

VIETNAM MICROFINANCE DEVELOPMENT STRATEGY 2011–2020

PRIME MINISTER _____

No. 2195/2011/QĐ-TTg

SOCIALIST REPUBLIC OF VIETNAM
Independence- Freedom- Happiness

Dated 06 December 2011

**DECISION
ON APPROVING THE PROPOSAL FOR
BUILDING AND DEVELOPING THE MICROFINANCE SYSTEM
IN VIETNAM UP TO 2020**

PRIME MINISTER

- Pursuant to the Government Organization Law dated December 25, 2001;
- Pursuant to the Law of State Bank of Vietnam dated June 16, 2010;
- Pursuant to the Credit Institutions Law dated June 16, 2010;
- According to the proposal of the Governor of State Bank of Vietnam in the Document No.67/TTr-NHNN dated April 07, 2011 and Document No 205/TTr-NHNN dated September 30, 2011,

TO DECIDE

Article 1: Approving the proposal for building and developing the microfinance system in Vietnam up to 2020 with the main content as follows:

1. Objective

To build and develop a safe and sustainable microfinance system in order to serve the poor, low-income people, micro and small enterprises, that will contribute to the implementation the Party and the Government's policy on ensuring social security and sustainable poverty reduction.

2. Implementation Solutions

- a. Creating a comprehensive legal framework, suitable for the specific requirements of microfinance operations:
- Improving the implementing rules and regulations of the Credit Institution Law.
 - Issuing appropriate supporting policies to encourage the development of microfinance operations.
 - Having relevant fiscal policy to support the development of microfinance operations.
 - Studying and issuing regulations for developing professional microinsurance operations.
 - Improving the subsidized credit mechanism, ensuring to serve the poor and other policy beneficiaries.
 - Studying and issuing policies to diversify organizational forms of microfinance institutions.

- b) Enhancing policy-making and regulatory capacity of government agencies
 - Training and improving capacity of government agencies' officials in mechanism and policy formulation, regulation, and supervision.
 - Training microfinance staffs and managers.
- c) Strengthening capacity of MFIs
 - For MFIs licensed by the State Bank of Vietnam (SBV)
 - o Issuing regulations on enhancing organizational structures, governance, management and developing efficient internal control and auditing mechanism, to ensure safe and sustainable operations.
 - o Supporting MFIs in management and staff training, finding subsidized fund resources, especially during their initial stage of operation.
 - For microfinance programs/projects of political-social organizations, social organizations, social-employment organizations, charity funds, social funds (NGOs):
 - o Conducting training programs to support the strengthening of governance and management capacity, ensuring sustainable, safe and efficient development.
 - o Having policies to support the transformation of the programs/projects to MFIs licensed by SBV.
 - For Vietnam Bank for Social Policies (VBSP):
 - o Improving capacity and operational efficiency to implement properly the government's credit policy for the poor and other rightful policy beneficiaries.
- d) Conducting advocacy activities to raise awareness of microfinance
 - Conducting advocacy activities on the roles and efficiency of microfinance operations.
 - Promoting the sharing of experience and other forms of efficient microfinance operations.
- e) Other supporting solutions
 - Facilitating fund sourcing for microfinance operations.
 - Supporting the establishment of training institutes on microfinance
 - Supporting the creation of a shared database on microfinance
 - Supporting the establishment of a Microfinance Association.

3. Implementation

- a) The State Bank of Vietnam
 - Stage 1 (from 2011 to 2015)
 - o Formulating and issuing regulations to enforce the CIL's articles on microfinance operations.
 - o Advising the Government on regulatory measures for microfinance operations of political, political-social, non-governmental organizations.
 - o Supporting MFIs in management and staff training, establishing training institutes on microfinance; creating a shared database on microfinance and establishing the Microfinance Association.
 - Stage 2 (from 2016-2020)
 - o Studying and proposing amendments on the legal framework to allow the diversification of organizational forms and to expand microfinance products and services.
 - o Studying and issuing regulations to create environment to promote linkages of other credit institutions' operations and MFIs' operations.

- b) The Ministry of Finance:
 - Stage 1 (from 2011 to 2015)
 - o Studying and proposing the issuance of appropriate fiscal policy to support microfinance operation development.
 - o Issuing financial mechanism, accounting regime suitable for microfinance operations.
 - o Studying and proposing the issuance of regulations relevant to microinsurance operations.
 - Stage 2 (from 2016 to 2020)
 - o Proposing measures to improve the subsidized credit mechanism, ensuring support for the poor and other rightful social policy beneficiaries.
 - o Advising the Government on mobilizing funds for microfinance.
 - o Proposing policies, creating conditions for political-social organizations to participate in using subsidized credit resources to implement microfinance operations.
- c) The Ministry of Planning and Investment
 - Formulating policies to encourage microfinance development within the national economic development masterplan for each period.
 - Supporting MFIs to access favorable funding resources.
- d) The Ministry of Home Affairs (MoHA)
 - Supporting the microfinance operating organizations regulated by MoHA, ensuring sustainable operations, and moving towards their transformation to formal MFIs licensed by SBV.
- e) Ministry of Labor, Invalids and Social Affair (MoLISA)
 - Having the appropriate policy to encourage MFIs to participate in poverty reduction and social security programs.
 - Proposing relevant policy for officers working in MFIs.
- f) People's Aid Co-ordinating Committee (PACCOM)
 - Supporting MFIs in accessing foreign assistance and aid resources.
- g) Provincial/municipal People's committees
 - Coordinating with political-social organizations to conduct advocacy activities on microfinance policies and orientations.
 - Coordinating with the SBV, related ministries and organizations to guide, supervise, and support local MFIs' operations.
 - Coordinating with related ministries and agencies in formulating and improving mechanisms, policies and legal framework, to ensure safe and sustainable microfinance operations, moving towards the transformation to MFIs licensed by SBV.
- h) Vietnam Television and Radio Stations
 - Coordinating with the related agencies and organizations to design advocacy programs on microfinance.

- i) Political-social organizations
 - Guiding and supporting safe and sustainable development of microfinance operations managed by the organization and moving towards their transformation to MFIs licensed by SBV.
 - Disseminating information on microfinance operations to every member.
 - Formulating management capacity building programs and conducting training.
 - Strengthening capacity for microfinance programs and projects directly managed by the political-social organizations.
 - Coordinating with SBV and related agencies in formulating the legal framework.
- k) Related ministries, industries and organizations
 - Providing information on microfinance operations managed by them to SBV for consolidation.
 - Developing plan for implementing assigned tasks and sending annual report to SBV before January 31 so that SBV can consolidate information and provide report to the Prime Minister.

Article 2: This Decision is effective from the day of signing.

Article 3: Governor of SBV, Ministers, Head of related agencies and organizations are responsible for implementing this decision.

Receivers:

PRIME MINISTER

- Secretary Board of Communist Party;
- Prime Minister and Vice Prime Ministers;
- Ministries and ministerial government agencies;
- Office of Anti-Corruption
- Provincial People's Councils, People's Committees;
- Central Office and Departments of the Communist Party;
- Office of President;
- Ethnic Committee and National Assembly Departments;
- Office of National Assembly;
- National Justice Court
- National Audit Office;
- National Financial Supervision Committee;
- Vietnam Bank for Social Policies;
- Vietnam Development Bank;
- Fatherland Front Committee;
- Central Offices of mass organizations;
- Official Gazette;
- Administration Office of Government