

The Poverty Stoplight Approach

Possibly the biggest question facing organisations working to alleviate poverty is “How do we know if we are moving the needle of transformation?” Through monitoring and evaluation, The Clothing Bank (TCB) knows that their holistic 2-year Enterprise Development training programme is successful at empowering unemployed mothers to start small retail businesses that allows them to transition from a life of dependence to becoming financially and socially independent, but is poverty being permanently eradicated from their lives? Additionally, the following questions have been haunting the programme’s impact and the team has been determined to find these answers:

- How do we know if our programmes are successful unless we define what “not poor” means?
- Why are some beneficiaries stuck below the national poverty line despite years of financial inclusion?
- What is the intrinsic difference between the beneficiaries who overcome poverty and those who do not?

TCB was looking for a tool that allowed their beneficiaries to participate and own their journeys out of poverty, that provided a clear line of sight of how to get there, and that allowed TCB to measure the organisation against its objectives. These were questions that TCB was asking itself last year at about the same time when TCB’s CEO, Tracey Chambers, met up with Martin Burt of Fundación Paraguaya at an event in Paraguay.

Martin and his team have developed an innovative, practical methodology and self-evaluation, visual survey tool that allows poor families to self-diagnose their level of poverty as a first step in developing a personalised strategy to lift them permanently out of poverty. It’s called **Poverty Stoplight** and is experiencing huge success in Paraguay which has led to much interest by other countries.

According to the Poverty Stoplight approach, to understand a problem from all standpoints it is necessary to include the valid perspectives of everybody involved: the poor person, their family and community, the social activist, the non-profit attempting to aid the poor, the microfinance institution, the social entrepreneur, the government agency, and the international donor, etc. We need to contrast poverty

with non-poverty and then take action to address the difference and we need to understand that the poor can be motivated to pull themselves out of poverty.

The Poverty Stoplight approach is based on the following principles:

- Being poor is not who you are; it's a set of circumstances that you find yourself in
- Poverty has many dimensions
- Poverty does not affect families uniformly, therefore solutions out of poverty will differ for each family
- The main protagonists in eliminating poverty must be the poor themselves. Additionally, an individual must adopt certain behaviours and attitudes in order to overcome poverty in all its dimensions and to maintain a standard of living that is not poor
- A poverty-elimination strategy must be scalable, which implies that it must cost very little to implement and, ultimately, must be financially self-sustaining
- Additionally, definitions of poverty – who decides what it means to 'progress out of poverty' – should be decided through democratic participation with the poor in describing their experience /situation

Poverty Stoplight assesses six poverty dimensions (income & employment, health & environment, housing & infrastructure, education & culture, organisation & participation, self-awareness & motivation) and uses 50 indicators, with three conditions for each poverty indicator: non-poor (green), poor (yellow), and extremely poor (red).

Below: An example of the indicator for Water in the Health & Environment poverty dimension

Indicator		Area: Health and Environment
1. Access to drinking water		
Level 3: The home has constant access to drinking water within the house or in the yard. The home has a tap with running water that is clean and drinkable.	Level 2: The home has access to drinking water, but: (a) it is not reliable for part of the day; or (b) it is not always clean; or (c) the source of water is within 200 meters of the home and has to be shared.	Level 1: The water the family drinks is not safe, clean water or they have to walk more than 100 meters from their home to fetch it.
		

A family completes the survey, on paper or using the online software developed for Android devices, by selecting the definition for each indicator that most reflects the family's current circumstances. The result is a Poverty Stoplight ratio that is easy to

understand and use in follow-up processes. It allows each low-income family to measure, take stock of, and plan how to resolve the poverty-related problems that affects the family, with the assistance of organisations that have competencies relating to each indicator, via a referral pathway. As families systematically work on moving their issues of poverty from red to green, regular application of this survey allows for more comprehensive measurement and mapping of social and cultural wealth, which until now has been a challenge for the development sector.

Below: An example of the results of a Poverty Stoplight Survey – the ratio specifies 21 conditions of ‘not poor’, 16 conditions of ‘poor’ and 13 conditions of ‘very poor’ for the family who completed the survey



Additionally, data can be aggregated and mapped onto Google maps, offering a better perspective of the real issues at hand in specific areas of the country. For example, these maps can enhance decision-making for government services such as electricity and sanitation and can influence priorities for engagement. Similarly, the corporate social investment sector could use these maps to identify the issues of greatest need within their geographical footprint.

In February 2014, TCB started to develop and localise the Poverty Stoplight approach for a South African context. After piloting the tool for six months TCB was so excited and encouraged by the results that they decided to hold a conference in Cape Town in order to share the findings and success of measuring aspects of multidimensional poverty in the families of the beneficiaries that they served. The conference was held on 27 October 2014 at the CTICC and was attended by 142 people representing non-profits, social enterprises, corporates, foundations, academics and government agencies. Presenters included:

- Martin Burt and Luis Fernando Sanabria from Fundación Paraguaya, who presented on the philosophy and history of Poverty Stoplight and how it has been adapted to different institutional and geographic settings
- Katharina Hammler from Tulane University, who examined Poverty Stoplight's complementary role to existing poverty indexes such as the Multidimensional Poverty Index and Social Progress Index
- A (digital) cameo appearance by Michael Green on the Social Progress Index (SPI) for South Africa
- Tracey Chambers and Nicky Edwards from The Clothing Bank, and Emma Sexton from The Business Place Philippi, who are using the Poverty Stoplight approach
- Laura Bergh, an independent Sustainability Leadership professional, who has been assisting in the development and localisation of the Poverty Stoplight approach for a South African context

Further to sharing findings and success in using Poverty Stoplight, TCB wanted to acquire an indication of how many NPOs and Social Enterprises would be interested in using the tool and the possibly joining a Forum constituted to support and enable organisations utilising the Poverty Stoplight approach. Feedback from the conference attendees was positive and enthusiastic, with over 30 organisations submitting expressions of interest and a desire to start using the tool as soon as possible.

The next step will be to convene a workshop session with interested organisations during the last week of November to discuss the role of a Poverty Stoplight office to deliver specific support services and the constitution of a Forum, how it should be run and potential rules of engagement.

