



Manila
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51st ADB ANNUAL MEETING
3-6 MAY



FIJI

Aiyaz Sayed-Khaiyum, Governor

Chairman of the Board of Governors
President of the ADB
Fellow Governors
Distinguished Guests
Ladies and Gentleman

Let me first convey Fiji's warm greetings and gratitude to the people and Government of the Philippines for hosting the ADB's 51st annual meeting. I would also like to extend our appreciation to the President, management and staff of the Asian Development Bank (ADB).

Mr Chairman, the ADB is an invaluable development partner for Fiji and have been financed a number of infrastructure projects including funding for disaster rehabilitation. ADB has also provided various technical assistance towards accelerating public sector reforms, private sector development and building climate resilience.

Mr Chairman, climate change is one of the greatest challenges of our times. Countries such as Fiji and other small island states are facing the dire consequences of adverse climatic impact despite not contributing to the underlying cause of climate change. Tropical Cyclone (TC) Winston in 2016, with damages and losses around 30 percent of GDP, was a stark reminder of the threat climate change poses to our economy, infrastructure and livelihoods. In the midst of recovery, we recently experienced back to back cyclones, TC Josie and Keni which brought massive flooding. This is yet another call for urgent and decisive global climate action.

Mr Chairman, the joint statement on behalf of the Pacific Developing Member Countries (PDMC) by the Governor for Kiribati will reiterate our plea as a region facing the full brunt of climate change and the need for climate finance in an expedient and targeted manner.

Fijian Economy

Mr Chairman, Fiji is on track for its ninth year of consecutive economic growth – unprecedented since our independence in 1970. Economic growth in the last five years has been hovering above 4 percent, excluding the 0.4 percent growth following TC Winston in 2016. The economy rebounded strongly in 2017 with a positive growth outlook for the medium term.

The swift reconstruction efforts by Government following TC Winston and the recent cyclones has contributed to the sustained growth. Government intervention following the disaster was to ensure immediate relief, rehabilitation of infrastructure and public utilities, and provide income support to the affected and vulnerable segment of our society.

Mr Chairman, fiscal policy has been geared towards building resilient infrastructure, provision of social services and supporting private sector development. Tax rates have been maintained at a low and competitive level with greater emphasis on tax compliance and minimising revenue leakage. Government debt has been on a downward trajectory, dropping from around 56 percent of GDP in 2010 to 45.5 percent of GDP – lowest in the last 15 years. External debt remains relatively low with a bulk of this financing accessed at concessional interest rates.

The Fijian Government also issued a FJD 100 million Green Bond, listed on the London Stock Exchange, primarily aimed at raising finance for climate adaptation and mitigation projects. This augurs well with Government's intention for more innovative financing products and providing a new asset class for investors who are interested in funding green projects.

Domestically, interest have been at historical lows supported by record foreign reserve levels and ample liquidity in the financial system. Buoyant performance in the tourism industry, rising exports and remittance inflow has sustained international reserves at above FJD 2 billion. Private sector investment continues to increase with total investment expected to surpass 25 percent of GDP. Inflation is anticipated to stabilise at below 3 percent following a temporary uptick in the aftermath of the recent natural disasters.

National Development Plan

Mr Chairman, Fiji recently launched its 20-Year Development Plan (2017-2036) and a comprehensive 5-Year Development Plan (2017-2021) in Bonn, Germany during the COP23 meeting, with a vision of "Transforming Fiji" into a progressive, prosperous and peaceful nation. In the next 20 years, we will increase the size of our economy by four fold.

New and emerging growth sectors will be harnessed through value addition in the agricultural and natural resource sector, adoption of cutting edge technologies to improve productivity and developing high yielding niche markets. Investment to improve physical and digital connectivity will be aggressively pursued with funding aimed at modernising road infrastructure, sea and airports and building Information and Communication Technology (ICT) capabilities.

Government will ensure growth is inclusive and prosperity is shared. Human capital investment through education, skill development and better health opportunities will continue to be a key priority. We are on track to achieve universal access to clean water and electricity by 2020. Income generating projects mainly targeted at promoting the MSME sector will continue to be supported. To modernise the health sector and expand the tertiary health care in the country, innovative financing mechanism such as public private partnership (PPP) will be adopted. Social protection schemes will continue to protect the disabled, disadvantaged and the elderly.

Partnership with ADB

Mr Chairman, ADB will continue to be an integral partner in our vision of transforming Fiji. In order to fund a pipeline of infrastructure projects, we seek innovative and blended financing from ADB.

Government is grateful to ADB for its support for Fiji's Urban Water Supply and Wastewater Management Investment Project. The overall investment program is US\$405.1 million, and comprises two tranches that aims to increase wastewater treatment capacity as well as a new water supply scheme. The first tranche is for water supply improvements with a total cost of US\$180.3 million and will be co-financed by ADB, Green Climate Fund and the European Investment Bank. The second tranche is for wastewater improvements and sewer network upgrade with a total cost of US\$224.7 million. The first disbursement under this program by the ADB is expected in July 2018 and works should commence by year end.

Mr Chairman, we had a very positive discussion with ADB for a policy based lending to Fiji in collaboration with World Bank. The policy based loans mirrors well with the ongoing Government's reform agenda which covers three sub-programs and these include reforms in (i) public financial management (PFM), (ii) business environment, and (iii) State Owned Enterprises (SOE). PFM reforms include the development of a PFM improvement plan, review of relevant legislation, improvements in budget transparency and accountability, development of a medium-term expenditure framework for government, and planning frameworks for a number of ministries. Improvements to the financial management information system are also envisaged.

Mr Chairman, the broad reform agenda is expected to improve the business climate in Fiji by improving transport links, reducing the cost of doing business, enhancing the business regulatory environment and ultimately promote inclusive growth. Apart from the aforementioned, ADB and Fiji have engagements in various other areas and we acknowledge and appreciate the important role that ADB plays in our development.

Conclusion

To conclude Mr Chairman, our warm Fijian hospitality awaits the ADB and member country delegations for next year's annual meeting which will be held in Fiji. This is a momentous and proud occasion for our nation as it is a first for a PDMC. We look forward to this invaluable opportunity to showcase the Fijian hospitality and at the same time emphasise the unique development needs of the Pacific region.

Thank you Mr Chairman and see you all in Fiji next year. Vinaka Vakalevu!