



NGÂN HÀNG CHÍNH SÁCH XÃ HỘI VIỆT NAM VIETNAM BANK FOR SOCIAL POLICIES

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DISADVANTAGED STUDENTS SCHEME

(Under Decision No. 157/2007/QĐ-TTg dated September 27, 2007 of the Prime Minister)

- * Target clients
- * Lending conditions
- * Lending approach
- * Lending process
- * Interest rate
- * Loan size
- * Loan term
- * Loan repayment

VBSB

Address: No.169, Linh Duong Street, Hoang Liet Ward, Hoang Mai District, Ha Noi, Vietnam

Tel: +84-24-36417 203, Fax: +84-24-36417 194

Website: www.vbsp.org.vn ; www.vbsp.vn

Email: vbsp_icd@vbsp.vn

DISADVANTAGED STUDENTS SCHEME

Objective:

Providing supports to disadvantaged students to help covering partially school fees during their courses as: tuition fees, text books, learning facilities, accommodation and transportation.

1. TARGET CLIENTS

Disadvantaged students attending to universities (or equivalent levels), colleges, technical schools and vocational training institutions established and operating under Vietnamese law, including:

- Orphan losts parents or one parent but the other cannot work.
- Member of households that fall into one of the following categories:
 - + Poor households prescribed by law.
 - + Households have a maximum income per capita equal to 150% of the poor households in accordance with the law.
 - + Households are facing financial difficulties due to accidents, illness, natural disasters, fires, epidemics in the studying period, certified by the local People's.

Other subjects arising during implementation, VBSP has summarized and reported to the Prime Minister for approval.

- Rural laborers of working age, having educational qualifications and health suitable to occupations to be studied or apprenticed in schools: Universities, colleges, vocational training centers, technical schools held by ministries and mass organizations and other institutions under the Prime Minister's Decision No. 1956/QĐ-TTg of November 27, 2009.

- Demobilized soldiers studying at vocational training establishments under the Ministry of Defense and other vocational training establishments of the national education system according to the Prime Minister's Decision No. 121/2009/QĐ-TTg.

- Laborers have their land acquired under the Prime Minister's Decision No. 63/2015/QĐ-TTg of December 10, 2015 on supporting vocational training and creating jobs for acquired land laborers in vocational training is entitled to a one-time loan under the provisions of the disadvantaged student scheme.

- Difficult medical students graduated (no more than 12 months from the graduated date) from universities, colleges, technical schools and specialized medical training institutions, which are established and operated under Vietnamese law, during apprenticeship at a medical institution for professional certificate under Decision No. 09/2016/QĐ-TTg dated March 2, 2016 of the Prime Minister was granted a loan according to disadvantaged students scheme.

2. BORROWING CONDITIONS

- Students are living in households legally residing in the locality.
- For the freshmen, a matriculation notice or confirmation of admission is required.
- For sophomore or higher levels, a status letter about current attendance and school discipline confirmation with free of gambling, addiction, theft, smuggling is required.

3. LENDING APPROACH

- * Direct lending; or
- * Direct lending but entrusting some steps in the lending process for partner mass organizations (Women's Union, Farmer's Union, War Veteran's Association and Ho Chi Minh Communist Youth Union) and savings & credit groups such as: communication, customer selection, loan use checking, debt reminders, etc.

Particularly for orphaned students, repay debt is repaid directly at local VBSP.

4. LENDING PROCESS

- Through a representative of family:
 - Borrowers fill the borrowing request (VBSP's printed form) with the matriculation notice or confirmation of admission then send to the Savings and Credit Group.
 - Savings and Credit Group review the loan dossiers' validity, make a list of eligible borrowers and submit to the Commune People's Committee for verification and send to VBSP for further procedures.
- Through students directly: Students fill the borrowing request (VBSP's printed form) certified by the school with the confirmation of admission, then send to the VBSP for consideration.

5. INTEREST RATE

- Lending interest rate: Being decided by Prime Minister from time to time. The current rate is 0.55%/month or 6.6%/year.
- The overdue debt rate: 130% of the lending interest rate.

6. LOAN SIZE

The maximum loan size for an eligible student is VND 2.5 million/month/person

7. LOAN TERM

The lending term starts from the date of the first disbursement until the date of paying off the principal and interest agreed upon in the loan book.

The borrower must repay the loan principal and interest for the first time right after the student has a job and receives an income but no more than 12 months since the student finished the course.

The maximum loan term is determined by the following formula:

Loan term = disbursement term + 12 months + repayment term.

- Disbursement term: is the period from the first disbursement date until the last day of the course, including a definite leave and reservation of the study results (if any).

- Repayment period: is the period from the date the first repayment date until the day of paying off principal and interest. The borrower and the bank agree on a specific repayment period but must not exceed the maximum repayment term specified as follows:

- + For training programs with the period of up to one year, the maximum repayment period is equal to 2 times of the disbursement term.
- + For training programs over one year, the maximum repayment period is equal to the disbursement term.

8. LOAN REPAYMENT

- Principal repayment:
 - After 12 months since the graduation date, the borrower must perform the debt repayment obligation with the maximum repayment frequency of every 06 months.
 - At the end of the repayment, if the borrower fails to pay off the loan, then he/she submits a loan extension request to the Savings and Credit Group or VBSP for consideration. The maximum loan extension period is half of the repayment term.
 - At the end of the repayment, if the borrower fails to pay off the loan and is not allowed to extend the loan by VBSP, the whole debt shall be transferred to overdue debt and the interest rate of overdue debt shall be applied.

b) Loan interests repayment:

- Loan interest is counted from the first loan disbursement until the day the principal is fully repaid. Interest is monthly repaid since 12 months post graduation of the student. During the course, if the borrower is willing to pay interest, it shall be collected monthly.

- Vietnam Government has policies to lower interest rates to encourage borrowers to pay debts ahead of schedule.