Project: 
Extension of Microfinance and Microinsurance to informal women workers in Viet Nam
An action research project on risk managing financial services

Donors:
Ministry of Foreign Affairs, Government of France
The project is part of an inter-regional programme funded by the Government of France to develop innovative mechanisms to expand social protection to excluded groups. The other participating countries are Burkina Faso and Ethiopia. The lessons learned from these three experiences are intended to contribute to national and international debate on poverty reduction and the extension of social protection.

Project Description:

Project approach:
The aim of this action research project is to test innovative financial products, such as flexible savings or insurance, that will reduce poor women’s vulnerability. The project is essentially divided into two phases: research and pilot testing. In the first phase, the project identified the common risks faced by women, their coping strategies and then risk management needs of poor women. Besides, the project analysed the protection mechanisms available in Viet Nam and the regulatory environment for extending risk-managing financial services. The project has entered its second phase and is currently testing 3 innovative financial services (flexible savings, credit life insurance, mutual assistance insurance) in collaboration with 3 partner organisations.

By the end of the project, the ILO will have developed significant insight into the key design features of appropriate and demand-driven risk managing financial services. The results of the 3 pilot projects will be documented and disseminated within Viet Nam and beyond.

Beneficiaries and partners:
This project targets poor women in the informal economy. The main partners of this project are the Ministry of Labour, Invalids and Social Affairs (MOLISA) and selected Microfinance Institutions operating in Viet Nam.

Objectives and outputs:
Goal: Development of innovative social protection mechanisms to reduce vulnerability of poor women in the informal sector in Viet Nam

Purpose: Identification and field testing of financial products that will allow poor women from the informal sector to better cope with shocks and therefore reduce their vulnerability

Outputs:
- Increased understanding of poor women’s needs for risk managing financial services
- Increased understanding of risk management mechanisms available in Vietnam in the formal and informal sectors with a focus on insurance, savings and emergency loans.
- Identification of innovative financial products that fill the gaps between the risk management needs of poor women and the availability of such services
- Field-testing of 3 risk managing financial products with 3 partner organisations
- Strengthened capacities of 3 partner organisations and other MFIs to facilitate the development of risk managing financial products and the expansion of microfinance products overall
- Better understanding of the role of financial services in vulnerability reduction and social protection amongst practitioners and policy makers nationally and internationally
**Project duration**
The project started in May 2003 and will be carried out until December 2005.

**Gender and Ethnic Components:**
Gender equality is a crosscutting theme in this project. All the clients of the 3 partner microfinance institutions, and most of the clients of the Vietnamese microfinance sector in general, are women. In the efforts to increase the impact of microfinance on the reduction of vulnerability, due attention is given to the social and economic position of women.

In line with the ILO’s commitment to economic equity for ethnic minorities, a second crosscutting theme is greater opportunity of access by such groups to microfinance.

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