

...towards a safe and just world



New Zealand's International
Aid & Development Agency

FIJI
BACKGROUND PAPER

and

NZAID/FIJI COUNTRY
PROGRAMME STRATEGY

NZAID

December 2005

Contents

EXECUTIVE SUMMARY	4
<i>PART ONE - INTRODUCTION</i>	7
1. BACKGROUND AND CONTENTS	7
1.1 New Zealand's Official Development Assistance Policies and Priorities	7
1.2 NZAID's Five-Year Strategy	9
<i>PART TWO - FIJI</i>	10
2. BACKGROUND TO THE FIJI GOVERNMENT'S POLICIES AND PRIORITIES	10
2.1 Fiji Strategic Development Plan 2003-2005	10
2.2 Donor Activity	11
2.3 Donor Harmonisation	12
3. THE DEVELOPMENT CHALLENGE - COUNTRY OVERVIEW	14
3.1 The Economy – an overview	14
3.1.1 Fiji's sugar industry	14
3.1.2 Fiji's garment industry	15
3.1.3 Fiji's tourism industry	15
3.2 The Natural Environment	16
3.3 Poverty Issues	16
3.3.1 Introduction	16
3.3.2 Who are the poor?	17
3.3.3 Rise in squatter settlements	18
3.4 Gender Issues	19
3.4.1 Ratification of International Conventions	19
3.4.2 Fiji's Progress on MDG 3 (Promotion of gender equality and empowerment of women)	19
3.4.3 Fiji's Progress on CEDAW	20
3.5 Conflict Issues	21
3.5.1 Political conflict	21
3.5.2 Intra-communal conflict	22
3.5.3 Socio-economic differences and conflict	22
3.5.4 Land tenure issues	22
3.5.5 Conclusions	23

4.	EXISTING NZAID SUPPORT AND THE NEED FOR A NEW STRATEGY	23
4.1	Overview of Past and Ongoing NZAID Country Cooperation	23
4.2	The need for a new NZAID/Fiji Country Programme Strategy	24
4.3	Methodology for Current Strategy Development	25
	PART THREE - THE NEW NZAID/FIJI PROGRAMME STRATEGY	26
5.1	Country Summary	26
5.2	Background and Guiding Principles	27
5.3	Coherence, Complementarity and Co-ordination	28
6.	THE NZAID / FIJI PROGRAMME STRATEGY 2005-2010	29
6.1	Programme Aim	29
6.2	Focal areas of Co-operation	29
6.2.1	Objective One	31
6.2.2	Objective Two	34
6.2.3	Objective Three	36
7.	Taking the Strategy Forward	37
7.1	Developing the New Programmes	37
7.2	The Role of NGOs and Civil Society	38
7.3	The Role of Scholarships and Training Awards	38
	APPENDICES	40
Appendix 1.	NZAID's Operating Principles	40
Appendix 2.	Fiji Donor Profile	41
Appendix 3.	7-point Action Plan for Donor Harmonisation	46
Appendix 4.	The Millennium Development Goals (MDGs)	48
Appendix 5.	Progress by Fiji on MDG Indicator 11	49
Appendix 6.	NZAID/Fiji Aide Memoire 3 September 2004	51
Appendix 7.	Abbreviations and Glossary	62

EXECUTIVE SUMMARY

Following the restoration of the full New Zealand/Fiji relationship in 2003, the two governments agreed to undertake jointly the development of a five-year Programme Strategy during 2004. One catalyst for this strategy development included NZAID's perceived need for greater strategic direction in its Fiji programme to ensure consistency with Fiji's national Strategic Development Plan 2003-2005.

Fiji – Overview

Fiji is a signatory to the United Nations Millennium Declaration and has made considerable headway in terms of its national report on the *Millennium Development Goals* (MDGs). The MDG process has been integrated into the mid-term review of the *Strategic Development Plan*, which has enabled Fiji to incorporate and streamline measurable performance and outcome indicators, and to integrate existing information requirements with the MDGs.

The Fiji *economy* has not performed to its potential over the past two decades, with an annual average growth of only 2.3 percent. There was a recovery from the decline experienced immediately following the events of 2000, but this growth was not sustained. The tourism and construction industries have recently enjoyed sustained growth, but most other sectors are sluggish. Reductions in growth are forecast in the coming years.

Fiji's *natural environment* is becoming increasingly fragile, due to a range of natural and developmental pressures. An expanding tourism industry, cultivation on steep lands and poor solid and liquid sanitation management pose environmental challenges. Future climate changes may well exacerbate existing conditions and entail increased social and economic costs.

There are marked and growing differences in the income and wealth of the highest income earners (both indigenous Fijian and Indo-Fijian) and the majority of the Fiji population, with increasing *poverty* and socio-economic marginalisation. Poverty usually manifests itself as hardship in meeting basic needs, rather than in the absolute failure to meet these needs and the widespread presence of food poverty and hunger. However, there is clear evidence of increased poverty. This includes a significant increase in the numbers of people living in poverty in informal and squatter settlements, where child ill-health, underemployment and security problems are particularly prevalent.

While Fiji is achieving *gender equality* with regard to primary, secondary and tertiary education and levels of adult literacy, indicators relating to employment and political representation suggest there is a long way to go before parity between men and women is achieved. Violence against women is an issue of serious concern, as are emerging issues such as HIV/AIDS, trade-driven economic changes and increasing levels of poverty.

Fiji has a long history of *multi-cultural co-existence*. Aside from times of crisis-driven reassertion of indigenous Fijian leadership, an atmosphere of acceptance and harmony within the civil community has predominated. The current government is aware that political instability leads to economic and social instability and is currently promoting a policy of reconciliation and national unity. Much of the ethnic tension is directly related to land tenure. As elsewhere in the Pacific, land tenure is a highly political issue and has been repeatedly used to gain leverage in ethnic politics. The fact that a significant proportion of the population are not traditional landowners is a significant difference between Fiji and other Pacific island countries.

NZAID/Fiji Country Programme Strategy

The NZAID/Fiji Programme Strategy was developed through a joint exercise between the governments of Fiji and New Zealand. It is founded on supporting Fiji in the implementation of key elements of Fiji's *Strategic Development Plan* as well as on assisting Fiji in achieving progress on the Millennium Development Goals. The strategy is also informed by NZAID's own guiding principles and policy framework, past experience in NZODA/Fiji co-operation, a strategic analysis of the current Fiji situation, input from civil society organisations, and by information about other donors' activities.

The strategy has a poverty reduction focus and is coherent with NZAID's operating principles and policy. It has been designed to complement the Fiji Government's own efforts to improve governance and reduce poverty. It is also coherent with and complementary to past NZODA-funded co-operation in Fiji. For this reason, several of the activities where NZAID currently provides funding should be able to be integrated into the programme, at least in the short term.

The specific objectives of the strategy and the proposed programmes of support are:

1. *To reduce the hardship suffered by those living in informal and squatter settlements in Fiji*
2. *To strengthen governance, particularly in the areas of public service, law and justice and human rights*
3. *To support the work of civil society organisations and communities to reduce the vulnerability to poverty of people experiencing high levels of hardship.*

The strategy provides guidance on the types of activity that are to be developed in support of these objectives and suggests a number of key performance indicators drawn from those in the Fiji *Strategic Development Plan*. Monitoring, review and evaluation will be an integral element of the forward programme. There will be a mid-term 'stock-take' of progress in implementing this strategy. A full strategic review of the programme will be conducted during the fifth year.

During the course of 2005 this strategy was distributed as a draft for consultation to the Fiji government, other donors and civil society organisations. Comments received have been taken into account in finalising the document.

PART ONE - INTRODUCTION

1. Background and contents

Following the restoration of the full New Zealand/Fiji relationship in 2003, the two governments agreed to undertake jointly the development of a five-year Programme Strategy during 2004. Catalysts for this strategy development included NZAID's perceived need for greater strategic direction in its Fiji programme to ensure consistency with Fiji's national Strategic Development Plan 2003-2005.

The strategy is divided into three parts. Part one is a brief overview of NZAID's policies and priorities, including its current Five-year Strategy.

Part 2 concentrates on Fiji. It describes the establishment of the Fiji Strategic Development Plan 2003-2005, discusses donor activity and donor harmonisation, and gives an account of Fiji's progress in meeting the Millennium Development Goals. Also included in Part 2 is a country overview, with analyses of the economic, environmental, poverty, gender and conflict situations. Finally, Part 2 considers NZAID's current response and provides the background to the new NZAID/Fiji Country Programme Strategy and how it was developed.

Part Three outlines the strategy and describes the new New Zealand/Fiji development partnership. It looks at the broader implementation framework and sets the strategy within a wider framework of coherence, complementarities and co-ordination. It provides more details about the Programme Strategy and its objectives. The roles of NGOs, civil society, scholarships and training awards, are considered as well as a description as to how monitoring, review and evaluation will be carried out.

The appendices supply supporting information, including a glossary of abbreviations and information about other donor activity.

1.1 New Zealand's Official Development Assistance Policies and Priorities

Nga Hoe Tuputupu-mai-tawhiti – the paddles of growth from afar – is the Maori name given to the New Zealand Agency for International Development (NZAID). This reflects New Zealand's Pacific heritage and the partnership principles around which the agency's operations are based¹.

¹ Appendix 1 contains NZAID's Operating Principles

The vision, outcomes and operating principles of New Zealand's Official Development Assistance (ODA) programme are detailed in NZAID's policy statement, *Towards a Safe and Just World Free of Poverty*, published in 2002. The policy statement guides NZAID to:

- have a central focus on poverty elimination
- work with local partners and with other agencies including governments, civil society organisations, communities and other donors
- use medium- to long-term horizons in its planning
- focus its programmes on the following outcomes:
 - fulfilment of basic needs
 - sustainable livelihoods
 - sustainable and equitable development
 - safe, just and inclusive societies.

NZAID recognises that poverty takes various forms. Prominent amongst these are:

- extreme poverty – an inability to meet basic needs
- poverty of opportunity – where opportunities to participate in economic, social, civil and political life are seriously limited
- vulnerability to poverty – where individuals, communities and countries are particularly vulnerable to circumstances likely to damage their livelihoods, their ability to meet basic needs or their ability to participate actively in economic, social, civil and political life.

The focus on poverty elimination guides the allocation of NZAID resources and the way in which assistance is delivered.

The Agency works to achieve poverty elimination by:

- improving the well-being and expanding the opportunities of individuals experiencing poverty
- enhancing the ability of partner countries at government and community level to sustain and expand opportunities for their people
- working with the international community to minimise partners' vulnerability to poverty.

NZAID supports activities that contribute most effectively to poverty elimination. This happens at many levels – from the development of international, regional and national policy frameworks to working with communities at the grass roots. The Agency recognises that effective aid can be direct and indirect. Direct

assistance aims to provide help to communities and individuals to meet their basic needs. Indirect assistance aims to create and sustain environments conducive to meeting these basic needs. NZAID seeks to ensure that there is mutual reinforcement and coherence between activities supported at these different levels.

1.2 NZAID's Five-Year Strategy

NZAID's overall policy and strategy are supported by a number of sectoral and thematic policies and strategies. The NZAID Five Year Strategy (2004/05-2009/10) provides a five-year framework for the development, performance and impact of NZAID in line with its mandate and government priorities. The Strategy identifies ten priority areas for development impact. In partnership with each country, NZAID selects which of these areas to focus on in the process of developing a programme strategy. The selection is made after taking into consideration partner country policies and plans and conflict and poverty assessments, including progress against the Millennium Development Goals (see below).

Recent international experience indicates that the effectiveness of aid delivery can be greatly increased through alignment of donor support with a partner country's policies and strategies and enhanced coordination between donors. NZAID's partner countries in the Pacific have identified local ownership and trust within donor/partner relationships as the most important factors enabling this to happen.

NZAID's core geographical focus is the Pacific region. Its strategies and policies reflect the Agency's long-term commitment to working with partners to achieve the internationally agreed Millennium Development Goals and other international development targets². NZAID also takes into account New Zealand's comparative advantages and relative influence as a donor, and the areas where other donors are working³.

² The latter include access to reproductive health.

³ NZAID Five Year Strategy 2004/05–2009/10. See www.NZAID.govt.nz/library/corporate/

PART TWO - FIJI

2. Background to the Fiji Government's Policies and Priorities

The Republic of Fiji comprises approximately 330 islands, covering a land area of 18,333 sq km. Fiji has a population of 840,000 (2002 estimate): 51 percent of indigenous Fijian and 44 percent of Indo-Fijian origin. Most of the population (75 percent) lives on the island of Viti Levu. The second largest concentration of population (18 percent) is on Vanua Levu. Approximately fifty percent of the population are urban dwellers (2004), with 350,000 people living in and around the capital, Suva, which is situated on Viti Levu. Lautoka, also situated on Viti Levu, has the second largest concentration of population (approximately 43,000).

Fiji is one of the larger and more developed Pacific Island countries. The economy is based on a good natural resource base and relatively well skilled human resources. The main sources of foreign exchange are tourism, sugar, remittances and garments. Other important exports include gold, timber, coconut oil and fish.

Fiji experienced serious political and social upheavals following the coups of 1987 and 2000. These events had adverse consequences for Fiji's economy, its international relations, and its internal stability. New Zealand suspended its bilateral relationships with Fiji following the coup of May 2000. A full bilateral relationship resumed in February 2003.

Continued growth of the Fiji economy is dependent on factors such as future preferential access to European Union markets, continued political stability and a return of investor confidence in the economy.

2.1 Fiji Strategic Development Plan 2003-2005

Following the 2001 election, the Fiji Government's immediate goal was to restore democratic rule and to strengthen governance for political stability, social cohesion and economic recovery. The Government's *Rebuilding Confidence for Stability and Growth for a Peaceful, Prosperous Fiji – Strategic Development Plan 2003-2005* (SDP) was agreed in November 2002. The medium-term goal, as outlined in the SDP, is “to achieve sustainable economic growth and higher living standards through more equitable distribution of wealth and services for all”. The SDP describes the medium-term macro-economic policy framework, a programme of structural and regulatory reforms and social sector policies.

Civil society and private sector organisations, unions and community leaders were consulted on the content of the draft SDP through eleven task forces. The following strategic priorities were agreed:

Table 1: SDP Strategic Priorities⁴

Rebuilding Confidence for Stability	Rebuilding Confidence for Growth
<i>Enhance security and law and order</i>	<i>Maintain macro-economic stability</i>
<i>Promote national reconciliation and unity</i>	<i>Raise investment levels for jobs and growth</i>
<i>Alleviate poverty</i>	<i>Reform the public sector to reduce the cost of doing business</i>
<i>Strengthen good governance</i>	<i>Rural and outer island development</i>
<i>Review the Constitution</i>	<i>Structural reforms to promote competition and efficiency</i>
<i>Resolving the agricultural land lease issue</i>	
<i>Implement affirmative action</i>	

The Government of Fiji believes that the implementation of these priorities will achieve an average growth of 5 percent per year – a level that is needed to provide sufficient jobs and income-earning opportunities for the labour force and to provide the necessary resources to address poverty reduction, affirmative action and other social programmes in the medium term.

2.2 Donor Activity⁵

Fiji has a Gross National Income (GNI) per capita of US\$2,360⁶ and is amongst those countries that receive a high level of per capita ODA. ODA commitments to Fiji in the three years 2000-2002 were US\$29m, 26m and 42m respectively. In 2002, net ODA, at FJ\$49.37m, represented 1.8 percent of GNI⁷. This was slightly under 4% of total government expenditure. The 2004 (estimate) total aid inflow was FJ\$60.78m, which was 4.6% of total government expenditure and equivalent to 1.3% of GDP.

The 2003-04 New Zealand ODA allocation was FJ\$4.92m (NZ\$4.1m)⁸.

⁴ *Rebuilding Confidence for Stability and Growth for a Peaceful, Prosperous Fiji – Strategic Development Plan 2003-2005*. Parliamentary Paper No. 72, November 2002, page 23

⁵ Appendix 2 contains the Fiji Donor Profile – activities of the donor community in Fiji

⁶ Source: World Bank 2004

⁷ Source: OECD 2004

⁸ Only FJ\$2.41m of the allocation was utilised.

The top five bilateral donors by dollar value in the 2003 calendar year were: European Union (FJ\$23.58m); AusAID (FJ\$15.65m); Japan (FJ\$8.00m); China (FJ\$6.00m); and New Zealand (FJ\$2.41m)⁹.

The sectors expected to receive the most support in 2004 (using budget estimates) were: Health (FJ\$19.3m); Infrastructure (FJ\$19m); Education/training (FJ\$9.7m); Human resource development (FJ\$3.9m); and Law and Order (FJ\$3.2m).

The majority of bilateral donor assistance is linked to the Key Performance Indicators of the Fiji Government's Strategic Development Plan. A bi-annual roundtable process convened by the Fiji Government Aid Management Unit (AMU) facilitates donor coordination.

Many United Nations development agencies are active in Fiji and have their regional headquarters in Suva. The UN Development Programme (UNDP) coordinates the UN's development work in Fiji. The Fiji Government is actively engaged with regional organisations, including the Pacific Islands Forum Secretariat, the Council of Regional Organisations of the Pacific, and the Secretariat of the Pacific Community. These regional organisations are a major source of development assistance. Fiji also receives significant support from the Asian Development Bank (ADB), in the form of technical assistance and loans, and from a number of regional projects, such as the World Bank's Foreign Investment Advisory Service (FIAS) and the IMF Pacific Finance and Technical Advisory Centre (PFTAC). NZAID provides significant levels of funding in support of such international and regional agencies and projects.

2.3 Donor Harmonisation

The 2003 Rome Declaration highlighted the need for greater harmonisation of donor assistance to national development plans, in order to achieve the Millennium Development Goals. The Fiji Government is endeavouring to play its part in this. Progress to date includes a donor meeting held in 2003 to gain a consensus among donors that the SDP would set the direction for all development initiatives. Most donors now use the SDP as the overall guiding document for planning programmes of assistance in terms of defining priority sectors. However, despite the high per capita aid levels, donor numbers are relatively small and aid constitutes less than 5% of the government's budget¹⁰. It is therefore the effectiveness of the Government's own policies and recurrent and development expenditure, rather than donor support, that will largely determine progress in reducing hardship and poverty.

At the inaugural donor roundtable meeting, the Fiji government presented a 7-point *Action Plan for Donor Harmonisation (SAP)*¹¹. The meeting endorsed the

⁹ Actual expenditure versus what was allocated for the bilateral programme.

¹⁰ OECD-DAC. *Survey on Progress in Harmonisation and Alignment*. Fiji Draft Report, 2004

¹¹ See Appendix 3

Plan, which included the commitment of donors and government to follow up on specific initiatives that would further the harmonisation and alignment agenda.

Other initiatives to come out of the SAP were the identification of aspects of existing aid coordination processes and systems that were hindering the development effectiveness of aid programmes and the strengthening of accountability and transparency mechanisms.

The 2002 Rome Declaration¹² and 2005 Paris Declaration commits donors to align themselves with partner governments' strategic development plans. In Fiji, this alignment is still in its infancy and donor coordination remains largely donor-led. Harmonisation is taking place at different paces in different sectors. In future, a far stronger role for government coordination, particularly at the sector and line ministry level, is expected.

The high levels of other donor support in the health and education sectors, and high levels of planned support in the agricultural sector, (for example from the Asian Development Bank), was a significant factor leading to the decision to focus the NZAID programme on informal and squatter settlements, where other bilateral and multi-lateral donor activity is very limited.

2.4 The Millennium Development Goals

The United Nations Millennium Declaration was a powerful call to action by the international community. It marked a strong commitment to the right to development, peace and security, gender equality, the eradication of many dimensions of poverty, and sustainable human development. Fiji is a signatory to the Declaration. Eight Millennium Development Goals (MDGs) with associated targets and quantifiable indicators were adopted by the international community to help guide the global development effort¹³. Support for achieving the MDGs is an integral part of NZAID's overall policy statement '*Towards a Safe and Just World Free of Poverty*'.

National reports on the MDGs provide a situation analysis relative to the MDGs and development and can assist in the setting of national strategies to achieve development targets. In Fiji the MDG process has been integrated into the mid-term review of the Strategic Development Plan. This has enabled Fiji to incorporate and streamline measurable performance and outcome indicators, and to integrate existing information requirements with the MDGs. Fiji has established a steering committee for development of its MDG report, comprising representatives of the Government and the United Nations Development Programme (UNDP). This committee reports regularly to nine summit working groups that include representatives from the Government, NGOs and the private sector¹⁴.

¹² INSERT OECD WEB REFERENCE

¹³ Appendix 4 sets out the eight MDGs

¹⁴ *Pacific Islands Regional Millennium Development Goals Report*, November 2004

3. The Development Challenge - Country Overview

3.1 The Economy – an overview

The Fiji economy has not performed to its potential over the past two decades, with an annual average growth of only 2.3 percent¹⁵. Poor growth is attributed to the past political instability, which has resulted in a lack of investor confidence and a large migration of skilled workers. There has been a recovery from the decline experienced immediately following the events of 2000, with the economy expanding three years in succession, mainly as a result of buoyant consumer spending and an increase in tourist arrivals¹⁶. However, in 2004 this growth was not sustained and dropped back to 4.1 percent from 4.7 percent in the previous year¹⁷. Further reductions in growth are forecast in the coming years.

Investor confidence and spending are returning, particularly in the tourism sector. Impediments to investments include the inherent cost disadvantages stemming from Fiji's smallness and remoteness, as well as its vulnerability to natural disasters (floods, drought, cyclones). These Fiji cannot control. However, other impediments, such as access to land and inshore waters and security of tenure, corruption, security concerns, out-migration of skilled workers, quality of labour and lack of infrastructure are all issues which the current government can influence and is currently addressing. Future economic growth will depend ultimately on the private sector's willingness to invest in Fiji, which in turn will depend on the government's ability to deliver a business-friendly policy environment while at the same time maintaining stability within Fijian society.

3.1.1 Fiji's sugar industry

The Fiji sugar industry supports 220,000 people¹⁸ and earns approximately F\$250m a year¹⁹. Sugar is a major export earner and the economy's biggest job provider. However, there are questions about the longer term prospects of the industry if the European Sugar Protocol is no longer able to guarantee artificially high prices (US\$0.28 per pound versus the free market price of US\$0.07 per pound in 2003)²⁰. Because of low productivity and low profitability, the industry is going to face real difficulty in competing in the free market²¹.

¹⁵ *Fiji Islands: Country Strategy and Program Update (2005-2007)*. Asian Development Bank, August 2004

¹⁶ *Ibid*

¹⁷ 3.0%, 4.1% and 4.7 %, 2001,2002 and 2003 respectively. Reserve Bank of Fiji

¹⁸ McCutchan, Arthur. "Our last window of opportunity." *Fiji Islands Business*, August 2004

¹⁹ "Hope sugar is still sweet come October." *Fiji Business Review*, 15 June 2004

²⁰ Belloni, S. "Fiji – on the way to full recovery?" *Pacific Economic Bulletin*, vol 19, no. 2, 2004

²¹ Currently, the cost to produce one pound of Fiji sugar is US\$0.18 cents, compared with US\$0.09 cents in Brazil. It is projected that, even with sugar reforms in place, Fiji will not be able to produce sugar for less than US\$0.13cents/pound.

The preferential access to the EU that Fiji enjoys has been successfully challenged under the World Trade Organisation disputes process. For this reason, preferential access for Fiji sugar will at best be eroded and at worst be eliminated after June 2006²². This will have a severe impact on the 22,000 farm households and 220,000 people that the sugar industry directly and indirectly supports^{23,24}. (See also section 3.5.4 on land tenure.)

The Asian Development Bank and the Fiji Government have agreed a US\$26m programme to help support those likely to be affected by these changes, and the Indian Government has agreed to provide assistance to help modernise the industry. Additional assistance is also going to be made available by the EU.

3.1.2 Fiji's garment industry

The Fiji garment industry employs approximately 15,000 workers, mostly female. Their incomes are estimated to affect the lives of about 80,000 people, or 20 percent of all urban households²⁵.

It is a critical sector for Fiji in terms of economic growth, employment creation, foreign investment and skill development. The sector is currently regarded as fragile, as there is a heavy reliance on international buyers and markets over which it has little control.

The sector has also been reliant on two preferential trade agreements²⁶, one of which expired in December 2004. These two agreements allow duty-free imports of Fiji garments into Australia and preferential access to the United States market. Concentration on these two markets has reduced the incentives to develop alternative markets. Around 10,000 jobs are at risk if the Australian and US markets (that generate respectively 62 percent and 32 percent of the employment in the industry) are lost.

3.1.3 Fiji's tourism industry

Government support for the tourism industry and recent political stability is beginning to bear fruit. Fiji has experienced a strong resurgence in its tourism industry over the last three years. Throughout 2003 and 2004, the number of tourist arrivals was consistently higher than the two previous years²⁷, with record numbers and revenues. The increase in tourist numbers has been fuelled by airline carriers and hotels offering reduced prices and packages for Australian and New Zealand tourists. Advertising campaigns have been effective in restoring the image of Fiji as a safe destination.

²² *Intermediation of Sugar Sector Restructuring*. Asian Development Bank Final Report, February 2003

²³ "Second hearing on WTO sugar dispute in Geneva tomorrow." *PACNEWS*, 10 May 2004

²⁴ McCutchan, Arthur, "Our last window of opportunity." *Fiji Islands Business*, August 2004

²⁵ *The Fiji Garment Industry*. OXFAM New Zealand, 2003

²⁶ South Pacific Regional Trade and Economic Co-operation Agreement

²⁷ The exception is March 2003, when tourist arrivals underperformed due to the SARS scare and preparation for the Iraq war.

Apart from large-scale tourism, the Government is supporting increased local participation in eco-tourism and small-scale village resorts as a means of maximising the retention of tourism earnings and increasing rural incomes. The multiplier effect of the tourist dollar could also be further enhanced if more produce could be purchased locally. At present, many goods are brought in from overseas. Another issue is that much of the income from tourism remains offshore.

Although prospects for tourism are positive, this industry remains vulnerable to shocks arising from the vagaries of weather and tourist faddism, as well as internal (political instability, poor infrastructure) and external (SARS, international terrorism) influences. Any reduction in tourist arrivals, for whatever reason, would have a substantial negative impact on the livelihoods of a large number of local people.

3.2 The Natural Environment

Fiji's natural environment is becoming increasingly fragile, due to a range of natural and developmental pressures. Fiji is prone to cyclones, floods and droughts. The outer islands and atolls are particularly sensitive to these extreme climate and weather occurrences²⁸. It is thought that natural disasters halved GDP growth between 1982 and 1994. Fiji has also experienced a major cyclone, 'Ami', in 2003, as well as two devastating floods in 2004. Such events destroy income and development opportunities. As well causing injury and loss of human life these events also impact directly on the poor. They also add an additional element of risk for local businesspeople, the Government and foreign investors. Future climate changes may well exacerbate existing conditions and will entail increased social and economic costs. There is a need to mainstream and plan for response strategies for addressing these climatic events²⁹.

An expanding tourism industry, cultivation on steep lands and poor solid and liquid sanitation management have increased environmental concerns. Fiji's capacity to respond effectively to these concerns is currently limited. The Environmental Management Act will help strengthen compliance and regulatory mechanisms.

3.3 Poverty Issues

3.3.1 Introduction

Fiji is classified as a medium human development country and is ranked 81st out of 177 countries overall in the UNDP's 2004 Human Development Index. (92nd in 2005).

²⁸ *Fiji Islands Country Strategy and Program Update (2005-2007)*. Asian Development Bank, August 2004

²⁹ Ibid

The per capita GDP (purchasing power parity)³⁰ is US\$5,440 and the HDI stands at 0.67³¹. (0.75 in 2005). Life expectancy at birth is 69.9 years and the adult literacy rate is 92.9 percent³².

In Fiji, poverty manifests itself most often as hardship in meeting basic needs, rather than as absolute or food poverty³³. Poverty is prevalent in both urban and rural populations. A vision of 'subsistence affluence' is not an accurate picture,³² as rural people are dependent on cash for items such as school fees, social commitments, healthcare costs and supporting relatives, and the traditional village structures are no longer able to provide an effective safety net.

The poverty line is currently set at FJ\$6,500 per annum (US\$3,950) or non-cash equivalent (i.e. FJ\$125 per week).

Poverty is increasing in Fiji. The number of households living in poverty has risen from 9 percent in 1977³⁴ to 25 percent in 1991³⁵ and to 30-50 percent since 2000.^{31,36, 37}

3.3.2 Who are the poor?

Poverty is present in all communities and is not confined to any one ethnic group. There are approximately equal numbers of indigenous Fijians and Indo-Fijians living in poverty.

Specifically, the poor are:

1. The uneducated: It is estimated that approximately 66 percent of those who drop out of school do so because of poverty and that poverty is a major barrier to educational achievement. This applies especially in urban areas, where inadequate education is a major contributing factor to a life of unemployment, low pay and continuing poverty
2. The destitute: These often include households with female heads (including single mothers and widows), the disabled, the elderly and chronically ill and family members of imprisoned heads of households
3. The working poor: 83 percent of heads of poor households work but are earning wages below the (Fiji) poverty line. They include rural agricultural workers in copra and sugar plantations, garment factory

³⁰ GDP at purchasing power parity is GDP adjusted to reflect the relative purchasing power of US\$1 in different countries.

³¹ This compares to HDIs of , for example, 0.52 for Papua New Guinea and 0.90 for New Zealand who are ranked 133rd and 18th in the HDI Index.

³² Human Development Report. UNDP, 2004

³³ Fiji: Poverty Status Discussion Paper. Asian Development Bank (Pacific), 2003

³⁴ Casimira, A. "Is it poverty or wealth which is the problem?" Pacific Ecologist, Autumn-Winter 2004

³⁵ Fiji Poverty Report – a summary. UNDP, 1997

³⁶ Marin, Yari. "Beyond subsistence affluence – poverty in Pacific Island countries." In: Asia Pacific Perspectives 2003-2004

³⁷ Mclean, K. Poverty Report on Fiji. Prepared for Aus Health International/AusAID, 2001

workers, security guards, lower paid clerical workers and employees in the retail industry

4. The partly employed (i.e. those not able to secure full time employment).

Preliminary findings from the 2002-2003 Household Income and Expenditure Survey show that approx 21.8% of households received 50% of the income, with the remaining 78.2% receiving the other 50%. Income inequality is more significant *within* the major ethnic groups than between ethnic groups^{32,38}.

Poverty of opportunity is a concern for rural populations outside the main towns, as there is limited access to services, amenities and income earning opportunities. The situation will be exacerbated in the coming years as a result of the expiry of land leases, as well as other sugar industry reforms and loss of preferential access for Fiji sugar to the European Union market.

3.3.3 Rise in squatter settlements

The increase in the number of families experiencing increased poverty and hardship is reflected in the rising number of people living in informal and squatter settlements. Factors contributing to this increase include rural-urban drift, unemployment and job losses, expiring land leases and the breakdown of families and extended families. A survey undertaken by the Squatter Resettlement Unit found that in 2003 there were 182 squatter settlements in the country, with an estimated population of 82,350 (13,725 households with an average family size of six members). It is estimated that there will be 90,000 squatters residing in the Suva-Nausori corridor by 2006³⁹.

At least 80 percent of squatter households earn less than FJ\$90 per week. The poorest households lack piped water, adequate sanitation, electricity or rubbish disposal. Child ill health is particularly prevalent in squatter settlements.

The growth of these informal and squatter settlements is placing a major strain on infrastructure such as water, sewage, electricity, roads and social services, and will almost certainly be accompanied by an increase in crime, domestic violence, and ill health.

Unless there is an urgent and coordinated effort to address these challenges, the poverty and vulnerability of those living in these settlements will deteriorate further. Experience has already shown how such poverty can lead readily to increased tension and conflict.

³⁸ National Advisory Council. Cabinet Subcommittee Report 2003. Ministry of Multi-ethnic Affairs

³⁹ PACNEWS, 10 February 2005

3.4 Gender Issues

3.4.1 *Ratification of International Conventions*

In addition to endorsing the Millennium Development Goals and associated targets and quantifiable indicators (including Goal 3, see below), Fiji has signed up to the main international conventions relating to gender equality. These include the Convention on the Elimination of Racial Discrimination, the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), the Beijing Platform for Action and the Bangkok Communiqué.

The Ministry of Women functions as the policy and service delivery arm for the Government's targets related to women's advancement and empowerment. Mainstreaming gender and women's issues and the implementation of the Women's Plan of Action are stated Key Result Areas in the Ministry's Annual Corporate Plan.

The Government also provides some support for civil society and NGOs to provide programmes, advocate and lobby Government on women's strategic and practical needs.

Challenges to the achievement of equality and empowerment of women remain. Gender stereotypes (particularly in the technical and professional fields) continue to hamper women's access to related education and training opportunities⁴⁰. Despite some progress, women remain severely under-represented in decision-making bodies and high-level positions. Violence against women is also an issue of serious concern, as are emerging issues such as HIV/AIDS, trade-driven economic changes and increasing levels of poverty.

Fiji has also ratified the UN Convention on the Rights of the Child and its initial report was presented in 1998. At that time Fiji had established a Children's Coordinating Committee, a Children's Unit in the Ministry of Health and Social Welfare, and a Child Abuse Unit in the Police Department. Research into the situation of children in Fiji has been undertaken by a range of organisations, including Save the Children Fiji and UNICEF.

3.4.2 *Fiji's Progress on MDG 3 (Promotion of gender equality and empowerment of women)*

The indicators measuring Fiji's progress on the targets relating to MDG 3 suggest progress on gender equality is mixed (see Table 2). While Fiji is achieving gender equality with regard to primary, secondary and tertiary education and levels of adult literacy, indicators relating to employment and

⁴⁰ Fiji Institute of Technology statistics reveal that between 1997 and 1999 male enrolments were 21,303, compared with 8,270 female enrolments. In addition, female enrolments were heavily weighted towards commerce, hospitality and general studies courses.

political representation suggest there is a long way to go before parity with males is achieved.

Table 2: Progress on MDG Targets related to Gender Equality (females per 100 males)

MDG3 Indicator Number		Year	Females per 100 males	Year	Females per 100 males
Indicator 9 Ratios of girls to boys in primary, secondary and tertiary education	Primary	1990	94	2000	98
	Secondary	1992	105	2000	107
	Tertiary	1995	80	2000	100
Indicator 10 Ratio of literate women to men 15-24 years old		1990	No data	1996	100
Indicator 11 Share of women in wage employment in the non-agricultural sector		1996	45	1999	38
Indicator 12 Seats held by women in national parliament		1990	0	2000	15.5

*Source: Pacific Islands Regional Development Goals Report. SPC/UN/CROP MDG Working Group, November 2004

Progress on Indicator 11 is of particular concern. This measures the degree to which labour markets are open to women in the industry and service sectors. Openness of these labour markets affects both equal employment opportunity for women and economic efficiency through elasticity of the labour market⁴¹.

Women's participation in non-agricultural employment has decreased since 1990. In addition, occupations are highly stratified by gender, which results in significant differences in male-female earnings^{42,43}. This has resulted in a disproportionate number of households headed by women being in the lowest income group.

3.4.3 Fiji's Progress on CEDAW

Fiji ratified the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) in August 1995, with initial reservations on Articles

⁴¹ Progress towards the Millennium Development Goals 1990-2003. UN Statistic Division working paper, March 2004.

⁴² Pacific Islands Regional Development Goals Report, November 2004

⁴³ See Appendix 5 for a more extensive report on progress on this indicator

5(a) and 9⁴⁴ that were lifted in 2000. The first Report to CEDAW was presented in early 2002. Fiji is one of only a few Pacific Island countries to have achieved the reporting requirements of this Convention.

Although the Government is a committed signatory to CEDAW, it has only taken limited steps towards awareness or action programmes to create an enabling environment for the progressive implementation of the Convention. The awareness programmes that do exist have for the most part been initiated by NGOs/CSOs, with funding from donor agencies.

Some progress has been made, with the Family Law and the Domestic Violence references being drafted. However, other references relating to gender equality are yet to be drafted.

3.5 Conflict Issues

3.5.1 Political conflict

Fiji is a pluralistic society that is politically complex. It has two large ethnic groups of roughly equal size, each with their own intra ethnic cultural and socio-economic differences. This is unique among Pacific Island countries. Many of the political problems that Fiji experiences are broadly similar to those of other culturally pluralistic societies.

Ethnic diversity is manifested and reinforced in several ways: firstly, through the communally based mode of political representation in Parliament; secondly, in political parties largely based on ethnicity (a response to and consequence of communal political representation); and thirdly, in the impact that communalism at the political level has had on shaping ethnic relations in Fiji society at large⁴⁵. Ethnicity has thus become a convenient way of defining political engagement, as well as social relations and economic activity.

Often, a combination of these interrelated factors contributes to ethnic tension, especially when issues of state control and economic development are involved. The democratic election of the Indo-Fijian dominated Labour party in 1987 and 1999 precipitated the coups of 1987 and 2000, whereby the Constitution was abrogated and indigenous Fijian leadership was reasserted.

The contest for power at the state level has had an impact on other levels of society and has reinforced mistrust, ill feeling and racial discrimination – all of which are pre-conditions for further political instability. However, following fresh elections in 2001 that were deemed to be generally fair, Fiji has reverted to an indigenous Fijian-dominated government.

⁴⁴ See Appendix 5 for a description of these articles

⁴⁵ Ratuva, S. Baseline Study on attitudes and understanding of democratic governance and civic education needs in Fiji . UNDP/Parliament of Fiji May 2003.

Fiji has a long history of multi-cultural co-existence. Aside from times of crisis-driven reassertion of indigenous Fijian leadership, an atmosphere of acceptance and harmony within the civil community has predominated. The current government is aware that political instability leads to economic and social instability and is promoting a policy of reconciliation and national unity; the outcome is that the political situation appears to be becoming more stable. However, the risk of further instability and conflict remains.

3.5.2 *Intra-communal conflict*

Fiji's two major ethnic groups are not inherently homogeneous entities, immune from ethnic splintering or cross-ethnic lines of allegiance. Indigenous Fijians are separated by local allegiances and, amongst the chiefs, alignment to the confederacies of Burebesaga, Kubuna and Tovata governs political alliances. Competition for power at the state and other levels between the elite of these confederacies may precipitate tensions.

Within Indo-Fijian communities, religious (Hindu, Muslim, Christian) or party-political loyalties continue to be a source of tension and sometimes conflict. Even within the large Hindu population, differences between sects can sometimes lead to conflict.

3.5.3 *Socio-economic differences and conflict*

The inability of the economy to provide productive employment, a living wage and a comfortable and sustainable lifestyle for a growing proportion of the population has implications for the maintenance of stability and the rule of law. Socio-economic deprivation has the potential to increase ethnic tension in Fiji: economic grievances can easily be translated into political anger and ethnic scapegoating.

Although the Fiji economy is on a course of recovery from the May 2000 coup, the economic benefits of the recovery have not yet reached many in the lower socio-economic groups. There are marked and growing differences in the income and wealth of the elite (both indigenous Fijian and Indo-Fijian) and the ordinary Fiji citizen, with increasing poverty and socio-economic marginalisation. This situation is pushing increasing numbers of the population – particularly young people – into crime and a disregard for the rule of law.

3.5.4 *Land tenure issues*

Much of the ethnic tension is related directly to land tenure. As elsewhere in the Pacific, land tenure is a highly political issue and has been used repeatedly to gain leverage in ethnic politics. The vast majority of land (over 80 percent) remains under traditional indigenous Fijian ownership and control. Under the Constitution, it was not possible to alienate native land from its traditional owners. The Native Land Trust Board was established to manage the leasing of land. Indo-Fijian sugar farmers hold most of the leases for agricultural land. The expiry of the Agriculture Land Tenancy Agreement and the slow resolution

of the expiry of the sugarcane land leases have brought the issue to the surface and threaten to escalate inter-ethnic tensions, as well as to further undermine the already largely inefficient sugar industry.

Land conflicts also exist between the state and indigenous Fijian landowners and between landowners themselves. These have been exacerbated by conflict over the commercial value of land, in terms of royalties and other financial benefits.

3.5.5 Conclusions

In Fiji, conflict has already demonstrated its capacity to undermine governments' efforts to provide a secure and stable environment for economic growth and poverty reduction. Despite the Government's efforts, there remains a real risk that a new crisis could trigger a sequence of events and conflict that will plunge Fiji into a downward spiral of poverty and violence that would be hard, if not impossible, to stop.

The poor living conditions, vulnerability and poverty of opportunity faced by the growing number of Fijians forced to live in informal and squatter settlements is a significant potential flash point.

At the moment the attention of other donors and the Government appears, understandably, to be focusing on the important task of supporting the restructuring of the rural economy. This is where many of those already living in, or likely to move to, the urban settlements have come from. But there is also an immediate need to improve the living conditions of those who already live in these settlements.

Working with the Fiji Government, civil society and other donor agencies, there is a clear opportunity for NZAID to help reduce poverty and make a difference. There are models of best practice, from the Pacific and further afield, that can be applied to help develop such a programme.

4. Existing NZAID Support and the Need for a New Strategy

4.1 Overview of Past and Ongoing NZAID Country Cooperation

New Zealand's past and current Fiji Country ODA programmes have been broad in scope and project-based. In recent years, projects that have been supported include institutional strengthening and capacity building, legislative reform, ecotourism and pre-school education. Scholarships have also been a feature of the bilateral programme. In the 1990's the programme was dominated by support for training, agriculture and forestry.

Following the events of 2000, New Zealand's ODA programme in Fiji was scaled down. The Suva-based New Zealand High Commission took over the

management of scholarships that were previously managed by the Fiji Public Service Commission (i.e. short-term training and in-country training awards and post-graduate scholarships). The reduced bilateral allocation was mainly directed towards civil society and NGO initiatives, particularly those in the governance/law and justice sectors. The newly formed Fiji Human Rights Commission and the Fiji Women's Crisis Centre became major areas of support to address a perceived increase in human rights and domestic violence transgressions. In addition, some longer-term activities with only loose links to government agencies were continued, for example the Bouma and Koroyanitu ecotourism projects.

Shortly after the 2001 elections, NZAID extended its support to law and justice projects such as the office of the Director of Public Prosecutions, to assist Fiji in the processing of coup-related prosecutions.

Since re-engagement with the Fiji government, a small number of new partnerships with government agencies have been established. One example is the support being extended to the Fiji Department of Quarantine for assistance with the implementation of biosecurity initiatives. This initiative will address the biosecurity capability of the Department and will take the form of institutional strengthening, training and infrastructure development. It builds on an area of particular New Zealand expertise and historical involvement.

NZAID has also used the country allocation to assist Fiji respond to needs arising from natural disasters such as Cyclone Ami in 2003 and large-scale flooding in 2004.

4.2 The need for a new NZAID/Fiji Country Programme Strategy

Although activities supported over recent years have been in response to agreed development priorities, these have been agreed in the absence of an agreed strategic framework. There has been no mutually agreed overarching programme strategy. This has limited all partners in their ability to identify and plan forward activities and to make full use of the available country allocation.

In 2003, a number of factors suggested that it would be timely to undertake a joint programme strategy study, with a view to setting in place a framework for a deeper, more focused medium-term development assistance strategy. These factors included:

- the adoption of the Fiji National Development Strategy for 2003-2005
- a major review of NZODA, which led to the establishment of NZAID in 2002 as a semi-autonomous organisation, providing new strategic direction and poverty elimination as its central focus
- the international agreement on adopting the MDGs and other International Development Targets as measures of progress towards achieving key poverty elimination outcomes

- other new strands in international development thinking, including the renewed focus on poverty reduction (including basic education and health), governance and new modes of delivery, such as sector wide approaches and general budgetary support
- the outcomes and implications of internal NZAID reviews
- as well as opportunities for better coordination and harmonisation with other donors, and
- in 2004, the resumption of the full bilateral relationship, including the development assistance programme, after its suspension in 2000.

This Programme Strategy was sent out for consultation as a draft document during the latter half of 2005. Comments received from the Fiji Government and civil society were taken into account in finalising the strategy in December 2005.

4.3 Methodology for Current Strategy Development

A joint NZAID/Fiji Government strategy team was formed in 2004 to develop the NZAID Fiji Country Strategy. The team comprised representatives from the Aid Management Unit of the Fiji Ministry of Finance and National Planning and NZAID staff from Suva and Wellington.

The strategy process began with the development by the BACC of a Fiji concept paper. This was presented to NZAID in April 2004. The paper formed the basis for discussions on the possible future shape of the strategy.

The team came together in Suva in August 2004 for one week to further develop aspects of the concept paper. Meetings were held with a variety of stakeholders, including government officials, non-government and civil society organisations and other donors. During the final briefing with the BACC, a draft Aide Memoire was presented and discussed. This strategy document was developed drawing on additional background research and the direction provided and agreed in the final version of the Aide Memoire, which was signed in September 2004.

PART THREE - THE NEW NZAID/FIJI PROGRAMME STRATEGY

5.1 Country Summary⁴⁶

Country	Republic of the Fiji Islands
Prime Minister	Laisenia Qarase
Head of State	The President, Ratu Josefa ILOILOVATU (appointed by the Great Council of Chiefs, 2000)
Independence	October 10, 1970 (from the UK)
Government	Bicameral parliament comprising an appointed upper house, the Senate (32 members), and an elected lower house, the House of Representatives (71 members). Voting is compulsory and preferential.
Land area	Total land area of 18,720 sq km.
Population	848,000 (2004 estimate). Population growth is 1.5% (2004 estimate).
Languages	English (official), Fijian, and Hindi.
Natural Hazards	Cyclonic storms can occur from November to January.
Natural Resources	Timber, fish, gold, copper, offshore oil potential hydropower.
Major Products	Sugar, garments, tourism and subsistence agriculture.

Fiji recovered quite quickly from the economic decline experienced immediately following the events of 2000, with the economy expanding three years in succession. Growth has been driven by an upsurge in the construction industry and a strong performance of the tourism industry coupled with robust consumer spending⁴⁷. In 2004 this growth was estimated to be 3.8 percent, a drop from 4.7 percent in the previous year⁴⁸. The Fiji economy has the potential to perform better than it has over the past two decades (annual average growth of 2.3 percent⁴⁹). Poor growth is attributed to the past political instability, which has resulted in a lack of investor confidence and a large migration of skilled workers.

Although the economy has performed well since 2000, socio-economic differences between rich and poor have increased and a growing proportion of the population are living below the (Fiji) poverty line. This trend is expected to

⁴⁶ World Bank Pacific Regional Engagement Framework. Report No 32261 EAP 3 May 2005

⁴⁷ Reserve Bank of Fiji Annual Report 2004

⁴⁸ 3.0%, 4.1% and 4.7 %, 2001,2002 and 2003 respectively. Reserve Bank of Fiji

⁴⁹ *Fiji Islands: Country Strategy and Program Update (2005-2007)*. Asian Development Bank, August 2004

continue as the impact of external trade factors such as loss of preferential access to the EU for Fiji sugar and to the US for Fiji garments take effect.

There is increasing migration to the cities and larger towns and this has resulted in a proliferation of informal settlements in urban and peri-urban areas. These settlements often lack services or infrastructure. Currently there are over 180 squatter settlements in the country with an estimated population of at least 82,000, that is, approximately ten percent of the population. The proportions of indigenous Fijian and Indian-Fijians living in these settlements is approximately equal. The number of squatter settlements is expected to increase in the coming years.

At the moment the attention of other donors and the Government appears, understandably, to be focusing on the important task of supporting the restructuring of the rural economy. This is where many of those already living in, or likely to move to, the urban settlements have come from. Significant support is also being provided by other donors for activities in the education and health sectors, and there would only be limited added value from NZAID joining such efforts. However there is a clear and immediate need to improve the living conditions of those who already live in the informal and squatter settlements, and only limited donor assistance is currently being made available to support such activities. Addressing such needs is consistent with both the Fiji Government's and NZAID's existing policy frameworks.

Working with the Fiji Government, civil society and other donor agencies, there is a clear opportunity for NZAID to help reduce poverty and make a real difference to the lives and opportunities of the people living in these settlements. Reducing the poverty and hardship faced by those living in these settlements will also contribute to reducing the risk of social conflict and future political instability, and so help to encourage future investment and growth in the wider economy.

5.2 Background and Guiding Principles

The NZAID/Fiji Country Programme Strategy for 2005–2010 has been developed through a joint exercise between the governments of Fiji and New Zealand. It is founded on supporting Fiji in the implementation of key elements of Fiji's Strategic Development Plan and is intended to assist Fiji make progress towards achieving the Millennium Development Goals.

NZAID considers that the alignment of New Zealand development assistance with Fiji's own development plans is the most sustainable and effective approach to economic development and the reduction of poverty.

The strategy is also informed by NZAID's own guiding principles and policy framework, past experience in NZODA/Fiji co-operation, a strategic analysis of the current Fiji situation, input from civil society organisations and information about other donors' activities.

The strategy is designed to support Fiji's long-term social, economic and cultural development. A particular effort will be made to ensure that any NZAID-supported projects and programmes:

- are focused and able to have a positive impact on the living conditions of the rural and urban poor, without distinction according to social, ethnic, political, religious or gender criteria
- are of appropriate design, size and sufficient duration in order to ensure the sustainability of their social, economic and environmental impact
- focus on sectors where New Zealand has or can develop a comparative advantage and can make a real difference to the lives of the poor
- support, in the Fiji context, the application of international human rights standards and obligations, including gender equality, the rights of young people and especially the poor
- support the development and enhancement of local capacity.

5.3 Coherence, Complementarity and Co-ordination

The NZAID/Fiji Programme Strategy is designed to complement the Fiji Government's own efforts to improve governance and reduce poverty, as described in the Strategic Development Plan.

The strategy is consistent with NZAID's operating principles and policies. Coherence with cross-cutting issues such as gender mainstreaming, human rights, environmental protection and the principles of good governance will be observed in all activities.

The NZAID/Fiji bilateral assistance programme exists within a broader framework of foreign relations, trade, immigration and other policies. In keeping with its overall policy statement, NZAID will make every effort to work with other New Zealand government departments and agencies and with other international organisations to ensure greater coherence and complementarity between these various policy and programme areas and NZAID's development policy objectives.

In developing the programmes identified in this strategy particular attention will be paid to ensure complementarity and mutual reinforcement with programmes being carried out by regional agencies. Relations with regional agencies will be an important aspect of NZAID's wider efforts to promote increased donor coordination and harmonisation in support of government-owned policy objectives and poverty reduction programmes.

The proposed strategy will also complement a number of past NZODA-funded co-operation efforts in Fiji. For this reason, several of the projects where NZAID currently provides funding should be able to be integrated into the new Fiji programme, at least in the short term. For instance, ongoing support for capacity building within the office of the Fiji Director of Public Prosecutions and for the Fiji Department of Quarantine will be included in the governance sector;

as will continued support for the Fiji Human Rights Commission and Fiji Women's Crisis Centre.

NZAID is particularly supportive of Fiji's efforts to increase donor harmonisation and alignment, as demonstrated in the Fiji Government's *7-Point Action Plan*. NZAID sees the SDP and Fiji's Budget and Aid Coordinating Committee as the core mechanisms for such harmonisation and donor coordination. NZAID will also develop its own relationships with other donors, to ensure complementarity, mutual reinforcement and the sharing of lessons and experience, and to encourage their full participation in the government-led harmonisation process.

6. The NZAID / Fiji Country Programme Strategy 2005-2010

6.1 Programme Aim

The aim of the NZAID/Fiji Country Programme Strategy is to work in a focused way to support the Government of Fiji's efforts to reduce poverty and hardship through the provision of social and economic development within a democratic and peaceful environment. NZAID will work towards this through:

- closer linkages with Fiji's Strategic Development Plan
- more depth of sector engagement – from policy engagement with the highest SDP goals to local communities
- a more streamlined, focused programme
- increased integration with NZAID Pacific regional programmes and NZAID's Pacific strategy
- helping strengthen the links between the public sector and civil society organisations
- ensuring that the voices of the poor are listened to in the design, monitoring and evaluation of all NZAID programmes, and
- adopting a programme monitoring and evaluation framework that utilises the performance indicators contained within Fiji's own Strategic Development Plan.

6.2 Focal areas of Co-operation

The NZAID Strategy 2005-2010 will focus on three broad outcome areas. It will assist Fiji to:

- reduce the poverty and hardship faced by those living in **informal and squatter settlements**;
- **strengthen governance**, through improving the delivery of key public services and strengthening democratic governance, including law and justice and human rights;

- and reduce the vulnerability to poverty of those in society experiencing high levels of hardship, through support for **selected civil society organisations and community projects**.

These three areas were identified taking into account local policies, needs and the activities being supported by other donor agencies, and agreed to jointly by NZAID and Fiji in an Aide Memoire agreed by officials in September 2004.⁵⁰

⁵⁰ See Appendix 6, Aide Memoire signed with the Fiji Government, 3 September 2004

6.2.1 Objective One

To reduce the hardship suffered by those living in informal and squatter settlements

The Challenge

The background work leading to this new strategy has identified the increasing numbers of Fijians facing hardship and suffering poverty as the key challenge to be addressed by the new NZAID/Fiji programme strategy.

Increased poverty and hardship brings with it an increased risk of tension and conflict. This is especially the case for the increasing numbers of Fijians living in and around the growing number of informal and squatter settlements:

- Approximately 13,725 households live in one of 182 squatter settlements (June 2003);
- The numbers living in squatter settlements increased by 73 percent between 1996 and 2003;
- The highest concentration of squatters live in the Suva/Nausori corridor, and there is an immediate need for 9000 housing lots in this area;
- 50-60% of squatters are very poor and live well below the poverty line;
- The restructuring of the sugar industry, and possibly the garments sector, is likely to add to the numbers and the hardship faced by people living in these settlements;
- There is no other bilateral donor agency that has focused its programme specifically on this challenge; and
- The Government estimates about FJ\$5m per year is required for the next decade to accommodate sitting squatters and make provision for resettlement, to keep ahead of the problem⁵¹.

The NZAID Response

NZAID will work with the Government of Fiji, using government planning and management frameworks as much as possible, and with appropriate civil society organisations, to help reduce the hardship faced by those living in informal and squatter settlements.

The key partner will be the Squatter Settlements Division of the Ministry of Local Government, Squatters and the Environment. Partnerships will also be developed with other relevant government departments, civil society organisations, local authorities and other interested donor and regional agencies.

⁵¹ *Source:* Squatter Settlements Division, Ministry of Local Government, Squatters and the Environment

The programme is expected to have four components:

- A policy component which will focus on strengthening cross-agency links between government agencies, civil society and donor agencies at central and divisional levels, covering policy development, legislative updating and overall programme/project implementation and management;
- Funding to help ensure that existing settlements and subdivided land for the relocation of squatters are adequately serviced with piped water, roading, sewerage, and drainage and garbage disposal.
- Support for other related poverty reduction activities in the settlements, including: education and training for school drop-outs and youth; improved access to basic health services; initiatives to reduce domestic violence, combat the spread of HIV/AIDS, and improve community security; and support for income-earning and other livelihoods-related activities.
- Capacity building and institutional strengthening of the Squatter Settlements Division, relevant local government bodies (this could include the provision of technical assistance) and of community groups helping represent the interests of those living in the settlements.

Reducing the poverty and hardship faced by those living in these settlements is also expected to contribute to reducing the risk of social conflict and future political instability, and so help encourage future investment and growth in the wider economy.

The design of the programme will draw heavily on the findings and recommendations of existing studies and consultation exercises. It will also include provision for extensive community involvement in the final design process.

The programme may include a pilot relocation development in Nasinu (in the Suva/Nausori corridor). All relocation activities will be closely monitored to ensure, in particular, that those already facing high levels of hardship are not adversely affected.

While the largest numbers of people living in informal and squatter settlements are to be found in the Suva/Nausori corridor, poverty and hardship levels are also very high in settlements in other urban areas. The programme will therefore pay special attention to the needs of people living in such settlements, especially in the Western and Northern provinces.

It is anticipated that up to seventy per cent of the NZAID/Fiji country programme's financial resources will be used in support of activities linked to this component of the strategy.

Links to Fiji Development Plan and related Performance Indicators

The proposed programme fits within the Fiji Government's Strategic Priority Area: Alleviating Poverty:

Strategy Objective 1: Links to Fiji Development Plan 2003-2005

Sectors/Cross- Cutting Issues	Objective	Key Performance Indicator
Housing and Urban Development	To upgrade squatters' settlements significantly by re-development of squatter areas and provision of basic amenities in current squatter settlements	Completion of all resettlement projects earmarked for each year
		Urban squatter population reduced by 5% per year.
	To strengthen Government/NGO partnership in the provision of housing and land for the poor	Increased development of native land for housing the poor
Social Justice and Affirmative Action	To reduce poverty	Poverty reduced by 5% annually
Poverty Alleviation	To ensure the provision of minimum and affordable basic needs to all categories of the poor	Upgrading the squatter settlements at Jittu Estate I and Lakena II completed by 2005
	To formalise and strengthen the government and civil society partnership in alleviating poverty	Increased participation of civil society in poverty alleviation.
Land Resource Development and Management	To ensure resettlement of evicted tenants	2 new agricultural subdivisions developed with basic infrastructures completed by 2005

The key programme outcome will be a significant reduction in the numbers of people living in conditions of poverty and hardship in informal and squatter

settlements over the period of the strategy. Progress, however, is likely to be influenced significantly by developments elsewhere in the economy, (for example, the results of efforts to restructure the sugar industry, and the level of other investment and related employment creation). More specific performance indicators will be developed and agreed with the Government of Fiji during programme design.

6.2.2 Objective Two

To strengthen governance in the areas of public service, law and justice and human rights

The Challenge

Both NZAID and the Fiji Government recognise that good governance is key to the efficient delivery of services, reduction of conflict, poverty reduction and increased private sector confidence. Good governance includes strengthening the accountability of public servants for the efficient, effective and transparent delivery of public services, including those that directly impact on public confidence and investment. It also includes ensuring the respect of human rights and the effective and fair functioning of the law and justice sectors.

The Fiji Government recognises and is already committed to taking action to address Fijians' concerns about increased corruption, the misuse of government funds and public sector inefficiencies. These actions include an important effort to strengthen the Fiji Public Service Commission including the Office of the Supervisor of Elections, the Office of the Director of Public Prosecutor and the Fiji Quarantine Services. The government has already requested NZAID assistance with these efforts.

The NZAID Response

NZAID will work with the Government of Fiji in their efforts to strengthen governance at all levels by supporting institutional strengthening and capacity building, particularly for public sector agencies. Key partners have already been identified and include the Office of the Supervisor of Elections, the Public Service Commission, the Fiji Quarantine Service and the Office of the Director of Public Prosecutor's Office.

NZAID will also continue to support human rights and law and justice initiatives.

Links to Fiji Strategic Development Plan and related Performance Indicators

The proposed programme fits with a number of important objectives in the Fiji Strategic Development Plan 2003-2005:

Sector/Cross- Cutting Area	Objective	Key Performance Indicator
Quarantine Foreign Affairs and External Trade	To improve investment and trade facilitation and negotiation capacity to achieve sustained global integration	Trade facilitation in the areas of quarantine protocols, customs, ports and immigration strengthened by 2003
Non-Sugar Crops and Livestock	To facilitate private sector-led development	No introduction of new fruit flies and other diseases in the next three years
Director of Public Prosecutions Law and Order	To provide an independent and impartial judiciary and associated legal services, capable of efficiently and effectively discharging its obligations	Reduction in backlog of cases to the court system.
Elections Office	To increase public service efficiency and productivity by adopting the principles of good governance, which include: optimal transparency in decision-making and accountability in provision of public services	Delegation of powers to Heads of Ministries (refer p.55)
Public service reform	To provide an institutional, operational and legislative framework for more accountability and transparency in policy making and in the management of public resources	Constitution reviewed by 2005; Public Finance Management Act, Public Service Act and Public Enterprise Act harmonised by 2003

Programme design will focus on developing a multi-year institutional strengthening project for each main partner agency, with a focus on capacity building and retaining the capacity of those trained. Assistance for the Public Service Commission is likely to include a multi-year programme of support for in-service training and a scholarships programme. Assistance for the Elections Office and in the areas of human rights and law and justice is likely to include support for community outreach activities, some of which will be managed by civil society organisations.

Specific performance indicators will be developed as part of the design process for each component of this part of the strategy.

6.2.3 Objective Three

To support the work of civil society organisations and communities to reduce the vulnerability to poverty of people experiencing high levels of hardship.

The Challenge

There is clear evidence that the number of Fijians living in poverty and hardship in Fiji has increased in recent years.

The number of households living in poverty has risen from 9 percent in 1977 to 30-50 percent since 2000. In addition to the poverty and hardship faced by those living in informal and squatter settlements, there is considerable hardship and vulnerability to poverty in rural areas of Fiji.

Those already facing poverty and hardship are also particularly vulnerable to the impact of natural disasters.

The NZAID Response

While the main focus of the NZAID Fiji strategy will be on reducing urban poverty, a fund will be established to help community groups and organisations support initiatives designed to help those facing particular hardship in rural as well as urban areas.

Initiatives aimed at reducing the vulnerability of the poorest and responding to natural disasters will also be covered by this fund.

Other examples of the sort of work the fund might support are:

- complementary projects strengthening communities in the squatter and any newly relocated settlements
- projects that increase the choices or support available to others facing especially high levels of hardship living in rural communities.

Experience elsewhere has shown that managing such funds can involve considerable administration costs. In taking forward the design of the fund, and in particular its management arrangements, NZAID will explore the possibility of linking the fund with other similar existing donor agency/civil society community support programmes.

The size of the fund will not exceed ten percent of the value of the overall country programme.

NZAID will also investigate how best to support the institutional strengthening of key civil society organizations, drawing on other experiences in the Pacific region.

As agreed in the September 2004 Aide Memoire, NZAID will ensure that the Fiji Government is kept informed of all assistance provided to civil society organisations through the NZAID/Fiji country programme.

Links to Fiji Development Plan and related Performance Indicators

This component of the strategy has strong links to the Fiji government's poverty alleviation objectives, in particular the increased participation of communities and civil society:

Strategy Objective 3: Links to Fiji Development Plan 2003-2005

Sector/Cross- Cutting Area	Objective	Key Performance Indicator
Poverty Alleviation	To formalise and strengthen the government and civil society partnership in alleviating poverty	Increased participation of civil society in poverty alleviation
	To encourage traditional support mechanisms for the disadvantaged and provide adequate welfare support to the destitute.	Increased private sector and community participation in poverty alleviation
Social justice and affirmative action	To reduce poverty	Increased participation of civil society in poverty alleviation.

More specific performance indicators will be developed and agreed with civil society partners as part of the project design process.

7. Taking the Strategy Forward

7.1 Developing the New Programmes

The consultation and other background work undertaken for the development of this strategy has identified many stakeholders, as well as other development agencies, who have undertaken studies or are currently engaged in the areas of strengthening governance and reducing poverty⁵².

Wherever appropriate, existing studies and Government of Fiji coordination mechanisms will be utilised in taking forward design processes.

⁵² See Appendix 2, Fiji Donor Profile

All design work will be undertaken in consultation with other stakeholders, and particular emphasis will be given to ensuring strong consultation processes involving those the programmes are intended to help.

Where relevant programmes already exist, NZAID will look at reinforcing these or supporting activities that address any identified gaps.

Implementation will be based on annual work programmes that take into account the activities of partner agencies involved in each sector. Adherence to Government of Fiji budgetary process, audit procedures and NZAID's reporting mechanisms will be an integral component of all NZAID activities.

The NZAID Manager based in Suva will be responsible for local co-ordination and monitoring the day-to-day implementation of the programme, in close contact with staff from Fiji's Aid Management Unit, the Budget and Aid Coordinating Committee and Wellington-based NZAID staff.

Cash grants, on a project-by-project basis, will initially be the main form of funding. At a later stage, and drawing on NZAID's experience working with public finance management systems, sector- or Department-based budget support mechanisms could be considered. Specifically, this possibility will be explored further during the mid-term review of the strategy in 2007/8. In the meantime measures to strengthen such planning and finance management systems will be included as part of any capacity-building support.

7.2 The Role of NGOs and Civil Society

Fiji has a vibrant and developing civil society and NGO community. These organisations serve a vital function, helping strengthen democracy and monitor government policy and performance, as well as delivering services.

NZAID will continue to support the institutional strengthening of key civil society organisations, as well the strengthening of links between these organisations and government departments, under all three components of the new strategy.

7.3 The Role of Scholarships and Training Awards

Strengthening human resources through better education and training, including at the community level, will be an essential condition for future success in reducing poverty levels and hardship.

The NZAID Fiji Strategy will continue to include provision for the award of scholarships, training awards and in-country training opportunities. These will focus on disciplines and skills, technical and managerial, which are related directly to the activities supported by the new strategy.

7.4 Resourcing the Programme

The overall NZAID/Fiji country allocation has increased in 2005/06 by NZ\$2million, from NZ\$4.1million to NZ\$6.1 million. Subject to overall performance, there is provision for a further increase to NZ\$8.1 in 2006/07.

Past experience indicates that making timely use of these increases is likely to pose a substantial challenge for both the Fiji Government and NZAID. Individual component programme design will need to be given urgent priority. NZAID will consider whether additional programme management resources are needed to support this.

7.5 Monitoring, Review and Evaluation

Monitoring, review and evaluation will be an integral element of the NZAID programme. Provision will be made for monitoring, review and evaluation at the beginning of all project implementation cycles, with local partners involved at all stages, including in the initial setting of performance indicators.

All performance indicators will link to the performance indicators in the Fiji Strategic Development Plan.

Wherever possible, all monitoring, review and evaluation activities will be locally led and used to help strengthen and develop the local mechanisms and capacity.

There will be a mid-term 'stock-take' of progress in implementing this strategy. A full strategic review of the programme will be conducted during the fifth year. This will assess the implementation of the current programme and identify lessons learned, and propose a strategic direction for the following five-year period for agreement between the Fiji and New Zealand Governments.

Assessing progress in implementing the programme, and making any necessary revisions, will be a standard item on the agenda of annual bilateral consultation between the New Zealand and Fiji governments.

APPENDICES

Appendix 1. NZAID's Operating Principles

The following principles will apply at all times to the New Zealand development cooperation programme.

(a) Partnership. A relationship based on mutual trust, openness, respect and mutual accountability.

(b) Protecting and Promoting Human Rights. A commitment to protecting and promoting fundamental human rights – civil, political, economic, social and cultural – as set out in the Universal Declaration of Human Rights, the Convention on the Elimination of Discrimination Against Women (CEDAW) and the other core international human rights treaties.

(c) Sustainability. A commitment to ensuring and assessing the sustainability of development benefits over time.

(d) Equity. A commitment to achieving equitable development benefits for women and men, girls and boys.

(e) Participation. Recognising the right of women, men, girls and boys to participate in decision-making and other decisions that affect their lives. This includes a commitment to ensuring the participation of all people, especially marginalised and disadvantaged groups, in self-identification of the causes and consequences of poverty, and in the identification, planning, implementation, assessment and evaluation of development activities

(f) Coordination. Ensuring coordination between the Fiji Government, donors, regional organisations and other players in ways that allow Fiji to own, control and achieve its development goals. Both New Zealand and Fiji support and wish to take forward the harmonisation process agreed at the First Donor Harmonisation Meeting held in Suva in April 2003, in follow-up to the 2002 Rome Declaration.

Appendix 2. Fiji Donor Profile

Donor	Length of Strategy	Focal area	Total budget	Programme detail	Comment
UNDP	2003-2007	<ul style="list-style-type: none"> • Capacity of key governance institutions • Development of appropriate economic and social policies • Development of national policy frameworks for environmental sustainable development 		<p>Good Governance programme with FHRC, Ministry of Education and UNDP – three phases:</p> <ul style="list-style-type: none"> • Support to parliament • Civic education in the school curriculum, • Community based civic education <p>Build on work done with government to assess the impact of macroeconomic policies and budgetary allocations on human and income poverty.</p> <p>Develop strategies to prevent spread and mitigate impact of HIV/AIDS</p> <p>Work to ensure national and global environmental concerns are reflected in planning and policy frameworks of Fiji Government.</p>	Poverty eradication and good governance are themes across the Pacific
EU	2003-2007 9 th EDF Programme	<p>Rural Education A allocation 82.5% (Eu17.32m) into two sub programmes</p> <ul style="list-style-type: none"> • Formal Education • Non- Formal Education <p>15% (Eu 3.15m) for non-state actors in the</p>	Eu 21.0m (A budget)	<p>Formal Education</p> <ul style="list-style-type: none"> • Upgrading and maintenance of rural education infrastructure, include access to water and power, establishment and equipment of libraries • Teacher training programmes and career development opportunities • Review of curriculum activities, principles and organisations • Promotion of information technology in rural schools • Strengthening the role of the media in rural education and public awareness campaigns 	A allocation covers macroeconomic support, sector policies, programmes and projects in focal or non-focal areas of community assistance

		<p>context of rural education – can also support NSA capacity building activities.</p> <p>2.5% (Eu 0.525m) set aside for activities outside focal area</p>		<ul style="list-style-type: none"> Integration of technical and vocational education and training in the school system. <p>Non-Formal Education (NFE)</p> <ul style="list-style-type: none"> Programmes coordinated by Ministry of Youth, Employment Opportunities and Sport Strengthening of NFE institutions and increased funding of NFE programmes (often run via NGOs) Establishment of new NFE training centre in the Northern division Strengthening advisory and training for NFE. 	
			Eu 2.1m (B budget)		<p>B allocation covers unforeseen needs, eg emergency assistance, contributions to internationally agreed debt relief, support to mitigate adverse effects of instability in export earnings.</p> <p>(Note: EU is also expected to agree on additional assistance to help countries faced with adjustment problems following loss of preferential access to EU markets)</p>
		Major infrastructure items	FJ\$5.1m 2004 budget	Fiji School of medicine campus	
			FJ\$4.9m 2004 budget	Naboro landfill	
			FJ\$13m 2004 budget	Construction of Rewa Bridge 2004-2005	

<i>Donor</i>	<i>Length of Strategy</i>	<i>Focal area</i>	<i>Total budget</i>	<i>Programme detail</i>	<i>Comment</i>
Japan (JICA & JBIC)		Health Education Industrial development Environment Infrastructure development	FJ\$8.2m (2003 prov)	Grant aid Include major infrastructure items, eg Fiji Regional Pharmaceutical Centre (2004) FJ\$9.9m Centre for Information Communications Technologies (2004) FJ\$3m Use of Japanese volunteers for technical assistance Each aspect of support is individually tailored Can include procurement	
AusAID		Education	(All AU\$) \$1.2m 2003 \$5m 2003-05 \$1m 2003-04 \$20m 2003-08	Currently completing Rural schools upgrade project (65 schools) damaged by Cyclone Ami Lautoka Teachers College Upgrade project Rural schools library upgrade Fiji Education Sector Program (FESP) – Goal: to assist Ministry of Education to implement strategic reforms. Provided three full-time technical assistants into Ministry, programme manager, monitoring and evaluation specialist, Education planning specialist. FESP allows for backfilling of positions, technical assistance, in-country training and work attachments, procurement and small-scale projects. Support for Public Sector Reform (? – Nicki)	
<i>Donor</i>	<i>Length of Strategy</i>	<i>Focal area</i>	<i>Total budget</i>	<i>Programme detail</i>	<i>Comment</i>
AusAID		Health	(All AU\$) \$25m 2003-08	Fiji Health Sector Improvement Program (FHSIP) Long-term capacity building to improve quality of health services.	AUSAID uses a managing contractor for this project.

			\$250,000 \$1.5m 2003-05	Public health and health promotion, community development and HRD at central and provincial levels assistance reflects Ministry's corporate plan. Includes provision of long and short term technical assistance National Nutrition Survey Fiji School of Medicine Academic Development and Advancement Upgrade from diploma to degree courses include: in-country training and in-Australia training for staff	Provision within FHSIP for other donors to contribute
		Law and Justice	AUD10m 2003-07	Phase one: Interim activity plan Phase two: Project design Phase three: Programme of assistance to police, prisons, courts, justice agencies Four full-time advisers in each of above areas plus other short-term advisers	The prisons work also includes work with Social Welfare.
			FJ\$330,000 FJ\$130,000	Staff supplementation for Commissioner of Police Salary supplementation for Deputy Public Prosecutor	

<i>Donor</i>	<i>Length of Strategy</i>	<i>Focal area</i>	<i>Total Budget</i>	<i>Programme detail</i>	<i>Comment</i>
ADB	2004-2006	<ul style="list-style-type: none"> Enhance local capacity for stimulating economic growth and poverty reduction Strengthen government departments and policy formulation Create enabling conditions for private sector and public/private development 	US\$40m annually Annual TA US\$1.5 to support programme	Sugar Sector Alternative Livelihood Study (2003) (expected to lead to a US\$20m+ rural sector programme) Community-based tourism development (Danielle Ponti) (2004) Urban Development/ Planning (2006) Rural electrification (2003) Airports rehabilitation (2004) Outer island small infrastructure (2005)	50% of technical assistance funds allocated for project preparation. Rest build capacity in land tenure, conduct fisheries review, strengthen local government systems and the Stock Exchange, establish an interdepartmental regulatory authority
Canada		Community and rural development	FJ\$.25m annually	Small-scale Canada Fund grants to community groups, NGOs, schools etc.	
China		Infrastructure development	FJ\$2m	South Pacific Games facilities, eg multi purpose stadium and aquatic centre (2002-03) Navuso Bridge (2004)	
India		Sugar Industry	Loan	Assistance in modernising the sugar industry.	

Regional Programmes

(UNDP) coordinates the UN's development work in Fiji. The Fiji Government is actively engaged with regional organisations, including the Pacific Islands Forum Secretariat, the Council of Regional Organisations of the Pacific, and the Secretariat of the Pacific Community. These regional organisations are a major source of development assistance. Fiji also receives significant support from the Asian Development Bank (ADB), in the form of technical assistance and loans, and from a number of regional projects, such as the World Bank's Foreign Investment Advisory Service (FIAS) and the IMF Pacific Finance and Technical Assistance Centre (PFTAC).

Appendix 3. 7–point Action Plan for Donor Harmonisation

Proposed Further Actions for Harmonisation/Alignment

Action Point	Specific Actions	Responsible Party	Indicator	Timeline
1. Strengthening SDP ownership	Revised SDP KPIs/targets	SDP Mid-term review (National Planning Office)	Cabinet papers	End of 3rd quarter
			Official release of SDP Review to donors	End of last quarter
	Alignment of donor programmes and projects to SDP	Government/donors – selected ministries and donors	Sector/Project Steering Committees to present proposals to BACC	By end of year
ACPs reflect aid programmes that have SDP KPIs			2005 Budget and beyond	
2. Aligning donor processes and systems to those of the Government	Confirmed aid programmes/projects submitted with Budget submission	Government/donors – selected ministries and donors	Budget Submissions/Public Sector Investment Programme contain donor comments on relevant proposals	Mid-July
	Clarification of donor policies and timelines on project scope, approval, etc.	Donors for major pipeline projects	Aid and Government components fully reflected in Budget Estimates	2005 and beyond
	Clarification of donor planning cycles	Donors	Dissemination of donor information	ongoing
	Reduction of aid trust accounts	Donors and relevant line ministries	Reduce number of accounts in centrally managed trust accounts	ongoing

3. Strengthening Government-donor-NGO coordination	Formalise sector-wide approach	Government	BACC endorse framework – TOR, selected sectors, lead agencies	By end of third quarter
		Donors	Donors endorse framework	Fourth quarter
		Government/donors	First formal sector-wide meeting – “Beyond Information Sharing”	1st quarter 2005
	Programme-based approach-- initial discussions	Government/donors	Agenda for bilateral consultations	2005 and beyond
4. Improving coordination and delegation between donors	Clarify donors' support	Government	BACC clarify certain areas for improved coordination	End of 2004
		Donors	Clarification of possible areas and types of delegation	Next Roundtable Meeting
5. Institutional capacity building	Strengthen aid coordination and monitoring	Government	BACC endorse AMIS requirements and aid coordination CB initiatives	End of 2004
	Technical support for harmonisation and alignment	Government	BACC endorse CB areas	End of 2004
6. Improved quality reporting	Improve mainstreaming of aid monitoring	Government	BACC circulate revised template	End of third quarter
			BACC clarify donor input requirements	End of third quarter
7. Improved accountability of public funds	Clarification of implications of FMR changes	Government	BACC inform donors	End of 2004

Appendix 4. The Millennium Development Goals (MDGs)

The United Nations Millennium Declaration, made in 2000, was a powerful call to action by the international community. It marked a strong commitment to the right to development, peace and security, gender equality, the eradication of many dimensions of poverty, and sustainable human development. Fiji is a signatory to the Declaration. Eight Millennium Development Goals (MDGs) with associated targets and quantifiable indicators, were developed from the Declaration as a means of realising the objectives it sets out. The eight MDGs are:

Goal 1 – Eradicate extreme poverty and hunger

Goal 2 – Achieve universal primary education

Goal 3 – Promote gender equality and empower women

Goal 4 – Reduce child mortality

Goal 5 – Improve maternal health

Goal 6 – Combat HIV/AIDS, malaria and other diseases

Goal 7 – Ensure environmental sustainability

Goal 8 – Develop a global partnership for development

Appendix 5. Progress by Fiji on MDG Indicator 11

In Fiji, women's participation in non-agricultural employment has decreased since 1990. Research indicates that women made little headway in diversifying into male occupational preserves between 1986-1995, despite a significant increase in their rate of participation in the labour force. Occupations are highly stratified by gender, which has a significant impact on differences in male-female earnings. Much of the growth in women's employment during the early 1990s came from expansions in manufacturing and processing industries. Policies to encourage tax-free factories helped to create approximately 12,000 new jobs between 1987 and 1993, but most paid low wages and provided poor, insecure working conditions. The garment industry, which particularly employed women, has since contracted, possibly accounting for the decrease observed above in women's share of non-agricultural employment (MDG Indicator 12).

On average, women earned the equivalent of 88 percent of male wages. Occupational concentration and segregation are a significant cause of lower earnings for women (i.e. women are obtaining different jobs, and are less likely than men to obtain higher status, better paying occupations). Studies conducted in the mid-1990s confirmed that employment opportunities for women in Fiji were concentrated in a small part of the labour market. One study found that some 25 percent of all paid jobs for women were clerical work, teaching, nursing, factory workers and sales staff, while a 1997 survey found that 44 percent of women in paid employment in Fiji worked in the civil service, particularly in the Ministries of Health and Education (most in middle management and the lower levels of the civil service). Women were generally lower paid, lower ranked and less often promoted.

Research also found evidence of direct discrimination in hiring and promotion. Far fewer women than men enrolled in training programmes that led to higher positions in the formal sector, and those that were enrolled were being prepared for a narrow range of work. Most organisations claimed to base their recruitment on merit, yet men were recruited or promoted to most high-level positions. There are no laws in Fiji that mandate equal pay for equal work, nor is there a national basic minimum wage. Instead, wages are negotiated on an industry-by industry basis and therefore vary considerably.

Source: Pacific Islands Regional Development Goals Report, SPC/UN/CROP, November 2004

CEDAW Articles that Fiji did not initially subscribe to;

CEDAW Article 5(a)

To modify the social and cultural patterns of conduct of men and women, with a view to achieving the elimination of prejudices and customary and all other practices which are based on the idea of the inferiority or the superiority of either of the sexes or on stereotyped roles for men or women.

CEDAW Article 9

- 2 States parties shall grant women equal rights with men to acquire, change or retain their nationality. They shall ensure in particular that neither marriage to an alien nor change of nationality by the husband during marriage shall automatically change the nationality of the wife, render her stateless or force upon her the nationality of the husband.
- 3 States parties shall grant women equal rights with men with respect to the nationality of their children.

Appendix 6. NZAID/Fiji Aide Memoire 3 September 2004

AIDE MEMOIRE: NZAID FORWARD STRATEGY – PRELIMINARY OUTCOMES

1 BACKGROUND

1.1 A preliminary series of discussions on the possible future shape of the NZAID/Fiji country programme strategy was held in Suva from 2 - 6 August 2004.

1.2 The joint team comprised:

Elina Volavola (Acting Manager, Aid Management Unit, Ministry of Finance and National Planning, Government of Fiji)

Alumeci Nabou (Senior Admin Officer, Aid Management Unit, Ministry of Finance and National Planning, Government of Fiji).

Rick Woodham (Team Leader, Strategy, Appraisal and Evaluation Group, NZAID Wellington)

Heather Wright (Development Programme Manager – Fiji, NZAID Wellington)

Nicki Wrighton (NZAID Manager, New Zealand High Commission, Suva)

Faga Semesi (Development Programme Coordinator, NZAID, NZHC, Suva)

1.3 The discussions were based on the Concept Paper prepared by the Aid Management Unit (AMU) and endorsed by the Budget and Aid Coordinating Committee (BACC).

1.4 The team met with the following:

1.5 Office of the Prime Minister; Ministry of Education; Ministry of Commerce, Business Development and Investment (National Centre of Small and Medium Enterprise Development); Ministry of Tourism; Ministry of Public Enterprise and Public Sector Reform; Ministry of Justice; Ministry of Health; Ministry of Agriculture, Sugar and Land Resettlement; Public Service Commission; Ministry of Reconciliation, Unity and Multi Ethnic Affairs; Ministry

of Social Welfare, Women and Poverty Alleviation; Ministry of Local Government, Housing, Squatter Settlement and Environment; NGO Coalition for Human Rights; Civil Society Organisations; Fiji Forum of Non – State Actors; and the Fiji Council of Social Services.

1.6 The team was briefed by the BACC at the start of the programme and benefited from the participation of Elina Volavola or Alumeci Nabou in all meetings. The team met again with the Committee at the end of the programme when a draft version of this Aid Memoire was presented and discussed. This final version incorporates a number of changes that reflect these discussions.

KEY THEMES

1.7 Each meeting generated an extremely useful exchange of ideas and identified a number of possible areas for NZAID support. A number of key themes emerged from the meetings:

- There are major poverty and hardship reduction needs associated with informal and squatter settlements. There are already large numbers of people living in such settlements (Min Local Govt. estimates over 80,000) and these numbers, and the pressure on existing services is set to increase quite rapidly. Access to services, levels of poverty, health risks, (e.g. HIV/AIDs), school drop out rates, limited livelihood options, water and sanitation issues were all raised in relation to this sector.
- Options around livelihoods that are sustainable and accessible for the poor were raised at nearly all meetings.
- There is a high level of both Fiji Government and existing donor support within the broader Health and Education sectors.
- There are opportunities to strengthen the links between civil society and Government across a range of different sectors.
- There are significant needs in in-country training for strengthening the effectiveness of the public service and other areas in support of the Strategic Development Plan 2003-2005.
- There are a number of key governance institutions that would benefit from further support and strengthening.
- There is a need to maintain a strong focus to the NZAID programme in order to deliver effective development outcomes and keep the administrative requirements (on both sides) to an appropriate level.

2 POSSIBLE FUTURE DIRECTION FOR NZAID STRATEGY AND PROGRAMME DEVELOPMENT

2.1 Based on the areas identified in the Fiji Government's Concept Paper, NZAID's overall policy and strategy guidelines, the Fiji Government's Strategic Development Plan, and the team's initial discussions with Fiji Government Ministries and civil society (including private sector) representatives, the joint Fiji Govt./NZAID team recommends that NZAID explore a strategy based on interventions in three broad areas: governance, poverty reduction and reduced vulnerability to poverty. A diagram setting out the various components of the proposed is attached.

2.1 Governance

2.1.1 Possible activities under this component of the NZAID programme might include support for:

The Department of Public Prosecutions
The Fiji Human Rights Commission
Public Service Effectiveness (various forms of training support to be managed through the Public Service Commission) and
The Elections Office

2.1.2 Subject to endorsement by BACC and NZAID Wellington, the team proposes that these be further explored through design missions targeted at each of these areas. The aim of these missions will be to agree on programmes of multi-year support and the management and funding arrangements for these.

2.2 Poverty Reduction/Improved Lives for the Poor

(a) Informal and Squatter Settlements

2.2.1 Based on our discussions, the team considers that support for poverty reduction activities focused on people living in informal and squatter settlements may provide an excellent focus for the new NZAID strategy. Such a focus will enable the programme to bring together a number of the niche area activities and challenges identified in the Fiji Government Concept paper and to directly complement and enhance both the Fiji Government's and civil societies' existing and planned programmes in this area:

Education – with a particular focus on ensuring the delivery of quality primary school education and improved primary completion rates. Provision for appropriate education and training for school dropouts and youth.

Health – with particular focus on access to basic health services and including assisting communities to address risks in the areas of STDs and HIV/AIDS.

Urban and Municipal Services – including communities' access to improved water and sanitation.

Capacity building within government (including local government) agencies and civil society organisations will be an important component of such a programme.

2.2.2 The proposed focus will also provide a potential framework that will enable a number of other crosscutting challenges identified during consultations to be addressed, for example, support to reduce domestic violence.

2.2.3 NZAID's key partners in such a programme are likely to be The Ministry of Local Government, Housing, Squatter Settlements and the Environment; the line Ministries involved in the delivery of the key services identified above; local councils; civil society organisations already active in these areas; and other donor agencies working or planning to work in these areas. The ADB has indicated that it would be keen to work with the Fiji Government and NZAID in this area.

2.2.4 As well as contributing directly to poverty reduction in such areas, a key aim of the programme will be to strengthen the relationship between civil society and government agencies and to encourage communities' involvement in the development of the areas in which they live.

2.2.5 Subject to the necessary approvals in Wellington and Suva, the development of this focal area of the programme will involve design work to develop the most appropriate structure and delivery mechanisms for the programme. This design work will draw on the considerable information already available within Government and from civil society organisations. The possibility of joint design and implementation involving government and other donors will be fully explored.

2.2.6 At the wrap-up meeting the BACC noted that there were a number of policy issues involving this sector that also needed to be resolved. The team

reiterated that, subject to the necessary approvals, it would be NZAID's intention to work closely with government in this sector and that NZAID would be willing to join any round-table or similar policy forum that the Fiji Government might decide to establish in this context.

(b) Support for Quarantine Department

2.2.7 Given NZAID's traditional engagement and comparative advantage in the quarantine sector, and the focus of Fiji Government's and other donors' efforts to expand agriculture- and fisheries-based livelihood options, the team recommends that NZAID continue to support the strengthening of the Fiji Quarantine Service. This should be in the form of a medium term (3-5 year) institutional strengthening project. (An initial component of this support is currently under appraisal).

2.3 Reduced Vulnerability To Poverty

2.3.1 The team recommends the development of a component within the strategy that focuses on supporting the work of civil society organisations to reduce the vulnerability to poverty of the poorest sections of society.

2.3.2 The focus and management arrangements for this component of the programme should be determined after further discussion. At the wrap-up meeting members of the BACC underlined the importance of donor agencies keeping the Fiji Government informed of such support. The team confirmed that NZAID would continue to ensure that this would be the case.

3. ARRANGEMENTS FOR FUNDING AND IMPLEMENTING THIS PROGRAMME

3.1 Governance

3.1.1 The team proposes that NZAID should work with the agencies identified in this Aide Memoire to agree funding arrangements to strengthen and support their work. The scope and scale of these arrangements is still to be determined (and will be subject to normal Fiji Government and NZAID approval processes).

3.2 Poverty Reduction and Improved Lives for the Poor

(a) Informal and Squatter Settlements

3.2.1 There are major opportunities for harmonisation with the work programme of the Fiji Government and with other donors in the implementation of this programme.

3.2.2 NZAID would seek to work with Fiji Government and other donors to develop joint design documents and undertake joint implementation of aspects of this programme.

3.2.3 There are opportunities to link work in this sector closely with other key sectors of Fiji Government operation – education/health etc. There are also significant opportunities to strengthen the linkages between civil society and government agencies.

3.2.4 Significant research and data exists about this sector. The team proposes that analysis of this material, discussion with government and donors occur before a joint/design mission occurs (sometime in 2005 – to be confirmed following further discussions).

(b) Support for Quarantine Department

3.2.5 Work has already commenced in the quarantine sector with the provision of the Rapiscan scanners and training in their use.

3.2.6 The team proposes that a strategic link be explored between the NZ and Fiji quarantine services.

3.3 Reduced Vulnerability to Poverty

3.3.1 The team anticipates that much of the support for civil society in this area will be implemented through the informal/squatter settlement component of the strategy.

3.3.2 The team proposes retaining an NGO fund of some type that links in with the major components of the programme but the focus and management of this will need further consideration.

4. INTERIM PROJECT SUPPORT

4.1 The team recognises that for the current financial year (until June 30 2005) the majority of the work under the new strategy will still be in the design phase. This will mean that expenditure against the new strategy will be low.

4.2 For this reason the team recommends progressing discussion around a number of possible interim projects in the immediate short term.

4.3 The team noted requests for interim support in many of the meetings we attended. There were also a number of other areas of potential support that we have had raised by AMU outside these strategy discussions.

4.4 The NZAID office in Suva will continue discussion on these possible areas of interim support with the AMU.

5. NEXT STEPS IN THE STRATEGY FORMULATION PROCESS

5.1 Following the general agreement reached in Suva (on the basis of the draft aide memoire), and NZAID Wellington's and the BACC's endorsement of the proposed shape of the programme as set out in this aide memoire, NZAID will begin work on drafting a formal strategy document, with the aim of having the strategy completed and ready for approval by Ministers during December 2004.

5.2 Fiji Government (through the BACC) and civil society (through various umbrella groups) will be provided with draft copies of the strategy paper as part of NZAID's normal consultation processes.

5.3 All projects and other possible areas of support referred to in this aide memoire will remain subject to normal NZAID and Fiji Government approval processes.

Signed,

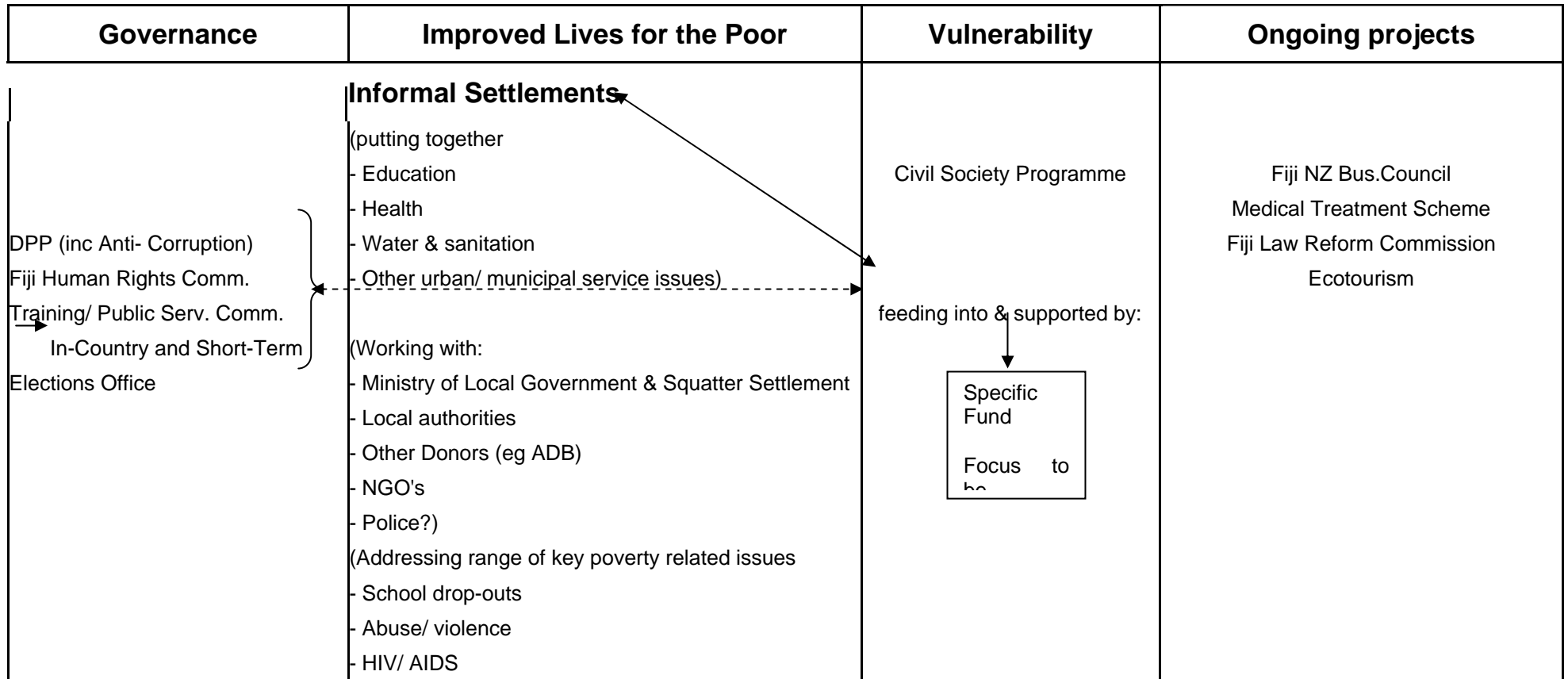
On behalf of NZAID,

Name _____ Position _____ Date _____

On behalf of the BACC,

Name _____ Position _____ Date_____

FIGURE 1: POSSIBLE SHAPE OF NZAID STRATEGY



	- Related security issues)		
	Quarantine		Possible Interim Pipeline Projects

Appendix 7. Abbreviations and Glossary

ADB	Asian Development Bank
AMU	Aid Management Unit
AusAID	Australian Agency for International Development
BACC	Budget and Aid Coordinating Committee
CROP	Council of Regional Organisations of the Pacific
EU	European Union
FCOSS	Fiji Council of Social Services
FHRC	Fiji Human Rights Commission
FNZBC	Fiji/New Zealand Business Council
FWCC	Fiji Women's Crisis Centre
GNI	Gross National Income
GoF	Government of Fiji
HDI	Human Development Index
HPI	Human Poverty Index
KPI	Key Performance Indicators
MOH	Ministry of Health
MLGHSSE	Ministry of Local Government, Housing, Squatter Settlement and Environment
MASLR	Ministry of Agriculture, Sugar and Land Resettlement
NZAID	New Zealand Agency for International Development
NZODA	New Zealand Official Development Assistance
PSC	Public Service Commission
PWD	Public Works Department
SPC	Secretariat of the Pacific Community
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Programme
USP	University of the South Pacific
WHO	World Health Organisation

NZODA is used for references to the New Zealand Government Official Development Cooperation Programme up to 1 July 2002.

NZAID refers to the New Zealand Agency for International Development, the semi-autonomous development agency created within the New Zealand Ministry of Foreign Affairs and Trade on 1 July 2002.