



**ROADMAP FOR DEMOCRACY AND
SUSTAINABLE SOCIO-ECONOMIC
DEVELOPMENT
2010-2014**

A BETTER FIJI FOR ALL

**MINISTRY OF NATIONAL PLANNING
DECEMBER 2009**



FOREWORD

I am pleased to present to the people of Fiji, Government's *Roadmap for Democracy and Sustainable Socio-Economic Development 2010-2014*. The key foundation of the Roadmap is the Peoples Charter for Change, Peace and Progress which was compiled through an unprecedented nationwide consultation process and endorsed by His Excellency the President in December 2008 for implementation. The Roadmap outlines in more detail Government's agenda from now until 2014 as captured in my address on the Strategic Framework for Change delivered on 1st July 2009.

Carrying the theme of '**A Better Fiji for All**', the Roadmap brings together in a holistic manner, the range of reforms and sectoral policy mix that are needed to successfully deliver on the mandate handed down by His Excellency the President in 2007. The Roadmap is the outcome of extensive consultations with the private sector, civil society and within the public sector, and takes on board current political, social and economic developments, both on the domestic and international fronts.

The mandate of my Government is to ensure that true democratic, non-communal, equal suffrage based elections for parliamentary representation are held by September 2014. Prior to the elections the formulation of a new Constitution, one which is fair and just and provides a solid foundation and framework for the rebuilding of our nation is critical for Fiji. To ensure ownership of the Constitution by the citizens of Fiji, a participatory process will be undertaken, involving the political parties, private sector, civil society, non-government organizations, and citizens of Fiji.

A number of reforms will be implemented under the Roadmap. These include electoral and parliamentary reforms, public service reforms, land reforms, and reforms in the education and health sectors. Successful implementation of these reforms is necessary to give reality to the mandate of His Excellency the President and the objectives of the Peoples Charter.

Higher economic growth is critical to achieve the objectives set out in the Roadmap, to create more income earning opportunities and lift more people out of poverty. More concerted focus will be placed on boosting our export sector as well as promoting the use of local produce as substitutes to imports. These goals are not new and my Government recognizes that they must be

earned through hard work, sacrifice and political will in order to produce the prosperity which is essential to building better lives for all of the people of Fiji.

Government will continue to improve the environment for private sector investment. Major reforms will include revamping laws such as those that affect town and country planning, land development process and approvals. Government will expand its capital investment programme, including through projects funded by bilateral and multi lateral development partners.

Achieving the vision of the Roadmap will require the collective effort of every citizen. For far too long, Fiji's people and our leaders have been focused on their sectoral interests rather than the interest of the nation. For far too long, we have allowed our cultural, religious and ethnic differences to cause division among the community.

The overwhelming nation wide support received for the Peoples Charter in 2008 is testimony of the ordinary grassroot citizens support for real changes in the way Fiji has been governed. To ignore such an overwhelming voice for the sake of convening elections would be grossly irresponsible and not in the spirit of good governance. The Roadmap sets out the framework to achieve sustainable democracy, good and just governance, socio-economic prosperity and national unity.

I call on the international community to respect Fiji's sovereignty and the path that we have chosen as contained in this Roadmap. I look forward to future engagement with the international community based on the priorities that Government has set out in the Roadmap.

I call on the support of each citizen of Fiji to apply themselves more positively and productively in whatever area they are involved in to better their lives.

My Government is committed to delivering on each goal set out in the Roadmap and it is only through our collective efforts can we build Fiji into a peaceful, multiracial and prosperous home for which we can all be proud.

I take this opportunity to thank all those who have contributed in the preparation of this important document, and I look forward to your continued support in its implementation.

Commodore Josia Voreqe Bainimarama

Prime Minister and Minister for Public Service, Peoples Charter for Change, Information, Sugar, Finance, National Planning, Indigenous and Multi Ethnic Affairs and Provincial Development

Abbreviations

ADB	Asian Development Bank
ADR	Alternative Dispute Resolution
ALP	Alternative Livelihood Project
ALTA	Agricultural Landlord and Tenant Act
AMA	Agriculture Marketing Authority
ASA	Air Services Agreement
BFHI	Baby Friendly Hospital Initiatives
BNPL	Basic Needs Poverty Line
BQA	Bilateral Quarantine Agreement
CAAFI	Civil Aviation Authority of the Fiji Islands
CFB	Customary Fisheries Bill
CFC	Chlorofluorocarbons
CHARM	Comprehensive Hazard and Risk Management
CID	Criminal Investigations Division
CIDA	Coconut Industry Development Authority
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CMDA	Capital Markets Development Authority
CO ₂	Carbon Dioxide
COIFS	Commission of Inquiry into Financial Services
CSO	Civil Society Organisations
DNR	Department of National Roads
DPP	Director of Public Prosecutions
EEO	Equal Employment Opportunity
EEZ	Exclusive Economic Zone
EFF	Export Finance Facility
EGM	Emperor Gold Mining Company Limited
EIA	Environmental Impact Assessment
EMA	Environment Management Act
ERP	Employment Relations Promulgation 2007
EU	European Union
FASANOC	Fiji Association of Sports and National Olympic Committee
FDB	Fiji Development Bank
FDI	Foreign Direct Investment
FEA	Fiji Electricity Authority
FHCL	Fiji Hardwood Corporation Limited
FIC	Forum Island Country
FICL	Fiji Investment Corporation Limited
FIMSA	Fiji Islands Maritime Safety Administration

FIRCA	Fiji Islands Revenue and Customs Authority
FIT	Fiji Institute of Technology
FIU	Financial Intelligence Unit
FMF	Flour Mills of Fiji
FNPF	Fiji National Provident Fund
FOI	Freedom of Information
FSAP	Financial Sector Assessment Programme
FSC	Fiji Sugar Corporation
FSFE	Fiji Seventh Form Examination
FSLC	Fiji School Leaving Certificate
FSMed	Fiji School of Medicine
FSN	Fiji School of Nursing
FTIB	Fiji Islands Trade and Investment Bureau
FTR	Financial Transactions Reporting
GDP	Gross Domestic Product
GEM	Gender Empowerment Measure
GWh	Giga Watts per hour
HA	Housing Authority
HACCP	Hazard Analysis and Critical Control Point
HART	Housing Assistance Relief Trust
HASAWA	Health and Safety at Work Act 1996
HIES	Household Income & Expenditure Survey
HRIS	Human Resource Management Information System
ICAO	International Civil Aviation Organization
ICT	Information & Communication Technology
IHR	International Health Regulation
IHRDPEP	Integrated Human Resource Development Programme for Employment Promotion
ILO	International Labour Organization
IMCI	Integrated Management of Childhood Illnesses
IPP	Independent Power Producers
IRB	International Rugby Board
ISO	International Organisation for Standardisation
ISPS	International Ships and Ports Facility Security
IT	Information Technology
ITC	Information Technology & Computing
KM	Kilometers
KPI	Key Performance Indicator
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LTA	Land Transport Authority

MoA	Ministry of Agriculture
MDG	Millennium Development Goal
MFI	Micro-finance Institutions
MLA	Mutual Legal Assistance
MoE	Ministry of Environment
MoH	Ministry of Health
MPA	Marine Protected Areas
MSME	Micro, Small and Medium Enterprises
MT	metric tonnes
NAS	National Adaptation Strategy
NCCC	National Coordinating Committee on Children
NCD	Non Communicable Diseases
NCSMED	National Center for Small & Micro Enterprise Development
NEC	National Environment Council
NEP	National Energy Policy
NGO	Non Governmental Organizations
NLTB	Native Lands Trust Board
NPCC	National Peoples Charter Council
NRSC	National Road Safety Council
NSFC	National Sports Funding Commission
NSP	National Sports Policy
NZ	New Zealand
ODS	Ozone Depleting Substances
PACER	Pacific Agreement on Closer Economic Relations
PALP	Pacific Anti-Money Laundering Programme
PDCs	Provincial Development Committees
PIB	Prices and Incomes Board
PICTA	Pacific Island Countries Trade Agreement
PMTCT	Prevention of Maternal To Child Transmission
PPP	Public Private Partnership
PRB	Public Rental Board
PSIP	Public Sector Investment Programme
RBF	Reserve Bank of Fiji
RFMF	Republic of Fiji Military Forces
ROI	Rural and Outer Island
RTGS	Real Time Gross Settlement
SCARF	Seed Capital Revolving Fund
SCGC	Sugar Cane Growers Council
SME	Small and Medium Enterprise
SMME	Small, Medium and Micro Enterprises
SOPAC	South Pacific Applied Geo-science Commission

SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement
SRU	Squatter Resettlement Unit
TAC	Total Allowable Catch
TCF	Textile, Clothing and Footwear
TCTS	Tonnes of Cane per Ton of Sugar
TPAF	Training & Productivity Authority of Fiji
TVET	Technical and Vocational Education and Training
UGMP	Urban Growth Management Plan
UN	United Nations
UNCEDAW	United Nation Convention on the Elimination of All Forms of Discrimination Against Women
UNCRC	United Nations Convention of the Rights of the Children
UNDP	United Nations Development Programme
UPAP	Urban Policy Action Plan
USP	University of the South Pacific
VCCT	Voluntary Counselling and Confidential Testing
WHO	World Health Organization
WOSED	Women's Socio-Economic Development
WSSD	World Summit on Sustainable Development
WTO	World Trade Organisation

Executive Summary

The Roadmap for Democracy and Sustainable Socio-economic Development (RDSSSED) 2010-2014 sets out a strategic framework to achieve sustainable democracy, good and just governance, socio-economic development and national unity. The key foundation of the Roadmap is the Peoples Charter for Change Peace and Progress (PCCPP) which was compiled through an unprecedented nationwide consultation process, involving a wide range of stakeholders. The Roadmap is logically aligned to the mandate handed down by His Excellency, the President in 2007, as well as to the Strategic Framework for Change announced by the Prime Minister on 1st July 2009.

In order to ensure an inclusive approach, ownership and successful implementation, the Roadmap has been compiled in consultation with private sector, civil society and government to take on board the current political, social and economic situation, both on the international and domestic fronts.

The vision of the Roadmap together with the Mission and Guiding Principles are described in Chapter 1. Chapter two reviews governance issues and challenges and sets out the policies, strategies and key performance indicators. Similarly, reviews and policies, strategies and key performance indicators for economic and socio-cultural development are addressed in Chapters 3 and 4 respectively. Chapter 5 outlines the implementation and monitoring framework.

Vision, Mission and Guiding Principles

The objective of the Roadmap is to implement policies to achieve the **Vision** of “*A Better Fiji for All*” which is consistent with the Peoples Charter. To achieve this vision, the overarching objective is to rebuild Fiji into a non-racial, culturally vibrant and united, well governed, truly democratic nation that seeks progress and prosperity through merit-based equality of opportunity and peace.

Strategic Policy Direction

The medium term strategic focus of the Roadmap is to strengthen good and just governance, raise economic growth and improve socio-cultural development. Under good governance, the key strategic priorities include formulation of a new constitution, electoral reforms, strengthening law and justice, ensuring effective, enlightened and accountable leadership, enhancing public sector efficiency, effectiveness and service delivery, developing an integrated development structure at divisional level. The key strategic priorities for economic development include maintaining macroeconomic stability, export promotion, import substitution, raising investment levels, making more land available for productive and social purposes, enhancing global integration and international relations. The focus under social development will be on reducing poverty to a negligible level, making Fiji a knowledge based society, improving health service delivery and developing a common national identity and building social cohesion.

Strengthening Good Governance

Fiji needs to entrench a culture of democratic good governance such that it becomes the dominant political thinking and behaviour of the people of Fiji. Principles of good governance need to be applied to both the formal governance framework, to the institutions within it, and to how the country is governed on a daily basis in terms of policy formulation and decision making. The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), and several other UN bodies, describe good governance as having eight major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follows the rule of law. It assures that corruption is minimised; the views of minorities are taken into account; and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

A major short term priority of Government is to formulate a new Constitution. Following the appeals court ruling, His Excellency the President abrogated Fiji's Constitution on 10 April 2009. In order to maintain continuity in the implementation of the mandate handed down to the Government in January 2007 for an equal, just and fair Fiji, His Excellency reappointed the Interim Government. The State is now re-established under Presidential Decrees, which continues to respect the independence of the judiciary and accountability institutions and the operation of other key arms of the State.

Fiji's single member (majority) electoral system, which has been in place since Independence, has always provided for communal representation. Besides the excessive use of communal or reserved representation in violation of basic human rights principles, this electoral and voting system is unfair due to the:

- lack of equal suffrage given the disproportional number of voters between single member constituencies;
- use of preferences producing results that do not accurately reflect the will of the people, as evidenced by the lack of representation for certain political parties who have received a fair proportion of first preference votes;
- communal voting and representation using a single member constituency or majority/plurality electoral system has also made it impossible to encourage a move away from race-based politics as political parties only need to appeal to specific ethnic interests to secure seats; and
- the complexity of the current system requires a high level of literacy, which has led to an unusually high proportion of invalid votes (9% in 1999, 12% in 2001, and 9% in 2006).

The accountability framework comprises the institutions and processes that exist to ensure open and transparent Government. It involves the operations of many state institutions namely, Parliament, through its committee system and other processes, and independent institutions like the Auditor-General, Fiji Human Rights Commission (FHRC) and the Fiji Independent Commission Against Corruption (FICAC). A key function of many of these institutions is to hold Government to account for their actions; a necessary step in maintaining public confidence in the governance system.

The effectiveness of Government's internal processes to ensure enforcement of the public service code of conduct and compliance with financial rules and regulations is another key component of the accountability framework. It also requires commitment to allowing the public to access public information and independent enforcement of conduct standards for holders of high public office. A free and independent media and the work of non-government and civil society organisations are also a vital part of the accountability framework.

Public perception is that there is little or no accountability for public officials, from holders of high public office to ordinary civil servants, who behave improperly. In the absence of accountability, people are unable to ensure that their Government acts wisely, lawfully and fairly in serving the national interest. Accountability issues are continually raised in the Annual Audit Reports of the Auditor-General on the public accounts of the State and Local Government bodies and by the media.

Fiji's national security concerns encompass a broad range of areas including protecting the country's sovereignty from attack, ending the cycle of coups and maintaining law and order. It also encompasses Fiji's interests in protecting its tourism industry or offshore environment; border security; protective security; emergency management and effective coordination of disaster relief. Essentially the functions of security agencies are interlinked. Effectively addressing these areas provides the platform for peace and stability that is vital for socio-economic growth and national development.

The effectiveness of the Law and Justice Sector in part depends on the ability of the different institutions to operate together in a coherent, coordinated and mutually supportive way. In a technical sense, the Law and Justice Sector is operating reasonably well. In many areas of the legal system where significant problems existed a few years ago, progress has been or is being made. The Australia/Fiji Law and Justice Programme was starting to achieve modest successes in improving the operation of different institutions in the sector, including smoothing out the operation of the criminal justice system and overcoming delays in prosecutions, reduce case back logs; improve the treatment of juvenile offenders; to expand access to legal aid; and to establish a Family Court and associated counselling service, and community policing.

The Public Service remains the key institution for the implementation of Government's visions and policies including its plans and programmes. Its performance, professionalism, productivity, accountability, cost and commitment has been heavily criticised in recent years. The current consensus is thus that Public Sector Reform matters a great deal for national development, and in at least two ways: first, it will lead to better delivery of the basic public services that affect the living standards of the poor; and second, it will create a climate conducive to private sector development.

Coordination of all development efforts at the local level remains fragmented and ineffective resulting in duplication and wastage. Enhancement of development cooperation will directly contribute to rural development and revitalization of economic activities resulting in growth, and limiting rural-urban drift.

Addressing the issue of leadership is of great importance to the future of the country. At all levels, the type of leadership in Fiji is seen as a contributing factor to many of the country's problems. Leadership at the national level has always been a subject of debate. One point of view is that the style of political leadership in Fiji has, and continues to be, dominated by ethnic issues solely focused on protecting the interests of one's own ethnic community. The need for Fiji's leaders to display selflessness is a major challenge – that is, to lead for the common good and not through self-interest.

Strategic Priorities for Good Governance

Formulating a New Constitution The formulation of a new Constitution, one which is fair and just and provides a solid foundation and framework for the rebuilding of our nation in accord with the vision and principles of the Peoples Charter, is critical for Fiji. To ensure ownership of the Constitution, a participatory process will be undertaken, involving the political parties, civil society, non-government organizations, and citizens of Fiji. The new Constitution will recognise the basic constitutional principles, which have existed in Fiji since independence such as sovereignty, parliamentary democracy, the separation of powers and the protection of basic human rights under a Bill of Rights and supremacy of the rule of law. Government will also ensure that the underlying principles of the Peoples Charter in particular the principle of equal opportunity and equality under the law for all citizens regardless of race, gender or circumstance in all areas of Government and society are also recognised. To ensure public confidence the new Constitution will include major reforms under the Peoples Charter including:

- i. adoption of an Open List Proportional Representation electoral and voting system;
- ii. adoption of the common name “Fijian” for all citizens and to change the official name of the country to “Fiji”;
- iii. enhancing and clarifying the role of the military and the country's national security framework;
- iv. stronger protections for the application of the Bill of Rights such as adoption of CEDAW definitions for discrimination against women and the girl-child; and
- v. proposals to strengthen the operation of state services and the accountability framework.

Electoral and Parliamentary Reforms Our electoral process will be reviewed to promote racial tolerance and unity and eliminate ethnic-based politics, a serious impediment to national development. Necessary steps will be taken to formulate the appropriate constitutional and legal framework to facilitate the adoption of the country's electoral and parliamentary system under the new Constitution in 2012. Further ancillary issues to be addressed include: the size and composition of Parliament; compulsory voting; the voting age; eligibility of candidates; residency restrictions on the right to vote; electoral rules and regulations to ensure a free and fair general election; and strengthening the capacity of electoral administration bodies.

Strengthening Law and Justice Government's commitment to the maintenance of law and order will continue. Measures will be implemented to strengthen the independence and

accountability of the judiciary. This involves the adoption and enforcement of conduct standards for judges, magistrates and other judicial officers will be carried out in accordance with the Administration of Justice Decree 2009. The police force shall be strengthened with upgrading of communications, transport and forensic tools. Government recognizes that policing is important to also instill public and investor confidence. As part of the reforms the archaic Penal Code shall also be revamped.

Strengthening Accountability and Transparency Accountable and transparent process of government as the hallmark of effective sustainable democratic governance will be a goal that Fiji will aspire to achieve in the medium and long term. It is, therefore, imperative that relevant governance systems, structures and institutions are strengthened whilst at the same time ensuring the maintenance of law and order. This will be addressed through the provision of adequate resources and capacity building initiatives to ensure the effectiveness of the various governance frameworks. Freedom of Information legislation will be decreed to enhance transparency and wider access to the public of government information.

Ensuring Effective, Enlightened and Accountable Leadership Effective and visionary leadership is critical for Fiji. We need leaders with progressive vision that is uplifting, motivating, inspiring and most importantly unifying. Leadership training and development at all levels will be a priority so that good leadership is realized sooner than later. Women and youth leadership will also be strengthened. Conduct of public leaders including parliamentarians and other category of leaders will be addressed through the enforcement of Code of Conduct legislation. Leadership models with clearly defined legitimate roles of elected and non-elected leaders will also be developed and implemented. The active promotion of sound values and ethics, including honesty, fair play, respect, dedication to cause, and the need to work hard to earn a living, particularly in young people will assist to build integrity among the future generation of leaders.

Enhancing Public Sector Efficiency, Effectiveness and Service Delivery As a result of the reform programmes, the public service must become efficient and effective in both capacity and performance in the 21st Century in order to meet the needs of the people in the most cost effective way. It will instill a new performance and service-oriented culture – one that values high productivity, smarter and effective work systems and enforces merit based appointments. It will be lean and accountable to those that it serves. The well being and good governance of the indigenous population will be addressed through the implementation of good governance practices in indigenous institutions.

Developing an Integrated Development Structure at Divisional Level Integration of i-taukei development interests into national development plans and programmes, and the devolution of decision making powers to the divisional levels will be pursued. Partnerships with Non Government and Community Based Organizations (CBOs) will be strengthened to complement Government's outreach programmes and projects. These are critical to ensure local participation and to improve delivery of development programmes to raise living standards of people in the rural areas. This will assist communities in identifying resources and

formulate community development plans directed at income generating skills and initiatives that maximize the returns from available resources.

Economic Development

The world economy has performed relatively well between 2001 and 2007 with exceptional performance from emerging markets such as Russia, China and India for some time. However, since the second half of 2008, the global economy started slowing down which eventually led to a recession towards the end of the year, spilling over to 2009.

Economic activity in Fiji has remained relatively weak since 2001 averaging only 1.5 percent growth until 2008. The sluggish growth in recent history has largely been a result of underperforming exports, recent declining trend of remittances, lower tourism receipts, reduced investment levels and increasing imports which have affected Fiji's foreign reserve and balance of payments position.

The financial and economic recession experienced worldwide compounded by the high occurrence of natural disasters, including the flash floods in early 2009. Our vulnerability to these situations adversely affected Fiji's economy causing below par performance. A contraction of 2.5 percent is expected in 2009 with modest recovery projected for the medium term.

The Reserve Bank devalued Fiji's currency in April 2009 to protect the foreign reserve position and improve the competitiveness of our exports and services, particularly tourism. In addition, it was to encourage use of local goods to substitute foreign produce which would have become expensive. The Reserve Bank also made interest rate policy announcements on the weighted average interest rate and interest rate spreads for commercial banks. Subsequently, commercial banks lending and interest rates have started to fall, deposit rates have risen and banking system liquidity, that is, the amount of money available for banks to lend, has increased considerably from very low levels early in the year. This itself will see credit conditions easing up further in the coming months and will assist greatly in businesses being able to borrow additional amounts to grow their businesses and to start new projects.

In the tourism industry, visitor arrivals are recovering. Tourist numbers are expected to improve in coming months assisted by the devaluation of the Fijian dollar and strong marketing which have made Fiji a competitive destination. Exports of gold and fish have increased. However, performances of other industries, such as garments, timber and mineral water have been affected by the weak demand from our trading partner economies.

Investment which is around 15 percent of GDP is expected to rise with the recent investments by Government and public enterprises such as the Fiji Electricity Authority and the Housing Authority. Government has given increased priority to the implementation of its capital programme for the year, in addition to meeting the flood rehabilitation demands. The Reserve Bank has made allowances for priority sector lending, as well as for export finance. The Bank has also established a Flood Rehabilitation Facility to assist businesses recover from the effects of the floods.

The planned infrastructure upgrading through the EXIM Bank China, EXIM Bank Malaysia and Asian Development Bank will further boost investment. Greater infrastructural support from Government and restructuring of the public sector, which essentially transfers assets and business opportunities to private sector, will also induce higher levels of private investment.

Exports have been less than \$1 billion; however, imports in recent years have exceeded \$3 billion resulting in trade deficits in excess of \$2 billion. Imports have been rising continuously, mainly due to Fiji's low production based and exacerbated by the growing demand from the tourism industry as well as rising food and fuel prices.

Foreign reserves have steadily risen to more than \$1 billion (as at 18 November 2009), from around \$440 million before the devaluation. However, the foreign reserves position must be improved to meet the medium term target of 3-5 months of import cover.

As a result of the devaluation, an increase in the inflation rate is expected in the coming months, with the year-end inflation forecast at 9.5 percent. However, prices are expected to start easing after April next year, towards an inflation of around 2 percent by the end of 2010.

The key macroeconomic issues that need to be addressed include maintaining macroeconomic stability; increasing exports, raising domestic production, raising foreign and domestic investment; and making more land available for social and economic development.

Strategic Priorities for Economic Development

Maintaining Macroeconomic Stability

The major priority for the medium term is to maintain prudent monetary and fiscal management in order to protect exchange reserves, reduce inflation to low levels, and ensure sustainable fiscal deficits and debt levels. The medium-term objective of Government is consolidating fiscal policy, increasing export earnings and minimizing imports to reduce the widening trade account deficits of the balance of payments.

Export Promotion

Export promotion will be targeted through the implementation of the National Export Strategy together with support for natural resource based industries.

Also critical is the implementation of the sugar industry reforms including co-generation and the establishment of the bio-fuel industry. Import substitution strategies, including local value addition, will be supported to increase self sufficiency, increase food security and reduce imports.

Import Substitution

Government will ensure greater cohesion and effective implementation of import substitution programmes to increase self reliance and reduce imports.

The demand driven approach both for export and import substitution commodities will involve commercialization and strengthening industry organizations and agri-business networks, promotion of young farmer training, recognition of industry priorities by Government and the provision of support to medium sized entrepreneurs and exporters with existing market protocols.

Raising Investment Levels Although investment has risen in recent years, it remains below the average of 20% of GDP for developing countries and below the Roadmap target of 25% of GDP. Of particular concern has been the low rate of private sector investment. Major reforms will include revamping laws such as those that affect town and country planning, land development process and approvals. Government will raise its capital programme for the year, including those projects funded through the bilateral and multi lateral development partners.

Making More Land Available for Productive and Social Purposes The key issue regarding land in Fiji is one of access and improving utilization and not ownership. Land is in abundance in Fiji, and ownership rights are well defined. What is lacking is a mutually beneficial system that encourages the leasing of land for all purposes, sets incentives to ensure productive utilization of the land, and ensures equitable returns for both tenants in the use of the land and landowners in the leasing of their land. Enduring solutions on the issue of access to land for productive economic and social purposes will be developed. Major land reform will be pursued through a genuine consultative process with all stakeholders. Critical will be the need to ensure that the interests of landowners and tenants are addressed in a holistic and equitable manner. Land reforms will not compromise the interests of the landowners.

Enhancing Global Integration and International Relations Fiji recognizes that it must reassert itself to regain its rightful place in the regional and international family of nations. Improved foreign and international relations are essential for achieving this. Our representations overseas will be strengthened to ensure that Fiji's vision and aspirations is well understood by our trading and development partners. Enhanced global and regional integration and partnerships will result in increased trade and cooperation including technical assistance and aid for trade. Bilateral, regional and multilateral arrangements will be actively pursued with our development and trading partners. Fiji will strengthen its investment and trade facilitation through enhanced negotiation capacity and improved trade infrastructure.

Socio-Cultural Development

Most of the social indicators have worsened in Fiji over the past three decades. These include the Human Development Index (HDI) and the Millennium Development Goals (MDGs) in relation to the proportion of the people living in poverty, maternal and child mortality rates.

The HDI is a widely accepted measure of a country's progress in attaining satisfactory levels of education, health and income. Fiji's ranking was 42nd in 1975 but dropped to 61st in 1997. Its position further eroded in the late 1990s. Based on the 2007/08 UNDP Human Development Index, Fiji currently is placed 92nd out of 177. Samoa and Tonga — which had rankings similar to those of Fiji in the 1970s — have performed much better than Fiji in recent years, with rankings of 77th and 55th in 2007/08 respectively.

The MDGs and their associated targets and indicators, which were endorsed by 189 countries including Fiji in the 2000 Millennium Summit, provide a recognised set of indicators that can be used to judge the key elements of social progress.

Income redistribution is the most difficult challenge facing Fiji and its people and the greatest obstacle to pursuit of sustainable socio-economic growth. On the basis of the 2002/03 Household Income Expenditure Survey (HIES), 34.4% of the population lived below the Basic Needs Poverty Line (BNPL), indicating a 5% increase from the 1990-91 HIES. The poverty gap was estimated to have been \$2,616.64 per year for an average household. Fiji remains a society with deep income inequalities. The 2002-03 HIES shows that the poorest 20% of the household received 5.9% of the national income while the top 20% of the households received 47.9% of the national income. Results of the 2008-09 HIES, which will be available by the end of 2009, will provide vital information on the poverty situation in the countries.

The key issues inhibiting poverty reduction include a lack of political commitment; political instability (weak governance); insufficient access to economic assets, markets and social services; ineffective coordination, implementation, and monitoring; lack of participation by all stakeholders *vis-à-vis* Government, the private sector and civil society; absence of sustainability mechanisms in programmes and projects; and lack of involvement of beneficiaries in project design, implementation, monitoring, and evaluation.

Access to basic education is a right of all Fijians. Education, up till secondary level, is well established in Fiji with ownership and management of schools being in partnership between state and community. The 2004/2005 Employment and Unemployment Survey revealed that 90% of the persons aged 5 to 14 were attending school, with the proportion a slightly higher (92%) for Indo-Fijians compared to 89% for Fijians.

The large number of students dropping out early from school is a critical problem since it is one of the major contributing factors to the growing incidence of poverty. In turn, poverty impacts so adversely on the socio-economic development of this country. With limited skills and knowledge to improve their livelihoods, early school leavers make up a large number of the unemployed and subsequently they contribute disproportionately to the rising tide of crime and violence occurring in most urban centres.

Health continues to be a growing and increasingly complex field of competing priorities from all perspectives – from the individuals to governments, businesses, health professionals and the health services system. A healthy and productive population is a key for sustainable economic development. Despite consuming a major portion of governments budget (>3% of GDP and 9% of total budget), health care funding continues to be lower as compared to other countries in the region.

The key development constraints and challenges in the health sector include: efficient and effective use of resources in health service delivery; responding to the increasing numbers of HIV/AIDS and STIs cases; reversing the deteriorating rates of child mortality, infant mortality and maternal mortality; reduction in the incidence of Non-Communicable and life-style diseases; emigration of skilled health care professionals; limited capacity for policy analysis and research; improving physical and financial access to good-quality health services in depressed domestic and global economy; the increasing demand and cost for health care; the need to improve stewardship over policy formulation, health legislation, regulation, resource mobilization,

coordination, monitoring, and evaluation, strengthen the national health system and improve its management, and to improve the availability and management of health resources (financial, human, infrastructure, and so forth); reducing the disease burden attributable to priority diseases and health problems; increasing consumers' awareness of their health status and poor lifestyle, and fostering effective collaboration and partnership with all health actors, NGOs and CSOs.

Women's higher risk of poverty and destitution is associated with labor force discrimination, increasing divorce and separation rates and problems in collecting maintenance payments from departed spouse. Women constitute the majority of beneficiaries under the Social Welfare Department's Family Assistance Scheme. Female unemployment increased slightly from 7.8% in 1996 to 8.7% in 2005, perhaps as a result of loss of jobs in the garment and other industries.

The major challenges to enhancing the development of women include implementation and monitoring of the Equal Employment Opportunity Policy in all workplaces, presence of occupational discrimination and gender segregation in labor markets; monitoring the compliance of laws and administrative practices and procedures to CEDAW Articles; maintaining effective social safety nets for the employed in particular training and investment to promote alternative livelihoods for women displaced from the manufacturing sector; promoting rural women's advancement in economic activities without destroying sustainability of women's fisheries and therefore household food security; continuing social impact analysis of trade agreements on impact on women's health of imported, low quality foods; increasing incidence of domestic violence; decreasing fertility of women especially rural Fijian women; spreading of HIV/AIDS as an epidemic; and collection and analysis of gender-sensitive data.

Fiji is a multi-racial, multi-cultural and pluralistic country with a multiplicity of languages, religions and ways of living. However, the country is a fragmented society because there is no unity amongst the citizens of this nation. There is an absence of a National Identity. At present the citizens of Fiji identify themselves more strongly with their religions, ethnicity and by their various community or province than by nationality.

These differences have been utilised by many of our political leaders to gain political mileage. During the past thirty eight years, political leadership played a key role in dividing the citizens of Fiji rather than uniting us. The division was derived from the colonial system of leadership of divide and rule. Our leaders have failed to unite our various communities in a form that truly reflects our diversity.

The lack of social cohesion has contributed to exclusiveness and lower economic growth. One of the main challenges we face is uniting people who comprise several ethnic communities with diverse social, economic and cultural backgrounds. It is this diversity which requires a symbol that is acceptable for the whole population, as a basis for the development of national identity that creates firm allegiance. This allegiance can be constructed, made concrete, communicated and maintained over time. The process to negotiate a national identity is a continuous one which demands inclusiveness and the fair representation of people and cultures. The end results ought to be a shared conviction that people are socialized into believing its essence, resulting in its internalization.

A process needs to be designed and facilitated that can include the participation of Fiji's peoples and our leaders need to be focused on our nation rather than their sectional interests. We need to build Fiji into a non-racial, culturally-vibrant and united, well-governed, truly democratic nation that seeks progress, and prosperity through merit-based equality of opportunity, justice and peace. Establishing a national identity through a common name is of utmost importance. Education, religion, and culture have important roles to play in our peaceful co-existence, social cohesion and nation building.

Strategic Priorities for Social Development

Reducing Poverty to a Negligible Level Expanding the national and local economies is vital to create more economic opportunities and to underpin improved well-being and more sustainable livelihoods. Emphasis will be placed on directing adequate resources to core priority sectors of health, education, housing, micro finance initiatives and infrastructure development, particularly in depressed and under-developed regions, in both rural and urban areas. To enhance their effectiveness, poverty reduction strategies and programmes will be based on needs assessment, targeted to the intended beneficiaries and coordinated with relevant stakeholders. National Minimum Wage and the enhancement of productivity will be addressed. Communities and Community Based Organizations will be empowered through capacity building programs. Local plans will be developed and implemented to enable greater access to social services and economic opportunities.

Making Fiji a Knowledge Based Society Access to quality education for all will remain a priority for Fiji. Improved quality of teaching supplemented by progressive and responsive curriculum will ensure the achievement of an educated and skilled workforce. School dropouts and skills gaps will be addressed through initiatives such as the strengthening of the National Youth Service Scheme, enhancement of vocational and community based informal education, and alignment of training to national priorities. Critical will be the need to establish a Modular System of education at secondary schools to provide broad based education for all students while at the same time giving students choice to develop their potential along their areas of interest.

Improving Health Service Delivery Fiji's progress towards the achievement of the health related Millennium Development Goals (MDGs) has not been encouraging. Health service delivery will be a nation-wide effort to bring it to acceptable levels. In order to enhance health service delivery the areas to be targeted are evidence-based resource allocation and meeting manpower needs. The need for more private sector involvement, the identification of alternative sources of health financing and outsourcing of non-essential services will be pursued.

Developing a Common National Identity and Building Social Cohesion National identity through a common name is critical for building social cohesion and for elimination of racial discrimination in Fiji. To change for the common good, civic and cultural education will be pursued with vigor, and will focus on developing our strength through our common shared values and interests. As a long term

commitment, the initiatives for building social cohesion and national unity will continue well beyond 2014. These include civic and multicultural education, establishment of a Commission for Healing, Reconciliation, Truth and Justice, promulgation of the Anti-Discrimination Act, the teaching of vernacular languages and comparative studies on religion for better appreciation and understanding of other cultures.

Implementation and Monitoring Framework

The successful implementation of the Roadmap will depend to a large extent on a robust and effective implementation and monitoring framework. All stakeholders and implementing agencies including Ministries and Departments will ensure that all key initiatives and major outputs are achieved within the timeframe. The framework to ensure a systematic and coherent approach to implementation will include the following:

- (i) Roadmap - based on the Strategic Framework for Change and will outline the outputs and respective strategies and programmes;
- (ii) Action Plans - based on the Roadmap, Ministries and Departments are required to develop Action Plans which will be basis for the formulation of their Annual Corporate Plans;
- (iii) Nationwide Effort - all stakeholders including Ministries and Departments will contribute positively to the implementation programme; and
- (iv) Implementation and Monitoring – an implementation and monitoring framework will be established to ensure systemic and effective implementation.

The RDSSSED monitoring mechanism will involve the National Peoples Charter Council (NPCC), sub-committees, a secretariat, Ministries and Departments, private sector and civil society. The members of the NPCC will be inclusive and representative of the people of Fiji. Therefore, members will be drawn from the Government of the day, recognised private sector organisations, Non Government Organisations, religious organisations, provincial councils, advisory councils and other community-based organisations.

In light of this necessity and the need for greater public inclusiveness, dialogue and participation, the NPCC, shall be actively engaged in performing the role of facilitator, setting and shaping the ongoing agenda for change.

The NPCC will monitor the outputs and their respective Key Performance Indicators (KPIs), as contained in this Roadmap. The NPCC and sub-committees will not limit themselves to assessing progress against the KPIs: an important function of the sub-committees will be to assess the continuing relevance of outcomes and KPIs and the quality of information they are providing so that the adequacy of all KPIs is kept under review.

The functions of the NPCC shall include:

- Monitor Roadmap implementation focusing on the outputs and key performance indicators;

- Provide forums for consultation and dialogue for consensus building on national development issues;
- Carry out civic education on governance issues, national identity and other issues considered relevant and important;
- Evaluate and review performance of implementing agencies;
- Review of the Roadmap when necessary for the purpose of updating and adjustment; and
- Provide policy advice and support to the Prime Minister and Cabinet on issues pertaining to the Roadmap.

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CHAPTER 1

Chapter 1 Vision, Mission and Guiding Principles

1.1 Introduction

The Roadmap for Democracy and Sustainable Socio-economic Development (RDSSSED) 2010-2014 sets out a strategic framework to achieve sustainable democracy, good and just governance, socio-economic development and national unity. The key foundation of the Roadmap is the Peoples Charter for Change, Peace and Progress (PCCPP) which was compiled through an unprecedented nationwide consultation process, involving a wide range of stakeholders. The Roadmap is logically aligned to the mandate handed down by His Excellency, the President in 2007, as well as the Strategic Framework for Change announced by the Prime Minister on 1 July 2009.

In order to ensure an inclusive approach, ownership and successful implementation, the Roadmap has been compiled in consultation with private sector, civil society and government to take on board the current political, social and economic situation, both on the international and domestic fronts.

This chapter outlines the Vision of the Roadmap, together with the Mission and Guiding Principles that Government will follow in implementing policies. The Vision is a statement of Fiji's aspirations in the short, medium and long term. The Mission and Guiding Principles summarize the approach and philosophy that Government will adopt in designing and implementing policies to achieve the Vision.

Chapter 2 reviews governance issues and challenges and sets out the policies, strategies and key performance indicators for the next five years. Similarly, reviews and policies, strategies and key performance indicators for economic and socio-cultural development are addressed in chapters 3 and 4 respectively. Chapter 5 outlines the implementation and monitoring framework of the Roadmap.

1.2 Vision: "A Better Fiji for All"

The objective of the Roadmap is to identify and implement policies to take the country forward to achieve the collective vision of "**A Better Fiji for All**". This vision should be shared by all citizens of Fiji. A better Fiji is one that is well governed, truly democratic, progressive, prosperous, non-racial, united and peaceful.

1.2.1 Good Governance and a Truly Democratic Nation

Fiji needs to entrench a culture of good governance in particular a greater commitment to equality under the law for all people regardless of race, gender or circumstance in all areas of Government and throughout society in order to end the cycle of coups and achieve sustainable democracy. The formulation of a new Constitution, which is fair and just, will provide a solid foundation and framework for rebuilding the nation, is a fundamental component of this Roadmap. Equally important is electoral reform to bring about fair and free elections. The

current electoral system will be reviewed to promote racial tolerance and unity and eliminate ethnic based elections, a major impediment for national development.

To improve the accountability framework, improve access to justice and strengthen the operation of the rule of law, key governance institutions responsible for maintaining law and order and holding Government accountable will be enhanced in the medium to long term. Code of Conduct and Freedom of Information Decrees will lead to greater accountability on the part of holders of high public office and to wider access by our citizens to Government information and processes. Further legal reforms will be implemented to enhance accountability, and maintain freedom of the media in Fiji.

Good governance of the indigenous population will be addressed through the implementation of good governance practices in indigenous institutions. A new national security framework will be adopted to enhance coordination and improve the State's response to security threats to the nation, including a re-defined role for the military that incorporates the concept of human security to improve its relationship with civilian Governments and the people.

It is imperative that the Public Service must be efficient and effective in both capacity and performance in the 21st Century. It will instill a new performance and service – oriented culture – one that values high productivity, smarter and effective work systems and enforces merit based appointments. It will be lean and accountable to those it serves.

1.2.2 Progress and Prosperity for All

Progress, prosperity and decent living standards can only be achieved when the economy is growing. The financial and economic recession experienced worldwide, compounded by high occurrence of natural disasters and flash floods and our vulnerability have adversely affected Fiji's economy causing below par performance. The pro-growth and pro-poor measures announced in the 2009 Budget in relation to raising exports, enhancing domestic production, increasing private sector investment and infrastructure development, are in progress and these are expected to contribute to positive growth in 2010 and beyond.

Enduring solutions on the issue of access to land for productive economic and social purposes will be developed. Major land reforms will be pursued through a genuine consultative process with all stakeholders. Of major importance will be the need to ensure that the interests of landowners and tenants are addressed in a holistic and equitable manner.

Prosperity also means making sure that all people share in the benefits of growth and in the opportunities which it generates for improving living standards. Particular emphasis will be placed on directing adequate resources to core priority sectors of health, education, housing, micro finance initiatives and infrastructure development, particularly in depressed and under-developed regions, in both rural and urban areas. National Minimum Wage and the enhancement of productivity will be addressed. Communities and Community Based Organizations will be empowered through capacity building programs. Local plans will be developed and implemented to enable greater access to social services and economic opportunities.

Narrowing the income and opportunity disparities that exist in society will also contribute to a greater sense of national identity and social cohesion. This is important in achieving stability and peace in the country. Peace, stability and a feeling of security are essential to achieve sustained high economic growth, and prosperity.

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

1.2.3 Peaceful, Non-Racial and United Society

Achieving peace, racial tolerance and unity in our multi-cultural country is a long term commitment that must be vigorously pursued through building understanding amongst leaders and communities at all levels - from local to national, as well as through recognising and appreciating the contribution by the different communities, to nation building. This is essential for peaceful co-existence and social cohesion in our multi-cultural society.

National identity through a common name is critical for building social cohesion, elimination of racial discrimination and developing a united society. To change for the common good, civic and cultural education will be pursued with vigor, focusing on our shared values and interests. As a long term commitment, the initiatives for building social cohesion and national unity will continue well beyond the duration of the Roadmap. These include civic and multicultural education, the teaching of vernacular languages and comparative studies on religion for better appreciation and understanding of other cultures.

Government recognizes, accepts and deeply respects that the i-taukei and other communities in Fiji have their cultures, histories and sense of identities that they deeply cherish and that these qualities have enabled them to contribute effectively, in great measure to the development of Fiji as a multicultural, progressive democratic nation.

For the people of Fiji to build and develop a deeper sense of multicultural nationhood into the future, we must ensure that all communities' interests that give each of them their identities and sense of place and belonging to Fiji must be recognized and respected in our relationship and mutual conduct.

1.3 Mission and Guiding Principles

Government's **Mission** is to develop and implement the best political, social and economic policies in order to advance the goals of Good Governance, Prosperity, Peace and National Unity. Government has consulted widely with the private sector and with non-government organizations to identify the policies appropriate to the current social and economic situation in Fiji. Based upon these shared priorities, the Roadmap will best serve the needs of national unity, peace and harmony.

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

- Equality and dignity of all citizens;

- Respect for the diverse cultural, religious and philosophical beliefs;
- Unity among people driven by a common purpose and citizenship;
- Good and just governance;
- Sustainable economic growth;
- Social and economic justice;
- Equitable access to the benefits of development including access to basic needs and services;
- Merit- based equality of opportunity for all; and
- Complying with international commitments.

CHAPTER 2

Chapter 2 Good Governance

2.1 Review of Issues and Challenges

Deteriorating governance has been a major problem in Fiji since Independence. An electoral system that is race-based, the lack of accountability, inefficient service delivery throughout the public sector and a weak national security framework have all contributed to political instability, the cycle of coups, and a general lack of public confidence in the system of Government. The vast majority of the population desperately wants to see Fiji put an end to the cycle of coups. A wide range of factors have been identified as contributing to the coups in their own different ways from the complex relationship between ethnicity and politics, which has led to tension and political instability to socio-economic conditions giving rise to political grievances. Weak and unjust systems of governance including the role of the military have also heightened conflict as have other sources of power in Fiji, traditional leadership arrangements, such as the churches and the media.

There is a need to entrench a culture of democratic good governance such that it becomes the dominant political thinking and behaviour of the people of Fiji. Principles of good governance need to be applied to both the formal governance framework, to the institutions within it, and to how the country is governed on a daily basis in terms of policy formulation and decision making. The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), and several other UN bodies, describe good governance as having eight major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follows the rule of law. It assures that corruption is minimised; the views of minorities are taken into account; and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

Various indicators have been constructed to measure various aspects of government activities and governance quality. These include the Worldwide Governance Indicators (WGI), the University of the South Pacific's Composite Governance Index and Transparency International's Corruption Perception Index. The WGI measures six aggregate governance indicators: (i) Voice and Accountability; (ii) Political Stability and Absence of Violence; (iii) Government Effectiveness; (iv) Regulatory Quality; (v) Rule of Law; and (vi) Control of Corruption.

Table 1: Five Year Comparison of WGIs (Percentile Rank 0-100)					
Governance Indicator	2004	2005	2006	2007	2008
Voice and Accountability	51.4	56.7	27.9	35.6	29.3
Political Stability	57.7	59.6	44.2	45.2	41.1
Government Effectiveness	37.9	55.5	53.1	37	16.1
Regulatory Quality	24.4	39.5	36.1	33.5	24.6
Rule of Law	51	51.9	52.4	33.8	35.9
Control of Corruption	55.3	35.4	44.7	44.9	46.4

The 2008 WGI survey showed that Fiji's percentile rank had worsened for all but two dimensions of governance, which improved only slightly from 2007 figures. Overall very low ranks were recorded for all governance indicators. Generally since 2006

most of the indicators have worsened, with a majority falling below the 50th percentile rank. In comparison, Fiji ranked well below Samoa, Vanuatu, American Samoa, Kiribati and Tuvalu in almost all governance indicators in 2008.

2.1.1 Constitution

On 10 April 2009 His Excellency the President abrogated the 1997 Constitution to allow the Government to implement the reforms aimed at entrenching a culture of equal opportunity as envisaged under the Peoples Charter. The State is now re-established under Presidential Decree[s], which continues to respect the independence of the judiciary and accountability institutions and the operation of other key arms of the State, except for Parliament.

The adoption of a new Constitution is now a major priority for Government. Any new Constitution will of course have to recognise the basic constitutional principles, which have existed in Fiji since Independence such as sovereignty, parliamentary democracy, the separation of powers and the protection of basic human rights under a Bill of Rights and supremacy of the rule of law. Government will also ensure that the underlying principles of the Peoples Charter in particular the principle of equal opportunity and equality under the law for all citizens regardless of race, gender or circumstance in all areas of Government and society are also recognised. To ensure public confidence the new Constitution is likely to retain many of the non-contentious provisions of the 1997 Constitution and will incorporate major reforms proposed under the Peoples Charter including:

- i. adoption of an Open List Proportional Representation electoral and voting system;
- ii. adoption of the common name "Fijian" for all citizens and to change the official name of the country to "Fiji";
- iii. provision that no coup can abrogate the Constitution;
- iv. enhancing and clarifying the role of the military and the country's national security framework;
- v. stronger protection for the application of the Bill of Rights such as adoption of CEDAW definitions for discrimination against women and the girl-child; and

- vi. proposals to strengthen the operation of State services and the accountability framework.

2.1.2 The Electoral and Parliamentary System

Fiji's single member (majority) electoral system has been in place since Independence in 1970 and has always provided for communal representation. In 1990, the system was altered to guarantee indigenous Fijians control of the House of Representatives. General elections in Fiji between 1972 and 1994 were conducted under the First-Past-The-Post (FPTP) electoral system. In 1996, the system was subjected to extensive review as part of the overall review of the 1990 Constitution by the Reeves Commission. In 1998, based on recommendations made by the Reeves Commission and also the Parliamentary Select Committee, the electoral system was changed to implement the Alternative Vote (AV) system.

None of the three general elections (1999, 2001, 2006) held under the AV system have been fair. They have all yielded highly distorted results where certain parties win far too many seats considering their support, while others languish with few or no seats even with reasonable support. If Fiji wants to be a genuine democracy, it cannot employ electoral arrangements that violate democratic principles.

While Fiji's political problems cannot all be laid at the door of the present electoral system, there is no doubt that it has had seriously negative effects on Fiji's political life. According to the Reeves Constitution Review Report, race-based politics have become inevitable in Fiji as a direct result of communal voting and representation in Parliament. Furthermore, the 2008 Peoples Charter for Change, Peace and Progress, State of the Nation and Economy (PCCPP & SNE) Report noted that this system has directly contributed to the political instability leading to the coups and at times the complete breakdown in law and order.

The communal voting and representation system set out under the 1997 Constitution is flawed in a number of areas because:

- it does not conform to the United Nations Declaration on Human Rights and the Convention for the Elimination of All Forms of Racial Discrimination;
- it has led to political instability. The complex relationship between ethnicity and politics has led to tension and contributed to Fiji's coups;
- it has not achieved the objective of drawing the country together or of protecting the interests of identified ethnic groups. In fact, socio-cultural factors and issues relating to identity and culture have become politicised and become the basis for mobilization; which is one of the contributing factors to Fiji's coups; and
- the demographic change whereby the indigenous people now form the majority population does not warrant any special arrangement to protect their interests.

Besides the excessive use of communal or reserved representation in violation of basic human rights principles, this electoral and voting system is unfair due to the:

- lack of equal suffrage given the disproportional number of voters between single member constituencies;
- use of preferences producing results that do not accurately reflect the will of the people, as evidenced by the lack of representation for certain political parties who have received a fair proportion of first preference votes;
- communal voting and representation using a single member constituency or majority/plurality electoral system has also made it impossible to encourage a move away from race-based politics as political parties only need to appeal to specific ethnic interests to secure seats; and
- the complexity of the current system requires a high level of literacy, which has led to an unusually high number of invalid votes (9% in 1999, 12% in 2001, and 9% in 2006).

Fiji needs an electoral and voting system that more accurately reflects the will of the people to enable ‘*government of the people, by the people, for the people*’ based on principles of equal suffrage and equal opportunity for all voters regardless of race, gender or circumstance.

In the short term, steps will be taken to formulate the appropriate constitutional and legal framework to facilitate the adoption of the country’s electoral and parliamentary system under the new Constitution in 2012.

Further ancillary issues to be addressed include:

- a. the size and composition of Parliament;
- b. compulsory voting;
- c. the voting age;
- d. eligibility of candidates;
- e. residency restrictions on the right to vote;
- f. electoral rules and regulations to ensure free and fair elections; and
- g. strengthening the capacity of electoral administrative bodies.

Action will be taken to strengthen the effectiveness of the country’s electoral administrative bodies and processes to enable the holding of free and fair elections. The continued development of an effective voter registration system is an immediate to short term measure. Furthermore, an ideal organisational structure for the Elections Office will need to be in place by 2012 to facilitate preparations for the next general election in 2014.

2.1.3 National Security

Fiji’s national security concerns encompass a broad range of areas including protecting the country’s sovereignty from attack, ending the cycle of coups and maintaining law and order. It also encompasses Fiji’s interests in protecting its tourism industry or offshore environment; border security; protective security; emergency management and effective coordination of disaster relief. Essentially the functions of security agencies are

interlinked. Effectively addressing these areas provides the platform for the peace and stability that is vital for socio-economic growth and national development.

On a broader perspective, the Ministry of Defence, National Security & Immigration formulates and implements policies relating to the nation's security in the areas of counter terrorism, border control, emergency management, defence, and law and order. The implementing agencies consist of the Republic of Fiji Military Forces (RFMF), Fiji Police Force, Department of Immigration, Fiji Islands Customs Service, Department of Emergency Management and the Financial Intelligence Unit (FIU). Serious threats to public health and the environment may also require input from other agencies such as the Ministry of Health and Department of Environment.

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

The security and management of Fiji's border, administration of citizenship and facilitation of migration and control functions at our major ports and airports are important issues to be addressed. This is more so in light of the global rise in people and drug trafficking, identity fraud, money laundering, prostitution and illegal immigrants. The collaborative effort of the Departments of Immigration, Quarantine, Customs and the Border Police is critical in this regard.

Counter terrorism activities have also become a permanent feature of global, regional and national consideration. The growing sophistication of terrorism could continue to dramatically change the security landscape globally; and the need for cooperation of inter-agency stakeholders in future security operations, including on a regional basis, is vital.

Related to terrorist activities and also to corruption and wider economic crimes is the need to monitor flow of funds through the financial system, both domestically and internationally. In this regard, the Financial Intelligence Unit (FIU) plays a critical role in monitoring the flow of funds through the financial system to identify and investigate suspicious transactions related to money laundering, corruption and other illegal activities and provide this information to investigation and enforcement agencies.

Fiji is prone to natural disasters and it demonstrates the need for having effective disaster management policies and a more effective legal framework and action plan. So far, opportunities to gauge the effectiveness of disaster management plans only arise during a natural disaster and more is needed in terms of providing for disaster management drills at the national and local level in relation to the use of State resources to provide assistance.

The vast majority of Fiji's population wants to see an end to the cycle of coups as it ruins lives; destroys social and economic opportunity; and leaves lasting fissures within society. The Peoples Charter proposes a set of 14 key principles and specific recommendations that require comprehensive action towards ending the cycle of coups. The key principles are aimed at:

- improving national security coordination through a national security framework that provides for the formal establishment of a National Security Council (NSC) to effectively control and coordinate appropriate responses to all national security threats and allow for greater public accountability for national security; and
- realigning the role of the military to place greater emphasis on the concept of human security to facilitate greater involvement by the RFMF in providing for basic needs and improving its relationship with the people.

This national security framework needs to be established under the new Constitution to strengthen coordination and improve the State's response in all areas. The NSC will control and respond to national security threats.

The composition and role of the RFMF as a security institution will remain the same given the very real potential for disruptive politics leading to conflict and instability. However, this role will be redefined under the national security framework and expanded along the human security paradigm. Formal measures will also be put in place to ensure:

- the Police remain the primary law and order institution and the point at which the military can intervene is clarified;
- there is provision for the clear accountability of the military to civilian governments through a redefined relationship; and
- the military remains politically neutral at all times.

Internal reviews will be carried out by the Ministry of Defence and other national security agencies including the RFMF and Police Force in the implementation of these recommendations. Subject to formal adoption of these recommendations, a plan of action will be developed to facilitate implementation from 2010 onwards particularly in relation to the incorporation of a human security framework into the operations of the RFMF.

The adoption of formal counter-terrorism measures remains a priority and progress will be made towards the revival of a national intelligence agency. The National Intelligence Agency (NIA) is expected to become operational in 2010. Another priority is the ongoing implementation of the Disaster Management Act beginning with the establishment and subsequent merger of the Emergency Management Unit with the National Disaster Management Office. Border control systems will be strengthened beginning with a review of the operational machinery. It is also imperative that institutions charged with national security responsibilities are adequately resourced to facilitate the effective execution of their roles and functions.

2.1.4 Law and Justice

The rule of law must be a basic feature of an effective system of democratic governance. For there to be effective and efficient rule of law, the different parts of the legal system need to operate and interact in the following way:

- i Constitutional Rule: the existence of a set of basic rules and principles by which the people of Fiji have agreed to be bound;
- ii Government and other State institutions are subject to the law;
- iii The law making functions vested in an independent legislature whereby laws can only be changed by an established process that is transparent and accountable;
- iv Impartial and independent courts exist to interpret the law;
- v Laws are transparent and accessible, particularly for the most vulnerable;
- vi Laws are enforced and interpreted consistently and their application is efficient and timely; and
- vii Laws uphold and protect basic human rights in particular that all citizens are equal under the law and should not be discriminated against on the grounds of race, gender or circumstance.

The effectiveness of the Law and Justice Sector in part depends on the ability of the different institutions to operate together in a coherent, coordinated and mutually supportive way.

Box 2.1: Fiji's Law and Justice Sector

Legal Framework:

As provided for under the Constitution, Acts of Parliament, Regulations and Decrees, and the common law of Fiji.

The Courts:

Consisting of the Supreme Court, Court of Appeal, High Court, Magistrates Court and Small Claims Tribunal.

Law Enforcement:

The Fiji Police Force, public agencies that enforce specific laws like FIRCA, FICAC, LTA etc. and non-government policing initiatives like private security firms.

State Law Officers

Fiji's Attorney-General and the Solicitor-General and all Government lawyers.

Prosecution Services:

The Director of Public Prosecutions and Police Prosecution Service plus some of the other agencies referred to above.

Parliament:

This includes the Justice, Law & Order Sector Standing Committee of the House of Representatives.

Mediators and Arbitrators:

Chief Tribunal – Employment Tribunal, Agricultural Tribunal, Commerce Commission.

The Penal System:

Fiji Prisons and Corrections Service.

Legal Profession:

Members of the Bar and the Fiji Law Society. The work of the Legal Aid Commission is also relevant in this regard.

Human Rights and Law Reform Bodies:

Fiji Law Reform Commission and Fiji Human Rights Commission.

Civil Society Organisations:

Non-Government organisations and community bodies focused on the promotion of human rights and other matters related to the administration of justice.

Technically, the Law and Justice Sector is operating reasonably well. In many areas of the legal system where significant problems existed a few years ago, progress has been or is being made. The Australia/Fiji Law and Justice Programme, now suspended, was starting to achieve modest successes in improving the operation of different institutions in the sector. For the first time, it was starting to function and operate as a sector and at a more strategic level in addressing problems such as smoothing out the operation of the criminal justice system and overcoming delays in prosecutions. The program had assisted Fiji courts and other agencies to reduce case back logs; improve the treatment of juvenile offenders; expand access to legal aid; and to establish a Family Court and associated counselling service. It was also instrumental in improving community policing and the operation of the prosecution service. The law revision project is near completion. Departments are now vetting revised laws relevant to their portfolios. Upon completion, the laws will be made available on-line.

The cycle of coups has adversely affected the operation of the rule of law requiring reform measures to the criminal justice system to strengthen the sanctions against coups. Preventing further coups is now a priority for the law and justice sector and action is

needed to implement the 14 key principles for ending the coup culture, in particular measures that strengthen the penalties and operation of criminal law in relation to offences related to coups, particularly convictions for treason.

There is scope for further improvement in overcoming the impact of the coups; accountability in the judiciary; giving effect to law reform recommendations; strengthening the effectiveness of law enforcement; ensuring greater public awareness of the law and access to justice for all citizens.

The Courts System

A number of key issues have been identified as being relevant to the effective and efficient disposal of cases (both civil and criminal) by the courts, some of which are highlighted below:

- a. Size of the Judiciary: the number of Judges, Magistrates and other judicial officers (including the creation of new positions like Master of the High Court);
- b. Court Administration: improved case management in relation to pre-trial motions;
- c. Jurisdiction: specialised courts and related matters;
- d. Legal Profession: the performance and conduct of all legal practitioners including Government lawyers and prosecutors; and
- e. The availability of alternative Dispute Resolution and more formal settlement procedures.

Court congestion and a backlog of cases is currently the major hindrance to providing equal access to justice and ensuring the effective enforcement of law through the court system. The Beattie Report (1994) highlighted some reasons for delays in the “disposal of the business of the Courts”, which is still valid today. This mainly relate to the conduct of the legal profession and court administration in the performance of its functions. Statistics for 2006 indicate that of the total number of contested cases set down for hearing in a court of law, 62.5% were either adjourned or withdrawn and that on average it takes 18 months to dispose of civil cases (particularly in the Magistrates Court).

However, the implementation of some of the recommendations of the Beattie Report in relation to case management by the courts are showing signs of improving the effectiveness of the courts particularly in relation to the disposal of civil actions by the High Court of Fiji. Delays in the court system, particularly in the High Court, have been reduced with most cases now being disposed of within a calendar year. Prior to the implementation of these measures, it could take up to three to five years to bring a civil action to trial. However, there are still some long outstanding cases that have been heard, but where judgements have not yet been handed down.

Efforts are on-going to address these issues many of which are set out in the Reports on Fiji’s Law and Justice Sector. Measures to be taken call for greater cooperation and coordination between major stakeholders namely the Judiciary, the Director of Public Prosecutions, and also the Fiji Law Society particularly in relation to the development of

standards that need to be met to ensure cases are handled properly and disposed of efficiently.

The efficient disposal of civil cases is of particular importance for private sector activity and the development of a market economy that recognises enforceable contracts and enforceable property rights. In many jurisdictions legal and administrative reforms have or are being pursued to improve the efficiency and effectiveness of court systems, which include the implementation of alternative dispute resolution mechanisms that promote conciliation, mediation and arbitration. In Fiji, foreign investors already enjoy access to alternative dispute resolution mechanisms under the Foreign Investment Act 1999 and the legal framework for industrial relations has always provided alternative dispute resolution, which the new Employment Relations Promulgation (2007) seeks to improve on.

The issue of judicial independence is a continuing concern to the general public. The need for fiscal autonomy and the provision of adequate resources to enable the effective performance of its functions is one particular area that does require consideration. The UN Basic Principles on the Independence of the Judiciary provides that it “is the duty of each Member State to provide adequate resources to enable the judiciary to properly perform its functions.” The Commonwealth Latimer House Principles also set out guidelines for member States on issues to preserve the independence of the judiciary that relate to court administration.

While allegations of corruption within the judiciary (the magistracy) and the public sector as a whole remain a pressing issue – the establishment of the Fiji Independent Commission Against Corruption (FICAC) and creation of new criminal offences which deal with all issues of corruption, appear largely sufficient at this stage to address this issue. However, the adoption of the conduct standards recommended above should also have some impact on addressing these concerns.

The issue of creating specialised courts has also been raised as one way of assisting the people of Fiji by giving particular and specialised attention to particular types of legal cases. There is already a specialised division of the courts to deal with family and juvenile matters, and the recent Employment Relations Promulgation establishes a separate division for employment matters. FICAC supports the creation of a corruption division of the High Court.

In addition to the adoption of a new Constitution to put in place the basic framework for the operation of the rule of law, many more specific measures are needed to strengthen the law and justice sector. The people of Fiji not only need to know what the law is, they also need to be assured that they live in a society where the law is respected, honoured and obeyed by all; and where all citizens are treated equally by the courts and other legal and State institutions.

To achieve this, measures will be implemented to strengthen the independence and accountability of the judiciary. This involves the adoption and enforcement of conduct

standards for judges, magistrates and other judicial officers will be carried out in accordance with the Administration of Justice Decree 2009. To improve the efficiency of the courts in disposing of cases, recommendations by Beattie and also by Connors¹ in his commission of inquiry report into the Magistracy will also be implemented.

Fiji Police Force

The Fiji Police Force is charged with the maintenance of law and order, the preservation of peace, the protection of life and property, the prevention and detection of crime and the enforcement of all laws and regulations with which it is directly charged. Without effective law enforcement by the Police Force that combats and constrains criminal behaviour there is a risk of a drift towards an increasingly lawless society, increasingly fearful citizenry and a consequent reduction in economic and social opportunity. People in general have high hopes that these institutions together with the court systems will promote safe communities, greater social freedoms and more confidence in the economy.

Table 1: Five Year Comparison of Recorded Top Ten Offences					
Offences²	2004	2005	2006	2007	2008
THEFT	2843	3380	3492	3648	3129
A O A B H	2858	3333	3237	3230	2946
H B E L	1137	1190	1172	1034	1030
R W V	806	914	884	807	800
DRUGS	312	312	333	329	259
U U O M V	326	363	328	247	285
DEFILEMENT	75	81	84	133	110
RAPE	92	138	162	130	191
ARSON	48	56	44	31	23
MURDER	23	23	24	22	20

Public perception is always that the crime situation in Fiji appears to be worsening although in the last ten years there has been an overall drop in the number of crimes committed.³ However, statistics show that in recent years the frequency of serious crimes has stayed the same and is relatively high. Violent crimes against women and children including rape and defilement and robberies with violence continue to be of particular concern.

¹ Justice John Connors, *Commission of Inquiry Report into the Magistracy*, 2008.

² Assault Occasioning Actual Bodily Harm (AOABH); House Breaking Entering & Larceny (HBEL); Robbery with Violence (RWV); Unlawful Use of Motor Vehicle (UUOMV).

³ In 1997, 22,149 crimes were recorded; whereas in 2007, 18,623 crimes were recorded.

While the number of crimes committed has reduced, the detection rate needs much improvement. The nature, scope and complexity of crime is also changing with transnational crimes such as drug trafficking and money laundering on the increase; as well as signs emerging of a growing sex trade. Illegal immigrants have played a part in these trends. The unlikely but still real threat of terrorism is an ominous spectre that has changed the way that Police Forces world wide go about their job.

Table 2: Five Year Comparison of Crime Detection Rate

Year	No. of Crime Reports	No. of Reports Detected	% Detection Rate
2003	16,949	8602	51
2004	16,574	8,662	52
2005	19,050	11,017	58
2006	19,143	8,187	43
2007	18,623	8,525	46

Increased concern about crime has led to changes in lifestyles aimed at ensuring greater self-protection and efforts to make the family home and businesses more secure. Private expenditure on security has increased markedly over the last ten years. However, as public surveys suggest, there is still room for raising public awareness on issues related to the avoidance of crime.

The Police on their own cannot solve all the problems of law and order in society and partnerships at the national and local levels are essential to the well being of communities. Initiatives such as the Neighbourhood Watch Schemes, Crime Prevention Consultative Committees, Crime Prevention Community Initiated Projects and Police and Citizens Youth Clubs are making helpful and lasting contributions to addressing crime prevention issues. At the school level, the crime prevention initiative in the form of Scholastic Program has been introduced in some secondary and primary schools. The large scale involvement of members of the public in community policing and neighbourhood watch zones throughout the country has added to the success of the Police in reducing crime.

Nevertheless, the Police Force sees itself as under serious challenge. Crime remains at a high level, with detection rates on crime not improving. While there is recognition of the need to reorient the Force, its budget, human resources, the need for enhanced training and equipment deficiencies need to be addressed.

A key challenge faced by the Police is the changing nature of criminal activities, including the threat of terrorism. This threat is real and although it may not directly affect Fiji, it can influence criminal activities, especially at the borders. The growing scope and complexity of criminal activities such as white collar crime has tested the competence of the law enforcement agencies.

The growing scope and complexity of criminal activities such as white collar crime has tested the competence of the law enforcement agencies. The Fiji Police Force, in

particular, with limited resources, lacks the capability to tackle serious crimes effectively. The pace of societal and technological changes presents a continually evolving set of challenges for the Police Force.

The Force is currently undertaking major projects to reform and modernize the service. This includes organisational restructuring, setting up of the Ready Action Group, Border Police, and equipping of the Forensic Division. There are also ongoing efforts to address the composition of the Force through recruitment of Indo Fijians and women. These initiatives are aimed at improving the effectiveness of the Force. The Force also needs to be fully equipped and resourced to rise completely to the challenge they face.

To ensure that Fiji Police continues to meet new challenges, the Force needs to transform itself. Transformation by way of changes in how it does business, in mind set, in culture and in attitude. Changes in society cannot be ignored as they will continue to influence and determine how the Force does its business.

For the medium term, focus will be directed towards improving law enforcement through the setting up of task forces to clean up serious and/or prevalent criminal behaviour; through using more advanced policing techniques; extending community policing across Fiji and allowing for greater community involvement in law enforcement. In addition, a stronger focus will be placed on crime prevention at the national level by establishing a Crime Prevention Board. As part of the transformation process for the FPF, leadership capacity and professionalism will also be developed and enhanced.

Fiji Prisons and Correction Services

The Fiji Prisons and Correction Services (FPCS) is responsible for the safe, secure and humane treatment of persons in custody by providing opportunities to correct offending behaviour, develop work and life skills, and to perform community service. Its two main functions are the provision of safe custody and humane treatment of inmates; and the provision of rehabilitation programmes to those in lawful custody.

The FPCS is an important aspect of the justice system. Its existence institutionalizes the end process of our criminal justice system. It is deemed that justice is not carried out until a person who is convicted of any crime has fully served his/her sentence. A good prison system will not only serve its purpose as a penal or custodial institution, but more so, be a deterrent to the commitment of offences.

The Prisons Service has 13 institutions nationwide and faces problems of low staff ratios per prisoner population (1:10 compared to the world standard of 1:4), capacity, budget problems and old unhygienic facilities. Most prisoners are relatively young and belong to the 16 to 39 age group. . Recidivism continues to be a major problem, at 56% of all prisoners. The prison population per 100,000 population for Fiji was 131 in 2005. Out of the 20 countries of the Oceania Region for which data is available, only 4 had a higher rate than Fiji.

The Prisons Service does not have sufficient resources to cater for the increased number of prisoners entering the system - prisons are crowded; and the Prisons Service cannot deliver quality rehabilitation programs. Crowding affects the ability of prison wardens to rehabilitate and focus on prisoners. To address this issue, the FPCS has also started to encourage other forms of imprisonment in collaboration with other stakeholders like the Police, non government organizations, and the general community.

An initiative undertaken by the Australia/Fiji Law & Justice Program (now suspended) was the development of a cross sector agency Community Based Corrections Framework. This effort was enhanced with the support of the current government and has been piloted in selected localities including Ba and Navua. About 120 prisoners are serving their sentences under the Community Work Act 1996 in selected locations. These offenders are supervised on a voluntary basis by retired civil servants and prominent citizens including chiefs and church leaders.

The new Prisons and Corrections Act 2006 provides a new focus for the future development of the Service. It emphasises the need to shift the focus from the traditional philosophy of containment to corrections. The new legislation requires the adoption of new, innovative and effective programmes to ensure that the offenders change, do not re-offend nor return to prison.

As part of this new philosophy, the Department has launched the Yellow Ribbon Project (YRP), which is essentially about acceptance, forgiveness and giving ex-offenders a second chance. It is about community action in assisting people coming out of prison to reintegrate successfully back into society. The aftercare aspects when offenders are released from prisons have been identified as the weak link in the rehabilitation process of offenders. The YRP is now an integral part of Prison Service and the FPCS will be working closely with key stakeholders on its implementation.

A case management framework is also being piloted in prison, with the ultimate objective to carry out an assessment of prisoners based on social and psychological principles in order to better understand the prisoners and mete appropriate rehabilitation programme.

Other Components of the Law and Justice Sector

Many people living at village and settlement levels still do not have a good understanding of the law and access to justice and other legal services for ordinary citizens remains a concern. Action is needed to further strengthen the awareness of basic legal rights such as the right to counsel and emphasising the right not to incriminate oneself and making the country's laws and other legal services more accessible for ordinary people. Improvements in these areas relate to completion of the revision of the country's laws, access to legal representation for the most vulnerable and strengthening the law reform process.

To address the accountability of the legal profession, recent amendments were made to the Legal Practitioners Act to establish a Legal Services Commissioner to handle

complaints against lawyers. Putting in place this new independent enforcement mechanism of conduct standards for lawyers is expected to resolve the many outstanding complaints against lawyers and enhance the accountability of the profession. The new independent disciplinary process for legal practitioners will be actively enforced to maintain their accountability.

In addition, work will continue on extending the services of the Legal Aid Commission throughout the country. Formal administrative measures will also be adopted to allow for greater involvement from civil society and bodies like the Fiji Law Society to assist and complement the work of the Legal Aid Commission in terms of promoting public awareness of these basic legal rights. Law revision will be completed and easier access to written laws provided with long term strategies put in place to enhance the role of the Fiji Law Reform Commission. Other on-going strategies to improve access to justice in Fiji include ensuring all legal registries such as those administered by the Registrar of Titles, Registrar-General, Registrar of Companies and Public Trustee continue to make improvements in the provision of their services. This mainly involves capacity building to upgrade facilities to enhance efficiency.

2.1.5 The Accountability Framework

The accountability framework comprises the institutions and processes that exist to ensure open and transparent Government. Without these processes there is no public sector accountability. This involves the operations of many state institutions namely, Parliament, through its committee system and other processes, and independent institutions like the Auditor-General, Fiji Human Rights Commission (FHRC) and the Fiji Independent Commission Against Corruption (FICAC). A key function for many of these institutions is to hold Government to account for its actions; a necessary step in maintaining public confidence in the system.

The effectiveness of Government's internal processes to ensure enforcement of the public service code of conduct and compliance with financial rules and regulations is another key component of the accountability framework. It also requires commitment to allowing the public to access public information and independent enforcement of conduct standards for holders of high public office. A free and independent media and the work of non-government and civil society organisations are also a vital part of the accountability framework.

Public perception is that there is little or no accountability for public officials, from holders of high public office to ordinary civil servants, who behave improperly. In the absence of accountability, people are unable to ensure that their Government acts wisely, lawfully and fairly in serving the national interest. Accountability issues are continually raised in the Annual Audit Reports of the Auditor-General on the public accounts of the State and Local Government bodies and by the media. Findings in reports of the Auditor-General regularly highlight non-compliance with public service rules and regulations relating to the poor collection of government revenue; abuse of procurement procedures;

irregularities in project management; abuse of resources and facilities; poor cash management; employee misconduct; and inadequate record keeping.

The absence of an effective legal framework that guarantees the public a right to access public information, enforces conduct standards for holders of high public office, and maintains the accountability of the media have all contributed to the weakness in the accountability framework. An analysis of investigations carried out by the FICAC shows that corruption occurs throughout the public sector at all levels and has become systemic in certain areas.

Presently, the weakness of the accountability framework requires major capacity building, in terms of financial and human resources across the board to strengthen democratic and accountability institutions at a time when downsizing the operating costs of the public sector is a major reform priority. Another area of weakness is the non-performance of functions that require office holders in the accountability framework to be pro-active. There are functions throughout the accountability framework, whereby office holders are required to initiate action in pursuing matters to uphold the accountability of the public sector either through parliamentary scrutiny and the operation of its committee system to investigations being initiated by the Auditor-General. FICAC has been assigned general functions to identify areas of public administration that are susceptible to corruption and recommend measures that need to be taken to strengthen these areas. Institutional memory in terms of how many of these functions are to be carried out needs to be developed.

An effective anti-corruption framework that complies with the United Nations Convention Against Corruption (UNCAC) is another area of focus. In 2005, Fiji ranked 57th out of 159 countries in Transparency International's Corruption Perception Index (CPI) and it scored below the borderline figure for distinguishing countries that do and do not have a serious problem with corruption.⁴ Since 2006, Fiji has not been listed on the CPI making it difficult to gauge the impact of significant efforts in recent years such as ratification of UNCAC and the establishment of FICAC, which has led to an increase in arrests and prosecutions for corruption related offences. However, when considering the Worldwide Governance Index aggregate indicator on "control of corruption", our percentile rank has started to improve slightly; from 35.4 in 2005 to 46.4 in 2008, however it is still below the 50th percentile rank.

The number of complaints received by FICAC relating to maladministration indicates a high level of dissatisfaction with service delivery throughout the public sector. In 2008, 2,367 complaints were received, a slight increase from the previous year. A little over half of these complaints were corruption related with the majority relating to abuse of office, forgery of documents with intent to defraud and extortion and fraud by public officers. Other complaints received related to delays in the processing of applications and service delivery complaints, which were then referred to relevant authorities.

⁴ TI considers a score of 5.0 to be the borderline figure distinguishing countries that do and do not have a serious problem with corruption. Fiji's score was 4.0.

A report by a UNCAC Observer Team on the country's progress towards meeting its obligations under the convention will provide the basis for measures that need to be taken to fully develop the country's anti-corruption framework. In the meantime efforts to strengthen the capacity of FICAC to enable the effective performance of its functions will continue.

Generally, the accountability framework needs to be strengthened to address the concerns highlighted above. This includes capacity strengthening of the country's democratic and accountability institutions to entrench a culture of sustainable democracy and good and just governance. This can only be achieved when systems designed to prevent abuse of office, the misuse of public resources and maladministration across the public sector are working efficiently and effectively. Reforms are also necessary for ending the coup culture noting *Principle 9* of the 14 Key Principles, which requires the adoption of measures to: “*strengthen the accountability and transparency of State institutions, the private sector and civil society organisations in particular to enhance their adherence to the rule of law.*” Reforms to the accountability framework will focus on:

- a. entrenching a culture of democratic good governance through education and broadcast programmes on the principles of democracy and good governance;
- b. strengthening the capacity of democratic and accountability institutions to ensure effective performance of their accountability functions;
- c. the adoption of Freedom of Information and Code of Conduct laws to provide for open, transparent and accountable Government; and
- d. media reforms to enhance industry regulation, protect media freedoms and maintain the accountability of media organisations and journalists.

2.1.6 Public Sector Reform

The Public Sector in Fiji is in a serious predicament. Its performance, professionalism, productivity, accountability, cost and commitment have been heavily criticised in recent years. While many public servants try hard to do their jobs as honestly and as effectively as possible, the impact of four coups, weak leadership, the politicisation of the service itself, a massive exodus abroad of skills, competencies and institutional memory, and various other constraints have taken their toll.

Pressures for Public Sector Reform (PSR) are emanating from the economic and fiscal performance of the nation, the need to build a service culture that is committed to provide effective and efficient service to the public, the need to modernise work systems, external pressures from international development partners and donor funding communities, and a vocal private sector and civil society.

The core paradigm for reforms has been that the quality of governance affects people's lives. In other words, where the Public Sector through its institutional structure offers inefficient, ineffective and poor quality programmes, support for national development is likely to be constrained, possibly compromised or even undermined. The World Bank concluded recently that PSR has ‘great potential to reduce poverty’ and that ‘good

government institutions are associated with higher income growth, national wealth, and social achievements'. The current consensus is thus that PSR matters a great deal for national development, and in at least two ways: first, it will lead to better delivery of the basic public services that affect the living standards of the poor; and second, it will create a climate conducive to private sector development.

Civil Service Reform

The Civil Service Reform (CSR) Programme commenced in 1994 and was aimed at improving efficiency, productivity, accountability and transparency in the civil service. The three key components of the CSR program are in the areas of: (i) Human Resources Management; (ii) Productivity Management; and (iii) Organizational Management.

Major milestones achieved include the restructuring of the Public Service Commission (PSC) in 1997 and 1998; the enactment of the Public Service Act and subsidiary regulations; the development of the Senior Executive Services (SES) Programme; the contracting of Chief Executive Officers (which was later terminated in early 2007); the introduction of three-year industrial relations agreements; the development of the Performance Management System; and the development and implementation of the Service Excellence Awards Framework.

Current reform initiatives being undertaken include the review of the government machinery, restructuring/reorganization of government agencies, right sizing, reduction in the retirement age, development of a Human Resource Information System, review and implementation of the Service Excellence Award Framework and business process re-engineering. Other initiatives include the review of disciplinary procedures to speed up the process and the proposed setting up of a Government Information and Referral Centre to become the focal point for information and referral to all other Ministries/Departments.

The main priorities with regards to CSR are restructuring, modernising human resource management and remuneration, rebuilding the capacity of the Public Service, and E-government.

The restructure of the Public Service, which necessitates the functional reviews of all agencies, is vital to remove duplication and enable human resources and structures to be aligned to serving the public better. Leadership development will also be enhanced to rebuild a committed, visionary, highly competent and more accountable leadership group. Public service leaders will need to play an important role in efforts to rebuild professionalism within the service. Contracting-out opportunities will be further explored as a means of cutting costs. Remuneration systems also need to be modernized, based on demonstrated productivity increases, to reward competent and committed individuals, while at the same time penalizing non-performers. Contract employment arrangements for all members of the SES would be pursued to be completed by the end of 2009.

The capacity of the Public Service needs to be rebuilt to a new service-orientated, more accountable and ethical culture in the Public Service. Focus should be placed on human resource planning to meet the Public Service's future needs and succession planning by selecting, managing and fast-tracking the careers of promising graduates and middle-level staff. Selected e-government opportunities will continue to be identified and pursued to improve service delivery and internal management in Government Ministries.

Public Enterprise Reform

The Public Enterprise Reform (PER) policy was first introduced in 1993 as part of an economic reform package. The reform program focused on ensuring that public enterprises provide the maximum benefit to taxpayers through improved management of the enterprises. It was hoped that many of the loss-making enterprises when re-organized and commercially focused would be in a position to provide the Government with a higher return on public investment.

The goals of the PER program are to ensure public entities: (i) become more efficient, productive, accountable and better organized; (ii) provide optimum return on investment; and (iii) to establish an appropriate legal framework for each re-organized enterprise.

The Public Enterprise Act (1996) provides a comprehensive legal framework for implementing the reform program. Its coverage extends to all Public Sector commercial activities, including those of fully owned companies, statutory authorities and government departments.

There are currently 11 Government Commercial Companies (GCCs) (including a subsidiary) and 4 Commercial Statutory Authorities (CSAs) under the public enterprises portfolio. GCCs have the sole objective of being profitable while the CSAs in addition to having commercial objectives also have non commercial objectives which can be regulatory or technical in nature, under the line Ministry legislations. In addition, the Ministry also monitors 2 majority owned GCCs, namely the Pacific Fishing Company Limited (PAFCO) and Fiji Hardwood Corporation Limited.

Financial performance indicators show that State owned enterprises have performed quite poorly in the last ten years. Returns on Shareholder's Funds of existing public enterprises have continued to be about 3% in aggregate. Few public enterprises are able to finance their investments from internally generated funds and the modest target of a 10% return on assets is rarely achieved, overall returns are some 3% and well below the opportunity cost of capital. The government has capital equivalent to 30% of GDP tied up in largely unprofitable public enterprises. In 10 years they have returned only a total of \$14m to government through dividends.

In part, the variability in performance can be attributed to the political agenda of past governments who had varied perceptions of reforms that led to several "start stop approaches" in the reform process. Other factors include the provision of social service obligations which are not fully paid for, absence of commercial oriented culture and attitudes in the reorganised entities and management not having full commercial

autonomy in running the operations. Good corporate governance and management requires the separation and clarification of the powers and responsibilities of ownership, governance and management in public enterprises. Political involvement in the running of enterprises should be limited to priority policy directions that are required to be published.

Efforts will be made to reform existing Public Enterprises to ensure their improved performance in readiness for privatization. Public Enterprises involved in food production will be supported to improve our national food security.

The reform process under the Public Enterprises Act is in itself a lengthy procedure resulting in planned reform timelines having had to be revised regularly. The Department of Public Enterprise has revised the procedures with the intention to speed up the process so that planned returns are realised early.

Apart from the 17 entities under the PE portfolio, work is in progress to reorganise, corporatise and privatise a host of other entities. A set of priorities have been established for the accelerated programme with an indicative work plan up to 2011 which includes:

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

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

The Public Private Partnerships (PPP) Act 2006 establishes a range of legal options for ownership and operation of entities which fall between full public or private ownership. PPPs are arrangements which, irrespective of the corporate or legal form, bring together State assets or expertise and private sector assets or expertise to provide infrastructure or services at competitive prices. It has the potential to increase the overall efficiency of public infrastructure and service provision whilst reducing demands on Government resources, thus allowing it to concentrate public funds on provision of those goods and services which cannot generate adequate financial returns but do create the social and economic outcomes which Government seeks.

Financial Management Reform

The Financial Management Reform (FMR) programme which re-commenced in 2001 is geared towards enabling Government to better implement its policies, and deliver public goods and services more efficiently and effectively. The reforms provide the institutional framework for more accountability and transparency, and better management in the use of public resources. It is intended to strengthen and modernize the management of government finances to: (i) better align government policy priorities with budget resources; (ii) adopt a performance focus; (iii) provide more effective control over public spending; and (iv) strengthening accountability and transparency in financial management.

The FMR has four key components; namely the (1) Financial Legislation and FMR Policies; (2) the development and implementation of the Financial Management Information System (FMIS); (3) the introduction of Performance Budgeting; and (4) Change Management.

The new Financial Management Act and its associated policies and regulations have been in place since January 2004. A progressive approach is being adopted in devolving financial authorities and incentives to Permanent Secretaries, in line with their ability to manage their financial allocations. The automated processes brought about through the FMIS have brought about changes to accounting procedures and processes, resulting in the review of the Finance Instructions.

The FMIS implementation was completed in October 2007 with all ministries and departments now “live” with the FMIS. Functional and technical support continues to be provided to all agencies to ensure that all FMIS processes are fully complied with. Ongoing FMIS training is provided for all users, particularly the special user groups such as accounting heads and super-users which focuses on their different areas of responsibilities. The FMIS post implementation activities will mainly focus on agencies retraining, system support, monitoring, development of further system reports and capacity building.

Ongoing training and capacity building program continues across government. In addition, Performance Budgeting is being gradually implemented across government, with agencies reporting on the implementation results of one or two budget funded programmes. Over the years, this reporting will gradually extend to cover more programmes as expertise and skills in the area is built up.

The implementation of the new FMIS provides opportunities now to ensure better reporting and monitoring of government expenditure and to enhance accurate expenditure management; to improve financial management capacity across all Ministries and agencies; to introduce further improvements to performance measurement of the outputs of each Ministry or agency; and to ensure greater involvement in, and accountability for, financial management by senior managers. More action is needed to better link the budget, financial management, corporate planning and planning reforms to give effect to

the Government's priorities under the Peoples Charter; to achieve the Government's policy objectives; to support the overall Public Sector Reform; and to further improve on the outputs to be delivered by each Government Ministry or agency.

Reform Challenges

The PSR Programme is aimed at ultimately improving service delivery and the efficiency and effectiveness of the public service. However, challenges abound.

The public sector needs a new vision to challenge and inspire its performance. The new vision for rebuilding Fiji's Public Sector for the 21st Century should be enunciated in the twelve points highlighted in the SNE, which amongst other things promotes a new workplace culture, a commitment to delivering excellent service to the public, making effective and efficient use of resources. It also emphasizes adopting a leadership style that is inclusive, visionary, professional and empowering.

The management of the reform process needs to be improved and strengthened. Proper coordination is required so that reform efforts are balanced and appropriately sequenced. A related concern is that public service unions seem to have developed a lasting antagonistic relationship over PSR issues and have quite effectively undermined much needed changes in the Public Sector from time to time.

Another issue that needs to be addressed relates to the unsatisfactory manner in which the relationship between the Government and the Public Sector has developed. Some of this role confusion has happened because of lack of clarity and political involvement which undermines morale and professionalism. It is essential that the independence and professionalism of the Public Sector be restored. A clear demarcation between political roles and Public Sector roles is needed. This demarcation requires that the Minister's policy-making and strategic management roles are defined by law, with the Public Sector responsible for delivering outputs and outcomes in accordance with Government priorities. Legal provision should also be made for removal of political involvement in day-to-day management of the Public Sector, and a prohibition placed on interference in merit based selection.

2.1.7 Indigenous Institutions

The Fijian Administration is charged under the Fijian Affairs Act to be responsible for the good governance and well being of the indigenous people. Good governance in relation to indigenous Fijian administration is concerned with the application of principles such as accountability, rule of law, transparency, equity, consensus orientation, participation, effectiveness and efficiency and responsiveness.

A number of institutions were established to support the advancement of the interests of indigenous Fijians. Its structure and systems were been designed for this purpose. However, questions have been raised about whether they are adequate to meet the

concerns, needs and aspirations of all indigenous Fijians, including those residing in urban areas and who have adopted an urban lifestyle.

These institutions include: the (i) Bose Levu Vakaturaga (BLV) (Great Council of Chiefs); (ii) Fijian Affairs Board (FAB); (iii) Native Land Trust Board; (iv) Ministry of Indigenous Affairs; (v) Ministry of Provincial Development; (vi) Provincial Councils; and (vii) business development initiatives such as Yasana Holdings, Vanua Development Corporation, the Fijian Trust Fund and Fijian Holdings Limited.

Numerous reviews of the Fijian Administration were commissioned by past governments to examine ways in which the performance of these institutions can be improved. One such review included the PricewaterhouseCoopers Review in 2000. The recommendations of this review were not accepted by the Great Council of Chiefs and as such were not implemented by Government.

A study commissioned by the FAB in 2005 made substantial recommendations on the institutional strengthening of the Board and the Provincial Councils. These recommendations were endorsed by Government in 2005 but implementation was staggered because of the prohibitive cost of the exercise. Questions were also raised on the effectiveness of the proposed recommendations to address the concerns, needs and aspirations of all indigenous Fijians.

The Interim Government commissioned the Independent Investigation of Institutions Fijian (IIIF) in early 2007 to review the roles and to recommend reforms in the Native Land Trust Board, Fijian Affairs Board, Provincial Councils, and business development initiatives such as Yasana Holdings. The report by the IIIF has been adopted by the Fijian Affairs Board. The Board has further examined the report to determine recommendations that are to be implemented, delayed or eliminated.

In addition, the Interim Government appointed a six member taskforce in 2008 to review the role of the Great Council of Chiefs (GCC) in its traditional and national role. The review made recommendations to changes to the membership structure of the Council and the direction it should take in its traditional and national roles. This was facilitated through changes to appropriate legislations.

A review of the 2005 restructure proposals for the FAB and the Provincial Councils was also undertaken in 2008 and there are new recommendations adopted from the report for implementation. Funding constraints has delayed the implementation of new proposals.

The Ministry of Indigenous Affairs has also put in place a 3 year phased implementation plan for its re-organization which has been approved and endorsed by the Public Service Commission.

Challenges/Constraints

Most reviews undertaken on Indigenous Institutions suggest significant problems of underperformance. In a number of institutions there has been low observance of financial protocols and low participation by stakeholders. Accountability and transparency have been noticeably lacking across institutions. At Provincial Council level, the style of operation is top down rather than truly participative. *Tikinas* have lacked autonomy in decision-making at grassroot level. The Ministry of Indigenous Affairs recognizes the need for change but is caught between two mindsets that it must deal with in the indigenous population. Due to the lack of practice in good governance, in particular transparency and accountability, as well as a traditional culture of silence, it is not clear what impact some of the indigenous Fijian institutions are having on the indigenous population.

The benefits received from these institutions are at times perceived to be unfairly or unevenly distributed. There are many who express suspicion that in the past, in some indigenous Fijian institutions, large amounts of money have been lost, either through mismanagement, corruption, waste or channelling to a small number of elite beneficiaries. The suspicions are further fuelled by the lack of proper audited accounts - in some cases for more than 10 years. While some indigenous owned companies such as Fijian Holdings Ltd and Yasana Holdings Ltd are prosperous, questions remain as to the degree to which this wealth trickles down to ordinary Fijians.

The indigenous Fijian Administration's operating principles are drawn from colonial times. Then the institutions were concerned with regulation and control of natives in a society that was used to taking direction rather than making decisions that involved business judgments. This has far too often created a state of learned powerlessness and dependency rather than assisting social and economic advancement. This operating paradigm has also created a lack of initiative and drive.

Leadership values and capacity are also acknowledged to be part of the problem. Leadership values have tended to favour supporting self-interest and the interests of elites rather than advancing the common interests of local communities. They have also favoured autocracy over more participative decision-making. Some of the other traditional values do not sit well with modern market values. The competitive and work ethics of capitalism also challenge those with laid back attitudes to life. There is also a lack of capacity and understanding of the values of business cultures. Arising from such changes in capacity and culture will come business opportunities.

The dual system of indigenous Fijian Administration is no longer justified. The creation of a more integrated organisational structure for indigenous Fijian Administration is warranted rather than continuing with dual bodies, with integrated roles and functions to be identified in relation to advancing the well-being of the indigenous Fijian people and their good governance.

Strategic Priorities

The adoption of an integrated organizational structure would enable the combining of the best of traditional culture with the modern values needed to promote economic and social advancement and good governance. The new institutional framework should be democratic, inclusive, participative, and entrepreneurial in outlook and dedicated to the practice of good governance.

The operating paradigm within which these institutions operate needs to change so that it is more concerned with building local capacity, promoting empowerment and encouraging at least the more enterprising indigenous people to start taking steps towards a more entrepreneurial culture.

Giving greater attention to good governance issues should be a top priority in respect of all institutions that are part of the indigenous Fijian administration. This should include amongst other issues; the adherence to a framework for good corporate governance, including a code of conduct and customised guidelines for Provincial Councils; strategic planning involving the setting of published performance targets; participative dialogue processes with stakeholders; adoption of more participative and responsive business practices involving regular consultation with clients on their expectations and on what the institutions have in fact achieved; proper auditing of accounts; proper management of, and accounting for, expenditure; and appointment of staff on merit with a focus given to development of sound human resource management practices.

Some role changes are also needed which includes developing a new Vision and related policy development; leadership in winning the support of the indigenous people for the new Vision; operationalising the new Vision, including through a good governance framework; capacity building and the development of entrepreneurial practices.

2.1.8 Leadership

Good leadership and good governance are inter-related; good governance cannot be achieved without good leadership. Addressing the issue of leadership is therefore of great importance to the future of the country.

Leadership does not only occur at the State or national level. While Fiji needs good leaders at national level to guide and steer, leadership also occurs in the villages, in towns and cities, in the family, in the private sector, civil society and in churches. The lives of ordinary people are most affected by leadership at this level. Effective leadership is therefore needed in a variety of contexts.

Various types of leadership interact in Fiji's society. On one hand, there are those who lead by virtue of their birthright: while on the other hand, there are democratically-elected leaders who hold office by virtue of election by popular vote. Both sources of leadership are required, although the basis of their legitimacy differs, as does the scope of their responsibilities.

At all levels, the type of leadership in Fiji is seen as a contributing factor to many of the country's deep rooted problems. Leadership at the national level has always been a subject of debate even during periods of stable Government. One point of view is that the style of political leadership in Fiji has, and continues to be, dominated by ethnic issues solely focused on protecting the interests of one's own ethnic community. This style of leadership has contributed to a failure to act in the best interests of the whole nation.

The country has experienced four coups in a period of 20 years, which resulted in a decline in economic performance. Significant human capital is leaving the country, and much land remains under-utilised. The country's multi-racial population has maintained a certain association for 150 years, but it is one in which neither side feels completely understood or valued by the other, and few leaders at national level have attempted to bring the races together in more than a perfunctory, politically expedient manner. Most educational services, professional associations, and even sporting bodies, are formed along broadly racial lines. Fiji is a country divided ethnically, religiously, politically, educationally, socially, and economically.

The failure of transactional leadership in Fiji has also meant that successive regimes have not addressed the fact that more than 60 percent of Fiji's people, of whatever race, are living close to, or below the poverty line. This is a major concern because there are enough resources in the country for everyone. However, in governance terms, there is a problem with resource allocation. Fiji has large human resources and physical resources, yet leaders have failed to use them effectively.

Leaders also face a number of contradictions between the changing expectations of their responding to the demands of urbanisation and commerce and to the pressures to transform Fiji into a modern state. These pressures, which include issues like globalisation and modernisation, have conflicted with a desire to maintain important aspects of traditional culture.

Fiji needs leaders who demonstrate the following leadership qualities: being trustworthy, just, honest, accountable, selfless, competent, open and transparent, and unite groups and communities. They must be better educated and aware of the effect of globalisation and modernisation. A leader must also be visionary as they set the direction taken by a country, community, organisation or group. Leaders must also have the moral courage to make tough decisions in the national interest.

The need for Fiji's leaders to display selflessness is a major challenge – that is, to lead for the common good and not through self-interest. While the issue cannot be readily resolved there are measures proposed to ensure that those who come forward to serve as leaders are not coming forward for purely personal motives and gains.

More direct action is needed to ensure Fiji's leaders display those qualities. The ideal is to have leadership that values sustainable democracy, accountability, and other principles

of good governance; that society as a whole appreciates and has shared understanding of what is good leadership and expects its adoption by those who enter public life and assume public leadership responsibilities.

Generally, there is a need for clear governance processes, and effective governance institutions, which involve both the State and its citizens. Greater importance must be placed on having a governance system based on finding selfless leaders. The public has a role to play too, through being more vocal about their expectations, and their views on how leaders are performing.

It is necessary to adopt leadership patterns and behaviours more conducive to reaching the country's shared goals. Elements of this include civic education and improved performance appraisal systems for public leaders, systems that are able to reward purposeful leadership and inhibit negative practices through adoption of more effective codes and laws.

Leaders in Fiji need to employ a more transformational style of leadership that emphasises inclusiveness and seeks improvements in the economic and social circumstances of all citizens. This type of leadership is the best way forward for Fiji. Acknowledging the role of different types of leaders in Fiji, including women, youth, politicians, religious and traditional leaders, and the need for increased dialogue, is also relevant.

Specific actions to be taken to encourage good and effective leadership include:

- (i) the enactment of a Code of Conduct with appropriate enforcement measures, which also covers local government office holders;
- (ii) the development of a new leadership model more suited to Fiji's emerging development ethos;
- (iii) leadership training and education at all levels; and
- (iv) at the national level, putting in place greater incentives to attract capable leaders.

2.2 Policy Objectives, Strategies and Key Performance Indicators

2.2.1 Electoral & Ancillary Reforms

Goal: An electoral system that allows for free and fair general elections and ensures appropriate representation in Parliament and Government		
Policy Objectives	Strategies	Key Performance Indicators
Free and fair general elections and appropriate representation in Parliament and Cabinet.	<ul style="list-style-type: none"> • To establish a new legal framework that provides for: <ol style="list-style-type: none"> a. a new electoral system that does not discriminate against voters or candidates on the grounds of race or gender; b. a voting age of 18 years; c. a 5-year term for Parliament; d. the formation of Cabinet based on Westminster principles of parliamentary democracy; and e. appropriate limitations on the size of Cabinet. • To review the need for a bicameral Parliament, the functions of the Senate and appropriate size of the House of Representatives. • To build the capacity of electoral administration bodies. • Adopt stronger electoral administrative and regulatory measures as regards the implementation of key recommendations of the 2001 and 2006 International Observer Missions and SNE Report. 	<ul style="list-style-type: none"> • Adoption of a new electoral system • A credible national voter list with biometric data completed for the next general election. • Establishment of key positions within the Elections Office to enable effective performance of functions by 2011. • General elections under the new system by September 2014. • Reduction in the number of invalid votes from an average of 10% to below 5% for all future general elections. • Public disclosure on reconciliation of ballot papers printed and used in general elections. • Public disclosure on campaign financing and funding of political parties. • Full compliance with the <u>IDEA</u> Five Criteria for Ethical Electoral Administration.

2.2.2 National Security

Goal: Maintaining national security, peace and stability		
Policy Objectives	Strategies	Key performance Indicators
Improved coordination to meet national security requirements	<ul style="list-style-type: none"> • Formal establishment of a National Security Council. • Ratify remaining UN Counter Terrorism Conventions and implement all conventions. • Strengthening of networking between border and security agencies, including a review of current airport and seaport security arrangements. • Policy advice on law enforcement issues as regards strengthening key point management and legislation in relation to: <ol style="list-style-type: none"> a. Complete implementation of Anti-Money Laundering and Mutual Legal Assistance (MLA) legislation; and b. Review MLA treaties. • Adoption of appropriate counter-terrorism laws. • Strengthen coordination and effective use of financial data to secure prosecutions. • Strengthen capacity and capability to enforce and prosecute for people-trafficking. • Develop and maintain effective disaster communications and early warning systems. • Improve coordination for emergency responses to natural disasters. 	<ul style="list-style-type: none"> • Legal framework establishing new national security framework by 2012. • Coordination of all national security matters through newly established National Security Council by 2012. • Complete review of operational machinery for border control systems by 2010. • Operational framework for investigating all terrorist activities within Fiji in place by 2014, including establishment of National Intelligence Agency by 2010. • 90% success rate for investigating and prosecuting money-laundering cases. • Increase detection rate for intended unlawful entry by 15% annually from 2010 to 2014. • 15% annual increase in number of illegal immigrants removed from Fiji from 2010 to 2014. • Review of Disaster Management Act and National Plan completed in 2011 and implemented by 2012. • At least 4 natural disaster training programmes carried out at all levels each year from 2010 – 2014.

Goal: Maintaining national security, peace and stability		
Policy Objectives	Strategies	Key performance Indicators
Redefining the role of the military	<ul style="list-style-type: none"> • Adopt a new legal framework clarifying the relationship between the military and civilian Governments. • Formulate and implement a human security framework for the RFMF. • Improve the racial balance of the RFMF. 	<ul style="list-style-type: none"> • Constitutional framework setting out the role of the RFMF by 2012. • Human security framework for the RFMF adopted by 2011. • Annual increase in minority composition within the RFMF from 2010 to 2014.
Ending the cycle of coups	<ul style="list-style-type: none"> • Implementation of Principles 1, 3 and 7 of the 14 Key Principles for Ending the Coup Culture as set out in the Peoples Charter. 	<ul style="list-style-type: none"> • Likelihood of coups substantially reduced – as per desired and targeted outcomes set out above.

2.2.3 Law and Justice

Goal: Maintaining law and order and upholding the rule of law effectively and efficiently		
Policy Objectives	Strategies	Key Performance Indicators
Improved response to law and order issues.	<ul style="list-style-type: none"> • Review and reform disciplinary processes for the Police Force and Prisons Service. • Carry out survey to determine the true nature and extent of crime in Fiji. • Improve the reporting of crime. • Reduce serious crimes annually. • Improve responses to crimes against women and children – upgrading of facilities to deal with these crimes. • Increase in crime prevention measures – formulation of a community policing framework. • Establishment of a National Crime Prevention Board. • Establishment of rapid 	<ul style="list-style-type: none"> • Reduction in complaints and disciplinary offences against disciplined service officers by 50%. • Police Force and Prisons Service yearly expenditure remain within budgetary allocations. • Maintain a detection rate of at least 70% per year. • Reduction in overall offence rate by 20% per year. • 70% reduction in serious crime and road fatalities. • Reduction in crimes against women and children by 20% per year. • Reduction in prisons breakouts by 50%. • Reduce recidivism by 50%. • Annual increase in non-custodial sentences and

Goal: Maintaining law and order and upholding the rule of law effectively and efficiently		
Policy Objectives	Strategies	Key Performance Indicators
	<ul style="list-style-type: none"> • response units across Fiji. • Prison service and facilities to meet international standards by 2020. • Improve programme for rehabilitation of offenders 	<ul style="list-style-type: none"> • community-at-work orders.
Effective operation of the courts	<ul style="list-style-type: none"> • Greater administrative and financial autonomy for judiciary. • Improving accountability for judicial officers. • More efficient disposal of cases by the courts. 	<ul style="list-style-type: none"> • Implementation of the Beattie recommendations to provide greater independence to the judiciary. • Adoption and effective enforcement of conduct standards for all judicial officers. • Adoption of case management procedures for the Magistrates Court to improve efficiency. • Full implementation of the recommendations of the Connors Report to improve the Magistrates Court.
Improved access to justice and legal services	<ul style="list-style-type: none"> • Complete the revision of Fiji's laws and make them readily available. • Law Reform Commission to be responsible for the revision of laws. • Extend the work programme for the Law Reform Commission to cover more issues of national importance. • Improve accountability for legal practitioners. • Legal Aid services extended to all major centres throughout the country. • Increase public awareness of basic legal rights. • Upgrading of legal registry facilities to improve services. 	<ul style="list-style-type: none"> • Revised laws available through the Internet by 2010 and hard copies published by 2014. • Revision of laws undertaken annually from 2015. • Complaints against legal practitioners reduced by 50%. • Legal Aid services provided in all Magistrates Court locations throughout the country by 2014. • Achievement of targeted outcomes to improve the services of all legal registries.

2.2.4 Enhancing the Accountability Framework

Goal: Productive and transparent democratic and accountability institutions		
Policy Objectives	Strategies	Key Performance Indicators
An entrenched culture of democratic good governance	<ul style="list-style-type: none"> • Teaching good governance in schools through incorporation into civic education curriculum. • Development and broadcasting of programmes on good governance through the public broadcaster. • Increased support for civil society involved in promoting and advocating good governance. • Improve cooperation with international and regional agencies on good governance projects. • Adoption of 2008 CERD Recommendations for compliance with the Convention for the Elimination of All Forms of Racial Discrimination. 	<ul style="list-style-type: none"> • Increased public awareness of principles of good governance and raising expectations of performance by public officials. • Appropriate number of programmes to be carried out annually will be identified after formulation of strategies. • Adoption of Anti-Discrimination law by 2012.
Enhanced public sector accountability and participation in governance	<ul style="list-style-type: none"> • Carry out capacity building for accountability and democratic institutions like FICAC, OAG, Judiciary and Elections Office. • Adopt Freedom of Information law. • Adopt a Code of Conduct law to enforce conduct standards for holders of high public office. • Adopt measures to improve parliamentary oversight immediately following the next general election. 	<ul style="list-style-type: none"> • Public sector mal-administration reduced by 10% annually. • Audit queries reduced by 10% annually. • FOI law by 2010. Implementation of FOI processes – greater public access to Government documents and information – targeted outcomes to be set when FOI is implemented. • Code of Conduct law by 2010 – targeted outcomes to be set when Code of Conduct is implemented. • Stronger parliamentary committee scrutiny of public

Goal: Productive and transparent democratic and accountability institutions		
Policy Objectives	Strategies	Key Performance Indicators
		administration – targeted outcomes to be set when Parliament resumes operations in 2014.
A free and responsible media that contributes to good governance	<ul style="list-style-type: none"> • Review and reform media industry legislation to provide for regulation of licensing, foreign ownership and independent enforcement of professional standards of the media. • Consolidate and up-date laws that give effect to constitutional limitations on freedom of the press. • Encourage the recruitment of qualified journalists and an increase in training through existing programs. 	<ul style="list-style-type: none"> • Effective protection of media freedom and enforcement of conduct standards for media organisations and journalists. • Free and accountable media – efficient resolution of media complaints – targeted outcomes to be set following implementation of reforms.
An effective anti-corruption framework	<ul style="list-style-type: none"> • Basic legal framework for the existence of an anti-corruption agency set out under the Constitution. • Set up processes to enable full compliance with the United Nations Conventions Convention Against Corruption 2003. • A well resourced Independent Commission Against Corruption (FICAC). • To increase public awareness and education programmes of dangers of corruption and existence of anti-corruption measures. 	<ul style="list-style-type: none"> • FICAC re-established as an independent constitutional office with authority to investigate and prosecute cases of corruption. • Full implementation the recommendations of made by UNCAC Observation Team to enable compliance with UNCAC. • Fiji’s ranking under Transparency International’s Corruption Perception Index, covering 159 countries, improved from the present rank of 55. • Conviction rates of at least 90% per year for all corruption cases.

2.2.5 Public Sector Reform

Goal: Improved public sector efficiency, effectiveness and service delivery		
Objectives	Strategies	KPI
<p>Improve performance and efficiency (cost effectiveness) of the Public Service</p>	<ul style="list-style-type: none"> • Public service restructuring • Functional review of ministries to determine the most appropriate and suitable structure • Develop a sequenced PSR programme for 2010-2014 • Strengthen accountability for performance • Develop leadership capacity in the Public Service • Promote innovation and best management practices in service delivery • Improve policy development capacity and process • Increased training and capacity building programmes • Development and implementation of a National Human Resource Management & Development Plan • Explore and develop a performance based pay and reward systems • Promote public awareness of benefits of reform 	<ul style="list-style-type: none"> • Cost of the public service reduced by 30% by 2011 (10% annually from 2009-2011) • Number of civil servants reduced to 20,000 by 2011 • Guideline for the establishment of Ministries / Departments • PSR Programme developed by end 2009 • Institutional monitoring and evaluation frameworks developed • Leadership Development and Training Plan by end 2010 • Service wide implementation of the Service Excellence Framework • National HRMD Plan developed by December 2009 • Introduction of Service Charters in each agency by end 2010 • Reorganization of public sector training based on Capacity Needs Assessment and addressing specific and position related skills development.
<p>Accelerate the public enterprise reform programme and improve profitability and accountability of Public Enterprises</p>	<ul style="list-style-type: none"> • Regular reviews and improvements to PER processes • Divest public entities • Outsource government activities • Develop a contracting out framework • Corporatisation of key problem areas of water 	<ul style="list-style-type: none"> • Simplified public enterprise restructuring process by June 2009 • 3-5 public entities sold into private ownership by 2012 • 3-5 government activities to be outsourced by end 2010 • Framework developed by end 2009 • Water services corporatised by

Goal: Improved public sector efficiency, effectiveness and service delivery		
Objectives	Strategies	KPI
	<p>and roads</p> <ul style="list-style-type: none"> ● Introduce specially negotiated profit/return targets for public enterprises ● Reward incentives to be based on achievement of specially negotiated targets ● Develop a National Code of Corporate Governance ● Training and capacity building programmes for employees of public enterprises ● Further reform of existing public enterprises to improve efficiency and profitability ● Improvement in synergies of public enterprises in agricultural production/processing to ensure food security 	<p>end 2010</p> <ul style="list-style-type: none"> ● Roads corporatised by end 2011 ● Improved returns and profit generated from each enterprise ● Individual profit/return targets set by March of each year ● Code developed by September 2009 ● 3-5 enterprises to be further reformed annually ● 10% growth in production/processing of local produce
<p>Improve public financial management practices</p>	<ul style="list-style-type: none"> ● Strengthen expenditure control and enhance budget discipline. ● Improve revenue management and explore revenue retention by agencies ● Strategic resource allocation in line with policy priorities ● Improve cash planning and management ● Introduce strategic budget management practices ● Strengthen accountability of Chief Accounting Officers 	<ul style="list-style-type: none"> ● Improved whole of government financial controls and reporting by 2012 ● Reduced revenue arrears ● Revenue retention activated when feasible ● Resources allocated to priority sectors ● Gradual introduction of performance budgeting ● Strengthen financial accountability clause in PS's annual contracts

2.2.6 Indigenous Institutions

Goal: Well governed indigenous institutions for improving the well being and governance of the indigenous people		
Policy Objectives	Strategies	Key Performance Indicators
Develop a well coordinated and effective change program	<ul style="list-style-type: none"> • Develop a roadmap that properly sequences proposed changes to Indigenous Institutions and Administration 	<ul style="list-style-type: none"> • Roadmap developed by 2009
More accountable and transparent indigenous institutions	<ul style="list-style-type: none"> • Creation of a more integrated organizational structure for Fijian administration • Develop a common vision to be a guiding principle for the Indigenous Institutions • Development and implementation of a good governance framework covering financial management, accountability, transparency and management systems and practices • Develop performance standards relating to social, cultural, spiritual and economic advancement to be employed by each indigenous Institution • Develop a reporting mechanism to Parliament, Province, Tikina and Village Councils 	<ul style="list-style-type: none"> • Integrated organizational structure in place by 2010 • Vision adopted by end 2010 • Good governance framework encompassing ethics, accountability mechanism, disciplinary procedures etc. developed by end of 2009 and implemented thereafter • All outstanding accounts of Indigenous Institutions are audited by Dec 2010 • Performance standards incorporated by end 2010 • Reporting mechanism developed by end 2009
Improve performance of Fijian Administration at Provincial, Tikina and Village levels	<ul style="list-style-type: none"> • Develop a code of conduct and customized guidelines for council bodies • Capacity building and training programs covering leadership, management, ethics, accountability, 	<ul style="list-style-type: none"> • Code of conduct developed by 2009 • Training conducted for 3 Provinces by end 2009 and cover remaining provinces by

	professionalism etc to be conducted for different levels of administrators	end 2011
Empowerment of Indigenous Fijians to fully utilize their resources for their economic and social advancement	<ul style="list-style-type: none"> • Undertake social audit of life at village level, upon which to base training and capacity building programs • Continuous training and capacity building to develop business and entrepreneurial skills and corporate governance • Increased involvement of the Indigenous population in business and commercial ventures 	<ul style="list-style-type: none"> • Social audit conducted • Training programmes implemented • Increase in number of viable businesses registered under the IFBC

2.2.7 Leadership

Goal: Effective, enlightened and accountable leadership		
Policy Objectives	Strategies	Key Performance Indicators
Rebuilding a committed, visionary, highly competent and more accountable leadership group	<ul style="list-style-type: none"> • Develop new models of political, public and traditional leadership • Public Awareness/Civic education programme on leadership qualities • Develop and implement a Public Sector Leadership Development Programme to be mandatory for the varied levels of senior executives in the Civil Service (US04 & above) 	<ul style="list-style-type: none"> • Develop Leadership Models • Continuous public awareness • Training programmes developed by June 2009 and implemented by September 2009

<p>Greater Accountability for Holders of High Public Office</p>	<ul style="list-style-type: none"> • Drafting of Code of Conduct Bill • Strengthen the independence and neutrality of PSC and the Public Service • Removal of political involvement on Public Service appointments 	<ul style="list-style-type: none"> • Draft Bill by end 2009 • Legal provision to define clear demarcation of roles by end 2009
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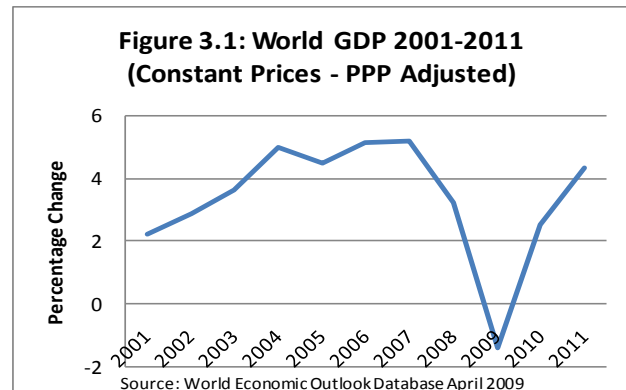
CHAPTER 3

Chapter 3 Economic Development

3.1 Macroeconomic Performance

3.1.1 International Economy

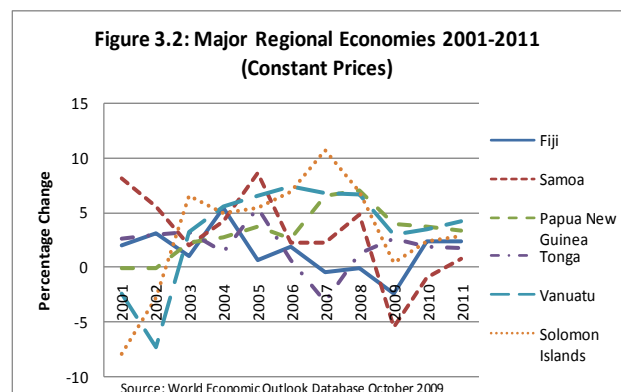
The world economy performed relatively well between 2001 and 2007 with exceptional performance from emerging markets such as Russia, China and India. In 2008, a number of challenges emerged for the global economy as it started slowing down. The world economy fell into a recession in 2009 as problems from the United States sub-prime mortgage market spilled into other credit markets. At the same time prices of food and oil surged adding to inflationary pressures worldwide creating severe hardships for many low-income countries. World growth since 2001 and forecasts by IMF until 2011 are reflected in Figure 3.1.



Global growth prospects continue to remain weak, despite wide range of policy actions taken by governments. Our major trading partner economies, except China and India are expected to also contract in 2009 as a result of the financial crisis with global contraction forecasted at 1.4 percent. In 2010 economies are expected to record marginal growth with continued recovery thereafter. Prices have somewhat declined as a result of global slowdown being experienced. Commodity prices remain weak; however, crude oil prices are making gains as demand recovers.

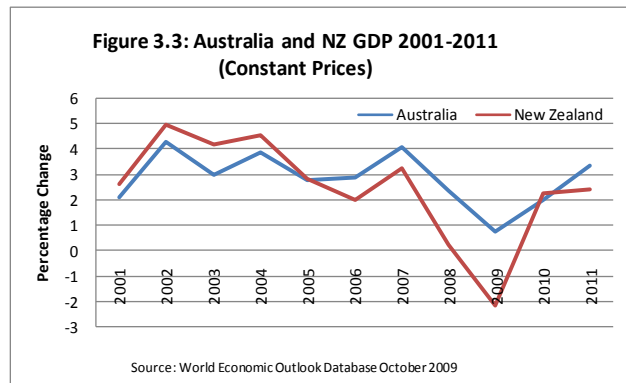
3.1.2 Regional Economy

The GDP performance of major island economies has generally been positive since 2001. Fiji's economic performance between 2001 and 2006 was relatively stable although it performed only better than Vanuatu and Papua New Guinea. The Solomon Islands, in particular, has reported exceptional growth since 2003 and is expected to manage the effects of the global downturn with relative ease.



The downturn in regional economies from 2009 onwards (Figure 3.2) resulting from the global financial and economic crisis is likely to be more severe than anticipated as demand for Pacific export commodities, tourism arrivals and remittances decline.

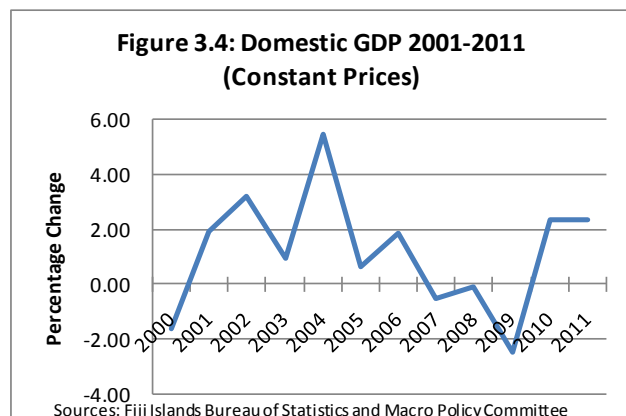
The recessionary effects in island economies are more pronounced given the slowdown in Australia and New Zealand. These economies are the largest sources of visitors for Pacific tourism. The actual and forecast economic growth rates of Australia and New Zealand for the period 2001 to 2011 are shown in Figure 3.3.



The risks of slowdown in tourism and lower than expected prices of commodities for the island economies are expected to remain in the medium term.

3.1.3 Domestic Economy

Fiji's economic growth performance has remained relatively weak since 2001 averaging only 1.7 percent growth until 2008 (Figure 3.4). The sluggish growth in recent years has largely been a result of declining contributions from sugar and garment industries. These declining contributions have not been offset by modest growth in other sectors such as tourism, bottling water and biscuit manufacturing in recent years. Fiji economy has continued to contract since 2007 with a 2.5 percent contraction expected in 2009. The economy is expected to recover from 2010.



Historically, Fiji enjoyed preferential market access to the EU for sugar and the US for garments. However, with progressive decline and elimination of these preferences, the performances of sugar and garment industries have declined resulting in lower GDP growth rates.

Since 1990 Fiji has looked outward for an export led growth strategy; however, economic growth rates have on average been lower than the preceding period. Since 2007, government has made efforts to implement institutional reforms to facilitate sustained economic growth. Setbacks to such efforts have been a result of natural disasters and global economic slowdown. The socio-economic progress of the nation is dependent on how the domestic and external challenges are managed in partnership with the private sector.

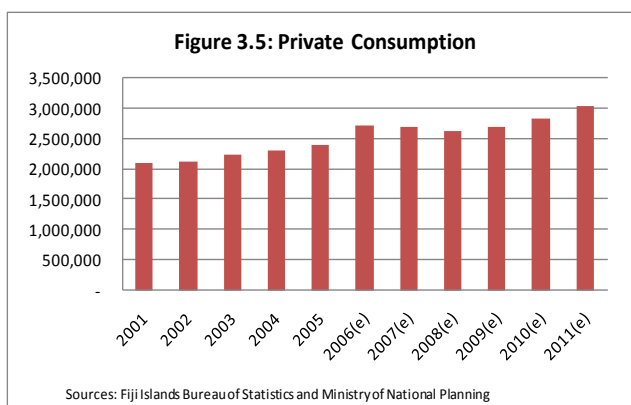
Government's focus in economic development will encompass:

1. Enhancing development cooperation throughout the government machinery;
2. Emphasizing rural development to prevent excessive rural-urban shift of the workforce;
3. Maintaining macroeconomic stability;
4. Implementing the National Export Strategy;
5. Supporting the agricultural sector;
6. Reforming the sugar industry;
7. Developing and strengthening the Financial Sector;

8. Facilitating domestic investment;
9. Encouraging foreign investment; and
10. Making available unused but productive land of all classes while ensuring that returns to landowners are market based.

3.1.4 Private Consumption

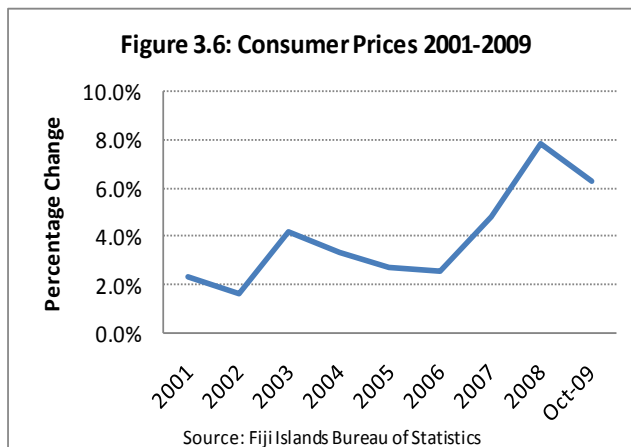
Private consumption has been steadily increasing since 2001. Figure 3.5 shows the level of private consumption for the period 2001-2011. The estimates, reported for 2006-2011 period have been based on actual and forecasted VAT collections.



There is concerted effort from government to encourage consumption of locally grown and manufactured products to provide development opportunities for local farmers and industries. The recent devaluation of the Fiji dollar with a view to discourage imports is also expected to raise consumption of domestically grown and manufactured products.

3.1.5 Inflation

Inflation has been relatively stable apart from fuel price related increases in 2003 and compounded food and fuel price increase in 2008 (See Figure 3.6). The Reserve Bank of Fiji through its prudent monetary policy measures continues to maintain inflation at low levels for pressure emanating from the domestic front. Low trading partner inflation as well as softer international commodity prices has also helped in keeping Fiji's overall inflation low. The global economic slowdown in late 2008 and 2009 has led to fall in prices in general. In 2009, the May inflation rate was at 0.8 percent. The rate rose to 6.3 percent in October, reflecting the effect of the 20 percent devaluation of the Fiji dollar. In the coming months, prices are expected to rise and the year end inflation rate is projected at 9.5 percent before moderating to 2.0 percent at the end of 2010.

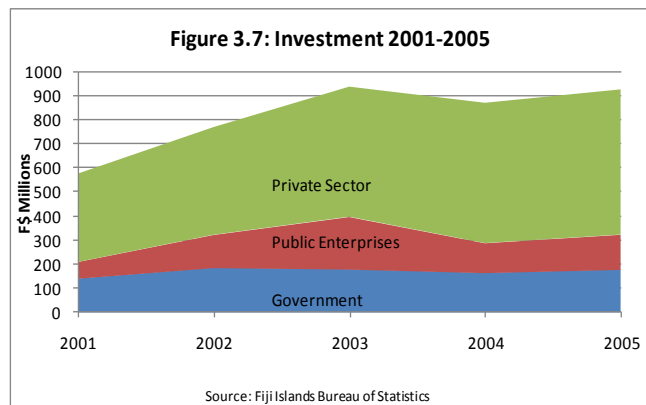


3.1.6 Investment

Capital accumulation through the investment process is a vital ingredient for economic growth. In the period 2001 to 2005 total investment averaged over 18 percent of GDP (see Figure 3.7). This increasing trend is likely to continue with recent increases in investments by Government and public enterprises such as the Fiji Electricity Authority and the Housing Authority. Public sector investments of this nature are crucial for the proper functioning of the

market system to supply social and economic infrastructure to facilitate and implement private investment plans.

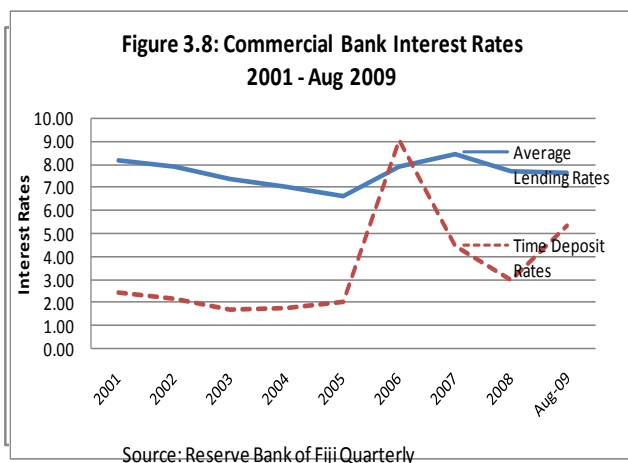
The Government's capital expenditure is expected to be in excess of \$300m from 2009 onwards which will provide further impetus for growth and development. Private sector investment, which has greater impacts on job creation and growth than public sector investment increased steadily from 2001 to 2005. Greater infrastructural support from Government and restructuring of the public sector, which essentially transfers assets and business opportunities to private sector, will also induce higher levels of private investment.



Private investment levels are functions of savings and in recent years real interest rates on savings have been negative. Savings levels are expected to increase with recent monetary policy requirement that interest rate spreads be reduced to 4%. Should inflation remain low positive real interest rates would encourage greater savings behavior.

3.1.7 Interest Rates

Interest rate spreads have historically been more than four percent in our domestic market while trends from trading partner economies indicate that banks generally have spreads of 2 percent or even less. In only 2006 did interest rate spreads reduce significantly but increased again thereafter. In April 2009, the RBF took measures to control the lending rates of banks and other financial institutions to assist the business sector have a more conducive and stable interest rate environment. The weighted average interest rates of the banks are to be at their December 2008 level by the end of July 2009. The interest rate spread is to be four percent by the end of 2009. Liquidity in the financial system reached critical levels in late March 2009; however, measures taken thereafter led to improvements to sustainable levels.

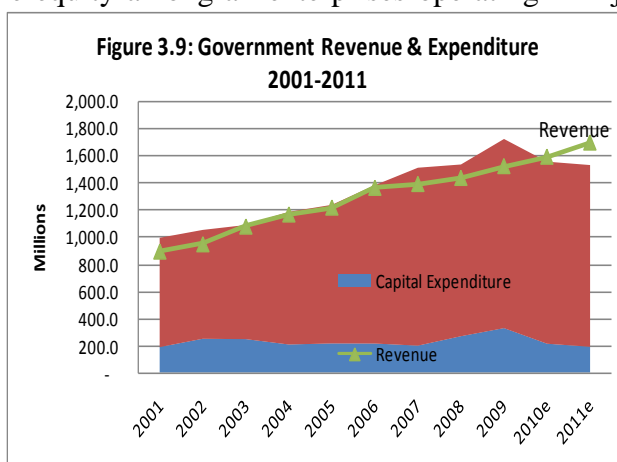


Although interest rate spreads have been regulated to be no more than four percent before the end of 2009, the regulated spread is still much higher than international trends. Given the fallout in the global financial market it has become apparent that earlier citations by commercial banks that Fiji represented a risky financial market are irrelevant. All bank lending are backed up with sufficient collateral and the riskiness depends on the banks own lending procedures.

Apart from interest rates, the banks also need to establish Local Advisory Boards – who will advise the banks on matters of national interest. Banks are also expected to have a complaints process in place which will be monitored by the Reserve Bank. All increases in fees and charges will need to be fully justified. Banks also need to establish microfinance units in their branches. The banks and financial institutions’ operations are expected to align to national objectives and in the current environment to assist in the recovery process.

3.1.8 Government Revenue and Expenditure

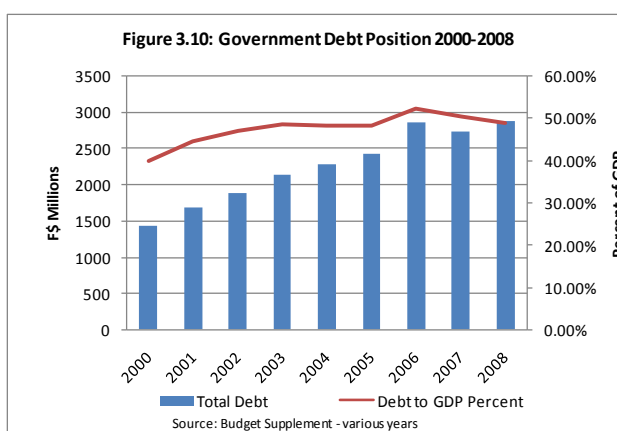
Government revenue has been steadily increasing since 2001, in line with economic activity and revenue policies. However, significant revenue losses were incurred as a result of concessions granted by government, generally to large businesses. Concessions and corporate taxes are being reviewed to ensure equity among all enterprises operating in Fiji. This will improve compliance and reduce procedures and costs associated with the establishment, application and assessment of concessions. Figure 3.9, shows the increases in government revenue against actual and budget expenditure mix. There is however, a slowdown noted since 2007 as a result of reduced economic activity.



There has been a significant change to government expenditure composition in the last few years. There is marked slowdown in operating expenditure over the 2007-2009 period with further reductions anticipated in future. This is offset by a greater emphasis on capital construction, particularly infrastructural development. Although 2010-2011 capital budgets are yet to be finalized, it is expected to be similar, if not more, in value to the 2009 capital budget as the importance to increase the capital base for sustainable economic growth is now being realized. The aging infrastructure has strong cost implications on the forecast budget surpluses of 2010 and 2011.

3.1.9 Debt Position

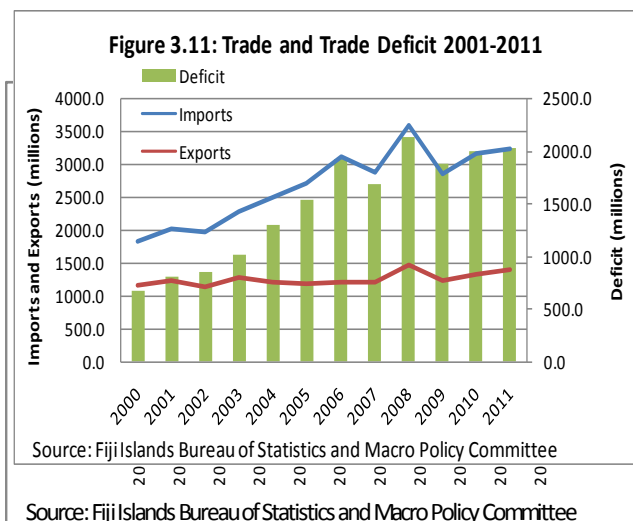
Between 2001 and 2006 government debt as a percent of GDP rose by 4.6 percentage points with nominal value increase of \$1.21 billion. This represents an annual increase in debt stock by \$200 million. Debt as a percentage of GDP declined over 2007-2008. Further borrowings are intended in 2009 and beyond to complete the government’s intended infrastructure development program. Government borrowings will only be targeted at investment projects so that developments are able to contribute to



sustained economic growth upon completion. The international borrowing commitments are expected to increase as a result of our devalued currency but the increases will be sustained through effective financial management.

3.1.10 Trade

Domestic exports have been declining for most years since 2001. Further decline is expected in 2009 with some recovery in the following years as a result of the devaluation of the Fiji dollar. The decline in exports is largely underpinned by reduced sugar and garment production. Sugar production is affected by inherent industry problems compounded with declining preferential prices from the EU. Garment production, on the other hand, has contracted as a result of declining preferences under SPARTECA arrangement and the inability of our domestic producers to compete with Asian exporters, such as China.



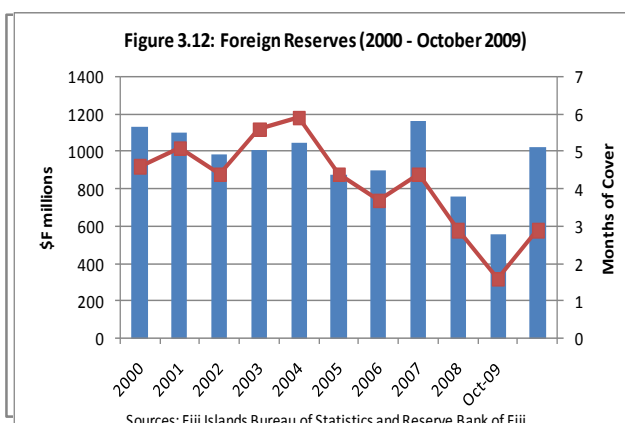
The depressed global conditions have translated into reduced demand for our ground water, fish and mahogany. Significant efforts would be required in the implementation of the National Export Strategy to induce growth in domestic exports.

Imports have been rising continuously except in 2007, which coincided with significant economic decline. The increased importation has been attributed to growing demand from the tourism industry as well as rising food and fuel prices.

Our exports have been around \$1 billion; however, imports in recent years have exceeded \$3 billion implying trade deficits in excess of \$2 billion (see Figure 3.11). It is envisaged that the devaluation of the Fiji dollar will result in a shift of demand from imports to local produce and manufactured goods.

3.1.11 Foreign Reserves and the Exchange Rate

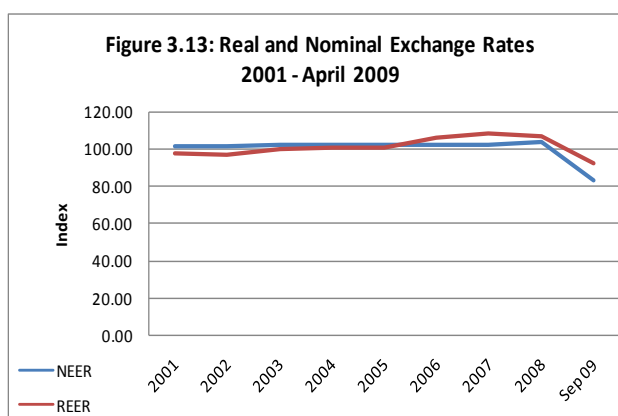
Foreign reserves are necessary for Fiji's transactions with the rest of the world. The value of foreign reserves is a net result of foreign demand for our products and domestic demand for imported products. Exchange rates are established accordingly taking into account our ability to accept all offers of our currency at the set rate. Except for 2003-2004 and 2007, reserve levels have been declining on an annual basis since 2001. The growing trend in imports is causing



depletion in our reserve levels. Devaluation of 20 percent, undertaken in April 2009, resulted in improvements in reserve levels. Foreign reserves prior to devaluation were sufficient to cover only 1.3 months of imports. As a result of adjustments in the value of our currency, import levels in the following months declined as higher prices translated into the domestic market and export levels will improve as a result of improved competitiveness of our domestic exports.

The foreign reserves were at \$1030 million at the end of October 2009. Since the devaluation in mid April devaluation, the trend has been rising steadily.

The Fiji dollar is pegged to a basket of currencies (Australian dollar, New Zealand dollar, US Dollar, Japanese Yen and Euro). The weights of the basket are based on Fiji's exposure to trade and tourism with these countries. The Nominal Effective Exchange Rate (NEER) index has remained fairly stable since 2001 but indicating relative appreciation in value of currency until 2007. The April 2009 index indicates a post devaluation adjustment to the 2008 indices. The decline in indices is not as substantial as the percentage devaluation as a result of currency appreciation in the early months of the year.



3.2 Sectoral Developments

3.2.1 Macroeconomic Management

Macro-economic management in the short term is focused on achieving financial stability and securing government finances. Key macroeconomic indicators are discussed in Section 3.1.

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

3.2.2 Tourism

Tourism in Fiji is a myriad of partnerships between a diverse range of private sector businesses, the communities and government. It has grown steadily over the past few years, it has recovered from a significant decline following the 2000 coup with growth in visitor numbers and economic contribution and strong investment in infrastructure.

However, the tourism industry has had to face a number of challenges since 2006 to remain globally competitive. These include the advent of the Hotel Turnover Tax in 2006, loss of price competitiveness, global financial crisis and adverse publicity in the major source markets.

Against this backdrop, the tourism sector recorded the highest number of visitor arrivals of 585,031 visitors in 2008, an increase of 6.6% compared to 2006 visitor arrivals. The

increased numbers were primarily driven by lucrative packages offered by the industry, with prices reduced by as much as 40%.

The strong performance is expected to continue into 2009 with Fiji Visitors Bureau projecting 600,000 visitor arrivals. However, the destruction caused by the floods in early 2009 severely affected arrivals for the 1st quarter with FVB revising the visitor arrivals to 540,000.

The 2007 census recorded that 21,460 people or 2.6% of the total population are working in the tourism industry. The industry contributes around 18.4 % of GDP, with \$741.7 million earnings in 2006 having estimated tax revenue to government of \$140million.

The Tourism Development Plan 2007-2016 was prepared on the basis of two phases: a recovery period in 2007-2009 in which visitor numbers will recover to at least 550,000 annually. Development of Eco-Tourism will be targeted through various programs and initiatives within Government.

The recent devaluation of the Fiji Dollar is anticipated to derive more positive economic benefits to the tourism industry. As a result of the devaluation, Fiji holidays will become relatively cheaper and therefore more competitive against similar destinations.

The devaluation however, may also have an adverse impact in driving up the cost of food and beverages at hotels, which according to international standards are already highly priced. This presents an opportunity for the local agriculture sector if they can overcome the constraints of inconsistent supply and maintain product quality and standard. The Ministry of Agriculture has been working hard to strengthen this linkage between the tourism industry and the agriculture sector.

Development Constraints and Challenges

The development constraints and challenges include:

- Major and on-going Brand Fiji marketing campaign;
- Global financial crisis;
- HINI turning into a pandemic;
- Major growth in key source markets and at least two new source markets;
- Attractive investment incentives and proactive approval process;
- Supporting infrastructure and domestic (air, land and sea) transport linkages;
- Constant supply of trained staff;
- Additional capacity on existing airline routes and new routes established; and
- Negative travel advisories from key source markets such as Australia and New Zealand.

3.2.3 Manufacturing and Commerce

Manufacturing is a major sector, contributing 13% of GDP in 2008. The sector includes manufacture of textiles, garments, footwear, sugar, beverages and tobacco, food items, wood and metal-based products. A decline in the manufacturing industry is expected due to the global financial crisis and subdued domestic demand and in the export markets.

The devastation caused by the flash floods in January 2009 has exacerbated the projected slowdown in the industry creating pessimism in the outlook for trade. However, the dollar devaluation presents opportunities for our export sector as exports will be competitive and cheaper in the global marketplace. This will depend on the developments in the global market and the competitiveness of Fiji's products.

The limited investment and technological innovation has constrained the labour absorption capacity of the manufacturing sector. This lack of capacity has increased poverty and unemployment, especially in urban areas. Two persistent factors, the transition away from high-cost industries that are heavily dependent on imports and the impact of globalization on domestic industries that is unable to compete with imported substitutes, have contributed to the limited growth of domestic production and employment.

The effective implementation of the National Export Strategy using the opportunities available from currency devaluation will assist in export growth. Incentives are available to domestic producers in manufacturing and agriculture to exploit opportunities provided by the numerous bilateral and multilateral trade agreements.

Development Constraints and Challenges

The manufacturing sector has a lot of growth potential. However, these are constrained by the following:

- delayed reforms of the sugar industry;
- the inability to find a resolute way forward for the mahogany industry;
- the continuous shrinking of markets for Fiji's textile, clothing and footwear industry;
- the weak linkages existing between the natural resource sectors and the manufacturing sector;
- time taken to register business is very long due to outdated regulations and legislation; and
- lack of market support for agro-based products.

3.2.4 Information and Telecommunications

Information

Of crucial importance to Government is maximum public awareness of Government's plans, programmes and policies. This awareness is deemed vital as it contributes to an informed public and ultimately impacts positively on social and economic development of the country. To this effect, the media plays a vital role in economic development and national unity through its influence. It is in recognition of this fact, that the media is being co-opted as a development partner.

Telecommunications

The greater use of Information and Communications Technology (ICT) is essential for social and economic development in Fiji. The contribution of the communication sector to GDP was 3.4 percent in 2008, an improvement from the 0.2 percent decline noted in 2007. The growth of the sector is expected to remain around 3.5 percent in 2010. The developments in communications sector is characterised by the increased usage of cellular phones. This has been facilitated by the commencement of operations by Digicel (Fiji) Ltd and INKK Mobile (Fiji) Ltd.

Access to traditional ICTs such as radio and television is high. Over 90% of households are estimated to have a radio and over half the population has access to television. Internet use is increasing and people are also becoming more exposed to ICTs through their mobile phones and use of text messages. Electronic transactions in Fiji have also become widespread, spearheaded by the banks.

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

The current initiative of Government to develop the ICT sector further and the institution of the e-Commerce Bill will ensure that the interests of suppliers and buyers engaged in transactions over the internet are adequately protected. E-community learning centres are being established in rural areas to enable communities to access information, public services, and business products and services on the internet.

Recently, an agreement has been reached between Amalgamated Telecom Holdings (ATH) and Government for new competitors in the telecommunications sector. As a result, VoiceNetIP (Fiji) Limited has been given the VOIP licence with the intention to bring maximum benefits and savings to businesses and individuals.

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

A review of frequency transmission has been undertaken by the Communications Department with a view to allocate bands and frequencies such that it allows greater transmission activity.

Development Constraints and Challenges

Information

- Strengthening long-term partnership with the media industry
- Improving the quality of reporting
- Adherence to media ethics and professional standards
- Expanded coverage of government activities through the mainstream media

Telecommunications

- High cost of telecommunications and associated activities
- Monopolistic framework for telecommunications
- Lack of awareness about the benefits of ICT

3.2.5 Micro, Small and Medium Enterprises

The development of Micro, Small and Medium Enterprises (MSMEs) is crucial to national development especially in improving the quality of life of the people endowed with low capital. Substantial untapped opportunities remain for the sector to expand and grow, particularly in rural areas where natural resources remain under-utilized. The Government has identified MSMEs as a priority area for making development more balanced and broad based. Through the Small and Micro Enterprise Act of 2002, the National Center for Small and Medium Enterprise Development (NCSMED) is the primary vehicle through which Government policies and strategies for MSMEs are implemented. Among other responsibilities, NCSMED is tasked to provide training in entrepreneurship and management, business advisory services, support the private sector in developing MSMEs, provide loans and grants to MSMEs, and develop new business opportunities through pilot projects.

The Microfinance Unit of NCSMED has formed partnerships with various financial institutions for the delivery of microfinance services. This includes 3 microfinance institutions and 6 microfinance service providers and together they cover 13 major areas in Fiji, in which 382 communities/settlements have access to the service. At the end of June 2009, the microfinance program had more than 22,229 savings clients with savings totalling \$988,802.

The Business Incubation Centres (BICs) provide office space for small businesses, support services such as training, business counselling, networking and specialist advice. BICs have been set up in Ra and Suva.

The challenge for the MSME sector is to create a facilitative environment where educated young people, as a first option, choose to operate a micro enterprise and engage in self-employment than relying on formal sector employment. This requires greater institutional support and access to financial services.

Development Constraints and Challenges

The development of MSMEs is constrained by the following:

- Under developed financial sector to offer the range of services suitable for MSMEs;
- Lack of sufficient support services such as business mentoring;
- Poor financial management skills of MSME operators;
- Lack of knowledge about the existence of MSME service providers; and
- Lack of statistics on the MSME sector.

3.2.6 International Relations and External Trade

Fiji's relationships with the international community has been challenging given our relative smallness and isolation from major economies. The relationships have been further constrained as a result of the recent political developments, particularly with neighbouring nations like Australia, New Zealand and Samoa and traditional development partners like the United States of America (USA), the United Kingdom (UK) and the European Union (EU).

Strategic engagement with the international communities and traditional development partners under the principles of internationalism and sovereign dignity remains critical. A new legal order exists with a clear framework for change and achieving parliamentary

democracy by September 2014 has been presented. It presents a clear foreign policy framework focused on enhancing global integration and international relations with the objective of regaining Fiji's rightful place in the regional and international family of nations.

The immediate challenge is to regain lost credibility and focus on restoring its traditional relationships by advocating Fiji's interests in regional and international institutions such as Pacific Islands Forum (PIF) States, the Commonwealth, the Africa, Caribbean & Pacific (ACP) Group, the EU, and the United Nations (UN).

Global economic conditions and the erosion of the preferences and other constraints for trade and market access restrictions due to non-tariff barriers applied by many countries have been key challenges in the areas of trade and investments. Adverse advisories and travel bans on those assisting with rebuilding Fiji have also had very negative implications. Trade agreements will be treated with caution to consider first the increasing costs of participation that at times supersedes the potential benefits. However, limited negotiating capacity will be efficiently and effectively invested in areas where there are market access and strategic economic gains to be made. The costs of participation are a result of multiple rules, obligations, technical standards and requirements for market entry. Despite these, trade will be facilitated through quarantine protocols and customs, ports and immigration agencies will be strengthened.

Understanding of our development and trade partners are sought and government will continue to focus on restoring relationships with the global family through participation in the international fora, respecting the provisions of international treaties and fostering mutually beneficial bilateral and multilateral trade and diplomatic relationships .

There is need for Fiji to strengthen Aid for Trade relationships and secure development assistance through the bilateral and multilateral arrangements. Fiji's foreign missions and trade offices will need to play more proactive roles in securing trade development assistance and at the same time tapping into supply of labour from Fiji for work overseas.

Development Constraints and Challenges

- Inadequate border control
- Global economic conditions
- Lack of experienced personnel and resources in trade negotiations
- Slowness in adapting to changes in trading environment
- Constrained relationships with trading and development partners
- Lack of capacity in border and trade facilitation agencies

3.2.7 Employment and the Labour Market

Around 130,000 people, or 40 percent of the labour force, is estimated to be in paid or formal sector employment. With increased investments and future growth in the ICT and audio visual industries, employment is expected to increase in the medium term. Government still remains the largest employer with some 27,000 employees, accounting for a large proportion of total paid employment. There are signs of skill shortages in both the public and private sectors. However, unemployment in urban areas was estimated at 13.8 percent in 2007 with

an overall national rate of 11.9 percent (ILO⁵ Definition⁶), according to the 2007 Census of Population and Housing.

The challenge is to ensure that economic growth is sufficient to absorb the estimated 16,000 people that enter the labour force each year. With the current relatively low economic growth, the formal sector is unable to create sufficient jobs. Many are left to make their own opportunities in the rural economy and in micro, small and medium enterprises. Government's Integrated Human Resource Development Programme for Employment Promotion (IHRDPEP) and NCSMED are spearheading efforts to support employment creation in both the informal and formal sectors.

The implementation of 55 years retirement age in the public service also has employment implications as the retirees need to be replaced by new graduates to ensure consistent public service delivery. Government is also facilitating faster approval of work permits in sectors facing skill shortages. The closing date of civil service vacancies is reduced from 21 days to 14 days to allow faster processing of employment opportunities within the public sector. Employment placement centres, where job seekers have access to information on available positions and to job-interview training, are to be incorporated into the National Youth Option Centres. Government's Internet-based placement service, CareerNET and the expansion of the Computerised Human Resources Information System (CHRIS) will also assist in job creation. The development of a comprehensive accreditation system of qualifications by the Training and Productivity Authority of Fiji (TPAF) will facilitate improvements in the labour market.

The Government is working on a performance and productivity based wage-setting framework. The process will induce higher real incomes and economic growth as productivity improvement necessitates investment in modern machinery and improved work methods.

The Labour Market Reform brought about by the Employment Relations Promulgation of 2007 will restore confidence, stability and growth in the labour market and contribute to creation of a business environment conducive to private sector investment. This will induce greater employment opportunities. The employment reforms promote the role of women in development and employment of school leavers. Additionally, the reforms will help improve maternal health of working mothers, reduce child mortality through enhanced maternity protection and promote education of children through its child protection policy. The establishment of the National Employment Centre (NEC) as a "one stop shop" will provide employment services for the unemployed and school leavers, both locally and in overseas markets. The NEC will act as the national umbrella framework for all employment creation initiatives for the unemployed who will be issued with national employment identification cards. The NEC will actively engage Fiji's unemployed in meaningful activities through cost-effective facilitation, coordination and monitoring of all current activities including the creation of a new Volunteer Scheme and a Foreign Employment Service.

⁵ ILO Definition – Includes those that are seeking employment and those are available but not seeking employment; ICLS Definition – includes only those that are actively looking for employment

⁶ International Classification of Labour Force Statistics (ICLS) definition based urban unemployment rate = 10.5 percent and overall rate = 8.6 percent

Development Constraints and Challenges

- Successful implementation of performance based pay system
- Training and retention of individuals in areas of skills shortage.

3.2.8 Land Resources Development and Management

Land is a scarce resource in Fiji and access to land is a prerequisite for any development. With the current supply of land there is a need to ensure proper management and planning of land use to ensure efficient utilization. Competing land uses such as infrastructure development, housing, town and country planning and agriculture all require land both in the mid term and long term for expansion purposes. Proper land use management and planning is important in trying to mitigate against any impact that may be directly related to improper land-use or unsustainable development.

The adoption of an integrated land and water resource management plan is important given the increase in use of agricultural land beyond its capability, intensive cultivation of steeper lands, rapid and escalating tourism development along the coastal zone and coastal floodplain and the loss of good quality agricultural land to other uses. These factors all collectively threaten the sustainable use of Fiji's land and water resources.

The review of the Land Conservation Act is to ensure that the focus and scope of the legislation covers the sustainable use and conservation of both land and water resources. The review also ensures the Land Conservation Board is provided with the appropriate legislation, resources and the political will to fulfill its regulatory role in enforcing proper land use practices. The review mandates the Land and Water Resource Management Board to develop a national land and water resource plan of which it will provide the basis for the piloting of the Nadi Water Catchments project. It will also harness the need for a firm policy commitment from Fiji Sugar Corporation, NLTB, the Sugar Research Institute, and the Ministry of Agriculture that their field officers will incorporate a Sustainable Land and Water Management message into their extension and advisory services.

To promote resource conservation the existing legislations will be provided with provisions to be applied immediately and comprehensively to control the removal of sand, gravel, rocks and boulders from the bed and banks of rivers and streams. These will mean that any new development will be subject to the requirements of the Land Improvement Act and the Environment Management Act to ensure sustainable management of these resources. With such plan in place, land will be allocated according to its highest and most suitable use.

To support economic development government intends to create large scale commercial agricultural subdivisions to improve land utilization and increase productivity of the agriculture sector. The intention is to identify available arable land and venture into large scale commercial agriculture farming. These developments will be pursued in partnership with landowners, private sector/exporters and the NLTB.

Land reform will also be undertaken to ensure that land is made available for economic and social purposes. Creating a market for leased land is part of the land reform options which is focused on ensuring better returns to landowners. To effect such a transformation, it is essential that efficient mechanisms are created to ensure land is made available to potential users who are willing to pay for its use at a rate set by the market and not by any administered

or legislated rate. In trying to make land available for government development use and in facilitating investment, options such as the purchase of ancestral land, land buy-back schemes and the reversion of schedule A and schedule B land under NLTB will be pursued to ensure that these land is available to government and that it generates a good return on investment both for land owners and NLTB.

Consulation on the establishment of mechanisms such as Landuse Advisory Boards, National Land Register and a National Landuse Development Plan will be pursued to assist with overall planning and better decision making on the utilization of land.

Development Constraints and Challenges

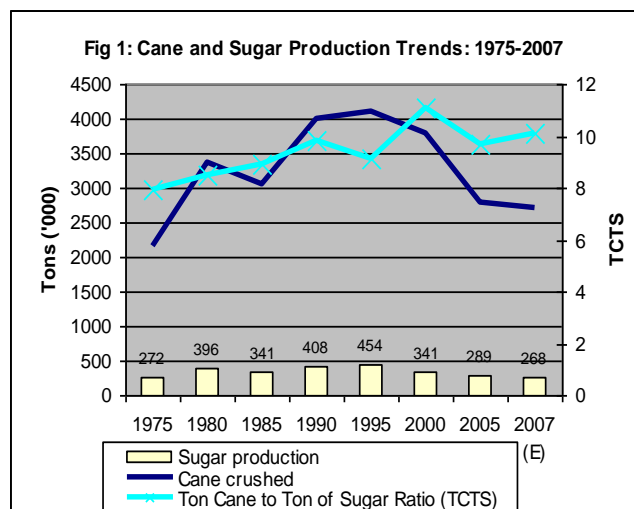
Enforcement of the land use policy has not been effective given the lack of understanding and coordination between key stakeholders on the importance of conservation. The lack of adherence to the Environment Management Act and the absence of a statutory authority is a draw back in the implementation of proper land use and the enforcement of proper land management.

The promulgation of the Land Conservation Act is expected to provide some authority for the implementation of the land use policy. This will ensure that land user and developers will adhere to the requirements of the Act and at the same time exercise greater precaution on land degradation activities.

There is a need to review various legislation that deal with the administration and development of land in order to ensure land availability and to facilitate access for potential landusers.

3.2.9 Sugar

The Sugar Industry is in crisis. The full 36% reduction in preferential prices in the EU market will take effect from 1st October 2009. The EU has indicated that funding under the Accompanying Measures Programme for 2009 has been cancelled. Funding for 2010 and beyond remains uncertain. Domestically, there continues to be ominous signs of an industry on the brink of collapse with lone fertilizer supplier South Pacific Fertilizers Ltd being granted a Government subsidy of \$9.8 million to purchase raw materials to supply the industry needs for the 2009 season, low sugarcane production over the past two seasons averaging 2.4million tons, a far cry from the 4.2million tons that the industry reforms are supposed to yield, a high TCTS⁷ ratio of 10-12, and continued reliance of the miller (FSC) on Government guarantees to enable it to meet its working capital requirements. Government recently renewed its



⁷ Ratio showing how many tons of cane required to produce a ton of sugar

guarantee to FSC in May 2009 for another year, on this occasion increasing it from \$25million to \$70million.

There is no doubt that the sugar industry has been an important lifeline to Fiji's economy: contributing on average some 7 percent of GDP, generating on average 30 percent of total domestic exports and providing direct and indirect employment to around 51,000 people, consisting of approximately 18,000 growers, 3,000 FSC employees and 17,000 cutters and drivers. It is estimated that about 200,000 people are either directly or indirectly dependent on the industry for their survival. However, it is important to also note that throughout its existence, the industry has been sustained by preferential access to the UK market, assured since 1975 under the Sugar Protocol, and sympathetic government subsidies. With such a legacy, it is no surprise that efforts to reform the industry into a competitive player in the global sugar market, is proving a challenge.

Data over the last 30 years show a general trend of declining production, more profound from the mid-1990s. The decline in output of both cane crushed and the resultant sugar content (particularly the latter) has been much more rapid than that of either the area planted under cane or the number of growers. This reflects a particularly sharp deterioration in productivity at the field level, both in terms of cane yield per hectare and in cane quality.

This is best illustrated by the ratio of a ton of cane needed to produce a ton of sugar (TCTS) which was in the range of 7.9 to 9.8 from 1975 to 1990, and increasing to the range of 9.1 to 11.1 from 1990 to the present. This means that the industry today needs on average at least 15.2 percent more cane to produce a ton of sugar compared to 30 years ago. This translates into increased cost for both the grower and the miller.

The decline in sugar output has been attributed to the movement of people off farms, the lower fertility of land due to unsustainable use and the ongoing use of low sugar content varieties of cane.

Sugar production declined in 2008 to around 208,727 tons, 13% below the 2007 level, from 2.32 million tons of cane. This represents a TCTS ratio of 11.15 which is high and inefficient. A desirable TCTS ratio for the industry would be around 8.0. The outlook for 2009 is not positive largely attributed to the devastation of the January 2009 floods. Sugar production forecasts for 2009 and 2010 currently stand at 208,000 tons and 257,000 tons respectively. Total sugar exports for 2009 are projected to decline to \$176.5m from \$248.2m recorded for 2008. Projections for 2010 and 2011 currently stand at \$162.2m and \$175.6m respectively.

Government has set-up a Task Force comprising of all the stakeholders as its first step towards expediting the Sugar Industry Reforms. The objective of the Task Force in revitalizing the Sugar Industry was to formulate and implement an agreed Sugar Industry Plan to provide a way forward for the Industry. The plan identifies the real solutions in helping the farmers, addressing the pressing issues of land, fertilizer, cane production and productivity, harvesting and transportation as well as identifying other farm based activities to supplement cane incomes. The plan also encourages FSC to be an efficient miller to enhance the quality and quantity of sugar production and supplemental income through diversification projects. A draft Industry Plan has been produced and agreed to in principle by the Industry.

With the uncertainty surrounding the support from the EU under the Accompanying Measures Programme, it falls on Government and the Industry to finance the reforms outlined in the Industry Plan. Government is committed to ensure that the chosen path of reforms is successfully carried out.

While programmes targeted at addressing milling inefficiencies through equipment upgrading and replacement are at an advanced stage, initiatives to improve farm productivity and transporting efficiency are lagging behind. This is a concern given that improving farm productivity is crucial to the survival of the industry, as it prepares for exposure to more competition in the world market. This is the real challenge of globalised trade. The launching of a new cane variety in August 2009 by the Sugar Research Institute is a welcome development.

The Ministry of Sugar in conjunction with the Ministry of Primary Industries are also focused on enhancing diversification projects to ensure a broader income base for cane farmers through import substitution and export promotions programme. There is a growing lack of confidence amongst farmers within the cane belt to plant cane. This has seen a mass exodus of people from the cane farming belts to the towns and cities in search of a more secure income, education, and livelihood. This presents a major challenge for the Industry, with an ageing population left to tend the farms. The solution to this is to make sugarcane farming attractive again.

In an attempt to break the heavy institutional set-up of the Sugar Industry, Government has carried out major reforms which had seen the dissolution of the Sugar Commission of Fiji and the winding up of the Fiji Sugar Marketing Company Limited. The responsibilities of the latter has been taken over by FSC. The Sugar Cane Growers Council has also been dissolved to ensure that cane farmers are not burdened with additional expenses in the form of contributions in times of falling sugar cane income levels.

As a short term measure to address the loss of land under sugar, Government set up the Committee on Better Utilization of Land, which negotiated with landowners on expiring leases, and through a government subsidy, topped up land rentals received by landowners to 10% of UCV. To date, out of the 5,464 expired leases, CBUL has successfully negotiated the renewal of 4,139 leases. The subsidy scheme is a 5 year initiative and farmers are expected to bear the full cost from 2015 onwards. The initiative, however, is a short term solution while Government progresses to implement reforms in the administration of land in Fiji.

Accountability and confidence needs to be cultivated with the industry being more incentive driven. In this regard, it is of critical importance to introduce a payment system for cane based on the sugar content of the cane. There should now be a shift in efforts – at all levels in the industry – towards maximizing sugar production and not cane production.

Development Constraints and Challenges

Development constraints and challenges include:

- Industry viability depends upon the commercial values in all aspects of operation, from farming and harvesting, to transportation and milling;
- Effectiveness of the extension services, research and development work of the Sugar Research Institute and FSC;
- Effectiveness of recapitalisation program;

- Loss of experienced farmers;
- Renewal of productive land leases; and
- Support provided by the EU and confirmation of funding.

3.2.10 Non-Sugar Agriculture and Livestock

The agriculture sector, during the last decade grew at an average rate of 0.13% and the average growth attained is a direct result of low investment in the sector. Projections for 2009-2011 indicate a period of slow growth in the sector. The non-sugar agriculture sector is still predominantly subsistence and on average contributes 7.8 % of GDP, accounting for around 3.8 percent of domestic exports. Food imports in 2008 constituted 14.4% of our total imports, which is of particular concern.

The non-sugar crops constitutes of traditional food crops (*taro*, cassava, yams, *sweet potato*, and *kava*), tropical fruits (pineapple, pawpaw and mango), vegetables, pulses, ginger, tobacco, rice, spices, cocoa, and coconut products. The livestock industry includes beef, dairy, pork, poultry meat, eggs, sheep, goat and bee products. Major contributors to exports are fruits (pawpaw) and vegetables, including *taro*. A small but growing volume of certified organic products, including coconut and fruit products and nutraceuticals are exported. However, growth in the sector has been volatile.

Food security is a priority given Fiji's vulnerability to natural disasters and its susceptibility to the global food crisis. The FAO's Food Import Capability Index (FICI) provides an indicator of a country's level of food security vulnerability. An FICI ratio of above 0.5 is considered vulnerable, with Fiji having a decade average of 0.17, issues such overliance on imported food itmes, change in consumer preferences and changes in community lifestyle is certainly like increase our vulnerability in the near futurre. External shocks such as the impact of currency devaluation on our purchasing power and the erosion of trade preferences with the European Union is also likely to affect our demand for alternative livelihoods.

Growth in the importation of agricultural produce (live animal, animal products and crops) by hotels and resorts due to the inability of domestic farmers to provide consistent supply of quality agricultural products is contributing to the rising import bill. To penetrate this segment, emphasis will be on putting in place proper programmes and infrastructure to support the production capacity of local farmers and improving the quality and standards of agricultural produce. In addition partnership with private sector involved in the supply and value chain will be harnessed through provision of appropriate incentives and support.

The implementation of the National Export Strategy (NES) provides the platform for supporting local industry organization on infrastructure development, enhancing market access opportunities for exports and the penetration of emerging export markets. Synergies will be considered between NES and other rural development oriented programmes such as Export Promotion Programme (EPP), Import Substitution Programme (ISP), Sigatoka Valley Development Programme, Rural and Outer Island Development Programme (ROI) and the Northern Development Programme (NDP) to ensure greater cohesion and effective implementation of the Demand Driven Approach (DDA). The Demand Driven Approach both for export and import substitution commodities involves commercialization and strengthening industry organizations and agri-business networks, promotion of young farmer training, recognition of industry priorities by Government and the provision of support to medium sized entrepreneurs and exporters with existing market protocols.

The Import Substitution and the Export Promotion Programme is focused on improving the quantity and quality of commodities both for domestic consumption and exports. An integral part is focused on reviving both the crops and livestock component of the agriculture sector with special focus on import substitution commodities. The reviving of the livestock industry is targeted at the breeding of genetically superior livestock, provision of training on pasture feed management, good animal health practices and improve farm management techniques. Investment in the industry is targeted at the dairy and beef components of the industry. The introduction of subsidies for the farm gate price for milk is to boost local supply of milk and also to encourage farmers to supply milk to Rewa Cooperative Dairy Company (RCDC).

Bilateral Quarantine Agreements (BQAs) continue to boost exports significantly. Export market access for agricultural products cannot be obtained without a BQA. BQA for other potential export commodities are being pursued, however investment in research and equipment needs to be prioritised. Market access already secured under BQAs are for pawpaw, eggplant, chilli, herbs, pineapple, breadfruit, and mango to New Zealand; *kava* to Vanuatu; watermelon, yams, and vanilla to Tonga; coffee and copra to Papua New Guinea; and pawpaw to Australia. Farming techniques and post harvest handling need to be improved to address the issues of quantity, quality and consistency of supply.

Potentials in rural and outer islands still remain largely untapped. Production in these areas remains largely subsistence due to lack of infrastructure, adequate transport services, long distances to markets and the non-availability of incentives in the agriculture sector to induce greater agricultural production. The Agricultural Marketing Authority provides some form of market access but its coverage and its ability to absorb supply from remote farmers is limited.

Fiji's agricultural sector has enormous development potential given the availability of productive land and natural resources. The way forward for the sector is dependent on harmonizing all rural development initiatives to ensure equitable distribution of resources to less developed areas and the opening up of possibilities for commercial agriculture in remote rural areas.

Development Constraint and Challenges

- Lack of investment in agricultural research especially product development
- Development of market access, BQAs and commodity protocols
- Agricultural infrastructure and equipment are inadequate to deal with demand
- Reinvestment needed from producers
- Improved extension services
- Capacity building for farmers
- Awareness on proper farming techniques, soil suitability and conservation, post harvest handling, market access and financing
- Establishment of Export Insurance Facility

3.2.11 Forestry

The forest sector on average accounts for 1.2% of GDP and 4.1% of export earnings. Fiji has a total forest cover of 1,054,419 ha, covering 58% of the total land area. This consists of 899,229ha of native forest, 116,488ha of plantation forest (52,419ha of hardwood plantations

and 64,068ha of softwood plantations) and 38,742ha of mangrove forest. The native forest consists of 5,738ha of nature reserves, 16,109ha of forest reserves, and 1,300ha of recreational parks.

The performance of the sector in the past few years has been poor due to the complex institutional environment in which the sector operates, exacerbated by low log production, poor performance of public companies involved in the sector such as FHCL and Fiji Pine Limited (FPL), and the delays in getting Wairiki port into operation. The sector declined by 1.6% in 2007, 3.4% in 2008 and projected to continue to fall sharply in 2009 by 9.1% mainly due to woodchips exports, which, based on current orders, is projected to fall by 43.8%. However, a recovery of 4.3% and 0.9% is currently projected for 2010 and 2011 respectively, as Government puts in place measures to address the current institutional constraints.

Fiji is a producer and exporter of woodchips, sawn timber and plywood/veneer. Forestry exports have increased in the past few years with export earnings up by 27% in 2007 to \$47.7m and 24.3% in 2008 to \$59.3m. These increases were largely driven by earnings from export of woodchips which doubled in 2007 from \$13.4m in 2006 to \$27.1m in 2007 and later to \$27.6m in 2008. A decline of export earnings by 15% is projected for 2009 due to the depressed demand in the global economy. Nevertheless, a recovery in export earnings of 8% and 4% is projected for 2010 and 2011 respectively.

The National Forest Inventory, the formalization of the Fiji Forest Policy Statement and the National Forest Program provides the framework for the sustainable management of Fiji's forest resources. These tools represent a paradigm shift in the management focus away from timber production towards conservation and sustainable management. With emphasis on sustainable forest management, increased landowner aspirations, expansion in nature reserves, afforestation, climate change adaptation and globalization, there is more awareness on the social functions provided by forests to improve water source quality, improve agricultural land and reduce vulnerability to natural disasters especially flood mitigation.

Total wood production in Fiji is presently approaching 500,000m³ annually with 100,000m³ from native forests, 100,000m³ from mahogany plantations, and 300,000 m³ from pine plantations.

Fiji has a total of 41,000ha of mahogany stocking, which is one of the largest mature mahogany resources in the world. However, the full benefits of this resource have not been realized due to stakeholder conflicts creating uncertainties. In order to set a clear direction for the industry, Cabinet agreed in June 2008 to transfer the ownership of the mahogany plantations to the indigenous landowners through the Fiji Mahogany Trust (FHT), with the role of Fiji Hardwood Corporation Ltd (FHCL) redirected to one of forest manager.

There is potential for large denuded forest grasslands to be converted into forest plantations of sandalwood (*Santalum yasi*) and teak (*Tectona grandis*) plantations. Reforestation could result in the employment of skilled and unskilled people who have been displaced from the sugar industry. The harvesting of the high value mahogany resource, technology, trade standards and forest certification are prominent in the National Forest Policy Statements. On the prospects of resource utilization and business development, there is potential for development of Wood Energy Industries, Furniture Manufacturing, Coco wood Industry and Carbon Trading.

Other potential business opportunities that are being pursued include the supply of fuel wood for the production of power from biomass. FPL has commenced a 100-hectare trial on pine resin tapping and the viability of such an operations is to be evaluated to ensure the current log supply market is not affected.

The Forestry Department is also collaborating with NGOs, regional organisations, and the Department of Environment through a four year GEF funded project of US\$3.7 million on the conservation of Sovi Basin, located in Naitasiri and Namosi provinces. Landowners of Sovi Basin are getting an annual proceed of around \$200,000 of which about half are paid directly as lease and compensation on foregone timber royalties.

Development Constraints and Challenges

Development constraints and challenges include:

- Absence of comprehensive regional and national land use plans;
- Limited protection and enforcement for conservation especially in native forests;
- Inadequate knowledge of forest resources;
- Inadequate research efforts;
- Poor fire protection capabilities and procedures;
- Institutional weaknesses and difficult bureaucratic processes;
- Outdated forestry legislation;
- Absence of detailed forest management and harvesting plans;
- Constrained value adding capacity;
- Market access and niche marketing; and
- Forest certification and trade standards

3.2.12 Fisheries Resources

The fisheries sector accounts on average for 2.7% of GDP and 9.7% of domestic export earnings. Fish production in Fiji is estimated at around 22,000mt with an average fish production in the last 10 years of 24,000mt. Tuna contributes 67% of total production in the industrial fisheries sector whilst artisanal fisheries contributes 28% and aquaculture contributes 5% of production. Industrial fisheries contributes 84% of total export earning while artisanal fisheries contributes 16% of export earnings.

The sector declined sharply by 15.9% in 2007 on the back of soaring industry costs, driven largely by the rise in fuel costs. While there was a slight recovery of 4.5% in 2008, the outlook for 2009 is a decline of 3.4% as the impact of the global recession takes hold, affecting mainly the Japanese sashimi market. The devaluation of the Fiji dollar may boost exports and support growth, but is also expected to adversely affect industry operating costs. A recovery of 4.1% is currently projected for 2010 followed by a decline of 6.7% in 2011. The decline in 2011 is expected to be caused by a more pronounced *el nino* impact.

The management of offshore fisheries has been an area of concern, not only nationally, but regionally and globally, particularly in the wake of an invasion of State subsidized Asian fleets. While total catch has increased in the past 2 years from 12,417mt in 2007 to 13,330mt in 2008, catch in domestic waters is declining. This prompted a reduction in licences issued for vessels in the Fiji EEZ from 100 in 2003 to 45 in 2008. There are currently 40 licensed vessels operating in 2009 from a licensing cap of 60. Most of the fish catch is now coming from high seas and neighboring countries. Resource management, therefore, becomes critical and mechanisms such as the Tuna Management and Development Plan need to be followed and enforced at the national level.

Fiji has an expanded value adding industry for tuna, which includes frozen sashimi grade, yellow fin loins, loining and carbon monoxide treated yellow fin for the US market, fish smoking for the niche Japanese market and small scale value adding for the local and export markets. Sustainable development in the fisheries sector will require strengthened policy,

institutional and regulatory frameworks which are developed with stakeholder participation. The revision of the Fisheries Act is planned for 2009 with assistance from the Forum Fisheries Agency.

In June 2008, Fiji was removed from the list of countries allowed to export fish products to the EU market because of a failure to put in place a competent authority to ensure compliance to the EU fish export standards requirements. This has resulted in the loss of around \$5million in value of fish exported to the EU annually. Fish exports to the EU are directed to the UK, France, Netherlands, Italy and Germany and compose mainly of fresh/frozen tuna fillets and loins. The EU has since provided technical assistance to Fiji to allow the competent authority to comply with EU requirements. It is estimated that it will take at most 2 years before access to the EU market is opened again for fish products from Fiji.

The fishing industry has expanded in recent years to include other fisheries such as aquarium trade, live rock, and live coral. There is an expansion of demand for marine products supported by health oriented consumers as well as for management and conservation as in marine parks and marine protected areas (MPA). Development of other areas such as seaweed farming, aquaculture and recreational fishery for both food security and income generation is also being encouraged.

Aquaculture programmes have not progressed well despite large investment from Government and donors. Total aquaculture production is estimated at 500 mt/20,000pcs valued at about \$12 million on the back of the strong results from the pearl industry. Principal types of aquaculture initiatives consisted of eight (8) aquaculture species, namely, Tilapia, Carps, Brackish water shrimps, Prawns, Fancy Carps, Gold Fish, Pearl Oysters and Seaweed. While the objectives were to improve the nutritional status of rural populations, generate supplementary income and diversify activities, create opportunities to stem the flow of migration from rural to urban areas, the strategy was also designed to enhance production for import substitution (prawns, mussels, oysters, fish), and the re-seeding and stocking of our fisheries water ways. However, more research is needed to improve the quality of fries (babies) and feed which are key obstacles to commercialization. The current average yield of 1.2mt of fish per hectare needs to be increased to 26mt in order to sustain a viable industry.

Seaweed farming engages the family, community, Government and the private sector, and offers an alternative livelihood to isolated rural areas, especially in maritime zones where shipping services is irregular and unreliable. In Ono-i-Lau, this commodity has provided employment, raised the standard of living and contributed to the drift to urban areas. There are 198 active farmers producing an average of 60mt of dried seaweed per year around Fiji. The demand by the current market for Fiji seaweed is 2,000mt per month with projected export earnings of \$36 million per year.

The pearl industry is another potential growth industry with Government working in partnership with the private sector. This partnership has supported the operation of 11 pearl farms which have produced an average of 50,000 pieces over the past 2 years valued at around \$1.6million. The industry is worth \$7.5 million and government is aiming at increasing the value to \$50 million by 2015. However, increased technical capacity is needed to develop the industry.

The main constraints preventing sustainable commercial development of this sector are the lack of technical expertise, lack of appropriate technology and infrastructure, lack of ability to access appropriate markets and capital, reduction of fishing products, unfavorable investment climate, declining fisheries resources, transport difficulties and export standards compliance.

Development Constraints and Challenges

Development challenges and constraints include:

- Legislative and structural reforms;
- Institutional approach to fisheries management;
- Management of fish stocks;
- Overfishing, illegal and unregulated fishing;
- Suitable port facilities and distribution system;
- Constrained value adding capacity;
- Market access and niche marketing; and
- Fisheries certification and trade standards.

3.2.13 Mineral and Groundwater

The mining and quarrying sector on average accounts for 1.5% of GDP, generates on average 8.5% of total domestic exports and at its peak supported a workforce of over 1,700 personnel as well as 350 directly related contractors. The Vatukoula mine shut down in 2006 because of rising operational costs and low output which severely affected the viability of its operations. After placing the mine up for sale, an Australian company, Westech Gold purchased EGM's operations and tenements in Fiji. Production in 2007 was a mere 932 ounces. In 2008, a UK-based company, River Diamonds, acquired the Vatukoula operation from Westech. With Vatukoula mine under new management, mining operations gained some momentum with gold production increasing to 22,496 ounces. For 2009 gold production is expected to increase to 36,000 ounces, an estimated increase of 60% from 2008. With the increase in interest shown by investors and number of forecasted mining activities, the sector is expected to further grow by 38.9% in 2010 and 20% in 2011 respectively.

Fiji has good prospects with regard to epithermal gold (associated with volcanic centres), porphyry copper-gold (Namosi), and smaller base-metal deposits (Udu, Wainivesi). Mining and exploration in Fiji has been dominated by gold production from Vatukoula mine however the existence of several mining prospects such as Tuvatu (gold mine), Wainivesi (copper mine), Mount Kasi (gold mine) Namosi (copper mine) and other solid mineral deposits could mean more revenue, foreign exchange, and employment from this sector than from Vatukoula alone. The potential of Fiji's mining industry is enormous given the number of exploration licences issued and the various types of activities undertaken by each sectors. From 2007 to 2008, a total of 16 exploration licences were issued, with an additional 2 licences issued in 2009. The conversion of these exploration licences to mining leases provides the impetus for growth and development of the mining industry as a whole.

The groundwater sector consists of development and production of 'mineral' or bottled water. Export receipts from bottled water plants at Yaqara and in Nadi areas have been experiencing exponential growth since its inception. Overall growth for the industry is forecasted to increase as robust growth for Natural Waters of Viti Limited ('Fiji Water') is expected to continue given its reputation in the US market. There is currently no legislation governing water resources in Fiji. However, the new mining legislation to be promulgated would legislate the access, use and management of groundwater resources, until a separate legislation is formulated. Given the need to have an effective regime for managing water resources, the National Water Committee has been meeting to develop a water policy. Final consultations are planned for October 2009 before a Water Policy is considered by Cabinet.

Recent studies have indicated that Fiji has a huge potential in geothermal energy. However, this has yet to be firmly established. In 2008 exploration was carried out in Labasa by the Asia Pacific Resources Ltd, an Australian company. However, more exploration is needed to ascertain the viability of the resource.

In addition to geothermal energy, offshore mining has attracted a lot of interest by prospective investors. Government has, therefore, seen the need to put in place a legislative framework for offshore mining, given that this is a totally new area for the Fiji mining industry. Offshore exploration and mining in Fiji has, therefore, been placed under moratorium until the Offshore Mineral Policy is approved by Cabinet. A workshop on Offshore Mineral Exploration and Mining in Fiji with all stakeholders has been planned before the Policy is considered by Cabinet in October 2009.

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

Development Constraints and Challenges

Being a high risk industry, attracting investors to this sector does not necessarily require political stability, as proven by countries like Papua New Guinea and those in Sub-Saharan Africa. A facilitative Government process, transparency in legislation and policies, security of tenure, a competitive tax regime and robust legislation are deemed more important criteria for attracting mineral investors.

Inadequate technical capacity and under-resourcing of the Mineral Resources Department (MRD) is a major constraint for the industry. The shortage of technical experts such as geologists, compromises the Department's ability to scrutinize submissions from the industry or add value to activities in the sector.

Security of land tenure is a critical issue for mineral sector investors. Without transparent and adequate compensatory policies, landowner grievances can become a significant impediment to long-term mine operations.

A conducive and sound regulatory environment is needed to support development in the sector. There needs to be urgency placed on the promulgation of the new Mineral (Exploration and Exploitation) Decree, as well as the legislation governing groundwater. There remains no legislation or policy framework that addresses the extraction, use and management of groundwater in Fiji. The same applies also to the use of surface water for commercial purposes. The Rivers and Streams Act and the Irrigation Act fall far short of an appropriate regulatory framework for addressing rights/access to water and its different uses based on the principles of sustainable development.

3.2.14 Financial Services

Financial services are essential in creating an environment conducive to promote the growth of savings and channel these savings from those who save to those who take risk and invest in business activities which yield social and economic returns to the economy. Hence well managed financial services contribute to the strategic priorities of maintaining macroeconomic stability, restructuring to promote competition and efficiency, raising export earnings and raising investment levels for jobs and sustainable economic growth.

Resilient and well-regulated financial systems are essential for macroeconomic and financial stability in a world of increased capital flows. The implementation of the recommendations of the Commission of Inquiry into Financial Services (COIFS), IMF/ World Bank Financial Sector Assessment Programme (2007 FSAP), Export Finance Facility (EFF), the superannuation sector study and the introduction of the Fiji Real Time Gross Settlement (RTGS), FIJICLEAR are key strategies aimed at achieving a vibrant and efficient financial sector.

Development also requires the extension of formal retail banking services to rural areas and outer islands so that those residing there are better able to establish and expand businesses and meet social needs. This will build upon present development of micro finance - including savings and credit unions and the Micro Finance Unit - and increased access to rural commercial banks through the establishment of specialized micro-finance operation. In addition, the RBF has established a specialized Group to assist and strengthen micro-financing initiatives in Fiji.

Moreover, such developments may bring out more success to the economic and social activities in the rural areas, if promotion of accessibility is continued along with transparency planning, co-ordination and consultation between Government agencies so that rural 'unbanked' areas to be also part of the new modern banking system that is available in the urban areas. The financial system needs to be supervised. Proper legislation and regulations need to be in place. Review of the appropriate legislations including the RBF legislations and the Banking and Insurance legislation coupled with increased data coverage will reflect performance and standards of the financial sector. There needs to be proper supervision of financial institutions that are not licensed by the Reserve Bank eg. credit unions, money lenders, etc. In addition, the RBF will spearhead all new rural banking initiatives that are in line with the Banking Act (1995) definition to increase the coverage of basic banking in rural as well as that considered 'urban', but which do not have access at present.. For the development of the capital markets, appropriate incentives will be considered for companies to list on the stock exchange.

Development Constraints and Challenges

There have been significant improvements in the financial services sector, however, much is yet to be accomplished to address the constraints and challenges to make the sector efficient and manageable/transparent. Such measures include:

- improved efficiency in resource allocation and institutional arrangement for processes of financial intermediation;
- on-going alignment of domestic prudential regulation to latest international sound and best practices;

- enhanced stability and soundness of the financial system to include prudential supervision arrangements particularly for deposit-taking institutions like credit unions;
- consistent use of relevant indicators such as Financial Soundness Indicators (FSI) and stress testing, to assist in the assessment of strengths and vulnerabilities of financial systems and also serve as critical inputs for policy formulation;
- ensure that developments in the financial markets support the ongoing developments of the real sector;
- extending financial services to those living in rural areas and outer islands and the importance of this to poverty reduction; and
- pursuing supervisory arrangements for capital markets.

3.2.15 Transport

Transport plays an critical role in our economy contributing around 10.2% of GDP in the last three years, (2007-2009). It also employs considerable amount of people in both formal and informal sectors with the latter most vibrant in the land transport industry. It also links key social and economic sectors of the economy including resources based industries, education and health.

The sector's contribution to GDP is expected to expand to 20% by 2014 once the impact on the economy of the support from EXIM Bank China and EXIM Bank Malaysia comes through.

In the next five years, government will pursue vigorously its transport financing with the private sector especially in the area of land transport. In the next year or so, government will be engaging the private sector to go into financing rehabilitation works for existing roads.

Asian Development Bank (ADB) is also assisting government in the establishment of the multi sector regulator to be adopted soon aimed at promoting competition and minimizing externalities.

Land Transport

A number of externally financed projects are expected to begin next year such as upgrading of the Buca Bay Road and Nabouwalu/Dreketi road in Vanua Levu and the Sawani/Serea Road, Valley Road, and Moto road in Viti Levu. The upgrading of these roads is expected to provide critical market links for farmers and buyers and substantially reduce costs.

Government has also recognized the momentous task of maintaining existing sealed roads (1,617km). The 1997 Lee report recommended at least \$50million to be available to maintain road annually based on 865km sealed roads at that time. To this end, government has promulgated the road user levy in January 2009 to at least collect \$14million annually for this purpose alone. LTA has already put in-place two weighbridges to minimize the effect of vehicle overloading. Road safety needs to be relooked at to better address its financing needs. Avoiding the dreadful effects of pollution from vehicles also remains to be dealt with.

The FRUP III project is expected to be completed by early 2012 after the award of the remaining two contracts to Naim Cendera (Malaysia) and Fairdeal Earthmoving Limited with the estimated cost of the contracts put at \$59.6million.

Sea Transport

The shipping freight rates and the domestic franchise scheme have been under review lately shipping services on both economical and uneconomical routes can best be addressed. Government also constructs and maintains new and existing jetties to take heed of the demand from those living in the outer islands. In 2009, it will complete the construction of the new jetty for Kadavu whilst the Rabi jetty will be completed in 2010. Expansion of international cargo shipping services is largely determined by the export-import market and the current trend will be economically viable once it is reversed.

Air Transport

Air Pacific is expected to commence flights to Hong Kong in December 2009 with the new air services agreement (ASA) signed with China in early 2009. A similar ASA has been signed with Continental Micronesia to service routes between Guam/Nadi/Honolulu soon. In mid-2009, AFL started works on upgrading Rotuma airport to bring it up to international standards. Estimated cost of this upgrading work is \$17million.

Development Constraints and Challenges

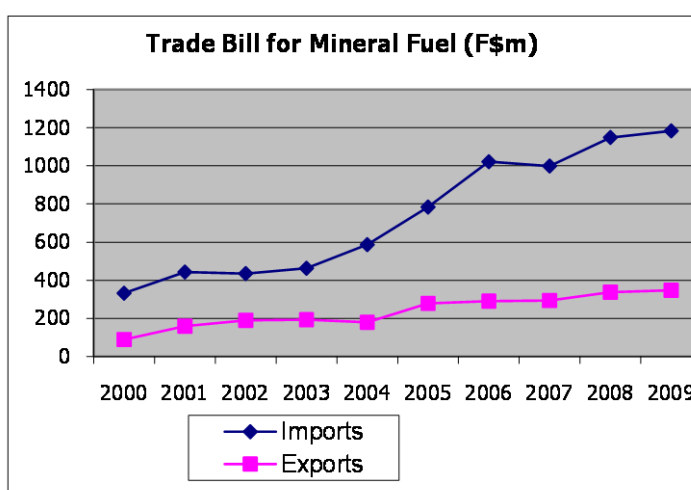
The development constraints and challenges include:

- encouraging training for more engineers, transport economists, surveyors, etc.’;
- strengthening and establishment of relevant legislation to support regulatory roles in industries like roads, shipping, aviation, etc;
- provision of more resources to address safety standards;
- taking advantage of the free air space provisions under ICAO;
- providing conducive environment to encourage private sector participation;
- government commitment to ensure establishment of relevant institutional reforms; and
- government holistic economic policy of co-existing activities integrated with transport development.

3.2.16 Energy

The provision of a regular energy supply is critical to the functioning of any economy. Availability, reliability and cost of appropriate forms of energy are necessary as a basis for viable investments needed to attract private productive investments to create employment, alleviate poverty and increase exports.

Fiji, like any other country in the region, is heavily dependent on imported fuel to meet a major component of its energy demand. As such, Fiji is vulnerable to the continuous fluctuation of world crude oil prices. For the past few years, demand in Fiji has increased from around \$400 million in 2004 to \$1.25 billion in 2008.



The development and approval in 2006 of the National Energy Policy (NEP) by Cabinet has provided a common framework for both the public and private sector to work towards the optimum utilisation of energy resources for the overall growth and development of the economy. The policy focuses on four key strategic areas that include; i) National Energy Planning, ii) Energy Security, iii) Power Sector and iv) Renewable Energy Development. With challenges confronting the sector, summarily the approach intends to strengthen our supply sources and simultaneously manage our demand for energy. With the above, Government further plans to develop an energy legislation based on the NEP.

Around 66.8% of the country's electricity requirements are met from renewable energy sources which include; 62.1% hydro, 0.6% wind and other renewable resource 4.1% biomass. This is provided largely through the FEA's grid network on the two main islands and Ovalau. Imported petroleum for diesel back-up generators, meets the remaining balance of 33.2%. The Department of Energy (DoE) has also installed about 600 diesel based systems in various rural communities.

The amount of electricity generated and sold by FEA reflects the level of economic activity in the country. Currently, the contribution of the electricity sector to GDP is about 3.6%. This is projected to increase as a result of greater access to electricity in rural areas under the Government's Rural Electrification Programme which, apart from the extension of the grid networks and diesel schemes, also encourages the utilization of solar home systems in rural communities.

Major changes have taken place within the FEA, following its internal restructuring to improve the efficiency and effectiveness of its operations. Government is reviewing the regulatory role of FEA with the intention of removing this role from FEA, which will enable the company to concentrate on its core business and largely promote a competitive environment for the sector. FEA plans to invest \$350m up to 2012 in parallel with some \$150 million of private investment in IPP and PPP arrangements. FEA hopes that all these additional national investments in renewable energy sources (hydro, geothermal, wind, biomass and municipal waste) will assist in the accomplishment of its goal of 90% renewable energy by 2011. In addition to the above, Government continues to support FEA's proposed new energy developments, such as the Nadarivatu Hydro project.

In terms of final energy consumption, the Transport sector has continually consumed a little over 40% of the total energy supplied. This is followed by the Commercial sector, Industrial and Domestic sector. Some of the important measures that have been identified to address the situation are outlined;

- i) addressing consumption of our transport sector through the development and use of bio-fuels locally and other legislative measures;
- ii) diversifying the current energy mix through the use of LPG in the industrial, transport and domestic sectors; and
- iii) improving the efficiency of energy use in all sectors of our economy.

Development Constraints and Challenges

The development constraints and challenges include:

- Continuous fluctuation and the high price of oil that increases domestic costs and the fuel import bill;

- Regulatory arrangements in the electricity industry;
- Lack of a regular energy sector information database;
- Weaknesses in the delivery mechanisms under the current Rural Electrification Policy; and
- Development of Renewable Energy Projects.

3.2.17 Water and Sewerage

The consistent supply of clean, safe piped water and efficient sewerage services are crucial for both rural and urban sectors in inducing greater economic activity and commercial developments. Fiji has an abundance of water resources, however, there are persistent problems of supply of piped water. Approximately 75 percent of Fiji's population has access to piped water while the proportion of population having access to sewerage facilities is about 25 percent.

Government recognizes the importance of water and sewerage services in the socio-economic development of the country. As such, in the next five years, Government will ensure that inhabitants of some of Fiji's most densely populated areas have access to regular and safe piped water and an environment friendly sewerage system.

The Suva/Nausori Regional Water Supply and Sewerage Scheme are currently undergoing upgrading and augmentation works to improve the level of service to consumers in terms of reliability, quality and quantity. There are altogether 25 packages under this project of which 8 have been completed. Sewerage rehabilitation and augmentation works have also begun on the Kinoya Sewerage Treatment Plant, Tacirua Sewer extension, Samabula North Sewer and the Suva Point Sewerage.

In the Western division, the Nadi/Lautoka regional water supply scheme involves the upgrading of the raw water supply capacity pipeline from the Vaturu Dam to Nagado Water Treatment Plant to allow for better transfer of water to Lautoka. The progress on the Natadola Water project has seen the completion of the pipeline between Sigatoka and the Voua Reservoir near the Fijian Resort. Further developments are envisaged on the pipeline from Voua Reservoir to Natadola and construction of the Natadola reservoir and pump stations.

Government will continue to pursue reform programmes in the Water and Sewerage Department. The development of a water management policy will safeguard the proper management of Fiji's fresh waters and the marine environment as well. New legislation and regulation will ensure an appropriate framework for sustainable exploitation and environmental protection of fresh water rivers and ground water aquifers.

Development Constraints and Challenges

The development constraints and challenges include:

- financing infrastructure upgrading, low level of cost recovery and lack of professional and technical staff;
- aging of existing infrastructure;
- low levels of cost recovery;
- increased demand for infrastructure from the growing tourism industry, business centres and industrial estates;

- creation of new water and sewerage company; and
- acceptance by consumers of the need to adopt a user pay concept.

3.3 Policy Objectives, Strategies and Key Performance Indicators

3.3.1 Macroeconomic Management

Goal: Maintaining macro-economic stability to facilitate social and economic development		
Policy Objectives	Strategies	Key Performance Indicators
The nation enjoys macro-economic stability and growth on which to build improved standards of living and quality of life.	<ul style="list-style-type: none"> • Low and stable levels of inflation are assured through use of fiscal policy to manage budget deficits and monetary and interest rate policy to pro-actively manage inflation. • Promote growth consistent with criteria of the UNDP Human Life Quality Index. 	<ul style="list-style-type: none"> • Inflation is to be kept around 3% percent over a 5-year period. • Annual growth rate to continually improve from the forecast of -0.3% for 2009 • Reserves level to continually improve from the 1.8 months of import cover in April 2009.
	<ul style="list-style-type: none"> • To maintain confidence in Fiji's currency and capacity to meet international financial obligations through: maintenance of a stable foreign exchange rate regime; a reasonable level of reserves; pro-active use of monetary policy and a progressive review of exchange controls with further relaxation in annual budgets. 	<ul style="list-style-type: none"> • Interest rates on deposits are at least positive in real terms. • Inflation and foreign reserve targets (above) are met and interest rate spreads reduced. • Debts to be reduced from 49 % of GDP to less than 40% of GDP by 2012.
	<ul style="list-style-type: none"> • Transparent, market based interest rates maintained at levels consistent with low inflation and a comfortable level of foreign reserves. • To maintain a sustainable ratio of debt to GDP by restricting spending to levels consistent with debt targets. 	<ul style="list-style-type: none"> • Revenue to be not less than 27% of GDP in each year of the plan period. • Annual investment increased to 25% of GDP with 15% private sector investment in 2010. • Top corporate and income tax rates no more than 30%.

Goal: Maintaining macro-economic stability to facilitate social and economic development		
Policy Objectives	Strategies	Key Performance Indicators
	<ul style="list-style-type: none"> • Government revenue regime is used to promote economic growth through appropriate levels of taxation, a broader tax base, reduced distortions, increased compliance and development of the user pay principle. • To reduce government spending as a proportion of GDP through tight control of Ministerial expenditure within budget provisions and through improved cost recovery measures. • Priority allocation of resources to focus on core activities of government in infrastructure, health and education and increasing the proportion of capital expenditure in the budget. 	<ul style="list-style-type: none"> • Tax collected within 3 months of the due date to be not less than 95% of the tax due. • Government deficit to be 3.0 % of GDP for 2009 and lower thereafter. • Capital to operating expenditure mix of 20:80 for 2009 and to be 25:75 by 2010. • Maintenance expenditure to be not less than 7.5% of total expenditure.

3.3.2 Tourism

Goal: A sustainable, growing and globally competitive industry		
Policy Objectives	Strategies	Key Performance Indicators
Fiji benefits from a sustainable increase in economic contribution and retention of the tourist dollar from an environmentally and socially sustainable and equitable tourism sector.	<ul style="list-style-type: none"> • Additional rooms are constructed to maintain a balance between supply and demand. • New markets are developed and the required physical and institutional infrastructure established. • Promote high growth niche markets for specialized tourism. • Cruise ship and yachting tourism promoted, using improved outer island jetties and navigational aids. • Promote human resources development and introduce accreditation schemes for quality of services, training and productivity. • Increase institutional capacity and 	<ul style="list-style-type: none"> • Target 14,361 rooms by 2014 • 10% annual growth rate in Tourism GDP • 10% annual growth rate in tourism investment • Target 4,600 additional jobs created by 2014. • Target 925,000 visitors by 2014 • Average tourist spend increase by 10% per year • Average length of stay increases to 8 nights by 2016. • Average occupancy rate maintained at 65%

Goal: A sustainable, growing and globally competitive industry

Policy Objectives	Strategies	Key Performance Indicators
	<p>resources of tourism facilitating agencies, including a sustainable funding formula for FVB.</p> <ul style="list-style-type: none"> • Increase local supply of quality agriculture, seafood and organic produce for hotels and restaurants. • On-going review of the tourism investment regime. • Broaden the benefits of tourism to other regions. • E-Fiji online dynamic packaging sales system established for all tourism businesses. • Develop new direct links by air with countries such as to Europe and China via Korea, Hong Kong, Singapore, India and North and South America. • Review performance of domestic air services with view to benchmarking against international performance standards for safety and reliability, booking systems, handling of schedule changes, fit out of planes, luggage and freight handling. • Establish an effective gateway to the North, looking at expanding the capacity of Savusavu to cater for DASH 8 aircrafts and Labasa to allow for night operations for DASH 8 aircrafts. 	<ul style="list-style-type: none"> • At least 15% of FVB’s marketing budget dedicated to promotion of the Northern Division
<p>Resource owners benefit from greater participation in the tourism industry.</p>	<ul style="list-style-type: none"> • Promote licensed and accredited tourism development on native lands with equity participation by resource owners. • Develop resource owner capacity to develop and participate in sustainable tourism industry and tourism related activities. • Support training of resource owners to participate in tourism development • Development of natural and cultural attractions including 	<ul style="list-style-type: none"> • 5% growth in businesses (51% or more ownership) owned by resource owners established and licensed per year. • At least 50 per cent of nature-based and community-based tourism operations meet or exceed recommended best practice guidelines and standards by 2012. • At least 4 new natural and

Goal: A sustainable, growing and globally competitive industry		
Policy Objectives	Strategies	Key Performance Indicators
	scenic views, foot treks etc	cultural attractions developed by 2014.
Sustainable Eco-Tourism Development	<ul style="list-style-type: none"> • Promotion and development of Eco-Tourism facilities • Access to land sites for Eco-Tourism Development 	<ul style="list-style-type: none"> • Development of eco-tourism standards by 2010 • 5 percent annual growth in Eco-tourism

3.3.3 Manufacturing and Commerce

Goal: Sustainable and globally competitive manufacturing and commerce industries		
Policy Objectives	Strategies	Key Performance Indicators
Fiji supported by a diversified and expanded manufacturing and commercial sector.	<ul style="list-style-type: none"> • Development of competitive, high value-added manufacturing industries, including agro-based and niche products. • Annual review of tariff barriers. • Enforcement of international standards, weights and measures, and quality control on domestic producers and importers. • Enforcement of anti-dumping legislation and ensure imported goods meet Fiji standards, including labels and packaging. • Implement electronic commerce policy and legislation. • National programme improving competitiveness through the National Productivity Charter. 	<ul style="list-style-type: none"> • Annual foreign direct investment to be 6% of GDP in 2011. • Annual value of domestic private investment to be 9% of GDP. • Annual exports of goods and services increase as % of GDP.(to be consistent with 105 quoted below in Improved Business Regulatory Environment). • Fiji to improve on the World Bank Doing Business rankings.
Communities should benefit from enhanced consumer protection and awareness.	<ul style="list-style-type: none"> • Increase effectiveness of monitoring, enforcement and service delivery by PIB, Fair Trading Department, and Commerce Commission. • Consumer Council to promote consumer awareness and education. • Improve Government and Donor support to the Consumer Council by 10% per year from the present funding of \$569,170 and to enforce weights and measures standards. 	<ul style="list-style-type: none"> • Consumer complaints solved through mediation increased from 15% (201/1305) in 2005 to 30%.
Diversifying	<ul style="list-style-type: none"> • Effective implementation of the National 	<ul style="list-style-type: none"> • Annual exports of

Goal: Sustainable and globally competitive manufacturing and commerce industries		
Policy Objectives	Strategies	Key Performance Indicators
Exports Base	<p>Export Strategy (NES) to broaden the country's export base.</p> <ul style="list-style-type: none"> • Mainstream the National Export Strategy in Government's developmental agenda. 	<p>goods and services to be not less than 65% of GDP.</p>
Improved Business Regulatory Environment	<ul style="list-style-type: none"> • Fast tracking the implementation of the recommendations of the ADB study on "An Analysis of the Legal Framework for Private Sector Development". • Harmonize current Investment Approvals Process (IAP) reforms with the above study. • Review/amend legislations relating to business establishment and Investment. • Development of a national strategy for Micro, Small and Medium Enterprises. 	<ul style="list-style-type: none"> • Annual value of domestic private investment to be 10% of GDP (consistent with 9% quoted above).

3.3.4 Information and Telecommunications

Goal: Universal access to information and competitive telecommunication services		
Policy Objectives	Strategies	Key Performance Indicators
<p>Responsible media. Greater coverage given by media to Government programmes</p> <p>People and businesses enjoy improved ICT services in terms of coverage, quality and price.</p>	<ul style="list-style-type: none"> • Media Promulgation • Strategic partnerships with media to ensure unfettered dissemination of Government information • Reduce telecom rates in the short term by promoting more discussions between potential investors in ICT services and providers of telecommunication services. • Increased coverage of telecommunication services especially to rural areas by continuing to provide telecommunication access to unconnected villages. • Develop Fiji as an attractive info-communications hub in the region. • A well informed citizenship. • Ensure the regulatory and legal framework functions. 	<ul style="list-style-type: none"> • Increased coverage of Government activities • Greater public awareness of Government programmes and broad-based appreciation of Government • Reduction in telephone charges by at least 25% by 2011. • Telephone lines and cellular subscribers to be not less than 25% in rural areas and 75% in urban areas (MDG). • Increase number of rural tele-centres from 5 to 25 by 2011. • Increase bandwidth to all service providers to be not less than 1000 Mbytes by 2011.

Goal: Universal access to information and competitive telecommunication services		
Policy Objectives	Strategies	Key Performance Indicators
	<ul style="list-style-type: none"> • Align broadcast and media training to industry standards. • Establish an appropriate framework and promote e-commerce development. • Introduce e-government in order to raise efficiency of service delivery. • Provide appropriate support for provision of ICT infrastructure. • Operation of new regulator . • Grant of at least another two free to air television broadcast licence • Allocation of communication bandwidths to allow more transmissions 	<ul style="list-style-type: none"> • Increase number of free-to-air TV broadcast providers by additional 2 by 2011. • License additional 1 cellular mobile operators.

3.3.5 Micro, Small and Medium Enterprises

Goal: Creating sustainable livelihoods through enterprise development		
Policy Objectives	Strategies	Key Performance Indicators
Communities improve their livelihoods through micro, small, and medium enterprise development.	<ul style="list-style-type: none"> • Encourage excellence through annual awards for individual and group MSME excellence. • Improve business support services and infrastructure by: <ul style="list-style-type: none"> • reviewing MSME laws and regulations; • extending micro finance facilities to all provinces; • providing incentives for large firms to develop MSME suppliers; and • developing marketing for MSMEs through research conducted regularly on new markets and opportunities. • Establish a system to register MSMEs and set up database, with view to move it on-line (e-Gov) as an advertising site for MSMEs in Fiji, exhibiting their range of services. • Promote MSME capacity building in partnership with NGOs at Provincial and District level. • Develop a National MSME Strategy • Develop a nationwide program to improve financial literacy and awareness, particularly with schools and in the rural areas. • Establish a venture capital scheme to assist MSMEs. 	<ul style="list-style-type: none"> • At least 100 new MSMEs registered in MSME database each year. • Loans and savings clients of MFIs increased from the current 22,000 to 30,000 by 2014. • Business Incubation Centres support development of 200 new enterprises during the plan period. • Commercial bank lending to small businesses increases annually.
	<ul style="list-style-type: none"> • Creation of effective working partnerships and networks to promote integrated employment solutions at national and local levels. • Development of new Local Economic Development (LED) strategies and community based employment models for Fiji. 	<ul style="list-style-type: none"> • New inter-government employment initiatives and private sector partnerships established • 300 New Livelihoods Created • Empowering local communities and institutions to address unemployment.

3.3.6 International Relations and External Trade

Goal: Global integration for promoting political and socio-economic advancement		
Policy Objectives	Strategies	Key Performance Indicators
Communities should benefit from Fiji's diplomatic and economic relations.	<ul style="list-style-type: none"> • Implementation of the National Export Strategy, coordinated under the Ministry of Commerce and Industry, to be implemented as a Strategic Priority. • Diversify export markets, particularly in the Asia-Pacific region, in partnership with private sector. • Improve investment and trade facilitation and negotiation capacity. • Enhance existing bilateral, regional and multilateral relations. • With the private sector and concerned agencies, develop a temporary employment strategy and establish agreements with regional countries, Gulf States, US and EU to facilitate training and employment of skilled and seasonal workers to be employed in those countries. • Develop and implement Medium Term plan/targets for free trade agreements. • Strengthen trade facilitation in areas of quarantine protocols, customs, ports and immigration. • Advocate Fiji's interest and profile in regional and international institutions. • Adhere to international declarations, agreements, conventions and treaties and align domestic policies to them. • Recruit personnel with expertise in trade negotiations and investment. • Develop a South Pacific Policy Statement on regional resource pooling, governance and security. • Secure visa free entry for Fiji citizens to foreign countries and establish and update registry for all countries granting visa free entry by 2010. • Establish and maintain a website to provide accurate and timely information on Fiji. 	<ul style="list-style-type: none"> • Exports of goods and services to be increased from 58% of GDP in 2005 to at least 65% of GDP. • Agreements in place with key developed partners on temporary employment of Fiji nationals as skilled and/or seasonal workers.
Cordial bilateral and multi-lateral	<ul style="list-style-type: none"> • Bi-lateral discussions. • Convening of National Elections. • Alignment of Development Plans to MDGs, 	<ul style="list-style-type: none"> • Agreement in place with Australia and NZ on temporary employment

relationships Enhanced global trading opportunities Diligent and influential foreign trade office and missions.	WSSD commitments, Mauritius Strategy and other global commitments. <ul style="list-style-type: none"> • Bilateral discussion with Australia and NZ (and Forum Island Countries) on temporary worker scheme. • Develop TOR for Review of Foreign Trade Missions. • Formalization of diplomatic training programme. 	schemes by 2010. <ul style="list-style-type: none"> • Monthly Reports on Campaigning on Fiji's position • Increased inflow of aid • Donor Roundtable Meeting in 2010 • Diplomatic training programme in selected academic institution by 2009
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3.3.7 Employment and the Labour Market

Goal: Fullest and most productive utilization of our human resources		
Policy Objectives	Strategies	Key Performance Indicators
Employees work in a safe, healthy, decent, conducive and sustainable work environment where more people can secure incomes from employment in the formal and informal sectors and acquire technical skills and productivity levels needed for higher incomes and economic development.	<ul style="list-style-type: none"> • Creating new employment opportunities and self-employment for people by establishing appropriate legal and operational framework and to include the annual review of all employment incentive schemes and programmes. • The implementation of the ERP and its subsequent legislation that includes the establishment of Productivity Committees consistent with the 2005 Productivity Charter • Improved functioning of the labour market and to facilitate Labour Mobility through the establishment of a Policy and Legal framework. • Harmonise existing training and education system. • In cases of market failures, the recruitment of expatriate workers where there are appropriate shortages. • All expatriates to have a local understudy. • Speed up the reform agenda in the Public Enterprise Reform. • Achieve full and productive employment and decent work 	<ul style="list-style-type: none"> • Unemployment reduced from 8.6% in the 2007 Census to less than 4.2% by 2012. • Increasing people in paid employment from 299,000 by 3% per year or the rate of GDP growth, whichever is higher. • Increase intake at tertiary and vocational institutions to meet skills needed. • Increase the number of people entering apprenticeships from 100 to 350 annually. • Each year, 10 organisations to attain compliance with the productivity clause of the ERP, once enacted. • The proportion of the economically active rural population in full time paid work increased from 49% in 2007 Census to not less than 60%. • Increased compliance of the HASAWA. • Not less than 10 public entities sold into private ownership by 2010. • Proportion of employed people living below \$1 (PPP) per day reduced.

Goal: Fullest and most productive utilization of our human resources		
Policy Objectives	Strategies	Key Performance Indicators
	<p>for all, including women and young people.</p> <ul style="list-style-type: none"> • Effective and efficient resolution of employment grievances, disputes and other labour related matters through the Mediation Unit, Employment Relations Tribunal and the Employment Relations Court. • Establishment of Labour Management Consultation and Cooperation Committees (LMCCC) for employers employing more than 20 workers. • Development of systems and processes in compliance with ISO 9000 within the Civil Service and the private sector organizations. 	<ul style="list-style-type: none"> • Proportion of own account and contributing family workers in total employment increased. • 3% productivity growth by 2012 • Conduct at least 20 LMCCC and Productivity structured training per annum commencing in 2010 for both private and public sector organizations.

3.3.8 Land Resources Development and Management

Goal: Effective management of land resources whilst ensuring sustainable development		
Policy Objectives	Strategies	Key Performance Indicators
Resource owners and land users securing long term incomes from environmentally sustainable land development and management.	<ul style="list-style-type: none"> • Establishment of a Committee to provide advice on land availability options. • Set up Committee to initiate work on Land Reforms. • Strengthen institutional capacity and adequately resource the Land Resource Planning and Development Unit and the Land Conservation Board to enforce land use policies. • Complete review of the Land Conservation Act. • Strengthen resource management and awareness on appropriate land use and watershed management practices from the community level. • Strengthen FLIS setup with view to establishing a national land register. • Encourage partnerships between NLTB, Landowners and Government to encourage better utilization of land under reserve. • Develop National Landuse Plans for various divisions, and provinces. 	<ul style="list-style-type: none"> • Promulgate a new land tenure system which allows equitable returns to owners and users through an effective market for land use rights by 2011. • Establishment of a National Land Register by 2012. • Four divisional land use plans in place by 2014.

3.3.9 Sugar

Goal: A revitalized sugar industry		
Policy Objectives	Strategies	Key Performance Indicators
To re-structure the sugar industry into a commercially viable and sustainable industry.	<ul style="list-style-type: none"> • Implementation of the sugar industry reform plan, including the National Adaptation Strategy. • Encourage dialogue and consultation to ensure land availability for the industry. • Promote milling efficiency and cane quality payment system. • Improve efficiency and productivity of cane production in farms through improved extension and research services. • Review the cane transportation system and harvesting with the objective of making it more cost effective, efficient and practical. • Increased range of crops produced (including aquaculture) in the cane belt. • Design and implement sugar product diversification such as co-generation and ethanol production. • Implement measures to address the social impact of the industry restructure. • Review of Master Award 	<ul style="list-style-type: none"> • Yield per ha increased from 61mt/ha to 70mt/ha by 2012. • TCTS ratio improved from 11 TCTS to 8 TCTS by 2012. • Extraction rate of sucrose increased from an average of 72% to 85% by 2012. • Reduce milling costs from \$280/mt raw sugar to \$200/mt raw sugar by 2012. • Reduce cost of production per ton cane from \$35 to \$20 by 2012. • Cane quality payment system adopted by all mills by 2014. • Sale of up to 137GWh of electricity to the national grid by 2014. • FSC share price increased towards \$1per share from current \$0.30per share. • Returns per farm labour day to remain at least at the present levels. • Monitor school enrolment in cane belt areas.

3.3.10 Non-Sugar Agriculture and Livestock

Goal: Sustainable community livelihoods through food security and competitive exports		
Policy Objectives	Strategies	Key Performance Indicators
<p>Fiji is served by a thriving agriculture sector that sustains Fiji's food security and sets a strong platform for commercial agricultural development.</p>	<ul style="list-style-type: none"> • Establish commodity protocols with existing and new markets (China, Australia, NZ, EU, US, Japan) and promote formation of industry councils to spearhead/ coordinate commodity development. • Strengthen demand driven research and expansion in partnership with the private sector. • Identify mechanisms to improve accessibility of farmers to credit facilities. • Build capacity at community level for commercial agriculture. More coordination required among various programs implemented by different ministries. • Improve linkage with local tourism industry. Assessments to be undertaken on industry needs and awareness, training and support provided to farmers to meet these standards. • Review all existing BQAs and commodity protocols. Assessment to be undertaken on market needs and current level of supply. This information is to be widely disseminated to farmers. • Improve training services. Review and better coordinate training programs in various ministries. Make training more farmer friendly, more accessible, and affordable. • Conduct household, village, settlement food security awareness and support. • Promote standards for all commodities and food stuff sold locally. 	<ul style="list-style-type: none"> • Increase agriculture sector's contribution to GDP from 12% to 15%. • Value of annual non-sugar agriculture exports increased to \$100m by 2014. • Value of fruits and vegetables imports reduced from around \$150m annually to \$80m by 2014. • Increase lending to agriculture sector by commercial banks to 1% of total loan portfolio by 2014 from current level of around 0.6%. • Agricultural Census completed by 2010 • Maintain Food Import Capability Index at 0.17 or better.

3.3.11 Forestry

Goal: Sustainable development and management of forest resources		
Policy Objective	Strategies	Key Performance Indicators
Conservation and management of forest and biological resources	<ul style="list-style-type: none"> • Institute forest sector reform through enhancement of national capacity to manage and develop the sector • Promote ecosystem stability through conservation of forest biodiversity, water catchments and soil fertility. • Promote sustainable supply of forest products and services by maintaining large permanent forest area. • Building partnership in forest plantation development. • Enhance engagement of landowners and communities in sustainable forest management plans. • Determination of annual allowable cut. 	<ul style="list-style-type: none"> • Adoption of revised legislation to support the Fiji Forest Policy Statement 2007 and National Forest Program. by 2010. • Restructure of the Department of Forest, FPL and FHCL by 2010. • 2 forest native reserves identified and gazetted by 2014. • Increase forest area by 2% annually. • Establishment of 5 conservation area and protected forest areas by 2012.
Forest resource utilization for optimum economic benefits	<ul style="list-style-type: none"> • Evaluation of yield and quality of forest products. • Development of standards and guidelines. • Undertake research focused on timber utilization and product development to diversify the export base. • Promote resource utilization efficiency in primary and secondary processing. • Diversification into wood energy production and pine resin tapping by Fiji Pine Limited. 	<ul style="list-style-type: none"> • Increase export volume and value by 5% by 2011. • Increase efficiency in timber production by 5% from 2010. • Adoption of Fiji Forest Certification in 2010. • Establishment of Competent Authority to Support Forest certification. Certification of Pine and Mahogany Plantations by 2010. • Determine value of carbon credits from forest. • Increase employment in the sector by 1% annually from 2011.

Goal: Sustainable development and management of forest resources		
		<ul style="list-style-type: none"> • Increase resource owners participation and business ownership by 5% by 2012. • Develop a non-wood product industry to generate at least \$5 million by 2012.

3.3.12 Fisheries Resources

Goal: Pursuing growth and ensuring food security through sustainable fisheries resource management		
Policy Objective	Strategies	Key Performance Indicators
Ensure food security through sustainable fisheries resource management	<ul style="list-style-type: none"> • Review of policy, legislation and institutional arrangement. • Promote ecosystem approach to coastal fisheries and aquaculture development. • Review of the Total Allowable Catch (TAC). • Build capacity at community level to manage its resources. • Enhance resource assessment and management of inshore and inland fisheries. • Strengthen food security through freshwater aquaculture. • Maintain and control healthy oceanic fisheries. 	<ul style="list-style-type: none"> • Adoption of revised legislation, policy and management plans by 2010. • Restructure of the Department of Fisheries by 2010. • 110 MPA identified and gazetted by 2014. • Complete Marine Inventory Survey of 410 Customary Fishing Areas by 2012. • Increased freshwater fish and prawn production by 5% respectively by 2012.
Fisheries resource utilization for optimum economic benefits	<ul style="list-style-type: none"> • Evaluation of fisheries resources. • Development of trade standards and guidelines. ▪ Undertake research focused on product development to 	<ul style="list-style-type: none"> • Increase export volume and value by 5% by 2011. • Full compliance to the EU fish export standard in 2010.

Goal: Pursuing growth and ensuring food security through sustainable fisheries resource management

Policy Objective	Strategies	Key Performance Indicators
	<p>diversify the export base.</p> <ul style="list-style-type: none"> ▪ Build local industry capacity on HACCP and CITES requirements. ▪ Support local industry to meet compliance standards for re-entry into EU market. ▪ Encourage public and private sector partnership in industry development. <ul style="list-style-type: none"> • Improve linkages with tourism industry and local market. • Support existing income generating commodities: (seaweed, aquarium , tilapia, prawn, pearl). 	<ul style="list-style-type: none"> • Increase catch and income of small scale fishermen by 2% annually by 2010. • Increase employment in the sector by 1% annually by 2011. • Increase resource owners participation and business ownership by 5% by 2012. • Increase income by 5% from existing commodities.

3.3.13 Mineral and Groundwater

Goal: Pursuing growth through sustainable mineral and groundwater resource management		
Policy Objectives	Strategies	Key Performance Indicators
Sustainable development and management of mineral and groundwater resources to ensure long term economic benefits for all.	<ul style="list-style-type: none"> • Strengthen resource management by proactive enforcement of provisions of the Environment Management Act and other legislations. • Implement Vatukoula Rehabilitation Program • Complete the process of reviewing the Mining Act to promulgation. • Capacity building within the Department of Mineral Resources. • Review fiscal regime for mining sector to be regionally competitive. • Build local capacity and institutional support for the exploration and development of other segments such as offshore mineral, gas, geothermal energy, marble quarrying etc. • Publish EIA Reports of all mining operations be made on quarterly basis, including costs of exploration by Tenants. • The establishment of a Mineral Resources Authority to be mandated by legislation. • The adoption of a National Policy Framework in the use of Best Practices to act as guidelines for planning, research and decision making for all engaged in the Mining Sector. This will create better working relationship and increased understanding between landowners, developers and government. • Put in place appropriate policy and legislative support for the management and utilization of water resources, including groundwater. 	<ul style="list-style-type: none"> • Sector contribution to GDP restored to 1.1% by 2012. • Promulgate revised Mining Act in 2010 • Annual exploration expenditure doubled to \$12 million by 2010. • Increases gold exports to at least \$77m annually by 2012. • 1 new mining operation developed by 2014. • Formulate a Long Term Strategy or 'Road Map' for the Mining sector by 2010 • Target \$100m in bottled water exports by 2012. • Groundwater contribution to GDP be increased to 2% per 3 years.

3.3.14 Financial Services

Goal: An effective, competitive and stable financial system		
Policy Objectives	Strategies	Key Performance Indicators
<p>People and organizations in Fiji have access to appropriate modes of transparent, sound and secure financial and banking facilities.</p>	<ul style="list-style-type: none"> • To review, evaluate, implement and monitor appropriate recommendations of the COIFS report, the 2007 FSAP, EFF review, Action plan for Insurance and Guarantee Schemes, FNPF studies and restructure of Fiji's superannuation sector, FDB review recommendations and the Rural banking survey recommendations. • Promote development of formal financial institutions in all rural and outer island areas. • Develop, promote and monitor financial instruments which provide cost effective export finance to remove financial constraints on exports. • Increase the usage of FIJICLEAR. • Enhance safety and protection of financial institutions and financial services from their use and abuse by criminals for money laundering, corruption, fraud and other serious crimes. • Promote and protect customer interests in financial services • Review legislations and regulatory procedures, including micro-finance regulations and legislation on RBF, Banking, Insurance, and Superannuation. • Enhanced monitoring of bank fees and charges. • Collect and analyse data from credit unions, micro finance operators and similar sources. • Provide legal backing to Fiji Accounting Standards and Fiji Standards on Auditing. 	<ul style="list-style-type: none"> • Improvement in the accessibility by micro, small and medium enterprises to loanable funds for economic purposes. • Encourage promotion of access to basic banking services for rural areas and the reduction in unbanked areas by 2011. • Establish an indicator, which allows the Government to both measure and monitor this accessibility on an on-going basis. • More use of export finance through awareness and promotion by commercial banks • Increased awareness of Suspicious Transactions Reporting (STR) and issues relating to money laundering and financing of terrorism throughout all sectors of the economy. • Ensure that all major players (FNPF, Government, FIRCA, etc) use FIJICLEAR • Formalise and finalise all reporting lines of STRs by 2009. • Achieve full compliance of the requirements of the Financial Transactions Reporting (FTR) Act. • Ensure that financial institutions under the FTR Act put in place appropriate know-your-customer rules and procedures and develop and employ due diligence policies. • Banks to fully justify fees and charges and inform RBF and to have complaint process in place and monitored by RBF. • Total equity market capitalization of listed entities increased to 100% of GDP by 2010.

Goal: An effective, competitive and stable financial system		
Policy Objectives	Strategies	Key Performance Indicators
	<ul style="list-style-type: none"> • Establish an active capital market of international standard and encourage debt and equity products to list on the stock exchange. • Adopt international best insurance and funds management practices. • Enhance the public debt management system. • Broaden the range of instruments in consultation between Government and RBF. • A survey to be undertaken in identifying/establishing an appropriate financial services regulator. 	<ul style="list-style-type: none"> • Value of shares traded on the stock exchange annually increased to 2% of market capitalisation by 2010. • The completion of the sector regulator survey by 2009 and the identification /initial plans towards implementation by 2010. • Review the relevant legislations by 2009 and to be in place by 2010. • RBF to continuously develop policies and guidelines for the financial sector that are in line with international and best practices. • Have a superranuation legislation in place by 2010.
Widening coverage of financial services	<ul style="list-style-type: none"> • Increase rural and outer island households with savings in institutions and banks from 30% to 50% and with borrowings from 6% to 25% by 2012. 	<ul style="list-style-type: none"> • To explore avenues to capture remittances within the capital markets. • Develop a National Strategy for the development of micro, small and medium enterprises. • Setting up of incubator programme for MSMEs’. • Strengthen the central bank’s monitoring and supervisory role. • Develop/establish an information sharing network system amongst entities in the financial services sector.
Adequate prudential supervision	<ul style="list-style-type: none"> • The detection of suspicious transactions increased from 300 to 500 by 2011. • Increase rural and outer island households with savings in institutions and banks from 30% to 50% and with borrowings from 6% to 25% by 2012. 	<ul style="list-style-type: none"> • RBF’s Financial System Development and Compliance Group to collect and disseminate data on fees and charges, complaints, etc. Establish a Financial Services Ombudsman. • Examine whether there are adequate mechanisms for protecting consumers and addressing consumer complaints. • Establish a Financial Services Commission to look at customers’ grievances, manage a

Goal: An effective, competitive and stable financial system		
Policy Objectives	Strategies	Key Performance Indicators
		<p>comprehensive program of consumers' awareness and education and provide information and guidance on financial institutions.</p> <ul style="list-style-type: none"> • Review financial services transaction framework to encourage lending to sole traders and small proprietorships • Ensure that the financial system is operating under a sound and stable environment with appropriate levels of funds management and improved disclosures of financial statements. • RBF's role in monitoring and supervising the financial services system must be increased to contain or mitigate exposure to economic or financial shocks.
Deepening financial markets	<ul style="list-style-type: none"> • Development of the Capital Markets which includes market infrastructure and microstructure; policy frameworks and enabling legislation; training and development for intermediaries; awareness and education programs for investors and businesses by 2009. • Development of capital market regulatory aspects which include licensing market players; protecting investors through prudential supervision; ensuring compliance with relevant laws and rules by market players; regulating & supervising the Stock Exchange; and promoting Good Governance by 2015. • Do a roadshow and invite players in Singapore, Malaysia to open financial institutions in Fiji. 	<ul style="list-style-type: none"> • Establish a Capital Markets Master Plan; • Review of legislations impacting the financial markets; • Enhance the value proposition for Fijian issuers; • Improve the role of the capital market in meeting investors preferences; • Develop internationally competitive market institutions and intermediaries; • Ensure the effectiveness of regulation within the changing market environment; • Formulate a comprehensive vision and programme for the development of Fiji's capital market; • Formulate a framework for the orderly and effective sequencing of deregulation and liberalization; and • Identify and map the direction for

Goal: An effective, competitive and stable financial system		
Policy Objectives	Strategies	Key Performance Indicators
		the strategic positioning of Fiji's capital market both domestically and externally.
Management of superannuation funds	<ul style="list-style-type: none"> • Using private fund managers to invest FNPF funds, demonopolize the industry with superannuation remaining mandatory, and demonopolizing the industry with superannuation optional for each citizen by 2015. • Individual participation in the market is negligible To promote wider participation, share investment scheme of the FNPF be extended to Government and Government guaranteed bonds by 2015. • Government to consider issuing bonds only earmarked for small investors by 2011. • All offshore investments strengthened. 	<ul style="list-style-type: none"> • Split up the management of the FNPF's investment portfolio. • Deregulation of the superannuation industry (demonopolisation of FNPF). • Improve the financial literacy of its members. • Government to issue a yearly program indicating when it will issue bonds and Treasury Bills in the market, in order for the market and investors to be ready and prepared for the issuance of these papers.

3.3.15 Transport

Goal: An integrated transport system that is efficient, safe and environmentally sustainable		
Policy Objectives	Strategies	Key Performance Indicators
<p>Multi-modal:</p> <p>To ensure access to safe, efficient, affordable and environmentally sustainable transportation services.</p>	<ul style="list-style-type: none"> • Review Government Subsidies on Transport. • Attract potential investors to provide alternative modes of transportation through PPP framework. • To promote the use of public transport. • Introduction of effective measures to reduce the number of road deaths, mishaps at sea and air crashes through enabling legal frameworks. • LTA, FIMSA and CAAFI incorporate stringent safety and security measures. • To continue investment in the construction, maintenance and upgrading of the national transport network supported by enabling legislation and regulation enforced. • Ensure access to all forms of transport. • Promote the use of fuel efficient vehicles. • Undertake a wider study on the transportation system in the Suva-Nausori corridor, including study of intermodal and peak hour variability, and make and implement appropriate decisions on the recommendations. 	<ul style="list-style-type: none"> • At least one transport PPP project valued at over \$100 million by 2014. • Reduction in annual fatalities on all forms of transport by at least 20% from the present 90.
<p>Land Transport:</p> <p>To enhance livelihood by reducing cost of transport of people and goods.</p>	<ul style="list-style-type: none"> • Protect investment in the national land transport network through effective controls on vehicle overloading and adequate maintenance. • Reform and consolidate the land transport sector. • Reform the Government Quarry. • Acquisition of plants and heavy machinery. • Continue the revision of traffic management schemes. • Control the importation ages of second hand vehicles. • Introduce alternative fuel powered vehicles. • Review the Land Transport structure and funding mechanisms for implementation. • Improve vehicle operating costs by investing in more maintenance. • Consolidation of the Traffic Act (Cap 176) • Review of the Land Transport Act, 1998 and subsidiary regulations. • Merger of LTA & Dept of National Roads (PWD) • Protect investment in the national land transport 	<ul style="list-style-type: none"> • Not less than 125km of national roads resealed and 40km rehabilitated each year. • Annual CO2 emissions per capita reduced from 1.6mt to 1.0mt. • Average vehicle emission levels reduced from 40,000 ppm to 20,000 ppm. • Reduce vehicle emission opacity from 70% to 35%. • Reduce road death toll from 120 to 50 pa.

Goal: An integrated transport system that is efficient, safe and environmentally sustainable		
Policy Objectives	Strategies	Key Performance Indicators
	<p>network through effective controls on vehicle overloading and adequate maintenance</p> <ul style="list-style-type: none"> • Reform & consolidate the Land Transport Sector • Self-funding mechanism develop for LTA, DNR, NRSC, Police Traffic & Municipalities. • Implementation and monitoring of user-pay principles • Improve the traffic management schemes and reduce traffic congestion at main trunk routes • Review current LTA traffic infringement fines and penalties. • Control the importation of second-hand vehicles • Introduction of alternative powered vehicles • Review the Land Transport structure & funding mechanisms for implementation • Improve vehicle operating costs by investing in more road maintenance 	
<p>Marine Transport:</p> <p>Communities and the country enjoy better access to passenger and cargo shipping services.</p>	<ul style="list-style-type: none"> • Improve efficiency at ports and provide competitive international port charges, including for cruise ships. • More frequent services to Maritime Provinces. • Develop and upgrade seaways and main rivers. • Ensure a high level of safety and security in sea transport and prevent marine pollution. • Provide economical, safe, adequate and efficient facilities for the transport of goods and people to facilitate trade, transshipment and other related functions. • Ensure optimal location, updated design and construction of existing and new jetties. • Commence implementation of Rokobili Port. • Review of the Shipping Franchise – ROI. • Review of Fiji Shipping Corporation Ltd – ROI. • Re-organisation of FIMSA & review of the Marine Act, 1986 and subsidiary regulations. • Develop a user pay concept for all possible income generating capacity for the service provided and to review the current charges on services rendered. • Facilitate the training program for the apprenticeship scheme for the 20 intakes for 2009 and ongoing apprentices. • Draft and promulgate a Marine (Aids to Navigation) Regulation 	<ul style="list-style-type: none"> • Annual tonnage of international cargo handled in Fiji ports increased from 3.3 million revenue tons in 2005 to 5 million by 2011. • Minimum of 2 trips per month on each outer island route. • Fiji maintains its White List Status. • Main Ports maintain ISPS Code status. • Integrated provincial development • Traveling public satisfied with government shipping services. • Smooth operations of the shipping fleet.

Goal: An integrated transport system that is efficient, safe and environmentally sustainable		
Policy Objectives	Strategies	Key Performance Indicators
	<ul style="list-style-type: none"> • Provision of adequate maritime infrastructure such as Aids to Navigation (AtoNs), Mooring Buoys, Beacons, etc. • Identification and development of new & shorter sea routes. • Replacement and maintenance of lighthouses and beacons. • Update registry and improved database & archival records • Update registry and improved database & archival records • Provision of Safety standards, risk analysis, monitoring, enforcement, communication and operational capabilities necessary to ensure the safe, secure and effective operation of the maritime safety system and the protection of the marine environment. • Cruise Ship and Yachting Tourism promoted, using improved outer island infrastructure and Aids to Navigation – ROI. • Introduction of effective methods to reduce number of accidents and incidents at sea through education including enabling legal framework • FIMSA to enforce stringent safety and security measures in accordance with the ISPS Code • Improve efficiency at ports and provide competitive international port charges including cruise ships • Provision of up-to-date, timely and accurate Hydrographic publications necessary for safe and efficient navigation for navigable waters of Fiji in the most cost-effective and efficient manner. 	<ul style="list-style-type: none"> • Qualified people in the ship building industry. • Improved and safer shipping. • Global integration & international relations • The Maritime & Port Sector and the Marine environment are safe, secure and clean for all its users. • Procedure familiarity • A comprehensive information management system supporting the enhanced scope of FIMSA. • Maintenance of international standards. • Maintenance of international maritime standards. • Improved hydrographic services
<p>Air Transport:</p> <p>To promote development of tourism and exports to expand industries relying on air freight.</p>	<ul style="list-style-type: none"> • Continued improvements in airport infrastructure and facilities, including capacity extension at Nausori to accommodate 737-800, widening at Savusavu, and upgrading at Rotuma to facilitate as port of entry. • Design a model that will take care or manage non-core activities of CAAFI • Increased number of passenger seats per annum. • Improved runway capacity to meet additional cargo requirements. • Utilization of additional air traffic rights under existing ASAs by 2009. • Restructure and reform the aviation industry in 	<ul style="list-style-type: none"> • 3 or more airlines with unsubsidised, scheduled domestic flights. • Passenger seat km on domestic flights restored to 1999 levels of 110 million by 2010 and increased to not less than 150 million by 2011 from 73.1 million

Goal: An integrated transport system that is efficient, safe and environmentally sustainable		
Policy Objectives	Strategies	Key Performance Indicators
	<p>line with international standards by 2009.</p> <ul style="list-style-type: none"> • Airstrips to be compliant with ICAO international standards. • A new international airport in Vanua Levu to be evaluated and considered by 2010. • Review the role of Air Pacific in the development of the tourism and export sector • Encourage domestic and regional aviation competition to benefit Fiji's travelling public, tourism and export sector. 	<p>in 2005.</p> <ul style="list-style-type: none"> • International airfreight capacity increased from 700 million tonne/km in 2005 to not less than 1,000 million tonne/km by 2010.

3.3.16 Energy

Goal: A resource efficient, cost effective and environmentally sustainable energy sector		
Policy Objectives	Strategies	Key Performance Indicators
<p>The community has increased secure access to affordable and reliable energy supplies.</p>	<ul style="list-style-type: none"> • Enact/enforce appropriate legislation to improve sustainable energy use, including the National Energy Policy (NEP) and Renewable Energy Based Rural Electrification Act (to be remove). • Develop and implement a national electrification master plan covering both grid and stand-alone systems with appropriate resources. • A specific Power Development Plan is put in place for Vanua Levu. • Monitor customer satisfaction on national grid power availability and other appropriate aspects of service delivery. • Formation of an appropriate independent regulatory agency and review the Electricity Act. • Greater collaboration within the industry and with other sectors and strengthen private sector involvement in all forms of energy, including review of tariffs, cost recovery and competition in energy 	<ul style="list-style-type: none"> • GDP per kg oil equivalent, at constant 1995 prices, increased from \$5 in 2004 to \$8 by 2010. • 90% national electrification coverage by 2012 with urban increased from 95% to 98% and rural areas from 70% to 85%. • Household power outages on Grid Lines are each not more than 5 minutes by 2012. • IPP to produce between 200 - 250 GWh of energy per year by 2012

Goal: A resource efficient, cost effective and environmentally sustainable energy sector		
Policy Objectives	Strategies	Key Performance Indicators
	<p>production.</p> <ul style="list-style-type: none"> • Encourage competition in the generation of energy. 	
Strengthen the capacity for energy planning and information management for energy sector	<ul style="list-style-type: none"> • Establish a reliable energy information system for end use decision making at all levels. • To put in place appropriate institutional structure. • Strengthen coordination and consultation with key stakeholders and the external environment on energy development (issues with regards to Climate Change, CDM, Renewable Energy Technology Transfer etc.) 	<ul style="list-style-type: none"> • An up-to-date and reliable energy statistics and a user friendly information system by 2010. • Appropriate staffing structure adopted by 2010 • A vibrant network with energy institutions locally and internationally. • Secure additional and new funding sources with donor agencies.
Enhance energy security through greater participation and collaboration within the industry.	<ul style="list-style-type: none"> • Assess Fiji's energy security situation to guide future policy decisions. • Reduce inefficient use of energy through research, demonstration, energy audits, regulation, building codes, and create a robust market for energy efficient appliances. • Mandate the adoption of Minimum Energy Performance Standards and Labelling for refrigerators and freezers in Fiji. • Promote measures to reduce fossil fuel consumption, including in the transport sector, and encourage alternative fuels for the power and transport sectors. 	<ul style="list-style-type: none"> • Report on Fiji's Energy Security Situation to be completed in 2010; and recommendations adopted. • Improvement in the national electricity mix from 40/60 renewables to fossil fuel to 90/10 for the grid and from 5/95 to 55/45 for off grid energy by 2012 • 10% reduction (after growth adjustment) in the national electricity grid consumption by 2014 • All freezers and

Goal: A resource efficient, cost effective and environmentally sustainable energy sector		
Policy Objectives	Strategies	Key Performance Indicators
	<ul style="list-style-type: none"> Assess and promote development of local renewable energy resource potential in Fiji. 	<ul style="list-style-type: none"> refrigerators sold in Fiji comply to the relevant adopted standards by 2010. Energy Efficiency and Conservation Measures incorporated in the local building codes by 2011. 20% of fuel for transport is met through bio-fuel (E5 & B10), LPG and other renewable sources by 2012 30 biogas plants installed in rural areas every year.

3.3.17 Water and Sewerage

Goal: Access to safe drinking water and a sanitary waste disposal system		
Policy Objectives	Strategies	Key Performance Indicators
The community is served by access to reliable and adequate supplies of safe water in both urban and rural centres and to sanitary and environmentally safe sewerage waste systems and treatment facilities	<ul style="list-style-type: none"> Expand rural water supply schemes and extend and upgrade major urban and regional water schemes to include rural areas as outlined in their respective master plans. Expansion of the sewer reticulation network and sewerage treatment facilities and promote the need for care of the environment Private sector participation in the provision of capital works of water and sewerage services increased through outsourcing or management contracts and reorganisation of Water and Sewerage Department as a Fiji Water Authority, supported by review of tariffs and to improve efficiency and effectiveness. 	<ul style="list-style-type: none"> 90% of the urban population and 75% of the rural population have access to safe water supply by 2012 Increase in the annual number of water connections to new customers from approximately 3,000 to 3,500. Increase in the urban population with sewerage connection to not less than 35% by 2012 Level of unaccounted for water reduced from approximately 30% to 25% by 2012.

Goal: Access to safe drinking water and a sanitary waste disposal system

Policy Objectives	Strategies	Key Performance Indicators
	<ul style="list-style-type: none">• Identify 30 possible water and sewerage projects and prepare cost estimates and tender documents for implementation under contract; and promote aggressive leakage reduction programmes by setting targets for volumetric savings per month.	

CHAPTER 4

Chapter 4 Socio-Cultural Development

4.1 Review of Social Development

4.1.1 Human Development Index and Millennium Development Goals

One of the key purposes of good governance is the creation of a society free from poverty where all have equal access to their basic needs and social justice is assured. The challenge is not only to reform the economy in order to boost economic growth but also to empower the people as a means of revitalizing their livelihoods. This calls for a human rights approach to development planning that places people at the centre of development efforts. The added value provided by this approach is that the norms and values enshrined in it have the potential to empower the poor. This is important, because it is now widely recognized that effective poverty reduction is not possible without empowering its people.

Most of the social indicators have worsened in Fiji over the past decades. These indicators include the Human Development Index (HDI) and the Millennium Development Goals (MDGs) - the proportion of the people living in poverty, maternal and child mortality rates, and primary school enrolments.

The HDI is a widely accepted measure of a country's progress in attaining satisfactory levels of education, health and income. Fiji's ranking was 42nd in 1975 but dropped to 61st in 1997. Its position further eroded in the late 1990s. Based on the 2007/08 UNDP Human Development Index, Fiji currently is placed 92nd out of 177. Samoa and Tonga — which had rankings similar to those of Fiji in the 1970s — have performed much better than Fiji in recent years, with rankings of 77th and 55th in 2007/08 respectively.

The MDGs and their associated targets and indicators, which were endorsed by 189 countries including Fiji at the 2000 Millennium Summit, provide a recognised set of indicators that can be used to judge the key elements of social progress. 23 of the 58 MDG indicators are included as Key Performance Indicators in the relevant chapters and links to MDG indicators are stated. The revised monitoring framework for MDGs is attached as Appendix 2.

4.1.2 Global Partnership for Development

The purpose of any aid programme is to contribute to the improvements in the lives of the poor in the community. The aid effectiveness agenda, enshrined in the Paris Declaration of Aid Effectiveness (2005) and more recently through the Accra Agenda for Action (AAA) (2008), aims to improve the quality of delivery, management and use of official development assistance (ODA) in order to maximize its development impacts.

The Paris Declaration on Aid Effectiveness represents a significant step towards formalizing and focusing international efforts to improve the effectiveness of aid and its contribution to development.

Given the strong support of the above by Pacific Island Member Countries and Development Partners, the Pacific Islands Forum Secretariat (PIFS) was directed to develop a set of Pacific Principles for Aid Effectiveness. In April, 2008 Pacific Island Countries participated in a Regional Workshop in Nadi to consider progress in the implementation of the Pacific Aid Effectiveness Principles and in preparation for the Accra High Level Forum on Aid Effectiveness.

Relating to the above, the Fiji Government recognizes the need for Global Partnership for Development, specifically relating to Goal 8 of the Millennium Development Goal. The Roadmap aligns donor programmes to its development initiatives. The Roadmap acknowledges the need for strengthening donor coordination and ensures its commitment to increase the effectiveness of aid through adhering to the principles of the Paris Declaration.

Development assistance to Fiji is important and development partners continue to work with Government to improve the livelihoods of people in Fiji. However, aid donor grants are not large and represented around 1.3 % of Fiji's GDP in 2003. Donor grants fell in 2000, as most development assistance was withdrawn following the May 2000 crisis. Donor funds increased in 2001 and were restored to more normal levels in 2002. Estimates for 2004 and 2005 show that donor grants were more than doubled compared to 2002 as the Australian programme expanded and the EU programme was re-established. Loan finance is also available through the Asian Development Bank.

Donor programmes are well-aligned to the areas covered by the MDG's. In the Education Sector, the Fiji Education Sector Programme (FESP) continues to assist the Ministry of Education with the provision of improved infrastructure and upgraded facilities. The total 5-6 year programme with a Non-State Actor component has been funded via a \$45million grant from the European Union. Likewise, assistance to the Ministry of Education in terms of capacity support, relevant training and upgrade of tertiary qualifications will likely be the focus in the next 5 years for the second phase of the AusAID funded Fiji Education Sector Programme. Scholarships from NZAID and AusAID will continue to provide the thrust for higher learning for those seeking further education. The construction of the Japanese Government funded ICT Centre at the University of the South Pacific will see a state of the art learning environment conducive to delivering better ICT outcomes for not only Fiji citizens but the Pacific populace that study there as well.

In the Health Sector, a second phase of the AusAID funded Fiji Health Sector Improvement Programme is envisaged to commence in 2010, possibly for the duration of another 5 or so years. This initiative will likely focus on strengthening the capacity of the Ministry of Health to provide an even more efficient and effective standard of service delivery to the citizens of Fiji. The NZAID Medical Treatment Scheme will continue to

complement Government's own efforts to provide medical treatment abroad. The interventions of WHO and UNFPA in areas dealing with support for training, population-related initiatives, preventative programs and general health assistance should continue in the near future.

Development Constraints and Challenges

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

4.1.3 National Identity and Social Cohesion

Fiji is a multi-racial, multi-cultural and pluralistic country with a multiplicity of languages, religions and ways of living. However, the country is a fragmented society because there is no unity amongst the two major ethnic group. Previous attempts were made to address racial differences and disunity by successive governments, NGOs and Civil Societies, but did not come to fruition. There is an absence of a National Identity. At present the citizens of Fiji identify themselves more strongly with their religions, ethnicity and by their various community or province than by nationality.

Most of the i-Taukei lived in villages, grouped into districts and provinces and they had aligned themselves with Christianity because it brought civilisation into the country and was the first western religion to arrive in Fiji through the missionaries whereas Fijian Indians are mostly associated with Hinduism and Islam; and Fijian Chinese with Buddhism. Within each of the ethnic or religious groups, there exist various other subdivisions, such as tikinas or districts, which embrace many villages. Districts have similarities and differences in terms of dialects, religious beliefs and culture. Different religions have different denominations, sects and sub religious groups. We as people of this country lack understanding and appreciation of each others socio-cultural uniqueness. This contributed to religious intolerance and religious sacrilege because people do not appreciate and respect others faiths and beliefs.

These differences were usually taken by many of our political leaders to gain political mileage. During the past thirty eight years, political leadership played a key role in dividing rather than uniting our people. The division was derived from the colonial system of leadership of divide and rule. Our leaders have failed to unite our various communities in a form that truly reflects our diversity.

Weak and poor leadership contributed to the building of a fractured and fragmented society. Leadership in the past had intentionally kept the people of Fiji apart, and had

used the race card for their survival. If Fiji's leaders and its people do not work together or join hands to define what we have in common and what we want to achieve together in the future we will never achieve the peaceful and prosperous society which we all aspire to.

Development Constraints and Challenges

The lack of social cohesion has contributed to exclusiveness and lower economic growth. One of the main challenges we face is how to unite people who comprise several ethnic communities with diverse social, economic and cultural backgrounds. It is this diversity which requires a symbol that is acceptable for the whole population, as a basis for the development of national identity and creates firm allegiance. This allegiance can be constructed, made concrete, communicated and maintained over time. The process to negotiate a national identity is a continuous process which demands inclusiveness and the fair representation of people and cultures. The end results ought to be a shared conviction that people are socialized into believing its essence, resulting in its internalization.

A process needs to be designed and facilitated that can include the participation of all communities and leaders need to be focused on our nation rather than their sectional interests. We need to build Fiji into a non-racial, culturally-vibrant and united, well-governed, truly democratic nation that seeks progress, and prosperity through merit-based equality of opportunity, justice and peace. Establishing a national identity through a common name is of utmost importance with education, religion, and culture having important roles to play in our peaceful co-existence, social cohesion and nation building.

4.1.4 Poverty Reduction

The growing incidence and the dynamics of poverty in Fiji have stratified and polarized Fijian society between the haves and the have-nots and between the educated and the uneducated. Poor parents beget poor children, creating a kind of dynasty of the poor. The resulting tensions and social conflicts have eroded the fabric that held the Fijian society together.

Poverty reduction is the most difficult challenge facing Fiji and its people and the greatest obstacle to the pursuit of sustainable socio-economic growth. Reducing poverty has been a core policy objective of successive Governments for many years and has been regularly articulated in development plans and strategies and annual budgets. Poverty reduction is a core objective of all development partners and the first MDG concerns the eradication of extreme poverty and hunger.

On the basis of the 2002/03 Household Income Expenditure Survey (HIES) results, 34.4% of the population lived below the Basic Needs Poverty Line (BNPL), indicating a 5% increase from the 1990-91 HIES. Most of those in poverty are people living in rural areas, particularly those from the Fiji Indian community. The poverty gap is estimated to have been \$2,616.64 per year for an average household. The gap is the difference

between the national poverty line (estimated at \$8062.6 in 2002), and the average income of a poor household (\$5,445.96 per year). This indicates the depth of poverty. Fiji remains a society with deep income inequalities. The 2002-03 HIES shows that the poorest 20% of households received 5.9% of the national income while the top 20% of households received 47.9% of the national income. Results of the 2008-09 HIES will be available by the end of 2009.

Further, the estimated basic needs poverty line (BNPL) per household per week increased from \$28.45 in 1977 to \$83 in 1990 and to \$132 in 2002. Statistics collected from various HIES indicate the existence of high levels of poverty in Fiji although the non-availability of consistent data on poverty has resulted in various viewpoints on the actual levels of poverty in Fiji. There is clear evidence of a worsening of the poverty situation (35% by 2002) and there has been no evidence of any significant improvement in more recent years.

Poverty has many dimensions, one of which is the extent to which people have sufficient food. In the MDGs, this issue is measured by the prevalence of under-weight children, and the proportion of the population who are receiving less than the minimum level of dietary intake. The most recent national figures were collected by the 2004 Fiji National Food and Nutrition Survey. The survey found a low incidence of child malnutrition. At a national level, the incidence of under-weight children less than 5 years of age in Fiji was 15% in 1980, 10.5% in 1993, and 7% in 2004.

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

Mainstreaming issues facing people living with disabilities is a great challenge but also a crucial component of poverty reduction. Through the Department of Social Welfare and the Fiji National Council for Disabled Persons, the Government adopted the Fiji National Disability Policy in November 2008. Identified outputs of the policy will enable the advancement of programmes, development of strategies and identification of activities to improve and progress the status and well being of people living with disabilities. The first ever national count of people living with disabilities has been completed and more than 10,000 have been recorded to live with some form of disability, mental, physical or both. The results of the count will enable the development of focused programmes and targeted intervention to be designed to reduce the vulnerability of people with disabilities.

Development Constraints and Challenges

National income redistribution is the main cause of poverty in Fiji. Low economic growth is compounded by the instability of land tenure, which affects a range of activities in the economy.

The key issues inhibiting poverty reduction include; a lack of political commitment; political instability (weak governance); lack of access to economic assets, markets and social services; ineffective coordination, implementation, and monitoring; lack of participation by all stakeholders *vis-à-vis* Government, the private sector and civil society; absence of sustainability mechanisms in programmes and projects; and lack of involvement of beneficiaries in project design, implementation, monitoring, and evaluation.

The creation of more sustainable, secure employment opportunities with better wages is the long-term mechanism for moving people out of poverty. However, at current levels of economic growth, there are restricted job opportunities and inadequate support for the poor to enable them to take greater advantage of existing opportunities. There is a need to provide an enabling environment and stimulate the active participation of the private sector, civil society organizations, communities, and development partners generating income earning opportunities.

Widening income inequality is increasing poverty in Fiji. Economic growth has tended to benefit those already better off, further worsening the rural- urban disparity. Fiscal policies over the past decades have not addressed income redistribution. An emerging challenge is the weakening of the traditional family support system, resulting in more people seeking welfare assistance, particularly the elderly.

There is a need to empower all citizens through education. There are a large number of students dropping out early from school. With limited skills and knowledge to improve their livelihoods, early school leavers make up a large number of the unemployed and subsequently contribute to the rising tide of crime and violence. There are acute shortages of infrastructure and facilities at all levels. The education system emphasizes theoretical knowledge at the expense of technical, vocational, and entrepreneurial education. School curriculum need urgent review to make them relevant and practice oriented. There is a need to provide unhindered access to compulsory universal basic education to all citizens as a bridge to the future socioeconomic transformation and establish and maintain enhanced quality and standards through relevant, competency-based curriculum and effective quality control at all levels.

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

The area of disability has, over the years, endured considerable development constraints like financial assistance, human resources, technology and infrastructure and the lack of data and statistical information on all areas and forms of disability.

Continuous challenges faced by people with disabilities and organisations include the mainstreaming of disability issues in all programs of Government and civil society organisations; strong collaboration between all partners on service delivery and program implementation; advocacy and awareness of concerns for the rights of people with disability; and the limited ambit of laws and regulations governing the area of disability.

4.1.5 Housing and Urban Development

Fiji's housing crisis is real and pervasive. An indicator of this is that there are currently about 200 squatter/informal settlements comprising of about 100,000 people in the country. The majority of these people constitute the bulk of the 387,000 people earning less than \$7,000 per year. Approximately 50,000 low to moderate income households currently need decent, safe, affordable housing. In seeking to meet these need, the production of mixed-income housing development that provides for broad income diversity in neighborhoods is deemed a desirable social and economic goal, however the form the actual design and implementation of this option takes is crucial.

The continuous growth of urbanization in the Fiji economy and population indicate that strong demand for housing will continue. The provisional 2007 population census results show an increase in urban household by 18.4% with approximately 61,300 total increase in population. 51% of the population is urban and that the urban growth rate is 1.7% compared with the national growth rate of 0.7%. Approximately 90% of the increased population (55,266) is in the Western and Central Division. The Suva and Nausori Urban and Peri Urban area alone has an increase in population of approximately 32,300. This poses significant challenges in terms of planning, delivery and community development.

The housing needs of the majority of people in Fiji are met by the private sector, however with the expiry of land leases there is increasing number of people seeking housing. This is evident with the growing number of informal settlements and the growth of private rented housing sector. The level of private provision depends of course on significant Government support through:

- Capital investment in infrastructure;
- Planning and regulatory regimes which facilitate the efficient operation of the market; and
- Support to households under the fiscal and income support regimes.

Enhancing the local government framework remains a key strategy for addressing housing, squatter settlement and other urban development needs. There is a need to create a more amiable relationship between national and local government authorities to allow for more effective national development programmes to be carried out in towns and cities. The completion of an independent review of the local government framework will

provide the Government with options on how to improve the delivery of municipal services and accountability of local government authorities, which are currently under the control of Administrators appointed by Government.

Development Constraints and Challenges

There are two important issues that need to be addressed for Fiji's housing sector. Firstly, that the key instruments to address the challenges for the future are in the areas of "planning, urban design, infrastructural investment, land management and public service delivery". Secondly, that a greater quantity of housing must not be at the expense of quality development.

The plan to encourage the use of land to improve rural situations eg through providing incentives for rural living to reduce urban migration is a necessary complementary initiative. Resource constraints has contributed to Governments being unable to provide enough land for people to prosper, build and own houses and ultimately form sustainable communities. Sustainable housing programs should go hand in hand with income generating opportunities and accessibility to amenities.

Currently, Fiji does not have an employment strategy. Having an employment creation strategy, together with the availability of more land, could help in resolving both the unemployment situation in rural areas and urban migration. Key agencies involved with the management, acquisition and utilization of land in Fiji eg Lands Department and the NLTB need to rationalize and formulate a transparent, consistent process for acquiring land for housing development. Most of the informal settlers live on 'vakavanua'⁸ land, given to them some 30 to 50 years ago to settle. There is a need for Native Land to be allowed the opportunity to be developed in a manner that would be beneficial for all stakeholders especially landowners. The lack of development capital has been identified as a major constraint. To acquire quick returns, some landowners have resorted to issuing 'vakavanua' leases all around Fiji.

There is a need for a more integrated, coordinated and holistic approach in the development of policy and the implementation of stakeholder programmes for housing in Fiji. This should include periodical review and ongoing dialogue among stakeholders on their perspectives on housing issues in Fiji and would necessarily include information sharing and partnerships in the delivery of low cost housing programmes. Because the actions and authorities of multiple government and semi-government departments and agencies explicitly and implicitly affect housing, inter-agency communication and the sharing of resources would facilitate for delivering more affordable, accessible housing.

It is important to encourage a multicultural and pluralistic society: multiculturalism is a part of sustainable communities. Any housing development initiatives should look at allocating spaces for places of worship as well as recreation..

⁸ 'Vakavanua settlements' are informal settlements acquired through customary arrangement with the land owners and there is no legal basis for ownership or lease.

4.1.6 Social Justice

Social justice is a fundamental aspect of the common good. It broadly consists of two elements: justice and charity. The goal of social justice is to ensure equality of dignity, especially those who, through no fault of their own, are disadvantaged and destitute. It is also to ensure that everyone has the basic right to a dignified life, enjoys equality of citizenship, and that no one lacks the basic necessities of life.

The 1997 Constitution provided the legal justification and framework for the enactment of the Social Justice Act 2001 and implementation of Affirmative Action Programmes in the areas of: (a) education and training; (b) land and housing; and (c) participation in commerce and in all levels and branches of service of the State. The social justice clauses under the 1997 Constitution will be retained under Fiji's new Constitution with further restrictions placed on when AAP can be utilized by future Governments that is consistent with the principle of equal opportunity before affirmative action and affirmative action only when there is a genuine need for it.

Since the implementation of AAP under the Social Justice Act in 2001, Government has allocated almost \$300 million for the various groups targeted in the 29 programmes. Each programme has specific goals and target beneficiaries, means of assistance, performance indicators and criteria for selecting members of the target group. The criteria for selection include race, gender, economic status, disability and physical location. Of these programmes, 17 benefit all communities, 10 benefit Fijians and Rotumans as a target group and 2 are specifically for Indians and minority communities.

The broad issue for Fiji is the articulation of an acceptable legal, social and moral framework that is based on the pursuit of "equal dignity" and which will guide the development and governance of Fiji in the future.

Development Constraints and Challenges

To be just in designing and implementing the Social Justice Act and the AAPs, it is important that reliable, highly accurate and updated information on poverty and disadvantaged communities is readily available. There is a need to design AAPs that are effective, transparent and meet the needs of the genuinely disadvantaged communities.

To measure the successes or failures of the AAPs, indicators are needed for the four broad programme categories. Qualitative indicators would be much more helpful to gauge the progress achieved in these categories. It is difficult to conduct monitoring assessments if the specific indicators and objectives of the programmes are not tied to the broad categories under which each of them fall. Each programme has its own specific objectives and indicators for measuring its successes or failures, although most of them have no historical content to indicate where a certain programme started, its achievements so far, and suggestions for a review of the indicators.

There is a need for an improved financial monitoring and tracking system that would allow for proper accounting of funds and be subject to audit by the Office of the Auditor General. It is not clear from the 2002-03, 2004 and 2005 annual reports how the funds had been spent, who were the recipients, and whether or not the funds were utilized for the purposes for which they were disbursed. Without a good financial monitoring and tracking system, which should be an integral part of the overall monitoring structure, programme funds would be open to abuse and misappropriation.

4.1.7 Education and Training

Elementary, Primary and Secondary Education

Access to basic education is a right of all Fijians. Education, up till secondary level, is well established in Fiji with ownership and management of schools being in partnership between State and community. 98 percent of schools are managed by civil society and non-government organizations while government provides teachers and sets curriculum.

The role of education in building unity has been comprehensively discussed in the Fiji Education Commission (FIEC) report of 2000. Some of the recommendations have been implemented in the education system and some incorporated in Fiji's National Curriculum Framework.

Fiji is on target with MDG 2 "to achieve universal primary education". Fiji has attained near universal primary education, but primary school enrolment and net enrolment rates have decreased since 2000. There is concern about the growing number of drop-outs from primary school. The percentage of pupils starting Class 1 who reach Class 5 has increased from 88% in 2002 and 93% in 2006. Class 5 survival ratios stood at 95.2%, indicating that more effort needs to be made to keep students at primary school. The 2004/2005 Employment and Unemployment Survey revealed that 90% of the persons aged 5 to 14 were attending school, with the proportion a slightly higher 92% for Indo-Fijians compared to 89% for Fijians. Some 10% of this age group were not attending school with 8% for the Indo-Fijians and 11% i-Taukei. The gap widened at higher educational level, where 31% i-Taukei, 24% of Indo-Fijians and 15% for Rotumans of the 15-19 age group were found to be not at school, however an average of some 73% were at school. Though some parents cannot afford school costs, particularly in rural areas, these dropouts are of concern given the need to maximize the education potential of the workforce.

The large number of students dropping out early from school is a critical problem since it is one of the major contributing factors to the growing incidence of poverty. In turn, poverty impacts so adversely on the socio-economic development of this country. With limited skills and knowledge to improve their livelihoods, early school leavers make up a large number of the unemployed and subsequently they contribute disproportionately to the rising tide of crime and violence occurring in most urban centres.

There is a need to conduct community workshops on parental education to change the community's perceptions about education, improve parents' participation and support, reduce the 'dropout' rate and improve students' academic achievements. The establishment of a collaborative model of education in villages and communities is an essential element of this initiative and make available community scholarship funds through better utilization of resources.

Tertiary Education

Under the Roadmap the government recognizes the critical importance of tertiary institutions for developing high-quality human resources, especially in an increasingly technology-driven world economy. The government also recognizes the challenges facing these institutions, challenges that include inadequate funding and facilities, curriculum that are inadequate to meet the challenges of nation building, inadequate and inappropriate staffing (especially among the lecturers).

Development Constraints and Challenges

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

Ethnic differences are still a concern in terms of examination performance. Indigenous Fijian students lag behind other ethnic groups in major external examinations. Similar gaps are also evident between rural and urban schools. Priority spending in education is a major factor that could contribute to the differential in performance. The 2002/03 HIES showed that Indo-Fijian families spent some 116% more on average per child than Fijian families.

Access to secondary education is increasing with net enrolments standing at 71% in 2000. Enrolments have been higher for girls (74%). There is concern however, that secondary students have difficulty in getting jobs. The 2002/03 HIES showed that most of the unemployed population (77.2%) had secondary education.

The education system will need to consolidate efforts to build and support social cohesion in schools. More emphasis has been placed on examinable subjects, sports and other extra-curricular activities. A deeper understanding and acceptance of cultures and inbuilt values is critical to having and practicing an internalized sense of national identity, therefore more support is required to strengthen and embed values teaching in all schools in Fiji

4.1.8 Health

Health continues to be a growing and increasingly complex field of competing priorities from all perspectives - from the individuals to governments, businesses, health

professionals and the health services system. A healthy and productive population is a key for sustainable economic development. Despite consuming a major portion of governments budget (>3% of GDP and 9% of total budget), health care funding continues to be lower as compared to other countries in the region while Fiji's population tends to be increasing every year.

Fiji's progress towards Millennium Development Goals (MDGs) such as reduction in child mortality, maternal mortality and HIV/AIDS, have not been achieving the impacts on the health of citizens which Government intends. Fiji's life expectancy for males and females is on a declining path (2007 population census). The performance against the three health MDGs is disappointing as compared to baseline data of 1990 and 2015 target. The current statistics show a slow progress in improving the infant and maternal mortality rates, immunization coverage and the prevalence of HIV/AIDS.

The progress towards MDGs suggests that the substantial and increased input of resources by Government is not achieving the impacts on the health of citizens which Government intends. Increasing annual budget allocations in itself is healthy and positive but if it is still below a critical level of less than 5% of GDP (Fiji averages less than 3%), then may be it is not sufficient to adequately fund important interventions that would specifically address the MDG targets.

In addition to the continuing incidence of communicable diseases, there is an increasing prevalence of Non Communicable Diseases (NCDs) such as diabetes and hypertension, due to lifestyle changes, poor diet, smoking, changing patterns of physical activity , continuing malnutrition problems, particularly in school children and women. On disease conditions and status, NCD continues to be the major cause of morbidity and mortality. Controlling diabetes and cardiovascular disease remains a priority focus of the Ministry of Health (MOH). With the re-emergence of infectious diseases such as typhoid, which were thought to have been controlled, an extra burden will now be placed on the already incapacitated health system. This is termed the **double burden of disease**, where high rates of infectious disease and NCD co-exist.

The ability of government to increase its health sector allocations is limited by slowed national economic growth, by a history of significant under-funding and by periodic austerity measures related to political events. To increase revenues from the population of service users would represent a policy change to public sector provision and could, if not done well, have significant population health status ramifications. The introduction of realistic user-charges could result in much of the population's inability to pay, a consequent reduced access to services and worsening health status indicators. The potential for the general population to pay health insurance premiums is similarly limited, although some employers provide health insurance schemes on a co-payment basis with their staff.

Improving public provision of information on the performance of the health system (such as waiting times for elective surgery, drug stock-outs, and selected morbidity and mortality indicators) will enhance advocacy, accountability and decision making in the

health sector. This has been lacking in Fiji's health sector with resource allocation being based on conventional budgeting system. Currently, systems for collecting and publicly reporting such information are lacking. It is important to establish a means of data collection methods that allows timely reporting of service activity for use to provide information to source/fund national projects and to optimize individual patient care.

Poor allocation of resources is now leading Fiji's health sector into a debilitated state with increasing cost pressure leading to long term sustainability of its financing system. There is a need to reallocate resources in response to areas with greatest burden to the economy and the only possible way is for the need to have evidence to support effective decision making. As such, the importance of National Health Accounts (NHAs) is increasingly becoming important in management of resources and review of health policies.

Development Constraints and Challenges

Development constraints and challenges include:

- to improve efficiency and effectiveness of the use of resources in health service delivery;
- to respond to the increasing numbers of HIV/AIDS and STI cases;
- to reverse the deteriorating rates of child mortality, infant mortality and maternal mortality;
- to reduce the incidence of Non-Communicable and life-style diseases;
- the emigration of skilled health care professionals;
- limited capacity for policy analysis and research;
- improving physical and financial access to good-quality health services in depressed domestic and global economy;
- the increasing demand and cost for health care;
- the need to improve stewardship over policy formulation, health legislation, regulation, resource mobilization, coordination, monitoring, and evaluation;
- the need to strengthen the national health system and improve its management;
- the need to improve the availability and management of health resources (financial, human, infrastructure, and so forth);
- reducing the disease burden attributable to priority diseases and health problems, including hiv/aids, and reproductive health-related illnesses;
- increasing consumers' awareness of their health status and poor lifestyle; and
- to foster effective collaboration and partnership with all health actors, NGOs and CSOs.

4.1.9 Gender Equality and Women in Development

The target for MDG 3 is to eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later by 2015. School enrolment data published annually by the Ministry of Education and enrolment data provided by tertiary education institutes provide figures for the ratio of girls to boys. In

Fiji, the sex ratio for primary in 2007 (0.92) is closely balanced and the enrolment figures reflect the overall population ratio (0.96) released by FIBOS in the 2007 Census. At secondary and tertiary education the ratio of girls to boys has reversed; 1.06 and 1.08 respectively. The gaps between girls and boys begin to widen with girls outnumbering boys as education level increases. These differences in ratio do not continue in the employment world.

Women's composition in the labour force has dropped from 40% in the 1996 Census to 31% in the 2004/05 EUS. Although women are 31% of those the FIBOS describes as "economically active", 54% of all working females are unpaid household workers. The 2004/05 EUS revealed that the number of females who were self employed increased from 13% in 1996 to 25% in 2005. Governments over the years have failed to commit to creating an enabling environment, to enable women to participate fully in the socio-economic development of the country.

Table 4.1: Comparison of men and women employed in the Economy

Activity	Female	Male	All	% Female	% of Fem	% of Male
A Wages	39263	106835	146098	27	18	47
B Salary	18303	30581	48884	37	8	13
C Employer	617	2647	3263	19	0	1
D Self Employed	23105	68713	91818	25	10	30
E Family Worker	19486	18470	37957	51	9	8
F Community Worker	1730	505	2235	77	1	0
G Household Worker	120855	1642	122497	99	54	1
Gender Neutral Economically Active	223359	229393	452752	49	100	100

Females are a half (49%) of all the "workers" in society but under-represented in the workforce (table 4.1). Except for the lowly paid Family and Community Workers, females in income-earning categories are now all much lower than that for Males: Wage Earners (18% v 47%), Salary Earners (8% v 13%) and Self-Employed (10% v 30%).

However, looking at females by age group 53% between 20 to 29 years of age are Salary Earners and 29% are Wage Earners (much better than the older groups). They have moved out of Self-Employed and Family Workers (table 4.2). However, there is a need to focus attention for participation of women in older age groups

Table 4.2: Females as Percentage of Age Group

Activity	20-29	30-39	40-54	Over54	% Female
A Wages	29	27	27	19	27
B Salary	53	36	26	36	37
C Employer	55	16	22	10	19
D Self Employed	17	24	29	27	25
E Family Worker	39	69	73	43	51
F Community Worker	91	76	84	66	77
All	32	31	32	30	31

Wages and Salary	34	30	27	24	30
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Although recent indicators show little difference in the educational levels and achievements of men and women, and despite Government's commitments to gender equality, occupational discrimination and gender segregation are strong and persistent. As compared to 1982 Economically Active Females increased by 55% between 1982 (20%) and 2004 (31%), compared to 35% increase for Males, although this proportion is still considered low. While the number of households increased by more than a third, total number doing full-time household work and female household workers declined by 5%. There is a little change in males becoming household workers. Females should be encouraged to become part of the "Economically Active" persons in Fiji, moving out of full-time household work into income earning work for the household.

Studies from the 2004/05 EUS indicate that female representation in senior management and professional occupations has increased. For instance, female technicians and associate professionals increased from 28% in 1996 to 33% in 2005. However, few women own businesses, because the inheritance laws practised by both major ethnic groups in Fiji usually exclude women from inheriting land or other fixed assets.

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

Women's higher risk of poverty and destitution is associated with labor force discrimination, increasing divorce and separation rates and problems in collecting maintenance payments from a departed spouse. Women constitute the majority of beneficiaries under the Social Welfare Department's Family Assistance Scheme. Female unemployment increased slightly from 7.8% in 1996 to 8.7% in 2005, perhaps as a result of loss of jobs in the garment and other industries.

Economically Active Females work some 14 hours more per week, or 31% more on average than Economically Active Males in all categories. This is a gender gap that must be addressed if females are to have the opportunity to develop themselves professionally, and enjoy leisure as men do. This requires Men- all categories- to do their fair share of household work.

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

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

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

Development Constraints and Challenges

Development constraints and challenges include:

- implementation and monitoring of sectoral programmes, government policies and administrative practices and procedures have incorporated gender perspectives;
- implementation and monitoring of the EEO policy in all workplaces, presence of occupational discrimination and gender segregation in labor markets;
- monitoring the compliance of laws and administrative practices and procedures to CEDAW Articles;
- maintaining effective social safety nets for the employed in particular training and investment to promote alternative livelihoods for women displaced from the manufacturing sector;
- promoting rural women's advancement in economic activities without destroying sustainability of women's fisheries and, therefore, household food security;
- continuing social impact analysis of trade agreements on impact on women's health of imported, low quality foods;
- increasing incidence of domestic violence;
- decreasing fertility of women especially rural Fijian women;
- spreading of HIV/AIDS as an epidemic; and
- collection and analysis of gender-sensitive data.

4.1.10 Children and Youth

Fiji's future prosperity depends on nurturing and developing children who are well prepared to take their place in tomorrow's society. The Plan's strategy, therefore, seeks to implement basic education requirements to increase school enrolment and provide better schools and better-trained teachers. However, there are many factors, apart from education, that affect the development of a child and include issues such as unemployment, financial constraints, family problems, teenage pregnancy and sexual and reproductive health, child labour and prostitution.

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

Joblessness has resulted in the rising incidence of social ills amongst young people. Policies will target youth empowerment and development in order to reverse the negative consequences associated with the past pattern of development.

There has been some improvements in the management of child abuse, but there is still urgent need for legal reform to impose severer penalties on offenders, to make the collection of evidence easier, offer additional protection to the survivor of abuse through the legislative process, provide specialized counseling services to children and their families, and to organize community awareness programmes to help change attitudes and stigma associated with child abuse.

The Ministry of Social Welfare, Women & Poverty Alleviation has developed, along with six other ministries/departments the Resources and Results-based Framework (RRF) 2008-2012 which has identified three major outcomes in child protection. Out of the RRF, the Fiji 2009 Annual Work Plan (AWP) for Child Protection based on the 2008 AWP was signed by the National Coordinating Committee on Children (NCCC) in April 2009. The 2009 AWP outlines activities that will be undertaken by the Government of Fiji, with support from UNICEF, in progressing towards the achievements of the expected outputs/outcomes (results) as stated in the Resource and Results-based Framework (RRF).

The NCCC was established following Fiji's ratification of the United Nations Convention of the Rights of the Child (CRC) in August 1993. The NCCC, a Cabinet sub-Committee has members which includes the Permanent Secretaries for: Ministry of Social Welfare, Women & Poverty Alleviation; Ministry of Justice, Electoral Reform & Anti Corruption; Ministry for Education, National Heritage, Culture & Arts, Youth & Sports; Ministry of Indigenous Affairs; Ministry for Defense, National Security, Disaster Management & Immigration; and Ministry for Provincial Development & Multi Ethnic Affairs, and NGOs that provide services that target children..

The National Youth Service Scheme (NYSS) was implemented in 2008 with a budget allocation of \$1 million. The NYSS targets clients of around 2000 individuals per annum and in 2008, a total of 5955 clients were registered, an indication of the high demand for youth employment opportunities. A total of 563 employments were created from 120 employer's nation wide as work attachment, volunteers and full time paid employees. For 2009, a total of 1000 clients have been enrolled.

Development Constraints and Challenges

Development constraints and challenges include:

- discrimination of children with disabilities;
- insufficient funding for all the implementing agencies and development projects;
- coordination of implementation of programmes across sectors;
- achieving the identified outputs of the Annual Work Programme for Child Protection;

- establishing a monitoring and evaluation process of the Resource and Results-based Framework to progressively examine the status of Children's Welfare; and
- prioritizing legislative review and reform for the care and protection of children.

4.1.11 Sports Development

Sport contributes to the overall development of a country and it is a worthwhile investment strategy in improving the socio-economic benefit to any nation. It promotes nation building and community development by bonding people to work together. It moulds better citizens through the inculcation of values such as tolerance, goodwill, understanding, teamwork and promotes active and healthy lifestyles.

A nation's investments in sports will give rise to benefits in:

- promotion of national identity and national pride;
- community development and integration;
- crime prevention;
- good health and healthy lifestyles;
- higher domestic productivity and greater national productivity;
- higher education; and
- economic benefits.

Sport, therefore, plays a very powerful role in our society and individual lives. As such, it is important that the people of Fiji, supported by Government, strive to identify and develop strategies and policies which will encourage and sustain for its long term growth. Sports can create viable employment opportunities and generate internal revenue through many aspects of the sports industry if it is systematically allowed to develop properly. It provides attractive platforms to major local and international companies to sponsor their products and services. Incentives need to be provided to the private sector to encourage them to sponsor sporting organisations' programmes and activities. Advertising, radio and television rights, product endorsements and promotions, sports tourism and remittances are some areas that can be the initial targets of sports development before progressing into clothing, footwear and other accessories manufacturing.

Very few sports in Fiji have achieved such progress in past few years while the majority of them are actually struggling to survive and progress. The only major setback for most of the 40 sports organizations is the lack of financial resources that they need to facilitate their development programmes. Most sports need Development Officers to administer the sports and initiate development programmes as these are still been looked after by volunteers who have fulltime work and only attend to their sports tasks in their spare time. Getting the sporting organizations to be operating professionally and effectively will boost their chances of securing sponsorships which should enable them to move into the next level of development. There is also the need to put in place proper talent identification networks at the grass root levels for all sports and a well structured institution to nurture and systematically develop the athletes/players to reach maximum potentials.

The current development programmes looked after by the Government through the Department of Youth and Sports are:

- disbursement of four sports grants to National Sports Organisations;
- disbursement of special funding for regional and international competitions;
- rural sports field development;
- sports outreach programme; and
- basic sports gear assistance programme.

Development Constraints and Challenges

Some constraints that hinder the development of sports are:

- lack of standard sports grounds and other basic facilities in rural areas;
- low sports funding and the need to entice more business sponsorships for sports;
- involvement of volunteers in sports administrations and the need to have paid development officers;
- establishment of a high level sports institution to further develop new talents systematically;
- development of international standard sports grounds to accommodate international competitions like Super 14 Rugby or FIFA soccer matches;
- proper structured sports syllables in tertiary institutions to include sports specific subjects like sports marketing, sports administration, sports management, sports psychology, sports science, sports medicine, etc; and
- the need for a sports regulatory body to regulate and control all matters relating to sports.

4.1.12 Environmental Sustainability

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

The Environmental Management Act (EMA) 2005 provides the legislative framework for the sustainable development of land and water resource management. However, there have been a number of constraints in implementing the EMA such as inadequate resourcing of the Department of Environment, outdated subsequent legislations and regulations, the absence of accredited laboratories, and poor coordination among agencies.

Achieving sustainable development, while overcoming environmental challenges such as deforestation, land degradation, logging of watersheds, over-exploitation of terrestrial and aquatic biological resources, improper waste management and pollution control, impact

of climate change, and the attitude of people in terms of the unsustainable use of their resources, is a central challenge of this plan.

The improper disposal and treatment of solid waste is one of the gravest environmental problems faced in Fiji. The problem is most acute in fast growing urban centres and other highly populated areas and is beginning to be a major concern for the tourism industry. This concern led to the organization of annual Clean Up Fiji Campaigns, which has run for 13 years and is well supported by the business community.

The generation of waste for disposal has been steadily increasing and is likely to continue to increase with the growth of urban centers and an increasing middle class population which is driving the rise in demand for imported goods. The composition of waste has also changed and now non-biodegradables account for a greater proportion of waste.

Waste on land are catered for by rubbish dumps, with the first landfill established in Naboro in 2003/2004 to cater for waste from Navua, Lami and the greater Suva areas. The Naboro Landfill was designed to offer 40-50 years of clean, safe and sanitary waste disposal and all waste coming into this site was to be assessed for its suitability for disposal, and special treatment administered to it wherever necessary. The operation of the facility was also designed to allow for revenue generation to assist in the running of the landfill. Approximately 60,000 tons of waste is dumped at the landfill annually. Implementation of the National Solid Waste Management Strategy 2008– 2010, launched in June 2008, needs to be prioritized. A key component of the Strategy is a public awareness campaign and creating partnerships amongst all stakeholders including municipal councils, the business sector and the community at large.

Fiji's economy and its people, like other small island states, are also susceptible to the impacts of climate change. Since ratifying the UN Framework Convention on Climate Change (UNFCCC), policies adopted by Government in successive Development Plans have recognized the critical importance of managing the environment and natural resources, to ensure social and economic prosperity in the present and for the future. The implementation of these policies, however, has not been adequately supported with the required budget. As a developing nation with scarce resources and competing priorities and obligations, the Government has preferred to rely predominantly on foreign aid and assistance to finance 'environment' projects.

Climate change is beginning to have substantial and widespread impacts on Fiji, affecting sectors as varied as health, coastal infrastructure, water resources, agriculture, forestry and fisheries. As a predominantly agricultural based economy, the impact is being felt more by the rural populace who depend on the agriculture sector for their livelihood. The increasing incidence and intensity of droughts, cyclones and flooding is taking its toll on the economy and the lives of ordinary citizens.

The sea-level rise is leading to coastal erosion. With the majority of villages and settlements in Viti Levu located along the coast, there is a noticeable infiltration of the sea into the village compound during high tide. The increase in the frequency and

intensity of tropical cyclones over the past decade is fueling coastal inundation and erosion. Intensive urban development along the coast, as well as deforestation of catchments has also contributed to exposing large coastal areas to flooding and erosion.

Continuous coastal erosion is also taking its toll on inshore fisheries on which the villages rely for food. The drop in the size of the catch is attributed to the build up in sedimentation. Coastal populations and their assets are exposed to higher vulnerability to extreme events such as storm surges, tsunamis, and high tides. The erosion of coastal areas is also now slowly leading to the movement of villages away from low lying areas.

The most recent flooding occurred in late December 2008 and early January 2009. Experts conceded that these floods were the worst in Fiji's recorded history with 11 lives lost, and a conservative estimate of F\$76million⁹ worth of damages to public assets and agriculture. Damage to crops and loss of livestock from the recent flooding in late December 2008/early January 2009 was estimated at F\$40million. Around half of these losses are attributed to the sugar industry, the backbone of the agriculture sector and the economy. The aftermath of floods increases the risks of exposure to water borne diseases, leptospirosis, and contamination of water sources. The floods directly affected about 150,000 people, almost a fifth of Fiji's population. While tropical cyclones are expected at this period, what has been noted is the increasing intensity of these natural hazards, particularly over the past decade.

To manage the impacts on the community, more concerted effort is being put into improving land use practices through a National Rural Land Use Policy, improving management of watersheds, and mainstreaming the CHARM¹⁰ concept into development planning.

A critical tool in the fight against Climate Change is the Kyoto Protocol. The Kyoto Protocol is an international agreement linked to the UNFCCC. The major feature of the Kyoto Protocol is that it sets binding targets for 37 industrialized countries and the European Community for reducing greenhouse gas emissions. These amounts to an average of 5% against 1990 levels over the five-year period 2008-2012. The major distinction between the Protocol and the UNFCCC is that while the Convention encouraged industrialized countries to stabilize GHG emissions, the Protocol commits them to do so.

One of the 3 mechanisms open to industrialized countries to meet their commitments under the Protocol is called Clean Development Mechanism (CDM). The CDM, defined in Article 12 of the Protocol, allows a country with an emission-reduction or emission-limitation commitment under the Kyoto Protocol to implement an emission-reduction project in developing countries. Such projects can earn saleable certified emission reduction (CER) credits, each equivalent to one tonne of CO₂, which can be counted towards meeting Kyoto targets.

⁹ Losses to private businesses and emergency relief and ration costs are not included in the \$76m.

¹⁰ Comprehensive Hazard And Risk Management

A CDM project activity might involve, for example, a rural electrification project using solar panels or the installation of more energy-efficient boilers. The mechanism stimulates sustainable development and emission reductions, while giving industrialized countries some flexibility in how they meet their emission reduction or limitation targets. Fiji has so far registered two CDM projects through the FEA – the Wainikasou and Vaturu Hydropower Plants. More technical work is required to identify other opportunities, particularly in the area of renewable energy.

Development Constraints and Challenges

Development constraints and challenges include:

- adequate resourcing of Department of Environment to carry out mandated functions under the EMA;
- lack of capacity among Government agencies to enforce relevant legislations such as the Land Conservation and Improvement Act, National Code of Logging Practice, etc;
- addressing ‘environment’ issues along sectoral lines is difficult and conflicts sometimes arise as ministries get protective when they perceive other agencies encroaching on areas they consider their sole jurisdiction;
- lack of coordination between agencies and the current situation where the Department of Environment is reliant on other agencies to implement mitigation and adaptation measures. The Department can provide advice on mitigation and adaptation measures but has no authority to dictate what is to be implemented;
- lack of capacity within Government (including the Department of Environment) to fully appreciate the fundamental issues of climate change and their widespread impacts across the whole economy;
- lack of capacity also constrains the ability of Government to draw out relevant statistics and data to fully understand the evolution of Fiji’s climate and biodiversity. This lack of capacity translates into a lack of confidence by Government to commit resources for such research work given the uncertainty on the applicability and usage of the research data and outcome. Hence, the reliance on foreign aid to fund such projects;
- lack of information, education and awareness on impacts of climate change in rural and outer islands – for instance the ordinary villager is not aware that changes affecting his everyday living (such as fishing, tending his crops etc) are a result of the impact of activities of industrialized countries on the global climate; and
- poor and sluggish economic performance over the past decade, coupled with political turmoil and uncertainty means a lot more emphasis is placed on economic recovery and very little attention is paid to environmental concerns.

4.1.13 Culture and Heritage

Fiji is a multi-racial, multi-cultural country with a multiplicity of languages, religions and ways of living and the recognition and acceptance of these cultures create harmony and unity amongst all races. Culture refers to the diverse manifestation of human intellectual

and artistic creativity that is both culture and heritage and is the living form of cultural expression. Integral to the development of the nation is the conservation, development and promotion of the indigenous identity.

There has been growing concern from Government regarding cultural revitalization. This is reflected through continued government support towards cultural heritage activities such as heritage site management, artistic promotion activities, developing creative industries, preservation and protection of artifacts and archaeological documentation, safeguarding and promotion of language. Historic conservation and cultural activities maintain the distinct character of communities. Cultural and natural heritage sites and traditional arts should be conserved and protected. Tourism, as the fastest growing industry in the world, relies to a large extent on cultural heritage for its sustainability. Due emphasis should be placed towards the listing of Fiji's cultural and natural heritage sites in the world heritage listing and the establishment of proper heritage management system and the necessary infrastructure to ensure benefits flow to the local economy and the sustainability of tourism based activities.

Culture has the potential to address the problems of unemployment, poverty and crime, faced by our youth today. The challenge is to develop and engage in both formal education curricula and non-formal activities for young people to provide a catalyst and an opportunity for this in instilling a sense of values and cultural identity. The association between gender, culture and environment needs consideration. The challenge is to develop an agenda that recognizes women as significant actors in development and as bearers and signifiers of their living cultural heritage who conserve and manage the biological diversity of the landscape.

Development Constraints and Challenges

Development constraints and challenges include:

- strengthened partnership with resource owners;
- financial support; and HRD support for the sector; and
- unsustainable tourism, mining, and forestry developments.

4.1.14 Disaster Risk Reduction and Disaster Management

Fiji is located in one of the most vulnerable and highly at risk location to disasters in the world. About one or two cyclones hits the country every year and floods and flash floods because of climate change has become a common occurrence. Over the last decade, damage caused by tropical cyclones alone has been estimated at more than \$500 million and more than 100 lives have been lost. Tropical Cyclone Ami, which struck the Northern and Eastern Divisions in 2003, caused social and economic losses of more than \$100 million, whilst the floods in April 2004 caused damages estimated at more than \$30 million.

A risk management approach underpins Government efforts in disaster risk reduction, with a strong emphasis on greater community resilience and self-reliance. The integration

of risk management into the development planning decision-making and budgetary processes using the Comprehensive Hazard and Risk Management (CHARM) approach will make a significant contribution towards disaster and risk reduction. Essentially this will place strong emphasis in the analysis and evaluation of hazards, vulnerabilities and elements at risk and ensuring that adequate measures are taken to lessen the risks and the vulnerabilities in all these development processes. However, the heavy dependence on Government handouts after recent disasters, coupled with high rehabilitation costs, has disrupted planned capital expenditure programmes. To address this problem, Government established a National Disaster Relief and Rehabilitation Fund, with a \$2.6 million budget in 2004. The 2007 revised budget increased this provision to \$8 million. A National Disaster Committee was established in the Prime Minister's Office, to oversee the new National Disaster Relief and Rehabilitation Fund and to assist the NDMO to deal with disasters.

The reviews of the Natural Disaster Management Act 1998 and the 1995 National Disaster Management Plan have been completed and the recommended changes are in draft awaiting the Attorney General Office's sanction and Cabinet approval. The principal recommendations are to include human caused hazards including technological hazards in the Act and Plan and to institute qualitative improvements in legislation, regulations, organization, operating procedures, training and readiness. The reviews stressed that an effective crisis and emergency management system under national leadership is essential. The system would adequately facilitate all aspects of Disaster Management which has both Disaster Risk Reduction and Disaster Management. The focus on community capacity building is promoting self reliance, reducing dependency and to achieving community resilience and sustainable development.

Work has commenced on the development of a National Action Plan to adopt the Regional Framework.

Partnership with SOPAC under EU funding resulted in the development of the Navua Flood Early Warning System which has been operational since October 2007. Similar work is scheduled for Nadi and Ba rivers under French funding and the upgrading of the Rewa river system. An additional 9 HF Radios were purchased through AusAID funding and were installed between 2007 and early 2008. The radios would enhance communication and operational capacity of Emergency Operational Centres and management of overall disaster management operations.

Development Constraints and Challenges

There is a need to fast track development of Response Plans and Early Warning Systems for floods, earthquakes and tsunamis, at all levels in order to provide the people with reasonable safety measures to be able to deal with these events confidently and to facilitate a more responsive and timely Government intervention.

The development of an all hazard, integrated, people focused early warning system.

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

The Fiji Red Cross works closely with the divisional commissioners and provincial administrators/district officers and provides invaluable support during emergency relief operations. There is a need to continue to strengthen relationships with Disaster Management partners, including the Red Cross, civil society, as well as the FRANZ group, the EU, ADB, World Bank, UNDP, NZAID, AusAID and SOPAC. We need to actively engage the community in all aspects of disaster risk management.

4.1.15 Rural and Outer Island Development

The rural areas of Viti Levu, and outer islands, including Vanua Levu, have remained relatively undeveloped with poor livelihood opportunities due to isolation and lack of access to services and markets. Their relative isolation excludes them from the mainstream of Fiji's economic and social development, resulting in large movements of people, especially those entering the economically active years, seeking opportunities in urban areas.

The proportion of the population living in rural areas has been decreasing from 62% in 1986, to 53% in 1996, to 49%, according to the 2007 Census Report. Urban development measures are necessary to relieve the problems created by the mass relocation of people to the urban centers such as squatter settlements, but the underlying problem is the uneven distribution of opportunities between the rural and urban areas.

This requires a holistic approach through the provision of basic infrastructure, improve mobility and market access through regular and reliable shipping services, and complementary livelihood activities. Government infrastructure spending on the transport sector has traditionally been focused on land transport, with only about 1.4% spent annually on sea and shipping related activities. Expenditure on shipping is limited to maintenance with most of this small budget shared between Suva, Lautoka, Savusavu and Levuka – the international ports of entry – rather than to develop inter-island shipping.

The outer islands do not have substantial markets on their own, the main market for most products being Suva or Viti Levu. However the only means to access this market is by sea, leading to un-satisfied demands and needs for better shipping services and maritime infrastructure. A review of the Shipping Franchise Scheme is planned with Government keen to improve services to the outer islands, in particular, finding a workable solution to service 'uneconomical' routes.

Massive infrastructure work is planned for Vanua Levu, such as the upgrading of Savusavu port and upgrading of major connecting highways. To complement these commitments, Government has declared Vanua Levu, Rotuma, Kadavu, Taveuni, Lomaiviti, Kioa, Rabi and Lau as tax free regions effective from 1st January 2009. The incentives for companies that set up in these regions have been offered to encourage

investment, support development, create employment and improve livelihood opportunities in the Northern Division and Maritime areas.

With the aim of improving the delivery of services to rural areas, a new streamlined divisional development structure, involving the establishment of Divisional Development Boards (DDB), will also be put in place. The new structure should enable better coordination of Government's development programmes and improve implementation of projects in the various divisions. The DDBs will be at the forefront of revitalizing economic activity in the rural and outer islands and facilitate the coordination of development efforts of Government at the divisional level.

The livelihood activities currently funded by Government through the annual budget, such as the Northern Division Programme (NDP), would reap greater rewards through such a holistic approach.

Since its launch in November 2007 to the end of 2008, the NDP project office received a total of 1322 applications, valued at over \$5.1million. At the end of 2008, 996 applications had been processed with the remaining 326 being processed in the first quarter of 2009. From the 996 applications processed, 916 have been assessed and approved for grants to the value of \$2.34million. However, only 361 (or 39.4%) received funding in 2008 valued at \$1.08million. The majority of these recipients, 226 (or 63%), sought counterpart funding (or debt equity) from FDB, 51 (or 14%) from Micro Finance Co-op Labasa, 35 (or 10%) from Micro Finance Labasa, 15 (or 4%) from Commercial Banks, and 34 (or 9%) from Sugar Cane Growers Fund. These other lenders disbursed approximately \$1.125million.

In 2008 the majority of these projects (82%) were classified as micro projects, with annual turnover less than \$30,000. Agriculture projects, particularly dalo and yaqona farming, were the main recipients of the equity grants. Other projects include the purchase of bullocks (working animals) for cane farmers, outboard engines and fiberglass boats for fishermen, and breeding animals for livestock farmers (piggery, poultry, goats, beef).

Development Constraints and Challenges

The major development challenges for rural development are:

- lack of basic infrastructure such as roads, ports and jetties, access to electricity and telecommunication, reliable water supply;
- lack of mobility and access to markets due to irregular shipping services;
- lack of coordination of development initiatives of Government and donors;
- lack of participation of community in identifying and prioritizing development needs; and
- reduction in the economically active population present in rural areas and outer islands.

4.2 Policy Objectives, Strategies and Key Performance Indicators

4.2.1 Building National Identity and Social Cohesion

Goal: A peaceful, non-racial, inclusive and united society		
Policy Objectives	Strategies	Key Performance Indicators
A common National Identity for all Fiji citizens	<ul style="list-style-type: none"> • A new Constitution with Fiji as the name of the nation • Public awareness and consultations to promote national identity. • National anthem and flag raising ceremony to be observed in schools and important national/state functions. 	<ul style="list-style-type: none"> • Adoption of a common name Fijian by 2014. • National anthem and flag raising ceremony on a weekly basis in schools by 2009
Communities to live together to promote social cohesion and unity	<ul style="list-style-type: none"> • Fiji Day celebrations to promote national identity/unity. • Establish a Commission of Healing and Reconciliation, Truth and Justice (CHRTJ) • Encourage mixed schools. • Promulgate an Anti-Discrimination Act. • Eliminate racial and inappropriate categorization and profiling in government records and registers. 	<ul style="list-style-type: none"> • Fiji Day celebrations annually. • CHRTJ established by 2010. • Anti-Discrimination Act by 2013. • Racial and inappropriate categorization records removed from government records by 2010.
Strengthen the role of education, religion, culture and sports in promoting national unity	<ul style="list-style-type: none"> • Include the teaching of the two main vernacular languages in education curriculum • Encourage and promote religious freedom and understanding in schools and society 	<ul style="list-style-type: none"> • Two vernacular languages taught by 2013. • Multi-cultural education in Fiji National Curriculum Framework.

	<ul style="list-style-type: none"> • Equipping the media, and sports organizations to promote national identity/unity • Education curriculum to include moral, values education, multi-culture, and comparative religious studies 	
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4.2.2 Poverty Alleviation

Goal: Poverty reduced to a negligible level		
Policy Objectives	Strategies	Key Performance Indicators
All categories of the poor are able to meet their basic needs.	<ul style="list-style-type: none"> • Reach consensus on the definition of the poor and their needs and ensure the compilation and timely analysis of statistics on poverty, including HIES and to be conducted on a five-yearly basis. • Focused surveys and research should be conducted at micro level (households) to show the impact on the poor of any structural adjustments, so that remedial actions can be identified and implemented. • Review and develop poverty targeted policies and implement appropriate programmes in housing, national insurance and social security and National Integrated Poverty Eradication Framework. • Empower communities through liberation education programmes for self-sufficiency, self-reliance and self esteem. • Introduce a national minimum wage and at the same time enhance national productivity. • Establish community mechanisms for feedback on public services. • Disseminate information to the nation about anti-poverty 	<ul style="list-style-type: none"> • Proportion of population below the HIES defined basic needs poverty line reduced from 35% to less than 15% by 2020 • Poverty gap ratio reduced from \$2,600 to \$2,000 (MDG) • Percentage share of consumption held by poorest 20% increased from 7% to 10% (MDG). • Not less than 1,500 recipients of family assistance graduate from assistance programmes through income generating projects. • A phased implementation of a national minimum wage rate from 2009 -2011 with full implementation in 2012. • Reduction in number of elderly in State care from 98 to 60. • Number of projects supporting young people increased from 180 – 250 annually

Goal: Poverty reduced to a negligible level		
Policy Objectives	Strategies	Key Performance Indicators
	<p>programmes.</p> <ul style="list-style-type: none"> • Formalize and strengthen Government and civil society partnership in alleviating poverty, including traditional support mechanisms for the disadvantaged and support to the elderly through CSO. • Enable policies, strategies and programmes for people living with disabilities through partnerships with Government and civil society. • Strengthen government's pro poor legislation, policies and programmes to target citizens through municipalities, provincial councils, and advisory councils in both rural and urban areas. • Establish financial inclusion programmes for the poor • Strengthen institutions and programmes that support children of the poorest of the poor • Ensure affirmative action programmes are needs-based and to align them to a shared social justice preamble. 	<ul style="list-style-type: none"> • Increase the number of people in paid employment from close to 0.3 million by 3% per year or the rate of GDP growth, whichever the highest. • Increase immunization coverage to 100 percent by 2010. • Increase the percentage of the population with access to safe drinking water to at least 75 percent by 2011. • Access to education for all children by 2011 • Establish partnership agreement with NGOs and CSOs by 2010

4.2.3 Housing and Urban Development

Goal: Access to adequate, quality and affordable accommodation for all citizens		
Policy Objectives	Strategies	Key Performance Indicators
<p>To facilitate for accessible, decent and affordable housing for all citizens with a particular focus on low income groups and the poor.</p>	<ul style="list-style-type: none"> • Facilitate the strengthening of the social housing programmes of various implementing agencies eg Rotahomes and Habitat for Humanity. • Assist Government's implementing agencies i.e. PRB, HART and HA towards the effective execution of their social obligations and 	<ul style="list-style-type: none"> • Approximately 100 families/annum to benefit from the current social housing programmes of various stakeholders from 2010 onwards. • Production of approximately 500-750 land lots or housing units /annum from 2010 onwards for middle to low

Goal: Access to adequate, quality and affordable accommodation for all citizens		
Policy Objectives	Strategies	Key Performance Indicators
An efficient, effective and sustainable urban sector.	<p>responsibilities.</p> <ul style="list-style-type: none"> • Facilitate for accessible and affordable mortgage financing for both rural and urban communities. • Completion of the Ministry’s Squatter Settlement Upgrading and Resettlement Programme towards the regularization of existing squatter settlements and resettlement where necessary. • Facilitate the graduation of clients from transitional housing eg rental accommodation towards home ownership. • Strengthen and facilitate a more consultative approach and relationship with existing stakeholders for increased public, private and community partnerships in the delivery of low cost housing. • Implementation of Urban Policy Action Plan (UPAP) and Urban Growth Management Plan (UGMP). • Responsive institutional regulatory and policy frameworks for management of urban development. • Legislative reviews and preparation and enforcement of relevant regulations • Expanded capacity of local and central government in meeting mandates and stakeholder needs. • Local authority accounts on accruals basis and in line with Fiji accounting standards. • Implementation of Public Private Partnership policy at local government level. 	<p>income earners.</p> <ul style="list-style-type: none"> • Minimum of 500 full completed services and surveyed lots to facilitate mortgaged financing. • Undertake a minimum of 3 upgrading projects and at least one fully completed project per annum. • At least 3 percent of rental tenants rental accommodation to graduate to home ownership annum. • Encourage and undertake at least 3 projects under PPP per annum. • Improve urban planning and management through the implementation of the identified urban land market, urban housing policies and urban infrastructure development policies and the 7 identifies cross cutting issues of the UPAP. • Implementation of Institutional and Regulatory frameworks of UPAP and revised legal framework in place to improve the performance of municipals councils, Department of Town & Country Planning and line Ministry to facilitate urban development and to enhance economic, social and environmental activities. • Capacity building measures UPAP implemented for effective and efficient delivery of service and development approval • Effective, efficient and transparent financial system for local government

Goal: Access to adequate, quality and affordable accommodation for all citizens		
Policy Objectives	Strategies	Key Performance Indicators
		<p>performance.</p> <ul style="list-style-type: none"> • Establish Urban Governance Index by 2009 and monitor improved local government performance thereafter. • Facilitate for local and government statutory organizations to assume responsibility for providing low-cost housing.

4.2.4 Social Justice

Goal: Equal opportunities for all		
Policy Objectives	Strategies	Key Performance Indicators
All ethnic groups enjoy an improved quality of life and standard of living.	<ul style="list-style-type: none"> • Improve education and training for all ethnic groups and build capacity for all leaders. • Mid-term review to improve the effectiveness of the Social Justice and Affirmative Action programme. • Harmonization of existing legislations, including the Finance Act, with the Social Justice Act. 	<ul style="list-style-type: none"> • Pass rates in FSLC improved from 68% to 80% and in FSFE from 77% to 85% by 2012. • Recovery in student loan scheme increased from 1.5% to 50%. • A draft social justice preamble statement for a revised Act by 2010
People with disabilities enjoy greater access to an inclusive, barrier free and rights based society. Empowerment and development of	<ul style="list-style-type: none"> • Improve the provision of and policies for education and vocational training services which meet the needs of people with disabilities. • Implement the National 5 Year Plan of Action on Disabilities. • Provision of incentives to employers to employ people with disabilities. • A policy for persons with disabilities developed and implemented, including regulations to require appropriate access to all public buildings and places. • Enabling policies, strategies and programmes for people living with disabilities through partnerships with Government and civil society. 	<ul style="list-style-type: none"> • Enrolment in regular and special schools increased from 1,068 in 2004 to 2,000 in 2011. • Trained special education teachers with diploma increased from 9 to 20 by 2011. • Increased number of persons with disabilities in paid employment from 50 to 100. • National disability census and report to be completed by 2010.

Goal: Equal opportunities for all		
Policy Objectives	Strategies	Key Performance Indicators
Vulnerable Groups	<ul style="list-style-type: none"> • Inclusive education services and programmes for all special needs children in schools, homes, communities and hospitals. • More people with disabilities are able to access decent work. • Promoting the rights of women and children with disabilities. • Strengthen social security programmes for people with disabilities. 	

4.2.5 Education and Training

Goal: Educating the nation for peace and prosperity		
Policy Objectives	Strategies	Key Performance Indicators
Making Fiji a Knowledge-based society	<ul style="list-style-type: none"> • Establish a modular system of education • Abolishment of external examinations • Establish a coherent national tertiary education system • Curriculum framework developed to enhance spiritual, intellectual, social and physical development and strengthen instruction in Fijian and Hindi as well as English. • Improvement in the numbers and quality of competent and motivated teachers and reduction of the pupil: teacher ratios. • Increased use of standards improvement measurement in schools. 	<ul style="list-style-type: none"> • Net enrolment rate for secondary schools rise from 79% to 90% by 2012 • Progression rate in secondary schools increase from 67% to 80% of the cohort in class 1 by 2012. • FILNA implemented in all primary schools by 2010 • Proportion of students who complete 6 years of education increase from 76% to 95% by 2012 • Proportion of pupils who start class 1 who reach class 5 to be not less than 95% (MDG) • All schools to emphasise study of various languages by 2012 • Disparities in the FSLC pass rate are at least reduced from 24% to 15% between rural and urban students and from 2% to 1% between male and female students by 2012 • Disparities in the FSFE pass rate are at least reduced from 24% to 15% between rural and urban students and 2% to 1% between male and

Goal: Educating the nation for peace and prosperity		
Policy Objectives	Strategies	Key Performance Indicators
	<ul style="list-style-type: none"> • Enhanced rural education programme by establishing appropriate infrastructure, building standards, review of school performance and piloting distance education programme. • Strengthened partnership between government, communities, donors, municipal councils, school management committees, developers and parents. • Strengthen and expanded Technical and Vocational Educational and Training (TVET). • Effective and efficient allocation of subsidies to tertiary institutions. • Conduct tracer study to know the fate of school leavers as school-dropouts and qualified graduates in the labour market or in the tertiary institution. • Review the Affirmative Action policies. • Community awareness campaigns on the importance of education in economic development. • Better training in financial management, record keeping and monitoring. 	<p>female students by 2012</p> <ul style="list-style-type: none"> • Proportion of students successfully completing TVET courses not less than 90% to meet current and future demand • All schools to hold a flag ceremony at least once a week • Differential Resourcing Policy on grants and staff distribution implemented by 2009 • Preschool enrolment in rural schools increases by 10% each year from 16% in 2006 • Compulsory teaching and learning of Fijian language and culture in all schools by 2012 • All school names denoting racial affiliation removed by 2012 • Proportion of teachers undergo in-service teacher training increased by 10% annually • All teachers serving in schools in Fiji registered by December 2009 • Commencement of the Higher Education promulgation implementation finalized by December 2009

4.2.6 Health

Goal: Quality, affordable and efficient health services for all		
Policy Objectives	Strategies	Key Performance Indicators
Communities are provided with adequate primary and preventive health services, thereby protecting, promoting and supporting their well being.	<ul style="list-style-type: none"> Strengthen and implement integrated programme on maternal and child health, Expanded Programme on Immunization, Integrated Management of Childhood Illnesses and Reproductive Health 	<ul style="list-style-type: none"> Child mortality rate reduced from 26 to 20 per 1000 live births by 2015(MDG). Percentage of one year old immunized against measles increased from 68% to 95%. Reduce prevalence of underweight children under five years of age by 50% (MDG)
	<ul style="list-style-type: none"> Implement the safe motherhood programme. 	<ul style="list-style-type: none"> Maternal mortality ratio reduced from 50 to 20 per 100,000 live births by 2015 (MDG) Antenatal care coverage (at least one visit and at least four visits) (MDG)
	<ul style="list-style-type: none"> Achieve universal access to reproductive health and strengthen reproductive programme. 	<ul style="list-style-type: none"> Reduce Adolescent birth rate (MDG) Contraceptive prevalence rate amongst population of child bearing age increased from 46% to 56% by 2015 (MDG). Unmet need for family planning reduced from 50% to 40% (MDG)
	<ul style="list-style-type: none"> Achieve universal access to treatment for HIV/AIDS for all those who need it 	<ul style="list-style-type: none"> HIV/AIDS prevalence among 15-24 year old pregnant women reduced from 0.04 to 0.03 (MDG) Proportion of population with advanced HIV infection with access to antiretroviral drugs (MDG)
	<ul style="list-style-type: none"> Implement the STI/HIV/AIDS Strategic Plan 2010-2012. Implement the Non Communicable 	<ul style="list-style-type: none"> Prevalence of diabetes reduced from 16% to 14%.

	<p>Diseases Strategic Plan 2005-2008.</p>	<ul style="list-style-type: none"> • Prevalence of key risk factors such as obesity, smoking, physical inactivity reduced and increase in consumption of fruits and vegetables
	<ul style="list-style-type: none"> • Maintain appropriate levels of health care professionals and ensure high standards of health care. 	<ul style="list-style-type: none"> • Increased Fiji resident medical graduates from FSMed from 40 to 50 per year. • Increased nursing graduates from 130 to 200 per year • Increase nurse practitioner graduates per year • Increase nurse midwives graduates per year • Increase post basic public health nurse graduates per year • Establishment of fully fledged cardiac open heart services by 2014 • Establishment of comprehensive oncology services by 2014 • Establishment of comprehensive kidney services by 2014
		<ul style="list-style-type: none"> • Increase annual budgetary allocation to the health sector by 0.5% of the GDP annually • Establishing a Health Care Financing Unit within MoH • Annual production of National HealthAccounts
<p>Communities have access to effective, efficient and quality clinical health care and rehabilitation services</p>	<ul style="list-style-type: none"> • Balanced mix of public and private financing for priority health programs. 	<ul style="list-style-type: none"> • Participation of private and health care providers increased from 2 to 10.
	<ul style="list-style-type: none"> • Identify and appropriately equip the health centers in Fiji that are in dire need for more resources particularly, additional medical expertise and drugs 	<ul style="list-style-type: none"> • Doctors per 100,000 population increased from 36 to 42. • Nurse to patient ratio and nurse to population ratio increased • Increased specialist nursing establishment • Elimination of stock outs of drugs from present 100 items per month.

	<ul style="list-style-type: none"> Improved level of equity, efficiency and effectiveness of health services. 	<ul style="list-style-type: none"> Doctors per 100,000 population increased from 36 to 42 Elimination of stock outs of drugs from present 100 items per month Average length of stay for in-patient treatment reduced from 5 to 3 days. Outsourcing non technical activities such as laundry, kitchen, housekeeping and security by end of 2010.
	<ul style="list-style-type: none"> Financial resources shifted towards cost-effective health programmes. 	<ul style="list-style-type: none"> Outsourcing non technical activities such as laundry, kitchen, housekeeping and security by end of 2010.
	<ul style="list-style-type: none"> Implementation of a Social Health Insurance Scheme 	<ul style="list-style-type: none"> Health expenditure increased from the current 2.92% to at least 5% of GDP by 2013
	<ul style="list-style-type: none"> New fees and charges incorporated in the revised Hospital and Dispensary Act 	<ul style="list-style-type: none"> Health expenditure increased from the current 2.92% to at least 5% of GDP by 2013
	<ul style="list-style-type: none"> Establish a Health Policy Commission 	<ul style="list-style-type: none"> Hospital Boards established by 2010

4.2.7 Gender Equality and Women Development

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

Goal: Achievement of gender equality and empowerment of women		
Policy Objective	Strategies	Key Performance Indicator
	<p>penalties, including counseling, for violent crimes, against women and children.</p> <ul style="list-style-type: none"> • Increase ability of women and their access to income generating activities including SME. Development (WOSED to be reviewed), targeted programmes for women in agriculture reform and equal training opportunities at all levels in Government. • Empower women, particularly rural women, through training on leadership, awareness of human and indigenous rights issues, health and quality of life through Partnership, Networking and Coordination with women groups and increased collaboration and partnership with NGOs. • Mainstream gender perspectives in all ministries Strategic plans, Corporate plans and Business plans. • Strengthen women's groups to increase awareness in the role that women play in societies. • conduct gender sensitization workshops at national and district (including village) level • mobilizing and networking with more men and young boys organizations to work as gender advocates • increased partnerships with women's groups at 	<ul style="list-style-type: none"> • The proportion of female CEOs in Government to be at least 20% by 2011. • At least one woman in each Government board, committee, tribunal, council, and commission. • Proportion of seats held by women in national parliament and municipal elections to be not less than 20% (MDG). • Number of women supported by micro-finance increased from 5,100 in 2006 to not less than 19,500 by 2010. • Cases of domestic violence recorded by police to be monitored and analyzed. • Availability of Sex-Disaggregated data. • Maintain the 50% parity of young females • Full female parity (50%) in the top three occupation group in older age group • Percentage of Females who are considered "Economically Active" to rise from the 31% in 2004-05 to 37.9% by 2011 • Household work for economically active females reduced from 14 hours per week to less than 5 hours by 2011. • Improve average paid work for Economically Active women as compared to men from 17% to less than 10% by 2011 •

Goal: Achievement of gender equality and empowerment of women		
Policy Objective	Strategies	Key Performance Indicator
	<p>community level, non government organisations and civil society organisations to conduct empowerment programmes for women</p> <ul style="list-style-type: none"> • increased partnerships with research institutions such as the academia to provide evidence based research and results to make informed policy decisions • support local and regional organizations in engaging with women’s rights CSO’s and indigenous women’s groups to advocate and advance gender equality initiatives • adoption of a central data & information management information system to reflect gender statistics and indicators disaggregated by ethnicity, age, disability, and employment status and other relevant status. 	

4.2.8 Children and Youth

Goal: Protection and development of children and youth		
Policy Objective	Strategies	Key Performance Indicators
Children and young people enjoy greater protection and development.	<ul style="list-style-type: none"> • Review, implement and monitor legislation with the principles and provisions of the Convention on the Rights of the Child (CRC) and other relevant international instruments. • Promotion of children and youth issues and their increased participation in decision-making processes, at all levels. • Promote a protective environment for children and combat all forms of child abuse and pornography in partnership with community and faith based organizations and NGOs. • Ensure greater understanding of parenting skills and strengthen family counseling services for children and youth on sexual, drug and substance abuse, suicide and infanticide, reproductive health education and family life issues. • Increase number of youths trained for livelihood activities and lifelong skills and values to be responsible citizens. • Support the establishment of small & micro-enterprise projects for youth in rural and urban centers. • Re-structure all youth 	<ul style="list-style-type: none"> • Offences against children to be recorded monitored and analyzed. • Young people benefiting from Placement Services Work Experience Programmes increased from 100 to 120 annually. • Teenage pregnancy reduced from 16% to 8% by 2011 • Number of SME projects supporting young people increased from 180 to 250 per year. • Compulsory two weeks “Skills for Life Training” where youths are introduced into a “seeds of success training package” along with current issues (such as drugs, crime, HIV/AIDS, volunteer services) affecting youth development followed by a 4 weeks “Specific Skills Training” where youths undertake training in their occupational area of interest. • The NYSS targets 1,500 youth clients in 2010. • The National Volunteer Service to target 1,000 clients in 2011. • higher proportion of children placed in kinship and foster care compared to institutional placement • 10 villages/settlements per province have incorporated child protection in their development plans • All residential homes for children are certified and have achieved 90% compliance of the minimum standards • A higher proportion of offenders are diverted into community based rehabilitation programmes

Goal: Protection and development of children and youth		
Policy Objective	Strategies	Key Performance Indicators
	<p>development programmes towards a more client oriented and market driven approach.</p> <ul style="list-style-type: none"> • Encourage National Volunteer Services in all Govt. Ministries, & Statutory Bodies. • Strengthen policy formulation, programme implementation and monitoring. 	

4.2.9 Sports Development

Goal: Promoting sports for healthy lifestyles, employment opportunities, peace, unity and harmony		
Policy Objectives	Strategies	Key Performance Indicators
<p>People enjoy healthier lifestyles and improved sporting skills and knowledge.</p>	<ul style="list-style-type: none"> • Increase in participation of citizens in “Sports for All” activities and integrate them in the workplace. • Support the development of sports facilities, programmes and involvement of the private sector in sports. • Measures to be designed and implemented to promote minor sports and develop professional players. • To facilitate employment opportunities through sports. • Increased number of qualified sports scientists and administrators and improved coordination between sports agencies, continuing implementation of the National Sports policy. • Increase in the number of 	<ul style="list-style-type: none"> • Increase in corporate sponsorship from \$2.6 million to \$3.5 million per year. • Increase in gold medals from 25 to 35 in the Pacific and Mini South Pacific Games. • At least 3 medals won at each Commonwealth Games . • Each year, at least one age group in a team sport to qualify for World Championships. • Increase in number of athletes and players contracted to overseas clubs from 70 to 200. • Establishment of a Sports Commission focusing on regulatory aspects for national sporting bodies.

Goal: Promoting sports for healthy lifestyles, employment opportunities, peace, unity and harmony		
Policy Objectives	Strategies	Key Performance Indicators
	<p>national age group teams (U13, U17, U19 and U23) and competition for various sports.</p> <ul style="list-style-type: none"> • Review Government tax incentives on sports sponsorship for national sporting federations. • Administration of sports grants to National Sporting Organizations. • Rural playing fields development. • Implementation of sports outreach program. • Establish regulatory body for amateur sports 	

4.2.10 Environmental Sustainability

Goal: Sustainable management and utilization of Fiji's natural resources		
Policy Objectives	Strategies	Key Performance Indicators
<p>Fiji's environment is protected from unsustainable degradation and continues to provide for our current and future needs</p>	<ul style="list-style-type: none"> • Promote awareness of environmental management at all levels and mobilize communities to manage their own environment as a priority over outside intervention by State and Non-State actors. • Review and strengthen legislation which includes environmental management provisions (e.g. Forest Act, Public Health Act, and Litter Decree) and coordinate implementation in the framework of the EMA. • Enforce the EMA giving 	<ul style="list-style-type: none"> • Waste disposal increased to 100,000 tonnes per year from 2010 and maintained. • 100% of facilities comply with EMA requirements by 2010. • All new developments to conduct EIA and establish monitoring benchmarks consistent with the EMA from 2010. • Total cessation of non-quarantine pre-shipment application for methyl bromide and chlorofluoro-carbons (CFCs) by 2010. • 5 new CDM projects registered by 2012. • Dept. of Environment operating as a Statutory Authority by 2012.

Goal: Sustainable management and utilization of Fiji's natural resources		
Policy Objectives	Strategies	Key Performance Indicators
	<p>priority to early full enforcement of provisions for EIA and Waste Management and Pollution Control.</p> <ul style="list-style-type: none"> • Continue the implementation of the Biodiversity Strategy and Action Plan and Endangered and Protected Species Act and the ODS Act 1998. • Increase awareness of Climate Change and its impact • Explore potential areas where Fiji can take advantage of Carbon Trading Facility provided under the Kyoto Protocol. • Re-organization of Dept. of Environment into a Statutory Authority 	

4.2.11 Culture and Heritage

Goal: Protection and promotopn of our culture and heritage for current and future generations		
Policy Objectives	Strategies	Key Performance Indicators
Each community enjoys increased experience and benefits of its own culture and heritage and appreciation of those of fellow communities in Fiji.	<ul style="list-style-type: none"> • Protect, preserve and manage Fiji's cultural and natural heritage • Assist the agencies in the implementation of their development policies and strengthen co-ordination of their work. • Develop and strengthen Fiji Arts Council, Fiji Museum, Fiji Art Gallery, and National Trust of Fiji to increase their effectiveness. • Develop strategies to preserve, promote and increase awareness of culture for posterity. 	<ul style="list-style-type: none"> • At least 2 heritage sites included in the World Heritage listing. • At least 80% of resource owners meet standard for best practices in the marketing of cultural resources. • At least 20 new heritage sites included as visitor attractions. • At least 20 new archaeological sites surveyed annually.

Goal: Protection and promotion of our culture and heritage for current and future generations		
Policy Objectives	Strategies	Key Performance Indicators
	<ul style="list-style-type: none"> • Establish partnerships and links of professional cultural heritage institutions locally and overseas to support technical training on heritage management and preservation. • Promote conservation and cultural resource development that emphasizes partnership with local resource owners & local institutions. • Fully capitalize the Fiji Heritage Foundation as a sustainable and innovative funding mechanism for cultural heritage projects. • Develop a cultural heritage and arts curricula for primary and secondary schools for inclusion into the formal education curricula. 	

4.2.12 Disaster Risk Reduction and Disaster Management

Goal: Building national resilience to disasters and adapting to climate change		
Policy Objectives	Strategies	Key Performance Indicators
Communities are better protected from the risks of disasters and are better able to cope with their consequences.	<ul style="list-style-type: none"> • Identify and implement effective risk reduction projects. • Improve community response capacity in dealing with disasters and risks with effective, integrated and people-focused early warning systems on all hazards. • Enhance analysis and evaluation of hazards, vulnerabilities and risks. • Promote and strengthen food security programme to enhance community based disaster reduction initiatives. 	<ul style="list-style-type: none"> • Government responds to disaster situation within the first 24 hours. • Casualties reduced from 30 per year to none. • Everybody to receive timely warning • One third of all villages and settlements in Fiji have disaster plans and committees in 2010 • Models of best practice developed and adopted to support disaster risk reduction • Cost for disaster emergency relief

	<ul style="list-style-type: none"> • Strengthen organizational, institutional, policy and decision making frameworks. • Enhance knowledge, information, public awareness and education. • Strengthen effective planning, response and recovery. • Ensure availability of adequate necessary germplasm to support recovery. 	<p>food ration reduced by 20% by 2012</p>
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4.2.13 Rural and Outer Islands Development

<p>Goal: Promoting equal opportunities and access to basic services, livelihoods and markets</p>		
Policy Objectives	Strategies	Key Performance Indicators
<p>Rural and outer island communities to meet their basic needs, improve living standards and quality of life towards self-sufficiency.</p>	<ul style="list-style-type: none"> • Extend FEA power connectivity across Vanua Levu. • Strengthen interagency coordination to facilitate implementation of major road infrastructure programs earmarked for Vanua Levu such as those under Chinese loan, and Savusavu port. • Awareness programmes to educate rural population on Government assistance and their civic responsibilities. • Undertake capacity building in divisional offices to better serve population. • Develop divisional development plans in consultation with divisional stakeholders, including community. • Improve provision of basic services to the rural areas (health, education, 	<ul style="list-style-type: none"> • Family Assistance Scheme beneficiaries in Eastern and Northern Divisions reduced by 1500 from current level of over 7600 by 2014. • Endorsement of all four Divisional Development Plans by Cabinet by 2011.

Goal: Promoting equal opportunities and access to basic services, livelihoods and markets		
Policy Objectives	Strategies	Key Performance Indicators
	agriculture extension)	
Rural and outer island dwellers enjoy increased access to markets and government services to ensure income and food security.	<ul style="list-style-type: none"> • Community capacity building programmes at grassroots levels in collaboration with NGOs. • Support development of MSME. • Inter island shipping routes reviewed as well as improvement in inter island maritime infrastructure. • Increased access to formal financial services for savings and credit, including rural banking, microfinance and savings and credit unions. • Increased market access and connectivity by upgrading infrastructure and the provision of basic services and amenities. 	<ul style="list-style-type: none"> • Minimum of 2 trips per month on each of nine franchised outer island shipping routes. • 1500 newly registered tax payers on Vanua Levu annually. • 2000 newly registered FNPf members on Vanua Levu annually. • At least 5 companies established under tax free zone initiative in Vanua Levu by 2014.

CHAPTER 5

Chapter 5 Implementation and Monitoring Mechanism

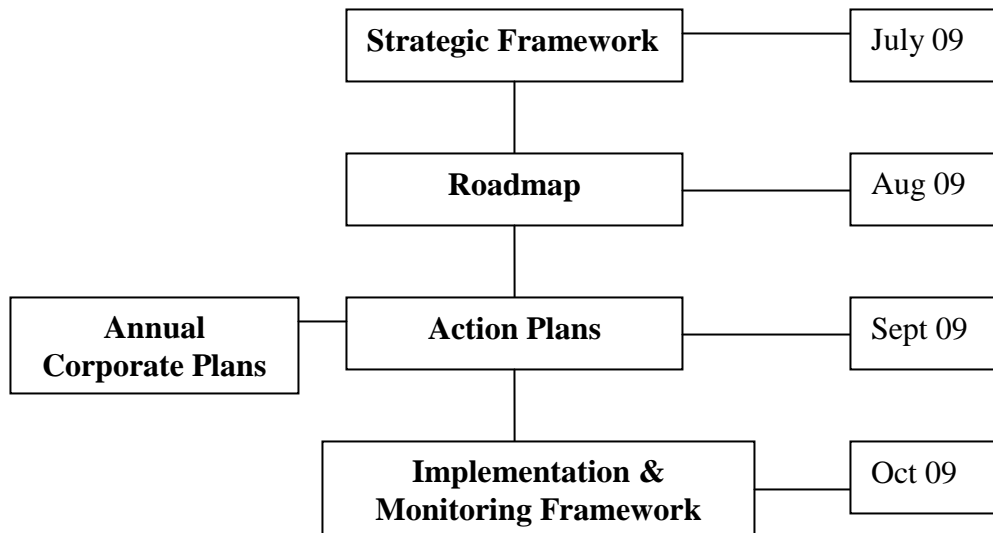
It is recognized that the successful implementation of the Roadmap to Democratic and Sustainable Socio Economic Development (RDSSSED) will require effective leadership, coordination, commitment, the necessary resources and continuous capacity building. Therefore, it is imperative that the necessary institutional arrangement is in place to ensure effective implementation of the Roadmap.

5.1 The Implementation Framework

All stakeholders and implementing agencies including Ministries and Departments will ensure that all key initiatives and major outputs are achieved within the timeframe. The framework to ensure a systematic and coherent approach to implementation is illustrated in **Figure 5.1** and will consist of the following phases:

- (i) **Roadmap** - based on the Strategic Framework for Change which will outline the outputs and respective strategies and programmes to achieve the outcomes in the Strategic Framework.
- (ii) **Action Plans** - based on the Roadmap, ministries and departments will develop Action Plans which will be basis for the formulation of their Annual Corporate Plans.
- (iii) **Nationwide Effort** - all stakeholders including ministries and departments must contribute positively to the implementation programme.
- (v) **Implementation and Monitoring** - a monitoring and reporting framework will be developed to ensure systemic and effective implementation.

Figure 5.1: The Implementation Framework



5.2 The Monitoring Mechanism

The monitoring mechanism will involve the National Peoples Charter Council (NPCC), eleven sub-committees, a secretariat, Ministries and Departments, private sector and civil society. The entities involved in the mechanism and their reporting relationship is illustrated in **Figure 5.2**.

5.2.1 Composition and Functions of the NPCC

The members of the NPCC will be inclusive and representative of the people of Fiji. Therefore, members shall be drawn from the Government of the day, members of Parliament, recognised private sector organisations, the Great Council of Chiefs, Non Government Organisations, religious organisations, provincial councils, advisory councils and other community-based organisations.

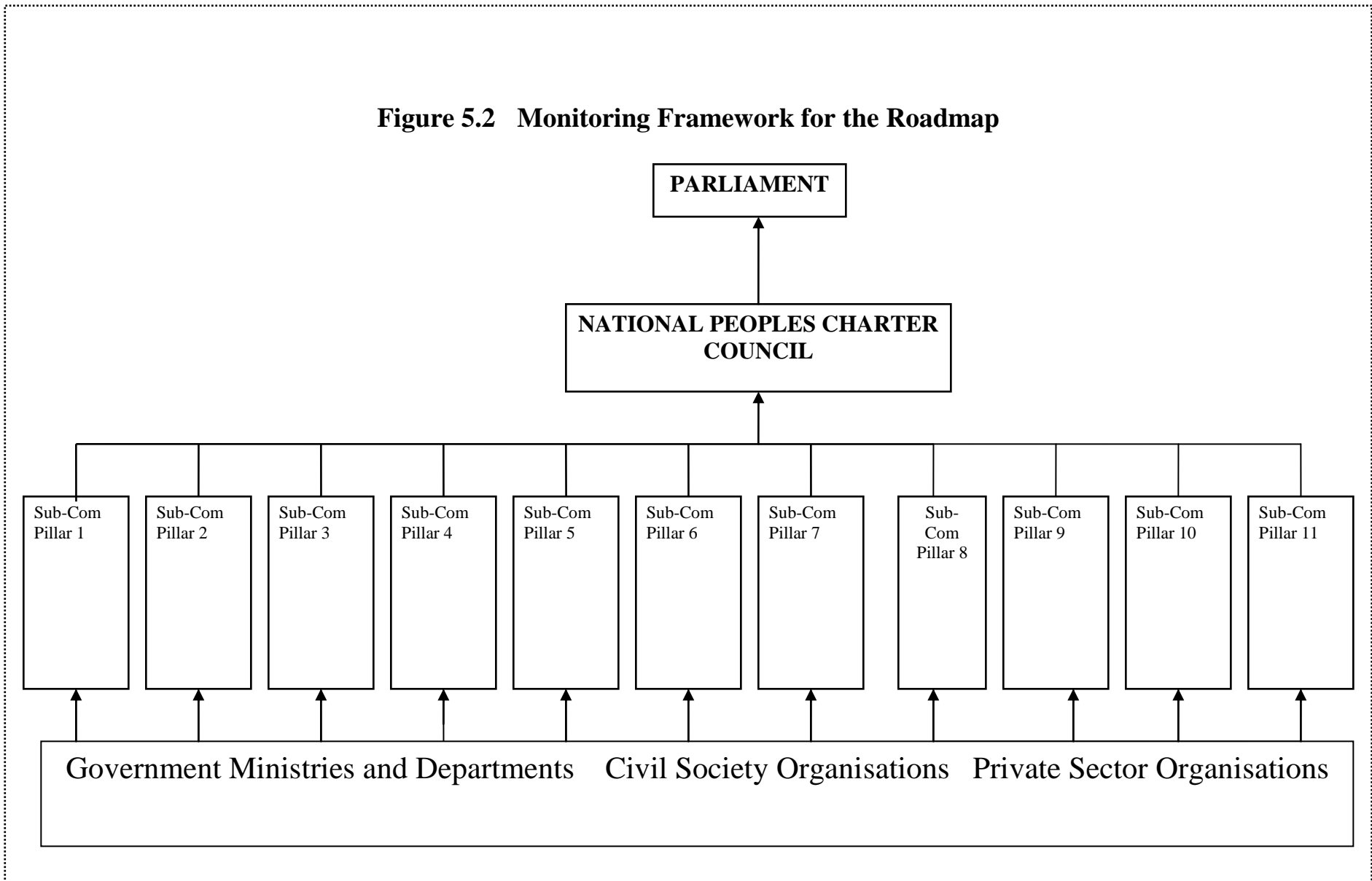
Whereas the implementation and monitoring mechanisms of successive previous Governments have focused largely on passively reviewing implementation performance, this will need adjustment and updating as circumstances change over time. In light of this necessity and the need for greater public inclusiveness, dialogue and participation, the NPCC, shall be actively engaged in performing the role of facilitator, setting and shaping the ongoing agenda for change.

The NPCC will monitor the Roadmap outputs and their respective Key Performance Indicators (KPIs), as contained in the attached Implementation and Monitoring Matrix. The NPCC, and sub-committees will not limit themselves to assessing progress against the KPIs: an important function of the sub-committees will be to assess the continuing relevance of outcomes and KPIs and the quality of information they are providing so that the adequacy of all KPIs is kept under review.

The functions of the NPCC, shall include:

- monitor Roadmap implementation focusing on the outputs and key performance indicators;
- provide forums for consultation and dialogue for consensus building on national development issues;
- carry out civic education on governance issues, national identity and other issues considered relevant and important;
- evaluate and review performance of implementing agencies;
- review of the Roadmap when necessary for the purpose of updating and adjustment; and
- provide policy advice and support to the Prime Minister and Cabinet on issues pertaining to the Roadmap.

Figure 5.2 Monitoring Framework for the Roadmap



Sub-Committees

To support the work of the NPCC, eleven sub committees will be established to coordinate the work relevant to their respective sectors based on their Terms-of-Reference. The sub-committees will comprise representatives from Government, the private sector and civil society. To facilitate implementation, the sub-committees will meet on a quarterly basis during the year.

The sub-committees will:

- set a broad agenda for the four meetings in the year in consultation with the Secretariat;
- with the assistance of the Secretariat, hold meetings in accordance with the forward programme. The objective of the meetings will be to monitor progress made in the achievement of KPIs, identify constraints and corrective actions; and
- provide an oral report and recommendations to meetings of the NPCC.

Secretariat

A Secretariat will be established under the Ministry of National Planning to support the NPCC in its functions. The secretariat needs to be professional and have a strong technical background to better support the NPCC. In light of the broad range and complexity of issues involved, the Secretariat must be adequately equipped with resources and expertise.

The Secretariat will:

- determine, with the sub-committees' Chair, which Ministries and Departments, private sector and civil society sections have responsibilities relevant to the work of the sub-committees;
- determine from the Implementation and Monitoring Framework and annual corporate plans of relevant Ministries and Departments what progress should be expected, and what information available, in the forthcoming financial year; also assist the Chair to set a forward agenda;
- communicate the forward agenda to all members and Permanent Secretaries of relevant Ministries and Departments, private sector and civil society;
- maintain contact with relevant Ministries and Departments to determine the range of performance information available;
- set up an information and cooperation network with relevant Ministries and Departments, the private sector and civil society so that they can actively support the Secretariat role;
- set dates for meetings and inform members of sub-committees; ensure as far as possible that information relevant to the discussion is circulated beforehand; and where final published information is not available, obtain estimates or provisional data; and
- record the discussions to form a basis for the Chair's oral report to the NPCC.

Permanent Secretaries of Ministries and Departments

Permanent Secretaries will contribute to the implementation and monitoring of the Roadmap to Democratic and Sustainable Socio Economic Development (RDSSSED) by:

- ensuring that there are direct links between their annual corporate plans, RDSSSED and budget bids. Performance indicators and milestones in annual corporate plans should be realistic and

achievable within the resources of the Ministry or Department with appropriate collaboration from other parts of Government, and capable of being achieved within the year covered by the Plan;

- aligning their personal performance agreements to the outputs and coordination requirements identified in the RDSSED and the annual corporate plans; and
- personally attending meetings of the sub-committees to which their Ministry or Department is relevant, and taking a personal interest in the quality and timeliness of the information being provided by their Ministry or Department to the sub-committees.

Cabinet

Cabinet will play an active leadership role in the implementation and monitoring and will:

- discuss on a regular basis progress reports on Roadmap implementation;
- on the advice of NPCC, and in consultation with the President's Office, effect reviews when necessary to the Roadmap; and
- through the Ministers ensure full and effective implementation of the Roadmap.

5.2.2 Management Information System

The effectiveness of monitoring and evaluation systems is dependent on the establishment of a well-developed management information system. The availability of timely and quality data is essential to ensure informed decisions are undertaken.

The Fiji Islands Bureau of Statistics, as the national statistical agency, is mandated to 'collect, compile, abstract, analyse and publish statistical information relating to the commercial, industrial, agricultural, social, economic and general activities and conditions of the people of Fiji in a timely and coherent manner.'

An Information System will be established and maintained so that the implementation of reforms can be tracked and timely corrective actions taken. The Information System will include agreed baselines, time-bound indicators, and specific benchmarks to measure and monitor progress. It will permit timely analysis and prompt publication of the results from and effects of the RDSSED initiatives.

APPENDICES

Appendix 1 Macroeconomic Data and Projections

Table 1: Gross Domestic Product by Sector (\$000), 2001 - 2011

ACTIVITY	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Agriculture, Forestry, Fishing & Subsistence	434,063	454,481	434,940	457,419	461,276	458,803	432,787	432,042	428,560	446,353	457,895
Agriculture	329,213	343,848	335,113	342,374	342,350	345,127	332,269	329,714	331,623	373,345	361,331
Crops	186,309	197,761	188,352	193,091	192,644	190,561	178,131	174225	176066	188977	202945
Sugarcane	121853	124721	121070	122331	114813	121,157	94431	82155	82155	90370	99408
Other Crops	64456	73040	67282	70760	77831	69,404	83700	92070	93911	98607	103537
Livestock Products	15822	17872	18770	20510	20511	23,917	24175	25142	24891	25388	26658
Subsistence	119329	119624	120176	121059	121499	122,181	122770	123384	123877	124497	125119
Public Sector	7753	8591	7815	7714	7696	8,468	7193	6963	6789	6538	6609
Fishing	70,162	77,546	61,878	76,984	82,570	78,988	66,396	69,368	66,982	69,723	65,040
Fishing	42356	49804	33465	48356	53844	50,155	37270	40065	37661	40298	35462
Subsistence	27278	27345	27471	27673	27774	27,930	28065	28205	28318	28460	28602
Public Sector	528	397	942	955	952	903	1061	1097	1003	966	976
Forestry	34,688	33,087	37,949	38,061	36,356	34,688	34,122	32,961	29,955	31,230	31,524
Forestry	17532	15912	20736	20700	18936	17,175	16520	15198	12159	13375	13575
Subsistence	16461	16501	16578	16699	16760	16,854	16936	17021	17089	17174	17260
Public Sector	695	674	635	662	660	659	666	742	707	681	688
Mining and Quarrying	41,566	40,081	37,833	43,384	30,045	15,092	312.0	7,530.8	12,051.6	16,738.5	20,086.2
Manufacturing	449,852	453,488	448,857	506,482	428,293	440,027	440,993	423,509	414,955	428,877	439,014
Sugar	60483	61849	60093	60679	56972	60,094	46826	40739	40739	44812	49294
Beverage and Tobacco	46804	52579	61734	71082	91340	102,655	121971	121483	119053	121435	123863
Other Food Industries	30844	34184	35690	38080	36869	38,080	36247	36972	37711	395597	41577
Non Food Industries	299809	292661	278821	323785	229918	225,633	222,114	210204	203058	208351	209305
Clothing and Footwear	178054	156349	139280	173582	78256	56,661	59551	47641	40495	37660	36907
Other Non Food Industries	121755	136312	139541	150203	151662	168,973	162563	162563	162563	170691	172398
Informal Sector	11912	12215	12519	12856	13194	13,565	13835	14112	14394	14682	14975
Electricity & Water	100,150	104,429	108,696	112,905	114,385	122,073	122,564	118,661	120,314	123,087	125,934
Electricity	94027	98158	102149	104739	106000	111,111	111,461	107003	108073	110234	112439
Water	6123	6271	6547	8166	8385	10,962	11,103	11658	12241	12853	13496
Building & Construction	116,491	126,221	134,873	140,693	177,533	191,740	152,334	152566	153148	153382	153617
Private Sector	26539	27175	36683	47645	89941	105,294	77517	77517	73641	73641	73641
Public Sector	41024	50005	50502	45022	39453	40,336	28,482	28482	32754	32754	32754
Own Account & Self Employment	48928	49041	47688	48026	48139	46,110	46335	46567	46753	46987	47222
Wholesale & Retail Trade, Hotels & Restaurants	465,157	465,964	476,946	537,605	532,244	556,559	528,799	544,775	531,260	542,437	554,006
Wholesale & Retail Trade	342,188	332,016	338,314	376,278	354,750	379,199	364,909	372207	365258	369036	372855
Wholesale & Retail Trade	330717	320643	326648	364320	342889	367,273	352788	359844	352647	356173	359735
Informal Sector	11471	11373	11666	11958	11861	11,926	12,121	12363	12611	12863	13120
Hotels & Restaurants	122,969	133,948	138,632	161,327	177,494	177,360	163,890	172568	166002	173401	181151
Hotels & Restaurants	98092	108437	112486	134477	149939	149,030	134996	143096	135941	142738	149875
Informal Sector	24877	25511	26146	26850	27555	28,330	28894	29472	30061	30663	31276
Transport & Communication	357,551	387,990	401,055	394,313	422,277	408,328	391,838	406,546	410,756	418,555	431,355
Transport	249,567	274,984	283,983	289,987	315,164	305,853	296,571	309,374	309,697	315,475	326,213

Land Transport	36862	37736	38785	39943	41273	42,684	43566	4437	45326	46233	47157
Water Transport	30608	33335	35149	35948	42748	39,739	40104	40906	41724	42559	43410
Air Transport	52862	65871	74064	78525	78187	79,125	77574	83780	79591	79591	81979
Services allied to Transport	108158	116427	113833	112822	129610	120,302	110846	115280	117585	121113	127169
Informal Sector	21077	21615	22152	22749	23346	24,003	24481	24971	25470	25979	26499
Communication	107984	113006	117072	104326	107113	102,475	95,267	97,172	101,059	103,080	105,142
Finance,Insurance,Real Estate & Business Services											
Finance	373,913	367,174	323,429	336,374	369,984	428,122	420,595	425,629	417,874	423,763	431,316
Monetary Institution	110,139	101,688	79,567	85,059	104,387	130,390	120,041	117751	105516	103593	103022
Private Sector	84,542	78,869	67,942	66,281	80,496	93,993	89,501	99876	87641	85372	84443
Public Sector	53179	57185	49890	48041	60748	78,984	67790	74908	72661	73387	74855
Other Financial Institution	31363	21684	18052	18240	19748	15,009	21711	24968	14981	11984	9588
Private Sector	25,597	22,819	11,625	18,778	23,891	36,397	30,540	17875	17875	18221	18580
Public Sector	3666	3666	2095	1571	4189	17,281	16758	4190	4190	4399	4619
Insurance	21931	19153	9530	17207	19702	19,116	13782	13686	13686	13822	13961
Private Sector	91,526	99,511	74,818	77,317	81,334	81,328	79,641	81219	83162	85153	87194
Public Sector	42941	44081	48453	49467	52514	51,211	48395	49363	50350	51357	52384
Real Estate & Business Services	48585	55430	26365	27850	28820	30,117	31246	31856	32812	33796	34810
Formal Sector	172,248	165,975	169,044	173,998	184,263	216,404	220,913	226660	229196	235017	241100
Owner Occupied Dwellings	51533	44962	47472	51533	61352	92,803	96716	101842	103879	109073	114526
Community, Social and Personal Services	120715	121013	121572	122465	122911	123,601	124197	124818	125317	125944	126574
Personal & Household Services	467,737	483,555	518,645	515,089	547,318	591,776	509,311	492,679	493,710	479,942	464,671
Formal Sector	59,268	60,904	62,359	63,868	65,387	67,001	68,251	69262	70293	71344	72417
Informal Sector	15760	16287	16632	16909	17195	17453	17717	17717	17717	17717	17717
Social & Related Community Services	43508	44617	45727	46959	48192	49,548	50534	51545	52576	53627	54700
<i>less imputed bank service charges</i>	408469	422651	456286	451221	481931	524,775	441,060	423,418	423,418	408,598	392,254
<i>less imputed bank service charges</i>	117887	108841	85164	91043	111730	139,563	128,486	126,034	112,939	110,881	110,269
Grand Total	2,688,595	2,774,544	2,800,111	2,953,223	2,971,624	3,072,957	2,871,047	2,877,904	2,869,689	2,922,254	2967626

Table 2: Gross Domestic Product by Sector – Growth Rates 2001- 2011

ACTIVITY	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Agriculture, Forestry, Fishing & Subsistence	-5.7	4.7	-4.3	5.2	0.8	-0.5	-5.7	-0.2	-0.8	4.2	2.6
Agriculture	-3.5	4.4	-2.5	2.2	0.0	0.8	-3.7	-0.8	0.6	4.2	4.6
Crops	-6.5	6.1	-4.8	2.5	-0.2	-1.1	-6.5	-2.2	1.1	7.3	7.4
Sugarcane	-7.5	2.4	-2.9	1.0	-6.1	5.5	-22.1	-13.0	0.0	10.0	10.0
Other Crops	-4.6	13.3	-7.9	5.2	10	-10.8	20.6	10.0	2.0	5.0	5.0
Livestock Products	-1.3	13.0	5.0	9.3	0.0	16.6	1.1	4.0	-1.0	2.0	5.0
Subsistence	0.2	0.2	0.5	0.7	0.4	0.6	0.5	0.5	0.4	0.5	0.5
Public Sector	13.8	10.8	-9	-1.3	-0.2	10	-15.1	-3.2	-2.5	-3.7	1.1
Fishing	-17.0	10.5	-20.2	24.4	7.3	-4.3	-15.9	4.5	-3.4	4.1	-6.7
Fishing	-24.8	17.6	-32.8	44.5	11.4	-6.9	-25.7	7.5	-6.0	7.0	-12.0
Subsistence	0.2	0.2	0.6	0.6	0.6	0.6	0.5	0.5	0.4	0.5	0.5
Public Sector	-46.7	-24.8	137.3	1.4	-0.3	-5.2	17.5	3.4	-8.6	-3.7	1.1
Forestry	0.4	-4.6	14.7	0.3	-4.5	-4.6	-1.6	-3.4	-9.1	4.3	0.9
Forestry	0.0	-9.2	30.3	-0.2	-8.5	-9.3	-3.8	-8.0	-20.0	10.0	1.5
Subsistence	0.2	0.2	0.6	0.6	0.6	0.6	0.5	0.5	0.4	0.5	0.5
Public Sector	16.2	-3.0	-5.8	4.2	-0.3	-0.1	1.1	11.4	-4.7	-3.7	1.1
Mining and Quarrying	1.8	-3.6	-5.6	14.7	-30.7	-49.8	-97.9	2313.7	60.0	38.9	20.0
Manufacturing	12.4	0.8	-1.0	12.8	-15.4	2.7	0.2	-4.0	-2.0	3.4	2.4
Sugar	-7.7	2.3	-2.8	1.0	-6.1	5.5	-22.1	-13.0	0.0	10.0	10.0
Beverage and Tobacco	29.3	12.3	17.4	15.1	28.5	12.4	18.8	-0.4	-2.0	2.0	2.0
Other Food Industries	9.5	10.8	4.4	6.7	-3.2	3.3	-4.8	2.0	2.0	5.0	5.0
Non Food Industries	15.8	-2.4	-4.7	16.1	-29.0	-1.9	-1.6	-5.4	-3.4	2.6	0.5
Clothing and Footwear	27.5	-12.2	-10.9	24.6	-54.9	-27.6	5.1	-20.0	-15.0	-7.0	-2.0
Other Non Food Industries	2.1	12.0	2.4	7.6	1	11.4	-3.8	0.0	0.0	5.0	1.0
Informal Sector	3.2	2.5	2.5	2.7	2.6	2.8	2.0	2.0	2.0	2.0	2.0
Electricity & Water	6.6	4.3	4.1	3.9	1.3	6.7	0.4	-3.2	1.4	2.3	2.3
Electricity	6.7	4.4	4.1	2.5	1.2	4.8	0.3	-4.0	1.0	2.0	2.0
Water	5.0	2.4	4.4	24.7	2.7	30.7	1.3	5.0	5.0	5.0	5.0
Building & Construction	-6.9	8.4	6.9	4.3	26.2	8.0	-20.6	0.2	0.4	0.2	0.2
Private Sector	-29.1	2.4	35.0	29.9	88.8	17.1	-26.4	0.0	-5.0	0.0	0.0
Public Sector	5.5	21.9	1.0	-10.9	-12.4	2.2	-29.4	0.0	15.0	0.0	0.0
Own Account & Self Employment	0.2	0.2	-2.8	0.7	0.2	-4.2	0.5	0.5	0.4	0.5	0.5
Wholesale & Retail Trade, Hotels & Restaurants	8.1	0.2	2.4	12.7	-1.0	4.6	-5.0	3.0	-2.5	2.1	2.1
Wholesale & Retail Trade	8.0	-3.0	1.9	11.2	-5.7	6.9	-3.8	2.0	-1.9	1.0	1.0
Wholesale & Retail Trade	8.1	-3.0	1.9	11.5	-5.9	7.1	-3.9	2.0	-2.0	1.0	1.0
Informal Sector	3.2	-0.9	2.6	2.5	-0.8	0.5	1.6	2.0	2.0	2.0	2.0
Hotels & Restaurants	8.4	8.9	3.5	16.4	10.0	-0.1	-7.6	5.3	-3.8	4.5	4.5
Hotels & Restaurants	9.8	10.5	3.7	19.6	11.5	-0.6	-9.4	6.0	-5.0	5.0	5.0
Informal Sector	3.2	2.5	2.5	2.7	2.6	2.8	2.0	2.0	2.0	2.0	2.0
Transport & Communication	-2.4	8.5	3.4	-1.7	7.1	-3.3	-4.0	3.8	1.0	1.9	3.1
Transport	-0.1	10.2	3.3	2.1	8.7	-3.0	-3.0	4.3	0.1	1.9	3.4
Land Transport	1.9	2.4	2.8	3	3.3	3.4	2.1	2.0	2.0	2.0	2.0
Water Transport	-6.0	8.9	5.4	2.3	18.9	-7.0	0.9	2.0	2.0	2.0	2.0
Air Transport	3.5	24.6	12.4	6	-0.4	1.2	-2	8.0	-5.0	0.0	3.0
Services allied to Transport	-1.4	7.6	-2.2	-0.9	14.9	-7.2	-7.9	4.0	2.0	3.0	5.0
Informal Sector	3.2	2.6	2.5	2.7	2.6	2.8	2.0	2.0	2.0	2.0	2.0
Communication	-7.4	4.7	3.6	-10.9	2.7	-4.3	-7.0	2.0	4.0	2.0	2.0
Finance, Insurance, Real Estate & Business Services	3.6	-1.8	-11.9	4.0	10.0	15.7	-1.8	1.2	-1.8	1.4	1.8
Finance	19.2	-7.7	-21.8	6.9	22.7	24.9	-7.9	-1.9	-10.4	-1.8	-0.6
Monetary Institution	7.3	-6.7	-13.9	-2.4	21.4	16.8	-4.8	11.6	-12.2	-2.6	-1.1
Private Sector	-0.1	7.5	-12.8	-3.7	26.5	30.0	-14.2	10.5	-3.0	1.0	2.0
Public Sector	22.8	-30.9	-16.7	1.0	8.3	-24.0	44.7	15.0	-40.0	-20.0	-20.0
Other Financial Institution	87.3	-10.9	-49.1	61.5	27.2	52.3	-16.1	-41.5	0.0	1.9	2.0

Private Sector	0.0	0.0	-42.9	-25.0	166.6	312.5	-3.0	-75.0	0.0	5.0	5.0
Public Sector	119.3	-12.7	-50.2	80.6	14.5	-3.0	-27.9	-0.7	0.0	1.0	1.0
Insurance	36.4	8.7	-24.8	3.3	5.2	0.0	-2.1	2.0	2.4	2.4	2.4
Private Sector	2.8	2.7	9.9	2.1	6.2	-2.5	-5.5	2.0	2.0	2.0	2.0
Public Sector	91.9	14.1	-52.4	5.6	3.5	4.5	3.7	2.0	3.0	3.0	3.0
Real Estate & Business Services	-14.5	-3.6	1.8	2.9	5.9	17.4	2.1	2.6	1.1	2.5	2.6
Formal Sector	-36.4	-12.8	5.6	8.6	19.1	51.3	4.2	5.3	2.0	5.0	5.0
Owner Occupied Dwellings	0.2	0.2	0.5	0.7	0.4	0.6	0.5	0.5	0.4	0.5	0.5
Community, Social and Personal Services	2.2	3.4	7.3	-0.7	6.3	8.1	-13.9	-3.3	0.2	-2.8	-3.2
Personal & Household Services	2.5	2.8	2.4	2.4	2.4	2.5	1.9	1.5	1.5	1.5	1.5
Formal Sector	0.6	3.3	2.1	1.7	1.7	1.5	1.5	0.0	0.0	0.0	0.0
Informal Sector	3.2	2.5	2.5	2.7	2.6	2.8	2.0	2.0	2.0	2.0	2.0
Social & Related Community Services	2.1	3.5	8.0	-1.1	6.8	8.9	-16	-4.0	0.0	-3.5	-4.0
<i>less imputed bank service charges</i>	19.2	-7.7	-21.8	6.9	22.7	24.9	-7.9	-1.9	-10.4	-1.8	-0.6
Grand Total	1.9	3.2	0.9	5.5	0.6	3.4	-6.6	0.2	-0.3	1.8	1.6

Table 3: Gross Domestic Product Shares by Sector (%) 2001- 2011

Activity	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Agriculture, Forestry, Fishing & Subsistence	16.1	16.4	15.5	15.5	15.5	14.9	15.1	15.0	14.9	15.3	15.4
Agriculture	12.2	12.4	12.0	11.6	11.5	11.2	11.5	11.5	11.6	11.8	12.2
Crops	6.9	7.1	6.7	6.5	6.5	6.2	6.2	6.1	6.1	6.5	6.8
Sugarcane	4.5	4.5	4.3	4.1	3.9	3.9	3.3	2.9	2.9	3.1	3.3
Other Crops	2.4	2.6	2.4	2.4	2.6	2.3	2.9	3.2	3.3	3.4	3.5
Livestock Products	0.6	0.6	0.7	0.7	0.7	0.8	0.8	0.9	0.9	0.9	0.9
Subsistence	4.4	4.3	4.3	4.1	4.1	4.0	4.3	4.3	4.3	4.3	4.2
Public Sector	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2
Fishing	2.6	2.8	2.2	2.6	2.8	2.6	2.3	2.4	2.3	2.4	2.2
Fishing	1.6	1.8	1.2	1.6	1.8	1.6	1.3	1.4	1.3	1.4	1.2
Subsistence	1.0	1.0	1.0	0.9	0.9	0.9	1.0	1.0	0.6	1.0	1.0
Public Sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Forestry	1.3	1.2	1.4	1.3	1.2	1.1	1.2	1.1	1.0	1.0	1.0
Forestry	0.7	0.6	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.4
Subsistence	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.6	0.6	0.6	0.6
Public Sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mining and Quarrying	1.5	1.4	1.4	1.5	1.0	0.5	0.0	0.3	0.4	0.6	0.7
Manufacturing	16.7	16.3	16.0	17.2	14.4	14.3	15.4	14.7	14.3	14.6	14.8
Sugar	2.2	2.2	2.1	2.1	1.9	2.0	1.6	1.4	1.4	1.5	1.7
Beverage and Tobacco	1.7	1.9	2.2	2.4	3.1	3.3	4.2	4.2	4.3	4.3	4.3
Other Food Industries	1.1	1.2	1.3	1.3	1.2	1.2	1.3	1.3	1.3	1.3	1.4
Non Food Industries	11.2	10.5	10.0	11.0	7.7	7.3	7.7	7.3	6.8	6.9	6.9
Clothing and Footwear	6.6	5.6	5.0	5.9	2.6	1.8	2.1	1.7	1.4	1.4	1.2
Other Non Food Industries	4.5	4.9	5.0	5.1	5.1	5.5	5.7	5.6	5.4	5.6	5.6
Informal Sector	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5
Electricity & Water	3.7	3.8	3.9	3.8	3.8	4.0	4.3	4.1	4.3	4.3	4.3
Electricity	3.5	3.5	3.6	3.5	3.6	3.6	3.9	3.7	3.8	3.8	3.8
Water	0.2	0.2	0.2	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.5
Building & Construction	4.3	4.5	4.8	4.8	6.0	6.2	5.3	5.3	5.4	5.3	5.2
Private Sector	1.0	1.0	1.3	1.6	3.0	3.4	2.7	2.7	2.6	2.5	2.5
Public Sector	1.5	1.8	1.8	1.5	1.3	1.3	1.0	1.0	1.1	1.1	1.1
Own Account & Self Employment	1.8	1.8	1.7	1.6	1.6	1.5	1.6	1.6	1.6	1.6	1.6
Wholesale & Retail Trade, Hotels & Restaurants	17.3	16.8	17.0	18.2	17.9	18.1	18.4	18.9	18.5	18.5	18.7
Wholesale & Retail Trade	12.7	12.0	12.1	12.7	11.9	12.3	12.7	12.9	12.8	12.7	12.8
Wholesale & Retail Trade	12.3	11.6	11.7	12.3	11.5	12.0	12.3	12.5	12.4	12.3	12.3
Informal Sector	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Hotels & Restaurants	4.6	4.8	5.0	5.5	6.0	5.8	5.7	6.0	5.7	5.8	6.0
Hotels & Restaurants	3.6	3.9	4.0	4.6	5.0	4.8	4.7	5.0	4.6	4.8	4.9
Informal Sector	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.1	1.1	1.1
Transport & Communication	13.3	14.0	14.3	13.4	14.2	13.3	13.6	14.1	13.9	14.0	14.0
Transport	9.3	9.9	10.1	9.8	10.6	10.0	10.3	10.8	10.7	10.6	10.6
Land Transport	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.6	1.6	1.6
Water Transport	1.1	1.2	1.3	1.2	1.4	1.3	1.4	1.4	1.5	1.5	1.5
Air Transport	2.0	2.4	2.6	2.7	2.6	2.6	2.7	2.9	2.6	2.6	2.6
Services allied to Transport	4.0	4.2	4.1	3.8	4.4	3.9	3.9	4.0	4.1	4.1	4.0
Informal Sector	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9
Communication	4.0	4.1	4.2	3.5	3.6	3.3	3.3	3.4	3.2	3.3	3.4
Finance, Insurance, Real Estate & Business Services	13.9	13.2	11.6	11.4	12.5	13.9	14.6	14.8	14.9	14.8	14.8
Finance	4.1	3.7	2.8	2.9	3.5	4.2	4.2	4.1	3.9	3.8	3.7
Monetary Institution	3.1	2.8	2.4	2.2	2.7	3.1	3.1	3.5	3.3	3.1	3.1
Private Sector	2.0	2.1	1.8	1.6	2.0	2.6	2.4	2.6	2.8	2.7	2.7
Public Sector	1.2	0.8	0.6	0.6	0.7	0.5	0.8	0.9	0.5	0.4	0.3
Other Financial Institution	1.0	0.8	0.4	0.6	0.8	1.2	1.1	0.6	0.6	0.6	0.6
Private Sector	0.1	0.1	0.1	0.1	0.1	0.6	0.6	0.1	0.1	0.2	0.2
Public Sector	0.8	0.7	0.3	0.6	0.7	0.6	0.5	0.5	0.5	0.5	0.5
Insurance	3.4	3.6	2.7	2.6	2.7	2.6	2.8	2.8	2.9	2.9	3.0
Private Sector	1.6	1.6	1.7	1.7	1.8	1.7	1.7	1.7	1.8	1.8	1.8
Public Sector	1.8	2.0	0.9	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.2
Real Estate & Business Services	6.4	6.0	6.0	5.9	6.2	7.0	7.7	7.9	8.0	8.1	8.2
Formal Sector	1.9	1.6	1.7	1.7	2.1	3.0	3.4	3.5	3.6	3.8	3.9

Owner Occupied Dwellings	4.5	4.4	4.3	4.1	4.1	4.0	4.3	4.3	4.4	4.3	4.3
Community, Social and Personal Services											
Personal & Household Services	17.4	17.4	18.5	17.4	18.4	19.3	17.7	17.1	17.3	16.5	15.7
Formal Sector	2.2	2.2	2.2	2.2	2.2	2.2	2.4	2.4	2.5	2.5	2.5
Informal Sector	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Social & Related Community Services	1.6	1.6	1.6	1.6	1.6	1.6	1.8	1.8	1.8	1.8	1.9
less imputed bank service charges	15.2	15.2	16.3	15.3	16.2	17.1	15.4	14.7	14.8	14.0	13.2
	4.4	3.9	3.0	3.1	3.8	4.5	4.5	4.4	4.0	3.8	3.7
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 4: Exports by Major Commodities (\$ million) 2001- 2011

COMMODITIES	2001	2002	2003	2004	2005	2006	2007	2008	2009 (f)	2010(f)	2011 (f)
Sugar	225.2	234.4	225.7	209.2	223.7	215.1	185	248.2	176.5	162.2	175.6
Molasses	12.3	12.4	6.9	9.7	9.9	19.2	10.4	13.6	12.8	12.5	13.4
Gold	85.4	67.8	76.5	88.5	59.3	43.1	2.6	26.7	59.5	83.5	102.3
Timber, Cork & Wood Manufacturers	39.6	38.9	30.8	42.0	45.1	37.6	47.7	59.3	50.4	54.4	56.6
Fish	93.0	78.4	79.4	81.4	82.9	97.9	101.3	134.2	128.8	135.3	135.3
Fruits & Vegetables	19.2	17.9	23.9	31.0	29.0	32.8	35.5	33.2	34.2	35.9	37.7
o/w Dalo	10.3	11.1	14.9	18.7	19.0	20.9	23.6	22.2	22.2	23.3	24.4
Copra	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Yaqona	5.0	1.7	1.6	2.2	2.6	3.7	4.2	4.8	4.8	5	5.0
Coconut Oil	3.1	5.9	4.9	3.6	3.5	2.1	4.4	8.2	11	13.1	14.5
Textiles, Yarn & Made up Article	16.9	8.3	6.6	6.3	13.1	9.8	9.6	7.8	6.9	6.7	6.7
Garments	305.2	222.9	243.2	226.4	120.4	94.9	97.1	100.1	90	88.2	88.2
Footwear	22.0	20.7	20.2	19.2	8.5	4.2	2.9	2.1	1.9	1.9	1.9
Mineral Water	24.5	28.8	45.6	52.3	67.9	86.9	105.4	109.9	95	96.9	96.8
Other Domestic Export	139.6	136.0	193.0	178.9	181.9	187.0	222.7	234.9	246.7	259	272
Re- Exports	230.6	258.1	310.9	254.8	345	367.3	381.0	488.2	374.1	413.6	399.2
Total	1221.6	1132.2	1269.2	1205.6	1192.6	1201.5	1209.8	1471.2	1292.6	1368.2	1405.2

Table 5: Exports by Major Commodities - Growth Rates (%) 2001-2011

COMMODITIES	2001	2002	2003	2004	2005	2006	2007	2008	2009 (f)	2010(f)	2011 (f)
Sugar	-5.0	4.1	-3.7	-7.3	6.9	-3.8	-14	34.2	-28.9	-8.1	8.2
Molasses	29.1	0.4	-44.2	39.5	2.8	93.5	-45.7	30.5	-5.7	-2.3	7.1
Gold	22.4	-20.5	12.7	15.7	-32.9	-27.3	-94	927.8	122.7	40.4	22.5
Timber, Cork & Wood Manufacturers	-8.9	-1.7	-20.7	36.3	7.2	-16.6	26.9	24.3	15.0	8.0	4.0
Fish	7.8	-15.7	1.3	2.6	1.8	3.4	15.1	32.4	-4.0	5.0	0.0
Fruits & Vegetables	0.4	-7.7	33.6	30.1	-6.7	13.2	8.3	-6.6	3.0	5.0	5.0
o/w Dalo	-16.6	7.6	35.2	25.1	1.7	10.1	12.7	-6	0.0	5.0	5.0
Copra	0	0									
Yaqona	-13.1	-65.3	-9.4	40.8	15.8	43.9	14.3	13.1	0.0	5.0	1.0
Coconut Oil	-32.1	140.6	-16	-27.6	-2.2	-38.6	105.8	85.7	34.0	19.8	10.7
Textiles, Yarn & Made up Article	-45	-50.6	-21	-4.8	107.9	-22.9	-4.7	-19.3	-11.4	-2.0	0.0
Garments	-5.3	-27	9.1	-6.9	-46.8	-21.1	2.3	3.1	-10.2	-2.0	0.0
Footwear	-6.3	-5.9	-2.6	-4.6	-55.7	-51.3	-30.2	-28	-7.4	-2.0	0.0
Mineral Water	146.9	17.4	58.4	14.7	29.7	28	21.3	4.3	-13.8	2.0	2.0
Other Domestic Export	3.5	-2.6	42	-7.3	1.7	2.6	19.3	5.5	5.0	5.0	5.0
Re- Exports	45.2	11.9	20.5	-18	35.4	6.5	3.7	28.1	-23.4	10.5	-3.5
Total	5.8	-7.3	12.1	-5	-1.1	0.8	0.7	21.6	-12.1	5.9	2.8

Table 6: Imports By Major Commodities (\$million), 2001 - 2011

ECONOMIC CATEGORY	2001	2002	2003	2004	2005	2006	2007	2008	2009 (F)	2010 (F)	2011(f)
Food	313.1	314.8	335.2	351.6	355.5	386.0	394.3	520	502.1	536.2	527.1
Beverage & Tobacco	14.8	16.3	17.5	20.4	21.7	22.7	21.6	21.7	21.8	21.8	21.8
Crude Materials	13.7	13.8	16.3	20.2	21.7	32.1	24.5	31	29.4	30.3	31.2
Mineral Fuels	443.5	435.4	463.0	587.0	784.0	1021.5	958.2	1222.1	930.5	1023.6	1074.6
Oil & Fats	16.1	15.4	20.9	15.8	18.1	17.5	24.8	37.0	26.0	27.3	28.7
Chemicals	144.8	147.5	162.8	196.5	206.2	224.1	218.5	274.5	262.1	269.9	278
Manufactured Goods	423.1	384.9	445.5	486.2	452.2	464.1	422.5	460.8	439.5	440.6	447.3
Machinery & Transport Equipment	420.5	429.1	579.4	559.1	591.1	688	568.8	726.5	679	726.6	725.7
Miscellaneous Manufactured Goods	217.9	206.2	236.7	253.5	264	258.3	246	278.6	269.9	274.8	281.7
Other Commodities	9.5	6.6	7.4	11.3	8.3	10	10.9	29.2	11.7	11.8	11.9
Total	2017.0	1790.0	2284.7	2501.6	2722.8	3124.3	2890.1	3601.4	3172.1	3362.8	3428.3

Table 7: Imports by Major Commodities- Growth Rates(%) 2001-2011

ECONOMIC CATEGORY	2001	2002	2003	2004	2005	2006	2007	2008	2009 (F)	2010 (F)	2011(f)
Food	39.1	0.5	6.5	4.9	1.1	8.6	2.2	31.9	-3.4	6.8	-1.7
Beverage & Tobacco	42.3	10.1	7.4	16.6	6.5	4.4	-4.8	0.5	0.5	0.0	0.0
Crude Materials	-13.8	0.7	18.1	23.9	7.3	48.1	-23.7	26.5	-5.3	3.0	3.0
Mineral Fuels	33.4	-1.8	6.3	26.8	33.6	30.3	-6.2	27.5	-23.9	10.0	5.0
Oil & Fats	15.8	-4.3	35.7	-24.4	14.7	-3.5	41.7	49.2	-29.7	5.0	5.0
Chemicals	23	1.9	10.4	20.7	4.9	8.7	-2.5	25.6	-4.5	3.0	3.0
Manufactured Goods	-14	-9	15.7	9.1	-7	2.6	-9	9.1	-4.6	0.3	1.5
Machinery & Transport Equipment	15.7	2	35	-3.5	5.7	16.4	-17.3	27.7	-6.5	7.0	-0.1
Miscellaneous Manufactured Goods	-10.8	-5.4	14.8	7.1	4.1	-2.1	-4.8	13.3	-3.1	1.7	2.6
Other Commodities	35.7	-30.5	12.1	52.7	-26.5	20.5	9.0	167.9	-60	1.0	1.0
Total	10.7	-2.3	16	9.5	8.8	14.7	-7.5	24.6	-11.9	6.0	1.9

Table 9: Real GDP Growth Rates, Foreign Reserves, Interest Rates, and Government Revenue, Expenditures and Debt

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Real GDP Growth %	1.9	3.2	0.9	5.5	0.6	3.4	-6.6	0.2	-0.7	2.0	1.6
Inflation %	4.3	0.8	4.2	3.3	2.7	3.1	4.3	6.6	9.5	2	2.5
Reserves: months of cover	846.0	902.1	943.6	786.2	549.1	515.4	804.6	558.7	720.0(July)		
- goods & services											
- goods											
Interest Rates %											
- Lending Rate	8.19	7.89	7.39	7.03	6.63	7.9	8.46	7.72	7.96 (June)		
- Savings Deposit Rate	0.78	0.57	0.45	0.36	0.40	0.84	0.64	0.64	0.76 (June)		
- Time Deposit Rate	2.43	2.17	1.70	1.77	2.03	9.05	4.45	3.00	4.94(June)		
- RBF Note Rate	1.25	1.25	1.19	1.75	2.25	4.25	4.25	-	-		
- Minimum Lending Rate	1.75	1.75	1.75	2.25	2.75	5.25	9.25	6.00	3.00(June)		
Revenue % of GDP	25.0	25.0	25.0	24.0	25.0	25.0	27.0	24.4	25.5	25.4	25.8
Expenditure % of GDP	30.0	31.0	30.0	28.0	29.0	38.0	29.027.7	25.9	28.7	24.7	23.2
Operating/Capital Ratio	81/19	79/21	80/20	83/17	83/17	85/15	86/14	82/18	80/20	86/14	87/13
Net budget deficit % (actual)	-6.0	-6.0	-6.0	-3.0	-3.0	-3.0	-2.0	-2.0			
Net deficit % (planned)	5.0	-6.0	-4.0	-3.0	-3.0	-4.0	-2.0	-2.0	-3.0	-2.0	-1.0
Debt as a % of GDP	45.0	47.0	49.0	48.0	49.0	52.2	50.3	47.9	48	47	46

Table 10: Actual and Budgeted Expenditure (VAT inclusive), 2001-2011

Year	Budget (\$000)	Revised (\$000)	Actual (\$000)
2001	1,096,847.50	1,134,051.00	1,132,872.2
2002	1,255,497.20	1,273,251.00	1,260,961.7
2003	1,294,995.50	1,325,166.10	1,322,211.1
2004	1,313,300.40	1,364,178.00	1,322,568.2
2005	1,424,484.20	1,434,526.20	1,390,436.2
2006	1,548,662.90	1,548,662.90	1,558,510.0
2007	1,710,842.60	1,572,369.90	1,504,071.7
2008	1,527,907.00	1,527,907.00	
2009	1,715,225.40		
2010	1,548,612.60		
2011	1,523,731.60		

Table 11: Government Expenditure on Key Priorities, 2001-2011

Year	Infrastructure		Health		Education	
	\$M	% of Total	\$M	% of Total	\$M	% of Total
2001	147.01	13%	107.9	10%	203.25	18%
2002	196.09	16%	124.2	10%	224.13	18%
2003	198.41	15%	129.86	10%	243.33	18%
2004	185.24	14%	125.84	10%	267.85	20%
2005	183.66	13%	126.59	9%	279.49	19%
2006	209.28	14%	131.31	9%	277.36	18%
2007	185.35	12%	174.71	12%	311.82	21%
2008	244.08		166.55		304.94	
2009	301.73		179.51		278.41	
2010	205.09		179.70		279.17	
2011	201.43		179.01		279.17	

Table 12: Direct and Indirect Tax Concessions, 2001-2011

	2002	2003	2004	2005	2006	2007	2008
Total Direct Tax Concession	93.1	33.6	36.1	54.4	61.7	27.3	28.4
Total Indirect Tax Concession	92	133.4	110.7	112.8	110	96.2	153.4
Total Concessions	185.1	167	146.8	167.2	171.7	123.5	181.8
Total Concessions as % of GDP	4.6	3.8	3.1	3.4	3.1	2.3	3.1
GDP at Market Price (\$M)	4026.4	4382.7	4719.5	4969.7	5455.7	5263.6	5895.9

Table 13: Gross Domestic Product at Constant 1995 Prices, 2001-2011

GDP at Constant prices, 2001-2011		
Year	GDP @ constant 1995 prices (\$000)	Growth Rates%
2001	2,688,595	1.9
2002	2,774,544	3.2
2003	2,800,111	0.9
2004	2,953,223	5.5
2005	2,971,624	0.6
2006	3,072,959	3.4
2007	2,871,047	-6.6
2008	2,877,904	0.2
2009	2,869,689	-0.3
2010	2,922,254	1.8
2011	2,967,626	1.6

Table 14 Gross Domestic Product at Current Factor Cost, 2001-2011

GDP at Current Factor Cost, 2001-2011		
Year	GDP -@current factor cost(\$000)	Growth Rates%
2001	3293817	5.0
2002	3480687	5.7
2003	3688992	6.0
2004	3982232	7.9
2005	4212025	5.8
2006	4629140	9.9
2007	4555356	-1.6
2008	4940874	8.5
2009	5011089	1.4
2010	5258062	4.9
2011	5501138	4.6

Table 15 Gross Domestic Product at Current Prices, 2001-2011

GDP at Current market prices , 2001-2011		
Year	GDP- market price (\$000)	Growth rates %
2001	3777204	5.4
2002	4026442	6.6
2003	4382661	8.8
2004	4719513	7.7
2005	4969692	5.3
2006	5455711	9.8
2007	5263607	-3.5
2008	5895945	8.5
2009	5979733	1.4
2010	6274445	4.9
2011	6564508	4.6

Appendix 2 Millennium Development Goals (MDGs)

Goals and Targets* (from the Millennium Declaration)	Indicators for monitoring progress**
Goal 1: Eradicate extreme poverty and hunger	
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	1. Proportion of population below \$1 (PPP) per day ¹¹ 2. Poverty gap ratio 3. Share of poorest quintile in national consumption
Achieve full and productive employment and decent work for all, including women and young people	Growth rate of GDP per person employed Employment-to-population ratio Proportion of employed people living below \$1 (PPP) per day Proportion of own account and contributing family workers in total employment
Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	4. Prevalence of underweight children under-five years of age 5. Proportion of population below minimum level of dietary energy consumption
Goal 2: Achieve universal primary education	
Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	6. Net enrolment ratio in primary education 7. Proportion of pupils starting grade 1 who reach last grade of primary** 8. Literacy rate of 15-24 year-olds, women and men**
Goal 3: Promote gender equality and empower women	
Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	9. Ratios of girls to boys in primary, secondary and tertiary education 10. (dropped) ¹² 11. Share of women in wage employment in the non-agricultural sector 12. Proportion of seats held by women in national parliament
Goal 4: Reduce child mortality	
Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	13. Under-five mortality rate 14. Infant mortality rate 15. Proportion of 1 year-old children immunised against measles
Goal 5: Improve maternal health	
Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	16. Maternal mortality ratio 17. Proportion of births attended by skilled health personnel 19c. Contraceptive prevalence rate ¹³
Achieve, by 2015, universal access to reproductive health	Adolescent birth rate Antenatal care coverage (at least one visit and at least four visits) Unmet need for family planning
Goal 6: Combat HIV/AIDS, malaria and other diseases	
Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS	18. HIV prevalence among population aged 15-24 years 19a. Condom use at last high-risk sex 19b. Proportion of population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS 20. Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years

¹¹ For monitoring country poverty trends, indicators based on national poverty lines should be used, where available.

¹² Previously: "Ratio of literate women to men, 15-24 years old".

¹³ Moved from Goal 6.

Goals and Targets* (from the Millennium Declaration)	Indicators for monitoring progress**
Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it	Proportion of population with advanced HIV infection with access to antiretroviral drugs
Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	21. Incidence** and death rates associated with malaria 22. Proportion of children under 5 sleeping under insecticide-treated bednets and Proportion of children under 5 with fever who are treated with appropriate anti-malarial drugs** 23. Incidence**, prevalence and death rates associated with tuberculosis 24. Proportion of tuberculosis cases detected and cured under directly observed treatment short course
Goal 7: Ensure environmental sustainability	
Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	25. Proportion of land area covered by forest 27. (dropped) ¹⁴ 28. CO2 emissions, total, per capita and per \$1 GDP (PPP), and consumption of ozone-depleting substances** 29. (dropped) ¹⁵ Proportion of fish stocks within safe biological limits Proportion of total water resources used
Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss	26. Proportion of terrestrial and marine areas protected** Proportion of species threatened with extinction
Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation	30. Proportion of population using an improved drinking water source** 31. Proportion of population using an improved sanitation facility**
Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	32. Proportion of urban population living in slums ^{16**}
Goal 8: Develop a global partnership for development	
Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system Includes a commitment to good governance, development and poverty reduction – both nationally and internationally Target 13: Address the special needs of the least developed countries Includes: tariff and quota free access for the least developed countries' exports; enhanced programme of debt relief for heavily indebted poor countries (HIPC) and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction Target 14: Address the special needs of landlocked developing	Some of the indicators listed below are monitored separately for the least developed countries (LDCs), Africa, landlocked developing countries and small island developing States. <u>Official development assistance (ODA)</u> 33. Net ODA, total and to the least developed countries, as percentage of OECD/DAC donors' gross national income 34. Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation) 35. Proportion of bilateral official development assistance of OECD/DAC donors that is untied 36. ODA received in landlocked developing countries as a proportion of their gross national incomes 37. ODA received in small island developing States as a proportion of their gross national incomes <u>Market access</u>

¹⁴ Previously: "Energy use (kg oil equivalent) per \$1 GDP (PPP)".

¹⁵ Previously: "Proportion of population using solid fuels".

¹⁶ The actual proportion of people living in slums is measured by a proxy, represented by the urban population living in households with at least one of the four characteristics: (a) lack of access to improved water supply; (b) lack of access to improved sanitation; (c) overcrowding (3 or more persons per room); and (d) dwellings made of non-durable material.

Goals and Targets* (from the Millennium Declaration)	Indicators for monitoring progress**
<p>countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly)</p> <p>Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term</p>	<p>38. Proportion of total developed country imports (by value and excluding arms) from developing countries and least developed countries, admitted free of duty</p> <p>39. Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries</p> <p>40. Agricultural support estimate for OECD countries as a percentage of their gross domestic product</p> <p>41. Proportion of ODA provided to help build trade capacity</p> <p><u>Debt sustainability</u></p> <p>42. Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative)</p> <p>43. Debt relief committed under HIPC and MDRI** Initiatives</p> <p>44. Debt service as a percentage of exports of goods and services</p>
<p>Target 16: replaced by new target in Goal 1</p>	<p>45. (Replaced by new indicators in Goal 1)¹⁷</p>
<p>Target 17: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries</p>	<p>46. Proportion of population with access to affordable essential drugs on a sustainable basis</p>
<p>Target 18: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications</p>	<p>47a. Telephone lines per 100 population **</p> <p>47b. Cellular subscribers per 100 population**</p> <p>48. Internet users per 100 population**</p>

* The numbering of the targets and indicators will be undertaken through the inter-agency process of the Inter-agency and Expert Group on MDG Indicators.

** The language has been modified for technical reasons, so that the data can be more clearly reflected.

¹⁷ Previously: "Unemployment rate of young people aged 15-24 years, each sex and total".