



RESERVE BANK OF FIJI

**DISASTER REHABILITATION AND
CONTAINMENT FACILITY**

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

**March 2020
Financial Markets Group**



RESERVE BANK OF FIJI

GUIDELINES

DISASTER REHABILITATION AND CONTAINMENT FACILITY (DRCF)

1. Introduction

The Reserve Bank of Fiji (RBF) has expanded the coverage of the Natural Disaster and Rehabilitation Facility to include businesses affected by health epidemics or pandemics such as the COVID-19. The expanded facility is now called the Disaster Rehabilitation and Containment Facility (DRCF).

The Facility is available through ‘**approved lenders**’ including the commercial banks, Fiji Development Bank (FDB) and licensed credit institutions (LCIs)¹. Under the DRCF, approved lenders can access funds from the RBF at an interest rate of 1 percent per annum, and on-lend the same to eligible businesses at a maximum interest rate of 5 percent per annum for a period of six months with possibility of rollover for a maximum of five years. To be eligible, borrowers must meet the requirements stipulated by their respective approved lenders.

The total amount available under this Facility is \$60.0 million. Loans will be limited to a maximum of \$0.50 million per business and will be allocated on a first-in basis. The RBF reserves the right to award loan amounts greater than these in special circumstances.

This Facility is effective immediately and will be subject to ongoing review.

2. Eligibility

Businesses may apply for DRCF funds to cover financial and economic losses including working capital arising from the impact of COVID-19.

Clarifications on the eligibility requirement can be sought from the Reserve Bank.

Loan Application

Applications from businesses for funding under the DRCF must be submitted through their commercial bank, FDB or LCI using a copy of the attached Application Form.

All completed forms and other accompanying documents are to be submitted to RBF by email to domesticmarkets@rbf.gov.fj.

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

3. Loan Term

The maximum loan term under this Facility is six months and can be rolled over for up to five years.

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



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4. **Interest Rate**

The Reserve Bank will charge approved lenders an interest rate of 1 percent per annum for advances to businesses. 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.

5. **Repayment**

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

Should a borrower effect settlement or refinance their loan within the agreed terms, the approved lender is required to immediately reimburse the funds advanced under the Facility to the Reserve Bank.

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 the full amount of the advance.

7. **Commercial Banks with Disaster Rehabilitation and Health Epidemic/Pandemic Related Loans**

Existing loans held by commercial banks that are eligible under the Facility as approved by the RBF, can be refinanced under the DRCF. However, upon transfer the maximum interest charged should not exceed 5 percent per annum.

8. **Lenders Responsibility**

Processing of applications under the DRCF is delegated to the commercial banks, FDB and LCIs.

Lenders are responsible for:

- verifying financial and economic losses and needs arising from the impact of the disaster and health epidemic or pandemic,
- credit-screening, and
- calculating loan eligibility amounts.

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



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

9. Exceptions

The Reserve Bank exercises reasonableness and accords due consideration for any doubt or query arising from these guidelines. However, the Reserve Bank reserves the right to make the final decision for every application.

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DISASTER REHABILITATION AND CONTAINMENT FACILITY APPLICATION FORM

Application Details	
Name of Company	
Address	
Contact Person	
Phone/ Mobile	
Fax/ Email	
Funding Details	
Estimated Losses (\$)	
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>Name(s) and Signature(s) of applicant(s). (If signing on behalf of a corporate body, indicate in what capacity and stamp with the appropriate company seal/stamp).</i></p>	
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 date, 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 and other accompanying documents are to be submitted to the Manager Domestic Markets, Financial Markets Group, Reserve Bank of Fiji by email through domesticmarkets@rbf.gov.fj</p>	