



### Project Summary Information

Date of Document Preparation/Updating: August 30, 2022 11:39 AM	
<b>Project Name</b>	Sustainable and Resilient Recovery Program for Fiji
<b>Project Number</b>	P000663
<b>AIIB member</b>	Fiji
<b>Sector/Subsector</b>	Economic Resilience/PBF
<b>Alignment with AIIB's thematic priorities</b>	Other / COVID-19 Crisis Recovery Facility (CRF)
<b>Status of Financing</b>	Approved
<b>Objective</b>	The program objective is to provide budget support for the Government of Fiji (GOF) to restore fiscal sustainability and inclusive climate-resilient economic growth, which have been adversely affected by the COVID-19 pandemic and coinciding disasters, while building fiscal, community, and private sector resilience to climate change and future shocks.
<b>Project Description</b>	<p>The program will be co-financed with Asian Development Bank (ADB) to provide a single-tranche policy-based loan (PBL) to GOF. The program comprises three reform areas: (i) public financial management for fiscal resilience and debt sustainability, (ii) public policy for community resilience, and (iii) enabling environment for resilient private sector recovery.</p> <p>The program builds on and complements reforms under the AIIB and ADB supported Sustained Private Sector-Led Growth Reform Program in 2020, while responding to policy challenges intensified by the pandemic. After its economy's contraction by an unprecedented 17.2% in 2020, the economy is expected to have further declined by 4.1% in 2021 because of the local COVID-19 outbreak. The program will help create fiscal space to implement a new medium-term reform program that is expected to be finalized in 2022, integrating the post-election government's reform priorities after national elections expected in the second half of 2022. The program will support GOF's reforms</p>

	to systematically mainstream resilience (including climate resilience) into the government's budgeting and decision-making processes, as well as in its medium-term reform agenda.
<b>Expected Results</b>	<p>The program is expected to restore fiscally sustainable, climate-resilient, and private sector-led economic growth in Fiji. Following areas are expected to be bolstered:</p> <ul style="list-style-type: none"> <li>(i) Public financial management for fiscal resilience and debt sustainability. <ul style="list-style-type: none"> <li>• At least 70% of budget sector agencies submit procurement plans and cash flow forecasts to the Ministry of Economy within 2 weeks after the commencement of the fiscal year.</li> <li>• Government borrowing complies with target cost and risk indicators, as set out in the medium-term debt management strategy.</li> <li>• At least 25% of ministries include estimates of climate-relevant expenditures in budget submissions for FY2023.</li> </ul> </li> <li>(ii) Public policy for community resilience. <ul style="list-style-type: none"> <li>• At least 30% of ministries prepare quarterly budget expenditure reports which include specific gender target monitoring and reporting.</li> <li>• At least 1,000 people, including at least 500 women, take out climate risk parametric microinsurance cover.</li> <li>• Government guarantees for Energy Fiji Limited have been reduced to zero.</li> </ul> </li> <li>(iii) Enabling environment for resilient private sector recovery. <ul style="list-style-type: none"> <li>• At least 5,000 businesses, at least 35% of which are owned or managed by women, receive working capital support to meet liquidity needs during the COVID-19 shock.</li> <li>• At least 20% increase in the number of EFTPOS and mobile money transactions.</li> <li>• At least 1 corporate bond issued.</li> </ul> </li> </ul>
<b>Environmental and Social Category</b>	C
<b>Environmental and Social Information</b>	<p>The loan will be co-financed with ADB as the lead co-financier. The project's environmental and social (ES) risks and impacts have been assessed in accordance with ADB's Safeguard Policy Statement (SPS) and the program will not have any likely environmental or social safeguard issues. To ensure a harmonized approach to addressing the ES risks and impacts of the program, if needed, and as permitted under AIIB's Environmental and Social Policy (ESP), ADB's SPS will apply to the program in lieu of AIIB's ESP. AIIB has reviewed ADB's SPS and is satisfied that: (a) it is consistent with AIIB's Articles of Agreement and materially consistent with the provisions of AIIB's ESP, including the Environmental and Social Exclusion List and the relevant Environmental and Social Standards; and (b) the monitoring procedures that are in place are appropriate for the program. Under its SPS, ADB has categorized this program as Category C for Environment, Involuntary Resettlement, and Indigenous Peoples (equivalent to Category C if AIIB ESP were applicable). The program is proposed by ADB to be categorized as "effective gender mainstreaming", and includes</p>

	<p>the following policy actions (i) a gender-sensitive Climate Change Bill 2021; (ii) strategic roll-out of gender-responsive budgeting, complemented by a social assistance policy; (iii) government policy and subsidy schemes for the provision of sustainable and affordable water, sanitation, and electricity services to disadvantaged households; (iv) reforms to reduce compliance requirements and transaction costs (taxes, business licensing, payment systems) and increase financial protection from climate and disaster risks, which have been identified as critical to support the formalization of micro businesses and resilience and growth of small businesses, particularly benefitting women.</p> <p>The Ministry of Economy (MoE), as the implementing agency, will report against each of the indicators and targets included in the Policy Design and Monitoring Framework at the end of the Program through ADB's project completion report, which will be shared with the co-financiers, including AIIB.</p>		
<b>Cost and Financing Plan</b>	AIIB: USD 50 million ADB: USD 150 million Japan International Cooperation Agency (JICA): USD 76.6 million Government of Australia: USD 60.1 million (Grant) Government of New Zealand: USD 1.6 million (Grant)		
<b>Borrower</b>	Republic of Fiji		
<b>Implementing Entity</b>	Ministry of Economy, Fiji		
<b>Estimated date of loan closing</b>	December 31, 2022		
<b>Contact Points:</b>	<b>AIIB</b>	<b>ADB</b>	<b>Borrower</b>
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<b>Date of Appraisal Decision</b>	July 27, 2022		
<b>Date of Financing Approval</b>	August 25, 2022		
<b>Independent Accountability Mechanism</b>	As noted above, ADB's SPS will apply to this Project instead of AIIB's ESP, and therefore AIIB will rely on ADB's independent accountability mechanism, the Accountability Mechanism, to handle complaints relating to environmental		

	and social issues that may arise under the Project <sup>1</sup> . Consequently, in accordance with AIIB's Policy on the Project-affected People's Mechanism (PPM), submissions to the PPM under the Project will not be eligible for consideration by the PPM. Information on ADB's Accountability Mechanism is available at: <a href="https://www.adb.org/site/accountability-mechanism/main">https://www.adb.org/site/accountability-mechanism/main</a>
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<sup>1</sup> Either through the problem-solving function of the Office of the Special Project Facilitator or the compliance review function of the Compliance Review Panel.