
FIJI RECOVERY AND RESILIENCE BUDGET SUPPORT 2020-23 EVALUATION FINAL REPORT

EQUITY ECONOMICS AND DEVELOPMENT PARTNERS
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About us

ABOUT EQUITY ECONOMICS

Equity Economics is a unique economics and social policy consulting firm working across the Asia Pacific region. We are deeply committed to more inclusive models of economic growth and ensuring vulnerable groups have a seat at the table in policy development.



EQUITY ECONOMICS

We combine technical economic skills with policy and design expertise, helping our clients contribute to a more inclusive, equitable society. We use evidence to inform and develop practical policy solutions. Our work addresses the persistent challenge of social and economic disadvantage, through new and practical solutions.

ABOUT THIS REPORT

This report is part of a wider evaluation of Australia’s COVID-19 Fiscal and Budget Support package to the Pacific and Timor-Leste, led by Amanda Robbins and Gabrielle Stewart of Equity Economics. The Fiji evaluation team members contributing to this report were Melissa Wells (principal author), Inge Stokkel, Jonathan Gouy, Katherine Dobson and James Batley.

ACKNOWLEDGEMENT OF COUNTRY

Equity Economics acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Owners of Country throughout Australia and their continuing connection to both their land and seas. We also pay our respects to Elders – past, present and emerging – and generations of Aboriginal and Torres Strait Islander peoples now and into the future.

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Executive summary

The AUD 223.5 million Fiji Recovery and Resilience Budget Support complemented Australian health, humanitarian and other donor assistance to Fiji during the COVID-19 pandemic and into recovery over 2020 to 2023. Fiji was the worst affected by the tourism collapse and COVID-19 deaths among Pacific Island countries and was also impacted by two severe cyclones in 2020. Most funding was general budget support to Fiji's Ministry of Finance attached to policy actions, with AUD 20 million earmarked to maintain social protection payments in 2021.

The evaluation considered evidence against key evaluation questions, based on a mixed methods approach of reviewing secondary data and key informant interviews. The findings will be used to inform future budget support to Fiji and the next Pacific direct financing package.

EFFECTIVENESS

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. Budget support was also a valuable platform for cooperation and significantly enhanced the bilateral relationship.

Findings for the two Pacific-wide End of Program Outcomes (EOPOs) are as follows:

- **Mitigating fiscal shortfalls.** 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 over AUD 700 million 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.
- **Protecting the vulnerable.** There is strong evidence that Australia's investment supported vulnerable people and an inclusive recovery. Budget support from Australia and others enabled government spending on health and social protection, women and children to be maintained. Australia's earmarked support also temporarily funded social protection schemes benefiting 125,372 people in 2021.

Findings for the three Fiji-specific objectives are as follows:

- **Progressing economic, social and fiscal reforms.** 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 from 2020 to 2023 across public financial management, the business environment, the financial sector, gender equality, climate change and social protection. Linking policy actions to the budget support enabled several complex reforms to pass and be implemented within the year, with improved outcomes through technical assistance.
- **Harmonising with other donors.** There is strong evidence that Australia harmonised agreed reforms with development partners where applicable, enabling Australia to share in a wide array of policy actions. In the years when the World Bank and Asian Development Bank (ADB) had a budget support operation, Australia reflected the policy actions in its direct funding arrangements with Fiji.
- **Supporting Fiji government to recover from impacts of COVID-19.** There is adequate evidence the stability achieved through the budget operation has enabled the government to move faster than otherwise onto economic recovery and resilience measures. This builds on a range of policy actions to promote private sector recovery under Australian and development partner budget support.

EFFICIENCY

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-led and independent assessments of national systems. Alignment with national budget processes could have been marginally better – revising the timing of Australia’s budget commitments to align closer to Fiji budget cycles and establishing a multi-year framework would have given greater certainty to plan for transformative reforms. Management and governance of the investment functioned effectively and efficiently through close collaboration between Suva Post, Government of Fiji and multilateral partners.

GENDER EQUALITY AND DISABILITY EQUITY

There is strong evidence that budget support enabled the Government of Fiji to take action on gender equality and achieve significant results. A deliberate effort was made by Australia’s investment to support the Government of Fiji’s leadership of a gender-responsive recovery. Reforms included: piloting and scaling gender-responsive budgeting, cabinet endorsement of guidance for early childhood care services and a National Action Plan to Prevent Violence Against All Women and Girls.

By contrast, there is adequate evidence that the budget support met some needs of people with disability through social protection, but limited evidence that people with disability benefited from other aspects of budget support. Participation of people with disability was not systematically part of the Fiji budget support or the wider regional package and is an area to strengthen going forward.

SUSTAINABILITY

There is adequate evidence the benefits of the investment are likely to endure in some areas, including strengthening local systems with funding channelled through the Ministry of Finance and improvements supported in the areas of public financial management and social protection. There is strong evidence of the Government of Fiji’s ownership of policy and institutional reforms – all reforms were led by Fijian ministries in areas that Fijian policy-makers wanted to progress. Nonetheless, many reforms will require continuous effort within the government and support from development partners to achieve implementation.

RECOMMENDATIONS

A summary of recommendations for DFAT are as follows:

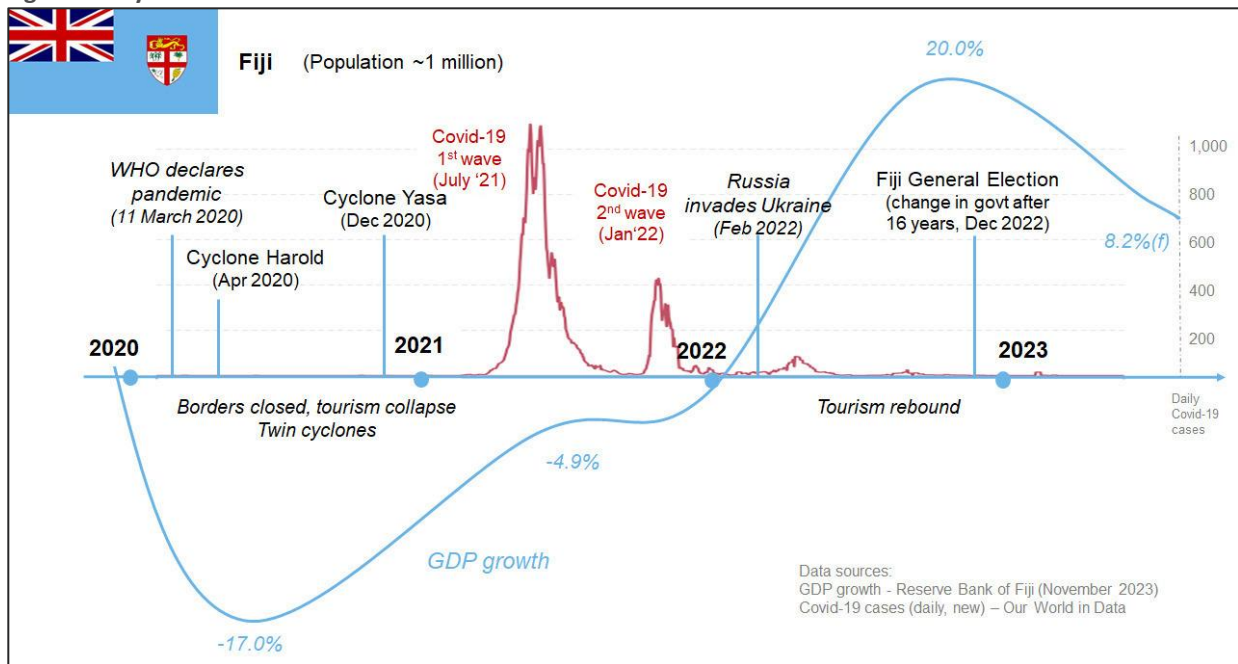
1. **Multi-year framework.** DFAT should adopt a multi-year framework for budget support to enable Fiji to plan better and Australia to support more transformative multi-year reforms.
2. **Joint policy actions** should be agreed upon by DFAT with other development partners as good development practice. Additional actions can also reinforce Australia’s bilateral program.
3. **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.
4. **Civil society 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.
5. **Gender equality and disability equity.** 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.
6. **Technical assistance**, which is crucial for supporting reforms, should continue to be coordinated by DFAT and development partners, and linked with the policy actions.
7. **Risk management** 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.
8. **Learning.** Fiji’s experience presents a valuable learning opportunity. DFAT should capitalise on this by facilitating knowledge sharing with other Pacific Posts and governments.

Introduction

The Fiji Recovery and Resilience Budget Support (AUD 223.5 million) is one component of the Pacific COVID-19 Fiscal and Budget Support (FBS) package which provided AUD 497 million over a three-year period (2020-2023) to Pacific Island countries and Timor-Leste. Fiji was the largest recipient of the regional package (45% of total funds). The aim of the budget support was to mitigate the fiscal shock from COVID-19 and support vulnerable people and inclusive recovery. It was designed to complement Australia’s other health, humanitarian and development support to Fiji. This section of the report provides a brief economic and fiscal overview, summarises the budget support to Fiji, the evaluation methodology and limitations.

Fiji economic and fiscal overview

Figure 1: Key events



Among Pacific island countries, Fiji was the worst affected by COVID-19 deaths and the tourism collapse. With tourism accounting for around 40% of GDP, in 2020 real GDP plunged by 17% as borders closed.¹ An estimated 120,000 Fijians employed by the tourism sector lost their jobs², a sector that also employs many women. Furthermore, in 2020, Fiji was hit by Category 4 and Category 5 cyclones – Tropical Cyclone Harold affecting 20% of the population³ and Tropical Cyclone Yasa affecting 10% of the population.⁴

Remittances helped to smooth income for families – increasing from 5.2% of GDP in 2019 to 9.3% in 2022 (also increasing in dollar terms).⁵ With the drop in economic activity, government tax revenues fell precipitously by almost 40% between 2019 and 2021.⁶

Fiji’s deadly COVID-19 outbreak in mid-2021 was eventually controlled with restricted mobility zones and curfews. Fiji was the quickest in the Pacific to vaccinate its population which likely dampened subsequent outbreaks and Fiji was a first-mover in taking advantage of borders opening to boost tourism. GDP growth rebounded strongly off the

¹ International tourist arrivals dropped from 970,000 in 2019 to 170,000 in 2020 (World Development Indicators, International tourism, number of arrivals)

² Westpac Wave, Fiji Economic Update 2022. <https://www.fijivillage.com/news/50-of-about-120000-Fijians-in-the-tourism-sector-have-gone-back-to-work-as-hotels-and-resorts-are-reopening-4f5xr8>

³ DFAT <https://www.dfat.gov.au/crisis-hub/tropical-cyclone-harold>

⁴ ADB Fiji, Tropical Cyclone Yasa Project Summary: <https://www.adb.org/projects/54471-001/main>.

⁵ World Development Indicators, Personal Remittances (% and USD)

⁶ IMF World Economic Outlook database (October 2023), General Government Revenue (national currency, billions). The drop in revenue also reflected Government of Fiji efforts to revive the economy by introducing (and maintaining) several tax concessions.

low base, up 20% in 2022. The Reserve Bank of Fiji forecasts GDP growth to be ahead of expectations at 8.2% in 2023 before moderating to 3.4% in 2024. Real GDP per capita has returned close to pre-pandemic levels.

Government debt increased dramatically from 49% of GDP in 2019 to 90.6% in 2022.⁷ While the International Monetary Fund (IMF) assesses the risk of debt distress as moderate, the higher debt level leaves Fiji vulnerable to future shocks with less space to respond.⁸ Although Fiji’s domestic capital markets and access to international capital markets provide some recourse to financing, concessional lending and grants from the international community is essential to support continued development.

In late 2022, Fiji had a change in government – the first change in 16 years – with a three-party coalition government elected. The 2023-24 government budget at FJD 4.3 billion, is the largest ever⁹, reflecting expansionary fiscal policy to support recovery along with election commitments.

Budget support overview

Australia’s budget support to Fiji was part of a multi-pronged approach, including supply of vaccines and humanitarian support.¹⁰ Over the three years covered by this evaluation, budget support to Fiji amounted to AUD 223.5 million, with two-thirds funded from the Pacific FBS package and one-third from Fiji bilateral/regional funds. The table below shows the breakdown of budget support by Australian financial year. Most funding was general budget support attached to policy actions. In 2020-21, AUD 20 million was earmarked to maintain social protection payments.

Budget support to Fiji was relatively new for development partners. The World Bank commenced a policy lending operation in 2016, and Australia’s first budget support grant to Fiji was in 2019-20. Australia’s budget support to Fiji amounted to 45% of Australia’s total Official Development Assistance (ODA) to Fiji in 2020-21 and 50% in 2021-22 (actual ODA expenditure for 2022-23 is not yet available).¹¹

Table 1: Breakdown of Australian budget support

Description	Amount (AUD million)	Bilateral/regional*	Pacific FBS
General budget support - Australia adopted World Bank-led policy actions	63.5	9.5	54.0
Social protection payments following Tropical Cyclone Yasa (3 social welfare programs over 9 months)	20.0	0.0	20.0
Total Amount 2020-21	83.5		
General budget support - Australia adopted ADB-led policy actions, plus additional bilateral actions (e.g. early childhood care services guidance)	85.0	54.0	31.0
Total Amount 2021-22	85.0		
General budget support – Bilateral policy actions (no World Bank or ADB policy operations due to lending cycle and Fiji election)	55.0	10.0	45.0
Total Amount 2022-23	55.0		
Total Amount over 3 years	223.5	73.5	150.0

* Notes: The AUD 54 million in 2021-22 includes savings from other bilateral programs. The AUD 10 million in 2022-23 was a regional top up from Office of the Pacific (but not the FBS package).

Over 2020 to 2023, Australia's budget support to Fiji was linked to a mix of bilateral and joint policy actions with other development partners mainly due to differing operational cycles. Nonetheless, close coordination between the Government of Fiji, World Bank, ADB and Australia ensured a largely shared policy agenda.¹² In 2020-21,

⁷ IMF World Economic Database (October 2023), General Government Gross Debt (% GDP).

⁸ IMF Fiji Article IV Staff Report (June 2023).

⁹ The FY2018-2019 was estimated at \$4.65billion with actual expenditure incurred at \$3.6billion.

¹⁰ <https://www.dfat.gov.au/geo/fiji/development-assistance/development-partnership-with-fiji>

¹¹ <https://www.dfat.gov.au/sites/default/files/2021-22-oda-time-series-table-6.xlsx>

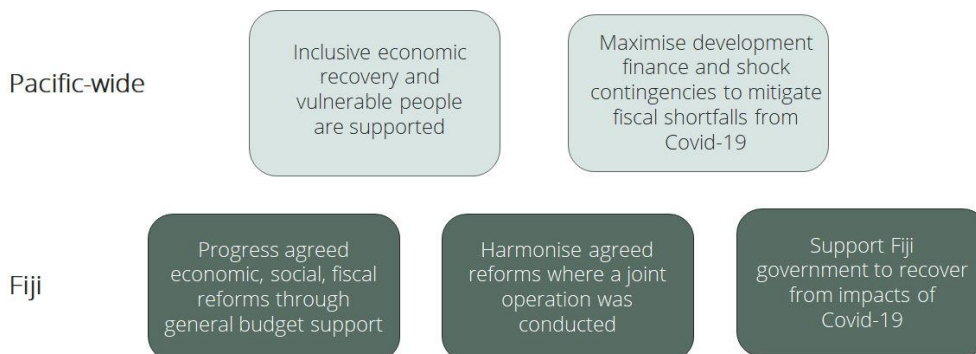
¹² The exception was New Zealand who granted budget support to Fiji (and several other Pacific countries) in response to the COVID-19 pandemic, untied to policy actions.

Australia agreed to World Bank-led policy actions¹³ and in 2021-22 Australia agreed to ADB-led actions¹⁴, complemented by a set of bilateral reform actions.

In 2022-23, the World Bank and ADB did not have a policy lending operation. The Government of Fiji requested a ‘cooling off’ period before taking further loans, and the Fiji election affected the ability of the multilaterals to conduct operations. By contrast, Australia’s budget support with grant funds continued, with disbursement after the election.

The EOPOs for the Pacific-wide FBS package and objectives for Fiji¹⁵ are shown in Figure 2. This evaluation assesses effectiveness against both the Pacific FBS EOPOs and Fiji-specific objectives.

Figure 2: End of Program Outcomes and Objectives



Evaluation methodology

This evaluation follows the same approach as the regional Pacific FBS evaluation which is to assess program performance against key evaluation questions related to effectiveness, efficiency, gender equality, disability equity, and sustainability. The evaluation adopted a mixed-methods approach consisting of secondary documents, data analysis and primary data collection through key informant interviews in Fiji and online. A list of key documents reviewed and people interviewed is provided in Annexes 1 and 2. Evaluation rubrics, drawing on the DFAT Final Investment Monitoring Report rating scale, were developed and used to assess the:

- a. **Strength of evidence** taking into account the number, type and strength of data sources and timeliness of available data.
- b. **Strength of performance** against the key evaluation questions.

Further details about the evaluation methodology are contained in the Fiji Recovery and Resilience Budget Support Evaluation Plan (November 2022), and Annex 3 to this report (Methodology).

Limitations

This evaluation assesses performance based on contribution to outcomes. Due to the nature of budget support for a partner government-led agenda, combined with joint funding with other development partners, assessing attribution is not possible.

¹³ World Bank Fiji Recovery and Resilience First Development Policy Operation <https://projects.worldbank.org/en/projects-operations/project-detail/P173558> Owing to the scale of the crisis, a Fiji Recovery and Resilience Second Development Policy Operation was approved by the World Bank in June 2022 and disbursed in July 2022. It contains several separate policy actions, also achieved by the Government of Fiji. <https://documents1.worldbank.org/curated/en/398231656371132660/pdf/Fiji-Recovery-and-Resilience-Second-Development-Policy-Operation.pdf>

¹⁴ Asian Development Bank Fiji Sustainable and Resilient Recovery Program <https://www.adb.org/projects/55116-001/main>

¹⁵ Reflected in Direct Funding Arrangements.

Effectiveness

1. How effective was the Fiji Recovery and Resilience Budget Support over its lifetime?

There is strong evidence that Fiji budget support was very effective. The investment achieved its strategic intent and both FBS intended EOPOs and Fiji-specific objectives. Government of Fiji stakeholders were very satisfied with the budget support provided and the technical assistance that supported implementation.

1a. (Strategic intent) To what extent did Australia's investment achieve its strategic intent of contributing to a stable, prosperous, and secure Pacific in the wake of COVID-19 and enhancing Australia's relationships and reputation with Pacific island countries as an economic partner of choice? How satisfied were Partner Governments and/or other beneficiaries with Australia's support and implementation?

There is strong evidence the strategic intent of budget support in Fiji was achieved. Australia's relationship with Fiji is vitally important given Fiji's strategic significance and Fiji's position as a hub for regional activity. Against that background, the evaluation team heard consistent testimony from key informants, from both Australia and Fiji, that Australian budget support through the COVID-19 period comprehensively met Australia's strategic intent. Budget support played an important role in enhancing the quality of Australia's relationships with key policymakers in Fiji, and in enhancing the bilateral relationship in general.

Financing support of Australia (and other donors) was critically important in preventing the COVID-19 economic shock from deepening into a social crisis, as confirmed by senior Fiji government officials, civil society leaders and global institutions such as the IMF. DFAT senior officials described the budget support as a valued platform for cooperation that gave Australia a seat at the table to discuss reforms and wider issues. All Government of Fiji officials interviewed for this evaluation conveyed a high degree of satisfaction for the budget support and the technical assistance supporting implementation.

Direct financing is a key platform for Australia's partnership approach to the Indo-Pacific. The Vuvale Partnership between Australia and Fiji, and Australia's new international development policy (2023) both recognise the importance of direct financing to partner governments, and of respecting local priorities for development. The Fiji Recovery and Resilience Budget Support program appears to be a model of the kind of relationship envisaged in both those documents. It provided a solid foundation for the renewed and elevated Vuvale Partnership, signed in 2023, which commits to closer cooperation, consultation, and friendship between the two nations.

1b. (Results) To what extent did the investment achieve its intended EOPOs and Fiji-specific objectives?

1b(i). To what extent did Australian support help to maximise development finance and shock contingencies to mitigate fiscal shortfalls resulting from the COVID-19 crisis?

There is strong evidence Australia's budget support effectively mitigated fiscal shortfalls. Australia's budget support directly filled fiscal gaps, amounting to 6% of Fiji's revenue on average in 2020-21 and 2021-22 and 4% of expenditure.¹⁶ Government of Fiji officials confirmed that substantial budget cuts were contemplated along with asset sales¹⁷, and would have been required had it not been for Australia's and other development partners' funding. Budget support delivered significant welfare benefits – government services could be maintained, and relief and recovery programs could be funded. Interviews with multiple key informants underscored that public service salary cuts were avoided, with the understanding that salaries of health workers, teachers and administrative officers contribute to broader household welfare.

Australia's budget support helped maximise development and other finance. There is adequate evidence that Australia contributed towards crowding in over AUD 700 million in additional grants and concessional loans from the multilateral development banks and enabled Fiji to increase government borrowing to fund the national budget. At a macroeconomic level, Australia's grant funding contributed towards Fiji avoiding the instability of a major currency devaluation by securing foreign currency inflow, as shared by one senior government official. Fiji's

¹⁶ Evaluation team analysis based on budget actuals reported in Fiji Budget Supplements 2022-23 and 2023-24.

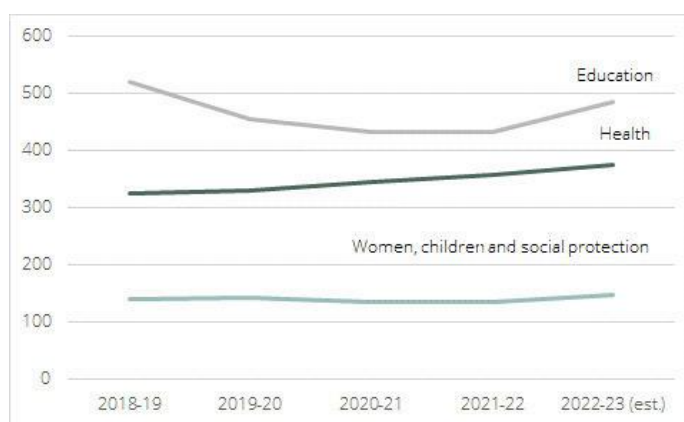
¹⁷ In the 2020-21 supplementary budget, the Government of Fiji flagged asset sales of its telecommunications holding company and Fiji Airports (Economic and Fiscal Update Supplement to the 2021-22 Budget Address, July 2021, paragraph 3.11 page 33). These transactions did not proceed.

solid macroeconomic and debt management resulted in the IMF rating Fiji’s level of debt distress as ‘moderate’ in 2023 which is important for further borrowing.

1b(ii). To what extent did Australia’s investment support inclusive economic recovery, and vulnerable people?

There is strong evidence that Australia’s investment very effectively supported inclusive economic recovery and vulnerable people. A key channel for protecting vulnerable people in 2020 and 2021 was through macroeconomic stability and stemming the economic crisis before it reached a social crisis. Budget support from Australia and other development partners also largely enabled social spending to be maintained. As shown in Figure 3, budget outlays for the Ministry of Women, Children and Social Protection were largely maintained, and increased for the Ministry of Health reflecting the demands of the pandemic response. Outlays for the Ministry of Education dipped before recovering in 2023, in part reflecting lower input costs from school closures. Analysis of non-staff recurrent spending by the evaluation team – a measure of program quality of spending – shows the same pattern of expenditure.

Figure 3: Spending allocations by Ministry 2018-19 to 2022-23 (FJD, million)



Source: Government of Fiji Budget Documents. Budget year is 1 August to 31 July

Australia’s investment substantially supported social protection. Following Tropical Cyclone Yasa, and at the same time as a major COVID-19 outbreak, Australia earmarked AUD 20 million to cover social protection payments under three of Fiji’s six social welfare programs for nine months in 2021. The three programs were the poverty benefit, disability allowance, and care and protection allowance (child grant). Together these programs benefited an estimated 125,372 people.¹⁸ This earmarking was an important priority, with respect to signaling, and was acknowledged as a positive move by the Government of Fiji and civil society.

Social protection was facilitated by a prior fiduciary risk assessment of social welfare systems. Earmarking social protection payments after Tropical Cyclone Yasa followed DFAT’s response to Tropical Cyclone Harold earlier in 2020 and was underpinned by a Fiduciary Risk Assessment of Top-Up Payments through Government of Fiji Social Welfare Programmes.¹⁹ National systems are a cost-effective way to distribute large-scale social payments quickly and provide an opportunity to improve government capability and coordination, including for future shock responses.²⁰

DFAT also leveraged policy dialogue to support a revised social protection policy framework and negotiated the inclusion of an operational review of Fiji’s social protection system by DFAT’s Partnerships for Social Protection program (P4SP). The operational review was an entry point for ongoing technical assistance by P4SP, including

¹⁸ Figures from the Ministry of Women, Children and Child Protection: Poverty benefit scheme (23,862 households), disability allowance (8,864 beneficiaries), care and protection allowance (9,129 beneficiaries). An average of 4.5 people per household is applied for the reach of the poverty benefit scheme (i.e. 23,862 households x 4.5 people = 107,379 beneficiaries).

¹⁹ The fiduciary assessment recommended further strengthening of Fiji’s other three social welfare schemes, including the elderly pension, before Australian funds could be disbursed through these programs.

²⁰ For example, humanitarian cash transfers through NGOs incur a management fee and/or program management costs to roll out the cash transfers. These transfers often also require bespoke systems to be established, parallel to government systems. This is not only less efficient, but it also reduces the opportunity for government system strengthening.

digitisation of the social protection program databases. These efforts will contribute to a stronger system both on an ongoing basis and for shock response.

1b(iii). To what extent did Australia's investment progress agreed economic, social, fiscal reforms through general budget support?

There is strong evidence that Australia's general budget support very effectively helped progress policy actions across economic, social and fiscal domains. An impressive 44 policy actions were undertaken over the past three years (see Annex 4). While many reforms had progressed from a technical perspective, linking policy actions to the budget support enabled several complex reforms to pass such as modernising the Financial Management Act, Fiji's first medium-term debt management strategy, and updating the national payment system to take account of digitalisation. Other reforms may have occurred anyway, but the link to budget support made it happen within the year and improved the outcome through technical assistance (e.g. public enterprise transactions). In many areas, reforms were sequential, building on prior action such as a social assistance policy framework (2021) followed by a technical review of operations (2023).

Budget support capitalised on reform momentum to progress gender equality including piloting and scaling gender-responsive budgeting, cabinet endorsement of guidance for early childhood care services and a National Action Plan to Prevent Violence Against Women. In typical multilateral operations, gender may be 'tagged'²¹ but in the case of Fiji, a deliberate effort was made to support the Government of Fiji's leadership of a gender-responsive and inclusive recovery.

Several of the policy reforms reinforced Australia's bilateral program initiatives including the operational review of social protection, National Action Plan to Prevent Violence Against Women, and the International Finance Corporation (IFC) work with the Government of Fiji on early childhood care services (funded by Australia).

1b(iv). To what extent did Australia's investment harmonise agreed reforms where a joint operation was conducted?

There is strong evidence Australia harmonised agreed reforms with development partners where applicable, enabling Australia to share in a wide array of policy actions. In the years when the World Bank and ADB had a budget support operation²², Australia reflected the policy actions in its direct funding arrangements with Fiji and supplied technical assistance to help achieve many of the reforms. The collaboration was organic and worked very well during the last three years reflecting a crisis footing and development staff in Fiji with a collaboration mindset. Moving forward, development partners are considering whether a more formal arrangement is necessary, and ways for addressing varying priorities and operational timeframes.

Australia tended to have greater flexibility in reform actions progressed bilaterally. Globally, the multilaterals tend to link their operations to legislated or regulatory policy changes. In Fiji, Australia was also willing to support implementation-orientated reforms (e.g. social protection operational review and a framework for climate change regulations). These reforms can be critical to unlocking bottlenecks and setting the scene for more complex reforms in an evolving political economy.

1b(v). To what extent did Australia's investment support the Government of Fiji to recover from the impacts of COVID-19?

There is adequate evidence the stability achieved through the budget support operation has enabled the government to move faster than otherwise onto economic recovery and resilience measures. Promising initiatives in the first half of 2023 were a Fiscal Review Committee (the first one convened since 2004), which undertook public consultation and tackled hard issues such as raising the Value Added Tax rate. A National Economic Summit was held, canvassing views from experts, community groups, and business. This builds on a range of policy actions

²¹ At the World Bank for example, gender tagging is applied at the design stage. A budget support operation is eligible for gender tagging if it has research-based analysis to identify gender gaps, specific actions to address the gender gaps; and a results framework to measure progress in closing identified gender gaps. The share of World Bank budget support operations tagged for gender has increased from 24% in 2017 to 70% in 2021: Fardoust, Shahrokh et al (2023), Retooling Development Aid in the 21st Century: The Importance of Budget Support, p212.

²² World Bank had budget support operations over Australia's budget year 2020-21, and ADB in 2021-22. In Fiji it was noted that the banks will sometime alternate but look for continuity in policy actions.

to promote private sector recovery including simplifying business licensing, improving regulations for corporate bond issuance, abolishing stamp duties and facilitating digital payment solutions.

1c. (Policy dialogue) To what extent, and in what ways, did budget support open up opportunities for policy dialogue and/or progress in Fiji, including in regard to macroeconomic management, public financial management, social protection, GEDSI, economic reform or other priorities?

Refer above to sections 1a and 1b(iii).

1d. (Monitoring and evaluation) To what extent did the monitoring, evaluation and learning system generate credible information on outputs and outcomes that was used for management decision-making, learning and accountability purposes?

There is strong evidence that monitoring of policy actions directly fed into decision-making over funds disbursement. The Suva Post summarised policy changes in a narrative document with supporting evidence which was relayed back to Canberra, and informed policy actions for subsequent rounds. Clear assessments on the progress of policy actions were also reported in Country Annexes and included in Disbursement Notes for later funding rounds.²³ Evaluating the political economy for reform was undertaken by Post – some areas were explored but ultimately determined not suitable for the list of policy actions.

There is adequate evidence that simple and appropriate monitoring and evaluation arrangements were in place for the Fiji Recovery and Resilience Budget Support, with data on progress, and the achievement of EOPOs adequately collected. There was a commitment to a simple, non-onerous approach to monitoring and evaluation with a mid-term review, Fiji case studies and final evaluation viewed as key opportunities to collect and analyse data from a diversity of sources. The annual FBS Country Annexes²⁴ specified several performance indicators aligned with the FBS Performance Assessment Framework. Data on progress against some of those indicators were included within Country Annexes in later years, primarily drawing from the Government of Fiji's own reporting systems. Similarly, this evaluation includes data from the Government of Fiji such as beneficiaries of social protection payments, disaggregated by gender, provided by the Ministry of Women, Children and Social Protection.

Across the overall Pacific FBS package, progress against Performance Assessment Framework monitoring indicators was not rolled out or systematically collected, and opportunities to share factors facilitating effective budget support and policy action were missed. That meant that Suva Post was not able to feed its lessons to the broader package throughout implementation, nor use Canberra as a sounding board regarding adherence with investment monitoring review criteria.

²³ DFAT, Disbursement Note – Fiji Sustainable Growth and Resilience Budget Support Program FY 2022-23.

²⁴ Country Annexes were produced annually for each Pacific FBS country with an overview of intended expenditure.

Efficiency

2. Did the investment make appropriate and efficient use of time and resources to achieve EOPOs?

There is strong evidence that the investment made good use of available time and resources to achieve EOPOs based on DFAT resources applied, efficiency of disbursements, streamlined governance and management arrangements, prior risk assessments and clear Development Financing Arrangements.

2a. (Timeliness and alignment) How efficient was the budget support modality in relation to the use of time and resources to achieve outcomes? Were fund disbursements timely, in relation to both plans/commitments and alignment with national budget processes?

There is strong evidence budget support was efficient in relation to time and resources of DFAT and the Government of Fiji. Budget support was recognised by Suva Post as the most efficient modality for development assistance per DFAT staff allocation²⁵, albeit one that rested on relatively narrow human resource foundations. The budget support was led by a highly experienced Fijian national, contracted-in and overseen by an A-based Counsellor. The staff member brought together technical skills and knowledge of the local decision-making and political context in a way that many A-based members of staff would have found difficult, if not impossible, to match.

There is strong evidence that fund disbursements were timely. As shown in Table 2, disbursements were made by June ahead of Fiji's fiscal year ending in July. Three tranches were made in 2020-21 at the height of Fiji's budget shortfall. A strongly performing policy portfolio for the budget support also enabled extra bilateral program funds to be swept into the budget operation in 2021-22 and absorbed at a time when Fiji still had a significant fiscal gap.

Table 2: Australian budget support disbursements

Financial year	Amount (AUD)	Disbursement date
2020-2021	20m	Dec 2020
	37.5m	April 2021
	26m	June 2021
2021-2022	85m	Dec 2021
2022-2023	55m	June 2023

The timing of Australia's funding commitments for Fiji's next budget year could have been marginally better aligned with national budget processes. The Fiji Ministry of Finance reported some challenges in the timing of committed funds. Ideally, Australia's funding would be confirmed by end-June to allow the Government of Fiji to review the fiscal framework for the upcoming Fiji budget year starting 1 August. In practice, the year-on-year allocations under the Pacific FBS and Australian federal election affecting the 2022-23 Australian budget meant that funds were not confirmed until later in the Fiji budget year. Suva Post managed this situation by linking to higher level reform plans, rather than budget initiatives. If sector budget support is contemplated in the future, late confirmation of Australian allocations will impact the ability to link to ministry-level work plans and budgets as recommended by the Assessment of National Systems (ANS).²⁶

2b. (Governance and human resources) How well did management and governance arrangements function? How well did the investment make use of human resources, including technical assistance, DFAT staff and specialists for the efficient achievement of intended outcomes?

There is adequate evidence that management and governance arrangements functioned efficiently through close collaboration. Over 2020-23 Fiji did not have a formal steering committee for budget support operations. Nonetheless, regular contact was maintained between DFAT, and the Government of Fiji and Fiji fulfilled all expectations under the Direct Financing Arrangements. The evaluation team also verified with other development partners that close collaboration occurred with DFAT, aided by representatives all based in Fiji. Moving forward,

²⁵ Budget support of AUD 223.5 million over three years was led by one DFAT staff member with oversight from Post and quality assurance from Canberra, compared with a bilateral program of equivalent size which would have several staff allocated for management.

²⁶ DFAT, Budget Support Program: Fiduciary Check Fiji (February 2023).

development partners are considering whether more formal coordination mechanisms would be useful for budget support operations, as the situation normalises.

There is strong evidence the investment made excellent use of technical assistance. Over 2021-22 and 2022-23, Australia funded technical assistance for 70% of the policy actions either directly or indirectly. Technical assistance came from a variety of quarters including World Bank, ADB and DFAT-funded initiatives such as P4SP, IMF capacity assistance (PFTAC) and IFC initiatives funded by DFAT. Similarly, the technical assistance programs produced many assessments and diagnostics enabling DFAT to engage constructively in policy dialogue.

The availability of Public Financial Management (PFM) skills in DFAT staff is a point of vulnerability in the Post's overall skillset for budget support. To deepen knowledge of PFM, Suva Post has periodically conducted PFM training for staff and the economic governance team supports other development teams seeking PFM advice. Moving forward, Post has hired an additional resource to diversify budget skills and implementation knowledge from resting in one team member.

2c. (Risk) To what extent were risk management policies and procedures (including in relation to fraud control and safeguards) followed?

There is strong evidence that fiduciary risks were managed well through Post-led assessments of national systems. This included an ANS in 2020 and ANS Risk Register, plus a specific Fiduciary Risk Assessment of Top-up Payments through Government of Fiji Social Welfare Programmes. Annual fiduciary checks were conducted by independent experts to ensure continued compliance and validate Post's risk assessments. Risks associated with disbursing funds ahead of completion of policy actions or verification of social protection payments in some cases were mitigated by the prior ANS checks and subsequent reporting. Wider screening of risk factors and safeguards does not appear to have been undertaken by Post but was done for the wider FBS package.

2d. (Harmonisation) To what extent was the assistance and funding harmonised and aligned with other donor and multilateral support)?

Refer above to section 1b(iv).

2e. (Implementing principles) To what extent was program implementation aligned with the Vuvale Partnership principles and Direct Financing Arrangements implementing principles?

There is strong evidence that program implementation was aligned with the implementing principles of the Vuvale Partnership and direct financing arrangements. As detailed in this section, governance and management arrangements were efficient for the Government of Fiji and DFAT which was especially important in a time of crisis. Risks were well managed, and funds disbursed in a timely manner to make a difference towards achieving significant outcomes (see section 1 on outcomes).

Gender equality

3. Did the investment make a difference to gender equality and empowering women and girls?

There is strong evidence that Fiji budget support enabled the Government of Fiji to act on gender equality and achieved significant results.

3a. (Results) To what extent did the investment achieve intended results on gender equality and empowerment of women and girls?

There is strong evidence the Fiji budget support operation capitalised on reform momentum to achieve gender equality actions. Results for gender equality and empowerment of women and girls, informing the evaluation team's assessment of very effective performance, include:

- *Gender-responsive budgeting.* Piloted in 2020-21 with two ministries, gender-responsive budgeting has grown to ten ministries in 2022-23 (see Box 1).
- *Early childhood care services.* A budget support action for Cabinet to endorse guidance on early childhood care services facilitated engagement with leaders to ensure passage. Improved quality and availability of childcare services is an important measure to support women in work.
- *Gender-responsive working capital credit facility.* During the slowdown, a policy action was for the Reserve Bank to operate a working capital facility through licensed financial institutions. Loans with a two-year interest-free period were offered, and for small and medium-sized enterprises (SMEs) the Reserve Bank gave a 50% guarantee. For women-led SMEs this was increased to 75% recognising that women may have less collateral to qualify for a loan.
- *Promoting sex-disaggregated data.* For example, a policy action under the Reserve Bank was to establish a digital property security registry. At DFAT's suggestion the registry incorporates a field to collect the gender of applicants.
- *Women and girls benefiting from social protection.* Data from the Ministry of Women, Children and Social Protection indicate the DFAT-supported social protection payments in 2021 went to 54% female recipients under the poverty benefit scheme, 57% female recipients under the care and protection allowance and 56% female recipients under the disability allowance.
- *Gender-responsive social protection policy.* Fiji's social protection policy (a policy action under the budget support), commits to achieving the goal of gender-responsive social assistance programs, including by extending coverage of social protection assistance and quality public services for women over the life cycle while ensuring social assistance programs respond to the risks of gender-based violence.²⁷
- *Action plan to prevent violence against women and girls.* A significant policy action in 2022-23 was Cabinet approval of the National Action Plan to Prevent Violence Against All Women and Girls 2023-28.

3b. (Local partners) To what extent did the investment support local partners to take action on gender equality?

There is strong evidence that Australia's budget support effectively supported the Government of Fiji to take action on gender equality. A deliberate effort was made by Australia's investment to support the Government of Fiji's leadership of a gender-responsive recovery. Fiji stands out as demonstrating that significant gender equality measures can be achieved using general budget support. With technical assistance from Australia and other development partners linked to annual policy actions through general budget support, Fiji progressed a range of gender equality measures including the National Action Plan to Prevent Violence Against All Women and Girls, scaling gender-responsive budgeting, and guidance for early childhood care services (other actions are highlighted in the section above).

²⁷ Government of Fiji (2021) Social Assistance Policy: Protecting the Poor and Vulnerable.

Box 1: Gender-responsive budgeting

In 2020, the Ministry of Finance included a policy action to scale up piloting gender-responsive budgeting in two ministries, building on prior Government of Fiji commitments²⁸ and backed with technical support from the ADB (funded by Australia). All three years of Australia's budget support under this evaluation included gender-responsive budgeting in the policy actions and the initiative has scaled up to include 10 ministries. The Ministry of Finance has a nine-step plan for gender-responsive budgeting including updating the budget guidance, planning and expenditure evaluation criteria, and sex-disaggregated performance information for programs. Importantly, the budget submission template prompts identification of gender issues and proposed changes to programs, policies, and budgets.

Gender assessments in pilot ministries have already led to changes to empower women. For example, a Ministry of Fisheries program initially allowed only registered farmers to access funding. This was found to leave out women who operated 50% of enterprises but were only registered owners in 20% of cases. The criteria of 'ownership' was removed, and the Ministry found other ways to confirm the eligibility of applicants. In the Fiji police force, analysis showed only 2% of middle managers and decision-making levels were women. As a result, a new leadership program for women's advancement and recruitment in the police force was funded and by 2022, and more women were enrolling in advancement qualifying courses.

While gender-responsive budgeting is off to a sound start, more support will be required to embed the practices, and take account of new directions such as climate-responsive budgeting.²⁹

Disability equity

4. How well did the investment include and meet the needs of people with disabilities?

There is adequate evidence that Fiji budget support did not include people with disabilities systematically and limited evidence that people with disabilities benefited outside of social protection.

4a. (Disability-inclusive participation) To what extent were people with disabilities and/or organisations for people with disabilities actively involved in the budget support?

There is adequate evidence that participation of people with disabilities was not systematically part of the Fiji budget support and wider Pacific FBS. Existing expertise in organisations of people with disabilities and relationships with Suva Post should be leveraged in the future. For example, the Pacific Disability Forum works with organisations of people with disabilities in Fiji to analyse the Fiji budget and prepare budget submissions as part of the Government of Fiji's own budget process. Organisations of people with disabilities already engaging with the budget can offer DFAT valuable insights on priorities and shortfalls for policy dialogue.

4b. (Disability-inclusive benefits) To what extent did people with disabilities benefit from the budget support?

There is adequate evidence that Australia's budget support met some needs of people with disability through social protection, but limited evidence that people with disabilities benefited from other aspects of budget support. Australia's earmarked funding supported 8,864 people living with a disability³⁰ to continue to access allowances in 2021. Fiji's social protection policy framework (2021) includes an intent to review the disability certification mechanism in line with the Convention on the Rights of Persons with Disabilities and to develop an electronic database for disability certification that can be linked to social assistance schemes. The social assistance operational review (a policy action) recommended ways to improve the functional assessment of people with

²⁸ In 2014 the Government of Fiji made a policy commitment to introduce gender-responsive budgeting and it was first piloted in 2019 at the Ministry of Women, Children and Social Protection. In 2020, Fiji also piloted the World Bank's Gender Responsive Public Financial Management module under the Public Expenditure and Financial Accountability (PEFA) program: DFAT Office of the Pacific Economics (2022), Gender and Budget Support in the Pacific and Timor-Leste.

²⁹ Based on interviews with Government of Fiji officials and multilaterals.

³⁰ August 2021 Monthly Report: Direct Funding Agreement on the Fiji Recover and Resilience Budget Support Program.

disabilities in line with global good practice.³¹ Organisations representing people with a disability were consulted, and Australia supplied technical assistance through the P4SP.

Future budget support should look beyond social protection as the only means for achieving disability equity and inclusion. For example, the Government of Fiji budget included an increase in the tax deduction for employing a person with a disability for three consecutive years.³² There are a range of ways to promote equity and participation.

Climate change

5. (Fiji-specific evaluation question) To what extent did the program address climate change?

Budget support in Fiji effectively addressed climate change as one of three pillars of Australia's budget reflected in the Direct Financing Arrangements over 2020-23, specifically *enhancing climate, disaster and social resilience*. Policy achievements over the past three years included: a national ocean policy, climate-resilient standards for steel reinforcing materials, a social assistance policy that responds to climate-related disasters, a part privatisation of Energy Fiji Limited (formerly Fiji Electricity Authority) to incentivise more renewables (among other factors), approving the National Energy Policy, passing a Climate Change Act and developing a strategic implementation framework for the Climate Change Act.

Australia's policy actions attached to budget support were also an entry point into climate discussions with the Government of Fiji, expanding into other areas such as infrastructure as noted by Suva Post. Moving forward, climate change responsibility has shifted from the Ministry of Finance to the Office of the Prime Minister. Whether this affects the feasibility of climate actions in budget operations is still to play out. The area is a complex one involving substantial inter-government cooperation. At the same time, there is a large regulatory agenda under the Climate Change Act which could be progressed under a multi-year budget support framework, for example.

Sustainability

6. To what extent will the benefits in the investment's outcome areas endure?

There is adequate evidence the benefits of the investment are likely to endure in many outcome areas. Australia's budget support helped protect the vulnerable and crowd in additional financing. The stability achieved through budget support enabled Fiji to move faster than otherwise into economic recovery and take advantage of the tourism revival. At the same time, a lasting issue for the Government of Fiji to manage is the need for fiscal consolidation and reduction of public debt over time. Opportunities for policy dialogue between Fiji and Australia have been well sustained through a change in government, and an ongoing interest from the Government of Fiji in budget support.

6a. (Local systems and ownership) To what extent did Australia's budget support use and strengthen local systems and institutions? 6b. To what extent does the Government of Fiji demonstrate ownership of policy/institutional changes supported by Australia?

There is strong evidence that Australia's budget support used and strengthened local systems with funding channelled through the Ministry of Finance and system improvements supported with technical assistance. Government finance systems were strengthened by public financial management reforms attached to policy actions and acknowledged as an improvement in DFAT's fiduciary health check (February 2023). In the area of social protection systems and institutions, a policy framework (2021), operational review and ongoing assistance through P4SP facilitated by the budget support, will assist in sustaining improvements. Importantly, reforms have been built over consecutive years, allowing government agencies time to adapt.

There is adequate evidence of Government of Fiji ownership of policy/institutional reforms. Policy actions were led by Fiji ministries and agencies - the Ministry of Finance (formerly Ministry of Economy), Reserve Bank, Ministry of

³¹ The review found the disability assessment approach was on the right track but needed revisions to the assessment tool and greater investment in training and professional support for staff (Partnerships for Social Protection (May 2023), Fiji Social Assistance Technical Review).

³² PwC Worldwide Tax Summaries, Fiji (2023) <https://taxsummaries.pwc.com/fiji/individual/significant-developments>.

Women, Children and Social Protection, Fiji Revenue and Customs Service, and the Ministry of Public Enterprise. Development partners may have presented ideas, but the evaluation team confirmed with Fijian policymakers that the reforms were areas in which they wanted to make progress. Importantly, budget support was complemented by a strong base of technical assistance through Australia’s bilateral programs and multilateral technical assistance (e.g. IMF PFTAC and IFC) indirectly funded by Australia.

Nonetheless, many reforms will require continuous effort within government and support by development partners to achieve implementation. For example, the Ministry of Women, Children and Social Protection is recruiting a position to lead the rollout of early childhood care guidance and will likely need budget and further technical assistance to support. Similarly, the implementation framework for the Climate Change Act will need to be resourced and prioritised to deliver lasting results.

Success factors

The Fiji case indicates a range of factors that contributed to the success of the program:

- **Confidence in national systems.** Fiji has a relatively sound public financial management system and budget process, strengthened with the Financial Management (Amendment) Act (2021). The ANS (2020) and Fiduciary Check (February 2023) confirmed that general budget support could be used.
- **Local leadership of reforms.** The policy actions were led by the Ministry of Finance (formerly Ministry of Economy), Reserve Bank, Ministry of Women, Children and Social Protection and others. Development partners may have presented ideas, but all reforms were areas Fiji policy makers wanted to progress. Likewise, collaboration between Fiji Ministries along with community consultation supported reforms particularly in the areas of social protection and gender equality.
- **Technical assistance** supported the reforms. Over 2021-22 and 2022-23, Australia funded technical assistance for 70% of the policy actions either directly or indirectly from a variety of quarters including DFAT-funded initiatives such as P4SP, IMF capacity assistance (PFTAC) and World Bank-IFC operations. Similarly, the assessments and diagnostics through technical assistance programs enabled DFAT to engage constructively in policy dialogue.
- **Skills at Post to lead, and to engage externally.** Skills at Post raised the ambition and success of the budget support operation. This included a deep understanding of the economic context and reform politics, alongside the capability to engage credibly with the government and other development partners in budget and policy discussions, all underpinned by an extensive set of relationships and networks.
- **Donors collaborating.** While there was no single joint-donor reform matrix throughout the three years, development partners (World Bank, ADB, Australia) talked regularly about a shared set of reforms and ensured coverage of technical assistance.
- **Political risks were manageable.** Budgets are political, reflecting the priorities of the government of the day. There is always a risk of non-alignment with Australia’s values. In Fiji, this risk has been low in recent years.
- **Prior preparation.** The Fiji case demonstrated the importance of prior preparation with an assessment of national systems and social welfare program top-ups carried out before the onset of the crisis. It will be important to keep assessments up to date, to be ready for the next crisis.

In a **crisis scenario**, whether a particular form of budget support is most appropriate (general, earmarked or sector) is highly dependent on the context. In the main, general budget support is recommended for efficiency in a crisis where there is confidence in national systems and the ability of the government to reach vulnerable populations. Nonetheless, earmarked or sector budget support may have a role to play where signaling joint priorities is important (e.g. social protection) or Australia’s development program is active in a sector and can support implementation.

Recommendations

This evaluation found the Fiji Recovery and Resilience Budget Support performed exceptionally well. Budget support was a highly effective crisis response tool due to the need, scale of Australia's support, and Government of Fiji leadership.

While a key factor was the crisis response, budget support can continue to be an efficient and effective modality in Fiji on an ongoing basis with the following recommendations for DFAT:

1. **Multi-year framework.** Greater predictability from a multi-year framework will enable Fiji to plan better and Australia to support more transformative multi-year reforms. It will also build mutual trust, thereby strengthening the foundations of the bilateral relationship. This can be the case even if budget amounts are confirmed annually.
2. **Joint policy actions** with other development partners should be part of the mix as it is good development practice and enables Australia to participate in a wider reform agenda. A set of additional actions, aligned with Australia's willingness to support, can also be useful to reinforce Australia's bilateral program and support the implementation of reforms.
3. **Skilled staff at Post** are essential to lead regular budget support discussions with the government and other development partners all based in Fiji. While suitably qualified A-based staff are important, local staff must be valued and empowered. Skills in public finance, economics and political economy come at a premium: DFAT staff recruitment, promotion and retention models need to be competitive with the multilateral and regional positions recruited in Fiji, and commensurate with the ambitions of Australia's international development policy.
4. **Civil society engagement** can be strengthened by leveraging Fiji's own budget processes. For some time, the Government of Fiji has conducted a budget roadshow and invited pre-budget public submissions. Community organisations in Fiji prepare submissions and these offer signposts to DFAT on priorities (and shortfalls). DFAT roundtables with civil society can also help staff understand issues more deeply and bring this voice to discussions with the government, including on social assistance reforms and gender equality, disability and social inclusion issues.
5. **Gender equality and disability equity.** Fiji was a standout among the Pacific budget support countries for progressing gender equality and empowerment of women and girls. DFAT should continue to support this focus; strengthen efforts to address inclusion of people with disabilities and other socially marginalised groups; and draw on examples and lessons across the region.
6. **Technical assistance** to support the Government of Fiji is a crucial requirement to enable the reforms. This assistance may come from Australia's development programs (e.g. P4SP), funding multilateral initiatives (e.g. IMF PFTAC), or institutional partnerships (e.g. Australian Taxation Office working with the Fiji Customs and Revenue Service). Importantly, policy actions should continue to be coordinated with technical assistance available from Australia or other development partners.
7. **Risk management.** Up to date assessments of national systems and fiduciary checks are important. Moving forward, DFAT should consider assessing (and supporting) all appropriate social protection programs to deliver budget support in a future crisis. A risks and safeguards assessment should also be kept updated and reflect political economy factors for successful ongoing budget support.
8. **Monitoring and evaluation of policy actions.** Routine, and systematic tracking and reporting of policy changes with supporting evidence, with a focus on use by decision makers, should continue. Consideration should also be given to periodic evaluation to further explore and share Australia's contribution to policy change through future budget support.
9. **Learning.** Fiji's experience presents a valuable learning opportunity for other Pacific governments and DFAT Posts. DFAT should capitalise on this by facilitating knowledge sharing and learning.

Budget support is a modality used by DFAT in other Pacific island countries. The transferability of these recommendations depends on the extent to which the 'success factors' identified in this evaluation are present or absent in other settings.

Annexes

ANNEX 1: LIST OF DOCUMENTS REVIEWED

DFAT Direct Funding Arrangement No. 76521 between Australia and Fiji in relation to Fiji Recovery and Resilience Budget Support Program, December 2020 and Amendment No.1, April 2021

DFAT Direct Funding Arrangement No. 77233 between Australia and Fiji in relation to Fiji Sustainable and Resilient Budget Support Program, December 2021

DFAT Direct Funding Arrangement No. 78100 between Australia and Fiji in relation to Fiji Sustainable Growth and Resilience Budget Support Program, June 2023

DFAT Minute, Approval for the disbursement of funds for the Fiji Recovery and Resilience Budget Support Program for 2020-21

DFAT, Disbursement Note Fiji Sustainable Growth and Resilience Budget Support Program FY 2022-23

DFAT, Budget Support Program: Fiduciary Check Fiji, February 2023

DFAT, Case Study: Budget Support for Social Protection Schemes in Fiji, February 2022

DFAT, Assessment of National Systems (ANS): Fiji, April 2020

DFAT, Fiduciary Risk Assessment of Top Up Payments through Government of Fiji Social Welfare Programmes, May 2020

DFAT, Risk Register for ANS, February 2023

DFAT, Pacific Covid-19 Response Package – Fiji Annex 2020-21, 2021-22 (November 2021), 2022-23 (May 2023).

DFAT, Covid-19 Response Package Gender Strategy, updated August 2021

DFAT Office of the Pacific Economics, Gender and Budget Support in the Pacific and Timor-Leste, November 2022

Fiji Government - Monthly Reports July 2021, August 2021 regarding social welfare support

Fiji Government, Budget documents 2018-2023

Independent Review (2022), Australia's Covid-19 Response Package for the Pacific and Timor-Leste (Mid-Term Review).

ANNEX 2: LIST OF PEOPLE CONSULTED

Government of Fiji

Shiri Gounder and staff, Permanent Secretary of Finance

Ariff Ali, Governor of the Reserve Bank of Fiji

Eseta Nadakuitavuki and staff, Permanent Secretary of Ministry of Women, Children and Social Protection and staff of the Department of Social Protection

Shavindra Nath, Chief of Staff and Director Corporate Services, Fiji Revenue and Customs Service

Sujeet Chand and staff, Director Policy and Divestment Division, Ministry of Public Enterprise

Kelera Ravono and staff, Office of Budget, Ministry of Finance

Community sector

Vani Catanasiga, Executive Director Fiji Council of Social Services

Laisa Vereti, Director Pacific Disability Forum

Nalini Singh, Executive Director, Fiji Women's Rights Movement

Private sector

Pradeep Patel, Senior Partner BDO Fiji

Development partners

Samir Jahjah Director Pacific Technical Assistance Centre (PFTAC) and Neil Saker, Resident Representative, International Monetary Fund

Demet Kaya, Senior Country Economist and Tuimasi Radravu Ulu, Research Analyst, World Bank

Alex Shahryar-Davies, A/g High Commissioner, NZ Ministry of Foreign Affairs and Trade

Ellen Claire Maynes, Operations Officer - Gender and Economic Inclusion Group and Felicity O'Neill, Operations Officer Pacific islands, International Finance Cooperation.

James Webb, Senior Public Sector Management Economist and Jacqueline Connell, Unit Head -Economics and Programming, Asian Development Bank

DFAT

Stuart Watts, Deputy High Commissioner, Australian High Commission Fiji

Andrew Shepherd, Counsellor, Australian High Commission Fiji

Susannah Hodson, First Secretary, Australian High Commission Fiji

Pranil Singh, Public Financial Management Adviser, Australian High Commission Fiji

Sheona McKenna, Director and Emily Wilson, Assistant Director, Fiji section, DFAT

Also, DFAT Office of the Pacific staff and advisers interviewed as part of the Pacific and Timor-Leste Fiscal Budget Support Evaluation

ANNEX 3: METHODOLOGY

The Fiji Recovery and Resilience Budget Support program is one component of the Pacific FBS package. The Fiji evaluation followed the same approach as the regional Pacific FBS evaluation and assessed program performance against key evaluation questions (KEQs) related to effectiveness, efficiency, gender equality, disability equity, and sustainability. In addition, the evaluation assessed effectiveness against Fiji specific objectives, and the extent to which climate change was addressed through budget support. The KEQs informed data collection methods, sampling and analysis decisions, and were used as a basis for synthesising data and structuring evaluative conclusions.

Data collation and collection

The evaluation used a mixed-methods approach that included the collation and review of primary and secondary qualitative and quantitative data, and the collection of primary qualitative data through key informant interviews:

- **Documents, reports and program documentation** were reviewed to understand project design and implementation in Fiji. Documents and data related to activities, outputs and outcomes were sourced from DFAT, the Government of Fiji and development partners.
- **Budget and macroeconomic data:** Budget and other macroeconomic data, publicly available from the Government of Fiji and multilaterals, was analysed to assess spend and impact over the 2020 – 2023 period.
- **Household and private sector impact data:** Where available, other qualitative and quantitative data on health, education, gender and disability was identified and analysed to assess FBS impact on beneficiaries. Secondary data sources included the Government of Fiji and development partners' activity monitoring and evaluation (M&E) reports, national household surveys and business impact surveys.
- **Key informant interviews:** Semi-structured interviews were conducted to investigate strategic and operational issues related to program performance. In total, 20 Fiji-specific interviews were conducted with key stakeholders from DFAT, the Government of Fiji, development partners and community organisations/peak bodies. Most consultations were conducted face-to-face, while the remainder were held remotely (usually via MS Teams). The technical quality of online interactions varied considerably and, on a few occasions, affected the quality and depth of the consultations.

Multiple sources of information were available for each evaluation question, strengthening the evidence base and positioning the evaluation team to credibly derive evaluative conclusions.

Sampling

The FBS evaluation covered all countries supported by FBS, however, countries and programs that received a higher proportion of overall FBS funding have a correspondingly greater focus. Fiji was the largest recipient of the regional package (45% of total funds). This Fiji-specific evaluation covers all Australian budget support provided to Fiji from 2020 to 2023, which amounted to AUD 223.5 million. Two-thirds of those funds were from the Pacific FBS package and one-third from Fiji bilateral/regional funds.

Within the FBS evaluation, a utilisation-focused, instrumental-use multiple-case sampling method was used. Fiji was selected for more in-depth, detailed qualitative inquiry as sufficient depth and detail of information was available to support robust identification of key factors to inform evaluative findings and recommendations on budget support³³. Case selection was determined by five factors, some purposive and some pragmatic (see Table 3 below).

³³ Patton, M (2015). Qualitative Evaluation and Research Methods.

Table 3: Case selection criteria

<i>Purposive criteria:</i>	<i>Pragmatic criteria:</i>
<ul style="list-style-type: none"> • Nature of the FBS investment • Size of the FBS investment • Maturity of implementation 	<ul style="list-style-type: none"> • Availability of stakeholders • Political appropriateness of mission in late 2023.

Given the purposive and pragmatic criteria applied, Fiji and the other Pacific Island countries selected for field visits and more in-depth, detailed qualitative inquiry represent leading – rather than typical – cases. At a key informant level, interview participants were selected using a purposive, group characteristic sampling approach. The selection of key informants was based on:

- a) **Knowledge area:** Each stakeholder interviewed had strong knowledge and expertise in at least one of the following domains: budget support, public financial management, policy dialogue, gender, disability equity, monitoring, evaluation and learning, or an understanding of the socio-political context, COVID-19 and other shocks and stressors in Fiji.
- b) **Varying depth of engagement with, and stakes in budget support:** Stakeholders interviewed include a mix of DFAT, partner government, development partner, and civil society/peak representatives.

The sampling approach ensured the composition of interview participants:

- Provided credible, useful information and insights to answer specified evaluation questions.³⁴
- Represented a range of perspectives, including stakeholders delivering/implementing budget support, benefiting from budget support and external to the program.
- Supported the triangulation of findings and the evaluation team’s confidence in evaluative conclusions.

Data analysis and synthesis

Data analysis was informed by interactive qualitative analysis³⁵ and framework matrix methods³⁶, which provided pragmatic and flexible procedures for narrative-heavy data analysis (Hsieh & Shannon, 2005; Punch, 2009). Analysis of mixed-methods FBS evaluation data involved data preparation, collection, and transformation, followed by iterative data reduction, display and conclusion drawing and verification³⁷. The analysis focused on intra- and inter-case (or cross-country) analysis and on generating clear answers to KEQs and sub-questions.

KEQ-aligned evaluation rubrics, that draw on the DFAT Final Investment Monitoring Report rating scale, were developed and used to assess the:

- a. **Strength of evidence available:** taking into account the number, type and strength of data sources and timeliness of available data.
- b. **Strength of performance/outcomes against KEQs.**

Those rubrics have been used by the evaluation team to make considered and consistent assessments, to facilitate cross-case/country analysis and sense-making (including identifying similarities and differences across countries) and to reach transparent, evaluative judgements. A summary of the rubrics is published in the overall FBS Evaluation Report.

³⁴ Patton, M (2015) As above.

³⁵ Miles, Huberman and Saldaña (2014) *Qualitative Data Analysis: A Methods Sourcebook*

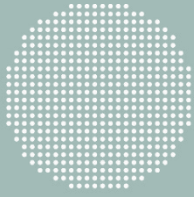
³⁶ Better Evaluation (2023) <https://www.betterevaluation.org/methods-approaches/methods/framework-matrices>

³⁷ Miles et al (2014) As above.

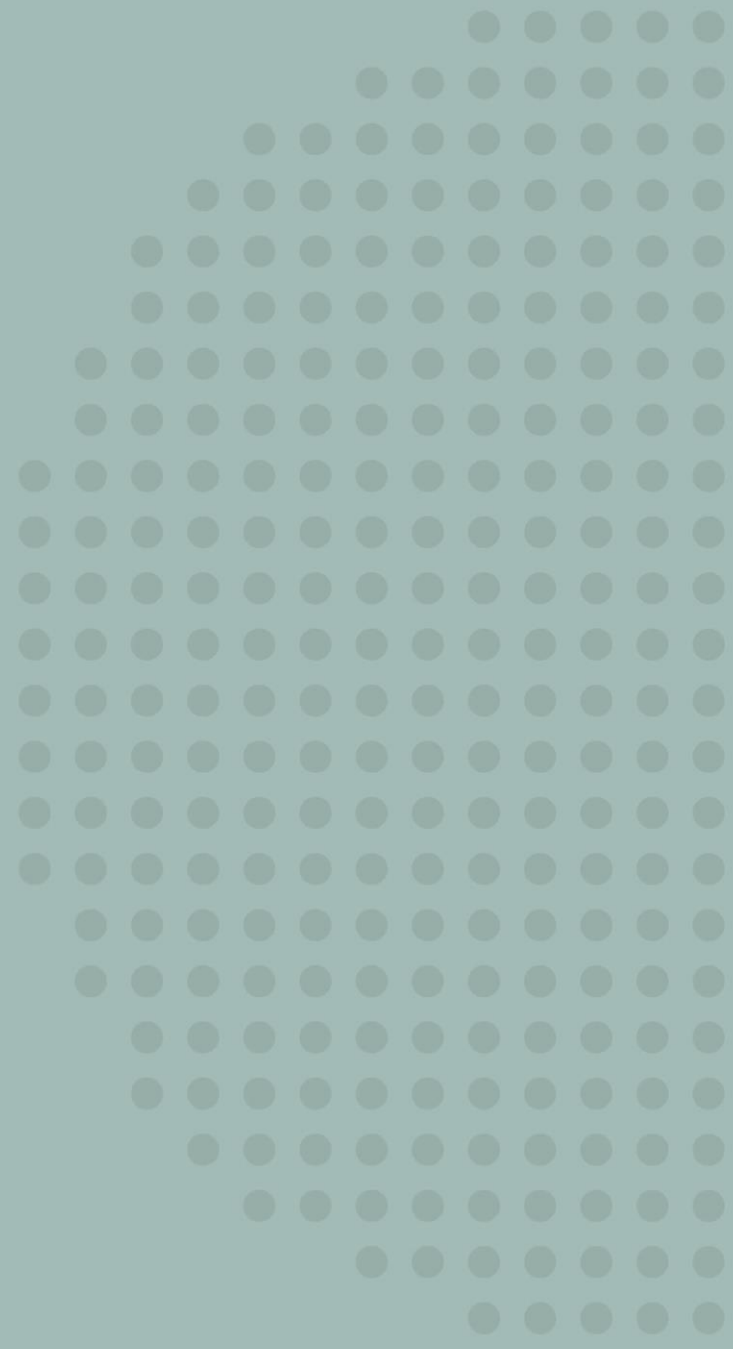
ANNEX 4: POLICY ACTIONS

Year	Area	Policy action
2020-21	Finance	Cabinet approval of national payment system bill 2020
	Finance	Ministry of Economy approval of Companies (Wholesale Corporate Bonds) Regulations 2021
	Climate	Cabinet approval of National Ocean Policy 2020-2030
	Climate	Ministry of Commerce/Trade/Tourism/Transport approval of standards for steel reinforcing materials
	Social protection	Cabinet approval of social assistance policy
	Fiscal	Cabinet approval of medium-term debt management strategy
	Fiscal / Gender Equality	Cabinet approval of Financial Management (Amendment) Bill and pilot gender-responsive budgeting in 2 ministries
2021-22	Fiscal	Submit bill to parliament to amend Financial Management Act
	Climate	Submit Climate Change bill to Parliament
	Fiscal	Cabinet approval of medium-term debt management strategy and Ministry of Economy implement annual borrowing plan
	Fiscal / Revenue	Revenue and Customs Service operationalise new tax information system
	Fiscal / Gender Equality	Gender-responsive budgeting scaled up to seven ministries (14 programs)
	Social protection	Cabinet approval of social assistance policy and Ministry of Women, Children & Poverty Alleviation begin implementation
	Climate	Exempt climate and disaster risk parametric insurance from VAT and launch a new market-based climate risk parametric microinsurance product.
	Climate	Minister for Infrastructure and Meteorological Service approve Rural Water and Sanitation Policy and Fiji Water Authority begin implementation
	Energy	Partial privatisation of Energy Fiji Limited to bring in more renewable energy and preserve non-commercial obligations to rural areas
	Private sector	Establish a working capital facility (Two year interest rate subsidy accessed through financial institutions), and simplify/reduce import duties.
	Private sector	Submit to parliament bill to repeal Business Licensing Act removing requirement for new businesses to apply for licenses
	Finance	Enact regulations to clarify corporate bond issuance in primary market and trading in secondary market
	Private Sector	Submit to parliament the National Payment System bill and Reserve Bank begin implementation. Repeal stamp duties
	Development	Cabinet approval of Australia-Fiji subsidiary agreement for deployment of Australian civilian assistance
	Fiscal	Minister of Economy approval of Public Financial Management Improvement Plan 2020-25
	Fiscal	Minister of Economy approval of transaction and legal advisers for any new PPP or equity participation (related to potential asset sales)
	Gender equality	Minister for Women, Children and Poverty Alleviation submit childhood care and regulation guidance note to cabinet
	Gender equality	Ministry of Economy undertake gender reviews of public enterprise business plans (in line with Ministry's own corporate plan)
	Fiscal	Minister of Economy approve a public expenditure review to commence in FY2021-22
	Gender equality	Ministry of Economy publish a gender equity and social inclusion policy and action plan

Year	Area	Policy action
2022-23	Fiscal	Cabinet approval of guidelines for public sector investment program
	Fiscal	Ministry of Finance approve framework for review of subsidiary legislation under new FMA (financial instructions, procurement regulations)
	Fiscal	Cabinet approve establishment of a sub-committee on budget
	Statistics	Cabinet approve the review of the Statistics Act
	Audit	Cabinet approve the review of the Audit Act
	Fiscal	Ministry of Finance publish fiscal strategy approved by Cabinet
	Fiscal / Revenue	Revenue and Customs Service approve revised compliance improvement strategy
	Fiscal / Revenue	Revenue and Customs Service approve new strategic plan (improved compliance, simpler system, support private sector growth)
	Climate	Permanent Secretary responsible for climate change approve implementation framework for Climate Change Act
	Energy	Cabinet approve national energy policy
	Fiscal / Gender Equality	Gender-responsive budgeting scale up to an additional 10 ministries (building on eight to date).
	Gender equality	Cabinet approve guidance note on early childhood care services policy and regulatory framework
	Social protection	Cabinet consider technical review of social assistance programs
	Gender equality	Cabinet approve the action plan to prevent violence against women and girls
	Finance	Government launch sustainable bond framework
	Fiscal	Government progress at least one liquidation or substantial asset restructuring or sale
Private sector	Cabinet approve transaction structure for affordable housing public-private partnership	



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