

# The NAPA programme in Quang Binh Supporting women entrepreneurs

Vietnam



Rural banks

connected with

Women entrepreneurs

**Despite Vietnam's impressive economic growth, there is still widespread unemployment and poverty in the rural areas. For many families, traditional farming does not provide enough work and income. NAPA, a community-based programme implemented by the Women's Union, is helping rural women to set up and run their own businesses by offering microfinance, training and access to markets.**

Vietnam's achievements over the decade 1994–2004 have been impressive – the economic growth rate has averaged 7% per annum, and one-third of the population has been lifted out of poverty. Yet this increased prosperity has not benefited the majority of the rural population. Many families are still dependent on agriculture for subsistence and as a source of income, but their small farms provide work only part of the year. In the next decade, raising rural living standards will be one of the most important challenges for Vietnam.

Quang Binh, in central Vietnam, is one of the country's poorest provinces. There is limited potential to increase farm output, so it is essential that farmers explore new ways of generating income. Rural women form one of the most disadvantaged groups. Their heavy domestic workloads mean that they are bound to their homes, and they have limited access to education and training so they are less likely to be able to earn extra income to help support their families. Vietnamese women also have limited access to finance, and knowledge of markets where they can sell their farm produce and other products.

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## The Women's Union

The Women's Union is a country-wide organisation with a broad outreach throughout the rural areas, where about 75% of women are members. In 1997 the Women's Union, together with SNV, established a programme to promote non-agricultural product activities (NAPA) that would enable its members to earn extra incomes. SNV advisors provided financial and technical advice, and are now assisting the Women's Union in setting up and running the programme at district and commune levels, using local trainers and consultants. About 120 Women's Union staff are involved part-time in the NAPA programme.



*Quang Binh province, Vietnam*

In Quang Binh province, the Women's Union is implementing the NAPA programme to help women who wish to set up their own small businesses or activities that will generate income. SNV's support to the programme consists of three components – setting up a microfinance system, establishing a training system for programme staff and participants, and offering information and business linkages that will enable the women to access markets elsewhere within the province and occasionally even overseas.

First, SNV offers guidance on setting up an un-complicated community-based microfinance system, including aspects such as financial administration, a savings scheme and loan appraisal procedures. Together with the Women's Union, SNV has also introduced a number of control measures, including monthly monitoring and annual internal audits, in order to identify and rectify weaknesses and problems, which can range from inadequate filing systems to misleading financial reporting.

The second component involves establishing a training system, including curriculum development, the production of course materials, and organising and facilitating 'training of trainers' courses for the staff of the Women's Union. All of the courses emphasise a participatory approach and methods that will enable the staff to obtain inputs and feedback from the participants to ensure that the activities organised by the Women's Union are useful to their needs. So far, about 75 trainers have been trained, of whom 50 are still active in the programme.

The third component of SNV's support focuses on improving access to markets within Quang Binh province and beyond. This includes providing information about prices, markets and the demand for products, and forming business linkages with larger enterprises and traders outside the province. Although this aspect of the programme requires relatively little staff time and effort, it occasionally has had a great impact as it links producers directly with traders.

## The NAPA programme

In each new commune, representatives of the Women's Union meet with local women to explain the programme, and help them to form a savings and loan group with about 10 members. The group appoints a leader who is responsible for recording the women's savings and for organising monthly meetings and basic training on how to run a business, including budgeting and bookkeeping.

When joining the savings and loan group, the members agree to save a minimum amount (at least €0.30) each month, and may apply for their first loan after about

### Ngoc Anh Phu

Ms Ngoc Anh Phu lives in a fishing village in Quang Trach district, and joined the local savings and loan group in early 2004. Together with other group members, she attended a training course on pig raising, but she decided to wait for other opportunities. Later, at a group meeting, she was asked if she was interested in learning how to make fish sauce, and she said yes.

She joined the pilot phase, and learned how to make the sauce. She then took out a loan of VND 1 million (about €50) to set up her own business, and now earns an average of VND 500,000 per month.



*Women in Quang Binh province making hats*

nine months. They also undertake to guarantee each others' loans. No one can receive a loan or training if any member of the group is in arrears. Thus peer pressure ensures that most women repay their loans within the agreed period. So far, the proportion of women in arrears has been low – between 2% and 5% – and write-offs currently stand at just 0.1%.

At the monthly meetings the women are encouraged to talk about their interests and to suggest possible opportunities for generating income. Such a participatory approach is quite an advance in Vietnam, where the economy is still very much centrally planned. The programme staff also tries to ensure that there is a match between the activities identified by the women and the likely market demand for their products. Some of the most popular activities include raising poultry,

## Hang Le Ly

Ms Hang Le Ly works for the Women's Union in Quang Ninh district. The Women's Union aims to improve the lives of its many members, but its resources and capacities were limited. SNV offered to provide technical and financial assistance, and to set up the NAPA programme.

'Before SNV came to help us, we had little idea about how to set up and run a programme. Today, we have a well run project that offers poor women access to microfinance, technical training and markets. In Quang Ninh district nearly 3000 families have benefited. The members appreciate the intervention because it is simple, gives results, and because they have a say in running the savings and loan groups, and in deciding on what training courses are needed.'

growing vegetables and food processing. For those women who decide to go into specialised fields such as animal husbandry, the Women's Union invites local experts to provide practical or technical advice. Most recently the programme has invited specialists from outside the province to provide training for small groups in activities such as growing flowers and mushrooms and embroidery, all of which offer high added value.

## Results

By mid-2005, a total of 11,500 women in Quang Binh province had joined the NAPA programme, of whom about 8,500 are still active. All of these women have saved, attended training courses, and have taken out loans to set up their own micro-enterprises or income-generating activities. About 1,000 women have been so successful that they are now eligible to receive larger bank loans. It is expected that this number will increase steadily in the future.



*Women in Quang Binh province making fishing nets*

Each month, the programme issues about 500 new loans and provides training for about 1,000 women. After a few years, once the women have built up their enterprises, they are encouraged to establish links with rural banks (as part of another SNV microfinance programme) that offer larger loans than the NAPA programme. The advantage for the banks is that these new clients have shown that they are able to save and repay their loans, and have already received basic business training.

Many of the women have invested their loans in livestock such as poultry and pigs, which inevitably generate a large volume of waste.



*Women in Quang Binh province making fish sauce*

To deal with this problem, some 200 women have linked up with a local SNV biogas programme, which processes the waste in a simple fermenting unit and produces biogas that can be used for cooking. This saves the women both time and money, and helps to improve their living conditions. Other women are producing goods such as baskets and hats, and fresh and processed foods such as mushrooms, fish sauce and gherkins, some of which are now being exported to Europe and the United States.

As a result of SNV's involvement, the Women's Union is able to offer its members access to microfinance, training and markets. The programme has also linked up with a social insurance scheme, which, for a low monthly premium, covers the costs of basic health care. So far 2,500 women have joined the scheme. The programme staff now organises almost all daily operations, except for some training and internal audits. SNV still monitors the use of external funds, although in 2006 it will reduce its active involvement, and the programme will continue independently.

### **Assessing impacts**

In late 2004 the Women's Union carried out a survey to assess the impacts of the NAPA programme on the women in Quang Binh province. Some 1,000 NAPA participants and a control group of 150 other women in similar circumstances were asked whether their lives had improved over the past year, and in what respect. The survey found that 5% of the population is benefiting in some way from the programme. The figure was even higher in the poorest communes where a larger proportion of women are participating in the programme.

Although all of the respondents reported improvements in terms of 10 welfare indicators, including income, savings, diet, health care and social involvement, the NAPA participants generally seem to be better off than the members of the control group. In particular, they reported higher incomes and savings, and thus were able to afford a better diet and health care compared with the control group.

Although the results of this survey should be seen as indicative, the programme appears to have succeeded in reaching its intended target group, and there are clear indications that the lives of many rural women and their families have improved. In some cases the participants were considerably better off than non-participants.

As part of the survey the participants were also asked what they disliked about the programme. The answers included the high rate of interest charged on loans, the short loan repayment period, and the small size of loans available. In response to these findings, the programme has lengthened the loan repayment period from 12 to 24 months and had doubled the maximum loan from €150 to €300. Together with the Women's Union, however, it has been decided not to lower the interest rate as that would jeopardise the financial sustainability of the programme.

The positive aspects of the programme mentioned by the survey participants included the training, group solidarity and easy access to loans. It seems that the programme's combination of microfinance, technical training and market development has been effective in improving the lives of the women of Quang Binh province.

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## Resources

SNV Vietnam, services for rural women:  
[www.snv.org.vn/OurActivitiesDetail.Asp?Id=37&Show=2&SubId=17](http://www.snv.org.vn/OurActivitiesDetail.Asp?Id=37&Show=2&SubId=17)

SNV Reference Guide on Business Development Services, selected case studies:  
[www.snvworld.org/cds/rgBDS/cases.htm](http://www.snvworld.org/cds/rgBDS/cases.htm)

SNV is dedicated to a society where all people enjoy the freedom to pursue their own sustainable development. Our advisors contribute to this by strengthening the capacity of local organisations.

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