

**SAVING & CREDIT FOR POOR
WOMEN PROGRAM BY HCM'S
WOMEN UNION**

BACKGROUND

- Population : 5.6 million, women accounts for 51,85% (excluding the number of immigrants)
- WU's organizational structure : 24 District Women's Unions, 317 Ward Women's Unions & thousands of women groups in communities.
- Total of poor households : 88.982 (based on the criteria of average income : VND 500.000/mth/per); of which 9.378 is women-head households (10,53%)

BACKGROUND

- 1992 : initiative of program for micro-credit assistance for poor women.
- 10/2003 : establishment of Fund for assistance of women in economic development
- Total of capital managed by HCMC's WU : 61.431.000.000 – 38.454 members – 6.505 groups
- Program for assistance of women in economic development is one of six key action programs by women union.

BACKGROUND

- Sources of capital :
 - Capital is mobilized from available resources in the society through annual program "Saving Day for Poor Women" by the City Women's Union.
 - Sources from government (Project 120)
 - Fund from international organizations (CIDSE, Consortium, Christina Noble, ILO...)

PURPOSE OF WU'S S&C PROGRAM

- Providing poor women with loans at appropriate interest to help them enhance income earning.
- Building the awareness of saving for poor women through the model of credit – saving group
- Pushing up community activities, strengthening the solidarity among members.
- Integrating the main activities of the WU into S&C activities (i.e., enhancing the gender equality, improving the roles of women in family & society).

OPERATING MECHANIZM OF WU'S S&C PROGRAM

- Giving the loan without collateral requirement through network of women union from the city to grass-roots levels (district, ward, community).
- 5 women together form a S&C group on the basis of voluntary.
- Training on S&C regulations (e.g., purpose of loan, terms of loan, loan requirements)

Mechanism (cont'd)

- Follow simple & easy application and appraisal procedures.
- Loan size depends on types of business activities, capability of using loan, capacity of loan repayment (loan size : VND 1-3 million)
- Flexible repayment & interest withdrawal on weekly, monthly, yearly basis.

Mechanizm (cont'd.)

- Loan terms: min. 3 months and max. 12 months.
- Principle: the credit is attached to the saving (compulsory saving at least VND 2000 per week, VND 10.000 per month).
- Monthly group meeting is required for the purpose of loan repayment, interest withdrawing, saving deposit, & providing knowledge of life improvement & health care.

ACHIEVEMENTS OF THE S&C PROGRAM

- Economic:
 - Importantly contributing to the process of the city's economic development, effectively participating in the national Hunger Eradication & Poverty Reduction program (e.g., in 2003, HCMC basically enhanced income of poor household from VND 250,000/ month/ person to 500,000).
 - High rate of loan repayment : 98.24%. Another 1.76% overdue is because natural disasters or misfortunes.
 - 60% poor women able to cover living expenditures, while another 40% become better well-being.

ACHIEVEMENTS

- *Social:*
 - Reducing practices of heavy interest loans
 - Improving the quality of member's lives (in addition of the model of credit-saving group, the women union also has given loan to install the solar energy system, building standard restroom, other programs like scholarship for borrower's children, compassion and gratitude house building for loan borrowers)

DIFFICULTIES

- Loan source has not met the borrower's need
- Quality of group meeting has not been steady
- Competition on interest by the other credit assistance organizations
- Most of poor women are low educated and their ability of business organization is limited, thus remaining risk of overdue/low repayment.

Plan of the Program

- Using information technology to develop system of C&S information management and to collect data for evaluating the program impacts on poverty reduction.
- Improving the program's human resources through trainings for professional staff.
- Strengthening foreign and cooperation relations to attract the funding project, technical assistance, applying advanced technologies in micro-finance

Plan of the Program

- Enhancing quality of credit – saving management in 24 districts (giving loan to right beneficiaries, minimizing the overdue debt, not to lose the capital source, strengthening the monitoring task, ensuring the loan usage in right, effective purpose, promoting the community development)
- Closely controlling the finance by having an internal control in the process of operation and audit every year.

Plan of the Program

- Especially, Credit for Women in Economic Development (CWED) Fund looks forward a sustainable, effective micro-finance program that will affect the betterment, using micro-finance as a tool to alleviate poverty, supporting women in economic development, job-generating, women's awareness enhancement.