Group dynamics in two MRDP Savings & Credit groups in Tuyen Quang province

- case studies from Ngoi village, My Bang commune, Yen Son district, & Gao-Che-22 village, Duc Ninh Commune, Ham Yen District

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Table of contents

1. Introduction

2. Ngoi village, My Bang Commune, Yen Son District
   - Group membership
   - Group formation
   - Group leadership
   - Group activities
   - Decision-making
   - Member responsibilities
   - Member benefits

3. Gao-Che-22, Duc Ninh Commune, Ham Yen District
   - Group membership
   - Group formation
   - Group leadership
   - Group activities
   - Decision-making
   - Member responsibilities
   - Member benefits

4. Summary
   - Conclusions
**Introduction**

Since 1996, the Vietnam-Sweden Mountain Rural Development Programme (MRDP) is being implemented in the 5 provinces of Lao Cai, Yen Bai, Tuyen Quang, Ha Giang and Phu Tho in Northern Vietnam, with the main objective of capacity building and method and policy development for poverty alleviation in the uplands. One of the components of the programme is rural credits and this is based on a number of local Savings and Credit groups on village and Commune levels. In order to establish a Savings and Credit group, the MRDP provide, as a loan, with starting funds. The members invest money in the group, in the form of entrance fees and monthly savings, and get access to loans. The aim is to build up funds to be used in the village to develop the rural economy, to support agricultural development by, for instance, investing in animals and new techniques. The programme also provide training to group members and to the Group Management Board.

Our objective is to study the dynamics of these groups and what role they play in local society. The study is requested by the MRDP in order to get a better understanding of the strengths and constraints of lending money to groups rather than to individual households.

In order to reach our objective, we will focus on; Group membership, group formation, group leadership, group activities, decision-making, member responsibilities and member benefits. These are also the issues we address in this report, in the same order.

Methodology: This report is based on a two-week stay in Tuyen Quang and it is a so called Minor Field Study (MFS). In the field, our main methods have been as follows: informal interviews, group interviews, field notes and observations. By conducting informal interviews, with an interpreter, we have attained data from the informants concerning our focuses of interest. Informal interviews have given us an opportunity to attain knowledge of how to ask relevant questions. By using informal interviews we have not been restricted with a fixed set of questions but rather with a frame which we have proceeded from. By using questions that are not so fixed or leading, people are more likely to answer what they think and not what we believe they will answer. This method has given us a deeper understanding of the dynamics of the Savings and Credit groups in Ngoi and Gao-Che-22. Throughout our fieldwork we have had continuous evaluations regarding our questions, way of conducting interviews and how to verify gathered data.

We have spent approximately one week in each village. The first week was spent in Ngoi village, My Bang Commune, Yen Son District. The second week was spent in the village of Gao-Che-22, Duc Ninh Commune, Ham Yen District. During the first and last day of our fieldwork in each village, we had a meeting with the vice-president of the respective communes. We then began our interviews with group leaders which consists of: the leader, the treasurer and the accountant. Thereafter, we conducted interviews with members and non-members. In Ngoi, we interviewed five members. Three of these members were women and two were men. All members were Kinh, just like all villagers in Ngoi are. In Gao-Che-22 we interviewed six members. Three of these were women and three were men. In Gao-Che-22 there are three ethnic groups; Kinh, Tay and Cao Lan. We interviewed members of all these ethnic groups. The two villages differentiated, since all villagers in Gao-Che-22 are members of the Savings and Credit group, but not all villagers are so in Ngoi. Therefore, we have only been able to conduct interviews with non-members in Ngoi. The non-members we interviewed consisted of one woman and one man. In Ngoi, the group leader accompanied us during our interviews in the village. In Gao-Che-22 the group leader also accompanied us, except during one day when he was too busy and the accountant accompanied us instead.

It is important to point out that the study is a so-called Minor Field Study and is our first experience of conducting fieldwork in a foreign country, as last year students of anthropology. Since non of us speak nor understand Vietnamese, we have been working
with an interpreter which also has been a new experience for us. The fact that we only spent one week in each village is a third factor to take into consideration.

Still, thanks to very helpful villagers and some secondary sources, we have been able to draw some conclusions about group dynamics in these two specific villages, which we will present in this report, starting with our findings from Ngoi village, followed by Gao-Che-22 and finally, a summary on both villages. When discussing the different issues, we will present the perspectives of leaders, members and non-members separately.

We wish to point out that the conclusions in this report are drawn from our specific interviews and does not necessarily represent all villagers.

**Ngoi village, My Bang Commune, Yen Son District**

**Group membership**

According to group leaders, the members of the Savings and Credit group in Ngoi village join the group as households. There are 141 members in the village and they are members on behalf of their households. The household head formally joins the Savings and Credit group by signing membership documents. In Ngoi, 70% of those who sign membership are men and 30% are women.

In general, the household head is the one who takes part in group activities. However, if the household head cannot participate in a group activity due to for example illness, another member of the household can participate instead.

Group leaders in Ngoi (leader, treasurer, accountant and subgroup leaders) all have at least one relative who is a member of the Savings and Credit group.

According to group leaders, the number of members vary from year to year. Often members who leave the group, do so because they feel that they have no further demand to invest. There were many members of the group in the beginning, a period of time which group leaders refer to as “investment times”.

If a villager in Ngoi wishes to become a member of the Savings and Credit group, he or she must first write a letter to the Village Management Board. This board consists of the leader, treasurer, accountant and the subgroup leaders. The letter is reviewed and it must show that the villager who wishes to join has a production plan. Furthermore, the applicant must be accepted by two-thirds of existing members before being able to join. If these requirements have been met, the new member must contribute 120 000 VND as an initial saving and thereafter 10 000 VND in savings each month. The amount of 120 000 VND as an initial saving has been payed by all members, including those who joined the group in the very beginning.

According to group members, villagers in Ngoi formally join the Savings and Credit group as individuals but on behalf of their households. It is usually the household head who is the formal member of the Savings and Credit group. In Ngoi, it is also more common that the men are formal members than the women. This is evident when studying the gender composition of the group where 70% of the formal members are men, and 30% are women. However, it should be noted that all members are so on behalf of their households. In this perspective, there are no individual members.

A formal member is a member who signs membership documents. According to our findings there is a gender pattern regarding the membership of the group. It is, as mentioned, the household head who signs membership and the household head is usually the man in the
household. However, it should be noted that not all who sign membership are men, and not all household heads are men. For example, there are women who are household heads, there are also households where no man is present; widows, and finally, there are households where both the man and the woman signs membership which makes them both formal members.

In order to become a formal member of the Savings and Credit group, people have to meet some formal requirements. The formal requirements according to the members we interviewed are as follows;

First a villager who wants to become a member has to sign an application form, which he or she receives from the Savings and Credit group. The application form consists of: name and age of the applicant, number of members in the applicant’s household, and finally, how much land the household uses. However, it is not necessary for an applicant to show how much land the household has been allocated, more important is how much they use. It does not matter if the land that the household is using is rent, lend etc.

Furthermore, in this application form the person who wants to become a formal member has to explain why they wish to be a member of the Savings and Credit group. A frequent reaction to the questions about membership was that a person who wished to become a member had to explain in the form why and for what they wanted to borrow capital. In addition to this, a person who wanted to become a member had to explain, in the form, how they would use the loan. One member explained to us what he had written in his application form. He had to explain why he wanted to become a member, and for what he was going to use the loan for. This is what he told us; "/…/to develop my family’s economy by raising cattle and pigs, and to plant forest."

What people wrote in the application form was usually referred to as having a 'production plan', which is necessary for membership. Having a production plan did not seem to bother people that were already members of the Savings and Credit group. They knew for what they wanted to borrow capital.

To sign an application form and to have a production plan does not however include all formal requirements for members in the Savings and Credit group. People who become, or wish to become members, also have to pay an initial sum of 120,000 VND and furthermore a monthly savings of 10,000 VND. Finally, members have to promise to follow the bylaws set by the group.

What is important to note is that in general more men than women sign as formal members in the Savings and Credit group of Ngoi village.

Members interviewed in Ngoi have the following characteristics:

- Age: The members we interviewed were between 45 and 58 years old. Most of them had grown up children, but a few households had children who were still attending school.
- Gender: As mentioned earlier, 70% of group members in Ngoi are men and 30% are women. There are both male headed households and female headed households. However, there are also households where both the man and the woman are household heads and in these cases, both sign as formal members.
- Ethnic group: According to our interviews, there exist only one ethnic group in Ngoi, and this is the Kinh.
- Number of members in a household: Ranges from 2 to 8 members per household.
• Income/wealth ranking status: Ranges from 5.4 million VND to 12 million VND a year. These figures always have to be seen in relation to how many people there are in a household, i.e. who share the income.

Even though many households in Ngoi are members of the Savings and Credit group, not all households are members. In Ngoi there are two groupings of non-members; those households who have never been members and those who have been members but now have left the Savings and Credit group. The focus here is on why villagers in Ngoi are not members.

Our findings about why households are not members show several different reasons. Members in Ngoi told us during interviews that several households do not have a production plan. They do not have a plan for what to invest in and hence are in no need of borrowing capital. These households who do not have a production plan consists of at least two groupings, according to members. One grouping consists of households where young couples are found. According to members, these households do not want to join the group yet, but perhaps in the future. The other grouping consists of older couples who, according to members, are in no need of further investments. Furthermore, members told us, that older couples are usually supported by their children.

In addition to the lack of a production plan, there are, according to members, several other reasons for not being a member. Some households are, as members told us, “too rich” and have no desire to join. They already have capital and use the financial services of other providers. There are also households who are “too poor”, according to members. These households do not join the group because they are afraid of not being able to repay loans.

Finally, members told us that some households are not members because they simply are not farmers. Basically, they have no land to invest in and no need or wish, to join the group. These people work, we were told, for state enterprises or in factories.

During interviews, members stressed that joining the Savings and Credit group is voluntary. At the same time they stressed the right of any villager to become a member of the group, if he or she wants to.

Only 21 households, or 13% of the total amount of households in Ngoi village, are not members in the Savings and Credit group. We have had the opportunity to interview two of these non-members. They represent two different types of households who generally are not members in the Savings and Credit group in Ngoi village.

In the first household, we have interviewed a woman who is in her early twenties. The household is ranked “middle” on the wealth ranking list of May 2000. Both the woman and her husband are head of the household. The reason they give for them not being members is that they are young and do not have a production plan.

The other household is represented by a man in his late fifties. The household is ranked “good” on the wealth ranking list of May 2000, and it is the man who is head of the household. The household used to be a member of the Savings and Credit Group, if only for a short time. The household joined the group in 1995, in order to take a loan of 1 million VND. They invested this money in a new fishpond, repayed the loan and then left the group in 1996. After succeeding with the fishpond, they felt no demand to stay with the group. The household has a stable income and, since most of their children are grown-ups, they do not feel the need to make any long-term investments. Their only son works as a teacher in another village and two of their daughters have already got married and moved away to live with their husbands.
Both the non-members we have interviewed have relatives in the Savings and Credit group. The household in the first example allocates 8 sao and the second allocates 53 sao, which is less and more land respectively, than the average member allocates.

In general, non-members of the Savings and Credit group in Ngoi village are; both men and women, i.e. both male and female headed households, they are mostly either younger or older, richer or poorer, than the average member, and they allocate either less or more land than the average member.

To conclude, non-members of the Savings and Credit group in Ngoi village appear to be:

1. Young with no production plan nor very large resources, or:
2. Old with no demand for loans or savings. They have a stable income and no need for further investments.

We have found no evidence of any formal restrictions to keep certain households from being members of the Savings and Credit group in Ngoi village.

**Group formation**

According to group leaders, the Provincial Management Board decided about the commune and village establishments of the Savings and Credit groups. The Savings and Credit group in Ngoi was in fact first established in 1992 but in reality it began operating in 1993. The commune of My Bang, which Ngoi belongs to, has a total of nine Savings and Credit groups. Ngoi was according to group leaders, the pilot village for Savings and Credit groups. The group was established when approval from provincial, district, commune and village levels of authority had been attained. The Savings and Credit group in Ngoi was, for example, approved by the Commune Committée in 1992. Prior to the formal establishment, the village leader in Ngoi announced a meeting and informed the villagers of a possible establishment of a Savings and Credit group. Villagers in Ngoi approved and voted in favor.

According to group leaders, the Savings and Credit group in Ngoi was not based on an already existing grouping in the village. When we gave examples of other groups such as the Farmers Association and the Womens Union, they told us that the Savings and Credit group was formed in another way and explained to us the following structure of the group: The Savings and Credit group in Ngoi has 141 household members. 98 of these households have a male household head who has signed membership. 43 of these households have a female household head who has signed membership. The group has a Village Management Board which consists of the leader, the treasurer, the accountant and the seven subgroup leaders. Ngoi has seven sub-groups which are based on three production interests: raising, home garden and forest plantation. These subgroups have between 9-30 members in each group.

Our impression, after interviewing group leaders, is that the first members were familiar with each other before joining the Savings and Credit group. We have reached this conclusion on the basis of leaders telling us of their “uncountable” number of relatives in the village. Also that they all have at least one relative who is a member of the Savings and Credit group.

According to group leaders, none of the members had belonged to indigenous ROSCA’s before joining the Savings and Credit group.

One member told us that in 1993 there was a big meeting with people from the province. All villagers were invited to join the meeting. At the meeting the people from the province and from the MRDP introduced the villagers to the Savings and Credit group. One male member explained to us that he liked the idea of villagers forming a Savings and Credit group, and encouraged others also to join as he had done.
Other members told us that it was the present group leader which they knew well, who had
told them about the Savings and Credit group. However, one female member told us that she
herself had found out about the necessary information to join the group. She had heard
about the group through friends and neighbours and then she applied. This female member’s
statement is in fact a good indication of how groups are formed and furthermore how
information is spread within Ngoi. Basically, people talk to each other.

Information about the Savings and Credit group is not only shared during group meetings.
Members discuss different issues regarding the Savings and Credit group when socializing
with neighbours, friends and relatives. For instance, one female member explained to us that
she had one sister and one brother, who also are members of the Savings and Credit group.
However, they are all three in different subgroups. The female member told us that she often
discuss with her brother about, for instance, how to use the loan effectively. She also told us
that they exchange information with each other, i.e. information from their different
subgroups.

**Group leadership**

In Ngoi, the election of group leader, treasurer, accountant and subgroup leaders is held
once every year. Leaders are elected by members through the raising of hands. They are
usually selected from people who have experience of being a leader. For example, the
current group leader in Ngoi, is a retired army officer and the former village leader. Members
and other leaders told us that he is trusted and respected by all villagers and therefore
members elected him as group leader in 1995.

The role of the group leader is the following: Manage the group and chair meetings,
implement group resolutions and decisions, represent the group in relations with MRDP,
local mass organizations and authority and finally report to MRDP as regulated in MRDP
regulations.

The treasurer collects money from the project and distributes money used for loans to
members. The treasurer in Ngoi, together with the group leader, deal with loan approval
matters.

The role of the accountant is to keep and record the bookkeeping system and other
documents, report to the leader and members on income and expenditure, savings and
credit activities and finally provide reports to MRDP and those authorized.

The role of the subgroup leaders is to manage their respective subgroups. According to the
bylaws of the group in Ngoi, the subgroup leaders are responsible for mobilizing their
respective members to pay the loan interest and hand in the compulsory amount of savings
of 10 000 VND per month.

Group leaders, including group leader, treasurer, accountant and seven subgroup leaders,
are compensated for their work through group funds. These ten members of the Village
Management Board, share 25% of group funds interest. This amounts to a total of
approximately 225 000 VND per month and it is shared by the ten members. Thereby, each
leader in Ngoi receive a compensation of approximately 22 500 VND per month. According
to group leaders, this compensation per leader and month, used to be approximately 70 000
VND.

Group leaders are entitled to their positions for a year at a time and then new elections are
held. The current group leader in Ngoi has been so since 1995. He used to be the
accountant but was elected group leader when the group leader at the time died in an
accident. The current accountant has held that position since 1995. One subgroup leader we interviewed has been both a member and subgroup leader since the time he joined the Savings and Credit group in 1996.

The Savings and Credit group in Ngori has written bylaws. These were shown to us by the group leader and then translated to us by our interpreter. According to group leaders, the members of the group have been informed of these bylaws.

**Group activities**

In Ngori village, there are group meetings every three months. The members of the Village Management Board have one meeting every month. According to group leaders, each of these two meetings take up about one hour in time on every occasion. During these meetings a general assessment of group activities take place. Members are also informed of provincial guidelines.

In Ngori village, the Savings and Credit group provides its members with capital so that they can make investments in, for example, seedlings or animals. What they decide to invest in depends on what their production interest is.

According to group leaders, the Savings and Credit group in Ngori village does not organize any activities not related to financial services. Members are, according to group leaders, pleased with the training they receive from the group. However, information about the market, prices etc, is something members want as much as possible.

As long as members want the group to operate, group leaders can see no end of the group’s existence in Ngori village.

In Ngori, group activities mainly consists of: 1, group meetings and 2, training courses. In this section group meetings and activities are addressed, from the members’ perspective.

In Ngori, members meet with the whole Savings and Credit group every three months. However, every month members meet with their subgroups. In the meeting of the subgroup different activities take place. For example discussions about good and bad things of animal raising, seedlings etc. At these meetings, which informants stressed as very important to them, people can also discuss and share experience.

Another activity at group meetings concerns production plans. Members told us that at group meetings they could share and give advice about how to invest, when to invest and what to invest in. However, it should be stressed that discussions and sharing experience are not secluded to these meetings. For example, encouraging each other and discussing issues related to the group are widely spread in peoples spare time.

The members we interviewed also stressed that it was not only important to join meetings for discussions, but also for voting. It should be clarified that it is in the meeting of the whole group that members can apply for loan etc., not in the meetings with the subgroups. Hence, it is in the meeting of the entire group where people can actually borrow capital for investment. However, "economic discussions" as members told us, take place within the subgroup, too. One member told us that in his subgroup, members discuss the group’s economy and how to develop it further. They, he told us, also discuss how to encourage and help each other, for example if a member is in a troubled situation. It is important to look at what kind of activities that take place at group meetings as well as who actually participates in them. It is therefore important to take a closer look at who it is from the household that participates in the meetings. In the interviews, members told us that it is usually the person from a household who has signed as the formal member, that also takes part in group activities. Our
findings show that in three out of five households, there is one formal member from the household who participates in group activities. In gendered terms this was divided as follows; one married man, one married woman, and, one widow. They were formal members on behalf of their households, and also participated in group meetings on behalf of their households. Now, it should be noted that this is true for these households, but necessarily not for the entire Savings and Credit group.

In two out of five households interviewed, both the man and the woman (husband & wife) are formal members. However, these two cases are different in relation to participation of group meetings. In one case both the man and the woman participates in activities held by the group. They both join meetings, participate in training courses, vote, sign documents, etc.

In the second case it is usually the man of the household who participates in meetings and other activities held by the group.

All members who we interviewed said that if they could not attend a meeting, someone else from their household participated instead. However, if another member participated, this household member could not sign any documents. Being a member of the Savings and Credit group also give members the possibility to go to 'training courses'. At these courses members can get additional information, and training about, for instance, how to prevent diseases on rice-plants, using pesticides etc.

**Decision-making**

Group leaders in Ngoi village told us during interviews that they ask members for advice on different issues regarding the group. For example, we interviewed a woman, 40 years old and a member since 1993. She gave us two examples of when group leaders had asked her and other members for advice. On one occasion, members were gathered to a meeting with group leaders to discuss the possibility of raising interest. On another occasion, members were gathered to discuss ways of repaying a loan for a member who had died. On this particular occasion, which happened in 1996, two adults died leaving seven children. We interviewed several households in Ngoi who confirmed these statements.

**Member responsibilities**

According to group leaders in Ngoi village, members have the following formal responsibilities towards the Savings and Credit group: They must attend group meetings, participate in group elections, they must have knowledge of how to use their loan for their investments, they must have responsibility for other members, they must repay their loan and follow the rules of the group. According to the bylaws of the group, the member has the following formal responsibilities: All members must commit themselves to use their loan in the correct way and urge each other to repay both the loan and interest on time.

Group leaders told us during interviews that if a member of the group fails to repay a loan, other members assist. The group in Ngoi village has the following strategy if a member fails to repay a loan: Half of the loan is paid from the group’s risk fund. The other half is lent by the other members of the group and it is paid back step by step. When we asked if a member had ever failed to repay a loan, group leaders gave us the following examples: In 1996 two adults, a father and mother died, leaving seven children. The household was a member of the Savings and Credit group and had one loan. Group leaders and members gathered to discuss how this loan was to be paid back. It was decided that half of the amount of the loan was to be paid from the risk fund and the other half was to be lent by other members and was to be paid back step by step. In 1999 one member took a loan of approximately 400 000 VND in order to buy a pig. Unfortunately, the pig suddenly died. To compensate the loss,
the group reduced his debt with 100 000 VND, covering it from the risk fund. The remaining amount was a loss for the member who had taken the loan.

Responsibilities are, as mentioned, written in the group’s bylaws. However, it should be noted that some bylaws are not purely economical, but more social or moral. Let us look at the most frequent answers from the members about what they feel are their responsibilities. The most frequent answers were; Join meetings every month, participate in votings and last but not least help fellow members in difficulties. Since both voting and meetings are dealt with at greater length in another section of the report, this part will take a closer look at how people support each other in different ways. Showing how people support each other also shows what responsibilities they feel they have as members.

This section is mainly concerned with how members help fellow members to pay off their loan if they themselves are not able to. In the interviews we conducted in Ngoi, members often stressed that one of the responsibilities, as a member, was to help fellow members in troubled situations. With a ‘troubled situation’ members usually referred to when a fellow member could not pay off his or her loan to the group. Since this is a responsibility which is stated in the bylaws, it is perhaps not surprising that people mentioned it. However, it is more interesting to know if it has ever happened that a member has not been able to pay off his or her loan. We asked members if a ‘troubled situation’ had ever occurred in Ngoi and, if so, how the group members solved the situation. We were told that this had happened in Ngoi. One female member told us the following;

"In 1996 two members, husband and wife, died from stomach cancer. They left seven children. They had a loan from the group of 400,000 VND which could not be payed off. The group cancelled the loan, and the money to cover the loan was taken from the groups risk fund."

Another example was told by a male member;

"In the end of 1999, a farmer took a loan of 400,000 VND to buy pigs for raising. However, the pigs he had bought died. The farmer was left with a big dept, but no way to make an income to pay off his loan. The farmer had to suffer the loss of the pigs, but through the sub group’s risk fund 100,000 VND was cancelled from the loan."

The two examples stated above shows how the group can help and how they do so, through the risk fund. Helping fellow members to pay off their loan through the risk fund and knowing that this help also would be provided if one could not pay off one’s loan, seems to be mutual and securing within the group.

Member benefits

According to group leaders, all members have the same rights to loans and savings of the group. Other financial providers, which members in Ngoi village have access to, are: The Vietnamese Bank for the Poor and The Agricultural Bank. If a member of the group wishes to take a loan from the local bank, he or she must get an approval from the group leader.

Being a member of the Savings and Credit group includes responsibilities as for example helping fellow members to pay off their loans, if they are not able to. With responsibilities also comes benefits for members. Hence, there are not just responsibilities that members face, but also benefits they feel they gain. This is interesting in relation to as how members perceive their membership.

Members in Ngoi regard their membership as an investment. They invest both time and money in the group and they consider their membership as beneficial both in the short term
and in the long run. Their present agricultural production benefits from their investments made possible from the Savings and Credit group. Furthermore, they feel that their children will benefit from their investments in the future.

The procedure of applying for a loan is, according to members, easier in the Savings and Credit group than in the bank. As members told us ‘more paperwork’ is involved with the bank in comparison to the Savings and Credit group. For example, when applying for a loan in the bank, the procedure is as follows; First one has to write a letter to the village leader asking for his approval of taking a loan in the bank. Then, one also has to get approval from the local commune authorities in order to go ahead. These two approvals are then sent to the bank and in return one is given a new application form. In this application form, the household head must certify that repayment of the loan is possible. In order to get a loan in the bank, collateral is needed, for example one’s house. The bank will also demand to see the applicants ‘red book’ (i.e. the land allocation book) in order to certify how much land he or she has been allocated.

However, there is one financial provider which members told us of, where the procedure is easier than in the Savings and Credit group: the Vietnamese Bank for the Poor (VBP). Also members told us that interest rate of VBP is lower (0.4%) than that of the Savings and Credit group (1.0%). There is however one major condition in order to apply for a loan from VBP. The applicant must belong to a household classified as poor.

Hence, some members that we interviewed have loans both from a bank and from the Savings and Credit group. However, many members felt that going to the bank for investment capital was more complicated, than from the Savings and Credit group. As one female member put it: “/It/ takes time – waste time.”
The village of Gao-Che-22, Duc Ninh Commune, Ham Yen District

Group membership

The members of the Savings and Credit group in Gao-Che-22 join the group as households. In Gao-Che-22, there are 82 household members. According to group leaders, all households in the village are members of the group. The household head formally joins the Savings and Credit group by signing membership documents. In Gao-Che-22, 43 male household heads and 39 female household heads respectively, have signed membership.

Usually it is the household head who signed membership, that takes part in group activities such as attending meetings etc. However, if he or she cannot participate in a group activity, the other adult in the household can participate instead.

Group leaders in Gao-Che-22 (leader, treasurer, accountant and subgroup leaders) all have at least one relative who is a member of the Savings and Credit group.

The Savings and Credit group in Gao-Che-22 has existed since 1993. To our surprise all villagers are members and all became members at the same time, in 1993. Additional members have joined the group but these are few and represent people who have moved to Gao-Che-22 from other villages.

A new villager who wishes to join the Savings and Credit group in Gao-Che-22 must submit an application form to the Village Management Board. The application form must show that the villager who wishes to join the group is in good health and is a legal resident of the village. Furthermore, the potential member must accept the bylaws of the group. These are: A member must attend meetings, must repay loans and pay interest, must show responsibility and help other members if necessary. When all these qualifications have been met, a meeting gathering all members is held. A two-third majority of the existing members must approve of letting the new member join the group. If approved, the new member receives the same rights and benefits as all the other members. A total of 120 000 VND must be contributed as an initial saving and thereafter 10 000 VND in savings each month. The amount of 120 000 VND as an initial saving has been payed by all members, including those who joined the group in the very beginning.

Three different ethnic groups are represented in Gao-Che-22. These are; Kinh, Tay and Cao Lan. All three of these ethnic groups are represented in our study. The ages of the members interviewed ranges from 30-52 and their income from 10-20 million VND per year. Of the interviewees, 50% are men and 50% are women. We have conducted interviews in both female and male headed households. The households consist of 4-7 members. All of the members interviewed have been members of the Savings and Credit group from the very beginning, in 1993 when the group was first established. Not all members use the loan part of the Savings and Credit group, they only make the compulsory savings. The opinion seems to be that even if a household does not need a loan today, it is still better to be a member in case of future needs. It would then be easier to get a loan.

As mentioned earlier, it is the head of the household who is the formal member of the Savings and Credit group and who also attends the group meetings. In Gao-Che-22, 48% of the formal members in the Savings and Credit group are women, which suggests that the participation in group meetings would be fairly balanced from a gender perspective.

All members we have interviewed confirm that if the formal member is unable to attend a meeting, another member of the household is able to go in his or her place. However, in one of the male headed households that we interviewed, the woman seemed not to be involved at all in group activities. She states that it is her husband who is the head of the household.
and who also is the formal member of the Savings and Credit group. She says that she has no knowledge about this matter. She has never attended a group meeting and does not know when they take place, how often, or what is discussed in these meetings.

**Group formation**

Group leaders told us that no special person decided about the establishment of the Savings and Credit group in Gao-Che-22. Instead it was the Provincial Management Board that decided about commune and village establishments of Savings and Credit groups. Gao-Che-22 belongs to Duc Ninh commune. This commune has four Savings and Credit groups. The group has existed in Gao-Che-22 since 1993. In order to establish the group in the village, the same procedure as in Ngoi village was conducted. Approval from provincial, district, commune and village authority levels was attained. According to group leaders, after the Provincial Management Board decided about a possible establishment of the group, a village meeting gathering all the farmers was held. The village leader then informed the farmers of a possible establishment of a Savings and Credit group in the village. He informed the farmers of the Savings and Credit group’s objective and the positive effects an establishment would have. Villagers in Gao-Che-22 approved and voted in favour.

Group leaders in Gao-Che-22 told us that the Savings and Credit group was not based on an already existing grouping in the village. The structure of the Savings and Credit group in Gao-Che-22 is as follows: The group has 82 household members. 43 of these households have a male household head who has signed membership. 39 of these households have a female household head who has signed membership. The group has a Village Management Board which consists of the leader, the treasurer, the accountant and the subgroup leaders. Gao-Che-22 has five subgroups based on three main production interests: Fruit plantation, raising and forest plantation. Each subgroup is led by a subgroup leader. The fruit plantation subgroup has 25 members, the raising livestock subgroup has 20 members, the raising fish subgroup has 20 members, the raising cattle subgroup has 20 members and the forest plantation subgroup has 60 members. According to group leaders, each member in Gao-Che-22 is often a member of several subgroups at the same time. Regarding for example the group leaders, they are members of the following subgroups: The leader; the fruit plantation and raising fish subgroups. The treasurer; the raising cattle and raising livestock subgroups. The accountant is only member of one subgroup, the forest plantation subgroup.

Since all the households in Gao-Che-22 are indeed members of the Savings and Credit group, it is interesting to look at how the members choose subgroups.

There are two Tay households in Gao-Che-22 and both are members of the raising livestock subgroup. This group consist of approximately 20 members and the other 18 member households are Cao Lan. The raising cattle subgroup attract mostly Kinh members but also some Cao Lan households. In the raising fish subgroup, all members are Kinh.

As mentioned earlier it is usual to be a member of more than one subgroup. Two of the members we have interviewed are members of two subgroups simultaneously. Five of the members we have interviewed are members of the raising livestock subgroup, and two of these households, one Tay and one Cao Lan, are also members of the raising cattle subgroup and the forest subgroup, respectively. One of the households interviewed is member of the raising fish subgroup. Most of the members interviewed have brothers or sisters and other family links to members of their subgroup.

One member of the raising livestock subgroup has no relatives in the village of Gao-Che-22. The reason he gives for joining this particular subgroup is that the household has few labourers, him being a widower with 4 children who are all in school. Raising livestock is
therefore the most convenient for him, since this is something that his children most easily can assist him in.

It is most common to be a member of the subgroup that represents the kind of area the member wishes to invest in, i.e., subgroup membership is related to the purpose of the loan. That is why households with a higher income often are involved in the raising cattle subgroup and households with less resources often are members in the raising livestock subgroup.

**Group leadership**

In Gao-Che-22, the election of group leaders; leader, treasurer, accountant and subgroup leaders, is held once every year. They are elected by members and the election is conducted through the raising of hands. When the leaders have been selected, they have to go through a training course.

The group leader is in charge of group bylaws. He chairs group meetings, is responsible for making group plans and writing group reports. Furthermore, he is also the person who represents the group in relations with for example the Project Management Board.

According to group leaders, the main task of the treasurer is to collect interest money from group members. The treasurer has several other tasks in Gao-Che-22: Collect money from the project, distribute money to members which they use as loans, function as a stand-in for the group leader when he cannot, for example, chair meetings, record the content of group meetings and finally, urge members to repay their loans on time.

The accountant is in charge of the bookkeeping of the group. The role of the subgroup leaders is to manage their respective subgroups.

The group leader, treasurer, accountant and five subgroup leaders are compensated through the sharing of 25% of group funds interest. This results in a monthly compensation of 20 000 to 30 000 VND per leader.

Group leaders in Gao-Che-22 are entitled to their positions for one year at a time. Thereafter new elections are held. New elections does not have to imply new leaders. The present group leader in Gao-Che-22 has had that position since 1993. He was also the village leader until 1998. The treasurer has held that position since 1993 also. The present accountant has had that position since 1998.

The Savings and Credit group in Gao-Che-22 has written bylaws. According to group leaders, all members of the group were informed of these bylaws during a meeting in 1993. The group’s bylaws consisted of eight articles in 1993 and since then two amendments have been made, totalling ten articles. We asked if copies of these bylaws had been distributed to members but the group leader said that it was too expensive and they could not afford it. Instead he showed us a big poster which defined the bylaws of the group. This poster is put up in the meeting hall of the village during group meetings.

**Group activities**

In Gao-Che-22 there is one meeting of the entire group every three months. In time this meeting take up, as in the words of group leaders “either a whole morning until lunch or a whole afternoon until dinner”. The main activity during this meeting is the assessment of group activities. Group leaders also inform and teach members of techniques regarding raising and cultivation. According to group leaders, there is also sometimes a discussion about group bylaws, for example, if or if not a bylaw should be added or dropped. Apart from
the meeting of the entire group, group leaders told us that the respective subgroups meet when they need to.

In Gao-Che-22, the Savings and Credit group provides its members with the opportunity to make savings and take loans in order to invest in their choice of production.

Apart from financial activities, group leaders told us that the Savings and Credit group in Gao-Che-22 also supports farmers in preventing animal diseases. This is done through vaccination of animals. Furthermore, the group also supports the set up of electric lines in the village. The group supports these activities by paying one-fourth (25%) of the total cost and it is financed through the group’s risk fund.

When we asked the group leader for how long he thought the Savings and Credit group would exist in the village, he told us the following: The group borrowed 50 million VND from the project in the beginning. The group leader told us that when the group has repaid all the loans, the members will provide the necessary capital. As long as the farmers want the group to exist and contribute capital, the group leader believes, and he said that members also believe, that the group will exist for ever. The group leader also added that a major condition for the group’s existance is if the government allows it to continue to operate in the village.

In the Savings and Credit group of Gao-Che-22, training courses are arranged once a year, concerning for example intensive rice production. These courses are voluntary to attend, but seem to be very popular and appreciated among the members. A common statement is that in the Savings and Credit group the members do not only get the loans, but the knowledge on how to use the loans efficiently.

Different kinds of training courses appeal to different members; the women tend to prefer courses concerning rice production, as when courses concerning forestry attracts mostly male members.

Apart from the formal group activities, the members of the subgroups often meet on their spare time. They meet in their homes or in the fields, and discuss matters concerning group activities. They remind each other of repayments due, they urge and encourage each other to repay and try to help when someone is facing difficulties. They exchange experience about production and related concerns. If one of the members have difficulties they first encourage him or her to try harder, if this does not succeed they discuss, in the subgroup, how they could help. If necessary, the group’s risk fund will be used. If there are no means accessible in the risk fund, the members of the subgroup will use their own money to help the member in need.

The wish expressed by members is for the Savings and Credit group in Gao-Che-22 to exist for as long as possible, as long as there is a demand for it. The aim, they say, is to make the group sustainable.

**Decision-making**

In Gao-Che-22, group leaders often ask members of the group for advice before making decisions. When we asked the group leaders if they could give us an example of when this has happened, they told us the following: The members of the group used to have to make compulsory savings of 10 000 VND every month. However, time showed that some members were not able to make these compulsory savings each month. Group leaders then discussed with members of the group on ways of how they could manage the compulsory savings. After discussions, leaders and members agreed on compulsory savings every three months. Instead of saving 10 000 VND each month, members save 30 000 VND every three months. This is also confirmed by the members interviewed.
Member responsibilities

According to group leaders in Gao-Che-22, members have the following formal responsibilities towards the Savings and Credit group: They must sign a contract which instructs them to 1. Repay the loan and the interest, 2. Attend group meeting every three months, 3. Inform other members of group activities, 4. Support other members (if for example another member has difficulties in repaying his or her loan).

Group leaders told us that if a member fails to repay a loan, other members do help. When we asked if they could give us an example of when this has happened, they told us the following: In the beginning of this year (2000), a member took a loan of 500 000 VND from the group. The member had to pay an interest of 5000 VND per month. Because the member became ill, he could not after three months pay the interest of his loan. Other members of the group then lent him money from their own pockets, according to group leaders. Because the risk fund was not used in this case, we asked the group leaders what they use it for and they told us that: 1. It is used for repayment of loans and interest when members fail to repay 2. It supports the vaccination of animals and also the set-up of electric lines in the village by paying one-fourth (25%) of the total cost.

When asked about responsibilities from being a member of the Savings and Credit group, members mention they feel a responsibility to: 1. Repay the loan, 2. Attend to group meetings, 3. Inform each other about group activities, and 4. To support each other in need. The responsibility to support each other is something that is stressed by all members and we are given one example of an incident where a group member failed to repay his loan. The member had taken a loan to buy and raise two pigs. Both pigs died suddenly, leaving the farmer with a big debt to repay, but no pigs. In this particular case, some of the other members lent him money to repay his loan to the Savings and Credit group. We have never been given an example when the group’s risk fund has been used for this purpose, even though it is perceived as the main function of this fund.

Member benefits

According to group leaders in Gao-Che-22, all members have the same rights to loans and savings of the group.

Other financial providers in the village are the Vietnamese Bank for the Poor and the Agricultural Bank. Local authorities define which households are "poor enough" and thus entitled to the services of the Vietnamese Bank for the Poor.

When asked about benefits from being a member of the Savings and Credit group, members mention that: 1. It helps the development of rural economy, 2. Members have easy access to loans which enables them to invest and increase production, 3. A part from financial means, training is also provided, 4. The interest rates and the conditions for borrowing are good, 5. The function of joint-liability as a security and furthermore, being a member of the group gives a feeling of security and exchange of experience is possible.

Even though members have access to other financial services, in some of the households we have interviewed, taking loans prior to the establishment of the Savings and Credit group has not been an option, out of fear of not being able to repay.

When compared to other financial services, members of the Savings and Credit group in Gao-Che-22 find that: 1. Access to the Savings and Credit group is easier than to the bank, 2. The procedure to apply is less difficult in the Savings and Credit group, 3. It is possible to loan smaller amounts, and 4. It is possible to save money in a smaller scale.
Summary

Group membership

In Ngoi:
- There are 141 member households. 98 of these have a male household head who has signed membership and 43 have a female household head who has signed membership.
- Members interviewed are between 45 and 58 years old.
- These households consist of 2-8 persons
- All villagers are Kinh.
- Members are those who have a plan for their agricultural production.
- The Savings and Credit group has seven subgroups.
- These subgroups are based on three production interests; raising, home garden and forest plantation.
- Each subgroup has between 9-30 members.
- In Ngoi, non-members are either younger old older than the average member, according to our findings. The main reasons for not being a member in Ngoi are:
  - Members of the household are still young and do not have a production plan.
  - Members of the household are old, with no demand for loans or savings.

In Gao-Che-22:
- All villagers are members
- There are 82 member households. 43 male household heads and 39 female household heads respectively, have signed membership.
- These households consist of 4-7 persons.
- Members belong to the following ethnic groups; Kinh, Tay and Cao Lan.
- The Savings and Credit group has five subgroups.
- These are based on three main production interests; raising, home garden and forest plantation.
- Each subgroup has approximately 20 members, but the biggest, forest plantation, has 60 members.

Group formation

In both Ngoi and Gao-Che-22:
- The Savings and Credit groups were established in 1993.
- The Provincial Management Board decided about the establishment of these groups.
- Villagers were informed about the possible establishment of Savings and Credit groups by their respective village leader during a meeting.
- Approval was gained from provincial, district, commune and village levels of authority.

In both villagers those who wants to join the Savings and Credit group must:
- Meet the requirements of the group,
- Be approved by the Village Management Board,
- Be accepted by a two-third majority of existing members, and
- Contribute 120 000 VND in initial savings and thereafter 10 000 VND each month.

Group leadership
In Ngoi and Gao-Che-22, group leadership consists of the leader, the treasurer, the accountant and the subgroup leaders (the Village Management Board).

The role of the group leader in both villages is to manage the group, and represent the group in relations with, for example, the MRDP. The role of the treasurer is to collect money from the project and distribute money used for loans to members. The role of the accountant is to be in charge of the book-keeping of the group.

The role of the subgroup leaders is to mobilize members to pay both the interest of their loans and the compulsory savings each month.

Group leaders are compensated for their work from group funds. They share 25% of group fund interest. Each leader in Ngoi receive approximately 22 500 VND per month. Each leader in Gao-Che-22 receive approximately 25 000 VND per month.

Group leaders are, in both villages, elected by members. These elections are held once every year and they are in both villages conducted through the raising of hands. In Ngoi, we were told that group leaders are selected from people who have experience from leadership. The current group leaders in Ngoi and Gao-Che-22 are both former village leaders and they are trusted and respected by villagers. This implies that in both villages, experience of leadership roles is important if one as a member would want to be elected as group leader. Furthermore, and probably most importantly, in order to be elected group leader, one must be trusted and respected by members.

**Group activities**

Group activities in Ngoi consist of:
- Meeting of the entire group once every three months.
- Subgroup meeting once every month.
- Training courses.

Activities during the meeting of the entire group include assessment of group activities and loan approval. Activities during subgroup meetings include sharing of experience and discussing different issues regarding agricultural production, and asking for advice regarding production plans.

Group activities in Gao-Che-22 consists of:
- Meeting of the entire group once every three months.
- Subgroup meeting “when there is a need for a meeting”
- Training courses.

Activities during the meeting of the entire group include
- Assessment of group activities.
- Leaders inform and teach members of techniques regarding raising and cultivation.
- Discussions regarding, for example, the bylaws of the group.

According to our interviews, the formal member, who signs membership, is the one who for the most part participates in group activities. In Ngoi, more men than women participate in group activities. In Gao-Che-22, 48% of the formal members of the Savings and Credit group are women, which suggests a fairly balanced participation in group activities, from a gender perspective.

Members in Ngoi and Gao-Che-22 regard group meetings and elections as important to participate in. They also stressed that discussions and sharing experience are not only held
during group meetings. This is something they also do outside group meetings, for instance when they visit each other.

**Decision-making**

According to our interviews, members are consulted by leaders on different issues regarding the group.

In Ngoi:
- members are consulted when ways of repaying a loan is discussed.
- members were gathered on one occasion to discuss with leaders the possibility of raising interest.

In Gao-Che-22:
- members are consulted when ways of repaying a loan is discussed.
- members were gathered once to discuss with leaders on ways of managing the compulsory savings of the group.

**Member responsibilities**

In Ngoi and Gao-Che-22, the members of the Savings and Credit group have written bylaws. These bylaws state the responsibilities members of the group have. According to the bylaws of Ngoi and Gao-Che-22, members must support each other, for example when a member fails to repay a loan. The importance of joint liability is something that is stressed by members in both villages, although it is practised in different ways. In Ngoi, the group’s risk fund is used to help members facing difficulties to repay loans. In Gao-Che-22, it seems to be more common that fellow members lend money to members in difficulties, from their own pockets. The risk fund is more commonly used to support other activities, such as the set-up of electric lines and vaccination of cattle. We have never been given an example when the group’s risk fund in Gao-Che-22 has been used to cover the repayment of a loan for a member in difficulties, even though this is perceived as the main function of this fund. Members in both villages gave us examples of when a member had failed to repay a loan. According to the interviews conducted, members do support each other when help is needed.

**Member benefits**

According to group leaders in both Ngoi and Gao-Che-22, all members have equal access to the loans and savings of the group. Our interviews with members in Ngoi and Gao-Che-22 show that:
- Members who previously did not dare to take loans, now feel more secure with the existence of the Savings and Credit group.
- Besides financial services from the group, members appreciate the practical knowledge they are able to attain from training courses.

**Conclusions**

Our study is a qualitative rather than a quantitative one, why we feel reluctant to draw any major conclusions in general. Still, there are some interesting points that we wish to put forward, that could be subject for further studies.

Our impression is that, in Gao-Che-22, membership is more or less compulsory. This is perhaps not a spoken or written rule, but in practise it seems to be very difficult to *not*
become a member. In 1993, when the group was first established, all the villagers became members, and all new villagers since that time have also joined the group. This is interesting since all members have to pay 120 000 VND as an initial saving. There would, presumably, exist members who could not afford this, but if so, we do not know how this problem is being addressed by the group Management Board.

Furthermore, as a result of the fact that all the villagers in Gao-Che-22 are members, our impression is that the group’s main objective is not so clearly separated from village business. This is shown, for instance, in the way that the group’s risk fund is being used, to support the set-up of electric lines, etc., i.e. for village purposes, gaining the entire village. This is not the case in Ngoi, where the group’s activities seem to be more separated from those of the village, since not all villagers are members. However, in both Ngoi and Gao-Che-22, the group is considered to be more than just a financial service, it is also related to production matters.