

# The nature of NGO microfinance in Vietnam and stakeholders' perceptions of effectiveness

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## **Abstract**

*The microfinance industry in Vietnam, particularly those sponsored by non-government organisations (NGOs), has experienced rapid expansion in recent years. While there have been anecdotal reports alluding to their contribution in alleviating poverty, a systematic analysis of this issue has been lacking. In a bid to help address this shortcoming, this paper reports on data that was obtained during a survey and interview process that incorporated various stakeholders including financial donors, NGO-sponsored microfinance institutions (NMPs), village leaders and NMP members and non-members. Firstly, the nature of NMPs is described - their objectives, target groups and the financial products they offer. Secondly, perceptions of NMPs effectiveness are discussed from the standpoint of various stakeholders. NMPs are found to be at a critical juncture. While their activities are widely perceived to contribute to poverty alleviation, their future viability is clouded by donor requirements that they become financially self-sufficient. At the same time, certain government policies make achieving this goal very difficult.*

**Key words – Microfinance, NGO, Vietnam, perceptions, effectiveness**

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