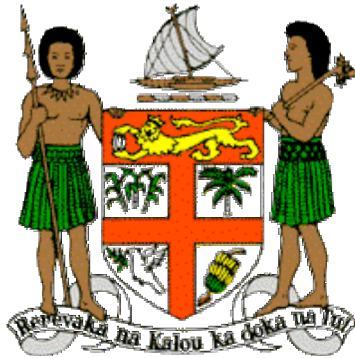


FIJI NATIONAL ASSESSMENT REPORT

**5-year Review of Progress Made in Addressing Vulnerabilities of Small Islands Developing States
Through Implementation of the Mauritius Strategy for Further Implementation (MSI) of the
Barbados Programme of Action (BPOA)**

JANUARY 2010



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Departments and Ministries

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- Ministry of Lands, Mineral Resources & Environment
- Ministry of National Planning
- Ministry of Public Enterprises, Tourism & Communications

Organisations

- Reserve Bank of Fiji
- Fiji Electricity Authority

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Abbreviations

AAA	Accra Agenda for Action
AAPs	Affirmative Action Programmes
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
CO2	Carbon Dioxide
COIFS	Commission of Inquiry into Financial Services
CSO	Civil Society Organisations
DDA	Demand Driven Approach
DDB	Divisional Development Boards
DNR	Department of National Roads
DoE	Department of Energy
DPP	Director of Public Prosecutions
DSAP	Development of Sustainable Agriculture
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

EPP	Export Promotion Programme
FAO	Food and Agriculture Organisation
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
FICI	Food Import Capability Index
FICL	Fiji Investment Corporation Limited
FIEC	Fiji Education Commission
FIMSA	Fiji Islands Maritime Safety Administration
FIRC	Foreign Investment Registration Certificates
FIRCA	Fiji Islands Revenue and Customs Authority
FIT	Fiji Institute of Technology
FIU	Financial Intelligence Unit
FMF	Flour Mills of Fiji
FNDP	Fiji National Disability Policy
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
FSP	Foundation of the People of the South Pacific
FRUP	Fiji Road Upgrading Project
FTIB	Fiji Islands Trade and Investment Bureau
FTR	Financial Transactions Reporting
GDP	Gross Domestic Product
GEM	Gender Empowerment Measure
GIS	Geographic Information System
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
HDI	Human Development Index
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
IMO	International Maritime Organisation
IPP	Independent Power Producers
IPM	Integrated Pest Management
IRB	International Rugby Board
IPS	Investment Policy Statement
ISO	International Organisation for Standardisation
ISP	Import Substitution Programme
ISPS	International Ships and Ports Facility Security
IT	Information Technology
ITC	Information Technology & Computing
KM	Kilometers
KPI	Key Performance Indicator
LCB	Land Conservation Board
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
MRD	Mineral Resources Department
MSME	Micro, Small and Medium Enterprises
MSMP	Mine Safety Management Plan
MT	metric tones
NAP	National Action Program
NAS	National Adaptation Strategy
NBSAP	National Biodiversity Strategy and Action Plan
NCCC	National Coordinating Committee on Children
NCD	Non Communicable Diseases
NCSMED	National Center for Small & Micro Enterprise Development
NDP	Northern Development Program

NEC	National Environment Council
NEP	National Energy Policy
NES	National Export Strategy
NGO	Non Governmental Organizations
NLTB	Native Lands Trust Board
NRSC	National Road Safety Council
NSWMS	National Solid Waste Management Strategy
NSDP	National Strategic Development Plan
NSP	National Sports Policy
NYSS	National Youth Service Scheme
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
PIFS	Pacific Islands Forum Secretariat
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
RCDC	Rewa Cooperative Dairy Company
RFMF	Republic of Fiji Military Forces
ROI	Rural and Outer Island
RPFS	Regional Programme for Food Security
RTGS	Real Time Gross Settlement
SCARF	Seed Capital Revolving Fund
SCGC	Sugar Cane Growers Council
SLMT	Sustainable Land Management Technologies
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
STDs	Sexually Transmitted Disease
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
UNCBD).	United Nation Convention for Bio-Diversity
UNCCD	United Nation Convention to Combat Desertification
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
UNFCC	United Nation Framework Convention on Climate Change
UPAP	Urban Policy Action Plan
USP	University of the South Pacific
WHO	World Health Organization
WOSED	Women's Socio-Economic Development
WSSD	World Summit on Sustainable Development
WTO	World Trade Organisation
WWF	World Wild Fund for Nature

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1.0 SOCIO ECONOMIC CONTEXT: Key Characteristics, challenges and responses

1.1 Key Socio Economic Characteristics

1.1.1 Demography

Fiji's population in 1996 was 775,077 (Table 1). The total population in Fiji in 2007 was estimated at 837,000, with the natural growth rate between 1996 and 2007 of 1.8% per annum.

While migration levels had stabilized over the 1990s, political turmoil in 1987, 2000 and 2006 have created upsurges in migration, primarily of educated, skilled citizens, and particularly of the Indian population. People aged over 65 years comprised 4.6 % of the population in 2007, compared to 2.4% in 1976. Over the same period, the number of people aged less than 15 years had declined from 41% to 29 %. The proportion of population living in rural areas has been declining, decreasing from 53% in 1996 to 49% in 2007.

Table 1.1 Socio Economic Indicators

	1996	1999	2007
Population	746,326(1991)	775,077	837,271
Growth rate (%)	2	0.8	-0.5%
Gross Domestic Product F\$million)	2009.8	2616.4	2,871,047
GDP per head of population	2692	3341	5271.0.5
Life expectancy (yrs)	65	73	73
Literacy rate (%)	87	92.9	92.9

Fiji Bureau of Statistics

1.2 Natural resource endowment

Fiji is a large archipelago with diverse landscapes and climate. More than 300 islands are scattered over 1.3 million square kilometers of the South Pacific Ocean, lying between latitudes of 12 degrees and 22 degrees South and between longitude 175 degrees East and 178 degrees West. The two largest islands are Viti Levu, where most of the population resides, and Vanua Levu to the North. Together, they comprise 87 per cent of the total land area. The islands are characterized by diverse ecosystems including significant areas of natural forest. Wide ranges of coastal and marine ecosystems exist, ranging from extensive areas of mangroves to various coral formations.

Fiji has a mild tropical climate with plentiful rain under prevailing conditions. It is, however, subject to potentially catastrophic climate events such as cyclones, flooding and multiple landslips that can have a major impact on the economy and infrastructure. The predicted climate change and sea level rise could have profound consequences for some urban centers, agriculture and coastal development.

On the larger volcanic islands dominated by steep deeply incised mountainous terrain, a relative abundance of annual rainfall, perennial rivers, good surface drainage and numerous springs ensure that there is no fundamental problem in obtaining domestic water supplies. On the low-lying, smaller and outer islands, there are no such perennial streams. Fresh water is a much scarcer resource. In such situations, shortages

are a common occurrence, but this is more due to the deficiencies in water collection and retention on the part of the islanders than as a consequence of the lack of rainfall.

Approximately 70% of the main island of Viti Levu is drained by three large river systems, one of which with the largest catchment area covering one third of the island. There are a total of 10 rivers with distances ranging from 21 miles to the longest 73 miles. Freshwater wetlands occupy 0.3% of Fiji's land area. Fiji's total land mass is 1.8 million hectares, almost all forest cover is on communally owned native land, 13,960 ha on private freehold and 5,600ha on government lease land.

1.3 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 first quarter 2010, 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 STDs 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.

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 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

1.4 The world 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 contracted 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.

Global growth prospects have started to improve, as a result of massive stimulus packages and wide range of policy actions taken by governments. Our major trading partner economies, except Australia, China and India are expected to contract in 2009 as a result of the financial crisis with global contraction forecast at 0.8 percent. In 2010 economies are expected to record a modest 3.9 percent growth with continued recovery thereafter. Prices have somewhat declined as a result of global slowdown being experienced earlier in 2009. However in recent months, commodity prices have started to improve particularly with sugar, gold and crude oil prices reaching high levels as demand recovers.

The global financial crisis that started in September 2008 has seen various economies fall into recession, unprecedented in the post World War II era. The crisis initially began as a banking-sector crisis and eventually erupted as a full-blown financial crisis in mid September 2008 after the failure of Lehman Brothers. The failure of such a key player in the international monetary system shook the confidence of bankers, investors and households throughout the global economy. The subsequent slowdown in global economic activity continued into the first half of 2009.

According to the IMF, the global economy is now showing signs of improvement. Financial conditions have improved markedly, aided by strong public policies across advanced and emerging economies together with sound measures initiated by the IMF at the international level.

However, it will still take some time for employment conditions to improve significantly. Given the output losses, the recovery in 2010 is unlikely to be robust enough to quickly eliminate the excess capacity already generated.

1.5 Fiji's economic performance

The performance of the Fiji economy has remained relatively weak for the last 10 years. The economy on an average grew by only 0.9 percent from 2000 to 2009. In the last 10 years, the domestic economy experienced two political coups (2000 and 2006) and poor performances in most of the sectors of the economy. Additionally, the recent global financial crisis severely affected our trading partner economies, suppressing visitor arrivals and causing poor performance in most of the tourism related sectors on the domestic front. The other major contributors to the sluggish growth rate have been the underperforming exports, lower remittances, reduced investment levels and increasing imports.

In the tourism industry, visitor arrivals are recovering. Indications are that there has been some continued pick up in tourist arrivals in the final months of 2009 helped by the introduction of new airlines and new routes. 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 was around 15 percent of GDP in 2008. It is estimated that investment fell slightly to 13 percent of GDP in 2009. Despite the expected rise in investments by Government (as per the 2010 National Budget) and expected investments by public enterprises such as the Fiji Electricity Authority and the Housing Authority, projects by the private sector remain subdued.

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 recorded at just over \$1 billion; however, imports in recent years have exceeded \$3 billion resulting in trade deficits of around \$2 billion. Imports have been rising continuously, mainly due to Fiji's low production base 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 (\$1095.8 m provisionally estimated at the end of December 2009), from around \$440 million before the devaluation in April. However, the foreign reserves position must be improved to meet the medium term target of 4-5 months of import cover.

The Fiji Islands Bureau of Statistics (FIBOS) recently released revised GDP data for 2006-2008 under a new base year of 2005. The 2005 GDP rebase take into account structural changes to the economy from 1995 (previous base year) to 2005. In real terms, GDP will now be reported in 2005 prices.

The revised figures show that the economy, on average, grew by 0.4 percent in the last 3 years. Economic growth in 2006 is now revised to 1.9 percent contrary to the 3.4 percent growth estimated under the 1995 base.

In 2007, the economy is estimated to have contracted by a smaller magnitude of 0.5 percent than the 6.6 percent estimated earlier. In 2008, the economy is estimated to have contracted by 0.1 percent as opposed to the 0.2 percent growth forecasted under the 1995 base. In 2009, Fiji's economy is expected to contract by 2.5 percent. The flash floods at the beginning of the year and the global economic contraction have adversely affected the domestic economy.

Major sectors expected to lead the contraction in 2009 are the transport, storage and communication; wholesale & retail trade; agriculture and forestry; manufacturing; public administration and defence; education; health and social work; and hotels & restaurants. In contrast, the sectors that are expected to grow in 2009 are construction; mining & quarrying; financial intermediation; fishing; real estate & business services; electricity & water; and other community, social and personal services.

In 2010, the domestic economy is expected to recover from the 2.5 percent decline and grow by 1.9 percent. This recovery is also expected to be supported by recovery in our trading partner economies which should increase demand for our exports and boost visitor arrivals. Growth is expected to be broad-based with the exception of expected contractions in the public administration and defence; education; and the health & social work sectors which may continue to be affected by lower government spending in real terms. The major sectors expected to boost economic activity in 2010 are the manufacturing; agriculture & forestry; financial intermediation; wholesale and retail trade; hotels and restaurants; construction; mining and quarrying; real estate; fishing; and other community, social & personal services sectors.

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.

1.6 Key Socio-Economic Challenges and Responses

1.6.1 Global Financial Crisis

1.6.1.1 Trade

The global financial crisis has weakened the demand for Fiji's exports, particularly those destined for markets worst hit by the crisis. Cumulative to September 2009, the merchandise trade deficit (excluding aircraft), narrowed to \$1,164 million¹, compared to the same period in 2008 when it was \$1,524 million.

Domestic export earnings fell by 2.5 percent over the same period. The decline was led by sugar, timber, garments, coconut oil and folding cartons, boxes & cases which more than offset the increases from exports of other domestic exports, fish, gold, molasses and mineral water. Including re-exports, total export earnings fell by 11.7 percent, compared to a 22.4 percent growth in the same period last year. Timber exports were adversely affected by the global financial crisis, as external demand fell. Cumulative to September 2009, timber earnings fell by 44.5 percent compared to a 26.5 percent growth in the same period last year. In particular, the recession in the Japanese economy affected exports of wood chips. Over the same period, import payments (excluding aircraft) fell by 18.7 percent, compared with a growth of 26.0 percent in the same period last year. The decline was led by lower payments for all categories of

¹Trade figures were sourced from FIBOS and RBF.

imports - intermediate goods (40.2 percent), consumption goods (6.1 percent) and investment goods (4.8 percent).

The recent pickup in global demand, coupled with exchange rate gains from the devaluation is expected to help mitigate these effects in the short term. Consequently, exports growth is expected to pick up from 2010 onwards.

1.6.1.2 Tourism

Visitor arrivals reached a peak in 2008 and as a result, tourism earnings also peaked at \$853 million. For 2009, visitor arrivals remained subdued for most of the year. Nonetheless, the turnaround in the global economy, coupled with the massive discounting by hotels (and operators) and the exchange rate gains from the recent devaluation is anticipated to augur well for the industry. Cumulative to October 2009, visitor arrivals have declined by 9.2 percent. In line with the rebound in the global economy, both visitor arrivals and tourism earnings are projected to rise in the coming years.

1.6.1.3 World commodity prices

The eruption of the financial crisis resulted in a massive decline in global trade and global commodity prices, abruptly ending the commodity price boom of the past few years. Food prices also show a downward trend. However, recent signals of a recovery in global economic activity and improved market sentiment have seen commodity prices rising from the lows reached earlier.

On the other hand, higher gold prices are expected to result in higher earnings for Fiji's gold exports. In the first nine months of 2009, gold exports earnings totalled \$26.9 million. The significant growth over 2008 levels is also attributable to higher production and exchange rate gains due to the devaluation of the Fijian dollar.

1.6.1.4 Energy prices

Given Fiji's heavy dependence on imported mineral fuels, the pickup in oil prices in light of growing optimism for global recovery, is expected to increase payments for mineral fuels imports, putting pressure on the balance of payments. Oil prices plummeted to US\$42 at the end of December 2008, compared to a peak of US\$146 per barrel in early July 2008, as the global financial crisis affected demand. At the end of December 2009, crude oil price was around US\$77.2 per barrel. In the months ahead, cold weather in the US is expected to raise demand and keep crude oil prices high.

1.6.2 Fiji's Response

1.6.2.1 Global financial and economic crisis

The financial and economic recession experienced worldwide was compounded by the high occurrence of natural disasters, including the flash floods in early 2009. Fiji's vulnerability to these situations adversely affected Fiji's economy causing below par performance 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 Fiji's exports and services, particularly tourism. In addition, it was to encourage the 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 lending rate and interest rate spreads for commercial banks. These policy changes helped create an interest rate environment conducive for investment and growth, which helped cushion the negative impact of the global crisis and assisted with domestic recovery. Subsequently, commercial banks lending rates fell, deposit rates rose and banking system liquidity, that is, the amount of money available for banks to lend, increased considerably from very low levels early in the year. Foreign reserves rose sharply and are currently at record high levels. With the positive outlook on foreign reserves, the RBF relaxed exchange controls and removed the lending rate and interest rate spread policies with effect from 1 January, 2010. Nevertheless to ensure that investment loans remain attractive, the commercial banks are encouraged to maintain the current trend in lending rate and justify any increase in interest spread to the RBF.

As part of its wide ranging policy measures to meet the financial and economic challenges, the RBF directed commercial banks to establish Internal Microfinance Divisions and Units and a Local Advisory Board. These establishments would ensure that sustainable banking services are extended to Fiji's marginalized, poor communities and individuals as well as small and micro enterprises, which would empower them to participate in economy building and development of their welfare in midst of the current global financial crisis. Furthermore, members of the Local Advisory Board are required to have sufficient knowledge and understanding of Fiji's business and socio-economic environment and the banking industry, as well as be aware of the long term growth strategies of the Government. These initiatives would promote greater financial inclusion and economic development.

The major priority for Fiji in 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 will be targeted through the implementation of the National Export Strategy together with support for natural resource based industries. In line with this objective, the RBF recently established an Interagency Committee comprising senior representatives from Fiji Inland Revenue and Customs Authority (FIRCA), Financial Intelligence Unit and the RBF, to monitor and ensure that all export proceeds are remitted to Fiji in compliance with the Exchange Control Act. 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.

The Fiji 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.

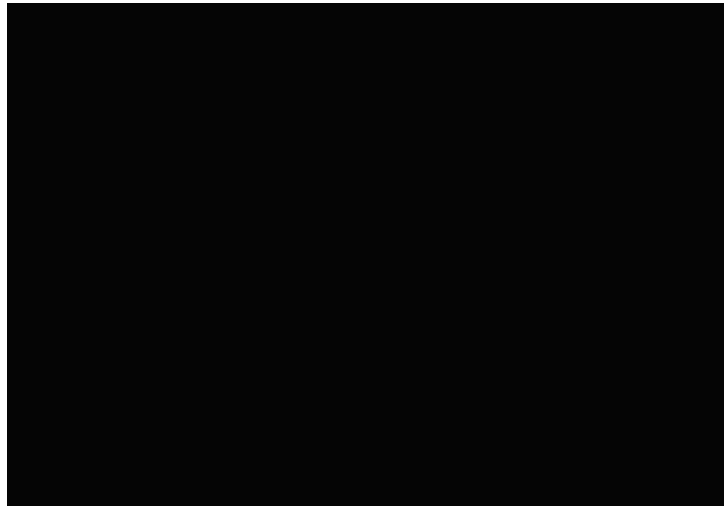
Although investment has risen in recent years, it remains below the average of 20% of GDP for developing countries and below the Roadmap target of 25% of GDP. Of particular concern has been the low rate of

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. 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.

1.6.2.2 Response to the energy crisis

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.

6.2.3 Response to the food crisis

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 future. 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.

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 nutriceuticals are exported. However, growth in the sector has been volatile.

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.

2.0 National Framework for Sustainable Development

2.1 The Peoples Charter for Peace, Change and Progress

The Peoples Charter sets out a way forward for Fiji, to rebuild it into a nonracial, culturally vibrant and united, well governed, truly democratic nation_ a nation that seeks progress and prosperity through merit based equality of opportunity and peace. The vision for rebuilding Fiji, by empowering the people through the adoption of the Peoples Charter, is based on the quest for the common good, and on the following fundamental shared values, vision, principles, and aspirations:

- 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_
- safeguarding, preserving and valuing our environment_ and
- merit based equality of opportunities for all.

The relaying of a more solid foundation, to rebuild a better Fiji for all, rests on eleven key pillars:

- Ensuring sustainable democracy and good and just governance_
- Developing a common national identity and building social cohesion_
- Ensuring effective, enlightened and accountable leadership_
- Enhancing public sector efficiency, performance effectiveness and service delivery_
- Achieving higher economic growth while ensuring sustainability_
- Making more land available for productive and social purposes_
- Developing an integrated development structure at the divisional level_
- Reducing poverty to a negligible level by 2015_
- Making Fiji knowledge based society_
- Improving health service delivery_ and
- Enhancing global integration and international relations

2.2 A Strategic Framework for Change

The above mentioned Peoples Charter lays the long term foundation and the commitment of the people of Fiji for change with the ultimate objective of building a better Fiji for all. To achieve this vision the overarching objective is to build Fiji into a non-racial culturally vibrant and united, well governed, truly democratic nation that seeks progress and prosperity through a merit-based equality of opportunity and peace.

In line with the eleven pillars in the Peoples Charter, the Strategic Framework for Change (SFC) outlines the key milestones to be realized with specific timelines. The timeline for the implementation is 2010-2014. All key stakeholders and implementing agencies including ministries and departments will ensure that all key initiatives and major outputs are achieved within the timeframe as follows:

- Roadmap-based on the SFC which will outline the output and the respective strategies and programmes to achieve the outcomes in the SFC;
- Action plans-based on the roadmap ministries and departments are required to develop Action Plans which will be the basis for the formulation of the Annual Corporate Plans;
- Nationwide effort- all stakeholders including ministries and departments must contribute positively to the implementation programme; and
- Implementation and monitoring –a monitoring and reporting framework will be developed to ensure systemic and effective implementation.

2.3 National Strategic Development Plan

The National Strategic Development Plan (NSDP) for the medium term was first drawn up for the period 2008-2010. This is based on the portfolio approach. Not only the government's sustainable development policies and strategies but other sectoral policies, objectives and strategies are also encompassed into it. It gives recognition to three key outcomes related to the Convention in the form of addressing policy advice, legislation changes and secretariat services, environmental degradation and rehabilitation and sustainable land and water resources management. The NSDP consists of policy objectives, strategies and performance indicators to guide the government and private sector towards a sustainable developed Fiji.

Furthermore, the NSD Plan sets the stage for the future investments in infrastructure, capacity building and resources management which needs to be in place to take advantage of the opportunities while improving quality of life and avoiding degradation of the environment over the long term.

The Plan is a manifestation of policies and strategies assembled together by the Government through participatory dialogue and consultations with relevant private sectors and civil societies in the country. Providing a holistic approach on the key economic, social, environment and political fundamentals that are required by any Government to safeguard and promote.

The NSDP shows the government's commitment to advancing the country socially and economically. It ensures that development serves the needs of this generation while conserving resources for the future. One of the guiding principles of the NSDP is environmental sustainability. It shows the government's commitment to advancing the country socially and economically. It ensures that development serves the needs of this generation while conserving resources for the future. The vision, mission and guiding principles provide the long term direction and the method government will adapt to move the country. The review of social and economic development progress pinpoints the main issues that government needs to address in the medium term. Policies at the sector level and policies for critical cross-sector issues are consistent with the strategic priorities in the medium term strategy

The implementation of sustainable integrated development policies are an integral part of the NSDP in the true spirit of building partnerships for cooperation between all the appropriate sectors. It reinforces Fiji's commitment as a signatory to the United Nation Convention to Combat Desertification (UNCCD), United Nation Framework for Climate Change (UNFCCC) and United Nation Convention for Bio-Diversity (UNCBD).

Fiji has also mainstreamed sustainable land management issues into most of the key sectors in the NSDP. The unsustainable uses of the resources due to increase in population and demand for land has led to encroachment on marginal to steep lands not only for agriculture but almost all other uses have caused land degradation. There is evidence of increased deforestation, logging, intensive sloping land cultivation and livestock farming. The consequences of these unsustainable practices will be addressed through government's endorsement of several policies and consequently legislation changes as well. Since the government does not have the capability to fund all related activities it has also sought donors for technical and financial assistance for the formulation and implementations of plans and strategies in these areas.

Even though Fiji had ratified the UNCCD in 1998 its first draft of the National Action Program (NAP) was only submitted in 2006. Several multilateral, bilateral and nationally funded scientific and technical activities or initiatives are being undertaken to create synergies in the formulation and implementation of the NAP. But these initiatives and activities can only be successful through financial and technical support by the national government and international partners.

A number of legislations related to the convention are being reviewed and will be amended in due course to meet its objectives. These include the Land Conservation & Improvement Act, Agricultural Landlord & Tenant Act, Forestry Act, Tourism Development Act, Environment Management Act and the Town Planning Act to name a few.

The Land Conservation Board (LCB) of Fiji which is the National Coordinating Body (NCB) charged to exercise general supervision over land and water resources in Fiji is within the jurisdiction of the Ministry of Agriculture which is also the National Focal Point.

The Environment Management Act will coordinate and facilitate collaboration among all agencies responsible for different legislations related to the use, development and management of land resources which are administered by different government agencies and have overlapping function.

Fiji realizes the importance of national capacity building across all sectors as this is below a critical mass. Promotion of better education and training and creation of public awareness will be an ongoing activity for quite some. Local and national level Government, non government agencies, civil societies and other stakeholders are all targeted in these programs. Technical and financial assistance to realise these challenges welcome from all partners.

To ensure that all stakeholders are involved in the formulation and implementation of sustainable land management policies, strategies, the participatory and integrated approaches with multi-stakeholders consultation are always promoted.

Fiji has fully supported and participated in initiatives for sustainable land development and management for the region. As such it has participated in numerous national, regional and international projects.

The availability of reliable resource based information is an integral part of all decisions related to sustainable land development and management is vital and Fiji is always striving to improve on it.

2.4 Strategies and Priorities within the framework of sustainable development policies

Sustainable development is a strategic choice that must be made by both developing and developed countries. Fiji, like any other developing country, perhaps a precondition for sustainable development is development itself i.e. The path of economic growth must be taken first in order to satisfy citizens' desire for higher living standards, etc...before the conditions for supporting sustainable development can be fully provided. While Fiji's economy develops, it will be necessary to ensure rational utilization of natural resources and protection of the environment.

Although the social and economic development has improved dramatically over the last three decades, considerable disparity still exists in the distribution of the benefits and the demands for land resources use continues to increase. But if the ongoing encroachment of marginal to steep and fragile land continues without conservation measures, Fiji will experience further land degradation, lower yields and increase poverty.

A multi-sectoral planning approach was used to formulate and implement the NSDP for the medium term and it will be the basis for formulating a long-term plan. These efforts will also promote the integration of the three components of sustainable development: economic growth, social development and environment

protection, as mutually reinforcing pillars. Poverty eradication and changing unsustainable patterns of production and consumption are the overarching objectives of sustainable development and essential requirements for promoting environmental protection.

Fiji is part of the global community and has made commitments to global bodies such as the United Nations, the World Trade Organisation and the European Union as well as to regional bodies such as the Pacific Islands Forum. Of particular importance is the commitment of government to UN Millennium Declaration that was adopted by the UN General Assembly in 2000. The declaration establishes the millennium development goals to which the Fiji government is committed to achieving as well as the Plan of Implementation of Sustainable Development adopted in Johannesburg in 2002.

2.5 National plans and strategies available in other social and economic areas

2.5.1 Law and order

The preservation of law and order is a pre-requisite for sustained socio-economic development. Respect for law and order creates an environment conducive for investment by ensuring the protection of rights to physical and intellectual property rights, personal safety and security for all. The government is committed to strengthening law and order.

2.5.2 Good governance

The importance of good governance, public accountability and transparency of actions is a critical foundation for sustainable growth and development. Good governance requires the basis institutions of the State to execute their functions in the line with their constitutional provisions, and to be seen to be doing so. To this end, Government has endeavoured to ensure the independence of the legislature and judiciary in keeping the principle of the separation of powers. It recognizes its independence and its responsibility in executing its functions impartially and transparently to establish clearer rules and regulations to limit the influence of special vested interest.

2.5.3 Poverty alleviation

Both Government and ngos undertake poverty alleviation programs. Recent indications are that poverty has increased significantly. As a response to this, the government has increased its assistance to poverty alleviation in upgrading programs in all areas. The vicious cycle of poverty can easily be inherited by subsequent generations. Breaking that cycle is a challenge for government.

2.5.4 Health and sanitation

The improvement of people's health is an integral part of the socio-economic development of the country. The quality of life in Fiji, as measured by partial health indicators, compares favorably with other neighboring countries in the region. A health management reform program is being implemented with the aim at decentralizing service administration and is giving more autonomy and responsibility to divisional and sub-divisional hospitals. In the medium term, the undertaking for Government will be and increased commitment to funding health promotion and disease prevention and ensuring basic health services are accessible and affordable to all.

2.3.5 Education

Education and training is a priority in nation building as it is the medium for nurturing a well educated, high skilled, motivated labor force, as well as responsible citizens with high moral and ethical values. The education sector is faced by one of the highest emigration rates of professionals. There is a marked discrepancy between rural and urban education standards. Fiji needs to improve the quality and delivery of education at all levels. Government is focusing on raising education standards in rural schools to be on par with urban schools. And also education needs to be aligned to technology developments and future skill demands such as Information Technology.

2.5.6 Improving rural living standards

Despite an absolute decline in rural population over the last decade, 54 percent of Fiji's populations still reside in rural areas. Utility services, though available in rural areas, are at a higher cost, which adversely affects rural incomes. There are marked discrepancies in the quality and level of health, education, and infrastructure, including irregular shipping services, inadequate water supply, poor state of rural roads and lack of electricity and telecommunications link. These directly affect rural business development and employment opportunities. The government is concern about the inequitable distribution of resources amongst the rural and urban community. The challenge for the government is to make rural funding allocations to ensure development is complementary and sustainable.

2.5.7 Affirmative action programs

The key goal of Government is to address this need through affirmative action for indigenous as well as other disadvantage communities. The areas that will prominently contribute to their prosperity lie in the development of infrastructure in rural and island communities, access to improvement of skills in business, education, and better health services. The advancement of women's interests and the achievement of gender equality are fully realized.

The government has enacted the Family Law Bill to promote the family environment where love, caring, sharing and other good values and virtues are practiced. More targeted approaches are being made to assist the disadvantage to have a greater involvement in the economy to be able to reap the benefits of economic growth.

2.5.8. Urban population growth

The perceive prospects of jobs, income generation, better access to medical facilities and better education has led to an unsustainable high rate of urban migration. The challenge for government in the medium term is to manage the causes of rural –urban drift, promote rural development to address urban social problem.

2.5.9 Employment opportunities

High levels of emigration after the coup have put the pressure on the country's skill generating institution. This hampers the growth informal sectors by shortages in managerial, professional and skilled trade occupations. The unemployment rate rose substantially and one of the major challenges of the government is securing decent jobs for these job seekers.

2.5.10 Environment vulnerability

Fiji enjoys a tropical climate that allows for the production of a wide range of foods for both local consumption and exports and provides one of the basic attractions for the tourist industry, which to a large extent is attributed to natural resource activities (agriculture, forestry, fisheries and mining). Fiji's generally benign climate is, however, interposed by climatic extremes in the form of hurricanes, cyclones, floods and droughts. These extremes have serious economic, social and environmental consequences that require prudent macro economic management, proper land use planning and watershed management.

Fiji faces some serious environmental problems that are exacerbated by the ineffectiveness with which they are being treated. Fiji is too small and vulnerable to ignore such problems for any length of time. Particular problems include the degradation of land resources; climate changes, increasing risk of flooding and inundation to coastal settlements, unsustainable exploitation of marine resources, waste management problems, air and water pollution and the social ills and environmental impact of urbanization which undermines people's quality of life.

3.0. Progress Made and Problems Encountered in the Implementation of the BPOA: Sectoral and Cross-Sectoral Areas

3.1 Sectoral Areas: Progress Made and Problems Encountered

3.2. Climate Change and Sea Level Rise

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\$76million² 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 CHARM³ and Environmental Impact Assessment (EIA) 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.

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.

² Losses to private businesses and emergency relief and ration costs are not included in the \$76m.

³ Comprehensive Hazard And Risk Management

3.2.1 Development constraints and challenges

- Inadequate 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.

3.3 Natural and Environmental Disasters

3.3.1 Disaster mitigation and 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.

Given the Boxing Day Tsunami of 2004, Samoa Tsunami of 2009 and Haiti earthquake of Jan. 2010, an urgent and critical area for further development is in reducing Fiji’s vulnerability to geological hazards. The catastrophic consequences of such events cripple nations and further, with inherent inability to detect these reasonably early means a need for constant readiness to these events. While efforts in Early Warning Systems should indeed be pursued, more urgent efforts are needed in mitigation or reducing vulnerability.

Key areas include

- Identification of risk zones and vulnerabilities
- Identifying critical infrastructural installations (hospitals, educational facilities, national security buildings, utilities (water/power), communication installations etc...)
- Legislating mandatory building/construction codes to accommodate seismic events
- Implementing retrofitting solutions / base isolation on structures
- Site selection based on seismic risks
- National awareness on preparedness for geological hazards

With all due respect to Climate Change and vulnerability of Fiji to such threats, the more clear and present threat is that posed by geological hazards for which Fiji needs urgent support in.

Since 2006, three schools in Suva have undergone retrofitting via the UNCRD project. However, upon depletion of funds, the project has since ended. Such programs need to be given full support as well as a need for NDMO and the Mineral Resources Department to engage in proactive awareness to raise the national consciousness on a need for mitigation and preparedness as response to such events will be limited.

Further, while the establishment of a Disaster Relief Fund is worthwhile for recovery purposes, Fiji needs to pursue avenues towards prevention or reduction of vulnerability via dedicated funding.

Key challenges are a need to increase the prominence at a national level on the urgency and a need for such funding to complement implementation of strategies as outlined above for the national interest.

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.

Government policy has shifted away from emphasizing only quick emergency response to disasters. Increasing emphasis is now put on a comprehensive approach to disaster reduction including community preparedness and disaster mitigation, and the integration of the impact of disasters into national development planning.

The following strategies are incorporated and will be addressed in future;

- To mainstream Disaster Management into the national development decision making process
- To invest in infrastructure to mitigate the impact of disasters
- To improve community awareness of risk, preparedness and response

There is an urgent need to address the early warning system on disaster preparedness in the National Natural Disaster Management Plan. The plan seeks to strengthen coordination, collaboration and resources mobilization amongst stakeholders in the prevention, mitigation and handling of natural disasters.

3.3.2 Comprehensive Hazard and Risk Management (CHARM) approach

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 Department of Meteorology Fiji serves on a regional scale providing weather forecasting and tropical cyclone warning services to many other countries and a vast area of the tropical South-west Pacific. National Weather Forecasting Centre is responsible for providing weather forecasting and warning services for Fiji, Cook Islands, Kiribati, Nauru, Niue, Tokelau, Tonga, Tuvalu, Wallis and Futuna, and special advisory services for Samoa and Vanuatu.

3.3.3 Work 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.

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.

3.3.4 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. Fiji needs to actively engage the community in all aspects of disaster risk management.

3.3.5 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.

3.4 Management of Waste

Environmentalism promotes just and equitable access to resources. The natural environment is an integral part of Fiji's products and services and the quality of nature plays a significant role in the success of any socio-economic development. As such, the generation and disposal of wastes does have direct and indirect impact on the socioeconomic development of our nation. The Government has taken steps to support sustainable resource management and encourage environment conservation through the Environment Management Act (EMA) 2005. The Act sets guidelines and policies for environmental impact assessments, waste management, pollution control and penalties.

Waste material present wasted money in-terms of original cost of materials, cost of materials, cost of disposal and also potential value of the material as a recyclable and reusable resource. Poorly managed wastes can have negative effects on tourist destination image and by association with health warnings about infectious and vector-borne diseases

3.4.1 Programs/projects

Waste cannot be reduced without a system that manages waste from the point of generation through to disposal. Below are various programs/projects currently being implemented by the Department of Environment in the effort to minimize waste at a National level:

3.4.2 EU funded 'Lami Rehabilitation Project'

Following the opening of the Naboro Landfill in October 2005, the Lami Dump, which constituted the main site of rubbish disposal for the greater Suva area, has been closed. However, serious environmental risks remain at the dump including emission of leachates, gas and the risk of fire or tidal wave.

To assist the Department, the European Union granted EU 550 000 for the rehabilitation of the Lami dump. The overall objective of the project is to assist the Government of Fiji in its capacity to work towards an improvement of the environmental situation in Fiji, in particular as regards to solid waste management and rehabilitation of Lami Dump and other institutional support services.

Hydea an Italian company was contracted to carryout Phase I (preparation of tender documents) of the project. The contract duration of Phase I is two (2) years which begun on 27th April 2009 to 27th April 2011. The consultants have prepared an Inception Report (draft released 23rd May 2009) which covered their activities undertaken such as a review of the EIA of the Rokobili extension, which has extensive data on a variety of environmental parameters, undertaking of field visits to the dump site where they collected leachate and gas samples and also drilled boreholes for water samples. Some estimation on gas production based on decaying exponential models were also done.

3.4.3 Waste minimization and recycling promotion project

The request for assistance for a “Waste Minimization and Recycling Promotion Project” was proposed to the Government of Japan and the project was considered by JICA to be initiated in the western division (Lautoka City and Nadi Town. JICA have selected the consultants Kokusai Kogyo Co., Ltd and Ex Corporation to jointly implement the project. First team arrived on 17th October 2008.

The overall goal of the project is to develop and promote the idea of 3R (in this case, Reduce, Reuse, Return) mainly in the western division of Fiji.

The outputs of the project are:

- Solid Waste Management Plans focusing on 3R are developed respectively in Lautoka City and Nadi Town.
- Lautoka City and Nadi Town obtain the capacity for proper Solid Waste Management (SWM) through the implementation of Pilot projects.
- Lautoka City and Nadi Town obtain the capacity for 3R promotion activities at whole is implemented at whole area of Lautoka city and Nadi Town Council.
- Awareness of residents in Lautoka City and Nadi Town is raised through implementation of environmental education activities on 3R promotion.
- 3R model for Fiji is developed and recommended.

3.4.3.1 Progress of the project - first year

To date the team have conducted eight (8) different baseline surveys including a Waste Amount and Composition Survey, Final Disposal Amount Survey, Time and Motion Survey, Public Opinion Survey, Compost Demand and Market Survey, Recycling Activity Survey, Community Survey and Topographic Survey in Lautoka Landfill. A survey was also conducted at the Lautoka Vunato Landfill site

The Community survey collects basic materials necessary for selecting 3R pilot project site and also information for studying about how the 3R activity would be promoted in the whole area of Lautoka and Nadi and how it is disseminated to other areas in Fiji.

3.4.4 Container deposit legislation and sustainable solid waste management in Suva, Fiji – Project by the United Nations Development Programme (UNDP)

Phase I of the project started in April 2009 with a Feasibility study on Managing Solid Waste in Fiji using the CDL System and a Litter Survey in the Suva area. The surveys were conducted respectively by two independent consultants. Phase I ended on March 4th 2009.

Phase II of the project will also develop and execute a public campaign to inform the public of the new system, and attack the widespread behavior of indiscriminate littering, using the leverage in public attention to this issue provided by the introduction of the deposit & refund recycling system.

An Implementation Plan has been produced which provides considerable detail concerning the individual activities required, and the coordination of those activities. In addition, a comprehensive Communications Strategy has been developed which also contains considerable detail concerning media outlets and costs in

Fiji, as well as an analysis of the potential means of broadcasting the public awareness message to be promoted in Phase II. Detailed legal analysis has been conducted on the current legislative framework, and two separate legal opinions sought to ensure that the legal strategy outlined below is based on sound and valid principles of law. In addition, the detailed Economic Analysis, referred to above, provides the foundation of determining the number of beverage containers affected by the proposed system, the financial flows expected through the revolving fund holding deposits and paying out refunds. This analysis also looked at the economic benefits through reduced waste collection and landfilling costs, and some analysis of the employment impacts of introducing the system. That analysis also determined the sensitivity of the results produced to initial assumptions.

3.4.5 Environmental Management Act 2005 and Environment Management (Waste Disposal and Recycling) Regulations 2007

The purpose of these Regulations is to prevent the pollution of the environment by controlling the discharge of solid waste from facilities, the discharge of liquid wastes, the emission of polluting gases, smoke, steam and dust, and the handling, storage and disposal of wastes and hazardous substances generally.

Part 5 of the Environment Management Act 2005 sets out the framework for waste management and pollution control in the Fiji Islands. It prohibits any commercial or industrial facility from discharging any waste or pollutant into the environment or handling or storing hazardous materials without a permit and gives the Waste and Pollution Control Administrator power to issue permits. The Act came into force on 1st January 2009 and the Department of Environment has been to date encouraging commercial and industrial facilities to submit in their application for a permit. Throughout 2008 and 2009, the Department had been conducting awareness workshops and trainings at a national level, press releases on newspapers, television and radio were also conducted. The Department is grateful to a few Councils, Rural Local Authorities, Provincial Offices and business houses who have been assisting the Department in the effective implementation of this law, keeping in mind the lack of manpower within the Department to carryout this task.

3.4.6 National Solid Waste Management Strategy for Fiji (NSWMS) 2006

The NSWMS details the current waste management practices and outlines the inadequacies that exist in the institutions, it provides a platform from which future waste management activities can be developed and the mechanisms for coordinating the programs. It provides implementation at national, municipality, local and community level.

The key objectives of the national solid waste management strategy are to:

- reduce the amount of waste that each community generates;
- make best use of the waste that is generated;
- develop and implement economic and social incentive mechanisms to change wasteful behavior, improve and upgrade existing waste management and disposal systems;
- encourage/provide waste management practices, which minimize the environmental risk and harm to human health; and
- Provide a guideline template for rural or community level solid waste management practices work.

The department is implementing this strategy through requests made from the general public and the community in specific. Number of waste management workshops and training have been conducted to the

industrial business community and the rural communities on waste minimization through the emphasizing the use of the 3Rs. For effective implementation, the NSWMS Action Plan requires the development of an Integrated Communication Plan. A plan was compiled with the assistance of SPREP through a roundtable consultation with relevant stakeholders in May 2009 and a draft plan is now available for review.

The Department of Environment (DOE) has been charged with addressing Objective 6 of the (NSWMS&AP) which states, “Upgrade current dump sites in urban centers by 2009.” Objective 6 stipulates that a Minimum Operating Guideline for all dump sites be established as well as upgrade at least 3 current dump sites to meet the Operating Guidelines. In order to achieve this Objective, workshops were scheduled for both Vanua Levu and Viti Levu to train the Municipalities on how and why to upgrade from the current practice of open dumping to what is referred to as a controlled dump system. Both workshops had been conducted, Vanua Levu on 27th May 2009 and western division of Viti Levu on 25th June 2009.

3.4.7 Other waste management strategies

Other strategies implemented by the Department is the National Liquid Waste Management Strategy (NLWMS), National Air Pollution Strategy, National Plan for the Implementation of the Stockholm Convention on POP’s in Fiji, Rural Waste Policy, Chemical Management Plan.

The NLWMS has not been launched, however, work has already started in a few areas, and with the recent enforcement of the Waste Disposal and Recycling Regulations, part of the action plans have been accommodated for.

Regarding capacity of the Department of Environment (DoE), although now endowed with a modern applicable environmental legislation and regulations, there is has minimal human, technical and financial resources to implement/monitor the Act or the strategies.

3.4.8 Naboro sanitary landfill

The greater Suva area is now fortunate to have a sanitary engineered landfill (Naboro Landfill) opened in October 2005 which services Suva City Area, Nasinu Town Council, Nausori Town Council, Navua Rural Local Authority and Korovou Rural Local Authority. It is an Anaerobic Landfill System that was funded by the European Union. It is maintained by a Private Contractor, H.G.Leach, and administered by the Department of Environment.

This landfill has alleviated some major solid waste problems associated with open dumps, such as health concerns from flies, rodents, and environmental health concerns from leachate.

However, a lot is still needed in terms of consistency of waste received from the councils as factors such as fuels costs associated with distance and gate fees have been problematic. There have also been serious concerns raised in terms of odour and infestation of rodents, flies (health concerns) as a result of such operations. For such, Government has tried to facilitate in terms of purchase of aerators, and audits such as this, in order to ascertain how best such issues can be addressed.

3.5. Coastal and Marine Resources

3.5.1 Integrated Coastal Resources Management

The Institute of Applied Science (IAS) of the University of the South Pacific based in Fiji, the University of Rhode Island Coastal Resources Center, USA and the Government of Fiji are working in partnership and have initiated a program known as the Integrated Coastal Management for Fiji.

The coastal areas of island nations are of vital importance since most of the urban centers and vast majority of villages are located on the shore, along with much of the population, agriculture, industry and commerce are located here. The result of rapid coastal development and increasing utilisation of coastal resources has resulted in various impacts on the coastal environment problems which includes; loss of habitat and biodiversity, inappropriate solid waste management, mismanagement of chemical wastes, pollution of air and water ways, land degradation etc.

The initiative includes the involvement of all government ministries such as the Ministry of National Planning, Ministry of Agriculture, Sugar and Land Resettlement, Ministries of Fisheries and Forests, Ministry of Fijian Affairs, Ministry of Lands and Mineral Resources, Ministry of Works and Energy, the Non Government Agencies like the Native Land Trust Board, National Trust, Ports Authority of Fiji, Civil Societies such as the World Wild Fund for Nature (WWF), Foundation of the People of the South Pacific (FSP), University of the South Pacific(USP), resources owners and users.

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.

3.5.2 Development constraints and challenges

- Legislative and structural reforms;

- Institutional approach to fisheries management;
- Management of fish stocks;
- Over fishing, 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.

3.6 Freshwater Resources

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 9 have been completed. The major components in the water scheme include the augmentation of the raw water transportation facilities and the rehabilitation of the two major water treatment plants at Waila and Tamavua. 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. Investigation to acquire new water source is ongoing since the demand for water is ever increasing especially in the tourism industry. The progress on the Natadola Water project has seen the completion of the pipeline and the Natadola reservoir between Sigatoka and the Voua Reservoir near the Fijian Resort.

New water and sewerage treatment plants will be in the Northern Division at Labasa and Savusavu. This will improve water quality and sanitation in the two townships.

Government has reformed the Water and Sewerage Department into the Water Authority of Fiji (WAF) which is a commercial statutory authority 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.

3.6.1 Water resource development and watershed management

Mismanagement of land and water resources is gradually resulting in the depletion of the nation's resources. Indiscriminate utilisation of these scarce resources will have serious impacts to the fragile economy as well. These issues need to be addressed with both long and short-term measures to ensure development and management of these resources in a sustainable manner.

The Land and Water Resource Management Division's Plan focuses on the following deliverables

- efficient and effective drainage infrastructure maintenance works for the improvement and effective utilisation of agricultural land in the Central, Northern and Western Divisions;
- disaster mitigation activities to reduce vulnerability and risk of flooding in Nadi and Labasa;
- watershed management to reduce the impact of flooding in Nadi and Labasa;
- irrigation infrastructure development and maintenance works in irrigation schemes in the Central and Northern Division; and
- water resource development and management for sustainable crop production and drought mitigation in the Western Division.

3.6.2 Watershed management program

Watershed management is defined as the management of all natural resources in an eco- system to protect, maintain, or improve its water yields. It also is defined as the process of guiding and organising land and other natural resource use in the watershed to provide desired goods and services without affecting adversely soil and water resources . The effects of land management activities on soil and water resources often lead to detrimental effects on site and on downstream areas. The focus on watershed management is therefore on water and its interrelationship with other natural resources.

Fiji's development plans recognize the need for watershed management programs to reduce flood intensity, soil erosion and sedimentation of river systems. The worst affected watersheds are in the Western and Northern Divisions, which have densely populated flood plains and all the major infrastructures including agricultural crops. The soil losses in these watersheds range from 60 to 81 tonnes per hectare.

The Watershed Management Program focuses on structural engineering measures such as retention and check dams to control the peak flow of flood waters during high intensity rainfall to reduce the impact of flooding in the lower river basin.

- Nadi Watershed; Construction of Mulomulo weir dam in underway and the consultation with NLTB and resource owners for development approval is completed.
- Nasau Irrigation system: Consultation with NLTB for development approval on lease land completed installation commenced in August and is progressing.
- Ba Watershed & Labasa Watershed: Desk study for these projects has been completed with sites identified.

3.6.3 Action and progress made

- National water policy on draft stage
- Consultations with stakeholders undertaken
- IWRM at river basin level initiated
 - Nadi River Basin identified as pilot project
 - Seed funding secured
 - Interim Nadi Basin catchment Committee formed
 - Project Management Unit to implement the project established
 - Water level recorders being installed to collate information and with the aim to put in place early warning system
 - Community awareness in progress
- JICA studies identified Nadi River Diversion as priority project,
- Steering Committee overseeing the JICA Study project concluded that the report was bias towards the flood control measures only where water would be a waste product and recommended that the study team relook at the study,
- No progress on the implementation of the report until recently, when JICA was requested by PM's office to review the design the of the Nadi River Diversion proposal
- Dredging is continuing as a short term measure

3.6.3 Development constraints and challenges

- 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.
- Lack of coordination between stakeholders
- Funding availability large magnitude such as those proposed in the JICA report
- Establishing of national Water Council
- Empowering and mandating Nadi River Basin Catchment Committee
- Development of flood risk management plans
- Need to address issues at national level
- Involvement of stakeholders essential
- Over aching legislations required
- Projects of required substantial funding
- Examine alternative ways in addressing the flooding problems
- Managing flood plains economically
- The JICA proposal for Nadi was designed to manage floods of 1 in 20 year return periods, the last Nadi flooding was 1 in 35 year return period, therefore, Nadi town would have been flooded even with the construction of the Nadi River Diversion

- Dredging on its own will not solve the flooding problems
- Increased developments on the flood plains, mismanagement of the upper catchments and bad husbandry practices is putting additional pressure on the river system because run offs are increasing,
- Siltation of the river systems is increasing
- Rainfall intensity over the years is increasing resulting in localized and flash floods.

3.7 Land Resources

3.7.1 Formulation of National Action Plan to combat desertification

The first and second National Reports on UNCCD Implementation were submitted in 2000 and 2002 respectively, and covers the areas well on plans and strategies prior to the UNCCD but the following plans and strategies have being taken on board since then to supplement all other developments and government commitments.

Although it is long overdue, Fiji's Draft National Action Plan on Combating Desertification was completed in 2006. The purpose of the national action plan is to identify the factors contributing to desertification / degradation and practical measures needed to combat it. Further it seeks the commitment of the stakeholders in ensuring the mainstreaming of this into Fiji's strategic plans.

Fiji's NAP provides for the following:-

- Long term strategies to combat desertification /degradation and to mitigate the effects of drought, emphasizing implementation and integration into national policies for sustainable development
- Allows for modifications in response to changing circumstances and is sufficiently flexible at the local level to cope with different socio-economic, biological and geo-physical conditions
- Gives particular attention to the implementation of preventative measures affected areas and areas with degradation potential
- Enhancement of national capabilities in national climatological/ meteorological and hydrological monitoring as a means of providing early warning systems for drought
- Promotion of policies and strengthening of institutional frameworks to promote partnerships, corporation and coordination between the government, donors, local populations and groups and facilitates information and technology access to all
- Provides for effective participation of government, local populations both men and women, non-government organizations, particularly resource users and their representative organizations in policy planning, decision-making, implementation, monitoring and evaluation of national action plans.

3.7.2 Scientific and technical desertification control activities

Fiji has already formulated its National Action Program but it is only a draft. The delays in its finalization will not impede on its partial implementation since the country has already been involved in a number of scientific and technical activities or initiatives in most sectors. In order for NAP to be fully implemented all the activities need to be further reinforced financially from external sources since it is beyond the capacity of the government. Otherwise the implementation will be prolonged further. Some of the activities and initiatives are as follows;

3.7.3 Land utilisation

Land is an important factor in the development of the economy. Previous studies have emphasized the critical role of land tenure system, land use and its management in the development of Fiji's economy. The increasing population over the past 40 years has increased demand for agricultural land and consequently has put a significant amount of pressure on arable land. This has resulted in land degradation, reduced productivity, lower yields, reduced food security and an increase in poverty. Much of Fiji's arable land has been taken up for housing, industrial and commercial developments. With competing demands for limited land resources, the government has now endorsed the Rural Land Use policy to provide framework for the land development in the country.

Government recognizes the important role of land and its targeted outcomes in the SDP are:-

- 1 Environmental Rehabilitation and Degradation.
- 2 Creating livelihoods through small and micro enterprise development
- 3 Sustainable community livelihoods through competitive exports and efficient food security
- 4 Sustainable Land and Water Resources Management.

3.7.4 Development of integrated farming approaches for sustainable crop production in environmentally- constrained systems in the Pacific region (CROPPRO Project).

The introduction and objectives of this project has already been given in previous reports. However, due to the difficulties faced during data collection and the unavailability of complete data, the project was extended for another 2 years. In Fiji, only one small watershed was selected in the wet zone. To address this work package objective, the following research tasks were undertaken:

- Installation of flumes at the outlet of the watershed for monitoring of water discharges and collection of water samples
- Determination of sediment collected discharge sample
- Data analysis and interpretation.

The measured data are being used to run and calibrate LISEM, a physically based erosion model. It will be used in this project to predict erosion, calculate total erosion for the whole catchment and identify source areas contributing most to soil losses. Currently one officer is undergoing training in the use of LISEM program so this project could be extrapolated in other agro-ecological zones.

3.7.5 Development of Sustainable Agriculture in the Pacific (DSAP)

Development of Sustainable Agriculture (DSAP) is a regional project being implemented in 10 Pacific Island Countries. The project is funded by the European Union and its main purpose is to increase sustainable agricultural production on farm families in participating countries. The main strategy for achieving this emphasis is the dissemination of technologies based on the farmer livelihood needs and

building national institutional capacity in the use of participatory approaches in sustainable agriculture development.

The key target outputs are as follows;

- Improved systems to identify farmers production problems and solutions
- Appropriate technologies identified
- Participatory extensional skills upgraded for National Research and Extension staff
- Appropriate technologies scaled up and promoted
- Enhanced capabilities in extension communications.

3.7.5 Promotion of land care concept

The successful implementation of the National Rural Land Use Policy and Plan depends very much on a delivery framework that combines top down and bottom up approach to facilitate communication between communities and government agencies. There is a need for a coordinating mechanism whereby government programs are complemented and strengthened by activities of the groups of stakeholder at community level.

At community levels resources owners and users need to be organized and empowered to plan and manage their resources, in order to provide the bottom up input necessary in the interactive resources management. A mechanism to facilitate this is through the group based concept where the resources owners and users are organized into local resources management groups, widely known internationally as the Landcare Groups.

The Landcare Concept is based on participatory community development approach. Experience has shown that technology alone has not improved the management of natural resources. The emphasis has therefore been placed on institutional strengthening, local decision making and building the self reliance of the local communities.

Fiji is fortunate that it has a social structure which embraces and enhances the formation of such a movement at settlement, village, district and provincial basis. But for the resources users such as the lease holders, they need a lot of awareness and education to strengthen their participation and supportive role. The need to integrate and work together as a team for the benefit of the country is quite imminent. After two very successful workshop on “Landcare in Fiji” themed, “Strengthened partnerships for the sustainable management of land resources,” where it was aimed at addressing a long standing concern within government structure, which is the lack of coordination between government agencies, and in this particular case, agencies operating in the land utilization and development arena. There is also poor communication and collaboration between government and non governmental organizations (NGO’s) with understaffed government agencies not fully utilizing the grassroots outreach capacity of NGO’s.

The success of the workshop is reflected in the formation of a National Landcare Working Committee This committee has the important mandate to facilitate consultations for the development of a framework that promotes sustainable land management through the coordination and collaboration of all involved agencies with the participation of the local communities. The committee has met several times with representative from, Native Land Trust Board, Dept. Of Environment, Forestry Dept., Ministry for Agriculture, Sugar and Land Resettlement (MASLR), Ministry of Provincial Development (NDM0), University of the South

Pacific, EU/SPC/DSAP and the SPC/GTZ PGRFP, Ministry of Works, Ministry of Finance, Ministry of Education and Representative of the NGO Landcare Steering Committee.

A NGO Landcare Steering Committee was also formed with members consisting of the various NGO's such as the World Wide Fund, PCDF, Conservation International, FPSI, Live and Learn and other environmentally based NGO's.

3.7.6 Land use capability classification

The system adopted needs to be reviewed based on the present day land use and land availability problems. Nonetheless, it is being slowly incorporated into all the planning for land development of any sort by any sector or for any land use. As such it has become an ongoing activity of the Land Use Planning Section of Ministry of Agriculture.

3.7.7. Building resource information databank.

In order for Fiji to keep abreast with developments in information technology and to increase the efficiency of information availability for planning and decision making, the section has a GIS unit established to capture all land resource based data digitally. The unit works continuously on data acquisition, capture, conversion, manipulation, integration and building databases on land resource based information to produce quality and timely information. These data will be used to provide better and faster information for decision-making at various levels. The staffs also assist in networking developments for the department. Major Mapping Work

The GIS unit also facilitates mapping requirement from various Divisions within Agriculture and other Institutions. We had been able to provide professional mapping output to all requests.

3.7.8 Participatory district / tikina based land use plan

Since 1999 the Land Use Section has adopted a participatory land use planning approach as part of all programs. This is done in close consultation and collaboration with the resource owners and the community, and all other stakeholders such as Extension Division of Ministry of Agriculture, Native Land Trust Board, Ministry of Fijian Affairs, Ministry of Fisheries and Forests, civil societies such as the WWF and the Foundation of the People of the South Pacific (USP), etc.

This would be the basis of future integrated or holistic approach to land resources planning, development and management programs. It emphasizes the importance of a bottom up approach to land use planning and one of its main objectives is to establish local land care groups, to empower communities to efficiently and effectively develop and manage their resources and create land stewardship amongst the resources owners and users.

3.7.9 Awareness and training on sustainable land management

The Land Use Section of LRPD, the Research and Extension Division of Ministry of Agriculture, other Ministries, NGOs and civil society such as the Foundation of the People of the South Pacific, University of the South Pacific, WWF and others have jointly carried out awareness and training on land degradation, disseminating information on sustainable development and transferring of low cost sustainable land

management technologies for sloping land farmers as well as for the school children and other stakeholders. The long-term vision is to set up land husbandry/care groups in various communities in Fiji to empower communities to oversee the sustainable development and management of their natural resources.

3.7.10 Transfer of Sustainable Land Management Technologies (SLMT)

Demonstration plots are to be established in different watersheds and districts of Fiji as models and assist in the sections training and awareness activities in promoting sustainable land management practices. These demonstration plots or model farms show the different types of good and adoptable land husbandry practices suitable for Fiji and assist the section in training locality farmers in promoting such practices. The present project will try to establish as many as possible in different locations accessible to farmers. It will publish and distribute a number of brochures, leaflets, posters, user manuals and conduct field days, farmer trainings and workshops for all land users.

The technology identified for Sloping Land Management in Fiji is the use of vetiver grass, pineapples, agro-forestry leguminous tree species, crop rotation and fallow improvement across the slope to minimize soil erosion and improve soil fertility. This will lead to a sustainable agricultural production and minimize land degradation. The section together with extension officers identifies and assists interested farmers in establishing on farm contour hedgerows and for the farmers to carry on from there with extension advice and help.

The Department assists in the setting up of community based nurseries, establish and maintain nurseries at Nacocolevu Research Station, Koronivia Research Station and Seaqaqa Research Station to cater for planting materials required for land conservation work. These nurseries will always have planting materials of citrus seedlings, agro forestry seedlings such as fruit trees and nitrogen fixing trees and pineapples suckers to be used on the demo plots and conservation farms.

To ensure sound land development, utilization and management, the following strategies are incorporated in the SDP:

- Promotion of the Rural Land Use Policy at provincial Level
- Enforcement of the Land Conservation and Improvement Act
- Ensuring sustainable land utilization & management practices
- Promoting sound land use planning
- Promote the organization of community groups involving all stakeholders in different localities for resource conservation
- Promote strategic partnership
- Develop and enhance land resource information system [GIS]
- Education, training and awareness on Sustainable Land Management
- Legislation review and amendment.

3.7.11 Environment

Government has enacted the Environmental Management Act in 2005 to provide the framework for the management of our environment. The following strategic policies have been adopted;

- To minimize degradation of natural resources and protect biodiversity

- To maintain a healthy and clean environment through the reduction and elimination of pollution and proper management of wastes
- To raise awareness of the importance of sustainable development
- Forestry: Fiji is a member of the International Tropical Timber Organization, committing Fiji totally to sustainable management and development of exotic and indigenous tropical forests with the certification of tropical timber for trading
- Initiate environmental audit in organizations' operations.

Crop-farming and livestock

- To accelerate agricultural diversification into areas of competitive advantage;
- To promote food security;
- To ensure sustainable development in non-sugar agriculture.

3.7.12 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

Other challenges are as follows:

- inadequate 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.

3.7.13 Agriculture development and food security

The Pacific Islands Forum Secretariat (PIFS) in 2002 formally endorsed the Regional Strategy for Agriculture Development and Food Security, and the Regional Programme for Food Security (RPFS) in the Forum Island Countries (fics), which encompasses all FAO Member countries in the Pacific.

In Fiji, agriculture is organized more along commercial lines, although the subsistence sector remains important. Large-scale agriculture comprises mainly of palm oil, coconut, sugarcane, cocoa and coffee plantations, and beef cattle. Typical constraints faced by producers include a shortage of labour, poor quality and availability of planting material, a lack of efficient pest control and monitoring programmes, high post-harvest losses, poor animal health and high cost of purchased feed, and weaknesses in both domestic and export marketing.

3.7.14 Policies and programmes to enhance agricultural productivity and farmers' incomes

The objective is that Fiji is served by a thriving commercial agriculture sector; sustaining Fiji's food security. The strategies for this are:

- Through the Rural and Outer Islands Project (ROI), rescoped Alternative Livelihood Project (ALP) and related rural development projects, build the capacity of rural communities to diversify agriculture to higher value crops and commercial agriculture to improve on and off farm livelihoods and opportunities for processing and value added;
 - 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 agricultural training institutions to improve training services to all stakeholders;
 - Strengthen demand driven research in partnership with the private sector;
 - Improve accessibility of farmers to saving and credit facilities and develop micro-finance institutions;
 - Provide infrastructure to facilitate market access of agricultural produce, particularly in the rural and outer islands;
 - Enhance tourism industry and agriculture sector linkages to match demand and supply, therefore reducing imports;
 - Promote food safety and quality programmes; and
 - Revitalize coconut industry to move into value adding and product diversification.
- The achievement of these strategies will be measured by the following key performance indicators:
- Maintain agriculture sector's contribution to GDP at 12%.
 - Value of non-sugar agriculture exports increased from \$40m in 2006 to \$80m by 2011.
 - Value of food imports reduced from \$370m in 2006 to \$260m in 2011.
 - Increase lending to agriculture sector of commercial banks to 1% of total loan portfolio by 2011 from current level of 0.6% in 2005.

3.7.15 Recent agrarian reform and other measures designed to secure equitable access to land resources by both genders

Ongoing tripartite discussions on the future nature of leasehold agreements are currently being held involving the NLTB (representing the land owners), the tenants, and government (represented by the ALTA unit in MLMR). A large portion of existing leases administered under the Agricultural Landlord and Tenant Act (ALTA) are due to expire. However it is essential that a mutually satisfactory agreement will be reached for both land owner and tenant - the productivity of land and the future viability of this key sector depend on this. Government has a leadership role to play in assuring that this issue is resolved.

An impressive quantity and range of traditional food crops are grown in Fiji. These are grown throughout the country and are identified as a “hidden strength” of the economy. It is estimated only 40% of energy needs come from locally grown food. Food imports are still relatively low when compared with other small island developing states (SIDS). These imports have fallen slightly as a percentage of total imports over the last decade despite deregulation, suggesting that food supply has been able to expand to meet increases in demand from a rapidly growing urban population. Government’s investment in providing assistance and infrastructure developments has been a major contributing factor to this process.

3.7.16 Programmes for environmentally-sound agricultural pest control

The diamondback moth is the leading pest of Brassica crops in the Pacific islands. Both large and smallholder farmers grow Brassicas, mainly head cabbage, Chinese cabbage and watercress. With production increasing in recent years opportunities for the moth to spread have expanded. The use of insecticides is the main form of control. Integrated Pest Management (IPM) approaches to diamondback moth have been used elsewhere in the world, limiting insecticide use while maintaining control. What is needed is the adoption of IPM with a locally relevant program. Research will develop an increased knowledge of the moth to develop the appropriate IPM packages for each country.

Actions to improve water management in agriculture (e.g., more efficient use, improved irrigation); measures to make more efficient and effective use of energy and other essential inputs for sustainable agricultural production

The Land and Water Resource Management Division is responsible for maintenance of existing Irrigation Schemes, Sugar Drainage and Land Drainage & Flood Protection activities. The program on Watershed Management is anticipated to take-over the flood protection in the medium term. The program will improve soil conservation, conserve water and provide irrigation for rice and other crops.

Given the abundant rainfall and relatively intact forest cover that allows capture and retention of water in underground aquifers, and the presence of several important perennial rivers and streams, the larger islands within the Fiji archipelago have adequate supplies of water to meet the needs of the population. However, fragmented authority for the use of water creates the principal barrier to effective and efficient management of this critical resource.

At least four separate agencies share primary responsibility for regulating water use or ensuring adequate water delivery to the public: (i) the Department of Drainage and Irrigation (Ministry of Agriculture) regulates the uses of water for irrigation of farmland; (ii) the Department of Lands (in the Ministry of Lands and Mineral Resources) has responsibility for the utilization and management of water resources

within river basins; (iii) the Department of Mineral Resources (in the Ministry of Lands and Mineral Resources) has authority for licensing the abstraction of groundwater to be used for production of bottled mineral water; and (iv) the Water and Sewerage Section, Public Works Department (PWD) (in the Ministry of Works) is involved with the delivery of safe drinking water to the public, primarily in urban areas. Correspondingly, there is no piece of legislation that confers authority on a single government entity for water management. As a result, there is no clear ownership within any single government department when it comes to addressing the issues of regulating, managing, and delivering water resources and services.

Provision of reliable potable water sources on the smaller outer islands is problematic, since these small low-lying islands lack significant freshwater aquifers or lenses. Here, rainwater collected in roof catchment systems provides the principal source of drinkable water for residents. The Ministry of Provincial Development is conducting programs in outer island locations (Lau and Yasawa Groups) to develop improved roof catchment and ferro-cement or plastic storage tank systems. At some sites, desalination facilities are being planned.

Wastewater management, though not as fragmented as the management of clean water resources, is also problematic. As is the case for water supply, the Water and Sewerage Section of the Public Works Department has responsibility to provide sewerage services to users, primarily in urban areas.¹⁶ In rural areas, responsibility for ensuring that wastewater is safely disposed of rests with the respective Rural Local Authorities, but in reality is often left to individual landowners to deal with. It is estimated that more than 50 percent of the rural population does not have access to proper waste disposal services. In areas where no sewerage connection is available, typically septic tanks are employed. Peri-urban populations are also underserved, although ultimately, a number of the sewerage systems serving urban areas may be expanded to reach peri-urban communities as well.

Government is presently considering ways in which the issues of water and wastewater management can be addressed in a more integrated manner. A National Water Policy statement has been drafted, and consultations with stakeholders are ongoing, which can hopefully lead to a comprehensive and integrated “Water Resources Management Act” being developed and put in place by 2005. Given the overlapping and sometimes conflicting responsibilities ascribed to various ministries at present, creation of a new ministry may be required to fully harmonize and integrate the responsibilities that are now divided among multiple departments, and this is being considered as one possible institutional scenario.

3.7.17 Measures to improve and develop infrastructure to enhance distribution to markets

Since a large proportion of agricultural produce such as root crops, fruits, vegetables and fish are marketed fresh locally, development of appropriate post-harvest processing and storage technologies are extremely important. Government provides annual budgetary support for market access roads. State assistance is also provided to Agro Marketing Authority and Food Processors United which facilitate marketing of agricultural produce.

Measures taken to diversify agricultural production systems, including development of new markets for value-added agricultural products

In the recent years, there has been a significant development of agro-processing industries and considerable opportunities exist for further expansion and diversification in this area to produce value-added products. This will generate employment opportunities in rural areas.

Some of the major agro-industries include sugar, industrial alcohol and spirits (from molasses), processing of ginger, fruits and rice, coconut (copra and oil) coconut cream and soap manufacture.

The processing of livestock products remains rudimentary except for milk processing (butter and powdered milk), meat canning and processed sausages

There is a huge potential agro-processing of taro, banana and breadfruit into chip. Agro-processing by private sector is limited except for Punjas and Motibhai going into commercial production.

The establishment of Agricultural Marketing Authority (AMA) through Government assistance with rural market centers at various localities is anticipated to facilitate marketing of agricultural produce for local and overseas markets.

3.7.18 Development constraints 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

3.7.19 Sugar

The sugar industry is at a critical crossroad. The full 36% reduction in preferential prices in the EU market became effective from 1st October 2009. The EU funding of 24 million Euros under the Accompanying Measures Programme for 2009 was cancelled. Funding for 2010 and beyond remains uncertain.

Domestically, there continues to be ominous signs of an industry on the brink of collapse. The commercial viability of the miller, the worsening mill efficiencies despite the mill upgrade programme currently in progress, the erosion of farmer confidence to invest in plant cane resulting in the low productivity per unit area and the declining trend in cane production, high inputs costs, poor quality sugar through burnt cane, difficult access to arable land with adequate security of tenure and high cost of farm credit are some of the contributing factors.

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 32,000 people, consisting of approximately 16,520 growers, 3,000 FSC employees and 10,710 cutters and 1,630 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 sugar prices to the EU 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 to be quite 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 (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 reluctance of growers to invest in planting new cane for a number of reasons from political situation to uncertainty of lease renewals, resulting in the movement of people off farms, the lower fertility of land due to unsustainable use and the ongoing cultivation 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 was to formulate and implement an agreed Sugar Industry Plan to provide a way forward for the industry. The plan identifies the real challenges confronting the industry and providing the solutions in helping the farmers, addressing the pressing issues of land, fertiliser, 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 making available of the funding 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 minimise the industry overheads Government has carried out major reforms commencing with the dismantling of a couple of institutions within the industry. This includes the winding up of the Fiji Sugar Marketing Company Limited and the dissolution of the Sugar Commission of Fiji. The marketing function of the Fiji Sugar Marketing Company Limited has been taken up by the Fiji Sugar Corporation Limited while the functions of the Sugar Commission of Fiji have been shared amongst the FSC, the Sugar Cane Growers Council and the Sugar Industry Tribunal. The Sugar Cane Growers Council has also been dissolved to remove politics from the industry. In this regard the 38 elected Councillors, deemed to be the window through which politics enters the industry, have been terminated whilst the administrative arm of the Council retained for the sake of cane growers.

As a short term measure to address the loss of land under Sugar, Government set up the Committee on Better Utilisation 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 which started in 2008 and farmers are expected to bear the full cost from 2015 onwards. In the meantime Government is pursuing to implement land reforms which should make access to land for all intent and purpose at reasonable costs and with acceptable terms and conditions. Hopefully, this will remove once and for all the excuse that access to land in Fiji for whatever purpose is often referred to as a barrier to development efforts.

One of the contributing factors to the declining cane production over the last five years has been the non-availability of adequate supply of fertilizers at time of need. It was brought to light that the lone fertilizer supplier, South Pacific Fertilizers Limited, was having difficulty in keeping its nose above water as it was blending and selling fertilizers at lower of cost. Because fertilizer was an integral component of the success of the sugar industry, Government could not just stand by and watch SPFL to go under. Instead Government provided a subsidy totalling \$19.6 million to SPFL in two equal allocations of \$9.8 million in 2009 and in 2010. This assistance would effectively increase the price of a 50kg bag of fertilizer from \$19.50 to \$45.59 where Government will meet \$14.09 per bag while the grower pays \$12.00 per bag of the \$26.09 per bag increase. In practice the grower will pay only \$31.50 per bag. From January, 2011 the growers are expected to pay the full amount of \$45.59 per bag or whatever the retail price payable at the time.

This Government assistance, apart from helping the growers and the sugar industry in general, has also given the SPFL time and space to trade out of its financial difficulties and escape collapse.

The Fiji Sugar Corporation Limited on its part is fast-tracking the establishment of power co-generation from bagasse and ethanol production from molasses so that the Corporation becomes a Sugar & Energy provider. The Corporation acknowledges that in order for it to become viable and sustainable it cannot rely on sugar alone because of the 36% sugar price cut by the EU. It needs to diversify and do value-adding to its sugar milling by-products such as bagasse and molasses in order to become viable and move away from its reliance on sugar.

It must be noted that the EU under its Accompanying Measures Programme have already commissioned the Livestock Sector Review. The objective of this study was firstly to (i) determine the characteristics and issues that currently drive the sector, and (ii) determine where, why and how livestock could “fit” into a more diversified sugar farming system and identify project for EU support. This report was completed in November, 2009 and copies have been forwarded stakeholders for comments.

Another study commissioned by the EU under AMP is the “Harvest and Transport Cost Reduction Programme”. The overall objective of this study is to improve the productivity of the sugar sector and to reduce costs. The study commenced in September 2009 and should be completed by February, 2010.

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 maximising sugar production and not cane production.

3.7.20 Development constraints and challenges

- 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, focused research and development work of the Sugar Research Institute and FSC;
- Effectiveness of recapitalisation programme;
- Loss of experienced farmers;
- Motivating existing and incoming growers to increase production;
- Restoration of grower confidence in the industry;
- Renewal of productive land leases; and
- Support provided by the EU and confirmation of funding.

3.7.21 Forestry

Fiji’s forest resources cover an area of approximately 870,000 ha or about 47 percent of total land area. Plantation forests, mainly pine and mahogany, account for 13 percent of total forest area. Deforestation is becoming a threat to Fiji’s biodiversity. Increasingly, selective felling of trees will be encouraged through the strict enforcement of the National Code of logging practice and the attainment of “green certification” under the Forest Stewardship Council. Sustainability issues as well as good forest management practices would be addressed through training targeted at landowners.

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 Fiji Hardwood Corporation Limited (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/vener. 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 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, a forestation, 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 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 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.

The following strategies have been taken on board by the Ministry.

- To provide the appropriate institutional and physical infrastructure to support the development of the sector
- To ensure sustainable development and management of forestry resources
- Promotion of community-owned and managed forestry processing and value adding facilities based on indigenous forests and community owned plantations
- Promotion of the production and export of value added timber products.

3.7.22 Review of forestry policy

Careful planning and management on the use of Fiji's forests are important to ensure that the values supplied by forests are not jeopardized by the equally important need for development. The balancing of the need for environmental protection and economic developments can only be achieved through sustainable forest management principles and practices appropriate for Fiji.

While there is a particular focus on the natural forest resources, the management of man-made plantations of exotic pines and mahogany need to be kept under close scrutiny to ensure that planning and regulations ensure the harvest of this natural resource can be sustained and increased in order to provide Fiji's timber needs and supply exports.

The decline in log production over the past decade from both indigenous and plantation forests has been continual. Fiji's natural forests which once seemed limitless is suffering from obvious consequences of over cutting and this would likely to continue in the absence of detailed forest inventories and the determination of sustainable annual rate of cut for specific forest areas. Due to unclear guidelines and ineffective controls timber has been harvested unwisely.

Within the framework of the Rural Land Use Policy for Fiji, a forest policy needs to be couched. The current Forest Policy was framed by the Legislative Assembly in 1950. A Forest Act was enacted in 1953. Fiji has benefited from this policy for many years, however, the policy is outmoded. The condition under which it was devised is quite different from those pertaining today. There was a need to redefine the Forest Policy to reflect the adoption of appropriate sustainable forest management systems to ensure the full and successful implementation of current strategic directions and landowner aspirations on the management of their resources.

As a result Fiji's Forest Policy was reviewed in 2004 with the draft being circulated to all stakeholders for comments before being finalized. The principle goal is 'to ensure the sustainable management of Fiji's forests to achieve greater social and economic benefit for current and future generations. Its objectives, policies and activities are directed towards forest management, conservation, development, utilization, research, extension, training, education and administration. The Department of Forestry is awaiting cabinet endorsement before they can start looking at the legislations.

3.7.23 Development constraints and challenges

- 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

3.7.24 Minerals and groundwater resources

Geosciences, particularly its application in the exploration and development of Fiji's mineral and groundwater resources, has the potential to make a significant contribution to economic growth through: i) increased assessment and development of onshore and offshore mineral and energy (hydrocarbons, geothermal energy) resources; ii) development of sustainable water supplies for urban, rural and outlying islands; and iii) the development of additional bottled or "mineral" water projects.

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. Recently in part due to the global financial crisis, growth rates of bottled water have been revised downwards. There is currently no legislation governing water resources in Fiji. However, the new mining legislation to be promulgated included proposals to 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 in the first quarter of 2010 following discussions with SOPAC on regional harmonisation before a Water Policy is considered by Cabinet.

Geoscientific information also assists in the mitigation of natural disasters such as earthquakes, tsunamis and landslides. Realizing the full potential of the sector means taking measures to address the sector's constraints. In particular, the legislative framework needs to be addressed to cover the risks of land tenure and access, environmental monitoring, health and safety issues, security of tenure for exploration and mining titles and water resources.

- To ensure security of land tenure and occupational health and safety standards
- To increase public awareness of resource exploration and development
- To ensure sustainable development of ground water resources

3.7.25 Mining

Mining and exploration in Fiji has been dominated by gold production from Vatukoula mine in the past, although significant other sector revenues come from industrial minerals such as sand and gravel, quarried stone and coral sand.

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 had increased to 35,000 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) 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 72 licences issued in 2009. The potential conversion of these exploration licences to mining leases provides the impetus for growth and development of the mining industry as a whole.

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 completed with relevant legislative revisions due in the first quarter of 2010.

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. The Ministry of Finance and National Planning will be engaged in a workshop in 1st Quarter of 2010 to review fiscal regimes in place for the mineral sector to address the unique needs of the sector.

3.7.26 Vanua Levu mineral investigation

The Department in 2008 began a Mineral Investigation Project in Vanua Levu aimed at reassessing various un-worked known mineral prospects in the island to investigate the extent of investigation carried out in each prospect and to established the anomalous minerals in these little known prospects.

The project has so far looked at twelve prospects with some interesting values of copper, zinc, lead and gold that warrant closer investigation to see if the prospect is a candidate for detailed investigations by any interested exploration group. The mineral investigation project is expected to cover all the islands of the Fiji group. It also forms the bases of continuing work to building a mineral deposits inventory of Fiji. The results of the investigation for the twelve prospects will be published in 2011. More investigation work will continue providing a database of mineral deposits in Fiji including details on little known prospects around the country.

3.7.27 Policy and regulations

Features of national mining codes or mineral industry code

The Mineral Resources Department (MRD) is a statutory regulating authority/body that regulates the mining industry in Fiji and is the custodian of the following Acts & Regulations:

1. Laws of Fiji Chapter 146: Mining Act & Regulations – guides and regulates activities relating to prospecting for and mining precious metals and other minerals in Fiji
2. Laws of Fiji Chapter 147: Quarries Act & Regulations – provides for the better regulation of Quarries and quarrying activities
3. Laws of Fiji Chapter 148: Petroleum (Exploration & Exploitation) Act & Regulations – guides and regulates activities relating to the exploration for and exploitation of petroleum resources
4. Laws of Fiji Chapter 189: Explosives Act & Regulations – an act that regulates the manufacture, use, sale, storage, transport, importation and exportation of explosive substances
5. Laws of Fiji Chapter 149: Continental Shelf Act & Regulation – an Act that makes provisions for the protection, exploration and exploitation of the natural resources of the continental shelf of Fiji and of areas within the territorial limits of Fiji

It would also be worthy to note the following:

1. A draft Mineral (Exploration & Exploitation) Bill was developed in 2006 with the final draft awaiting Cabinet's approval. Once gazetted, this will result in the revocation of the Mining and Quarries Act. It is expected upon further consultation during the course of 2010, this Bill will again be submitted for Cabinet endorsement.
2. Due to increasing commercial interests in offshore mineral exploration in Fiji, a moratorium is currently in place awaiting legislative formalities to recognise that an updated Offshore Mineral Policy will control the exploration and mining of offshore mineral resources. This policy has been guided by the Madang Guidelines, a set of international offshore mineral guidelines that was developed during an Offshore Mineral Policy Workshop that was coordinated by South Pacific Applied Geoscience Commission (SOPAC) and held in Madang, PNG in 1999.

3. To date, MRD have issued 10 petroleum exploration licenses. Interests in Petroleum have been boosted by a report titled “Petroleum Potential In Fiji” which was written in 1993 by a Jonathan Rodd whilst engaged as Petroleum Coordinator for SOPAC, which is based in Fiji. In brief, the report indicated the existence of geological structures in Fiji with a high probability that these geological structures are oil-bearing.

3.7.28 Fiscal policies for investments and counteracting market fluctuations

As part of our current Government’s vision for Sustainable Economic Growth, MRD endeavours to vigorously promote Fiji’s Mineral Policy, with its primary aim being to provide potential investors with a clear, stable and transparent guide to investing in Fiji’s mineral sector. The production of the Mineral Policy statement was encouraged by the Ministry of Commerce, Trade, Industry and Public Enterprise, which, in 1996, produced Fiji’s first general Investment Policy Statement (IPS).

Fiji takes the position that the major inducement to attracting mineral sector investors is the opportunity to obtain a return on investment commensurate with the risks faced. In developing the fiscal framework, the Government has sought to create an internationally competitive package of interrelated measures, which achieves the dual goals of investment promotion and equitable returns to the people of Fiji under a variety of market circumstances.

Additionally, Government also accepts that mining is an unusually high risk industry and private investment tends to be attracted to those areas with good geological potential, transparent fiscal policies and political stability. Hence the development of the competitive and transparent Fiscal Policy that will enable investors to achieve returns, taking into account the risks that their investment faces.

Fiscal/tax concessions are subject to approval by the Minister for Finance based on individual case-by-case basis

3.7.29 Regulations and mechanisms for compliance and monitoring

The mining industry is primarily regulated by the Mining Act & Regulations, although there are supporting statutes, such as the Quarries Act and the Explosives Act. These Acts are administered by the Mines Section and the Mines Inspectorate within MRD.

For the purpose of the on-going monitoring /compliance programs, Fiji adopts a pragmatic policy towards compliance with acceptable socio-environmental standards and pollution abatement technology. Government places more emphasis on mining companies complying with agreed emission levels, than with the methods of abatement to achieve compliance. This then provides investors the flexibility to choose measures which will reduce pollution levels in the most cost effective manner, subject to Government approval.

All Prospecting Licences and Mining Leases are subject to established reporting requirements and regular on-site inspection which is undertaken by MRD's Mines Inspectorate officers. This is to ensure all activities undertaken are in adherence to statutory requirements as specified in the relevant Act(s).

As stipulated in the Exploration and Mining Policy, extensions to Prospecting Licenses are normally available, providing all licence conditions have been met. Extensions are subject to the same conditions as apply to initial applications, however, in the case of an extension, it is expected that minimum exploration expenditure will significantly increase with each successive extension.

Prospecting License holders have a right to progress from prospecting to mining if they have complied with the license conditions and they have proven that a minable resource exists. Permits to Mine (for artisanal, small & middle-scale mining) can be issued for a maximum of 2 years, and are renewed annually. All leases are renewable but the renewal period depends on the size of the proven resource. Thus, exploration and development is a prerequisite of any Mining Lease holder.

3.7.30 Guidelines for artisanal, small and medium scale mining

Artisanal, small and medium scale mining guidelines are stipulated in the Mining Act Cap 146 through the grant of a Permit to Mine. Permit to Mine is granted for a period of 2 years and may be extended for a period of 1 year.

Every applicant for a Permit to Mine shall report fully to the Director of Mines the nature of the mineral deposit, submit a scheme outlining the extent of the proposed operation and produce evidence to the satisfaction of the Director of Mines that the applicant has the working capital necessary to carry out such a scheme.

3.7.31. Public/Stakeholder consultation and participation in decision-making related to mining

History clearly shows that mineral sector developments offer unique benefits as well as pose special problems for communities adjacent to mineral deposits, and Government views the direct participation of residents as an integral part of a successful long term relationship. The rights of landowners and immediate stakeholders are enshrined in Fiji's Mining Act & Regulations (Cap 146).

From early in the exploration phase the project sponsor and Government, through the Ministry of Fijian Affairs, should collaborate on a public information and education program about the anticipated nature and impact of the project. Government is mindful that premature release of information may unduly inflate residents expectations, and will be guided by mining company views on when certain information may appropriately be released. However, the Government of Fiji believes that a regular information flow needs to be established fairly early in the project cycle to avoid misconceptions and unwarranted rumours about potential mine development. Once the project has come into operation, mine management is urged to consider establishing resident liaison committees to facilitate information exchange and to provide residents with a forum for airing their views.

The Housing, Social and Regional Impacts Policies further clarifies the importance of land-owners/public consultation and participation in decision-making related to mining projects.

3.7.32 Public governance and transparency in the mining sector

Fiji's exploration and mining administration system is open and unbiased. The guiding principle is that exploration and mining rights are given to any candidate, who by merit, can show Government that they have the capability to carry out an agreed upon work programme. In the case of multiple applicants for a tenement, rights are allocated to the first qualified applicant. This system supports and protects the rights of all investors, both local and foreign, to prospect, explore and mine their mineral discoveries. Investors rights to mineral tenements, and their security of title are enshrined in Fiji's Mining Act and Regulations (Cap. 146).

3.7.33 Mining best practices

Environmental Impact Assessment (EIA) and monitoring of all phases of mining operation (exploration, project development, mine operation and mine closure)

The Environment Management Act (2005), administered by the Fiji Environment Department, classifies mining projects/operations as “significant waste dischargers”. Therefore, for any new mining project proposal (including exploration), an EIA study needs to be undertaken with an Environment Management Plan (EMP) formulated to mitigate environmental issues highlighted in the EIA report. All costs are borne by the mining project developer.

One of the major prerequisites for the approval of a Prospecting License or Mining Lease application is the approval of the EIA/EMP by the Dept of Environment. For current prospecting activities/mining operations, relevant waste discharge permits apply. Additionally, the MRD’s Environment Division carries out on-site environmental inspections to ensure waste emissions are within the discharge permit/mine environmental release guidelines and comply with socio-environmental standards, which are benchmarked against international standards/best practices.

Developers are required to post a refundable bankers guarantee, as surety of best practice. The amount of the bond will be determined by the MRD, in consultation with the Dept of Environment, according to the element of risk associated with the project. The full bond or a partial amount thereof may be used to remedy unacceptable environmental impacts of the mining project, or may be used as a penalty for late or non-remediation of remediable impacts identified during Environmental Impact Assessment process. This is in line with the Government’s Sustainable Development Policy.

3.7.34 Private Public Partnership (PPP) for sustainable mining

Government's main aim for the mineral sector is to ensure that developments proceed in a sustainable manner. Sustainable mineral sector projects are those that effectively incorporate community participation during the corporate decision-making process, that ensure an equitable distribution of the benefits arising from mine developments, and that, having carefully assessed the socio-environmental impacts, minimise these impacts.

3.7.35 Emergency response plans and preparedness at the local level

It is a requirement that all mining operations develop a Mine Safety Management Plan (MSMP) incorporating an Emergency Response Plan, which is reviewed and passed by the MRD or consultants. Contents of the MSMP include:

- The management structure
- How risks are to be managed
- Arrangements for the safe use of plant and electricity
- Contractor Management Plan
- Emergency Plan
- The O.H.S Policy for the site and it's objectives
- The arrangements for training, instructing and informing persons on O.H.S matters
- The arrangement for supervision and communication
- The arrangement for supervisors skills upgrade in terms of on-site risk assessment and developing section emergency response plans
- Induction/training arrangements on site safety rules for any site visitors or new employees
- The establishment of safety guidelines and evacuation procedures
- The arrangement of having mock drills to test the response and awareness of employees (e.g. fire drill – surface & underground, stench gas drills etc).

3.7.36 Risk assessment of mines and mining activities

Due to the hazardous nature of mining operations, the Government supports the promotion of risk assessment approach to mine safety, which borders on being pro-active and the subsequent implementation of preventative measures rather than being re-active and implementing corrective measures.

As part of the MSMP requirement, mining project developers are encouraged to ensure all employees undergo formal risk management training and are equipped with the necessary knowledge and tools to be aware of the risks that are confined to their respective work areas/work sites.

3.7.37 Rehabilitation of affected communities and life-supporting ecosystems, including mine site decommissioning

Wherever possible, mines are expected to rehabilitate progressively during their operation. Government believes that, ultimately, this will reduce the total costs of rehabilitation. In line with Government's adoption of the precautionary principle, and to ensure that sufficient funds are available to complete rehabilitation at mine closure, the mining project developer will be expected to make contributions to a Mine Closure and Rehabilitation Fund. The parameters and objectives of this fund will be established as part of the comprehensive Development Agreement, prior to mine construction. Contributions to the fund can be flexibly organised to reflect debt repayment or cyclical factors but the fund must represent a good faith effort by project sponsors to make financial provision for the maintenance or restoration of the mining area/community after the cessation of mining. The final state will be ascertained from the outset, and the repaired state will be subject to an impartial assessment, to ensure that it meets final state specifications.

3.7.38 Technological, institutional and social initiatives for protecting the health of mining workers

Fiji's occupational health and safety provisions pertaining to the mining industry is enshrined in the Mining Act and Regulations. Where mining companies can show compliance with the regulations, and application of best-practice work standards, a system of self-monitoring will be developed in consultation with the Mineral Resources Department. This is based on the premise that safe working conditions lead to improved and efficient production in mining.

The Government believes that safety provisions are part of the framework for responsible mining and mining project developers are expected to ensure the creation and maintenance of a safe, productive and beneficial work environment by the formulation of the mining project vision, mission and objective statement based on.

- Ensuring environmentally responsible mining
- Ensure that mine development results in benefits to workers and affected communities
- Ensuring good governance

Mine Closure Planning (Land use plans and site rehabilitation, site safety, decommissioning, waste dumps and tailings, site water management, off-site infrastructure, community socio-economic program and employees)

The laws of Fiji are very broad in terms of mine closure. Project developer's obligations in terms of environment restoration, community rehabilitation, alternative livelihood, care and maintenance are not clearly defined in the Mining Act & Regulation (Cap 146) and in the mining license/lease.

There is no backing legislation to ensure the mine developer(s) oblige and comply with mine closure provisions based on international standards/best practices.

As such, the best approach that Government has implemented is ensuring that mining companies set up Trust Funds to help in rehabilitation work, promotion of alternative livelihood for employees and mining communities and also to ensure all other major areas in relation to mine closure are addressed.

A second approach is the establishment of Mining Deeds that allows the transfer of ownership or interest in mining claims from one party to another. A feature of the Mining Deed is the understanding that the incoming party inherits any outstanding issues of the previous owner and settles these issues (rehabilitation, relocation and promotion of alternative livelihood for redundant employees etc) as part of the Mining Lease transfer.

The current Government and MRD's vision is to have a proper Mine Closure guideline/policy formulated and implemented as a binding document to ensure current and future mine developers carry out effective restoration and rehabilitation works as per nature of their project upon mine closure.

A senior environmental officer of the Department is engaged in further studies on managing legacy issues such as closure and rehabilitation of mine sites. It is expected that upon return of the officer, policy work on this area will be fast-tracked towards completion before end of 2011.

3.7.39 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. To address this, the MRD have lodged formal requests for rapid up-skilling of existing staff to cater for an

anticipated increase in workload due to the potential growth spike within the sector through advanced exploration projects and increasingly favourable economic climate.

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.

3.8 Energy Resources

3.8.1 National energy policy

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 contribution of the electricity industry to GDP was 4.0% in 2007 and had fallen to 3.6% in 2009. The decline is due to the current political situation, large investments in Tourism Sector and Construction Sector are put on hold and lastly a decline in the Manufacturing sector.

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 as mentioned above about 3.6% in 2009. 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.

3.8.2 Providing an enabling environment for a sustainable energy sector

Effectively, measures have also been put in place to improve the efficiency, effectiveness and delivery of FEA's operations. At the moment, Government is organizing with stakeholders for the review of the regulatory role of FEA with the intention of removing this role which will enable the company to concentrate on its core business. FEA plans to invest \$350m up to 2011 in parallel with some \$150 million of private investment in Independent Power Producer (IPP) and Public Private Partnership (PPP) arrangements. FEA hopes that additional national investments, including private companies, in hydro, geothermal, wind, solar, biomass and municipal waste will help it reach its highly- ambitious goal of 90% renewable energy by 2011. The demand for Industrial Diesel Oil (IDO) may increase substantially if targets are not met within the specified period.

In terms of the Ten Year Framework of Programmes on Sustainable Consumption and Production Patterns, the Cabinet in November 2006 endorsed Fiji's National Energy Policy (NEP). It contains strategic action plan that provides the framework for a sustainable energy sector activities. The NEP provides a common framework for all (both public and private) associated with the energy sector to work towards for optimum utilization of energy resources for the overall growth and development of the economy over the next five years. NEP has four strategic areas which include National Energy Planning, Energy Security, Power Sector and Renewable Energy. The guiding principles include:

- Social and Gender Equity;
- Environment Compatibility;
- Stakeholders Participation;
- Good Governance;
- Public Acceptance; and
- Energy Efficiency and Conservation.

The major issues regarding the energy sector that was outlined in the 2008 Budget address are as follows:

- 1) Government is concerned at the risks to the economy and our Balance of Payments position from growth in the fuel imports bill. Fuel imports bill has risen strongly over the years due to both increased demand as well as the escalating world price for oil.
- 2) In 2000, Government paid \$332 million for oil imports - about 18 percent of our total imports. Last year, Fiji's oil import bill was just over \$1 billion - one-third of the total import bill. This illustrates the phenomenal rise that has occurred over the years.
- 3) Oil consumption by the Fiji Electricity Authority was \$77m in 2009 which accounted for 10 percent of total oil imports.. It is obvious that steps have to be taken to reduce this heavy dependence on imported fossil fuels.

To help facilitate this, Government will do the following:

- i. continue with its renewable energy investments and assist in securing financing of the construction of an additional hydro-power facility in Nadarivatu and other identified feasible sites;
- ii. At the same time, Government will work closely with the Donor Agencies to identify and implement small renewable energy projects around the country, particularly in the Northern division where off-grid schemes are more viable at this stage; and
- iii. Government is pushing ahead aggressively with investments on power cogeneration and Biofuel production.

3.8.2 Concrete actions taken and specific progress

Government provided \$42 million dollars from 2005 – 2009 on rural electrification. This resulted in the completion of an additional 900 rural electrification community projects. In the recent Census (2007) it was noted that 80% of the total population in Fiji have access to electricity. We are striving to achieve 100% electrification by 2016.

3.8.3 Lesson learned and good practices

- Improve energy mix through pursuing more renewable energy including biofuels.

- Promotion of energy efficiency/energy saving to inculcate in our daily lives (behavioural change)

3.8.4. Effectiveness of implementation support mechanism, including monitoring systems

- Political will
- Monitoring by Central agencies on funding, implementation of projects and reporting.
- Good Governance

3.8.5 Recent trends and emerging issues

- Most of the oil resources available in the world have reached peak oil. As a result prices of commodities will remain high and not return to pre 2006 level.
- Energy Security issues
- To further entrench the above position the Government with the Reserve Bank of Fiji through wider consultation with the various sectors of the economy noted the urgent need to drastically reduce the importation of fossil fuels in order to safeguard the economy. Specifically in this regard a target to reduce our fuel bill by \$100 Million Dollars per year for the next three years (commencing 2010) has been set for the sector.

The above is certainly not an easy task however it requires support and cooperation of all important players in the sector including major stakeholders such as the Ministry of Finance, Ministry of National Planning and other important arms of Government and those of the private sector.

The DOE in examining the target believes it can be achieved within the framework of the NEP. However, with the urgency involved it is important that necessary support from the Ministry of Finance and the Ministry of National Planning with regards to funding of relevant initiatives is equally important. With the urgency it has called for more work to be undertaken by the Department through moving forward some of the initiatives and the strategies that have been identified within the NEP specifically on Energy Conservation / Saving & Energy Efficiency and Renewable Energy Development.

3.8.6 Development of the biofuel industry in Fiji.

The initiative certainly needs a concerted effort from all stakeholders. For Fiji to be able to manage the increases in fuel prices and other negative developments in the industry there is a need to seriously pursue biofuel development in Fiji. At the moment the private sector is continually encouraged to take up this role.

3.8.9 Climate change issues.

Potential for CDM funding (It should be noted that at the moment the Department of Environment is working on a CDM Framework that will hopefully accelerate consideration of Fiji Projects in the CDM facility.

3.8.10 Development constraints and challenges

- Lack of technical expertise in the application Renewable Energy Projects;
- Costs for the implementation of Renewable Energy Projects;

- Lack of quantifying data available for biomass and biofuel projects;
- Inconsistent services by shipping companies for outer islands;
- Continuous fluctuation and the current high price of oil and the impact of this on domestic costs and the fuel import bill;
- Current regulatory arrangements in the electricity industry;
- The lack of a regular energy sector information database; and
- Weaknesses in the delivery mechanisms under the current Rural Electrification Policy.
- Slow development Renewable Energy Projects.
- The need to secure foreign funding (CDM/GEF/ADB/UNDP/EU)
- Concerted effort on biofuel development

3.9. Tourism Resources

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 Tourism Fiji projecting 600,000 visitor arrivals (provisional still). However, the destruction caused by the floods in early 2009 severely affected arrivals for the 1st quarter with Tourism Fiji 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 tourism tax free region & tourism tax refund scheme are incentives for genuine tourism investors.

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.

3.9.1 Development constraints and challenges

The development constraints and challenges include:

- Major and on-going Brand Fiji marketing campaign; relate to Market Segmentation & niche products
- 'Fiji Me' include product insurance, facilitation – innovation procedures etc
- 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; as tax exemption, cruise-liners etc
- 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; with Australia airlines & Continental via Guam
- Negative travel advisories from key source markets such as Australia and New Zealand.
- Ecotourism grant & programs 2010 & donors for ordinary grassroots
- International Visitor Survey review
- Green Fiji Standards monitor & compliance – WSST commit by Fiji e.g Sustainable Tourism
- Poverty Alleviation awareness & capacity building for rural community & pro-poor tourism
- Develop EVENTS tourism include sports, culture and health/spa
- UN World Tourism Organisation Agenda

3.10 Biodiversity Resources

3.10.1 National Biodiversity Strategy and Action Plan (NBSAP)

The NBSAP was prepared through the Department of Environment which is also the National Focal Point for the United Nation Convention for Bio- Diversity in 1999. After consultation with different stakeholders at different levels from local to national, a strategy was formulated on conserving the genetic, species and ecosystem diversity of the country. It focuses on six focal areas;

- Community support-awareness, involvement and ownership
- Improving knowledge
- Developing protected areas
- Species conservation
- Control of invasive species and
- Capacity building and strengthening

The strategy observes that Fiji has only a rudimentary system of protected areas and that it is time to create "site of national significance program" that would provide legal protection and establish management plans. It also identifies institutional and capacity building as a very vital aspect of the commitment while involving other non-governmental organisation

3.11 Transportation and Communication

3.11.1 Transportation

Transport plays a 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.

3.11.2 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 Fiji Road Upgrading Project (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.

3.11.3 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.

3.11.4 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.

In 2004, the Department of Environment in consultation with Ministry of Transport through an ADB funding undertook a detailed assessment of vehicle emissions in Fiji.

An Action Plan was developed for the reduction of vehicle emission through wide consultation. With changes in ministry portfolios and staffing, it is anticipated that this report would be implemented with necessary changes.

It is reality that vehicle emission is contributing towards climate change and air pollution, and is a major challenge. The Land Transport Authority randomly checks on vehicle emission. Emission standards for ships and aviation are dealt with by the International Maritime Organisation (IMO) and International Civil Aviation Organisation (CAO).

3.11.5 Particulate emission

Assessment of the Kyoto Protocol have found that particulate emission is a major concern for Fiji. Second hand vehicles of low grade and older diesel engines emit high level of particulates. Vehicles owners were, to some extent, not aware of costs linked to emissions and the way to reduce such emissions. More over, diesel is taxed less as compared to petrol since diesel is considered the working fuel.

Traffic congestion directly impacts vehicle emission, therefore traffic volume needs to be intelligently reduced so that fewer journeys are made. Effective partnership and paradigm shift eg. from diesel vehicles to unleaded vehicles is recognised by government as the way forward.

3.11.6 Growth policies

There is the dilemma of growth-oriented policies that generate increased transportation, and environmental policies that advocates emission reductions. The transport policy is anticipated to address technology improvements in managing emission to support the increasing traffic volumes at a controlled rate. The Land Transport Authority has in place an age limit to imported second-hand vehicles. Newer engines are expected to be more economic and made more fuel efficient.

Furthermore, traffic volume must be reduced so that fewer journeys are made by car plane. The policy would be to explore supply side objective of developing greener motor vehicles.

3.11.7 Alternative travel

Recently, governments are encouraging car pooling, restrictions on car access and parking capacity and encouraging alternative forms of travel such as public transport, cycling and walking. However, stronger incentives are required to discourage car use.

More efficient, convenient and affordable public transport would entice people to leave their cars at home.

3.11.8 Subsidies and options

Transport subsidies need to be carefully analysed in light of the pollution cost. There is strong growth in the use of bio-fuels. Fiji has wealth of natural raw materials for bio-fuel. Coconut Natural Oil in transport has been applied successfully in blends with kerosene and diesel in the region during the past years, in adapted vehicles. We must now reassess our options, realign our priorities and double our efforts to drastically cut down on hazardous gas emissions, and through concerted efforts with the community and stakeholders, improve the air quality in the transport sector.

3.11.9 Progress made

- Advocate and facilitate an enabling environment that promotes the use of mass transportation such as public transportation, car pooling, dedicated traffic lane and shared ridership.
- Monitor effective methods introduced to reduce transport related fatalities on roads, and mishap at sea through effective and enabling safety and enforcement strategies such as self assessment on compliance & quality standards, and minimal regulatory enforcement.
- Review of Government subsidy on the transport sector particularly on Road and Sea Transport to enhance efficient use of resource.
- Ensure provision of access to all remote and rural areas of various transportation systems.
- Rural and remote areas have improved road conditions, and transport to market and social services to improve livelihood in the communities from subsistence lifestyle – eg. opening of Rotuma International Port of Entry 1st Qrt. 2010.
- Initiate stakeholder consultations for appropriate infrastructure and review of regulation in regards to Alternate mode of transportation eg. Special Lanes for Cycling/Walking.
- Encourage and facilitate the use of fuel efficient vehicles such as LPG for all Public Service vehicles with PSV operators. This will reduce our dependence on fossil fuel and reduce emission.
- Undertake a wider study in the transportation system in the Suva-Nausori Corridor including study of inter-modal and peak hour variability, and implement appropriate decision on the recommendation.

3.11.10 Lessons learnt

- Integrate transport planning with national and regional development plans and the plans of other transport sectors.
- Minimise the negative environmental impacts of transport projects and services social – remodel the bus terminal to reduce emission and traffic congestion eg. Suva Bus Station.

3.11.11 Development constraints and challengers

- 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. Sustainability to access regional and international training and capacity building of the Transport Planning Staff.
- Resources to encourage and develop staff at all levels to participate in Regional and International Transport Organisations and Forums.
- Need to establish Memorandum Of Understanding with Queensland MainRoads and Queensland University of Technology for Transport specific training and skills development.
- Revive the National Transport Consultation Committee made up of the Permanent Secretaries and maintain the independence and integrity of the TPU at divisional level sub-sector consultation and the national transport consultation forum.

3.11.12 Communication

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.

3.11.13 Telecommunications (ICT)

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.

3.11.14 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

3.12 Cross- Sectoral Areas

3.12.1 Education and Training

3.12.1.1 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.

3.12.1.2 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).

3.12.1.3 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

3.12.2 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.

3.12.2.1 Emerging issues

- Non communicable diseases – increase in NCD despite programs of interventions including earlier age of occurrence, increasing severity of disease as well as increasing levels of obesity especially in children.
- Communicable diseases – reemergence of diseases like typhoid, tuberculosis. New syndromes as TB-HIV which will severely impact on our system of care. Increasing exposure to the global disease scenario with high mobility example H1N1 flu.
- Impact of natural disasters on health of people and health infrastructure. Also includes effect on the nation and its resources.
- Health effect of climate change include receding coastlines with flooding of low areas, saltwater seepage into the water table and arable land, relocation of people.
- Increasing burden on hospital services to provide appropriate care.
- Continuing urban migration with uncontrolled development.
- Lack of development control in Fijian villages.
- Responsive health services to special needs groups like elderly, teenagers, school children.
- Substance abuse.
- Lack of research into health issues as well as effect of programs on targeted areas of care.
- Clean water and sanitation.
- Mental health including suicide.

3.12.2.2 Development constraints and challenges

- 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.
- Improving social marketing skills in delivery of health messages that are simple, appropriate and effective.
- Identification and utilization of appropriate entry points within community, workplaces and schools for health programs for maximal effect and sustainability.
- Strengthening and sustaining private-public partnership for health.
- Cost effective evidence based intervention for programs.
- Tailoring staff numbers to appropriate and expected level of care.

3.12.3 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 (FNDP) 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.

3.12.3.1 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.

3.12.4 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 this 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.

3.12. 4.1 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*'⁴ land, given

⁴ 'Vakavanua settlements' are informal settlements acquired through customary arrangement with the land owners and there is no legal basis for ownership or lease.

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..

3.12.5 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 (AAPs) 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.

3.12.5.1 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.

4.0 Trade and investment

4.1 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 2006 political developments, particularly with neighbouring nations like Australia, and New Zealand.

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

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.

Although trade liberalisation offers opportunity for Fiji to integrate itself into the global economy, it also brings with it challenges particularly in terms of negotiating favourable trade conditions with major trading partners.

In this respect, it is vital that trade policies are tailor-made to extract maximum benefits out of the global trading system, as well as mitigate unavoidable losses of trade liberalisation.

Fiji's approach towards trade negotiations will be guided by the following key policy objectives: a) adopt an integrated regional approach to strengthen trade negotiations; b) overall agenda for trade reforms must be aligned to policy objectives of government as prescribed in the Roadmap for Democracy and Sustainable Socio-Economic Development; c) longer timeframes for removal of trade barriers should be secured for infant and vulnerable industries, particularly for agro-based industries that support the livelihood of rural dwellers; d) special exemptions should be accorded to economically depressed regions; e) alternative revenue sources must be identified through well planned reforms by government fiscal system to offset the customs revenue losses; f) seek necessary resources and technical assistance for trade negotiations and internal structural reforms from multilateral trade organisations; and g) take full-advantage of market access opportunities and secure trade facilitation support from major trading partners to ensure compliance with prescribed standards and requirements.

Fiji's recent exclusion from the Pacific Islands Forum Secretariat (PIFS) has prevented its participation in regional trade negotiations - PICTA and PACER Plus. Further challenges also include being the giver of Special and Differential Treatment (SDT) in certain Agreements, particularly under PICTA, compared to being the receiver of SDT under the global trading system of the WTO. With formula tariff reductions towards duty free status over a specified period of time being an intrinsic objective of Regional Trade Agreements in particular, Fiji's revenue base is confronted with the serious risks of possible unmitigated losses.

4.2 Fiji's Regional Trade Agreements

4.2.1 Economic Partnership Agreement (EPA)

In November 2007, Government *initialled* an interim EPA (Trade in Goods only) with the EU to ensure the continuation of preferential market access of sugar exports into the EU market. Both Fiji and Papua New Guinea were given a two year grace period to sign the Interim Agreement (IA) by end of 2009. Whilst Papua New Guinea has ratified the IA in July, 2009, Fiji after consulting the EU ratified the interim EPA in December 2009. Consultations are in progress through the Trade Development Committee on negotiations for the comprehensive EPA to also include Trade in Services (Temporary Movement of

Natural Persons (TMNP) or labour mobility schemes, Competition Policy, Labour and the Environment, and Intellectual Property Rights).

4.2.2 Melanesian Spearhead Group Trade Agreement (MSGTA)

Melanesian Spearhead Group Trade Agreement was conceived in 1986 between PNG, Vanuatu and Solomon Islands and entered into effect on 22 July 1993. Fiji formalized its membership of the MSGTA on 14th April 1998, followed by the FLNKS of New Caledonia as a member on observer status. The objective of the MSGT are to promote and facilitate the free flow of goods and services by means of gradual and progressive removal of tariff and non- tariff barriers to trade between parties; to ensure that trade between the parties takes place under conditions of fair competition; to take appropriate measures to facilitate, strengthen, consolidate and diversify the trade between parties on a long- term and stable basis; and to contribute to the harmonious development and expansion of world trade.

For any trade under the MSGTA, any item can be imported and exported duty/tariff free amongst members for all products originating from members states except for select items which are on a members negative list. Fiji does not have a negative list of imports and thus accords duty free treatment to all MSG traded products, except for items on the Sensitive Products list(mainly alcohol, tobacco and handicraft).

The MSG Trade Agreement will continue to maintain relevance for Fiji, in light of Fiji's current exclusion from participation in regional trade arrangements such as PICTA and negotiations for a successor to PACER.

The MSG has recently established its Secretariat in Vanuatu with the recruitment of officials from member countries. This has been regarded as crucial for the effective administration of the Agreement to foster greater flow of trade between member countries.

Over time, the MSG Secretariat plans to strengthen relations with international donors, and develop capacity within its existing institutional framework to administer assistance from development partners including Aid for Trade initiatives. In 2010, the MSG intends to form a Services Cooperation between the four member countries.

4.2.3 Pacific Island Countries Trade Agreement (PICTA)

The Pacific Island Countries Trade Agreement (PICTA) is a free trade agreement amongst the Forum Island countries (FIC), which excludes Australia and New Zealand, establishing a free trade area in goods (and, in future, services). Under this agreement, virtually all barriers (import tariffs and quotas) to merchandise trade in goods between FIC countries will be subsequently removed. The initial PICTA which covers Trade in Goods (TIG) has been ratified by eleven (11) FIC's, except for the US-Compact States of Palau, FSM and Marshall Islands.

In order to benefit from duty free concessions under this agreement, exports from FICs need to have first satisfied the rules of origin requirement of being wholly obtained in the territory of a party or the value addition of a minimum of 40% to the final product. All products meeting the rules of origin can then be exported amongst the FICs and will be given duty free treatment by each FIC according to their individual negative lists. Under PICTA, at the time of negotiation, each of the 14 FICs were given an opportunity to submit products for inclusion on their individual negative lists, which allowed for a temporary exemption from the duty free treatment of these goods. Fiji does not have any products on the negative list and

therefore accords all products originating from other FICs duty free treatment(except for alcohol and tobacco which are sensitive products).

After a two year stand down period, Fiji gained access to PICTA markets using the preferential tariff arrangement from 1 January 2009. However, this did not eventuate due to a unilateral decision to suspend Fiji from the Pacific Islands Forum. At the last Forum Leaders Summit in Cairns, Australia, Government had sought the support of State Parties to reconsider Fiji's inclusion in PICTA consultations. However, if arrangements for consultations are not agreed to by end of 2009, Fiji will eventually seek mediation under Article 22.2 of the Agreement.

Currently, the PICTA Agreement only covers trade in goods. In 2008, Forum Island Countries Trade Ministers endorsed the expansion of PICTA to include Trade in Services with the introduction of Temporary Movement of Natural Person (Mode 4). Consultations are currently underway for the adoption of a two tier TMNP scheme which comprise professional and semi-skilled workers.

4.2.4 South Pacific Regional Trade and Economic Cooperation Agreement

(SPARTECA)

In February 2009, Australian Government agreed to lower the Local Area Content (LAC) for Textile, Clothing and Footwear (TCF) export under SPARTECA from 35 to 25 percent. Technically, this should give TCF exporters greater flexibility to qualify their exports for duty free access into the Australian market. However, the continued exclusion of wool and wool-blend exports by the Australian government remains the biggest market access challenge for Fiji's TCF exporters under SPARTECA.

4.2.5 Pacific Agreement on Closer Economic Relations (PACER)

Forum Leaders mandated the PACER Plus trade negotiations during the Forum Leaders Summit in Cairns in August 2009. Fiji's participation however, has been relegated through its forced exclusion from formal negotiations. Fiji strongly maintains that it will not be bound by any decisions made by the State Parties to PACER Plus in its absence nor will it be signatory to any such Agreement that will compromise its national

4.2.5 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

4.3 Investment

4.3.1 Fiji Islands Trade and Investment Bureau (FTIB)

FTIB is mandated under the Foreign Investment Act (2004) to serve as a marketing arm of Government in promoting and facilitating trade and investments in Fiji. The Bureau's work programme is directly linked to national strategies and policies on investments and exports.

4.3.2 Role of FTIB

The specific role of FTIB focuses on three broad categories including policy and market research, export development and marketing, and investment registration.

4.3.2.1 Policy and market research

Firstly, the Bureau undertakes market research on trade and investment opportunities abroad, covering both new and emerging markets. Based on its research findings, the Bureau then provides policy advice to the FTIB Board and Government on areas for potential investments.

In addition, it pursues strategic partnerships with both domestic and overseas stakeholders to expand its marketing reach and attract lucrative investments that will generate economic activity and much needed employment.

4.3.2.2 Export development and marketing

Secondly, FTIB is also tasked with promoting and developing existing and potential exports in line with the National Export Strategy and Government's 'priority' sectors which includes:

- a) ICT;
- b) Audio Visual;
- c) Mineral Water;
- d) Agro-Business;
- e) Forestry; and
- f) Marine Products.

Promotional activities are mainly carried out through overseas trade missions, seminars, industry consultations, road shows, 'one-to-one' meetings with investors, and site visits.

4.3.2.3 Investment registration, facilitation and monitoring

Finally, FTIB is responsible for investment registration, facilitation and monitoring. Investment Registration entails the issuance of Foreign Investment Registration Certificates (FIRC). Foreign investors are required to obtain FIRC prior to any business engagement in Fiji.

Through its Investment Facilitation and Monitoring role, the Bureau has adopted a 'Case-by-Case' approach in which investors are assisted in obtaining all necessary approvals from relevant agencies, within the terms and conditions specified in the FIRC.

There has been a downward trend in the value of FDI registration over the past 3 years. Registrations recorded for 2006 were valued at \$1,014.6 million which decreased to \$495.1 million and \$405.5 million in 2007 and 2008, respectively.

FDI Proposal Registration, 2006 – 2008

	2006	2007	2008
Number of Investment Applications Approved	441	398	245
Value of Investment Applications Approved (\$m)	1,014.6	495.1	405.5
Expected Employment	10,340	7,178	3,637

Created Through Approved Project Source FTIB			
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4.4 Investment reforms

The investment reforms focused on streamlining the investment approval processes in order to fast track inflow of investments, including the amendment of the 1999 Foreign Investment Act. As part of this reform, the role of FTIB shifted away from the “one stop shop” concept and focused mainly on registration and *facilitation* of projects.

The objective of these reforms was to enhance efficiency and to make the approvals process more investor friendly. Measures undertaken included: the simplification of application forms and processing rules; permitting investors to hold certificates for multiple economic activities; and alignment of investment guarantees to international standards. These measures enabled the processing of foreign investment applications within the maximum 5 day turnaround time as stipulated under the Foreign Investment Act.

Furthermore, FTIB has taken a more proactive role in coordinating approvals with other relevant authorities/agencies to assist investors in obtaining timely approvals. Approval conditions vary according to the nature and size of projects, with larger projects usually requiring more comprehensive assessments from key agencies such as Department of Town and Country Planning, Lands Department, NLTB and the Department of Environment.

To help expedite approvals, the membership of the FTIB Board was reviewed in 2007 to include the Heads of various approving agencies, including the Permanent Secretary for Finance, the Director Immigration, CEO - FIRCA, Director Town and Country Planning, a representative from Native Land Trust Board and the Permanent Secretary for Commerce.

Although there has been a notable improvement in the turnaround time for obtaining investor registration, the Bureau, in collaboration with key stakeholders, will continue to pursue measures that address factors currently impeding the timely approval of investments

5.0 Millennium Development Goals and Sustainable Development in SIDS

5.1 Poverty eradication

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.

5.2 Universal primary education

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.

5.3 Child mortality, maternal health and HIV Aids

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.

5.4 Gender quality and empowerment of women

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 5.1: 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 5.2: 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

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.

5.5 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\$76million⁵ 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 CHARM⁶ 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.

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.

⁵ Losses to private businesses and emergency relief and ration costs are not included in the \$76m.

⁶ Comprehensive Hazard And Risk Management

5.6 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.

6.0 Emerging concerns and special needs

6.1 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.

6.2 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.

6.2.1 Development constraints and challenges

- 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.

6.3 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.

6.3.1 Development constraints and challenges

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

6.4 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).

6.4.1 Development constraints and challenges

- 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.

7.0 Monitoring and Evaluation

The following monitoring and evaluation of the programme is stated in the “*Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States.*”

7.1 Role for the United Nations in the further implementation of the Programme of Action

The international community recognises the importance of regular monitoring and evaluation of the implementation of this action programme, including within the overall framework of the integrated and coordinated follow-up of United Nations summits and conferences.

The Commission on Sustainable Development will continue to be the primary intergovernmental body for the implementation and follow-up to the commitments related to Small Island developing States. Other relevant

organs, programmes and organizations of the United Nations system also continue to have an important role within their respective areas of expertise and mandates. All organs and programmes of the United Nations system should coordinate and rationalize their work in implementing the present Strategy for the Further Implementation of the Programme of Action. In this regard, the Commission will include these issues in its work programme in accordance with its decision at its eleventh session.

The Secretary-General of the United Nations is to mobilize and coordinate the agencies, funds and programmes of the United Nations system, including at the level of the regional economic commissions, within their respective mandates, and further mainstream small island developing States issues to facilitate coordinated implementation in the follow-up of the Programme of Action for the Sustainable Development of Small Island Developing States at the national, regional, sub-regional and global levels.

The Secretary-General is to ensure that the Department of Economic and Social Affairs, through its Small Island Developing States Unit, continues to provide substantive support and advisory services to small island developing States for the further implementation of the Programme of Action for the Sustainable Development of Small Island Developing States and the Johannesburg Plan of Implementation, and that the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UNOHRLLS) continues to mobilize international support and resources for the further implementation of the Programme of Action in accordance with its mandate.

The international community recognizes that small island developing States should have the flexibility to report jointly on implementation through simplified procedures for the Programme of Action, internationally agreed development goals, including those contained in the Millennium Declaration, and other international reporting requirements.

7.2 Role of Small Island developing States regional institutions for monitoring and implementation

Small Island Developing States (SIDS) regional institutions should play a key role in monitoring the implementation of the Strategy for the Further Implementation of the Programme of Action.

7.3 Reporting agencies and processes

In the above regard ESCAP assists Pacific Island governments to implement the Mauritius Strategy, particularly through assistance in the development and implementation of national sustainable development strategies as the main mechanism to implement the Mauritius Strategy on the national level. Key partners of the Centre are the Pacific Island Forum Secretariat (PIFS) and South Pacific Environment Programme (SPREP) as well as the SIDS Unit of UN Department of Economic and Social Affairs (UN-DESA), UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS), United Nations Educational, Scientific and Cultural Organization (UNESCO) and the United Nations Development Programme (UNDP) Pacific Centre

At the national level, the initiatives in the Mauritius Strategy for Further Implementation (MSI) of the Barbados Programme of Action (BPOA) have been duly incorporated in the People's Charter, Strategic Framework for Change and the Roadmap for Democracy and Sustainable Socio-Economic Development and Annual Corporate Plans of Ministries and Departments. Implementing agencies are required to provide six monthly reports to the Prime Minister's office and the Public Service Commission. These

reports are also discussed at the People's charter advisory Council meeting which comprise of representative from Government, Private sector and Civil Society

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