

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. For public sector management, Fiji's main development partners are the Government of Australia's Department of Foreign Affairs and Trade (DFAT); the Asian Development Bank (ADB), the World Bank Group, the International Monetary Fund, and the Pacific Islands Financial Technical Assistance Centre (PFTAC). The new National Development Plan (NDP) for 2017–2036 provides the framework for coordinating and aligning government and development partner efforts.¹ It has a 20-year time horizon, combined with a comprehensive 5-year medium-term development plan. The NDP highlights the importance of economic growth, democracy, security, and opportunities for all to improve the standard of living; and outlines a set of 20-year targets, including doubling real per capita income by 2035, eradicating poverty, lowering public debt, and creating more jobs. The NDP will be operationalized through updates to the Structural Reform Programme (SRP), 2015–2019 and the Public Financial Management Improvement Programme (PFMIP), 2016–2019.² Both documents set out a medium-term path for fiscal management (including public financial management [PFM]), state-owned enterprise (SOE), public–private partnership, and business climate reforms.

2. Development partner support is aligned with the SRP and PFMIP. For example:

- (i) DFAT assistance through the Institutional Partnerships Program aims to improve the regulatory environment for the private sector and help build a stronger Fijian public sector, with a focus on economic governance, public sector reform, and strengthening institutions such as Parliament and the Fijian Elections Office.
- (ii) ADB has supported improvements to public sector management in Fiji, mainly through regional technical assistance (TA). Technical advisory support has been provided in the areas of economic management and private sector development. The Pacific Economic Management Technical Assistance Phase I, designed to support Pacific developing member countries following the 2008 global financial crisis, fielded consultant missions to Fiji to advise on macroeconomic management, and build fiscal planning and policy-making capacity. ADB's Private Sector Development Initiative, cofinanced by the governments of Australia and New Zealand, focuses on enhancing the business environment through the development of financial markets and services; modernization of business laws; SOE reform; and the promotion of public–private partnerships, competition policy, and the economic empowerment of women.
- (iii) The World Bank Group provides analytic and advisory services for public sector management (focusing on public expenditure reviews and sector analysis, macroeconomic and fiscal analysis, and civil service programmatic TA) and the business environment (including public–private partnership opportunities).
- (iv) The PFTAC, which spent 16% of its mission days during 2011–2016 in Fiji, supports improvements to PFM. In 2017, it reviewed the Financial Management Act, 2004, and progress toward medium-term budgeting, revenue policy and administration, macroeconomic analysis, and macroeconomic statistics.
- (v) The International Monetary Fund carries out country and regional surveillance on an ongoing basis, as well as its annual Article IV consultations.

¹ Government of Fiji, Ministry of Economy. *5-Year and 20-Year National Development Plan: Transforming Fiji*. Suva.

² Government of Fiji. 2016. *Public Financial Management Improvement Programme (PFMIP), 2016–2019*. Suva.

Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
Public Sector Management			
ADB	Supporting Public Financial Management Reform TA	2018–2020	0.7
	Private Sector Development Initiative (Phase 3)	2013–2019	30.5
DFAT	Institutional Partnership Program	2016–2019	16.0
PFTAC	Support under Phase V (Fourth financing cycle)	2011–2016	4.4
World Bank Group	Civil Service Programmatic TA	2015–2017	3.6
	Fiscal Sustainability and Climate Resilience Development Policy Loan	2017–2019	50.0

ADB = Asian Development Bank, DFAT = Department of Foreign Affairs and Trade (Government of Australia), PFTAC = Pacific Islands Financial Technical Assistance Centre, TA = technical assistance.

Source: Asian Development Bank.

B. Institutional Arrangements and Processes for Development Coordination

3. Institutional arrangements for development coordination in Fiji are generally well established. The Ministry of Economy (MOE) is the focal point for development coordination, but no government-led PFM, SOE, or private sector development reform coordination mechanism exists outside the consultation process for the NDP and the annual budget process.

4. Consultations on the NDP were extensive, with over 730 public meetings held across the country and submissions received in writing. In addition to community meetings, dedicated consultations were conducted in major urban centers with civil society and business leaders. The preparation of the annual budget also involves extensive consultations before and after the budget announcement at the end of June. Public meetings included students, teachers, health workers, other professional groups, and business leaders. The revision of the arbitration bill was led by Investment Fiji jointly with the Ministry of Industry, Trade and Tourism; and benefited from ADB TA, drawing strongly from dialogue with the private sector. The development of the Building Permit Act 2017 was led by the Reserve Bank of Fiji and the Ministry of Industry, Trade and Tourism. The work benefited from TA from the World Bank Group and was supported by extensive consultations with the private sector, including through the annual World Bank's *Doing Business* assessment.

5. The coordination of public sector reforms is managed by the Civil Service Reform Management Unit, which was established to improve the efficiency, professionalism, and accountability of the Fijian public service. DFAT and the World Bank Group are working closely with the unit to support Fiji's civil service reform agenda. The unit liaises regularly with all permanent secretaries and ministers, and submits reports to the Public Service Commission on progress and any arising issues. The internal PFM Reform Steering Committee, led by the MOE, is largely inactive because of high turnover of experienced staff in the MOE, poor transition arrangements and handover practices, and stretched management capacity. In addition, although DFAT, ADB, the PFTAC, and the World Bank Group are active PFM TA providers, discussion of TA needs is undertaken bilaterally and information sharing is limited.

C. Achievements and Issues

6. In the preparation of this program, the first policy-based loan for Fiji, ADB has worked closely with the World Bank Group and consulted widely with other development partners,

particularly DFAT and the European Union, who may be interested in participating in subprogram 2 subprogram 2. Following established good practice in the Pacific, the program uses a joint policy matrix to underpin the provision of budget support. This reduces the transaction costs for the authorities while increasing the policy impact. In addition, ADB, along with the World Bank Group, has consulted regularly with the European Union, DFAT, and the PFTAC to coordinate policy advice and TA, especially in fiscal policy, PFM, SOE, and business and investment climate reforms.

7. The MOE views the policy engagement with ADB and the World Bank Group as the means to improve its coordination across key reform areas outlined in the SRP, PFMIP, and the NDP. Development partners view the engagement as a means of building a stronger relationship with the government. ADB TA is also being developed to strengthen the MOE's institutional capacity for reform and reform coordination.

D. Summary and Recommendations

8. The NDP, SRP, and PFMIP provide a framework for aligning and coordinating development assistance in Fiji, particularly for public sector management where reform coordination could be improved. All development partners involved in the sector are working to harmonize assistance in a way that is appropriate to Fiji's context and which maximizes the impact on Fiji's socioeconomic development.

9. ADB and the World Bank Group's policy engagement with the government through the joint policy matrix provides the opportunity to improve coordination across several substantive and complex reform areas, while raising the level of awareness and understanding regarding key policy, legal, and institutional challenges and constraints, as well as other impediments to effective policy reform implementation.