



International
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MICROFINANCE FOR DECENT



Enhancing the impact of microfinance:
Evidence from an action research programme



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Foreword

Entrepreneurs in the informal economy, and the employees that work in those businesses, are often exposed to difficult and dangerous working conditions. The tools used to identify, prevent and rectify such conditions in the formal economy – including social dialogue between employers and employees, labour inspection and other applications of labour law – generally do not apply to the unregistered enterprises that proliferate in many emerging economies. Consequently, alternative approaches are required. But how can one reach these enterprises and influence their conditions?

Microfinance institutions (MFIs) are a potential conduit. In many emerging markets, they have significant outreach, providing financial services to thousands, if not millions of small and micro enterprises. Since their primary relationship with these entrepreneurs often involves an enterprise loan, they could theoretically use that leverage to encourage or entice improvements to conditions in the business.

Why would microfinance institutions be interested in doing that? Many MFIs have a social agenda, or a double bottom line approach that strives to combine social and commercial objectives. These organizations are often looking for new tools and approaches that allow them to efficiently enhance their social impact, especially since recent research has raised serious questions about the welfare benefits derived from microfinance. It is also possible that such interventions could also enhance business objectives, which would be of interest even to MFIs without a social agenda.

With this concept in mind, and with the generous support from the German Ministry of Labour and Social Affairs, the International Labour Organization (ILO) launched an action research programme to assess if MFIs could use their relationship with entrepreneurs to target decent work deficits and improve the plight of workers in the informal economy.

This paper summarizes the findings from the Microfinance for Decent Work research programme. The primary target audience are MFI managers who will hopefully be inspired by their colleagues' ingenuity, educated about the impact of innovative approaches, and informed about the challenges of conducting action research (but not scared off). Other microfinance actors, including networks and associations, investors and funders, regulators and policymakers, academics and anyone interested in the social performance of microfinance will also find this paper informative

For the ILO's constituents – employers' and workers' organizations and Ministries of Labour – the findings of this research present them with a new instrument in their policy toolkit to improve the circumstances of entrepreneurs and workers in the informal economy.

The purpose of this paper is to promote the ILO's "Decent Work Agenda" among MFIs by sharing the results of the MF4DW innovations. By doing so, this report also demonstrates that MFIs can improve livelihoods of their clients through more comprehensive approaches, often including the provision of both financial and non-financial services.

In addition to this report, for anyone interested in reading the individual impact studies, click on the MF4DW button on the Social Finance website (www.ilo.org/socialfinance).

Craig Churchill
Social Finance Programme

Markus Pilgrim
Small Enterprise Development

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No author is listed for this report because so many people have been involved in the research, analysis and documentation that there would not be room on the cover page to include all of their names. Key contributors to the report writing include, from Mannheim University, Boris Branisa, Markus Frölich, Niels Kemper, Markus Olapade, Robert Poppe, Pia Naima Unte; from Oikocredit, Robin Gravesteijn; and from the ILO, Valérie Breda, Craig Churchill, Séverine Deboos, Yousra Hamed, Hillery Midkiff, Markus Pilgrim, Patricia Richter, and Judith van Doorn.

In fact most of the work reflected in this report was done by the MFIs partners, who were actively involved in designing and implementing the innovations, and often also responsible for data collection as well. For details about the MFIs involved in this study, please see Annex 1.

To help the MFIs tackle a diverse range of decent work deficits, various ILO departments and staff members were involved to provide technical guidance. We would like to thank Merten Sievers, Hideki Kagohashi and Jesus Macasil for support with small enterprise development, SIYB training and the formalisation of microenterprises; Ingrid Christensen for technical assistance with occupational safety and health and productivity; Sophie De Coninck and Federico Blanco for their guidance on child labour; and John Woodall for his support on risk management and social protection. Additional microfinance contributions were provided by Julika Breyer and Francesca Randazzo.

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We also appreciate the collaboration and support from the Social Performance Task Force over the course of the research project, which has provided us with several platforms to get feedback on research design and preliminary results. Leah Wardle in particular provided useful inputs to this report.

The MF4DW action research project would not have been possible without two important contributions, financial and intellectual. On the financial side, great appreciation goes to the Federal Ministry of Labour and Social Affairs of Germany, which provided initial funding for this project. Intellectually, the research project was conceived and led by Bernd Balkenhol, to whom this research is deeply indebted.

Executive summary

From 2008 to 2012 the International Labour Organization (ILO) collaborated with 16 microfinance institutions (MFI) to test a range of approaches to foster social impact through the delivery of innovative financial and non-financial services. Eliminating child labour, fostering the formalization of enterprises, reducing vulnerability and enhancing business performance through improved working conditions – these are decent work objectives that the MFIs addressed in the framework of the “Microfinance for Decent Work” (MF4DW) action research programme.

The programme was implemented in a three-step process. First, the selected MFIs conducted an internal diagnostic to identify the most pressing work-related challenges among their clients. Informed by these diagnostic results, the institutions developed an innovation to address the decent work deficit that most affected their clients, and started implementing the innovations in a pilot study. Lastly, the impact of these innovations on clients was tracked through a series of data collections.

From the diagnostic surveys, the analysis showed significant decent work deficits for microfinance clients in a number of areas. The issues that the MFIs chose to tackle can be grouped into four thematic clusters: a) vulnerability, particularly with regard to risk management and over-indebtedness (seven MFIs), b) enhancing business performance (four MFIs), c) reducing child labour (three MFIs), and d) promoting formalisation (two MFIs). The innovations that they implemented were specific for each MFI, with three MFIs launching a new financial service, nine introducing a non-financial service, four offering a package of financial and non-financial services, and one restructuring its operations.

The evaluation of the innovations’ impact was mainly conducted using the difference-in-differences (DiD) methodology, which compares changes before and after the implementation of the innovation in the control and treatment groups. The impact studies showed that all innovations did have effects on the target outcomes; however, not all with the same intensity and not always in the intended direction. One key message emerges: MFIs can achieve desired results if they identify an issue and then focus on helping clients to improve a specific area.

Some remarkable results in each cluster include:

- **Child labour:** the coverage of the entire family by a microinsurance product decreased child labour incidence for boys and girls by almost 7 per cent and lowered the risk of hazardous occupations by 5 to 6 per cent in Pakistan.

- **Formalisation:** interventions increased the awareness about formalisation by 93 per cent and formalisation itself by roughly 70 per cent for clients in India.
- **Vulnerability:** emergency savings reduced taking a loan to repay another loan by 22 per cent, plus resulted in a 7 per cent drop in repayment difficulties and a generally lower level of indebtedness of clients in the Philippines.
- **Business Performance:** the package of women entrepreneurship training and start-up loans resulted in increased self-employment and business expansion for female microentrepreneurs in Tajikistan. In India, training on productivity and occupational safety and health resulted in an 11 per cent reduction of work related injuries and enhanced productivity leading to an increase in monthly net income of USD 37.

Of course, not all of the results were positive. For example, an awareness campaign on child labour in Nigeria did not have any impact on the value that parents placed on school; clients that benefited from a financial education training in Cambodia were 20 per cent more likely to borrow from informal lenders; and interventions to help women's businesses in Tajikistan did not increase the empowerment of female entrepreneurs. In aggregate, however, the evidence provides a compelling case for intentional efforts to enhance impact.

It is particularly interesting that the MFIs chose different innovations in an effort to achieve the same outcome. This suggests that more than one route exists to reach the same goal. However, it also cautions about the replicability of innovations: what may or may not work with one MFI is not necessarily going to have the same effect with another that is operating in a different context.

It was expected that some innovations would pay for themselves through additional income streams, lower loan losses, larger loan balances, higher retention, attracting new customers or through cross-selling opportunities. Although we cannot substantiate this proposition with the results of a clear cost-benefit analysis, there is evidence of substantial contributions to a business case including enhanced repayment capacity, increased client incomes, and increased savings balances.

By sharing the findings and experiences from this action research project, the ILO hopes to encourage microfinance practitioners, researchers, policymakers and donors to undertake intentional innovations, and evaluate their impact, because it is a promising way to enhance results for the betterment of all stakeholders involved. It is, however, not an easy process. Hopefully the lessons learned and recommendations highlighted in this paper will help to inform microfinance practitioners and academics as they engage in future research.

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Abbreviations and acronyms

AMK	Angkor Mikroheranhvatho Kampuchea Co. Ltd
BASIX	Bharatiya Samruddhi Finance
BDS	Business development services
DiD	Difference-in-difference
DWCP	Decent Work Country Programme
ESAF	Evangelical Social Action Forum
FCPB	Fédération des caisses populaires du Burkina
GYB	Generate Your Business idea
HR	Human resources
IEF	Individual Emergency Funds
ILO	International Labour Organization
IMON	International Microloan Fund
KILM	Key Indicator of the Labour Market
LAPO	Lift Above Poverty Organization
MAFL	Mortgage and Asset Financing Loan
MFI	Microfinance institution
MIS	Management information system
MF4DW	Microfinance for Decent Work
NBFI	Non-bank financial institution
NGO	Non-governmental organization
NRSP	National Rural Support Programme
NWTF	Negros Women for Tomorrow Foundation
OSH	Occupational safety and health
PHP	Philippines Peso
PML	Pride Microfinance Ltd
RCT	Randomized controlled trial
SIMPOC	Statistical Information and Monitoring Programme on Child Labour
SIYB	Start and Improve Your Business
SPTF	Social Performance Task Force
TYM	Tao Yeu May
USD	United States Dollar
USSPM	Universal Standards in Social Performance Management
VFC	Vision Fund Cambodia
WIND	Work Improvement in Neighbourhood Development
WISE	Work Improvement in Small Enterprises



INTRODUCTION

1.

1. Introduction

The provision of financial services to microenterprises and low-income households has received substantial interest from the development community and the general public as a tool that is believed to create jobs and increase incomes in the informal economy, while being profitable to the providers of financial services for the working poor. Unlike many development strategies, microfinance claims to succeed without on-going subsidies. Through innovative leveraging of social capital and other collateral substitutes, microenterprise lending has overcome market failures that historically excluded these enterprises from the financial markets. Through these efforts, microfinance institutions (MFIs) are often convinced that their services are inherently beneficial for their clients.

The prospect of social impact, including the reduction of poverty and the empowerment of women, explains the interest of donors and governments in nurturing and developing microfinance. They have been attracted to this intervention because of its promise to utilise market forces to achieve development objectives.

Recent studies, however, have questioned the social and economic impact of standard microcredit approaches (Angelucci et al., 2012, Attanasio et al., 2011, Augsburg et al., 2012, Banerjee et al., 2013, Crepon et al., 2011). While access to microcredit has clearly increased, research has found little to no effect on welfare among borrowers. Furthermore, when expansions in self-employment activities are measured, business impact is at the intensive margin (e.g. investment in existing businesses, households investing in more than one business at the same time) rather than the extensive margin, such as starting a new enterprise, resulting in limited employment effects. Except for businesses at the upper tail of the profit distribution, access to finance appears not to translate into higher profits.

Yet according to Bauchet et al (2011), an important takeaway from the emerging evidence is to reorient the microfinance discourse so that it is not solely focused on entrepreneurship. Indeed, the most positive impact identified in the studies was the ability to smooth consumption such as skipping meals less frequently and making greater investments in durable goods, home improvements and children's education. The finding that clients are using "enterprise loans" for other purposes, investing in other things that are important to them, is a valuable message for microfinance practitioners.

Rather than discrediting the field entirely, one could conclude from the research that microcredit is an important but insufficient intervention. At the very least it provides financial services to a substantial and growing share of the world's poor. The key question arising in this context is whether the provision of complementary financial and/or non-financial services might be more effective in improving livelihoods than microcredit alone. For example, by combining enterprise loans with savings or insurance, can the MFI assist the working poor to manage risks more effectively; or by coupling microcredit with business skills training or market linkages, will entrepreneurs be able to generate greater profits?

In fact, such an integrated approach may even achieve a double-bottom line effect for MFIs that have social missions. If they offer new products and enhance their existing services to improve the livelihoods of their clients, the MFIs might also see a boost to their own financial performance.

To test the hypothesis about the impact of a microfinance-plus approach, potentially including a package of complementary financial and/or non-financial services, the International Labour Organization (ILO) launched the “Microfinance for Decent Work” (MF4DW) action research programme in 2008 with financial support from the German government. The study was guided by the ILO's vision of “Decent Work for All”, which promotes opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity.¹

Through this global longitudinal study, the ILO collaborated with a select group of MFIs over a four-year period. During the research, the MFIs introduced an innovation into their operations with a subset of clients to see if it improved peoples' livelihoods compared to a control group who did not receive the innovation.

This paper summarizes the process and results of this research effort. It begins by explaining why and how the ILO initiated MF4DW, and gives an overview of the findings of the diagnostic phase of the research. Section 3 presents the innovation process, including examples of the new financial and non-financial services, or changes to existing services that MFIs employed to prevent child labour, improve business performance, reduce vulnerability and promote the formalization of informal enterprises. Section 4 describes the research process, the choice of the methodology and the credibility of the evidence. Section 5 gives an overview of the main results of the MF4DW innovations and their impact on clients. Each section contains a set of lessons learned, and the paper concludes with a synthesis of the main messages and recommendations.

¹ Given the multiple facets of work, Decent Work easily escapes attempts to operationalize it; it is easier to agree on what is not “decent”. The qualifier “decent” conveys the message that there are minimum standards to the quality of work anywhere in the world and refers to the body of ILO conventions and recommendations adopted over the years, notably the core labour standards. See in particular the ILO Declaration on Fundamental Rights and Principles, 1998; see <http://bit.ly/18nMoDX>



**THE ACTION
RESEARCH PROGRAMME**

2. The action research programme

The origins of the MF4DW action research programme date back to 2005 when, as part of the International Year of Microcredit, the ILO adopted a policy on “Microfinance for Decent Work” (ILO, 2005). In this policy, the ILO asserted that microfinance can make a contribution to decent work in a variety of ways, for example by:

- creating conditions for wage and self-employment
- reducing informality and vulnerability
- promoting gender equality and
- empowering the poor

Through the MF4DW research, the ILO set out to assess if MFIs could enhance their impact through innovative packages of financial and/or non-financial services that could improve their clients’ work-related circumstances. This section summarizes the key research questions explored through the MF4DW programme, describes the process of selecting MFI partners, and explains their process of determining which decent work deficits to target based on findings from a diagnostic survey.



Cambodia / 2008 / Client officers from AMK conducting diagnostic client survey, during the first phase of the MF4DW action research.

2.1 The research questions

The action research set out to answer the following four questions:

1. What are the most important work related challenges for microfinance clients?
2. Can these issues be addressed through microfinance?
Can microfinance improve the clients’ livelihoods?
3. Does it require a modification in service delivery, such as the introduction of a new product or a change to associated processes?
4. Would the MFI also benefit from the innovation financially?

In answering these questions, the findings were expected to contribute to the three objectives of the research:

- **Generate knowledge:** The research was intended to shed light on the effects of innovations introduced by MFIs. Do innovations like enhanced access to healthcare, emergency savings funds or financial education really make a difference to jobs, incomes, and risk management strategies used by poor households? The underlying idea was that, rather than going about business as usual, MFIs could modify their products, services, and delivery methods to proactively and intentionally enhance clients' livelihoods.
- **Prepare better policy:** If positive results from the innovations are demonstrated, then MF4DW would also make a case to governments and aid agencies for smart policies, for example to provide MFIs with start-up funding to introduce effective innovations.
- **Demonstrate a business case:** Among these innovations, the MF4DW programme aimed to identify those that also made business sense for the institution itself, those that enabled them to do well financially while also improving their social performance. The underlying premise being that, in the long term, MFIs will only continue with innovations that contributed to their overall financial bottom line.

The programme pursued these goals in three steps. First, the selected MFIs conducted an internal diagnostic to identify the most pressing work-related challenges among their clients. Informed by these diagnostic results, the institutions developed an innovation to address the decent work deficit that most affected their clients, and started implementing the innovations in a pilot study beginning in 2009. Lastly, the impact of these innovations on clients was tracked through a series of data collections between 2009 and 2012.

2.2 Start-up phase

The MF4DW programme welcomed MFIs that were proactively committed to social performance management, as opposed to institutions that were solely motivated by business objectives. Over 60 MFIs responded to a 2008 call for proposals, out of which 25 were selected based on a preliminary review of their commitment to the study and their capacity to innovate and carry out the research.²

² The selection criteria included the following characteristics: i) track record of five years of operations; ii) at least 4 branches and 10,000 active borrowers; iii) a degree of innovativeness, as shown in the range of their products and services on offer; iv) established social mission and particular interest in decent work issues; v) at least positive operational self-sufficiency (OSS >100), meaning that operational revenue exceeds operational expenses; and vi) a computerized management information system (MIS).

A key aspect in the design of MF4DW was to unpack the concept of decent work and break it up into measurable dimensions that were relevant for MFIs. ILO tools such as Decent Work Country Programmes, the Key Indicators of the Labour Market (KILM) classification, Work Improvement in Small Enterprises (WISE) check list, and indicators used by the Statistical Information and Monitoring Programme on Child Labour (SIMPOC) were reviewed to extract suitable indicators for household and enterprise level data generation.³ Based on this information, the ILO designed a diagnostic questionnaire to identify the most pressing decent work challenges.⁴

2.3 Diagnostic phase

At the outset of the action research, each participating MFI conducted a diagnostic survey among a sample of 200 clients to assess their most pressing work-related challenges. Carried out in 2008, the diagnostic covered nearly 5,000 clients from 22 MFIs.⁵ The analysis showed that the most significant decent work deficits for microfinance clients were: child labour, occupational safety and health (OSH), formalisation, job creation and productive employment, risk management and over-indebtedness, and women's empowerment.



Cambodia / 2008/ An AMK client at her workplace preparing fritters during the initial client diagnostic.

3 For more information on these tools, see their respective pages on the ILO website:

- DWCP at <http://bit.ly/1blbgJ6>
- KILM at <http://bit.ly/1gJGi31>
- WISE at <http://bit.ly/1bd4FRc>
- SIMPOC at <http://bit.ly/1iGb9lf>

4 The questionnaire is available upon request to sfp@ilo.org.

5 During the course of the research project, several of the MFIs dropped out for various reasons. From the initial 25 MFIs that were selected, 22 conducted the diagnostic surveys, of which 18 introduced innovations, and 13 managed to complete the research with several waves of data collection for both treatment and control groups. The three main reasons for attrition were: a) experimental design, including ethical issues related to maintaining the control group; b) external factors, such as political upheavals or natural disasters, which forced the MFI to focus on other priorities; and c) internal capacity of MFIs that could not sustain the human resource commitment required to implement the project.

Table 1 summarises the main findings from the diagnostic across all MFIs. Disaggregated by MFI, the results showed a diverse picture of the decent work status of microfinance clients.

Table 1. Results of the decent work diagnostic in 2008

The results of a the diagnostic survey with 4,748 clients of 22 MFIs show that:

- 90 per cent of clients were self-employed
- The self-employed clients had on average two employees
- Majority of employees were paid, but not always in cash; some were paid in-kind, for example through food and lodging
- Child labour (5-14 years) constituted 5 per cent of total employment created by clients
- 11 per cent of clients reported dangerous working conditions or recent injuries
- 54 per cent of business activities were informal
- 41 per cent of businesses paid taxes
- 8 per cent of clients reported to have borrowed from other sources to repay a loan and 14 per cent had repayment problems
- 43 per cent of clients reported large unforeseen expenses, primarily due to accidents and illnesses

Source: MF4DW Results of Diagnostic Client Survey, ILO, 2009

Counter to the perception that MFI clients do not create jobs, half of all interviewed clients employed at least one person in their income-generating activity, and some employed more than forty. The total number of 7,757 employees across the sample may underestimate the true number as respondents may be reluctant to report informal workers.



Burkina Faso / November 2008 / A motorbike mechanic, client of FCPB, at work in Ouagadougou. He benefited from business development services that FCPB provided in collaboration with the ILO to formalise its informal businesses.



Pakistan Hyderabad / November 2008 / Hurmat-Razia Bibi-Mushtaque, an NRSP client, makes bangles. All family members are involved in the business including her young daughter.



© Banco Popular

Honduras / 2008 / A food stall owner at the market at Tegucigalpa. As a client of Banco Popular, she was offered risk management training and health insurance, both developed in the framework of the MF4DW action research for SMEs to improve their coping strategies vis-a-vis unforeseen health related expenses.

All 22 MFIs had some clients who employed children under the age of 15 in their income-generating activities. Regionally speaking, clients of MFIs in Southeast Asia employed the highest percentage of child labourers (130 children out of 1,340 total employees), while clients of MFIs from Sub-Saharan Africa and Central Asia had the lowest rate of child labour. Overall, two-thirds of the child labourers were related to their employers.

Vulnerability also emerged as a serious challenge for respondents. Across MFIs, 43 per cent of clients were confronted with large, unforeseen expenses in the year preceding the survey, with the main cause being accidents and illness. Half of the unforeseen expenses were related to medicine, hospitalization and surgery. 10 per cent were due to death and funeral costs, and another 10 per cent for ceremonies like marriages. While most of the expenses were for insurable events, only 2 to 3 per cent of the clients used insurance and social security to cover their losses.

Over-indebtedness was identified as a particular concern, as 14 per cent of clients indicated that they had repayment difficulties, and 8 per cent had borrowed from the MFI to repay another loan. In four of the MFIs, more than 24 per cent of clients had difficulty repaying their loan. However, there were regional differences. While only 8 per cent of Latin American faced repayment difficulties, clients of the African MFIs were most affected, as nearly a fifth were over-indebted.

Occupational safety and health concerns were reported as a pressing issue by clients from 20 out of the 22 surveyed MFIs. For example, among those who worked with harmful substances or dangerous devices, on average 61 per cent felt exposed to hazards due to a lack of protection. Across the sample there is evidence of a significant level of work-related health hazards. On average 23 clients per MFI (11 per cent of the sample) reported that they, or one of their employees, had been injured in the preceding 12 months. In one MFI, almost one-third of the surveyed clients reported injuries. Most workplace-related injuries do not require more than a few days for recovery, but five MFIs identified examples of serious accidents among clients that resulted in long-term or permanent interruption of income generation.



Pakistan Hyderabad / November 2008 / Zubaida M Shafique, an NRSP client, producing bangles that she sells to wholesalers. The work can be quite risky and comprises many health hazards.

Operationally during this diagnostic stage, it was vital to actively involve the entire MFI, from board members to clients, to get their full commitment to the research agenda. The diagnostic process proved to be a valuable tool, as it provided MFIs with new information on the working and living conditions of their clients. After the diagnostic, MFIs had to decide whether to continue to the next stage, which involved designing and implementing an innovation intended to rectify the most glaring decent work deficit for the MFI's clients.

Consequently, there was some attrition. Sixteen MFIs eventually introduced an innovation and participated in research process until 2012. Table 2 gives an overview of the profile of each of these 16 partners.

Table 2. Key profile data of participating MFIs

Name of MFI, country year of creation	OSS* (%)	No. of clients** ('000)	% rural	% women	Gross loan portfolio (million US\$)	Legal status
Sub-Saharan Africa						
LAPO, Nigeria 1987	140	757	10 (2007)	92	108	Microfinance Bank
FCPB, Burkina Faso 1972	131	852	43 (2007)	60	143	Cooperative
PML, Uganda 1995	113 (2010)	278 (2011)	43 (2011)	40 (2011)	29 (2011)	Microfinance Deposit Taking Institution
Nyesigiso, Mali 1990	100 (2010)	119 (2009)	29 (2009)	27	20 (2009)	Cooperative
Asia						
AMK, Cambodia 1993	118 (2011)	292	95 (2011)	87	62	Licensed MFI
VFC, Cambodia 2000	128	157	91 (2011)	92 (2011)	48	Licensed MFI
NWTF, Philippines 1984	104	158	75	100	48	NGO
TYM, Vietnam 1992	147	84	21 (2011)	100	23	Licensed MFI
BASIX, India 1996	104 (2010)	375	94	67	47	NBFI
ESAF, India 1995	113	384	87	100	78	NBFI
NRSP, Pakistan 1992	112 (2011)	410 (2011)	77	76	58	NGO
Central Asia						
Bai Tushum, Kyrgyzstan 2000	105	26	80	65	63	NBFI
IMON, Tajikistan 1999	138	58	61	38	68	NBFI
Latin America						
Confianza, Peru 1994	116 (2011)	97	13 (2011)	54 (2011)	168 (2011)	Financiera
Banco Popular, Honduras 1991	102	33	11	65	50	Bank
Middle East and North Africa						
Tamweelcom, Jordan 1999	120	64	57 (2011)	95	34	NGO

*Operational self-sufficiency ratio **May be depositors or borrowers, whichever number is larger.

Source: Based on The MIX Market (data is for fiscal year 2012 unless otherwise specified), MFI websites and self-reported data submitted to the ILO.



**THE INNOVATION
PROCESS**

3. The innovation process

Based on their diagnostic results, the MFIs developed innovations that were intended to address the decent work deficits identified among their clients. This section summarizes the innovations that were tested, describes some of the challenges that the MFIs encountered while innovating, and provides lessons learned based on their experiences.

3.1 The decent work innovations

During the innovation design phase, the MFIs had to decide on two dimensions: 1) which decent work area to address, and 2) which innovation to pilot. In this context, an innovation is defined as an alternative engagement with its clients, including new or modified financial and non-financial services.

The ILO encouraged the MFIs to prioritize and focus on one or two innovations. Their innovations were often enhancements and modifications, rather than a radical departure from the status quo. What mattered more, for the purposes of the study, was the plausible link between the interventions and the expected improvement for clients.

The work of the MFIs can be grouped into four thematic areas summarized in Table 3. A large number decided to address vulnerability, particularly with regard to risk management and over-indebtedness (seven MFIs)⁶, followed by enhancing business performance (four MFIs), child labour (three MFIs), and formalisation (two MFIs). The innovations that they implemented were specific for each MFI, with three MFIs launching a new financial service, nine introducing a non-financial service, four offering a package of financial and non-financial services, and one restructuring its operations. Below are descriptions of the four thematic areas with illustrations of these innovations.



Honduras / 2009 / Banco Popular client selling pre-cut fruit in the market.



Philippines/ 2009 / A couple, NWTf client, selling fish in the market.

⁶ One MFI implemented two innovations; hence there are more innovations than MFIs. For more details about the respective innovations, see Annex 1.

Table 3. Innovations implemented through the MF4DW

MFI	Country	Innovation
1. Child labour		
LAPO	Nigeria	Awareness campaign against child labour; loan for school associated expenses
NRSP	Pakistan	Extension of health insurance coverage
Nyésigiso	Mali	Client training on entrepreneurship, financial management, and child labour
2. Business performance		
Bai Tushum	Kyrgyzstan	Reorganization of micro and small enterprise finance
BASIX	India	Participatory Safety Education
IMON	Tajikistan	Entrepreneurship and Productivity training for female clients with start-up loan
Tamweelcom	Jordan	Training on occupational safety and health, results-based incentives for staff
3. Formalization		
ESAF	India	Awareness raising on formalization and business development services (BDS)
FCPB	Burkina Faso	Sensitization to benefits of formalization, client training on enterprise management and incentives to formalize
4. Vulnerability		
AMK	Cambodia	Financial education for clients
Banco Popular	Honduras	Health microinsurance and client training
Confianza	Peru	Multi-risk microinsurance and client training
NWTF	Philippines	Entrepreneurship training for clients
NWTF	Philippines	Emergency savings product
PML	Uganda	Asset financing product for the purchase of assets for income generation (land, vehicles, equipment)
TYM	Viet Nam	Client training on risk management and microinsurance
VFC	Cambodia	Financial education for clients

3.1.1 Child labour

The diagnostic survey showed that child labour was a serious challenge for some MFIs. The root causes of child labour are numerous and often difficult to pinpoint (Blume and Breyer, 2011). Financial services coupled with awareness raising are unlikely to directly address some causes, such as the perceived poor value of the educational system; but other causes can be targeted through a “microfinance-plus” intervention. For example, services that mitigate economic risks might reduce child labour if children work to help a household cope with a shock or loss of

income; similarly efforts to promote savings could reduce child labour if children work because the household cannot afford the costs of schooling. MFIs are particularly concerned about this issue, and whether or not their enterprise loans contribute to child labour, since many parents may require inexpensive and compliant labour to support their enterprise or income-generating activity.

LAPO in Nigeria, for example, found that one third of the clients surveyed were employing children. To tackle this challenge, the MFI followed a two-pronged approach by 1) educating clients on the disadvantages of sending their children to work instead of or in combination with school, and 2) offering a low interest loan for school expenses to help struggling parents to spread the lump sum payment due at the beginning of the school year over a monthly repayment schedule. The hypothesis of this innovation was that the incidence of putting children to work would decline with the availability of an education loan as well as from exposure to the awareness campaign.

3.1.2 Business performance

Among the hundreds of millions of micro and small enterprises throughout the developing world, the vast majority have difficulty growing. The facilitation of growth does not only depend on access to finance and investment. Accumulated evidence suggests that even basic training, for instance, on simple management practices or productivity can have positive effects on business performance (Croucher, 2013; Karlan et al, 2008). The partner MFIs addressing this issue decided to tackle the following facets:

- Occupational safety and health (OSH): The results of the diagnostic survey showed that the workplaces of many clients are unsafe or even dangerous. This lack of safety not only provokes accidents, but also reduces productivity, resulting in lower incomes for both entrepreneurs and their employees.
- Women entrepreneurship: The evidence on improvements in women's opportunities and gender equality as a result of microfinance programmes is mixed (Mayoux, 2000). There are instances where women were able to interact in markets, increase their skills and enhance their intra-marital position. However, there are also examples where women are used to obtain a loan without having much say or control over its use.
- Job creation: One of the most frequent criticisms of microfinance is that it fails to create jobs. It is true, changes in the demand for labour are notoriously difficult to track given the complexity of a typical microfinance client and the substitutions occurring between the household and enterprise, as well as between remunerated and unpaid labour.

For example, Bai Tushum from Kyrgyzstan decided to focus on business performance in the framework of the MF4DW action research. The diagnostic survey revealed that, out of all workers employed by Bai Tushum's clients, 87 per cent were family labour and almost all family workers

were not paid (95 per cent). Only 12 per cent of the employees were wage workers. Based on these results, and to fulfil its mission,⁷ the MFI developed its innovation to promote job creation. The design of the innovation was based on the assumption that by segmenting the market, differentiating between micro and small enterprises, and providing specialized services for each sector, the MFI could better serve the needs of its clients, especially the segment of small- and medium-sized enterprises that has stronger job creation potential. Bai Tushum therefore designed an ambitious organizational restructuring plan.⁸

3.1.3 Formalisation

Clients of MFIs are typically from the informal economy, which is marked by acute decent work deficits. Most people engaged in the informal economy are (ILO, 2013):

exposed to inadequate and unsafe working conditions, and have high illiteracy levels, low skill levels and inadequate training opportunities; have less certain, less regular and lower incomes than those in the formal economy, suffer longer working hours, an absence of collective bargaining and representation rights and, often, an ambiguous or disguised employment status; and are physically and financially more vulnerable because work in the informal economy is either excluded from, or effectively beyond, the reach of social security schemes and safety and health, maternity and other labour protection legislation.

The diagnostic survey revealed that slightly less than half of all entrepreneurs (46 per cent) had their activity registered with public authorities; with substantial regional differences – with some MFIs, only 10 to 20 per cent of clients had registered businesses, while in other MFIs more than 95 per cent were registered. Further, 41 per cent of all self-employed clients paid taxes, but that finding ranged from only 3 to 6 per cent among clients of some Asian MFIs, and up to 80 per cent of clients from others.

One of the MFIs that chose to encourage clients to progressively formalize, ESAF in India, did so because the diagnostic survey showed that: 1) 85 per cent of the self-employed clients do not have any kind of registration for their activity; 2) 69 per cent do not keep even basic records, such as an income and expenditure book; 3) 88 per cent do not pay taxes; and 4) when they had employees, only 24 per cent provided their workers with some form of social benefits, and they usually paid wages through ad-hoc and informal arrangements. The MFI's innovation involved two elements: a) awareness raising on the benefits of formalization; and b) the provision of business development services (BDS) to enable clients to progressively formalize by registering their enterprise, improving their accounting and business practices, and facilitating access to government benefits.

⁷ Bai Tushum's mission is to be a "reliable financial partner contributing to the economic development of the Kyrgyz Republic through the delivery of microfinance services in rural and urban areas, that lead to increased employment and meets the interests of its clients and investors."

⁸ Unfortunately, due to external conditions, Bai Tushum could not keep the experimental design of the action research throughout the project, and hence is not included in the results' section below.

These descriptions provide a glimpse into the range of innovations that the MFIs designed to purposefully address the identified decent work deficits. While most innovations did not require a major reorganisation of operations, nevertheless their implementation often encountered challenges.

3.1.4 Vulnerability

Income shocks may occur as a result of natural catastrophes or accidents, constituting major threats to poor households. The demand for appropriate coping strategies, including savings and insurance, is thus widespread and growing, especially in the absence of social protection (for example see De Bock and Gelade, 2012; Kamanou et al., 2002; Sebstad et al, 2000). Vulnerability can also result from poor decisions about debt management. Households can be worse off if they borrow more than they can afford to repay, and thus become over-indebted.

The diagnostic survey showed that there was huge potential for MFIs to help clients improve their risk management strategies and avoid becoming over-indebted. Several MFIs responded by introducing financial literacy training to help clients manage their limited resources more effectively, for example by budgeting and separating household and business expenses. In addition to training, some MFIs introduced savings or insurance products that help clients to smooth income and expenditure streams when they experience a shock or unforeseen expense.

For example, the diagnostic survey in Uganda showed that 38 per cent of PML's clients did not generate sufficient business income to cover business expenses, and 39 per cent of clients surveyed had borrowed from other sources to repay the MFI. Consequently, PML tackled the problem of over-indebtedness by introducing a leasing product to avoid the diversion of the loan away from their business toward unproductive expenses. PML's Mortgage and Asset Financing Loan (MAFL) was intended to enable clients to purchase assets for productive purposes, such as motorbikes and cars (for taxi businesses), land, agricultural and business equipment without paying the full amount upfront. The increased productive asset base was expected to boost the clients' businesses and improve their repayment capacity. At the same time, clients were not tempted to use the loan for consumption purposes, as PML paid the supplier directly and the asset served as collateral.

3.2 Challenges encountered

Several challenges, both internal and external to the MFI, emerged during the implementation of the innovations.



India Hyderabad / January 2010 / Rama, BASIX's Vice President explaining the livelihood challenges facing her clients. The innovation that BASIX developed was linked to its social performance framework.

External challenges

The external environment was not always conducive to innovation. The microfinance crisis in Andhra Pradesh and the consequent new microfinance law that restricted loan amounts and interest rates (see CGAP 2010) was a major obstacle for the two Indian partners. ESAF had planned to offer a larger loan as an incentive to clients that formalize, BASIX to offer a new financial product dedicated to work environment improvements but both were prevented from doing this by the cap imposed by the new law. Political upheavals in countries had some dramatic consequences, as in the case of Bai Tushum, when Kyrgyzstan was struck by uprisings in 2010. Since its clients' businesses were jeopardized, Bai Tushum had to focus on assisting them to survive, causing the MFI to modify some of the innovation parameters such as an increased loan amount for the innovation clients. The operations of partners in Pakistan, Honduras and Cambodia were also affected by natural disasters, which forced them to shift attention away from the research agenda to support the survival of their clients.

For MFIs introducing new financial services where regulatory approval was required, this was slow in coming. This challenge particularly applied to MFIs that needed to change their legal status or qualify to receive an additional license to offer the proposed innovation. For example, VFC could not go ahead with its planned savings initiative as it needed far longer than expected to fulfil the requirements for obtaining a savings license as stipulated by the Central Bank of Cambodia.

Internal challenges

A number of challenges within the MFIs also emerged. Some found it difficult to reach consensus between board, management and staff on where the action research would fit in their institutional strategy. Not everyone understood the long-term benefits to the MFI. Without a strong appreciation of these benefits, management hesitated to assign the staff needed to lead the research.

Human resource issues proved particularly challenging. Some innovations were staff intensive, and this posed problems, especially when introducing non-financial services that required staff to acquire new skills. Indeed, transmitting new concepts to staff proved difficult for decent work topics such as formalization, OSH and child labour, and several trainings were needed. It also turned out to be delicate to identify the individuals most suitable for training clients, especially when faced with limited availability of the staff. In some MFIs, high staff turnover or staff rotation eroded the pool of trained staff, necessitating a re-training process.

The additional tasks increased the loan officer's workload, which led to compensation challenges. For example, Tamweelcom's field staff asked to be remunerated for the additional work they performed in the framework of the innovation, such as training clients in OSH and monitoring their improvements. Such a request turned out to be a great opportunity, as the project team developed a results-based incentive system to compensate staff for the performance of clients in improving safety and efficiency in their workplaces.

While many innovations progressed smoothly, they often took longer than expected, especially when it involved an external partner, like an insurance company or training provider. For example, PML's asset financing innovation fell behind schedule due to lengthy negotiations with the dealers providing equipment.

3.3 Recommendations for improving the innovation process

The introduction of a new product or service is not easy under the best of circumstances, but many of the MFIs did manage to introduce new products or product improvements successfully. The following lessons and insights emerged from these efforts:

- i. The implementation of an innovation is a medium- to long- term project. Therefore it is extremely important to identify reliable coordinators in the MFI to support the project, and ensure there are back-up options in the event of staff turnover.
- ii. All resources – human, financial, and any authorisations required – should be in place prior to project start date.
- iii. In collaboration with the MFI's HR department, clarify the implications of the innovation on staff as part of their career development and appraisal system. Ensure they are compensated for their engagement, either by offering self-development opportunities or financial rewards. Financial compensation can be linked to their performance in implementing the innovation.
- iv. Consider appropriate lobbying to help create a conducive legal environment if the innovation needs government authorisation.
- v. Explore the possibility of support from national and regional microfinance networks before (e.g. advice, lobbying), during the innovation (e.g. promotion, experience-sharing) and after the innovation piloting (e.g. help for scale up and knowledge-sharing).



**THE RESEARCH
PROCESS**

4.

Burkina Faso / 2008 / An FCPB client in Ouagadougou being interviewed by a loan officer.

4. The research process

While innovating within an MFI is challenging enough, innovating and measuring the impact of that innovation is even more difficult. This section summarizes the research methodology chosen for the impact measurement, assesses the credibility of the evidence, and provides valuable lessons about conducting action research with MFIs.

4.1 The choice of the MF4DW research methodology

We create evidence on the innovations implemented under the MF4DW. There has been a rising interest in quantitative impact evaluations in the field of microfinance in recent years for several reasons. First, such evaluations create knowledge about which innovations work, and about their unintended side effects. While qualitative evaluations might provide a rough idea of whether an innovation is working, quantitative studies can estimate the magnitude of the impact. That is, they allow statements about whether or not there is impact, and how large or small it is. Second, given that innovations can be costly, a well-designed evaluation can compare an innovation's costs and benefits. Third, knowledge about innovations, the magnitude of their impact, and their costs and benefits provide solid guidance to decision makers (e.g. policy-makers, donors, MFI managers) on how to improve services. Fourth, impact evaluations also provide guidance on whether to scale-up innovations and replicate them elsewhere. Lessons from one MFI may not be directly transferable to another given different contextual factors. However, evaluating similar innovations for different MFIs in different contexts will help to generalise knowledge on the impact of these innovations, and therefore provide a solid basis for decisions about the replication or scaling up of the product.

Given this context, the MF4DW research set out to engage in quantitative impact evaluations. In particular, it intended to use randomized controlled trials (RCTs) as they maximize the credibility of results. The randomized design would foresee that one group gets access to an innovation while another does not. The former is the target group; the latter is the control group. Randomization across a sufficiently large number of clusters (e.g. branches, borrower groups) would guarantee that clients in both groups are alike in all observed and unobserved characteristics such that subsequent differences between the groups can be attributed to the innovation. This can only be guaranteed if the assignment to the target and control groups is random. Such set-up demands high coordination between operations (implementation of the innovation) and evaluations (quantitative research component) and adds high complexity to the implementation of innovations. Consequently, the experimental approach to impact evaluation might not always be operationally feasible such that other methods need to be used.⁹

⁹ These methodologies include difference-in-differences, instrumental variables, regression discontinuities, propensity score matching and pipeline approaches. One should add that these methodologies, including RCTs, are not mutually exclusive, and combinations are possible.

Therefore, the evaluation of the impact of the MF4DW innovations has been mainly conducted using the difference-in-differences (DiD) methodology in panel data, often controlling for additional covariates via propensity score matching.¹⁰ The DiD methodology compares changes before and after the implementation of the innovation in the control and treatment groups. As opposed to ex-post evaluations based on cross-sectional data only, the availability of panel data for DiD has several advantages. It allows to control for unobserved variables at the branch level which do not change over time as well as for variables which change over time but affect all branches the same way. Furthermore, it allows to evaluate the changes at the branch level against a baseline capturing the conditions before an intervention took place. Assuming that the innovation works and the experimental design is clean, one should see a change in outcomes in the target group, because there has been an innovation, without a corresponding change in the control group. There may also be changes in target and control groups. However, if they are unrelated to the innovation, these changes should be the same for both groups, which is known as the common trend assumption. The difference between the changes in the two groups is then the effect of the innovation.

The quantitative impact evaluations of the MF4DW innovations have the following common characteristics:

- A target and a control group,
- Panel data, with a baseline collected before the innovation took place, and one to four follow-up surveys collected after the innovation was introduced,
- Two data sources: client interviews based on structured questionnaires and administrative data from the MFI's management information system (MIS), and
- Assignment of the innovation at the branch level, varying between two and 29 branches per MFI.

4.2 Credibility of individual impact evaluations

In the MF4DW research, 14 impact evaluations were conducted. When reading the results (see Chapter 5), the reader should bear in mind that the findings enjoy variable levels of robustness. Some evaluations had a better experimental design and fewer data issues than others. Table 4 gives an overview for the different MFIs. The more “+” are attributed, the more credible the findings, resulting in three broad categories: results with high, medium and low credibility.

¹⁰ Across evaluations, we found differences between treatment and control groups based on observable characteristics before the innovation took place. We used propensity score matching (PSM) a statistical matching technique to balance the different observable baseline characteristics between treatment and control groups as good as possible.

This distinction does not suggest that only results in one category are credible. It is important to note that the credibility of evaluations and the significance of results are not the same. There are significant results across all categories. The categorization of credibility is important to help identify improvements in the research design and implementation of some studies, and to compare the strengths of individual results.

Table 4. Credibility of individual evaluations¹¹

MFI	Sufficiently large # of clients in target and control group	Baseline and follow-up survey (to measure short term impact)	Several follow-up surveys (to measure longer term impact)	Sufficiently large # of target and control clusters	Randomization of innovation across sufficiently large # of clusters	Data of sufficient quality	OVERALL CREDIBILITY OF THE EVALUATION
Child Labour							
LAPO	+	+	+	-	-	-	Low
NRSP	+	+	+	+	+	+	High
Nyèsigiso	+	+	+	+	+	-	Low ¹²
Business performance							
BASIX	+	+	+	-	-	+	Medium
IMON	+	+	+	+	-	+	Medium
Formalization							
ESAF	+	+	+	+	+	+	High
FCBP	+	+	+	-	-	+	Medium
Vulnerability							
AMK	+	+	+	-	-	+	Medium
Confianza	+	+	-	-	-	+	Medium
NWTF IEF	+	+	+	-	-	+	Medium
NWTF GYB	+	+	+	-	-	+	Medium
PML	+	-	+	-	-	-	Low
TYM	+	+	+	-	-	+	Medium
VFC	+	+	+	-	-	+	Medium

¹¹ Impact studies could not be completed for Tamweelcom, Bai Tushum and Banco Popular because of control group contamination or delays with implementation.

¹² The innovation was implemented in 7 branches and there are also 5 control branches. However, given that all 7 innovation branches are in one region and all 5 control branches are in another region, the analysis only compares the regions. Thus the effective number of assignment is n=2.

High credibility

Ideally, the innovation is randomly assigned and there is a large number of target and control groups, which are geographically dispersed. An example is NRSP in Pakistan, where nine target branches and four control branches participated. These numbers allow for an acceptable evaluation, but are still relatively small. For a good evaluation the unit of randomization matters. Ideally the assignment to the treatment and control groups is not at the branch level, but at some subordinate level such as the centre level (centres are commonly used to administer the weekly meetings of microfinance groups and several centres belong to the same branch). The randomization across a large number of units is important to obtain more precise estimates, and allow for balancing of baseline variables and for robustness checks of the empirical analysis.

Medium credibility

Most of the MF4DW MFIs fall into the second category, often because they only had one or two target branches and one control branch. The availability of baseline and follow-up data allows for a detailed difference-in-differences analysis. Nevertheless, the fact that only few target and control clusters participated implies that results are susceptible to events happening at an aggregate level, such as different economic conditions between target and control branch. Such events could not be disentangled from the true effects of the innovation. Hence, it might have happened that a possible positive effect of the innovation was masked by some other event that might have happened at the same time.

Figure 1. Illustration of aggregate event masking effect of innovation

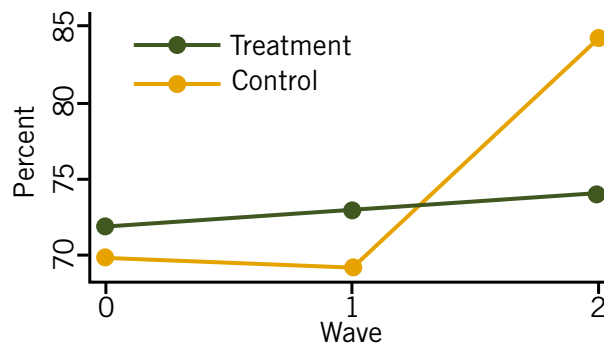


Figure 1 uses a hypothetical example to illustrate this masking problem. An MFI introduced an innovation to encourage savings. In the treatment group, savings slightly increase over time and the effect might plausibly be related to the innovation. However, something happened between follow-up survey 1 and 2 that led to a dramatic increase in savings in the control group. Perhaps other MFIs conducted a public awareness campaign on savings in the control group region; or

perhaps it was caused by an influx of remittances into the area. Whatever the reason, the findings show a negative effect of the innovation on savings although the innovation might have worked. If there were more target and control branches, the influence of that event in the control branch would disappear on average.

Low credibility

For some innovations the available data is not of sufficient quality to draw impact conclusions. For those innovations, one cannot discuss «impact effects», but rather only «descriptive indications» for the observed outcomes. There are several reasons for imperfect data quality. For example, in some interventions, uptake by clients was initially very low. Or there was no a well-defined control group. In other cases, some demographic characteristics were so different between the target and control clusters that it was impossible to measure the effect of the innovation alone.¹³ Also very basic requirements, such as reliable individual identifiers, were sometimes not met. For example in the case of LAPO in Nigeria, it was often not possible to link households and individuals across data collection waves. Data quality was also sometimes poor because of missing data, as was the case for PML in Uganda, or high attrition.

4.3 Challenges encountered

Irrespective of the methodology chosen for the impact evaluation, the research encountered a number of challenges in implementing the evaluation design:

- Staff turnover at the MFI, especially project manager and research staff;
- Client-specific data in the MFIs' MIS were not up to date, which created challenges in producing the random samples;
- Product uptake that proved slower than predicted, which created challenges for data collection and minimum sample sizes;
- Client drop-outs;
- Non-familiarity with basic research concepts, such as forming and maintaining target and control groups throughout the evaluation period, and avoiding the contamination of control groups;
- Missing data, errors in data entry, data inconsistencies (especially client IDs); and
- Issues in the experimental design, especially substantial differences in the target and control groups in the baseline, complicated the empirical analysis.

¹³ The more different treatment and control groups before the intervention are in terms of observable characteristics, the more different they are in unobservable characteristics. In this case the treatment indicator picks up the effect of other factors changing between treatment and control groups over the evaluation period. Thus we do not measure the true impact of the intervention.

4.4 Recommendations for improving the research process

The experience gathered through the MF4DW provides valuable insights about the complexity of planning and conducting a quantitative evaluation. One should bear in mind that clean evidence from impact evaluations is hard to come by. A number of key elements in the design and implementation have to be taken into consideration to provide robust results.



Burkina Faso / 2008 / Workshop of a blacksmith client of FCPB.

In the planning of the research:

- Since the implementation of an innovation and its evaluation are medium- to long-term projects, it is important that MFIs are willing to keep the control group throughout the period to be studied.
- Carefully articulate the theories linking interventions to outcomes, and develop the channels at work between the innovation and the intended outcomes. Looking at fewer outcomes allows a stronger focus on the selected ones.
- Allow time to mobilize support and to convey the basic evaluation concepts and point out the benefits of conducting rigorous research for everybody involved.

In the design of the research:

- Involve impact evaluators from the beginning to get the best possible evaluation design given an MFI-specific context (e.g. for the experimental evaluation design, design of client sample, design of questionnaires).
- Be sure to have a sufficiently large number of clients in the target and control groups, with randomization of the innovation across a sufficiently large number of clusters. If this is not possible, be specific about the selection criteria for target and control branches to ensure comparability. At the same time, the sample size should not be too large and partners should make sure they have the capacity to manage data collection.

- One follow-up survey will measure short-term impact, whereas several follow-up surveys will give medium- and long- term impact.
- Questionnaires should be streamlined across time and space. It is important that the same survey instruments are used for the control and target group. All important questions should be included from the beginning. If questions are added in later waves, they should be placed at the end of the questionnaire in order to not affect the response behaviour to the earlier questions. Interviewer training is a good opportunity to verify that questionnaires are adequate and to adapt them before the main surveys start.
- Carefully consider who is collecting data. If loans officers have to collect data on top of their regular work, the quality of interviews might suffer. Clients might feel uncomfortable when loan officers visit them as neighbours might think that they are having repayment difficulties. Also, clients might answer some questions more truthfully when asked by a third party who guarantees confidentiality.
- Be considerate of respondents. One might consider a suitable incentive scheme for interviewed households given the particular context and the opportunity costs that households might have.

In the implementation of the research:

- During data collection, note extraordinary events taking place that might affect the clients (e.g. droughts, major elections, the building of a dam).
- Using MS Excel for data entry makes data prone to error. While it is a cost-effective tool and staff know how to use it, there are other programmes such as CSPro that allow for checks on plausibility during data entry which could considerably improve data quality. Alternatively, double data entry helps to minimise data errors.
- All clients need a unique ID to identify them over different waves.
- The variable names should also not change across waves, and missing values should be clearly coded as such, not just left blank.
- Minimizing attrition is important. Questionnaires could record clients' mobile numbers or precise descriptions of where they live to find them for subsequent interviews.



MAIN RESULTS OF THE MF4DW INNOVATIONS

5. Main results of the MF4DW innovations

This section presents the main results of the impact evaluations, which are typically reported as a difference-in-differences. The illustration in Table 5 shows how to interpret these results. Before the innovation was introduced, 16 per cent of target clients had repayment difficulties. After the introduction of the innovation, the percentage had gone down to 12 per cent which means a difference of 4 per cent. In the control group, the percentage of clients with repayment difficulties dropped from 13 to 12 per cent which means a difference of 1 per cent. Comparing the difference of the differences give us the final result: after the innovation the percentage of clients with repayment difficulties in the target group reduced by 3 per cent as compared to the control group.

Table 5. Illustrative example of DiD results

	Target group	Control group	Difference-in-difference
	(1)	(2)	(1) + (2)
After (A)	12	12	0
Before (B)	16	13	3
(A)-(B)	-4	-1	=3

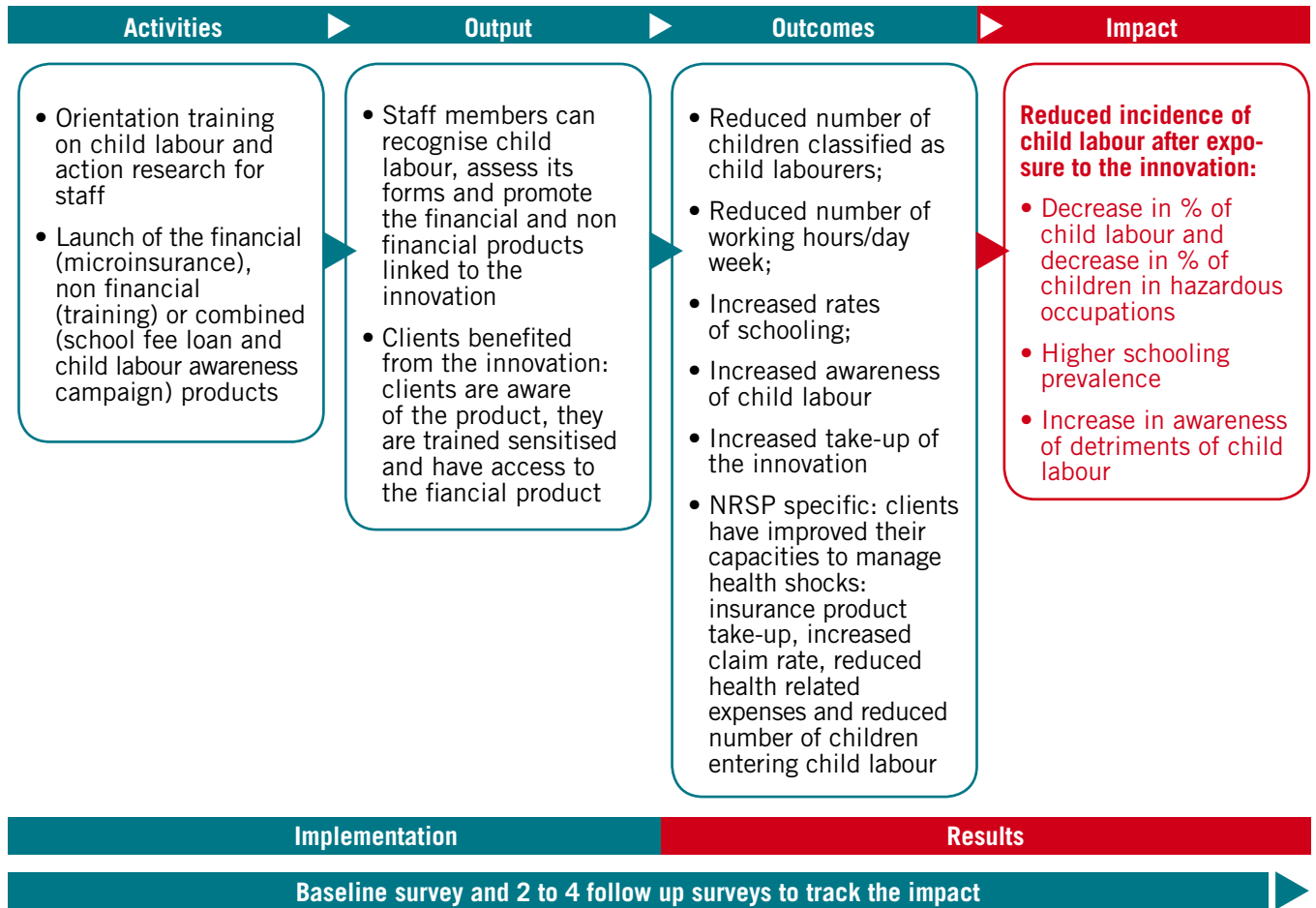
The results in this chapter are listed by thematic area. Each section first outlines the logical framework of the innovations, and then summarizes the key findings on the impact of the innovations.

5.1 Combating child labour

The innovations implemented by the MFIs tackling child labour used three different approaches:

- Adjusting or introducing a new financial service (extended health microinsurance) – NRSP, Pakistan;
- A non-financial service (training on child labour, safety and health and productivity in agriculture) – Nyesigiso, Mali; and
- A combination of financial and non-financial services (loan for school fees coupled with an awareness campaign) – LAPO, Nigeria.

Figure 2. Logic model summarising child labour innovations



Through their innovations, these MFIs intended to reduce the incidence of child labour among their clients, following the logic model in Figure 2. The chain towards this objective had different intended outcomes. The MFIs that had either a purely non-financial innovation (Nyesigiso) or a combination (LAPO) were hoping that improved school attendance, together with increased awareness by families, would lead to less work hours and thus a reduction in child labour. While NRSP, which expanded the scope of its health insurance coverage, sought to tackle child labour through a more indirect route. By enabling households to reduce health related expenses, the MFI expected to improve their capacity to manage shocks, and hence reduce the need for households to resort to child labour to cover unforeseen expenses.



© Mak Remissa

Cambodia / 2008 / Children playing in a village where AMK was innovating on improving clients' financial literacy in order to reduce vulnerability and improve risk management mechanisms as part of the MF4DW research.

The overall results, summarized in Table 6, were mixed. The reduction in child labour was inconclusive for LAPO, mixed for Nyesigiso and positive for NRSP. For Nyesigiso, results showed a 26 per cent decrease in the incidence of child labour for girl children, although little change for boys. At NRSP, the innovation decreased child labour incidence for boys and girls by almost 7 per cent and lowered the risk of hazardous occupations by 5 to 6 per cent. Much of these effects were driven by a shift from dangerous labour in shops and factories towards less intensive work around the house.

An improvement in schooling of children - While it did not have a significant impact on incidence of child labour, the innovation from LAPO showed slight improvements in school enrolment, suggesting that the school loan was more effective than the awareness raising. For Nyesigiso and NRSP, the study does not detect an improvement in school attendance. However, Nyesigiso's innovation appears to have raised the awareness that schooling is important as it found an increase in the perceived importance of attaining secondary education levels.

Increased awareness of child labour - There is weak evidence for LAPO that the innovations increased the awareness of child labour or changed the attitude towards work. For Nyesigiso, however, awareness of the detriments of child labour seems to have increased among treatment members. When asked about the age at which children should start working full time and contributing to the household income, the treatment group's answers are about one year higher for both questions, for boys as well as girls.¹⁴

Some specific results from Nyesigiso and NRSP's innovations should also be mentioned:

- *Improvement in household welfare and working conditions*, were intended through Nyesigiso's training on productivity, financial management, OSH and child labour. Little or no impact appeared on improved financial management and in work related sicknesses for households that followed the training. The only positive impacts appear in another financial management aspect, increasing assets (livestock), and in the declining number of fainting spells in adults on the job in connection with the safety training.
- One of the outcomes NRSP intended to achieve through expanded insurance coverage was to *improve households' capacity to manage health shocks*. The innovation did in fact lead to increased insurance coverage. The results show a higher claim frequency and more reimbursements in target branches. Hence, insurance is used more frequently as a result of the innovation, while still viable for both the insurer and the MFI. In addition, insurance pay-outs were found to be related to lower child labour incidence and lower out-of-pocket hospital expenses.

¹⁴ For example, to the question about the age at which boys should start contributing to the household income, the control group answered 15 years and the treatment group said 16.2 years.

Table 6. Main results for the innovations on child labour

MFI	Innovation	Main results
LAPO Nigeria	Awareness Campaign; School Fees Loan	<ul style="list-style-type: none"> • School attendance: marginal impact for clients exposed to awareness campaign only; and insignificant impact for clients benefiting from the campaign + loan • No significant impact on child labour incidence, with even increased hours worked • Awareness on child labour: no significant impact with higher value placed on work than school (negative impact of innovation)
NRSP Pakistan	Extension of Health Insurance Coverage	<ul style="list-style-type: none"> • Incidence of child labour decreased significantly, by almost 7% • Reduction for incidence of child labour and hours worked stronger for boys than for girls (however, child labour clearly more common among boys) • Hazardous work reduced between 5.7 and 6.5 % • Monthly earning through child labour reduced • Average hours worked reduced between 2.5 and 3.5 hours per week • Insurance coverage and usage increased significantly
Nyèsigiso Mali	Client Training on Entrepreneurship, Financial Management, and Child Labour	<ul style="list-style-type: none"> • Incidence of child labour decreased by 26% for girl children (the incidence for boy children is not significant – a decrease of 2.7%) • Awareness on child labour: <ul style="list-style-type: none"> - Weak evidence that training increased the perceived age at which children should start full-time work - Weak evidence that awareness about the importance of secondary schooling improved

5.2 Enhancing business performance

To enhance business performance, the three MFIs in this cluster tested two different hypotheses and approaches, summarized in Figure 3. BASIX (India) and Tamweelcom¹⁵ (Jordan) focused on their clients' work environment and assumed that, through occupational safety and health (OSH) training, clients would improve their productivity and business performance. IMON (Tajikistan) offered a combination of a financial service (start-up loan) and a non-financial service (women-oriented entrepreneurship training). It anticipated that this combined, women-targeted start-up package would lead to better entrepreneurship and business practises.

¹⁵ Tamweelcom faced challenges with the research design and was not able to maintain a control group. Hence, the impact of the innovation could not be established.

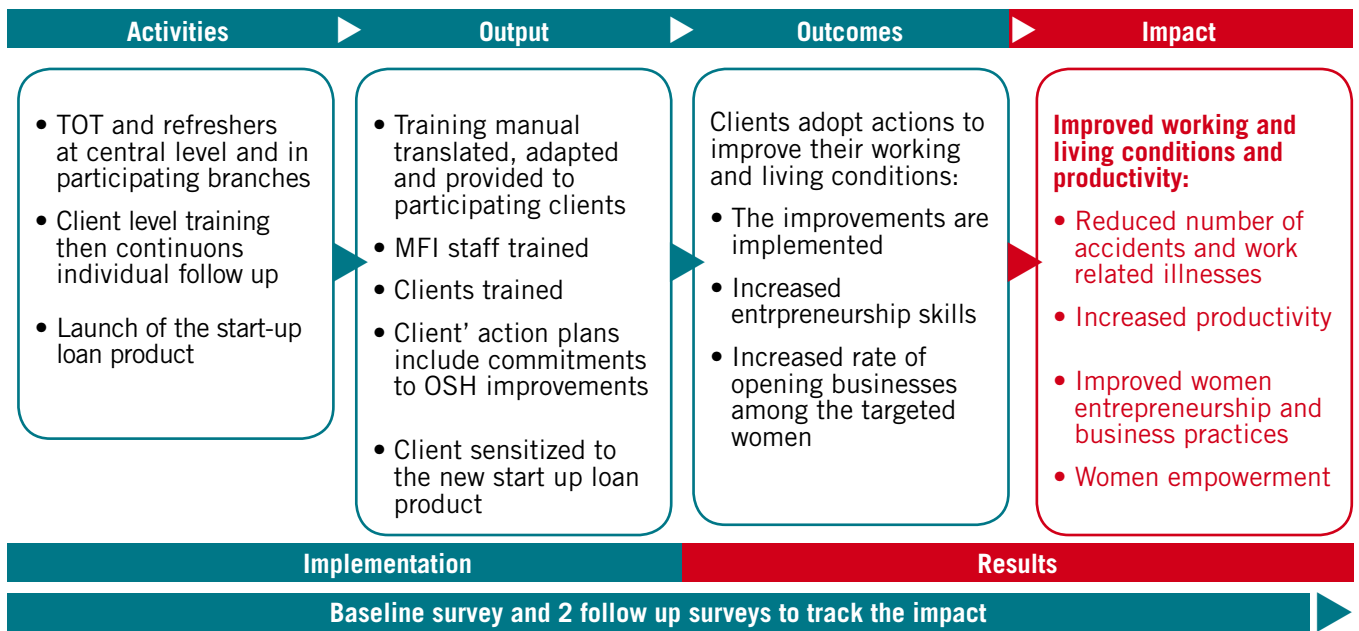


India / 2010 / A group of BASIX clients and their families attending a WIND training in Banswada. Through tackling occupational safety and health hazards in the agricultural work, BASIX and the ILO aimed at decreasing work related accidents and increasing productivity.



Vietnam / 2008 / A client of TYM registering in- and out- flows of her business.

Figure 3. Logic model summarising business performance innovations



Overall, the results for this cluster were quite positive. For BASIX, the innovation had a positive impact on occupational safety and health. The treatment group had safer work place habits than the control group, as evidenced by having more first aid boxes (17 per cent increase) and a reduction in average daily work hours by 73 minutes. As a result, the treatment group experienced a decrease of 11 per cent in self-reported workplace illnesses and injuries. For IMON, a strong positive effect on self-employment (48 per cent) and business expansion (31 per cent) was found for women who both received the training and the start-up loan as opposed to the ones who have only received the training.

Whether these initial positive impacts translate into enhanced business performance remains a question. For BASIX, the results show a positive impact. Compared to the control group, the treatment group increased monthly net income from farming activities by USD 37. This result could be related to the 54 per cent increase in the adoption of new technologies and practises. Treatment clients increased their ability to save, and the percentage of clients who cover their costs increased by 25 per cent. At IMON, the impact of the combined financial and non-financial services had mixed results. A positive impact on business registration (a 12 per cent increase) and engagement with a business association (19 per cent increase) was observed for the group that received both training and start-up loan, but there were no effects on reinvesting income into the business.

Table 7. Main results for the innovations on business performance

MFI	Innovation	Main results
BASIX, India	Training: «Improving productivity by reducing occupational safety and health risks»	<p>Positive results in safety and health at the workplace</p> <ul style="list-style-type: none"> • Significant decrease in workplace illnesses and injuries (11%) • Increased safe work place habits: more clients having a first aid box <p>Improved working conditions</p> <ul style="list-style-type: none"> • Reduced average daily work hours (- 73 minutes) <p>Improved productivity</p> <ul style="list-style-type: none"> • 37 USD increase in the monthly income • Increase in the ability to cover costs (25%) • Increase in the adoption of new technologies and practises (to ease physical labour, reduce cost of inputs or increase yield) (54%)
IMON, Tajikistan	Training on formalization, women entrepreneurship “Get Ahead”, start-up loan and business development services	<p>Increased self-employment and income generating opportunities</p> <ul style="list-style-type: none"> • 258 out of 487 women who were trained reported having implemented their business idea (62% of women who responded to the question) • The majority of women started their business within 3 months after the training <p>Mixed results on women entrepreneurship:</p> <ul style="list-style-type: none"> • At baseline, the treatment group report more entrepreneurial characteristics than the control group even though they had less business experience. However, in the follow-up surveys – the treatment group seemed to have become less convinced about their entrepreneurial characteristics • Mixed results regarding the effects of the innovation on business practices: increased awareness of business association, increased uptake of products from the business association, but no effect on reinvestment of income into the business <p>No impact of the innovation on women empowerment indicators</p>

5.3 Promoting formalization

To encourage the formalization of informal businesses, both ESAF (India) and FCPB (Burkina Faso) launched and tested BDS and awareness raising activities. These activities included organizing large group presentations or street theatre sessions to overcome negative perception towards formalization, to show how to register and to illustrate the benefits for the business. Group sessions were complemented with one-on-one assistance to file the required documents for registration and individual training on business management, such as accounting and marketing.



India / 2011 / A promotional poster recounting the story of Fathima Kuniamathur from Tamil Nadu who formalized her business and could increase her sales through improved marketing and business management practices.



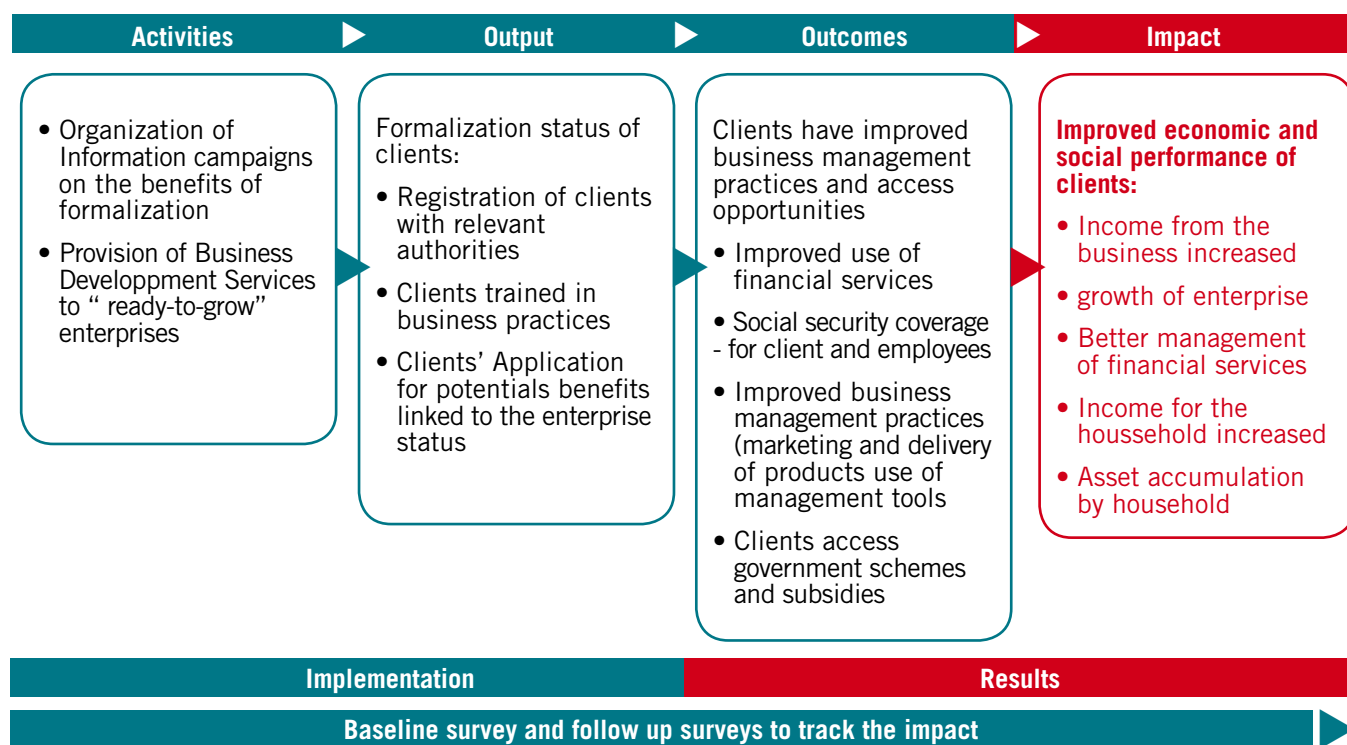
Burkina Faso / 2008 / Staff of a construction company that benefited from an awareness raising campaign and business development services encouraging clients to register their businesses. As a result, they could bid for public tenders.

The definition of formalization, and the related indicators, depends on the national context, but it generally combines several aspects:

- Registration status
- Payment of taxes
- Access to business infrastructure such as electricity
- Written accounting system
- Social security coverage for the entrepreneur and his/her employees
- Membership in professional organizations

Although they had different motivations, the MFIs in this cluster wanted to observe whether formalisation has a positive impact on the economic and social performance of clients and their enterprises. ESAF was more interested in the social objective, having clients that grow their business and improve their livelihoods. Formalization in India is a pathway to help achieve that objective, in part because registered enterprises can access government benefits, including training opportunities, subsidized inputs and social protection benefits. In contrast, FCPB put a priority on improving its clients' financial performance, which was intended to be achieved through better business practices associated with formalization.

Figure 4. Logic model summarising formalization innovations



Key findings from of the two innovations can be summarized as follows:

- The perceptions and opinions towards formalization and its benefits improved in both cases. Following the DiD estimation, the intervention led to an increase in awareness by 93 per cent among ESAF clients; FCPB clients no longer considered formalization to be synonymous with the payment of excessive taxes and a loss of flexibility.
- Many clients that benefited from the support decided to register their businesses. Among ESAF's clients, the causal impact (from DiD estimates) is 69 per cent. In the control group the share of registered clients is below 10 per cent at endline. For FCPB, the innovation contributed to a 10 per cent increase in registered clients.
- The impact on business practices is positive overall. The maintaining of accounts improved significantly by 15 per cent at ESAF. For FCPB, the estimated positive effect on bookkeeping is 17 per cent; and overall for management practices, the result is a highly significant improvement of 26 per cent. In FCPB, clients receiving the innovation tended to separate their personal and business bank accounts. In ESAF, the ownership of bank accounts increased, but the magnitude of the effect is low with a 2 per cent increase in bank account holders.
- The results concerning business turnover were inconclusive for both MFIs. Less positive were the results regarding employment creation as the impact was inconclusive for FCPB and even negative in ESAF (i.e. share of firms that had employees decreased significantly and even fewer businesses were willing to hire).¹⁶ Further, and rather specific to ESAF, although awareness about government support schemes was affected positively, there was no increase yet in clients accessing government benefits.
- The impact on the household and the client's welfare was very limited. For ESAF clients for example, there was a negative impact on monthly household income (control group had a larger shift from lowest to next income group). Formalization did not help clients from either ESAF or FCPB to deal with repayment difficulties. However, the positive perception of the enterprise and its contribution to the household increased for ESAF. For both MFIs as well, their clients' access to social security improved as a result of the innovation, including a 9 per cent increase for FCPB.

¹⁶ Although the research did not go further into explaining this negative impact, one could consider that either formalisation gives incentives to reduce the number of employees or not to declare any employees. The former could be considered as a negative side-effect of the innovation itself or of formalisation. The latter would mean that formalized respondents feel obliged to lie during the interview about the number of employees if they have not registered them.

Overall, given the timeline of the research, it is not surprising that the short-term improvements, such as registration and improved business practices, had not yet translated into medium-term benefits, such as business turnover, employment and enhanced welfare.

Table 8. Main results for the innovations on formalization

MFI	Innovation	Main results
ESAF, India	Training on formalization and BDS	<p>Positive impact on formalisation status and business practices:</p> <ul style="list-style-type: none"> • Strong increase (70%) in registration of businesses with relevant authorities • Ownership of bank accounts increased but impact insignificant (2% increase) • Awareness about government support schemes was affected positively (multiplied by 3 times in the treatment group but decreased in the control group), yet no increase in usage of government support schemes • Maintaining books of accounts improved significantly by 15% • Perception of the importance of the household enterprise for income generation increased by 17% <p>Inconclusive results relate to the longer term impact, such as improvement of the social outcomes for the clients – for example:</p> <ul style="list-style-type: none"> • Negative impact on monthly household income: control group sees larger shift from lowest to next income group
FCPB, Burkina Faso	Training: Formalization and Enterprise Management	<p>Positive results on attitudes and behaviours toward business management:</p> <ul style="list-style-type: none"> • Increase in number of clients separating their business accounts from their personal accounts • Increased awareness on the importance of social protection (9% increase at the end of the innovation) • Improvement in business management practices of 26% <p>Mixed results regarding registration status of enterprises:</p> <ul style="list-style-type: none"> • No impact on registration as formal enterprises but registration as “informal sector” entity have increased by 10%

5.4 Reducing vulnerability

The majority of MF4DW innovations addressed client vulnerability, particularly in the areas of over-indebtedness and risk management. Altogether, seven MFIs implemented eight innovations ranging from training at different organisational and client levels to the introduction of new financial products.

The training components of the innovations were extensive. The MFI staff needed to get their heads around new topics like entrepreneurship, financial education, risk management strategies, and the use of insurance. They also had to understand how the new knowledge would help clients to avoid becoming over-indebted and would offer new strategies for managing the risks to which their households were exposed. In addition, MFI staff needed to gain skills to facilitate the learning process of their clients. The innovations of TYM, AMK, VFC, NWTF (GYB), and Confianza¹⁷ are summarised in this sub-cluster of training.



Honduras / 2008 / A food stall owner preparing for business. As a client of Banco Popular, she participated in a risk management training and bought a health insurance product. This MF4DW innovation aimed to improve clients' coping strategies vis-a-vis unforeseen health related expenses.



Vietnam / 2008 / Ms Le Thi Dang, a TYM client, on her farm. TYM successfully introduced a risk management training and upgraded an existing insurance product to help clients like her to reduce their vulnerability.

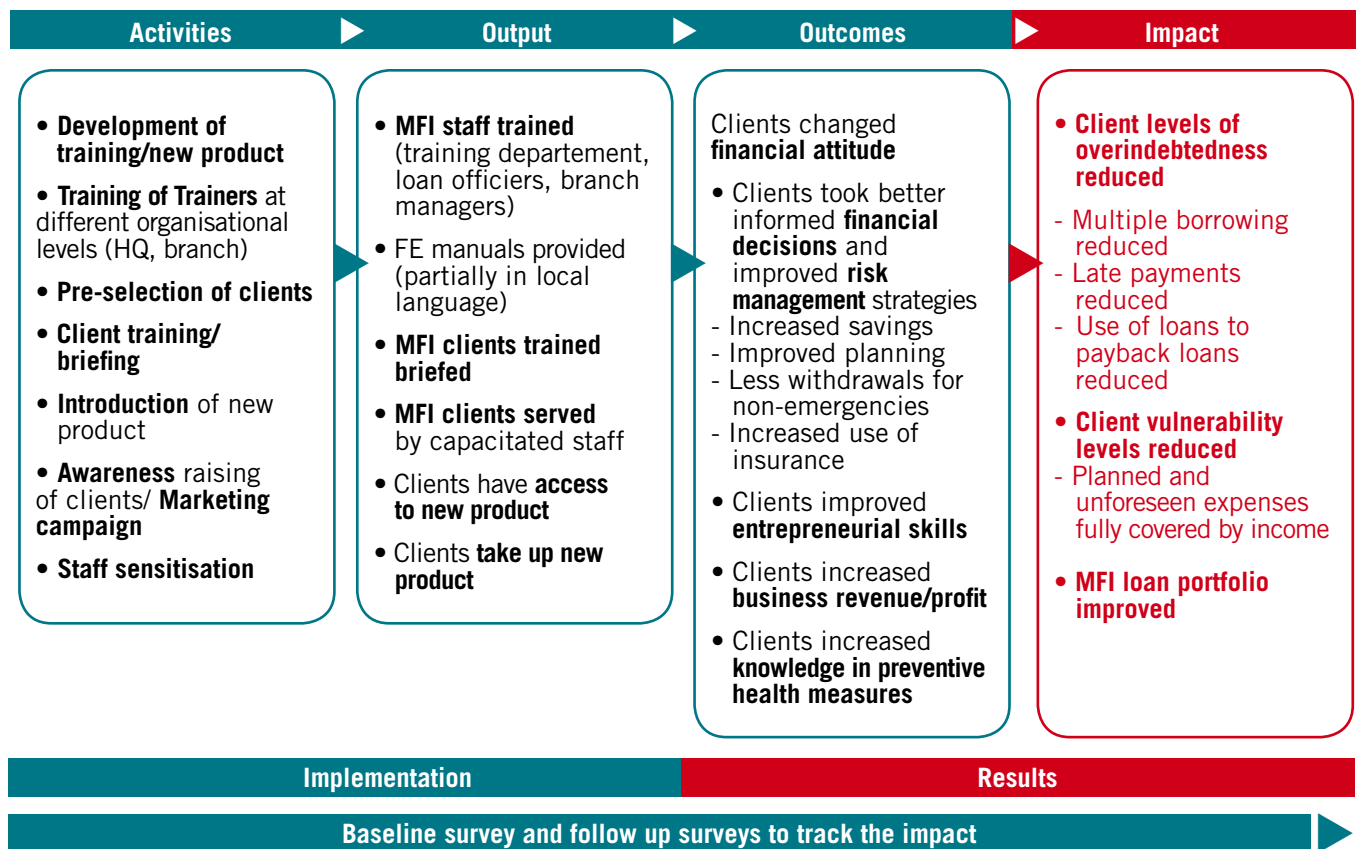
¹⁷ Confianza concurrently introduced a multi-risk insurance. Since the training is what differentiates the target and control group, the training is considered the innovation for the impact evaluation. However, for interpreting results, the insurance plays a crucial role.



The innovations involving new financial products each took a different approach, with PML testing an asset financing product, NWFTE experimenting with emergency savings (IEF), and Banco Popular introducing a multi-risk insurance product.¹⁸ Even though these were financial service innovations, they also required intense training. Staff throughout the MFI needed to understand product features and how the new products would contribute to improving clients' risk management strategies. In addition, clients needed to be made aware of the existence of the products and accept that the new offer would be beneficial to them.

The results of the innovations addressing vulnerability were measured by a common set of indicators, plus a few innovation-specific indicators as illustrated in Figure 5.

Figure 5. Logic model summarising vulnerability innovations



¹⁸ The implementation of Banco Popular's new health insurance product was delayed resulting in insufficient time to conduct a final data collection. Hence, the impact of the innovation could not be estimated.

The evaluations show that the different innovations had varying effects on the outcome and impact variables.

The innovations with strongest effects on changing the financial attitude of clients (both precaution- and debt-related attitudes) were the financial education and risk management trainings introduced at TYM, AMK and VFC. Especially TYM's risk management training – in direct combination with improving its insurance product – clearly changed perceptions. For example, the attitude that it is not necessary to keep a record of income and expenditure reduced by 15 per cent; the view that expense analysis is not necessary reduced by 4 per cent. In addition, the training resulted in a 10 to 17 per cent increase in positive attitudes towards savings. While conceptually very similar to TYM, the other financial education and risk management training innovations did not have strong effects on financial attitude.

Results on risk management strategies that clients use are less conclusive. Some trainings resulted in clients setting aside money for future emergencies and increased savings (TYM shows a 22 per cent increase in saving for emergencies, while VFC a 9 per cent increase), extending their planning horizon (TYM), or increasing the use or uptake of insurance as a risk management strategy (AMK 10 per cent increase). The product innovations (PML, NWTF IEF), however, had no significant impact on the clients' risk management strategies.

The building of financial and physical assets is also seen as risk management strategy as it would enhance the clients' ability to cope in the event of a shock. Regarding physical assets, the strongest results can be attributed to the asset financing product (PML), emergency savings (NWTF IEF) and entrepreneurship training (NWTF GYB). All these innovations increased the productive asset base of clients, especially land and vehicles, which should also provide the basis for improving their income. In fact, the entrepreneurship training substantiated this link as it significantly increased monthly business profits by PHP 2,000 (USD 50), which almost doubled profits compared to baseline of PHP 3,000. It also provoked a significant positive change in entrepreneurial attitudes (13 per cent), which could be the basis for the impact on both assets and profit. In terms of financial assets, almost all training and product innovations had a positive impact through either increasing the percentage of households that save (VFC: 8-10 per cent) or the number of insurance products that clients use (AMK: 10 per cent, TYM: 5 per cent). For Confianza, the risk management training triggered an income growth of 450-500 Soles (USD 170-190). While a causal link could not be established, the increase could be the result of insurance uptake (multi-risk product), which helped smooth expenditure flows.

Through the different channels depicted in Figure 5, all the innovations intended to minimise clients' multiple borrowing and over-indebtedness as measured by repayment difficulties, late payments and defaults. Except for one, all innovations had a strong positive impact. The most successful one was NWTF's emergency savings product that resulted in a 22 per cent net drop in taking a loan to repay another loan, a 7 per cent drop in repayment difficulties and generally lower indebtedness with both formal and informal lenders. The asset financing product, however, experienced a reverse effect with a slight increase in repayment difficulties.

The financial education, risk management and entrepreneurship training innovations generally had a strong positive impact. Levels of indebtedness were lower in treatment compared to control group (Confianza: by 28 per cent), the incidence of clients who took a loan to repay another decreased (NWTF GYB: 10 per cent, TYM: 12 per cent) as did the incidents of current or expected late repayment (AMK: 3.4 per cent, NWTF GYB: 4 per cent). Only VFC's and Confianza's results concerning borrowing to repay another loan go in the wrong direction, as incidences increased (Confianza +12 per cent, VFC +9 per cent).

Lastly, the innovations intended to improve clients' overall levels of vulnerability as measured through their capability to cover planned and unexpected expenses, and reduction in their income variability and need to sell assets. The results are mixed, and may suggest that the innovations need more time to unfold impact. TYM's risk management training is the only intervention that resulted in a strong positive impact on the ability to cover expenses and a slight decline in the need to sell assets to cover expenses. Also NWTF's emergency savings increased the ability of clients to cover their expenses. On the less positive side, other innovations showed a decrease in the ability to cover different expense categories, especially unforeseen expenses (VFC: 8-13 per cent decrease in ability to cover unforeseen household expenses and almost 30 per cent decrease in unforeseen business expenses, NWTF GYB: almost 45 per cent decrease in ability to cover unforeseen household expenses).

Table 9 reports more key results for each of the training innovations that aimed at reducing vulnerability, while Table 10 summarizes the impact of the financial service innovations.

Table 9. Main results of the innovations on vulnerability: Training

MFI	Innovation	Main results
AMK, Cambodia	Financial Education Program for Loan Officers	<p>Strongest impact on the repayment behaviour of clients</p> <ul style="list-style-type: none"> • Reduction of 3.4% in late payments <p>Significant and positive impact on:</p> <ul style="list-style-type: none"> • Asset building through 10% increase of insurance uptake, • Financial attitude through 8% reduction in clients' believe that it is impossible to save, an 1% increase in clients' association of savings and security, through improved handling of debt, as well as attitude towards borrowing,
Confianza Peru	New Multi-Risk Microinsurance and Client Training	<p>Some positive impact on multiple borrowing/ over-indebtedness</p> <ul style="list-style-type: none"> • 28% lower outstanding loan balances, and number of other financial service providers used <p>No impact of financial education on insurance uptake (not significant)</p> <p>Positive income effect of 450-500 Soles (170-190 USD)</p> <p>Counter-intuitive results:</p> <ul style="list-style-type: none"> • Significant negative impact on vulnerability as fewer client can meet unexpected expenses (36%) and cover monthly costs (21%) • Increase of late payments by 12% (over-indebtedness) • Significant negative impact on attitude towards savings for emergencies (25%)
NWTF, Philippines	Entrepreneurship Training on Generating and Starting Businesses	<p>Strongest results:</p> <ul style="list-style-type: none"> • 13% treatment effect in perception of lower barriers to entrepreneurship • Business profit increased by PHP 2'000 (approx. USD 50), which was almost double the baseline profit , ownership of motorized vehicles increased by 3.5% (positive impact on asset building) • Incidents of late repayment decreased by 4%, taking out a loan to repay another loan decreased by 10% (positive impact on over-indebtedness) • 5% increase in use of microinsurance to cover unforeseen expenses (positive impact on risk management) <p>Inconclusive results for:</p> <ul style="list-style-type: none"> • Debt- and precaution-related financial attitudes, • Financial behaviour/risk management.
TYM, Viet Nam	Client Training: Risk Management and Microinsurance	<p>Strongest impact on financial attitude and risk management:</p> <ul style="list-style-type: none"> • 15% decrease in attitude that keeping track record of income and expenditure is not necessary • 4% reduction in attitude that expense analysis is not necessary • 10 to 17% increase in positive attitudes towards savings • 22% increase in ability to put money aside for emergency e penses; <p>Some impact on asset building</p> <ul style="list-style-type: none"> • Increase in motorbike liability insurance by 5% <p>Some impact on multiple borrowing / over-indebtedness</p> <ul style="list-style-type: none"> • Decrease of 12% in taking out loan to repay another <p>Some impact on vulnerability</p> <ul style="list-style-type: none"> • Ability of HH to cover their expenses increased by 3.3%

VFC, Cambodia	Financial Education Program for Clients	<p>Some impact on financial attitude and risk management</p> <ul style="list-style-type: none"> • 10% decrease of negative perception towards insurance • Partially improved attitude towards savings • 9% increase of setting money aside for future emergencies <p>Little evidence with respect to asset building (except for 8-10% increase of savings incidence);</p> <p>Many mixed and counter-intuitive results for multiple-borrowing/over-indebtedness and vulnerability.</p> <ul style="list-style-type: none"> • Increased borrowing from informal source by 19-22% • 9% increase in taking out loan to repay another • Ability to cover HH expenses reduced by almost 20% while ability to cover unforeseen HH expenses increased 8-13%
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Table 10. Main results of the innovations on vulnerability: Financial services

MFI	Innovation	Main results
NWTF, Philippines	Emergency Savings Product (Individual Emergency Fund)	<p>Strongest results:</p> <ul style="list-style-type: none"> • Cross-borrowing decreased in multiple indicators: 22% reduction in taking out loan to repay another, 7% reduction in borrowing from formal and 1.5% from informal sources • Repayment difficulties decreased by 7% <p>=> positive impact on over-indebtedness/multiple borrowing,</p> <ul style="list-style-type: none"> • Improvement of precaution-related financial attitudes <p>Inconclusive results:</p> <ul style="list-style-type: none"> • Financial behaviour/risk management • Vulnerability: while study shows significant increase in ability to cover all household expenses (4.2%), it also finds a decrease in the ability to cover unforeseen household expenses <p>Negative result:</p> <ul style="list-style-type: none"> • Clients took less insurance, e.g. decrease of >30% in life insurance (negative impact on asset building)
PML, Uganda	New Asset financing Product (Mortgage Asset Financing Loan)	<p>Strongest results for clients who had accessed the asset financing product...</p> <ul style="list-style-type: none"> • Increased their assets, especially land (by 12%), vehicles and motor cycles (by 14%); • Could better cover their business (increase from 31 to 60%) and household (increase from 47 to 66%) expenses over time; • Had slightly more difficulties repaying their loans (increase from 8 to 12%); • Had slightly more unforeseen expenses but slightly increased ability to cover them; and • Had similar financial attitudes and behaviour compared to clients without access to the MAFL.



CONCLUSIONS

6.

Conclusion

The Microfinance for Decent Work action research programme tested the hypothesis that bundling a package of complementary financial and/or non-financial services could help MFIs enhance their social impact on clients. In particular, it looked at the effects on enhancing the formalisation status and vulnerability of clients, reducing the use of child labour, and improving business performance, all of which are areas that contribute to decent work. By testing the hypothesis with a rigorous design, the research pursued three objectives: a) generating knowledge, b) preparing better policy, and c) demonstrating a business case. We were most successful delivering on the first objective, while bringing out useful insights for objectives two and three.

Generating and sharing knowledge

The project generated a significant volume of evidence providing valuable insights for the microfinance industry, beginning with the results from the diagnostic studies. They clearly indicated that many clients of MFIs do encounter significant decent work challenges. While there are regional differences in how these deficits were manifested, for example in the use of child labour or the occupational safety and health conditions, it is highly likely that most MFIs around the world would find similar concerns if they took a close look at their clients' work circumstances. To facilitate the process of detecting decent work concerns for other MFIs, the ILO will make available the diagnostic assessment tool used through its website.

The impact studies showed that all innovations did have effects on the target outcomes; however, not all with the same intensity and not always in the intended direction. The interpretation of effects is backed by numerous significant results as shown in Chapter 5, but one key message emerges: **MFIs can achieve desired results if they identify an issue and then intentionally focus on helping clients to improve a specific area.**

Some remarkable results in each cluster include:

- Child labour: the coverage of the entire family by a microinsurance product decreased child labour incidence by almost 7 per cent and lowered the risk of hazardous occupations by 5 to 6 per cent for NRSP clients in Pakistan.
- Business performance: the combination of women's entrepreneurship training and a start-up loan resulted in increased self-employment and business expansion for female clients of IMON in Tajikistan. At BASIX in India, OSH training decreased work related injuries by 11 per cent, while training on productivity resulted in a USD 37 increase in monthly net income.
- Formalisation: interventions increased the awareness about formalisation by 93 per cent and formalisation itself by roughly 70 per cent for ESAF clients in India.
- Vulnerability: emergency savings reduced taking a loan to repay another loan by 22 per cent, plus resulted in a 7 per cent drop in repayment difficulties and a generally lower level of indebtedness of clients of NTF in the Philippines.

It is particularly interesting that the MFIs chose different innovations to achieve the same outcome. To reduce child labour, for example, the MFIs introduced a new financial service, adapted an existing product or offered a new non-financial service; to improve business performance, some MFIs provided a mixture of financial and non-financial services, while one restructured its operations. This suggests that there are multiple routes to reach the same goal. However, it also cautions about the replicability of innovations: what may or may not work with one MFI is not necessarily going to have the same effect with another.

Another way of considering the findings is by the type of innovation that was tested. The range of financial service innovations is too diverse to glean much from that category of intervention, with the exception of microinsurance. Strong positive results are linked to all insurance innovations, suggesting that the active promotion of better insurance services provided by MFIs would certainly be warranted.

With regard to non-financial services, it is interesting that so many MFIs chose to introduce this kind of complementary services. The two main innovations were financial education and business development services. For MFIs that have focused on only providing financial services, this move into non-financial services represented a big departure from their usual means of operating. Perhaps this choice reflected the recognition of the limited impact of a minimalist microcredit model. These MFIs also, generally, chose to integrate the non-financial service into their main delivery system, instead of outsourcing to a third-party. Consequently, it required radical changes to the job descriptions and skill requirements for their frontline staff. Overall, MFIs that offered financial education or business development services showed some strong results: improvements to business management were seen at FCPB, ESAF and NWTF, and enhanced productivity was noticeable at BASIX; financial education generated positive results at AMK and TYM, although the findings were less compelling at Confianza and VFC.

While many of the results suggest positive impacts, there are some inconclusive or counter-intuitive results which go hand in hand with challenges related to the research design or data quality:

- Child labour: an awareness campaign for LAPO clients in Nigeria did not have any significant impact on the value that parents placed on school.
- Business performance: the interventions by IMON in Tajikistan of women entrepreneurship training and start-up loan did not increase empowerment of female clients.
- Formalisation: training on formalisation by FCPB Burkina Faso did not impact the registration as a formal enterprise, but increased by 10 per cent the registration as an informal sector entity.
- Vulnerability: financial education training increased borrowing from informal sources by roughly 20 per cent for VFC clients in Cambodia.

The credibility of some studies could have been improved, for example, by randomising the innovation across more branches or through better data quality. Notwithstanding, the MFIs were generally effective action research partners, especially when they expected that the findings would help them to be more effective in achieving their social mission. The MFIs that continued through the whole process strongly believed that the promotion of the decent work agenda was an important objective, and that their efforts to tackle work-related challenges would be successful. In fact, NWTf and NRSP have been so motivated by the power of conducting impact studies that they are continuing the research with slight modifications of the innovation and the same research partner to increase the impact of their innovations.

Because there were so many MFIs working on the issue of vulnerability, at an aggregate level there are more interesting results on what works and what does not work to improve risk management and avoid over-indebtedness. However, the child labour innovations, and the efforts to improve business performance and promote formalization did not yield as strong results in aggregate because of limited number of tested innovations – these areas warrant further research to create a greater sample of evidence from which one can draw recommendations. Furthermore, more experimentation with financial products (besides insurance) and staff incentive schemes is needed to substantiate the findings of this research.

The MF4DW programme also gave rise to a community of practice. Many of the MFIs, particularly those working on similar issues, supported each other's efforts, sharing experiences and providing guidance. It was helpful, especially to those that were experiencing challenges, to be reminded that they were not alone, and that there was a support system in place to help. This community is ready to share with other microfinance stakeholders about their experience and assist in replications or further research.

Demonstrating the business case

It was expected that some innovations would pay for themselves through additional income streams, lower loan losses, larger loan balances, higher retention, attracting new customers or through cross-selling opportunities. There is a powerful logic between many of the innovations that were tested and the associated business case for the MFI.

This reasoning particularly applies to innovations focusing on enhancing business performance, reducing vulnerability and promoting formalization since each contains elements to improve the viability of clients' businesses. If the businesses are doing better and earning higher profits, then clients are less likely to be delinquent. A successful business is likely to continue growing and

clients would require larger loans thus potentially increasing the interest income for the MFIs. They could also generate business for the MFI by taking up additional products, such as money transfers, insurance and savings. This cross-selling potential is especially high for growing businesses that make the leap from micro to small enterprises.

Although we cannot substantiate this proposition with the results of a clear cost-benefit analysis, there is evidence of substantial contributions to a business case. For example, the positive impact on the clients' repayment capacity from AMK and NWTF, plus increased client incomes at BASIX and Confianza and NWTF, represent important commercial benefits from the MFIs' efforts to enhance their social impact. Increased savings balances at TYM and VCF are also good indicators, although the analysis if the benefits justify the costs is still outstanding. In an extreme case, like the Andhra Pradesh crisis that drove a high level of non-repayment among all microfinance clients, the research showed that social engagement of MFIs pays off. In Andhra Pradesh, BASIX's clients who followed the OSH training had a much better repayment performance throughout the crisis.

The one decent work theme where it was envisioned that there would not be a business case was child labour. It was expected that this issue would be a concern for MFIs from a social mission or public relations perspective, but it would be hard to justify an engagement on this topic based on its contribution to the organization's bottom line. It is quite ironic therefore that NRSP was able to make a significant impact in reducing child labour while expanding the scope of its insurance offering, which is profitable for the MFI as an insurance intermediary.

After the conclusion of the research, all participating MFIs are continuing to offer the tested innovations. This serves as a proxy for the business case. Some innovations have been modified, sometimes the innovations have been reshaped (e.g. VFC financial education training is offered in a more streamlined way), but the fact that the MFIs are rolling out their innovations to all branches is certainly an indication that they see value in its continuing.

Looking forward, based on the financial data that had been collected from the MFIs, the ILO will conduct cost-benefit analyses for those innovations that had the strongest impact and for which one can estimate the cost implications. In addition, further research is necessary to assess the long-term net benefits for both client and institution.

Prepare better policy

Several important messages emerge from this research for regulators, policymakers and donors. First, it appears that microfinance can have a greater impact if interventions are intentionally

targeted to achieve specific results. That impact was possible partly because the MFIs were willing to undertake the diagnostic survey and think more broadly about their relationship with their customers beyond financial transactions. A microfinance-plus approach therefore requires careful consideration, and it will warrant particular attention if a compelling business case emerges to complement the impact at the client level.

Second, the results highlight the importance of bringing together practitioners and academics to engage in this type of research, whether it is on issues related to decent work, social performance, or other impact dimensions. If the microfinance industry is keen to demonstrate that it provides valuable inputs to improving the world of work and to alleviating poverty, then it needs to have a body of better evidence to support its assertions.

Third, the MF4DW results provide microfinance stakeholders including MFIs, rating agencies, industry networks, and policymakers with clear examples of social performance monitoring. A number of Universal Standards of Social Performance Management (USSPM) relate to the MF4DW agenda, for example:

- Standard 1, on defining and monitoring social goals, could refer to all of the decent work areas addressed in this research,
- Standard 3, on treating clients responsibly, contains considerations to prevent clients from becoming over-indebted, for which this research has given innovative input on what MFIs can do,
- Standard 4, on understanding clients' needs, relates to needs in clients' "worlds of work", and as such summarises the challenge to offer appropriate products and services to enable clients to safer, healthier and formal circumstances, and
- Standard 6 on balancing financial and social goals, relates to the "business case", which needs further investigation.

The results and challenges of the research can inform the implementation of the USSPM and provide further input to the Client Protection Principles and to Social Rating Agencies for defining indicators.

Fourth, regulators and industry associations may want to take on board specific social performance indicators related to decent work that have been suggested and tested in this research. Policymakers might want to consider elements proposed through the research when setting up government-sponsored enabling arrangements, such as through youth funds and second tier apexes, and require their interventions to fulfil decent work standards in the operation of the interventions.

By sharing the findings and experiences from this action research project, the ILO hopes to encourage MFI management and staff, microfinance practitioners, researchers, policymakers, and donors to undertake intentional innovations, and evaluate their impact, because it is a promising way to enhance results for the betterment of all stakeholders involved. It is, however, not an easy process. Hopefully the lessons learned and recommendations highlighted in Sections 3 and 4 will help to inform microfinance practitioners and academics as they engage in future research.



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All MF4DW impact reports can be downloaded on <http://bit.ly/1ju8Lfk>

Annex 1. Profiles of MFIs and details on Innovations

MFI Background	MFI Name and Date of Establishment	Current Legal Status	Mission	Products	Nb of Employees
	AMK: Angkor Mikroheranhvatho Kampuchea, Cambodia, 1999		Licensed Microfinance Institution	Help large nb of poor people to improve their livelihood options through the delivery of appropriate and viable microfinance services	Financial services -Loans (group & ind), voluntary savings

Innovation & Results	External Events	DW Area & Type of Innovation	Innovation
	<ul style="list-style-type: none"> • Extreme weather condition: floods • Drop in food price (i.e. rice) 	Vulnerability, risk management, and overindebtedness Non-Financial Services: Financial Education	Financial education training, based on ILO's financial education manuals for Cambodia. The goal was to equip clients with skills and knowledge so that they take informed decisions about earnings, spending, budgeting, savings, and borrowing. AMK applied an indirect training approach focusing on increasing financial education and training capacity of staff and delivering key message in group meetings throughout the loan cycle.

Research Design	Sample Size	Nb of surveys & Timespan	TG & CG
	Sample size: 942 HHs TG: 456 HHs CG: 486 HHs	1 baseline and 2 follow-up surveys Dec09-Oct11	Total nb of branches: 2 Nb of branches in TG: 1 Nb of branches in CG: 1


Footnotes:

nb = number, n/c = not communicated, CG = Control Group, TG = Treatment Group, HH = Household, DW = Decent Work
 All metrics report to FY12 (annual date) otherwise specified
 Data source: MIX Market & initial EOI of each individual MFI

Nb of Branches	Gross Loan Portfolio (USD) & Average Loan Balance per Borrower (USD)	Nb of Active Borrowers & Nb of Depositors	Operational Selfsufficiency	Borrowers per Loan Officer	Rural Borrowers	Female Borrowers
24	62.3 million 213	292'412 32'631	118% (2011)	283 (2011)	95% (2011)	87%

Results & Figures	Recommendations
<p>Strongest positive impact on the repayment behaviour of clients:</p> <ul style="list-style-type: none"> Reduction of 3.4% in late payments <p>Significant and positive impacts on:</p> <ul style="list-style-type: none"> Asset building through 10% increase of insurance uptake, Financial attitude through 8% reduction in clients' believe that it is impossible to save, an 1% increase in clients' association of savings and security, through improved handling of debt, as well as attitude towards borrowing. 	<ol style="list-style-type: none"> Continue to implement the financial education programme by sharing the pre-determined financial education topics with clients at defined moments during the loan cycle; Continue to track progress as part of AMK's social performance agenda; Monitor the quality of programme delivery and regularly strengthen the client officers' and area managers' financial education knowledge and training skills; Complement the financial education curriculum with one topic on insurance to strengthen client's awareness about the insurance concept and the use of such products (including the claim process); and Share tools, methodologies, and findings from the action research through national and international MFI networks to encourage efforts in reducing the risks of clients' overindebtedness and to promote the concept of Decent Work.

Sample selection method	Quality of collected data	Overall credibility of results
Branches preselected based on matching criteria Clients randomly selected	Very good	Medium

	MFI Name and Date of Establishment	Current Legal Status	Mission	Products	Nb of Employees
MFI Background	Bai Tushum: Bai Tushum and Partners, Kyrgyzstan, 2000 	Bank	Contribute to the economic development of the Kyrgyz Republic through the delivery of microfinance services in rural and urban areas, that lead to increased employment and meet the interest of its clients and investors.	Financial services -Loans, voluntary savings, leasing, money transfer services	585

	External Events	DW Area & Type of Innovation	Innovation
Innovation & Results	Kyrgyz political crisis in 2010 and declining market conditions led to reduction in loan demand, increased restructuring of loans and cost of funds	Job creation Combined financial and non-financial services: internal restructuring of loan delivery process and differentiated Micro-credit and SME loans	<ul style="list-style-type: none"> • A new loan delivery mechanism: reorganization of the delivery system by establishing a separate department for SME and microenterprise • Bai Tushum did not implement fully the innovation due to the external events

	Sample Size	Nb of surveys & Timespan	TG & CG
Research Design	Sample size: 1283 clients	1 baseline and 2 follow-up surveys Nov 09 - Nov10	No control group in follow up surveys due to roll out of innovation in all branches


Footnotes:

nb = number, n/c = not communicated, CG = Control Group, TG = Treatment Group, HH = Household, DW = Decent Work
 All metrics report to FY12 (annual date) otherwise specified
 Data source: MIX Market & initial EOI of each individual MFI

Nb of Branches	Gross Loan Portfolio (USD) & Average Loan Balance per Borrower (USD)	Nb of Active Borrowers & Nb of Depositors	Operational Selfsufficiency	Borrowers per Loan Officer	Rural Borrowers	Female Borrowers
62	63.1 million 2,380	26'500 1,676	105%	132	80%	65%

Results & Figures	Recommendations
<p>Positive results: Job creation amongst clients: from 92% of clients that have employees at baseline to almost 100% at the last survey</p> <p>Inconclusive results on effects of increased loan size on job creation.</p> <p>Negative results on wage employment: Decrease from 43% to 28% of wage employment amongst clients</p>	<p>1) Incorporate indicators for job creation used in the survey into social performance management.</p> <p>2) Identify more clearly SMEs according to several metrics used in the study and national legislation</p>

Sample selection method	Quality of collected data	Overall credibility of results
<p>Branches and suboffices: preselected based on matching criteria</p> <p>Clients: randomly selected at suboffice level</p>	<p>Good quality Issues in identification problems of clients solved through extensive exploitation of data</p>	<p>low</p>

	MFI Name and Date of Establishment	Current Legal Status	Mission	Products	Nb of Employees
MFI Background	Bancovelo: Banco Popular SA formerly Banco Popular Covelo, Honduras, 1991 	Bank	Offers credit to customers that do not have regular access to banks, as well as small and mid-sized companies with small annual revenues.	Financial services -Loans, Voluntary savings, fund transfer services	407

	External Events	DW Area & Type of Innovation	Innovation
Innovation & Results	<ul style="list-style-type: none"> Political turmoil following 2009 presidential election Extreme weather conditions: floods Change of provider for insurance product 	Vulnerability, risk management, and overindebtedness Combination of financial and non-financial services: Voluntary health insurance product & client training on risk management, first aid	Health microinsurance product that covers critical illness, hospitalization plan, medical expenses, and personal accident. The insurance was offered to clients in the SME sector to improve their coping strategies vis-a-vis unforeseen health-related expenses. This strategy was complemented by client training on workrelated risk, first aid and use of insurance.

	Sample Size	Nb of surveys & Timespan	TG & CG
Research Design	n/a	1 baseline survey	Total nb of branches: 3 Nb of branches in TG: 2 Nb of branches in CG: 1


Footnotes:

nb = number, n/a = not applicable, CG = Control Group, TG = Treatment Group, HH = Household, DW = Decent Work
 All metrics report to FY12 (annual date) otherwise specified
 Data source: MIX Market & initial EOI of each individual MFI

Nb of Branches	Gross Loan Portfolio (USD) & Average Loan Balance per Borrower (USD)	Nb of Active Borrowers & Nb of Depositors	Operational Selfsufficiency	Borrowers per Loan Officer	Rural Borrowers	Female Borrowers
25	50 million 2'549	19'575 33'381	102%	190	11%	65%

Results & Figures	Recommendations
The implementation of the new health insurance product was delayed which resulted in insufficient time to conduct an endline data collection. Hence, the impact of the innovation could not be estimated.	<ol style="list-style-type: none"> 1) Continue to implement both insurance product and client training; 2) Collect data on progress and conduct descriptive data analysis; and 3) Share findings with industry stakeholders

Sample selection method	Quality of collected data	Overall credibility of results
Branches preselected based on matching criteria Clients randomly selected	n/a	n/a

	MFI Name and Date of Establishment	Current Legal Status	Mission	Products	Nb of Employees
MFI Background	BASIX: Bhartiya Samruddhi Finance Ltd, India, 1996 	NBFI	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.	Financial services -Loans, Insurance Non Financial services Agricultural / Business Development Services, Institutional Development Services, Trainings / Consulting	1689

	External Events	DW Area & Type of Innovation	Innovation
Innovation & Results	Microfinance crisis sparked in Andra Pradesh in October 2010. The ordinance passed has led to an almost complete halt of lending in Basix's AP branches, staff drastic reduction and made it impossible to envisage the new loan for work place improvements BASIX was planning to offer.	Productivity and Occupational safety and health (OSH) Non-Financial Services: OSH and productivity Training and close individual monitoring	<ul style="list-style-type: none"> • Staff training of trainers on better productivity and increased work place safety (based on ILO's WIND methodology) branded SWASTH • Client level training by Basix staff • Continuous individual on site monitoring

	Sample Size	Nb of surveys & Timespan	TG & CG
Research Design	Sample size: 865HHs 1 TG: 683 HHs CG: 182 HHs	1 baseline and 2 follow-up surveys Jun10-Jan12	Total nb of branches: 3 Nb of branches in TG: 2 Nb of branches in CG: 1


Footnotes:

nb = number, n/c = not communicated, CG = Control Group, TG = Treatment Group, HH = Household, DW = Decent Work
 All metrics report to FY12 (annual date) otherwise specified
 Data source: MIX Market & initial EOI of each individual MFI

Nb of Branches	Gross Loan Portfolio (USD) & Average Loan Balance per Borrower (USD)	Nb of Active Borrowers & Nb of Depositors	Operational Selfsufficiency	Borrowers per Loan Officer	Rural Borrowers	Female Borrowers
209	46.9 million 124.2	374'421 none	104% (2010)	353	94%	67%

Results & Figures	Recommendations
<p>Positive results in safety and health at the workplace</p> <ul style="list-style-type: none"> Significant decrease in workplace illnesses and injuries (11%) Increased safe work place habits: more clients having a first aid box <p>Improved working conditions</p> <ul style="list-style-type: none"> Reduced average daily work hours (-73 minnutes) <p>Improved productivity</p> <ul style="list-style-type: none"> 37 USD increase in the monthly income Increase in the ability to cover costs (25%) Increase in the adoption of new technologies and practises (to ease physical labour, reduce cost of inputs or increase yield) (54%) <p>Inconclusive results related to the longer term impact</p>	<ol style="list-style-type: none"> Integrate the training to Basix Ag/BDS services and roll it out to other branches; Continue to track progress on the client level as part of Basix's social performance agenda; 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); Support the SWASTH training by use of multimedia for sensitization; Monitor the quality of the training delivery and regularly strengthen the OSH knowledge and training skills of the LSPs and other involved staff; 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.

Sample selection method	Quality of collected data	Overall credibility of results
Branches preselcted based on geographical location and sectors of activity clients self selected by enrolling in the training	<ul style="list-style-type: none"> Clients comparability between TG and CG solved through propensity score matching Missing data on the productivity questions 	medium

	MFI Name and Date of Establishment	Current Legal Status	Mission	Products	Nb of Employees
MFI Background	ESAF: ESAF Microfinance and Investments (P) Ltd, India, 1992 	NBFI	To positively impact the lives of more than 1 million low income families by 2015 by offering them exclusive financial services along with other services like health care, education, housings and livelihood support	Financial services -Loans, voluntary savings, insurance, payment services Non Financial -training and consulting, policy advocacy, research and development	1429

	External Events	DW Area & Type of Innovation	Innovation
Innovation & Results	Microfinance crisis in Andhra Pradesh which banned possibility to increase loan size	Formalization Non-Financial Services: Business development services	<ul style="list-style-type: none"> • Awareness raising campaign and business development services for the formalization of enterprises and strengthening of growthoriented enterprises. • Induce clients to register and formalize their business with the aim of long term sustainability.


	Sample Size	Nb of surveys & Timespan	TG & CG
Research Design	Sample size: 498 clients TG: 257 clients CG: 241 clients	1 baseline and 3 follow-up surveys Dec10-Mar12	Total nb of branches: 12 Nb of branches in TG: 6 Nb of branches in CG: 6

Footnotes:

nb = number, n/c = not communicated, CG = Control Group, TG = Treatment Group, HH = Household, DW = Decent Work
All metrics report to FY12 (annual date) otherwise specified
Data source: MIX Market & initial EOI of each individual MFI

Nb of Branches	Gross Loan Portfolio (USD) & Average Loan Balance per Borrower (USD)	Nb of Active Borrowers & Nb of Depositors	Operational Selfsufficiency	Borrowers per Loan Officer	Rural Borrowers	Female Borrowers
148	77.7 million 202.1	384'250 none	113%	460	87%	100%

Results & Figures	Recommendations	
<p>Positive impact on formalisation status and business practices:</p> <ul style="list-style-type: none"> • Strong increase (70%) in registration of businesses with relevant authorities • Ownership of bank accounts increased but impact insignificant (2% increase) • Awareness about government support schemes was affected positively (multiplied by 3 times in the treatment group but decreased in the control group), yet no increase in usage of government support schemes • Maintaining books of accounts improved significantly by 15% • Perception of the importance of the household enterprise for income generation increased by 17% <p>Inconclusive results related to the longer term impact, such as improvement of the social outcomes for the clients – for example:</p> <ul style="list-style-type: none"> • Negative impact on monthly household income: control group sees larger shift from lowest to next income group 	<ol style="list-style-type: none"> 1) Deepen further its knowledge about the key indicators that differentiate growth oriented clients from clients that do not have this potential, to be able to provide differentiated services depending on respective needs. 2) Continue the practice and expand the function of Business Development Officers 3) Share the results of the project with relevant authorities, with evidence of the lengthy processes in accessing benefits for small entrepreneurs. 4) Continue to track progress in improving well-being of clients, as part of its social performance agenda. 5) Share tools, methodologies, and findings from the action research through national and international networks of microfinance institutions in order to encourage similar work in promoting formalisation and the campaign for Decent Work around the world. 	
Sample selection method	Quality of collected data	Overall credibility of results
Branches preselected based on matching criteria Clients randomly selected	Issues in identification problems of clients solved through extensive exploitation of data	high

	MFI Name and Date of Establishment	Current Legal Status	Mission	Products	Nb of Employees
MFI Background	Financiera Confianza: Financiera Confianza, Peru, 1997 	Financiera	Offer innovative and high quality financial solutions to micro, and small- and medium-sized enterprises	Financial services -Loans, savings, insurance, money transfer services	2380

	External Events	DW Area & Type of Innovation	Innovation
Innovation & Results	<ul style="list-style-type: none"> • Extreme weather condition: floods • Drop in food price 	Vulnerability, risk management, and overindebtedness Combination of financial and non-financial services: Risk management training & voluntary multi-risk insurance product	New multi-risk microinsurance product to help clients protect against unforeseen expenses. This strategy was accompanied by client risk management training and insurance use. Since eventually only the training differentiated TG and CG, the training is considered the innovation.

	Sample Size	Nb of surveys & Timespan	TG & CG
Research Design	Sample size: 316 clients TG: 233 clients CG: 83 clients	1 baseline and 1 follow-up survey Jun10-Oct11	Total nb of branches: 3 Nb of branches in TG: 2 Nb of branches in CG: 1


Footnotes:

nb = number, n/c = not communicated, CG = Control Group, TG = Treatment Group, HH = Household, DW = Decent Work
 All metrics report to FY12 (annual date) otherwise specified
 Data source: MIX Market & initial EOI of each individual MFI

Nb of Branches	Gross Loan Portfolio (USD) & Average Loan Balance per Borrower (USD)	Nb of Active Borrowers & Nb of Depositors	Operational Selfsufficiency	Borrowers per Loan Officer	Rural Borrowers	Female Borrowers
172	168 million 1981	230'722 345'920	116% (2011)	97	13% (2011)	54% (2011)

Results & Figures	Recommendations
<p>Some positive impact on multiple borrowing/over-indebtedness</p> <ul style="list-style-type: none"> • 28% lower outstanding loan balances, and number of other financial service providers used <p>Positive income effect of 450-500 Soles (170-190 USD)</p> <p>No impact of financial education on insurance uptake (not significant)</p> <p>Counter-intuitive results:</p> <ul style="list-style-type: none"> • Significant negative impact vulnerability as fewer clients can meet unexpected expenses (36%) and cover monthly costs (21%) • Increase of late payments by 12% (over-indebtedness) • Significant negative impact on attitude towards savings for emergencies (25%) 	<ol style="list-style-type: none"> 1) Continue to implement the risk management training; 2) Review risk management training to also cover financial education in general; 3) Facilitate clients' participation in risk management training that is more effective for both clients and Confianza. Encourage clients to build capacities in risk management; and 4) Share tools, methodologies and findings from action research through microfinance networks.

Sample selection method	Quality of collected data	Overall credibility of results
Branches preselected based on matching criteria Clients randomly selected	-Unbalanced sample between CG & TG - Inconsistent client IDs partially resolved through extensive data cleaning	Medium

	MFI Name and Date of Establishment	Current Legal Status	Mission	Products	Nb of Employees
MFI Background	IMON: LLC Microlending Organization IMON International, Tajikistan, 1999 	NBFI	Promote economic development in Tajikistan: assist in increasing the quality of life and economic development in the country through providing sustainable access to finance for economically active people in Tajikistan	Financial services -Loans, voluntary savings Non Financial services -training and consulting	992

	External Events	DW Area & Type of Innovation	Innovation
Innovation & Results	None	Women empowerment through entrepreneurship Combined financial & nonfinancial Services: Specific start-up loans for women with entrepreneurship training	<ul style="list-style-type: none"> A start-up loan programme with entrepreneurship training targeted at women potential entrepreneurs. Entrepreneur training package based on ILO's Get Ahead curriculum

	Sample Size	Nb of surveys & Timespan	TG & CG
Research Design	Sample size: 905 clients TG: 487 clients CG: 418 clients	1 baseline and 2 follow-up surveys Oct2009-June 2011	All branches in country


Footnotes:

nb = number, n/c = not communicated, CG = Control Group, TG = Treatment Group, HH = Household, DW = Decent Work
 All metrics report to FY12 (annual date) otherwise specified
 Data source: MIX Market & initial EOI of each individual MFI

Nb of Branches	Gross Loan Portfolio (USD) & Average Loan Balance per Borrower (USD)	Nb of Active Borrowers & Nb of Depositors	Operational Selfsufficiency	Borrowers per Loan Officer	Rural Borrowers	Female Borrowers
86	68.5 million 1,177	58'186 none	138%	116	61%	38%

Results & Figures	Recommendations
<p>Increased self-employment and income generating opportunities</p> <ul style="list-style-type: none"> • 258 out of 487 women who were trained reported having implemented their business idea (62% of women who responded to the question) • The majority of women started their business within 3 months <p>Mixed results on women entrepreneurship:</p> <ul style="list-style-type: none"> • At baseline, the treatment group report more entrepreneurial characteristics than the control group even though they had less business experience. However, in the follow-up surveys – the treatment group seemed to have become less convinced about their entrepreneurial characteristics. • Mixed results regarding the effects of the innovation on business practices: increased in business practices, increased awareness of business association, increased uptake of products <p>No impact of the innovation on women empowerment indicators</p>	<p>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;</p> <p>2) Inquire further on the business case to develop a sustainable business development service model; and</p> <p>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.</p>

Sample selection method	Quality of collected data	Overall credibility of results
TG clients selected based on uptake of product CG clients selected to match TG	-Missing data, data inconsistencies and bias reported	Medium

	MFI Name and Date of Establishment	Current Legal Status	Mission	Products	Nb of Employees
MFI Background	LAPO: Lift Above Poverty Organisation, Nigeria, 1987 	Microfinance Bank	Promote economic empowerment through the provision of financial services on a sustainable basis.	Financial services -Loans, voluntary savings Non Financial services -training and consulting	2'705

	External Events	DW Area & Type of Innovation	Innovation
Innovation & Results	n/a	Child labour Financial Services & Non-Financial Services: Soft loan and awareness campaign	<ul style="list-style-type: none"> • Educating clients on the disadvantages of sending their children to work • Offering a financial product (a soft loan for school fees at 1%/month) to help parents to diffuse the lump sum school payment over a monthly repayment schedule

	Sample Size	Nb of surveys & Timespan	TG & CG
Research Design	Sample size: 2,609 HHs TG: 1,701 HHs CG: 568 HHs	1 baseline and 3 follow-up surveys Jan10-Nov11	Total nb of branches: 10 Nb of branches in TG: 7 Nb of branches in CG: 3

Footnotes:

nb = number, n/a = not applicable, CG = Control Group, TG = Treatment Group, HH = Household, DW = Decent Work
All metrics report to FY12 (annual date) otherwise specified
Data source: MIX Market & initial EOI of each individual MFI

Nb of Branches	Gross Loan Portfolio (USD) & Average Loan Balance per Borrower (USD)	Nb of Active Borrowers & Nb of Depositors	Operational Selfsufficiency	Borrowers per Loan Officer	Rural Borrowers	Female Borrowers
302	108.4 million 193.90	559'227 756'904	140%	353	10% (2007)	93%

Results & Figures	Recommendations
<p>School attendance: marginal impact for clients exposed to awareness campaign only; and insignificant impact for clients benefiting from the campaign plus loan No significant impact on child labour incidence, with even increased hours worked</p> <p>Awareness on child labour: no significant impact with higher value placed on work than school (negative impact of innovation).</p>	<ol style="list-style-type: none"> 1) To thoroughly review submitted data for inconsistencies that might help to explain the unusual findings for such a straightforward innovation; 2) Examine attrition rates in the sample for each branch during each wave; an analysis could be undertaken looking specifically at clients who left the sample and why, which may explain variations seen in data between waves; 3) Review the awareness campaign material for unintended messages and translations that may be giving unclear messages regarding child work and child schooling; 4) Continue to review child labour among its clients, particularly if the innovations are to continue. The ILO would suggest that all persons involved in the survey process undergo a re-training. Capacitated staff can then continue this important work; and 5) Share lessons learned, challenges faced, and findings from the action research in order to illustrate how some innovations may have stronger effects or more unintended outcomes than others in the fight against child labour.

Sample selection method	Quality of collected data	Overall credibility of results
Branches randomly selected, excluding the southern part of Nigeria. Clients stratified (with children, eligible for school loans - No children but might employ children) then randomly selected	Identification problems of HH, missing values, inconsistencies in the data	Low

	MFI Name and Date of Establishment	Current Legal Status	Mission	Products	Nb of Employees
MFI Background	NRSP Microfinance Bank Limited 1991 	Microfinance bank	Improve the living stds of rural and urban people through extending diverse microfinance in a transparent and financially sustainable way.	Financial services -Loans, insurance, savings Non Financial services -Training and consulting	2'353

	External Events	DW Area & Type of Innovation	Innovation
Innovation & Results	Extreme weather condition: national flooding during data collection	Child labour Financial Services: Upgraded micro-health and accidental death insurance	- Up-graded micro-health and accidental death insurance covering all non-nuclear family members on a voluntary basis - 'Increased loan officers' awareness on micro-insurance to allow them to better assist clients and their household in proper use of the micro-insurance product

	Sample Size	Nb of surveys & Timespan	TG & CG
Research Design	Sample size: 2,097 HHs TG: 1,320 HHs CG: 777 HHs	1 baseline and 4 follow-up surveys Sep09-Dec11	Total nb of branches: 13 Nb of branches in TG: 9 Nb of branches in CG: 4

Footnotes:

nb = number, n/a = not applicable, CG = Control Group, TG = Treatment Group, HH = Household, DW = Decent Work
All metrics report to FY12 (annual date) otherwise specified
Data source: MIX Market & initial EOI of each individual MFI

Nb of Branches	Gross Loan Portfolio (USD) & Average Loan Balance per Borrower (USD)	Nb of Active Borrowers & Nb of Depositors	Operational Selfsufficiency	Borrowers per Loan Officer	Rural Borrowers	Female Borrowers
455	58,3 million 142	409'874 2'288'825	112% (2011)	168 2011	77%	76%

Results & Figures	Recommendations
<ul style="list-style-type: none"> • Incidence of child labour decreased significantly by almost 7% • Reduction for incidence of child labour and hours worked stronger for boys than for girls (however, child labour clearly more common among boys) • Hazardous occupation reduced between 5.7 and 6.5 % • Monthly earning through child labour reduced* • Average hours worked reduced between 2.5 and 3.5 hours per week • Insurance coverage and usage increased significantly 	<ol style="list-style-type: none"> 1) Continue awareness raising around micro-insurance: product & usage; 2) Negotiate with insurance service provider to ensure that the product can be supplied in a financially sustainable manner that is still affordable to clients; 3) Continue to track its progress in reducing child labour among clients as part of its social performance agenda; 4) NRSP continue to study child labour among clients when implementing similar expanded micro-insurance packages outside of Hyderabad; and 5) Share their tools methodologies, experiences, and findings through national and international networks of microfinance institutions in order to encourage similar work in the fight against child labour

Sample selection method	Quality of collected data	Overall credibility of results
Branches randomly selected All clients of a particular branch are surveyed	-Identification problems (unique client ID) and few missing values resolved through data cleaning. - Generally very good quality	High

	MFI Name and Date of Establishment	Current Legal Status	Mission	Products	Nb of Employees
MFI Background	NWTF: Negros women for Tomorrow Foundation, Inc, Philippines, 1984 	NGO	Provide sustainable financial and client responsible developmental services to the poor	Financial services -Loans (group, individual) savings (compulsory, voluntary), insurance Non Financial services -Livelihood training	981

	External Events	DW Area & Type of Innovation	Innovation
Innovation & Results	Change in food price & more favourable economic development in TG	Vulnerability, risk management, and overindebtedness 1) Non-Financial Services: Entrepreneurship training	Entrepreneurship training for clients based on the ILO Generate and Start Your Business materials (GYB-SYB). The training was delivered by loan officers and aimed at improving the entrepreneurial skills of clients to foster business development. Increased income could be reinvested in client businesses, used for punctual loan repayment or consumption smoothing.

	Sample Size	Nb of surveys & Timespan	TG & CG
Research Design	Sample size: 765 clients TG: 394 clients CG: 371 clients	1 baseline and 4 follow-up surveys Dec09-Dec11	Total nb of branches: 2 Nb of branches in TG: 1 Nb of branches in CG: 1

Nb of Branches	Gross Loan Portfolio (USD) & Average Loan Balance per Borrower (USD)	Nb of Active Borrowers & Nb of Depositors	Operational Selfsufficiency	Borrowers per Loan Officer	Rural Borrowers	Female Borrowers
61	48 million 306	151'788 158'241	104%	268	75%	100%

Results & Figures	Recommendations
<p>Strongest positive results: 13% treatment effect in perception of lower barriers to entrepreneurship</p> <p>Positive impact on asset building: Business profit increased by PHP 2'000 (approx. USD 50) which was almost double the baseline profit, ownership of motorized vehicles increased by 3.5%</p> <p>Positive impact on overindebtedness: Incidents of late repayment decreased by 4%, taking out a loan to repay another loan decreased by 10%</p> <p>Positive impact on risk management 5% increase in use of microinsurance to cover unforeseen expenses</p> <p>Inconclusive results for:</p> <ul style="list-style-type: none"> • Debt- and precaution-related financial attitudes, • Financial behaviour/risk management. 	<ol style="list-style-type: none"> 1) Continue to implement the GYB-SYB training and roll out to other branches, possibly using staff of the Client Services Department to avoid overloading loan officers; 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; 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.

Sample selection method	Quality of collected data	Overall credibility of results
Branches preselected based on matching criteria Clients pre-selected based on entry criteria for GYB training	- One wave deleted due to low nb observations. -Identification problems (unique client ID), missing data and data inconsistencies mainly resolved through extensive data cleaning	Medium

Innovation & Results	External Events	DW Area & Type of Innovation	Innovation
		Vulnerability, risk management, and overindebtedness 2) Financial Services: Individual Emergency Fund (emergency savings)	Introduction of the Individual Emergency Fund (IEF). The IEF is an emergency savings account that can be augmented by voluntary contributions as well as a 10% interest rate rebate automatically credited upon punctual loan repayment. The savings balance can be used for meeting emergency expenses thus preventing additional debt or bringing about a consumption smoothing effect.

Research Design	Sample Size	Nb of surveys & Timespan	TG & CG
	Sample size: 702 clients TG: 301 clients CG: 401 clients	1 baseline and 4 follow-up surveys Jan10-Dec11	Total nb of branches: 2 Nb of branches in TG: 1 Nb of branches in CG: 1

Footnotes:

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All metrics report to FY12 (annual date) otherwise specified

Data source: MIX Market & initial EOI of each individual MFI

Results & Figures	Recommendations
<p>Strongest results: positive impact on over-indebtedness/multiple borrowing,</p> <ul style="list-style-type: none"> • Cross-borrowing decreased in multiple indicators: 22% reduction in taking out loan to repay another, 7% reduction in borrowing from formal and 1.5% from informal sources • Repayment difficulties decreased by 7% • Improvement of precaution-related financial attitudes <p>Inconclusive results:</p> <ul style="list-style-type: none"> • Financial behaviour/risk management • Vulnerability: while study shows significant increase in ability to cover all household expenses (4.2%), it also finds a decrease in the ability to cover unforeseen household expenses <p>Negative result:</p> <ul style="list-style-type: none"> • Clients took less insurance, e.g. decrease of >30% in life insurance (negative impact on asset building) 	<ol style="list-style-type: none"> 1) Continue to implement the Individual Emergency Fund and the Wealth training and roll out to other branches; 2) Continue to track progress on the client level as part of NWTF's social performance agenda and incorporate into NWTF's tailored PPI tool; 3) Monitor the quality of training delivery and regularly strengthen the risk management knowledge and training skills of NWTF staff; 4) 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.

Sample selection method	Quality of collected data	Overall credibility of results
<p>Branches randomly selected All clients of a particular branch are surveyed</p>	<p>-Identification problems (unique client ID) and few missing values resolved through data cleaning. - Generally very good quality</p>	<p>High</p>

	MFI Name and Date of Establishment	Current Legal Status	Mission	Products	Nb of Employees
MFI Background	Nyesigiso: Le Réseau des caisses d'Épargne et de Crédit du Mali, Nyesigiso, Mali, 1990 	Credit Union/Cooperative	As a cooperative provide financial services to rural and urban livelihoods and improve their quality of life.	Financial services -Loans, voluntary savings, money transfer services	319

	External Events	DW Area & Type of Innovation	Innovation
Innovation & Results	Seasonality (agricultural activities of clients)	Child labour Non-Financial Services: Sensitisation and training	<ul style="list-style-type: none"> • Awareness campaign to sensitise against child labour • Training programme on reduction of child labour, financial education and working conditions in the agricultural sector.

	Sample Size	Nb of surveys & Timespan	TG & CG
Research Design	Sample size: 1,769 HHs TG: 992 HHs CG: 777 HHs	1 baseline and 2 follow-up surveys Sep10-Dec11	Total nb of branches: 12 Nb of branches in TG: 5 Nb of branches in CG: 7


Footnotes:

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All metrics report to FY12 (annual date) otherwise specified

Nb of Branches	Gross Loan Portfolio (USD) & Average Loan Balance per Borrower (USD)	Nb of Active Borrowers & Nb of Depositors	Operational Selfsufficiency	Borrowers per Loan Officer	Rural Borrowers	Female Borrowers
20	20 million 1,151	17'304 118'828	100% (2008)	351 (2008)	29% (2009)	27% (2009)

Results & Figures	Recommendations
<p>Incidence of child labour decreased by 26% for girl children (the incidence for boy children is not significant – a decrease of 2.7%)</p> <p>Awareness on child labour:</p> <ul style="list-style-type: none"> • Weak evidence that training increased the perceived age at which children should start full-time work • Weak evidence that awareness about the importance of secondary schooling improved 	<ol style="list-style-type: none"> 1. Continue to track its progress in reducing child labour among clients, enhancing working conditions and increasing productivity in agriculture ; 2. Review the gender dimension of the training material as the innovation benefitted most to girls; 3. Explore such intervention in other parts of Mali as well as in other sectors; 4. Thinking about tailor made financial services such as savings for schooling 5. Share lessons learned, challenges faced, and findings from the action research in order to illustrate how some innovations may have stronger effects or more unintended outcomes than others in the fight against child labour.

Sample selection method	Quality of collected data	Overall credibility of results
Branches preselected based on data for region with high prevalence of child labour. clients: 992 clients in treatment groups randomly selected among the clients	Problems in matching clients throughout the waves of data <ul style="list-style-type: none"> • High drop out rate • In the TG clients that did not benefit from the innovation were also 	Low

	MFI Name and Date of Establishment	Current Legal Status	Mission	Products	Nb of Employees
MFI Background	PML: Pride Microfinance Ltd, Uganda, 1995 	Microfinance Deposit Taking Institution	Provide financial services to small, medium and upscale entrepreneurs through profitable operations that promote social and economic growth to customers.	Financial services -Loans, voluntary savings, money transfer services	519 (2011)

	External Events	DW Area & Type of Innovation	Innovation
Innovation & Results	n/a	Vulnerability, risk management, and overindebtedness Financial Services: Microleasing	Introduction of Mortgage and Asset Financing Loans (MAFL) to purchase productive assets like land, vehicles, equipment etc. The new leasing product was to minimise risks resulting from diversion of loan funds into non-productive assets. Investment in productive assets should boost the clients business, increase income and reduce repayment challenges and risk of overindebtedness.

	Sample Size	Nb of surveys & Timespan	TG & CG
Research Design	Sample size: 520 clients TG: 260 clients CG: 260 clients	1 baseline and 2 follow-up surveys Oct09-May11	Total nb of branches: 25 Nb of branches in TG: 24 Nb of branches in CG: 1

Footnotes:

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All metrics report to FY12 (annual date) otherwise specified
Data source: MIX Market & initial EOI of each individual MFI

Nb of Branches	Gross Loan Portfolio (USD) & Average Loan Balance per Borrower (USD)	Nb of Active Borrowers & Nb of Depositors	Operational Selfsufficiency	Borrowers per Loan Officer	Rural Borrowers	Female Borrowers
29 (2011)	29 million (2011) 380 (2011)	70'412 (2011) 278'000 (2011)	113% (2010)	329 (2011)	43% (2011)	40% (2011)

Results & Figures	Recommendations
<p>=> Due to substantial differences in TG and CG client characteristics an econometrical analysis could not be undertaken. Instead, the below results originate from a Before-After-Analysis:</p> <p>Strongest results for clients who had accessed the asset financing product...</p> <ul style="list-style-type: none"> • Increased their assets, especially land (by 12%), vehicles and motor cycles (by 14%); • Could better cover their business (increase from 31 to 60%) and household (increase from 47 to 66%) expenses over time; • Had slightly more difficulties repaying their loans (increase from 8 to 12%); • Had slightly more unforeseen expenses but slightly increased ability to cover them; and • Had similar financial attitudes and behaviour compared to clients without access to the MAFL. 	<ol style="list-style-type: none"> 1) Continue to offer the MAFL; 2) Continue to track progress of risk management indicators on the client level and integrate into PML's social performance agenda; 3) Strengthen the risk management knowledge of staff selling the MAFL (and other PML products); 4) Monitor the quality of client consultations; 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.

Sample selection method	Quality of collected data	Overall credibility of results
TG clients self-selected through product uptake, CG clients matched based on TG characteristics All branches covered	<p>-Due to substantial differences in TG and CG client characteristics no econometrical analysis done</p> <p>-TG baseline data collection occurred over 1 year due to slow product take-up.</p> <p>-CG baseline data collection occurred over 1 month</p> <p>-Not all missing / inconsistent data could be resolved through extensive data cleaning</p>	Low

	MFI Name and Date of Establishment	Current Legal Status	Mission	Products	Nb of Employees
MFI Background	FCPB: Fédération des caisses populaires du Burkina Faso, Burkina Faso, 1972	 Credit Union/ Cooperative	Help improve the living conditions of its members, as well as of the greater community in the spirit of solidarity and of individual and collective responsibility	Financial services -Loans, voluntary savings, money transfer services	985 (2011)

	External Events	DW Area & Type of Innovation	Innovation
Innovation & Results	None	Formalization Non-Financial Services: Business development Services	Awareness raising campaign and business development services for the formalization of enterprises. Induce clients to register their business with the aim of long term sustainability

	Sample Size	Nb of surveys & Timespan	TG & CG
Research Design	Sample size: 490 clients TG: 248 clients CG: 243 clients	1 baseline and 2 follow-up surveys Nov10-Feb12	Total nb of branches: 6 Nb of branches in TG: 3 Nb of branches in CG: 3


Footnotes:

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All metrics report to FY12 (annual date) otherwise specified
Data source: MIX Market & initial EOI of each individual MFI

Nb of Branches	Gross Loan Portfolio (USD) & Average Loan Balance per Borrower (USD)	Nb of Active Borrowers & Nb of Depositors	Operational Selfsufficiency	Borrowers per Loan Officer	Rural Borrowers	Female Borrowers
177 (2011)	142.7 million 858 (2011)	151'231 (2011) 852'149 (2011)	131%	552 (2011)	43% (2007)	60%

Results & Figures	Recommendations
<p>Positive results on attitudes and behaviours toward business management:</p> <ul style="list-style-type: none"> • Increase in number of clients separating their business accounts from their personal accounts • Increased awareness on the importance of social protection (9% increase at the end of the innovation) • Improvement in business management practices of 26% <p>Mixed results regarding registration status of enterprises:</p> <ul style="list-style-type: none"> • No impact on registration as formal enterprises but registration as “informal sector” entity have increased by 10% 	<p>1) Deepen further knowledge about the key indicators that differentiate growth oriented clients from clients that do not have this potential, to be able to provide differentiated services depending on respective needs.</p> <p>2) Continue to provide business development services to clients</p> <p>3) Share the results of the project with relevant authorities, with evidence of the effectiveness of combining financial and non financial services.</p> <p>4) Continue to track progress in improving well-being of clients, as part of its social performance agenda.</p> <p>5) Share tools, methodologies, and findings from the action research through national and international networks of microfinance institutions in order to encourage similar work in promoting formalisation and the campaign for Decent Work around the world.</p>

Sample selection method	Quality of collected data	Overall credibility of results
Branches preselected based on matching criteria Clients randomly selected	Considerable issues in identification problems of clients solved through extensive exploitation of data	medium

	MFI Name and Date of Establishment	Current Legal Status	Mission	Products	Nb of Employees
MFI Background	Tamweelcom: Tamweelcom, formerly Jordan Micro Credit Company, Jordan, 1999 	NGO	Provide a wide range of credit products to micro entrepreneurs and SME's aiming to help them enhance their business.	Financial services -Loans, insurance, Non Financial services -training and consulting	261 (2011)

	External Events	DW Area & Type of Innovation	Innovation
Innovation & Results	Challenged by the research design, MIS not allowing easily to find matching clients on the CG, the MFI decided to drop the CG while implementing the innovation and doing a before/after survey.	Productivity and occupational safety and health (OSH): Non-Financial Services: OSH and productivity individual training and close individual monitoring	<ul style="list-style-type: none"> • Sensitisation campaign on OSH • Adaptation of the ILO WISE material to microentrepreneurs: The Other-WISE • LO's training of trainers on occupational safety and health and productivity (based on ILO's WISE methodology and branded Kafa'a by Tamweelcom) • Clients' level training by LO and individual monitoring

	Sample Size	Nb of surveys & Timespan	TG & CG
Research Design	Sample size: 380 TG:190 clients	1 baseline survey (380 clients) and 1 endline survey (128 treated clients) Sept10 - Dec12	Total nb of branches: 10 Nb of branches in TG: 6


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 All metrics report to FY12 (annual date) otherwise specified
 Data source: MIX Market & initial EOI of each individual MFI

Nb of Branches	Gross Loan Portfolio (USD) & Average Loan Balance per Borrower (USD)	Nb of Active Borrowers & Nb of Depositors	Operational Selfsufficiency	Borrowers per Loan Officer	Rural Borrowers	Female Borrowers
20	33.7 million 495	63'526 none	120%	431 (2011)	57% (2011)	95%

Results & Figures	Recommendations
<p>These results are from the Before-After analysis Better safety and health at the work place:</p> <ul style="list-style-type: none"> Improvements related to material storage and handling received the highest degree of realisation. 1/3 of participants could not complete planned improvements because of their cost. On average participants realized 3 successful improvements with a success rate of above 80% (80% reported good or above working conditions only two-third of them did so at baseline). These are directly correlated with client's motivation captured in the number of training modules the client willingly took. <p>Higher levels of production:</p> <ul style="list-style-type: none"> Participants in the training enjoy a higher production level than the whole sample Positive and significant link between better work environment and level of production 	<ol style="list-style-type: none"> Integrate the training to Tamweelcom services and roll it out to other branches; Track progress on the client level as part of Tamweelcom's social performance agenda; Use this data to consider a new financial product linked to implementing OSH improvements; Support the Kafa training by use of multimedia for sensitization; Monitor the quality of the training delivery, build on the results based incentive scheme and regularly strengthen the OSH knowledge and training skills of the LOs and other involved staff; 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.

Sample selection method	Quality of collected data	Overall credibility of results
Branches with more disbursed loans were elected and clients with larger loans and from accident prone sectors preferred.	Due to inexistence of CG no econometrical analysis done	n/a

	MFI Name and Date of Establishment	Current Legal Status	Mission	Products	Nb of Employees
MFI Background	TYM: Tao Yeu May Fund, Vietnam, 1992 	Licensed Microfinance Institution	Improve the quality of life of poor women by providing credit and savings, creating favourable conditions for their participation in socio-economic activities and enhancing their role in society.	Financial services -Loans, voluntary savings, insurance Non financial services -Training and consulting, technical services	366

	External Events	DW Area & Type of Innovation	Innovation
Innovation & Results	-Drop in food price (i.e. rice) -Extreme weather condition: typhoon, flooding	Vulnerability, risk management, and overindebtedness Combination of Financial & Non-Financial Services: Risk management training and upgraded microinsurance product	Introduced integrated client training on risk management and microinsurance. The goal of training was to increase the limited awareness among TYM clients about the use of the MAF and other risk management strategies that would allow clients to better cope with risk and unforeseen expenses.

	Sample Size	Nb of surveys & Timespan	TG & CG
Research Design	Sample size: 977 clients TG: 496 clients CG: 481 clients	1 baseline and 2 follow-up surveys Dec09-Dec11	Total nb of branches: 2 Nb of branches in TG: 1 Nb of branches in CG: 1


Footnotes:

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All metrics report to FY12 (annual date) otherwise specified
Data source: MIX Market & initial EOI of each individual MFI

Nb of Branches	Gross Loan Portfolio (USD) & Average Loan Balance per Borrower (USD)	Nb of Active Borrowers & Nb of Depositors	Operational Selfsufficiency	Borrowers per Loan Officer	Rural Borrowers	Female Borrowers
17	23.2 million 298	7'818 84'051	147%	324	21% (2011)	100%

Results & Figures	Recommendations
<p>Strongest impact on financial attitude and risk management:</p> <ul style="list-style-type: none"> • 15% decrease in attitude that keeping track record of income and expenditure is not necessary • 4% reduction in attitude that expense analysis is not necessary • 10 to 17% increase in positive attitudes towards savings • 22% increase in ability to put money aside for emergency expenses; <p>Some impact on asset building</p> <ul style="list-style-type: none"> • Increase in motorbike liability insurance by 5% <p>Some impact on multiple borrowing / over-indebtedness</p> <ul style="list-style-type: none"> • Decrease of 12% in taking out loan to repay another <p>Some impact on vulnerability</p> <ul style="list-style-type: none"> • Ability of HH to cover their expenses increased by 3.3% 	<ol style="list-style-type: none"> 1) Continue to implement the client training on risk management and microinsurance at defined moments during TYM client interactions and roll out to other branches; 2) Continue to track progress on the client level as part of TYM's social performance agenda; 3) Monitor the quality of the training delivery and regularly strengthen the risk management knowledge and training skills of TYM staff; 4) Strengthen the capacity of TYM staff to efficiently manage the Mutual Assistance Fund; 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.

Sample selection method	Quality of collected data	Overall credibility of results
Branches preselected based on matching criteria Clients randomly selected	Identification problems (unique client ID) and few inconsistent observations resolved through data cleaning. - Generally good quality	medium

	MFI Name and Date of Establishment	Current Legal Status	Mission	Products	Nb of Employees
MFI Background	VFC: Vision Fund Cambodia Ltd, formerly MED program, Cambodia, 2001 	Licensed Microfinance Institution	Vision Fund is a Christian company that provides financial services to help the poor liberate themselves from poverty.	Financial services -Loans (group, individual), voluntary savings Non financial services services -Client orientation	820

	External Events	DW Area & Type of Innovation	Innovation
Innovation & Results	-Legislation for savings licence slow in coming which made VFC change original innovation idea (savings initiative) -Other service providers started offering financial education -Extreme weather condition: floods -Drop in food price (i.e. rice)	Vulnerability, risk management, and overindebtedness Non-Financial Services: Financial Education	Financial education training, based on ILO's financial education manuals for Cambodia. The goal was to equip clients with skills and knowledge so that they take informed decisions about earnings, spending, budgeting, savings, and borrowing. VFC applied a direct training approach and implemented training sessions with clients.

	Sample Size	Nb of surveys & Timespan	TG & CG
Research Design	Sample size: 460 clients TG: 264 clients CG: 196 clients	1 baseline and 3 follow-up surveys Oct10-Feb12	Total nb of branches: 3 Nb of branches in TG: 2 Nb of branches in CG: 1

Footnotes:

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Data source: MIX Market & initial EOI of each individual MFI

Nb of Branches	Gross Loan Portfolio (USD) & Average Loan Balance per Borrower (USD)	Nb of Active Borrowers & Nb of Depositors	Operational Selfsufficiency	Borrowers per Loan Officer	Rural Borrowers	Female Borrowers
74	48 million 363	156'742 454	128%	363	91% (2011)	92% (2011)

Results & Figures	Recommendations
<p>Some impact on financial attitude and risk management</p> <ul style="list-style-type: none"> • 10% decrease of negative perception towards insurance • Partially improved attitude towards savings • 9% increase of setting money aside for future emergencies • 22% increase in ability to put money aside for emergency expenses; <p>Little evidence with respect to asset building (except for 8-10% increase of savings incidence);</p> <p>Many mixed and counter-intuitive results for multiple borrowing/ over-indebtedness and vulnerability.</p> <ul style="list-style-type: none"> • Increased borrowing from informal source by 19-22% • 9% increase in taking out loan to repay another • Ability to cover HH expenses reduced by almost 20% while ability to cover unforeseen HH expenses increased 8-13% 	<ol style="list-style-type: none"> 1) Reflect on VFC internal capacities (human and financial) to deliver the 2-day-client training on financial education and make adjustments if needed to allow the roll out of the training to other branches; 2) If adjustments in the curriculum are made, it is recommended that: <ol style="list-style-type: none"> i) the participatory methods used in the ILO Trainer's manual are maintained as much as possible to ensure an easy and pleasant learning, ii) VFC staff at branch level is provided with regular opportunities to strengthen their knowledge on financial education and their training skills, iii) the quality of the training delivery is monitored closely; 3) Continue to track the impact of the training on financial education in addressing risk management and over-indebtedness issues on the client level as part of VFC's social performance agenda; 4) Share tools, methodologies, and findings from the action research through national and international MFI networks to encourage similar efforts

Sample selection method	Quality of collected data	Overall credibility of results
Branches preselected based on matching criteria Clients randomly selected	-Identification problems (unique client ID), missing data and data inconsistencies mainly resolved through extensive data cleaning.	medium



Social Finance Programme
Entreprises Department
International Labour Organization
4, route des Morillons
CH-1211 Geneva 22, Switzerland
Tel : +41.(0)22.799.64.86
Email: sfp@ilo.org

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