SECTOR ASSESSMENT (SUMMARY): TRANSPORT

Sector Road Map

1. Sector Performance, Problems, and Opportunities

1. Fiji is a maritime island state in the South Pacific of about 320 islands, of which 110 are inhabited, with a land area of 18,300 square kilometers (km²). Viti Levu and Vanua Levu are the largest islands, home to about 93% of the 860,000 population, 49% of whom live in rural areas.

2. Transport infrastructure and services underpin Fiji’s economic growth and social development. Rural industries, such as sugar cane and forestry, rely on road access from growing areas to processing plants to export ports. Remote rural and island communities in Fiji face particular challenges in accessing economic opportunities and social services, particularly when rural access to roads and rural jetties are in poor condition. Tourism is Fiji’s primary export earner and relies on efficient internal freight distribution, and increasingly on port facilities, safe well-charted shipping lanes, and access to island destinations.

3. Fiji is prone to disruptive natural events such as tropical cyclones and flooding. The topography has led to the 11,000 km road network, characterized by spine or circumferential main roads with feeder roads and few route alternatives. In the main urban areas, lower level municipal roads are neglected, rough, and often impassable. Interisland freight and passenger transport relies on coastal and island jetties, adequate aids to navigation, and reliable safe domestic shipping services. Smaller jetties have been neglected and are in poor condition.

4. The Ministry of Infrastructure and Transport is the head government ministry overseeing the land and maritime transport subsectors, and provides advice to the minister on matters of transport policy and strategic planning through the permanent secretary. The Land Transport Authority enforces road transport regulations and addresses road user issues. Fiji Roads Authority (FRA), which was recently transferred to the ministry from the Prime Minister’s Office in September 2014, manages the country’s road assets, bridges, wharves, and jetties, except for ports of entry. Maritime Safety Authority of Fiji addresses regulatory issues for maritime transport. Fiji Ports Corporation is responsible for the ports of entry, and reports to the Ministry of Public Enterprise.

5. The Department of Civil Aviation reports to the Office of the Attorney General and is responsible for civil aviation policy on technical and economic matters, air services licensing, and international air services agreements. The department has three operating arms: the Civil Aviation Authority of Fiji (CAAFI), Airports Fiji, and Air Terminal Services. CAAFI is responsible for administering civil aviation regulations and promoting air safety; Airports Fiji operates government-owned airports, airways communications, navigations, and air traffic management systems; and Air Terminal Services operate airport ground services.

6. Roads and rural maritime infrastructure are publicly funded, with few opportunities for private sector investment. Public–private partnership (PPP) opportunities are being explored by the government but are largely confined to the main ports. PPP opportunities could be extended to airports. User charges are able to recover part of the maintenance cost of publicly funded infrastructure, although systems to do so have been slow to develop, leaving sustainable

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1 This summary is based on existing Asian Development Bank (ADB) knowledge products and Fiji Road Authority annual reports.
funding at risk during periods of national budget restraint and after natural disasters. Effective climate proofing of transport infrastructure is necessary to sustain investments over their service life and reduce budgetary demands for rehabilitative work.

7. The strategy for sector investment is one of balanced progressive improvement to the main transport routes and lower level transport network, consistent with available financing, proven economic feasibility, and basic minimum accessibility and levels of service consistent with the government’s social and regional development policies. This strategy prioritizes cost-efficient life-cycle maintenance of the core transport infrastructure above capital improvements in times of fiscal stringency, while upgrading the network in periods of fiscal expansion, using long-term loan assistance to smooth temporal fluctuations in transport investment.

8. Budget estimates and expenditure on roads and bridges are in Table 1. Annual allocations for road maintenance have been gradually increasing but only in 2012 reached a level necessary for long-term sustainability. Capital expenditure has increased markedly from 2010 onward, attributable to the commencement of several large projects, e.g., rural road upgrades funded by the export-import banks of the People’s Republic of China and Malaysia and originally prepared under Asian Development Bank (ADB) technical assistance, and urban projects in Suva.

<table>
<thead>
<tr>
<th>Year</th>
<th>Administration</th>
<th>Capital Works</th>
<th>Maintenance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>2.7</td>
<td>31.0</td>
<td>31.3</td>
<td>65.0</td>
</tr>
<tr>
<td>2008</td>
<td>3.6</td>
<td>58.3</td>
<td>29.1</td>
<td>91.0</td>
</tr>
<tr>
<td>2009</td>
<td>3.1</td>
<td>63.7</td>
<td>37.5</td>
<td>104.3</td>
</tr>
<tr>
<td>2010</td>
<td>3.4</td>
<td>73.3</td>
<td>29.2</td>
<td>105.9</td>
</tr>
<tr>
<td>2011</td>
<td>3.4</td>
<td>133.4</td>
<td>30.8</td>
<td>105.9</td>
</tr>
<tr>
<td>2012</td>
<td>13.8</td>
<td>124.8</td>
<td>87.3</td>
<td>225.9</td>
</tr>
<tr>
<td>2013</td>
<td>4.5</td>
<td>348.7</td>
<td>95.9</td>
<td>449.1</td>
</tr>
<tr>
<td>2014</td>
<td>11.5</td>
<td>387.8</td>
<td>97.2</td>
<td>496.5</td>
</tr>
</tbody>
</table>

Note: Expenditures during 2007–2011 were under the Department of National Roads. Expenditures during 2012–2014 were under the Fiji Roads Authority.

Source: Annual reports by Fiji’s Ministry of Finance.

9. FRA funding requirements are met from government capital and operating grants, municipal council contributions, and loan financing. However, reliance on year-to-year government grants exposes maintenance budgets to unexpected change, and sustainable capital and maintenance financing arrangements should be encouraged. The government remains interested in setting up a road fund under the draft road fund act, although it is not an urgent priority. Funding will continue to be appropriated through the government budget in the immediate future.

10. Road safety was promoted through ADB-financed road safety technical assistance. The incidence of fatal injuries was about 13 per 10,000 vehicles in 2005. Road fatalities in 2011 were about 8 per 10,000 vehicles but signs show that the downward trend may be plateauing or reversing, attributable in part to excessive speed by some vehicles on newly resealed roads. Fiji has embarked on a Decade of Road Safety, a program initiated by the World Health Organization but currently funded by the government, with a target of 4 deaths per 10,000 vehicles by 2020.

11. Both Suva and Lautoka ports have recently been upgraded. The wharves in Lautoka have been extended and strengthened to facilitate container movement by heavy forklift. Both

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ports benefit from sophisticated container compatible mobile harbor cranes, which improve ship-to-shore transfer rates. The main physical issue facing the ports is lack of contiguous space for cargo storage, particularly containers. In 2013, Fiji Ports Corporation entered a PPP arrangement with Aitken Spence of Sri Lanka to operate the container terminals at Suva and Lautoka. While the cargo working efficiency has been improved under this arrangement, a long-term master planning study is required to consider future development options for the two ports.

About 40 smaller island wharves and jetties and a few river landings are served by a mixture of conventional passenger and/or cargo vessels and landing craft, with some use of ships’ boats and beach landings. These minor ports provide basic services for coastal traffic and are often constrained by weather and tides. Improvements to infrastructure and transport services for the outer islands are required to improve access to markets and social services. The coastal shipping lanes and access channels to ports are generally poorly equipped with navigation aids. Safety and infrastructure at most of the smaller ports is rudimentary, so ship operators take their own measures to maintain operational safety. Maritime charts are not accurate, with the position of many islands and hazards still unclear. The Maritime Safety Authority of Fiji and Fiji Navy are taking steps to address these deficiencies.

12. Nadi, in western Viti Levu, is the main gateway airport to Fiji, a regional hub and transit point for the country’s international tourist visitors, and base for the national airline Fiji Airways. The smaller Nausori airport serves the capital Suva, and supports international traffic from within the Pacific region up to B737 size. The third airport is in Labasa, north Vanua Levu. Some 13 smaller government airports on the outer islands support regular services, together with about 12 private airstrips and seaplane bases mainly to service tourist destinations. Fiji Airways flies to Australia, New Zealand, and the United States; and has code-share arrangements with Qantas. Other international airlines that service Fiji comprise Air New Zealand, Korean Air, Jetstar, Pacific Blue, Air Niugini, Air Vanuatu, Aircalin (New Caledonia), and Our Airline (Nauru).

2. Government’s Sector Strategy

13. The government’s near-term expectations for the transport sector are set out in Section 34 of the 2013 Constitution of the Republic of Fiji; the Fiji First Manifesto; and the Roadmap for Democracy and Sustainable Socio-Economic Development, 2010–2014. The government recognizes development constraints and challenges, which include (i) encouraging training for more sector professional and technical capacity, (ii) establishing and strengthening of legislation; (iii) more resources to address safety standards, (iv) providing a conducive environment to encourage private sector participation, (v) government commitment to relevant institutional reforms, and (vi) land use development integrated with transport development.

14. The government’s investment plans for roads and rural maritime infrastructure development are summarized in Table 2. Capital investment in roads, in particular, is projected at much higher than historical levels over the next 3 to 5 years. This depends on the government appropriating more than twice the budget for road maintenance and three times the budget for capital works (as percentages of the national budget appropriation) than has been the case over 2004-2013. The feasibility of sustaining this high capital works budget will depend on substantial contributions from concessional financing dedicated to the subsector, together with the government maintaining its support from general revenue sources.

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### Table 2: Investment Plan – Roads and Rural Maritime Infrastructure (F$ million)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital works (new and renewals):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads (FRA)</td>
<td>374.8</td>
<td>230.8</td>
<td>255.5</td>
<td>205.8</td>
<td>169.7</td>
</tr>
<tr>
<td>Rural jetties (FRA)</td>
<td>13.0</td>
<td>9.2</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Maritime navigational aids (GSS)</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td><strong>Subtotal capital works</strong></td>
<td><strong>388.0</strong></td>
<td><strong>240.2</strong></td>
<td><strong>259.7</strong></td>
<td><strong>209.8</strong></td>
<td><strong>173.7</strong></td>
</tr>
<tr>
<td>Maintenance:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads (FRA)</td>
<td>96.2</td>
<td>85.6</td>
<td>85.7</td>
<td>85.8</td>
<td>86.0</td>
</tr>
<tr>
<td>Rural jetties (FRA)</td>
<td>1.0</td>
<td>2.4</td>
<td>2.4</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Maritime navigational aids (GSS)</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td><strong>Subtotal maintenance</strong></td>
<td><strong>97.3</strong></td>
<td><strong>88.1</strong></td>
<td><strong>88.2</strong></td>
<td><strong>88.2</strong></td>
<td><strong>88.4</strong></td>
</tr>
</tbody>
</table>

... = not applicable, FRA = Fiji Roads Authority, GSS = Government Shipping Services.
Sources: Fiji Roads Authority’s asset management plan and the government’s 2014 budget estimates.

15. There are several direct and indirect subsidies through financial assistance, price controls, community service obligations placed on state-owned enterprises, and other subsidization measures, but they need to be provided under a coherent structure that promotes equitable distribution. Similarly, clear principles are required as to the roles of the public and private sectors in infrastructure provision, transport services, and public–private partnerships. In areas such as domestic shipping, where the government wants to ensure basic services to smaller island communities, public provision risks undercutting or displacing private enterprises.

16. Fiji has a well-developed institutional structure and process for environmental assessment and management. The government recognizes the importance of addressing income disparities; those disadvantaged by remoteness and poor access; and the needs of children, the aged, and people with disabilities to be able to access transport services—although providing resources to achieve the safeguards and services remains a challenge. A strong emphasis on good governance, anticorruption measures, institutional reforms, and more efficient government agencies need to be sustained.

### 3. ADB Sector Experience and Assistance Program

17. ADB has supported development of road and maritime transport for over 25 years, in particular through the successive Fiji roads upgrading projects, and rehabilitation and upgrading of Suva and Lautoka ports.\(^5\) Policy advice and technical work on sector reforms provided by ADB has included TA on sector cost recovery, a detailed implementation program as a precursor to the creation of the FRA, and an institutional review and policy update for land transport. ADB will continue to support the government’s strategy for road and rural maritime investment through the proposed Transport Infrastructure Investment Project. TA support will be provided to continue to strengthen government capacity in project design and implementation, and operating and maintaining transport infrastructure.

18. ADB will leverage development partner support by exploring cofinancing and parallel financing opportunities with the World Bank and other bilateral programs active in the sector.

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Problem Tree for Transport

Lower economic growth and higher poverty incidence in Fiji

Hindered access to markets, employment opportunities, and social services

Inefficient transport infrastructure and services

Higher cost to operate vehicles

Increased travel times

Rutted, bridges, and jetties in poor condition

Congested transport modes

Roads vulnerable to climate change and natural disasters

Backlog of rehabilitation and maintenance of infrastructure

Insufficient routine and periodic maintenance

Constrained capacity to manage transport infrastructure and services

Limited enforcement of vehicle regulations

Institutional fragmentation

Frequent cyclones and flooding
### Country Sector Outcomes

<table>
<thead>
<tr>
<th>Outcomes with ADB Contribution</th>
<th>Indicators with Targets and Baselines</th>
<th>Outputs with ADB Contribution</th>
<th>Indicators with Incremental Targets</th>
<th>Planned and Ongoing ADB Interventions</th>
<th>Main Outputs Expected from ADB Interventions</th>
</tr>
</thead>
</table>
| Safer and more efficient movement of passengers and cargo | By 2020:  
Number of bridges requiring high priority attention<a> reduced by 30% (2014 Baseline: 100)  
Number of jetties requiring high priority attention<a> reduced by 20% (2014 Baseline: 20)  
Vehicle fatalities decrease to 7 per 10,000 vehicles (2011 baseline: 8 per 10,000 vehicles) | National, provincial, and rural roads and bridges rehabilitated and climate-proofed with gender inclusive designs  
Rural wharves, jetties, and maritime safety infrastructure upgraded and climate-proofed | By 2018:  
150 km of sealed national roads and 300 km of unsealed provincial and rural roads upgraded or rehabilitated  
30 bridges rehabilitated  
12 rural jetties and wharves rehabilitated  
65% of planned annual maintenance and rehabilitation work completed (Baseline: 50%)  
30% of upgraded and rehabilitated infrastructure meet new climate proofing standards (Baseline: 0) | Planned key activity areas  
National, provincial, and rural roads  
Maritime infrastructure  
Maritime safety  
Land and maritime transport policies and reforms | Planned key activity areas  
Road and bridge rehabilitation  
Wharf and jetty upgrades  
Port infrastructure and private sector participation | Pipeline projects  
30 km of roads rehabilitated | Ongoing projects  
Updated land and maritime transport policy, and 20-year investment plan | Updated land and maritime transport policy, and 20-year investment plan |

*a* High priority” refers to the government’s prioritization rating for a bridge or jetty’s condition, which indicates deficiencies in its serviceability, including but not limited to, its structural integrity, vulnerability to adverse weather events, and/or user safety issues.

ADB = Asian Development Bank, km = kilometer.

Sources: Fiji Roads Authority estimates, Asian Development Bank estimates.