



GOVERNMENT OF THE REPUBLIC OF FIJI
PROSPECTUS OF CASH OFFER
FIJI GREEN BONDS ('GREEN BONDS')

(Authorised by Parliament via 2017-2018 Appropriation Act 2017 on 13 July 2017 the raising of domestic loans totalling \$532,762,267 for approved capital expenditure by the Government of the Republic of Fiji ('Government') during August 2017 to July 2018)

1. Purpose

The issuance of Green Bonds is as an important tool in assisting the Government finance the transition to a low carbon and climate resilient economy.

A total of FJ\$100,000,000 Green Bonds will be issued by the Government. The proceeds of the Green Bonds will contribute to funds required to finance approved Government capital expenditure during August 2017 to July 2018, for Eligible Projects (defined at paragraph 13 below).

For more details of the Eligible Projects, refer to the Green Bond Framework which outlines the role of Green Bonds in funding new financing or the re-financing of projects with economic, environmental and societal benefits, with a particular emphasis on the climate and natural environment. The Green Bond Framework and second opinion provided by Sustainalytics are attached as appendices to this prospectus.

2. Auction Calendar

This is a 5-year and a 13-year Bond and will be first issued on 1 November 2017. A schedule of the Green Bond issuance is attached to the prospectus.

3. Issuance Method

Green Bonds will be made available to the market by means of auction or any other method as determined by the Government.

The issuance by auction will be on a yield basis and bids must be expressed to a maximum of two decimal places (e.g. 9.17%, 10.70%). Decimal points beyond two places will be disregarded.

The Government will be at liberty from time to time to issue Bonds fungible, respectively, with any outstanding series of Green Bonds. Any such new issuances, which are reopening of existing Bonds, will have the same Maturity Date, Coupon Interest Rate and Security Identification Code, but different issue date and usually a different settlement price.

4. Competitive and Non-Competitive Tenders

Tenders will be received on a competitive or non-competitive basis as follows:

- Competitive Tenders will be accepted for a minimum nominal amount of \$10,000 and for multiples of \$1,000. Each tender must be for one rate, and be made on the form attached to the prospectus.
- Non-Competitive Tenders will be accepted for a minimum nominal amount of \$1,000 and for multiples of \$1,000 up to a maximum amount of \$100,000 limited to one tender only per security per auction. These tenders will be accepted at the weighted average yield of accepted competitive tenders only.

5. Lodgement of Tenders

All tenders must be lodged at the Reserve Bank of Fiji ('Bank'), Pratt Street, Suva and placed in the special tender box at the "Enquiries" counter at Tower 2 of the Bank. Details on the opening hours for lodgement of tenders will be published in the Notices of Issuance.

6. Payment

A separate bank cheque for each tender for the full face value of the amount tendered for must accompany each tender lodged. Such cheque is to be made payable to the Bank. If the settlement amount for an accepted tender exceeds the face value, the successful bidder is to settle the difference by 12.00 pm on the settlement date. If, however, the settlement amount is lower than the face value, then any excess payment will be refunded to the bidder on the day following the allotment of tenders.

For the reopened Bond issues, the settlement amount will include the face value and the accrued interest on the existing Bond either from the original date of issuance of the Bond in case no interest has been paid yet or from the date of last coupon payment to the settlement date.

Note that the settlement for the successful tenders will be on 'dirty price' basis. Payment by the successful bidder on reopened Bonds will be the sum of the clean price plus accrued interest on the existing Bonds:

Settlement Price = Clean Price + Accrued Interest

7. Allotment

Competitive Tenders: Allotments will be made in ascending order of percentage yield tendered for each of the 5-year and 13-year Bonds. The Bank reserves the right to accept tenders less than or in excess of the amount in the invitation to tender.

In the event of a shortfall in allotments, the Bank may accept for its own account the balance of Green Bonds not allotted by tender at the weighted average yield for accepted and allotted competitive tenders. However, if no competitive bids are

allotted, the Bank may use the yield for the relevant maturities as per the latest yield curve published by the Bank.

Letters of allotment will be despatched on the issue date together with:

- a) refund cheques (for the difference in the nominal amount tendered); and
- b) cheques for unsuccessful tenders.

Non-Competitive Tenders: Will be allotted in full.

Registered Green Bond certificates will be issued within thirty days of the payment for the auction.

8. Coupon Interest and Repayment

For each of the 5-year and 13-year Green Bonds, coupon interest is calculated on the face value of the Green Bonds and payable by the Bank every six months over the duration of the Green Bond. Coupon interest due will be paid by the Bank directly into the bondholder's nominated commercial bank account through the FIJCLEAR Payments System and a formal notification will be provided to all the investors. In the case of joint bondholders, interest will be paid to the person first named on the tender form. Bondholders may liaise directly with their commercial banks to confirm receipt of funds.

Coupon interest payments will be made on 1 November and 1 May every year for the duration of the Green Bond. If the coupon interest date is not a working day, payment will be made on the next business day without payment of additional interest. Coupon interest will cease to accrue on the Green Bonds from the maturity date.

The registered Green Bond certificate must be presented to the Registrar for payment at maturity. The Bondholders are also required to notify the Bank of any changes in address or contact details promptly to assist with the above.

9. Registration and Transfer of Green Bonds

Green Bonds can be registered in the name of one, two or three individuals, or of corporate bodies, but not in the name of unincorporated trusts, clubs, societies etc.

No notice of any trust, expressed, implied or constructive, in respect of any Bond shall be entered on the Register, or be received by the registering authority.

Bondholders are entitled to sell or transfer Green Bonds to any person prior to their maturity date. The Reserve Bank of Fiji stands ready to purchase Green Bonds at the market price from the bondholder at any time.

Transfer of Green Bonds must be in multiples of \$1,000. Forms of transfer are obtainable from the Registrar. The Registrar shall not be required to make a transfer during a period of

14 days preceding any interest payment date. Transfers are free from Government stamp duty.

10. Trustee Investment

A Green Bond is an authorised investment for trustees in Fiji.

11. Security

The Green Bonds and interest payable on the Green Bonds are a charge on and payable out of the Consolidated Fund of the Government.

12. Special Account

An amount equal to the net proceeds of the issue of the Green Bonds will be credited to a special account that will support the Government's financing of Eligible Projects. As long as the Green Bonds are outstanding, and the special account has a positive balance, periodically and at least at the end of every fiscal quarter, funds will be deducted from the special account and allocated as expenditures to Eligible Projects in an amount equal to all disbursements from that pool.

13. Eligible Projects

Eligible Projects means all projects funded, in whole or in part, by the Government that promote the transition to low-carbon and climate resilient growth in Fiji as determined by the Government in accordance with the Green Bond Principles and the Government's Green Bond Framework.¹ Eligible Projects include those that provide clear and environmental benefits and may target (a) mitigation of climate change, including investments in low-carbon and clean technology programs, such as energy efficiency and renewable energy programmes and projects; or (b) adaptation to climate change, including investments in climate-resilient growth.

Examples of Eligible Projects include, without limitation:

Eligible Sector	Eligible Projects:
<i>Renewable Energy and Energy Efficiency</i>	To increase the share of energy from renewable resources through: <ul style="list-style-type: none">• Increasing renewable and alternative energy generation (solar, wind, bioenergy, hydropower, etc.).• Improving energy efficiency in energy production and transmission (grid modernisation and smart grids etc.), and efficiency gains in new and refurbished buildings (such as through the LEED standards etc.).• Research and innovation (including preliminary assessments for renewable energy projects).

¹ <http://www.rbf.gov.fj/Publications/Green-Bond-Framework>

Eligible Sector	Eligible Projects:
<i>Resilience to Climate Change for Highly Vulnerable Areas and Sectors</i>	<p>To build resilience to the impacts of climate change for highly vulnerable areas (coastal and riverine) and sectors (agriculture, health and education infrastructure, rural housing and community driven development) through:</p> <ul style="list-style-type: none"> • Research and innovation and/or the acquisition of technologies and information systems to support adaptation and early warning systems (monitoring of climate and weather systems and hydrological systems, etc.). • Flood mitigation (drainage system upgrades, etc.). • Drought management. • Resilient reconstruction (incorporation of disaster risk reduction and resiliency building to enhance the ability of urban-infrastructure to withstand weather related events such as through 'Build Back Better' principles etc.), including actions outlined in the Post-Disaster Needs Assessment².
<i>Clean and Resilient Transport</i>	<p>Investments into the transport sector that reduce greenhouse gas emissions:</p> <ul style="list-style-type: none"> • Clean transportation (electric and hybrid vehicles). <p>Investments into the transport sector that provide a network for mass transit:</p> <ul style="list-style-type: none"> • Energy efficient and low emission public transportation systems and technologies etc. <p>Investments into the transport sector that build resilience to climate change:</p> <ul style="list-style-type: none"> • Upgrading of the transportation network to higher climate resilient design standards.
<i>Reducing Pollution and Greenhouse Gas Emissions</i>	<p>The management of land pollution and waste:</p> <ul style="list-style-type: none"> • Waste treatment and decontamination. • Soil remediation. <p>The management of air pollution:</p> <ul style="list-style-type: none"> • The reduction of emissions (methane gas capture for energy generation, etc.).
<i>Sustainable Water Supply and Management</i>	<p>For the sustainable management of water systems:</p> <ul style="list-style-type: none"> • Water security management for clean drinking water, etc. • Upgrade of existing irrigation systems, optimisation of water systems, etc. • Watershed management.
<i>Sustainable Management of Natural Resources</i>	<p>The sustainable management of natural resources includes actions taken to reforest degraded areas, protect/conservate land, reduce habitat clearance, protect areas of ecological importance, including terrestrial, freshwater, marine ecosystems:</p> <ul style="list-style-type: none"> • Afforestation and sustainable forest management that substantially avoids or reduces carbon loss/increases carbon sequestration (planting of new forest areas and/or replanting of degraded areas, the use of drought/flood/temperature resistant species). • Habitat and biodiversity conservation (sustainable management of land use change, sustainable management of

² Fiji Post-Disaster Needs Assessment, Tropical Cyclone Winston, February 20, 2016. Government of Fiji, May 2016.

Eligible Sector	Eligible Projects:
	agriculture/fisheries/forestry, protection of coastal and marine environments, pest management).
<i>Eco-efficiency</i>	To promote a circular economy and efficiency through: <ul style="list-style-type: none"> • Resource-efficient packaging and distribution etc. • Heat recovery etc.

Specific projects to be funded in part or in full by the proceeds of the Green Bond may include, for example:

- **Solar Installation for Maritime and Rural Stations/Posts (Phase 1)** (Eligible Sector: Renewable Energy and Energy Efficiency), which involves investments in solar renewable energy generation. Allocated budget: \$309,000.
- **Sugarcane Infield Drainage** (Eligible Sector: Resilience to Climate Change for Highly Vulnerable Areas and Sectors), which involves the maintenance and construction of infield drainage and installation of culvert in waterlogged sugarcane farms. It is expected to increase crop resilience and reduce risk of flood mitigation. Allocated budget: \$2,000,000.
- **Reforestation of indigenous species** (Eligible Sector: Sustainable management of natural resources) which encourages regeneration of indigenous forests through collection and production of indigenous tree seedlings for dissemination to the general public. Allocated budget: \$250,000.

The above examples are for illustrative purposes only and no assurance can be provided that disbursements for projects with these specific characteristics will be made by the Government during the term of the Green Bond.

14. Public Debt

The Government domestic debt amounted to \$3,300,820,500 on 31 July 2017.

15. Tender Form

A tender form is attached to this prospectus.

16. Income Tax

Interest is subject to applicable tax and should be included in the income returns submitted to the Chief Executive Officer of the Fiji Revenue and Customs Service.

17. Registry

The registry of the Green Bonds will be at the office of the Bank, Suva, Fiji.

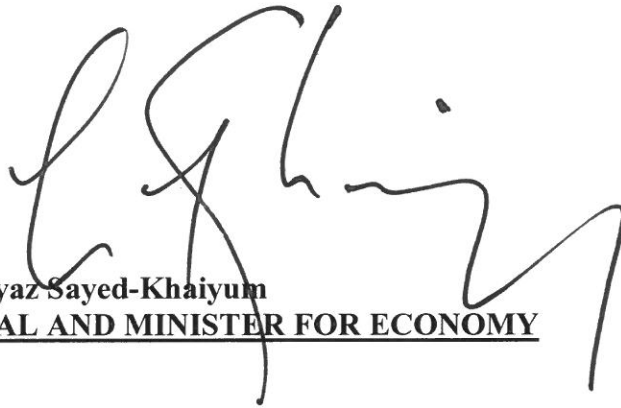
18. Over Subscriptions

The Government reserves the right to accept tenders in excess of the amount specified in this invitation to tender, within the limits for loan raising laid down by the Parliament.

All the amounts in this prospectus are expressed in Fijian Currency.

19. Reporting

The Government will establish a website and publish a newsletter each year outlining project selection criteria, status reports on selection and implementation of projects in the Green Bond portfolio, monitoring of compliance with governance, environmental and social aspects, and will include where measurable, environmental impacts of the projects delivered from the Green Bond proceeds.



Aiyaz Sayed-Khaiyum
ATTORNEY-GENERAL AND MINISTER FOR ECONOMY

Date: *24 October* 2017

Annex 1

Green Bond Framework

Annex 2

Second Party Opinion

Annex 3

Reopening

Annex 4

Tender Form