

Responses from APRACA Members	Issues, challenges and responses by APRACA members to COVID-19 Pandemic			
	1. What is the impact of COVID-19 that you are expecting on the agricultural sector in your country (macro level)	2. How the supply of finance to agriculture and allied sectors are being impacted due to COVID-19 (both Macro and micro level)	3. What are the responses by your organization to reach out to your customers engaged in agriculture and allied business?	4. What are the policy measures taken by the national government and central banks to ease the impact of COVID-19 on agricultural finance?
VIETNAM				
<p>1. Vietnam Bank for Agriculture and Rural Development (VBARD), Vietnam</p>	<p>a) The Covid-19 pandemic is expected to continue for the next few months, causing severe economic and social damages to Vietnam. Till now, the country is considered successful in the combating Covid-19. The National government as well as the civil society groups are supporting the Vietnamese people to follow the national policies.</p> <p>b) The impacts of the Covid-19 pandemic on Vietnam's agricultural sector is huge and it has negatively affected to the labour productivity and production, quality of life and consumption of goods. This outbreak has disrupted the supply chain, complicated customs clearance and disease diagnosis procedures or even closed the border for commodities (at the borders of Vietnam - Laos, Vietnam - China for sometimes).</p>	<p>a) Short term: Due to the impact of Covid-19, some enterprises and production households face financial difficulties, do not expand production, narrow the investment scale, cut down on labor, that bring about significant difficulties for commercial banks in capital mobilization, credit growth, arising bad debts, decreasing income, salaries, bonuses, increasing social security expenses, arising greater credit risk.</p> <p>b) Medium and long term: If the pandemic continues raging, macroeconomic scenario may swiftly change from recession to inflation, or recession and inflation at the same time. Thus, banks will face difficulties in terms of capital recovery and mobilization, degradation in financial basis, therefore, in the medium and long term, the ability to provide capital for sectors of the economy in general and agriculture in particular will be limited; the price of gold and dollar is on the rise and the stock market crashing, there is urgent need to infuse capital in the system to protect the primary sectors.</p>	<p>a) Agribank has carried out the repayment term restructurings, interest rate exemption and reduction, debt group maintenance for agricultural borrowers affected by Covid-19 pandemic whose debts are due from January, 2020 for 3 months from the date the Prime Minister of Vietnam will announce the end of the Covid-19 pandemic.</p> <p>b) Agribank continues to prioritize the capital sources of preferential interest rates for rural and agriculture (about 70% of Agribank's total loans), imports and exports, production and trading of essential commodities and other fields affected by Covid-19. Agribank has implemented a preferential credit package of VND USD5 billion (while the whole banking system in Vietnam has deployed about USD12 billion) to provide new loans to customers affected by Covid-19 with the interest rate lower by 2% per year on average than the current lowest rate for each type of loan.</p> <p>c) Agribank has reduced service fees for customers (including customers in rural areas) carrying electronic transactions; waived fees for customers transferring money at the counter and on electronic devices to support the Covid-19 combating programme</p>	<p>a) Removed obstacles, creating favorable conditions for access to capital, credit, finance, tax, commerce, electronic payment; supporting production and business by restructuring and rescheduling customers' debts, removing obstacles in customs clearance of goods at borders and in other countries.</p> <p>b) Reviewing to cut down administrative procedures, costs for businesses; lowering the electricity price; extending the tax, social insurance payment period; accelerating the implementation and disbursement of investment capital and improving business environment.</p> <p>c) For the agricultural sector, despite the social distancing, the Vietnamese Government still allows the circulation of goods, especially agricultural products that are essential commodities, and the export of agricultural products.</p> <p>d) The Government has provided a support package of USD15 million for businesses facing difficulties due to the Covid-19 pandemic, using the state budget to implement a relief package of USD2.5 billion for the poors and affected workers, extending the deadline for taxes and rental payments for businesses. These policies are both directly and indirectly support agricultural and rural finance in Vietnam.</p>

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2. Vietnam Bank for Social Policies (VBSP), Vietnam	<p>a) For the first months 2020, the agriculture sector in Vietnam is affected by climate change, drought, saltwater intrusion and diseases on cattle and poultry, especially the outbreak of the Covid-19 pandemic.</p> <p>b) In VBSP's opinion, the Covid-19 pandemic brings crisis and opportunity for the agricultural sector in Vietnam. It brought about challenges in production, consumption, imports and exports of food.</p> <p>c) The prices of agricultural and fishery products have been devalued, the strict control due to pandemic and the clearance ban have prevented some of Vietnam's agricultural and fishery products from exporting, such as durian, lobster and watermelon.</p> <p>d) The COVID-19 disease prevention and control, created an advantage for businesses and smallholder not only in supplying agricultural products for the domestic market but also for the world. Comparing with other sectors, agriculture seems to be least affected by Covid-19 pandemic which gains trade surplus in Q1 despite Covid-19.</p>	<p>a) As per survey conducted by VBSP, the most effected sector is agriculture, retail business, services, health-care, transportation; some farming borrowers met difficulties in due debt repayment, resulting in limiting loan revolving.</p> <p>b) There will be an increase in the loan demand for improving production especially after the outbreak, customers need more capitals to purchase inputs and produce outputs when the traveling restrictions and trade disruption are invalid</p>	<p>VBSP has conducted several various measures such as loan extension, loan period rescheduling and provisioning of new/additional loans.</p> <p>a) Around 80% clients of VBSP are engaging agriculture finance. VBSP conducted loan extension and loan period modification for 125,449 clients with total amount of VND 3,281 billion; new/additional loans for 533,394 clients with total amount of USD140 million.</p> <p>c) VBSP is supporting the small business and their employers by extending loans as they are heavily impacted by COVID-19 and have already paid at least 50 percent of salary for work suspension from April to June 2020. As per the Labor Code of the country they can borrow a loan with zero percent interest, collateral-free from VBSP for a maximum term period of 12 months. D) VBSP being a government policy bank implementing preferential credit policies for the poor and other policy beneficiaries. The bank is non-profit, offering a full range of services to the poor at subsidized rates.</p>	<p>a) The incentives include providing tax breaks, delaying tax payments, and delaying land-use fees for businesses, costing the government US\$1.16 billion.</p> <p>b) The State Bank of Vietnam (SVB) has already cut interest rates from February 2020. This benefit applies to several businesses including agroforestry fishery, food processing, mechanical processing, furniture, construction, transportation, education and training, real estate, labour and employment services, travel agents, tour operators, entertainment activities, movies, supporting industries, small and medium enterprises, and banking among others.</p> <p>c) The Value-Added Tax (VAT) and Corporate Income Tax (CIT) will be extended by five months. For individuals and business households, the VAT and Personal Income Tax (PIT) deadlines are extended to December 31, 2020.</p> <p>d) Land rent fees have also been delayed for five months for those that lease directly from the government.</p>