Microfinance for Decent Work: Action Research 2008-2012

International Labour Office
Geneva

Overview

Microfinance for Decent Work (MF4DW) is action research that aims to build knowledge on the effects of innovations on microfinance clients' livelihoods. Launched by the ILO Social Finance Programme in 2008, the MF4DW action research began by identifying specific work-related challenges among microfinance clients and, to address them, implemented tailor-made innovations with microfinance institutions around the world. The MF4DW action research applied an experimental research design in order to measure the impact of these innovations overtime.

At the outset of the MF4DW, each participating MFI conducted a diagnostic survey among 200 of its clients to determine their most pressing work-related challenge. The analysis was guided by **ILO's vision of decent work for all** and its goal to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity. Within this framework, the diagnostic determined **child labour**, working conditions, formalisation, job creation and productive employment, risk management/ over-indebtedness, and women's empowerment, as key challenges keeping microfinance clients from obtaining decent work.

Each MFI then selected a key decent work challenge and implemented an innovation to address it. Changes at the client level were captured through a series of client surveys. The ILO, along with research partners, established impact through a mix of econometric methods.

MFI Profile:

VisionFund CAMBODIA

MFI Partner: VisionFund Cambodia

Country of Operation: Cambodia

Organizational Mission: To provide financial services to help the poor liberate themselves from poverty.

Current Legal Status: Licensed Microfinance Institution

Types of Products offered: Loans, savings, safety net program, and trainings

Number of Active Borrowers: 132,036

% of Women Borrowers: 92%

Total Number of Active Savers: 153

Number of Branches: 11

Geographical Dispersion: 19 of 24 Provinces

Size of Gross Loan Portfolio (in USD$): 37.7 million

**2011*

VFC's Innovation

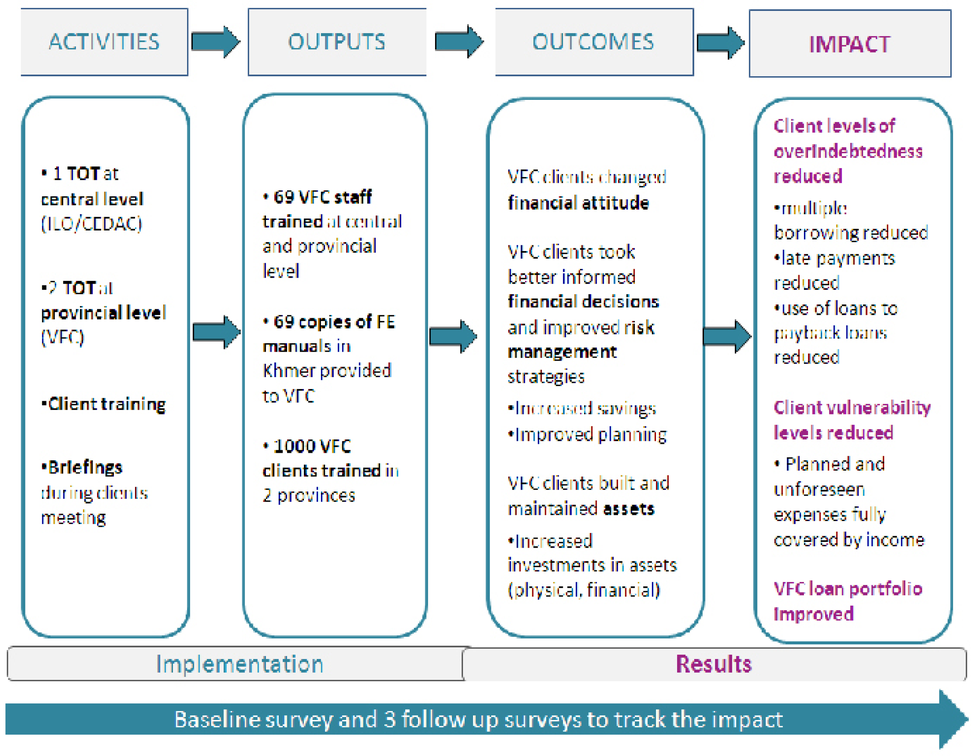
Client Training on Financial Education to improve Risk Management among Clients of VFC

Innovation Details

VFC addressed the issue of low financial literacy, common among its clients, through the provision of financial education training. A Training of trainer's workshop was organized for the VisionFund Training team, product and training officers, client service officers, and sales & promotion officers/agent. Clients received a two-day-training and refresher sessions during regular meetings. VFC tracked changes at the client and MFI levels—particularly exposure to training, income and expenditure patterns, and client portfolio—in order to follow over time the impact of the innovation. With this innovation, VFC hopes to empower its clients and their families to make informed and sound financial decisions related to income, expense, borrowing and saving. VFC also sought to improve its financial strength through enhanced loan quality.

VFC conducted 4 surveys over the span of 2.5 years on a sample of 1155 clients in 3 provinces: Kompong Chnang, Kandal, and Kompong Thom.

Result's Chain for VFC



VFC's Results

The impact assessment compared results gathered from two client groups: those that had access to the innovation and those that did not.

Based on the overall research process and conclusions, the ILO would like to make the following **recommendations** to VFC regarding the future of the Financial Education training and risk management among clients:

For more information:

ILO MF4DW Action Research
www.ilo.org/socialfinance

VisionFund Cambodia
www.visionfund.com.kh

Federal Ministry of Labour and Social Affairs

Funded by the Federal Ministry of Labour and Social Affairs (Germany)