

TYM Fund

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Brief History

TYM Fund ('the affection or affectionate fund' as TYM stands for Tao Yeu May, which literally translates to 'I love you') is a project of the Vietnam Women's Union. It officially started in the poor areas of Vietnam in 1992, using a Grameen Bank methodology, with assistance from Aris Alip, FAO advisor and current CARD Managing Director in the Philippines. The TYM Fund has since grown in terms of quality and quantity, due to the strong support from local authorities, and acquired in 1998 the status of an independent department of WVU. The TYM Fund has also received financial and technical support of a number of international organisations such as OXFAM America, CIDSE, World Relief, CARD in the Philippines, Grameen Bank and Grameen Trust, and CRS.

Methodology

TYM follows the Grameen Bank methodology, with some adaptations to the Vietnam context. TYM clients are organised in 'regions' (centers) of 30-40 members, sub-divided into groups of five, who meet every week with facilitation from TYM staff.

The credit products are modelled on the Grameen Bank's products, and include different type of loans: general, multi-purpose, medium term, and special loans. Loans terms and conditions are based on needs and capacity of borrowers. The loan size increases each cycle and range from VND300,000 (US\$20) to VND 15 million (US\$1,000), with loan term between 50 to 70 weeks, and monthly interest rates of between 0.8 to 1%. Loan and interest payments are paid in a weekly installment.

The savings products consist of compulsory savings and voluntary savings. Members are required to make compulsory deposits through weekly installments and a deduction of between 2.5 to 5% from each loan, at disbursement date. Voluntary savings is also offered to clients.

Non-financial issues are also discussed during meetings such as health care, family planning, and agriculture extension.

Area of Operations

TYM Fund operates through 15 branches.

Clients

TYM Fund aims to improve the quality of life of poor women by providing credit and savings support. As of October 2004, it reached 4,175 groups of women organized in 607 centers.

Active clients	Active savers	Active borrowers	Gender
19,506	19,506	19,506	100% women

As of October 2004

Poverty Focus

TYM Fund targets poor regions and poor communes with 50% of the population living in poverty. TYM Fund focuses on poor women living under the poverty line defined by the government (VND100,000 / month, or US\$6.50). Single poor women are the primary targets of the TYM Fund.

Average Loan Outstanding	Average outstanding loan size / GNP per capita	Average deposit size
US\$122	25%	US\$51

As of October 2004

Distinctive Features

TYM Fund trains members to form groups, as well as group leaders on maintaining groups and developing full centers. Various training are also organised to provide information on agricultural extension work, gender awareness, health care, environmental sanitation and nutrition. This enhances awareness of TYM members as well as contribute to the development of the local communities.

Innovations

In 1996, TYM launched the Mutual Assistance Fund to provide financial protection to clients against death risks (client and family members). The premium is a weekly contribution of VND200 (US\$ 1 cent). Upon client's death, her outstanding balance is written off and her family receive a payment of VND500,000 (US\$32) to cover funeral expenses. The same payment is received in case of death of the spouse or child under 18 years-old. As of March 2004, the product was covering 68,157 people, including 18,951 members and their families. TYM also collaborates with the ILO in pilot testing a new flexible savings product.

Financial results

TYM Fund claims a 99% repayment rate.

Loan Portfolio	Portfolio at risk	Savings Deposits	OSS / FSS	RoE / RoA
US\$2.37 million	-	US\$1 million	n/a	n/a

As of October 2004

Challenges and development plans

TYM Fund plans to have a total of 21 branches, 29,000 clients by the end of 2006. It also plans to maintain a financial sustainability rate at 108%, boost outstanding loans to 55 Billion VND, and total savings to 22 Billion VND. Its future development is directly related to VWU's willingness (or restriction) to see TYM Fund to develop into an independent microfinance institution, or in a transitional phase, as a separate social fund. The enactment of a new decree on microfinance would provide a legal basis for this transformation.

Inclusion in financial Sector

n/a

Sources

- TYM Fund Brochure
- TYM's Mutual Assistance Fund, Vietnam. CGAP Working Group on Microinsurance. Good and Bad Practices. Case study No.3 by Nhu-An Tran and Tan See Yun, June 2004.