

vestments.

c. Investment for residential areas

The total investment of VNĐ4,000 billion will be spent on this project: 2,700 billion of which will be spent on raising the level of existing residential areas and 1,300 billion on improving underground base of existing cities. In short, the annual outlay for this project is VNĐ800 billion.

B. COMMUNICATIONS (ROADS AND WATERWAYS)

1. Aims

a. A network of roads and waterways appropriate to local way of life and the irrigation system should be built in this five-year period. This network mustn't block the flow of water, therefore the MARD should cooperate with the Ministry of Communications and Transportation to build this network.

b. Main roads connecting to borderland must be built as soon as possible and kept safe from flood.

c. Inter-provincial and inter-regional waterways will be built step by step.

d. Country roads and residential areas in flood plains will be built at the same time.

2. Sources of investment

This network of communications requires an investment of VNĐ13,000 billion (9,000 billion from the Government and local authorities, and 4,000 billion from local residents). If this network will take 10 years to be finished, an annual outlay of 1,300 billion is needed (900 billion from the national budget and 400 billion from the people).

In 1996 particularly, an outlay of VNĐ25 billion is needed for upgrading the National Route Nol.

The Ministry of Communications and Transportation will submit to the Prime Minister the Plan for Building the Communications Network in the Mekong Delta (1996-2000) by September 1996.

C. TOTAL INVESTMENT IN IRRIGATION SYSTEM, RESIDENTIAL AREAS AND COMMUNICATION NETWORK.

- Total: VNĐ15,500 billion in irrigation system, 4,000 billion in residential areas and 6,500 billion in communications network).

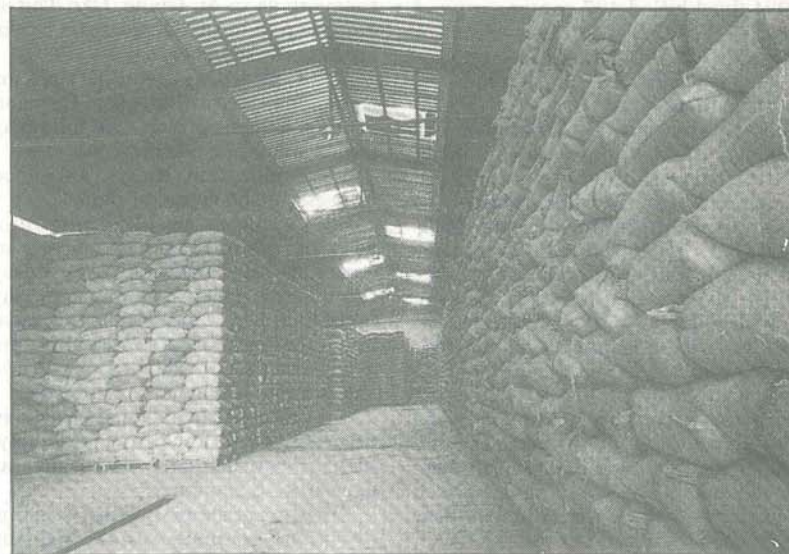
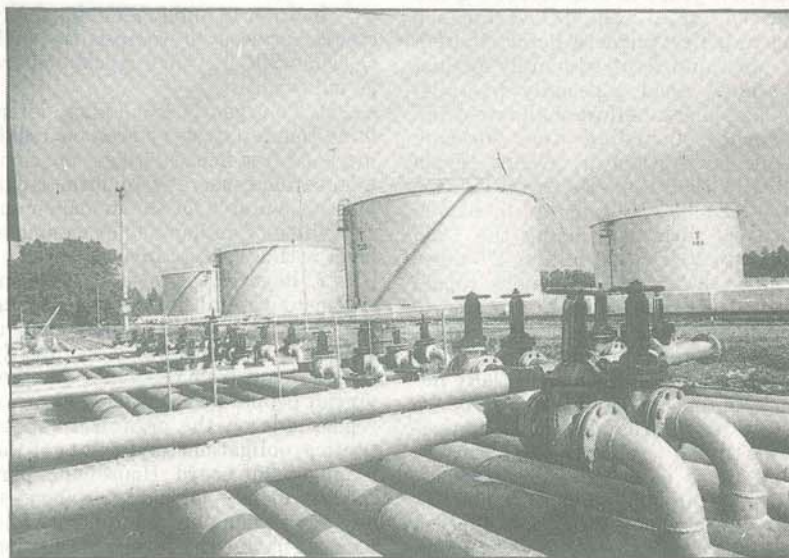
- Sources: 7,100 billion from the budget and 8,400 billion from the people.

- Annual outlay: 3,100 billion (1,400 billion from the budget and 1,700 billion from the people) ■

(To be continued)

SOME OPINIONS ABOUT THE DEVELOPMENT OF CREDIT PROGRAM ACCORDING THE PRIME MINISTER'S DECISION 99/TTG

by NGUYỄN VĂN GIÀU



The Mekong Delta, the largest area among seven economic areas in the whole country with an area of 4 million hectares, 3.5 times more than the Red River Delta. Endowed by the nature on many sides, it has advantages in producing a great deal of commodities meeting demand for domestic consumption and export, especially rice: the 1995 output reached over 13 million tonnes, an increase of 4 million tonnes as compared with the year 1994, representing 62% of the total rice output across the country, helping significantly with the economic stability and development. The achievements attained in the past few years in the Mekong Delta derived from the Government's macro-policy; farmers' determination to work and fight resolutely against continual flood especially in 1994-1995; and great effort of all levels and branches including the Vietnam Bank for Agriculture (VBA). From 1991 to 1995 the VBA granted loans of VNĐ8,831 billion to 5,862,000 turns of farmers, raising the 1995 credit to VNĐ2,300 billion, 27 times higher than 1991. Farmers repaid their debts when due. In addition to direct economic benefits, the Bank's credit capital contributed to limiting usury in rural areas and initially improving farmers' living standard.

However, the Mekong Delta residents' living is currently still far behind those in other areas such as: housing, communications, infrastructure especially in irrigation: flood is now a serious threat to production, living, properties of farmers (the 1994 flood killed 407 persons, caused loss of VNĐ2,284 billion; although there are forecast and strict prevention, the 1995 flood also made 85 persons dead and loss of VNĐ228 billion). This is both a paradox and anxiety of not only the Mekong Delta's party committees, authorities, people but also the whole country. To concentrate investment in the Mekong Delta with the aim to rapidly assist residents of flood, remote, formerly revolutionary areas in reducing difficulty is not only conscience but also the whole country's responsibility in order to assure the national food safety area, other areas of altering economic structure, implementing the economic industrialization and modernization. The Prime Minister's Decision 99/TTg dated Feb 9, 1996 on long term targets and the five-year plan 1996-2000 concerning the development of irrigation, communications, rural areas in the Mekong Delta derived from this great policy.

Through the Ministry of Agricul-

ture and Rural Development's calculation in the plan to implement Decision 99/TTg, from 1996 to 2000, the total investment capital for the Mekong Delta amounts to VNĐ15,500 billion, 7,100 billion đồngs of which comes from the State budget, 8,400 billion đồngs from the people. In 1996 the Vietnam Bank for Agriculture will initially lend 250 billion đồngs to help farmers build houses, 250 billion đồngs for improving irrigation and rural communications. Certainly the lending in compliance with Decision 99/TTg will be done concurrently with such other credit services as commercial credit for production households; non-profitable credit for the poor and other credit services...

In order to implement effectively credit services in compliance with Decision 99/TTg, our suggestions are as follows:

1. To urgently make plan, determine concretely every area for building flood-free houses, irrigation, communications; thereby to form small projects suitable for the management capability of authorities at commune level with a view to investment.

2. Regarding projects whose investment capital borrowed by farmers from the bank, "the management board" should be formed to directly receive loans from the bank. The provincial people's committee will make regulations on the organization, activities, obligations and rights of the management board. Households borrowing money for building houses, buying production equipment and means...have to form production group as legal entity for borrowing, repaying as in An Giang, Cần Thơ or aid group to receive loans from banks for helping the poor.

3. Concerning credit services for objectives according to Decision 99/TTg, in our opinion, the following issues should be clarified:

- Application range: anti-flood projects in the common plan.

- Condition for borrowing: projects of the management board at commune level must be approved by the district people's committee. Any household who wants to borrow must be a member of production or aid group and permitted by the group and the communal people's committee.

- Principle: loans must be used in accordance with the target and repayment must be done when due as agreed with the bank.

- Aims of loans: Besides housing, irrigation, communications, fighting against flood, other aims such as supplying electricity should be paid attention to.

- Credit limit: According to spe-

cific project, household, credit limit is set at most equally to the cost of building, buying house, the cost of project guaranteed by the province's budget.

- Interest rate: 12% annually in five years: overdue interest rate is equivalent to 150% interest rate when due.

- Term of payment: at most 10 years and interest collected annually.

- Loaning procedures: including application form, borrowing contract, selection report of the group approved by the communal people's committee (regarding production, aid groups) or the project approved by the district people's committee.

4. Some issues on policy:

- Capital for lending is mobilized by the Bank for Agriculture according to the market interest rate; so in case the attracted interest rate is higher than the lending interest rate, the Government should make up for the difference and pay more 2% monthly for the cost of management.

- Capital sources from other credit and financial organizations, entrepreneurs, individuals willingly taking part in this program via the Bank for Agriculture and enjoying annual profit with the interest rate of 9.6% per year should be strongly attracted.

- In case calamity causes damage to projects still being in debt to the bank, this will be appropriately managed by the Government.

- To expand the insurance network to the flood areas and guide the skill of simple calculation not for profits.

- To ensure benefits for producers including input and output costs for traditional products in order to make farmers feel assured in production. As for new products encouraged by the Government, there need be plan to buy them in accordance of the buying contract which is stable in quantity, kind, price.

- To expand industrial establishments, especially processing industry for higher profits, creating jobs, reducing risk of unemployment.

- Along with economic policy, family planning should be widely developed - an important policy to improve farmers' living standard ■