

Freedom from Hunger Performance Report—as of December 31, 2010

				Current Period (12/10)	Prior Period (06/10)	Prior Year (12/09)
SCALE						
Total Number of People Affected⁽¹⁾				18,099,157	14,043,186	13,933,371
Total Number of People Reached				3,281,665	2,465,357	2,514,542
% of female members (estimated)				99%	99%	99%
Program Initiatives⁽²⁾						
	Direct Use	Access	Extension			
o	<i>Credit with Education</i>	1,187,958		1,187,958	702,116	1,319,423
o	Microfinance and Health Protection	830,820	188,705	1,065,780	659,799	301,557
o	Alcance (Mexico)	94,831	16,105	414,911	139,052	102,509
o	Global Financial Education Program	49,384		49,384	74,076	98,768
o	<i>Saving for Change</i>	483,554		483,554	359,967	256,808
o	MicroBusiness for Health		11,951	11,951	15,934	19,917
o	Reach India		931,796	931,796	712,972	699,113
SUSTAINABILITY of MODEL						
Percentage of Reporting Institutions with <i>Credit with Education</i> that have an institutional OSS \geq 100% ⁽³⁾				81%	80%	90%
Reach India (percentage of service centers achieving sustainability = revenues cover costs)				N/A	81%	62%
IMPACT						
Food Security						
Percentage of members who are food-insecure per organization				Incoming members	Members in the program	
<i>PADME (Benin, 2007)</i>				60%	N/A	
<i>CRECER (Bolivia, 2006)</i>				60%	N/A	
<i>CRECER (La Paz, Bolivia, 2009)</i>				53%	33%	
<i>RCPB (Burkina Faso, 2003)</i>				84%	73%	
<i>ESPOIR (Ecuador, 2007)</i>				N/A	33%	
<i>ESPOIR (Ecuador, same cohort, 2007 & 2009)</i>				47%	34%	
<i>Brawka Brehman and Afram (Ghana, 2006)</i>				48%	36%	
<i>Bandhan (India, 2008)</i>				N/A	49%	
<i>Reach India (Patna, Ranchi, Guwahati, Burdhaman & Bhubaneswar, India, 2009)</i>				N/A	32%	
<i>TONUS, Saving for Change (Mali, 2010)</i>				100%	86%	
<i>Kondo Jigima (Mali, 2009)</i>				86%	N/A	
<i>Alcance (Mexico, 2010)</i>				N/A	51%	
<i>AlSol (Mexico, 2009)</i>				46%	N/A	
<i>Finca Peru (Peru, 2007)</i>				53%	N/A	
<i>Prisma (Peru, 2008)</i>				82%	N/A	

Notes:

(1) Calculated by applying appropriate country-level multipliers based on each country's average family size.

(2) Calculated to avoid double-counting of beneficiaries in the Total Number of People Reached who are benefitting from multiple initiatives. For instance, of the 414,911 for Alcance outreach December 2010, 48,866 are counted towards *Credit with Education*, and the remaining 366,045 are added up for Alcance in the Total Number of People Reached. For MAHP, 814,803 are counted towards *Credit with Education* and the remaining 250,977 are counted towards MAHP. The 3,281,665 for Total Number of People Reached is calculated by adding: 1,187,958 CwE + 250,977 MAHP + 366,045 Alcance + 49,384 GFEP + 483,554 SFC + 11,951 MBH + 931,796 Reach. The terms Direct Use, Access and Extension reflect the levels of impact our programs achieve; Direct Use indicates that beneficiaries are receiving our products and services; Access indicates that beneficiaries have the opportunity to receive our products and services but may not have yet seized that opportunity; and Extension indicates that other organizations have been trained to provide products and services to beneficiaries, but we have no means to verify direct use and access.

(3) Percentages calculated represent microfinance institutions that reported their OSS statistic for their entire institution. Comparisons between periods may not necessarily indicate improvement or regression of performance, as the number of institutions reporting vary from period to period. For the Current Period (12/10), 32 of 38 reported; for the Prior Period (06/10), 25 of 33 organizations reported; for the Prior Year (12/09), 19 of 27 organizations reported.

(4) Freedom from Hunger uses a household-level food-security survey to measure outreach to our target population: the chronically hungry poor. We aim to take samples of incoming clients (in the program for less than 6 months), follow them over time and assess their food security again after one to three years to evaluate the change in their food-security status over time. It is hypothesized that it takes three years of receiving integrated financial and non-financial services to see a client move from a state of food insecurity to food security. As Freedom from Hunger systematizes this data-collection process, we will be able to validate whether this hypothesis is accurate. We cannot claim attribution without rigorous research, but this statistic allows us to evaluate whether we and our partners are on the right track to both reaching the chronically hungry poor and improving their lives.

Narrative for Performance Report—as of December 2010

SCALE

Freedom from Hunger programs reach over 3.2 million people globally. Applying appropriate country-level household-size multipliers, Freedom from Hunger estimates that over 18 million mostly poor and rural people are affected by our services.

Freedom from Hunger's products and services center on Value-Added Microfinance (VAM), with *Credit with Education* reaching the largest percentage of our beneficiaries. VAM includes financial products that are meant for a social purpose, including business loans, health loans, health savings and insurance, coupled with non-financial products such as education, healthcare linkages and health products. Our VAM services include *Credit with Education*, Microfinance and Health Protection, Alcance (Mexico), Global Financial Education Program and *Saving for Change*. Through this work, we reach members of microfinance organizations as well as informal savings groups and their families in 19 countries across Latin America, Africa and Asia.

Through Freedom from Hunger's strategic alliance with Oxfam America, as well as our own work in West Africa, our *Saving for Change* methodology is enabling over 480,000 people to form and operate effective village-level savings and loan groups, and to benefit from malaria education—an increase of over 120,000 since the last reporting period in June 2010.

Although the major grant for our Microfinance and Health Protection initiative ended in June 2010, we continue to work with the original five microfinance institution (MFI) partners as well as with new ones to deliver health education, health products and health services. Our original five partners—Bandhan in India, CARD in the Philippines, CRECER in Bolivia, PADME in Benin and RCPB in Burkina Faso—plus ten new organizations in India and Vietnam, now reach over 1,060,000 microfinance clients with health services and education. These MFIs help their members gain access to health protection services through linkages to health service providers and health insurance products, distribution of health products, and new financial products such as health savings, health loans and health micro-insurance.

When counting our outreach, we acknowledge that not all products and services have the same level of contact with the end clients, and that defining those levels with accuracy can be a challenge. Whereas some of our programs put needed products and services directly into the hands of poor women (an insecticide-treated mosquito net or a health loan), other programs work to increase access to products and services, and thereby create more financial and non-financial options for poor people (the availability of mosquito nets in villages where none could be found before, or the ability to take out a health loan rather than liquidate business assets when an emergency arises). The level of impact from direct use may be greater than increased access, but increased access often implies some behavior change. To better understand these various levels of impact in our programs, we are now reporting on scale across three measurements: direct use, access and extension. Definitions follow for these three categories. Please note that any program initiative can report scale in any or all of the three categories

simultaneously, and that the Total Number of People Reached represents the cumulative total of these numbers.

- **Direct Use.** When we have a direct and reliable way of identifying how many clients use our products and services, we count them under Direct Use. For example, clients counted under Direct Use for *Credit with Education* and *Saving for Change* are those who are current participants in credit and savings groups. Direct Use also includes the number of clients who have used a specific financial product, such as a health loan at Bandhan in India.
- **Access.** People counted as having Access have the opportunity to receive our products and services but may not have yet seized that opportunity. An example would be clients of our partner RCPB in Burkina Faso who are receiving business loans through the partner institution but are also eligible for a health loan, a product designed by Freedom from Hunger (loans given specifically for health-related expenses, such as surgery).
- **Extension.** Extension indicates that other organizations have been trained to provide our products and services to beneficiaries, but we have no means to verify direct use or access. We can make estimates only. Extension includes our estimate of the scale of outreach of our *Reach* India program. This program reaches clients by training organizations that in turn train their employees to deliver education to their clients. Ultimately we do not have a systematic and reliable way to verify that these organizations are in fact delivering the education, much less how many clients have received the education, but by knowing the number of organizations trained and the number of clients of each organization, we are able to estimate the number of people who are likely to be benefiting from the education that *Reach* India has trained the organization to provide.

SUSTAINABILITY

Freedom from Hunger measures its sustainability by assessing financial sustainability at the product and service level.

Credit with Education works through MFIs to integrate financial services and non-financial services. The operational self-sufficiency (OSS) of each MFI offering the service is used as a proxy for Sustainability of *Credit with Education*. The OSS shows how much of the total operating costs of the institution are being covered by the financial income. An OSS of 100 percent or more indicates that an MFI is covering, or more than covering, its operational costs. Eighty-one percent of our reporting partners, or 26 organizations, claim an OSS of 100 percent or more, demonstrating that the costs of integrating non-financial services can be effectively covered or absorbed by the institution's microfinance-related interest income and fees.

In the *Reach* model, training products are distributed through entrepreneur-owned "service centers" to self-help promoting institutions and community-based organizations. *Reach* measures sustainability of its service centers by calculating whether service center revenues cover its costs. As of June 2010, 81 percent of the service centers in India had reached this threshold of sustainability, but no data on this statistic is available for December 2010.

IMPACT

Freedom from Hunger monitors its impact by examining the extent to which our target population—the chronically hungry poor—has attained family food security after participating in our programs. We apply a household food-security measure, using an adapted version of the U.S. Department of Agriculture food-security survey, to a sample of incoming clients (in the program for less than six months). These clients are assessed again after one to three years to evaluate the change in their food-security status over time. Freedom from Hunger's hypothesis is that it takes about three years of receiving integrated financial and non-financial services to see a client move from a state of food insecurity to food security. As Freedom from Hunger systematizes this data-collection process, we will be able to validate whether this hypothesis is accurate. We cannot claim causality without rigorous research, but this basic statistic still allows us to evaluate whether we and our partners are on the right track, both in terms of actually reaching the chronically hungry poor and improving their lives.