



# Republic of Fiji

## Country Partnership Framework



# The World Bank Group

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The World Bank Group is a unique global partnership: five institutions working for sustainable solutions that reduce poverty and build shared prosperity in developing countries.

Our twin goals are:

- **To end extreme poverty:** By reducing the share of the global population that lives in extreme poverty to 3 percent by 2030.
- **To promote shared prosperity in a sustainable manner:** by increasing the incomes of the poorest 40 percent of people in every country.

# The Country Partnership Framework

The Country Partnership Framework (CPF) FY20-2024 will lay out the strategy and aims of the World Bank Group's future work in Fiji over the coming years.

It covers work by the parts of the World Bank Group most active in the Pacific:

- The **World Bank**; which includes the **International Bank for Reconstruction & Development (IBRD)** and the **International Development Association (IDA)**
- The **International Finance Corporation (IFC)**, an organization which focuses on the private sector in developing countries, and
- The **Multilateral Investment Guarantee Agency (MIGA)**, which offers political risk insurance and credit enhancement guarantees.

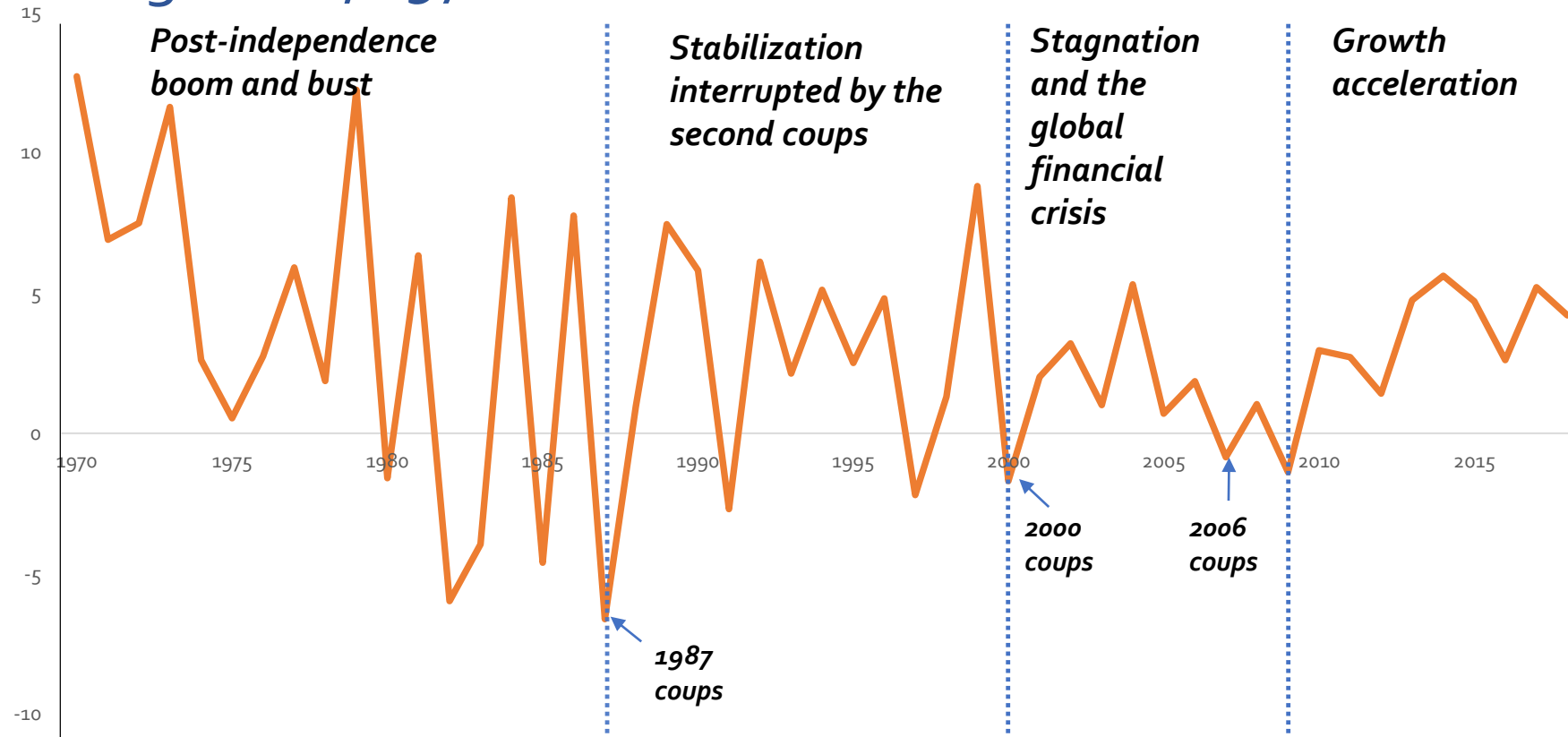
# World Bank Group Engagement in Fiji



- The World Bank has been active in Fiji since the 1970s, and IFC since 1980.
- The Bank's program of analytical and advisory work has complemented IBRD lending and Trust Fund grant operations.
- IFC engagement has continued to grow leveraging both Investment Services and Advisory Services.
- From July 1, 2019 Fiji is eligible to access IDA credits through the Small Island Economies Exception.

# Economic growth has been relatively inclusive but low and volatile, impaired by frequent disasters

## Economic growth, 1970 – 2018



# Macroeconomic outlook

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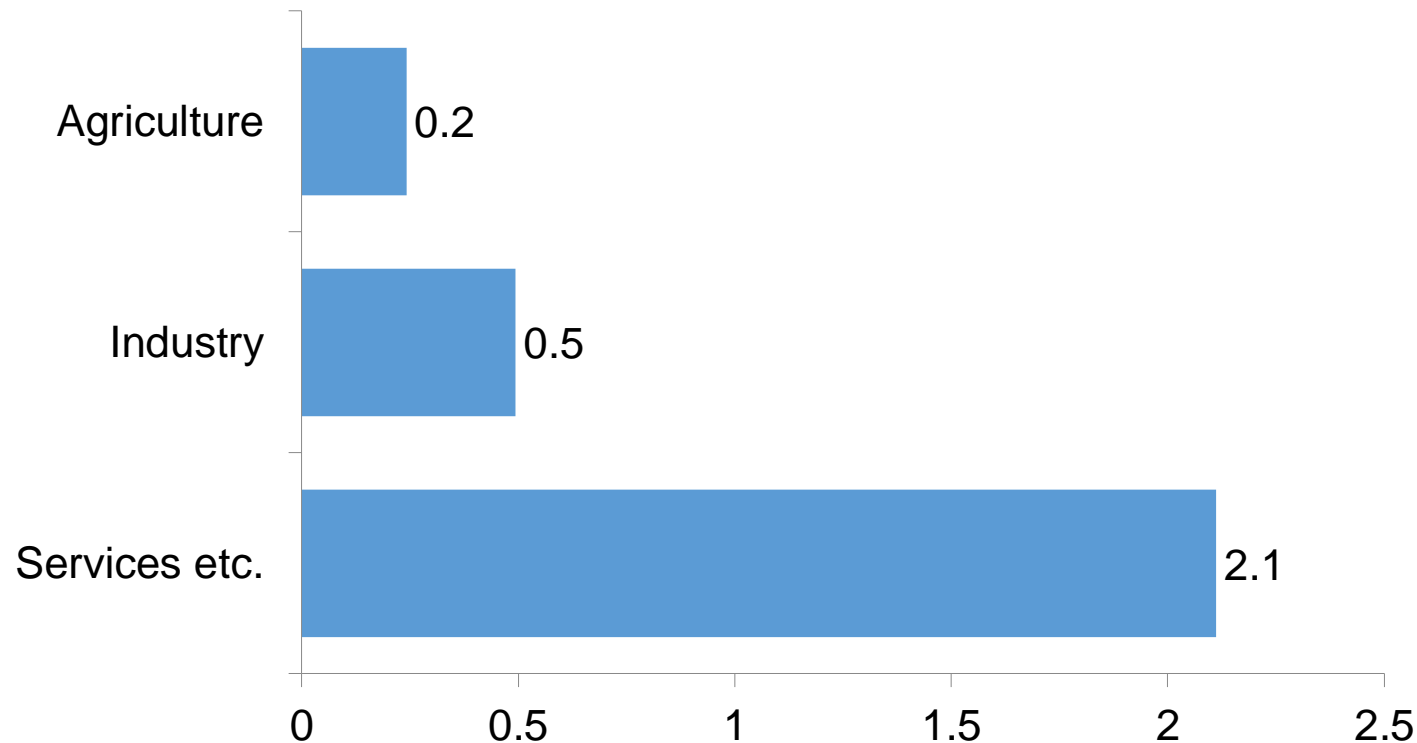
- The medium-term growth outlook is positive with GDP growth projected at 3 percent over the medium-term.
- The fiscal outlook is positive given the government's commitment to fiscal consolidation over the medium-term.
  - Revenue performance is expected to remain broadly stable at a high level.
  - Fiscal consolidation is expected to be driven by normalizing capital spending and a substantial reduction in recurrent spending levels relative to GDP.
- The most recent IMF-World Bank Debt Sustainability Analysis (November 2018) assesses Fiji to be at moderate risk of debt distress.
  - Future natural disasters and their associated fiscal costs are identified as the major risk factor to the outlook for public debt.



# Tourism is the main driver of economic growth

## Decomposition of growth by sector (percentage points) (Source World Bank, SCD)

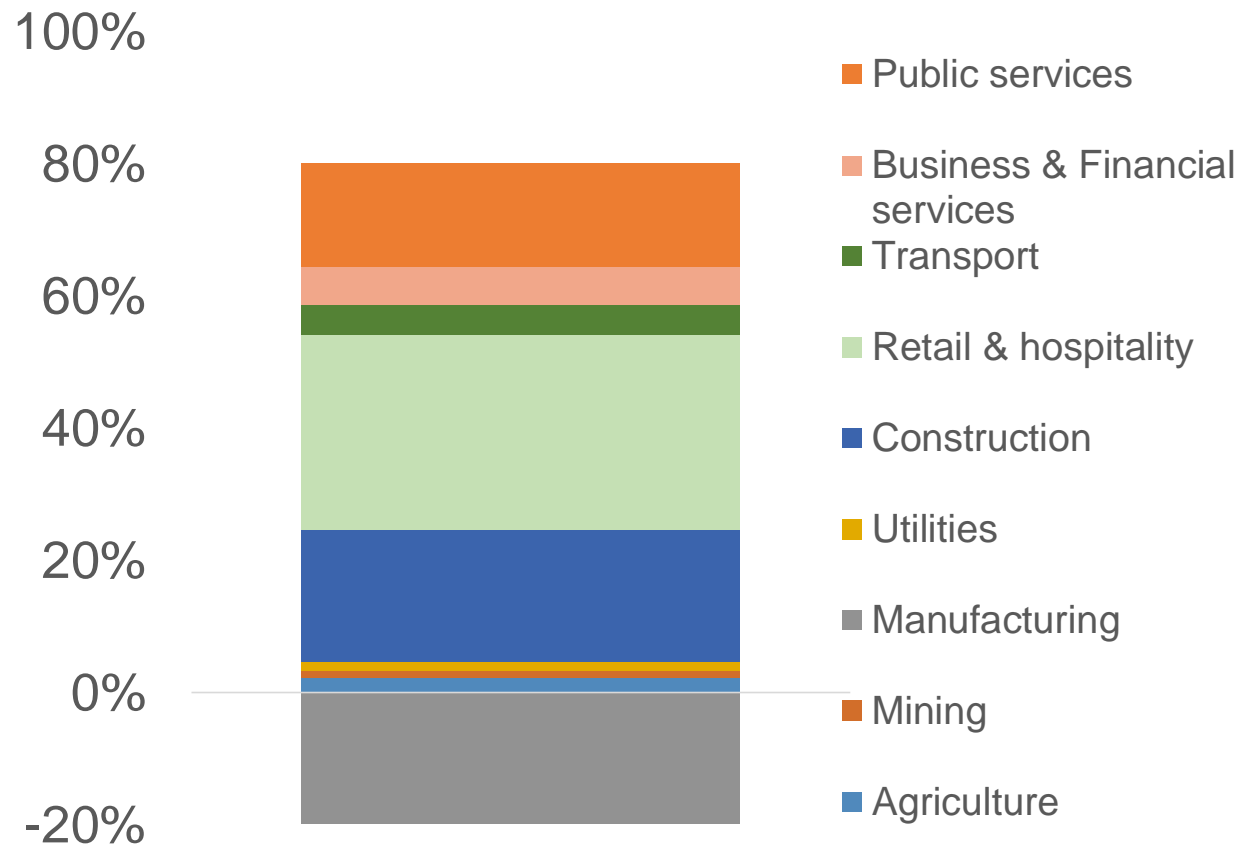
Note: Sectoral growth rates are weighted by sectoral shares. Percentage points add up to total GDP growth rate for the period. Services include: business and financial services, retail and hospitality, public services.



There are opportunities to integrate tourism more into the rest of the economy. For example, 52 percent of fresh produce sourced by Fiji's hotels is imported, of this \$3 million could be grown domestically.

# The private sector overall, and the services sector in particular, has driven growth in jobs

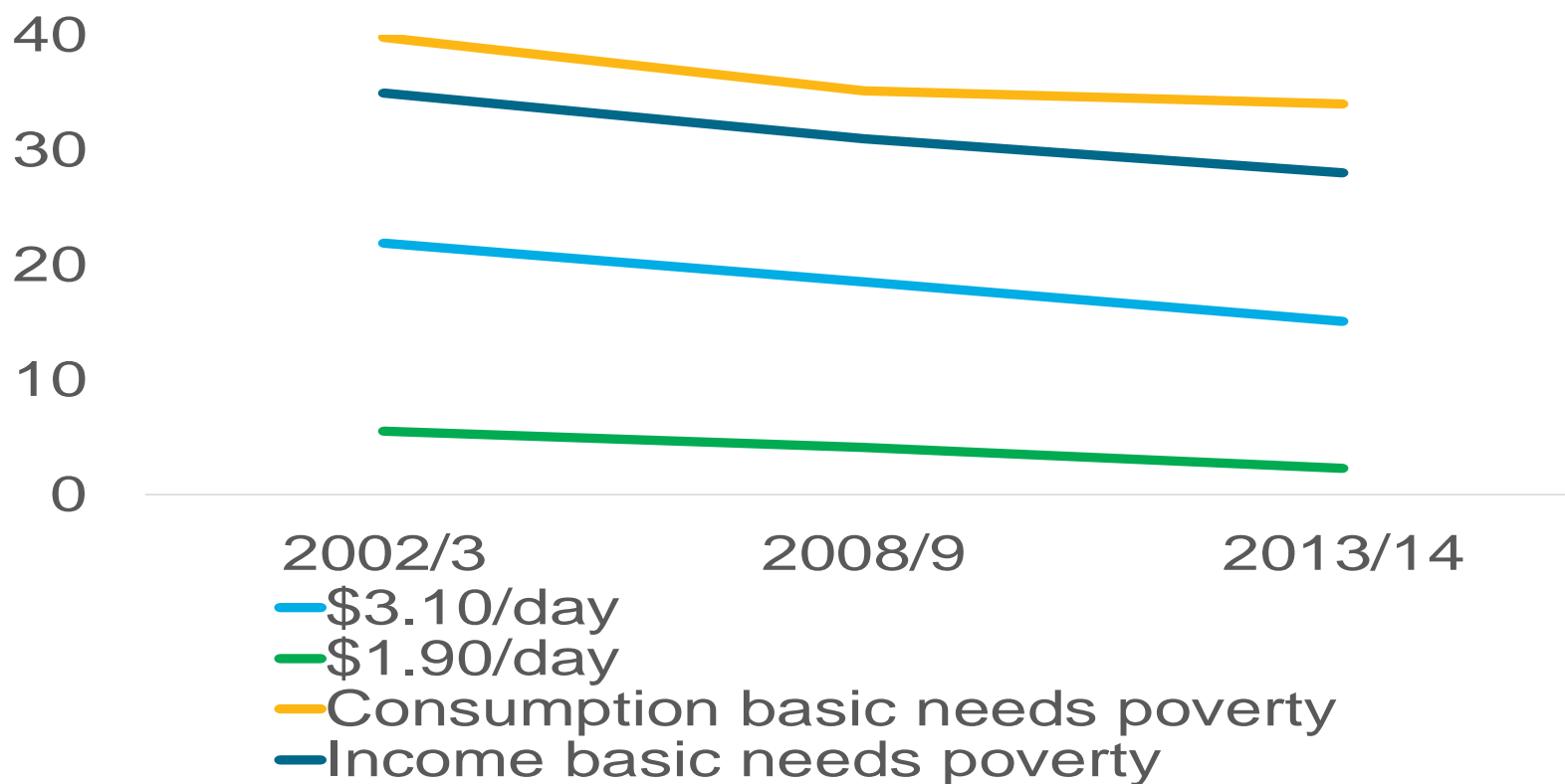
Number of jobs created from 2000 to 2014 (Source World Bank, SCD)





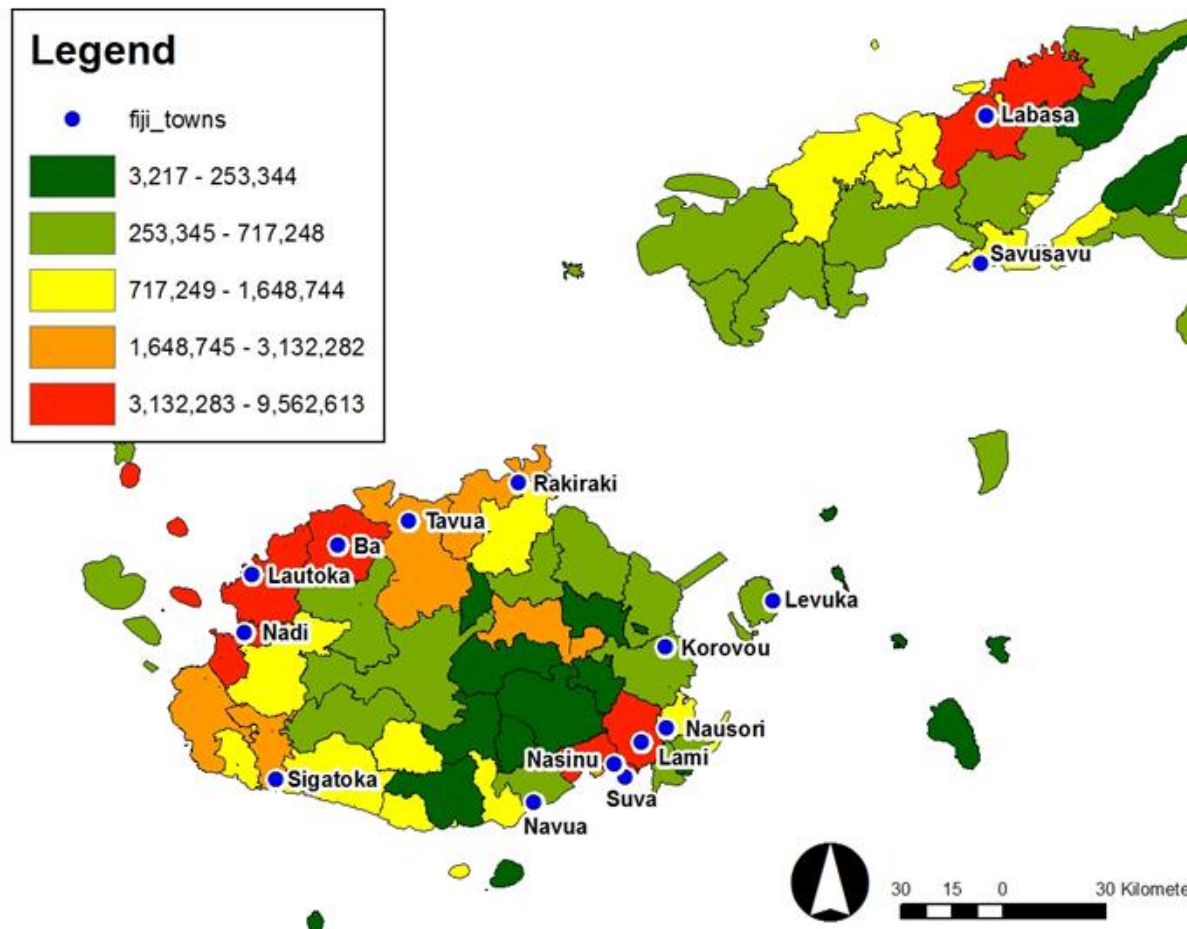
# Poverty and inequality have declined in Fiji

Recent poverty rates in Fiji (Source World Bank, SCD)



# Fiji faces challenges posed by natural disasters and climate change

Average annual losses due to cyclones and earthquakes (in 2010 US\$) (Source World Bank, SCD)

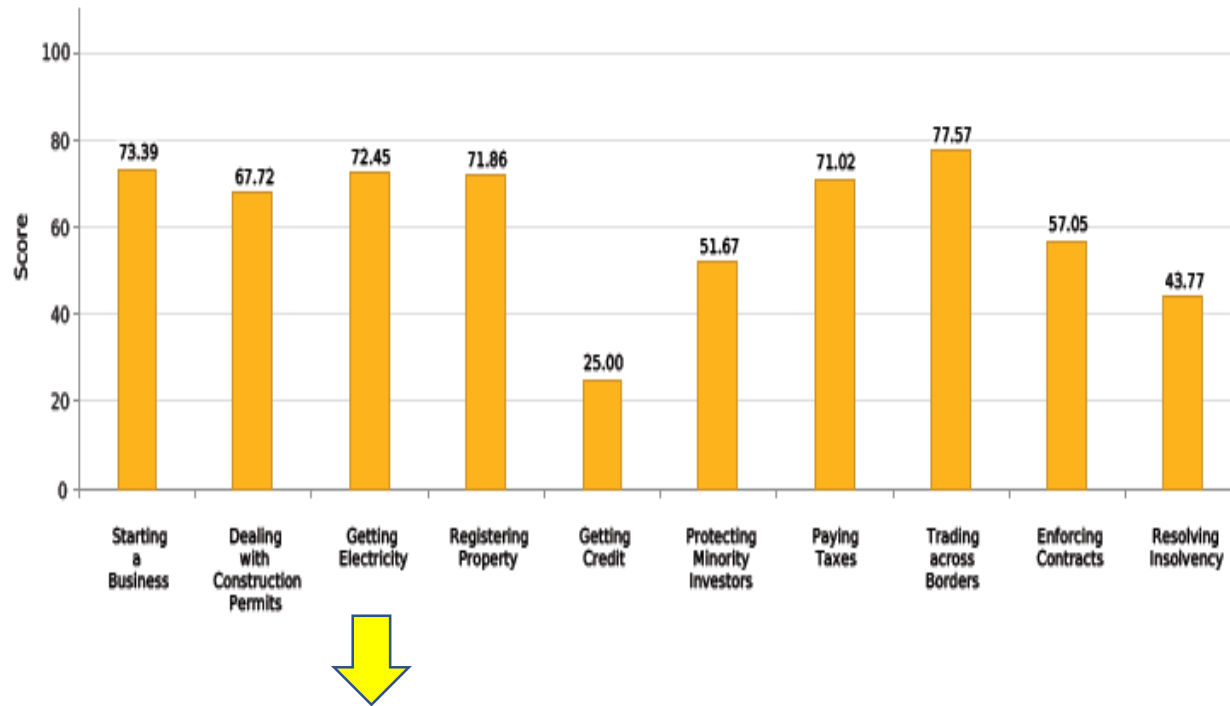


- In 2016 Tropical Cyclone Winston caused damage of F\$2.9 billion or 25 percent of GDP.
- With climate change, losses of 2.5 percent of GDP are expected every year and losses of 20 percent every 50 years.

# Fiji ranks below average for comparable countries in the Doing Business rankings

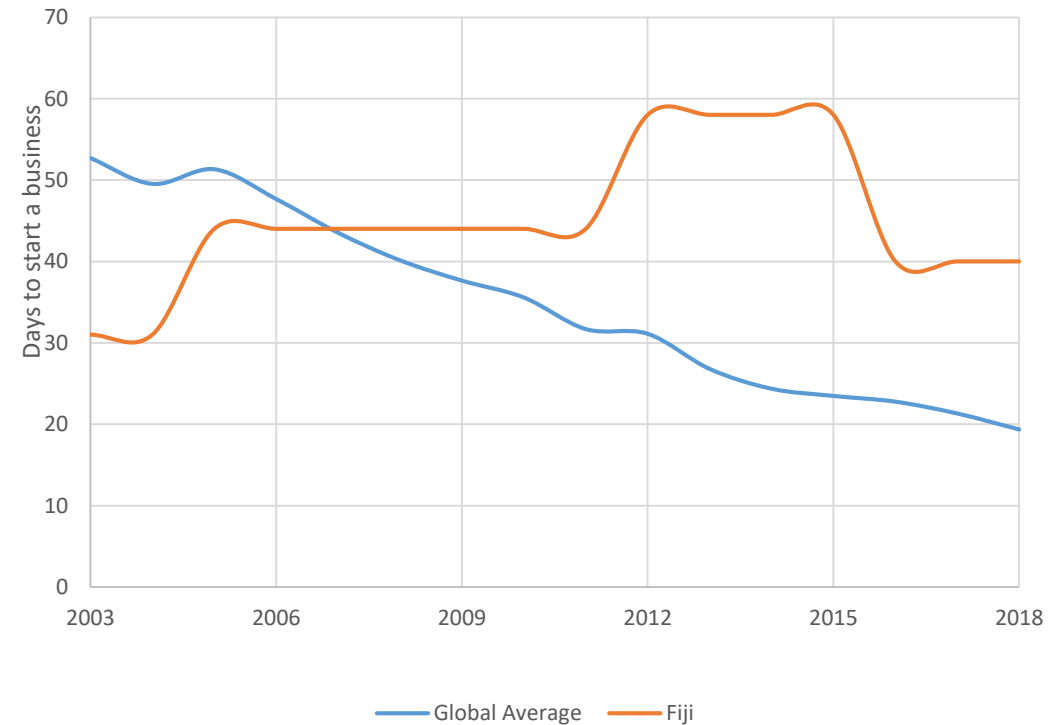
Fiji's distance to best practices across the ten Doing Business topics (Doing Business 2019)

Ease of Doing Business Score on Doing Business topics - Fiji



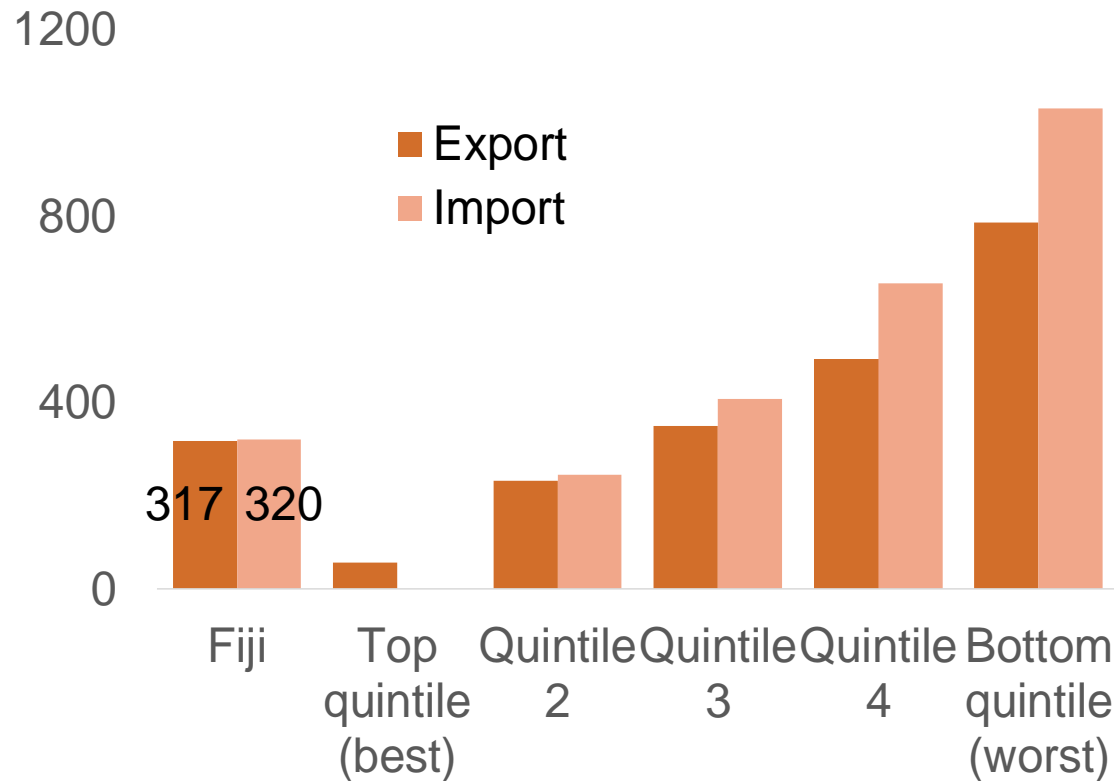
Improving infrastructure such as energy, transport and ICT is important for businesses

Starting a Business in Fiji now takes much more time compared to the global average (Doing Business 2019)



# The costs of trade are relatively high

Cost to export and import – Border compliance in US\$



Fiji's remoteness means the unit cost of inputs to production process increases.  
Economies of scale are difficult to capture.

# Fiji has improved its Human Development Index score and compares favourably to its peers

	HDI value	HDI rank	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita
<b>Fiji</b>	0.741	92	70.4	15.3	10.8	8,324
Samoa	0.713	104	75.2	12.5	10.3	5,909
Tonga	0.726	98	73.2	14.3	11.2	5,547
EAP	0.733	—	74.7	13.3	7.9	13,688
Mauritius	0.790	65	74.9	15.1	9.3	20,189
High HDI	0.757	—	76.0	14.1	8.2	14,999

Source: UNDP. 2018. <http://hdr.undp.org/en/countries>.

These indicators don't show issues related to quality of services and geographic inequalities in access.

**The Human Capital Index** will help unpack issues related to quality of services, particularly education and could include empowerment of women.

# While Fiji has made good progress on gender equality, more can be done

- In 2017, Fiji was ranked 79<sup>th</sup> out of 160 countries on the Gender Inequality Index. However, it is ranked much lower (at 112) in terms of women's economic participation and opportunity.
  - Despite improved educational attainment, untapped productive potential of women remains a key area of inequality with the labour force participation rate of 46.6% for women well below the 81.5% rate for men.
  - Legal barriers to women's employment and entrepreneurship persist in Fiji.
  - Women are 11% less likely to have a bank account.
- Maternal health care is offered at all levels of the health system, but access to health care services is limited particularly in remote villages.
- Gender-based violence (GBV) is a key development issue in Fiji with 64% of women reporting physical or sexual violence by a husband or partner.

# World Bank Group Country Gender Action Plan

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- Our Fiji Country Gender Action Plan priorities are promoting women's economic empowerment and reducing Gender Based Violence
- IFC is working to increase business outcomes in target firms by increasing women's recruitment, retention, and promotion in the formal workforce.
- Work is planned in three main areas, in partnership with the Fiji Government and the private sector:
  - Enhancing female recruitment, promotion and job quality in local firms
  - Reducing the impacts of domestic violence on work, and
  - Increasing the supply of childcare services and to better support the needs of working parents.

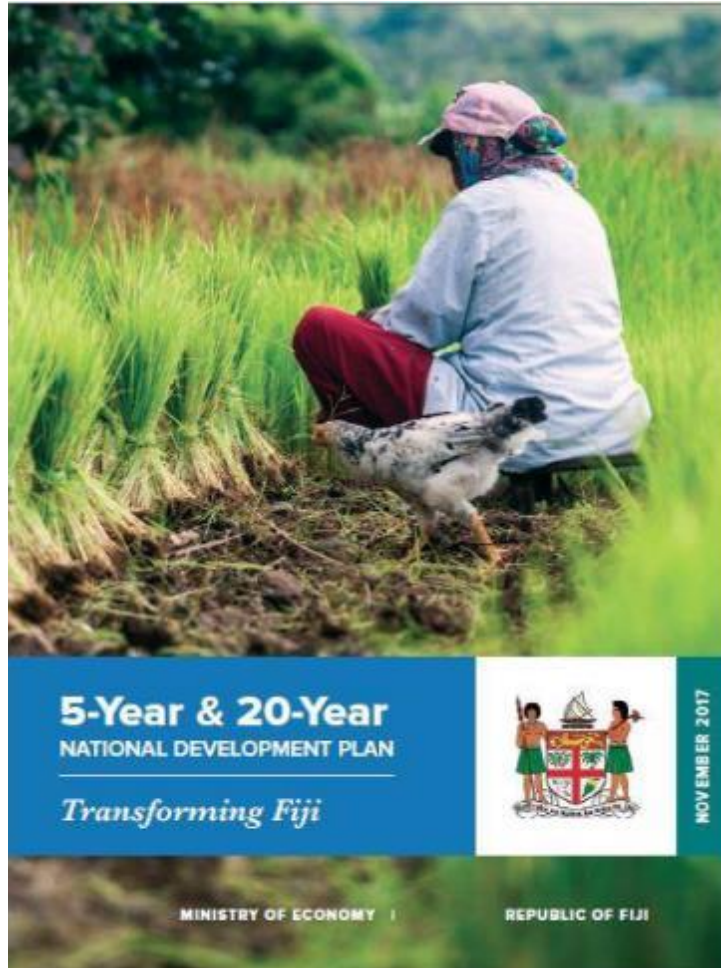


# Lessons learned

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- Having staff on the ground is critical for success.
- Government of Fiji values the global expertise and technical assistance the WBG can bring.
- Close alignment with the national agenda is key for successful WBG engagements that maximise impact.
- A simplified approach helps mitigate project risk and increases the chance of success.
- We need to plan for flexibility to respond to natural disasters.
- Low depth in the market makes the top tier Fijian corporates very attractive for banks.

# Fiji's Strategic Vision – National Development Plan “Transforming Fiji”



- NDP vision of inclusive socio-economic development, with the benefits of prosperity widely shared, evolved from extensive consultation with a wide range of stakeholders.
- Combines a long-term transformational 20-year Development Plan with 5-year Comprehensive Plan that provides a detailed action agenda with specific targets and policies aligned to the long-term goals.
- The World Bank Group's CPF will be aligned with the NDP, based on our comparative strength and 'twin goals'.

# 2017 Systematic Country Diagnostic pathways and priorities



## Pathway 1: Stronger Growth

- Low investment
- Weak exports
- Low-productivity jobs



## Pathway 2: Better Access to Services for All

- Education
- Health
- Infrastructure
- Housing



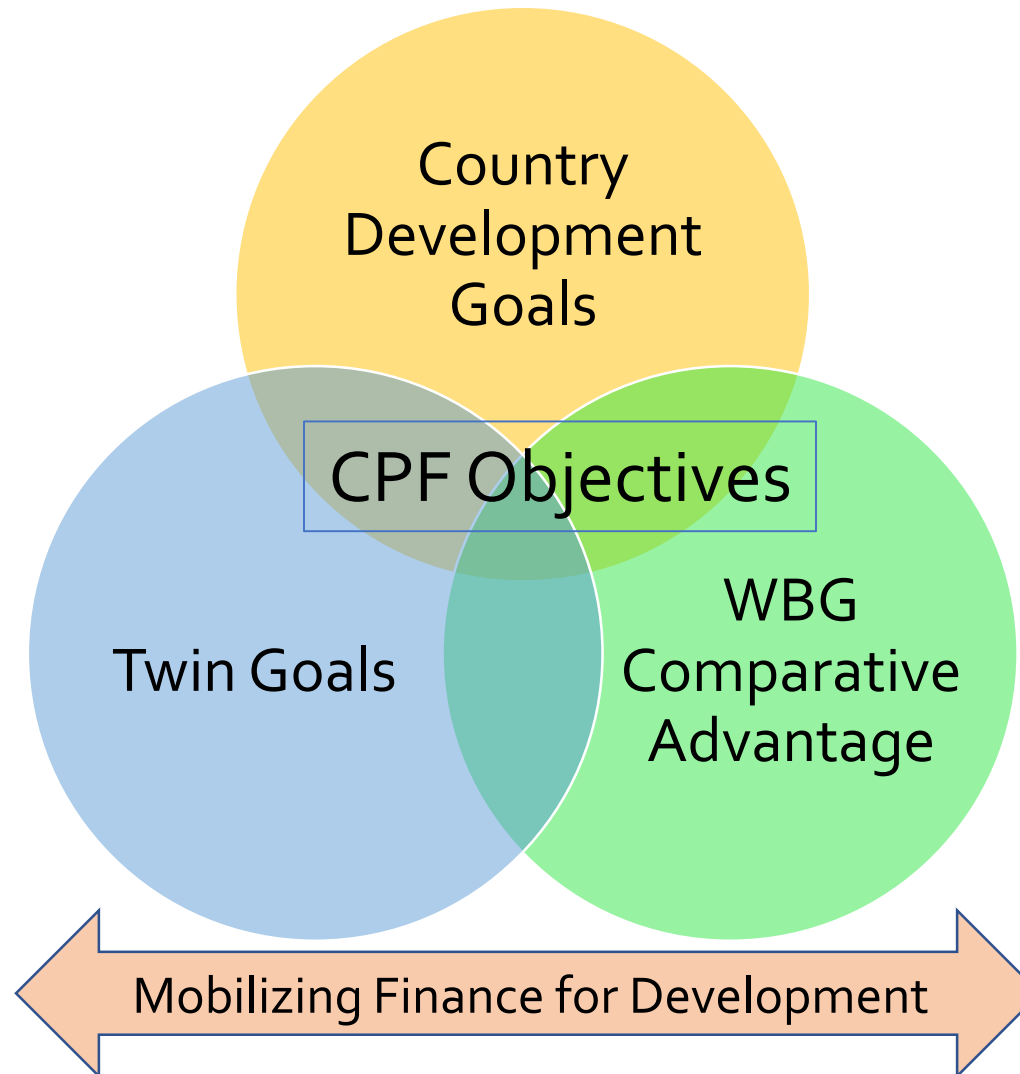
## Pathway 3: Building Resilience

- Climate resilience
- Fiscal resilience
- Social protection

Cross-cutting: Improve policy and the institutional capacity of the public sector to accelerate progress

# World Bank Fiji Country Partnership Framework

Bringing together development objectives, constraints, comparative advantage and development partner engagement



# Proposed Country Partnership Framework focus areas



## Focus Area 1: Supporting Stronger & Inclusive Growth

- Addressing critical barriers
- Connective and enabling infrastructure



## Focus Area 2: Improving Access to Services for All

- Education and skills
- Health
- Housing
- Energy

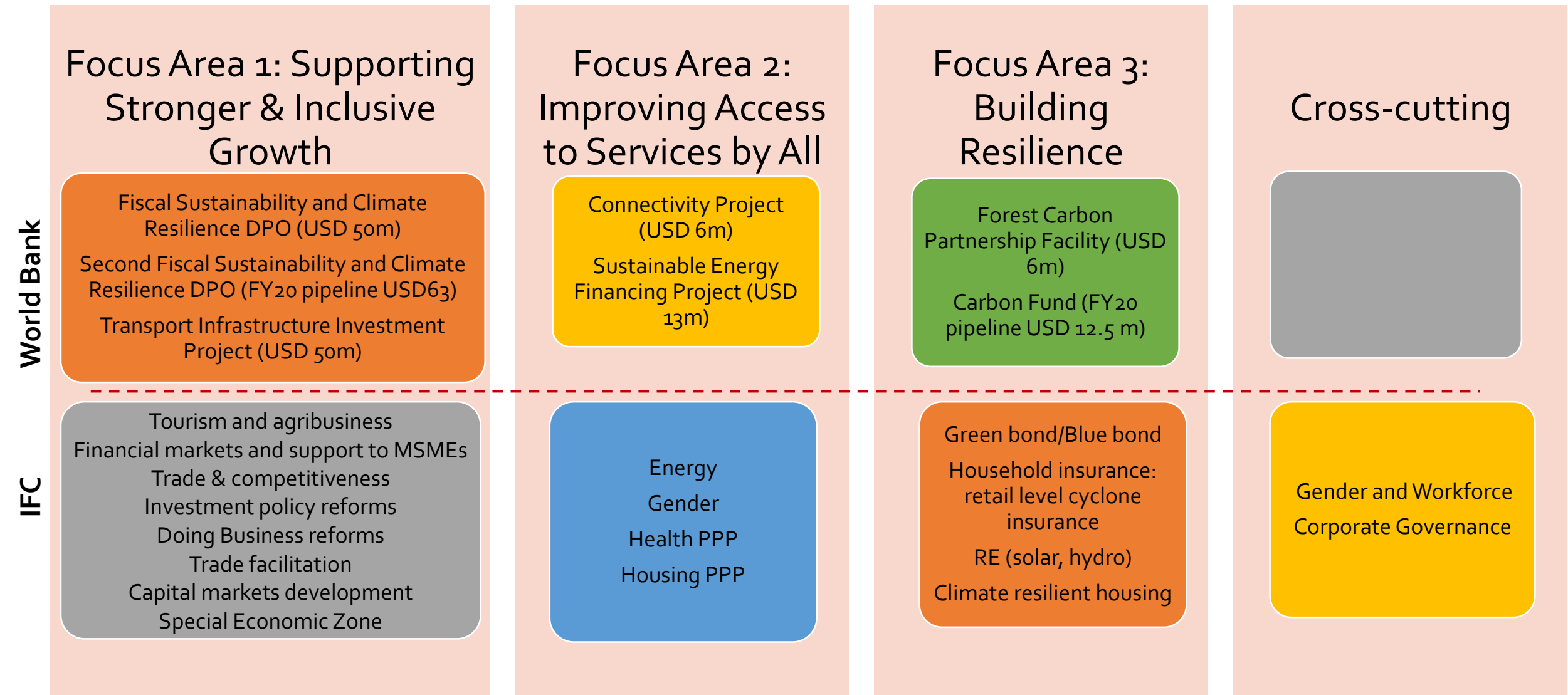


## Focus Area 3: Building Resilience

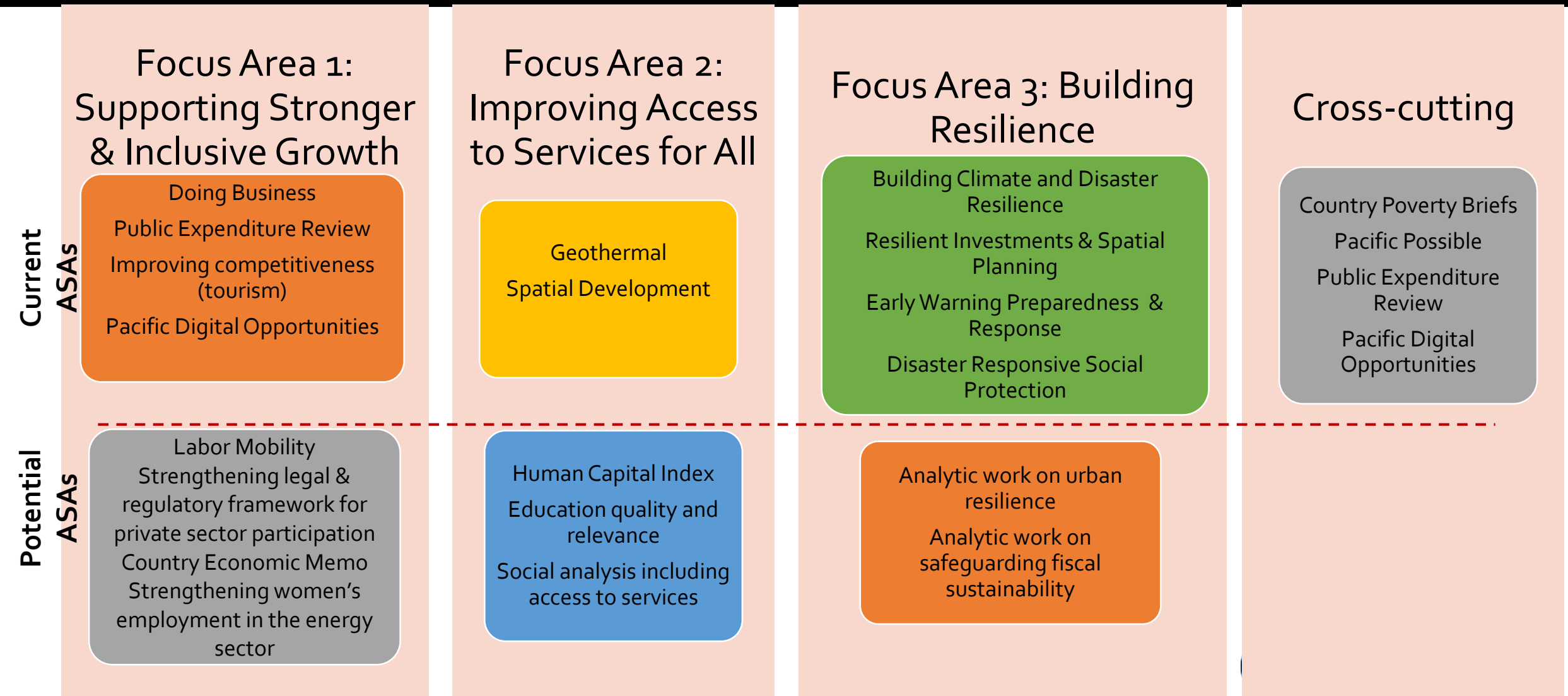
- Climate resilience
- Fiscal resilience
- Social protection

Cross-cutting: Strengthening Governance and Supporting Gender Equality

# World Bank and IFC portfolio



# World Bank Advisory Services and Analytical work





# Key World Bank Group global priorities



# Timeline

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- July – September 2019 – Consultations
- September 2019 – Finalisation and World Bank Group management review
- October 2019 – Endorsement by the Government
- November 21, 2019 – World Bank Group Board presentation

# Discussion

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- What do you think are the most important development priorities for Fiji?
- Where do you think the World Bank Group has a comparative advantage?
- What areas should the World Bank Group focus on over the next 4.5 years?
- From your experience, what lessons do you think the World Bank Group could learn from?

*Vinaka vakalevu*  
*Dhanyavaad*  
*Shukriya*  
*Faiak se'ea*  
*Thank you*

# Republic of Fiji

Country Partnership Framework

QUESTIONS &  
DISCUSSION  
WELCOMED



# Past World Bank Fiji Engagements

- Post-Cyclone Winston Emergency DPO, \$50.0 m (June 2016)
- Integrated Flood Management - Nadi Basin Pilot, \$0.83 m (January 2011)
- Road Upgrading Project, \$15.0 m (June 1992)
- Housing Project, \$16.2 m (April 1990)
- Telecommunications Project (3), \$8.1 m (May 1989) , Telecommunications Project (2), \$5.0 m (July 1975) Telecommunications Project, \$2.2 m (June 1971)
- Road Upgrading Project, \$23.4m (September 1987)
- Fiji Development Bank Project, \$6.5m (July 1985)
- Hurricane Rehabilitation Project, \$18.0m (November 1980)
- Power Project, \$15.5m (May 1980)
- Monasavu - Wailoa Hydroelectric Project, \$15.0m (June 1978)
- Sugar Project, \$12.0m (March 1976)
- Fiji Highway Project, \$11.8m (June 1971); Fiji Highway Project (AF), \$4.2m (January 1973)

# Past IFC Fiji Engagements

• Institution Legal Name	• Commitment Date	Primary Sector	• IFC Original Commitment (US\$ millions)
• THE FIJI SUGAR CORPORATION LIMITED	8-Sep-83	Food & Beverages	6.0
• CAPOS LIMITED (SHERATON)	4-Jul-85	Accommodation & Tourism Services	6.914
• MERCHANT BANK OF FIJI LIMITED	26-Sep-86	Finance & Insurance	2.352
• FIJI FOREST INDUSTRIES LIMITED	4-Dec-86	Industrial & Consumer Products	3.923
• GHIM LI FASHION (FIJI) LIMITED	9-Mar-93	Textiles, Apparel & Leather	1.7
• PIIF Solander (Pacific) Limited		Food & Beverages	0.317
• Hillview Limited	13-Nov-98	Accommodation & Tourism Services	3.854
• DIGICEL FIJI LTD	16-Oct-08	Information	22.934
• HAWKINS INFRASTRUCTURE LIMITED	21-Nov-14	Electric Power	2.5
• VISION INVESTMENTS LIMITED	8-Dec-15	Wholesale and Retail Trade	5.0
• TOTAL			55.493

# Key background documents

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- Systematic Country Diagnostic
- Fiji Country Vulnerability Assessment
- Fiji Client Survey
- Fiji Country Gender Action Plan
- Fiji Gender Based Violence Report
- Fiji Poverty Trends
- Pacific Possible
- +various regional ASAs