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### Financial Support and Loan Policy in Ba Ria - Vung Tau Province

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#### Abstract

The socio-economic development of Ba Ria-Vung Tau province has undergone many remarkable changes in recent years. Economic sectors continue to maintain growth rates. With the transformation of economic sectors in the province, the labor demand will be very large. Through financial support policies for workers in the province, it will contribute to attracting human resources to work in

businesses. With the attention and direction of the Provincial People's Committee, City Party Committee, People's Council, and City People's Committee, Ba Ria-Vung Tau Provincial Social Policy Bank has been implementing many support policies. Finance and loans for workers contribute to improving the spiritual and material lives of people in the province.

**Keywords:** Ba Ria-Vung Tau, Financial Policy, Loan

#### 1. Introduction

Ba Ria-Vung Tau has a very important strategic position for the region and the whole country in terms of economy, society, politics, security, defense, and foreign affairs. Located in the Southern Key Economic Region, it is located in the Ho Chi Minh City urban area and is the gateway of the Southeast provinces towards the East Sea. It has strategic significance in terms of international maritime routes, with a large seaport system serving as a focal point for access to countries in the region. This is a province with advantages in potential, geographical location, natural resources, and proud historical and cultural traditions. Effectively implement the socio-economic recovery and development program by focusing resources on socio-economic recovery and development, supporting businesses to restore production, promoting reopening, resuming supply chains and labor markets, and striving to complete at a high-level socio-economic goals, leading to many notable changes in the socio-economic development of Ba Ria-Vung Tau province in recent years. Economic sectors continue to maintain growth rates. In 2022, the province will attract domestic and foreign investment with a total registered capital of about 2.07 billion USD. Business development has prospered with 1,900 newly registered businesses and 596 businesses re-operating. Ba Ria-Vung Tau also regularly ranks in the group of 5 localities with the highest budget revenue in the country, has many contributions to the national budget, and is one of the few provinces and cities that balance their local budget. Ba Ria-Vung Tau province also focuses on synchronously implementing many solutions to eliminate hunger, reduce poverty, improve people's lives, and perform the work of gratitude well. The province's economic structure is shifting positively; the industry's competitiveness is among the country's top; The industrialization model shifts from labor-intensive industries to using advanced, modern technology with high productivity and added value. With the transformation of economic sectors in the province, the labor demand will be very large. Ba Ria-Vung Tau province has been implementing many financial support and loan policies for workers, contributing to improving the spiritual and material life of people in the province. In 2022, Ba Ria-Vung Tau province will have poor households eliminated according to national standards. This is achieved thanks to the policies on credit loans that have been implemented effectively in recent years in Ba Ria- Vung Tau province.

#### 2. Financial Support and Loan Policies for Workers in Ba Ria-Vung Tau Province

For the purpose of supporting credit capital to promote production and business development and support job creation for workers in Ba Ria-Vung Tau province, the Provincial People's Committee has implemented many policies, such as: solving student loans in the area to cover study costs; helping build and renovate clean water works to ensure environmental hygiene; supporting and creating conditions for poor households; people with income can borrow capital to buy or rent social housing; repair and build new social housing; and lending to workers in the province to increase their income and stabilize their lives. Regarding policy capital, with the province's policy guidelines, the Ba Ria-Vung Tau province branch of the Social Policy Bank is implementing 13 loan programs for people, workers, and students in the local area. The Social Policy Bank of Ba Ria-Vung Tau Province carries out loan programs for poor households, near-poor households, households newly escaping poverty,

clean water and rural environmental sanitation programs, and students with difficult circumstances, according to Decision No. 157/2007/QĐ-TTg dated September 27, 2007 of the Prime Minister; lending to workers working abroad; and lending to credit programs, according to Resolution No. 11/NQ-CP dated January 30, 2022 of the Government.

Regarding capital sources for workers working in Ba Ria-Vung Tau: The province also has policies for workers to access preferential credit sources to expand and develop production and business activities, contributing to creating jobs and increased income. The Ba Ria - Vung Tau province branch of the Bank for Social Policies has implemented a loan policy to support job creation, maintenance and expansion of jobs for workers in the province. According to this policy, the loan amount is divided into 2 subjects: For production and business establishments borrowing capital from the employment creation program, the maximum loan amount is 02 billion VND/project and not more than 100 million VND/01 employee will have a job created, maintained and expanded; For workers borrowing from the job creation program, the maximum loan amount is 100 million VND. Maximum loan term is 120 months. The specific loan term will be considered by the Bank for Social Policies branch based on the capital source, production and business cycle, and debt repayment ability of the borrower to negotiate with the borrower. Loan interest rates for production and business establishments; workers equal to the loan interest rate for near-poor households according to legal regulations on credit for near-poor households (currently 7.92%/year). Overdue debt interest rate is 130% of loan interest rate. Loan guarantee conditions: With a loan amount of less than 100 million VND, no mortgage procedures are required; For loans of 100 million VND or more, production and business establishments must have assets to secure the loan according to the law on secured transactions and current regulations of the Vietnam Bank for Social Policies.

In recent years, the province has focused on well-implementing specific tasks and plans to seriously deploy social policy credit throughout the province, making an important contribution to the effective implementation of programs and the Party and State's policies on job creation, social security development, political stability, and socio-economic development in the province.

### **3. Effectiveness Brought from Credit Capital from Financial Support and Loan Policies for Workers in Ba Ria-Vung Tau Province**

Thanks to the timely direction from the People's Committee of Ba Ria - Vung Tau province and the synchronous coordination of sectors, levels and unions at all levels, resulting in high policy credit quality and capital sources. Lending is effective, preserving and developing capital sources to help maintain stable income of subjects in the area. Many poor households and other subjects in Ba Ria - Vung Tau province have the conditions to invest in expanding production and business, have jobs, and increase income. Thereby contributing to ensuring social security and sustainable poverty reduction.

In 2021, from policy credit capital, 700 poor households, near-poor households, and newly escaped poverty households have been able to borrow capital to develop production, business, livestock, and crop production; The job creation loan program has contributed to maintaining

stable employment for more than 47,000 workers, including creating new jobs for 15,000 workers; helping 5,290 households borrow capital to invest, renovate, and build 10,580 clean water works and environmentally hygienic toilets; Helped 1,500 households borrow capital to cover study costs for students admitted to Universities, Colleges, Intermediate Schools, and Vocational Training; Helped 1,174 households get loans to invest in production and business in communes in difficult areas. The social housing loan program has helped 60 households borrow to buy social housing, build new houses, and repair houses. Helped 11 businesses borrow capital to pay wages for layoffs, pay wages to restore production.

In 2022, there will be more than 510,800 poor households and policy households receiving loans with loan turnover reaching 10,656 billion VND. There has been flexible implementation from the province to the district level, and coordination with associations and departments in implementing loan programs at localities, helped more than 223,202 poor households, near-poor households, and newly escaped poverty households; and helped 41,529 households borrow money to cover tuition for 69,218 students. The job creation loan program has contributed to maintaining stability and expanding employment for more than 158,687 workers; Helped more than 81,643 rural households borrow capital to invest in building clean water projects. During the period of impact of the COVID-19 epidemic, Ba Ria-Vung Tau province had more than 34 enterprises, cooperatives, and business households that borrowed 127 billion VND at 0% interest rate to pay salaries in order to stabilize production and business for businesses.

Through loans from the Bank for Social Policies, many economic models in the province have been effective such as: Growing orchids, growing gray abalone mushrooms, growing rice according to VietGAP standards, raising cows, duck. This preferential capital source has contributed to creating regular jobs for thousands of workers; built hundreds of clean water and environmental sanitation project. Credit capital with preferential interest rates has gone into remote areas, reaching people promptly for production and business, creating jobs, increasing income, improving lives, reducing social evils, contributing to preventing usury in rural areas, limiting black credit, preventing relapse into poverty, contributing to good implementation of poverty reduction targets, creating jobs, stabilizing and developing new rural areas, ensuring socio-economic development, gaining people's approval and trust in the leadership of the Party and State. The Provincial Social Policy Bank branch has focused loan investment capital on 45 communes registered for new rural areas with a total outstanding loan balance of 1,993,000 million VND with 45,295 loan households, accounting for 62% of the total outstanding loan balance of the province and loan balance in 38 communes recognized as new rural areas is 1,654,000 million VND/ 37,590 loan households.

As of December 31, 2022, the total outstanding debt of policy credit programs reached 3,769,791 billion VND, an increase of 504,356 billion VND compared to 2021, of which the outstanding debt of central capital reached 2,323,853 billion VND, an increase of 302,181 billion VND compared to 2021; Outstanding debt from local capital reached 1,445,939 billion VND, an increase of 202,175 billion VND compared to the beginning of the year.

In addition, other credit programs were also implemented promptly and completed 100% of the plan by the Provincial Bank for Social Policies branch such as: program to support job creation, job retention and expansion; Loan program for buying, renting and purchasing social housing and building new or renovating and repairing houses for residential purposes; Loan program for students to buy computers and online learning equipment; Loan program for non-public preschool and primary education establishments; National target program on socio-economic development in ethnic minority and mountainous areas.

#### **4. Advantages and Disadvantages of Financial Support and Loan Policies for Workers in Ba Ria-Vung Tau Province**

##### ***Advantages in Financial Support and Loan Policies for Workers in Ba Ria-Vung Tau Province***

The attention and direction of the Provincial People's Committee, City Party Committee, People's Council, City People's Committee, and the drastic direction of the Board of Directors of the Provincial and City Social Policy Banks, policy credit capital of the government, provinces and cities has been transferred by the social policy bank to poor households and other subjects, in order to increase production and business, contributing to improving the material and spiritual life of people in the city, thereby contributing to the goal of sustainable poverty reduction, job creation, building new rural areas, ensuring social security, political stability and economic development in the city.

The Provincial Social Policy Bank branch always receives leadership and direction from superior banks, party committees, and local authorities to focus on mobilizing financial resources. In Ba Ria-Vung Tau, the Provincial Bank for Social Policies branch well performed the tasks assigned by the Vietnam Bank for Social Policies branch and the Provincial People's Committee. The Bank for Social Policies branch has investigated and guided organizations and individuals to borrow capital, socio-political organizations entrusted with it, and the Management Board of the Savings and Loan Group to complete documents and timely disbursement, ensuring loans to the right subjects, creating conditions for businesses and people to overcome difficulties during the COVID-19 pandemic, maintaining operations, and creating jobs and income for workers.

In order for workers to have access to the financial support program and loans for workers, the Provincial Policy Bank has coordinated with local organizations and agencies to increase the dissemination of program information and policy incentives for workers, thereby creating leverage to support workers in the province to expand production and business, contribute to economic development, and ensure local social security.

##### ***Disadvantages in Financial Support and Loan Policies for Workers in Ba Ria-Vung Tau Province***

Loan capital from the National Employment Fund is still low, the state bank does not supplement this capital source. Meanwhile, workers have a high need for loans, especially in the period after the Covid-19 epidemic, unemployment has increased and the need for capital to return to production and business is high.

Capital sources from district, town and city budgets have been supplemented for lending. However, the demand for loans is very large, so the capital source has not met the

needs of loans to create jobs, loans for production and business, loans for poor households, and nursing households.

Many workers have been having difficulty accessing loans, especially people in remote areas. Financial support policy programs are not diverse. If you want to borrow, you must meet certain conditions. Many workers do not meet these conditions.

#### **5. Propose Recommendations**

On the part of the state bank, we constantly improve the legal framework for lending activities, promote the application of science and technology, and develop online services. In addition, the state bank operates credit in association with improving credit quality, in accordance with the economy's ability to absorb capital, fully and promptly meeting the capital needs of the economy. Specifically, direct credit institutions to implement solutions to create favorable conditions for customers to access credit capital; strongly and extensively deploying the bank-business connection program to promptly remove difficulties and obstacles in accessing bank credit capital; diversify banking products and services, simplify lending procedures, publicly and transparently list loan procedures and processes; Improve the efficiency of appraisal and customer credit rating to increase lending without collateral. On the part of agencies and departments in Ba Ria-Vung Tau province, it is necessary to widely implement Decree 78 of the government, focus on mobilizing resources, promptly transfer capital to the right beneficiaries, and contribute to the successful implementation of a sustainable poverty reduction program in Ba Ria-Vung Tau city. It is necessary to develop a network of credit institutions to increase access to people and meet people's legitimate and legal loan needs. On the part of the provincial policy bank branch, we continue to review and grasp the loan needs of individuals and organizations who are beneficiaries of policy credit and organize loan disbursement in a timely manner, to the right subjects, and in accordance with regulations when the Central Policy Bank assigns planned targets; continue to promote propaganda work on mass media in the province, district, and commune about social policy credit; Timely information on new guidelines and policies on preferential credit of the government; propose and recommend timely handling of difficulties and problems at the grassroots level to quickly, smoothly and effectively deploy policy credits according to Resolution 11/NQ-CP of the Government; strengthen inspection and supervision, improve the effectiveness of public supervision of the implementation of credit policies to implement the Socio-economic recovery and development program according to Resolution No. 11/NQ-CP; carry out good management and monitoring of loan balances and collection of due debt for loans.

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