

---

---

**CREDIT NUMBER 6842-FJ**

# **Financing Agreement**

**(Fiji Recovery and Resilience First Development Policy Financing with a  
Catastrophe Deferred Drawdown Option)**

**between**

**REPUBLIC OF FIJI**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

---

---

**CREDIT NUMBER 6842-FJ**

**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). 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 credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to seven million Special Drawing Rights (SDR 7,000,000) (variously, “Credit” and “Financing”).
- 2.02. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.03. The Payment Dates are February 15 and August 15 in each year.
- 2.04. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement and subject to provisions of Section 2.05 below.
- 2.05. The Payment Currency is Dollar.

- 2.06. (a) If, prior to the Closing Date, the Recipient requests an extension of the Closing Date, the Association may provide such extension on such terms and conditions as agreed by the Association.
- (b) Notwithstanding the provisions of sub-paragraph (a) above, the Closing Date shall not be extended if at the time of Recipient's request, the events specified in sub-paragraph (b) (i) of Section 3.05 of the General Conditions have occurred.
- 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: 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 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.
  - (b) The Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Financing Agreement) have been fulfilled.
  - (c) The Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Financing 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 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 at the time responsible for finance.

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

(a) the Recipient's address is:

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

(b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
679-330-0834	<a href="mailto:dmu@economy.gov.fj">dmu@economy.gov.fj</a>

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

*Hon. Aiyaz Sayed-Khaiyum*

\_\_\_\_\_  
Authorized Representative

Hon. Aiyaz Sayed-Khaiyum

Name: \_\_\_\_\_

Attorney General & Minister for Economy

Title: \_\_\_\_\_

28-Apr-2021

Date: \_\_\_\_\_

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



\_\_\_\_\_  
Authorized Representative

Paul Vallely

Name: \_\_\_\_\_

Acting Country Director, PNG and Pacific

Title: \_\_\_\_\_

26-Apr-2021

Date: \_\_\_\_\_

## **SCHEDULE 1**

### **Program Actions; Availability of Financing Proceeds**

#### **Section I. Actions Taken under the Program**

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

1. To improve the efficiency of payment systems and foster digital solutions, the Recipient, through its Cabinet, has approved the National Payment System Bill 2020, as evidenced by: (a) the National Payment System Bill 2020; and (b) the letter from the Ministry of Economy of the Recipient to the International Bank for Reconstruction and Development, dated February 11, 2021, confirming the Cabinet approval of the National Payment System Bill 2020.
2. To develop wholesale corporate bonds market, the Recipient, through its Ministry of Economy, has approved the Companies (Wholesale Corporate Bonds) Regulations 2021, as evidenced by: (a) the Companies (Wholesale Corporate Bonds) Regulations 2021; and (b) the Government of Fiji Gazette Supplement No. 5, dated January 22, 2021.
3. To enhance resilience of coastal communities by protecting marine ecosystems the Recipient, through its Cabinet, has approved the National Ocean Policy 2020-2030, as evidenced by: (a) the National Ocean Policy 2020-2030; and (b) the letter from the Ministry of Economy of the Recipient to the International Bank for Reconstruction and Development, dated February 11, 2021, confirming the approval of the National Ocean Policy 2020-2030.
4. To improve the resilience of buildings to climate risks by specifying minimum requirements of structural materials, the Recipient, through its Ministry of Commerce, Trade, Tourism and Transport, has approved the Fiji Standard AS/NZS 4671 for Steel Reinforcing Materials, as evidenced by the Government of Fiji Gazette Supplement No. 4, dated January 20, 2021.
5. To better target social assistance programs and improve socioeconomic and climate resilience of the poor and vulnerable, the Recipient, through its Cabinet, has approved the Social Assistance Policy: Protecting the Poor and Vulnerable, as evidenced by: (a) the Social Assistance Policy: Protecting the Poor and Vulnerable; and (b) the letter from the Ministry of Economy of the Recipient to the International Bank for Reconstruction and Development, dated February 11, 2021, confirming the Cabinet approval of the Social Assistance Policy: Protecting the Poor and Vulnerable.

6. To improve debt management, the Recipient, through its Cabinet, has approved Fiji's first Medium Term Debt Management Strategy Fiscal Year 2021-2023 and made it publicly accessible on the Ministry of Economy's website, as evidenced by: (a) the Medium Term Debt Management Strategy Fiscal Year 2021-2023; and (b) the letter from the Ministry of Economy of the Recipient to the International Bank for Reconstruction and Development dated February 11, 2021, confirming the Cabinet approval of the Medium Term Debt Management Strategy Fiscal Year 2021-2023.
7. To strengthen public financial management, the Recipient, through its Cabinet has: (i) approved the Financial Management (Amendment) Bill 2021; (ii) applied Gender Responsive Budgeting principles in its FY2020-2021 budget process with regard to two pilot ministries, namely, the Ministry of Commerce, Trade, Tourism and Transport and the Ministry of Fisheries; and (iii) agreed that Gender Responsive Budgeting principles will be rolled out to other ministries in the future; as evidenced by: (a) the Financial Management (Amendment) Bill 2021; and (b) the letter from the Ministry of Economy of the Recipient to the International Bank for Reconstruction and Development, dated February 11, 2021, 2021.

**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 (expressed in SDR)</b>
(1) Single Withdrawal Tranche	7,000,000
<b>TOTAL AMOUNT</b>	<b>7,000,000</b>

**C. Withdrawal of Financing Proceeds.**

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied, based on evidence satisfactory to it, that a State of Natural Disaster has been declared by the Recipient's Cabinet on advice



of the National Disaster Management Council or of the Emergency Committee, should the National Disaster Management Council not be able to meet, in accordance with Sections 17 (1) and 17 (2) of the Natural Disaster Management Act to respond to an imminent or occurring Natural Catastrophe.

2. Notwithstanding the foregoing, if, at any time prior to the receipt by the Association of a request for withdrawal of an amount of the Financing, the Association determines that a review of the Recipient's progress in carrying out the Program is warranted, the Association shall give notice to the Recipient to that effect. Upon the giving of such notice, no withdrawals shall be made of the Unwithdrawn Financing Balance unless and until the Association has notified the Recipient of its satisfaction, after an exchange of views as described in paragraphs (a) and (b) of Section 3.01 of Article III of this Agreement, with the progress achieved by the Recipient in carrying out the Program.
3. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied, based on evidence satisfactory to it, that the situation described in paragraph (c) of Section 3.01 of Article III of this Agreement has been resolved.

**D. Deposit of Financing Amounts.**

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 Recipient's account to which the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient'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 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 March 25, 2024.

**SCHEDULE 2**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage) *</b>
On each February 15 and August 15:	
commencing August 15, 2031 to and including February 15, 2041	<b>1%</b>
commencing August 15, 2041 to and including February 15, 2061	<b>2%</b>

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions or Section 2.07 of Article II of this Agreement.

## APPENDIX

### Section I. Definitions

1. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (revised on August 1, 2020), with the modifications set forth in Section II of this Appendix.
2. “Emergency Committee” means the Emergency Committee referred to in Section 17 (2) of the Natural Disaster Management Act, or any successor thereto.
3. “Financing Agreement” means the financing agreement for the Program between the Recipient and the Association, dated the same date as this Agreement, as such financing agreement may be amended from time to time. “Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.
4. “Loan Agreement” means the loan agreement for the Program between the Recipient and the Bank, dated the same date as this Agreement, as such loan agreement may be amended from time to time. “Loan Agreement” includes all appendices, schedules and agreements supplemental to the Loan Agreement.
5. “Ministry of Commerce, Trade, Tourism and Transport” means the Recipient’s Ministry of Commerce, Trade, Tourism and Transport, or any successor thereto.
6. “Ministry of Economy” means the Recipient’s Ministry of Economy, or any successor thereto.
7. “Natural Catastrophe” means an imminent or occurring emergency situation at national scale, caused by an earthquake, tsunami, cyclone, high winds, storm, heavy rain, flood, volcanic eruption, drought, bush fire or any other natural hazard, or any public health emergency, that requires the Recipient to promptly mobilize its capacity and/or financial resources, but excluding man-made disasters.
8. “Natural Disaster Management Act” means the Natural Disaster Management Act of the Recipient No. 21 of 1998, as amended.
9. “National Disaster Management Council” means the National Disaster Management Council referred to in Article 17 (1) of the Natural Disaster Management Act, or any successor thereto.

10. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated February 11, 2021 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. “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.
12. “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.

## **Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. Section 3.02 of the General Conditions is deleted in its entirety, and the remaining sections are renumbered accordingly.
2. In the Table of Contents, the Appendix and all other provisions of the General Conditions, all references to Section numbers and paragraphs of Article III are modified, as necessary, to reflect the modification set forth above.