

THE GOVERNMENT

No. 55/2015/NĐ-CP

THE SOCIALIST REPUBLIC OF VIETNAM

Independence - Freedom - Happiness

Hanoi, June 9, 2015

DECREE

THE CREDIT POLICY FOR AGRICULTURAL AND RURAL DEVELOPMENT

Pursuant to the Law on Government organization dated December 25, 2001;

Pursuant to the Law on the State Bank of Vietnam dated June 16, 2010;

Pursuant to the Law on Credit Institutions dated June 16, 2010;

After considering the request of the Governor of the State Bank of Vietnam,

The Government hereby promulgates the Decree on the credit policy for agricultural and rural development.

Chapter I

GENERAL PROVISIONS

Article 1. Scope of application

1. This Decree stipulates the credit policy for agricultural and rural development, and contribution towards rural reforms as well as improvement of the living standards of farmers and rural population.
2. The credit policy for agricultural and rural development stipulated hereby has not already included the credit policy for agricultural and rural sector introduced by the Vietnam Bank for Social Policies and Vietnam Development Bank.

Article 2. Scope of application

1. Organizations providing loans for agricultural and rural development are credit institutions, foreign bank branches of which organization and operation conform to regulations laid down in the Law on Credit Institutions (hereinafter referred to as credit institutions).
2. Organization or individual (hereinafter referred to as customer) granted loans in accordance with regulations laid down in this Decree, including:

- a) Individuals, family households which reside within rural localities, or are carrying out agricultural production or business operations;
- b) Family households operating within rural localities;
- c) Farm owners;
- d) Artels, cooperatives, cooperatives alliances which are located within rural localities, or carrying out agricultural production or business operations;
- dd) Enterprises carrying out their business operations in rural localities, except for the following entities: real estate enterprises, mining enterprises, hydropower and thermopower generation facilities, and enterprises that are not governed by Point e Clause 2 of this Article and are located at industrial parks or processing and exporting zones;
- e) Enterprises supplying agricultural raw materials and inputs to the agricultural production and those manufacturing, purchasing, processing and consuming agricultural produce and byproducts.

Article 3. Interpretation of terms

Terms used herein shall be construed as follows:

1. *Rural locality* refers to administrative divisions excluding areas situated within urban or municipal wards or districts.
2. *Agriculture* refers to a sector that belongs to the national economic system, including different sectors such as agriculture, forestry, salt industry and aquaculture.
3. *Credit policies for agricultural and rural development* includes several policies or measures that the Government adopts to enable organizations or individuals to have access to loans for agricultural and rural development, concurrently encourage credit institutions to provide loans of this kind and make a contribution toward restructuring the agriculture and bringing about rural reforms as well as gradually improve the people's life.
4. Farm owner refers to individuals or family households carrying out their production and business operations in the agriculture sector in accordance with legal regulations and obtaining the farm economy certificate from competent authorities.
5. *Loan for crop season intervals* refers to the method for providing loans for individuals or family households for growing and care of seasonal plants, domestic animals in the consecutive production cycle within a year, or plants of which rootstocks are retained, industrial plants which annually harvest, according to which credit institutions and customers shall agree that an amount of balance in the previous production cycle is continuously used in the next production cycle but does not exceed 02 (two) consecutive production cycles.

6. *Collaboration on the agricultural production* refers to a type of cooperation or association formed on the basis of contracts signed between entities like individuals, family households, business households, farm owners, artels, cooperatives, cooperative alliances, enterprises during the agricultural production stages by virtue of providing input services for production, procurement, processing and consumption of agricultural produce.

7. *Value chain collaboration on the agricultural production* refers to a type of the agricultural production collaboration within the closed chain varying from the production stage to the stage of the procurement, processing and consumption of agricultural produce (hereinafter referred to as collaboration within the value chain).

8. *Agricultural enterprise applying high technologies* refers to enterprises employing high technologies for the agricultural production and obtaining accreditation from competent authorities (hereinafter referred to as hi-tech agricultural enterprise).

9. *Agricultural zone applying high technologies* refers to concentrated hi-tech zones applying technological advances produced in the high technology research and development process to the agriculture section in accordance with laws (hereinafter referred to as hi-tech agricultural zone).

10. *Agricultural area applying high technologies* refers to concentrated production areas applying high technologies to the agriculture so as to produce one or several key agricultural commodities within these areas to ensure high productivity, quality, increased value and environmental friendliness in accordance with laws (hereinafter referred to as hi-tech agricultural area).

11. *Large-scale natural disaster or epidemic* refers to the circumstance under which a(n) natural disaster or epidemic hits in a vast area within one or more than one province or city and causes damage to a lot of individuals, family households, cooperatives or enterprises during the agricultural production process, and competent authorities have confirmation and notification of natural disaster or epidemic occurrences.

12. *Force majeure* refers to events incurring risks or causing damage that occur in an unexpected, unforeseeable and insurmountable manner although all necessary measures have been taken within permitted competence.

Article 4. Lending for agricultural and rural development

1. Costs incurred from agricultural production process varying from the production stage to the procurement, processing and consumption stage.

2. Industrial, commercial production and provision of services within rural localities.

3. Plant propagation, breeding of domestic animals, aquatic products and afforestation and supply of products, services used for agricultural production process.

4. Rural career development.

5. National target program for rural reforms.
6. Rural population's needs.
7. Within the Government's economic programs concerning agriculture and rural sectors.

Article 5. Lending principles

1. Credit institutions shall provide loans for customers in accordance with regulations hereof. Contents that fall outside of this Decree shall be governed by applicable laws on lending by credit institutions to customers.

2. Customers shall be allowed to have access to unsecured loans in accordance with regulations laid down in Article 9, 14 and 15 hereof. If customers have the demands for loans which are greater than the demands for unsecured loans as prescribed in this Article, the surplus loan demand shall be governed by applicable laws on lending by credit institutions to customers.

Article 6. Governmental incentive policies

The Government shall have incentive policies on lending in the agriculture and rural sector by virtue of providing fund sources and using instruments of monetary policy or policy on treatment of risks incurred in the agriculture and rural section and other policies over time.

Chapter II

SPECIFIC PROVISIONS

Article 7. Loan funds

Sources of funds from which loans are made by credit institutions for the agricultural and rural sector shall include:

1. The owner's capital and mobilized capital of credit institutions in accordance with regulations.
2. Funds borrowed, sponsored and trusted by domestic and foreign organizations or individuals.
3. The Government's trust funds for agricultural and rural lending.
4. Funds sponsored by the State Bank of Vietnam by employing monetary policy instruments.

Article 8. Lending limit and methodology

1. Credit institutions and customers shall reach agreement on the legal lending limit in accordance with laws.

2. Based on the customer's plan and project for production or business, life improvement, purposes of loan use, credit institutions and customers shall agree to apply the appropriate method and procedure for lending in order to provide the greatest convenience for customers which include loans for crop season intervals, loans by credit limits, single pay loans and other lending methods in accordance with legal regulations.

3. Credit institutions can entrust socio-political organizations to take care of all or several of stages in credit operations when entering into the loan contract with customers. Entrustment and trust receipt shall be governed by applicable laws.

Article 9. Mechanism for securing loans

1. Credit institutions shall be entitled to consider granting loans to customers on the basis that such loans are secured or unsecured in accordance with laws.

2. Individuals, family households, artels, business households, cooperatives, cooperatives alliances and farm owners, shall be provided with unsecured loans dependent on the following limits:

a) A maximum amount of VND 50 million for individuals, family households which reside outside of rural localities, or are carrying out their business operations in the agriculture sector (except for cases specified at Point c Clause 2 of this Article);

b) A maximum amount of VND 100 million for individuals, family households which reside within rural localities; individuals and family households that reside outside of rural localities and enter into collaboration on the agricultural production with cooperatives or enterprises (except for cases specified at Point c Clause 2 of this Article);

c) A maximum amount of VND 200 million for individuals, family households investing in industrial and fruit perennials;

d) A maximum amount of VND 300 million for artels and business households;

dd) A maximum amount of VND 500 million for aquacultural production households, offshore fishery households signing the contract for product consumption with direct processing and export organizations;

e) A maximum amount of VND 01 billion for cooperatives, farm owners that operate within rural localities, or carrying out business operations in the agriculture sector;

g) A maximum amount of VND 02 billion for cooperatives specializing in aquacultural production or offshore fishery or provision of services for the offshore fishery; aquacultural farm owners; cooperatives alliances operating within rural localities or carrying out business operations in the agriculture sector, exclusive of entities specified at Point h Clause 2 of this Article;

h) A maximum amount of VND 03 billion for cooperatives alliances specializing in aquacultural production or offshore fishery or provision of services for the offshore fishery.

3. Unsecured loan customers specified in Clause 2 of this Article must submit land use right certificates to lending credit institutions (applicable to those issued with land use right certificate), or documents confirming by the People's Committees of communes that land use right certificates have not been issued yet and such land is not in dispute. Customers shall only be allowed to use the document confirming that the land use right certificate has not been issued yet and such land is not in dispute to serve the purpose of taking out loans at a credit institution and assume their legal liability to use this written confirmation to take out unsecured loans in accordance with regulations laid down in this Decree.

4. Individuals, family households provided with loans by credit institutions under the provisions of Article 4 hereof shall not be liable for the following fees: fees for authentication of the collateral pledge agreement performed by authentication authorities; fees for registration of secured transactions with the secured transaction registry.

Article 10. Loan interest rate

1. Interest rates applying to loans for agricultural and rural development shall be agreed upon between customers and credit institutions in accordance with regulations adopted by the State Bank of Vietnam over time.

2. In case the program for agricultural and rural development credit is implemented under the Government's direction, interest rate level and assistance mechanism shall conform to the Government's regulations.

3. Levels of the interest rate applying to agricultural and rural loans funded by the Government or the fiduciary shall be defined under regulations laid down by the Government or as agreed upon with the fiduciary.

Article 11. Loan tenor

1. Credit institutions and customers shall consider the operating cycle, capital recovery of the production and business project or plan, debt repayment capability of customers and loan funds of these credit institutions to reach a mutual agreement on the loan tenor, time limit for customers' repayment.

2. Credit institutions and customers shall enter into a mutual agreement on the maturity date on which the principal and interest repayment is due in terms of loans for crop season intervals in accordance with Clause 5 Article 3 hereof.

Article 12. Debt repayment rescheduling and loan origination

1. Where customers have yet to make timely debt repayments to credit institutions due to force majeure, credit institutions shall consider whether debt repayments are rescheduled and

customers' debt groups are kept unchanged; concurrently, take into account the feasibility of the production and business project or plan, debt repayment capability to consider granting new loans to customers in order for them to deal with their difficulties, stabilize their production as well as repay previous or current debts to credit institutions.

2. Where large-scale natural disasters or epidemics take place, the People's Committee of centrally-affiliated cities and provinces (provincial People's Committees) shall aggregate, evaluate specific losses or damage to report to the Prime Minister, the State Bank of Vietnam and the Ministry of Finance. Based on the report and request submitted by the provincial People's Committee, the State Bank of Vietnam shall preside over, collaborate with the Ministry of Finance in requesting the Prime Minister to grant the permission for credit institutions to perform the debt charge-off without interest payment for outstanding debts subject to such damage within a maximum time period of 02 (two) years, and to agree that groups of debts subject to such charge-off are kept the same as those defined prior to such debt charge-off that occurred. The interest amount that credit institutions have not collected due to such charge-off shall be proportionately repaid by the State budget.

Article 13. Allocation of risk provisions and risk treatment

1. Credit institutions shall set aside funds for risk provisions in accordance with the following regulations:

a) As for unsecured loans stipulated in Clause 2 Article 9, Article 14 and Article 15 hereof, credit institutions shall be entitled to decide the minimum percentage of risk provisions equal to 50% compared with the level of risk provisions for similar loans in other sectors as defined in applicable laws;

b) As for secured loans, the State Bank of Vietnam shall specify that the maximum deductible percentage of the value of collateral is appropriate to agricultural and rural loans over time.

2. Credit institutions shall perform treatment of risks incurred from such agricultural and rural loans in accordance with applicable laws.

3. If risks are incurred on a large scale due to force majeure, credit institutions shall perform debt charge-off in accordance with regulations laid down in Clause 2 Article 12 hereof.

Article 14. Credit policies for incentive to the collaborative model for agricultural production

1. Enterprises, cooperatives or cooperatives alliances that sign the contract with the entities directly carrying out agricultural production operations for supply or consumption of agricultural commodities shall be entitled to apply for unsecured loans considered by credit institutions at a maximum rate of a loan equal to 70% compared with the value of the project or plan for loans on a collaborative basis.

2. Main enterprises, cooperatives or cooperatives alliances (hereinafter referred to as main organization) that sign the contract to execute the project for value chain collaboration on the agricultural production with the entities directly carrying out agricultural production operations shall be entitled to apply for unsecured loans considered by credit institutions at the maximum rate of a loan equal to 80% compared with the value of the project or plan for production and business on a collaborative basis.

3. In case the main organization carrying out value chain collaboration is faced with risks incurred due to force majeure, loan debts shall be treated as follows:

a) Credit institutions shall consider whether debt repayments are rescheduled and debt groups are kept unchanged, concurrently decide to provide new loans on the basis of taking into account the feasibility of the production and business project or plan, customers' debt repayment capability in order to help them to deal with their difficulties, stabilize their production and repay their previous and current debts to credit institutions;

b) After considering the request made by the provincial People's Committee, the State Bank of Vietnam shall preside over, collaborate with the Ministry of Finance in requesting the Prime Minister to grant the permission for credit institutions to perform the debt charge-off without interest payment for loans provided for the main organization carrying out value chain collaboration within a maximum time period of 03 (two) years, and to agree that groups of debts subject to such charge-off are kept the same as those defined prior to such debt charge-off that occurred. An amount of interest on debts that have been charged off shall be proportionately repaid by the State budget;

c) If measures stipulated at Point a, b Clause 3 of this Article have been taken but the main organization carrying out value chain collaboration is still faced with difficulties in debt repayments, the provincial People's Committee shall send a detailed report to the Prime Minister, the State Bank of Vietnam and the Ministry of Finance. Based on the report and request submitted by the provincial People's Committee, the State Bank of Vietnam shall preside over, collaborate with the Ministry of Finance in submitting a final report to request the Prime Minister to consider charging off customers' debts and distributing funds from the State budget to credit institutions to make up for such debts, depending on the rate of specific losses or damage.

Article 15. Credit policies for incentive to the hi-tech agricultural production

1. Enterprises, cooperatives or cooperatives alliances that develop their production or business project or plan in hi-tech agricultural zones or hi-tech agricultural areas shall be entitled to apply for unsecured loans considered by credit institutions at the maximum rate of a loan equal to 70% compared with the value of the contract for technology transfer or consumption of products as the result of customers' application of high technologies.

2. Hi-tech agricultural enterprises shall be entitled to apply for unsecured loans considered by credit institutions at the maximum rate of a loan equal to 80% compared with the value of the

production and business project or plan in which high technologies are applied during the agricultural production process.

3. In case the hi-tech agricultural enterprise is faced with risks incurred due to force majeure, their loan debts shall be treated in the same manner as loan debts incurred by the main organization carrying out value chain collaboration as stipulated in Clause 3 Article 14 hereof.

Article 16. Agricultural insurance in the agricultural and rural lending

When purchasing agricultural insurance policies intended for the agricultural production funded by loans, customers shall be eligible to apply for a reduction of credit institutions in loan interest rate at the minimum rate of 0.2% per year compared to the interest rate applying to loans of the same type with the similar loan tenor.

Chapter III

IMPLEMENTATION

Article 17. The State Bank of Vietnam

1. Provide instructions for credit institutions carrying out agricultural and rural lending operation in accordance with regulations laid down in this Decree.
2. Implement the assistance policy for credit institutions carrying out agricultural and rural lending operations by employing national monetary policy instruments.
3. Establish incentive policies for credit institutions to expand their operating network (transaction branches or offices) to rural localities with particular attention paid to remote or extremely disadvantaged areas.
4. Preside over, collaborate with the Ministry of Finance, the provincial People's Committee in dealing with loan principals or interest amounts paid by the entities subjected to loss or damage due to force majeure as prescribed in Article 12, 14 and 15 hereof.

Article 18. The Ministry of Agriculture and Rural Development

1. Manage review and supplementation of the planning for agricultural and major agricultural produce development across the country and significant regions; direct and guide the provincial People's Committee to develop the planning for agriculture and development of plants and domestic animals within their localities.
2. Preside over and collaborate with relevant entities in executing the project for restructuring of the agriculture sector in which incentive policies for development of collaboration or partnership models, or application of high scientific and technological advances to the agricultural production.

3. Collaborate with relevant local authorities in encouraging the growth of agriculture, forestry, aquaculture and salt industry; assist the Government in providing agricultural producers with assistance policies on scientific and technological elements, plant or animal varieties and post-harvest storage practices.
4. Provide guidance on setting regulations on hi-tech agricultural zones or areas entitled to credit policies defined in this Decree.

Article 19. The Ministry of Finance

1. Preside over, collaborate with the Ministry of Justice in providing guidance on entities eligible to be exempted from paying fees for authentication of the collateral pledge agreement and secured transaction registration as stipulated in Clause 4 Article 9 hereof.
2. Assist the Government in adopting policies on the agricultural production insurance.
3. Collaborate with the State Bank of Vietnam, the provincial People's Committee in dealing with loan principals or interest amounts paid by the entities subjected to loss or damage due to force majeure as prescribed in Article 12, 14 and 15 hereof.
4. Cooperate with the Ministry of Planning and Investment in allocation of funds from the State budget to deal with loan principals and interest amounts, and distribution of funds to credit institutions that have charged off their customers' debts in accordance with regulations laid down in this Decree.

Article 20. The Ministry of Planning and Investment

1. Preside over, collaborate with relevant Ministries or departments in establishing the management mechanism, and determining the annual fund from the state budget used for providing agricultural and rural loans by trust credit institutions, and then request the Prime Minister to consider and decide this.
2. Act as the focal point in the negotiation process, and make the most of domestic and foreign funds as entrusted agricultural and rural loans provided by credit institutions.
3. Preside over and cooperate with the Ministry of Finance in allocation of funds from the State budget to deal with loan principals and interest amounts, and distribution of funds as interest payments made to credit institutions that have charged off their customers' debts in accordance with regulations laid down in this Decree.

Article 21. The Ministry of Industry and Trade, the Ministry of Justice, the Ministry of Natural Resources and Environment

1. The Ministry of Industry and Trade shall preside over, cooperate with the Ministry of Agriculture and Rural Development and relevant Ministries or departments in establishing

policies on provision of updated market information, trade promotion and distribution channel development in the agricultural produce consumption stage.

2. The Ministry of Justice shall collaborate with the Ministry of Finance in providing guidance on entities exempted from paying fees for authentication of the collateral pledge agreement and secured transaction registration as stipulated in Clause 4 Article 9 hereof.

3. The Ministry of Natural Resources and Environment shall direct, stimulate and guide the provincial People's Committee to speed up the certification of land use right associated with the ownership of home and other property attached to lands.

Article 22. People's Committee of centrally-affiliated cities and provinces

1. Implement the planning for development of agricultural products and rural infrastructure zoning within these cities or provinces; establish policies on assisting farmers in applying scientific and technological advances, encouraging the growth of agriculture, forestry, aquaculture, and providing market information and consuming agricultural produce.

2. Guide and direct the People's Committees of communes to consider issuing documents confirming that land use right certificate has not been issued and the land is not in dispute to customers as stipulated in Clause 3 Article 9 hereof.

3. Aggregate, evaluate and report treatment of risks incurred due to force majeure as stipulated in Article 12, 14 and 15 hereof to the Prime Minister, the Ministry of Finance and the State Bank of Vietnam.

4. Manage the agricultural restructuring and rural reforms within these localities under the guidelines of the Government; direct Departments, divisions, agencies or People's Committee at lower level to cooperate with the banking sector to establish and carry out lending policies for agricultural restructuring program within these localities with particular attention paid to lending policies for models of collaboration and application of high technologies to the agriculture sector.

Article 23. Credit institutions

1. Set lending procedures and processes with assurance that these shall be made explicit, simple and provide the most advantage for customers to have access to credit funds.

2. Establish policies in which incorporation of transaction branches or offices within rural localities with particular attention paid to remote, distant and extremely disadvantaged areas must be prioritized.

3. Enter into a close cooperation with competent authorities at all levels, socio-political organizations located within localities to carry out lending policies in accordance with this Decree.

Article 24. Customers

1. Provide sufficient and genuine information or materials relating to lending transactions and take full responsibility for the accuracy of such information or materials.
2. Use loans to serve the right purpose, and pay loan principals and interest amounts as agreed upon with credit institutions.
3. Comply with applicable regulations when applying for loans provided by credit institutions.

Chapter IV

IMPLEMENTARY PROVISIONS

Article 25. Transitional provisions

1. As for loans provided before the effective date of this Decree, parties concerned shall adhere to the terms and conditions of the contract signed by these parties.
2. If there are many assistance policies for a loan transaction as stipulated by this Decree, organizations or individuals shall only be given the greatest assistance policy.
3. Those who are eligible for the financial assistance policies in accordance with the Government's Decree No. 41/2010/NĐ-CP dated April 12, 2010 on credit policies for agricultural and rural development but have not received any assistance shall continue to be provided with assistance in accordance with regulations laid down in this Decree.

Article 26. Effect

1. This Decree shall come into force from July 25, 2015.
2. This Decree shall replace the Government's Decree No. 41/2010/NĐ-CP dated April 12, 2010 on credit policies for agricultural and rural development.

Article 27. Responsibility for implementation

Ministers, Heads of ministerial-level agencies, Heads of Governmental agencies, the Presidents of People's Committees of central-affiliated cities and provinces and related organizations or individuals shall be responsible for implementing this Decree ./.

**PP. THE GOVERNMENT
THE PRIME MINISTER**

Nguyen Tan Dung