

[Legal Notice No. 88]

THE PROVINCIAL GOVERNMENT ACT 1981

THE CHOISEUL PROVINCE RURAL DEVELOPMENT FUND  
ORDINANCE 1995

AN ORDINANCE TO

PROVIDE A RURAL DEVELOPMENT LOAN FUND FOR  
RURAL DEVELOPMENT PROJECTS.

ENACTED by the Choiseul Provincial Assembly this 15th day of  
March 1995.

This printed impression has been carefully compared by me with  
the Ordinance passed by the Choiseul Provincial Assembly and  
found by me to be a true and correct copy of the said Ordinance.

V. PITAKAKA

Clerk to the Choiseul Provincial Assembly

Assented to by the Honourable Minister for Provincial Government  
and Rural Development this     day of     1995.

ALLAN QURUSU

Minister for Provincial Government & Rural Development

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#### PART I - PRELIMINARY

1. This Ordinance may be cited as the Choiseul Province Rural Development Fund Ordinance 1995 and shall come into operation on the date assented to by the Minister in accordance with Section 32 of the Provincial Government Act 1981 and publication in the Solomon Islands Gazette.

Short title and commencement.

2. The purpose of this Ordinance is to establish a rural development fund from which small loans can be made at low interest rates to rural people to provide capital to start business projects in rural areas.

Purpose.

3. In this Ordinance unless the context otherwise requires -  
 "Province" means Choiseul Province;  
 "Executive" means the Executive of Choiseul Province;  
 "Person" means any natural person and any association of persons, corporate and unincorporate;  
 "Fund" means the rural development fund to be established under Part I.

Interpretation.

## PART II - THE FUND

Establishing  
the  
Fund.

4. The Province shall establish a rural development fund to be known as the Choiseul Province Rural Development Fund and referred to in this Ordinance as "the Fund". A bank account shall be opened in the name of the fund, which shall be used exclusively for sums of money assigned to the Fund in accordance with this Ordinance.

Accounting  
Officer.

5. The Provincial Treasurer shall be the Accounting Officer for the Fund.

Accounting  
procedures.

6. The Treasurer, with the approval of the Executive, shall establish procedures for deposits into the Fund, disbursements from the Fund and accounting records relating to the Fund. These shall be consistent with the Provincial Government Act, the Choiseul Province Financial Management Ordinance, the Provincial Accounting Regulations and any relevant National legislation.

Sources of  
Fund.

7. Deposits into the Fund shall be from:

- (a) Solomon Islands Government from any programme established by Parliament for providing funds for rural development loans through the Province;
- (b) the Province in accordance with a resolution by the Executive to allocate money to the Fund;
- (c) penalties due under this Ordinance.

Uses of  
Fund.

8. Monies from the Fund shall be used to make small loans in accordance with this Ordinance. All loans together with interest thereon shall be paid back into the Fund so that monies can be loaned to new enterprises. No monies shall be paid out of the Fund except for bank service charges and fees and loans authorised under this Ordinance.

## PART III - LOANS FROM THE FUND

Who may  
borrow.

9. Any person who lives in and is indigenous to Choiseul Province is eligible for a loan from the Fund.

Kinds of  
business.

10.1 Loans from the Fund can be used to establish new businesses and to finance development to existing businesses located in Choiseul Province and owned by a person or persons living in the Province.

10.2 The business must be one that will provide a useful service to or useful products for the people of Solomon Islands.

10.3 Wholesale and retail businesses shall not qualify for a loan.

10.4 The business must be expected to make sufficient income so that the loan can be repaid at the end of the loan term.

10.5 The Executive, with the advice of the Treasurer and Divisional Head may make regulations setting out the criteria to be used in selecting business enterprises that will qualify for a loan.

11.1 Subject to this section, all loans must be approved by the Executive.

Project  
Selection  
Committee.

11.2 A committee to be known as the "Project Selection Committee" shall be appointed by the Executive to take over the function of approving all loans in accordance with Part IV from a date specified by the Executive.

11.3 The Executive shall make regulations governing the membership and procedures of any Project Selection Committee.

11.4 Before a loan is approved the applicant shall provide a feasibility study to the Executive or the Project Selection Committee. The applicant may ask the Provincial Division Head whose work is most closely related to the proposed business for assistance in preparation of the feasibility study.

#### PART IV - LOAN CONDITIONS

12.1 From the date of the agreement for a loan from the Fund the maximum repayment period shall be five (5) years and the minimum repayment period shall be two (2) years.

Loan terms.

12.2 The maximum amount of any loan to a single business shall be \$5,000.

12.3 The maximum interest rate on any loan shall be 8% per year or such other sum as the Executive may determine in consultation with the Treasurer.

- Loan agreement. 13. Before any loan can be made from the Fund the Province and the applicant must sign a Loan Agreement containing the loan terms as determined by the Executive in accordance with this Ordinance and any regulations made under it.
- Disbursement. 14. The signed Loan Agreement shall be presented to the Treasurer who shall authorise disbursements from the Fund in accordance with the procedures established under section 6 of this Ordinance.
- Business financial records. 15. The Treasurer, with the approval of the Executive, shall establish what financial records every business which receives a loan from the Fund must keep and every such business must keep those records and present them to the Executive and the Treasurer on demand.
- Examination of records. 16.1 Every quarter during the period of a loan the Treasurer or someone appointed by him shall examine the financial records of every business for which monies have been loan from the Fund.
- 16.2 If the financial records are not being kept in accordance with this Ordinance and the requirements of the Treasurer, the full amount of the loan and outstanding interest shall be due and payable to the Province immediately.
- PART V - PENALTIES**
- Repayment penalties. 17. The Executive, by regulations, may establish penalties for failure to repay the loan when due and for any failure to pay interest when due.
- Offences. 18. Anyone who, knowingly uses a loan from the Fund for any purposes other than that set out in this Ordinance or who knowingly makes a false statement on any application for a loan or in the financial records of the business for which monies have been loaned, shall be guilty of an offence and liable to a fine of up to \$1,000.00 or three (3) months in jail or both.
- Civil debt. 19. Nothing in this Ordinance shall be interpreted as limiting the right of the Province to recover as a civil debt any sums used or obtained in violation of any of the requirements of this Ordinance or any regulations made under it. Any sums recovered shall be paid back into the Fund after deduction of the costs of recovery.

SCHEDULE

SAMPLE LOAN AGREEMENT

1. Choiseul Province ("the Lender") hereby agree to lend the sum of \$.....to (name of borrower) of (address of borrower) ("the Borrower") on (date).
2. The loan is to be paid from the Choiseul Province Rural Development Fund.
3. The purpose of the loan is.....
4. The Borrower will pay interest to the Lender on the loan at the rate of 8% per year.
5. The full amount of the loan shall be repaid on or before the.....day of.....19.....
6. Repayments shall be made in equal installments after interest monthly/quarterly/half yearly/annually. (delete as applicable)
7. All payments shall be made by depositing the amount in the Rural Development Fund Account at Provincial Headquarters, Taro Island, Choiseul Bay.
8. If any loan installment or interest payment is not made at the time and place agreed upon, the full amount of the loan plus any accrued interest shall become due at once. There shall be a default penalty of one percent (1%) for each month payment is in default.
9. The Borrower shall keep business and accounting records as required by the Provincial Treasurer and shall permit the Treasurer or his appointee to examine the records of the Business at any time.
10. I, (name of Borrower) hereby offer the following items as security for this loan.

.....  
 .....  
 .....

Executed on behalf of the Choiseul )  
 Provincial Executive by the Premier ) .....  
 in the presence of two witnesses ) Premier

.....  
 Authorised Witness Authorised Witness

