

SECTOR BRIEF

FINANCIAL INCLUSION

About GREAT

The Gender Responsive Equitable Agriculture and Tourism (GREAT) program is building the social and economic resilience of ethnic minority women in Northwest Vietnam. GREAT partners with the private sector, government agencies and civil society to unlock opportunities for women's economic empowerment in the agriculture and tourism sectors. Funded by the Australian Government, GREAT is delivered in partnership with the Provincial People's Committees of Son La and Lao Cai provinces. GREAT began in 2017 and is a 10-year program with an investment of AUD 67.4 million.



INCLUSION

makes good business sense for the finance sector

Vietnam is moving towards a more inclusive financial sector, demonstrated through the Government of Vietnam's National Financial Inclusion Strategy, a more pro-poor regulatory environment, and greater prevalence of digital banking solutions among banks seeking to expand their retail customer base - including to those in the agriculture and tourism sectors.

However, despite a sizeable banking system and a well-established microfinance sector, some communities and business groups in Vietnam face challenges when it comes to accessing financial services, with the ability to secure loans or credit often particularly difficult. Women, and women-owned businesses, are frequently among those most excluded from the formal financial system. This impedes their ability to save, borrow, invest or transfer money.

The business case for ensuring greater financial inclusion, particularly for ethnic minority women, is strong and more banks are beginning to recognise that by reaching these and other women they increase their market share and, ultimately, profit. Banks are also recognising that they need to tailor products and services to the specific needs of women-owned businesses. Innovative channels and product design have the potential to create opportunities for the financially-excluded and those that are under-served by financial service providers.



GREAT AND FINANCIAL INCLUSION

Work to date

Between 2017 and 2022, GREAT piloted two financial inclusion programs, one with the Vietnam Bank for Social Policies (VBSP) and one with Fortune Vietnam Joint Stock Commercial Bank (LPBank) (formerly known as Lien Viet Post Bank). Both pilots focused on non-collateral lending in order to address one of the most binding constraints facing women farmers and entrepreneurs. In total, 193 first-time borrowers were able to access loans without collateral. LPBank offered short-term loans (three to four months) to support the seasonal cashflow needs of women producers in targeted agricultural value chains. VBSP offered longer-term loans of a higher value in the tourism and agriculture value chains. Both pilots enjoyed 100% on-time repayment rates.

These two pilot programs demonstrated potential for replication and scale-up, provided the following was in place:



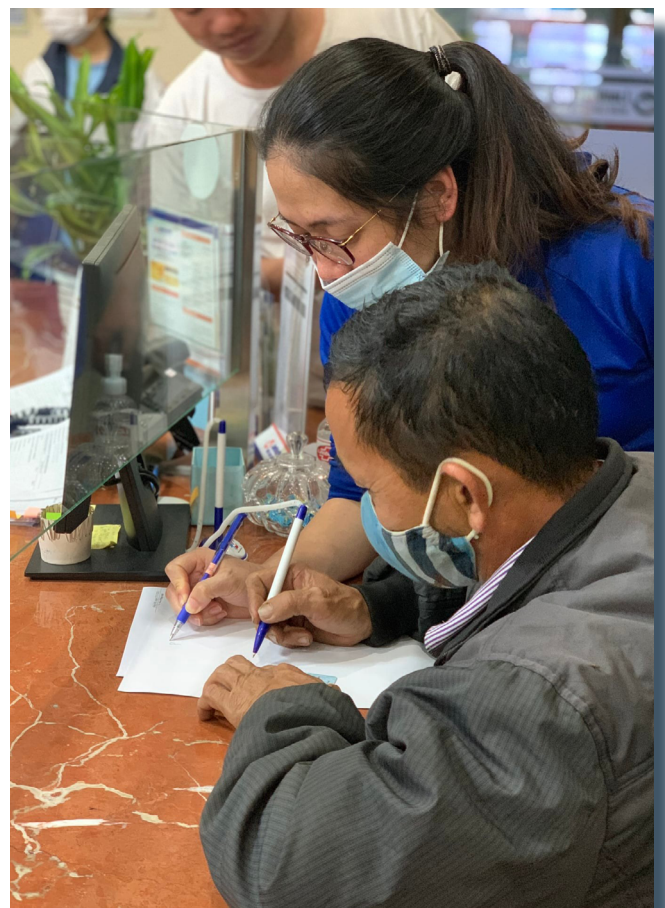
A strong management commitment to adopt inclusive finance models with more competitive interest rates and phasing out of guarantees/support.



Scaling-up the delivery of financial and digital literacy and business planning training to smallholder producers and small business owners, with a focus on women.



Consideration of a graduated approach for households moving from preferential VBSP loans to commercial financial service providers such as LVPB.



Moving forward

With a growing understanding of the barriers to financial inclusion, on both the demand and supply side, GREAT is integrating financial inclusion across its work in agriculture and tourism in Lao Cai and Son La Provinces. The following intervention areas are designed to support financial inclusion across the sectors:



Strengthening of the National Target Program Socio-Economic Development in Ethnic Minority Areas New Rural Development Financial Policy

GREAT aims to unlock significant government funding made available by Decree 28/2022/ND-CP which provides for up to VND 100 million of preferential lending for poor households and VND 2 billion for those enterprises with a minimum of 70% of ethnic minority employees. Administered by VBSP, the preferential loan scheme targets borrowers in sectors and value chains prioritised by each province. GREAT will provide technical assistance to strengthen coordination mechanisms between VBSP and line departments including DARD to support implementation of the Decree and expand access to preferential lending amongst disadvantaged ethnic minority women.



Tailored lending products in value chains important to ethnic minority women

GREAT is working with a number of commercial banks to adapt and expand the outreach amongst ethnic minority women of existing loan products. With a focus on targeted tourism and agricultural value chains, GREAT is supporting partners to assess and tailor financial products, including cash flow-based products, to the needs of ethnic minority women producers and cooperatives. The program will work to improve coordination amongst key stakeholders and in developing innovative tripartite alliances between borrowers, banks and lead firms including input suppliers, processors and tour operators.



Building savings capacity and tailored saving products

GREAT is supporting financial service providers to encourage more robust savings behaviour amongst ethnic minority women as a means of strengthening their financial security and resilience to shocks. Many saving products remain targeted towards larger, urban-based savers and the focus of intervention is on tailoring and marketing key products to meet smaller, regular savings needs of ethnic minority women. Support is leveraging the growing availability of technology, smart product design and innovative distribution platforms which offer potential to facilitate better savings behaviour amongst ethnic minority communities.



Building demand-side capability and financial literacy

GREAT is supporting all its financial service providers to enhance the quality and accessibility of financial literacy services for ethnic minority women. This includes building the capacity of the Women's Unions to provide sustainable financial literacy training services for ethnic minority women to those banks. Working with both Women's Union partners and the training departments of respective banks, GREAT is working to help them improve and institutionalise financial literacy toolkits – including mobile apps – and training-of-trainers investments that cover:

- Improving basic financial literacy among borrowers, potential borrowers and savers.
- Improving skills in income and expense management; financial record-keeping and financial management; and business and production management to position ethnic minority women borrowers as more 'bankable' and strengthen loan applications.
- Building trust in formal lenders among potential borrowers and their confidence in engaging with these institutions.

PARTNERS

GREAT will work with VietED Center, state-owned banks (such as Vietnam Bank for Social Policies and Agribank), other financial institutions and Women's Union to build and strengthen financial inclusion in the agriculture and tourism sectors. As the lead technical co-facilitator, VietED Center will:



KEY EXPECTED RESULTS



More and better value chain and/or cashflow tailored lending products targeting ethnic minority women are available, promoted and accessed

Safe, convenient and appropriate savings products are developed that target the savings needs and practices of ethnic minority women

Increased disbursement of preferential lending amongst ethnic minority women based on improved operational guidance and collaboration in the operationalisation of Decree 28

Enhanced financial literacy amongst ethnic minority women resulting from improved training services, toolkits and technologies linked to bank product provision



Cross-cutting element of financial inclusion

GREAT has identified financial inclusion as a priority across both the agricultural and tourism sectors, with the challenges and opportunities in relation to access to finance evident across both. More inclusive access to finance is also key to promoting women's entrepreneurship and improving digital inclusion across the communities and businesses, including those that are women-owned within agriculture and tourism in Lao Cai and Son La Provinces.



Contact information

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