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**GRANT NUMBER E050-WS**

# **Financing Agreement**

**(Samoa Second Recovery and Resilience Development Policy Financing)**

**between**

**INDEPENDENT STATE OF SAMOA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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**GRANT NUMBER E050-WS**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between INDEPENDENT STATE OF SAMOA (“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). The Association has decided to provide this financing on the basis, *inter alia*, of: (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. The Recipient and the Association 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 — FINANCING**

- 2.01. The Association agrees to extend to the Recipient a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to ten million four hundred and fourteen thousand Special Drawing Rights (SDR 10,414,000) (“Financing”).
- 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 Payment Dates are May 15 and November 15 in each year.
- 2.04. The Payment Currency is Dollar.
- 2.05. 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 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 Condition of Effectiveness is 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 the Minister at the time responsible for finance.
- 6.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

Private Bag  
Ministry of Finance  
Government of Samoa  
Apia  
Samoa and

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

|            |                          |
|------------|--------------------------|
| Facsimile: | E-mail:                  |
| 685 21 312 | henry.ahching@mof.gov.ws |

- 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:

|                |  |
|----------------|--|
| Facsimile:     | E-mail:  |
| 1-202-477-6391 | <a href="mailto:cdpngpacific@worldbank.org">cdpngpacific@worldbank.org</a> |

AGREED as of the Signature Date.

INDEPENDENT STATE OF SAMOA

By



Authorized Representative

Hon. Mulipola Anarosa Ale Molio'o  
Name: \_\_\_\_\_

Minister of Finance  
Title: \_\_\_\_\_

28-Jun-2022  
Date: \_\_\_\_\_

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Stephen N. Ndegwa  
Name: \_\_\_\_\_

Country Director, PNG & Pacific Islands  
Title: \_\_\_\_\_

28-Jun-2022  
Date: \_\_\_\_\_

## SCHEDULE 1

### Program Actions; Availability of Financing Proceeds

#### Section I. Actions under the Program

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

1. To attract private investment, the Recipient, through its Cabinet, has approved an Investment Policy which includes key principles to facilitate equal treatment, transparency, and adherence to environmental and social standards, as evidenced by: (a) the Investment Policy; and (b) Cabinet approval of the Investment Policy in FK(22) 14 as documented by the Cabinet Secretariat dated April 20, 2022.
2. To improve employment protections, the Recipient, through its Cabinet, has approved the Labour and Employment Relations Amendment Bill 2022 which formalizes employment of domestic workers and strengthens provisions against gender discrimination, as evidenced by: (a) the Labour and Employment Relations Amendment Bill 2022; and (b) Cabinet approval of the Labour and Employment Relations Amendment Bill 2022 in FK(22) 13 as documented by the Cabinet Secretariat dated April 20, 2022.
3. To manage fiscal risks associated with Government guarantees, the Recipient, through its Cabinet, has approved a Government Guarantee Policy, which establishes and mandates the application of a credit risk assessment framework for the issuance of Government guarantees to public trading bodies, as evidenced by: (a) the Government Guarantee Policy; and (b) Cabinet approval of the Government Guarantee Policy in FK(22) 14 as documented by the Cabinet Secretariat dated April 20, 2022.
4. To improve revenue mobilization, the Recipient, through its Cabinet has approved excise tax increases on selected unhealthy products, as evidenced by Cabinet approval of the Revised Duty and Tax Rates on Food Products and Water/Carbonated Soft Drinks in FK(22) 14 as documented by the Cabinet Secretariat dated April 20, 2022.
5. To improve preparedness and response for climate-related disasters, the Recipient, through its Cabinet, has approved a Multi-Hazard Early Warning System Policy for Meteorological, Hydrological and Geophysical Hazards 2022-2032, as evidenced by: (a) the Multi-Hazard Early Warning System Policy; and (b) Cabinet approval of the Multi-Hazard Early Warning System Policy in FK(22) 14 as documented by the Cabinet Secretariat dated April 20, 2022.

6. To guide the use of different sources of financing in response to a natural disaster and to improve climate and disaster resilience, the Recipient, through its Cabinet, has approved a Disaster Risk Financing Policy 2022-2025, as evidenced by: (a) the Disaster Risk Financing Policy; and (b) Cabinet approval of the Disaster Risk Financing Policy in FK(22) 14 as documented by the Cabinet Secretariat dated April 20, 2022.

**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:

| <b>Allocations</b>            | <b>Amount of the Financing Allocated<br/>(Expressed in SDR)</b> |
|-------------------------------|---|
| (1) Single Withdrawal Tranche | 10,414,000  |
| <b>TOTAL AMOUNT</b>           | <b>10,414,000</b>   |

**C. Withdrawal Tranche Release Conditions.**

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. Notwithstanding the provisions of Section 2.03 of the General Conditions:
- (a) all withdrawals from the Financing Account shall be deposited by the Association into a deposit account in Dollar (“Foreign Currency Deposit Account”) designated by the Recipient and acceptable to the Association; and;
  - (b) the Recipient shall ensure that upon the deposit of an amount of the Financing into the Foreign Currency Deposit Account, an equivalent amount in Samoan Tala is accounted for in the Recipient’s budget management system, in a manner acceptable to the Association.

2. 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 Foreign Currency Deposit Account; (b) the details of the account to which the Samoan Tala 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 Foreign Currency Deposit Account.
- E. Closing Date.** The Closing Date is November 30, 2023.



## APPENDIX

### Definitions

1. “Cabinet” means the Recipient’s Cabinet of Ministers, established by Article 32 of *The Constitution of the Independent State of Samoa, 1960*.
2. “Disaster Risk Financing Policy 2022-2025” means the Recipient’s Disaster Risk Financing Policy 2022-2025.
3. “Foreign Currency Deposit Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
4. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
5. “Government Guarantee Policy” means the Recipient’s Government Guarantee Policy prepared by the Ministry of Finance.
6. “Investment Policy” means the Recipient’s Investment Policy.
7. “Labour and Employment Relations Amendment Bill 2022” means the Recipient’s Labour and Employment Relations Amendment Bill 2022.
8. “Ministry of Finance” means the Recipient’s Ministry of Finance, or any successor thereto.
9. “Multi-Hazard Early Warning System Policy for Meteorological, Hydrological and Geophysical Hazards 2022-2032” means the Recipient’s Samoa Multi-Hazard Early Warning System Policy for Meteorological, Hydrological and Geophysical Hazards 2022-2032.
10. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated May 1, 2022, 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.
11. “Samoan Tala” means the official currency of the Recipient.

12. “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.
13. “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.