

Functions and duties of mass organizations and Savings and credit groups

Functions and tasks of entrusted mass organizations



A SCG meeting in Sam Son, Thanh Hoa province

VBSP carries out lending using the method of direct lending to borrowers with some steps in lending process mandated to mass organizations, i.e Women's Union, War Veterans Association, Farmers' Association, Youth Union (referred to as mass organizations).

- Some steps in lending process entrusted to mass organizations by VBSP:

+ Propaganda and advocacy: communicating policies of the Party and the Government on preferential credit policies and credit programs for poor households and other policy beneficiaries; set up Savings and Credit Groups; mobilize and urge the Management Board of Savings and Credit Groups to attend all briefing sessions with VBSP; mobilize members of Savings and Credit Groups to comply with the Group's operation regulations, practice savings, mutually help and share experiences to improve their lives, pay debts and interest on due as committed with VBSP .

+ Check and supervise activities of Savings and Credit Groups, Management Boards and members of Savings and Credit Groups: Comprehensive supervision of activities of Savings and Credit Groups by direct participation and direction in Group meetings; supervise and urge the Management Board to perform the tasks assigned under the entrusted contract signed with VBSP, conduct direct monitoring as well as urge the Management Board to supervise the use of loans of Savings and credit groups members, supervising the transaction sessions of VBSP in the commune. Promptly notify the Bank of loan(s) at risk to take timely measures.

+ Other activities coordinating with VBSP: Coordinating with VBSP and local authorities to overdue debt, borrowers leaving the residence without notice; participating in the bad debt collection urging group at commune level (if any), coordinating with VBSP to evaluate and classify operation of Savings and Credit Groups; implementing solutions to consolidate activities of Savings and Credit Groups.

- The entrustment of some tasks to mass organizations helps poor households and policy beneficiaries to access credit services of VBSP conveniently, quickly and effectively, saving time and travel cost. At the same time, ensure publicity and democracy, strengthen solidarity in the village, neighbors, enhance the responsibility of borrowers in filling obligations to the State and repay debt to VBSP. The collaboration activity has also give mass organizations more chances to strengthen their organizations, get closer to the people, operate more effectively and perform better functions and duties of them. The capacity of staff of mass organizations has been improved, even in remote, mountainous areas, making mass organizations members to be more closely connected the organizations.

Functions and tasks of the Savings and Credit Group (SCG)

- The establishment of SCG to gather poor households, near poor households and other policy beneficiaries who have demand for borrowing from VBSP to produce, trade, create jobs and improve their lives; support, help each other in production, business and life; mutually supervise each other in borrowing, using loans and repaying the Bank. The members help each other to gradually take the habit of saving to create self-sufficient and familiarity with goods production, credit and financial activities.

- Savings and credit groups have at least 05 members and a maximum of 60 members living in residential areas belonging to an administrative units of communes, wards and townships (collectively referred to as commune level). However, for the convenience to manage and operate, the Group was established according to the village, hamlet, population group, living quarter (collectively referred to as villages) in a commune. Chairman of Commune People's Committee directs the village head to participate in the establishment of SCGs. After the establishment, the Group must be approved by the Commune People's Committee and operate directly under the direction, management and inspection of the Commune People's Committee.

- The SCG elects a Management Board to manage activities and perform the tasks entrusted by VBSP. Under the supervision of entrusted mass organizations, the Management Board of the SCG performs the following tasks: communicating, guiding and explaining the State's guidelines and policies on policy credit for the poor and other policy beneficiaries, procedures for taking VBSP loans; mobilizing members to practice saving and raising their awareness in borrowing capital and repaying loans to VBSP; reviewing loans; collecting interest and savings when being authorized, supervising members using loan for the right purposes etc.

- Savings and credit groups are mandated by VBSP to perform the following tasks:

+ Manage all activities of SCGs in accordance with regulations on organization and operation of SCGs.

+ Receiving loan requests from members. Organizing meetings of members in the group to publicly and democratically select members eligible for loans. Making a list of households requesting to borrow money from VBSP and completing the meeting minutes of reviewing borrowing eligibility. The group then gather the above documents into an application file for loan and send to the commune-level Poverty Reduction Committee for review and submit to the Commune People's Committee to certify and send to VBSP as a basis for consideration of lending. Send notice of loan approval and disbursement schedule to each group member. Monitoring disbursement, debt collection and interest collection of VBSP at the transaction point.

+ Savings and credit groups are authorized by VBSP to collect interest and savings of the members in the group according to the VBSP's professional regulations and submit the collected amount to VBSP on the fixed trading day in the commune. In case of not being authorized to collect interest and deposit, the SCG is responsible for urging direct members to pay full interest to VBSP every month.

+ Savings and credit groups must urge borrowers to use the loan for the right purpose; make full and timely payment of both principal and interest; receive information from members in proposing to make deduction of deposits to pay debts, paying interest to VBSP as well as other payment services as prescribed.

+ Participating in, witnessing the inspection of loan use, loan reconciliation and balance of deposits of members when having any monitoring mission of competent agencies and organizations over SCGs.

+ Coordinate with staff of mass organizations, Communal People's Committees, and village leaders to handle cases of overdue debt, risk-bearing debts (if any), timely notify VBSP in cases of using loans for wrong purposes, death, missing, risk due to objective reasons.

+ Keep all documents and papers of SCG and other documents related to VBSP's lending activities.

VBSP