



COMMUNITY FINANCE RESOURCE CENTER

# ANNUAL REPORT

2013

COOPERATION  
FOR DEVELOPMENT





# Table of contents

Message from CFRC's Director	2
Training - Capacity building	3
STU Tuan Giao	5
Citi Microentrepreneurship Award 2013	5
Operating results	6
Business Development Services	7
Private-Public Partnership in providing M7 services to HIV/AIDS infected and affected people	9
Mutual Protection Association (M7MPA)	10
Women's Rights Program	12
Education promotion-Donation-Relief activities	13
Impact stories	14



## MESSAGE FROM CFRC's DIRECTOR

*Vietnam has become a middle-income country for three years since 2010. However, during that post-global-economic-crisis period, the country had to confront with many socio-economic problems. Many challenges have also arisen against CFRC and our activities. Our main operating area, Dien Bien, is a poor mountainous province. In addition, overseas grants to Vietnam have been reduced while policies on fund mobilization on domestic market were not clear and enabling enough. Under that circumstances, more pressures were put on CFRC.*

*In 2013, CFRC was caught in the whirlwind of policies related to sustainable livelihood support and social security activities of NGOs, especially regulations on Microfinance and community-based mutual Microinsurance. Nevertheless, aiming towards bringing changes to lives of our people, CFRC rose above challenges to gain support of the Government and relevant ministries. Specific legal documents were issued regarding CFRC's community-based mutual risk prevention and social welfare program (Mutual Protection Association).*

*2013 is the first year that CFRC introduced Hibiscus, a high-value herbal plant, to Tuan Giao, using value chain approach. A new successful crop was harvested in this poor district, bringing income of nearly VND 140 million per hectare to farmers within 6 months, which is 9 times higher than income from cassava or corn.*

*This is the second year that CFRC extended our services to people living with HIV or affected by HIV in Dien Bien province and implemented Women's Rights Program in Long Bien District (Hanoi) to prevent gender-based violence and promote legal rights of women and girls.*

*In 2013, CFRC achieved great successes in advocacy. We also made new foray into international relief assistance and donations to disadvantaged children in Dien Bien.*

*In this report, we would like to briefly present the results and achievements of our seven activities/programs as well as some initial impacts made on beneficiaries.*

*We would like to express our deep gratitude to all donors, partners, Ministries and Government departments, colleagues and supporters for accompanying us on this daring yet rewarding path of sustainable development.*

*Thank you very much!*

A handwritten signature in blue ink, appearing to read 'Le Thi Lan'.

**Le Thi Lan**







# TRAINING - CAPACITY BUILDING



Training course	No. of classes	No. of participants
<b>ON SOCIAL ISSUES AND SOFT SKILLS</b>		
Life-management, group and center management for new members	46	993
Household budgeting - Risk management and Insurance	120	168
Planning and community management skills for key local government officers at village, commune and district levels	2	76
Center management skills; planning and developing internal regulations	1	36
HIV and stigma reduction - M7 experiences	2	90
Gender equality - Women's rights	9	1,707
<b>ON BUSINESS AND PRODUCTION</b>		
Business start-up and management	9	212
Husbandry techniques - Hibiscus growing and processing techniques	6	240
<b>TOTAL</b>	<b>195</b>	<b>3,522</b>

## Why capacity building is needed?

*CFRC believes that sustainable development can only be achieved by having direct and active participation of target groups in the process. In order for them to do that, suitable attitude, knowledge and skills are needed. Therefore, capacity building is always a key component in our development programs.*



### **Self-management & Community management**

provide local people and key grass-roots officers with:

- knowledge and skills to understand and analyze themselves, their groups and communities;
- basic knowledge and skills to manage development;
- corresponding law and policies.



### **Business start-up and management**

Based on two modules of ILO (Gender and Entrepreneurship and Start-Improve Your Business), the program equips trainees with rudimentary knowledge and skills in business start-up as well as money, sales and production management. Gender, gender equality and environmental issues are also integrated into the program.



### **Agricultural technical training**

In 2013, CFRC organized training for key members in each centers on:

- Pig raising techniques
- Poultry raising (chickens and ducks) techniques

The knowledge was later shared to other members.



## **Impacts**

**60%**

trainees were ethnic minority women

*"We learnt from various exciting activities. Thus, we could understand the lessons more easily"*

**> 70%**

trainees reported improved attitude, knowledge, skills and business performance

*"The lessons help me to have many practical ideas that I can apply in reality such as methods to promote my products"*

**98%**

satisfied with the training



## STANDARD TRANSACTION UNIT (STU TUAN GIAO)



**CMA 2013**

**“Microfinance  
project providing  
creative products  
& services”**



*CMA 2013 Ceremony*



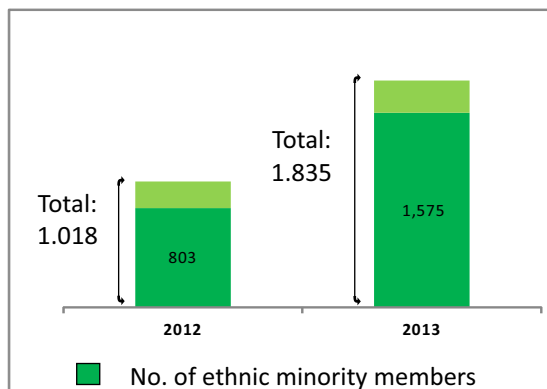
*Former Vice President, Trương My Hoa, visited CFRC's product display corner at CMA 2013*



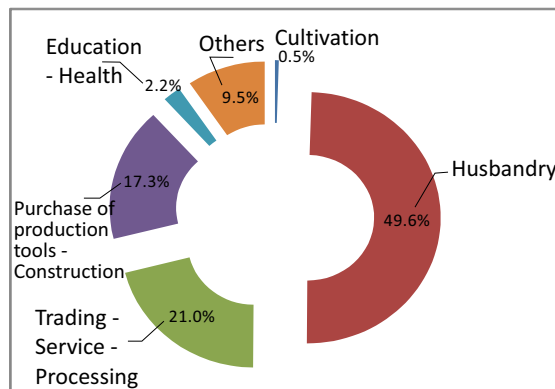
# OPERATING RESULTS



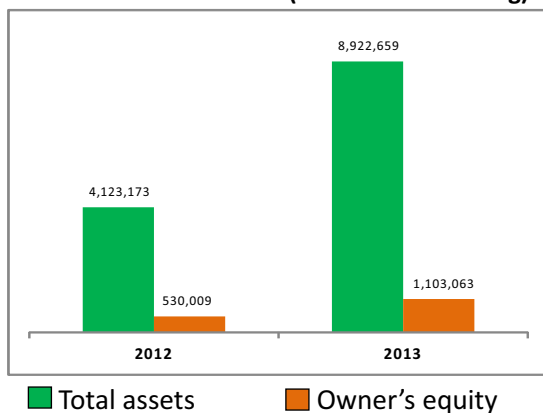
**Number of members**



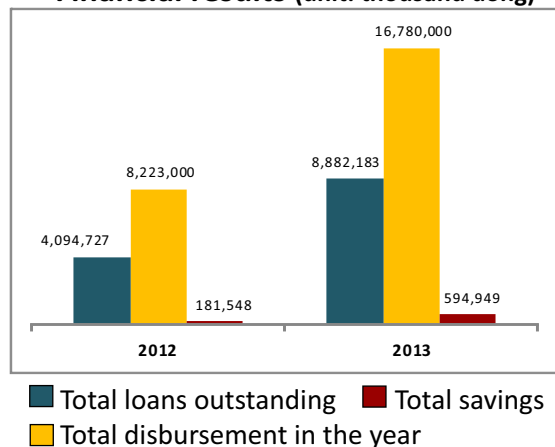
**Utilization of loan**



**Financial results (unit: thousand dong)**



**Financial results (unit: thousand dong)**



Indicator	2012	2013
No. of centers	34	56
No. of communes covered	4	6
No. of credit officers	4	6
Portfolio At Risk (=> 1 day)	0%	0.12%
Operational Self-Sufficiency (OSS)	101%	135%
Financial Self-Sufficiency (FSS)	59%	89%





*STU members are harvesting Hibiscus*

#### Donor



## BUSINESS DEVELOPMENT SERVICES (BDS)



### Role of BDS

To help improve **capability**, **effectiveness**, **competitiveness** and **profitability** of micro-enterprises and household businesses



### Main activities in 2013:

- Business training
- Agricultural technical training
- Bulk purchasing
- Hibiscus value chain development





## Hibiscus value chain

*Is a cooperation among farmers, a private company and BDS provider to produce high-value commercial agriculture products*



- 8 families piloting the model
- Total plantation area: **1,5 hectare**
- Total outputs: 15 tons of fresh Hibiscus calyxes
- Total revenue: over **VND 200 million**

### MODEL

#### FARMERS

- Invest inputs and labor
- Plant, process and sell



#### CFRC

- Facilitate the partnership
- Organize technical training
- Conduct business training
- Assist farmers in packaging, marketing and selling



#### THAO MOC CO.

- Technical training and counselling
- Provide seeds



Pictures from left to right, first to third row:

- Hibiscus farmers and the director of Thao Moc Co.
- CFRC officer handed Hibiscus seeds to farmers
- Farmers harvesting Hibiscus
- Manager of Dien Bien Department of Foreign Affairs, Mr. Nguyen Van Hanh, gave a speech at Hibiscus Festival in October 2013
- Two products: fresh Hibiscus and dried Hibiscus tea (logo)



## Bulk purchasing

Understanding difficulties faced by members in buying feed for their livestock due to lack of money, BDS Unit of CFRC initiated a program to help the farmers get loans and buy corn in larger quantity together. Benefits to buyers:

- Save some feed, transportation expenses as well as opportunity costs;
- Understand meaning of doing business together;
- Know how to make a better plan in doing business.

- Linked **39 households**
- **28 tons** of corn
- **VND 80 million** of loans
- Save: VND 500.000 - 600.000/ton





# PRIVATE-PUBLIC PARTNERSHIP MODEL IN PROVIDING M7's SERVICES TO HIV/AIDS INFECTED AND AFFECTED PEOPLE

Funded by USAID, the project was started in Dien Bien province in July 2012. Target beneficiaries of the project are HIV/AIDS infected or affected people and former injecting drug users.

A partnership was developed between M7 microfinance organizations and Provincial AIDS Center/healthcare centers. In this cooperation, healthcare centers provided healthcare services and referred potential clients to M7. M7 would provide them with credit, savings, training and BDS services. As at end of 2013, **222** target clients in Dien Bien Phu City, Dien Bien District and Tuan Giao District have been reached and served by M7- Dien Bien Phu, M7-Dien Bien and STU Tuan Giao. By getting access to M7's services, the clients could create an income-generating activity, stabilize and improve their life as well as live more positively.

Donor



**USAID**  
FROM THE AMERICAN PEOPLE

Indicator	
No. of successful referrals	224
No. of loans released	269
Total value of disbursement (VND)	1.434.000.000đ
Total savings (VND)	93.475.318đ
No. of clients received MPA benefits	2
<b>TRAINING</b>	
For M7 staffs (No. of trainees)	114
Group formation training for target clients	120
Business start-up and management for target clients	165
Saving - Household budgeting for members of New Horizon Club (Muong Ang District, Dien Bien)	50



MPA members in Tuan Giao



## MUTUAL PROTECTION ASSOCIATION (M7MPA)

In 2009, CFRC was among the first three organizations to pilot Mutual Microinsurance in Vietnam. Commercial insurance providers have never been interested in the low-income segment since it involves many challenges, risks and low possibility of profitability. In the first three years (2009-2012), three social funds of M7 Network implemented the program among their members very well. But after merging into one microfinance institution, they decided to drop the Basic life insurance product because its delivery is strenuous and unprofitable.

### Government's policy

*“develop a social security and welfare system that is multi-layered, flexible, sustainable, mutual reinforcing and fair in terms of responsibility, benefits and risk sharing...suitable with socio-economic situation of the country and international common practice <sup>1</sup>”*

### CFRC's viewpoint

*“This [M7MPA] is a program to educate people on humane and lofty values of Vietnamese that need to be preserved and promoted. Thus, we will do it regardless how difficult it is.”*

(1) Excerpt from Resolution of Central Committee No. XI on some socio-economic policies up to 2020

Currently, M7MPA is operated:

- Under these legal documents: 5151/VPCP-KTTH dated 26/6/2013, and 16037/BTC-QLBH dated 20/11/2013
- Under the supervision and guidance of Insurance Supervisory Authority- Ministry of Finance
- With technical assistance from RIMANSI Inc. (Philippines)



Visit and give MPA benefit payments to members



## OPERATING RESULTS OF M7MPA (2010-2013)

Indicator	2010	2011	2012	2013	Total
No. of members	19,053	22,688	23,101	10,518 (*)	
No. of people insured	47,632	52,182	60,062	26,294	
No. of hospitalization benefits paid	465	708	1,006	868	2,919
Total amount of hospitalization	72,630,000	111,630,000	177,190,000	149,670,000	511,120,000
No. of death/total and permanent disability benefits paid	55	96	96	79	326
Total amount of death/TPD benefits paid (unit: VND)	22,976,000	42,389,000	50,230,000	43,675,000	159,252,000
<b>Total amount of basic life benefits</b>	<b>95,606,000</b>	<b>154,019,000</b>	<b>227,420,000</b>	<b>193,345,000</b>	<b>670,372,000</b>
No. of loans written off	9	14	8	17	48
Total amount of loans written off (unit: VND)	31,934,200	61,104,200	37,102,000	92,551,000	222,691,400

(\*): The number of members decreased because three social funds (Uong Bi, Dong Trieu, Mai Son) stopped providing MPA microinsurance products to their members after merging into M7MFI



# WOMEN's RIGHTS PROGRAM

Donors



Using community-based approach, the Women's Rights Program set up community groups (so-called REFLECT groups) in two wards of Long Bien District: Giang Bien and Phuc Loi. Groups of secondary pupils were also formed. The groups received capacity building training on gender, gender equality and prevention of gender-based violence. Many communication events were organized to raise public awareness. "Safety addresses" and counseling sessions were put into operation to assist victims of domestic violence.

Two public information booths were provided to ensure access to information of local residents.

Some highlights in 2013 are:

- **11** community groups with **275** members were formed. Monthly meetings were held among members.
- **98** women, victims of domestic violence, received free check-up and counseling
- **2,050** people attended trainings and awareness raising events

As a result, many domestic violence cases were discovered and resolved. Gradual improvement can be seen in perception and behavior of local people.



*A public communication event*



*Training for grass-roots communication collaborators*



*Training for children groups*



*A communication event on women's right & violence prevention*



*Self-protection skills training for children*



*Public awareness raising event: reduce use of nylon bags*



## EDUCATION PROMOTION - RELIEF ASSISTANCE - DONATIONS ACTIVITIES

### VILLAGE LIBRARY

Considering education the cornerstone of sustainable development, in 2013, CFRC, together with some donors, gave books and educational equipment to Bong Village (Quai To Commune, Tuan Giao) so that a small library was set up for children to get access to more knowledge and enjoy a more educational environment. CFRC officers also organized regular activities for about 30 children of Bong Village and nearby villages, teaching them life skills. Every Sunday afternoon, innocent laughter and merry singing voices echoed throughout the village.



### RELIEF ASSISTANCE TO HAIYAN VICTIMS IN THE PHILIPPINES

Right after Typhoon Haiyan made its devastating destruction on the Philippines, affecting lives of millions of people, including more than 100,000 clients and staffs of CARD MRI, a long-time partner of CFRC, a rapid mobilization of donations among M7 and other CFRC's partners was carried out to help our dear Filipino friends.

Total donations

**2,255USD and PHP 2,100**



### “MILK FUND” FOR HIV-EXPOSED CHILDREN IN DIEN BIEN

A concern raised many times by healthcare centers in periodic meeting was how to find a stable source of milk for HIV-exposed babies in poor and low-income families to reduce the risk of mother-to-child transmission through breastfeeding. Thus, CFRC came up with the initiative: **Milk Fund for HIV-exposed children**. Currently, in Dien Bien Phu City, Dien Bien District and Tuan Giao, **37** children, including 18 babies under eighteen months old, need support. In January 2014, the first gifts have been given to the families and children. Afterwards, milk will be provided monthly by the Fund during 2014.



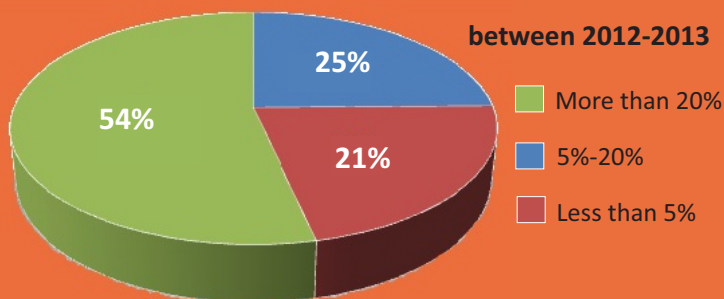




## Impact stories

A study on household annual income of all STU members in two year 2012-2013 shows that 54% of the members could improve their total income by more than 20%; 25% made an increase of 5%-20%, and the rest gained an uptick of less than 5%.

### INCOME IMPROVEMENT OF STU MEMBERS

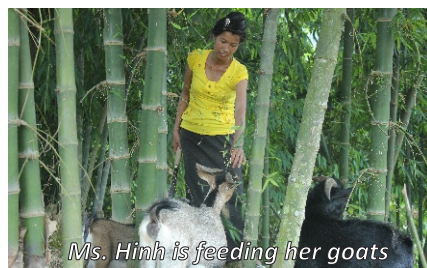


Six years ago, the whole world seemed to collapse in front of Ca Thi Hinh when her husband died of HIV and she also got infected. It was her two little sons who became her motive to rise up against misery since she knew that they needed a home and her nurture.

In October 2012, after being introduced to STU, Ms. Hinh registered to become member of the project. Her first loan of VND 3 million was invested in a pair of goats. Soon after that, the female goat gave birth to two new kid goats. After one year, she earned VND 6 million from selling goats and still maintains a herd of 8 goats.

In May 2013, she had an appendix surgery. She was very touched when STU staff came to visit and give her the M7MPA's hospitalization benefit right after her hospital discharge.

Getting used to utilizing loan, Ms. Hinh availed a second one of VND 10 million in October 2013. This time, she bought a new buffalo. Their life is improving gradually.



Ms. Hinh is feeding her goats



Ms. Hinh receives hospitalization benefits

At the age of 24, Luong Thi Tien has soon gone through tragic events in her life. Her husband passed away one year after their marriage due to HIV, leaving her with their newly-born baby girl. Tien was once so desperate and even wanted to commit suicide. However, she tried to move on thanks to her family's empathy and encouragement.

In October 2012, Tien joined STU. Getting her first loan of VND 8 million, she raised her first herd of pigs. Four months later, she sold them and earned VND 18 million.

In 2013, Tien and her family pioneered in planting Hibiscus on a total area of nearly 1 hectare. By participating in this model, she learned how to grow and process Hibiscus from Madam Mai Thi Tan, the first scientist to develop Hibiscus in Vietnam. Tien also received training on how to start and manage a business conducted by CFRC staffs. She was able to apply what she learnt immediately into her Hibiscus business.

After more than five months, the family harvested and was supported by CFRC to package, market and sell their products. By the end of 2013, they have made more than VND 150 million in revenue. Tien and her family plan to reinvest in a new Hibiscus crop, several rooms for rent and a new coffee shop where she will sell her Hibiscus products. A new chapter of her life has begun.



Tien at her Hibiscus farm



Tien is selling her products at Hibiscus Festival

## DONORS

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