

## **Việt nam Plus**

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### **Brief History**

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Việt Nam Plus was created in 1994 with the goal of promoting community development in poor rural areas of Southern Vietnam. Community development is the central goal of the organisation, a French NGO supported by a group of volunteers in France and Belgium, with programs in Vietnam and more recently in Cambodia. As a result, Vietnam Plus has recently changed its name to Mekong plus. It is involved in employment development, education, health, theatre, community libraries, livestock, agriculture and microfinance. Microfinance is the core program of Việt Nam Plus, following a Grameen Bank model. The purpose of the savings and credits program is to give an appropriate alternative to people who cannot access formal banking, and are usually victims of moneylenders.

### **Methodology**

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The organisation offers two types of financial services to its members: microsavings and microcredit, using a Grameen Bank approach.

Women form groups of five or six members of their own choice. A group leader is selected and meetings are held weekly. Five to six groups form a center, and a center leader is elected from there. Another five to six centers form a pool, where the 200 to 250 members will be regrouped. A village worker is chosen by the groups to monitor the pool, and is paid from the interest yielded on loans. In every commune, there are dozens or hundreds of similar groups like this. Since the loans are small, costs must be kept to a minimum to ensure sustainability.

#### ***Microsavings***

Each individual group decides how much it can save each week. The savings are then managed by the groups, and kept in a small safe. Solidarity is built up among members as savings are put together, and weekly meetings are in place to resolve all issues.

#### ***Microcredit***

Việt Nam Plus offers credit to members only after two to three months upon the establishment of the group, with regular weekly meetings and proper management of savings fund. Monthly interest rates are set at 1.2%. Group members are jointly liable to make repayments. The longest reimbursement period is 50 weeks.

## Area of Operations

Việt Nam Plus operates in three provinces: Hau Giang, Dong Thap, and Binh Thuan, located in Southern Vietnam, near Ho Chi Minh City. The microfinance program operates in the districts of Duc Linh, Tanh Linh and Long My.

## Clients

Việt Nam Plus targets the poorest, who often live with less than US\$0.5 per day.

Active clients	Active savers	Active borrowers	Gender
under 5,000	under 5,000	under 5,000	majority of women

*As of December 2004*

## Poverty Focus

Việt Nam Plus focuses on the poorest third of the population that has a yearly income usually around or below US\$120 per capita.

Average outstanding loan size	Average outstanding loan size / GNP per capita	Average deposit size
n/a	n/a	n/a

## Distinctive Features

Việt Nam Plus proposes an integrated approach to development, with sustainability and poverty focus as two main objectives. In addition, Việt Nam Plus run several training courses to introduce members to the saving-credit principles: two-day sessions for all women members in management, book-keeping etc. A more detailed session is offered for leaders.

## Innovations

n/a

## Financial results

Loan Portfolio	Portfolio at risk	Savings Deposits	OSS / FSS	RoE / RoA
US\$138,000	9%	US\$148,000	n/a / n/a	n/a

*As of December 2004*

## Challenges and development plans

Việt Nam Plus became Mekong Plus to operate in Cambodia, where poverty is higher. Việt Nam Plus is facing increasing problems of repayment in its credit program, and finds difficult to receive support from village workers or from local communities. Solidarity and cooperation between and within groups are decreasing, which in result increase the late repayments. Việt Nam Plus plans to progressively downsize its microfinance program, to either transfer it to the local VWU or to stop it.

## Inclusion in financial Sector

n/a

## Sources

- Việt Nam Plus' website [www.vietnamplus.org](http://www.vietnamplus.org)