

Hanoi, December 6th, 2011

**DECISION
ON APPROVING THE PROPOSAL OF
DESIGNING AND DEVELOPMENT OF MICROFINANCE
SYSTEM IN VIETNAM UP TO 2020**

THE PRIME MINISTER

- Pursuant to the Law on Government Organization dated 25/12/2001
- Pursuant to the Law on State Bank of Vietnam dated 16/ 06/2010
- Pursuant to the Law on Credit Institutions dated 16/06/2010
- According to the Proposal of the Governor of State Bank of Vietnam in the document No 67/ TTr-NHNN dated 07/ 04/ 2011 and document No 205/TTr-NHNN dated 30/9/2011,

TO DECIDE

Article 1: Approve the proposal of designing and developing the microfinance system in Vietnam up to 2020 with the following content:

1. Objective

To build and develop a safe and sustainable microfinance system in order to serve the poor, the low-income people, micro and small enterprises, contributing to implement the guidance of the Party and the State on ensuring social welfare and sustainable poverty eradication.

2. Implementation solutions

- a. Building a comprehensive and sound legal framework suitable for the characteristics of microfinance activities.
 - Improving current legal documentations for instructing the enforcement of the Law on credit institutions
 - Issuing suitable supporting policies to encourage microfinance activities.
 - Building a suitable tax and fee policy to encourage microfinance activities.
 - Doing research and issuing other regulations to develop professional microinsurance.
 - Improving the current mechanism on preferential credit in order to serve the poor and other policy beneficiaries.

- Doing research and issuing policies to diversify model of microfinance institutions

b. Improving the capacity on policy-making and monitoring of the government agencies

- Training, improving the capacity of government officials in policy-making, management, supervision and monitoring.
- Training a pool of microfinance specialists and officials

c. Improving the capacity of Microfinance Institutions

- With microfinance institutions already licensed by the State Bank of Vietnam

- Providing guidance on improving their organisational structure, governance, administration, operation and building effective mechanisms for internal control and auditing to ensure their safetiness and sustainability.
- Supporting the trainings for staffs, searching for preferenced capital, especially in newly-established period.

- With microfinance projects, programs of the political-social organization, social organizations, social-professional organizations, charity funds, social funds (non-governmental organization):

- Implementing training programs to improve the capacity on governance, management, in order to ensure safe, effective and sustainable development
- Setting up policy to support the transformation into registered microfinance institutions under the license of State Bank of Vietnam.

- With Vietnam Bank for Social Policy:

- Improving the capacity and effective management to implement credit policy for the poor and other policy beneficiaries.

d. Communicating and raising awareness on microfinance:

- Improving the propaganda on the role and effectiveness of microfinance
- Enhancing the dissemination of experiences and models of effective microfinance activities.

đ. Other supporting solutions:

- Supporting the source of fund for microfinance activities
- Supporting the establishment of microfinance training center
- Supporting the general database on microfinance

- Supporting the establishment of Microfinance Association

3. Implementation Plan

a) State Bank of Vietnam

- Stage 1 (from 2011 to 2015):
 - + Compling and issuing guidance documents for enforcement of the Law on Credit institutions related to microfinance activities.
 - + Consulting the Government on solutions on management of microfinance activities of political, political-social, non-governmental organizations.
 - + Supporting microfinance institutions in trainings for staffs and specialists; establish microfinance training center; develop general database in microfinance and establish microfinance association.
- Stage 2 (from 2016 – 2020)
 - + Doing research and proposing amendments on legal framework to allow the diversification of microfinance operation models and microfinance services.
 - + Doing research and issuing other regulations to facilitate the linkage between microfinance institutions with other credit institutions.

b) Ministry of Finance

- Stage 1 (from 2011 to 2015):
 - + Doing research and issuing suitable tax and fee policy in order to support the microfinance activities.
 - + Issuing suitable financial mechanism, accounting system for microfinance activities.
 - + Doing research and issuing suitable regulations for microinsurance.
- Stage 2 (from 2016 – 2020)
 - + Proposing solutions to improve the mechanism on preferred credit to ensure the effective serve for the poor and other policy beneficiaries.

+ Consulting the Government on focusing the source of fund for microfinance.

+ Proposing policy to support political-social organizations in utilizing preference credit to implement microfinance activities.

c) Ministry of Planning and Investment

- Developing policies to promote the development of microfinance in comprehensive social-economic plan of the nation in each period.

- Support microfinance institutions to access to preferential capital

d) Ministry of Home Affairs

Support organizations with microfinance activities under the management of Ministry of Home Affairs, ensuring the sustainable operation, toward the transformation into registered microfinance institutions licensed by State Bank of Vietnam.

e) Ministry of Labor and Social Affairs

- Develop policies to encourage microfinance institutions to participate in hungry eradication and poverty reduction and social welfare programs.

- Proposing suitable policies for staffs working for microfinance institutions.

f) People's Aid Co-ordinating Committee (PACCOM)

Support microfinance institutions in access to foreign aid and donor's funding.

g) Provincial/municipal People's committee

- Coordinate with other political-social organizations in implementing the propaganda about the direction and policies in microfinance

- Coordinate with State Bank of Vietnam and other relevant organizations to guide, urge, support microfinance institutions operate locally to follow rules and regulations.

- Coordinate with relevant ministries, agencies in developing and improving mechanisms, policies and legal framework to ensure the safe and sustainable microfinance operation toward the transformation into the microfinance institutions licensed by State Bank of Vietnam.

h) Vietnam Television, Radio Voice of Vietnam

Coordinate with relevant organizations, agencies to build propaganda programs on microfinance.

i) Political-Social Organizations

- Guide and support microfinance activities under the management responsibility to develop safely and sustainably, toward the transformation into microfinance institutions licensed by State Bank of Vietnam.
- Propagate microfinance activities to every members.
- Organize trainings, develop program to build management capacity for staffs.
- Improve the capacity of microfinance programs, projects under the direct management of political-social organizations.
- Coordinate with State Bank of Vietnam and relevant organizations in developing legal framework.

j) Relevant government agencies

- Provide relevant microfinance information to State Bank of Vietnam to synthesize
- Develop implementation plan and periodically report before January 31 every year to State Bank of Vietnam for synthesis report to be submitted to the Prime Minister.

Article 2: This decision is effective from the date of signing.

Article 3: The Governor of State Bank of Vietnam, Ministers, head of relevant governmental agencies are responsible for implementing this decision./.

PRIME MINISTER

Nguyen Tan Dung