

VANWODS MICROFINANCE



Impact Assessment December 2010

by

Vanessa Suen (Consultant, VANWODS Microfinance) and Patricia Fred (Strategy, Communications and HR Manager, VANWODS Microfinance)

Acknowledgements

This impact assessment was made possible through funding from the Australian Agency for International Development (AusAID) with particular thanks to Anna Naupa and Nick Cumpston for their support. Many people made substantial contributions to this report through the collection of data, contributing to analysis and sharing of opinions. In particular, I would like to thank Patricia Fred, who was involved with every step of the impact assessment process and whose cultural insight and knowledge of VANWODS has proven to be invaluable; John Salong for his support and advice; every member of the Operations team who allowed us access to members during their busy collection schedules; and the Administration team who assisted with access to financial data.

Most of all, I would like to express my gratitude to the almost five hundred members of VANWODS who took time out of their day and gladly sat down for a storian when we approached them to be part of the impact assessment. It is hoped that this report will improve services for them and allow VANWODS to sustain the growth that has occurred since 2007.

Vanessa Suen
December 2010

Table of Contents

Executive Summary	1
1 Introduction	5
1.1 Background	5
1.2 Purpose of the Impact Assessment.....	6
1.3 Methodology and Process	6
1.4 Tools and Data Sources	7
1.5 Samples and Participants	8
2 Impacts	9
2.1 Member Profile	9
2.2 Savings and Credit	12
2.3 Business	15
2.4 Education.....	20
2.5 Personal, Household and Social Impacts.....	22
2.6 Top Impacts.....	23
2.7 Non-members	25
2.8 Resigned Members.....	26
2.9 MicroPeps.....	27
2.10 Seasonal Employee Finance	27
2.11 Overview of New VANWODS Members in Malekula.....	28
2.12 Overview of New VANWODS Members in Tanna.....	29
3 Looking Forward	32
3.1 Members' Aspirations	32
3.2 Recommendations.....	33

Supplementary Annexes

Annex 1	List of Centres Visited
Annex 2	VANWODS Member Interview and Survey Tool (Port Vila)
Annex 3	VANWODS Member Interview and Survey Tool (Santo)
Annex 4	VANWODS MicroPeps Member Interview and Survey Tool
Annex 5	VANWODS SEF Member Interview and Survey Tool
Annex 6	VANWODS Resigned Member Interview Tool
Annex 7	VANWODS Non-Member Interview Tool
Annex 8	Survey Data

Executive Summary

Background

VANWODS has been delivering microfinance services to women since 1996. In 2008, control of the organisation was handed over to the current ni-Vanuatu management team, and the organisation has seen exponential growth, with new offices opening in three different locations and several new products and initiatives introduced. VANWODS today serves more than 5000 members with 156 million vatu collected in savings and 21 million vatu in outstanding loans.

The first impact assessment was conducted on VANWODS by World Education Australia in 2007. This follow-up was undertaken in order to assess the impacts of VANWODS services on the lives of members in light of all the organisational changes, and to inform the future development of VANWODS through client feedback on products and processes. A secondary objective was to develop capacity at VANWODS so that future impact assessments could be conducted using resources within the organization.

Methodology

The impact assessment methodology used a combination of qualitative methods (member interviews/surveys, focus group discussions and feedback from stakeholder workshops) and quantitative methods (data analysis from the management information system and other sources) with a randomised sample of VANWODS members, plus some non- and resigned members. There were 434 participants of the impact assessment in total, comprising detailed surveys with 376 regular members, 14 MicroPeps members, 14 SEF members, 9 resigned members and 21 non-members. Baseline data was also collected from Malekula and Tanna but not used for the purpose of this report.

Member profile

The profile of a typical VANWODS member is based on data from members of the Port Vila and Santo offices. A typical member is aged 42, married with four children, lives in a tin house and has been a VANWODS member for 3 years. The member's monthly household income is around 60,000vt.

Compared to the typical member profile of members around the Port Vila area in 2007, there has been an increase in the total household income and per capita income. There has also been a shift towards brick and tile housing, and away from tin and temporary housing.

Savings and loan profile

The average member savings is 36,038vt with members typically saving 9,294vt per year. Most members take out two loans per year, with a total loan amount of 51,720vt per year. Newer members naturally have fewer saving and so take smaller loans than longer-term members.

Compared to the savings and loan profile in 2007, the total savings balance and savings made during the year has fallen. However, the total loan amount withdrawn during the year has also decreased, indicating a decrease in loan pressure for each member.

Loan uses

46% of loans are used for productive purposes (income generation) and 56% are used for non-productive purposes. The most common loan uses are: solar lights (17.5%), retail store (15.3%) and education (14.1%). Loans are used for a wide variety of purposes, with 18 different types of businesses supported, and a range of household/family needs. Only 6% of members interviewed stated that they accessed loans from other sources. 4% borrowed from family and friends for an average amount of 11,000vt. A further 2% used banks to access bigger loans, with an average amount of 450,000vt.

Business impacts

Members cited having a business as one of the main impacts from their participation in VANWODS. The majority of members claimed that they did not have a business before joining VANWODS. Members also consistently stated that VANWODS has helped their business through loans, that they were able to extend their premises and sell new products. A common statement, even from non-members, was that VANWODS has helped mamas "wake up" and open their minds to business.

Members engaged in 36 different kinds of businesses, with the most common being retail store followed closely by selling fruits and vegetables at the market. Other common businesses include: nakamals, cutting copra, road market, baking, food sales, handicrafts for tourists and sewing. However, the most profitable businesses are the ones where there is less competition, including a single member who owns a clinic (monthly profit of 410,000vt), another who sells timber (152,000vt) and 10 members who own transport vehicles (152,100vt.)

The monthly profit of a typical VANWODS member is 24,000vt. Only 2 members claimed to be making a loss in their business. The most commonly cited problem with their business was customers paying on credit, and then refusing to make their repayments. Other common constraints include commitments to family or kastom, and the lack of customers or an unstable customer base. Only 3% of members interviewed claimed that competitors were a problem with their business and further 34% of members could not name a constraint or indicated that everything was going well with their business.

Compared to 2007, there has been an increase in monthly profits, and in the number of businesses undertaken by members.

Education impacts

Members cited the ability to send children to school as the biggest impact of participation in VANWODS. However, this is not supported by survey data which over the past three years showed a decrease in the number of boys attending primary and secondary school and no change in the amount of girls attending secondary school. There was a 3% increase in the amount of girls attending primary school.

Personal, household and social impacts

Members were asked if there had been an increase, decrease or no change since 2007 across a range of personal, social and household factors. The majority said that there was no change in their sanitation situation, nutrition or access to health services. There was also no change in technical skills, and members indicated they would like more training.

Increases exists in most other areas, particularly in their self-belief and general level of confidence, in the respect that they gained from their husbands, and in members helping other members, with both household and business matters. 93% of members cited that there had been an increase in their overall well-being while 7% of members claimed that there had been no change.

One reason why members said they were more confident was because VANWODS now provided them with access to finance, and that knowing they have savings and ready access to loans made their lives easier. Members also said that their management skills have increased, and that they now know how to run a business. One comment that came up repeatedly was that mamas' minds are now open, before they just used to stay at home but now they are working hard and constantly thinking about how to do business.

Resigned members and non-members

Of the resigned members who were interviewed, most resigned for personal reasons and said they would join again once their personal situations were resolved. One member is employed and said she was unable to faithfully attend centre meetings. One member joined for a loan to begin her business, her business is now going well and she wants to transition to a formal bank account. Another member resigned because of discrepancies between her passbook and the management information system.

Female non-members who were interviewed gave various reasons for why they had not joined VANWODS but the majority said they would join if they had a need in the future. However, two women with successful businesses stated they would not join because they are happy with their flexibility of their bank accounts and are certain that the current VANWODS product would not suit their needs.

Men are very positive about VANWODS, they praised the businesses begun by women and said it was good that they are earning more money. Community leaders who were interviewed also said that VANWODS has made big improvements in the lives of women, through helping the financial future of families, allowing children to go to school, and changing the culture of women to focus their minds on business. They also noted that women now seem more self-reliant and are more self-confident.

MicroPeps

Of the MicroPeps members interviewed, their average loan size is 20,000vt and the average member has made savings of 17,330vt. Savings has increased by 1,580vt since 2007 and loan size has decreased from 35,000vt.

Two thirds of members also have bank accounts, and one third uses the bank to withdraw loans. These loans are typically over 50,000vt. Most MicroPeps members said they joined VANWODS for educational loans and to pay for household needs. All members appreciated the access to small funds for these uses, but indicated they would use the bank if they wanted access to bigger loans.

Seasonal Employee Finance (SEF)

Of the SEF members who were interviewed, all said that VANWODS had made a big impact on their lives. They felt like they had no other loan sources and would not have been able to go on the RSE scheme without VANWODS. They appreciated the training they received from VANWODS before they went to New Zealand, which some said they also taught to their families. While overseas, they learnt how to manage income and expenses. On their return, they contributed to the community through helping to build churches and the purchase of solar panels.

However, when interviewing members of the Solidarity Microcredit product, some said that the SEF product created problems with families. More investigation should be made into this issue.

Members' aspirations

Members indicated a desire to improve their lives in a range of ways, including: more training to improve their businesses; improved housing and their own land; improvements in the level of sanitation; assistance with access to water; improvements in education levels; more respect and support from the community and an increase in the level of community cooperation; a centre house to use for VANWODS meetings; and an improvement in youth employment.

Members' recommendations

Members made the following suggestions regarding existing VANWODS products: increase repayment period to 2 weeks for loans; increase loan size; extend loan term for larger loans; introduce a grace period for business loans; reduce interest rate for loans and increase interest rate for savings; and make pledge savings flexible. They also suggested the following new initiatives: provide business management and financial literacy support to members; assist centres with building a centre house; provide other products to make life easier; and make a product for young people. Resigned members asked to rectify discrepancies between passbooks and savings information from the office system, which was a complaint that also arose from Solidarity Microcredit and MicroPeps members. Non-members made recommendations such as helping to find export channels for members to other countries, and VANWODS providing assistance with a community business. MicroPeps members also asked to reduce the interest rate on loans, for training to be provided within MicroPeps centres, and for members to be more involved in VANWODS activities such as on VANWODS Open Day. SEF members wanted to continue their association with VANWODS and asked if they could now access individual loans for lands and businesses.

Recommendations of Impact Assessment team

The following are the key recommendations of the impact assessment team, based on field observations, workshops, discussions and analysis of data: finish implementing the management information system as a matter of priority; address member concerns about extending the loan repayment period or reducing interest rate on loans; make better use of centre meeting times by doing awareness raising or providing training; engage with the community so that respect for members increase; and conduct regular client feedback exercises.

1 Introduction

This chapter provides background on the impact assessment, including purpose, methodology, tools and data sources, and the sample used.

1.1 Background

VANWODS (Vanuatu Women in Development Scheme) started in 1996 as a pilot project under the Department of Women's Affairs, with financial and technical support from the UNDP and other sponsors. From 1997 until 2003, VANWODS operated as a beneficiary-owned NGO that provided microfinance services to disadvantaged women, using a modified Grameen Bank methodology. During this period, VANWODS was heavily subsidised and had limited outreach, providing services to approximately 700 members in the Port Vila area.

An important year for VANWODS occurred in 2003, when the government and UNDP were forced to choose between reinvesting in VANWODS and dissolving the organization entirely. The decision was made to register VANWODS as a microfinance institution under the Charitable Associations Act of Vanuatu and to contract Punla sa Tao, an NGO in the Philippines specializing in microfinance capacity building, to oversee the revitalization of VANWODS. From 2003 until 2007, VANWODS growth was tremendous, with the number of members increasing to almost 3000, and the value of savings growing from 15 million at the end of 2003 to 73 million at the end of 2007.

Punla sa Tao were contracted for a period of four years, with the final year spent transitioning to a local ni-Vanuatu management team. The formal handover occurred in March 2008, with new Managing Director John Salong beginning to oversee operations, key management staff having undergone internships with microfinance institutions in the Philippines, and a new Board of Trustees constituted in July 2008.

Under its new management team, VANWODS continued its trend of strong growth. In 2007, services were offered beyond the Port Vila area for the first time. Centres were established in North Efate and the first VANWODS branch office was opened in Santo. Other offices opened soon after in Malekula (May 2009) and Tanna (November 2010). Several new products were launched including Seasonal Employee Finance to assist RSE workers going to New Zealand and Australia; Solar Lights, which provide lamps powered by solar energy to members that they could repay through VANWODS loans; Public Transport, which gives access to VANWODS financing for all transport owners; and the VANWODS Sandalwood Program, which will see VANWODS providing sandalwood seedlings to members which they can then use as capital for bigger business loans in the future. VANWODS began to provide business development services through workshops held at centres and financial literacy programs are still run on Radio Vanuatu. Agreements have been signed with TVET in Santo and Malekula to provide training to members, and this began in Santo where TVET organised training sessions on growing sandalwood that was run by the Department of Forestry.

VANWODS has also begun to accept male clients over the past 3 years. Men are able to access the MicroPeps, SEF and Public Transport products. They are also allowed to join Solidarity Microcredit centres, provided they are invited by the women, they are not allowed to hold centre officer positions, and that each centre only has maximum of 5 male members.

The following is a summary of the VANWODS portfolio as of November 2010¹:

- Number of clients: 5514
 - Port Vila: 2789
 - Santo: 1651
 - Malekula: 1074
- Number of clients taking out loans: 4085
- Total savings: 156 million vatu
- Value of loans outstanding: 21 million vatu
- Total loans released since 1996: 810 million vatu

The first Impact Assessment on VANWODS was conducted in 2007 by World Education Australia, with funding for the study being provided by AusAID. Due to the many organisational changes in the succeeding three years, there was an interest from both internal and external stakeholders to see if the lives of members have also been affected. Additionally, VANWODS wanted to bring future impact assessments in-house and to conduct them on a more regular basis, as part of its commitment to continuous improvement. AusAID again provided a grant to VANWODS to fund this impact assessment

1.2 Purpose of the Impact Assessment

There are two primary purposes for this impact assessment:

- to assess the impacts of VANWODS services on the lives of members, especially in light of all the organisational changes since 2007; and
- to inform the future development of VANWODS through client feedback on VANWODS products and services.

A secondary objective was to develop capacity at VANWODS so that future impact assessments could be conducted using resources within the organization.

1.3 Methodology and Process

This impact assessment is largely based on the methodology derived by World Education Australia when conducting the VANWODS Impact Assessment 2007. Analysis was conducted using a combination of qualitative (member interviews/surveys, focus group discussions and feedback from stakeholder workshops) and quantitative (data analysis from the management information system and other sources) methods with a randomised sample of VANWODS members.

Changes over time were assessed through cross-sectional data (comparing new members with older members); recall data for centres in Santo and North Efate (comparing the present with 3 years ago) and comparing data collected from Port Vila centres in 2007.

¹ Data for the new office in Tanna is not included in these figures.

Research tools were based off the surveys developed by World Education Australia in 2007. The surveys were rewritten in Bislama and several changes were made in acknowledgement of cultural issues. A core team of VANWODS staff members were briefed at the beginning of the project and their input sought on affirming the purpose and scope of the impact assessment, the sampling method, the design of survey tools, and the outputs expected. Updates were regularly provided to the management team with their feedback taken on any issues. Consultation with stakeholders and centre chiefs were done during centre chief meetings and the annual stakeholder forum, to raise awareness of the impact assessment and to involve them in the process. Results and findings will be presented in future centre chief meetings.

Surveys were incorporated into focus group discussions (comprising of 5-member groups) for ease of data collection. Two local enumerators were used to conduct the survey, comprising of one consultant and one VANWODS staff member. The survey was field-tested and revised once, and the VANWODS staff member monitored and mentored, before full-scale implementation of the data collection process. In order to minimize disruption to member schedules, interviews/surveys were conducted during regular centre meetings.

Data was entered into a spreadsheet and statistical analysis was performed using Excel, so that staff involved in future impact assessments do not need to undergo a learning curve with new software.

Patricia Fred, the VANWODS Strategy, Communication and HR Manager, was involved in every step of the impact assessment. She collaborated with developing surveys, interviewed clients, assisted with analysing data and offered conclusions drawn from data analysis. Sufficient human resources capacity was developed for VANWODS to undertake future impact assessments in-house, in addition to the database and survey tools.

1.4 Tools and Data Sources

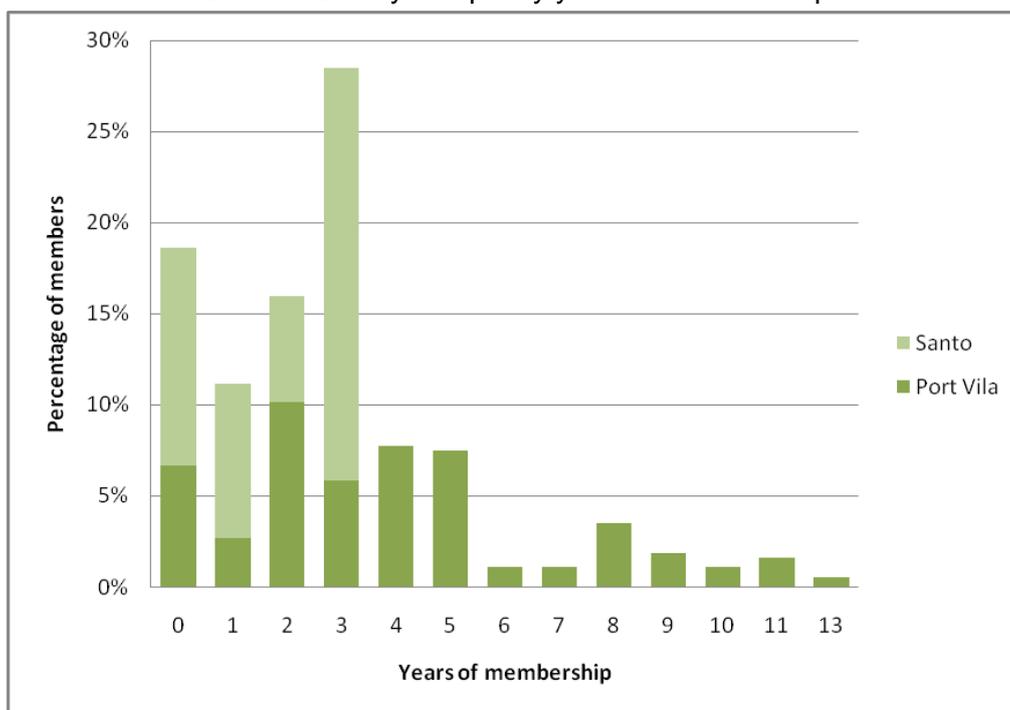
The following evaluation tools and data sources were used to undertake the impact assessment:

1. Desk review
Review of existing studies and documents, the management information system and assorted other financial data sources.
2. Member group interviews/surveys
Group interviews/surveys were conducted with one group of 5 members in each of 74 centres. The selection of centres was done on a random basis to ensure the sample comprised members with different characteristics (rural/urban location, old/new centres, and different wealth levels) in proportions that are broadly representative of the overall program. Within each centre, groups of five members were randomly selected.
3. Resigned members and non-member interviews
Brief interviews were also held with a small number of resigned members and non-members to obtain their views and opinions on VANWODS and its impacts.

1.5 Samples and Participants

The primary sample consisted of 376 current members using the Solidarity Microcredit product. 192 members belonged to the Port Vila office, including 32 members from centres in North Efate. 184 members from the Santo office were interviewed, including 34 members on Malo. Of the Santo interviewees, 4 are male clients using the Solidarity Microcredit product.

Chart 1: Survey sample by years of membership



The secondary sample comprised representatives of a range of groups, and was used mainly for qualitative data collection and feedback. This comprised:

- 14 MicroPeps members
- 14 Seasonal Employee Finance (SEF) members
- 9 resigned members
- 21 non-members

Baseline studies were also conducted in Malekula and Tanna but the data was not used for analysis, given that the offices were only recently opened and have not had enough time to impact the lives of members. All information gathered will be used for comparative purposes in future impact assessments. An overview of this information is provided in Chapter 2 of this report.

2 Impacts

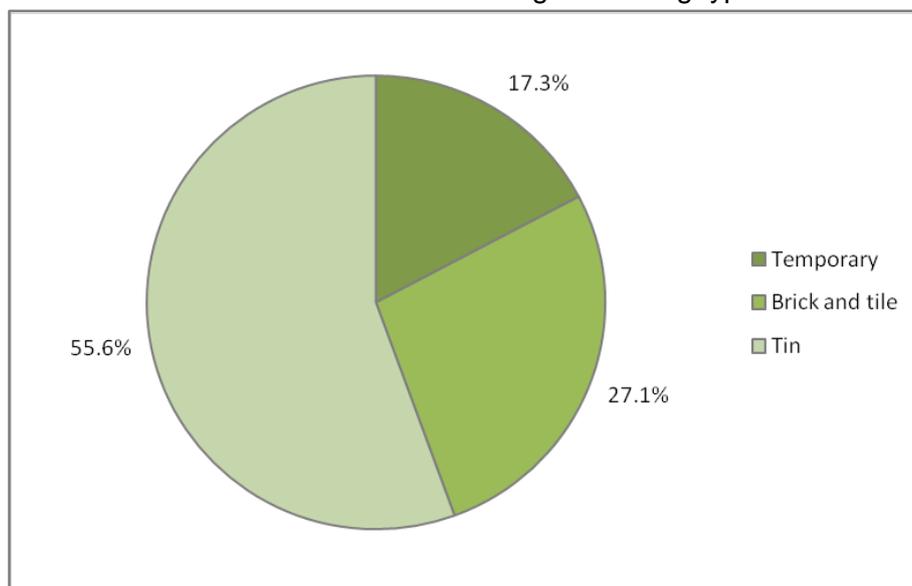
This chapter summarizes the main findings of the study. It presents a typical member profile and compares this to the member profile that was developed from the impact assessment in 2007. Other impacts presented are observed in the areas of savings and credit; business; education; and personal, social and community impacts. Also shown are views of non-members, resigned members, MicroPeps and SEF members.

2.1 Member Profile

A typical member profile based on data collected from 376 clients from the Port Vila and Santo offices is presented below:

- Age: 42
- Length of membership: 3 years
- Number of children: 4
- Number of members in the household: 6
- Number of income earners in the household: 2
- Total household income for the month: 60,000vt²
- Per capita income: 393vt per person per day.
- Housing type: tin house

Chart 2: Members according to housing type



The chart shows that the majority (55.6%) of members lives in tin housing. Close to a third of members interviewed (27.1%) live in brick and tile housing, while the minority lives in temporary housing (17.3%).

² All average income and expenditure data used in this report is based on median rather than mean figures. Mean figures may have a heavy upward bias due to a small number of very high cases, and the median more accurately represents the situation of a typical member.

Typical Member Profile Disaggregated by Location

Some significant differences were noted when disaggregating the typical member profile data by location. These are shown in the table below:

Statistic	Port Vila	Santo
Age	43 years	41 years
Length of membership	4 years	2 years
Number of children	4 children	4 children
Number of members in the household	6 people	6 people
Number of income earners in the household	2 earners	2 earners
Total household income for the month	64,000vt	55,000vt
Per capita income (per person, per day)	389vt	422vt
Housing type	Tin	Brick and tile

Santo members are 2 years younger on average than Port Vila and North Efate members. The Santo office opened in 2007, so the average length of membership is naturally shorter. Total household income is lower at 55,000vt per month but per capita income is higher at 422vt per day. Most members from the Port Vila office live in tin housing but the majority of Santo members live in brick and tile housing as shown in the charts below:

Chart 3A: Port Vila and North Efate members according to housing type

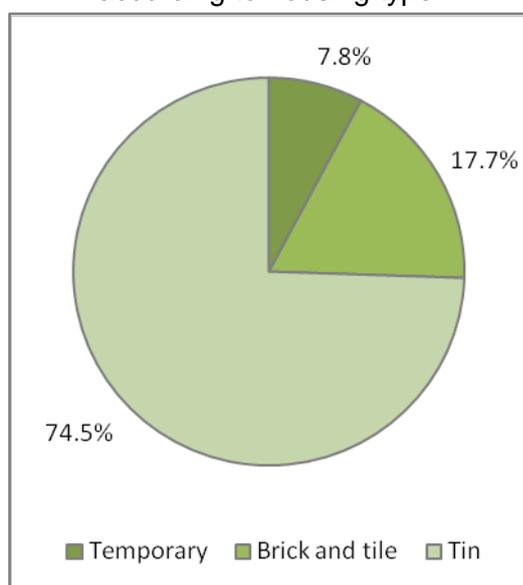
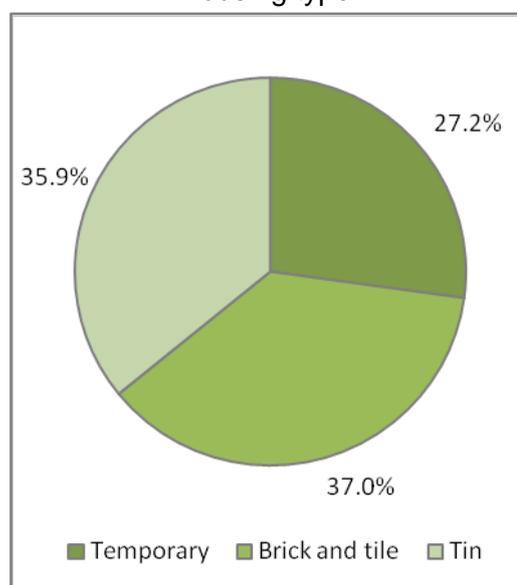


Chart 3B: Santo members according to housing type



The overwhelming majority of Port Vila members reside in tin housing but more than twice the amount of members interviewed live in brick and tile rather than temporary housing. In Santo, there is a more equal split between brick and tile, tin and temporary housing. A slim majority of members reside in brick and tile housing with the smallest percentage living in temporary housing.

Comparison to the Typical Member Profile in 2007

An analysis was conducted of data collected specifically from members in centres around the Port Vila area to obtain a meaningful comparison to the typical member profile developed by the impact assessment in 2007. These results are summarised below:

Statistic	2007	2010
Age	40 years	43 years
Length of membership	2 years	4 years
Number of children	4 children	4 children
Number of members in the household	6 people	6 people
Number of income earners in the household	2 earners	2 earners
Total household income for the month	65,000vt	68,800vt
Per capita income (per person, per day)	373vt	404vt
Housing type	Tin	Tin

A notable difference between the typical member profiles in 2007 and 2010 is that the average years of membership has doubled, which shows that mamas are demonstrating more faithfulness with VANWODS. The total household income and per capita income has also increased, by 6% and 8% respectively over the past three years. Tin housing remains the most common type of housing material, but there has been a change in the percentage of members residing in temporary and brick and tile housing, as shown in the charts below:

Chart 4A: Port Vila members according to housing type in 2007

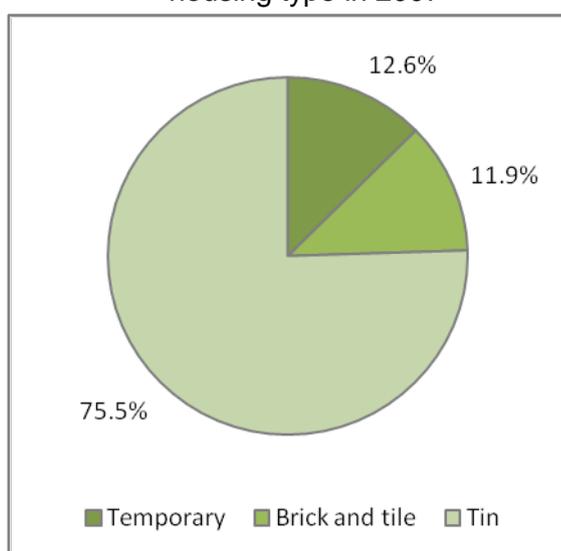
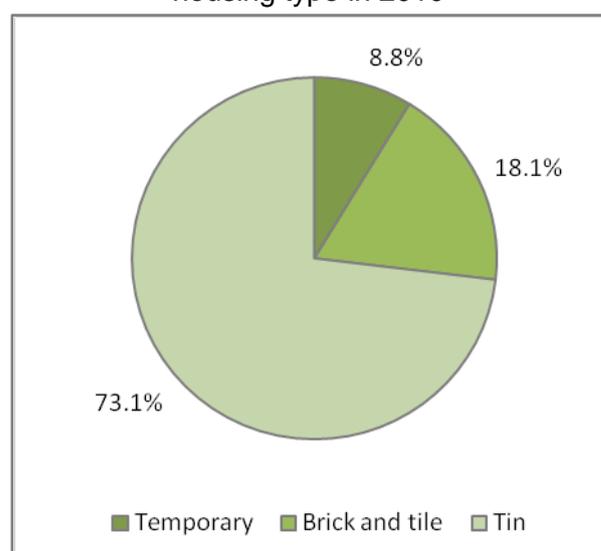


Chart 4B: Port Vila members according to housing type in 2010



While there has only been a small decrease in the amount of members living in tin housing, there has been a 6% increase in the amount of members living in brick and tile housing, with a 4% decrease in the amount of members living in temporary housing.

Reasons for Joining VANWODS

When asked why they joined VANWODS, the overwhelming majority of members said that they wanted to help their families, whether this is through improving their homes or accessing loans for education. Few members interviewed could state that they joined VANWODS for a specific loans or savings purpose.

The most commonly cited reasons for joining include:

- Using savings or loans to pay school fees
- Taking out loans to begin small businesses; and
- Using savings or loans to buy things for the house or to make home improvements.

Since 2007, VANWODS has stopped putting pressure on members to continually take out new loans. A former policy to pay bonuses to Accounts Officers for reaching loan targets is no longer in place. The emphasis instead has shifted to the importance of savings. In Santo, when asked if they joined VANWODS to access loans or savings, almost twice as many members said that they joined VANWODS to make savings rather than to take out loans. One member said that she has a bank account and will continue to take out loans from the bank, but will use VANWODS to make savings every week.

2.2 Savings and Credit

The savings³ and credit profile of a typical member is provided below:

- Savings balance: 36,083vt
This comprises of 26,418vt in pledge (compulsory) savings and 9,664vt in flexi (voluntary) savings.

Longer-term members naturally have a higher savings balance than new members.

- New members: 9,881vt
- < 2 years: 23,563vt
- 2-4 years: 44,156vt
- > 5 years: 51,917vt

- Total savings per year: 9,294vt
This comprises of 6,913vt in pledge savings and 2,381vt in flexi savings.

A trend emerges when examining cross-sectional data. Older members were found to make less savings during the year. VANWODS' policy is to allow withdrawals from a member's pledge savings once they reach 37,500vt which allows them to borrow the maximum loan amount of 150,000vt. This suggests that members maintain their pledge savings at 37,500vt but tend to make withdrawals from their savings if they have more than this amount.

³ Savings information is based on data from 266 members only. This was due to problems with trying to extract data from the VANWODS management information system. Savings information was obtained from all 184 clients of the Santo office but savings data was only collected from 82 members of the Port Vila office.

- New members: 9,881vt
 - < 2 years: 15,279vt
 - 2-4 years: 11,012vt
 - > 5 years: -11,335vt
- Number of loans per year: 2
Disaggregating this by location, Port Vila members take out 2 loans on average per year but Santo members only take out 1.
 - Total loan amount per year: 51,720vt
This amount varies considerably by length of membership.
 - < 2 years: 30,499vt
 - 2-4 years: 57,423vt
 - > 5 years: 87,279vt

Comparison to the Savings and Credit Profile in 2007

Some differences were observed when comparing the savings and credit profile developed in 2007 to the one in 2010. These are summarised below:

Statistic	2007	2010
Savings balance	44,626vt	40,605vt ⁴
Total savings per year	19,171vt	5,086vt
Number of loans per year	2	2
Total loan amount per year	87,770vt	76,063vt

Though members in Port Vila are saving less per year than they were in 2007, the average amount taken out as loans for the year has also fallen by over 10,000vt. This reflects the change in VANWODS policy to reduce pressure on members to take out loans.

Usefulness of Savings

Some common themes emerged when members were asked if they thought VANWODS savings had been helpful for them.

- Savings are good for the future, in case they need money for school fees or if they want to save up and buy things for the house.
- Mamas have their own money now if they need to buy food or pay for electricity bills, before they had to stand behind their husbands.
- Before, they were "spending kranke" and money was coming in one hand and going out the other. Now they are saving and can manage their financial situation better.

⁴ Due to the small sample size available for Port Vila members and the presence of a few very extreme amounts, the decision was made to use median rather than mean figures when obtaining savings information.

Most members viewed savings as a base of their own money that they could decide on how it would be used, though it would most likely still be used for their family. The VANWODS savings product also encouraged them to be more disciplined and improve their management skills.

Loan Uses

VANWODS does not only provide loans for income-generating activities, though it is a policy for all members to use their first loan to invest in a business. Based on the last 3 loans taken by members for the past year, 46% of all loans were used for business and 54% were used for non-business activities. The following is a breakdown of loan use by all members:

Business activities	% of all loans
Retail store	15.3%
Nakamal	5.4%
Baking	4.3%
Cooking	4.2%
Sewing	4.2%
Market	4.0%
Handicrafts	3.1%
Peanuts	1.2%
Ice blocks & ice cream	1.0%
Sale of single food items	0.7%
Cigarettes	0.5%
Agriculture (copra, cocoa)	0.3%
Fishing	0.3%
Refill Cards	0.3%
Transport	0.3%
Selling timber	0.2%
Poultry	0.2%
Second hand clothing	0.2%
Sub-total	46%

Non-business activities	% of all loans
Solar light	17.5%
Education	14.1%
Household assets	5.7%
Housing improvement	5.6%
Personal	4.2%
Christmas loans	3.6%
Business license	1.6%
Kastom ceremonies	1.2%
Deposit for land	0.3%
Paying bills	0.3%
Sub-total	54%

In comparison to 2007 data (where 60% of loan uses were for business activities with the remaining 40% used for other purposes) there has been a shift towards taking out loans for non-income generating activities. The 2010 figure is higher due mostly to the VANWODS Solar Light Product where members had the option to purchase solar lights through a loan. VANWODS has plans for releasing other products such as stoves and water tanks, using the same repayment method. Members also believed that non-business loans could improve their standard of living:

- VANWODS has made a big change in my life. Before, I tried to repair my house for 15 years. When VANWODS came, I took out a loan and finished within 2 years.

Other Sources of Capital

Members were asked if they could take out loans from other sources. Loans were defined as money which has to be repaid, and not money which was given as gifts.

- 94% of members interviewed said that they only used VANWODS.
- 4% of members said that they would borrow from family and friends. However, this figure is likely to be underrepresented as the definition of loans in the survey exclude the cultural practice of giving money to a relative when it is needed and then expecting them to reciprocate the favour at a later time. The average amount that these members loan from family and friends is 11,000vt and used for school fees or the other occasional need.
- 2% of members have used loans from banks. The average amount that they loan for is 450,000vt which is well above the loan amount possible at VANWODS. This money is used either for businesses, buying land or building a house.

When asked about the benefits of VANWODS, one that is commonly stated is that it provides access to finance which members could not do through banks. They claim that banks have too much paperwork and require collateral before providing loans. Members enjoy the support provided by VANWODS and many were adamant when stating that they did not access loans through any other source.

2.3 Business

One of the most common reasons given for why members wanted to join VANWODS is the ability to use loans for beginning a small business. Some typical responses are provided below about how VANWODS has made an impact on businesses of members:

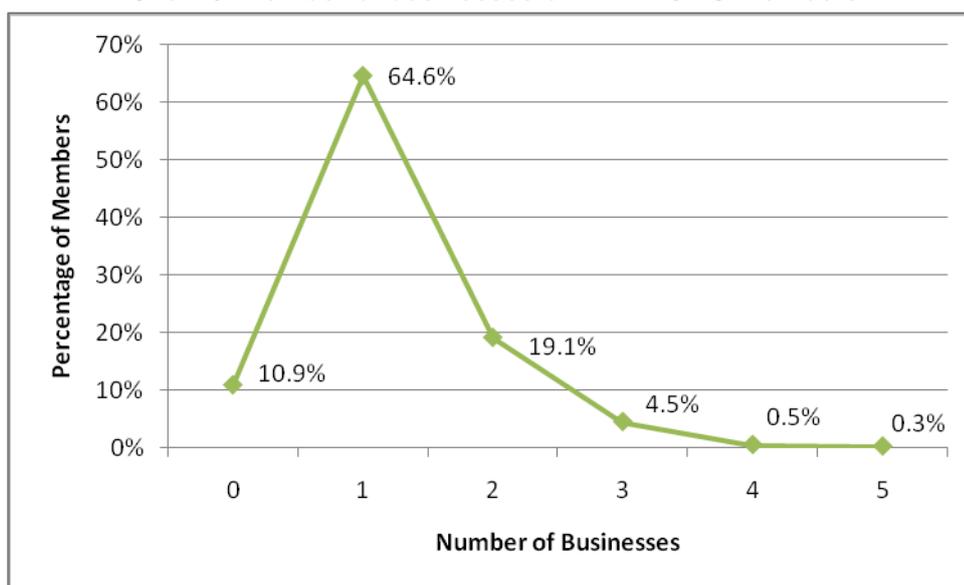
- My business begun with VANWODS.
- VANWODS has made my business stronger, before I used to sell out of my kitchen but now I have extended my store and am making a big profit.
- VANWODS has opened our minds to business. Before we only stayed at home, now we are always thinking about new ways to do business.

The majority of members claimed that they did not have a business before joining VANWODS. Members also consistently stated that VANWODS has helped their business through loans, that they were able to extend their premises and sell new products. A common statement, even from non-members, was that VANWODS has helped mamas "wake up" and open their minds to business. Before, mamas only stayed at home but now they are constantly thinking and discussing with their fellow members about how to do business.

The business situation for the VANWODS' members interviewed is as follows:

- The typical member has a single business. The maximum number of businesses is 5, and the minimum number was 0. Of the members without a small business, 4% were employed but another 7% depended on other income sources. The chart below demonstrates the spread of businesses amongst members:

Chart 5: Number of businesses of VANWODS members



- The monthly profit of a typical VANWODS member is 24,000vt. It should be noted that 15% of small businesses were jointly owned by the wife and husband. There was less of a sense of a "woman's only" business, particularly for members in Santo.
- Basic profitability analysis was included within the survey. Only 2 members said that they were making a loss on their business. However, members seemed to display a lack of understanding with financial records for their businesses, and had to be walked through obtaining their income and expenditure figures before determining their profit.
- When asked about their primary or secondary businesses, members cited 36 different kinds of income-generating activities. The following table indicates the proportion of members who engage in these kinds of business activities as their main or secondary business, as well as their typical profits and the variation in profits⁵ seen within each kind of business.

Business activity	Main business	Secondary business	Average monthly profit	Variation in profits
Retail store	17.3%	22.2%	57,357vt	High
Selling fruits & vegetables	14.6%	8.9%	37,135vt	Moderate
Nakamal	9.0%	11.1%	45,316vt	Moderate
Cutting copra	8.1%	0%	27,760vt	Moderate
Road market	7.2%	4.4%	15,503vt	Moderate

⁵ Variation in profits is based on the standard deviation (SD) of the mean and provides an assessment of the variation, and hence risk, associated with each activity. In a normal situation 2/3 of values will fall within one SD of the mean. In this table, low variation is defined as SD < 0.5 mean, moderate is SD= 0.5 – 1 times the mean, high is SD = 1 – 1.5 mean, and very high is SD > 1.5 mean. Where there is only one person engaging in the activity, the variation in profits is unknown.

Business activity	Main business	Secondary business	Average monthly profit	Variation in profits
Baking	7.2%	4.4%	25,395vt	High
Food sales	6.9%	6.7%	29,519vt	Moderate
Handicrafts (tourism)	6.0%	3.3%	43,860vt	High
Sewing	5.1%	8.9%	18,929vt	Moderate
Transport (truck, boat, bus)	3.0%	6.7%	152,100vt	Moderate
Sale of single food items	2.7%	2.2%	26,666vt	High
Rent house	2.4%	3.3%	49,000vt	Moderate
Handicrafts (non-tourist)	1.8%	0%	33,833vt	High
Cigarettes	1.5%	4.4%	13,040vt	Moderate
Peanuts	1.5%	1.1%	67,907vt	Moderate
Poultry	0.9%	0%	36,933vt	Moderate
Ice blocks & ice cream	0.9%	1.1%	46,627vt	Low
Clinic	0.3%	0%	410,000vt	(unknown)
Selling timber	0.3%	0%	152,000vt	(unknown)
Selling fish	0.3%	1.1%	72,000vt	(unknown)
Guest house	0.3%	0%	39,000vt	(unknown)
Carwash	0.3%	0%	36,000vt	(unknown)
Selling fuel	0.3%	0%	32,000vt	(unknown)
Green kava	0.3%	0%	24,000vt	(unknown)
Sale of second-hand clothes	0.3%	1.1%	18,000vt	(unknown)
Grass cutter	0.3%	0%	16,000vt	(unknown)
Running a preschool	0.3%	1.1%	10,000vt	(unknown)
Selling phone refill cards	0.3%	0%	8,000vt	(unknown)
Coconut oil	0.3%	0%	6,000vt	(unknown)
Massage	0.3%	1.1%	2,400vt	(unknown)
Selling kerosene	0.3%	1.1%	1,200vt	(unknown)
Chainsaw rental	0%	1.1%	(unknown)	(unknown)
Therapy	0%	1.1%	(unknown)	(unknown)
Managing market house	0%	1.1%	(unknown)	(unknown)
Washing	0%	1.1%	(unknown)	(unknown)
Mechanic	0%	1.1%	(unknown)	(unknown)
Total	100%	100%	-	-
% of applicable members	89%	24%	-	-

The table indicates that the most popular business activities are retail stores, selling fruits and vegetables at the market, and running a nakamal (kava bar). However, the most profitable businesses are the ones where there is less competition, including a single member who owns a clinic (monthly profit of 410,000vt), another who sells timber (152,000vt) and 10 members who own transport vehicles (152,100vt.)

Aside from the retail store, the most popular businesses all have only moderate variation in their profits. This suggests that members are diversifying and trying new businesses rather than persisting in risky businesses.

- When asked about the main constraint to their businesses, 40% of members cited customers purchasing goods and services on credit and then not paying. Other common complaints were commitments to family or kastom, and the lack of customers or an unstable customer base which could be due to poor business planning and lack of marketing. Only 3% of members interviewed claimed that competitors were a problem with their business, which perhaps reflects the diverse income-generating activities undertaken by members. A further 34% of members could not name a constraint or claimed that everything was going well with their business.

Impact of VANWODS on Businesses of Santo Members

Members of the Santo office were asked if they had a business before 2007, and if participating in VANWODS has had an impact on their business. 60% of members said that they did not have a business, with 30% saying that there had been no change in their business. 10% of members claimed that VANWODS has had a positive effect, as they could use loans to pay for business licenses, purchase new stock for their stores and buy business assets such as a new copra oven.

The average monthly profit for businesses in Santo is 18,800vt with members engaged in 22 different kinds of income-generating activity.

Business activity	Main business	Secondary business	Average monthly profit	Variation in profits
Retail store	19.7%	16.7%	53,543vt	High
Cutting copra	17.8%	0.0%	27,760vt	Moderate
Nakamal	13.2%	8.3%	47,414vt	Moderate
Food sales	11.2%	12.5%	32,247vt	Moderate
Baking	9.2%	4.2%	18,391vt	Moderate
Selling fruits & vegetables	5.3%	4.2%	19,325vt	Moderate
Handicrafts (tourism)	3.9%	0%	22,867vt	Low
Road market	3.9%	8.3%	9,300vt	Moderate
Sewing	3.3%	12.5%	13,720vt	Low
Transport (truck, boat, bus)	3.3%	12.5%	121,000vt	High
Rent house	2.0%	4.2%	50,000vt	Moderate

Business activity	Main business	Secondary business	Average monthly profit	Variation in profits
Peanuts	2.0%	0%	33,111vt	Low
Running a preschool	0.7%	4.2%	10,000vt	(unknown)
Sale of second-hand clothes	0.7%	0%	18,000vt	(unknown)
Sale of single food items	0.7%	0%	11,774vt	(unknown)
Massage	0.7%	4.2%	2,400vt	(unknown)
Cigarettes	0.7%	0%	14,400vt	(unknown)
Grass cutter	0.7%	0%	16,000vt	(unknown)
Handicrafts (non-tourist)	0.7%	0%	116,000vt	(unknown)
Poultry	0.7%	0%	39,600vt	(unknown)
Managing a market house	0%	4.2%	(unknown)	(unknown)
Mechanic	0%	4.2%	(unknown)	
Total	100%	100%	-	-
% of applicable members	83%	13%	-	-

The most popular business activity in Santo is also the retail store; however it has a high variability in profits. Cutting copra has also been included as a business, and it is the next most popular option at 17.8%. The most profitable business is with transport vehicles, and the second most profitable is a member who does natangora weaving.

Comparison to Members' Businesses in 2007

Significant differences were observed when comparing the business situation of members in 2007 to 2010. The average monthly profit was 16,000vt in 2007 while it has risen to 25,000vt in 2010. There has also been an increase in the number of business undertaken by members. Differences in these businesses are summarised in the table below:

Business activity	Main business		Average monthly profit	
	2007	2010	2007	2010
Retail store	36.1%	16.4%	38,000vt	64,256vt
Sewing	13.2%	7.2%	24,400vt	21,200vt
Selling fruits & vegetables	6.9%	18.4%	34,800vt	33,107vt
Nakamal	6.9%	6.6%	123,300vt	41,120vt
Cigarettes	6.9%	2.6%	10,600vt	12,700vt
Baking	6.3%	3.9%	27,400vt	42,600vt
Rent house	4.9%	3.3%	17,300vt	48,400vt
Food sales	4.2%	3.9%	47,500vt	21,790vt
Sale of single food items	0%	4.6%	0vt	31,174vt

Business activity	Main business		Average monthly profit	
	2007	2010	2007	2010
Peanuts	4.2%	1.3%	26,600vt	120,100vt
Road market	2.8%	9.2%	12,100vt	19,163vt
Ice cream & ice blocks	2.1%	2.0%	16,800vt	46,627vt
Selling handicrafts	1.4%	8.6%	10,200vt	55,385vt
Selling handicrafts (non-tourist)	0%	3.3%	0vt	17,400vt
Money lending	1.4%	0%	1,500vt	0vt
Transport (truck, boat, bus)	0.7%	3.3%	48,000vt	183,200vt
DVD hire	0.7%	0%	16,000vt	0vt
Selling fish	0.7%	0.7%	12,800vt	72,000vt
Clinic	0%	0.7%	0vt	410,000vt
Poultry	0%	0.7%	0vt	60,000vt
Guest house	0%	0.7%	0vt	39,000vt
Carwash	0%	0.7%	0vt	36,000vt
Selling fuel	0%	0.7%	0vt	32,000vt
Green kava	0%	0.7%	0vt	24,000vt
Selling kerosene	0%	0.7%	0vt	1,200vt
Total	100%	100%	-	-
% of applicable members	97%	95%	-	-

Retail stores are no longer the overwhelmingly most popular kind of small business. In 2010, the amount of members selling fruit and vegetables at market, and owning retail stores are roughly equal. Sewing businesses and nakamals have also become less popular. The business activity with the second highest growth is selling handicrafts, perhaps due in part to the greater influx of tourists to Vanuatu.

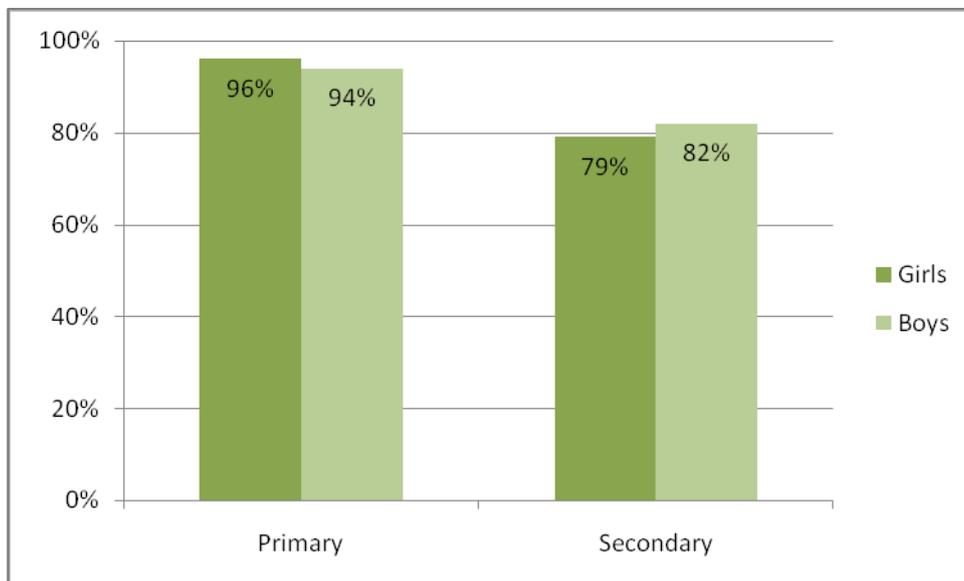
Nakamals in particular has suffered a big drop in profits since 2007; this may be a reason for its declining popularity as a main business.

2.4 Education

Members cited education and using loans or savings to pay school fees as one of the main reasons why they joined VANWODS. One member said that her mother had used VANWODS financing to put her through school, and now she was a VANWODS member herself so that she could pay her own fees for university. There was a clear awareness of the importance of education and the overwhelming majority of members claimed that VANWODS has helped them with paying school fees for their children.

Of the 376 members interviewed, they had a total of 175 primary school aged girls and 211 primary school aged boys. These members also had 145 secondary aged girls and 150 secondary aged boys. Their school attendance is reflected in the chart below:

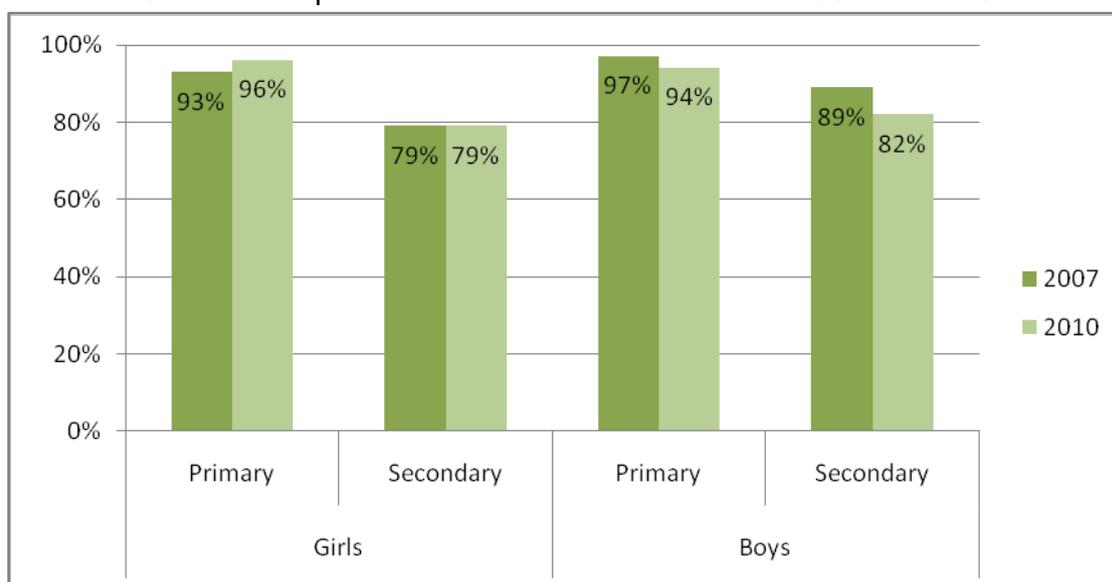
Chart 6: School attendance of children of VANWODS' members



Close to 95% of members' children attend primary school, with approximately 80% attending secondary school. A higher attendance figure in primary school is expected as primary education was subsidised by the government in February 2010. More girls than boys attend primary school but more boys than girls attend secondary school.

However, when comparing school attendance data collected in 2007, there has been no increase in overall school attendance. More girls attend primary schools but the attendance figure for secondary school remains unchanged. The attendance of boys in both primary and secondary school has fallen.

Chart 7: Comparison of school attendance data in 2007 and 2010



Members in a few different locations cited the lack of schools in the area as a reason why children did not attend school. Another factor was the preference by children to remain at home, particularly when they are secondary school-aged. No significant differences or trends were found when disaggregating education data across location, wealth group or length of membership.

2.5 *Personal, Household and Social Impacts*

Members were asked whether they had experienced any changes in the past 3 years with regard to personal qualities such as confidence, skills and knowledge; in their health, sanitation and nutrition; and in their social relations. Their responses are summarised in the table below:

	Decrease	No change	Increase
Personal qualities			
General level of confidence			x
Ability to manage a business			x
Technical skills		x	
Organisational and time management skills			x
Awareness of products, prices and market opportunities			x
Understanding of loans, savings, interest rates			x
Social communication skills			x
Role in household decision making			x
Personal ownership of household or business assets			x
The respect you receive from your husband			x
Health			
Quality of sanitation e.g. clean water, toilet		x	
Quality of nutrition e.g. variety and amount of food		x	
Use of health services e.g. visit to doctor		x	
Use of medicines		x	
Social aspects			
Members helping other members with household matters			x
Members helping other members with business matters			x
Degree of respect that men in the community show you			x

Overall impact			
Overall impact of VANWODS membership on your well-being			x

The majority of members stated that there was no change in their health situation. Many already felt that they had access to health services and medicine, and "island kaka'e" provided them with a good variety and amount of food. There had also been no change over the past three years in their sanitation situation, and many requested that VANWODS assist with improving their water supply.

Another area where members believed that there had been no change was in their technical skills, which was defined as skills that would assist them in beginning a new and different business. Members also asked that VANWODS assist with providing this type of training. This was particularly prevalent in Santo, where members were keen to undergo training in areas such as cooking, sewing and agriculture with TVET.

Members felt that there had been an increase in all other areas. The biggest majorities exist in their self-belief and general level of confidence, the respect that they gained from their husbands, and in members helping other members, with both household and business matters.

When asked about the impact that VANWODS has had on their lives since 2007, 93% of members cited that there had been an increase in their well-being. 7% of members claimed that there had been no change. No members said that participation in VANWODS had made their lives harder.

2.6 Top Impacts

Members were asked which had been the largest impacts on their lives as a result of participation in VANWODS. The largest impacts cited were in children's education, improvements in housing and being able to establish a business. These were followed by access to finance, skills and personal development, and an increase in solidarity and women working together.

Children's Education

Though data over the past three years show that there is no significant change in the level of attendance by children at school, members cited the ability to pay school fees as the major impact that VANWODS has had on their lives. If members do not have the money available to pay school fees, they can take out an educational loan and then work to repay the loan. This practice is shown in the information collected on loan use by members, where educational loans are the most popular loan for non-business activities after loans for the solar light product.

Members also seemed to display an awareness of needing to save for school fees in the future. Though primary education is now free, payment of school fees is still necessary for secondary and further education such as university.

Improvements in Housing and Household Assets

The second most commonly cited impact was improvements in housing and household assets. Many members said that they now had "smol watu" to buy things for the kitchen and other needs for the home. Members also took out loans to make home repairs or to improve their sanitation, through installing pour flush toilets and showers. Evidence of this improvement in housing is shown in the trend towards permanent housing and away from housing made of tin or temporary materials.

Business Establishment and Management

Having a business was the third most common impact named by members. Businesses provided members with their own income, and they no longer had to depend on their husbands if they wanted to buy things for the house or their family. Some members also cited specific businesses started by their centres, such as a co-operative type road market or washing shop, as a major impact on their life.

Access to Finance

Many members claimed that having savings and ready access to loans made their lives easier. It smoothes income fluctuations, particularly for members who depend on seasonal crops and produce for their income. They know that they can pay school fees and buy small things for the home when it is needed. One member described it as working for VANWODS; that VANWODS provides money when it was necessary and they worked to repay it.

Skills and Personal Development

Members also identified increase skills and personal development as a positive change due to their participation in VANWODS. They believed that their management skills have increased, and that they now know how to run a business. Members are appreciative of the training that they have received, and almost all members have asked for more training. Another commonly repeated statement from members is that before VANWODS, they had no road to follow and no thoughts about what to do, but now they think about business.

Solidarity

Solidarity and working together with other women was commonly cited as an impact that VANWODS has had on the lives of members. One member said that coming together and talking at centre meetings brought happiness, while before she would have just stayed at home. Members also cited the importance of learning from each other and being able to discuss business ideas together.

Comparison to Top Impacts in 2007

The top impacts cited in 2007 were business, children's education, women's empowerment, housing and household assets, and social support/solidarity.

Increase in respect and independence were cited by some members in 2010 as being a top impact, but not as commonly as the impacts listed above. There is a sense that members believe they continue to gain increasing respect from their husbands, but this is not necessarily reflected in the respect from the community of VANWODS members. This is particularly a problem due to VANWODS' expansion into rural areas. Members from rural centres have complained that the community holds them too tightly and they might already belong to a dozen different organizations. Other people in the community then see participation in VANWODS as being competition to their time, and might speak out against VANWODS.

VANWODS has also expanded to a lot of new areas in a short amount of time, without the benefit of the reputation that it has built in Port Vila through 14 years of operation. There are many people in these new areas without awareness of VANWODS, and members have claimed that they have received a backlash from the community if they believe there is a failure to deliver on promises. This may be due to poor communication from VANWODS, and VANWODS will need to ensure that such issues are mitigated in the future.

2.7 Non-members

Non-members were interviewed in both Port Vila and Santo for their outsiders' perspective of VANWODS. A chief and two pastors were included in these interviews for their opinions as community leaders.

Reasons for Not Joining VANWODS

Most non-members interviewed had a good general awareness of VANWODS and were able to articulate reasons for why they had not joined VANWODS:

- It is too hard to repay loans every week
- Making savings every week is difficult
- Centre meetings are long, and they have other commitments such as work or a baby, and would not be able to attend meetings
- No friends have invited her to join VANWODS, and all the centres close to her home are full

Most women said that they would join VANWODS in the future if there is a need, such as to pay school fees. However, some women were very certain that VANWODS would not suit their needs. They already had bank accounts and liked having the flexibility to deposit savings whenever they wanted, and to repay loans at the end of the month. These women were employed or had a successful business.

Men's Views on VANWODS

Most men recognized the positive effects that VANWODS has had on the lives of women. They praised the businesses, such as road markets, begun by VANWODS members and stated that it was good that women were now earning more money.

Impact of VANWODS on the lives of members

The majority of non-members claimed that VANWODS has made big changes in the lives of members, especially in improving income and providing income-generating activities. They believe VANWODS has also positively influenced the level of respect that men show to women in the community. However, VANWODS has made no change to the issue of more women taking part in politics.

Views of Community Leaders on VANWODS

The three community leaders interviewed were very positive in their opinions of VANWODS. The chief noted that the minds of the mamas are no longer sleeping, that they must work now. There has been a change in culture, before they just used to go to the garden and stay around the house but VANWODS has now given work to all mamas. This has also had an effect on children, they must work too and their minds are full of school.

The pastors also noted that more children were attending school as mamas could now afford to pay for school fees, and VANWODS has helped improve the financial future for families. Another improvement that both cited was that women participating in VANWODS now seemed more self-reliant and had more self-confidence. One pastor was impressed with the ni-Vanuatu management of VANWODS, as he said that the sale of land was an issue to him and he liked the idea of the VANWODS Sandalwood Product.

All three men stated that VANWODS has made big changes in the lives of members. No negative effects were given, but one problem noted is that if mamas do not manage their time well when they are running their business, they might forget their normal household duties and their husbands will become angry with them.

2.8 Resigned Members

Interviews were conducted with nine resigned members of VANWODS to collect their feedback on the program and their reasons for resigning.

Likes

Resigned members said that they liked VANWODS, because they had money as members. Participation in VANWODS helped with family and household needs, such as paying school fees, items for the home and other household bills. One member joined for a loan to begin her business, her business is now going well and she wants to transition to a formal bank account.

Dislikes and reasons for resignation

The majority of members resigned for personal reasons, such as illness or returning to their home island. They said that they would join VANWODS once their personal situation has been resolved. Another member resigned because she has a job and was unable to faithfully attend centre meetings. She would join VANWODS again depending on her employment situation.

Two resigned members said that they would not join again. They have successful business, and would prefer to use their bank account for future loans and savings.

One member resigned because she said the savings amount in her passbook does not match the information provided by the office. This has also been a complaint during surveys with members. Other problems cited by resigned members are that weekly repayments are too onerous, the rules of VANWODS are too strict, and there is too much talk during centre meetings.

2.9 *MicroPeps*

Members from three different centres were surveyed for their opinions of the MicroPeps program. The MicroPeps product was first offered in 2005 through companies to clients who were fully employed.

Member Profile

Of the members interviewed, the typical membership length was 2 years. These members have an average of 17,330vt in savings. This is an increase of 1,580vt from the data collected in 2007. Members state that they joined VANWODS for educational loans and to pay for household needs.

Two thirds of members also had bank accounts. The ones who do not have a bank account indicated that they were more comfortable with VANWODS, as they believed that they would not understand the language that banks use.

Credit Usage

MicroPeps members typically withdraw 1 loan during the year, with an average loan size of 20,000vt. This is a decrease from the average loan size of 35,000vt in 2007. The most common loan uses remain school fees, home improvements and purchase of household assets.

One third of members also take out loans from the banks. These loan amounts are typically over 50,000vt. Members indicated dissatisfaction with the interest rate on VANWODS loans, but said that if VANWODS operated like the banks, then they would support VANWODS instead.

Impacts

Members were split between VANWODS having a big and a small increase on their well-being. One member stated that VANWODS is good, but they also realise that it depends on each individual to manage their own life. Members did appreciate that VANWODS made it easier for them to access small funds for things such as school fees, home improvements and household assets.

2.10 *Seasonal Employee Finance*

The VANWODS Seasonal Employee Finance product became available in 2008 to finance seasonal workers going to New Zealand and Australia. 14 members from three groups were interviewed to obtain their feedback on the program.

Member Profile

All members interviewed were male, with an average age of 32 years. Half were married and half were unmarried. 3 members had small businesses, 1 worked part-time with the remaining 10 members not working. 6 members had children, with 5 children of primary school age and 3 girls of secondary school age. All 5 children attended primary school while 2 of the 3 girls were attending secondary school. On average, the members have undertaken the RSE scheme twice and all said that they would go again.

Credit Usage

All members withdrew the maximum loan amount of 150,000vt for their first loan with VANWODS. Their second loans with VANWODS were usually less, ranging from 20,000vt to 70,000vt.

Impacts

Every member said that participation in VANWODS led to a big increase in their well-being. None of the members interviewed felt that they were able to access loans from other sources, and VANWODS assisted them with being able to undertake the RSE program. The money that they made from the RSE program was spent on improving their homes, and many cited the purchase of solar panels. One group also assisted their community with building a church. Another impact that all members cited was the benefit that they received from VANWODS training before they left for New Zealand. One member said that his family's behaviour has changed because he passed on the VANWODS training to them. Additionally, members believed that their time overseas has helped them learn how to manage their income and expenses.

However, when conducting focus group discussions in the Solidarity Microcredit centres, members were asked their opinions of VANWODS' other products. Members from 2 centres stated that the SEF product brought problems to the family, though it was also recognized that it was a good income earning opportunity. This issue can be investigated further to see if it needs to be addressed in VANWODS' screening process of SEF applicants or if it needs to be discussed in training prior to undertaking the RSE program.

2.11 Overview of New VANWODS Members in Malekula

Support was also provided by AusAID to conduct a baseline survey in Malekula from February until May 2010. It is planned to use this data in future impact assessments, to be conducted when VANWODS has firmly established itself in Malekula and can have an impact on the lives of members. Approximately 130 members were interviewed across 32 centres, which represented 15% of the total members in Malekula at that time.

The following is the typical member profile developed of Malekula members:

- Age: 42
- Number of children: 4
- Number of members in the household: 6
- Number of income earners in the household: 1
- Total household income for the month: 11,000vt
- Per capita income: 78vt per person per day
- Housing type: temporary (traditional) house

Other key statistics to monitor include employment status, where only 17% of members said that they had a small business; and education, where less than 40% of members' children were found to attend secondary school.

A return visit was made to Malekula in October 2010, where brief focus group discussions were conducted with approximately 30 members across 6 centres, to determine if VANWODS had made any changes to the lives of members. Almost all members cited the impact of the VANWODS solar light product. One member said that solar lights have made a change in the lives of all mamas as lighting is necessary for every home. However, the issue of providing products rather than giving monetary loans needs to be handled carefully by VANWODS. When asked for recommendations on how VANWODS can improve service delivery, members in several centres would list products that they wanted rather than focusing on how VANWODS could improve their economic opportunities.

2.12 Overview of New VANWODS Members in Tanna

Similarly, a baseline survey was conducted in Tanna during September 2010. This was before the official VANWODS office opening in Lenakel on November 29, 2010. 76 members were interviewed, which represented 14% of the total known members in Tanna at that time.

The following is the typical member profile developed of Tanna members:

- Age: 42
- Number of children: 4
- Number of members in the household: 6
- Number of income earners in the household: 2
- Total household income for the month: 20,000vt
- Per capita income: 132vt per person per day
- Housing type: temporary (traditional) house

The current standard of living for new members in Tanna is represented on the graphs below:

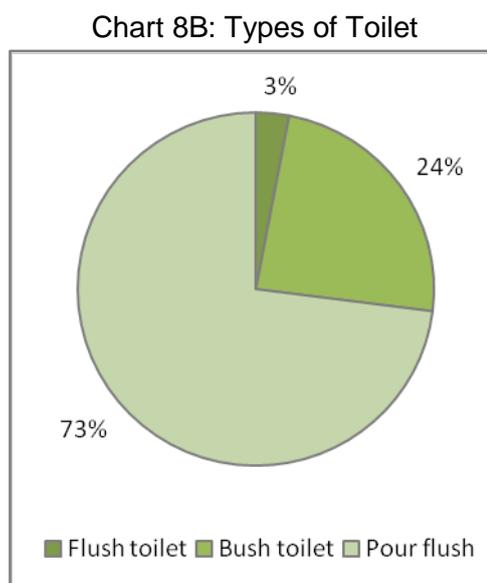
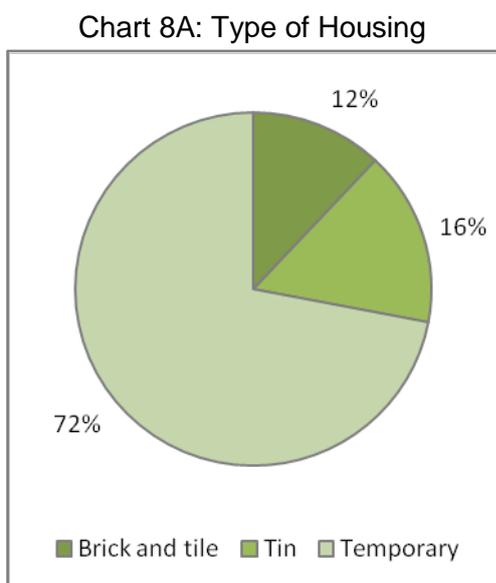


Chart 8C: Access to Electricity

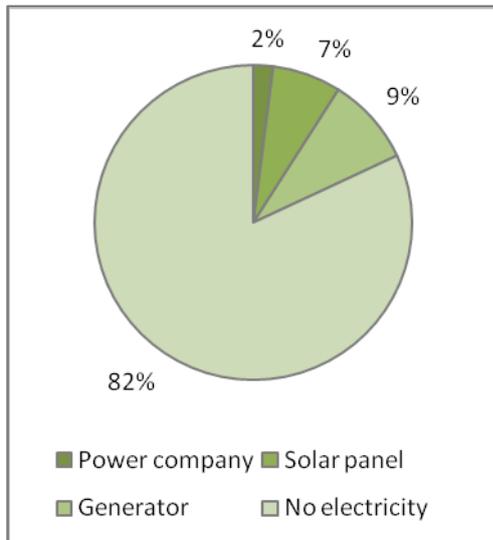
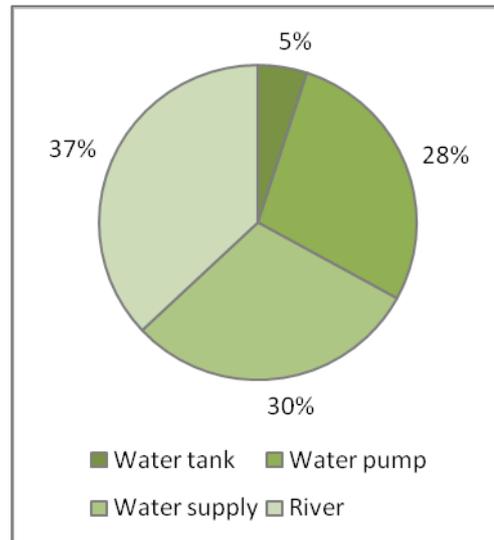


Chart 8D: Access to Water



The typical member in Tanna resides in temporary housing and has access to a pour flush toilet. She has no access to electricity and uses the river for her water supply. Access to water is cited as a major problem in Tanna and many members has asked for VANWODS assistance in this matter.

In regards to income-generating activities, 47% of members sell fruit and vegetables or other crops, 28% have a small business and 17% are employed. Only 8% of members interviewed say that they do not work.

Attendance of children in secondary school is also a problem in Tanna, with members citing its expensiveness. 61% of secondary-aged girls attend school, while the amount of boys attending secondary school is higher at 77%. The government subsidised scheme for primary education appears to be a success for VANWODS members in Tanna, with 100% of children attending primary school.

The data collected in both Tanna and Malekula will be used as a baseline for comparison in future impact assessments of VANWODS.

Case Study of the Women of Adjencot Centre

Andrineth Gavika, Jennifer Palmer, Esther Paulo, Marianne Ali and Karen Palo all live in the Shell area, on the outer fringe of Luganville. They joined VANWODS in 2007 when the branch office opened in Santo. Their main reason for joining was to help their families, through accessing loans for school fees and to make repairs on their homes. They also wanted to take out loans for businesses, so that they could make "smol vatu".

As the first Centre Chief of Adjencot Centre, Jennifer Palmer had the idea to write to the Municipal Council and ask if they could be granted land for a centre house and road market. The women used money from their VANWODS centre fund to build a small house with space in the back where they could meet, as well as a counter in the front where they could sell food. They cook a variety of food in the mornings, and sell during lunch time. Their road market has the reputation of being the best in Santo, and all food usually sells out within the hour. The women split the day's profit equally between the ones who provided food for sale. The money that they make from the road market supplements the income from their husbands and other sources.

When asked about the biggest changes that VANWODS has had in their lives, the women did not cite financial gain but instead identified three intangible differences. They've proven themselves to have a good business, and they believe that the community respects and supports them by being customers. VANWODS has helped them with gaining more skills; they were able to negotiate with Municipal to provide them land for the road market. Finally, they now have the opportunity to work with other women and can discuss business with each other so that their ideas come out into the open.

The members now want to build a bigger road market and keep developing as businesswomen. They said that before they just used to stay at home but VANWODS has helped them open their minds to business. This was a comment echoed by many other members and non-members of VANWODS.



Members of VANWODS' Adjencot Centre: Karen Palo, Andrineth Gavika, Jennifer Palmer, Esther Paulo (l-r) and Marianne Ali (front)

3 Looking Forward

This chapter focuses on the future by presenting members' aspirations as expressed during interviews, then looking at the various suggestions and recommendations that arose from the interviews and discussions.

3.1 *Members' Aspirations*

Members were asked what changes they would like to see in themselves, their households and their communities. The following is a summary of their responses.

Personal

- The majority of members asked for more training so that they could develop their skills and knowledge. They wanted to grow as businesswomen, and requested VANWODS' assistance with training to improve their businesses.

Household

- Most members said that they wanted a good house, and to be able to purchase their own land. One member said that it was her dream when she joined VANWODS and it still has not happened.
- Many members wanted an improvement in their levels of sanitation, particularly with access to a different type of toilet.
- Many wanted assistance with access to water. Some members still depend on the river for their water supply, which they would use for drinking and washing, and it was difficult and time-consuming for them to carry water from the river to their homes.
- Some members wanted education levels to improve for their children. Location of schools was a problem for some parents, or reliability of transport. Some children on small islands had to come to school on the mainland by outrigger canoes every day.

Community

- Most members wanted more respect and support from the community, and for the community to cooperate and work together.
- Many members wanted a centre house, which they could use for weekly meetings and possibly for group businesses within their centre. Some centres in Santo have been successful with obtaining land from the Municipal Council, and other areas wanted VANWODS' assistance with this.
- Some members cited youth unemployment as a problem, that young people cannot find work after they finish school.

3.2 Recommendations

The following are the most common suggestions for improving the products and services of VANWODS, as expressed by members and non-members. The Impact Assessment team also makes some key recommendations based on feedback from clients and on personal observations during the impact assessment.

Member feedback during surveys

The following were the most common suggestions to improve the current product that were provided by members during the focus group discussions:

1. Increase repayment period to 2 weeks for loans
The most common complaint was that weekly loan repayments were too onerous, particularly as some members were dependent on salaries which were paid fortnightly. Rural members also said that they had problems with weekly loan repayments, as their income came from seasonal crops and produce.
2. Increase loan size
Some members asked for larger loan sizes, as they want to purchase capital assets such as land, housing and vehicles, which they could do with the current maximum loan amount of 150,000vt. Some members also wanted bigger loans to invest in their business.
3. Extend loan term for larger loans
Some members were happy with weekly repayments for smaller loans (below 50,000vt) but felt that larger loans should have a longer repayment period.
4. Introduce a grace period for business loans
Members were happy to immediately begin repaying loans for non-business purposes, but felt like they did not have a chance for their business to begin making an income before they had to begin repaying their loans for business purposes. When a member takes out a loan for a non-business purpose, she would presumably already have a business and the means to repay that loan. However, she may not have a business before taking out a business loan, and needs an opportunity to begin earning income before repaying her loan. Members requested a grace period of 1 month before they begin to repay their business loan.
5. Reduce interest rate for loans and increase interest rate for savings
Some members felt that the interest rate charged was too high and should be reduced to be more in line with the rates charged by banks. Similarly, many members who were making savings only, wanted to increase the interest rate for savings.
6. Make pledge savings flexible
Members currently save 200vt every week in their pledge account. However, members want to allow contributions above 200vt, though 200vt would remain the minimum amount. A member's credit line is based on their pledge savings, and this way they would be able to access bigger loans in a shorter amount of time.

The following are new initiatives suggested during focus group discussions:

1. Provide training to members
Financial literacy workshops begun in centre meetings during 2009 but stopped when workload became too much for Accounts Officers due to the implementation of the new management information system. Almost all members requested that training be provided again, on topics such as business management, budgeting, financial literacy and entrepreneurship, as well as on technical skills such as sewing, painting and cooking.
2. Assist centres with building a centre house
Most centres did not have a place of their own where they could meet. However, some centres in Santo negotiated land from the Municipal Council and were able to build their own centre houses using centre funds. These centre houses were also used as places for business. Many members wanted VANWODS to assist with building a centre house for their own.
3. Provide other products to make life easier
Following the success of the solar light product, members are asking for other products that would improve their standard of living. Some examples include ready-made housing, stoves and water tanks.
4. Make a product for young people
A major problem in Vanuatu is youth unemployment. Members wanted VANWODS to help address this issue in some way, and suggested implementing a youth microcredit program.

While there were many suggestions and recommendations for how VANWODS could improve, the majority of members also expressed their appreciation and gratitude for the services provided by VANWODS, and stated that participation in VANWODS has made a big change to their lives.

Resigned members

Resigned members were also asked how they thought VANWODS could improve their products and services. The two main suggestions were to increase repayment period to 2 weeks for loans, and to rectify discrepancies between passbooks and savings information from the office system. This was a complaint that also occurred during focus group discussions for members.

Non-members

Recommendations were also sought from non-members of VANWODS. Female non-members, who preferred using a bank account to the current VANWODS products, asked if VANWODS could be set up as a bank. This was also a recommendation from MicroPeps members. Two suggestions from community leaders include VANWODS helping to find export channels for members to other countries, and VANWODS providing assistance with a community business.

MicroPeps

MicroPeps members had several recommendations on improving their product. Members are unaware of how much they have saved and want a statement of their savings so that they know how much they can withdraw. Many MicroPeps members choose to withdraw loans from the banks rather than VANWODS. They believe that the banks have a better arrangement, and VANWODS should reduce interest rates on loans and provide them with access to make individual repayments. However, members state that if VANWODS could provide services like the bank, then they would choose to support VANWODS instead. MicroPeps members also want to increase the loan ceiling. They want training to be provided within MicroPeps centres, and asked for members to be more involved in VANWODS activities such as on VANWODS Open Day.

Seasonal Employee Finance

Feedback from SEF members is that they want to continue their association with VANWODS. After demonstrating a good repayment rate on SEF loans, members asked if they can now access individual loans for land and businesses.

One issue that some Solidarity Microcredit members cited is that the SEF causes a problems for families. This issue should be investigated and mitigated either through better screening processes or addressed during training if true.

Recommendations from Impact Assessment in 2007

World Education Australia made 6 recommendations in 2007. An update of their status is listed below:

1. Provide business and financial literacy support to members
VANWODS began to provide financial literacy workshop during centre meetings in 2007, but these workshops were dropped due to the workload of staff. However, financial literacy programs are still aired on Radio Vanuatu and VANWODS is endeavouring to provide business support through TVET in Santo and Malekula.
2. Rectify discrepancies between passbooks and the Management Information System
A new management information system was implemented in May 2009 but it is still not fully put into operation. Problems exist both with the technical side of the system and with delays in data entry.
3. Consider reducing the frequency of meetings
Meetings are still held weekly to collect savings. The last week of every month is "grace week" for loan repayments, so loan repayment periods have been extended to 24 weeks.
4. Make better use of centre meetings by providing training during this time
No training is currently provided during centre meetings.
5. Address concerns of MicroPeps members as a matter of priority
The same concerns were not raised by MicroPeps members in these interviews, so are assumed to be fixed.

6. Conduct regular client feedback activities

World Education Australia trained VANWODS Accounts Officers on client feedback and satisfaction sessions, but these were never implemented.

Impact Assessment Team

The following 5 recommendations are based on observations from the field, discussions and analysis of data with a view to the recommendations made in the past three years.

1. Finish implementing the management information system as a matter of priority
During interviews, complaints were received from members of the Solidarity Microcredit and MicroPeps products about discrepancies between their passbooks and information provided by the office. One member has resigned from VANWODS because of this issue. This is becoming a reputational matter for VANWODS, as members can be led to believe that VANWODS is stealing from their savings if the information provided by the office is different to the amount that they believe is correct in their passbooks.

Additionally, it was impossible to get any information from the new management information system that was needed for data analysis for the purpose of this report. Other data sources had to be consulted to obtain this information, and these data sources were often kept to work around the new management information system, leading to more work for staff and longer delays in ensuring that the management information system is current. World Education Australia stated that it was essential to rectify these basic financial management practices and ensure accurate record keeping prior to embarking on any significant expansion but this did not happen and the problem was compounded with the influx of new members from Malekula and Tanna. Significant resources may now be needed to finish implementation, such as hiring temporary staff to complete data entry and re-engaging the original developer to fix issues in the system itself.

2. Address member concerns about extending the loan repayment period or reducing interest rate on loans
Members of VANWODS have long had concerns about the interest rate and repayment period for loans. However, no real analysis has been conducted on the effect of VANWODS if such changes were adopted. Once financial information is considered reliable, a report should be prepared to see if VANWODS could still be sustainable if these changes were adopted, and the results communicated to members.

This issue is also of concern as several MicroPeps clients, resigned members and non-members have indicated that they prefer to take out loans from banks. These members and non-members are employed or have successful businesses. VANWODS should explore if they wish to make their products more attractive to these types of clients, or decide if they should focus on clients who do not have access to other banking services.

3. Make better use of centre meeting times by doing awareness raising or providing training
World Education Australia also made this recommendation in 2007. In theory, all members are supposed to be engaged with collections, but this is not the case in practice and most members will sit around and talk until it is her time to transact. One complaint from resigned members is that there is too much gossip during centre meetings. VANWODS or other NGOs can hold short sessions that make use of these regular gatherings by women. Three observations from this process is that members seem to not keep financial records of their businesses, there appears to be an increase in spending, and there is no change in school attendance over the past three years. Short talks on the importance of education, improving their spending habits, or sessions on basic bookkeeping can address these issues.

At one centre, the Centre Chief was observed in the process of organizing members with technical skills to train the other women of the centre. Members who knew how to sew, bake and make tuluk were demonstrating these skills to other members. VANWODS should support and assist these types of activities where possible.

It should be noted that VANWODS is aware of the importance of providing business development services to members and is exploring the feasibility of establishing a dedicated training department within the organization.

4. Engage with the community so that respect for members increase
A major aspiration for women is to increase the respect that VANWODS members receive in the community. As already noted, VANWODS has expanded into rural areas which are traditionally very conservative in their attitudes, and into areas where it does not have the benefit of a long reputation. Community support is essential for the survival of VANWODS, as the community supports the businesses of members and community opinion often influences the decision whether to join VANWODS. Members have claimed that the solar light product provided tangible proof that VANWODS contributes to the community, and indicated that similar products could have the same effect. Another suggestion by members is to make training accessible to everyone in the community, and not only for members of VANWODS.
5. Conduct regular client feedback exercises
VANWODS needs to stay in touch with its members' needs and desires in order to prevent dissatisfaction and resignations, and to determine where improvements can be made. This is especially important in light of the expansion by VANWODS, that it cannot grow so big and lose its connection with members, which is one of the major advantages that the organisation has over banks. Feedback is taken during centre chief meetings and stakeholder forums but regular clients do not usually have the chance to air their opinions, and it was remarked during focus group discussions that this was the first time someone came to the centre and sat on the ground with them to discuss how they thought VANWODS could improve.

It is recommended that the client feedback exercise developed by World Education Australia in 2007 be conducted yearly. VANWODS also has plans to undertake Impact Assessments every 3 to 5 years.