

POVERTY ANALYSIS (SUMMARY)¹

1. Fiji has made more progress in achieving the Millennium Development Goals (MDG) than many other Pacific developing member countries. It is on track toward achieving MDG targets in education, health, environmental sustainability, and global partnership for development. However, challenges remain in meeting targets relating to eradicating extreme poverty and hunger, gender equality, and combating HIV/AIDS. Fiji is ranked 88 out of 187 countries in the 2014 Human Development Index (HDI), categorized as medium human development. Average annual HDI growth has been positive—0.86 in 1990–2000 and 0.55 in 2000–2013. In comparison with its neighbors, Fiji is ranked 2 out of 10 Pacific developing member countries, behind Palau (ranked 60) but ahead of Papua New Guinea (157), Samoa (106), and Tonga (100).

2. **Poverty indicators.** Poverty remains a significant concern in Fiji, despite the overall level of development and the moderately high average incomes. Poverty trends indicate that the national incidence of poverty declined from 35% in 2002–2003 to 31% in 2008–2009. This reduction in poverty was uneven—urban areas saw a reduction in poverty from 28% to 19%, while poverty in rural areas increased from 40% in 2002–2003 to 43% in 2008–2009, possibly as a result of the decline in the sugar industry, expiring land leases for agriculture. All urban divisions saw some reduction of poverty but most rural divisions, except the rural northern division, saw increases in the incidence of poverty. The Northern Division remains the poorest of all the divisions, with some 45% of the occupants below the basic needs poverty line. Northern rural areas had the highest rate of rural poverty (51%, despite a decline from 57%), while Northern urban areas had the highest rate of urban poverty (38%). Overall though, the highest concentration of poor people is in urban and peri-urban areas.

3. Average household incomes increased from F\$12,753 in 2002–2003 to F\$17,394 in 2008–2009, with larger increases for urban households (F\$23,036 in 2008–2009, or 51% higher) than rural households (F\$11,608 in 2008–2009, or 10% higher). These trends reflect a range of factors, including (i) the increasing displacement of sugarcane farmers as a result of expiring land leases, and declining incomes resulting from the gradual reduction in sugar prices; (ii) the loss of employment in the garment industry caused by the closing of preferential access to the main export markets; (iii) rising consumer prices; and (iv) low real growth in wages. These factors have eroded the standard of living for the poorest members of the community. Regional disparities have resulted in significant urban migration; and while poverty rates are higher in rural areas, most poor people are concentrated in urban and peri-urban areas around the main centers of Suva and Nadi.

4. Ethnic dimensions of poverty indicate that the two major ethnic groups had almost the same incidence of poverty in 2002–2003 (around 35%) and the same reductions in poverty to around 31% in 2008–2009. Other ethnic groups saw a slight increase in poverty. Indigenous Fijians (*iTaukei*) increased their share of the poor from 55% to 60% while Fijians of Indian descent reduced theirs from 42% to 35%, although this reflects a similar change in broader population demographics.

¹ This summary is based on United Nations Development Programme. 2014. *Human Development Report. Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience*. New York; Government of Fiji. 2010. *Millennium Development Goals 2nd Report*. Suva; Fiji Bureau of Statistics. *Household Income and Expenditure Survey*. <http://www.spc.int/prism/fjtest/cens&surveys/HIES.htm>; W. Narsey. 2011. *Report on the 2008-09 Household Income and Expenditure Survey for Fiji*. World Bank. 2011. *Poverty Trends, Profiles and Small Area Estimation (Poverty Maps) in Republic of Fiji (2003–2009)*. Washington, DC; World Bank. 2011. *Assessment of the Social Protection System in Fiji and Recommendations for Policy Changes*. Washington, DC.

5. **Social assistance.** Social assistance in Fiji is quite diverse, including both public and private mechanisms of support. Public mechanisms are represented by a number of welfare programs. These programs have historically been the Family Assistance Program (FAP) and Care and Protection (C&P) allowance. Starting from 2010, the government introduced the Food Voucher Program (FVP) and the Free Bus Fare Program. The FAP remains the key social assistance program in support of vulnerable people, targeting the elderly, disabled and chronically ill. It has an annual budget allocated to it of F\$15 million, which is the highest among all social assistance programs. The C&P allowance program is smaller than the FAP, and targets needy families with children. Food vouchers were initially given to beneficiaries of the FAP, so they could be considered as a “top up” to the FAP benefit. Starting in 2011, eligibility for food vouchers was expanded to elderly age 70+, pregnant mothers (for the duration of 7 months), and families with children attending school in remote rural areas. Children going to school travel for free.

6. In the 2014 National Budget, the government extended social protection and inclusiveness with the introduction of universal free primary and secondary education in the 2014 budget. This has been widely welcomed and will increase opportunities for poorer children in particular. A new poverty benefit scheme budgeted at F\$22 million will more than double coverage to Fiji’s poorer people, microcredit programs will provide greater income-earning opportunities for women, and a national youth employment service scheme will provide school leavers with labor market information and in-service work experience. A national minimum wage was introduced in 2014, covering both formal and informal sector workers.

7. In terms of social insurance, the pension system of Fiji consists primarily of the Fiji National Provident Fund (FNPF), which covers only workers in the formal sector. In addition, a state pension is provided to specific categories of civil servants and military personnel. Private voluntary pension savings schemes are not well developed. As a result, people outside the formal sector (or with very small savings accumulated through FNPF) face challenges with income security in their old age. The low coverage of the pension system is one of the key factors contributing to the high risk of poverty amongst elderly people. About 70% of the elderly populations age 60+ are not covered by either the FNPF pension or the FAP. With regard to private social protection mechanisms, the reliance on community support in Fiji has been historically strong, especially in rural areas. The role of private transfers, in particular remittances, is significant. For every FJ\$100 received annually in remittances, the incidence of poverty is reduced by 1.5% and 1% in urban and rural areas respectively. The analysis of household survey data indicates that 20% of the population lives in households receiving remittances from abroad, and 12% lives in households receiving domestic remittances.

8. **Informal settlements.** According to the latest estimates, about 140,000 people live in over 200 informal squatter settlements around the country. Besides having no proper legal title to their homes, the vast majority lack basic amenities such as piped water, sewerage, and electricity. The analysis of poverty maps indicates that poverty rates for squatter settlements are amongst the highest across all the divisions. In the Central Division, the better-off areas have the lowest poverty rates, averaging 7% while the squatter settlements average a poverty rate of 38%. In the Eastern Division, no areas were designated as squatter settlements. In the poorest division, the Northern Division, even the better-off areas registered a poverty rate of 35%, and squatter settlements have poverty rates comparable with rural areas, at about 53%. Finally, in the Western Division, the squatter settlements have a poverty rate of 47%, which is slightly higher than the rural poverty.

9. The government’s MDG target—to achieve a significant improvement in the lives of Fiji’s squatter population by 2020—is monitored based on the proportion of people with access to secure tenure, which means households that own or are purchasing their own homes, are renting privately, or are in social housing or sub tenancy. Current government policies are geared towards

securing renewal of land leases, land reform, and housing policies leading to development of housing lots for low income families.

10. **Employment.** Limited income earning opportunities, as measured by employment status and the nature of the employment, can hamper income security and increase the risk of poverty. Households without employed heads are most vulnerable to poverty. The poverty rate is highest for people who are unemployed in the workforce. Additionally, the incidence of poverty is lower among households whose heads were working in the services sector than in other groups, while the agriculture sector appears to be the poorest (49%–52%).

11. The overall number of people working for money increased by 21% from 221,866 in 2002 to 268,850 in 2008. Fiji's official retirement age for civil servants is 55 years. However, the increasing proportion of people from age 55 to 64 who are working for money has risen from 36% in 2002–2003 to 43% in 2008–2009. This may be an indicator of increasing economic pressures on families, leading them to reduce their subsistence activities in favor of cash income from other employment sectors. Some rural–urban differences exist at both ends of the age scale. From 15 to 19 years of age, not only are the percentages working for money higher in rural areas, but the proportion has risen by 29% from 10% to 13% in 2002–2008. In contrast, urban areas saw a decline of 21% from 9% to 7%, which may reflect higher proportions staying on at school. At the other end of the age scale, those working for money from ages 55 to 64 increased by 15% from 39% to 45% in rural areas, and by 31% in urban areas from 31% to 41%. Both rural and urban areas saw an increase in proportions working for money in the 65+ age group.

12. The subsistence economy is employing more people than before, up 33% from 173,000 in 2002–2003 to 230,000 in 2008–2009. Thus, two processes are occurring simultaneously—increasing involvement in both subsistence and cash economies. Unusually, the increase in subsistence living was 59% in urban areas and 25% in rural areas. There is a strong ethnic dimension to unemployment with the numbers of unemployed iTaukei growing by 35% and the numbers of Indo-Fijian unemployed declining by 28%. By 2008-09, the iTaukei share of the unemployed had increased from 53% to 67%.

13. **Education.** There is a strong correlation between the level of education and the risk of poverty in Fiji. Poverty rates in Fiji are higher for households with education below secondary level (about 50%) and significantly lower for households with heads who have attained post-secondary education (10.3%). Fiji is on target to achieving MDG 2 through strong and effective education policies. In 1990, 92% of six-year olds were enrolled in primary school education and 44% were enrolled in secondary school. By 2008, primary school enrolment increased to about 96%, while secondary school enrolment increased to about 79%. In 2009, the government introduced free bus fares for schoolchildren to reduce the financial burden on parents unable to afford transportation costs involved in sending children to school. Similarly, the state provides free textbooks and tuition fees for primary and secondary school education. Most recently, in 2014, the government announced universal free access to primary and secondary education for all children.

14. **Gender.** Women far outweigh men as full-time household workers, at 115,310 compared with 1,312 in 2008. The female share of the unemployed increased from 39% in 2002–2003 to 43% in 2008–2009. Females increased their share of the economically active from 30% to 33%, with the share of wages and salary increasing by 6% from 29% to 31%. The largest increase (50%) was in the share of self-employed, which rose from 16% to 24%, suggesting that recent initiatives to encourage women in self-employment may be showing results. Female headed households are no more likely to be poor in either rural or urban areas. Generally, households headed by married women have a slightly lower poverty incidence than households headed by married males. Similarly, among the households whose heads are widowed, the female headed households are

better off (80% lower poverty rate). However, among households where the head is divorced or has never married, the female headed households have a 71% higher poverty rate.