



The Poverty Stoplight

JAVIER MARTIN CAVANNA

Javier Martin Cavanna is the Director and Founder of the Fundación Compromiso y Transparencia and President-Editor of Compromiso Empresarial magazine, a leading publication on social innovation issues. He is currently an associate professor at IE in the area of CSR and the Inditex Chair of CSR at the University of La Coruña. He was general director of the Codespa Foundation. He holds a law degree from the University of Navarra, P.D.D from IESE, a diploma in "Strategic Perspectives in Nonprofit Management" from Harvard Business School, and in Microfinance from the Boulder Institute. He has published numerous articles and case studies related to good governance and corporate social responsibility. He received the Accenture Award for the best article on innovation and economics, and the Forética Award for the best article on corporate responsibility.

The Poverty Stoplight



“The Poverty Stoplight”

Legal deposit:
DC2021000952

ISBN:
978-980-422-237-5

Editor:
CAF

Author:
Javier Martín Cavanna

Coordinator:
Ana Mercedes Botero

Design:
GOOD;) Communication for Sustainable Development

© 2019 Andean Development Corporation

Printed in Colombia

The ideas and proposals contained in this edition are the exclusive responsibility of their authors and do not represent the official position of CAF

This publication can be downloaded free of charge at scioteca.caf.com

The Poverty Stoplight

Index

6	Foreword
8	The Poverty Stoplight
10	From Gross Domestic Product to the Human Development Index
12	The missing dimensions of poverty
13	Who needs help?
16	Social innovation
17	The Fundación Paraguaya
18	The limits of microfinance
20	But what does it mean to be poor?
22	The Stoplight: Unpacking poverty
25	Technology at the service of integral development
27	Data gathering
28	Inma's survey
32	Transformative measures
33	Jessica, Melania and Nilda's Stoplights
36	El Cerrito: applying the Stoplight to a community
38	My bathroom, my kitchen and my happy smile
42	Businesses adopt the Stoplight
45	Managing growth
48	The Stoplight community
50	Conclusions and recommendations
57	The journey so far

Foreword

This story began long before its protagonists met. The vast world of social initiatives had been explored by the Directorate of Cultural and Community Development, which was later succeeded by the Directorate of Social Innovation (Dirección de Innovación Social, DIS) of CAF, the development bank of Latin America, looking for initiatives notable for their originality and their ability to achieve sustainable social impacts. This search led to the discovery and support of a significant number of development projects run by communities and local agents of change. Fundación Paraguaya stood out as one of the most innovative agents of change in Latin America.

Between my initial contact with its Director, Martín Burt, and the first meeting of the respective teams in Asunción, a few months passed, during which the DIS investigated, discussed - and why not admit it, doubted - the possibility of promoting an initiative with the Foundation. In general the Directorate wishes to have a minimum certainty about the viability of any projects it gets involved with, so as not to generate expectations that are later frustrated.

The Foundation's website told us about the different programs they ran, all of them sensible and well-conceived, but we needed to find a way in to establish our partnership. With this information to hand and a positive predisposition to do something together, the DIS traveled to Asunción for a first meeting which yielded very positive results, particularly in relation to the Poverty Stoplight, one of the most interesting of the Foundation's initiatives. Based on that mission, a strategic alliance was forged with the Foundation, which has been successfully implemented with versions of the Stoplight in several Latin American countries, tailored to their unique geographical and cultural contexts.

The Stoplight is an instrument that allows families to measure their level of poverty and identify personalized strategies to solve their specific

needs. It is an educational tool that perfectly responds to the BID's need to measure poverty in a different way, incorporating vulnerable groups in assessing their own situation and empowering them to assume responsibility for their own development and improvement.

With this study, the DIS intends to share with the Fundación Paraguaya the knowledge gained during the construction and implementation of the initiative, putting the reader in the author's shoes to tell the story. We hope that this publication will be a useful reference for producing new models of social innovation and more inclusive public policies that promote more and better opportunities, particularly for the most vulnerable.

Ana Mercedes Botero
Director of Social Innovation
CAF - development Bank of Latin America



The Poverty Stoplight

The dialogue between Sissy Jupe and Louisa in Dickens's *Hard Times* has frequently been used to highlight the limitations of models used to measure people's wealth, and the contradictions of utilitarianism.

"Mr. M'Choakumchild told us: 'Now, this schoolroom is a nation. And in this nation there are fifty millions of money. Isn't this a prosperous nation? Girl number twenty, isn't this a prosperous nation, and ain't you in a thriving state?'"

"What did you say?" asked Louisa.

"Miss Louisa, I said I didn't know. I thought I couldn't know whether it was a prosperous nation or not, and whether I was in a thriving state or not, unless I knew who had got the money, and whether any of it was mine. But that had nothing to do with it. It was not in the figures at all," said Sissy, wiping her eyes.

"That was a great mistake of yours," observed Louisa.

Despite the advances in statistical science since Dickens's time, measuring prosperity remains a complex issue. Much progress has been made in refining analytical tools and narrowing down their field of application, but we are still far from reaching any definite conclusions.

If we listen to NGOs and development aid agencies, the impression is that things cannot get worse. Instead of going forward we go back. Inequality between rich and poor appears to increase over time, and efforts to eliminate poverty seem futile. Regardless of whether this corresponds to the truth, it contributes to a distrust of aid and those who offer it. As Hans Rosling points out in his posthumous book *Factfulness*,¹ compulsive pessimism leads to paralysis.

On the other hand the most reliable reports do not draw this conclusion. According to the latest Human Development Report (HDI) of 2018,² these days most people live longer, have a higher level of education and more access to goods and services than ever. But while it is true that generally we see progress, that progress has not been the same for everyone. The same report says that when the information is looked at in detail, great inequalities are discovered.

It seems that despite Louisa's reproach, Sissy Jupe was not so misguided.

From Gross Domestic Product to the Human Development Index

The main indicator used to measure the development of nations has been Gross Domestic Product (GDP). The idea of measuring GDP emerged during the Great Depression of 1929. The first thing the Roosevelt administration needed to do was to understand the real situation of the country, since those responsible for economic policy, apart from confirming that the nation was not doing well, did not know the true scope of the problem.

In this context Simon Kuznets created the unified American national accounting system and devised GDP, an indicator to measure the monetary value of the production of goods and services in a country during a given period.

1 Hans Rosling is a Swedish doctor and statistician who showed how prejudices and a misuse of data distort the way we perceive problems. In his final book (*Factfulness: Ten reasons why we are wrong about the world. And why things are better than you think*; Editorial Deusto, 2018) he explains that despite all its imperfections, the economic and social reality of the world is much better than we think.

2 http://hdr.undp.org/sites/default/files/2018_summary_human_development_statistical_update_sp.pdf

GDP has since been used as a measure of the material well-being of a society and as proof that the economic policies being applied are adequate. However, Kuznets himself warned from the beginning about the limitations of GDP and the risk of simplifying reality by treating this indicator as synonymous with social welfare: “it is very difficult to deduce the welfare of a nation from its national income.”

Kuznets was not alone in criticizing the indiscriminate use of GDP. Many others have subsequently pointed out the inadequacy of GDP as a measure of a country’s progress and development. The economist Amartya Sen is probably the best known and most influential of this group. According to Sen, who like Kuznets won the Nobel Prize for Economics, progress and development of a nation consists fundamentally in the expansion of individual freedoms more than in increasing income or material well-being.

This idea has two important consequences in the discussion of measurement systems and methodologies: 1) evaluation: the final result of development, well-being or quality of life must be measured in terms of the increase in individual freedom, and 2) effectiveness: development depends entirely on the freedom of initiative of individuals.

The contributions of Amartya Sen, along with those of other economists, especially the Pakistani Mahbub ul Haq, had a great influence on the preparation of the Human Development Reports of the United Nations Development Program (UNDP) in the 1990s.

According to this new approach, human development is viewed as a process by which a society improves the living conditions of its citizens, both by increasing things which can cover their basic needs, and by creating an environment in which their human rights are respected.

The UNDP reports, in keeping with this new vision, created an indicator to measure development: the Human Development Index (HDI), which is composed of three main parameters: long and healthy life (life expectancy), education (adult literacy rate and rate of enrolment in primary, secondary and higher education, in addition to the years of compulsory education) and standard of living (GDP per capita, PPP).

In the 1990s the UNDP Human Development Reports substantially broadened the narrow spectrum of the GDP indicator, including such important variables as coverage of basic needs and respect for human rights.

It was only a matter of time before other concerns relating to social progress and well-being were integrated into the measurement process.

The first variable that was added was predictably related to questions of sustainability. HDIs provide static information on well-being or the quality of life of countries, but do not provide data on the future or, more specifically, the resources and capacities available to future generations. Most new evaluation models incorporate the idea of sustainability or ecological footprint.

In 2010 the UNDP, in collaboration with the Oxford Poverty and Human Development Initiative (OPHI), developed the Multidimensional Poverty Index (MPI), which replaced the indices that the HDI had been using to measure poverty.

The MPI consists of 10 indicators, grouped into three areas: education, health and quality of life. A person is considered poor if they do not have access to at least 30% of the weighted indicators. Extremity of poverty is expressed by the proportion of indicators to which there is no access.

The missing dimensions of poverty

As part of these efforts to try to broaden the concept of poverty and better understand the relation between its different dimensions, in 2016 CAF's Directorate of Social Innovation and the OPHI of the University of Oxford prepared a study with the suggestive title *The Missing Dimensions of Poverty*,³ in which they proposed the incorporation of new indicators in studies on poverty, to capture aspects generally absent in analyses of this complex social phenomenon.

This publication opened a new perspective on the consideration of poverty as a multidimensional phenomenon. For example, the report recommended that future measurements should also consider aspects such as psychological well-being, physical safety, not feeling shame or humiliation, empowerment, social connections and relationships, and job quality.

3 "Missing dimensions in the measurement of poverty." Oxford Poverty & Human Development Initiative (OPHI), & CAF (2016). Bogota

Ana Botero explains, “The absence of these data produces a discrepancy between the way poverty is measured and how people with scarce resources actually live.”

The central objectives of this study are to warn about this, and to enable debate about the need to complement traditional measurements with information on these dimensions, as well as to contribute to the formulation of projects, programs and the construction of more effective public development policies.

As the report shows, the lack of international indicators of this kind is a critical hindrance to empirical studies which try to improve the measurement of poverty.

“One of the main challenges,” explains Mireya Vargas, coordinator of the study, “is to allow for more complex analyses which understand poverty as a multidimensional phenomenon. As these are subjective variables, in the coming years it will be necessary to find more adequate mechanisms to express these new dimensions, and include them in national or international measurements that allow understanding and comparing levels of poverty.”

Indeed, as Amartya Sen warned, indicators can sometimes hide more than they reveal. Furthermore, it is one thing to capture information, and another to compare and analyze it in order to set priorities. It is much easier to compare opportunities rather than satisfaction. Opportunities lend themselves more easily to side-by-side comparison; measuring satisfaction or usefulness presents many more problems. (*See Who needs help?*)

Who needs help?

In his well-known book *Development and Freedom*, Amartya Sen gives an example of the practical difficulties regarding information that is considered relevant and that should be given more weight in the design of public policies:

Helena is an important manager with three children, who decides to hire someone to help her with housework. She has to choose from three candidates: Clara, Marta and María.

Helena is a sensitive person and realizes that the economic crisis is affecting many families. She would like to make the right decision and employ the person who needs the job the most. She learns that all three applicants are poor, but after doing some research, confirms that Clara is the poorest of the three, and makes the decision to hire her.

But her neighbor Rosa tells her that Marta has just had a financial disaster, and although she is not as poor as Clara, the situation has caused her deep depression. Now Helena is inclined to hire Marta, since she is the most unhappy of the three and could most benefit from the work, and the income difference between the three is not very large.

When she has made her decision, someone tells her that María suffers a chronic disease, and that the income from the work could substantially improve the quality of her life. María is used to living with illness and poverty, and handles her situation with great dignity. Life has taught her to work hard without complaint. Helena wonders what decision she should take, because the fact that Maria does not complain and does not let her situation affect her emotionally (she is not as unhappy as Marta), should not mean denying the reality of her illness. Why should Maria be punished for bearing her illness with courage?

With this simple parable, a simplification of the narrative found in Chapter 3 of *Development and Freedom*, Sen demonstrates some of the difficulties of evaluating the weight that should be given to different bits of information. The case presents three different approaches to tackling social problems.

Those in favor of helping Clara could be described as egalitarian. Their decisive criterion is level of income. For them the most important measure would be GDP. Marta's defenders, however, would be framed as utilitarians, promoters of subjective well-being. Finally, there are those who would choose María, who would be closer to the group that asserts the need to improve opportunities or capabilities.

As we can see, it is important to recognize that when it comes to measuring quality of life, poverty or well-being, a certain philosophy or scale of values is assumed, implicitly or explicitly.

None of the three approaches is absolute. We need to understand the potential and limitations of each one. Specifically, satisfaction measurement models (versions of utilitarian theories) must be recognized as having positive aspects in the importance they attach to results and consequences of policies and the functioning of institutions. On the negative side there is a lack of consideration for the principles or means to achieve those results, and the fact that total satisfaction is measured as the aggregate sum of individuals, without paying attention to the distribution of that satisfaction and, therefore, to inequality between individuals.

In order to achieve a more accurate measurement of poverty in Latin America, this study presents six measures that should complement those currently used:

1. Empowerment and agency: related to autonomy, self-determination, liberation, participation and self-confidence.
2. Physical security: the absence of this is one of the main limitations to human development and a life of freedom. Violence is a public health problem, a serious restriction of human rights and an obstacle to the effective development of coexistence.
3. Ability to go through life without feeling ashamed. The relationship with poverty is relevant for intrinsic and instrumental values. The social stigmatization of poverty, discrimination, humiliation or loss of dignity are serious limitations to the overcoming of this condition
4. Job quality. Four areas are included that reflect the well-being of people at work: protection, income, job security and use of time.
5. Social connectivity: this refers to interpersonal relationships, and protective and affective networks. Its absence leads to isolation and loneliness.
6. Psychological well-being: this refers to emotional capacities and whether one has meaning and satisfaction in one's life.

The study indicates that, If these elements are not taken into account, there is a risk of not understanding poverty in all its forms, since each of them is connected to aspects of their lives that poor people value the most.

Although there is broad consensus among experts on the theoretical advances that have occurred in the last decade to broaden the view of poverty and the need to enrich the measurement metrics, from a practical point of view, progress continues to be very modest. It is one thing to enrich the theoretical field, and a very different thing to apply these advances in reality.

Measuring all these “new dimensions of poverty” poses many challenges from a practical point of view. What procedure is used to collect this information? What does it cost? Who should you ask? How useful can the information collected be for shaping public policies?

What everyone seems to agree on is that there is a lot of talk about poverty, but very few initiatives have seriously considered talking to the poor, asking their opinion, generating a dialogue with them.

With these concerns, CAF Social Innovation continued to delve into the subject and, in particular, to look for concrete examples of projects that would incorporate populations in poverty as active subjects of the measurement exercise. This is how we arrived at the Fundación Paraguaya, explains Ana Botero.

Social innovation

CAF's Directorate of Social Innovation is a laboratory that contributes to the promotion of new trends and the construction of social innovation ecosystems in the region while identifying, testing and financing ideas, approaches and models that have the potential to become useful solutions to social problems in the region, especially among vulnerable groups. It generates new and practical knowledge through direct experimentation, and learns new ways of doing things.

The Directorate grew out of the perceived need for an inexpensive and flexible body that could respond on a small scale, quickly and efficiently, to an unsatisfied social demand while building bridges with social actors, and could also help to position CAF as a benchmark for innovative approaches and spaces for development and social responsibility.

The Fundación Paraguaya

The organization was established in 1985, when Paraguay was still under the dictatorship of the military under Alfredo Stroessner. It was one of the first NGOs in the country and grew out of the frustration of a group of businessmen and social leaders at the passivity of the then dictator in the face of problems of severe poverty, and the lack of support for those who wanted to get out of it.

At that time Martín Burt, one of the founders and current director of the Foundation, came into contact with the Carvajal Foundation, a business organization based in Cali (Colombia), which had developed support programs for micro-entrepreneurs, granting micro-loans and offering training workshops to improve business skills.

“We wanted to show that micro-enterprises were economic agents,” says Martín Burt. “Until then, micro-enterprises were considered to be of little value to the economy, and it was thought that the solution was to formalize and industrialize. We defend the role of micro-enterprises as economic agents that bring development to the country, regardless of their size, whether it is a neighborhood seamstress, a shoemaker or a street vendor. We gave them loans for productive purposes, which we gradually increased based on credit history. The loan was also accompanied by training in management and administration.”

They soon realized that, more than a lack of managerial skills, it was a lack of credit that impeded the growth of these businesses. Quick access to a relatively small loan could be the difference between seizing a business opportunity and letting it slip away.

“Nobody knew how to serve this new market. Development and development banks in Latin America knew how to grant \$100,000 loans, but they did not have the credit technology to lend \$100 or \$200 to these microenterprises and then recover the debt. We thought that with loans to microenterprises, three objectives could be achieved: increasing family income, strengthening precarious jobs and creating new jobs.”

With the advice of Acción Internacional, one of the pioneering micro-finance institutions in Latin America, Fundación Paraguaya acquired the knowledge and technology necessary to grant microloans to microentrepreneurs. In the following decades it expanded throughout the country, opening branches in major towns.

Ten years later, in 1995, the Foundation began working on youth entrepreneurial education, to teach the children of the microentrepreneurs with whom they worked. Around the same time, the De La Salle Brothers transferred the management of an agricultural school that they directed to them, because they realized that vocational technical education, without reinforcement in entrepreneurial skills, did not help boys to find work or start their own business. The Foundation realized that if it wanted to expand the agricultural school model to the whole country, it needed it to be economically sustainable.

“It’s not just about teaching how to fish,” says Martín Burt, “but about teaching how to sell fish. We needed to turn our schools into sustainable businesses, and that’s what we did.”

The experience with entrepreneurial youth education programs and with self-sustainable schools was an important learning process for the Foundation.

“We began to notice that some agricultural school students were coming out of poverty, that is, they entered school as poor peasants, and after three years they behaved like young rural entrepreneurs. But we noticed that our microentrepreneur clients, despite receiving loans for ten years, did not progress. So we asked ourselves: What is happening? What can we do to lift our microfinance clients out of poverty?”

The limits of microfinance

Fundación Paraguaya was one of the thousands of institutions around the world that provided financial services to the poor. In fact, it was one of the pioneering institutions in Latin America in starting the first programs to grant credit to microentrepreneurs.

Microfinance technology had made a huge advance in making financial services accessible to low-income populations. Although more than two billion people still do not have access to credit, according to the 2017 Microfinance Barometer,⁴ microfinance institutions had managed to incorporate about 123 million customers, most of them women living in rural areas.

4 <https://group.bnpparibas/en/news/microfinance-barometer-2017-global-trends-sector>



No one denied these advances, but Fundación Paraguaya, unlike other microfinance institutions, was not totally satisfied with the data. The Foundation had 78,000 active clients and 28 regional offices throughout the country, but for years they had been observing that microcredit, despite all the hopes that had been placed on it, was not enough to lift these clients out of poverty.

Like most microfinance institutions, the Foundation measured the success of its activities with quantitative indicators: number of loans granted, number of clients served, savings generated, level of arrears, employment generated, etc. But when the credit counselors visited their clients, when they went to their homes to renew the credit of clients who had been working with the Foundation for more than five years, all of them excellent payers, they noticed that they continued with the same bathroom in poor condition, that the kitchen did not meet minimum hygienic conditions, the roads were still impassable or the children did not always go to school.

According to the Foundation team responsible for operations, “We were very happy to grant them a loan and, later, celebrate a small increase

in their income. But what happened? This image was a simple screenshot; when we got closer, when we zoomed in on the family photo, we realized that this person went from making seventy dollars to one hundred and twenty dollars a month. It was certainly a significant increase, but a hundred and twenty dollars is not enough to support a family of five. So we said to ourselves: What are we celebrating? Do we celebrate that they are still in poverty? Do we really have reason to be so happy? Is the program that successful?”

The general feeling that they should do something more for the families, that they could not remain indifferent to this situation, began to weigh more and more heavily on the directors of the Foundation.

“Although our credit counselors noted the precariousness of the houses, that a whole family lived crammed into one room, that they cooked on the floor with firewood, it was not something that caught their attention, because as we had explained to them, their function was to grant and recover loans. But at the Foundation we began to ask ourselves: What is our mission as an organization? What does it mean to improve the quality of life? What does poverty represent? Can we remain indifferent? And we began to investigate what the definitions of poverty were in the literature, and we realized that already there was a certain consensus that poverty was not just economic, but was a multidimensional phenomenon.”

But what does it mean to be poor?

The Foundation workers began to meet to work out what they could do, and came to two conclusions: it is difficult to attack the problem of poverty if we do not define it first, and to define it, the best thing to do is ask those affected.

“So,” explains Martín Burt, “We started doing a round of consultations with thousands of our clients, asking them what it means to be poor. We were struck how easy it was for people to answer. They were very clear about it; it was simply that no one had asked them before. We thought the answer was very obvious: to be poor is to have no money. But no! It is many more things. It is not having an education or not being motivated. ‘I have a neighbor,’ they told us, ‘Who has money, but is not motivated,’ and

‘You also need to have a strong presence.’ We were fascinated with the answers, and we did not stop taking notes.

Our workers were writing down the answers and defining poverty without resorting to abstract terms or definitions, just relying on the answers that people gave them and trying to identify understandable and manageable common variables.

“What does it mean not to be poor in Paraguay?” we asked.

“Well, to have a home,” they replied.

–But, what kind of home?

–Something providing security, with a roof, windows and doors.

–What else?

–It must have separate bedrooms for parents and children.

–Why?

– Because it’s indecent to have the children sleeping with the parents.

–What else?

–It must have a kitchen.

–What kind of kitchen does it need?

–The cooker has to be raised, because when it is on the floor the children burn themselves on the heat, and the goat comes and licks the pots.

–OK, the cooker has to be raised. What else?

–The room needs to be ventilated; I know a lady who has a kitchen and breathes smoke all day.

–What else?

–The house must have a bathroom, a toilet with a cistern – a modern bathroom.

–What else?

–It must have drinkable water.

–And what do you mean by having drinkable water?

–That the house has to have a tap.

“And so, little by little, with very simple questions, we discovered what it meant to be poor in Paraguay. For example, in relation to the issue of access to drinking water, we discovered that in Paraguay, not being poor required having a tap in the house; being poor meant having a well, and being very poor meant having to carry water from far away.”

This consultation process was completed with a study of the specialized literature on poverty measurement. When conducting this review, the Foundation verified that the field work they had carried out confirmed many of the reflections and proposals of development experts, such as the concept of unsatisfied basic needs, developed by the International Labor Organization (ILO), the UNDP HDI or Amartya Sen's idea of development as the increase of capabilities and freedom.

With all the information from the surveys and theory, the Foundation developed a simple and practical tool made up of fifty indicators, which it christened the “Poverty Stoplight.”

The Stoplight: Unpacking poverty

The Poverty Stoplight is both a metric and a methodology that allows families to make a diagnosis of their situation based on fifty indicators that are grouped into six categories: income and employment, housing and infrastructure, organization and participation, health and environment, education and culture, self-esteem and motivation.

According to the Foundation team, “Many of the indicators are the traditional ones used in international models: income and employment, health and environment, housing and infrastructure, education and culture. But the Stoplight has included others, such as organization and participation. And here the Stoplight begins to differentiate itself from traditional metrics. Specifically, in the organization and participation category, we asked if the family fulfills its duty to vote, if they are organized in neighborhood commissions or how active they are in their relationships with public officials. Another way it differs from traditional models is the category of “inner motivation”. We consider that if a family does not have the motivation to be able to get ahead, even if you give them an installed, modern, super cute bathroom, they will not use it.”

Each indicator has three definitions and simple images, which represent in each local context what is understood by being extremely poor (red), poor (yellow) and not poor (green). This helps the family to identify their situation for each specific indicator.

So, for example, the Family Savings indicator, which forms part of the Income and employment section, is made up of the following categories:

- Red: No family member has savings.
- Yellow: One or more family members have informal savings (they keep money at home, participate in savings groups, etc.) or have had a savings account, for less than six months.
- Green: One or more family members have had savings for more than six months and have a savings account in their name.

“The images are very important for us,” explain the Foundation team, “Because, on the one hand, they make the survey more entertaining and, secondly, they encourage the family to reflect on their situation. It is not the pollster who marks the answers, but the family who identify their multidimensional poverty level and say: ‘This is where we are.’ In addition, the colors allow the family see where they could get to by visualizing the situation marked in green, which represents the goal they are aiming for.”

Traditional poverty measurement systems are based on models designed by those responsible for public policies, which are mainly concerned with the allocation of resources. They need statistics to help them make the right decisions, and for that reason they have developed indices: poverty indices, human development indices, multidimensional poverty indices, social progress indices, and so on.

But as Martín Burt explains, “In addition to public administrators, who have to make decisions about how to allocate scarce resources, there are other decision makers: mothers and housewives, who are the ones who ensure that their daughter does not get pregnant, remind their kids to brush their teeth and do their homework at school. They are the main decision makers, and the ones who must be aware of their situation in order to act on it.”

Indeed, it is useless to measure poverty if the affected person is unaware of their situation and does not commit to change it. The Stoplight

methodology is based on the teachings of Paulo Freire: if the poor want to escape their poverty, they must first become aware of it. On the other hand, poverty is not eliminated just by solving structural issues, facilitating such things as access to drinking water or health services, but by activating the capabilities of individuals, families and communities.

“Most of the surveys just involve extracting information,” the Foundation team explain. “An official or a field worker visits a house and asks the head of the family: ‘What is the roof like?’ ‘What is the floor like?’ And the information is taken away. The family has nothing left in the whole process. We decided to change that situation, turning the survey into a process of reflection that would help the family to become aware of their situation.”

Although it may seem strange, the fifty indicators of the Stoplight, far from making the measurement more complex, make it work better. By breaking down poverty into fifty very simple and visual indicators, the Stoplight makes it easier for the respondent to act to change them. It is very difficult, if not impossible, to fight a generic, abstract poverty. But it is very easy for a family with members who can barely read to understand that if any member of the family manages to have informal savings, which no one had before, the family will go from red to yellow on the Family Savings indicator. And if that same family eventually manages to have a savings account for more than six months, the indicator will go green.

“The critical question”, Burt clarifies, is: “Who should measure poverty? And the answer is not only those responsible for public policy, but also the beneficiary population. In the process of measuring oneself, awareness is achieved and “agency” is acquired, that is, the ability to act, to make a list of priorities and start working. This does not mean that we turn our backs on structural causes, but structural poverty is too generic, it does not allow us to act on it. Putting everything in the same bag is confusing and does not allow us to deal with the problem.”

The Stoplight is so powerful and useful that it not only directly involves vulnerable groups, the subjects of the measurement, but also empowers them to take control of their own development. Hence CAF Social Innovation, an organization dedicated to promoting new trends of change and new development paradigms, considers it highly appropriate to form a strategic alliance with the Foundation to promote and disseminate their tool not only in Paraguay, but in other shareholder countries of the Institution.



Technology at the service of integral development

One of the main strengths of the Stoplight has been the use it has made, from the beginning, of technology to collect and analyze information. The Foundation's credit advisers were used to collecting credit information on their clients with a simple telephone app, and they have been able to apply this methodology to develop Stoplights and greatly reduce transaction costs.

“Fifty indicators! Martín, you’re crazy,” they told me.

And I replied, “No, I’m not crazy, it can be done.”

“But it will take six days!”

“Twenty minutes.”

“But how?”

“Using technology, with a simple tablet. As well as this, we’ll have a map where all the families are georeferenced, and by pressing one button

we will know where the families who need drinking water are located, and we can verify that there are families with different drinking water needs, even if they live next door.”

Another advantage of “unpacking” poverty into fifty indicators is that this makes it possible to identify correlations that exist between different areas and address the problem of poverty in an integral way, which is reinforced by using the family home as a unit of measurement.

“The unit of analysis that we use,” Burt says, “Is the family, because you cannot lift an adult out of poverty if her daughter does not go to school, and the daughter is not taken out of poverty in isolation, as UNICEF tries to do, if the mother has no income.”

Following the progress that different measurement systems have made in recent decades, the Stoplight includes motivational and participatory aspects among its fifty indicators. It is not only about measuring quantitative variables, but about identifying and mobilizing organizational capacities and inspiring internal motivation.

“In poverty measurement systems there has been a preference for monetary poverty, a bias in favor of quantitative indicators that can be measured. But there are also subjective indicators, which have nothing to do with numbers, such as, for example, self-esteem. Questions like “Do I feel ready to start a new business?” are necessary to measure the degree of commitment of the respondents to get out of their poverty situation. But this information is very difficult to extract with traditional surveys. How do we measure the entrepreneurial spirit of a lady on her ranch? We can’t, but if we ask, she can tell us.”

But perhaps the most remarkable aspect of the Stoplight is that it is based on a methodology that removes the stigma of poverty. One of its most impressive results is that it shows how people traditionally considered poorer can score better in some aspects than those conventionally considered to be less poor.

Celsa, responsible for applying the Stoplight in Cerrito, a very poor area of Asunción with a large indigenous population, explains: “When we developed the Stoplight in Cerrito in alliance with CAF, we discovered differences between the indigenous and non-indigenous population in the way they evaluated themselves. The indigenous population measured themselves very highly in the cultural traditions and artistic heritage indi-

cator, marking it green, while the non-indigenous population, with higher economic income, marked it yellow or red.”

The Stoplight, with its fifty colored categories, is like an identity document or, if you prefer, like DNA, a set of indicators that provide diverse information and apply to anyone, regardless of their level of monetary wealth.

“The system shows us that we are all poor in some ways,” says Martin Burt, “And that is very important. There is a famous saying that ‘You have to count your blessings, because if you don’t count them they don’t count.’ The Stoplight allows a family to show that it is ‘not poor’ in a lot of things, and in doing so it avoids reducing the poverty or wealth of a human being to having less or more than three and a half dollars a day.”

Data gathering

Although the Stoplight does not apply exclusively to Micro-Financial Institutions (MFIs), one of the enormous advantages of Fundación Paraguaya is that it has a network of credit advisers that serve nearly 80,000 clients.

Attention to microcredit clients is based on a highly efficient methodology, which MFIs have refined over the years. For a poor family, the main advantage of microcredit is not the amount, nor the interest rate, nor the absence of collateral, although all these elements are important. The most critical element is speed. They need a loan, and they need it now. It is of little use to be granted a loan if the institution takes a month between the request and the granting.

The success of the microfinance methodology is based on the ability to adapt traditional processes for granting credit and other financial products to clients with few resources, reducing transaction costs. A credit counselor visiting a client at home or at work can complete all the information needed to review a credit application in less than 30 minutes, and upload it to their phone or tablet.

The Foundation’s experience collecting relevant information from its microcredit clients through a quick and simple process has been very useful in the design of the information collection system for the Stoplight. This process, both with microcredit clients and others, is voluntary. Once

the client has agreed to try the Stoplight, the credit counselor usually visits them at home and proceeds to carry out the survey.

Inma's survey

Daisy is a credit counselor who works in the Chaco regional office of Fundación Paraguaya, 35 kilometers from Asunción. This morning Daisy has arranged to stop by the house of Inma, a micro-credit client, to help her answer her Stoplight survey.

“Good morning, Inma, how are you?”

“Very well, thank you,” Inma replies, bringing a couple of chairs to the patio of her house and offering Daisy a seat.

“As we discussed, I am going to ask you some questions with this tablet, in which there are some very simple drawings with answers marked in red, yellow and green, and you have to tell me which one to mark. Is that clear?” asks Daisy.

“Yes.”

The survey usually begins with a series of general questions, which aim to establish the socioeconomic profile of the family.

–Inma, how old are you?

–Thirty-four.

–How many children do you have?

–Three.

– Do you live with your husband?

–Yes, and also with my sister and two of her children.

–So eight people live in the house.

–Yes, that's right.

–Do any of them have disabilities?

–The second of my children has a learning disability.

– How far did you get with education?

– Just primary school.

Once the general information has been collected, the consultant begins to ask about the Stoplight indicators.

– Does your husband work?

– Yes, he's a truck driver.

– And what is his income?

– About 500,000 guaranies [\$100]

– Do you also work?

– Yes, I sell clothes here in the neighborhood.

– And what monthly income do you have?

– Sometimes more and sometimes less, it depends on the month.

– But, on average, what do you make?

– Well, about 240,000 guaranies [\$45].

– Does your sister cover all her expenses for food, electricity, water and light, or do you have to pay?

– No, she pays for her and her baby's food.

With these questions the counselor tries to establish if the family has enough income to cover the basic needs of all its members, not only to eat, but also to pay some basic expenses: electricity and water, clothes, health expenses and education, among others. To find this out, you have to calculate how much each member of the family earns, and divide this total income by the number of family members to discover per capita income. If this is higher than the poverty line, the green box is marked; if income is between the general poverty line and extreme poverty, the yellow box is checked, and if the income is below the extreme poverty line, the red box is checked.

– Tell me, Inma, does the family have any savings?

– Well, I've been trying to save, but there are many needs and I can't always; but three months ago I joined the group's savings club, and since then I have been able to save a certain amount each week.



–Then, you have to select yellow, because green is when the family has had savings for unforeseen events or future projects for at least six months; and saving has to be planned, not just saving whatever is left over at the end of the month.

The Savings indicator measures whether the family has a constant and planned saving practice; that is, if they always put savings away, thinking about future needs that could arise unexpectedly, or about goods or services that the family would like to obtain in the long term (house, car, refrigerator, television).

– Do all the members of your family have an identity card?

–Yes, we all have one.

–Well, we’re going to mark that green, because everyone in the family has an identity card. Do you have water in the house?

– Yes, I have a tap in the house, but the Sanitation Board supply has not worked for two months.

– So how do you get water for your house? If you have to carry it in buckets for more than 100 meters, you must mark red, and if you have to get it from a well or a drum less than 100 meters from the house, you must mark yellow. Do you have a health center nearby?

– Yes, it's close, but it does not always have all the medication we need. What should I mark?

–We're going to mark it yellow level, because it doesn't meet the necessary requirements. Does anyone in the family have problems with their eyes or teeth?

–Well, the doctor prescribed me glasses, but I can't afford to buy them.

–Then we'll mark that yellow, because at least one member of the family has vision problems and is not being treated.

Daisy continues with the questions, until the fifty indicators of the Stoplight for Inma's family are complete, including questions about hygiene, food, health, housing, environment, security, education, community participation, trust, motivation, etc.

After completing the survey, Daisy shows Inma her Stoplight on the tablet, a simple page showing the fifty indicators marked green, yellow and red. After a few days, she will visit Inma again to hand over a print-out of her Poverty Stoplight, with the indicators marked in red and yellow.



Transformative measures

But the Stoplight does not consist solely or primarily of a measurement methodology. It is a device to help eliminate poverty. The objective is not to take a still photo of the situation in which families find themselves, but to promote change in them by helping them to implement concrete action plans to overcome their specific deficiencies.

The Stoplight model is like a scorecard, a business management tool that selects a set of key indicators to guide the progress of the business and produce a plan of action.

“After the development of the Stoplight, the real work begins,” the Foundation explains. “The social worker will sit down with the family and help them come up with an action plan to try to move the indicators marked in red and yellow to green. Among ourselves we call this process ‘greening’.”

The family identifies which of the fifty indicators are in red and yellow they will prioritize and work on throughout the year with the help of their counselor or their social worker.

“Normally there are no more than five, because we understand that in a year you cannot work on more than that number. It is about making a personalized plan for each family to get them out of poverty. This responds to the philosophy of the Stoplight, which starts with the fact that poverty is different for each one of us: you may need to strengthen family savings, but what I need is to generate more income.”

The social worker not only helps families to prioritize their objectives, but also allows them to identify possible cultural, motivational or structural barriers, or skills that they lack.

“Why doesn’t someone fix their teeth? The answer,” explains the Foundation “Is neither obvious nor always the same. Sometimes the family may want to go to the dentist, but can’t afford it; then, the consultant will have to work with them to find alternatives so that they can make more income, or help them find a dentist who will perform the treatment free of charge.

“However, the person may have money, but never have considered getting their teeth fixed because in their community, everyone over the age of fifty has bad teeth. It is a cultural problem. But it can also happen

that someone's teeth are in poor condition because they don't know how to take care of them: what food to eat, how to brush them. Or the family may have money, but the affected person does not want to have their teeth fixed because they are afraid to go to the dentist. Each of these problems requires a different solution.

Jessica, Melania and Nilda's Stoplights

Jessica Nathalia Curril Espinosa lives with her husband and daughter in the Espiritu Santo neighborhood in the city of Itá. Her sister had invited her to be part of a women's committee of Fundación Paraguaya in 2015; at that time she did not know of the Stoplight. In 2017, she made her Stoplight for the first time, and discovered that several indicators were red and yellow, and with the help of her advisor, she chose to work on five of them for the following year.

“As a first step, to begin to improve my quality of life, I enrolled in an embroidery and decoration course at the National Professional Promotion Service. Today I am dedicated to providing decoration for events of all kinds. Thanks to the training that the advisor gave me and my group on the importance of recording my income and expenses, I also improved the Budget and Planning indicator. Later, along with my husband, we created a committee to repair the cobblestones of the neighborhood, thereby improving the Road access indicator. I feel very happy about everything I have achieved thanks to the support of my advisor. The next objective I have is to build a bedroom for my daughter and make the necessary arrangements for regular garbage collection in our community.”

Melania Ozuna lives in the Pastoreo-Caaguazú area. A relative invited her to join a women's committee of the Fundación Paraguaya, and after a while the credit counselor asked her if she wanted to do the Stoplight.

“He told me it was a survey that I had to do myself with my family. When I did it, I learned what it meant to be poor. Before I

thought that it was just lack of money that meant you were poor, but I realized that poverty is much more than that. I didn't want to have reds, and my advisor explained to me that having reds is not bad, but that we had to work on reds to go green, and that's how we started working. I really liked doing the survey, because I realized that I was missing many things. I was a person who never wrote down expenses, and I got used to that; with the Stoplight the advisor helped me to write down my daily expenses, gave me a budget booklet and showed me how to do it. At the beginning, it was quite difficult for me to record expenses, but today I can say that it was very useful to me, because thanks to that I can already budget and I have more money left over. I understand the advantages of writing down expenses.”

Nilda Graciela Sosa de Bogarín lives with her family ten kilometers from Ciudad del Este. She is also part of a women's committee that receives funding from the Foundation.

“One day my advisor visited me to do a survey. I asked her what kind of survey it was; she explained to me that it was the Stoplight, that I would have to do it with my family, and I still did not understand; in my mind I had the image of a traffic light, the ones we see on the roads. She did the survey, and that was the moment that I understood what it was about. She explained to me that poverty is not just lack of income, but there are 50 indicators, the red ones represented poverty, and what work had to be done to go from red to yellow and from yellow to green. I was impressed when I saw the reds on my Stoplight. I didn't want to have any reds, but it helped me to improve myself.

“I had never made a budget and I never go out to entertain myself. So we made a work plan with the advisor. She explained that she would be visiting me every month and that we would be in contact by phone. We started working on my budget. It was difficult, because in the beginning I wrote things down, and the next day I stopped writing down my expenses, but thanks to that I realized that I was spending a lot of money on unnecessary things, and thanks to the help of my advisor I was able to budget properly.

“To begin with the entertainment and recreation indicator was red; now it is green. Before I spent all my time at work: I would

wake up and start working, and carry on late into the night. With the help of the counselor, little by little I began to leave Sundays for my rest and to go out to visit my children. I also went to the house of a neighbor who is a close friend of mine, and we drank *tereré*. I've got into the habit of going out from time to time to recharge myself. It does me good, I wake up with more energy."

Before starting to develop the Stoplight, whether with a family or an entire community, the objective of the tool is explained, to try to avoid false expectations. Especially when the Stoplight is going to be applied to an entire neighborhood or community (see *El Cerrito*), it must be made very clear that it is not a social assistance program that distributes aid to vulnerable people or groups.

According to the Foundation team, "There is a very important awareness-raising process which must be carried out when we arrive in a community. We spend a month or two meeting with community leaders to explain the nature of the Stoplight. Once we have the consent of the leaders we hold neighborhood meetings. In these we explain in very simple terms what the Stoplight is. We explain that it is training to empower the family. We make it very clear that they will not receive money or gifts. Why? Because, generally, social programs are misinterpreted. The first thing you are asked is what are you going to give me, what are you going to build me, how poor do I have to be to answer your survey and receive help? For this reason, from the first talk, we tell them that we are not going to give them anything, but that we are going to help them create partnerships, and develop capacities so that they themselves can improve things for their family and the community."

"In fact", Ana Botero points out, "one of the lessons we have learned when implementing the Stoplight in Cerrito is that community leaders have suggested that we don't talk about poverty, because as soon as it is mentioned, the communities put themselves in a situation of dependence, and as this is a program to activate the capabilities of the community, it is better to simply talk about the Stoplight."

El Cerrito: applying the Stoplight to a community

The Stoplight was initially a tool that was applied exclusively to the families of credit clients. In 2018, Fundación Paraguaya decided, together with CAF's Social Innovation, to extend it to a whole community for the first time. They chose El Cerrito, a town they knew well, since they had been working in that territory for 15 years, and the "San Francisco" Agricultural School was located there, where the Foundation provided education and promoted entrepreneurial spirit among young people in rural areas.

The town of Cerrito, located at kilometer 46.5 of Route 9-Tran-schaco (Chaco Paraguayo), a road whose improvement is co-financed by CAF, also met special conditions to test the operation of the Stoplight in a region, since it had a vulnerable population with a large percentage of indigenous people, in this case of the Qom⁵ ethnic group.

Although Fundación Paraguaya had been working in El Cerrito for a long time, it was not well integrated into the community. When they decided to apply the Stoplight to the nearly 1,000 families in the community, they contacted the leaders to explain what it consisted of. They received a positive response, and it was agreed that families who wanted to could participate voluntarily. At present practically 100% of families are participating.

As Ana Botero explains, the application of the Stoplight to an entire region offers many advantages and provides high quality information for further applications.

"The Stoplight allows an overview of the community's situation, which is very useful to help construct collective plans. For example, thanks to the Stoplight, it is possible to identify people who do not have an identity card, and this allows the authorities to organize distribution of cards in an orderly way. In Cerrito, we facilitated agreement between the different indigenous leaders. Three different ethnic groups coexist there, with a total of 17 leaders, each of whom wants their own school, their own health center, their own church,

⁵ Currently, the population that lives within the borders of Paraguay is made up of 19 indigenous peoples, belonging to five linguistic families, with a total population of 112,848 people. The majority indigenous population is the Guaraní.



and among whom there is an enormous disparity of resources. The Stoplight has managed to unite them. It was also very useful in obtaining a grant for officially protected housing from the government. It is not as effective to present diverse petitions to the government as it is to arrive with 200 petitions at once.”

The Stoplight, by collecting information about which indicators have highest priority for the community, also fulfills the function of a market study with a view to the provision of certain services. So for example, the Stoplight showed that one of the things most lacking was savings and insurance. There were no nearby bank branches in the community. Fundación Paraguaya developed a strategy with a telephone company and a finance company that offered a microsavings product for Cerrito families, without the need for them to travel to a bank branch.

But in addition to facilitating collective action, the Stoplight also allows the needs of the community to be broken down into different groups. There is a Stoplight map with the aggregated indicators for the entire community, and a disaggregated map, showing the difference between the indigenous and non-indigenous communities.

“Why? Because the results are different,” says Celsa, coordinator of the project in Cerrito. “For example, the indicator on culture is green for the indigenous community, but the non-indigenous community does not place as much importance on cultural traditions and values.”

The Stoplight has also helped Fundación Paraguaya to better understand the community where it operates. Although the Foundation had been carrying out the Stoplight with the young people who attended its agricultural school and its credit clients, when it extended the Stoplight to all the families in the town, they noticed that there were important needs that they had not previously been aware of.

“We used to apply the Stoplight to the young people of our school,” Celsa explains, “But it turns out that most of the young people from Cerrito are not in school and, therefore, the picture we got was very partial. On the other hand, the Stoplight is usually carried out with the heads of the family, which meant that unknowingly we were leaving out most of the youngsters. Now, thanks to the Stoplight in Cerrito and the support of CAF, we are developing a strategy to incorporate young people and try to understand their expectations. We have found that the main problem with the young is that they are unemployed because they have no education, and they have no education because there are only programs in Spanish. At present, we are working on various initiatives with teachers to try to solve this problem.”

My bathroom, my kitchen and my happy smile

In 2014, the Foundation began to wonder what to do to speed up the process of change for their clients, how to provide incentives for families to improve their indicators. Someone came up with the idea of offering the Stoplight families the same rewards that Fundación Paraguaya gave to their employees to encourage them to meet their objectives.

“We found out that many of our microcredit clients had toilets outside their homes which were in very poor condition,” the Foundation team comments. “And we asked ourselves, what can we do to make everyone decide to change their bathroom or kitchen? It occurred to someone that we could organize a contest and reward the family who improved their bathroom the most.”

The Foundation got down to work and drew up some very simple contest rules. All families wishing to compete had to take a photo of their current bathroom or kitchen, and post it on Facebook. All contestants were given a period of five months to improve their bathroom or kitchen, and publish the photograph of the transformation. The photograph that received the most likes on Facebook would win a prize of five million guaraníes (\$800), and the women’s committee to which the winner belonged would receive ten million guaraníes (\$1,600).

“In the beginning many laughed and said, who would want to take a photo of their bathroom or kitchen in a horrible state, and post it on social media? No one is going to want to do that. But in the Foundation there has always been a healthy air of madness, of wanting to try new things, and we launched the competition.”

The Foundation presented the contest under the slogan *My bathroom, my kitchen, my pride*, and asked its 24 regional credit bureaus to select a candidate from among its credit clients. In the end, 24 finalists were selected, competing at the national level, and the winner was chosen by people voting on Facebook.

According to the Foundation team, “The response was excellent. More than nine hundred bathrooms and kitchens were improved! The result of the contests is extraordinary, not just compared with the investment involved, which was only eight thousand dollars, but above all for the impact made in the community. Who could hope that nine hundred people would react like that? But that is the philosophy of the Stoplight, to generate incentives that persuade families and communities to improve their living conditions.”

The contest not only encourages each family that competes to transform their bathroom, but also mobilizes the entire women’s committee to help its candidate overcome obstacles to winning the award.



“In addition to promoting change, the contest is a tool that creates purposefulness in women’s committees. The whole group contributes to helping those who have to improve their bathrooms. The women of the group organize raffles to raise money and buy the necessary materials, they find workers, and when their candidate has been shortlisted among the 24 finalists, they encourage people to vote on Facebook for their candidate.”

The success of *My bathroom, my kitchen, my pride* encouraged the Foundation and CAF to extend it, as of 2016, into other areas, including dental health, “My happy smile”, where clients with dental problems were encouraged to fix their teeth with the help of their colleagues from the women’s committees.

The principles are the same as in the contest *My bathroom, my kitchen, my pride*. The contestant is asked to take a picture before and after treatment. 24 finalists are selected, and the one with the most Facebook likes is the winner.

As Ana Botero says, “These contests are some of the most important and powerful social innovations in the region. The competitions not only

produce a practical solution, improving people's living conditions in a tangible and immediate way, but also empower, dignify and generate fundamental capabilities in people.”

There are lovely stories about how communities pulled together. In the *My Happy Smile* contest, the committee decided to nominate a couple of grandparents. The credit counselor went to a university to ask for help; the university took over the case and did all the implants for free, and the couple of grandparents were left with great teeth. Unsurprisingly, given everything their story represented, they won the contest. The grandparents received their 800 guaranies, and when we went to present their check to the committee, the representatives of the group got up and told us that they wanted to donate everything to the grandparents so that they could build their kitchen and bathroom. This whole process generated a strong feeling of solidarity and community spirit.

The contest is a tool that not only contributes to improving the living conditions of the communities, but also helps them discover new areas of development that were hidden for many of them.

“I remember an experience we had with a lady who won the contest. We talked a lot about how the whole process was, and Martín asked her: Why did you decide to participate? And her response was that it touched her heart that an institution cared about her teeth, something she had never thought about. ‘I didn’t care how I looked, and one day my credit counselor came and told me that she did care. That touched my heart so deeply.’”

The contest tool has been so successful that in the last three years the Foundation has launched eleven different types of contest, six with the support of CAF. The last of them, convened at the beginning of 2018, is called “Greening”, and is aimed at the committees of women entrepreneurs.

“It is a contest,” explains the Foundation team, “In which the committee that has most improved the eleven most critical Stoplight indicators is the winner. As with the other contests, people are invited to enter and a deadline is set, by which time the women have to show evidence of improvement in the community. For example, in the environment indicator, they are encouraged to improve the environment with awareness-raising actions, cleaning, etc. The women choose a captain, who is in charge of motivating the rest of them, and they upload photographs to Facebook that show the improvements in their neighborhood.”

The incentive of the prize, together with the transformations that are taking place, end up having a contagious effect throughout the community. The women who haven't taken part ask themselves, "If they could, why couldn't we?"

That, basically, is the Stoplight. It is that mysterious urge that humans have of wanting to compete, wanting to improve. There is something there within us, waiting to be woken up. With contests you can find the means to get at it.

Businesses adopt the Stoplight

In 2013, Fundación Paraguaya approached a group of Paraguayan companies that were part of the Association of Christian Entrepreneurs (ADEC), to offer to implement the Stoplight methodology with their employees, as part of their corporate social responsibility initiatives.

Implementation of the Stoplight in companies worked on the same principles as its application to families or communities. It was about better understanding the reality of the company's workers and how poverty affected their families, and then developing, together with the company, strategies to provide solutions to the most common problems its employees had.

According to the Foundation team, "Our intention is to help companies answer questions such as: What happens to the workers once they leave the office? Do we know their reality? What conditions do they live in? What are their families like? What are their needs? Do we really know them? What can the company do to improve their situation?"

This is a message that the company well understands, because it has a primary interest in helping its employees to improve their living conditions. The company is aware that if its employees have a better quality of life, it will have more motivated and committed workers. On the other hand, the Stoplight is a tool that helps the company to prioritize its social responsibilities and to channel its resources towards one of the most important interest groups: its employees.

The process of implementing the Stoplight in a company is very participatory. First, the company must choose the person who will be respon-

sible for managing the program internally. Once chosen, the nature and objectives of the Stoplight must be communicated to employees. A critical element of the communication plan is the choice of the name and image of the program. In each company, the way of communicating the objectives of the initiative takes a different form.

When dealing with companies, the process is not called a “Poverty Stoplight.” Each company chooses the name based on its culture and strategy. We advise them with the methodology, but they have to adapt it to the reality and circumstances of their company in order for it to be effective. For example, Pulp, a company that makes juices and sodas, launched the program with the slogan “Pulp your well-being”, and created a logo that was an orange. Climarc, a company that sells air conditioners, designed and gave life to a character called Climóstenes, a penguin, and created the slogan “Better climate for my life”.

The wording of the campaign is very important. Employees have to be motivated to voluntarily complete a survey, in order to try to ensure that they are aware of their situation.

Once the communication phase has finished, the Foundation team installs software for the company so that the employees can fill in the questionnaire. Then a report is generated for the company in which different lines of action are proposed, depending on the priorities determined by the results of the questionnaire.

“For example, *El Mejor* is a cleaning services company with about a thousand employees, mostly women, who clean bathrooms in shopping centers, hotels and private homes every day. When we conducted the survey, the results showed that a significant percentage of the employees had marked their own bathroom indicator in red. The company officials thought, ‘It cannot be right that our employees see good bathrooms every day and don’t have them themselves,’ and launched a campaign to provide bathrooms for their employees. And already they’ve built twenty-six bathrooms ...”

Although it is not among its objectives, the Stoplight has sometimes allowed a company to find business opportunities.

“When we prepared the report for Las Tacuaras, a company which sells eggs, the company discovered that many of its workers lived in a

very poor area, where their product was not distributed, and that those employees had marked their income indicator in red or yellow. So, they developed a new package which the workers who lived in that area could distribute themselves. In other words, they created a new distribution channel in an area which costs had prevented them from reaching, and so benefited both their employees and the company itself. Last year their turnover was two thousand five hundred million guaranías, the equivalent of roughly four hundred and fifty thousand dollars.”

It is not uncommon for the successful experiences of one company to be passed on to others. After the Las Tacuaras experiment, the Riquelme Group, a soft drink and juice bottler, created a distribution system through microfranchises, which were offered to those of its employees who lived in areas where its product was previously unavailable.

The Business Stoplight has achieved significant growth through the strategic alliance with CAF. To begin with, ten companies adopted the Stoplight in Paraguay; today there are more than ninety, and the methodology has already been exported to other countries, such as Mexico, Argentina, Colombia, Bolivia, the United States, the United Kingdom, Tanzania, South Africa and others.

Taking advantage of this growth, the Foundation has created a “network of Stoplight companies,” to exchange experiences and generate knowledge. At this year’s meeting, the companies were asked to select four indicators that should be used to generate action plans. The companies voted to work on savings, income diversification, housing and infrastructure, and domestic violence.

“Four teams, made up of employees from different companies, meet each month and study possible solutions and initiatives to improve these four indicators. They design posters, videos, games and so on. The Fundación Paraguaya is simply a facilitator: we restrict ourselves to arranging meeting spaces and coordinating interested companies. We use the collective intelligence of companies to generate solutions and accelerate change. So for example, the income diversification team, called Ikatu, which in Guaraní means “we can”, is currently working on the production of very simple interactive videos to explain how to carry out an enterprise, with content that adapts to the operator profile, which currently does not exist.”

The Stoplight approach has shown that companies, used to competing and protecting their know-how, are nonetheless willing to collaborate and share their knowledge if it means improving the quality of life of their employees.

“Previously, a company described what it was doing, and the others listened. A year ago we decided to change the dynamics of the meetings. We brought the companies together in El Cerrito in a one-day event, and mixed workers from different companies into teams, giving them games and challenges related to Stoplight indicators. We wanted to encourage interaction. The message was, ‘Interact, be friends, be colleagues, help each other!’ The impact was extraordinary. From that day on, we focused on coordinating this collaborative work. This coordination is very important: brainstorming can lead to chaos, and our job is to establish priorities and measure the group’s progress.”

The Fundación Paraguaya and CAF have unintentionally developed an ecosystem of collaborative work with companies, in which the Stoplight tool is one of several elements in the system. The critical thing is the know-how being developed with the companies, making them work together so that they themselves come up with the solutions. Progress is already being made with the private sector in Colombia, through Bancamía and a compensation fund, CAFAM, and also with Diaconía in Bolivia.

The Foundation team observes that, “However brilliant we are at what we do, the way other people see the world will always enrich us.”

Managing growth

In recent years, many organizations have approached the Fundación Paraguaya to try to replicate the Stoplight. The methodology is currently operational in twenty-one countries, comprising ninety-three organizations, not counting Paraguay. More than fifteen thousand surveys have been conducted globally.

To manage growth and be able to control versions of the Stoplight in other countries, the Foundation has developed two approaches: “special projects” and “the hub”. In this context, CAF’s DIS has been key to transferring the tool to microfinance entities in Colombia and Bolivia for the

first time, as well as to promote a pilot scheme with the Bolivian Ministry of Planning which has potential on a national scale.

According to Juan Fernando Gómez, responsible for Stoplight versions in Paraguay, “The ‘special project’ approach is used when an organization in another country, be it a company or an NGO, wants to apply the Stoplight to a specific project, and we work directly with them and with their beneficiaries, or with the workers, if it is a company. The ‘hub’ is a model in which we seek out a partner who wants to replicate the Stoplight throughout the country. Our role, in this case, is to train that partner to be in a position to transfer the methodology to third parties. Currently there are hubs in Argentina, Chile, Honduras, Mexico, Nigeria, Papua New Guinea, the United Kingdom, Sierra Leone, Singapore and South Africa.”

The Foundation is well aware of the potential of the Stoplight as a tool for eliminating poverty and improving quality of life of families, communities and company workers. Internally, the organization talks about the need to “democratize the Stoplight” by exporting it all round the globe, but this expansion poses many challenges. It can also be a problem if the Foundation is unable to properly manage growth. For this reason, the organization has strengthened the team responsible for replicas of the Stoplight, and has created a new unit to provide support and to deal with the demands, both internal and external, received by the Foundation in this regard.

Juan Fernando Gómez feels that the Stoplight program is in a situation very similar to that of a start-up company.

“At the moment there is a great demand to expand the Stoplight into other countries, but we can’t meet it because we don’t have completely standardized processes. That’s why we’ve developed a plan to adapt the initiative to other countries, developing a procedure for replicating the Stoplight that includes a projection of costs. Our goal for this year would be to reach twelve hubs. That is, twelve organizations that are active, replicating the Stoplight and training other organizations in other countries to prepare surveys.”

Several critical aspects must be considered when managing the expansion of the methodology to other countries. First, there is the selection of local partners. Initially the Foundation responded positively to anyone who showed interest in applying the methodology, but this strategy is changing.



“The selection of the right partner is critical, and is closely related to the identification of the necessary capacities that you must have to carry out this project. We have realized that it is necessary to demand certain prior skills, because if we choose the first thing that is presented to us, thinking that we’ll be able to provide training later, we’ve found it doesn’t usually work. It’s better to take more time in the selection and to concentrate on the real capabilities of the potential partners, rather than the enthusiasm they show. Among these capacities, we are very interested in knowing what experience they have in similar projects, as well as their ability to make alliances with other organizations.”

Another critical element when transferring a methodology to a third party is establishing clear and well-defined roles among the people involved. When starting a project with a new partner in a new context, it is essential that everyone’s responsibilities are clear from the beginning, so that there is room for flexibility, but no confusion in the event that things don’t go as desired. It is also essential to have quality control. If the third party does not apply the methodology correctly, the organization that owns it runs the risk of its reputation being affected. The Foundation is evaluating the development of periodic control and verification mecha-

nisms to guarantee that the methodology is applied correctly, something like a seal or certification. All these requirements naturally pose the challenge of how to make the expansion of the Stoplight to other countries and regions sustainable.

“We are beginning to review the business model and set prices for our services. We now sign a one-year, renewable contract in which we clearly set out the price, the payment schedule, and the conditions for using the methodology. In the beginning we just wanted to expand the model and did not charge anything. This is how we started in Argentina and South Africa, but that model is not economically sustainable. Now we charge, and that is forcing us to improve the value of what we offer, developing quality material that justifies the payment for services: guides, tools, solutions, improvements and so on. With the new technological platform which we are developing together with CAF’s Social Innovation, it will be much easier to see the added value that we provide.”

The Foundation wants to create a space to share the knowledge of members of the network spread all over the world, similar to that produced by the Stoplight of businesses. To address this, the Foundation has created a new unit, called “community”.

The Stoplight community

The community area is a way of dealing with the exponential growth that the Stoplight is experiencing. What began as a tool to address concerns that arose when evaluating the impact of small loans on their recipients has become a model for the exchange of knowledge and of ways to improve the quality of life of different sectors of the population.

Telma and Pepa manage the community area. Their responsibility is to try to respond to the demands of different interest groups, which are increasingly frequent and elaborate, without hampering the growth process.

“We are immersed in a gradual process of expansion,” says Telma. “The role of the community department is to filter and prioritize, to try to rationally manage this spectacular growth so it doesn’t consume us all.”

Pepa explains: “We could say that the function of our area is to provide assistance to the rest of the Foundation - academia, clients, communica-

tion, partners, workers, and so on - identifying the needs they have relating to their respective communities. The needs that the communication area or the methodological area may have are very different. Our role is to identify and prioritize those needs to avoid diluting the impact of the Stoplight. This process will lead to specific products being developed for each area. For example, the methodological area has told us that it would be interested in increasing its collaboration with the university, and asked that we help it improve the explanatory illustrations of the Stoplight.”

The community area manages the knowledge that is being generated throughout the organization, by investigating what is being done, trying to turn that knowledge into products and solutions, and finally sharing it.

“Our priority right now,” Pepa clarifies, “is to work on the standardization of processes. Growth came, we expanded a lot and now we must ensure that development does not affect the quality of the work being done. In this context, CAF has been key. We are working very hard on the future technological platform of the Stoplight.”

Right now, Ana Botero points out, “Different platforms coexist, depending on how we work with clients, communities or companies. We need to unify our approach to get greater flexibility.”

Telma remarks, “As well as what Pepa says, another important aspect to take care of is the relationship with our partners, because we have many of them, and they all work at different rates and make different demands. Special projects need particular attention, because there are some partners who want to apply the Stoplight in one way, and others in another.”

Another of the debates inspired by the expansion of the Stoplight to other continents is the relevance of the name, Stoplight for the Elimination of Poverty. There is a growing consensus in the Foundation that the term “poverty” can be an obstacle when applying the Stoplight methodology to other latitudes and cultures.

So what is the Stoplight, actually? Is it a metric to measure poverty and well-being? Is it a tool that generates incentives for development and human progress? Are we developing a community that shares knowledge and expands by sharing it?

Perhaps the Stoplight is all of these things and at the same time, none of them. In any case, the Fundación Paraguaya is not particularly con-



cerned with finding the answer. What matters to them is responding to the challenges that the future imposes on them, as they have been doing from the start.

Of course, all these questions are pertinent, and will undoubtedly help when it comes to measuring something as complex as subjective well-being or people's quality of life. But no matter how much progress is made in refining tools and improving the reliability of data, the perplexities of Sissy Jupe, girl number twenty, will never go away. Sissy reminds us that no matter how much overall prosperity grows, it can never justify the poverty and destitution of a single person.

Conclusions and recommendations

It is not easy to describe the Stoplight, because it is constantly evolving. Fundación Paraguaya presents it as “a platform that helps people and their communities get out of poverty”, as evidenced by the publication

Changing aspirations through poverty measurement: The Poverty Stoplight Program (Kathy Hammner and Martín Burt, September 2017). The main elements of this platform are a self-evaluation, carried out through a survey, which allows an assessment of the “quality of life” of the subject according to 50 multidimensional indicators, accompanied by an action plan to improve the aspects of the survey with worst results.

These two elements certainly constitute the bare bones of the methodology, but in addition to this there is a set of circumstances and pre-suppositions that help to better understand the conditions in which this social innovation arose, and its potential to spread in the future through its different modalities: the Stoplight for families, Stoplight for communities, Stoplight for companies, etc.

1) The fulfillment of the mission

It is not trivial to wonder why Fundación Paraguaya gave birth to the idea of the Stoplight. The Foundation was not the only microfinance institution in the region that had been measuring the success of its mission using traditional metrics: number of clients served, number of loans granted, percentage of women in the portfolio, default rate, improvement in assets, surpluses and customer sales and so on, but it was the only one that questioned the accuracy of these indicators as a measure of the fulfillment of their mission, when they noticed that many of their clients continued to maintain very high poverty rates, despite receiving help from the Foundation for years.

Although it may seem paradoxical, not many institutions see the success of their mission as the main guiding criterion of their activity. The permanent questioning of its compliance with its mission is the main engine of innovation and progress in organizations, because it refocuses its programs, reallocates its resources and looks to the future. In addition, the mission is the main driver of motivation and commitment for the management team.

Only organizations that are guided by mission and values are in a position to ask themselves, “Is what we do consistent with the mission? How could we better fulfill our mission? What activities should we carry out to achieve this? What decisions could put our mission at risk?”

Most of the microfinance institutions that emerged in the region around the same time as the Fundación Paraguaya have become regulated entities. One of the main reasons that led them to make this decision is the need to get deposits from their customers. Becoming a regulated institution has significant benefits, but it also carries great risks. The main one is that they may lose sight of their original mission, as they are not constrained by their founding legal set-up, which imposes a series of important limits, such as the prohibition of distribution of benefits and the obligation to allocate all profits to the fulfillment of the mission.

In its day, the Fundación Paraguaya, like the rest of the organizations that work in the microfinance sector, proposed transforming itself into a regulated institution. After weighing the advantages and disadvantages its board of directors chose not to take that step, faced with the risk of deviating from the original mission, as had happened to other organizations which were born with a strong social commitment and ended up as very lucrative businesses.

We are not insisting that the decision of the governing body was the right one, as the transformation into a regulated entity does not necessarily imply deviating from the original mission, even though it carries that risk; but rather we are highlighting the weight and importance that cultural values and principles have had for the Fundación Paraguaya.

2) Opportunities and diversification

Fundación Paraguaya has managed to diversify its activities without deviating from its original purpose. This diversification has allowed it to take advantage of opportunities that would not have arisen if the organization had opted, like most microfinance institutions, for specialization, focusing exclusively on the provision of microfinance services.

The Foundation's foray into education, through self-sustaining agricultural schools, allowed it to apply the knowledge and skills it had acquired from the microenterprise sector. It should not be forgotten that originally, the Foundation not only provided microentrepreneurs with financial services, but also gave them training in management. They manage to incorporate the concept of sustainability into their new educational activity. It is not just about building schools and teaching, but about transforming those schools into self-sustaining enterprises.

It is important to note that although the Foundation had been working with the microenterprise sector, providing financial services, this activity does not have the same characteristics as it would in the entrepreneurial sector. When an MFI lends to a microentrepreneur, it does so to someone who already has a business running, and the granting of the loan is largely based on the cash flow that they are capable of generating. However, when you want to start a new company there is no cash flow to rely on: there is only a project that, if it succeeds, will be able to produce cash flow in the future.

The challenge of turning a school into a self-sustaining company, and the students into rural entrepreneurs, forced the Foundation to learn about entrepreneurship. Once that knowledge was developed and highly visible results were achieved, it was natural for the Foundation to end up wondering: why are our microfinance clients not making progress? How can we inject them with more entrepreneurial spirit?

3) Sustainability and the cost of information

No one can deny the effectiveness of the Stoplight as a tool to improve the quality of life of families and communities, but like any mechanism based on obtaining information, it has a significant economic cost. The Foundation has managed to significantly reduce the costs associated with obtaining information, thanks to two elements. First of all, its network of credit counselors, who are in constant contact with clients. The advisers make frequent visits to their clients. Most of the advisers' time is spent visiting their clients' homes or their place of work, which often coincide. They know their clients' situation first-hand and have developed a relationship of trust over the years that encourages the exchange of information. Second, microcredit technology. As we have already mentioned, the success of microfinance is based, to a large extent, on speeding up the assessment of the creditworthiness of its clients, and the granting of loans. The integration of microcredit technology in mobile devices has further accelerated this process.

By considerably reducing the costs of obtaining information, these two circumstances have given the Foundation an enormous advantage when it comes to expanding the Stoplight with its credit clients. However these advantages pose new challenges to the organization when setting

objectives for its loan officers (previously the objectives were only related to the management of the loan portfolio; now they have to incorporate the objectives of the Stoplight) and establishing systems of remuneration in line with the new objectives.

The advantages of implementing the Stoplight with microcredit clients, from the point of view of economic sustainability, do not extend, however, to companies and communities. So the Foundation has to carefully weigh the sustainability of the Stoplight model according to which group or sector it is directed at.

The Stoplight model for companies is a good example of how this methodology can become sustainable in an environment very different from that of microcredit clients. In the case of companies, a fee model has been developed: companies pay the Foundation a fee for the advice they receive and for being able to participate in the Stoplight community. On the other hand, the Foundation has developed a collaborative learning community with companies, transferring the innovation costs of the methodology on to them.

The Stoplight for a whole region (as in El Cerrito) does not currently have an economically sustainable model. Its implementation is very recent, and it must be categorized, for the time being, as a pilot project whose viability and potential will be determined in the future. In any case, it is an essential evaluation tool for any organization, public or private, that works in the field of community development, so there is an important area of growth that will have to be properly managed.

4) Undertaking measurements

It is important to remember that the Stoplight is not just one of the many measurement systems that exist to analyze well-being, quality of life or multidimensional poverty. Measurement is a necessary, but not sufficient, requirement to develop a plan of action. What makes the Stoplight tool extraordinarily effective is not its simplicity or breadth, although these are important elements, but its potential to activate the capabilities and mobilize the resources of its respondents.

This is achieved thanks to particular characteristics of the survey methodology: 1) the participatory process in the preparation of the sur-

vey, and the need to choose between various alternatives, encourages reflection and awareness of the situation itself; 2) the existence of different levels, which correspond to achievable goals, makes it possible to recognize areas of improvement that can be achieved; 3) incorporating motivational and behavioral variables into the survey helps to identify barriers and obstacles and, consequently, enables the design of the most suitable intervention strategies; 4) breaking down the problem (poverty) into fifty manageable components increases confidence, by transforming the unattainable into something manageable and showing the respondent that they never start from zero (“there is always some green and yellow”).

All these features are important, but their effect would be very limited if they were not accompanied by a follow-up improvement plan and monitoring of progress. The role of the consultants is critical and marks the crucial difference of the Stoplight compared to other measurement methodologies. It is a simple way of improving the conditions of families, employees or communities, which is the final goal.

5) The challenges of collaborative work

The experience of applying the Stoplight within companies has helped to develop a collaborative work model, which has become an essential part of the methodology and allows its continual improvement. The importance of this cannot be underestimated. Using the Stoplight with companies has pushed the methodology to the next stage in its evolution. The important thing is not measurement, or even plans of action, but the ecosystem of collaboration that has emerged.

The Foundation has managed to create a community of knowledge and practice, in which its members are willing to share their abilities and resources to increase their collective impact.

The collaborative work ecosystem is a new way of approaching social problems, which avoids the traditional project-based approach. It starts from the premise that social problems are, by nature, complex and have no predetermined solutions. It is not a question of formulating projects with a fixed path, but about developing principles and enabling the conditions for the companies themselves to discover ways to collaborate without the need for anyone to oversee them. Building social capital and building trust are the main objectives of collaborative work.

To promote this process, an organizational structure (the Fundación Paraguaya) is required, whose main role is not to lead projects in collaboration with other organizations, but to act as a catalyst for the efforts and initiatives of those organizations. And in this same sense, the role of a multilateral such as CAF is of great value, because it contributes fundamentally to the development of a collaborative work ecosystem that promotes, documents and disseminates a highly innovative tool, so that other actors can learn and can use it for greater collective impact.

This does not only apply to work within the Stoplight group of companies, but is critical to the future network of international partners that the Foundation is building. The most important learning community will be constituted by the partners of hubs and special projects.

6) Managing growth

The main risk of the Stoplight is the speed of its growth. The success of the methodology can constitute its main threat if it is not managed properly. The Foundation is aware of this and has begun in the last year to systematize its relationship with the different partners (hubs and special projects), establishing protocols and selection criteria.

The creation of the community area is also a response to the growth of the Stoplight, which poses continual and growing demands on its different interest groups. The key, in the coming years, will be achieving sustained growth and taking advantage of opportunities while at the same time identifying and managing the risks associated with this growth.

The critical issue is to properly identify where the main growth bottlenecks are. This challenge will force a review of the existing internal resources, the decision-making process - combining the agility required in the growth stage with the need to maintain quality control - the distribution of tasks and objectives, the technology that supports the services, and so on.

There are a variety of ways to transfer the methodology and know-how to new partners. Most of them replicate models very like franchises, in which the franchisee pays a fee for the services he receives, and the franchising organization defines in great detail the conditions of use of the franchise. Some organizations have created an ad hoc entity to centralize

and manage the transfer of the methodology to other organizations. There is no single model; the Foundation has to identify the most suitable one according to the situation.

The journey so far

Paraguay

The Stoplight in the private sector

- 110 active companies take part in “Companies without Poverty”. Associated with this, 10,495 surveys have been completed, and 10% of the participants are in the process of completing their life map.
- In the company surveys, there has been an 8% increase in indicators changing to “green.”

The Stoplight in the public sector

- Seven agreements have been signed with the Ministry of Labor, Ministry of Justice, National Development Bank, Bank Retirement Fund, Paraguayan Indigenous Institute, STP, Ministry of Urbanism, Housing and Habitat, and Municipality of Benjamín Aceval. In addition, collaborations have been established with the National Financial Inclusion Strategy and the Ministry of Women.
- The Stoplight has been declared of national interest by the Ministry of Labor, an institution that will also apply it among its employees; in the same way, the Banco Nacional de Fomento and the Caja de Jubilaciones Bancarias are proceeding to adopt it.
- Collective actions undertaken, specifically with the National Indigenous Institute and the Technical Planning Secretariat (within the framework of the Arovia Program).
- Consolidation of the Cerrito International Meeting, an event for interaction and learning that has become an ideal space for joint reflection on new and effective solutions for the elimination of



poverty, as well as for the enhancement and dissemination of solutions which already exist.

- Holding events to present the Stoplight in Madrid, Bogotá, Buenos Aires, Quito, Mexico and La Paz, with broad participation from the public and private sectors of these countries.

The Stoplight in rural areas

- In Remansito, a closed neighborhood in the Chaco, where the application of the Stoplight is being carried out among 137 families within the Community.
- In the communities north of Route 9, where the Stoplight is applied to 400 Mennonite families, under the auspices of the Choritzer Komitee Civil Association.
- 900 families participating in the Stoplight in the Cerrito community have managed to reduce factors contributing to extreme poverty by 23% in the first year of implementation, 2017-2018.

Advances in other countries

- Colombia: implementation of the Stopligh in two pilot projects: one with Bancamía and the other with the CAFAM compensation fund.
- Bolivia: implementation of the Stopligh with Diaconia microfinance, and expression of interest by the Ministry of Development Planning to implement a pilot program in El Alto, with the potential to expand to other territories prioritized by the Government.
- Ecuador: implementation of the Stopligh with Banco Solidario and Junior Achievement, and expression of interest by the Ministry of Agriculture and Livestock and the Ministry of Economic and Social Inclusion, as well as the World Food Program of Ecuador, to implement the Stopligh with families of Ecuadorian farmers.

Research, dissemination and technology

- Seven active investigations on the Stopligh (impact on microfinance, impact on Cerrito, analysis of indicators from a gender perspective, impact on client empowerment, impact on companies, impact of mentoring on the Stopligh and cost of implementing the Stopligh), whose results will contribute to increasing the body of knowledge on this innovative initiative.
- Dissemination of ten stories of companies and communities.
- Progress in matching Stopligh indicators to the Social Progress Index and Multidimensional Poverty Index indicators, as the Stopligh can measure indicators for both standards.
- New functions added to the technological platform used for implementing the Stopligh.
- The Stopligh has been chosen as one of the world's most important public sector innovations by the OECD.
- The Stopligh has been presented in several international forums, such as the Davos Forum and a World Bank forum on new ways of measuring poverty. It was also presented to the Secretary General of the OAS.

Cover Image:

Deimos, Mars and Phobos, 1972

(acquired in 2000)

Ángel Hurtado

Collage and oil on canvas (triptych)

110x330 cm

CAF Collection

Fundación Paraguaya, founded in 1985, is a self-sustaining organization based in Paraguay, with more than 480 employees, 24 offices, and four self-sustaining agricultural schools in the country. Its vision is “a world without poverty, where we all want to live” with the mission of developing and implementing entrepreneurship and education programs as well as practical, innovative and sustainable solutions for the elimination of poverty and the creation of a dignified environment for each family.

CAF, the development bank of Latin America, was created in 1970 and involves 19 countries —17 from Latin America and the Caribbean, Spain, and Portugal—and 14 private banks from the region. It promotes a sustainable development model, through credit operations, non-reimbursable resources, and support in the technical and financial structuring of projects in the public and private sectors in Latin America. The Direction of Social Innovation is an office of CAF that acts as a laboratory to identify and test ideas and models with the potential of becoming useful and sustainable solutions to social challenges, particularly of those most vulnerable.

