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NEWS RELEASE

Office of the High Commissioner

Saipan, Mariana Islands

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### ECONOMIC DEVELOPMENT LOAN FUND EXPANDS LOAN SERVICE

Saipan, Mariana Islands, Trust Territory of the Pacific Islands, May 25 . . . Since July 1, 1966, the Economic Development Loan Fund has granted direct loans to Micronesian individuals and businesses totalling nearly \$200,000, reports Paul L. Winsor, Assistant Commissioner for Resources and Development, and EDLF Board Chairman. In addition, the Fund has guaranteed loans made by commercial banks to Micronesian entrepreneurs for economic development purposes totalling another \$300,000. In all, almost one-half million dollars has been injected into the Micronesian economy in less than one year through the medium of the Fund.

In a Statement of Policy, the board indicates that the main purpose of EDLF loans is to stimulate sound economic development by providing credit for developing primary production, new industry, and commercial businesses. It is not intended that the Fund will replace the present credit facilities in Trust Territory, but that it will supplement them, thus increasing the total supply of credit. The fund normally provides financial assistance for economic development in cases where, in the opinion of the board of directors, such assistance is not available on reasonable terms and conditions from any other source.

In recent months, EDLF loans, or guarantees, have been given in every district, and have included such purposes as:

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- to provide working capital for small businesses
- for agriculture purposes, such as, cattle raising, poultry and egg production, and to assist vegetable growers, etc.
- to commence fishing operations
- for hotel construction
- to establish a shipping agency
- to start a shoe repair shop
- to construct a movie theatre
- to start a Laundromat
- for purchasing a sea-going vessel
- for modernizing offices leased to the Peace Corps

The basic policy of the Fund, points out Chairman Winsor, is to promote sound economic development, and in doing so, the Fund will have regard primarily for the economic soundness of the applicant's proposal, as well as for its potential impact on the Micronesian economy; and secondarily, for the value of the security offered.

Eligible for a direct or guaranteed loan are: corporations and cooperatives authorized to do business in the Trust Territory; citizens, or associations of citizens of the Trust Territory; those engaged in agriculture, manufacturing, or commercial fishing; and persons operating a service business. Loans will be granted for improvement of real property to be used in developing tourism, or for industrial purposes that are specifically determined by the board of directors to be beneficial, desirable, and necessary for the economic development of Trust Territory, and which meet one or more of the following criteria:

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- (a) creation of new employment
- (b) replacement of imports
- (c) reduction in consumer prices
- (d) creation of vitally needed facilities and services

Local government units meeting these criteria are also eligible for loans.

Current members of the Economic Development Loan Fund Board at  
Headquarters are:

Paul L. Winsor, Chairman

Leslie Arentzen, Secretary-Treasurer

Eusebio Rechucher, Member

R. K. Shoecraft, Member

Samuel Mitchell, Member

*Manuel M. Sprout, "*  
Strik Yoma, Member

Crawford H. Bates is Executive Secretary of the Fund.

In addition, in each District there is a locally appointed District Loan Review Committee which considers loan applications at the District level. Members of the Economic Development Loan Fund Board, members of the District Loan Review committees, and corporations or organizations having representation on either of these bodies are ineligible to apply for a loan from the Fund.

In applying for an economic development loan, the applicant first should discuss his needs with the economic development unit in his District Administration office, who will help him to prepare an application and compile the information needed to support the loan. The District Loan

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Review Committee will then meet to consider the application, and will submit its comments and recommendations to the Economic Development Loan Fund Board of Directors. Meeting twice a month, the board will promptly act upon the application, and the Executive Secretary will notify the District Administrator of its disposition by the next pouch. Funds for approved direct loans will be made available immediately. Under some circumstances, loan applications may be submitted direct to headquarters.

Chairman Winsor points out anybody in need of an economic development loan is encouraged to submit an application in order to give the District Loan Review Committee and the Economic Development Loan Fund Board an opportunity to pass upon its merits.

Recently, the board of directors granted a 3-month moratorium on all loans in Palau district in order to alleviate hardships resulting from Typhoon Sally.

A recent financial statement showed total resources of the Fund stood at more than \$700,000.

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