



NGÂN HÀNG CHÍNH SÁCH XÃ HỘI
VIET NAM BANK FOR SOCIAL POLICIES

GREEN MICROLENDING FOR FARMERS - EXPERIENCE FROM VBSP

Hanoi, Vietnam 2021

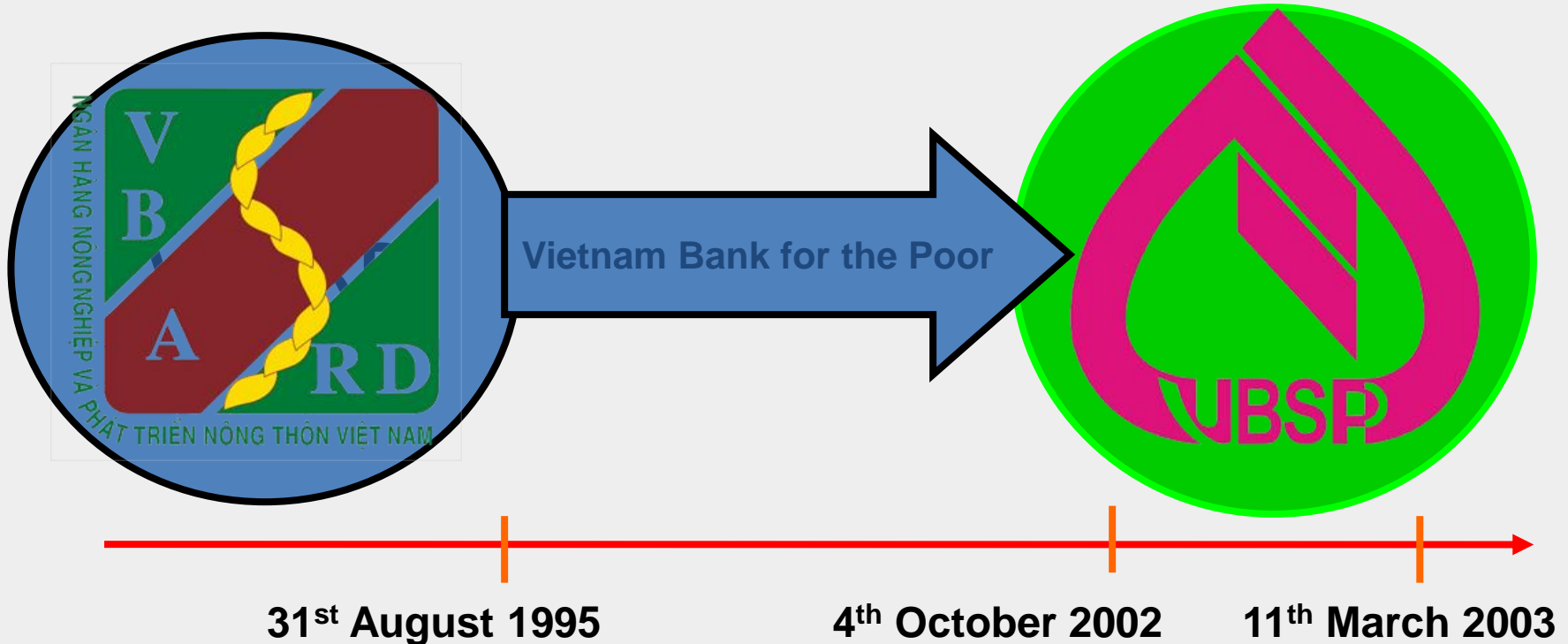


CONTENTS

- 1** Overview on VBSP
- 2** Contribution of VBSP to Poverty Reduction in Vietnam
- 3** VBSP's experiences
- 4** Prospect of VBSP



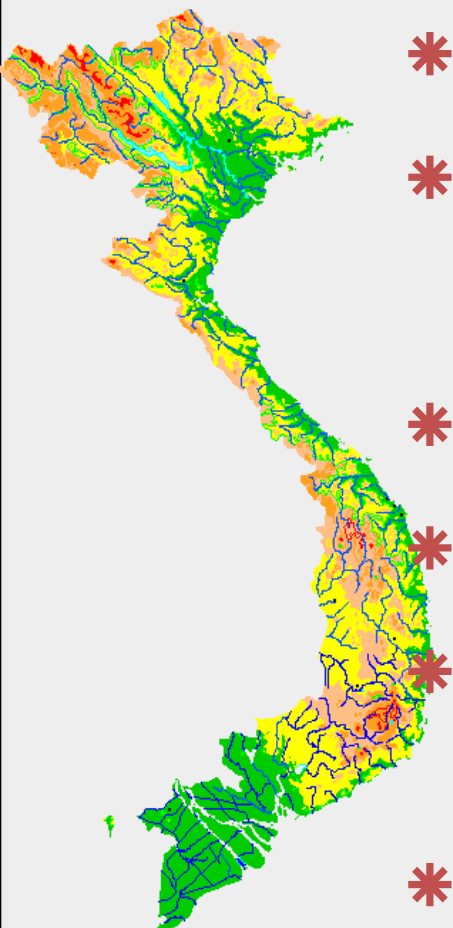
1. OVERVIEW ON VBSP



VBSP is a State-owned non-profit credit institution, operating for the target of sustainable poverty reduction, social security and new rural construction



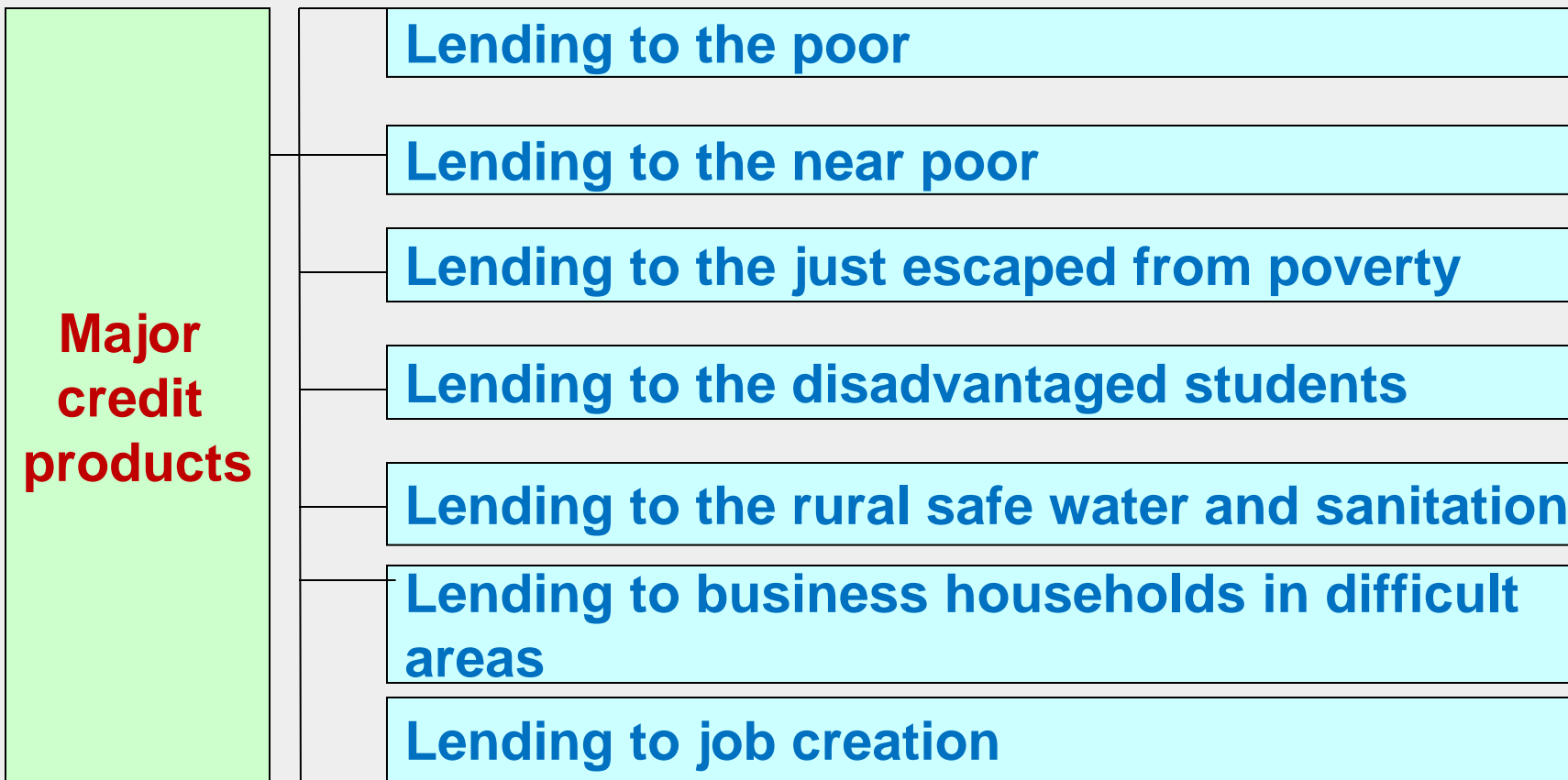
NATION-WIDE OUTREACH



- * A Head Office;
- * One Transaction center; One Training center; One IT center
- * 63 provincial and municipal branches;
- * 629 district transaction offices;
- * 10.426 mobile transaction points at communes/wards;
- * ~173.000 Savings & Credit Groups;
- * >6.4 active borrowers.



Currently, VBSP provides more than 20 credit products





Banking results as of 2020 Dec, 31st

Total asset	US\$ 10 billion
Loan portfolio	>US\$ 9 billion
	<p>Outstanding loan in rural and agriculture ~VND 170,739 billion (Approximately 94%) In which US\$ 4.5 billion green agriculture loan portfolio; 3 million clients, mainly private households, farms, cooperative, micro-business Green agriculture: forestation, industrial trees, fruit trees, wood trees, poultry, aquaculture, biogas, biometric etc (<i>Initiatives start by 2003 up to now</i>)</p>
Overdue debts	<1%/total outstanding loan



**2. VBSP'S CONTRIBUTION TO THE
IMPLEMENTATION OF NATIONAL TARGET
PROGRAM ON SUSTAINABLE POVERTY
REDUCTION IN VIETNAM**



2. VBSP'S CONTRIBUTION



Policy credit has been channeled to 100% of communes, wards and towns across the country



Loans have been provided to over 4 million poor, near poor households and policy beneficiaries, lending turnover reaches over VND 433 trillion, assisting ~5 million households to cross the poverty line



Creating new jobs for over 4 million laborers, over 200,000 laborers go to work overseas for a certain period of time



More than 4 million disadvantaged get loans for study



Building 13 million clean water supply and sanitation works



Nearly 105 thousand houses over flood for households the Mekong River Delta, 528 thousand houses for poor and policy households with no housing, 11 thousand flood shelters for poor households in central provinces



3. EXPERIENCES OF VBSP





3.1. To accompany the poor with diverse products which are suitable for the poor, environmentally friendly and adaptable to climate change

**A range of credit products to serve the sustainable poverty reduction:
Credit programs for the poor, near poor, just escaped from poverty**

Urgent loan programs support the poor in climate change prevention

- ✓ The housing loan program for preventing floods in the Central region,
- ✓ Housing in floodplains of Mekong Delta

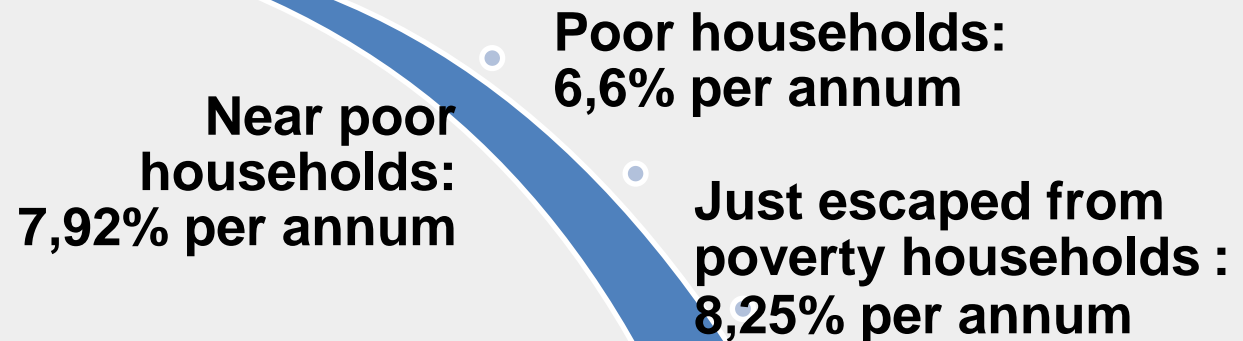
Green credit programs

- ✓ Loans for afforestation
- ✓ Loans for rural safe water and sanitation program



3.1. To accompany the poor with diverse products ...

Incentives on interest rates of loan programs are also gradually decreased by the level of development of households



.....



3.1. To accompany the poor with diverse products ...

Services of receiving small deposits

Through Savings and Credit groups

Communities right at the commune





3.1. To accompany the poor with diverse products ...



Working closely with local authorities, mass organizations to provide regular business training to borrowers to use loans effectively.



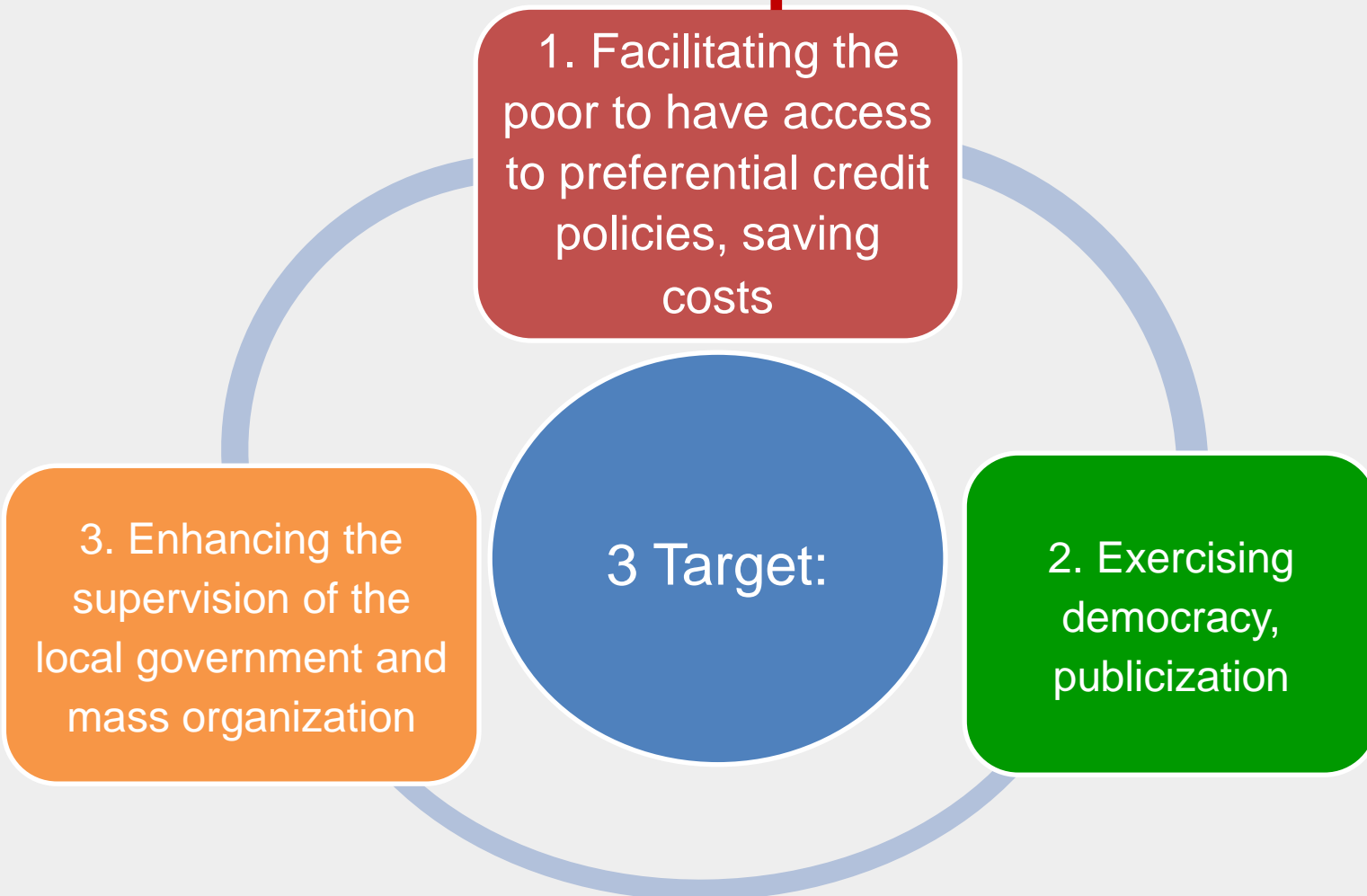
3.2. The multi-functional Commune Transaction Point model complies with the principle of customer protection and responsible financial services.



**VBSP's Commune
transaction points
at Commune
People's
Committees**



3.2. The model of VBSP's Commune transaction points





3.2. The model of VBSP's Commune transaction points



**10.932 Transaction points/11.162
communes, wards, townships,**

**Nearly 90% of professional activities
have been implemented through
activities of transaction points**

**The remaining communes, wards
and towns are done at the offices**



Mobile transaction team at Commune transaction point

- ❖ Mobile transaction normally takes place at least once per month on a fixed date at commune (regardless of weekends or holidays).
- ❖ One mobile transaction team consists of at least three officers: Group leader, accountant and cashier
- ❖ Implementing disbursement, loan collection, saving mobilization, commission payment loan applications gathering, official meeting





3.2. The model of VBSP's Commune transaction points

All

The government policies on preferential credits for the poor and other policy beneficiaries

information

The loan amount, the interest rate of each loan program

is

publicized

Transaction timesheet; list of active borrowers, loan maturity, debt amount of each borrowers

3.3. The model of cooperation with mass organizations

The model of cooperation with mass organizations

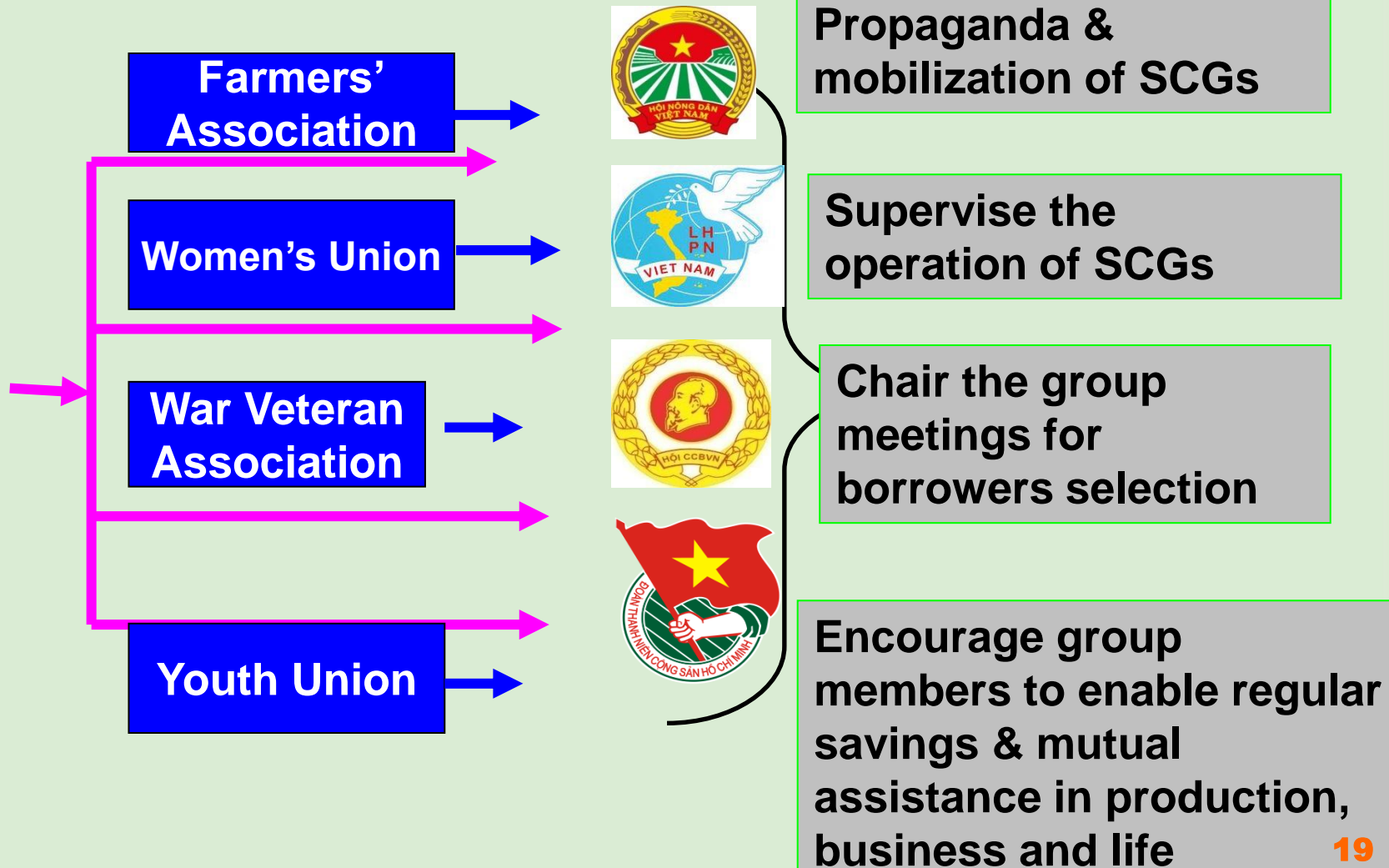
Reflecting the role and voice of customers in banking management

Ensuring mainstreaming poverty reduction missions into administration of VBSP.





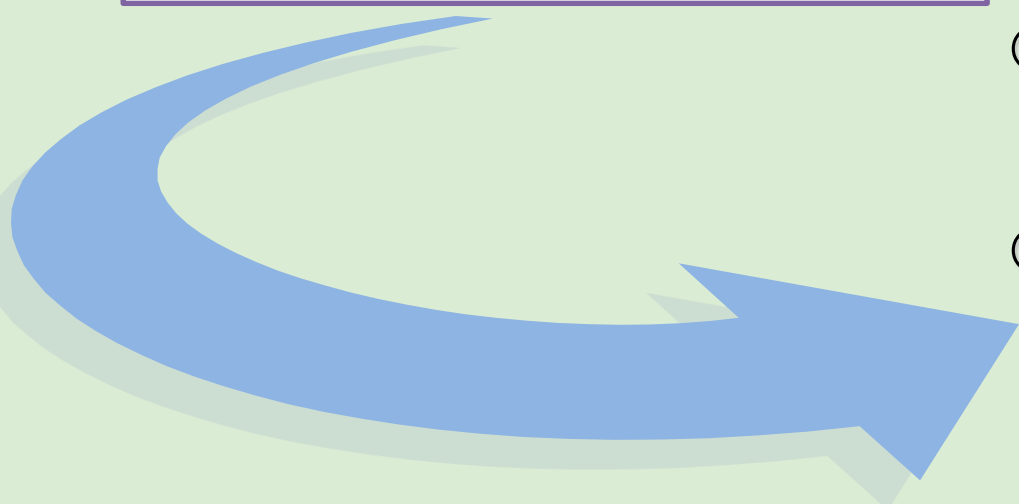
VBSB





3.4. Savings and credit groups

The lengthen arm of VBSP to every residential area nationwide

- 
- ① Ensure VBSP's services to be deployed broadly,
 - ② Connect financial services to financial education for clients



3.4. Savings and credit groups

Gather poor households & other policy beneficiaries in need of loans




- ✓ Members range: 5-60 members
- ✓ Need loans for business, job creation & livelihood improvement
- ✓ Commit for mutual assistance in production, business and life
- ✓ Supervise each other in borrowing, using loans and repaying debts



3.5. Proceed to digital banking, for the industrial revolution 4.0 to avoid abandoning the poor

VBSP has been gradually deploy digital technology into banking operations, starting with SMS service from 2017

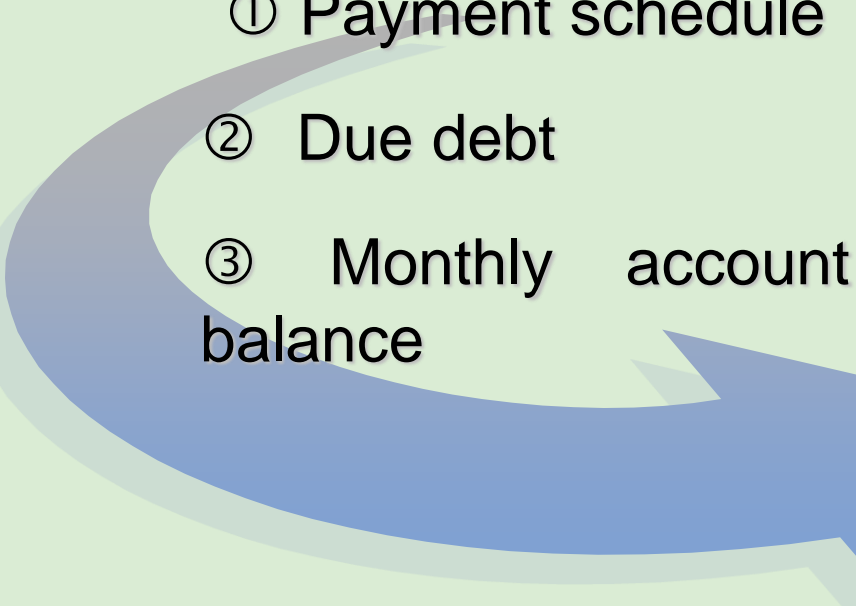
- 
- ① Help poor people get acquainted with digital technology
 - ② Help VBSP to diversify its products and services, improve the efficiency of banking operations and enable 24/7 services





3.5. Proceed to digital banking

VBSP SMS reminds:

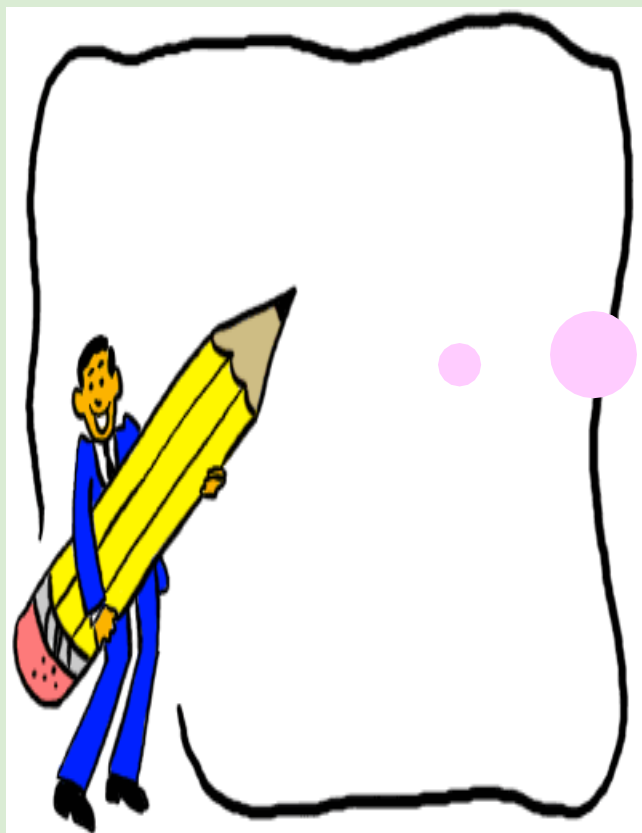
- ① Payment schedule
 - ② Due debt
 - ③ Monthly account balance
- 

IMPACTS

- Enhance VBSP operation transparency and efficiency
- Give customers access to comprehensive financial services
- Improve credit quality and increases cost effectiveness for both customers and VBSP
- Impact on customers with recognition of liability repayment, savings deposit



4. VBSP PROSPECT

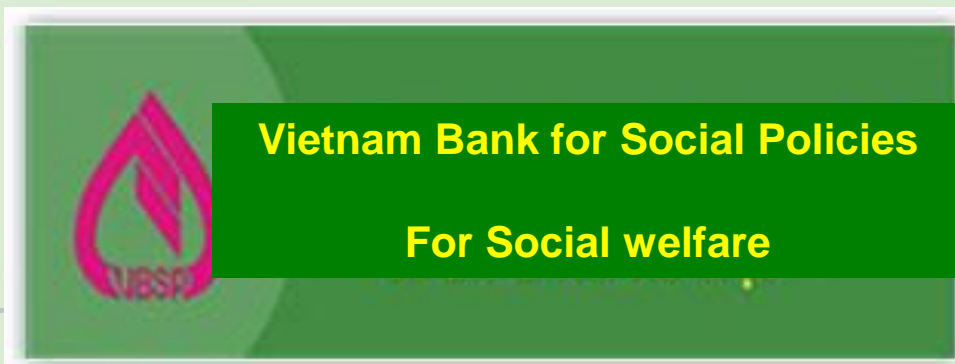


How to be financially sustainable while serving the poor ???



4. VBSP PROSPECT

The development strategy of VBSP up to 2020 presents:



Top priority to the clients sustainability first

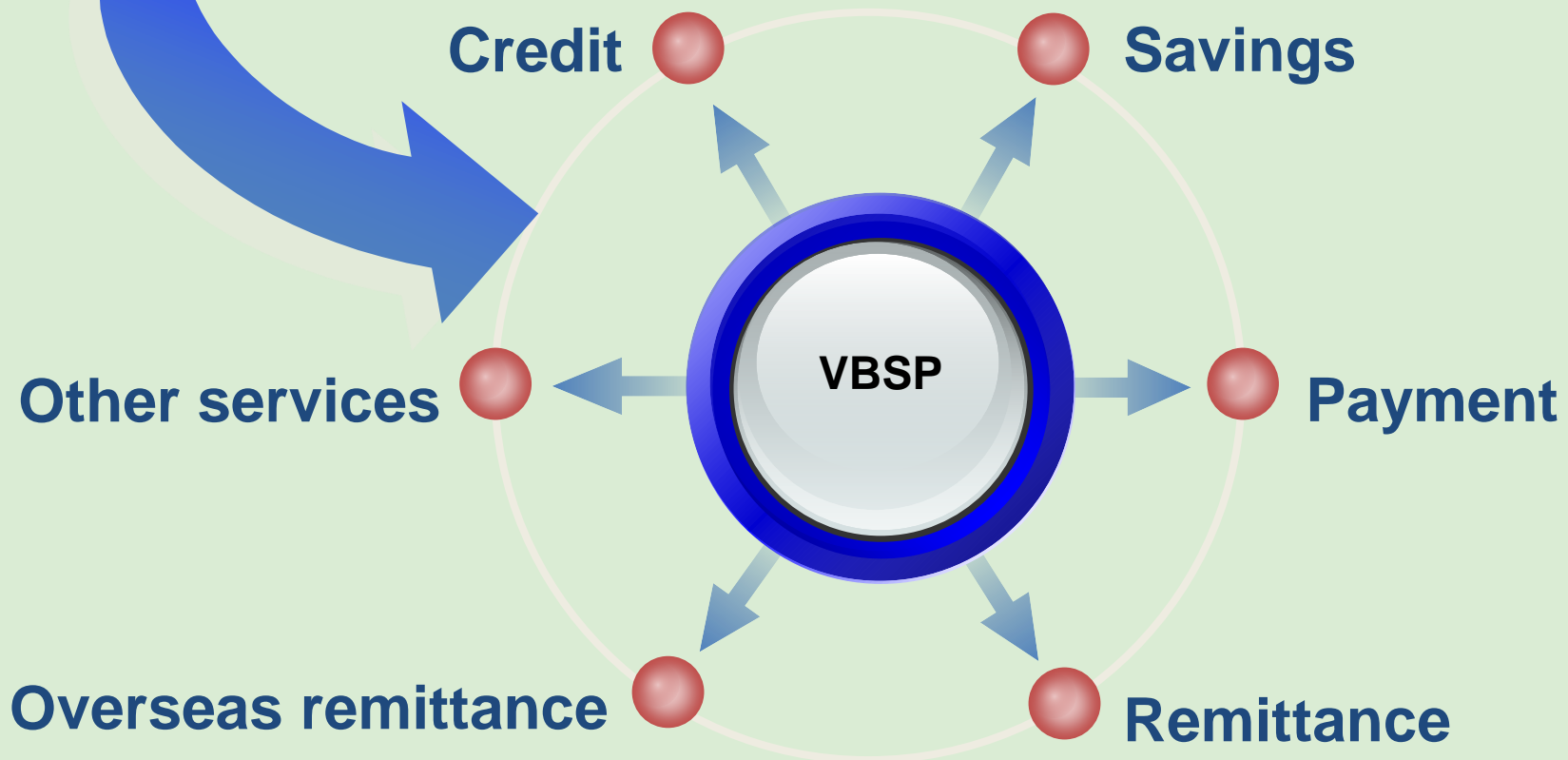
VBSP long term durability

Replace preferential interest rates with other appropriate incentives such as lending conditions, service quality etc.,



4. VBSP PROSPECT

VBSP will continue to work with the poor and bring poor people more convenient and diversified services:





4. VBSP PROSPECT

**Vietnam
Bank for
Social
Policies**

**Modernize its operations,
integrate with the
international banking system**
.....●

**Coordinate with mass
organizations to ensure the
effective integration of
policy credit activities**
.....●

**Reduce
poverty
quickly &
sustainably
and ensure
social
security**



NGÂN HÀNG CHÍNH SÁCH XÃ HỘI
VIET NAM BANK FOR SOCIAL POLICIES

*THANK
YOU!*