
GRANT NUMBER E196 -WS

Financing Agreement

(First Recovery and Resilience Development Policy Financing)

between

INDEPENDENT STATE OF SAMOA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER E196-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.A. 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 seven million five hundred thousand Special Drawing Rights (SDR 7,500,000) (“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 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 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:

E-mail:
maeva.bethamvaai@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	cdpngpacific@worldbank.org

AGREED as of the Signature Date.

INDEPENDENT STATE OF SAMOA

By



Authorized Representative

Name: Hon. Mulipola Anarosa Ale Molio'o

Title: Minister of Finance

Date: 14-Jun-2023

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Stephen N. Ndegwa

Title: Country Director, PNG & Pacific Islands

Date: 12-Jun-2023

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

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

1. To promote private investment, the Recipient, through its Cabinet, has approved the Investment Promotion Policy, which defines the instruments to facilitate investment promotion.
2. To promote financial inclusion and financial sector resilience, the Recipient, through its Central Bank of Samoa, has approved the Credit Registry Policy, which sets out the basic institutional and governance arrangements of the proposed Samoa Credit Information Registry (“SCIR”) and consumer protection measures such as data confidentiality.
3. To promote financial inclusion and strengthen the Recipient’s Anti-money Laundering and Combating the Financing of Terrorism framework, the Recipient, through its Cabinet, has approved the National Digital Identification Bill 2023.
4. To improve the monitoring and management of existing Government guarantees and enhance transparency, the Ministry of Finance: (1) has conducted credit risk assessment using the Credit Risk Assessment Framework mandated by the Government Guarantee Policy for the Development Bank of Samoa and Samoa Airways and made a Cabinet submission, which includes the outcome of the credit risk assessment and recommendations to address risks and (2) published the gross financial exposure, which includes stock of all government guarantees broken down by creditor and borrower (“SOE”) for December 2021, September 2022 and December 2022 quarters in the December Quarter Debt Bulletin.
5. To improve public financial management, the Recipient has issued a Cabinet directive, which regularizes the submission, by its Ministry of Finance, of Quarterly Budget Monitoring Reports to its Cabinet.
6. To strengthen disaster and economic shock response, the Recipient, through its Cabinet, has approved the National Social Protection Policy Framework, which enhances links between social assistance, social insurance, and active labor market programs to improve targeting of benefits to vulnerable groups under current and planned social protection programs.

7. To enhance the climate and disaster resilience of public assets, the Recipient, through its Public Service Commission, has established a new Asset Management Division in its Ministry of Finance.

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 the Financing Allocated (expressed in SDR)
(1) Single Withdrawal Tranche	7,500,000
TOTAL AMOUNT	7,500,000

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 July 31, 2024.

APPENDIX

Definitions

1. “Anti-money Laundering and Combating the Financing of Terrorism framework” means the Recipient’s framework to combat money laundering and terrorist financing.
2. “Asset Management Division” means the Asset Management Division in the Recipient’s Ministry of Finance.
3. “Cabinet” means the Recipient’s Cabinet of Ministers, established by Article 32 of the *Constitution of the Independent State of Samoa, 1960*.
4. “Central Bank of Samoa” means the Recipient’s Central Bank.
5. “Credit Registry Policy” means the Recipient’s Credit Registry Policy prepared by the Recipient’s Central Bank.
6. “Credit Risk Assessment Framework” means the Recipient’s credit risk assessment framework used to assess the credit risk for public trading bodies as included in the Recipient’s Government Guarantee Policy.
7. “Development Bank of Samoa” means the Recipient’s Development Bank.
8. “Foreign Currency Deposit Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
9. “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).
10. “Government” means the Recipient’s Government.
11. “Government Guarantee Policy” means the Recipient’s Government Guarantee Policy prepared by the Recipient’s Ministry of Finance.
12. “Investment Promotion Policy” means the Recipient’s Investment Promotion Policy prepared by the Recipient’s Ministry of Commerce Industry and Labor.
13. “Ministry of Finance” means the Recipient’s Ministry of Finance, or any successor thereto.
14. “National Digital Identification Bill 2023” means the Recipient’s National Digital Identification Bill 2023 prepared by the Samoa Bureau of Statistics.

15. “National Social Protection Policy Framework” means the Recipient’s National Social Protection Policy Framework prepared by the Recipient’s Ministry of Finance.
16. “Public Service Commission” means the Recipient’s Public Service Commission.
17. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated April 20, 2023 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.
18. “Quarterly Budget Monitoring Reports” means the Recipient’s Quarterly Budget Monitoring Report prepared by the Recipient’s Ministry of Finance.
19. “Quarterly Debt Bulletin” means the Recipient’s Quarterly Debt Bulletin prepared by the Recipient’s Ministry of Finance.
20. “Samoa Airways” means the Recipient’s airline company.
21. “Samoa Credit Information Registry” or “SCIR” means the Samoa Credit Information Registry that will be administered by the Recipient’s Central Bank.
22. “Samoan Tala” means the official currency of the Recipient.
23. “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.
24. “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.
25. “SOE” means the Recipient’s state-owned enterprises.