



Scale X Design

Scale X Design Accelerator Cohort 3

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Initiative and/or Program Name

U-ME Capital

Technical Sector

Water

Food Security

Humanitarian

Health

Gender

Agriculture

✓ Economic Development

Capacity Building/Governance

Education

✓ Dignified Work

✓ Social Enterprise

Youth and Adolescence

✓ Other: **Financial Inclusion, Entrepreneurship**

Check this box if your application should NOT be entered in the Accelerator as a finalist.

No response

Check this box if your application is a social enterprise or consulting practice that does NOT fit within the Cohort 3 theme: Women's Economic Empowerment. Hidden

No response

Are you submitting your application in English?

✓ Yes

No

Problem Statement

Female migrant workers in Vietnam have limited access to financial and social capital to take advantage of economic opportunities and increase their wellbeing. They also lack opportunities to develop their human capital. Since the late 1990s, Vietnam has experienced extraordinary success in economic growth. Linked to this, Vietnam is experiencing accelerating urbanization. 34.9% of the population now lives in urban areas which is projected to rise to more than 50% by 2040. Urbanization provides a range of opportunities for migrants but also places pressures not only on infrastructure (housing, roads, government services, etc.), but also on social cohesion. As the World Bank has highlighted, “as Vietnam urbanizes, it will be increasingly important to seek the full benefits of urbanization—to increase productivity growth, competitiveness, and inclusiveness.” In this context, female migrant workers, in particular informal workers, are among the most vulnerable citizens. They often lack access to information on markets, inputs, and networks that can enable them to take advantage of opportunities to grow their income and improve their quality of life. They are often engaged in diverse occupations and the highly mobile nature of their work makes it challenging for them to come together and support one another. Access to public services in Vietnam is administered on the basis of formal residential registration. Since most migrant workers are either registered as temporary residents or not registered at all, they face multiple barriers in accessing public social services. This also makes it difficult to access other products and services, for example bank loans which require collateral such as a house or land. Village Savings and Loans Associations (VSLA) is a well-known CARE methodology. The model has predominately been implemented in rural areas with limited experience adapting it for cities. The model faces some challenges – but also provides opportunities – in the urban context: * While women in rural communities are not necessarily homogenous, groups of female migrant workers often have more diverse experiences and backgrounds, and less solidarity which poses social capital challenges. * Women are highly mobile and logistical challenges in urban settings mean they face challenges attending meetings regularly. * A locked box with three keys is out-dated in cities with women who are highly mobile with access to some types of formal savings services. * Holding one person responsible for high sums of cash poses a risk for safety of the treasurer and security of the funds in all contexts but particularly in urban areas which are typically more insecure. * The agricultural cropping season is a common determinant of rural repayment schedules but is not relevant in the urban context. With diverse occupations and backgrounds, another way of determining repayment schedules and frequency is needed.

a) Explain how your initiative solves the problem. What evidence exists to prove your initiative solves the problem?

Introducing U-ME Capital, a social enterprise that stimulates growth of social, financial, and human capital through providing a platform to unite female migrant workers. This platform helps women identify entrepreneurial opportunities; develop entrepreneurial and life skills; access information about support services; save and loan funds, and share their experiences.

The social enterprise offers two value propositions, U-ME Groups and U-ME App.

U-ME Groups

U-ME Groups are collectives of female migrant workers which draws on a model that is proven to increase solidarity, income, and access to loans, as well as provide opportunities for learning new skills. This will build on CARE Vietnam's experience implementing Livelihoods and Rights Clubs (LARCs) and VSLAs in rural settings, and the urban VSLA pilot. A review of the pilot found a need for entrepreneurial training and support on new ways to reach customers. Therefore, the groups will continue to adapt the model and provide a platform for skills development. The U-ME Earn facility within the U-ME App will help migrants market their skills and services and reach new customers.

U-ME Capital will leverage CARE's partnership with LienVietPostBank who have customized their Vi Viet e-wallet for VSLAs. U-ME members can deposit, make peer-to-peer remittances, access loans, and utilize services such as mobile top-ups, utility bill payments, insurance premium payment, and online shopping. Customizations includes: group-based e-wallet; group savings account linked to group e-wallet; and development of three one-time pin codes to mimic the three keys of the lock box. Agents will be identified to become Vi Viet Merchants who are trained to scale VSLAs. They can gain income from LienVietPostBank as agents or offer their services through the U-ME App.

U-ME App

Smartphone use is increasing rapidly in Vietnam with usage in cities surging to 84% in 2017. U-ME App is an integrated app which draws off technologies such as Airtasker and Grab. The App, which needs to be developed, will include three modules:

- U-ME Chat – a safe space for migrant women to chat about common issues that affect them and share events and information.
- U-ME Learn – training information for anyone offering services through 'U-ME Earn' to ensure consistent standards, and links to resources including migrant support services.
- U-ME Earn – this module will be open to the public. Migrants register their skills/services, clients advertise tasks/jobs they need done and what they are willing to pay, and migrants bid for this work. Once assigned, individuals can choose to be tracked by GPS by select people (e.g. close friends) as a security function. Service users pay through the app, which would then be passed to migrants through their e-wallet. Service users will be able to rate the service out of 5 stars and provide written feedback. If the service provider (migrant worker) falls below 4 stars, they will be required to participate in further training to maintain consistent standards. The migrant worker will also be able to provide feedback on the service user, including flagging any concerns with other workers.

b) How does the initiative apply the CARE approach? (Increased Resilience, Promoting Inclusive Governance and Gender Equality and Women's Voice – The initiative does not have to apply all four to qualify)

No response

b) b) How does the initiative apply the Women's Economic Impact Strategy?

U-ME Capital aligns strongly with multiple key areas of intervention under CARE's Women's Economic Empowerment (WEE) Strategy, in particular: financial inclusion, entrepreneurship, and dignified work.

CARE's WEE Strategy identifies the need for innovative products, services, and models for outreach including working with financial services providers. It also highlights the need to target other impact groups and adapt our tools for expansion and scale up of financial inclusion. U-ME Capital proposes to do just this. We will build on CARE's partnership with LienVietPostBank and their customized VSLA e-wallet solution, and continue to adapt the VSLA model for the urban context, in particular with female migrant workers.

We will also support women to identify entrepreneurship opportunities through training Agents who then earn a commission, providing entrepreneurial training for migrant women (and referring them to other training providers), and U-ME Earn where women can access job opportunities.

Through supporting women to access job opportunities in U-ME Earn, we are also proposing an optional tracking function which would help women to support others to stay safe. U-ME Capital would also link with M-Net which is a network of local NGOs that supports migrant workers and advocates for their rights.

c) Why is your initiative better than what's been done before or by others?

Forming savings groups that work on interests other than financial services "are few and far between" in the Mekong (Coady International Institute, 2017). A number of actors have established different savings groups, for example, rotating savings and credit associations (RoSCAs) or accumulating savings and credit associations (ASCAs) in urban settings. However, linkages between those groups and formal financial institutions is new in Vietnam. Learning from CARE's current financial inclusion project with Visa and LienVietPostBank shows strong potential in linking VSLAs and digital financial products with urban migrants who have better cash flow and demand for remittance services. LienVietPostBank is keen to serve this customer base.

U-ME Capital is more advanced than previous projects as it takes a comprehensive and integrated approach to women's economic empowerment (financial inclusion, entrepreneurship, and dignified work), seeks to address social capital issues, and takes advantage of the surge in smartphone usage.

A 2017 independent project evaluation found LARCs help women learn new skills, increase their social solidarity, and "VSLA was well-advocated for replication." The success of the LARC/VSLA model was demonstrated by partners replicating 52 VSLAs in three provinces (in non-project locations) - doubling the number of groups the project intended to reach.

a) Describe how this initiative could further impact 1million+ people by 2020? How can this be taken to scale, either at the national or international level?

CARE's experience in Vietnam and globally has shown that VSLAs are highly scalable with sufficient funding and technical support to set them up. We are proposing to adjust the traditional model through U-ME Groups, but if successful, and sufficient numbers of Agents can be mobilized, it is likewise expected that this could be highly scalable. The existing partnership with LienVietPostBank (and potentially others) will further support the self-replication of U-ME Groups in urban settings. In testing the model, U-ME Capital will also work with partners such as M-Net (a network of local non-government organisations working with female migrants) to support scale out.

The U-ME App, if proven, has strong potential to be replicated nationally and internationally as apps can be translated and include a range of settings to customize the user experience. In Vietnam, there is high access to smartphones as well of usage of social media platforms such as Facebook. If the value of this approach is proven, it is expected this will be shared through social media platforms where others will sign up.

U-ME Capital will be set up as a social enterprise that is "ready" for impact investment to support scale-out, within Vietnam and potentially internationally.

b) Who will pay for taking this initiative to scale? (i.e. what is the funding model? Will government adopt the innovation? Will the initiative be scaled through market-based approaches? Will it be supported through traditional philanthropy or replicated by other NGOs?)

A combination of funding models will be considered:

*Impact investment: Impact investors will invest in U-ME Capital who train Agents to replicate U-ME Groups, provide entrepreneurial training, and maintain the app. Impact investors expect an economic and social return on investment – both of which are at the core of U-ME Capital. U-ME Groups and the U-ME App will rely on impact investment or other funding in the testing phase until participants recognize the benefits of participation. The App will be free to download to encourage uptake.

*Banking partners: LienVietPostBank and other financial institutions will invest in expanding U-ME Groups as a strong emerging customer base.

*Market-based:

- Commission: a percentage of the U-ME Earn transaction, the VSLA interest, and/or Agent transaction, is remitted back to the social enterprise and impact investor. Agents in Cambodia receive fee-for-service so it is expected to be an income opportunity in Vietnam.

- Subscriber: service users and/or service providers (migrants) accessing U-ME Earn pay a nominal fee

- Fee-for-service: Migrants pay or part-pay to access entrepreneurial training

With catalytic funding and inputs from innovation, financial inclusion, entrepreneurship and app technical experts, it is expected U-ME Capital will provide a comprehensive solution for female migrant workers.

c) Based on your experience so far, what is the major obstacle or challenge you feel CARE faces in taking this initiative to scale?

In scaling, a key factor will be better understanding how to develop and maintain social capital among female migrant workers of diverse backgrounds. CARE Vietnam has found social capital is typically higher among female migrant workers who come from the same rural area, live close by, and have a similar occupation. They have a level of trust and shared experience. However, we realize that to scale a pre-condition will be find a way to strengthen social capital among migrants who may have more diverse backgrounds and are more mobile. CARE estimates that female migrant workers should meet at least once a month in person, but this needs to be tested further.

a) What is evidence or the analysis that proves there is demand or interest for this initiative? (i.e. is there interest from the government? Are stakeholders such as partners or communities interested in scaling? Have donors or investors shown interest?)

CARE is currently piloting urban VSLAs in Hanoi with funding from The Asia Group Foundation and the Pieirls Foundation. The project is small scale and with a limited budget but has shown promise among seafood sellers, waste collectors, and street vendors. A review of Phase 2 found a need for further entrepreneurial training and support on new ways to reach more customers.

The project has been through two short phases and is now looking to proceed to the third phase, where we will continue testing the model. There is demand from CARE's local partner, LIGHT, and the community to implement more groups than we can support currently without any active "selling" of the approach.

Migrant women have also demonstrated a need to access loans. They often require collateral such as a house or land to access formal bank loans, which is often not possible given their legal status and financial situation. Furthermore, women and their families often migrate to urban centers to increase their income and remit money back to their families. Having an easy and secure way to save money and remit funds is important. LienVietPostBank is keen to serve urban female migrant workers as a customer base.