



CLOSING WORKSHOP REPORT: Microfinance for Decent Work (MF4DW) Action Research



ILO Social Finance Programme
Dead Sea, Jordan
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Acknowledgements

The Social Finance Programme of the ILO would like to thank the Social Performance Task Force for its kindness in letting the Microfinance for Decent Work (MF4DW) Closing Workshop take place in the framework of their Annual Meeting. This joint venture allowed microfinance institution (MFI) participants from the MF4DW action research the opportunity to actively participate in the social performance standard setting process; likewise, we hope that the members of the Social Performance Task Force (SPTF) enjoyed the opportunity to see the ILO's work advancing social performance initiatives through experimental research by these participants. Quite some knowledge sharing across the industry occurred in a very short space of time and for that, we are grateful.

Additionally, the ILO would like to thank each of the MF4DW MFI participants for their hard work over the last four years that culminated in many results and lessons learned for the microfinance industry. These lessons are also valuable for the work of the ILO as it moves forward with its Decent Work Agenda for which microfinance institutions have now shown themselves to be worthy entry points. We hope that each participant has learned valuable information about their clients, products, and abilities to promote Decent Work for all.

Furthermore, none of this important work would have been possible without the generous grant from the Germany Ministry of Labour and additional internal funding from the ILO. The action research and its results have filled an information gap on the role MFIs can play in the advancement of Decent Work around the world. We hope that similarly like-minded donors will join us in the next stage of MF4DW as we disseminate lessons learned from this innovative research.

Executive Summary

This report summarizes the activities of the closing workshop of the Microfinance for Decent Work Action Research, as well as the setting within the framework of the Annual Meeting of the Social Performance Task Force—an organization promoting social performance across the microfinance industry.

The MF4DW closing workshop represented the first time that participating MFIs were able to meet again (since the strategic planning workshop in early 2009) and learn the econometric results of their quasi-experimental research on the impact of Decent Work-based innovations—examples which include extending micro-insurance coverage to decrease child labour, teaching financial education to reduce vulnerability, and managing an organizational restructuring to increase job creation. Results, though not complete for all MFIs, showed that many innovations had had a positive impact on the Decent Work status of MFI clients—in several cases findings showed definitive improvements in working conditions, increases in formalized micro-enterprises, and decreases in the incidence of child labour.

In addition, representatives from each MFI were able to share their results with fellow participants and the broader microfinance community brought together under the umbrella of the SPTF annual meeting. All sixteen MFIs that completed the research (out of the original twenty-two partner organizations) were able to send representatives to share their research journey over the last four years. In total, over 75 participants were able to share and learn in this experience through the MF4DW closing workshop.

Moreover, the closing workshop proved a valuable setting for discussing the next steps and the ways forward for both the ILO and the microfinance institutions involved. Dissemination strategies, publications of results, further research opportunities, and future workshops were discussed as part of bringing the work of the MF4DW action research to the broader microfinance and development communities.

Introduction

From 2008-2012, the ILO Social Finance Programme implemented the Microfinance for Decent Work (MF4DW) action research. Towards the end of the research, the ILO invited all partner MFIs to participate and contribute to a closing workshop that took place on June 8, 2012 at the Dead Sea in Jordan. The ILO also invited the MF4DW partners to participate in the Social Performance Task Force annual meeting, which was hosting the MF4DW closing workshop, to learn more and share experience in social performance.

This report first provides a background on the Social Performance Task Force and the proceedings of the annual meeting including a summary of an informal ILO lunch organized to share information on the MF4DW action research. The remainder of this report focuses on the MF4DW closing workshop.

Summary of the Social Performance Task Force Annual Meeting

SPTF annual meeting was held in the 4 days preceding the ILO workshop

Introduction to the SPTF and the USSPM

The Social Performance Task Force (SPTF) is a working group composed of all major stakeholders in the microfinance industry—over 1000 individual members representing more than 600 different institutions—that encourages the development, implementation and evaluation of social performance. SPTF defines social performance as: *the effective translation of an institution's social goals into practice in line with accepted social values*. In short, the task force works to ensure that an organization's social bottom line is as encouraged, measured, and as accountable as its financial bottom-line; this thinking is then aligned and directed through the management of the organization. In order to implement social performance management, the growing task force has worked since 2010 to develop and test its Universal Standards for Social Performance Management (USSPM).

As a member of the task force, the ILO has closely followed the development of the USSPM since the 2010 SPTF annual meeting, wherein members gave the SPTF secretariat the mandate to begin drafting the universal standards. After the first draft of the USSPM was presented at the 2011 annual meeting, working groups were formed to elaborate standards and indicators; the ILO participated in many working group discussions and advised on topics related to employment in MFIs and responsible treatment of employees. In June 2012, at the SPTF annual meeting on the Dead Sea in Jordan, the USSPM were officially launched; three members from the ILO's Social Finance Programme were in attendance.

Social Performance Task Force Annual Meeting 2012

The Social Performance Task Force (SPTF) Annual Meeting 2012 took place from June 4th-8th at the Dead Sea in Jordan and brought together direct microfinance providers; global, regional, and national network representatives; investors; donors; policy-makers; and financial and social raters from over 40 countries. As at every annual meeting, the Task Force gathered to analyze progress made over the previous year, debate pertinent social performance issues facing the microfinance industry, and to map a way forward for the coming year.

June 4th & 5th, 2012

The 2012 Annual Meeting began on June 4th, with two days of pre-plenary meetings introducing social performance initiatives including the Smart Campaign client protection principles, discussing the concept of client-centric microfinance, and allowing for exchange between donors/investors/CEOs in organized workshops in an effort to bring participants up-to-date with the main theme of this year's Annual Meeting: the Universal Standards for Social Performance Management (USSPM). During these pre-plenary days, ILO representatives attended the following sessions:

1. Introductory Workshop on Social Performance Initiatives, Indicators, and Tools
2. "What works for clients?" Workshop
3. Smart Campaign Client Protection Principles
4. Social Performance Working Group for Networks Meeting
5. Seal of Excellence reception and steering committee dinner

June 6th, 2012

On June 6th, the Annual Meeting plenary sessions started with the SPTF secretariat officially launching the Universal Standards for Social Performance Management (USSPM)—a collaborative effort to put into place standards with which to hold industry stakeholders responsible in regards to measurable social performance practices. These standards aim to map institutional social performance management strategies, institutionalize social performance goals for each participating MFI, and to "put the client first" in the development of new products and employee relations. The secretariat outlined the contribution of the many SPTF members, emphasizing the input received from the ILO, in developing the standards which render the USSPM an *industry* driven framework for Social Performance. The ILO has worked with the SPTF over the last two years, assisting in the process of defining those standards and indicators, especially those on dealing with the responsible treatment of employees.

As one of four industry representatives, Mr. Craig Churchill, Head of the ILO Social Finance Programme, gave an inspiring speech on the relevance of the standards, not only for the microfinance industry but also for the work that the ILO is undertaking to lift the poor out of poverty. The remainder of the day focused on explaining details and sharing experiences on the implementation of standards referring to governance, product design, and balancing financial and social performance.

June 7th, 2012

The second day of plenary sessions relied on attendee participation in designing ways in which each participant's organization could take on board the standards and promote their use across the industry. Additional topics, such as food security, education, and the environment were also addressed as important issues that must be taken into account in the future work of the SPTF.

As all of the MFIs participating in the MF4DW action research project had designed and tested Decent Work-related innovations—often as part of their own internal social performance practices—they could

substantially contribute to the discussion. As a whole, the SPTF annual meeting made for a complimentary environment in which to discuss and conclude the ILO's action research project.

The SPTF Annual Meeting concluded on June 7th with an emphasis on integration and dissemination of the Universal Social Performance Standards by all participants and stakeholders—be it social raters taking into account adherence to these standards in future audits, or microfinance institutions gradually incorporating and measuring USSPM indicators in an effort to reach their social performance goals or mission. The year ahead will be dedicated to testing and refining the standards. And finally, emphasis was again placed on the need for all institutions present to refocus on respect for, and the needs of, the clients the microfinance industry serves.

For a more detailed description of the SPTF annual meeting and conference report, please check their [website](http://www.sptf.info) (www.sptf.info) in the coming months.

Informal ILO Knowledge-sharing session of MF4DW

As part of the SPTF Annual Meeting activities, the ILO held an informal knowledge-sharing lunch on June 7th for those SPTF members unable to attend the MF4DW Closing Workshop on June 8th. Approximately 20 participants shared in this event where the ILO presented a brief summary of the MF4DW action research methodology and results. ILO experts and econometricians from Mannheim University (Germany) were on hand to answer any questions and follow-up on any suggestions for further dissemination of the lessons learned and results from this research. Additionally, Lift Above Poverty Microfinance Bank (Nigeria) and ENDA inter-arabe microfinance institution (Tunisia) representatives were on hand and shared with the group some of their experiences in implementation and challenges faced during the action research, such as dropout rate of clients and the use of a “control” group. Further suggestions from participants included the sharing of ILO tools for replication elsewhere and the compilation of a guidance note on how to replicate innovations and research.

ILO MF4DW Closing Workshop, June 8th 2012

As part of the last day of meetings of the SPTF, the ILO's Social Finance Programme hosted the closing workshop for the Microfinance for Decent Work (MF4DW) action research project. This workshop brought together all MFI partners that completed the research with ILO technical experts, researchers, and microfinance industry stakeholders—roughly 75 participants in all.

The closing workshop had two objectives: 1) To disseminate the MF4DW concept, methodology and key results to MF4DW partners and a wider audience; and 2) elaborate recommendations on how best to address Decent Work challenges of microfinance clients and plan for dissemination and replication of the MF4DW methodology. The first half of the workshop under objective one was open to public participation; it reviewed the MF4DW methodology, recounted the econometric analysis and key results, and presented posters by each MFI detailing each innovation. The second half of the workshop was limited to the MF4DW action research participants and representatives from the Bank of Indonesia, which is in the process of replicating the MF4DW research methodology. The second half of the day used break-out sessions by Decent Work topic area and then by region to capture lessons learned and ways forward.

Part I: ILO Closing Workshop Opening Remarks, Introduction, & Overview of Key Results

Opening: Welcome addresses

Craig Churchill, Head of the Social Finance Programme of the ILO, welcomed participants to the closing workshop of the action research and laid out the day's itinerary. Participants were reminded of their important contribution to the industry-wide movement towards greater social performance through their work during the MF4DW action research. Mr. Churchill emphasized the objective of the morning session: the review the ideas behind the MF4DW concept, its methodology, and key results, and to share this information with MF4DW participants and the whole microfinance community.

Craig Churchill was joined by Social Performance Task Force Director of Special Projects, Amelia Greenberg who elaborated on the stimulating role that the MF4DW action research could play in the future of social performance in the microfinance industry. Mrs. Greenberg also spoke of the collaborative efforts between the ILO and the SPTF over the past years, and how these had culminated in the closing workshop and finalization of certain standards and



indicators within the Universal Standards on Social Performance Management for the industry.



Introduction to the Microfinance for Decent Work: Action Research

Following the welcoming address, Dr. Bernd Balkenhol, former Director of the Social Finance Programme of the ILO, reminded participants of the history of the MF4DW action research. The closing workshop marked a reunion of those MFIs and technical specialists who had been in attendance in early 2009 at the strategic planning workshop, wherein MFIs discussed diagnostic reports from their institutions and made decisions as to which Decent Work area to pursue via an innovation. Dr. Balkenhol congratulated those participants who had completed the whole research and acknowledged the obstacles that many MFIs had faced. At the closing workshop, 16 of the original 22 MFI participants were in attendance.

Following Dr. Balkenhol, ILO technical expert Patricia Richter gave an introduction on the goals and the framework of the MF4DW action research including the quasi experimental research design and why MFIs may be interested in decent work innovations in general and this type of analysis in particular. As well, the timeline for experimentation and analysis was overviewed along with the clusters of innovations that the MFIs implemented and the challenges that they encountered in the research.

Overview of Econometric Analysis Methodology and Key Results

The methodology for the data analysis was presented by Dr. Niels Kemper, Mannheim University, the MF4DW research partner¹. This was followed by a joint presentation of the results for each Decent Work area by a social finance specialist (Yousra Hamed, Hillery Midkiff, Patricia Richter, and Judith van Doorn) from the ILO who introduced the theme and Robert Poppe, econometrician from Mannheim University, who explained the results from the econometric analysis in the order of most conclusive to least conclusive².

¹ Mannheim University of Germany won a competitive bid to work with the ILO formulating the econometric results of the MF4DW action research. The team from Mannheim was composed of the Chair of the Econometrics Department, two post-doctoral students, and three PhD candidates.

² The Closing workshop presentation highlighting the econometric analysis and key results can be found on the MF4DW homepage, [here](#). Not all analyses were presented as the work is still underway for several MFIs.

Methodology

Mannheim University used a Difference in Difference method to analyze the client level panel data for each innovation. This methodology is based on the use of randomly assigned control and treatment groups, panel data collections, multiple data sources (i.e. questionnaires and MFI management information systems), no contamination of control groups, and the idea that there is a common trend in outcomes between control and treatment groups. The econometricians from Mannheim University illustrated how evidence from the MF4DW action research could be used in the future and the role the results play in filling a knowledge gap that currently exists in the industry.

Risk Management & Vulnerability

The risk management and vulnerability cluster represented seven microfinance institutions and eight innovations ranging from the introduction of micro-insurance, micro-leasing and savings products to financial education, risk management and entrepreneurship trainings for clients. Impact of these innovations on changes in risk management and vulnerability among MFI clients was determined through a range of outcome variables including, for example, financial attitude; asset building; length of planning horizons for business and household budgets; means used to cover unforeseen expenses; income covering expenses; and over-indebtedness/multiple-borrowing.

Due to the high number and diversity of innovations in this cluster, the results presented were also diverse. In general, the innovations of client trainings on financial education and risk management showed strongest results in changes in debt and precaution-related financial attitudes, and some positive changes in late repayment status, over-indebtedness status and multiple borrowing, vulnerability and partially in asset building. Results were partially inconclusive in the incidence of multiple borrowing, financial behaviors, and savings accumulation. The results for MFIs innovating in new product offerings were still outstanding.

Formalization

The cluster of formalization innovations concerns two MFIs each of whom developed strategies for encouraging their clients to begin formalizing their informal businesses. The two strategies consisted of providing some awareness raising activities on the benefits of formalization, and business development services (BDS) to support clients formalizing. The business models however were different in the two institutions (in terms of delivery of the BDS and specific content of the support and incentives that are attached to the formalization).

The strongest results from these institutions concluded that changes could be seen in client's knowledge of formalization and attitudes towards formalization, in the number of registered businesses, business conduct (accounting) and turnover. Results were inconclusive in regards to loan size and repayment capacity.

Occupational Safety & Health

Another two MFIs chose to implement innovations in terms of Occupational Safety & Health (OSH) using varying methodologies. For the most complete of these two (in terms of running the full MF4DW methodology), strongest results from Mannheim's econometric analysis showed less workplace

illness/injuries, an increase in the adopted safe work place habits, more new technologies used, and more clients are able to save. Inconclusive results were found in terms of children attending school.

Job Creation & Women's Empowerment

Job creation and women's empowerment each had one innovation implemented by one MFI respectively. For job creation—based on an innovation in organizational restructuring that split SME and microfinance product lines—a small effect on job creation was seen in terms of access to larger loans through the SME window. In terms of women's empowerment—an innovation combining entrepreneurship training and access to a new start-up loan—it was seen that while there was increased awareness of products and services from business women's association, a positive impact on self-employment and business expansion, and a positive impact on client retention rates, no significant effect on women's empowerment was found.

Child Labour

Three MFIs chose to tackle the topic of child labour through three very different innovations that included: increased access to micro-insurance, awareness raising and an education expense-related loan, and productivity training in agriculture. Variables identified for assessing impact included: incidence of child labour, hours of child work, monthly earning through child labour, hazardous occupations, unforeseen expenses in the child's household, child's schooling, attendance, and reasons for non-attendance. Based on the results for one MFI whose analysis was complete at the time of the conference, evidence suggested a reduction in child labour between 3 and 7%; average hours of work/week reduced; work in hazardous occupations reduced between 5.7 and 6.5%; monthly earnings through child labour reduced; and a reduction for the incidence of child labour and hours worked was stronger for boys than for girls. Regarding inconclusive results, there is so far no evidence to suggest that schooling among children in treatment groups has increased.

All results previewed and discussed at the closing workshop can be found in the summary table below. The hyperlink attached to each MFI's name will provide access to the content of each poster presented (poster details are explained in the following section). The analysis for some MFIs is still underway.

Table 1: Summary Table of Key Results from the MF4DW Action Research by MFI

DW Area	Country	Microfinance Institution	Innovation	Impact/Results/Findings
Child Labour	Nigeria	Lift Above Poverty Organization (LAPO)	Awareness campaign against child labour and the introduction of a loan for school associated expenses	*Some impact on school attendance for clients exposed to awareness campaign only; *No significant impact on child labour incidence, schooling outcomes, or attitudes towards work and school; and *Increased hours worked and missed school days and placing a higher value on work than school for both groups receiving the awareness campaign (negative impact of innovation).

Risk Management & Over-indebtedness	Pakistan	National Rural Support Programme (NRSP)	Modification to existing health insurance product to extend coverage to all household members	*Incidence of child labour decreased; *Insurance coverage and usage both increased; *Additionally, insurance pay-outs and reimbursements were found to be related to lower child labour incidence and lower hospital expenses; and *No significant change occurred surrounding child schooling (hours and days/week) and household welfare indicators (PPI).
	Mali	Nyèsigiso	Client training using adapted ILO WIND, GERME and child labour training materials	Analysis is still in progress
	Uganda	PRIDE Microfinance Limited	Introduction of new leasing product (Mortgage Asset Financing Loan)	Analysis is still in progress
	Philippines	Negros Women for Tomorrow Foundation (NWTF)	Introduction of new entrepreneurship training for clients using ILO training modules "Generate Your Business" (GYB) and "Start Your Business" (SYB)	*Some impact on financial attitude; *Some impact on asset building; *Almost no impact on vulnerability; *No impact on risk management; and *No impact on over-indebtedness/multiple-borrowing.
	Philippines	Negros Women for Tomorrow Foundation (NWTF)	Modification of a savings products for emergency purposes (Individual Emergency Fund)	*Strong impact on over-indebtedness/multiple borrowing; *Some impact on vulnerability; *Some impact on financial attitude; *Some impact on asset building; and *Inconclusive impact on risk management.
	Cambodia	VisionFund Cambodia	Financial education for clients (direct training of clients)	Analysis is still in progress
	Cambodia	Angkor Mikroheranhvat ho (Kampuchea) Co. Ltd (AMK)	Financial education for clients (indirect approach through educating loan officers)	*Strongest impact on the repayment behavior of clients; and *Significant and positive impact on: insurance take-up (asset building), clients' association of savings and security, handling of debt, attitude towards borrowing (financial attitude), and decision to set money aside for future emergencies (risk management).
	Viet Nam	Tao Yeu May (TYM)	Introduction of client training on risk management and microinsurance	*Strong impact on financial attitude; *Some impact on financial behavior; *Little impact on asset building; *Little impact on multiple borrowing / over-indebtedness; and *Little impact on vulnerability.
	Peru	Financiera Confianza	Introduction of micro-insurance product "multinesgo de Confianza" and client training on product and use	Analysis is still in progress
	Honduras	Banco Popular	Introduction of health insurance product and client training	No impact analysis due to change in research methodology

DW Area	Country	Microfinance Institution	Innovation	Impact/Results/Findings
Formalization	Burkina Faso	Fédération des caisses populaires du Burkina (FCPB)	Introduction of sensitization to benefits of formalization, combined with training on enterprise management and client incentives to formalize	*An increase in the registration of professional activities of clients with an increase in the number of activities moving from the informal sector to formal registration as a business; *An increase in number of clients separating their business accounts from their personal accounts; and *Increased awareness on the importance of social protection.
	India	Evangelical Social Action Forum (ESAF)	Awareness raising on formalization and introduction of Business Development Services (BDS) to clients	*Strong increase in registration of businesses with relevant authorities; *Improved access to bank services for clients; *Increased awareness and access to government schemes and benefits; *Perception of increased importance of the household enterprise for income generation; and *Increased use of management tools in running the business although performances of the enterprises have not been impacted in the period of the innovation.
Occupational Safety & Health	Jordan	Tamweelcom	Awareness raising on working conditions to clients and community, combined with client and staff trainings using adapted ILO WISE methodology (Work Improvement for Small Enterprises)	No impact analysis due to change in research methodology
	India	Bharatiya Samruddhi Finance (BASIX)	Introduction of Participatory Safety Education to increase productivity and workplace safety of clients and community	*Experienced work place illnesses and injuries decreased; *Adopted safe work place habits increased; *New technologies and practices adoption increased; and *More clients are able to save.
Job Creation	Tajikistan	International Microloan Fund (IMON)	Introduction of entrepreneurship training for women clients	*Increased awareness on usage of products and services from the business women's association; *For the women that received both a training and a loan, there is a positive impact on self-employment and business expansion; *No significant effect on women's empowerment; and *The innovation positively affected client retention rates.
	Kyrgyzstan	Bai Tushum & Partners	Organizational restructuring of microfinance section and SME section offering different sets of products	*A small effect of increases in loan size on job creation, but it's not always significant; *A negative effect of client exit on job creation; and *Other factors such as type of sector are influencing job creation.

Part II: Overview of Poster Presentation Session

All MFIs had the opportunity to present their individual innovations, methodologies and findings to participants via a staged poster³ presentation session. Posters were clustered by Decent Work area and placed throughout the room. Each cluster had at least one ILO technical specialist present and in some cases a representative from Mannheim University to provide further technical insight into each innovation and the econometric findings, respectively.

Ten MFI participants stood near their posters for presentations, while the closing workshop participants and remaining six MFI participants walked around the room for question and answer sessions at each poster. In total, there were three rounds of exhibitions and presentations with MFI representatives changing position every 25 minutes so as to allow each MFI the opportunity to present their findings as well as learn from fellow MF4DW participants.



Each poster described the MF4DW methodology, the innovation and implementation strategy, impact results, and recommendations from the ILO on how to develop the innovation further and become a multiplier in their respective country.

Beside each poster, MFI participants summarized their participation in the research, motivation for participating, relevant findings, and research/implementation challenges. As well, MFI representatives communicated their knowledge-sharing strategies for disseminating key results and lessons learned for the future. As results are finalized, posters for each MFI innovation can be found on the MF4DW homepage, [here](#).

'When ILO invited us for this workshop, I was both excited and scared about our innovation and how it would compare to the rest of the innovations from other MFIs. But the beauty about this workshop was that participants were given the opportunity to showcase their innovations and share experiences on a one on one basis which was a spectacular thing to do because it brought the realization that there is no one single solution to microfinance challenges. Instead, we can borrow from each other's experiences and lessons and customize them to address our customers' needs. Personally the idea of providing financial literacy training to reduce customers' risk and over-indebtedness was one such big lesson from the workshop that we hope to explore at Pride Microfinance'

Sharon Nassali, PRIDE Microfinance Ltd., Uganda

³ Each poster contained an overview of the action research methodology, a summary of the innovation, the results chain for the innovation, as well as key results and recommendations. Some MFI participants brought along additional photos and materials to present along with their respective posters.

Part III: Afternoon Break-out Sessions 1 & 2

Objective of Afternoon sessions

The objective of the afternoon break-out sessions was to elaborate recommendations on how to best reduce Decent Work challenges among microfinance clients and to make plans for dissemination and replication of the MF4DW concept, successful tools and methodologies. In order to speak more openly about the issues faced by each MFI, the afternoon session was closed to all participants except for partner MFI representatives and ILO social finance and other technical specialists.

Break-out Session 1

Challenges and solutions in implementing innovations and research

In the first break-out session, MFIs gathered around one of six tables dedicated to the Decent Work area of their innovation: Job Creation & Women's empowerment, Occupational Safety & Health, Risk Management 1 (non-microinsurance innovations), Risk Management 2 (microinsurance innovations), Child Labour and Formalization.

Each group was then given one hour to discuss and present their answers to the following questions:

- What **challenges** did your MFI encounter in the implementation of your innovation and the research?
- How did your MFI **address the challenges** and what were the **results**?
- What are your **lessons learned**?

Challenges

The challenges expressed most by partner MFIs in break-out session 1 tended towards the following four areas: staff issues, buy-in, research methodology, and product design. Each challenge is discussed in more detail below:

STAFF: Issues with staff received the highest attention during break-out session 1. Each MFI in each group expressed some level of concern over the challenges that staff brought to the action research. Staff turnover, staff trainings, staff interviewing clients, staff language proficiencies, staff mindset or staff incentives represented many of the issues that MFIs had to address during the course of the action research—all of which resulted in either delays or errors in the data.

BUY-IN: Along the lines of the aforementioned staff challenge, MFI representatives voiced “buy-in” as a challenge that they faced during the action research. Staff buy-in meaning how well they could motivate their staff to take on the additional workload of the research and keep them interested in following the rigorous methodology; management and board buy-in became an issue when new products were introduced or funding and staff time had to be allocated to the research; government buy-in where innovations were part of broader development frameworks; and finally client buy-in where MFIs needed clients to follow interview and training schedules, accept new procedures and products, and be honest and patient during interview procedures.

RESEARCH METHODOLOGY: In many cases, MFIs responded that the research methodology had provided the biggest challenges to their organization—that it had taken quite some time and explanations to understand the principals and processes behind the action research. These included sampling; maintenance of a control group; administration of long or overly complicated questionnaires; finding the same clients for follow-up surveys by matching client IDs; and integrating the methodology into their existing MIS systems. In many instances, MFIs found themselves with clients unwilling to participate, loan officers taking shortcuts through surveys, and in the end, data that could not be compared to that of the baseline for many of the aforementioned reasons.

INNOVATION (PRODUCT) DESIGN: The challenge MFIs identified in the product design came from three distinct areas: conceptualization of product and ideas around innovation, trainings associated with a new product or innovation, and micro-insurance product design. Transmitting new concepts to staff and clients based on a new innovation proved difficult for Decent Work topics such as formalization and child labour—several trainings and re-trainings of staff were needed, as well as exercises with the clients to reach an understanding of the material. When trainings were implemented as part of the innovations, a variety of challenges emerged: production of training material, translation of training material, finding capable trainers, client attendance at trainings, etc. As well, in those MFIs innovating in micro-insurance, challenges emerged when MFIs had to engage insurance companies, estimate product uptake, and modify products for low income markets.

Solutions

Solutions emerged in many of the aforementioned areas and some MFIs were able to address challenges with timely remedies.

Regarding issues with **STAFF**, some MFIs were able to incorporate the following measures in an effort to alleviate challenges and decrease staff turnover/movement:

1. Assign loan officer to sell new product and students to collect data, thus splitting the workload;
2. Select staff for the research project based on language skills and survey experience;
3. Maintain loan officer's and research staff in research branches throughout duration of project;
4. Incentivize loan officers based on quality of work; and
5. Continuous retraining of staff associated with project.

Solutions for **BUY-IN** from all stakeholders were not as simple to address, and in many cases were not resolved; however the following changes used by some MFIs addressed the issue:

1. Staff buy-in
 - a. Promotion of internal trainings to motivate and capacitate current staff;
2. Management/board buy-in:
 - a. Bring all partners into the fold during the orientation stage of the innovation.
3. Government buy-in:
 - a. Dialogue with heads of the government department, the MFI underlined that it is the responsibility of the government to simplify the procedures;

- b. MFI lobbied and explained the purpose of the project until it was understood by the government officials.
- 4. Client buy-in:
 - a. Decorate meeting room with poster of training in advance to encourage/explain;
 - b. Use loan officers and not external researchers;
 - c. Address clients by name;
 - d. Come with prepared “participants list” to training so only those on list can participate; and
 - e. Adapt training schedules to meet the client’s needs, thus encouraging their attendance and interest.

Many MFIs developed solutions to accommodate the complex **RESEARCH METHODOLOGY** used during the MF4DW action research as well. Some of these included:

- 1. Better training of client officers and surveyors on interacting with clients;
- 2. Assurance of privacy;
- 3. Prefilling printed surveys with information that was not likely to change (i.e. address, client ID, Name, etc.) to cut down on overall survey time;
- 4. Consistent re-trainings to ensure that staff lost through turnover were replaced with staff equally capacitated on the action research methodology; and
- 5. Clients were reminded in advance not to send representatives for interviews, but to show up in person to keep answers for household consistent.

And finally, in terms of **PRODUCT (INNOVATION) DESIGN**, many solutions were found to correct the three areas where problems appeared to arise consistently: Conceptualization, training, and micro-insurance.

- 1. Conceptualization of innovation, ideology, framework of understanding:
 - a. Bring in technical experts for training who are familiar with context, language, and Decent Work area;
 - b. Use flyers, TV advertisements, and media campaign to raise awareness of innovation; and
 - c. Find local trainers for re-training courses for staff during the project.
- 2. Training as an innovation:
 - a. Offer several rounds of training, flexible training schedule, training outside of rainy season;
 - b. Reduction in the overall number of days or hours of training;
 - c. Dedicate predetermined day to training/week for better sequencing of content;
 - d. Provide incentives for participating in training, e.g. snacks during training;
 - e. Call clients in advance of training as a reminder;
 - f. Re-arrange schedule if client cannot attend training or interview / re-invite client; and
 - g. When no materials exist, the MFI can develop training materials itself, with the support from local actors and government.
- 3. Micro-insurance innovations:
 - a. Develop an internal process to select best micro-insurance partner or use a call for proposals;
 - b. Develop training modules of the insurance product for both internal staff and clients;
 - c. Ensure regular trainings on different subjects related to insurance, i.e. risk management, product features and sales techniques; and
 - d. Integrate insurance products with credit to move towards a more comprehensive package for clients.

Lessons Learned

While these are not all of the challenges faced by participating MFIs, nor is it a full list of solutions designed to remedy these problems, the above summary accounts for the majority of issues expressed. While many challenges and obstacles were faced by MFIs due to the rigors of the research methodology or errors in product design, the action research also brought with it the opportunity to learn. Even though every innovation in the action research was unique, participants and technical experts identified several “universal” lessons learned that were shared via presentation and are summarized below:

1. Commitment and buy-in from all levels can be achieved through continuous sensitization and re-trainings which build in-house capacity for training and research while discouraging staff turnover (an important consideration). Identifying the “right” project manager for the duration of the project is also crucial; consider someone with time, resources, influence and mandate for project operations.
2. In general, build more time into the conceptualization process and build innovation-related concepts into the operational framework of an institution. Ensure that different levels of staff within the institution have mastered the concepts and understanding around a particular innovation/intervention. Moreover, once clients understand the importance of an innovation, they tend to be more cooperative.
3. Where trainings are concerned, adapt material to the context and language. As well, invite all decision makers in the household to receive the same information (i.e. spouses, older children, parents)—creating multipliers for disseminating information and increasing support for joint, household decision-making.
4. Consistent or flexible scheduling of trainings utilizing a system of reminders and awareness raising around the topic increases the attendance of clients at trainings, as does sensitising clients about the benefits of training /product before offering training.
5. When implementing new micro-insurance products, it is important to partner with another organization to initially strengthen your own insurance capacity; for clients and staff this can also be achieved through internal product trainings. Pilot testing is necessary for assessing volume and scale, and the involvement of an insurance provider in the initial stages can assist in implementation.
6. Simplicity is key: keep questionnaires short and streamlined, simplify training and awareness campaign modules through clear and concise messages, and present products and services in an understandable way.



Break-out Session 2:

Way forward, regional and global perspectives

Unlike break-out session 1, break-out session 2 grouped participants by region for discussion on the future of each MFI's innovation and how each plans to move forward in similar environments. Participants were divided among five tables: Latin America; Africa; India/Pakistan/Jordan; Cambodia/Vietnam/Philippines/Indonesia; and Central Asia.

Each group was then given forty-five minutes to discuss and present their answers to the following questions:

- What will be the **next steps** regarding the innovation in **your institution**?
- What ideas do you have to **promote results and replication** of the research in **your country**?
- What **recommendations** do you have for the **ILO** in order to promote the results of the research and replication elsewhere?

Next Steps

Latin America

From Latin America, two institutions exchanged plans for the future of their similar micro-insurance based innovations. In Honduras, Banco Popular plans to scale-up the hospital cash product in all of its branches, while integrating social performance indicators for analysis and learning from this client research. In Peru, Financiera Confianza will continue to adapt their microinsurance product as it reaches more clients: lowering the product price, distributing via loan officers, and relying on client feedback and demand to shape the future product.

Africa

For the four MFIs representing the Africa region, all generally agreed to roll out their products to the control group to start. During which time the majority will also revise the current products and create

more flexible terms to encourage clients, while also monitoring that the innovation is financially sustainable for the institution. Additionally, each institution plans to disseminate the results internally as they become available.

Each MFI also had unique plans for their innovations: Nyèsigiso (Mali) will implement similar innovations in different regions of the country; PRIDE Microfinance Ltd. (Uganda) will revise, promote, and roll-out its asset financing loan product; and RCPB (Burkina Faso) will roll-out its training innovation across to all clients.

India/Pakistan/Jordan

Innovations in India, Pakistan, and Jordan (four in total) varied dramatically in content and innovation methodology. In the future, NRSP (Pakistan) will expand data collection on the interaction of microfinance and child labour to more urban areas, while continuing to build capacity and sensitization among staff. In Jordan, the innovation by Tamweelcom on occupational safety and health will be rolled-out by a special unit which will mainstream these concepts into the work of the MFI. Along the same area of occupational safety and health, BASIX (India) will develop an OSH manual for India, while ESAF (India) will develop a business development manual and offer training on fee basis. As well, ESAF plans to conduct a broader diagnostic study to identify more Decent Work clusters and will share results with the implementation team and the broader organization.

Cambodia, Vietnam, Philippines, Indonesia

Generally speaking across Southeast Asia, the majority of the five participating financial institutions plan to roll-out the six products and trainings on which they innovated. While some institutions already have roll-out plans in place, others are still awaiting the final results of the impact analysis—which they want to consider in possible modifications of products or trainings. For example, both financial education innovations will be modified in order to streamline key messages into regular client meetings. Also, TYM intends to mainstream outcome variables for measuring improvements on risk management strategies that members use as a result of the risk management and microinsurance training.

Central Asia

Two MFIs represented Central Asia, both of whom have detailed their next steps forward. For IMON (Tajikistan), the goal is for the innovation initiative to become a business case. In 2012, \$25'000 USD will be earmarked for the initiative, which will be used to conduct 120 trainings for 1'200 women—financing at least 70% of these trainings in full. In Kyrgyzstan, Bai Tushum will continue the project with an updated business strategy that will include an SME business line and a corporate business line, though the project will be adjusted to consider the product and size of loan. As well, Bai Tushum will incorporate the data analysis from the continued innovation in the new management information system.

Promoting results nationally

Many of the participating MFIs shared with the closing workshop participants their plans to promote and disseminate their work nationally. Many MFIs plan to do this through one or more of the following methods:

1. Hosting multi-stakeholder workshops and round tables at the national level with representatives from government ministries, local MFI networks, local associations, and NGOs;
2. Working locally with academics for the dissemination of results; promoting the research across the industry (IMON will publish book, “Women entrepreneurship in Tajikistan” with MF4DW results and OIKOCREDIT will commission a study on vulnerability and over-indebtedness in central Asia for 10 MFIs);
3. Developing indicators for microinsurance policy, sharing results with insurance supervisor, and working with the local MFI network to offer microinsurance (NRSP, Pakistan);
4. Sharing results with local institutions in country such as associations of MFIs, MF networks, government ministries, agricultural organizations, NGOs, organizations working against child labour—through a variety of innovative methods such as social media (Facebook, Twitter, etc.);
5. Using their tools and lessons learned from the MF4DW to assist other organizations: BASIX will promote their OSH manual through the government, Bai Tushum will use their results to build constructive dialog and effective framework for microfinance industry regulation, NWTF (Philippines) will offer other MFIs in the Philippines a Training of Trainers on the ILO’s “Generate Your Business – Start Your Business” methodology; and
6. Hosting a national seminar (Bank of Indonesia) to share the MF4DW research results, and to raise awareness on social performance management—inviting MF4DW MFIs (from the region) to share their experiences.

Recommendations for the ILO

MFI partners also gave their suggestions as to how the ILO should proceed with findings from the overall action research. As with the answers above, these suggestions were presented on flashcards, arranged and grouped in front of the audience and then discussed together as a group. The majority of suggestions fit into one of the broad categories below:

1. Publish:
 - ➔ Final results of impact evaluations;
 - ➔ Lessons learned;
 - ➔ Follow-up on MF4DW experiences;
 - ➔ Catalog of experiences in the microfinance industry; and
 - ➔ A briefing book on successful innovations.

⇒ via: a knowledge platform and webinars.
2. Develop:
 - ➔ Simplified ILO tools for further microfinance industry use;
 - ➔ Further MF4DW promotional materials; and
 - ➔ Policies on microinsurance.
3. Exchange:
 - ➔ Experiences between organizations; and
 - ➔ Personnel involved in research.
4. Fund:

- Further support for new innovations and projects; and
- Replication of MF4DW methodology.
- 5. Share:
 - Results with Ministries of Labour.
- 6. Promote:
 - More involvement of the ILO in the microfinance industry;
 - ToTs for national MFI association for Financial Education; and
 - New innovations and continued Decent Work experimentation.



Part IV: Closing Remarks

In bringing together MF4DW partner MFIs and the interested audience of the SPTF annual meeting, the ILO Social Finance Programme was able to successfully conclude the MF4DW action research and set the foundation for the next phase of dissemination. Suggestions given by participants as to how they and the ILO can move forward will be taken on board by each of these institutions respectively—from roll-out to a further results write-up.

From the side of the ILO, all individual impact reports and posters will be completed no later than August 2012 and made available to each MFI (with posters available through the [MF4DW homepage](#)). Case studies stemming from each innovation, PowerPoint presentations, and an overall synthesis report will come later in October of 2012.

In the meantime, a phase II for the MF4DW project will be developed in order to begin disseminating key results, research methodologies, and lessons learned through regional and national MFI associations and networks, industry conferences and annual meetings, as well as through the ILO itself. As this new phase begins, kindly check the [MF4DW homepage](#) for additional developments.

Annexes

Agenda

Microfinance for Decent Work (MF4DW) action research

Closing Workshop

Movenpick Hotel, Dead Sea, Jordan

8 June 2012

AGENDA

MORNING SESSION 9:00 – 12:45 (open session)

Participants: MF4DW partners and interested SPTF members

Objective: Disseminate the MF4DW concept, methodology and key results to MF4DW partners and SPTF members

8:30-9:00	Registration
9:00-9:15	Opening remarks ILO Social Finance Programme Social Performance Task Force
9:15-10:15	Introduction to MF4DW action research and overview of key results ILO Social Finance Programme University of Mannheim
10:15-10:30	Q & A
10:30-11:00	Coffee break
11:00-12:30	Open Market Place MF4DW MFIs: Display of Innovation Posters
12:30-12:45	Wrap-up of open morning session and closing remarks ILO Social Finance Programme
12:45-14:00	Lunch

AFTERNOON SESSION 14:00 – 17:30 (closed session)

Participants: MF4DW partners

Objective: Elaborate recommendations on how to best address Decent Work challenges of microfinance clients and plan for dissemination and replication of the MF4DW concept and successful tools and methodologies

14:00-14:15	Introduction to the afternoon session
14:15-15:15	Breakout Session 1 “Challenges and solutions in implementing innovations and research” MF4DW MFIs, ILO specialists, and research partners Report back to plenary
15:15-15:45	Coffee break
15:45-16:45	Breakout Session 2 “Way forward – regional perspective”

	MF4DW MFIs, ILO specialists, and research partners Report back to plenary
17:00-17:15	“Way forward – global perspective” Feedback from ILO specialists on impact of MF4DW on ILO work Building joint agenda for next phase
17:15-17:30	Concluding remarks Next Steps: Timeline to release MF4DW reports Wrap up

Participants' List: MF4DW Informal Knowledge-sharing session and Closing Workshop, June 7&8, 2012

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