Financing Agreement
(First Resilience Development Policy Operation)

between

INDEPENDENT STATE OF SAMOA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
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 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, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to three million six hundred thousand Special Drawing Rights (SDR 3,600,000) ("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 April 1 and October 1 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 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 Condition of Effectiveness consists of the following: 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 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: +685 21 312
E-mail: mof@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:

Telex: 248423 (MCI) 1-202-477-6391
Facsimile: cdpngpacific@worldbank.org
E-mail: cdpngpacific@worldbank.org
AGREED as of the Signature Date.

INDEPENDENT STATE OF SAMOA

By

Authorized Representative

Name: EPA TUIOFA
Title: MINISTER OF FINANCE
Date: November 30, 2017

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: MONA SUL
Title: ACTING COUNTRY DIRECTOR
Date: November 15, 2017
SCHEDULE

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

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

1. The Recipient has: (a) through its Cabinet, approved the recommendations from the 2016-17 Revenue Review, including: (i) increases to non-tax fees and charges; (ii) the cessation of income tax holidays and the tourism tax credit scheme; (iii) the removal of several income tax exemptions; and (iv) an increase in the income tax-free threshold; as evidenced by Cabinet approval of submission PK(17) 792 at its meeting FK(17) Special 05, dated May 24, 2017; (b) included these changes in the Recipient’s approved budget for financial year 2017/2018, as evidenced by Cabinet approval of submission PK(17) 793 at its meeting FK(17) Special 05 dated May 24, 2017, and the 2017/18 Budget Address by Hon. Sili Epa Tuioti, Minister of Finance, Government of Samoa, dated May 30, 2017; and (c) amended the Income Tax Act as necessary to implement recommendations from the 2016-17 Revenue Review, as evidenced by the Income Tax Amendment Act.

2. The Recipient, through its Cabinet, has approved and published a national strategy to mitigate money laundering and terrorism financing risks, as evidenced by: (a) Cabinet approval of submission PK(16) 2115 at its meeting FK(16) 44, dated December 07, 2016; (b) the “Samoa Anti-Money Laundering and Counter Terrorist Financing (“AML/CTF”) National Strategy 2016-2020” prepared by the Samoa Financial Intelligence Unit and Money Laundering Prevention Authority; and (c) publication of the abovementioned national strategy on the Recipient’s Central Bank of Samoa webpage <https://www.cbs.gov.ws/index.php/banking-system/amlfiu/national-strategy-2016/> accessed September 2017.

3. The Recipient, through its Ministry of Commerce, Industry, and Labour, has: (a) commenced the Personal Property Securities Act, as evidenced by the Minister for Commerce, Industry and Labour’s notice nominating February 27, 2017 as the commencement date in accordance with Section 1(2) of the Personal Property Securities Act; and, (b) launched the Personal Properties Securities Registry, to improve access to finance by allowing movable property to be used as collateral for loans, as evidenced by the Ministry of Commerce, Industry and Labour website <https://www.businessregistries.gov.ws/> accessed September, 2017.

4. The Recipient, through its Cabinet, has approved amendments to the national building codes and standards which will improve climate resilience, and which incorporate provisions for disability access, as evidenced by Cabinet approval of submission PK(17) 1077 at its meeting FK(17) 27 dated July 26, 2017, and the National Building Code.
5. The Recipient, through its Cabinet Development Committee, has approved the recommendations contained within the Vulnerability Assessment and Climate Resilient Roads Strategy, which set out the priority investments necessary to improve the resilience of the roads network and provide guidelines for maintenance requirements and engineering standards, as evidenced by the letter from the Cabinet Development Committee Secretariat to the Land Transport Authority dated August 21, 2017, regarding the Cabinet Development Committee Meeting 2017/03, and the Vulnerability Assessment and Climate Resilient Roads Strategy.

6. The Recipient has: (a) introduced excise duties for sugary and salty products to improve health and nutrition outcomes and reduce the incidence of non-communicable diseases, as evidenced by the Excise Tax Rates Amendment Act 2016, and (b) through its Cabinet, approved an annual increase in excises on alcoholic and sweetened beverages and on tobacco of 3 percent and 5 percent respectively over the next three (3) years, as evidenced by Cabinet approval of Submission PK(17)792 at its meeting FK(17) Special 05, dated May 24, 2017 and the Excise Tax Rates Amendment Act 2017.

7. The Recipient, through its Cabinet, has approved framework contracts for the procurement of pharmaceuticals, to increase the efficiency and reduce the cost of procurement, and ensure access while reducing waste, as evidenced by Cabinet approval of Submission PK(17)1024 at its meeting FK(17) 25, dated July 5, 2017, and the Recipient’s tender documents titled “Government of Samoa Tender Documents; Issued on February 27, 2017 for Procurement of Medicines (Goods and Related Services Tender No. 2017/18).”

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 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:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Withdrawal Tranche</td>
<td>3,600,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,600,000</td>
</tr>
</tbody>
</table>

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. **Deposits of Financing Amounts.** Except as the Association may otherwise agree:

1. 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

2. 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.

E. **Audits**

Upon the Association's request, the Recipient shall:

1. have the Foreign Currency Deposit Account 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 six (6) 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 Foreign Currency Deposit Account and their audit as the Association shall reasonably request.

F. **Closing Date.** The Closing Date is December 31, 2018.
APPENDIX


3. "Cabinet Development Committee" means the Cabinet Development Committee, established and operating pursuant to Cabinet’s administrative orders and directions.


7. “Foreign Currency Deposit Account” means the account referred to in Part D.1 of Section II of Schedule to this Agreement.


11. “Land Transport Authority” means the Recipient’s Land Transport Authority, established and operating pursuant to the Recipient’s Land Transport Authority Act 2007, as amended from time to time.


15. “Personal Property Securities Act” means the Recipient’s Personal Property Securities Act 2013 (No.5).

16. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated September 8, 2017, 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 to this Agreement, and actions to be taken consistent with the program’s objectives.

17. “Samoan Tala” means the official currency of the Recipient.

18. “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.

19. “Single Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part C of Section II of Schedule to this Agreement.