

# **Microfinance for Decent Work**

## ***A global action research***

### ***Social Finance Programme***

**Workshop – Improving OSH through the  
provision of financial services**

**Cairo, 7-8 December 2009**



There are numerous Decent Work (DW) issues among micro enterprises in the informal economy...



# Child labour - Pakistan



# Hazardous work - India





# What is Decent Work?

*“Opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity”.*

- **Income generating and productive work**
- **Equal access** (e.g. gender)
- **Rights, voice** and recognition
- Secure and healthy **working conditions**
- **Social protection**
- **Stability** and personal development



# Why should MFIs want to participate?

- Improves the MFI's business
  - Could increase loan size
  - Could reduce credit risk, for example
    - Lower work place injuries/better working environment enhance enterprise productivity, increase ability to pay
  - Could attract new clients
- Avoid negative impacts (e.g. creating a demand for child labour) and hence negative publicity
- Enhance positive impact and reputation: make “more and better jobs” a component of their social agenda



# Objectives

- Generate knowledge on how microfinance can increase impact on DW outcomes to the benefit of the institution as well as its clients
- Raise awareness and build capacity of MFIs to improve DW impact
- Inform and advise governments and social partners in support of MFIs



# Critical characteristics

1. Microfinance is a **high volume/low margin business**...in MFIs with smallest loans, credit officers may have 500 or more borrowers
2. There are **multiple and significant DW deficits** in micro and small businesses
3. Many MFIs will **resist engagement** on this issue, especially those in competitive environments





## In response to these characteristics...

- **High volume/low margin**: Develop simple, cost-effective interventions that can be easily integrated into a loan officers' core tasks
- **Significant DW deficits**: Develop a mechanism to identify and prioritize the most glaring DW deficits
- **Resistance from MFIs**: Develop evidence to persuade MFIs that a DW approach provides opportunities, avoids risks, and increases impact



# Action Research: Strategy

## **Phase I: Selection, introduction & diagnostic**

- Select and partner with 20 MFIs worldwide
- Client survey to identify DW deficits

## **Phase II: Implementation & testing**

- Develop strategies of intervention
- Baseline survey and implementation of innovations
- Regular data collection, monitoring, adaptation

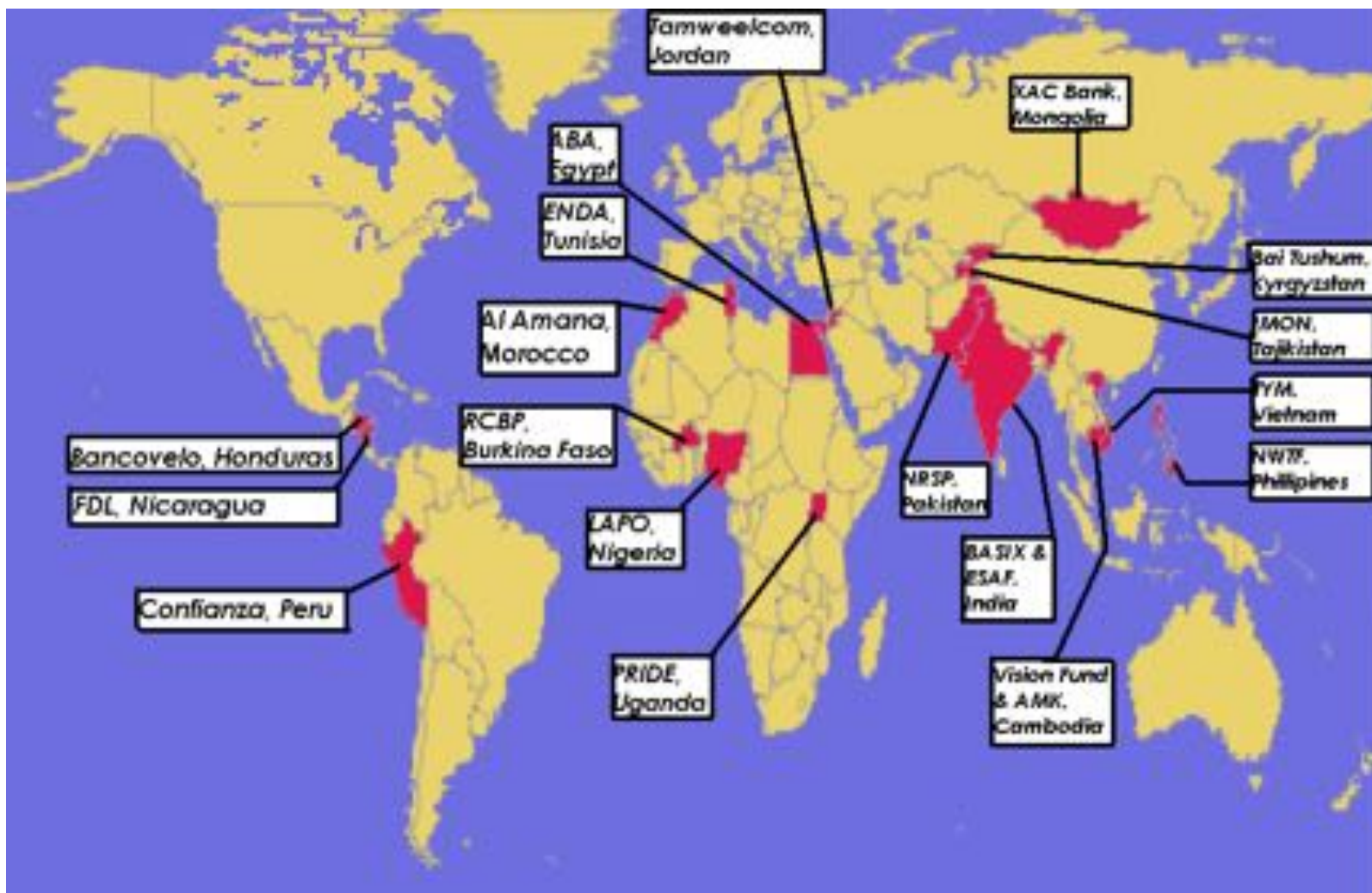
## **Phase III: Analysis, documentation & dissemination**

- Impact & cost-benefit analysis at institutional level
- Document and promote effective strategies



## 20 partner-MFIs

The social dimension of finance



The Social Finance Programme

# 18 Partner MFIs around the world

DECENT WORK ISSUES / REGIONS	ASIA AND CENTRAL ASIA	AFRICA	MIDDLE EAST AND NORTH AFRICA	LATIN AMERICA
CHILD LABOUR	NRSP Pakistan	LAPO Nigeria		FDL Nicaragua
FORMALISATION ASSOCIATION	IMON Tajikistan ESAF India	RCPB Burkina Faso		
JOB CREATION PROD. EMPLOYMENT	BAI TUSHUM Kyrgyzstan			
RISK MANAGEMENT DEBT STATUS	TYM Vietnam VF Cambodia AMK Cambodia NWTF Philippines	PRIDE Uganda		CONFIANZA Peru BANCOVELO Honduras
WORKING CONDITIONS	BASIX India XAC BANK Mongolia		AI AMANA Morocco TAMWEELCOM Jordan	

