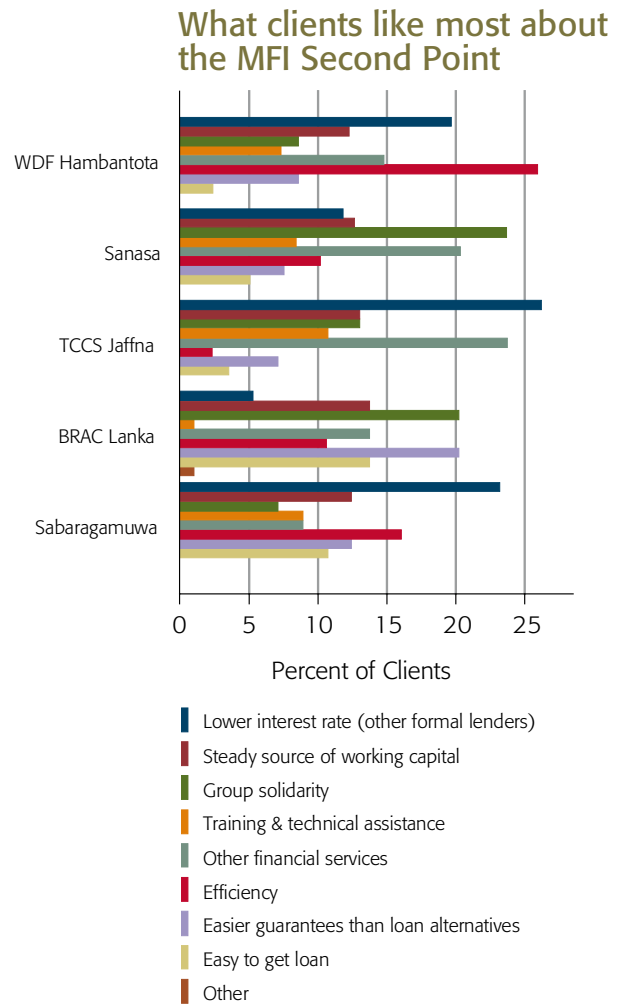
Figure 15-Client Satisfaction – Third Point Like about ProMiS Partner MFIs

What clients like most about the MFI Third Point

Percent of Clients

- Steady source of working capital
- Group solidarity
- Training & technical assistance
- Other financial services
- Efficiency
- Easier guarantees than loan alternatives
- Easy to get loan
- Other
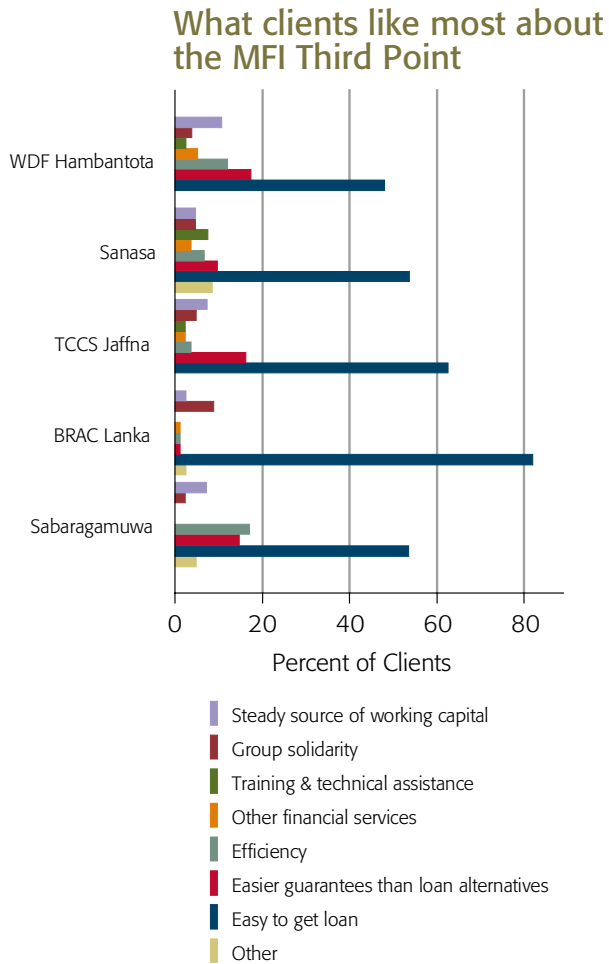
Figure 16-Client Satisfaction – First Point Dislike about ProMiS Partner MFIs

What clients like least about the MFI First Point

Percent of Clients

- High interest rate or commission
- Size of initial or subsequent loan to small
- Loan cycle too short or too long
- Problematic group dynamics
- Meetings too often/ meetings too long
- Meeting place/ office not convenient
- Repayment policies
- Guarantee policies
- Transaction costs for clients
- Behavior/ attitude of loan officer
- Lack of grace period

Figure 17-Client Satisfaction – Second Point Dislike about ProMiS Partner MFIs

What clients like least about the MFI Second Point

Percent of Clients

- ■ Size of initial or subsequent loan to small
- ■ Loan cycle too short or too long
- ■ Problematic group dynamics
- ■ Meetings too often/ meetings too long
- ■ Meeting place/ office not convenient
- ■ Repayment policies
- ■ Guarantee policies
- ■ Transaction costs for clients
- ■ Behavior/ attitude of loan officer
- ■ Lack of grace period
- ■ Forced savings or insurance

Figure 18-Client Satisfaction – Third Point Dislike about ProMiS Partner MFIs

What clients like least about the MFI Third Point

Percent of Clients

- ■ Loan cycle too short or too long
- ■ Problematic group dynamics
- ■ Meetings too often/ meetings too long
- ■ Meeting place/ office not convenient
- ■ Repayment policies
- ■ Guarantee policies
- ■ Transaction costs for clients
- ■ Behavior/ attitude of loan officer
- ■ Lack of grace period
- ■ Forced savings or insurance

4 The Impact of Microfinance Program Participation - Comparison of Incoming, Recent and Mature Clients in Different Aspects of Economic and Social Wealth

4.1 Household Situation

4.1.1 Social and Economic Well-being of Household

Housing Characteristics

In the overall sample, 93% own a plot of land. The average size of the land owned is 104.630 perches (equal to 25 square meters) with an average value of nearly Rs. 1,400,000. 86% of the clients own their house with an average of 4.4 rooms. The majority of clients (83%) has electricity at home. Primary roofing material are tile (64%) and asbestors (26%).

Table 28-Primary Roofing Material of House

Primary Type of Roofing Material of Houses	
Tile	63.5%
Asbestos	26.1%
Concrete	1.4%
Metal Sheet	6.0%
Cadjan/Straw	3.0%

27% of households (27% of incoming, 26% of recent, and 27% of mature clients) conducted some house repair or improvement spending on average Rs. 95.000 (Table 29). Primary types of house repair are general house repair or improvement (80%), house expansion (9%) or building a new house (6%). Cash and savings were the main financing sources for the house repair expenditures. 58% of the incoming clients used cash and savings whereas 65% of recent and 63% of mature clients used cash and savings. Additionally, recent and mature clients financed house repairs to a higher extent by borrowing from formal institutions (17% of recent clients and 20% of mature clients borrowed money from formal institutions for house repair and improvement compared to 8% of incoming clients). A detailed overview of housing characteristics by MFI and client stratum is set out in Table 29.

Figure 19-Primary Type of House Repair
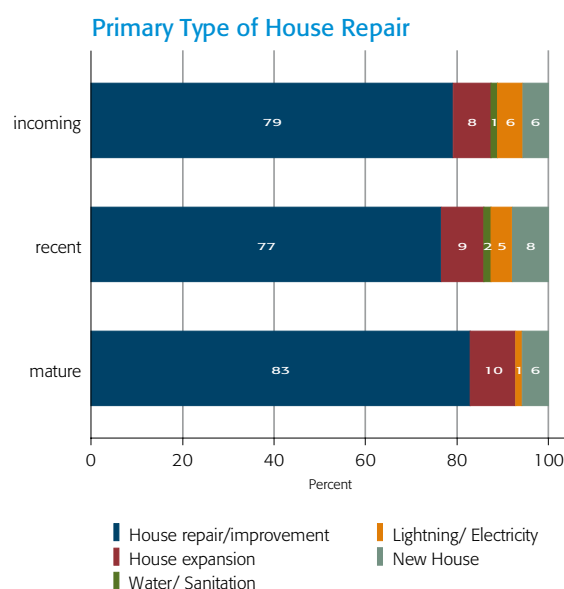
Figure 20-Primary Financing Source for House Repair
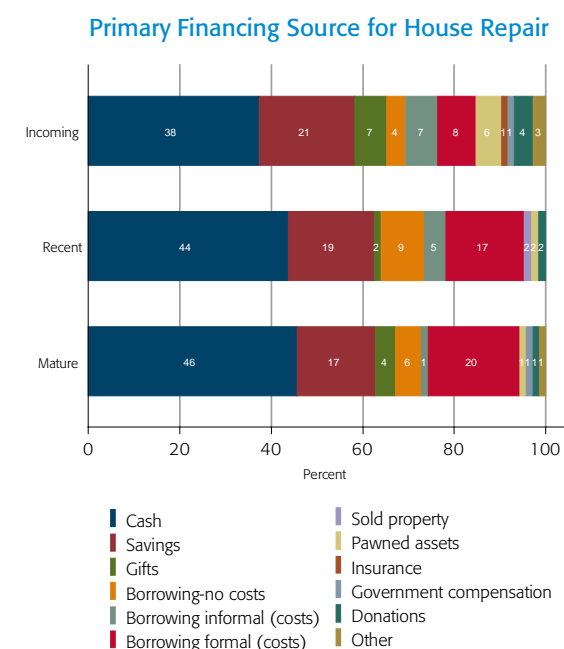
Table 29 - Overview of Housing Situation of Client Households

Housing Situation of MFI Client Households

	% of Household Owning their House	Number of Rooms in House	% of Households with Electricity	% of Households conducting House Repair in last year	Amount in Rs. Spend on House Repair	% of Households Owning Land	Area of Owned Land in Perches	Value of Owned Land in Rs.
ALL MFIs	86.9%	4.41	82.9%	26.5%	95,016	92.9%	104.6	1,329,671
WDF-Hambantota								
Total	96.5%	4.07	75.9%	27.7%	114,649	97.9%	175.4	1,106,756
incoming	96.1%	3.86	70.6%	15.7%	95,875	98.0%	168.1	985,761
recent	95.7%	3.73	74.5%	38.3%	88,333	97.9%	110.3	862,093
mature	97.7%	4.69	83.7%	30.2%	162,639	97.7%	253.6	1,489,762
Sanasa								
Total	97.1%	4.51	85.5%	36.2%	100,917	98.1%	135.5	1,171,821
incoming	97.2%	4.26	78.9%	31.0%	100,810	98.6%	106.6	984,923
recent	96.9%	4.56	90.6%	35.9%	112,522	96.9%	176.9	1,258,667
mature	97.2%	4.70	87.5%	41.7%	91,464	98.6%	127.6	1,270,929
TCCS Jaffna								
Total	59.6%	4.00	74.5%	25.5%	73,611	87.2%	81.1	562,391
incoming	57.7%	4.43	76.9%	34.6%	89,611	86.5%	83.6	865,583
recent	54.5%	3.67	81.8%	18.2%	44,625	90.9%	87.3	414,028
mature	66.7%	3.83	64.4%	22.2%	68,000	84.4%	71.2	393,485
BRAC Lanka								
Total	87.5%	4.19	83.3%	23.8%	85,791	89.6%	21.6	783,169
incoming	82.6%	4.11	84.8%	34.8%	48,056	87.0%	20.7	876,218
recent	88.0%	4.11	78.0%	14.3%	101,000	86.0%	19.6	566,861
mature	91.7%	4.34	87.5%	22.9%	131,000	95.8%	24.3	909,222
Sabaragamuwa RDB								
Total	89.0%	5.07	93.8%	15.2%	89,700	89.7%	87.7	3,050,598
incoming	86.3%	4.89	90.2%	15.7%	36,571	86.3%	97.2	3,673,659
recent	91.5%	5.00	97.9%	17.0%	34,000	91.5%	89.3	3,611,619
mature	89.4%	5.33	93.6%	12.8%	216,667	91.5%	76.6	1,791,410

Household Assets

Household Assets have become an important and easy observable indicator for household status. The Progress out of Poverty Index (PPI) for instances strives to judge the poverty status of a household by only ten observable characteristics. Seven out of those ten characteristics regard the housing situation like material of floor, number of bedrooms used and the possession of assets like TV, fridge, cooker, electric fan, bicycle, twowheeler, threewheeler or a car.

Table 30 - Overview of Household Assets Owned by Client Household

% of Household Owning Assets

	TV	Fridge	Cooker	Fan	Bicycle	Twowheeler	Threewheeler
ALL MFIs	74.6%	32.6%	39.7%	52.6%	58.5%	26.2%	8.6%
WDF-Hambantota							
Total	70.9%	24.8%	14.2%	34.8%	68.1%	25.5%	7.8%
incoming	64.7%	13.7%	15.7%	25.5%	60.8%	23.5%	7.8%
recent	68.1%	25.5%	12.8%	38.3%	63.8%	23.4%	6.4%
mature	81.4%	37.2%	14.0%	41.9%	81.4%	30.2%	9.3%
Sanasa							
Total	84.1%	40.1%	39.1%	53.1%	51.2%	35.8%	8.7%
incoming	78.9%	35.2%	36.6%	46.5%	47.9%	28.2%	4.2%
recent	90.6%	46.9%	40.6%	59.4%	53.1%	35.9%	14.1%
mature	83.3%	38.9%	40.3%	54.2%	52.8%	43.1%	8.3%
TCCS Jaffna							
Total	48.2%	9.2%	19.9%	38.3%	92.9%	27.0%	5.7%
incoming	50.0%	15.4%	25.0%	42.3%	94.2%	34.6%	13.5%
recent	47.7%	6.8%	11.4%	45.5%	97.7%	31.8%	2.3%
mature	46.7%	4.4%	22.2%	26.7%	86.7%	13.3%	0.0%
BRAC Lanka							
Total	71.5%	24.3%	60.4%	61.1%	64.6%	11.1%	3.5%
incoming	69.6%	19.6%	63.0%	63.0%	60.9%	10.9%	2.2%
recent	64.0%	16.0%	54.0%	52.0%	62.0%	2.0%	8.0%
mature	81.3%	37.5%	64.6%	68.8%	70.8%	20.8%	0.0%
Sabaragamuwa RDB							
Total	93.1%	60.7%	64.1%	74.5%	20.0%	27.6%	17.2%
incoming	88.2%	52.9%	62.8%	68.6%	21.6%	21.6%	15.7%
recent	95.7%	70.2%	66.0%	76.6%	14.9%	38.3%	10.6%
mature	95.7%	59.6%	63.8%	78.7%	23.4%	23.4%	25.5%

Table 30 sets out the percentage of households in each stratum per MFI owning the household assets considered in the PPI. For nearly all MFIs, more clients own the different household assets compared to the control group of incoming clients. Especially for Sanasa and WDF-Hambantota this effect is distinct indicating a higher wealth level of client households. For Sabaragamuwa RDB clients, a higher share of recent and or mature clients owns assets compared to incoming clients. The evidence for BRAC Lanka client households is mixed. Although a higher share of mature clients holds assets than of incoming clients, a lower share of recent clients is owning the studied assets. This pattern is observed for all assets, except a threewheeler. Another exception is TCCS Union Jaffna. A higher share of incoming clients of TCCS Union Jaffna posseses household assets than recent or mature clients for nearly all assets considered. This indicates a higher wealth level of incoming clients compared to recent and mature clients. TCCS Union Jaffna client households are living in a post conflict zone which might yield explanations for the findings.

Schooling

Education is regarded as an important aspect in human development. The PPI Index for example considers the level of education of the highest female household member (either the level of education of the household head if it is a female household head, the spouse of the household head, or the oldest female household member) in determining the likelihood that a household falls below a specified poverty line. School education of girls is also an indicator for household wealth. Especially poor households often face constraints and cannot afford to send all children to school. Mostly, preference is given to boys over girls.

Table 31 compares different measures of education of household members across the three client strata. The first measure is the average years of education of all household members within a household. The differences between the three strata are negligibly small. The second measure is the education of the highest female household member. This measure is a little bit higher for incoming client households, but

also too small to be significantly different. The average years of education of children of schooling age (5 to 14 years) is the third measure. This is slightly higher for mature client households. However, the slightly higher average age of children in mature households explains the difference in years of education for children across the three client strata. The same effect is observed for average years of education of

girls in schooling age as the fourth measure of education. The average years of education are slightly higher for mature client households. However, this is explained by a higher average age and cannot be assigned to microfinance program participation. Generally the educational level in Sri Lanka is very high, hence those results are not surprising.

Table 31-Education of Household Members

Years of Education of Household Members

	Average Years of Education in Household	Years of Education of Highest Female Household Member	Average Years of Education of Chidren in Schooling Age	Average Age of Children in Schooling Age	Average Years of Education of Girls in Schooling Age	Average Age of Girls in Schooling Age
All Clients	**9.84**	**10.09**	**6.17**	**10.14**	**6.14**	**10.08**
Incoming Clients	9.89	10.23	6.06	9.97	6.05	9.89
Recent Clients	9.87	10.21	6.11	10.07	6.14	10.07
Mature Clients	9.75	9.81	6.31	10.34	6.20	10.25

Poverty Index and Household Income Status

The Progress of Poverty Index (PPI) is a simple and accurate tool that measures poverty levels of groups, households and individuals. [1]Based on ten simply observable indicators it measures the likelihood that a households falls below a specified poverty line. It is based on an approach developed by Mark Schreiner and promoted by CGAP, Grameen Foundation, and the Ford Foundation.

The methodology the PPI is build on is universal. However, the PPI has to be adopted for each country. Taking data from a nationally representative income and expenditure survey, indicators that can be observed easily and that strongly correlate with poverty are identified, such as size of the household or principal roofing material. Each indicator receives a weighting scheme considering various answer possibilities. The weighted sum of all indicators forms the PPI score from which the likelihood of falling below specified poverty lines is determined (compare the PPI tool kit of GRAMEEN-FOUNDATION, AND SCHREINER ET.AL. (2005)).

For the Sri Lankan case the PPI consist of (1) number of household members, (2) number of government employees in the household, (3) highest level of education of the female head/ spouse, (4) principal construction material of floors, (5) number of bedrooms, (6) owning an electric fan, (7) owning a TV and VCD/DVD, (8) owning a cooker (gas, kerosene or electric), (9) owning a refrigerator, and (10) owning a bicycle, motorcycle, car or any other vehicle.

Out of those ten indicators an index is constructed that can be used to calculate the likelihood of a household to fall below the national poverty line or other internationally defined poverty lines, such as the 2.5 USD per day-poverty line. The beauty of the PPI score is that the probability of a household actually

having an income below a specified poverty line can be determined given only the information of the PPI score. Instead of collecting detailed information on income data, the PPI relies on little information that can be observed quickly.

The indicators used for constructing the index cannot be changed since they are identified from their explanative power of poverty in the national income and expenditure survey. In the present survey, data on item (2) and item (4) have not been collected because the PPI has not been available for Sri Lanka at the time of conception of the study and the data collection. Therefore households cannot obtain points in their PPI score for indicator (2) and (4) totaling to a maximum of 17 points. Hence the maximum score that can be achieved is 17 points lower than in the national PPI tool. Potentially, households' PPI scores would be higher by eight points if at least one household member was a government employee (indicator 2) and by three points if the principal floor material was cement or by nine points if the principal floor material was terrazzo or tile. Consequently, the PPI scores calculated here are potentially undervaluing the true household PPI score and hence overstating the poverty likelihood. The poverty likelihood resulting from the calculated PPI score for the client households is potentially lower due to those missing score points.

To account for the missing indicators, a lower boundary and an upper boundary of the poverty likelihood are calculated. The lower boundary of the poverty likelihood for a specified poverty line assumes that the client households in the sample would have reached the maximum 17 points from the two missing indicators. The resulting average poverty likelihood is the lowest possible poverty likelihood given the information on PPI indicators from the household survey. The upper bound of the poverty likelihood assumes that the client households do not receive any points in their PPI score from the two missing

1 Compare http://www.progressoutofpoverty.org/ for detailed information about the PPI and its use.

indicators resulting in the highest possible poverty likelihood given the information on the eight indicators from the survey. The true poverty likelihood will be in between the lower and the upper bound given in Table 32 for the national and an international poverty line.

Table 32 - Progress Out of Poverty Index- Poverty Likelihoods

Probability of Being Below a Specified Poverty Line Based on the Given PPI Score

	Lower Poverty Likelihood Bound: National Poverty Line (including maximum PPI score from missing indicators)	Upper Poverty Likelihood Bound: National Poverty Line (excluding missing indicators)	Lower Poverty Likelihood Bound: 2.5 USD (PPP) per Day -Poverty Line (including maximum PPI score from missing indicators)	Upper Poverty Likelihood Bound: 2.5 USD (PPP) per Day -Poverty Line (excluding missing indicators)
All Clients	**4.9%**	**21.3%**	**28.0%**	**57.7%**
Incoming Clients	4.9%	21.5%	28.5%	58.3%
Recent Clients	5.0%	21.8%	28.5%	58.2%
Mature Clients	4.7%	20.7%	27.0%	56.6%

PPI based on PPI Tool for Sri Lanka. Upper Bound Poverty Likelihood without PPI scores for indicator 2 (number of government employees) and 4 (principal matrial of floors). Lower Bound Poverty Likelihood include maximum PPI score (17 points) that can be obtained from indicator 2 and 4.

The poverty likelihoods of falling below the national poverty line range from 5% to 21%. For international comparison, international poverty line definitions such as the 2.5 USD per Day-poverty line are preferred. The lower bound of the poverty likelihood to fall below the 2.5 USD per Day-poverty line is 28%, the upper bound 58%. The true poverty likelihood is anywhere in between the upper and the lower bound.

Two aspects are noticeable. First, mature clients have lower poverty likelihood than incoming and recent clients for both poverty lines. Incoming and recent clients have very similar poverty likelihoods. This indicates that mature client households on average are less likely to fall below the national poverty line than incoming or recent clients. This indicates that participation in the microfinance programs of the ProMiS partner MFIs is having a positive impact on the poverty level of client households in the long run.

Second, the client households are on average not very likely to be poor households. The average probability that a household in the sample falls below the international poverty line is at best 58%. Targeting of poor client households seems only partially successful and displays scope for improvement.

Table 33 - Progress Out of Poverty Index- Poverty Likelihoods- Per MFI and Client Strata

**Probability of Being Below a Specified Poverty Line
Per Client Strata Per MFI Based on the Given PPI Score**

	Lower Poverty Likelihood Bound: National Poverty Line (including maximum PPI score from missing indicators)	Upper Poverty Likelihood Bound: National Poverty Line (excluding missing indicators)	Lower Poverty Likelihood Bound: 2.5 USD (PPP) per Day -Poverty Line (including maximum PPI score from missing indicators)	Upper Poverty Likelihood Bound: 2.5 USD (PPP) per Day -Poverty Line (excluding missing indicators)
ALL MFIs	**4.9%**	**21.3%**	**28.0%**	**57.7%**
WDF-Hambantota				
Total	**6.9%**	**29.6%**	**36.1%**	**69.8%**
incoming	7.0%	29.9%	37.6%	71.8%
recent	7.3%	31.6%	36.7%	70.8%
mature	6.4%	27.2%	33.7%	66.3%
Sanasa				
Total	**5.8%**	**22.0%**	**29.4%**	**57.9%**
incoming	6.3%	24.3%	32.2%	61.4%
recent	5.4%	20.2%	27.7%	55.1%
mature	5.5%	21.4%	28.3%	56.9%
TCCS Jaffna				
Total	**5.8%**	**24.9%**	**32.5%**	**64.3%**
incoming	6.3%	24.3%	30.5%	60.3%
recent	5.3%	23.9%	33.1%	65.7%
mature	5.9%	26.7%	34.2%	67.5%
BRAC Lanka				
Total	**3.7%**	**18.8%**	**24.5%**	**54.9%**
incoming	2.5%	14.9%	21.8%	51.4%
recent	4.3%	21.7%	26.8%	58.7%
mature	4.2%	19.5%	24.7%	54.2%
Sabaragamuwa RDB				
Total	**2.0%**	**11.4%**	**17.2%**	**42.1%**
incoming	1.7%	12.4%	18.2%	44.7%
recent	2.8%	12.3%	18.9%	42.5%
mature	1.4%	9.4%	14.4%	39.0%

PPI based on PPI Tool for Sri Lanka. Upper Bound Poverty Likelihood without PPI scores for indicator 2 (number of government employees) and 4 (principal matrial of floors). Lower Bound Poverty Likelihood include maximum PPI score (17 points) that can be obtained from indicator 2 and 4.

Those two aspects are confirmed by data on mean and median household income as set out in Table 34.

Table 34-Household Income of Client Households – Per Client Strata

Household Income of Client Households

	Mean of Household Income last Year	Median of Household Income last Year
All Clients	**384,325**	**211,200**
Incoming Clients	364,347	200,000
Recent Clients	301,150	200,000
Mature Clients	487,100	240,000
National Level	315,432	200,820

Comparing mean and median household income of the three client strata shows that mature client households have a higher mean and median household income in the last year than incoming and recent client households. This confirms the first finding of the PPI analysis that mature clients appear wealthier than incoming clients. Section 4.3 will explicitly look at income differences between incoming and recent and mature client households.

Comparing the mean and median income with all client strata to the national income levels supports the second point observed in the PPI analysis. Incoming and mature client households have a mean income above the national mean income. Further, the mean income of recent client households is only little below the national income level. The median household income of mature client households is higher than the national median income level. For incoming and recent client households the median income is only slightly above the national median income level.

Client households do not belong on average to the poorest income groups in Sri Lanka. The ProMiS partner MFIs do not seem to reach poor client households. Either they are not targeting poor households or they are not successfully doing so.

The PPI is one way to quickly assess the poverty level of households. Some microfinance providers already use this tool to target a specific group of individuals they would like to reach with their financial services. It is worthwhile for the ProMiS partner MFIs to reconsider their targeting and apply tools such as the PPI.

4.1.2 Participation in Social Activities and Social Groups

Participation in social life is regarded as an important aspect in a poverty definition that includes non-monetary aspects of poverty. One way of participation in social life is by membership in groups and associations. In the communities the households in the present survey are living, a wide variety of social groups exists as displayed in Table 35.

Table 35 - Existing Social Groups in Client Households' Communities

% of Communities in which Social Groups Exist

	All MFIs	WDF Hambantota	Sanasa	TCCS Jaffna	BRAC Lanka	Sabaragamuwa
Type of Social Group						
Agricultural Society	53.2%	90.1%	47.6%	83.7%	4.2%	44.4%
Death Donation Society	67.4%	89.4%	99.5%	1.4%	39.6%	92.4%
Village Development Society	37.6%	58.9%	33.5%	33.3%	27.1%	37.5%
Sanasa	55.9%	52.5%	100.0%	5.7%	34.0%	67.4%
Gramodaya Society	12.1%	14.9%	9.2%	2.1%	14.6%	20.8%
Samurdi/ Janasavi	87.4%	92.9%	83.0%	92.9%	81.3%	88.9%
Sarvodaya	26.2%	39.7%	26.7%	4.3%	32.6%	27.1%
Lady's Society	62.9%	84.4%	51.5%	85.1%	41.7%	57.6%
Trade/Labor Union	8.8%	5.0%	3.4%	5.7%	16.0%	16.0%
Business Association/Society	15.1%	14.2%	12.1%	14.2%	18.1%	18.1%
Professional Association	8.1%	0.0%	0.5%	17.7%	21.5%	4.2%
Finance/ Credit/ Savings Group	54.6%	43.3%	8.7%	97.9%	100.0%	43.8%
Religious/ Spiritual Group	58.5%	34.0%	57.3%	78.7%	45.1%	77.8%
Education Group	27.8%	12.8%	13.6%	58.2%	31.9%	29.2%
Youth Group	26.4%	16.3%	19.4%	26.2%	23.6%	49.3%
Political Group	19.8%	19.9%	8.7%	35.5%	13.2%	27.1%
Health Group	16.9%	22.0%	14.6%	31.2%	13.9%	4.2%

Note: Clients were asked whether the social groups existed in their village GN. The figures above represent the knowledge of existence of social groups from the client household

The average number of memberships in social groups varies across the different MFIs as shown in Table 36. Clients in post-conflict Jaffna have the lowest participation in social groups of all clients in the study. There is no common picture across the different MFIs which client group is active in a higher number of social groups. Additionally, the differences between the three client strata per MFI are not very pronounced.

Table 36-Average Number of Social Groups Clients Are Members of

	Average Number of Social Groups Client is Member of
All MFIs	1.59
WDF Hambantota	1.69
Sanasa	2.33
TCCS Union Jaffna	0.99
BRAC Lanka	1.40
Sabaragamuwa	1.23

Clients stated that they are members in up to eight different social groups and associations. The most popular first stated groups are agricultural societies, death donation societies, lady's societies, and finance/ credit/ savings groups. Other groups stated as second and third social membership groups are religious groups and Sanasa groups.

It is interesting to note that recent and mature clients are more often members of finance/ credit / savings groups indicating that they are self-organizing in financial issues to a greater extent than incoming clients.

Figure 21-First Social Group Client Is Member of

First Social Group Client is Member of
By Client Status
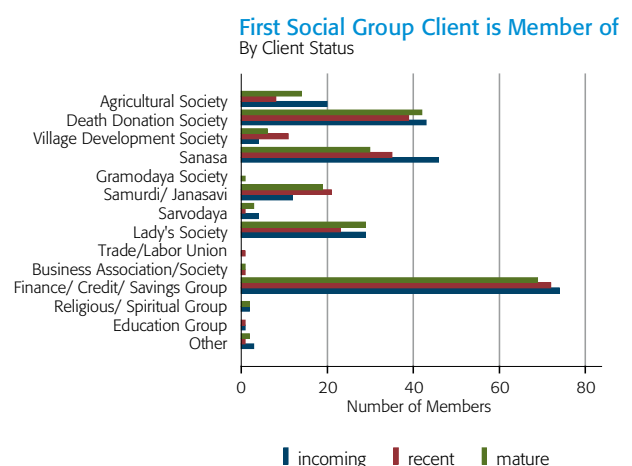
When recent and mature clients were asked directly how their participation in social activities changed since joining the microfinance program, 30% to 50% stated an increase or a substantial increase in social activities since MFI membership.

Figure 22-Change of Participation in Social Activities since MFI Membership

Change of Participation in Social Activities Since MFI Membership
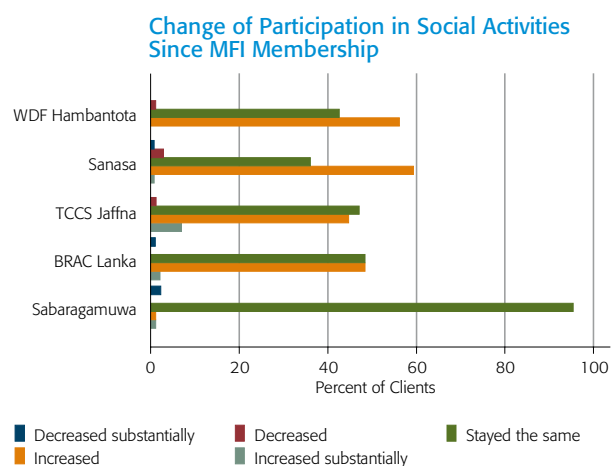
Figure 22 illustrates the change of participation on social activities since the clients joined the microfinance program. Almost no clients of Sabaragamuwa RDB state a change in participation in social activities since joining the microfinance program whereas most clients of all other four MFIs declared an increase in social activities. Sabaragamuwa RDB is offering group loans for low income groups and business training and entrepreneurship development as non financial services. Either, the offered services are not seized by its clients or not acknowledged as social activities. WDF-Hambantota, Sanasa and TCCS Union Jaffna all apply group formation approaches with or without joined liability and offer non-financial services like educational training, health training, skill training and social activities. For those three MFIs, participation in social activities increased or increased substantially for over 50% of the clients and remained the same for nearly the other 50% of clients. Clients seem to seize the offered non-financial services and perceive them as social activities. Moreover, the lending groups might have led to further social participation among the clients irrespective of organized meetings by the MFIs. Over 50% of clients of BRAC Lanka stated that their participation in social activities increased. Interestingly, BRAC Lanka is not offering any non-financial services, but applies a group lending approach. Five individuals form a small lending group and five lending groups a solidarity group. Solely by the group approach of BRAC Lanka clients increased their participation in social activities.

4.1.3 Health Situation and Financing Issues for Health Expenditures

Clients and household heads were asked three questions about their health situation. First, how many days they missed from work in the last four weeks due to poor health. Second, if they visited a doctor in the last month and if so, how often. Third, if

they stayed at a hospital and if so, for how many days. Table 38 to Table 40 show information on health issues of household heads and the clients in the last month and year, respectively.

On average, household heads and clients alike experienced 6.8 sick days in the last month. While poor health itself is unfortunate, days missed from work also mean forgone income for the sick days in case there is no continuation of payments during illness. Additionally, costs of medicine and treatment have to be covered.

23% of household heads and clients alike visited a doctor in the past four weeks. For Sabaragamuwa RDB and TCCS Union Jaffna clients the probability of visiting a doctor is with around 15% half as high as for clients of the other MFIs. This might be due to better health, which seems plausible for Sabaragamuwa RDB clients who in general are better situated than the other clients in the sample. It might also be due to improper medical infrastructure which seems more likely for TCCS Union Jaffna clients.

Table 37-Percent of Client Households Reporting a Health Event (more than Rs. 2,000)

	% of Client Households Reporting a Health Event
All Clients	38.2%
Incoming Clients	39.1%
Recent Clients	34.1%
Mature Clients	41.3%

38% of households reported a health event in the last year because of which they spend more than Rs. 2,000 on any household member's health (Table 37). The share of mature clients reporting a health event is slightly higher than the share of incoming clients. However, less recent clients report health events.

With 44% of clients reporting a health event, Sanasa had the highest share of occurred health events among its clients. With 28% Sabaragamuwa RDB clients reported the lowest share of health events. The occurrence of health events by client strata over all MFIs is split relatively evenly with 39% of incoming clients, 34% of recent and 41% of mature clients reporting a health event.

The average number of such major health events is 1.89 for all households reporting a health event. Especially for Sanasa, the average number of health events is highest for the mature client stratum. This may be explained by outliers in the sample as one Sanasa client reported 24 health events and another 12 health events of any household member in the last one year driving up the average.

Information of up to three health events was collected. Clients of WDF-Hambantota spend on average Rs. 4,222 on household members' health events and Rs. 7,455 per event on average. Sanasa clients spend on average Rs. 4,684 in total for household members' health events and Rs. 6,938 per event. TCCS Union Jaffna clients spend on average Rs. 3,709 in total for household members' health events and Rs. 8,130 per

event. BRAC Lanka clients spend on average Rs. 2,259 in total for household members' health events and Rs. 4,206 per event. Sabaragamuwa RDB clients spend on average Rs. 2,304 in total for household members' health events and Rs. 6,450 per event.

The most commonly used finance source to cover expenses from health events is cash, followed by costless borrowing from friends, family, and neighbors. Figure 23 illustrates the dominance of cash payments for health events and the use of other financing sources.

 Given the substantial amounts spend on health events surprisingly little health insurance policies are owned by clients to cover health expenditures when needed. None of the incoming clients is holding a health insurance policy and only very few or recent and mature client households. Households hence need to keep emergency cash to cover expenses for health shocks. One female client of WDF-Hambantota, for instance, reported that she is always keeping a stack of money at home for emergencies. When her children are sick, the money is needed immediately. Her mother taught her this praxis of money management.

Figure 23-Primary Financing Source for Health Event

Primary Financing Source for Health Event

Legend:
- Cash
- Savings
- Gifts
- Borrowing (no costs)
- Borrowing informal (costs)
- Borrowing formal (costs)
- Sold property
- Pawned assets
- Insurance
- Government compensation
- Other
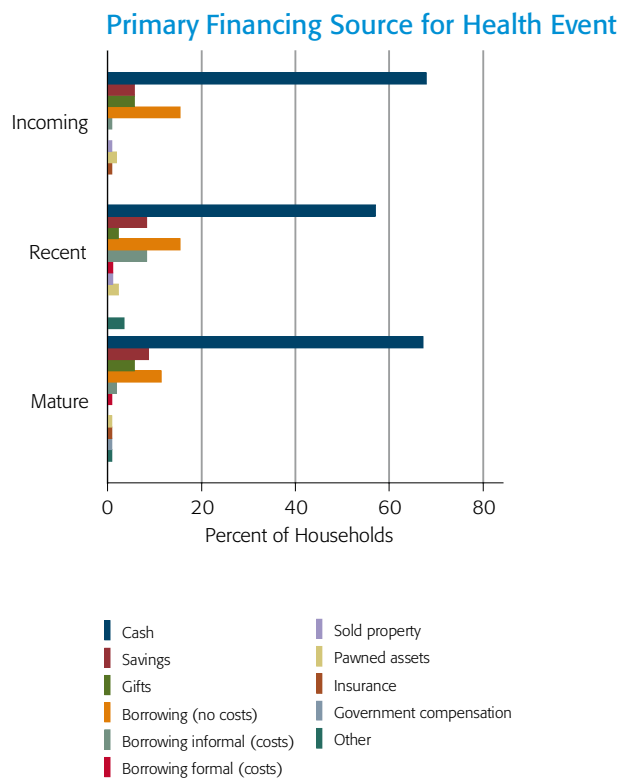
Table 38 - Health Information on Household Head

Health Information on Household Head

	Sick Days last month	% Visited Doctor last month	Doctor Visit Times last month	% Stayed at Hospital last year	Hospital Stay Days last year
ALL MFIs	**6.85**	**23.5%**	**2.05**	**11.8%**	**8.22**
WDF-Hambantota					
Total	9.00	27.0%	1.79	13.5%	12.21
incoming	11.62	33.3%	1.76	11.8%	8.67
recent	6.89	29.8%	1.71	21.3%	17.00
mature	6.00	16.3%	2.00	7.0%	3.33
Sanasa					
Total	8.45	24.6%	2.14	12.1%	7.72
incoming	8.08	26.8%	1.95	15.5%	4.45
recent	10.67	14.1%	2.56	6.3%	4.00
mature	7.87	31.9%	2.13	13.9%	12.80
TCCS Jaffna					
Total	9.85	14.4%	2.25	14.6%	7.05
incoming	5.89	15.7%	2.38	10.0%	13.40
recent	11.83	16.3%	1.86	14.3%	5.00
mature	14.60	11.1%	2.60	20.0%	4.89
BRAC Lanka					
Total	4.57	37.8%	2.19	13.6%	5.79
incoming	6.53	30.4%	1.79	10.9%	6.20
recent	3.58	38.8%	2.26	10.4%	4.60
mature	4.26	43.8%	2.38	19.6%	6.22
Sabaragamuwa RDB					
Total	3.92	13.1%	1.72	5.5%	9.00
incoming	4.75	15.7%	2.14	3.9%	6.00
recent	3.75	12.8%	1.67	2.1%	2.00
mature	2.00	10.6%	1.20	10.6%	11.60

Sick days = days missed at work due to improper health. Doctor Visit Times= given that a doctor has been visited, number of times a doctor has been seen. Hospital Stay Days= given that person stayed in hospital, number of days of hospital stay.

Table 39 - Health Information on Household Head

Health Information on Client

	Sick Days last month	% Visited Doctor last month	Doctor Visit Times last month	% Stayed at Hospital last year	Hospital Stay Days last year
ALL MFIs	**6.83**	**23.1%**	**2.08**	**11.1%**	**8.62**
WDF-Hambantota					
Total	9.83	21.3%	1.43	10.6%	5.53
incoming	9.71	23.5%	1.67	5.9%	3.67
recent	4.00	19.1%	1.00	10.6%	6.60
mature	11.50	20.9%	1.56	16.3%	5.57
Sanasa					
Total	7.42	25.1%	2.65	10.1%	11.19
incoming	5.91	29.6%	2.19	12.7%	4.11
recent	9.57	17.2%	4.36	4.7%	12.33
mature	7.54	27.8%	2.20	12.5%	17.89
TCCS Jaffna					
Total	8.89	15.1%	2.10	13.9%	12.26
incoming	10.71	15.7%	1.88	18.0%	5.56
recent	6.60	14.0%	1.50	14.3%	24.17
mature	8.67	15.6%	2.86	8.9%	9.50
BRAC Lanka					
Total	4.90	38.9%	2.11	17.0%	6.08
incoming	4.88	28.3%	1.69	13.0%	7.50
recent	3.67	40.0%	1.95	14.3%	3.71
mature	6.20	47.9%	2.48	23.9%	6.82
Sabaragamuwa RDB					
Total	8.38	14.0%	1.50	4.2%	6.00
incoming	11.75	13.7%	2.00	3.9%	6.00
recent	8.00	10.9%	1.40	4.3%	4.00
mature	4.67	17.4%	1.13	4.3%	8.00

Sick days = days missed at work due to improper health. Doctor Visit Times= given that a doctor has been visited, number of times a doctor has been seen. Hospital Stay Days= given that person stayed in hospital, number of days of hospital stay.

Table 40 - Health Events Client Households Faced in the Last Year

Health Events

	% of Households with Health Event	Number of Health Events	Number of Sick Days in First Health Events	Amount in Rs. Spend on First Health Events	Number of Sick Days in All Health Events	Amount in Rs. Spend on all Health Events	Amount in Rs. Spend on Average Health Event per Household
ALL MFIs	**38.2%**	**1.89**	**25.14**	**7,199**	**23.21**	**9,250**	**6,737**
WDF-Hambantota							
Total	**42.6%**	**1.68**	**41.44**	**7,702**	**33.92**	**9,921**	**7,455**
incoming	37.3%	1.37	26.89	5,621	36.16	8,116	5,624
recent	46.8%	1.64	41.18	7,886	33.09	9,898	7,500
mature	44.2%	2.05	55.00	9,568	32.63	11,753	9,233
Sanasa							
Total	**44.0%**	**2.66**	**22.32**	**8,318**	**20.27**	**10,655**	**6,938**
incoming	42.3%	2.33	10.40	5,037	10.70	7,353	4,255
recent	39.1%	1.72	40.50	10,212	32.96	12,996	9,732
mature	50.0%	3.58	21.16	9,648	19.44	11,781	7,235
TCCS Jaffna							
Total	**40.0%**	**1.16**	**28.85**	**7,662**	**31.77**	**9,338**	**8,130**
incoming	59.6%	1.10	26.07	6,277	29.61	6,439	6,218
recent	27.3%	1.36	38.50	9,600	33.75	8,833	8,500
mature	29.5%	1.15	27.62	9,625	35.08	16,715	12,377
BRAC Lanka							
Total	**34.7%**	**1.68**	**15.95**	**4,647**	**17.16**	**6,506**	**4,206**
incoming	30.4%	1.71	16.50	6,461	18.43	9,150	5,700
recent	34.0%	1.29	21.75	3,835	21.41	4,324	3,828
mature	39.6%	2.00	9.75	4,037	12.42	6,511	3,442
Sabaragamuwa RDB							
Total	**27.6%**	**1.73**	**14.29**	**6,686**	**9.40**	**8,354**	**6,450**
incoming	23.5%	1.83	20.67	3,625	5.75	5,875	3,458
recent	21.3%	1.70	13.20	4,265	17.10	7,205	4,367
mature	38.3%	1.67	12.78	10,271	7.56	10,644	9,603

Health Events are health shocks on which the household spend more than Rs. 2,000..

4.1.4 Risk and Shocks, Coping Strategies and Financing Issues

Not only the level of income of poor households but also the inability of poor households to cope with negative income shocks and their vulnerability to risks has been in the focus of poverty-related research. 131 households in our sample have been hit by a negative shock in the last year. Major shocks the client households faced are drought and flooding, death of a household member, loss of employment, and theft (Figure 24).

Figure 24-Type of Shock Households Faced in the Last Year

Type of Shock Faced in the Last 1 Year

Table 41-Impact of Shock Faced in the last Year on Client Households

Impact of Shock on Household

	No impact	Low impact	Medium impact	High impact	Total Number of Affected Households
All Clients	1.5%	10.0%	26.2%	62.3%	130
Incoming Clients	2.0%	8.2%	28.6%	61.2%	49
Recent Clients	2.7%	10.8%	29.7%	56.8%	37
Mature Clients	0.0%	11.4%	20.5%	68.2%	44

Of the affected households 26% reported a medium impact and 62% a high impact of the shock on their household (Table 41). Due to the shock event households lost on average Rs. 54,997 of assets and Rs. 72,675 of income (Table 42)

Figure 25-Type of Shock Households Faced in the Last Year – Per MFI

Type of Shock Faced in the Last 1 Year

Shocks differ across the ProMiS partner MFI households as the MFIs operate in different regions. For example, 55 % of Sanasa client households that faced a shock were affected by drought. In contrast, 48% of client households of WDF-Hambantota, and 58 % of Sabaragamuwa RDB client households were affected by death of a household member.
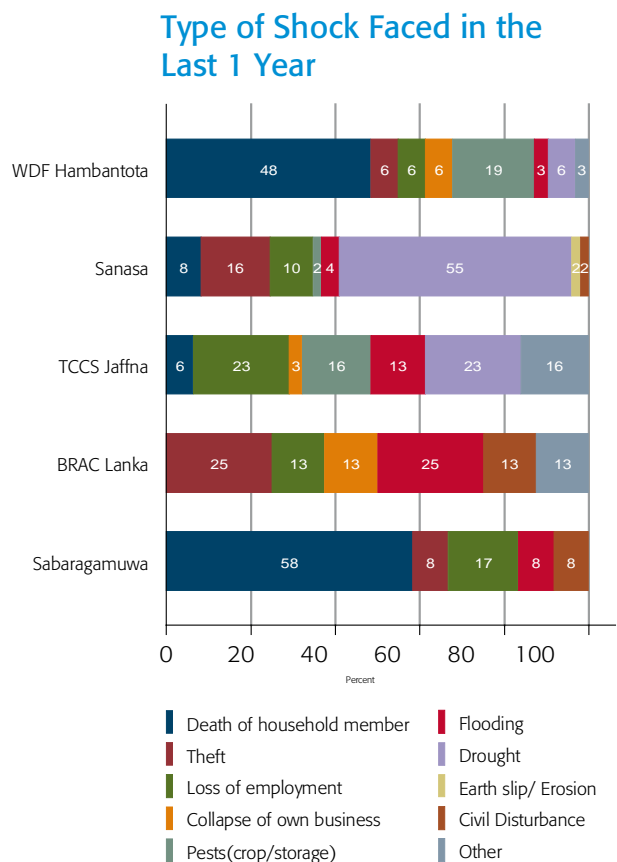
Households applied different mechanisms to deal with the consequences of the shock event. 48% of all households affected by a shock had to reduce their consumption (Table 42). Of the affected households, 35% of incoming clients, 53% of recent clients, and 59% of mature clients stated to have reduced their consumption as a consequence of the shock they faced.

Table 42 - Effects of Shock Faced in the last Year on Client Households

The Effects of Shocks Faced by Client Households

	Assets Lost in Shock in Rs.	Income Lost in Shock in Rs.	% of Households Reducing Consumption due to Shock	Month of Recovery from Shock
ALL MFIs	54,997	72,675	48.1%	7.84
incoming	47,859	52,206	34.7%	7.30
recent	38,563	31,429	52.8%	9.71
mature	73,788	132,100	59.1%	7.00

Different financing sources were applied to cover the expenses of the consequences. Most often cash was used to deal with the consequences of the shock. 70% of mature clients for example used cash to finance the consequences of the shock event. Although mature client households lost more assets and income in the shock event they had the highest share of cash as a financing source and they were not forced to reduce their consumption due to the shock event. This indicates that, although a smaller mix of financing sources is applied by mature households for covering income and assets lost in the shock, they are better able to deal with the shocks in an unobserved way. Incoming and recent clients employed primarily cash as a financing source as well. Nevertheless, they seized different financing sources such as borrowing from family and friends or borrowing from formal sources as illustrated in Figure 26.

Given the huge amount of income and assets lost, households do not have a secure coping strategy for dealing with unpredicted shocks. Most households rely on cash or support from family and friends. Access to formal credit or insurance policies for various types of shocks could help client households to cope with negative income shocks in a better way. Given the huge amount of income and assets lost, households do not have a secure coping strategy for dealing with unpredicted shocks. Most households rely on cash or support from family and friends. Access to formal credit or insurance policies for various types of shocks could help client households to cope with negative income shocks in a better way.

Figure 26-Type of Shock Households Faced in the Last Year – Per MFI

Primary Financing Source for Shock Event

Legend:
- Cash
- Savings
- Gifts
- Borrowing (no costs)
- Borrowing informal (costs)
- Borrowing formal (costs)
- Sold property
- Pawned assets
- Insurance
- Government compensation
- Donations
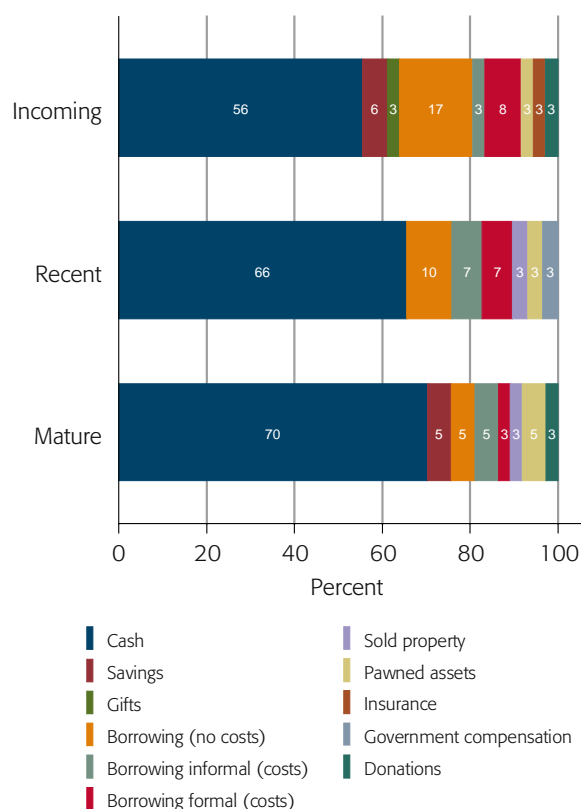
Table 43 - Effects of Shock Event on Client Households – by MFI and Client Strata

The Effects of Shocks Faced by Client Households

	Assets Lost in Shock in Rs.	Income Lost in Shock in Rs.	% of Households Reducing Consumption due to Shock	Month of Recovery from Shock
ALL MFIs	**54,997**	**72,675**	**48.1%**	**7.84**
WDF-Hambantota				
Total	76,654	123,931	38.7%	6.23
incoming	55,625	64,700	30.8%	9.00
recent	34,125	32,200	50.0%	4.00
mature	127,500	289,700	40.0%	5.75
Sanasa				
Total	50,150	46,805	50.0%	9.93
incoming	41,273	38,333	40.0%	9.54
recent	37,467	32,000	50.0%	10.69
mature	70,714	69,929	58.8%	9.27
TCCS Jaffna				
Total	42,137	46,126	48.4%	4.93
incoming	58,550	61,450	33.3%	5.11
recent	39,857	21,571	57.1%	.
mature	27,719	44,625	66.7%	4.67
BRAC Lanka				
Total	42,250	50,400	85.7%	4.50
incoming	2,500	.	0.0%	0.00
recent	90,000	80,000	100.0%	7.00
mature	40,250	30,667	100.0%	5.50
Sabaragamuwa RDB				
Total	55,600	152,143	41.7%	6.80
incoming	18,000	17,500	40.0%	0.00
recent	30,000	10,000	33.3%	9.00
mature	76,667	336,667	50.0%	8.00

Sick days=days missed at work due to improper health. Doctor Visit Times=given that a doctor has been visited, number of times a doctor has been seen. Hospital Stay Days=given that person stayed in hospital, number of days of hospital stay.

4.2 Household Consumption Expenditures on Food and Non-Food Consumption

Expenditures on Food Consumption

Data on household expenditures on weekly food consumption, monthly non-food consumption, mainly for housing items, and annual non-food consumption was collected. To elicit expenditure for food consumption, households were asked directly for their total food consumption expenditures in the last week. Additionally, food consumption by selected items was noticed. The average monthly spending on food consumption per household member (total food expenditure divided by number of household members) is Rs. 3,456 when asked for food expenditures directly and Rs. 3,440 when elicited by selected food items like rice, vegetables, meat, meals outside home, etc. (Figure 27). The major share is spend on basic food like rice, coconut, wheat flour, cereal (37%), on vegetables, fruits and nuts (19%), and on eggs, fish and meat (17%).

Figure 27-Food Consumption in the last 1 Week

Food Consumption in the last one week

Legend:
- Rice, wheat flour, cereals
- Vegetables, fruits, nuts
- Milk & milk products
- Eggs, fish, meat
- Beverages
- Meals outside home
- Other- spices, oil, etc.
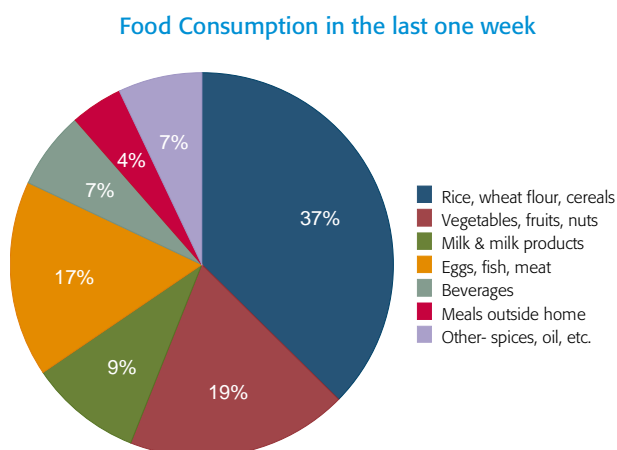
Food consumption in the different client strata looks similar (Table 44). However, it is noteworthy, that recent and mature clients spend a higher share of their food expenditures on consumption of vegetables and fruits, and eggs, fish, and meat. Incoming clients have on average the highest share of consumption expenditures on basic food like rice and cereals (37.83% for incoming clients compared to 37.42% for recent clients and 36.83% for mature clients).

Table 44 - Weekly Food Consumption Expenditures on Different Food Items in Rs.

Weekly Food Consumption Expenditures on Different Food Items

	Rice, Flour & Cereals	Vegetables & Fruits	Milk & Milk Products	Eggs, fish & Meat	Beverages, tea & coffee	Meals Outside Home	Other Food Items	Sum of all Food Items
ALL MFIs	**1,225**	**613**	**309**	**541**	**214**	**144**	**232**	**3,278**
WDF-Hambantota								
Total	**1,090**	**537**	**223**	**311**	**160**	**63**	**151**	**2,536**
incoming	1,063	455	265	301	120	37	155	2,397
recent	1,073	594	206	309	205	51	176	2,615
mature	1,141	573	193	324	159	108	117	2,615
Sanasa								
Total	**1,247**	**739**	**340**	**605**	**198**	**130**	**255**	**3,514**
incoming	1,176	697	368	547	187	164	305	3,445
recent	1,322	870	361	627	222	70	258	3,730
mature	1,250	663	293	643	188	150	202	3,388
TCCS Jaffna								
Total	**1,322**	**524**	**212**	**510**	**179**	**98**	**288**	**3,133**
incoming	1,428	604	211	647	215	155	394	3,654
recent	1,318	501	220	470	134	84	228	2,955
mature	1,202	456	205	390	180	47	224	2,704
BRAC Lanka								
Total	**969**	**522**	**320**	**601**	**283**	**171**	**195**	**3,060**
incoming	940	470	289	459	242	204	207	2,810
recent	971	488	262	613	269	179	173	2,954
mature	995	608	411	725	336	130	207	3,411
Sabaragamuwa RDB								
Total	**1,486**	**682**	**432**	**643**	**254**	**262**	**260**	**4,019**
incoming	1,704	658	413	710	293	261	238	4,276
recent	1,449	716	484	606	231	299	218	4,004
mature	1,287	674	400	608	234	226	326	3,754

Note: Household food consumption of different food items consumed in the last one week. Home production and purchases are considered. Values are given in Rs.

Figure 28-Food Consumption in last 1 Week by Client Strata

Household Food Consumption for Different Food Items in the last 1 week

Legend:
- ■ Rice, flour, cereals
- ■ Vegetables & fruits
- ■ Milk & milk products
- ■ Eggs, fish, meat
- ■ Beverages
- ■ Meals outside home
- ■ Other-Spices,oil,etc.

Expenditures on Non-Food Consumption

Monthly non-food expenditures are comprised of fuel consumption (22%), electricity (26%), and communication (32%). The highest annual expenditures are made for education (42% of total expenditures) followed clothing expenditures.

Figure 29-Non-Food Consumption in Last Month

Household Non-Food Consumption for Different Items in the last 1 month

Legend:
- ■ Water
- ■ Fuel
- ■ Electricity
- ■ Communication
- ■ House rent
- ■ Rent household itmes
- ■ Legal expenses

Considering monthly housing expenditures, incoming (10%) and recent (10%) clients spend a higher share on house rent and rent for household items than mature clients (7%). Considering annual non-food expenditures, incoming clients have the highest share of education expenditures on their total annual non-food expenditures. However, as they also have a much lower share of tax payment, it seems sensible, that their general consumption of non-food annual items is lower

Quantitative Analysis of Consumption Expenditures across Different Client Strata

Household Consumption Expenditures

To compare aggregate consumption expenditures across the three different client strata an econometric analysis is conducted. Three different consumption measures are considered: (1) monthly food consumption, calculated from directly elicited weekly food consumption, (2) monthly consumption consisting of food and non-food consumption, and (3) annual consumption containing annual expenditures on non-food consumption and expenses for purchases of household durables in the last year. To account for different household sizes relative consumption measures are used dividing total household consumption expenditures by the number of household members. Table 45 sets out an overview of the different consumption measures employed in the analysis.

Estimation Specification

As outlined in the description of the quantitative analysis in the methodological approach chapter 2.3, two different definitions of the treatment group are used for the analysis: (1) only recent clients as treatment group, and (2) recent and mature clients as treatment group. Additionally, two different specifications for each of the three dependent variables are tested: (1) a simple treatment specification distinguishing between clients of all MFIs in control and treatment group, and (2) an MFI specific treatment effect comparing treatment and control group per MFI.

Equation (1) shows the regression equation for the simple treatment specification:

(1) $\ln(comsumption_i) = \alpha + \beta * treatment\_dummy_i + \delta * mfi_m + \phi * controls_i + u_I$

A consumption measure of household *i* is regressed on a *treatment_dummy* that takes the value of one if a household belongs to the treatment group, e.g. either recent client stratum or mature client stratum, and a value of zero if the household is in the incoming client stratum. MFI fixed effects are included in mfi_m capturing differences in household consumption across the different MFIs $_m$. Further, a set of variables *controls$_i$* accounts for observable characteristics as the household level. The control variables include the number of children in the household, the number of economically active household members, the age of the household head and the education of the household head.

Table 45 - Relative Consumption of Client Households

Consumption of Client Households per Household Member

	Monthly Food Consumption - Direct in Rs.	Monthly Food Consumption - Itemwise in Rs.	Monthly Non-Food Consumption in Rs.	Annual Non-Food Consumption in Rs.
ALL MFIs	**3,457**	**3,441**	**3,887**	**10,488**
WDF-Hambantota				
Total	2,481	2,484	2,768	10,145
incoming	2,476	2,503	2,745	6,960
recent	2,511	2,528	2,762	9,730
mature	2,455	2,414	2,802	14,376
Sanasa				
Total	3,628	3,575	3,995	12,516
incoming	3,233	3,393	3,832	11,463
recent	3,964	3,788	4,184	13,114
mature	3,721	3,565	3,988	13,029
TCCS Jaffna				
Total	3,451	3,455	3,790	10,274
incoming	3,945	3,947	4,406	18,217
recent	3,033	3,045	3,292	5,588
mature	3,288	3,288	3,565	5,676
BRAC Lanka				
Total	3,472	3,415	3,849	8,596
incoming	3,322	3,177	3,596	7,506
recent	3,488	3,401	3,806	10,108
mature	3,598	3,656	4,138	8,067
Sabaragamuwa RDB				
Total	4,153	4,193	4,960	10,028
incoming	4,662	4,717	5,465	9,799
recent	4,017	4,010	4,841	10,220
mature	3,737	3,806	4,527	10,082

Amounts stated in Sri Lankan Rs. 1) Monthly food consumption elicited directly. 2) Monthly food consumption elicited by seven items: rice&cereals, vegetables&fruits, milk&milk products, eggs,fish&meat, beverages, meals consumed outside hom and other foods. 3)Monthly non-food consumption contains expenditures for water, fuel, electricity, communication, house rent, rent of household items, and legal expenses. 4) Monthly non- food consumption as under 3) without expenditures for house rent. 5) Annual non-food expenditures contain expenses for education, medical expenses, clothing and taxes. Relative food expenditures are total household expenditures per consumption item divided by number of household members.

Equation (2) shows the regression specification for the MFI specific treatment specification:

$$(2) \quad \ln(consumption_i) = \alpha + \sum_m \beta_m * treatment\_dummy_{im} \times mfi_m + \delta * mfi_m + \emptyset * controls_i + u_l$$

The consumption measure of household i is regressed on the interaction term $treatment\_dummy_i \times mfi_m$ that takes the value of one if a household belongs to the treatment group of mfi_m, e.g. either recent client stratum or mature client stratum, and a value of zero if the household is in the incoming client stratum of the respective MFI. The remaining variables are as in equation (1).

In the first definition of the treatment group, recent clients are compared to incoming clients. The $treatment\_dummy_i$ takes a value of one if the household belongs to the recent client strata and zero if the household belongs to the incoming client strata. Mature clients are excluded from this analysis. The results are set out in Table 46.

Results Simple Treatment Specification

In column (1) to (3) of Table 46 results for the simple treatment specification in equation (1) are shown. The MFI fixed effects that are controlling for differences in household consumption between the different participating MFIs are all highly significant and negative. Since Sabaragamuwa RDB is the reference group this results implies that consumption expenditures in the remaining four MFIs is significantly lower for all consumption measures than consumption expenditures of Sabaragamuwa RDB. Clients of Sabaragamuwa RDB usually receive individual loans with a loan amount of Rs. 100,000. Clients in group schemes can receive a loan amount of Rs. 20,000. The group loan amount is comparable in size to the loan products the other MFIs offer. Given this information, the client base of Sabaragamuwa RDB seems to be economically better situated than the other MFIs' clients. This can be confirmed by comparing the average income of clients in the different MFIs. The average income of households in the sample is Rs. 384,235 per year. The average income of Sabaragamuwa clients is Rs. 577,437 per year. This difference in income helps explaining the significant differences in consumption expenditures between clients of Sabaragamuwa RDB and the other MFIs in the study.

Although there is a difference in consumption expenditures across the five MFIs in the study, there is no significant effect in consumption between the control group of incoming clients and the treatment group of recent clients for all MFIs. However, considering the differences of the MFIs, an MFI specific effect is analyzed.

Results MFI Specific Treatment Specification

In column (4) to (6) of Table 46 results for the MFI specific treatment specification of equation (2) are set out. The treatment effect measuring the impact of participation in microfinance programs is measured by the interaction terms $treatment\_dummy_i \times mfi_m$ for each MFI m. Reference group for all coefficients is the control group of incoming clients of Sabaragamuwa RDB.

For WDF-Hambantota, Sanasa and BRAC Lanka there is a positive and significant effect on all three measures of consumption for the treatment group of recent clients. This implies, for example, that a client in the recent client treatment group of Sanasa has 12.9% higher monthly food expenditures and 16.4% higher annual food consumption expenditure than an incoming client of Sanasa.

For TCCS Union Jaffna, there is a negative significant treatment effect for all three consumption measures. This implies that recent clients have significantly lower consumption expenditures than incoming clients. One possible explanation is that clients of TCCS Union Jaffna spend a higher share of their income on financial services and hence have lower consumption. Another possible explanation is that incoming clients are in general wealthier than recent clients. TCCS Union Jaffna operates in a district that was affected by civil war. This post conflict environment seems to be affecting the impact analysis. This matter has to be analyzed in more detail.

For Sabaragamuwa RDB we also observe that recent clients have significantly lower consumption expenditures than incoming clients. This might be due to wealthier clients attracted over time as the activities of Sabaragamuwa RDB develop. Further analysis is needed for concluding on the reasons of the observed negative differences between incoming and recent clients for TCCS Union Jaffna and Sabaragamuwa RDB.

Robustness of Results

The second definition of the treatment group combines recent and mature clients in the treatment group which is then compared to the control group of incoming clients. The $treatment\_dummy_i$ takes a value of one if the household belongs to the recent or mature client strata and zero if the household belongs to the incoming client strata. This specification is a robustness check for the first definition of the treatment group due to potential biases described above. The results are set out in Table 47.

In column (1) to (3) of Table 47 results for the simple treatment specification in equation (1) are set out. The MFI fixed effects that are controlling for differences in household consumption between the different participating MFIs are all highly significant and negative. Since Sabaragamuwa RDB is the reference group this results implies that consumption expenditures in the remaining four MFIs is significantly lower for all consumption measures than consumption expenditures of Sabaragamuwa RDB. However, like in the first definition of the treatment group, there is no significant effect in consumption between the control group of incoming clients and the treatment group of recent and mature clients.

In column (4) to (6) of Table 47 results for the MFI specific treatment specification of equation (2) are set out. The treatment effect measuring the impact of participation in microfinance programs of recent and mature clients is

measured by the interaction terms *treatment_dummy$_i$ x mfi$_m$* for each MFI *m*. Reference group for all coefficients is the control group of incoming clients of Sabaragamuwa RDB. Like in the first treatment group definition, a positive and significant impact of microfinance participation can be observed for WDF -Hambantota, Sanasa and BRAC Lanka. A significantly negative effect is measured for TCCS Union Jaffna for all three consumption measures and Sabaragamuwa RDB for monthly food and total expenditures. The initial results can be confirmed by the extended definition of the treatment group.

Change of Household Expenditures since Membership in Microfinance Program

Responses to qualitative questions also reveal that clients perceived increased household expenses since the joining the microfinance program (Figure 30). This confirms the results on consumption expenditures stated above. However, those qualitative questions do not consider causal consequences. It might be the case that households perceived higher expenditures since microfinance program participation due to regular payments faced either into their savings account or for repayment of credit. In this case the increased expenditures would rather be perceived as a financial burden than increased consumption. Nevertheless, the quantitative results above confirm more spending on consumption of goods and services which increases household welfare.

Figure 30-Change of Household Expenditures since MFI Membership

Change of Household Expenditures Since MFI Membership
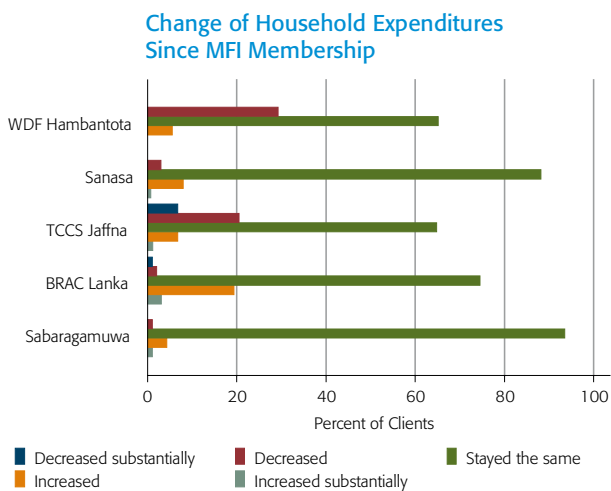
Table 46 - Estimation Results – Relative Consumption Expenditures of Incoming Client Households Compared to Recent Client Households

Consumption per Household Member of Incoming Client Households Compared to Recent Client Households - Simple Treatment Effect and MFI Specific Treatment Effects

	(1)	(2)	(3)	(4)	(5)	(6)
	Food monthly	Consum monthly	Consum annually	Food monthly	Consum monthly	Consum annually
Constant	8.468***	8.575***	8.408***	8.470***	8.561***	8.255***
	(0.256)	(0.296)	(0.276)	(0.251)	(0.287)	(0.189)
Client (recent) (Dummy)	-0.003	-0.020	-0.006			
	(0.068)	(0.065)	(0.207)			
WDF Hambantota (Dummy)	-0.522***	-0.578***	-0.108**	-0.582***	-0.633***	-0.190***
	(0.025)	(0.029)	(0.033)	(0.026)	(0.028)	(0.023)
Sanasa (Dummy)	-0.170***	-0.241***	0.204***	-0.261***	-0.306***	0.215***
	(0.015)	(0.016)	(0.021)	(0.013)	(0.013)	(0.011)
TCCS Jaffna (Dummy)	-0.189***	-0.255***	-0.179***	-0.107***	-0.165***	0.319***
	(0.012)	(0.011)	(0.021)	(0.014)	(0.012)	(0.021)
BRAC (Dummy)	-0.201***	-0.276***	-0.053	-0.264***	-0.356***	-0.022**
	(0.019)	(0.022)	(0.027)	(0.007)	(0.005)	(0.006)
Client (recent)*WDF (Dummy)				0.065***	0.051**	0.358***
				(0.011)	(0.012)	(0.021)
Client (recent)* Sanasa (Dummy)				0.129***	0.069***	0.164***
				(0.009)	(0.008)	(0.010)
Client (recent)*TCCS Jaffna (Dummy)				-0.253***	-0.273***	-0.911***
				(0.012)	(0.013)	(0.013)
Client (recent)*BRAC (Dummy)				0.063**	0.091**	0.113***
				(0.023)	(0.027)	(0.023)
Client (recent)* Sabaragamuwa (Dummy)				-0.069***	-0.076***	0.170***
				(0.009)	(0.011)	(0.017)
Control Variables included	yes	yes	yes	yes	yes	yes
R-squared	0.197	0.232	0.035	0.209	0.243	0.086
N	519	518	518	519	518	518

Dependent Variable: Ln of Consumption as specified. (1) Monthy food consumption, (2)Monthly non-food consumption contains expenditures for water, fuel, electricity, communication, house rent, rent of household items, and legal expenses. (3) Annual non-food expenditures contain expenses for education, medical expenses, clothing and taxes. Controlled for number of children in household, number of economic active persons in household, age and education of household head.

*Standard errors in parentheses. Comparing incoming clients to recent and mature clients as treatment group. Standard errors are clustered at MFI level. * p<0.10, ** p<0.05, *** p<0.01*

Table 47 - Estimation Results – Relative Consumption Expenditures of Incoming Client Households Compared to Recent and Mature Client Households

Consumption per Household Member of Incoming Client Households Compared to Recent and Mature Client Households - Simple Treatment Effect and MFI Specific Treatment Effects

	(1)	(2)	(3)	(4)	(5)	(6)
	Food monthly	Consum monthly	Consum annually	Food monthly	Consum monthly	Consum annually
Constant	8.390***	8.537***	8.564***	8.447***	8.581***	8.472***
	(0.227)	(0.252)	(0.254)	(0.225)	(0.246)	(0.115)
Client (recent & mature) (Dummy)	-0.001	-0.016	0.006			
	(0.064)	(0.063)	(0.204)			
WDF Hambantota (Dummy)	-0.465***	-0.519***	0.009	-0.580***	-0.634***	-0.224***
	(0.019)	(0.022)	(0.010)	(0.024)	(0.025)	(0.008)
Sanasa (Dummy)	-0.119***	-0.199***	0.149***	-0.261***	-0.307***	0.190***
	(0.013)	(0.015)	(0.011)	(0.011)	(0.011)	(0.005)
TCCS Jaffna (Dummy)	-0.173***	-0.243***	-0.326***	-0.112***	-0.172***	0.294***
	(0.010)	(0.011)	(0.013)	(0.012)	(0.011)	(0.013)
BRAC (Dummy)	-0.128***	-0.200***	-0.065***	-0.265***	-0.355***	-0.044***
	(0.017)	(0.019)	(0.011)	(0.005)	(0.005)	(0.009)
Client (recent & mature)*WDF (Dummy)				0.070***	0.069**	0.511***
				(0.015)	(0.015)	(0.008)
Client (recent & mature)* Sanasa (Dummy)				0.110***	0.055***	0.084***
				(0.008)	(0.007)	(0.009)
Client (recent & mature)*TCCS Jaffna (Dummy)				-0.212***	-0.231***	-0.841***
				(0.007)	(0.007)	(0.010)
Client (recent & mature)*BRAC (Dummy)				0.100***	0.125***	0.115***
				(0.014)	(0.016)	(0.015)
Client (recent & mature)* Sabaragamuwa (Dummy)				-0.112***	-0.115***	0.145***
				(0.007)	(0.009)	(0.008)
Control Variables included	yes	yes	yes	yes	yes	yes
R-squared	0.188	0.218	0.051	0.199	0.229	0.096
N	770	769	769	770	769	769

Dependent Variable: Ln of Consumption as specified. (1) Monthy food consumption, (2) Monthly non-food consumption contains expenditures for water, fuel, electricity, communication, house rent, rent of household items, and legal expenses. (3) Annual non-food expenditures contain expenses for education, medical expenses, clothing and taxes. Controlled for number of children in household, number of economic active persons in household, age and education of household head.

*Standard errors in parentheses. Comparing incoming clients to recent and mature clients as treatment group. Standard errors are clustered at MFI level. * p<0.10, ** p<0.05, *** p<0.01*

4.3 Household Income Generating Activities

4.3.1 Total Household Income and its Components

Composition of Household Income

Households obtain income from a mix of different income generating activities and different income sources. On average, there are 1.65 economically active persons in the studied client households receiving income from 1.93 sources. 66% of the client households generate some income from cultivation of crops and agricultural activities and 15% engage in livestock activities. 36% of the households operated a household enterprise. 67% of households receive income from wage labor. 9% receive transfers, like remittances, pension payments, or cash transfers as part of their income.

Figure 31-Incoming Sources of Household Income

Percent of Households Earning Income from Different Sources
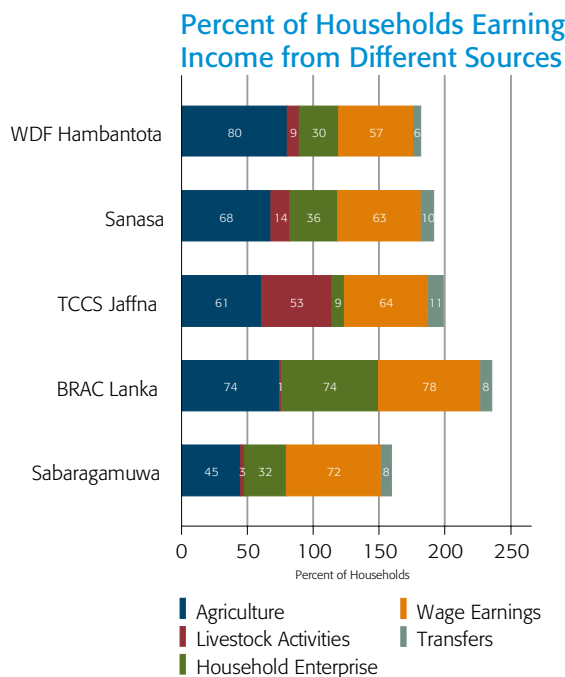
Figure 31 shows the different distribution of income earning sources by the five partner MFIs participating in the study. 80% of client households of WDF-Hambantota clients generate income from agricultural activities compared to only 5% of Sabaragamuwa RDB client households. 74% of BRAC Lanka client households operate a household enterprise from which they generate income. In contrast, only 30% of WDF-Hambantota client households own a household business that contributes to their income generating activities. With 78% BRAC Lanka client households receive the highest share of wage earnings compared to around 57% of wage earning client households for the WDF-Hambantota. 74% of client households of BRAC Lanka and 53 % of client households of TCCS Union Jaffna generate income from livestock activities. Those differences reflect, on the one hand, differences across

MFI clients for the five different MFIs under study, but also differences in the economic environments the MFIs are operating in. Sabaragamuwa RDB operates in a more urbanized setting in the Western Province and Sabaragamuwa Province with more wage labor jobs. WDF-Hambantota operates in a more rural environment in the Southern Province. TCCS Union Jaffna operates in the post conflict district Jaffna in the Northern Province. Those differences are reflected in the mix of income generating activities households choose.

Figure 32-Share of Household Income from Different Income Sources

Composition of Household Income by Different Income Sources
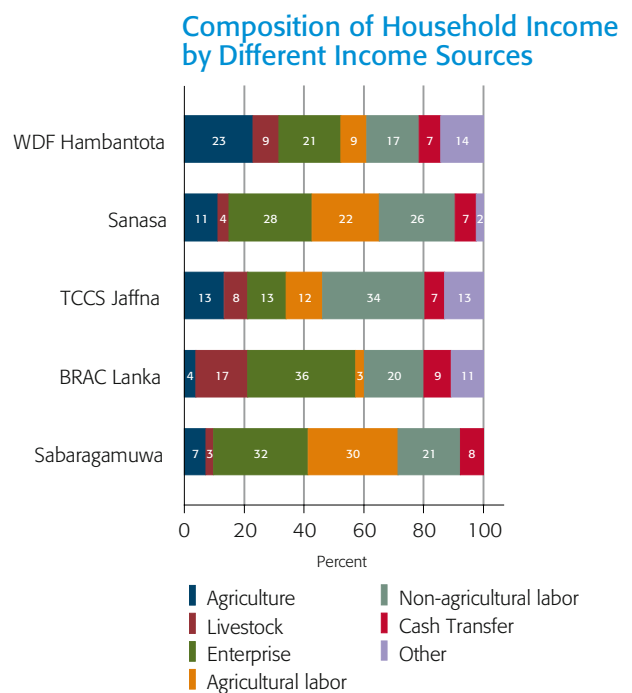
Figure 32 displays the share of income that is generated from the various income generating activities of the client households of the five different MFIs. Although 74% of BRAC Lanka client households are engaged in agricultural activities, they only generate on average 4% of their income from cultivation of crops. Livestock activities seem to be more profitable as the 74% of client households engaging in livestock activities generate on average 17% of their household income from livestock and livestock products. Income earned by household enterprises comprises on average 36% of the household income of BRAC Lanka clients. 5% of Sabaragamuwa client households are cultivating crops for income generation with which they earn 7% on average of the total household income. From the 72% of households receiving wage earnings, 30% of income is received from agricultural labor and 21% from non-agricultural labor. The highest share of income is earned from operation of a household enterprise.

In those two figures, only the percentage of households generating income from a specific source and the share this income source contributes to total household income are depicted. However, the seasonality of income generation activities is not considered here.

Table 48 - Household Income by Different Income Sources

Household Income by Different Income Sources

	Agriculture/ Cultivation	Animal Husbandry/ Livestock	Household Enterprise	Agricultural Labor	Non-agricultural Labor	Cash Transfers	Total Income Direct	Total Income Calculated
ALL MFIs	142,358	57,515	269,951	233,650	268,757	81,653	384,325	147,347
WDF-Hambantota								
Total	239,468	90,290	216,321	91,164	182,067	75,200	296,757	138,625
incoming	242,250	103,000	114,000	80,118	168,305	35,400	241,431	109,775
recent	200,920	145,833	280,429	121,978	152,444	72,000	268,638	124,408
mature	267,150	39,100	286,483	78,371	228,812	96,700	393,112	188,382
Sanasa								
Total	142,309	47,163	353,720	285,767	324,919	90,190	397,082	317,639
incoming	88,810	60,515	410,826	231,900	220,987	50,875	338,911	292,201
recent	153,191	17,333	142,957	393,500	305,445	85,333	355,905	218,916
mature	176,731	37,057	475,586	.	468,495	139,286	490,972	430,478
TCCS Jaffna								
Total	60,204	36,126	58,051	55,250	155,061	30,250	140,719	63,329
incoming	69,300	57,478	70,218	37,533	193,369	50,429	197,038	105,093
recent	46,381	34,213	39,167	77,600	150,190	10,833	102,623	-8,743
mature	67,647	18,486	59,000	51,222	109,924	22,000	112,889	85,540
BRAC Lanka								
Total	39,469	182,500	377,350	31,200	208,537	95,833	498,756	-90,248
incoming	30,625	.	197,894	16,500	198,199	119,667	313,584	195,732
recent	36,000	.	188,069	26,500	221,121	99,833	285,780	217,943
mature	43,700	182,500	746,665	70,000	207,374	44,167	898,063	-685,344
Sabaragamuwa RDB								
Total	149,333	51,625	650,362	618,031	429,952	159,055	577,437	230,375
incoming	132,556	168,000	990,000	766,778	576,467	480,000	738,549	313,951
recent	238,500	3,500	514,286	360,000	386,889	131,400	469,644	276,935
mature	123,625	17,500	579,348	206,700	315,658	120,300	505,819	93,128

Note: income from direct income information given by client household

Quantitative Analysis of Total Household Income

Total Household Income

To compare aggregate income across the three different client strata an econometric analysis is conducted. Income was measured in different ways. On the one hand, households were asked directly for income generated from different income sources. On the other hand, detailed information on revenue and costs in agriculture, livestock activities, and household enterprises were collected. Information on wage income was elicited per household member. Two different income measures are considered: (1) Income calculated from revenues and costs from detailed information on income generating activities like agriculture, household enterprise, and wage earnings, and (2) directly stated total household income. Table 48 gives an overview of the used income data.

Estimation Specification

As outlined in the description of the quantitative analysis in the methodological approach chapter 2.3, two different definitions of the treatment group are used for the analysis: (1) only recent clients as treatment group, and (2) recent and mature clients as treatment group. Additionally, two different specifications for each of the three dependent variables are tested: (1) a simple treatment specification distinguishing between clients of all MFIs in control and treatment group, and (2) a MFI specific treatment effect comparing treatment and control group per MFI.

Equation (1) shows the regression equation for the simple treatment specification:

(1) $\ln(income_i) = \alpha + \beta * treatment\_dummy_i + \delta * mfi_m + \varnothing * controls_i + u_I$

An income measure of household i is regressed on a $treatment\_dummy$ that takes the value of one if a household belongs to the treatment group, e.g. either recent client stratum or mature client stratum, and a value of zero if the household is in the incoming client stratum. MFI fixed effects are included in mfi_m capturing differences in household consumption across the different MFIs m. Further, a set of variables $controls_i$ accounts for observable characteristics as the household level. The control variables include the number of household members, the number of economic active household members, gender, age, and years of education of the household head, the average gender, years of education and literacy measure of all household members in the household i, the number of income sources, and a dummy for wage income that indicates if a household is receiving income from wage earnings (value of dummy is one) or not (value of dummy is zero).

Equation (2) shows the regression specification for the MFI specific treatment specification:

(2) $\ln(income_i) = \alpha + \sum_m \beta_m * treatment\_dummy_{im} \times mfi_m + \delta * mfi_m + \varnothing * controls_i + u_I$

The consumption measure of household i is regressed on the interaction term $treatment\_dummy_i \times mfi_m$ that takes the value of one if a household belongs to the treatment group of mfi_m, e.g. either recent client stratum or mature client stratum, and a value of zero if the household is in the incoming client stratum. The other variables remain as in equation (1).

Results Simple Treatment Specification

In the first definition of the treatment group, recent clients are compared to incoming clients. In column (1) to (3) of Table 49 results for the simple treatment specification in equation (1) are shown. The MFI fixed effects are controlling for differences in household enterprise profit and performance measures between the different participating MFIs. The MFI fixed affects are all negative and with one exception highly significant for both income measures indicating that client households of the reference MFI Sabaragamuwa Development have a significantly higher income than client households of other MFIs. However, there is no significant impact of microfinance participation income between the control group of incoming clients and the treatment group of recent clients for all MFIs together.

Results MFI Specific Treatment Specification

In column (4) to (6) of Table 49 results for the MFI specific treatment specification of equation (2) are provided. The treatment effect measuring the impact of participation in microfinance programs is measured by the interaction terms $treatment\_dummy_i \times mfi_m$ for each MFI m. Reference group for all coefficients is the control group of incoming clients of Sabaragamuwa RDB. For Sanasa and BRAC Lanka a positive and significant increase of recent clients compared to incoming clients on household income can be shown. For WDF-Hambantota no impact can be shown for any income measure. For Sabaragamuwa RDB there is a significantly positive effect for the calculated income measure and a significantly negative effect for the directly elicited income measure indicating a high difference between both income measures for Sabaragamuwa RDB client households. For TCCS Union Jaffna, incoming client households have a significantly higher household income than the treatment group of recent clients. This reverse effect has already been observed for consumption measures and business performance measures. A more detailed analysis of the clients of TCCS Union Jaffna and the development over time is needed in order to draw any specific conclusions.

Robustness of Results

The second definition of the treatment group combines recent and mature clients in the treatment group that is compared to the control group of incoming clients. The $treatment\_dummy_i$ takes a value of one if the household belongs to the recent or mature client strata and zero if the household belongs to the incoming client strata. This specification is a robustness check for the first definition of the treatment group due to potential biases described above. The results are set out in Table 50.

The results from the first specification can be confirmed with the extended definition of the treatment group. More interestingly, the MFI specific treatment effects are now positive and significant for both income measures for WDF-Hambantota, Sanasa, and BRAC Lanka. For BRAC Lanka, it is measured that the household income of recent or mature client is 27% higher than of incoming client households for both measures of household income. However, attention in interpreting the results is crucial due to potential upward biases like the survivor bias.

Table 49 - Estimation Results – Total Household Income of Incoming Client Households Compared to Recent Client Households

Total Household Income of Incoming Client Households Compared to Recent Client Households - Simple Treatment Effect and MFI Specific Treatment Effects

	(1)	(2)	(3)	(4)
	Income calculated	Income direct	Income calculated	Income direct
Constant	8.750***	10.809***	8.575***	10.599***
	(1.579)	(0.783)	(1.608)	(0.868)
Client (recent) (Dummy)	0.030	-0.028		
	(0.074)	(0.143)		
WDF Hambantota (Dummy)	-0.463***	-0.427***	-0.423***	-0.526***
	(0.055)	(0.037)	(0.069)	(0.030)
Sanasa (Dummy)	-0.234**	-0.350***	-0.155*	-0.541***
	(0.057)	(0.021)	(0.068)	(0.023)
TCCS Jaffna (Dummy)	-0.909***	-1.081***	-0.660***	-0.897***
	(0.053)	(0.027)	(0.044)	(0.022)
BRAC (Dummy)	-0.112	-0.267***	-0.202*	-0.437***
	(0.068)	(0.028)	(0.090)	(0.037)
Client (recent)*WDF (Dummy)			0.064	0.062
			(0.065)	(0.044)
Client (recent)* Sanasa (Dummy)			-0.023	0.248***
			(0.033)	(0.029)
Client (recent)*TCCS Jaffna (Dummy)			-0.406***	-0.575***
			(0.081)	(0.035)
Client (recent)*BRAC (Dummy)			0.298**	0.178***
			(0.077)	(0.037)
Client (recent)* Sabaragamuwa (Dummy)			0.143**	-0.150***
			(0.032)	(0.029)
Control Variables included	yes	yes	yes	yes
R-squared	0.324	0.384	0.328	0.405
N	435	515	435	515

Dependent Variable: LN of Income as specified. (1) Total household income calculated by detailed information on income by different income earning activities, like agriculture, livestock, household enterprise and wage earning. (2) Household income elicited directly from households. Controlled for household size, number of economic active persons in household, gender, age and years of education of household head, average gender of household members, average years of education of household members, average level of literacy of all household members, number of income sources, and dummy variable for receiving income from wage earnings.

*Standard errors in parentheses. Comparing incoming clients to recent clients as treatment group. Standard errors are clustered at MFI level. * p<0.10, ** p<0.05, *** p<0.01*

Table 50 - Estimation Results – Total Household Income of Incoming Client tt Compared to Recent and Mature Client Households

Total Household Income of Incoming Client Households Compared to Recent and Mature Client Households - Simple Treatment Effect and MFI Specific Treatment Effects

	(1)	(2)	(3)	(4)
	Income calculated	Income direct	Income calculated	Income direct
Constant	9.736***	11.016***	9.672***	10.970***
	(1.207)	(0.753)	(1.199)	(0.821)
Client (recent & mature) (Dummy)	0.103	0.037		
	(0.060)	(0.137)		
WDF Hambantota (Dummy)	-0.309***	-0.246***	-0.411***	-0.517***
	(0.060)	(0.033)	(0.046)	(0.022)
Sanasa (Dummy)	-0.096*	-0.245***	-0.143**	-0.534***
	(0.043)	(0.024)	(0.033)	(0.019)
TCCS Jaffna (Dummy)	-0.878***	-1.027***	-0.692***	-0.903***
	(0.035)	(0.014)	(0.033)	(0.018)
BRAC (Dummy)	-0.062	-0.125**	-0.202**	-0.434***
	(0.057)	(0.040)	(0.056)	(0.039)
Client (recent & mature)*WDF (Dummy)			0.228***	0.228***
			(0.047)	(0.048)
Client (recent & mature)* Sanasa (Dummy)			0.139***	0.248***
			(0.027)	(0.044)
Client (recent & mature)*TCCS Jaffna (Dummy)			-0.238***	-0.410***
			(0.050)	(0.021)
Client (recent & mature)*BRAC (Dummy)			0.270***	0.262***
			(0.037)	(0.024)
Client (recent & mature)* Sabaragamuwa (Dummy)			0.065*	-0.198***
			(0.025)	(0.012)
Control Variables included	yes	yes	yes	yes
R-squared	0.278	0.355	0.279	0.370
N	635	766	635	766

Dependent Variable: LN of Income as specified. (1) Total household income calculated by detailed information on income by different income earning activities, like agriculture, livestock, household enterprise and wage earning. (2) Household income elicited directly from households. Controlled for household size, number of economic active persons in household, gender, age and years of education of household head, average gender of household members, average years of education of household members, average level of literacy of all household members, number of income sources, and dummy variable for receiving income from wage earnings.

Standard errors in parentheses. Comparing incoming clients to recent and mature clients as treatment group. Standard errors are clustered at MFI level. * p<0.10, ** p<0.05, *** p<0.01

Change of Household Income since Membership in Microfinance Program

Figure 33 illustrates qualitative information of how the household income has changed since the clients joined the microfinance program. Most microfinance clients judge the development of their income as positive since they became a member of the MFI microfinance program. 30 to 60% of clients of the different MFIs perceive their income to have increased or increased substantially since becoming a member of the MFI. The lowest positive perceptions are observed for BRAC Lanka and TCCS Union Jaffna. When considering recent and mature clients separately, it is noteworthy that mature clients stated a substantial increase of their own income since becoming an MFI member more often. However, those qualitative questions do not give information about causal relations and answers might be driven by other factors, such as general economic development of income over time.

Figure 33-Change of Household Income since MFI Membership
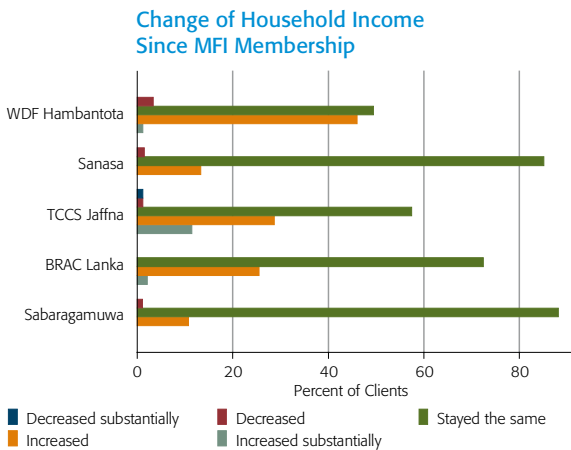
When asked for the development of household income since program participation, over 40 % of households for all MFIs stated that their income increased or increased substantially. Client household of TCCS Union Jaffna stated in over 40% of the cases that their income decreased or decreased substantially. Given the situation in the Northern Province of Sri Lanka in the last years, this fact will most likely be driven by factors other than microfinance program participation. The results from the quantitative analysis are supported by the supplementary qualitative information.

Figure 34-Change of Client Income since MFI Membership
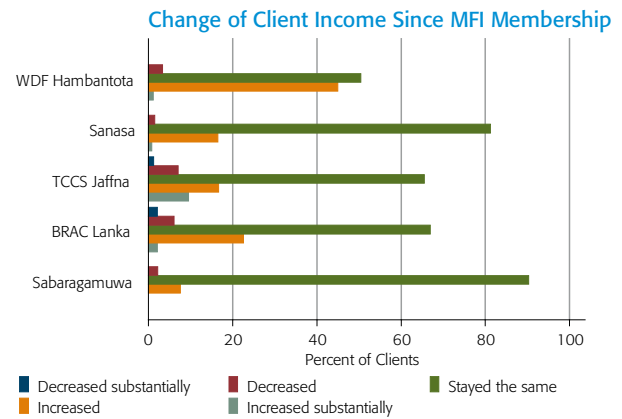
4.3.2 Income from Agricultural and Livestock Related Activities

As seen in the last chapter, a high share of households of all MFIs acquires some of its income from agricultural activities such as cultivation of crops, livestock activities or livestock products. Income generated from cultivation of crops is depicted in Figure 35 for all five MFIs under study. Of the 85 WDF-Hambantota client households that are engaged in agriculture, 66% of the income generated from crop cultivation stems from the cultivation of rice and cereals and 23% from cultivation of vegetables and fruits. The 12 BRAC Lanka clients engaged in agriculture obtain 88% of their agricultural income from cultivation of condiments. Of the 74 Sanasa client households and the 54 TCCS Union Jaffna client households engaged in crop cultivation over 80% of total income is gained from cultivation of rice and cereals, pulses, vegetables and fruits, and condiments.

110 out of the 249 client households earning income from crop cultivation used a loan from the MFI under study they are client of to finance any agricultural activity. Most of those agricultural investors are clients at WDF-Hambantota or TCCS Union Jaffna. Primarily, the loan was used to purchase machinery and equipment (12%), seeds or seedlings (46%), and fertilizers (28%) as illustrated in Table 51.

Figure 35-Income from Cultivation by Crop

Income from Cultivation of Different Crops

Table 51-Loan Use of Microfinance Loan in Agriculture

Primary Loan Use of Microfinance Loan in Agriculture

	in %
Purchase land	1.8%
Purchase machinery/ equipment	11.8%
Purchase seeds/ seedlings	46.4%
Purchase fertilizers	28.2%
Paid labor	6.4%
Cover expenses after disaster	1.8%
Other	3.6%

Nearly 70% of all clients who financed any agricultural activity with a microfinance loan stated an increase in income due to the investment made. Another 8% even noted a substantial increase in income. Figure 36 shows the change in income from agricultural activities after the investment financed with the microfinance loan. Clients obtaining loans from WDF-Hambantota and TCCS Union Jaffna seem to have benefitted most in terms of change of income from an investment financed by the microfinance loan.

Figure 36-Change of Income from Agriculture after Microfinance Loan

Change of Income from Agriculture after Investing a Microfinance Loan

124 households receive any income from livestock related activities and livestock products, most of them are clients of TCCS Union Jaffna (60%) or Sanasa (24%). Most households with livestock own poultry chickens (88%) and cattle or buffaloes (9%). Figure 37 illustrates the value of livestock owned calculated by the value of livestock per head times the amount of livestock owned. The value of owned livestock is clearly dominated by value from owned cattle and buffaloes due to the high value of a single animal.

Table 52-Loan Use of Microfinance Loan in Livestock Activities

Primary Loan Use of Microfinance Loan in Livestock Activities

	in %
Purchase livestock	85.7%
Purchase/ build stable	7.1%
Purchase fodder	3.6%
Other	3.6%

Only 28 households in total, out of which 71% are client households from TCCS Union Jaffna, obtained a loan from the partner MFIs to finance any livestock related activity. In 86% of the cases the loan obtained was used to purchase livestock. Other loan uses are purchase of stable, purchase of fodder, or other uses as illustrated in Table 52. Although only few client households used any loan to finance livestock-related activities, those who did benefitted substantially from the microfinance loan. For instance 50% of TCCS Union Jaffna clients noted that their income increased substantially due to the investment financed with the microfinance loan. Additionally, 36% found their income to have increased as depicted in Figure 38.

Figure 37-Value of Livestock Owned

Value of Livestock Owned
Composition by Different Livestock Type
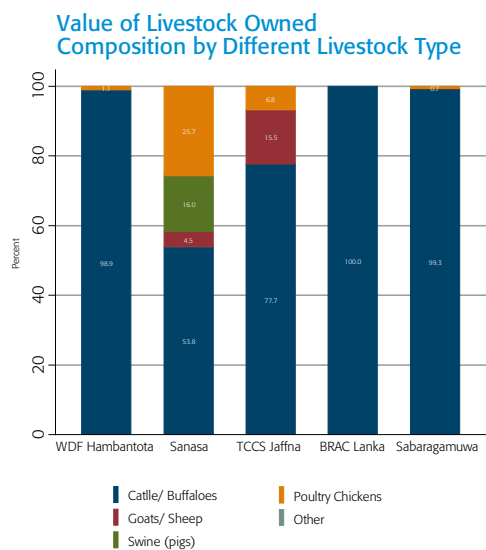
Figure 38-Change of Income from Livestock Activities after Microfinance Loan

Change of Income from Livestock Activities
after Investing a Microfinance Loan
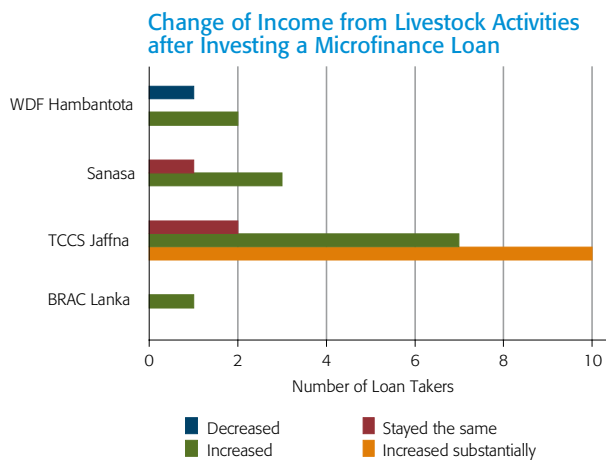
56% of the enterprise owners are male, 44% female in the total sample. The highest share of female owned household enterprises are for BRAC Lanka client households (60% female enterprise owners), the lowest share for Sabaragamuwa RDB clients (22% female enterprise owners). The average age of the entrepreneurs is 41.52 years and they received 10.45 years of education on average. Detailed information on the differences between enterprise owners across MFIs and strata can be found in Table 53.

Figure 39-Types of Household Enterprises

Types of Household Enterprises
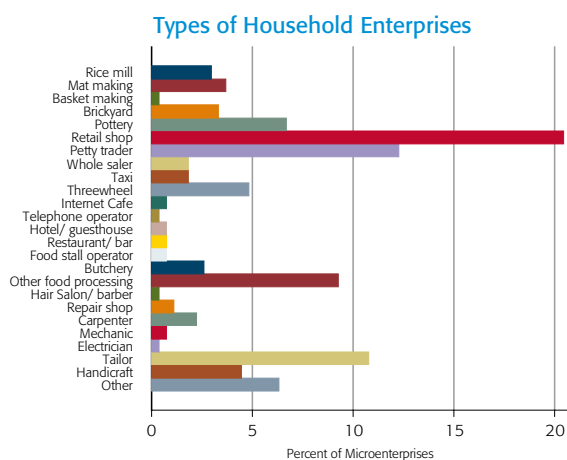
The household enterprises in the present sample were operated on average for 10.25 months in the last year. The enterprises are located within an average distance of 2.41 km from the home of the enterprise owner. Only a very small share of other family members worked in the microenterprise in the last year (0.17 other household members on average). Most of the household businesses were run solely by the owner; only 18% on average employed other people whom they paid in cash or in kind.

4.3.3 Income from Household Enterprises

Household Enterprises

Household enterprises or microenterprises as they are called as well are an important income source for low income households. In the present sample 36% of all households are operating a non-agricultural household enterprise, ranging from 9% of the client households of TCCS Union Jaffna to 74% of client households of BRAC Lanka (Table 7). On average, households generating income from a microenterprise own 1.16 household enterprises. Most often, a second or third microenterprise is operated seasonally to compensate other seasonal income earning activities. Therefore, we only consider the first household enterprise of any client household operating a household business.

Table 53 - Household Income by Different Income Sources

Characteristics of Household Enterprise and Household Enterprise Owner

	% of Housholds Operating Household Enterprise	Number of Household Enterprises operated	% of Male Enterprise Owners	Age of Enterprise Owner	Years of Education of Enterprise Owner	Number of Months of Operation of Enterprise in the last year	Distance of Enterprise to Home of Household (in km)	Number of Household Members Working in Enterprise	% of Enterprises Employing Other Workers
ALL MFIs	36.4%	1.16	55.9%	41.52	10.45	10.25	2.41	0.17	17.8%
WDF-Hambantota									
Total	30.0%	1.14	59.5%	39.95	10.21	9.60	2.18	0.14	0.0%
incoming	33.3%	1.12	70.6%	38.88	10.71	9.00	1.23	0.16	0.0%
recent	28.3%	1.15	46.2%	37.92	9.62	9.69	4.78	0.06	0.0%
mature	27.9%	1.17	58.3%	43.67	10.17	10.33	1.18	0.21	0.0%
Sanasa									
Total	36.4%	1.16	60.0%	41.71	10.35	10.31	2.49	0.22	22.5%
incoming	35.2%	1.12	48.0%	38.48	11.00	9.46	0.90	0.15	27.3%
recent	37.5%	1.13	70.8%	42.33	10.13	9.83	4.71	0.22	16.7%
mature	36.6%	1.23	61.5%	44.23	9.92	11.54	2.25	0.28	24.0%
TCCS Jaffna									
Total	9.2%	1.00	76.9%	44.08	10.85	9.77	4.33	0.01	23.1%
incoming	9.6%	1.00	40.0%	38.00	12.60	8.80	1.75	0.04	20.0%
recent	11.4%	1.00	100.0%	49.20	9.20	11.20	3.33	0.00	0.0%
mature	6.7%	1.00	100.0%	45.67	10.67	9.00	11.00	0.00	66.7%
BRAC Lanka									
Total	73.6%	1.19	39.6%	40.74	10.01	10.42	2.63	0.33	14.6%
incoming	71.7%	1.18	30.3%	39.73	10.91	10.18	4.75	0.43	6.3%
recent	72.0%	1.11	47.2%	38.78	10.22	10.14	2.12	0.28	8.6%
mature	77.1%	1.27	40.5%	43.54	9.00	10.89	1.17	0.29	27.8%
Sabaragamuwa RDB									
Total	31.7%	1.18	77.8%	43.80	11.78	10.49	1.29	0.10	31.8%
incoming	19.6%	1.30	60.0%	45.60	11.50	11.10	2.11	0.08	20.0%
recent	31.9%	1.20	93.3%	45.47	12.53	10.47	1.18	0.13	26.7%
mature	45.5%	1.10	75.0%	41.65	11.35	10.20	0.86	0.11	42.1%

Table 54 - Business Performance of Household Enterprise of Client Household

Business Performance of Household Enterprise of Client Household

	Amount Received from Sales last month (in Rs.)	Amount Received from Sales in Average month (in Rs.)	Cost of operation in average month (in Rs.)	Revenue from Sales last year (in Rs.) calculated	Costs last year (in Rs.) calculated	Expenditures on business assets last year (in Rs.)	Total Value of Business Assets (in Rs.)	Profits last year (in Rs.) calculated	Profit last year (in Rs.) direct
ALL MFIs	41,067	35,044	15,005	368,999	446,691	1,671	127,974	-120,064	103,498
WDF-Hambantota									
Total	28,818	22,984	6,413	237,906	237,970	926	25,142	-4,129	96,306
incoming	11,864	9,833	3,536	99,333	116,806	294	19,696	-46,808	56,182
recent	36,391	28,950	7,851	286,300	306,350	266	20,115	74,710	136,682
mature	37,417	32,800	8,255	355,800	335,540	2,397	37,097	-31,753	96,000
Sanasa									
Total	63,766	62,032	9,639	691,591	287,015	2,879	159,333	372,165	110,236
incoming	81,250	67,891	8,163	713,281	245,654	2,282	164,466	433,769	120,060
recent	31,370	31,325	12,454	327,600	340,008	6,297	190,204	-50,880	82,750
mature	84,262	89,421	8,592	1,056,474	276,277	431	126,829	765,600	127,057
TCCS Jaffna									
Total	7,182	7,927	5,401	74,855	506,400	1,064	3,694	-500,000	71,127
incoming	6,875	9,000	2,808	72,500	262,800	2,885	8,413	-293,500	68,400
recent	8,125	8,040	12,776	90,080	944,859	0	850	-854,779	84,800
mature	6,333	5,500	1,188	41,500	181,633	0	1,022	-26,050	62,000
BRAC Lanka									
Total	29,550	29,650	41,837	284,524	626,928	1,890	189,916	-375,961	87,400
incoming	16,923	15,961	7,659	183,116	121,489	504	117,803	53,372	68,176
recent	16,212	17,400	7,771	187,686	117,688	107	98,237	66,483	72,471
mature	54,009	54,024	110,076	471,180	1,573,202	5,074	354,522	-1,198,672	119,003
Sabaragamuwa RDB									
Total	55,250	25,921	13,710	305,429	462,271	1,045	242,539	-147,125	199,605
incoming	27,250	7,250	6,077	71,750	367,600	0	78,676	6,250	189,500
recent	40,000	31,636	10,194	376,091	374,660	0	217,398	-9,900	285,000
mature	83,400	26,831	25,507	317,539	575,315	3,223	445,487	-310,431	147,167

The majority of microenterprises operates in the categories of trade and services as illustrated in Figure 39. The most common kind of microenterprise is retail shops (20% of all household businesses), petty trading (12%), or tailoring (11%). Due to different geographic focus and consequently economic environments, the type of microenterprises of client households differs across the five MFIs under study as depicted in Figure 40.

Figure 40-Categories of Household Enterprises

Categories of Household Enterprises

closer to the true value of calculated profits from detailed information about the microenterprise. In the remainder, household enterprise profits refer to the directly elicited profit measure.

Figure 41-Business Performance of Household Enterprise Last Year

Business Performance of Household Enterprise Last Year

The value of business assets owned by a household enterprise also yields a good indication of the value of the household enterprise. The relative composition of business assets owned, such as land and buildings, equipment and machinery, furniture, small and large tools, large vehicles, small vehicles and other durable goods is depicted in Figure 42.

Table 54 provides detailed information on business performance measures of household business. The average amount received from the sale of goods and services was Rs. 41,067 compared to an average amount of Rs. 35,043 that is received in a normal month with average business performance. Average costs of operation in an average month were stated as Rs. 15,004. When the months of operation in the last year are considered, there is average revenue of Rs. 368,999 and average costs of Rs. 446,691 in the last year. Moreover, the household enterprises spend on average Rs. 1,671 on business assets acquisition in the last year.

Since there is usually some form of recall bias in survey data, especially when detailed information is elicited, and since additionally, people tend to overstate their expenditures und understate their revenues, we follow the approach of DE MEL ET.AL. (2009), who showed for the Sri Lankan case, that eliciting profits directly yields more precise figures. The average yearly revenues and costs stated above result in a negative calculated profit, giving support for this. When asked directly for profits of the household enterprises a profit of Rs. 103,497 was reported for the last year. Given that a substantial majority of microenterprise owners judges the business performance of the household enterprise as neutral, good or very good as depicted in Figure 41, the directly elicited profit measure seems

Table 55-Value of Business Assets in Household Enterprise

	Value of Business Assets in First Household Enterprise (in Rs.)
All Clients	354,319
Incoming Clients	250,561
Recent Clients	304,144
Mature Clients	497,223

Table 55 displays the value of business assets in the first household enterprise in Rs. for the three client strata. Household enterprises of incoming clients own on average assets of Rs. 250,561 compared to household enterprise assets of Rs. 304,144 of recent clients and Rs. 497,223 of mature clients. In the following quantitative analysis we will study if the value of business assets across the client strata is significantly higher for household businesses owned by mature clients.

Investments Financed with Micro Credit in Household Enterprise

Around 44% of the client households operating a household enterprise made an investment that was financed by borrowing from their ProMiS partner MFI. Table 56 gives an overview of the absolute and relative numbers of microenterprises per MFI and investments financed by MFI micro credits.

Figure 42-Value of Business Assets in Household Enterprise

Value of Business Assets in Household Enterprise

Legend:
- Land & building
- Equipment & machinery
- Furniture
- Small & large tools
- Large vehicles
- Small vehicles
- Other durable goods

Table 56-Investments in Household Enterprise

	Number of Microenterprise Operators	Microenterprise Operators - Percent of Total Clients	Number of Microentrepreneurs who Financed an Investment by Credit from MFI	Percent of Microentrepreneurs who Financed an Investment by Credit from MFI	Number of Microentreprenuers who Received Business Training from MFI
ALL MFIs	**281**	**36.1%**	**126**	**44.8%**	**5**
WDF Hambantota	42	29.8%	13	31.0%	1
Sanasa	75	36.2%	17	22.7%	1
TCCS Union Jaffna	13	9.2%	6	46.2%	0
BRAC Lanka	106	73.6%	85	80.2%	3
Sabaragamuwa	45	31.0%	5	11.1%	0

Only five client households (around 3% of all client households which obtained micro credit for investment) received any business training from the MFI they obtained the micro loan from. This is very surprising since Sanasa offers training for skill development and project-based training, and Sabaragamuwa RDB is offers business training and entrepreneurship development. Even more surprisingly, BRAC Lanka client households stated that they received some business training from BRAC Lanka, although BRAC does not offer any non-financial services yet, but is planning to do so in the future. Clients might be not aware of non-financial services offered, do not see any need to obtain non-financial services offered, or do not perceive offered and attended non-financial services as such services. Alternative explanations are that MFIs are do not offer non-financial services to the extent they claim, do not offer trainings regularly, or do not offer trainings in all branches.

Change of Household Enterprise Profits since Membership in Microfinance Program

Household business owners were asked how their profits changed since they received the micro credit for their investment. 52% answered that their profits stayed the same; around 37% noted an increase in profits and over 10% a substantial increase in profits after receiving the microfinance loan.

Figure 43 illustrates the change of profits of microenterprises after receiving a microfinance loan for the five different MFIs. Clients of TCCS Union Jaffna benefitted the most. However, only six of the 13 micro entrepreneurs financed an investment by a loan at all. Figure 44 illustrates the change of profits as perceived by the household enterprise owners for clients of the three different strata. Mature clients have the highest share of micro entrepreneurs whose profits increased (50%) or increased substantially (13.2%) after investing funds obtained from an MFI loan in their household business. This result suggests that more experience with the financial instrument of micro loans leads to higher benefits when this instrument is used to finance investments in household enterprises. The quantitative analysis will look at this aspect more closely.

Figure 43-Change of Profits of Household Enterprise after Microfinance Loan – Per MFI

Change of Profits of Household Enterprise after Investing a Microfinance Loan
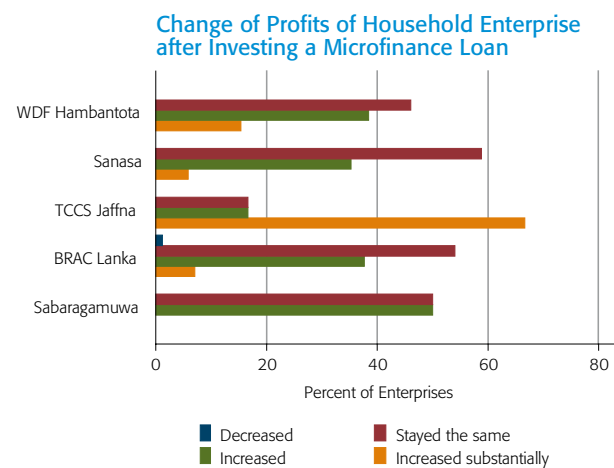
Figure 44-Change of Profit of Household Enterprise after Microfinance Loan – Per Client Strata

Change of Profit of Household Enterprise after Investing a Microfinance Loan
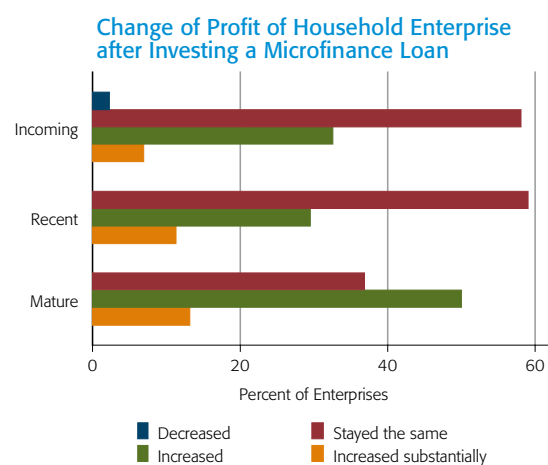
Quantitative Analysis of Business Performance and Profit of Household Enterprise

Business Performance and Profit of Household Enterprise

To compare profits and performance from microenterprises across the three different client strata an econometric analysis is conducted. Three different measures of business performance for the first household microenterprise are used in the analysis: (1) total value of business assets such as land, building, equipment, machinery, furniture, tools, vehicles, and other durable goods, (2) revenue from sales of goods and services in the last year, and (3) profits made last year as elicited directly from the microenterprise owner. A detailed overview of the data is set out in Table 54.

Estimation Specification

As outlined in the description of the quantitative analysis in the methodological approach chapter 2.3, two different definitions of the treatment group are used for the analysis: (1) only recent clients as treatment group, and (2) recent and mature clients as treatment group. Additionally, two different specifications for each of the three dependent variables are tested: (1) a simple treatment specification distinguishing between clients of all MFIs in control and treatment group, and (2) an MFI specific treatment effect comparing treatment and control group per MFI.

Equation (1) shows the regression equation for the simple treatment specification:

(1) $\ln(profit_i) = \alpha + \beta * treatment\_dummy_i + \delta * mfi_m + \varnothing * controls_i + u_l$

A profit measure of household i is regressed on a *treatment_dummy* that takes the value of one if a household belongs to the treatment group, e.g. either recent client stratum or mature client stratum, and a value of zero if the household is in the incoming client stratum. MFI fixed effects are included in mfi_m capturing differences in household consumption across the different MFIs m. Further, a set of variables *controls_l* accounts for observable characteristics as the household level. The control variables include number of household members, the number of economic active household members, gender, age and years of education of enterprise owner, enterprise type fixed effects, and the number of income sources.

Equation (2) shows the regression specification for the MFI specific treatment specification:

(2) $\ln(profit_i) = \alpha + \sum_m \beta_m * treatment\_dummy_{im} \times mfi_m + \delta * mfi_m + \varnothing * controls_i + u_l$

The consumption measure of household i is regressed on the interaction term *treatment_dummy_i x mfi_m* that takes the value of one if a household belongs to the treatment group of mfi_m, e.g. either recent client stratum or mature client stratum, and a value of zero if the household is in the incoming client stratum. The other variables remain as in equation (1).

In the first definition of the treatment group, recent clients are compared to incoming clients. The *treatment_dummy_l* takes a value of one if the household belongs to the recent client strata and zero if the household belongs to the incoming client strata. Mature clients are excluded from this analysis. The results are set out in Table 57.

Results Simple Treatment Specification

In column (1) to (3) of Table 57 results for the simple treatment specification in equation (1) are set out. The MFI fixed effects are controlling for differences in microenterprise profit and performance measures between the different participating MFIs. The differences in business performance and profit measures vary across MFIs. However, there is no significant impact of microfinance participation on profits and business performance between the control group of incoming clients and the treatment group of recent clients.

Results MFI Specific Treatment Specification

In column (4) to (6) of Table 57 results for the MFI specific treatment specification of equation (2) are shown. The treatment effect measuring the impact of participation in microfinance programs is measured by the interaction terms *treatment_dummy_i x mfi_m* for each MFI m. Reference group for all coefficients is the control group of incoming clients of Sabaragamuwa RDB. The impact of microfinance participation in the different MFIS does not point in the same direction for all measures of business performance and profits. Household enterprises of Sanasa clients and BRAC Lanka clients have significantly higher business assets than incoming clients in the respective MFIs. However, the revenue from sales of goods and services in the last year and the profit last year are lower for microenterprise owners of recent client households of Sanasa compared to incoming client households. For BRAC Lanka clients there is an observable positive impact on last year's revenue from sales of goods and services for recent clients compared to income clients. Also for WDF-Hambantota and Sabaragamuwa RDB it is observed, that recent clients have better business performance and profit measure than incoming clients, although this effect is only significant for revenue from sales as a business performance measure. For TCCS Union Jaffna, incoming clients perform better in all three business performance measures than incoming clients.

Robustness of Results

The second definition of the treatment group combines recent and mature clients in the treatment group that is compared to the control group of incoming clients. The *treatment_dummy$_i$* takes a value of one if the household belongs to the recent or mature client strata and zero if the household belongs to the incoming client strata. This specification is a robustness check for the first definition of the treatment group due to potential biases described above. The results are set out in Table 58.

In column (1) to (3) results for the simple treatment specification in equation (1) are set out. The MFI fixed effects that are controlling for differences in household consumption between the different participating MFIs are all mostly negative and significant. This indicates that the differences between the MFIs are stronger when both recent and mature clients are considered as a treatment. There is also significantly higher value of business assets for the treatment group of mature and recent clients over all MFIs. However, this result is to be treated with care because of possible upward biases.

In column (4) to (6) results for the MFI specific treatment specification of equation (2) are provided. The treatment effect measuring the impact of participation in microfinance programs of recent and mature clients is measured by the interaction terms *treatment_dummy$_i$ x mfi$_m$* for each MFI $_m$. Reference group for all coefficients is the control group of incoming clients of Sabaragamuwa RDB. The results from the first treatment group definition can partly be confirmed. For example, the measured impact of microfinance participation of WDF-Hambantota, clients is higher and significant for all three business performance measures. For BRAC Lanka, results can be confirmed, although with the second treatment group definition the impact is measured to be lower.

Table 57 - Estimation Results – Profits of Household Enterprises of Incoming Client Households Compared to Recent Client Households

Profits of Household Enterprises of Incoming Client Households Compared to Recent Households - Simple Treatment Effect and MFI Specific Treatment Effects

	(1)	(2)	(3)	(4)	(5)	(6)
	Asset value	Revenue last year	Profit last year	Asset value	Revenue last year	Profit last year
Constant	11.609***	10.614***	10.768***	11.971***	9.129***	9.859***
	(1.819)	(1.173)	(0.713)	(1.697)	(1.628)	(1.427)
Client (recent) (Dummy)	0.415	0.091	-0.063			
	(0.287)	(0.322)	(0.270)			
WDF Hambantota (Dummy)	-0.808**	-0.258*	-0.990***	-0.620	0.058	-0.682
	(0.259)	(0.110)	(0.191)	(0.356)	(0.202)	(0.765)
Sanasa (Dummy)	0.138	0.289	-1.109***	-0.160	1.514***	-0.348
	(0.212)	(0.154)	(0.116)	(0.258)	(0.251)	(0.748)
TCCS Jaffna (Dummy)	-1.206**	-0.724***	-2.314***	-0.226	0.668	-1.625*
	(0.371)	(0.144)	(0.090)	(0.501)	(0.379)	(0.703)
BRAC (Dummy)	-0.952**	0.363	-0.886***	-0.775**	1.079**	-0.532
	(0.215)	(0.172)	(0.146)	(0.248)	(0.258)	(0.741)
Client (recent)*WDF (Dummy)				0.126	1.044**	0.287
				(0.295)	(0.301)	(0.165)
Client (recent)* Sanasa (Dummy)				1.132***	-0.791***	-0.674***
				(0.073)	(0.144)	(0.099)
Client (recent)*TCCS Jaffna (Dummy)				-1.326***	-1.209**	-0.759***
				(0.154)	(0.430)	(0.158)
Client (recent)*BRAC (Dummy)				0.158**	0.257***	0.202***
				(0.045)	(0.027)	(0.021)
Client (recent)* Sabaragamuwa (Dummy)				0.494	1.021***	0.442
				(0.404)	(0.174)	(0.698)
Control Variables included	yes	yes	yes	yes	yes	yes
R-squared	0.135	0.213	0.181	0.130	0.279	0.183
N	160	148	138	160	148	138

Dependent Variable: Ln of business performance or profit measure as specified. (1)Total value of assets of first household enterprise in the last year, including value of land & buildings, equipment & machinery, furniture, small & large tools, large vehicles, small vehicles, and other durable goods. (2) Revenue of sales of goods and services of first households enterprise in the last year. (3) Profit of first household enterprise in the last year. Controlled for household size, number of economic active persons in household, gender, age and years of education of enterprise owner, dummy variables for different enterprise types (production, trade, transport & communication, hotel & food, and services & others as reference category), and number of income earning sources of household.

Standard errors in parentheses. Comparing incoming clients to recent as treatment group. Standard errors are clustered at MFI level. * p<0.10, ** p<0.05, *** p<0.01

Table 58 - Estimation Results – Profits of Household Enterprises of Incoming Client Households Compared to Recent and Mature Client Households

Profits of Household Enterprises of Incoming Client Households Compared to Recent and Mature Client Households - Simple Treatment Effect and MFI Specific Treatment Effects

	(1)	(2)	(3)	(4)	(5)	(6)
	Asset value	Revenue last year	Profit last year	Asset value	Revenue last year	Profit last year
Constant	11.843***	11.064***	11.149***	11.912***	10.076***	10.856***
	(0.508)	(0.476)	(0.386)	(0.593)	(0.776)	(0.693)
Client (recent & mature) (Dummy)	0.497*	0.408	0.174			
	(0.203)	(0.263)	(0.177)			
WDF Hambantota (Dummy)	-0.785***	-0.303**	-1.002***	-1.017**	-0.125	-0.901
	(0.166)	(0.102)	(0.108)	(0.231)	(0.091)	(0.527)
Sanasa (Dummy)	-0.220	0.064	-1.007***	-0.364	1.242***	-0.541
	(0.198)	(0.130)	(0.063)	(0.226)	(0.221)	(0.511)
TCCS Jaffna (Dummy)	-1.330**	-0.992**	-2.210***	-0.433	0.331	-1.980**
	(0.341)	(0.284)	(0.081)	(0.250)	(0.409)	(0.515)
BRAC (Dummy)	-0.351	0.199	-0.843***	-0.943**	0.773***	-0.779
	(0.207)	(0.128)	(0.045)	(0.243)	(0.168)	(0.486)
Client (recent & mature)*WDF (Dummy)				0.470***	1.147***	0.309**
				(0.091)	(0.158)	(0.080)
Client (recent & mature)* Sanasa (Dummy)				0.334***	-0.341***	-0.229***
				(0.031)	(0.066)	(0.035)
Client (recent & mature)*TCCS Jaffna (Dummy)				-1.350**	-0.696***	0.081
				(0.361)	(0.108)	(0.045)
Client (recent & mature)*BRAC (Dummy)				0.991***	0.543***	0.371***
				(0.062)	(0.034)	(0.022)
Client (recent & mature)* Sabaragamuwa (Dummy)				0.170	1.126***	0.379
				(0.123)	(0.060)	(0.454)
Control Variables included	yes	yes	yes	yes	yes	yes
R-squared	0.079	0.162	0.167	0.076	0.191	0.159
N	247	227	213	247	227	213

Dependent Variable: Ln of business performance or profit measure as specified. (1)Total value of assets of first household enterprise in the last year, including value of land & buildings, equipment & machinery, furniture, small & large tools, large vehicles, small vehicles, and other durable goods. (2) Revenue of sales of goods and services of first households enterprise in the last year. (3) Profit of first household enterprise in the last year. Controlled for household size, number of economic active persons in household, gender, age and years of education of enterprise owner, dummy variables for different enterprise types (production, trade, transport & communication, hotel & food, and services & others as reference category), and number of income earning sources of household.

Standard errors in parentheses. Comparing incoming clients to recent and mature clients as treatment group. Standard errors are clustered at MFI level. * p<0.10, ** p<0.05, *** p<0.01

4.4 Differences in Gender in Financial Services Used and its Impact

In many countries MFIs primarily target women. One reason is that women are socially and economically more disadvantaged than men, especially for low income and poor households. Another reason is that group schemes seem to work better with female borrowers as group schemes rely on social capital and group solidarity to ensure repayment of loans. In this chapter differences in financial services by male and female clients and how microfinance program participation is affecting especially female clients are investigated.

Gender and Financial Services

Since two of the ProMiS partner MFIs solely target female clients, a comparison of financial services obtained by female or male borrowers is not sensible. Since we have detailed information on the financial situation of households and on financial services provided by different institutions, we focus here on the first outstanding loan, savings account or insurance policy the households stated.

Table 59-Financial Services - by Gender

Financial Services by Gender

	Female	Male
Financial Service		
Gender of Borrowers	76.2%	23.8%
Sum of Loan Amount (in Rs.)	44,257	84,313
Gender of Savings Owner	51.4%	48.6%
Sum of Total Balance in Account (in Rs.)	8,349	48,572
Gender of Insurance Holder	40.1%	59.9%
% of Insurance Holders Requested a Claim	4.5%	7.5%
% of Claims Paid	75.0%	55.6%

Credit

Table 59 displays the gender of the borrower from the first outstanding household loan. The majority of borrowers are female. However, the share of female borrowers is smaller than the share of female borrowers in loans obtained solely from the ProMiS Partner MFIs (84% of female borrowers).

Loan Source

While the majority of borrowers receive their first outstanding loan from an MFI, the share is much higher for women (87% of female borrowers obtain loan from an MFI compared to 53% of male borrowers) (Table 60). Male borrowers seem to have access to a wider variety of formal and informal loan sources. 30% of male borrowers obtain a loan from a government or private bank compared to only 6% of female borrowers. Informal sources such as family, friends, shop keepers, and money lenders provide 10% of male borrowers

with credit. Only 2% of female borrowers use those informal sources. Although not used extensively, more female borrowers (1.4%) obtain funds from a borrowing and savings group than male borrowers (0.9%). This again indicates that group-based provision of financial services works better for female borrowers.

Table 60-Loan Sources - by Gender

Loan Sources

	Female	Male
Loan Source		
Family	0.0%	1.7%
Friend/ neighbor	0.3%	1.7%
Money Lender	1.6%	4.3%
Shop keeper	0.3%	1.7%
NGO	0.8%	1.7%
MFI	87.0%	52.6%
Borrowing & Savings Groups	1.4%	0.9%
Cooperative	0.8%	1.7%
Bank (government)	5.7%	26.7%
Bank (private)	0.3%	2.6%
National housing loan	0.0%	0.9%
Other	1.9%	3.5%
Number of Observations	369	116

Benefits from Group Loans

As seen above, women use social or group-based schemes to a higher extent. Possibly, they only have access to financial services by group schemes. When asked for the ways in which they are benefitting from the group in the case of using a group scheme, 75% of male clients stated loan access through the group as the primary benefit of the group scheme. Also the majority of women (68%) regarded loan access through the group as the primary benefit, nevertheless more women than men stated that also social aspects, like solidarity in the group, social interaction within the group, or learning from other group members are benefits they perceive from the group scheme (Figure 45. This becomes more prominent in the second stated benefit (Figure 46). All male borrowers stated here the loan access through the group as a benefit. 30% of the female clients mentioned social aspects they are benefitting from in the group.

Loan Amount

Table 59 compares the average loan amount of outstanding loans of female and male borrowers. The average loan amount of female borrowers is Rs. 44,257. This is only slightly more than half of the loan amount of male borrowers who obtained funds with average loan size of Rs. 84,312. Although much more women hold outstanding loans, their granted loan amounts are substantially smaller than for male borrowers.

Figure 45-First Benefit from Group Loan Scheme – by Gender

Clients' Benefit from Group Loan Schemes
First Benefit Stated

Percent of Clients

- Loan Access through Group
- Social Interaction within Group
- Solidarity in Group
- Learning from Group Members
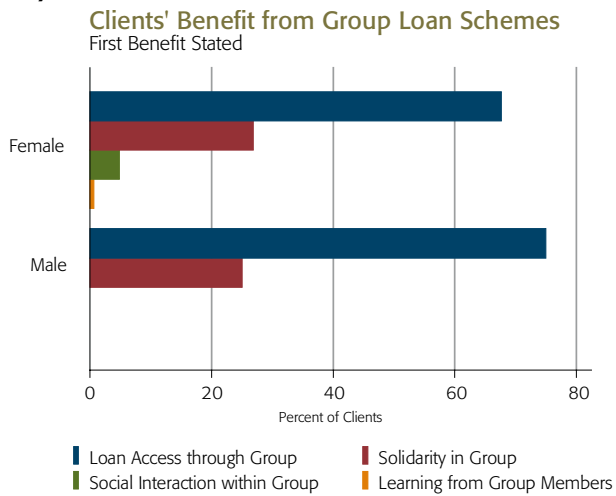
Figure 46-Second Benefit from Group Loan Scheme – by Gender

Clients' Benefit from Group Loan Schemes
Second Benefit Stated

Percent of Clients

- Loan Access through Group
- Social Interaction within Group
- Solidarity in Group
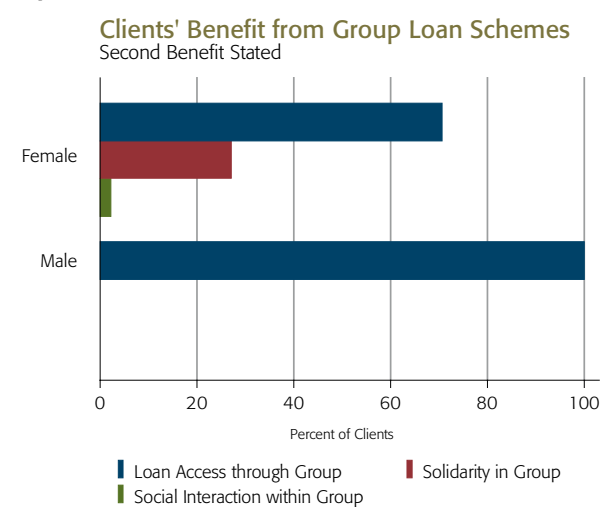
Loan Purpose

It is often stated that female borrowers apply for loans for different purposes than male clients. Table 61 compares the stated loan purposes of female and male borrowers in our sample.

Table 61-Loan Purpose - by Gender

Loan Purpose

	Female	Male
Loan Source		
Business initiation	8.9%	6.1%
Business development	26.1%	13.0%
Agriculture	18.1%	20.0%
Construction/Housing	13.3%	23.5%
Buy Assets/ Durables	5.8%	7.8%
Consumption	5.8%	2.6%
Medicine/ Sickness	0.8%	0.0%
Loans/ Debt Repayment	7.5%	3.5%
Education	1.4%	0.9%
Emergencies	5.8%	8.7%
Ceremonial ritual	1.4%	3.5%
Other	5.0%	10.4%
Number of Observations	360	115

More female clients (53%) than male borrowers (39%) plan to use their loan for investment purposes in a new or existing household business or agriculture. A higher share of male borrowers (23%) obtained loans for housing and construction than female clients (13%). However, women also plan to use the granted loan for consumptive purposes for regular consumption, durable consumption goods, or medical expenses. 12% of women compared to 10% of men plan to use the loan for consumption instead of investments. As described above, women can only obtain smaller loan amounts and have lower access to different credit providers. In order to finance a big investment, women might not receive all necessary funds from one source. In Table 61 we observe, that 8% of female borrowers obtain a loan to settle other loans or repay debts compared to only 3% of male borrowers. This could be an indication for a higher over indebtedness of female borrowers. However, more research is needed to judge this aspect appropriately.

Savings

Sri Lanka has a very developed savings culture where the majority of people saves in some kind of formal way. In the present sample, over 90% of households hold a savings account. The distribution of savings accounts between male and female clients is nearly balanced as set out in Table 59.

Although the share of female and male savings account holders is nearly balanced, the type of savings account differs by gender. Table 62 sets out different types of savings accounts clients hold. Female savings account holders either have an official savings account (47%) or use saving facilities offered by MFIs (52%). Male savings account holders in contrast primarily hold official savings accounts (78%). Only 21% use savings facilities with an MFI. This of course may be caused by targeting of MFIs to provide financial services only to poor women, like WDF-Hambantota or BRAC Lanka do. But it may also indicate that men have a higher access to official savings accounts than women.

Table 62-Types of Savings - by Gender

Type of Savings Account

	Female	Male
Type of Savings Account		
Savings Account	46.7%	77.9%
Bank fixed term deposit	0.6%	0.9%
Current account	0.0%	0.3%
SHG	1.1%	0.0%
MFI	51.4%	20.6%
Chit fund	0.0%	0.3%
Other	0.3%	0.0%
Number of Observations	364	344

Table 59 compares the average balance in savings account of male and female clients. Although very sensitive, over 70% of the client households provided information on the savings balance. Women hold on average Rs. 8,348 in their savings account, men Rs. 48,572. This difference looks surprisingly large and is indeed driven by a high standard deviation of the total savings balance of male account holders. Nevertheless, the median savings account balance is still substantially higher for male clients (Rs. 5,000) compared to female clients (Rs. 3,000).

Table 63-Types of Insurance - by Gender

Type of Insurance

	Female	Male
Type of Insurance		
Life insurance	91.9%	87.0%
Health insurance	2.3%	2.3%
Accident insurance	2.3%	3.8%
Asset insurance	0.0%	3.1%
Crop insurance	1.2%	0.0%
Other	2.3 %	3.8%
Number of Observations	86	131

Insurance

Of all stated insurance policies, 40% are owned by women. The most prominent insurance scheme is a life insurance. 92% of female insurance holders and 87% of male insurance holders have a life insurance scheme. Table 63 sets out the different types of insurance schemes obtained, but the differences between male and female insurance holders are only negligibly small. There is only a small difference between claims requested by male and female insurance holders. Whereas 8% of male insurance holders requested a claim that was paid in 56% of the cases, 4.5% of female insurance holders requested a claim that was paid in 75% of the cases.

Social Participation

Microfinance is believed to empower women and to increase their social status because of higher social participation and more decision power due to microfinance program participation. Disregarding the fact that there are more female clients than male clients in the sample of the five selected ProMiS partner MFIs, Figure 47 compares the number of social groups the clients are member of. Male clients of Sanasa and Sabaragamuwa RDB are on average members in more social groups than female clients. For WDF-Hambantota, TCCS Union Jaffna und BRAC Lanka we observe a higher number of social groups female clients are member of than for male clients.

Figure 47-Number of Social Groups lient is Member of – by Gender

Number of Social Groups Client is Member of
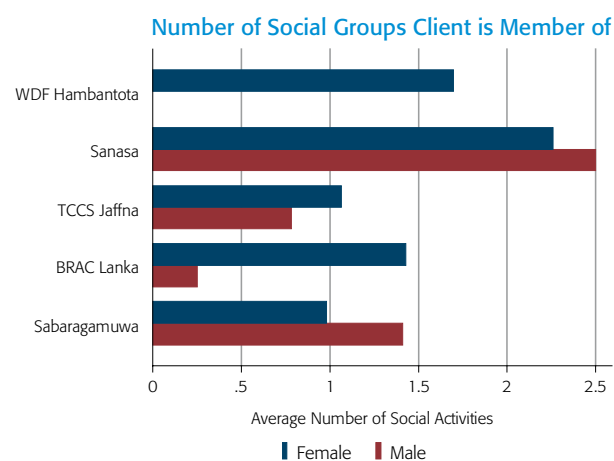
Figure 48 compares the respective social groups female and male clients are member of. The highest share of female clients is member of a finance/ credit/ or savings group (35%), followed by a membership in Sanasa (16%), lady's societies (16%) and death donation societies (15%). For male clients the picture looks different. The highest share of male clients is member of a death donation society (32%), followed by memberships in finance/ credit/ or savings groups (23%), agricultural societies (18%) or Sanasa (17%).

Figure 48-Social Group Client is Member of – by Gender

First Social Group Client is Member of

Legend:
- Agricultural Society
- Death Donation Society
- Village Development Society
- Sanasa
- Gramodaya Society
- Samurdi/ Janasavi
- Sarvodaya
- Lady's Society
- Trade/Labor Union
- Business Association/Society
- Finance/ Credit/ Savings Group
- Religious/ Spiritual Group
- Education Group
- Other

Percent of Clients
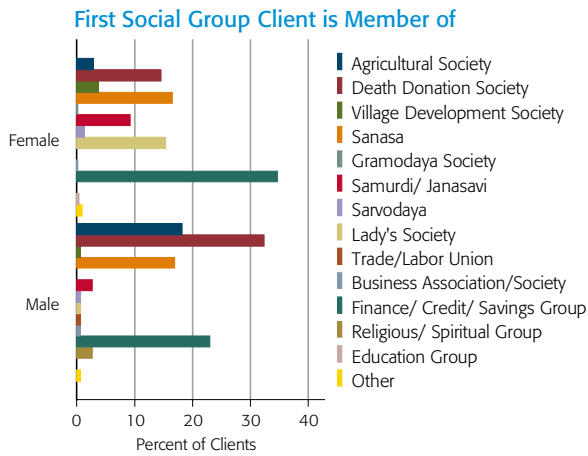
Female clients were asked directly whether they feel a change in their participation in social activities and in their participation in household decision about consumption expenditures since their membership in the ProMiS partner MFI.

Only Sabaragamuwa RDB female clients did not see any improvement in their participation in social activities outside home. For BRAC Lanka, 60% of the female clients did not recognize any change, 40% stated an increase in social activities. For the three remaining clients the majority of female clients (around 60%) noted an increase or a substantial increase in participation in activities outside home since they joined the microfinance program.

The same picture holds for change in participation in household decisions. For most MFIs, female clients participate more in household decision making after they joined the microfinance program. Only female clients of Sabaragamuwa RDB did not perceive any change in their decision making power due to microfinance program participation.

Figure 49-Change of Participation in Activities Outside Home after Microfinance Membership – Female Clients

Change of Participation in Activities Outside Home Since MFI Membership
for Female Clients

Percent of Clients

Legend:
- Decreased
- Stayed the same
- Increased
- Increased substantially
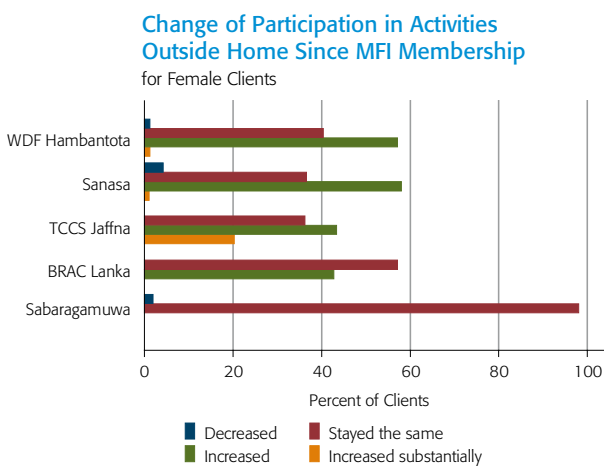
Figure 50-Change of Participation in Household Decisions after Microfinance Membership – Female Clients

Change of Participation in Household Consumption Expenditure Decisions Since MFI Membership
for Female Clients

Percent of Clients

Legend:
- Decreased substantially
- Decreased
- Stayed the same
- Increased
- Increased substantially
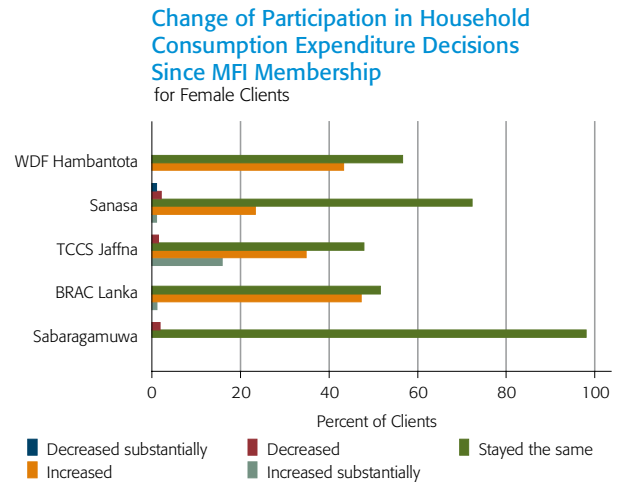
5 Policy Implications and Conclusions

Comparison of Impact on Clients of Different MFIs

In quantitative and qualitative analysis the impact that microfinance program participation has on clients and client households was studied. Table 64 gives a brief overview of the quantitative impact estimated for the ProMiS partner MFIs by comparing incoming to recent clients and an indication of the qualitative answers given by the clients when asked directly for the perceived change since their membership in the microfinance program.

Table 64-Impact of Microfinance on Different Outcomes by Comparing Incoming and Recent Clients

	WDF-Hambantota	Sanasa	TCCS	BRAC	Sabaragamuwa
Social Participation					
qualitative	++	++	+	+	o
Consumption					
Monthly Food Consumption	+6.50%	+12.90%	-25.30%	+6.30%	-6.90%
Monthly Non-Food Consumption	+5.10%	+6.90%	-27.30%	+9.10%	-7.60%
Annual Non-Food Consumption	+35.80%	+16.40%	-91.10%	+11.30%	+17%
Qualitative Change of HH Expenditures	o	o	o	+	+
Microenterprise					
Asset Value		+113%	-132%	+15.80%	
Revenue	+104%	-79%	-120%	+25.70%	+102.10%
Profit		-67%	-76%	+20.20%	
Qualitative	+++	++	+++	++	+
Income					
Income Calculated	-	-	-40.60%	+29.80%	+14.30%
Income Direct	-	+24.80%	-57.50%	+17.80%	-15%
Qualitative Household Income	+++	+	+++	++	+
Qualitative Own Income	+++	+	+++	++	+
Impact Female Clients					
Social Activities Outside Home	++	+++	+++	+	o
Participation in Household Decisions Regarding Expenditures	+	+	+++	+	o

Legend: + small positive change, ++ positive change, +++ substantial positive change, o-no change. Values are the estimated treatment effects from the quantitative analyses that are significant at least at the 10% level.

For WDF-Hambantota and BRAC Lanka the qualitative analyses show a positive difference for all outcome variables of interest for recent compared to incoming clients. This result is also supported by perceptual evidence given by the clients when asked directly for their subjective perception of change in the respective outcome variables. Both BRAC Lanka and WDF-Hambantota are NGO-MFIs and primarily target women. According to this analysis, both NGO-MFIs are very successful in doing so. Especially BRAC Lanka is providing financial services to women operating a household enterprise. BRAC Lanka clients perform better in all three measures of business performance of microenterprises, indicating that received micro loans are really supporting and improving the operation of household businesses. Only in terms of social participation, BRAC Lanka is not performing as well as in the other categories. In contrast to WDF-Hambantota, BRAC Lanka is not offering any non-financial services, except the group meetings in which financial transactions are made. The aspect of non-financial services will be addressed in the next subsections.

Sanasa is a cooperatively organized MFI. For consumption and income measures, program participation in Sanasa societies shows a positive effect. This is also supported by qualitative evidence given by the clients. Surprisingly, a negative effect of program participation is found for revenues from sales and profits of household enterprises though clients stated that their household businesses improved after joining the microfinance program. More detailed information is necessary to determine the reason for this inconsistency. Nevertheless, the impact of participation in Sanasa societies has a substantial impact on social participation and female empowerment. Sanasa presents a good example of effective social impact.

Sabaragamuwa RDB has a distinct client base compared to the other ProMiS partner MFIs under study. The average income of Sabaragamuwa RDB clients is substantially higher than of clients of the other MFIs. Also for the other outcome measures in the quantitative analysis, Sabaragamuwa clients significantly outperform other clients. Nevertheless, when analyzing MFI specific effects, evidence for Sabaragamuwa clients remains ambiguous. For instance, monthly food and non-food consumption of recent clients remains lower than for incoming clients, although there is a positive effect for annual non-food consumption. For the two income measures the estimated effects are also nearly directly opposing each other. An alternative measure is calculated income that is calculated by using detailed information on income from agriculture, livestock, household enterprises, and wage earnings. For the calculated income measure a positive effect is observed. For directly elicited income there is a negative effect. Following the reasoning of DE MEL ET.AL. (2009) applied for profits of microenterprises, the directly elicited income measure seems more accurate than the calculated one. Therefore, the negative effect on income seems to be more likely the true effect. Recent clients of Sabaragamuwa RDB are in most aspects worse off than incoming clients. Also the qualitative evidence does not give any indication of positive effects of participation in Sabaragamuwa RDB's program. Especially on social aspects,

clients did not state any change since joining Sabaragamuwa Development Bank.

TCCS Union Jaffna remains very puzzling. All qualitative analyses show a negative difference between recent and incoming clients indicating that incoming clients are better situated than recent or mature clients. However, clients perceive program participation as positive and note an increase in profits, income, and social participation since the joining TCCS Union Jaffna. Since TCCS Union Jaffna is operating in a post conflict zone, there are a lot of differences in the economic environment compared to the other four MFIs. Given the results, it seems that this kind of common impact analysis is not applicable in the post conflict zone in Jaffna district.

Investments financed by Microfinance loans

As described in the different income sections, households financed different investments in agriculture, livestock activities, or household businesses with loans obtained from the ProMiS Partner MFIs. The share of those clients is, however, relatively small. 44% of client households earning income from agriculture and 23% of households earning income from livestock related activities financed an investment in the last year with a loan provided by the ProMiS Partner MFI they are client of. For household enterprises, 45% of the client households operating a household business obtained a loan from the ProMiS partner MFI they are client of to finance an investment in their household enterprise.

The majority of households which financed an investment in agriculture or livestock activities stated an increase or substantial increase in their income from those activities due to the investment. The same holds true for households financing an investment in their household business although to a smaller extend.

Given those facts, it seems that investments financed by microfinance loans are very profitable. There is need for further research, if households are not demanding more credit for investment purposes or if they do not have access to such loans. Additionally, households investing in their agricultural or non-agricultural business can be supported by non-financial services, such as business trainings, business development planning and support.

Non-financial Services Provided by ProMiS Partner MFIs

Although some ProMiS Partner MFIs offer non-financial services, only 27% of borrowers are actually using non-financial services. Thereof, 80% are stated as group meetings which essentially are not non-financial services. Only 5% of borrowers receiving non-financial services and only 5 household entrepreneurs financing an investment with the microfinance loan received any business training.

From the data we cannot tell whether this low number is demand or supply driven. On the one hand the MFIs stated that they are offering non-financial services. However, we do not know how regularly they are offered, who is eligible for participation, and whom they are offered to.

On the other hand, clients use non-financial services only very limitedly. We do not know if they demand non-financial services such as business training and they are not offered by the MFIs or if services are offered and not seized by clients.

MFIs can complement the financial services offered by non-financial services to increase the effectiveness of business investment or increase awareness about health issues, education, etc. More detailed information and research is needed to assess client demand for such non-financial services and assess the influence of such services on client households.

Insurance

Micro insurance schemes are gaining popularity. 222 client households or 29% of the client households hold at least one insurance policy, mostly a life insurance scheme. In total, those 222 households hold 341 insurance policies. However, only 8% hold an insurance policy with a ProMiS partner MFI. Given the share of clients having insurance policies there seems to be sufficient demand from the client side. ProMiS partner MFIs are advised to look more deeply into the topic of micro insurance to figure out how they can offer micro insurance policies and what type of insurance schemes are primarily demanded by clients.

The analyses about client household health issues and events revealed that cash in hand is the main financing source to cover health expenses. Only 9 insurance policies of the 341 total insurance policies held are health insurance schemes.

Recalling households' health situation, we note that, on average, client and household heads took 6.8 sick days and 23% visited a doctor in the last month. 38% of the households faced a health event on which they spend more than Rs. 2,000 in the last year. The households facing a health event, mentioned on average 1.9 of those health events. On average, they spent more than Rs. 7,000 on the first health event they encountered and over Rs. 9,000 on all health events of household members. Moreover, the household members missed on average 25 days of work per health event due to poor health. Given the high costs and the loss of foregone income, covering health expenses from regular income appears burdensome.

A similar story holds for households facings risks and shocks. Although only 17% of households experienced a negative

income shock due to death of a household member, drought, flooding, or theft, 60% of those affected stated a high impact of the shock event on the household. On average, Rs. 54,996 in assets and Rs. 72,675 in income were lost because of the shock event. 50% of affected households stated that they had to reduce their consumption after the shock. Recovery from the event took eight months on average. The primary finance source in dealing with the consequences of shock events was cash-in-hand. Regarding the high loss of valuables, the reduction of consumption and the period of recovery, there appears to be need for other insurance products as well. However, not all shock events are insurable. In those cases, a variety of studies (ESWARAN & KOTWAL (1989), TOWNSEND (1994), UDRY (1990)) show that credit is applied as an insurance mechanism to deal with shock events. Easier access to credit in case of emergencies can substitute insurance policies.

From the evidence presented in the analyses above a demand for insurance products is indicated. Offering insurance schemes or loan types such as emergency loans as substitutes for insurance policies are a field MFIs need to examine in greater detail. More research about the exact demand for insurance schemes or credit as a substitution for insurance policies in case of shocks is needed to design appropriate products.

Targeting of Poor Client Households

The clients of the ProMiS partner MFIs have on average similar household incomes as the national average. This holds true for mean and median household incomes. Additionally, the analysis of the PPI score for client households revealed that on average the maximal likelihood of the client household being below the national poverty line is 16%. Both facts show that the client households are not poor households in the lower end of the income distribution.

If the ProMiS partner MFIs are targeting poor households as clients they are not successful in accomplishing their mission. Given that they strive to deliver financial services to poor households, more accurate client targeting is necessary to actual reach the desired households. Tools such as the PPI index can be easily applied during the screening process when clients apply at the financial institutions.

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Annex

Household Characteristics

	Household Size	Number of Children	Number of Economic Active Household Members	Ethnic group of Household	Number of Income Sources
ALL MFIs	**4.10**	**0.97**	**1.65**	**1.41**	**1.93**
WDF-Hambantota					
Total	**4.16**	**1.09**	**1.57**	**1.00**	**1.82**
incoming	3.92	1.00	1.47	1.00	1.88
recent	4.19	1.28	1.55	1.00	1.70
mature	4.40	1.00	1.70	1.00	1.86
Sanasa					
Total	**4.24**	**0.96**	**1.77**	**1.02**	**1.92**
incoming	4.13	0.97	1.68	1.01	1.99
recent	4.38	0.98	1.84	1.03	1.89
mature	4.22	0.92	1.79	1.03	1.88
TCCS Jaffna					
Total	**3.94**	**0.82**	**1.38**	**2.01**	**1.99**
incoming	3.92	0.85	1.42	2.00	1.87
recent	4.09	0.89	1.41	2.00	2.07
mature	3.80	0.71	1.29	2.02	2.04
BRAC Lanka					
Total	**3.98**	**1.13**	**1.79**	**2.01**	**2.35**
incoming	3.78	1.13	1.78	1.98	2.35
recent	3.88	0.98	1.68	2.08	2.22
mature	4.27	1.29	1.92	1.96	2.50
Sabaragamuwa RDB					
Total	**4.13**	**0.88**	**1.69**	**1.19**	**1.59**
incoming	3.98	0.88	1.71	1.31	1.39
recent	4.26	0.87	1.70	1.15	1.51
mature	4.17	0.87	1.66	1.11	1.87

Household Characteristics and Income Sources

	Number of Income Sources	% Earning Income from Agriculture	% Earning Income from Livestock	% Earning Income from Household Enterprise	% Earning Income from Wage	% Earning Income from Transfers
ALL MFIs	**1.93**	**65.7%**	**15.9%**	**36.4%**	**66.6%**	**8.7%**
WDF-Hambantota						
Total	**1.82**	**80.1%**	**9.2%**	**30.0%**	**56.7%**	**5.7%**
incoming	1.88	78.4%	5.9%	33.3%	66.7%	3.9%
recent	1.70	74.5%	10.6%	28.3%	53.2%	4.3%
mature	1.86	88.4%	11.6%	27.9%	48.8%	9.3%
Sanasa						
Total	**1.92**	**67.6%**	**14.5%**	**36.4%**	**63.3%**	**10.1%**
incoming	1.99	64.8%	18.3%	35.2%	69.0%	11.3%
recent	1.89	62.5%	10.9%	37.5%	68.8%	9.4%
mature	1.88	75.0%	13.9%	36.6%	52.8%	9.7%
TCCS Jaffna						
Total	**1.99**	**61.0%**	**53.2%**	**9.2%**	**63.8%**	**11.3%**
incoming	1.87	53.8%	42.3%	9.6%	67.3%	13.5%
recent	2.07	72.7%	56.8%	11.4%	52.3%	13.6%
mature	2.04	57.8%	62.2%	6.7%	71.1%	6.7%
BRAC Lanka						
Total	**2.35**	**74.3%**	**1.4%**	**73.6%**	**77.8%**	**8.3%**
incoming	2.35	69.6%	0.0%	71.7%	80.4%	13.0%
recent	2.22	74.0%	0.0%	72.0%	70.0%	6.0%
mature	2.50	79.2%	4.2%	77.1%	83.3%	6.3%
Sabaragamuwa RDB						
Total	**1.59**	**44.8%**	**2.8%**	**31.7%**	**72.4%**	**7.6%**
incoming	1.39	37.3%	2.0%	19.6%	78.4%	2.0%
recent	1.51	36.2%	2.1%	31.9%	68.1%	12.8%
mature	1.87	61.7%	4.3%	45.5%	70.2%	8.5%

Characteristics of Household Head

	% of Male Household Heads	% of Female Household Heads	Age of Household Head	Years of Education of Household Head	% of Economically Active Household Heads	% of Household Heads earning Wage
ALL MFIs	86.0%	14.0%	47.67	9.95	86.0%	53.3%
WDF-Hambantota						
Total	85.8%	14.2%	45.52	9.27	88.7%	34.4%
incoming	84.3%	15.7%	43.57	9.24	86.3%	43.2%
recent	83.0%	17.0%	44.17	8.72	87.2%	36.6%
mature	90.7%	9.3%	49.30	9.90	93.0%	22.5%
Sanasa						
Total	90.3%	9.7%	47.46	9.77	86.5%	53.4%
incoming	93.0%	7.0%	44.35	10.25	93.0%	62.1%
recent	90.6%	9.4%	47.50	9.87	87.5%	57.1%
mature	87.5%	12.5%	50.50	9.19	79.2%	39.3%
TCCS Jaffna						
Total	85.1%	14.9%	49.95	10.50	85.8%	48.8%
incoming	86.5%	13.5%	46.08	10.87	90.4%	57.4%
recent	84.1%	15.9%	49.95	11.00	84.1%	35.1%
mature	84.4%	15.6%	54.42	9.60	82.2%	51.4%
BRAC Lanka						
Total	82.6%	17.4%	44.71	9.57	91.0%	67.2%
incoming	76.1%	23.9%	44.46	10.76	93.5%	69.8%
recent	86.0%	14.0%	43.38	9.00	84.0%	61.9%
mature	85.4%	14.6%	46.33	9.00	95.8%	69.6%
Sabaragamuwa RDB						
Total	84.1%	15.9%	50.77	10.72	77.9%	62.8%
incoming	82.4%	17.6%	50.53	10.14	80.4%	73.2%
recent	87.2%	12.8%	50.13	11.28	80.9%	60.5%
mature	83.0%	17.0%	51.66	10.80	72.3%	52.9%

Characteristics of Microfinance Clients

	% of Male Clients	% of Female Clients	Age of Client	Years of Education of Client	% of Economic active Clients	% of Clients earning Wage	% of Clients holding Position of Authority	Number of Social Groups Client is Member of
ALL MFIs	**23.8%**	**76.2%**	**40.58**	**10.75**	**53.7%**	**39.7%**	**11.8%**	**1.59**
WDF-Hambantota								
Total	0.7%	99.3%	38.72	10.36	30.5%	16.3%	16.3%	1.69
incoming	0.0%	100.0%	35.37	10.71	23.5%	8.3%	11.8%	1.78
recent	0.0%	100.0%	38.57	10.47	34.0%	12.5%	10.6%	1.79
mature	2.3%	97.7%	42.86	9.84	34.9%	26.7%	27.9%	1.47
Sanasa								
Total	29.0%	71.0%	39.15	10.73	57.0%	32.2%	19.8%	2.33
incoming	16.9%	83.1%	35.69	10.62	52.1%	18.9%	15.5%	2.27
recent	31.3%	68.8%	36.58	11.31	53.1%	47.1%	6.3%	2.13
mature	38.9%	61.1%	44.85	10.32	65.3%	31.9%	36.1%	2.57
TCCS Jaffna								
Total	26.2%	73.8%	42.70	11.14	46.4%	55.4%	3.6%	0.99
incoming	32.7%	67.3%	38.56	11.63	49.0%	64.0%	4.0%	1.06
recent	22.7%	77.3%	40.75	11.52	40.9%	33.3%	2.3%	1.02
mature	22.2%	77.8%	49.38	10.22	48.9%	63.6%	4.4%	0.89
BRAC Lanka								
Total	2.8%	97.2%	39.99	10.03	62.5%	27.8%	6.3%	1.40
incoming	0.0%	100.0%	38.80	10.50	60.9%	28.6%	13.0%	1.46
recent	8.0%	92.0%	38.74	9.96	54.0%	22.2%	0.0%	1.24
mature	0.0%	100.0%	42.44	9.64	72.9%	31.4%	6.3%	1.50
Sabaragamuwa RDB								
Total	58.0%	42.0%	43.01	11.50	69.9%	59.0%	9.1%	1.23
incoming	66.7%	33.3%	42.80	10.88	68.6%	65.7%	5.9%	1.27
recent	52.2%	47.8%	40.63	12.13	63.0%	58.6%	6.5%	1.09
mature	54.3%	45.7%	45.61	11.57	78.3%	52.8%	15.2%	1.33

Occupation of Household Head

% of Household Heads working as	Employee (agriculture)	Employee (non-agriculture)	Employer (agriculture)	Employer (non-agriculture)	Own account worker (agriculture)	Own account worker (non-agriculture)	Unpaid Family Worker
ALL MFIs	**6.4%**	**46.6%**	**3.0%**	**2.8%**	**24.5%**	**16.0%**	**0.6%**
WDF-Hambantota							
Total	**13.6%**	**20.8%**	**0.0%**	**0.0%**	**52.0%**	**13.6%**	**0.0%**
incoming	18.2%	25.0%	0.0%	0.0%	38.6%	18.2%	0.0%
recent	14.6%	22.0%	0.0%	0.0%	48.8%	14.6%	0.0%
mature	7.5%	15.0%	0.0%	0.0%	70.0%	7.5%	0.0%
Sanasa							
Total	**4.5%**	**48.6%**	**0.0%**	**1.7%**	**27.4%**	**16.8%**	**1.1%**
incoming	7.6%	54.6%	0.0%	0.0%	24.2%	12.1%	1.5%
recent	5.4%	51.8%	0.0%	0.0%	23.2%	19.6%	0.0%
mature	38.6%		0.0%	5.3%	35.1%	19.3%	1.8%
TCCS Jaffna							
Total	**7.4%**	**40.5%**	**16.5%**	**3.3%**	**25.6%**	**5.8%**	**0.8%**
incoming	4.3%	53.2%	10.6%	4.3%	25.5%	0.0%	2.1%
recent	5.4%	29.7%	18.9%	2.7%	32.4%	10.8%	0.0%
mature	13.5%	35.1%	21.6%	2.7%	18.9%	8.1%	0.0%
BRAC Lanka							
Total	**1.5%**	**65.7%**	**0.0%**	**5.3%**	**3.1%**	**23.7%**	**0.8%**
incoming	69.8%	4.7%	0.0%	0.0%	2.3%	23.3%	0.0%
recent	2.4%	59.5%	0.0%	0.0%	2.4%	35.7%	0.0%
mature	2.2%	67.4%	0.0%	10.9%	4.4%	13.0%	2.2%
Sabaragamuwa RDB							
Total	**0.06**	**56.6%**	**0.0%**	**4.4%**	**13.3%**	**19.5%**	**0.0%**
incoming	0.12	61.0%	0.0%	0.0%	14.6%	12.2%	0.0%
recent	0.03	57.9%	0.0%	7.9%	7.9%	23.7%	0.0%
mature	0.03	50.0%	0.0%	5.9%	17.7%	23.5%	0.0%

Occupation of Client

% of Clients working as	Employee (agriculture)	Employee (non-agriculture)	Employer (agriculture)	Employer (non-agriculture)	Own account worker (agriculture)	Own account worker (non-agriculture)	Unpaid Family Worker
ALL MFIs WDF-Hambantota	4.3%	34.6%	1.2%	2.2%	19.0%	34.4%	4.3%
Total	9.3%	7.0%	0.0%	0.0%	34.9%	46.5%	2.3%
incoming	8.3%	0.0%	0.0%	0.0%	41.7%	41.7%	8.3%
recent	6.3%	6.3%	0.0%	0.0%	25.0%	62.5%	0.0%
mature	13.3%	13.3%	0.0%	0.0%	40.0%	33.3%	0.0%
Sanasa							
Total	0.9%	29.7%	0.0%	2.5%	33.9%	28.8%	4.2%
incoming	2.7%	16.2%	0.0%	2.7%	32.4%	40.5%	5.4%
recent	0.0%	44.1%	0.0%	0.0%	29.4%	20.6%	5.9%
mature	0.0%	29.8%	0.0%	4.3%	38.3%	25.5%	2.1%
TCCS Jaffna							
Total	7.7%	46.2%	6.2%	1.5%	16.9%	4.6%	16.9%
incoming	0.0%	64.0%	0.0%	0.0%	16.0%	8.0%	12.0%
recent	5.6%	27.8%	11.1%	0.0%	16.7%	5.6%	33.3%
mature	18.2%	40.9%	9.1%	4.6%	18.2%	0.0%	9.1%
BRAC Lanka							
Total	2.2%	25.6%	1.1%	2.2%	0.0%	68.9%	0.0%
incoming	3.6%	25.0%	0.0%	7.1%	0.0%	64.3%	0.0%
recent	3.7%	18.5%	0.0%	0.0%	0.0%	77.8%	0.0%
mature	0.0%	31.4%	2.9%	0.0%	0.0%	65.7%	0.0%
Sabaragamuwa RDB							
Total	6.0%	53.0%	0.0%	3.0%	13.0%	24.0%	1.0%
incoming	11.4%	51.4%	0.0%	2.9%	14.3%	20.0%	0.0%
recent	3.5%	55.2%	0.0%	6.9%	6.9%	27.6%	0.0%
mature	2.8%	52.8%	0.0%	0.0%	16.7%	25.0%	2.8%

Household Income of Client Households

WDF-Hambantota

	Mean of Household Income last Year	Median of Household Income last Year
All Clients	296,757	200,800
Incoming Clients	241,431	150,000
Recent Clients	268,638	200,000
Mature Clients	393,112	300,000
National Level	315,432	200,820

Note: National Level from the Household Income and
      Expenditure Survey 2006-2007

Sanasa

	Mean of Household Income last Year	Median of Household Income last Year
All Clients	397,082	250,000
Incoming Clients	338,911	200,000
Recent Clients	355,905	280,000
Mature Clients	490,972	250,000
National Level	315,432	200,820

Note: National Level from the Household Income and
      Expenditure Survey 2006-2007

TCCS Union Jaffna

	Mean of Household Income last Year	Median of Household Income last Year
All Clients	140,719	100,000
Incoming Clients	197,038	122,500
Recent Clients	102,623	75,000
Mature Clients	112,889	100,000
National Level	315,432	200,820

Note: National Level from the Household Income and
      Expenditure Survey 2006-2007

BRAC Lanka

	Mean of Household Income last Year	Median of Household Income last Year
All Clients	498,756	250,000
Incoming Clients	313,584	232,500
Recent Clients	285,780	244,500
Mature Clients	898,063	300,000
National Level	315,432	200,820

Note: National Level from the Household Income and
      Expenditure Survey 2006-2007

Sabaragamuwa RDB

	Mean of Household Income last Year	Median of Household Income last Year
All Clients	577,437	250,000
Incoming Clients	738,549	240,000
Recent Clients	469,644	280,000
Mature Clients	505,819	230,000
National Level	315,432	200,820

Note: National Level from the Household Income and
      Expenditure Survey 2006-2007

Financial Services with ProMis Partner MFIs under Study

	Credit -% of Clients with Outstanding Loan with MFI	Savings - % of Clients with Savings Account with MFI	Insurance -% of Clients with Insurance Policy with MFI
ALL MFIs	**52.8%**	**80.8%**	**8.4%**
WDF-Hambantota			
Total	**56.0%**	**94.3%**	**5.0%**
incoming	41.2%	96.1%	0.0%
recent	63.8%	95.7%	2.1%
mature	65.1%	90.7%	14.0%
Sanasa			
Total	**42.0%**	**87.9%**	**12.6%**
incoming	36.6%	88.7%	9.9%
recent	40.6%	92.2%	14.1%
mature	48.6%	83.3%	13.9%
TCCS Jaffna			
Total	**66.0%**	**83.0%**	**0.0%**
incoming	59.6%	78.8%	0.0%
recent	70.5%	88.6%	0.0%
mature	68.9%	82.2%	0.0%
BRAC Lanka			
Total	**86.1%**	**52.1%**	**20.8%**
incoming	91.3%	54.3%	26.1%
recent	78.0%	54.0%	18.0%
mature	89.6%	47.9%	18.8%
Sabaragamuwa RDB			
Total	**19.3%**	**84.1%**	**1.4%**
incoming	25.5%	82.4%	2.0%
recent	17.0%	83.0%	2.1%
mature	14.9%	87.2%	0.0%

Indebtedness Information of Client Households

	Credit - % of Clients with Outstanding Loan	Number of all outstanding loans	Total loan amount of all outstanding loans in Rs.	Total amount still outstanding of all outstanding loans in Rs.
ALL MFIs	**63.4%**	**1.32**	**52,621**	**30,128**
WDF-Hambantota				
Total	**73.6%**	**1.44**	**51,429**	**26,706**
incoming	64.7%	1.30	21,725	18,538
recent	73.9%	1.44	75,628	18,806
mature	83.7%	1.56	60,209	45,028
Sanasa				
Total	**56.3%**	**1.23**	**44,145**	**23,622**
incoming	54.9%	1.18	35,169	33,973
recent	51.6%	1.24	42,500	10,658
mature	62.0%	1.27	54,458	24,938
TCCS Jaffna				
Total	**74.5%**	**1.50**	**51,745**	**34,580**
incoming	73.1%	1.66	85,356	43,923
recent	77.3%	1.41	33,295	26,462
mature	73.3%	1.39	30,944	31,722
BRAC Lanka				
Total	**88.9%**	**1.16**	**37,319**	**33,255**
incoming	93.5%	1.16	24,783	24,267
recent	80.0%	1.13	35,900	33,995
mature	93.8%	1.18	50,813	41,097
Sabaragamuwa RDB				
Total	**27.1%**	**1.36**	**81,931**	**35,311**
incoming	30.0%	1.40	43,314	41,139
recent	21.3%	1.20	149,702	14,085
mature	29.8%	1.43	56,064	50,214

Note: All outstanding loans of the client household are considered here, irrespective if the loan was provided by a ProMiS partner MFI under study. This gives a holistic picture of the financial situation of client households.

Savings Accounts and Insurance Policies of Client Households

	Savings - % of Clients with Savings Account	Number of all savings accounts	Total balance of all savings accounts in Rs.	Insurance - % of Clients with Insurance Policy	Number of all insurance policies	% of Clients Requested Claim for Insurance	% of Paid Claims Requested for Insurance
ALL MFIs	4.3%	34.6%	1.2%	2.2%	19.0%	34.4%	4.3%
WDF-Hambantota							
Total	100.0%	2.67	16,887	27.1%	1.68	8.1%	66.7%
incoming	100.0%	2.25	14,427	21.6%	1.64	27.3%	66.7%
recent	100.0%	2.74	21,531	21.7%	1.80	0.0%	.
mature	100.0%	3.09	14,729	39.5%	1.65	0.0%	.
Sanasa							
Total	94.7%	2.84	30,897	34.5%	1.35	9.9%	57.1%
incoming	95.7%	2.70	38,292	35.2%	1.28	12.0%	33.3%
recent	96.9%	3.07	22,641	38.1%	1.38	0.0%	.
mature	91.7%	2.77	30,942	30.6%	1.41	18.2%	75.0%
TCCS Jaffna							
Total	96.5%	2.18	8,819	22.0%	1.71	3.2%	0.0%
incoming	96.2%	2.56	6,501	26.9%	2.14	0.0%	.
recent	95.5%	2.29	15,459	18.2%	1.13	12.5%	0.0%
mature	97.8%	1.66	5,006	20.0%	1.56	0.0%	.
BRAC Lanka							
Total	71.5%	2.68	42,533	34.0%	1.53	2.0%	100.0%
incoming	69.6%	2.41	9,213	30.4%	1.64	0.0%	.
recent	68.0%	2.50	11,973	32.0%	1.38	0.0%	.
mature	77.1%	3.08	106,299	39.6%	1.58	5.3%	100.0%
Sabaragamuwa RDB							
Total	94.5%	3.18	85,907	22.8%	1.61	6.1%	100.0%
incoming	94.1%	3.00	57,403	9.8%	1.00	0.0%	.
recent	91.5%	3.12	169,234	29.8%	1.93	7.1%	.
mature	97.9%	3.43	33,509	29.8%	1.50	7.1%	100.0%

Note: All savings accounts and insurance policies of the client household are considered here, irrespective if they were provided by a ProMiS partner MFI under study. This gives a holistic picture of the financial situation of client households.

Financial Services Overview of Client

	Month of Membership in MFI	% of Borrowers of total Clients	% of Borrowers with Individual Loan	% of Borrowers with Group Loan	% of Group Loan Borrowers Benefitting From Group	% of Borrowers Using Non-Financial Services
ALL MFIs	**36.70**	**63.1%**	**59.1%**	**40.9%**	**80.5%**	**27.2%**
WDF-Hambantota						
Total	**35.86**	**73.0%**	**23.2%**	**76.8%**	**60.8%**	**48.2%**
incoming	7.90	64.7%	18.5%	81.5%	40.9%	30.0%
recent	23.00	72.3%	24.2%	75.8%	62.5%	51.1%
mature	86.63	83.7%	25.7%	74.3%	75.0%	66.7%
Sanasa						
Total	**49.36**	**56.0%**	**88.1%**	**11.9%**	**76.5%**	**24.8%**
incoming	8.80	54.9%	86.7%	13.3%	75.0%	22.5%
recent	24.94	51.6%	90.2%	9.8%	50.0%	14.5%
mature	114.70	61.1%	87.3%	12.7%	88.9%	36.2%
TCCS Jaffna						
Total	**39.94**	**74.5%**	**98.0%**	**2.0%**	**100.0%**	**24.1%**
incoming	5.90	73.1%	93.9%	6.1%	100.0%	11.5%
recent	26.91	77.3%	100.0%	0.0%	.	34.1%
mature	93.18	73.3%	100.0%	0.0%	.	28.9%
BRAC Lanka						
Total	**24.66**	**88.9%**	**18.8%**	**81.3%**	**93.3%**	**38.9%**
incoming	7.17	93.5%	23.9%	76.1%	100.0%	39.1%
recent	25.12	80.0%	22.0%	78.0%	90.0%	40.0%
mature	41.28	93.8%	10.4%	89.6%	90.7%	37.5%
Sabaragamuwa RDB						
Total	**28.50**	**26.9%**	**93.9%**	**6.1%**	**66.7%**	**2.1%**
incoming	6.57	29.4%	100.0%	0.0%	.	4.0%
recent	23.23	21.3%	100.0%	0.0%	.	2.1%
mature	55.23	29.8%	83.3%	16.7%	66.7%	0.0%

Outstanding Loans with ProMiS partner MFIs under Study

	Credit - % of Clients with Outstanding Loan with MFI	Total number of outstanding loans	Number of Outstanding Loans with MFI under study	% of Outstanding Loans with MFI of Total Outstanding Loans	% of Male Borrower of First Outstanding MFI Loan	% of Female Borrower of First Outstanding MFI Loan	Loan Amount of First Outstanding MFI loan in Rs.	Amout still Outstanding of First Outstanding MFI loan
ALL MFIs	**52.8%**	**1.32**	**0.58**	**43.9%**	**15.8%**	**84.2%**	**43,271**	**36,737**
WDF-Hambantota								
Total	**56.0%**	**1.44**	**0.67**	**46.9%**	**6.3%**	**93.7%**	**22,040**	**21,159**
incoming	41.2%	1.30	0.47	36.1%	14.3%	85.7%	10,000	9,519
recent	63.8%	1.44	0.74	51.7%	6.7%	93.3%	17,267	16,796
mature	65.1%	1.56	0.84	53.8%	0.0%	100.0%	37,400	33,320
Sanasa								
Total	**42.0%**	**1.23**	**0.45**	**36.8%**	**25.3%**	**74.7%**	**64,598**	**50,773**
incoming	36.6%	1.18	0.37	31.0%	15.4%	84.6%	38,615	53,288
recent	40.6%	1.24	0.44	35.2%	19.2%	80.8%	56,375	34,367
mature	48.6%	1.27	0.56	43.7%	37.1%	62.9%	91,875	62,368
TCCS Jaffna								
Total	**66.0%**	**1.50**	**0.74**	**49.3%**	**22.6%**	**77.4%**	**30,253**	**33,273**
incoming	59.6%	1.66	0.69	41.8%	22.6%	77.4%	32,935	32,265
recent	70.5%	1.41	0.82	58.0%	29.0%	71.0%	28,774	24,347
mature	68.9%	1.39	0.71	51.0%	16.1%	83.9%	29,048	42,288
BRAC Lanka								
Total	**86.1%**	**1.16**	**0.88**	**76.3%**	**4.0%**	**96.0%**	**31,210**	**32,670**
incoming	91.3%	1.16	0.93	80.4%	7.1%	92.9%	20,238	22,861
recent	78.0%	1.13	0.78	69.3%	2.6%	97.4%	30,385	34,640
mature	89.6%	1.18	0.94	79.6%	2.3%	97.7%	42,674	40,236
Sabaragamuwa RDB								
Total	**19.3%**	**1.36**	**0.21**	**15.7%**	**42.9%**	**57.1%**	**141,346**	**80,909**
incoming	25.5%	1.40	0.27	19.6%	38.5%	61.5%	65,692	64,373
recent	17.0%	1.20	0.17	14.2%	37.5%	62.5%	344,429	101,800
mature	14.9%	1.43	0.19	13.4%	57.1%	42.9%	68,333	103,012

Note: Only outstanding loans with ProMiS partner MFIs are considered here.

Savings Accounts and Insurance Policies with ProMiS partner MFIs under Study

	Savings - % of Clients with Savings Account with MFI	Insurance -% of Clients with Insurance Policy with MFI	Total number of savings accounts	Number of Savings Accounts with MFI under study	% of Savings Accounts with MFI of Total Savings Accounts	Balance of First Savings Account with MFI in Rs.	Total number of insurance policies	Number of Insurance Policies with MFI under study	% of Insurance Policies with MFI of Total Insurance Policies	% of Claims Requested for Insurance
ALL MFIs	80.8%	8.4%	2.72	0.90	32.9%	16,826	1.54	0.09	5.7%	0.0%
WDF-Hambantota										
Total	94.3%	5.0%	2.67	1.04	39.0%	8,494	1.68	0.05	2.9%	0.0%
incoming	96.1%	0.0%	2.25	1.02	45.2%	3,100	1.64	0.00	0.0%	0.0%
recent	95.7%	2.1%	2.74	1.11	40.3%	15,540	1.80	0.02	1.2%	0.0%
mature	90.7%	14.0%	3.09	1.00	32.3%	6,949	1.65	0.14	8.5%	0.0%
Sanasa										
Total	87.9%	12.6%	2.84	0.94	33.0%	19,352	1.35	0.14	10.0%	0.0%
incoming	88.7%	9.9%	2.70	0.90	33.4%	20,611	1.28	0.11	8.8%	0.0%
recent	92.2%	14.1%	3.07	1.00	32.6%	17,079	1.38	0.14	10.2%	0.0%
mature	83.3%	13.9%	2.77	0.92	33.1%	20,214	1.41	0.15	10.8%	0.0%
TCCS Jaffna										
Total	83.0%	0.0%	2.18	1.08	49.4%	9,034	1.71	0.00	0.0%	0.0%
incoming	78.8%	0.0%	2.56	1.29	50.3%	6,876	2.14	0.00	0.0%	0.0%
recent	88.6%	0.0%	2.29	1.05	45.7%	12,562	1.13	0.00	0.0%	0.0%
mature	82.2%	0.0%	1.66	0.87	52.2%	6,966	1.56	0.00	0.0%	0.0%
BRAC Lanka										
Total	52.1%	20.8%	2.68	0.53	20.0%	3,866	1.53	0.22	14.1%	0.0%
incoming	54.3%	26.1%	2.41	0.57	23.5%	1,984	1.64	0.26	15.9%	0.0%
recent	54.0%	18.0%	2.50	0.54	21.6%	3,208	1.38	0.20	14.5%	0.0%
mature	47.9%	18.8%	3.08	0.50	16.2%	6,811	1.58	0.19	11.9%	0.0%
Sabaragamuwa RDB										
Total	84.1%	1.4%	3.18	0.88	27.5%	44,509	1.61	0.01	0.9%	0.0%
incoming	82.4%	2.0%	3.00	0.84	28.1%	61,294	1.00	0.02	2.0%	0.0%
recent	83.0%	2.1%	3.12	0.89	28.7%	50,512	1.93	0.02	1.1%	0.0%
mature	87.2%	0.0%	3.43	0.89	26.0%	22,151	1.50	0.00	0.0%	0.0%

Note: Only savings accounts and insurance policies with ProMiS partner MFIs are considered here.

Housing Situation of MFI Client Households

	% of Household Owning their House	Number of Rooms in House	% of Households with Electricity	% of Households conducting House Repair in last year	Amount in Rs. Spend on House Repair	% of Households Owning Land	Area of Owned Land in Perches	Value of Owned Land in Rs.
ALL MFIs	**86.9%**	**4.41**	**82.9%**	**26.5%**	**95,016**	**92.9%**	**104.6**	**1,329,671**
WDF-Hambantota								
Total	96.5%	4.07	75.9%	27.7%	114,649	97.9%	175.4	1,106,756
incoming	96.1%	3.86	70.6%	15.7%	95,875	98.0%	168.1	985,761
recent	95.7%	3.73	74.5%	38.3%	88,333	97.9%	110.3	862,093
mature	97.7%	4.69	83.7%	30.2%	162,639	97.7%	253.6	1,489,762
Sanasa								
Total	97.1%	4.51	85.5%	36.2%	100,917	98.1%	135.5	1,171,821
incoming	97.2%	4.26	78.9%	31.0%	100,810	98.6%	106.6	984,923
recent	96.9%	4.56	90.6%	35.9%	112,522	96.9%	176.9	1,258,667
mature	97.2%	4.70	87.5%	41.7%	91,464	98.6%	127.6	1,270,929
TCCS Jaffna								
Total	59.6%	4.00	74.5%	25.5%	73,611	87.2%	81.1	562,391
incoming	57.7%	4.43	76.9%	34.6%	89,611	86.5%	83.6	865,583
recent	54.5%	3.67	81.8%	18.2%	44,625	90.9%	87.3	414,028
mature	66.7%	3.83	64.4%	22.2%	68,000	84.4%	71.2	393,485
BRAC Lanka								
Total	87.5%	4.19	83.3%	23.8%	85,791	89.6%	21.6	783,169
incoming	82.6%	4.11	84.8%	34.8%	48,056	87.0%	20.7	876,218
recent	88.0%	4.11	78.0%	14.3%	101,000	86.0%	19.6	566,861
mature	91.7%	4.34	87.5%	22.9%	131,000	95.8%	24.3	909,222
Sabaragamuwa RDB								
Total	89.0%	5.07	93.8%	15.2%	89,700	89.7%	87.7	3,050,598
incoming	86.3%	4.89	90.2%	15.7%	36,571	86.3%	97.2	3,673,659
recent	91.5%	5.00	97.9%	17.0%	34,000	91.5%	89.3	3,611,619
mature	89.4%	5.33	93.6%	12.8%	216,667	91.5%	76.6	1,791,410

Primary Type of Roofing Material of Houses

	Tile	Asbestos	Concrete	Metal Sheet	Cadjan/Straw
ALL MFIs	**63.50**	**26.09**	**1.41**	**6.04**	**2.96**
WDF-Hambantota					
Total	**74.47**	**12.77**	**0.71**	**4.26**	**7.80**
incoming	72.55	13.73		5.88	7.84
recent	61.70	19.15	2.13	6.38	10.64
mature	90.70	4.65			4.65
Sanasa					
Total	**63.29**	**27.54**	**0.97**	**7.25**	**0.97**
incoming	52.11	35.21		11.27	1.41
recent	70.31	25.00	1.56	1.56	1.56
mature	68.06	22.22	1.39	8.33	
TCCS Jaffna					
Total	**64.54**	**30.50**		**0.71**	**4.26**
incoming	73.08	23.08			3.85
recent	59.09	36.36		2.27	2.27
mature	60.00	33.33			6.67
BRAC Lanka					
Total	**70.14**	**20.83**	**6.25**		**2.78**
incoming	73.91	19.57		4.35	2.17
recent	66.00	20.00		8.00	6.00
mature	70.83	22.92		6.25	
Sabaragamuwa RDB					
Total	**45.52**	**37.93**	**5.52**	**11.03**	
incoming	41.18	39.22	5.88	13.73	
recent	51.06	38.30	4.26	6.38	
mature	44.68	36.17	6.38	12.77	

% of Household Owning Assets

	TV	Fridge	Cooker	Fan	Bicycle	Twowheeler	Threewheeler
ALL MFIs	**74.6%**	**32.6%**	**39.7%**	**52.6%**	**58.5%**	**26.2%**	**8.6%**
WDF-Hambantota							
Total	**70.9%**	**24.8%**	**14.2%**	**34.8%**	**68.1%**	**25.5%**	**7.8%**
incoming	64.7%	13.7%	15.7%	25.5%	60.8%	23.5%	7.8%
recent	68.1%	25.5%	12.8%	38.3%	63.8%	23.4%	6.4%
mature	81.4%	37.2%	14.0%	41.9%	81.4%	30.2%	9.3%
Sanasa							
Total	**84.1%**	**40.1%**	**39.1%**	**53.1%**	**51.2%**	**35.8%**	**8.7%**
incoming	78.9%	35.2%	36.6%	46.5%	47.9%	28.2%	4.2%
recent	90.6%	46.9%	40.6%	59.4%	53.1%	35.9%	14.1%
mature	83.3%	38.9%	40.3%	54.2%	52.8%	43.1%	8.3%
TCCS Jaffna							
Total	**48.2%**	**9.2%**	**19.9%**	**38.3%**	**92.9%**	**27.0%**	**5.7%**
incoming	50.0%	15.4%	25.0%	42.3%	94.2%	34.6%	13.5%
recent	47.7%	6.8%	11.4%	45.5%	97.7%	31.8%	2.3%
mature	46.7%	4.4%	22.2%	26.7%	86.7%	13.3%	0.0%
BRAC Lanka							
Total	**71.5%**	**24.3%**	**60.4%**	**61.1%**	**64.6%**	**11.1%**	**3.5%**
incoming	69.6%	19.6%	63.0%	63.0%	60.9%	10.9%	2.2%
recent	64.0%	16.0%	54.0%	52.0%	62.0%	2.0%	8.0%
mature	81.3%	37.5%	64.6%	68.8%	70.8%	20.8%	0.0%
Sabaragamuwa RDB							
Total	**93.1%**	**60.7%**	**64.1%**	**74.5%**	**20.0%**	**27.6%**	**17.2%**
incoming	88.2%	52.9%	62.8%	68.6%	21.6%	21.6%	15.7%
recent	95.7%	70.2%	66.0%	76.6%	14.9%	38.3%	10.6%
mature	95.7%	59.6%	63.8%	78.7%	23.4%	23.4%	25.5%

% of Communities in which Social Groups Exist

	All MFIs	WDF Hambantota	Sanasa	TCCS Jaffna	BRAC Lanka	Sabaragamuwa
Type of Social Group						
Agricultural Society	53.2%	90.1%	47.6%	83.7%	4.2%	44.4%
Death Donation Society	67.4%	89.4%	99.5%	1.4%	39.6%	92.4%
Village Development Society	37.6%	58.9%	33.5%	33.3%	27.1%	37.5%
Sanasa	55.9%	52.5%	100.0%	5.7%	34.0%	67.4%
Gramodaya Society	12.1%	14.9%	9.2%	2.1%	14.6%	20.8%
Samurdi/ Janasavi	87.4%	92.9%	83.0%	92.9%	81.3%	88.9%
Sarvodaya	26.2%	39.7%	26.7%	4.3%	32.6%	27.1%
Lady's Society	62.9%	84.4%	51.5%	85.1%	41.7%	57.6%
Trade/Labor Union	8.8%	5.0%	3.4%	5.7%	16.0%	16.0%
Business Association/Society	15.1%	14.2%	12.1%	14.2%	18.1%	18.1%
Professional Association	8.1%	0.0%	0.5%	17.7%	21.5%	4.2%
Finance/ Credit/ Savings Group	54.6%	43.3%	8.7%	97.9%	100.0%	43.8%
Religious/ Spiritual Group	58.5%	34.0%	57.3%	78.7%	45.1%	77.8%
Education Group	27.8%	12.8%	13.6%	58.2%	31.9%	29.2%
Youth Group	26.4%	16.3%	19.4%	26.2%	23.6%	49.3%
Political Group	19.8%	19.9%	8.7%	35.5%	13.2%	27.1%
Health Group	16.9%	22.0%	14.6%	31.2%	13.9%	4.2%

Note: Clients were asked whether the social groups existed in their village GN. The figures above represent the knowledge of existence of social groups from the client household

Health Information on Household Head

	Sick Days last month	% Visited Doctor last month	Doctor Visit Times last month	% Stayed at Hospital last year	Hospital Stay Days last year
ALL MFIs	**6.85**	**23.5%**	**2.05**	**11.8%**	**8.22**
WDF-Hambantota					
Total	9.00	27.0%	1.79	13.5%	12.21
incoming	11.62	33.3%	1.76	11.8%	8.67
recent	6.89	29.8%	1.71	21.3%	17.00
mature	6.00	16.3%	2.00	7.0%	3.33
Sanasa					
Total	8.45	24.6%	2.14	12.1%	7.72
incoming	8.08	26.8%	1.95	15.5%	4.45
recent	10.67	14.1%	2.56	6.3%	4.00
mature	7.87	31.9%	2.13	13.9%	12.80
TCCS Jaffna					
Total	9.85	14.4%	2.25	14.6%	7.05
incoming	5.89	15.7%	2.38	10.0%	13.40
recent	11.83	16.3%	1.86	14.3%	5.00
mature	14.60	11.1%	2.60	20.0%	4.89
BRAC Lanka					
Total	4.57	37.8%	2.19	13.6%	5.79
incoming	6.53	30.4%	1.79	10.9%	6.20
recent	3.58	38.8%	2.26	10.4%	4.60
mature	4.26	43.8%	2.38	19.6%	6.22
Sabaragamuwa RDB					
Total	3.92	13.1%	1.72	5.5%	9.00
incoming	4.75	15.7%	2.14	3.9%	6.00
recent	3.75	12.8%	1.67	2.1%	2.00
mature	2.00	10.6%	1.20	10.6%	11.60

Sick days = days missed at work due to improper health. Doctor Visit Times= given that a doctor has been visited, number of times a doctor has been seen. Hospital Stay Days= given that person stayed in hospital, number of days of hospital stay.

Health Information on Client

	Sick Days last month	% Visited Doctor last month	Doctor Visit Times last month	% Stayed at Hospital last year	Hospital Stay Days last year
ALL MFIs	**6.83**	**23.1%**	**2.08**	**11.1%**	**8.62**
WDF-Hambantota					
Total	9.83	21.3%	1.43	10.6%	5.53
incoming	9.71	23.5%	1.67	5.9%	3.67
recent	4.00	19.1%	1.00	10.6%	6.60
mature	11.50	20.9%	1.56	16.3%	5.57
Sanasa					
Total	7.42	25.1%	2.65	10.1%	11.19
incoming	5.91	29.6%	2.19	12.7%	4.11
recent	9.57	17.2%	4.36	4.7%	12.33
mature	7.54	27.8%	2.20	12.5%	17.89
TCCS Jaffna					
Total	8.89	15.1%	2.10	13.9%	12.26
incoming	10.71	15.7%	1.88	18.0%	5.56
recent	6.60	14.0%	1.50	14.3%	24.17
mature	8.67	15.6%	2.86	8.9%	9.50
BRAC Lanka					
Total	4.90	38.9%	2.11	17.0%	6.08
incoming	4.88	28.3%	1.69	13.0%	7.50
recent	3.67	40.0%	1.95	14.3%	3.71
mature	6.20	47.9%	2.48	23.9%	6.82
Sabaragamuwa RDB					
Total	8.38	14.0%	1.50	4.2%	6.00
incoming	11.75	13.7%	2.00	3.9%	6.00
recent	8.00	10.9%	1.40	4.3%	4.00
mature	4.67	17.4%	1.13	4.3%	8.00

Sick days = days missed at work due to improper health. Doctor Visit Times= given that a doctor has been visited, number of times a doctor has been seen. Hospital Stay Days= given that person stayed in hospital, number of days of hospital stay.

Health Events

	% of Households with Health Event	Number of Health Events	Number of Sick Days in First Health Events	Amount in Rs. Spend on First Health Events	Number of Sick Days in All Health Events	Amount in Rs. Spend on all Health Events	Amount in Rs. Spend on Average Health Event per Household
ALL MFIs	**38.2%**	**1.89**	**25.14**	**7,199**	**23.21**	**9,250**	**6,737**
WDF-Hambantota							
Total	42.6%	1.68	41.44	7,702	33.92	9,921	7,455
incoming	37.3%	1.37	26.89	5,621	36.16	8,116	5,624
recent	46.8%	1.64	41.18	7,886	33.09	9,898	7,500
mature	44.2%	2.05	55.00	9,568	32.63	11,753	9,233
Sanasa							
Total	44.0%	2.66	22.32	8,318	20.27	10,655	6,938
incoming	42.3%	2.33	10.40	5,037	10.70	7,353	4,255
recent	39.1%	1.72	40.50	10,212	32.96	12,996	9,732
mature	50.0%	3.58	21.16	9,648	19.44	11,781	7,235
TCCS Jaffna							
Total	40.0%	1.16	28.85	7,662	31.77	9,338	8,130
incoming	59.6%	1.10	26.07	6,277	29.61	6,439	6,218
recent	27.3%	1.36	38.50	9,600	33.75	8,833	8,500
mature	29.5%	1.15	27.62	9,625	35.08	16,715	12,377
BRAC Lanka							
Total	34.7%	1.68	15.95	4,647	17.16	6,506	4,206
incoming	30.4%	1.71	16.50	6,461	18.43	9,150	5,700
recent	34.0%	1.29	21.75	3,835	21.41	4,324	3,828
mature	39.6%	2.00	9.75	4,037	12.42	6,511	3,442
Sabaragamuwa RDB							
Total	27.6%	1.73	14.29	6,686	9.40	8,354	6,450
incoming	23.5%	1.83	20.67	3,625	5.75	5,875	3,458
recent	21.3%	1.70	13.20	4,265	17.10	7,205	4,367
mature	38.3%	1.67	12.78	10,271	7.56	10,644	9,603

Health Events are health shocks on which the household spend more than Rs. 2,000.

The Effects of Shocks Faced by Client Households

	Assets Lost in Shock in Rs.	Income Lost in Shock in Rs.	% of Households Reducing Consumption due to Shock	Month of Recovery from Shock
ALL MFIs	**54,997**	**72,675**	**48.1%**	**7.84**
WDF-Hambantota				
Total	76,654	123,931	38.7%	6.23
incoming	55,625	64,700	30.8%	9.00
recent	34,125	32,200	50.0%	4.00
mature	127,500	289,700	40.0%	5.75
Sanasa				
Total	50,150	46,805	50.0%	9.93
incoming	41,273	38,333	40.0%	9.54
recent	37,467	32,000	50.0%	10.69
mature	70,714	69,929	58.8%	9.27
TCCS Jaffna				
Total	42,137	46,126	48.4%	4.93
incoming	58,550	61,450	33.3%	5.11
recent	39,857	21,571	57.1%	.
mature	27,719	44,625	66.7%	4.67
BRAC Lanka				
Total	42,250	50,400	85.7%	4.50
incoming	2,500	.	0.0%	0.00
recent	90,000	80,000	100.0%	7.00
mature	40,250	30,667	100.0%	5.50
Sabaragamuwa RDB				
Total	55,600	152,143	41.7%	6.80
incoming	18,000	17,500	40.0%	0.00
recent	30,000	10,000	33.3%	9.00
mature	76,667	336,667	50.0%	8.00

Weekly Food Consumption Expenditures on Different Food Items

	Rice, Flour & Cereals	Vegetables & Fruits	Milk & Milk Products	Eggs, fish & Meat	Beverages, tea & coffee	Meals Outside Home	Other Food Items	Sum of all Food Items
ALL MFIs	**1,225**	**613**	**309**	**541**	**214**	**144**	**232**	**3,278**
WDF-Hambantota								
Total	**1,090**	**537**	**223**	**311**	**160**	**63**	**151**	**2,536**
incoming	1,063	455	265	301	120	37	155	2,397
recent	1,073	594	206	309	205	51	176	2,615
mature	1,141	573	193	324	159	108	117	2,615
Sanasa								
Total	**1,247**	**739**	**340**	**605**	**198**	**130**	**255**	**3,514**
incoming	1,176	697	368	547	187	164	305	3,445
recent	1,322	870	361	627	222	70	258	3,730
mature	1,250	663	293	643	188	150	202	3,388
TCCS Jaffna								
Total	**1,322**	**524**	**212**	**510**	**179**	**98**	**288**	**3,133**
incoming	1,428	604	211	647	215	155	394	3,654
recent	1,318	501	220	470	134	84	228	2,955
mature	1,202	456	205	390	180	47	224	2,704
BRAC Lanka								
Total	**969**	**522**	**320**	**601**	**283**	**171**	**195**	**3,060**
incoming	940	470	289	459	242	204	207	2,810
recent	971	488	262	613	269	179	173	2,954
mature	995	608	411	725	336	130	207	3,411
Sabaragamuwa RDB								
Total	**1,486**	**682**	**432**	**643**	**254**	**262**	**260**	**4,019**
incoming	1,704	658	413	710	293	261	238	4,276
recent	1,449	716	484	606	231	299	218	4,004
mature	1,287	674	400	608	234	226	326	3,754

Note: Household food consumption of different food items consumed in the last one week. Home production and purchases are considered. Values are given in Rs.

Consumption of Client Households per Household Member

	Monthly Food Consumption - Direct in Rs.	Monthly Food Consumption - Itemwise in Rs.	Monthly Non-Food Consumption in Rs.	Annual Non-Food Consumption in Rs.
ALL MFIs	**3,457**	**3,441**	**3,887**	**10,488**
WDF-Hambantota				
Total	2,481	2,484	2,768	10,145
incoming	2,476	2,503	2,745	6,960
recent	2,511	2,528	2,762	9,730
mature	2,455	2,414	2,802	14,376
Sanasa				
Total	3,628	3,575	3,995	12,516
incoming	3,233	3,393	3,832	11,463
recent	3,964	3,788	4,184	13,114
mature	3,721	3,565	3,988	13,029
TCCS Jaffna				
Total	3,451	3,455	3,790	10,274
incoming	3,945	3,947	4,406	18,217
recent	3,033	3,045	3,292	5,588
mature	3,288	3,288	3,565	5,676
BRAC Lanka				
Total	3,472	3,415	3,849	8,596
incoming	3,322	3,177	3,596	7,506
recent	3,488	3,401	3,806	10,108
mature	3,598	3,656	4,138	8,067
Sabaragamuwa RDB				
Total	4,153	4,193	4,960	10,028
incoming	4,662	4,717	5,465	9,799
recent	4,017	4,010	4,841	10,220
mature	3,737	3,806	4,527	10,082

Amounts stated in Sri Lankan Rs. 1) Monthly food consumption elicited directly. 2) Monthly food consumption elicited by seven items: rice & cereals, vegetables&fruits, milk & milk products, eggs, fish & meat, beverages, meals consumed outside hom and other foods. 3)Monthly non-food consumption contains expenditures for water, fuel, electricity, communication, house rent, rent of household items, and legal expenses. 4) Monthly non- food consumption as under 3) without expenditures for house rent. 5) Annual non-food expenditures contain expenses for education, medical expenses, clothing and taxes. Relative food expenditures are total household expenditures per consumption item divided by number of household members.

Consumption per Household Member of Incoming Client Households Compared to Recent Client Households - Simple Treatment Effect and MFI Specific Treatment Effects

	(1)	(2)	(3)	(4)	(5)	(6)
	Food monthly	Consum monthly	Consum annually	Food monthly	Consum monthly	Consum annually
Constant	8.468***	8.575***	8.408***	8.470***	8.561***	8.255***
	(0.256)	(0.296)	(0.276)	(0.251)	(0.287)	(0.189)
Client (recent) (Dummy)	-0.003	-0.020	-0.006			
	(0.068)	(0.065)	(0.207)			
WDF Hambantota (Dummy)	-0.522***	-0.578***	-0.108**	-0.582***	-0.633***	-0.190***
	(0.025)	(0.029)	(0.033)	(0.026)	(0.028)	(0.023)
Sanasa (Dummy)	-0.170***	-0.241***	0.204***	-0.261***	-0.306***	0.215***
	(0.015)	(0.016)	(0.021)	(0.013)	(0.013)	(0.011)
TCCS Jaffna (Dummy)	-0.189***	-0.255***	-0.179***	-0.107***	-0.165***	0.319***
	(0.012)	(0.011)	(0.021)	(0.014)	(0.012)	(0.021)
BRAC (Dummy)	-0.201***	-0.276***	-0.053	-0.264***	-0.356***	-0.022**
	(0.019)	(0.022)	(0.027)	(0.007)	(0.005)	(0.006)
Client (recent)*WDF (Dummy)				0.065***	0.051**	0.358***
				(0.011)	(0.012)	(0.021)
Client (recent)* Sanasa (Dummy)				0.129***	0.069***	0.164***
				(0.009)	(0.008)	(0.010)
Client (recent)*TCCS Jaffna (Dummy)				-0.253***	-0.273***	-0.911***
				(0.012)	(0.013)	(0.013)
Client (recent)*BRAC (Dummy)				0.063**	0.091**	0.113***
				(0.023)	(0.027)	(0.023)
Client (recent)* Sabaragamuwa (Dummy)				-0.069***	-0.076***	0.170***
				(0.009)	(0.011)	(0.017)
Control Variables included	yes	yes	yes	yes	yes	yes
R-squared	0.197	0.232	0.035	0.209	0.243	0.086
N	519	518	518	519	518	518

Dependent Variable: Ln of Consumption as specified. (1) Monthy food consumption, (2)Monthly non-food consumption contains expenditures for water, fuel, electricity, communication, house rent, rent of household items, and legal expenses. (3) Annual non-food expenditures contain expenses for education, medical expenses, clothing and taxes. Controlled for number of children in household, number of economic active persons in household, age and education of household head.

*Standard errors in parentheses. Comparing incoming clients to recent and mature clients as treatment group. Standard errors are clustered at MFI level. * p<0.10, ** p<0.05, *** p<0.01*

Consumption per Household Member of Incoming Client Households Compared to Recent and Mature Client Households - Simple Treatment Effect and MFI Specific Treatment Effects

	(1)	(2)	(3)	(4)	(5)	(6)
	Food monthly	Consum monthly	Consum annually	Food monthly	Consum monthly	Consum annually
Constant	8.390***	8.537***	8.564***	8.447***	8.581***	8.472***
	(0.227)	(0.252)	(0.254)	(0.225)	(0.246)	(0.115)
Client (recent & mature) (Dummy)	-0.001	-0.016	0.006			
	(0.064)	(0.063)	(0.204)			
WDF Hambantota (Dummy)	-0.465***	-0.519***	0.009	-0.580***	-0.634***	-0.224***
	(0.019)	(0.022)	(0.010)	(0.024)	(0.025)	(0.008)
Sanasa (Dummy)	-0.119***	-0.199***	0.149***	-0.261***	-0.307***	0.190***
	(0.013)	(0.015)	(0.011)	(0.011)	(0.011)	(0.005)
TCCS Jaffna (Dummy)	-0.173***	-0.243***	-0.326***	-0.112***	-0.172***	0.294***
	(0.010)	(0.011)	(0.013)	(0.012)	(0.011)	(0.013)
BRAC (Dummy)	-0.128***	-0.200***	-0.065***	-0.265***	-0.355***	-0.044***
	(0.017)	(0.019)	(0.011)	(0.005)	(0.005)	(0.009)
Client (recent & mature)*WDF (Dummy)				0.070***	0.069**	0.511***
				(0.015)	(0.015)	(0.008)
Client (recent & mature)* Sanasa (Dummy)				0.110***	0.055***	0.084***
				(0.008)	(0.007)	(0.009)
Client (recent & mature)*TCCS Jaffna (Dummy)				-0.212***	-0.231***	-0.841***
				(0.007)	(0.007)	(0.010)
Client (recent & mature)*BRAC (Dummy)				0.100***	0.125***	0.115***
				(0.014)	(0.016)	(0.015)
Client (recent & mature)* Sabaragamuwa (Dummy)				-0.112***	-0.115***	0.145***
				(0.007)	(0.009)	(0.008)
Control Variables included	yes	yes	yes	yes	yes	yes
R-squared	0.188	0.218	0.051	0.199	0.229	0.096
N	770	769	769	770	769	769

Dependent Variable: Ln of Consumption as specified. (1) Monthy food consumption, (2)Monthly non-food consumption contains expenditures for water, fuel, electricity, communication, house rent, rent of household items, and legal expenses. (3) Annual non-food expenditures contain expenses for education, medical expenses, clothing and taxes. Controlled for number of children in household, number of economic active persons in household, age and education of household head.

*Standard errors in parentheses. Comparing incoming clients to recent and mature clients as treatment group. Standard errors are clustered at MFI level. * p<0.10, ** p<0.05, *** p<0.01*

Household Income by Different Income Sources

	Agriculture/ Cultivation	Animal Husbandry/ Livestock	Household Enterprise	Agricultural Labor	Non-agricultural Labor	Cash Transfers	Total Income Direct	Total Income Calculated
ALL MFIs	142,358	57,515	269,951	233,650	268,757	81,653	384,325	147,347
WDF-Hambantota								
Total	239,468	90,290	216,321	91,164	182,067	75,200	296,757	138,625
incoming	242,250	103,000	114,000	80,118	168,305	35,400	241,431	109,775
recent	200,920	145,833	280,429	121,978	152,444	72,000	268,638	124,408
mature	267,150	39,100	286,483	78,371	228,812	96,700	393,112	188,382
Sanasa								
Total	142,309	47,163	353,720	285,767	324,919	90,190	397,082	317,639
incoming	88,810	60,515	410,826	231,900	220,987	50,875	338,911	292,201
recent	153,191	17,333	142,957	393,500	305,445	85,333	355,905	218,916
mature	176,731	37,057	475,586	.	468,495	139,286	490,972	430,478
TCCS Jaffna								
Total	60,204	36,126	58,051	55,250	155,061	30,250	140,719	63,329
incoming	69,300	57,478	70,218	37,533	193,369	50,429	197,038	105,093
recent	46,381	34,213	39,167	77,600	150,190	10,833	102,623	-8,743
mature	67,647	18,486	59,000	51,222	109,924	22,000	112,889	85,540
BRAC Lanka								
Total	39,469	182,500	377,350	31,200	208,537	95,833	498,756	-90,248
incoming	30,625	.	197,894	16,500	198,199	119,667	313,584	195,732
recent	36,000	.	188,069	26,500	221,121	99,833	285,780	217,943
mature	43,700	182,500	746,665	70,000	207,374	44,167	898,063	-685,344
Sabaragamuwa RDB								
Total	149,333	51,625	650,362	618,031	429,952	159,055	577,437	230,375
incoming	132,556	168,000	990,000	766,778	576,467	480,000	738,549	313,951
recent	238,500	3,500	514,286	360,000	386,889	131,400	469,644	276,935
mature	123,625	17,500	579,348	206,700	315,658	120,300	505,819	93,128

Note: income from direct income information given by client household

Total Household Income of Incoming Client Households Compared to Recent Client Households - Simple Treatment Effect and MFI Specific Treatment Effects

	(1)	(2)	(3)	(4)
	Income calculated	Income direct	Income calculated	Income direct
Constant	8.750***	10.809***	8.575***	10.599***
	(1.579)	(0.783)	(1.608)	(0.868)
Client (recent) (Dummy)	0.030	-0.028		
	(0.074)	(0.143)		
WDF Hambantota (Dummy)	-0.463***	-0.427***	-0.423***	-0.526***
	(0.055)	(0.037)	(0.069)	(0.030)
Sanasa (Dummy)	-0.234**	-0.350***	-0.155*	-0.541***
	(0.057)	(0.021)	(0.068)	(0.023)
TCCS Jaffna (Dummy)	-0.909***	-1.081***	-0.660***	-0.897***
	(0.053)	(0.027)	(0.044)	(0.022)
BRAC (Dummy)	-0.112	-0.267***	-0.202*	-0.437***
	(0.068)	(0.028)	(0.090)	(0.037)
Client (recent)*WDF (Dummy)			0.064	0.062
			(0.065)	(0.044)
Client (recent)* Sanasa (Dummy)			-0.023	0.248***
			(0.033)	(0.029)
Client (recent)*TCCS Jaffna (Dummy)			-0.406***	-0.575***
			(0.081)	(0.035)
Client (recent)*BRAC (Dummy)			0.298**	0.178***
			(0.077)	(0.037)
Client (recent)* Sabaragamuwa (Dummy)			0.143**	-0.150***
			(0.032)	(0.029)
Control Variables included	yes	yes	yes	yes
R-squared	0.324	0.384	0.328	0.405
N	435	515	435	515

Dependent Variable: LN of Income as specified. (1) Total household income calculated by detailed information on income by different income earning activities, like agriculture, livestock, household enterprise and wage earning. (2) Household income elicited directly from households. Controlled for household size, number of economic active persons in household, gender, age and years of education of household head, average gender of household members, average years of education of household members, average level of literacy of all household members, number of income sources, and dummy variable for receiving income from wage earnings.

*Standard errors in parentheses. Comparing incoming clients to recent clients as treatment group. Standard errors are clustered at MFI level. * p<0.10, ** p<0.05, *** p<0.01*

Total Household Income of Incoming Client Households Compared to Recent and Mature Client Households - Simple Treatment Effect and MFI Specific Treatment Effects

	(1)	(2)	(3)	(4)
	Income calculated	Income direct	Income calculated	Income direct
Constant	9.736***	11.016***	9.672***	10.970***
	(1.207)	(0.753)	(1.199)	(0.821)
Client (recent & mature) (Dummy)	0.103	0.037		
	(0.060)	(0.137)		
WDF Hambantota (Dummy)	-0.309***	-0.246***	-0.411***	-0.517***
	(0.060)	(0.033)	(0.046)	(0.022)
Sanasa (Dummy)	-0.096*	-0.245***	-0.143**	-0.534***
	(0.043)	(0.024)	(0.033)	(0.019)
TCCS Jaffna (Dummy)	-0.878***	-1.027***	-0.692***	-0.903***
	(0.035)	(0.014)	(0.033)	(0.018)
BRAC (Dummy)	-0.062	-0.125**	-0.202**	-0.434***
	(0.057)	(0.040)	(0.056)	(0.039)
Client (recent & mature)*WDF (Dummy)			0.228***	0.228***
			(0.047)	(0.048)
Client (recent & mature)* Sanasa (Dummy)			0.139***	0.248***
			(0.027)	(0.044)
Client (recent & mature)*TCCS Jaffna (Dummy)			-0.238***	-0.410***
			(0.050)	(0.021)
Client (recent & mature)*BRAC (Dummy)			0.270***	0.262***
			(0.037)	(0.024)
Client (recent & mature)* Sabaragamuwa (Dummy)			0.065*	-0.198***
			(0.025)	(0.012)
Control Variables included	yes	yes	yes	yes
R-squared	0.278	0.355	0.279	0.370
N	635	766	635	766

Dependent Variable: LN of Income as specified. (1) Total household income calculated by detailed information on income by different income earning activities, like agriculture, livestock, household enterprise and wage earning. (2) Household income elicited directly from households. Controlled for household size, number of economic active persons in household, gender, age and years of education of household head, average gender of household members, average years of education of household members, average level of literacy of all household members, number of income sources, and dummy variable for receiving income from wage earnings.

*Standard errors in parentheses. Comparing incoming clients to recent and mature clients as treatment group. Standard errors are clustered at MFI level. * p<0.10, ** p<0.05, *** p<0.01*

Income from Agriculture by Crop

	Rice & Cereals	Pulses	Vegetables & Fruits	Condiments	Tea	Rubber	Coconot	Other
ALL MFIs	**157,966**	**21,663**	**55,017**	**117,750**	**178,500**	**81,333**	**14,894**	**16,964**
WDF-Hambantota								
Total	**237,541**	**8,417**	**95,179**	.	.	.	**16,167**	**4,000**
incoming	188,095	9,333	160,531	.	.	.	15,714	.
recent	271,367	5,000	27,822	.	.	.	20,833	.
mature	254,720	8,750	70,767	.	.	.	13,909	4,000
Sanasa								
Total	**164,946**	**43,667**	**17,533**	**16,750**	.	.	**13,400**	**48,000**
incoming	109,474	18,667	7,667	7,000	.	.	.	.
recent	175,222	20,000	15,000	10,000	.	.	12,333	.
mature	210,684	61,143	23,571	40,000	.	.	15,000	48,000
TCCS Jaffna								
Total	**51,342**	**13,273**	**27,152**	**31,667**	.	.	.	**15,458**
incoming	70,455	10,000	34,900	42,500	.	.	.	10,000
recent	37,944	14,769	21,769	.	.	.	.	13,188
mature	54,778	15,000	26,400	10,000	.	.	.	23,333
BRAC Lanka								
Total	**57,000**	.	**39,000**	**780,000**	.	.	**8,000**	.
incoming	.	.	9,000	.	.	.	8,000	.
recent	.	.	36,000	780,000	.	.	.	.
mature	57,000	.	50,000	.	.	.	.	.
Sabaragamuwa RDB								
Total	**62,893**	.	**13,750**	.	**178,500**	**81,333**	**6,800**	.
incoming	90,625	.	15,000	.	200,000	.	.	.
recent	11,750	.	10,000	.	140,000	.	3,600	.
mature	33,000	.	.	.	197,000	81,333	10,000	.

Note: income from direct income information given by client household

Characteristics of Household Enterprise and Household Enterprise Owner

	% of Housholds Operating Household Enterprise	Number of Household Enterprises operated	% of Male Enterprise Owners	Age of Enterprise Owner	Years of Education of Enterprise Owner	Number of Months of Operation of Enterprise in the last year	Distance of Enterprise to Home of Household (in km)	Number of Household Members Working in Enterprise	% of Enterprises Employing Other Workers
ALL MFIs	36.4%	1.16	55.9%	41.52	10.45	10.25	2.41	0.17	17.8%
WDF									
Total	30.0%	1.14	59.5%	39.95	10.21	9.60	2.18	0.14	0.0%
incoming	33.3%	1.12	70.6%	38.88	10.71	9.00	1.23	0.16	0.0%
recent	28.3%	1.15	46.2%	37.92	9.62	9.69	4.78	0.06	0.0%
mature	27.9%	1.17	58.3%	43.67	10.17	10.33	1.18	0.21	0.0%
Sanasa									
Total	36.4%	1.16	60.0%	41.71	10.35	10.31	2.49	0.22	22.5%
incoming	35.2%	1.12	48.0%	38.48	11.00	9.46	0.90	0.15	27.3%
recent	37.5%	1.13	70.8%	42.33	10.13	9.83	4.71	0.22	16.7%
mature	36.6%	1.23	61.5%	44.23	9.92	11.54	2.25	0.28	24.0%
TCCS Jaffna									
Total	9.2%	1.00	76.9%	44.08	10.85	9.77	4.33	0.01	23.1%
incoming	9.6%	1.00	40.0%	38.00	12.60	8.80	1.75	0.04	20.0%
recent	11.4%	1.00	100.0%	49.20	9.20	11.20	3.33	0.00	0.0%
mature	6.7%	1.00	100.0%	45.67	10.67	9.00	11.00	0.00	66.7%
BRAC									
Total	73.6%	1.19	39.6%	40.74	10.01	10.42	2.63	0.33	14.6%
incoming	71.7%	1.18	30.3%	39.73	10.91	10.18	4.75	0.43	6.3%
recent	72.0%	1.11	47.2%	38.78	10.22	10.14	2.12	0.28	8.6%
mature	77.1%	1.27	40.5%	43.54	9.00	10.89	1.17	0.29	27.8%
Sabaragamuwa									
Total	31.7%	1.18	77.8%	43.80	11.78	10.49	1.29	0.10	31.8%
incoming	19.6%	1.30	60.0%	45.60	11.50	11.10	2.11	0.08	20.0%
recent	31.9%	1.20	93.3%	45.47	12.53	10.47	1.18	0.13	26.7%
mature	45.5%	1.10	75.0%	41.65	11.35	10.20	0.86	0.11	42.1%

Business Performance of Household Enterprise of Client Household

	Amount Received from Sales last month (in Rs.)	Amount Received from Sales in Average month (in Rs.)	Cost of operation in average month (in Rs.)	Revenue from Sales last year (in Rs.) calculated	Costs last year (in Rs.) calculated	Expenditures on business assets last year (in Rs.)	Total Value of Business Assets (in Rs.)	Profits last year (in Rs.) calculated	Profit last year (in Rs.) direct
ALL MFIs	41,067	35,044	15,005	368,999	446,691	1,671	127,974	(120,064)	103,498
WDF									
Total	28,818	22,984	6,413	237,906	237,970	926	25,142	(4,129)	96,306
incoming	11,864	9,833	3,536	99,333	116,806	294	19,696	(46,808)	56,182
recent	36,391	28,950	7,851	286,300	306,350	266	20,115	74,710	136,682
mature	37,417	32,800	8,255	355,800	335,540	2,397	37,097	(31,753)	96,000
Sanasa									
Total	63,766	62,032	9,639	691,591	287,015	2,879	159,333	372,165	110,236
incoming	81,250	67,891	8,163	713,281	245,654	2,282	164,466	433,769	120,060
recent	31,370	31,325	12,454	327,600	340,008	6,297	190,204	(50,880)	82,750
mature	84,262	89,421	8,592	1,056,474	276,277	431	126,829	765,600	127,057
TCCS Jaffna									
Total	7,182	7,927	5,401	74,855	506,400	1,064	3,694	(500,000)	71,127
incoming	6,875	9,000	2,808	72,500	262,800	2,885	8,413	(293,500)	68,400
recent	8,125	8,040	12,776	90,080	944,859	0	850	(854,779)	84,800
mature	6,333	5,500	1,188	41,500	181,633	0	1,022	(26,050)	62,000
BRAC									
Total	29,550	29,650	41,837	284,524	626,928	1,890	189,916	(375,961)	87,400
incoming	16,923	15,961	7,659	183,116	121,489	504	117,803	53,372	68,176
recent	16,212	17,400	7,771	187,686	117,688	107	98,237	66,483	72,471
mature	54,009	54,024	110,076	471,180	1,573,202	5,074	354,522		119,003
Sabaragamuwa									
Total	55,250	25,921	13,710	305,429	462,271	1,045	242,539	(147,125)	199,605
incoming	27,250	7,250	6,077	71,750	367,600	0	78,676	6,250	189,500
recent	40,000	31,636	10,194	376,091	374,660	0	217,398	(9,900)	285,000
mature	83,400	26,831	25,507	317,539	575,315	3,223	445,487	(310,431)	147,167

Profits of Household Enterprises of Incoming Client Households Compared to Recent Households - Simple Treatment Effect and MFI Specific Treatment Effects

	(1)	(2)	(3)	(4)	(5)	(6)
	Asset value	Revenue last year	Profit last year	Asset value	Revenue last year	Profit last year
Constant	11.609***	10.614***	10.768***	11.971***	9.129***	9.859***
	(1.819)	(1.173)	(0.713)	(1.697)	(1.628)	(1.427)
Client (recent) (Dummy)	0.415	0.091	-0.063			
	(0.287)	(0.322)	(0.270)			
WDF Hambantota (Dummy)	-0.808**	-0.258*	-0.990***	-0.620	0.058	-0.682
	(0.259)	(0.110)	(0.191)	(0.356)	(0.202)	(0.765)
Sanasa (Dummy)	0.138	0.289	-1.109***	-0.160	1.514***	-0.348
	(0.212)	(0.154)	(0.116)	(0.258)	(0.251)	(0.748)
TCCS Jaffna (Dummy)	-1.206**	-0.724***	-2.314***	-0.226	0.668	-1.625*
	(0.371)	(0.144)	(0.090)	(0.501)	(0.379)	(0.703)
BRAC (Dummy)	-0.952**	0.363	-0.886***	-0.775**	1.079**	-0.532
	(0.215)	(0.172)	(0.146)	(0.248)	(0.258)	(0.741)
Client (recent)*WDF (Dummy)				0.126	1.044**	0.287
				(0.295)	(0.301)	(0.165)
Client (recent)* Sanasa (Dummy)				1.132***	-0.791***	-0.674***
				(0.073)	(0.144)	(0.099)
Client (recent)*TCCS Jaffna (Dummy)				-1.326***	-1.209**	-0.759***
				(0.154)	(0.430)	(0.158)
Client (recent)*BRAC (Dummy)				0.158**	0.257***	0.202***
				(0.045)	(0.027)	(0.021)
Client (recent)* Sabaragamuwa (Dummy)				0.494	1.021***	0.442
				(0.404)	(0.174)	(0.698)
Control Variables included	yes	yes	yes	yes	yes	yes
R-squared	0.135	0.213	0.181	0.130	0.279	0.183
N	160	148	138	160	148	138

Dependent Variable: Ln of business performance or profit measure as specified. (1)Total value of assets of first household enterprise in the last year, including value of land & buildings, equipment & machinery, furniture, small & large tools, large vehicles, small vehicles, and other durable goods. (2) Revenue of sales of goods and services of first househols enterprise in the last year. (3) Profit of first household enterprise in the last year. Controlled for household size, number of economic active persons in household, gender, age and years of education of enterprise owner, dummy variables for different enterprise types (production, trade, transport & communication, hotel & food, and services & others as reference category), and number of income earning sources of household.

*Standard errors in parentheses. Comparing incoming clients to recent as treatment group. Standard errors are clustered at MFI level. * p<0.10, ** p<0.05, *** p<0.01*

Profits of Household Enterprises of Incoming Client Households Compared to Recent and Mature Client Households - Simple Treatment Effect and MFI Specific Treatment Effects

	(1)	(2)	(3)	(4)	(5)	(6)
	Asset value	Revenue last year	Profit last year	Asset value	Revenue last year	Profit last year
Constant	11.843***	11.064***	11.149***	11.912***	10.076***	10.856***
	(0.508)	(0.476)	(0.386)	(0.593)	(0.776)	(0.693)
Client (recent & mature) (Dummy)	0.497*	0.408	0.174			
	(0.203)	(0.263)	(0.177)			
WDF Hambantota (Dummy)	-0.785***	-0.303**	-1.002***	-1.017**	-0.125	-0.901
	(0.166)	(0.102)	(0.108)	(0.231)	(0.091)	(0.527)
Sanasa (Dummy)	-0.220	0.064	-1.007***	-0.364	1.242***	-0.541
	(0.198)	(0.130)	(0.063)	(0.226)	(0.221)	(0.511)
TCCS Jaffna (Dummy)	-1.330**	-0.992**	-2.210***	-0.433	0.331	-1.980**
	(0.341)	(0.284)	(0.081)	(0.250)	(0.409)	(0.515)
BRAC (Dummy)	-0.351	0.199	-0.843***	-0.943**	0.773***	-0.779
	(0.207)	(0.128)	(0.045)	(0.243)	(0.168)	(0.486)
Client (recent & mature)*WDF (Dummy)				0.470***	1.147***	0.309**
				(0.091)	(0.158)	(0.080)
Client (recent & mature)* Sanasa (Dummy)				0.334***	-0.341***	-0.229***
				(0.031)	(0.066)	(0.035)
Client (recent & mature)*TCCS Jaffna (Dummy)				-1.350**	-0.696***	0.081
				(0.361)	(0.108)	(0.045)
Client (recent & mature)*BRAC (Dummy)				0.991***	0.543***	0.371***
				(0.062)	(0.034)	(0.022)
Client (recent & mature)* Sabaragamuwa (Dummy)				0.170	1.126***	0.379
				(0.123)	(0.060)	(0.454)
Control Variables included	yes	yes	yes	yes	yes	yes
R-squared	0.079	0.162	0.167	0.076	0.191	0.159
N	247	227	213	247	227	213

Dependent Variable: Ln of business performance or profit measure as specified. (1)Total value of assets of first household enterprise in the last year, including value of land & buildings, equipment & machinery, furniture, small & large tools, large vehicles, small vehicles, and other durable goods. (2) Revenue of sales of goods and services of first househols enterprise in the last year. (3) Profit of first household enterprise in the last year. Controlled for household size, number of economic active persons in household, gender, age and years of education of enterprise owner, dummy variables for different enterprise types (production, trade, transport & communication, hotel & food, and services & others as reference category), and number of income earning sources of household.

*Standard errors in parentheses. Comparing incoming clients to recent and mature clients as treatment group. Standard errors are clustered at MFI level. * p<0.10, ** p<0.05, *** p<0.01*