



RESERVE BANK OF FIJI

**NATURAL DISASTER REHABILITATION
FACILITY**

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

**April 2018
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 (hereafter referred to as **the Facility**) and extended eligibility to businesses affected by Tropical Cyclone (TC) Evan and was made available until 30 September 2015. The Facility was also reactivated following the devastation impact left behind by TC Winston throughout Fiji. Following the recent flooding in the Western Division of Fiji, the Facility has been reactivated from 3 April 2018 to assist businesses as well as homeowners affected by floods.

The Facility is available through ‘**approved lenders**’ being commercial banks, Fiji Development Bank (FDB) and licensed credit institutions (LCIs)¹. To be eligible, borrowers must meet the requirements stipulated by the respective approved lender.

The total amount available on this is limited to \$0.5 million per business or \$5,000 per homeowner. RBF reserves the right to award loan amounts greater than these in special circumstances.

This Facility is effective immediately and is available until 30 June 2018.

2. Eligibility

The Facility is available only to businesses and homeowners 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. For homeowners, eligibility is on the basis of per homeowner per property.

¹ LCIs include Credit Corporation (Fiji) Limited, Merchant Finance Limited, BSP Finance (Fiji) Limited and Kontiki Finance Limited.



3. Loan Application

Applications from businesses and homeowners for funding under the NDRF must be submitted through their commercial bank, FDB or LCI using a copy of the attached Natural Disaster Rehabilitation Facility Application Form.

For ease of administration, the Reserve Bank will accept bulk applications and mutually agree on timing of repayments.

4. Loan Term

The maximum loan term under this Facility is six (6) months² and can be rolled over for up to five (5) years.

5. Interest Rates

The Reserve Bank will charge approved lenders an interest rate of 1 percent per annum for advances to businesses and 0.5 percent per annum for advances to homeowners. Interest on all loans is payable six-monthly.

Approved lenders must advance these funds at a maximum spread of 4 percent per annum. Therefore the maximum interest rate that can be charged on businesses will be 5 percent per annum and 4.5 per cent per annum for homeowners.

6. Repayment

All advances under this Facility are due and repayable on maturity. In instances where the Facility is rolled-over, only interest due must be paid twice annually on 30 June and 31 December.

Should a borrower effect settlement or refinanced within the agreed term, the approved lender is required to immediately reimburse the funds advanced under this Facility to the Reserve Bank.

7. 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.

8. Commercial Banks with Natural Disaster Rehabilitation Loans

All existing natural disaster 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 LCIs.

² 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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The lenders are responsible for:

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

Granting of the loans is at the discretion of the commercial banks, FDB and LCIs. Eligible businesses and homeowners 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 undertakes to exercise reasonableness and accord due consideration in case there is any doubt or queries arising from these guidelines. However, regrettably our decision, once taken, will be final.

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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	
<p>I/ We hereby certify that the information provided is true and correct to the best of my knowledge.</p> <p>Name:..... Signature:.....</p> <p>Title:.....</p> <p>Name:..... Signature:.....</p> <p>Title:.....</p> <p><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></p>	
Lending Institution Verification	
Institution Name	
Branch	
Assessing Officer	
Signature	
Date	
<p>Note:</p> <p><i>1 Loans under the Facility are limited to \$0.5 million per affected business or \$5,000 per homeowner</i></p> <p><i>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.</i></p> <p><i>3 Completed forms to be submitted to Manager Domestic Markets, Tower 2, Reserve Bank of Fiji.</i></p>	