



RESERVE BANK OF FIJI

**NATURAL DISASTER REHABILITATION
FACILITY**

**(For the use of Commercial Banks, Licensed Credit Institutions and the
Fiji Development Bank)**

**July 2013
Financial Markets Group**



GUIDELINES NATURAL DISASTER REHABILITATION FACILITY

1. Introduction

In April 2009, the Reserve Bank of Fiji (RBF) established a Flood Rehabilitation Facility (FRF) to assist businesses affected by floods to obtain credit at concessional rates of interest. The Facility was later reintroduced in January 2012 following flash floods that occurred around the country, and was made available until 31 December 2012. In January 2013 the Bank renamed the Facility to the Natural Disaster Rehabilitation Facility (NDRF) and extended eligibility to businesses affected by tropical cyclone Evan.

Under the NDRF, businesses may seek funding for either production loss which may include the replacement of stock or inventory damaged as a result of a natural disaster, or asset loss which may include the repair of natural disaster related damages to business premises.

The Facility is available to affected businesses through the commercial banks, Fiji Development Bank (FDB) and licensed credit institutions (LCIs)¹. Advances to eligible businesses are at the risk of the lender with no recourse to RBF. The total amount available on this Facility is \$40.0 million² with loans limited to \$0.5 million per business. RBF reserves the right to award loan amounts greater than \$0.5 million in special circumstances. The \$40.0 million will be allocated on a first-in basis while granting of loans is at the discretion of the commercial banks, FDB and LCIs.

This Facility is effective immediately and is available until 30 September 2013.

2. Eligibility

The Facility is available only to businesses affected by a natural disaster. Businesses may apply for funds for the following:

- Replacement of damaged inventory;
- Loss of sales (including working capital);
- Repair or replacement of damaged plant, equipment and machinery;
- Restoration of damaged buildings including resorts and hotels; and
- Replacement of business vehicles.

Note that NDRF funds are for recovery of damages or losses resulting from the natural disaster only. Clarifications on the above eligibility requirement can be sought from the Reserve Bank.

3. Loan Application

Applications from businesses for funding under the NDRF must be submitted through their commercial bank, FDB or LCI three clear working days prior to the proposed drawdown date. Applications must be made on the specially designed Natural Disaster

¹ LCIs include Credit Corporation Fiji Limited, Merchant Finance & Investment Company Limited and Home Finance Company.

² Following the extension of the Facility in January 2013, the RBF increased the total allocation to \$40 million from \$20 million previously.



Rehabilitation Facility application form (attached) completed by the lender on behalf of the client.

4. Loan Term

The maximum loan term under this Facility is six (6) months and can be rolled over for up to five (5) years. Interest on all loans is to be paid six-monthly. The interest rate will remain at 1 percent for the duration of the loan. Loans of shorter maturities will be granted on a case by case basis.

Where extension is sought to roll-over, commercial banks, FDB and LCI must inform RBF at least two (2) weeks before maturity of the current loan.

5. Interest Rates

The interest rate charged on the NDRF to commercial banks, FDB and LCIs is 1 percent per annum³. Commercial banks, FDB and LCIs can then on-lend to businesses at a maximum rate of 5 percent per annum.

6. Loan Disbursement

Upon approval, the RBF will credit the commercial bank's exchange settlement account, the FDB call account or nominated commercial bank account and the LCI's advance account or nominated commercial bank account with full the amount of the advance.

7. Repayment

Under this Facility, commercial banks, FDB and LCI are to repay principal plus interest on maturity. In instances where the Facility is rolled-over, only interest due must be paid every six months⁴.

8. Commercial Banks with Natural Disaster Rehabilitation Loans

All existing flood related loans by commercial banks can be transferred under the NDRF once approved by RBF. However, upon transfer the maximum interest charged should not exceed 5 percent per annum.

9. Lenders Responsibility

Processing of applications under the NDRF is delegated to the commercial banks, FDB and LCI.

The lenders are responsible for:

- verifying natural disaster damage,
- credit-screening, and
- calculating loan eligibility amounts.

³ From July 2013, the RBF lending rate was reduced to 1 percent from 2 percent previously.

⁴ Section 38(d) of the Reserve Bank of Fiji Act (Cap 210) allows advances to RBF account holders for periods not exceeding 183 days.

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Granting of the loans is at the discretion of the commercial banks, FDB and LCI. Eligible businesses are subject to their lending institution's credit requirements since the institution bears the credit risk without recourse to the RBF.

In case of default, the commercial banks exchange settlement accounts, FDB call account and LCI advance account will be debited with the total outstanding amount loaned and the interest thereon.

10. Exceptions

The Reserve Bank reserves the right to award other loans under this Facility in special circumstances.

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NATURAL DISASTER REHABILITATION FACILITY APPLICATION FORM

Application Details	
Name of Company	
Address	
Contact Person	
Phone/ Mobile	
Fax/ Email	
Funding Details	
Estimated Damage (\$)	
Total Funding Required (\$)	
Estimated Funding Duration	
Proposed Drawdown Date	
Declaration	
I/ We hereby certify that the information provided is true and correct to the best of my knowledge.	
Name:.....	Signature:.....
Title:.....	
Name:.....	Signature:.....
Title:.....	
<i>Names and Signature(s) of applicant(s). (If signing on behalf of a corporate body, indicate in what capacity and stamp with the company stamp).</i>	
Lending Institution Verification	
Institution Name	
Branch	
Assessing Officer	
Signature	
Date	
<p>Note:</p> <p>1 Loans under the Facility are limited to \$0.5 million per affected business.</p> <p>2 In the event that the lender is unable to pay RBF on the specified date due to default by the customer, RBF will debit the respective lending institution's ESA/Call/Advance account for the total outstanding advance, including interest accrued.</p> <p>3 Completed forms to be submitted to Manager Domestic Markets, Tower 2, Reserve Bank of Fiji.</p>	