



## GUIDELINES DISASTER REHABILITATION FACILITY

### **1. Introduction**

The Reserve Bank of Fiji (RBF) has established a Disaster Rehabilitation Facility (DRF) to assist businesses affected by tropical cyclone Tomas to obtain credit at concessional rates of interest. Through the Facility, businesses may seek funding for either production loss which may include the replacement of cyclone-damaged stock or inventory, or asset loss which may include the repair of cyclone-related damages to business premises.

The Facility is available to affected businesses through the commercial banks and Fiji Development Bank (FDB). Advances to eligible businesses are at the risk of the lender with no recourse to RBF. The total amount available on this Facility is \$20 million with loans limited to \$0.5 million per business. The \$20 million will be allocated on a first-in basis. Granting of loans is at the discretion of the commercial banks and FDB.

This Facility is effective immediately and is available until 30 June 2010.

### **2. Eligibility**

The Facility is available only to businesses affected by tropical cyclone Tomas. Businesses may apply for funds for the following:

- Replacement of cyclone-damaged inventory;
- Repair or replacement of cyclone-damaged plant, equipment and machinery;
- Restoration of cyclone-damaged buildings including resorts and hotels; and
- Replacement of business vehicles damaged by tropical cyclone Tomas.

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

### **3. Loan Application**

Applications from businesses for funding under the DRF must be submitted through their commercial bank or FDB 3 clear working days before the proposed drawdown date. Applications must be made on the specially designed Disaster Rehabilitation Facility application form by the lender on behalf of the client.

### **4. Loan Term**

The maximum loan term under this Facility is five years. Loans will be automatically rolled over every six months based on the initial term of loan approved. The interest rate will remain at 2 percent for the duration of the loan. Loans of shorter maturities will be granted on a case by case basis.

# RESERVE BANK OF FIJI



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

## 5. Interest Rates

The interest rate charged on the DRF to commercial banks and FDB is fixed at 2 percent. Commercial banks and FDB can then on-lend to businesses at a maximum rate of 6 percent.

## 6. Loan Disbursement

Upon approval, the RBF will credit the commercial banks exchange settlement account, or the FDB call account with the full amount of the advance.

## 7. Repayment

Under this Facility, commercial banks and FDB are to repay principal plus interest on maturity. In instances where the Facility is rolled-over, only interest due must be paid every six months<sup>1</sup>.

## 8. Commercial Banks with Existing Disaster Rehabilitation Loans

All existing cyclone related loans by commercial banks can be transferred under the DRF once approved by RBF. However, upon transfer the maximum interest charged should not exceed 6 percent per annum.

## 9. Lenders Responsibility

Processing of applications under the DRF is delegated to the commercial banks and FDB.

The lenders are responsible for:

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

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

**Reserve Bank of Fiji**  
**March 2010**

---

<sup>1</sup> Section 38(d) of the Reserve Bank of Fiji Act (Cap 210) allows advances to commercial banks for periods not exceeding 183 days