The World Bank Group

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 (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.
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.
Macroeconomic outlook

• 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
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)

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

Improving infrastructure such as energy, transport and ICT is important for businesses
The costs of trade are relatively high.

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.

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


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 79th 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.
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

- 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.
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

Focus Area 1: Supporting Stronger & Inclusive Growth
- Fiscal Sustainability and Climate Resilience DPO (USD 50m)
- Second Fiscal Sustainability and Climate Resilience DPO (FY20 pipeline USD 63)
- Transport Infrastructure Investment Project (USD 50m)

Focus Area 2: Improving Access to Services by All
- Connectivity Project (USD 6m)
- Sustainable Energy Financing Project (USD 13m)

Focus Area 3: Building Resilience
- Forest Carbon Partnership Facility (USD 6m)
- Carbon Fund (FY20 pipeline USD 12.5 m)

Cross-cutting
- Gender and Workforce
- Corporate Governance

IFC
- Tourism and agribusiness
- Financial markets and support to MSMEs
- Trade & competitiveness
- Investment policy reforms
- Doing Business reforms
- Trade facilitation
- Capital markets development
- Special Economic Zone

World Bank
- Energy
- Gender
- Health PPP
- Housing PPP
- Green bond/Blue bond
- Household insurance: retail level cyclone insurance
- RE (solar, hydro)
- Climate resilient housing
Focus Area 1: Supporting Stronger & Inclusive Growth
- Doing Business
- Public Expenditure Review
- Improving competitiveness (tourism)
- Pacific Digital Opportunities

Focus Area 2: Improving Access to Services for All
- Geothermal Spatial Development

Focus Area 3: Building Resilience
- Building Climate and Disaster Resilience
- Resilient Investments & Spatial Planning
- Early Warning Preparedness & Response
- Disaster Responsive Social Protection

Cross-cutting
- Country Poverty Briefs
- Pacific Possible
- Public Expenditure Review
- Pacific Digital Opportunities

Potential ASAs
- Labor Mobility
- Strengthening legal & regulatory framework for private sector participation
- Country Economic Memo
- Strengthening women’s employment in the energy sector

Current ASAs
- Human Capital Index
- Education quality and relevance
- Social analysis including access to services

Analytic work on urban resilience
Analytic work on safeguarding fiscal sustainability
## Key World Bank Group global priorities

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs</td>
<td>- A key feature of the gender work, particularly related to childcare; focus on sectors that have supported jobs growth such as tourism; labor mobility</td>
</tr>
<tr>
<td>Governance</td>
<td>- Cross cutting focus area will mainstream improving the institutional capacity of public sector and corporate governance across the portfolio</td>
</tr>
<tr>
<td>Gender</td>
<td>- Mainstreamed in WBG programs; GBV prevention introduced in implementation, especially in infrastructure projects; increasing women’s economic empowerment opportunities</td>
</tr>
<tr>
<td>Climate Change and Disaster Risk</td>
<td>- Embedded as a key feature of the DPO and the transport project; also supported through insurance work and social protection</td>
</tr>
<tr>
<td>Mobilizing Finance for Development</td>
<td>- SEFP, health, the Green Bond, insurance work, housing</td>
</tr>
<tr>
<td>Institutional Capacity Building</td>
<td>- Focus on areas where WBG has a strong track record; increased WBG footprint; implementation of the Pacific Integrated Capacity Building Program; support E&amp;S risk management including stakeholder engagement and grievance management</td>
</tr>
</tbody>
</table>
Timeline

• 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

• 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?
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

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

- 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