

**TYM@15:**

**HEEDING CLIENTS' VOICES**  
**FOR**  
**IMPROVED PRACTICE AND STRONGER IMPACT**

**An Assessment Report**

**TYM Research Team**  
**CARD MRI Research Unit**  
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## EXECUTIVE SUMMARY

The TYM Impact study aimed to test the hypothesis that participation in microfinance program increases household economic welfare, promote enterprise stability or growth, and empower women clients. Using the AIMS/SEEP tools, namely Main Survey, Exit Survey, Empowerment and Loan and Profit Use Strategies Over Time, a total of 628 respondents were engaged.

For the Main Survey, 480 clients at different length of membership (0.5, 3, 6 and 9 years) were compared with 60 sampled comparison group. The composite poverty index indicated that TYM's incoming clients belong to the poor category: 60% being moderately poor and 40% being very poor. When grouped together, only 10% of the mature clients were found to have moved up their status from being poor to non-poor. Majority of the clients were moderately poor, regardless of length of membership. A number of mature clients are still in the very poor category, with 20%, 37%, and 22% of those who have stayed in the program for 3, 6 and 9 years, respectively.

The study demonstrated strong household-level impact on food security. As the clients stay in the program longer, their households are more likely to experience food security, with most mature clients buying more and better food for their families. The study also found positive impact on expenditure on housing improvements with more clients in their 6<sup>th</sup> and 9<sup>th</sup> years spending more than US\$100 to improve their housing conditions by adding a room or latrine; fixing the roof, walls or floors; and building a new house.

Positive correlation on the ownership of some durable assets were also observed with length of membership, with more mature clients owning TV sets and motorbikes. Most of the respondents were able to buy assets with less than \$100 purchase value such as electric fan, bicycle, bed with mattresses, chairs/benches/tables, rice cooker, cabinet and vcd/dvd players. In addition, mature clients were more likely than incoming clients to have personal savings for emergencies, for purchase of goods or for investment. As well, the proportion of clients who reported an increase in savings were higher across all age cohorts than incoming clients.

Financial services provided by TYM also helped client households diversify their income sources. However, clients' livelihoods remained agriculture-based and small in scale. The study also revealed the fungibility of loans, with expenditures on areas beyond the microenterprise: loans for the first few cycles were used to support children's education and put more food on the table. Significant loans enabled households to purchase consumer durables and improve housing conditions, as well as generate savings.

The study also found that client households seem to have provided higher level of education to their children, with majority of the children completing secondary and high school level of education.

The loans and profit use strategies employed by 30 active borrowers were also explored. Like the findings of the Main Impact Survey, clients were able to diversify their income sources by adding livelihoods that remained to be small-scale and agri-based. Profits were also widely used to improve household welfare, such as on purchase of basic needs, household assets, and children's education. The number of clients that used their profit for reinvestment in the business went down as they moved from one cycle to the next. Enterprise level findings are generally weaker than might be expected. Impact of borrowing may have been limited because loans failed to meet the business needs of some members, that is why loan uptake among the respondents were lower than what was accessible. It can also mean that clients were content with the scale of their livelihoods and did not want to borrow more. Aversion to risk of non-payment by the branch staff could also account for the low loan uptake. More in-depth study is needed to better understand the weak enterprise impact of TYM loans.

Focus group discussions were held among 18 mature clients to determine changes at the individual, household, enterprise and community levels through self-portraits representing themselves before program participation and at the present time. The self-reported impact on the level of confidence of clients especially for those 3 years and above in the program is very pronounced, based on the results of the Main Impact Survey. This was validated by the findings from the Empowerment tool through which many clients reported higher levels of participation in community activities, being members of the women's union. Participation in the solidarity group enhanced self-confidence of many as they assumed center leadership roles. Many women have started their own business, expanded or added to existing ones, and are contributing to their household income. These activities have allowed them to gain additional respect from their husbands, children and members of their communities, and contributed to their feelings of increased self-worth and self-confidence..

Forty (40) former clients were interviewed to find out why they left TYM, their perceptions of its weaknesses and strengths and how they were impacted by the program. About 60% of those who left have been with the program for 3 years and more, with almost half of the respondents (49%) engaged in animal raising as their primary source of income. Most of the respondents reiterated that TYM loans helped improve their family's diet, provided them with the financial assistance for their children's education, increased their household assets and enabled them to improve their housing condition. Sixty eight (68%) mentioned that being in the TYM program was of great help with 60% experiencing substantial increase in income. However, only 33% are willing to rejoin while 40% are still ambivalent. Why clients left the program may be broadly categorized into problems related to TYM policies and procedures (59%), business-related reasons (24%) and personal reasons (18%). Of the policies and procedures, attendance to center meetings was cited by nearly 68% of former clients.

How then can TYM strengthen its positive impact and minimize negative unintended impact? Suggestions were made to equip its field staff with skills to enable them to more effectively assess loan application based on financial requirement of the business, rather than cycles; intervention to deepen their appreciation of TYM's mission so that customer care will be a way of life; streamlining the center meeting and incorporating programs to enliven them so that they become productive venues for client learning and skills acquisition; non-financial incentives for center leaders such as Journey of Learning; continue designing diversified products and services that are tailored-fit to the varying financial needs of individuals, enterprises, and households; conduct of market studies by district to help clients determine the best loan use strategy; provision of business development services to help clients grow their livelihoods; further research to understand low/slow loan uptake; monitor exit rate more closely; and continue advocating for an enabling environment and even playing field for a more vibrant microfinance industry in Vietnam.

Interviews and discussions with clients highlighted the important and significant role TYM services play in assisting clients to improve their quality of life and economic security. Working among the poor in the rural, inaccessible areas bring to the fore the fact that poverty and need is greatest in these areas but the economic opportunities and returns to both members and TYM are less. Nonetheless, TYM had put significant human and financial resources to listen and heed its clients' voices in its bid to be a client-centered microfinance provider. It is no wonder then that clients perceive TYM as a caring institution, indeed an institution that effectively translates its mission into practice.

## I. INTRODUCTION

### A. Background

In 1992, the TYM Fund was established as a project under the Family and Welfare Department of the Vietnam Women's Union. The Fund's principal mission is *"to develop a sustainable and financially viable institution committed to creating opportunities for poor women to access continuously the credit and saving services to improve their total well being... based on the spirit of discipline, hard work, savings and mutual respect"*. To accomplish its mission, TYM Fund provides microfinance services, using a modified Grameen Bank approach, to women of rural poor households living in primarily agriculture-based communities within the poorest districts and communes in the northern Vietnam provinces. Success of its operations led the VWU to pass Decision No 14 in January 1998, making TYM a department of equal status, but directly under the Presidium of VWU and operating with its own staff structure and stamp. In January 2006 the VWU transformed TYM Fund into a separate legal entity governed by a Management Board.

TYM clients are formed into groups of five which then in turn cluster to form a center of about 6-8 groups (30-40 clients). Loans sizes range from VND 300,000 to VND 20 million, and are charged flat interest rate of 1.0% monthly. No collateral is required, instead clients undertake to jointly guarantee each other. Until about a year ago, the centers meet weekly with a TYM loan officer to collect weekly loan repayments and savings. Presently about 80% of TYM centers meet monthly. These meetings are compulsory, and sometimes include an educational component on livelihood, healthcare and business management.

TYM currently operates 19 branches, with 13 branches in existence now for more than ten years. It is reaching 23,825 clients, in the hands of whom VND 58.4 billion (USD 3.6 million) remains outstanding and whose savings with TYM amount to almost VND 1.9 billion (USD 117,010). Portfolio quality is excellent, with repayment maintained at near perfect rate. Appendix 1 shows the operational and financial highlights of the Fund as of June 2007.

TYM believes that microfinance can be a powerful tool in combating poverty. While TYM has proven that it has been an effective model in reaching the poor and attaining financial sustainability, has it been effective in reducing poverty of its clients after 15 years? Another question that TYM want answered is: in its pursuit of its imperative to develop a viable and sustainable institution through higher organizational productivity and efficiency, was it successful in balancing its financial objectives against its social objectives?

As a recipient of grant funds for poverty alleviation, TYM would like to see if it is on track with its mission, that of serving poor women, and making a difference in its clients' well being. At the same time, it wants to ensure that its products and services are in tune with its clients' needs. Hence its use of the AIMS/SEEP tools for impact assessment, to serve not only an accountability function, but also in part to help it improve its program.

### B. Conceptual Framework

Traditionally impact has been viewed through the increased/decreased income lens. The focus on increasing income overlooks the importance of microfinance services' role in diversifying sources of income, smoothing income and expenditure fluctuations, protecting and developing important household assets (physical as well as human), and in the development of key social contacts and skills (Wright, 1999). Aware of the limitations of the income lens, Chen and Dunn (1996) looked at impact in the context of the Household Economic Portfolio, a model that looks at the creation

and protection of financial, physical, human and social assets as a way of reducing the vulnerability of the poor.

**Refined Household Economic Portfolio  
From Wright 1999**

Jennefer Sebstad and Monique Cohen defined a “refined household economic portfolio” in terms of:

- **Financial assets** (cash, savings, loans and gifts, regular remittances or pensions, other financial instruments)
- **Physical assets** (housing, buildings and land and improvements to these, land and other physical items which maintain or increase in value such as gold jewellery, or physical items that decrease in value including consumer durables such as household appliances, shoes, clothing, and vehicles)
- **Human assets** (skills and knowledge, ability to labor, good health, self esteem, bargaining power, autonomy, control over decisions)
- **Social assets** (networks, membership of groups, relationships of trust, access to wider institutions of society, freedom from violence)

Assessing the Impact of Microenterprise Services’ (AIMS) conceptual framework is based on the Household Economic Portfolio. Specifically, the conceptual framework departs from the conventional approach in that it starts with the household rather than the enterprise (Gobezie and Carter 2007). In addition, the conceptual framework is particularly useful in addressing the issue of fungibility and attribution (AIMS Team, 2001). The model recognizes that in reality, resources within households are fungible, and that clients will use loan funds for a variety of purposes. The microenterprise is embedded in the household economy and represents only one of the household’s production, consumption, and investment activities. In the words of Todd (2000), “because the client’s use of loans is firmly embedded in the family/household, especially among poorer families, searching for impacts requires a lens on the full range of family/household economic activities.” By treating the microenterprise as part of the larger household economy, the model deals with the problems of fungibility. The problem of fungibility can be addressed by widening the unit of analysis for the impact assessment from single enterprise to the entire economic portfolio within which the fungible capital might be used. The model also helps to build the case for attribution by providing an internally consistent conceptual framework that can be used to link the microenterprise intervention to the impact in a plausible cause and effect relationships (Gobezie and Carter 2007).

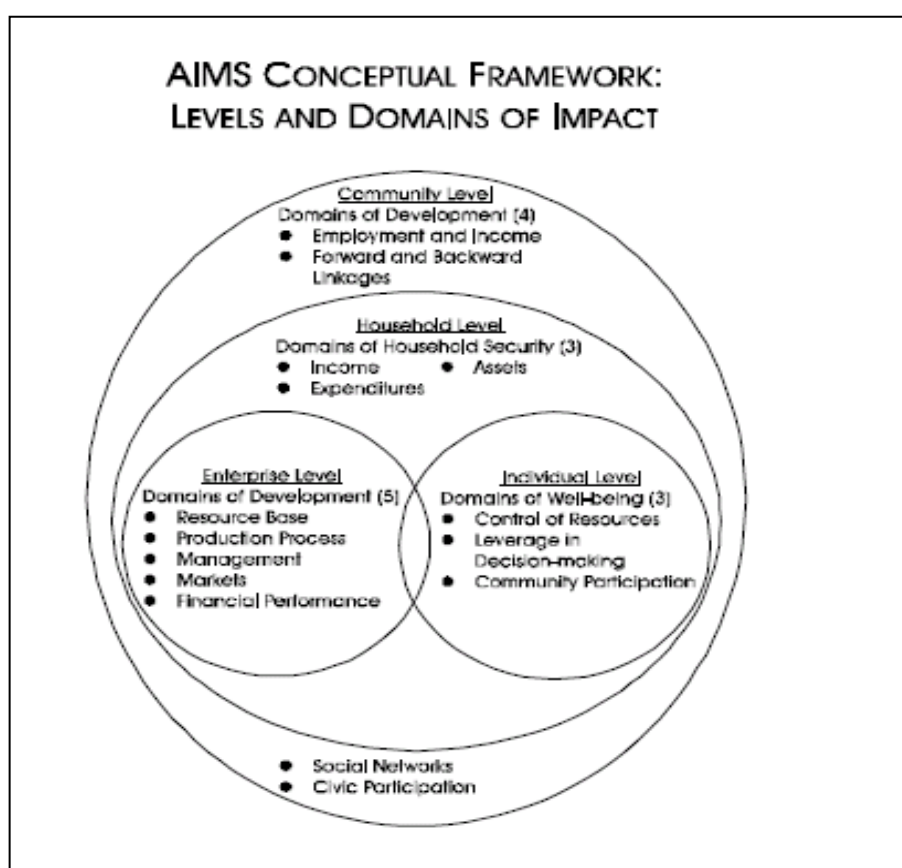
The framework (AIMS/SEEP 2002) posits that impact occurs in different areas connected to the family/household:

1. At the *family/household level*, microenterprises contribute to net increases in family/household income, asset accumulation, and labor productivity. Income invested in assets such as savings and education increases family/household economic security by making it possible to meet basic needs when the flow of income is interrupted.
2. At the *enterprise level*, impact is represented by changes in income, employment, assets, and volume of production.
3. At the *individual level*, change is measured by the clients’ capacity to make decisions and investments that improve business performance and personal income, which in turn, strengthen the family/household economic portfolio and often translate into personal empowerment.

4. At the *community level*, microenterprises can provide new employment opportunities, stimulate backward and forward linkages to other community enterprises, and attract new income from outside the community. To the degree that the poor benefit from such increased economic activity, microenterprise interventions can have additional equity impacts.

These links shed light on the paths of impact by which access to microfinance services can contribute to the goals of poverty alleviation and the empowerment of poor women. These levels and domains of impact are illustrated in the figure below.

1. *Family/households* become more economically secure and gain capacity for procurement of productive assets that sustain their movement out of poverty;
2. *Enterprises* increase feasibility, stability, and growth;
3. *Individuals* enhance their management of resources and develop their status and well-being within the family; and
4. *Communities* build up economically through business/enterprise activity that provides goods and services, increases incomes, and generates employment. This local development helps minimize rural to urban migration, and separation of families. Poor women have more active participation in their communities.



Source: *Learning From Clients: Assessment Tools for Microfinance Practitioners*



### **C. Poverty Reduction Hypotheses of TYM**

This study worked on the assumption that being poor, microfinance clients engage in “livelihood activities” rather than “microenterprise”. For TYM clients, these include multiple economic activities primarily crop production, livestock raising, fishing, and casual labor. Loan funds are usually spread over several if not all of these activities. In order to measure their level of poverty, proxy indicators (food security, household assets and sources of income) were used, giving each almost equal weights, to construct a composite poverty status index with three categories: ***Very Poor, Moderately Poor and Non Poor***. Movement from one category to another is regarded as a significant change in poverty status.

### **D. The Poverty Categories**

**VP** – irregular, low income, minimal productive assets and food insecure with severe hunger. E.g., contract or casual labor, traditional fisheries, farming, small scale poultry/ducks, 1 pig. Mobile vending or services with very small working capital. Wife in casual labor (like brick making) or not earning (housewife). Transport service driver (non-owner/old motor). No income from children, if husband and wife are working.

**MP** – income more regular, based on use and ownership of small productive assets and food insecure without or with moderate hunger. Self employment from fixed location, or using machinery or larger working capital. Farming on lease land of less than 1 acre (0.4 ha.) or own land of less than half acre (0.2 ha.). Fish cage or boat with engine. Owned transport service (e.g. cyclo or xe ohm (motorbike). Additional income from children in casual labor.

**NP** – higher, regular income based on ownership and use of larger productive assets, food secure, with fish pen, boat with engine; farming on own land more than half acre (0.20 ha.) or lease of more than 1 acre (0.40 ha.); rent out of land or building; regular salaried work; member of the family works abroad; self employment with separate fixed location, large working capital and own machinery or equipment. Transport service with higher value. Additional income from children in factory or salaried work, or the more skilled contract work - welder, etc.

### **E. The Food Security Categories**

A single-item question developed by the US Department of Agriculture (USDA) was used to classify the food security status of mature and incoming member households of TYM. Commonly referred to as “food sufficiency” question, the respondents were asked to assess their food sufficiency, considering both the quantity and quality of the household food supply. The description and classification of the food security categories are shown in Appendix 2.

### **F. Research Methodology for the Study: Design and Sampling**

The design of the current study drew heavily from CARD Research Unit’s experience in evaluating the impact of a peer MFI in the Philippines in 2000. Just like the ASHI Impact Evaluation led by Helen Todd of CASHPOR Technical Services Ltd. and Carter Garber of IDEAS, the TYM Impact Assessment 2007 also adopted the AIMS approach, involving both quantitative as well as qualitative studies.

The quantitative assessment was done by interviewing three types of clients: mature clients (at least 3 years of participation); new clients (at most 6 months in the program) and incoming clients

(still in training and not yet recognized). To avoid the bias of self-selection, the incoming clients formed the comparison group. The differences between these two groups would point to the impact of the services of TYM.

**Comparison Group  
From Gobezie and Carter 2007**

“In order to see the change in the life condition of people brought about by any intervention, one needs to identify a comparison group. In cross sectional analysis, one can use “Clients only”, “Clients and non-clients” or “Mature clients and incoming clients” as comparison groups. The first, though popular, depends only on clients’ self reports; and the lack of a comparison group makes it impossible to know whether the changes clients describe exist because of the program or if they simply represent general trends in the area. The “Clients and non-clients” option is perhaps the most common cross-sectional design used in evaluation research. The responses of clients are compared to those of non-clients through a “with/without” framework. Yet, it cannot solve the problem of what has come to be known as “**self-selection bias**”. “Mature clients and incoming clients”, is the most promising and valid of the cross sectional approaches. The comparison group is composed of the program’s incoming clients. They represent the best comparison group since they have not been in the program long enough to exhibit impact; yet they should be similar “types” of people, and selected from the same or very similar program areas as those in the client sample. In addition, it is easier to select a comparison group from existing lists of incoming clients than it is to select non-clients at

To provide a more complete picture of evaluation, the study also included qualitative data that comes from in-depth interviews and focus group discussion. The qualitative data collected was then triangulated with the data from the quantitative surveys and programmatic information to uncover emerging trends.

TYM is present in 19 branches in the north of Vietnam. A stratified random sampling of branches was done to come up with 8 branches in varying levels of maturity (See Appendix 3) for sample distribution by locality and length of membership. A total of 360 mature clients, 120 new clients and 60 incoming clients were surveyed. For the qualitative study a purposive sample of 3 focus groups of six participants each for the Empowerment tool and 30 borrowers for the Loan Use tool were engaged.

Analysis was done to determine if there has been movement in poverty status and changes in the four domains of impact: individual, family/household, enterprise and community.

## II. TYM AND ITS CONTEXT

### A. Socio-Economic Context

Poverty in Vietnam remains to be a rural phenomenon – with an estimated 90% of the poor living in the rural areas. TYM works in the poorest provinces of Vietnam, with poverty rate that range from 58% in 1993 to 36% in 2006 (*Vietnam Embassy, World Bank, Thanh Nien News, May 2007*).

The rural poor tend to mainly work in agriculture or have unstable jobs, and have limited off-farm employment opportunities available. They generally have a low level of education, limited professional and business skills, poor access to credit, physical infrastructure and social services (CIE 2002). Agricultural production carries a high risk for poor households because of vulnerability to climatic conditions or events, such as floods, droughts and storms. Livestock plays a pivotal role in Vietnam's farming systems (World Bank 1999a), and is considered important assets. Hence, when death and disease strike, the deleterious effect on the household's economic well being is enormous.

Aside from geographic targeting, TYM ensures it contributes to poverty alleviation by taking women in these poor households as its entry point. In general, poverty affects women more severely than men. Women lack decision-making power, have less education and have fewer opportunities than men. They bear heavy workloads and have no voice in household matters, including the crucial issue of reproduction, or in community affairs (IFAD 2007). Rural households consisting of only women and children are particularly vulnerable to poverty and land loss, because the number of dependents is relatively high compared with the available labor force (Minot and Baulch 2001).

Employed mainly in agriculture, light industry — especially textiles and garments, government and social services, women make up half of the employed labor force. However, they earn only 40 per cent of the total wages. Women's wages are on average 72 per cent of men's, and are only 62 per cent of men's in agriculture. Women are more likely to have casual, seasonal and self-employed work than men, and also to be in positions of lower authority. Therefore women are more likely to be effected by downturns in the economy and other negative shocks (CIE 2002).

One of the major problems facing women is the lack of power they have within the household. The Participatory Poverty Assessments (PPAs) identified that this lack of power stems from unequal decision making power within households, excessively heavy work loads for women, domestic violence and women's autonomy being relinquished in household coping strategies. Even where women are the apparent money managers they do not actually have the power to make decisions on expenditure. The strong tradition for land to be inherited by sons and because of the practice of having men registered on land certificates as land holders, women may also be being disenfranchised of their land use rights. This contributes to women's limited decision making power, which goes beyond the household. It is also mirrored in their limited influence in wider community decisions. The ratio of female leaders to male leaders in political structures is low across all levels but is lowest at the grassroots level, with only 26.2% of women members in the National Assembly, 20.4 % in Provincial People's Council, 18.1 % in District People's Council; and 14.4% in Commune People's Council.<sup>1</sup>

Women bear a disproportionately heavy workload — women work on average 6 to 8 hours more a day than men because they do the majority of the housework. This can contribute to health

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<sup>1</sup> UN System, 1999. Cited in the 1999 Vietnam Development Report Attacking Poverty

problems; limit the scope for informal learning from participation in social activities; preclude participation in literacy classes; and restrict participation in village meetings and therefore limit involvement in decision making (World Bank 1999a).

Access to health services remains a serious problem for women in some areas. For example, antenatal and postnatal services are almost non-existent in many of the remote villages. Women's health problems are caused or exacerbated by their heavy workloads. This is particularly so in agriculture, as studies of the intensity and heaviness of agricultural labor demanded of women have shown that the number of accidents is high compared with most other countries (World Bank 1999a). The lack of free time associated with women's heavy workloads also restricts access to education and as a result educational attainment of women is generally lower than that of men. In remote rural areas women have even less likelihood of accessing education.

## **B. Description of TYM Fund and its Products and Services<sup>2</sup>**

### ***History***

The TYM Fund was founded in 1992 by the Vietnam Women's Union in order to help implement the poverty alleviation programme of the Government. In 1998, it became a separate Department of the VWU with its own seal. In 2006, it has transformed into an autonomous organization with its own legal status of a "Public Enterprise" under the Vietnam Women's Union and is governed by a Management Board.

### ***Mission***

TYM stands for "Tao Yeu Mai" in Vietnamese, meaning "I love you" and is the international name for the Mutual Affection Fund of the Vietnam Women's Union. The mission of the Fund is to

**Improve the quality and life of poor women in rural areas by providing credit and savings to groups of Fund members, creating favorable conditions for their participation in economic activities and enhancing their role in society.**

### ***Target Area/Clients***

Women having an income below the poverty line defined by the Vietnamese Government (currently monthly income below VND 200.000 or USD 12.5) and meeting some other criteria can become members of TYM. Five members form a Group, and a Center comprises 6-8 Groups. Before becoming eligible for a loan, all members have to undergo 3-day training on the policies and procedures of TYM, on the role of the Centers and the communities as well as on basic business and financial skills. As of June 2007, TYM operates 19 Branches in 7 provinces (Hanoi, Hung Yen, Vinh Phuc, Hai Duong, Nam Dinh, Thanh Hoa, Nghe An).

### ***Products and Services***

All TYM services are provided at the weekly or monthly Center meetings where loan applications are discussed and approved, repayments and savings collected. The Center also serves as a meeting place, where experiences in business development are exchanged, and the staff of TYM

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<sup>2</sup> This section drew heavily from the paper "Institutional Development of TYM Fund" by Mr. Joerg Teumer, Consultant, Sparkassenstiftung fuer Internationale Kooperation (SBFIC), Germany prepared for the 15<sup>th</sup> Anniversary of TYM Fund, October 2007.

and external experts provide training on family, gender and health issues, and social activities are being carried out.

### **1) Loans**

Loans are disbursed according to cycles, amounts start with VND 300,000 up to a maximum of VND 20 million (USD 1,250). Maturity ranges from 10 – 100 weeks. Interest rates are generally 1% per month. Payment of principal and interest is done weekly. Most loans are used for productive purposes. There is also a multi-purpose loan (emergency loan) with smaller amounts and shorter tenors which can be used for consumption. As of June 2007, the average loan amount was VND 2.5 million or USD 152.

### **2) Savings**

In order to build their own assets and to strengthen the savings habit, all TYM members make weekly compulsory savings of VND 3,000 (USD 0.19) which earn an interest of 0.5% per month and can be withdrawn after a certain minimum period. TYM also encourages its members to save on a voluntary basis, starting with amounts as little as VND 1,000 (USD 0.06) per week. Recently TYM has started to offer term deposits for 3 and 6 months called Family Savings. As of June 2007 the savings balance of TYM members amounted to VND 31.1 billion (USD 1.9 million).

### **3) Mutual Assistance Fund**

In June 1996 the Mutual Aid Fund (MAF) was established as an additional TYM service for its members. For an affordable weekly premium of VND 200 collected together with the weekly loan repayments and savings, the client receives a basic funeral expenses benefit in case of premature death of the member, spouse or child, as well as credit life protection in case of premature death of the member. A benefit in case of hospitalization due to major illness and surgery was added later.

## ***Governance and Management***

TYM's organizational structure is shown as Appendix 4. Governing TYM is a Board of Directors headed by the Vice President of the VWU. The Management Board is composed of the Director and two Deputy Directors, who are appointed by the Presidium. The Director serves as TYM's CEO responsible for overall operations; one Deputy Director is in charge of Operations, Training and Research; the other Deputy Director, whose post is still vacant, is responsible for Finance and Accounting Department; and Administration, Personnel and External Relations Department. For internal control, an Internal Audit Department has also been established.

At the field level, there are 7 Area Managers, 19 Branch Managers and 79 Credit Officers. In total, TYM Fund has 150 professional staff.

### III. IMPACT SURVEY

#### A. Overview of the Impact Survey

The Impact Survey is the principal quantitative tool used in this evaluation and is comprised of thirty-six questions. It was administered to a sample group of clients at different length of program participation (0.5, 3 years, 6 years and 9 years) and a comparison group. To simplify the task of selecting the latter group, the research team used a random sample of incoming clients—those who have chosen to join the program but who are still in training but have not received a loan. The assumption is that those choosing to join the program are similar to existing clients in terms of demographic characteristics, motivation, and business experience, and thus offer an appropriate and easily identified comparison group (Nelson 2001).

#### B. Findings

A typical TYM client has the following characteristics;

- Middle age women ranging from 31-45 years of age
- Married with low dependency ratio
- Engaged in microenterprises that typically involves trading Commerce/Trade/Retail
- Has attained secondary level of education
- Prioritizes children education, housing repairs once extra income is realized
- Typically practices savings as a way to mitigate risk arising from emergencies
- Exhibits loyalty to TYM program (for client 6 yrs or more)

**Table III(a): Percent distribution of respondents by age.**

Age	Incoming clients (n=60)	New clients (n=120)	Mature clients (n=360)
< 24	7	5	0
24 – 30	13	18	7
31 – 35	17	8	15
36 – 40	20	21	26
41 – 45	15	16	26
46 – 50	16	11	13
51 – 55	12	13	8
Above 55	0	8	5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>
<i>Note:</i> <ul style="list-style-type: none"><li>• Incoming clients are women who have been selected for training but have not been formally accepted to the TYM</li><li>• New clients are women who have been with the program for at most 6 months</li><li>• Mature clients are women who have been with the TYM for 3-9 years.</li></ul>			

**Age:** The average ages of clients are 39, 40 and 44 for incoming, new and mature clients respectively. The number of clients in the younger age group – 20 to 35 - is 37% for incoming, 31% for new and 22% for mature clients. There are more older women in mature clients (65%) compared to incoming clients (51%) and new clients (48%) in the age group 36 to 50.

What is notable is that most clients start accessing services while they at their most economically productive years. By providing financial services to younger women early on, TYM can create positive impact if at the critical stage of their life cycle; clients are able to maximize their physical potential to capitalize on their most economically productive years.

The younger age group level of productivity in terms of earning may be peaking up at the time of recruitment. They have more physical strength which is needed in income generating activities and may stay in the program longer. Comparing this with the 2007 national life expectancy for women<sup>3</sup> which is 74 years (men's life expectancy is only 68%), these clients by the time they become mature clients have, on the average, lived only half of their life expectancy. With the right service package, TYM has great opportunity to develop a large base of clients who perhaps in their most enterprising and physically fit years will be loyal as they become mature clients.

A typical TYM client joins the program when she is between 36-40 years old, i.e., 36 years old for 9-year clients; 39 years old for incoming clients and 40 years old for new clients. If TYM pursues the planned provision of health and pension benefits, it must contain the increasing trend in age of joining, as this will have serious actuarial implications.

**Table III(b): Percent distribution of respondents by marital status.**

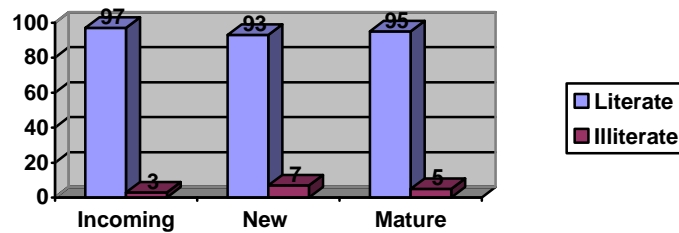
<b>Marital Status</b>	<b>Incoming clients (n=60)</b>	<b>New clients (n=120)</b>	<b>Mature clients (n=360)</b>
Married	94	90	89
Separated/Divorced	2	0	4
Widowed	2	7	6
Single/Never Married	2	3	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Marital Status:** Majority of the clients are married (94%-incoming clients, 90%-new clients and 89%-mature clients). The numbers of female-headed households (widows, divorced or separated or never married women) are 11%, 10% and 6% for mature, new and incoming clients respectively.

**Implication:** One of the praises heaped on microfinance services targeting women is that the benefits naturally trickles down to the entire family specifically the children. There may be diverse reasons why married women would access financial services, but perhaps the generally accepted one is that they are motivated to help augment the family income. The percentage of married women joining the program (incoming clients) is 94%. While it is hard to predict the decline of the share of married women in the case of new and older clients, especially for older clients it can be said that since they stayed longer in the program, during those years some may have dropped out or may have suffered loss of partner---being divorced or widowed. One thing clear is that, TYM by serving a large percentage of married women may have indirectly expanded the programs benefit to the immediate family members. While on the other hand, the program has not neglected its social obligation of giving hope to women who suffered from being divorced or lost a partner. The female headed household's percentage of mature clients (11%) is indeed sizeable and even though they are single they last in the program for 3 years and above. Similarly, it is expected that those who are married will last in the program and will be a good member because they have partners that will help them in their enterprise activity. Thus, providing financial services to married women is one way to mitigate risk in the portfolio of TYM.

<sup>3</sup> 2007 World Fact Book published by CIA

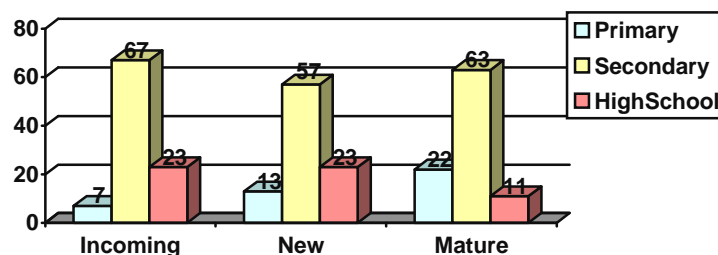
**Figure III(a): Percent Distribution of respondents by literacy level**



**Literacy Level:** There is a high literacy level; majority of the clients can read. Ninety seven percent (97%) of incoming clients are literate compared with 93% and 95% of new clients and mature clients, respectively.

**Implication:** Based on 2003 estimates, national literacy rate for women was 92.3 percent which was a bit lower than for the men (95.8 percent). TYM seem to be reaching literate women who may belong to not so poor households. It is expected that literacy has some positive relationship to income earning capacity. While it is true that being able to read could be necessary to succeed in running a business, but in the case of micro enterprises which is in the context of informal markets most of the tricks of the trade are learned street smart way by experience—so called practical learnings. However, if in the coming years TYM is projecting that a large percentage of its client should be able to absorb larger loan amounts because of increasing requirements for capital, by implication, clients with high level of literacy should be the target. This also lowers the cost of client development investments. TYM may also be able to introduce more advanced type of client training such as financial literacy rather than the more basic types such as functional literacy. Further, because a large percentage of clients are literate, it maybe less costly to educate clients on new products and generate awareness on related campaigns.

**Figure III(b) : Percent Distribution of respondents by educational level**



**Educational Level:** Majority of the clients have only secondary level of education. Sixty seven percent (67%) of incoming clients, fifty seven percent (57%) of new clients, and sixty three percent (63%) of mature clients have completed secondary education. The percentage of clients who completed high school is both twenty three percent (23%) for incoming clients and new clients and eleven percent (11%) for mature clients.

**Implication:** The level of education is directly related to the level of literacy. It is consistent with the fact that, TYM clients are mostly literate women—at least by having reached secondary level of education majority of clients have attained certain literacy faculty---in this case the first of the Rs of functional literacy which is reading—an important skill in understanding loan agreements,



insurance policies, savings requirements, etc. Notably, as observed based on the results, incoming clients and new clients have higher education compared to those older clients (mature clients).

**Education and Literacy**  
**From Federal Research Division Vietnam Country Profile 2005**

In 2003 Vietnam's literacy rate was 94 percent, including 95.8 percent for men and 92.3 percent for women. However, educational attainment is less impressive. Although five years of primary school education are considered compulsory and 92 percent of eligible children were enrolled in primary school in 2000, only two-thirds completed the fifth grade. The cost of tuition, books, and uniforms and the need to supplement family income are the two main reasons for dropping out. A huge disparity exists in primary school enrollment between the cities and rural parts of Vietnam. In some rural areas, only 10 to 15 percent of the children progress beyond third grade, whereas almost 96 percent of pupils in Ho Chi Minh City complete fifth grade. In 2000 enrollment in secondary school was only 62.5 percent, much lower than in primary school. One of the government's goals is to expand access to secondary education.

**Table III(c): Percent distribution of respondent by dependency ratio.**

<b>Dependency Ratio</b>	<b>Incoming clients (n=60)</b>	<b>New clients (n=120)</b>	<b>Mature clients (n=360)</b>
High (>3)	42	24	37
Moderate (2-2.9)	3	3	16
Low (<2)	55	73	47
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Dependency Ratio:** Dependency ratio is the number of persons in the household divided by the number of regular income earning members. A dependency ratio of 3 means that each income earner is supporting three household members. We classified high dependency as 3 or more, moderate dependency as 2 to 2.9 and low dependency as less than 2.

Mature clients have shown better range of dependency ratio as 63% fall within moderate to low level. On the other hand, 42% of incoming clients have high dependency ratio. For new clients, 76% percent reported to have medium to low dependency ratio.

One thing that contributed to the low dependency ratio is that household size even for mature clients have not increased---more than 50% reported to have household size ranging 4-6 members.

For TYM, the generally low level of dependency ratio may be a good sign in terms of risk mitigation. Household costs maybe kept low, earnings from the clients business may be reinvested or may be kept as savings rather than being used up for household expenditures. As dependency ratio figures have shown, from incoming clients to mature clients, all have low levels. It appears and is consistent with the fact that women clients belong to households who have at least two members of the family who earns regular income. This is not surprising as the country have very low level of unemployment at 2% based on 2006 estimates.

**Table III(d): Food eaten in the respondents' household in the last 12 months.**

<b>Food Description</b>	<b>Incoming clients</b>	<b>New clients</b>	<b>3 yrs</b>	<b>6 yrs</b>	<b>9 yrs</b>
Enough quantity and kinds of food we want to eat	33	42	68	50	72
Enough quantity but not always the kinds of food we want to eat	65	56	32	49	24

<b>Food Description</b>	<b>Incoming clients</b>	<b>New clients</b>	<b>3 yrs</b>	<b>6 yrs</b>	<b>9 yrs</b>
Sometimes not enough to eat	2	2	0	0	2
Often not enough	0	0	0	1	2
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Table III(d) describes the food eaten in the household in the last 12 months by incoming, new and mature clients. As the clients stay in the program longer, their households are more likely to experience food security as shown by 72% and 50% of clients who have been with TYM for 9 and 6 years now, respectively as against incoming clients (33%) or clients whose membership is less than 6 months (42%). Food security may result in the provision of continued access to financial services such as credit enabling the clients to engage in or expand their micro enterprises, or through savings allow them to build financial assets. The immediate and most notable benefit of increased level of household income and asset-base is increased spending on food as the household food preferences also keeps up with the rise in income and asset level. Not only that when income is increased, food “appear on the table” but more importantly the quality and economic freedom to choose what type of food to consume becomes pronounced.

**Table III(e): Percent Distribution of respondents who spent more than \$100 on house improvement.**

<b>House Improvement</b>	<b>Incoming clients</b>	<b>New clients</b>	<b>3 yrs</b>	<b>6 yrs</b>	<b>9 yrs</b>
Spent >\$100	53	45	59	66	58
Did not spend >\$100	47	55	41	34	42
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Another notable impact on clients of microfinance services is that the resulting increase in income also leads to incremental house improvement. More mature TYM clients (66% and 58% of those who have been with TYM for 6 and 9 years, respectively) spent more than US\$100 to improve their housing conditions in the last 2 years. While 53% of incoming clients and 45% for new clients said they incurred in the last two years home improvements costing more than \$100.

The impact of the benefits of accessing microfinance services among clients especially in terms of the proportional amount on house improvement is a significant indicator since such expenditures are seldom pursued unless there are substantial increases in the level of income generated by the household. House improvement requires bigger amount of money, hence among poor households this does not take priority unless the level of income have improved and is anticipated to remain in such level in the future.

**Table III(f): Percent distribution of respondents by ownership of productive assets.**

<b>Ownership of productive assets in three value categories</b>	<b>Comparison Group</b>	<b>New</b>	<b>Mature Clients</b>	
	<b>Incoming</b>	<b>0.5 yr</b>	<b>6 years</b>	<b>9 years</b>
<US\$100	13	29	28	30
<US\$1000	14	28	28	30
>US\$1000	13	19	38	31

Table III(f) shows the ownership of productive assets in three value categories. Productive asset accumulation can only result if the poor household is able to sustain a positive income level. In this case TYM mature clients have shown that the microfinance services they accessed from the program has resulted in productive asset build-up---31% and 38% of mature clients(9 and 6 years in the program respectively) have productive assets more than \$1,000. In contrast, 13% for incoming and 19% new clients said they have productive assets costing more than \$1000. The impact to clients who are accessing microfinance services might be greater if they have productive assets to start with. The marginal benefit of additional loan for example is bigger

because combined with existing productive asset the client can maximize income generation potential. It appears that clients who have borrowed from TYM were able to use the loan for self-employment by expanding existing livelihood activities.

**Table III(g): Percent distribution of respondents who have personal cash savings for emergencies.**

<b>Personal cash savings for emergencies</b>	<b>Incoming clients</b>	<b>New clients</b>	<b>3 yrs</b>	<b>6 yrs</b>	<b>9 yrs</b>
With	53	80	79	63	76
Without	47	20	21	37	24
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

When the personal cash savings in case of emergencies was compared, Table III(g), new clients (80%) have the highest percentage of having personal cash savings in case of emergencies followed by mature clients (3-year, 6-year and 9-year clients). About half of the incoming clients reported having personal savings for emergencies. It is clear that, mature clients have over the years developed financial discipline as exemplified by their saving behavior. However, again it can be deduced that incoming clients are joining the program not only having productive asset base but also most of them have personal savings. Perhaps the reason for savings is because without any option for external sources of funds, one coping mechanism in case of emergencies is saving. It is likely also that the benefits of accessing TYM financial services is accumulation of financial assets, which affords clients liquidity, compared to traditional forms like keeping money under the mattress or in a coin box or investing in small livestock. TYM can closely look at how it will be possible to tap into this potential source of refinancing—although this might require sophisticated liquidity management as these funds could be very volatile.

**Table III(h): Percent distribution of respondents who have personal cash savings for purchase or investment.**

<b>Personal cash savings for purchase or investment</b>	<b>Incoming clients</b>	<b>New clients</b>	<b>3 yrs</b>	<b>6 yrs</b>	<b>9 yrs</b>
With	18	49	36	46	54
Without	82	51	64	54	46
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Based on the table, the percent of respondents with personal cash savings for purchase or investment shows an increasing trend as the length of membership increases (3 years-36%, 6 years-46% and 9 years-54%). When compared with incoming clients, there is a wide gap between incoming and 9-year clients (18% and 54% respectively).

It is interesting to note that while majority of clients said they save for emergency, when it comes to saving for purchases or investment, the opposite holds true. Although for mature clients the percentage of those who said they save for purchase and investment against those who said they do not save at all for this purpose is almost 50/50. On the other hand 82% of incoming clients do not save for this purpose. There seems to be a preference for using external funds when it comes to purchase and investment, in this case---accessing loan from TYM. On a more encouraging side, it can be said that, the longer the clients stay in the program the more they become financially literate when it comes to investing or spending their own money. It will be interesting to look at the growth of loan portfolio of these clients vis-à-vis their savings—that is assuming that they save with TYM the fund that they use for investment.

The motivation for savings for this purpose may stem from the fact that since they usually borrow, savings may be viewed as more convenient and cheaper source. Unless they need more capital for investment, loan portfolio expansion for these client type may continue. For new entrants, it is understandable that they need loan to finance their microenterprise; they have low savings but may be finding its use more for emergency, not for investment. So depending on the

length of stay with the program, there is also an evolution of the utility of savings. One group of clients sees it as a risk reducing mechanism; the other sees it as a potential source of fund for investment.

The implication of this is that, by providing loans for livelihoods, TYM has been giving opportunities for enterprising women to be self-employed, being able to fund small investments necessary to operate or start an income generating activity.

**Table III(j): Highest Grade level completed by any children in the household**

Grade level	Incoming clients (n=60)	New clients (n=120)		Mature clients (n=360)	
	Now	Before	Now	Before	Now
Not schooling	22	25	24	14	6
Primary	11	11	12	25	9
Secondary	25	25	24	34	34
High school	23	27	29	23	35
Vocational	12	3	3	1	6
College	2	2	2	2	6
University	5	7	6	1	4
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

This table shows the capacity of respondents to send children to higher education. For mature clients, before program participation 14% could not send their children to school, but now it is only 6%. Before, only 27% can afford higher education for their children, but now it increased to 51%.

Looking further at the quality of impact, client households seem to have provided higher level of education to their children. Majority of the children in the household completed secondary and high school level of education. In contrast, more than 50% of the respondents have reached only secondary level. With the impact of the microfinance services they access from TYM, they are able to prepare a much brighter future for their children as compared to themselves. Currently, there is an increase in the percentage of children in the household that completed high school now that they joined TYM compared to before when they were not yet part of the program. This is particularly true for those clients who stayed longer in the program.

**Table III(k): Amount of money spent for education SY 2005-2006 vs. 2006-2007.**

Amount of money	Incoming clients	New clients	3 yrs	6 yrs	9 yrs
Stay the same	0	7	8	9	8
Increase	68	63	68	63	57
Don't know	0	0	17	2	30
Not sure	32	30	3	20	2
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

In monetary terms, it can be seen that there is indeed increased access for education as shown by the corresponding rise in spending for such item. Only households experiencing certain level of surplus would have the confidence to spend for education. This may point to the fact that clients are achieving certain level of stability and steady income flow, and have accumulated substantial level of productive and financial asset.. These coupled with positive outlook on the reliability of TYM services would indeed boost clients confidence to invest in their children education--- a household cost item which seldom gets priority especially for households with erratic income flow, low level of assets and uncertain perception of their future.

## **Empowerment**

**Table III(l): Level of Confidence of respondents before and now.**

Level of Confidence	Comparison Group	New clients		Mature Clients					
	Incoming clients	0.5 year		3 yrs		6 yrs		9 yrs	
	Now	Before	Now	Before	Now	Before	Now	Before	Now
High	70	79	91	73	96	60	100	65	98
Low	25	21	9	27	3	39	0	34	1
Don't know	5	0	0	0	1	1	0	1	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Based on the result, the level of confidence of respondents shows an increasing trend as the length of membership increases (3 years-96%, 6 years-100% and 9 years-98%). When compared with incoming clients, there is a wide gap between incoming and 9-year clients (70% and 98% respectively).

The impact on the level of confidence of clients especially for those 3 years and above in the program is very pronounced. More than 90% of the mature clients echoed their level of confidence received positive boost after joining the program. By having the option to engage in income generating activity or by taking on the responsibility of becoming a borrower, these women seem to have moved on to take charge of their lives.

Notwithstanding the fact that perhaps they look at TYM's services as one that could be relied on and thus can be easily accessed when there is a need. The social bonds formed when women of the same objectives in life constantly interact with each other become a social glue that made clients stick and reinforce each other's level of confidence as shown by the majority of the clients who indicated a higher confidence level after being in the program for 3 years and above.

It is important that TYM should be able to assess the effect of changes that it is now undergoing in terms of building up the confidence level of their clients. Will the organizational transformation lead to uncertainty in the minds of the clients or will it reinforce their level of confidence? How these changes are communicated to clients will definitely impact of their level of confidence and thus their very own performance as clients.

**Table III(m): Decision Maker**

Decision maker	Incoming clients	New clients		3 yrs		6 yrs		9 yrs	
	Now	Before	Now	Before	Now	Before	Now	Before	Now
Self	17	23	24	28	30	29	39	40	45
Male Relative	78	76	75	64	63	67	58	52	45
Female Relative	5	1	1	1	0	1	0	2	2
Both husband and wife	0	0	0	7	7	3	3	6	8
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Note: Male relative is composed of husband, father, brother, uncle, grandfather, father-in-law, brother-in-law. Female relative is composed of mother, sister, aunt, grandmother, and mother-in-law									

A boost in the client's level of confidence did not result in shared decision making in the household. Majority reported that decision making is still the privilege of the male. A closer look however, is an encouraging trend as to how decision making evolves with clients who stayed longer in the program. First, 78% of incoming clients reported that the husband still is the decision maker. As clients stay longer in the program, male-led decision making declines and

women are given more freedom to be the decision maker. For 9yr and above clients 45% said they do the decision making themselves and same percentage of clients said that it is the male who do decision making in the household. As shown in Table III(m) Majority of the clients said that their male relatives (husband, father and brother) decide in the household.

**Table III(n): Respondents' ranking of use of profit by length of membership.**

Use of Profit	New clients	3 yrs	6 yrs	9 yrs
Buy Food	1	3	3	1
Children's Education	2	4	2	3
Buy Household Durables	4	2	4	4
Reinvest in Business	3	1	1	2

The use of profit was ranked by different groups. Based on the results the top 4 were for buying of food, for children's education, for purchase of household durables and for business reinvestment.

As shown in table III(n), new, 6-year and 9-year clients use their profits to buy household durables, although it is their least priority. For 3-year clients, however, it ranks second to reinvestment in business. Children's education seemed the least priority for this age cohort but not for new (2<sup>nd</sup>), 6-year (2<sup>nd</sup>) and 9-year (3<sup>rd</sup>) clients.

For 3-year and 6-year clients, the priority is to grow the micro enterprise and perhaps attain a certain level of income stability before considering funding other important household needs. The implication for TYM is that when incoming clients are NOT "business" oriented the risk may be greater and the possibility for repayment difficulty becomes stronger. On the other hand it may be that these clients finance the funding requirement of their business by accessing loans from TYM or other MFIs. The longer the clients stay in the program, the more their expenditure on other necessities becomes pronounced. This may be an important consideration if there are attempts to develop new products targeting these clients.

### **Household Income**

**Table III(o): Percent distribution of respondents income trend over the last 12 months.**

Trend of Client's income	Incoming clients	New clients	3 yrs	6 yrs	9 yrs
Decreased	13	13	2	8	9
Stayed the same	40	32	16	22	10
Increased	47	55	82	70	79
Don't know	0	0	0	0	2
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

When the client income trend over the past 12 months is analyzed, the impact of the program becomes obvious. Based on the results the trend of clients' income had increased over the past year for all the age cohorts. The more mature clients are the ones able to take advantage of the TYM services thru increased income, with the greatest number (79%) among those who are with the program for 9 years.

**Table III(q): Respondents' reasons for increase in income**

Reasons	Incoming clients	New clients	3 yrs	6 yrs	9 yrs
Expanded existing enterprise	6	43	32	29	27
Undertook new enterprise	0	5	3	4	3
Able to buy inputs at a cheaper price	3	6	5	5	2
Sold in new markets	2	4	4	5	6
Got a job	7	5	11	16	16
Others	34	37	45	41	46
No response	48	0	0	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Note: Others include Business is profitable/Able to increase sales (buy and sell pork and other agricultural products, raising ducks and fish), Developed better attitude in saving money/Maintain savings, Good harvest, Lessened expenses, more savings, Savings from retirement salary, Husband's health got better and Husband and children help her in raising animals					

Enterprise expansion is one key move clients took to increase income. This is particularly true for new clients. It is noteworthy that new clients possess enthusiasm for expanding their businesses. With business expansion therefore comes the demand for larger loans. TYM can consider this a challenge and should plan ahead where to source refinancing to meet these future demands. In addition, some clients who stayed longer in the program may have gained maturity and confidence in running their business thus they exhibit more aggressive risk taking behavior such as starting a new enterprise or selling in new markets. Incoming clients may need more assistance in terms of improving their skill how to expand their micro business. A large proportion cited "Others" for the increase in income, which include increased sales/profit/harvest, saved more, lessened expenditure, better health that may have eliminated healthcare expense or resumed earning capacity, increasing family labor for the enterprise.

**Table III(p): Respondents' reasons for decrease in income**

Reasons	Incoming clients	New clients	3 yrs	6 yrs	9 yrs
I or household member has been sick	0	16	0	8	17
Poor sales	2	21	50	25	0
Unable to get inputs	2	0	0	0	0
Agricultural production was poor	13	16	50	25	33
Others	0	47	0	42	50
not applicable	83	0	0	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Note: Others include retired from work; her husband got an accident, failed business, Bird flu, just gave birth, and increased expenses.					

Microfinance clients are subjected to various factors that increase risk of income loss. In the case of TYM, a sizeable percentage of mature clients cited reasons such as retirement, accident, business failure, bird flu, birth in the family as reasons that contributed to income decline. These events greatly limit the capacity of households to maintain steady income flow. It is surprising that even mature clients (50%) cited these reasons. Logically mature clients should have developed a system for addressing these issues. Like building financial assets, accessing insurance or pension products. This is one area TYM can consider as perhaps a significant number of members may be reaching a stage in their life cycle where they become vulnerable to these factors. The establishment of an Mutual Benefit Association is a step in the right direction.

**Table III(r): Type of enterprise other than agricultural production which earned the most income, by length of membership.**

Enterprise Activity	Incoming Clients	New Clients	3 yrs	6 yrs	9 yrs
Commerce/Trade/Retail	87	77	64	76	95
Manufacturing	13	23	36	24	5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Note: Commerce/Trade/Retail includes petty trade; small stores, variety stores; groceries; buy and sell of animal medicines, fruits, vegetables and meat and junkshop. Manufacturing includes food processing, textile production, crafts, leather work, and bamboo and rattan handicrafts.					

Table III(r) shows that the most income from off-farm activities was derived from commerce/trade/retail for all the age cohorts (incoming-87%, new-77%, 3 years-64%, 6 years-76% and 9 years-95%). These are the type of business that generates fast turn over and has very low barriers to entry. What is critical in these types of enterprises is working capital to start with. Also the income flow to this micro enterprise come in frequent intervals (daily to weekly) which is matched with weekly repayment schemes for the loan.

Those engaged in manufacturing will also discover that there is limited market for such specialized products and it requires larger capital outlay. It must be noted that 95% of mature clients (9yrs) are into commerce/trade/retail. Similarly 87% of incoming clients are engaged in this economic activity also.

It can be seen that many households, in order to protect against risk, commonly use the strategy of diversification of sources of income. It is clear that a lot of households diversify to smooth seasonal downturns in income availability. Off-farm activities provide more regular income than that of on-farm activities. Also other household members may be tapped to contribute their labor and give them opportunity to be brought into the client's business.

### **Impact on Household Income Sources, Assets and Food Security: Current Poverty Status**

A composite "poverty index" was used in this impact assessment study. This combines a number of proxy variables for income (sources of income, household assets, and food security).

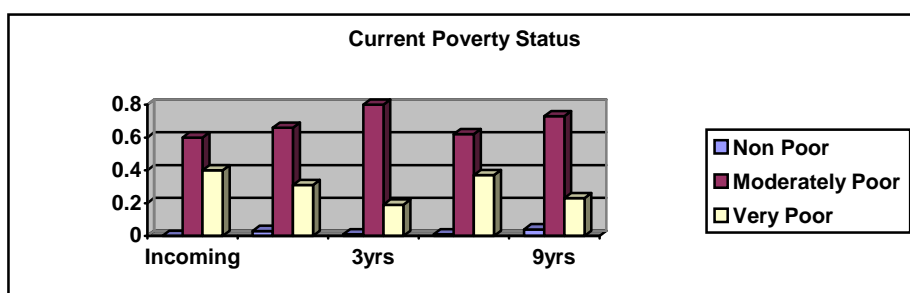
The survey determined current poverty status (see Figure 1) by collecting data on three indicators - current sources of income of the household, current ownership of household assets and food security. These indicators were given weights as follows: (1) Current sources of income - 35%; (2) Ownership of household assets - 35% and; (3) Food security - 30% through which current poverty status was determined. A score on this index determined the grouping of households into poverty categories: non poor, moderately poor and very poor.

The composite poverty index (Table 1 and Figure 1) indicated that TYM's incoming clients belong to the poor category: 60% being moderately poor and 40% being very poor. When grouped together, only 10% of the mature clients were found to have moved up their status from being poor to non-poor. Majority of the clients were moderately poor, regardless of length of membership. A number of mature clients are still in the very poor category, with 20%, 37%, and 22% of those who have stayed in the program for 3, 6 and 9 years, respectively.



**Table 1. Current poverty status of comparison group, new and mature clients, June 2007.**

	Comparison Group		New Clients		Mature Clients					
Poverty Status Category	Incoming	%	0.5 yr	%	3 yrs	%	6 yrs	%	9 yrs	%
Non Poor (NP)	0	0	3	2	3	2	3	2	7	6
Moderately Poor (MP)	36	60	79	66	93	78	73	61	86	72
Very Poor (VP)	24	40	38	32	24	20	44	37	27	22
Total	60	100	120	100	120	100	120	100	120	100



**Figure 1**

### **1. Household Income Sources**

**Hypothesis:** Access to credits will enable households to diversify their business beyond agriculture and fishing.

**Indicators:**

- % income generating activities that earned most income
- % more than one income generating activities (IGA)
- % economically active household members
- % respondents who work for others in the last 4 weeks

The survey collected information on the primary and secondary income generating activities that the respondent or the household own. Income generating activities were classified into four major categories which include commerce, manufacturing, rendering services to others and agriculture and fishing. Apart from these, the number of economically active household members is also taken into consideration. It is believed to be one important factor that gives regular income source to the family.

#### **a. Primary Income Generating Activities (IGA)**

Based on the findings of the survey, there were still a lot of members who ventured in agriculture and fishing as their primary source of income. Looking at the table for the primary IGA (see table 2), the data shows that there is a decreasing number of mature clients involved in agriculture business but looking at the other IGAs only few of those mature clients have ventured in business other than agriculture. Almost half of them still rely on agriculture alone. Therefore, the assumption that when they get loans they will use it to engage in income generating activities other than agriculture failed for some. Only few mentioned that they have more than one IGA: 3% for 0.5 and 6 years, 2% for 3 years and 5% for 9 years.

**Table 2. Income generating activities of comparison group, new and mature clients**

IGAs	Comparison Group		New Client				Mature Clients			
	Incoming	%	0.5yr	%	3yrs	%	6yrs	%	9yrs	%
Agriculture (livestock and crop production)	1	4	74	52	95	65	92	67	87	66
Services (food stalls, restaurants)	3	13	1	1	7	5	8	6	9	7
Manufacture (making wine, mat and broom production, dress making)	2	9	13	9	19	13	3	2	0	0
Commerce (all sorts of petty trading, vending and peddling)	17	74	54	38	26	17	34	25	35	27
Total	23	100	142	100	147	100	137	100	131	100

Regarding the type of ownership, majority of the respondents mentioned that they manage their own business and most of these businesses have a daily product cycle. While 28% of the respondents from the cohorts of 3 years said that their business are mainly household enterprise and is earning weekly (48%) (see Table 3).

**Table 3. Type of business ownership and product cycle of comparison group, new and mature clients**

Type of Business Ownership	Comparison Group		New Clients				Mature Clients			
	Incoming	%	0.5 yr	%	3yrs	%	6yrs	%	9yrs	%
Own Enterprise	15	25	46	38	18	15	25	21	34	28
Household Enterprise	8	13	19	16	34	28	20	17	10	8
<b>Product Cycle</b>										
Daily	9	39	57	88	18	35	17	38	18	41
Weekly	9	39	7	11	25	48	16	35	17	39
Every 2 weeks	1	4	0	0	1	2	1	2	0	-
Monthly	1	4	2	1	5	10	10	22	5	11
Seasonal	3	13	0	0	3	6	1	2	4	9
Total	23	100	65	100	52	100	45	100	44	100

### ***b. Economically active household members***

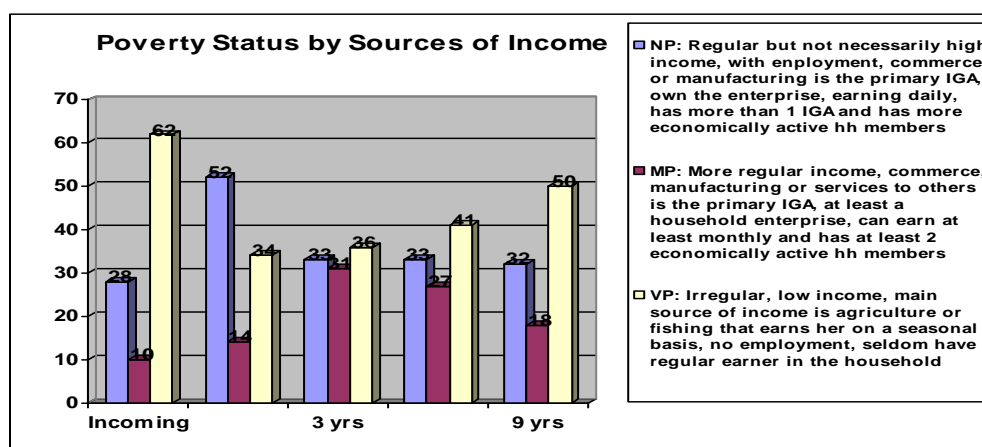
The increase in number of economically active household members contributes considerably to the movement in poverty status of the family. Based on the result of this survey, the number of economically active household members increases with length of membership (see Table 4). It could be that mature clients whose children were able to get higher education are able to find jobs, increasing the income pool of the household, or more family labor are brought into the growing or expanding livelihood activities.

**Table 4. Total number of economically active members among households of comparison group, new and mature clients**

# of economically active (household)	Comparison Group		New Clients		Mature Clients					
	Incoming	%	0.5	%	3 yrs	%	6 yrs	%	9 yrs	%
0	0	-	2	2	1	1	1	1	0	-
1	4	7	17	14	14	3	13	11	12	10
2	36	60	78	65	81	68	59	49	61	51
3	12	20	11	9	11	9	28	23	25	21
4	3	5	11	9	8	7	12	10	16	13
5	3	5	1	1	1	1	5	4	2	2
6	2	3	0	-	2	3	1	1	3	3
7	0	-	0	-	2	3	1	1	1	1
Total	60	100.0	120	100.0	120	100.0	120	100.0	120	100.0

Note: Economically active=income earners

All the factors affecting the sources of income like the income generating activities, number of household members that are economically active, type of ownership and the product cycle of the enterprise are collated and were given scores to estimate the poverty status of clients based on their income sources. By looking at the final figure (see Figure 2) and considering the data on sources of income alone, majority of the clients are under the moderately poor category. True enough when we look at the over all status of the respondents, the larger pool of the clients falls under this category.



**Figure 2**

## 2. Asset Ownership

**Hypothesis:** Participation in microfinance services leads to increases in household assets

**Indicators:**

- % ownership of household assets in three value categories
- % assets frequently bought

Different household assets were identified and classified into three value categories: less than \$100, greater than \$100 but less than \$1000 and greater than \$1000. Most of the respondents were able to buy assets with less than \$100 purchase value (see Figure 3). When ranked to see which assets from this category were frequently bought, electric fan was first on the list with 96% of all the respondents, regardless of the length of stay in the program. Bicycle (94%), bed with mattresses (92%), chairs/benches/tables (87%), rice cooker (77%), cabinet (75%) and vcd/dvd player (64%) were also on the top of the list. For the assets bought with purchase value of greater than \$100 but less than \$1000, television (85%) and motorbike (68%) were the top rankers. While tractor (1%), car/pick up truck (1%) and motorcycle (1%) were on the list of those few that can avail an asset with value of greater than \$1000.

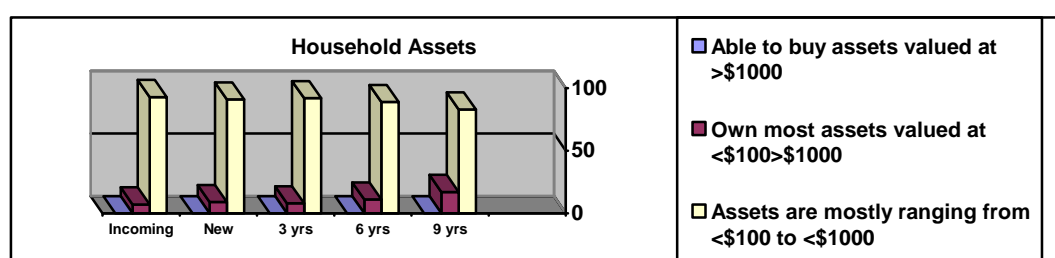


Figure 3

## 3. Food Security

**Hypothesis:** Continuous access to the program will lead to provision of enough quantity and better food quality in the household.

**Indicator:**

- % food consumption for the last 12 months with four predefined descriptions that best describes the food eaten in the household.
- Reasons why food security improved/worsened.

Respondents were asked how they would describe the food they ate for the last 12 months and whether it has improved or worsened. Based on the results, majority of the mature clients (3, 6, 9 years) do not only have the enough amount of food they need but also the kinds of food they want, an indication of food security brought about by improved economic circumstance. In contrast, majority of incoming and new clients may be classified as food insecure with hunger even as they reported to often have enough quantity of food but not always the food they want (see Figure 4).

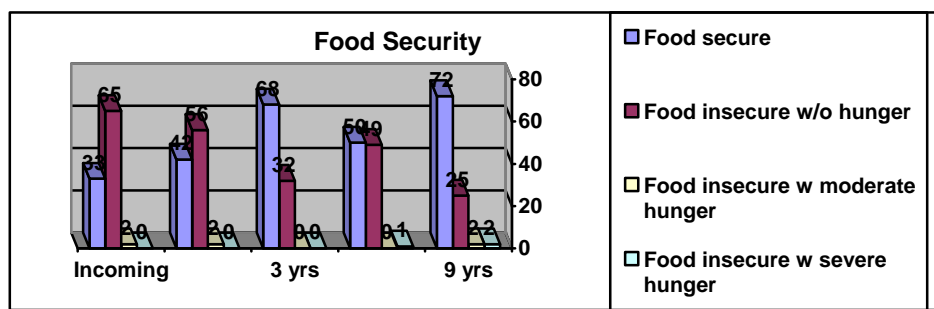


Figure 4

It is interesting to note that four respondents who are in the program for six years and one for nine years still experienced food insecurity with varying degrees of hunger. These are the clients who belong to the very poor category. The reason for food security deterioration was not mentioned, however. For those who said that their food consumption improved, 33% of incoming clients said they were able to eat three times a day while 22% of new clients cited ability to buy more condiments, vegetables and legumes to eat with their staple food. Mature clients (30% from 3 years, 23% from 6 years and 25% from 9 years) said that they were able to buy more animal/dairy products like meat, milk, cheese and eggs.

### C. Conclusion

Poverty-targeting at client level is an important part of program design for MFIs that wish to reach *predominantly* very poor clients (Simanowitz 2002). TYM's use of the Means Test seems to be working in its bid to reach mostly poor households, as shown by the data on the poverty status of incoming and new clients. Only three of the new clients are in the Non Poor Category while nearly half of the comparison group are among the poorest. TYM also had remarkable success in moving mature clients at least a step up the poverty ladder, from being Very Poor to Moderately Poor. However, it is disturbing to note that almost one fourth of the mature clients remains the poorest. This can be explained by the fact that while they run small livelihood activities, primarily agri-based, it appears that their aim is just to secure a reliable and sufficient income for their household needs, rather than to develop a business. If the scale of the on-farm activity is subsistence level and it is faced with the huge risks attendant to primarily agriculture-based livelihood, an inclement weather or disease infestation can wipe out entire livelihoods, plunging the household into deeper poverty.

There was a propensity among mature clients to buy items that decrease in value (consumer durables such as household appliances, bikes and motorbikes) but less investment in productive assets that can support their livelihoods. It is not clear whether the money spent on these items was derived from the loan funds, income or profit of their IGAs or a combination of the three. If these are financed solely from loan proceeds, then TYM must take measures to safeguard its members against over-indebtedness through the excessive non-productive use of loans. These measures may include delivery of financial education modules, stricter supervision of loan use and provision of a range of non-productive loans.

TYM achieved positive impact on household food security, indicating improvement on the women's economic capacity and empowerment. As length of membership increased, women were able to buy better quality of food for their households thereby improving nutrition for their children.

## IV. EMPOWERMENT TOOL

### A. Overview of the Client Empowerment Tool

“ A less obvious role for microfinance, but one that is key, is empowerment of clients. This is particularly important for poor women. It includes not only personal growth in self-esteem and self-confidence that results from managing their OWN money, but also the freedom that comes with having choices.

(Monique Cohen, 2002)

A key component of poverty alleviation is empowering the poor, particularly women who face widely recognized cultural, psychological, and economic barriers to those resources that would enable them to gain control over their lives. It is posited that participation in peer borrower groups and access to credit enables women to build a financial base of their own, enhance their skills, access peer support and gain social recognition. These experiences build confidence that “empowers” women to deal proactively with the future.

Small groups of six women each were asked to draw a picture of themselves prior to joining the program (past) and now as program participants. The group then talked about their self-portraits, in the process discussing how they felt about themselves, their relationship with members of their households and of the community and how they saw their roles and decision making power in relation to their businesses.

#### Notes on Empowerment Tool

From Nelson (Ed), 2001

This in-depth interview helps to identify ways in which clients feel and manifest empowerment as a result of their participation in the program. Evaluators seek to understand if and how participation in a microfinance program has produced internal changes in clients' self-perception and confidence that can be measured by their external behavior. The technique concentrates on outward manifestations or concrete demonstrations of empowerment as seen in behavior changes in the individual, household, community or enterprise. The focus on behavior rather than attitudes is rooted in the hypothesis that those who have been empowered through program participation will make decisions differently and take greater risks. Which specific behavior changes point to empowerment will depend on the context and client group. Although they will vary widely, some examples that demonstrate an increase in self-esteem and self-confidence include the following:

- Risk-taking behaviors (doing things the client has not done before);
- Making decisions (that were made formerly by others);
- Participating in new activities (which were not a part of the client's behavior or daily routine before);
- A shift in family relationships and responsibilities (which might signal more independence or a shift in household responsibilities);
- Developing a vision for change (e.g., changing a product line in the business, planning for a new business, setting a goal for a child's education, etc.);
- Exercising more control over financial resources;
- Greater mobility;
- Speaking up for oneself, expressing opinions.

When assessing empowerment, the issue of attribution is challenging. While it may be relatively easy to identify changes in behavior, how can we know whether they resulted from program participation? The short answer is that we accept how the client attributes the changes in her behavior as she describes herself in the past (prior to joining the program) and now (as a participant in the program).

The process captured well their own perceptions and focused the analysis on issues of importance to the clients and on areas of significant change as they perceived them. What they said was written up into individual case studies and then summarized into one matrix for each group. These matrices, which ordered the responses in terms of the four impact domains, namely self, household, business and community, were then summarized by branch, before being analyzed for this report. Eighteen women from three branches, namely Me Linh, Kim Dong and Quang Xuong participated in these groups.

## B. Findings

### 1. Perceptions of Self-worth and Self Confidence

"Life was hard" was how most of the women vividly recalled their life in the past. They bewailed the fact that they came from poor families and believed they were consigned to a life of hardship-working in the fields; eking out a living just so "*I could take home a kilo of rice after peddling sweet potatoes for one whole day.*" They also talked of unfulfilled dreams: "*I wanted to be a worker in a company but I couldn't; I only finished Grade 8.*" and of painful experiences: being evicted by the owner of the house because they did not have money to pay the rent, being divorced and bringing up two small children all by herself, too poor to provide dowry on her wedding. There were some who felt being isolated, thinking nobody would like to help her, or give her moral support or just listen to her. Some said they had low self-esteem - envying other people who could mingle with others; feeling ignorant, clumsy, awkward, inelegant. "*I thought I was good only to do house chores and taking care of my children.*"

They also viewed the future with trepidation and wondered how their children would fare in the changing economic climate of Vietnam, if they remain poor and could not provide higher education for their children "*I worried for my children because society keeps on changing and I am afraid my children, coming from a poor family, won't be able to cope.*"

The most common theme as women talked of their past lives was the feeling of hopelessness, borne out of coming from a poor family, and having low education. It was no surprise that when they talked of their aspirations, it was primarily to spare their children from a life of physical hardship, and they all believe the only pathway out of poverty is through education. Thus, these women, struggling to raise young children while helping their husbands earn for the family - in the paddy fields, in their vegetable patch, in their livestock shed, even toiling for others as brick makers - kept their dreams of a better future for their family alive in their hearts, uncomplaining. No wonder, too, that good health was also a blessing they kept praying for.

The women's self-portraits of the present were fuller, with more activities involving them and their families. For many, "life has changed a lot". Their children are older, and thus caring for them is not as taxing as before. This could also be the reason why the women talked about how they are "*more relaxed now,*" with more time to enjoy the comforts of their home. One claimed that , "*with TYM loan, life is less hard now.*" Profits from activities financed by TYM loans enabled her to make improvements on her previously thatched home, which she considered before as not a good environment for her small children: "They were always sick." Another said that while her family economy is not so good yet, it is better than before: "*I feel I am no longer poor.*" There was a feeling among many of the women that their families are now being looked up by people in their communities, as a result of the tangible improvements in their living conditions. This improved social standing have increased the self confidence of many of the women: "*Society is developing in a good way, and I am no longer afraid of the changes.*" Several women attribute the changes in themselves to being a member of TYM centers, claiming that their ability to think, work and interact with other people have been developed. The feeling of self-worth and higher self-esteem have also made some of them bolder, wishing to explore the world beyond their villages: "*We wish to visit other places so we can interact with other people and share our experiences.*"

## 2. Household: Well respected income-earners and nurturers

When clients talked about changes in the household, the first thing they described was the condition of their house in the past. Many had roofs of rice straw and sugarcane, and walls made of clay. They regarded themselves primarily as wives and mothers, reeling from the enormous task of making ends meet and rearing their children. Household chore was their domain, but helping their husbands in the fields was also a responsibility. Most deferred to their husbands for major decisions; the two who took decisions into their hands were doing so only by force of circumstance, one because she was widowed, and the other because her husband was ill. There were a few who shared decision making with their spouses.

Most of the women had lofty ambitions: to build large houses, send their children to universities. For the others, their aspirations were very basic: to be free from debilitating debts or to put more food on the table.

Unfortunately for a few, they were not spared from facing lifecycle events that further limited the household's ability to generate income. Three women talked about being "alone" in shouldering all the responsibilities because of unexpected shocks. As one had to peddle daily, every morning she would put her three children on her old bicycle, took them to her parents' house, picked them up in the afternoon and return home to her domestic duties, with an ailing husband making life even harder for her and her children. Another had to ask her children to quit school, so that they can help her produce more mats to buy food and medicine.

### **The City was not a Greener Pasture for Single Parent Trinh thi Hon**

They had two children when he divorced her. Trying to build a new life, she brought them with her to the south, where she found work in a rubber plantation. She earned VND 20,000 and 20 kilos of rice a month, which she scrimped so she could provide shelter for her children. With help from neighbors, she was able to build one.

Life suddenly became worse when she had an accident; her face became distorted and her health deteriorated. She had to sell the house to get money for medical treatment. Unable to engage in arduous task, she left the plantation and walked the streets selling lottery. The children quit school and polished shoes. One day, an American doctor saw her and listened to someone telling the story of her life. Feeling sorry for her, he bought gifts for the children and gave her a large sum of money to pay for her operation. Furthermore, he offered to adopt her children. "I love my children but it was a once-in-a lifetime chance! I tried to convince them to go with the doctor." They refused, insisting to stay with her regardless of their hardship.

Their ceaseless efforts to build a better life in the city were in vain. She decided to go back to her fatherland in 2004. She rented a piece of land from the commune cooperative and became farmers.

In the present, many women proudly talked about their better-looking and larger houses, and how they were able to fill them with time savings devices (washing machine, refrigerator, gas stove) or material comforts (TV, electric fan, table and chairs, cabinet).

Many women shared how they have started their own business, such as silkworm raising or opening a small variety store. To their paddy fields, they have added ponds to raise ducks or fish. As profits accumulate and larger loans become available, others bought cows and started to breed them. In many ways, they are contributing to their household income, and this fact earned them additional respect from their husbands and children as well as gained them influence over the decision-making process in the home. This in turn led clients to feel more valued, a sentiment expressed by many: *"My husband says I am hard-working and takes pains to do business. " In my family, they think I am a gentle and industrious wife." "My children regard me as a good, responsible and exemplary mother."*

However, decision making on major issues remains to be the domain of the husbands for almost half of the clients. Only a few can echo the claim of a client who says, *"Now my husband and I*



*are equal,*” referring to shared decision making on important aspects of their lives. Nonetheless, harmonious relationships have been fostered in many households, even as they acknowledged that *“our economic status is better.” “Life is not as hard as before. Not only do we have enough food but we also have savings we can depend on.”*

They also talked of feeling more hopeful to fulfill their dreams of a better future for their children, sent to obtain higher education through the income from livelihoods financed by TYM loans: *“With TYM’s loan, bringing up our children is easier than before. We have more money to buy food for the children and send them to school.”*

There is an air of contentment as women talked about their present. *“As our projects are flourishing, our life is not as difficult as before. I am very pleased with my family situation and its continuing development.”* The accolades they receive from their family, relatives and neighbors are well deserved, indeed, for these women who took their responsibility as income-earners and nurturers to heart.

### **3. Business: Multiple Income Streams**

In the past: - Almost all of the clients helped their husbands in cultivation, primarily rice, vegetables and root crops. On the side, they were raising a hog or two. In Thanh Hoa, where rush (the cylindrical and sometimes hollow stem of a marsh plant) was plentiful, the women were also weaving mats. Only one was into vending, she who borrowed capital from the commune to open the grocery so that she could manage the grocery and look after her child at the same time. The predominant livelihood activities may be characterized as small in scale, and can be done in the house or near it even as the women had small children to take care of. Crops were raised for subsistence, to tide them over until the next season. *“We only dreamed of having enough food for the family.”* Five clients shared that they experienced difficulty in starting or sustaining their business due to lack of capital. *“It was difficult to ask anyone for a loan. If I go to a moneylender, I will be charged very high interest rate.”* Another talked how the inclement weather resulted to poor crops and inundated fish pond, a risk commonly faced by those engaged in similar enterprises. Others talked about the rise and fall of commodity prices that could bring losses, i.e. price of pig, putting them in more vulnerable situations.

In the present. - A third of the clients reported to have engaged in new or additional businesses that helped them smoothen seasonal slump in income availability, an indication of increased money management sophistication. *“I have 2 sows for breeding, pigs for fattening and about 100 chicken. I cultivate a garden with vegetables and fruit trees. In the field, I grow corn and beans. My husband also works every day to have money to repay TYM weekly. My husband and I support each other so we can reach our goal.”* One enterprising woman saw business opportunity in the practice of ancestor worship<sup>4</sup>. She would buy the paper replicas and trade them in Hanoi, a source of regular income aside from farming. Another combined hog raising with food and beer stall. *“While I have two looms now, prices of mat fluctuate, so relying on mat-making business will not suffice to cover our expenses. In addition to mat making, I also raise cow and works in the rice field for other people.”*

Another third expressed positive feelings that their entrepreneurial confidence is increasing, evident in the use of better management practices such as division of responsibilities between husband and wife in terms of purchasing of goods, selling of products and employee management; keeping records of sales on credit; or strict product quality control. Some have learned to recognize the value of fostering good customer relationship as good business practice.

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<sup>4</sup> The Vietnamese believe that that their ancestors continue to live in another realm, and that it is the duty of the living to meet their needs. Thus during festivals, offerings are made – fruit, sweets, and gifts. The latter items are paper replicas of dollar notes, motorbikes, cars, houses, etc which are burned so that the spirits of the gifts can ascend to heaven for the ancestors to use. In return, the ancestors give advice and bring good fortune (Haivenu Tours Website).

*"Even if sometimes my customers speak unacceptable words, I do not bother to argue with them. Thus, my customers praise me for being joyful, cordial and patient"* It is significant to note that some clients aspire to get larger loans to fuel the growth of their businesses, confident that they will bring bigger profits.

The range of different economic activities, demanding more hands in terms of time and management capability, have also resulted to other household members being recruited into the clients' businesses. *"Everyone in my household has a duty. My husband looks after the ducks while my children can help by tending the cows. I work in the field everyday and does most of the housework."*

Clients have also recognized the value of human capital in maintaining their business. *"My husband and I cannot get sick. A day in bed would mean loss of a day's income."*

#### **4. Community: More Active Participation and Better Recognition**

Because the women were customarily members of the Women's Union, the Youth Union or the Farmer's Union, joining in community activities was not new to majority of the women (16 out 18) even before they joined TYM. They were involved in soliciting donations for typhoon victims, sports activities, performances, road cleaning, and projects launched for the disabled.

Of those who felt marginalized, one shared that her life had been hard since she was small. She did not have a chance to take part in social activities. She never complained or confided in anyone who were not family members. When she had good news, she talked to her husband. When she and her husband had a quarrel, she confided in her oldest daughter. The other was too busy taking care of her children.

In the present, most clients have maintained their active involvement in their community's social activities, allowing them time to socialize with neighbors and thus keep good relationships. About a third were proud of the respect and admiration they have earned from other members of the community that put them in community leadership positions such as members of the women board, performance group, inspection section, or TYM centers. Of the latter, they talked animatedly of the annual anniversaries, when they are asked to showcase their talents to the whole community through dancing, singing, reciting poetry or composing songs. The content of one such song is described below (See Box).

**A commune leader in Y Yen, Mr. Kien Cuong, recounted a very powerful song composed by a member, that narrates the dramatic changes in her life since she joined TYM. In the past, she used to walk around the village selling food. Five years later, her income enabled her to buy a bike that made peddling easier for her. Ten years later, she bought a motorbike for her family's mobility. In the beginning, her husband did not know how to drive it so she drove him herself. She felt very proud of her accomplishments, especially that her community noticed and heaped praises on her.**

One woman mentioned joining TYM contest called "Members mobilize women to join TYM" allowing her to go even beyond her community to explain what TYM is and the benefits the women can get from it.

The woman who was tied down to her reproductive role is now free, with her children grown up, to even take leadership positions in the commune executive board, the performance group of her center, and inspection section of the commune. Sadly, the other has not found the freedom to participate freely, even as she admitted that *"I really want to take part in social activities but if my husband does not give his permission, I won't."*

## C. Conclusion

Evidently, the TYM Fund, through the group solidarity, enabled its members to mutually encourage and support each other. Membership in TYM has linked individuals, households and enterprises into a “**vital web of business and personal relationships**” that have enabled the women to better cope with the challenges facing them.

A program that emphasizes enterprise-level development and offers loans on terms that meet the needs of its clients can be expected to have strong impact at the enterprise level. Conversely, a program with emphasis on other lending goals may have more impact at the household or individual level. This is true of the TYM program.

## **V. LOAN USE TOOL**

### **A. Overview of the Loan Use, Profits and Savings Over Time Tool**

An in-depth individual interview, this qualitative tool focuses on how the client has used her loans, business profits and savings over time. It has dual purpose: determining how loan use and allocation decisions change over time; and documenting changes in the individual borrower, enterprise, family/household, and community that are associated with participation in the program.

Thirty people were interviewed but only 28 cases were included in this analysis: 10 were from Kim Dong, 9 from Me Linh, and 9 from Qu Xuong. Respondents had an average age of 46 years, and had 3 loans cycles and more, with one third having more than 9 cycles. The average loan amount was VND 7 million, with 20 million as the highest loan availed.

### **B. Loan Use, Investment Strategies and Benefits**

#### **1. Loan Use**

Most clients use their loans strictly for business purposes until their third loan. The evaluation found the following common practices performed by the clients with their loans. Among the three branches, generally, clients tend to do business expansion by increasing number of stocks (such as cow, pigs) or buying raw materials in bulk to increase productivity. Diversification is also common practiced: clients start with animal raising or farming then would add second businesses like grocery store, rice retailing, food stall, fish trading or other petty trading.

Seven of nine clients in Me Linh graduated from poultry- or pig-raising into cow-raising. Common reasons cited by the clients are the larger income after selling of even a single cow; cow can also be used in plowing their rice fields; and convenience in raising the cow since they are fed only grass and can be left to graze in the field. The study also found that many clients in Qu Xuong (6 of 9) invested their first loan in two or more projects. Mat making (manufacturing) is common in the area, to which they add second businesses like animal raising or grocery store. In the succeeding loans they tend to focus on only one project (commonly mat-making) which gives them better profit or has more potential to become sustainable.

Animal raising and farming are prevalent in all three branches, either as an initial or additional activity. Usually from one species of animal to another is the common movement of client business. They find animal raising as a very suitable IGA to farmers like them. However, investing solely on these agricultural projects seems to be very risky on the part of the clients and of the institution due to the threats of animal diseases or crop infestation aside from the fact that income from these sources is highly seasonal in nature.

Another common finding among the clients in all three branches is the use of larger loans for household needs and consumption. When their respective businesses are stable enough to cover its own operations, the clients and her family tend to use their latest loans on family related expenses like buying household appliances, purchasing motorbike for household transportation, spending on children's education or job application, and house improvement. Clients value investment on children's education or job application because they want their children to be spared the hardship of working in the farm; for them education is the key to a better future.

A few clients (4 of 28) used some portion of their TYM loans to pay other debts. Usually, loans from other sources financed house construction or improvement and carry higher interest rate; by

using a portion of their TYM loan to pay this debt, they avoid paying higher interest charges to these other money lenders.

### **PASSPORT TO SUCCESS...**

TYM has always applauded women who are brave enough to embark on their own business in a society where women are required to stay at home and do household work. TYM therefore gives a standing ovation to women who are able to do both.

Although TYM guides and equips these women with the armour to take on this challenge, there are just women who display an exceptional ability to innovate and improve their craft, thereby changing their family's lives and the community as well. Mrs Duong Thi Que is a fine example. She displayed hard work, resourcefulness and was unique in her business ventures which shaping the business trend in her community.

Like all other rural women, Mrs. Duong Thi Que is good-natured and laborious. She is married to a fellow countryman (a person lives in the same village/commune with her) and gave birth to three beautiful children. All household expenses, food, clothes, medicine and her children's education came from her two paddy fields distributed to them by the co-operative. It was very difficult to make ends meet. Mrs. Duong Thi Que dreamed of a better life where she would not have to worry about food on the table and other expenses. She thought about starting a business with something she was good at, where profit would be easy and the product easy to market. She said to herself: "why not put up a rice wine brewery?" TYM provided her with the mechanism to do just that.

For the 1st cycle, she borrowed VND 500,000. She used the loan plus her own savings to buy pots for rice wine brewery. First she used the rice harvested from her crop as raw materials. As she could sell all of her rice soon so she could take back her capital quickly. On average, she brewed a pot of wine every week and got VND 800,000. She used this amount to pay TYM's amortization (VND 10,000) and deposit VND 50,000. As for the rest of the profit, she used it to pay daily household expenses.

After 2 months in the business, she noticed that she could take full advantage of the by-product of her rice wine brewery—wine dregs---as feeds for hogs. So she decided to use her savings to buy some pigs for raising. This was a good move for her. Her brewery was now supporting another business from its profits.

After fully repaying the first loan, she availed the second loan worth VND 1,000,000 to buy more rice for wine brewery. By this stage she had gained a lot of experience so her wine became more delicious and attracted more customers. As a result, she brewed 2 pots of wine everyday. Her income doubled and her family's life improved. When it came to the 3rd cycle, she fearlessly decided to borrow VND 3,000,000. Then she used the loan plus her own savings to build a row of solid piggens and buy some more pigs. Hog raising developed in a favorable way and she had much profit as she could take advantage of her agricultural products as feeds.

After 5 years of wine brewery and pig-raising, she had her house and secondary rooms (kitchen, bathroom, latrine) rebuilt and her children had every chance to receive education. However, as time went by, wine brewery became more and more difficult because her wine could not compete with wine processed in factories, not to mention the fact that many people preferred beer to wine. Profit dropped.

She told herself she cannot stop there. She worked so hard and she could not let this dampen her spirits. Her innovative mind started to work. She observed her neighborhood and asked herself what is it that the people in her community needed?

Her idea of "wedding items for hire" was conjured. She sold her pigs and got a loan from TYM to buy bowls, plates, canvas and other necessary things for a wedding party. As she was the first one in her commune to offer this service, most of couples used her service. Income from this business was very high; she normally gained VND 5,000,000 a month and during wedding season her income reached a staggering VND 15,000,000 per month! She used her money to purchase household items and sent her children to a vocational center. She then bought a motorbike for her husband so that he could work as a motorbike driver. Her husband working as a motorbike driver is another income-generating endeavor from the fruits of her creativity. Plus of course the education of her children, is something that she considers as one of her biggest achievements.

Seeing that her business was generating a huge income, people in her community decided to follow in her footsteps and provided the same service. Competition, again was her biggest enemy. How can she beat the competition? Once again, her creativity and innovative mind worked for her. She thought she had to be ahead of the rest. Hence she decided to avail a special loan to buy an electric generator in order to increase her competitiveness and attract more customers.

After 8 years of borrowing from TYM and with wise loan use strategies, her family has seen a lot of progress. Starting as a woman working in the field all year round but still lacking food, she now has a spacious house and a job with high income. Mrs. Duong Thi Que's resilience and ability to adapt to the current market, her resourcefulness and ingenuity proved to be the passport to her success.

## 2. Loan Use Strategies

The top three reasons for the way clients invest their first loans are capital needs, familiarity with the income generating activity, and income potential. One quarter of the respondents also consider the speed of return on investment in deciding how to invest the first loan, ensuring a steady source of “ready cash” which will help them to comply with the weekly repayment obligation to TYM as well as meet household needs.

For larger loans (third loan and current loan cycles), half of the respondents decide on loan use strategies based on a business’ income-generating potential; the capital requirement is only a secondary consideration. They are more willing to invest even their own capital since they are already aware of their business’ income potential.

Clients do not use their first loans on personal or household needs except for two cases in which some part of the loan was used to pay a previous loan. However, diversion of a portion of loan to purposes other than business investment gradually emerges in the third (29%) and current loan cycles (61%). Clients improved their houses, purchased household assets, or supported education and job application of their children. They claim to have enough left over from their loan after investing what they needed in their business, and proceeded to use the money for other purposes, a clear evidence of the fungibility of money. *“My ducks and cow made profit hence I invested my loan in renovating my floor.”* Another client who used her loan to buy a motorcycle for her child explained: *“The money that I earned from selling my pigs and the income of my husband were enough for our daily consumption and to carry on my business.”*

Adding one or more business seems to be a successful strategy. Apart from their existing farming or animal-raising activities, involvement in petty trading or retailing seems to be bringing larger incomes and profits for the family. As well, other members of the family help clients to attend to their existing or additional businesses. Graduation to bigger or more profitable animal-raising is also a successful strategy among Me Linh’s clients. They would buy a calf for VND1 million, raise it for a maximum of 1 year until it gives birth and the calf could fetch as much as VND3 million. Aside from the profit from selling the calf, the cow is still with them to help them plow their rice fields and continue breeding. The client proudly explained that it is a good livelihood because *“I do not have to spend any additional expenses in raising the cow except for my labor and when the cow gets old, I can replace her with her offspring and still need not spend additional money”*.

## 3. Loan Use Benefits

- a) Changes with loan use:** Clients perceive TYM loans to have created positive impact on their household economy. At the business level, majority of the clients said that they expanded their business through increasing their product volume during the first loan until their current loan. While the respondents claim to have increases in income, they found difficulty in quantifying these, even as income streams vary i.e. daily, weekly, monthly, yearly or seasonal, and no record of expenses are systematically kept. This is evident in the inconsistent data on income and profit, making it impossible to provide reliable income increase figures. Although clients are better off now than before joining TYM as can be gleaned from their perceptions/accounts, it is not clear whether they will be able to move out of poverty given the limited scale of their existing businesses.

At the household level, food security becomes the most tangible outcome of loan availment, even during the first loan; sufficient food for their family could be associated to having income from the businesses that they started. The ability of the family to support their children’s education and to purchase household convenience items (TV, cabinet, electric fan, rice cooker, chairs, tables) were reported to have improved. As well,

in their current loans of larger amounts, they started investing in the improvement of their housing conditions.

These changes in household welfare contributed to the feeling of personal fulfillment among TYM clients. While clients expressed that their self-confidence and self-fulfillment grew, they admitted that, they tended to neglect their own material needs for the benefit of their families. Being able to access loans from TYM were appreciated very much by some clients even as, being poor, they experienced difficulty in borrowing from neighbors and relatives. Also, realizing that they have the ability to manage a business or even provide business not only for themselves but also to their husbands, boosted their morale and encouraged them to take on risk by engaging in livelihood activities for which they did not have previous experience (raising cows) or would take them away from their domicile (small trading outside their villages).

- b) Use of Surplus:** As mentioned earlier, clients found it difficult to quantify their net profits, as income flows vary in regularity and records of expenses are not systematically kept. It was not clear whether they distinguished their gross income from their net income. Almost all of the clients were engaged in agricultural livelihoods hence their incomes were highly seasonal.

Increasing business capital and/or add a new business were strategies that clients employed, however, the trend went down from 15 clients during the first cycle, 13 clients for third cycle, and a dismal 3 clients for current cycle. Perhaps, clients have attained the level of growth in their chosen microenterprises and no longer wished to expand, either vertically or horizontally. On the other hand, it may also be associated with the finding that majority of the client did not use their current loans on their businesses, hence those reporting without surplus also increased.

Profits were also widely used to improve household welfare, such as on purchase of basic needs, household assets, and children's education.

- c) Coping with Crises:** Almost all of the clients did not experience any crises or unexpected events during any of the cycles. Isolated cases of livestock being stricken with diseases which resulted to losses led the clients to either work for other people, access to personal/family savings or borrow from other sources in order to cope with the downward financial pressure they found themselves in.

#### **4. Decision Making on Loan Use**

It is noteworthy that majority of the respondents (68%) made their own decisions on the use of their first loan. However, the trend decreased as clients received larger loans (19 during the first cycle, 14 during the third cycle, and 9 during the current cycle) This suggests that as the loan amount becomes larger, the husband or other members of the family are brought into the client's microenterprise(s), thus decisions also become a shared undertaking. As well, the women borrowers also admitted they tended to consult other members of the family on more significant investments because of the higher risks.

## C. Conclusions

1. **Having Multiple Income Streams is an Effective Loan Use Strategy.** During their first few cycles, majority of the clients were involved only in agriculture-based projects. Exclusive investment in animal raising and farming exposes the household to greater risks. In one case, a client invested her VND 1 million to raise chicken and ducks. After three months, bird flu struck; she sold her remaining stocks and recouped only half of the amount. Her husband and children had to work for others to help her pay off the loan.

As the clients continued to access larger loans, one success pattern that emerged among many borrowers was to engage in combinations of activities that reflect a mix based on regularity of income flows. Businesses that bring in daily or weekly enabled them to support common household expenses. Lump sum income from seasonal activities were saved for expected expenses (tuition, festivities, etc) and/or unplanned ones (emergencies). Examples of these were clients who added fish vending, grocery store, or rice retailing (for daily cash flow and weekly loan repayment) to their existing animal raising or farming projects (important sources of periodic lump sum income).

Another strategy demonstrated by some clients was capitalizing on their husband's or children's businesses like the client who bought wood for her husband's carpentry business, or the client in Kim Dong, who due to her advanced age, gave her loan to her daughter to start up a fruit store in Hanoi. These strategies significantly increased the income of the family.

2. **Credit Funds are Fungible.** The study also revealed that most of the clients used their current loan partly or solely for family or household needs, indicating the fungibility of borrowed funds. While the money was borrowed for one stated purpose, i.e. invest in business, it was used for something else entirely, such as children's education, home comforts or house improvement. The same trend was also observed among microfinance clients in different countries (see Box below).

### **Fungibility of Credit: Lessons from Peru, India and Zimbabwe** From Cohen 2005

The use and demand for financial services is a function of the household's resource base and its portfolio of economic activities. Studies from Peru, India and Zimbabwe show that loans accessed through microfinance institutions are most commonly used for business investment. In multiple enterprise households the business that provides the rationale for the loan is not always the one with the greatest potential for growth or the one in which the loan is invested. The studies also find that clients use loans for a wide range of non-business investments such as housing improvements, children's education, and social obligations. For people who borrow sequentially, later loans often are invested in activities that are riskier, both for the client and the MFI.

This practice may increase the risk of non-payment if the clients continue to utilize increasingly larger portions of the loan on expenditures that do not generate income. TYM may need to review field officer's client's loan application assessment forms and procedures. It would be prudent to include criteria on client's capacity to pay, status of business, length of membership and performance that would be aligned to the purpose of loan. In addition, a closer monitoring of loan use as well as financial education for the clients are in order.

3. **Resting Too Long or Glass Ceiling?** The evaluation also noted some clients who have been a member of the Fund for quite some time but whose loan availments are few and far between. For instance, there was a client in Kim Dong who has been with TYM for 8 years



but has availed of only 3 loans, the last one amounting to VND 20 Million. Are these clients resting only from TYM borrowings or are they accessing loans from other service providers? Are they experiencing glass ceiling in using their loans profitably?

### **Glass Ceiling: Learning from the Philippines**

From MkNelly and Alip, 2002

Focus groups were conducted to explore whether CARD members were reaching a “glass ceiling” on their ability to profitably use larger loans and if so, why? In the Centers where the focus groups were conducted, very few members were found to have taken loans greater than P30,000 even though most of these Centers were from three to six years old. The major inhibitor on members taking relatively large loans was their fear that they would have difficulty with repayment and cause problems for their Center. For example, it seemed common that members would divide their loans across several projects and uses such as rice cultivation and food vending or hog fattening and education expenses or they might purchase an asset. Members consider closely whether they will be able to carry the weekly repayment of a larger loan from their projects that earn steady income or whether they can meet the repayment obligation from alternative sources. CARD staff also exhibit considerable influence over the loan amount that members ultimately receive and they too are highly motivated to try and reduce the risk of repayment problems. Secondary quantitative programmatic information was also compiled to estimate the gap between loan amounts CARD members requested and the amount received. This gap can be thought of as a rough estimate of the CARD staff’s discretion—Technical Officer and/or Branch Manager—in determining loan size as compared to clients’ own demands. Based on a sample of loan information from five branches, the loan amount given was approximately 75 percent of the amount members requested.

TYM may consider to conduct an in-depth study to look at the slow/lower uptake of loans among mature clients. In understanding the true reasons, TYM can institute a number of possible adaptations to current policies i.e. policy on resting as well as new services that would potentially allow members to successfully and more rapidly use larger loans, i.e. training in project and financial management.

4. **Credit with Education is Crucial.** TYM may consider integration of Credit with Education (CwE) module on Financial Education for the Poor during center meetings. This may include basic lessons on good money management such as managing personal and household finances (creating a budget, initiating a saving strategy, reducing expenditures, planning for life cycle events, protecting against emergencies, managing debt, maintaining access to credit, and making strategic investment decisions) or educating people on financial services.

## **VI. EXIT SURVEY**

### **A. Overview of the Exit Survey**

Keeping good members is important for achieving TYM's financial and social goals. From a business perspective, losing clients has undesirable costs since their training represents an investment and it is longer-term members whose larger loans generate the relatively higher revenue per borrower. From a social impact perspective, significant progression out of poverty is assumed to require a series of incremental larger loans and accumulated savings that are only made possible through continuous program participation. Members who leave after only limited time in the program are likely to experience only marginal positive impacts and contribute little or even slow down attainment of financial performance targets. Certainly, there are many reasons unrelated to program services that influence a member's decision to leave the program. Exploring the reasons behind client drop-out provides useful and important insight into the general issue of client satisfaction. Having a satisfied and loyal clientele is an honorable and important goal for any service enterprise. In addition, whether any steps could be taken to reduce client exit rate depends on a better understanding of the factors driving client resignations.

The Exit Survey is one of the quantitative tools in the AIMS/SEEP package of assessment tools which help in identifying why clients left the program and what they think are the impact of program participation on themselves and their income generating activity.

A total of 40 randomly selected former clients who left the Fund in the last 12 months were interviewed using structured questionnaires customized to TYM context. In addition, programmatic data was reviewed in order to assess the degree of client exit relative to the number of new and total active members (Appendix 5). Based on the data, the annualized exit rate was computed to be 9.6%. However, when the number of exits is computed as a percentage of new clients, the scale and potential implications of drop-out are more pronounced. Over the six-month period January to June 2007, a total of 1,147 women left the Fund which represents over 46% of new clients (2,475). Coupled with exodus of over  $\frac{3}{4}$  of mature clients, these represent significant cost to TYM - both in terms of lost investments in training and social preparation and in terms of the opportunity costs of losing the older, more experienced members most likely to take larger loans.

### **B. Findings/Results**

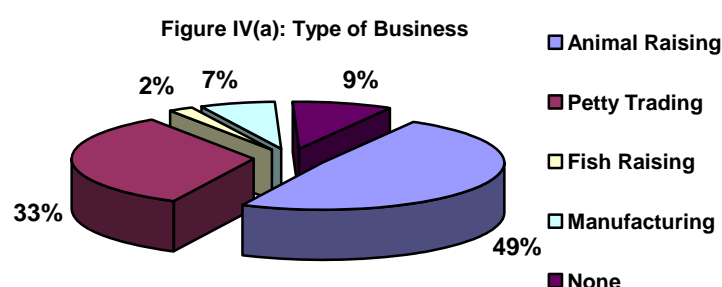
#### **1. Profile of Sample TYM Dropouts**

Based on the survey results (Table VI(a)) TYM is experiencing significant number of dropouts (32.5%) between the third and fourth year of client membership. A considerable number of those who had more than six years of membership (27.5%) were also leaving the Fund. Only 22.5% of all the respondents have stayed in the program for less than two years. Therefore, those who left were mostly the more mature clients.

Table VI(b) shows the result of the cross tabulations of the number of loan received against the length of membership of exit clients. Almost 53% of the clients have a maximum of four loans received before they left TYM and were in their third or fourth year of membership. The result shows that there were TYM clients that have been in the program for quite some time but are not actively getting loans. Inferring from the reasons cited for leaving, it could be that they did not like the product attributes pertaining to loan amount (too small), speed of processing (too slow) and loan term (too short).

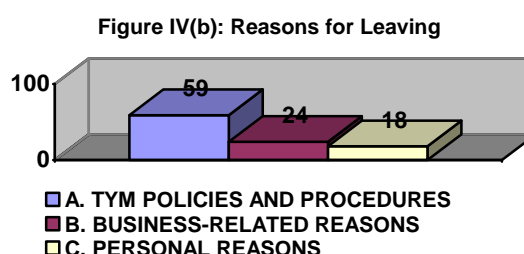
Almost half (48%) of the loans last obtained from TYM were below VND 2 million, with almost a quarter between VND 2-4 million (Table 3). There were former clients from Kim Dong, Thanh Hoa and Nghi Loc who left without even obtaining a loan. In contrast, the highest amount of loan disbursed to a former client in Binh Xuyen was VND 15 million. All of the respondents reported to have paid their loans before leaving, with only one former client helped by her center to repay, with an amount of VND 120,000.

Living in basically rural communities, almost half of the respondents (49%) are engaged in animal raising as their primary source of income (Figure VI(a)). The second most popular microenterprise is petty trading which includes operating a variety store, and fruits, vegetable, fish or meat vending. There were also a number of dropouts who were engaged in fish raising, mat weaving, broom making and dress making. One former member admitted that she had no business at all and did not take out a loan.



## 2. Reasons for Leaving

Why clients left the program may be broadly categorized into problems related to TYM policies and procedures (59%), business-related reasons (24%) and personal reasons (18%). Of the policies and procedures, attendance to center meetings was cited by nearly 68% of former clients (Table VI(d)). A few (15%) mentioned the slow processing of loans and inability to follow all of Center/TYM policies (10%). Of the business-related reasons, one third claimed to have enough working capital for their business, thus they no longer needed to take out loans from TYM. About 8% said they decided to stop their business and do something else, which may be related to transfer of residency (I am moving away), possibly to work somewhere else. A member becomes very vulnerable to repayment problems when she depends on another member of her household to help her with her repayments instead of getting it from her business income. This was cited by 8% of the respondents, who eventually left the Fund when continually faced with repayment difficulty as a result of loss of support from a family member's income.



The cause of drop out may be a chain of events. For instance, in August 2006, a Technical Assistance report <sup>5</sup> cited the infrequent center meeting (once a month) as the cause of delay in loan processing. Since requirements for loan processing are submitted during the meeting, any

<sup>5</sup> Gerardo Garcia and Marivic Austria. Technical Assistance Report, 2006. 11pp.

missed requirement can only be accomplished on the next meeting, resulting to another month of long wait. Delayed loan means missed business opportunities, a strong demotivation to attend center meetings and eventually, program participation.

#### **AS THE CURTAINS CLOSE....**

*TYM's aim has always been to empower women, giving them the opportunity to become independent by owning their own businesses. Most of the time, these women are able to succeed, both professionally by earning for their family and improving their way of life and also personally by realizing their self worth, and having courage and confidence to face the challenges ahead.*

*These women, had only to be guided and equipped with the technical skills necessary to give them that 'push'. Just like silver that needs to be polished until they shine, center meetings, trainings and seminars enhance their knowledge on business-handling and allows them to interact with other members.*

*TYM has been essential in these women's success. But sometimes, no matter how triumphant a member can be, and no matter what her potentials are, circumstances beyond TYM's control can lead to losing a valuable and praiseworthy member. Such is the case of Mrs. Doan Thi Nghia.*

Of all members in Center 41 in Thuy Quang - Yen Luong, Mrs. Doan Thi Nghia is one of the more popular member. She is dynamic, enthusiastic and very diligent in attending center meetings. She was born in 1958. Her husband, Mr. Hoang Van Thien, was born in 1955 and works as a building worker. They have 3 children---2 sons and a daughter. Her two older children are seamstresses; the youngest is at grade 9.

Mrs. Nghia joined TYM on March 5, 2003 and resigned on March 22, 2007. When she joined TYM, she was diffident, hesitant and shy. But when it comes to trading, her true charm and charisma magically comes out. On her first cycle she borrowed VND 500,000 to invest into trading groceries such as dried bamboo shoots, vermicelli, fish sauce, salt, etc. Like any other member, she wanted to grow her business in order to add to the family's income.

Starting off was not easy, and making the weekly repayments was more difficult than she expected in the beginning. But her perseverance and hard work paid off. She was earning more and repayments became easier. Gradually her business improved. Reaching her 3rd cycle, she applied for another loan worth VND 300,000. This time she expanded by trading more goods, expanding the stall and buying another show-case. From having only a bamboo bench and some basic commodities, she now has a small variety store with a assortment of goods sold.

She was fulfilled, seeing a steady business with great potential and seeing the improvements within her family. She shares with us that since she started with TYM, her family's life has changed a lot. They have been able to purchase furniture, equipment, and household items like television and a bicycle. She says this is something that she could not have achieved without TYM and for that she is grateful.

A special attribute of Mrs. Nghia is her fondness of attending center meetings. During her membership, she never once missed any center meeting and was always present from the beginning to the end (of center meetings). She felt that meetings were helpful in building contacts, and keeping her up-to-date on the latest issues on the market. Further, she thought that meetings were a good avenue for her to learn on aspects of her business that she needs to improve and learn from. And more importantly, she is able to draw from the experiences of other members, applying what is positive and veering away from what is not good. At meetings, she shares that she not only talked about ways to further improve their businesses but they also talked about family life---how to properly raise their children and how to keep a happy and healthy home.

Needless to say, Mrs. Nghia was very contented and was looking forward to many more years with TYM. She was very pleased and did not forget to thank her husband and her two children, who not only financially helped her with repayment but was essential in helping her grow her industry. She was very thankful most of all to her youngest child, who gave her a hand to do housework so that she can go to center meetings.

However in 2007, her difficulty trying to juggle her business and her family obligations started to surface. At that time, her youngest child was in Grade 9 and needed more supervision in school. Furthermore, other endeavors proved to be too much for her to handle. Aside from her trading business she also had to look after a paddy field of more than 2 ha, and see to their 5 cows. Added on top of that is her household responsibility of preparing meals for the family and keeping their home.

With all of her responsibilities, Mrs. Nghia was hurried all the time. She lost focus on her business, was not able to manage her time properly and failed to concentrate on matters regarding her industry.

Her husband also started to notice her inability to keep up with her many tasks. Every time he went home from work, he saw her working so hard. He thought that going to center meetings and participating in TYM activities cost her great deal of time. Hence he asked her to resign so that these activities would not affect her household responsibilities and farm duties. She tried to explain to him the fulfillment she is able to derive from TYM aside from the financial rewards of her business. But he had made up his mind and was not convinced.

The culture of a wife obeying what her husband commands played a great part in her decision to resign. She told herself that "a good wife must follow her husband", so although it pained her, she wrote a resignation petition. Asked if there would be any possibility that she would join TYM again, she sadly smiled and said that if TYM allowed members to have quarterly meetings, perhaps her husband would be more sympathetic and changed his mind. If so, she would join TYM again.

With sadness in her eyes, she said that if she would have the chance to do everything over again, would still join TYM. For it is here where she found happiness of being her own. She was able to fulfill her dream of owning a business and it is with TYM that she was able to find value in herself and her abilities.

### ***Decision to Leave TYM***

Of the 40 respondents:

- 70% said that they themselves made the decision mainly because they were no longer willing to attend the center meeting.
- 20% said that the decision was made by someone in the family. Of these, 73% said it was the husband, 18% said it was her son and 9% said it was a joint decision of her husband and daughter-in-law.
- 3% said that the center asked them to leave because of problem with the center attendance.

Majority made their own decision while a fifth was asked, mainly by the husband, to leave TYM. Attending center meetings may have interfered with reproductive (family-related) and productive (business-related) activities of the clients that it became a major issue in discontinuing their membership. Even those who were pushed out by their centers cited inability to attend center meeting as the reason why they were asked to resign.

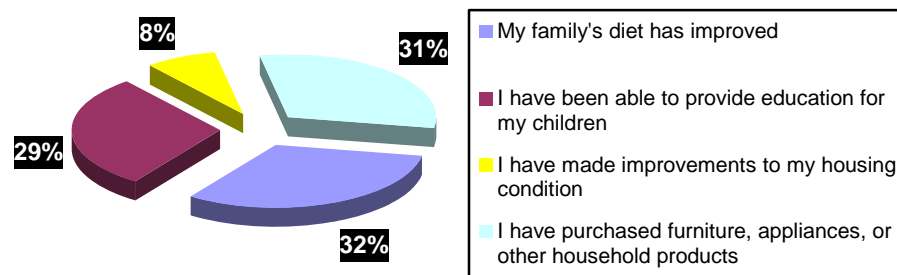
### **3. Experiences with TYM**

#### ***a. Experience with Loan Obtained from TYM***

When asked how their loans helped them with their business, 53% said that it helped them a lot in maintaining their businesses, 30% said that it helped them in expanding their businesses while 9% said that it helped them to start their own business. The 7% remaining are those respondents who were never able to receive loans before leaving the program.

Among the non-business related uses of the loan cited by several respondents were for food in the family (32%); acquisition of household assets (31%); and for children's education (29%). Eight percent (8%) used their loans for house improvements (see Figure VI(c)).

**Figure IV(c): Non-Business Related Uses of Loans**



#### ***b. Perceptions of Impact of TYM***

Most of the respondents reiterated that TYM loans helped improve their family's diet, provided them with the financial assistance for their children's education, increased their household assets and enabled them to improve their housing condition. Sixty eight percent (68%) mentioned that being in the TYM program was of great help. Only one person said that TYM membership was a burden to her. A high 88% percent of the respondents said that their experience in repaying their last loan was good. The loan was enough to meet their business needs and it was easy to repay. Only one person had difficulty repaying her loan.

Respondents were asked regarding the change in their income as they invested their loans. Sixty percent (60%) said that their income increased substantially, 28% said that it has increased slightly and only 3% said that her income remained the same. The responses indicate that TYM's loan intervention brought economic benefits to majority of those who left the program.

### ***c. Perceptions regarding Center Membership***

Although attending center meeting was mentioned as the major reason for leaving the program, when asked how belonging to a center helped them, 33% said it helped them gain friends, and develop their leadership skills (22%). Sixteen percent (16%) cited improved business skills through trainings provided in the center and due to the exchange of ideas and contacts among members.

These responses point to the value of solidarity groups, that when facilitated to use the time, and each other to create a productive relationship, can become solid foundation for mutual support, guarantee and empowerment.

### ***d. Satisfaction Levels***

#### ***The overall experience***

- 7.5% said that it was very positive
- 22.5% said that it was positive, and
- 70% said that their overall experience with TYM was good.

None of those who left the program had negative perception of their experience in TYM.

#### ***Would you encourage a friend or relative to join the program?***

- 53% said they will still promote TYM to others mainly because of loan access without collateral, while at the same time learning from other members.
- 47% said they would not, primarily because of the burden in attending center meeting.

While more than half value access to loan and learning from others, the center meetings were perceived by others as a burden, preventing them from encouraging others to join TYM.

#### ***Program features that brought the most satisfaction***

Important insight into areas of client satisfaction surfaced from the responses of former clients about what they liked best about TYM. Even though they were having problems attending center meetings, many of them still appreciate the value of group solidarity. This is where they have found new friends and learned new things that empowered them in some way. Also, the loan without collateral allows them to continue their businesses that brought steady source of income. As well, membership with TYM enabled them to prepare for future contingencies through the savings and microinsurance services.

- Group solidarity and/or group dynamics (31%)
- Easier guarantees than other loan alternatives (20%)
- Steady source of working capital (18%).
- Sharing experiences and learning from TO and co-members (12%)
- Easier loan term (weekly repayment) (12%)
- Savings and insurance (6%)
- Training or technical assistance (4%)

#### ***Program features that brought the most dissatisfaction***

High interest rate as well as long and frequent center meetings were a source of dissatisfaction to many who left the Fund. There were also some who were concerned with the amount and frequency of repayment. A few of these former clients also realized that if loans are not

processed on time, business opportunity is lost. Issues of lesser importance were specific policies on punctuality, upfront deduction, and use of loan. Women's Day, celebrated twice in Vietnam (March 8 and October 10) are of particular significance to TYM members, and 8% of those who left said TYM was not giving them due recognition on these days.

- High interest rate (22%)
- Meeting frequency too often or meeting too long (22%)
- Repayment policies (frequency and amount) (12%)
- Clients spend a higher transaction cost if the loan is not disbursed on time (5%)
- No training in agriculture (8%)
- Penalty for late (8%)
- Some members can acquire loan and lend it to other person (8%)
- TYM not concerned on women anniversary of members (8%)
- Upfront deduction is high (8%)
- Forced savings or insurance (5%)

### ***Recommendations from Former Members***

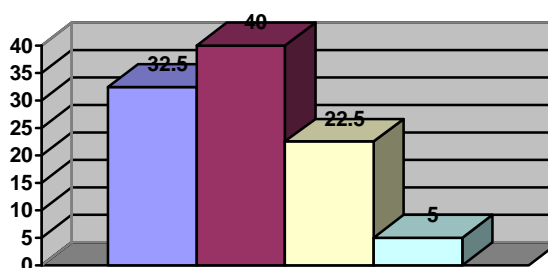
Important insight into areas of client dissatisfaction also emerged from client suggestions for how TYM could further improve its services and the list of specific procedures/systems they would most like to see changed. Although there is some overlap and interrelation, their responses can be categorized into several areas.

- Meeting: Former members said they wanted to see the weekly meeting schedule reduced to monthly, and of shorter duration.
- Loan Policies and Procedures. Similarly, they would like to see TYM reduce the repayment frequency to monthly or bimonthly installments, decrease interest rate and improve speed of loan disbursement
- Credit Officers: They would like the Credit Officers to improve their attitude and manner. Specifically, it was suggested that Technical Officers should be more enthusiastic and flexible.
- Training and Exposure. It was suggested that TYM provide group activities for members such as inter-center exposures, and livelihood/technical training

### **4. Possibility of Re-Joining TYM**

One third or 33% are still willing to re-join TYM while forty percent (40%) are still ambivalent whether to rejoin or not. There were 23% who said they will never join TYM again. Some 5% said that they will rejoin if changes are instituted, such as better attitude of the staff (more considerate and flexible) and shorter center meetings.

Figure IV(d): Possibilities of Re-Joining TYM



Will Re-join	32.5
Maybe will re-join	40
Will NOT re-join	22.5
Will re-join ONLY IF..	5

Table VI(a): Distribution of Respondents by Length of Membership

	Freq	% Share
<b>No. of Years of Membership</b>		
<= 6 months	1	2.5
7 - 24 months (up to 2 yrs)	8	20.0
25 - 48 months (up to 4 yrs)	13	32.5
49 - 72 months (up to 6 yrs)	7	17.5
> 72 months (> 6 yrs)	11	27.5
<b>TOTAL</b>	<b>40</b>	<b>100.0</b>

Table VI(b): Distribution of Total Number of Loans Received by Length of Membership

	<= 6 months	7 - 24 months (up to 2 yrs)	25 - 48 months (up to 4 yrs)	49 - 72 months (up to 6 yrs)	> 72 months (> 6 yrs)	TOTAL	% Share
<b>Total number of loans received</b>	1	8	13	7	11	<b>40</b>	<b>100%</b>
0 - 4	1	8	9	3		<b>21</b>	<b>52.5</b>
5 - 8			2	3		<b>5</b>	<b>12.5</b>
9 - 12				1	1	<b>2</b>	<b>5.0</b>
13 - 16			2		5	<b>7</b>	<b>17.5</b>
17 - 20					1	<b>1</b>	<b>2.5</b>
> 20					4	<b>4</b>	<b>10.0</b>
Min (total number of loans)	0						
Max (total number of loans)	25						
Ave (loans received)	7.1						



**Table VI(c): Amount of Last Loan by Area (in Million VND)**

	Soc Son	Me Linh	Binh Xuyen	Kim Dong	Y Yen	Thanh Hoa	Hung Nguyen	Nghi Loc	TOTAL	% Share
<b>Amount of last loan</b>	5	5	5	5	5	5	5	5	<b>40</b>	<b>100.0</b>
Below VND 2,000,000	1	3	1	2	3	3	2	4	<b>19</b>	<b>47.5</b>
VND 2,000,001 - 4,000,000	3	0	0	2	2	0	1	1	<b>9</b>	<b>22.5</b>
VND 4,000,001 - 6,000,000	1	2	1	1	0	2	0	0	<b>7</b>	<b>17.5</b>
VND 6,000,001 - 8,000,000	0	0	1	0	0	0	2	0	<b>3</b>	<b>7.5</b>
Above VND 8,000,000	0	0	2	0	0	0	0	0	<b>2</b>	<b>5.0</b>
Min (loan amount)	1.0	1	1.5	0	1.0	0	1.0	0		
Max (loan amount)	5.0	4.5	15.0	6.0	3.0	5.0	7.0	3.0		
Ave. (loan amount)	3.2	2.6	8.7	2.9	2.1	2.8	4.0	8.0		

**Table VI(d): Reasons for Leaving TYM Fund**

<b>Reasons</b>	<b>Freq. Distn.</b>	<b>% Share</b>
<b>TYM Policies and Procedures:</b>	<b>47</b>	<b>59</b>
<ul style="list-style-type: none"> <li>▪ I am not willing to attend Center meetings (center meeting takes too long)</li> <li>▪ The loans are too expensive</li> <li>▪ Disbursement takes too long</li> <li>▪ I cannot follow all of Center/TYM policies</li> <li>▪ Loan amounts are too small/Cannot demand for the amount of loan</li> <li>▪ I don't like the way loan officers have treated me, or I had other problems with TYM personnel. (not satisfied with technical officer)</li> <li>▪ Loan terms are too short</li> <li>▪ I don't like the repayment schedule</li> <li>▪ The Center asked me to leave (problem with center attendance)</li> </ul>	27 6 4 3 2 2 1 1 1	
<b>Business related reasons</b>	<b>19</b>	<b>24</b>
<ul style="list-style-type: none"> <li>▪ I now have enough working capital for my business</li> <li>▪ I decided to close down my business and do something else</li> <li>▪ I cannot repay my loan because of business problems, such as low sales or profit.</li> </ul>	15 3 1	
<b>Personal reasons</b>	<b>14</b>	<b>18</b>
<ul style="list-style-type: none"> <li>▪ My spouse or another income-generating member of my household left and I cannot maintain my business</li> <li>▪ I am moving away</li> <li>▪ I have to take care of someone else</li> <li>▪ Afraid to take loan but she is old and feels cannot pay TYM</li> <li>▪ I had personal problems with other members of the Center</li> <li>▪ I was unable to continue repaying my loan because I used it for a family crisis or celebration</li> <li>▪ Husband and child also get salary so that need not borrow loan with interest</li> </ul>	3 3 2 2 2 1 1	

## C. Conclusion

The findings from the exit interview highlight some of the fundamental challenges for group-based poverty lending, particularly in relatively mature program areas. Except for Ngi Lop, the TYM branches from which the sampled respondents belong to are four to thirteen years old. With time, many of the issues identified by clients intensify and are more likely to influence client resignation.

Over time, it is simply a fact that members will most likely experience center meeting fatigue. Clients also expect efficient service from TYM, even as it is a mature organization that ideally should have mastered efficient service delivery. Clients and prospective clients have started comparing prices of loans and TYM's interest rate was perceived to be high, comparing unfavorably with what VBARD and Social Policy Bank offer. All these weaknesses do not paint a good picture of TYM in the communities, making it difficult for Credit Officers to recruit new members, thereby affecting the institutional goal of TYM for wider, if not deeper outreach.

TYM may want to consider making the center meetings more productive for the members by offering Financial Education modules that can help them improve their loan use strategies. As well, non-financial incentives can be offered for those who attend the center meetings faithfully, such as recognition for clients with high attendance performance, even as clients value being recognized during the branch anniversary. TYM may also consider developing a Journey of Learning program for Center Leaders, a program found effective at CARD Philippines to better understand the mission and vision of the institution and how they contribute towards the attainment of the its goals. It can provide a forum for peer sharing and learning, thus promoting the value of excellence in both their economic and moral spheres. It was conceptualized in recognition of the Center leaders' role as CARD's partners in maintaining credit discipline in the centers. Like in CARD, the TYM Center leaders do not receive financial remuneration; the Journey of Learning can strengthen their commitment to be the Center's overseer, counselor, arbiter, collector, and other countless albeit thankless duties in pursuing their centers' development. The mechanics of the Journey of Learning is shown as Appendix 6.

TYM must also advocate for a more level playing field, being well-placed in the structure of the Vietnam Women's Union. The recent research into drop-outs in Bangladesh (ASA, 1996; and Hashemi, 1997) strongly suggests that members leaving MFIs are usually doing so because they are dissatisfied with the quality of financial services being offered by the organization ... or have found better services being offered by another one. Clients "shopping around" for the best services in this way has also led to prevalent "multiple membership" of the same clients with different MFIs – a phenomenon that could give rise to overindebtedness, which would be an antithesis to the poverty alleviation goals of both the government and the private development agencies. Thus, significant drop out rates is not detrimental only to the clients or to TYM, but to the wider microfinance industry.

## RECOMMENDATIONS

How then can TYM strengthen its positive impact and minimize negative unintended impact?

1. Recognizing the fungibility of credit funds and potential of indebtedness and risk of non-payment if the clients continue to utilize increasingly larger portions of the loan on expenditures that do not generate income, TYM need to equip its field staff with skills to enable them to more effectively assess loan application based on financial requirement of the business. It would be prudent to include criteria on client's capacity to pay, status of business, length of membership and performance. Emphasis should be placed on the *ability of the borrower to pay and not so much on loan use* provided group members are ready to guarantee. This will reduce the transaction cost of loan application and monitoring, increase staff productivity and create a happy and more loyal clientele.

TYM may also consider integration of Credit with Education (CwE) module on Financial Education for the Poor during center meetings. This may include basic lessons on good money management such as managing personal and household finances (creating a budget, initiating a saving strategy, reducing expenditures, planning for life cycle events, protecting against emergencies, managing debt, maintaining access to credit, and making strategic investment decisions). Linking with organizations involved in developing financial education curriculum for the poor may be tapped, such as Microfinance Opportunities and Freedom from Hunger.

2. To address concerns about center meeting attendance, TYM may want to consider making the center meetings more productive for the members by offering training and the sharing of experiences about conflict resolution, health, strengthening of community organizations, and testimonies on business management. However, it would be important to systematize duration, content, and materials of the training. As well, non-financial incentives may be offered for those who attend the center meetings faithfully, such as recognition for clients with excellent attendance performance, even as clients value being recognized during the branch anniversary. It may also explore the possibility of conducting meetings of shorter duration much like a "Pay and Go" scheme during seasons of intense activity in agriculture, i.e. planting and harvest seasons. Reviewing the center meeting flow to streamline it will be helpful in this regard.
3. Continue designing new products and services or refining old ones that will bring much gain to TYM in terms of increased market share, higher levels of client retention and lower operational costs not only to address issues about competition and client dissatisfaction as demonstrated by clients by "voting with their feet". For instance, TYM may consider offering a range of non-productive loans such as Educational and Asset Acquisition Loans.
4. Undoubtedly, the responsibilities of Center Leaders place a huge demand on their time and capacities. They are indeed TYM faithful partners in the development of the solidarity groups. To reward their efforts, TYM may want to consider providing non-financial remuneration to Center Leaders. This can take the form of a Journey of Learning program for Center Leaders, involving two days of peer sharing and learning, exposure to the Head Office and selected branch, and visit to successful livelihood projects.
5. To encourage clients to engage in livelihoods which have growth potential and to help increase profits from on-farm economic activities, TYM can conduct market studies by district and determine which businesses are profitable; promote the clients' services and products among the other clients to expand their market; and promote the use of appropriate technology to increase productivity. Can be coupled with additional efforts to reduce the risk of client repayment problems through supplementary services such as

health and life insurance and education to promote consideration of the best loan investment strategies.

6. TYM may consider to conduct an in-depth study to look at the slow/low uptake of loans among mature clients. Is it because clients are experiencing a glass ceiling on how to profitably use larger loans? Or is it the risk aversion of branch staff that can explain this situation? In understanding the true reasons, TYM can institute a number of possible adaptations to current as well as new services that would potentially allow members to successfully and more rapidly use larger loans.
7. TYM must look closely how exit rate can affect its program, even as simple and low-cost tools are available to monitor exits. As a leading advocate of social performance management correctly pointed out, *“In microfinance, social and financial performance are linked and mutually reinforcing. Those who pay attention to their mission to improve the lives of poor people are likely to improve their financial bottom line as well.”*
8. Inculcating early on the institutional value of client-centeredness of products and services will bode well for Credit Officers’ attitude towards the poor they are mandated to serve. Hence training for new staff should emphasize better understanding of TYM’s mission and how to provide customer care that will keep clients satisfied.
9. TYM Fund is a model that successfully demonstrates that a microfinance program can achieve the double bottom line of outreach to the poor and financial sustainability as long as it adheres to best practice principles. Thus it must continue advocating for an enabling environment and even playing field in the microfinance industry, and take advantage of its unique place in the structure of the Vietnam Women’s Union to do so.

## OVERALL CONCLUSION

Interviews and discussions with clients highlighted the important and significant role TYM services play in assisting clients to improve their quality of life and economic security. TYM clients readily described specific ways that TYM services had helped them to increase and/or diversify their families’ incomes, build household assets, afford higher education for their children, and put more and better food on the table. These economic and well-being changes as well as skills and experiences gained through participation in TYM’s microfinance program resulted to positive changes in many women’s self-perception and ability to interact with other people within the household, the community or with wider political and social structures.

Working among the poor in the rural, inaccessible areas bring to the fore the fact that poverty and need is greatest in these areas but the economic opportunities and returns to both members and TYM are less. Nonetheless, TYM had put significant human and financial resources to listen and heed its clients’ voices in its continual improvement and innovation of services. It is no wonder then that clients perceive TYM as a caring institution, indeed an institution that effectively translates its mission into practice.

## APPENDIX 1

### *TYM's Operational Update as of June 2007*

#### Operation information

Up to 30 June 2007

No	Items	31 Dec 2006 (VND 1,000)	30 June 2007 (VND 1,000)	30 June 2007 (USD)
1	No of branches	17	19	
2	No of Communes	88	96	
3	No of Centers	681	714	
4	No of Groups	4,678	4,921	
5	No of members	22,497	23,825	
6	No of Technical Officers (TO)	81	79	
7	Total No of staff	145	150	
8	Attendance rate (%)	96%	95%	
9	No of members per center	33	33	
10	No of members per TO	278	302	
11	Loans Outstanding	53,455,683	58,419,503	3,621,567
12	Average loan amount	2,376	2,452	152
13	Repayment rate (%)	99.9%	99.9%	
14	Portfolio at risk (%)	0.20%		
15	Center funds balance (compulsory savings)	27,190,119	29,267,288	1,814,351
16	Voluntary savings balance	1,802,756	1,887,484	117,010
17	Mutual Fund balance	731,697	779,592	48,329
18	Net earnings	2,397,525	1,623,920	100,671

Rate USD - VND

16,091

16,131

*Food Security Categories*

**Box 1: USDA “Food Sufficiency” Question—One-item scale**

*Which one of the following statements best describes the food eaten in your household?*

- A) Enough and the kinds of food we want to eat
- B) Enough but not always the kinds of food we want
- C) Sometimes not enough to eat
- D) Often not enough to eat

Only households in category A are considered “fully adequate” or food-secure. Households in the B category have food supplies that are classified as “barely adequate” and households in the C and D categories are termed “food-insufficient.” Those indicating that they “often” did not have enough to eat (D) are identified as more severely constrained.

*Table 1. Food Security Classifications*

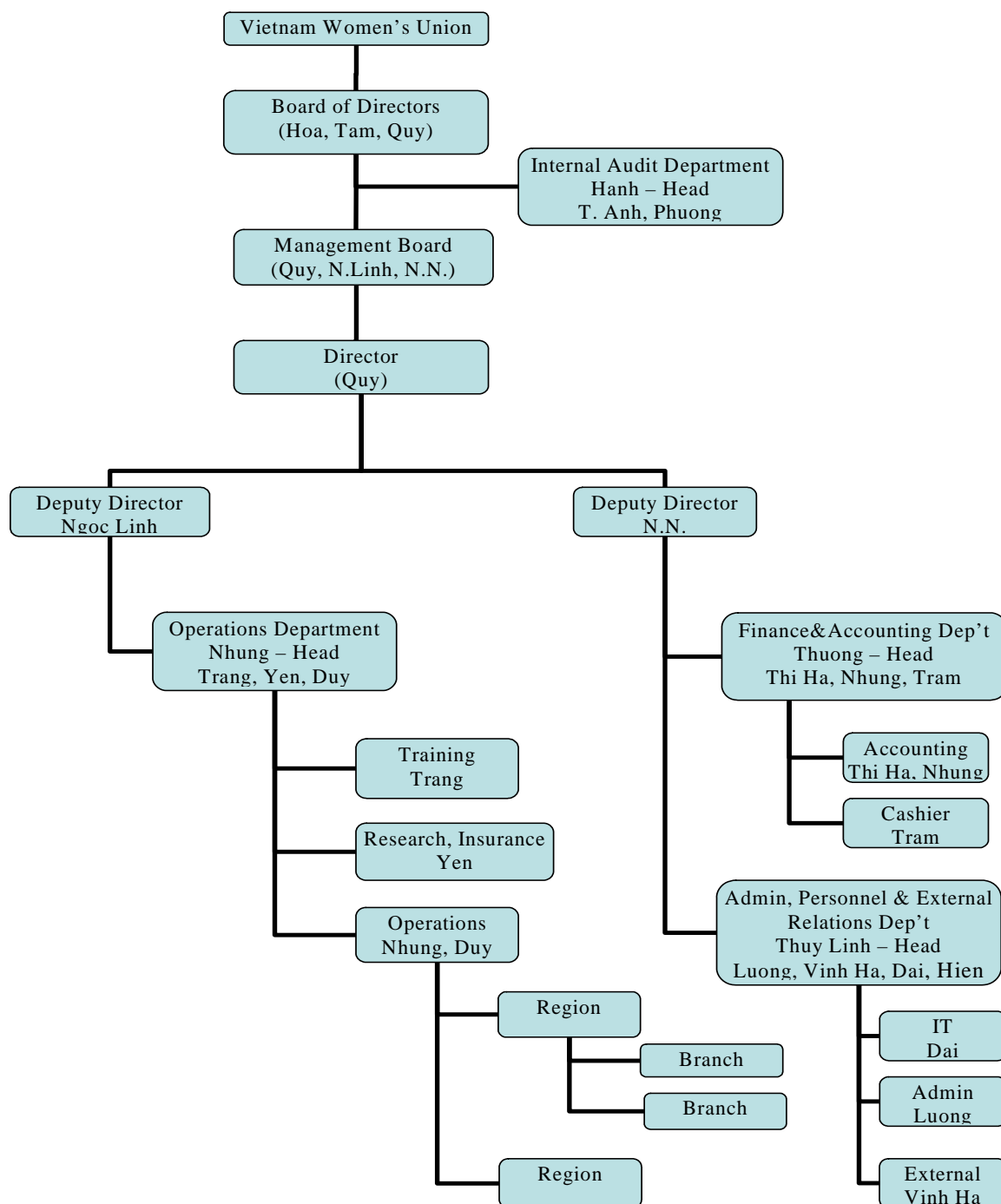
I. FOOD- SECURE	FOOD-INSECURE		
	II. Food-Insecure Without Hunger	FOOD-INSECURE WITH HUNGER	
		III. “Moderate” Hunger	IV. “Severe” Hunger
<i>Access at all times to enough food for an active, healthy life.</i>	<ul style="list-style-type: none"> <li>• <i>anxiety</i> about adequate food</li> <li>• <i>limited variety</i> or quality of foods</li> </ul>	<ul style="list-style-type: none"> <li>• instances of reduced intake by <i>adults</i> in household and/or consequences of reduced intake such as physical sensation of hunger or loss of weight</li> </ul>	<ul style="list-style-type: none"> <li>• more diverse and frequent instances for <i>adults</i></li> <li>• instances of reduced intake and/or consequences of reduced intake for <i>children</i> in the household</li> </ul>

MkNelly (2000) explained: “Responses from the single-item scale food security question are used to classify households along a continuum of resource-constrained food insecurity and hunger. The less severe forms of food insecurity are psychological and social in nature and pertain to anxiety or uncertainty about obtaining adequate food and the acceptability of these foods. Along the continuum, nutritional quality is typically sacrificed before quantity, so diet can be importantly compromised before *hunger* per se is experienced. Severe forms of food insecurity are when people simply do not get enough to eat so that they experience the physical manifestations of hunger. The most severe forms of hunger are indicated by an increase in the duration or frequency of these experiences and the fact that children are also affected.”

## APPENDIX 3

### *Distribution of sample respondents for Impact Survey by location and length of membership*

Branch	incoming (n=60)		new (n=120)		3 yrs (n=120)		6 yrs (n=120)		9 yrs (n=120)	
	no.	%	no.	%	no.	%	no.	%	no.	%
Binh Xuyen 9	5	8	16	13	19	16	31	26	0	0
Hung Nguyen 13	8	13	0	0	28	23	28	23	0	0
Me Linh 7	7	12	7	6	23	19	26	22	3	3
Nghi Loc 16	8	13	60	50	0	0	0	0	0	0
Quang Xuong 14	8	13	25	21	30	25	0	0	0	0
Kim Dong 4	5	8	2	2	1	1	4	3	36	30
Socson 1	12	21	0	0	0	0	1	1	79	65
Y Yen 8	7	12	10	8	19	16	30	25	2	2
<b>Total</b>	<b>60</b>	<b>100</b>	<b>120</b>	<b>100</b>	<b>120</b>	<b>100</b>	<b>120</b>	<b>100</b>	<b>120</b>	<b>100</b>

***TYM's Organizational Chart***



**APPENDIX 5*****Exit Rate, TYM Fund 2000-June 2007***

<b>Year</b>	<b>New members</b>	<b>Exits</b>	<b>Total members</b>	<b>Exits as % of new members</b>	<b>Exits as % of total members</b>
2000	2,654	1,272	11,440	47.9%	11.1%
2001	2,944	1,272	13,112	43.2%	9.7%
2002	4,509	1,292	16,329	28.7%	7.9%
2003	4,241	1,661	18,911	39.1%	8.8%
2004	2,923	2,142	19,691	73.2%	10.9%
2005	3,516	1,904	21,303	54.1%	8.9%
2006	3,545	2,369	22,479	66.8%	10.5%
06/2007	2,475	1,147	23,825	46.3%	9.6% (annual)

***CARD-MRIs***  
***LAKBAY-ARAL for Center Chiefs/Leaders***

**GENERAL OBJECTIVE:**

Primarily, the Lakbay-Aral program aims to reward the hard work, dedication and support of the Center Chiefs/Leaders in maintaining discipline among CARD MRI members. It also aims to deepen their understanding of the mission and vision of the CARD MRIs by allowing them to see firsthand the accomplishment of the institutions towards the mission goal.

**SPECIFIC OBJECTIVES:**

Objectively, by the end of each training-exposure, the client-participants are expected to:

- verbalize the understanding and appreciation of CARD as Mutually Reinforcing Institutions;
- summarize the different mutually reinforcing functions of CARD MRIs in improving client' socio-economic conditions;
- take the opportunity to meet and interact with the member of CARD MRIs management team;
- interact with other CARD MRI center chiefs and gather useful techniques in running their respective centers;
- gain new learnings and useful experiences from other successful CARD MRIs clients through actual exposure/visitation;
- clarify specific concerns on CARD program implementation and give possible recommendations; and
- develop self confidence as an individual through interaction, expression and respect gained from others hence boosting self-esteem and dignity.

**TARGET PARTICIPANTS:**

Participants are Center Chiefs from different CARD Bank/CARD, Inc. branches who are selected and nominated by respective Branch Managers through the Technical Officers. Criteria for selection are:

1. Membership of at least 3 years
2. With 100% repayment rate and 95% attendance rate (individual CC performance)
3. Center repayment is at least 100% for past one year
4. With viable/stable business
5. Center Chief handling full center of 30 members

## PROGRAM DESIGN

Date	Learning Objectives	Topic/Activity
Day1 (Thursday)		<b>Arrival of participants at CMDI</b> Registration/Billeting
Day 2 (Friday)		
<b>8:00-8:30</b>	Formally welcome all participants  Make participants and training staff be familiar with each other.	<b>Opening and Introduction</b> (Getting-To-Know)
<b>8:30 – 9:30</b>	Identify and share expectations from the training and match it with the prepared program design	<b>Leveling of Expectations</b> <ul style="list-style-type: none"> <li>➤ Expectations of the participants</li> <li>➤ Training program and schedule</li> </ul>
<b>9:30-10:00</b>	Participants explain and verbalize CARD MRI mission/vision, structure and specific role in clients empowerment	<b>Introduction of CARD MRI</b> <ul style="list-style-type: none"> <li>➤ History, Mission/Vision</li> <li>➤ Key Principles &amp; Values</li> <li>➤ Plans for the coming year</li> <li>➤ Film Showing</li> </ul>
<b>10:00-10:30</b>	<b>B R E A K</b>	
<b>10:30-11:00</b>	Visit historical, educational and famous sites in Laguna	<b>Guided tour at IRRI Rice Museum</b>
<b>11:00-11:45</b>	Familiarize with branch accomplishments, products and services and activities	<b>Branch Visit and Orientation</b> <ul style="list-style-type: none"> <li>➤ Branch Structure, Updates/Plans</li> <li>➤ Products and Services</li> </ul>
<b>12:00 Noon</b>	<b>L U N C H</b>	
<b>1:00 – 2:45</b>	Meet and interact with the member of CARD MRI management team	<b>Visit to CARD Head Office</b>
<b>3:00 – 3:15</b>	<b>B R E A K</b>	
<b>3:30 – 4:30</b>	Gain new insights and learning on other businesses through actual demonstration, sharing and presentation, actual project visits and client interview	<b>Visit to Successful CARD Clients</b> <i>Demonstration/Presentation of a Specific Business Enterprise</i>
<b>4:30 – 6:00</b>	Visit famous sites in Laguna	<b>Field tour/Sightseeing</b>
<b>7:00 P.M.</b>	<b>S O C I A L S</b>	
Day 3 (Saturday)		
<b>7:00 – 12:00</b>	Enable the participants to have some relaxation and appreciate tourist spot in the Phils	<b>Site Visits/Tour</b> <ul style="list-style-type: none"> <li>➤ Rizal Shrine -Calamba, Laguna</li> </ul>
<b>1:00-3:00</b>	Re-orient participants on the policies and guidelines of CARD MBA	<b>CARD Mutual Benefit Association</b> <ul style="list-style-type: none"> <li>➤ History, Accomplishments and Plans</li> <li>➤ Products and Services</li> <li>➤ Program Policies and Guidelines</li> </ul>
<b>3:00-4:00</b>	Workshop/Activity	<ul style="list-style-type: none"> <li>• In what ways CARD was able to help the livelihood of your family?</li> <li>• What are the things that you like/dislike/want to change in CARD?</li> </ul>
<b>3:00-3:30</b>	<b>B R E A K</b>	
<b>4:00 – 4:30</b>	Wrap-UP/Synthesis Closing Ceremony	
<b>5:00 P.M.</b>	Departure / Check-Out	

*Assessment Tools Used***Tool #1: Impact Survey****Described in Chapter 4 of the AIMS-SEEP Tool Manual****Type of tool:** Quantitative**Overview:**

The survey is administered in the same way to all respondents; their answers are expressed largely in terms of numbers corresponding to pre-coded responses.

**Samples:**

The Impact Survey is administered to up to three groups selected at random: a group of longer-term clients with two years (24-30 months) in the program, with the option of a second group with four years (48-54 months) in the program, and a group of non-clients (Could use new clients who have joined the program but have not yet received any services).

Sample sizes have ranged from 140 minimum to 490 maximum.

**Hypotheses tested by this tool:**

At the household level:

- Increased income
- Increased assets
- Increased welfare (in such aspects as food security, housing, and health)

At the individual level:

- Increased control of resources on the part of women clients
- Increases in paid labor—and in the productivity of labor for women, without negative consequences
- Increased self-esteem on the part of women clients

At the enterprise level:

- Increased net worth
- Increased net cash flow
- Increased differentiation between the microenterprise and household

At the community level:

- Increases in paid and unpaid employment by client families/households
- No negative impacts on children's labor

**Purpose:**

The purpose of the Impact Survey is to test multiple hypotheses that correspond to various types of impact using a tool that is practical, cost effective, credible, and valid.

**Amount of time required to administer the tool:**

About 45 to 60 minutes

**Source:**

Barbara McNelly of Freedom from Hunger originally wrote this survey tool with input from the SEEP/AIMS team and revisions based on field tests.

## **Tool #2: The Client Exit Survey**

### **Described in Chapter 5 of the AIMS-SEEP Tool Manual**

**Type of tool:**

Quantitative

**Overview:**

The Client Exit Survey seeks information about why the client left the program, as well as the clients' opinion about the program and its impact.

**Hypotheses tested by this tool:**

None. This tool focuses on clients' satisfaction and their reasons for leaving the program.

**Purpose:**

The purpose of the Client Exit Survey is to find out and track the following information:

1. When the client left the program;
2. Why the client left the program;
3. What the client thinks about the program's impact on her and her business;
4. What the client thinks about the program's strengths and weaknesses; and
5. When (or if) the client will rejoin the program and/or recommend the program to friends and family.

**Sample sizes:**

Have ranged from 50 to 140.

Note: In parametric statistics, one should use a minimum cell size of at least 35. So to get a breakdown by rural women vs. rural men vs. urban women vs. urban men, that would be 4 cells, so 140 minimum would be required.

**Amount of time required to administer the tool:**

15 to 20 minutes

**Source:**

Carter Garber compiled this tool under the auspices of the SEEP Network and the AIMS Project. The tool has been updated on the basis of field testing. It originally was partially adapted from Opportunity International's "Trust Bank Client Exit Interviews."

## **Tool#3: Use of Loans, Profits and Savings Over Time**

**Described in Chapter 6 of the AIMS-SEEP Tool Manual**

### **Type of tool:**

Qualitative

### **Overview:**

The “Use of Loans, Profits and Savings Over Time” tool is composed of two distinct modules -- one on loan use and the other on savings. They can be used together or singularly. Individual interviews are used to find out how mature clients have used their loans, profits and savings over time.

### **Hypotheses that may be reflected upon using this tool:**

At the household level:

- Increased income
- Increased assets
- Increased welfare (in such aspects as food security, housing, and health)

At the individual level:

- Increases the entrepreneur’s income.
- Increased control over resources on the part of women clients
- Increased decision-making on the part of women clients

At the enterprise level:

- Increased net cash flow
- Changes that lead to improve profitability
- Increases enterprises’ assets over time
- Diversification of enterprise income
- Assist the clients to survive times with difficulty in cash flow.
- Leads to better business practices.
- Increases the entrepreneur’s abilities in negotiation.
- Leads to better decision-making when launching new enterprises.
- Increased differentiation between the microenterprise and household

### **Purpose:**

The purpose of the Use of Loans, Profits and Savings Over Time tool is to

- Understand the evolution of the businesses of the clients and the strategies in diversifying enterprises within the household;
- Illuminate client decision-making about the use of loan funds, profits and savings and how it changes over time;
- Explore the relationship between the client’s household and his/her enterprise; and
- Identify the perceived outcomes of these decisions about resource allocation.

**Amount of time required to administer the tool:** 60 to 90 minutes (1 to 1-1/2 hours)

**Sample sizes:** Have ranged from 15 to 30 cases

**Source:** Original version: Nancy Horn

Revisions: Members of the SEEP/AIMS team and other practitioners.

## **Tool #4: Client Empowerment**

### **Type of tool:**

Qualitative

### **Overview:**

The Client Empowerment tool is an in-depth individual interview designed for women clients who have participated in the program for more than two years. During the interview, the client is asked to identify differences in her behavior in the past and the present.

### **Hypotheses tested by this tool:**

Individual level:

- Increased control of resources on the part of women clients; and
- Increased self-esteem on the part of women clients.

Note: Some of the applications of this tool have also used hypotheses at the enterprise, household and community levels.

### **Purpose:**

The purpose of The Client Empowerment tool is to

- Determine if clients have grown more confident and gained more self-esteem while participating in the program; and
- Identify how those qualities have translated into specific changes in her behavior that demonstrate empowerment.

### **Optional Methods:**

- Individual interviews having the client do a drawing of her life before and after
- Individual interviews without having the client do a drawing of her life before and after
- Group interviews having each client do a drawing of her life before and after

### **Amount of time required to administer this tool:**

60 to 120 minutes. Group interviews take about 1 hour per person while individual interviews usually take about 2 hours per interviewee.

### **Sample sizes:**

Have ranged from 15 to 48. In the ASHI evaluation in the Philippines when 48 were done, it was found that the analysis of 36 cases and 48 cases were very similar so it was thought that 48 was an unnecessarily large sample if the cases were chosen carefully.

### **Source:**

Original version:	Nancy Horn, Friend of SEEP
Revisions:	Carter Garber and ASHI staff

## In their Own Words <sup>6</sup>

**In 1992, TYM started as a Project of the Vietnam Women's Union with a special permit from the Prime Minister and was then one of the first microfinance initiatives in Vietnam. Two former directors of the Fund, Mdmes. Vo thi Tan and Nguyen Bich Vuong and two former Deputy Directors Le Thi Lan and Nguyen Thi Khanh Van talked about the early years of TYM, the challenges they faced and ingredients to its early successes.**

### **Learning one step at a time**

*Microfinance was very new to Vietnam at that time (1992). We were very hungry for knowledge and wanted to taste everything. While we learned the general concepts from Grameen Bank, seeing how they were being applied at CARD made things clearer. We would ask a lot of questions, even during meals, and write everything down. At home, we, especially Mdm. Lan, would read and study our notes. We copied everything from CARD; however, because of our relatively lower educational backgrounds, we made things simpler, for ourselves and for the staff. We recognized early on that if we want to succeed, we must do things step by step.*

**-Mme. Do thi Tan, First TYM Director**

### **Birth pains and gains**

*We wanted to reach very poor women. Neither typhoon nor intense heat could deter us from going to remote areas. We walked, rode cars, drove motorbikes, traveled by boat. We saw with our own eyes how badly poor families needed capital to improve their lives.*

**-Mdm. Le Thi Lan, Former Deputy Director**

*In 1992 we started to learn microfinance models. At first, everything was strange. We recorded everything and were utterly dedicated to our work. We at the working group of Family and Life Department were very cheerful, enthusiastic and did not care about failures because microfinance was a very fresh concept. At the first training course, we were blank papers. Then we started to have dreams for TYM and wanted to gain more knowledge. That was why we brought notebooks and pens all the time to take notes, just like students! Afterwards, we released loans and collected installments. As they were our first loans, we were afraid of losing money. We were also worried about how to release loans accurately to members and if we can collect the installments the following week.*

**-Mme. Nguyen Thi Khanh Van, Former Deputy Director**

### **Laying down the foundation**

*What impressed me most when I started working for TYM is the dedication and passion of the management and staff. I remember stories of how Tan and Van, in conical hats, would walk along paddy fields to convince people to join TYM; of a Conference in Tien Duoc commune held during winter, in temperature of 8°C when only 5 out of 700 members were absent; of Mr. He formerly a Credit Officer and now an area manager, who visited 100 households during Tet and is reputed to know the situation of each of the members under his management; of others taking a detour of 30km through Nghi Loc district when the river was flooded just so they can attend the center meetings in Hung Nguyen 13 Branch. I think that the pioneer management laid a solid foundation for a culture of dedication, hard work and compassion within the organization, positive values that make TYM very close to the hearts of the people. Now that I have the opportunity to observe other projects, I can say TYM is still the best. The staff has remained disciplined. The motivation of the staff stems from a system that promotes just treatment and timely reward. District and commune people have repeatedly said that if all staff are as committed as TYM's, society will be much better. Recently, local authorities gave recognition to TYM staff which is very important for TYM's position in the areas.*

**-Mme. Vuong, Second TYM Director**

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<sup>6</sup> Based on interviews by Aniceta R. Alip, Tran Thi Ngoc Ha, Trinh Thu Trang, Tran Thi Tuyet Nhung and Duong Ngoc Linh .



### **Success factors**

*We realized that the initial selection and training of staff is key to the smooth implementation of the program. Our question was: can s(he) do the job?. Once selection and training have been properly accomplished, it is important to set targets and develop a clear evaluation of performance. When we visited Bangladesh and CARD, we observed that their staff was very good, skilled and complied with credit disciplines so well. We had a dream that our staff would be the same.*

**-Mdme. Tan**

*The Members' Convention in Tien Duoc commune was held in freezing weather. The 5 women out of 700 members who were absent had proper excuses such as wedding and funeral. It was unbelievable that TYM activities could be that important to the women. Although I hadn't informed the women's union of Soc Son district, the entire standing committee came. In short, there were only a few people absent from the convention. There were two reasons why the event was highly regarded: First, all TYM staff were so devoted and this strong commitment seeped down to the members. Second, there was good coordination among TYM, the local authorities and the women's union at all levels. Consequently, TYM demonstrated excellent results and credit discipline which could not be seen anywhere.*

**- Mdme Vuong**

*Each time the repayment rate was 100%, we felt very heartened. After three months, we held the first review conference. Mr. Ket, the Party deputy secretary of Soc Son district's committee, attended the conference and said: "Grameen model is very good, not of much economic value but of great social value. First, women are offered loans. Second, women became more economically active so they could repay and avail the succeeding loans. Third, TYM requires that loans be paid in small amounts, unlike traditional banks where payment is lump sum at the end of the term". His comment was objective and fair, which I liked very much. Hence my impression was that through this model, microfinance can be practiced in other countries like Bangladesh and the Philippines so it can be practiced in Vietnam, too.*

**- Mdme. Van**

*TYM, even at the very beginning, enjoyed the support of the Vietnamese government as well as the leadership of the Vietnam Women's Union. It also was greatly helped by international friends. It was Dr. Alip who was instrumental in seeking technical and funding support for TYM. For the first training course for TYM officers, he sent Dorie Torres and Lorenz Banes, now the CEO and the VP of CARD Bank, respectively. At the time, Prime Minister Vo Van Kiet, visited Soc Son district. Knowing we were holding a training course for a program serving poor women, he came to our training. His visit made us feel extremely happy; we were so moved because the leader of our State expressed his care for our program. Mr. Vo Van Kiet inspired us with his message "The work of hunger eradication and poverty alleviation is hard work. I hope that officers of the women's union will try to be the driving force to promote hunger eradication and poverty alleviation program." After two years of operation in that commune, we held a conference with support from UNICEF. Mrs. Truong My Hoa, the president of Vietnam Women's Union at that time, invited Prof. Yunus to the conference. We took advantage of this occasion to ask him to visit TYM project; he readily agreed. Then in 1994, we arranged talk with Mr. Phan Van Khai to gather support for TYM. All of these attention have increased the visibility of TYM locally and abroad, which was important for its image.*

**- Mdme. Tan**



**In 1998, to grant more autonomy to TYM Fund in the context of Vietnam's legal framework for microfinance, the VWU passed Decision No 14/QD/DCT to elevate TYM Fund from being a project under the Family & Welfare Department into a Department of equal status, but directly under the Presidium of VWU and operating with its own staff structure and stamp. This was a landmark decision in the history of VWU. Mdme. Vuong and the incumbent TYM Director, Mdme. Ho Thi Quy talked how this development brought advantages to TYM since then.**

*Having its own structure and stamp meant TYM could use full-time staff to deliver its products and services. Thus we were able to set up branches more quickly to reach more clients. It also meant being able to truly professionalize the staff so that our targets can be met. With more complex responsibilities, we invested heavily on capability building by exposing the staff and management to institutions in and outside Vietnam that adhere to microfinance best practices.*

**-Mdme. Vuong**

*With more time to spend on their core function, the management and staff focused on how TYM clients will be more satisfied with TYM products and services. Periodic gathering of feedback helped us understand our clients better and become more responsive to their needs. Findings of our client assessment and market research fed into our development plans, resulting to improvement in policies, procedures and products.*

**-Mdme. Ho Thi Quy, Current TYM Director**

**On its 15<sup>th</sup> Anniversary, TYM Fund is now an autonomous organization with its own legal status of a "Public Enterprise" under the Vietnam Women's Union. Preparations are underway to register it with the State Bank of Vietnam as soon as Decree 28 enters into force. Mdme. Nguyen Thi Thanh Hoa, President of the Women's Union and Chairperson of TYM Board of Director, Mdme. Le Thi Lan, former Deputy Director, Mdme Pham Hoai Giang, Head of International Department and the very first interpreter for TYM, and Mr. Joerg Teumer, Management Consultant of TYM talked about the institutional metamorphosis of TYM and its future.**

*The Decision of the Presidium of the VWU to grant TYM the next level of autonomy and to eventually submit TYM to the rules and control of an external authority (the State Bank) is bold and courageous, as most other microfinance programs of the Women's Union retain their status of "Projects". The Women's Union is only just considering, whether and when they could and should transform according to Decree 28. Thus the TYM Fund is again playing the role of a pioneer, testing new frontier for one of the largest players in microfinance in Vietnam.*

**- Joerg Teumer, TYM Management Consultant**

*Vietnam has a need for many microfinance providers, with each provider having its own advantages. VBSP has loans for investment, with longer maturities and lower interest. It also has student loan, job creation loan, loans for labor export etc. Smaller MFIs are more flexible, they can offer loans, savings and microinsurance. These MFIs can work on a cost covering basis, and therefore are able to get money and assistance from different sources, not only the Government. The biggest advantage of TYM is that it is a Fund of women and for women. It is very close to its clients and to the Women's Union in the communes and districts. It allows women to learn and to come together to discuss their problems. TYM does not have only an economic but also a social mission. Therefore clients are very loyal to TYM and are ready to pay higher interest rate. I am confident that as our leaders strengthen their understanding of how microfinance should work towards sustainability, there will be a change in mindset regarding interest rate. As regards TYM transformation into a limited liability company, which involves sharing ownership of TYM with friendly international partners, I foresee that as our leaders' understanding of its benefits deepens, step by step, changes will be implemented.*

**-Mdme. Nguyen Thi Thanh Hoa, President of VWU**



*The Women's Union recognizes TYM as a good model for demonstrating that outreach to the poor, sustainability of operations and impact on women can be achieved. While it also realizes the wide-reaching value of establishing a Women's Bank, the idea is still very new. Besides, at this point in time, the institutional capacity of TYM and the women's union is not enough for such a mammoth undertaking. At the moment, the microfinance industry in Vietnam needs a variety of models in order to cater to different market niche. TYM's niche remains to be the poor.*

**-Mdme. Pham Hoai Giang**

*Despite its accomplishments, TYM still has room for improvement. While it actively listens to its clients, it must also be ready to listen to its staff, especially those in the field. Division of management responsibilities should be clearly defined, in order to establish accountability. It should strengthen its middle managers, and develop an incentive package that places emphasis on capacities, and achievement of targets. If there is a reward, the performance evaluation system should also consider penalty for non-achievement of targets. For me, financial sustainability alone is not enough. TYM must be able to continue to develop and retain its people. After all, it is people that run organizations.*

**-Mdme. Lan**

**After many years of operating in rural poor areas, studies have shown how the TYM fund transformed many of its clients' lives. The local women's union and government authorities have seen these changes with their own eyes, not only among the women, but in their respective communities as well. The Quang Xuong, Y Yen and Kim Dong districts leaders talked about their perceptions of TYM, the impacts they have observed and suggestions to improve TYM. They also recounted stories of women whose lives have changed because of participation in TYM program.**

### **Impact on the Individual**

*The women's union also had lending program for its members but we did not have enough capital for all of them. When TYM came here, all poor members were able to avail loans and during their membership in TYM they realized that they could earn money, save money, sing and join meetings. They felt excited, which was a driving force. A lot of members said that since they joined TYM, they have felt more confident and no longer shy when joining women's activities. In addition, they have behaved better and more reasonably towards their husbands and children.*

**-Leaders of Quang Van commune**

*In the past, they were shy when standing in front of a crowd. Thanks to TYM, they feel more confident so they participate and contribute more actively and more often to commune activities.*

**-Quang Duc leaders**

*TYM helps enhance the quality of women's union's activities and attracts more members for women's union. This factor is very important. TYM helps discover competent women and cultivate knowledge for them. These women are likely to be the source of female leaders in the community. TYM takes good care of their members and support them in case of difficulties. As a result, many women have overcome their difficulties.*

**-Pham Van Hai, Vice president of Quang Xuong district**



### **Impact on the Household**

*The strong point of TYM is that TYM dares to lend to poor people, who do not have assets and are not accepted by other organizations. Although TYM loans are small, they are enough for those people to develop their economies. TYM helps them to alleviate poverty.*

**Mr. Kinh, Kim Dong Commune**

*Women in general have changed a lot through TYM's activities. For instance, in the past, they did not dare to answer their husbands back. They keep their houses tidier and know how to keep the family harmonious. More women take their initiatives to use and manage their households' capital. For example, in the past many husbands wanted to gamble and their wives even borrowed money for them. Yet today women understand that once they borrow money, they have to invest it in income generating activities and in their children's education. They also make progress in communication with other people and in their perception and knowledge as well. Before they joined TYM, husbands were decision-makers but now there are discussions between husbands and wives.*

**- Mr. Denh, Kim Dong Commune**

*When TYM started its operation in my town, it encountered many difficulties because women did not understand and were not familiar with its approach. Then owing to the mobilizing campaign of women's union, women joined TYM. One year later, TYM's work seemed convenient because women found it easy to avail loans, repay weekly and not have to pay at the end of the term. TYM also created a habit for members. They became resourceful to have money for weekly repayment, like selling eggs or vegetables. In addition, during their spare time after harvest season, they would meet each other to learn from each other or even learn an additional job like weaving bamboo and rattan products. In the past many women were very shy and never dared to go out of their villages or their communes. Yet they are different now. They are bolder and dare to go to other area to work.*

**-Mrs. Ha, Kim Dong District**

*At the provincial level, the most highly appreciated and most evident change is that since women availed loans from TYM, they have been much more confident. They no longer feel a complex about their poverty and start to take part in more activities of the women's union. It can be illustrated by their performance today. The center members have confidently sang and danced in a big conference.*

**Nguyen Thi Quyet, Vice-president of women's union of Thanh Hoa province**

*As for women's union in particular, we realize that women are more confident than ever before. They know how to account household income and expenditures. They learn to behave correctly towards other people. The most important thing is that they strengthen all activities of women's union. In addition, the training has increased their awareness of active loan use and investment in children's education. Before, they send their children to school only so they can read and write but now they understand that higher education is important to land a good paying job. They prepare their children to have a brighter future.*

**- Mdme. Vu Thi Men, President of women's union of Kim Dong district**





### **Impact on the Enterprise**

*The good point of TYM is that it does not require security like notarized documents or land use register. Women in a group and a center can guarantee for each other's loans, which gave a chance for poor women to access loans. After 10 years, their lives have been visibly changed. Apart from growing rice, they make the most of their free time to raise livestock and other additional jobs such as selling vegetables, making noodles and weaving bamboo and rattan products. Women become much more dynamic in arranging their lives.*

**-Mrs. Bay, Kim Dong District**

*When women started with TYM, there were difficulties as they were not familiar with weekly meetings and weekly repayment mode. Yet up to now there are 230 members in the commune, some obtaining loans of up to VND 10 million and can manage to pay every week. In the past they just borrowed VND 1-2 millions from the bank and found it hard to pay back but now with a loan of VND 8-10 millions they can prepare full weekly amortization. Furthermore, they can join cultural and performing activities and act as center officers in turns.*

**-Leaders, Quang Duc commune**

### **Impact on Community**

*TYM has lessened the percentage of poor household by providing poor women with loans. Moreover, TYM has consolidated women's compassion. Whenever someone is ill or suffer from bad luck, other people visit and encourage her. I think that TYM has lived up to its name of "Affectionate Fund".*

**-Mr. Dinh, Kim Dong District**

*TYM members manage their loan capital, thus growing their business to earn more money. Participation in TYM has become liberating for them. For the new members, the change cannot be seen right away; being a member creates a base that allows them to move forward. Today, women are more confident to join and express their voice in community forum.*

**Nguyen Thi Nhuan, President of women's union Quang Khe commune**

*TYM provides a lot of advantages for its members. These are: loans without collateral that create jobs for themselves and families; discipline; easy to mobilize women when new government regulations have to be disseminated; confidence to join other activities; and hone management skills as center leaders, i.e. can convene their own meeting and manage. It has also fostered the group spirit.*

**Leaders of Quang Xuong District**

*In the past, as people did not have incomes, we could not reach our tax target. Now they avail loans to do business, they have products and then incomes so they can pay taxes more timely and more seriously. When they have money, they can take better care of themselves and their families. They have money to buy things at the market. They also have eggs at home, have fish in the pond and have vegetables and fruits in the garden. More importantly, there is a change in their thought. Changing their thought is even better than providing them with loans to do business. Moreover, women now dare to argue with their husbands in particular and men in general.*

**Nguyen Duc Xuan, Party committee secretary, Quang Xuong district**



### **Suggestions for Improvement**

*When TYM started operating in this district, the socio-economic situation of the district had many difficulties. For example, the district did not have the headquarters so we reserved an office of a former foreign trade company. Along with the development of this district throughout 10 years, we have built a lot of spacious buildings. As you can see, we have reserved a better office for a TYM branch. In the beginning there was only TYM to provide credit and savings. But now, we have Social Policy Bank, VBARD. However, not all people go to SP or VBARD. They have different target group from TYM. TYM activities are closer to women. Its advantage is that it offers loans for small projects so it is good for women who need only small capital. It meets every week so the women can exchange information. TYM can retain its members because its mechanism/ approach remains suitable for poor people; mature members' experience of success becomes a model to other commune people; women expand their vision by giving them a chance for exchange of experiences, talents not only in their own villages but also at district level. The key factor leading to TYM's success in my district is the enthusiasm of TYM staff. For example, they organize candle-lighting ceremonies for members even in the evening. The second factor is the care of local officers, for example, commune women's union, commune leaders and village leaders. The third factor is the strict operating regulations of TYM. However, to maintain its success, TYM must adjust to the times. Many women it had helped are better off now and may need more capital than TYM provides. It must offer bigger loans to support integrated projects, such as fish pond with farming. Loan size should depend on capital requirement, not on loan cycle.*

**- Tran The Thai, President of people's committee of Kim Dong district**

*Banks have strengthened their presence in my area by approaching mass organizations who are being paid to recruit prospective borrowers. TYM can counter the competition by improving its image in its area of operations through bigger and better offices; enhancing the skills of the staff to meet and communicate with different types of organizations; improve their professional, communication and mobilization skills. In other words, TYM must always refresh in order to become abreast with the times. Before, the clients were very poor and lacked knowledge and skills. Now they know how to compare among service providers. TYM must therefore invest in capability building of its staff and managers to cope with the changes in clients' behavior.*

**- Mdme. Vu Thi Men**





## **Client Stories**

### **Yen Dong commune, a story about Mrs. Ha Thi Ninh, center 37**

*When Mrs. Ha Thi Ninh joined TYM, she borrowed VND 500,000. She invested this loan in pig raising and a small grocery at home. After 10 years in TYM, she has just borrowed VND 15,000,000 to buy a rice milling machine and an animal feed milling machine. Besides rice milling and animal feed trading, she has a farm in which she raises 7 sows and 70 pigs. Added to this, she has a fish pond. Before joining TYM, she had a small house with tiled roof. Thanks to loans from TYM and AgriBank, she has successfully grown her businesses and has built a three-storey house with the area of 100 m<sup>2</sup>. Currently she is sending one child to the university and another to technical secondary school.*

### **Lam town, a story about Mrs. Tran Thi Trung, center 35**

*Before joining TYM, Mrs. Trung's life was very hard. She was born in Lam town but married a man in another commune. Unluckily, her husband died early and left her with 4 small children. She and her children returned to Lam lived with her mother and brother. She did not have any capital for livestock raising or trading. Then the commune women's union introduced her to TYM. She borrowed VND 500,000 to trade in junk, raise pigs and send her child to a vocational center. With the support from other members in her commune, she has been able to save money. Now she has her own house with 3 rooms. Her children have jobs and earn incomes. She has bought a television and a motorbike so that her child can ride to work. Her household's economy is stable now.*

### **Yen Cuong commune, a story about Mrs. Nguyen Thi Ngoc, center 5**

*Before joining TYM, she raised pigs in small scale (5-10 pigs) and she did not have knowledge on livestock raising. She hesitated to speak in front of a crowd. After joining TYM, she decided to invest in building a pig farm. Today she raises 150-200 pigs. At the same time, she runs a mash mill, selling the product to villagers. Having incomes from the farm and the mill, she has bought a motorbike and been able to send her children to higher education. One of her children is studying at university. What about herself? She is not shy in front of a crowd any more. She even take advantage of TYM center meetings to disseminate knowledge on livestock raising and introduce her mash product to other members.*



**The experiences of the past have prepared TYM for the future. TYM remains steadfast in its mission of reaching the poor and attaining financial sustainability. Mdme. Quy and Mdme. Linh shared TYM's plans as it moves forward in a vibrant and dynamic microfinance industry In Vietnam.**

*The installation of a computerized MIS is almost complete and we hope that it will bring efficiency to our operations. TYM is ready to elevate its Mutual Assistance Fund to the next level for the benefit of its members even as the results of a recently concluded market research showed that a vast majority of TYM clients wants TYM to expand its insurance coverage and are willing to pay higher premiums to receive wider benefits. TYM is currently making improvements on its loans and savings products to create more satisfaction among our clientele.*

**- Mdme. Duong Ngoc Linh, Deputy Director**

*Each period has its suitable model and each model has its limitation, so we have to change. TYM has seen the limitation of joint accountability and is now testing the ASA approach in two branches.*

*We have many experiences to share and many capable people to share these experiences, hence I agree with the former leaders that in the future, we would need to establish our own training center in order to systematically share this knowledge and skills to the larger microfinance industry.*

*I am confident that TYM will continue to receive the support of the leaders of VWU. After all, they have been instrumental in bringing TYM where it is now. Mrs. Than was the first person who decided to set up TYM. Mrs. My Hoa was the person who spearheaded the elevation of TYM into a separate unit. Currently Mrs. Khiet also greatly cares for TYM. Mrs Hoa, now the President of the VWU, is the chairwoman of TYM's Board of Director. And we are very glad that Mrs. Hoa and Mrs. Khiet have just been elected members of the National Assembly. So in national political high-ranking forum, TYM can be well-represented.*

*Meanwhile, TYM staffs' skills are limited so they have to try a lot to meet the requirements of their jobs. In addition, many organizations want to support TYM, hence each of TYM staff has to undertake many tasks. Moreover, TYM is under the VWU's umbrella so only branch and area staff can actually focus solely on microfinance. So, I hear the advice of the former leaders: I must keep calm and do everything step by step. I must also give HO staff some time to go to the field, otherwise, they cannot understand the nature of our work and will not love it. TYM must also give more recognition to the important role of the centers officers in our operations, and must accord them non-financial rewards. TYM has been known to be a caring organization and it will continue to live up to its name of Affectionate Fund/Compassionate Fund.*

**- Mdme. Ho Thi Quy, TYM Director**





## List of Interviewees

### Vietnam Women's Union National Leader

Nguyen Thi Thanh Hoa	President, Vietnam Women's Union
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### TYM Former Leaders (5)

Do Thi Tan	Former Director
Nguyen Bich Vuong	Former Director
Le Thi Lan	Former Deputy Director
Nguyen Thi Khanh Van	Former Deputy Director
Pham Hoai Giang	International Department

### Head Office Management/Consultant (3)

Ho Thi Quy	Director
Duong Thi Ngoc Linh	Deputy Director
Joerg Teumer	Management Consultant

### Quang Xuong district (15) (03/08/2007)

SN	Full name	Position
1	Nguyen Duc Xuan	Party committee secretary of Quang Xuong district
2	Nguyen Van Chien	Party committee standing deputy-secretary of Quang Xuong district
3	Nguyen Thi Hoan	Chairwoman of the inspective committee of Quang Xuong district
4	Nguyen Van Hai	Vice-president of people's committee of Quang Xuong district
5	Tran Thi Tuyen	President of women's union of Quang Xuong district
6	Nguyen Thi Quyet	Vice-president of women's union of Thanh Hoa province
7	Nguyen Tien Bao	Party committee secretary of Quang Khe commune
8	Nguyen Thi Nhuan	President of women's union of Quang Khe commune
9	Ngo Khac Van	President of Quang Khe commune

10	Nguyen Cong Luong	Party committee secretary of Quang Van commune
11	Tran Thi Nu	President of women's union of Quang Van commune
12	Le Thanh Hieu	President of Quang Van commune
13	Pham Van Quang	Party committee secretary of Quang Duc commune
14	Tran Luong Thien	President of Quang Duc commune
15	Le Thi Lan	President of women's union of Quang Duc commune

**Y Yen district (8), (04/08/2007)**

SN	Full name	Position
1	Pham Duc Thang	Vice-president of Lam town – Y Yen district
2	Duong Manh Viet	Party committee secretary of Lam town
3	Duong Thi Vang	President of women's union of Lam town
4	Doan Thi Tuoi	President of women's union of Yen Dong commune
5	Dao Xuan Khoi	Party committee deputy secretary of Yen Dong commune
6	Pham Thi Nhung	President of women's union of Yen Cuong commune
7	Dinh Xuan Kien	Party committee deputy secretary of Yen Cuong commune
8	Nguyen Thi Trong	Vice-president of women's union of Y Yen district

**Kim Dong district (19) (04/08/2007)**

SN	Full name	Position
1	Dao Ngoc Dong	Party committee deputy secretary of Kim Dong district
2	Tran The Thai	President of people's committee of Kim Dong district
3	Vu Thi Men	President of women's union of Kim Dong district
4	Nguyen Ngoc Kinh	Member of standing party committee of Hiep Cuong commune
5	Pham Duc Lang	President of people's committee of Hiep Cuong commune
6	Nguyen Thi Chien	President of women's union of Hiep Cuong commune
7	Nguyen Thi Ha	President of women's union of Luong Bang town
8	Trinh Xuan Dinh	Party committee secretary of Luong Bang town

9	Doan Van Quang	President of people's committee of Luong Bang town
10	Nguyen Xuan Denh	Vice-president of Ngu Lao commune
11	Pham Thi Bay	Party committee deputy secretary of Ngu Lao commune
12	Ngo Thi Lai	President of women's union of Ngu Lao commune
13	Ha Manh Cu	Village leader of Ke Chau 2 village
14	Le Van Khoi	Village leader of Tien Cau village
15	Trinh Van Bao	Village leader of Tra Lam village
16	Bui Quang Phuong	Village leader of Dong Hong village
17	Vu Ngoc Chien	Village leader of Luong Hoi village
18	Dong Ngoc Bieu	Village leader of Phan Thuy village
19	Tran Danh Duoc	Village leader of Coc Ngang village

## APPENDIX 9

### ***TYM Product Development Summary***

Source: The Voice of the Clients: Client's Perceptions of Financial Services Offered by TYM Fund, Chapter 1

#### Reasons for PD

1. to arrest continuing client drop where annual rate stands at 10.4%
2. to increase loan portfolio and motivate clients to avail of higher loans
3. increase outreach and improve competitiveness of products
4. improve portfolio quality where in some Branches there were signs of covered arrears

PD Activity (date)	Suggested Changes	Action (date)
TYM listened to client demand (no specific date, probably before Jan 2005)	Allow withdrawal of savings for clients with tenure of 5 years or more	Implemented
Market Research, Jan. 05	Increase loan size	Increased initial loan size from 1M to 3M VND
	Reduce upfront deductions	Reduced upfront deduction for savings from 10% to 5%
	Develop new savings product	Pilot tested family savings
Market Research, Sept 06	Conduct in-depth study on family savings	
	Widen coverage of savings withdrawability by allowing clients with tenure of 3 years to become eligible	
	Develop marketing materials to promote clear savings features	
	Increase loan size	Increased loan cycle increments from 0.5M to 1M; increased max loan amount from 15 to 20M VND
	Requiring guarantee to manage risk from higher loans	Collateral currently not yet required, but TYM improves credit appraisal skills of staff
	Longer repayment period for higher loans	Since August 2007 loans up to 100 weeks are tested in 2 branches
	Early loan processing for timely reloan release	
	Provide grace period of 1 month	
	Simplify loan application form	New simple forms were introduced in January 2007
	Develop marketing material for clear understanding of basis and rationale of interest rate	
	Make weekly meetings more productive	TYM clients with larger loans participated in business skills training; curriculum for financial education was developed
	Relax rules about missing meetings	Most Centers meet on a monthly basis after 1 year

PD Activity (date)	Suggested Changes	Action (date)
	Support good clients against delinquency of other members through: 1) 5 member guarantee; or 2) graduate client to individual lending	Pilot test of individual lending program with 1 loan product starting at 3M VND with increments of 2M; flexible savings
	Conduct survey to get client perception on the Mutual Fund and ways to improve it	Needs assessment conducted in June 07
		Launch 'member attract members' program
		Creation of a Task Force on PD by end 2006 with PD recommendations approved and pilot tested beginning June 2007

Source: Report as of 01 Aug. 2007 by Joerg Teumer, "TYM in the first 6 months of 2007"

Results from series of PD projects and events

1. drop out rate is still high but noted that efforts have positive influence on client loyalty
2. number of new clients is increasing
3. amount of loan portfolio is increasing
4. improvements in operating systems notably that of the MIS
5. institutionalization of a system of PD at TYM through the creation of a Task Force on PD

Product Improvement being tested in 2 branches as of June 2007

Product Feature	Improved feature
Loan size	Minimum starting loan size remains at 3M VN; 20M is maximum loan size; incremental loan size is more flexible with up to 9M and 20M loans by the 2 <sup>nd</sup> and 3 <sup>rd</sup> years, respectively;
Loan process	A new loan evaluation form shall be introduced
Repayment Terms	Prepayment is allowed 10 weeks before maturity
Flexible Loan between 10 - 100 weeks	This replaces the medium-term and multi-purpose loans
Savings	Withdrawable as soon as 1.5M VND is built-up (about 2 years of membership) with minimum savings balance of 10% of loan amount to be maintained