
LOAN NUMBER 9016-FJ

Loan Agreement

(Second Fiscal Sustainability and Climate Resilience Development Policy Loan)

between

REPUBLIC OF FIJI

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN NUMBER 9016-FJ

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between THE REPUBLIC OF FIJI (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement).

WHEREAS: (A) The Bank has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework; and

(B) the Borrower has also requested the International Development Association to provide additional assistance towards the financing of the Program, and the International Development Association has agreed to make available to the Borrower a concessional credit in an amount equivalent to twenty one million, fifty thousand Special Drawing Rights (SDR 21,050,000) and a non-concessional credit in the amount of twenty nine million Dollars (\$29,000,000) to assist in financing the Program, pursuant to the financing agreement to be entered into between the Borrower and the International Development Association (“Financing Agreement”).

The Borrower and the Bank therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of six million Dollars (\$6,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”).

- 2.02. The Front-end Fee is one quarter of one percent (0.25%).
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.04. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.05. The Payment Dates are May15 and November15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
 - (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program.
 - (b) without limitation upon paragraph (a) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension is that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework; and
 - (b) the Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. For purposes of Section 9.05 (b) of the General Conditions, the date on which the obligations of the Borrower under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Minister at the time responsible for finance.

- 6.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Ministry of Economy
Ro Lalabalavu House
370 Victoria Parade
Suva, Fiji; and

(b) the Borrower's Electronic Address is:

Facsimile:	E-mail:
679-330-0834	makereta.konrote@economy.gov.fj

- 6.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Facsimile:	E-mail:
1-202-477-6391	cdpngpacific@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF FIJI

By



Authorized Representative

Name: AIYAZ SAYED-KHAIYUM

Title: Attorney-General and Minister for Economy, Civil Service

Date: 23-Jan-2020

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Michel Kerf

Title: Country Director, PNG & Pacific Islands

Date: 11-Dec-2019

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions under the Program

Actions Taken Under the Program. The actions taken by the Borrower under the Program include the following:

1. The Borrower, through its Cabinet, has approved a Medium-Term Fiscal Strategy that strengthens fiscal discipline and initiates fiscal consolidation through expenditure-side measures, consistent with debt sustainability, as evidenced by: (a) the Medium-Term Fiscal Strategy; and (b) the letter from the Minister for Economy to the Bank dated September 19, 2019 confirming Cabinet approval of the Medium-Term Fiscal Strategy.
2. The Borrower, through its Cabinet, has approved the Government Guarantee Policy for granting guarantees to government entities, as evidenced by the Government Guarantee Policy, and the letter from the Minister for Economy to the Bank dated September 19, 2019 confirming Cabinet approval of the Government Guarantee Policy.
3. The Borrower, through its Cabinet, has approved the Draft Fiji Direct Investment Bill and an Investment Policy Statement that provide a simple, transparent process for entry of foreign investment and establish investor protections, as evidenced by the letter from the Minister for Industry, Trade and Tourism to the Bank dated September 11, 2019 confirming that the Cabinet approved the Investment Policy Statement and Draft Fiji Direct Investment Bill.
4. The Borrower, through its Cabinet, has adopted a strategy for improving the business environment and through its Ease of Doing Business taskforce started its implementation including establishment of online company registration, as evidenced by: (a) the Borrower's Doing Business Reform Memorandum; (b) the letter from the Minister for Industry, Trade and Tourism to the Bank dated September 11, 2019 confirming Cabinet approval of the strategy "Doing Business Reform Memorandum"; and (c) the Borrower's live online Registrar of Companies.

5. The Borrower, through its Ministry of Economy, has established the regulatory framework and institutions necessary to allow moveable property to be used more securely as collateral for credit purposes by: (a) the commencement of the Personal Property Securities Act 2017, as evidenced by the Borrower's Legal Notice 25 of 2019 'Personal Property Securities Act 2017 Commencement Notice, 2019'; (b) the publication and commencement of the Personal Property Securities Regulations 2019, as evidenced by the Extraordinary Government of Fiji Gazette Supplement No. 12, Legal Notice No. 24, dated April 30, 2019; and (c) the appointment of the Reserve Bank of Fiji as the Registrar and administrator of the Personal Property Securities Registry, as evidenced by Section 3 of the Personal Property Securities Regulations.

6. The Borrower, through its Cabinet, has approved Resilient Building Guidelines that: (a) strengthen new single-story schools and residential housing on native lands against climate-related risks and earthquakes aligned with the National Building Code – Fiji requirements; and (b) form contents of training for building practitioners in rural areas, as evidenced by the letter from Minister for Industry, Trade and Tourism to the Bank dated September 11, 2019 confirming that the Cabinet approved the Resilient Building Guidelines and attaching a copy of the approved Resilient Building Guidelines.

7. The Borrower, through its Cabinet, has approved the Climate Change Policy 2018-2030 to scale-up the Borrower's activities for enhancing resilience of key vulnerable sectors as evidenced by the letter from the Minister for Economy to the Bank dated September 19, 2019 confirming Cabinet approval of the Climate Change Policy 2018-2030.

Section II. Availability of Loan Proceeds

- A. General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. Allocation of Loan Amounts.** The Loan (except for amounts required to pay the Front-end Fee] is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan Allocated (expressed in Dollar)
(1) Single Withdrawal Tranche	5,985,000
(2) Front-end Fee	15,000
TOTAL AMOUNT	6,000,000

- C. Withdrawal Tranche Release Conditions.**
1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.
- D. Deposit of Loan Amounts.**
1. The Borrower, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the Borrower's account to which the Loan proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Borrower's budget management system; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.

- E. Audit.** Upon the Bank's request, the Borrower shall:
1. have the account referred to in Section 2.03 (a) of the General Conditions audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;
 2. furnish to the Bank as soon as available, but in any case not later than nine (9) months after the end of the Borrower's fiscal year, a certified copy of the report of such audit, of such scope and in such detail as the Bank shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Bank; and
 3. furnish to the Bank such other information concerning the account referred to in Section 2.03 (a) of the General Conditions and their audit as the Bank shall reasonably request.
- F. Closing Date.** The Closing Date is November 7, 2020.

SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each May 15 and November 15 Beginning November 15, 2024 through May 15, 2034	5%

APPENDIX

Definitions

1. “Climate Change Policy 2018-2030” means the Borrower’s policy titled “Republic of Fiji: National Climate Change Policy 2018-2030” available online at <<http://www.economy.gov.fj/images/Resources/CCIC/National-Climate-Change-Policy-2018---2030.pdf>>.
2. “Doing Business Reform Memorandum” means the Borrower’s Doing Business Reform Memorandum: Fiji, dated December 2018, approved by Cabinet April 16, 2019.
3. “Draft Fiji Direct Investment Bill” means the Borrower’s ‘Draft Fiji Direct Investment Bill 2019’, dated July 30, 2019
4. “Financing Agreement” means the agreement between the Borrower and the International Development Association in support of the Program, of the same date as this Agreement, as such agreement may be amended from time to time. “Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.
5. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018.
6. “Government Guarantee Policy” means the Borrower’s document entitled Government Guarantee Policy, prepared by the Ministry of Economy and dated March 2019.
7. “Investment Policy Statement” means the Borrower’s document titled ‘Fiji Investment Policy Statement’, dated February 19, 2018.
8. “Medium-Term Fiscal Strategy” means the Borrower’s strategy outlined in paragraphs 3.11 to 3.15 of the Recipient’s Republic of Fiji Economic and Fiscal Update Supplement to the 2019 -2020 Budget Address, Ministry of Economy 7 June 2019, available at <<http://www.economy.gov.fj/images/Budget/budgetdocuments/supplements/BU DGET-SUPPLEMENT.pdf>>

9. “Ministry of Economy” means the Borrower’s Ministry of Economy, or any successor thereto.
10. “Ministry of Industry, Trade and Tourism” means the Borrower’s Ministry of Industry, Trade and Tourism, or any successor thereto.
11. “National Building Code - Fiji” means the Borrower’s National Building Code as set forth in the Schedule to the Public Health (National Building Code) Regulations 2004.
12. “Parliament” means the Borrower’s Parliament which exercises legislative authority pursuant to Chapter 3 of the Constitution of the Republic of Fiji.
13. “Personal Property Securities Act 2017” means the Borrower’s Personal Property Securities Act 2017, Act No. 45 of 2017.
14. “Personal Property Securities Registry” means the Borrower’s electronic registry established in accordance with section 69 of the Personal Property Securities Act.
15. “Personal Property Securities Regulations 2019” means the Borrower’s Personal Property Securities Regulations 2019.
16. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated September 19, 2019 from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
17. “Registrar of Companies” means the Borrower’s live online registrar of companies available at <<https://mobile.digital.gov.fj/Eservices/Index>>.
18. “Reserve Bank of Fiji” means the Borrower’s central bank established by and operating pursuant to the Borrower’s Reserve Bank of Fiji Act No. 14 of 1983.
19. “Resilient Building Guidelines” means the Borrower’s ‘Guidelines for Improving Building Safety and Resilience of New Single-Story Houses and Schools in Rural Areas of Fiji’ dated August 2019.

20. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
21. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.