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: Negros Women for Tomorrow Foundation (NWTF)

Country of Operation: Philippines

Organizational Mission: To provide sustainable financial and client-responsive developmental services to the poor.

Current Legal Status: Non-government Organization

Types of Products offered: Group & Individual Loans, Micro-insurance, & Savings (Compulsory & Voluntary)

Number of Active Borrowers: 122,423

% of Women Borrowers: 99.9%

Total Number of Active Savers: 122,423

Number of Branches: 50

Geographical Dispersion: Negros Occidental, & Oriental; Cebu, Bohol; South & North Leyte; North & West Samar; Palawan; Iloilo; Capiz; Aklan & Antique.

Size of Gross Loan Portfolio (in USD$): 14.6 million **2011*

NWTF's GYB-SYB Innovation

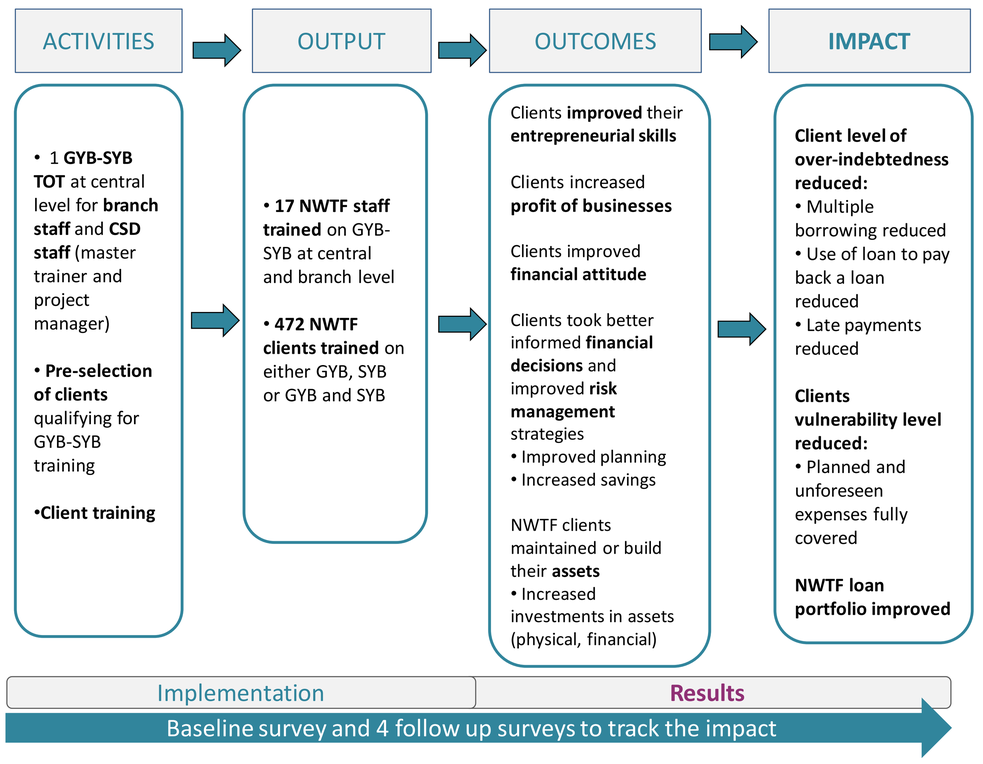
Generate and Start Your Business (GYB-SYB) Training: Enhancing clients' entrepreneurial skills to improve their risk management capacity

Innovation Details

NWTF addressed risk management and vulnerability through an entrepreneurship training using the ILO's Generate Your Business-Start Your Business (GYB-SYB) materials on Negros Occidental island. NWTF tracked changes at the client, household, and business levels—particularly entrepreneurial skills, business development, changes in absorption of economic shocks, and client awareness levels—in order to follow the impact of the innovation over time. NWTF hoped to decrease its overall portfolio-at-risk and boost the availability of safety nets to clients, especially in times of emergencies in order to lessen their tendency to withdraw funds from business operations. NWTF staff has trained 472 clients on GYB-SYB.

NWTF conducted 5 surveys over the span of 2.5 years on a sample of 1000 clients in two branches on Negros Occidental island.

Result's Chain for NWTF GYB-SYB



NWTF's GYB-SYB Results

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

-some impact on financial attitude;
-some impact on asset building;
-almost no impact on vulnerability;
-no impact on risk management; and
-no impact on overindebtedness/multiple borrowing.

Further analysis on changes in entrepreneurial skills is ongoing.

Based on the overall research process and conclusions, the ILO would like to make the following recommendations to NWTF regarding the future of the GYB-SYB training and risk management among clients:

1) Continue to implement the GYB-SYB training and roll out to other branches;

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

3) Monitor the quality of the training delivery and regularly strengthen the entrepreneurship knowledge and training skills of NWTF staff;

4) Consider applying a community-based approach for extending the GYB training; and

5) Share tools, methodologies, and findings from the action research through national and international MFI networks to encourage efforts in improving clients' risk management and to promote the concept of Decent Work.





For more information:

ILO MF4DW Action Research
www.ilo.org/socialfinance

NWTF
www.nwtf.ph

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