



Project Summary Information

Date of Document Preparation: August 13, 2020	
Project Name	Sustained Private Sector-Led Growth Reform Program
Project Number	000427
AIIB member	Republic of Fiji
Sector/Subsector	Multisector/Multisector
Status of Financing	Approved
Project Description	<p>This Program is proposed for support under the COVID-19 Crisis Recovery Facility (the Facility) of the Bank and will be co-financed with the Asian Development Bank (ADB) as a policy-based loan under ADB's Sustained Private Sector-Led Growth Reform Program (Subprogram 3). The Program supports the Government of Fiji's (GOF) 2020 – 2021 budget, that includes a response to COVID-19 to mitigate the extreme public health emergency and ensuing unprecedented economic crisis. The Program will provide budget support to strengthen public finance for public health containment and treatment measures and a fiscal stimulus with a focus on social and economic protection.</p> <p>With 67% of the gross domestic product (GDP) in the country coming from the service sector with tourism contributing up to 40%, the COVID-19 pandemic is bringing the country to a halt. Over the last decade, the country experienced uninterrupted economic growth underpinned by sound macroeconomic policies; GDP fell to 0.5% in FY2019 due to the global economic slowdown combined with the government's push to reduce public debt. . As the public health crisis continues, disruption of supply chains is affecting trade flows; public finance is impacted on an unprecedented scale with taxes collection expected to drop 34%, resulting in public debt topping 60% by July 2020 against a forecast of 47%; a loss of USD 740 million in annual revenues from tourism; and a national budget deficit over 440 million. Within a week after the confirmation of the first case in March 2020, GOF announced a COVID-19 Response Budget of USD 440 million, equivalent to 8.7% GDP. In cooperation with the Fiji National Provident Fund, GOF is providing financial relief to sustain livelihood and disposable income of Fijians impacted by the pandemic. In addition, GOF</p>

	together with Fiji's financial institutions, is supporting repayment relief, cash-flow and debt restructuring for businesses, especially SMEs reeling from the economic slowdown.
Objective	The Program supports the Government of Fiji's 2020 – 2021 budget, that includes a response to COVID-19 to mitigate the extreme public health emergency and ensuing unprecedented economic crisis.
Expected Results	<p>The following key results are expected under the Program:</p> <ul style="list-style-type: none"> (i) reduction in employers' statutory Fiji National Provident Fund contributions until 31 December 2020; (ii) 21 days Government-paid sick leave for workers who test positive to COVID-19; (iii) tax deductions afforded to employers for wages and salary paid to employees who are self-quarantined; (iv) support for small and medium enterprises (SMEs); and, (v) support to the informal sector, including for women-owned micro-enterprises such as hawkers.
Environmental and Social Category	ADB Category C for each of environment, involuntary resettlement and Indigenous Peoples (similar Category C if AIIB's ESP were applicable)
Environmental and Social Information	<p>This Loan will be co-financed with ADB as lead co-financier, and the Program's environmental and social (ES) risks and impacts have been assessed in accordance with the provisions of ADB's Safeguard Policy Statement (SPS) applicable to policy-based lending (PBL).</p> <p>AIIB's Environmental and Social Policy (ESP) was designed to apply to investment projects and has no provisions for its application to PBL operations. Therefore, as permitted by a decision of the AIIB's Board of Directors, the provisions of the SPS applicable to PBL will apply to this operation in lieu of AIIB's ESP. This will ensure a harmonized approach to addressing the ES risks and impacts of the program.</p> <p>Under its SPS, ADB has categorized the program as Category C for environment, Category C for involuntary resettlement and Category C for Indigenous Peoples, on the basis of its assessment of the Program ADB has confirmed that the Program activities supported by this Loan will be confined to policy and institutional reforms; and that no activity will result in or lead to involuntary resettlement, or negatively affect Indigenous Peoples or the environment. The Program is expected to have positive social outcomes through its COVID-19 response by sustaining livelihoods, protecting jobs and businesses, especially SMEs and women-owned micro-enterprises. The public sector is a key provider of infrastructure and services to low-income households; and improved fiscal management will help ensure</p>

	<p>that the government has the resources to respond to economic shocks and disasters triggered by natural hazards which tend to have an adverse effect on the poor while maintaining critical public services.</p> <p>The Program is categorized by ADB as “Gender Equity Theme” with actions to support women’s economic protection and empowerment, including: (i) supporting women-owned/led SMEs; (ii) direct cash transfers to informal workers including women-owned micro-enterprises, such as hawkers; (iii) establishment of a COVID-19 Gender Working Group to implement recommendations from a note on gendered impacts of COVID-19; (iv) gender responsive budgeting and collection of gender-disaggregated data; and (v) measures to ensure the business and investment climate is gender-responsive.</p>													
Cost and Financing Plan	<p>Indicative Cost and Financing Plan (USD millions)</p> <table><tr><th>Modality and Sources</th><th>Amount (\$ million)</th></tr><tr><td>Asian Development Bank Sovereign Programmatic Approach Policy-Based Lending (Regular Loan): Ordinary Capital Resources</td><td>200.0</td></tr><tr><td>Asian Infrastructure Investment Bank Sovereign-Backed Financing</td><td>50.0</td></tr><tr><td>Government of Australia – Programmatic Approach Policy Based Lending (Grant)</td><td>0.7</td></tr><tr><td>Government of New Zealand - Programmatic Approach Policy Based Lending (Grant)</td><td>1.5</td></tr><tr><td>Total</td><td>252.2</td></tr></table>		Modality and Sources	Amount (\$ million)	Asian Development Bank Sovereign Programmatic Approach Policy-Based Lending (Regular Loan): Ordinary Capital Resources	200.0	Asian Infrastructure Investment Bank Sovereign-Backed Financing	50.0	Government of Australia – Programmatic Approach Policy Based Lending (Grant)	0.7	Government of New Zealand - Programmatic Approach Policy Based Lending (Grant)	1.5	Total	252.2
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Total	252.2													
Borrower	Republic of Fiji													
Implementing Entity	Ministry of Economy													
Estimated date of loan closing	December/2020													

Contact Points:	AiIB	Asian Development Bank	Borrower/Implementing Entity
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Date of Concept Decision	June/2020		
Estimated Date of Appraisal Decision	July/2020		
Estimated Date of Financing Approval	Q3/2020		
Independent Accountability Mechanism	<p>AiIB's Policy on the Project-affected People's Mechanism (PPM) addresses issues raised under AiIB's ESP, which does not apply to this operation. Submissions to the PPM under the Program would, therefore, not be eligible for consideration by the PPM. ADB's independent accountability mechanism addresses issues raised by persons adversely affected by an ADB-assisted operation and allows them to report alleged noncompliance with ADB's operational policies and procedures, including the SPS.</p>		