

# DBK

## Lending opportunities & other assistance to new businesses in Kiribati



PRESENTED BY TEUARAI EREATA

# OUTLINE

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## About Development Bank of Kiribati (DBK) -

- established under “the Development Bank of Kiribati Act” 1986 and became operational on 1<sup>st</sup> August 1987.
- An SOE and also subject to SOE Act 2014
- 100% owned by Government and currently employs 54 staff
- operates under direction of Board of Directors appointed by the Minister of Finance
- Board comprises of 6 members from the public sector and 1 from private sector
- Headquarters on Tarawa, a branch on Kiritimati island and agencies on 14 of the 18 outer islands.
- raises its resources from borrowing, government subsidy or injection, and from own funds.



## DBK OBJECTIVES - STATEMENT OF INTENT 2018

- To provide affordable and quality banking services and products to the people of Kiribati;
- To boost economic growth and standards of living as well as employment creation and;
- To increase profitability.



# FUNCTIONS

- Section 6 of the *DBK Act*.
- To Provide Finance by making loans to any person
  - i. for the purpose of primary production
  - ii. For the establishment, development, or acquisition (in whole or in part) of industrial or commercial undertaking, and;
- To provide advice and assistance with the view to promoting the efficient organization and conduct of primary production or of industrial or commercial undertakings

# DBK LENDING PRIORITIES



Focus on the private sector

## THE 6 TARGETED SECTORS INCLUDE;

- Kiribati Vision 20
  - Fisheries and Marine resources
  - Tourism
- Coconut-based projects
- Agri-based and livestock
- Manufacturing
- RE & Energy Efficiency



# LOAN PRODUCTS

- Business loan - for start up capital and working capital for new and established entrepreneurs
- House loan - to build own house (homeowners)
- Social development loan (formally known as personal loan) - for clients other miscellaneous domestic and social needs
- Others
  - i. Rural support loan - support income generating activities from copra **cutting/harvesting and** fishing for the people on the outer islands
  - ii. Student loan scheme - to cater for students who are eligible for pre-service scholarship but cannot get the scholarship due the lack of funding (funded by Government)
  - iii. Tobwaan te rikirake (youth) loan scheme - to provide start up capital of \$500 for youths aged 20 to 30 yrs to run small businesses (funded by Government)
  - iv. Artisanal fisheries loan scheme - Loan scheme will provide concessional loans to individuals and groups of people for the purchase of bigger fishing vessels (funded by Government)



# RENEWABLE ENERGY & ENERGY EFFICIENCY

- Given threats posed by Climate change, DBK will include in future, loan product which promote use of renewable energy and more energy efficient appliances. As for now DBK assessed any big commercial undertaking seeking financial assistance based on Environmental Impact Assessment (EIA)
- Projects
  - i. International Union for Conservation of Nature (IUCN) - Energy Efficiency Subsidy Loan Program. A subsidy of a certain percentage of total cost of energy efficient appliances. (refrigerators, freezers, washing machines and solar systems). Targeting individuals and businesses.
  - ii. Promoting Outer Island Development through the Integrated Energy Roadmap (POIDIER) - use of solar system on the outer islands
- Promoting use of renewable energy and use of more energy efficient appliances
- The said projects target end users. They will also have financial backing from international bodies such as IUCN.





# LENDING OPPORTUNITIES AND OTHER ASSISTANCE FOR NEW BUSINESSES

- With the exception of Rural Support Loan or Youth Loan Scheme, DBK also offer loan to new businesses and **business ideas which support or promote the use of renewable energy & energy efficiency or Green business were encouraged.**
- However any new business required to be guaranteed by someone permanently employed
- Upon loan repayment default, repayment would be made from guarantor's salary deduction
- Loan maximum of \$5,000
- Once loan cleared business eligible to bigger loan amount to expand business operation
- **Finding a guarantor is difficult and becomes a barrier for new businesses**
- Other assistance such as basic book keeping and other advisory and support services also provided



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