



FIJI FUTURE EDUCATION BOND

Fiji faces skill gaps due to limited educational access and a small and shrinking skilled workforce. A Sustainability-Linked Bond (SLB) for teacher training, educational tools, and interest-free student loans will strengthen workforce resilience and drive growth. The SLB will address cross-cutting business-focused skills needed in agriculture, fishing, tourism, and health & wellness, and will target access for all Fijians – transforming Fijians from job seekers to job creators.

CHALLENGE

Fiji has an education problem. There is an education and skills mismatch. There are many learning opportunities in hospitality, but not enough knowledge and skilled workers to drive economic diversification and long-term growth.

- 81% of young Fijians do not pursue tertiary education
- 40% of employers struggle to find qualified workers
- Lacking workforce-ready programs in key sectors

In order to achieve Fiji’s ambitious growth plan, Fiji will need to inspire a generation of entrepreneurs in agriculture, tourism, and fishing and health & wellness.

SUSTAINABILITY-LINKED BOND

SLB Feature	Description
Issuer	Fijian Government
Bond Amount	US\$10 million
Location	Suva, Fiji
Targeted Programs for Enhancement	Diploma in Management at Fiji National University, Certificate III in Entrepreneurship & New Business Venture at University of the South Pacific
Sustainability-Linked Notes Option	Linked to tertiary educational and employment outcomes
Bond Type, Structure Change	5% coupon with +25bps of step up Bullet bond payment structure
KPI, Sustainability Performance Target (SPT), SPT Trigger	See Measurement, Reporting & Impact
Coupon Variation Date	Jan 1, 2030 step up in coupon if targets are missed
Management Fee	1.5%
Redemption Price w/ SPTs achieved	100% of final coupon
Redemption Price w/o SPTs achieved	100% of final coupon
Target years	2017 to 2031 for 5 year tenor, no baseline
Second Party Opinion, verification	Competitive bid process to select
SLB Framework	Fijian Sustainable Bond Framework

INVESTMENT OPPORTUNITY

Fiji is on a growth trajectory. In 2026 and 2027, economic growth is forecast to be 2.9 percent and 2.8 percent, respectively, driven by high growth in blue and green economies.

Recent Development Finance Institution Investments

- ~US\$95 million from the World Bank in climate resilience funding and the option to access a further US\$30 million in emergency financing (2025)
- ~US\$200 million for the Fiji Critical Bridges Resilience Project, financed by Fiji, the World Bank, and the Asian Development Bank for the repair of bridges to be completed (2024)
- ~US\$50 million from Australian Infrastructure Financing Facility for the Pacific for road restoration projects (2022)

Successful Fijian Sustainable Bonds

- US\$20 million Blue Bond (2023) for infrastructure and blue economy development
- US\$50 million Green Bond (2017) for infrastructure and climate resilience

MEASUREMENT, REPORTING & IMPACT

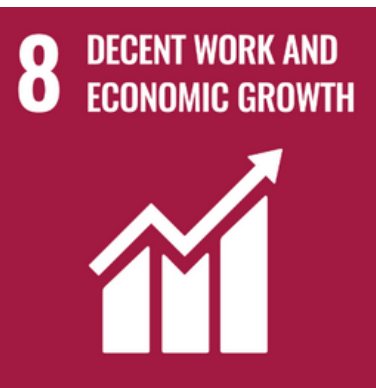
SLB Feature	Description
KPI	1. Employed FT after graduation 2. % program students remaining in Fiji
SPT* (end of 2028)	[1.1] 95% employment rate for scholarship recipients [2.1] 100 new businesses started through graduate business start up scheme
SPT Trigger	Failure to achieve all STPs
SPT Observation Date	Jun 30, 2029

*SPTs are specific to targeted business programs. Measurement methodology to align with existing methodology used by Fiji Statistics Bureau.

SDG IMPACT ALIGNMENT



4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university



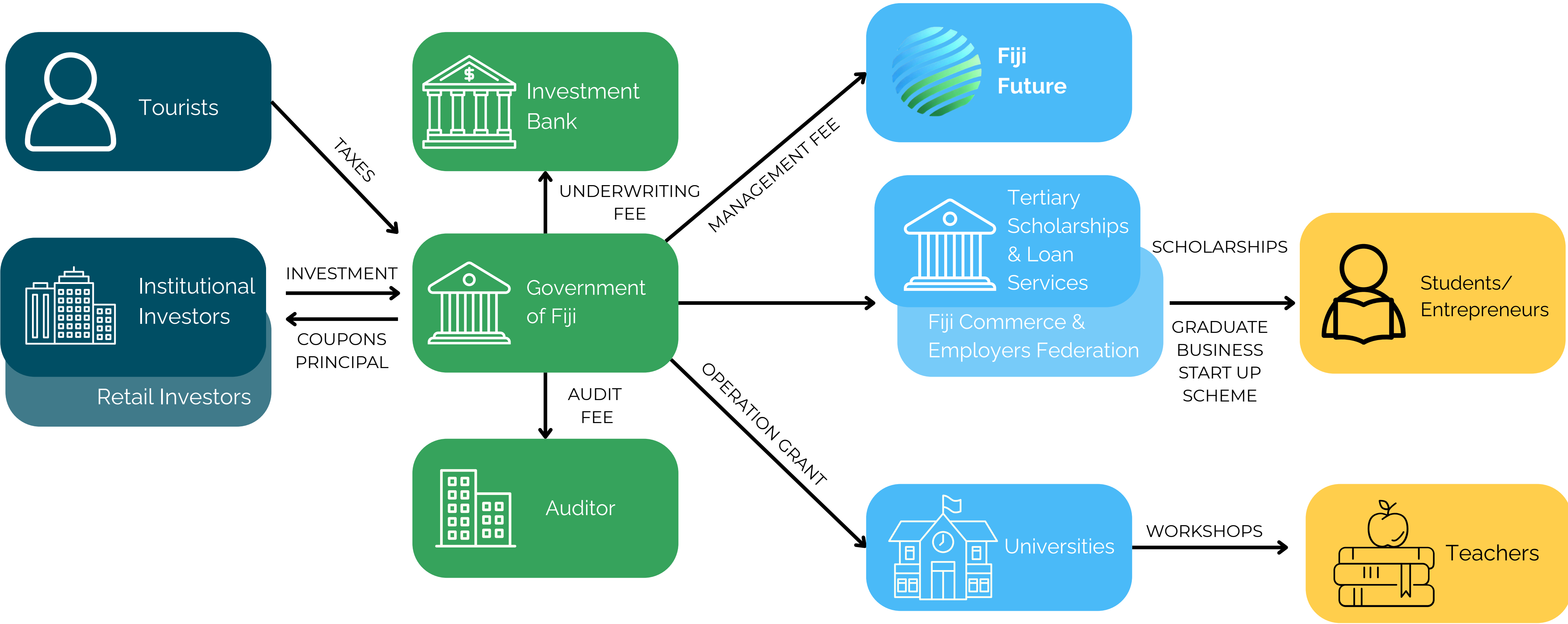
4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

CO-BENEFITS WITH OTHER SDGS



THE PILOT PROJECT AND HOW IT WORKS



PROJECT FUNDS ALLOCATION

- 60%** 100 full scholarships and 200 partial scholarships per year in the business program over the 5-year period.
- 20%** Hiring 5 industry leaders to upskill existing university educators and provide mentorship on trade-exposed and/or export-focused student businesses over the 5-year period
- 20%** Partnership with the Tertiary Scholarships & Loan Services to further sponsor Graduate startup grant schemes

FINANCIAL ANALYSIS

(thousands of dollars in USD)							
Year	Projected VAT Revenue	2.35% increase in taxes	Base Accrued Tax Surplus	Base Total Bond Obligation	Performance Bond Obligation	Performance Accrued tax surplus	
2027	96,707	2,273	1,048	528	528	1,048	
2028	101,059	2,375	2,940	528	528	2,928	
2029	105,606	2,482	5,018	528	528	5,018	
2030	110,359	2,593	7,296	528	622	7,201	
2031	115,325	2,710	10,314	10,028	10,122	10,215	

COUNTRY AND MARKET ANALYSIS

Education is required for growth. Trinidad and Tobago grew between 10-15% (2002-06) and Cabo Verde grew between 11-19% (1994-2000) by leveraging solid educational infrastructure to capitalize on educational strength, macro trends, and business-friendly policies. In this moment, Fiji is well-positioned for a similar transformation.

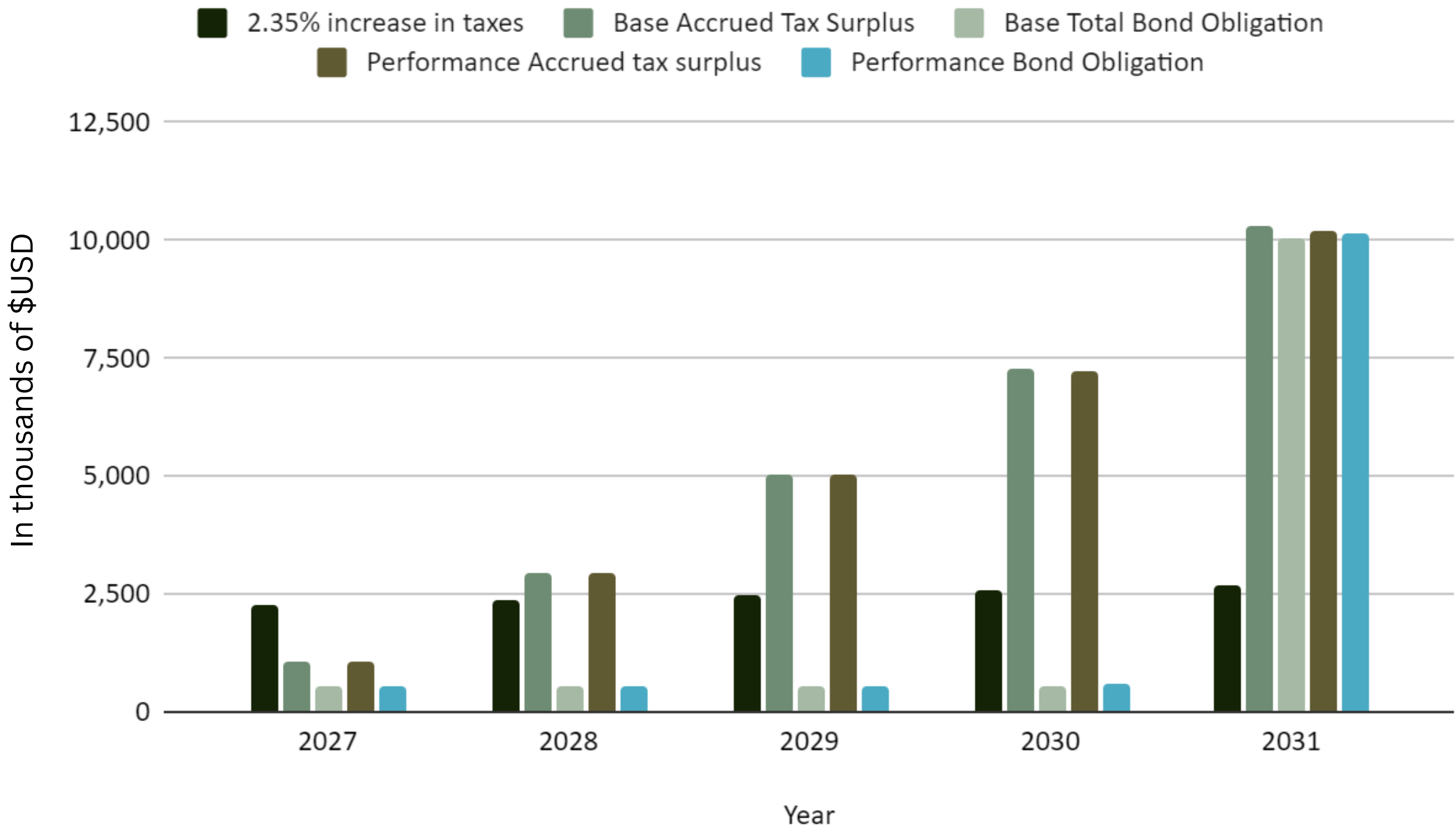
As the leading regional provider of education, with two major universities located in Suva, Fiji has established systems to educate students. By leveraging existing programs and developing local expertise, sustainable growth can be realized.

Fiji is also able to capitalize and redistribute prosperity. According to the Asian Development Bank, the middle class in the Pacific region is expected to grow by 1.7 billion people by 2030, leading to increased demand for travel experiences. This trend presents a significant opportunity for Fiji given its pristine environments and conservation efforts. Fijians can drive whole economy growth by tapping into tourism by diverting tourism tax revenue to strategic growth sectors.

Fiji’s National Development Plan outlines a bold vision to 2050. The plan aims to turn job seekers into job creators through targeted investment in education, but there have been financial, knowledge, and administrative barriers. In the past few years, Fiji has been working to streamline policies and operations to make it easier to start a business.

TAXES & REPAYMENTS

Fiji's tourism sector contributed \$1.4 billion USD to the economy in 2023. By increasing existing tourism taxes by 2.35%, the increased taxes revenue generates average of additional \$2.5M USD per year. The increased amount is more than enough to cover the interest obligation and principal repayment. The tax surplus in the first 4 years will be reinvested at the US 90 days T-bill (latest rate of 4.22%). The sustainability-linked performance triggers at the beginning of 2029 with the additional 25bps. The step-up amount is also covered under the tax surplus promising stability to investors.



RISK MITIGATION

Risk	Mitigation Strategy
Global	<ul style="list-style-type: none">Negotiate for an early exit repayment clause for economic downturns and assess impact to investor appetiteExplore alternative funding streams with longer payback horizons such as lower taxes over 10 years
Economic	<ul style="list-style-type: none">Leverage scholarship program to identify students with strong desire to remain in Fiji and contribute to Fiji’s growthUtilize local expertise at Fiji Commerce & Employers Federation to identify mentorship opportunities and address business challenges in a timely manner
Trust & Accountability	<ul style="list-style-type: none">Education Bond Steering Committee for transparent governance and accountability with disbursement of the funds<ul style="list-style-type: none">7 members: three government leaders, two university leaders, an economic expert, and a Fiji Future representativeCompetitive bid process for Second Party Opinion of baseline year and Verification
Implementation	<ul style="list-style-type: none">Conduct extensive community engagement sessions to strengthen stakeholder engagement by involving parents, educators, and local leaders in educational initiativesClose collaboration with government and business graduate start-up scheme to address slow progress on deregulation and streamlining of policies and procedures