

PROJECT FACTSHEET

Title of project	SCBF 2012-12: Achieving lasting financial sustainability by setting up a modern risk management system
Country / region	Vietnam / Northern Vietnam
Financial Intermediary	Tinh Thuong One-member Limited Liability Microfinance Institution (TYM) Head Office: Room 304, 20 Thuy Khe - Tay Ho - Hanoi, Vietnam
Competence Centre mandated for execution	FIDES - Financial Systems Development Services AG Rte de la Fonderie 2 - 1700 Fribourg - SWITZERLAND
Overall project budget	CHF 99.610 (10% self-contribution by partner)
SCBF contribution	CHF 89.960 (90% SCBF funding share)
Date of project approval	18.05.2013
Project period	07.2013 until 12.2014
Context	<p>Government interventions and most NGO programs in the Vietnamese financial sector tend to favor basic access to credit rather than full-spectrum financial services. This is particularly evident with the dominant Vietnam Bank for Social Policy and its giant subsidized MSE credit portfolio. Other financial services - savings, insurance or payments - remain unavailable to large segments of the population. Only 21% of adults have access to a bank account. The microfinance sector is still dominated by state actors with around 8.5 million borrowers served by Vietnam Bank for Social Policy and another 4.5 million low-income clients at the Vietnam Bank for Agriculture & Rural Development. In addition, more than 1,000 People's Credit Funds with 1.7 million members are being financed by the state-owned Central Credit Fund.</p> <p>In terms of private sector actors in microfinance, there are only two institutions that reach significant scale: (1) TYM, which operates mostly in Northern Vietnam and (2) the CEP Fund based in the Southern center of in HoChiMinh City with more than 200,000 clients. In 2009, the National Council on Microfinance prepared a draft Microfinance Strategy until 2020. The strategy is supported by a USD 40 million sector loan from ADB.</p>
Current status	In 2008, TYM applied for a license and in August 2010 was the first and currently is still one of only two organizations in Vietnam to be duly licensed as a deposit-taking MFI. TYM is a leading provider of micro-financial services and now serves over 80,000 low income women and their families with micro-enterprise loans, savings facilities and Vietnam's first micro-insurance offerings. TYM also offers important non-financial services, such as financial education, women empowerment and various social support initiatives. TYM received a solid financial rating of B++ from Planet Rating in May 2010. Its social rating (also from Planet Finance in 5/2010) revealed a convincing social mission translated into tangible goals. The vision is shared among all decision-makers and guide their strategic planning. The social rating confirmed that TYM's outreach is quite effective in targeting financially excluded low-income women.
Objective and main activities	The aim of the project is to assist TYM in developing and implementing a sustainable risk management strategy. As a result of the project, TYM should have the strategy, tools and knowledge in place to responsibly expand its outreach to low-income borrowers and depositors. Head office staff in finance and risk functions will receive hands-on coaching and training. Team Leader will develop state of the art metrics and financial forecasting tools for the management of balance sheet exposures. The proposed improvements in financial management practices will be translated into actionable tools and well-documented procedures and TYM counterparts will be extensively coached on their practical application.