

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. For public sector management, Fiji's principal development partners are the Government of Australia, particularly the Department of Foreign Affairs and Trade (DFAT); the Government of New Zealand, particularly the Ministry of Foreign Affairs and Trade (MFAT); the Asian Development Bank (ADB); the World Bank Group; the International Monetary Fund (IMF); and the Pacific Financial Technical Assistance Center (PFTAC).

2. The government's National Development Plan, 2017–2036 (NDP) provides the framework for coordinating and aligning government and development partner efforts.¹ The government has taken decisive action to contain the outbreak of the coronavirus disease (COVID-19) and limit the risk of local transmission. It developed measures to respond to COVID-19, including (i) a health system preparedness and response plan, and (ii) a COVID-19 response budget with measures to boost the economy, and provide social protection for the poor and vulnerable. The government recognizes the need to accelerate structural reforms to encourage greater private investment and participation. The NDP is being operationalized through sectoral plans, such as the Public Financial Management Improvement Programme (PFMIP), 2016–2019, and its successor, the PFMIP, 2020–2023, which is being developed following the completion of the Public Expenditure and Financial Accountability Assessment in February 2020.²

3. Development partner support is aligned to the NDP 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. In addition, DFAT cofinances assistance provided by other development partners, including ADB, PFTAC, and the World Bank Group.
- (ii) MFAT assistance aims to implement economic governance reforms, to improve the business operating environment. Supporting Fiji's electoral system has been a key focus. In addition, MFAT cofinances assistance provided by other development partners, including ADB, PFTAC, and the World Bank Group.
- (iii) ADB has supported improvements in public sector management in Fiji through regional and country-specific technical assistance (TA).³ Advisory support has been provided in economic management, public financial management (PFM), and private sector development. The Pacific Private Sector Development Initiative—a regional technical assistance program undertaken in partnership with the Government of Australia and the Government of New Zealand—has supported legal reforms to increase access to finance; reforms to the policy, regulatory, and institutional frameworks for state-owned enterprises and public–private partnerships; and competition reforms to strengthen competition policies and laws and improve regulators' capacity. The Supporting Public Financial Management

¹ Government of Fiji, Ministry of Economy. 2017. *5-Year and 20-Year National Development Plan: Transforming Fiji*. Suva.

² Government of Fiji. 2016. *Fiji Public Financial Management Improvement Programme 2016–2019*. Suva; IMF. 2020. *Fiji: Public Expenditure and Financial Accountability Assessment*. Washington, DC.

³ ADB. [Fiji: Supporting Public Financial Management Reform](#); ADB. [Fiji: Supporting Competition Policy and Law Reform](#); ADB. [Regional: Sector and Thematic Analyses in Policy Development](#); ADB. [Regional: Pacific Private Sector Development Initiative, Phase IV](#).

Reform TA, cofinanced with the Government of Australia, has provided support for PFM reforms, including for reviews of financial reporting templates and the chart of accounts, Fiji's integrated financial management information system, and budget processes, drawing on international standards and best practice.

- (iv) The World Bank Group provides analytic and advisory services for public sector management (focusing on public expenditure reviews and sector analysis including macro-fiscal, and civil service programmatic TA) and the business environment (including public-private partnership opportunities and tourism sector development).
- (v) PFTAC supports improvements to PFM (most recently the review of the Financial Management Act, progress towards medium-term budgeting, internal audit, and state-owned enterprises fiscal risk assessment), revenue policy and administration, macroeconomic analysis, and macroeconomic statistics.
- (vi) The IMF carries out ongoing country and regional surveillance, as well as its annual Article IV consultations.

Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
Public Sector Management			
ADB	Supporting Public Financial Management Reform TA	2018–2022	1.9
	Pacific Private Sector Development Initiative (Phase 4) TA	2019–2024	16.0
	Sustained Private Sector-Led Growth Reform Program (Subprograms 1 and 2)	2018–2019	80.0
DFAT	Institutional Partnership Program	2016–2020	10.5
PFTAC	Phase V	2016–2022	30.5
World Bank Group	IFC Fiji Partnership with DFAT and MFAT	2016–2020	10.5
	Fiscal Sustainability and Climate Resilience Development Policy Operation (First and Second)	2018–2019	79.0

ADB = Asian Development Bank, DFAT = Department of Foreign Affairs (Government of Australia), IFC = International Finance Corporation, MFAT = Ministry of Foreign Affairs (Government of New Zealand), PFTAC = Pacific Islands Financial and Technical Assistance Center, TA = technical assistance.

Source: Asian Development Bank.

B. Institutional Arrangements and Processes for Development Coordination

4. Institutional arrangements for development coordination in Fiji are generally well established. The Ministry of Economy (MOE) is the focal point for development coordination.

5. Annual budget consultations are extensive, with public meetings held both before and after the budget announcement in June, including with students, teachers, health workers, other professional groups, and business leaders. Consultations with private sector representatives were also held in the development of the COVID-19 response budget.

6. PFM reforms are coordinated through quarterly PFM development partner coordination meetings. These were initiated in 2018 and are attended by MOE and representatives of ADB, the European Union, IMF, PFTAC, World Bank Group, and the governments of Australia, Japan, and New Zealand. These meetings provide a platform for the sharing of information, prioritization of reforms, and identification of opportunities for collaboration among partners.

7. Specific to this program, MOE continued to roll out a planning framework to align service delivery, staffing, and corporate planning requirements to all ministries, which included

consultations across government departments and entities. Personal property securities reforms, which benefited from ADB TA, drew strong interest from financial institutions, including commercial banks and licensed credit institutions. Investment and competition reforms are led by the Ministry of Commerce, Trade and Tourism; these have benefited from TA from ADB and the World Bank Group, and have included extensive consultations with private sector representative bodies, including professional women's networks, private sector companies, and government stakeholders.

8. The coordination of public sector reforms is managed by the Civil Service Reform Management Unit (CSRMU), 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 CSRMU to support Fiji's civil service reform agenda. The CSRMU regularly liaises with all permanent secretaries and ministers and provides reports to the Public Service Commission on progress and any arising issues.

9. Development partners' response (including in-kind support) to COVID-19 and tropical cyclone Harold in 2020 has been coordinated through weekly virtual meetings organized by the United Nations Resident Coordinator, in partnership with the Government of Fiji's Ministry of Foreign Affairs and National Disaster Management Office.⁴ It is attended by all major bilateral and multilateral development partners, and humanitarian relief agencies.

C. Achievements and Issues

10. In preparing and implementing this program, the first of its kind in Fiji, ADB has worked closely with the World Bank, the Government of New Zealand, and the Government of Australia; and has regularly consulted other development partners. The Asian Infrastructure Investment Bank is cofinancing subprogram 3, at the request of the Government of Fiji. Following established good practice in the Pacific, the program uses a joint policy matrix to underpin the provision of budget support, and joint missions are held with representatives of program partners. This reduces transaction costs for authorities while increasing policy impact. In addition, ADB has consulted regularly with other development partners to coordinate policy advice and TA in all key reform areas, including through the quarterly PFM development partner coordination meetings.

D. Summary and Recommendations

11. The NDP and the PFMIP provide a framework for aligning and coordinating development assistance in Fiji, particularly for public sector management. Reform coordination is improving, particularly following the establishment of regular PFM development partner coordination meetings from 2018. All development partners involved in the sector are working to harmonize assistance in a way that is appropriate to Fiji's context and that maximizes the impact on Fiji's socioeconomic development. The new PFMIP, 2020–2023, which is under development, will provide a clear, sequenced roadmap for future PFM reforms.

12. Policy engagement by ADB, the Government of Australia, and the Government of New Zealand with the government through the joint policy matrix, and in close coordination with the World Bank, has improved coordination across several substantive and complex reform areas, while raising awareness and understanding regarding key policy, legal and institutional challenges and constraints, as well as other impediments to effective policy reform implementation.

⁴ Tropical Cyclone Harold struck Fiji on 8–9 April 2020, directly affecting more than 20% of the population, and causing at least \$46.4 million in damages.