



European Union - Fiji National Indicative Programme for the period 2014-2020

GENERAL CLAUSES

The European Commission on behalf of the European Union and the Government of the Republic of Fiji hereby agree as follows:

- (1) The European Union (represented by Neven Mimica, Commissioner for International Cooperation and Development) and the Government of the Republic of Fiji (represented by Hon. Josaia Voreqe Bainimarama, Prime Minister), hereinafter referred to as the Parties, determined the general orientations for cooperation for the period 2014 to 2020.
 - These orientations, which are included in the National Indicative Programme, concern the European Union Aid in favour of the Government of the Republic of Fiji and were drawn up in accordance with the provisions of Articles 2 and 4 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000, revised and signed in Luxemburg on 25 June 2005 and revised and signed in Ouagadougou on 22 June 2010. The National Indicative Programme is annexed hereafter.
- (2) As regards the indicative programmable financial resources, which the European Union envisages to make available to the Government of the Republic of Fiji for the period from 2014 to 2020, an amount of EUR 28 million is foreseen for the allocation referred to in Article 3.2 (a) of Annex IV of the ACP-EC Partnership Agreement (A-allocation).
 - A B-allocation referred to in Article 3.2 (b) can be established to cover unforeseen needs. This allocation is at EUR 0 until a need arises. These allocations are not entitlements and may be revised by the Commission, following the mid-term and end-of-term reviews, in accordance with Article 5.7 of annex IV of the ACP-EC Partnership Agreement.
- (3) The A-allocation is destined to cover macroeconomic support, sectoral policies, programmes and projects. The National Indicative Programme concerns the resources of the A-allocation. It also takes into consideration financing from which the Government of the Republic of Fiji benefits or could benefit under other European Union resources. It does not pre-empt financing decisions by the Commission.
- (4) The B-allocation is destined to cover unforeseen needs such as humanitarian, emergency and post emergency assistance, where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate exogenous shocks. The B-allocation shall be established according to specific mechanisms and procedures and does therefore not constitute a part of the programming.
- (5) Following the entry into force on 1 March 2015 of the Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting with the Council, on the financing of European Union Aid under the multiannual financial framework for the period 2014 to 2020, financing decisions for projects and programmes can be taken by the Commission at the request of the Government of the Republic of Fiji within the limits of the A- and B-allocations

referred to in this document. The respective projects and programmes shall be implemented according to the 11th EDF implementing rules and financial regulation.

- The European Investment Bank may contribute to the implementation of the present (6)National Indicative Programme by operations financed from the Investment Facility and/or from its own resources, in accordance with Articles 2c and 3 of the 11th EDF multi-annual financial framework for the period 2014-2020.
- (7)In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Indicative Programme as well as the A-and B-allocations can be revised following the mid-term review and the end-of-term review or ad hoc reviews.

Done in Suva on 16 June 2015

For the European Commission on behalf of the European Union For the Government of the Republic of Fiji

Neven MIMICA

Commissioner for International Cooperation and Development

Hon. Josaia Voreqe BAINIMARAMA

Prime Minister

NATIONAL INDICATIVE PROGRAMME (2014-2020) FOR THE REPUBLIC OF FLJI

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Acronyms and Abbreviations

ACP African, Caribbean and Pacific Countries

AMSP Accompanying Measures for Sugar Protocol

CRA Climate Risk Assessment

CSO Civil Society Organisation

DFAT Australian Department of Foreign Affairs and Trade

EDF European Development Fund

EIB European Investment Bank

EPA Economic Partnership Agreement

EU European Union

FSC Fiji Sugar Corporation

GDP Gross Domestic Product

MDG Millennium Development Goals

NAO National Authorising Officer

NDS National Development Strategy

NGO Non-Governmental Organisation

NZAP New Zealand Aid Programme

ODA Official Development Assistance

RDSSED Roadmap for Democracy and Sustainable Socio-Economic Development

SIDS Small Islands Developing State

TCF Technical Cooperation Facility

UMIC Upper Middle Income Country

UNDP United Nations Development Programme

<u>0. Summary: 11th EDF National Indicative Programme for the Republic of Fiji</u>

The Republic of the Fiji Islands has a population of 860 000 and is classified as an Upper Middle Income Country (UMIC). Fiji, like most small islands developing states (SIDS), remains vulnerable to natural disasters and adverse effects of global economic crisis, and possesses a relatively narrow economic base. In this respect Fiji cannot be compared to other UMIC elsewhere in the world. The country's general election in September 2014 has steered the nation back on the path of a democratic system of governance. Prior to the elections, the interim administration developed several policies which aimed at improving service delivery to its citizens. The elected Government remains committed to enhancing such programmes. Certain social indicators remain strong and this is evidenced by the UNDP Human Development Index where Fiji ranked 88th in 2013. However, Fiji is not expected to meet Millennium Development Goal (MDG) 3 on gender equality, and poverty persists, notably in the rural areas. It is estimated that 35% of the Fijian population live below the poverty line and health and social services strain to keep up with citizens' needs. Access to educational opportunities has grown stronger in recent years.

Fiji's economic performance improved from 2% real growth in 2011 to over 4% in 2013 is expected to remain between 3% and 4% in the coming two or three years. Stimulating monetary policies of its reserve bank have strongly supported these growth rates and brought inflation under control. The countries' policies focused, in recent years, particularly on the tourism, agriculture and manufacturing sectors. Public debt is brought to levels below 50% of GDP.

The country's export composition is less diversified than its GDP. It is vulnerable to external shocks due to over-reliance on tourism and remittances, and as regards rural livelihoods, to the high dependence on the sugar sector.

The Government has identified "Sustainable Rural Livelihoods" and "Public Administration Reform and Governance" as the two primary focal sectors for support under the 11th EDF National Indicative Programme (NIP). The NIP indicative allocation is EUR 28 million for the period 2014 - 2020.

- Under "Sustainable Rural Livelihoods", specific attention will be invested in strengthening the sustainability of the agricultural sector, with a particular focus on vulnerable sugarcane farming communities. Alternative livelihood options will be examined and supported. An indicative amount of EUR 20 million is foreseen for this area.
- The "Public Administration Reform and Governance" focal sector will focus specifically on "Access to Justice". This effort will include strengthening the capacities of key justice and good governance public institutions to enable poor and marginalised communities to have improved access to legal services and products. For this focal sector, an indicative amount of EUR 7.5 million is earmarked.

Both sector interventions will include cooperation with civil society organisations, in achieving the programme objectives. The NIP will be complemented by operations financed by the Pacific Regional Indicative Programme, Intra ACP programmes, Thematic instruments, the European Investment Bank (EIB) from the Cotonou Investment Facility, the EIB's own resources and/or the Investment Facility for the Pacific to support financially, technically and environmentally sound projects which promote sustainable and inclusive growth.

An indicative amount of EUR 0.5 million is also allocated for support measures.

FIJI

NATIONAL INDICATIVE PROGRAMME

1. The overall lines for the EU response

1.1 Strategic objectives of the EU's relationship with the partner country

The European Union (EU) and Fiji have a long standing tradition of co-operation and partnership dating back to the mid-1970s. It is currently guided by the *ACP-EU Partnership Agreement*, signed in Cotonou in 2000 and updated in Ouagadougou in June 2010.

The ACP-EU Partnership Agreement will remain in force until 2020. Its main objectives are to reduce and eventually eradicate poverty through sustainable development and gradual integration of ACP countries into the world economy.

Cooperation between the EU and Fiji shall therefore pursue these objectives in keeping with the fundamental principles of the Agreement such as human rights, democracy, rule of law, good governance, conflict prevention and resolution. In that context, the national elections, which took place in September 2014, marked the return of Fiji to a democratic system.

While a strong ownership of the country development strategy and the alignment of EU aid with this strategy will remain essential elements, the EU development approach set out in the 2011 "EU agenda for change" ¹and in the 2012 EU Communication "Towards a renewed EU-Pacific development partnership" ² will be reflected in the 2014-2020 indicative programme. As a result, efforts will be made toward a more targeted delivery of aid to ensure maximum poverty reduction and assistance. In addition, Fiji also stands to benefit from several regional and international EU funded instruments, such as the EDF 11 Regional Indicative Programme, intra-ACP, Investment Facility for the Pacific and potential European Investment Bank initiatives such as Small and Medium-sized Enterprises (SME) support.

Country Context

Economically, Fiji has been performing well with real GDP growth above 4% in 2013 and probably in 2014, too. Slower growth, between 2.5%³ and 4%⁴ is expected for the next two years. Forecasts of key industries such as tourism, agriculture and manufacturing are promising over the short term. An increased public spending in the education, health and infrastructure sectors (e.g. roads, water) will help to sustain economic growth above 3%. However, long term vulnerabilities remain due to over-reliance on tourism, remittances and public sector spending. Public debt (estimated at 49.8% for 2015) is projected to remain

¹ COM(2011) 637 final

² JOIN(2012) 6 final

³ IMF Article IV forecast 2014

⁴ Reserve Bank of Fiji Economic Review Vol. 31, No. 11

stable in the coming years if fiscal expansion is kept within prudent limits.

In 2014, Fiji decided to start its provisional application of the Economic Partnership Agreement (EPA) with the EU with a view to parliamentary ratification in the near future, which will ensure stable trade relations between the EU and Fiji, including sugar exports into the EU.

Social indicators show good results with significant improvement in primary education, improved maternal health and reduction of child mortality. Yet, many social disparities exist. With approximately 49% of the population living in rural areas, poverty and household incomes⁵ surveys reveal a drop in available income in these areas. Gender indicators show mixed results with continuing efforts needed to ensure equal treatment and opportunities for women. An issue that has a cross-cutting impact is the land tenure system, which has consistently remained a critical yet complex subject throughout Fiji's history, influencing political, economic, environmental, social and cultural contexts.

On environmental management, a recent MDG assessment⁶ demonstrates that Fiji is on track to meet Goal 7 on 'Ensuring environmental sustainability'. Environmental and biodiversity issues have been mainstreamed in national and sector policies and there have been improvements on access to clean drinking water (up to 96% of the population in 2011). In 2013, connection to sanitation systems was estimated at 71% in villages and 94% in urban areas. However, informal settlements have grown significantly in the past years, expanding from 50 to over 100 in Suva between 2006 and 2011 thus placing more pressure on housing demands and public services⁷.

There are adequate capacities in selected service industries like information technology and systems, banking and tourism but limited in other key sectors (e.g. construction, agriculture). Experienced teachers, nurses and doctors are often in demand from neighboring Pacific countries and emigration of highly skilled individuals continues at a growing rate, compounding capacity gaps in-country.

Civil Society in Fiji is vibrant with active engagement in advocacy, gender and human right issues. Religious-based NGOs continue to support communities in the rural areas. Private sector is usually engaged and supportive of Government policies, in general while Government efforts should continue to enhance dialogue with social partners.

Country priorities and consistency with the EU development policy

The current National Development Strategy (NDS) document for Fiji is the Roadmap for Democracy and Sustainable Socio-Economic Development (RDSSED) 2010-2014⁸. It is supported by three key pillars – Governance, Economic Growth and Socio-Cultural Development. However, the Government of Fiji has indicated that the NDS will be replaced by a new national policy expected to be in place in 2015.

In the interim (and not intended to replace the RDSSED), a 'Green Growth Framework for Fiji' was endorsed by the Government in July, 2014 paving the way for more sustainable

⁵ Fiji Island Bureau of Statistics FIBOS, 2011 report

⁶ Pacific Islands Forum Secretariat – MDG report 2014

⁷ UN Habitat National Urban Profile 2014

⁸ Roadmap for Democracy and Sustainable Socio-Economic Development (RDSSED) 2010-2014

development policies. The framework emphasizes an integrated, inclusive sustainable development and action-oriented policies, which will 'strengthen environmental resilience, drive social improvement and reduce poverty, enhance economic growth and also build capacity to withstand and manage the anticipated adverse effects of climate change'.

The priorities set forth by the Government in the RDSSED and Green Growth Framework are consistent with EU development policies in their strong focus on reducing poverty, promoting sustainable growth and human development. The 2014 general election in September, the opening of the new Parliament in October 2014, good progress on MDGs and a 2015 budget focusing on education, health and information technology are positive developments.

A development partners' roundtable mechanism is envisaged to take place in 2015. Coordinated by the Ministry of Finance, the purpose of the roundtable mechanism is to consolidate efforts between development partners and Government to ensure that any assistance, financial or technical is in synergy with Government priorities. This practice, implemented at the level of the line ministries, supports the Paris, Accra and Busan principles of aid/development effectiveness. In addition, attempts are also being fostered to develop a sound Monitoring and Evaluation (M & E) framework suitable for a new national development policy in 2015. A specific timeframe is yet to be endorsed for both the partners' roundtable mechanism and an M & E framework by Government.

1.2 Choice of sectors

The National Development Strategy is the basis to develop the 11th EDF programme. The priorities identified for bi-lateral co-operation are "Sustainable Rural Livelihoods" (Priority area 1) and "Public Administration Reform and Governance" (Priority area 2).

Sustainable Rural Livelihood

The first priority area, 'Sustainable Rural Livelihoods', builds on EU's assistance to Fiji under the Accompanying Measures for Sugar Protocol (AMSP) countries, implemented since 2006. It will act as a catalyst of progresses done so far for social mitigation. Future interventions encompass the agriculture sector and the sugar subsector. They will concentrate on strengthening the long term viability of the agricultural sector in Fiji while keeping a particular focus on vulnerable sugarcane farming communities.

Agriculture, including the sugar subsector, is the most important economic sector in terms of employment, despite a steady decline in importance relative to other economic sectors, such as tourism and construction, over the last 20 years.

Overall, the agriculture sector has faced significant challenges in the recent past such as natural disasters, pests and diseases, political instability, ineffective public sector, inability to adapt to trade liberalisation and a poor performing sugar subsector. Climate change represents an additional threat for the sector and for rural livelihoods. Yet, between 2001 and 2011, the agriculture sector was consistently offering employment to around 60% of Fiji's work force, contributing an average of 10% of GDP and the total value of agricultural trade exceeded USD 12.4 billion⁹ for the period.

⁹ Source: Fiji 2020: Agriculture Sector Policy Agenda (August, 2014)

Agriculture has many economic linkages to other sectors, like transport and tourism. Agricultural production has increased in recent years, particularly for root crops, horticulture, livestock, and dairy products. The sugarcane subsector, which was once the leading segment in primary agriculture, has now been surpassed by other crops, thus demonstrating a strong potential to drive sector growth in the coming years. For instance, thousands of farmers have an opportunity to generate more income by supplying fresh fruits and vegetables to the thriving tourism sector (over 600 000 tourists visits Fiji in 2013), thus effecting import substitution.

The sugar production, although still a pillar of the country and a primary source of income for over 16,000 active farmers, has experienced a decrease in production in the past 10 years. While Fiji produced 310 000 tonnes of sugar in 2006, the production was down to 136 000 tonnes in 2010. Recent efforts have had positive results and yields have increased to 226 000 tonnes in 2014. Growth potential is strong considering that in the mid-90's the average annual production was circa 400 000 tonnes. Recent difficulties are essentially due to high production costs, low mill productivity and unfavourable land tenure systems. Fiji's ability to sustain its sugar industry without preferential treatments will be severely tested in 2017 when the expiry of the European sugar quota system is expected to lead to a further reduced income for the sugar industry.

Given that an estimate of 43%¹⁰ of rural Fijians live in poverty – out of which half live in the sugar belt areas – the EU bi-lateral programme focusing on farmers, and sugarcane farmers, has the potential to directly contribute to poverty reduction. Growth and poverty reduction in agriculture and sugar subsector are the key rationales for the 11th EDF proposed aim to support Government's 2020 Agriculture Policy. With a focus on the establishment of a modern and efficient agricultural system, the development of an effective integrated system from production to transportation, the enhancing delivery of the agriculture support services and the development of investment opportunities, the implementation of the policy should help the sector to prosper in the coming years.

The EU offers a value adding role in the agriculture sector, including sugar, drawing from its experience in the sugar subsector since 2006, in support of vulnerable populations of the sugar belt, for social mitigation, the development of complementary livelihood, and the sustainability of the sugar industry. Indeed, the EU has invested some EUR 60 million worth of support in the sugar belt, with programmes benefitting thousands of community based farmers and growers. Work around diversification, promotion of rural livelihoods and farmers associations as well as EU's well established cooperation with Civil Society Organisations constitute a sound foundation for future interventions, both in sugar and crops subsectors. The EU programme in agriculture will help farmers harness the sector's full potential for growth and poverty reduction.

Public Administration Reform and Governance

The second priority area, "Public Administration Reform and Governance", will focus on facilitating better access to justice for all citizens. This will take place notably through support to relevant institutions and Civil Society Organisations (CSOs) and the strengthening of the justice system.

¹⁰ADB Country Partner Strategy 2014-2018: poverty level is high largely because of the long-term decline of the sugar industry and limited alternative livelihood opportunities

Good governance, including a functioning public service, is a fundamental element of a stable society and of particular relevance in Fiji following almost three decades of political instability. An effective governance system, which promotes human rights, the rule of law and democracy, is a priority for the new Government and also a key prerequisite for social, political and economic advancements.

The Fiji Roadmap for Strategic development (RDSSED) 2010-2014 recognises this and identifies governance as a strategic pillar, with the strengthening of law and justice as one of its priorities. The Government acknowledges as well that the capacity of the Public Sector must be strengthened if it is to improve its efficiency, effectiveness and overall service delivery. The authorities are ensuring that those principles, and the values of the 2013 Constitution, are promoted widely and 'owned' by citizens. A clear understanding of the role of specific public offices, such as the judiciary, the legal aid commission and other transparency and accountability institutions, are paramount in ensuring that law and justice prevail and citizens fully exercise their rights and responsibilities. EU support to Access to Justice will help ensure that the Fijian public is aware of its rights and can action them through the relevant state mechanisms.

The EU support will build on positive elements, which will help maintain Fiji on its democratic path. Those elements are a.o.: (i) The availability of competent judges/former judges and lawyers; (ii) Strong social partners and Civil Society Organisations, which will continue to advocate for the rule of law and democratic values; (iii) The solid foundation set by the pre-2006 Human Rights Commission, which was internationally recognized as an independent and effective organization; (iv) The new constitutional mandate of the Legal Aid Commission and Government's commitment to increase its outreach; (v) The Transparency and Accountability Commission foreseen by the Constitution; (vi) Strong political commitment of Fiji's top administration (Prime Minister, Attorney General, Solicitor General) to improve access to justice.

However, systemic challenges exist, which restrict the full participation of citizens in the democracy arena. Citizens generally lack understanding of the country's legal framework and constitutional rights due to limited awareness and capacities of relevant institutions of the sector. This issue is compounded for rural, isolated communities who also lack physical access to modern administration systems and organisations.

To help face those challenges, the EU is committed to support Government's efforts to improve citizens' access to justice by supporting relevant public institutions and providing technical expertise where necessary. The programme will draw from suitable expertise and governance models, going beyond traditional regional partners to explore European and other international approaches. The EU expertise in working with Civil Society Organisations, both in terms of advocacy and service delivery in Fiji, will also be an added value. CSOs have an important role in creating a robust democratic system supporting fundamental social and economic rights in Fiji and provide an important link between communities, authorities and policy-makers. Finally, coordination with other partners in the sector, notably UNDP and Japan, will be ensured to develop synergies and complementarities.

2. Financial overview

11th EDF National Indicative Programme – Indicative allocation for 2014-2020

Sector	Indicative allocations (in million EUR)	As a % of the NIP
Sector 1: Sustainable Rural Livelihoods	20	71.4%
Sector 2: Public Administration Reform and Governance	7.5	26.8%
Support measures (Technical Assistance to NAO, Technical Cooperation Facility, Audit, Evaluation)	0.5	1.8%
Total	28	100%

3. EU support per Sector

3.1 Focal Sector 1: Sustainable Rural Livelihoods (EUR 20 million)

3.1.1 Overall and Specific Objectives

The overall objective is to foster rural development through an effective transition to a sustainable and diversified agriculture sector to improve livelihoods of agriculture-dependent population and vulnerable sugarcane farming communities.

The specific objective of the programme is to improve the livelihood of the agriculture-dependent population by promoting income generation, through (1) improved sugarcane farming and (2) the development of supplementary crop farming.

3.1.2. Expected Results

Result 1: Increased income for farmers through the reduction of harvesting and transport costs of sugar cane

The programme will be informed by the findings of the Study for Improving Harvest & Transport Conditions for the Fiji Sugar Industry¹¹ undertaken in 2010, with updated modifications, on the Harvest and Transport system. This will coincide with the setting up of the Cane Quality Payment System which is now being developed by the industry.

¹¹ Scanagri, 2010

Harvest and Transport constitutes roughly 60% of total costs to growers and one third of the costs to the Fiji Sugar Corporation (FSC). A streamlining of this activity will provide much needed incentives for farmers to invest more in the crop production. Harvesting and loading of cane on to trucks is done manually, which represents a serious impediment to growers' interest in maintaining sustainable levels of area under production.

Pilot projects may explore combining harvesting and mechanical loading in the largely sloping, undulating cane fields with a view to increase productivity, and remuneration and make more labor force available for cutting cane.

Result 2 Diversified market driven and environmentally friendly agricultural production

The development of supplementary crops to sugar cane also for domestic consumption and better access to domestic and export markets will contribute to increasing the income of actors in the agriculture sector. The activities will address the constraints of the agriculture sector in infrastructure, logistics, human resources, capacity building of the stakeholders (including national institutions, development and commercial banks, Civil Society Organisations including social partners and the private sector) and promote and facilitate the diversification of agriculture production.

The range of support offered may cover easing the access to pertinent agriculture services (i.e. better access to inputs) and appropriate technologies through research and extension, better marketing services, access to new agriculture practices and tolerant varieties to extreme weather events and salinity to adapt to climate change and recurrent natural diseases as well as the use of productive conservation agriculture and any other locally relevant farming practices that support environmental sustainability and the preservation of key ecosystems and ecosystem services. The programme should contribute to facilitating the establishment of adequate financial tools to enable the emergence of alternative markets and processing private ventures and to disseminate integrated farming techniques and technical packages for accessing export and domestic markets through the development of farmers' associations and cluster farming approaches. The revitalising of collection centres and one-stop shop models privately managed can also be considered.

3.1.3. Main Indicators

The indicators for measuring the aforementioned results are presented in the sector intervention framework in Annex 3.

3.1.4. Donor Coordination and Policy Dialogue

The EU is currently the lead partner in the restructuring of the sugar sector and in the support to a diversified agriculture sector. Australia is involved in the agriculture sector through three regional programmes¹² aiming at increasing access to overseas markets for export crops as well as in the support to the Community Service Organisations¹³ in the

¹² Marketing Development Facility for private sector growth and agribusiness (AUS\$15million); Pacific Agribusiness Research for Development Initiative (PARDI – AUS\$15million), Pacific Horticultural Market Access (PHAMA AUS\$14million)

¹³ Fiji Community Development Programme (AUS\$15million)

rural areas. India has recently launched a support programme for the sugar sector with the Fijian Government¹⁴, New Zealand Aid is engaging in the support to the dairy sub-sector and the World Bank and the Asian Development Bank are undertaking a scoping study to identify potential activities in the rural areas through mainly an infrastructure programme.

Donor coordination with Fiji has been disrupted over the last eight years, but the newly elected Government has shown a renewed interest in leading the coordination process of Aid assistance. Official Development Assistance (ODA) is currently being recentralised through the ODA Unit within the Ministry of Finance. The Ministry of Agriculture will ensure the coordination of the EU support with other initiatives in the sector and consultation will continue with the recently formed EU Accompanying Measures for Sugar Stakeholder Action Group 15 in order to ensure coherence with the Government policies.

3.1.5. Government's Financial and Policy Commitments

The Government's overall commitment for agriculture in the 2015 budget is equivalent to EUR 30 million, whilst circa EUR 5 million is allocated for sugar.

The Government's policies, including the Roadmap for Democracy and Sustainable Socio-economic Development 2010-2014, the EU funded Sugar Strategic Action Plan and the Agriculture Policy Agenda 2020, prepared in 2013, provide the framework for the EU interventions in the field.

The framework establishes the strategic priorities of maintaining stability, stimulating growth in rural areas and diversifying agricultural production.

Key cross-cutting themes such as gender, environment and social issues are highlighted in several key government policies such as the Green Growth and 2020 Agriculture Policy Agenda. The Government, the EU and the International Labour Organisation have signed a Partnership Protocol Agreement in 2008 addressing child labour issues and more recently in 2015, the Government signed a tripartite agreement with trade unions and employers' associations. Cooperation with CSOs will be built into supported interventions making use of expertise and experience developed through the Accompanying Measures for Sugar Protocol since 2010.

3.1.6 Environmental Assessment

Supporting the development of productive livelihoods may have a potentially negative impact on the environment (inputs, facilities etc.) or can be affected by the environment (climate/weather change). Specific interventions and environment-friendly agriculture techniques like soil protection techniques, access to tolerant varieties can, on the contrary, help to protect the environment. A Strategic Environmental Assessment has been conducted for the Agriculture/Sugar cane sector and its results will be used in the design of the programme. Further environmental impact and climate risk screening or assessments may be undertaken at the stage of programme identification to make sure

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¹⁴ For US\$5 million

¹⁵ The Stakeholder Action Group was formed to include all the major sugar industry actors in January 2012 to provide a.o. a forum for discussion and decision making about important sugar industry issues and to develop a Strategic Action Plan for the rejuvenation of the Sugar Industry

that the 20 % climate change commitment target are achieved under the programme.

3.1.7. Overall Risk Assessment of the Sector Intervention

- ➤ The 2020 Agriculture Policy Agenda and the structural reform of the sugar cane industry are not implemented according to the timetable and the recommendations initiated through the Strategic Action Plan;
- Volatility of international sugar price increases and impacts the viability of the Fijian sugar industry before the completion of the restructuring;
- Required funding from private investors, Government and donors for the implementation of the agriculture policy agenda and the sugar reform is not forthcoming;
- > Prices of imported foodstuffs remain lower than domestic products.

Those risks will be mitigated through specific programme efforts where possible and/or through policy dialogue with key stakeholders, including farmers' and business' associations, as well as workers' and employers' organisations and other CSOs.

3.2. Focal Sector 2: Public Administration Reform and Governance (EUR 7.5 million)

3.2.1 Overall and Specific Objectives

Overall objective is to contribute to the enhancement of governance systems in Fiji, with particular focus to the strengthening of the law and justice sector.

Specific objective is to contribute to ensuring equal access to justice for Fijian citizens.

3.2.2. Expected Results

Result 1 Access to justice is improved for all citizens, including those having difficulties in accessing justice.

Support to access to justice, a fundamental principle of the rule of law, will contribute to consolidate democracy in Fiji and help provide long term political stability. The Legal Aid Commission, recognised in the Constitution since 2013, is currently being revamped and strengthened. The EU programme will accompany recent efforts and support key national institutions (e.g. Legal Aid Commission, the Judiciary) to grant Fijian population the access to justice it expects. The Government recognizes that CSOs have a critical role in creating a robust democratic system in Fiji. Efforts will be made to develop partnership with Civil Society Organisations to assist the Legal Aid Commission to increase public awareness and to reach out to the wider and more remote communities. CSOs provide an important link between communities, the administration and policy-makers and are an ideal conduit for information sharing. In this context, gender based NGOs may be of particular relevance when dealing with family law issues.

Result 2 Capacities of the key actors of the justice sector, independent commissions and other democratic institutions are strengthened.

Increasing access to justice will only deliver credible results if the justice system is able to cope with the demand. Therefore, the programme will also assist with building capacity for the justice system to deliver quality services to the people, notably through training and technical assistance. Going beyond the Legal Aid Commission and the Judiciary, the programme may also address capacity issues at the level of relevant democratic institutions foreseen in the Constitution. The programme will draw from suitable expertise and governance models, going beyond traditional regional partners to explore European and other international approaches. Partnership with International Organisations, training institutes, education institutions in Fiji and the region may be considered.

3.2.3. Main Indicators

The indicators measuring the aforementioned results are presented in the intervention framework in Annex 3.

Indicator 1: 25% increase in the number of poor and marginalised citizens¹⁶ engaging quality legal services and information by 2020.

Indicators 2: 90% implementation rate of training plans in two key entities by 2020¹⁷.

3.2.4. Donor Coordination and Policy Dialogue

The Aid coordination unit of the Ministry of Finance is currently developing an appropriate coordination mechanism between Government and development partners. A scoping study on the needs of the governance sector has been carried out by UNDP, along with the European Union and the United States. Australia's support in the governance sector will focus on economic governance and World Bank will focus on public administration reform. Japan also envisages supporting improved access to social welfare support in rural and marginalized areas. UNDP is committed to providing technical assistance to Government in the area of Governance. CSOs are important stakeholders in the sector as key service providers and as advocates, in particular the women' rights organisations. A structured inclusive dialogue process between Government and civil society needs to be further enhanced.

3.2.5. Government's Financial and Policy Commitments

Government commitment to the justice sector has been reconfirmed during the 2014 Universal Periodic Review, where the independence of the judiciary and the reestablishment of fully functioning key democratic institutions were key issues raised.

The Strategic Framework 2011-2014 for the justice sector aimed to maximize the efficiency and the effectiveness of an independent judicial system and this remain a focus for the Government in 2015.

¹⁶ Defined as having access to the Legal Aid Commission services.

¹⁷ Entities to be identified during the identification phase of the Access to Justice support programme in 2015.

The framework focuses on specific areas consistent with the EU support such as a.o. improved access to justice and Judicial Service; effective assistance in the delivery of justice in an expeditious and timely manner and high quality court systems to support the delivery of justice. The 2015 Legal Aid Commission budget (more than EUR 2 million) is a concrete demonstration of Government commitment to strengthen access to justice. The overall justice sector budget for 2015 (ca. EUR 13 million for the entire legal sector) is also on the rise, to more than double the actual expenditures of 2012.

Gender, environmental and social issues, including employment and decent work agenda, will be methodically mainstreamed through all capacity building and institutional strengthening interventions.

3.2.6 Environmental Assessment

Not applicable.

3.2.7 Overall Risk Assessment of the Sector Intervention:

- ➤ Limited human capacities available in the justice sector to cater for an influx in demand for legal services.
- ➤ Challenges to the independence of the judiciary and other key democratic institutions.
- ➤ Political support and budgetary allocations for key actors in the justice sector decrease in the coming year, affecting reform activities.
- > Inadequate or unconstructive political dialogue process in Fiji.
- Lack of support to and co-operation with CSOs.

4. Measures in Favour of Civil Society

In line with the Cotonou Agreement and its Annex IV, an indicative amount of maximum EUR 3 million may be set aside for support to civil society organisations and social partners, in the two priority areas.

5. B-allocation

A B-allocation may be included in the NIP for unforeseen needs. This allocation is at EUR 0 until a need arises. In case of necessity, a Financing Decision to meet an unforeseen or urgent need can always be taken notwithstanding the status of the indicative B-allocation mentioned in the MIP.

6. Support Measures (EUR 0.5 million)

6.1. Measures to support or accompany the programming, preparation or implementation of actions

A support facility (i.e. the Technical Cooperation Facility - TCF), which aims to support or accompany the programming, preparation or implementation of actions, is foreseen in the programming through a specific allocation of EUR 0.5 million. Support to the National Authorising Officer (NAO) may be sourced from the TCF.

Such a facility is not considered as a sector and can therefore be programmed in addition to the focal sectors. It is to be used for supporting activities of limited amounts. It may not be used neither for financing small projects in additional sectors to the maximum three sectors, nor for actions related to cross cutting issues. These should be financed within the sectors selected and, for ACP countries, within the specific allocation for support to civil society.

6.2 Support to the National Authorising Officer

Not applicable. See section 6.1

Attachments

- 1. Country at a glance (i.e. macro-economic indicators and indicators derived from the MDGs and other indicators relevant for the country, including risk indicators for disaster prone countries)
- 2. Donor matrix showing the indicative allocations per sector
- 3. Sector intervention framework and performance indicators
- 4. Indicative timetable for commitment of funds

Attachment 1A: Key macro-economic indicators

1. Country at a glance (i.e. macro-economic indicators and indicators derived from the MDGs and other indicators relevant for the country, including risk indicators for disaster prone countries)

	Key macro-economic indicators for Fiji									
		2008	2009	2010	2011	2012	2013(f)	2014(f)	2015(f)	2016(f)
	F	Basic data	***							
1	Population (in 1000)	843 851	852 479	860 559	867 921	874 742	881 065	887 027	892 727	898 130
	annual change in %	1.0	1.0	0.9	0.9	0.8	0.7	0.7	0.6	0.6
2a	Nominal GDP (in millions EUR)	2478	2106	2435	2700	3141	3214	3219	3391	3571
2b	Nominal GDP per capita (EUR)	2937	2470	2830	3111	3591	3648	3629	3798	3976
2c	Annual change in %	4.7	-15.9	14.5	9.9	15.4	1.6	-0.5	4.7	4.7
3	Real GDP (annual change in %)	1.0	-1.3	0.1	1.9	2.2	3.6	3.0	2.4	2.4
4	Gross fixed capital formation (in % of GDP)	18.6	13.4	12.6	16.5	16.5	0	0	0	0
	Balane	ce of paym	ents	*						
5a	Exports of goods (in % of GDP)	25.4	18.3	25.9	31.6	30.3	29.1	25.8	27.0	25.2
	of which the most important: (in % of exports) fish	9.5	14.1	15.2	13.8	14.6	11.3	12.1	11.8	11.7
	sugar	16.9	15.2	4.4	6.6	8.0	8.4	9.4	9.6	9.3
	mineral water	7.5	6.5	7.4	6.7	7.3	6.9	7.6	7.6	7.7
	garments	6.8	6.8	6.2	4.7	4.2	5.4	5.9	5.9	6.0
	gold	1.8	3.3	9.2	7.5	6.2	4.3	4.6	4.7	4.7
	of which share of regional trade (in % of exports)	73.9	84.1	84.3	85.6	86.9	92.3	93.7	93.9	96.9
5b	Imports of goods (in % of GDP)	52.9	49.1	56.0	58.1	55.8	70.8	55.3	54.1	53.1
	of which share of EU imports (in % of imports)	2.6	2.8	1.7	3.8	4.7	0.0	0.0	0.0	0.0
5c	Trade balance (in % of GDP)	-36.8	-27.6	-30.1	-29.6	-25.5	-42.3	-29.5	-28.5	-27.8
6	Export of services (in % of GDP)	30.6	27.5	30.8	31.1	30.3	28.7	27.5	26.6	25.7
	of which the most important: Travel (tourism) (in % of exports)	51.0	62.6	63.9	62.0	59.7	57.3	0.0	0.0	0.0
6a	Current account balance (in % of GDP)	-14.7	-4.1	-4.4	-5.2	-1.4	-19.1	-5.9	-5.6	-5.4
7	Net inflow of remittances (in % of GDP)	2.0	3.6	2.5	2.0	2.6	3.0	3.0	3.0	3.0
8	Net inflows of foreign direct investment (in % of GDP)	10.0	4.7	10.8	11.1	6.6	4.6	7.2	7.6	7.7
9	External debt (in % of GDP)	13.7	14.5	14.3	15.3	16.8	24.3	25.0	24.0	23.2
10	Service of external debt (in % exports goods + services)	4.2	6.1	5.0	8.6	4.9	2.0	2.0	2.0	11.7
11	Foreign exchange reserves (in months of imports of goods and non-factor services)	1.8	4.4	4.7	4.9	5.1	4.7	4.6	4.3	4.1

		Trade capacity								
12	Average cost to export (USD per container)	654	654	654	655	655	790	0.00	0.00	0.00
13	Global competitiveness index	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
	G	overnment budget								
14	Revenues (in % of GDP)	25.1	24.7	24.9	26.8	26.8	26.7	32.9	32.6	32.8
	of which: grants (in % of GDP)	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
	of which: external tariff income (in % of GDP)	4.4	4.4	4.3	3.9	3.9	4.4	4.6	5.8	5.8
15	Expenditure (in % of GDP)	24.7	28.8	27	28.2	27.8	29.4	34.8	34.1	33.8
	of which: capital expenditure (in % of GDP)	11.1	13.9	12.8	18.8	11.0	12.8	15.6	10.6	8.7
16	Deficit (including grants in % of GDP)	-1.6	-3.3	-2.1	-1.4	-1.1	-3.5	-1.9	-1.3	1.2
16a	Deficit (excluding grants in % of GDP)	-1.8	-3.4	-2.3	-1.5	-1.2	-3.8	-2.1	-1.3	1.2
17	Total (domestic+ external) debt (in % of GDP)	49.9	54.7	54.7	53.0	51.1	51.8	50.9	47.3	45.9
		Monetary policy								1/1
18	Consumer price inflation (annual average rate in %)	7.7	3.7	5.5	8.7	4.3	2.9	3.0	3.0	3.0
19a	Commercial Bank Lending Rates (annual average rate in %)	7.7	7.5	7.4	7.4	6.6	6.0	0	0	0
19b	Deposit Rates (annual average rate in %)	0.6	0.9	1.0	0.9	0.7	0.8	0	0	0
20	Exchange rate: annual average national currency / 1EUR	2.3	2.7	2.5	2.5	2.3	2.4	2.6	2.6	2.6

Source: IMF 2014

Attachment 1B: Fiji MDG Progress summary

MDG Target	Target for 2015	Status: will target be met?	State of supportive environment			
	MDG1: Eradicate extreme povert	ty and hunger				
1.A.	Halve the proportion of people living below the national poverty line	Unlikely	Fair			
1.B.	Achieve full and productive employment for all including women and young people	Unlikely	Fair			
1.C.	Halve the proportion of people suffering from hunger	Potentially	Strong			
	MDG 2: Achieve universal prima	ry education				
2.A.	All children will complete a full course of primary education	Likely	Strong			
	MDG 3: Promote gender equality and		1			
3.A.	Eliminate gender disparity in education	Likely	Strong			
3.B.	Share of women in wage employment formal sector	Unlikely	Fair			
3.C.	Proportion of seats held by women in n parliament	Unlikely	Weak			
	MDG 4:Reduce child mortality					
4.A.		The same of the sa	Strong			
	MDG 5; Improve maternal	CONTRACTOR OF THE PARTY OF THE				
5.A.	Reduce maternal mortality by 75%	Likely	Strong			
5.B.	Achieve universal access to reproductive health	Inadequate	Weak but			
	services MDC 6. G. L. / HW/// HDC L. :	data	improving			
6.A.	MDG 6: Combat HIV/AIDS, malaria:		CONTRACTOR OF THE PARTY OF THE			
6.B.	Halt and begin to reverse the spread of HIV/AIDS Achieve universal access to treatment for HIV/AIDS	Unlikely Potentially	Strong Weak but			
	for all who need it		improving			
6.C.	Have halted by 2015 and begun to reverse the incidence	Likely for TB	Fair			
Maria a seconda de la constanta	of malaria and other major diseases					
	MDG 7: Ensure environmental s					
7.A.	Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	Potentially	Strong			
7.B.	Reduce biodiversity loss	Potentially	Fair			
7.C.	Halve the proportion of population without sustainable access to improved drinking water and sanitation	Potentially	Strong			
7.D.	Achieve significant improvement in the lives of urban slum dwellers	Unlikely	Fair			
	MDG 8: Develop a global partnership	for development				
8.A.	Develop further open, rule-based, predictable, non- discriminatory trading and financial system	Potentially	Fair			
8.C.	Address the special needs of SIDS	Potentially	Fair			
8.D.	Deal comprehensively with the debt problems of developing countries	Potentially	Fair			
8.E.	Provide access to affordable essential drugs	Potentially	Strong			
8.F.	In cooperation with the private sector, make available the benefits of new technology	Potentially	Fair			

Source: Ministry of Finance.

Attachment 2: Donor matrix showing indicative allocations per sector

No.	Development partner	Indicative sector	Amount
1	Australia (DFAT)	Health (Fiji Health Sector Support Programme) Education (Access to Quality Education) Gender issues. Agriculture sector Institutional Partnership programme and capacity building	AUS\$100M
2	2 India Civil service capacity building IT capacity development E-governance Remote sensing Sugar		na – not available
3			NZ's ODA may increase from FJ\$18m per year to FJ\$45m per year.
4	France	Via EU (30% of EU's funding) Education (Deployment of teachers) Defence (Police)	na
5	European Union	Agriculture/ Sustainable Rural Livelihoods Good Governance and Justice reforms	EUR28M
6	Malaysia	Technical (Agriculture, etc.) Defence	na
7	USA	 Strengthening democratic institutions Climate change 	na
8	Asian Powelopment Bank and World Bank		US\$350M
9	China Mushroom Technology Demonstration Programme Construction of Stinson and Vatuwaqa bridges		FJD \$10M

Source: Ministry of Finance, Debt and Aid Division

Attachment 2.1 Specific donor support towards 'Agriculture' and 'Public Administration Reform and Governance'

No.	Development partner	Indicative sector	Indicative amounts
1	Australia (DFAT)	Agriculture sector	AUS\$20M
2	New Zealand	 Agriculture including the dairy industry Judiciary Gender Domestic Violence 	NZD \$18m - \$45m
3	European Union	 Agriculture/ Sustainable Rural Livelihoods Good Governance and Justice reforms 	EUR 28M
4	USA	Strengthening democratic institutions	na
5	India	Sugar	USD 5M
6	China	Agriculture - Mushroom Technology Demonstration Programme	FJD \$2M

Attachment 3: Sector Intervention Framework and Performance Indicators¹⁸

Sector 1: Sustainable Rural Livelihoods.

Specific objective: To improve the livelihood of the agriculture dependent populations by promoting income generation, through 1) improved sugar cane farming and 2) the development of supplementary crops.

Expected Results	Indicators	
		Means of verification
Increased income for farmers through the reduction of harvesting and transport costs of sugar cane	Indicator 1: Overall costs of production related to the Harvest and Transport conditions in the sugar sector. 19 Baseline: Total cost of production of 1 ton of cane for farmer is FJ\$55. Cost of Harvest and Transport is FJ\$21 per ton. Target: 15% reduction in costs by 2020	- - WB Study
Diversified market driven and environmentally friendly agricultural production	Indicator 2: Incomeper adult in constant price for Northern and Western provinces. 20 Baseline: Average income per adult for Northern and Western province is FJ\$ 2753.5 in 2009 Target: 40% increase by 2020 Indicator 3: dollar value of imported fruits and vegetables 21 Baseline: The total imports of fruits and vegetable in 2014 is FJ\$ 179 million Target: 30% reduction by 2020	 - Ministries of Agriculture annual reports Ministry of Finance annual/progress reports - Implementing partners 'Progress reports' - Bureau of Statistics reports - Monitoring and Evaluation (M & E) reports Household Income Expenditure Survey Customs statistics

²¹ Source: Customs statistics.

¹⁸ The results, indicators and means of verification specified in the present annex may need to evolve to take

into account changes intervening during the programming period.

19 Source: Supporting Inclusive Growth in Fiji - WB Study, October 2014.

20 Household Income Expenditure Survey -2009, Fijian Bureau of statistics.

Sector 2: Public Administration Reform and Governance

Specific objective: To contribute to the ensuring of equal access to justice for Fijian citizens

Expected Results	Indicators	Means of verification
Access to justice is improved for all citizens, including those having difficulties in accessing justice.	Indicator 1: Number of poor and marginalised citizens ²² engaging quality legal services and information.	Annual programme implementation reports. Legal Aid Commission Annual report
•		UN Human rights monitoring reports
Baseline data to be provided in the first year of programme implementation		CSOs progress and monitoring reports, surveys and newsletters
Capacities of key actors	Indicators 2: Implementation	Annual programme
of the justice sector,	rate of training plans in two key	implementation reports
independent commissions and other democratic institutions are strengthened.	entities ²³ .	Strategic Plans of the two institutions
		Annual and progress reports of justice sector institutions
Baseline data to be provided in the first year of programme implementation		

Defined as having access to the Legal Aid Commission services
 Entities to be identified during the identification phase of the Access to Justice support programme in 2015

Attachment 4: Indicative timetable for commitment of funds

Indicative allocation	2014	2015	2016	2017	2018	2019	2020
EUR 20 M		20					
EUR 7.5M		7.5					
EUR 0							
EUR 0.5 M							
EUR M		0.5					
EUR M							
EUR M							
EUR 28 M		28					
	EUR 0 EUR 0.5 M EUR M EUR M	EUR 20 M EUR 7.5M EUR 0 EUR 0.5 M EUR M EUR M	### allocation	allocation 2014 2015 2016 EUR 20 M 7.5 7.5 EUR 7.5M 7.5 7.5 EUR 0 0.5 0.5 EUR M 0.5 0.5 EUR M 0.5 0.5	allocation 2014 2015 2016 2017 EUR 20 M 7.5 7.5 7.5 EUR 7.5M 7.5 7.5 7.5 EUR 0 6.5 7.5	allocation 2014 2015 2016 2017 2018 EUR 20 M 7.5	allocation 2014 2015 2016 2017 2018 2019 EUR 20 M 7.5 7.5 8 8 8 8 8 8 9