

Delinquencies High On TI Loan Funds

SALAMAN (MNS) --- Delinquencies are running at a rate roughly twice that of a year ago, members of the Trust Territory Economic Development Loan Fund (EDLF) board of directors were told Wednesday on Saipan.

Board Chairman Eusebio Rechucher, Deputy Director of Resources and Development, reported that the rate of non-payment is greater in some districts than in others, but territory-wide it has risen from 24 per cent a year ago to 46 per

1973. The problem is greatest on small loans of under five thousand dollars, Rechucher said.

"Most of these small loans are made to fishermen and farmers," he explained. "Part of the problem is that our follow-up on these loans is not as good as it could be. We could offer more assistance and advice to these people."

Rechucher said the board of directors approved a proposal to increase follow-up of small loans at the district level, and also

curtailing the funds made available to the districts for direct loans in some cases, until the districts with the worst records can bring their repayment rates more into line. He declined to specify which districts have the highest delinquency rate, but said the board is reviewing and analyzing the problem in every district and hopes to have a report ready in a few weeks.

The DLF board is now administering three separate loan funds, two of them funded by actions of the

Micronesia. In addition to the regular EDLF loans made with money appropriated by the U.S. Congress, the Territorial Congress has established a production development loan fund (PDLF) specifically to assist individuals engaged in small-scale commercial agriculture and fishing, and a marine resources loan fund (MRLF) for loans to develop marine resources on a commercial basis. The Congress of Micronesia appropriated more than a million dollars for these funds.

"The six hundred thousand dollars for the PDLF was divided equally among the six districts," Rechucher reported at Wednesday's board meeting. The maximum term is five years at three percent interest rate per annum, with the maximum amount to be in accordance with authority of the Districts... some districts have loaned out their share. Others still have a balance unused."

Regarding the marine fund, which had five hundred thousand dollars earmarked for loans, the fund is administered by the headquarters board which as of June 30 had made seven loans for more than \$100,000, with several applications in the processing stage.

"The current amount of loan money outstanding for all three funds, is the highest in EDLF history," said Rechucher. Nearly 1.7 million dollars is on loan. He said in terms of dollars, some \$680,040 of this amount is delinquent, or 40 percent.

"Efforts have been and still are being exerted to correct the delinquencies," said the R and D deputy director. "There has been definite improvement in some districts, but others are rather slow. We will continue our efforts until the delinquency problem is under control."

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