



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

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## JOB CREATION CREDIT PROGRAM

VBSB

- \* Target clients
- \* Borrowing conditions
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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](http://www.vbsp.org.vn) ; [www.vbsp.vn](http://www.vbsp.vn)  
Email: [vbsp\\_icd@vbsp.vn](mailto:vbsp_icd@vbsp.vn)

# JOB CREATION CREDIT PROGRAM

**Objective: Help enterprises and workers invest business, production, improve livelihoods, raise income contributing to job creation, economic growth and social security**

## 1. TARGET CLIENTS

- ✓ Small and medium enterprises, cooperatives, cooperative groups, business households (hereinafter referred to as production and business establishments)
- ✓ workers

## 2. BORROWING CONDITIONS

- For production and business establishments:
  - ✓ Being legally established and operated;
  - ✓ Having a feasible loan project that is suitable for the business and production industry, maintains or attracts more employees to work stably;
  - ✓ The loan project is certified by the competent authorities or organization where the project is executed;
  - ✓ Having loan security as prescribed by law (if any).
- For workers:
  - ✓ Having full civil act capacity;
  - ✓ Having loan demand to create, maintain and expand jobs which is certified by a competent authorities or organization where the project is executed;
  - ✓ Being a legal resident in the area where the project is executed.

## 3. INTEREST RATE

- ✓ Ethnic minority workers living in an extremely difficult socio-economic conditions and people with disabilities: 3.96%/year;
- ✓ Production and business establishments employing from 30% disable employees and over: 3.96%/year;
- ✓ Production and business establishments employing from 30% ethnic minority employees and over: 3.96%/year;
- ✓ Production and business establishments employing from 30% disabled and ethnic minority employees and over: 3.96%/year;
- ✓ Others: 7.92%/year.
- ✓ The overdue debt rate: 130% of the lending interest rate.

(The interest rate is stipulated by the Government Prime Minister from time to time).

## 4. LOAN SIZE

- ✓ The maximum loan size for a production and business establishment is VND 02 billion per project and VND 100 million per 01 employee created, maintained and expanded with a job.
- ✓ The maximum loan size for a worker is VND 100 million. (Loan security is required for the loan amount more than VND 100 million)

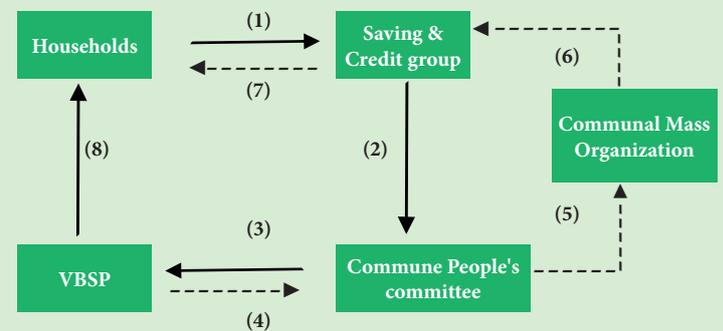
## 5. LOAN TERM

- ✓ Maximum loan term is 120 months.
- ✓ The specific loan term is considered by VBSP based on funding, production and business cycles, and debt repayment capacity.

## 6. LENDING APPROACH

- VBSP applies two approaches for customers:
- ✓ Direct lending (i.e. SMEs); or
  - ✓ Direct lending but entrusting some steps for partner mass organizations and savings & credit groups in the lending process such as: communication, customer selection, loan use checking, debt reminders etc

## 7. LENDING PROCESS



(Black arrows: action steps; Dashed arrows: inform steps)

**Step 1:** Households requesting for a loan send a loan application to the leader of his/her Savings and Credit group (SCG)

**Step 2:** The SCG in collaboration with mass organizations holds group meeting to assess which household members are eligible for borrowings; attached with their loan applications and submits to Commune People's Committee (CPC) for certification on eligibility and legal residence of people requesting for loans.

**Step 3:** The SCG sends loan application documents to VBSP for consideration.

**Step 4:** VBSP checks the validity, legality and completeness of these documents (no longer than five working days from the date of documents receipt). VBSP sends the notice of approval to CPC

**Step 5:** CPC informs mass organizations

**Step 6:** Mass organizations inform the SCG

**Step 7:** The SCG notices the household about time and venue of disbursement.

**Step 8:** VBSP disburses directly to the borrower at the bank's office or at mobile transaction point at commune.