



RESERVE BANK OF FIJI

DISASTER REHABILITATION AND CONTAINMENT FACILITY GUIDELINES

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

Revised 2 August 2021

Financial Markets Group



RESERVE BANK OF FIJI

DISASTER REHABILITATION AND CONTAINMENT FACILITY GUIDELINES

1. Introduction

The Reserve Bank of Fiji (RBF) has expanded the coverage of the Disaster Rehabilitation and Containment Facility to include any lending to micro, small and medium sized enterprises (MSMEs) and large businesses.

The Facility is available through ‘**approved lenders**’ including the commercial banks, Fiji Development Bank (FDB) and licensed credit institutions (LCIs)¹. The interest rate charged on these advances is 0.25 percent per annum. The approved lenders can borrow from RBF at this rate and on-lend to eligible applicants at a maximum rate of 3.99 percent per annum for a maximum term of up to five years.

The total amount available under this Facility is **\$200.0 million**. This Facility is effective immediately and will be subject to ongoing review.

2. Loan Eligibility and Guarantee

The scheme provides financing for new loans only and encourages lending to all businesses that meet the eligibility criteria. More than one entity/business within a Group can also qualify for funding. An entity cannot borrow from two or more different banks/financial institutions.

Eligible loan amounts and the maximum loss claim guarantee in the event of default in loan repayment are as follows:

Turnover	Maximum Loan Amount	Loan Guarantee (%)
Less than \$50,000	\$10,000	90
\$50,000-\$300,000	\$20,000	85
\$300,001-\$1,250,000	\$50,000	80
More than \$1,250,000	\$100,000	75

Government provides guarantee for any defaulted loan under the scheme and the maximum loss guarantee ratio over the total loan amount (principal and interest portions) that can be claimed are provided as above.

The RBF reserves the right to award loan amounts greater than the specified limits under special circumstances. However, loan amounts that exceed the current thresholds would be treated under the standard DRCF facility terms and conditions where the interest will not be subsidised and no guarantee will be provided. Clarifications on the eligibility requirement can be sought from the Reserve Bank.

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



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3. Interest Rate and Subsidy

The Government will fully subsidise the interest rate payment for the first two years. The approved lenders will provide the loan on interest only basis for the first two years and then amortise the debt through monthly principal and interest repayments over the remaining three years.

In addition, lending institutions cannot charge any type of fee or charges during the first two years of the loan. This means that no interest payment, fees and charges will be paid by any business under the scheme to lending institutions during the first two years.

Interest payments by the Government to lending institutions will be made on a monthly basis. For lending institutions, interest on all loans is payable twice annually to RBF on 30 June and 31 December.

The maximum interest rate that can be charged to eligible businesses will be 3.99 percent per annum.

4. 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.

5. Repayment

All advances under this Facility are due and repayable on maturity. Should a borrower effect an early settlement, the approved lender is required to immediately reimburse the funds advanced under the Facility to the Reserve Bank.

6. Lenders Responsibility

Granting of the loans is at the discretion of approved lenders. 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 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.

7. Guarantee Claim Process

To apply for a loan default claim, the lending institution must provide evidence that:

- The loan has been in arrears for at least 90 days;
- All reasonable steps have been taken to recover the debt.



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All claims will be processed and responded to within 3 working days from the date of receipt of application. Upon approval, the payout of the approved claim will be credited to the approved lender's nominated account with the Reserve Bank.

Following the payout of an approved claim from the RBF, lending institutions may recover from the customer, only the remainder of the total loan principal amount and interest dues covered by the Scheme. Any recovery of funds in excess of this amount must be refunded to the RBF.

8. Loan Application

Applications from businesses for funding must be submitted through their approved lenders using a copy of the attached Application Form. The cut-off time for applications will be every Wednesday and the RBF will advance the approved funds on Fridays.

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

Reserve Bank of Fiji
Private Mail Bag
Suva
Fiji
Telephone: (679) 331 3611 Fax: (679) 330 2094
Email: info@rbf.gov.fj



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DISASTER REHABILITATION AND CONTAINMENT FACILITY – APPLICATION FORM

Application Details	
Name of Business	
Tax Identification Number (TIN)	
Turnover (\$)	
Number of Employees	
Address	
Contact Person	
Phone Contact	
Fax/ Email	
Funding Details	
Total Funding Required (\$)	
Purpose of Funding	
Interest Rate Offered (%)	Year 1 <input type="text"/> Year 2 <input type="text"/> Year 3 <input type="text"/> Year 4 <input type="text"/> Year 5 <input type="text"/>
Proposed Drawdown Date	
Lending Institution Verification	
Institution Name	
Branch	
Assessing Officer	
Signature	
Date	
Note:	
<p>1. 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>2. 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>	