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:

BASIX
EQUITY FOR EQUITY

MFI Partner: BASIX-BSFL

Country of Operation: India

Organizational Mission: Promote a large number of sustainable livelihoods, including for the rural poor and women, through the provision of financial services and technical assistance in an integrated manner.

Current Legal Status: Non-Bank financial Institution

Types of Products offered: Loans, Insurance, Agricultural / Business Development Services, Institutional Development Services, Trainings/Consulting

Number of Active Borrowers: 1.5 million

% of Women Borrowers: 74%

Total staff: 9,340

Number of Branches: 221

Geographical Dispersion: Active in 17 states of 26 states

Size of Gross Loan Portfolio (in USD$): 281.3 million

**2010*

BASIX's Innovation

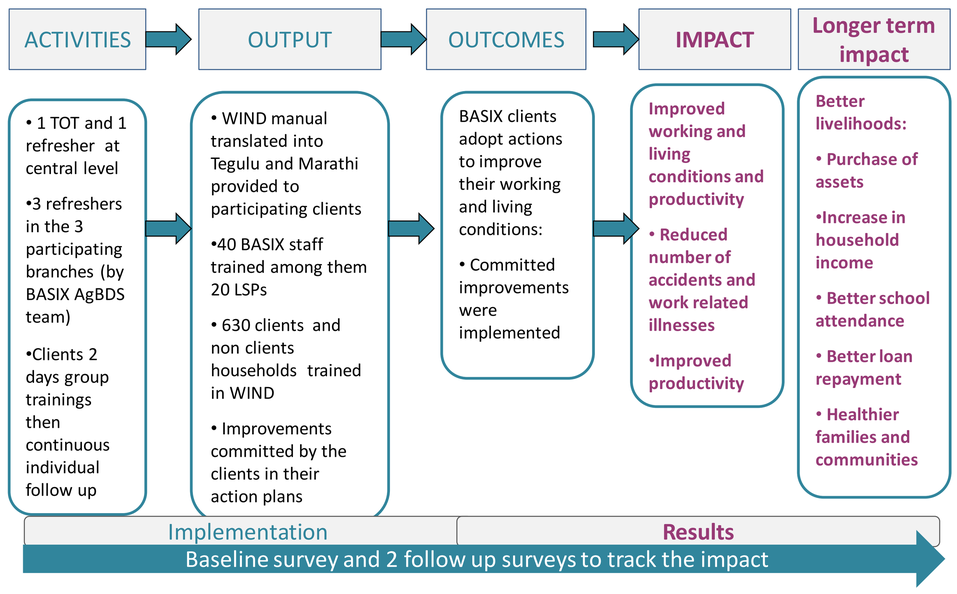
SWASTH: Increasing Productivity and Work Place Safety through Participatory Safety Education among BASIX's Clients

Innovation Details

BASIX-BSFL addressed Productivity and Occupational Safety and Health through building the MFIs internal capacity in safety education and the training of target clients and the community. BASIX adapted and used the ILO action-oriented training approach WIND (Work Improvement in Neighbourhood Development). BASIX's trained staff built on local practices, encouraged exchange of experiences among clients and promoted their involvement with the goal being gradual integration into BASIX Agricultural Business Development Services (BDS). Targeted clients included clients from two BSFL Units—active in agriculture and dairy. BASIX tracked changes at the client/household level for impact of the innovation over time. With improved awareness on occupational health, BASIX hopes that the clients will be more prepared and less vulnerable to occupational hazards. Additionally, their productivity will be enhanced, thus resulting in improvements in the relationship between the client and BASIX in the long term.

BASIX conducted 3 surveys over the span of 2 years on a sample of 1100 clients in 3 units: Banswada (Andhra Pradesh), Nanded-East (Maharashtra), Ramayampet (Andhra Pradesh).

Result's Chain for BASIX



BASIX's Results

The impact evaluation compared results gathered from two client groups: those that had access to the innovation and those that did not. It shows that there is a clear difference for certain outcomes between the groups, such as:

- Experienced work place illnesses and injuries decreased;
- Adopted safe work place habits increased;
- New technologies and practises adoption increased; and
- More clients are able to save.

With the hypothesis that there were no contamination effects from the innovation in the control branch, and that outcomes in target and control groups follow a common trend, it is reasonable to conclude that the impact on occupational safety and health can be attributed to the OSH training and the regular follow up by the LSPs.

Based on the overall research process and conclusions, the ILO would like to make the following recommendations to Basix regarding the future of the OSH / SWASTH training:

1) Integrate the training to Basix Ag/BDS services and roll it out to other branches;

2) Continue to track progress on the client level as part of Basix's social performance agenda;

3) Explore further scaling up possibilities by using Basix group companies to maximize sharing of OSH knowledge (for example, integrate OSH training into the vocational training curricula provided by B-ABLE);

4) Support the SWASTH training by use of multimedia for sensitization;

5) Monitor the quality of the training delivery and regularly strengthen the OSH knowledge and training skills of the LSPs and other involved staff;

6) Share tools, methodologies, and findings from the action research through national and international events and MFI networks to encourage efforts in improving occupational safety and health and to promote the concept of Decent Work.

For more information:

ILO MF4DW Action Research
www.ilo.org/socialfinance

BASIX
www.basixindia.com

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