



Ministry of Finance



Tonga Development Bank

PRESS RELEASE

Extending of Government Development Loan Scheme at Tonga Development Bank, Thursday 1st October 2020

An Implementation Agreement for the extension and expansion of the Government Development Loan has been signed today by the Chief Executive Officer (CEO) of Ministry of Finance (MOF) and the CEO of Tonga Development Bank (TDB). The GDL will run for another five years up to 2025.

The Government Development Loan (GDL) scheme was established in August 2014 with \$13.05million which has been managed successfully by the TDB on a revolving basis over the last 6 years (2014-2020).

The objective of the GDL scheme was to foster development and economic growth in Tonga by supplementing budget priorities, expanding domestic value-added products, promoting new businesses, supporting investments in rural areas and outer islands, promoting small scale and family owned businesses, and supporting particular needs of the market.

An independent review of GDL has been conducted with positive findings on targeted sectors and their contributions to Tonga's economic and social development. Over 3,000 beneficiaries have utilized this opportunity. Due to overwhelming support by the Private Sectors and Borrowers, it was recommended, to extend the GDL scheme to provide loan opportunities for another 5 years commencing today.

Government has approved an additional \$5million to assist with recovery and development of the Tongan economy due to the impact of Covid-19 pandemic and Tropical Cyclone (TC) Harold especially in the fisheries and tourism sectors.

The GDL scheme will continue with a low interest rate of 3% for priority sectors including: Agriculture & Forestry, Fisheries, Tourism, Education and other sectors.

Loan applications and detailed information are available from TDB. A joint program will also be conducted by MOF and TDB within the next few days to provide further information and promote awareness on GDL.

Government acknowledges the hard work and the collaboration with TDB in implementing the GDL and looks forward to a closer and stronger partnership with the Bank in the next five years.