



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

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LENDING TO THE POOR

VBSP

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Address: No.169, Linh Duong Street, Hoang Liet Ward, Hoang Mai District, Ha Noi, Vietnam
Email: vbsp_icd@vbsp.vn
Tel: +84-24-36417 203, Fax: +84-24-36417 194

LENDING TO THE POOR

VBSP provides loans to poor households for the purposes of business production, life improvement which contributes to the implementation of National Target Program on Hunger Elimination, Poverty Alleviation and Employment, which is solving essential needs for accommodation, clean water and electricity, and schooling fee.

1. TARGET CLIENTS

Poor households under Government's regulations in each period, currently under Decision No. 59/2015/QĐ-TTg dated November 19, 2015.

2. LOAN CONDITIONS

- Having legal residence at localities.
- Named in the commune/ward/town list of poor households stated by Prime Minister in each period.
- The borrower is not required for collateral but must be a member of savings and credit group, selected by the group and named in the borrowing request list certified by local People's Committee.
- In the initial borrowing, all the family members of 18 years old or above, who have full civil act capacity under the law, have to appoint one (01) individual among them to be authorized as a representative to borrow and directly transact with VBSP.

3. LOAN TERM

Short term: Up to 12 months.
Medium and long term: Over 12 months to 120 months.

4. LOAN SIZE

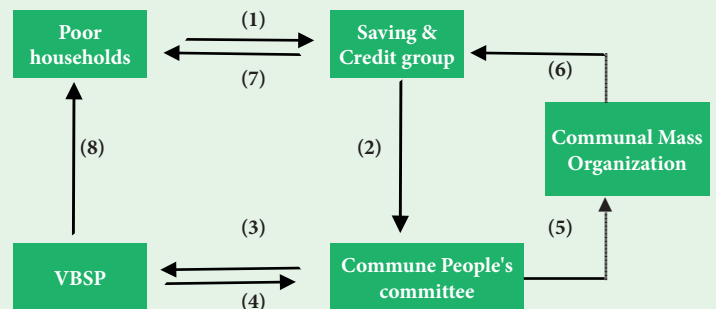
The maximum loan size for a household is VND 100 million to meet with the following demand:
House repair
Electrical lighting
Clean water
School fees
Services, production and business

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. LENDING APPROACH

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.



Step 1: The poor who have borrowing demand send a borrowing request form to the leader of the Savings and Credit group (SCG)

Step 2: The SCG in collaboration with mass organizations holds a group meeting to assess which ones are eligible for borrowings; then submits the borrowing request list to Commune People's Committee (CPC) for certification.

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 to local mass organizations

Step 6: Local mass organizations inform the result to the SCG

Step 7: The SCG notices the result to the customer about time and venue of loan disbursement.

Step 8: VBSP disburses directly to the borrower at communal mobile transaction point..

