



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 02-Dec-2020 | Report No: PIDA30541



BASIC INFORMATION

A. Basic Project Data

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|--|---|---|--|
| Country Fiji | Project ID P175206 | Project Name Fiji Social Protection COVID-19 Response and System Development Project | Parent Project ID (if any) |
| Region EAST ASIA AND PACIFIC | Estimated Appraisal Date 17-Nov-2020 | Estimated Board Date 25-Feb-2021 | Practice Area (Lead) Social Protection & Jobs |
| Financing Instrument Investment Project Financing | Borrower(s) Republic of Fiji | Implementing Agency Ministry of Economy | |

Proposed Development Objective(s)

To mitigate the impact of the COVID-19 crisis on the income of the unemployed and underemployed, and to increase efficiency and adaptability of the social protection system.

Components

Cash transfers to the unemployed and underemployed affected by COVID-19
Institutional Strengthening

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.

Yes

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

| | |
|---------------------------|-------|
| Total Project Cost | 50.00 |
| Total Financing | 50.00 |
| of which IBRD/IDA | 50.00 |
| Financing Gap | 0.00 |

DETAILS

World Bank Group Financing



| | |
|---|-------|
| International Development Association (IDA) | 50.00 |
| IDA Credit | 50.00 |

Environmental and Social Risk Classification

Moderate

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **The Republic of Fiji is a small island nation and the second largest economy in the Pacific.** Fiji has an estimated population of 880,000, distributed across an area of 18,000 square kilometers spread over 330 islands, of which about 110 are inhabited. Fiji has one of the lowest rates of extreme poverty and inequality in the Pacific. The latest available data (from 2013) shows that just 1.4 percent of people in Fiji lived in extreme poverty, or under the US\$1.90 per day international poverty line. Fiji’s economy achieved nine consecutive years of growth in 2018 with the most industrially advanced and substantial services and manufacturing sectors in the Pacific. Fiji is a regional transit hub and a regional hub for Pacific Island states and plays a major role in services in the region. Fiji has developed a major tourism industry, which attracts over 750,000 tourists a year and contributes about 38 percent of Gross Domestic Product (GDP). External shocks such as natural disasters due to climate change have been one of the main challenges in the country: Fiji is ranked as the country facing the 16th highest level of disaster risk in the world, and as the 14th most exposed to natural hazards and as highly susceptible to climate change impacts.

2. **Despite the limited health impact of COVID-19, Fiji is facing strong economic headwinds in 2020 as a result of the dual crisis of the economic impact of the COVID-19 pandemic and Tropical Cyclone Harold.** According to World Health Organization (WHO) data on November 29, 2020, Fiji has only had a total of 38 confirmed COVID-19 cases and two confirmed deaths from the virus. The Government of Fiji (GoF) has been quick to respond to the outbreak, and health authorities have been proactive in their efforts to contain the spread of the virus in Fiji; however, Fiji has been suffering the severe economic consequences of the COVID-19 crisis. Moreover, Fiji was also hit by the severe Tropical Cyclone Harold in April 2020, leading to significant damages and losses. The combined effects of the dual crises represent an economic shock of unprecedented scale for the Fijian economy. The tourism industry, contributing 38 percent of GDP, is at a virtual standstill; trade flows have been severely disrupted; and business activities have been curtailed. The government expects the economic contraction to be 21.7 percent of GDP and a rise in unemployment to 27 percent, the most severe contraction in Fiji’s history. In addition, the recession’s impact will likely be exacerbated through an expected decline in remittances, particularly affecting households in the bottom income quintile, 24 percent of whom report to be recipients of remittances.



Sectoral and Institutional Context

3. **The main building blocks of Fiji's social protection system** are (a) categorical and poverty-targeted social assistance benefits implemented by the Ministry of Women, Children and Poverty Alleviation (MWCPA), (b) social insurance (through a mandatory defined-contribution pension scheme for the formal sector) implemented by the Fiji National Provident Fund (FNPF), and (c) active labor market programs (ALMPs) implemented by the National Employment Centre (NEC) within the Ministry of Employment, Productivity, and Industrial Relations (MEPIR). While the social protection system is generally comprehensive and mature, institutional capacity is uneven across the board, with disjointed policies and programs, which makes it difficult to implement a coordinated government response to the dual shocks.

4. **The impact of the COVID-19 pandemic compounded with the damages of TC Harold on employment is expected to be exceptionally severe.** As of August 2020, an estimated 115,000 Fijians were reported to be unemployed or on reduced hours due to COVID-19. Moreover, 41 percent of businesses indicated that they were operating below capacity and are at risk of shutting down. An International Finance Corporation (IFC) business survey (IFC 2020) finds that 50 percent of tourism businesses have temporarily closed. 29 percent of tourism and 11 percent of non-tourism businesses expect to permanently close shop by November 2020 if the situation does not improve. Moreover, 27 percent of tourism employees are working reduced hours, 25 percent are on leave without pay, and 8 percent have been laid off. Women represent a third of the tourism workforce and they are employed in low-paid and low-skilled jobs, further exacerbating existing disadvantages Fijian women face in the job market.

5. **In an effort to address the impacts of the dual shocks, the Government of Fiji has introduced a series of measures in the social protection sector.** Responding to the dual crisis, the Department of Social Welfare (under the MWCPA) has announced the provision of top-up payments for social assistance recipients in August and September 2020. To address the employment impact of the crisis, the Government of Fiji has reduced the mandatory contribution rate to FNPF and launched a three-phase unemployment assistance scheme to support FNPF members. To support those in informal employment and affected by the crisis, the government has further announced the rollout of the *Stronger Together* scheme, a short-term employment support program implemented in partnership with private sector employers who can apply to have part of newly hired employees' wages covered for an initial three-month period. The government has also launched a new concessional loan scheme administered by the Ministry of Commerce, Trade, Tourism and Transport (MCTTT), to support self-employment and microentrepreneurship in the wake of the crisis.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To mitigate the impact of the COVID-19 crisis on the income of the unemployed and underemployed, and to increase efficiency and adaptability of the social protection system.



Key Results

- (a) Number of unemployed and underemployed who received cash transfer with government top-ups through FNPF (disaggregated by gender, age, and beneficiaries in the area affected by TC Harold)
- (b) Adaptive Social Protection Strategy and action plans developed and adopted
- (c) Interoperability among social protection databases or information systems have been established

D. Project Description

6. **The proposed project will consist of two components:**

7. **Component 1: Cash transfers to the unemployed and underemployed affected by COVID-19.**

This component will support cash transfers in the form of government top-ups to the Fiji National Provident Fund (FNPF) members who have lost their jobs or face reduced hours or reduced wages as a result of the COVID-19 crisis and who have insufficient balance in their FNPF General Account.

8. **Component 2: Institutional strengthening.** This component will focus on strengthening the Fijian social protection delivery system and the relevant policy setting. Activities under this component will help the government to build an integrated system for identifying and providing necessary support to vulnerable populations not covered by social assistance benefits but may need support in the event of economic or natural covariate shocks. It would focus on workers in the informal economy as well as near-poor groups more broadly. Building a stronger social protection delivery system will enable a higher degree of flexibility to adapt to future emergencies, including natural disasters. To this end, the proposed project will support the following technical assistance activities:

9. **Subcomponent 2.1 – Developing an Adaptive Social Protection Strategy for Fiji.** The subcomponent will finance Technical Assistance activities to develop Adaptive Social Protection Strategy, related policies, and data interoperability protocols.

- (a) Design an integrated Adaptive Social Protection (ASP) Strategy and associated implementation plans: The ASP strategy will guide the integration and harmonization of existing social protection programs and new interventions developed under component 2, making them inclusive (i.e., gender smart and covering vulnerable families excluded from existing mechanisms) as well as adaptive and responsive to future disasters and crises. The strategy and plans will be developed under the purview of a Steering Committee led by the Ministry of Economy (MOE), and the activities will include (i) a legislative stocktaking review; (ii) modeling and forecasting disaster-affected populations/cost for ASP operations; (iii) design key features of the strategy and plans (i.e. triggering rule, list of ASP programs and target population, benefit amount, financing options, institutional arrangement), (iv) support on policy dialogue for ASP strategy; (v) communications campaign and outreach on ASP strategy; and (vi) to provide inputs for any necessary changes in social assistance or employment legislation.



- (b) Strengthen data sharing protocols for interoperability: Following the ASP strategy, data interoperability among agencies in charge of social protection programs will be a foundation for inclusive targeting of beneficiaries as well as efficient and timely operations of ASP programs. The activity will help develop, adopt, and implement registry data governance framework, which will define principles, procedures, and responsibilities for data management following good practices in data privacy and eventually ensure system interoperability between SP information systems¹ based on a unique identifier.²

10. **Subcomponent 2.2 – Strengthening Social Protection Delivery Systems.** This subcomponent will finance consultancies to provide TA for strengthening and developing social protection delivery systems in Fiji. This will be achieved through the following activities:

- (a) Enhancement of MWCPA’s existing delivery systems: TA will be provided to strengthen the linkages of the ongoing reforms within the Department of Social Welfare (DSW), and gender transformative initiative implemented by the Department of Women (DoW) with the development of the integrated ASP strategy. To this end, the TA will include (i) a technical report on necessary changes in DSW standard operating procedures (SOPs) to correspond to the ASP strategy, including graduation policy and possible referral pathways to employment and training opportunities; (ii) strengthening systems and referral linkages with different service providers by providing technical assistance on the design of a Grievance Redress Mechanism focusing on sexual exploitation and abuse / sexual harassment to ensure streamlined processes linking women and children to social protection services; (iii) technical assistance activities to enhance ongoing management information system development – supported by Australian Department of Foreign Affairs and Trade (DFAT) – through user requirements analysis, system design, and development processes with focus on linking with other SP and disaster risk management systems for identifying people in need of support after disasters, and the GRM elaborated above; (iv) implementing a national communications campaign to improve understanding of Gender-based Violence (GBV) issues and to raise awareness of types of services available and legal rights among the beneficiaries and communities; and (v) training to government staff in adaptive and gender-smart social protection. The TA will further include financing for a resident in-house advisor, to be based in MWCPA and provide coordination of activities in Subcomponents 2.1 and 2.2 with ongoing DSW reforms, as well as to provide technical support for interoperability investments included in Subcomponent 2.1.
- (b) Strengthening the capacity of the National Employment Centre (NEC): This TA will comprise of a comprehensive review (functional areas, business processes, information management arrangements, expenditures) of NEC with a particular focus on existing incentives to register both vacancies and jobseekers, as well as a rapid process evaluation of existing programs administered by NEC. The review will include recommendations on possible interventions

¹ The interoperability options to be considered include but are not limited to (i) direct database interconnection and synchronization (one-way, two ways, triggers) for databases internal to an organization (not recommended in most cases), (ii) RESTful, SOAP, or other Web Services (e.g., gRPC, GraphQL, etc.) (iii) API Gateway, (iv) Orchestrators or Business Process Management (BPM) systems, (v) use of Service Bus or Enterprise Service Bus (ESB) technologies, (vi) Distributed Messaging Systems (e.g., Apache Kafka), and (vii) Governmental Interoperability APIs.

² In the short-to-medium term, the unique identifier for interoperability could be the birth certificate number which covers almost all the population in the country. Eventually interoperability should be based on the national ID system (currently under development).



(outreach activities, job-search assistance, career counseling, improved private sector partnerships) to improve the matching of registered job seekers with vacancies. The subcomponent will finance a training needs assessment and training activities, including staff training activities to strengthen a gender-inclusive approach to service provision. The subcomponent will also cover the development of a MIS accompanied by a Web Portal and interoperability features to support improved delivery of employment support programs/services and the set-up of the necessary infrastructure to accommodate the analysis of labor market data.

- (c) Strengthening the impact and sustainability of FNPF cash transfers: The TA will comprise of (i) a technical report to include recommendations for an improved targeting of beneficiaries (e.g., through the introduction of income cutoffs based on previous contribution rates, or narrowing eligibility to those with lower balance in retirement accounts); and (ii) a feasibility study – including an actuarial assessment and implementation roadmap - for reforms towards a new unemployment benefit scheme to be introduced in Fiji;
- (d) Strengthening the design and implementation of temporary employment and self-employment programs: The TA will include (i) a rapid assessment of the ongoing *Stronger Together* intervention and a report incorporating lessons learned and recommendations for subsequent phases; and (ii) an operational manual to support the implementation of upcoming program implementation phases, including specific design inputs to strengthen a gender-inclusive implementation approach (e.g. through dedicated outreach activities targeting women; introducing gender quotas; facilitating access to child-care opportunities; linkages to SEA/SH GRM). The TA will further include (i) a rapid assessment of the concessional loan scheme implemented by MCTTT and a report incorporating lessons learned and recommendations; and (ii) trainings for MCTTT staff on improved delivery and monitoring of self-employment and entrepreneurship support programs provided in the context of COVID-response.

11. **Subcomponent 2.3 –Monitoring & Evaluation and Project Management.** This subcomponent will (a) finance the establishment and operation of an effective Project Management Unit (PMU); (b) strengthen the capacity of project management and implementation; (c) support the stakeholder engagement activities; and (d) carry out monitoring and evaluation (M&E) activities.

Legal Operational Policies

| | Triggered? |
|---|------------|
| Projects on International Waterways OP 7.50 | No |
| Projects in Disputed Areas OP 7.60 | No |

Summary of Assessment of Environmental and Social Risks and Impacts



E. Implementation

Institutional and Implementation Arrangements

12. **The project’s institutional and implementation arrangements will serve to harmonize and coordinate activities across various agencies.** The arrangements will include a Steering Committee (SC) with the participation of multiple institutions, the MOE as the implementation agency joined by other implementation partners, and a Project Management Unit (PMU).

- (a) An SC will be established to provide policy direction and guidance, facilitate the coordination among various ministries and programs, and help address the bottlenecks for project implementation.
- (b) The MOE will be the implementation agency of the project, working together with other implementation partners. The MOE will take the overall responsibility for the project implementation and coordination. Under Component 1, the MOE in partnership with the FNPF is responsible for the rollout of the COVID-19 unemployment assistance scheme. The FNPF is responsible for the verification of the eligibility through its digital platform and processing of the payment to the beneficiary’s bank or mobile money account. Under Component 2, MOE and other ministries such as MWCPA, MEPIR, MCTTT and FNPF will be engaged in the implementation of TA activities.
- (c) A Project Management Unit (PMU) housed in MOE will be set up and operated in an efficient, effective and inclusive manner. The PMU will be responsible for the day-to-day work on project management, coordination, financial management, procurement, monitoring and reporting, environmental and social (E&S) management and project grievance redress. The MOE will assign a Project Manager and other key positions from relevant business units and other implementation partners will nominate technical coordinators to join the PMU. As needed, the PMU could recruit consultants.

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APPROVAL

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