

THE 20-YEAR PROCESS OF DEVELOPMENT

A summary of TYM's development pathway

TYM - FROM AN IDEA TO A FORMAL MICROFINANCE INSTITUTION

1992-1997: BUILDING A FIRM FOUNDATION

Pursuant to Decision No.11/QD dated January 7, 1992 by Central VWU on the pilot of TYM Fund Project, and to document no. 563/KTDN dated February 20th 1992 by the Government about the permission of such project implementation in poor areas and regions, the Affectionate Fund Project, with the international name of "Tau Yeu May" or TYM, was launched. The project was assigned to the Family and Living Affairs Department, with Mrs. Do Thi Tan as the first Project Director.

The project started with the initial budget of 18,000 dollars from Asian Community Trust (ACT) and the commitment of Dr. Aris Alip from CARD-MRI of the Philippines to assist TYM on staff training and defining the project's operational techniques. For the first steps of the project, the leaders of TYM and experts paid personal visits to Soc Son commune in Hanoi's suburban area. The purpose was for poverty mapping, to define the commune with the highest poverty rate where TYM would initiate its activities. Next, the poorest women were chosen and trained for two weeks about TYM's policy and products, about the roles and responsibilities of members in groups and centers. Finally, they had to pass the qualification exam before getting the loans disbursed. At first, they were women who were only familiar with paddy fields and farming life, but they proved their extraordinary energy by regularly attending TYM's classes. It was thanks to such persistence that members understood thoroughly their benefits and responsibilities in participating in the TYM program and activities.

After two years of operations, in 1994, TYM joined CASHPOR (Credit and Savings for the Hardcore Poor). This event brought about much support for TYM, especially in capacity building from Grameen Bank (Bangladesh) and other microfinance institutions in the region.

By December 1997, TYM had established 6 branches in 5 districts of 5 provinces including Soc Son of Hanoi capital, Me Linh of Vinh Phuc province, Kim Dong of Hung Yen province, Y Yen of Nam Dinh province, and Hung Nguyen of Nghe An province. 58 branch officers were trained on the spot by foreign experts and HO staff. TYM had built a core cadre, which made a firm foundation for future development and expansion.

1998-2002: AFFIRMING MODEL WITH PRUDENT STEPS

After 6 years of ceaseless organizational expansion and product development, in 1998, the TYM project separated from the Family and Living Affairs Department to become an independent department directly under the direction of the Central Vietnam Women's Union. This transformation demonstrated the sustainability of the program and enhanced the efforts to overcome difficulties of members and TYM officers. TYM has since operated with its own organizational structure, its own bank account, stamp, and full time staff at the head office. TYM still maintained the same growth during the following 6-year period, strengthened its organization step by step, and created a foundation for progress in the future.

Thanks to its significant contribution in this period, TYM was honored with the Certificate of Merit by the Prime Minister for "Outstanding Achievements in Poverty Reduction and Hunger Alleviation" in 1999 and the Labor Order Third class in 2002.

2003-2007: HEADING TOWARD FINANCIAL SUSTAINABILITY

In 2003, TYM had 18,911 clients and 34 billion VND of portfolio outstanding. The rapid growth of TYM, with PAR always being below 0.03%, helped TYM develop its status and image in the community and with sponsors.

The year 2006 was an important year in the development process of TYM. VWU decided to transform TYM into a non-profit income-generating unit. With this transformation, TYM became an autonomous organization and at the same time, it became more financially responsible. The regulations concerning incentives as well as some financial policies of TYM were adjusted appropriately based on practical operations, which motivated officers to increase their ability and creativity. As an income generating unit, TYM now had opportunities to access local and foreign capital to expand its outreach and to serve many more poor women. In 2006, TYM was the first microfinance institution in Vietnam to borrow loans from foreign organizations for its lending activities. This brave step helped TYM develop rapidly. In 2007, TYM had a total client base of 26,768, with the growth speed of 6 new branches after only one year.

At the end of 2007, on its 15th Anniversary, TYM was awarded Labour Order Second Class by the Government and the Vietnamese Women Award by Presidium of Vietnam Women's Union. Additionally, at the first Citi Micro Entrepreneur Awards in Vietnam, TYM was honored as the microfinance institutions of the year.

2008-2012: INTEGRATING, DEVELOPING AND GAINING FORMAL RECOGNITION

In November 2008, although several implementation guidelines for the Government Decree on Microfinance (Decree 28/165) had yet to be issued, TYM still submitted its Application to the State Bank of Vietnam to become a licensed Microfinance Institution. Becoming a licensed microfinance institution also means that TYM has to be monitored under the State Bank of Vietnam, meet the strict requirements for credit organizations and be willing to compete with other credit organizations to be viable and develop. TYM acknowledged this to be an essential step for effective and sustainable operation, because it had to be professionalized pursuant to legislative requirements. Now, with its clear vision and 20-year experience working for women's development, TYM is integrated and developing.

In order to meet the management requirements and adapt quickly to a new operations environment, TYM gradually adjusted its activities to be in accordance with the State Bank requirements at the time of license application: adjusting the operations network and the personnel structure; increasing labor productivity; building up a management information system (MIS) based on its specific operations and so on.

On 17 August 2010, TYM was granted License No.181/GP-NHNN as the first official microfinance institution in Vietnam thanks to its efforts and achievements.

In August 2012, TYM had 80,600 members, the total outstanding portfolio reached 436.1 billion VND, the repayment rate was maintained at 99.9%, and the savings balance was 188.3 billion VND. TYM has also supported 100,000 women to escape poverty and contributed to enhancing the status of women, such that 1,972 women were elected to people's councils and executive boards of the Women's Union at commune and district levels.

PAR (AUGUST 2012): 0.015%



LESSONS FROM

TYM'S SUCCESS STORY

Focus on key tasks - the secret of organizational development

1. Do fundraising directly from the faith and ability of the poor

In order to continuously support members with their increasing demands for loans, and at the same time, expand the outreach to more poor and low-income women, it is very important to focus on fundraising as a priority, to maintain stable and balanced capital sources.

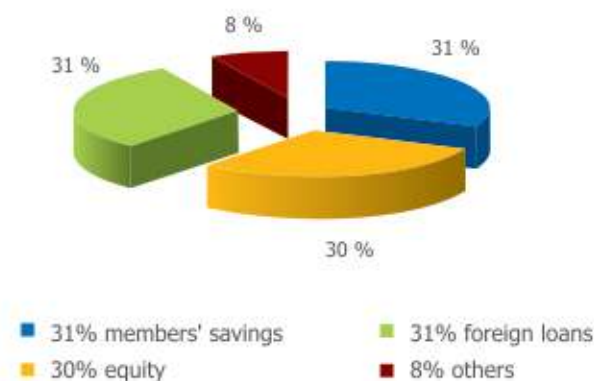
Thanks to the very clear strategic development plan of Vietnam Women's Union, in its 20 years of development, the fundraising activities of TYM have been always consistent with reality. TYM would start first with donations and grants, later; it would develop to become more self-sustainable in fundraising from both external and internal resources. In 1992, the time of its establishment with 18,000 USD for start-up, TYM relied mostly on external support from INGOs and international friends. Then in 1995, TYM grew more proactive by adding savings into its range of services. Through savings, together with the efforts of staff in communication and persuasion, members became familiar with savings habits, understood the importance of compulsory savings and then took voluntary savings seriously.

Since 2000, with the rapid growth on loan demand from members, there arose a requirement for more resources and fundraising. TYM then had to approach new partners, namely, CORDAID, Oxfam Novib and OikoCredit, but still maintained networking with other close friends and emphasized compulsory and voluntary savings. However, voluntary savings was not a large portion of TYM's capital source around the year 2000.

From the time of the license in 2010, TYM has been gradually transforming the proportions of capital source from borrowing to savings thanks to effective savings mobilization campaigns. As of August 2012, TYM has achieved 526 billion VND of capital, in which 31% was members' savings, 30% was equity, 31% was borrowing, and others accounted for 8%. The efficiency and achievements of TYM have been recognized by the State and the Government, with an allocation of 50 billion for working capital in 2012.

In the upcoming time period, TYM will continue its strategy of maintaining stable proportions of capital, increasing the savings balance, and ensuring cashflow to meet its members' demands, thus leading to the sustainable development of the organization.

TYM's capital source in August 2012
(Total 526 billion VND)



2. Put effort into diversifying target groups and expanding your network

Outreach expansion Period of 1992-1997

1. Ha Noi
2. Vinh Phuc
3. Hung Yen
4. Nam Dinh
5. Nghe An

Period of 1998-2002

6. Hai Duong

Period of 2003-2007

7. Thanh Hoa

Period of 2008-2012

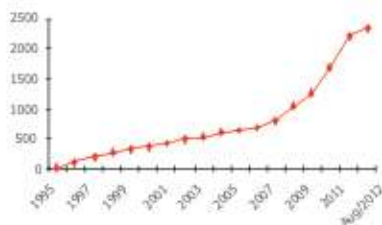
8. Phu Tho
9. Thai Nguyen
10. Bac Ninh

20 years of development represents the 20 years TYM has been trying its best for network expansion. Starting in 1992 in Minh Phu commune, Soc Son district as the pilot area, TYM gradually spread out its network with transaction points. Unlike other credit organizations, TYM located several transaction points in a single commune for the easier management, thus ensuring TYM staff would always be close and familiar with their members. The transaction point is in an area with 30-40 members living close to each other, and is the place where TYM provides its services, i.e. loan appraisal, money collection, training, knowledge dissemination, exchanging experiences about business, health or family issues, and community activities.

The 1992 to 2007 period saw the fast and comprehensive development of TYM. At the end of 2007, TYM had 799 transaction points in 16 districts of 7 provinces. The number of members kept increasing to reach 26,768 at year-end 2007.

From 2007 till now, TYM is putting priority on new areas, especially remote and disadvantaged regions, bringing services to ethnic minorities. Furthermore, TYM is trying to do outreach to high-risk groups, such as people who are infected and affected by HIV, to support them in starting up businesses and stabilizing their living conditions. In this period, TYM opened 19 branches and transaction offices in three new provinces of Thai Nguyen, Bac Ninh and Phu Tho, which have a high density of ethnic minority peoples. The number of transaction points increased by 1,552, making the total transaction points now to be 2,351 in 309 communes in 38 districts of 10 provinces.

Transaction points



1992 - Official dispatch number 563 of the Government dated February 20th 1992 to allow the establishment of the Affectionate Fund (TYM).

1999 - Certificate of Merit for "Outstanding achievements in poverty reduction and hunger alleviation" granted by the Prime Minister.

2002 - "Labor Order 3rd Class" granted by the State.

2007 - "Labor Order 2nd Class" granted by the State; "Vietnam Women's Award" credited by Vietnam Women's Union.

2007-2011 - TYM was named "The Microfinance Institution of the Year" at the Citi Microentrepreneurship Awards, organized by State Bank of Vietnam, Citi Foundation and the Vietnam Microfinance Working Group.

2010 - TYM became the first licensed MFI in Vietnam.

2012 - "Labor Order 1st class" granted by the State; the Government agreed to exempt and reduce corporate tax for TYM for 6 years and allocate 50 billion for its working capital.

3. Focus on capacity building and develop staff's commitment to work with professionalism and with a heart for the poor

Human resources are the key to the success of any organization. This is exceptionally true for TYM, who has obtained such great achievements mostly thanks to the dedicated and enthusiastic staff, who work with creativity and professionalism.

Since its establishment, TYM has always focused on recruitment, training and appointing staff in the most appropriate way, and has tried to apply better salary and incentive schemes to encourage our staff for their good performance.

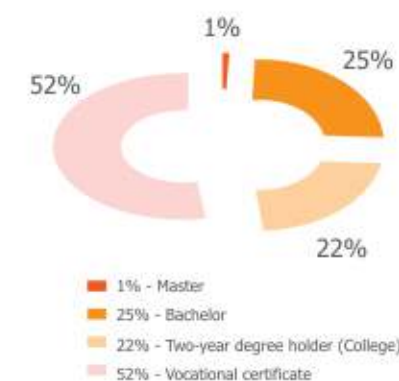
Staff training programs are customized for each target learner group and each job position, such as technical officer, accountant, branch director and so on. The training material is tailored and adjusted yearly to update and meet learners' demands. Because microfinance is a specific profession, TYM staff has to develop their expertise on finance and economics, together with communication and persuasion skills. Therefore, it is compulsory for all the staff to get field exposure and hands-on training in the field before being formally accepted. Thanks to this training activity, our officers can build up their capacity and at the same time grow their sympathy to poor women. This makes them more appropriately engaged with their job.

Furthermore, TYM also focuses on short-term and long-term training both in Vietnam and abroad. Thanks to such courses, many of TYM's officers can get exposed to other organizations through seminars, field exposure or experience sharing.

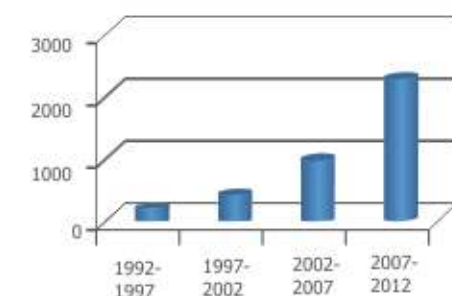
TYM's Training Center is being established as the organization grows. With its experience and expertise in microfinance practice and training, TYM believes that the Training Center will be a key place to develop human resources not only for TYM but also for other local and regional MFIs.



Education level of TYM staff (as of 31 August 2012)



Number of staff trained



4. Strengthen and expand partnerships with other organizations, receiving precious technical support

In 20 years of operation, TYM has been continuously finding opportunities to set up working relationships with new partners and donors. Thanks to its effort, TYM can build up trust among partners. From the first two close foreign friends, ACT (Japan) and CARD (the Philippines), now, TYM is partnering with over 20 international organizations such as Oxfam America, CIDSE, Grameen Bank, APDC, CRS, Sparkassenstiftung, ILO Vietnam, CORDAID, Oxfam Novib, Oikocredit, Rabobank Foundation, Nisan Lorenze and so on.

International partners not only provide financial support but also help with technical assistance. Moreover, through such partnerships we have opportunities to access the innovative technologies, practices and guidelines of modern microfinance. The precious help from international partners has brought about more efficient performance and a more sustainable and professional operation of TYM.



Madam Nguyen Thi Thanh Hoa - President of Central Vietnam Women's Union - hosting representatives of the German Savings Banks

TYM'S DONORS AND PARTNERS



TYM'S NETWORK





PERFORMANCE RESULTS

TYM'S contribution to socio-economic development and poverty reduction

Member recruitment (thousand person)



1. Credit

Credit is the main product of TYM, the main tool to assist its members in doing business, to escape poverty and improve their living conditions.

After 20 years of development, based on experiences learnt from Grameen Bank, Bangladesh, TYM has always been persistent and compliant with the rule of disbursing direct loans without collateral, with ranging loan sizes and weekly repayment, a rule that has been proved to be suitable for the poor and people living around poverty line. TYM has also always tried to maintain simple procedures and strict credit discipline.

For flexibility, TYM provides three types of loans for members to choose from. The minimum loan size is based on the average economic capability of a poor household, so it is quite small and thus suitable for the credit capability of members, attracting more and more poor woman to participate.

Loan outstanding (billion VND)



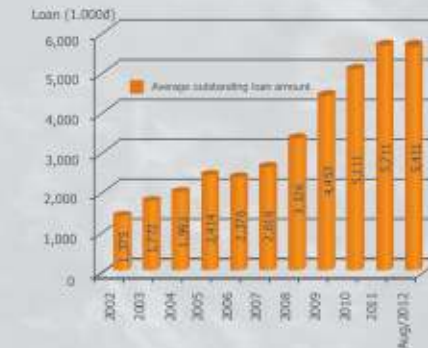
Member Nguyen Thi Luu - center 15, Luu hamlet, Viet Hung, Que Vo, Bac Ninh

The maximum loan size is based on the capital requirements of women with long-time membership, taking into consideration increased loan demand driven by improvements in members' business skills. Currently, TYM's loans range from 1M to 25M VND, with terms from 10 to 100 weeks, depending on the type of loan. Members have the right to use the loan for different purposes according to their need, i.e, start-up and expansion of business, housing, buying durables, consumption, education and especially in case of an emergency such as sickness, accident or poor harvest.

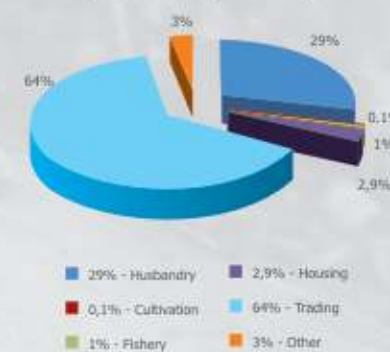
After 20 years of operations, the cumulative total loan disbursement of TYM reached 2,600 billion VND in August 2012, with an outstanding portfolio of 436.1 billion VND at that date, serving 80,600 members. The repayment rate is maintained at 99.9%. The credit service of TYM has assisted over 100,000 members escape poverty on a sustainable basis, and 1,200 members' projects have developed into micro-enterprises.

"Now, I have capital for husbandry, and for my small trading. I really like it when I can work and repay gradually. The next cycle, I will buy some piglets. I believe I can improve our living condition with our hard work!"

Average outstanding loan amount



Breakdown of loan use (as of 31 August 2012)





2. Savings

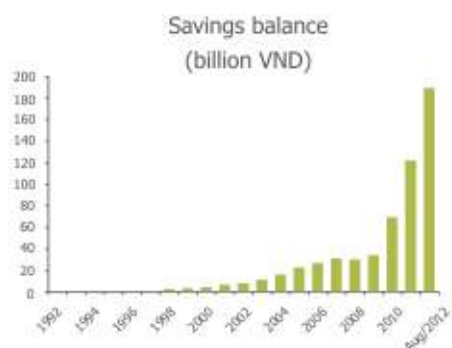
Savings is undetachable from credit, bringing about the success of microfinance. Savings not only helps the MFI raise funds on sustainable basis, but more importantly, encourages members to save as a habit, and to have proper spending plans to accumulate assets.

Compulsory savings balance
(as of August 2012): 112,9 billion VND
Voluntary savings balance
(as of August 2012): 75,4 billion VND
Total savings balance
(as of August 2012): 188,3 billion VND

Similarly to credit, savings in TYM has been appropriately designed in each development stage. In the period between establishing TYM and becoming licensed, most of the savings came from the compulsory product. In the post-license period, thanks to the permission of the law, TYM has step-by-step conducted research studies to improve its existing products and launch new ones such as term-deposits, regular savings, or voluntary savings for health insurance. Different from other credit organizations, TYM focuses on mobilizing savings of small amounts, i.e. from 5,000 VND, from both its members and the general public (non-members).

The savings campaign in TYM appears to be more and more effective, with more savings accounts, increasing the ratio of savings over loan portfolio. As of August 2012, the total savings balance reached 188,3 billion VND, equal to 43% of the loan outstanding, of which the voluntary savings balance is 40%, or 75,4 billion VND.

It can be inferred from the results of the savings campaign that members have higher awareness of savings, and are more proactive in saving for specific purposes, such as saving for children's tuition fees or for emergencies. Members become more dynamic in developing their own savings planning, and using financial resources. Moreover, the success in savings activities of TYM has once again confirmed that the poor can and do save, provided they are offered with proper products and procedures.



"Since participating in TYM, I feel more confident in life, in communicating with friends, and in the neighborhoods. I also feel self-reliant in economic activities"

Member Tran Thi Dao, center 27, quarter 13, Pham Xa, Yen Nhan, Y Yen, Nam Dinh

3. Mutual Assistance Fund

Bad luck, accidents or sickness can happen to anyone, at any time in life. Besides the physical loss, risks may lead to financial crisis in the family with the emergence of hospital fees or medical bills. For people living under or around the poverty line, the loss is even more serious because of their unstable financial condition and their limited savings. Sometimes as a result poor people have to sell property or take out loans at high interest, leading to overindebtedness and even forcing them back into poverty.

Understanding this problem, since 1996 TYM has been providing its microinsurance product through Mutual Assistance Fund (MAF). At first, the microinsurance product was very simple, launched only for the purpose of members supporting one another in difficult times. In 2008, with the aim of providing a more sustainable product and more support for members, MAF was upgraded and re-designed. To date, MAF is providing four products: health insurance, life insurance, loan protection and pensions. The premiums and benefits for members are also determined according to members' years of membership and the occurrence or loss. Specifically, in the case of hospital confinement, members are paid a maximum of 1M VND. In the case of death, the benefits are maximum of 3M VND, the loan is written off and the the families have the loan repayment returned. If in the unfortunate event the husband/children of a member passes away, the member recives a payout of up to 1M VND. With regard to the pension product, members can enjoy the benefits when they grow old without having to join MAF.

As of August 2012, after four years of launching the new MAF, there have been 9,268 TYM clients and family members who have got their claims settled by MAF for a total disbursement amount of nearly 8,9 billion VND.

MAF is highly appreciated by members, their families and their communities thanks to its effective disbursement and its valuable support to many members and their families during hard times. The microinsurance product also helps enhance the solidarity and rapport of members and enhances their loyalty to TYM.

Disbursements of MAF in two periods

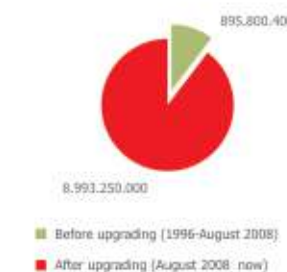
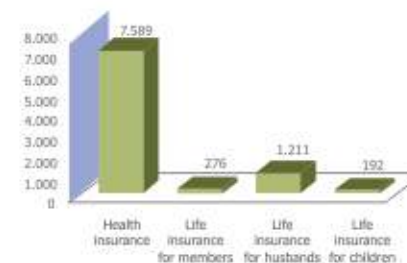


Chart of claims settled since August 2008



Loans and savings are for building up and accumulating assets, and MAF helps them to protect





4. Training and capacity building for members

Women living around the poverty line are those of limited chances to be formally trained and kept updated with market information; TYM believes that in order to have better life quality, besides financial products, women need knowledge about life and business, to use the money effectively, develop their business and increase incomes.

Since its establishment, TYM has put a lot of focus on capacity building for members. Members got trained right when they joined TYM and during their membership. For new members, TYM focuses on such training contents as self-esteem, household business management skills and TYM's policies. For committed members, TYM provides with other extensive contents, like Gender and business, risk and financial management, healthcare, clean water and being environment-friendly. Moreover, TYM always emphasizes on training for center leaders - those voted to manage the center. Each year, TYM organizes courses for center leaders about the center management skills and credit discipline.

As of August 2012 after 20 years of operations TYM has provided training for a total of 27,714 center leaders, 15,372 members who were educated on gender and business, 8,000 trained on healthcare, and another 1,422 on clean water and environmental hygiene, as well as other interesting and relevant topics.

It is the training and capacity building that TYM provides for its poor women that makes our MFI outstanding and different from other credit organizations. These activities are always highly appreciated by our members, their families and the local authorities. Members are grateful to TYM because they get to know a lot about business skills as well as family care thanks to the courses. With knowledge and skills, members become more confident and achieve more success in their life.



Member Le Thi Hang, center 27, Hung Nguyen branch,
Nghe An province
First president of TYM's Members' Council in 2011-2012 term



5. Society and community activities, conducted with creativeness

TYM always gives opportunities for members to join community activities and empowers them through social activities like cultural festivals, sports events, information and experience exchange, mutual assistance and free healthcare check up.

TYM also helps members apply for both national and international microentrepreneurship awards. This is the chance for poor members to be honored for their tireless efforts. As of August 2012, 64 TYM members have been awarded with microentrepreneurship award for their achievements in escaping poverty and contributing to community development, generating jobs for locals. And in 2011, Mrs. Duong Thi Tuyet, member of the Y Yen branch Nam Dinh, was the first Vietnamese recipient to be awarded the International Microentrepreneurship Award in Arts and Crafts.

With such practical actions, TYM has brought about great impacts to improve the status and raise the voices of members in their families and communities. Many TYM members have gone so far as to be elected into important position of the local party, local committees or local women's union. In the 2011-2015 term so far, 313 TYM members have been elected into People's councils and 1,614 members have joined the executive boards of Women's unions at different levels.

No. of TYM members	Level	Hamlet	Commune/ward	District/Town/Provincial city	Province	Total
In people's councils at all levels			264	31	1	313
In women's executive boards at all levels		1.010	537	62	5	1.614



Member Duong Thi Tuyet in the International Microfinance Award in France

Activities	Frequency	Number of beneficiaries
Social activities		
Vietnam Women's Union (20 th October)	Every year (October)	100%
Int'l Women's Union (8 th March)	Every year (March)	100%
Candle-lit center birthday		39,064
Cultural festivals and sports events	Every two years	121,700
Knowledge dissemination		
Facilitation skills and center management	Every year	27,714
Gender and Business	2010 now	15,372
Environmental protection and clean water	2010 now	1,422
Literacy classes	2003-2004	62
Healthcare and savings education	2010 now	8,000
Other activities		
Free healthcare checkups	2007- now	1,912
Support for martyrs' families and areas after natural disasters	2008- now	12
Scholarships for members' children with good study records	Every year	50
Launch of the "Affectionate House" Campaign	2008 now	22



Members in training class on "Gender and Business"



"In 2006, I was elected into the executive board and became the president of Van Giang commune Women's Union. It was a great honor for me. My family is also supportive and helps me a lot for the contribution to the social works."

Member Nguyen Thi Hue, center 27, Van Giang, Ninh Giang, Hai Duong



Member DinhThi Rung and her family in PhuocLoc, Quang Truong, Quang Xuong, Thanh Hoa. One of 20 members supported with an Affectionate House in June 2012



Member Nguyen Thi Thanh, center 34, Hung Tay, Hung Nguyen, Nghe An receiving her Affectionate House

MEMBER STORIES



“TYM, Thank you for being our companion”

Member Pham Thi Lanh, center 17, Rong, Nghi Thiet, Nghi Loc, Nghe An has shared with us about her tough living conditions in the past and also her efforts to achieve a better life. She has set an example for effective use of loans from TYM.

I used to have a happy family with a hardworking husband who loved his children and wife. But life is never a bed of roses. My husband suddenly passed away offshore in one of his trips in 1993, just 10 days after I gave birth to our second child, when the elder one was just 2 years old. My family was poor, my parents-in-law were old and sick and my husband had been the bread-earner of the family. Then, after his death, I was so worried about the future of the family, of our old parents and our children. I have to confess that I didn't believe that I could get through it.

Becoming the main money maker of the family, I had to try doing all kinds of work for livelihood, sewing fishery nets, making alcohol, raising pigs and chickens, and so on. Because I was not skillful enough, it was difficult to make ends meet then. Sometimes, our siblings, relatives and friends helped with some fish or rice, but life was still tough. It was only when TYM started its operation in Rong, that my life was remarkably changed.

I remember it was July 2006, I registered and was approved with the first loan of 2M VND. Receiving the money thanks to the social collateral of my neighbors and the trust of the branch staff to a poor woman, I was so touched and felt grateful. I promised myself that I had to try hard to deserve this trust.

With the loan, together with advice and encouragement from TYM staff, I decided to invest in fish trading. I went to the quay early every morning to buy fish from seamen and brought them to sell in the local markets. I used the stale fish to raise pigs. Thus, my income increased a lot. I could repay in due time and cover all other daily expenses of the family.

After 6 years of joining TYM, I have applied for 6 loans with TYM with the total disbursement of 53M VND. Our family living conditions are much better because I can upgrade the house, buy durables and send my children to school. Beyond that, I also appreciate the knowledge and skills I have been able to obtain through the center meetings. In the past, I used to be really shy when going to crowded places, but getting used to the center meetings, where I could share my ideas with other people and keep myself updated with valuable information, I became more confident in knowing how to take care of my parents-in-law and children. My daughter is a student in Vinh University, majoring in accounting and my son has just passed the entrance exam of People's Police Vocational School. Having my children do well at school is also a source of support to me.

Now, I am very proud of what I have achieved, from a poor household in coastal area, I manage to have a better-off life with good and studious offsprings. All of this thanks to the support of friends, relatives and TYM accompanying us in our life.

“TYM - My happiness”



Member Dao Thi Ly, Tan My 2, Phu Cuong, Kim Dong, Hung Yen

I was born in Tan My 2 hamlet, got married in 1978 and have 2 daughters and 2 sons. Before I joined the Affectionate Fund (TYM), my family lived in difficult conditions. We relied mostly on farmwork with 5 sao of paddy field [1 sao = 360 sqm]. The income could not cover all of the expenses of the family, so we did not invest in any other side activities.

In 1996, TYM started its operations in my home village. Together with other women, I applied for a loan of VND 500,000 from TYM to buy a cow. After a one-year cycle, my family repaid the loan amount and the cow became our asset.

Finding the loans very effective, I discussed with my husband about applying for a second loan cycle of 2M VND to buy a calf, some chicks and upgrade the animal shed. With TYM, I was guided to find income generating activities such as raising vegetables, raising chickens for eggs, going for seasonal jobs and adjusting the family expenses. Thus, I could repay loans easily. After each loan cycle, I found our economic conditions improved, and we could purchase durables for the household like gas stoves, bicycles or motorbikes.

After nearly 16 years of membership, we are very satisfied with our current living conditions, a two-storey building moderately-equipped with gas stoves, motorbikes and television. Our children are all sent to schools and can get stable jobs. Moreover, my center now is becoming my second family where I can “take” and “give” the most human emotions in life. This year is the 20th anniversary of TYM. I would like to send the best wishes to our Affectionate Fund, hope you will continue developing and expanding the operations to everywhere in Vietnam, especially to poor rural areas, to help more women like me improve their living conditions.

FUTURE PLANS

Opportunities and challenges

TYM's achievements over 20 years being recognized by the State, by VWU and partners, and especially by poor women in all regions has opened up many opportunities for TYM. Being the first licensed MFI in Vietnam helps TYM to get access to more both domestic and foreign lenders and donors. In addition, it helps TYM to consolidate and standardize its organization and policies. Thanks to the close supervision and clear guidelines of the Board of Directors, together with the committed, enthusiastic staff cadre, TYM will have fast and concrete development in the future. In addition to the internal efforts, the working environment of microfinance in Vietnam has been improving dramatically. The government has approved the microfinance sector development strategic plan with a vision to 2020, which supports sustainable financial development. The State Bank of Vietnam (SBV) has become more dynamic in policy-making in the microfinance sector. All of these steps have helped microfinance with good opportunities for sustainable development in the near future.

Along with opportunities, TYM is currently faced with many challenges in development. Working with the strict requirements of SBV for formal MFIs, TYM needs to upgrade its infrastructure in terms of MIS and security. The expertise of staff also needs to be enhanced to accompany TYM's growth. Moreover, the incomplete legal framework also raises a challenge for TYM in application and adherence to legislative regulations.



Commitment to continue standing by the side of poor women and becoming the leading microfinance institution

Although there are many difficulties and challenges ahead, TYM still insists on pursuing its objectives and mission, commits to being the best Microfinance Institution in Vietnam and continues standing by the side of poor women, to improve their standard of living and increase their status. TYM wants poor women to move out of poverty, to build assets, and to have a stable, comfortable and happy life.

With its strong commitment, TYM has built up a clear and specific strategic plan including some basic contents:

- ✓ Be loyal to the social mission by giving support to difficult areas, poor women or marginalized members such as those suffering or being affected by HIV, detoxified or social reintegrated members/their relatives; diversify training content and form for members; monitor TYM's social development index in order to adjust TYM's activities to be aligned with the mission;
- ✓ Keep doing researches, adjusting and developing TYM's new products and services to meet the demands of clients and legislative requirements;
- ✓ Set up a training center, enhance training and increase officer empowerment;
- ✓ Develop services to help clients develop their businesses; focus on developing some traditional livelihoods of communes in order to maintain them and create more jobs for local people;
- ✓ Reach 164,760 clients and customers by 2016 with an outstanding portfolio of 1,266 billion VND and savings balance accounting for 53.3% of outstanding portfolio.



2010 Rating highlights from the report by Planet Rating

Planet Rating Planet Rating, headquartered in Paris, France, is a specialized microfinance rating agency offering evaluation and rating services to microfinance institutions, using the GIRAFE and the Social Performance methodologies. Planet Rating evaluated TYM in May 2010 and delivered grades and a detailed report. The following information is taken from this report. Overall, TYM's social Performance is rated "4-".

Social Performance Rating

TYM's result: 4- (in the scale from "1 to 5")

Quote from the Planet Rating report about TYM

Social performance management	4-	The social vision, mission and core values of the institution are well articulated and taken into account in the decision making and planning processes.
Financial inclusion	3+	
Client Protection	3+	TYM has the capacity to further grow thanks to its established market position, brand recognition, and ties to the Vietnam Women's Union.
Human resources policy	4-	
Social change	***	The cost of services supported by TYM's clients is reasonable, thanks to competitive pricing and low transaction cost.

TYM is making efforts to prevent client's over-indebtedness by taking into account existing debts in the repayment products and conducting informal cross checks through interviews within the community.

With a professional HR management, TYM projects fair and equal HR practices in terms of hiring and training, and has recently revised its policy on cash management in order to reduce staff's time carrying cash in the field.

On top of irregular activities such as distribution of gifts, collection of clothes and book to families in extreme poverty; organization of local community events like dance performances, sport competitions, birthday celebrations for client's children, TYM carries numerous capacity building activities its clients.

GIRAFE Rating

Planet Rating's proprietary GIRAFE methodology is an innovative and unique analytical rating approach to evaluate MFIs performance and institutional risks.

The comprehensive reports provide evaluations for a broad range of qualitative and quantitative factors that determine an institution's risk profile and sustainability. GIRAFE constitutes an acronym for these 6 assessment domains that split into 17 analytical factors:

Rating

B++

Outlook

Stable

G:Governance
I:Information
R: Risk **A**: Activities
F:Funding **E**: Efficiency



Governance
Decision-making
Planning
Management team

Information
HR management
Information system design and Data quality

Risk management
Procedures and internal controls
Internal audit

Activities
Financial services management
Credit risk
Credit risk coverage

Funding and Liquidity
Capital adequacy & funding strategy
Liquidity risk
Market Risks

Efficiency and Profitability
Return on asset
Revenue quality
Operational efficiency
Asset optimization

Source: Planet Rating website

B++,B+,B
Good: procedures are well developed, effective, and incorporate a long-term perspective. Medium-term and long-term risks exist but are identified by the institution. Some improvements could be made to efficiency and risk management.

In the scale from "A++ to E"

Basic information from 1992 to 2012

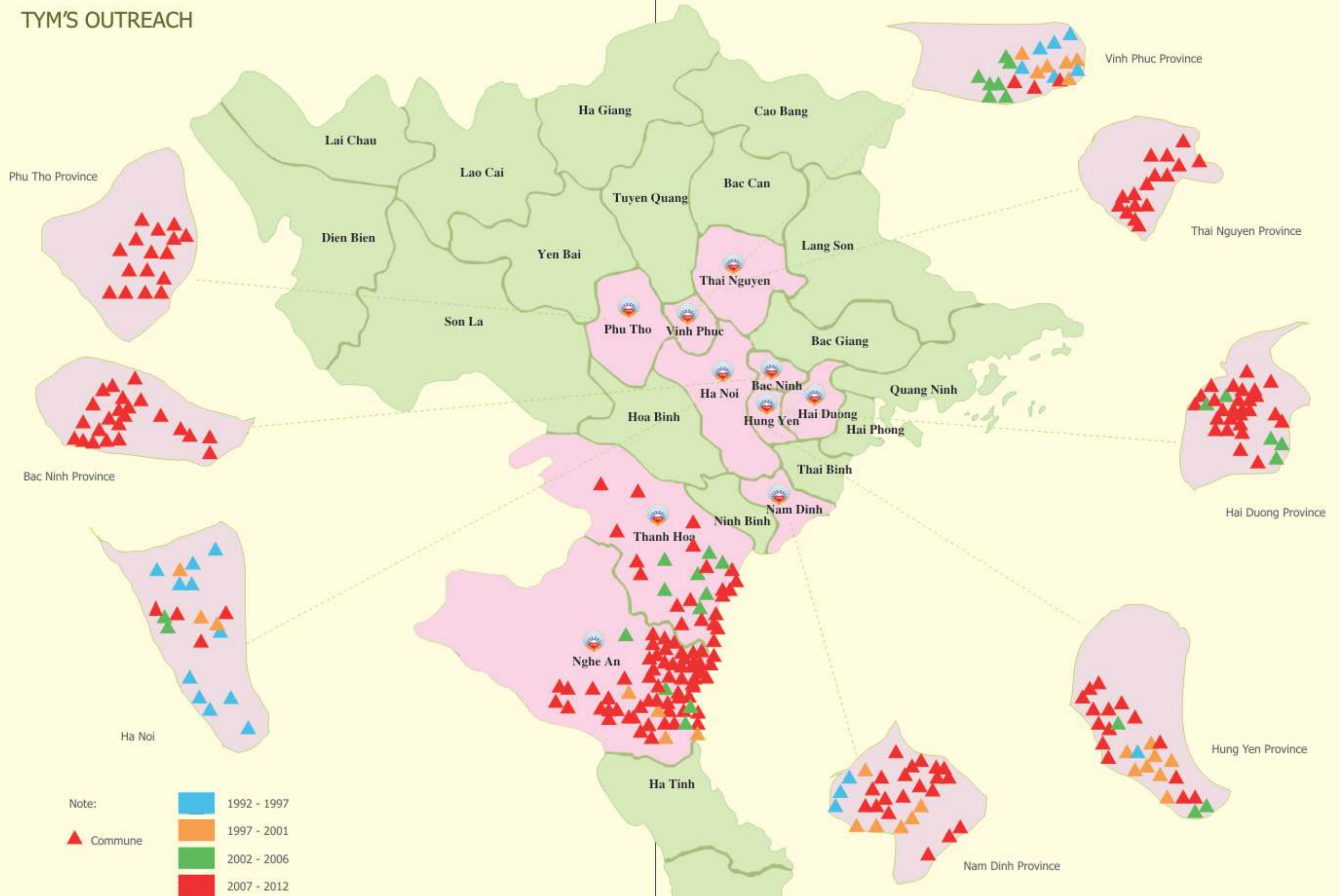
Sr	Items	1992	1997	2002	2007	Aug/2012
1	Number of communes	1	13	60	88	309
2	Number of districts	1	6	10	11	38
3	Number of centers	3	233	527	799	2,315
4	Number of members (client)	20	6,063	16,326	26,768	80,600
5	Number of Tos	5	45	80	126	216
6	Number of staff	9	62	115	154	345
7	Members per center	6,6	26	31	30	34,8
8	Members per TO	4	134	204	212,4	373
9	Loan outstanding (in VND '000)	3950	3,336,000	22,448,560	70,031,632	436,134,498
10	PAR	0%	0.11%	0.11%	0.02%	0.015%
11	Compulsory savings balance (in VND '000)				30,517,328	112,908,529
12	Voluntary savings balance (in VND '000)	550	1,025,000	7,954,000	2,008,426	75,440,370

5-year plan for 2012 - 2016

Sr	Items	2012	2013	2014	2015	2016
1	Branches/Transaction offices	55	65	75	85	95
2	Number of members (client)	92,540	105,260	123,000	141,000	164,760
3	Number of TOs	235	260	300	340	380
4	Number of staff	348	387	444	500	560
5	Members per TO	394	405	410	415	434
6	Loan outstanding	547,226,000	664,290,000	827,488,000	1,010,816,000	1,266,789,000
7	Savings balance	193,133,000	271,551,000	368,622,000	499,120,000	674,903,000
8	Total assets	575,400,000	704,924,000	883,612,000	1,087,557,000	1,371,118,000
9	Total capital	112,769,000	136,874,000	167,742,000	207,603,000	259,888,000
10	Operational self-sustainability	122%	124%	126%	127%	129%



TYM'S OUTREACH



Note:

▲ Commune

- 1992 - 1997
- 1997 - 2001
- 2002 - 2006
- 2007 - 2012



CONTACT US



Head Office

Floor 3 Building B, 20 Thuy Khue, Tay Ho, Ha Noi, Vietnam
 Phone: (84-4) 3.7281003 - 3.7281070
 Fax: (84-4) 3.7281071
 Website: www.tymfund.org.vn
 E-mail: tymfund@tymfund.org.vn



Phu Tho Province

Branch: Viet Tri Branch
Name: Tran Van Tuyen
Address: Tan An street, Tan Dan ward, Viet Tri City
Phone: 0210.381.8755

Hung Yen Province

Branch: Kim Dong Branch
Name: Nguyen Thi Chung
Address: District people's committee, Luong Bang town, Kim Dong district
Phone: 0321.3811.542

Nghe An Province

Branch#1: Nghi Loc Branch
Name: Nguyen Khắc Hai
Address: Nghi Loc district Cultural and Sports Center, Block 4 Quan Hanh town, Nghi Loc district
Phone: 0383.796.680

Thai Nguyen Province

Branch: Song Cong Branch
Name: Le Huu That
Address: August Revolution Street, Thang Loi ward, Song Cong town
Phone: 0280.366.2535

Hai Duong Province

Branch: Gia Loc Branch
Name: Luu Thi Phuong
Address: Northern residential zone, Gia Loc town, Gia Loc district
Phone: 0320.351.4277

Branch#2: Hung Nguyen Branch

Name: Cao Van Bien
Address: Block 7, Hung Nguyen district
Phone: 0383821421

Branch#3: Dien Chau Branch

Name: Vo Van Dong
Address: Residential zone, block 3, Dien Chau town, Dien Chau district
Phone: 0383 623 920

Ha Noi

Branch#1: Soc Son Branch
Name: Nguyen Van Sy
Address: No. 11 Da Phuc street, Soc Son town, Soc Son district
Phone: 043.884.0517

Nam Dinh Province

Branch#1: Y Yen Branch
Name: Nguyen Thi Thanh Duyen
Address: State authority building of Y Yen district, Lam town, Y Yen district
Phone: 03503.823.242

Branch#4: Do Luong Branch

Name: Hoang Thi Thu
Address: Block 8, Do Luong town, Do Luong district
Phone: 0383.717.088

Branch#2: Me Linh Branch

Name: Nguyen Hong Thuy
Address: 3rd floor, Center of Population and Family planning, Administration zone, Me Linh district
Phone: 043.818.3555

Branch#2: My Loc Branch

Name: Ngo Thi Nga
Address: State authority building of My Loc district, My Loc town, My Loc district
Phone: 03503.814350

Bac Ninh Province

Branch: Bac-Ninh Branch
Name: Nguyen Thi Kim Uyen
Address: State authority and father front building, No. 85A Nguyen Du, Ninh Xa Ward, Bac Ninh city
Phone: 0241 3828003

Branch#3: Nam Truc Branch

Name: Dinh Manh Trieu
Address: State authority building of Nam Truc district people's committee, Nam Giang town, Nam Truc district
Phone: 0350.3912.120

Thanh Hoa Province

Branch: Quang Xuong Branch
Name: Ho Xuan Hau
Address: No. 78, residential zone 2, Quang Xuong town, Quang Xuong district
Phone: 0373.670.752

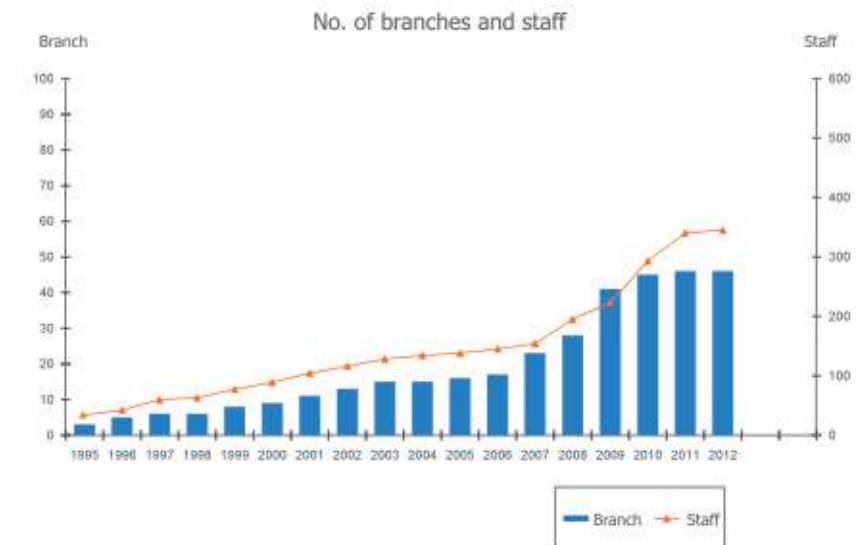
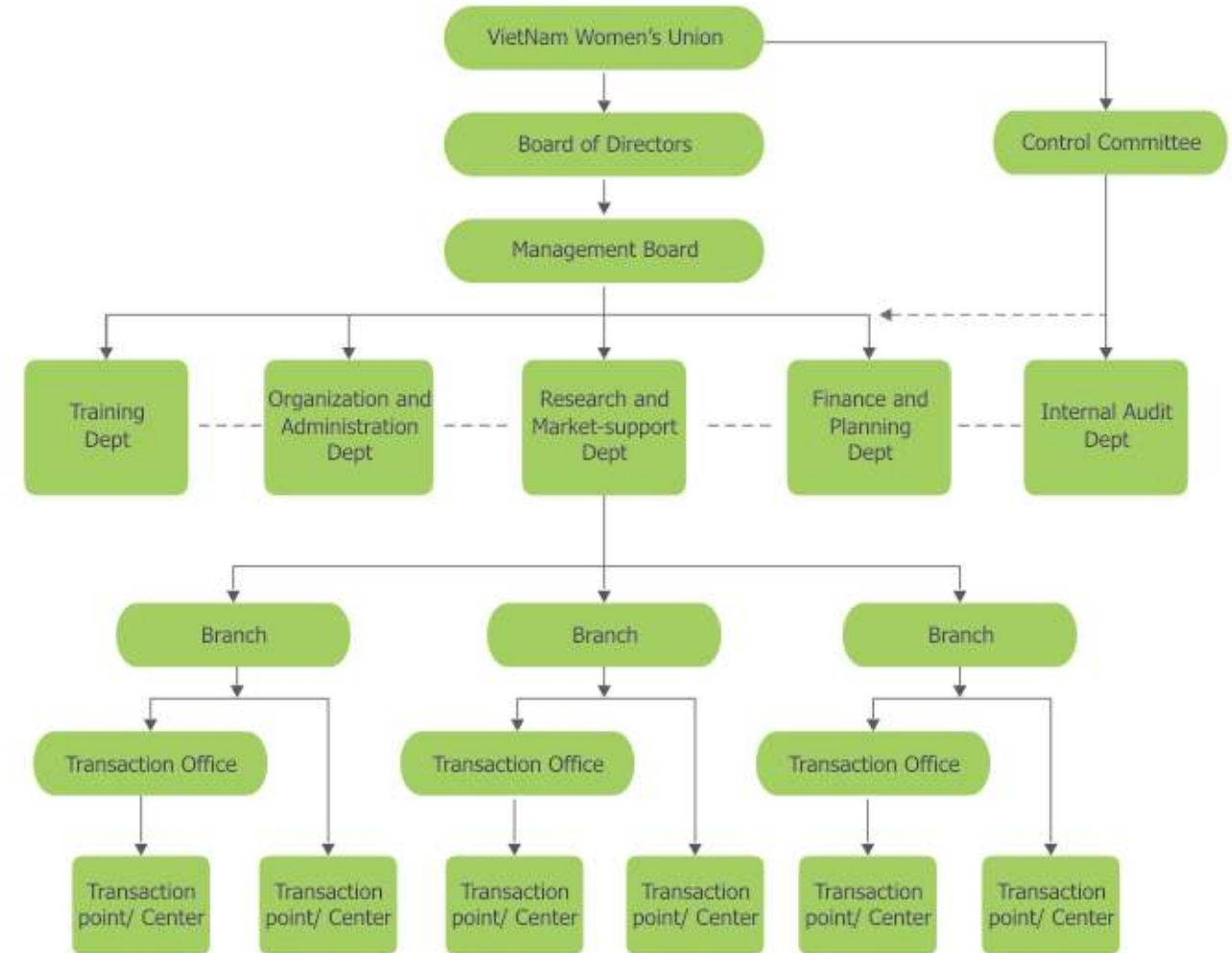
Vinh Phuc Province

Branch: Phuc Yen Branch
Name: Trinh Thi Thanh Huong
Address: Trung Trac street, Thang Loi ward, Phuc Yen town
Phone: 0211.386.9778

Branch#4: Hai Hau Branch

Name: Nguyen Thi Cuc
Address: Hai Hau District Women's Union, Yen Dinh town, Hai Hau district
Phone: 03503.775.780

ORGANIZATION





Message from Chairperson of Board of Directors

TYM Fund of the Vietnam Women's Union (VWU), known familiarly as "Mutual Affection Fund," has been closely attached to poor clients for 20 years. The performance of TYM in particular, and of VWU in microfinance generally have contributed to hunger elimination and poverty alleviation programs and enhanced women's economic empowerment. In addition, TYM sets an example for other pilot social programs of VWU as an innovative approach to fulfilling its responsibilities to its members and women in 2012-2017 term.

In 1992, TYM began its operations with the social mission of serving poor women by providing credit and savings services. After 20 years of operation, in order to support its clients and adapt to the socioeconomic situation of each period, TYM often modified its activities and diversified its financial activities and services in terms of convenience, friendliness, appropriateness and financial sustainability. The principle behind these adaptations is to meet TYM's objective: to help poor women grow in all aspects. The efforts of all staff and the thousands of members of TYM have been recognized by the Communist Party, the Government, and VWU through a series of important grants and prizes. TYM was awarded Labor Order First class in 2012, became the first formal microfinance institution in Vietnam in 2010, and received the Vietnamese Women Award in 2007. Additionally, TYM was granted preferred tax regulations for its first six years post-licensing and was provided with 50 billion VND of on-lending capital by the Government in 2012. These opportunities have been important for TYM to develop the organization, improve operational quality and expand outreach to serve many more poor women all over the country.

TYM celebrates its 20th Anniversary 2 years after being licensed and right at the time when the Resolution of the 11th National Women's Congress takes effect and comes to life. As a result of its performance of the political mission assigned to TYM by VWU and especially the trust of 80,600 women all over the country, VWU firmly believes that TYM will continue its 20-year tradition of supporting poor women, being loyal to its principles and objectives, always placing priority on its social mission and continuing to be a faithful and reliable companion of poor women.

On the occasion of the 20th Anniversary of TYM's operation, on behalf of the Presidium of VWU and the Board of Directors, I would like to wish all officers and members of TYM good health, unity, creativity in work, and persistence with your organizational principles, objectives and mission. VWU has been and will always be by your side and we will continue to create favorable opportunities for the development of TYM. There is still a long way to go. I hope you will always keep believing in and promoting the 20-year-long tradition, a firm foundation for next steps in the future and one that makes a great contribution to the development of Vietnamese women. On this occasion I would like to send my sincere thanks to national and international friends, the leaders of the Party, and local authorities at all levels who have always stood by TYM, helping us obtain these achievements.



Madam Nguyen Thi Kim Thuy
Vice-president of
Central Vietnam Women's Union
Chairperson of TYM Board of Directors

CHAIRPERSON OF THE BOARD OF DIRECTORS

NGUYEN THI KIM THUY

Compliments from the representative of CARD, the Philippines



Dr. Jaime Aristotle B. Alip,
CEO and the founder of CARD-MRI,
the Philippines

"From the first days in Soc Son - Hanoi with the first 20 members and simple products, TYM has gone together such a long way till now. After nearly 20 years of making efforts for poor women, TYM became the first formally licensed microfinance institution by the State Bank of Vietnam. In order to achieve this success, TYM has built a dedicated and enthusiastic management team and officers, so that it can meet the needs of the members and still ensure sustainable development. It is an honor for me to accompany TYM on the path of fighting against poverty in Vietnam. May I sincerely congratulate you in celebration of your 20th birthday! "



Compliments from representatives of the German Savings Banks



Klaus Remmer
Project Coordinator
Savings Bank Essen



Nicole Brand
Project manager
Savings Banks Foundation for
International Cooperation

Dear friends and colleagues,

Sustainable microfinance and we would like to stress that this does not mean loans only but more significantly the mobilization of savings to start with, lays the ground for economic development and, thus, for the alleviation of poverty which we would like to foster.

Since 2005, the Savings Banks Foundation for International Cooperation and the Savings Bank Essen are working closely together with TYM to empower the poor women in Vietnam to overcome poverty. Together with the leading microfinance institution from the Philippines, the Center for Agricultural and Rural Development (CARD), we initiated a joint project to professionalize TYM - in these days a department of the Vietnamese Women's Union funded by the German Federal Ministry for Economic Cooperation and Development. With technical assistance from Germany and the Philippines we supported (and are still doing so) TYM in many areas and could accompany the tremendous development from around 20,000 clients when we started our cooperation to nowadays, more than 80,600. Moreover, we are especially proud to see that TYM obtained the licence as first Vietnamese microfinance institution in 2010.

TYM also became part of our regional project activities in Vietnam, Laos, Cambodia and Myanmar and especially passed on its experience to the neighbouring country Laos to set up a microfinance institution. With the help of this regional network, the local partner institutions are enabled to support and strengthen each other.

The lessons learned from the experience German "Sparkassen" savings banks acquired in more than 200 years can be summarized in three main principals: be fair, be professional and be close. These principles show that financial inclusion can be successful and long-lasting.

These are the guidelines German savings banks have been following to achieve a sustainable business policy in the interest of their clients and the region, where the individual savings bank is operating. And this is what TYM also pursues.

In the name of the Savings Banks Foundation for International Cooperation and the Savings Bank Essen and all employees involved, we would like to cordially congratulate you in your 20th anniversary and are convinced that TYM will continue developing to become the leading provider of financial services to the broad strata of Vietnamese women!

Klaus Remmer

Nicole Brand

CONTENTS

Message from Chairperson of Board of Directors	1
Compliments from representatives of CARD and German Savings Banks	2
Thank-you message of General Director	5
Vision - Mission	7
The 20-year process of development: "FROM AN IDEA TO A FORMAL MICROFINANCE INSTITUTION"	8
Lessons from TYM's success story	10
1. Do fundraising directly from the faith and ability of the poor	11
2. Put effort into diversifying target groups and expanding your network	12
3. Focus on capacity building and develop staff's commitment to work with professionalism and with a heart for the poor	13
4. Strengthen and expand partnerships with other organizations, receiving precious technical support	14
Performance results	16
1. Credit	16
2. Savings	18
3. Mutual Assistance Fund	19
4. Training and capacity building for members	21
5. Society and community activities, conducted with creation	22
Member stories	24
Future plans	26
✓ Opportunities and challenges	26
✓ Commitment to continue standing by the side of poor women and becoming the leading microfinance institution	27
Appendix	
✓ 2010 Rating highlights from the report by Planet Rating	28
✓ Basic information from 1992 to 2012	29
✓ 5-year plan for 2012 - 2016	29
✓ TYM's outreach	31
✓ Contact us	32
✓ Organization	33

Thank-you message of General Director!

20 years ago, with the approval of the Government, the VWU founded TYM Fund project (or the Affectionate Fund) for the purpose of financial aid for the poorest and poor women based on the approach of Grameen bank, Bangladesh. The project was set up while microfinance was very new in Vietnam to not only poor women but also to VWU's officers and local authorities. Overcoming all these difficulties, credit and savings programs integrated with capacity building was deployed to the first 20 members in Minh Phu commune, Soc Son, Hanoi. The enthusiasm of the women was the strongest motivation for TYM to overcome all difficulties and increase the number of members; at the end of August 2012, the total number of members reached 80,600. Along with the increase in the number of women participating in the program, TYM has also undergone many organizational changes, transforming from a project to an independent department of VWU (in 1998) and then converting to an Income-generating unit (IGU) (in 2006) and most recently becoming a licensed microfinance institution (in August 2010).

Had it not been for the guidance and right direction of the Permanent Presidium of VWU, the dedication, effort and creativity of TYM's officers over time, the support of companions, partners, authorities at all levels, and especially the support of thousands of poor women and their families, TYM would not be celebrating today's achievement.

On the occasion of TYM's 20th Anniversary of operation, on behalf of the Management Board, I would like to send my sincere thanks to VWU's Presidium, TYM Fund's former officers who laid the first bricks to set up the organization, to TYM's officers, partner organizations, sponsors, local leaders, VWU's officers, the authorities at all levels and especially to our dear clients. We are looking forward to receiving your support in the upcoming journey of TYM.

We are committed to maintaining the right principles and objectives that TYM has pursued since the first days, striving to attain high levels of economic efficiency, improving the status of poor women in families and society, and deserving the trust and love that TYM has received for 20 years.

Yours sincerely!



Madam Duong Thi Ngoc Linh
Member of Presidium,
Central Vietnam Women's Union
TYM General Director

GENERAL DIRECTOR

DUONG THI NGOC LINH



VISION - MISSION



Vision

A leading provider of financial services to poor and low-income women and their families, rooted in the Vietnam Women's Union.



Mission

Improve the quality of life and status of poor and low income women by providing credit and savings to its members, creating favourable conditions for their participation in economic activities and enhancing their role in society.