

## **Fiji Recovery and resilience budget support 2020-2023**

### **management comments**

The Fiji Recovery and Resilience Budget Support Program was developed prior to the COVID-19 pandemic, with an aim of supporting the Government of Fiji's economic and social reform priorities. As the pandemic evolved, Australia announced the AU\$100 million Pacific and Timor-Leste Immediate Response Package that was delivered in 2019-20 to provide immediate crisis financing. The Pacific COVID-19 Fiscal and Budget Support (FBS) Package was established following the Immediate Response Package to support Pacific Island Countries weather the economic impacts of COVID-19 and position the region for recovery.

The FBS primarily provided general budget support linked to the Government of Fiji's reform priorities. Over three years (FY2020-21 – FY2022-23<sup>1</sup>), the Program has supported Fiji's fiscal viability, enabling the social protection system to reach vulnerable populations, strengthening public financial management, promoting private sector led economic recovery and enhancing climate, disaster and social resilience. As part of the FBS Package, Australia provided AUD 223.5 million in support to Fiji.

In August 2023, DFAT commissioned an independent evaluation of the Fiji Recovery and Resilience Budget Support Program for the period FY2020-21 – FY2022-23, with the key focus on its effectiveness, efficiency, sustainability, and contribution to gender equality and disability inclusion. The independent evaluation was conducted by the consulting firm, Equity Economics.

The review was conducted in-country from 21 August to 11 September 2023, with the final report submitted in January 2024. The evaluation team met with a diverse range of stakeholders, including Government, private sector, development partners, civil society and DFAT personnel.

#### **KEY FINDINGS AND MANAGEMENT RESPONSE**

There is strong evidence that the Fiji Recovery and Resilience Budget Support was very effective. Budget support was a highly effective crisis response tool due to Fiji's fiscal needs, the scale of Australia's support, and the Government of Fiji's leadership on reform. Budget support was also a valuable platform for cooperation and significantly enhanced the bilateral relationship.

The review highlighted that:

1. There is strong evidence that Australia's budget support effectively mitigated fiscal shortfalls and helped leverage development finance. Government of Fiji officials confirmed that substantial budget cuts were otherwise contemplated (in the absence of budget support), and Australia contributed towards crowding in additional grants and concessional loans from the multilateral development banks. Financial support from Australia and other partners was critically important in preventing the COVID-19 economic shock from deepening into a social crisis.
2. There is strong evidence that Australia's investment supported vulnerable people and an inclusive recovery.
3. There is strong evidence that Australia's budget support, coupled with technical assistance, helped progress Fiji-led reforms. An impressive 44 policy actions were undertaken over the three years

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<sup>1</sup> This represents the period 01 July 2020 – 30 June 2023.

from 2020 to 2023 across public financial management, the business environment, the financial sector, gender equality, climate change and social protection.

4. There is strong evidence that Australia harmonised agreed reforms with development partners where applicable.
5. There is strong evidence that budget support was efficient in relation to time and resources of DFAT and the Government of Fiji and that disbursements were timely. Fiduciary risks were managed well by Post.
6. There is strong evidence that budget support enabled the Government of Fiji to take action on gender equality and achieve significant results.

Detailed responses and the action plan against each of the recommendations from the evaluation is provided in the table on the next page.

### Individual management response to the summary of recommendations

Recommendation	Summary	Response	Action Plan	Timeframe
<b>Multi-year framework</b>	DFAT should adopt a multi-year framework for budget support to enable Fiji to plan better and Australia to support more transformative multi-year reforms.	Agree	The recently established Pacific Direct Financing Fund (PDFF) within DFAT, will allow a multi-year framework to be established.	By April 2024
<b>Joint policy actions (JPA)</b>	A JPA matrix should be agreed upon by DFAT with other development partners as good development practice. Additional actions can also reinforce Australia's bilateral program.	Agree	A JPA matrix now exists for the program. Each partner's priority actions are highlighted with timeframes for completion. A more structured development partner roundtable has been convened amongst the active partners in Fiji and will serve as the platform for coordination of multi-year reform priorities and support for technical assistance.	Ongoing
<b>Skilled staff at Post</b>	Skilled staff at Post are essential for DFAT to maintain, including local experts skilled in public financial management and political economy, and remunerated on competitive terms.	Agree	Post continues to actively review its program staffing competencies and remuneration frameworks. Continuous capacity assessments are being conducted by Post and where necessary adequate retention models pursued.	Ongoing
<b>Civil society engagement (CSO)</b>	CSO engagement can be strengthened by DFAT, leveraging Fiji's own budget process and by holding roundtables to be well informed and bring this voice to policy dialogue.	Agree	Post will continue to actively engage with CSOs through its ongoing bilateral initiatives and through its policy dialogue processes which form part of the budget support operation. It will also seek inputs from the CSOs to support its ongoing monitoring and evaluation process.	Ongoing
<b>Gender equality and disability equity</b>	Fiji's commendable focus on gender equality should continue to be supported by DFAT, while inclusion of people with disabilities and other socially marginalised groups needs to be strengthened.	Agree	Strategic incorporation of GEDSI into the budget support operation will continue to be a focus of the program, helping mainstream these cross-cutting issues into the macro-economic reform agenda. Suva Post will continue to seek international best practices in GEDSI mainstreaming and where appropriate, engage in policy dialogue on these, complementing the robust bilateral program we have in this area.	Ongoing
<b>Technical assistance</b>	Technical assistance which is crucial for supporting reforms, should continue to be coordinated by DFAT and development partners, and linked with the policy actions.	Agree	Provision of adequate technical assistance will continue to be assessed and supported. Close coordination of technical assistance and sequencing will be assessed to ensure it aligns with Government's needs and absorptive capacity.	Ongoing

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<b>Risk management.</b>	Risk registers should continue to be kept up to date by DFAT and a risks and safeguards assessment should reflect political economy factors for successful ongoing budget support.	Agree	The Assessment of National Systems (ANS) was conducted in parallel with the Public Expenditure and Financial Accountability (PEFA) assessment in 2020. A comprehensive update of the ANS will be conducted in 2024 along with relevant fiduciary check assessments (social protection schemes etc). Risk and safeguard assessments will continue to be regularly updated.	Dec 2024 and ongoing
<b>Learning</b>	Fiji's experience presents a valuable learning opportunity. DFAT should capitalise on this by facilitating knowledge sharing with other Pacific Posts and governments.	Agree	This is currently in practice. However, DFAT will explore resources to strengthen our support and knowledge sharing with other Posts.	Ongoing