



Ministry of
Finance and
National
Planning

ECONOMIC GROWTH FACILITY AND EDUCATION LOAN FUND

("THE GOVERNMENT DEVELOPMENT LOANS")

The Government of Tonga through the Ministry of Finance and Tonga Development Bank signed the extension of the Government Development Loans (GOT-TDB Implementation Agreement) on the 1st October 2020 for another 5 years.

Under this extension of the *GOT-TDB Implementation Agreement on the Government Development Loan Fund (GDL)*, the total GDL Fund is **T\$18,250,243.76** at 3%. Since 2014, Government had made available to TDB an amount of up to **T\$13,050,000** at 1% and 4% for the purposes of on-lending by the TDB, through the Government Development Loans, to customers and the public in line with terms and conditions set out in the Agreement. The additional T\$5,000,000.00 in October 2020 for the GDL was for the Fisheries and Tourism sector affected by COVID 19 and TC Harold.

With the new GDL Agreement interest for all loans are at 3% with new terms and conditions in Table 2. The following general allocations shall apply to the disbursement of the Government Development Loans as at 1st October 2020:

Table 1 - New Government Development Loans general allocations at 3%

Sector	Total (T\$)	Percentage per sector
Agriculture & Forestry Development Fund	5,798,986.64	32%
Fisheries Development Fund	1,055,532.00	6%
Fisheries Development Fund COVID 19 & TC Harold	2,000,000.00	11%
Tourism Loan Fund	1,195,725.12	6%
Tourism Loan Fund COVID 19 & TC Harold	3,000,000.00	16%
Manufacturing Loan Fund	700,000.00	4%
Livestock Development Fund	500,000.00	3%
Construction and Utilities	700,000.00	4%

Retail and Wholesale	800,000.00	4.3%
Education Loan Fund	2,400,000.00	13.2%
Overseas Medical	100,000.00	0.5%
Total	\$18,250,243.76	100%

Table 2: New Terms and Conditions of the Government Development Loans

Funds	General Objectives	Repayment Period	Max Loan
Agriculture & Forestry Development Loan Fund	<ol style="list-style-type: none"> 1. As a matter of priority, to boost exporter's confidence by providing a facility to allow the early payment to primary producers for their exports. 2. Investment in expanded agricultural production and value-added activities. 3. To support forestry investments with economic benefits which might also benefit the community and aims at improving living conditions in rural areas. 4. To support nurseries specifically for sandalwood seedlings production and other seedlings such as fruit trees, vegetable seedlings etc. 	Repaid within 4 years	T\$300k
Fisheries Development Loan Fund	<ol style="list-style-type: none"> 1. Assist fishermen, vessel owners and exporters to generate increased exports, income and employment in the fisheries sector. 2. Allow financing and upgrading of second-hand fishing vessels from overseas. 	Repaid within 2.5 years	T\$100k
Fisheries Development Loan Fund COVID 19 & TC Harold	<ol style="list-style-type: none"> 1. Assist fishermen, vessel owners and exporters, that were affected from COVID 19 pandemic and TC Harold to generate increased exports, income and employment in the fisheries sector. 2. Allow financing and upgrading of second hand fishing vessels from overseas. 3. To allow refinancing of existing fishing loans 	Repaid within 5 years with grace period of 6 months	T\$200k
Tourism Loan Fund	<ol style="list-style-type: none"> 1. To promote the development of new tourism products and events. 2. To improve the quality of small/medium accommodations 3. To develop a clean and beautiful tourist environment. 4. To support and encourage 	Repaid within 2 years	T\$50k

	<p>community participation in development of heritage sites and cultural events.</p> <ol style="list-style-type: none"> 5. To support coordination within the tourism sector. 6. To support the establishment and sustainability of fully Tongan owned whale watching businesses. 		
Tourism Loan Fund COVID 19 and TC Harold	<ol style="list-style-type: none"> 1. Prioritize to rebuild tourism related businesses that fully destroyed by TC Harold 2. To allow refinancing of tourism loans 3. To recover tourism related businesses affected by TC Harold and COVID-19 pandemic to continue promote the development of new tourism products and events. 4. To improve the quality of small/medium accommodations. 5. To develop a clean and beautiful tourist environment. 6. To support and encourage community participation in development of heritage sites and cultural events. 7. To support coordination within the tourism sector such as promoting the transport sector businesses mostly affected by COVID-19. 8. To support the establishment and sustainability of fully Tongan owned businesses. 	Repaid within 5 years with grace period of 12 months	T\$500k
Manufacturing Loan Fund	<ol style="list-style-type: none"> 1. To promote the development of competitive and value-added products. 2. To stimulate innovation and product diversification. 3. To support production and marketing capacity of export ready manufacturers. 4. To promote and encourage cooperation and coordination in manufacturing sector. 	Repaid within 2 years	T\$50k

Livestock Development Loan Fund	To support livestock projects with economic benefits which might also benefit the community and aims at improving living conditions in rural areas.	Repaid within 2 years	T\$20k
Construction & Utilities Loan Fund	<ol style="list-style-type: none"> 1. To support and cater for investments that requires capital equipment, tools and safety gear. 2. To provide capacity building and training in specialized fields. 3. To assist and encourage local contractors who are bidding for development projects. 4. To assist local communities with their community utility requirements. 	Repaid within 2 years	1.T\$100k
Retail and Wholesale Loan Fund	To support small to medium enterprises in the retail and wholesale business with expansion and service development.	Repaid within 2 years	T\$50k
Overseas Medical Cover	To support taking patients overseas for medical purposes.	Repaid within 2 years on a semiannual basis	T\$20k
Education Loan Fund	<ol style="list-style-type: none"> 1. To promote and enhance the academic and professional skills of Tongans that need to further their study abroad but cannot afford the costs (including tuition, accommodation, laptops, modems and airfares), from certificate level and upwards. 2. To support qualifications from a Tonga National Qualifications and Accreditation Board (TNQAB) accredited institution at the certificate level and above. 	Repaid within 4 years	T\$80k