



# Initial Poverty and Social Analysis

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## Fiji: Sustainable and Resilient Recovery Program

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 24 January 2022)

Currency unit	–	Fiji dollar (F\$)
F\$1.00	=	\$0.471
\$1.00	=	F\$2.124

## ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
TA	–	technical assistance

## NOTES

- (i) The fiscal year (FY) of the Government of Fiji ends on 31 July. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2022 ends on 31 July 2022.
- (ii) In this report, "\$" refers to United States dollars, unless otherwise stated.

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## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Fiji	Project Title:	Sustainable and Resilient Recovery Program
Lending/Financing Modality:	Policy-Based Loan	Department/Division:	Pacific Department Social Sectors and Public Sector Management Division

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

#### **A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy**

Fiji's National Development Plan 2017–2036 outlines a forward-looking vision for “Transforming Fiji” under two mutually reinforcing prongs: inclusive socioeconomic development and transformational strategic thrusts.<sup>a</sup> It targets a fourfold increase in per capita income by 2036 through Fiji becoming a regional hub for business, transport, and other services. Climate resilience of the economy, public goods and services, and communities is a cross-cutting theme of the plan. The plan targets economic development supported by sustainable fiscal policy; social development, including through social protection and achieving gender equality; structural reforms covering the regulatory environment for private sector development, the financial sector, and public enterprises; and good governance. The government's 5-year implementation plan for 2017–2021 targets inclusive socioeconomic development, including through (i) a resource-efficient, cost-effective and environmentally sustainable energy sector, supported by the Green Growth Framework for Fiji; and (ii) a socially inclusive Fiji and empowered Fijians, with guidance provided by the National Gender Policy and Women's Plan of Action, among others. Prioritized transformational strategic thrusts under the plan promote (i) a sound regulatory environment for inclusive and sustainable private sector development, including a more efficient tax administration through the development of a national tax information system, among others; (ii) an entrepreneurial culture through sustainable micro, small and medium-sized enterprises by reforming the business regulatory environment; and (iii) a deep, competitive, and stable financial system that improves access to finance. The Asian Development Bank's (ADB's) country partnership strategy for Fiji (2019–2023) identifies three strategic objectives: (i) promoting private sector investment and growth, including through promoting policy-based lending and technical assistance (TA) to improve the business and investment climate; (ii) broadening access to quality services and economic opportunities, including through improving social services and supporting efforts that increase opportunities for employment and income-generating activities; and (iii) building resilience and reducing economic volatility.<sup>b</sup> The 5- and 20-year plan priorities as well as ADB's country partnership strategy objectives are directly aligned with the reform actions under the proposed Sustainable and Resilient Recovery Program, supporting fiscal resilience through improving public financial management (regulatory framework and revenue, debt, and expenditure management); community resilience through better targeted social assistance, improved social service delivery, and financial protection for households engaging in subsistence and informal sector income-generating activities; and a resilient business recovery through transitional support to businesses affected by the coronavirus disease (COVID-19) pandemic and structural reforms (business environment, financial sector, state-owned enterprises) to encourage business formation, formalization, and growth.

#### **B. Poverty Targeting**

General intervention  Individual or household (TI-H)  Geographic (TI-G)  Non-income MDGs (TI-M1, M2, etc.)

The program's poverty targeting is threefold: First, its impact on growth, public finances, and public sector performance is expected to increase the sustainability of public services that benefit the poor and vulnerable. Increased fiscal buffers will also allow the government to respond more efficiently and effectively to external shocks, which disproportionately affect the poor, and particularly women. Second, the program more directly aims to support poor and vulnerable households through strengthening systems for the better targeting of public resources, assistance programs, and essential services, particularly in rural areas and for low-income households. Third, it supports the formation, formalization, growth, and financial protection from climate and disaster risks of subsistence and informal sector income-generating activities, improving and safeguarding livelihoods of the poor and vulnerable.

#### **C. Poverty and Social Analysis**

1. Key issues and potential beneficiaries. The government, using results from the 2019/20 Household Income and Expenditure Survey, estimates a poverty incidence at 29.9%, based on a national basic needs poverty line at F\$2,179.39 per adult equivalent per year, or F\$41.91 per adult equivalent per week. The poverty incidence in rural areas is estimated at 41.5%, and in urban areas at 20.4%.<sup>c</sup> The survey was conducted before COVID-19, and the poverty incidence is expected to have increased in 2020. ADB's Economic Research and Regional Cooperation Department in April 2021 estimated the incidence of poverty in 2019 at 0.2% using \$1.90 a day (2011 purchasing power parity) poverty line, at 3.9% using \$3.20 a day, and at 24.6% using \$5.50 a day. This program benefits the entire population.

2. Impact channels and expected systemic changes. Improving fiscal sustainability will ensure the government can maintain public investment in physical and human capital, protect the most vulnerable in the event of shocks, and make more discretionary funding available to fund, and better target, pro-poor expenditures, including for water and sanitation, electricity, education and health services, and social protection programs. Supporting private sector recovery will enable businesses of all sizes impacted by COVID-19 and disaster events to recover and flourish while business environment reforms will facilitate business formation, formalization, and growth, particularly benefitting households engaged in subsistence and informal sector income-earning activities. Complementary support is provided through the expansion of financial protection from climate and disaster risks that frequently push households into poverty through the destruction of livelihoods.

3. Focus of (and resources allocated in) the transaction TA or due diligence. No project preparatory TA was required. ADB's ongoing engagement with Fiji through a previous policy-based lending program and TA provides information required.<sup>d</sup> The due diligence will be prepared in cooperation with development partners and will include a poverty and social analysis.

4. Specific analysis for policy-based lending. COVID-19 and multiple disaster events in quick succession have undermined Fiji's fiscal sustainability and threaten communities' resilience and business recovery. Improved public financial management, better targeted assistance and protection for poor and vulnerable households, and a recovering private sector will increase fiscal, community and business resilience, increasing capacity to respond to shocks and avoiding sharp fiscal consolidation that would undermine service delivery.

## II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? Women in Fiji have unequal access to economic opportunities, public services and decision making. There is almost gender parity in access to education, but it is not translated into equality in employment, and only 19% of registered businesses and companies are listed in women's names. COVID-19 and related interventions (e.g., lockdown, restriction of movement) have had widespread impacts on women and girls including adverse impacts to their education, food security, nutrition, health, livelihoods and safety. Family violence is high with 64% of women reporting experiencing abuse in their lifetime and, reporting has increased during periods of lockdown and restriction of movement. As well as the immediate response to the COVID-19 crisis, it is vital to ensure equitable and inclusive economic recovery and fiscal sustainability that safeguards women's access to services and resources as well as supports women's engagement in medium and long-term recovery.

2. Does the proposed project or program have the potential to contribute to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?  Yes  No

Policy actions include (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.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes  No

The program is not anticipated to have any adverse impact on women and/or girls or widen gender inequality.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity)  EGM (effective gender mainstreaming)

SGE (some gender elements)  NGE (no gender elements)

## III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design. The program is a general intervention that aims to address threats to fiscal, community and business resilience, and encourage a resilient recovery from the COVID-19 pandemic and coinciding disaster events. It is nationwide in scope and will affect all citizens of Fiji through policy and institutional reforms that improve macroeconomic stability, strengthen community resilience, and support private sector recovery. Specific beneficiary groups include the private sector, civil society, and the vulnerable.

2. Who are the key, active, and relevant CSOs in the project area? Government liaises as appropriate with CSOs, including through the peak CSO body Fiji Council of Social Services, around reforms that could impact civil society.

3. Are there issues during project design for which participation of the poor and vulnerable is important?

Yes  No If yes, what are these issues? Government-led stakeholder consultation on selected policy actions will be carried out to address the needs of the poor and excluded.

4. How will the project ensure the participation of beneficiaries and affected people, particularly the poor and vulnerable and/or CSOs, during project design to address these issues?

<p>The program aims to promote pro-poor, socially acceptable, economically and fiscally sustainable policies and initiatives. The Government of Fiji will engage with and consult stakeholders affected by individual policy actions.</p> <p>5. What level of CSO participation is planned during the project design? high (H), medium (M), low (L), or not applicable (NA)    <input type="checkbox"/> Information generation and sharing    <input type="checkbox"/> Consultation    <input checked="" type="checkbox"/> NA Collaboration    <input checked="" type="checkbox"/> NA Partnership</p>
<b>IV. SOCIAL SAFEGUARDS</b>
<b>A. Involuntary Resettlement Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No    The program does not involve any civil works and none of the program activities will result in involuntary resettlement or cause any physical or economic displacement.</p> <p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?</p> <p><input type="checkbox"/> Resettlement plan                      <input type="checkbox"/> Resettlement framework                      <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement                      <input checked="" type="checkbox"/> None</p>
<b>B. Indigenous Peoples Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples?    <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?</p> <p><input type="checkbox"/> Indigenous peoples plan    <input type="checkbox"/> Indigenous peoples planning framework    <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement                      <input checked="" type="checkbox"/> None</p>
<b>V. OTHER SOCIAL ISSUES AND RISKS</b>
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input checked="" type="checkbox"/> Creating decent jobs and employment (L)    <input type="checkbox"/> Adhering to core labor standards    <input type="checkbox"/> Labor retrenchment</p> <p><input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS    <input type="checkbox"/> Increase in human trafficking    <input type="checkbox"/> Affordability</p> <p><input type="checkbox"/> Increase in unplanned migration    <input type="checkbox"/> Increase in vulnerability to natural disasters    <input type="checkbox"/> Creating political instability</p> <p><input type="checkbox"/> Creating internal social conflicts    <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design? All of the above social issues are rated as low and as such will not be specifically addressed in the project design. No labor retrenchment is expected as part of the partial privatization of Energy Fiji Limited.</p>
<b>VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT</b>
<p>1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA or due diligence process to better analyze (i) poverty and social impact, (ii) gender impact, (iii) participation dimensions, (iv) social safeguards, and (v) other social risks. Are the relevant specialists identified?</p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p>The program will draw from assessments carried out for the country partnership strategy, 2019–2023. Due diligence on individual policy reform actions will be led by the government, with support from ADB and other development partners.</p> <p>2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis, and participation plan during the transaction TA or due diligence? Due diligence will be carried out by ADB staff.</p>

<sup>a</sup> Government of Fiji, Ministry of Economy. 2017. *5 & 20-Year National Development Plan: Transforming Fiji*. Suva.

<sup>b</sup> ADB. 2019. [Country Partnership Strategy: Fiji, 2019–2023—Achieving Sustained, Inclusive, Private Sector-Led Growth](#). Manila.

<sup>c</sup> Government of Fiji, Fiji Bureau of Statistics. 2021. [2019–20 Household Income and Expenditure Survey](#). Fiji Bureau of Statistics Statistical News Release. No. 04, 2021.

<sup>d</sup> ADB. [Fiji: Sustained Private Sector-Led Growth Reform Program, Subprogram 1](#); ADB. [Fiji: Sustained Private Sector-Led Growth Reform Program, Subprogram 2](#); ADB. [Fiji: Sustained Private Sector-Led Growth Reform Program, Subprogram 3](#); ADB. [Fiji: Supporting Public Financial Management Reform](#); ADB. [Regional: Pacific Private Sector Development Initiative, Phase IV](#).