

MINISTRY OF FISHERIES AND FORESTS

**SEED CAPITAL REVOLVING FUND
(INTEREST FREE LOAN)**

ELIGIBILITY CRITERIA

FISHERIES DEPARTMENT:

Application will be received for “Interest-Free Government Loans” to assist in the establishment and /or running of small- scale businesses within Fisheries Sector.

A ceiling of FJ\$200,000 is being offered. Consideration may be granted in special circumstances where additional funds are required.

1. CRITERIA OF SELECTION

FISHERIES:

- ☐ Skilled & experienced Fijians in the Fishing Industry
- ☐ Proven and competent Fijian Business person with financial capability
- ☐ Indigenous Fijian Individuals, “Mataqali” or Provincial Based Groups
- ☐ All members are to be registered in the “VOLA NI KAWA BULA” (Native Lands Commission)- those groups originating from with a clan (YAVUSA or MATAQALI) will need to be obtained the endorsements of at least 50% of the signing clan members
- ☐ If the group is Fisheries Based, then proof needs to be obtained regarding free access to the resources (Section 2 will be applicable, in addition to NLTB Approval).

2. REGISTRATION OF COMPANY

- ☐ All groups are to be members of a registered Company. A certified copy of the Title must be attached with the application.

3. COMPANY PROFILE

- ☐ Company Name, along with the Company Logo must be submitted.
- ☐ Company Hierarchical Structure must include:
 - Name of all group members and their ages (Birth Certificates)
 - Group Members individual C.V.
 - Area of Responsibility within the Company

- ☐ Locality must include (for each member):
 - MATAQALI
 - YAVUSA
 - KORO (Village)
 - TIKINA (district)
 - YASANA

- ☐ Resource presently with the Company:
 - Fishing Vessel and equipment (Vessel Registration/Marine Certification/Flag State)
 - Housing/Office/Building Infrastructure
 - Case Flow (Bank Statement for previous Month)
(Evidence of ownership need to be attached with application)

4. AREA OF OPERATION

4.1. OFFSHORE FISHERIES DEVELOPMENT PROGRAMME.

TYPES OF FUNDING

Funding will depend on the **nature of the activity** and the **status of our clients**. Funding will promote buying shares into existing companies or establishing new ones.

Nature of the Activity**Offshore Fishing**

#	Activities	Equipment	Estimated Cost	Criteria
1	Boating	Boat >20m	~\$250,000	Buy share into existing companies
2	Refrigeration	Cold Storage Equipment	~ \$100,000	Ditto
3	Equipment	Boat Equipment (GPS etc..)	~ \$50,000	Ditto
4	Fishing Gear	Fishing Gear Equipment (Long Line)	~ \$100,000	Ditto

Status of Clients

The status of clients in the offshore fishing operations include:

- (i) Fijian boat operators and fishing crew
- (ii) Generally with casual employment in the fishing industry at unskilled and semi-skilled level.

4.2. FISH PROCESSING

#	Activities	Equipment	Estimated Cost	Criteria
1	Building	Processing Building	~\$450,000	Share into existing companies
2	Cold Storage	Refrigeration Facilities	~ \$250,000	Ditto
3	Processing	Equipment and Machinery	~ \$250,000	Ditto
4	Fish Delivery	Refrigeration Trucks	~ \$100,000	Ditto

4.2.1. Status of Clients

The status of clients in the fish processing operations include:

- (iii) Fijian fisheries owners interested in processing
- (iv) Generally with casual employment in the fishing industry at unskilled and semi-skilled level.

- ☐ Joint Venture – To facilitate the sustainability of the existing Companies, it is advisable that joint venture partnership deals are pursued with established and renowned fishing companies under the Fiji Trade Board Foreign Investment Policy
- ☐ To encourage & promote Joint Venture Arrangements with new incoming Foreign Owned Fishing Company. Such a joint venture would be an advantage as a learning ground for the local partners (Business Management & Fishing Expertise).

The following need to be attached with the application:

- Evidence of Joint Venture Partner Agreement
- Share structure of company
- Organization structure
- Background information of company
- ☐ Procurement of Resources – Three (3) Quotations will need to be forwarded with the application, clearly stating the type and cost of resources that you intend to procure.
- ☐ Projections – An estimate must be made for the financial year, and must include:
 - Work Plan – Clearly stating the duration of the project (when funds must be utilized)
 - Costs that will be incurred
 - Other source of financial support (proof must be attached)
 - As funds will be paid out in installments, the projection must clearly indicate the month (timing) in which payments are to be made
 - Loan Repayments – an estimate of when loan repayments will commence.

4.2.2. APPLICATION OF FUNDS

4.2.2.1. **Joint Venture** – To facilitate the joint venture opportunities into existing and new forest companies on the above category. Under the joint venture, it is required to submit a 6-monthly audit report to the Fiji Development Bank.

4.2.2.1.1. Existing Companies: SCARF to be used as equity finance for 51% shareholding

- 0% - 35% from SCARF interest free loan and/or Applicant Equity
- 65% from FDB Loan at 8% interest

4.2.2.1.2. New Companies: To get 51% shareholding

- 0% - 35% from SCARF interest free loan and/or Applicant Equity
- 65% from FDB Loan at 8% interest

Example: Funding Matrix

SCARF	0%	10%	15%	20%	30%	35%	
FDB							65%
Client	5%	10%	15%	20%	30%		

(i) Offshore Fishing

Joint Venture (Existing or New Company)

Capital Investment (Fishing Gear, Refrigeration and Equipment) \$500,000
(51% Share- \$255,000)

Funding Source

FDB	65%	\$165,750	10 yrs at 8% IR	\$1,492 /month
SCARF	30%	\$76,500	8 yrs at 0% IR	\$797/ month
Applicant	5%	\$12,750	n/a	
			Repayment	\$2,289 /month

Joint Venture (Existing or New Company)

Capital Investment (Processing Equipment etc.) \$500,000

(ii) Fish Processing

(51% Share- \$255,000)

Funding Source

FDB	65%	\$165,750	10 yrs at 8% IR	\$1,492 /month
SCARF	35%	\$89,250	10 yrs at 0% IR	\$744/ month
Applicant	0%	\$0	n/a	
			Repayment	\$2,236 /month

4.2.3.Ownership - To enable full ownership of forest companies operating in the above category.

4.2.3.1 Existing Companies: SCARF to be used on equity finance

- 0% - 35% from SCARF interest free loan and/or Applicant Equity
- 65% from FDB Loan at 8% interest

4.2.3.2. New Companies: SCARF to assist as:

- 0% - 35% from SCARF interest free loan and/or Applicant Equity
- 65% from FDB Loan at 8% interest

Example**Delivery Refrigeration Truck:****Own Delivery Company**

Capital Investment \$100,000

Funding Source

FDB	65%	\$65,000	10 yrs at 8%	\$585 /month
SCARF	30%	\$30,000	7 yrs at 0%	\$358 /month
Applicant	5%	\$5,000	n/a	
			Repayment	\$943 /month

5. APPRAISAL OF PROJECT

The following questions will be asked when appraising the effectiveness and feasibility of the project:

- How will it affect the Livelihood of the people involved in the Company?
- How will it affect the community (s) whose forest/marine resources are being utilized for the benefit of the Company?
- How will the project contribute towards the development of the Fisheries Sector?
- Will the Company be able to sustain itself both financially and technically after the life of the project?

DECLARATION

A letter of declaration must be drawn up, signed and dated by the company trustee (s) and Government Seed Capital Fund (SCAF) Committee

ASSESSMENT MECHANISM

The assessment mechanism will include the combination of Point Assessment Structure and Quantitative and Qualitative Analysis. The mechanism will involve the setting of criteria and matrix with weighting for each criteria.

	CRITERIA	WEIGHTING	ASSESSMENT
1.1	Nationality	10	
1.2	Indigenous Fijian	20	
1.3	Fishing Operation	10	
1.4	Record of compliance- Fisheries	10	
1.5	Record of compliance – Custom/Revenue	10	
1.6	Socio-Economic Development	10	
1.7	Contribution to food security	10	
1.8	Contribution to employment/income	10	
1.9	Other possible criteria	10	
		100	

The passing percentage of each operation will be based on the priority areas to be addressed with the policies and strategies of the Government. For example, 55% as passing minimum for Tuna Off-shore Joint Venture and 80% for Value-adding Processing.

FIJI DEVELOPMENT BANK EQUITY FUNDING

The criteria for eligibility and approval for technically and socially viable fisheries operations will be coordinated by the Ministry of Fisheries and Forests – Seed Capital Fund Committee (SCAF).

Funding level from the SCARF will be determined by the Fisheries Department

The final approval based on the commercial feasibility of the operation will be conducted by the Fiji Development Bank at a fees to be payable by the Government.