



FINCA[®]

FINCA Client Data Viewed through World Bank's Human Opportunity Index

Since 2003, FINCA has been collecting demographic, economic and social data about its clients and using this information to inform its work. In 2010, FINCA began a renewed initiative to ensure that its social mission continues to be addressed through its operations. In support of this initiative, FINCA analyzed existing client data using the World Bank's Human Opportunity Index (HOI) framework. The HOI is an equality-of-opportunity-sensitive coverage rate that calculates the impact of personal circumstances on a child's probability of accessing the services necessary to succeed in life - namely timely education, running water or connection to electricity. Compared to some indexes focusing on low income and underserved, HOI is a relatively simple framework and focuses only on two dimensions – education and housing – using a total of five indicators.

The analysis contributed to FINCA's quantitative understanding of the social and financial profiles of clients and their children, and informed FINCA's ongoing efforts to create an improved social performance measurement and management system. By taking existing client data and analyzing it using a different framework, FINCA developed a better understanding of the importance of housing and education in the lives of clients' children, and learned how to better utilize these metrics to measure social performance.

The analysis utilized 5,145 individual records of children of FINCA clients in Ecuador, El Salvador, Honduras, Mexico, and Nicaragua. The analysis focused on whether the data would reveal relationships between school attendance and household access to improved drinking water or sanitation; if the household was food secure¹; and if the family had a long-term association with FINCA. Finally, FINCA performed an analysis to determine the strength and size of relationships among all variables, specifically the predictive power of access to water or sanitation, food security and being an experienced FINCA client to explain school attendance. .

Statistical regression analysis of the sample revealed that across three different populations (children age 10-14, 7-16, and 13 year olds), only food security and having a long-term association with FINCA had a consistent relationship with school attendance. The table below shows the correlation percentages between having a positive indicator for the independent variables on the top row and the indicators on the left hand column. The table lists only regression coefficients found to be statistically significant at the 95% confidence interval level for the population of children aged 7 to 16 years.

The results show that clients' children are more likely to attend school if they have access to improved sanitation (3.8% more likely); live in a household that is food secure (15.6%); and live in a household with an experienced FINCA client (5.2%.) While the available data did not allow for causal attribution of these relationships, it did allow FINCA to test for a relationship in its search for a more thorough understanding of their clients and the full set of factors impacting their lives.

¹ Food security is not a part of the HOI framework, but FINCA reviewed this relationship with the belief that food security is a likely pre-condition for successful school attendance. Food security data was available in FINCA's client data sets. For this analysis, food security was defined as always, or almost always, having enough food in the household.

Age Group: Seven to sixteen years

Dependent Variable	Independent Variable				
	Water	Sanitation	School Attendance	Food Security	Experienced with FINCA
Water	—	n/a	n/a	n/a	n/a
Sanitation	n/a	—	4.0%	15.0%	20.4%
School Attendance	n/a	3.8%	—	15.6%	5.2%
Food Security	n/a	4.6%	5.0%	—	12.3%
Experienced with FINCA	n/a	5.5%	3.5%	4.5%	—

FINCA is a global microfinance network operating in 21 countries, providing financial services to low income and underserved populations. As of April 30, 2011, FINCA had over 800,000 active clients and a total active loan portfolio of \$437 million. The Citi Foundation generously provided financial resources to make this research possible. For more information visit www.FINCA.org or contact Paul Hamlin at paul.hamlin@finca.org.