

International Labor Organization (Vietnam project)

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Brief History

The International Labour Organization (ILO) is a UN specialized agency which seeks the promotion of social justice and internationally recognized human and labour rights. The social finance program systematically analyses, evaluates and disseminates financial sector issues relevant for employment and social justice. The program is organised around three major themes: reducing vulnerability, creating jobs through enterprise development and making financial policies more employment-sensitive.

Country program

The "Extension of Microfinance and Micro insurance to informal women workers" project was officially launched in May 2003, and will be carried until May 2005, under a collaboration between the ILO and the Ministry of Labour, Invalids and Social Affairs (MOLISA).

This action research project tests innovative financial products, such as emergency loans, flexible savings or insurance, which will reduce poor women's vulnerability.

In the first stage, the project has identified the risk management needs of poor women, based on findings of the nature of risks faced by women, how are they protected against such risks and the related costs that comes with such risks. By identifying the risks faced by these poor women, as well as the pros and cons of their coping strategies, this research will identify areas where a risk managing financial service would be an appropriate intervention. The project also seeks to learn about the protection mechanisms currently available in Vietnam to assess its suitability for poor women. The appropriate changes could then be made to these services to meet the needs of the target population, and to analyse the regulatory environment for extension of risk management financial services.

The second stage of the project is based on the findings in the first stage. The second stage seeks to fill the gap between what is currently available and the needs of poor women by testing innovative financial services. This project will be systematic, involving participatory methodologies. During this stage the three partners will pilot test different innovative products: flexible savings by TYM Fund, emergency loans by Save the Children, and an 'in-house' insurance product by Action Aid. By the end of the two-year project, more information on appropriate risk-managing financial services will be available. The results of these pilot projects will be documented and disseminated within Vietnam and beyond.

Area of Operations

n/a

Partners

This main partners of the project are the Ministry of Labour, Invalids and Social Affairs (MOLISA) and selected Microfinance institutions operating in Vietnam: TYM Fund, Save the Children US and Action Aid.

Poverty Focus

The project targets mainly poor women in the informal economy.

Distinctive Features

The project is part of an inter-regional program funded by the French government to develop innovative mechanisms to expand social protection to excluded groups. The other participating countries are Burkina Faso and Ethiopia. The lessons learnt from these experiences are useful contributions to national and international debate on poverty reduction and the extension of social protection.

Funding

The project is funded by the French government.

Challenges and Development Plans

n/a

Sources

- ILO project's website www.microfinance.org.vn