

QUANG NGAI RURAL DEVELOPMENT
PROGRAM (RUDEP) - PHASE 2

Village Savings and Credit Facility: Six Monthly
Review Report – July to December 2004



VIETNAM-AUSTRALIA

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AusAID

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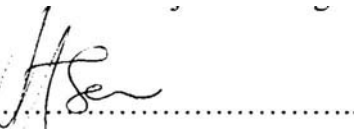
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Acronyms

AusAID	Australian Agency for International Development
CCG	Commune Contact Group
CPC	Commune People's Committee
CWU	Commune Women's Unions
DCG	District Contact Group
DDO	District Development Officer
DWU	District Women's Union
DOSTE	Department of Science, Technology and Environment
DPC	District People's Committee
DPI	Department of Planning and Investment
FA	Farmers' Association
FCO	Finance and Credit Officer.
GOA	Government of Australia
GOV	Government of (the Socialist Republic of) Vietnam
LA	Loan Applications
M&E	Monitoring and Evaluation
MF	Microfinance
MD	Monitoring Form
MFI	Microfinance Institution
MS	Accounting Form
NGO	Non Government Organisation
PAR	Portfolio at Risk over 30 days
PCF	People's Credit Funds
PDA	Participatory Development Adviser. Prefix 'V' Vietnamese
PDD	Program Design Document
PFI	Participating Financial Institution
PMB	Project Management Board
PMU	Project Management Unit
PO	Project Officer
PPC	Provincial People's Committee
PPO	Participatory Planning Officer
PPP	Participatory Planning Process
PWU	Provincial Women's Unions
RUDEP	Quang Ngai Rural Development Program
SBV	State Bank of Vietnam
SEL	Small Enterprise Loans
TAG	Technical Advisory Group
TL	Australian Team Leader
TOT	Training Of Trainers

ToR	Terms of Reference
URS	URS Sustainable Development (incorporating AACM International)
VBARD	Vietnam Bank for Agriculture and Rural Development
VND	Vietnam Dong (VND10,900 = AUD1 approx)
VSCF	Village Savings and Credit Facility
WUs	Women's Unions

Summary

The VSCF program commenced operations as a pilot program in May 2003. By December 2003 five Village Savings & Credit Facility's had been established in two communes of Duc Phong and Tinh Tho. The need for VSCF's centers on the difficulty poor households face in accessing financial services elsewhere, from the need to ensure sustainability, and generally to offer opportunities to improve the lives of the targeted beneficiaries. The recommendation to use the services of WUS to provide training and related support is mainly due to their capacity in all the districts targeted.

After completion of the 6 month review Report of the first 5 VSCFs, 39 VSCFs more were formed with total of 1109 members of whom 756 (or 68%) are women. There have been 686 borrowers (62%), of which, 440 borrowers are female, accounting for 64%. As of Oct 2004, RUDEP had transferred VND 3.192.000.0000 in seed capital to 44 formed VSCFs, of which VND 2,433,410,000 (or 76%) have been disbursed to members. Terms on these loans are mainly medium term in nature (12 months or less). All loans to date have been mainly used for livestock and cultivation.

The information and monitoring of VSCF groups by the RUDEP has been improving. However, the consolidated VSCF progress reports provided are still not accurate or complete. There are some common mistakes like not all MB members signed on the accounting forms, participants have not attended and deposited their savings fully in the monthly meeting. While there clearly have been some issues with the implementation of the approved Operational Guidelines, additional attention must be given to ensuring that these reports are completed accurately and in a timely fashion. Additional technical assistance may well be required in this regard.

The capacity of service providers- women's unions has been gradually improving. Recently, commune women's union staff have been involving in the VSCF activities. For the long term strategy, these staff will take responsibilities for supervision of their VSCFs when RUDEP ends. Although there have been a lot of efforts from both sides: RUDEP and Women's Unions, there are several issues relating to human recourse and capacity, especially, Son Ha district women's union.

The new training methods and competency assessment have been developed and applied for new VSCFs. As a result, the level of competency of each MB member has been identified and documented. This will allow the service provider as well as RUDEP to determine what the weakness points are for improvement. The competency profile of designated women's union staff and VSCF MB members have been developing.

The poor and women have been given the necessary access to loans through the VSCFs. However, the rate is still low. Ensuring that very low income households and women have raised access to the financial services of the VSCF's needs to be given added attention by the RUDEP. In order to do that RUDEP have reset the Operational Procedures to focus the poor with targeting to 70% of the poor based on the RUDEPs' wealth ranking criteria.

Changes in the regulation over microfinance institutions in Vietnam could have a significant impact on the planned exit and sustainability strategies of the VSCF component of the RUDEP. These need to be tracked and the implications assessed when they are decreed.

A discussion of the possible options facing the RUDEP in ensuring poor households in Quang Ngai conclude that the current strategy of VSCF's remains the most appropriate option given the environment and possible partners.

1 Introduction

1.1 Background

The Village Savings & Credit Facility (Village Savings & Credit Facility) aims to provide the vehicle for the provision of much needed financial services to selected poor households in Quang Ngai, and as such is a core component of the Quang Ngai Rural Development Program (Quang Ngai Rural Development Program). Following a re-design during the first quarter of 2003, the VSCF program commenced in May 2003 with the formation of five VSCF groups in two communes on a pilot test basis. This re-design included a detailed operational manual outlining all relevant procedures, processes, systems and forms for the establishment and management of the VSCF's, subsequently approved as the "Guidelines for Operational Procedures of the Village Savings & Credit Facility" by the Quang Nghai PPC on 11 April 2003 (Decision No. 899/QD-CT) and the revised one which was approved by PPC on 07 May 2004 (Decision No 877/QD-CT)

RUDEP provides a seed capital grant to each VSCF aimed at capitalising these groups as well as awareness and capacity-building training aimed at ensuring the VSCF is able to manage its own affairs increasing over a two year period, after which no further is generally offered. Preceding and during the formation of VSCF groups the RUDEP provides related livelihood training and on-going support, focused on providing technical and marketing knowledge and skills to the targeted poor households. An integrated methodology is therefore pursued on the VSCF program.

A review of the VSCF program after the 18 months (mainly for the period of 6 recent months) of implementation was considered necessary to confirm whether the capacity of service provider is appropriate with requirements by RUDEP. On the other hand, MB members are able to be competent for managing their VSCFs. Based on what have been identified as shortcomings or constraints, RUDEP and service provider will work out the potential solutions for overcome the current identified issues. This will contribute to the graduation of VSCFs for the next 6 months.

1.2 Review Process

The review process commences by reviewing the Form 5 (off-site review) of each VSCF, determine the capacity of each VSCF in terms of monitoring, managing and accounting. Moreover, the competency assessment formats have been developed and applied (on-site review) by RUDEP's and/or women's union staff to assess and determine what level of competency the VSCFs are. The report from external Auditors will be considered and discussed with RUDEP Management Board as well as the two short-term advisors for recommendations. The updated Form 5 (without the part of Balance Sheet and Income Statement) has been used from the Jan 2005. The service contract 2004-2005 signed by RUDEP and Women's Unions will be reviewed in terms of outputs, cost effectiveness and lessons learnt.

The recommendations from the two short-term advisors inputted in Sep 2004 will be also considered.

1.3 Structure of Report

The review report was written by the Finance and Credit Officer with inputs from the Quang Ngai provincial and district women unions. This section covers the need for VSCF's as well as the need for WUS as a service provider. The critical need for capacity-building training is also outlined. Section 2 and 3 review the capacity and performance of women's unions and the VSCF program. Section 4 outlines the revisions of Training Manual and VSCF Operational Procedure. The actions for suggested recommendations from short-term advisors are discussed in Section 5. The monitoring system and exit strategy are stated in the Section 6 and 7.

2 Review of Women's Unions Capacity and Performance

2.1 Review of Capacity of Women's Unions in Terms of Human Recourse

Table 1: List of designated staff of women's unions for the service contract 04-05

No	Name of staff	Position	Age	Education(*)	Experience on credit & savings
Provincial Women's Union					
1	Pham Thi Thu Trang	Office Manager	1967	Bachelor	+++++(**)
2	Pham Thi Huong	Officer	1968	Bachelor	++++
3	Le Thi Le Huyen	Officer	1977	Bachelor	+++
4	Nguyen Thi Anh Tho	Officer	1979	Bachelor	+++
Duc Phong commune WU					
5	Le Thi Kim Sang	Vice-chairlady	1958	7/12	++
Tu Nghia district WU					
6	Vo Thi Thuy Huong	Officer	1959	Intermediate	+++++
7	Dinh Thi Thu Hang	Officer	1978	Intermediate	+++
Nghia Tho commune WU					
8	Pham Thi Nga	Vice-chairlady	1964	3/12	+
9	Pham Thi Hong Van	Officer	1977	5/12	+
Son Tinh district WU					
10	Tran Thi Quang Sinh	Chairlady	1955	Primary	+++
11	Nguyen Thi Kim Hong	Officer	1957	Bachelor	+++++
Tinh Tho commune WU					
12	Lam Thi Bich Hop	Chairlady	1947	9/12	+
13	Phan Thi Thuy Hoa	Officer	1958	10/12	++
Nghia Hanh district WU					
14	Le Thi Thanh Chin	Chairlady	1954	Intermediate	+++++
15	Nguyen Thi Kieu Hoanh	Officer	1976	Intermediate	+++
Hanh Phuoc commune WU					
16	Le Thi Man	Chairlady	1953	12/12	+++
17	Tran Thi Thuy Van	Officer	1979	12/12	++
Son Ha district WU					
18	Truong Thi Loan	Vice-Chairlady	1962	Bachelor	++++
19	Tran Thi Minh Phuoc	Officer	1960	Intermediate	+++

No	Name of staff	Position	Age	Education(*)	Experience on credit & savings
Son Hai commune WU					
20	Dinh Thi Nheo	Chairlady	1960	5/12	++
21	Dinh Thi Luc	Officer	1970	5/12	++
Son Giang commune WU					
22	Nguyen Thi Thu Nguyet	Chairlady	1955	9/12	++
23	Dinh Thi Nhit	Officer	1980	12/12	++
Son Trung commune WU					
24	Nguyen Thi Yen	Chairlady	1955	9/12	++
25	Dinh Thi Hong	Officer	1982	9/12	+
Duc Pho district WU					
26	Ngo Thi Duong	Chairlady	1952	Intermediate	+++++
27	Tra Thi Le	Officer	1980	Bachelor	++++
Pho Chau commune WU					
28	Vo Thi Thu Hien	Chairlady	1952	12/12	++
29	Vo Thi No	Officer	1956	9/12	+
Binh Son district WU					
30	Lo Thi Minh Sa	Vice-chairlady	1958	Primary	++++
31	Pham Thi Lan	Officer	1962	Intermediate	++++
Binh Minh commune WU					
32	Võ Thị Thủy	Vice-chairlady	1960	12/12	++
33	Lo Thị Minh Khánh	Officer	1958	12/12	++
	<i>On the average</i>		<i>41</i>		

(*) Note: Clarification of education level system in Vietnam

Pre-school	Primary school	Secondary school	High school	Post high school	Intermediate	College	University
Nursery school	Grade 1-5	Grade 6-9	Grade 10-12			Bachelor/Engineer	Bachelor/Engineer
01 year	05 years	04 years	03 years	03-06 months	02-03 years	03 years	04-06 years

(**): From + to +++++: means level of experience (microfinance and presentation skill) is increasing.

Table 1 shows that RUDEP has been cooperating with 01 provincial, 06 district and 9 commune WUs. 33 designated staff have been trained on relevant skills of microfinance.

Regarding to the service contract, there will be at least two designated staff per WU Agency. These staff will performance as nominated trainers to be responsible for the expected outputs required by RUDEP. Moreover, the commune WU staff have been involved as assistants for two purposes: (i) to provide assistances to the training events and (ii) to gradually improve their knowledge and experience on savings and credit. For

the long term sustainable strategy, the commune WU staff will be responsible for the VSCF activities in their communes.

The service contract (2004-2005) has been implementing for 3 months with acceptable outputs. However, it finds difficult for Son Ha district WU to fulfill their tasks given in the ToR of the contract due to lack of staff. There were 02 designated staff trained by RUDEP. However, unluckily, one staff has been seriously sick so that she can not continue to work under this contract. The rest one has been mostly spending all her time for service supply activities. As a result, her office work has been delayed. Finally, she has submitted an official letter to withdraw from this service contract. This is a hindering factor for the implementation of 18 formed VSCFs (equivalent to 25% of all current VSCFs) in 3 mountainous communes; Son Hai, Son Giang and Son Trung. In order to solve problem mentioned above, RUDEP had had a meeting with Vice chairman cum Head of Son Ha DCG and Chairlady of Son Ha DWU. And then Son Ha DCG has had a meeting with Son Ha DWU to find out the suitable solution. The outcome from this meeting was that DWU requested RUDEP to increase the rate of payment which RUDEP could not make the decision itself due to the policy issued by Quang Ngai PPC. It means that DWU of Son Ha will not get directly involved in any further VSCF's activities. RUDEP has already contacted PWU asking them whether the PWU can hand over the VSCF's activities instead of Son Ha DWU. Unfortunately, PWU could not prove service due to lacking of staff.

Recommendations:

- *RUDEP should discuss with the leader of Son Ha district to find out the suitable district agency for follow up VSCF activities in the relevant communes.*
- *Building capacity for staff of the new selected agency on VSCF.*
- *Only as time allow, A/FCO will be responsible for implementation of activities given for Son Ha communes in 2004-2005 in cooperation with CWU.*

2.2 Review of Capacity of Women's Unions in Terms of Competency

The Table 1 shows that there are 7 staff with Bachelor level (makes up 21%) categorised by education term. Meanwhile, only 05 staff (15%) who have experience on microfinance, especially rural credit services. With the current human resource, the VSCF program has been facing some difficulties in terms of capacity.

In order to assess the competency of women's union staff, a competency test system has been developed and applied. Pre-tests and post tests of trained VSCF members are usually used when the trainings are conducted. Moreover, the self-evaluation of VSCFMB method has been also used to make sure the result of assessment is more realistic

Skills of women's union staff can be draftly divided into three areas (i) skills on rural microfinance (ii) skills on presentation and (iii) technical knowledge for rural income generation activities.

Table 2a shows that the pre-test No 1 (assessment of understanding of trainers on VSCF Operational Procedure) is achieved 8.56 points. Meanwhile, the result of post test is 13.1 points. It means that 4.54 points gained after training generally. However, specifically, there are some CWU staff who still have under 7 points (less than 50%) such as Son Giang commune. The result of this assessment has allowed us to focus on these incompetent staff. With the assistance from DWU and RUDEP staff through the recent training courses and formation workshops for 6 newly-formed VSCFs in Son Giang, the

women's union staff of Son Giang had been actively involved in and their capacity have been also improved.

Due to time constraint, only the ex-post assessment of competency level of the provincial and district women's union staff (excepting CWUs) has been done by FCO. The method has been used for assessment of competency of women's unions staff are:

1. Direct assessment: **(Micro-finance Skills)**
 - a. Doing practical exercises (Competency Test No 2 with 15 questions and Form 5).
2. Indirect assessment: **(Micro-finance and Presentation skills)**
 - a. Self-evaluation (MS 1a,b,c,d; MS 2; MS 3a,b; MS 4) and Presentation skills.
 - b. Evaluate subjectively by FCO through the last inputs and outputs from women's unions under the service contract 2004-2005.

Column (4) and (5) of Table 2.1 show that, the understanding of women's unions (excepting CWUs) has been increasing from 13.6 points (91%) to 14.5 points (97%) respectively. There are some staff who can not get maximum point due to having no chances or a few chances to apply and improve their VSCF knowledge. For the accounting skills, the columns 6 to 12 of Table 2b also show that the average minimum point is 4.7. This level is not so bad, especially for the women's staff that has just jointed the VSCF program for 6 months. Gradually, the accounting forms and monitoring system are developing simply then the stakeholders will get familiar and skilful in terms of accounting.

The presentation skill plays an important role on building capacity for VSCFs, especially with the low education members. Although the women's unions staff have been provided two training courses on TOT, their presentation skills are still poor. There are some objective and subjective reasons influencing the presentation of WU staff. Of which; objective reasons are uncomfortable room, too many participants with different levels of education, age. Subjective ones are congenital factors such as soft voice, non-participatory training method, non-learner centered training method .etc. Column 13 of Table 2b shows that the presentation skill of women is 7.5 point out of 10.

The other issue it that, women's union staff are lack of rural development knowledge, especially for the illiteracy members. They are advised by PDA that member's children would be a potential source to help their parent's complete requirements such as business plan preparation.

Recommendations:

- *The competency profile should be developed, the point ranking for the accounting forms (MS) should be from 1 to 10 instead of 5 as currently.*
- *The formats of pre, post and ex-post tests should be also developed. The suggested formats are shown on the Annex 1.*
- *Competency assessment of CWU staff should be considered.*
- *A training course on presentation skill focusing on VSCF for women's unions staff should be conducted.*
- *A training method/package for the low education participants should be developed, tested and applied.*

Table 2: Competency assessment result for TOT on VSCF (07-09 Oct 2004)

No	Name	Unit	Pretest-No 2a ¹ (VSCF Regulations)	Post test No 2b (VSCF Regulations)	Post -test No 3b ² (capacity on Business plan)	Post-test MS1a,1b	Post-test MS1c	Post-test MS1d	Post-test MS2	Post-test MS3a,b	Post-test MS4	Post-test MS5
			Maximum= 15 points	Maximum= 15 points	Maximum= 10 points	Max=5	Max=5	Max=5	Max=5	Max=5	Max=5	Max=5
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
I	<u>QUANG NGAI PROVINCIAL WOMEN'S UNION</u>											
1	Pham Thi Huong	PWU	N/A	14	10	5	5	5	4.5	5	4.5	4.5(Gr.3)
2	Le Thi Le Huyen	PWU	13	Absent in the afternoon of the last day so She did not submit the post tests								
3	Nguyen Thi Anh Tho	PWU	9	15	7	5	4.5	5	5	4.5	4.5	5 (Gr.5)
4	Le Thi Kim Sang	Duc Phong CWU	N/A	14	7	5	4.5	5	5	4	4.5	4.5(Gr.4)
II	<u>TU NGHIA DISTRICT WOMEN'S UNION</u>											
5	Dinh Thi Thu Hang	Tu Nghia DWU	11	15	8	5	5	5	5	4.5	5	5 (Gr.5)
6	Vo Thi Thuy Huong	Tu Nghia DWU	14	15	10	5	5	5	5	5	5	5 (Gr.1)
7	Pham Thi Nga	Nghia Tho CWU	8	12	N/A	4	4	4	4	4	5	5 (Gr.5)
8	Pham Thi Hong Van	Nghia Tho CWU	8	12	10	3	4	3	3.5	4.5	4.5	5 (Gr.1)
III	<u>SON TINH DISTRICT WOMEN'S UNION</u>											
9	Tran Thi Quang Sinh	Representative	N/A	14	8	5	5	5	5	4.5	5	5 (Gr.5)
10	Nguyen Thi Kim Hong	Son Tinh DWU	N/A	Has already did the tests but FCO could not find the tests, she may not submit to FCO								
11	Lam Thi Bich Hop	Tinh Tho CWU	6	14	N/A	2	3	5	3	3	5	4.5(Gr.4)
12	Phan Thi Thuy Hoa	Tinh Tho CWU	11	15	8	4.5	4.5	4	5	5	4	4.5(Gr.3)
IV	<u>NGHIA HANH DISTRICT WOMEN'S UNION</u>											
13	Le Thi Thanh Chin	Representative	N/A	Has already did the tests but FCO could not find the tests, she may not submit to FCO								
14	Nguyen T. K.Hoanh	Nghia H.DWU	10	14	9	4.5	5	4	4.5	4.5	N/A	4.5(Gr.3)

¹ Pre and post test No 2a,b is used for assessment of understanding about the VSCF Operational Procedure.

² Post test No 3b is used for assessment of competency of trainees on Business Planning skills.

No	Name	Unit	Pretest-No 2a ¹ (VSCF Regulations)	Post test No 2b (VSCF Regulations)	Post -test No 3b ² (capacity on Business plan)	Post-test MS1a,1b	Post-test MS1c	Post-test MS1d	Post-test MS2	Post-test MS3a,b	Post-test MS4	Post-test MS5
15	Le Thi Man	H. Phuoc CWU	11	14	10	5	5	5	5	5	5	5 (Gr.2)
16	Tran Thi Thuy Van	H. Phuoc CWU	12	15	10	5	5	4.5	5	3.5	N/A	5 (Gr.2)
V	SON HA DISTRICT WOMEN'S UNION											
17	Truong Thi Loan	Son Ha DWU	12	15	8	4.5	4.5	N/A	4.5	4.5	5	4.5(Gr.4)
18	Tran T Minh Phuoc	Son Ha DWU	9	10	9	5	5	4.5	4.5	4.5	4.5	5 (Gr.2)
19	Dinh Thi Nheo	Son Hai CWU	2	10	N/A	3	5	5	3	3	N/A	4.5(Gr.4)
20	Nguyen Nu Han Sinh	Son Hai CCG	8	11	N/A	5	4	4.5	5	4.5	5	4.5(Gr.3)
21	Ng. T.Thu Nguyet	Son Giang CWU	3	7	8	3.5	3.5	4	3.5	4	4	5 (Gr.5)
22	Dinh Thi Nhech	Son Giang CWU	2	6	7	3	4	4.5	4.5	4.5	4.5	5 (Gr.5)
23	Nguyen Thi Yen	Son Trung CWU	3	12	8	4	4.5	5	5	4.5	5	5 (Gr.1)
24	Dinh Thi Hong	Son Trung CWU	6	15	9	5	4.5	5	4.5	4.5	4.5	5 (Gr.1)
VI	DUC PHO DISTRICT WOMEN'S UNION											
25	Ngo Thi Duong	Representative	14	15	10	5	5	5	5	5	5	5 (Gr.1)
26	Tra Thi Le	Duc Pho DWU	N/A	15	8	5	5	5	4	5	5	5 (Gr.2)
27	Vo Thi Thu Hien	Pho Chau CWU	8	15	9	4.5	5	5	4	5	5	5 (Gr.2)
28	Trinh Thi Suong	Pho Chau CWU	9	12	8	5	4.5	N/A	4.5	4.5	5	4.5(Gr.3)
VII	BINH SON DISTRICT WOMEN'S UNION											
29	Lo Thi Minh Sa	Representative	N/A	14	N/A	4.5	N/A	N/A	5	4.5	4.5	4.5(Gr.3)
30	Pham Thi Lan	Binh Son DWU	8	12	9	4.5	4.5	4	4	5	5	4.5(Gr.4)
31	Võ Thi Thùy	Binh Minh CWU	9	14	9	5	5	4.5	5	5	4.5	5 (Gr.1)
32	Lộ Thị Khánh	Binh Minh CWU	8	15	9	5	5	5	4	N/A	N/A	5 (Gr.2)
	TOTAL		8.56	13.1 (87%)	8.0	4.47	4.43	4.16	4.47	4.31	4.09	

Note: N/A: Means absent and/or have not test or did not do the test

Gr: Group: The class is divided into 5 groups. The Exercise MS 5 has been done by the members of each group

Pre and post test No 2a, b and No 3b: See the Annex 1

From 1 to 5: the competency is increasing

Table 3: Result of ex-post test for key women's union staff (31 Dec- 2004)

No	Name	Unit	Post test-No 1 (VSCF Regulations) dated 09 Oct 2004	Ex-Post test No 1 (VSCF Regulations) dated 30-Dec-2004	Ex-Post test MS1a,1b	Ex-Post test MS1c	Ex-Post test MS1d	Ex-Post test MS2	Ex-Post test MS3a,b	Ex-Post test MS4	Ex-Post test MS5	Presentation skill ³
			Maximum= 15 points	Maximum= 15 points	Max=5	Max=5	Max=5	Max=5	Max=5	Max=5	Max=5	Max=10
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
I	<u>QUANG NGAI PROVINCIAL WU</u>											
1	Le Thi Le Huyen	PWU	N/A	14	5	5	5	5	5	5	4.5	6
2	Nguyen Thi Anh Tho	PWU	15	15	5	5	5	5	5	5	5	8
II	<u>TU NGHIA DISTRICT WU</u>											
3	Dinh Thi Thu Hang	Tu Nghia DWU	15	15	5	5	5	5	5	5	4.5	7
4	Vo Thi Thuy Huong	Tu Nghia DWU	15	15	5	5	5	5	5	5	5	9
III	<u>SON TINH DISTRICT WU</u>											
5	Tran Thi Quang Sinh	Representative	14	14	5	5	5	5	4.5	5	4.5	7
6	Nguyen Th Kim Hong	Son Tinh DWU	N/A	15	5	5	5	5	5	5	5	9
IV	<u>NGHIA HANH DISTRICT WU</u>											
7	Le Thi Thanh Chin	Representative	N/A	15	5	5	5	5	5	5	5	9
8	Nguyen T. K.Hoanh	Nghia H.DWU	14	14	4.5	5	4	4.5	4	4.5	4	6
V	<u>SON HA DISTRICT WU</u>											
9	Truong Thi Loan	Son Ha DWU	15	15	5	5	5	5	5	5	5	7
10	Dinh Thi Nhech	Son Giang CWU	6	13	3	4	4.5	4.5	4.5	5	4	6
VI	<u>DUK PHO DISTRICT WU</u>											
11	Ngo Thi Duong	Representative	15	15	5	5	5	5	5	5	5	9
12	Tra Thi Le	Duc Pho DWU	15	14	5	5	5	4	4.5	5	5	7
VII	<u>BINH SON DISTRICT WU</u>											
13	Lo Thi Minh Sa	Representative	14	15	4.5	5	5	5	4.5	5	5	8
14	Pham Thi Lan	Binh Son DWU	12	14	4.5	5	5	5	5	5	5	7

³ Assessment of presentation skill of women's union trainers are conducted by two methods (self-evaluated by WUs and subjective evaluated by FCO).

No	Name	Unit	Post test-No 1 (VSCF Regulations) dated 09 Oct 2004	Ex-Post test No 1 (VSCF Regulations) dated 30-Dec-2004	Ex-Post test MS1a,1b	Ex-Post test MS1c	Ex-Post test MS1d	Ex-Post test MS2	Ex-Post test MS3a,b	Ex-Post test MS4	Ex-Post test MS5	Presentation skill ³
	TOTAL		13.6 (91%)	14.5 (97%)	4.75	4.92	4.98	4.86	4.78	4.96	4.75	7.5(75%)

Ex-Post test means the quarterly test (competency assessment after 3 months provision of inputs for the VSCFs)

2.3 Review of Performance (outputs and outcomes) of Women's Unions

2.3.1 Effective Assessment of WU's Performance on the Service Contract 2004-2005

Based on the service contract 04-05, there are two parts which women's unions will have to provide services for: (i) Inputs/assistance for the existing 44 VSCFs and (ii) establishment of 54 new VSCF in 9 RUDEP communes. In order to review the performance of women's unions, the outputs stated in ToR will be considered as criteria.

For the assistance of 44 existing VSCF:

These VSCFs will be provided 132 inputs (one input/month/VSCF). But only 112 inputs have been provided actually because Son Ha district WUs could not go to Son Hai one month due to flooding and Nghia Hanh DWU has not provided participated in 4 VSCF monthly meetings. Database in Annex 4 shows that each VSCF has been provided with at least 4 inputs. For the first 5 VSCFs (2 in Duc Phong and 3 in Tinh Tho communes) there have been 9 inputs from women's unions. However, the capacity of MB and VSCF members are still limited. Competency of some MB members is currently lower than 3 months ago. For instant, the leader and accountant of Tan Loc 1 VSCF, assessment result in Aug 2004 indicated that their points are 19.5 but now only 16 and 18 points according to Duc Pho women's union evaluation. FCO has been checked with these two members and found out realistic reason. These members are not very active or encouraged in preparing accounting forms due low incentives. Capacity of other VSCFs members in general has been slightly improved. Some reasons have been identified during the assessment mission:

- Low disbursement rate leading to low incentive for MB members.
- Assistance skills of women's unions may not be appropriate (not participated in the monthly meeting, monthly meeting in the evening with time limitation, not very strict as require, too many other works. etc).
- Women's unions "voice" are not stronger than RUDEP's staff. It means that sometimes VSCF's members have not followed the advice provided by WUs. Therefore, VSCF members have not been forced to fulfil their duties. As a result, VSCFs have not followed the given Operational Procedure and Group's Constitution.
- Operational procedure and accounting forms have been changed meanwhile the MBs could not adapt.
- Women's union have not checked all accounting forms as well as business plans at the monthly meeting.

For the new VSCFs:

As required by the ToR of the Serve Contract 04-05, there will be approximately 53 VSCF formed. For the period of first three months (October to December 2004), 18 new VSCFs in 3 commune cycle 3 must be formed completely. However, there have been 17 out of 18 ones formed. One VSCF (Go roc in Son Trung commune, Son Ha district) has been formed but the MB did not participate in the MB training course. DDO has organize the study tour for all official members of this VSCF to Son hai for raising awareness. Most of this VSCF 'e members were quite happy after finishing the study tour. The MB of this VSCF will be taken to Son Hai for MB training.

Due to well preparation of Operational Plan, so all required documents, especially competency assessment tests have been received by RUDEP with the realistic outputs.

With the current progress, there will be no problems relating to formation of 53 new VSCFs for the year 2004-2005 excepting Son Hai commune, see Section 2.2 above.

The method of assessment: Based on the collected data, the outcomes from what WUs has performed so far will be evaluated in accordance with the Expected Outputs stated in the ToR of the service contract.

MODULE 1: NEW VSCF FORMATION WORKSHOP

Expected outputs: (stated in the ToR of the contract)

- All participants can explain key requirements of a VSCF (as set out in MD9). These will include:
 - The operational aspects of the pro-poor focus of the VSCF (e.g., which house hold have priority on RUDEP supplied credit).
 - The operational aspects of the gender equity focus (e.g., equal access to the 1st loans by women and men).
 - Compulsory attendance at all monthly meetings.
 - Compulsory savings by all members at each monthly meeting.
 - The operational aspects of Group guarantees (e.g., if a member of the VSCF takes out a loan and cannot repay, all other members must agree to pay this money back into the fund on behalf of that member).
 - The procedures that will apply to get a loan.
 - The procedure to handle an over due loan or bad dept.
- An accurate and complete Member History form for each VSCF formed (MD1).
- An accurate and complete Minute of meeting recording the selection of the MB members for each VSCF formed (MD3b).
- An accurate and complete Establishment Decision for the management board for each VSCF establishment for submission to the relevant CPC (MD4).
- An accurate and complete Group's Constitution for each VSCF operation.
- An agreed schedule for the 3-day training course for VSCF MBs.

Name of Wus	Commune	No of new VSCF formed		Procedure completed (MD forms)		Performance assessment in general				Ranking (from 1 to seven, the performance is worse)
		Plan	Actual	Yes, completely	No	Very good	Good	Medium	Bad	
PWU	Duc Phong	6	6	+			+			2
Son Ha DWU	Son Hai	5	0		+			N/A		6
	Son Giang	6	6	+			+			
	Son Trung	6	5		+			+		
Son Tinh DWU	Tinh Tho	6	0		+			N/A		N/A
Hanh Phuoc DWU	Nghia Hanh	6	6	+			+			3
Tu Nghia DWU	Nghia Tho	5	5	+			+			4
Duc Pho DWU	Pho Chau	6	6	+			+			1
Binh Son DWU	Binh Minh	6	6	+			+			5

MODULE 2: MB TRAINING

Expected outputs:

- All VSCF MB members can explain the key requirements of the VSCF implementation process. These will include:
 - The steps required to conduct a monthly meeting.
 - Key information of VSCF Operational Procedures.
 - Procedures for opening a VSCF bank account (including any forms required to open a bank account).
 - How to prepare a feasible business plan.
 - Steps to examine select and approve a loan application, especially the business plan.
- All VSCF MB members will have to complete all given accounting forms (from MS 1-MS5) as shown in the VSCF Training Manual with the assistance of the trainers. Competency in all of these forms must be at **level 5**(i.e., competent) by the end of support phase (module 4) of these training events.

Name of Wus	Commune	No of Training		Procedure completed		Performance assessment in general				Ranking (from 1 to seven, the performance is worse)
		Plan	Actual	Yes, completely	No	Very good	Good	Medium	Bad	
PWU	Duc Phong	1	1	+			+			1
Son Ha DWU	Son Hai	1	0		+			N/A		6
	Son Giang	1	1	+			+			
	Son Trung	1	1		+			+		
Son Tinh DWU	Tinh Tho	1	0		+			N/A		N/A
Hanh Phuoc DWU	Nghia Hanh	1	1	+			+			4
Tu Nghia DWU	Nghia Tho	1	1	+			+			2
Duc Pho DWU	Pho Chau	1	1	+			+			3
Binh Son DWU	Binh Minh	1	1	+			+			5

MODULE 3: BUSINESS PLAN WORKSHOP

Expected outputs:

- VSCF members understand the reason and importance of making a business plan.
- VSCF members must know that no loan can be given without a feasible business plan.
- An output of the training course will be completed MD2s for each member of the VSCF submitted to the MB for selection and approval by all VSCF members for the first round of loans. These will be collected by the trainers who will check all these business plans for completeness and accuracy. Any mistakes will be reviewed with the individual member and corrected.

Name of Wus	Commune	No of Workshop		Procedure completed		Performance assessment in general				Ranking (from 1 to seven, the performance is worse)
		Plan	Actual	Yes, completely	No	Very good	Good	Medium	Bad	
PWU	Duc Phong	0	0	N/A			N/A			N/A
Son Ha DWU	Son Hai	0	0	N/A			N/A			2
	Son Giang	12	12	✖				✖		
	Son Trung	12	10		✖				✖	
Son Tinh DWU	Tinh Tho	0	0	N/A				N/A		N/A
Hanh Phuoc DWU	Nghia Hanh	0	0	N/A			N/A			N/A
Tu Nghia DWU	Nghia Tho	0	0	N/A			N/A			N/A
Duc Pho DWU	Pho Chau	0	0	N/A			N/A			N/A
Binh Son DWU	Binh Minh	12	12	✖				✖		1

MODULE 4: SUPPORT ON MANAGEMENT & ACCOUNTING SKILLS

Expected outputs:

- 100% of VSCF members can comply with all VSCF operational procedure (See VSCF Training Manual).
- The reporting and presentation skill of VSCF MBs, especially the leaders, will be increased to the level necessary to ensure a sustainable VSCF.
- VSCF MBs can complete all necessary financial transactions at the local VBARD branch confidently and independently.
- VSCF MBs are able to facilitate the involvement of all members in the running of the meeting as well as create an effective venue for group learning and development.
- All monitoring forms (MD1-MD10) and accounting forms (MS1-MS5) are completed by VSCF MBs properly and correctly (see the VSCF Training Manual).
- All members of the nominated VSCFs are able to monitor the VSCF's activities, particularly through the use and understanding of Form 5.

For this Module, It is so soon to assess the performance of WUs in accordance with the expected outputs. In order to see the improvement of this field or outcome of this module, it will take time. The duration of the service contract is 10 months (from Sep 2004 to June 2005). If we consider the time frame, then the WUs have just finished only 3 months, equivalent to 3 inputs (1/3). However, if we consider the inputs/ assistances from WUs then they have gone from 6- 9 inputs. However, according to the result of assessment of 44 existing VSCFs, the competency of MB has improved but slightly. If we say that “ the assistance from WUs is not effective”. Then it is still not correct due to some other objective reasons like the Operational procedures were changed, the accounting forms have been also revised for improvement. But if we compare with what we have spent and we have got so far, then the outcomes have not been achieved.

The subjective assessment of WU's performance through this Module:

Name of Wus	Commune	Ranking (from 1 to seven, the performance is worse)
PWU	Duc Phong	5
Son Ha DWU	Son Hai	6
	Son Giang	
	Son Trung	
Son Tinh DWU	Tinh Tho	2
Hanh Phuoc DWU	Nghia Hanh	4
Tu Nghia DWU	Nghia Tho	3
Duc Pho DWU	Pho Chau	1

In conclusion:

- The capacities of MB of 44 existing VSCFs have been improved but slightly.
- Service providers, especially Son Ha District WU and Tu Nghia, may not fulfill their tasks stated in the expected outputs⁴ within 3 months/inputs more for Son Hai and Nghia Tho communes (see annex 4 for further information).
- Son Ha district WU can not cover for all VSCF activities in Son Hai, Son Giang and Son Trung communes due lacking of staff.

Recommendations:

- For the mountainous communes, the duration of support should be longer than low land ones.
- For 3 communes in Son Ha district, recruitment of a new fulltime staff should be considered for the long term strategy. There are two sub-options for this suggestion: (i) A new fulltime staff will be considered as the member of Son Ha DCG. Based on the current rate of payment for the service contract 04-05, this staff will be received 80% (VND2,400,000/month) of the contract value. The rest payment will be offered for the representative (may be CWU) of 3 communes (Son Giang, Son Trung and Son Hai) who have been working directly with the new staff. (ii) If the new staff can not be recruited due to reasonable procedures then the FCO and/or AFCO will assist the commune WU staff (or potentially selected member at commune level) to be directly responsible for all VSCF in 3 relevant communes.
- For other communes: 3 more inputs should be supported.

Efficiencies (cost/benefit)

Total cost for on-going support (on accounting and management skills) for 44 existing VSCF is VND18, 570,000. See annex 5 for further information.

⁴ The expected output said "All monitoring forms (MD1-MD10) and accounting forms (MS1-MS5) are completed by VSCF MBs properly and correctly"

Sustainability

Sustainable issues here can be divided into two aspects (i) Sustainability in terms of providing enough qualified staff as inputs for VSCF's activities, (ii) Sustainability in terms of delivering more trainings/assistance after the project exits.

Based on the service contract, there are at least 02 designated members per women agency to be responsible for RUDEP's activities. When the training/workshop events have been occurred, the key trainer must take responsibilities to fulfil their duties stated in the ToR with assistance from a CWU. However, in reality, there have been 2 district women's union staff and 01 CWU conducting the training courses or workshops. This is a good chance for them to improve and share experiences with each other.

With what women's unions have been performing so far, it is shown that each agency (PWU or DWU) has provided the qualified staff for the main training events. The problem here is that when the VSCF program is expanding in larger area then each district may not have enough capacity in terms of labour force for service provision. In theory, after 2 years implementation, a VSCF will be graduated and self-managed by all the relevant VSCF's members. If so, then we may not face with shortage of staff.

In order to make sure that the VSCFs will be provided with assistance form WUs after the Project exits, RUDEP should take consideration of building capacity for CWU staff. Although the VSCF can convert into MFI or PCF, the inputs from CWUs are so important.

With a part from RUDEP's support, each program commune has been received a computer. This inputs facility will allow CWUs to monitor and control the VSCF scheme independently if they are well trained. For the long term strategy, Interest rate should be increased to 1.25%/month for covering the training course providing by local WUs.

Lessons Learnt for future implementation

For the coming time, RUDEP will cover 9 more communes. Of which, there will be more mountainous communes where the major problem is illiteracy. Some appropriate approaches should be tested and applied for more successful.

Lessons learnt drawn from the last period of VSCF implementation:

- The VSCF program should be reviewed periodically and revised simply for mountainous areas.
- Illiteracy is a major issue impacting on the successfulness of VSCF. Therefore, the Training Manuals should be illustrated by visual aids.
- Develop a competency profile of all women unions at all level (from provincial to VSCF MB level). On-going support will take at least two years for the VSCFs where most of members are ethnic minorities.
- Discuss with local authorities, especially women's unions to commit providing potential staff for implementation of VSCF activities.
- A special Operational Procedure of VSCF should be developed and applied for the remote communes. All cash transactions can be carried out at the commune level with the management of CWU. Then the CWU staff will go directly to district VBARD for depositing or withdrawing money.
- Discipline and Exit strategy should be more considered.

3 Review of VSCF members Capacity and Performance

3.1 Review of Capacity of VSCF Management Board

In order to assess the competency of each VSCFMB, a pre and post tests have been compiled and applied. WUs have been responsible for providing assistance and commit that the VSFCMB are competent at a greed level. Beside the assessment conducted by WUs and Off-site checking of Form 5, FCO has carried out a sample assessment to determine the level of VSCFMB competency. The ex-post test has been also applied after a certain time of implementation. For the 44 existing VSCFs, two assessment missions were conducted, one in August 2004 and the other in Dec 2004⁵. For the newly formed VSCF, during the 3 –day MB training course, each member VSCF MB has been received a notebook called Practical Exercises book. After completion of all required exercises by relevant member, these notebooks were collected by WU trainers for competency assessment.

3.2 Review of Performance of 44 Existing VSCFs

a) VSCF Performance Assessment (VSCF level)

Table 4: Indicators⁶ for performance assessment of VSCF

(up to 30-November 2004)

No	Name of VSCF	Duration of implementation (month)	Indicators				
			Loan loss- Reserve/ assets (%)	Total members' savings/ assets (%)	Overdue loan/ Outstanding loan (%)	Growth Rate of assets (%)	Increase or reduction of members (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)-
Commune: Đức Phong							
1	Lam Ha I	18	1.75	8.36	0.00	114.00	115.00
2	Thach Thang I	18	1.58	10.29	1.72	109.00	95.80
3	Van Ha I	11	0.62	6.54	0.00	111.00	103.00
4	Chau Me I	11	0.86	7.28	0.00	108.00	80.00
5	Lam Ha II	11	1.11	9.48	0.00	115.00	125.00
6	Lam Thuong I	11	0.77	5.80	0.00	106.00	104.00
7	Lam Thuong II	11	0.98	7.97	0.00	109.00	117.00
8	Lâm Thượng III	11	0.72	7.43	0.00	107.00	96.70
9	Văn Hà II	6	0.49	5.33	0.00	105.00	115.00
10	Châu Me II	6	0.49	5.17	0.00	107.00	100.00
		11.4	0.94	7.37	0.17	109.10	105.15
Commune: Tịnh Thọ							

⁵ See Annex 2 for detail

⁶ Other indicators are shown on the Annex 3 (up to 30- Nov-2004).

No	Name of VSCF	Duration of implementation (month)	Indicators				
			Loan loss- Reserve/ assets (%)	Total members' savings/ assets (%)	Overdue loan/ Outstanding loan (%)	Growth Rate of assets (%)	Increase or reduction of members (%)
11	Tho Dong I	18	1.97	12.11	0.00	198.00	167.00
12	Tho Trung I	18	1.66	4.93	0.00	106.00	64.30
13	Tho Tay I	18	1.02	7.74	0.00	110.00	88.00
14	Tho Trung II	10	0.47	4.93	27.20	109.00	91.30
15	Tho Trung III	10	0.94	8.73	0.00	112.00	111.00
16	Tho Trung IV	10	0.26	4.25	0.00	105.00	116.00
17	Tho Nam I	10	1.01	9.12	0.00	110.00	104.00
18	Tho Nam II	10	0.77	7.55	0.00	111.00	100.00
19	Tho Bac I	10	0.91	7.45	0.00	112.00	100.00
20	Thọ Tây 2	6	0.36	4.49	0.00	109.00	73.00
		12.0	0.94	7.13	2.72	118.20	101.46
Commune: Sơn Hải							
21	Lang Ren I	12	0.49	5.43	0.00	107.00	100.00
22	Ta Pia I	12	0.68	5.94	0.00	110.00	123.00
23	Ta Mat I	12	0.51	2.40	13.96	104.00	80.00
24	Ka Ranh I	12	0.54	5.55	0.00	109.00	86.70
25	Lang Trang I	12	0.79	7.43	0.00	109.00	85.70
26	Lang Ra 1	12	0.48	3.66	0.00	108.00	64.00
		12.00	0.58	5.07	2.33	107.83	89.90
Commune: Nghĩa Thọ							
27	Thôn IA	13	0.63	6.24	0.00	109.00	123.00
28	Thôn IIA	13	0.57	7.84	0.00	110.00	100.00
		13.00	0.60	7.04	0.00	109.50	111.50
Commune: Hành Phước							
29	De An I	12	1.13	9.46	0.00	113.00	96.70
30	Thuan Hoa I	12	1.45	9.15	0.00	114.00	104.00
31	Hoa Son I	12	0.98	6.43	0.00	109.00	88.50
32	Vinh Tho I	10	0.83	5.74	0.00	108.00	88.90
33	Vinh Tho II	10	0.68	5.49	0.00	110.00	82.30
34	Hoa Tho I	10	0.96	8.25	0.00	112.00	103.00
35	Hoà Vinh I	6	0.59	6.6	0.00	108.00	91.60
36	An Chi Tây I	6	0.67	6.6	0.00	106.00	100.00
37	An Chi Đông I	6	0.7	6.33	0.00	105.00	100.00
		9.33	0.89	7.12	0.00	109.44	95.00
Commune: Phổ Châu							
38	Vinh Tuy I	12	0.43	6.98	0.00	111.00	104.00
39	Hung Long I	12	0.19	3.26	0.00	111.00	104.00
40	Tan Loc I	12	1.12	10.12	0.00	118.00	125.00
41	Hung Long II	9	0.42	7.97	0.00	109.00	111.00
42	Chau Me I	9	0.41	6.52	0.00	108.00	87.00

No	Name of VSCF	Duration of implementation (month)	Indicators				
			Loan loss-Reserve/ assets (%)	Total members' savings/ assets (%)	Overdue loan/ Outstanding loan (%)	Growth Rate of assets (%)	Increase or reduction of members (%)
43	Vĩnh Tuy 2	6	0.19	5.27	0.00	106.00	130.00
44	Tân Lộc 2	6	0.43	7.53	0.00	110.00	108.00
		9.43	0.46	6.81	0.00	110.43	109.86
TOTAL 44 VSCFs		10.95	0.79	6.84	0.97	111.30	101.19

Notes: Calculation method for indicators of VSCF's Performance (up to 30-November 2004)

- Duration of implementation (3): Starting from the depositing of the first member's savings to date.
- Loan loss-Reserve/ assets (4): Total loan loss reverse from disbursement of the first loan to date divided total assets (asset=seed capital + member savings, value of supported materials + interest earned during the period of implementation).
- Total members' savings/ assets (5): Total members' savings (already minus the withdrawn amount) up to now divided total assets.
- Overdue loan/ Outstanding loan (6): Total overdue loan divided total outstanding loan at 30 Nov-2004.
- Growth Rate of assets (7): Total value of assets at 30 Nov-2004 divided total value of assets counting at the time RUDEP has granted seed capital and materials.
- Increase or reduction of members (%): No of members at 30 Nov-2004 divided No of members at the time RUDEP has granted seed capital and materials.

Table 3 shows that the duration of VSCF varies from 6 months minimum to 18 months maximum. On the average of 44 VSCFs, VSCF program has been implementing approximately 11 months. Column 4 indicated that Loan loss-Reserve/ assets (%) is approximately 0.8% equivalent to VND 30 mils. Meanwhile, the column 6 indicated that Overdue loan/ Outstanding loan is 0.97 equivalent to approximately 23.5 mils (see Consolidated Form 5 for further information). This would be acceptable condition for covering the risk.

One of the most important indicators for RUDEP to assess whether the VSCF is graduated after 2 years implementation or not is growth rate of assets. If we look at the column 5 and 7 at commune level, the data shows that most of VSCFs have been increased their assets after a certain time of implementation. On the average of 44 VSCF, Total members' savings/ assets is 6.84% and Growth Rate of assets is 111.3%

Growth Rate of membership is quite different at each VSCF. In general, for the VSCF in low land commune the growth rate of members commonly is increased. Otherwise, for the VSCFs in mountainous communes, this rate is negatively reduced. However, on the average of 44 VSCF, there is no much different change on membership between now and the beginning time.

b) Performance Assessment of all 44 VSCFs (program level)

Table 5: Indicators for performance assessment of 44 VSCFs program level)

Performance indicators	0 Dec'04	Benchmarks
Sustainability:	<i>Calculation of ratio</i>	
Operating self-sufficiency:	186%	100%
<i>net operating income / operating expenses (includes financial expenses and loan loss provisioning).</i>		
Profitability & Efficiency:		
Gross portfolio yield:	0.69%	12%
<i>net operating income / average loan portfolio. This ratio is the income generated off the portfolio, and should be same as the effective interest rate (viz 12%) if there is full loan repayment</i>		
Level of loss reserve provision:	2.004	2%
<i>loan loss reserve provision x12 as % of avg loan portfolio</i>		
Operating expense ratio:	0%	<9%
<i>operational expenses / average loan portfolio</i>		
Asset Quality:		
Portfolio at risk (PAR) ratio:	1.12%	< 5%
<i>balance of loans with ANY arrears over 1 day / total loan portfolio outstanding</i>		
Risk coverage ratio:	14.88	100%
<i>loan loss reserve / PAR > 1 day</i>		
Growth:		
Loan portfolio growth:	103%	20%
<i>growth in outstanding portfolio since previous period</i>		
Borrower growth:	104%	20%
<i>growth in total borrowers since previous period</i>		
Member turnover rate:	2%	<5%
<i>member "dropouts" as a % of total clients from prior period</i>		
Saving ratio:	11%	50%
<i>savings balance as a % of loan portfolio end balance</i>		
Capital adequacy ratio	92%	20%
<i>equity/total assets</i>		

4 Review of Training Manuals and VSCF Guidelines

4.1 Review of VSCF Training Manuals and Progress

Training Manuals of VSCF have been compiled by FCO with the advice and inputs from PDA and Quang Ngai Women Unions. The manual are divided into four Modules according to four major events such as (i) Formation Workshop; (ii) Management Board Training course; (iii) Business Plan Workshop and (iv) On-going Support. In order to have the most appropriate manuals for different levels of education readers, the VSCF training manuals have been compiled and tested in the fields. Then, with the recommendations from the readers as well as the trainers, the new version has been updated and revised continuously. It took much time for completion of training manual in both Vietnamese and English languages. There have been 4 Modules which has been completely compiled in both languages.

In general, the new version of VSCF training manuals has been developed and more appropriated with the users, especially the low education ones. However, there are several issues which need to be considered as follows:

- For the Module 1-Formation Workshop Manual: Some sentences of Several Slides have the same content. It needs to be reviewed and revised.
- For the Module 2- MB training Manual: Too many practical exercises, then it make the trainees headache. It needs to be reviewed and reduced for the most effective exercises.

In conclusion: The VSCF training manuals, especially the competency assessment formats have been completed at acceptable level. Moreover, the template⁷ of report (minimum time but enough information) for each event has been also developed as guidance for WUs to write the event report. However, when RUDEP moves to the mountainous areas and expands VSCF's activities to ethnic minority groups then this manual should be revised for more appropriated.

4.2 Competency Assessment Profile

One of the most important tool which will allow us to determine whether the trainees are competent or not after completion of one training course or workshop is competency assessment test. This Section has been outlined rather detail in Annex 1.

⁷ See Annex 4 for details

5 Review of Actions in Compliance with the Recommendations from Short-term Technical Advisors

In 2004 there were 2 inputs from two microfinance short-term Advisors. Of which, the latest in input was conducted in September 2004 to consider on Review of Progress of VSCF's, issues and Exit strategy. This section will provide the stakeholders with what actions have been done and what have not for further consideration.

Table 6: Actions in compliance with the recommendations from Short-term Technical Advisors (STAs)

Recommendations from STAs (22-Sep-2004)	Status of Actions	Comments
<p>1. The FCO should develop a set of practical steps for censure of VSCFs who are found to be non-compliant with the approved Operational Guidelines. These should be sent to the Microfinance Technical Advisors for comment.</p>	<p>The RUDEP has already initiated this process call "Exit Strategy". WUs have distributed and introduced this strategy to all existing VSCFs. Women Unions have delivered a set to each VSCF and trained them.</p>	<p>Ok</p>
<p>2. Consideration should be given to transferring seed capital in two tranches, with the second tranche only being provided on good performance (as defined previously). The indicators used to trigger the payment of the second could simply be full disbursement of seed capital, good repayment, and good administrative performance.</p>	<p>This has been discussed with PDA1 and TL but the final decision for the new VSCFs of this cycle (2004-2005) is that we keep going with the current process.</p>	<p>This may be considered when another input from the STA is provided in April 2005.</p>
<p>3. That the "form 5" be separated at row 55 (viz the Income Statement and Balance Sheet are excised) and that in future VSCFs only complete and submit up to row 55. The revised VSCF form 5 is provided in Annex Seven.</p>	<p>The revised Form 5 has been applied at the first month of the year 2005.</p>	<p>This will be discussed late.</p>
<p>4. An appropriately skilled accountant receives the revised "form 5" (viz to row 55) and the other forms from the relevant VSCFs, and s/he would be responsible for the completion of the Income Statement and Balance Sheet, from whom the FCO would collect these. Using the CPC commune accountant is suggested, or this accountant may alternatively be drawn from amongst the ranks of the VSCFs MB accountants in the commune, with the "best" accountant being used in this regard. It is expected that an appropriate level of payment would initially be made on an outputs basis by RUDEP to this accountant. It would be preferable if the</p>	<p>The latest form 5 has been used from Jan 2005. The concept of using CWU staff to be responsible for completion of Income Statement and Balance Sheet has been discussed. However, the training on computer skills for CWU has not been conducted so far. Currently, AFCCO has been doing these parts.</p>	<p>This will be reviewed in the next input of STAs.</p>

Recommendations from STAs (22-Sep-2004)	Status of Actions	Comments
VSCFs could cover these costs in after an initial period for sustainability. The new form 5 here has been provided in Annex Eight.		
5. The FCO would then arrange to collect all "form 5s" from the CCG accountants (viz the total form 5 with the income statement and balance sheet), and aggregated into the data base as has been happening to date.	No problem, AFCO will be responsible for this.	The newly revised Form 5 (suggested by STAs) is shown on the Annex 3 of this report
6. The format of the business plan should be simplified. Consideration should also be given to doing away with such requirement for smaller loans, say of over VND2 million.	The more simple business plan format had been developed by FCO and discussed with PDA1 but PDA1 has still not agreed yet.	This is a common issue for all VSCFs, especially for low education members.
7. Loan applicants should not be given to CPCs for approval, but should be approved by the VSCF at group meetings only.	The approval of CPC on Loan Applications has not hindered the disbursement of VSCF.	CPC should check the LA for taking care of risk.
8. Renewed efforts to ensure the accuracy of the aggregated management report must be made. This will require confirmation of the report by project management until accuracy has been confirmed.	Yes, certainly. RUDEP has recruited an AFCO to be responsible for that. An external audit has been also carried out.	The Exit Strategy should be applied frequently.
9. The "form 5" should be sent to the Microfinance Advisor every month for comment.	Not yet, for the last period, AFCO has been responsible for that.	This will be acted as soon as possible (ASAP)
10. Some small revisions have been made to the RUDEPs Form 5 (viz the softcopy), primarily in cross-checking the accuracy of the formulas in the spreadsheet. Annex Six provides the pro forma spreadsheet with relevant formulas in this regard.	Any way, the Form 5 should be reviewed by RUDEP and STAs concerning the recommendations from external Auditors (in specific, the calculation method of Loan Loss reserve).	It should be done ASAP
11. The FCO or AFCO should have a list of the borrowers who have not repaid on time, and these clients must be checked upon weekly until they repay to the VSCF.	Yes, it would be better if the AFCO should check the list of overdue borrowers when he is going to do internal monitoring.	AFCO should be considered this regard.
12. Consideration should be given to encouraging borrowers to repay loans on a monthly basis.	This is a good idea. FCO has discussed with borrowers but none agreed to try this method	A pilot should be done, especially for low land VSCFs

Recommendations from STAs (22-Sep-2004)	Status of Actions	Comments
13. The project should continue to widen its outreach to the poor, particularly the poor women, as planned.	Yes, RUDEP have been and will be seriously focusing on this regard.	For the new VSCF, Poor rate is at least 50%.
14. RUDEP project should not permit any new entering VSCF members to have access to a loan from a formal financial institution, and should accordingly check with VBARD and Social & Policies Bank to determine which VSCF members have overlapping loans.	This is a huge work, not for RUDEP staff but for VBARD and/or SPB. They are not interested to cooperate with us.	Some members borrowed money from VSCF and then get another loan from VBARD later.
15. That the project attempts to assist small enterprise clients with access to formal financial institutions (VBARD primarily), and that assistance to compiling appropriate business plans in line with the loan application requirements of these institutions be provided for those client beneficiaries who require larger loans with longer loan terms. This may well require the project to enlarge or refocus its activity group support.	VSCF's members have been introduced about this idea. However, VSCFs have not collected this data.	Needs to be stated in VSCF OP.
16. Consideration should be given to new VSCFs: - increasing the target of women membership to 100% both in light of the targeting issues raised and as this may enable WUS to take greater accountability of the program (see section on Exit Strategy Options below); - having more frequent repayment terms (viz monthly) in order to facilitate access by the poor who by definition do not have the capacity to repay larger amounts less frequently; and - to a smaller loan size focus (average loan size between say VND1-2 million).	Certainly, but this has not stated in the VSCF Operational Procedure so that progress is still limited. Has not been done yet. If we want to apply this, it is necessary to say that: monthly repayment is obliged. Yes, has been done, especially for new VSCF in mountainous area.	Needs to be stated in VSCF OP.
18. That the draft Operational Procedure on the treatment of interest on savings is discussed and approved by the TL.	Not yet.	Need TL to approve.
19. An urgent investigation should be undertaken into the reasons amongst VSCF members for such a low disbursement rate.	Yes, already done by MEGO.	See evaluation report –MEGO
20. A client satisfaction survey – possibly incorporated into the study in 1 – should be undertaken, and the feedback loop completed with the input from this survey to make any further and final changes to the VSCF program prior to roll-out.	Yes	Needs to be discussed with TL and MEGO regarding this.

6 VSCF and its Monitoring System

The VSCF Monitoring System has been gradually improving after 18 months of implementation. Since June 2003, the first monitoring system had been developed based on the accounting forms advised by STAs and has been recorded and updated mainly by VSCF MBs in every month. This system has been found unappropriated due to a huge work for VSFCMB. Accountant of VSCF have had to prepare 4 MD forms and 6 MS forms monthly and send 2MD and 4 MS forms to RUDEP. One of the most constraints is the calculation of interest on the average basis. In theory, this method will make sense in case all repayments are on due repaid. In reality, this has created a lot of problems for accountants to calculate the interest payment when the borrowers had not repaid on time. In order to solve this problem, together with revision of several accounting forms, VSCF Operational procedure, the VSCF monitoring system has also been revised and developed since Feb 2004. Only Form 5 has just sent to RUDEP for consolidation. Regarding to the latest recommendations form STAs, the Form 5 using for VSCFMB is improved simply without Income Statement and Balance Sheets those are considered as very difficult for VSCF's accountants. In general, the accounting forms of VSCF are much simpler in comparison with the previous Ones. However, according to the result of VSCF competency assessment shown on the Section 3.1 above, it is said that VSCF MBs are not competent in terms of accounting. There are many reasons for that. Of which, low incentive for the MB is the most common factor. VSCF MBs, especially accountants, are not encouraged to prepare the form 5 carefully and correctly. There have been a lot of poor forms 5 coming from excellent accountants such as Tho Dong I, Tho Trung 3, Tinh Tho commune. Tan Loc 1, Pho Chau commune..etc.

Although the accounting forms has been improved but it still has some challenges for the VSCFs in mountainous area where the VSFCMB are ethnic minority.

The latest VSCF monitoring system is allowed RUDEP off-site checking and monitoring the VSCF program. The strengths and weaknesses of this system are identified as follows:

Strengths	Weaknesses ⁸	Solutions
<ul style="list-style-type: none"> • To allow the VSCF and RUDEP to know incoming and outgoing cash transactions for internal control. • To allow FCO/AFCO to monitor the overdue loans. • To provide relatively indicators for VSCF performance assessment. • To allow stakeholders to know the monthly Net income quickly. • Assist RUDEP to determine the competency level on accounting of each VSCFMB. 	<ul style="list-style-type: none"> • Just off-site checking with limited correct data. • Can not monitor the real overdue loan. • Can not monitor the renewal loans and overlapping loans. • Can not monitor the collected money during the monthly meeting to be deposited into bank account. • Have problem with getting Bank Statement. • An issue relating to of interest on savings. 	<ul style="list-style-type: none"> • To strengthen the group monitoring and supervision • To raise awareness of members in terms of self-management. • Make a list of defaulters and visit them regularly by AFCO. • Discuss with Quang Ngai VBARD to find out solutions on how to get bank statement quickly.

⁸ For further information, see Annex 6.

7 Exit Strategy

7.1 Graduation and Exit Strategies

7.1.1 Graduation Strategy

Regarding the VSCF Operational Procedure, the duration for a VSCF graduation is 2 full years. It means that after 2 years implementations, RUDEP will conduct a review mission to evaluate which VSCFs meet the given indicators for graduation. The VSCF Operational Procedures indicated that *“After an assessment undertaken 24 months from the time the group was established and when RUDEP concludes, if any VSCF is considered as operating effectively (eg the fund is growing, stable or increasing membership and increase in member’s income, etc), then the VSCF’s fund will be owned by the Group as a revolving fund for sustainable implementation”*.

In specific, there are three indicators which need to be considered during the evaluation mission: (i) The VSCF’s fund is growing, (ii) the number of VSCF is stable or increasing and (iii) the participated members’ income is increasing too.

The indicators (i) and (ii) are available on the current form5. Indicator (iii) is the most important one which is not available in the Form 5. It means that we will set out a monitoring form for assessment. The short-term advisor has mentioned this as the following:

a. Impacts to Households

Microfinance activity is considered a useful tool for changing the lives of poor people all over the world. The impact of microfinance on borrowers is examined from aspects such as income, assets, living quality, confidence, and prestige in the community. In general, the relationship between microfinance and socio-economic conditions of households is shown briefly in the chart on the following page. This approach has been used by many well known researchers around the world to assess impacts of financial services on borrowers and this approach is suitable for developing countries, as Vietnam. This approach is also applied to assess impacts of credit-savings projects on beneficiaries.

The following are some of the indicators that are widely used:

- Improved outreach to the poor (number of the poor households has VSCFs loan)
- The members have access to the VSCFs loan for their production diversification and re-structure
- Borrowers’ income increase
- Borrowers’ savings (creating savings habit among the poor)
- Improved production skills of households

b. Impacts to Community

The impact of the microfinance does not limit itself to direct beneficiaries. Its impact has spread over the community and other institutions in the project area.

There are a number of questions that need to be discussed in this regard, including:

- Contribution to poverty alleviation in local areas (number of the hungry and poor households reduced)?

- Through the group's activities, friendship and cooperation among the members were improved?
- In addition to poverty alleviation and increase income, VSCFs have been realized as an effective tool to ensure women's participation and empowerment? and Women's position in family and society was improved?
- Job creation?

7.1.2 Exit strategy

At any time of implementation, if the VSCF does not follow the VSCF Operational Procedure and the Group's Constitution, then they will be considered at the Concern or Exit level. See Annex 6 for further information.

7.2 VSCF Visions and Action Plans

In order to specialize in provision of credit to largely demanded clients within RUDEP communes, a formal credit organization should be consider for VSCF's graduation strategy.

7.1.3 Vision of VSCF up to June 2007

There are 2 possible options:

Vision 1: *VSCFs operates as a formal credit organisation like People Credit Fund or Microfinance Institution.*

Vision 2: *VSCFs operates as a branch of VBARD or BSP.*

Moreover, an idea on cooperating with Quang Ngai Womens's Unions to manage the VSCF. However, this idea may not be possible because of the following reasons:

- Women's Unions are not banking agencies so they may not have a lot of experience on micro-finance.
- If the new Credit Decree is approved, it will not allow women's Union to continue to mane the VSCF or other credit and savings schemes.
- Women's Unions have been managing a lot of credit and savings schemes because there is a Decreed approved by the Prime Ministry to allow VBARD and Vietnam WUs to cooperate in terms of providing credit to the low income HHs. Meanwhile, RUDEP can not sign an agreement with Quang Ngai WUs to manage the VSCF due to no Legislation.

7.1.4 Analysis of Each Vision

For the Vision 1: VSCFs operates as a formal credit organisation like People Credit Fund or Microfinance Institution.

Advantages:

- Have enough initial seed capital required by the Credit Laws
- Initially support by Quang Ngai State Bank
- Monitoring skills of potential clients are improved
- Local authorities, especially commune level have been involved in VSCF so they can support to establish PCF/MFI
- Current interest rate of VSCF is the same as operating PCF

Disadvantages:

- The new Credit Decree has not still been approved yet
- Procedures of establishment of PCF or MFI
- Low capacity of management board
- Double entry account system
- Only one PCF for one commune
- May not focus on the poor
- Not sustainable

Solutions:

- Consider when the new Credit Decree is approved.
- When the new Credit Decree is approved, work out the action plan (Strategic direction setting phase, strategic analysis phase, implementation phase and monitoring & revising phase) for converting the VSCF to MFI if possible.
- If the VSCF can not convert to MFI due to the new Credit Decree then consideration of converting to PCF:
 - Review all the procedures on formation of a PCF in cooperation with Quang Ngai State Bank.
 - Based on the guided procedures, work out an action plan to focus on 4 main issues: Organization, management, implementation and monitoring.
 - PCF based orientation approach: use the accounting system of PCF for the new VSCFs, all accounting forms should be revised...etc.
 - Build capacity for Board of Directors to meet the requirement of Credit Laws.
 - Assess the performance of VSCFs and submit the require procedures of good VSCFs to Quang Ngai State Bank for approving to form PCFs.

For the Vision 2: VSCFs operates as a branch of VBARD or BSP

Advantages:

- Could reduce or eliminate granting of seed capital from RUDEP.
- No limits on capital, can meet larger demand of clients.
- If use seed capital from VBARD or BSP, then no risk for RUDEP.
- The cost for training may be lower.
- Have a standard accounting system.
- Have large networks. RUDEP no need to monitor.
- VSCF Management Board has a certain level on micro-finance.

Disadvantages:

- Many aspects of operations managed by VBARD/BSP, no VSCF self managed concept.
- No control by RUDEP.
- Focus on the larger loans and not poor clients.
- Does not mobilize small savings for various reasons.
- There may be risky for RUDEP to achieve its goal.
- There may be a conflict of ownership of seed capital.
- No assistance on marketing or technical inputs.

Solutions:

- Promote to discuss with VBARD/BSP on how to cooperate and work out the action plan.

Table 7: Action Plan for VSCF Vision

No	Activities	Expected outputs	Time frame/ deadline	Responsible staff
1	Follow up the new Credit Decree	The final Credit Decreed is approved	2005	Mr. Teo
2	Discuss with Quang Ngai State Bank to get the relevant procedures of formation a PCF	An official document is collected by RUDEP	Feb-05	TL,PDA, STA& Mr. Teo
3	Visit one PCF in Duc Phong to see how it operates	A field note with the suggestion will be written for reference	Mar- 2005	Mr. Teo
4	Short term input form Guy and Hung to discuss about how to convert VSCF	A possible solution on how VSCF convert to the formal credit organization	May 2005	Mr. Guy and Hung
5	When decided which credit form VSCF should convert to, build capacity for stakeholders	Stakeholders are identified and trained to provide inputs for new form of VSCF	7/2005-6/2006	Mr. Teo
6	Form 1 pilot PCFs/MFIs...	1 pilots of new form of VSCF are established	1/2006	Mr. Teo
7	Evaluate the performance of the pilot PCF/MFI.	A study report on assessment of pilot PCF/MFI is prepared with the suggestion for converting VSCF to formal credit organization.	1/2007	Short term advisors, PDA and Mr. Teo
8	Prepare an action plan for converting all operating VSCFs to the defined formal credit form	An action plan is prepared to show how and when to convert all VSCFs to formal credit form (PCF, MFIs, VBADR.)	2-6/2007	Mr. Teo and PDAs

8 Summary Follow-up and Recommendations

- Discuss with Son Ha DPC to find out solutions for implementation of VSCFs activities in 3 communes: Son Hai, Son Giang and Son Trung. The idea is that some actively potential VSCF MB members can be considered as trainers who can assist the local VSCF MBs to improve their accounting skills.
- Based on the result of competency assessment of VSCFMBs, it is advised that all 44 existing VSCFs should be provided with at least 3 more inputs in the next 3 months by WUs.
- Each formed VSCF should be provided with the updated Induction Manual including the newly revised VSCF Operational Procedure. This manual will be introduced to all VSCF's members for implementation.
- Build capacity for women's unions, especially CWU in terms of Presentation skills.
- Women's Union staff should follow the steps of on-going support on accounting and management skills. Particularly, all relevant MD and MF forms must be checked and corrected by WU staff.
- Conduct a study tour for CWU to improve their community and gender development skills which are closely relating to VSCF.
- Improve skills on Business planning for VSCF members in cooperation with relevant district agencies.
- Organise a meeting with WUs to review the last input assistances (on-going support) and find out the better ways for strengthening the capacity of VSCF MBs to meet the indicators for graduation.
- Improve the Monitoring System, especially Form 5 in compliance with recommendations from external Auditors and Short-term Advisors.
- Organise an evaluation mission to determine which VSCF are graduated.
- RUDEP should send to each VSCF a letter attached with Exit Strategy for raising awareness of VSCF's members.
- Follow up with the new Decree on Microfinance Institution for VSCF' Exit strategy.

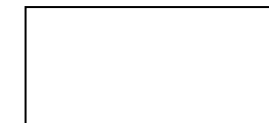
Annex 1

Pre and Post Tests

**PRE and POST
 TEST No 1 (a,b)**

Annex 1: Pre and Post-test Formats











Competency assessment for VSCF Formation Workshop



Points

VSCF:Name of member:

Please give one tick for one indicator only!

No	Illustration	Indicators	True	False	Not sure
1		VSCF is for the poor households?			
2		VSCF requires the gender equity (50% women)?			
3		VSCF's members can borrow loans without collateral?			
4		All VSCF's members must commit to pay back any loans other members take and can not repay?			
5		All VSCF's members will be responsible for decisions made of VSCF's activities?			
6		All VSCF's members must participate in the monthly meeting every month?			
7		All VSCF's members must deposit their savings monthly?			
8		All VSCF's members must prepare and submit Loan Application and Business Plan one month in advance if they want to borrow loan?			
9		You are the VSCF's member, if you come to the monthly meeting late, then you will be fined by the group?			
10		You are the VSCF's member, you will have to provide your contribution to the development of the VSCF?			

**PRE and POST
 TEST No 2 (a,b)**

Questionnaire on VSCF Guideline



TEST 1

Name of trainee:..... Name of VSCF:..... **TOTAL**

Only tick one per question

1. Who are beneficiaries of the VSCF?

- | | | | |
|------------------|--------------------------|-----------------|--------------------------|
| a) Medium HH | <input type="checkbox"/> | b) Very poor HH | <input type="checkbox"/> |
| c) Low income HH | <input type="checkbox"/> | d) All farmers | <input type="checkbox"/> |

2. How many member are there in a VSCF ?

- | | | | |
|------------------|--------------------------|-------------------------------|--------------------------|
| a) 10-30 members | <input type="checkbox"/> | b) 15-30 members | <input type="checkbox"/> |
| c) 20-30 members | <input type="checkbox"/> | d) it is up to VSCF's members | <input type="checkbox"/> |

3. What is the value of a single loan?

- | | | | |
|--------------------------|--------------------------|------------------------|--------------------------|
| a) 1,000,000-6,000,000 đ | <input type="checkbox"/> | b) 500,000-5,000,000 đ | <input type="checkbox"/> |
| c) 400,000-6,000,000 đ | <input type="checkbox"/> | d) 500,000-6,000,000 đ | <input type="checkbox"/> |

4. What are the main conditions to get seed capital from RUDEP?

- | | | | |
|--|--------------------------|--|--------------------------|
| a) - Members understand clearly guideline
- at least 70% of poor HH
- at least 40% of female
- Already has No of bank account | <input type="checkbox"/> | b) - Members understand clearly guideline
- at least 40% of poor HH
- at least 70% of female
- Already has No of bank account | <input type="checkbox"/> |
| c) - Members know VSCF guideline
- at least 70% of poor HH
- at least 40% of female
- Has opened bank account | <input type="checkbox"/> | d) - Members know VSCF guideline
- at least 40% of poor HH
- at least 70% of female
- Has opened bank account | <input type="checkbox"/> |

5. How long are the loans?

- | | | | |
|---|--------------------------|---|--------------------------|
| a) - 3 months (Short term)
- 6 months (Medium term)
- 12-24 months (long term)
- At any time, no more than 30% of loan term loan | <input type="checkbox"/> | b) - 3 months (Short term)
- 6 months (Medium term)
- 15 months (long term)
- At any time, no more than 30% of loan term loan | <input type="checkbox"/> |
| c) - 3 months (Short term)
- 6 months (Medium term)
- 15 months (long term)
- At any time, no more than 25% of loan term loan | <input type="checkbox"/> | d) - 6 months (Short term)
- 12 months (Medium term)
- 15 months (long term)
- At any time, no more than 25% of loan term loan | <input type="checkbox"/> |

6. How can we allocate the allowance for VSCFMB?

- | | | | |
|---|--------------------------|---|--------------------------|
| a) - Firstly, for stationery
- Secondly, for training interest)
- Lastly, allowance for MB(30% of interest) | <input type="checkbox"/> | b) - Firstly, for stationery
- Secondly, allowance for MB(30% of
- Lastly, for training | <input type="checkbox"/> |
| c) - Firstly, for stationery interest)
- Secondly, for training
- Lastly, allowance for MB(300,000VND) | <input type="checkbox"/> | d) - Firstly, allowance for MB(30% of
- Secondly, for training
- Lastly, for stationery | <input type="checkbox"/> |

7. How can we treat the member who has not repaid in full or on time?

- | | | | |
|---------------------------------------|--------------------------|---------------------------------|--------------------------|
| a) Be fined 1.5% | <input type="checkbox"/> | b) Be fined 2% | <input type="checkbox"/> |
| c) Within one month, will no be fined | <input type="checkbox"/> | d) within 7 days, be fined 1.5% | <input type="checkbox"/> |

8. How can we treat the member who has not attended & deposited savings in 2 successive monthly meetings?

- | | | | |
|----------------------------|--------------------------|--------------------------------------|--------------------------|
| a) be sacked from the VSCF | <input type="checkbox"/> | b) deposit savings later | <input type="checkbox"/> |
| c) not be fined | <input type="checkbox"/> | d) will ask all members for solution | <input type="checkbox"/> |

9. How much savings need to be deposited at the time of receiving loan if one member borrows 5mil?

- | | | | |
|----------------|--------------------------|----------------|--------------------------|
| a) 100,000 VND | <input type="checkbox"/> | b) 25,000 VND | <input type="checkbox"/> |
| c) 200,000 VND | <input type="checkbox"/> | d) 250,000 VND | <input type="checkbox"/> |

10. How much monthly savings need to be deposited if one member borrows 3.5mil VND?

- | | | | |
|----------------|--------------------------|----------------|--------------------------|
| a) 100,000 VND | <input type="checkbox"/> | b) 17,500 VND | <input type="checkbox"/> |
| c) 200,000 VND | <input type="checkbox"/> | d) 250,000 VND | <input type="checkbox"/> |

11. How much at least the member will retain their savings in VSCF bank account if he has borrowed?

- | | | | |
|----------------------------------|--------------------------|----------------------------------|--------------------------|
| a) over 0,5% of his initial loan | <input type="checkbox"/> | b) 50,000 VND | <input type="checkbox"/> |
| c) over 5% of his initial loan | <input type="checkbox"/> | d) 5% based on declining balance | <input type="checkbox"/> |

12. How much will I have to retain my savings in the VSCF bank account if I have not got any loan?

- | | | | |
|----------------------------------|--------------------------|---------------|--------------------------|
| a) over 0,5% of his initial loan | <input type="checkbox"/> | b) 50,000 VND | <input type="checkbox"/> |
| c) 100,000 VND | <input type="checkbox"/> | d) 5,000 VND | <input type="checkbox"/> |

13. Who will be responsible for if one borrower has not repaid principal and interest?

- | | | | |
|---|--------------------------|---|--------------------------|
| a) That borrower will be responsible for. | <input type="checkbox"/> | b) All VSCF's members will be responsible | <input type="checkbox"/> |
| c) Relevant CPC will be responsible for | <input type="checkbox"/> | d) All the three above answers (a, b & c) | <input type="checkbox"/> |

14. I have borrowed 4,000,000VND from the VSCF to buy one Cow but unfortunately, she died , I will ?

- | | | | |
|--|--------------------------|--|--------------------------|
| a) be allowed not to repay any loan | <input type="checkbox"/> | b) have to repay only 50% of received loan | <input type="checkbox"/> |
| c) be allowed not to repay interest only usual | <input type="checkbox"/> | d) have to repay principal & interest as usual | <input type="checkbox"/> |

15. If you are a VSCF member, you will must?

- | | | | |
|---|--------------------------|--|--------------------------|
| a) -Attend all monthly meetings
- Save every month
- Agree to guarantee all loans made your VSCF | <input type="checkbox"/> | b) -Contribute to selection of the borrowers.
-Take part in all trainings given by RUDEP.
-Use loan for right purpose if you borrow. | <input type="checkbox"/> |
| c) -Prepare the business plan
-Follow the business plan
-Follow VSCF Guideline and group's Constitution | <input type="checkbox"/> | d) – All these above answers (a,b,c) | <input type="checkbox"/> |

THANK YOU VERY MUCH FOR YOUR CONTRUBUTION

**POST TEST
 No 2c**

Competency-Based Monitoring Table For MS

Time/duration:

Service Provider:WU

Name of VSCF	Name of MB	Position	Pre-test No 2a	post-test No 2b	Competency Assessment right after finishing the MB training								Ex-post test No 2	Ex-post competency assessment (after 3 or 6 months)								TOTAL	Graduation		
					MS1 a	MS1c	MS1d	MS2	MS3a,b	MS4	MS5	sub-Total		MS1 a	MS1c	MS1d	MS2	MS3a,b	MS4	MS5	sub-Total				
Maximum points			15 points	15	5	5	5	5	5	5	5	50	15	5	5	5	5	5	5	5	50				
		Leader																							
		Accountant																							
		Treasurer																							
		contingency																							

Notes:

MS: Accounting forms
 Graduation given No 1
 Non0graduation given No 0

For the test No 2 (15 questions): maximum:15 points
For the MS : Minimum point is 1
 : Maximum point is 5

Level 1: Total less 25
Level 2: Total from 25-34
Level 3: Total from 35-39

Level 4: Total from 40-45
Level 5: Total from 46-50









**PRE and POST
 TEST No 3a,b**

Competency Assessment for the First Business Plan Workshop

VSCF: Name of member:

Points

This test is done by trainees/members

No	Illustration	Indicators	Yes 	No 	No idea 
1		Does your Loan Application and Business Plan complete fully?			
2		Do you have difficulties in calculation of input material prices for preparing your business plans?			
3		Do you predict risks and have solutions for these risks when implementation of your business plan?			
4		According to you, is the business plan necessary and helpful for the borrower?			
5		Can you prepare the Loan Application and business plan by yourself?			

Competency Assessment for the Second Business Plan Workshop

POST TEST
No 3c

TOTAL POINT

Name of member:..... Position:..... Name of VSCF:.....

⊗ Note: Trainer will assess competency based on the business plan submitted by each trainee.

1. Does the Loan application and Business plan complete fully?
Yes No
2. Is the Capital reasonable with the involved business plan?
Yes No
3. Is the marketing feasible?
 No
4. Are the techniques feasible?
Yes No
5. Are the input materials available ?
Yes No
6. Is the management feasible?
Yes No
7. Does that business plan consider the social effectiveness?
Yes No
8. Does that business plan consider the environmental protection aspect?
Yes No
9. Are the risky predictions feasible?
Yes No
10. Is this business plan suitable for the poor?
Yes No

Annex 2

Competency Assessment of 44 VSCFMBs

Annex 2 Competency-Based Monitoring Table For MS POST-TEST on 30-Aug-2004 and PERIODICAL-TEST on 30 Dec-2004

No	Name of VSCF	Name of members of MB	Position	No of inputs received	Post -test				TOTAL Points	Graduation at 30-Aug-04	No of inputs should be provided	No of inputs has been provided	Post -test				Periodical Test	Graduation - at 30-Dec-04
					F1 abcd F2	F3 (a,b)	F4	F5					F1 abcd F2	F3 (a,b)	F4	F5		
Tinh Tho commune																		
1	Tho Dong 1	Nguyễn Thanh Sơn	Leader	6	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	19.5	1
		Nguyễn Thanh Bình	Accountant	6	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	19.5	1
		Đỗ Thị Lưu	Treasurer	6	5	5	5	4	19	0	3	3	5	5	5	4	19	0
2	Tho Tay 2	Nguyễn Thu	Leader	6	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	19.5	1
		Bùi Ngọc Tuấn	Accountant	6	5	5	5	5	20	1	3	3	5	5	5	5	20	1
		Lê Thị Thu Thủy	Treasurer	6	5	4	5	4	18	0	3	3	5	4	5	4	18	0
3	Tho Trung 1	Nguyễn Chạy	Leader	6	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	19.5	1
		Nguyễn Thị Tuyết	Accountant	6	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	19.5	1
		Đặng Thị Sương	Treasurer	1	3	3	3	2	11	0	3	3	3	3	3	2	11	0
4	Tho Trung 2	Đỗ Thị Út	Leader	5	5	5	5	4	19	0	3	3	5	5	5	4	19	0
		Đặng Thị Thanh Hiếu	Accountant	5	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	19.5	1
		Nguyễn T Kim Hoàn	Treasurer	5	5	5	5	4	19	0	3	3	5	5	5	4	19	0
5	Tho Trung 3	Nguyễn Mai	Leader	5	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	19.5	1
		Đặng Chí Tâm	Accountant	5	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	19.5	1
		Đặng Văn Thành	Treasurer	5	5	5	5	4	19	0	3	3	5	5	5	4	19	0
6	Tho Trung 4	Châu Thị Phương	Leader	5	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	19.5	1
		Huỳnh Thị Ái	Accountant	5	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	19.5	1
		Đinh Thị Học	Treasurer	5	5	5	5	4	19	0	3	3	5	5	5	4	19	0
7	Tho Nam 1	Lâm Văn Minh	Leader	5	5	5	4	4	18	0	3	3	5	5	4	4	18	0
		Trương Thị Huỳnh	Accountant	5	5	5	4	4	18	0	3	3	5	5	4	4	18	0
		Phan Thị Thủy Hoa	Treasurer	5	5	5	5	4	19	0	3	3	5	5	5	4.5	19.5	1
8	Tho Nam 2	Đỗ Minh Tơ	Leader	5	5	5	5	4	19	0	3	3	5	5	5	4.5	19.5	1
		Võ Văn Đứng	Accountant	5	5	5	5	4	19	0	3	3	5	5	5	4	19	0
		Lý Thị Xuân Thủy	Treasurer	5	5	5	4	4	18	0	3	3	5	5	4	4	18	0
9	Tho Bac 1	Phạm Văn Linh	Leader	5	5	5	5	5	20	1	3	3	5	5	5	5	20	1
		Đào Công Lực	Accountant	5	5	5	5	5	20	1	3	3	5	5	5	5	20	1
		Nguyễn Thị Nhung	Treasurer	5	5	5	5	4	19	0	3	3	5	5	5	4	19	0
10	Tho Tay2	Trương Quang Thọ	Leader	1	4	4	4	3	15	0	3	3	4	4	4	3	15	0
		Trương Quang Huy	Accountant	1	4	4	4	4	16	0	3	3	5	5	4.5	4	18.5	0
		Le Thị Bình	Treasurer	1	4	4	3	3	14	0	3	3	4	4	3	3	14	0
				142	4.8	4.8	4.7	4.1	18.5	13	90	90	4.87	4.83	4.72	4.17	18.6	15
Duc Phong commune																		
11	Lam Ha 1	Trịnh Mèo	Leader	6	5	5	4	4	18	0	3	3	5	5	4.5	4	18.5	0
		Nguyễn Văn Như	Accountant	6	5	5	5	5	20	1	3	3	5	5	5	5	20	1
		Phạm Đình Long	Treasurer	3	5	5	5	4	19	0	3	3	5	5	5	4.5	19.5	1
12	Thach Thang 1	Nguyễn Bốn	Leader	6	5	5	5	4	19	0	3	3	5	5	5	4	19	0
		Nguyễn Xuân Ngoat	Accountant	6	5	5	5	5	20	1	3	3	5	5	5	4	19	0
		Trịnh Thị Thanh	Treasurer	6	5	5	5	4	19	0	3	3	5	5	4	4	18	0

Note: 1 means that graduation with achieved points from 19.5 to 20.

13	Van Ha 1	Phạm Xuân Dương	Leader	3	4	4	4	4	16	0	3	3	4	4.5	4.5	4	17	0
		Nguyễn Thanh Dung	Accountant	3	5	5	4	3	17	0	3	3	5	5	4	3.5	17.5	0
		Nguyễn Thị Huy	Treasurer	3	5	5	4	3	17	0	3	3	5	4	4	3.5	16.5	0
14	Chau Me 1	Phạm Nguyễn Thanh	Leader	3	5	5	4	3	17	0	3	3	5	5	4	4	18	0
		Võ Đình Huy	Accountant	3	5	5	5	4	19	0	3	3	5	5	5	4.5	19.5	1
		Nguyễn Thị Thạch	Treasurer	3	5	5	4	4	18	0	3	3	5	5	4	3	17	0
15	Lam Ha 2	Nguyễn Thị Thịnh	Leader	3	5	5	3	3	16	0	3	3	5	5	4	4	18	0
		Bùi Trung Đước	Accountant	3	5	5	5	4	19	0	3	3	5	5	5	4.5	19.5	1
		Hồ Mười	Treasurer	3	5	4	4	4	17	0	3	3	5	4	4	4	17	0
16	Lam Thuong 1	Nguyễn Đù	Leader	3	5	5	4	3	17	0	3	3	5	5	4	3.5	17.5	0
		Phạm Ngọc Năm	Accountant	3	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	19.5	1
		Cao Huy	Treasurer	3	5	5	3	3	16	0	3	3	5	5	3	3	16	0
17	Lam Thuong 2	Trần Thị Sáu	Leader	3	5	5	3	3	16	0	3	3	5	5	4	3	17	0
		Trần Thị Ngà	Accountant	3	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	19.5	1
		Trần Thị Nghiệm	Treasurer	3	5	5	4	4	18	0	3	3	5	5	4.5	4	18.5	0
18	Lam Thuong 3	Ng. Khánh Hường	Leader	1	4	5	4	3	16	0	3	3	4	5	4	3	16	0
		Phan Danh	Accountant	1	4	4	4	4	16	0	3	3	5	4	4.5	4	17.5	0
		Ng. Thị Hoàng Uyên	Treasurer	1	4	4	4	4	16	0	3	3	4	4	4	4	16	0
19	Van Ha 2	Nguyễn Thị Duyên	Leader	1	4	4	4	3	15	0	3	3	5	5	4	3	17	0
		Nguyễn Văn Vang	Accountant	1	5	3	3	3	14	0	3	3	5	3	3	3	14	0
		Nguyễn Thị Trắng	Treasurer	1	4	4	4	4	16	0	3	3	5	4	4	4	17	0
20	Chau Me 2	Lê Thị Thọ	Leader	1	5	4	4	3	16	0	3	3	5	5	4	3	17	0
		Cao Văn Mười	Accountant	1	5	5	4	4	18	0	3	3	5	5	4	4	18	0
		Thân Thị Sửu	Treasurer	1	4	4	4	3	15	0	3	3	4	4	3	3	14	0
Son Hai commune				87	4.8	14	13	11	17.3	4	90	90	4.87	4.72	4.23	3.8	17.6	6
21	Lang Ren 1	Đình Thị San	Leader	5	4	4	3	3	14	0	6	2	4	4	4	3	15	0
		Đình Văn Trầy	Accountant	5	5	5	4	4	18	0	6	2	5	5	4.5	4	18.5	0
		Đình Thị Hoàn	Treasurer	5	4	4	4	3	15	0	6	2	4	4	4	3	15	0
22	Ta Pia 1	Đình Thị Nhèo	Leader	5	4	4	3	3	14	0	6	2	4	4	4	3	15	0
		Nguyễn Thị Huệ	Accountant	5	4	4	4	4	16	0	6	2	4	4	4	4	16	0
		Đình Thị Lục	Treasurer	5	4	4	3	3	14	0	6	2	4	4	3.5	3	14.5	0
23	Ta Mat 1	Đình Văn Tâm	Leader	5	3	2	2	2	9	0	6	2	3	3	3	3	12	0
		Đình Văn Trâm	Accountant	5	5	4	3	3	15	0	6	2	5	4	3	3	15	0
		Võ Thị Thu Thảo	Treasurer	5	5	5	5	4	19	0	6	2	5	5	4.5	4.5	19	0
24	Ka Ranh 1	Đình Thị Tiếp	Leader	5	5	4	3	3	15	0	6	2	5	4	3	3	15	0
		Đình Văn Lệnh	Accountant	5	5	4	5	4	18	0	6	2	5	4	5	4.5	18.5	0
		Đình Thị Huệ	Treasurer	5	4	4	3	3	14	0	6	2	4	4	4	3	15	0
25	Lang Trang 1	Đình Văn Hoà	Leader	5	5	5	4	3	17	0	6	2	5	5	4	4	18	0
		Đình Văn Viêm	Accountant	5	5	5	5	4	19	0	6	2	5	5	5	4	19	0
		Nguyễn Thị Hoa	Treasurer	5	5	5	5	4	19	0	6	2	5	5	5	4	19	0
26	Lang Ra 1	Đình Văn Réo	Leader	5	4	4	3	3	14	0	6	2	4	3	3	3	13	0
		Đình Quang Phước	Accountant	5	5	4	4	4	17	0	6	2	5	4	4.5	4	17.5	0
		Đình Thị Hênh	Treasurer	5	4	3	3	2	12	0	6	2	4	3	2	2	11	0
				90	4.4	4.1	3.7	3.3	15.5	0	108	36	4.44	4.11	3.89	3.44	15.9	0

Nghĩa Tho commune																		
27	Village 1A	Phạm Văn Diệu	Leader	5	4	4	3	3	14	0	6	3	4	4	3	3	16	0
		Phạm Vương	Accountant	5	5	5	5	4	19	0	6	3	5	5	5	4	19	0
		Đinh Thị Nô	Treasurer	5	4	4	4	3	15	0	6	3	4	4	4	3	16	0
28	Village 2A	Phạm CHín	Leader	5	5	5	4	4	18	0	6	3	5	5	4	4	19	0
		Phạm Văn Ngân	Accountant	5	5	5	4	3	17	0	6	3	5	5	4	3	18	0
		Phạm Thị Biên	Treasurer	5	4	4	3	3	14	0	6	3	4	4	3	3	16	0
				30	4.5	4.5	3.8	3.3	16.2	0	36	18	4.5	4.5	3.83	3.33	17.3	0
Hanh Phuoc																		
29	De An 1	Nguyễn Hữu Hai	Leader	5	5	5	5	5	20	1	3	2	5	5	5	5	20	1
		Bùi Văn Toàn	Accountant	5	5	5	5	5	20	1	3	2	5	5	5	5	20	1
		Bùi Thị Cẩm	Treasurer	5	5	5	4	4	18	0	3	2	5	5	4	4	18	0
30	Thuan Hoa 1	Ngô Tấn Sinh	Leader	5	5	5	5	4	19	0	3	3	5	5	5	4	19	0
		Phạm Trưng Trị	Accountant	5	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	19.5	1
		Trương Thị Chính	Treasurer	5	5	5	4	4	18	0	3	3	5	5	4.5	4	18.5	0
31	Hoa Sơn 1	Đinh Tấn Tùng	Leader	5	5	4	5	4	18	0	3	3	5	5	5	4.5	19.5	1
		Nguyễn Hồng Liên	Accountant	5	5	4	5	4	18	0	3	3	5	5	5	4.5	19.5	1
		Ng. Thị Minh Tường	Treasurer	5	4	4	4	3	15	0	3	3	4	4	4	3	15	0
32	Vinh Tho 1	Huỳnh Văn Nói	Leader	5	5	5	5	4	19	0	3	2	5	5	5	4	19	0
		Phạm Đình Lô	Accountant	5	5	5	5	4	19	0	3	2	5	5	5	4.5	19.5	1
		Nguyễn Thị Kiều	Treasurer	5	5	4	4	4	17	0	3	2	5	4	4.5	4	17.5	0
33	Vinh Tho 2	Nguyễn Đình Quang	Leader	5	5	5	4	4	18	0	3	3	5	5	4.5	4	18.5	0
		Bùi Tâm	Accountant	5	5	4	5	4	18	0	3	3	5	4.5	5	4	18.5	0
		Phạm Thị Liên	Treasurer	5	5	4	4	3	16	0	3	3	5	5	4	3.5	17.5	0
34	Hoa Tho 1	Huỳnh Văn Bé	Leader	5	5	5	5	4	19	0	3	2	5	5	5	4	19	0
		Phạm Quy	Accountant	5	5	5	5	4.5	19.5	1	3	2	5	5	5	5	20	1
		Bùi Thị Lộc	Treasurer	5	5	4	4	3	16	0	3	2	5	4	4	3.5	16.5	0
35	Hoa Vinh 1	Nguyễn Thị Một	Leader	1	4	4	3	3	14	0	3	2	4	4	4	4	16	0
		Trần Thị Vàng	Accountant	1	4	4	4.5	4	16.5	0	3	2	4	4	4.5	4	16.5	0
		Nguyễn Thị Viện	Treasurer	1	4	4	4	3	15	0	3	2	4	4	4.5	3.5	16	0
36	An Chi Tay 1	Ng. Thị Thu Thủy	Leader	1	4	4	3	3	14	0	3	3	5	5	5	4	19	0
		Võ Văn Tuyển	Accountant	1	5	4	4	4	17	0	3	3	5	5	4.5	4	18.5	0
		Trịnh Thị Quang	Treasurer	1	5	4	4	3	16	0	3	3	5	5	5	4	19	0
37	An Chi Dong 1	Phan Thị Lệ Huyền	Leader	1	5	5	4	3	17	0	3	3	5	5	4	4	18	0
		Phan Thị Quế	Accountant	1	5	5	5	3	18	0	3	3	5	5	5	4.5	19.5	1
		Ng. Thị Kim Giảng	Treasurer	1	5	4	4	4	17	0	3	3	5	4	4	3	16	0
				98	4.6	4.3	4.2	3.6	16.8	4	78	66	4.67	4.57	4.48	3.96	17.7	8
Pho Chau commune																		
38	Vinh Tuy 1	Nguyễn Thị Nguyệt	Leader	5	4	4	4	4	16	0	3	3	4	4	4	4	18	0
		Trương Thị Kim Ánh	Accountant	5	5	4	5	4	18	0	3	3	5	4	5	4	19	0
		Phạm Thị Tú Quy	Treasurer	5	5	4	4	4	17	0	3	3	5	4	4	4	19	0
39	Hung Long 1	Mai Văn Bô	Leader	5	5	5	5	4	19	0	3	3	5	5	5	4	17	0
		Lê Thị Ái	Accountant	5	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	20	1
		Trần Thị Huyền Trinh	Treasurer	5	5	4	5	4	18	0	3	3	5	4	5	4	19	0
40	Tan Loc 1	Trần Đê	Leader	5	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	16	0
		Nguyễn Phước Cẩm	Accountant	5	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	18	0
		Nguyễn Thị Thu	Treasurer	5	5	5	5	4	19	0	3	3	5	5	5	4	20	1

41	Hung Long 2	Lữ Văn Lê	Leader	3	5	5	4	4	18	0	3	3	5	5	4	4	19.5	1
		Trần Đức Hữu	Accountant	3	5	4.5	5	4	18.5	0	3	3	5	4.5	5	4	19.5	1
		Võ Thị Nở	Treasurer	3	5	4	5	4	18	0	3	3	5	4	5	4	18	0
42	Chau Me 1	Nguyễn Ngọc Thư	Leader	3	5	5	4	4	18	0	3	3	5	5	4	4	18	0
		Trình Nông	Accountant	3	5	5	5	4.5	19.5	1	3	3	5	5	5	4.5	19.5	1
		Trần Thị Kim Đào	Treasurer	3	5	4	4	3	16	0	3	3	5	4	4	3	19	0
43	Vinh Tuy 2	Nguyễn Thanh Vinh	Leader	1	4	4	3	3	14	0	3	3	4	4	3	3	15	0
		Trần Văn Chú	Accountant	1	5	4	5	4	18	0	3	3	5	4	5	4	19	0
		Nguyễn Thị Lệ	Treasurer	1	4	4	4	3	15	0	3	3	4	4	4	3	18	0
44	Tan Loc 2	Nguyễn Nhận	Leader	1	4	4	3	2	13	0	3	3	4	4	3	2	19.5	1
		Trần Thị Thanh Thu	Accountant	1	5	4	4.5	4	17.5	0	3	3	5	4	4.5	4	20	1
		Nguyễn Thị Tình	Treasurer	1	5	4	4	3	16	0	3	3	5	4	4	3	18	0
				69	4.8	4.4	4.5	3.8	17.5	4	63	63	4.81	4.4	4.45	3.81	18.5	7

Annex 3

Consolidated Form 5 up to 31-Dec-2004

Annex 3: Consolidated Form 5 up to 31-Dec-2004

Quang Ngai Rural Development Program

No of Commune: 09

No of VSCFs : 63

Part I- FINANCIAL INFORMATION

Items		Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
I	OUTREACH									
1	No of members at end of previous month	804	809	1045	1044	1055	1062	1062	1074	1110
2	No of new members	25	258	15	20	16	8	21	53	467
3	No of members resigning	20	22	16	9	9	8	9	17	22
4	No of members at end of month	809	1045	1044	1055	1062	1062	1074	1110	1555
5	No of female members in total	487	692	689	694	706	713	722	757	993
6	No of female members with outstanding loan	175	207	230	334	363	406	427	440	452
7	No of members with loan at end of previous month	275	311	350	372	499	591	637	667	688
8	No of members with new loan	48	46	61	160	109	78	75	53	74
9	No of members repaying loan in full	12	8	39	33	17	32	45	32	49
10	No of members with loan at end of month	311	350	372	499	591	637	667	688	713
11	No of members making savings deposit in current month	678	909	926	963	961	969	967	1010	1419
12	No of members attending monthly meeting	676	897	916	946	907	973	957	971	1399
II	SAVINGS									
13	Savings balance at end of previous month	91,864,500	108,639,000	124,232,500	139,863,000	172,765,000	199,890,000	220,535,750	240,036,500	257,221,250
14	Amount of savings deposited	18,974,500	18,734,500	21,040,500	39,487,000	31,445,000	27,620,750	28,548,550	23,253,750	29,826,750
15	Amount of savings withdrawn	2,216,000	3,141,000	5,410,000	6,585,000	4,320,000	6,975,000	9,047,800	6,069,000	15,832,526
16	Interest on savings (calculated as per operational procedure)	-	-	-	-	-	-	-	-	516,308
17	Amount of savings actually collected this month	16,774,500	15,593,500	15,630,500	32,902,000	27,125,000	20,645,750	19,500,750	17,184,750	14,510,532
18	Savings balance at end of current month	108,639,000	124,232,500	139,863,000	172,765,000	199,890,000	220,535,750	240,036,500	257,221,250	271,731,782
III	LOANS									
A	Categorised by purpose of loan									
19	Value of loans disbursed for cattle raising this month	150,000,000	73,815,000	76,000,000	353,500,000	252,000,000	179,500,000	242,000,000	162,500,000	145,000,000
20	Value of loans disbursed for pig raising this month	24,500,000	84,500,000	137,000,000	212,000,000	105,500,000	114,500,000	70,500,000	61,000,000	110,000,000
21	Value of loans disbursed for poultry raising	-	-	3,000,000	43,000,000	19,000,000	2,000,000	2,000,000	-	8,500,000
22	Value of loans disbursed for cultivation	-	6,000,000	5,500,000	15,000,000	14,000,000	-	7,000,000	7,000,000	29,000,000
23	Value of loans disbursed for off-farm income generating activities	-	-	-	3,000,000	13,000,000	12,000,000	-	-	4,000,000
24	Value of loans disbursed for ALL OTHER purposes	1,500,000	3,000,000	4,000,000	36,000,000	17,000,000	15,000,000	11,000,000	7,000,000	21,000,000
25	Value of all loans disbursed this month	209,000,000	167,315,000	225,500,000	677,500,000	415,500,000	323,000,000	332,500,000	237,500,000	317,500,000
B	Categorised by loan terms									
26	No of short-term loans disbursed this month (6 months)	1	1	4	9	8	7	7	8	6
27	No of medium-term loans disbursed this month (12 months)	22	24	41	114	65	53	57	38	62
28	No of long-term loans disbursed this month (15 months)	25	21	22	37	36	18	11	7	6

IV	PRINCIPAL COLLECTION									
29	Total principal collected	88,850,000	35,210,000	187,825,000	126,650,000	93,000,000	235,800,000	183,010,000	165,345,000	234,500,000
V	INTEREST COLLECTION									
30	Total Interest amount collected	9,932,000	11,516,000	12,481,000	14,314,000	17,720,400	21,537,500	22,094,500	23,122,500	24,132,900
VI	PENALTY COLLECTION									
31	Penalty collection for overdue loans	347,000	75,000	30,000	175,000	364,000	12,000	307,000	60,000	140,000
32	Penalty collection relating to monthly meeting or other ma	-	105,000	170,000	40,000	96,000	59,000	70,000	62,000	82,000
33	Total Penalty amount collected	347,000	180,000	200,000	215,000	460,000	71,000	377,000	122,000	222,000
VII	OUTSTANDING PRINCIPAL									
34	Total outstanding principal for ALL loans	1,081,435,000	1,213,540,000	1,251,215,000	1,802,065,000	2,124,565,000	2,211,765,000	2,361,255,000	2,433,410,000	2,516,410,000
A	Monitoring of overdue loan:	-	-	-	-	-	-	-	-	-
35	No. of members with overdue loans	14	13	23	11	14	6	13	7	14
36	Total amount of ALL loans with overdue repayment	12,860,000	14,170,000	22,715,000	10,800,000	12,500,000	5,500,000	7,840,000	8,520,000	28,240,000
37	% of loan principle overdue (PAR > 1 day)	1.19%	1.17%	1.82%	0.60%	0.59%	0.25%	0.33%	0.35%	1.12%
B	Monitoring of repayments:	-	-	-	-	-	-	-	-	-
38	No of members not repaying in full	7	6	5	9	8	2	-	2	5
39	Value of expected repayment this month (Principle + Inter	74,936,000	44,255,000	213,703,500	142,356,400	90,925,400	249,644,400	187,554,250	148,120,000	236,452,400
40	Value of actual repayment this month	98,782,000	46,726,000	200,306,000	139,379,000	110,720,400	257,337,500	205,104,500	188,467,500	258,632,900
41	% of actual repayment	131.82%	105.58%	93.73%	97.91%	121.77%	103.08%	109.36%	127.24%	109.38%
VIII	BANK TRANSACTION ACTIVITIES	-	-	-	-	-	-	-	-	-
42	Total in bank at End of previous month	1,460,728,330	1,370,301,948	1,265,884,605	1,392,675,882	1,646,147,043	1,369,312,345	1,323,385,303	1,212,018,532	1,177,662,882
43	Seed capital in bank account from previous month		1,002,300,000	859,985,000	823,685,000	1,096,685,000	772,500,000	612,000,000	463,000,000	384,500,000
44	Value of seed capital transferred into VSCF bank account	-	-	135,000,000	759,000,000	-	-	-	-	-
45	Value of seed capital disbursed to VSCF members this mo	185,000,000	142,315,000	171,300,000	486,000,000	324,185,000	160,500,000	149,000,000	78,500,000	56,000,000
46	Seed capital in bank at end of this month	1,002,300,000	859,985,000	823,685,000	1,096,685,000	772,500,000	612,000,000	463,000,000	384,500,000	328,500,000
47	Other Loan disbursements	24,000,000	25,000,000	54,200,000	191,500,000	91,315,000	162,500,000	183,500,000	159,000,000	261,500,000
48	Value of actual repayments received this month	98,782,000	46,726,000	200,306,000	139,379,000	110,720,400	257,337,500	205,104,500	188,467,500	258,632,900
49	Net member savings (plus interest if calculated) for curren	16,774,500	15,593,500	15,630,500	32,902,000	27,125,000	20,645,750	19,500,750	17,184,750	14,510,532
50	Value of penalties in this month	347,000	180,000	200,000	215,000	460,000	71,000	377,000	122,000	222,000
51	Interest paid bank on account this month	2,899,118	2,593,257	2,744,777	2,838,161	3,040,002	2,780,558	2,605,829	2,344,950	2,267,510
52	Cash operational expenses this month	229,000	2,195,100	1,590,000	3,363,000	2,680,100	3,761,850	6,454,850	4,974,850	5,121,100
53	Total in bank account at the end of current month	1,370,301,948	1,265,884,605	1,392,675,882	1,646,147,043	1,369,312,345	1,323,385,303	1,212,018,532	1,177,662,882	1,130,674,724

Part II- INCOME STATEMENT

Operating Income									
Interest from loans	9,932,000	11,516,000	12,481,000	12,729,000	17,720,400	21,537,500	22,094,500	23,122,500	24,132,900
Fees and penalties from loans	347,000	180,000	200,000	215,000	460,000	71,000	377,000	122,000	222,000
Interest earned from bank account	2,899,118	2,593,257	2,744,777	2,838,161	3,040,002	2,780,558	2,605,829	2,344,950	2,267,510
Other income	-	-	-	600,000	-	600,000	1,500,000	-	-
Total income from operations	13,178,118	14,289,257	15,425,777	16,382,161	21,220,402	24,989,058	26,577,329	25,589,450	26,622,410
Operating Expenses									
Financial expenses									
Interest & fees on debt for lending	-	-	-	-	-	-	-	-	-
Interest on savings	1,000	8,000	-	-	-	2,000	-	-	13,400
Subtotal financial expenses	1,000	8,000	-	-	-	2,000	-	-	13,400
Other operational expenses								0	0
Cash: Allowances to VSCF Management Board	215,000	2,167,500	1,577,000	3,680,000	2,568,100	3,405,350	7,430,350	4,390,850	4,679,200
Cash: Stationary	-	17,600	-	253,000	50,000	214,000	354,500	504,000	423,500
Other operational expenses	13,000	10,000	5,000	30,000	62,000	740,500	170,000	80,000	5,000
Subtotal cash operational expenses	228,000	2,195,100	1,582,000	3,963,000	2,680,100	4,359,850	7,954,850	4,974,850	5,107,700
Loan-loss provision	1,802,392	2,022,567	2,085,358	3,003,442	3,541,008	3,692,687	3,942,414	4,062,952	4,201,533
Depreciation	-	-	-	-	-	-	-	-	-
Subtotal non-cash operational expenses	1,802,392	2,022,567	2,085,358	3,003,442	3,541,008	3,692,687	3,942,414	4,062,952	4,211,533
Total expenses from operations	2,031,392	4,217,667	3,667,358	6,966,442	6,221,108	8,054,537	11,897,264	9,037,802	9,312,633
OPERATIONAL SURPLUS (DEFICIT)	11,146,726	10,071,590	11,758,419	9,415,719	14,999,294	16,934,521	14,680,065	16,551,648	17,309,777
Grant from QNRDP for Management Board	400,000	-	600,000	600,000	-	600,000	-	-	-
Grant from QNRDP in assets (value of equipment)	66,760,000	66,760,000	70,760,000	82,760,000	82,760,000	82,760,000	82,760,000	85,760,000	102,260,000
Total grant income	67,160,000	67,360,000	71,360,000	83,360,000	82,760,000	83,360,000	82,760,000	85,760,000	108,260,000
NET SURPLUS FOR THE PERIOD	78,306,726	77,431,590	83,118,419	92,775,719	97,759,294	100,294,521	97,440,065	102,311,648	125,559,777

Part III- BALANCE SHEET

Assets									
Current									
Cash on hand	-	-	-	-	-	-	-	-	-
Cash in VSCF safe	-	-	-	-	-	-	-	-	-
Cash in bank account	1,370,301,948	1,265,884,605	1,392,675,882	1,646,147,043	1,369,312,345	1,323,385,303	1,212,018,532	1,177,662,882	1,130,674,724
Loans outstanding	1,081,435,000	1,213,540,000	1,251,215,000	1,802,065,000	2,124,565,000	2,211,765,000	2,361,255,000	2,433,410,000	2,516,410,000
Loan-loss reserve (negative)	(1,802,392)	(2,022,567)	(2,085,358)	(3,003,442)	(3,541,008)	(3,692,687)	(3,942,414)	(4,062,952)	(4,201,533)
Other assets	66,760,000	66,760,000	70,760,000	82,760,000	82,760,000	84,760,000	84,760,000	87,760,000	110,260,001
Total assets	2,516,694,556	2,544,162,038	2,712,565,524	3,527,968,601	3,573,096,337	3,616,217,616	3,654,091,118	3,694,769,930	3,753,143,192
Liabilities									
Current									
Savings deposits	108,639,000	124,232,500	139,863,000	172,765,000	199,890,000	220,535,750	240,036,500	257,221,250	271,731,782
Interest payable	-	8,000	-	-	-	-	-	-	-
Other short-term liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	108,639,000	124,240,500	139,863,000	172,765,000	199,890,000	220,535,750	240,036,500	257,221,250	271,731,782
Reserve Funds / Equity									
Groups funds	2,298,000,000	2,298,000,000	2,433,000,000	3,192,000,000	3,192,000,000	3,192,000,000	3,192,000,000	3,192,000,000	3,162,000,000
Value of assets supplied	66,760,000	66,760,000	70,760,000	82,760,000	82,760,000	84,760,000	84,760,000	87,760,000	110,260,001
Cumulative surplus (retained earnings)	43,295,556	55,161,538	68,942,524	80,443,601	98,446,337	118,921,866	137,294,618	157,788,680	180,451,742
Total equity	2,408,055,556	2,419,921,538	2,572,702,524	3,355,203,601	3,373,206,337	3,395,681,866	3,414,054,618	3,437,548,680	3,452,711,743
Total liabilities and equity	2,516,694,556	2,544,162,038	2,712,565,524	3,527,968,601	3,573,096,337	3,616,217,616	3,654,091,118	3,694,769,930	3,753,143,192

Annex 4

Templates of Report as Guidance for WUs

Annex 4: Templates of Reports as Guidance for WUs

Template 1

Summary Report on VSCF Formation Workshop

1. Commune:.....
2. Result:

Table 1: The poor rate of households participated in the VSCF

No	Name of VSCF	Duration/Time of the workshop	No of participants take part in the WS	No of members officially participated in the VSCF	No of members unable write and read	No of members having outstanding loan from other credit org.	Total female in a VSCF	No of poor HHs	Rate of poor	Note
1										
2										
3										
4										
5										
6										

Table2a: Result of competency assessment:

No	Name of VSCf	Pre-test	Post test	Pre-test	Post test	Pre-test	Post test	Pre-test	Post test
		No of tests from 9-10 points	No of tests from 9-10 points	No of tests from 7-8 points	No of tests from 7-8 points	No of tests from 5-6 points	No of tests from 5-6 points	No of tests less 5 points	No of tests less 5 points
1									
2									
3									
4									
5									
6									
TOTAL									

Table 2b: Real outputs in comparison with expected outputs

Note: Tick a following icon into the relevant box:

Icon + : *it means that the documents are completed and correct*

Icon - : *it means that the document are not completed and correct*

No	Name of VSCF	Contact Sheet	MĐ1 (Collective)	MĐ3a	MĐ4	MĐ7	Competency Test	Final report
1								
2								
3								
4								
5								
6								

Shortcomings:

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Suggested Solutions:

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- | |
|---|
| <p>Required documents attached:</p> <ul style="list-style-type: none"> - <i>Contact Sheet</i> - <i>Collective of Members history</i> - <i>Minute of formation VSCF -MĐ 3a.</i> - <i>Establishment Decision –MĐ4.</i> - <i>Group’s Constitution –MĐ7.</i> - <i>Pretest (No 1a) and Post test (No 1b).</i> - <i>All relevant receipts</i> |
|---|

.....Dated 200..

Reported by

Template 2a

Summary Report on the First Business Plan Workshop

Commune:.....Duration/time:.....

Table 1: No of members participated in the first monthly meeting

Name of VSCF	No of official members (who have signed on the Group's Constitution)	No of members participated in the first monthly meeting (Person)	No of members deposited their savings (person)	Amount of savings deposited (VND)	Has the collected savings deposited into the bank account?
TOTAL					

Table 2: Result of competency assessment:

No	Name of VSCF	Pre-tests	Post-tests	Pre-tests	Post-tests	Pre-tests	Post-tests	Pre-tests	Post-tests
		No of tests at 5 points	No of tests at 5 points	No of tests at 4 points	No of tests at 4 points	No of tests at 3 points	No of tests at 3 points	No of tests less 3 points	No of tests less 3 points
1									
2									
3									
4									
5									
6									
TOTAL									

Table 3: Real outputs in comparison with the expected outputs

Note: Tick a following icon into the relevant box:

Icon + : *it means that the documents are completed and correct*

Icon - : *it means that the documents are not completed and correct*

No	Name of VSCF	Contact Sheet	Pretest (No 3a)	Post-test (No3b)	All required MDs have been completed	Form 5	Receipts	Final report
1								
2								
3								
4								
5								
6								

Shortcomings:

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Suggested solutions:

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Required documents attached:

- *Contact Sheet*
- *Pretest (No 3a) and Post test (No 3b).*
- *Form 5*

.....Dated:.....200..

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Template 2b

Summary Report on the Second Business Plan workshop

Xã: Thời gian:

Table 1: No of members participated in the second monthly meeting

Name of VSCF	No of official members (who have signed on the Group's Constitution)	No of members participated in the second monthly meeting (Person)	No of members deposited their savings (person)	Amount of savings deposited (VND)	No of members registered to get the first loan in the next month (person)	Amount of loan may be disbursed in the next month (VND)	Average loan size (VND)
TOTAL							

Table 2a: Result of competency assessment:

No	Name of VSCF	Total valid tests	No of tests from 9-10 points	No of tests from 7-8 points	No of tests from 5-6 points	No of tests less 5 points
1						
2						
3						
4						
5						
6						
	TOTAL					

Table 2b: Real outputs in comparison with expected outputs

Note: Tick a following icon into the relevant box:

Icon + : *it means that the documents are completed and correct*

Icon - : *it means that the document are not completed and correct*

No	Name of VSCF	Contact sheet	MD6	MD8	MD10	Competency test (No 3c)	Form 5	Receipts	Final report
1									
2									
3									
4									
5									
6									

Shortcomings:

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Suggested solutions:

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<p>Required documents attached:</p> <ul style="list-style-type: none">- <i>Contact Sheet</i>- <i>Proposal on seed capital provision (MĐ6)</i>- <i>Minute on approval loans (MĐ8).</i>- <i>Agreement on provision of seed capital (Vietnamese and English versions (MĐ 10)</i>- <i>Post test No 3c.</i>- <i>Form 5</i>- <i>Receipts</i>

Dated..... 200..

Reported by



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Template 4

Summary Report on VSCF MB Training Course

Commune:..... Duration:.....

Results:

Table 1: No of trainees participated (*please see the monitoring table No 1 attached*).

Table 2: Competency assessment on VSCF Operational Procedure No 2 (*analyzed from tests No 2a and 2b*)

Total valid tests:.....

Level 5		Level 4		Level 3		Level 2		Level 1	
Pre-test	Post-test	Pre-test	Post-test	Pre-test	Post-test	Pre-test	Post-test	Pre-test	Post-test
No of tests from 14-15 points	No of tests from 14-15 points	No of tests from 12-13 points	No of tests from 12-13 points	No of tests from 10-11 points	No of tests from 10-11 points	No of tests from 8-9 points	No of tests from 8-9 points	No of tests less 8 points	No of tests less 8 points

Table 3: Competency assessment of accounting forms for VSCF MBs (*please see the attached No 2c*)

Table 4: Real outputs in comparison with expected outputs

Note: Tick a following icon into the relevant box:

Icon + : *it means that the documents are completed and correct*

Icon - : *it means that the document are not completed and correct*

No	Name of VSCF	Contact sheet	Pre-test No 2a	Post-test No 2a	Practical Exercises Notebooks	Final report
1						
2						
3						
4						
5						
6						
	TOTAL					

Advantages:

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Disadvantages

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Suggested Solutions:

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<p>Required documents attached:</p> <ul style="list-style-type: none"> - <i>Contact Sheet.</i> - <i>No of trainees participated-(attached No 1).</i> - <i>Pre-test and post tests (No-2a and 2b).</i> - <i>Competency assessment on accounting skills (attached 2).</i> - <i>Practical exercises notebooks.</i>

Dated..... 200..

Reported by.....

Annex 5

**Cost Monitoring of Service Contract
2004-2005**

Annex 5

Annex 5 Cost monitoring of service contract No HDVSCF-04029 for the year- 2004-2005 Upto 20-Dec-2004

No	Name of VSCF	Formation workshop (VND)		MB training (VND)		First Business Plan VS (VND)		Second Business Plan VS (VND)		Actual payment for Ongoing Support on accounting and management skills (VND)					
		Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Input 1	Input 2	Input 3	Input 4	Input 5	Input 6
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
I	DUCHONG									<i>Oct-04</i>	<i>Nov-04</i>	<i>Dec-04</i>	<i>Jan-05</i>	<i>Feb-05</i>	<i>Mar-05</i>
1	Lam Hai I	-	-	-	-	-	-	-	-	-	250,500	250,500	-	-	-
2	Thach Thang I	-	-	-	-	-	-	-	-	-	250,500	250,500	-	-	-
3	Van Hai I	-	-	-	-	-	-	-	-	250,500	250,500	250,500	-	-	-
4	Chau Mei I	-	-	-	-	-	-	-	-	250,500	250,500	250,500	-	-	-
5	Lam Hai II	-	-	-	-	-	-	-	-	250,500	250,500	250,500	-	-	-
6	Lam Thung I	-	-	-	-	-	-	-	-	250,500	250,500	250,500	-	-	-
7	Lam Thung II	-	-	-	-	-	-	-	-	250,500	250,500	250,500	-	-	-
8	Lam Thung III	-	-	-	-	-	-	-	-	250,500	250,500	250,500	-	-	-
9	Van Hai II	-	-	-	-	-	-	-	-	31,500	255,000	250,500	-	-	-
10	Chau Mei II	-	-	-	-	-	-	-	-	250,500	250,500	250,500	-	-	-
11	Chau Mei III	1,387,167	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Van Hai III	1,387,167	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Thich Thang II	1,387,167	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Thich Thang III	1,387,167	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Thich Thang 4	1,387,167	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Lam P III	1,387,167	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sum Duc Phong	8,323,000	-	-	-	-	-	-	-	1,785,000	2,550,000	2,505,000	-	-	-
II	TINH HO														
1	Tho Ding I	-	-	-	-	-	-	-	-	126,000	126,000	126,000			
2	Tho Tung I	-	-	-	-	-	-	-	-	126,000	126,000	126,000			
3	Tho Tay I	-	-	-	-	-	-	-	-	126,000	126,000	126,000			
4	Tho Tung II	-	-	-	-	-	-	-	-	126,000	126,000	126,000			
5	Tho Tung III	-	-	-	-	-	-	-	-	126,000	126,000	126,000			
6	Tho Tung IV	-	-	-	-	-	-	-	-	126,000	126,000	126,000			
7	Tho Nam I	-	-	-	-	-	-	-	-	126,000	126,000	126,000			
8	Tho Nam II	-	-	-	-	-	-	-	-	126,000	126,000	126,000			
9	Tho Bac I	-	-	-	-	-	-	-	-	126,000	126,000	126,000			
10	Th? Tay 2	-	-	-	-	-	-	-	-	126,000	-	126,000			
11	Th? Ding II	-	-	-	-	-	-	-	-	-	-	-			
12	Th? Ding III	-	-	-	-	-	-	-	-	-	-	-			
13	Th? Bac II	-	-	-	-	-	-	-	-	-	-	-			
14	Th? Tay III	-	-	-	-	-	-	-	-	-	-	-			
15	Tho Nam III	-	-	-	-	-	-	-	-	-	-	-			
16	Th? Bac III	-	-	-	-	-	-	-	-	-	-	-			
	Sum Tinh Tho	-	-	-	-	-	-	-	-	1,260,000	1,134,000	1,260,000	-	-	-
III	SONHAI														
1	Lam Ren I	-	-	-	-	-	-	-	-	126,000	-	126,000			
2	Ta Hai	-	-	-	-	-	-	-	-	126,000	-	126,000			
3	Ta Mt I	-	-	-	-	-	-	-	-	-	-	126,000			
4	Ka Rari I	-	-	-	-	-	-	-	-	126,000	-	126,000			
5	Lam Trang I	-	-	-	-	-	-	-	-	126,000	-	126,000			

6	Lang Ra 1	-	-	-	-	-	-	-	-	126,000	-	126,000	-	-	-
7	Làng H7 1	700,000	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Hà Là 1	700,000	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Làng R7c 1	700,000	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Tà Mầu 2	700,000	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Bđao 1	700,000	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Gò Sim 1	700,000	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sum Son Hai	4,200,000	4,060,000	-	-	-	-	-	-	630,000	-	756,000	-	-	-
IV NGHIA THO															
1	Village IA	-	-	-	-	-	-	-	-	126,000	126,000	126,000	-	-	-
2	Village IIA	-	-	-	-	-	-	-	-	126,000	126,000	126,000	-	-	-
3	Village IB	1,395,200	-	605,200	-	-	-	-	-	-	-	-	-	-	-
4	Village IC	1,395,200	-	605,200	-	-	-	-	-	-	-	-	-	-	-
5	Village IIB	1,395,200	-	605,200	-	-	-	-	-	-	-	-	-	-	-
6	Village IIC	1,395,200	-	605,200	-	-	-	-	-	-	-	-	-	-	-
7	Village IID	1,395,200	-	605,200	-	-	-	-	-	-	-	-	-	-	-
	Sum Nghia Tho	6,976,000	4,170,000	3,026,000	2,796,000	-	-	-	-	252,000	252,000	252,000	-	-	-
V HANH PHUOC															
1	Đe An 1	-	-	-	-	-	-	-	-	132,000	-	132,000	-	-	-
2	Thuan Hoa 1	-	-	-	-	-	-	-	-	132,000	132,000	132,000	-	-	-
3	Hoa Son 1	-	-	-	-	-	-	-	-	132,000	132,000	132,000	-	-	-
4	Vinh Tho 1	-	-	-	-	-	-	-	-	132,000	-	132,000	-	-	-
5	Vinh Tho II	-	-	-	-	-	-	-	-	132,000	-	132,000	-	-	-
6	Hoa Tho 1	-	-	-	-	-	-	-	-	132,000	-	132,000	-	-	-
7	Hoa Vinh 1	-	-	-	-	-	-	-	-	132,000	132,000	132,000	-	-	-
8	An Ch? Tây 1	-	-	-	-	-	-	-	-	132,000	132,000	132,000	-	-	-
9	An Ch? Đông 1	-	-	-	-	-	-	-	-	132,000	132,000	132,000	-	-	-
10	An Ch? Tây II	1,371,000	-	554,333	-	-	-	-	-	-	-	-	-	-	-
11	An Ch? Đông II	1,371,000	-	554,333	-	-	-	-	-	-	-	-	-	-	-
12	Hoa Th? 2	1,371,000	-	554,333	-	-	-	-	-	-	-	-	-	-	-
13	Hoa M? 1	1,371,000	-	554,333	-	-	-	-	-	-	-	-	-	-	-
14	Đ? An 2	1,371,000	-	554,333	-	-	-	-	-	-	-	-	-	-	-
15	Hoa Son 2	1,371,000	-	554,333	-	-	-	-	-	-	-	-	-	-	-
	Sum Hanh Phuoc	8,226,000	7,081,000	3,326,000	3,296,000	-	-	-	-	1,188,000	660,000	1,188,000	-	-	-
VI PHO CHAU															
1	Vinh Tuy 1	-	-	-	-	-	-	-	-	138,000	138,000	138,000	-	-	-
2	Hung Long 1	-	-	-	-	-	-	-	-	138,000	138,000	138,000	-	-	-
3	Tan Loc 1	-	-	-	-	-	-	-	-	138,000	138,000	138,000	-	-	-
4	Hung Long II	-	-	-	-	-	-	-	-	138,000	138,000	138,000	-	-	-
5	Chau Me 1	-	-	-	-	-	-	-	-	138,000	138,000	138,000	-	-	-
6	Vinh Tuy 2	-	-	-	-	-	-	-	-	138,000	138,000	138,000	-	-	-
7	Th L?c 2	-	-	-	-	-	-	-	-	138,000	138,000	138,000	-	-	-
8	Chau Me 2	1,374,000	-	604,000	-	-	-	-	-	-	-	-	-	-	-
9	Chau Me 3	1,374,000	-	604,000	-	-	-	-	-	-	-	-	-	-	-
10	Vinh Tuy 3	1,374,000	-	604,000	-	-	-	-	-	-	-	-	-	-	-
11	Hung long 3	1,374,000	-	604,000	-	-	-	-	-	-	-	-	-	-	-
12	Th L?c 3	1,374,000	-	604,000	-	-	-	-	-	-	-	-	-	-	-
13	Th L?c 4	1,374,000	-	604,000	-	-	-	-	-	-	-	-	-	-	-
	Sum Pho Chau	8,244,000	7,739,500	3,624,000	3,598,000	-	-	-	-	966,000	966,000	966,000	-	-	-
VII BINH MINH															
1	Tân Phu?c 1	1,370,000	-	483,333	-	429,333	-	416,000	-	-	-	-	-	-	-
2	Tân Phu?c 2	1,370,000	-	483,333	-	429,333	-	416,000	-	-	-	-	-	-	-
3	Đ?c An 1	1,370,000	-	483,333	-	429,333	-	416,000	-	-	-	-	-	-	-
4	M? Long 1	1,370,000	-	483,333	-	429,333	-	416,000	-	-	-	-	-	-	-
5	L?c Thanh 1	1,370,000	-	483,333	-	429,333	-	416,000	-	-	-	-	-	-	-
6	M? Long 2	1,370,000	-	483,333	-	429,333	-	416,000	-	-	-	-	-	-	-
	Sum Binh Minh	8,220,000	6,706,000	2,900,000	2,831,000	2,576,000	2,388,000	2,496,000	2,450,400	-	-	-	-	-	-
VIII SON TRUNG															
1	Cia Ry 1	1,370,000	-	-	-	295,800	-	416,000	-	-	-	-	-	-	-
2	Làng Đèo 1	1,370,000	-	-	-	295,800	-	416,000	-	-	-	-	-	-	-
3	Làng Rìn 1	1,370,000	-	-	-	295,800	-	416,000	-	-	-	-	-	-	-
4	Làng Nà 1	1,370,000	-	-	-	295,800	-	416,000	-	-	-	-	-	-	-
5	Gò R?c 1	1,370,000	-	-	-	-	-	416,000	-	-	-	-	-	-	-
6	Tà Mầu 1	1,370,000	-	-	-	295,800	-	416,000	-	-	-	-	-	-	-
	Sum Son Trung	8,220,000	7,208,000	3,000,000	2,966,000	1,479,000	1,238,000	2,496,000	1,636,000	-	-	-	-	-	-
IX SON GIANG															
1	Làng Lũng 1	1,370,000	-	-	-	380,067	-	416,000	-	-	-	-	-	-	-
2	Làng Rì 1	1,370,000	-	-	-	380,067	-	416,000	-	-	-	-	-	-	-
3	Đ?ng Giang 1	1,370,000	-	-	-	380,067	-	416,000	-	-	-	-	-	-	-
4	Gò Ngoài 1	1,370,000	-	-	-	380,067	-	416,000	-	-	-	-	-	-	-
5	Làng Rê 1	1,370,000	-	-	-	380,067	-	416,000	-	-	-	-	-	-	-
6	Tà Đĩnh 1	1,370,000	-	-	-	380,067	-	416,000	-	-	-	-	-	-	-
	Sum Son Giang	8,220,000	7,380,000	3,500,000	3,348,000	2,280,400	2,181,400	2,496,000	2,082,000	-	-	-	-	-	-
	TOTAL	60,629,000	44,344,500	19,376,000	18,835,000	6,335,400	5,807,400	7,488,000	6,168,400	6,081,000	5,562,000	6,927,000	-	-	-

Items	Plan	Actual
(1) Participation cost (3+5+7+9)	93,828,400	75,155,300
(2) On-going support (11+12+13)	19,008,000	18,570,000
(3) Training materials for trainers and trainees	9,852,200	9,613,000
TOTAL	122,688,600	103,338,300

Annex 6

Major Findings from External Audit Mission

Annex 6: Major Findings from External Audit Mission

1. Operational procedures

Findings

During our review of the Operational Procedures we noted that the document contains reporting requirements that are not followed in practice. For example, there are paragraphs that require Forms 6a and 6b to be prepared, and Form 3a and Form 4 to be submitted to RUDEP. In practice, these forms were not prepared and submitted to RUDEP.

Recommendation

We understand that certain reporting requirements could not be met by the VSCFs' management boards due to practical reasons. We however recommend the Project Management Unit of RUDEP to review the Operational Procedures' requirements to make it more practicable. The updated Operational Procedures should be communicated to the VSCFs' members and management boards. Control procedures should be in place to ensure the compliance with the Operational Procedures.

2. Form 5 reports

Findings

During our review of the Form 5 reports submitted to RUDEP by the VSCFs, we noted that the reports were signed by only one person, the preparer. Many such reports contain mathematical and accounting errors. Some VSCFs even did not submit the reports. Reports for early months of the period were not filed.

In addition, the consolidated Form 5 reports were not printed out in hard copies for review, approval and filing. Reference should always be via the files in the computer, which are sometimes unreliable and vulnerable to system breakdown.

Recommendation

Since the Form 5 reports are the only reporting requirement which can be enforced centrally by RUDEP, we recommend that essential control procedures such as checking, reviewing, and approval. The reports should be signed by at least two people at the VSCF level before they can be submitted to RUDEP. Further checking and corrections made at RUDEP should be clearly documented and communicated to the VSCFs.

Since the consolidated reports are prepared at RUDEP after all necessary correction and checking of the individual VSCFs' reports, we recommend that the consolidated reports be printed out in hard copies for review, approval and filing. The consolidated report should be signed by the preparer and by another independent person as evidence of his review and checking.

We also recommend RUDEP to establish back-up procedures to ensure safeguard of electronic information.

3. Depreciation of office furniture

Findings

During the course of the audit we noted that office furniture transferred from RUDEP to the VSCFs is recorded as non-current assets on the balance sheet but no depreciation is recorded.

Recommendation

For reporting purposes, we recommend that depreciation be recorded for the assets systematically over their estimated useful lives. The financial statements upon which we report reflect adjustments when those assets are depreciated over two years.

4. Calculation and recording of interest on savings

Findings

Under the policies stated in the Operational Procedures, member deposited savings will receive 0.2% simple interest per month. Interest on savings will be calculated every six months and entered into all VSCF member passbooks in June and December. Interest will also be calculated to the end of the previous calendar month as need be for members who wish to withdraw some of their savings at other times.

Following this policy, the financial statements for the period ended 31 October 2004 do not reflect the savings interest expenses incurred and the related obligation to the members.

Recommendation

We recommend that savings interest be calculated monthly so that the financial statements at any time reflect the expenses incurred by the VSCFs and at the same time the members are informed of the amount earned from their savings.

The financial statements upon which we report reflect adjustments when savings interest is calculated monthly at the rate of 0.2% per month, applied on the savings balance of the previous month.

Management comments

Records and internal control procedures maintained at the VSCF level

Findings

During our visits to the individual VSCFs, we review their records and internal control procedures. The matters of non-compliance with the RUDEP's Operational Procedures noted are summarized below:

Tho Dong 1, Tinh Tho commune

Outstanding loan amount of VND1,600,000 is incorrectly recorded as cash at bank and an amount of VND950,000 was kept as cash on hand. The Operational Procedure requires that any cash must be deposited in full immediately after VSCF group meeting.

The financial statements upon which we report include appropriate adjustment with respect to the above outstanding loan.

Tho Trung 1, Tinh Tho commune

Penalty income of VND167,500 is not recorded by the VSCF.

Lam Ha 1, Duc Phong commune

All VSCF Management Board members are male. The Operational Procedure requires that at least one member of the Board should be a woman. Several members do not have their passbooks. Records of transactions in October 2004 were not prepared as at the date of our fieldwork. Penalties amounting to VND481,600 could not be collected from members. Finally, savings from members were deposited into a different time deposit bank account under the name of the accountant.

Lam Ha 2, Duc Phong commune

Some payment receipts were not signed by the payees and the Management Board leader. Many members did not sign on their passbooks.

Lam Thuong 3, Duc Phong commune

Many payment receipts are not signed by the Management Board leader.

An Chi Dong, Nghia Hanh commune

Many receiving and payment receipts are not signed by the Management Board leader, payer, payee, and the cashier. Only one copy of the passbooks is prepared. The Operational Procedures requires that the passbooks be prepared in duplicate, with one copy being kept by the Management Board and the other given to the members.

An Chi Tay, Nghia Hanh commune

There is lack of understanding on how to prepare the forms and accounting records. Errors were discovered during our review of Form 5 report submitted to RUDEP.

Lang Trang, Son Hai Commune

Many errors were found during our review of Form 3a. The difference between bank statement and book amount to VND5,455,270 consisting mainly of cash kept on hand.

Ka Ranh, Son Hai Commune

Some receiving and payment receipts are not signed by the payees and the Management Board leader.

Recommendation

For most of the findings at the VSCF level, we recommend more training and technical assistance from RUDEP, especially for the newly established VSCFs.

In addition to these matters, we noted that some VSCFs hold their group meetings very early in the month and deem all transactions to happen in the previous month. This usually results in large difference between cashbook balance and bank statement balance. To facilitate reconciliation and other control procedures, we recommend that all VSCFs hold their group meetings at or near the end of the month. All cash and bank transactions incurred as result of the meeting should then be settled within the month.

Limitations

URS Australia Pty Ltd (URS) has prepared this report for the use of AusAID Quang Ngai Rural Development Program in accordance with the usual care and thoroughness of the consulting profession. It is based on generally accepted practices and standards at the time it was prepared. No other warranty, expressed or implied, is made as to the professional advice included in this report. It is prepared in accordance with the scope of work and for the purpose outlined in the Program Design Document.

The methodology adopted and sources of information used by URS are outlined in this report. URS has made no independent verification of this information beyond the agreed scope of works and URS assumes no responsibility for any inaccuracies or omissions. No indications were found during our investigations that information contained in this report as provided to URS was false.

This report was prepared during January 2005 and is based on the conditions encountered and information reviewed at the time of preparation. URS disclaims responsibility for any changes that may have occurred after this time.

This report should be read in full. No responsibility is accepted for use of any part of this report in any other context or for any other purpose or by third parties. This report does not purport to give legal advice. Legal advice can only be given by qualified legal practitioners.