

# Ba Ria Savings and Credit Program

By Kathryn Gow, July 2000

Dr Kathryn Gow, from the Queensland University of Technology (QUT), launched the new BA RIA SAVINGS AND CREDIT PROGRAM in February this year. The program has been made possible by funding from Rotary Camberwell, Rotary International, and the QUT. Dr Gow, a member of the AVVRG (Australian Veterans Vietnam Reconstruction Group) has spent two and a half years researching what makes rural micro finance programs successful, so as to ensure that this fledging project would not fail in an area where the Australians were stationed during the Vietnam war. It is the work of the AVVRG, which led to the formulation of the scheme, and it is through the AVVRG, a registered NGO in Vietnam, that the project is allowed to operate.

The new micro finance, conducted by the Women's Union in Ba Ria, had made loans to 85 poor families in Phuoc Hung, as at 31 May 2000 with each woman borrower receiving what must be the smallest loan in the world: 500,000 dong (about \$AUD 59.10; \$US 35.46). These loans were made available from the provision of a \$5000 loan capital from Rotary Camberwell (Victoria). Now that the extra credit basis of \$6000 has arrived in the country from Rotary Camberwell, an additional 380 women will receive loans by 30 February 2001. Thus altogether, 465 poor women will have obtained access to credit to commence or enlarge their existing small businesses.

It is very hard for westerners to understand how difficult it is to obtain access to formal credit in third world countries especially when you are poor and have no collateral. This program has received establishment funds from Rotary (total grant: \$25000) and QUT (total grant: \$19000), but has found it very difficult to obtain loan capital. No one would give us loan capital funds, but now that the program has commenced so successfully, this will hopefully assist us in obtaining further funding.

At first the women thought the loans were too small to do anything with, but, once they had attended the two day training with the Phuoc Hung Women's Union officers, they were able to find ways of utilising this money wisely. Some have bought pigs or chickens; others have bought produce for small shops, others have bought sewing materials, etc. It will not be till next year after they have paid back their first loan and they have established a successful savings record (very small deposits each fortnight) that they receive 1000000 dong (about \$AUD 118.20; \$US 70.92). This is amore substantial loan base; however it is not until after three or four loans totalling 5000000 dong that the lives of poor families improve noticeably. What tends to happen is that once the women have more income, they buy more food, improve the condition of their houses, they make sure their children go to school and they can pay for medicine for their families. We are obviously expecting 100% repayments rates.



### Village woman with her pig - utilising her loan wisely

We have strict criteria to become a borrower. The woman (we don't lend to men in this program) must have a low income, live in poorly constructed houses and have little or no land and have little or no assets. These criteria, plus the size of the loan, generally deters other financially better off people from applying for loans.



### Village house in Baria-Vung Tau Province

All the women involved in the program have received training in the way that the savings and credit scheme works. The Women's Union staff has been trained by Mrs Le Lan from Hanoi, an expert in micro finance with the poor women of Vietnam, and have received field training in a nearby province in Grameen Bank replication. Mrs Le Lan will act as an in-country consultant to the program on an ongoing basis.

Because Telstra (Ho Chi Minh City Branch) donated a computer to the project, I have organised for training in computer skills for the Ba Ria management team earlier this year. Since then, both Rotary and QUT have funded a printer, fax and modem, along with the normal connection and administration fees for such services, and the management team will now be trained in this new technology.

I am hoping that this group will become technologically literate quickly so that we can e-mail information back and forth between Ba Ria, Hanoi and Brisbane.

Training and education has always been an important part of my involvement with the AVVRG work in Vietnam. It is great to see the poor benefiting from this experience.

We are hoping for further donations of computer and printers for each of the area offices in Phuoc Hung, Long Phuoc and Hoa Long. The latter two villages will not come into the program until we have substantially greater funding.

My vision is that the program will be self sustainable within three years, but it may be five years

before the total expanded program becomes sustainable - after those three villages, I want to add several others including Ben Suc Fishing Village which the AVVRG and QUT have assisted in the past, but we can only do this with donor support for wages (part time), running costs, equipment and actual loan capital. With respect to loan capital, it may be possible to receive a large loan ourselves at a low interest rate from an international donor. It is certain that without the Rotary funding this project we could not have commenced the project, and without the flexibility of Rotary Camberwell's management through John Steven who knows so much about the real needs of emerging countries, we could not have converted the budget money into loan capital.

The Ba Ria program is modelled on the now famous Bangladesh Grameen Bank for the poor, which was initiated by Prof Muhammad Yunus. Such a program could be established quickly in Vietnam because the Vietnam Women's Union has conducted a Savings program with poor villagers established since 1992.

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