SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Fiji	Project Title:	Sustained Private Sector-Led Growth Reform Program	
Lending/Financing Modality:	Policy-Based	Department/ Division:	Pacific Department Urban, Social Development, and Public Management Division	
I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY				
Poverty targeting: General intervention A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy				
Based on the \$3.20 day international po to 2013, the real per was true in both rur Although poverty an especially in urban a poverty increased (f and rural poverty de Plan, 2017–2036 ^b a per capita income b more jobs. Increasir require improvemen (SOEs) and public- address issues iden	per day international poverty line verty line, less than 2.0% of the p capita consumption of the bottom al and urban areas. The Gini coe d inequality have fallen, urban po areas. From the 2008–2009 and 2 rom 12%–13% based on the \$3.2 eclined (from 17%–14% and 22% cknowledges that it needs more p by 2035, eradicating poverty, red ng private investment and reducir ts in fiscal management; the policy -private partnerships (PPPs); an	, 14% of the po population lived a 40% grew fast efficient, an agg verty has risen, 2013–2014 hou 0 per day intern 6–16%). The go private investme lressing rural–un g reliance on p y, legal, and inst d the business	o those in other upper-middle-income countries. pulation live in poverty; based on the \$1.90 per in extreme poverty in 2013–2014. ^a From 2002 ter than that of the average household, and this pregate measure of inequality, also decreased. and visible signs of inequalities are increasing, schold income and expenditure surveys, urban ational poverty line) even as aggregate poverty overnment, through the National Development to meet its long-term targets of doubling real urban gaps, lowering public debt, and creating public investment to drive economic growth will titutional framework for state-owned enterprises and investment climate. These reform areas 17–2019 of the Asian Development Bank (ADB)	
for Fiji. ^d B. Results from the Poverty and Social Analysis during PPTA or Due Diligence				
at 1.2% a year, than observed in both inte decreased to 38.3 in 2008 reflected the ri 2008 and 2013 refle growth has been the poverty reduction fro is vulnerable to nat caused damage and focus on public inv structural reforms of has sufficient fiscal programs that impro 2. Beneficiaries. Fij will help achieve the is a general interve affect all citizens of PPP portfolio perform sector, civil society, 3. Impact channels physical and humar funding available to protection programs unsustainable borro affordability of basic credit. 4. Other social and 5. Design features April 2020 that will	a that of the population median, we er-survey periods (2002–2008 and n 2013, from 42.8 in 2008 and 33 ise in inequality between rural and ects reductions in inequality betw e main driver of poverty reduction on 2002 to 2013, while the remain ural disasters such as cyclones d losses estimated to equal 29.2% restment toward greater private ver the medium term will enable room to respond to shocks, allo ove access to basic public service i needs more private investment to government's target of doubling ntion that aims to address fiscal Fiji through policy and institutiona mance, and the business and inve SOE employees, and the vulnera s. Improving fiscal management vul o channel toward pro-poor exper s. Improving the policy, legal, and wing; create more room for priv public services. Improving the business of the program prioritizes and sec help the government to address	hich grew at 0.6 d 2008–2013) a g.6 in 2002. Th d urban areas a een rural and u h. Growth in per hing 38% is exp and floods. In of gross dome investment an faster and more ow the mainter s, and lead to g o accelerate and real gross dome and structural of l reforms that in estment climate ible. vill ensure the g nerable in the o ditures, such a d institutional fr vate investmen isiness and invest quences policy its main macro	ta consumption of the bottom 40% grew faster, 5% a year. This pattern of inclusive growth was nd in urban and rural areas. The Gini coefficient e increase in the Gini coefficient from 2002 to and within urban areas. The decrease between urban areas and within urban areas. Economic r capita consumption accounted for 62% of the lained by a decline in inequality. In addition, Fiji 2016, for example, Tropical Cyclone Winston stic product. Rebalancing the economy from its d private sector participation by accelerating e broad-based growth, ensure the government nance of social services and social protection greater poverty reduction. d sustain high levels of economic growth, which nestic product per capita by 2035. The program constraints. It is countrywide in scope and will prove macroeconomic stability, Fiji's SOE and . Specific beneficiary groups include the private government can maintain public investment in event of shocks and make more discretionary as education and health services, and social amework for SOEs and PPPs will help avoid t; and improve the reliability, efficiency, and estment climate will facilitate greater access to preforms over 36 months from January 2017 to peconomic challenges, i.e., to increase private mic growth. Short-term actions that will lay the	

Financial Management Improvement Programme, 2016–2019 to enable the government to promote fiscal discipline, manage the strategic allocation of resources, and improve the efficiency of service delivery; (ii) cabinet approval of privatization guidelines and a PPP policy, both of which will create clear rules and processes for further SOE reform; and (iii) Parliamentary approval of the personal property securities bill, which facilitates greater access to credit for businesses and individuals.

C. Poverty Impact Analysis for Policy-Based Lending

1. **Impact channels of the policy reforms.** The program aims to rebalance the economy by accelerating structural reforms over the medium term. Improving fiscal management will ensure the government can maintain public investment in physical and human capital and protect the most vulnerable in the event of shocks. Improving the policy, legal, and institutional framework for SOEs and PPPs will strengthen governance, transparency, and accountability, and improve SOE performance and service delivery. This will help avoid unsustainable borrowing; create more room for private investment; and improve the reliability, efficiency, and affordability of basic public services. Finally, improving the business and investment climate will facilitate greater access to credit, particularly for micro, small, and medium-sized enterprises; encourage great domestic and foreign investment; strengthen Fiji's international trade competitiveness; and reduce the cost of doing business.

2. **Impacts of policy reforms on vulnerable groups.** Improving fiscal management and the policy, legal, and institutional framework for SOEs and PPPs will make more discretionary funding available to channel toward propoor expenditures, such as education and health services, and social protection programs such as the poverty benefit scheme (financial support to low-income households), social pension scheme (financial support for elderly citizens that are not receiving any form of government assistance or pension support), the food voucher program for rural pregnant mothers, and the child protection allowance (children from low-income families, single-parent families, and prisoner dependents). In the medium term, the program will indirectly benefit the poor and vulnerable through increased government capacity to respond to shocks, greater private investment and new employment creation, and more sustainable financing for the delivery of social services and social protection programs.

3. **Systemic changes expected from policy reforms.** The program will assist the government to shift toward greater private investment, which will help improve macroeconomic stability, strengthen the fiscal position, and reduce the impact of external shocks by allowing the government to respond effectively while maintaining basic social services. Improved fiscal management will strengthen accountability relationships between taxpayers and the government, both of which are essential for sustainable service delivery. Improved policy, legal, and institutional settings for SOEs and PPPs are expected to generate additional revenues for the government; allow more room for private sector participation in the economy; and boost the access, quality, and affordability of public services. Finally, an improved business and investment environment is expected to improve Fiji's international trade competitiveness, reduce doing business costs, accelerate growth, and create jobs.

II. PARTICIPATION AND EMPOWERING THE POOR

1. **Participatory approaches and project activities.** Social safeguard issues are not considered significant. At the impact level, the program is aligned with Fiji's National Development Plan, 2017–2036. The formulation of the development plan involved extensive consultations with a wide range of stakeholders, including business leaders, civil society, and the public, with over 730 public meetings held across the country and submissions received in writing. In addition to community meetings, dedicated consultations were carried out in major urban centers with civil society and business leaders. Technical assistance by ADB and other development partners provides support for the consultations. ADB's Pacific Private Sector Development Initiative assisted in the preparation of the development plan; and in SOE, PPP, international trade arbitration, and secured transactions reforms. Consultations with the private sector and civil society on the proposed program were undertaken through the development of the government's Structural Reform Programme, 2015–2019, in particular with regard to business and climate reforms. 2. **Civil society organizations.** Civil society organizations representing sectors affected by policy reform actions, such as the Fiji Council of Social Services, were consulted as part of the government's reform implementation efforts. Civil society consultations are led by the government and involve national and sector-specific consultations.

3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):

L Information gathering and sharing L Consultation N Collaboration N Partnership

4. Participation plan.

🗌 Yes 🛛 🖾 No

The government will carry out participatory elements under specific reform activities, reflecting the policy-based nature of the support.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: No gender elements

A. Key issues. Given the macroeconomic nature of this program, gender issues are not likely to be relevant. However, women in Fiji have unequal access to economic opportunities and public services. The Gender Inequality Index of the United Nations Development Programme reflects gender-based inequalities in three dimensions: reproductive health, empowerment, and economic activity. Fiji scores 0.418 in the 2014 index and ranks 87 of 188 countries, better, for example, Samoa (ranked 97) and Tonga (ranked 148). According to the World Economic

Forum (2015), Fiji scores 0.65 in the Gender Gap Index and ranks 121 of 145 countries. Its ranking has been declining since 2009. In terms of the sub-indexes, Fiji ranks the lowest (129) in women's economic participation and opportunity. The program can help address these issues indirectly through increased private investment and new employment creation; improving access to services for all, especially for health and education services; and reducing doing business costs.				
B. Key actions. The program has no measures to promote gender equality and women's empowerment, though opportunities to do so will be explored under subprogram 2. ☐ Gender action plan ☐ Other actions or measures ⊠ No action or measure				
IV. ADDRESSING SOCIAL SAFEGUARD ISSUES				
A. Involuntary Resettlement Safeguard Category: A B C FI				
1. Key impacts. None.				
 Strategy to address the impacts. Not applicable. Plan or other Actions. 				
Resettlement plan Combined resettlement and indigenous peoples plan				
Resettlement framework Combined resettlement framework and indigenous people				
Environmental and social management planning framework				
system arrangement Social impact matrix				
No action				
B. Indigenous Peoples Safeguard Category: A B C FI 1. Key impacts. None. Safeguard Category: A B C FI				
Is broad community support triggered? Yes No				
2. Strategy to address the impacts. Not applicable.				
3. Plan or other actions.				
Indigenous peoples plan Combined resettlement plan and indigenous				
 Indigenous peoples planning framework Environmental and social management system Depeoples plan Combined resettlement framework and indiger 				
Environmental and social management system Combined resettlement framework and indigenous peoples planning framework				
Social impact matrix Indigenous peoples plan elements integrated in				
No action project with a summary				
V. ADDRESSING OTHER SOCIAL RISKS				
A. Risks in the Labor Market				
1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium				
(M), and low or not significant (L).				
2. Labor market impact. Although the government does not have a formal policy of "no labor retrenchment," the				
divestments of SOEs including Fiji Ports Corporation Ltd. and Fiji Dairy Ltd. have seen the full absorption of				
employees into the newly privatized entities. Divestments have also resulted in significant new investments in the				
privatized entities, which have led to increases in employment. The resulting improvements in service delivery have				
led to lower business costs and further employment creation in the private sector. B. Affordability				
The program does not negatively impact the affordability of goods and services.				
C. Communicable Diseases and Other Social Risks				
1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):				
NA Communicable diseases NA Human trafficking				
Others (please specify)				
2. Risks to people in project area. None. VI. MONITORING AND EVALUATION				
1. Targets and indicators. The design and monitoring framework reflects the policy-based nature of the program,				
with performance indicators targeting improvements in fiscal management and the business and investment climate.				
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Source: Asian Development Bank.