

## Microfinance project in Binh Dai district, Ben Tre province, Vietnam

### Thới Lai commune information

#### 1. General information

The microfinance project in Binh Dai district, Ben Tre province started in May 2009 with the aim to provide poor women the convenient and accessible to micro credit and saving services at their own location that enable them to invest in family businesses or health improvements. MCNV together with other INGO and private donors contributed technical and financial support to build and expand this project to wider clients who need it in Binh Dai district. Up to now, the project works in 11 communes there Thới Lai, Phú Vang, Vang Quới Đông, Lộc Thuận, Định Trung, Phú Long, Thanh Trị, Đại Hòa Lộc, Châu Hưng, Thanh Phước and Bình Đại township. Among them, Hulza Foundation provided financial support to the project to expand its services to Thoi Lai commune.

#### Summary of main information of Thoi Lai commune and project in general as of Oct 2022

No	Item	Thới Lai commune	Whole project (Total 11 communes)
1	Number of clients	121	1.631
2	Amount of outstanding loans (VND)	720.314.000	11.400.157.357
	- Animal husbandry purpose	319.032.000	6.820.205.649
	- Clean water purpose	12.070.000	994.099.569
	- Other purposes	389.212.000	3.585.852.139
3	Number of credit groups	19	228
4	Overdue loans (Amount VND/clients) *	103.432.000/37 households	559.004.095/217 households
5	Credit officers (full time)	0	4
6	Number of households escaped from poverty or achieved significant improvements in household income 2009-2022	23	237

\* The number of overdue debts was high because of COVID-19 isolation policy during 2021-2022 in Vietnam. There were several social blockages in high epidemic times so that many clients could not come to pay their monthly installments as planned. These clients were classified as over-due if they failed to pay back at least one installment during their loan cycle. After COVID-19 strict isolation, almost all clients could manage their monthly payment well.

#### 2. Obstacles and solutions

COVID-19 and Vietnam social isolation policy during pandemic time in 2020-2021 created several consequences to small producers and traders, including the project's clients. Several social blockage periods, among which some prolonged months led to the serious obstacles in agricultural production and small trading in rural area. Traders could not come to their locations to buy farming products such as vegetables, cereals, chicken and pigs while the demands in nearby area are not big enough. Farmers did not have regular income to pay for monthly installments so some of them met difficulty to pay back loans on schedule. The project management also decided to postpone the monthly payments for clients during months of social blockage. However, due to microfinance standards, any loan that contains at least one time of overdue payment are considered to be overdue debts so that why the project faced with high overdue after COVID-19 time.

After the opening up of the society in Mar 2022, when Vietnam basically controlled the spreading of COVID-19, project activities were reestablished like before. All the credit groups functioned again and ensure the smooth payment every month. The project management unit planned to collect back all the overdue debts by the end of 2022.

There are few cases of bankrupts among project clients as the result of pandemic. But the project has its policy to manage these loans and besides, the total amount of project capital loss is small since all of the loans are in small size and with gradual payment scheme.

Shortage of staff time for project: this project makes use of the system of WU staff in the commune to work as credit officers. They are very close to poor women and they could manage loans and saving in excellent manner but in many cases, they have big workload with WU work so sometimes it is hard for them to expand the project to more clients.

COVID-19 also impacted to production and trading of poor women. Many of project clients need time to recover its household economy. The needs for new loans reduced in some periods as the investment opportunities are not clear. That caused the project client number slightly reduced and the amount of undisbursed capital increased. The project management is aware of this and tries their best to find new clients to make use of project capital.

### **3. Handing over of the project to local Women's Union in June 2022**

In June 2022, MCVN proudly signed MoU with People Committee and Women's Union of Binh Dai district to hand over this project to local management. Basically, it is not a big change because this project itself was managed by local WU since 2009. The MoU is a landmark to make sure the full management of WU with minimum technical support from MCNV in the future. The project now could be able to work more independently to provide microfinance services to poor women in the district and it has to cover all operation expenses from its income.

The main objectives of the project and its management system will be maintained stably with the new situation. This entity is the proof of sustainability model that MCNV implemented in the field to fight for poverty alleviation.

**Case 1: “Simple noodle restaurant changes her future”. Ms. Phan Thi Kim Chi, 47 years old, a poor women in Cho hamlet, Thoi Lai commune, Binh Dai district, Ben Tre province.**



Ms. Chi is the main labor of a family of three persons, an old mother, a daughter and her.

Up to 2016, her family faced with many difficulties. She has to sell her seasonal labor to earn small and unstable income to cover medical expenses for her weak mother and support her daughter. Her animal husbandry was not lucky by that time also.

To support her, commune Women’s Union introduced her several income generation activities to escape poverty with the support from microfinance project funded by MCNV and Dutch donors in the region.

After serious consideration and with the support from her family members, she decided to borrow 8 million VND from microfinance project in the term of 18 months. She opened a noodle restaurant in the commune market by that time. Hardworking and good sense of cooking helped to bring more and more clients to her restaurant over time. Up to now, she can earn a profit from 150.000VND to 250.000VND per day and from which equals to 60-80 million VND per year.

With the good prospect of having stable income from her restaurant, the Bank for Social Policy gave her a bigger favorable loan to build water containers and hygienic latrine to ensure better health.

Ms. Chi shared with us: “When I joined the MCNV funded microfinance project, I had good opportunity to learn a lot of financial management knowledge and skills such as saving, debt management, budget management... and also I could learn so much from other poor women in my credit group. I applied many of these knowledge and skills in to my business and they really helped my business to grow”.

Ms. Chi became the credit group leader as she is very dedicated to the microfinance project and she is eager to help other surrounding poor women who want to improve their income. She believes that this project is very useful and effective to change lives of poor women like her before. With hardworking and learning attitude, Ms. Chi became a good client of microfinance project and from that, she sustainably improved her family income and became a reputable women in the community.

**Forging her future with small loan from MCNV project.**  
**Ms. Nguyen Thi Chua, 1975, a client of microfinance project in Cho hamlet, Thoi Lai commune, Binh Dai district, Ben Tre province**



Ms. Chua lives with her husband who is sick and unable to work. She is the main bread earner in her family.

Her family has been doing forging business for living. However since 2018, her husband sickness became more serious and a lot of money was spent for his medical treatment. Her family economic situation at that time was really in serious crisis.

She accessed to microfinance project's loan since 2018 and got her first small loan of 5 million VND for 18 months. With this money, she could invest to improve production equipment and stock more materials for her forging workshop. She has been working very hard in her forging workshop because she is the only labor there. Friends and neighbor admired her because she is the women who does men's hard work alone.

She was also good at trading. With more income, she rent a plot in nearby market and bought more knives and metal tools and resells them there for more profit.

At the moment, Ms. Chua could earn about 150.000VND to 200.000VND a day, much better than what she earned before 2018 and could afford basically for her family.

Ms. Chua is also a dedicated client of the microfinance project. She said that she was inspired by many other strong women in her credit group and it became the inspiration for her to move forward. She also can learn a lot of knowledge from them.

As a good example of poor women who tried her best to move forward, her family was given financial support of 41 million VND to rebuild her very old house from local government and also from Cao Dai religion donors.

With the little but timely support from microfinance project, Ms. Chua herself could really forge her life to the shape she wants.