

Development of the Fishermen Lending Scheme for American Samoa Fishermen

November 2014



Western Pacific Regional Fishery Management Council
1164 Bishop Street, Suite 1400, Honolulu, HI 96813

A report of the Western Pacific Regional Fishery Management Council
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SUMMARY OF RECOMMENDATIONS

- Recommendation 1:** In light of discussion in section 6.1(a), it is recommended that the American Samoa Government and Western Pacific Regional Fishery Management Council provide \$150,000 each to supplement the \$1,000,000 grant to sustainably operate the Fishermen Lending Scheme during its first two years of operation.
- Recommendation 2:** Given discussion on section 6.2(b), it is recommended that the American Samoa Government and Western Pacific Regional Fishery Management Council consider providing additional funds of \$390,000 each to make up the financing package of \$1,260,000 to sustainably operate the Fishermen Lending Scheme in its first two years of operation.
- Recommendation 3:** For reasons discussed in section 6.2(c), it is recommended that the Project Management Committee be established as part of the Fishermen Lending Scheme under the Development Bank of American Samoa management to help with the review and endorsement of applications seeking assistance on the purchase of new fishing boats.
- Recommendation 4:** It is recommended that a loan interest rate of 2.5 percent be granted to fishermen should the Fishermen Lending Scheme be established under a separate grant. On the other hand, an interest rate of less than 9 percent is recommended on fishermen loans should the Fishermen Lending Scheme be established under the Economic Development Revolving Loan Fund.
- Recommendation 5:** For fishermen applying for loans to purchase new fishing boats promoted by the American Samoa Government, it is recommended that the applicant and his fishing crew be required to successfully complete the Fishermen Training Program promoted by the American Samoa Government.
- Recommendation 6:** Given the discussion in section 12, it is recommended that the review of the Fishermen Lending Scheme be carried out together with reviews on the performance of the new fishing boat, and that of the Fishermen Training Program.

1 INTRODUCTION

Fisheries development in American Samoa needs essential support to encourage the private sector to actively participate in the fishing industry. Important services to facilitate fishing activities are currently either not offered or unavailable. Services to undertake normal repairs, particularly for *alia* fishing boats, are often not accessible. Normal conveniences for use of fishermen at ordinary fishing docks are not available. Lending conditions to qualify fishermen at commercial and development banks are difficult for fishermen to meet. Assistance of \$1,000,000 to reestablish damaged fishing boats after the 2009 tsunami is yet to materialize. The high cost of fuel and many other factors all contributed to an environment that makes it difficult for the private sector to develop small-scale fisheries.

The consequence is reflected with the spectacular reduction of fishing boats operating as opposed to the number actively engaged in various fisheries during the earlier years. Apparently, fish catches are accordingly reduced. American Samoa fisheries are approaching the lower end of the historical 30-year time series in terms of participation and landed value. In 1983 for example, 38 vessels landed approximately 125,000 pounds of deep water bottomfish, compared to 30,000 pounds landed in 2011 by 12 vessels. There were 21 bottomfishing vessels operating in 2009, the year of the devastating tsunami. In 1985, there were 50 vessels trolling for pelagic species compared to ten in 2011. In the longline fishery, its peak in terms of participation was 70 active vessels in 2001, of which around 40 were *alia* vessels less than 40 feet. At this point, only one *alia* is fishing with longline gear, as well as 23 longline vessels larger than 50-feet. The highest annual catch by the American Samoa longline fishery was in 2003 with around 15,000,000 pounds of pelagic species, whereas about seven million pounds were landed in 2011.

Because of the overall decline of fisheries production in American Samoa and the need to encourage the private sector to participate more in the fishing industry, the American Samoa Department of Marine and Wildlife Resources (DMWR) has developed a project, under its American Samoa Marine Conservation Plan (ASMCP), called the Fishermen Lending Scheme (FLS). The FLS aims to provide fishermen with an opportunity that facilitates borrowing funds when there is a need to acquire fishing gear, equipment, instruments, outboard motors and fishing boats. The FLS is one of the few fundamental projects that attempts to encourage the private sector to participate more in the fishing industry. Alongside the FLS, other equally important projects to enhance small-scale fisheries development in American Samoa include the development of a new fishing vessel for American Samoa fishermen and the Fishermen Training Program (FTP).

In addition to the development of the above projects, the American Samoa Government (ASG) in its 2014 budget provided \$150,000 to help with a fishermen fuel subsidy. It is anticipated that the same amount will be provided for the 2015 budget and for future years.

2 PROJECT GOALS

The long term goal for the project is to improve social and economic benefits of American Samoan people through sustainable exploitation of its fisheries resources with special emphasis on the harvest of its off-shore fisheries resources.

The short term goal is to provide fishermen the opportunity to facilitate their fishing operation through an easily accessible but reliable financing scheme. The scheme would help fishermen to acquire necessary fishing gear, equipment, and particularly to meet the cost of the new fishing boat promoted to meet the needs of American Samoa fishermen.

3 THE NEED FOR THE FISHING LENDING SCHEME

The commonly used fishing boat by local fishermen at an artisanal level is the 28-foot *alia* (catamaran) boat. Most of these boats were sourced from neighboring Samoa either as brand-new or secondhand. While the *alia* is preferred by most local artisanal fishermen, history suggests the need to modify its design to provide an improved and more efficient fishing boat for American Samoa fishermen. Subsequently, the ASMCP has promoted a priority project called the *Development of the New Fishing Boat for American Samoa Fishermen*. The project is further supported through the *Review of American Samoa Comprehensive Economic Development Strategy 2012*, which calls for the revival of the local *alia* fleet with modern conditions. Adjustments of the *alia* fishing boat with modern conditions are necessary to enhance its ability to perform efficiently and to increase and provide good quality catches. In preparation for the development of the new fishing boat, most local fishermen consulted expressed interest in a fishing boat that has the following features: 1) be a larger version of the present *alia*; 2) enhance safety at sea; 3) facilitate fishing operations; 4) cater for longer fishing trips; 5) increase carrying capacity; 6) maintain good quality of fish during longer fishing trips; 7) provide easy boat maintenance; 8) provide cheap operation; and 9) be affordable to local fishermen.

These essential features are absent from most, if not all, *alia* fishing boats and other boats around 30-feet in length presently used by fishermen.

The Western Pacific Regional Management Council (Council), in the report *Development of a Multiplatform Fishing Boat for American Samoa Fishermen* (U. Faasili 2014), has developed the design and specifications for the new fishing boat that caters for the needs of the fishermen. The cost to produce the new boat with all equipment and fishing gear is estimated at \$230,000. This amount far exceeds the ability of any local fishermen to own the new fishing boat. Nevertheless, the financial analysis of the new fishing boat as described under section 11 of the report determined its ability to meet fishing expenses and mortgage repayments, if and only if, the boat is crewed by well-trained fisherman.

The purpose of the FLS is to provide fishermen the opportunity to borrow funds so that they are able to meet the costs of 1) the new fishing boat developed for American Samoa fishermen; 2) fishing gear, outboard engines and fishing equipment; and 3) fisheries activities and related projects that promote interest of fishermen and the private sector to participate more with the development of American Samoa's fishing industry.

4 REPORT PREPARATION

This report is prepared from information gathered through discussion with various officials of ASG Departments, bank agencies and more active fishermen. Departments and agencies include those of the DMWR, Department of Commerce (DOC), Office of the Governor (OFG), ANZ Amerika Samoa Bank (ANZ Bank) and the Development Bank of American Samoa

(DBAS). Opinions from a regional fisheries expert were sought for finalization of the FLS. People consulted during the establishment of the FLS are listed in Appendix 1.

Discussion with the two banks recorded similarities of information on loan policies employed by both ANZ Bank and DBAS. Some information used was obtained through literature searches where similar loan programs were practiced by other Pacific Island Countries (PICs).

Data to quantify the recommended type of fishing boat most suitable for American Samoa fishermen were obtained from the National Oceanic and Atmospheric Administration (NOAA), the United Nations Food Agriculture Organization (FAO) and the Fisheries Department of neighboring Independent Samoa. An FAO report (Overa 2013) on *alia* design for Samoa's Fisheries Department provided invaluable information in determining the kind of fishing boat that would best meet the needs of fishermen.

5 OVERVIEW OF FINANCE LENDING PROGRAMS PRACTICES IN AMERICAN SAMOA

There are only two lending institutions in American Samoa. These include the only commercial bank – the ANZ Bank, and the DBAS. While the two banks have different management systems and controls, there are similarities with their lending policies. Most of the lending policies disqualify most, if not all, ordinary fishermen applying for loans.

5.1 ANZ Amerika Samoa Bank

Several options are available for small business to access financial assistance from the ANZ Bank. These options nonetheless are available to fishermen with conditions such as the ability of the fisherman to service the debt to a satisfactory level, credit histories for the fisherman, guarantors which are based on the past repayment histories and others. The interest rates range from 7.5 to 12 percent based on the level of security.

When seeking a loan from ANZ Bank, fishermen are able to: 1) apply for a commercial loan via the Commercial Lending Department; 2) apply for a Small Business Administration (SBA) Loan; or 3) apply with an alternative option such as having the Government of American Samoa guarantee loan application.

After ANZ Bank receives the application; the typical routine short assessment takes about 2 weeks. Depending on the loan amount, ANZ Bank may be able to approve the application locally or it may have to be packaged and sent off to Guam for approval. The complexity of information to be provided by a fisherman is detailed in Appendix 2 – ANZ Bank application form.

The options available from the ANZ Bank may not be in the best interests of the fishermen.

5.2 Development Bank of American Samoa

DBAS currently operates a lending program called the Economic Development Revolving Loan Fund (EDRLF) that qualifies fishermen as applicants under the fisheries

category. The lending program allows for 100 percent borrowing of finance not lower than \$1,000 and not exceeding \$100,000 with an interest rate of 9 percent. There are two problems with this loan program. First, the \$100,000 loan maximum is far less than the estimated \$230,000 cost to fully finance a total fishing unit. Second, the required documentation such as business plan, management ability, business financial statements, description of collateral as loan security and others automatically reduces the chances of an ordinary fisherman being considered. The information required to be provided by a fisherman in order to be considered are detailed in the DBAS's EDRLF application form attached as Appendix 3.

5.3 Difficulty in securing loans for fishermen using current loan systems

Business loan systems established by ANZ Bank and DBAS like in any commercial lending institution are geared towards commercial business of two levels. These are either for small or big businesses. Commercial and business records are required to be properly kept for both of the levels. Unlike running a small-scale fishing unit, some records are kept but most are not. This is an influence of the Samoan traditional custom where catches are normally shared with relatives, neighbors and friends and donated to church ministers and traditional high chiefs. In such situations, small-scale fishing is always a semi-commercial operation with incomplete records.

Small-scale fishermen may own *alia* fishing units worth \$20,000 on average. Some were initially donated by relatives working in the US main land, a normal practice in which family members contribute to family projects. Most small-scale fishermen do not have the assets required by lending institutions for securities. Thus, it has been very difficult for fishermen to secure loans to improve their fishing activities.

With the new approach to fisheries development that encourages small-scale fishermen to upgrade their operation through acquiring the newly designed fishing boat, ordinary fishermen would find it extremely difficult to acquire the new boat with the conditions imposed by present lending institutions. It is therefore necessary for the ASG to help fishermen facilitate the purchase of new fishing boats designed to promote small-scale fishing in American Samoa.

6 OPTIONS FOR DEVELOPMENT OF THE FISHERMEN LENDING SCHEME

Given the present situation where only two lending institutions exist in American Samoa, two options are available for the development of the FLS. The first option is to seek a separate grant specifically reserved for this project. For various reasons, this option may be problematic to attain. Nonetheless, it is important to point out that the FLS is a project under ASMCP and has been approved by the Secretary of Commerce of the United States. Therefore, there must be funds available for the project implementation.

The second option is to use an existing loan program in which conditions could be adjusted to facilitate the participation of local fishermen.

6.1 Option 1 – FLS established under a separate grant

The establishment of the FLS under a separate grant would be a preferred option as loan

conditions to favor fishermen could be developed at the initial phase of the project. For this option, the DOC, having the appropriate expertise, is better suited to seek grants for projects of this nature. Unfortunately, initial attempts by the DOC to locate a grant for the FLS were not successful. Nonetheless, the DOC is encouraged to continue seeking a special grant to take over from an arrangement which is to be established to initiate the FLS.

6.1.a Funding and supplementary contributions

For sustainability of the FLS, an estimated \$1,000,000 is the amount of the grant sought to operate the scheme in the first two years of the project before the project is reviewed. One million dollars will be sufficient to produce 4.3 new fishing boats at an estimated cost of \$230,000 per boat. Six fishing boats can be produced in two years given that each boat can be constructed in four months according to the naval architect. To produce another 1.7 boats, additional resources should be sourced to sustain the FLS in its first two years of operation. The potential contributors to supplement the grant would be the ASG and the Council.

Table 1 shows the cash flow of the FLS if it was to be established under a \$1,000,000 grant. Note that the scheme needs an additional \$300,000 just to sustain the project's operation for its first two years. The additional \$300,000 is recommended to be sourced from the ASG and the Council with each contributing \$50,000 at the commencement of the FLS, and \$100,000 at the beginning of the second year of the project. This makes a total contribution of \$150,000 each from the ASG and the Council.

The boat builder would need to be paid with a 50 percent deposit (\$115,000) of the total boat cost at the beginning of the first month and the remaining 50 percent at the end of the fourth month when the boat is completed. In addition, a 50 percent deposit on the second new fishing boat would be made for a second payment total of \$230,000. The process would be repeated until the last 50 percent of the last boat is paid at the end of the second year. The cash flow in Table 1 shows the details.

Loan interest is calculated at 2.5 percent just to meet operational cost.

Table 1 Cash flow for the establishment of FLS under a grant during the first two years of operation with contribution from ASG and Council.

SOURCES	1 ST CONTRI	2 ND CONTRI	SUB TOTAL
CRANT	\$1,000,000	0	\$1,000,000
ASG	\$50,000	\$100,000	\$150,000
COUNCIL	\$50,000	\$100,000	\$150,000
TOTAL	\$1,100,000	\$200,000	\$1,300,000

MULTIPLING FACTOR	= 1.025
INTREST	= 2.5%
BOAT COST	= \$230,000

MON	CONTRIBUTIONS FROM SOURCES			NO. BOATS	MORTGAGE REPAYMENTS	AVAILABLE FINDS	BOAT COST	BALANCE
	CRANT	ASG	COUNCIL					
1	\$1,000,000	\$50,000	\$50,000	0	0	\$1,100,000	\$115,000	\$985,000
2	0	0	0	0	0	\$985,000		\$985,000
3	0	0	0	0	0	\$985,000		\$985,000
4	0	0	0	0	0	\$985,000	\$230,000	\$755,000
5	0	0	0	1	\$1,965	\$756,965		\$756,965
6	0	0	0	1	\$1,965	\$758,929		\$758,929
7	0	0	0	1	\$1,965	\$760,894		\$760,894
8	0	0	0	1	\$1,965	\$762,858	\$230,000	\$532,858
9	0	0	0	2	\$3,929	\$536,788		\$536,788
10	0	0	0	2	\$3,929	\$540,717		\$540,717
11	0	0	0	2	\$3,929	\$544,646		\$544,646
12	0	0	0	2	\$3,929	\$548,575	\$230,000	\$318,575
13	0	\$100,000	\$100,000	3	\$5,894	\$524,469		\$524,469
14	0	0	0	3	\$5,894	\$530,363		\$530,363
15	0	0	0	3	\$5,894	\$536,256		\$536,256
16	0	0	0	3	\$5,894	\$542,150	\$230,000	\$312,150
17	0	0	0	4	\$7,858	\$320,008		\$320,008
18	0	0	0	4	\$7,858	\$327,867		\$327,867
19	0	0	0	4	\$7,858	\$335,725		\$335,725
20	0	0	0	4	\$7,858	\$343,583	\$230,000	\$113,583
21	0	0	0	5	\$9,823	\$123,406		\$123,496
22	0	0	0	5	\$9,823	\$133,229		\$133,229
23	0	0	0	5	\$9,823	\$143,052		\$143,052
24	0	0	0	5	\$9,823	\$153,875	\$115,000	\$37,875

Recommendation 1: In light of the discussion in section 6.1(a), it is recommended that the ASG and Council provide \$150,000 each to supplement a \$1,000,00 grant to sustainably operate the FLS during its first two years of operation.

6.1.b Project Management and Operation

A proper detailed project plan needs to be established to describe various components of this option and how they may be managed and operated. Nonetheless, the following is a simple outline on how the FLS may be organized and controlled.

Project Management

Under this option, a Board of Directors would be established to be responsible for the 1) overall management of the FLS, 2) development of loan policies, and 3) approval of loan applications. The Board of Directors may include the 1) director of DOC as chairman; 2) director of DMWR as member; 3) president of DBAS as member; 3) representative of the private sector as member; and 4) representative of the WPRFMC as member.

The Council would need to maintain its interest in the development of American Samoa fisheries. Therefore, its contribution and representation in the FLS management is important. The Council could be seen as Federal representation, which would help to avoid any political influence that may impact the Board’s decision.

Screening of applications

The department responsible for fisheries development in American Samoa (DOC or DMWR) must be responsible for screening the applications. Which department would take up the responsibility is not yet known but it is likely to be either the DOC or DMWR.

Finance Management and Loan disbursement

The management of finance and loan disbursement would be the responsibility of the DBAS.

The process suggested for the management and operation under this option is simplified under the flowchart of Figure 1.

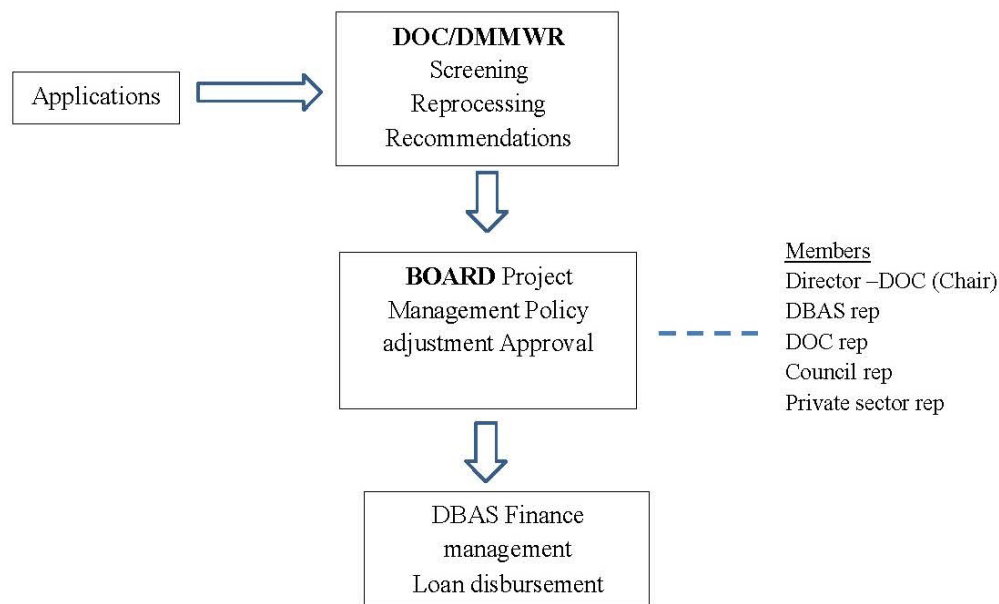


Figure 1 Option 1 - Basic flowchart for operation of FLS under a grant.

6.2 Option 2 – Use of existing loan program

Loan programs are available at the ANZ Bank for which fishermen could apply. However, the restrictions imposed on applicants often exclude fishermen as potential applicants.

DBAS has an ongoing EDRLF loan program, which provides an immediate option to instigate the FLS at the earliest opportunity. An agreement has been reached after consultations between DOC, DBAS and the Council to have this revolving loan fund as a major contributor to the FLS.

6.2.a Use of EDRLF program

Utilization of the EDRLF program would be the probable option available for immediate establishment of the FLS. Section 5.2 briefly describes important issues concerning the use of the EDRLF as part of the FLS. To try and meet most of the costs of the new fishing boat, DOC has made application to Economic Development Administration (EDA) for recapitalization of the EDRLF. The application has been approved with loan fund recapitalization of \$480,000 and the maximum loan increases from \$100,000 to \$200,000. The ASG contributed \$120,000, which makes the total available funding to fishermen \$600,000. Although the approved recapitalization was made to try to meet the cost of the new fishing boat, it must be kept in mind that the EDRLF is also for other economic development projects.

6.2.b Funding and supplementary contributions

While the total fund now available as part of the FLS at \$600,000, this amount would only be sufficient to produce 2.6 new fishing boats before the fund runs out, not to mention the use of the same fund on other economic development projects outside of fisheries. To effectively operate the FLS, sufficient resources should be made available to produce six (6) fishing boats in the first two years of the project. The total amount to produce six fishing boats is estimated at \$1,260,000. The additional amount to produce six fishing boats is estimated at \$780,000 in addition to the \$480,000 recapitalization of the EDRLF. This amount may be seen as substantial. However, the financial analysis of the new fishing boat as discussed in section 11, estimates an average profit of a well-managed new fishing boat at \$50,000 a year. This means that six new fishing boats have the potential to earn a combined profit of \$600,000 in two years. In four years of operation, six boats are capable of earning a combined profit of around \$1,200,000, which is close to the initial capital investment of \$1,260,000 that started the project.

To meet the needed estimate of \$780,000, and given that the use of the EDRLF provides the only immediate option to have this project implemented at the earliest opportunity, the ASG and Council being supporters of fisheries development in American Samoa have the obligations to support this project. Table 2 shows the cash flow of the project using this option with suggested contributions from the ASG and Council, in addition to the recapitalization of \$480,000 from the EDA. The \$780,000 could be split equally among the ASG and Council with their respective contributions of \$390,000 each with each contributing \$200,000 at the beginning of the first year of the project, and \$190,000 each at the beginning of the second year making a total capital investment of \$1,260,000.

Table 2 Cash flow for establishment of the FLS under the EDRLF during first two years of operation with contributions from ASG and Council.

SOURCES	1 ST CONTRI	2 ND CONTRI	SUB TOTAL
EDA	\$480,000	0	\$480,000
ASG	\$200,000	\$190,000	\$390,000
COUNCIL	\$200,000	\$190,000	\$390,000
TOTAL	\$880,000	\$380,000	\$1,260,000

MULTIPLING FACTOR	= 1.09
INTREST	= 9%
BOAT COST	=\$230,000

	CONTRIBUTIONS FROM SOURCES			NO. BOATS	MORTGAGE REPAYMENTS	AVAILABLE FINDS	BOAT COST	BALANCE
	EDA	ASG	COUNCIL					
1	\$480,000	\$200,000	\$200,000	0	0	\$880,000	\$115,000	\$765,000
2	0	0	0	0	0	\$765,000		\$765,000
3	0	0	0	0	0	\$765,000		\$765,000
4	0	0	0	0	0	\$765,000	\$230,000	\$535,000
5	0	0	0	1	\$2,089	\$537,089		\$537,089
6	0	0	0	1	\$2,089	\$539,178		\$539,178
7	0	0	0	1	\$2,089	\$541,268		\$541,268
8	0	0	0	1	\$2,089	\$543,357	\$230,000	\$313,357
9	0	0	0	2	\$4,178	\$317,353		\$317,535
10	0	0	0	2	\$4,178	\$321,713		\$321,713
11	0	0	0	2	\$4,178	\$325,892		\$325,892
12	0	0	0	2	\$4,178	\$330,070	\$230,000	\$100,070
13	0	\$190,000	\$190,000	3	\$6,268	\$486,338		\$486,338
14	0	0	0	3	\$6,268	\$492,605		\$492,605
15	0	0	0	3	\$6,268	\$498,873		\$498,873
16	0	0	0	3	\$6,268	\$505,140	\$230,000	\$275,140
17	0	0	0	4	\$8,357	\$283,497		\$283,497
18	0	0	0	4	\$8,357	\$291,853		\$291,853
19	0	0	0	4	\$8,357	\$300,210		\$300,210
20	0	0	0	4	\$8,357	\$308,567	\$230,000	\$78,567
21	0	0	0	5	\$10,446	\$89,012		\$89,012
22	0	0	0	5	\$10,446	\$99,458		\$99,458
23	0	0	0	5	\$10,446	\$109,904		\$109,904
24	0	0	0	5	\$10,446	\$120,350	\$115,000	\$5,350

Recommendation 2: Given discussion on section 6.2(b), it is recommended that the ASG and Council consider providing additional funds of \$390,000 each to make up the financing package of \$1,260,000 to sustainably operate the FLS in its first two years of operation.

6.2.c Project Management and Operation

The EDRLF being an existing loan program within the DBAS, management control and operational procedures are already in place. Conditions and procedures employed throughout the process of the FLS may need to closely follow the existing normal practice employed by the DBAS. To encourage the success of the project and not to depart too far from existing policies already adopted by DBAS, an added arm of the process is recommended to essentially accommodate interests of concerned departments on applications seeking finance for purchases of new fishing boats.

Project management

The project would be managed by the existing Board of Directors of DBAS. The Board would be responsible for the overall management of the project and approval of loan

applications. However, approval of loans on applications for a new fishing boat is subject to endorsement from the Project Management Committee (PMC).

Applications on new fishing boats required PMC endorsements

There is a need to establish a PMC as an added arm of the normal DBAS process. This procedure adjustment would be necessary to promote the successful achievement of the project goals. Loan applications would be reviewed by the PMC after screening by DBAS before they are passed onto the Board of Directors for final decisions. Members of the PMC may include the: 1) director of DOC as chairman; 2) director of DMWR or representative as member; 3) president of DBAS or representative as member; 4) representative of the private sector as member; and 5) representative of the Council as member.

The PMC will provide recommendations upon which the board will base its decisions. Flow chart in Figure 2 shows how the FLS may be operated and managed with the involvement of PMC.

Screening of applications, finance management and loan disbursement

DBAS will be responsible for screening of applications, management of project funds and disbursement of funds when loans are approved.

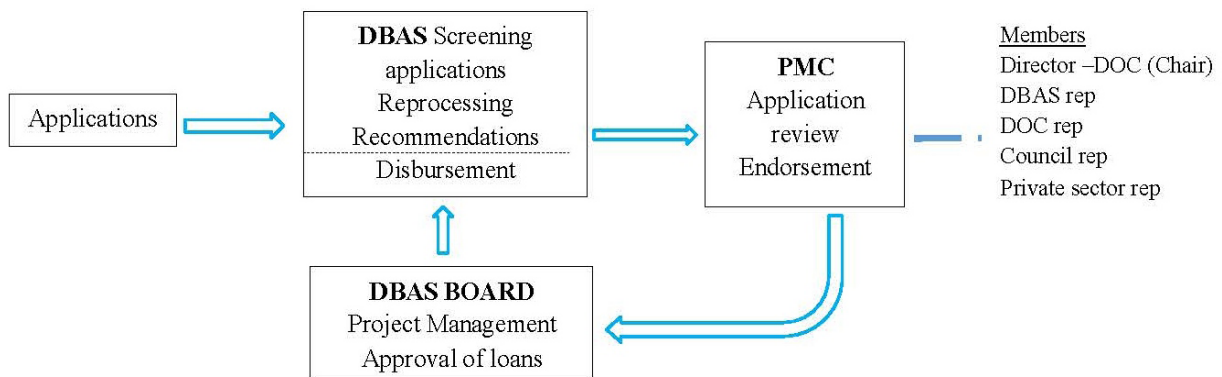


Figure 2 Option 2 - Basic flow chart for FLS under DBAS existing loan program.

Recommendation 3: For reasons discussed in section 6.2(c), it is recommended that the Project Management Committee be established as part of the FLS under the DBAS management to help with the review and endorsement of applications seeking assistance on the purchase of new fishing boats.

7 PROS AND CONS UNDER THE TWO OPTIONS FOR ESTABLISHMENT OF THE FLS

There are both pros and cons to fishermen and financing agents in relation to the establishment of FLS under the two options. These are summarized in Table 3.

Table 3 Pros and cons determined in financing the FLS under two options.

Option 1 – FLS established under grant	Option 2 – FLS established under EDRLF
1. Loan policies and conditions will easily be developed to favor fishermen.	Policies and conditions have already been established. They may be difficult to adjust in favor of fishermen.
2. As loan conditions favor fishermen, so most if not all fishermen will qualify for loans.	Certain percent of fishermen may not qualify for loans due to some restrictions that may disfavor fishermen.
3. Better Management as Board of Directors are selected from ASG Departments and individuals with real interest in fisheries development.	Board of Directors may not be all interested in fisheries and could influence their decision on the management of the FLS component of the EDRLF.
4. Board members are not politically selected, so lesser chance of political influence on Board decisions.	Board members are politically appointed thus there is an element of politics in the decision making.
5. Loan application will be examined specifically on one category (fisheries). So application would be simple, easy to understand, and be easily filled and completed.	Loan application will examine a number of categories under various economic developments. So there will be complications and would be difficult understand and complete.
6. ASG and Council each will provide as lesser portion of the funding package (\$150,000 or 11.5 percent).	ASG and Council will provide a larger share of the funding package compare to Option 1 (\$390,000 or 31 percent).

8 LOAN INTEREST

The FLS is a new development initiative to help with the economic development of American Samoa. Two options have been suggested for the development of the FLS. Should the FLS be established under a separate grant, loan interest should be kept minimal and must be determined just to meet loan operational expenses. Loan interest of 2.5 percent is advisable. This will encourage the private sector to participate with the development of small-scale fisheries.

On the other hand, if the FLS is established under the EDRLF program, it is important to note that for the financing package of \$1,260,000 under this option, about 62 percent is made up of the combined share from the ASG and Council, and about 38 percent from the EDA recapitalization. As the ASG and Council have a larger share, they should have more influence on the decision making. It is advisable to seek reduction of loan interest lower than the current 9 percent interest for loans that finance new fishing boats.

Recommendation 4: It is recommended that a loan interest rate of 2.5 percent be granted to fishermen should the FLS be established under a separate grant. On the other hand, a loan interest of less than 9 percent is recommended on fishermen loans should the FLS be established under the EDRLF.

9 LOAN CONDITIONS

Loan conditions would need to be structured in favor of local fishermen to provide them with better opportunities to source resources for their fishing activities. With the FLS established under a grant, loan policies and conditions must be developed to accommodate the deficiencies of the fishermen. Fishing experience with the type of fishing methods employed are important conditions for qualifications of fishermen. There is, however, a special condition that would need to be imposed on all fishermen applying for funds to acquire new fishing boats. This special condition would require an applicant to successfully complete the national FTP promoted by the ASG for American Samoa fishermen to qualify for entrance to the FLS.

For the FLS established under the EDRLF with additional contributions from ASG and Council, the ASG and Council would jointly provide a larger portion of the financing package. Accordingly, ASG and Council would need to have controlling influence over the development of the loan conditions to favor fishermen. This strategy would increase participation by local fishermen in the development of small-scale fisheries.

Recommendation 5: For fishermen applying for loans to purchase new fishing boats promoted by the ASG, it is recommended that the applicant and fishing crew be required to successfully complete the FTP promoted by the ASG.

10 SUPPORT PROJECTS FOR THE SUCCESS OF THE FLS

Two ASMCP projects are required to be implemented collaboratively for the success of the FLS. These projects include the 1) development of the new fishing boat for American Samoa fishermen and 2) development of FTP.

The success of the FLS depends directly and entirely on the performance of the new fishing boat to catch enough fish to meet mortgage repayments and fishing operating expenses. For successful performance of the fishing boat, it needs to be crewed by experienced fishermen that have good fishing skills. Experienced fishermen with good fishing skills will ensure that the boat is being utilized to its maximum potential. The fishing boat being utilized to its maximum potential will insure mortgage repayments are not defaulted, and thus, the success of the FLS. In this situation, the fishing boat needs experienced fishermen with good fishing skills.

Fishing methods employed by most local fishermen need to be upgraded to advanced technologies to make fishing more efficient. For example, shooting and hauling a ten-mile longline gear on *alia* fishing boats that are being manually operated takes a lot of time, not to mention the physical energy consumed by fishermen. This could be easily be replaced by mechanical devices which would be available on the new fishing boat. There are a number of effective fishing methods that local fishermen are not acquainted with that will increase their catches. Advanced technologies to increase catches and learn about new effective fishing methods would be part of the FTP created for American Samoa fishermen. For fishermen to

acquire the fishing skills and experience to effectively operate the new fishing boat with success, they would need to attend and successfully complete the FTP. Although the FTP does not appear to have a direct connection with the operation of the FLS, it does have an enormous indirect impact on its success.

11 FINANCIAL ANALYSIS OF THE NEW FISHING BOAT TO SUPPORT THE FLS

The estimated annual costs and profits in the financial analysis of American Samoa's new fishing boat are based on the historical data collected from Samoan tuna longline vessels with a similar fishing capacity. Some data from NOAA were also used.

The boat is designed to operate using a number of fishing methods including trolling, bottom fishing, vertical longlining and pelagic longlining for tuna. Unfortunately, data was only available from the pelagic longline fishery. For that reason, the ability of the prototype boat to earn revenue from other fisheries during low tuna seasons has not been taken into account. The boat, therefore, would need to undertake well-designed fishing trials to include other fisheries in order to determine its full ability to perform sustainably. The financial analysis in this report, nevertheless, focuses on the expected performance of the boat in the tuna longline fishery.

With a 40-foot vessel, it is estimated that 60 fishing trips with an average of 3 sets of 1,200 hooks deployed each trip could be completed on a properly managed vessel of this proposed design. The vessel would then be fishing a total of 180 days a year. This is considered a conservative estimate as most of the Samoan tuna longline vessels with the same fishing capacity fish an average of 220 days a year.

With new information received, the catch per unit effort, which was set at 114 pounds (52 kg) per 100 hooks, is reduced to 101 pounds (46 kg) per 100 hooks for fishing vessels currently fishing in and outside the 50-nautical mile zone around the Samoan islands (American Samoa and Samoa). The data indicated that the catch combination is 74 percent albacore tuna, 16 percent yellowfin and big-eye tuna and 10 percent for other species.

Local fish prices used for the analysis after revision were \$2,970 per metric ton (\$1.35 per pound) for albacore tuna (StarKist Samoa price), \$3.00 per pound for yellowfin and bigeye tuna and \$1.50 per pound for other fish species.

The estimated running cost for the boat including fuel, bait, ice, food, crew wages and fishing gear repair and replacement was estimated at \$228,280 per year.

Fixed costs totalling \$80,000 were calculated assuming that a boat operator would need to borrow \$230,000 to purchase the boat and fishing gear. The annual fixed costs included 9 percent interest for the loan repayment, 10 percent depreciation on the value of the boat, 9 percent insurance fee, 5 percent for repairs and maintenance and \$50 for registration fees.

The total annual cost for running the prototype fishing boat after 60 fishing trips is estimated at \$304,200. The total value of catches earned by a boat of this design is estimated at \$355,400. So the boat is capable of making an annual profit of \$51,000 which is 17 percent of the annual cost. In other words, six new fishing boats have the potential of making a combined profit

of \$1,224,000 in four years of operation. All factors considered during the analysis are detailed in Appendix 4.

From the financial analysis, it can be seen that the new fishing boat designed for American Samoa fishermen has the ability to sustainably meet mortgage repayments, fixed costs and operational expenses, provided that the boat is crewed with fishermen that completed training at the FTP.

12 PROJECT REVIEW

The first review of the FLS program would need to be carried out after two years of its implementation. The review should analyze the results of the projects and, more importantly, it should determine the success of the program's ability to meet mortgage repayments. It should identify project challenges and provide advice on how the FLS may progress in future years.

The potential of the program to meet mortgage repayments depends on the performance of the new fishing boat and the success of the national FTP. In that regard, the review of the FLS will also require subsequent reviews on achievements of the new fishing boat project and the FTP. The ability of the new fishing boat to catch enough to meet mortgage repayments and its operational costs depends largely on the experience of the fishing crew. The skill of the fishing crew to catch more fish reflects the success of the FTP. Accordingly, a large component of the review would require subsequent reviews of the new fishing boat performance and the FTP.

Recommendation 6: Given the discussion in section 12, it is recommended that the review of the FLS be carried out together with reviews on the performance of the new fishing boat and the FTP.

13 CONCLUSION

Total land area of American Samoa is about 197 square kilometers and subsequently its capacity to support the economy of the territory is limited. On the other hand, fisheries resources spreading across 434,500 square miles provides an opportune avenue for economic development should the local fishermen be given the necessary support to encourage participation in promoting domestic fisheries development.

Improvement of fisheries infrastructures and services to facilitate activities of the private sector needs urgent attention. Small-scale fisheries, being important to development, need three ASMCP projects, namely the 1) development of a new fishing boat for American Samoa fishermen, 2) the FTP and 3) the Fishermen Lending Scheme (FLS) for its successful development. The success of the Fishermen Lending Scheme would depend on the success of the earlier two projects.

To establish the FLS, two options have been discussed and prioritized according to their likely potential to accommodate the situation of fishermen. These options include either the establishment of the FLS through a separate grant or through an existing loan program available at the DBAS. Either option, would require both the ASG and Council to contribute a certain respective percentage toward the financing package. To operate the FLS for a two-year duration, a financing package of \$1,300,000 as an initial capital investment is required to sustain

the operation of the scheme before its review at the end of the second year. From the financial analysis of the new fishing boat, it can be determined that six well managed fishing boats would be able to recover \$1,300,000 dollars within 4.3 years of operation.

Consequently, the successful establishment of the FLS would contribute enormously to the success of the small-scale fisheries development in American Samoa and, thus, the economy of the territory. This is only possible with ASG support and availability of resources.

Appendix 1 People consulted during the development of the Fishermen Lending Scheme.

Government officials

- | | |
|---------------------------------|--|
| 1. Keniseli Lafaele | Director, Department of Commerce (DOC) |
| 2. Uili Leauanae | Deputy Director, DOC |
| 3. J. Anthony Lankide | Fisheries Adviser, DOC |
| 4. Dr. Ruth Matagi-Tofiga | Director, Department of Marine and Wildlife Resources (DMWR) |
| 5. Selaina Vaitautolu Tuimavave | Deputy Director, DMWR |
| 6. Teejay Letalie | Manager, Fish Aggregating Device program, DMWR |
| 7. Jason Betham | Acting President, Development Bank of American Samoa (DBAS) |
| 8. Ruth Matagi-Faatili | Loans Manager, DBAS |
| 9. Fainu'ulelei Alailima-Utu | Legal Counsel, DBAS |
| 10. Nofoga Sualevai | Office of the Governor, Officer for Manu'a Development |

Private sector

- | | |
|------------------------|--|
| 11. Brett B. Butler | General Manager, Starkist Samoa |
| 12. Alfonso P. Galea'i | General Manager, Samoa Tuna Processors |
| 13. Robert Gebauer | Relationship Manager, ANZ Amerika Samoa Bank |
| 14. Carlos Sanchez | Owner, Longline Services, Inc. (LSI) |
| 15. Christinna Sanchez | Manager, LSI |

Local fishermen

- | | |
|------------------------|---|
| 16. Fuega Moliga | Tutuila/Manu'a |
| 17. Paepae Lava | Tutuila |
| 18. Seppsamo Steffany | Tutuila |
| 19. Eo Elvin | Mokoma/Tutuila |
| 20. Lea'ai Filoiali'i | President, Tai Samasama Fishermen Cooperative (TSFC), Ta'u Manu'a |
| 21. Lesi'i Salesa | Vice President, TSFC |
| 22. Nua Mailo Saoluaga | Member, TSFC |
| 23. Tamapele Tevaseu | Member, TSFC |
| 24. Saena Moliga | Member, TSFC |
| 25. Leau K. Nevile | President, Faleluaanu'u Fishermen Cooperative (FFC), Manu'a |
| 26. Pita Ili | Member, FFC |
| 27. Fau T. Sai | Member, FFC |

Island

- 28. Taliga Vaiolo
- 29. Vaena Sofeni
- 30. Kitara Vaeau

Secretary/Treasurer, FFC
Member, FFC
Secretary/Treasurer, Aunu'u Island
Fishermen Association (AIFA)

Outside American Samoa

- 31. Dr. Michael King

Regional Fisheries Expert, Australia

Appendix 2 ANZ Amerika Samoa Bank application form.

OMB Approval No. 3245-0016
Expiration Date: 11/30/2012

U. S. Small Business Administration APPLICATION FOR BUSINESS LOAN

Individual		Full Address			
Name of Applicant Business					Tax I.D. No. or SSN
Full Street Address of Business					Tel. No. (inc. Area Code)
City	County	State	Zip	Number of Employees (including subsidiaries and affiliates)	
Type of Business			Date Business Established	At Time of Application _____	
Bank of Business Account and Address					If Loan is Approved _____
					Subsidiaries or Affiliates _____ (Separate for above)
Use of Proceeds: (Enter Gross Dollar Amounts Rounded to the Nearest Hundreds)		Loan Requested			Loan Request
Land Acquisition		Pay off SBA Loan			
New Construction/ Expansion Repair		Pay off Bank Loan (Non SBA Associated)*			
Acquisition and/or Repair of Machinery and Equipment		Other Debt Payment (Non SBA Associated)			
Inventory Purchase		All Other			
Working Capital (including Accounts Payable)		Total Loan Requested			
Acquisition of Existing Business		Term of Loan - (Requested Maturity)			___ Yrs.

CURRENT AND PREVIOUS SBA AND OTHER GOVERNMENT DEBT: Complete the chart below if you, your business, any principal of your business, any affiliate of your business, any other business currently owned by a principal, or any business previously owned by you or a principal of your business has received or applied for any direct or guaranteed financial assistance from the Federal Government, including student loans and disaster loans. All current, previous, and pending Government debt must be listed, including loans that have been paid in full or those that resulted in a loss to the Government. (Note: Loans that resulted in a loss to the Government include loans that were charged off, compromised, or discharged as a result of bankruptcy. The amount of the loss is the outstanding principal balance of the loan that the Government had to write off after all collection activities (including compromise) were finalized.)

Name of Agency	Borrower's Name	Original Amount of Loan	Date of Application	Loan Status	Outstanding Balance	\$ Amount of Loss to the Government.
Agency Loan #						
1. #		\$			\$	\$
2. #		\$			\$	\$
3. #		\$			\$	\$
4. #		\$			\$	\$

ASSISTANCE: Did you commit to pay -- or have you paid -- anyone (including the lender) to assist you in either obtaining this loan (such as a broker, consultant or referral agent) or in preparing the application or application materials for this loan (such as a loan packager)? Yes No
If "yes," complete SBA Form 159 (7a) - (Fee Disclosure Form and Compensation Agreement) for each party that was paid or will be paid.

Note: The estimated burden completing this form is 12.0 hours per response. You will not be required to respond to collection of information unless it displays a currently valid OMB approval number. Comments on the burden should be sent to the U.S. Small Business Administration, Chief, AIB, 409 3rd St., S.W., Washington, DC. 20416 and Desk Office for Small Business Administration, Office of Management and Budget, New Executive Building, room 10202 Washington, D.C. 20503. OMB Approval (3245-0016). **PLEASE DO NOT SEND FORMS TO OMB. SUBMIT COMPLETED APPLICATION TO LENDER OF CHOICE.**

BUSINESS INDEBTEDNESS: Furnish the following information on all outstanding installment debts, contracts, notes, and mortgages payable. Indicate by an asterisk (*) items to be paid by loan proceeds and reasons for paying them. (Present balance should agree with the latest balance sheet submitted).

To Whom Payable	Original Amount	Original Date	Present Balance	Rate of Interest	Maturity Date	Monthly Payment	Security	Current or Past Due
Acct. #	\$		\$			\$		
Acct. #	\$		\$			\$		
Acct. #	\$		\$			\$		
Acct. #	\$		\$			\$		
Acct. #	\$		\$			\$		

MANAGEMENT (Proprietor, partners, officers, directors, all holders of outstanding stock –100% of ownership must be shown.) Use separate sheet if necessary.

Name and Social Security Number Position/Title	Complete Address	% Owned	*Veteran Status Veteran Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, service-disabled? Yes <input type="checkbox"/> No <input type="checkbox"/>	*Gender
				▼
Race * :Amer. Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African-Amer. <input type="checkbox"/> Native Haw. or Pacific Islander <input type="checkbox"/> White <input type="checkbox"/>			*Ethnicity: Hispanic or Latino <input type="checkbox"/> Not Hisp or Lantino <input type="checkbox"/>	▼
				▼
Race * :Amer. Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African-Amer. <input type="checkbox"/> Native Haw. or Pacific Islander <input type="checkbox"/> White <input type="checkbox"/>			*Ethnicity: Hispanic or Latino <input type="checkbox"/> Not Hisp or Lantino <input type="checkbox"/>	▼
				▼
Race * :Amer. Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African-Amer. <input type="checkbox"/> Native Haw. or Pacific Islander <input type="checkbox"/> White <input type="checkbox"/>			*Ethnicity: Hispanic or Latino <input type="checkbox"/> Not Hisp or Lantino <input type="checkbox"/>	▼
				▼
Race * :Amer. Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African-Amer. <input type="checkbox"/> Native Haw. or Pacific Islander <input type="checkbox"/> White <input type="checkbox"/>			*Ethnicity: Hispanic or Latino <input type="checkbox"/> Not Hisp or Lantino <input type="checkbox"/>	▼

*This data is collected for statistical purposes only. It has no bearing on the credit decision. Disclosure is voluntary. One or more boxes for race may be selected

For Guaranty Loans please provide an original and one copy (Photocopies Acceptable) of the Application Form and all Exhibits to the participating Lender. For Direct Loans submit one original copy of the application and Exhibits to SBA.

1. Submit SBA Form 912 (Statement of Personal History) for each proprietor (if sole proprietorship), partner (if a partnership), and by each officer, director, and owner of 20% or more of the company's stock (if a corporation, limited liability company or development company).
2. If your collateral consists of (A) Land and Building, (B) Machinery and Equipment, (C) Furniture and Fixtures, (D) Accounts Receivable, (E) Inventory, (F) Other, please provide an itemized list that contains serial and identification numbers for all articles that had an original value of greater than \$5,000. Include a legal description of Real Estate offered as collateral. Label it Exhibit A.
3. Furnish a signed current personal balance sheet (SBA Form 413 may be used for this purpose) for (1) each proprietor; or (2) each limited partner who owns 20% or more interest and each general partner; or (3) each stockholder owning 20% or more of voting stock. Include the assets and liabilities of the spouse and any minor children.

Also, include the tax i.d. number [EIN or Social Security Number (SSN)] Label it Exhibit B.

4. Include the financial statements listed below: a, b, c for the last three years; also a, b, c, and d as of the same date, - current within 90 days of filing the application; and statement e, if applicable. **All information must be signed and dated.** (a) Balance Sheet; (b) Profit and Loss Statement (if not available, explain why and substitute Federal income tax forms); (c) Reconciliation of Net Worth; (d) Aging of Accounts Receivable and Payable (summary); (e) Projection of earnings for at least one year where financial statements for the last three years are unavailable or when SBA requests them, Label it Exhibit C. (Contact SBA for a referral if assistance with preparation is wanted.)
5. Provide a brief history of your company and a paragraph describing the expected benefits it will receive from the loan. Label it Exhibit D.
6. Provide a brief description similar to a resume of the education, technical and business background for all the people listed under Management. Label it Exhibit E.

7. Submit the name, addresses, tax I.D. number (EIN or SSN), and current personal financial statement of any co-signers who are not otherwise affiliated with the business and any guarantors for the loan not covered by 3. above. Exhibit E.

8. Include a list of any machinery or equipment or other non-real estate assets to be purchased with loan proceeds and the cost of each item as quoted by the seller. Include the seller's name and address. Exhibit G.

9. Have you or any officer of your company ever been involved in bankruptcy or insolvency proceedings? []Yes []No. If yes, please provide the details as Exhibit H.

10. Are you or your business involved in any pending lawsuits? []Yes []No. If yes, provide the details as Exhibit I.

11. Do you or your spouse or any member of your household, or anyone who owns, manages, or directs your business or their spouses or members of their households work for the Small Business Administration, Small Business Advisory Council, SCORE or ACE, any Federal Agency, or the participating lender? []Yes []No. If yes, please provide the name and address of the person and the office where employed. Label this Exhibit J.

12. Does your business, its owners or majority stockholders own or have a controlling interest in other businesses? []Yes []No. If yes, please provide their names and the relationship with your company along with financial data requested in question 4. Label this Exhibit K.

13. Do you buy from, sell to, or use the services of any concern in which someone in your company has a significant financial interest? []Yes []No. If yes, provide details on a separate sheet of paper. Exhibit L.

14. Is your business is a franchise, []Yes []No. If yes, include a copy of the franchise agreement and a copy of the FTC disclosure statement supplied to you by the Franchisor. Label this Exhibit M.

CONSTRUCTION LOANS ONLY

15. Include as a separate exhibit the estimated cost of the project and a statement of the source of any additional funds. Label this Exhibit N.

16. Provide copies of preliminary construction plans and specifications. Label this as Exhibit O. Final plans will be required prior to disbursement.

EXPORT LOANS

17. Does your business currently export, or will it start exporting, pursuant to this loan (if approved)?
Check here: []Yes []No

18. If you answered yes to item 17, what is your estimate of the total export sales this loan would support? \$ _____

19. Would you like information on Exporting?
Check here: []Yes []No

COUNSELING/TRAINING

20. Have you received counseling or training from SBA (e.g., SCORE, ACE, SBDC, WBC, etc.)?
Check here: []Yes []No

SUBMIT COMPLETED APPLICATION TO LENDER OF CHOICE.

AGREEMENTS AND CERTIFICATIONS

AGREEMENTS:

By signing below you agree to the following:

(a) Agreements of non-employment of SBA Personnel. I agree that if SBA approves this application I will not, for at least two years, hire as an employee or consultant anyone that was employed by the SBA during the one year period prior to the loan disbursement.

(b) Waiver of Claims. As consideration for any Management, Technical, and/or Business Development Assistance that may be provided, I waive all claims against SBA and its consultants.

(c) Criminal Background. I authorize the SBA's Office of Inspector General to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for assistance under the Small Business Act.

(d) Reimbursement of Expenses. I agree to pay for or reimburse SBA for the cost of any surveys, title or mortgage examinations, appraisals, credit reports, etc., performed by non-SBA personnel provided I have given my consent.

(e) Reporting. I agree to report to the SBA Office of the Inspector General, Washington, DC 20416 any federal government employee who offers, in return for any type of compensation, to help get this loan approved.

READ THE FOLLOWING CAREFULLY -- FALSE STATEMENTS ARE SUBJECT TO CRIMINAL PROSECUTION:

If you knowingly make a false statement, you can be fined up to \$250,000 and/or imprisoned for not more than five years under 18 USC 1001; if submitted to a Federally insured institution, under 18 USC 1014 by Imprisonment of not more than twenty years and/or a fine of not more than \$1,000,000

CERTIFICATIONS:

By signing below you certify as to the following:

(a) **All information in this Application and the Exhibits is true and complete to the best of your knowledge.** You understand that this information is being submitted to a lender and SBA so they can decide to make a loan or give a loan guaranty, and that the lender and SBA are relying on this information.

(b) You have not paid anyone employed by the Federal Government for help in getting this loan. You understand that you do not need to pay any other third-party for assistance in locating a lender or preparing this Application or Exhibits, and **you certify that you will disclose all parties that were paid for such assistance to the Lender and will complete the SBA Form 159 for all such persons.**

(c) I have read a copy of the "Statements Required By Law And Executive Order," which is attached to this application and agree to comply with the requirements in this Notice.

If Applicant is a proprietor or general partner, sign below.

By: _____

If Applicant is a Corporation, sign below:

Corporate Name and Seal _____ Date _____

By: _____
Signature of President

Attested by: _____
Signature of Corporate Secretary

Other than the person that signed on page 3, each Partner, each Stockholder owning 20% or more, and each Guarantor must sign below. In addition, if a husband and wife collectively own 20% or more of a company, each spouse must also sign. No one should sign more than once.

Business Name: _____

APPLICANT'S CERTIFICATION

READ THE FOLLOWING CAREFULLY – FALSE STATEMENTS ARE SUBJECT TO CRIMINAL PROSECUTION:

If you knowingly make a false statement, you can be fined up to \$250,000 and/or imprisoned for not more than five years under 18 USC 1001; if submitted to a Federally insured institution, under 18 USC 1014 by Imprisonment of not more than twenty years and/or a fine of not more than \$1,000,000

By signing below you certify as to the following:

(a) You have reviewed (1) the responses to the question about debt on page 1 of the application; (2) the responses to questions 11, 12, and 13 (application-page 3), and (3) any financial statement that you were required to complete as Exhibit B or F to the application and **certify that as to you personally all information in this Application and Financial Statement is true and complete to the best of your knowledge.** You acknowledge that this information is being submitted to a lender and SBA so they can decide to make a loan or give a loan guaranty, and that the lender and SBA are relying on this information.

(b) You have read a copy of the "Statements Required By Law And Executive Order," which is attached to this application and agree to comply with the requirements in this Notice.

Signature Date
Check all that apply: guarantor owner-indicate percentage owned: [] partner-indicate whether general or limited

Signature Date
Check all that apply: guarantor owner-indicate percentage owned: [] partner-indicate whether general or limited

Signature Date
Check all that apply: guarantor owner-indicate percentage owned: [] partner-indicate whether general or limited

Signature Date
Check all that apply: guarantor owner-indicate percentage owned: [] partner-indicate whether general or limited

Signature Date
Check all that apply: guarantor owner-indicate percentage owned: [] partner-indicate whether general or limited

Signature Date
Check all that apply: guarantor owner-indicate percentage owned: [] partner-indicate whether general or limited

Signature Date
Check all that apply: guarantor owner-indicate percentage owned: [] partner-indicate whether general or limited

Appendix 3 Economic Development Revolving Loan Fund application form.



AMERICAN SAMOA GOVERNMENT
PAGO PAGO, AMERICAN SAMOA 96799

ECONOMIC DEVELOPMENT REVOLVING LOAN FUND (EDRLF)

COMMERCIAL LOAN APPLICATION

Date: _____

I. BASIC INFORMATION

Name of Business: _____

Trade Name, if different: _____

Address: _____
Street City State Zip

Phone Number: _____ Date Business Established: _____

Type of Business: _____

____ Corporation Year Chartered: _____ State: _____

____ Partnership Number of Partners: _____

____ Sole Proprietorship

Type of Business (product produced or service provided): _____

Employer ID Number: _____

Name of Principal in Charge: _____ Title: _____

List all Owners, Partners, Stockholders with 25% or more interest and/or

Name Address Social Security #

Name Address Social Security #

Name Address Social Security #

Number of Employees: _____

II. Business Background

Name of Affiliated Firms: _____

History: Start-Up Date: _____ Number of Years of Continuous Operation: _____

Change in Products or Services: _____

Other Information: _____

III. Proposed Project Information

Estimated Project Cost:

Site, Site Improvements and Buildings:	\$ _____
Equipment and Machinery:	\$ _____
Inventory:	\$ _____
Operations:	\$ _____
Other:	\$ _____
Total Project Cost:	\$ _____

Amount to be Financed:

Conventional:	\$ _____
EDRLF:	\$ _____
CSBG:	\$ _____
CDBG:	\$ _____
Other:	\$ _____
Total to be financed:	\$ _____

Estimated construction start date: _____

Estimated start date for operation: _____

Number of new permanent jobs when project is operating: _____

Describe type of jobs to be created: _____

MUST BE ATTACHED FOR FULL LOAN REVIEW:

- Business Plan Narrative or a history/description of the business; management ability; detailed project cost. Include Resume of Owners, Partners or Corporate Stockholders
- Business Financial Statements for the last three years(if existing)
- Pro Forma Financial Statements for two years(if new business)
- Personal Financial Statement for borrower(s) (form attached)
- Business Tax Returns for the last three years(if existing)
- Individual Tax Returns for the last three years
- 24 Months of Financial Projections
- Current Business License
- Description of collateral to be provided as loan security
- Application Processing Fee of \$100.00
- Certificate of Completion from Small Business Development Center (SBDC) for a "New Business Start Up" Course

I/We authorize the ASG/DOC, DBAS and its agents to conduct a credit investigation for the pt loan.

I/We certify that financing is not otherwise available at terms that would reasonably assure the business project.

I/We certify that the business is not relocating outside of the Territory of American Samoa.

I/We certify that the information in this application, and all attached statements, is true and cor best of our knowledge.

Borrower:

Date:

Borrower:

Date:

Borrower:

Date:

Borrower:

Date:

Appendix 4 Economic analysis of American Samoa's new fishing boat.

ITEMS		ORIGINAL ANALYSIS		REVISED ANALYSIS
Value of boat and fishing gear		\$230,000.00		\$ 230,000.00
Average running costs (per trip)				
Cost of fuel used on trip		\$ 1,200.00		\$ 1,200.00
Bait		\$ 220.00		\$ 220.00
Ice		\$ 400.00		\$ 400.00
Food purchased for trip		\$ 200.00		\$ 300.00
Fishing gear repaired/replaced (1%)		\$ 230.00		\$ 500.00
Crew wages (20% of catch)		\$ 2,000.00	20	\$ 1,184.61
Total running costs per trip =		\$ 4,250.00		\$ 3,804.61
Total running costs per year =		\$ 255,000.00		\$ 228,276.53
Fixed costs (per year)				
Loan repayments/return to capital	12	\$ 27,600.00	9	\$ 20,700.00
Depreciation of vessel	10	\$ 23,000.00	10	\$ 23,000.00
Insurance of vessel	9	\$ 20,700.00	9	\$ 20,700.00
Boat repairs and maintenance	3	\$ 6,900.00	5	\$ 11,500.00
Registration/fees		\$ 50.00		\$ 50.00
Total fixed costs per year =		\$ 78,250.00		\$ 75,950.00
Total fixed costs per trip =		\$ 1,304.17		\$ 1,265.83
Statistics				
Estimated number of trips per year		60		60
Average number of sets per trip		3		3
Average number of hooks per set		1000		1200
Numbers of hooks set per year =		180,000		216,000
Total costs per trip =		\$ 5,554.17		\$ 5,070.44
Total cost per year =		\$ 333,250.00		\$ 304,226.53
Fishing costs per 100 hooks =		\$ 185.14		\$ 140.85
ESTIMATED RETURNS				
CPUE (lb) per 100 hooks		114		101
Average catch per year (lbs)		205200		218,160
Albacore price per lb		\$ 1.70		\$ 1.35
Yellowfin/Bigeye price per lb		\$ 3.00		\$ 3.00
Other fish species price per lb		\$ 2.00		\$ 1.50
Average price per lb		\$ 2.23		
Value of Abacore catch per year	74	\$ 258,141.60	74	\$ 217,941.84
Value of yellowfin and Bigeye catch/year	16	\$ 98,496.00	16	\$ 104,716.80
Value of other species per year	10	\$ 41,040.00	10	\$ 32,724.00
Estimated value of catch per year		\$ 397,677.60		\$ 355,382.64
Estimates value of catch per trip		\$ 6,627.96		\$ 5,923.04
ESTIMATED PROFIT				
Estimated annual returns minus costs =		\$ 64,427.60		\$51,156.11
Estimated profit as % of costs =		19%		17%