



## THE GOVERNMENT DEVELOPMENT LOANS

The Government of Tonga through the Ministry of Finance and Tonga Development Bank signed an extension of the Implementation Agreement of the Government Development Loans on 1<sup>st</sup> October 2020 for 5 years.

However, due to the impact of the Hunga-Tonga-Hunga-Ha'apai Volcanic Eruption and Covid-19 pandemic, a variation agreement was signed (GOT-TDB Variation Agreement) on 29<sup>th</sup> April 2022 to be effective 1<sup>st</sup> May 2022.

The following general allocations shall apply to the disbursement of the Government Development Loans at 1% as at 1<sup>st</sup> May 2022 for a relief period of 12 months. From 2 May 2023, all funds that were on-lent at 1% will be charged at 3% interest for the remainder of the period of each loan.

**Table 1 – Government Development Loans General Allocations**

Sector	Funds on-lent at 1% (during Relief Period)
Agriculture & Forestry Development Fund	1,000,000.00
Fisheries Development Fund	1,000,000.00
Tourism Loan Fund	2,000,000.00
Manufacturing Loan Fund	2,000,000.00
Retailers and Wholesalers Loan Fund	2,000,000.00
Education Loan Fund	750,243.76
Special Facility Fund for HTHH & Covid-19	500,000.00
<b>Total</b>	<b>9,250,243.76</b>

### **GENERAL OBJECTIVES FOR ON-LENDING THE GOVERNMENT DEVELOPMENT LOANS AT 1% INTEREST**

Fund	General Objectives	Repayment Period	Max Loan
Agriculture & Forestry Development Loan Fund	<ol style="list-style-type: none"> <li>1. To provide access to low-cost credit and to support recovery of the sector from the HTHH volcanic eruption and the financial impacts of national lockdowns and restrictions due to the Covid-19 pandemic.</li> <li>2. As a matter of priority, to boost exporters' confidence by providing a facility to allow for early payment to primary producers for their exports.</li> <li>3. To support investment in expanded agricultural production and value-added activities.</li> <li>4. To support forestry investments with economic benefits to the community and which aims at improving living conditions in rural areas.</li> <li>5. To support nurseries specifically for sandalwood seedlings production and other seedlings such as fruit trees, vegetable seedlings etc.</li> </ol>	Repaid within 5 years  (inclusive of the 3 month grace period)	T\$50k

Fisheries Development Loan Fund	<ol style="list-style-type: none"> <li>1.To provide access to low-cost credit and to support recovery of the sector from the HTHH volcanic eruption and the financial impacts of national lockdowns and restrictions due to the Covid-19 pandemic.</li> <li>2.To assist fishermen, vessel owners and exporters to generate increased exports, income and employment in the fisheries sector.</li> <li>3.To allow financing and upgrading of second-hand fishing vessels from overseas.</li> </ol>	<p>Repaid within 5 years</p> <p>(inclusive of the 3 month grace period)</p>	T\$50k
Tourism Loan Fund	<ol style="list-style-type: none"> <li>1. To provide access to low-cost credit and to support recovery of the sector from the HTHH volcanic eruption and the financial impacts of national lockdowns and restrictions due to the Covid-19 pandemic.</li> <li>2. To promote the development of new tourism products and events.</li> <li>3. To improve the quality of small/medium accommodations.</li> <li>4. To develop a clean and beautiful tourist environment.</li> <li>5. To support and encourage community participation in development of heritage sites and cultural events.</li> <li>6. To support coordination within the tourism sector.</li> <li>7. To support the establishment and sustainability of fully Tongan owned whale watching businesses.</li> </ol>	<p>Repaid within 5 years</p> <p>(inclusive of the 3 month grace period)</p>	T\$50k
Manufacturing Loan Fund	<ol style="list-style-type: none"> <li>1. To provide access to low-cost credit and to support recovery of the sector from the HTHH volcanic eruption and the financial impacts of national lockdowns and restrictions due to the Covid-19 pandemic.</li> <li>2. To support the investment of business operators in processed food and other manufactured products.</li> <li>3. To promote the development of competitive and value-added products.</li> <li>4. To stimulate innovation and product diversification.</li> <li>5. To support production and marketing capacity of export ready manufacturers.</li> <li>6. To promote and encourage co-operation and co-ordination in the manufacturing sector.</li> </ol>	<p>Repaid within 5 years</p> <p>(inclusive of the 3 month grace period)</p>	T\$50k
Education Loan Fund	<ol style="list-style-type: none"> <li>1. To provide access of families to low-cost credit and to support recovery from the HTHH volcanic eruption and the financial impacts of national lockdowns and restrictions due to the Covid-19 pandemic.</li> <li>2. 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 air fares), from certificate level upwards.</li> <li>3. To support qualifications from a Tonga National Qualifications and Accreditation Board (TNQAB) accredited institution at the certificate level and above.</li> </ol>	<p>Repaid within 5 years</p> <p>(inclusive of the 3 month grace period)</p>	T\$50k
Retailers and Wholesalers Loan Fund	<ol style="list-style-type: none"> <li>1. To provide access to low-cost overdrafts strictly for working capital and to support recovery of the sector from the HTHH volcanic eruption and the financial impacts of national lockdowns and restrictions due to the Covid-19 pandemic.</li> <li>2. To support expansion and service development of small to medium sized enterprises operating as retail and wholesale businesses.</li> </ol>	<p>Repaid within 5 years</p> <p>(inclusive of the 3 month grace period)</p>	T\$200k

Special Facility Fund for HTHH and Covid-19	<ol style="list-style-type: none"> <li>1. To assist with larger scale applications from the above-named facilities and to support recovery from the HTHH volcanic eruption and the financial impacts of national lockdowns and restrictions due to the Covid-19 pandemic.</li> <li>2. To support other financially viable investments which are not currently provided for in the GDL allocation.</li> </ol>	Repaid within 5 years  (inclusive of the 3 month grace period)	T\$100k
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**2 MAY 2022**