



Viet Nam: Mainstreaming Small and Medium-Sized Enterprises Lending Project

Project Name	Mainstreaming Small and Medium-Sized Enterprises Lending Project			
Project Number	51321-001			
Borrower/Company	Joint Stock Commercial Bank for Investment and Development of Vietnam			
Country	Viet Nam			
Location	Nation-wide			
Approval Number	7569/3697, 83/83			
Type of ADB Assistance / Amount	3697	Ordinary capital resources	USD 100.00 million	Approved
	83	Other	USD 100.00 million	Approved
Strategic Agendas	Inclusive economic growth			
Drivers of Change	Gender Equity and Mainstreaming Private sector development			
Sector / Subsector	Finance - Small and medium enterprise finance and leasing			
Gender Equity and Mainstreaming	Some gender elements			
Responsible ADB Department	Private Sector Operations Department			
Responsible ADB Division	Private Sector Financial Institutions Division			
Responsible ADB Officer	Cheema, Asif			
Project Sponsor(s)				
Description	ADB will provide a senior unsecured loan to Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) of up to \$200 million in up to two tranches in tenors of up to 5 years. ADB expects to syndicate a B loan of up to \$100,000,000 among commercial banks and other eligible B loan participants on a best-effort basis and subject to market conditions.			
Objectives and Scope	BIDV will use the proceeds of ADB's loan to finance business loans to SMEs in Viet Nam. Not less than 25% of ADB's A loan will be used for SMEs in rural areas. ADB also expects to provide a transaction technical assistance (TA) grant of up to \$1,000,000. The TA is expected to support BIDV's digital finance strategy, strengthen environmental and social standards, and enhance its risk management capabilities, as well as enable it to start tracking loans to SMEs owned by women and developing targeted marketing and product strategies.			
Linkage to Country/Regional Strategy	ADB's Strategy 2030 emphasizes its support to the financial sector to achieve greater financial inclusion; gender equality; job creation; and access to affordable housing, insurance, and savings. The proposed transaction contributes to financial sector development by supporting the growth of a financial institution that plays a key role in Viet Nam's finance sector. ADB's Strategy 2030 also seeks to promote inclusive growth. Without access to formal financial services, underserved segments of the population will be excluded from the growth process and its benefits.			

Safeguard Categories

Environment	FI
Involuntary Resettlement	FI-C
Indigenous Peoples	FI-C

Summary of Environmental and Social Aspects

Environmental Aspects	The transaction's potential environmental and social impacts, risks associated with the financial intermediary's existing and/or likely future portfolio, and commitment to and capacity for environmental and social management have been assessed. Prior to the disbursement of the ADB financing, the company will design and implement a project-specific Environment and Social Management System to comply with ADB's Safeguard Policy Statement (2009) requirements.
-----------------------	---

Involuntary Resettlement	Involuntary displacement impacts are not anticipated from SME borrower business activity. Land lease or purchases are expected to be on a willing buyer, willing seller basis without recourse to government compulsory acquisition power for expropriation. Prior to ADBs first disbursement, BIDV will develop an ESMS specifically for SME lending using ADB funds. The ESMS will include screening procedures to ensure loan proceeds directed toward land purchases or leases are utilized in compliance with national laws and regulations, and do not involve involuntary displacement impacts. BIDV will not use ADB proceeds to finance an SME borrower's business activity that causes category A or B involuntary displacement impacts per the ADB Safeguard Policy Statement (2009).
Indigenous Peoples	BIDV is not expected to onlend ADB funds to sub-borrowers that would generate adverse or beneficial impacts on distinct and vulnerable ethnic minority groups in Viet Nam. It is possible that members of ethnic minority groups owning or managing SMEs can benefit from access to finance through BIDV. They would benefit equally, and on the same terms, as other citizens. The new ESMS will include a screening procedure to ensure that no SME loans are financed by BIDV using ADB funds that would cause adverse impacts on the identity, dignity, human rights, livelihood systems, and cultural uniqueness of distinct and vulnerable ethnic minority groups. As BIDV does not identify customers by ethnicity, it cannot plan to target members of ethnic minority groups owning or managing SMEs to maximize beneficial impacts. All loans will be assessed for compliance with applicable national law and regulations.
Stakeholder Communication, Participation, and Consultation	The project offers limited opportunities in its implementation for strengthening inclusiveness and empowerment of the poor and vulnerable, except through BIDVs borrower credit appraisal, loan due diligence, and monitoring procedures. BIDVs SME customers and their employees will benefit from better access to longer-tenor finance, which will contribute to job security. SME customers participate in the design of the project through consultation for market research and product design, as well as through SME industry groups with which BIDV is affiliated. BIDV actively engages with SME industry groups. In response to the Government of Viet Nam's Directive No. 26/CT-TTg issued on 6 June 2017 on supporting and developing business enterprises, BIDV has in place and signed a comprehensive cooperation agreement with the Vietnam Association of Small and Medium Enterprises (VINASME), which will be in effect throughout 2017-2020. The agreement commits BIDV to support the development of household businesses into enterprises and to promote export product growth. BIDV will also collaborate with VINASME to provide members with capacity development training and preferential interest rates.

Timetable for assistance design, processing and implementation

Concept Clearance	20 Feb 2018
Due Diligence	
Credit Committee Meeting	11 Jul 2018 to 11 Jul 2018
Approval	29 Aug 2018
Last PDS Update	03 Sep 2018

Project Page	https://www.adb.org/projects/51321-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=51321-001
Date Generated	16 October 2018

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.