



**GOVERNMENT OF FIJI**

**ANNUAL BORROWING PLAN**

**FISCAL YEAR 2023-2024**

**MINISTRY OF FINANCE, STRATEGIC  
PLANNING, NATIONAL DEVELOPMENT  
AND STATISTICS**

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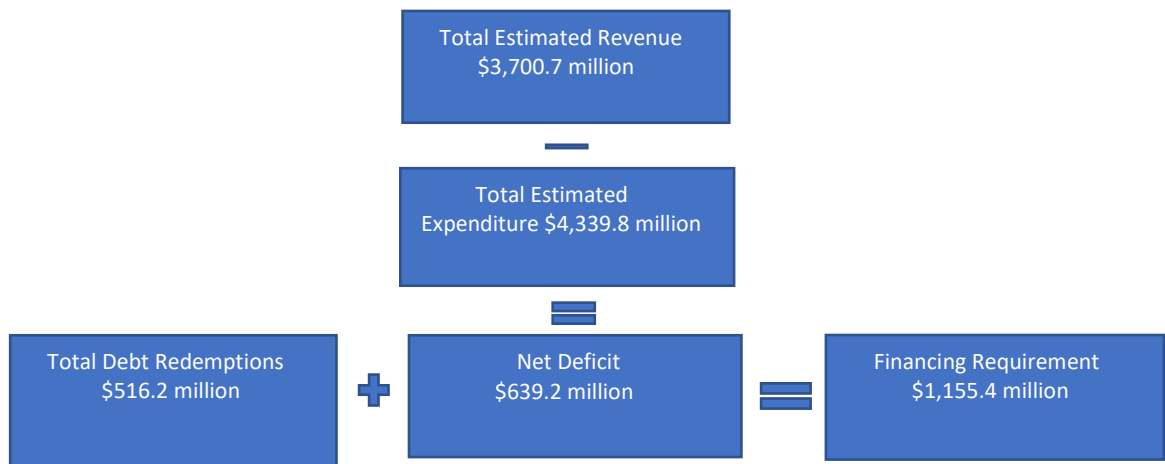
# 1. General Statement

- a. The Government of Fiji, through the Minister responsible for Finance, holds the legal mandate to borrow funds required to finance the budget deficit and any standing or other appropriations. This mandate is reflected in Section 59 subsection 1 of the Financial Management Act 2004 (FMA).
- b. The Annual Borrowing Plan (ABP) has been developed to guide relevant stakeholders of the means which will be undertaken to secure the necessary financing to execute the Fiscal Year (FY) 2023-2024 Budget. The ABP is consistent with the Medium-Term Fiscal Strategy, the Medium-Term Debt Management Strategy (MTDS), the budget estimate for FY2023-2024 and the principles of responsible financial management to ensure that Government debt remains within sustainable levels.
- c. The domestic economy rebounded strongly with an estimated 18.6% in 2022 after experiencing three years (2019-2021) of contraction. In 2023, economy is projected to grow further by 8.0% largely driven by the anticipated full recovery of visitor arrivals to pre-pandemic levels. The major driver for growth in 2023 is the services sector led by strong recovery in tourism related sectors such as accommodation and food services, transport and storage, wholesale and retails which are anticipated to be the key drivers this year. In addition, we anticipate positive contributions from agriculture, forestry, manufacturing, construction and net taxes. Growth for 2024 and 2025 are expected to grow by 3.8% and 3.0%, respectively.
- d. The financial sector remains supportive of economic recovery. During the FY2023, the high banking system liquidity (\$2.5 billion) has kept interest rates near historic lows. The Reserve Bank of Fiji has maintained an accommodative monetary policy stance to support growth.
- e. The Government through the Ministry of Finance will continue to ensure financing needs are met at minimal costs, subject to prudent levels of risk while maintaining the objective of domestic bond market development. Additionally, through external borrowings, Government has been supporting foreign reserve levels and liquidity in the banking sector.

## 2. Government Borrowing Requirements for FY2023-2024

- a. The ABP for FY2023-2024 presents the Government's plans for debt operations to support efficient financing of the budget and sound fiscal management.
- b. On 13 July, 2023, Parliament approved the Appropriation Act which entails Government's financing requirements amounting to \$1,155.4 million for FY2023-2024. This comprises funding necessary to cover the estimated net deficit of \$639.1 million and estimated debt redemptions of \$516.2 million to refinance maturing Government debt securities and loans.

**Figure 1: Government Borrowing Requirements for FY2023-2024**



- c. The scheduled debt repayments include \$324.1 million in domestic debt repayments and \$192.1 million in external loan repayments.

## 3. Planned Funding Sources for FY2023-2024

- a. Government will continue to pursue a mix of domestic and external currency borrowing and ensure that the debt composition is well managed against market risks. The total financing need is estimated at \$1,155.4 million of which \$390.2 million is expected to be raised from external sources while the remaining \$765.2 million is expected to be raised from domestic sources. Government may increase its overseas borrowing limit simultaneously reducing its domestic limit and vice versa. This provides flexibility and ensures that Government can fully utilise all financing sources available whilst remaining within the borrowing limit approved by Parliament.
- b. The ABP for the FY2023-2024 anticipates a well-functioning domestic market in which liquidity conditions remain favorable and provide pathways for the Government to refinance or re-open Government securities in the market with lower yields. Government

will also continue to pursue external currency borrowing opportunities with concessional terms.

### **3.1 Domestic Market**

a. The planned domestic funding amounts to \$765.2 million which is from the issuance of Fiji Infrastructure Bonds (FIB) and Viti Bonds. Government will also continue to issue Treasury Bills (T-Bills) to roll over the current stock as part of its development objective to build the market yield curve and to finance temporary shortfalls.

b. Government domestic debt management strategy for this period emphasizes the following objectives:

- **Change maturity profile through a gradual reduction in T-Bill;**

The maturity profile for T-Bills is less than a year with tenors of 3 months, 6 months and 12 months. Market yields on T-Bills for FY 2022-2023 were below the Reserve Bank of Fiji (RBF)'s overnight policy rate of 0.25 percent and this is anticipated to continue at least in the first six months of FY 2023-2024. Pursuant to section 59 (3) of the FMA, any net increase in T-Bills stock at the end of a fiscal year are to be attributed to the borrowing limit as specified in an Appropriation Act for that financial year.

- **Issuances of short and medium-term bonds (2 – 5 years tenors);**

Government during the FY 2022-2023 commenced with the issuance of short and medium-term bonds and will continue this arrangement in FY2023-2024. This will support commercial banks to invest in bonds as the tenors match their investment horizon.

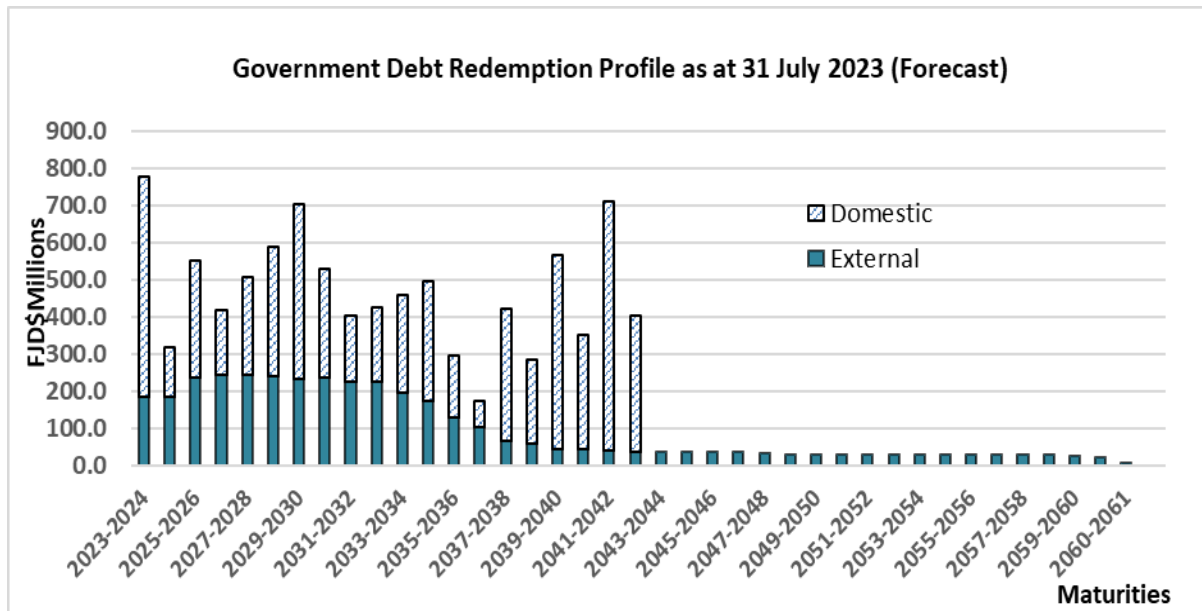
- **Continued issuance of long-dated bonds (10 – 20 years tenors); and**

Government will continue to issue bonds with longer tenors to reduce refinancing risk.

- **Consider bond buybacks and bond switches.**

Exercising the Liability Management Operation (LMO) through call options, bond switches and buyback operations will enhance market liquidity and mitigate refinancing risk. The Ministry has engaged PFTAC to provide technical assistance in this area in this period.

**Figure 2: Government Domestic Securities Redemption profile – forecast as at end of July 2023**



(Source: Ministry of Finance)

### 3.1.1 Domestic Borrowing Plan

- a. Government plans to issue a total amount of \$755.2 million in FIB bonds for the FY2023-2024. A total of 4 benchmark bonds for the 2 – 5, 10, 15, and 20-year maturities will be issued during the fiscal year and re-opening of the same maturities within the quarter with set limits of close to \$200 million for each benchmark.
- b. Table 1 provides a summary of the domestic borrowing issuance plan for Government securities for the fiscal year.

**Table 1: Domestic Borrowing Issuance Plan for the FY2023-2024**

Month	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July
Issuance Date	9 <sup>th</sup>	6 <sup>th</sup>	4 <sup>th</sup>	15 <sup>th</sup>	13 <sup>th</sup>	3 <sup>rd</sup>	7 <sup>th</sup>	6 <sup>th</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	5 <sup>th</sup>	3 <sup>rd</sup>
	23 <sup>rd</sup>	20 <sup>th</sup>	18 <sup>th</sup>	29 <sup>th</sup>	-	17 <sup>th</sup>	21 <sup>st</sup>	20 <sup>th</sup>	17 <sup>th</sup>	15 <sup>th</sup>	19 <sup>th</sup>	-
<b>Amount (\$m)</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>60</b>	<b>70</b>	<b>40</b>	<b>40</b>	<b>25</b>
2-5 year	10	10	10	10	10	5	5		10			
10 year	10	10	10	10	10	10	10	10	10	10	10	
15 year	30	30	30	20	20	20	20	20	20	10	10	
20 year	30	30	30	30	30	35	35	30	30	20	20	25
Re-openings		√	√		√	√		√	√		√	√
Benchmark	√			√			√			√		
Consultations	√			√		√	√			√		

- c. The Government will float Viti Bonds in FY2023-2024 totaling \$10 million which will be issued on tap and available for investment from the 02 August 2023 until 12 July 2024.
- d. Prior to any domestic security issuance, Government will consult investors on their preferences. The RBF is notified a week prior to the issuance date of the Notice of Issuance (NOI). The NOI will outline the following:
  - i. Issue type (new benchmark or bond re-opening);
  - ii. International Security Identification Number (ISIN);
  - iii. Tenor;
  - iv. Amount for each term;
  - v. Maturity;
  - vi. Interest Payment Date;
  - vii. Coupon rate;
  - viii. Non-competitive tender details; and
  - ix. Tender form submission and settlement details.
- e. Trading of Government securities will be done on the Central Securities Depository (CSD) system. The non-CSD participants are to email their bids to [tender-markets@rbf.gov.fj](mailto:tender-markets@rbf.gov.fj) together evidence of full payments through FIJICLEAR and lodgement of tenders will be published in the Notice of Issuances.

### 3.1.2 Treasury Bills Issuance

- a. Government will continue to float T-bills and roll over the existing balances which totaled \$265.1 million at the beginning of the FY2023-2024.
- b. Subject to cash flow needs, Government may or may not increase the T-bill stock with additional or reduced issuances. A total of \$563.1 million is proposed to be allotted in FY2023-2024 as per the below Table 2.

**Table 2 FY2023-2024 Treasury Bills Issuance Plan**

Issuance Month	3 month (\$million)	6 month (\$million)	12 month (\$million)	TOTAL (\$million)
Aug 9 <sup>th</sup> , 2023	10.0	15.0	15.0	40.0
Aug 16 <sup>th</sup> , 2023	10.0	26.0	26.1	62.1
Sep 6 <sup>th</sup> , 2023	10.0	15.0	15.0	40.0
Sep 27 <sup>th</sup> , 2023	5.0	16.0	16.0	37.0
Oct 11 <sup>th</sup> , 2023	10.0	15.0	15.0	40.0
Nov 15 <sup>th</sup> , 2023	10.0	20.0	20.0	50.0
Dec 6 <sup>th</sup> , 2023	5.0	5.0	5.0	15.0
Jan 17 <sup>th</sup> , 2024	5.0	5.0	10.0	20.0
Feb 14 <sup>th</sup> , 2024	10.0	25.0	25.0	60.0
Mar 6 <sup>th</sup> , 2024	10.0	10.0	30.0	50.0
Apr 3 <sup>rd</sup> , 2024	10.0	20.0	20.0	50.0

May 15 <sup>th</sup> , 2024	5.0	12.0	12.0	<b>29.0</b>
June 5 <sup>th</sup> 2024	10.0	10.0	20.0	<b>40.0</b>
July 3 <sup>rd</sup> , 2024	10.0	10.0	10.0	<b>30.0</b>

## 3.2 External Debt

### 3.2.1 New Commitments for FY 2023-2024

New external financing for FY2023-2024 is forecasted at \$300.5 million which will be sourced from multilateral financing amounting to \$269.4 million (USD120.0m). Government also anticipates reimbursement of \$31.2 million (USD13.9m) from the European Investment Bank (EIB) and the Australian Infrastructure Financing Facility for the Pacific.

### 3.2.2 Project Loan Drawdowns

Total amount of \$89.7 million (USD39.9m) estimated to be disbursed under the direct payments method for existing multilateral loans associated with various infrastructure and investment projects.

**Table 3: Sources of External Financing**

Projects	External Financing FY2023-2024 (US\$million)	FY 20232024 (FJ \$million)	Drawdown Date
<b>Newly Proposed Multilateral Financing :</b>	120.0	269.4	
<b>Urban Water Supply and Wastewater Management Investment Program:</b>			
<ul style="list-style-type: none"> <li>European Investment Bank (EIB)</li> <li>Asian Development Bank (ADB) – Direct Payments</li> </ul>	3.2 4.4	7.1 10.0	August 2023
<b>Direct Payments (Project loans)</b>			
<b>Transport Infrastructure Investment Sector Project:</b>			
<ul style="list-style-type: none"> <li>ADB</li> <li>IBRD</li> <li>AIFFP</li> </ul>	14.2 9.3 10.7	31.8 20.8 24.1	As and when a request for drawdown is submitted by the Implementing Agencies (IA's)
<b>Fiji COVID-19 Emergency Response Project:</b>			
<ul style="list-style-type: none"> <li>International Development Association (IDA)</li> </ul>	3.2	7.1	
<b>Fiji Social Protection COVID-19 Response and System Development Project:</b>			
<ul style="list-style-type: none"> <li>IDA</li> <li>IDA – additional financing</li> </ul>	1.9 4.8	4.2 10.7	



<b>Fiji Tourism Development Project – Vanualevu</b> • IDA 7369	2.2	5.0	
<b>TOTAL</b>	<b>US\$173.9</b>	<b>FJ\$390.2</b>	

*Numbers may not be precise due to rounding.*

#### **4. Investor Consultation and Relations**

- a. The Debt Management Unit of Ministry of Finance Strategic Planning National Development and Statistics (MOFSPNDS) will continue to consult regularly with market participants prior to all planned floatation. Quarterly meetings<sup>1</sup> will be arranged with major stakeholders in the domestic market to gauge market sentiments towards recent and upcoming issuances and to obtain updates on the investment environment.
- b. The ABP will be published on the MOFSPNDS and the Reserve Bank of Fiji website at the beginning of a new fiscal year. The ABP will inform major market investors of the Government financing needs for the fiscal year.
- c. The ABP will be reviewed and updated during the year should there be a need to revise the document.
- d. For any further enquiries, please contact the Debt Management Unit on email at [dmu@govnet.gov.fj](mailto:dmu@govnet.gov.fj).

**Debt Management Unit**

**Treasury Division**

**August 2023**

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<sup>1</sup>The Planned consultations month are: August 2023, November 2023, February 2024 and May 2024.