



GÓI VAY XÂY NHÀ AN TOÀN, TỈNH THỪA THIÊN HUẾ
SAFE HOUSE LOANS PACKAGE, THUA THIEN HUE PROVINCE



Grantee Name: **DEVELOPMENT WORKSHOP FRANCE**

Grant Number: 1080-1197-0

Reporting Period: 1st Aug 2008 to 31th December 2010

Partially recoverable grant to pilot a safe house loan package for poor households in rural areas of Thua Thien Hue province vulnerable to typhoon damage and flooding



Narrative Report

15th January 2010

☐ Activities/Issues Addressed

The following activities have been implemented :

1. Negotiation and agreement with the VSPB (Vietnamese Bank for Social Policy)

After the agreement with the Ford Foundation (Aug 2008), the discussion with the VSPB (Central Direction in Hanoi and Thua Thien Hue Province Branch) lasted several months, and the Agreement with the bank was finally signed on the 17th February 2009 (see in Annexe). In this contract, DWF/FF brings 3 Billions VN Dongs in 2 instalments (*1,2 billions / transferred to VSPB in February 2008 and 1,8 billions / transferred to VSPB in December 2009*), and the VSPB 1,5 Billion VN Dongs, total 500 loans x 9 000 000 = 4 500 000 000 VN Dongs. During this phase, the presentation of the project was made in the 10 communes, with discussions about: amount of loan / maximum 9 000 000 VN Dongs, duration / 5 years, method of repayment /monthly or every 3/6 months.

2. Organisation and selection of beneficiaries

The selection of beneficiaries has been made according to the VSPB rules, after announcement in the Communes, control of each demand by local authorities and agreement by local branch (District level) of the VSPB.

This phase was seriously delayed (4 months) by the internal reorganization of the VSPB methods, including the change of the entire family loan record books.

3. Delivery of loan

After control and agreement from the VSPB, the loans are given to the families in 2 parts: 50% at the beginning, 50% after completion of the construction and the checking of the works by the Communes and by DWF team.

Because of the VSPB system - no branches in Communes but venue of the District branch to collect / deliver funds one or two times a month - this phase was also delayed.

4. Reinforcement – reconstruction works

All the construction works have been prepared, supervised by the Communes building advisers, with monitoring and technical assistance from DWF.

5. Monthly meeting Commune network

Every month, the progress and outcome of the project has been reviewed with all Communes participating in the project.

☐ Expected Outcomes

Expected Outcomes (at the end of loan delivery period)

- 500 poor households access medium term loans from the VBSP without collateral requirements.
- 95 per cent on time payment of monthly interest and principal instalments by borrowers to VBSP and 100 per cent repayment of loan capital by VBSP to DWF according to agreed repayment schedule.
- 500 poor households significantly improve and strengthen their houses against storm and flood damage as a result of these loans.
- Viable house strengthening loan product piloted and used to leverage resources for a larger subsequent lending programme.

Actual Results to Date (end 2009)

- 55% total amount disbursed by VSPB to 395 households – Remaining 45% in the first trimester 2010
- 455 beneficiaries of which 395 households have received loans, and 60 are processing the loan until 31 December 2009 ; a further 45 new beneficiaries are being processed in January – February 2010
- Repayments are starting in 2010
- 298 houses have been strengthened or rebuilt, 157 will be completed around the 2010 Vietnamese new year (14 February 2010)

☐ **Reflections**

- The first important result is that a large number of families in rural Communes are interested by such a loan, and that the potential borrowers were much more numerous than expected.
- The vulnerability of rural housing is considered by the households to be a serious threat to their situation, and they want to improve their house.
- About 1/3 of families rebuilt their houses, and 2/3 reinforced weak parts (different situations).
- The process / functioning with VSPB is slow and creates difficulties. The agreement for beneficiaries varies from District to District.
- This programme (loan with preferential interest rate) is also "competing" with the Government's "Programme 167" to eradicate temporary houses (Objective nationwide : 500 000 houses, with subsidy 5-8 Millions VN Dongs and loans 5-8 Millions VN Dongs from VSPB, with repayment only after several years).
- A further programme should be more flexible on the amount of loan (from 4 to 15 Millions VN Dongs) and also the situation of beneficiaries (poor or around poverty line).
- The next report (July 2010) will illustrate the level of repayments from borrowers.

☐ **Diversity**

- This programme has been implemented with DWF staff and Commune partners authorities (Women's Union & Commune Officers in charge of supervising construction works).
- As a pilot programme, the delays in implementation are significant, but reflect well the functioning of Vietnamese social organisations.

☐ **Website and Publications**

Certification

Name and Title of person who prepared the report:

Guillaume Chantry, DWF Project Coordinator in Viet Nam

Name and Title of person who is legally responsible for the grant:

John Norton, DWF President

Date 15 January 2010

Leaflet / Reinforce your house



Article in Thua Thien Hue Newspaper



Table Number of borrowers 30th December 2009

No.	Commune	No. of borrowers With agreement	Total instalment	No. of houses finished	No. of 2nd instalment	No. of new borrowers being processed (December 09)
1	Phong Bình	46	207 000 000	46		
2	Quảng Thọ	27	111 500 000	24		15
3	Quảng Phú	20	105 000 000	18		30
4	Hương Chữ	49	345 000 000	25	25	
5	Thủy Xuân	45	360 000 000	35	35	5
6	Thủy Thanh	43	199 500 000	24		
7	Phú Đa	52	256 500 000	39	8	5
8	Vinh Phú	15	117 000 000	11	11	5
9	Vinh Hải	48	427 500 000	48	48	
10	Lộc Trì	50	351 000 000	28	28	
	Total	395	2 480 000 000	298	155	60

Table Construction works (partial) January 2010

Commune	N°	DWF	Commune	Loan FF	Family	Total
Phong Binh	46	23 000 000		414 000 000	351 500 000	788 500 000
Quang Tho	27	13 500 000		243 000 000	145 450 000	401 950 0000
Quang Phu	50	25 000 000		450 000 000	222 600 000	697 600 000
Huong Chu	49	24 500 000		441 000 000	2 275 800 000	2 741 300 000
Thuy Xuan	50	25 000 000		450 000 000	175 000 000	650 000 000
Thuy Thanh	43	21 500 000	10 000 000	387 000 000	1 080 440 000	1 498 940 000
Phu Da	57	28 500 000		513 000 000	224 500 000	766 000 000
Vinh Phu	15	7 500 000		135 000 000	31 770 000	174 270 000
Vinh Hai	48	24 000 000		432 000 000	377 300 000	833 300 000
Loc Tri	28	14 000 000		252 000 000	435 000 000	701 000 000
TOTAL	413	206 500 000	10 000 000	3 717 000 000	5 319 360 000	9 252 860 000

**VIETNAM BANK
FOR SOCIAL POLICY**
Thua Thien Hue Branch
No.: /NHCS-KH

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

Hue, November 2009

REPORT ON IMPLEMENTATION OF DWF PROJECT ON SAFE HOUSE LOAN PACKAGE

I. General situation:

Thua Thien Hue is a Central province of Vietnam, hit by flooding and typhoon every year, especially in remote and low areas. That's why to give loan to the poor to invest in safe house resisting from disaster is very necessary. On 17/02/2009, Thua Thien Hue Branch of Vietnam Bank for Social Policy and DWF in Hue signed contract No. 01/HD-NHCSXH on contribute and assign capital to provide loan for safe house to the poor. Since then, VBSP have collaborated with DWF and selected communes to implement the project. Its results are as followings:

1. Advantages:

- After the contract signed, VBSP Thua Thien Hue Branch sent direction document to relevant districts to implement the project. During the implementation, VBSP have received the collaboration from DWF and beneficiary communes.
- VBSP at district level, after the document from VBSP TTH Branch, have organized the work with Leader of beneficiary Communes, Unions, villages, saving and credit groups to approve the beneficiary lists for a properly procedures for a loan from VBSP.
- Right after the contract, DWF had transferred the 1st transferring of 1,200,000,000 dongs to VBSP and the General Director of VBSP had decision to provide (supplemently) 1,500,000,000 dongs in 2009 to the TTH Branch for co-funding the project of Safe house loan package.

2. Difficulties during implementation:

- The registration and selection of beneficiaries at village level and credit level was late. The reason was that some families have the need to get a loan for housing according the Decision No. 167 by Prime Minister and they were in the approving procedure, which caused the late in a registration from the Project.
- Some communes such as Quang Tho (Quang Dien District) did not approve the beneficiaries as poor families (04 out of 45 families from the beneficiaries list were approved as poor families by the Commune). This required repeating the procedure.
- Provincial VBSP and DWF had organized many meetings with Commune leaders, Unions' leaders of the 10 communes to launch and implement the Project; however, during the implementation, some communes' leaders leave the work entirely to union level and credit group level without any supervision and speeding up, causing, firstly, a very late at beneficiaries selection step and, finally, disbursement progress.
- The collaboration between DWF, VBSP, and Communal People's Committees on checking procedures for an official base for the second disbursement to borrowers from VBSP remains late, which caused a late in project progress.

II. Implementation results: (until 30/10/2009)

- Total installment: 1.936.500.000VND
- Total collection: 4.637.000VND
- Total outstanding up to 30/10/2009: 1.931.863.000VND
- Number of borrowers: 387 families/113 credit groups
- Total interest collection: 3.560.000VND/131 families
- Number of borrowers whose loan for house rebuilding: 135 families
- Number of borrowers whose loan for house repairing and reinforcement: 252 families

III. Implementation results by district:

Unit: VND, family, house

District	Installment	Payment collection	Outstanding	Collected interest payment	No. of borrowers	New house	Reinforced house
H. Tra	344.000.000	0	344.000.000	0	48	0	48
P. Vang	382.500.000	4.500.000	378.000.000	900.000	68	01	67
P. Dien	207.000.000	0	207.000.000	1.100.000	46	0	46
P. Loc	425.500.000	0	425.500.000	0	100	100	0
Q. Dien	216.500.000	0	216.500.000	1.200.000	47	0	47
H. Thuy	181.000.000	0	181.000.000	0	39	34	5
Hue	180.000.000	137.000	179.863.000	360.000	39	0	39
Total	1.936.500.000	4.637.000	1.931.863.000	3.560.000	387	135	252

- In the framework of the Project, VBSP have disbursed the loan in 10 communes (6 districts and Hue city) to 387 families with total installment of 1.936.500.000VND, for 135 new houses and 252 reinforced houses basing on technical advise and design by DWF to help poor families have stable and typhoon resistant houses.

- VBSP follow correctly the disbursement regulations as stipulated in the signed contract, i.e. give first disbursement of 50% of the loan to borrowers, and the rest after the house /reinforcement work finished with official documents from DWF about the safe of the house built/reinforced.

- The average loan is 9 million dongs/families.

- 131 out of 387 families have pay interest of 3.560.000dongs; other 256 families have not reach payment time yet.

IV. Results, in comparison with plan, up to 30/10/2009:

Unit: thousand dongs

District	Planed	Implemented	Percentage %	Remained target	Loan need until the end of the year
Huong Tra	450.000	344.000	76,4	106.000	68.000
Phu Vang	900.000	378.000	42,0	522.000	324.000
Phong Dien	450.000	207.000	46,0	243.000	261.000
Phu Loc	900.000	425.500	42,27	474.500	424.000
Quang Dien	900.000	216.500	24,5	863,500	341.000
Huong Thuy	450.000	181.000	40,2	269.000	447.000
Hue	450.000	179.863	39,9	270.137	270.000
Total	4.500.000	1.931.863	42,9	2.568.137	2.135.000

1. Reasons for late disbursement progress:

- Rebuilding and reinforcement work were implemented while rain and typhoon occurred, causing the late progress.
- The checking over the completion for safe houses by DWF and Department of Construction remains late. The result is that VBSP have no base for the second half of the loan.

V. Collaboration work:

- VBSP, DWF, and beneficiary communes have exchanged information and difficulties to find solutions during the implementation of the Project.
- DWF take initiative to work with partner communes to have more information about the implementation work and beneficiaries selection as well in order to solve difficulties, with VBSP, Commune, and relevant Unions.

VI. Plan of implementation by the end of 2009:

1. Disbursement plan: 2.135.000.000VND.

Of which:

- Disburse the second half of the loan to 387 families
- Disburse the first half and the second half of the loan to 95 families (11 families in Phu Vang, 78 families in Quang Dien, 06 families in Phong Dien).
- + Amount to be disbursed by district as below:
 - Huong Tra: 68 million dong
 - Phu Vang: 324 million dong
 - Phong Dien: 261 million dong
 - Phu Loc: 424 million dong
 - Quang Dien: 341 million dong
 - Huong Thuy: 447 million dong
 - Hue: 270 million dong.

2. Solutions to meet Project plan:

- Once having beneficiary lists, VBSP assigned credit officers to check and provide advice for proper procedure.
- The amount planned to be disbursed, for the second half of the loan, by the end of the year and 95 families in 3 districts (Phu Vang, Quang Dien, Phong Dien). VBSP are checking and advice for proper procedure.
- To meet Project plan, i.e. give loan with capital of 4.5 billion dong, it needs to disburse **434 million** dong more for about 48 families. VBSP propose that DWF should expand the project to other communes for this remaining amount.

VII. Proposals:

- As for those who got the first half of the loan, DWF should collaborate with Department of Construction to confirm the completion following technical requirement so that VBSP have a base for the second half disbursement.
- In order to have enough capital for next disbursement as plan, DWF should transfer the second time of 1.8 billion dong as stipulated in the contract No. 01/HD-NHCSXH signed between VBSP and DWF on 17/02/2009.
- With the total capital of the project of 4.500.000.000VND funded from two sides, to spend all this amount, DWF should choose and expand the project to some other communes.
- VBSP at district level should check the need of local people about having loan for safe house. If there is no more need and not ability to spend all assigned amount, VBSP at district level should process documents to ask for adjustment so that Provincial VBSP can work with DWF to choose and expand the project to other communes to use all capital.

- Communal People's Committee, Union, Credit Group Leaders should check and speed up borrowers to pay for principal and interest so that VBSP can transfer capital to DWF periodically as stipulated in the signed contract.

Recipients:

- DWF;
- Archives.

**SIGNED FOR DIRECTOR
VICE-DIRECTOR**