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:

MFI Partner: IMON International LLC

Country of Operation: Tajikistan

Organizational Mission: To promote sustainable economic development and improved quality of life of Tajikistan by insuring reliable access to financial services for the economically active members of population.

Current Legal Status: Non-Bank Financial Institution

Types of Products offered: Loans, leasing, training and consulting

Number of Active Borrowers: 42,503

% of Women Borrowers: 39%

Total Number of Active Savers: 0

Number of Offices: 81

Geographical Dispersion: Covers 28 regions of the country

Size of Gross Loan Portfolio (in USD$): 45.2 million

**2011*

IMON's Innovation

Promoting Gender Equality through Women's Entrepreneurship

Innovation Details

IMON offered new female clients a women's entrepreneurship training—the ILO's GET AHEAD training—followed by start-up capital. This package was offered through a partnership with the National Association of Business Women in Tajikistan (NABWT) which provides the training to IMON's potential women clients. In Tajikistan, entrepreneurship has become a male-dominated activity and the Decent Work innovation was one way for IMON to identify and meet the financial needs of female clients. In addition, the project aimed to strengthen the capacity of NABWT and its linkage with IMON. IMON, together with the ILO, investigated whether the new product (training + a start-up loan) would generate increased levels of: empowerment/equality of self-employment for women; women's entrepreneurship; association and voice.

IMON conducted 3 surveys over the span of 2.5 years on a sample of 905 clients in 13 participating branches across Tajikistan.

Result's Chain for IMON

Activities	Outputs	Outcomes	Impact
• Offering the GET AHEAD module to IMON • TOT offered to Imon and NABWT Staff in 2009 and 2011 • Launch of the start-up loan product for women. • Orientation meeting between loan officers and women.	• Up to 20 IMON and NABWT staff trained in the module. • 486 women received 4-day entrepreneurship training • Women were sensitized to the new start-up loan product and NABWT. • At least 58% of the women who received training should take a loan.	• Increased self employment and income generating activities for women. • Improved entrepreneurship skills for business management	• Improved Women Empowerment (control over finance, earnings and expenses) • Improved business practices • Improved entrepreneurial capacities • Improved customer satisfaction for IMON

IMON's Results

The impact assessment compared results gathered from two client groups: those that had access to the innovation and those that did not. It further compared results between the women that received the training and got a loan and women that had just received a loan from IMON the previous year. It shows the following main conclusions:

- **Increased awareness on usage of products and services** from the business women's association;
- For the women that recieved both a training and a loan, there is a **positive impact on self- employment and business expansion**;
- The innovation had no significant effect after the two year of implementation on women empowerment;
- When considering delays in loan repayment rates, the start-up loan remains more risky than loans to existing businesses; and
- The innovation **positively effected retention rates.**

Based on the overall research process and conclusions, the ILO would like to make the following recommendations to IMON regarding the future of the BDS training and formalization of clients:

1) Continue providing support through training to potential women entrepreneurs, which should include multiple follow-up sessions with the group so that after the start-up training the women can continue to meet with each other and discuss gender topics;

2) Inquire further on the business case to develop a sustainable business development service model; and

3) Share their tools methodologies, experiences, and findings through national and international networks of microfinance institutions in order to encourage similar work in the promotion of formalization and the campaign for Decent Work around the world.

For more information:

ILO MF4DW Action Research
www.ilo.org/socialfinance

IMON
www.imon.tj

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