



**Ministry of
Tourism and
Civil Aviation**

**MINISTRY OF TOURISM AND CIVIL AVIATION
PILOT TOURISM MICRO AND SMALL ENTERPRISES FUND
POLICY**

Cabinet Decision Date:	18 June 2024
Effective Date:	4 December 2024

1.0 CONTEXT

- 1.1 A key driver of growth is Micro, Small, and Medium Enterprises ('MSMEs'). Given their dominance in the tourism private sector, support for their long-term recovery and expansion is critical to creating high-quality visitor experiences and facilitating community benefits from tourism.
- 1.2 Some data suggests up to 80% of the sector comprises SMEs – highlighting the prevalence of SMEs in the sector and the growing need for a structured support system that can optimise productivity and impact.
- 1.3 Key barriers to the growth of MSMEs in Fiji include a) financial constraints: MSMEs often struggle with limited financial resources, making it difficult to invest in technology, marketing, or infrastructure; b) access to capital: obtaining loans or credit can be challenging due to stringent requirements or high interest rates; c) cost of compliance: meeting regulatory requirements can be costly; and d) resource constraints: limited manpower, inadequate infrastructure, and outdated systems impacting operational efficiency.
- 1.4 For larger companies with financing track records and the ability to take risks, securing finance from commercial banks is likely relatively straightforward. However, smaller entities tend to need help to obtain finance to scale, relying instead on internal sources of funds for any growth.

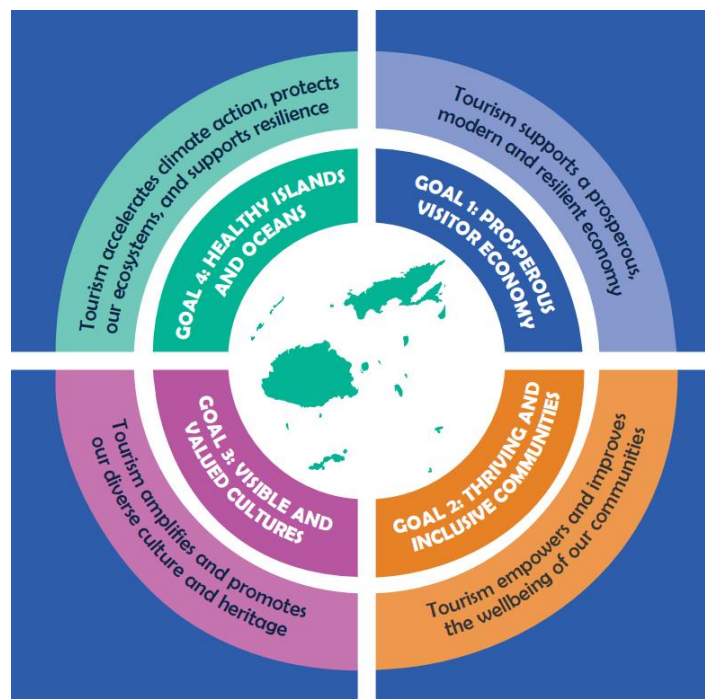
- 1.5 There is a well-recognised gap in the financing options available for MSMEs. As they typically have limited or informally documented track records, and little to no acceptable collateral or equity contributions to make towards the loan, MSMEs have considerable difficulty in obtaining finance from the formal financial sector.
- 1.6 For this purpose, the Ministry of Tourism and Civil Aviation ('MTCA'), has established a Pilot Tourism Micro and Small Enterprise ('M&SE') Fund ('Pilot') as a means to improve access to finance, specifically for MSMEs in the tourism sector.

2.0 POLICY OBJECTIVE

- 2.1 The key objective of the Policy is to guide the MTCA in administering the Pilot Tourism M&SE Fund. It provides the objectives, eligibility criteria, application process, grant disbursement guidelines, and other parameters for the successful implementation of the Pilot.
- 2.2 The Pilot aims to support and empower tourism micro and small enterprises by providing financial assistance in the form of grants. It will focus on creating diversified tourism products and experiences.

3.0 PILOT'S OBJECTIVE

- 3.1 The objectives of the Pilot are in line with the four goals of the National Sustainable Tourism Framework 2024-2034 (NSTF).



3.2 Additionally, the Pilot further intends to align to the ten priorities of the NSTF:

- 1. PROSPEROUS VISITOR ECONOMY**
 - i. Create an enabling policy environment and regulatory coherence
 - ii. Nurture sustainable investments
 - iii. Create a competitive destination with diverse experiences
- 2. THRIVING AND INCLUSIVE COMMUNITIES**
 - iv. Place community empowerment and social inclusion at the centre of tourism planning
 - v. Grow experiential and culturally responsible tourism that supports tourism dispersal
 - vi. Make tourism a career pathway of choice via rewarding employment and entrepreneurship
- 3. VISIBLE AND VALUED CULTURES**
 - vii. Protect and promote our diverse cultures and traditions
 - viii. Enable prosperous and creative industries
- 4. HEALTHY ISLANDS AND OCEANS**
 - ix. Strengthen protection of our islands, coastal and ocean ecosystems
 - ix. Build resilience to climate change and transition to a low-carbon sector

3.1 For the purpose of this Pilot, MSMEs are defined in accordance with the Micro, Small, and Medium Enterprise Fiji Policy Framework and must be engaged in tourism, where a demonstrated share of revenue comes from the tourism sector including tour operators, activity/experience providers, hospitality, food and beverage, accommodation.

Table 2: Funding Access – Grant Allocation

Enterprise Type	Annual Turnover	Maximum Eligible Funding Access per Application	Number of Beneficiaries	Budget Allocation
Micro	From \$0 to \$50,000	\$15,000	10	\$150,000
Small	From \$50,001 to \$300,000	\$25,000	10	\$250,000
Total				\$400,000

4.0 POLICY DESIGN

- 4.1 The Pilot will provide financial assistance to existing micro and small businesses in Fiji according to the allocation noted in Table 2.
- 4.2 The objectives of the Pilot collectively aim to foster a conducive environment for tourism MSMEs to thrive, contribute to economic growth, create employment opportunities, and alleviate poverty, improve lives and livelihoods.
- 4.3 Businesses that fall under the 'micro' category will be eligible to apply for grant of up to \$15,000 with an allocation of \$150,000. 'Small' businesses will be eligible to apply for grants up to \$25,000 with an allocation of \$250,000.
- 4.4 The Pilot will provide grants up to (two-third portion) per applicant and one-third shall be by the applicant and or external financier in the form of loan. Where Government contribution of above two-thirds is requested, justification will need to be provided and approved by the Permanent Secretary for Tourism and Civil Aviation ('Permanent Secretary') and the Selection Panel Committee on a case-by-case basis.
- 4.5 Advertisements of Expression of Interest ('EOI') will be placed in local newspapers, MTCA website, Government Divisional Offices, community visits through the Roko Tui Saravanua, and published on other social media platforms.

5.0 ELIGIBILITY CRITERIA

- 5.1 To be eligible, MSMEs must be:
 - (i) Fijian citizens of 18 years of age and above;
 - (ii) An existing registered enterprise in operation for two years;;
 - (iii) Registered entity must be majority Fijian owned (at least 51%);
 - (iv) Engaged in tourism and where a majority share of revenue comes from the tourism sector including tour operators, activity providers, ground operators, hospitality, food and beverage, and transportation;
 - (v) Ability to meet the one-third cash funding project cost with support documents satisfactory to the Ministry.

6.0 ELIGIBLE PROPOSALS

- 6.1 The Pilot will provide grant funding for the purchase and construction of capital projects as well as operational items. This includes, but is not limited to:
- (i) Improvement of products and experiences (including virtual, land and marine experiences);
 - (ii) Visibility and awareness such as website upgrade;
 - (iii) Adoption of technology to enhance visitor experiences;
 - (iv) Amenities enhancements such as visitor areas or signage;
 - (v) Small-scale infrastructure such as trails, signage; and
 - (vi) Equity funding with financial institutions (FIs) for capital expenditure and diversification purposes. Relevant FIs compliance and requirements will apply.
- 6.2 In its Pilot phase, the following tourism activities and experiences will be considered:
- (i) Activities that promote culture and heritage
 - (ii) Environmentally sustainable activities such as bird watching and trekking
 - (iii) Accessibility such as trails and signage
 - (iv) Upgrade and rejuvenation of heritage sites
 - (v) Niche markets such as Agri-tourism and Wellness
 - (vi) Natural parks such as forests and reef

7.0 DOCUMENTATION REQUIREMENT

- 7.1 Applicants must provide the following documents when expressing interest:
- (i) Completed Application Form;
 - (ii) Valid Business Registration Certificate;
 - (iii) Valid Photo Identification (Driver's License, Voter ID Card, or Passport Biodata Page);
 - (iv) Tax Identification Number (TIN);
 - (v) Management Accounts for those in operations for at least 2 years; *Micro and small enterprises can provide management accounts prepared by certified accountants;
 - (vi) Detailed Business Plan inclusive of 3 years Cash Flow Forecasts/Projections;
 - (vii) Support and Validity letter from relevant Ministry and Stakeholders, if required;
 - (viii) Compliance to regulatory requirements as per business scope;
 - (ix) Membership or shareholder listing, if applicable;
 - (x) Evidence of one-third contribution; and

- (xi) Land Lease¹, tenancy agreement, approved Department of Town and Country Planning documents, Title or documentation relevant to proposals that encompass land (for construction – if applicable).

8.0 EXCLUSIONS

- 8.1 The following will **not** be considered in the Pilot for funding:
- (i) Proposals from former recipients that do not showcase any diversification or growth or the proposal is similar to previously assisted project the recipient received;
 - (ii) Proposal for Debt refinancing;
 - (iii) Proposals that have non-enterprise activities;
 - (iv) Proposals from Civil Servants;
 - (v) Proposals with business turnover (sales) of more than \$300,000 per year;
 - (vi) Proposals requesting large scale infrastructure development, i.e. roads, land preparation, evacuation center, jetties, etc (case by case basis – exceptions to utilities upgrade);
 - (vii) Costs associated with regulatory approvals required from relevant authorities e.g. Rural Local Authority, Environment, iTaukei Land Trust Board, National Fire Authority, Ministry of Health and Medical Services, etc.;
 - (viii) Funding high-risk equipment such as generic motor vehicles;
 - (ix) Projects that do not comply with any laws of Fiji;
 - (x) Activities unrelated to tourism development; and
 - (xi) Projects lacking clear objectives or feasibility; and
 - (xii) Previous Government grant recipients may be eligible provided they demonstrate that the grant received was utilised appropriately.
- 8.2 Expectations can be made upon the Permanent Secretary and Selection Panel's discretion.

9.0 GENERAL PROCEDURES

- 9.1 Tourism MSMEs submit funding applications to the Ministry of Tourism and Civil Aviation as the primary administrators of the Pilot.
- 9.2 Applications are reviewed for eligibility and compliance with funding criteria.

¹ Land lease is to be in accordance to the activity type

- 9.3 Site visitations will be carried out either by the Ministry officials and/or relevant Ministry partners, as part of the Monitoring and Evaluation mechanisms.
- 9.4 Eligible applications are evaluated based on their potential impact and alignment with national development priorities.
- 9.5 Applications will be subject to scrutiny by the Selection Panel which comprises relevant Government and private sector agencies.
- 9.6 Submission of recommendations will be made to the Permanent Secretary for final clearance, before endorsement of the Selection Panel.
- 9.7 Projects that require grant funding/assistance above the prescribed threshold will require separate approval from the Permanent Secretary with proper justification.
- 9.8 The signing of a Memorandum of Agreement (MOA) for the disbursement of grants and official Handing Over will be in place.

10.0 GENERAL GRANT CONDITIONS

- 10.1 For the Term of this Pilot, MSMEs must:
 - (i) Carry out the Project diligently in accordance with the Proposal and in accordance with the terms and conditions of the signed MOA;
 - (ii) Only use the Grant for the purposes of the activities listed in the Proposal and the terms and conditions of the Agreement
 - (iii) Promptly advise the Ministry if it has any problems with or experiences any delays in the implementation of the project;
 - (iv) Maintain a sound administrative and financial system and keep proper and detailed accounts, records, assets registers and management records;
 - (v) Retain all accounts and records for the term of this Agreement and for a period of seven (7) years from the date of expiry or termination of this MOA;
 - (vi) Submit audited financial account to the Ministry annually, where applicable;
 - (vii) Comply with all applicable laws of Fiji when implementing the Project;
 - (viii) Carry and maintain all appropriate insurance, as applicable;
 - (ix) Agree to and conduct all business, without corruption or bribery and act in accordance with international and domestic anti-corruption laws and conventions

- (x) Immediately report to the Ministry any corrupt behaviour encountered during the course of the MOA; and
- (xi) Undertake and complete training courses assigned by the Ministry.

10.2 The MSME must **not**:

- (i) use the Grant to buy an Asset unless that Asset is referred to in the Proposal or the purchase has been approved by the Ministry;
- (ii) dispose of, re-sell or write-off Assets purchased with the Grant unless approved by the Ministry;
- (iii) give to or receive from anyone a gift, payment or other benefit if the act is or could be construed as illegal or corrupt;
- (iv) give to or receive from anyone a gift, payment or other benefit as a reward in relation to the MOA or bribe or make a facilitation payment to any public official; and
- (v) Assign its' interest in the Agreement without Ministry's prior approval; or enter into a contract for the purpose of implementing the Proposal with any other person or entity.

11.0 APPLICATIONS

- 11.1 Those businesses interested in applying are strongly encouraged to submit proposals by completing the online application form available on www.mtca.gov.fj
- 11.2 Businesses who cannot access the online application portal can download printable application form from the Ministry's website and send by email to info@mtca.gov.fj with a clearly marked title as "*Pilot Tourism MSME Fund Application 2024/2025 (Insert Name)*".
- 11.3 The Ministry requires the applicants to demonstrate that the proposal is viable and meets the criteria for funding.
- 11.4 The Ministry will prioritise projects that can clearly demonstrate that they can contribute and address SDGs or Fiji's National Sustainable Tourism Framework and National Development Plan.
- 11.5 The Ministry reserves the right to request additional information as and when required for clarification and reject proposals that are not submitted within the criteria for funding.
- 11.6 The Ministry will only contact the promising and shortlisted applicants for additional information.

12.0 ASSESSMENT CRITERIA

All attachments and information provided as part of the application will be taken into consideration during the assessment phase. The MTCA reserves the right to request the applicant provide further details should it be deemed necessary. Eligible applications will be assessed by the Secretariat, being MTCA, and recommendations to the Selection Panel will be determined based on assessment score.

The following are the two phases of the assessment processes:

Table 3: Assessment Criteria

Assessment and Evaluation	50% of the assessment criteria to be met to proceed to Site Inspection.
Site Inspection	Shortlisted applicants will be visited, and site visitation templates will be compiled.

13.0 SELECTION PANEL

- 13.1 To oversee the Pilot, a Selection Panel has been established and Chaired by the Permanent Secretary for Tourism and Civil Aviation.
- 13.2 The Committee Members comprise representatives from the Ministry, statutory agencies and the Private sector that are relevant to tourism. Additional members may be co-opted as and when the need arises.
- 13.3 The Committee members will be invited by the Committee Chairperson. The same committee may continue without additional notification should it be decided by the Permanent Secretary on the last circulated notification letters and Terms of Reference.
- 13.4 The quorum for any committee meeting shall be general rule of thumb; 50% plus one. The same rule of thumb shall be for the decisions and approvals of the Panel.
- 13.5 Processing of applications can also be done through flying minutes.

14.0 MONITORING AND EVALUATION MECHANISM

- 14.1 The Pilot will be monitored to verify performance and ensure compliance in honouring recipients commitments stipulated in the Memorandum of Agreement ('MOA') signed with the Ministry.
- 14.2 The Ministry is responsible to monitor the Pilot recipients as per the Monitoring and Evaluation Plan and the report will be submitted to the Permanent Secretary.
- 14.3 The MSME will be required to allow the Ministry, or a person/entity nominated by the Ministry, to monitor and evaluate the Project and the use of the Grant at any time during the Term of the MOA.
- 14.4 The Ministry will give the recipient reasonable notice of its intentions prior to commencing such a review. The recipient must cooperate fully with any request from the Ministry or its nominated representatives in connection with any monitoring and evaluation conducted.
- 14.5 At any time during the Term, if the Ministry has reasonable concerns regarding the MSME's financial management systems or progress in the utilisation of the Grant, the Ministry shall provide with written notification of those concerns and indicate what corrective action, if any, is required by the recipient. If the recipient does not comply with the notice provided, the Ministry may terminate the MOA.

15.0 APPEAL AND GRIEVANCE

- 15.1 The Appeal and Grievance mechanism is designed to support applications from businesses seeking to reconsider and address decisions made by the Steering Committee members. It aims to provide a structured and accessible process for applicants to voice their concerns and seek resolutions.
- 15.2 Eligible persons can submit grievances and appeals related to various matters such as funding denial or unfair regulatory practice. The fund facilitates an impartial review process where the Selection Panel members evaluate the merit of each appeal or grievance received, ensuring that decisions are made fairly and transparently.

15.3 Purpose of the Appeal and Grievance Mechanism:

- To ensure fairness, transparency, and accountability in the disbursement of funds.
- To resolve disputes or issues arising from the application process, fund approval, or implementation.
- To address concerns regarding the non-disbursement of funds, eligibility decisions, or any other procedural issues.

15.4 Some common reasons for appeal or grievances include, but are not limited to:

- Application Rejection: The applicant believes their application was unjustly rejected.
- Eligibility: The applicant disputes the eligibility criteria used in evaluating their application.
- Disbursement: Funds were approved but not disbursed in a timely manner.
- Miscommunication or Lack of Information: Confusion or unclear instructions regarding the program.
- Fund Utilization: Issues related to the proper use or monitoring of funds received.
- Changes in Terms and Conditions: Unforeseen changes in the grant terms or Policy after approval.

15.5 Steps in the Appeal and Grievance Process:

1. Initial Complaint Submission:

- The applicant should first attempt to resolve the issue informally by contacting the Secretariat (MTCA). This may involve direct communication via email, phone, or online portals.
- The applicant needs to provide detailed information about the issue they are facing, including any relevant documents such as the application form, rejection notice, or communication from the MTCA.

2. Formal Appeal Submission:

- If the issue is not resolved informally, the applicant may submit a formal appeal. The appeal should include:
 - A clear description of the issue or grievance.
 - Supporting evidence (e.g., application forms, emails, financial statements).
 - A request for specific resolution or review.
- The appeal may need to be submitted to the MTCA and addressed as follows:

Director of Tourism
Email: jacinta.lal@mtca.gov.fj
Phone: +679 331 5577

3. Review by the Selection Panel:

- On receipt by the Secretariat, the grievance or appeal will be submitted to the Selection Panel for review.
- The Selection Panel will assess whether the grievance is legitimate and determine the appropriate course of action.

4. Resolution and Outcome:

- If the grievance is upheld, the MTCA will rectify the issue, such as approving the funds, revising eligibility criteria, or clarifying the terms of the program.
- If the grievance is rejected, the applicant will be provided with a clear explanation of the decision and any further recourse options.
- In some cases, there may be an opportunity for further escalation to higher authorities or even legal action if the issue is not resolved at the initial level.

15.6 The MTCA aims to resolve grievances within 14 to 30 days, depending on the complexity of the case.

16.0 RISK MITIGATION

16.1 The Pilot may involve certain risks that need to be mitigated. Some potential risks and their mitigation strategies will include:

Table 4: Risk Mitigation Matrix

Risk	Mitigation
Financial Risk: The risk of mismanagement of funds or misuse of the grant money.	Implement strict financial controls, regular audits, and reporting requirements to ensure proper use of funds.
Operational Risk: The risk of project delays, scope creep, or inadequate project management.	Develop a detailed project plan, set clear milestones, and monitor progress closely to address any issues promptly.

Compliance Risk: The risk of non-compliance with grant program regulations and requirements	Stay updated on program guidelines, seek legal advice if needed, and ensure all activities are in line with the grant terms.
Reputation Risk: The risk of negative publicity or damage to the Ministry and Government's reputation.	Maintain transparency, communicate effectively with stakeholders including public dissemination and address any concerns or complaints promptly.

17.0 MEMORANDUM OF AGREEMENT

- 17.1 Upon approval of funding, a Memorandum of Agreement ('MOA') will be signed between the Ministry and the MSME outlining the terms, conditions, and responsibilities of both parties.
- 17.2 The recipient must utilise the Government grant as efficiently and effectively as possible solely for the intended purpose as stipulated in the MOA.
- 17.3 The Grant Recipient must notify the Ministry in writing, to change the vendor and/or change of procured items. This change shall be reflected through a Deed of Variation should the MOA be executed. The Grant Recipient also agrees to maintain the Goods in good condition for 5 years and shall not sell, mortgage, transfer, lease or dispose of the Goods or otherwise create a Security Interest in the Goods without the prior written consent of the Government.
- 17.4 Should the Grant Recipient fail to punctually perform any of its obligations or be in breach of any of its obligations stipulated in the MOA, after reasonable remedial time has been provided, the Grant Recipient would be required to refund the Government grant in the currency in which it was disbursed, or the Ministry may opt to physically retrieve the procured item.

18.0 POLICY REVIEW

- 18.1 This Policy will be periodically reviewed to ensure its relevance, effectiveness, and alignment with the evolving needs of tourism MSMEs and national development priorities.

- 18.2 The Selection Panel, the Ministry, or the MSME may propose amendments to this Policy at any time to improve the delivery of the Project, the efficiency, cost-effectiveness, and development impact of the Project.
- 18.3 Changes to this Policy will only be effective if agreed by the Selection Panel and signed by the Chair.

ENDS.
