
CREDIT NUMBER 7574-FJ
CREDIT NUMBER 7575-FJ

Financing Agreement

(Growth and Resilience First Development Policy Financing)

between

REPUBLIC OF FIJI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF FIJI (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement).

WHEREAS (A) the Recipient, to enhance its preparedness for and resilience to disasters, has requested the Association, and the Association has agreed, to provide a financing in an amount equivalent to twenty two million, eight hundred thousand Special Drawing Rights (SDR 22,800,000) (Credit Number 7576-FJ) to the Recipient for the purpose of providing financing in support of the Program, pursuant to the financing agreement between the Recipient and the Association of the same date as this Agreement for the Growth and Resilience First Development Policy Financing with a Catastrophe Deferred Drawdown Option, as such agreement may be amended from time to time; and

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

NOW, THEREFORE, the Recipient and the Association 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 — FINANCING

- 2.01. The Association agrees to extend to the Recipient credits, which are deemed as Concessional Financing for purposes of the General Conditions, (collectively “Financing”), in the following amounts:
 - (a) an amount equivalent to eighteen million, eight hundred thousand Special Drawing Rights (SDR 18,800,000) (“Credit (A)”); and
 - (b) an amount equivalent to fifty-three million, four hundred thousand Special Drawing Rights (SDR 53,400,000) (“Credit (B)”).

- 2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.03. The Service Charge is only applicable to Credit B and is three-fourths of one percent (3/4 of 1%) per annum on the amounts of Credit (B) withdrawn from the Credit Account for Credit (B).
- 2.04. The Payment Dates are February 15 and August 15 in each year.
- 2.05. The principal amount of the Financing shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.06. The Payment Currency is Dollar.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
 - (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association 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 ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely 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 Condition of Effectiveness consists of the following, namely that, the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient 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 Recipient's Representative is its minister responsible for finance.
- 6.02. For purposes of Section 11.01 of the General Conditions:

- (a) The Recipient's address is:

Ministry of Finance, Strategic Planning, National Development and
Statistics
Ro Lalabalavu House
P.O.Box 2212
Suva, Fiji; and

- (b) the Recipient's Electronic Address is:

E-mail:

shiri.gounder@finance.gov.fj

6.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association's address is:

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

(b) the Association's Electronic Address is:

Telex:

Facsimile:

E-mail:

248423 (MCI)

1-202-477-6391

cdpngpacific@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF FIJI

By

Biman Prasad

Authorized Representative

Name: Biman Prasad

Title: Minister of Finance

Date: 26-Jun-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Stephen N. Ndegwa

Title: Country Director, PNG & Pacific Islands

Date: 25-Jun-2024

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

The actions taken by the Recipient under the Program include the following:

Pillar 1: Building fiscal, climate and disaster resilience.

1. To enhance revenue mobilization and build fiscal buffers to respond to shocks, the Recipient, in line with its Supplement to the 2023-2024 Budget Address, has increased rates for the value added tax, the income tax and the airport departure tax, as evidenced by: (a) the Value Added Tax (Budget Amendment) Act 2023, the Income Tax (Rates of Tax and Levies) (Amendment) Regulations 2023, and the Airport Departure Tax (Amendment) Regulations 2023; and (b) the Government of Fiji Gazette Vol. 24 No. 62, dated July 17, 2023 publishing the Value Added Tax (Budget Amendment) Act 2023, the Income Tax (Rates of Tax and Levies) (Amendment) Regulations 2023, and the Airport Departure Tax (Amendment) Regulations 2023.
2. To strengthen disaster preparedness, the Recipient, through its Cabinet, has endorsed for tabling to Parliament, the National Disaster Risk Management Bill which clarifies roles and responsibilities for disaster risk reduction through improved emergency planning, as evidenced by: (a) the signed memorandum from the Secretary to the Cabinet addressed to the Permanent Secretary for Finance, Strategic Planning, National Development and Statistics, dated April 23, 2024, confirming Cabinet endorsement of the National Disaster Risk Management Bill; and (b) the letter from the Minister for Finance, Strategic Planning, National Development and Statistics addressed to the Association, dated April 25, 2024, confirming Cabinet endorsement that the National Disaster Risk Management Bill be tabled at a sitting of Parliament.

Pillar 2: Building the foundations for private sector development.

3. To facilitate micro, small and medium-sized enterprises (MSME) access to finance, the Recipient, through its Cabinet, has endorsed for tabling to Parliament, the Access to Business Funding Bill which expands the instruments for MSMEs to raise debt and equity finance, as evidenced by: (a) the signed memorandum from the Secretary to the Cabinet addressed to the Permanent Secretary for Finance, Strategic Planning, National Development and Statistics, dated April 23, 2024, confirming Cabinet endorsement of the Access to Business Funding Bill; and (b) the letter from the Minister for Finance, Strategic Planning, National Development and Statistics, dated April 25, 2024 addressed to the Association, confirming Cabinet endorsement that the Deputy Prime Minister and Minister for Trade,

Cooperatives, Small and Medium Enterprises and Communications table the Access to Business Funding Bill at a sitting of Parliament.

4. To streamline the business environment, the Recipient, through its Acting Minister for Employment, Productivity and Industrial Relations, has made the Health and Safety at Work (General Workplace Conditions) (Amendment) Regulations 2024 to apply a risk-based approach to inspections and certification, as evidenced by: (a) Health and Safety at Work (General Workplace Conditions) (Amendment) Regulations 2024; and (b) Legal Notice No. 22 of the Government of Fiji Gazette Supplement No. 13, dated May 9, 2024, publishing the Health and Safety at Work (General Workplace Conditions) (Amendment) Regulations 2024.
5. To promote utilization of digital financial services, the Recipient through the Reserve Bank of Fiji (RBF), has approved the Policy for the Protection and Fair Treatment of Financial Consumers to improve transparency, disclosure, and consumer data protection, as evidenced by the Minutes of the Ordinary Meeting of the RBF Board held on February 29, 2024, dated March 28, 2024, confirming RBF Board approval of the Policy for the Protection and Fair Treatment of Financial Consumers.
6. To build a healthy working-age population, the Recipient, through its Cabinet, has endorsed the Fiji Health Promoting Schools and School Health Policy 2024 – 2029 for children and youth in early childhood education, primary and secondary schools, with population-level screening and early intervention to promote healthy behavior and curb the development of non-communicable disease risk factors, as evidenced by: (a) the signed memorandum from the Secretary to the Cabinet addressed to the Permanent Secretary for Finance, Strategic Planning, National Development and Statistics, dated April 23, 2024; and (b) the letter from the Minister for Finance, Strategic Planning, National Development and Statistics addressed to the Association, dated April 25, 2024, both confirming Cabinet endorsement of the Fiji Health Promoting Schools and School Health Policy 2024 – 2029.

Section II. Availability of Financing Proceeds

- A. General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. Allocation of Financing Amounts.** The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of Credit (A) Allocated (Expressed in SDR)	Amount of Credit (B) Allocated (Expressed in SDR)
(1) Single Withdrawal Tranche	18,800,000	53,400,000
TOTAL AMOUNT	18,800,000	53,400,000

C. Withdrawal Tranche Release Conditions.

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.

D. Deposit of Financing Amounts.

1. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the Fijian Dollar equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient's budget management systems; 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 Association's request, the Recipient shall:

1. have the account referred to in Section 2.03 (a) of the General Conditions audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
2. furnish to the Association as soon as available, but in any case, not later than nine (9) months after the end of the Recipient's fiscal year, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and
3. furnish to the Association such other information concerning the account referred to in Section 2.03 (a) of the General Conditions and their audit as the Association shall reasonably request.

F. Closing Date. The Closing Date is July 15, 2027.

SCHEDULE 2

Repayment Schedule for Credit (A)

Date Payment Due	Principal Amount of the Credit repayable (Expressed as a percentage) *
On each February 15 and August 15: commencing August 15, 2030, to and including August 15, 2035	8.33334%
on February 15, 2036.	8.33326%

* The percentages represent the percentage of the principal amount for Credit (A) to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

Repayment Schedule for Credit (B)

Date Payment Due	Principal Amount of the Credit repayable (Expressed as a percentage) *
On each February 15 and August 15: commencing August 15, 2034, to and including February 15, 2044.	1%
commencing August 15, 2044, to and including February 15, 2064.	2%

* The percentages represent the percentage of the principal amount for Credit (B) to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

APPENDIX

Definitions

1. “Access to Business Funding Bill” means The Recipient’s Access to Business Funding Bill 2024.
2. “Airport Departure Tax (Amendment) Regulations 2023” means Airport Departure Tax (Amendment) Regulations 2023 (Legal Notice No. 64) and published as a supplement to the Government of Fiji Gazette No. 62, Vol. 24, dated July 17, 2023.
3. “Cabinet” means the Recipient’s cabinet constituted in accordance with the Constitution.
4. “Credit (A)” means the credit in the amount referenced in Section 2.01(a) of this Agreement and the Credit for purposes of paragraph 24 of the General Conditions.
5. “Credit (B)” means the credit in the amount referenced in Section 2.01(b) of this Agreement and the Credit for purposes of paragraph 24 the General Conditions.
6. “Constitution” means the Constitution of the Republic of Fiji, 2013.
7. “Fiji Health Promoting Schools and School Health Policy 2024 – 2029” means the Recipient’s document titled Fiji Health Promoting Schools and School Health Policy 2024 – 2029, dated May 9, 2024.
8. “Fijian Dollar” means the official currency of the Recipient.
9. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
10. “Income Tax (Rates of Tax and Levies) (Amendment) Regulations 2023” means the Income Tax (Rates of Tax and Levies) (Amendment) Regulations 2023 (Legal Notice No. 55) and published as a supplement to the Government of Fiji Gazette No. 62, Vol. 24, dated July 17, 2023.
11. “National Disaster Risk Management Bill” means the Recipient’s National Disaster Risk Management Bill 2024.
12. “Parliament” means the Recipient’s legislative assembly constituted in accordance with the Constitution.
13. “Policy for the Protection and Fair Treatment of Financial Consumers” means the RBF document titled Policy for the Protection and Fair Treatment of Financial

Consumers, Financial Sector Development Policy Statement No. 3, dated February 2024.

14. “Program” means the program of objectives, policies, and actions set forth or referred to in the letter dated May 14, 2024, from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association 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.
15. “Reserve Bank of Fiji” or “RBF” means the Recipient’s central bank established and operating pursuant to the Recipient’s Reserve Bank of Fiji Act No. 14 of 1983.
16. “Health and Safety at Work (General Workplace Conditions) (Amendment) Regulations 2024” means the Recipient’s Health and Safety at Work (General Workplace Conditions) (Amendment) Regulations 2024 published in the Legal Notice No. 22 of the Government of Fiji Gazette Supplement No. 13, dated May 9, 2024.
17. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
18. “Single Withdrawal Tranche” means the amount of the Financing 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.
19. “Supplement to the 2023-2024 Budget Address” means the Recipient’s document titled Supplement to the 2023-2024 Budget Address, dated June 30, 2023.
20. “Value Added Tax (Budget Amendment) Act 2023” means the Value Added Tax (Budget Amendment) Act 2023 (Act No. 6 of 2023) and published as a supplement to the Government of Fiji Gazette No. 62, Vol. 24, dated July 17, 2023.