



- **Model design:** determined a model of 2,000 - 2,200 members organized into 58-60 centers, 4 credit officers and Number of members/credit officers ratio equals 450-500. Time to reach break-even point: 2 years, financial self-sufficiency: 3 years .
- **Recruit and train staff:** with the capacity building mission, STU gives prominence to training and using local people with the purpose of developing capable human resource of microfinance in the locality. All STU's staffs went through on-the-job training. They are our ambassadors who present the organization's core values: *professionalism, transparency, respect and friendliness.*
- **Relations building** with local government and social organizations, especially Women's Union. The Women's Union of Tuan Giao has been a close partner of STU in implementing many activities .
- **Setting up service distribution system:** recruited 1,006 members, formed 36 centers in 4 communes in Tuan Giao District. It was very difficult to recruit new member at first because many of the local people did not understand STU's operation and meaning. STUs' officers worked days and nights to introduce the project to each household. Seeing the benefits that our members got and success they acquired after borrowing from the project, other people in the community are now coming to STU .
- Finalized and put into use management software (M7MF) to manage membership and microfinance operation.
- In July 2012, STU participated in "M7-Sustainable health" project funded by USAID. The project aims at extending microfinance service provision to people infected and affected by HIV and formal drug users. Local healthcare organization is partner of the project. This is a new initiative in bringing equal opportunity to this target group .

Operational results

(as of December 2012)

No. of member	: 1,018
No. of ethnic minority member	: 803
No. of center	: 34
No. of commune covered	: 4
No. of credit officers	: 4



A meeting of STU staff

"[...] I found myself fit into this job: sharing and helping other people. I really admire what the organization has done to contribute to this community and I want to be a part of this meaningful endeavor ."

(Le Huy Thang, credit officer)



MUTUAL PROTECTION ASSOCIATION (M7MPA)



M7MPA was initiated by CFRC in 2009. In Tuan Giao, M7MPA has been cordially welcomed by members. 100% of members are aware that they should protect themselves and their family from risks by joining M7MPA. In 2012, STU and M7MPA cooperated to carry out many meaningful activities:

- Introduced mutual micro-insurance model to 47 key local government's officials;
- Organized 17 training workshops on "Risk management and insurance" to 240 members;
- Finalized M7MPA software to manage micro-insurance operation at grass-root level;
- Made claim payments in time to members and their family members.



2,737 beneficiaries

30 members received hospitalization benefit

4,530,000 dong of hospitalization benefit

"I am very thankful that the project cares for us. I want to be with STU for long term so that I can get new loans and be member of M7MPA ."

Mrs. Pham Thi Nga, member of Center 02

"Thank you! The benefit payment is very meaningful to us. To me, it is the care that the project give to us ."

Mr.Lo Van Suong, Mrs. Pham Nga's husband



STU, a companion of people living with/ affected by HIV/AIDS

"Please give my patients loans so that they can make something to eat, to wear and to go to hospital for treatment"

What Doctor Luong Hau Tuan, Vice director of Health center of Dien Bien District , said echoes in our mind, urging STU staffs to help this group by providing them with small-amount deposit facility, with capital, and business management know-hows so that they can make income, be happier and live more positively in their community.



MOU signing ceremony between STU and Tuan Giao Healthcare Center (left)



Monthly meeting between STU and Healthcare Center (right)

M7- Sustainable health project

(8/2012-12/2012)

No. of target client ^(*) with savings	: 18
No. of target client with loans	: 15
No. of target client join M7MPA	: 18
Total savings	: 763,000
Total disbursement	: 90,000,000

(*) Target clients: people infected and affected by HIV/AIDS and formal drug users

ANNUAL REPORT

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Standard Transaction Unit

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Rationale for STU's establishment

Developing M7 Microfinance Network to offer life-changing opportunities to more poor and ethnic minority women is the passion and mission of M7's leaders. It is clearly stated in our Common declaration made in 2011:

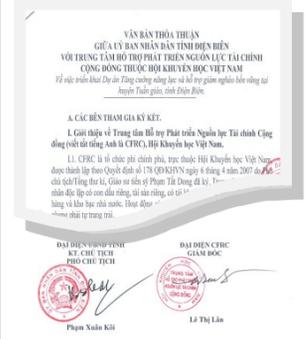
"Article 6. Developing M7 Network in width and depth, contributing to the National strategy for socio-economic development, rapid and sustainable poverty reduction (2011-2015)"

CFRC leads the way in choosing the poorest areas in Vietnam to expand M7's outreach. Dien Bien province is one of the provinces with highest poverty and HIV infection rates. According to a report of Ministry of Labor, Invalids and Social affair in 2010, 56% of its population lives under poverty line. The rates are 68% and above in four poorest District and as high as 90.4% in four most difficult communes. Health Department of Dien Bien recently announced that until June 2012, 100% of districts and city are affected by HIV/AIDS; 91 out of 112 communes/wards have people living with HIV.

Under cooperation programs with partners, CFRC received funding from Rabobank (project No. P10-052 and P11-035) and Cordaid (project 103904 "Support M7 in organization development and expanding the coverage of microfinance and micro-insurance services"). Vietnam Association for Education Promotion approved and allowed CFRC to manage and implement the projects in Decision No. 238/QĐ-KHVN dated September 9th 2010 and Decision No. 140/QĐ-KHVN dated April 25th 2011.

CFRC also get full support from People's Committee of Dien Bien Province and Tuan Giao District. A Memorandum of Understanding was signed between CFRC and Provincial People's Committee to let CFRC set up a representative office in Tuan Giao District to manage STU project.

These are rationales for CFRC to choose Tuan Giao as the starting point for "Standard transaction unit" (STU).



What is STU?



Madam Le Lan, CFRC Director

Microfinance programs in Vietnam mostly started with technical assistance and funding from international organizations or NGO. Even though there are formal microfinance institutions but no official announcement of management norms, governance structure model and total capital needed for a microfinance program from the start until its break-even point and until financial self-sufficiency point.

In the meantime, State bank of Vietnam set out a standard: in order to open a new branch, aside from meeting requirements for governance and portfolio quality, a microfinance organization should have adequate fund based on following formula:

$$1,500,000,000 * N < C$$

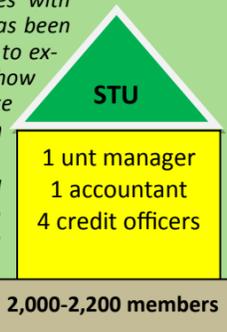
N: number of new branch
C: charter capital value

It can be inferred from the formula that an organization that has 10 billion dong of charter capital can ask to open from 1 to 6 branches simultaneously given it passes all other criteria because it is within the allowed boundary.

The question is how much capital do we need exactly?

Over the last 15 years, M7 Dong Trieu, the strongest organization of M7 Network, has been able to set up only 5 branches with about 2,000 clients each because it has been in severe lack of fund. If it can access to external loans and mobilize savings, how much capital and how long will it take the organization to reach break-even point?

International microfinance has found the answer. In Vietnam, CFRC wants to solve the question by directly setting up "Standard Transaction Unit" (STU) model which applies management standards of M7.



Education — Capacity building

STU takes education as the cornerstone of sustainable poverty reduction

Training for members

Upon joining STU, all members participate in "Life management – group and center management skills". The training is a chance for members to review and access themselves and their community. This is also an occasion for them to get closer, share and sympathize with each other to build a better community together.

During center meetings, members also get frequent updates and new useful knowledge and skills such as husbandry and cultivation techniques, health care, financial literacy, etc.

In 2012, STU also organized series of training workshops for members. Trainees are always the center of our training programs. Using adult learning approach, the workshops allowed trainees to actively involve in the lessons through many participatory activities. Therefore, members became more confident and could acquire knowledge better.

Training programs:

- Savings – Household budgeting:** presents the importance of savings and instructs members in how to make budget planning in order to manage cash better;
- Risk management and insurance:** enhance members' perception of risks and methods to mitigate negative impacts of risks including insurance;
- Gender and Entrepreneurship:** arms members with rudimentary knowledge and skills on business starting and managing as well as understanding of gender equity;
- Center official training:** improves group formation and management skills for center chiefs;
- HIV:** provides correct understanding about HIV to reduce discrimination and improve infection prevention in the community;
- Technical training:** vegetable planting technique for farmers in Quai Cang Commune.

Training	# of class	# of people
Center officials training	1	17
Members training	125	1,358
Technical training	1	53
TOTAL		1,428



Training workshop for local government officials

Training for key local officials

The mission of poverty reduction should be shouldered by the whole society, especially local government officials. Hence, CFRC designed and organized workshops to provide key officials from village level to district level with knowledge and skills on development management, including: Community planning and development; business development services and basic micro-insurance.

Training	# of class	# of people
District level	2	55
Commune level	4	176
Village level	46	138
TOTAL		368



Education – Community development

- Sustainable development starts from better education for children. Thus, in June 2012, STU began a small endeavor to promote education by giving presents to 68 children of poor members having good academic results.
- STU staffs also volunteered to organize 2 classes in Sao Village (Quai Cang commune) and Chang Village (Quai To commune) to teach 43 illiterate Thai women to read and write.



A field trip of "Gender and Entrepreneurship" class

"I have never had a saving habit. When I saved, I merely put into a piggy bank. I found the workshop very useful. I understand how important savings is. By taking notes of expenses and incomes, I can monitor and adjust my spending"

(Luong Thi Chieng, Nat Village)



"The training gives me many practical ideas such as how to promote my products"

(Trainee of "gender and entrepreneurship" course)

Asset building assistance



Stepping the path that M7 microfinance network has paved for the last 15 years, STU upgraded and standardized our procedures and services to provide holistic support to poor and ethnic minority women in building and protecting assets, improving social status and reaching a decent, safe and happy life.

In the first year, STU has designed and delivered following services :

- Savings
- Loans
- Micro-insurance (M7MPA)
- Business development service

"We are very happy to have STU here. I have a small business but I could not put aside any savings. STU helps us to save even with small amount of money. I can also borrow to invest and improve our business. Especially, I really like Mutual Protection products".

(Lo Thi Chuyen, Nong Village)



Indicators	Results
Total asset	4,123,172,532
No. of savers	1,018
Savings balance	181,548,200
No. of loans	1,202
Total disbursement	8,223,000,000
Total portfolio	4,094,727,000
PAR 1	0%
OSS	101%
FSS	63%

