

**GUIDELINE ON LENDING FOR EMPLOYERS TO
PAY JOB SEVERANCE WAGE FOR THEIR WORKERS**

Pursuant to the Government's Decree No. 78/2002/ND-CP dated October 4, 2002 on credit for the poor and other policy beneficiaries;

Pursuant to the Government's Resolution No. 42/NQ-CP dated April 9, 2020 on measures to support people facing difficulties due to the Covid-19 pandemic;

Pursuant to the Prime Minister's Decision No. 15/2020/QD-TTg dated April 24, 2020 on the implementation of policies to support people facing difficulties due to the Covid-19 pandemic;

The General Director of Vietnam Bank for Social Policies (VBSP) hereby instructs lending for employers to pay job severance wage for their workers as follows:

1. Target clients

1.1. Employers specified in Clause 2, Section II of Resolution No. 42/NQ-CP dated April 9, 2020 of the Government, named in the list of employers who are eligible to borrow loans to pay job severance wage for their workers approved by the Chairman of the Provincial People's Committee (hereinafter referred to as the customers).

1.2. VBSP branches in provinces/cities, VBSP district transaction offices (hereinafter referred to as lending VBSP).

1.3. Other relevant organizations and individuals.

2. Lending principles

2.1. Lending must ensure the right beneficiaries, publicity, transparency and avoidance of policy abuse.

2.2. Customers must use the loans for the right purpose and be responsible for paying both principal and interest on time.

3. Lending requirements

Customers are eligible for loan approval if they fully meet the following conditions:

3.1. Named on the list of employers who are eligible to borrow loans to pay job severance wage for their workers approved by the Chairman of the Provincial People's Committee.

3.2. Have no bad debt at credit institutions, foreign bank branches as of 31 December, 2019.

3.3. Being in needs of borrowing loans to pay job severance wage for the workers, having plans and commitment to pay their debts on time.

4. Loan size

4.1. The loan size must not exceed 50% of the regional minimum wage/person/month, maximum up to 3 months (from April to the end of June 2020).

The maximum loan size for a month of a customer is equal to 50% of the regional minimum wage multiplied by (x) the number of severance workers whose names in the list approved by the Chairman of the Provincial People's Committee.

4.2. The regional minimum wage is regulated in the Government's Decree No. 90/2019/ND-CP dated November 15, 2019 on defining the regional minimum wage for workers under labor contracts.

5. Lending interest rate

5.1. Lending interest rate: 0%/year (zero percent).

5.2. Overdue interest rate: 12%/year.

6. Loan term

The loan term is agreed by VBSP and the customer but not exceeding 12 months.

7. Loan security

The customers do not have to make loan security.

8. Loan use

The loans are used to pay a portion of the workers' job severance wage due to the Covid-19 pandemic.

9. Lending method

9.1. Lending VBSP provides loans directly to customers.

9.2. The amount of loans is disbursed monthly by the lending VBSP to the workers based on the list of severance workers approved by the Chairman of the Provincial People's Committee and at the request of the customers.

9.3. The disbursement of VBSP is implemented until July 31, 2020.

10. Loan application

10.1. The first loan application includes:

a) The list of employers who are eligible to borrow loans to pay job severance wage for their workers and the list of discontinued workers, which are approved by the Chairman of the provincial People's Committee. This list is received by VBSP from the provincial People's Committee.

b) Documents prepared by customers include:

-Loan application form under Form No. 01A/TLNV (for enterprises, organizations, cooperatives and business households) or Form No. 01B/TLNV (for individuals) enclosed with this document.

- Authenticated copy of one of the following documents: Enterprise/cooperative/business household registration certificate; Establishment decision/Decision on permitting establishment of a competent state agency.

-Authenticated copy of Identity Card or Citizenship Card or valid Passport of the customer or the legal representative of the customer.

-Authenticated copy of the document of appointment or appointment of the head of the legal entity in accordance with the charter of the organization or decision of a competent state agency.

10.2.The subsequent loan application includes:

a) The list of employers who are eligible to borrow loans to pay job severance wage for their workers and the list of severance workers, which are approved by the Chairman of the Provincial People's Committee. These lists are received by VBSP from the provincial People's Committee.

b) Documents prepared by customers include:

- Loan application form under Form No. 01A/TLNV or Form No. 01B/TLNV.

- Supplementing documents mentioned in Item b, Point 10.1, Clause 10 of this document if there is any change as compared to the first loan application.

10.3. Customers can apply the dossier directly or by post or on the National Public Service Gate to the lending VBSP where the customers are stationed (for enterprises, organizations, cooperatives) or inhabited (for business households, individuals).

11. Lending process

11.1. Dossierreceiving and processing:

- In case the local VBSP receives the dossiers directly or by post, the Director of lending VBSP will assign the officers to receive and process the dossiers.

- In case of receiving the dossiers via the National Public Service Gate, the lending VBSP will delegate officers, who are granted to access the system, to print the entire dossiers then submit to the Director for assigning relevant officers to handle.

11.2. Notice of receiving the dossier:

After receiving all the documents, the local VBSP will make notice of receiving loan application (Form No. 02/TLNV) to customers (in case of receiving the dossier directly or by post) or update status on the system (in case of receiving the dossier on National Public Service Gate).

11.3. Within 03 working days from the receipt of the full loan application and the approval decision of the Chairman of the Provincial People's Committee, the Director of lending VBSP assigns the officer to perform the following tasks:

- a) Check the completeness, legality and eligibility of the loan application.
- b) Look up customer credit information on the National Credit Information Center (CIC) system to check the customer's default status.

c) Loan approval submission:

- In case the loan application is complete, legal, valid and the customer does not have bad debt at credit institutions, foreign bank branches, the assigned officer submits the dossier to the Head of Planning – Credit Department (or the Leader of Planning – Credit team) to check and submit it to the Director for consideration and approval on the Loan Application (Form 01A or 01B/TLNV) and Notice of Loan Approval (Form No. 04/TLNV).

- In case the dossier is ineligible for loan approval, the officer in charge submits the Notice of Loan Refusal to the Director (Form No. 05/TLNV), clearly stating the reason for refusal.

- Notice of Loan Approval or Notice of Loan Refusal must be sent to the customer. In case the application is received on the National Public Service Gate, the lending VBSP updates the result therein.

11.4. The lending VBSP negotiates with customer and prepares Credit Contract (Form No. 06/TLNV).

a) The credit contract is made once with client, who borrows for the first time. The Appendix of the Credit Contract is signed for the next loans (if any) with the repayment term determined in accordance with the signed credit contract.

If the customer submits the loan application through the National Public Service Gate, it is required to provide the documents specified in Item b, Point 10.1, Clause 10 of this document for comprising and storing the loan dossier.

b) In case the customer is willing to open an account at VBSP for disbursement and collection, the lending VBSP instructs the customer to open

specialized deposit account according to instructions in Document No. 1155/NHCS-KTTC dated April 07, 2017 of the General Director. In the credit contract, the lending VBSP also agrees with the customer on (i) only use the account for disbursement, debt and overdue interest collection; (ii) VBSP does not pay interest on the balance on the account; (iii) the customer does not have to pay for account maintenance fee or maintain the balance; (iv) VBSP is allowed to take initiative in deducting the customer's account to pay job severance wage for customer's workers after disbursement and to collect due debts, overdue debts and overdue interest.

12. Implementation of disbursement and payment to severance employees

12.1. Disbursement to customers

-Based on the signed credit contract/appendix, the list of disbursement and payment of job severance wage for workers (Form No. 03/ TLNV), the local VBSP disburses to the customers.

-In case the customer opens a specialized deposit account at VBSP and agrees VBSP to actively deduct the customer's account according to Item b, Point 11.4, Clause 11 of this document, the local VBSP disburses to the customer's account and deduct the account balance to pay the workers.

12.2. Payment to severance workers

Basing upon the list-form 03/TLNV made by customers, the lending VBSP conducts:

a) Bank transfer: the local VBSP transfers into the worker's account provided on the list of Form 03 / TLNV. In case the worker opens an account at a commercial bank, the VBSP transfers to the worker's account via the inter-bank electronic money transfer system (Citad) or deducts the VBSP's deposit account at that commercial bank to transfer money to the worker. While making transfer, the VBSP specifies the content " Covid 19- Payment for job severance worker according to Decision 15".

b) Cash payment at VBSP's offices: the lending VBSP implements cash out procedures according to current regulations. While making payment, the VBSP asks the payee to sign payment slip or payment list of the form 03B/TLNV.

At the end of the day, if the disbursement amount is not paid to the workers (because the workers don't show up to receive money or the transfer to the worker's account fails), the lending VBSP records the unpaid amount to the account "Cash on hold and waiting for payment" or follows up on customers' specialized deposit account (if disbursement via specialized deposit account). The

above amount of money will be paid to the worker when they come to receive money or the transfer is successfully completed.

Every month, the local VBSP summarizes the list of employees who do not show up to receive money according to form 07/TLNV to notify the customers. By the end of July 31, 2020, the lending VBSP will make a summary report on disbursement and payment to the workers for informing the customers; as well as collects the unpaid amount from the account "Cash on hold and waiting for payment" or from the specialized deposit account for debt collection.

12.3. VBSP does not charge any fee of transfer to customers or paying to the workers.

13. Principal and interest collection

13.1. Customers pay debts once when they are due and or before maturity.

13.2. When customer pays the overdue debt, the principal is collected with the corresponding interest (if any) thereof.

13.3. The lending VBSP collects debt before maturity according to conclusion of the competent state agency. By the date of loan repayment before maturity (Form No. 10/TLNV), if the customer fails to repay, the lending VBSP shall transfer the unpaid balance to the overdue debt.

13.4. The VBSP collects debt and overdue interest from customers through (i) Cash in by customers; (ii) transfer by customers to the account of VBSP opened at commercial banks; (iii) transfer by customers to specialized deposit account and the VBSP deducts the account for collection according to the agreement in the credit contract.

14. Due debts handling

14.1. At least 30 days prior to the due date, the lending VBSP will notify customers with Form 08/TLNV.

14.2. Overdue debt transfer

a) At the maturity of the loan as agreed upon in the credit contract, if the customer fails to pay in full the debt, the VBSP transfers the remaining outstanding loan to overdue debt at overdue interest rate.

b) When transferring overdue debt, the VBSP sends the Notice of overdue debt transfer (Form 09 / TLNV) to the customer; and reports to the People's Committee at the same level to direct the related agencies and the People's Committees at the lower level to follow up debt recovery.

15. Accounting and record storing

The accounting and record storing are implemented according to the current regulations of VBSP.

16. Statistical reporting requirements

16.1 Statistical reporting in VBSP system are implemented according to current regulations.

16.2. During the disbursement period until July 31, 2020, the lending VBSP actively sends monthly reports to the People's Committee, Head of the Board of Directors' Representative Units at the same level and VBSP upper level on the progress of the program implementation.

17. Violation handling

In case the customer violates the provisions of Article 20 of the Prime Minister's Decision No. 15/2020/QĐ-TTg dated April 24, 2020 and/or intentionally fails to repay the loans from the State, the lending VBSP reports to relevant state agencies for handling according to law provisions.

18. Arrangements for implementation

Directors of VBSP at provincial and district levels are responsible for reporting to the People's Committee and the Head of the Board of Directors' Representative Units at the same level to perform this document; organizing professional training, thoroughly grasping all officers in the units to well perform the inspection and supervision to ensure lending to the right beneficiaries under right policies; actively coordinating with relevant agencies in propagating and disseminating lending policies under the Government's Resolution No. 42/NQ-CP and the Prime Minister's Decision No. 15/2020/QĐ-TTg to all levels, agencies and people to implement and monitor.

19. Validity

This document takes effect from the date of signing. The contents which are not guided in this document will comply with the Government's Resolution No. 42/NQ-CP, the Prime Minister's Decision No. 15/2020/QĐ-TTg and current law provisions.

Directors of VBSP branches in provinces, cities and relevant units in the VBSP system are requested to organize the implementation./.

**FOR GENERAL DIRECTOR
DEPUTY GENERAL DIRECTOR**

(Signed)

Nguyen Duc Hai

