

Farm Loan Program Act, RPPL No. 9-13 2013

PALAU

AN ACT

To create the Farm Loan Program, and for other related purposes.

**THE PEOPLE OF PALAU REPRESENTED IN THE OLBIIIL ERA
KELULAU DO ENACT AS FOLLOWS:**

Section 1. Legislative Findings.

The Olbiil Era Kelulau finds that much of the Republic's produce is imported, resulting in additional cost to consumers, less income to local farmers, and a threat to food security. The Olbiil Era Kelulau finds that the appropriate solution is for the government to proactively support the development of local farms. The Olbiil Era Kelulau also finds that the Republic has the resources to develop its agricultural and aquaculture industry. A program that integrates the assistance of business development, financial resources, and technical assistance is the key resource that the government should provide to local farmers. Therefore, the National Development Bank of Palau shall provide small-scale financing to farming start-ups, contingent upon the applicant working with the Bureau of Agriculture and the Bureau of Marine Resources to receive technical assistance to operate the farm and perform strategic planning. The Olbiil Era Kelulau finds that the Republic's current resources of the Palau Small Business Development Center, the National Development Bank of Palau, and the Ministry of Natural Resources, Environment, and Tourism are the appropriate entities to be charged to assist in filling this gap in the Republic's economy. The Olbiil Era Kelulau further finds that tourism is the main industry in the Republic. Promoting agriculture and aquaculture farming will increase local food production which tourists will purchase, thereby maximizing the profits to be realized from tourism and farming.

Section 2. Farm Loan Program established.

There is hereby established an agricultural and aquaculture development and technical assistance loan program to be called the "Farm Loan Program." This program shall be administered by the National Development Bank of Palau ("NDBP") with the assistance and cooperation of the Palau Small Business Development Center ("SBDC") and the relevant Bureau within the Ministry of Natural Resources, Environment and Tourism, including the Bureau of Agriculture and the Bureau of Marine Resources. Under this program, NDBP shall offer loans of not more than \$20,000 to qualified Palauan citizens the rate of 3% interest per year. NDBP shall establish credit eligibility standards for this program. Nothing in this Act shall be construed to apply retroactively to loans made before the effective date of this Act, or to affect such loans in any way.

Section 3. Eligibility.

In addition to the credit eligibility standards and other loan criteria established by NDBP for this program, the application for this loan must also require a written business plan prepared with the SBDC and Ministry of Natural Resources, Environment, and Tourism that demonstrates how SBDC and the Bureau of Agriculture and the Bureau of Marine Resources will establish and continue its assistance to the applicant throughout the development of the local farm. The SBDC and the Ministry of Natural Resources, Environment, and Tourism shall respond within 90 days to a request by a loan applicant for assistance with development of a written business plan for purposes of applying for a loan under this program.

Section 4. Business and Technical Assistance. The Palau Small Business Development Center and the Ministry of Natural Resources, Environment, and Tourism shall provide technical and advisory assistance to the recipients of this loan throughout the life of the loan. This assistance will include, at a minimum, assisting loan applicants in preparing written agricultural or aquaculture business plans, suitable crop or livestock selection, operational assistance, harvest methods, market selection, farm to market strategies including transportation, and financial management of agricultural or aquaculture projects.

Section 5. Farm Loan Program annual report and expiration.

(a) The National Development Bank of Palau, in collaboration with the Palau Small Business Development Center and the Ministry of Natural Resources,

