Localized Poverty Reduction in Vietnam

Women and Microcredit in Vietnam

Field Report 1999-2000

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1. Poverty in Vietnam

Within the framework of a project entitled *Localized Poverty Reduction in Vietnam* (LPRV), a collaboration between Laval University and the University of British Columbia (UBC) in Canada and five universities in Vietnam, two field trips were completed to learn more about microcredit in Vietnam. The first one was done in May and June 1999 and the second one, from May to November 2000. The aim of the research was to study some microcredit programs and their possible impact on poverty reduction. Special attention was also given to the impact of microcredit on women’s empowerment.

In the past few years, Vietnam has experienced impressive economic development. The country replaced a “planned” economy by a “market” economy. This transition led the way to new private businesses and new sectors of activity that provided immediate profits to social classes but at the cost of the poorest social groups, in both rural and urban areas. Opinions differ as to the impacts of new Restoration politics or “Doi Moi”. The United Nations of Vietnam report (1999) points out that social and economic conditions have considerably evolved since 1986: “The strong economic growth over the past ten years, combined with a relatively equitable underlying distribution of assets and services – such as land, health, education and family planning – among the population, have contributed to an improvement in the welfare of most Vietnamese households” (1999: 16).

According to the report of a working group interested in the poverty phenomenon in Vietnam (Consultative Group Meeting for Vietnam 1999), poverty declined between 1993 and 1998 in Vietnam. This assertion rests on the increase of expenditure per individual, the improvement of social indicators and the perception of poor households of their increased well-being during those five years. However, the GNP per inhabitant remains quite low, which ranks Vietnam among the poorest countries. According to an
IDRC report (1997), the living conditions of millions of people have declined in Vietnam since 1986, due to economic restoration, cuts in social services, and the privatization of public businesses that accompanies the policy of openness to the world economy.

The poor population of Vietnam mainly consists of large families of farmers with a low level of education and a limited access to information. Often geographically and socially isolated, poor households are particularly vulnerable to seasonal disturbances such as flooding, household upheavals such as sickness, and community restrictions such as limited access to services. Generally suffering from a lack of capital, they have to borrow money to buy land and equipment or to cover medical and educational costs. Most often, the result is that families, under the pressure of debt, have to sell their crops and land before they lose it.

Children are largely represented in the population affected by poverty. They often have to stop going to school to sell their labour for the survival of the poor household especially when one parent falls sick. A document entitled Attacking Poverty: Vietnam Development Report 2000, emphasizes the need for the Vietnamese government to review its financial policies of basic social services such as education and health to relieve the burden of parents by financing services for children.

To palliate this lack of public intervention in basic services in health, education, sanitary infrastructures and unemployment problems, several organisations, mainly private, have developed different programs. Some aim at improving the access to medical and educational services; others emphasize environmental care and sanitary infrastructures. Some also propose a new solution to unemployment and poverty problems by offering resources to people wishing to develop their own income generating activities. The latter is called microcredit intervention.

2. The Emergence of Microcredit

Microcredit was principally developed to palliate the discrimination that traditional financial institutions carry out against destitute people. Microcredit is a financial instrument mainly devoted to populations in a difficult social and economic situation. The
The aim of microcredit is to offer access to financial resources to people suffering from poverty, giving them the opportunity to develop different income-generating activities. With access to credit at a low interest rate, the poor can set up small businesses or buy equipment to develop activities in agriculture, animal husbandry, fishing or the craft industry. In such ways, they can reinstate the professional sector and the social system and stabilize their economic and living conditions.

The microcredit approach is inspired by practices mainly developed in Africa and Asia such as tontines systems, local credit and saving funds and, more specifically, from the Grameen Bank experience in Bangladesh. Founded by professor Muhammad Yunus between 1976 and 1983, the objective of the Grameen Bank was to offer credit to poor people of rural areas in Bangladesh. As a result of different studies presenting Grameen Bank’s success and its potential in durable and equitable development (Dharam Ghai 1984; Mahabub Hossain 1988; R.I. Rhaman 1986 and Atiur Rhaman 1986a and 1986b), replicas of the Grameen Bank model were started in different countries.

NGOs or other associations offering a good framework generally develop microcredit programs. National and governmental programs also exist. Even international organisations such as Desjardins International Development and the World Bank develop microcredit programs. International, national and governmental microcredit programs are generally confronted to local practical problems probably due to their distance from microcredit actors at the participation level. They are not aware of the problems generated from the participants’ environments, their lack of resources and knowledge and localized program application problems. NGOs and other organisations also face problems, usually linked with the lack of financial capital that weakens their self-sufficiency and durability. Caroline Montpetit (1999) raised up the danger of that. She argues that organisations developing microcredit programs that get their capital from alliances with transnational and private companies can trap microcredit participants by confining them to buy company products that are not favourable or can even be harmful to peasant economy.

Non-governmental organisations usually bypass local power structures to work directly with vulnerable groups of people, as David Gibbons and Helen Todd (1996) explain, who have studied the Grameen Bank model replication. To target the “poorest among poors”
presents difficulties. These people, usually marginalized and excluded from the socio-economic system, are difficult to reach and have very few resources to participate in income-generating activities. They usually have a low level of education, a small or even no capital and their living conditions, often unsanitary, expose them to sickness and a high mortality rate. To provide them with credit presents risks, such as loan repayment. To reduce those risks, organisations using the microcredit approach have to, rather than providing credit to participants, provide the resources that will give them a chance to use credit properly and generate from it not only financial but also human benefits.

3. Some Microcredit Programs in Vietnam

3.1. Women’s Union Programs

In Vietnam, different microcredit programs are offered by the government, Vietnamese organisations and NGOs. The Tau Yew Mai project of the Vietnam Women’s Union was one of the first programs to attempt the experience of microcredit in a communist context. Founded in 1930, the organisation of the Women’s Union was engaged in the struggle against French colonisation in 1950. Then, in 1960, the Women’s Liberation Union was created in South Vietnam to bring together patriotic women against American imperialism. In 1975, when Vietnam was reunited, Women’s Unions in the North and the South joined together under the name of Vietnam Women’s Union. Since then, Vietnam Women’s Union, officially recognised as one of the members of South East Asian Women Unions since July 1996, has a branch office in each of the 63 provinces of Vietnam and works with women at different levels.

Ho Chi Minh City’s Women’s Union offers six main programs. One of these targets the improvement of women’s qualifications, abilities and knowledge, while another takes care of women’s and children’s health and rights. A third program participates in building and strengthening Union organisations, thus enlarging the women solidarity front. Two programs are respectively dedicated to studying and monitoring women’s rights, and the relationship between women’s organisations at a worldwide level. The last program supports women in creating employment to increase income and to contribute to the city’s economic development. Its four objectives are as follows: (1) to continue to develop women’s mutual assistance for household economic improvement; (2) to
strengthen the management and increase the assistance of financial aid for women by giving loans to more women; (3) to encourage small and medium-size companies to take part in the city’s economic development program; and (4) to organize activities so that vocational training for women meets the needs of the labour market.

The Vietnam Women’s Union in Ho Chi Minh City and in some other provinces offers women a microcredit program. It targets women’s empowerment by providing them with loans to develop income-generating activities or small businesses. Loans may be given to individuals or groups with a particular project. Loans vary between 500 000 Vietnamese dongs (VND) and 3 million VND, and must be paid back at a monthly interest rate of 1.5% according to different schedules, depending on the type of loan and the project. With every loan, the Union usually offers a two-day training, provided by one of the Union’s trainers. It intends to develop women’s capabilities in commerce and to help them integrate the social and professional community.

3.2. HEPR Program

Vietnam has a national credit program that provides help to destitute people. The Hunger Eradication and Poverty Reduction (HEPR) program was created by the Vietnam Communist Party of Ho Chi Minh City. This program is developed in many different places all over Vietnam and provides loans to poor people within the framework of the Poverty Alleviation and Hunger Eradication campaign throughout Vietnam. These individual loans can reach the amount of 2 million VDN (~ 135 USD) and have to be paid back in one or two periods between six months and one year at an interest rate of 1% per month. If the repayment is done correctly it is possible to receive another loan. This credit is generally used to pay daily basic expenditures such as food and housing for the household or house repairs and usually cannot afford a sufficient capital to develop income-generating activities.

The main reason why people participate in this program concerns the repayment of 50% on children education costs and on medical expenditures of all members of the household. These expenditures generally cannot be covered by the insufficient household income. The repayment rate is very low in the HEPR program. Participants are chosen by local authorities who were previously members of the Communist Party
and are still linked to it today. They try to target the poorest people and can exclude people from the program if they consider that they can manage without. The eligible criteria to participate in this program seems to differ from one place to another.

### 3.3. Can Tho University Program

The microcredit programs offered by the Women’s Union and the Vietnamese government (HEPR) are the most famous options. However, other microcredit projects exist in Vietnam. A group of professors from the faculties of social sciences, agriculture, education and medicine at Can Tho University in South Vietnam started a project with the collaboration of the Women’s Union in some communes of the Can Tho Province. The project entitled *Revolving Loan for Rural Women and Training in Agricultural Production, Credit Management and Community Health* provides women with credit to help them develop income-generating activities, giving them the opportunity to stabilize the living conditions of their household. This program emphasizes offering training to women to help them develop their project in a useful and beneficial way. Classes are taught on different subjects such as credit and financial management, agriculture, animal husbandry and healthcare.

### 3.4. LPRV Program

Within the framework of the LPRV project, a microcredit program was created with the collaboration of the Centre for Poverty Reduction of the University of Social Sciences and Humanities of Ho Chi Minh City. The program has been developing since April 1999 in Tan Thanh commune in Long An province with the collaboration of the Vietnam Women’s Union and the Hunger Alleviation and Poverty Reduction agency of the commune. According to this project, households are provided with credit to raise poultry and develop family business so that they can supplement the family’s low income by farming. The borrowers are women because loans are often used to invest on raising, an activity that requires women’s labour.

The loans range from 1 million VND to 2,5 million VND during a one year cycle at an interest rate of 0.6% per month. The repayment is done in at least four periods, two after
harvesting crops and two after selling animals. Each participant has to deposit money in a savings fund. These savings can be used to develop other projects or to pursue actual projects and activities. Groups with a head manager are created in this program to develop solidarity among participants. The program also plans to provide training in animal husbandry, hygienic environment, environmental education, health care and child nutrition.

3.5. Spring Saving Program

There are some organisations, less known to the public, which also offer microcredit programs. One of them is the Social Work Centre for Vietnam’s Youth Association. Founded in 1994, this organisation presents projects in community development, in assistance to street children and in prevention against children’s sexual abuse and juvenile prostitution. This association also offers women of Ho Chi Minh City a microcredit program called Tiet Kiem Mua Xuan or Spring Saving Program. The program was created in 1994 in order to allow poor families of the fifth ward of district 11 of Ho Chi Minh City to keep their houses, find solutions to their problems and build community solidarity.

Groups were organized according to neighbourhood layout and everyone elected three people on the committee: a director, an accountant and a finance manager. Monthly meetings are held in order to let everyone know about the group’s activities and to allow people to submit their loan requests, which are in turn studied by the group, following the needs of borrowers and the financial resources available. The loans range from 200 000 VND (13 USD) to 3 million VND (203 USD), and the interest rate (about 6%) is easy to understand for the borrowers. For a loan of 100 000 VND for 50 days at an interest rate of 6%, for example, the borrower will have to pay 2 000 VND per day for 53 days, the first fifty days being devoted to paying back the capital borrowed (100 000 VND), and the last three, to paying back the interests, which equate to 6 000 VND.

The Spring Saving Program offers two main components: credit and savings. Participants have to put aside small savings everyday. At meetings, it is possible for them to borrow the amount of their entire savings. The Director of the Social Work Centre for Vietnam’s Youth Associations said that since 1994, nearly 1 400 members have taken
loans and together saved about 1 236 million dongs, that is, more than 80 000 American dollars. She adds that many families have considerably increased their living standard and that many women involved in the project have developed their abilities and shared their experiences together.

3.6. ENDA

With the aim of expanding the Spring Saving Program to communes of the Ho Chi Minh City area, Environmental Development Action in the Third World (ENDA), an international NGO working in Vietnam, started a collaboration with the Social Work Centre for Vietnam’s Youth Association in November 1995. ENDA mainly develops environmental projects but also offers microcredit programs with an approach in which credit gathers people together and encourages them to develop different projects for generating incomes, such as waste collecting projects in which people contribute to keeping a clean environment. ENDA also develops microcredit programs for ethnic minorities.

Some microcredit programs are also developed in Vietnam by other organisations such as ActionAid, CECI, CARE, CIDSE, Red Cross, OXFAM and so on. Although they use different approaches, these programs have a similar goal: to provide access to financial services, such as credit and savings, to poor people and especially to poor women, and to give them a chance to be involved in the society in which they are marginalized. Another organization, called the CEP Fund, in the microfinance field, is working to achieve the same aim. This research emphasises the experience of women who are participating in one of the CEP Fund microcredit programs in order to identify and evaluate the programs’ impact on their lives in both economic and social dimensions.

3.7. CEP Fund Program

The Capital Aid Fund for Employment of the Poor (CEP Fund) was founded by the Ho Chi Minh City Labour Confederation, an organisation that defends workers’ rights and that decided to provide solutions to the problems of poorer populations such as their exclusion from professional sectors. The CEP Fund functions as a non-profit
governmental organisation and has been recognised as a social organisation in November 1991. The objectives of the CEP Fund are to provide access to credit for destitute people thereby helping them to develop self-employment through income-generating projects. The CEP Fund also aims at reducing unemployment in Ho Chi Minh City as well as creating solidarity between poor people in order to encourage them to work together and share responsibilities for their living conditions and the environment. The microcredit programs of CEP Fund are mainly offered to unemployed people and low-income workers who want to develop an income-generating project to stabilize their economic and living conditions. This organisation works more specifically with poor women that receive between 70% and 78% of the amount of the total loans.

The CEP Fund has developed various microcredit programs, one of which follows the Grameen Bank approach for poor women. Accrued Loans range from 700 000 VND (47 USD) to 3 million VND (203 USD). Loan repayment is based on a 40-week cycle at an interest rate of 1% per month. Participants are also required to deposit an amount in a savings fund on a weekly basis. The idea behind this savings fund is to create the habit of saving. This fund also has different uses. When a participant has an urgent need due to sickness or an unexpected event, she can borrow 2/3 of the sum of her personal savings and will reimburse it weekly like the initial loan. Members can also decide to lend this money to a participant for educational fees, house repairs, or as additional capital. At the end of the loan cycle, 5% of the amount in the savings fund is added to the CEP Fund capital. The amount remaining can be distributed among members or deposited in the bank to make a profit with the interest. The savings fund can also be used as capital for another project.

A more in-depth study was completed for the CEP Fund program developed since 1994 with the collaboration of International Cooperation for Development and Solidarity (CIDSE) in the Than Nhut commune of Binh Chan district. The CEP Fund report of April 2000 indicates that this project, called V620, included 1 233 official members, among which 766 were still active. Most of the women who are participating in this program are developing income-generating activities such as animal husbandry of chickens, ducks, pigs and fishes and small business developments such as canteens. They also produce handicraft such as hats, rice bags, fruit bags, wire nettings used for poultry and fish
raising, feather dusters, pillows and incense. All these products are sold at the local market or to intermediates who sell them at the city market or in their own shops.

The benefits that arise from these income-generating activities depend on the types of investments, the market’s price index of products and services, and areas where they are developed. Some activities bring more benefits than others. Animal husbandry can bring 8% of monthly profits on the borrowed amount, handicraft, 10%, services, 25%, agriculture, 5% and fishing, 12%. Small businesses can provide up to 15% of monthly benefits.

4. Women, Microcredit and Empowerment

4.1. Women in Development and Poverty Reduction

Since 1970, the importance of women in the development sector has increased: “The decade of Women in Development (1975-1985) and advocacy of women activists around the world encouraged international organisations allocating funds for women in development projects. During this period, a large number of projects were initiated for women in most developing countries” (Rahman 1999: 15). Following this current, microcredit programs are targeting women who are seen as economically and socially more vulnerable. Rathgeber (in Labrecque 1993) and Labrecque (1993) point out that women in developing countries work longer, earn less money, have more responsibilities, are less literate and take in less calories than men of similar weight. In some countries and social groups where there is little possibility to escape poverty, women generally do not have any. In situations where the entire population has to work many hours to earn a sufficient income to satisfy fundamental needs, women have to work more. The United Nations Development Program (UNPD) report (1999) points out that among 1.3 billion people living in poverty, 70% are women. The Agricultural Development International Fund shows that between 1965 and the mid-eighties, the number of poor women living in rural areas increased by 48% compared to a 30% increase for poor men living in rural areas over the same period. According to Baden (1999), this increase in poverty among women shows a feminisation of poverty.
Baden explains that some studies are trying to determine the importance of welfare differences between men and women. These studies implicitly assume that men and women experience poverty in the same way. However, the implications of poverty problems are different for men and women. For a truer understanding of gender welfare, more factors have to be taken into account, such as the experience of violence. Baden also mentions that using the household as an analysis unit in poverty measurement can be criticized when internal household dynamics are not shown in the research: “At household level, income and consumption-based measures do not provide a good predictor of women’s well-being because of intra-household inequalities in resource distribution and other institutional biases” (Baden 1999: 12). We must take into consideration the fact that gender relations influence the poverty experienced by women.

Aminur Rahman (1999) has included this gender question in his study on the Grameen Bank microcredit program in Bangladesh. According to his studies, the Grameen Bank is targeting women not because they are more affected by poverty but for their vulnerability: “(...) they are seen as submissive, shy, passive, immobile, and easy to discipline. The positional vulnerability of women meets the requirements of the microlending structure, which demands the regular attendance of borrowers in weekly meetings at the loan centre and a rigid schedule for repayment of loans” (Rahman 1999: 148). Rahman writes that within the household, women lose control of the loan either because they must satisfy the immediate needs of the household or because their husbands take control of the loan. Nevertheless, it is the women who bear the debt burden in the household and at the loan centre: "Institutional dept burdens on individual households increase tension and anxiety among household members, which in turn produces new forms of social and institutional dominance over many women borrowers of the project. “ (Rahman 1999: x)

**4.2. Women as Borrowers in the Vietnamese Context**

In the research conducted in Vietnam, women are not seen in this weakened way. First, women play an important role in production, especially in the rural area. The reasons for this go back to the wartime period where a defeminisation took place as women took on the roles of agricultural producers and defenders of the nation at home while men were leaving to join the army. Even if, in the relatively peaceful period that followed, in 1980,
women were encouraged to turn their energy toward restoring family life, they still represented over 60% of the agricultural labour and 46.5% of the industrial labour in Vietnam. However, some independent researchers evaluated this rate to around 70% for the entire country (Ungar 2000). Also, the equality principle between men and women in all social sectors is recognized in Vietnam. This principle is reinforced by equality measures established in work, education and training, and marriage and family structures.

Nevertheless, there still remain gender inequalities in power distribution and the sharing of responsibilities in the household and society. These problems include limited decision-making power for women in the household, heavy workloads that they have to assume, domestic violence that occurs occasionally, health problems from which they suffer, their limited representation in institutions and their limited and unequal access to education—especially among some ethnic minorities—and to productive resources such as land and credit. For all these reasons, the situations of poor women are different from those of poor men. It is therefore interesting to determine what the impacts such an access for women to productive resources like credit can have in household dynamics, gender relations and power distribution.

It is generally the unexpected event, such as illness, the death of a household supplier parent, or crop loss that causes an imbalance in the precarious household budget in Vietnam. In these cases, children often have to school interrupt their schooling to sell their labour in order to make up for the loss of household income, which they can do only partially. Women, who are mostly in charge of household finances in rural Vietnam, try to find new capital. Credit is an answer to their financial problems. There are two kinds of credits: credit for urgent needs and credit to invest in an income-generating project. The first type of credit provides an immediate solution to financial needs. However, it can be a trap for borrowers. If they lack the extra money to pay urgent expenses, which is usually the case, where will they find the money to do the loan repayments? Often unable to repay their loans, when and if a new emergency occurs, they will have to take another loan, sinking even deeper into debt.

A credit that can truly help is one that will be sufficient to both respond to urgent needs and invest in an income-generating activity. This income will enable borrowers to pay
back the loan and, in an ideal situation, save money for ensuing unexpected expenses. To deal with this financial management, women have the multiple tasks of financial planning, developing a successful income-generating activity and taking care of it on a daily basis, while at the same time continuing to assume their other activities such as domestic tasks and fieldwork. Many women claimed they had to work harder and assume more responsibilities when they are using credit.

On the other hand, most of these women argue that, if their new income-generating activity is successful, they are less anxious about money problems. Even if the project sometimes fails for different reasons such as a lack of knowledge to correctly develop an income-generating project that can lead to the loss of their investment and trap them in a debt pattern, credit can help stabilize the household economy and sometimes improve it. The trap of falling into debt and the improvement of the household economy are both important economic impacts of microcredit at a strictly economic level, but microcredit also has human impacts.

4.3. Women’s Empowerment

Women’s empowerment was defined by Schuler and Hashemi (1994) in their study as a function of women’s relative physical mobility, economic security, ability to make purchases on their own, freedom from domination and violence within their family, political and legal awareness and participation in public protests and political campaigning. We can add to this list other valuable indicators of women’s empowerment, such as social network expanding, visibility within the community, empowerment in decision-making at household level and implication in institutional sectors.

Microcredit programs generally target solidarity among participants and gather them in groups. This gives women the opportunity at meetings to develop relationships with other members and share their experiences with them. Even if it is not always easy for them to take this time, some women say that meetings are a moment to socialise. This creates a new social network for them and involves them in the community’s social life. This is directly linked to empowerment indicators of social network expanding, visibility and physical mobility. As Schuler and Hashemi stated about the Grameen Bank program
in Bangladesh: “The program gives women socially legitimate reasons to move about and to associate with one another in public spaces. The meetings increase women’s mobility and visibility, expose them to new ideas, and help them to become more confident and skilful at interacting in the public sphere” (Schuler and Hashemi 1994: 73).

Women participating in microcredit programs are given responsibilities that develop their self-confidence among participants but also among the household members and the community. At the household level, women have more power in decision-making as they are, in most cases, responsible for household finances. Their new economic role of developing an income-generating activity provides them with more control in making decisions that affect them and their household. We also found that the savings habit they have had to develop in the microcredit program improves their ability to plan for the future, especially for their children’s future. All these impacts are empowerment indicators for women participating in microcredit programs.

The new role that women play within the household as well as within the community also leads to a renewed interest for the community and local affairs. More women however still few today are starting to evolve in local institutions. Many women who have participated in microcredit programs are now working in the organisations that were providing those programs. Access to new knowledge and information from training and meetings provided by microcredit programs develops for some women an interest in playing an active role in local life. Some of them are now involved in their local People’s Committee. Outside of the household, women are now starting to play a new role in Vietnamese society.

Sarah Hlupekile Longwe (1991) explains that the main development objective should be women’s empowerment to make them participate into the development process and to exercise control on production factors on an equal basis with men. It is essential that development programs, such as microcredit, take into account women’s specific needs regarding their social role in society and the fact that they form a disadvantaged group compared to men in terms of well-being. Such programs should also provide access to productive resources, and control over production factors. This includes an access to land, work market, credit, public services, education and training.
Vietnamese women’s empowerment presents, however, a negative effect: the suppression of a sense of responsibility in men. The study makes clear that men are less concerned by their role as household supplier, as that role is assumed by their wife. This is a new phenomenon in Vietnamese society where the traditional role of men, like in many other societies, was as that of supplier. The indirect solution to their unemployment provided by the microcredit approach does not really involve them in the process. Their unemployment or the insufficient income from their labour creates economic needs for their household. A solution for them is to let their wife participate in a microcredit program to develop self-employment through income-generating projects. Women, whose availability is, wrongly, implicitly assumed as they stay at home generally take these projects in charge as they continue to assume their responsibilities in children education and home tasks.

This transfer of the role of supplier from men to women destabilises the distribution of household roles and changes gender relations as well as household dynamics. Vietnamese men, because of ensuing feelings of helplessness, and not ready to assume this change, often start drinking and gambling, which creates new problems within the household, community and society. The question then arises as to whether the empowerment of women implies men’s powerlessness? This is not so; however, the situation clearly requires some adjustments.

5. Some Conclusions

The microcredit approach was developed to answer the economic needs of poor people and to palliate the traditional financial and institutional discriminations of which they are the victims. Many microcredit programs started to work more specifically with women, who were seen as more vulnerable to poverty in the context of developing countries. They provide women with access to credit in order to help them stabilize their household economy and, ideally, to improve it. However, to develop a beneficial microcredit program working toward poverty reduction, different factors must be considered.

The research shows that programs offering training in financial management and borrowing activities—such as agriculture, animal husbandry and so on—reach a better
rate of repayment and increase the number of people who reach above the poverty line. Supervision through regular meetings is also a good way to understand participants’ problems and difficulties and to provide them with solutions. It is also important that this supervision is not too rigid and does not slow down or prevent participant’s initiatives. Another important factor of success of microcredit programs that is not always taken into account is the program’s capacity to provide participants with financial independence. Microcredit programs must target the borrowers' financial autonomy, not create a dependence on credit that may trap them into debt patterns, as this is a real danger for people who have already little or even no capital, whose debt can make them grow even poorer than they were initially.

Offering a solution to the economic problems of poor women and their households, microcredit programs can also provide human benefits such as life conditions improvement and women’s empowerment. In the Vietnamese context, the microcredit approach is opening a new venue for women at the household, community and society levels. The combination of resources, access to credit, and the expansion of solidarity among participants through groups and meetings empower women by enabling them to generate income through different types of self-employment activities. This economic contribution provides them with more power in decision-making within the household. Their interactions in the public sphere, as a result of their economic activities, also increases their mobility and visibility, which, in turn, provides them with the opportunity to become more involved in local life and institutional representation. However, we must be aware of a destabilization of household dynamics that can emerge from this new phenomenon of women’s empowerment in Vietnamese households and society.

Microcredit may be a useful tool in improving the economic and social dimensions of the lives of people reduced to poverty, but we must be well aware of the dangerous implications of applying it inappropriately. Providing access to financial services is a step forward in helping people to rise up from situations of poverty and in helping women to play new, more powerful roles in society. However, the microcredit approach can be truly efficient only if it is accompanied by appropriate knowledge and human support.
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