Financing Agreement
(Second 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 I to this Agreement; and (ii) the Recipient's maintenance of an adequate macroeconomic policy framework.

WHEREAS (A) the Recipient, to enhance its preparedness for and resilience to catastrophes, has also requested the Association provide a Disaster Risk Management Policy Grant with a Catastrophe-Deferred Draw Down Option in the amount of 6,300,000 Special Drawing Rights to the Recipient for the purpose of providing further financing in support of the Program, pursuant to the financing agreement between the Recipient and the Association of the same date as this Agreement, as such agreement may be amended from time to time ("Cat-DDO Financing Agreement"); and

(B) the Association has agreed, on the basis, inter alia, of the foregoing, to extend a grant to the Recipient upon the terms and conditions set forth in this Agreement.

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 a grant, which is deemed as Concessional Financing for purposes of the General Conditions, 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 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 Conditions 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 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: Iulai.Lavea@mof.gov.ws  
and  
Oscar.Malielegaoi@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: cdpngpacific@worldbank.org
AGREED as of the Signature Date.

INDEPENDENT STATE OF SAMOA

By

Authorized Representative

Name: Sili EPA TUIO TUIO
Title: MINISTER OF FINANCE
Date: 10 JANUARY 2019

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Michel Kane
Title: COUNTRY DIRECTOR
Date: 13 DECEMBER 2018
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. The Recipient, through its Cabinet, has approved recommendations to simplify the capital gains tax regime and facilitate the collection of capital gains tax, as evidenced by Cabinet approval of the capital gains tax recommendations in FK(18)37, dated October 24, 2018, and the Ministry for Revenue’s ‘Strengthening the Capital Gains Tax in Samoa’ report dated August 22, 2018.

2. The Recipient, through its Parliament, has enacted the Money Laundering Prevention Amendment Act 2018, which enhances the Recipient’s compliance with anti-money laundering and countering terrorist financing international standards, as evidenced by the Money Laundering Prevention Amendment Act 2018.

3. The Recipient, through its Cabinet, has approved Guidelines for the Application of the National Building Code, which will help to strengthen new single-story residential housing against climate-related risks and earthquakes, as evidenced by Cabinet approval of the Guidelines for the Application of the National Building Code in FK(18)35, dated October 10, 2018.

4. The Recipient, through its Cabinet, has approved the Samoa Infrastructure Asset Management Strategy, to help improve the life-cycle management and resilience of public infrastructure to climate and disaster risks, as evidenced by Cabinet approval of the Samoa Infrastructure Asset Management Strategy in FK(18) 22, dated July 11, 2018.

5. The Recipient has: (i) through its Cabinet, approved Community Integrated Management Plans to strengthen the resilience of all 41 districts to the impacts of climate change and natural disasters, as evidenced by Cabinet approval of the Community Integrated Management Plans in FK(18) 28 dated August 22, 2018; and (ii) made these plans publicly available, as evidenced by the availability of the Community Integrated Management Plans on the Recipient’s Ministry of Natural Resources and Environment website <https://www.mnre.gov.ws/about-us/divisions/puma/>.
6. The Recipient, through its Cabinet, has approved the Alcohol Control Bill, to minimize harmful effects from the consumption and abuse of alcohol, as evidenced by the Alcohol Control Bill and the Cabinet approval of the Alcohol Control Bill in FK(18) 32, dated September 12, 2018.

7. The Recipient, through its Ministry of Finance, has approved the introduction of an integrated, computerized inventory management system for pharmaceuticals, to boost the efficiency of medicines procurement and help prevent stock outs and reduce wastage, as evidenced by the letter from the Acting Chief Executive Officer of the Ministry of Finance confirming the approval by the Ministry of Finance for the introduction of the pharmaceutical inventory control management system dated October 11 2018.

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:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) 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. Deposit of Financing Amounts.

1. Notwithstanding the provisions of Section 2.03 of the General Conditions, and except as the Association may otherwise agree:
(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 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 Dedicated 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 Dedicated Account.

E. Audit. 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 in which the disbursement was made, 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 its audit as the Association shall reasonably request.

F. Closing Date. The Closing Date is November 30, 2021
APPENDIX

Definitions

1. "Alcohol Control Bill" means the Recipient’s Alcohol Control Bill 2018.


3. "Community Integrated Management Plan" means a Community Integrated Management Plan, formerly known as coastal infrastructure management plan, documenting the partnership between the Government of the Recipient and a village or constituency within the Recipient’s territory for the implementation of the Community Integrated Management Strategy.


5. "Foreign Currency Dedicated Account" means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.


8. "Ministry for Revenue" means the Recipient’s Ministry for Revenue, or any successor thereto.


10. "Ministry of Works, Transport and Infrastructure" means the Recipient’s Ministry of Works, Transport and Infrastructure, or any successor thereto.


13. "Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated October 2, 2018 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. “Samoan Tala” means the official currency of the Recipient.

16. “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.

17. “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.