

Report on MCNV microfinance project and its expansion to Thoi Lai commune from Hulza funding source

As of May 2018

Background

The microfinance project has been running in Ben Tre with the cooperation between MCNV and Binh Dai district Women's Union since 2009. This project pursues the balance between social performance and its financial sustainability. The project has been giving financial inclusion services to poor women living in the area, and more than that, creating an environment for them to have better social inclusion through group learning and sharing, and from that building up a supporting community for personal economic and social development.

The severe drought and saline intrusion in 2016 in Mekong river delta as a result of climate change, has made challenges to the living and production of the poor who live in Binh Dai district. The poor who live near to river and coastal area faced with serious lack of fresh water for their own consumption and production purposes. Their own health and income from agricultural crops and husbandry were in dangers.

In middle of 2016, Hulza Foundation decided to fund 20,000 Euro for the Micro Credit and Saving project in Binh Dai district through MCNV. The main purpose is to help the project outreaches to more poor women and help them to better confront their poverty and the effects from climate change. Thoi Lai commune in Binh Dai district, Ben Tre province was selected as the location for expansion from this funding. Before Thoi Lai commune, this project has been operating in 8 other communes in Binh Dai district.

After receive the funding, MCNV together with project management unit has selected the commune credit officer, credit group leaders and trained them the skills to manage credit, saving, clients and do the book keeping. The first loans were given to 81 clients in Thoi Lai commune in December 2016. Every month, the clients will meet in monthly meetings to payback monthly installments and at the same time, the project recruit new members who want to join the groups to get loans. Also in monthly meetings, the clients were trained and coached with new knowledge and skills that could help them to develop.

Results update from January 2017 as of May 2018 in Thoi Lai commune

From the beginning 2017 up to May 2018, the project activities in Thoi Lai commune scaled up quickly. After a short time to be familiar with project regulations and requirements, the Thoi Lai commune credit officer, Ms. Kieu Oanh and credit group leaders became more confident in credit management. The number of clients in Thoi Lai commune has increased sharply in 2017

to 169 members in 15 credit groups. With this pace of growth, Thoi Lai now has more clients than some other communes which were opened several years before Thoi Lai.

Table 1: Project information for 2016 and 2017

No	Project commune	As of 31 Dec 2016			As of 31 Dec 2017		
		Amount of disbursed loans (VND)	Number of credit groups	Number of clients	Amount of disbursed loans (VND)	Number of credit groups	Number of clients
1	Thoi Lai	410,000,000	9	81	535,776,000	15	169
2	Phu Vang	418,000,000	10	103	349,143,000	10	105
3	Dinh Trung	908,932,000	17	216	861,655,000	17	215
4	Thanh Tri	694,202,000	13	143	694,279,000	15	160
5	Dai Hoa Loc	804,241,000	15	197	790,788,000	16	226
6	Phu Long	441,016,000	11	121	409,061,000	12	121
7	Loc Thuan	816,550,000	16	202	868,016,000	16	180
8	Thanh Phuoc	848,953,000	13	201	1,187,774,000	14	296
9	Vang Q Dong	448,052,000	10	97	398,937,000	9	82
	Total	5,789,964,000	114	1,361	6,095,429,000	124	1,554

Group meeting: Thoi Lai has 15 groups and all group function well according to the project manual. Group leaders were trained and showed their capacity and enthusiasm in running and supporting its members. Member attendance rate is high in every meeting. Learning and exchanging new knowledge and skills are often done in all meetings between members.



Financial literacy training session a credit group meeting in Thoi Lai, April 2018

Financial literacy: Thoi Lai as well as all other project communes has been integrating financial literacy training into monthly credit group meetings. It is the most effective and sustainable way to improve their skill for poor women to manage their income, family budget and investment. There are several financial literacy topics that the credit officer provides to clients in meetings, each takes about 20-30 minutes per meeting. They are: setting your financial dreams and plans; manage family budget; saving and how to do saving; investment

management; micro insurance... Financial literacy to MCNV project was provided by experts from PlaNet Finance, a leading international company in this field.

Thoi Lai commune started in the time of serious drought and saline intrusion so the needs for water container construction were big. There are 102 households in Thoi Lai get their loans to build water containers.

After the dry season of 2017, more women clients got their loans to invest in agricultural production and trading. With a water container loan of 5 million VND, a household could build 2 water containers with total capacity of 5m³ on average, so in Thoi Lai, with 102 clients, it is estimated that poor women could retain about 500m³ of rain water for their consumption purpose per year in this commune. It is noted that



The high capacity water containers are replacing small jars in rural households to retain more rain water – Photo in Thoi Lai in April 2018

during the dry season, poor families almost have no access to other sources of fresh water, even the running water supply system could only provide brackish water, and it is not healthy for life.

Table 2: Project clients break-down on communes and loan use purposes (Dec 2017)

No	Commune	Animal husbandry	Small trading	Water containers	Other purposes	Total
1	Thoi Lai	49	18	102	0	169
2	Phu Vang	69	16	19	1	105
3	Dinh Trung	146	17	49	3	215
4	Thanh Tri	123	37	0	0	160
5	Dai Hoa Loc	101	43	71	11	226
6	Phu Long	56	8	54	3	121
7	Loc Thuan	66	88	22	4	180
8	Thanh Phuoc	136	14	146	0	296
9	Vang Quoi Dong	50	15	17	0	82
	Total	796	256	480	22	1,554

From project wide, there are totally 480 households get their loans to build water containers. Total rain water retention capacity reached 2,400m³ and more importantly this water could benefit nearly 2,000 people having enough water for their living in dry seasons. It is worthy to

note that, the project uses revolving loans to finance this work so the numbers of people benefited from water containers will increase year by year.

Families who have big enough water retention storage could take the next loans to invest in their animal raising. On average a cow must drink 20l of water a day, so without water security, it is extremely risky for poor women to invest in agricultural production.



A poor project client in her uncompleted house (the poor often build their house gradually whenever they have some money; they build a part of it).

Thoi Lai commune also provided non-interest loans for 42 households to buy voluntary health insurance for their family members. As poor women in rural area are not easily accessible to health insurance, the project support in this field is meaningful for them and with this insurance, their health risks are covered.

Although Thoi Lai commune has about one and a half year to develop the microfinance activities as well as other capacity supports for poor women, but it has achieved remarkable results and from our view, Thoi Lai has potential to be more professional in microfinance field.

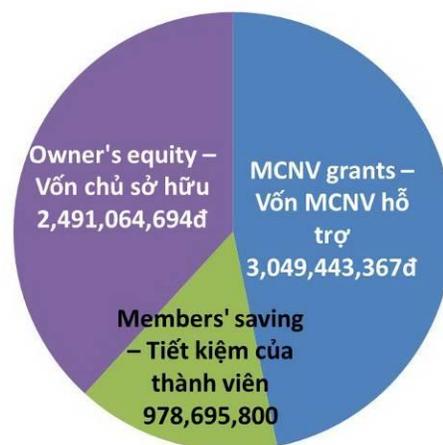
Overall project development

The project runs smoothly in all nine communes. Total clients are 1554 in Dec 2017 with 124 groups. The default rate is zero percent (all clients can payback their loan on time).

From 2018, MCNV will not provide any subsidies for this project in term of management and capacity building cost. The project itself covers all kind of cost. MCNV allows the project to use maximum 45% of total income from interest to cover for all cost, and it proves to be sufficient.

The project plans to employ one more full time staff in 2018, make total number of full time staffs to 3, all are paid from project interest income.

Total MCNV and donor funding to this project is more than 3 billion VND. With effective business result, the total amount of project retained earning (amount of profit that the



project created and then reinvested into project funding pool) is nearly 2.5 billion VND. Total amount of members saving is nearly 1 billion VND.

Up to April 2018, there are 511 households who took the loans from project to build 910 water containers. The value of these containers reaches up to 100,000 Euro and total capacity of rain water retention is about 2500m³, a meaningful number for people living under climate change effects in Ben Tre.

The poorest could also benefit from this microfinance project. There were 6 friendship houses built and given to 6 extremely poor women in this district from the income of this project. It also shows to the poor that their participation into microfinance does not only help themselves but also helps others in an effective and sustainable way.



Friendship house handing over ceremony in January 2018: The microfinance project use its profit to build house for poorest and unable to work women in the community