



**VIETNAM MICROFINANCE WORKING GROUP**

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## **ANNUAL REPORT 2007**

Vietnam Microfinance Working Group (MFWG) was founded to create a forum for microfinance practitioners to share experiences with each other, come together to debate relevant issues, and speak to policy makers with a unified voice. Founded in 2004 as an informal organization under the VUFO-NGO Resource Center, according to the Working Group Guidelines approved by the Resource Centre Steering Committee in April 2003, the MFWG is open to all individuals and organizations interested in microfinance in Vietnam.

The overall goal of the MFWG is *“to enhance the impact of microfinance on poverty alleviation by promoting the quality and sustainability of microfinance in Vietnam, both in the practice of institutions and in an improved enabling environment.”*

### **MFWG Goals for 2007:**

1. To be an independent and professional institution.
2. To promote the support of the Government (especially the State Bank) to Microfinance in Vietnam.
3. To maintain at least 30 participants attending Group meetings. Two-thirds of these participants should be microfinance organizations with the purpose of networking with other Group members.
4. To improve members' capacity to achieve best practice microfinance.
5. To provide a clear and effective financial management system.

## **Update on Key Activities during 2007**

### **1. Governance**

Over the course of 2007, the Group held a series of activities to learn about and research about the procedures and implications of registering as a professional association with legal status. The Group scheduled meetings with Vietnam Association of People's Credit Fund, IDEA Disability network, and the Head of the NGO Department at the Ministry of Home Affairs.

The Group invited bids from legal consulting firms and chose one to support and to advise the Group on its transformation into an association with independent, legal status. The MFWG is currently in negotiations to sign a contract with this law firm.



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In 2007, the Group's mailing list has been checked and updated. A list of members' emails is regularly updated and new members' details and emails are regularly added. Moreover, information management with corresponding email exchanges regarding the Group's mailing list is implemented to ensure that emails with suitable contents are directed to the right person.

## **2. Operations**

With the support of the Ford Foundation, the MFWG purchased office equipment<sup>1</sup> to allow for smooth and convenient operations. This was finished according to the articles approved in the project.

The Business Plan and Strategic Plan led by Save the Children/US (with Binh Minh CDC, Entrepreneurs du Monde organization) will be quickly finished at the end of Quarter I in 2008 after receiving ideas from the Group's members in the final annual meeting of 2007.

**Reports:** The activity report and the monthly financial report are updated by the coordinator and two assistants, and sent to the Group's core members at the end of each month. The report for donors is still maintained according the commitment of each project.

**Means of communication:** During the course of 2007, two microfinance bulletins (No.9 in May 2007 and No.10 in December 2007) were published. In addition to the upload of the Group's bulletins on the NGO-RC website, a large number of bulletins were printed and sent to individual associations such as: ILO, VDIC, Ford Foundation, Childfund, vv...In 2007, the bulletins were printed for the first time on presentable forms by a professional printing company. Starting in bulletin No.10, data of microfinance associations was first analyzed and benchmarked instead of being posted as raw data. This guarantees both confidential information and comparative data.

Furthermore, articles are often shared in the network through the coordination of information by the coordinator so as to provide members with the latest information about activities relating to microfinance.

In order to diversify the means of communication, the MFWG's website is designed and still under construction. The website address is [www.microfinance.vn](http://www.microfinance.vn). On this website, there are introductions about MFWG, microfinance in Vietnam and information about microfinance associations.

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<sup>1</sup> One computer, one laptop, one printer/photocopier, one fax and one cabinet.



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**Meetings:** In 2007, the MFWG held two general meetings (Annual Meeting 2006 in February 2007) and (Semi-Annual Meeting 2007 in August 2007) to provide participants with the activities of the Group, and to elect new core group members. In addition, the core group met frequently to organize the specific activities of the Group, apply for grants and discuss governance issues.

### **3. Human Resources**

In 2007, the MFWG still operates with a core group including 10 volunteer organizations. However, a full-time coordinator has been hired and started working for the Group in January 2007. In addition to assisting the Group's work and activities, the Microfinance and Development Center (M&D) has provided one part-time administrative assistant and one part-time accountant to assist with the functions of the Group. Two job descriptions of these positions are composed by the coordinator and approved by two co-chairs.

In addition, benefiting from the training budget, the Group's Coordinator and Secretariat attended the following training courses:

- The distance learning training course on microfinance
- The training course on writing project proposal
- The training course on financial management
- The training course on NGO management

### **4. External Relations**

**To government agencies:** External relations are being improved in order to strengthen the Group's reputation and to widen the Group's outreach. The Group maintains good relations with the State Bank of Vietnam (SBV), conducting activities related to the Group's advocacy work. In this area, MFWG has made a significant contribution to the amendment of Decree 28 (Decree 165/ND/2007) and the up-coming Circulars. By assembling members' ideas, and participating in seminars and conferences relating to the legal environment for microfinance, the MFWG has enhanced its positive image held by SBV and the Government of Vietnam.

**To donors:** The MFWG also maintains frequent contact with the current donors i.e. Ford Foundation, Citi Foundation. Furthermore, in 2007, the MFWG has contacted potential donors interested in sponsoring the Group's activities such as SEEP, Citi Foundation, ADA, and DID.



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**To national and international conferences/seminars/workshops:** The representatives of the Group attended some national and international conferences/seminars in 2007, in an effort to contribute to the image of the Group. Moreover, through the collaborative effort of the Group, the details of the MFWG, Thanh Hoa Microfinance Program, Vietnam Bank for Social Policy, Binh Minh CDC have been successfully posted on the MIX (microfinance information exchange) website. The Group has been seeking opportunities to work and to connect to other networks such as Banking with the Poor (BWTP) and SEEP.

### **Citi Microentrepreneurship Awards 2007 in Vietnam**

On March 16<sup>th</sup>, 2007, the MFWG submitted a proposal for the “Citi Microentrepreneurship Award” to Citi Foundation. This is the first time this project is held in Vietnam. Citi Foundation has granted US \$60,000, in which US \$30,000 will be given as awards for the microentrepreneur and credit officer winners and US \$30,000 will be used for logistics.

The Awarding Ceremony was successfully held on December 14<sup>th</sup>, 2007 in Hanoi. Although, this is the first time this project was held in Vietnam, it had a huge impact on microfinance. In the Awarding Ceremony, the Vietnam Microentrepreneur Forum 2007 was organized to enable entrepreneurs and credit officers to share their experience. The Awarding Ceremony was formally held in Hanoi with the presence of Mrs. Truong My Hoa, the former vice president of Vietnam, the representatives from the Government, international non-government associations, and donors. This year, the awards were given to 60 entrepreneurs (each prize is \$350) and 30 credit officers (each prize is \$300), and 11 microfinance institutions were honored.

## **5. Service provision**

- **Capacity Building and Training Sessions:**

The MFWG has received a \$16,228 funding from SEEP for “Scholarship programs for Microfinance Network and training centers”. Because of the Group’s legal status, the donor award is transferred to the M&D Center, and will be used to organize training courses. Up to August 2007, the Group in collaboration with the ILO and the M&D Center has run the following training programs:



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Name of Course	Source of funding	Date	Place	Participants
Making microfinance work: Managing for Improved Performance	SEEP - ILO	10/2006	Hồ Chí Minh	21
Communication and customer care skills	SEEP - ILO	1/2007	Hà Nội	25
Communication and customer care skills	ILO	3/2007	Quảng Bình	23
Communication and customer care skills	ILO	3/2007	Nghệ An	16
Making microfinance work: Managing for Improved Performance	ILO	4/2006	Hà Tây	18
Transforming MFIs	ILO	6/2006	Phú Thọ	24
Communication and customer care skills	SEEP	7/2007	Hà Nội	20
Communication and customer care skills	SEEP	8/2007	Hồ Chí Minh	28
Internal Audit and Control	SEEP	8/2007	Hà Nội	19

• **Information dissemination:**

Microfinance Bulletin No. 9 with the subject “*Effective administration in microfinance institutions*” was first printed by a professional printing company, and formally published in May 2007. Microfinance Bulletin No. 10 with the subject “*Fund raising in microfinance*” included data of microfinance institutions which were first analyzed and benchmarked instead of posting raw data in the bulletin. With the financial support from SEEP Network and Ford Foundation, the MFWG operates a library with useful microfinance publications. At present, this library is in the process of completing a number of books. The information about the library will be announced upon its opening.

**Advocacy:**

The MFWG has been active throughout 2007 in collecting ideas, suggestions, and comments for legal documents related to microfinance activities in Vietnam.

**Others:**

- The Group successfully organized the field trip for the Laos MFWG to visit and exchange experiences with Vietnam’s MFWG. This is the first field trip organized for an international delegation by Vietnam MFWG.



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- The Group has proposed a project to CGAP to become the local distributor for CGAP's documents in Vietnam. However, the Group has not got legal status yet, thus it can not become the local distributor for CGAP in Vietnam. But CGAP still decided to deliver documents to the Group in 2008. When CGAP's documents (in English) are available, the Group will inform its members.
  - Save the Children/US supported the Group by translating some of CGAP's documents into Vietnamese. Now some documents are translated. We will upload these documents in the Group's website soon.
  - The MFWG also held discussions with donors, investors, and institutions supplying services and technology for the sector.
  - The Group provided microfinance institutions with information about the two funds of CGAP: the Information System Fund and the Rating Fund.

## **Draft Action Plan of Vietnam MFWG in 2008**

### **Governance**

- Build a local network of regional members.
- Carry out legal procedures, registration, and association establishment.
- Build up and popularize group's regulations and charter for members.

### **Operations**

- Develop strategic and business plans with long-term activities.
- Maintain periodic reports including information updates and sharing.
- Organize semi-annual meetings in the beginning of 2008, summarize Ford project and share experience.
- Visit microfinance organizations and mobilize new members.
- Maintain and evaluate supervision systems and assess financial accounting management for the Group.

### **Human Resources**

- Stipulate the responsibilities and job descriptions for core members; assign specific tasks for core members.
- Improve the Coordinator's capacity to make and implement the action plan.
- Coordinate the activities to evaluate result the working efficiency of core members and coordinator.

### **External Relations**

- Study the strategy, orientation and demands on microfinance of related sectors and Government.



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- Attend national and international workshops and conferences.
- Maintain and develop relations with current donors.
- Study and seek new opportunity to cooperate with outside organizations and networks.
- Create relations with new organizations and donors.
- Successfully organize exchange visits to foreign countries to study and share experience with other networks.

### **Services Delivery**

- Complete a website for the MFWG.
- Publish the National Microfinance Bulletin 2008.
- Develop training plans and improve capacity based on a survey of demands of members balanced with MFWG's current resources.
- Provide information and organize training courses in line with the Group's training plan and feed back reports of the whole group.
- Learn about the needs and provide information to members about management information systems.

### **Financial Sustainability**

- Build up fee charge level including periodic member fee, conference fee, training fee.
- Coordinate with members to organize activities.
- Organize up-to-date records and the Group's periodic financial report.
- Implement an annual independent audit.
- Make Group's new project proposals to submit to new donors from international organizations (networks, funds...).
- Supervise, assess and report periodically and annually on the Group's financial management.