

**CREDIT & SAVINGS PROGRAMME IN  
CAM XUYEN DISTRICT HA TINH  
PROVINCE SPONSORED BY SAVE THE  
CHILDREN FUND/UK**

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The SCF-sponsored programme credit and savings programme in Cam Xuyen District, Ha Tinh Province is a women-only poverty-targeted programme implemented mainly in partnership with the Vietnam Women's Union. It evolved out of SCF's poverty alleviation programme in the Province which began in 1989 supporting local partner organizations to establish income generation activities to increase income, decrease indebtedness, reduce malnutrition, and promote food self-sufficiency. By 1992 the SCF programme had expanded to 22 communes where SCF provided financial, training and technical support for a range of income-generating activities based on in-kind credit<sup>1</sup>. In June of 1993, following an internal review in 1992, SCF launched a cash-based credit and savings programme in Cam Xuyen district, Ha Tinh province. In 1994 and 1995, similar programmes were launched in Thanh Chuong district, Nghe An province and then Thach Thanh district, Thanh Hoa province. By 1996 the SCF-sponsored programme reached more than 5,000 households in the three Provinces and was one of the larger NGO credit and savings programmes in Vietnam.

**INTRODUCTION: VIETNAM CONTEXT<sup>2</sup>**

During the 1960's and 1970's Vietnam had a centrally-planned economy on the Soviet model. The Vietnamese Communist government has had a stated commitment to women's equality since the 1950s. A combination of legal reform undermining Confucian family values, co-operativisation treating women as independent workers, increased employment in social services

<sup>1</sup> The reason for choosing in-kind rather than cash-based credit mechanisms at this time was the hyperinflation that existed in Vietnam during the early years of the economic reform process.

<sup>2</sup> This introduction makes extensive use of notes made by Ms Yuki Kobayashi in preparation for the South Asia workshop on 'Women's Empowerment and Micro-finance: Strategies for Increasing Impact' held in Bangalore, 1997 based on Smith, 1995.

and education all led to greater gender equality (Pelzer-White 1987, Tuyet 1991). As in other Communist countries women also gained some (albeit limited) representation in national policy-making the setting up of the Vietnamese Women's Union. Although officially NGO, this has strong links to government and has been influential since the 1950s in promoting progressive legislation for women. The American-Vietnam war in the 1970s also increased women's participation in economic and political life as many men left positions in government and worked in areas of war services. During the war years, although VWU performed mainly a propaganda function mobilising women's competence, suppliers and supporters of the war effort, it developed an extensive grass-roots network in the villages, as well as representatives in trade unions, giving it a valuable stretch of coordinating gender and development efforts nationally. However its lack of staff and resources have to stand extent limited its effectiveness.<sup>3</sup> In 1988 VWU gained for more right to be consulted and involved in any decisions affecting women, it continues to rely mainly on the uncertain goodwill of government members for inclusion in decision-making (Goetz 1998). Since 1990 it has become increasingly involved in implementation of gender and development projects funded by national donors, including the microfinance programmes discussed below.

Recently there has been considerable emphasis on increasing women's political representation which had decrease considerably in the early years of liberalisation<sup>4</sup>. A media campaign and press conference was organized before the 1999 elections to promote positive images of women in leadership and to push for greater representation of women in government, contributing to increased representation of women from 18% to over 26%<sup>5</sup>. A "Manual for Women in Peoples

<sup>3</sup> In the mid-1990s it had only 100 50 staff members and commune-level chapters had to function on funds of US\$ 200 per year, most of which went to pay the salary of the head of the chapter and making the chapter reliant on funds of local authorities for any activities (Tran Thi 1994 research for Goetz 1998)

<sup>4</sup> Objective 4 of the "National Plan of Action for the Advancement of Vietnamese Women by the Year 2000" following Beijing contains targets for the Year 2000 which include: 20% to 30% of women cadres in elected bodies at all levels and 15-20% of women cadres in government and consultation bodies at different levels.  
<sup>5</sup> This is still lower than 1975 when women comprised 32% of the National Assembly. Nevertheless . Vietnam is currently the second highest ranking country in the Asia Pacific region for women in parliament (the highest being

Councils", has been developed by the Vietnam Women's Union focussing on women in leadership, gender awareness to promote gender responsive policies and programmes and other necessary skills and there are a number of training projects to increase women's campaigning and presentation skills.<sup>6</sup> Many NGOs also have a commitment to increasing women's participation in planning, running, monitoring project activities and thus gradually creating a gender balance in decision-making structures.

In the late 1970's the country experienced severe economic crisis, caused by systemic inefficiency and shortages, combined with a massive reduction in foreign aid following the end of the Vietnam war. This led to a process of economic reform and liberalisation involving the dismantling of state control over domestic trade, price liberalisation, decollectivisation of agriculture, reduction of subsidies to state enterprises and the development of a multi-sectoral economy. This liberalisation process was to a large extent started from below, with deliberate 'fence-breaking' activities at the grassroots. However, the Party rapidly acknowledged, legitimised and promoted this process of reform, most ostensibly at the 6th Party Congress in 1986, when the 'doi moi' ('renovation') movement was launched.

Despite severe economic problems during the transition period, especially from 1985-1989, the reform measures began to bear fruit in the early 1990's, with strong year on year economic growth and the gradual curbing of inflation<sup>7</sup>. Vietnam's 'open door' policy also attracted significant foreign investment, thanks in particular to the Foreign Investment Law passed in 1989. Following the resumption of lending by international financial institutions in 1993 Vietnam also enjoyed increasing levels of foreign aid<sup>8</sup>.

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New Zealand).

<sup>6</sup> For example UNDP in Viet Nam is working with the National Committee for the Advancement of Women (NCFAW) on a project titled "Capacity Development for the Implementation of the National Plan of Action for the Advancement of Women". Training was conducted for over 17,600 women standing at a commune, district and provincial level in the Peoples Councils' elections in November 1999 (Mitchell 1999 Internet communication).

<sup>7</sup> Between 1991-1995 economic growth varied between 6% and 9.5% per annum and inflation declined from 67.5% in 1991 to 12.7% in 1995 (Economist Intelligence Unit 1996).

<sup>8</sup> In 1995, foreign investors made commitments worth US\$7.62 billion bringing the cumulative total since 1988 to US\$ 19.35 billion although sums actually disbursed amount to just 6 billion US\$, Aid commitments made by

The benefits of economic growth have, however, not been evenly spread. Growth has been primarily an urban phenomena restricted largely to Ho Chi Minh City and the Mekong delta in the South and the Hanoi - Hai Phong corridor in the North. High levels of poverty persist in the more remote and poorly endowed areas like the North-West highlands, North-Central coastal strip and Central Highlands where poverty is estimated at between 60 and 70%<sup>9</sup>. The reform process has also widened rural disparities between households within communities with the break-up of co-operatives and collective production and shift towards the household as the basic productive unit. Under the 1993 Land Law, households gained much stronger *de facto* and legal control over their land, being granted long term use (but not ownership) rights, as well as the right to transfer, exchange, mortgage, rent or bequeath these usage rights. This has resulted in the rapid development of a market in land, with inequalities and poverty further exacerbated by deterioration in co-operative services (agricultural, health, education, childcare etc.). Although within each commune the quantity of paddy land is meant to have been divided equally amongst households, poorer households could be issued lower quality land, and often small widely dispersed plots. Families are now responsible for dividing their land as required between members of their family as it grows. This meant that many young people leave their hamlets and families at an early age (14-18) in search of waged work in the South of the country. The need to promote innovative, 'off-farm' production, particularly for the increasing number of young people, was identified as an important and potential area of development work. The cost of education is also prohibitive for many of the poor. Parents must contribute approximately 50% of the total cost of education (Turk, 1994). For a poor family, a child's primary education may account for approximately 22% of non-food expenditure for a year, this rises to 45% for junior secondary schooling.

### ***Development of micro-finance***

The reform process also led to reorganization of the State Bank and opening up of the banking sector to private and foreign ownership. Prior to

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Vietnam Consultative Group were US\$1.86 billion in 1993, US\$ 2.0 billion in 1994 and US\$ 2.3 billion in 1995.

<sup>9</sup> Regional poverty estimates in 1995 were: Southeast 33%, Mekong Delta 49%, Central Coast 49%, Red River Delta 49% compared with Central Highlands 60%, Northern Uplands 69% and North Central 71% (World Bank 1995).

1988 the State Bank of Vietnam exercised a monopoly over all financial transactions, responsible for allocating resources in conformity with central planning. Under the reforms of 1988-91 the commercial banking functions of the State Bank were divested to four state-owned commercial banks. The State Bank however retained control over formulation of monetary policies and the supervision and regulation of financial services. The state, private and foreign banking sectors, along with the People's Credit Funds are subject to strict state regulation, with regard to interest rates, interest rate margins, levels of statutory capital, taxation etc<sup>10</sup>. Within this legal framework, the main providers of poverty-targeted financial services in rural Vietnam are:

***The Vietnam Bank of Agriculture:*** a state-owned commercial bank with a wide national network which has expanded in recent years<sup>11</sup>. The bank lends directly to state owned enterprises, private enterprises and households and indirectly through co-operatives, state farms and other rural financial institutions. The bank increased its outreach to rural households from 9% in 1992 to 30% in 1994. The loan portfolio is dominated by short term 3-12 month production loans to farming households of. collateral is required for loans of more than 1 million dong (500,000 dong prior to January 1995).

***The Bank for the Poor:*** established in 1995 to bring together assistance previously scattered amongst a number of poverty alleviation schemes (eg. 'Reduction of Poverty and Eradication of Hunger' Fund, the Job Generation Scheme, the 'Greening the Bare Hills programme etc.). It is a separate legal entity, with its own Board, statutes and management structure, from central to district level but service provision is contracted out to the Viet Nam Bank of Agriculture and loans are dispersed by VBA credit officers. Production loans are extended to poor households with sufficient labour. Poverty criteria are set by the Ministry of Labour, Invalids and Social Affairs

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<sup>10</sup> In November 1995 maximum short-term monthly interest rates were reduced to: State commercial banks 1.75%, Rural shareholder banks 2%, People's Credit Funds 2.5% with a maximum margin of 0.35% has between lending and deposit rates.

<sup>11</sup> In 1996 it had 5 regional offices, 53 provincial offices, 414 district branches 414 and 1521 transaction offices and savings desks. As of December 30th 1994, the assets of the VBA were valued at 12,000 billion dong (US\$ 1 billion). From a loss of 82 billion dong in 1991, the VBA has developed into a profitable enterprise, earning 24 billion dong in profits in 1994.

and are based on estimated per capita income. Loans of up to 2.5 million dong are extended for periods of up to 3 years. The Bank has however experienced difficulties in raising capital from donors<sup>12</sup>.

***The People's Credit Funds:*** a network of privately owned credit co-operatives under State Bank regulation. A pilot scheme was established in 14 provinces in 1993, with expansion into a further 24 provinces in 1995. As of December 1995, there were 448 funds operating at the commune level, with a total membership of 37,220. PCVs raise funds through the sale of shares. There are two categories of shares: 'ordinary shares', which carry ownership rights, and entry shares (current price 50,000 dong each) which signify membership. PCFs also raise capital by accepting deposits from the general public and have also been able to borrow capital from the State Bank. A survey in 1995 estimated that over 50% of members were women.

***Vietnamese Women's Union and other mass organisations:*** these act as a channel for funds to their members in urban and rural areas. In 1996 VWU was estimated to have 50,000 women's savings and credit groups nationwide.

Loans are also available from a variety of informal sources. Loans in cash or kind from relatives comprise the single largest source of funds.<sup>13</sup> ROSCAs like *Hoi* groups are also common, including ROSCAs for special purposes such as weddings, funerals or festivals. Loans from moneylenders traders typically charge about 6-10% per month and much higher rates are also recorded (CGAP/UNDP 1995).

In the 1990s, and particularly since 1993, there has been a rapid expansion of micro-finance programmes in collaboration with local partners and sponsored by international donor agencies and NGOs. Details of the largest of these, including SCF-UK are given in Table 1. Many of these are either women-only or have a majority of female participants. A Survey in 1995 by the

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<sup>12</sup> Its principal source of capital in 1996 was 430 billion dong transferred from the VBA's own 'Preferential Loan Fund'. The Board set the following targets for 1996: Total capital 1530 billion dong, Number of borrowers 1.5 million households, Average loan size 1 million dong per household, Total outstanding loans 1500 billion dong.

<sup>13</sup>A UNDP-SIDA financed Vietnam Living Standards Survey, which sampled 4800 households, found that about 59 percent of responding households said they had taken loans, of which about 70% were informal sources, with the remaining 30% obtained from banks and cooperatives. Relatives accounted for over a third of all loans reported.

Vietnam Savings and Credit Forum gives details of 60 programmes and states that there were many more which were not represented. Of those responding out of the 60 surveyed 25 (42%) were women-only, mainly in partnership with the Vietnamese Women's Union, 22 (37%) were mixed sex and only 3 were men-only. The SCF-sponsored programme discussed here is one of a number of other programmes working in the same area<sup>14</sup> (Database, 1994).

**TABLE 1 SUMMARY DATA FOR THE LARGEST MICROFINANCE PROGRAMMES IN VIETNAM**

Programme	Year of S&C start	Average % of savers/ borrowers	Project partner Group women
AAV	1993		DWU
CARE	NA		DWU
3 640	10 to 15	100%	
PCFs	1993		SBVN
155 152	290/c	>50%	
GRET	1992		NIAS, VBA/VBP VWU
5493	5		NA
MCC	1992		CPC, CWU, CFA, DVBA
2224	20	60%	
Oxfam UK/I	1990		DWU
4456	30	100%	
SCF (UK)	1993		DWU
4690	5 or 6	100%	
SIDA	1992		DARD, VWU, FA
6 161	10 to 15		
UNFPA/d	1992		FAO, VWU, VBA
991	37	100%	
UNICEF/e	1993		VWU
33584	5 to 15	100%	

Source: adapted from CGAP/UNDP 1996

## SECTION 1: STRUCTURE OF THE SCF PROGRAMME

The main objective of the SCF programme at the time of the impact assessment discussed below in 1996 was household-level poverty-alleviation, in conformity with SCF-UK's mandate to improve the lives of children, as can be seen from Box 1. Although these goals do not explicitly mention empowerment, the programme does claim to have a gender focus, although there is no formal gender policy<sup>15</sup>.

<sup>14</sup> In Ha Tinh Province the other two are OXFAM UK and Ireland and Action Aid. In Nghe An the other four are CIDSE, Catholic Relief Services, OXFAM Belique(2), OXFAM Hong Kong. In Thanh Hoa there are no other programmes. Apart from the SCF-sponsored programme.

<sup>15</sup> The 1996-2000 revised objectives changed to: Poverty alleviation with a gender perspective: to

Poverty-targeting is achieved through a combination of voluntary selection by groups and provision of small, short term, repeat loans provided through a group mechanism for productive uses. Management committees choose beneficiaries from among the poor inhabitants in the target communes identified through a survey of all households in each pilot hamlet. Criteria for assessing poverty are established by the management committee and agreed to by SCF (See Box 2). Individuals are invited to a meeting during which the management committee explains the concept behind and details of the project and provides them with an information sheet to take home and discuss with their families. Several days later another meeting is held for all those still interested in participating. SCF staff randomly check households to insure the selection is accurate before the programme begins.

Considerable emphasis is placed on the voluntary and participatory nature of group formation and group decision-making<sup>16</sup>. Programme management is the responsibility of the project partner, which is the Women's Union at both the district level. They are responsible for supervision, coordination, and monitoring, and at the commune level, for day to day management, decision-making, and transfer of funds.

Management of the activities takes place on many levels, however as indicated in Box 1.

Loans are provided to eligible women who wish to participate in the programme and who agree to all conditions for loan repayments and regular savings. Loans are for productive purposes to ensure that the borrower is able not only to repay the loan and interest, but also to earn enough

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improve the economic situation of poor women and families by providing financial services for poor women; Improving the situation of children (possibly addressing the exploitation of children through labour); Developing sustainable financial services (with formal banking institutions).

<sup>16</sup> For example the programme Director writes: 'The key to the viability and sustainability of this programme in terms of beneficiaries is the voluntary nature of their involvement. In order for beneficiaries to be able to choose whether or not to participate, who should be group leader or first borrower, what kind of investment they wish to make, etc., they must have good information. One of the essential aspects about this projects is a free flow of information and the transparency of decision-making...The absence of coercion should indicate that the beneficiaries want to participate in the programme and will do their best to ensure that the programme works.' (Theis 1996)

profit to make additional productive investments as well as addressing immediate household needs in food, health, education, etc. The loans are small because smaller loans are seen to be better suited to the needs and current capacity of the poor. After all the borrowers have successfully utilized and repaid their first loan, the second round loans are larger, enabling them to expand their investment activities. As borrowers gain further experience, they can complement subsequent loans through this project with savings or additional loans to make larger investments. This programme is however unusual in that it does not systematically and gradually increase loan size over time. The loans are short term because the typical investments (livestock breeding, agricultural production, trading, and handicrafts) have relatively short production cycles. For the capital to be utilized efficiently, it should be consistent with the production cycle, since idle money costs the borrower. In addition, short term loans permit the loan funds to revolve more quickly to other borrowers. Providing borrowers with these repeated loans is both an incentive to repayment and a way to better enable the poor to climb the ladder out of poverty. All borrowers begin savings three months before they receive a loan. The programme also encourages, in some communes, savings by non-borrowers although this could be enhanced through a more systematic and regulated system.

The programme is based on self-selecting groups of 5-6 persons. Groups are based on trust and proximity of homes to other group members and group members do not necessarily engage in the same productive activities. The group mechanism is intended firstly to provide social collateral. If repayments are late, or not made at all, other group members will not receive loans, and the programme will not be expanded to additional hamlets. Secondly groups screen, prioritise and monitor borrowers. In each group, a maximum of three people can be selected to receive the initial loans, ideally priority should be given to the poorest and the group head can not be one of the first borrowers. The remaining group members will have access to loans once repayments are made on a timely basis. Groups also assess whether borrowers will be able effectively carry out the activity with the proposed loan amount and loan period and ensure that the loan is used for the intended purposes and that activity is being well managed. Thirdly groups provide a forum for regular meetings for making interest payments, installments of principal, and savings deposits. Alongside this is anticipated that group members will share experiences and concerns, act as a productive support group for each other

and also discuss other activities and concerns of the group members. The savings made by group members were also relent or placed in the bank as decided by the group. These loans were either seen as additional loans for production or were used for emergencies or family events. In 1996 nearly all of the savings had been relent.

### **BOX 1: OVERVIEW OF THE PROGRAMME**

#### **GOAL**

- to improve the quality of life of poor women and their families in the target households through the initiation of a sustainable savings and credit programme in disadvantaged communes.

#### **OBJECTIVES**

- provide small scale productive loans to poor women and their families in the target households through a group mechanism, which will continue to revolve among the selected group members.
- mobilize members' savings through borrowers/savers groups at a minimum rate of 5,000 dong/month, to augment the funds available for group managed lending and offer improved economic security for members.
- enhance management capacity and technical skills of the various levels of implementors and managers through training, study visit, technical assistance, and mutual assistance.
- expand outreach of credit and savings programme through providing additional loan funds by SCF/UK and moving 50% of original loan capital to new locations after three years of fund operation.

#### **PROGRAMME MANAGEMENT STRUCTURE**

**Individual Member:** selected members must save and repay monthly. They must manage their loans prudently and participate actively in group discussions and support the other group members.

**Group Head:** facilitates this process. Each group of 5-6 persons selects a leader from among its members. Group heads are responsible for collecting payments of interest, principal and savings, ensuring that monthly meetings are held and that any potential difficulties within the group are addressed.

**Hamlet Head:** The Women's Union heads of the hamlets collect monthly payments of interest, principal and savings from the group heads and turn them over to the anagement committee. They have a record of all savings in the hamlet and ertify the on-lending of group savings within the hamlet. The heads of the amlets ensure that the groups are functioning properly and meeting on a monthly bsis. They periodically monitor the activities and loan status of various eneficiaries, and attend the group meetings on a rotating basis. The head of he hamlet also addresses any problems raised by the group heads. As a member of the management committee, they are involved in all management decisions.

**Commune Management Committee.** The management committee posts are all women who provide the core management structure for the programme. The management committee is comprised of project holder, accountant, and cashier, and one representative from each hamlet where the programme is being implemented. The head of the Commune People's Committee may advise the committee on legal matters and provide legitimacy to the programme. The management committee is responsible for ensuring overall implementation of the project in accordance with the project goals, objectives, and implementation plan. It collects from the hamlet heads the interest, principal, and savings on a monthly basis. It verifies and records the amounts, allocates the interest to the designated uses, and makes any necessary payments (for example, for administration or scholarships). The management identifies any current or potential problems and decides how to address them and who will be responsible. The management committee reports on a monthly and quarterly basis to SCF, sending one copy to the district Women's Union.

## **THE SAVINGS AND LOAN PROGRAMME AND OTHER ACTIVITIES**

**Eligibility:** women who are: resident in the pilot hamlet; poor (definitions vary by commune, but usually include monthly food availability and months per year without rice); willing to participate fully in the credit programme, including making on time repayments according to the loan terms and saving regularly; experienced in investment activity and/or business minded. Preference is given to women with children under 15 and women-headed households. Other criteria are compliance with the monthly savings requirement and mandatory attendance at monthly meetings. They are not necessarily members of the Women's Union.

### **Savings:**

- *compulsory savings:* all participants must save regularly in their groups, beginning 3 months before any loan is disbursed and continuing throughout their participation in the project, regardless of whether they have a loan. Participants must make at least the minimum savings amount (VND4,000-5,000 per month, depending on the commune);
- *voluntary savings* are also encouraged;
- *interest:* savers receive interest on their savings at a rate of 1.4% - 1.5% per month (depending on the locality); this amount is added to their savings when they withdraw their savings.
- *access:* savings cannot be withdrawn while a borrower has a loan outstanding. Borrowers must wait three months after their loan is repaid to withdraw, with one month advance notice. If savings are withdrawn prior to the agreed time, no interest is paid.
- savings made by group members were also lent or placed in the bank

### **Loan size and conditions:**

*Loan size:* first cycle maximum 500,000 dong. If the borrower is successful, she is allowed to get next loan,

maximum 1,000,000 dong depending on the type of investment activity.

### **Loan conditions:**

- loans are for productive activities to be chosen by the borrower with the approval of her group and the management committee;
- loan period is up to 12 months, depending on the activity;
- interest is 2.0 % per month
- repayment of interest and principal is to be made in regular monthly installments at the monthly group meetings with a permitted grace period of 1 month for all loans of 9 months or shorter duration and 2 months for loans of 10-12 month duration;

### **Group size and function:**

*Size and formation:* self-selecting groups of 5 to 6 women.

### **Group function:**

- collateral: if any group member does not repay or does not repay on time, then other group members will not be able to get loans.
- loan screening and monitoring to reduce programme costs
- to provide a regular forum for making interest payments, installments of principal, and savings deposits
- to provide a support network and network for mutual learning

### **Other activities:**

- advocacy and linkages to influence formal sector institutions, to increase outreach to the poor as well as to improve the appropriateness and quality of the financial services provided.
- education grants provided for the poor children to attend school (from 0,2% of interest on loan);
- empowerment of women through the establishment of solidarity groups and training in investment and skills of typical productive activities;
- training women in credit and savings management, study visits to other programmes in Viet Nam and lateral learning promoted through District-wide credit and savings reviews and meetings;
- mother-child health education using Facts for Life book in group meetings

## **SECTION 2: PROGRAMME IMPACT**

As noted above, the main programme goals were to improve the quality of life of poor women and their families and the programme has been concerned about its impact on and contribution to:

- Improving women's business, planning and organisational skills
- improving women's technical knowledge and skills (e.g. animal raising)
- increasing income and assets and improvement in the household economy
- women's understanding of market forces

- increasing women's confidence in their own abilities
- greater control of women household decision-making
- greater private initiative

and also potential negatives effect on:

- women's workload

In keeping with SCF-UK's mandate, it is also interested in the interrelationships between these impact of women and the impact on children. There has been no impact assessment of the programme on women's empowerment in a systematic way, but the impact on the above indicators has been studied. What follows is based on:

- an external evaluation conducted in 1996 in Cam Xuyen District with the aim of deepening the understanding of the programme's impact on women, children and families (Albee 1996)<sup>17</sup>.
- other programme documents which contained case studies of borrowers and also details of discussions with women's groups (Theis 1996)

Illustrative cases from these studies are given in Box 2. The findings of the SCF study are also compared with impact assessments for broadly similar, though not identical, programmes of the Action Aid Vietnam (Pairaudeau 1996 and summarized in Smith 1997)<sup>18</sup> and of Oxfam

<sup>17</sup> The evaluation process covered a random sample of approximately 300 people in 10 hamlets of communes in Cam Xuyen District, Ha Tinh Province. It was conducted over a 10-day period using both quantitative and qualitative methods: structured surveys of borrowers (120+, approximately 7% of the total 1995 and 1996 borrowers). structured surveys of non-borrowers (120+ women with children under 15 years of age randomly selected from hamlets with similar productive activities to those in borrower locations); focus group discussions with District and commune levels (9); focus discussions with groups of borrowers (8); case studies of mothers and children (8); discussions with primary school students and their teachers (2). The work was carried-out by a team of 7 Vietnamese from other organisations involved in credit and savings, plus an external consultant who facilitated, orchestrated and documented the process.

<sup>18</sup> This was a 13-day consultancy commissioned by AA-V using PRA and individual and group structured and semi-structured interviews. It assessed gender impact in relation to the following: *use of savings* (relationship between savings and credit, reasons for particular patterns of savings); *use of loans* (reasons

Vietnam (Porter 1996)<sup>19</sup> which were conducted around the same time in neighbouring areas. The data do not however permit detailed examination of differential impact of different programme strategies, but rather serve to enable the drawing of rather broad general conclusions<sup>20</sup>.

## **BOX 2: BORROWER CASE STUDIES**

*Case Study 1: Ms. Ha a married woman aged 32 with three sons aged between eight and three years old. Her husband is a fisherman She is the most successful with her loan investment in her credit and savings group although she is still very poor. Because the children are small she does not have enough time to go*

for particular patterns of loans taking and loan use); *financial benefits* using gender analysis matrix examining perspective of different household members to assess who derives primary financial benefit from women's membership of the programme; *non-financial benefits* (increased standing in the community, improved social life through regular meetings with other women, access/exposure to new ideas through the group, improved skills in numeracy/book-keeping; *financial and non-financial costs* and who bears these; *control* (what level of control does the member exert over loan used, who in the household decides when to take a loan, what to spend it on, who takes responsibility for loan repayment, who decides how much should be deposited each meeting and who assumes responsibility for cash deposits, are women becoming indebted as a result of providing access to credit for male relatives)

<sup>19</sup> This was a 12-day consultancy commissioned by Oxfam-Vietnam and conducted by 8-member team. Conducted 140 structured interviews with structured random sample of women borrowers (40), non-borrowers and management in 10 communes. For borrowers questions assessed level of poverty, pattern of loan taking and level of satisfaction with loan conditions, loans from other sources and relative advantages of each, savings, sources of repayment, details of group functioning and management, training and technical assistance, income and profits and impact of loan, impact on work of family members, family food, housing, clothing relationships and decision-making, impact on women's health, skills, mobility, self-confidence; impact on children's health/nutrition, education, time with mother; changes in the community (unspecified).

<sup>20</sup> The main differences between the programmes are in precise methodologies and prioritization of poverty targeting, savings conditions and group size. The other two programmes also do not have other services like the education grants or the interest in crèche development. Loan sizes, partner organizations and broad aims are however very similar. For details of the other two programmes see CGAP/UNDP 1996.

to the market to do rice trading. She has used her loan to! See Figure 1. Her husband took care of the buffalo and the smallest child that she could go to the market. The oldest child takes care of the second child, and now the oldest child can take care of the buffalo too, and the father can go to work. When asked why she hadn't yet sold her two pigs which were very big, she replies, "My husband has gone to Vung Tau (in the south) to work as fishermen for 4 months. Before going he asked me not to sell them, but to wait until he returns home. When he returns we will sell them, and a buffalo and use the money to build a new house"

**Case Study 2: Ms. Cao Thi Sen:** a woman about 40 years old with three sons between 8 and 14 years. She is very poor but educated to Grade 9 and had worked as a teacher for the commune crèche until she got married. She had a big wedding celebration and it took her and her husband for years to clear the debt. Then her husband became mentally ill. He let the family go hungry and without any care, and he sold the cow he had borrowed from her sister and spent the money somewhere. Then they quarreled and he beat her. She took the youngest child and went to her parents, and left her two oldest sons for him to care for. Her two eldest sons had to go begging and became ill. So in 1989 she took both of her sons with her and lived in a hut which she bought for 60,000 dong (US\$6) nearby the field. She tried her best to send her children to school, but it was difficult. She went from commune to commune selling her labour. Then the project came and she was able to buy a house and is also able to borrow money from elsewhere. Now her children have two meals of rice with fish and crab which they catch and meat on special holidays.

**Case study 3: Ms. Tran Thi Ke,** 42 years old and educated to Grade 7 with three sons: 6,7 and 10 years. She is the poorest member of her group and they have given her priority in getting a loan. Before the loan she and husband only cultivated rice and vegetables. The first loan from the programme was higher than the regulations allow (maximum 1 million) and for a longer duration (maximum 1 year). Nonetheless, Ke was able to repay the loan on time and did not face much difficulty. But since the loan her husband bought a boat with 10 other men and fishes with them. There were four groups of men in the same hamlet who worked like this. When the fish are caught they are divided equally among the men and sold by their wives. Some days she can make up to 60,000dong (US\$6). She and her husband have always co-operated together when taking a loan, and planning for its repayment and this is how most household expenditure is also decided. If she make less than 10,000 dong in a day she decides what is needed and buys the items. For more expensive things they decide together. Her husband takes nothing for drinking and only very occasionally buys cigarettes. "The money is too precious to drink-one bottle of alcohol costs 5,000dong!". when I go to work the older boy takes care of the younger one and my mother-in-law also helps out.. Now all my children have food, and sometimes meat and fish. Two of her sons have got education grants twice (15,000d-20,000d) " Now I feel I am 10

years younger than before because I am happy that my children have enough food and can go to school, and I can buy things I didn't have before. In the past my relatives and neighbours would never lend me money. They said I was too poor. I was sad when other children teased my eldest son, saying you live in a hut and have nothing... Now this doesn't happen. I want to expand my activities and improve my house." She is however dependent on co-operation with her husband for loan repayment. Although she can plough, he is much better at scattering the seed and only he can do the fishing..At the time of the interview he had been away for four months to visit his brother in another Province. "It would be impossible for me to repay 1 million dong without my husband." She is also planning to lease 2 sao of land for paddy cultivation from the commune. Only now that she has a buffalo, plough and tools can she make such an investment. But again she needs her husband to help

**Case Study 4 Ms Thu.** She works in the crèche and took a VND 1 million loan for a cow. She fully repaid by working as a labourer, carrying paddy from the fields to people's homes. She would take a second loan to invest in her daughter's (15) small shop/trade. She has three children: boy (17) in 6th grade, girl (15) 3rd grade, girl (12) 2nd grade. The oldest boy dropped out so that his sisters could continue learning [no clear gender bias, at least not at primary school level, probably more pronounced at secondary and university levels]. Before taking the loan Ms Thu had no cow. Her pig died. Now she has more rice, more manure, the cow ploughs the field. Before buying the cow she dug the fields by hand - no ploughing. Her husband has 3 sao of land. She has no land as a creche teacher. Productivity/output of land has increased from 40 to 100 kg paddy per sao per harvest. But this season 2 out of 3 sx are lost due to disease (this is a poor family with a mud, thatch house, Ms Thu's parents-in-law also live in the house). The youngest daughter takes care of the cow and learns in the evening. The children are in the field. Ms Thu does not know how long she will be able to keep her daughters in school. She received VND40,000 from the education fund. Her son sells ice cream in the agricultural slack season. He gets the ice cream from Cam Xuyen and can make VND3,000 per day. The boy dropped out of school two years ago (he never worked in the amonit mine or in Dakiak). If she received another loan Ms Thu says she would send her son back to school. Twice a week, Ms Thu's first daughter sells in the market, buys wholesale and sells vegetables retail when she is not at school. She can make VND2,000 per day from this trade. Before taking the loan the family only had enough food for the harvest season, now the food last for two months following the harvest. From the additional income the family has cemented the yard and bought one new mosquito net. Before taking the loan Ms Thu was frequently in debt. Now she only has one outstanding debt. Ms Thu borrowed VND300,000 (without interest and without fixed loan period) from a niece (who works as a

*teacher in another commune) to send her children to school. The niece wants to help her aunt (she visits during our interview) (Theis 1996)*

### **Poverty targeting**

Poverty targeting has been a prime concern of the programme. Cam Xuyen District is a poor flood-prone area consisting of approximately 151,000 people<sup>21</sup>. The incidence of poverty here was estimated by the World Bank at 71% (VLSS,1993) with the highest incidence of poverty (60%) is said to be among agricultural producers (Fong, 1994). Generally, the evaluation team found most, but not all families interviewed could be considered poor according to the definition agreed by programme participants<sup>22</sup>, and most (but not all) poor families within programme hamlets were reached with loans. All borrowers were female but not all had children. The decision about selection, in the borrower's opinion (93%), was made by the VWU, but these decisions were generally reckoned to be fair<sup>23</sup> and anecdotal evidence suggested that the extremely poor were beginning to be encouraged to take part (see, Case Study 3 Ms Ke). One of the reasons for the higher levels of inclusion of the very poor compared with many other credit and savings programmes in Vietnam is the concentration of lending in the target hamlets (60-70%) which gives an impression of less 'scarcity' value and therefore less likelihood of large segments of poor households not being selected, or losing-out in the scramble to access programme loans.

### **Increased incomes**

The majority of households are dependent on rice production. Other occupations in which men are involved include fishing and mining. Women have always been very important in rice production, and the absence of men during the American-Vietnam war coupled with communist mobilization of women also increased their

<sup>21</sup> 320 hamlets (or villages) in 27 communes, plus the town of Cam Xuyen itself.

<sup>22</sup> The criteria used to define 'the poor' varies from commune to commune in this programme. Most communes based their definition on the number of months of household food (rice) shortage being more than three months, combined with a per capita resource of 15 kilos of rice per head per month (or its equivalent).

<sup>23</sup> When asked, 'are there other poorer women in your hamlet who are not part of the programme?', 4% of the respondents said 'Yes'. The reason for these women not being included, in borrower's opinions was, "they cannot manage a loan".

participation in traditional tasks like ploughing. Women predominate in marketing of foodstuffs, including fish caught by men, and also other goods (O'Harrow 1995 see also Case Study 3).

The average loan size for those interviewed was 1 million dong from the programme fund and 200,000-300,000 dong from the accumulated savings fund. Despite the emphasis on small loans, in practice many borrowers take the maximum of 1 million dong for their first loan, and are encouraged to do so by the programme staff. The reasons for this are unclear but seemed partly because programme staff consider that issuing 1 million dong loans is preferable to issuing smaller loans, perhaps because of the simpler calculations in record-keeping. There is a clear regulation in that loans should not exceed 1. million dong. However, the evaluation found isolated examples of women who had accessed more than 1 million dong from the programme credit fund, but who were still able to repay in full and on time.

Borrowers were also diversifying to a greater extent than non-borrowers, both in the type and total number of their productive activities. Many borrower households began new productive activities after obtaining loans with the greatest increase was in number of borrower households investing in buffaloes, cows, cattle and pigs. Other significant changes include: borrower households increasingly undertake paddy trading and less frequently sell their labour to earn income<sup>24</sup>. The complexity of investment and production is illustrated in more detail in the case studies (see Figures 1-3 with details for the Case Studies in Box 3). Women who received loans used these for a wide variety of activities, and it was unusual for a borrower to invest their entire

<sup>24</sup> 92% of borrowers had begun new activities compared with only 15% of non-borrowers beginning new productive activities in the previous two years. 27% of households owned buffaloes, cows or cattle before getting a loan, 92% of those surveyed own such assets now. For non-borrowers, less than half the number of households have increased their ownership of buffalo, cattle and cows during the past two years. Only 35% owned these types of assets at the time of interview. 39 borrowers had purchased pigs since taking a loan 39 compared with 4 non-borrowers. 11% of borrowers engaged in paddy trading before the loan compared with 39% after the loan. 27% borrowers sold their own labour before the loan compared with 8% in 1996. This compares with only 7.5% of non-borrowers who undertake paddy trading. 30% of non-borrowers continue to have to sell their labour to earn income. Nonetheless, it is important to note that the number of non-borrowers selling their labour has decreased (3%) overall.

first loan in one large productive activity. First, small investments were made in activities which generated almost immediate returns to meet their monthly repayments which begin on the third month after receiving a loan. This was particularly true for the first loan to new borrowers, as this was the advice given by the VWU. For many, trading in vegetables, paddy or firewood provides a steady source of income used to repay the loan. Other activities used as a means to repay loans include: selling eggs, chickens, ducks or piglets, fish selling, brick-making, carpentry, and the use of pension funds. The remaining loan capital which was not invested in activities which provided a quick return was most often used for larger investments such as buffaloes, cows, fertilizer, fishing nets, and milling machines. These findings are also broadly similar in the Oxfam evaluation. The vast majority borrowers interviewed (80%) used the programme loans for pig-raising and something else, mainly petty trade, soya bean cake production, wine distillation, growing and marketing vegetables, raising chickens for eggs or meat, and milling rice. Again activities included something with small regular returns to ensure repayment of loans.

The SCF evaluation team did not ask specific questions about the amount of increased income and production because of the complexity of calculating equivalents across households who undertake different activities and the short time frame of the evaluation. All borrowers stated that their household production had increased as a result of loans from this programme. However of non-borrowers interviewed, 78% had also had an increase in production during the past two years<sup>25</sup>. Some borrowers were reasonably successful as in the cases in Box 2. One other woman considered extremely successful doubled her loan of 1 million dong in 3 and half months from raising pigs<sup>26</sup>. Even these incomes are however still low:

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<sup>25</sup> This positive conclusion is also echoed in the Oxfam study which found that borrowers used loans to diversify production and marketing, mostly for pig-raising and petty trade, soy bean cake production, wine distillation, growing and marketing vegetables, raising chickens for eggs or meat and milling rice. Some of these activities were more lucrative than agriculture and most helped spread both work and income more evenly through the year (Porter 1997).

<sup>26</sup> *"I borrowed 1 million dong and asked a relative to give me advice as to how to use it. He suggested I use 600,000d to buy a cow, and the remainder to buy pigs. I didn't raise pigs for meat like many women do. I decided to fatten small pigs. I bought pigs weighing 5 kilos, then sold them when they reached 20 kilos. That is very profitable, but the pigs require careful care. In 70 days I doubled my*

US\$100 for 3 and half months for pig raising, though amount of work involved is unclear and \$6 a day from trading (Case 3 Ms Ke). Unfortunately the study does not give comparative incomes or expenditures. In the Oxfam study over 80% of borrowers reported that their household income had increased as a result of the loan, but again it was not clear by how much. Some women said that returns on some of the supplementary activities were higher than agriculture where returns were declining. However this is an area on which much more research is needed.

The SCF survey found that some borrowers leased extra land and a significantly higher proportion of borrowers cultivated more paddy land since getting a loan<sup>27</sup>. In the communes reached by this programme the total amount of paddy land was small as compared to the population, and this combined with poor soil conditions and erratic weather patterns made production precarious at best. Borrowers from the programme did not have any preferential access to land which, as noted above was allocated by the commune. However an indirect link was explained: *"if you have a buffalo it is easier to till the land, so therefore you may decide to lease land"*. Also in this area, as in many others, the local authorities withdraw land allocations for tax debts (agricultural taxes and local levies most often accumulated since 1988). However, the increase in paddy land cultivation by borrowers is also due, in some cases, to families being able to pay their tax debts and thus retrieve paddy land withdrawn previously because of outstanding debts. In the Oxfam study however no one reported using any of the increased income to acquire or repurchase land.

Not all women however were successful. A few borrowers (5) found it difficult to keep up their monthly repayments. A similar number did not wish to have another loan, either because of this difficulty or because they felt they have enough capital. It is not known how many women choose to reduce their loan size in the second cycle because of the difficulties in repayment, but again some examples were found. There is little evidence that women's production increases more with the second than the first loans, although more research is needed on this. Although any women reported that they were more confident in making the repayments of the second loan

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*money!"*(Theis 1996)

<sup>27</sup> 48% compared to only 7% of non-borrowers who have increased the amount of paddy land they cultivate during the past 2 years.

because they had become accustomed to the 'system', were more cautious when requesting a second loan, and reduced the amount they borrowed because of the heavy burden they felt when they took a large first loan (see Case Study 4).

A number of characteristics of the most successful borrowers in this programme were identified through discussions with individual borrowers, management committee members and Commune People's Committee members:

- “*Successful borrowers are most often clever and experienced in production.*” Most larger investments in productive activities require technical skill and knowledge in order to be really profitable. An example was given of pig-raising. The prices of pigs vary tremendously according to the size, quality and market trends. Although many successful borrowers have a higher level of formal education than those who are less successful, this is not always the case. General qualities of *practical* 'cleverness and experience' to were considered more important factors in a woman success.
- *Successful borrowers are most often part of households in which there is a husbands who works together with them* in a cooperative effort to increase production.
- Mothers-in-law were considered a positive influence on both borrowing and productive activities because of their vital role in caring for children while mothers work.

Further inquiries revealed that the *least* successful borrowers, and the poorest in general, have the most children. They frequently have stubborn, un-cooperative or problematic (alcohol abuse) husbands. Not surprisingly, the least successful borrowers also live the furthest from the roadside.

The SCF-sponsored programme was not the only source of credit in the area to which borrowers and non-borrowers had access. As noted in the Introduction there are a range of both formal and informal sources available for poverty alleviation.<sup>28</sup> Borrower success was not therefore

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<sup>28</sup> In the structured survey sample of 124 borrowers, 14 had accessed formal lending sources prior to this programme: 3 had accessed VBA loans; 3 Poverty Alleviation (government) loans; and the remaining 8 had borrowed from informal sources such as relatives (4) and moneylenders (4). Even larger numbers of non-borrowers had accessed other lending sources, mostly of an informal nature (29 from relatives; 26 from moneylenders). Only 23

attributable solely to the SCF programme. However no borrowers had gone to money lenders after joining the SCF programme, and reduce dependence on money lenders was also reported in the Oxfam programme. In the SCF programme there was however also a reduction in borrowers accessing formal sector poverty-targeted loans.<sup>29</sup> This may be because of the greater convenience of loans from the programme because of greater proximity to the borrowers homes. However, drawing borrowers away from formal sector Banking Institution to an NGO project, even if more convenient, was a cause of concern.

### ***Intra-household relations and increased well-being***

Women in Vietnam, partly because of their predominance in marketing, commonly handle the family finances. Men also commonly handover their wages to their wives, being allocated an allowance from this for their own needs. The main exception to this is where men work away from home, when women have less control over male earnings. This is not necessarily, however, a situation of perfect co-operation but may entail a 'kind of institutionalised cheating... Where the husband tries to hide to some extent that the amount of his earnings, lest he should not have enough money for cigarettes, tea and going out of his friends. The wife, similarly, to simulate or secretly invest [her earnings], so that her husband will not think her rich and take advantage of her to spend his money on *les petites amies*' (O'Harrow 1995). Moreover women's responsibilities must also be seen in the context of ideals of women's submission and male superiority in traditional Confucian ideology which have shaped and limited the ways in which any Communist ideals of women's equality had been interpreted in practice (Pelzer-White 1987, O'Harrow 1995). Husbands have more areas in which they can spend money on themselves than wives do, in particular smoking, drinking and eating in restaurants are not open to women<sup>30</sup>.

In the context of women's responsibility for family finances, it is not surprising that for the

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non-borrowers accessed formal credit sources: 13 accessed poverty alleviation loans and 10 accessed VBA loans.

<sup>25</sup> Following joining this programme only 7 borrowers interviewed currently accessed sources elsewhere (6 from Poverty Alleviation and one from a relative).

<sup>30</sup> O'Harrow remarks that in Vietnam 'the height of machismo is not some Mediterranean predilection to physical abuse of women, but rather a gentlemanly idleness at their expense' (1995)

majority of women in the SCF programme, decisions about how to use the loans from the programme were taken independently by the woman borrowing 39% of cases and jointly by the husband and wife in 60%. Women's role in independent decision-making on the use of the increased production income from the loan was higher than independent decision about taking the loan. 78% of borrowers responded that they alone take this decision; the remaining 22% take the decision with their husband. These findings are also echoed in the other studies.<sup>31</sup>

The increased income and women's control over it had also increased household well-being (see Table 2). Results of the structured survey reveal that food shortages have reduced, on average, from 3.5 months to 2 weeks per year for borrower households. Many borrowers had also made housing improvements. These are particularly important in Cam Xuyen District, and are reflected in the priority given to these by both borrowers and non-borrowers. The heavy rains, floods and typhoons mean strong houses are often a matter of survival. It is most common to begin by improving the roof first, replacing palm leaves with tiles. Then it often takes families an average of 2-3 years to build their entire house in permanent materials. The number of household assets for borrowers had increased more substantially than for non-borrowers during the past two years<sup>32</sup>. An increase in household assets like furniture, bicycles, Buffalo cards, radio cassette deck, and televisions was also noted in the Oxfam programme. Over 80 percent of borrowers also said that the amount of food available in the house on a regular basis and items of clothing, particularly warm clothing, had increased since they took loans. Women also

<sup>31</sup> The Oxfam study found that 58% of borrowers interviewed made the decision to take the loan, 30% decided with husband and 13% were made by the husband. women were more likely to decide smaller loans and loans generally for activities in which women predominate (Porter 1997). The ActionAid study also found that women had quite a high degree of control over household finances and were considered to be the rightful managers of household economies and there was no evidence of misappropriation of loans by men. the degree of women's control over household finance varied with husband's employment. if members's husbands worked away from the farm women had less control over how much money came in but more control over how it was spent (Paireaudau 1996).

<sup>32</sup> When asked the first thing families buy when their income increases, one People's Committee Chairman replied: "a radio cassette and furniture!" although this was denied adamantly by members of the commune-level Women's Union and by many borrowers.

used increased income to invest in books and school fees for children. By contrast most non-borrowers said that their situation had stayed much the same.

**TABLE 2: CHANGES IN ASSETS**

Items which Non-borrower Changed Households	Households	Borrower
Food for Family		+73% +9%
Food for Children	+1%	+68%
Improved Housing	+12%	+47%
Furniture	+9%	+53%
Radio	+2% (2)	+10%
Television	0	+6%
Bicycles	12%	+51%
Clothing	0	0
Motorbike	+8% (1)	+8% (1)
Water Tank	+4% (S)	+14%
Latrine	+2% (3)	+13%
Other Improvements	+8%	+45%

The credit programme has enabled the poor to become less vulnerable and to better absorb shocks and overcome crises (floods, droughts, typhoons, etc. through better safety nets such as savings (internal review undertaken by SCF in May 1996). However borrowers' access to their savings and knowledge of the rules of accessing their savings was not clear. Assistance in times of crisis is most often issued in the form of another loan from the accumulated savings fund, not by allowing individual access to their savings. Borrowers clearly save more than non-borrowers; 78 of the 124 borrowers interviewed saved before joining the programme, 90% of them in cash. Now 100% save regularly. Not all non-borrowers save, although the majority do save in cash (54%). However the level of accumulated savings in the programme is relatively small as compared to other credit and savings programmes in Vietnam and is primarily due to the small amount

contributed to savings each month.<sup>33</sup>

Changes in health were determined through discussions and interviews with borrower and non-borrower women, but because there is no health base-line information from which change could be gauged, the information gathered can be seen as women's perceptions only and the accuracy of the results are questionable because of the conditioned responses of non-borrowers who were hoping to obtain programme assistance. Nevertheless an overwhelming proportion of those interviewed felt they were sick *less* often since taking a loan (78%) compared with the majority of non-borrowers (69%) said they were sick *more* often in the past two years. Several women had used part of the loan, or the profit gained through increased production, for health care purposes. The health of borrower's children was perceived by most mothers as having improved (63%) compared with little change for most non-borrower children (55%), while. However, these responses must be considered with caution also because clinical evidence of child malnutrition in all of these communes is reported to be well over 40%. It appears therefore that gains in income, or production, may not translate into improved food intake among the nutritionally at risk if other influential factors are at work eg perceived food and nutritional needs, cultural factors, and early cessation of breast-feeding may be some of the reasons.

This programme also provides provides education grants for borrower's and non-borrower's children to reduce the number of children who drop-out of school. Funds are accumulated from a small percentage of the interest on loans. It is however, more likely that the programme's requirement that all borrowers must send their children to school has had a greater impact on reducing, and preventing, children dropping out of school than the education grants.

The study found that in general both women and children are working harder than two years ago, and this is almost irrespective of whether they obtained a loan from the programme.<sup>34</sup> Borrowers were however less likely than non-borrowers to sell their labour to earn household income. Table 3 shows a typically full day for

Mrs Ke, Case 3. Increases in work are also noted in the other study. However as asserted in the Action Aid study that in households reliant on agricultural production, enforced idleness and no income at periods where they are less busy with agriculture may be a greater problem than overwork. There were no statements made by respondents to the effect that they minded this extra work or that it was too great a burden. In the Oxfam study activities generated by the loan tended to complement seasonal activities, thereby providing a more regular stream of income but permitting women to increase or decrease their labour input. A number of women also observe they were able to stop carrying out dangerous, tiring or unpleasant work and many women said they no longer had to sell their labour. Several women also said that they no longer gathered wood from the forest, since they now have warring initiative and less difficult activities which enabled to buy wood. In only the Oxfam study is there any mention of any changes in men's work. Here some women mentioned that their husbands now sometimes help in household. However the impact of programmes on the types of work women, men and children do, how these are changing and why particular changes are made requires more detailed examination particularly in the light of womens' already heavy responsibility for unpaid work and the tendency for these to be shifted on to girls.

**Table 3: A Typical Day in Ke's Life:**

4 am wake up
5 am feeding buffaloes and pigs
6 am: preparing breakfast
7 am: ploughing or planting sweet potatoes
11 am: preparing lunch, cleaning, feeding pig
2 pm: working in the fields
6 pm: return home, prepare dinner, cook brand for pig
7 pm: help the children study
10 pm: go to bed

When asked if they faced difficulties with finding adequate childcare, the responses were mixed. In the past in Vietnam, crèches for childcare were organised in each commune for 0-4 year olds in order to allow women to work. These were complemented by a system of kindergartens for five year olds. Now, although 95% of five year olds in Cam Xuyen are enrolled in kindergarten, the crèche facilities do not exist in all areas and many do not have good facilities or provide good quality care (Theis 1997). In total, 68 borrower women responded to the questionnaire. The

<sup>33</sup> By 1996 savings were calculated to be approximately 180,000d (US\$18). for each borrower who joined in 1994. Monthly savings were approximately 5,000d (US\$ 0.50).

<sup>34</sup> 58% borrowers compared with 50% non-borrowers and nearly 50% borrower's children compared with 43% of non-borrower's children.

majority (62% borrowers and 43% non-borrowers) said they never have problems organising care; while a significant minority (23% borrowers compared with 44% non-borrowers) said they sometimes have problems. A smaller minority (15% borrowers and 13% non-borrowers) said they have problems often. These responses were not however related to type of child-care<sup>35</sup> or numbers of children. For the non-borrowers 43% said they never have problems organising care, 44% said they sometimes have difficulties and a similar percentage to borrowers (13%) said they often have difficulties. The number of older siblings, boys and girls, functioning as carers for younger siblings is concerning. There were concerns that this might be partly responsible for the prevalence of malnutrition among young children in these communes.

The degree to which the programme has actually led to a change in intra-household relations in favour of women, rather than being incorporated into their existing role is however unclear. This issue is not considered in any detail in the SCF study. The Action Aid study notes that both female and male interviewees tended to explain benefits in terms of the household unit, rather than the individual. Equally, when some respondents were asked to specify how the programme might have helped to *improve the lives and status of women*, they gave numerous examples of how it helps women to improve the lives of their families. This study did find that both men and women contributed to loan repayment although responsibility for repayment did appear to fall more heavily on women than on men. In the Oxfam study only 25 percent of respondents said the loan improved relations in the family and 75% said they had been very impact, 90 percent said they role in decision-making within the household state the same and only 10% said their involvement had increased, attributing this to their increased income.

### ***Social and political empowerment***

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<sup>35</sup> The structured survey results reveal the following information about families and the care of their young children: many more children of borrowers attend kindergarten (28%) than children of non-borrowers (3%); many young children are cared for by older siblings (26% for borrowers; 32% for non-borrowers), or in-laws (26% for borrowers; 20% for non-borrowers); more non-borrowers take their children to work (20%) than borrowers (6%).

As noted above the programme places a lot of emphasis on participation. When difficulties in repayments occur, group members stated that they assist those who cannot make their payments, and that much discussion about difficulties in production takes place at the monthly meetings. However, that without a thorough examination and audit of the financial system late payments and such mutual support in repaying loans it was not possible to substantiate this. The reserve/loss fund (accumulated from 15% of the interest paid on loans) had been used to assist members in times of difficulty, notably families affected by the floods.

The extent of collective action was however limited, and was not an automatic outcome of group meetings. For example during the evaluation many communes requested SCF to become involved in building crèche facilities. They were asked: 'why, if crèches are so desperately needed, do borrowers not borrow jointly, or contribute part of their accumulated savings or interest to solve this community problem?' The reaction was hesitant but clear. They had not 'seen' this possibility.

It appeared moreover that it was not always possible to persuade women to take on leadership responsibilities.<sup>36</sup> Group leaders did not always fulfil their responsibilities. For example the programme gave a 1-day course training in production techniques, focusing on new ideas such as new varieties of rice seed or new animal husbandry techniques. This was organised twice a year by the VWU for group leaders in each new hamlet. These leaders are then meant to share the information with others in their group. The extent to which they share this information was patchy, we found some groups who knew very well what courses the leader had attended and ideas which came from the courses, and others who were less aware of training opportunities.

The cost to members in terms of time spent at group meetings is unclear. The Action Aid study found that members interviewed said meetings did not create an undue burden on them. However, the potential for interaction at meetings

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<sup>36</sup> For example Hang et al 1996 feel it necessary to write: If borrowers are reluctant to take on the responsibilities of being a group head, the management committees should point out the advantages of being a group head, which include: chance to demonstrate natural leadership skills; sign of trust and respect from peers; opportunity to gain new skills which will be useful elsewhere; will have an opportunity to get loan like everyone else in the group. Finally, if there is no group leader, there will be no loans to anyone in the group.

to strengthen social relations appeared also to be limited. Women were busy and said they would not linger at meetings if they had other things to do. Some women brought their payment to the group leader before the meeting, or sent other family members to meetings when they were too busy (though rarely the husband; possibly because it was felt that men would be uncomfortable attending a meeting intended for women (Paireaudau 1996).

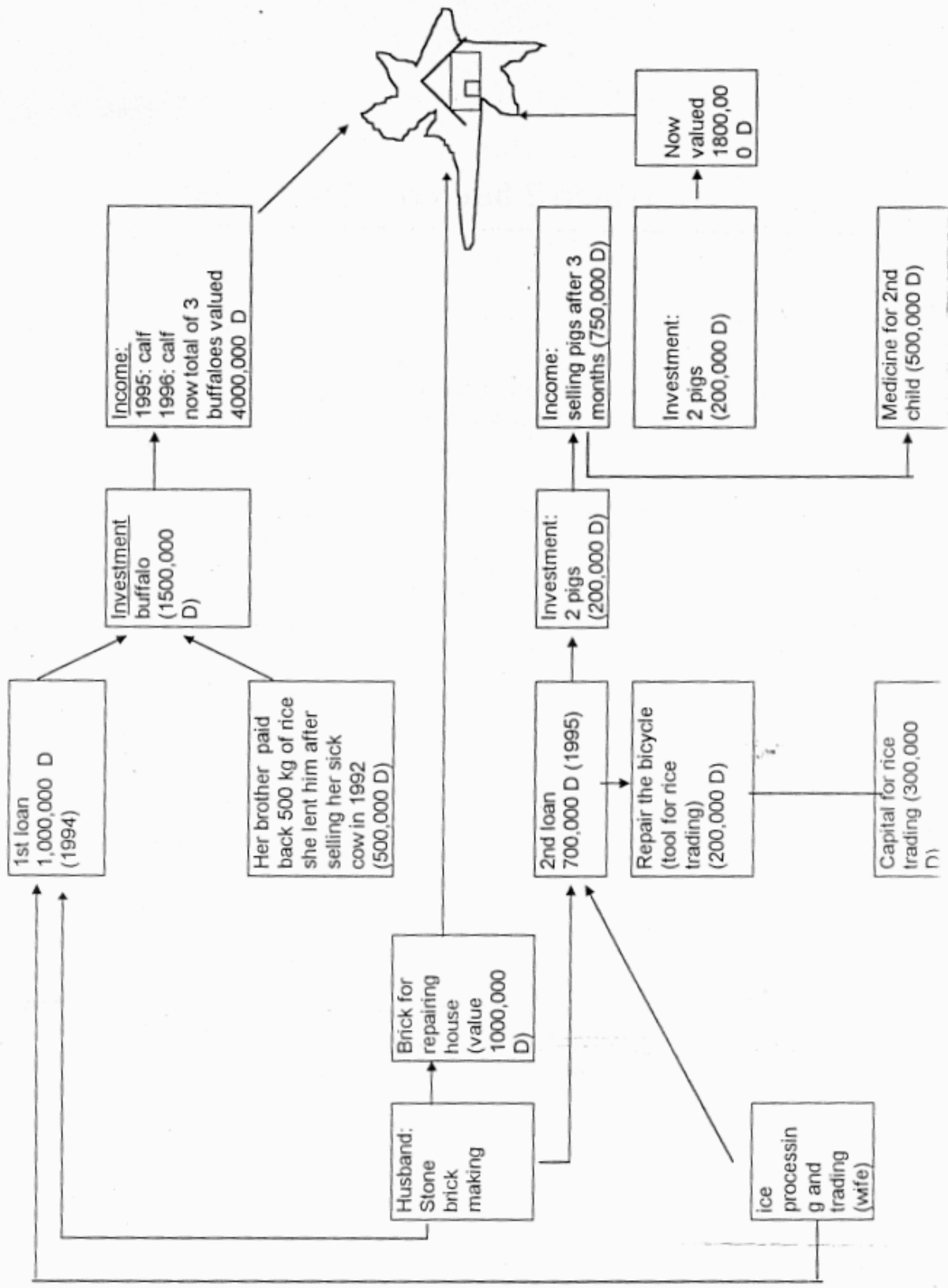
### SECTION 3: CONCLUSIONS

Although the programme had been successful in improving the income and well-being of individual households, the degree to which this constituted 'empowerment' is debatable. Incomes continued to be low and as concluded in the Action Aid and Oxfam studies, changes in intra-household relations were small as women were already involved in management of the family finances. They were also already highly mobile and involved in marketing as well as production. The programme therefore strengthened rather than changed existing roles. What the programme failed to do was to make a significant change in men's roles with the shift in burden of unpaid household work onto children. There is also little discussion in any of the reports of impact on gender inequalities in rights to household expenditure, authority and autonomy or questioning macro-level inequalities<sup>37</sup>.

One of the main recommendations of both the SCF and Oxfam reports is that there is a need for much more focused attention to potential for mutual learning between women and building up capacity for collective action. The microfinance programmes could be a considerable contribution to increasingly participation in and strength of the VWU in campaigning on gender issues, rather than becoming a substitute for its former advocacy role.

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<sup>37</sup> In fact Smith, Director of the Action Aid programme rather complacently concludes in his summary of the Paireaudau report that: The most important finding of this survey is that women are already considered overwhelmingly to be the managers of household finance. To extend savings and credit services to women (as opposed to men) in Uong Bi district is not to directly advocate or encourage women's empowerment, but rather to enhance their abilities to carry out a function that they already perform. Services are extended to those members of the family who are already the accepted managers of household finance. Because this feature of the scheme is already appropriate to the context, it does not appear to threaten indigenous ideas about gender. Similarly, indigenous ideas about gender do not appear to interfere with the running of the programme.



# LOAN UTILIZATION

from June 95- Nov. 96 of Mrs. Sen

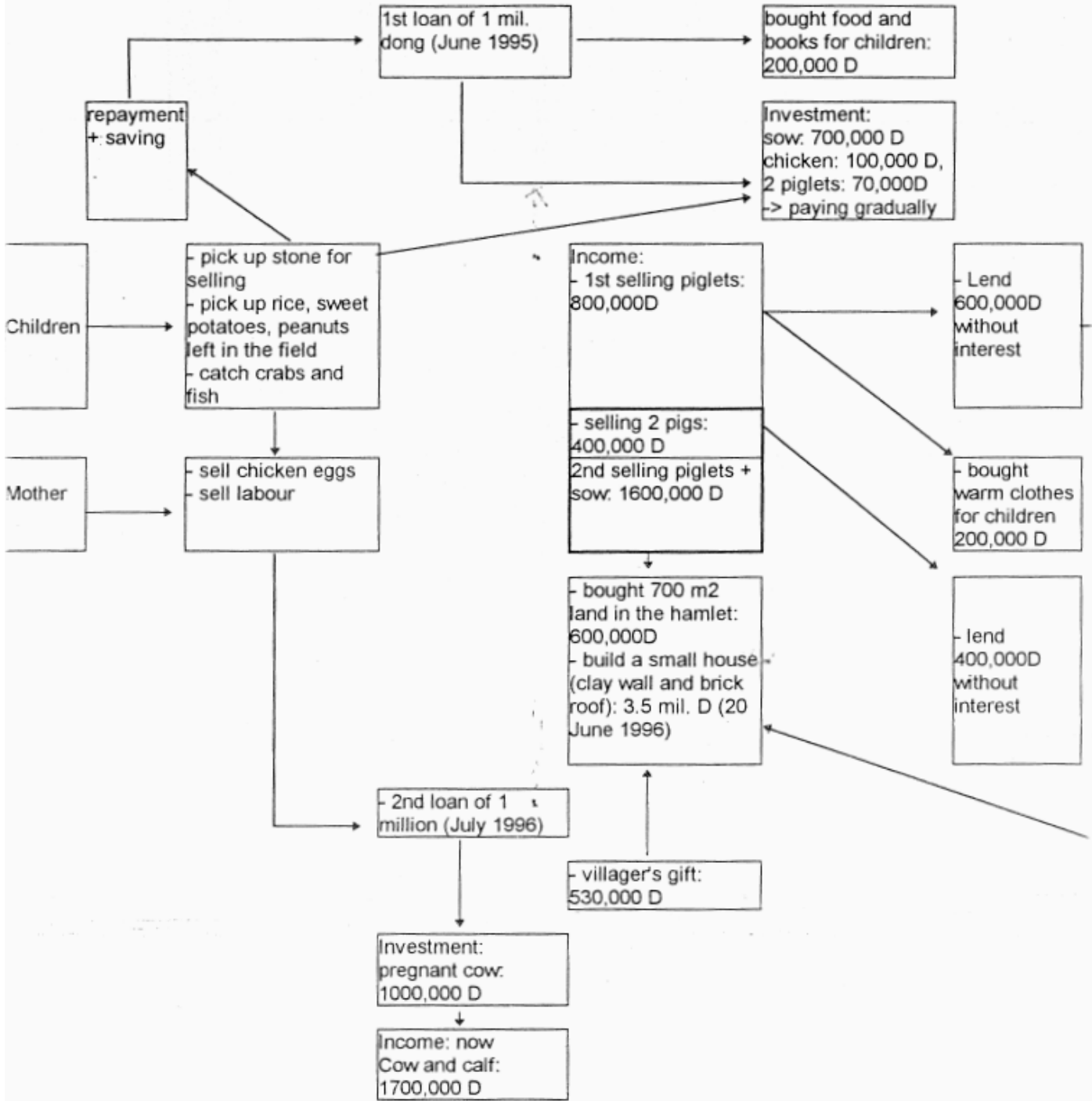
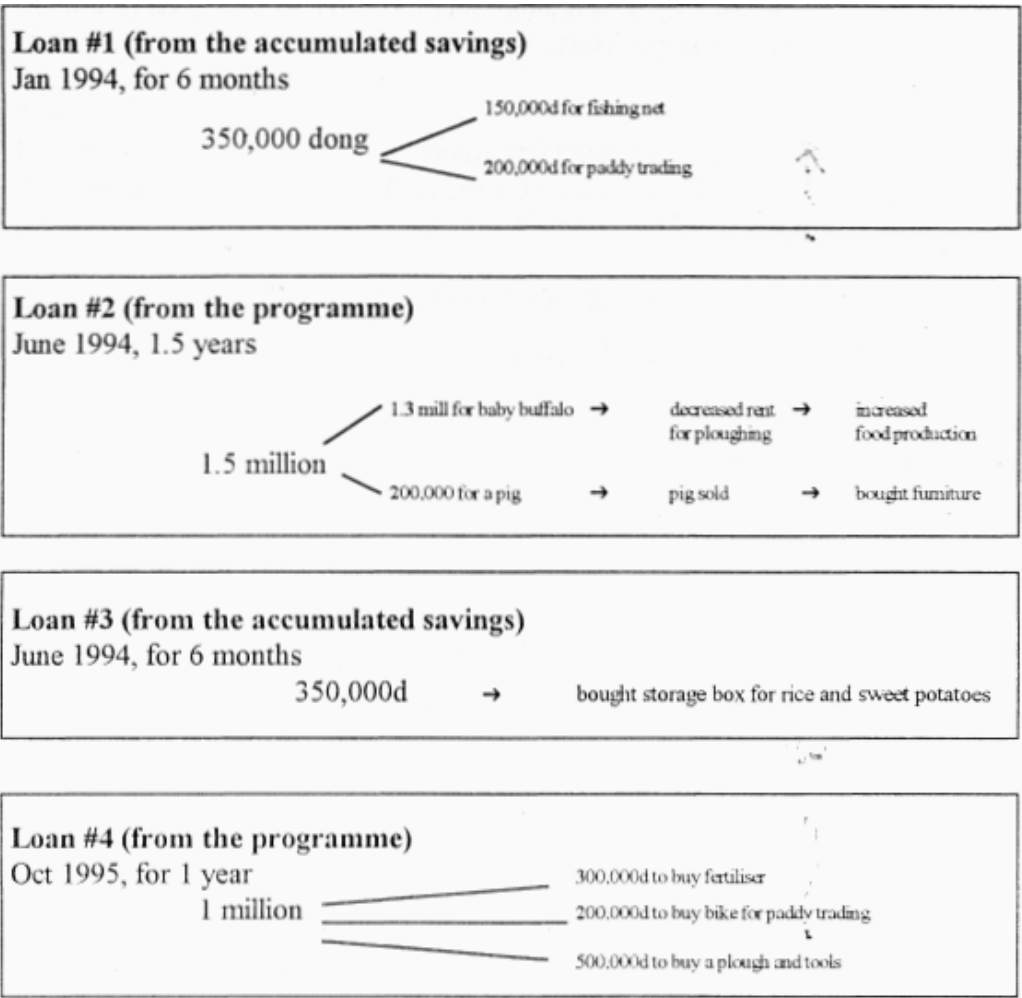


Figure 3: Loan usage of Ms Tran Thi Ke



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