

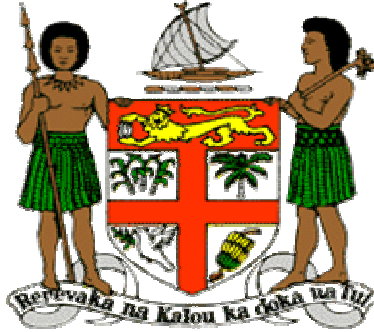
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FOREWORD

I am very pleased to write this foreword for the Government's Strategic Development Plan covering the period 2007 to 2011. It was endorsed at a National Economic Summit at the end of September. It has also been given final approval by Cabinet.

The Plan represents the combined vision and ideas of many people who took part in the extensive consultations and drafting which led to the preparation of the final document. This process was a true exercise in democracy, built on a partnership between Government and the community. This involved the National Economic Development Council and nine Sector Working Groups. These had members from the business community, non-government organizations, provincial and advisory councils and trade unions. I thank them sincerely for their contributions.

The Plan has special significance because it also represents the united views of the Multi-Party Cabinet, formed after the national elections in May.

For the first time elected representatives of the SDL Party, and the Fiji Labour Party, have joined in the governing of Fiji. The membership of the Cabinet gives Fiji a fully multi-ethnic Government.

This is reflected in the main elements of the Plan which draw on the manifestos of the SDL and the FLP.

Within the pages of the Plan are the policies and targets which will guide Fiji's progress in the next five years. They cover the total spectrum of national life – social, cultural, and economic.

Implementation of the Plan will bring Fiji closer to that ultimate destination of prosperity and permanent harmony and unity, founded on mutual understanding and respect.

It will strengthen the foundations of stability and sound governance, which is indispensable for what we want to accomplish.

Each section of the Plan is a part of the whole. They are all crucial.

But it is the achievement of higher rates of sustainable economic growth – directed towards a target of five per cent of gross domestic product – that will largely determine the success of the Plan.

Strategies for higher growth in the Plan aim to create the additional jobs and improved incomes we urgently need and help us to lift more people out of poverty. This growth will produce additional revenue for Government which can then be channelled into development and provision of amenities and services such as roads, water, electricity, housing and health centres.

We must continue to attract bigger volumes of private investment; without this we will not reach our objectives of providing enough employment for young people and the unemployed. The Plan proposes measures to boost investment levels.

Our exports have to expand substantially to generate the foreign earnings which will sustain growth. The Plan includes Fiji's first integrated export strategy.

The country's productivity is far too low for us to compete effectively in this age of global competition. Our inaugural Productivity Charter, adopted by the Government, the unions and the employers, fits in very well with the aims of the Plan for enhanced economic efficiency.

This drive for efficiency in the Plan will also apply to the public service and public sector which will become more accountable, cost efficient, investor friendly and service oriented.

With the advent of our new form of co-operative multi-ethnic government and the public goodwill this has received, Fiji is ready for an epoch of positive change. This Strategic Development Plan is the vehicle that will help to take us forward.



Hon. Laisenia Qarase
Prime Minister and Minister for Sugar and Investment

Abbreviations

ADB	Asian Development Bank
ADR	Alternative Dispute Resolution
ALP	Alternative Livelihood Project
ALTA	Agricultural Landlord and Tenant Act
AMA	Agriculture Marketing Authority
ASA	Air Services Agreement
BFHI	Baby Friendly Hospital Initiatives
BNPL	Basic Needs Poverty Line
BQA	Bilateral Quarantine Agreements
CAAFI	Civil Aviation Authority of the Fiji Islands
CFB	Customary Fisheries Bill
CFC	Chlorofluorocarbons
CHARM	Comprehensive Hazard and Risk Management
CID	Criminal Investigations Division
CIDA	Coconut Industry Development Authority
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CMDA	Capital Markets Development Authority
CO ₂	Carbon Dioxide
COIFS	Commission of Inquiry into Financial Services
DNR	Department of National Roads
DPP	Director of Public Prosecutions
EEO	Equal Employment Opportunity
EEZ	Exclusive Economic Zone
EFF	Export Finance Facility
EGM	Emperor Gold Mining Company Limited
EIA	Environmental Impact Assessment
EMA	Environment Management Act
ERB	Employment Relations Bill
EU	European Union

FASANOC	Fiji Association of Sports and National Olympic Committee
FDB	Fiji Development Bank
FDI	Foreign Direct Investment
FEA	Fiji Electricity Authority
FHCL	Fiji Hardwood Corporation Limited
FIC	Forum Island Country
FICL	Fiji Investment Corporation Limited
FIMSA	Fiji Islands Maritime Safety Administration
FIRCA	Fiji Islands Revenue and Customs Authority
FIT	Fiji Institute of Technology
FIU	Financial Intelligence Unit
FMF	Flour Mills of Fiji
FNPF	Fiji National Provident Fund
FSAP	Financial Sector Assessment Programme
FSC	Fiji Sugar Corporation
FSFE	Fiji Seventh Form Examination
FSLC	Fiji School Leaving Certificate
FSMed	Fiji School of Medicine
FSN	Fiji School of Nursing
FTIB	Fiji Islands Trade and Investment Bureau
FTR	Financial Transactions Reporting
FVB	Fiji Visitors Bureau
GDP	Gross Domestic Product
GEM	Gender Empowerment Measure
GWh	Gega Watts per hour
HA	Housing Authority
HACCP	Hazard Analysis and Critical Control Point
HART	Housing Assistance Relief Trust
HIES	Household Income Expenditure Survey
HRIS	Human Resource Management Information System
ICAO	International Civil Aviation Organization
ICT	Information & Communication Technology

IHR	International Health Regulation
IHRDPEP	Integrated Human Resource Development Programme for Employment Promotion
ILO	International Labour Organization
IMCI	Integrated Management of Childhood Illnesses
IPP	Independent Power Producers
IRB	International Rugby Board
ISO	International Organisation for Standardisation
ISPS	International Ships and Ports Authority
IT	Information Technology
ITC	Information Technology & Computing
KM	kilometres
KPI	Key Performance Indicator
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LTA	Land Transport Authority
MoA	Ministry of Agriculture
MDG	Millennium Development Goal
MFI	Micro-finance Institutions
MLA	Mutual Legal Assistance
MoE	Ministry of Environment
MoH	Ministry of Health
MPA	Marine Protected Areas
MSME	Micro, Small and Medium Enterprises
MT	metric tonnes
NAS	National Adaptation Strategy
NCCC	National Coordinating Committee on Children
NCD	Non Communicable Diseases
NEC	National Environment Council
NEP	National Energy Policy
NGO	Non Governmental Organizations
NLTB	Native Lands Trust Board
NRSC	National Road Safety Council

NCSMED	National Center for Small & Micro Enterprise Development
NSFC	National Sports Funding Commission
NSP	National Sports Policy
NZ	New Zealand
ODS	Ozone Depleting Substances
OHSA	Occupational Health and Safety Act
PACER	Pacific Agreement on Closer Economic Relations
PALP	Pacific Anti-Money Laundering Programme
PDCs	Provincial Development Committees
PIB	Prices and Incomes Board
PICTA	Pacific Islands Countries Trade Agreement
PMTCT	Prevention of Maternal To Child Transmission
PPP	Public Private Partnership
PRB	Public Rental Board
PSIP	Public Sector Investment Programme
RBF	Reserve Bank of Fiji
RFMF	Republic of Fiji Military Forces
ROI	Rural and Outer Island
RTGS	Real Time Gross Settlement
SCARF	Seed Capital Revolving Fund
SCGC	Sugar Cane Growers Council
SME	Small and Medium Enterprise
SMME	Small, Medium and Micro Enterprises
SOPAC	South Pacific Applied Geo-science Commission
SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement
SRU	Squatter Resettlement Unit
TAC	Total Allowable Catch
TCF	Textile, Clothing and Footwear
TCTS	Tonnes of Cane per Ton of Sugar
TPAF	Training Productivity Authority of Fiji
TVET	Technical and Vocational Education and Training
UGMP	Urban Growth Management Plan

UN	United Nations
UNCEDAW	United Nation Convention on the Elimination of All Forms of Discrimination Against Women
UNCRC	United Nations Convention of the Rights of the Children
UNDP	United Nations Development Programme
UPAP	Urban Policy Action Plan
USP	University of the South Pacific
VCCT	Voluntary Counselling and Confidential Testing
WHO	World Health Organization
WNC	World Netball Championships
WOSED	Women's Socio-Economic Development
WSSD	World Summit on Sustainable Development
WTO	World Trade Organisation

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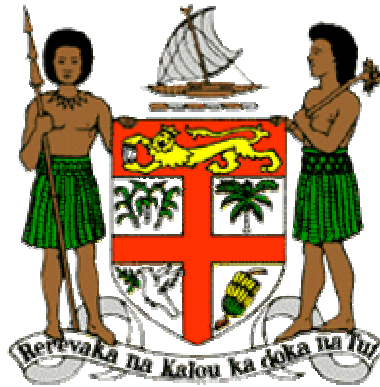
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Part 1

National Vision

Chapter 1 Vision, Mission and Guiding Principles

1.1 Introduction

The Strategic Development Plan (SDP) 2007-2011 for Fiji is the culmination of consultations with a wide range of stakeholders in the private sector, non-government organisations and Government. The plan draws extensively on the Manifesto of the Soqosoqo Duavata ni Lewenivanua Party and consensus reached with the Fiji Labour Party on issues of national importance to the achievement of the Vision of a Peaceful and Prosperous Fiji. Lessons learnt from the mid-term Review of the Strategic Development Plan 2003-2005, planning document released in November 2004, has contributed to Government's decision on this Strategic Development Plan for 2007 to 2011.

The Vision which drives the Plan is described in this chapter of Part One, together with the Mission and Guiding Principles that Government will follow in implementing policies. The Vision is a statement of Government's aspirations for Fiji in the medium to long term. The Mission and Guiding Principles summarise the approach and philosophy that Government will take in designing and implementing policies to achieve the Vision. The Vision and Guiding Principles continue as in the Strategic Development Plan 2003-2005.

The mix of policies needed to steer the country towards that Vision is dependant on the current political, economic and social situation and trends. In Part Two, the second and third chapters highlight the country's present social and economic situation and the development challenges that the country faces.

In Part Three, Government's Medium Term Strategy is outlined in the fourth chapter and sets the framework for the plans for the future presented in the succeeding chapters. The strategy, which can be summarised as Maintaining Stability and Sustaining Growth, identifies the Strategic Priorities on which Government must concentrate during the next 5 years. The Strategic Priorities are a blend of policy objectives to address the identified development challenges. Effective implementation of these Strategic Priorities will put us on a path to reach our Vision.

Chapters five and six then address the macroeconomic management and restructuring of the public sector, supporting macroeconomic data and projections are presented in Annex 1. Chapters seven and eight outline the policies and strategies for individual sectors grouped¹ in relation to the outcomes to which they will contribute in terms of Maintaining Stability, in Chapter seven, and Sustaining Growth, in Chapter eight. These

¹ The grouping of the sectoral plans follows the same outcome oriented logic as the revised groupings for Summit Working Groups, hence the sectoral plans addressed by each SWG are grouped together in Chapters seven and eight.

chapters describe the detailed policies and strategies that will be used to guide sector stakeholders and the outcome oriented key performance indicators (KPI). The policies are consistent with the Strategic Priorities in the Medium Term Strategy. The final, Chapter nine then establishes the framework for implementation, monitoring and evaluation of the Plan, which is developed further in Annex 2.

1.2 Vision: “A peaceful, prosperous Fiji”

The objective of the Plan is to identify and implement policies to take us forward to our vision of a peaceful and prosperous Fiji. We believe that this vision is one that should be shared by all citizens of Fiji.

1.2.1 Peace, Unity and Multi-racial Harmony

Government believes in the principles of peace, security and harmonizing co-existence of all sections of our communities. This has brought into focus the need to maintain stability and to allow people to go about their daily lives with a feeling of peace and security.

Achieving peace and security in our multi-cultural country is a long term commitment that must be vigorously pursued through building understanding amongst leaders and communities at all levels - from local to national, as well as through recognising and appreciating the contribution by the different communities, to nation building.

However, peace can only come about when the underprivileged sections of our communities feel that their fundamental interests are protected and that they do not feel “left out” of national development. Affirmative action is therefore an essential ingredient for building peace and security.

Of particular importance is to ensure that women have not only the maximum protection of the law, but also the opportunity to be fully involved in the process of development. The review of the affirmative action programme reflects Government’s effort to foster and involve those who are disadvantaged in the nation’s development. The Review recommendations will assist in mapping out the Government’s affirmative action programme for the Plan period.

The guarantee of fundamental rights and freedoms for every citizen of Fiji and their equal protection under the law, are also an essential part of our vision for a peaceful Fiji. A feeling of personal security and of group security comes about only when people have confidence that breaches of rights and freedoms will be dealt with impartially and speedily.

Respect for the rights of others is a critical component of our freedoms guaranteed under the Constitution. This is essential for peaceful co-existence and social cohesion in our multi-cultural society. Of particular importance is the freedom for every citizen to practice the religion of his or her choice.

1.2.2 Prosperity for All

This Government firmly believes that it has a social responsibility to its citizens to put in place policies that will achieve prosperity, especially for the poorest, disadvantaged and most vulnerable citizens. Prosperity and decent living standards can only be achieved when the economy is growing.

Narrowing the income and opportunity disparities that exist in society will also contribute to a greater sense of national identity and national cohesion. This is important in achieving stability and peace in the country. Peace, stability and a feeling of security are also essential to achieve sustained high economic growth. Growth requires investment and investors are reluctant to spend when they do not have confidence in the stability of a country.

It is only through sustained high economic growth that we will be able to provide good jobs for our young people, increase living standards for the working population and their families and make social services available for the young and old alike.

Prosperity also means making sure that all people share in the benefits of growth and in the opportunities which it generates for improving living standards. This means paying particular attention to the poorest members of our society. Government has a social responsibility to provide a safety net as well as to ensure the poor are equipped with a good education and are in good health, in order to benefit from income earning opportunities.

Government firmly believes that a sound education is the key to ensuring that everyone has the opportunity to share in our nation's prosperity.

In sharing the benefits of growth, we must ensure that development does not impact negatively on the environment in order that our future generations may also enjoy the benefits of our natural resources.

1.3 Mission and Guiding Principles

Government's **Mission** is to develop and implement the best political, social and economic policies in order to advance the goals of Peace and Prosperity. Government has consulted widely with the private sector and with non-government organisations to identify the policies appropriate to the current social and economic situation in Fiji.

Policies and priorities in the Plan build upon the national consensus represented by the Multi Party Government and policy statements in the Manifesto of the Soqosoqo Duavata ni Lewenivanua Party and consensus reached with the Fiji Labour Party. Based upon these shared priorities, the Plan will best serve the needs of national unity, peace and harmony.

In pursuing its Mission, Government will abide by a number of **Guiding Principles**. These are:

- Good governance, including the need for consistent and credible policies
- Environmental sustainability
- Respect for the Vanua and for the cultures and traditions of the indigenous Fijians and Rotumans
- Respect for the cultures and traditions of other communities in Fiji
- Recognition of the paramountcy of indigenous Fijian and Rotuman interests as proclaimed in the Constitution
- Respect for legal authority and law and order
- Respect for human and group rights
- Honesty, integrity, transparency and accountability in public life and general standards of conduct which reflect our fundamental beliefs

1.3.1 International Commitments

Fiji is part of the global community and has made commitments within global bodies such as the United Nations, the World Trade Organisation, the European Union and the Commonwealth, as well as to regional bodies such as the Pacific Islands Forum. Government will pursue these commitments in the interest of Fiji and its citizens. Of particular importance, is the commitment of Government to the United Nations Millennium Declaration that was adopted by the UN General Assembly in 2000. The Declaration establishes eight goals to which the international community will commit its resources. The Millennium Development Goals are:

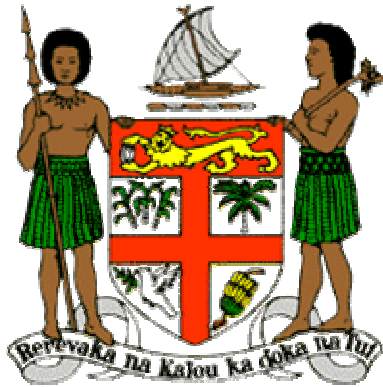
1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a Global Partnership for Development

Government is committed to achieving these Goals and gives assurance that the policies in this Plan are consistent with the Millennium Development Goals (MDGs). Targets and Indicators for the achievement of the MDGs, which have been developed by the various UN departments, the World Bank, the International Monetary Fund (IMF), and the Organisation for Economic Cooperation and Development (OECD), and the relevant MDG indicators are incorporated as Key Performance Indicators in Part 3.

1.3.2 Consistent and Credible Policies

Government believes that consistent and credible policies that are vigorously implemented, are essential for the successful achievement of the National Vision. Credible policies are ones that are well thought out, contribute effectively to overcoming social and economic problems and are widely supported.

This Plan is the first to be prepared in the context of the Financial Management Act 2004 (FMA), which changes planning responsibilities for inputs, outputs, and outcomes: (i) Government defines the priority policy **objectives and outcomes** for the whole government in the Strategic Development Plan, facilitated by National Planning, and these are updated and refined in the three year, rolling Strategic Policy Statement (SPS) of the Minister of Finance; (ii) delivery of **outputs** is assigned to agencies' Annual Corporate Plans (ACP); and (iii) **inputs** are set by agencies' ACP proposals and approvals by the Ministry of Finance and the Public Service Commission.



Part 2

Development Status: Opportunities and Challenges

Chapter 2 Review of Social Development

2.1 Quality of Life

2.1.1 The Human Development Index and Millennium Development Goals

The Human Development Index (HDI) is a widely accepted measure of a country's progress in attaining satisfactory levels of education, health and income. Fiji's ranking was 61st in 1997, but its position steadily eroded over the late 1990s and based on the 2005 UNDP Human Development Report, it currently stands at 92nd out of 177.

The ranking is based on the value of the Human Development Index, which is a weighted average of life expectancy, adult literacy and GDP per head. Fiji is included in the Medium Human Development countries category. Although Fiji's ranking has dropped, it remains above the average HDI value for all Medium Human Development countries and well above the average HDI for Low Human Development countries.

The Millennium Development Goals (MDGs) and their associated targets and indicators, which were endorsed by most governments in 2000, provide a recognised set of indicators that can be used to judge the key elements of social progress. Many of the MDG indicators are included as Key Performance Indicators in the relevant chapters and links to MDG indicators are stated.

2.1.2 Global Partnership for Development

The Millennium Development Goals, specifically through Goal 8, call for a Global Partnership for Development. The focus of the targets and indicators under this Goal relate to the amount and thrust of developed countries' aid to developing countries. Development assistance to Fiji is important and development partners continue to work with Government to improve the livelihoods of people in Fiji. However, aid donor grants are not large and represented around 1.3 % of Fiji's GDP in 2003.

Donor grants fell in 2000, as most development assistance was withdrawn following the May 2000 crisis. Donor funds increased in 2001 and were restored to more normal levels in 2002. Estimates for 2004 and 2005 show that donor grants more than doubled compared to 2002 as the Australian programme expanded and the EU programme was re-established. Loan finance is also available through the Asian Development Bank.

Donor programmes are well-aligned to the areas covered by the MDGs. Education is a major area of intervention with AusAID and the EU supporting Lautoka Teachers' College, and the provision of scholarships through AusAID and NZAID. Rural education will be supported through a major EU intervention. Health projects include the upgrading of health facilities and services in Taveuni, major initiatives to improve the management and service delivery by the Ministry of Health, the establishment of the new

Pharmaceutical Centre and the expansion of the Fiji School of Medicine. Environmental health is supported through the Naboro Landfill Project, the Kinoya Outfall Project and the Suva-Nausori Water and Sewerage Project, funded with assistance from an ADB loan.

Whilst the level of Government-Donor engagement is relatively significant during the review period, the lack of proper framework to guide this engagement was an issue of concern. Donor coordination needs to be strengthened. To this end Government aims to improve its coordinating mechanisms, using proper guidelines and procedures whereby government and donors will work together to ensure that Government’s priorities are addressed for sustainable development. Government is committed to increase the effectiveness of aid through adhering to the principles of the Paris Declaration.

2.2 Poverty Alleviation

The first MDG concerns the eradication of extreme poverty and hunger. Two targets are specified which call for a halving (between 1990 and 2015) of the proportion of people living on less than one US\$ per day, and a halving of the number of people who suffer from hunger. Indicators for these targets cover the proportion of those in poverty, the poverty gap ratio, which indicates the depth of poverty and the share of consumption going to the poorest 20%.

A comprehensive view of income inequalities and the state of poverty in the country as a whole is available only from national household income and expenditure surveys. Government recognises the need for up-to-date information and a household survey was conducted in 2002/03. Results of the survey indicated that 34.4% of the population lived below the basic needs poverty line (BNPL), indicating a 5% increase from the 1990-91 Household Income Expenditure Survey (HIES). Most of those in poverty are people living in rural areas, particularly those from the Indian community.

Figure 1: Ethnic and Rural – Urban Distribution of Incidence of Poverty

	Rural			Urban			Total
	Fijians	Indian	Others	Fijians	Indian	Others	
Percent of population in poverty	38.0	43.1	41.3	27.2	29.1	17.3	34.4

Source: 2002/03 HIES Report

The methodology for measuring poverty should be encouraged. The HIES focuses on measuring income poverty but this is just one aspect of poverty or hardship. In 2003, ADB assisted the Government of Fiji to conduct a Participatory Assessment on Poverty and Hardship. The Assessment indicated that most of Fiji’s communities faced varying degrees of “hardships”, based on lack of access to opportunities.

Other evidence of increasing hardship is found in the increasing number of households and individuals receiving Family Assistance, although this increase is largely a result of Government allocating substantially more funds for the scheme. Additional factors are the increasing numbers displaced from the sugar industry and the continuing rise of urban migration. This in turn is contributing to a large number living in low-standard housing without basic utilities, particularly in urban squatter settlements.

The 2003 Participatory Assessment of Poverty and Hardship identified limited employment and other income generating opportunities as one of the critical issues for all communities suffering hardship. The lack of adequate basic services, including clean water, was also identified as an important cause of hardship in both rural and urban communities.

On the basis of the 2002/03 HIES, the poverty gap is estimated to have been \$2,616.64 per year for an average household. The gap is the difference between the national poverty line (estimated at \$8062.6 in 2002), and the average income of a poor household (\$5,445.96 per year). This indicates the depth of poverty.

Subsistence workers are prevalent in the country. The 2002/03 HIES revealed that some 61% of all rural Fijians stated they were subsistence workers, while 37% of rural Indians also stated to be engaged in subsistence. Even in urban areas, some 25% of Fijians and 14% Indians were engaged in subsistence.

There has been an overall improvement in the economic welfare of the people, particularly the Indigenous Fijians where their share of total household income has increased from 45 % in 1991 to 51 % in 2002.

Poverty has many dimensions, one of which is the extent to which people have sufficient food. In the MDGs, this issue is measured by the prevalence of under-weight children, and the proportion of the population who are receiving less than the minimum level of dietary intake. The most recent national figures were collected by the 1993 National Food and Nutrition Survey. The survey found a low incidence of child malnutrition. At a national level, the incidence of under-weight children was 15%, varying from 5% for indigenous Fijians to 19% for Indians. The UNDP 1996 Poverty Report indicated that almost 10% of households could not afford a minimum nutritious diet.

Government has a number of poverty alleviation programmes in place. In 2005, \$62.7 million was allocated for poverty alleviation programmes such as upgrading of squatter settlements, micro-finance schemes and the Family Assistance Scheme. Applications for Government's Family Assistance Scheme have increased over the years, from 13,443 in 2000 to 22,670 in 2005. While the overall Budget for the scheme has doubled since 2000, there are many pending applications awaiting funding.

Government's continued assistance toward poverty alleviation focused on ensuring that the poor and disadvantaged have better access to education and training, finance and credit on more affordable terms, and improved social and physical infrastructure. Since 2001, Government has allocated about \$284 million for social safety nets.

Coordination and monitoring of all poverty alleviation programmes is essential. A special Unit needs to be established in government to coordinate all poverty alleviation programmes and to implement the National Integrated Poverty Eradication Programme Framework. Government remains committed to funding ongoing poverty alleviation programmes such as assistance for housing and squatter upgrading, microfinance, education assistance and safety net programmes. This is evident in the increase of the minimum monthly Family Assistance allowance of \$30 to \$60. Rural livelihood development projects, including the proposed Rural and Outer Island Development Project will supplement existing government initiatives towards poverty alleviation.

Development Constraints and Challenges

The creation of more sustainable, secure employment opportunities with better wages, is the long-term mechanism for moving people out of poverty. However, at current levels of economic growth, there are restricted job opportunities and inadequate support for the poor to enable them to take greater advantage of existing opportunities.

A central challenge to be addressed is the weakening of the traditional support system, resulting in more people seeking welfare assistance, particularly the elderly.

One of the major drawbacks in the analysis of the nature of poverty in Fiji has been the lack of appropriate, comprehensive and timely data and analysis on which to assess the actual level of poverty, the nature of the problem, and the sound policy measures required to tackle it. Welfare services for the very poor or destitute are provided by several government agencies as well as by NGOs, but there are very few well-coordinated reporting systems.

2.3 Social Justice and Affirmative Action

The enactment of the Social Justice Act in 2001 has created special recognition for the disadvantaged in society. Since the implementation of this legislation in 2001, Government has allocated substantial financial resources for the various disadvantaged groups targeted in the 29 affirmative action programmes under the Social Justice Act.

The programmes aim to address disadvantage existing in all communities in the areas of education and training, land and housing, and participation in commerce and in all levels and branches of state service. Each programme has specific goals and target beneficiaries, means of assistance, performance indicators and criteria for selecting members of the target group. The criteria for selection include race, gender, economic status, disability and physical location. Of the 29 Affirmative Action programmes, 17 benefit all

communities, 10 benefit Fijians and Rotumans as a target group and 2 are specifically for Indians and minority communities.

Two detailed reports on the implementation of the Affirmative Action Programmes have been tabled in the House of Representatives in 2004 and 2005 respectively. These reports noted the extent to which the objectives of the programmes have been achieved in improving and enhancing opportunities for the target groups. In the Small and Micro-Enterprise development programme for instance, about 90 % of beneficiaries are women. The vocational programmes administered by the Ministry of Education, Youth and Sports have enabled unemployed youths to acquire training and skills in various trade. Around 76 % of youth trained are able to secure some form of employment

A major component of Government's Affirmative Action policy is the implementation of the Twenty Year Development Plan (2001-2020) for the enhancement of participation of indigenous Fijians and Rotumans in the socio-economic development of Fiji. Areas of focus include education and training, resource-based industries, tourism, commerce and finance, and rural development.

The Fiji Human Rights Commission has released a report on Government's affirmative action programmes, 2020 Plan for Indigenous Fijians and Rotumans and the Blue Print. The report measures current affirmative action policy, programmes and legislation against the Fiji Constitution, other relevant laws of Fiji and international law relating to affirmative action. Some of the issues raised in the report would be addressed in a comprehensive review to be undertaken by Government on all its affirmative action policies and programmes.

A Cabinet Sub-Committee on Equal Opportunities and Human Rights has been established to oversee the review process that will involve wide consultations throughout the country. The final review report will be presented to the House of Representatives and the public will also be invited to make their views known on the findings.

Government is committed to addressing issues relating to the disabled in society. As a member of the United Nations Economic and Social Commission for Asia and the Pacific, Fiji has adopted the Biwako Millennium Framework for action towards an inclusive, barrier free and rights-based society for persons with disabilities. The Framework calls for the formulation of a national 5-year Plan of Action on disability. The Ministry of Labour and Industrial Relations is currently working towards Fiji's ratification of the ILO Convention 159, on vocational rehabilitation and employment for Disabled Persons, with a view to ensuring equality of opportunity and treatment for all categories of disabled persons.

Development Constraints and Challenges

A major constraint to the implementation of the Social Justice and Affirmative Action programmes is the lack of regular surveys and monitoring by the various implementing

agencies. This has made it difficult to gauge the extent to which the goals and objectives of the programmes have been achieved. Reporting systems need to be improved to ensure that complete and coherent data is made available for more comprehensive and holistic reporting. The needs of disadvantaged groups can only be effectively tackled if Ministries/Departments regularly review their programmes so they remain consistent with the needs of those who deserve to be assisted.

The 20 Year Development Plan for the Enhancement of Participation of Indigenous Fijians and Rotumans in Socio-Economic Development is into its fifth year of implementation. There is an urgent need for an effective monitoring mechanism to be established so that beneficiaries of the Plan are well targeted and its goals achieved.

2.4 Rural and Outer Island Development

The rural areas continue to be the home for about half of Fiji's population, though declining. Urbanisation remains the dominant contributing factor to this decline. However, Fiji's key exports are rural based, providing the greatest potential for future development and prosperity, particularly in the tourism, agriculture, forestry and fisheries sectors.

The rural sector contributed around 39% of domestic exports in 2003 and 43% in 2004, up from 30% in 1999. Rural exports include sugar and molasses, gold, timber, fish, fruit and vegetables, dalo, yaqona and mineral water. Production and exports have been constrained by poor market access, lack of supportive infrastructure and technical expertise and the inconsistent supply of high-quality local produce.

Government will continue to improve access to basic services and increase the number of economic activities through development of rural business in the rural areas. A total of 922 rural electrification projects have been installed since the project started in 1994. With an annual budgetary provision of \$6 million since 2003, a total of 357 schemes have been implemented till 2005.

Education remains critical for the development of the rural areas. Building the capacity of the rural population will be facilitated greatly by the EU-funded rural education project over the next two years, covering both the formal and non-formal sectors.

The establishment of rural fisheries centres and rural collection centres will enhance income-earning opportunities to these communities. The Agricultural Marketing Authority (AMA) is intended to facilitate marketing agricultural fresh produce and processed products from remote areas which are not served by private sector traders but, as discussed in 3.2.3, though there are concerns as to its effectiveness. The establishment of tele-centres has also strengthened the community capacity to generate income.

The implementation of the recommendations of the Review of Fijian Administration, which commenced with the merger of the Ministry of Fijian Affairs and the Ministry of Regional Development in 2004, is anticipated to improve the delivery of services to rural areas. Administrative boundaries have been realigned along the provincial lines and sectoral agencies are gradually moving to this new arrangement for integrated provincial development. Increased resources are being provided to assist with faster implementation of development projects.

Under the new structure, the Fijian Affairs Board will continue to oversee the work of Provincial Councils, while Provincial Development Committees (PDCs) will replace Divisional and District development Committees. PDCs will coordinate capital development activities in the field. The members of PDC will consist of nominees from Provincial Council, District Advisory Council, Rural local authorities and representatives from relevant Government agencies. The Divisional Commissioners will continue to chair these development fora and coordinate projects and programmes at Divisional level. The Divisional Commissioners will be retained to coordinate and oversee planning of projects and programmes at Divisional level.

Development Constraints and Challenges

The major development challenges for rural development are to:

- provide basic services such as water, sanitation, electricity and telecommunications to the rural communities;
- conduct a water needs assessment survey to determine the water supply requirements of rural areas, to ensure safe drinking water is provided to all communities and to better address drought problems.
- develop rural businesses and commercial agriculture; and
- planning and coordination of rural development initiatives.

2.5 Security

Security is the basic platform upon which the nation's existence, sovereignty, stability and growth are based. It needs to be sound as well as resilient. The continuous strengthening of the pillars of security is critical. The cord that binds these pillars is the enforcement of law and order. Essentially the functions of security agencies are interlinked.

The National Security and Defence Review were completed in 2004, and implementation of some of the review recommendations had started. Activities of terrorists recognise no borders. Countries are used as launching platforms for operations and/or sleepers for operatives. Fiji is not immune to these usages. The strengthening of assessment and response capabilities is the nation's insurance policy.

Fiji is the gateway to a number of regional countries. As the hub, it presents the ideal point where migrants seek access to other destinations. The completion of the independent assessment survey of the border management systems and supported by the new immigration legislations provide the platform for structured improvement. The pursuing of current reform programmes to completion with the remaining recommendations of the independent survey report during the next three years requires priority attention.

On a broader perspective, the Ministry of Home Affairs formulates and implements policies relating to the nation's security in the areas of counter terrorism, border control, emergency management, defence, and law and order. Its agencies consist of the Republic of Fiji Military Forces (RFMF), Fiji Police Force, and Immigration Department and Department of Emergency Management. The Department of Emergency Management is responsible for the management of manmade hazards that impinge on national security. Counter terrorism activities have become a permanent feature of global, regional and national consideration. The management of this combination of threats to Fiji's sovereignty and security are central to the Ministry for Home Affairs & Immigration's *raison d'etre*.

The RFMF is primarily responsible for defence. It has a supportive role to the Police on internal security. In pursuing its foreign policy Government has engaged the RFMF and the Police on international peacekeeping duties, while the RFMF has been engaged in subsidiary roles such as nation building, youth training & infrastructure development in rural areas, protection of Fiji's 200 mile Exclusive Economic Zone (EEZ), support operations during disasters, emergencies and maritime research and rescue.

The Immigration Department and Customs Department are responsible for the security and management of Fiji's border, administration of citizenship, facilitation of migration and control functions at the major ports and airports of Fiji. Following the 9/11 event, and the rapid increase in people and drug trafficking, identity fraud, money laundering, prostitution, and illegal immigrants, there is an urgent need to strengthen their capacity to ensure that it performs its core roles and functions effectively. The Department of Immigration has shown also that it is a revenue generation agency with potential for cost recovery. The basis of this work is strong intelligence and to which the intelligence gathering and analysis capability is a key focus of the Ministry.

Related to terrorist activities but also to corruption and wider economic crimes is the need to monitor flows of funds through the financial system both domestically and internationally. The Fiji Financial Intelligence Unit (FIU) has been established to monitor flows of funds through the banking system to identify and investigate suspicious transactions related to money laundering, corruption and other illegal activities to provide inputs to investigation and enforcement agencies. At a regional level, a Pacific Anti-money Laundering Programme (PALP) has been established in 2006 in the Suva-based Forum Secretariat with support and cooperation of US and UN agencies. This programme

will strengthen anti-money laundering activities through training and capacity building with a practical, hands-on approach. These national and regional measures address the immediate and long term need to protect the integrity of the financial system from money laundering, corrupt practices and criminal abuse.

Development Constraints and Challenges

The major challenge is how to collaborate effectively with other law enforcement agencies nationally, regionally, and internationally in order to combat terrorist, criminal and economic threats to Fiji.

2.6 Law and Justice

Law and justice are essential in any community. Crime transcends and affects the daily activities of a society and can threaten its sources of livelihood. Fiji relies heavily on tourism and overseas investments and a stable law and order environment is fundamental and creates a catalyst for economic and social prosperity.

The causal factors of crime are often socio-economic in nature, including unemployment, high rural-urban migration, breakdown in families and traditional systems of social control and the effects of alcohol and drugs. These factors are too broad and intertwined for a specific law and justice agency to control and agencies have been working more closely together in the past few years to address these issues.

The Fiji Police Force had established the Fiji Police Intelligence Bureau, in 2005, which has now been renamed as the National Intelligence Service. This unit will be closely working with the FIU that is based at the Reserve Bank of Fiji. The Police Department is responsible for the maintenance of law and order, preservation of peace, protection of life and property, the prevention and detection of crime and the enforcement of all laws it is directly charged with. The Force is currently undertaking 46 major projects for reform and modernization, in particular with the CID, Police Tactical Response Unit, Fiji Police Academy, and Community Policing initiatives. This is an initiative taken to revamp the Fiji Police Force for an effective and efficient police organization. More so, Government had committed to better equip the Police with additional financial and other resources to fight against crime.

The Office of the Solicitor General is responsible for providing quality legal advice to all ministries and departments; drafting Government bills and subsidiary legislations through the Office of the First Parliamentary Counsel; undertaking Statutory Law Reform; and ensuring the effective administration of legal registries. The Fiji Law Reform office set up in 2003 with the appointment of a Fiji Law Reform Commission is currently revising and consolidating the laws of Fiji in accordance with the Revised Edition of the Laws Act to provide a more current authoritative version of the laws of Fiji. The Fiji Law Reform Commission established under the Fiji Law Reform Commission Act is responsible to keep under review all the laws applicable to Fiji, with a view to their development and

reform. The Commission is currently undertaking a holistic review of the Penal Code and focusing on offences, penalties/punishment sentencing jurisdiction and criminal procedures. The Legal Aid Commission established under the Legal Aid Act is charged with providing legal assistance to impoverished persons in proceedings relating to family and criminal law through legal advice and representation.

In effort to fight corruption, the Government will introduce a Standards of Leadership Conduct Bill in accordance with Section 156 of the Constitution, for all public office holders including Government ministers and Members of Parliament. The legislation will demand exacting standards of integrity. A new legislation to combat bribery and corruption as recommended by the Fiji Law Reform Commission is being finalised.

The Ministry of Justice comprises Justice as the core department, the Judicial and the Prisons Department. Judicial is responsible for enhancing the quality of justice in the community by ensuring an effective and accessible Court System and as cornerstone of Justice; the court system will uphold the principles of equality, fairness and access while protecting the dignity and rights of all members of the community. The Fiji Prisons Service is responsible for the safe, secure and humane treatment of persons in custody by providing opportunities to correct offending behaviour, develop work and life skills and perform community service. They also work towards enhancing the quality of custodial responsibilities, improve inmate rehabilitation programmes, develop human resources and modernize the service.

The New Prisons and Corrections Act, passed in Parliament in March 2006, is still awaiting enforcement upon the Minister of Justice directive. The Act provides a shift in policy focus from 'containment' to 'correction' with a view to rehabilitation, human rights and access to health and justice. A major recommendation is the establishment of a parole board that is expected to be operating in 2008, and for the Commissioner of Prisons to have responsibility for the post release supervision of prisoners on parole. These legislative initiatives should provide the platform for an expansion of sentencing and rehabilitation.

The creation of a National Prosecution Service has seen the transfer of 90 police positions to the Office of the Director of Public Prosecutions and the establishment of a police and DPP steering group to guide the implementation. With adequate resourcing facilitating improved management, coordination and training, the standard of prosecuting in the criminal courts particularly in the magistrates' court, is expected to be significantly enhanced.

An AusAID-funded Fiji Law and Justice Sector Programme, equivalent to \$A17 million over a period of three years, commenced in May 2003. It provides technical support to ten government departments and liaises with relevant non government organizations. The objective of the programme is to ensure a 'whole-of justice' sector approach, linking the agencies of the criminal justice system cohesively.

Development Constraints and Challenges

The following constraints and challenges in the law and justice sector include:

- bureaucratic inertia in some areas of the Fiji public service,
- lack of organizational and individual capability to drive and manage critical reforms without ongoing Fiji Law and Justice Sector programme support,
- lack of government resources (human, equipment and financial) to support initiatives in the long term,
- transfer or resignation of key champions who are currently driving reforms in the sector and,
- an imbalance in funding across the sector – increased effectiveness of police will place greater pressure on the courts, prison and public advocacy services.

2.7 Environmental Sustainability

“Ensuring environmental sustainability” is the seventh MDG, which provides a framework for integrating the principles of Sustainable Development into national policies, thus ensuring availability of safe drinking water, improving sanitation, and reducing other social ills such as poverty and unemployment.

Achieving sustainable development, while overcoming environmental challenges such as deforestation, land degradation, logging of watersheds, over-exploitation of terrestrial and aquatic biological resources, improper waste management and pollution control, impact of climate change, and the attitude of people in terms of the unsustainable use of their resources, is a central challenge to governments of small island states such as Fiji.

Increasing population, urbanization, industrial, agricultural and other economic development have placed increasing pressure on coastal zones leading to loss of habitat and affecting ecological processes. This is a result of coastal development, pollution, increased water demand from freshwater lenses, over exploitation of resources and other related issues. The absence of consistent monitoring of development within coastal zone development makes it difficult to assess the extent and seriousness of damage and degradation in coastal zones of Fiji.

The discharge of untreated or inadequately treated wastewater from the industrial and agricultural sectors, and increased sewage discharge causes harmful effects to the environment and to human health. The impacts of which result in changes to the ecosystems, reduction in economic value of resources, aesthetic damage, and poses human health risks. Contaminants of concern that are present in wastewater include pathogens (micro-organisms), nutrients, heavy metals, hazardous chemicals, suspended solids, and oil and grease.

The Ministry of Environment, in partnership with other Government Ministries and Departments, Institutions NGOs and through donor funding, has implemented various

environment programmes throughout Fiji related to biodiversity conservation, sustainable biological resource use, climate change, waste and pollution, development control and other programmes related to Fiji's obligations under regional and multilateral agreements. The production of Fiji's Biodiversity Strategy and Action Plan, National Land Use Policy (Land Use Department, 2005), the First National Communication on Climate Change Strategic Actions (2005), Solid and Liquid Waste Strategies (2006), Endangered and Protected Species ACT (2002), Environment Management Act (EMA) 2005 and the scheduled Litter Act for 2008 will provide a framework for sustainable management of land and water resources.

The key features of the EMA 2005 are:

- The setting up of a National Environment Council (NEC) to coordinate the formulation of environment related policies and plans;
- The requirement for Environment Impact Assessments to be binding on all parties, including Government;
- Permits to discharge waste and pollutants into the environment;
- National Resource Inventories, National Resource Management Plan, National State of the Environment Report, and the National Environment Strategy; and
- Declarations, enforcement orders, stop work notices will ensure environmental compliance according to the laws.

Government has endorsed the Fiji Biodiversity Strategy Action Plan (2003), with implementation being ongoing through various Government Ministries and Departments, Institutions and NGOs. Through such partnerships, the Ministry of Environment is conducting research programmes to identify areas of high biodiversity and sustainable productive areas, such as Marine Protected Areas (MPA), which are being recommended for protection. In Fiji, 177 out of 189 sites have been identified as MPA (area coverage of 7000 sq. meters of Qoliqoli area). Kadavu is legally gazetted while the rest have traditional ban (Taboo) imposed. It is envisaged that these areas will be added attractions, as they convert to marine parks bringing economic benefit to the resource-owners, whilst conserving the natural heritage and habitat.

Solid and Liquid Waste Management strategies has also been developed. The extension of urban boundaries and the incorporation of new towns had seen an increasing demand for waste management in urban areas. Since the Naboro Landfill caters for Suva-Nausori area, rural areas have no proper waste management systems. They either use their backyards or mangroves as dumpsites. A rural waste management policy is being developed under the International Waters Programme. As part of the policy an economic evaluation research is being done to estimate the economic costs of the current, liquid and solid waste management systems in the Rewa Province, including health and amenity costs and to identify and evaluate alternative waste management options for households in rural areas. MoE has worked the squatter waste management in the Wailea Squatter Settlement and hopes to replicate the best practices to other squatters in Fiji.

The Ministry of the Environment has been implementing the Ozone Depleting Substances Act 1998 and its Regulations (2000). With this legislation, MoE regulates the import, export, sale, storage and use of ozone depleting substances (ODS), such as refrigerators and air-conditioning, to give effect to Fiji's obligation under the Vienna Convention for the protection of the ozone layer and the Montreal Protocol on substances that deplete the ozone layer. Government had endorsed Fiji's methyl bromide phase out action plan, one of the ozone depleting chemicals, and the management plan for total phasing out of methyl bromide and chlorofluorocarbon (CFC) by 2010.

Development Constraints and Challenges

The major environmental problems include: deforestation, land degradation, air and water pollution, inappropriate refuse disposal, climate change and sea-level rise, outdated legislation and its inadequate enforcement, and limited public awareness. It is hoped that the implementation of the Environment Management Act and related programmes, and allocation of adequate resources, will assist in addressing some of these issues.

The challenges that will be faced while implementing EMA include the absence of accredited laboratories in the country. Currently only one laboratory has been accredited, which is the Institute of Applied Sciences of USP, and the accreditation is only for a limited range of parameters. There is an urgent need to address this gap in country to avoid high costs of foreign laboratories. Accredited laboratories will enable better environmental monitoring and enforcement.

2.8 Housing

Housing is a priority area that government will focus on as most of the population lives in cities, towns and in peri-urban areas. The rural urban drift, expiry of land leases, creation and extension of new towns and boundaries, and natural increase in population caused people to squat. In some cases it is a matter of choice. The increased instances of squatting have been caused by the lack of affordable formal housing options in urban areas in the face of rural-urban migration fuelled by the expiry and non-renewal of rural native leases. It is anticipated that in next five years about 70% of people will be residing in urban areas, as urban areas are centres for employment, education, better sporting facilities and availability of improved health care system.

Rapid urban growth has increased the demand for quality and reasonable housing at affordable prices. However, the internal migration has put increasing pressure on urban centres and their environment as well as on urban infrastructure and has given rise to social problems including squatter housing, over utilized infrastructure, congestion, pollution and increase in crime rates.

Standards are generally observed in the development of formal urban infrastructure but the challenge lies in the application of appropriate standards for land development for low-income earners and squatter settlement upgrading.

The Squatter Upgrading and Resettlement Programme is part of urban renewal and aimed at improving the living conditions of people in the settlements and to provide sewerage, electricity, water and roading. Current policies relating to squatters include: the upgrading and resettlement of squatters; policy on setting premiums and allocation of lots; and policy on subsidizing costs of lots developed by the Housing Authority for those earning below \$6,500. The resettlement programme involves the resettlement of those who are evicted from the areas in which they have been squatting. While the upgrading programme focuses on settlements on Government acquired land.

Government and housing agencies, such as the Housing Authority (HA), Public Rental Board (PRB) and NGOs, continues to play important roles in working towards the sector goal by providing housing to low and middle-income earners in urban and peri-urban areas. Rural Housing Programmes are also available on a one third and two thirds basis. The housing Authority has developed some 627 lots in Waila 3B and Field 40 in Lautoka to resettle evicted squatter families and tenants from PRB high rise units in Raiwaqa and Raiwai. A \$1m allocation is provided to PRB for lower income groups earning \$125/week. Currently, 1700 families benefit from subsidy scheme. The PRB will also pursue land acquisition in partnership with potential developers to carry out planned subdivision together with supporting infrastructures and construction of new homes in the Greater Suva, Lautoka, Ba, Tavua, Savusavu, Labasa, and Nadi. There are about 3,600 potential clients that can afford rental for new homes. Recently, a 27 Flat Complex is opened at Kia Street in Raiwai.

NGOs continue to play a major part in providing housing for the poor. Government provides an annual grant of \$1 million to the Housing Assistance Relief Trust (HART) and works closely with Habitat for Community and Rota Homes. HART provides shelter for destitute and near destitute families. HART has a total of 655 flats, 15 community halls, 3 Kindergartens and 2 Nursing Homes.

The Ministry of Women, Social Welfare and Housing estimated that over 90,000 people are living in the 184 registered squatter settlements. Government continues to inject resources to upgrade squatter settlements and provide affordable accommodation to the needy but more effort is required to better meet the growing demand.

Development Constraints and Challenges

Development constraints and challenges include:

- insufficient funds allocated to squatter upgrading and resettlement;
- rising levels of urban poverty, linked to the increase in squatter settlements;
- existing policies only address the provision of affordable lots but do not include the provision of a decent shelter;
- there is lack of incentives for squatters who wish to return to their villages;

- current housing assistance schemes is biased towards urban and peri-urban communities thus promoting urban drift;
- planning approval processes for upgrading and development works is very time consuming and costly; and
- there are no minimum standards required for housing design to cater for people with disabilities and special needs.

2.9 Urban Development

Fiji is an urbanizing society with about half the population currently living in cities and towns and surrounding peri-urban areas, accessing and taking advantage of urban services, employment and social opportunities. It is inevitable that cities and towns will continue to grow through the extension of town boundaries, creation of new towns, and on-going rural-urban migration. Urban areas support not only much of Fiji's population, but also a significant component of the economy, with 60% of the country's GDP produced in urban areas. To take account of this urbanizing trend between 2007 and 2011 and beyond, there must be an urbanization strategy in place to ensure an effective and efficient local government structure that implements this strategy. Only then can a stronger relationship between urban and rural areas be assured in improving Fiji's long term prosperity that is the basis of a harmonious nation.

To address urbanization issues Government with assistance from the Asian Development Bank (ADB) prepared an Urban Sector Strategy or Urban Policy Action Plan (UPAP), following wide consultations with all stakeholders and in-depth studies of key urban issues in 2003/2004. The primary goal of the UPAP is to assist in achieving an efficient, effective and sustainable urban sector that can make an optimal contribution to the socio-economic development of Fiji. The UPAP then provides the framework for achieving this by providing a vital link to government's socio-economic development objectives aimed at actively growing the economy and addressing social issues through an urbanization planning strategy.

The four key strategic implementation components identified to ensure the effective implementation of the UPAP are:

- Strategic Urban Development Programme, involving the design of a national implementation strategy;
- Devolution and realignment of the Ministry of Local Government and Urban Development;
- Challenge Fund for Municipal development. A matching fund facility for councils to draw on for specific capacity works for the upgrading of squatter settlements and the orderly extension of municipal boundaries, financed with government on a shared basis; and

- Local Government capacity building to ensure it can meet its expanded mandate including any roles and responsibilities devolved from central government, and practice participatory approaches to urban governance.

This background information provides the basis for the preparation of these policy objectives and the identification of the key performance indicators in line with the approach taken in the previous Strategic Development Plan. The UPAP identifies various weaknesses in the current systems that have been taken into consideration. Some examples are:

- No clear mechanism exists for integrating urban development planning at the national, regional and local levels. There is an absence of a strategic vision of where urban development in Fiji should be in terms of outcomes to be achieved at the national, regional and local levels and the process by which these should be achieved and monitored;
- Limited effectiveness of the current urban servicing process in facilitating the provision of land for development; and
- There is lack of policy coordination and integration between environmental planning, urban planning and infrastructure development planning in areas inside and outside the approved town planning scheme boundaries.

Beneficial urban development that minimizes costs to society and to government whilst ensuring improvements in welfare and environment protection, are key objectives of this strategy. Effective implementation of the urbanization strategy will, to a large extent, minimize the costs associated with these impacts, whilst optimizing the use of limited resources.

Development Constraints and Challenges

In summary, some of the development constraints and challenges include:

- Cities and towns suffering from urban sprawl, including unplanned development in peri-urban and rural areas that require a more focused land use and land zoning plan within urban boundaries;
- The lack of supporting infrastructure and services in keeping pace with rapidly expanding urban areas as a result the subsequent lack of an integrated planning framework;
- The lack of a mutually beneficial relationship between the rural and urban sectors, causing urban drift at the expense of rural sector growth;
- Rural-urban drift exacerbates the population and problems of poorly-serviced squatter settlements, particularly in peri-urban areas;
- Sustainable development and management of resources is hampered by a lack of integration of urban and regional development strategies;

- Orderly and sustainable development of urban areas and regions is hampered by an outdated legislative framework for planning and development that needs to facilitate current development trends and also to support investors;
- Poor performance in local government as a result of inadequate resources, processes and procedures that should be enabled in legislation to reflect market conditions;
- Excessive time to approve development and investment plans, leading to high costs of and disincentive to doing business in urban areas.
- Local governments do not have the management capacity to be effective in managing all issues related to its mandate;
- Lack of good governance and transparency in building an effective platform for the benefit of the community; and
- Lack of integrated planning in land use that leads to environmental degradation, urban sprawl, low returns to land-use and inefficient allocation of capital and other resources.

2.10 Health

Government has consistently given priority to health care provision, with sustained increases in resources and manpower provided to health activities.

Review of health performance, however, suggests that whilst inputs provided by Government have increased, the resulting outcomes, in terms of improved health indicators, have not increased proportionally. This suggests substantial challenges remain in terms of both the health benefits received by the people and the effectiveness of the health service in delivering improved services.

Of the eight Millennium Development Goals, three concern health issues. MDG 4 is to Reduce Child Mortality with targets set for a 2/3 reduction in child and infant mortality and to increase the proportion of 1 year old children immunized against measles. As shown in **Figure 2**, progress has not been satisfactory as infant mortality and immunization have deteriorated since 1990 despite the increased resources. For the key under-five mortality rate there was a marginal improvement between 1990 and 1995 but a consistent deterioration since then, so that the present position is very far from the MDG target for 2015.

Figure 2: Progress to MDG 4 Reduction in Child Mortality

MDG 4: Reduce Child Mortality Rate							
Target	Indicator	1990 Baseline	Status of Progress				2015 Target
			1995	2000	2002	2005	
Reduce by 2/3 between 1990 and 2015 the under-five mortality rate.	Under-five mortality rate per 1000 live births.	27.8	19.4	21.8	22.4	26.0	9.3
	Infant mortality rate per 1000 live births	16.8	14.7	16.2	17.8	20.8	5.6
	Proportion of 1 year old children immunized against measles.	86%	75%	74%	76%	68%	increase

Source: Ministry of Health

MDG 5 is to Improve Maternal Health with the key target set as a 75% reduction in the maternal mortality rate, supported by an increased proportion of births attended by skilled health personnel. Increased Government resources have ensured that almost all births are attended by skilled health personnel. However, as shown in **Figure 3**, this did result in improvements in the early years of this decade but there is currently a significant setback which needs to be addressed. Achieving the MDG target by 2015 will be a substantial challenge requiring a much improved performance in the use of health resources provided by Government.

Figure 3: Progress to MDG 5 Improved Maternal Health

MDG 5: Improve Maternal Health							
Target	Indicator	1990 Baseline	Status of Progress				2015 Target
			1995	2000	2002	2005	
Reduce by 3/4, between 1990 and 2015, the maternal mortality rate.	Maternal mortality rate per 100,000 live births	41.1	60.4	57.6	35.3	50.5	10.3
	Proportion of births attended by skilled health personnel.	98%	99%	99%	99.6%	c100%	increase

Source: Ministry of Health

MDG 6 is to Combat HIV/AIDS and other Diseases, such as tuberculosis. The progress against some of the indicators for this MDG is presented in **Figure 4**.

Figure 4: Progress to MDG 6 Combat HIV/AIDS and Other Diseases

MDG 6: Combat HIV/AIDS and other Diseases							
Target	Indicator	1990 Baseline	Status of Progress				2015 Target
			1995	2000	2002	2005	
Have halted by 2015 and begun to reverse the spread of HIV/AIDS	HIV prevalence among 15-24 year old pregnant women	0.00%	0.01%	0.01%	0.01%	0.04%	0.00%
	Contraceptive prevalence rate	31%	38%	44%	35%	46%	increase
Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.	Prevalence of tuberculosis per 100,000	na	21.1 (1997)	18.00	22.00		reduce
	Death rate of tuberculosis per 100,000	na	0.37 (1997)	0.37	0.73 (2001)		reduce

Source: Ministry of Health

There is limited surveillance of HIV/AIDS in Fiji, with three of the six MDG indicators not monitored. The MoH obtains information about HIV positive cases from laboratory test results and disaggregates data by age, sex, and race. The cumulative number of people with positive HIV/AIDS status was 229 as at September 2006. Fiji has passed the initial stages of the epidemic and is now in the explosive stage. If the HIV infection rate continues at the current pace, it is projected that 6,500 people will have HIV/AIDS in 2015. Government has developed, and is supporting a Plan to prevent, manage and control the spread of HIV/AIDS. Contraceptive use has increased, albeit unevenly, and the urgent need now is to achieve a substantial increase in order to combat the explosive phase of the disease's development.

Of the other diseases specifically monitored in the MDG, malaria is not an issue in Fiji. Tuberculosis is monitored but, as shown in **Figure 4**, there is no significant trend for progress. 'Life-style', or Non Communicable Diseases (NCDs), such as diabetes and cardiovascular conditions such as heart diseases, cancer, hypertension and strokes, continue to be a major challenge. NCDs are the commonest cause of morbidity and mortality in Fiji. Changing lifestyles and diet, obesity, declining physical activity, and increasing tobacco consumption are some of the main reasons for these diseases.

The performance against the three health MDGs is disappointing given the priority and scale of resources which Government has provided to the health care system, including:

- Some 20% of all public sector employees are employed in the health sector and budget proposals for health are given precedence;
- The integrated Public Health System comprises Clinical and Primary and Preventive Health Services provided through base hospitals in three geographic divisions supported by area and sub-divisional hospitals, health centres and nursing stations in the subdivisions;
- Intakes at Fiji School of Medicine (FSMed) and Fiji School of Nursing (FSN) have been increased in order to maintain and meet the delivery of health services;
- Progress has been made in the maintenance and development of health facilities, including the extension of Labasa Hospital, new mental hospital, Nausori and Ba hospital; and
- A new government pharmacy has been established.

The progress towards MDGs suggests that the substantial and increased input of resources by Government is not achieving the impacts on the health of citizens which Government intends.

The lack of improvement in outcomes suggests that the improvement in the nation's health is not simply, perhaps not primarily, a matter of increasing the resources allocated to health. It may be necessary to give greater attention to the management and use of the resources which are allocated in the context of policies to restructure the public sector

and build public private partnerships for delivery of public services. A re-orientation away from a supply driven process to a demand driven, outcome focused process may be appropriate.

Development Constraints and Challenges

Development constraints and challenges include:

- to improve efficiency and effectiveness of the use of resources in health service delivery;
- to respond to the increasing numbers of HIV/AIDS and STIs cases;
- to reverse the deteriorating rates of child mortality, infant mortality and maternal mortality;
- to reduce the incidence of Non-Communicable and life-style diseases;
- the emigration of skilled health care professionals;
- limited capacity at FSMed;
- the increasing demand and cost for health care; and
- the need for health financing reform, aimed at increasing health budgets from the current 2.92% to at least 5% of GDP by 2011.

2.11 Education and Training

Fiji is on target with MDG 2 “to achieve universal primary education”. Fiji has attained near universal primary education, but primary school enrolment and net enrolment rates have decreased since 2000. There is concern about the growing number of drop-outs from primary school. The percentage of pupils starting Class 1 who reach Class 5 has fallen from 91% in 1996 to 88% in 2002. Class 5 survival ratios stood at 95.2%, indicating that more effort needs to be made to keep students at primary school. Some parents cannot afford school costs, particularly in rural areas.

Access to secondary education is increasing with net enrolments standing at 71% in 2000. Enrolments have been higher for girls (74%). There is concern however, that secondary students have difficulty in getting jobs. The 2002 HIES showed that most of the unemployed population (77.2%) had secondary education.

Ethnic differences are still a concern in terms of examination performance. Indigenous Fijian students lag behind other ethnic groups in major external examinations results such as Fiji Junior Certificate (FJC), Fiji School Leaving Certificate (FSLC) and Fiji Seventh Form Certificate (FSFE). Similar gaps are also evident between rural and urban schools.

A well-educated society is able to better contribute towards a wealthy nation. Education remains a major spending priority for Government. Total primary school enrolment has increased from 144,284 in 1999 to 152,426 in 2004. During this period, access to secondary education has also been increasing. Pre-school enrolment increased from 6508

in 2000 to 9197 in 2003, an increase of 41.3%. However, enrolments are still low, with only 16% of the relevant age group in pre-school.

The teacher: pupil ratio has improved slightly and stands at 1:28 for primary education and at 1:19 for secondary education. While actual ratios are higher for urban schools than rural schools, it is important that this disparity be narrowed. Evidences suggest that the quality of teacher and time spent per student are most important factors influencing the quality of student learning outcomes.

Upgrading of rural schools and facilities is being boosted through European Union (EU) funding of approximately \$9 million per year for the next four years from 2005. There is also support of the same nature by JICA. These programmes provide infrastructural support to 300 schools, capacity building for teachers and Ministry personnel, teaching and learning resources for 600 schools and supporting systems and policy development. The AusAID funded Fiji Education Sector Programme [FESP] is also an instrumental programme which contributes to strengthening the education system in Fiji.

Examination performance has been improving. It is of note that Fijian schools performed better in the 2003 external examinations compared to the 2002 results. Similar performance is noted in 2004 as compared to 2003 results, particularly in the Fiji Junior Certificate and Fiji School Leaving Certificate Examinations. However, access to Form 7 education is an area of concern since only about 30% of Form 6 students progress to Form 7. It must be noted that a substantial number of FSLC graduates take other paths including vocational studies, tertiary studies, bridging studies and Foundation studies at USP. A form seven college is also under development to cater for students who prefer to this level.

In 2003 the Ministry of Education, with AusAID support, embarked on a \$10 million three-year Fiji Education Sector Programme (FESP). The programme is assisting the Ministry in improving the delivery and quality of education, especially to children in disadvantaged, rural and remote communities.

In terms of education service delivery, the Technical and Vocational Education Training (TVET), Leadership & Management and Enterprise Education (EE) pilots have shown increased benefits to schools, students and the community at large. Such modes of education require further encouragement by having a national policy for TVET, resourcing and coordination between government and agencies with responsibility for TVET.

Development Constraints and Challenges

Although the country has achieved near universal primary education, the dropout rate at primary level will continue to be an area of concern, particularly for Fijian students. A high dropout rate, as already stated is also apparent from Form 6 to Form 7. Many students face difficulty in affording education.

Ethnic differentials are still a concern in terms of Examination performance in Fiji. Fijian students lag behind other ethnic groups in percentage passes for FJC and FSLC. For instance, Fijians lag behind by 6% in FJC and 20% in FSLC in 2002. Similar gaps are evident in subject performance in the Fiji Seventh Form Examination in 2002.

2.12 Gender Equality and Women in Development

Women comprise about 40% of the Fiji labor force, according to the 1996 Census, an increase of 4% from the 1986 census. This contribution is fairly significant when compared to an average of 30% for the Pacific region. The Government is committed to creating an enabling environment, to enable women to participate fully in the socio-economic development of the country.

Acknowledging the recommendations made in the Mid Term Review of the National Women's Plan of Action [1999-2008] the Government's gender policies are guided by six areas of action that are focused into advancing the economic, legal and political status of women. These critical areas of action include Women and the Law, Women in Decision Making, Formal Sector Employment & Livelihood, Elimination of all Forms of Discrimination & Violence Against Women and the Girl Child, Women's Health and Reproductive Health and HIV/AIDS.

Government has made commitments to eight major international agreements and programmes of action on gender equality and the advancement of women. Notably amongst these are the Convention on the Elimination of All Forms of Discrimination Against Women & Children, Beijing Platform for Action, Millennium Development Goals (MDGs), UN Security Council Resolution 1325 titled Women, Peace and Security, Commonwealth Plan of Action, and Pacific Plan for Action.

Government has endorsed MDGs, including those associated directly or indirectly with the status of women and gender equality to advance the economic, legal and political status of women in Fiji.

Overall, gender mainstreaming processes to achieve the Government's commitments are still not well integrated into the government institutional structure, planning and budgetary process. Further support is needed to strengthen government capacity to implement its policies on Gender and Development.

Although recent indicators show little difference in the educational levels and achievements of men and women, and despite Government's commitments to gender equality, occupational discrimination and gender segregation are strong and persistent. Of the economically active population, women's share of formal employment is significantly lower than men's and women are less often promoted and are concentrated

at the low-pay end of the labour market in the public and private sector. Studies show that sexual harassment of women in the workplace is a problem.

Of the economically active female population, only about 30% are engaged in the formal economy and of these a large proportion work in semi-subsistence employment and self employment. Few women own businesses, because the inheritance laws practiced by both major ethnic groups in the Fiji Islands usually exclude women from inheriting land or other fixed assets.

In government, women hold only about 17% of Senior Executive positions, mainly in the social sectors. In the education sector, for example, there is a proportion of 28% of female teachers at the first line of management in the school system. As one progresses into the middle and top management positions the proportion of female Principals administers to 12% and 8%.

Women predominate among workers in the shrinking manufacturing sector. Labour costs in Fiji are interestingly competitive, but imported raw materials added to the cost of production, makes the country's products less competitive without subsidies or special terms for market entry. Women process workers cannot sustain their livelihood with low wages.

Women's higher risk of poverty and destitution is associated with labor force discrimination, increasing divorce and separation rates and problems in collecting maintenance payments from departed spouse. Women constitute the majority of beneficiaries under the Social Welfare Department's Family Assistance Scheme. Female unemployment among the poor is likely to increase sharply as a result of loss of jobs in the garment and further industries.

These facts indicate the need for effective social safety nets for the unemployed in particular, training and investment to promote alternative livelihoods for women displaced from the manufacturing sector. New models are necessary to provide women with micro finance for self employment.

Women in rural areas are the major subsistence producers and small scale marketers of food and handicrafts. Fijian women do most of the day-to-day subsistence fishing in most coastal and riverine areas. Women are also significant contributors to non-fin fish capture and marketing in the small-scale commercial fishing sector. Improvements planned for rural infrastructure will benefit women, but pressure on inshore marine resources due to over exploitation and destructive fishing methods threatens the sustainability of women's fisheries and therefore, household food security. Most Fijian handicrafts, especially those produced by women, do not compete on price with imported or local factory-made souvenirs sold in tourism centers, depriving Fijian women of an important economic opportunity.

The impact of imported, low quality foods which are cheaper than most local produce on women must be closely monitored. Twice as many women as men have nutritionally-related diseases associated with poor diets and poverty. Far more women than men suffer from anemia and twice as many women than men suffer from diabetes. Increased efforts are needed to address food security and public health, and promote and supply, distribution and consumption of locally produced food.

Government has endorsed MDG 3 for women's empowerment, for which a key indicator is the proportion of seats held by women in National Parliament. In 2006 there are three women Cabinet Ministers and two State Ministers. There are eight women parliamentarians amongst the 71 members of the House of Representatives and five women Senators amongst the 42 members.

Government policy requires that 50% of those appointed to Government Boards and other public bodies should be women. At present, women comprise 19% of the total appointments and are concentrated on minor Health and Welfare Boards and Committees. In Government Owned Companies Board of Directors there is 8% membership of female members.

A recent study shows that 80% of those surveyed nationally reported having seen someone beaten in the home and police statistics demonstrate the prevalence of Family and Sexual Violence. The participation of community leaders and involvement of all civil society organizations to support law enforcement agencies is considered critical to addressing the prevention and elimination of all forms of discrimination and violence against women.

In accordance with MDG 5 for improved maternal health it is important that Government must review its efforts to promote rural family programme. The fertility rate 4:4 among rural Fijian women suggests the need for renewed efforts.

In 2004 for the first time, more women among new cases were confirmed HIV positive than men. Experts consider that the Fiji Islands may be moving towards an AIDS epidemic. A strong emphasis on gender issues is needed to reduce HIV transmission, in keeping with MDG 6.

The overall strategy outlined in the Strategic Development Plan on Gender Equality and Development is aimed to supporting Government's priorities to maintaining stability and sustaining growth.

Development Constraints and Challenges

Development constraints and challenges include:

- Implementation and monitoring of sectoral programmes, government policies and administrative practices and procedures have incorporated gender perspectives;

- Implementation and monitoring of the EEO policy in all workplaces, presence of occupational discrimination and gender segregation in labor markets;
- Monitoring the compliance of laws and administrative practices and procedures to CEDAW Articles;
- Maintaining effective social safety nets for the employed in particular training and investment to promote alternative livelihoods for women displaced from the manufacturing sector;
- Promoting rural women's advancement in economic activities without destroying sustainability of women's fisheries and therefore household food security;
- Continuing social impact analysis of trade agreements on impact on women's health of imported, low quality foods;
- Advancing women's participation in Parliaments and other decision making bodies;
- Increasing incidence of domestic violence;
- Decreasing fertility of women especially rural Fijian women;
- Spreading of HIV/AIDS as an epidemic; and
- Collection and analysis of gender-sensitive data.

2.13 Children and Youth

The issues affecting children and youths are multi-faceted and need a coordinated approach. Key issues are employment, teenage pregnancy and sexual and reproductive health. Youth employment is being addressed primarily by the Youth Employment Policy Framework and the Labour Administration and Productivity Improvement Sub programme of the IHRDPEP, under the Ministry of Employment and Productivity. The major problem of unwanted teenage pregnancy is being addressed by various awareness programmes and through initiatives on reproductive health undertaken by the Ministry of Health.

In acknowledging International Conventions and other instruments concerning children, Fiji ratified the Convention on the Rights of the Child [CRC] in August 1993; adopted the Stockholm Agenda for Action in 1996; signed the Optional Protocol to the CRC in November 2005; signed the Hague Convention on the Civil Aspects of International Child Abduction [28] in October 1980. Section VI of the Millennium Declaration specifies the protection of the vulnerable, in particular, children. Since 1993, Cabinet endorsed the establishment of a National Coordinating Committee on Children [NCCC] to oversee the implementation of the Convention. Membership of the Committee comprises of government agencies, non-government organisations and civil society organisations. The Ministry of Women, Social Welfare & Housing is the current chair and secretariat of the NCCC.

Key issues that have been the focus of NCCC include Health, Legal Protection, Education and Family. Critical concerns are the prevention of child abuse, neglect and exploitation, children being made vulnerable by HIV/AIDS, child trafficking, internal

migration and the disaffiliation of children from their families, as well as the reporting requirements to the International Committee on the Rights of the Child.

Strengthening protective environments for children at government, community and family levels is a key strategy to address the above concerns. This includes awareness raising at community level, development of life skills education for children, review of legislations affecting children, and provision of child - friendly services and participation of children in decision making.

National Youth Policy of the Fiji Islands 2004 was developed and incorporated into the 20-year plan. Some of the policies were Youth Development and Employment; Leadership and Decision Making; Physical Education, Sports and Recreation; Youth Health; Life Skills Training; Youths at Risk; Youth Networking and Partnership; Cultural, Religious, Values and Virtues; Youth Rights; and Environmental Sustainability. The Cabinet endorsed a 20-year Strategic Development for Youth Development 2006-2025 in 2005. The plan is a coordinating mechanism for stakeholders to work together on a common platform for long-term youth development. The four focal areas of this plan that covers a wide range of issues are the Health & Social Services; Non-Formal Education & Training; Employment and Sports.

Development Constraints and Challenges

Development constraints and challenges include:

- Insufficient funding for all the implementing agencies;
- Coordination of implementation of programmes across sectors;
- Adoption of a National Plan of Action for Children;
- Establishment of a central disaggregated database and an Information System for monitoring of the status of Children's Welfare; and
- Prioritising legislative review and reform for children.

2.14 Culture and Heritage

Fiji is a multi-racial, multi-cultural country with a multiplicity of languages, religions and ways of living. Culture refers to the diverse manifestation of human intellectual and artistic activity that is part of both culture and heritage and is the living form of cultural expression.

The Department of Culture and Heritage was established in 2000 to coordinate the activities in the cultural sector and is also responsible for administering three statutory bodies in the sector. The Fiji Museum established in 1929, aims to be dynamic institutions for the preservation of the countries national heritage. The National Trust of Fiji was established in 1970 to provide for the protection of Fijis natural and cultural heritage. The Fiji Arts Council was created in 1964 to coordinate national programmes

and activities for the development of visual and performing and fine arts as well as traditional and contemporary crafts.

Integral to the development of the nation is the conservation, development and promotion of the indigenous identity. One that is not mutually exclusive but recognizes that its strength and vitality comes not only from conserving the past but embracing the future in its myriad dimensions.

Tourism, as the fastest growing industry in the world, relies to a large extent on cultural heritage for its sustainability. Historic conservation and cultural activities can maintain the distinct character of communities and greatly enhance the quality of life and enhance tourism investment. Cultural & natural heritage sites and traditional arts should be conserved and protected. Due emphasis should be placed towards the listing of Fiji's cultural and natural heritage sites in the world heritage listing and the establishment of proper heritage management system & the necessary infrastructure to enhance the product base for tourism investment on cultural resources.

Since 2005, Government has increased its allocation of capital grants for works to be carried out by the National Trust of Fiji on sites such as the Levuka Community centre, Sigatoka Sand dunes, Momi gun site, Yadua Taba Crested Iguana Sanctuary, Garrick Reserve and Kadavu Rare Bird project. Government has also continued annual operating grants to the Fiji Museum, National Trust and Fiji Arts Council. A further grant is provided to the Department for Small Grants Assistance, in programmes such as community cultural development, development of dance and meke, literature and history, music, performing and touring and visual art and craft development.

The association between gender and culture needs consideration. The challenge is to develop an agenda that recognizes women as significant actors in development and as bearers and signifiers of their culture.

Culture has the potential to address the challenges faced by our youth today unemployment, poverty alleviation and job creation. A major challenge exists in their economic inclusion, civic and cultural participation, and health and education needs. Part of the answer lies in the young people themselves and partly in creating an environment to express them. The education system provides a catalyst and an opportunity for this in instilling a sense of values and cultural identity.

There is a need to think culture and its impact on the environment. Local ecological knowledge and traditional management practices, as part of the local systems of values and meanings, have proved to be environmentally sustainable. The challenge is now to translate this into practical projects and to change policies that strengthen the cultural dimensions of the relations between the environment and development.

2.15 Sports Development

Sport promotes nation-building and community development by bringing people of all communities together. It moulds better citizens through the inculcation of important values such as goodwill, tolerance, understanding, teamwork and healthy living. Sport has also become a major source of employment locally and abroad and has promoted Fiji internationally. Sports Development Unit in Fiji looks after the development of sports. The objective of Sports Development Unit is to provide opportunities and facilities for the active participation of all citizens towards the fulfilment of basis social, physiological and psychological needs. The Ministry plays a major role in the promotion and development of sports in the Fiji.

Through the Sports Unit, the Ministry has four major programmes to meet its objectives: i) sports grants; ii) sports outreach and talent identification program; iii) donation of sports equipment; and iv) sports field development & upgrading. Sports grants are awarded to National Sporting Bodies through FASANOC. There are four types of grants: i) hosting of international tournaments; ii) overseas sporting tours; iii) short-term expert; and iv) sports scholarships. The Sports Outreach and Talent Identification Programme is run in collaboration with respective National Sporting Bodies: Fiji Rugby Union, Fiji Netball and Fiji Volleyball. The programme is conducted in various Provinces to teach basic skills of the games and to identify new talents.

Donations of sports equipment are given to schools, religious organizations and registered clubs and youth groups. The Ministry only provides basic sports equipment such as netballs, basketballs, volleyballs and net, soccer and rugby balls, boxing gloves, cricket and softball bats. Sports Field Development and Upgrading programme involves the development and upgrading of sports playing fields. Priority is given to schools and communities in remote areas who have limited access to proper facilities. Other programmes for the Ministry include: Inter-Ministry Sports, assist in organizing of sports tournaments upon request and coaching clinics and sports administration courses for communities and schools.

The effectiveness of Fiji's sportsmen and sportswomen has been highlighted by the achievements of 2005 namely the Rugby Sevens World Cup, International Rugby Board (IRB) 2005/2006 sevens series, and in the United States Professional Golfers Association tour. At the VIIth Mini South Pacific Games in Koror, Palau, Fiji won 63 medals (23 gold, 21 silver and 10 bronze) and a bronze medal in the Rugby Sevens competition at the 2006 Melbourne Commonwealth Games. A significant number of Fiji Islanders are now making a living in various sports overseas. Players like Waisale Serevi, Vijay Singh and Vilimaina Davu are role models of the youths and children who want to make career in sports.

A significant amount of remittances from overseas is received from sports-related activities. Remittances were valued at \$297 million in 2004, increased to \$311 million in

2005 and have become Fiji's second largest income-generator for the economy, surpassing sugar and contributing around 7% of the GDP.

Following the 2003 South Pacific Games in Suva, the Fiji Sports Council now manages sporting facilities having a net worth of approximately \$50 million. These include the National Indoor Stadium, National Hockey and National Aquatic Centres built with the assistance from the People's Republic of China. With these modern sporting facilities, Fiji Sports Council, in collaboration with the Fiji Association of Sports and National Olympic Committee (FASANOC) and the Ministry of Youth, Employment Opportunities and Sports, has embarked on a marketing plan to host international sporting meets and accommodate training of international teams at these facilities and to market elite athletes internationally.

In 2006, Melbourne hosted the Commonwealth Games, which provided an opportunity to market Fiji's world standard sporting facilities for training prior to the Games. In July 2007, the National Indoor Stadium will host the World Netball Championships (WNC), last held in Jamaica in 2003. Government is fully committed to the successful staging of the WNC. It will be an opportunity to show the World that despite our smallness and our diversity, Fiji has what it takes to host a world championship like the WNC 2007. In preparation towards the WNC, the Team Fiji has hosted the New South Wales Institute of Sports, England and South African National Teams. It is envisaged that on an annual basis, the current facilities in Fiji will host at least one international tournament, meeting or conference.

Government is fully committed to the balanced development of sports, particularly at the grassroots level. It aims to give the sport the recognition it deserves as one of the defining features of our national character. To foster partnership and ownership with stakeholders, a National Sports Summit was held in December 2003, to draft a National Sports Policy (NSP). The NSP will form the basis of an overall national approach to developing and coordinating sports in Fiji. To support private sector funding of sports, the Government has provided a 200% tax incentive for commercial sponsors of sports since 2004 which is managed by the National Sports Funding Commission (NSFC). Other funding initiatives such as gaming machines have been considered, with staging of special events, development of sporting facilities and provision of training also in the current plan. The grant to sports has assisted 26 national sporting bodies with sports grants to implement their development programmes. Sports outreach programme is currently ongoing and so far 2 sports outreach programme have been completed in the following villages – Nabasovi - Koro, Tavuki - Kadavu and Qeleni - Taveuni.

Most sporting federations need to work towards a more structured approach to sport development. Some sports have greater potential to attract financing and move towards professionalism. Both rugby and soccer have the ability to receive significant funding from international parent bodies and corporate sponsorship. To identify and develop

athletes who could excel internationally, Government plans the development of a National Institute of Sport or an Academy.

With non-communicable (life-style) diseases on the increase, the Ministry of Education, Youth and Sports is continuing to promote “Sports for All”, targeting public service offices around the country and rural and urban population. Ministry of Health is emphasizing on the facilities for improving adult health counselling.

Development Constraints and Challenges

Constraints to further development of sports include:

- the lack of sporting facilities, especially in rural areas,
- the low funding for sport and need to promote corporate sponsorship; and
- the need to move to a more commercial approach, especially in professional sports.

2.16 Disaster Risk Reduction and Disaster Management

Over the last decade, damage caused by tropical cyclones has been estimated at about \$500 million and more than 100 lives have been lost. Tropical Cyclone Ami, which struck the northern and eastern regions in 2003, caused social and economic losses of more than \$100 million, whilst the floods in April 2004 caused damage estimated at more than \$30 million.

A risk management approach underpins Government efforts in disaster risk reduction, with a strong emphasis on greater community self-reliance. The integration of risk management into the development planning decision-making process using the Comprehensive Hazard and Risk Management (CHARM) approach will make a significant contribution towards disaster and risk reduction. Essentially this will place strong emphasis in the analysis and evaluation of hazards, vulnerabilities and elements at risk. However, the heavy dependence on Government handouts after recent disasters, coupled with high rehabilitation costs, has disrupted planned capital expenditure programmes. To address this problem, Government established a National Disaster Relief and Rehabilitation Fund, with a \$2.6 million budget in 2004. A National Disaster Committee was established in the Prime Minister’s Office, to oversee the new National Disaster Relief and Rehabilitation Fund and to assist the NDMO to deal with disasters.

Reviews of the Natural Disaster Management Act 1998 and the 1995 National Disaster Management Plan, are due for completion in 2006. The principal recommendations are to include manmade hazards including technological hazards in the Act and Plan and to institute qualitative improvements in legislation, regulations, organisation, operating procedures, training and readiness. The reviews stressed that an effective crisis and emergency management system under national leadership is essential. The review also aims to put in place a robust system in dealing with disaster risk reduction and planning for effective preparedness, response and recovery. The focus on community capacity

building aims to reduce dependency and to achieve community resilience and sustainable development.

Development Constraints and Challenges

There is a need to develop Response Plans and Early Warning Systems for floods, earthquakes and tsunamis, in order to provide people with time and confidence to deal with such events and to facilitate more rapid Government intervention.

Mainstreaming disaster risk reduction into other sectoral development plans, policies and programmes is crucial for sustainable development and community resilience.

The Fiji Red Cross works closely with the divisional commissioners and provincial administrators/district officers and provides invaluable support during emergency relief operations. There is a need to continue to strengthen relationships with Disaster Management partners, including the Red Cross, civil society, as well as the FRANZ group, the EU, ADB, World Bank, UNDP and SOPAC.

Chapter 3 Review of Economic Development

3.1 *Economic Management*²

3.1.1 Recent Developments

The performance of the Fiji Islands economy since 1999 has been uneven, reflecting the economic consequences of the political and constitutional shocks experienced between 1999 and 2001. The Government has been broadly successful in restoring stability and re-establishing economic growth but the country continues to face an uncertain future. The uncertainties stem partly from the need to resolve political issues such as constitutional reform and leasehold land issues and partly from an economy beginning to experience the impact of restructuring of the agriculture and manufacturing sectors in response to changes in international trading arrangements.

For many years Fiji benefited from preferential quota access to two high-price markets - the US garment market and the EU sugar market. The garment quota was lost in 2005 with an immediate impact on growth, exports and employment - 6,000 jobs were lost in the first few months, with more following as the industry re-sized. Thousands of sugar cane farmers have left the sugar industry in recent years and thousands more are expected to leave over the next few years as EU price reductions take effect and returns to labour and land in sugar cane production become uneconomic. These figures understate the social impact of these developments. The garment industry provided employment predominantly to women, for whom there is no obvious alternative employment and the contraction of the sugar industry will impact not just farmers but also the thousands of ancillary workers – cane cutters, those transporting cane to the mill and mill workers - as well as all their families.

There have also been positive developments in other sectors, requiring change and economic restructuring. Tourism has grown strongly, providing additional employment in the tourism areas. Foreign remittances have increased sharply, providing critical support to the balance of payments and reserves. Exports of water, the harvesting of newly matured mahogany plantations and non-sugar agricultural exports are all expected to make a growing contribution to export earnings over the next few years. But these, by themselves, may not be sufficient to create the faster growth rate Fiji needs.

The future prosperity of the country depends critically upon how Government and private sector respond to the challenges posed by the changing external environment and the weakness of private sector investment. The events of 2000 halted most private sector

² This section builds upon the analysis of Michael Moriarty undertaken for the National Planning Office in 2005 under ADB TA 3960.

investment in Fiji. Stability and confidence have been rebuilt to a considerable extent and private sector investment has increased significantly. But issues remain to be solved, in terms of land leases and constitutional and public sector reform, which hinder increases in private investment as many private sector investors – other than investors in tourist related facilities - wait for these issues to be resolved.

Investment in tourist accommodation and related facilities is increasing strongly in response to the ongoing growth in visitor arrivals, but the linkages between large tourist operations and the domestic economy are not yet strong. Tax exemptions intended to promote tourism invest also give preference to imported goods rather than creating demand for increased domestic production.

In 2001, Government sought to “kick-start” an economic recovery through a demand-driven economic expansion. Public sector spending and investment were intended as a substitute for the missing private sector investment in a pro-cyclical fiscal stance with increasing Government deficits. Between 2001 and 2003, the deficit averaged 6.5% per annum. The Reserve Bank indicator interest rate was held at a historically low level to encourage more rapid domestic credit expansion to the private sector.

In conjunction with strong growth in remittances and recovery in tourist arrivals, this resulted in real GDP growth between 2001 and 2004 averaging 3.5% per annum. This consumption-driven expansion did not produce an investment response from the private sector sufficient to sustain high growth. While spending by tourists and remittance-funded consumption were backed by an inflow of foreign exchange, the expansion in consumption fuelled by the budget deficit and cheap credit was not. As a result, foreign exchange reserves began to decline until, as discussed in Chapter 5, fiscal and monetary policy were tightened to consolidate the gains made and lead to a new level of macro-economic stability supported by a fundamental restructuring of the public sector and, consequently of the whole economy.

Confidence is returning even more with the development of civil partnerships to address the political issues facing the nation. In this context, the combination of macro-economic stability and public sector restructuring will not be a substitute for private sector investment but will promote and facilitate such investment. In partnership with the private sector, Government not only seeks a private contribution to Fiji’s physical asset base but also to benefit from the private sector’s unique entrepreneurship - the ability to manage assets profitably and promote self-financing economic growth.

3.1.2 Private Sector Requirements

Entrepreneurs discover profit opportunities which increase the productivity of resources that will drive sustainable growth. To work effectively, such private entrepreneurs need a set of stable “rules” that facilitate their access to the assets, markets, skills and the financial resources that they require and “rules” which also protect entrepreneurial gains

from expropriation. Such rules include property rights, regulatory regimes and legal systems which allow the private sector to work effectively.

At present, the business regulatory environment in Fiji needs to be improved to enable businesses to operate successfully. The institutional environment is cluttered with “rules” which incur time and cost penalties on businesses but often have no discernable benefits to the country, indeed they often incur costs for the country as well. That is because deficiencies in the institutional environment create perverse incentives, block access to assets, information and markets, generate uncertainties about whether entrepreneurs will be able to keep the profits they make, and increase transaction costs.

- There is no integrated system of formal property rights that can be easily accessed and analyzed by potential investors and which can be efficiently used to make people accountable for the business commitments they enter into;
- There are still difficulties in ensuring that land is used productively in its highest value use. The market for leasehold land is not working properly as it is under-priced and there is insufficient land being made available for all the entrepreneurs who can use it productively and land that is available is not used as productively as it could be, harming benefits to indigenous land owners as much as to the prospective tenants;
- Inadequacies in property rights in land increase transaction costs and make it difficult to use leasehold land for collateral, reducing the benefits of the land use below the full potential and reducing market value of leasehold land, again harming benefits to both owner and tenants;
- There are difficulties with the legal system that make it needlessly time-consuming and costly for entrepreneurs to start-up a business, operate their businesses and exit a business;
- There are difficulties in enforcing business transactions, in collecting debt, and in taking a secure interest in property;
- Financial markets do not provide access to the range of financial services needed by entrepreneurs, thus inhibiting structural economic adjustment, particularly in agriculture;
- Remaining deficiencies in labour market institutions also impede structural adjustment by making it difficult to match unemployed workers with job vacancies, and militating against a more rapid up-skilling of the workforce; and
- There is too great a discretionary element in the administration of investment incentives, price controls and the tax system, which create needless uncertainties and the fear of arbitrary expropriation of income.

These are all “supply-side” constraints that increase the risks and costliness of doing business, sometimes to the point where transactions no longer take place at all. This impacts upon the financial incomes of entrepreneurs, land owners, tenants and employees. Enterprises are not started or expanded to their full potential. Land owners have no tenants or receive incomes well below those which would exist in an efficient

market. Tenants access to financial and technical resources is severely constrained so they cannot achieve the incomes needed to increase their living standards and afford higher rents. Workers have fewer jobs and restricted opportunities for higher incomes which depend on access to technology and training.

Each individual and family bears the financial cost in terms of lower quality of life and standard of living. Nationally, these supply-side constraints reduce the size of the economy and its ability to grow. Consequentially, resources available to Government are reduced and its ability to provide public goods and services is diminished.

Removal of these constraints cannot be achieved by tinkering with administrative arrangements. They require a fundamental restructuring of Government and a re-allocation of assets and responsibilities to those who can best manage them in the interests of the whole population of Fiji.

3.1.3 Public Sector Challenges

Progress needs to be made in eliminating these problems before the economy can grow more rapidly and on a sustainable basis. Increased efficiency in the use of land, labour and capital resources requires action by Government in developing the institutions and rules by which resources are allocated and used and in the policy framework which creates opportunities for enterprises to be developed in line with desired national directions.

Institutional Challenges

Land is overwhelmingly communally owned native land and the Native Land Trust Board must play a major role in its efficient allocation and use. NLTB has made comprehensive plans to facilitate and promote tourist operations on native land, with clear opportunities for participation by landowners. NLTB has a long term interest in the productive use of land and in maintaining its long term productive capacity. Its ability to raise returns to land and to resource owners depends upon establishment of a more efficient market for land in place of the heavily administered market which now exists. The many gaps and inadequacies in the laws relating to property rights in land must also be remedied so that it is easier to use interests in land (including leasehold interests) as collateral for loans.

The various investment incentives and tax and import duty exemptions give the appearance of promoting business but, in practice, form part of an interventionist regime of licenses, permits, investment approvals, and price controls. Together these, at best, add to transaction costs and distort decision making and, at worst, also increase uncertainty and opportunities for corruption as Ministers and officials are required to exercise their discretion in their interventions affecting the business decisions of private sector firms.

Some businesses, unrealistically, may like to keep the incentives and exemptions whilst removing the restraints on their freedom of decision. Rather, a thorough review is needed to create a legal environment for business that makes it easier to commence and operate businesses, to enforce contracts and collect debts and to obtain and publicly record security interests in property, and to reduce legal compliance and transaction costs. This will allow entrepreneurs to make commercial decisions for viable enterprises which are free from intervention and distortion.

Real entrepreneurs do not depend upon incentives and exemptions - treating them as a “bonus” to add to profits of fundamentally profitable ventures, aware that they may be withdrawn at any time. More marginal enterprises may require incentives which are limited in scope and time in a transitional period until they cover all their costs, including their share of the costs of public goods and services. Particularly given the fiscal position, such incentives and exemptions may be reviewed to keep only those which provide transitional support to marginal enterprises which provide national economic returns greater than the short term financial returns.

Innovations have been made in financial services, but financial markets need to be deepened and strengthened to provide a greater range of services and geographical coverage so that as many entrepreneurs as possible, including in rural areas, can access finance. Such deepening must include further development of markets for equity and all forms of debt. The bond market is weak as it is dominated by Government as borrower and the Fiji National Provident Fund as lender. A competitive market in which the private sector can compete as borrower and lender requires a diversification of Government debt and of FNPF’s fund management.

As a result of past development, institutional arrangements in the labour market pose fewer problems for entrepreneurs. The main weakness of existing institutional arrangements is the inadequate machinery in place to help match vacancies with workers seeking employment. The greatest practical problem facing entrepreneurs in this area is the scarcity of skilled labour. A greater effort is required to plan, fund and coordinate the provision of the training programmes needed to provide the skilled labour force that Fiji will need over the next few years, and in the longer-term. These are issues of labour market efficiency and responsiveness which need to be improved.

Policy Challenges

Entrepreneurial activity also requires a supportive policy framework. Entrepreneurs need an economic environment that ensures low inflation, predictable tax rates, trade policies that do not impede access to assets and markets and a foreign exchange regime that reduces the vulnerability of the economy to external shocks.

As noted in 3.1.1, Fiji is suffering such an “external shock” as a result of the present and prospective reduction of preferential market access for sugar and garments. These have reduced export revenues and, thus, reserves. Budget deficits to support growth have

drawn in imports and are no longer appropriate as they compound the impact on reducing reserves whilst increasing Government debt faster than economic growth can support. As discussed in Chapter 5, none of these parameters has been allowed to approach a critical level and measures have and are being taken to maintain macroeconomic stability which is essential to all economic activity and growth.

These appropriate tightening measures in monetary policy include increased interest rates to encourage savings and investment rather than consumption and debt. This regime of higher interest rates will also lead to higher Government debt service costs. However, using the proceeds of asset sales to repay the debt is the quickest way to strengthen the Government's balance sheet to maintain macroeconomic stability. Such proposals to transfer under-performing assets to private ownership are included in Chapter 6. Reducing debt to a more conservative level requires a reduction of the Government deficit through increased control and management of revenue and expenditure, as proposed in 5.2.

In late 2004, Government approved a competition policy based on (a) promoting a market system in which competition is left to market forces to induce lower costs, innovation and greater efficiency; (b) promoting contestability by removing entry and exit barriers to markets; and (c) constraining economic concentration through limitations on anticompetitive conduct. This new approach provides a sound basis for encouraging greater competition and hence entrepreneurship in Fiji.

On the other hand, price controls affect 50% by weight of all the items in the consumer price index. A Price Surveillance Order also covers a considerable number of intermediate goods. As a matter of law, the price of every item manufactured in Fiji is *potentially* subject to price control even if the Counter-Inflation Act is administered in a light-handed way and does not interfere with the ability of markets to set prices. It is difficult to ascertain what public good is achieved by maintaining such a regime which merely adds to transaction costs and creates uncertainties and risks for entrepreneurs' decision making, including investment decision making. Removal of such risks may more cost-effectively promote private sector investment than fiscal incentives and exemptions. A more limited list of controls to clearly address particular market failures, such as exploitation of monopoly power, would be more consistent with the new competition policy.

The economic aspects of affirmative action plans can also create some challenges for competition policy. To offset these risks and create social justice, effective affirmative action must include strong programmes which enable Fijians and Rotumans, women, and people with disabilities to compete in national and international markets on an equal footing with others and develop the necessary entrepreneurial skills.

The shift in strategic direction towards an export-oriented policy implies a need to switch domestic expenditures away from domestic consumption into production for export.

Expenditure 'switching' of this kind will require much tighter fiscal and monetary policies and, perhaps, greater flexibility in the exchange rate regime to achieve a change in relative prices.

A more flexible exchange rate regime offers several advantages. It offers better protection against external shocks by giving clearer market signals to encourage all economic actors to adjust their savings, investment and consumption behaviour immediately rather than wait for Government policy changes before acting. This saves time, reduces the costs of adjustment, reduces public sector exchange risk, makes it easier to conduct an independent monetary policy and facilitates the country's integration into the international financial system. A more flexible regime, however, would take several years to prepare and introduce in a medium-term framework with assured fiscal discipline.

Fiji is a small open economy and the export-oriented growth strategy requires competitiveness not only in the domestic economy but that Fiji must become an internationally competitive economy. Tariffs on imports become a tax on exports and policies that increase protection for domestic industries distort investment decisions in favour of uncompetitive producers whilst adding to the cost disabilities imposed on exporters. In an economy driven by intervention - exemptions, incentives, tariffs, protection - the switch from consumption to export driven growth requires a whole new set of interventions and the removal of old ones. A better alternative is needed.

Policy changes in tariffs or quotas alter the Effective Rate of Protection (ERP) accorded to particular activities. It is important to create greater uniformity in ERPs across the economy if unintended results are to be avoided. For example, the 2001 "investment package" increased the gradient of the cascading tariff so that the effective rate of protection encouraged low value-added products but penalized higher value products. The primary policy objective for the tariff system should be the adoption of a low and uniform rate structure. The goal should be to encourage all industries to become as internationally competitive as possible whether exporting or selling domestically. In this way they are helping to reduce each other's input costs in a 'virtuous' and mutually reinforcing process that works to lower the economy's cost structure and thus make an even wider range of industries internationally competitive.

Such a permanent restructuring of taxes and tariffs to promote entrepreneurial efficiency and competition will much better serve Fiji's economic development than any revised set of market distorting interventions ever could. In this scenario, the public sector would stop interfering in the private sector's decisions and management to concentrate on the essential task of improving decision making and management within the public sector.

3.1.4 Monetary Policy and Macroeconomic Conditions in 2006

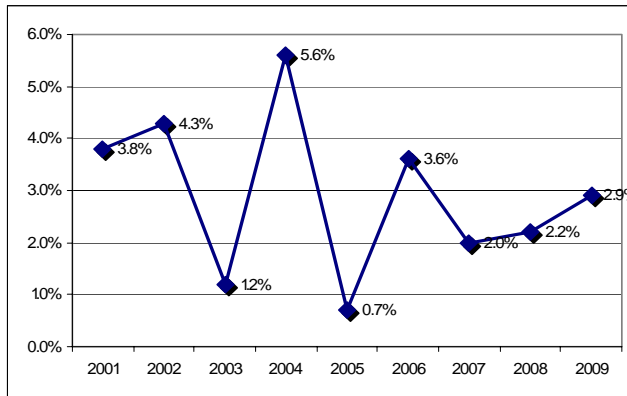
Recent growth has been led by the construction, tourism and finance and business services sectors more than offsetting negative contributions from natural resource based sectors and falling garment production. For 2006, growth is anticipated to be broad based with projected growth of 3.6 %.

Growth has been consumption led and financed largely through borrowing. Given the narrow production base, increased consumption led to increased imports, compounded by high world oil prices. This imbalance increased in 2005 and 2006 due to the loss of garment quotas and the beginnings of EU sugar market restructuring, which will influence Fiji's sugar exports throughout the Plan period. This situation requires a response in monetary and fiscal policies to maintain macro-economic stability. Monetary policy was tightened with three interest rate increases, totalling 2.5%, between October 2005 and June 2006, to manage domestic demand, reduce imports and safeguard foreign exchange reserves. A matching fiscal tightening is indicated in the Strategic Policy Statement (SPS).

Economic Growth

Figure 5: Actual and Projected Real GDP Growth

Sources: FIBOS, Macro Policy Committee, October 2006



The impact of weak garment and natural resource performance is shown in the drop in growth to 0.7% in 2005. Continued tourism led growth and the restructuring of natural resource sectors will give an early recovery of growth in 2006 and succeeding years. However, the initial recovery in growth will not achieve the potential of Fiji's economy. The Plan's development

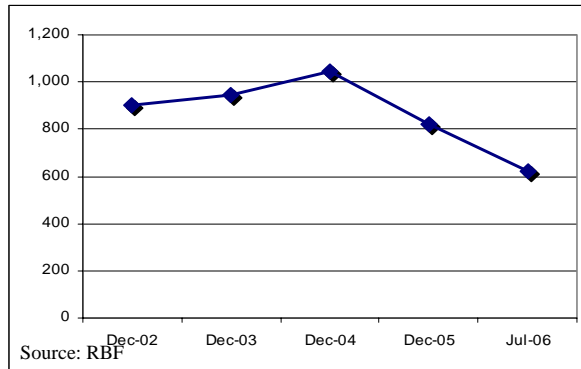
policies, including monetary and fiscal policies, will promote sustainable export and investment led growth consistent with the Strategic Priorities in 4.1.

Balance of Trade and Payments

Until recently, the deteriorating trade balance and the consequent current account deficits have been partly offset by surpluses on capital and financial accounts. However, the trade deficit has recently been widening at a much faster pace, and the small surpluses on the capital and financial account are not sufficient to counter this widening trade imbalance.

At the beginning of 2006 imports of consumer goods appeared to be stabilising but imports of capital and intermediate goods - especially mineral oil - rose. The trade imbalance was compounded as exports fell sharply, with exports of garments, timber, sugar, textiles, footwear, fish, mineral water, fruits and vegetables all falling.

Figure 6: Foreign Exchange Reserves (F\$M)



The Macroeconomic Policy Committee forecasts improved export performance in 2006, at 6.6% growth compared to a 1.1% decline in 2005. However, import growth is projected to accelerate from 8.8% in 2005 to 19.9% in 2006.

Until 2004, balance of trade and payments deficits had not prevented a general rise in reserves, but the sharpness of adverse movements since then

have led to a fall in reserves. Concern is increased due the adverse change in import cover due to the combination of subdued exports and increasing imports.

In October 2005, the Reserve Bank made a timely and appropriate response by raising interest rates to restrain demand and imports. RBF has gradually increased rates by 2.5% up to mid-2006. In its Monetary Policy Statement of May 2006, RBF makes clear that it will “maintain a tightening bias in its monetary policy stance in the foreseeable future” and “will be monitoring very closely the development in the trade balance of the Balance of Payments”. The SPS proposes a parallel tightening of fiscal policy to support demand management and move from consumption and import led growth to sustainable growth led by exports and investment.

Consumption, Savings and Investments

Consumption remained firm into the first half of 2006 with net Value Added Tax (VAT) from domestic collections increasing by almost 10% in April over the 2005 period. Lending for consumption purposes also showed strong growth with consumption activity also supported by rising incomes, reflected in growth in Pay As You Earn tax receipts by 11.8% on an annual basis. The Reserve Bank’s December 2005 Retail Sales Survey indicates 2006 growth in retail sales will slow to 5% compared to 15% in 2005 due to factors including: import excise duties on consumer durables; continuing high oil prices; and the deliberate monetary policy tightening. Monetary policy now seeks to facilitate the change to export and investment led growth.

Savings in the last quarter of 2005 grew by 5% as private and public enterprises and Government saved whilst individuals continued to borrow as loans and advances grew 7.3% over the quarter. Savings have been discouraged by negative real interest rates on savings and time deposits. As illustrated in Figure 7, the tightening of monetary policy has created positive real interest rates for time deposits for the first time since 2001 and this may encourage future savings to support investment led growth.

Investment has risen 11.5% of GDP in 2000 to 16.7% in 2005 and an expected 17% in 2006. Over this period, private sector investment increased from 3.1% to 6.1% but is still less than half the 13.6% of 1985 and the similar level now needed if productive investments are to lead economic growth. The overall target for annual investment is 25% of GDP, of which the private sector will be encouraged to provide about 15%.

Exchange Rate and Reserves

RBF has two objectives of monetary policy: low inflation and an adequate level of foreign reserves. The adverse change in the balance of trade has impacted upon reserves and required the monetary

Figure 7: Real Interest Rates



measures being taken to maintain reserves, through demand management. In October 2005, RBF increased the indicator rate by 0.5% to 2.25%. Subsequently the rate was increased in 2006 by 1.0% in February and another 1.0% in June. In May, RBF also raised the commercial bank's statutory reserve deposit requirement ratio from 5% to 7%.

These initiatives have made a significant impact on the lending and deposit rates

offered by banks. The real rates of interest, net of inflation, which lenders paid had increased significantly, and for new lenders had risen by over 50% in real terms from 3.88% in 2005 to 7.04% by July 2006. Meanwhile, real rates on time deposits switched from minus 0.72% in December 2005 to plus 4.16% in July 2006 and for new time deposits real rates reached 5.73%. These changes are expected to encourage savings and lower growth in consumption and imports.

Inflation

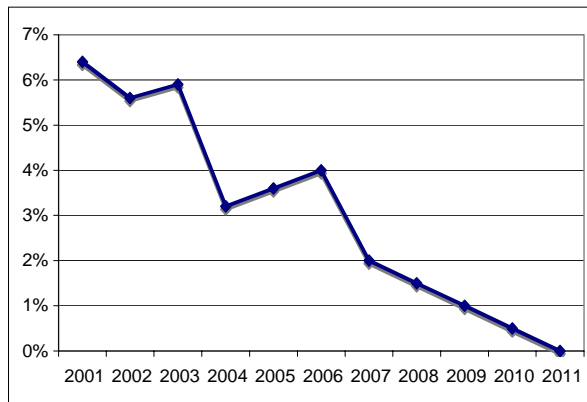
Despite the expansionary fiscal and accommodative monetary policy stances in the last few years, inflation was maintained at acceptable levels. Inflation remained low and stable due to lower imported inflation and subdued domestic prices. Low levels of inflation continued into the first six months of 2006 and by July the rate was 1.8%. Domestic price pressures have been less than anticipated whilst tightening by the central banks of major trading partners has helped keep imported inflation in-check. In this context, inflation in 2006 may be lower than projected but, conservatively, the year-end inflation forecast remains at 3.5%, influenced by expectation of continued high global crude oil prices.

3.1.5 Fiscal Position in 2006

Budget Deficit

For 2002-2005, the net deficit averaged 4.6% of GDP due primarily to: (i) slower than expected reductions in costs of national security, salary and wages increments, (ii) the cost of disaster rehabilitation in 2003, (iii) overspending by major Ministries, and (iv) the cost of General Elections in 2006. Revenue performed to expectations with the exception of the delayed realization of asset sales proceeds in 2002 and 2004.

Figure 8: Actual and Projected Fiscal Balance

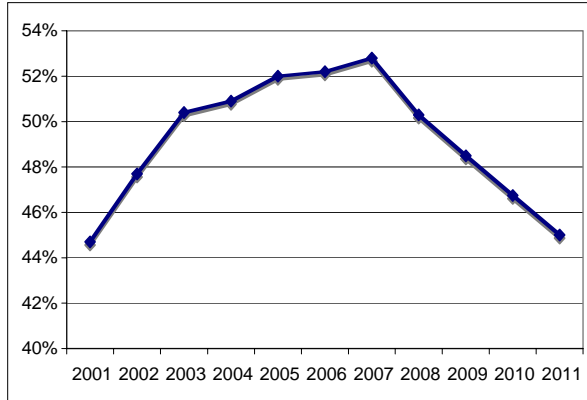


Source: MFNP

In 2004 and 2005, Government reduced the net deficit below 4% of GDP but further reduction requires that expenditure, particularly for operations, is restrained to levels commensurate with the growth in the revenue base. As illustrated in Figure 8, the deficit will not significantly exceed 2% of GDP in any year of the plan period.

Figure 9: Actual & Projected Debt to GDP Ratio

Source: MFNP

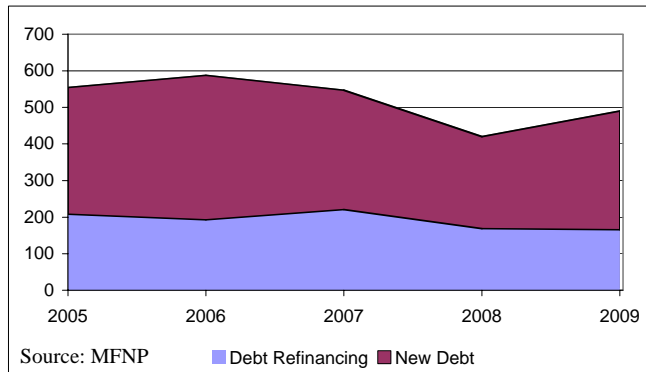


The result of continuing deficits has been an increase in public debt from 44.7% of GDP in 2001 to 52% of GDP in 2005 (Figure 9). Whilst the present level is not unduly high, it is necessary to limit the level of debt in order to retain confidence in the country and its finances. The increasing level of debt also increases the annual costs of debt service, thereby either increasing the budget deficit further or reducing funds available for expenditure

programmes. Government will continue its current fiscal policy stance of reducing deficits over the medium-term so as to better manage debt and encourage greater use of the country's savings in the private sector.

Debt Management and Contingent Liabilities

Figure 10: Estimated Financing and Refinancing



investment.

The reduction in the ratio of debt to GDP does not mean that Government will no longer borrow. Total debt service is some \$300m to \$350m per year and nominal value of total debt will continue to rise at sustainable levels as Government borrows to refinance loans repaid and raise new debts to fund public sector

Annual borrowing for refinancing and new debt is estimated to be about \$400m to \$500m per year (Figure 10). This will be consistent with macroeconomic objectives and, by turning over the debt portfolio, it will provide an opportunity to restructure the debt.

The borrowing of off-budget entities does not form part of government debt though they are contingent liabilities due to Government guarantees. These liabilities have been on a downward trend as a ratio to GDP but in 2005 amounted to 59.4% of GDP. The major part of this is in the form of guarantees of the liabilities of FNPF, whose major asset is loans made to the Government. Thus, the contingent liabilities associated with FNPF relate to debt which Government owes to FNPF - effectively double counting Government's obligation to repay the debt and the contingent liability to guarantee FNPF if it does not do so. Net of the FNPF liability the Government has contingent liabilities of some 20% of GDP additional to the public debt. There is no commonly used benchmark for the sustainable level of contingent liabilities. Government will encourage statutory authorities and companies that are majority owned by Government to borrow on the strength of their balance sheets and cash flows. Government guarantee will be restricted and used only as a last resort.

Although contingent liabilities are not a current concern in terms of direct impact on Government finance they are an issue as they impede the process of restructuring public enterprises for which debt had been guaranteed. This issue will be addressed in the Plan period as a part of the more fundamental restructuring of the public sector discussed in Chapter 6.

3.2 Sector Performance

3.2.1 Sectoral Challenges and Opportunities

The overall growth in GDP averages very different performance of individual sectors. The performance, status and development challenges of each sector are analysed in the following sections of this chapter.

Sectoral performance falls into two broad groups of those growing well and those with erratic and/or low growth performance. Significantly, the service, manufacturing, and construction sectors are all growing well – with the single exception of the garment sector impacted by liberalisation and removal of quotas. By contrast, all of the natural resource based sectors are under-performing and/or performing erratically – with the single exception of the private sector led mineral water sector.

This suggests that priority must be given to the service and manufacturing sectors in the plan period in pursuit of economic growth, exports, increased private investment and poverty reduction. Here, tourism is the lead sector and has the capacity to drive supporting development in services, construction and manufacturing as well as creating markets for natural resource sectors if they are able to raise their efficiency, product quality and market orientation.

The natural resource sectors have much greater potential than their recent performance suggests – the mineral water success is a good example of this. Given private sector

leadership in marketing, production and investment the natural resource sectors can contribute much more to development. This especially important given their potential impact on poverty alleviation, affirmative action and social justice, and rural and outer islands development. Whilst current performance suggests that the natural resource sectors are unlikely to contribute significantly to growth related objectives in the near term it is essential that reforms in their operations and management be undertaken so that they can make effective contributions in the medium and longer term. Substantial reform and restructuring of the management of these sectors is required – led by the sugar sector – and is provided for in the overall strategic priorities.

3.2.2 Sugar

The changes required of the sugar sector result from global developments, primarily the WTO driven trade liberalisation, ending quotas and preferential pricing, and the consequential EU reforms. These international institutional changes have necessitated an urgent response from a dwindling local sugar industry. Sugar sector production has fallen by 30% since 1995, even before price reductions commence, and the contribution to GDP has dropped from 11.3% in 1995 to 6% in 2005. Cane production has fallen in the same period from around 4 million tons in 1995 to 3 million tons in 2005. Consequently, sugar production levels are now around 304,000 tons compared to 454,000 tons ten years ago. Land tenure insecurity, production and milling inefficiency and political interference have all contributed to this situation.

Against this backdrop, reforms have been initiated to raise farm level and mill efficiency to steer the industry to viability. The current sugar production forecast for 2006 stands at 322,000 tons, from 3.28 million tons of cane. This represents a TCTS³ ratio of 10.2, which is high and inefficient when compared to the TCTS of 8.7 in 1995. A desirable TCTS ratio for the industry would be around 8. Sugar production forecasts for 2007 and 2008 currently stand at 327,000 tons and 366,000 tons respectively. Total sugar exports for 2006 are projected at \$229m, an increase from \$217.9m in 2005. Projections for 2007 and 2008 currently stand at \$209.3m and \$287.4m respectively.

Up to 60% of sugar produced has been for the preferential EU market with a quota of 173,000 tons. The EU has announced progressive cuts in preferential prices from 5% in 2006/2007 to up to 39% by 2009/2010. The local sugar industry therefore needs to quickly adapt as it is slowly exposed to the world market. The EU has indicated its support in this transition phase, in the form of a grant funded National Adaptation Strategy, and also through other trade arrangements such as the Economic Partnership Agreements, which are being negotiated.

Development Constraints and Challenges

The future of the industry will depend heavily on the inculcation of commercial values in all aspects of operation, from farming and harvesting, to transportation and milling. With

³ Ratio showing how many tons of cane required to produce a ton of sugar

the ceasing of preferential treatment in the EU market, the merits of the industry will be weighed against other sugar producing countries on the highly competitive world market.

Improving farm level productivity is an additional area crucial to establishing the industry's competitiveness. Put into perspective, the average cost of producing sugar locally is US 14 cents/pound compared to Brazil at US 4 cents/pound. Local cane productivity levels average 42 tons/ha compared to 80 tons/ha in Brazil. Brazil, as the current lowest cost producer, represents the benchmark for best practice. The variation in productivity levels between the two countries is attributed to factors such as the incidence of replanting, crop variety and husbandry, and farming and harvesting techniques. Strategies are being put in place to systematically address these areas in the local industry but its success will depend on the effectiveness of the research and extension services of FSC and support from SCGC.

With Government support, the FSC has secured an \$86m loan from the EXIM Bank of India to upgrade the machinery and equipment in its mills. The recapitalisation programme should improve the milling efficiency of FSC, reducing breakdowns, and improving sucrose extraction rates.

To successfully reform, fundamental issues need to be managed. The loss of experienced farmers due to expiry of agricultural leases needs to be addressed with well targeted training and extension services to work with remaining farmers. The support provided by the EU, through its share in the cost of the National Adaptation Strategy (NAS), will play a pivotal role particularly in addressing the production side of the industry.

The NAS identifies measures totalling \$755 million over an 8 year period and proposes the use of EU donor funds to finance \$350 million. As grants, these funds cannot be used for commercial activities except when there is a particular social need, as in micro-finance, or when confined to technical assistance for feasibility studies, as with co-generation and studies of commercial agriculture. Additional funds could be available from the European Investment Bank for such activities.

The EU grants will focus on those parts of the NAS which support cane farming rather than commercial milling operations. They will particularly support cane replanting and research and extension for cane farming systems. Rural infrastructure will be strengthened through community development to sustain drainage systems and development of farm access roads as well as "emergency repairs" to the bridges and classified roads which serve the cane access roads. Grants will also be used to address the social impacts of restructuring on the poor through housing construction programmes and micro-finance. In addition to the sugar cane and social components the NAS will also promote diversification, as discussed in 3.2.3.

The NAS recognizes the importance of security of land tenure in farming, particularly in such multi-year activities as drainage maintenance and cane planting. The Government

continues to work with the NLTB and other stakeholders on a land tenure system acceptable to all parties.

Programmes complementing the institutional reforms of the industry within the framework of the NAS, such as the ALP, will support economic diversification of rural areas through development of commercial agriculture and enterprises which, because of their commercial nature, cannot be funded under the grant-based EU funded programmes of the NAS.

3.2.3 Agriculture and Livestock

The agricultural sector grew at an average growth rate of 0.13% in the period 1996 to 2005. Despite the 4.6% growth experienced in 2002, agriculture sector production has been unsatisfactory due to the impact of cyclone Ami and stagnating cane production. The sector production performance is projected to improve in the medium term as a result of expected improvement in cane quality, efficiency gains through the restructure programme within the sugar industry and increases in the production of various other crops. Projections are for positive growth of 3% to 4.5% in the medium term.

The agriculture sector, excluding sugar, contributes around 6% to GDP, accounts for around 14% of agriculture exports, for 15% of total food imports and sustained 54% of the total population. The sector constitutes traditional food crops (*dalo*, cassava, yams, *kumala*, and *yaqona*), tropical fruits (pineapple, pawpaw and mango), vegetables, pulses, ginger, tobacco, rice, spices, cocoa, coconut products, beef, dairy, pork, poultry meat and eggs, sheep, and goat and bee products. Major contributors to agriculture exports are fruits (pawpaw) and vegetables, including *dalo*. A small but growing volume of certified organic products, including coconut and fruit products and nutraceuticals, are exported. However, growth in the sector has been highly variable.

Growth in the importation of agricultural produce by hotels and resorts due to the inability of domestic farmers to provide consistent supply of quality agricultural products is placing significant pressures on Fiji's balance of payments. Quality fresh produce (fruits, vegetables and root crops) and raw meat attract premium prices in hotels and resorts. The opportunity to increase domestic supply of fresh food to the tourism industry is significant, but requires a significant re-orientation of agriculture sector programmes. Emphasis must be placed on increasing the production, quality and standards of agricultural produce demanded by Fiji's hotel and resorts.

Anticipating a substantial exit of farmers and farm workers from cane production, programmes and projects under the National Adaptation Strategy will also fund activities to diversify agriculture in the cane belts, including commercial agriculture activities. As grants, EU funds cannot finance the commercial sugar and non-sugar activities of the NAS, which must be funded from other sources such as elements of the Alternative Livelihood Project (ALP, but will provide support for sustainable activities in agriculture,

forestry and off-farm activities through development of post harvest and marketing infrastructure, research and extension, farmer training, and feasibility studies.

The ALP is also assisting agricultural diversification and strengthening commercial agricultural development. Initially focussed in the sugar cane areas, Government plans to extend the livelihood activities to non-cane belt areas in 2007 to complement the infrastructure and livelihoods development proposed in the Rural and Outer Islands Project. A re-scoping of the ALP will be undertaken in the context of proposed NAS activities and intended re-organisation of the Ministry of Agriculture. The ALP focuses on improving farm management, promoting investment in the agricultural sector, commercialization and strengthening industry organizations and agri-business networks, and recognition by government of industry priorities.

Bilateral Quarantine Agreements (BQAs) have boosted, and can continue to boost, exports significantly. Export market access for fresh agricultural products cannot be obtained without a BQA. Because of these BQAs, profitable opportunities already exist for the export of high value niche crops. Market access already secured under BQAs for pawpaw, eggplant, chilli, herbs, pineapple, breadfruit, and mango to New Zealand; *kava* to Vanuatu; watermelon, yams, and vanilla to Tonga; coffee and copra to Papua New Guinea; and pawpaw to Australia. However, quality, quantity and continuity of supply still need to be improved.

To ease marketing problems in rural areas, Government has established the Agricultural Marketing Authority. The Authority buys and sells agro-produce and agro-inputs and has been directed, through its legislation, to focus on non-viable remote areas. Government funding intends to promote participation in economic development by people, mostly indigenous Fijians, in the remote areas. Whilst the Authority has set up collection centres in some remote areas it is also operating in well established commercial areas, including the Sigatoka Valley, Taveuni, and Savusavu. There is concern that Government subsidised trading in these areas is disrupting markets and reducing the long run competitiveness of Fiji's agriculture. This concern extends to apparent use of subsidies to compete with established Fiji exporters in markets such as New Zealand, Australia, and the United States. Such activities appear to differ from the intended purpose and to be in conflict with the policies for public sector restructuring (Chapter 6). Such issues will be addressed in the proposed reorganisation of MoA.

Grant assistance on farm inputs for farmers earning less than \$3,000 per annum, is ongoing. To date, a total of 11,209 applications have been approved, comprising 363 groups and 5,273 individuals. Assistance will also with the breeding of genetically superior livestock, the provision of training on pasture feed management, good animal health provisions and for management and marketing.

The legalising of the Kava Council through Parliament will ensure greater coordination of the industry as well as improve the quality and price of *kava*. CIDA undertakes

rehabilitation work on the coconut industry, previously undertaken by MoA. This will include the clearing of the senile trees and replanting of Hybrid, Fiji Tall and the Rotuman Tall varieties in identified areas of the traditional growing provinces in the Northern and Eastern Divisions.

Development Constraints and Challenges

Significant challenges are to sustain domestic food production to meet food security and market demands; to identify crops which can generate earnings equal to sugar; the maintenance of quality and continuity of supply; the uncertainty over Land Leasing Arrangements which serves to constrain the move to a more commercial focus.

In addition, there is a need to assist farmers to raise productivity levels, partly through greater use of technology and partly through better farm management. Finance for farming also remains a key constraint.

3.2.4 Forestry

The Forestry sector on average contributes 1.3% of GDP and 3.4% of export earnings. During the period under review the sector grew at an average rate of 1.5% annually. Significant growth of 15% was experienced in 2003 due to commercial harvesting of mahogany. This sector has good potential for growth with sustainable mahogany harvesting. However, the sector has performed below capacity since 2000, largely due to fluctuations in the harvesting of indigenous logs, bad weather conditions affecting logging operations and the closure of several Vanua Levu mills. The sector is anticipated to perform strongly in the medium term through increased mahogany and pine harvesting once the Bua Port is completed.

The forest sector has immense potential for growth, particularly with the commencement of the commercial harvesting of mahogany and an additional volume of pine from Vanua Levu.

The sector has experienced erratic growth between 1999 and 2004. For 2005, the sector is projected to decline by 4.2% on the back of lower log production. However, the situation is expected to improve with 5.7% growth in 2006, followed by 4.5% in 2007 and 3.0% in 2008. The forecast is based on the anticipated increase in production of indigenous and pine logs as well as the harvesting of mahogany. Export earnings from timber and other wood-based products averaged \$39.3 million over the past 5 years and, in 2005, export earnings were \$45.1 million.

Logs are predominantly processed into sawn timber, veneer or plywood. Wood chips however, with the total export volumes averaging 266,000m³ each year, account on average for 55% to total forest product exports. Most wood products are exported to Australia and New Zealand, while wood chips are sold exclusively to the Japanese market. The American market consumes approximately 40% of all veneer products.

Other exported products, such as mouldings and other finished components, account for at least 6% of annual export earnings.

Vanua Levu pine production has the potential to earn \$20-\$25 million in export earnings. The new integrated port in Wairiki, Bua, to be completed at the end of 2006, will provide the necessary facilities for wood chip exports from Vanua Levu.

The Fiji Hardwood Corporation Limited (FHCL) has targeted an annual production schedule of 90,000m³ for the next 3 years, with an annual sustainable production of 100,000m³. FHCL has purchased the Waivunu sawmill in Galoa, Serua and remanufacturing assets in Navutu, Lautoka. The company is moving into log processing as it has met difficulties finding and establishing links with reliable log customers to meet the growing demand for mahogany sawn timbers overseas. Currently, FHCL is mainly a mahogany log supplier whilst attempting to process 55% of its wood supply. FHCL has been facing recurring financial difficulties. Government has had to provide guarantees in order to enable the company to source capital from the domestic financial market. Stringent monitoring of the financial performance by Government is necessary to raise the level of returns on government's equity in FHCL, and to ensure the sustainable financial viability of the company.

Fiji's land area is approximately 1,827,000ha of which it is estimated that forests covered 52% or 956,860 hectares. This comprised indigenous forests (857,530 hectares), hardwood plantations (52,950 hectares) and softwood plantations (46,380 hectares). Despite the good forest cover, the extent of deforestation (forest and vegetation clearing) and its impact on the surrounding environment remains a serious concern. Pressures towards further deforestation include population growth and the demand for new settlement areas, and greater agricultural production for food security. The impacts have become more pronounced, with a high incidence of soil erosion, siltation and subsequent flooding of low-lying areas.

To curb this situation, sustainable forest management practices are being promoted by Government. Improving resource utilization through enforcement guidelines under the Code of Logging Practices and the Environment Management Act are being pursued. The completion of the National Forest Inventory in 2007 will provide a sound basis for making informed decisions on the status of the forest resource in Fiji.

Government believes that active landowner participation is necessary for the forestry sector to become a significant player in the economic development of Fiji. Efforts are now under way to improve landowner participation through the establishment of the Fiji Pine and Mahogany Trust, the payment of stumpage fees and land rentals, training of resource-owners, as well as the establishment of community-based forestry projects with resource-owners. In addition, the Fiji Development Bank has established a loan facility, which assists indigenous Fijians and Rotumans to pursue business ventures within the sector.

Development Constraints and Challenges

With declining trends in the traditional exports, the forest sector has been identified as an area with potential to cushion the trade imbalance facing the economy. However, in order to realize this potential, a number of challenges and constraints confronting the sector need to be addressed.

The need for proper infrastructure to facilitate the development of any industry cannot be overemphasized. For the forestry sector, this infrastructure relates mainly to proper access roads and port facility for export.

In the pursuit of increased exports and emphasis on downstream processing, technology development and adaptation and human resource development are two critical areas that need addressing. The participation of resource owners in the industry needs to be carefully crafted with the necessary training and capacity building provided to them.

The costs incurred in the development of products will be in vain if there is no market for them. Market access therefore is critical and given global environmental concerns, recognized certifications are necessary to secure access.

Like any resource, the forest resources of Fiji are finite and can be exhausted. It is in the interest of current and future generations that sustainable forest management practices are adhered to.

3.2.5 Marine Resources

Behind agriculture, the fisheries sector is the largest natural resource sector with its contribution to GDP at about 3%. The overall performance of the sector the past decade can be described as erratic. However, since 2004, the performance has improved reaching pre-2000 levels on the back of strong growth in 2004 and 2005 of 24.1% and 7.4% respectively. This strong performance was attributed to increased catch of tuna for the Japanese *sashimi* market.

The tuna industry dominates the sector in terms of output and export. The performance in the sector is therefore closely linked to the progress in offshore fisheries. Modest growth is forecast for 2006 at 3.2%, with the positive outlook expected to continue in 2007 with a growth of 3.5%. A decline is currently projected for 2008 at 6.5%. Export earnings peaked in 2001 at \$91.2m but then fell before returning to the peak level in 2006, at a projected \$91.8m.

The management of the offshore fisheries has been an area of concern, not only nationally, but regionally and globally also, particularly in the wake of an invasion of state subsidised Asian fleets. Resource management is of utmost urgency and mechanisms such as the Tuna Management and Development Plan need to be followed and enforced at the national level. Positive steps have been taken with the reduction in annual offshore licences from a cap of 110 to 60 in 2006. The number of Fiji licensed

tuna long line vessels grew from 43 in 1999 and 55 in 2000, to 101 active vessels in 2001, where it remained during 2002 and 2003. A fleet of 87 vessels was operating in 2004 and 72 in 2005.

The legislations governing the sector also need reviewing in light of new developments. The present Fisheries Act dates back from 1942, and despite amendments and additional regulations, is outdated. Similarly, the Marine Spaces Act is over 25 years old. Since their introduction, the Law of the Sea has advanced in a number of ways, including the UN Fish Stocks Agreement, and as of June 2004, the Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Fisheries, to which Fiji is signatory. The Social Justice Act (SJA) 2001, the Environmental Management Act (EMA) 2005, and proposed Customary Fisheries Bill (CFB), also have major implications on the management and development of the fisheries sector. There is also a need to include provisions for other areas such as aquaculture, management of artisanal fisheries, and post harvest handling.

The aquaculture sub-sector has not progressed as rapidly as might have been expected despite the large amount of resources that have been invested in research, subsidizing ponds and other infrastructure, establishing hatcheries and pilot farms. The poor performance has been attributed to declining prices, disease, problems in producing post larvae, and difficulties in maintaining yields due to high cost of feed.

Development Constraints and Challenges

Apart from the legislative reforms, the institutional approach to fisheries management in Fiji needs to be reviewed. A multi-pronged approach to fisheries management should be adopted that takes account of economic, environmental, and social performance. Fisheries and resource management agencies around the world now pursue this approach. This model is also based on the need for Government to move away from production orientation towards a resource management, conservation and service orientation.

Because of the heavy dominance of the tuna industry, sector growth will largely be dictated by tuna prices in the US and Japan, as this will affect the value of the tuna catch. However, locally, Government can promote growth through introducing management plans that support a healthy fish stock, thus sustaining catch rates.

In addition to supporting the fish stock, the level of effort by the industry is being constrained by increases in the cost of doing business, primarily costs of fuel and supplies. The industry has also found difficulty in accessing capital, particularly with the current system of annual licence renewals that create investment uncertainty.

In supporting the offshore industry, improvements to infrastructure to alleviate current overcrowding of vessels in the ports, would generate economic activity. There is potential in attracting regional traffic to Fiji for servicing and re-supplying provided suitable port facilities are available

3.2.6 Mineral and Groundwater Resources

Fiji has a good prospects with regard to epithermal gold (associated with volcanic centres), porphyry copper-gold (Namosi), and smaller base-metal deposits (Udu, Wainivesi). Whilst mining and exploration in Fiji is dominated by gold production from one producing mine, significant other sector revenues come from industrial minerals such as sand and gravel, quarried stone and coral sand. The groundwater sector consists of development of water supplies for urban and rural areas as well as the production of 'mineral' or bottled water.

The mining and quarrying sector on average accounts for 1.4% of GDP. A sluggish performance in 2005 saw the sector decline by 30.7%, and its contribution to GDP falling to 1%. The decline in 2005 was due to several problems encountered at the mines, including a major underground flooding, high worker absenteeism, and low grade ore extracted at the mines. Gold production in the last five years has averaged 121,707 ounces. Production in 2005 stood at 89,831 ounces and is forecasted to decline to 74,110 ounces in 2006.

Operations of Emperor Gold Mine (EGM) in Vatukoula have fallen into testing times with rising operation costs and low output. A major reorganization exercise is being undertaken in 2006, involving the rationalization the current workforce of 1800, retraining, and implementing an expansion plan to improve throughput. The mine was shut down temporarily early in the year, and is expected to be back operating at full capacity at the end of 2006. Production for 2006 will therefore likely be the lowest in the mines history. The objective of the reorganization is to bring the mine back into profitability thus ensuring its long-term viability. The conservative outlook for 2007 and 2008 sees an improved performance with production rising to 85,968 ounces in 2007 and 87,945 ounces in 2008. The rising price of gold on the world market also augers well for the industry in the medium term.

The Tuvatu Gold prospect is being re-looked at with renewed interest and Government is hopeful that within the next five years a mining lease could be issued over the area. A new mining lease is being processed for Asia Pacific Resources Limited for the Wainivesi (Tailevu) tenement. The rise in gold price has seen the prospect double in value. Government is also hopeful that the Mount Kasi Mine, currently undergoing resource evaluation studies after being put on care and maintenance, will resume operation towards the end of 2008.

A new Mineral (Exploration and Exploitation) Bill is scheduled to be tabled in Parliament later in 2006. This will bring in new standards to the industry (both mining and exploration) and update measures on health and safety, resource management and sustainable development.

There are currently four mineral water bottling companies operating. Natural Waters of Viti (Fiji brand bottled in Yaqara) pioneered the product in 1997 and has since

successfully penetrated the US market. Recent additions to the industry include Dayals (Island Chill brand bottled at Vuqele, Vatukoula), Diamond Aqua (Diamond Aqua brand bottled at Nadi) and Aqua Pacific (Aqua Pacific brand bottled at Nadi).

Export receipts from Natural Waters of Viti Limited bottled water plant at Yaqara have been experiencing exponential growth since its inception. With additional bottled-water operations opening, it became necessary for a minimum standard of product quality to be set in order to uphold the integrity of Fiji's bottled water exports. A strict standard regime for mineral water was imposed in 2005. While there is currently no legislation governing water resources in Fiji, new Mining legislation that will be introduced to Parliament in 2006 will legislate for the access to, use and management of groundwater resources, before separate legislation is formulated.

Development Constraints and Challenges

There has been a lot of focus on mining with little attention paid to the potential economic activity generated through explorations. In order to tap into this segment, the current fiscal regime needs to be reviewed to be sufficiently attractive for small exploration companies. Exploration is a high risk capital business and investors enter with the aim of reaping high rewards. Some key issues to consider when framing a tax package for minerals include the high capital (and debt) intensiveness of mining ventures, the cyclical nature of metal markets, and the long and costly period of pre-operational expenditures on exploration and feasibility studies.

Security of land tenure is a critical issue for mineral sector investors. It must also be recognized that without special compensatory policies, landowner grievances can become a significant impediment to long-term mine operations. An important consideration is that most mines, prospects and quarries are in rural areas and on native land, so spread development to otherwise isolated, poorly developed areas.

Reforms being undertaken within the EGM need to be monitored closely to ensure that human resources issues are properly managed. The mine represents the heart of economic activity in the township of Vatukoula and Tavua. Occupational health and safety and environmental management are key features of a revised legislation that will govern the sector.

3.2.7 Land Resource Development and Management

The Native Land Trust Board (NLTB) administers the leasing arrangements of all native land in Fiji, for the benefit of the Fijian landowners. Native land covers approximately 90% of total land area in Fiji. The NLTB currently administers over 31,000 leases, which cover approximately 24% of total native land. Of the total number of leases, 46% are agricultural, 42.7% residential, 4.8% commercial, 1.3% industrial and 5.2% are for other purposes such as educational, public utilities, recreational and religious use.

With competing demands for limited land resources for housing, industrial and commercial developments, Government adopted a National Rural Land Use Policy in 2005 with the belief that any development must be approached holistically taking into account not only social and economic factors, but environmental also. Education and awareness raising are recognized as the main engines to drive this initiative.

As a basic factor input, access to land is a major prerequisite for any development. The current system of land tenure in Fiji has been seen to be very rigid. The Agricultural Landlord and Tenant Act 1966 (ALTA) governs the negotiation and grant of agricultural leases on native land. About 50% of all leases are ALTA leases. Since leases began expiring in 1997, it has been increasingly difficult to renew leases under the ALTA framework. Neither the landlords nor the tenants are happy with the terms and conditions imposed under ALTA. The landlords are unhappy about the low rental levels, which do not appear to reflect the value of the land, and the tenants want stronger provisions providing compensation for improvements in the event that the lease is not renewed. Unfortunately, the issue is now heavily politicized and a sensible and pragmatic solution cannot be guaranteed. The ALTA legislation is constitutionally ‘entrenched’ (originally to safeguard the interests of indigenous Fijians) and can only be amended if a two-thirds majority concurs.

These rigidities in the market for leases have resulted in the development of an illegal “black market” in which landlords and tenants reach agreements outside the law. This “black market” is evident in the growing incidence of *vakavanua* arrangements. These are informal agreements – with nothing in writing - between *mataqali* and families or individuals who wish to occupy and use some land. They can run for many years – sometimes decades. The main problem with *vakavanua* arrangements is that they leave the tenants outside the formal property rights system and thus unable to take advantage of the benefits a legal leasehold title would give them.

The proposed NLTA leases give much greater flexibility in lease conditions which would allow landlords and tenants to reach agreement within the legal framework. Considerably long security of land use is available and potentially higher rentals must be seen in the context of the illegal up-front payments for “goodwill” which must now be paid for the lower rental levels prescribed under ALTA. Government wishes to resolve the land lease issue by establishing a legal framework which allows landlords and tenants to agree on a sound, secure legal basis rather than through and ALTA-based “black market”.

Development Constraints and Challenges

Although 60% of the total land area is suited to some kind of agriculture activity, only about 29% is suitable for arable farming. The current area of land in use has increased considerably over the past 30 years, due to marginal and sloping lands being brought into production. This has resulted in land degradation associated with agricultural intensification, inappropriate farming practices, deforestation and other land uses contributing to environmental problems such as the loss of soil biodiversity.

The current land tenure system is also very restrictive. The Agricultural Landlords and Tenant Act (ALTA) limits a lease to a maximum of 30 years and maximum lease payments equivalent to a return of 6% per year of the unimproved capital value of the property. This situation provides little incentive for landowners to renew leases for productive use. Many reports have identified the resolution of the land tenure conflict as a prerequisite to any meaningful development in the agriculture sector, and the economy as a whole.

The high incidence of *vakavanua* arrangements is a response to the surreal situation facing indigenous Fijians wishing to work their own land under a formal legal title. The irony is that though customary owners may lease their land to investors and entrepreneurs, who can in turn use the lease as collateral, there appears to be no easy way for the customary owners to use the land as collateral directly. They can, of course, lease the land to themselves via the NLTB but this seems a tortuous way of making their own ownership 'legal'. The inability therefore to mobilize native land as a means to accessing credit is restrictive.

3.2.8 Tourism

Visitor arrivals fell from 410,000 in 1999 to 294,000 in 2000 but the tourism industry has recovered strongly with visitor arrivals of 550,000 for 2005. Visitor arrivals are expected to grow strongly in the medium term.

Over the review period, there were spates of investment in the tourism industry. 2005 saw an increase in room inventory by Sofitel Fiji Resort & Spa and the Navutu Stars Hotel. The Naviti Resort on the Coral Coast also completed its \$15 million renovation. Collectively, these resorts and hotels would add about 1500 new rooms to inventory. Construction work at other resorts including the Marriot Fiji Resort & Spa, the Intercontinental Fiji Resort and the Hilton Fiji Beach Resort and Spa will provide further growth impetus for the industry. Air Pacific Limited recently announced its intention to increase inbound flights from Christchurch, Auckland, Brisbane, Los Angeles and also commence regular flights from Kiribati.

These developments, in part will address constraints associated with the shortage of up-market accommodation in peak periods and airline capacity. Other constraints for the sector include problems related to land tenure, recessions in some major source markets, the pollution and degradation of our natural environment and the lack of development and training to improve workers' skills, particularly resource-owners interested in effectively participating in the sector.

Secondary tourism activities are still poorly developed, especially when compared to major competing destinations such as Bali and the Australian Gold Coast. Tourists with higher spending capacity tend to spend fewer days in Fiji and this could be due largely to

a lack of sufficient entertainment facilities or other secondary activities. Spells of adverse weather also limit the activities available to tourists.

The tourism sector is the country's largest source of economic growth, investment and foreign exchange earnings. It is mainly private sector driven and is globally competitive. Growth is becoming more broad-based with expanding eco-tourism and village-based activities. Construction of new hotels and the entry of new air carriers support a strongly positive outlook.

Visitor arrivals fell to a low of 249,000 in 2000, but concerted industry efforts saw arrivals recover quickly. Visitor arrivals were over 500,000 by 2005. Tourism earnings are by far the largest foreign exchange earner and reflect the number of visitor arrivals as well as their length of stay. Earnings fell by 26% in 2000, but recovered by 20% the following year. The strong upward trend saw earnings reach \$675 million in 2004 and \$681 million in 2005. Projections for 2006 indicate growth to \$819 million and \$997 million in 2008.

Investment activity in the hotel and resort sector is at a high level, with consequential strong growth in the construction sector. In 2003, 18 major tourist projects were approved for development at a total value of \$1,336 million. In 2004, \$304 million was spent for the first phase of these projects, while the forecast expenditure for 2005 is \$565 million.

Eco-tourism is a strategy both for rural development and for greater indigenous participation in the sector. To date, more than 80 registered projects are in operation, of which 31 are licensed operations owned and operated by indigenous Fijians. This has created 724 employment opportunities and contributes an estimated \$2.5 million in annual gross earnings. The eco-tourism sub-programme, which comes under the Integrated Human Resource Development Programme for Employment Promotion (IHRDPEP), has contributed significantly to the creation of employment and the establishment of eco-tourism operations, with assistance from the SCARF programme and Eco-Tourism Grants through the Ministry of Tourism.

Development Constraints and Challenges

Up-market accommodation will be increased by the construction of three major hotels over the next two years. Government will provide infrastructure support for the Marriot Resort and the Natadola Resort in the Coral Coast, which are anticipated to be completed in 2007. However, there is a lack of infrastructure development in the emerging eco-tourism destinations: Kadavu, Yasawa, Vanua Levu, the Lau Group and in the interior part of Viti Levu. This is being partly addressed through the Eco-Tourism Project, with support from the SCARF programme under FDB.

Sustainable utilisation of coastlines and marine ecosystems in the major tourism development areas such as the Coral Coast, Nadi Bay, and Mamanuca Group is essential for their long term survival. Work is under way on addressing *qoliqoli* issues. To support

human resource development, a Tourism and Hospitality Training School commenced construction in 2005. Government will continue to subsidise the cost of training construction workers in the FIT and TPAF to address skill shortages experienced in the construction industry.

3.2.9 Manufacturing and Commerce

Manufacturing

Manufacturing is a major sector, contributing 14.5% of GDP in 2005, and is a key growth area. The sector includes manufacture of textiles, garments and footwear, sugar, beverages and tobacco, food processing, and wood and metal based industries. Growth in the sector is largely expected from efficiencies derived from the sugar industry restructure and the new FMF biscuit factory operating at full production.

Over the review period, growth in this sector has been largely driven by the strong production performance of beverages and tobacco and food industries which includes production of canned fish and biscuits. Other non-food industries has also performed relatively well over the period. Natural resource based sectors have huge potential for development and this requires closer linkages with the manufacturing sector.

The TCF industry's rapid development over the 1990s has been largely attributed to the preferential trading arrangements in various markets, relatively low labour costs, an attractive package of fiscal incentives and the gradual contraction of the industry in neighbouring countries. The industry is now in decline. The clothing and footwear industry is expected to decline in the medium term due to loss of US garment quota and declining margin of preference into the Australian market. However, the extension of SPARTECA-TCF scheme for another seven years and other donor assistance for the necessary structural adjustments is expected to assist the industry.

Construction

The construction sector has performed strongly, as indicated by the high level of construction activity in recent years. The sector declined in 2000 and 2001, but has since been growing, led initially by Government's capital infrastructure spending and a substantial increase in private sector projects. Major projects which are implemented during the review period include Suva Central, Mana Island Resort, Fiji School of Medicine, Denarau Villa Stage II, Momi Marriot, rehabilitation of the Kings Wharf, Natadola Resorts, Hilton Denarau, Sofitel Island Resort and Spa, First Landing Resort and construction of the new Rewa Bridge. The sector growth in 2005 experienced an all time high of 25.9% due to the spill-over effect of most projects coupled with the commencement of new major projects in particular the Great Council of Chief complex, FIRCA headquarters and Carpenters Towers. With the already high level of construction activity, the industry is expected to grow at a slower pace.

Wholesale and Retail

The wholesale and retail sector, which includes hotels and restaurants, contributed 17.9% to GDP in 2005. After a strong performance in 1999, sector output declined in 2000 as tourist demand slumped. The sector has since recovered strongly recording an average growth of 3.3 % from 2000 to 2005. Significant increase was recorded in 2004 due to higher visitor arrivals and domestic consumer demand, which has also been boosted by cuts in income tax. The sector is expected to record a slower growth in the medium term.

Whole Manufacturing and Commerce Sector

The manufacturing and commerce sector as a whole contributes an average of 28.1% to GDP and provides direct employment for around 50,000 people. The sector is divided into two sub - sectors: manufacturing and commerce. The manufacturing sector comprises textile, clothing and footwear (TCF) production, sugar production, beverage and tobacco production (including mineral water), food-processing and wood-based industries. It continues to be a dynamic and significant industry, contributing an average of 14.0% to GDP in 2005 and employing around 29,000 people. Except for sugar and clothing and footwear, the main manufacturing sub- sectors have continued to perform well. The commerce sector comprises the wholesale and retail sector and contributes an average of 11.9% to GDP in 2005, employing around 20,000.

TCF (or garment) production has been hindered by the uncertainty surrounding the renewal of the SPARTECA TCF provisions and closure of a large garment factory. This, together with the disruption caused by the 2000 crisis, has seen exports fall significantly from 2000 to 2002. However, in August 2004 negotiations with the Australian Government successfully concluded with an extension of the SPARTECA TCF scheme. In the beverages sub-sector, mineral water exports have significantly increased from \$5.9 million in 1999 to \$67.9 million in 2005 and this upward trend is expected to continue for 2006 and beyond. In the wood-based manufacturing sub-sector, the commencement of commercial mahogany harvesting will provide the opportunity for a significant boost to manufacturing production.

In the commerce sector strong growth is linked to increasing consumer expenditure and the booming tourism industry. The sector has performed well and is anticipated to expand further, with additional retail outlets being established. The growth in the sector has slowed down as a result of measures taken by RBF to reduce consumption imports.

In order to stimulate growth through increased investment and exports, Government has reviewed and amended the Foreign Investment Act, to accelerate the approval of Foreign Investment Certificates. In addition, the FTIB approval process has been streamlined and a Commerce Commission has been established, together with a competition policy to guide operations.

Development Constraints and Challenges

Despite the growth in the manufacturing sector, there exist a number of impediments which include the following:

- the deteriorating performance of the sugar industry, which is compounded by the delay in implementing reforms;
- the delay in finding a strategic partner for processing ventures of Fiji's mahogany products and the delay in increasing involvement of landowners and community based forestry projects;
- the continuing shrinking surrounding future markets for Fiji's textile, clothing and footwear industry;
- the weak linkages existing between the natural resource sectors and the manufacturing sector;
- time to register business is very long due to outdated regulation and legislation; and
- lack of market support for agro-based products.

3.2.10 Information and Telecommunications

Much greater use of information and communications technology (ICT) is essential for social and economic development in Fiji. The contribution of the communication sector to Fiji's GDP has risen from 2.7% of GDP in 1989 to 3.6% by 2005, and is expected to remain around 3.5 % up to 2008. Another measure often used to weigh the impact of the telecommunication sector is the share of telecommunication revenues to GDP. In 2001, Fiji's telecommunication revenue as a percentage of GDP stood at 5.9%, compared to that of Jamaica at around 7%, the Maldives at close to 10% and Kiribati at 10%.

Despite the relatively low contribution of communications to overall economic output, as a business, telecommunication firms are among the largest in the country. In Fiji, access to traditional ICTs such as radio and television is high. Over 90% of households are estimated to have a radio and over half the population has access to television. Internet use is increasing and people are also becoming more exposed to ICTs through their mobile phones and use of text messages. Electronic transactions in Fiji have also become widespread, spearheaded by the banks. ANZ has established an international call centre and Affiliated Computer Services (ACS) has set up a back-office processing centre.

ICT has the potential not only to create new jobs through call centres and other related activities, but also to empower rural dwellers with information and provide low-cost tele-services in some cases. The adoption of ICT is also the key to improving productivity, especially in the public sector. Government intends to deliver as many online services as possible by 2006 and make greater use of ICT, in order to improve internal processes.

The current initiative of Government to develop and E-Commerce Bill will ensure that the interests of suppliers and buyers engaged in transactions over the internet are adequately protected. E-community learning centres are being established in rural areas

to enable communities to access information, Government services, and business products and services on the internet.

The liberalisation of telecommunication services is critical for development of this sector. The absence of competition is the basis of some of the key problems facing the telecommunication sector, namely high prices for international telecommunications and for leased lines. In particular, the high price for international voice and data communications is a major impediment to development of ICT services, including Internet development. A new Telecommunications Bill will be tabled in Parliament in 2006. The legislation will establish an appropriate regulatory framework for the industry and ensure it supports development and growth in the ICT sector.

The IT Advisory Council (ITAC) which was set up in 2001 includes representatives of key government ministries, the academic community and the private sector. The ITAC has drafted an ICT Policy with the vision “to harness Fiji’s ideal geographic location, competent workforce and world-class information technology infrastructure to promote Fiji’s international competitiveness and create a dynamic, vibrant and well-connected e-society”.

Development Constraints and Challenges

Development constraints and challenges include the high cost of telecommunications and associated activities, and the monopolistic framework for telecommunications in Fiji. New development challenges are the lack of awareness about the benefits of ICT to meet development goals, with resulting delays in introducing ICT.

3.2.11 Financial Services

The financial services sector comprises three major institutions: the banking industry, the insurance industry, and other non-bank financial institutions, which include the Fiji National Provident Fund (FNPF), the Home Finance Company, the Unit Trust of Fiji, the South Pacific Stock Exchange (SPSE) and the credit unions⁴.

Developments in the capital market include an increase in the level of activity on the SPSE, with the Amalgamated Telecom Holdings (ATH) share sale by Government and the subsequent listing of the company. A further boost was provided by the listing of the RB Patel Group, a major retailer of household items including groceries.

⁴ For GDP computation of “Finance Sector”, the Unit Trust of Fiji, credit unions and SPSE are not accounted for and non-bank financial intermediaries include Home Finance, Housing Authority and Fiji Development Bank. Activity in the Real Estate and Business Services industry is also embedded in the Finance Sector. On this broader definition of the Finance Sector, even with the exclusions noted above, the contribution to GDP averages about 12.7%.

Recent developments have seen the RBF taking up regulatory supervision of the FNPF, through amendments to the Insurance Act, together with a strengthened role in the supervision of the banks and the other insurers. The RBF's supervisory role has also been extended to include smaller financial enterprises such as foreign-exchange dealers. The RBF has also been delegated with the responsibility to implement the new Financial Transactions Reporting (FTR) Act following a delegation of powers, functions and duties of the Minister for Justice to the Governor of the Reserve Bank of Fiji. In addition, a money-laundering unit has been established within the Serious Crimes Investigations Unit of the Police Force to investigate finance-related crimes. Disclosure of bank fees and charges is being enforced and closely monitored. Fiji agreed to participate in the joint International Monetary Fund World Bank Financial Sector Assessment Programme. The first mission was in December 2005 and the second mission in July 2006. The Report identified conditions and challenges facing Fiji's financial system, in particular, the size of FNPF. It also describes steps taken to strengthen the financial system and makes recommendations for the authorities' consideration.

Progress has also been made to modernize Fiji's financial system with the introduction of a Real Time Gross Settlement (RTGS) system which will be implemented in 2006.

Development Constraints and Challenges

Securing improvements in banking services is being pursued through the implementation and monitoring the progress of the Committee of Inquiry into Financial Services (COIFS) Report. The COIFS inquiry was conducted to review the financial services available to the people of Fiji. Many comments and complaints made to the Committee concerned high fees and charges, the quality of service and low deposit rates. The need for the establishment of a Banking Commission and a Banking Ombudsman was highlighted, stating that if the banks failed to address complaints, then Government would need to introduce greater control.

Liberalisation of the capital market is an ongoing objective of the Government. The domestic debt and equity markets remain relatively undeveloped. Buy orders on the stock exchange have been exceeding sell orders with the market providing the stock-owners with positive returns. The bond and trust markets have performed similarly. Recently, a \$0.5m rights issue was successfully completed. Several initiatives have also been undertaken to increase public awareness about capital market practices, issues and developments.

Although yet to be tested, the smallness of the labour market has made the deregulation of the superannuation market difficult. The FNPF has undergone internal re-structuring to ensure that its members receive the best returns on their compulsory savings. Deregulation of the market may result in loss of intended purposes of the savings and pension scheme. Some studies are being contemplated regarding the size of FNPF and its implication on market interest rates.

The inadequate rural banking services remain a concern to Government. Findings of a survey recently conducted by the Ministry of Finance indicate that the banking sector is reluctant to venture into rural areas due to the high costs involved. However, banks are starting to implement innovative ways of taking banking to remote areas.

The National Centre for SMEs will continue to play an important role in the provision of business support and micro-finance to small and micro enterprises. The lack of such support for small and micro enterprises is the major constraint in their development.

Bond Market and Unit Trust Market

The Fiji bond market has grown significantly over the past decades, and has been a major source of financing for the public sector. Although Fiji's bond market is large in absolute value, it is still at a nascent stage of development. Activity in the secondary bond market has been relatively thin. There are some inherent constraints in the development of the bond market in Fiji and the RBF with the help IMF Technical Assistance are examining options to address the issue of deepening and promoting liquidity in the domestic securities market.

The unit trust market has shown strong growth over the years. At the end of 2005, local unit trust managers had a pool of investment funds totalling \$162.08 million, a significant increase on the \$18 million under management in 1996. The number of unit trust holders has also shown considerable growth.

Export Finance Facility, Insurance and Guarantee

The EFF was introduced by the RBF in 1983 to assist exporters in obtaining credit at concessionary rates of interest. Under the facility, commercial banks and Fiji Development Bank are able to obtain back-to-back finance from RBF for lending to exporters subject to eligibility and value added rules. The facility is being reviewed regularly. There are now plans to set up other schemes to include insurance and guarantees.

3.2.12 Micro, Small and Medium Enterprises

The Micro, Small and Medium Enterprises (MSMEs) continue to strengthen and contribute to national development, particularly in improving the quality of life of the disadvantaged. Substantial untapped economic development opportunities remain for the sub-sector to expand and grow, especially in rural areas where natural resources remain under-utilized.

1996 estimates indicate that 57% (170,000 people) of the entire labour force were involved in various forms of activities which are classed as small and medium enterprises. MSMEs generate more livelihoods than paid or formal employment, which absorbed a total of just under 120,000 workers in both the public and private sectors at time of the estimate.

The Government established the National Centre for Small and Micro-Enterprises Development (NCSMED) as a statutory organisation in 2002, to co-ordinate assistance to SMEs and to provide some direct services to entrepreneurs. Cabinet in 2003 expanded the NCSMED mandate to include Medium Enterprises. The Centre merged with the Government's National Micro-Finance Unit (NMFU) in early 2004. The Centre's partner microfinance institutions (MFIs) had more than 21,000 clients in early 2006 and \$1.6 million in savings deposits in commercial banks.

The Reserve Bank of Fiji has identified MSMEs as a priority area for making development more balanced and broad based. MSME stakeholders, including enterprise owners, service providers and financial institutions meet annually to discuss issues and make appropriate recommendations for policy directions.

MSMEs are expected to grow positively during the next plan period, particularly now that various other supporting services were being established. The ANZ Banking Group had opened its rural banking support services on Viti Levu, Vanua Levu and in the outer islands. In 2005, a Business Incubator was established in Ra. The Ministry of Youth, Employment Opportunities and Sports has piloted a beehive manufacturing project for graduates of the National Youth Training Centre. The project is jointly supported by NCSMED, Japan International Co-operation Agency, Ministry of Agriculture and Training and Productivity Authority of Fiji.

Development Constraints and Challenges

Although considerable progress is being made in the MSME sub-sector, the major constraints and challenges are:

- lack of sufficient business support services and infrastructure;
- poor financial management skills of MSME operators;
- restrictive laws of the local councils;
- lack of knowledge about the existence of MSME service – providers;
- a lack of data for the MSME sub-sector; and
- lack of finance for business start-ups.

3.2.13 Transport

Transport is a most important component of the economy. It contributes on average about 10% of GDP and provides employment for around 40,000 people, including some 10,000 in the formal sector. The transport sector supports and facilitates growth and development in other sectors.

Government continues to play a lead role in creating a conducive and enabling environment for the provision of transport services and infrastructure. However, as with elsewhere in the world, Government has come to recognize limitations in its ability to

meet transport infrastructure and services. Government sees the benefits of private sector involvement utilizing the potential to raise capital and provide management efficiency, through systems of public-private partnerships, such as the BOOT (Build Own Operate Transfer) system.

Land Transport

The main developments in the sector include major road construction under the three road programmes, FRUP (Fiji Road Upgrading Project) I, FRUP II and FRUP III. Similarly, FRUP IV proposes upgrading 100km and rehabilitating 100km. About 450km of road have been improved under these projects. Over the past five years, capital expenditure on road infrastructure has averaged \$57 million per year or 25% of the total capital budget. There have also been organizational changes, including the establishment of the Land Transport Authority, through the amalgamation of the former Department of Road Transport, Transport Control Board and the Principal Licensing Board. Growth in the sector can also be seen by the increase in motor vehicle registration and significant rises in motor vehicles imports.

The main issues and constraints in the road transport sector relate to lack of road maintenance, poor control of vehicle overloading, lack of emphasis on controlling vehicle emissions, increased level of traffic congestion/dwindling capacity of the roads, and slow progress in cost recovery.

It has been estimated that \$50 million will be required to adequately fund maintenance, compared to the current annual provision of \$13 million, which is grossly insufficient to cover periodic and routine maintenance. Vehicle overloading is a contributing factor to road damage and thereby contributes to the increase in maintenance costs. In response to vehicle overloading, a Compliance and Standards Unit has been established in the LTA, to address the legislative and operational aspects of vehicle overloading, in particular commercial vehicles. Weighbridges will also be installed by the LTA at different locations, to enforce vehicle overloading.

Increased vehicle emissions have become a prominent problem, especially as a consequence of the inappropriate emissions standards and the inadequate capacity to monitor emission levels. LTA currently uses the Queensland standard, which is considered inappropriate for Fiji. To address this problem, an ADB Technical Assistance Project to review aspects of vehicle pollution standards, is currently in train. The study will produce a 4-year Action Plan to reduce vehicle emission.

Traffic congestion has mounted considerably in recent years, due to the increase in the number of vehicles, especially heavy vehicles. To address traffic congestion along the Suva-Nausori Corridor, a Greater Suva Transportation Study was undertaken in 2002. The study recommended a 30-year plan for traffic management, road network development and public transport services, to meet the mobility needs in the greater Suva

area. The long-term development options in addressing traffic include proposals for a new regional road and a new coastal road network for the Suva-Nausori Corridor.

Reforms in the Public Works Department are currently under way. The reform process will take a phased approach, with the initial establishment of a Department of National Roads (DNR), and later the establishment of a Fiji Road Authority, to enable greater autonomy. To ensure cost recovery, the introduction of a 'road fund', either through the introduction of fuel tax or using vehicle registration revenue, must be considered.

Marine Transport/Ports and Shipping

Total cargo movements are increasing largely through growth in international cargo movements. This expansion has been supported by increased storage space for containerized goods and the improved capacity of the major wharves. Growth in domestic cargo movements is attributed to the improved frequency of RORO services, the increase in general shipping services, the reliability of services to the outer islands and the support provided under the shipping franchise subsidy scheme.

Major developments in the sector include upgrading and redevelopment of the port facilities in Suva and Lautoka and upgrading and construction of new jetties. The Kings Wharf and the Lautoka Wharf are currently being upgraded, co-financed by the ADB, ANZ and MPAF. Since 1999, three new jetties have been constructed (Totoya, Cicia, and Moala) and two have been upgraded or rehabilitated (Taveuni and Kadavu), to remedy damage sustained during Cyclone Ami in 2002.

Marine transport, ports and shipping are usually constrained by the high cost of capital and uneconomical cost of providing services to remote and outer islands. Whilst the uneconomical routes are continually serviced under the Shipping Franchise Scheme, RORO services are profitably provided by the private sector. The Franchise scheme, which was reviewed in 2003, has generally been effective in terms of providing services to remote island areas.

In respect of port development, Government has approved in principle, the process for the further restructuring of the port sector, to improve the efficiency of operations for international shipping services. A Charter Administration Committee has been established to draw up a detailed implementation plan for the reform. In addition to commercial ports, there are some 29 public wharves and jetties handling local traffic. Maintenance of these is built into the PWD's budget but there is no formal assignment of management responsibility for the infrastructure.

Following the September 11, 2001 attacks, the international community is placing increased pressure on safety and security of ports around the world, through the introduction of the International Port and Shipping Security (IPSS) code, under the Safety of Life at Sea (SOLAS) Convention. Fiji was fully compliant for all the major ports:

Suva, Lautoka, Levuka and Malau by the deadline of July 2004. The safety of local vessels is a special concern in the light of the Ovalau disaster.

There is a clear need to improve the efficiency of Government shipping operations, domestic shipping services and the ship repair business. Whilst Government owns vessels and facilities and ship repair services, its role in terms of the provision of these services needs to be reviewed. A review and update of the shipbuilding and repair facilities in Pacific countries (undertaken for Fiji Ships and Heavy Industries Ltd) clearly indicates that there is lack of shipping facilities in the region and there is real potential for Fiji to capitalize on the opportunity that this presents.

Aviation/Air Transport

Growth in this sector is mainly driven by expansion in the tourism industry, contributing significantly to the number of passengers, as well as by growth in air cargo. Major developments in the sector include, reform of AFL and CAAFI, upgrading of Nadi Terminal, upgrading of the Nadi runway, and the upgrading and development of outer island airports. Air Pacific has also made significant investment in the purchase of new aircraft, and this has contributed to its improved profitability.

A domestic aviation review study in 2003, found substantial social and economic justification for continuing the payment of service subsidies to certain isolated routes. Most of the population on outer islands has difficulty affording normal airfares. Government will consider extending the subsidies to other airlines to service additional routes.

Airport operations and maintenance need to be addressed, given the condition and standard of outer island facilities. The major problems are the overall deterioration in safety and efficiency in civil aviation systems as these relate to airports, a lack of periodic and routine maintenance at airports and the absence of a modern airport-specific safety regulatory environment.

Lack of competition with Air Pacific on regional routes has constrained the development of tourism in Fiji and the capacity for raising exports of goods into the region when PICTA comes into force. The aviation environment is changing, as a result of growing competition from low-cost carriers and technological advances. Airfare competition has increased in recent years as a consequence of new charter and scheduled flights to Fiji. The issue remains whether domestic airlines should have the flexibility to set airfares and rates based on market forces.

According to Air Pacific, the outward freight capacity is currently under-utilized and hence there is potential for growth. For example, less than 50% of its freight capacity to NZ and USA is utilized. This is despite the fact that specialized freighters (offering services in peak periods) charge about double the rates offered by Air Pacific.

Additionally, Fiji is being pressured to consider the regional aviation initiatives, which advocate the 'open sky policy'. Government will also need to continue to monitor international developments on liberalization of international air services on a multilateral basis, as advocated by the World Trade Organization.

3.2.14 Energy

Around 60% of the country's electricity requirements continue to be supplied by indigenous hydro and other renewable resources. This is provided largely through the FEA's grid network on our two main islands and Ovalau, and to a lesser extent from solar home systems, micro hydro installations, and biomass. Imported petroleum for diesel back-up generators, meets the remaining balance of 40%. For the rural areas, the Department of Energy (DOE) has installed about 500 diesel based systems in rural communities around the country.

The amount of electricity generated and sold by the FEA reflects the level of economic activity in the country. The contribution of the electricity industry to GDP was 3.6% in 2005 and is expected to rise to 3.8% in 2007. Growth of 2.5% and 1.2% in 2004 and 2005, respectively, is projected to increase to 6% in 2007 due to the forecast increase in demand from industry and the rural community. Access to electricity in rural areas has improved, with over 100 schemes each year under Government's Rural Electrification Programme.

Major changes have taken place within the FEA, following its restructuring. This reduced staff from 1000 in 2001 to 650 in 2003 on the basis of natural attrition and voluntary redundancy. Measures have also been put in place to improve the efficiency and effectiveness of FEA's operations. Government is reviewing the regulatory role of FEA with the intention of removing this role from FEA and which will enable the company to concentrate on its core business. FEA plans to invest \$350m up to 2011 in parallel with some \$150 million of private investment in IPP and PPP arrangements.

Government is developing a national energy policy and a strategic action plan that provides the framework for energy sector activities. This is expected to be completed in 2006 for implementation from 2007. A study on the bio-fuel initiative is currently under way, in order to assess the viability of producing ethanol and coco diesel on a national scale, using sugarcane, cassava and copra has been completed. These various bio-fuels will be used to supplement our electricity supply and provide an alternative to imported diesel fuel for industrial and transportation purposes.

A Charter for Renewable Energy-Based Rural Electrification with participation of the private sector, was developed with UNDP-GEF assistance, and approved by Government in March 2003. The charter provides a mechanism for renewable energy service companies to install and maintain renewable energy-based projects. The formulation of a 'Renewable Energy-Based Rural Electrification Bill' has also been approved and consultations are ongoing with enactment envisaged by 2007. With ADB support, Fiji

completed a Renewable Energy and Energy Efficiency Programme (REEP), which was aimed at building capacity to develop, fund and implement renewable energy and energy efficiency projects, while emphasizing market driven structures.

Development Constraints and Challenges

Development constraints and challenges include; the current high price of oil and the impact of this on domestic costs and the fuel import bill; current regulatory arrangements in the electricity industry; the lack of a regular energy sector information database; and weaknesses in the delivery mechanisms under the current Rural Electrification Policy.

3.2.15 Water and Sewerage

The portion of Fiji's population with access to pipe, safe water was latest measured in 1996 and then reported to be about 70%. The proportion of the population connected to sewerage facilities was then about 15%. Once more recent census data is available the coverage for water and sewerage utilities in Fiji can be measured.

Indeed water is very important for both rural and urban population. Also, for Fiji's economic growth and commercial developments, notably tourism, the availability of sufficient and reliable services for water and sewerage is crucial. Government acknowledges these strategic policy objectives and sets out to achieve firm improvements in the next 5 years. In the next five years, inhabitants of some of Fiji's most densely populated areas will have a more reliable and regular water supply and in time access to a environmentally friendly sewerage systems.

Government is continuing to implement works for the extensions of reticulation systems and treatment capacity. Capital expenditure for these works has more than doubled over the past 5 years. For Fiji's largest urban area, the ADB-assisted Suva/Nausori Water Supply and Sewerage project is well up and running. It includes major works, which will be completed by 2009, like refurbishments of the water treatment plants Tamavua and Waila, construction of new reservoirs and bulk water transport mains, new sewer reticulation and refurbishment of pumping stations. The first components have recently been commissioned, like extension of Kinoya wastewater treatment plant and sea-outfall, new reservoirs at Tovata and Colo-i-Suva and others. In many other urban areas works projects are also under construction and further planned for.

In the rural areas many villages were assisted in the provision of piped water and sanitation. Government will continue to promote and support rural water projects to improve public health and quality of life in these areas.

Water sector reforms

Government has declared the Water and Sewerage Department in the Ministry of Public Utilities and Infrastructure Development as a Reorganization Enterprise and will become

the Fiji Water Authority. The Ministry of Public Enterprise and Public Sector Reform will further drive these reforms.

The institutional reforms will result in a public water utility service provider, which will be oriented to deliver customer satisfaction in relation to water quality and continuity of service. The water and sewerage company will be responsible for operations and maintenance of all of Fiji's urban and peri-urban water supply and sewerage infrastructure. A customer service plan will document the levels of service the company is to provide for. The company will operate on a commercial basis, which implies revenue collection to cater for all operational, maintenance, renovation and capital costs. Furthermore, this company will provide assistance to initiatives for rural water and sanitation projects.

Government will develop and implement a water management policy. This policy will safeguard the proper management of all of Fiji's fresh waters and the marine environment as well. New legislation and regulation will ensure the framework for a sustainable exploitation and environmental protection of fresh water rivers and ground water aquifers.

Development Constraints and Challenges

The major constraints include the: financing infrastructure upgrading, low level of cost recovery and lack of professional and technical staff.

In the past decades there has not been duly recognition for the aging of existing infrastructure. Capital works were [almost exclusively] for extensions or new systems. The process of deterioration of old infrastructure assets now needs to be reversed and major renovation works need be planned and executed. Brain drain of technical staff has caused a too limited capacity and quality in the relevant organizational units.

The major challenge is to create the new Water and Sewerage Company as an efficient, well resourced entity, which will be fully focused on its tasks, with a customer orientation.

It will be a challenge to improve the discipline with Fiji's population to fully pay for the services and have sufficient cost-recovery.

Low levels of cost-recovery continue to constrain investment. The poor cost-recovery in the provision of both water and sewerage services is a result of low water charges and substantial arrears.

Lack of technical capacity constrains implementation of PWD's major programmes at a time when there is a need to implement individual master plans for expanding rural communities. These include Tubou on Lakeba and Wainikoro in Macuata.

Increase in demand for infrastructure from the upcoming tourism, business centres and industrial estates.

3.2.16 Foreign Affairs and External Trade

The Ministry of Foreign Affairs and External Trade is accountable for the establishment of diplomatic ties, political, economic, socio and cultural relations. It plays an important role in shaping Fiji's global image and has contributed significantly to the improvement of Fiji's image and trade relations overseas after the political instability of 2000. Fiji maintains diplomatic missions in Beijing, Canberra, Kuala Lumpur, London, New York, Port Moresby, Tokyo, Washington, New Delhi, Brussels and Wellington and 12 honorary consuls in other centres of the world are accredited to foster Fiji's interests abroad.

Fiji has adopted an export oriented, outward looking approach to trade relations with import restrictions lifted in favour of export promotion. This has resulted in Fiji becoming a more open economy with increased volumes of both exports and imports. The current bilateral, regional and multilateral trading agreements offer great benefit and opportunities to Fiji in terms of increased access to foreign markets under WTO membership, duty free access to Forum Island Countries (FICs) products to the Australian and New Zealand markets and EU markets under the Cotonou Agreement.

A major challenge for the Ministry is the freer global trade which calls for greater competition for domestic producers and the erosion of the preferences that Fiji export industries currently enjoy. The other constraint for trade is the market access restrictions due to non-tariff barriers applied by many countries.

The Ministry also plays an important role in the negotiation and administration of foreign aid. The Ministry's achievements include full restoration of foreign aid funding from the EU, NZ and Australia, the opening of the Fiji Embassy in India and India's technical assistance on the Fiji Sugar Industry, the extension of SPARTECA and the ratification of the PICTA and PACER.

The respective Divisions of the Ministry namely the Political and Treaties Division including the Protocol Division and the External Trade Division perform all these functions diligently despite resource constraints in the period assessed.

3.2.17 Employment and the Labour Market

Around 120,000 people, one third of the labour force, are estimated to be in paid or formal sector employment. With increased investments and future growth in the ICT and Audio visual industries, employment is expected to increase in the medium term. Government still remains the largest employer with some 25,000 employees, accounting for a large proportion of total paid employment.

There are signs of skill shortages in both the public and private sectors. However, unemployment in urban areas was estimated at 14% in 2002 within an overall national rate of 6%, according to the Household Income and Expenditure Survey.

The challenge is to ensure that economic growth is sufficient to absorb the estimated 16,000 people that enter the labour force each year. With current equilibrium of relatively low economic growth, the formal sector is unable to create sufficient jobs. Many are left to make their own opportunities in the rural economy and in small and micro-enterprises. Government's Integrated Human Resource Development Programme for Employment Promotion (IHRDPEP), which began in 2000, and the National Centre for Small and Micro-Enterprise Development (NCSMED) established in 2002 are spearheading efforts to support employment creation in both the informal and formal sectors. However, the economic growth which is needed to raise the levels and quality of employment can only be achieved through the economic restructuring to traverse to a high growth equilibrium, as discussed in Chapter 4 and the following chapters of Part Three.

Additional opportunities of securing employment are affected by skill shortages. Government has established a fast-track system for approving work permits in sectors faced by skill shortages. Poor dissemination of information about job opportunities and the skills required exacerbates skill shortages. Employment placement centres, where job seekers have access to information on available positions and to job-interview training, are to be incorporated into the National Youth Option Centres. Government's Internet-based placement service, CareerNET, which started in 2004, and the expansion of the Computerised Human Resources Information System (CHRIS) would also assist in job placements.

Obtaining a job is also hampered by the lack of recognition of many training qualifications now available. Preliminary work by the Training and Productivity Authority of Fiji (TPAF) on developing a comprehensive accreditation system of qualifications, commenced in 2004.

Data on the labour force and employment is very limited. A Labour Force survey, conducted in 2004, will provide valuable information about employment in the informal, as well as formal, sectors. The Computerised Human Resources Information System (www.fijichris.gov.fj) aims to improve the collection and dissemination of labour market information from various stakeholders, including the private sector.

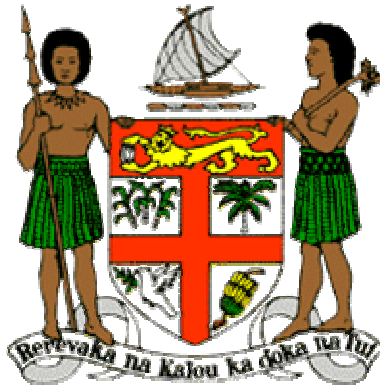
Wages and Productivity

Fiji's wage-setting is largely based on annual COLA (Cost of Living Adjustment) awards as opposed to merit or productivity based increments. Many private sector employers follow the wage increases awarded in the civil service and the wider public sector. When wage increases tend to be based on the cost of living, there is little incentive for employees to improve work performance or gain new skills, and this creates inflationary pressure.

Basing pay increases on performance and productivity is preferred. It helps in achieving higher productivity in both the public and private sectors, which is necessary to gain higher real incomes and higher economic growth. International experience of development shows that higher living standards come about only with high productivity which is continuously improved. Increasing productivity will come from higher investment in modern machinery, as well as from improved work methods. Pay systems which link wage increases to performance provide a strong incentive for employees to improve productivity. However, indications are that productivity levels are low in Fiji and that there has been little growth in productivity.

Recently Government has agreed to a Partnership Framework Agreement with the Public Sector Unions whereby wages and performance based payments were negotiated. The Partnership Agreement is an Industrial Relations Framework involving a comprehensive study of the current system of annual pay review in the Public Service to determine a system which is more appropriate to the Fiji Public Service.

In 2005, Government introduced the Civil Service Excellence Awards aimed at improving productivity and quality in government organisations. In addition, job evaluation studies have been completed for the service. The new CEO performance contracts, and the new performance budgeting system under the Government's Financial Management Reform Programme, is intended to assist public servants to become more productive.



Part 3

Future Priorities and Strategies 2007-2011

Chapter 4 Medium Term Strategy: Maintaining Stability and Sustaining Growth

“Maintaining Stability and Sustaining Growth to Achieve a Peaceful, Prosperous Fiji”

4.1 Strategic Priorities

The SDP Medium Term Strategy for 2003-2005 sought to recover from the events of 2000 by rebuilding confidence for stability and growth and these Strategic Priorities are considered to have been substantially achieved. The Medium Term Strategy for this 2007-2011 Plan will build on these achievements to lead Fiji to enhanced social stability and a higher level of sustainable growth.

As described in Chapters 2 and 3, progress has been satisfactory but has not yet achieved the development potential of which Fiji is capable. The key to unlock potential in both social and economic development is considered to be the removal of constraints which hold back economic development and, thus, also limit our ability to make social progress.

Investment levels have improved, but remain below target. Exports have grown, but not fast enough. Employment and self-employment has increased, but not enough to absorb all school-leavers. Incomes have risen, but some sections of the community remain poor and are unable to equitably participate in the benefits of progress. This Medium Term Strategy aims to continue the progress in the previous Plan but strengthen achievement by increasing emphasis on higher economic growth through greater investment and exports and through more fundamental restructuring of the public and private sectors and their ability to work effectively. The Strategic Priorities for 2007-2011 are given here:

<p>Maintaining Stability:</p> <ul style="list-style-type: none"> • Promoting peace and harmony • Enhancing security and law and order • Alleviating poverty • Strengthening good governance • Reviewing the constitution • Resolving the agricultural land lease issue • Implementing affirmative action 	<p>Sustaining Growth:</p> <ul style="list-style-type: none"> • Maintaining macro-economic stability • Restructuring to promote competition and efficiency • Raising export earnings • Raising investment levels for jobs and growth • Rural and Outer island development
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Figure 11 : Plans Supporting Strategic Priorities

Chapter	Key	Maintaining Stability							Sustaining Growth				
		Promoting peace and harmony	Enhancing security & law & order	Alleviating poverty	Strengthening good governance	Reviewing the constitution	Resolving agricultural land leases	Implementing affirmative action	Maintaining macro-economic stability	Restructuring to promote competition & efficiency	Raising export earnings	Raising investment levels for jobs and growth	Rural & outer island development
6	Public Sector Restructuring												
	Restructuring the Public Sector												
7.1	Alleviating Poverty												
7.1.1	Poverty Alleviation												
7.1.2	Rural & Outer Island Development												
7.1.3	Housing												
7.2	Social Justice												
7.2.1	Social Justice & Affirmative Action												
7.2.2	Gender Equality & Women in Development												
7.2.3	Children and Youth												
7.3	Social Services												
7.3.1	Urban Development												
7.3.2	Health												
7.3.3	Sports Development												
7.3.4	Disaster Risk Reduction & Disaster Management												
7.4	Security, Law and Justice												
7.4.1	National Security												
7.4.2	Law and Justice												
8.1	Economic Restructuring												
5	Macroeconomic management												
8.1.1	Financial Services												
8.1.2	Micro, Small and Medium Enterprises												
8.1.3	Education and Training												
8.1.4	Employment and Labour Market												
8.2	International Trade												
8.2.1	Manufacturing and Commerce												
8.2.2	Tourism												
8.2.3	Culture and Heritage												
8.2.4	Mineral and Groundwater Resources												
8.2.5	Environment												
8.2.6	Foreign Affairs and External Trade												
8.3	Natural Resources												
8.3.1	Sugar												
8.3.2	Agriculture & Livestock												
8.3.3	Forestry												
8.3.4	Marine Resources												
8.3.5	Land Resource Development & Management												
8.4	Infrastructure												
8.4.1	Information & Telecommunications												
8.4.2	Transport												
8.4.3	Energy												
8.4.4	Water and Sewerage												

Fiji's economy is in equilibrium, but a low growth equilibrium which is not realising our full potential for economic development and, consequently, not realising the social development which we need. In the Medium Term Strategy we need to accomplish the difficult task of "traversing" from this low growth equilibrium to a new equilibrium of

sustainable, higher growth. Such a traverse is difficult as it is not simply about doing more or working harder. It requires a fundamental change in the way our economy works. The key to the change is in the productive use of resources. At present, too much of Fiji's resources are inappropriately managed in the public sector - doing things which Government should not do at the expenses of the tasks of which Government is uniquely able.

To increase growth we must increase the returns on our productive resources. We must extend the frontiers of growth by redefining the boundary between the private sector and public sector to gain from the unique private sector skills in securing high value in the use of assets and the unique public sector skills in providing those public goods and services which markets fail to provide.

For the private sector to create higher growth it is necessary to reform the policy, legal and institutional framework within which our economy operates. In parallel, the public sector must be fundamentally restructured to transfer the ownership and management of under-performing assets to the private sector and re-focus the public sector in raising the efficiency and quality of public goods and services which it supplies to the people.

This essential restructuring, in a stable macroeconomic environment, is the core of the Medium Term Strategy which will determine our success in economic development and, using the resources such development creates, our success in social development.

4.2 *Maintaining Stability*

Society requires harmony in which individuals and communities peacefully co-exist to secure better lives for themselves and their families, contributing to the accomplishments of individual communities and the whole nation. The Plan aims to maintain and strengthen the social stability which facilitates such progress and addresses issues of equity in addressing the needs of the poor and disadvantaged and of better government in security, law, justice, good governance and appropriate development of constitutional rights and obligations.

4.2.1 *Promoting peace and harmony*

The Multi Party Government is built on the fundamental principles of trust, respect and mutual co-existence of all sections of Fiji's communities. In itself, it demonstrates the progress made in rebuilding stability since 2000. The Ministry of Multi Ethnic Affairs and National Reconciliation is responsible of leading coordination of Government efforts to raise awareness, facilitate nation building and harmony, and monitoring key results towards peace-building. Governmental, intergovernmental and community-based organisations all make important contributions to maintaining peace in Fiji. The Ministry and the United Nations Development Programme (UNDP) have commenced a participatory process for development planning that uses a peace-building and conflict prevention approach.

The Peace and Stability Development Analysis (PSDA) seeks to help identify responses, opportunities, initiatives, and strategies based on building a peaceful and stable community for prosperity in Fiji. Government acknowledges the fact that more prosperous and developed economies tend to suffer less from violent conflicts and have more robust mechanisms to deal with conflict when it arises and to do so in a more positive way. Government will mainstream strategies for conflict prevention and preparedness at all levels of development planning. This includes increased emphasis on public consultation during development planning processes, increased flow of information within and beyond government, greater “whole of government” planning and implementation, and renewed attention to the efficient delivery of services to the public.

Ministries will also undertake programmes to foster cross cultural understanding and multi-racial communal development, building the foundations for peace. Citizenship Studies has been introduced into schools. Government is strengthening the partnership with NGOs and a framework for co-operation has been prepared. Government acknowledges that more prosperous and developed economies tend to suffer less from violent conflicts and have more robust mechanisms to resolve conflict if and when they arise. Government will increase prosperity and undertake to mainstream strategies for conflict prevention and preparedness at all levels of development planning.

Most of the social development plans described in Chapter 7 will support this Strategic Priority, as illustrated in Figure 11.

4.2.2 Enhancing security, law and order

The rule of law is essential for social stability as well as for economic growth and sustainable development. Progress in maintaining law and order has been good. The police have dealt effectively with criminal and civil cases, with the courts functioning completely independently without interference from Government.

The trend in the numbers of reported criminal offences has generally been downward due to better enforcement of the rule of law. This is largely a result of more resources, better co-ordination between law and order agencies, and capacity improvements. Funding of the major security and law enforcement agencies⁵ has increased by 28 % since 1999.

Since 2003, an AusAID-funded Fiji Law and Justice Sector Programme has given technical support to the Police, Prisons and Judiciary. AusAID’s Pacific Regional Policing Initiative provides improved training of police officers. Streamlined court processes and consolidation of prosecution functions into a National Prosecution Service, are helping to reduce the backlog of court cases. The Fiji Prison Service is reviewing a policy shift from ‘containment’ to ‘correction or rehabilitation’. This process of

⁵ Includes Solicitor General’s Office, Prisons, Justice, Ministry of Home Affairs & Immigration, RFMF, Police, Judiciary and DPP’s Office.

improvement will continue and new challenges to security and the rule of law - including international terrorism, trading in illicit drugs, people smuggling and money-laundering - will be met.

Plan sections which support this Strategic Priority are indicated in **Figure 11**, including developments which assist law enforcement and those which develop more law abiding citizens.

4.2.3 Alleviating poverty

Comprehensive information on poverty in the 2002-2003 Household Income and Expenditure Survey and a 2003 assessment of poverty and hardship show that increased efforts are needed to alleviate poverty. A critical concern has been the lack of adequate new income generating opportunities in employment and self employment compounded by insufficient basic service provision, including clean water.

Increased resources have been devoted to social welfare in the Family Assistance Scheme, which provides a monthly grant to those who are unable to work. However, Government stresses the need to create more formal and informal income generating opportunities, including small and micro-enterprises and equipping the poor and disadvantaged with the skills to exploit such opportunities. The sustainable use of natural resources will also be encouraged to alleviate poverty. Government's National Sugar Adaptation Strategy, Alternative Livelihoods Project and Rural and Outer Island Project have all been designed to create livelihoods and income generating opportunities for cane farmers and related workers, landowners and rural and island communities.

However, major progress in alleviating poverty will only be achieved with higher and more balanced economic growth. Greater achievement of Strategic Priorities for economic growth will enable increased achievement of poverty alleviation.

Figure 11 indicates the wide range of planned activities which support alleviation of poverty, which include social development to increase provision of basic services to the poor and also economic development to create the income generating opportunities which can lift the poor out of poverty. The large number of agencies which contribute to the poverty alleviation outcomes requires that overall responsibility be taken by a central agency, and that role will be taken by the National Planning Office.

4.2.4 Strengthening good governance

Strengthening good governance is an on-going process of improving the ethical and professional standards and quality of the public sector, stressing increased transparency and accountability at all levels and removal of areas of administrative duplication of effort. This strengthening will complement the performance and structurally oriented reforms in Chapter 6 to create a public sector of higher standards and productivity.

Strengthening governance requires changes in people's attitudes to work and the way work is done, so can be a lengthy process. All levels of the public sector will be involved, including Parliament, national and local government agencies. The Public Accounts Committee will provide checks and balances on the expenditure of funds by Government. The consideration of social, economic and environmental considerations in decision making will be encouraged and strengthened.

To strengthen good governance, Government will promote accountability by: (i) processes which fully inform Parliament on budgets, loans, and guarantees; (ii) timely audit and publication of accounts of Government and public sector entities; (iii) transparent public sector contracting; (iv) prompt discipline for breach of financial regulations; (v) strengthening the Public Accounts Committee of Parliament, the Auditor General and Ombudsman; and (vi) Reserve Bank of Fiji will continue to non-partisan monitoring and advice.

Measures promoting good governance are particularly included in the areas of financial management (5.2) and public sector restructuring (Chapter 6) as well as Law and Justice and other sections indicated in **Figure 11**.

4.2.5 Reviewing the Constitution

The successful completion of the 2006 National Elections and formation of a Multi Party Government has created a positive political environment which is important to creating conditions for sustainable development.

The review of the Constitution is an on-going participatory approach and consensus building between the members of the Multi Party Government on the more substantive parts of the Constitution, which may include changes to the rules on the formation of a multi-party Government.

Plans which may be influenced by such a constitutional review are indicated in Figure 11 and include Social Justice and Affirmative Action (7.2) and Law and Justice (7.4.2).

4.2.6 Resolving the agricultural land lease issue

In addition to a wider review of constitutional issues, the Multi Party Government creates a political environment which is more conducive to a healthy dialogue and possible resolution of the land lease issue. Government's proposed native land lease system is based on providing secure, longer term leases for tenants and fair rental returns to landowners. A fair rental enables landowners to channel proceeds into viable investments and human resource capacity building for their children.

Land not required for the daily sustenance of the *Mataqali* or landowning units will be offered at fair rental terms and conditions, giving increased availability and use of land by tenants to contribute to growth. Longer term leases enable tenants to undertake longer

term investments for a market rate of return. Government will also identify land for the resettlement of urban squatters, apart from efforts to encourage squatters to utilize vacant lands in villages and rural areas. Sustainable land practices will also be encouraged to protect land from soil erosion and degradation and ensure that Fiji's environment is adequately protected. A Land Use Policy adopted in 2005 will guide Fiji's future land use development programmes.

The Native Lands Trust Act (NLTA) is the legal framework that Government will promote to safeguard the interests of landowners and tenants. A land lease system that promotes fair rental and security of tenancy will provide an environment of political and social stability in Fiji.

Directly related plan sections are those concerned with agriculture (8.3.1 and 8.3.2) and land resources (8.3.5).

4.2.7 Implementing affirmative action

The enactment of the Social Justice Act in 2001 has created special recognition for the disadvantaged in society and for Government's affirmative action programmes. Since the implementation of the Act in 2001, Government has allocated substantial sums for the various disadvantaged groups under the Social Justice Act programmes.

The major part of the Social Justice programmes is focused on the poor and those living in rural areas. This complements poverty alleviation programmes by using affirmative action to benefit the poor. Other disadvantaged groups who are supported include women, children and youths and people with disabilities.

An important component of the Affirmative Action policy is the implementation of the Twenty-year Development Plan (2001-2020) for the enhancement of participation of indigenous Fijians and Rotumans in the socio-economic development of Fiji.

Social justice and affirmative action is supported by measures included in plans for both social and economic development as indicated in **Figure 11**.

4.3 Sustaining Growth

The discussion of Strategic Priorities in 4.1 indicates that, whilst sustained growth has been achieved, the economy is in a low growth equilibrium. The targets for higher economic growth, which also underpin the ability to develop socially, require a traverse to a high growth equilibrium. This requires a restructuring of Fiji's economy, fundamentally changing the way the public sector operates and the way that the private sector does business. The interaction and partnership between public and private sectors is critical in this difficult task.

Restructuring will move the economy from growth driven by debt and consumption to a more competitive and efficient economy led by investment and exports. For Fiji to compete, the “easy” low growth options of protection and inefficient, supply driven allocation of resources must be replaced processes and market systems which allow land, labour and capital to be put to their highest value use, and the owners of each of those resources rewarded equitably for their contribution to economic production and growth. The priorities proposed address these needs.

4.3.1 Macro-economic stability

Macro-economic stability is a critical requirement of the Medium Term Strategy as it is a pre-requisite for higher investment and growth which, in turn, are required to provide the environment and resources for social development as well as economic development.

Present macroeconomic conditions and challenges are set out in detail in 3.1. These lead to the Medium Term Strategy, summarised in 4.1, to traverse from the present low growth equilibrium to a high growth equilibrium to achieve the sustained growth required to meet Strategic Priorities. The monetary and fiscal policies of the Plan are set out in **Chapter 5**.

Achievement of macroeconomic stability is inextricably linked with Restructuring the Public Sector (Chapter 6) which is necessary to support the projected fiscal balance and economic growth. In addition to public sector restructuring, macroeconomic plans also require increased private sector participation and performance which must be facilitated through successful implementation of plans for Financial Services (8.1.1) and Employment and Labour Markets (8.1.4).

These reforms in the use of, and markets for, resources provide a framework within which development plans to reform and readjust, including sugar, agriculture and forestry amongst natural resources sectors and transport, water and sewerage, and telecommunications amongst the infrastructure sectors. Measures to promote competition and efficiency will strengthen manufacturing, commerce and tourism to increase foreign currency earnings and contribute national economic development.

4.3.2 Restructuring to promote competition and efficiency

In order to reach a high growth equilibrium, a substantial restructuring of both the public and private sectors is required. These are best considered as part of one Strategic Priority as an essential feature of the restructuring is moving the boundary between public and private sectors by transferring assets and tasks out of the public sector and into the private sector.

In addition to the sharper definition of responsibilities for public and private goods, the public sector restructuring also requires new financing modes which are consistent with fiscal and debt strategies. Within tighter fiscal and debt strategies the increased provision of public goods and services - especially infrastructure - require new sources of funds and

these are seen to be in the form of increased use of public private partnership (PPP) financing modalities.

As buyer of Government's commercial assets and co-financier in the provision of public infrastructure and services restructuring of private sector institutions is integral to restructuring of the public sector. The plan sections indicated in **Figure 11** as supporting this Strategic Priority mostly concern the need to create a business environment which is conducive to entrepreneurial private sector activities, including strengthened property rights, contract law, and land tenure (7.4.2), improved financial services (8.1.1) and a higher skilled, more mobile labour market (8.1.3 and 8.1.4).

Analysis of the present position is included in 3.1 and plans for restructuring are presented in **Chapter 6**.

4.3.3 Raising Export Earnings

Challenges facing traditional export sectors of garments and sugar and the potential impact on the balance of payments and foreign exchange reserves are discussed in 3.1. Exports are always an important part of economic development and macroeconomic management but they are particularly so given the challenges of this plan period. Government recognises that growth in exports is essential for achieving sustainable economic growth and development.

Monetary and fiscal policy will be tightened to restrain imports of consumer goods and a National Export Strategy, currently being prepared, will be implemented to develop medium and long term exports. The present trade support network is seen as jointed and poorly coordinated, with strongly organised lobbies for tourism and sugar tending to diminish support for other potential export sectors. This issue will be addressed in a national strategy in place of ad hoc and sector strategies which have created distortions and disincentives.

Recognizing the narrow export base and lack of market oriented diversification, the Strategy will address the need to improve the business environment in which exporters operate in order to enable the private sector to develop export markets, invest and bring the performance benefits of entrepreneurial management to the export sector. The Strategy seeks a substantial reduction in Government interventions which hamper export development.

Success in exports requires Fiji's producers to become internationally competitive in both export and domestic markets – industry and agriculture sheltering behind tariffs cannot compete and export. An essential purpose of restructuring plans is to create an environment which promotes the realisation of productive efficiency to compete with foreign producers in external trade and domestic markets.

Plan sections which are expected to contribute to this Strategic Priority include all the economic development activities in Chapter 8 as export competitiveness cannot prosper in an inefficient economy. Education and Training (8.1.3) has a major role to play in developing the vocational, technical and professional skills required. Restructuring of the environment in which business operates will also be critical to export success.

4.3.4 Raising investment levels for jobs and growth

Although investment has risen in recent years it remains below the average of 20% of GDP for developing countries and below the SDP target of 25% of GDP. Of particular concern has been the low rate of private sector investment. Although private sector investment has doubled since the low of 2000 it remains less than 7% of GDP. Productive, private sector investment has greater impacts on jobs and growth than public sector investment, whether in infrastructure or low return public enterprises. The key to increasing jobs and growth is increased private sector investment rather than simply increasing total investment.

Restructuring of the public sector will transfer assets and business opportunities to the private sector. Macroeconomic management will establish an environment conducive to investment and re-orientation of public debt management, to lower levels of borrowing and a higher proportion of external debt. This will increase the availability of funds for debt and equity finance of productive investments in Fiji. Redrawing the boundaries between public and private sectors will be supported by changes in the policy and institutional environment which will increase business confidence and the efficiency of doing business.

Public private partnerships (PPP) provide a variety of modalities through which the private sector may help fund public infrastructure and services and manage them more efficiently. Government will enter such partnerships for infrastructure to provide water, roads, sewerage and the like to citizens, to meet their essential needs. National networks and local distribution to serve the general public may be funded under PPP. However, the boundary must be defined between public goods and the distribution, utilities and service which serve private business needs, and for which the incremental costs of the infrastructure form part of the private investment cost.

Whilst the above measures tend to be directed at larger enterprises offering formal employment, Government is well aware of the impact which investment in small and micro-enterprises (SME) can have on increasing employment and growth. The capital intensity of SME is typically low and increased investment of relatively small amounts can have a substantial impact on jobs and growth. SME are particularly suited to rural enterprises and thus serve a distributive role on allowing people in remote communities to develop livelihoods and participate in Fiji's developing economy.

The redefinition of the public sector, combined with PPP in infrastructure and public service provision, requires a role for almost all economic development plan sections in

promoting investment for jobs and growth. Several social development sectors also offer potential opportunities for investment as well as implementing the institutional development required to create an attractive investment climate (see Figure 11). The core support to promote investment is described in Government' plans for macroeconomic management (Chapter 5) and plans for restructuring of the public sector (Chapter 6).

4.3.5 Rural and outer island development

The rural and outer island areas continue to be the home of the majority of Fiji's people, although the rural population is declining overall due to rural-urban migration and the growth of urban and peri-urban squatter settlements.

In many areas old, traditional economic activities of coconut production and subsistence farming have formed the basis of livelihoods. As traditional coconut markets have declined, particularly with the high costs and low capacity of inter-island shipping, the rural areas have tended to decline as poor access to markets and services has been a bar to change and development of new products and markets to support improving livelihoods.

Major government initiatives in the rural sector have focused on the provision of basic services and the development of rural business. Education remains critical for the development of the rural areas and is being facilitated by an EU grant-funded Fiji Education Sector Programme. Education alone tends to increase rural urban migration as a better educated population looks for employment. Development then must be balanced between increasing skills and capacity in rural and outer island areas matched by development of access to employment and self-employment through improved access to markets and the infrastructure needed to support that.

Government's Rural and Outer Island Project, with ADB support, is designed to promote such balanced development of inter-island and international maritime infrastructure and rural roads with livelihoods supported in tourism, agriculture and agro-processing and enterprise development in MSMEs. Government will strengthen the capacity of provincial governments to actively participate in planning and implementation in development.

Within this wider context of rural development Government recognizes that Vanua Levu, Fiji's second largest island, is a depressed area which needs particular support to income generating opportunities and the infrastructure required to provide access to markets and services. Priority measures to redress infrastructure provision in Vanua Levu will include new international port at Savusavu and upgraded roads to support development of more competitive tourism and agri-industry sectors.

The Strategic Priority will be most directly supported by the Rural and Outer Island Development Plans (7.1.2) but is also a major outcome of the Poverty Alleviation (7.1.1) and Social Justice and Affirmative Action (7.2) plans and others indicated in Figure 11.

4.4 Plans to Implement the Strategy

The remainder of this Strategic Development Plan sets out the detailed plans by which Government intends to achieve the Strategic Priorities presented in this Chapter.

A pre-requisite of success in Plan implementation is the maintenance of a sound macroeconomic environment through prudent monetary and fiscal policies. The plans for macroeconomic management are set out in Chapter 5.

For the Plan to succeed, Government itself must be restructured to become more efficient and effective in its task of serving the people. Efficiency not only produces a better quality of public services but allows more of the Government's resource to be dedicated to service delivery rather than administration. The critical and challenging plans to restructure the public sector are presented in Chapter 6.

In 4.2 the Medium Term Strategic Priorities for Maintaining Stability are described. In Chapter 7 the plans addressing these priorities are set out in terms of Alleviating Poverty, Social Justice, Social Services, and Security, Law and Justice. For its component sectors, each section of Chapter 7 presents the goals, development rationale, policy objectives, strategies and key performance indicators of success in achieving plan outcomes. Links to the strategic priorities are clearly stated as well as links to the Millennium Development Goals, to which Government is firmly committed.

In Chapter 8 the focus turns to the second part of the Medium Term Strategy, Sustaining Growth. Development depends on the increased resources and prosperity which growth alone can bring. As discussed in this chapter, moving to a sustained, higher level of growth demands new ways in which we carry out our business activities, not just "more of the same". Chapters 5 and 6 lay the foundation for this "traverse" to higher growth through macroeconomic management and public sector restructuring.

But higher growth cannot be achieved by Government alone. It depends on the public and private sectors working in effective partnership. Chapter 8 sets out the plans for such partnership in Economic Restructuring, International Trade, Natural Resources, and Infrastructure development. For each of the component plans, as in Chapter 7, there are clear statements of goals, rationale, objectives, strategies and key performance indicators.

Chapter 5 Macroeconomic Management

5.1 *Monetary Policy*

Exchange Rate and Reserves

Through demand management and policies to support exports and investment, the balance of payments will be managed to restore and maintain reserves equal to some 3 to 4 months cover for imported goods.

Inflation

For 2007, the year end inflation is projected at 4.0% in the light of the inflationary pressures emanating from higher and volatile crude oil prices. In 2008, inflation is expected to ease back to 3.5% against the back drop of lower trading partner inflation resulting from a slightly weaker global economy and anticipated steadiness in international crude oil prices. Continued demand management is then expected to maintain inflation below 3% for the remainder of the Plan period.

5.2 *Fiscal Policy*

Budget Deficit

Government reduced the net deficit and will continue prudent fiscal management so that the deficit will not significantly exceed 2% of GDP in any year of the plan period. By restraining expenditure growth below the level of GDP growth, the deficit is projected to fall to 1% of GDP by 2009 and, potentially, to a balance by 2011. Such a balance will increase Government's ability to use fiscal policy in response to changing macro-economic needs.

Debt Management and Contingent Liabilities

Continued reduction of deficits over the medium-term will allow better management of public debt and encourage greater use of the country's savings in the private sector. The primary balance – net deficit less interest payments – will be in surplus from 2007 onwards to allow reductions in the debt as a proportion of GDP to less than 48.5% by 2009 and to a medium term target of 45% by 2011.

Though reduced in proportion to GDP, the nominal value of total debt will continue to rise, at sustainable levels, and allow Government to diversify its debt portfolio and also FNPF to diversify its investments. Government will adjust the mix of debt to minimize interest costs and better manage exchange risks. Contingent liabilities are declining and not a current concern, but they may impede restructuring of public enterprises and need to be managed to facilitate restructuring.

Revenue

Revenue projections are based on a minimum continuation of present levels of some 27% of GDP. The principles guiding revenue collection are that: (i) Government's operating revenues should always be more than recurrent expenditures; and (ii) Government savings should be increased, in part, by increasing operating revenues. This will be supported by continued strengthening of tax compliance and increased efficiency of tax collection, identifying the leakages in tax revenue and measures to promote compliance and prevent identified leakages. Exemptions will be reviewed in terms of economic efficiency to identify those without net economic benefits. This continues the policy which has already increased revenue's share of GDP.

Expenditure

In the plan period expenditure will be managed to achieve the targeted level of deficit so that it does not significantly exceed 2% of GDP in any year. Expenditure will be controlled by increasing productivity and accountability in the use of Government resources. Overall achievement of Strategic Priorities will be maintained by focusing budget resources on clearly stated priorities of: (i) the core priority areas of health, education and infrastructure; (ii) promoting export growth and investment, particularly in the resource-based sectors; and (iii) maintaining support for law and order, and addressing poverty reduction through the creation of employment opportunities for all, particularly those in the rural areas and the outer islands.

These measures are supported by financial management reform, which introduces a performance focus and strengthens accountability. A new Financial Management Information System has been introduced to provide the timely, accurate information on Government's financial position which is essential for effective control and decision making.

The linkage between planning and the budget process has been weak but will be strengthened through greater coordination of this Plan with Corporate Plans and Budgets. The budget process will become better informed on implementation performance through effective and timely feed back of the monitoring and evaluation systems proposed in Chapter 9. The focus of the Public Sector Investment Plan will also be sharpened to improve the quality of development expenditure. Proposals will be screened to be developmental and aligned with the Strategic Priorities. Proposals will also be reviewed for appropriateness in their use of Government funds to create public goods which cannot be better provided by the private sector or through public private partnerships.

Asset Sales and Public Private Partnerships

Selective corporatisation of agencies which can be commercially viable and operate without Government funding will reduce the burden on Government financial support. Government will examine its shareholdings and identify those which it is appropriate to sell. Government owned entities that are best owned and run by the private sector will be divested. In the use of asset sales proceeds, priority will be given to repaying debt and investing in high-return projects in the PSIP.

Public Private Partnerships will be used for investment in and the operation of infrastructure that is attractive to the private sector, where viable returns can be realized through cost recovery and user pay systems. In the process, it reduces the burden on Government finances and allows Government to direct public funds to investment projects to create public goods, with greater social benefits, which can less easily be developed into viable cash flows. This refocusing of Government and restructuring of public services and assets is central to the achievement of the Strategic Priorities.

5.3 Summary and Key Performance Indicators

Goal

Maintaining macro-economic stability to facilitate social and economic development.

Link to Strategic Priorities

Macro-economic management will determine the extent to which Government achieves the Strategic Priority of maintaining macro-economic stability. Achievement of this outcome is critical to Government's ability to achieve all other Strategic Priorities through establishing the necessary facilitating context and providing the resources necessary to support the other priorities.

Development Rationale

The major challenges for the medium term are to maintain prudent monetary and fiscal management in order to protect exchange reserves, continue with low inflation, and ensure sustainable fiscal deficits and debt levels. The medium-term approach by Government recognizes the importance of consolidating fiscal policy and increasing export earnings to reduce the widening trade account of the balance of payments.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
The nation enjoys macro-economic stability and growth on which to build improved standards of living and quality of life.	<ul style="list-style-type: none"> • Low and stable levels of inflation are assured through use of fiscal policy to manage of budget deficits and monetary and interest rate policy to pro-actively manage inflation. • Promote growth consistent with criteria of the UNDP Human Life Quality Index. 	<ul style="list-style-type: none"> • Annual growth rate to reach 5% by 2009. • Inflation is to be brought securely below 3% per year after 2008.

Policy Objectives	Strategies	Key Performance Indicators
	<ul style="list-style-type: none"> • To maintain confidence in Fiji’s currency and capacity to meet international financial obligations through: maintenance of a stable foreign exchange rate regime; a reasonable level of reserves; pro-active use of interest rates; and a progressive review of exchange controls with further relaxation in annual budgets. • Transparent, market based interest rates maintained at levels consistent with low inflation and a comfortable level of foreign reserves. • To maintain a sustainable ratio of debt to GDP by restricting spending to levels consistent with debt targets. • Government revenue regime is used to promote economic growth through appropriate levels of taxation, a broader tax base, reduced distortions, increased compliance and development of the user pays principle. 	<ul style="list-style-type: none"> • Reserves equivalent to 3-4 months of import cover for goods only. • Interest rates on deposits are at least positive in real terms. • Inflation and foreign reserve targets (above) are met and interest rate spreads reduced. • Debt to be reduced from 52% of GDP to less than 50% of GDP by 2009 and towards 45% in 2011. • Revenue to be not less than 27% of GDP in each year of the plan period. • Annual investment increased to 25% of GDP with 15% private sector investment in 2009. • Top corporate and income tax rates no more than 30%. • Tax collected within 3 months of the due date to be not less than 95% of the tax due.
	<ul style="list-style-type: none"> • To reduce government spending as a proportion of GDP through tight control of 	<ul style="list-style-type: none"> • Government deficit to be less than 2% of GDP by 2011.

Policy Objectives	Strategies	Key Performance Indicators
	<p>Ministerial expenditure within budget provisions and through improved cost recovery measures.</p> <ul style="list-style-type: none"> • Priority allocation of resources to focus on core activities of government in infrastructure, health and education and increasing the proportion of capital expenditure in the budget. 	<ul style="list-style-type: none"> • Net expenditure to be limited to revenue plus the target level of deficit. • Capital to operating expenditure mix of 25:75 by 2010. • Maintenance expenditure to be not less than 7.5% of total expenditure.

Chapter 6 Public Sector Restructuring

6.1 *The Public Sector*

6.1.1 The Need for Restructuring

The public sector in Fiji is large, using a high proportion of the nation's assets and skilled labour. The public sector has extended to undertake economic activities in which private sector management typically produces higher returns to resources. A rapid improvement in productivity and managerial effectiveness is critical to the effective implementation of this Plan and Government programmes and policies in general.

The size of the public service increased from 10,000 in 1971 to 25,888 in 2005, much more rapidly than the growth in population. The number of established and un-established posts increased between 2003 and 2005 by 1,787 or (6.5%) of the overall establishment. The public sector is consuming an increasing proportion of the nation's assets due to wage growth and the increasing size of the workforce. This growth in expenditure undermines the Government's fiscal policy, service provision and economic growth.

Over recent years a number of productivity initiatives have been implemented, but they have not translated into a reduction in the size of the workforce or in any visible improvements in productivity. A radically new approach is now needed to fundamentally restructure the public sector.

6.1.2 The Approach to Restructuring

To meet these challenges, Government has developed plans to address: (a) financial management reform - discussed above in 5.2; and (b) public sector reform, including both civil service reform and public enterprise reform - discussed in this chapter. Significant reform, though difficult, is essential and it is incumbent on officials to respond by strategically realigning resources and offering value for money.

Reform must be made in a planned and coordinated manner. Improvements in governance, planning, coordination, donor assistance and communication between the key stakeholders need to be efficiently harmonized and synchronized. To support such an approach, a Civil Service Reform Programme is currently being developed for implementation over the Plan period through a common management structure.

Such a programme requires commitment and leadership at the highest levels of Government to champion the cause of reform and lead its implementation. To this end, Cabinet has decided to form a Steering Committee of key stakeholders under the chairmanship of the CEO of the Prime Minister's Office reporting directly to a Public Service Cabinet Sub-Committee led by the Prime Minister.

The reform strategy also needs to take into account that CEOs of ministries have been given contractual responsibilities without being given the appropriate delegations, legislative backing, systems and procedures to assist in the management of resources or delivery of services for which they are accountable. Restructuring will require further delegation accompanied by legislative reform, improved management of capital infrastructure and the fleet, systems, training and strengthening of accountability mechanisms. A broad based reform strategy can address many of these issues without diminishing service delivery. This can be achieved through restructuring, job redesign and strengthening and streamlining policy and procedure.

The broad objectives for Public Sector restructuring can be summarised as:

- **Objective 1:** Mobilize programme resources, commence and sustain communication and consultation with all key stakeholders;
- **Objective 2:** Divest functions to the private sector and restructure and right size all Government Ministries and Departments to maximize the efficient and effective use of public resources and enable them to operate within a sustainable budget base;
- **Objective 3:** To strengthen systems and processes in human resource management, fleet and capital infrastructure;
- **Objective 4:** Create a cadre of future leaders, delegates and corporate resource managers who are better informed, trained and equipped to manage the major assets of Government; and
- **Objective 5:** To strengthen the ethics, values, integrity and impartiality of key decision makers.

Communication and the opportunity for involvement by the community, the private sector, unions and the workforce in the design and implementation of new structures is an essential component to successful restructuring. Effective communication will address community concerns and emphasize the Government's commitment to effective public sector management, the desire to lift productivity and improve efficiency in service delivery.

The objectives require that parts of the present public sector be re-organised and corporatised or privatised by divesting functions that are better delivered by private enterprise. This public enterprise restructuring is discussed in 6.3. The core functions then need to be addressed and re-organised to increase productivity and efficiency whilst improving service delivery. This civil service reform is addressed in 6.2.

Recognising their vital importance during the Plan period, a Summit Working Group on Public Sector Restructuring will be dedicated exclusively to support, monitor and evaluate implementation of the Plans in this Chapter.

6.2 Civil Service

6.2.1 Civil Service Structure

The reform of the civil service aims at reducing costs – by restructuring, right-sizing and increasing efficiency - and improving service delivery. This will reduce the burden on Government budget and allow more resources to be applied to providing the community with more and better public goods and services. This potentially supports all of the Strategic Priorities of this Plan by releasing Government resources for more productive uses.

At present the civil service comprises 41 Ministries, Departments and Statutory Authorities. Comparative industry benchmarking suggests this is disproportionate to the size of the civil service, representing a significant over investment in senior management and service structures. Preliminary analysis suggests that the number of ministries could be reduced. There is significant scope to flatten management structures, remove overlapping functions, broaden roles and responsibilities and shift delegations away from central agencies to increase flexibility and responsiveness in the deployment of resources.

To strengthen management, a leadership development programme must implement a succession planning approach to identify the next generation of leaders. This needs to target talented employees with the potential for future leadership positions. Selected employees could be exposed to training in leadership, people management, public administration, corporate governance and the importance of strategically managing public assets. This would be delivered through accredited tertiary study, job rotation and mentoring in the work place. Emphasis will be placed on improved knowledge and skills in resource management, strengthened ethics and integrity and the importance of impartiality in decision making.

6.2.2 Human Resources

The number of industrial disputes has declined in recent years but there has been little evident progress to improve productivity through initiatives such as performance management or service excellence. Thus, a new approach is needed to restructure in order to achieve greater productivity and seek to secure genuine productivity agreements that build on the consensus reached under the *Productivity Charter Fiji 2005*.

Right-sizing employee numbers during restructuring can include natural attrition, recruitment freezes, divestment or outsourcing of functions and the application of departure packages either by voluntary or targeted redundancy programmes. While a ‘no redundancy policy’ has been maintained to date, redundancy is a viable strategy that can help employees who cannot be retrained and redeployed. Without this provision meaningful restructuring may not succeed but, if adopted, this strategy must be adequately funded.

The approval of this strategy would be subject to consultation with the unions and the preparation of a redeployment and redundancy policy that is supported by a fully costed business case. The policy and procedures would need to ensure that skilled employees are

not lost to the service with these officers being redeployed and retrained rather than declared redundant.

In April 2006, a three year Partnership Agreement was reached with six public service unions to resolve outstanding disputes and establish a partnership to move forward with reforms. As a forum for this process, a Joint Committee has been established composed of CEOs of appropriate ministries and representatives of the public service unions. A comprehensive study will be undertaken to agree a system of annual pay review for implementation from 1st January 2008.

6.2.3 Human Resources Management

The weakness of present human resources management is demonstrated by the apparent discrepancy between the number of authorized positions and the number of positions funded in the budget. The *World Bank Report in (2005)* estimated this variation to be as much as 4,381 positions - a number almost equal to the 5,000 target reduction in civil service employment. This discrepancy must be addressed urgently to establish effective control of human resources and establish a baseline for measuring reform performance.

At present, human resources management is dependent upon stand-alone databases and hard copy record-keeping which severely limits the ability to manage a workforce of over 25,000 employees. New technologies common elsewhere have revolutionized how human resource management information is captured, stored and used as a powerful tool to strengthen accountability and improve strategic workforce planning.

To advance this key strategy, structural integration of the payroll and establishment functions must occur to align human resource policy and procedures with future systems development. A fully integrated and networked Human Resources Management Information System (HRIS) needs to be implemented. It should be noted that the progressive loss of control over resources can largely be attributed to the lack of access to the reliable and credible management information needed for control and decision making.

6.2.4 Asset Management

To complement stronger human resources management capability, a strategy to improve the management of capital assets must be developed which provides the basis for restructuring and consolidation of the existing functions.

The fleet of vehicles used by the service is recorded to number 1,744, but may be considerably more as vehicles are not always disposed of when a replacement is purchased. Current fleet management policies are 20 years out of date and management practice for the procurement, maintenance and disposal of vehicles is open to abuse.

It would be possible to implement more modern, effective fleet management systems with clearer control and accountability. However, it may be more appropriate for Government to cease involvement in vehicle management - not a core Government function - and instead lease its fleet under private sector management and maintenance.

Such an approach would be consistent with the emphasis on increased public private partnerships and follow the practice in which government offices are generally tenants of buildings rather than landlords. The leasing principle could be extended to the financing and management of other Government capital, such as computers, office furniture and the like.

6.3 Public Enterprises

The government has capital equivalent to 30% of GDP tied up in largely unprofitable public enterprises. Few public enterprises are able to finance their investments from internally generated funds and the modest target of a 10% return on assets is rarely achieved, overall returns are some 3% and well below the opportunity cost of capital.

The failure of entrepreneurship in public enterprises results in the diversion of scarce Government resources to support activities which should be commercially owned and managed by the private sector. By doing so, the public enterprises deny communities access to the public goods and services which only Government can supply and for which they pay their taxes.

Restructuring of such enterprises onto a financially viable commercial basis, ultimately with entrepreneurial ownership and management, will save scarce Government resources and allow increased funding of genuinely public goods and services. The greater impact, however, is that the assets transferred will secure higher returns through entrepreneurial management and, thus, create increased growth and employment in the national economy.

6.3.1 Restructuring Principles

Government has endorsed a three-step reform process: (i) introduce measures to reorganize, commercialize and corporatise public enterprises; (ii) enhance competition in the markets in which particular public enterprises operate; and (iii) privatize the restructured public enterprises. The Government has made significant progress in reorganizing, restructuring and commercializing some of the commercial operations. Less progress has been made in corporatisation, constrained by the “no redundancy” policy and almost no significant privatizations have been made recently, which is especially unfortunate because even partial privatization can add significant value to an enterprise.

Government is dissatisfied with this rate of progress and, in August 2006, adopted a programme of accelerated restructuring so that substantial progress is made in the first two years of this Plan period and effective consolidation of the gains is achieved before 2011.

The public sector has encroached on activities which are best undertaken by the private sector and, by doing so, has both blurred the boundaries of responsibility and reduced economic performance. Restructuring will adopt clearer definitions of individual public and private sector responsibilities as well as establishing a sound basis for mutually beneficial public private partnerships (PPP).

The fundamental economic distinction is between public and private goods. A public good or service is one in which the consumption by one person in no way limits the ability of other people to benefit - a nature which makes it difficult to create a market which yields revenue. Private goods are those for which the consumption by one person excludes consumption by another person - a nature which makes the goods highly suitable to rationing by price in a competitive market.

National security, law and justice, environmental protection and the like are public goods which cannot be directly priced and marketed but which bring benefits to the entire country. They are clearly the responsibility of Government to be financed from general taxation. Electricity, drinking water, a hospital bed, or a telephone call consumed by one person excludes consumption by another. They are clearly subject to pricing in competitive markets and are potentially the responsibility of the private sector, financed on a user pay basis.

Reality is not so simple. Price alone would exclude the poor and disadvantaged groups from consumption of essential private goods, such as basic drinking water and electricity supplies. At present, such "private goods" are supplied by the public sector inefficiently and at high cost which entails Government subsidy of rich and poor alike, as well as the inefficient public sector supply providers. Studies are in hand to identify the most cost effective means by which such non-commercial obligations can be met whilst maintaining the drive to achieve efficient resource allocation and use.

6.3.2 Public Sector Structures

Few entities can move directly from public sector to private sector without substantial changes. Government has established a series of transitional stages between fully public and fully private ownership. It is also recognized that many entities will best remain part way between full public and full private ownership in PPP structure.

Reorganisation

Reorganisation under the 1996 Public Enterprise Act is a structural reform process for nominated Government entities that allows changes in the conditions and structure under which the entities operate so that, as far as practical, they operate on a commercial basis in a competitive environment. The entities remain under public ownership and the State, as owner, provides strategic direction in setting financial and non-financial performance targets and in meeting non-commercial obligations.

The purpose of these re-organisations is to create organisations which are: (i) more efficient and productive; (ii) more accountable; and (iii) better organised. Government companies, statutory authorities, ministries and departments may all be nominated for the re-organisation process. This will bring greater efficiency to reduce the demands on the Government budget and/or increase their contribution to Government revenues.

In the context of restructuring, the increased efficiency will add value to the marketability of the assets. Whether privatised as a going concern or contributed to a PPP as Government equity it will increase the value realised by Government and contribute to a reduction in

Government debt and/or capital expenditure programmes. Re-organised entities are likely to move on into other ownership arrangements.

Public Private Partnerships

In the Public Private Partnerships Act 2006 the Government establishes a range of legal options for ownership and operation of entities which fall between full public or private ownership. PPPs are arrangements which, irrespective of the corporate or legal form, bring together state assets or expertise and private sector assets or expertise to provide infrastructure or services at competitive prices.

These forms are aimed primarily at supplying public goods, including both infrastructure and services. The forms are varied and have different impacts on Government finances. Some forms are simply an alternative form of debt financing in which the cost to Government is deferred and contingent liabilities are increased rather than public debt. These simple “debt substitutes” are likely to be least attractive to Government.

Outsourcing and management contracts will introduce private sector management to the provision of Government services, increasing efficiency and providing cost savings for Government without present or deferred investment costs. These can be applied to existing services or maintenance of existing infrastructure as well as to design-build and turnkey contracts.

Concession contracts are used to provide new, rehabilitated or upgraded infrastructure which is designed, financed, constructed, operated and maintained by the private sector for an agreed period of time. Within this time the user charges reimburse the costs of the concessionaire, including financing costs and a fair return on the investment. Such long term arrangements with Government clearly require confidence in Government and in the legal and judicial system to uphold agreed contracts.

These forms of PPP and the variations on them will provide an effective means of establishing PPPs which will increase the overall efficiency of public infrastructure and service provision whilst reducing demands on Government resources, thus allowing it to concentrate public funds on provision of those goods and services which cannot generate adequate financial returns but do create the social and economic outcomes which Government seeks.

Privatisation

There is a clear distinction between a PPP under which the private sector partner supplies public infrastructure and services on behalf of the State and a privatisation in which assets are sold to the private, market sector and are no longer owned or controlled by Government.

Goods and services which are clearly marketable private goods and services should have no claim on scarce public funds and the tax revenues which provide those funds. In these cases the reorganised entities should be moved from reorganisation to privatisation. Reorganisation will ensure that Government receives a fair market price for the entity by

increasing efficiency and returns so that the private sector is willing to pay for the business on a going concern basis.

It is possible that some entities cannot be made a going concern. In these cases the consumer of the private goods is unwilling to pay a full cost recovery price for even the most efficient enterprise. Market forces then require that the entity be closed and its assets sold at asset value so that Government may recover some value from the investment and the assets be more productively used elsewhere in the economy.

In the privatisation process the Fiji Investment Corporation Limited (FICL) may facilitate the transfer to full private ownership. The Government owned FICL provides a means by which entities can move beyond corporatisation within the public sector and become fully privatised and commercial in structure and management. In such cases Government would act in partnership with the private sector on the private sector terms of shared equity and liability. This could be a long term investment by FICL or used to establish a sound commercial track record which allows Government to ultimately divest at a higher price.

In cases of privatisation, any residual regulatory functions of the entity must be removed and vested in the Commerce Commission, the Government's purely regulatory entity. In practice, Government policy is to separate commercial and regulatory functions on principle, including in wholly Government owned entities.

Public Sector Investment Programme

Government must identify a pipeline of projects suitable for PPP and private sector financing models. This will require evaluation of financial viability so that those projects which have a financial internal rate of return in excess of the weighted average cost of capital can become candidates for PPP or privatisation. If the goods and services are of a public goods nature then the investments will be directed towards the PPP pipeline and if of a private goods nature towards private sector finance.

In neither case would they be approved for funding solely under the PSIP. PPP proposals which had been agreed as financially viable and for which a financing plan had been agreed would be eligible for PSIP financing of the agreed Government portion if required. Such screening will allow public funds allocated under the PSIP to be concentrated on raising the level of investment in development projects and programmes producing the public goods and services which Government is uniquely able to supply.

6.3.3 Accelerated Restructuring Programme

In August 2006, Government agreed to accelerate the pace of restructuring. Slow progress in the past was considered to have been due to a natural wariness of such large changes and to a predominance of information focusing on the negative aspects of restructuring, such as redundancy. Importance is attached to increased awareness of the positive aspects of restructuring: a lower tax burden; improved public services, including social services; increased investment in construction and maintenance of infrastructure; increased economic growth and employment through more efficient management of assets.

A further impediment to progress was seen as a fragmentation of Government in which some Ministries and Departments acted almost autonomously and pursued their own agenda. Such agencies tend to behave territorially, defending their own patch with inadequate regard for whole of Government policy and the national interest. Government, therefore, has made a clear and firm commitment to the framework and sequencing of restructuring under clear, coordinated political and administrative leadership. The time line for accelerated implementation is:

- by mid-2008: review the legislative framework; accelerate reorganisation, corporatisation and divestment giving priority to the most difficult areas; develop public awareness of the benefits of restructuring;
- between mid-2008 and the end of 2009: review the measures taken and concentrate new efforts on perfecting the reforms and promoting their benefits; and
- by 2011: consolidate the reforms and continue to promote achievement of the benefits.

A set of priorities have been established for the accelerated programme with an indicative work plan up to mid-2008 which includes:

- re-organisation of: (i) Department of Immigration; (ii) Department of Quarantine; (iii) Ministry of Agriculture; (iv) Fiji Islands Maritime Safety Authority; (v) Management of Government Quarters; (vi) Fiji Film and TV Unit; (vii) Coconut Industry Development Authority;
- corporatisation of: (i) Department of Water and Sewerage; (ii) Mechanical engineering and electrical sections of the Public Works Department; (iii) Department of Government Supplies; (iv) Department of National Roads; (v) Trade and Manufacturing Accounts (TMA); and
- divestment/privatisation of: (i) Fiji Broadcasting Corporation Ltd; (ii) Food Processors Ltd; (iii) Fiji Tannery; (iv) Ports Terminal Ltd; (v) Fiji Hardwoods Corporation Ltd; (vi) Yaqara Pastoral Company and Batiri; (vii) Airports Fiji Ltd; (viii) Fiji Ships and Heavy Industries Ltd; (ix) Rewa Rice Ltd; (x) Government Printing.

This can be considered an ambitious, stretch target which recognises the scale of the challenge. But it is achievable. And the greater the extent to which it is achieved the greater the benefits which will be gained for Government and for national economic development.

6.4 Public Sector Restructuring Plan

Goal

To promote macroeconomic stability through a stronger fiscal position and increased economic growth through transfer of the ownership and management of assets to more productive uses.

Links to Strategic Priorities

Restructuring the Public Sector is essential to achievement of macroeconomic stability and economic growth. Proposals also directly address the Strategic Priorities of: (i) reforming the public sector to reduce the cost of doing business; (ii) structural reforms to promote competition and efficiency; (iii) strengthening good governance; and (iv) promoting public private sector partnerships (PPP). Achievement of these priorities will also contribute substantially to Government’s ability achieve others.

Development Rationale

Continuance of the present large public sector is neither appropriate nor affordable. Scarce Government revenues must be better focused on providing the wider community with the public goods and services which they need. The large share of both human and physical resources in the public sector can be more productively employed in the private sector to create the economic growth which is essential for poverty alleviation and national development.

The boundary between public and private sectors will be moved so that each undertakes those tasks which it is best able to do. Private goods and services and the assets to produce them will be transferred from inefficient public sector management to gain productivity from the entrepreneurial skills which are unique to the private sector. A downsized public sector will focus on more efficient provision of higher quality public goods and services which the private sector is unable to provide.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
People are better served by increased civil service efficiency, productivity, and quality.	<ul style="list-style-type: none"> • Restructuring the civil service appropriate to the needs of efficient provision of public goods and services at national and local government level. • Establish and implement, where needed, a redundancy policy to support expeditious restructuring. • Provide an institutional, operational and legislative framework for more accountability and transparency in policy making and management of public resources at all levels of Government. • Enforce the principles of good governance, including transparency in decision-making 	<ul style="list-style-type: none"> • Cost of running Government machinery reduced from 14% to 7% of GDP. • The number of civil servants reduced from 25,000 to 20,000 by 2011. • Civil service employment costs reduced from 36% to 28% of annual Government expenditure.

Policy Objectives	Strategies	Key Performance Indicators
	<p>and accountability in public services, including a Code of Conduct for Leaders, as provided for in the Constitution, and a Code of Conduct for Local Government.</p> <ul style="list-style-type: none"> • Introduce a strategic procurement policy for all government departments and public enterprises. • To ensure full consultation with all stakeholders in all relevant matters pertaining to reforms and promote general public awareness of reform strategies. • Ensure that Government is seen as an equal opportunity employer by members of all communities. • Improve access to public services and improve quality, productivity and efficiency of service delivery in national, provincial and local Government. 	
<p>The country achieves greater productivity in the use of assets currently owned and/or managed by public sector commercial entities.</p>	<ul style="list-style-type: none"> • Accelerate the designation of departments as re-organisation enterprises to increase efficiency through improved operational systems, contracting out and privatization by 2008. • Transfer low return assets, including shares, properties and enterprises, to private sector ownership and management by 2008. • Intensify and update micro-economic and management policy instruments for promoting efficiency and provide consistent guidelines for the application of these across the Whole of Government by 2008. • Undertake regulatory reform and establish appropriate regulatory institutions prior to the corporatisation or divestment of the entities to be regulated. 	<ul style="list-style-type: none"> • Aggregate rates of return in public enterprises listed under the Public Enterprise Act increased from 3% to 10%. • Government's contingent liabilities incurred on behalf of public enterprises, excluding FNPF, not more than 10% of GDP by 2011. • Not less than 10 public entities sold into private ownership by 2008.

Policy Objectives	Strategies	Key Performance Indicators
	<ul style="list-style-type: none">• To implement a comprehensive cost of protection analysis in order to assess the essential viability of the enterprises and develop a corresponding policy liberalisation strategy to provide the enabling economic policy environment by 2008.• To review the constraints on public enterprises ability to achieve the target 10% return on shareholder funds and identify means to improve their returns by 2007.	

Chapter 7 Maintaining Stability

7.1 *Alleviating Poverty*

The Strategic Priority of alleviating poverty intends to provide benefits to those members of the community who are economically or materially disadvantaged, helping them to meet their basic needs and creating increased opportunities for incomes generating activities. Many parts of the Plan contribute to alleviating poverty, including the parallel social justice programmes and sustaining economic growth. Three key sections are directly focused on poverty: poverty alleviation programmes, rural and outer island development, and housing programmes. A Summit Working Group on Poverty will support, monitor and evaluate implementation.

7.1.1 **Poverty Alleviation**

Goal

To enable people to sustainably meet their basic needs in order to eradicate extreme poverty.

Links to Strategic Priorities

Poverty alleviation is itself a Strategic Priority supporting the maintenance of stability. In addition, poverty alleviation measures support the Strategic Priorities of promoting peace and harmony, implementing affirmative action, and rural and outer island development.

Link to UN Millennium Development Goals (MDGs)

Fiji is party to international conventions on poverty alleviations, including the Monterrey Consensus and World Summit on Sustainable Development (WSSD). The poverty alleviation activities will directly address the eradication of extreme poverty and hunger, defined by the UN as less than US\$1 per day (MDG 1), and contribute to promotion of gender equality (MDG 2).

Development Rationale

The underlying objective for poverty alleviation is ensuring that all categories of the poor are able to sustainably and affordably meet their basic needs. Promoting consensus on the definition of the poor and their needs will sharpen and focus government's assistance to the poor. The creation of income-earning opportunities for the poor, review of housing and poverty related policies and the partnership arrangement with Government and civil society organization would promote the eradication of poverty.

Fiji is working to create its own national poverty eradication strategies based on local needs and priorities. The strategies in the plan advocate nationally-owned solutions and help to make them more effective through ensuring a greater voice for poor people, promoting their self reliance and self esteem. Strategies will expand access to productive assets and economic opportunities by linking poverty programmes with economic, social and financial

policies. The plan looks at innovative projects and brings Government, civil society and donors together to coordinate their efforts.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
<p>All categories of the poor are able to meet their basic needs.</p>	<ul style="list-style-type: none"> • Reach consensus on the definition of the poor and their needs and ensure the compilation and timely analysis of statistics on poverty, including Household Income and Expenditure Survey. • Review and develop poverty targeted policies and implement appropriate programmes in housing, national insurance and social security and National Integrated Poverty Eradication Framework. • Develop and strengthen supportive community infrastructures for sustainable management of poverty targeted programmes. • Empower communities through liberation education programmes for self-sufficiency, self-reliance and self esteem. • Establish community mechanisms for feedback on public services. • Disseminate information to the nation about anti-poverty programmes. • Create income-earning opportunities for the poor in formal and informal sectors, including SME development and support structures and institutions, and develop their relevant skills, including, training attachments of unemployed. • Formalize and strengthen Government and civil society partnership in alleviating poverty, including traditional support mechanisms for the disadvantaged and support to the elderly through CSO. 	<ul style="list-style-type: none"> • Proportion of population below the HIES defined basic needs poverty line reduced from 34.4% to 24% (MDG). • Poverty gap ratio reduced from \$2,600 to \$2,000 (MDG). • Percentage share of consumption held by poorest 20% increased from 7% to 10% (MDG). • Not less than 1,500 recipients of family assistance graduate from assistance programmes through income generating projects. • Reduction in number of elderly in State care from 98 to 75.

7.1.2 Rural and Outer Island Development

Goal

Promoting equal opportunities and access to basic services, livelihoods and markets.

Links to Strategic Priorities

Rural and outer islands development is itself a Strategic Priority but the development also strongly supports the Strategic Objectives of poverty alleviation, affirmative action and peace and harmony priorities.

Link to UN Millennium Development Goals (MDGs)

The population of the rural and outer island areas tend to be poor and disadvantaged so the activities will support the alleviation of poverty (MDG 1) as well as supporting increased access to education (MDG 2) and access to health (MDG 4, 5 and 6).

Development Rationale

Rural and outer island areas are unable to effectively participate in and derive benefits from national economic and social development due to the high costs of transport and communications in terms of both money and time. By improving access from and to the remoter areas the development may also contribute to increasing the opportunities for investment, including in tourism, and making increased exports of rural and island outputs, such as coconut products, honey, and timber.

Devolution of planning and administrative authority to provincial and local government levels is expected to better identify and respond to priority needs of the communities whilst improved transport, including inter-island shipping services, will reduce the costs of meeting those needs.

Improved infrastructure will allow development to proceed beyond meeting basic needs to providing opportunities to improve the livelihoods and quality of life of themselves and their children through better access to services and markets. Improved education and skills training, including in entrepreneurship, SME development and tourism will enable the people to exploit those opportunities.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
Rural and outer island communities to meet their basic needs, improve living	<ul style="list-style-type: none"> • Effective service provision to rural and outer island areas by strengthening the coordination role between relevant key government agencies. • Strengthened capacity at Provincial Offices, Infrastructure 	<ul style="list-style-type: none"> • Rural population with water-seal toilets or other sanitary waste disposal increased from 45% to 80%. • Telecommunications access to at least 100 more unconnected rural

Policy Objectives	Strategies	Key Performance Indicators
standards and quality of life towards self-sufficiency.	<p>Ministry and other relevant agencies to support implementation of initiatives.</p> <ul style="list-style-type: none"> • Government intervention role to assist the rural and outer island areas reviewed. • Implement appropriate recommendations planning studies on water and sewerage, electrification, alternative energy sources, and telecommunications. • Awareness programmes to educate rural population on Government assistance and their civic responsibilities. 	<p>communities by 2011.</p> <ul style="list-style-type: none"> • Increase in rural dwellers trained under the TVET and 'Matua' programmes from 2,000 to 3,000 per year.
Rural and outer island dwellers enjoy increased access to markets and government services to ensure income and food security.	<ul style="list-style-type: none"> • Community capacity building programmes at grassroots levels developed. • Volunteer Schemes to use experiences of retired personnel. • Implement the infrastructure development activities of the Rural and Outer Islands Project. • Development of commercial agriculture, tourism, SMME enterprises and market networks linking producers, processors and end product markets. • Inter island shipping routes reviewed. • Encourage quality agricultural produce, shows and cooperative farming in rural areas for consumption both domestic and international. • Increased access to formal financial services for savings and credit, including rural banking, microfinance and savings and credit unions. 	<ul style="list-style-type: none"> • Increase in average weeks paid employment per working age population increased from 10 weeks per year to 15 weeks. • Average cash incomes per working age household member increased from F\$550/yr to F\$1,000/yr. • Average weeks paid self-employment for working age household members increased from 4 to 7. • Minimum of 2 trips per month on each of nine franchised outer island shipping routes. • Average journey time to nearest town/market reduced from 2hrs to 1hr. • Agricultural sales to local and national private traders increased from 40% to 60% of total sales.

7.1.3 Housing

Goal

To provide equal opportunity and access to quality and affordable accommodation for all.

Links to Strategic Priorities

Affordable housing and a reduction in the numbers of homeless or in poor quality housing will support the Strategic Priorities of alleviating poverty and promoting peace and harmony as well as contributing to rural and outer island development. The obligation to provide housing is a requirement of the constitution.

Link to UN Millennium Development Goals (MDGs)

Provision of affordable shelter will contribute to the eradication of extreme poverty and hunger (MDG 1) and by reducing poorly planned and serviced informal housing, including in squatter settlements, it will contribute to environmental sustainability (MDG 7).

Development Rationale

The plan recognizes the need for quality and reasonable housing at affordable prices for all. Squatter Resettlement Unit (SRU) is established to carry out development in all aspects like topographical survey, scheme plan engineering, drawings and physical development. As discussed in the policy objectives and strategies, the overall aim is to provide decent housing and to reduce the squatter settlements. While access to better housing is a basic need, it is also prerequisite to social and community development. Government continues to inject resources to upgrade squatter settlements and provide affordable accommodation to the needy.

Policy Objectives and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
Citizens, including those on low incomes, have access to decent and affordable housing towards home ownership.	<ul style="list-style-type: none"> • To significantly upgrade squatter settlements by redevelopment of squatter areas, and provision of basic amenities in current squatter settlements. • Proactively resettle expired ALTA tenants. • Develop housing programmes to reduce the existence of squatter settlements and social housing. • Accessible and affordable mortgage financing for both rural and urban communities. • To strengthen public, private and community partnership and provide 	<ul style="list-style-type: none"> • At least 350 additional families each year benefit from new or improved housing under government and non-government poverty-oriented housing programmes. • Upgrading of

Policy Objectives	Strategies	Key Performance Indicators
	support for the provision of housing and land for poor and low income earners. <ul style="list-style-type: none"> • Housing Authority subsidy threshold increased from \$6,500 to \$7,500. • Annual review of Government subsidies to housing providers and develop and implement strategies to graduate residents of low income HART and PRB housing towards Housing Authority programmes. 	major squatter settlements in the Central and Eastern Divisions increased from 2 in 2003-2005 to 5 by 2011.

7.2 Social Justice

Programmes serving the objective of Social Justice address the needs of those who are socially or culturally disadvantaged. Although deprived of equal opportunities, these groups need not be materially poor – but often are. Social Justice programmes are set out in three sections of the plan to address the needs of: indigenous Fijians and Rotumans, people with disabilities, women, children and youths. Government implementation will be supported, monitored and evaluated by the Summit Working Group on Social Justice.

7.2.1 Social Justice and Affirmative Action

Goal

Equitable participation of all in socio-economic development.

Links to Strategic Priorities

Social Justice and Affirmative Action has a direct bearing to the Strategic Priorities of implementing affirmative action, promoting peace and harmony, enhancing security and law and order, and alleviating poverty. These stability priorities are pre-conditions for a peaceful and prosperous Fiji.

Activities which form part of Social Justice and Affirmative Action initiatives are also included in sections 7.1.1, 7.2.2, and 7.2.3, which address social justice issues specifically related to poverty alleviation, gender equality and women in development and protection of children and youths.

Link to UN Millennium Development Goals (MDGs)

The affirmative action programmes will address the needs of various disadvantaged groups and promote achievement of the first three MDGs: eradication of extreme poverty and hunger (MDG 1), universal primary education (MDG 2), and gender equality and empowerment of women (MDG 3).

Development Rationale

The Plan recognises the need for balanced development and equality of access to economic and social development benefits. Improving access and participation of indigenous Fijians and Rotumans, minority groups, women, youths, children and people with disabilities to education and training, commerce and business is critical to achieving social justice. The Plan emphasises the provision of a social safety-net through the family assistance scheme to those in severe state of deprivation. A comprehensive review of the Social Justice Act and the 29 affirmative action programmes is essential for transparency and accountability.

The programmes range from small business equity scheme, improving educational infrastructures, technical and vocational training, special education, squatter settlements upgrading, education scholarships, rental subsidies, poverty alleviation projects and family assistance scheme. Measurable outcome oriented KPI's have been set which will allow monitoring of the success in achieving the Strategic Priorities.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
Indigenous Fijians and Rotumans enjoy an improved quality of life and standard of living.	<ul style="list-style-type: none"> • Increase participation of indigenous Fijians and Rotumans in commerce and business. • Improve indigenous Fijian and Rotuman education and training and build capacity for all leaders. • Establish sex disaggregated database and information system. • Mid-term review to improve the effectiveness of the Social Justice and Affirmative Action programme. • Proportion of Government rent on Tikina and Provincial Council owned buildings increased from 51% to 90%. • Harmonisation of existing acts, including the Finance Act, with the Social Justice Act. 	<ul style="list-style-type: none"> • Increased shares of licenses and permits held by indigenous Fijians and Rotumans from 15% to 30%. • Pass rates in FSLC improved from 57% to 80% and in FSFE from 68% to 85%. • Proportion of students scoring at least 250 marks in FSLC and FSFE increased from 30% to 50%. • Recovery in student loan scheme increased from 1.5% to 50%. • Indigenous Fijian and Rotuman ownership of listed companies increased from 50% to 80%.
People with disabilities enjoy greater access to an inclusive,	<ul style="list-style-type: none"> • Improve the provision of and policies for education and vocational training services which meet the needs of people with 	<ul style="list-style-type: none"> • Enrolment in regular and special schools increased from 1,068 in 2004 to 2,000 in 2011.

Policy Objectives	Strategies	Key Performance Indicators
barrier free and rights based society.	disabilities. <ul style="list-style-type: none"> • Improve the protection of people with disabilities. • Implement the National 5 Year Plan of Action on Disabilities. • Continue monitoring the ILO Convention 159 on vocational rehabilitation and employment of people with disabilities. • Provision of incentives to employers to employ people with disabilities. • A policy for persons with disabilities developed and implemented, including regulations to require appropriate access to all public buildings and places. • Implement the Employment Relations Bill provision for minimum levels of employment for people with disabilities. • Integrate disability planning into Government programmes, projects and service delivery. 	<ul style="list-style-type: none"> • Trained special education teachers with diploma increased from 9 to 20. • Increased number of persons with disabilities in paid employment from 50 to 100. • Proportion of Public Buildings accessible to people with disabilities in all towns and cities increased to at least 20%.

7.2.2 Gender Equality and Women in Development

Goal

Achievement of Gender Equality and Empowerment of Women.

Links to Strategic Priorities

Gender and development contributes to maintaining stability by addressing the Strategic Priorities for implementing affirmative action, alleviating poverty and strengthening good governance. Enhanced cash income opportunities through private sector development, improved access and quality of basic social services and effective development processes for women will promote and support the Strategic Priorities of raising export earnings as well as rural and outer island development.

Link to UN Millennium Development Goals (MDGs)

The MDG 3: - “promote gender equality and empower women” –sets a target to eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015 The other two indicators are included as KPIs are: “Share of women in wage employment in the non-agricultural sector” and “Proportion of seats held

by women in national parliament.” According to the 2004 Annual Employment Survey around 36% of women are economically active whereas in the not economical active sector 71% are Females. The proportion of seats in Parliament held by women had increased from 9% in 2000 to 13% in 2006.

Under MDG 6 there should be a gender specific indicator to address the increasing number of diabetes and anaemia amongst women. This is a public health issue and women's health being a prioritized area of action under the National Women's Plan of Action must be given due priority. In accordance with MDG 5 for improved maternal health there is a need to promote family planning programmes. This is also stated as an Area of Action under the National Women's Plan of Action. In keeping with MDG 6 and in accordance with government's policy on gender mainstreaming a strong emphasis on gender issues is needed to reduce HIV transmission.

Development Rationale

The Plan emphasizes the cross sectoral breadth which needs to be addressed on the need for implementing and monitoring Equal Employment Opportunity (EEO) policy in all workplaces, eliminating all forms of discrimination and violence against women and the girl / child; the need for effective social safety nets for the unemployed in particular, training and investment to promote alternative livelihoods for women displaced from the manufacturing and formal sector employment, and increasing accessibility to economic opportunity for rural women. Access to improved public health services in particular maternal health and focused emphasis on gender issues to reduce HIV transmission will provide an enabling environment to fully recognize the benefits outlined in various Action Plans.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objective	Strategies	Key Performance Indicator
Achievement of Gender Equality and Empowerment of Women through full participation in business and decision making process through entrepreneurial support in non-formal and formal sector and decision making processes.	<ul style="list-style-type: none"> • Laws in relation to UN CEDAW (articles 1-13) reviewed, implemented and monitored; gender mainstreaming institutions strengthened; a National Women’s Plan of Action implemented, Domestic Violence Bill enacted, awareness training on the Family Law Act, and ensure appropriate sentencing penalties, including counselling, for violent crimes, against women and children. • Increase ability of women and their access to income generating activities including SME. 	<ul style="list-style-type: none"> • Share of women in wage employment in the non-agricultural sector increased from 35.9% to 37.9% by 2011 (MDG). • Combined primary and secondary girls : boys ratio of 1:1 (MDG). • The proportion of female school principals, vice and assistant principals to be not less than 25% by 2011. • The proportion of

Policy Objective	Strategies	Key Performance Indicator
	<p>development (WOSED to be reviewed), targeted programmes for women in agriculture reform., and Equal training opportunities at all levels in Government.</p> <ul style="list-style-type: none"> • Empower women, particularly rural women, through training on leadership, awareness of human and indigenous rights issues, health and quality of life through Partnership, Networking and Coordination with women groups and increased collaboration and partnership with NGOs. • Mainstream gender perspectives in all sectoral development programmes. • Strengthen women’s groups to increase awareness in the role that women play in societies. 	<p>female CEOs in Government to be at least 20% by 2011.</p> <ul style="list-style-type: none"> • At least one woman in each Government board, committee, tribunal, council, and commission. • Proportion of seats held by women in national parliament and municipal elections to be not less than 20% (MDG). • Number of women supported by micro-finance increased from 5,100 in 2006 to not less than 19,500 by 2010. • Cases of domestic violence recorded by police to be monitored and analysed.

7.2.3 Children and Youth

Goal

Protection and development of Children and Youth.

Links to Strategic Priorities

Programmes to support children and youth directly support the Strategic Priorities of implementing affirmative action and alleviating poverty. In the long term, the development of children and youths as good citizens for Fiji’s future is the cornerstone of national development and supports all of the Priorities.

Link to UN Millennium Development Goals (MDGs)

Programmes addressing the needs of children and youth support goals of eradicating extreme poverty (MDG 1), universal primary education (MDG 2), reduced child mortality (MDG 4), and combating HIV/AIDS, malaria and other diseases (MDG 6). Activities will also contribute to promoting gender equality and empowering women (MDG 3).

Development Rationale

The plan requires the need for protection of youth and children. The National Coordinating Committee on Children will coordinate the implementation of the convention into Fiji's laws and procedures while the Family Law Act will address the problems faced by children who are from divorced families. As indicated in the policy objectives and strategies, the overall aim is to reduce the number of street kids, child abuse and, teenage pregnancy.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objective	Strategies	Key Performance Indicators
Children and young people enjoy greater protection and development.	<ul style="list-style-type: none"> • Review, implement and monitor legislation with the principles and provisions of the Convention on the Rights of the Child (CRC) and other relevant international instruments. • Strengthened policy formulation, programme implementation and monitoring. • Facilitate and Support the establishment of youth small & micro-enterprise projects nation wide. • Increase number of youths trained for livelihood activities and lifelong skills and values to be responsible citizens. • Promotion of children and youth issues and their increased participation in decision-making processes, at all levels. • Create greater awareness amongst parents with parenting skills and family counselling services, children and youth on sexual, drug and substance abuse, suicide and infanticide, reproductive health education and family life issues. • Promote a protective environment for children and combat all forms of child abuse and pornography in partnership with community and faith based organizations and NGOs. 	<ul style="list-style-type: none"> • Offences against children to be recorded by police, monitored and analysed. • Young people benefiting from Placement Services Work Experience Programmes increased from 100 to 120 annually. • Number of SME projects supporting young people increased from 180 to 250 per year. • Teenage pregnancy reduced from 16% to 8% by 2011

7.3 Social Services

Social Service programmes address the common needs of all members of the community. Urban development and governance is particularly important as towns and cities expand to accommodate half the population. Health services and sports development enhance well being and quality of life and there is a shared benefit from reduction in risks of and improved responses to natural disasters. The Summit Working Group on Social Services will assist, monitor and evaluate implementation of the programmes.

7.3.1 Urban Development

Goal

An efficient, effective and sustainable urban sector raising living standards for all.

Links to Strategic Priorities

Better planning and urban development will contribute to increasing investment, raising exports, rural development, poverty reduction, enhancing security, law and order and to strengthening transparency and good governance.

Development Rationale

Fiji is an increasingly urbanised society with about half of the population living in cities, towns and peri-urban areas. Government also recognizes that the urban economy is a major driver of the national economy. Therefore, to support Plan objectives, an effective, integrated urbanization strategy is needed as a key mechanism for achieving sustained socio-economic development within an integrated planning framework for urban centres and regional areas. The Urban Policy Action Plan and review of the Local Government Act, supported by the good governance and leadership campaign at the local level, are considered crucial parts of the national economic development process.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key performance indicators
An efficient, effective and sustainable urban sector.	<ul style="list-style-type: none"> • Implementation of Urban Policy Action Plan (UPAP) and Urban Growth Management Plan (UGMP). • Responsive institutional, regulatory and policy frameworks for management of urban development. • Devolution of authority and responsibilities and institutional realignment. • Expanded capacity of local and central 	<ul style="list-style-type: none"> • Urbanisation rate constrained to the current 2% or less. • Fiji Accounting Standards and accrual accounting complied with by all local government units and audited accounts produced as required

Policy Objectives	Strategies	Key performance indicators
	<p>government and central government in meeting mandates and stakeholder needs.</p> <ul style="list-style-type: none"> • Local authority accounts on accruals basis and in line with Fiji accounting standards. • Legislative reviews and preparation and enforcement of relevant regulations. • Improved urban infrastructure and services including affordable land supply. • Implementation of Public Private Partnership policy at local government level. 	<p>by law by 2008.</p> <ul style="list-style-type: none"> • Establish Urban Governance Index by 2008 and monitor improved local government performance thereafter. • Seven Public Private Partnership projects by 2009.

7.3.2 Health

Goal

Quality, affordable and efficient health services for all.

Links to Strategic Priorities

Health activities will support achievement of the Strategic Priorities for peace and harmony, strengthening good governance and restructuring to promote competition and efficiency.

Link to UN Millennium Development Goals (MDGs)

The Integrated Management of Childhood Illnesses strategy implementation and extended immunization programme is intended to address child mortality thus satisfying MDG 4. Implementation of Clinical Services Plan, Health Information System and identifying alternative sources for funding will improve maternal health for mothers (MDG 5); helps combat HIV/AIDS through greater awareness and improved resource (MDG 6). Through improvement in health and life expectancy the programmes also support Fiji's improvement in terms of the UNDP Human Life Quality Index.

Development Rationale

Health continues to be a growing and increasingly complex field of competing priorities from all perspectives – from the individuals to governments, businesses, health professionals and the health services system. A healthy and productive population is a key for sustainable economic development.

The plan recognises the need for adequate access to primary and preventative health care services for all. These services must be provided efficiently and effectively with the emphasis on the quality and scale of service delivered to beneficiaries. Comprehensive

health care programmes in the strategies will generally contribute to overall well being of the society. As indicated in the policy objective and strategies the overall aim is to increase average life expectancy and reduce life lived with disability.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
Communities are served by adequate primary and preventive health services, thereby protecting, promoting and supporting their well being.	<ul style="list-style-type: none"> • Strengthen and implement integrated programme on maternal and child health, Expanded Programme on Immunisation, Integrated Management of Childhood Illnesses and Reproductive Health. • Implement the safe motherhood programme. • Strengthen reproductive programme. • Implement the STI/HIV/AIDS Strategic Plan 2007-2011. • Implement the Non Communicable Diseases Strategic Plan 2005-2008. • Maintain appropriate levels of health care professionals and ensure high standards of health care. 	<ul style="list-style-type: none"> • Child mortality rate reduced from 26 to 20 per 1000 live births (MDG). • Percentage of one year old immunised against measles increased from 68% to 95%. • Maternal mortality ratio reduced from 50 to 20 per 100,000 live births. • HIV/AIDS prevalence among 15-24 year-old pregnant women reduced from 0.04 to 0.03 (MDG). • Prevalence of diabetes reduced from 16% to 14%. • Contraceptive prevalence rate amongst population of child bearing age increased from 46% to 56% (MDG). • Increased Fiji resident medical graduates from FSMed from 40 to 50 per year.
Communities have access to effective, efficient and quality clinical health care and rehabilitation services	<ul style="list-style-type: none"> • Balanced mix of public and private financing for priority health programs. • Improved level of equity, efficiency and effectiveness of health services. • Financial resources shifted towards cost-effective health programmes. • Increased budget spending for health by 1% of GDP in 2009 and 2% by 2011 from current levels. 	<ul style="list-style-type: none"> • Participation of private and health care providers increased from 2 to 10. • Doctors per 100,000 population increased from 36 to 42. • Elimination of stock outs of drugs from present 100 items per month. • Average length of stay for in-patient treatment reduced from 5 to 3 days.

7.3.3 Sports Development

Goal

Promoting sports for healthy lifestyles, employment opportunities, peace, unity and harmony.

Links to Strategic Priorities

Sport contributes to the Strategic Priorities of promoting peace and harmony, enhancing security, law and order and alleviating poverty and may also support restructuring to promote competition and efficiency through development of partnerships with the private sector.

Link to UN Millennium Development Goals (MDGs)

Sporting activities, through contracted players overseas and locally staged international events, are bringing remittances into the country, helping to eradicate extreme poverty and hunger under MDG 1.

Development Rationale

Sport moulds better citizens through the inculcation of important values such as goodwill, tolerance, understanding, teamwork and healthy living. Sport has also become a major source of employment locally and abroad and has promoted Fiji internationally.

The plan recognizes the need to promote healthy lifestyles and to facilitate lucrative employment opportunities through sports. With non-communicable (life-style) diseases on the increase, the Ministry of Youth and Sports is continuing to promote “Sports for All”, targeting public service offices around the country and rural and urban population. Ministry of Health is emphasizing on the facilities for improving adult health counselling. Further, it is also recognized in the priorities that effective cooperation and partnership between agencies, private sector and the community are essential to the effective achievement of the outcomes intended by the Government.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
People enjoy healthier lifestyles and improved sporting skills and knowledge.	<ul style="list-style-type: none"> • Increase in participation of citizens in “Sports for All” activities and integrate them in the workplace. • Support the development of sports facilities, programmes and involvement of the private sector in sports. • Measures to be designed and implemented to promote minor 	<ul style="list-style-type: none"> • Increase in corporate sponsorship from \$2.6 million to \$3.5 million per year. • Increase in gold medals from 25 to 35 in the Pacific and Mini South Pacific Games. • At least 3 medals Commonwealth Games

Policy Objectives	Strategies	Key Performance Indicators
	<p>sports and develop professional players.</p> <ul style="list-style-type: none"> • To facilitate employment opportunities through sports. • Increased number of qualified sports scientists and administrators and improved coordination between sports agencies, continuing implementation of the National Sports policy. • Increase in the number of national age group teams (U13, U17, U19 and U23) and competition for various sports. • Increased number of playing fields and other recreation facilities in use in rural and peri-urban areas and improved monitoring and maintenance to ensure they are kept in good, usable condition. • Review Government tax incentives on sports sponsorship for national sporting federations. • Laucala Sports City hosts at least one international meet annually. 	<p>won at each Games.</p> <ul style="list-style-type: none"> • Each year, at least one age group in a team sport to qualify for World Championships. • Increase in number of athletes and players contracted to overseas clubs from 70 to 200.

7.3.4 Disaster Risk Reduction and Disaster Management

Goal

Reducing vulnerability to disasters and risks and promoting sustainable development.

Links to Strategic Priorities

Disaster risk reduction and management contributes to the Strategic Priorities of restructuring to promote competition and efficiency, raising investment levels for jobs and growth, and rural and outer island development by increasing the sustainability of development, reducing risks and uncertainty and protecting people and property from natural disasters.

Link to UN Millennium Development Goals (MDGs)

The activity contributes to ensuring environmental sustainability (MDG 7).

Development Rationale

A principal recommendation in the review of the 1998 Natural Disaster Management Act and the 1995 National Disaster Management Plan is to focus on community capacity building in order to reduce dependency and to achieve community resilience and sustainable development.

The Plan recognises the need to maintain effective planning in order to reduce disaster impact, improve community capacity in dealing with disasters and risks, and to conduct analysis and evaluation of hazards, vulnerabilities and risks and invest in risk reduction projects and activities. The shift towards a comprehensive and an integrated approach towards risk reduction on hazards are reflected in the policy objective and strategies under disaster management. Further, it is also recognized in the strategies that effective cooperation and partnership between Civil Society Organisations, the Government and the community are essential to the effective achievement of then outcomes intended by Government.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
Communities are better protected from risks of disasters and better able to protect themselves and cope with the consequences of disasters.	<ul style="list-style-type: none"> • Effective risk reduction projects identified and implemented. • Improved community capacity in dealing with disasters and risks supported by effective, integrated and people-focused early warning systems to ensure people receive timely warning. • Increased analysis and evaluation of hazards, vulnerabilities and risks. • Food security strengthened and enhanced community based disaster reduction initiatives. • Strengthened organisational, institutional, policy and decision making frameworks. • Enhanced knowledge, information, public awareness and education. • Strengthen effective planning, response and recovery. • Adequate availability of necessary germplasm to support recovery. • Reduction in underlying risk factors. 	<ul style="list-style-type: none"> • Government responds to disaster situation within the first 24 hours. • Casualties reduced from 30 per year to none.

7.4 Security, Law and Justice

Programmes for security, law and justice provide necessary protection against international and domestic terrorist, criminal and economic threats and the foundation for confidence and stability in effective law enforcement and justice systems. As such, they support all other social and economic programmes. A Summit Working Group on Security, Law and Justice will support implementation, monitoring and evaluation.

7.4.1 National Security

Goal

Maintaining national security effectively and efficiently.

Links to Strategic Priorities

Security contributes directly to the Strategic Priorities of promoting peace and harmony, enhancing security and law and order. They also contribute to the secure environment needed to promote increased investment.

Development Rationale

The Plan recognises the need for security agencies to secure and protect the nation's sovereignty and borders with appropriate capacity for identified defence and security requirements. Whilst security is primarily concerned with external terrorist, criminal and economic threats, vigilance is also required to support maintenance of internal security and to safeguard against civil unrest. It is also recognized in the strategies that effective cooperation and partnership between agencies and between them and the community are essential to the effective achievement of then outcomes intended by Government.

Measurable outcome oriented KPI's have been set which will allow monitoring of the success in achieving the Strategic Priorities

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key performance Indicators
Fiji is protected from political, social, terrorist, criminal, economic and environmental threats, and its sovereignty and territorial integrity are ensured.	<ul style="list-style-type: none"> Implementation of Security and Defence review recommendations. Strengthened security and management services with establishment of Counter Terrorism Official Group, improved border management system and the national emergency capability. Ratify the 8 remaining UN Counter Terrorism Conventions and implement all conventions. Strengthening of networking between 	<ul style="list-style-type: none"> Terrorist activities on Fiji's territory prevented. Prosecution of money laundering cases increased from 1 to at least 10 per year. Increase detection rate of intended unlawful entry by

Policy Objectives	Strategies	Key performance Indicators
	<p>border and security agencies.</p> <ul style="list-style-type: none"> • Implementation and strengthening of Anti-Money Laundering Legislation, Counter Terrorism Legislation, Mutual Legal Assistance Legislation, and review relevant international treaties, including extradition treaties and MLA treaties. • Strengthen coordination and effective use of financial data to secure prosecutions. • Review Fiji’s airport and seaport security arrangements. • Strengthen Fiji’s capacity and capability to enforce and prosecute people trafficking (Immigration Act) and establish an Anti-People Trafficking Framework by the end of 2007. 	<ul style="list-style-type: none"> • 15% annually from a benchmark of 42 in 2004. • Number of illegal immigrants removed from Fiji increased by 15% annually from a benchmark of 26 in 2004.

7.4.2 Law and Justice

Goal

Maintaining law and justice and upholding the rule of law effectively and efficiently.

Links to Strategic Priorities

Law and justice contribute directly to the Strategic Priorities of promoting peace and harmony, enhancing security and law and order and strengthening good governance. They will also support the establishment of a business environment conducive to achievement of the Strategic Priorities of restructuring to promote competition and efficiency and top raise investment levels for jobs and growth.

Development Rationale

The Plan recognises the need for strong institutions for policing, administration of justice, containment and rehabilitation of law breakers. Independence of institutions is recognized in the different policy objectives and strategies for each aspect of law and justice. Further, it is also recognized in the strategies that effective cooperation and partnership between agencies and between them and the community are essential to the effective achievement of the outcomes intended by Government.

Measurable outcome oriented KPI’s have been set which will allow monitoring of the success in achieving the Strategic Priorities.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
<p>To enhance community safety and respect for the law.</p>	<ul style="list-style-type: none"> • Improved integration of law and justice sector agencies, with a focus on crime prevention, through partnerships between government agencies and the community including with youth and through Fijian traditional structures. • Increase capacity and capability to collate and analyse intelligence and investigate serious and complex fraud. • Improved public access to information about prosecutions • Develop evidence based approach to investigations through the use of scientific and analytical systems. • Promote human rights awareness and educational programmes, increase enforcement of human rights, revise laws and regulations to eliminate exclusionary language, and strengthening human rights compliance during investigations and interrogations. • Enhancing traffic law, enforcement, and awareness programmes. 	<ul style="list-style-type: none"> • Reduction in total crime and youth offender rates by at least 20% from 19,050. • Maintain the crime detection rate over 50% • Reduction in complaints against police by at least 50% from the present 558 per year. • Decrease in the number of motor vehicle accident fatalities by at least 20% from the present 76 per year. • Fiji's ranking under Transparency International's Corruption Perception Index, covering 159 countries, improved from the present rank of 55th.
<p>People are served by an ethical, professional, independent, transparent and accountable judiciary that is responsive and efficient.</p>	<ul style="list-style-type: none"> • Increase opportunities for justice and accessible processes that are responsive to the diverse needs. • Reinforce the institutional independence and accountability of the Judiciary. • Improve delivery of benchmark of court judgements. • Reduce adjournments. • Introduce audio recording and electronic case management 	<ul style="list-style-type: none"> • Number of contested court case hearings adjourned or withdrawn reduced from 62.5% to 45%. • Judgements to be handed down within three months of completion of hearings. • Average time to dispose of civil cases

Policy Objectives	Strategies	Key Performance Indicators
	<p>systems.</p> <ul style="list-style-type: none"> • Develop alternatives to custodial sentences by the courts. • Increase use of Alternative Dispute Resolution (ADR) Mechanisms. 	<p>reduced from 18 months to 9 months after mediation.</p> <ul style="list-style-type: none"> • Effective recording of non-custodial sentences and alternative dispute resolution from 2007 and an annual 20% increase in their use.
<p>People are served by ethical, professional, independent, transparent and accountable legal and registry services to enhance access to justice and good governance.</p>	<ul style="list-style-type: none"> • Strengthen the Legal Aid Commission to expand its services and increase its accessibility to more eligible citizens of Fiji. • Develop a law and justice sector information system to enable greater use and sharing of information. • Complete the revision and consolidation of Laws of Fiji (1985 Edition). • Review and reform anomalies in Fiji's laws. • Enhanced prosecution services. • Increase capacity and capability to prosecute complex and financial crimes. • Develop support services for victims of crime. • Improve the legal and regulatory environment to encourage business investment. • Improve legislative drafting, legal advisory, civil litigation, and civil registry services. • Strengthen the Ombudsman Commission and ensure effective protection of "whistle blowers". 	<ul style="list-style-type: none"> • Increase access to legal aid from 1,000 eligible clients to 1,500 yearly. • Fiji's laws are consistent with international obligations and human rights standards.
<p>The community is served by professional, efficient, effective and innovative</p>	<ul style="list-style-type: none"> • Provision of capacity building programmes for prison officers. • Provision of programmes for offenders and prisoners. 	<ul style="list-style-type: none"> • Prisoner escapees reduced by at least 10% per year from the present level of 33 per year.

Policy Objectives	Strategies	Key Performance Indicators
community corrections programmes and rehabilitation services.	<ul style="list-style-type: none"> • Improve prison infrastructure • Improve methods for prisoner case management. • Increased use of non-custodial sentences by the courts. • Enhanced community-based capacity for supervising offenders placed on probation, community work and parole. • Establishment of a Correctional Centre for offenders under the age of 18. • Establish a parole board. 	<ul style="list-style-type: none"> • Offenders who successfully complete rehabilitation programmes increased from 10 to 50 per year by 2011. • People successfully completing Community Correction Programmes increased from 30 to 400 by 2011. • Re-offending rates reduced by at least 5% per year from the present level of 150 per year.

Chapter 8 Sustaining Growth

8.1 *Economic Restructuring*

The Strategic Priority of Restructuring to Promote Competition and Efficiency relates to the Public Sector Restructuring proposed in Chapter 6 and to economic restructuring covering finance and human resources discussed here. Regulatory reform is also necessary to meet the Strategic Priority and is addressed in individual sections, particularly in relation to manufacturing and commerce (8.2.1). Increased competitiveness and efficiency will contribute to Strategic Priorities of macroeconomic stability, increased exports and increased investments. By promoting economic growth, these programmes will provide the resources needed to implement the programmes to Maintain Stability set out in Chapter 7. A Summit Working Group on Economic Restructuring will support implementation, monitoring and evaluation of the economic restructuring programmes as well as the macroeconomic plans.

8.1.1 **Financial Services**

Goal

An effective, competitive and stable financial system that will enhance economic growth and development.

Links to Strategic Priorities

Financial services are essential to creating an environment conducive to private sector investment and economic growth, hence well managed financial services contribute to the Strategic Priorities of maintaining macroeconomic stability, restructuring to promote competition and efficiency, raising export earnings and raising investment levels for jobs and growth.

Development Rationale

Resilient, well-regulated financial systems are essential for macroeconomic and financial stability in a world of increased capital flows. The implementation of the recommendations of the Commission of Inquiry into Financial Services (COIFS), Financial Sector Assessment Programme (FSAP), Export Finance Facility (EFF), the superannuation sector study and the introduction of the Real Time Gross Settlement (RTGS) are key strategies to achieving a vibrant and efficient financial sector.

Development also requires the extension of formal retail banking services to rural and outer island areas so that their populations are better able to establish and expand businesses and meet social needs. This will build upon present development of micro finance - including savings and credit unions and the Micro Finance Unit - and increased access to rural commercial banks.

To ensure that the financial system is adequately supervised, a financial services regulator will be identified. Review of the appropriate legislations including the RBF legislations and the Banking and Insurance legislation coupled with increased data coverage will reflect performance and standards of the financial sector. Enhanced disclosure of the financial transactions is envisaged with the implementation of the new Financial Transactions Reporting (FTR) Act. For the development of the capital markets, appropriate incentives will be considered for companies to list on the stock exchange.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
People and organizations in Fiji have access to appropriate modes of transparent, sound and secure financial and banking facilities.	<ul style="list-style-type: none"> • To review, evaluate, implement and monitor appropriate recommendations of the COIFS report, the FSAP, EFF review, Action plan for Insurance and Guarantee, FPNP studies and restructure of Fiji's superannuation sector, FDB review recommendations and the Rural banking survey recommendations. • Promote development of formal financial institutions in all rural and outer island areas. • Develop, promote and monitor financial instruments which provide cost effective export finance to remove financial constraints on exports. • Introduce, monitor and develop a RTGS system to increase efficiency. • Enhance safety and protection of financial institutions and financial services from their use and abuse by criminals for money laundering, corruption, fraud and other serious crimes. • Examine the feasibility of an ombudsman to promote and protect customer interests in financial services. • Review legislations and regulatory procedures, including micro-finance regulations and legislation on RBF, Banking, Insurance, and Superannuation. • Enhanced disclosure and monitoring of bank fees and charges. • Collect and analyse data from credit unions, micro finance operators and similar sources. 	<ul style="list-style-type: none"> • Increase rural and outer island households with savings in institutions, banks and MFI, from 30% to 50% and with borrowings from 6% to 15% by 2010. • 50% of exports are financed by export finance at competitive rates. • The annual rate of detection of suspicious transactions increased from 300 to 500 by 2010. • Total equity market capitalization of listed entities increased to 100% of GDP from 25% by 2011. • Value of shares traded on the stock exchange

Policy Objectives	Strategies	Key Performance Indicators
	<ul style="list-style-type: none"> • Provide legal backing to Fiji Accounting Standards and Fiji Standards on Auditing. • Establish an active capital market of international standard and encourage debt and equity products to list on the stock exchange. • Adopt international best insurance and funds management practices. • Enhance the public debt management system. • Broaden the range of instruments in consultation between Government, RBF and CMDA. 	<p>annually increased to 2% of market capitalisation by 2011.</p> <ul style="list-style-type: none"> • At least 20 additional companies listed on the exchange by 2011.

8.1.2 Micro, Small and Medium Enterprises

Goal

Creating sustainable livelihoods through enterprise development.

Links to Strategic Priorities

MSMEs create employment and self-employment opportunities and increases production, particularly in rural areas, so serving the Strategic Priorities of rural and outer island development, raising investment levels for jobs and growth, raising export earnings and alleviating poverty.

Link to UN Millennium Development Goals (MDGs)

The involvement of people in MSMEs contributes to eradication of extreme poverty and hunger (MDG 1), promotes gender equality and empowers women (MDG 3) and contributes to a global partnership for development (MDG 8).

Development Rationale

Placing emphasis in small and medium enterprises would engage people in employment opportunities, thus alleviating poverty. In addition, those entrepreneurs having the potential to expand will be assisted through various initiatives for potential exporters, thus contributing towards achieving growth.

This sub sector continues to strengthen and made significant impact to national development, particularly in improving the standard of living in the rural and disadvantaged areas. It is an area of priority in the medium term because of its potential contribution towards economic growth. However, more research is required in this area, especially in the rural areas where natural resources are underutilized.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
<p>Communities secure new and improved livelihoods through small and micro and medium enterprise development.</p>	<ul style="list-style-type: none"> • To mainstream MSMEs in national development through: Government resources allocated annually to the sector; annual awards for individual and group excellence; and greater coverage of MSMEs in school curriculum. • To improve business support services and infrastructure by: <ul style="list-style-type: none"> • reviewing MSME laws and regulations; • extending micro finance facilities to all provinces; • providing incentives for large firms to develop MSME suppliers; • publishing MSME establishment costs on a regular basis; • conducting of training of trainers and refresher courses; • addressing quality and productivity issues; AND • developing marketing for MSMEs through research conducted regularly on new markets and opportunities. • Develop and implement strategies to promote the long term sustainability of MSMEs and microfinance institutions. • Provide readily available information through establishment of MSME database and promote and facilitate access to on-line technology information and methods supporting MSMEs. • Provide counselling services to recipients of remittances to promote sound use and management of funds for long term purposes as education, training (including enterprise skills), housing, savings and MSME investment; ministries serving citizens overseas to provide information and contacts. • Encourage financial institutions to provide access to finance. 	<ul style="list-style-type: none"> • At least 500 MSMEs established each year. • Jobs in the MSME sector increased to 200,000. • Loans and savings clients of MFIs increased from the 2006 total of 22,000 to 30,000 in 2011. • Business Incubations Centres support development of 200 new enterprises during the plan period, of which 50 develop to be medium enterprises.

8.1.3 Education and Training

Goal

Educating the nation for peace and prosperity.

Links to Strategic Priorities

Education and training are essential to raise the quality and skills of all levels of employees to support achievement of the Strategic Priorities for economic development by restructuring to promote competition and efficiency, raising export earnings, and raising investment levels for jobs and growth. Education and training will also develop the capacity of individual to lead more rewarding lives through Strategic Priorities of alleviating poverty, implementing affirmative action, and promoting peace and harmony.

Link to UN Millennium Development Goals (MDGs)

Education and training activities address the goals of universal primary education (MDG 2) and promotion of gender equality and empowerment of women (MDG 3). Through improvement in adult literacy education will also support Fiji's improvement in terms of the UNDP Human Life Quality Index.

Development Rationale

A literate nation is a productive nation. Education allows individuals and communities to articulate their aspirations and to be active in creating meaningful lifestyles. While access to education is considered as a basic human right, it is also a pre-requisite to social and economic development. Productivity gains are considered to be much higher with higher education levels.

Fiji is on target to achieving MDG goals with a Net Enrolment Rate of over 90%. Gender parity is almost achieved and is on track to achieving the Education for All goal of eliminating gender disparity in primary and secondary education. Class 5 survival rate is 95.2%, which indicates that drop-out rates need to be further addressed to ensure that all students enrolled in Class 1 reach at least Class 5.

The plan recognises the need for access to quality education which will enhance social and physical development. Quality of teacher and time spent per student are most important factors influencing the quality of student learning outcomes. Further, it is also recognized in the strategies that effective cooperation and partnership between schools, parents and communities are essential to the effective achievement of the outcomes intended by Government.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
<p>To ensure access to quality academic and vocational education by all communities in urban and rural areas and strengthen the foundations of peace in society.</p>	<ul style="list-style-type: none"> • Curriculum framework developed to enhance spiritual, intellectual, social and physical development and strengthen instruction in Fijian and Hindi as well as English. • Improvement in the numbers and quality of competent and motivated teachers and reduction of the pupil: teacher ratios. • Increased use of standards improvement measurement in schools. • Enhanced rural education programme by establishing appropriate infrastructure, building standards, review of school performance and piloting distance education programme. • Strengthened partnership between government, communities, donors, municipal councils, school management committees, developers and parents. • Strengthen and expanded Technical and Vocational Educational and Training (TVET). • Effective and efficient allocation of subsidies to tertiary institutions. • Ensure retention of good quality teachers. 	<ul style="list-style-type: none"> • Net enrolment rates for secondary schools rise from 77% to 90% of the cohorts from class 1 by 2010. • Proportion of pupils who start class 1 who reach class 5 to be not less than 95% (MDG). • Preschool enrolment in rural schools increases by 10% each year from 16% in 2006. • Proportion of students successfully completing TVET courses not less than 90% to meet current and future demand. • Disparities in passes in FSLC and FSFE are at least reduced from: (i) 28% to 15% between Fijians and non-Fijians; (ii) 24% to 15% between rural and urban students; and (iii) 3% to 1% between male and female students.

8.1.4 Employment and the Labour Market

Goal

Fullest and most productive utilisation of our human resources.

Links to Strategic Priorities

An efficient, productive, and mobile labour force is an essential counterpart to increased availability and utilisation of investments and land in traversing to a new, sustainable, high growth equilibrium. Employment and labour market development are critical to

achievement of Strategic Priorities of restructuring to promote competition and efficiency, raise export earnings and raise investment levels for jobs and growth. In supporting these Strategic Priorities it will also contribute to alleviating poverty, rural and outer island development and promoting peace and harmony.

Link to UN Millennium Development Goals (MDGs)

Sustained employment is helps to eradicate extreme poverty and hunger (MDG 1) and reforms promote gender equality and empower women (MDG 3).

Development Rationale

In addition to the direct support for MDGs contribute to other MDGs indirectly. The employment reforms promote the role of women in development and employment of school leavers, the proportion of women in wage employment in the non-agriculture sector and employment of 14-25 year old are used as indicators. Reforms also improve maternal health for working mothers; reduces child mortality through enhanced maternity protection; and promotes education of children though its child protection policy.

The Labour Reform brought about by the enactment of the Employment Relations Bill (ERB) will restore confidence, stability and growth in the labour market and contribute to creation of a business environment conducive to increased private investment and business activity, thus further increasing employment opportunities. Employment is a means to maintaining stability by alleviating poverty; it sustains growth through productive employment by reducing the cost of doing business; promotes competition and efficiency hence raising exports and productive investments.

The policy objectives summarize the supply and demand side of the labour market, and the development and utilisation aspect of the human capital. It reflects governments' commitment to improving the functioning of the labour market. The strategies on the other hand, highlights the need for effective and consistent inter/intra agencies consultation to ensure the realisation of that broad policy objectives defined by government. The specific KPI's therefore are arrived at through the strategies and are considered as a means of achieving the policy objective.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
Employees work in a safe, healthy, decent, conducive and sustainable work environment where more people can	<ul style="list-style-type: none"> • Creating new employment opportunities and self-employment for people by establishing appropriate legal and operational framework and to include the annual review of all employment incentive schemes. • The implementation of the 	<ul style="list-style-type: none"> • Unemployment reduced from 6% in the HIES to less than 4.2% by 2011. • Increasing people in paid employment from 136,411 by 5% per year or the rate of GDP growth, whichever is the higher.

Policy Objectives	Strategies	Key Performance Indicators
secure incomes from employment in the formal and informal sectors and acquire technical skills and productivity levels needed for higher incomes and economic development.	ERB and its subsequent legislation that includes the establishment of Productivity Committees consistent with the 2005 Productivity Charter <ul style="list-style-type: none"> • Improved functioning of the labour market and to facilitate Labour Mobility through the establishment of a Policy and Legal framework. • Harmonise existing training and education system. • In cases of market failures, the recruitment of expatriate workers where there are appropriate shortages. 	<ul style="list-style-type: none"> • Increase intake at tertiary and vocational institutions to meet skills needs by 10% annually beginning 2007. • Increase the number of people entering apprenticeships from 100 to 300 annually. • Each year, 10 organisations to attain compliance with the productivity clause of the ERB, once enacted. • The proportion of the economically active rural population in full time paid work increased from 43.6% in HIES 2003 to not less than 60%. • Increased compliance of the OHSA. • Workers Compensation claims reduced from 2,300 to less than 2,000.

8.2 International Trade

The manufacturing and commerce sectors, including extractive industries for minerals and groundwater, are projected to be the major source of increased export earnings and major areas of increased investment and employment - service sectors, including tourism, are projected to provide 80% of the increased foreign exchange earnings with most of the balance provided by manufacturing and extractive industries⁶. Hence the manufacturing and service sectors addressed here are critical to serving the Strategic Priorities of Raising Export Earnings and Raising Investment Levels for Jobs and Growth. They underpin the macroeconomic management plans in Chapter 5 and are closely related to economic restructuring (8.1) particularly in relation to the regulatory reforms in manufacturing and commerce. A Summit Working Group on International Trade will support, monitor and evaluate implementation of the following plans.

⁶ Trade and balance of payments data and projections are presented in Appendix 1.

8.2.1 Manufacturing and Commerce

Goal

Globally sustainable and competitive manufacturing, commerce and industry to compete with imports and expand exports.

Links to Strategic Priorities

Manufacturing and commerce activities are central to Sustaining Growth and support the Strategic Priorities of restructuring to promote competition and efficiency; raising export earnings, and raising investments levels for jobs and growth. Through support for those Priorities the sector will also contribute to rural and outer island development and alleviating poverty.

Link to UN Millennium Development Goals (MDGs)

Measures to develop institutions more conducive to business will also support Global Partnership for Development (MDG 8) through open, rule-based and predictable trading and financial systems, and also the use of new IT technologies.

Development Rationale

A major factor constraining Fiji's growth is the inadequate institutional environment which impacts on our ability to compete with imports, penetrate export markets and attract foreign direct investments (FDIs). Despite the generous incentives offered over the years, Fiji has not been able to attract high levels of domestic and foreign investments due to problems related to land and the business and policy environments.

The Plan aims to create an enabling environment by providing: supportive legislation to give legal protection to investors; policy for research and development; adequate market support, low cost business inputs, conducive private sector development policies, efficient financial system, and policies for small and medium enterprises to achieve the objective of sustainable and competitive manufacturing, commerce and industry. Issues of inadequate infrastructure will be addressed through increased participation by the private sector in the financing and management of such infrastructure, including through divestiture and public private partnerships.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
Fiji supported by a diversified and expanded manufacturing and commercial sector.	<ul style="list-style-type: none"> • Preparation of plans and development of competitive, high value-added manufacturing industries, including agro-based and niche products. • Promote competitiveness through divestment of public enterprises, 	<ul style="list-style-type: none"> • Annual Foreign direct investment to be 6% of GDP in 2011. • Annual value of domestic private investment to be

Policy Objectives	Strategies	Key Performance Indicators
	<p>annual review of tariff barriers.</p> <ul style="list-style-type: none"> • Enforcement of international standards, weights and measures, and quality control on both domestic producers and importers, to ensure a level playing field in domestic markets and ensuring local manufactured goods attain competitive international standards for exports. • Enforcement of anti-dumping legislation and increased vigilance at ports of entry to ensure that imported goods meet Fiji standards, including labelling and environmentally friendly packaging. • Develop private-public partnership for infrastructure development. • Implement decentralisation programme to encourage commercial and manufacturing activities in rural areas. • Implement electronic commerce policy and legislation. • National programme improving competitiveness through the National Productivity Charter. 	<p>9% of GDP.</p> <ul style="list-style-type: none"> • Annual exports of goods and services to be not less than 65% of GDP. • Fiji to be in the top ten of the World Bank Doing Business rankings.
<p>Communities should benefit from enhanced consumer protection and awareness.</p>	<ul style="list-style-type: none"> • Merge PIB, Fair Trading Department, and Commerce Commission to increase effectiveness of monitoring, enforcement and service delivery. • Consumer Council to promote consumer awareness and education through research and investigation. • Improve Government and Donor support to the Consumer Council by 10% per year from the present funding of \$569,170 to better protect consumers from unfair trade and services and to enforce weights and measures standards. 	<ul style="list-style-type: none"> • Consumer complaints solved through mediation increased from 15% (201/1305) in 2005 to 30%.

8.2.2 Tourism

Goal

A sustainable, growing and globally competitive industry.

Links to Strategic Priorities

As the leading economic sector tourism contributes Strategic Priorities for growth in raising export earnings, raising investment for jobs and growth, and restructuring to promote competition and efficiency. The geographical distribution of tourism means that it may also support alleviating poverty, implementation of affirmative action and rural and outer island development.

Development Rationale

The plan primarily focuses on a two fold increase in growth and spreading the benefit to the local community, especially to our indigenous people. It sets systematic direction to have a sustainable growth in the tourism sector. Particularly in the rural and outer island areas, tourism has the greater potential to involve local communities in national economic development.

Tourism growth places considerable demands on infrastructure and is often located in areas which lack infrastructure. Attempts to provide such new infrastructure have tended to direct funds away from maintenance of existing infrastructure, leading to dis-benefits outside tourism areas. Clearer definition of public and private infrastructure will allow a focus of Government spending on public infrastructure and, for that, an increased use of PPP modalities.

Comprehensive measurable outcome oriented KPI's have been set which will allow monitoring of the success in achieving the strategic priorities, reflecting the broad impact of tourism on wholesale and retail sector, construction, transport, demand for supporting supplies or service.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
Fiji benefits from a sustainable increase economic contribution and retention of the tourist dollar from an environmentally and socially	<ul style="list-style-type: none"> • Additional rooms are constructed to maintain a balance between supply and demand. • New markets are developed and needed physical and institutional infrastructure established. • Promote high growth niche markets for specialized tourism. • Cruise ship and yachting tourism promoted, using improved outer island 	<ul style="list-style-type: none"> • 800,000 visitors per year by 2011. • Room occupancy maintained at 60% to 70% with room stock growth in balance with visitor arrivals. • Direct employment in tourism

Policy Objectives	Strategies	Key Performance Indicators
sustainable, and equitable tourism sector.	jetty and navigational aids under the Rural and Outer Islands Project. <ul style="list-style-type: none"> • Promote human resources development and introduce accreditation schemes for quality of services, training and productivity. • Increase institutional capacity and resources of tourism facilitating agencies, including a sustainable funding formula for FVB. • Increased local supply of quality agriculture, seafood and organic produce for hotels and restaurants. • On-going review of the tourism investment regime. • Spending on destination marketing and branding of Fiji to be at least 3% of tourism earnings. • At least 15% of FVB’s marketing budget dedicated to promotion of Vanua Levu. 	increased to 15,000 by 2011. <ul style="list-style-type: none"> • Indirect employment in tourism related activities increased to 55,000. • Retention rate increased from 46% to 60%. • Cruise ship visits to Fijian waters increased from 80 to 150 per year.
Resource owners benefit from greater participation in the tourism industry.	<ul style="list-style-type: none"> • Promote licensed and accredited tourism development on native lands with equity participation by resource owners. • Improve capacity and supply training of resource owners to participate in tourism development by equity, employment, service and supply provision, including development of natural and cultural attractions in sustainable eco-tourism and provide services for the promoted cruise ship and yachting tourism. • Comprehensive education on the qoliqoli legislation to resource owners and to the general public. • Under the Rural and Outer Islands Project four Roko Tui Saravanua seconded to NLTB to establish information flows to resource owners and promote positive working relationships between resource owners, NLTB and tourism enterprises. 	<ul style="list-style-type: none"> • Increase of not less than 5% per year in businesses majority owned and licensed by resource owners. • 100 % of nature-based and community-based tourism operations meet or exceed eco-tourism best practice guidelines and standards by 2011. • At least twenty high-end bures established on native land each year.

8.2.3 Culture and Heritage

Goal

Protection and management of our culture and heritage for current and future generations.

Links to Strategic Priorities

Culture and Heritage contributes to the Strategic Priorities of promoting peace and harmony, alleviating poverty, and implementing Affirmative Action. It can also contribute to the growth priorities by providing opportunities to raise investment levels for jobs and growth and promote Rural and Outer Island development.

Link to UN Millennium Development Goals (MDGs)

MDG 3 is to promote gender equality and empower women. Due consideration should be placed in the association between gender and culture, where the challenge is to develop an agenda that recognizes women as significant actors in development and as bearers and signifiers of their culture.

MDG 8, relates to culture and its impact on the environment. Local ecological knowledge and traditional management practices, as part of the local systems of values and meanings, have proved to be environmentally sustainable. The challenge is now to translate this into practical projects and to change policies that strengthen the cultural dimensions of the relations between the environment and development.

Development Rationale

The Plan recognises the need to preserve and manage Fiji's cultural and natural and cultural heritage, increase cultural and cross cultural understanding, promote creativity at all levels of society, promote conservation and resource development, and develop creative performing arts and visual arts. The diverse manifestation of culture is recognized in the different policy objectives and strategies for each aspect of culture and heritage. Further, it is also recognized in the strategies that culture in its all embracing approach, demands effective cooperation and partnership between cultural heritage agencies and between them and the community, and other government agencies. This is essential to the effective achievement of the outcomes intended by Government.

Measurable outcome oriented KPI's have been set which will allow monitoring of the success in achieving the Strategic Priorities.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
<p>Each community enjoys increased experience and benefits of its own culture and heritage and appreciation of those of fellow communities in Fiji.</p>	<ul style="list-style-type: none"> • Protect, preserve and manage Fiji's Cultural and natural Heritage • Develop and strengthen Fiji Arts Council, Fiji Museum, Fiji Handicraft Council, and National Trust of Fiji to increase their effectiveness. • Develop strategies to preserve, promote and increase awareness of culture for posterity and increase coordination between relevant agencies. • Research and development of professional cultural heritage and training. • Increase cultural and cross cultural understanding. • Promote creativity in all forms and at all level of society. • Promote conservation and cultural resource development that emphasizes partnership with local resource owners & local institutions. • Increase the number of sites, including flora and fauna currently protected and managed by further 50%. • At least 20 new archaeological sites surveyed annually. • Arts, languages, heritage awareness subjects included in school curriculum s and other learning centres. • Develop films and other audiovisual projects that capture Fiji's culture and traditions, including flora and fauna. 	<ul style="list-style-type: none"> • At least 2 heritage sites included in the World Heritage listing. • At least 80% of resource owners meet standard for best practices in the marketing of cultural resources. • At least 20 new heritage sites included as visitor attractions.

8.2.4 Mineral and Groundwater Resources

Goal

Pursuing growth through sustainable mineral and groundwater resource management.

Links to Strategic Priorities

Mineral resources support the Strategic Priorities of raising investment levels for jobs and growth and raising export earnings. It is also linked to strengthening good governance in relation to the welfare of workers and resource owners.

Development Rationale

EGM and Natural Waters of Fiji are the two major players in the mineral and groundwater sector. Compared to other industries, the potential for new entrants is limited. Recognizing this, the policy objectives and strategies of the Plan is focused on strengthening the institutional support mechanisms to guide the development of the sector. Where there is scope, the potentials for developing other minerals and subsidiary industries will be pursued.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
Communities benefit from sustainable development and management of mineral and groundwater resources to increase long term economic returns for the broader community, in particular to indigenous Fijian resource owners.	<ul style="list-style-type: none"> • Provide appropriate institutional environment for sector development. • Strengthen resource management by proactive enforcement of provisions of the Environment Management Act and other legislations. • Provide appropriate institutional support for development of the sector. • Encourage cordial relationship with landowners including awareness on land tenure issues and developments in the industry with investors and landowners. • Explore other mineral potentials such as in petroleum and gas with policy framework developed in consultation with the industry. • Review Mineral Act in line with benefits to landowners. • Investigate feasibility of marble quarrying. • Legislate water quality control and standards. 	<ul style="list-style-type: none"> • Water quality at rivers/streams in the vicinity of mining operations maintained at acceptable standards. • Sector contribution to GDP increased from 0.5% in 2006 to 1.5% by 2011. • Annual exploration expenditure doubled to \$12 million by 2011. • Annual gold exports increased from the past five years' average of \$75m to \$100m by 2011. • Annual bottled water exports increased from \$80m in 2006 to over \$100m by 2011.

8.2.5 Environmental Sustainability

Goal

To sustainable use and development of Fiji’s natural resources and ecological processes.

Links to Strategic Priorities

Environmental Sustainability is one of the three pillars of sustainable development. so contributes to the Strategic Priorities of sustaining growth, including rural and outer island development, raising export earnings from production in a quality environment and contributing to restructuring to promote competition and efficiency, including in the sustainable use of natural resources.

Link to UN Millennium Development Goals (MDGs)

Environmental sustainability is an MDG (MDG 7) but many indicators are not yet available, including forest cover, biodiversity protection, and carbon dioxide emissions.

Development Rationale

The Plan recognizes that there is an environmental threshold that development should not cross. The protection of national biological resources through the reduction and elimination of pollution, sound resource managements and proper management of waste is critical to environmental sustainability. Enforcing the Environment Management Act and other environmental legislation will be the thrust of the Ministry’s operation.

It is cross-cutting to the stability and sustained growth strategies. The strategies to address sustainable development issues across the various sectors include Environmental Management Act, National Biodiversity Strategy and Action Plan, and Solid Waste Management Strategy.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
Fiji’s environment is protected from degradation and provides the people with a healthy and clean environment	<ul style="list-style-type: none"> • Promote awareness of environmental management at all levels and mobilize communities to manage their own environment as a priority over outside intervention by state and non-state actors. • Review and strengthen legislation which includes environmental management provisions (e.g. Forest Act, Public Health Act, and Litter Decree) and coordinate. 	<ul style="list-style-type: none"> • Population of inventoried species to be stable or increasing. • Waste disposal at Naboro landfill increased from 60,000 to 80,000 tonnes per year by 2011. • 100% of facilities comply with EMA requirements by 2011.

Policy Objectives	Strategies	Key Performance Indicators
	<p>implementation in the framework of the Environmental Management Act.</p> <ul style="list-style-type: none"> • Enforce sound waste management practices, including use of PPP when appropriate, and develop waste management to address disposal of wastes in non-urban areas, including traditional villages. • Enforce the Environmental Management Act, giving priority to early full enforcement of provisions for Environmental Impact Assessment and Waste Management and Pollution Control. • Continue the implementation of the Biodiversity Strategy and Action Plan and Endangered and Protected Species Act. • Establish and improve waste collection in non-municipal areas. • Review standards for biodegradability of plastics and establish appropriate tax incentives. • Adopt ISO 14855 Standard for plastic use in Fiji. 	<ul style="list-style-type: none"> • All new developments to conduct EIA and establish monitoring benchmarks consistent with the Environment Management Act by 2011. • Total cessation of non-quarantine pre-shipment application for methyl bromide and chlorofluorocarbons (CFCs) by 2010. • All companies complying with the Ozone Depleting Substances Act 1998 and Regulations 2000.

8.2.6 Foreign Affairs and External Trade

Goal

Global integration for Fiji’s cultural, political and diplomatic advancement and socio-economic development.

Links to Strategic Priorities

Good diplomatic and trade relations with other countries will facilitate the move towards a more open and export-oriented economy. This contributes directly to the Strategic Priority of sustaining growth through raised investments and export earnings. Achievement of this outcome would consolidate Government’s fiscal position and help maintain macroeconomic stability.

Development Rationale

The Plan recognises the importance of increased export and that the proliferation of trade agreements could result in excessively complex and opaque trade regimes which increase the cost of doing business. This can prove costly on opportunities for trade and investment

in the private and public sectors. Policies will be formulated, in cooperation with the private sector, that allow regional integration to complement most-favoured-nation-based trade liberalization and avoid undesirable trade diversions. Through her membership in regional and international organisations Fiji will negotiate increased access to global markets and emphasise the needs of small developing countries in multilateral negotiations.

Fiji will also strengthen diplomatic relations with sovereign states and international institutions.

Measurable outcome oriented KPI's have been set which will allow monitoring of the success in achieving Strategic Priorities.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
Communities should benefit from Fiji's diplomatic and external trade relations and development.	<ul style="list-style-type: none"> • Implementation of the National Export Strategy, coordinated under the Ministry of Commerce and Industry, to be implemented as a Strategic Priority. • Diversify export markets, particularly in the Asia-Pacific region, in close cooperation with private sector producers and traders. • Improve investment and trade facilitation and negotiation capacity. • Enhance existing bilateral and multilateral relations. • With the private sector and concerned agencies, develop a temporary employment strategy and establish agreements with regional countries, Gulf States, US and EU to facilitate training and employment of skilled and seasonal workers to be employed in those countries. • Develop and implement Medium Term plan/targets for free trade agreements. • Strengthen trade facilitation in areas of quarantine protocols, customs, ports and immigration. • Advocate Fiji's interest and profile in regional and international institutions. • Adhere to international declarations, agreements, conventions and treaties and align domestic policies to them. 	<ul style="list-style-type: none"> • Exports of goods and services to be increased from 58% of GDP in 2005 to at least 65% of GDP. • Agreements in place with Australia and New Zealand on temporary employment of Fiji nationals as skilled and/or seasonal workers.

Policy Objectives	Strategies	Key Performance Indicators
	<ul style="list-style-type: none"> • Recruit personnel with expertise in trade, trade negotiations and investment. • Develop a South Pacific Policy Statement on regional resource pooling, governance and security. • Secure visa free entry for Fiji citizens to foreign countries and establish and update registry for all countries granting visa free entry by 2008. • Establish and maintain a website to provide accurate and timely information on Fiji. 	

8.3 *Natural Resources*

The renewable natural resource sectors can contribute to increased export earnings and are projected to do so in fisheries, forestry and horticulture. Valuable though these contributions are they cannot offset the overall decline in the sector's exports caused by the fall in value of sugar exports as a result the reduction in preferential prices in the EU. The Plans for natural resources development are, therefore, focused on the Strategic Priority of Restructuring to Promote Competition and Efficiency by developing stronger, more competitive natural resource sectors. This restructuring will be led by Government plans to restructure the sugar sector. The Summit Working Group on Natural Resources will support, monitor and evaluate implementation of these plans.

8.3.1 **Sugar**

Goal

A locally vibrant and globally competitive sugar industry.

Links to Strategic Priorities

Development of the sugar sector is directly linked with the Strategic Priorities of both Maintaining Stability and Sustaining Growth. With regards Maintaining Stability, priorities of poverty alleviation, resolution of the agricultural land tenure issue, and affirmative action are pivotal. The priorities under Sustaining Growth include restructuring to promote competition and efficiency and raising export earnings.

Link to UN Millennium Development Goals (MDGs)

Developments will contribute to eradication of poverty (MDG 1) and promotion of environmental sustainability (MDG 7).

Development Rationale

The loss of preferential access to the EU market through declining preferential prices has necessitated reform in the sugar sector. Supported by development partners, such as the EU and ADB, a restructure plan has been developed by Government and the industry and elements of this plan are reflected in the sector strategies. The plan combines initiatives to recapitalize FSC with support from the Indian Government, improve sugar research and extension services, revamp the transport logistics to make it more efficient, and address production and yield at the farm level. The programmes and projects under the National Adaptation Strategy will provide a cushion to those adversely affected by the restructure to secure sustainable on-farm and off-farm livelihood opportunities. Apart from sugar, other opportunities will be explored such as co-generation.

Measurable outcome indicators have been set to monitor the progress of the reform plan and its success in achieving the sector goal.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
<p>To re-structure the sugar industry into a commercially viable, profitable and sustainable industry.</p>	<ul style="list-style-type: none"> • Implementation of the sugar industry reform plan, including the National Adaptation Strategy. • Encourage dialogue and consultation to ensure land availability for the industry. • Promote milling efficiency and cane quality payment system. • To improve efficiency and productivity of cane production in farms through improved extension and research services. • Review the cane transportation system and harvesting with the objective of making it more cost effective, efficient and practical. • Increased range of crops produced (including aquaculture) in the cane belt. • Design and implement sugar product diversification such as ethanol production. • Implement measures to address the social impact of the industry restructure. 	<ul style="list-style-type: none"> • Yield per ha increased from 61mt/ha in 2006 to 80mt/ha by 2011. • TCTS ratio improved from 11 TCTS in 2006 to 8 TCTS by 2011. • Extraction rate of sucrose increased from an average of 72% in 2006 to 85% by 2011. • Reduce milling costs from \$280/mt raw sugar in 2006 to \$140/mt raw sugar by 2011. • Sale of up to 137GWh of electricity to the national grid by 2011. • FSC return on investment not less than 10% and a debt to equity ratio of not more than 60:40. • Returns per farm labour day to remain at least the present levels. • Monitor school enrolment in cane belt areas.

8.3.2 Agriculture and Livestock

Goal

Sustainable community livelihood through competitive exports and efficient food security.

Links to Strategic Priorities

The agriculture sector, as the principle source of rural livelihoods, has a vital contribution in terms the Strategic Priorities of rural and outer island development, raising export earning, raising investment for jobs and growth, resolving the agricultural land lease issue, implementing affirmative action and alleviating poverty.

Link to UN Millennium Development Goals (MDGs)

Developments will contribute to eradication of poverty (MDG 1) and promotion of environmental sustainability (MDG 7) through promotion of sustainable agriculture.

Development Rationale

While the economy remains largely agro based, the annual food import bill continues to rise, exceeding \$350m in 2005. The focus for the agricultural sector therefore in the plan is geared towards increasing local production as substitutes for imported items. This import substitution stance relates closely with efforts to improve the linkages with the booming tourism industry. With the emphasis also on private sector led development, a facilitative and proactive approach will be pursued to attract large investment to drive the commercial agriculture and livestock sectors.

Measurable outcome oriented KPI's have been set which will allow monitoring of the success in achieving the Strategic Priorities.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
Fiji is served by a thriving commercial agriculture sector, sustaining Fiji's food security.	<ul style="list-style-type: none"> • Through the Rural and Outer Islands Project (ROI), rescoped Alternative Livelihood Project (ALP) and related rural development projects, build the capacity of rural communities to diversify agriculture to higher value crops and commercial agriculture to improve on and off farm livelihoods and opportunities for processing and value added. • Establish commodity protocols with existing and new markets (China, Australia, NZ, EU, US, Japan) and 	<ul style="list-style-type: none"> • Maintain agriculture sector's contribution to GDP at 12%. • Value of non-sugar agriculture exports increased from \$40m in 2006 to \$80m by 2011. • Value of food

Policy Objectives	Strategies	Key Performance Indicators
	<p>promote formation of industry councils to spearhead/ coordinate commodity development.</p> <ul style="list-style-type: none"> • Strengthen agricultural training institutions to improve training services to all stakeholders. • Strengthen demand driven research in partnership with the private sector. • Improve accessibility of farmers to saving and credit facilities and develop micro-finance institutions. • Provide infrastructure to facilitate market access of agricultural produce, particularly in the rural and outer islands. • Enhance tourism industry and agriculture sector linkages to match demand and supply, therefore reducing imports. • Promote food safety and quality programmes. • Revitalise coconut industry to move into value adding and product diversification. 	<p>imports reduced from \$370m in 2006 to \$260m in 2011.</p> <ul style="list-style-type: none"> • Increase lending to agriculture sector of commercial banks to 1% of total loan portfolio by 2011 from current level of 0.6% in 2005.

8.3.3 Forestry

Goal

Sustainable management and development of forest resources.

Links to Strategic Priorities

In terms of its Strategic Priorities, forestry supports raising export earnings, investment for jobs and growth and will form part of the restructuring to promote competition and efficiency. The involvement of the indigenous community in rural areas means that the sector may also make significant contributions to the Strategic Priorities of implementing affirmative action, alleviating poverty and rural and outer island development.

Link to UN Millennium Development Goals (MDGs)

Developments will contribute to eradication of poverty (MDG 1) and promotion of environmental sustainability (MDG 7) through adoption of sustainable forest management.

Development Rationale

The plan recognizes the potential in the forest sector in contributing to the economy. However, the current institutional environment in which the sector operates needs to be revamped and this is the focus in the plan. In addition, with the harvesting of the high value

mahogany resource, issues of sustainable forest management, value adding and effective involvement of resource owners are prominent in the sector strategies.

Measurable outcome oriented KPI's have been set which will allow monitoring of the success in achieving the strategic priorities.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
<p>Resource owners benefit from sustainable development and management of the forest resources and maximise the long term economic returns.</p>	<ul style="list-style-type: none"> • Provide adequate institutional, policy and technical support to development. • Review status of forest reserves with the aim of safeguarding biodiversity of areas under threat. • Address capacity constraints of industry to bring harvesting, nursery and plantation establishment practices up to world class level. • Develop the financial and technical capacity of resource owners to effectively participate in forestry development. • Undertake research and development of new areas such as non wood forest products. • Encourage value adding in the industry through coordinated processing and marketing. • Promote resource utilisation efficiency in primary and secondary processing. • Provide infrastructure to support development in the industry, such as roads for harvesting access. • Improve competition in extraction and marketing segments of the industry, mahogany in particular, with due regard to liability of resource sustainability and participation of resource owners. 	<ul style="list-style-type: none"> • Forest sector contribution to GDP increased from 1.2% in 2006 to 1.6% by 2011. • Target commercial annual harvesting of mahogany at 100,000 m³. • Double annual export earnings from sector, including value adding, from \$60 million in 2006 to \$120 million by 2011. • Area of indigenous forest increased by 20% by 2010 from 858,000ha to over 1,000,000ha. • 15 forest native reserves identified and gazetted by 2010. • Value of contracts secured by indigenous Fijian businesses not less than 40%.

8.3.4 Marine Resources

Goal

Pursuing growth through sustainable marine resource management.

Links to Strategic Priorities

The marine sector supports the Strategic Priorities good governance, poverty alleviation and affirmative action and also support growth outcomes in restructuring to promote competition and efficiency, raising investment levels, raising export earnings and rural and outer island development.

Link to UN Millennium Development Goals (MDGs)

Marine development supports eradication of poverty (MDG 1) and ensuring environmental sustainability (MDG 7), focusing on resource management and conservation as a major strategy in the Plan.

Development Rationale

The Plan recognizes the erratic performance experienced in the fisheries sector and the need for clear demarcation between the role of Government, and the role of the private sector. Reforms in the Department of Fisheries and in the administration of its functions are emphasized with the move from a production oriented approach towards resource conservation and management. This focus is translated through the sector strategies. The strategies also reinforce a more facilitative approach from Government in the development of the industry.

Outcome indicators set are intended to monitor the development of the sector in tandem with the utilization of the resource.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
Communities benefit from sustainable development and management of marine resources to maximise long term economic returns to the broader community, in	<ul style="list-style-type: none"> • Review existing institutional arrangement including legislations to take account of global and national developments. • Strengthen resource management. • Undertake community awareness on management of inshore fisheries and coral reef management. • Provide appropriate support through institutional strengthening and reform of the Department of Fisheries. • Encourage private public 	<ul style="list-style-type: none"> • Ratio of total catch to sustainable yield (or TAC) for each targeted species to be less than 1. • Fisheries sector contribution to GDP increased and maintained at 3% from current level of 2.7% of GDP. • Increase fisheries export from \$85m in

Policy Objectives	Strategies	Key Performance Indicators
particular to indigenous Fijian resource owners.	<p>partnerships through demand driven research, training on HACCP and CITES requirements, and well targeted training programmes relevant to needs of sector.</p> <ul style="list-style-type: none"> • Provide relevant training and technical support to indigenous Fijians currently involved in the industry. • Promote partnerships with the private sector and business mentoring with established players in the industry. 	<p>2006 to \$100m by 2011.</p> <ul style="list-style-type: none"> • Proportion of total tuna catch landed by indigenous Fijian licensed vessels to be increased from the present 25% to not less than 40%.

8.3.5 Land Resource Development and Management

Goal

Effective and coordinated land management to support economic development.

Links to Strategic Priorities

Land is a basic resource and it is an essential part of indigenous culture, thus it plays a significant role in almost all the Strategic Priorities. In Maintaining Stability land has a role in promoting peace and harmony, enhancing security and law and order, alleviating poverty, strengthening good governance, resolving the land tenure issue and implementing affirmative action. For Sustaining Growth, land is an economic resource and access to land is essential to support restructuring to promote competition and efficiency, raising export earnings, raising investment levels for jobs and growth, and rural and outer island development.

Link to UN Millennium Development Goals (MDGs)

Land’s central role in rural livelihoods means its effective use is an important contributor to eradication of extreme poverty and hunger (MDG 1) and its management is key to ensuring environmental sustainability (MDG 7).

Development Rationale

Land slides, flash floods, and prevalent soil erosion is testament to the destructive land use practices that have persisted. Recognizing the urgent situation, the Plan emphatically espouses sustainable land use practices with appropriate sector strategies for awareness, training and enforcement. The current haphazard nature of development (industrial, housing, commercial) is also a clear indication of the absence of coordination between agencies concerned. The Plan recognizes this weakness and recommends closer

coordination. As a basic factor input, the Plan also recognizes the significance of resolving the land tenure issue for future development and prosperity.

The outcome indicators set are intended to monitor the rate of land development.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
Resource owners and land users securing long term incomes from environmentally sustainable land development and management.	<ul style="list-style-type: none"> • Encourage dialogue and consensus in adopting appropriate land tenure legislation which has support of all stakeholders. • Strengthen institutional capacity and adequately resource the Land Resource Planning and Development Unit and the Land Conservation Board to enforce land use policies. • Strengthen resource management and awareness on appropriate land use and watershed management practices from the community level. • Strengthen coordination between agencies involved in land development to ensure land is put to its most productive use. 	<ul style="list-style-type: none"> • A land tenure system is in place which allows equitable returns to owners and users through an effective market for land use rights.

8.4 Infrastructure

Infrastructure facilitates achievement of economic and social objectives and is particularly relevant to the Strategic Priority for Rural and Outer Islands Development, in which transport and communications are needed for the remote communities to participate in economic development and to access essential social services. During the Plan period it is necessary to address issues of quantity, quality and management of infrastructure as reflected in the prominent role of infrastructure in the Accelerated Restructuring Programme presented in 6.3.3 and use of Public Private Partnerships discussed in Chapter 6. The Summit Working Group on Infrastructure will support, monitor and evaluate implementation of plans for infrastructure development and management.

8.4.1 Information and Telecommunications

Goal

Universal access to internationally competitive information and telecommunication services.

Links to Strategic Priorities

Information and telecommunications are essential to modern commerce and support the Strategic Priorities of restructuring to promote competition and efficiency, raising export earnings, and raising investment levels for jobs and growth. Use of the communications technology also supports strengthening good governance and enhancing security and law and order.

Links to UN Millennium Development Goals (MDGs)

Improved communications supports the global partnership for development (MDG 8) by making available the benefits of new technologies, especially information and communications. The indicator for which is, “*Telephone lines and cellular subscribers per 100 people*”, as included in the table below.

Development Rationale

The strategy is concerned to, first, provide access to modern communications technology by extending coverage geographically and to an increased number of people. Benefits will then be substantially increased through improved technology and competition to reduce cost and increase the impact on the community. A key strategy in this development focus is the restructure of the current sector and industry structure to facilitate and support increased effective market liberalization, whilst ensuring that universal access needs of citizens are met.

The availability of timely and accurate information in Government and society generally contributes to the ability of leaders and communities to make better informed decisions and to reinforce the foundations of peace.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
<p>People and businesses enjoy improved ICT services in terms of coverage, quality and price.</p>	<ul style="list-style-type: none"> • Reduce telecom rates in the short term by promoting more discussions between potential investors in ICT services and providers of telecommunication services. • Increased coverage of telecommunication services especially to rural areas by continuing to provide telecommunication access to unconnected villages. • Develop Fiji as an attractive info-communications hub in the region. • A well informed citizenship in the medium term require the liberalisation of the telecommunications sector and free to air television services. • Ensure the regulatory and legal framework functions. • Align ICT training to developments in the employment market. • Establish an appropriate framework and promote e-commerce development. • Introduce e-government in order to raise efficiency of service delivery. • Provide appropriate support for provision of ITC infrastructure. 	<ul style="list-style-type: none"> • Reduction in telephone charges by at least 25% by 2011. • Telephone lines and cellular subscribers to be not less than 25% in rural areas and 75% in urban areas (MDG). • Increase number of rural tele-centres from 6 to 56 by 2011. • Increase bandwidth to all service providers to not less than 300 Mbytes by 2011. • Increase number of Fijian and Hindi free-to-air TV broadcast providers to more than 2 each by 2011.

8.4.2 Transport

Goal

To provide efficient transport services at reduced costs to enhance access to services and markets.

Links to Strategic Priorities

Transport is a major part of economic and social infrastructure and supports the Strategic Priorities of restructuring to promote competition and efficiency, raising export earnings, raising investment levels for jobs and growth, rural and outer island development, alleviating poverty, and enhancing security and law and order.

Development Rationale

Development of efficient and cost effective transport systems is a pre-requisite for economic development and affordable access to services provided by government and private sector. Particularly shipping and aviation development of shipping services are essential to raise export earnings and for rural and outer island development. More broadly, cost effective transport is necessary to attract investment, including PPP, and creating the employment and poverty alleviation impacts of such productive investments.

The development strategies focus on development of infrastructure which will facilitate private sector investment in increased land, sea and air transport services. These developments are accompanied by institutional developments to increase efficiency and raise standards of facilities and services provided.

The KPI are outcome oriented, not concerned with the outputs of the civil engineering investments but with the scope and quality of transport services subsequently enjoyed by the communities in Fiji.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
<p>Multi-modal To ensure access to safe, efficient, affordable and environ-mentally sustainable transportation services.</p>	<ul style="list-style-type: none"> • Review Government Subsidies on Transport. • Attract potential investors to provide alternative modes of transportation through PPP framework. • To promote the use of public transport. • Introduction of effective measures to reduce the number of road deaths, mishap at sea and air crashes through enabling legal frameworks. • LTA, FIMSA and CAAFI incorporate stringent safety and security measures. • To continue investment in the construction, maintenance and upgrading of the national transport network supported by enabling legislation and regulation enforced. • Ensure provision of access to all forms of transport. • To promote the use of fuel efficient vehicles. • Undertake a wider study on the 	<ul style="list-style-type: none"> • At least one transport PPP project over \$100 million by 2009. • Reduction in annual fatalities on all forms of transport by at least 20% from the present 90.

Policy Objectives	Strategies	Key Performance Indicators
	<p>transportation system in the Suva-Nausori corridor, including study of intermodal and peak hour variability, and make and implement appropriate decisions on the recommendations.</p>	
<p>Land Transport To enhance livelihood by reducing cost of transport of people and goods.</p>	<ul style="list-style-type: none"> • Protect investment in the national land transport network through effective controls on vehicle overloading and adequate maintenance. • Reform and consolidate the land transport sector. • Self funding mechanism developed for LTA, DNR, NRSC, Police Traffic and municipalities. • Promotion and implementation of user pay principles. • Improve traffic management schemes and reduce traffic congestions at main trunk routes. • Imposition of high fines to deter traffic infringements. • Control on the importation ages of second hand vehicles. • Introduction of alternative fuel powered vehicles. • Review the Land Transport structure and funding mechanisms for implementation. • Improve vehicle operating cost by investing in more maintenance. 	<ul style="list-style-type: none"> • Not less than 125km of national roads resealed and 40km rehabilitated each year. • Annual CO₂ emissions per capita reduced from 1.6mt to 1.0mt. • Average vehicle emission levels reduced from 40,000 ppm to 20,000 ppm. • Reduce vehicle emission opacity from 70% to 35%.
<p>Marine Transport Communities and the country enjoy better access to passenger and cargo shipping services.</p>	<ul style="list-style-type: none"> • Improve efficiency at ports and provide competitive international port charges, including for cruise ships. • More frequent services to Maritime Provinces. • Develop and upgrade seaways and main rivers. • Replacement of at least 1 light house annually and continue ongoing maintenance programme. • Ensure a high level of safety and 	<ul style="list-style-type: none"> • Annual tonnage of international cargo handled in Fiji ports increased from 3.3 million revenue tons in 2005 to 5 million by 2011. • Minimum of 2 trips per month on each outer island route. • Fiji maintains its

Policy Objectives	Strategies	Key Performance Indicators
	<p>security in sea transport and prevent marine pollution.</p> <ul style="list-style-type: none"> • Provide economical, safe, adequate and efficient facilities for the transport of goods and people to facilitate trade, transshipment and other related functions. • Ensure optimal location, updated design and construction of existing and new jetties. • Commence implementation of Rokobili Port. 	<p>White List Status.</p> <ul style="list-style-type: none"> • Main Ports maintain ISPS Code status.
<p>Air Transport To promote development of tourism and exports to expand industries relying on air freight.</p>	<ul style="list-style-type: none"> • Continued improvements in airport infrastructure and facilities, including capacity extension at Nausori to accommodate 737-800, widening at Savusavu, and upgrading at Rotuma. • Design a model that will take care or manage non-core activities of CAAFI • Increased number of passenger seats per annum. • Improved runway capacity to meet additional cargo requirements. • Utilization of additional air traffic rights under existing ASAs by 2007. • Restructure and reform within the aviation industry in line standards by 2007. • Airstrips to be compliant with ICAO international standards. • A new international airport in Vanua Levu to be evaluated and considered by 2008. 	<ul style="list-style-type: none"> • 3 or more airlines with unsubsidised, scheduled domestic flights. • Passenger seat km on domestic flights restored to 1999 levels of 110 million by 2009 and increased to not less than 150 million by 2011 from 73.1 million in 2005. • International airfreight capacity increased from 700 million tonne/km in 2005 to not less than 1,000 million tonne/km by 2010.

8.4.3 Energy

Goal

To facilitate the development of a resource efficient, cost effective and environmentally sustainable energy sector.

Links to Strategic Priorities

Energy is a required input for most economic activities so supports Strategic Priorities of restructuring to promote competition and efficiency, raising exports, raising investment levels for jobs and growth, leading to a contribution to alleviating poverty.

Link to UN Millennium Development Goals (MDGs)

Efficient and sustainable energy use contributes to ensuring environmental sustainability (MDG 7).

Development Rationale

Availability, reliability and cost of appropriate forms of energy are necessary as a basis for viable production investments needed to attract private productive investments to create employment, alleviate poverty and increase exports. Energy directly supports growth of the economy and indirectly influences stability of the country as well. As a fundamental element to any commercial businesses operation energy directly contributes to the formation of capital investment that sustains economic growth.

Government will increase access to provision of energy during the planning period through supporting FEA in energy production to extend its grid and assist others through diesel-powered generators. Equally importance will focus on educating and advocating minimizing utilization of energy. Operation of regulator will hopefully be established to look at interest of both the provider and user addressing both tariff and technical issues.

Consumption led growth has contributed to a decline in efficiency of imported oil products use from \$8.27 of GDP (at 1995 prices) in 2000 to only \$5.01 in 2004. Increased efficiency in the use of imported oil is needed. Recognizing the parallel need to pursue alternative sources of energy, Government realizes how vulnerable to risk is involved relying on fossil fuels. Extensive planning, research and development will be required to look at avenues to enhance and support provision of energy from renewable energy sources.

Realizing the need to boost the supply of energy to the economy, Government will identify PPP projects to support the sector.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
<p>The community has increased, secure access to affordable and reliable energy supplies.</p>	<ul style="list-style-type: none"> • Enact enforce appropriate legislation to improve sustainable energy use, including the National Energy Policy (NEP) and Renewable Energy Based Rural Electrification Act. • Monitor Customer satisfaction through survey and develop and implement an awareness programme. • Establish a reliable energy information system for end use decision making at all levels. • A better understanding of Fiji’s energy security situation developed and maintained to guide future policy decisions. • Greater collaboration within the industry and with other sectors and strengthen private sector involvement in all forms of energy, including review of tariffs, cost recovery. and competition in energy production. • Reduce inefficient use of energy through energy efficiency research, demonstration, energy audits, regulation, and building codes, and create a robust market for energy efficiency services. • Promote measures to reduce fossil fuel consumption, including in the transport sector, and encourage alternative fuels for the power, transport and other sectors. • Develop and implement a national electrification master plan covering both grid and stand-alone systems. • Formation of an appropriate independent regulatory agency and review the Electricity Act. • Assess local renewable energy resource potential, undertake research, identify technologies appropriate to Fiji and develop information systems. • Encourage competition in the generation of energy. 	<ul style="list-style-type: none"> • GDP per kg oil equivalent, at constant 1995 prices, increased from \$5 in 2004 to \$8 by 2011. • Household power outages on Grid Lines are each not more than 5 minutes by 2010. • 90% national electrification coverage by 2011 with urban increased from 95% to 100% and rural areas from 70% to 85%. • IPP to produce not less than 250GWh of energy per year by 2011. • Improvement in the national energy mix from 40/60 renewables to fossil fuel to 90/10 for the grid and from 5/95 to 55/45 for off grid energy by 2011. • 30% of fuel for transport is bio-fuel, LPG or LNG by 2010.

8.4.4 Water and Sewerage

Goal

Increasing access to continual safe drinking water and appropriate sanitary waste disposal systems.

Links to Strategic Priorities

Water and sewerage support sustainable economic activity and healthy urban environments, thus supporting the Strategic Priorities of restructuring to promote competition and efficiency and raising investment levels for jobs and growth.

Link to UN Millennium Development Goals (MDGs)

Improved access to safe water and effective sewage collection and treatment systems promotes good health for children (MDG 4), mothers (MDG 5) and general prevention of diseases (MDG 6) as well as helping to ensure environmental sustainability (MDG 7).

Development Rationale

Water is important for both rural and urban population. Also, for Fiji's economic growth and commercial developments, notably tourism, the availability of sufficient and reliable services for water and sewerage is crucial. Water and Sewerage is contributing to the Strategic Priorities for raising investment for growth, reforming the public sector to reduce the cost of doing business, structural reforms to promote competition and efficiency and promoting Public-Private Partnership. Improved access to water and sanitation is a basic necessity and is covered by indicators under MDG Goal 7, to ensure environmental sustainability.

The plan recognizes the need to provide access to reliable and adequate supplies of clean water for both urban and rural centres through extending and upgrading major urban and regional water schemes, improving the water supply schemes and providing sanitary and environmentally safe sewerage collection and treatment systems.

The plan will develop and implement a Water Management Policy, which will increase efficiency and better meet the needs of the communities and other users of water.

Policy Objectives, Strategies and Key Performance Indicators

Policy Objectives	Strategies	Key Performance Indicators
The community is served by access to reliable and adequate supplies of safe water in both urban and rural centres and	<ul style="list-style-type: none"> • Expanding the rural water supply schemes and extending and upgrading major urban and regional water schemes to include rural areas as outlined in their respective master plans. • Expansion of the sewer reticulation 	<ul style="list-style-type: none"> • 95% of the urban population and 80% of the rural population have access to safe water supply by 2011.

Policy Objectives	Strategies	Key Performance Indicators
<p>to sanitary and environmentally safe sewerage waste systems and treatment facilities</p>	<p>network and sewerage treatment facilities and promoting the need for care of the environment.</p> <ul style="list-style-type: none"> • Private sector participation in the provision of capital works of water and sewerage services increased through outsourcing or management contracts and reorganisation of Water and Sewerage as a Fiji Water Authority, supported by review of tariffs and to improve efficiency and effectiveness. • Identify 30 possible water and sewerage projects and prepare cost estimates and tender documents for implementation under contract; and promote aggressive leakage reduction programmes by setting targets for volumetric savings per month. 	<ul style="list-style-type: none"> • Increase in the annual number of water connections to new customers from approximately 3,000 to 4,000. • Increase in the urban population with sewerage connection to not less than 40% by 2011. • Level of unaccounted for water reduced from approximately 50% to 35% by 2009 and to 25% by 2011.

Chapter 9 Implementation, Monitoring and Evaluation

9.1 Purpose

The Strategic Development Plan sets out how progress will be made towards the Government's vision of a peaceful, prosperous Fiji. It is not a detailed operational plan, but guides the setting of operational plans by Government and, through setting out broad strategies and key performance indicators, invites the private sector and civil society to join with Government in meeting those objectives which Government cannot achieve alone.

As set out in the SDP, Government will implement its part in the achievement of SDP objectives through the Annual Corporate Plans and budget allocations of Ministries and Departments. The SDP is implemented through all Government agencies. This requires vertical and horizontal coordination in the annual planning round, in implementation of annual plans and in monitoring and evaluation for both accountability and lesson learning.

Progress towards better co-ordination in implementation and monitoring was made in the previous Strategic Development Plan through the then newly established arrangement of Summit Working Groups (SWG). However, building on that experience, a consensus has developed that it can be improved further. In response to the specific request of the National Economic Development Council in August 2006, the SDP 2007-2011 incorporates this chapter and Annex 2, detailing the processes and methodologies to be adopted for effective implementation.

9.2 Vertical Coordination

Implementation will be guided by the hierarchy of plans introduced in the Financial Management Act 2004, which must be carefully coordinated in their preparation and implementation.

- **Strategic Development Plan** focuses on policy objectives and outcomes which reflect Government's Strategic Priorities derived from the political manifestoes of the Government parties; strategies to support these outcomes will guide the annually reviewed SPS, ACP, and PSIP so that plans and allocation of resources are aligned to the outcomes.
- **Strategic Policy Statement** is a rolling three year plan to refine the Medium Term Strategy in terms of the benefits to be targeted within the development funds available. The SPS sets the near term framework, within which agencies develop their ACP programmes and projects to support their contributions to outcomes.
- **Annual Corporate Plan** alignment with whole Government outcomes will be based on a pro-active partnership of NPO with PSC and agencies to identify activities and outputs which best respond to Government objectives.

- **Public Sector Investment Programme**, as part of the budget process, will focus on capital investment and development projects which produce the public goods and services – deliverable outputs of the ACPs – which support achievement of the SDP outcomes.

Responsibility for ensuring that vertical coordination takes place starts with the CEO of each Ministry, who will set up quality control procedures for the ACP and budget bids that encourage alignment with the hierarchy of plans set out above.

Guidance and supervision will be provided by the Ministry of Finance and National Planning, which is involved at each level and must ultimately advise the Minister of Finance in the budget process that budget proposals are consistent with the SDP. To avoid the processing of non-aligned proposals up to budget stage, Ministries and Departments will seek Ministry of Finance and National Planning review of all policy papers with fiscal implications for confirmation in principle that they are consistent with the SDP at the earliest possible stage of drafting.

In ACP preparation the coordination role is shared between the Ministry and the Public Service Commission to address needs for both financial and human resources.

9.3 Horizontal Coordination

Horizontal coordination across agencies is more complex. Implementation involves many agencies, some of which have an autonomous tendency to “do their own thing”. The SDP Outcomes – impacts on the community – are normally the joint outcome resulting from several related outputs of different agencies - **Figure 11** on page 80 clearly illustrates that no Strategic Priority is served by the outputs of a single agency. As such, autonomous implementation by individual agencies is likely to produce sub-optimal achievement of Outcomes consistent with Strategic Priorities.

Horizontal coordination, therefore, needs to ensure that agencies are working in parallel to achieve the national outcomes rather than narrowly pursuing individual agency objectives. Plan implementation involves different levels of decision making and implementation. Horizontal coordination is needed at each of those levels and between them. This coordination between levels is concerned with operational matters rather than the planning and administrative matters discussed above as vertical coordination.

- **The Political Level** is concerned with decisions of Cabinet, Cabinet Sub-committees and individual Ministers. Such decisions provide overall guidance and direction to Plan implementation. To support Cabinet deliberation of proposals, all Cabinet papers with fiscal implications or related to SDP policies will be reviewed by the Ministry of Finance and National Planning and a note provided as to the proposal’s consistency with the SDP and requirements for coordination with other programmes, Ministries and Departments.

- **The Administrative Level** is concerned with direction and coordination of Government agencies in the execution of the agreed programmes and projects of corporate plans, which are aligned towards Plan outcomes and Strategic Priorities. Coordination will be undertaken through regular meetings of the CEO Forum and Development Sub-committee. This may be strengthened by including coordination within the performance contracts of CEOs.
- **The Stakeholder Level** is critical for coordination between all those involved in achievement of Plan outcomes – Government, private sector and civil society – and between those implementing the Plan and the communities who are intended to benefit from the Plan. Coordination will take place in the National Economic Summit, National Economic Development Council and Summit Working Groups. Emphasis will be placed on monitoring and evaluation to provide feedback for improved implementation.

In the 2007-2011 Plan, it is proposed to adopt a strengthened SWG system to monitor and support coordination of implementation. SWGs have been reconfigured based on “clusters” of KPI, matching activities and sectors to a limited set of related Strategic Priorities. All of the KPI monitor outcomes and most are quantifiable. Annex 2 lists for each KPI the source, frequency and timing of the information, responsibility for its presentation, and further definition where required. The new KPI will provide much clearer and more meaningful information for SWG’s and Government to assess performance and identify areas in which performance can be enhanced.

The National Planning Office will continue to act as secretariat to support coordination and to implement the outcome-oriented monitoring and evaluation system outlined in the following section.

9.4 *Coordination of External Assistance*

Government endorses the Paris Declaration adopted by partner countries and donors in March 2005. The Declaration focuses on improving aid effectiveness by aligning aid flows to national priorities; strengthening Government, Donor and Non-Government Organization coordination; strengthening member country capacity for coordinated support; use of common arrangements or frameworks; increasing use of domestic financial and procurement systems; adoption of performance measurement frameworks; improving aid predictability; and monitoring and evaluation.

Within this SDP, Government has set its priorities and these will be complemented by strategies Government is putting in place, for example, for public sector restructuring and export development. These reflect the consensus of Fiji citizens expressed through the democratic process successfully completed in 2006.

Government development programmes and donor assistance will be closely aligned to the Strategic Priorities of the Plan. Greater partnership between Government and donors is

required to ensure the effectiveness of aid delivery and the achievement of Strategic Priorities. Government's measures to improve financial management and good governance should also facilitate the efficient and effective use of donor assistance, whether through grants or technical support, and Government expects that improved performance reporting by Ministries and agencies will lead donors to draw on such reporting to assess the impact of their own programmes and reduce the need for parallel monitoring at least at outcome level.

Government recognizes the policies and strengths of different donors and the objectives of their development programmes. Government will work with donors to establish programmes which are congruent with Government and donor objectives.

Donor development programmes to Government and the submission of development assistance to donor agencies will be channelled through the Government's Budget Aid Coordinating Committee to ensure that development assistance programmes are well coordinated according to Government's stated policies and priorities. This will be supported by regular Government and Donor Agency consultations during the Plan period, including regular reviews of the impact of donor programmes.

9.5 *Monitoring and Evaluation System*

In assessing progress periodically on the SDP the key monitoring questions will be:

- Are corporate plans and budget spending plans in line with the SDP (including in such cross-cutting areas as poverty reduction, gender equity, social justice and encouragement of the private sector)?
- Are Ministries and Departments achieving against the objectives in their corporate and annual plans?
- What progress is being made against the key performance indicators?
- Are the private sector and civil society able in the current policy environment to contribute to the achievement of SDP objectives?

These questions will be answered in part through normal control mechanisms in the Government - for example, Ministry of Finance scrutiny of budget bids and reporting processes on annual and corporate plans. But they should also provide a more focused agenda for the SWGs.

SWGs will not limit themselves to assessing progress against the KPIs. Their remit is monitoring of performance, not simply monitoring the KPIs. To that end they will need to consider a wider range of performance information including information generated by the multilateral development banks, academic and statutory institutions in Fiji, NGO reports and performance information from Ministries and Departments.

9.5.1 *Monitoring the Key Performance Indicators*

The KPIs have been designed to be more precise than those in the previous SDP, and to capture changes in people's lives as a result of Government policy or other factors. They

have only been included where information is already available or where it seems likely that it will become available over the SDP period.

They have been deliberately set in a number of cases at a point which is beyond the control of any one Department. However, it will be necessary for the responsibility for tracking the indicator to be allocated at some point within the machinery of Government. Internal control systems, and SWGs, will need to make an explicit distinction between those outcomes, typically at the level of corporate plans, where a Department is accountable for delivering and those where it is accountable only for measuring. In some cases the responsibility for measurement will lie with the Bureau of Statistics.

The National Planning Office, as secretariat to the SWGs, will aim to set a forward agenda for each group under the direction of the Chairman within which the SWGs' two meetings per year will be timed according to the availability of new data. Many of the KPIs will yield only annual data, and some will be measured more infrequently. Groups may therefore need to plan to use one of their meetings, when new annual information at the level of the KPIs is not available, to consider progress against intermediate objectives in corporate plans, based on reporting from Ministries and Departments.

It should become an important part of the function of the SWGs to assess the continuing relevance of KPIs and the quality of information they are providing so that the adequacy of all KPIs is kept under review and not left until the mid term review to be assessed.

The National Planning Office, with support from the Bureau of Statistics, will convene a technical working group on the KPIs which will meet as required to make recommendations on changes to the KPIs either as the Plan progresses or at the time of the mid term review.

9.5.2 Managing the Process and Reporting

SWG chairs will report to six-monthly meetings of the NEDC, to be timed following each round of SWG meetings. A synthesis of the reports, together with any recommendations from the NEDC, will be put to the Cabinet through the Development Sub-Committee and will be forwarded to the Public Service Commission to be taken into account as necessary in the assessment of CEO performance.

During 2008, the Ministry of Finance and National Planning will undertake a mid term review of the SDP, collating information against the KPIs and analysing the implications for action in the remaining Plan period. Given the smaller number of KPIs involved, the process and the review report should both be shorter than previously. As an input to reviews, the Ministry may commission specific evaluations to provide deeper analysis in selected areas, or draw on existing material generated from public institutions, such as the Reserve Bank of Fiji or development partners. At the National Economic Summit in September 2007 it was agreed, at the suggestion of the Prime Minister, that a National Economic Summit be convened in the second half of 2008 to receive a report on performance in the first two years of the Plan and consider changes to increase the effectiveness of the Plan and, if need be, adjustments in objectives and strategies.

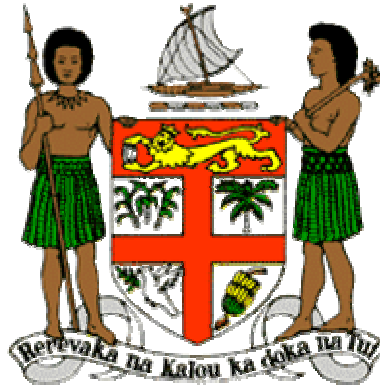
As well as more detailed specification of the KPIs, Annex 2 sets out the responsibilities of the various contributors to these monitoring and evaluation arrangements.

9.6 Timeline for Coordination

After approval of the Plan by Government and Parliament it will provide a context for finalisation of corporate plans in November and December 2006. At the commencement of implementation in 2007 a joint meeting of Ministers and CEOs will be held to review the needs of implementation and reinforce the coordination programme.

The annual implementation and monitoring cycle, begun in 2007, will continue each year on the following pattern:

- **January:** Each ACP will be aligned to SDP outcomes and commence implementation in January. Monitoring and evaluation will be on-going but also start a new cycle with the new ACPs in January.
- **June:** By the end of June, progress in implementation will be reviewed internally in each Ministry and Department to identify progress and measures which could better achieve objectives. The results of these reviews will be shared with the relevant SWG.
- **July-October:** The June review will coincide with the Strategy Policy Statement and Budget Strategy. These three will provide a basis for the development of proposals for the next year's ACP and budget over the period from July to October each year. This period will be a demanding time for effective coordination vertically and horizontally.
- **November-December:** When the Budget is finalized in November, each agency will know the precise resources available for its ACP in the next year so will finalise its ACP by end December, ready for implementation to begin the following January.



Annex 1

Macroeconomic Data and Projections

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Table 1: Gross Domestic Product by Sector (\$000), 2001-2009

Activity	2001	2002	2003	2004	2005 (p)	2006 (f)	2007 (f)	2008 (f)	2009 (f)
1. Agriculture, Fishing and Forestry	435,252	456,454	438,163	458,046	470,914	489,334	504,063	524,345	545,401
Agriculture	330,083	345,291	337,471	342,320	350,907	364,553	374,491	399,304	416,179
Crops	186,309	197,761	188,352	190,681	197,745	209,067	216,054	238,483	253,672
Sugarcane	121,853	124,721	121,070	122,331	119,549	126,961	128,612	144,045	151,679
Other crops	64,456	73,040	67,282	68,350	78,196	82,106	87,443	94,438	101,993
Livestock	15,822	17,872	18,770	20,510	21,020	22,702	24,972	26,470	27,264
Subsistence	120,199	121,067	122,534	123,415	124,446	125,566	126,571	127,457	128,349
Public Sector	7,753	8,591	7,815	7,714	7,696	7,219	6,894	6,894	6,894
Fishing	70,361	77,876	62,418	77,340	83,244	85,940	88,966	83,210	86,086
Fishing	42,356	49,804	33,465	48,173	53,844	56,536	59,363	53,427	56,098
Subsistence	27,477	27,675	28,011	28,212	28,448	28,704	28,934	29,136	29,340
Public Sector	528	397	942	955	952	700	669	648	648
Forestry	34,808	33,287	38,274	38,386	36,763	38,841	40,606	41,831	43,135
Forestry	17,532	15,912	20,736	20,700	18,936	20,830	22,496	23,621	24,802
Subsistence	16,581	16,701	16,903	17,024	17,167	17,322	17,460	17,582	17,705
Public Sector	695	674	635	662	660	690	650	628	628
2. Mining & Quarrying	41,566	40,081	37,833	43,384	30,045	16,735	20,082	23,436	23,436
3. Manufacturing	449,851	453,488	448,857	506,482	430,634	433,855	448,815	466,976	483,427
Sugar	60,483	61,849	60,093	60,679	59,313	62,990	63,809	71,466	75,254
Beverage and Tobacco	46,804	52,579	61,734	71,082	91,340	92,345	96,039	98,920	101,887
Other Food Industries	30,844	34,184	35,690	38,080	36,869	39,450	41,817	43,908	46,103
Non-Food Industries	299,808	292,661	278,821	323,785	229,918	225,520	233,275	238,530	245,747
Clothing and Footwear	178,054	156,349	139,280	173,582	78,256	58,692	58,105	58,105	58,105
Other Non-Food Industries	121,754	136,312	139,541	150,203	151,662	166,828	175,170	180,425	187,642
Informal Sector	11,912	12,215	12,519	12,856	13,194	13,550	13,875	14,153	14,436
4. Electricity & Water	100,150	104,429	108,696	112,905	114,385	120,104	127,222	135,943	142,740
Electricity	94,027	98,158	102,149	104,739	106,000	111,300	117,978	126,236	132,548
Water	6,123	6,271	6,547	8,166	8,385	8,804	9,244	9,707	10,192
5. Building & Construction	116,266	125,544	137,359	141,595	178,239	200,218	191,961	187,553	183,292
Private Sector	26,539	27,175	36,683	47,645	89,941	107,929	97,136	92,279	87,665
Public Sector	41,024	50,005	51,973	45,022	38,919	42,811	44,951	44,951	44,951
Own Account & Self Employment	48,703	48,364	48,703	48,928	49,379	49,478	49,874	50,322	50,675
6. Wholesale, Retail Trade, Hotels & Restaurants	465,983	458,568	473,162	538,387	533,989	547,975	551,923	561,103	570,480
Wholesale & Retail Trade	343,014	324,620	337,021	376,985	354,858	362,037	360,576	364,306	368,075
Hotel & Restaurants	122,969	133,948	136,141	161,402	179,131	185,938	191,346	196,797	202,405
7. Transport & Communication	357,552	387,990	400,045	396,918	422,277	441,329	460,416	476,889	497,677
Transport	249,568	274,984	282,973	292,592	315,164	331,967	349,522	364,997	384,555
Communication	107,984	113,006	117,072	104,326	107,113	109,362	110,893	111,891	113,122
8. Finance, Insurance, Real Sector & Business Services	374,794	368,634	325,814	338,757	367,457	382,601	399,065	414,339	434,477
Finance	110,139	101,688	79,567	85,059	104,387	106,897	113,625	121,711	130,590
Insurance	91,526	99,511	74,818	77,317	75,826	78,124	80,494	82,940	85,464
Real Estate & Business Services	173,129	167,435	171,429	176,381	187,244	197,580	204,946	209,687	218,423
9. Community, Social & Personal Services	467,737	483,555	518,645	515,089	538,934	564,084	560,474	551,818	553,029
less imputed bank service charges	117,887	108,841	85,164	91,043	111,730	114,417	121,618	130,273	139,777
GDP at constant prices (1995 Prices)	2,691,264	2,769,902	2,803,410	2,960,520	2,975,144	3,081,819	3,142,403	3,212,129	3,294,181

Source: FIBOS, Macro Policy Committee. Key: p = provisional; f = forecast.

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Table 2: Gross Domestic Product by Sector - Growth Rates 2001-2009

Activity	2001	2002	2003	2004	2005 (p)	2006 (f)	2007 (f)	2008 (f)	2009 (f)
1. Agriculture, Fishing and Forestry	-5.8	4.3	-0.6	1.4	2.3	3.9	3.0	4.0	4.0
Agriculture	-3.6	4.1	-1.0	1.0	1.8	3.9	2.7	6.6	4.2
Crops	-6.5	6.1	-2.4	0.3	2.4	5.7	3.3	10.4	6.4
Sugarcane	-7.5	2.4	-3.2	-7.0	-2.3	6.2	1.3	12.0	5.3
Other crops	-4.6	13.3	-1.0	12.5	10.5	5.0	6.5	8.0	8.0
Livestock	-1.3	2.2	1.1	8.0	2.5	8.0	10.0	6.0	3.0
Subsistence	0.6	1.3	0.8	1.0	1.0	0.9	0.8	0.7	0.7
Public Sector	3.4	0.1	2.0	2.0	-0.2	-6.2	-4.5	0.0	0.0
Fishing	-16.1	14.0	-1.0	2.7	7.4	3.2	3.5	-6.5	3.5
Fishing	-24.8	22.7	-2.0	3.0	11.3	5.0	5.0	-10.0	5.0
Subsistence	0.6	1.3	0.8	1.2	1.0	0.9	0.8	0.7	0.7
Public Sector	20.2	-2.4	3.0	25.0	-0.3	-26.5	-4.4	-3.2	0.0
Forestry	-2.7	-13.2	5.6	2.9	-4.2	5.7	4.5	3.0	3.1
Forestry	-6.8	-26.0	12.0	5.0	-8.5	10.0	8.0	5.0	5.0
Subsistence	0.6	1.3	0.8	1.2	1.0	0.9	0.8	0.7	0.7
Public Sector	41.8	-25.0	0.0	0.0	-0.3	4.5	-5.7	-3.4	0.0
2. Mining & Quarrying	1.8	-3.6	-5.5	20.0	-30.7	-44.3	20.0	16.7	0.0
3. Manufacturing	11.3	0.1	6.0	3.9	-15.0	0.7	3.4	4.0	3.5
Sugar	-7.7	2.3	-3.2	-7.0	-2.3	6.2	1.3	12.0	5.3
Beverage and Tobacco	15.1	8.5	15.0	7.0	28.5	1.1	4.0	3.0	3.0
Other Food Industries	14.2	10.7	1.0	15.0	-3.2	7.0	6.0	5.0	5.0
Non-Food Industries	15.7	-2.4	7.5	4.5	-29.0	-1.9	3.4	2.3	3.0
Clothing and Footwear	27.3	-12.2	1.0	4.0	-54.9	-25.0	-1.0	0.0	0.0
Other Non-Food Industries	2.1	11.8	15.0	5.0	1.0	10.0	5.0	3.0	4.0
Informal Sector	3.2	2.5	2.6	2.6	2.6	2.7	2.4	2.0	2.0
4. Electricity & Water	6.6	4.3	4.5	5.2	1.3	5.0	5.9	6.9	5.0
Electricity	6.7	4.4	4.5	5.5	1.2	5.0	6.0	7.0	5.0
Water	5.0	2.4	4.4	1.0	2.7	5.0	5.0	5.0	5.0
5. Building & Construction	6.5	14.1	20.7	21.9	25.9	12.3	-4.0	-2.3	-2.3
Private Sector	-8.5	1.6	50.0	50.0	88.8	20.0	-10.0	-5.0	-5.0
Public Sector	24.5	32.7	18.0	17.0	-13.6	10.0	5.0	0.0	0.0
Own Account & Self Employment	-0.5	0.9	10.0	10.0	0.9	0.2	0.8	0.9	0.7
6. Wholesale, Retail Trade, Hotels & Restaurants	6.9	3.5	7.0	4.6	-0.7	2.6	0.7	1.7	1.7
Wholesale & Retail Trade	6.3	1.4	7.9	4.5	-5.7	2.0	-0.4	1.0	1.0
Hotel & Restaurants	8.4	8.9	4.8	4.8	11.0	3.8	2.9	2.8	2.8
7. Transport & Communication	-2.5	6.2	4.0	3.8	7.1	4.5	4.3	3.6	4.4
Transport	-0.1	10.2	4.7	5.0	8.7	5.3	5.3	4.4	5.4
Communication	-7.6	-3.3	2.0	0.5	2.7	2.1	1.4	0.9	1.1
8. Finance, Insurance, Real Sector & Business Services	6.8	-0.9	10.5	3.3	10.3	4.1	4.3	3.8	4.9
Finance	11.1	-4.4	27.4	4.0	22.7	2.4	6.3	7.1	7.3
Insurance	36.4	17.6	2.6	2.0	5.3	3.0	3.0	3.0	3.0
Real Estate & Business Services	-6.0	-8.5	5.4	3.7	6.2	5.5	3.7	2.3	4.2
9. Community, Social & Personal Services	1.4	7.5	3.0	3.0	4.6	4.7	-0.6	-1.5	0.2
less imputed bank service charges	11.1	-4.4	20.5	3.0	22.7	2.4	6.3	7.1	7.3
GDP at constant prices (1995 Prices)	2.0	3.2	1.0	5.3	0.7	3.6	2.0	2.2	2.6

Source: FIBOS, Macro Policy Committee. Key: p = provisional; f = forecast.

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Table 3: Gross Domestic Product Shares by Sector (%), 2001-2009

Activity	2001	2002	2003	2004	2005 (p)	2006 (f)	2007 (f)	2008 (f)	2009 (f)
1. Agriculture, Fishing and Forestry	16.2	16.5	15.6	15.5	15.8	15.9	16.0	16.3	16.6
Agriculture	12.3	12.5	12.0	11.6	11.8	11.8	11.9	12.4	12.6
Crops	6.9	7.1	6.7	6.4	6.6	6.8	6.9	7.4	7.7
Sugarcane	4.5	4.5	4.3	4.1	4.0	4.1	4.1	4.5	4.6
Other crops	2.4	2.6	2.4	2.3	2.6	2.7	2.8	2.9	3.1
Livestock	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.8
Subsistence	4.5	4.4	4.4	4.2	4.2	4.1	4.0	4.0	3.9
Public Sector	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2
Fishing	2.6	2.8	2.2	2.6	2.8	2.8	2.8	2.6	2.6
Fishing	1.6	1.8	1.2	1.6	1.8	1.8	1.9	1.7	1.7
Subsistence	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9
Public Sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Forestry	1.3	1.2	1.4	1.3	1.2	1.3	1.3	1.3	1.3
Forestry	0.7	0.6	0.7	0.7	0.6	0.7	0.7	0.7	0.8
Subsistence	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5
Public Sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Mining & Quarrying	1.5	1.4	1.3	1.5	1.0	0.5	0.6	0.7	0.7
3. Manufacturing	16.7	16.4	16.0	17.1	14.5	14.1	14.3	14.5	14.7
Sugar	2.2	2.2	2.1	2.0	2.0	2.0	2.0	2.2	2.3
Beverage and Tobacco	1.7	1.9	2.2	2.4	3.1	3.0	3.1	3.1	3.1
Other Food Industries	1.1	1.2	1.3	1.3	1.2	1.3	1.3	1.4	1.4
Non-Food Industries	11.1	10.6	9.9	10.9	7.7	7.3	7.4	7.4	7.5
Clothing and Footwear	6.6	5.6	5.0	5.9	2.6	1.9	1.8	1.8	1.8
Other Non-Food Industries	4.5	4.9	5.0	5.1	5.1	5.4	5.6	5.6	5.7
Informal Sector	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
4. Electricity & Water	3.7	3.8	3.9	3.8	3.8	3.9	4.0	4.2	4.3
Electricity	3.5	3.5	3.6	3.5	3.6	3.6	3.8	3.9	4.0
Water	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
5. Building & Construction	4.3	4.5	4.9	4.8	6.0	6.5	6.1	5.8	5.6
Private Sector	1.0	1.0	1.3	1.6	3.0	3.5	3.1	2.9	2.7
Public Sector	1.5	1.8	1.9	1.5	1.3	1.4	1.4	1.4	1.4
Own Account & Self Employment	1.8	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.5
6. Wholesale, Retail Trade, Hotels & Restaurants	17.3	16.6	16.9	18.2	17.9	17.8	17.6	17.5	17.3
Wholesale & Retail Trade	12.7	11.7	12.0	12.7	11.9	11.7	11.5	11.3	11.2
Hotel & Restaurants	4.6	4.8	4.9	5.5	6.0	6.0	6.1	6.1	6.1
7. Transport & Communication	13.3	14.0	14.3	13.4	14.2	14.3	14.7	14.8	15.1
Transport	9.3	9.9	10.1	9.9	10.6	10.8	11.1	11.4	11.7
Communication	4.0	4.1	4.2	3.5	3.6	3.5	3.5	3.5	3.4
8. Finance, Insurance, Real Sector & Business Services	13.9	13.3	11.6	11.4	12.4	12.4	12.7	12.9	13.2
Finance	4.1	3.7	2.8	2.9	3.5	3.5	3.6	3.8	4.0
Insurance	3.4	3.6	2.7	2.6	2.5	2.5	2.6	2.6	2.6
Real Estate & Business Services	6.4	6.0	6.1	6.0	6.3	6.4	6.5	6.5	6.6
9. Community, Social & Personal Services	17.4	17.5	18.5	17.4	18.1	18.3	17.8	17.2	16.8
less imputed bank service charges	4.4	3.9	3.0	3.1	3.8	3.7	3.9	4.1	4.2
GDP at constant prices (1995 Prices)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: FIBOS, Macro Policy Committee. Key: p = provisional; f = forecast.

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Table 4: Exports by Major Commodities (\$), 2000-2009

Commodities	2000 (r)	2001 (r)	2002 (r)	2003 (r)	2004 (r)	2005 (r)	2006 (f)	2007 (f)	2008 (f)	2009 (f)
Sugar	233.9	221.6	230.7	222.5	204.2	217.9	241.8	229.3	191.0	172.3
Molasses	9.5	12.3	12.4	6.9	9.6	9.9	10.4	9.2	12.1	12.1
Gold	69.7	85.4	67.8	76.5	88.5	59.3	55.7	64.5	79.0	84.3
Timber, Cork & Wood Manufacturers	43.4	39.6	38.9	30.8	42.0	45.1	37.2	40.9	44.2	47.7
Fish	86.2	93.0	78.4	79.4	81.4	82.9	89.6	94.1	87.5	92.7
Fruits & Vegetables	19.3	19.3	17.9	23.9	31.0	29.0	31.2	34.3	37.8	41.5
-Dalo	12.3	10.3	11.1	14.9	18.7	19.0	19.9	21.5	23.6	26.0
Copra	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Yaqona	5.7	5.0	1.7	1.6	2.2	2.6	3.0	3.0	3.0	3.0
Coconut Oil	3.6	2.4	5.9	4.9	3.6	3.5	3.5	3.7	3.8	3.7
Textiles, Yarn & Made up Article	30.7	16.9	8.3	6.6	6.3	13.1	10.5	10.7	10.9	11.1
Garments	322.4	305.2	222.9	243.2	226.4	120.4	83.1	84.3	86.5	88.2
Footwear	23.5	22.0	20.7	20.2	19.2	8.5	4.8	4.9	5.0	5.1
Mineral Water	9.9	24.5	28.8	45.6	52.3	67.9	78.8	85.0	90.0	95.0
Other Domestic Exports	134.9	139.5	136.1	193.1	178.9	181.9	183.5	192.7	202.3	212.4
Total Domestic Exports	992.8	987.0	870.6	955.1	945.6	841.8	833.1	856.6	853.0	869.2
Re-Exports	158.8	230.6	258.1	310.9	254.8	345.0	390.4	404.3	420.4	434.6
Total	1151.6	1217.6	1128.7	1266	1200.4	1186.8	1223.5	1260.9	1273.4	1303.8

Source: FIBOS, Macro Policy Committee. Key: r = revised; f = forecast.

Table 5: Exports by Major Commodities - Growth Rates (%), 2000-2009

Commodities	2000 (r)	2001 (r)	2002 (r)	2003 (r)	2004 (r)	2005 (r)	2006 (f)	2007 (f)	2008 (f)	2009 (f)
Sugar	-11.1	-5.2	4.1	-3.6	-8.2	6.7	11.0	-5.2	-16.7	-9.8
Molasses	-23.4	29.5	0.8	-44.3	39.1	3.1	5.1	-11.5	31.5	0.0
Gold	-8.8	22.5	-20.6	12.8	15.7	-33.0	-6.1	15.9	22.4	6.7
Timber, Cork & Wood Manufacturers	22.0	-8.9	-1.7	-20.7	36.3	7.2	-17.4	10.0	8.0	8.0
Fish	49.9	7.8	-15.7	1.3	2.6	1.8	8.1	5.0	-7.0	6.0
Fruits & Vegetables	67.8	0.0	-7.3	33.5	29.7	-6.5	7.6	10.0	10.0	10.0
-Dalo	38.4	-16.6	7.6	35.2	225.1	1.7	4.7	8.0	10.0	10.0
Copra	-100.0	0.0	-100.0	0.0	0.0	0.0	-100.0	0.0	0.0	0.0
Yaqona	-4.3	-13.1	-65.3	-9.4	40.5	16.1	17.5	0.0	0.0	0.0
Coconut Oil	-62.9	-33.3	145.8	-16.9	-26.5	-2.8	0.0	5.7	2.7	-2.6
Textiles, Yarn & Made up Article	1.8	-45.0	-50.6	-21.0	-5.3	109.0	-19.6	1.5	2.5	2.0
Garments	0.1	-5.3	-27.0	9.1	-6.9	-46.8	-31.0	1.5	2.5	2.0
Footwear	72.7	-6.3	-5.9	-2.6	-4.6	-55.7	-43.7	1.5	2.5	2.0
Mineral Water	68.3	146.9	17.4	58.2	14.8	29.7	16.1	7.9	5.9	5.6
Other Domestic Exports	34.6	3.4	-2.4	41.9	-7.4	1.7	0.9	5.0	5.0	5.0
Total Domestic Exports	4.8	-0.6	-11.8	9.7	-1.0	-11.0	-1.0	2.8	-0.4	1.9
Re-Exports	-37.2	45.2	11.9	20.5	-18.0	35.4	13.2	3.6	4.0	3.4
Total	-4.1	5.7	-7.3	12.2	-5.2	-1.1	3.1	3.1	1.0	2.4

Source: FIBOS, Macro Policy Committee. Key: r = revised; f = forecast.

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Table 6: Imports by Major Commodities (\$m), 2000-2009

Economic Category	2000	2001	2002	2003	2004	2005 (p)	2006 (f)	2007(f)	2008(f)	2009(f)
Food	225.1	313.1	314.8	335.2	351.6	355.5	376.5	391.6	407.2	423.5
Beverage & Tobacco	10.4	14.8	16.3	17.5	20.4	21.7	22.1	24.5	27.2	30.2
Crude Materials	15.9	13.7	13.8	16.3	20.2	21.7	31.2	33.4	35.4	37.7
Mineral Fuels	332.4	443.5	435.4	463.0	587.0	784.1	1077.1	1120.2	1165.0	1200.0
Oils & Fats	13.9	16.1	15.4	20.9	15.8	18.1	17.4	18.8	20.1	21.5
Chemicals	117.7	144.8	147.5	162.8	196.5	206.2	230.2	253.2	278.5	306.3
Manufactured Goods	492.2	423.1	384.9	445.5	486.2	452.2	478.4	515.4	556.1	600.7
Machinery & Transport Equipment	363.3	420.5	429.1	579.4	559.1	591.1	787.2	664.1	681.3	703.5
Miscellaneous Manufactured Goods	244.3	217.9	206.2	236.7	253.5	264.0	271.5	288.3	306.2	325.4
Other Commodities	7.0	9.5	6.6	7.4	11.3	8.3	9.8	10.8	11.9	13.1
Total	1822.1	2017.0	1970.0	2284.7	2501.6	2722.8	3301.4	3320.3	3489.0	3662.0

Source: FIBOS, Macro Policy Committee. Key: p = provisional; f = forecast.

Table 7: Imports by Major Commodities - Growth Rates (%), 2000-2009

Economic Category	2000	2001	2002	2003	2004	2005 (p)	2006 (f)	2007(f)	2008(f)	2009(f)
Food	18.9	39.1	0.5	6.5	4.9	1.1	5.4	4.0	4.0	4.0
Beverage & Tobacco	-26.8	42.3	10.1	7.4	16.6	6.5	4.2	11.0	11.0	11.0
Crude Materials	65.6	-13.8	0.7	18.1	23.9	7.3	19.9	7.0	6.0	6.5
Mineral Fuels	21.8	33.4	-1.8	6.3	26.8	33.6	37.4	4.0	4.0	3.0
Oils & Fats	-13.7	15.8	-4.3	35.7	-24.4	14.7	-4.0	8.0	7.0	7.0
Chemicals	6.8	23.0	1.9	10.4	20.7	4.9	11.6	10.0	10.0	10.0
Manufactured Goods	14.1	-14.0	-9.0	15.7	9.1	-7.0	5.8	7.7	7.9	8.0
Machinery & Transport Equipment	-24.9	15.7	2.0	35.0	-3.5	5.7	33.2	-15.6	2.6	3.3
Miscellaneous Manufactured Goods	4.1	-10.8	-5.4	14.8	7.1	4.1	2.8	6.2	6.2	6.3
Other Commodities	-57.1	35.7	-30.5	12.1	52.7	-26.5	18.4	10.0	10.0	10.0
Total	2.4	10.7	-2.3	16.0	9.5	8.8	21.3	0.6	5.1	5.0

Source: FIBOS, Macro Policy Committee. Key: p = provisional; f = forecast.

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Table 8: Balance of Payments (\$m), 2001-2009

Summary	2001	2002	2003	2004	2005 (p)	2006 (f)	2007(f)	2008(f)	2009(f)
BALANCE ON GOODS	-608.6	-582	-784.5	-1092.2	-1254.8	-1707.7	-1700.5	-1823.3	-1949.1
Exports f.o.b.	1152.4	1167.2	1231	1136.1	1216.9	1249.8	1280.3	1312.5	1344.8
Imports f.o.b.	1761	1749.2	2015.5	2228.3	2471.7	2957.5	2980.7	3135.8	3293.9
BALANCE ON SERVICES	188.4	352.3	269	178.1	268.3	377	453.8	535.1	628.2
Export of Services	1024.8	1179.1	1249.9	1278.2	1474.7	1634	1740.3	1873.7	2021
Import of Services	836.4	826.8	980.9	1100.2	1206.5	1257	1286.5	1338.6	1392.9
BALANCE ON INCOME	-31.7	32.4	1.9	0.5	-47.8	-87.8	-85.7	-85.7	-85.7
Income from non-residents	151.5	156.5	173.9	252	135.8	143.7	143.8	143.8	143.8
Income to non-residents	183.2	124.1	172	251.5	186.3	231.5	229.4	229.4	229.4
BALANCE ON CURRENT TRANSFERS	166	191.6	183.1	136.7	246.8	298.6	340.9	322.4	322.4
Inflow of Current Transfers	247	264.1	282.3	248.6	358.4	428.8	448.5	430	430
Outflow of Current Transfers	81	72.5	99.2	111.9	111.6	130.2	107.6	107.6	107.6
CURRENT ACCOUNT BALANCE	-285.9	-5.7	-330.5	-776.9	-787.6	-1119.9	-991.4	-1051.4	-1084.1
CAPITAL ACCOUNT BALANCE	-22.7	-21.7	-10.8	-8.2	-22.2	-15.7	-13.7	-13.7	-13.7
FINANCIAL ACCOUNT BALANCE	68	45.9	29	94.3	-25.3	584.6	166.6	224.2	251.7
Errors & Omissions	240.6	-18.5	312.3	690.8	835.1	550.9	838.5	841	846.2
OVERALL BALANCE	44.6	92.3	-41.5	-102	223.2	4.5	102	150	165.9

Source: FIBOS, Macro Policy Committee. Key: p = provisional; f = forecast.

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Table 9: Real GDP Growth Rates, Foreign Reserves, Interest Rates, and Government Revenue, Expenditure and Debt

	2001	2002	2003	2004	2005(p)	2006(f)	2007(f)	2008(f)	2009(f)
Real GDP Growth %	2.0	3.2	1.0	5.3	0.7	3.6	2.0	2.2	2.6
Inflation %	4.3	0.8	4.2	2.8	2.4	3.5	4.0	3.5	3.5
Reserves: months of cover						(June)			
-goods & services	4.3	3.6	3.2	4.7	2.9				
-goods	6.7	5.4	4.7	7.1	4.2	3.0			
Interest Rates %									
-Lending Rate	8.19	7.89	7.39	7.03	6.63				
-Savings Deposit rate	0.78	0.57	0.45	0.36	0.4				
-Time Deposit rate	2.43	2.17	1.7	1.77	2.03				
-RBF Note Rate	1.25	1.25	1.19	1.75	2.25				
-Minimum Lending rate	1.75	1.75	1.75	2.25	2.75				
Revenue - % of GDP	23.5	24.5	21.9	21.5	26.4	26.9	26.6	26.8	
Expenditure - % of GDP	29.9	31.8	34	28.8	30.8	31.0	28.6	28.3	
Operating/Capital Ratio	81/19	82/18	80/20	82/18	82/18	83/17	80/20	80/20	
Net budget deficit (actual)	-6.4%	-5.6%	-5.9%	-3.2%	-3.6%				
Net deficit (planned)	-4.0%	-6.0%	-4.0%	-3.6%	-3.5%	-4.0%	-2.0%	-1.5%	
Debt as a % of GDP	44.7	47.7	50.4	50.9	52.0	52.2	52.8	50.3	

Source: FIBOS, Ministry of Finance and National Planning. Key: p = provisional; f = forecast.

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Table 10: Actual and Budgeted Expenditure (VAT inclusive), 1999-2006

Year	Budget (\$'000)	Revised (\$'000)	Actual (\$'000)
1999	1,074.99	1,074.71	1,014.33
2000	1,097.96	1,054.13	1,023.37
2001	1,096.85	1,160.02	1,132.87
2002	1,255.50	1,263.65	1,251.89
2003	1,295.00	1,325.17	1,320.90
2004	1,313.30	1,325.23	1,322.57
2005	1,424.48	1,434.53	1,386.55
2006	1,548.66		-

Source: Ministry of Finance and National Planning. Key: r = revised; B = budget.

Table 11: Government Expenditure on Key Priorities, 1999-2006

	Infrastructure		Health		Education	
	\$m	% of Total	\$m	% of Total	\$m	% of Total
1999	113.41	11%	89.19	9%	165.85	16%
2000	119.63	12%	98.92	10%	184.14	18%
2001	147.01	13%	107.9	10%	203.25	18%
2002	196.09	16%	124.2	10%	224.13	18%
2003	198.41	15%	129.86	10%	243.33	18%
2004	185.24	14%	125.84	10%	267.85	20%
2005 (r)	183.66	13%	126.59	9%	279.49	19%
2006(B)	209.28	14%	131.31	9%	277.36	18%

Source: Ministry of Finance and National Planning. Key: r = revised; B = budget.

Table 12: Direct and Indirect Tax Concessions, 2002-2005

	2002	2003	2004	2005
Total Direct Tax Concessions	93,100,263	33,634,952	36,060,886	54,350,068
Total Indirect Tax Concessions	92,004,408	133,351,612	110,698,122	112,802,966
Total Concessions	185,104,671	166,986,564	146,759,008	167,153,034
Total Concessions as % of GDP	4.7	4.0	3.3	3.6
GDP at Market Prices (\$m)	3,929.40	4,134.90	4,473.80	4,614.60

Source: Revenue Technical Committee, Macro Policy Committee

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Table 13: Gross Domestic Product at Constant 1995 Prices, 2000-2009

Year	GDP @ constant 1995 prices (\$000)	Growth Rates %
2000	2,637,934	-1.7
2001	2,690,539	2.0
2002	2,777,433	3.2
2003	2,804,366	1.0
2004	2,954,237	5.3
2005 (p)	2,975,144	0.7
2006 (r)	3,081,819	3.6
2007 (r)	3,142,403	2.0
2008 (r)	3,212,129	2.2
2009 (r)	3,294,181	2.6

Source: FIBOS, Macro Policy Committee. Key: p = provisional; f = forecast.

Table 14: Gross Domestic Product at Current Factor Cost, 2000-2009

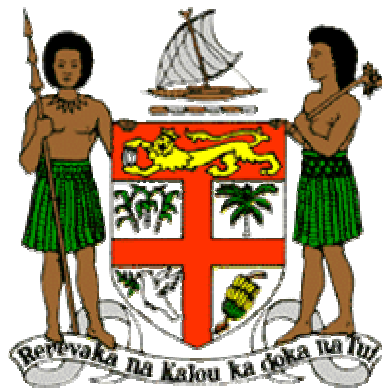
Year	GDP @ current factor cost (\$000)	Growth Rates %
2000	3,063,077	-0.6
2001	3,249,127	6.1
2002	3,386,850	4.2
2003	3,563,995	5.2
2004	3,856,101	8.2
2005 (p)	3,977,450	3.1
2006 (r)	4,209,825	5.8
2007 (r)	4,442,076	5.5
2008 (r)	4,693,451	5.7
2009 (r)	4,960,461	5.7

Source: FIBOS, Macro Policy Committee. Key: p = provisional; f = forecast.

Table 15: Gross Domestic Product at Current Prices, 2000-2009

Year	GDP @ market prices (\$000)	Growth Rates %
2000	3,496,977	-3.0
2001	3,745,727	7.1
2002	3,929,424	4.9
2003	4,134,947	5.2
2004	4,473,848	8.2
2005 (p)	4,614,637	3.1
2006 (r)	4,884,239	5.8
2007 (r)	5,153,697	5.5
2008 (r)	5,445,342	5.7
2009 (r)	5,755,127	5.7

Source: FIBOS, Macro Policy Committee. Key: p = provisional; f = forecast.



Annex 2

Implementation, Monitoring and Evaluation

Implementation, Monitoring and Evaluation

1. Introduction.

Chapter 9 of the SDP sets out in general terms how the implementation of the Plan will be co-ordinated and monitored. This annex defines the responsibilities for individuals contributing to the monitoring system. It also contains a technical table defining for each KPI:

- Where the information will come from and when
- How it will be measured, where this is not fully set out in the KPI itself
- A single point of responsibility for collecting and disseminating the information.

The following paragraphs set out the responsibilities of:

SWG Chairs
The SWG Secretariat
The Ministry of Finance and National Planning
Chief Executive Officers of Ministries and Departments

2. SWG Chairs

The Chairs of Summit Working Groups will:

- Each December/ January, set a broad agenda for the two SWG meetings in the coming year in consultation with the Secretariat. These agendas should have regard to the likely availability of information on progress towards the KPIs, other forthcoming performance information, and the timing of known milestones in the programmes of the Ministries and departments contributing towards the KPIs (such as legislation, regulations, major capital investment or divestment, or major strategy launches or reviews). The agendas will be informed among other things by the Annual Corporate Plans of the relevant Ministries and Departments.
- Hold meetings in accordance with the forward programme, with the assistance of the Secretariat. These meetings should be framed around the last three key monitoring questions in Chapter 9, that is:
 - Are Ministries and Departments achieving against the objectives in their corporate and annual plans?
 - What progress is being made against the key performance indicators?
 - Are the private sector and civil society able in the current policy environment to contribute to the achievement of SDP objectives?

The objective of the meetings will be to monitor performance (of all potential contributors, not just Government), not simply to monitor the KPIs. The SWGs should form a view of the likelihood of the overall strategic objectives of the SDP being achieved, and consider the reasons for possible shortfalls. They may recommend to the Ministry of Finance and Economic Planning that further economic or social research be carried out where it appears that information on the achievement of objectives is lacking⁷; or recommend the scrapping or amendment of KPIs if they no longer appear relevant or if the information to assess them is not available.

- Provide an oral report and recommendations to the next meeting of the NEDC

3. SWG Secretariat

The Deputy Secretary (Planning) will assign staff in the National Planning Office to the role of secretaries to the SWGs. Secretariat staff will:

- Determine with the Chair which Ministries and Departments have responsibilities relevant to the work of the SWG.
- Determine from the KPI table and ACPs of relevant Ministries and Departments what key progress should be expected, and what information available, in the forthcoming financial year and assist the Chair to set a forward agenda.
- Communicate the forward agenda to all members and to CEOs of relevant ministries and Departments.
- Maintain contact with relevant Ministries and Departments to determine the range of performance information available.
- Set up an information and co-operation network with relevant Ministries and Departments so that they actively support the Secretariat role
- Set dates for meetings and inform members; ensure as far as possible that information relevant to the discussion is circulated beforehand; and where final published information is not available, obtain estimates or provisional data.
- Record the discussion to form a basis for the Chair's oral report to NEDC.
- Transmit any views on the validity of KPIs to the Technical Working Group on KPIs.

4. Ministry of Finance and National Planning

Apart from its role in providing the Secretariat, the Ministry will:

- Oversee vertical co-ordination of Government planning instruments. This will involve guidance and supervision to Ministries and Departments over the extent to which their ACPs and budget bids are consistent with the SDP and the SPS,

⁷ Budgetary provision for these cannot be guaranteed; however, MFNP will consider possible sources of finance in each case.

and direct responsibility for the consistency of the SPS with the SDP. To ensure a closer partnership between the Ministry and agencies completing corporate plans, Ministry staff (or technical assistance contracted by the Ministry) should participate from an early stage in the development of plans. The Ministry will also consider measures to ensure that ACPs are prepared in a timely way concurrently with the budget; and consider with the PSC changes to the ACP template and guidance to give clearer direction and consistency on the definition of outputs and performance measures.

- Co-ordinate the implementation and monitoring of the SDP by:
 - Organising workshops and meetings as necessary for Chairs of SWGs to promote consistency in practice across the groups and sharing of views on key systemic issues;
 - Holding meetings of the NEDC following each round of SWG meetings and preparing a synthesis of discussion and findings for presentation to the Development Sub-Committee and the Cabinet, copied to the Public Services Commission.
- Set up a working group on the KPIs to be chaired by the National Planning Office with support from the Fiji Islands Bureau of Statistics. The role of this group will be to assess on approximately an annual cycle whether information on each KPI is being received in a timely and accurate way; to receive through the Secretariat any views expressed by the SWGs on the KPIs; to propose improvements or additions to KPIs on the basis of new sources of information which become available during the lifetime of the SDP; and to prepare consolidated advice on the future of the KPIs to those undertaking the 2009 mid term review.
- Carry out a mid term review of the SDP in 2009 for submission to a National Economic Summit in the second half of 2009. This review may draw on specially commissioned studies as well as performance material collected in the normal course of monitoring the SDP.

5. Chief Executive Officers

CEOs will contribute to the implementation and monitoring of the SDP by:

- Ensuring that there are direct links between their Annual Corporate Plans and budget bids on the one hand and the SDP and SPS on the other. Performance indicators and milestones in ACPs should be realistic, achievable within the resources of the Ministry or Department with appropriate collaboration from other parts of Government, and capable of being achieved within the year covered by the Plan. They should not duplicate the KPIs, which are outcomes at the whole of Government level.
- Being specific about the areas of horizontal co-ordination for which they will be accountable. This will involve setting out for each major objective within their ACPs what co-ordination will be required with, or services required from, other Ministries and Departments to meet the objective. There is no need to record

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each piece of routine co-ordination, but those areas where the CEO's personal attention needs to be engaged to establish or improve co-ordination should be identified.

- Aligning their personal performance agreements to the outputs and co-ordination requirements identified in the ACP.
- Attending personally meetings of the SWGs to which their Ministry or Department is relevant, and taking a personal interest in the quality and timeliness of the information being provided by their Ministry or Department to the SWGs.
- Participating in the twice yearly post NEDC review of progress before submission to Cabinet, concentrating particularly on systemic issues such as finance, personnel, public service rules and co-ordination which are affecting SDP implementation.

SWG on Public Sector Reform

Chapter 6

KPI	Source/frequency/timing	Commentary⁸	Reporting Agency
Cost of running Government machinery reduced from 12% to 7% of GDP.	Budget outturn and GDP calculation. Annually January	Total of salaries and running costs as a proportion of GDP for the previous year.	Ministry of Finance
Number of Civil servants reduced from 25,000 to 20,000 by 2011.	Public Service Commission Continuous database. Checked six monthly January and June	Total of all civil servants paid through segs 1 and 2 of the budget.	PSC MS unit
Civil service employment costs reduced from 36% to 28% of annual Government expenditure.	Budget outturn. Annually January	Seg 1 and 2 expenditure as a proportion of all Government expenditure excluding VAT.	Ministry of Finance
Aggregate rates of return in public enterprises increased from 3% to 10%.	Compilation of data from public enterprise annual reports. Annually March	Sum of all PEs. Rate of return is net profit after tax as a proportion of total equity.	Ministry of Public Enterprises and Public Sector Reform

⁸ This column has only been completed where necessary to clarify the KPI

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KPI	Source/frequency/timing	Commentary⁸	Reporting Agency
Government's contingent liabilities on behalf of public enterprises, excluding FNPF, not more than 10% of GDP by 2011.	Ministry of Finance debt unit records. Continuous database, checked annually. January	Total of guarantee on state owned entities and international agency subscriptions. Baseline is 20% for 2005.	Ministry of Finance
Not less than 10 public entities sold into private ownership by 2008.	Ministry of Public Enterprises and Public Sector Reform reports from time to time.	Ad hoc reporting of significant events.	Ministry of Public Enterprises and Public Sector Reform

SWG on Alleviating Poverty

Chapter 7.1

KPIs	Source/frequency/timing	Commentary	Reporting Agency
7.1.1 Poverty Alleviation			
Proportion of population below the HIES defined basic needs poverty line reduced from 34.4% to 24% (MDG).	HIES Once in SDP period 2008		HIES unit, FIBOS
Poverty gap ratio reduced from \$2,600 to \$2,000 (MDG).	HIES Once in SDP period 2008		HIES unit, FIBOS
Percentage share of consumption held by poorest 20% increased from 7% to 10% (MDG).	HIES Once in SDP period 2008		HIES unit, FIBOS
Not less than 1,500 recipients of family assistance graduate from assistance programmes through income generating projects.	Ministry of Women, Social Welfare and Housing statistics Quarterly	Numbers of families receiving Family Assistance who are given a final grant following training, implying a judgment about future self-sufficiency.	Social Welfare Department, Family Assistance Division
Reduction in number of elderly in State	Social Welfare Department	Total number of elderly people in the	Social Welfare Department

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KPIs	Source/frequency/timing	Commentary	Reporting Agency
care from 98 to 75.	Current numbers continuously available, but can be checked in January each year.	3 Old People's Homes (Samabula, Lautoka and Labasa). This KPI assumes that measures by Government and NGOs to help families to look after their own are successful. The SWG will need a commentary on the success of the programmes as well as the raw statistics.	
7.1.2 Rural and Outer Island Development			
Rural population with water-seal toilets or other sanitary waste disposal increased from 45% to 80%.	Ministry of Health statistics. Annual January		Environmental Health Division, Ministry of Health
Telecommunications access to at least 100 more unconnected rural communities by 2011.	Ministry of Information and Communication report. Annually November	Availability of fixed lines or radio link in numbers of villages or settlements with no subscribers as at 30 June 2006. Provisional data may be available earlier in the year.	Director Telecommunications
Increase in rural dwellers trained under the TVET and 'Matua' programmes from 2,000 to 3,000 per year.	Ministry of Education Report or statistics. Annual January	The number of rural dwellers successfully completing TVET courses in the secondary school curriculum as well as the franchise courses for FIT and the "Matua" programme	Ministry of Education R&D Division
Increase in average weeks paid	ROI Project reports Annual	This and other ROI project indicators are	ROI Project Management

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KPIs	Source/frequency/timing	Commentary	Reporting Agency
employment per working age population increased from 10 weeks per year to 15 weeks.		in the project design. Definitions of KPIs are as in project methodology. Information gathering depends on project progress.	Unit
Average cash incomes per working age household member increased from F\$550/yr to F\$1,000/yr.	ROI Project reports Annual		ROI Project Management Unit
Average weeks paid self-employment for working age household members increased from 4 to 7.	ROI Project reports Annual		ROI Project Management Unit
Minimum of 2 trips per month on each of nine franchised outer island shipping routes.	Government Shipping Services records Monthly	Numbers of trips on each of nine franchised routes.	GSS
Average journey time to nearest town/market reduced from 2hrs to 1hr.	ROI Project reports Annual		ROI Project Management Unit
Agricultural sales to local and national private traders increased from 40% to 60% of production.	ROI Project reports Annual	Sales in rural areas and outer islands. Measures access to markets by ROI dwellers.	ROI Project Management Unit
7.1.3 Housing			
At least 350 additional families each year benefit from new or	Housing Department records for Housing Authority, HART		DoNP to collate from Housing Dept and Prime Minister's Dept.

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KPIs	Source/frequency/timing	Commentary	Reporting Agency
improved housing under government and non-government poverty-oriented housing programmes.	and PRB expenditure, and Government financed NGO projects. Information centre in Prime Ministers' Dept for Provincial Development expenditure. Annual January.		
Upgrading of squatter settlements in the Central and Eastern Divisions increased from 2 in last SDP period to 5 by 2011.	Housing Department records Continuous database, can be checked every six months.	Squatter settlements upgrading and redevelopment undertaken in government acquired land.	Housing Department

SWG on Social Justice

Chapter 7.2

KPIs	Source/frequency/timing	Commentary	Reporting Agency
7.2.1 Social Justice & Affirmative Action			
Increased shares of licenses and permits held by indigenous Fijians and Rotumans from 15% to 30%.	Prime Minister's office reporting. Annual January		Chief Assistant Secretary Prime Minister's office
Pass rates in FSLC improved from 57% to 80% and in FSFE from 68% to 85%.	Ministry of Education records. Annually Following exams		Ministry of Education Exams office
Proportion of students scoring at least 250 marks in FSLC and FSFE increased from 30% to 50%.	Ministry of Education records Annually Following exams		Ministry of Education Exams office
Recovery in student loan scheme	Public Service Commission	Calculation as defined for the	Executive Officer

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KPIs	Source/frequency/timing	Commentary	Reporting Agency
increased from 1.5% to 50%.	records. Annual January	purposes of PSC annual report	Public Service Commission
Enrolment in regular and special schools increased from 1,068 in 2004 to 2,000 in 2011.	Ministry of Education records. Annual Following start of school year..	Numbers of disabled children enrolled	Ministry of Education R&D Division
Trained special education teachers with diploma increased from 9 to 20.	Ministry of Education records Continuous database, can be checked annually		Ministry of Education R&D Division
Increased number of persons with disabilities in paid employment from 50 to 100.	Employment Survey Annual	Some years lag in FIBOS figures. Other estimates may be available.	FIBOS
Proportion of Public Buildings accessible to people with disabilities in all towns and cities increased to at least 20%.	Fiji Human Rights Commission regular surveys	This information only available for Suva in the first instance	FHRC
7.2.2 Gender Equality & Women in Development			
Share of women in wage employment in the non-agricultural sector increased from 35.9% to 37.9% by 2011 (MDG).	Employment Survey	Some years lag in FIBOS figures. Other estimates may be available.	FIBOS
Combined primary and secondary girls: boys ratio of 1:1 (MDG).	Ministry of Education statistics Annual January		Ministry of Education R&D Division
The proportion of female school principals, vice and assistant principals to be not less than 25% by 2011.	Ministry of Education records Continuous database, can be checked annually.		Ministry of Education R&D Division

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KPIs	Source/frequency/timing	Commentary	Reporting Agency
The proportion of CEOs in Government to be at least 20% by 2011.	PSC records Continuous database, checked annually January		PSC
At least one woman in each Government board, committee, tribunal, council, and commission.	Ministry of Women reporting Annually. January	Reporting against database of bodies held by Ministry of Women.	Deputy Secretary Ministry of Women
Proportion of seats held by women in national parliament and municipal elections to be not less than 20% (MDG).	Ministry of Women Continuous database, can be checked annually. January	Calculation is of proportion of women in Parliamentary and municipal seats taken together.	Deputy Secretary Ministry of Women
Number of women supported by micro-finance increased from 5,100 in 2006 to not less than 19,500 by 2010.	National Centre for Small & Micro Enterprise Development (NCSMED) reporting Annual January	Figure is for publicly supported micro-finance schemes.	Director NCSMED
Cases of domestic violence recorded by police.	Police records. Annual stock take. January	This indicator is deliberately neutral. Since many cases go unreported, an upward or downward trend needs to be accompanied by qualitative assessments.	Police Planning Unit
7.2.3 Children & Youth			
Offences against children recorded by the police.	Police records. Annual stock take. January	May include sexual abuse, violence or neglect. This indicator is deliberately neutral. Since many cases go unreported, an upward or downward	Police Planning Unit

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KPIs	Source/frequency/timing	Commentary	Reporting Agency
		trend needs to be accompanied by qualitative assessments.	
Young people benefiting from Placement Services Work Experience Programmes increased from 100 to 120 annually.	Ministry of Employment Opportunities & Productivity reporting Annual January		Min of Employment Sub-Programme Manager
Number of SME projects supporting young people increased from 180 to 250 per year.	NCSMED records Continuous database, checked annually January	Figure is for SME starts aimed at creating opportunities for young people.	Director NCSMED
Teenage pregnancy reduced from 16% to 8% by 2011.	Ministry of Health reporting Annual January	Calculation is number of teenage pregnancies as a proportion of population of teenage girls.	MoH

SWG on Social Services
Chapter 7.3

KPI	Source/frequency/timing	Commentary	Reporting Agency
7.3.1 Urban Development			
Urbanisation rate constrained to the current 2% or less.	World Development Indicators (WDI) World Bank. Annually.	UPAP. Current rate is 2%. Other developing regions fall between 3-4%.	MLUD
Fiji Accounting Standards and accrual accounting complied with by all local government units and audited accounts produced as required by law by 2008.	Fiji Institute of Accountants - Accounting Standards. Annually as from 2009.	Audit by Auditor General's Office.	MLUD
Establish Urban	MLUD records	UN Habitat's Toolkit	MLUD

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KPI	Source/frequency/timing	Commentary	Reporting Agency
Governance Index by 2008 and monitor improved local government performance thereafter.	Annually	reporting by end of 2008 - commence work on UGI in 2007	
Seven Public Private Partnership projects by 2009.	Local Government Financial Reports. Monthly		MLUD
7.3.2 Health			
Child mortality rate reduced from 26 to 20 per 1000 live births (MDG).	Ministry of Health records. Annually	Official Reporting Form Other Source: -Hospital Discharge Tear-offs -Certificate Cause of Death -Consolidated Monthly Return	MOH
Percentage of one year old immunised against measles increased from 68% to 95%.	Ministry of Health records. Quarterly	- Consolidated monthly return (Public Health Information Reporting Form	MOH
Maternal mortality ratio reduced from 50 to 20 per 100,000 live births.	Ministry of Health records. Annually	Maternal Death Official Reporting Form Other Source: -Hospital Discharge Tear-offs -Certificate Cause of Death -Consolidated Monthly Return	MOH
HIV/AIDS prevalence among 15-24 year-old pregnant women reduced.	Public Health records. Annually		Public Health Laboratory (Fiji Centre for Disease Control – Mataika House)
Prevalence of diabetes reduced from 16% to 14%.	Ministry of Health records. Annually	Information from PATIS	MOH

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KPI	Source/frequency/timing	Commentary	Reporting Agency
Contraceptive prevalence rate amongst population of child bearing age increased from 46% to 56% (MDG).	Ministry of Health records. Quarterly	Consolidated monthly return (Public Health Information Reporting Form).	MOH
Increased Fiji resident medical graduates from FSMed from 40 to 50 per year.	FSMed Annual enrolment data.		FSMed
Participation of private and health care providers increased from 2 to 10.	MOH report Annual July-October		MOH Executive Support Unit
Doctors per 100,000 population increased from 36 to 42.	Registration of Doctors and MOH population Census Annual		MOH
Elimination of stock outs of drugs from present 100 items per month.	Fiji Pharmaceutical Services Centre. Quarterly		FPS
Average length of stay for in-patient treatment reduced from 5 to 3 days.	Hospital Admissions records Monthly		MOH
7.3.3 Sports Development			
Increase in corporate sponsorship from \$2.6 million to \$3.5 million per year.	Fiji Sports Council Annual report		Fiji Sports Council
Increase in gold medals from 25 to 35 in the Pacific and Mini South Pacific Games.	Fiji Sports Council Annual report.		Fiji Sports Council
At least 3 medals Commonwealth Games won at each Games.	Fiji Sports Council Annual report.		Fiji Sports Council
Each year, at least	Fiji Sports Council		Fiji Sports

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KPI	Source/frequency/timing	Commentary	Reporting Agency
one age group in a team sport to qualify for World Championships.	Annual report.		Council
Increase in number of athletes and players contracted to overseas clubs from 70 to 200.	Fiji Sports Council Annual report.	Includes all sports.	Fiji Sports Council
7.3.4 Disaster Risk Reduction and Disaster Management			
Government responds to disaster situation within the first 24 hours.	Hazard Reports		Regional Development
Casualties reduced from 30 per year to none.	Hazard Reports		Regional Development

SWG on Security, Law and Justice
Chapter 7.4

KPIs	Source/frequency/timing	Commentary	Reporting Agency
7.4.1 National Security			
Terrorist activities on Fiji's territory prevented.	Ministry of Home Affairs records. Continuous database, certification from Ministry will be required annually, January.	Objective evidence unlikely to be available. Will depend on certification by Ministry that terrorist activity has not taken place or has been prevented.	Ministry of Home Affairs
Prosecution of money laundering cases increased from 1 to at least 10 per year by 2010.	Financial Intelligence Unit records. Continuous database, to be checked annually, January.	Number of new prosecutions. Reporting should avoid double counting year by year. Money laundering defined as cases concerning transactions involving money or	Financial Intelligence Unit

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KPIs	Source/frequency/timing	Commentary	Reporting Agency
		other property that is the proceeds of crime, receiving, possessing, concealing and disposing of such money or property.	
Increase detection rate of intended unlawful entry by 15% annually from a benchmark of 42 in 2005.	Immigration Department records. Continuous database, to be checked annually, January.	Numbers detected at border in contravention of Fiji immigration regulations.	Immigration Department, Compliance and Investigations Unit
Reduction of illegal immigrants in the country and increase the number removed by 15% annually from a benchmark of 26 in 2004.	Immigration Department records. Continuous database, to be checked annually, January	Numbers removed as a result of being detected unlawfully in the country or involved in illegal activities.	Immigration Department, Compliance and Investigations Unit
7.4.2 Law and Justice			
Reduction in total crime and youth offender rates by at least 20% from 19,050.	Police records. Annual stocktake. January		Police Planning Unit
Maintain the crime detection rate over 50%	Police records. Annual stock take. January		Police Planning Unit
Reduction in complaints against police by at least 50% from the present 558 per year.	Police records. Annual stocktake. January	Number of complaints received by the police and other authorities competent to receive complaints against the police (FHRC, Ombudsman).	Police Planning Unit
Decrease in the number of motor vehicle accident fatalities by at least 20% from the	Police records. Annual stocktake. January	.	Police Planning Unit

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KPIs	Source/frequency/timing	Commentary	Reporting Agency
present 76 per year.			
Fiji's ranking under Transparency International's Corruption Perception Index, covering 158 countries, improved from the present rank of 55th.	Transparency International Report. Annual October		MFNP to obtain data from report
Reduced proportion of contested court case hearings adjourned or withdrawn from 62.5% to 45%.	Judicial Department records Continuous database, to be checked annually. January	Number of contested case hearings adjourned or withdrawn as a proportion of hearings dealt with by the Courts in a year.	Judicial Department
Judgements to be handed down within three months of completion of hearings.	Judicial Department records Continuous database, to be checked annually. January		Court Information Officer
Reduction in the average time for disposing of civil cases from 18 months to 9 months after mediation.	Judicial Department records Continuous database, to be checked annually. January		Court Statistician
Effective recording of non-custodial sentences and alternative dispute resolution from 2007 and annual 20% increase in their use.	Judicial Department records showing effective recording and 2007 database, annual records thereafter. January		Court Statistician

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KPIs	Source/frequency/timing	Commentary	Reporting Agency
Increase access to legal aid from 1,000 eligible clients to 1,500 yearly.	Legal Aid Commission reports. Annually January	Number of new cases of clients receiving legal aid in calendar year.	Director, Legal Aid Commission
Fiji's laws are consistent with international obligations and human rights standards.	Fiji Human Rights Commission report or simple certification. Annual January	Although this is a yes/no measure, SWGs will need further analysis of major departures from international standards.	FHRC
Prisoner escapees reduced by at least 10% per year from the present level of 33 per year.	Prison records Annual stocktake. January		Prisons Research and Planning Unit
Offenders who successfully complete rehabilitation programmes increased from 10 to 50 per year by 2011.	Prison records Annual stocktake. January	SWG may also consider data which will be available on prisoners who commence a programme and do not complete with reasons for non-completion.	Prisons Research and Planning Unit
People successfully completing Community Correction Programmes increased from 30 to 400 by 2011.	Community Corrections Project Team reports. Annual January		Community Corrections Project team.
Re-offending rates reduced by at least 5% per year from the present level of 150 per year.	Prison records Annual stocktake. January	Each prisoner who has previously been in prison who returns during a calendar year. At present data is only available on reimprisonment. Police and Courts will also need to develop methodology	Prisons Research and Planning Unit

SWG on Economic Restructuring

Chapter 8.1 with Chapter 5

Key Performance Indicator	Source/frequency/timing	Commentary	Reporting Agency
<i>Chapter 5.0: Macroeconomic Management</i>			
Annual growth rate to reach 5% by 2009.	FIBOS Reports – Quarterly Key Statistics	Provisional data will be available in the annual budget statement. SWG will require annual figures and forecasts to judge likely progress toward KPI.	FIBOS (or MFNP provisional calculation)
Inflation is to be brought securely below 3% per year after 2008.	FIBOS Reports – Quarterly Key Statistics	Provisional data will be available in the annual budget statement. SWG will require annual figures and forecasts to judge likely progress toward KPI	FIBOS (or MFNP provisional calculation)
Reserves equivalent to 3-4 months of import cover for goods only.	RBF Monthly		RBF
Interest rates on deposits are at least positive in real terms.	RBF estimates Annually January	RBF will make an overall assessment of deposit rates	RBF
Inflation and foreign reserve targets (above) are met and interest rate spreads reduced.		This KPI duplicates those above.	MFNP/RBF
Debt to be reduced from 52% of GDP to less than 50% of GDP by 2009 and towards 45% in 2011.	Ministry of Finance Monthly	Ministry keeps monthly tally of debt stock. Calculation can be made at any time with reference to actual or provisional	MFNP

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Key Performance Indicator	Source/frequency/timing	Commentary	Reporting Agency
		GDP for previous year.	
Revenue to be not less than 27% of GDP in each year of the plan period.	FIRCA report Annual July-October	Provisional data will be available in the annual budget statement.	FIRCA (or MFNP provisional calculation)
Annual investment increased to 25% of GDP with 15% private sector investment in 2009.	FIBOS Reports – Quarterly Key Statistics	Provisional estimates will be available from RBF at least annually	FIBOS (or RBF provisional calculation)
Top corporate and income tax rates no more than 30%.	Published tax rates. Permanently available.	Measured in January (post budget)	MNFP
Tax collected within 3 months of the due date to be not less than 95% of the tax due.	FIRCA report. Annual July-October		FIRCA
Government deficit to be less than 2% of GDP by 2011.	Budget outcome statement. Annually November		MNFP
Net expenditure to be limited to revenue plus the target level of deficit.		Duplicate	MNFP
Capital to operating expenditure mix of 25:75 by 2010.	Budget and provisional outcome statement. Annually November		MFNP
Maintenance expenditure to be not less than 7.5% of total expenditure.	Budget and provisional outcome statement. Annually November		MFNP
8.1.1: Financial Services			

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Key Performance Indicator	Source/frequency/timing	Commentary	Reporting Agency
Increase rural and outer island households with savings in institutions, banks and MFI, from 30% to 50% and with borrowings from 6% to 15% by 2010.	RBF estimate. Annual January		RBF
50% of exports are financed by export finance at competitive rates.	RBF records. Continuous database, checked annually. January		RBF
The annual rate of detection of suspicious transactions increased from 300 to 500 by 2010.	RBF records. Annual	A measure of capacity of detection systems, not necessarily of crime. Measures transactions detected by FIU which fall into their definition of suspicious, whether or not they result in criminal investigations.	Financial Intelligence Unit
Total equity market capitalization of listed entities increased to 100% of GDP from 25% by 2011.	Capital Markets Development Authority. Continuous database, checked annually. January		CMDA
Value of shares traded on the stock exchange annually increased to 2% of market capitalisation by 2011.	Capital Markets Development Authority. Continuous database, checked annually. January		CMDA

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Key Performance Indicator	Source/frequency/timing	Commentary	Reporting Agency
At least 20 additional companies listed on the exchange by 2011.	Capital Markets Development Authority. Continuous database, checked annually. January		CMDA
8.1.2: Small, Micro, and Medium Enterprises			
At least 500 MSMEs established each year.	NCSME records Continuous database, checked annually January		Director NCSME
Jobs in the MSME sector increased to 200,000.	NCSME records Continuous database, checked annually. January		Director NCSME
Loans and savings clients of MFIs increased from the 2006 total of 22,000 to 30,000 in 2011.	NCSME records Continuous database, checked annually. January		Director NCSME
Business Incubations Centres support development of 200 new enterprises during the plan period, of which 50 develop to be medium enterprises.	NCSME records Continuous database, checked annually. January		Director NCSME
8.1.3: Education and Training			
Net enrolment rates for secondary schools rise from 77% to 90% of the cohorts from class	Ministry of Education records. Annual. Following start of school year.	This KPI to be taken to mean simple net enrolment rate in the first instance. Additional	Min of Education R&D Division

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Key Performance Indicator	Source/frequency/timing	Commentary	Reporting Agency
1 by 2010.		information on completion rates may be provided.	
Proportion of pupils who start class 1 who reach class 5 to be not less than 95% (MDG).	Min of Education records. Annual. Following end of school year.	Pupils finishing class 5 as a proportion of Class 1 starters five years previously. SWG will need drop out rates for all grades to be able to gauge performance.	Min of Education R&D Division
Preschool enrolment in rural schools increases by 10% each year from 16% in 2006.	Min of Education records Annual Following start of school year	Children in pre-school as a proportion of children in age group.	Min of Education R&D Division
Proportion of students successfully completing TVET courses not less than 90% to meet current and future demand.	Min of Education records. Annually. Following end of school year.		Min of Education R&D Division
Disparities in passes in FSLC and FSFE are at least reduced from: (i) 28% to 15% between Fijians and non-Fijians; (ii) 24% to 15% between rural and urban students; and (iii) 3% to 1% between male and female students.	Min of Education records. Annually. Following exams.		Min of Education Exams office
8.1.4: Employment and the Labour Market			
Unemployment reduced from 6% in the HIES to less	HIES Once in SDP period	.	FIBOS

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Key Performance Indicator	Source/frequency/timing	Commentary	Reporting Agency
than 4.2% by 2011.	2008.		
Increasing people in paid employment from 136,411 by 5% per year or the rate of GDP growth, whichever is the higher.	Employment survey. Annual.	Some years lag in FIBOS figures. Other estimates may be available.	FIBOS
Increase intake at tertiary and vocational institutions to meet skills needs by 10% annually beginning 2007.	Ministry of Education records. Annual. Following start of school year.	Ensure figures include intakes at TPAF and FIT.	Min of Education R&D Division
Increase the number of people entering apprenticeships from 100 to 300 annually.	TPAF records Continuous database, checked annually. January.		TPAF
Each year, 10 organisations to attain compliance with the productivity clause of the ERB, once enacted.	Min of Labour records Continuous database, checked annually January		Min of Labour
The proportion of the economically active rural population in full time paid work increased from 43.6% in HIES 2003 to not less than 60%.	HIES. Once in SDP period 2008.		FIBOS
Increased compliance of the OHSA.	Min of Labour records. Continuous database, checked	Baseline of numbers of compliant companies to be provided in first	Min of Labour

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Key Performance Indicator	Source/frequency/timing	Commentary	Reporting Agency
	annually. January	quarter 2007.	
Workers Compensation claims reduced from 2,300 to less than 2,000.	Min of Labour records. Continuous database, checked annually. January.		Min of Labour

SWG on International Trade

Chapter 8.2

KPI	Source/frequency/timing	Commentary	Reporting Agency
8.2.1 Manufacturing and Commerce			
Annual foreign direct investment to be 6% of GDP in 2011.	FIBOS Reports – Quarterly Key Statistics.	MFNP to derive percentage from FDI figures and GDP outcome. FIBOS statistics subject to time lag, may be necessary to find alternative sources of provisional estimates.	FIBOS
Annual value of domestic private investment to be 9% of GDP.	FIBOS Reports – Quarterly Key Statistics	MFNP to derive percentage from domestic investment figures and GDP outcome.	FIBOS
Annual exports of goods and services to be not less than 65% of GDP.	FIBOS Reports – Quarterly Key Statistics.	MFNP to derive percentage.	FIBOS
Fiji to be in the top 10 of the World Bank Doing Business ranking before 2011.	World Bank Doing Business report. Annually. September.		MFNP
Consumer complaints solved through mediation increased from 15% (201/1305) in	Consumer Council of Fiji. Continuous database, checked annually.		Consumer Council of Fiji

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KPI	Source/frequency/ timing	Commentary	Reporting Agency
2005 to 30% by 2011	January		
8.2.2 Tourism			
800,000 visitors per year by 2011	FIBOS Reports – Quarterly Key Statistics	Visitor arrivals may also be available from Department of Immigration	FIBOS
Direct employment in tourism increased to 15,000 by 2011.	FIBOS Reports – Quarterly Key Statistics and Employment Survey.	FIBOS statistics subject to time lag. Availability of data will improve with establishment of Tourism Satellite Account	FIBOS
Indirect employment in tourism related activities increased to 55,000.	FIBOS Reports – Quarterly Key Statistics and Employment Survey.	FIBOS statistics subject to time lag. Availability of data will improve with establishment of Tourism Satellite Account	FIBOS
Retention rate increased from 46% to 60%.	Estimates from Macro-Technical Committee.	Methodology to be developed	MFNP
Cruise ship visits to Fijian waters increased from 80 to 150 per year.	Maritime Ports Authority of Fiji Continuous database, checked annually. January.	Data also published in FIBOS key statistics	MPAF
Room occupancy rate maintained at 60-70% with room stock growth in balance with visitor arrivals.	Ministry of Tourism records. Annually. January.		Ministry of Tourism
Increase of not less than 5% per year in businesses majority owned and licensed by resource owners	Ministry of Tourism records. Continuous database, checked annually. January		Ministry of Tourism
100% of nature-	Ministry of	Standard is Green Fiji	Ministry of

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KPI	Source/frequency/timing	Commentary	Reporting Agency
based and community-based tourism operations meet or exceed eco-tourism best practice guidelines and standards by 2011.	Tourism records. Continuous database, checked annually. January	Best Practice. Ministry of Tourism regular inspections.	Tourism
At least twenty high-end bures established on native land each year for adventure/cultural tourism.	Ministry of Tourism records. Continuous database, checked annually. January.	Projects receiving funding from Fiji Development Bank SCARF Program.	Ministry of Tourism
8.2.3 Culture and Heritage			
At least 2 heritage site included in the World Heritage listing by 2011.	Culture and Heritage Department records. Continuous database		Culture and Heritage Department
At least 80% of resource owners meet standard for best practices in the manufacture of replicas of artefacts, contemporary art and eco-tourism.	Culture and Heritage Department survey records. Annual. January.	Standard is Green Fiji Best Practice. Culture and Heritage Department regular inspections.	Culture and Heritage Department
At least 20 new heritage sites included as visitor attractions.	Culture and Heritage Department records. Continuous database, checked annually. January.	Sites consistently marketed as visitor attractions which were not consistently marketed before 2007	Culture and Heritage Department
8.2.4 Mineral & Groundwater Resources			
Water quality at rivers/streams in the vicinity of mining maintained	Mineral Resources Department report. Annually. July-October	Records based on quarterly returns of MRD inspections. Standard is WHO	Mineral Resources Department

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KPI	Source/frequency/timing	Commentary	Reporting Agency
at acceptable standards.		potable water.	
Sector contribution to GDP increased from 1% in 2006 to 1.5% by 2011.	Macro-Technical Committee estimates. Annually. March.		MFNP
Annual exploration expenditure doubled to \$12 million by 2011.	Mineral Resources Department report. Annually. July-October.	Estimates may be available earlier in the year.	Mineral Resources Department
Annual gold exports increased from the past five years' average of \$75m to \$100m by 2011.	RBF report monthly		RBF
Annual bottled water exports increased from \$80m in 2006 to over \$100m by 2011.	RBF records. Annually. January.		RBF
8.2.5 Environmental Sustainability			
Population of inventoried species to be stable or increasing.	Ministry of Environment report. Annual. July-October.	Inventory of specified endangered species to be established in 2007, annual population survey thereafter. Provisional estimates may be available following each survey.	Ministry of Environment Conservation Unit
Waste disposal at Naboro landfill increased from 60,000 to 80,000 tonnes per year by 2011.	Ministry of Environment records database, checked annually. January.		Ministry of Environment Waste and Pollution Unit
100% of facilities comply with EMA	Ministry of Environment	Annual inspections of any company or	Ministry of Environment

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KPI	Source/frequency/timing	Commentary	Reporting Agency
requirements by 2011.	records Continuous database, checked annually. January.	institution generating waste.	Waste Pollution Unit, Ecosystems Management Unit
All new development projects to undertake environmental impact assessment and establish benchmarks for monitoring by 2011	Ministry of Environment records. Continuous database, checked annually. January.		Ministry of Environment EIA Unit
Total cessation of non-quarantine pre-shipment application of methyl bromide and Chlorofluorocarbon (CFC) by 2010.	Ministry of Environment report Annual July-October	Ministry certification in 2010 that no CFCs are being imported. Interim figures checked annually.	Ministry of Environment ODS Unit
All companies complying with the ODS Act 1998 and Regulations 2000.	Ministry of Environment records. Continuous database, checked annually. January.	Annual inspection and review of licence.	Ministry of Environment ODS Unit
8.2.6 Foreign Affairs & External Trade			
Annual exports of goods and services to be not less than 65% of GDP.	FIBOS Reports – Quarterly Key Statistics.	MFNP to derive percentage.	FIBOS
Agreements in place with Australia, New Zealand on temporary employment of Fiji nationals as skilled and/or seasonal workers.	Ministry of Foreign Affairs and External Trade records. Continuous database, checked annually. January.		Ministry of Foreign Affairs and External Trade.

SWG on Natural Resources

Chapter 8.3

KPI	Source/frequency/ timing	Commentary	Reporting Agency
<i>Chapter 8.3.1 Sugar</i>			
Yield per ha increased from 61mt/ha in 2006 to 80mt/ha by 2011.	Fiji Sugar Corporation report. Annual. July-October.	For all data derived from FSC annual report provisional data may be available earlier in the year.	FSC
TCTS ratio improved from 11 TCTS in 2006 to 8 TCTS by 2011.	Fiji Sugar Corporation report. Annual. July-October.		FSC
Extraction rate of sucrose increased from an average of 72% in 2006 to 85% by 2011.	Fiji Sugar Corporation report. Annual. July-October.		FSC
Reduce milling costs from \$280/mt raw sugar in 2006 to \$140/mt raw sugar by 2011.	Fiji Sugar Corporation report Annual July-October		FSC
Sale of up to 137GWh of electricity to the national grid by 2011.	Fiji Sugar Corporation report. Annual. July-October.		FSC
FSC return on investment not less than 10% and a debt to equity ratio of not more than 60:40.	Fiji Sugar Corporation report. Annual. July-October.		FSC
Returns per farm labour day to remain at least the present levels.	Sugar Cane Growers Council records To be determined	Baseline to be established in 2007 and annual reporting thereafter	SCGC
Monitor school enrolment in cane belt areas.	Ministry of Education records. Annual. Beginning of year.	To be determined by analysis of national enrolment records	Ministry of Education

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KPI	Source/frequency/ timing	Commentary	Reporting Agency
8.3.2 Agriculture & Livestock			
Maintain agriculture sector's contribution to GDP at 12%.	Macro-technical committee estimates. Annual. March.		MFNP
Value of non-sugar agriculture exports increased from \$40m in 2006 to \$80m by 2011.	FIBOS Reports – Quarterly Key Statistics.		FIBOS
Value of food imports reduced from \$370m in 2006 to \$260m in 2011.	FIBOS Reports – Quarterly Key Statistics.		FIBOS
Increase lending to agriculture sector of commercial banks to 1% of total loan portfolio by 2011 from current level of 0.6% in 2005.	FIBOS Reports – Quarterly Key Statistics.		FIBOS
8.3.3 Forestry			
Forest sector contribution to GDP increased from 1.2% in 2006 to 1.6% by 2011.	Macro-technical committee estimates. Annual. March.		MFNP
Target commercial annual harvesting of mahogany at 100,000m ³ .	Fiji Hardwood Corporation Ltd. Report Annual. July-October.	Provisional production data and forecasts may be available earlier in the year	FHCL
Double annual export earnings from sector, including value adding, from \$60 million in 2006 to	FIBOS Reports – Quarterly Key Statistics.		FIBOS

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KPI	Source/frequency/timing	Commentary	Reporting Agency
\$120 million by 2011.			
Area of indigenous forest increased by 20% by 2010 from 858,000ha to over 1,000,000ha.	Ministry of Fisheries & Forests report. Annual. July-October.	For all data derived from MFF annual reports provisional estimates may be available at regular intervals throughout the year.	MFF
15 forest native reserves identified and gazetted by 2010.	Ministry of Fisheries & Forests report. Annual. July-October.		MFF
Value of contracts secured by indigenous Fijian businesses not less than 40%.	Ministry of Fisheries & Forests report. Annual. July-October.		MFF
8.3.4 Marine Resources			
Ratio of total catch to sustainable yield (or TAC) for each targeted species to be less than 1.	Ministry of Fisheries & Forests report. Annual. July-October.	Targeted species are bigeye, yellowfin and albacore tuna.	Tuna Management Plan division (MFF)
Fisheries sector contribution to GDP increased and maintained at 3% from current level of 2.7% of GDP.	Macro-technical committee estimates. Annual. March.		MFNP
Increase fisheries export from \$85m in 2006 to \$100m by 2011.	FIBOS Report – Quarterly Key Statistics.		FIBOS
Proportion of total tuna catch landed by indigenous Fijian licensed vessels to be increased from the present 25% to not	Ministry of Fisheries & Forests report. Annual. July-October.		Tuna Management Plan division (MFF)

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KPI	Source/frequency/timing	Commentary	Reporting Agency
less than 40%.			
8.3.5 Land Resource Development & Management			
A land tenure system is in place which allows equitable returns to owners and users through an effective market for land use rights.	Prime Minister's Office. Annual statement. January-March.	Since this indicator is at present unquantified a statement of progress towards the goal will be provided annually.	PMO

SWG on Infrastructure

Chapter 8.4

KPI	Source/frequency/timing	Commentary	Reporting Agency
8.4.1 Information and Telecommunication			
Reduction in telephone charges by at least 25% by 2011.	Ministry of Information and Communication report. Annually. November.	For all data deriving from MIC annual report provisional figures may be available earlier in the year. Measure is of average cost of three minute local call.	Director Telecommunications
Telephone lines and cellular subscribers to be not less than 25% in rural areas and 75% in urban areas (MDG).	Ministry of Information and Communication report. Annually. November.		Director Telecommunications
Increase number of rural tele-centres from 6 to 56 by 2011.	Ministry of Information and Communication report. Annually. November.		Director Telecommunications
Increase bandwidth to all service providers to not less than 300	Ministry of Information and Communication report.		Director Telecommunications

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KPI	Source/frequency/timing	Commentary	Reporting Agency
Mbytes by 2011.	Annually. November.		
Increase number of Fijian and Hindi free-to-air TV broadcast providers to more than 2 each by 2011.	Ministry of Information and Communication report. Annually. November.		Director Telecommunications
8.4.2 Transport			
Multi Modal			
At least one transport PPP project over \$100 million by 2009.	MPEPSR records Continuous database, checked annually. January.		MPEPSR
Reduction in annual fatalities on all forms of transport from 90 to 50 by 2011.	NRSC, FIMSA, CAAFI records. Continuous database, checked annually. January.		NRSC/ FIMSA/ CAAFI
Land Transport			
Not less than 125km of national roads resealed and 40km rehabilitated each year.	DNR records. Continuous database, checked annually. January.		Director Roads
Annual CO2 emissions per capita reduced from 1.6mt to 1.0mt.	LTA report Annual November	Estimates may be available earlier	CEO LTA
Average vehicle emission levels reduced from 40,000 ppm to 20,000 ppm.	LTA report. Annual. November.	Assumes most vehicles including worst polluters are being checked.	CEO LTA
To reduce vehicle emission opacity from 70% to 35% by 2011.	LTA report. Annual. November.		CEO LTA
Marine Transport			
Annual tonnage of international cargo	FPCL. Continuous		CEO FPCL

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KPI	Source/frequency/timing	Commentary	Reporting Agency
handled in Fiji ports increased from 3.3 million revenue tons in 2005 to 5 million by 2011.	database, checked annually. January.		
Minimum of 2 trips per month on each outer island route.	Government Shipping Services records. Monthly.	Numbers of trips on each of nine franchised routes	GSS
Fiji maintains its White List Status.	FIMSA statement. Annual. January.	A yes-no indicator to be verified by statement from FIMSA	Director FIMSA
Main Ports maintain ISPS Code status.	FIMSA statement. Annual. January.	A yes-no indicator to be verified by statement from FIMSA	Director FIMSA
<i>Air Transport</i>			
3 or more airlines with unsubsidized, scheduled domestic flights.	AFL records. Continuous database, checked annually. January.		Director AFL
Passenger seat km on domestic flights restored to 1999 levels of 110 million by 2009 and increased to not less than 150 million by 2011 from 73.1 million in 2005.	AFL reporting. Annually. November.		Director AFL
International airfreight capacity increased from 700 million tonne/km in 2005 to not less than 1,000 million tonne/km by 2010.	AFL reporting. Annually. November.		Director AFL
<i>8.4.3 Energy</i>			
GDP per kg oil	RBF records of oil	MFNP to calculate	RBF/MFNP

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KPI	Source/frequency/timing	Commentary	Reporting Agency
equivalent, at constant 1995 prices, increased from \$5 in 2004 to \$8 by 2011.	imports. Quarterly.	using most recent annual import and GDP figures.	
Household power outages on Grid Lines are each not more than 5 minutes by 2010.	FEA records Continuous database, checked annually. January.		CEO FEA
90% national electrification coverage by 2011 and not less than 85% in rural areas.	FEA records Continuous database, checked annually. January.		CEO FEA
IPP to produce not less than 250GWh of energy per year by 2011.	FEA records Continuous database, checked annually. January.		CEO FEA
Improvement in the national energy mix from 40/60 renewables to fossil fuel to 50/50 for the grid and from 5/95 to 10/90 for off grid energy by 2011.	FEA and Ministry of Energy records. Continuous database, checked annually. January.	FEA for grid, Min of Energy for non-grid	CEO FEA, Ministry of Energy
30% of fuel for transport is bio-fuel, LPG or LNG by 2010.	LTA report. Annual. November.		CEO LTA
8.4.4 Water and Sewerage			
95% of the urban population and 80% of the rural population have access to safe water supply by 2011.	Department of Water and Sewerage records. Continuous database, checked annually. January.		Director Water
Increase in the annual number of water connections	Department of Water and Sewerage records.		Director Water

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KPI	Source/frequency/timing	Commentary	Reporting Agency
to new customers from approximately 3,000 to 4,000.	Continuous database, checked annually. January.		
Increase in the urban population with sewerage connection to not less than 40% by 2011.	Department of Water and Sewerage records. Continuous database, checked annually. January.		Director Sewerage
Level of unaccounted for water reduced from approximately 50% to 35% by 2009 and to 25% by 2011.	Department of Water and Sewerage records. Continuous database, checked annually. January.	KPI refers to technical losses only.	Director Water