



Using impact measurement to better inform and create better outcomes

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Social Value Aotearoa
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Today's presentation

- Who are Good Shepherd Microfinance and how do we work
- Why we measure impact
- What we found out
- Why it was important, the challenges and how we use it.



Good Shepherd Microfinance is Australia's largest and most effective microfinance organisation.

- We are a national not-for-profit organisation working to enable people on low incomes to improve their financial capability and wellbeing through the delivery of innovative microfinance programs.
- Microfinance helps people on low incomes become **financially independent** which makes a significant difference to their well-being, dignity and confidence. Our work creates positive social and economic impact for everyone.
- Our approach is to work with governments, business and the community to address the issues of financial exclusion in Australia.

669
LOCATIONS ACROSS
AUSTRALIA



170,000
PEOPLE REACHED



1500
DEDICATED MICROFINANCE
WORKERS AND VOLUNTEERS





Financial Exclusion

Component	Description
Financial exclusion is:	Lack of access to appropriate and affordable financial services and products – the key services and products are a transaction account, general insurance and a moderate amount of credit
The consequences of financial exclusion are:	↑ likelihood of financial hardship and poverty ↓ poor economic, social and health outcomes
The consequences of credit exclusion are:	↓ ability to asset build ↓ ability to buffer against financial shocks or unexpected expense ↑ use, and reliance on, fringe credit (CSI, Life Changing Loans at No Interest, 2014)

Desperate needs for alternatives



Payday Lending and Rental Schemes profiled

Payday lender ‘charged 325 per cent’ on \$20,000 loan
Gina Rushton, The Australian - March 30, 2015

Four Corners reporter Stephen Long interviewed Victorian mother Anna, 45, from Geelong who took out 27 payday loans last year after maxing out a credit card in part to pay for the upfront purchase of a laptop for her daughter’s schooling.

“I realised they were a legitimate industry that was regulated,” Anna said.

She borrowed just over \$20,000 over a period of nine months which cost her nearly \$6000 in fees and charges – at an effective annual interest rate of more than 325 per cent, *Four Corners* reported.

“It’s very easy to do sitting at your computer ... takes five or ten minutes, and to my surprise I was approved,” she said.



Desperate needs for alternatives

Payday Lending and Rental Schemes profiled

Radio Rentals made \$90 million from Centrelink payments last year

ABC Reporter Josie Taylor, 20 Mar 2015

Centrelink payments made up almost half of white goods leasing market leader Radio Rentals' revenue last year, the ABC can reveal.

Last financial year the company's total revenue was \$197 million, and \$90 million of that came from the federal Department of Human Services through the direct debit Centrepay system.

The Centrepay system was originally designed to help Centrelink customers budget, with money for bills directly debited from bank accounts as soon as benefits are paid





Our goal is to reach one million people experiencing financial exclusion by 2018.



No Interest Loan Scheme (NILS) is a community based program providing access to fair and safe credit (up to \$1,200).



StepUP provides low interest loans for personal or household purposes to people on low incomes (from \$800 to \$3,000).



Good Money is a pilot program delivering financial services through three community finance stores in Victoria.



AddsUP supports people on low incomes to develop financial independence through a matched savings incentive (\$500).

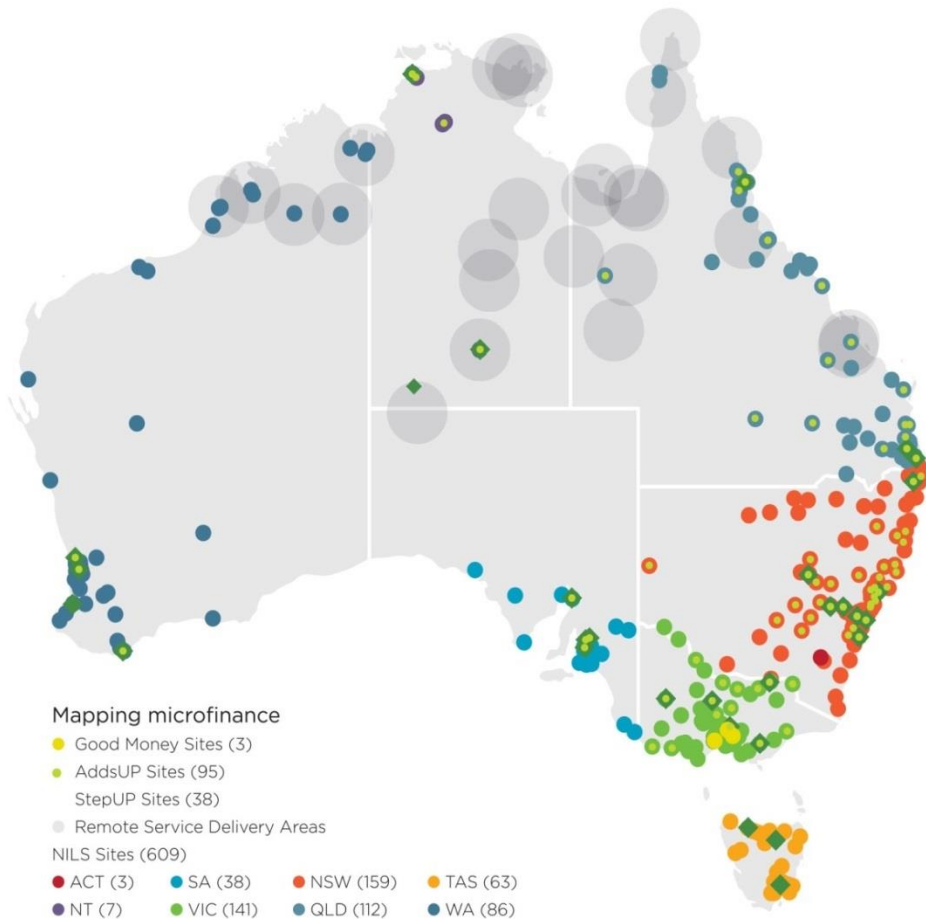


Good Energy seeks to work with energy retailers and governments to reduce energy related hardship among people on low incomes.



Good Insurance is a community business partnership focused on developing insurance products for people on low incomes.

Our microfinance programs are offered in 669 locations by 247 local community providers.



Good Shepherd has led the way in microfinance in Australia for the past 34 years



Good Shepherd Microfinance

1863 1981 2004 2009 2011 2012 2014

Good Shepherd Sisters arrive in Melbourne

StepUP launched in partnership with NAB



- AddsUP matched savings launched



- Federal Govt invest to extend NILS and StepUP

Three Good Money stores established in Victoria



StepUP launched in New Zealand

Good Insurance launched



NILS launches in Collingwood



NILS celebrates 30years

NILS piloted in New Zealand

"You have to adapt to all circumstances. Do the best you can, while remembering that, according to the spirit of our calling, we must be everything to everyone." St Mary Euphrasia



Good Shepherd Microfinance



Why measure impact?

- Are we having the impact on clients that we expect? Did the loan make an impact?
- Are we meeting our strategic goals?
- How do we improve outcomes for our clients?



Our Vision, Values and Goals are directly aligned

Our Vision

”Fullness of life for all people, living in connected resilient communities”

Purpose

To enable economic wellbeing for people with low incomes, especially women and girls

Client needs:

- Financial services
- Asset building
- Security
- Inclusion
- Resilience
- Human connectedness

Goals

Community-led

- Understand and meet financial needs of people on low incomes
- Value, develop and connect our provider network

Reach large numbers of people

- Strong footprint
- New channels
- New programs

Impact

- Increased economic mobility
- Wellbeing-focused
- Communicate clearly and widely

Inform ourselves and others

- Research, analyse, understand
- Strong public affairs capability

Strength

- Governance driven, strong finances, organisational development

Measures

- Client satisfaction
- Market share: Funds Under Management
- Income and wellbeing
- Network satisfaction

- Client numbers
- No. of locations
- Online access

- Client income / health
- Evaluation reports
- Recognised thought leadership

- Research reports
- Partnering with stakeholders

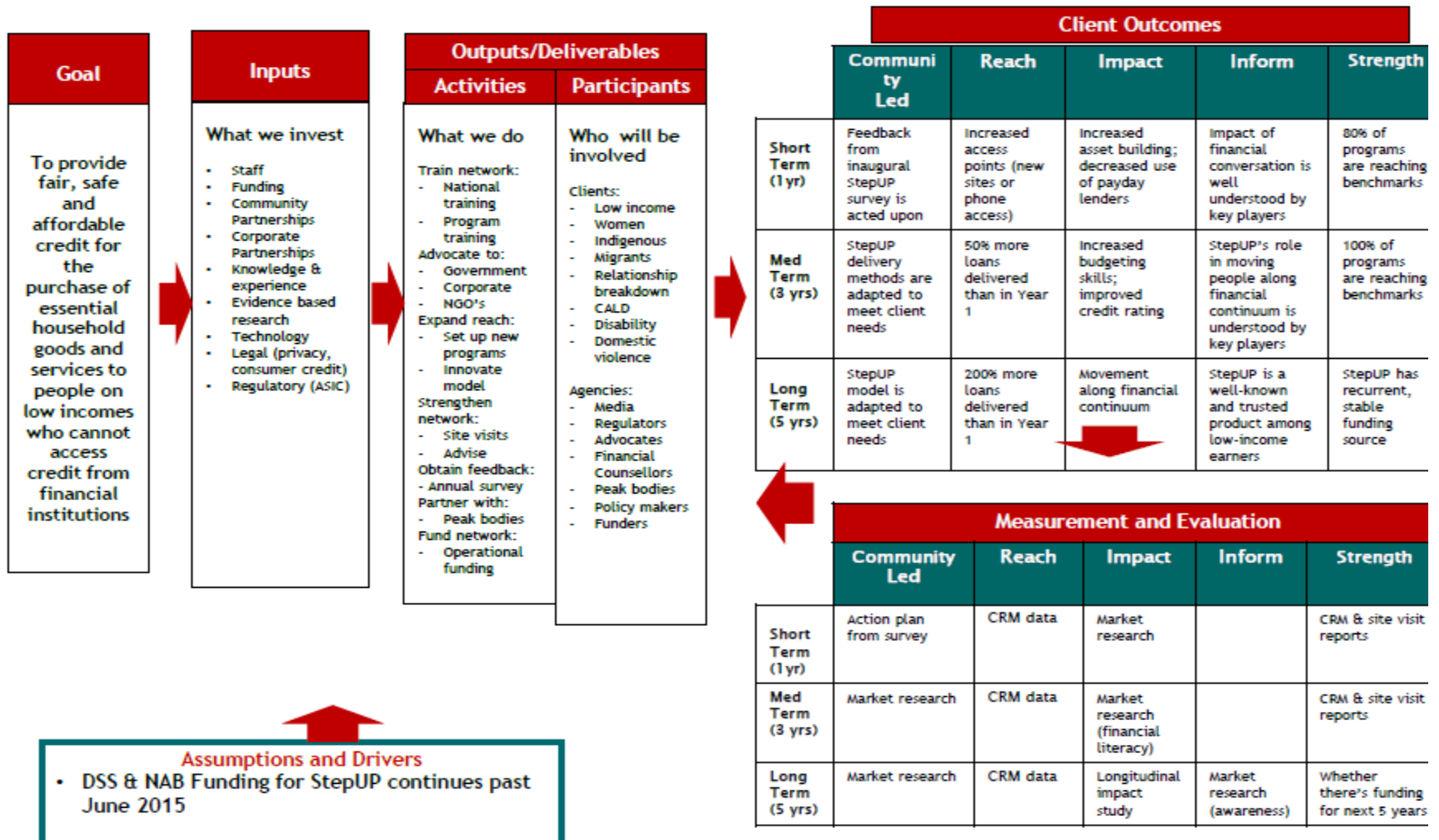
- Actual credit loss rate
- Strong execution
- Staff satisfaction
- Revenue growth and diversity

Values: Human dignity, Respect, Social justice, Audacity, Compassion, Reconciliation



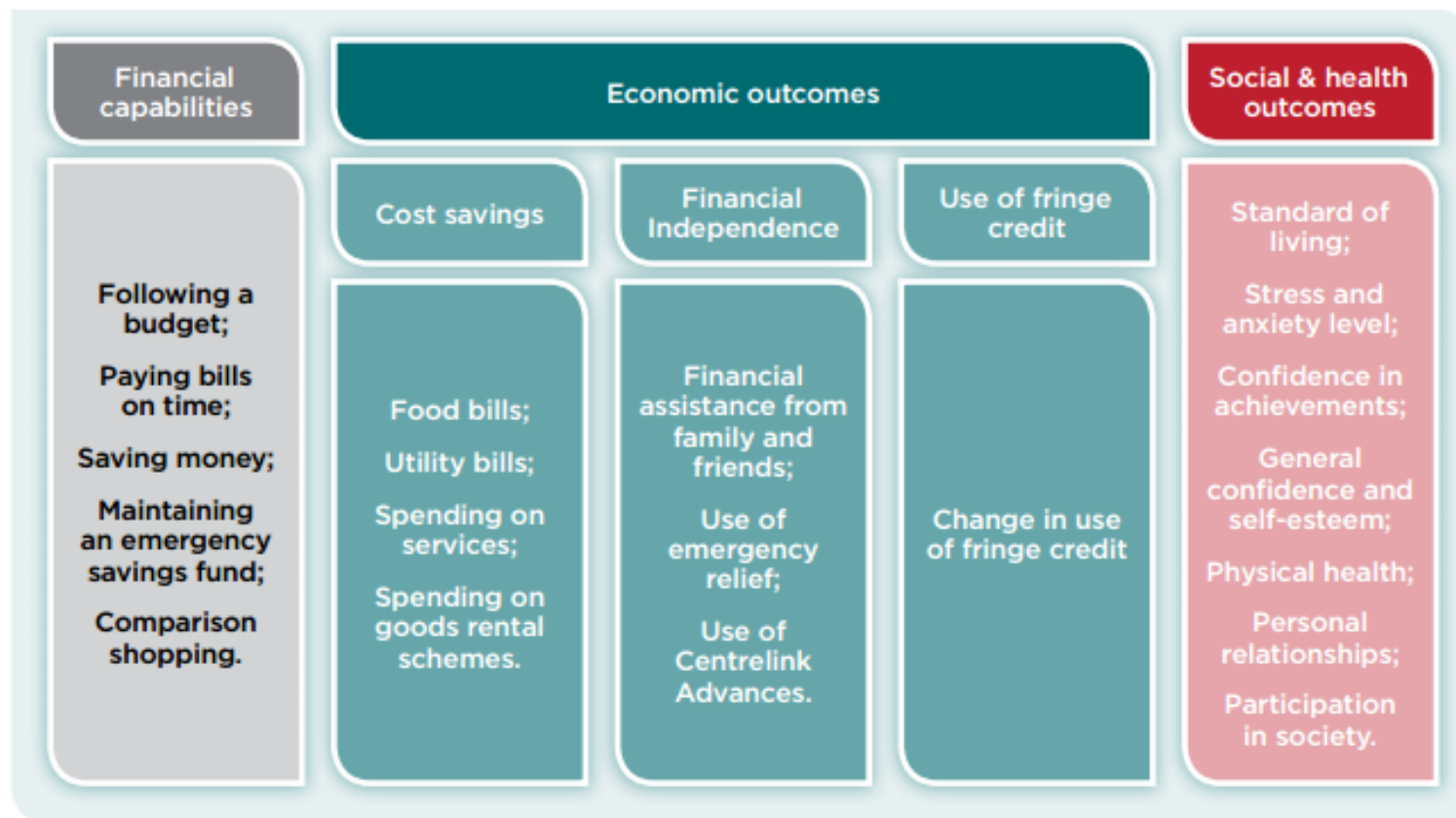
Program Logic

StepUP Outcomes Logic





Outcome constructs



Source: Life Changing Loans at No Interest, March 2014

‘Life Changing Loans at No Interest’ demonstrated that we are reaching Australia’s most vulnerable.

Life Changing Loans at No Interest

An Outcomes Evaluation of Good Shepherd Microfinance’s No Interest Loan Scheme (NILS)

Snapshot Report



Key findings:

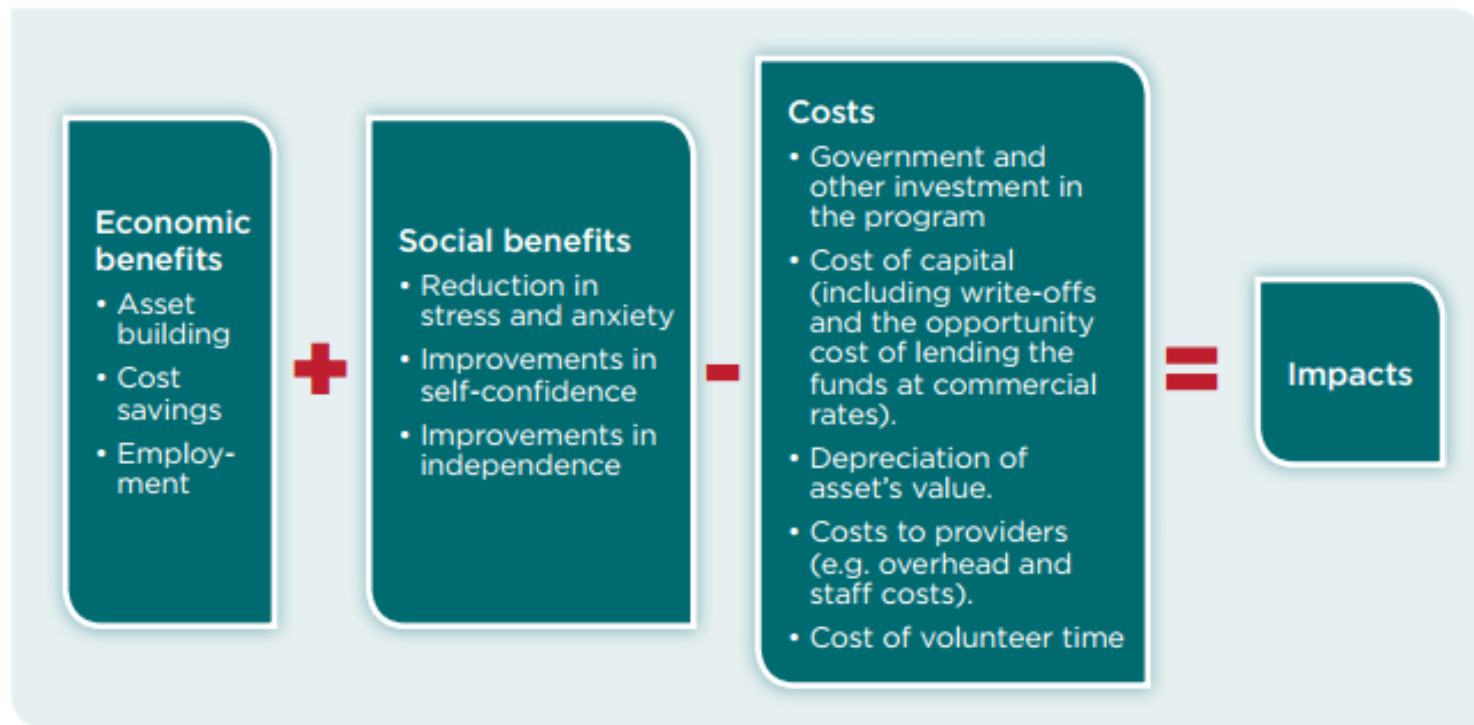
- 94% were living under the poverty line.
- 74% were female and 43% live in a single parent family with dependents.
- 17% were Aboriginal or Torres Strait Islander people.
- 48% were unable to improve their economic situation with employment due to physical disability or age
- 82% experienced a net improvement in economic outcomes.
- 74% experienced a net improvement in social and health outcomes. This includes a change in confidence, self-esteem, personal relationships and participation in society.
- 47% improved their financial capabilities including budgeting, saving money, maintaining an emergency savings fund and comparison shopping.

Economic Outcome –Use of fringe

- 42% of NILS clients surveyed who previously used fringe credit, reduced or stopped their use of fringe credit due to the NILS loan.
- The net savings from not accessing fringe loans was \$69,408.



Social and economic impact model



Source: Life Changing Loans at No Interest, March 2014



NILS SROI

Economic benefit

- Asset Building
- Cost Savings (on food bills, utility bills, white goods rental)
- Reduction in use of emergency credit and payday lending
- Savings on fringe credit
- Employment

\$830,900



Social benefit

- Reduction in anxiety/stress
- Improvement in confidence and self-esteem
- Improvement in independence

\$232,110



Cost

- Government and other investment in the program
- Costs of Capital (incl. write-offs and opportunity cost of capital)
- Depreciation of assets value
- Costs to providers (eg. overheads and staff costs)
- Costs of volunteer time

\$668,000

= net benefit of \$395,000

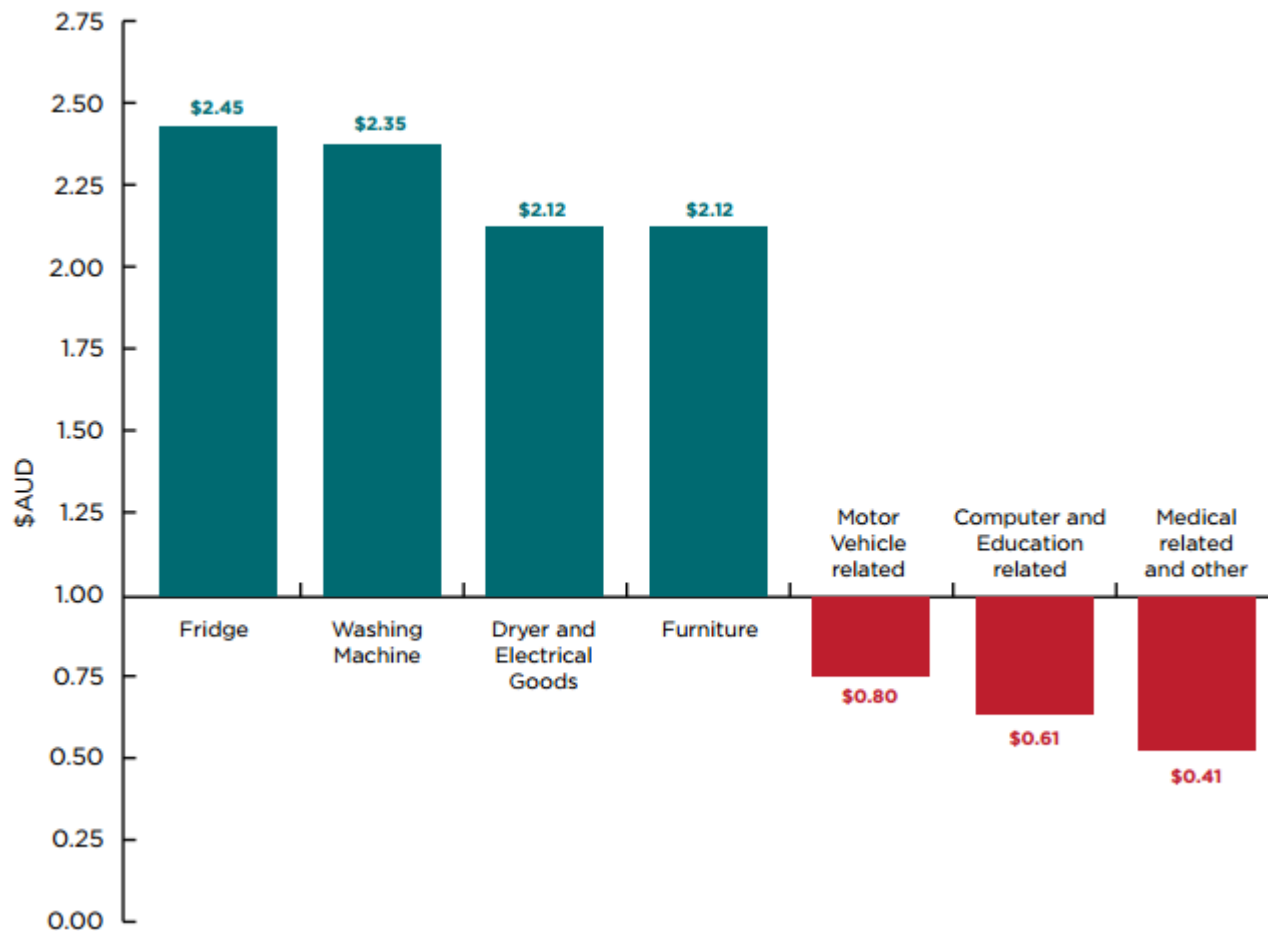
(for 710 NILS loan recipients)

For every dollar invested,

\$1.59 worth of social and economic value was created



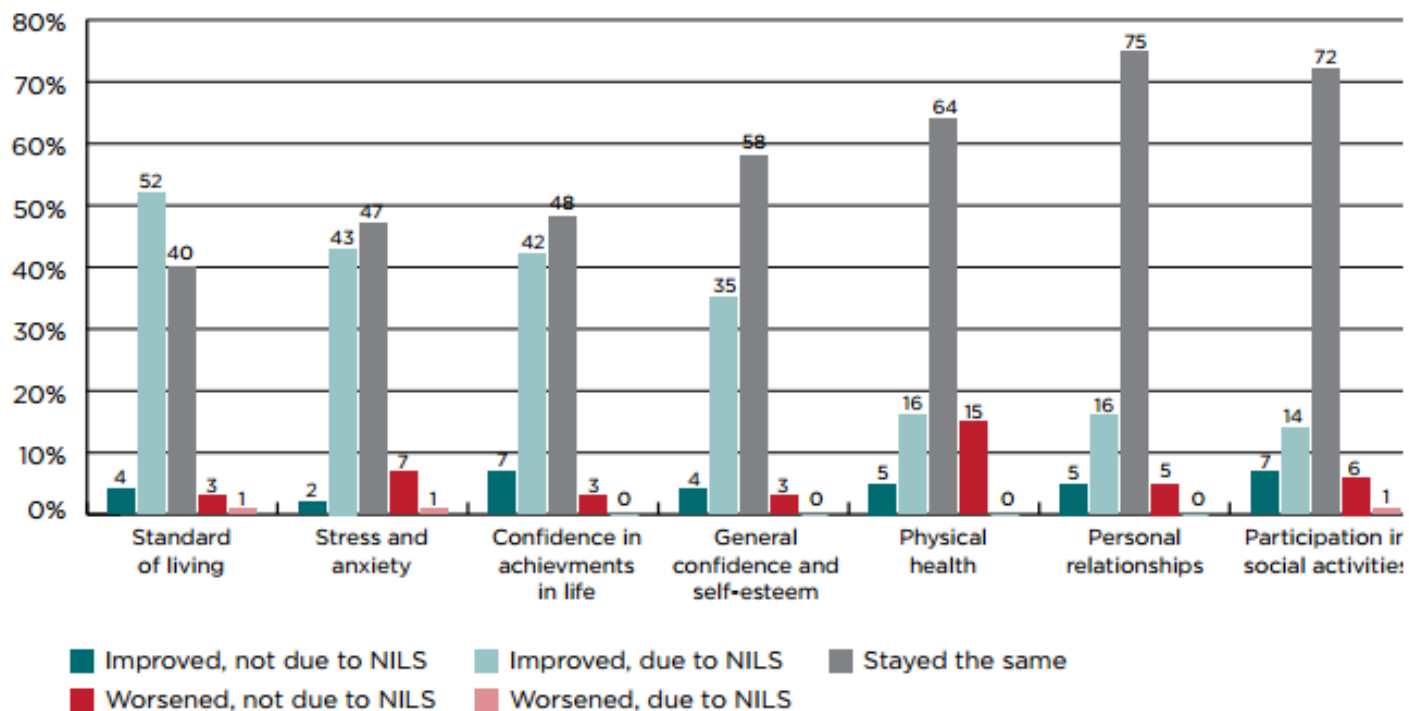
Social and economic return by item purchased



Source: Life Changing Loans at No Interest, March 2014



Change in social and health outcomes due to a NILS loan (%)



Source: Life Changing Loans at No Interest, March 2014



Using the SROI to improve the program

The recommendations highlighted the need to;

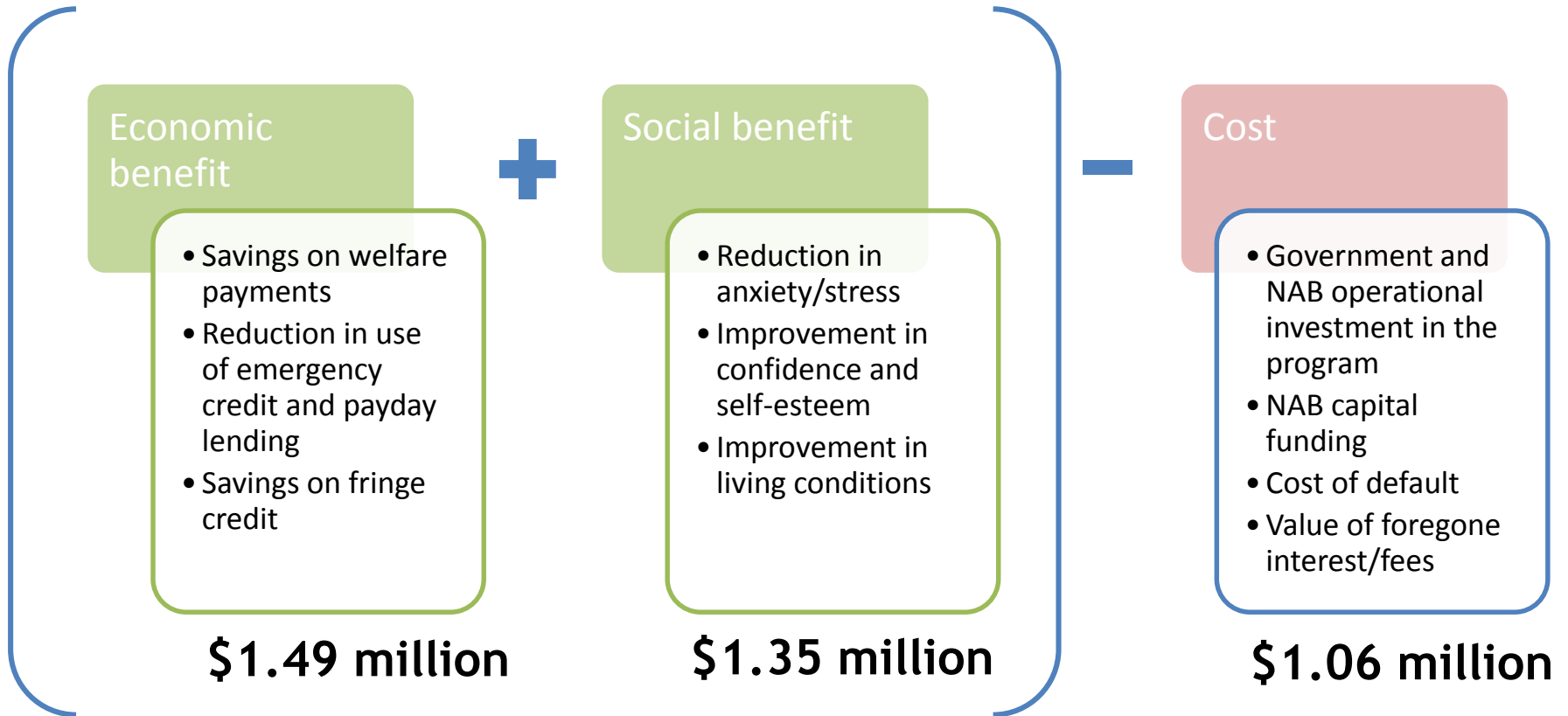
- Expand NILS to meet demand,
- Explore ways to increase the value created,
- Review governance structures, and
- Ensure ongoing administration of the program

Overall;

- No one preferred program structure - centralised vs decentralised
- Evidence for ongoing funding - program delivers to government policy objectives



StepUP SROI



= net benefit of \$1.78 million
(for every 1,000 loans written)

**For every dollar invested,
\$2.69 worth of social and economic value was created**



Using the SROI to improve the program

The recommendations highlighted the need to;

- Provide access to small, short term loans alongside a StepUP loan,
- Provide basic, affordable insurance for products acquired through a StepUP loan,
- Further investigate providing access to the ‘working poor’,
- Mitigate geographical exclusion through increased access,
- Continue to promote StepUP loans

Overall;

- Economic impact great than social
- Evidence for ongoing funding - program delivers to government policy objectives



The financial inclusion continuum model shows how people achieve economic mobility.

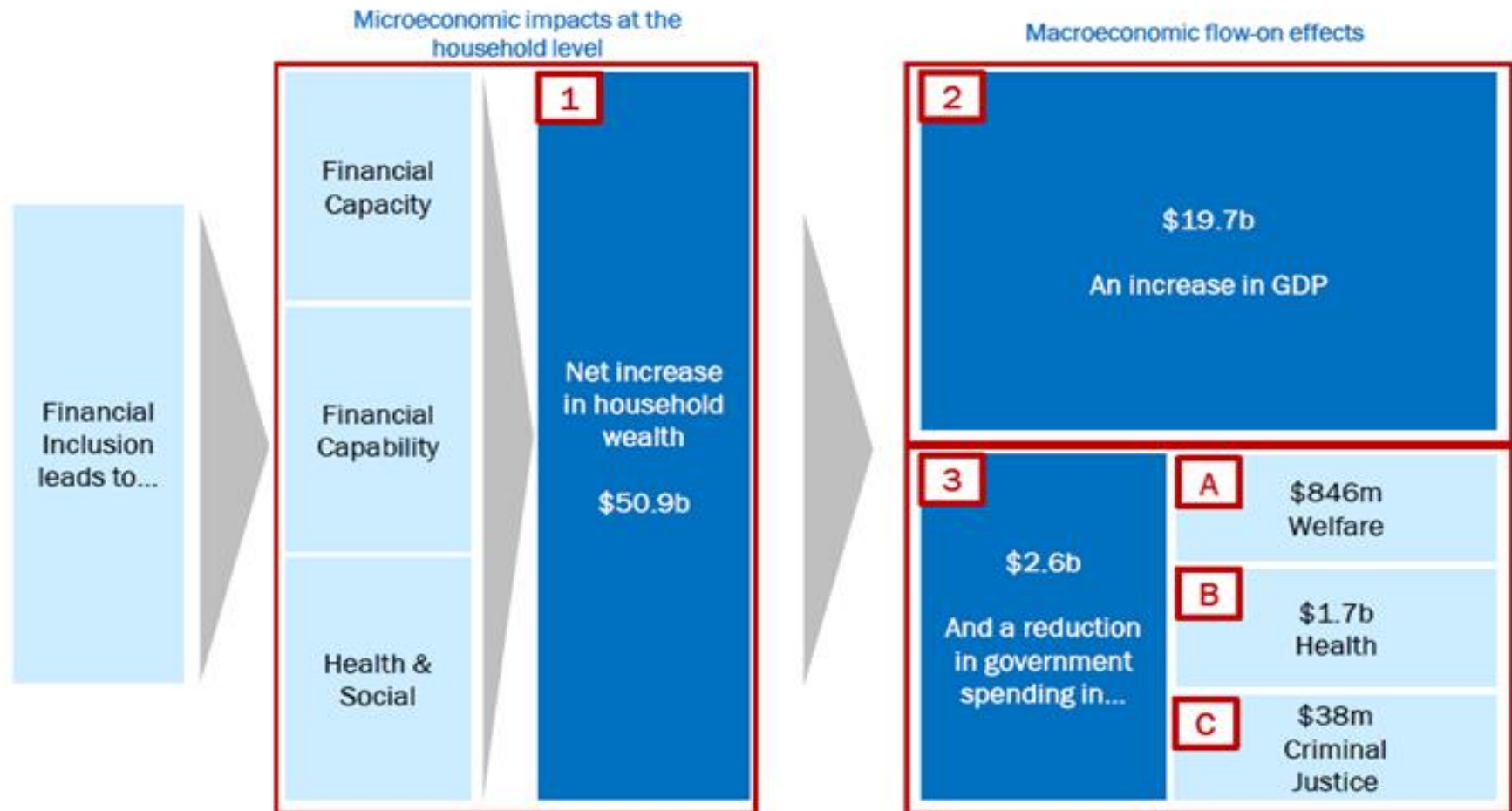
Key Phase	Crisis/ hardship	Stability	Income generation	Resilience
Individual wellbeing	Low control Dependent Isolated	Some control More included	Participation Valued included Contributor Dignity	Strong Confident Adaptable
Economic contribution	Cost intensive High welfare Many services	Fewer services Self manage	Self sustaining Paying taxes Minimal Government services	Creating wealth Net investor



Good Shepherd Microfinance / Daymark 2014

What would be the economic benefits of alleviating financial exclusion in Australia?

Financial inclusion is associated with benefits at the both household level and the broader macroeconomic environment. If just 7% of Australia's financially excluded were able to improve their wealth position, the nation's annual gross domestic product (GDP) could increase by a staggering \$19.7 billion.





Power of the \$

- Bankers understand \$
- Government also understands \$
- Brings to forefront the importance of social impacts such as increased capability and self esteem
- Significant to the business case of future funding



Challenges

- Each study is expensive and time consuming - at least 3-6 months
- Studies are more meaningful if replicated over time - is this realistic?



Questions?