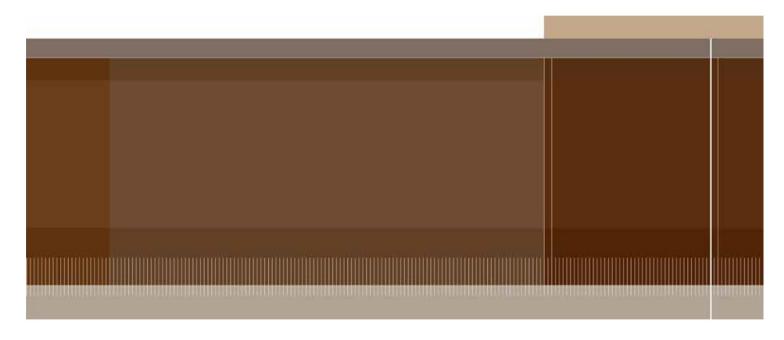
# Annual program performance update 2006-07





**Australian Government** 

AusAID

Office of Development Effectiveness

# Preface v Summary Chapter 1: Results 9 1.1 1.2 1.3 1.4 1.5 1.6 3.1 3.2 3.3 3.4 Joint donor missions and analyses......24 3.5 3.6

Acronyms and abbreviations 29

© Commonwealth of Australia 2006. This work is copyright. Apart from any use as permitted under the Copyright Act 1968, no part may be reproduced by any process without prior written permission from the Commonwealth. Requests and inquiries concerning reproduction and rights should be addressed to the Commonwealth Copyright Administration, Attorney General's Department, Robert Garran Offices, National Circuit, Barton ACT 2600 or posted at http://www.ag.gov.au/cca

#### ISBN 978 1 921285 14 1

For more information about the Australian overseas aid program,

contact:

Public Affairs Group

AusAID

GPO Box 887

Canberra ACT 2601

Phone + 61 2 6206 4000

Facsimile + 61 2 6206 4695

Internet www.ausaid.gov.au

#### Disclaimer

The views in this publication are those of the authors and not necessarily those of the Office of Development Effectivenes

# Preface

This annual program performance update assesses the performance of AusAID's bilateral country program for Fiji over the 18-month period from January 2006 to June 2007.

The update draws on annual contributions analysis in 2006, sectoral reviews commissioned as part of the update process, and a series of in-country visits and focus group held from March to June 2007.

# Summary

This annual program performance update covers the 18 months from January 2006 to June 2007 and assesses the performance of the Fiji Program. Estimated bilateral expenditure for 2006–07 is approximately \$18 million.

Fiji's progress in achieving its development objectives and Australia's role during this time has been overwhelmingly influenced by the overthrow of the civilian government by the Republic of Fiji Military Forces (RFMF) on 5 December 2006. Fiji has experienced four coups in the past 20 years. Each time, the effects of serious political and social upheaval have reverberated for years afterwards, manifested in deteriorating physical infrastructure, rising poverty and unemployment, and growing squatter settlements. Fiji is also characterised by an ethnic divide between the indigenous Fijian and indo-Fijian communities.

Before the most recent coup, Fiji and Australia enjoyed a productive bilateral relationship. A contribution analysis conducted in 2006 and reviews in 2007 suggested that AusAID's Fiji Program was contributing to stronger national institutions in the law and justice, health and education sectors. In particular, there had been a marked improvement in coordination, cooperation and leadership across the law and justice sector, as well as a shift to a broader community justice approach. In education, there was progress in the capacity of the Ministry of Education's workforce to plan and implement policy, and improvements in early childhood education and vocational education and training. Some progress was also achieved in the heath sector, particularly in the response to a measles outbreak and in equipping rural health outposts. Significant public sector reform and infrastructure initiatives, supported by a multidonor platform, were about to get underway. The May 2006 elections, held with Australian and New Zealand support, were judged to be free and fair by observer missions. A new aid country strategy closely aligned with Fiji's national development objectives was almost finalised.

The coup resulted in discouraging reversals in the already limited economic upswing, governance, respect for human rights and the rule of law. The international donor community has broadly condemned the coup. Suspension of several aid programs was a key part of the range of measures adopted by Australia in its political/diplomatic response to the coup. Australia suspended those programs that were deemed to be compromised or rendered ineffective following the actions of the military and interim government (elections capacity-building, public sector reform and support to the formal institutions of law and justice) while seeking, where possible, not to cut programs that benefited the ordinary people of Fiji. These actions resulted in approximately 20 per cent (in 2006–07 dollar terms) of the bilateral aid program being suspended. We maintained our support for health, education, community development, the textiles industry, and the scholarships programs.

The coup changed our perception of the success of our programs and the applicability of the draft aid strategy. Several programs previously considered on track to achieve their objectives are now either suspended or classified as having significant challenges (for example, law and justice programs). The coup is damaging the economy, the morale and strength of the civil service, and country program objectives aiming to support those sectors. Our achievements in the health sector were also less than expected, primarily due to a mismatch in draft country strategy and program objectives and the practicalities of the alliance contracting model. However, we continue to see progress in education policy development and planning.

While early indicators suggest that the coup is having a significant negative economic impact, there are other fundamental structural constraints within Fiji's economy that hamper its long-term growth. A return to parliamentary democracy will not be a panacea for Fiji's long-term economic problems, but will be an important prerequisite.

The current political situation prevents the aid program supporting necessary economic and public sector reform measures. In the interim (until the bilateral relationship is normalised), Australia's aid strategy will focus on programs to mitigate the economic hardship experienced by communities (including rural enterprise development), contribute to an enabling environment for a return to democracy, and continue to strengthen the delivery of social services to rural areas. The strategy will be based on various scenarios

that allow the Fiji Program to respond flexibly to changes in the political situation and Australia's diplomatic response.

# Chapter 1: Results

# 1.1 The Fiji development context

Overall, Fiji has performed well against the Millennium Development Goal indicators compared with the rest of the Pacific (see Table 1 for key indicators and Appendix 1 for details of progress towards the goals). Fiji's 2006 Human Development Index ranking is 90, below Tonga (55) and Samoa (75), but ahead of Vanuatu (119), Solomon Islands (128) and Papua New Guinea (139).

Table 1. Key development Indicators

Indicator	Data
Life expectancy, in years	68
Net primary enrolment ratio	96%
Children reaching grade 5	99%
Population with sustainable access to	47%

Indicator	Data
Purchasing Power Parity (PPP) per capita	\$6066
Maternal mortality ratio	75
Population under 15 years	32%
Under-5 mortality rate per 1000 births	20

Source: http://hdr.undp.org/hdr2006/statistics/countries/data\_sheets/cty\_ds\_FJI.html

Fiji is not aid-dependent. Total donor aid to Fiji is around 2.4 per cent of GDP based on 2004 OECD Development Assistance Committee figures. Australia's total aid amounts to less than 1 per cent of Fiji's GDP based on 2004–05 figures. Even so, Australia provides critical assistance that supports systems, institutions and services in health, education, and law and justice. Estimated bilateral expenditure for 2006–07 is \$18 million.

Fiji has experienced four coups in the past 20 years. The effects of serious political and social upheaval after coups in 1987 and 2000 continued to be felt in 2006. A recent economic analysis concluded that, on average, each coup cost three years of economic progress by lowering the rate of growth of income, slowing down private investment and encouraging capital flight. The December 2006 coup exacerbated an economic decline that was already underway, manifested in deteriorating physical infrastructure, growing squatter settlements, unproductive farms and industry, rising unemployment and stagnant wages.

Although access to health and education is reasonably good by Pacific standards, the quality of services is poor. This is particularly true outside urban areas. Many public health centres are dilapidated, and there continue to be shortages of pharmaceutical and health supplies. The lack of educational supplies and infrastructure limits greater achievements.

Poverty is a growing concern. The latest household income and expenditure survey (2002–03) indicated a 5 per cent increase in poverty since 1991. Around one-third of the population earns less than is adequate to meet their basic needs. Poverty is worse in rural areas, particularly for Indo-Fijian communities affected by the expiry of land leases. Urban poverty is concentrated in squatter settlements. A 2007 NZAID scoping mission estimated that such settlements are growing by 5 per cent each year. <sup>3</sup>

Women in Fiji are more vulnerable to poverty because of their limited involvement in formal employment, increasing rates of divorce and separation, and associated problems in collecting maintenance and support payments. Women's lack of inheritance rights to land and other major assets also constrains their access to credit.<sup>4</sup>

Fiji society is highly stratified, with potential points of conflict within and between communities. An ethnic divide between the indigenous Fijian and Indo-Fijian populations is underpinned by societal hierarchies embedded in a culture of deference for status, seniority and gender. These hierarchies define

<sup>1</sup> S Chand, Swim or sink: the predicament of the Fiji economy, 2007.

<sup>2 2</sup> W Narsey, 2002-03 Household income and expenditure survey, 2006.

<sup>3</sup> NZAID, Fiji Informal Settlements Scoping Mission Report, 2007.

<sup>4</sup> Asian Development Bank, Country gender assessment – Republic of Fiji Islands, 2006.

access to political power and to Fiji's substantial natural resources (including land and marine resources). 5 Uncertainty over future land tenure arrangements exacerbates ethnic divisions.

# 1.2 The December 2006 coup

The interim Prime Minister, Commodore Voreqe Bainimarama, has sought to justify the December 2006 coup on the basis that the coup was necessary to 'clean up' corruption and end ethnically divisive policies of the former civilian government. However, the coup has undermined social stability, caused a downturn in economic growth and raised serious concerns about governance, human rights and respect for the rule of law.

The military assumed extensive powers and had a heightened public presence, including at checkpoints around the country. One immediate impact was a drop in crime rates and a blurring of the distinction between the roles of the military and police. This has been compounded by the emasculation of the police force. Most of the top management team has been removed. 'Joint operations' are undertaken with the police as the junior partner, and the deputy military commander has been appointed Police Commissioner.

There have been numerous reports of human rights abuses by the military. For example, people speaking out against the coup have been subject to intimidation and threats against them and their families. Open dissent is limited and it appears that self-censorship is becoming the norm. The alignment of the Director of the Fiji Human Rights Commission with the interim regime is seen to have undermined the commission's independence and now lacks international credibility.

The independence of the judiciary has been seriously compromised. The Chief Justice was quickly suspended without charge. The authority of the acting Chief Justice and the judicial appointing authority is under challenge. Expatriate judges, who comprise almost half the Supreme and Appeals courts, are unlikely to extend their terms. There is considerable risk that the judiciary will not be able to carry out its constitutional role as a bona fide arbiter.<sup>6</sup>

The newly formed Fiji Independent Commission Against Corruption is already under legal challenge, and questions remain over its role and mandate.

The impact on the public service's leadership capacity, morale and work ethic is significant. Departments have been restructured, all chief executive officers and heads of key agencies have been removed and military personnel have been placed in key positions. A 5 per cent pay cut and lowering of the compulsory retirement age to 55 years have led to overwhelming support for strike action by public service unions.<sup>7</sup>

The Great Council of Chiefs has been suspended and its funding revoked after its refusal to endorse the interim government's choice of Vice President.

The coup is polarising the community. Ethnic differences are being magnified as a result of attacks on traditional indigenous Fijian structures and the high-profile role of Indo-Fijians in the interim government. Key institutions vital to the rule of law are being undermined, even while the interim government appeals to the populist desire to end corruption and improve governance.

The international response has largely condemned the coup as illegal and advocated that the interim regime must return Fiji to democracy as quickly as possible. An independent technical assessment commissioned by the Pacific Islands Forum concluded that elections could be held by March 2009. The interim government agreed 'in principle' to the report on 19 June. Australia has agreed to assist with elections provided Fiji demonstrates a real (not just in-principle) commitment to a return democracy and an accountable, representative government.

<sup>5</sup> S Darvill, Peace- and conflict-sensitive development cooperation in Fiji, 2007.

<sup>6</sup> Forum Eminent Persons Group Report, 2007; LawASIA, 2007; LawASIA Observer Mission Report, Law and Justice Sector Program Independent Review Report, 2007.

<sup>7</sup> Note, the Confederation of Public Sector Unions issued its 28-days notice of an intention to strike on 22 June 2007.

# 1.3 Achievements of the country strategy

Before the coup, Fiji and Australia enjoyed a productive bilateral relationship. The draft Fiji– Australia Development Cooperation Strategy 2007–2011 aligned our program with Fiji's development objectives, articulated in the Strategic Development Plan 2007–2011 (SDP).8

However, the coup significantly altered the political environment in which AusAID works. The Australian Government's response as it related to the aid program was based on two principles announced by the Australian Foreign Minister on 20 December 2006:

- As far as possible, we do not want to hurt ordinary Fijians by suspending programs that improve their welfare and economic opportunity.
- We will only suspend assistance where the actions of the military or the interim government render our programs ineffective or compromise their integrity.

In accordance with these principles, Australia suspended support for public sector reform, the electoral office and many of the formal institutions in the law and justice sector. These activities accounted for around 20 per cent of the 2006–07 bilateral aid budget.

Australia maintained its support for health, education, community development, the textiles industry, HIV/AIDS work and the scholarships program (except where students have direct family connections to the military or the interim government). The aid program is increasing the emphasis on community justice activities and considering additional livelihood support through community organisations.<sup>9</sup>

#### 1.3.1 **Investment**

Objective Investment is increased to 25 per cent of GDP, with the private sector comprising 15 per cent of this investment

The strategy's investment objective was always unlikely to be achieved, as that would require significant economic reform well beyond what could realistically be expected. Before the coup, Fiji had been an adequate economic performer in the Pacific region. It had growing tourism, remittances and mineral water industries. Fiji's SDP set an ambitious target to average GDP growth of 5 per cent over the next five-year period, but economic growth had only averaged 1.9 per cent since 1999. Two of Fiji's main export sectors, textiles and sugar, continued to contract. The multi-party cabinet had acknowledged that sustaining economic growth dependedon implementing fundamental public and private sector reform across the board.

To this end, Australia funded a small but strategically important consultancy that developed a roadmap, endorsed by the former government, for significant Government of Fiji expenditure realignment through civil service and public enterprise reform. A scoping study in conjunction with the Asian Development Bank (ADB) had also begun to develop a private–public partnership framework, and discussions were underway with the World Bank about significant infrastructure projects in energy and telecommunications. We had begun high-level policy dialogue with the government, including the Prime Minister, on public sector reform.

Since the coup, indicators suggest that achieving this objective is highly unlikely. Fiji's already fragile economy is expected to contract by more than 2.5 per cent. Exports are down, anecdotal evidence suggests that several investment projects have stalled and tourism-related revenue is falling. In May, Air Pacific reported a drop in passenger numbers of 15 per cent in the first quarter of 2007. In February, the Fiji Employers Federation reported increased redundancies and reduced hours of work. <sup>10</sup> As of June

11

<sup>8</sup> The SDP was not tabled in parliament prior to the coup. Its current status and the interim government's commitment to it are unclear.

<sup>9</sup> See Appendix 2 for the current status of individual aid program initiatives.

<sup>10</sup> Chand, 2007.

2007, new investments were down by 75 per cent on the previous year.<sup>11</sup>

Australian assistance to public sector reform was suspended in December 2006. Where possible, within the current political parameters, Australia is supporting efforts for private sector-led growth. This includes support through the Enterprise Challenge Fund and the Australia Pacific Technical College (agreement on which was finalised in June 2007).

# 1.3.2 Garment and sugar sectors

Objective There is improvement in the commercial viability of the garment and sugar sectors and the impact of sector decline is managed by the government

Sugar has historically had a central place in Fiji's economy and still provides the livelihoods of a large part of the population. However, production has been declining over the past decade, from around 11 per cent of GDP in 1996 to 6 per cent in 2005.¹² The productivity of mills is poor and will not improve without significant assistance.¹³ Future substantial European Union (EU) support (around €100 million) for restructuring is linked to the interim government's demonstrated commitment to hold elections by March 2009 (€7 million was suspended following the coup).

Australia provided small-value complementary support for two Australian scientists on the Fiji Sugar Research Institute Board to help the industry adjust to the loss of preferential trade agreements. Further assistance will be dependent on more analysis of the benefits of the support and the outcome of Fiji's negotiations with the EU.

Fiji's garment industry grew in an unsustainable environment of preferential trade agreements, export incentives and tax concessions. Most of these have since expired, and China has captured most of Fiji's export markets. The industry is not sustainable in its current form, manufacturing a narrow range of products using labour-intensive methods.

Although there is no clear government policy to manage the decline of the garment sector, in January 2007 (largely responding to industry lobbying) Australia commenced a technical and training support program. The three-year program, valued at \$1 million for the first year, aims to improve the sustainability and international competitiveness of SPARTECA1414-registered firms through improvements in efficiency, productivity, quality and market reach. Almost 70 per cent of firms in the sector are participating in the program. Positive behavioural changes are evident, as firms are permitting audits of confidential information to develop productivity targets. Australia is the only donor supporting Fiji's garment industry, although a Chinese technical team is expected in Fiji soon to develop plans for possible Chinese assistance to the sector.

#### 1.3.3 Justice

Objective There is improved access by men and women to justice through strengthened law and justice institutions

Although the police continue to patrol the streets and the courts remain open, their capacity and morale and public confidence in the formal law and justice institutions have been severely compromised, with long-term impacts on the rule of law in Fiji.

The morale and capacity of the police have been dealt severe blows. Experienced and capable officers at the higher levels have been removed. The appointment of the RFMF Deputy Commander as Police Commissioner is expected to exacerbate this decline and increase the public's loss of confidence in the police as an independent and able law enforcement agency. Judicial independence has been

<sup>11</sup> Personal communication from the head of Fiji Islands Trade and Investment Bureau, 27 June 2007.

<sup>12</sup> Chand, 2007.

<sup>13</sup> A F\$86 million commercial loan, tied to Indian technical assistance and equipment (and guaranteed by the Fiji Government), is proceeding.

<sup>14</sup> South Pacific Regional Trade and Economic Cooperation Agreement.

compromised. The efforts of the new Prison Commissioner (an RFMF commander and military appointee) to implement necessary reforms effectively are constrained by declining capacity in the rest of the sector and the absence of technical and financial assistance.

The decline is discouraging. Significant progress had been evident prior to the coup. Technical reviews of the program in 2006 and 2007 found Australian support to the sector, which included salary supplementation for the Police Commissioner and other regional funded programs, had directly contributed to a marked improvement in coordination, cooperation and leadership across the sector and to the shift to a broader community justice approach.

Police capacity to investigate crime had improved. A poll in March 2006 found that 84 per cent of respondents had more confidence in the police. <sup>15</sup> Fiji-wide rollout of *Vanua*: Rai Ki Lui (a community policing model) was planned for 2007, including a community policing component taught at the Fiji Police Academy.

Case backlogs were reduced as case management systems were rolled out in the magistrates and higher courts. A multi-agency working party had formed to address the causes of excessive adjournments. In its first full year of operation, the Family Court improved the resolution of family disputes and no longer required Fiji Program support in 2007, in part as a result of a twinning arrangement with the Western Australian Family Law Court. A problem-solving court model of restorative justice was developed and endorsed.

Legal research training and the development of a network of law librarians had improved access to legal materials and the quality of services that lawyers were able to provide to their clients.

Community corrections pilots began in three locations. In less than 10 months, 160 offenders were placed on community work or probation orders instead of in inadequate, overcrowded prisons for short custodial sentences. A full evaluation is now underway.

The departments of Social Welfare and Prisons increased their focus on care, protection and rehabilitation. This work included developing and auditing compliance to minimum standards for homes for young people, the commencement of life skills training for offenders and the beginning of an HIV/AIDS initiative in prisons.

Following the suspension of institutional assistance to the police, prisons and courts, the Fiji Program refocused its support to community justice in March 2007. The renamed Australia Fiji Community Justice Program builds on the foundations laid in 2005 and 2006, but has changed significantly from a largely top-down, institutionally focused approach to a more bottom-up approach. Program objectives have been revised, new counterparts identified and ways of operating reoriented. The new program has established a presence in the western part of the country, established constructive relationships with nontraditional partners, and recruited indigenous Fijian and Indo-Fijian men and women to help build communities' confidence and skills in community justice. A new monitoring and evaluation framework is being developed. For traction and impacts in community justice to be possible, a commitment beyond 2007 is required.

### 1.3.4 Elections

Objective Fiji holds free and fair general and municipal elections

The May 2006 elections were judged to be free and fair by international observers. However, there are obvious limitations on the longer term capacity development of the Elections Office, as had been planned with New Zealand and Fiji. Australia suspended support for the Fiji electoral system immediately after the coup. The interim regime has redeployed Elections Office staff. Most of the electoral commissioners were appointed in June, but the Supervisor of Elections position, which is critical to the overall functioning of the electoral process, remains vacant.

<sup>15</sup> Tebbutt research poll (March 2006); 84 per cent felt that police were doing a better job than in the previous 12 months.

The former Australian Foreign Minister announced Australia's readiness to support elections in Fiji as part of its return to democracy. Future support will be dependent on the interim regime's demonstrated commitment to holding elections as soon as possible.

# 1.3.5 **Disadvantaged groups**

Objective Civil society has increased capacity to advocate on behalf of marginalised and disadvantaged groups, including youth, women, rural families and outer islanders

The aid program has strong, strategic and mutually supportive relationships with civil society groups working in women's, rural and youth issues. <sup>16</sup> The Australian Civil Society Support Program (ACSSP) is a key mechanism in the relationships. Following the coup, Australian support to the ACSSP was increased to \$1 million for 2006–07.

The civil society response to the coup has not been uniform. Some Australian-funded civil society proponents have taken on leading roles as advocates for human rights and democracy. This has provided more national and international recognition, but led to them being physically and emotionally intimidated by the military. Some advocates support either the coup or the stated aims of the regime and are unwilling to advocate for human rights and the return of the rule of law.

Most of the civil society organisations funded by AusAID, while working with disadvantaged groups, do not necessarily *directly* align with the advocacy element of this strategy objective (although they play an indirect role). Instead, they are focusing on a range of income-generation and service-delivery activities, for example:

- direct income generation through making and selling jams and chutneys for around 155 people, including deaf youths, senior citizens, women laid off from the garment industry and ex-offenders in the west of Viti Levu
- ➤ the touring of Fiji of a mobile community 'suitcase' radio operated by femlinkPACIFIC, which collects and disseminates women's experiences
- community-based rehabilitation training for the paediatric disabled, with participants now working within their respective communities.

The ACSSP was developed following a 2006 internal review of its predecessor, the Small Grants Scheme. The review identified problems with poor-quality proposals and with acquittals submitted by civil society organisations and government departments. The new ACSSP aims to have more strategic engagement with organisations to help improve planning, implementation and monitoring. It is too early to assess progress by the 20 organisations supported under the new program. An independent assessment of the program and of the organisations supported will be undertaken in 2008.

## 1.3.6 Violence against women and children

Objective Violence against women and children no longer tolerated in Fiji

Australia's support for this very ambitious objective is primarily though financial assistance of around \$680 000 per year to the Fiji Women's Crisis Centre (FWCC). The FWCC provides advocacy, research, training and counselling services for women in crisis in Fiji and supports the regional network of similar centres across the Pacific. Australia and, to a lesser extent, New Zealand provide most of the funding for the centre.

Violence against women is endemic in Fiji, where societal attitudes remain very male dominated. A survey in 2001 found that 66 per cent of women had been abused by their partners. Based on international experience and the 2000 Fiji coup, it is possible that the aftermath of the 2006 coup will include deteriorating services for women and children and a rise in the tolerance of violence generally

<sup>16</sup> S Moyle, Gender analysis of the Australian aid program in Fiji, 2007.

(and towards women in particular). The passage of sexual assault and domestic violence laws has been stalled by the coup.

There are indications that attitudes to violence against women are changing. A 2006 survey reported that 86 per cent of respondents felt that violence should not be tolerated. Key leaders and the media are now more likely to condemn violence against women publicly, and requests from new organisations for FWCC training continue.<sup>17</sup>

However, the 2006 survey also found that these attitudinal changes are not yet reflected in changed behaviour on a wider scale. The 2007 gender assessment of the aid program found signs that policing practices were becoming more gender sensitive, but it is now feared that the coup has weakened the ability of police to address gender-based violence and is actually fostering an environment that condones violence and illegal behaviour by police. After a feasibility report, there is little hope that the establishment of a sexual assault referral centre will go ahead.

Other key outputs in 2006 included:

- Advocacy by the FWCC for gender-sensitive law reform, including submissions on the Penal Code, Criminal Procedure Code and Sentencing Act and a submission to the Inland Revenue and Customs Authority on workplace sexual harassment
- FWCC provision of 17 community education programs, 37 radio programs and counselling to more than 2000 clients, including 300 new clients
- completion of the distinctive new FWCC Suva headquarters, with improved counselling and research facilities.

#### 1.3.7 Civil service reform

Objective Civil service reform reduces the costs of government and increases efficiency and productivity within government, leading to improved service delivery

The impacts of the coup on the morale and leadership capacity of the public service and plans for reform have been significant. Australia suspended support for public sector reform after the coup. We had been preparing to ramp up multi-donor assistance significantly (with the World Bank and the ADB) following an AusAID-funded consultancy report, which provided a roadmap for civil service restructuring and engagement in public—private partnerships. Future support for centrally managed civil service reform is unlikely in the absence of a legitimate government partner, and sectoral level reform is limited by poor central coordination and leadership.

Before the coup, improved strategic planning and budgeting were evident in sectors where AusAID worked. In the education sector, the independent assessment review<sup>19</sup> found that strong participatory approaches are now employed in the education ministry for planning and policy development, and that 92 per cent of principals and 84 per cent of school managers, as well as school committee members, now understand performance management and leadership techniques. This has led to more delegations, increased parental participation and better relationships between staff and school management. The introduction of a computerised personnel database has also improved staffing allocations. In the health sector, the mid-term review noted that reductions in recruitment time (45 per cent achieved in 2005) have been maintained, and the review of health legislation was progressed.<sup>20</sup> In the law and justice sector, human resource reviews with police and prisons in 2005 were helping to place the right people in the right jobs in 2006. A review of government legal services that was almost completed in 2006 offered a platform to make the provision of those services more efficient.

<sup>17</sup> FWCC Annual Plan, April 2007.

<sup>18</sup> Moyle, 2007.

<sup>19</sup> Fiji Education Sector Program Annual performance monitoring and evaluation report, 2007.

<sup>20</sup> Fiji Health Sector Improvement Project Mid-term review report, 2006.

The impact of Australian support in the production of the SDP was evident in the plan's improved quality and consistency of analysis and stronger performance framework. While not perfect, it was a significant improvement over previous plans. It also contributed to the development of knowledge and skills in identifying strategies and indicators across the civil service.

#### 1.3.8 Health

Objective Women and men throughout Fiji have improved access to quality health services

Australia's primary vehicle of support to Fiji's health sector is the five year, \$25 million Health Sector Improvement Program, which is due to end in December 2008. The program pioneered the alliance contracting model and is a partnership between the Ministry of Health, the managing contractor and AusAID. A mid-term review of the program in May 2006 found that, while activities are being implemented as planned, there is little evidence that Australian support for central and divisional-level institutional strengthening is having a significant impact on access to quality health services. There are valid questions about whether Australian support is targeting the right areas in the health sector and whether achievements in institutional strengthening are sustainable. Total health expenditure in Fiji is only 3 per cent of GDP, the lowest in the Pacific. Expenditure remains relatively static despite increasing demand for services, placing significant pressure on the system. Australian bilateral support accounts for approximately 3 per cent of the health ministry's budget. In this situation, Australian support may have ameliorated a significant regression in Fiji's health sector, but not contributed to long-term improvements.

The most obvious impact of the coup is the reduced morale within the ministry. This will further contribute to the general health workforce's dissatisfaction and discontent with working conditions, low remuneration compared to the private sector and lack of clearly defined career pathways.

The program has contributed to improved strategic, corporate and divisional business plans for the ministry, including a health legislative review conducted in 2006. Two final draft Bills (for pharmacy and for medicines and poisons) were produced, but they are now stalled.

Despite these difficulties, Australian support to the health sector over the past 18 months has contributed to some significant achievements:

- The expansion of rural health infrastructure has included radiotelephones and solar power facilities. This has resulted in improved patient management, transfer and follow-up and has had a positive effect on clinical outcomes of emergency evacuations. Anecdotal evidence is that staff in remote areas and outer islands felt more connected and more likely to remain in their jobs.
- In an expansion in immunisation, 95 per cent of children aged between six months and six years were immunised against measles following the successful response to a measles outbreak in 2006.
- ➤ Social marketing and mobilisation plans have been developed to strengthen health communication for endemic typhoid issues, among other things, and to minimise the impact of seasonal diarrhoea outbreaks. There is evidence of behavioural change related to health promotion; for example, 25 per cent of parents report that their children are eating healthy food and breakfast more often.<sup>21</sup>
- The Fiji School of Nursing is implementing a new curriculum that meets current best practice and for the first time includes a mental health component. An improved management structure for the school has also been established.
- The implementation of learning and training programs, including the graduation of 43 health ministry employees with business diplomas, has assisted managers to develop, implement and

<sup>21</sup> Fiji Health Sector Improvement Project, 2007.

monitor evidence-based policies and plans.

However, the priorities identified by the program have not made significant impacts on service delivery. In the absence of the support of a health adviser, the current contracting model, which is tied to a consensus approach, has limited AusAID's influence over priority setting within the program.

We will consider how Australia can best continue its support to Fiji's health sector in the post-coup environment, building on lessons from the Fiji Health Sector Improvement Program, in particular the limitations of institutional support. Planning for this ongoing support began in July 2007 with a review by AusAID's health adviser. An independent completion report is scheduled for 2008.

### 1.3.9 Education

Objective Girls and boys, men and women have improved access to quality education services throughout Fiji

While it is premature to claim that the education objective is being met, evidence of positive progress continues to emerge.

Australian support for Fiji's education sector is primarily channelled through:

- ➤ the Fiji Education Sector Program \$25 million over five years
- ➤ Australian Development Scholarships (ADS) \$52 million over 14 years
- ➤ Australian Regional Development Scholarships (ARDS) \$12 million over 12 years).

To date, the bilateral education program has focused on building the capacity of the Ministry of Education and its workforce. The challenge for the program in the future is to demonstrate a positive impact of these initiatives on the quality of education a child receives in the classroom. Reviews of the bilateral education program in 2006 and 2007 found that it has provided effective support to identified priority areas in Fiji's education sector, particularly in ministry systems strengthening and reform, improvements in early childhood education, and technical and vocational education and training.<sup>22</sup> Greater focus is now required to monitor the impacts on service delivery at the school and community levels.

As in other sectors, the coup has damaged the morale of Ministry staff. This is evident from the Fiji Teachers Association's high profile threat of strike action as a result of the reforms. It is too early to gauge whether the economic impacts of the coup will adversely affect education indicators such as school attendance and completion rates. However, the economic downturn and evidence that families tend to remove boys from school in uncertain economic times to contribute to family income suggests that this is likely.<sup>23</sup>

The regional scholarships program, ARDS, is managed from Suva Post. The ARDS scheme has resulted in a real increase in the number of Pacific islanders with qualifications in priority areas and has encouraged Fiji institutions to establish best-practice student services. ADS give Fijians the opportunity to pursue studies, often in areas critical to development, which are not offered in Fiji or elsewhere in the Pacific. However, neither scholarship program has a comprehensive strategy or performance framework, limiting assessments of the effectiveness of this form of aid. These will need to be developed as a priority.

Over the past 18 months, Australian support contributed to the following:

The Ministry of Education now has greater policy development and planning capacity, with a nucleus of staff leading the development and production of plans.

<sup>22</sup> Personal communication, Education Review debrief, 21 June 2007.

<sup>23</sup> Chand, 2007; Moyle, 2007.

- The school curriculum framework was completed to final draft stage after consultations through 22 workshops with head teachers, principals and executive teachers in all divisions. The Curriculum Development Plan 2006–2010 was developed and adopted.
- ➤ The proportion of vocational education graduates from centres supported by the Fiji Education Sector Program gaining entry to higher education rose from 8.3 per cent in 2005 to 28.5 per cent in 2006. Employment of vocational education graduates rose from 31 per cent to 56 per cent over the same period.
- ➤ Principals report greatly improved quality of graduates from Lautoka Teachers College and graduates providing in-service training to other teachers.<sup>24</sup>
- ADS alumni are in influential positions in both the public and the private sectors. There are currently 19 Fiji citizens studying in Australia under ADS scholarships.
- ➤ Close coordination with NZAID has resulted in harmonisation of the management of ARDS and its New Zealand equivalent. There are currently 97 ARDS students. The 2008 intake will be 30, an increase of 20 per cent over 2007.

The EU is a major donor to Fiji's education sector, funding a large-scale program of the same name as the Australian bilateral program. The program focused on refurbishing school infrastructure. The EU program has hit significant problems, and we understand that the EU will cease bilateral support to the sector in its next funding round.<sup>25</sup>

The review of the bilateral education program undertaken by AusAID's Principal Education Adviser in June 2007 recommended a 12-month extension of the current program, with refocused attention to inservice training, strengthening the ministry's development of policy papers, and monitoring strategically important indicators. Consideration of a sector-wide approach was suspended following the coup.

### 1.4 Evaluations

The reviews referred to in Section 1.3 were undertaken either as part of the annual contribution analysis process in 2006 or as sectoral reviews commissioned for this annual program performance update. In addition to sectoral reviews, three cross-cutting evaluations were commissioned and have informed this update: a gender analysis of the Fiji Program; a peace- and conflict-sensitive analysis; and an economic survey of the impacts of the coup.

# 1.5 Should the objectives of the country strategy be changed?

Yes. The December coup and the subsequent deterioration in the bilateral relationship mean that the key assumptions underpinning the current draft strategy are no longer valid, and critical elements cannot be progressed in the absence of a legitimate government partner. The outlook

for Fiji for 2007–08 has also changed significantly since the country strategy was drafted. The following factors are now apparent:

- A democratically elected government will not be in place until at least March 2009. Government mechanisms and decision making will remain opaque and unaccountable while under the control of the military.
- Economic conditions and predictions for future growth are very poor. This is likely to result in higher unemployment, more people living in poverty (especially in the rural areas) and less money available for social services and infrastructure.
- > Political and social instability is significant and will remain so. There are increasing tensions along

<sup>24</sup> Personal communication, Education Review debrief, 22 June 2007.

<sup>25</sup> Advice provided to the Education Review, June 2007.

ethnic lines and between the interim government and non-government institutions, including unions and the Great Council of Chiefs, and human rights advocates. Furthermore, the capacity of the judiciary to mediate and contribute to the restoration of democracy has been weakened.

Donor resources directed to Fiji are likely to decline. Most donors, particularly the EU and the World Bank, have suspended or delayed new projects or grants until the political situation becomes clearer. This may create a void that non-traditional donors will seek to fill, but there is no evidence that this has happened so far. Australia will play an active coordination role at both the political and program implementation levels to promote a coherent approach by donors.

# 1.6 Options for moving forward

In line with measures announced by the then Australian Foreign Minister in December 2006, Australian aid will continue, where possible, to support the ordinary people of Fiji and the return to democracy. The fluidity of the operating environment in Fiji since the coup adds considerably to the development challenges confronting the aid program, which needs to plan for three principal scenarios:

- > Status quo. This is not a 'business as usual' scenario. In the event of a protracted continuation of the present transitional situation, this scenario will involve the provision of assistance mainly focused on community-based development, ongoing operational engagement with selected counterpart agencies (particularly in health and education) and, where possible, direct support to private sector initiatives. New activities will include substantial support to the elections process.
- Normalisation of the *bilateral relationship*. In this scenario, normalisation is likely to take place incrementally as the interim regime demonstrates commitment to democracy. This will enable us to resume our engagement with key government agencies, building on earlier institutional capacity-building assistance. Assistance to civil society will continue, links with the private sector will be enhanced, and there will be a greater emphasis on growth measures. Service delivery programs will remain a priority.
- Further deterioration. If the situation deteriorates, Australia might have to disengage further from counterpart agencies and direct support mainly to civil society groups, communities, and the informal and private sectors.

The most likely scenario in the short term appears to be either 'status quo' or 'further deterioration'. AusAID will develop an interim engagement framework that articulates Australia's commitment to the people of Fiji and the principles of that commitment, while maintaining the flexibility required to respond to changes in the political situation and Australia's diplomatic response.

The White Paper themes supported by the draft country strategy remain relevant for an interim engagement framework. However, the objectives need to be adjusted to reflect what can reasonably be achieved during the transitional period. Table 2 lists a proposed timetable for strategy development.

Strategy objectives can be suggested in the areas of community resilience, return to democratic government, and service delivery in rural areas.

## 1.6.1 **Building resilient communities**

The Fiji Program should mitigate economic hardship in communities through support for rural enterprise development and civil society poverty alleviation initiatives. Where feasible, we should continue our efforts to remove some of the constraints on growth in the longer term by strengthening links with the private sector, including rural enterprises. There are limitations to the potential outcomes of this approach in the absence of a strong partnership with the national government.

This work is also likely to include community justice activities, examination of peace/conflict vulnerabilities, integration of gender equality objectives into programming and, where appropriate,

support for regional initiatives (for example, environment and land).

# 1.6.2 Contribute to an enabling environment for a return to democratic government

Work to aid a return to democratic government would include support for elections by 2009; leadership initiatives through scholarships and the Pacific Leadership Program; support for civil society and non-government organisations, including building an anti-corruption constituency (appropriate to the current political context in Fiji); community justice; and support for the media and civic education activities. Critical risks to be considered are the potential for a constitutional crisis and ongoing destabilisation of civilian policing.

# 1.6.3 Strengthen the delivery of social services to rural areas

The education program is due to end in mid-2008 and the health program at the end of 2008. In the short term, extensions to existing programs with reoriented priorities focusing on service delivery may be necessary. These will provide the foundations for increased policy engagement with the support of sectoral advisers once the conditions allow normal engagement with the government.<sup>26</sup>

Table 2. Timing for the development of the strategy

July	2007 Update for the Minister on the status of the aid program and our intent to develop a new strategy for the post-coup environment.
July – October 2007	Research based on recommendations from May–June reviews.
November 2007	Early peer review of suggested objectives and direction given by Program Strategy Committee.
November 2007 – February 2008	Draft strategy and performance framework.
March 2008	Office of Development Assistance and peer reviews. April
2008	Submission of strategy to Executive.

<sup>26</sup> Recommended by Education Review, June 2007.

# Chapter 2: Program quality

There is a need for improved monitoring and evaluation (M&E) frameworks in all of our programs, and particularly for the articulation of outcomes contributing to higher order, national-level, strategic objectives and indicators to demonstrate progressive impacts along the journey. This need is exacerbated by the lack of direct alignment between the draft country strategy, the SDP and sectoral program objectives. While the draft country strategy was well aligned with the SDP, the stated objectives were often broader than the scope of the programs being implemented. For example, while the education program's objectives focus on institutional strengthening, the draft country strategy objectives and national outcomes are focused on longer term service delivery impacts. Consequently, it is often difficult to provide evidence of progress in service delivery in the short to medium term when our support and monitoring is focused on institutional strengthening.

The *lack of statistical data in counterpart agencies*, especially sex-disaggregated data, and the lack of capacity to analyse the information that is collected, impedes monitoring and evaluation. This

also reflects the lack of a performance culture in partner agencies and limits the performance data available.

Lack of institutional reform at central ministry level (in particular, Ministry of Finance and the Public Service Commission) was an impediment to efforts to reform line agencies, particularly in relation to human resources and financial management. This central-level reform was a targeted area of focus but was suspended after the coup.

Lack of clear policy direction has meant that the regional scholarships program has operated in a vacuum, and the scholarships program as a whole has been operating without a strategy and performance framework.

# Chapter 3: White Paper implementation

# 3.1 Gender equality

The gender assessment of the Fiji Program in May 2007 found that Fiji has made reasonable progress towards gender equality compared to many other Pacific island countries, particularly other Melanesian cultures.<sup>27</sup> Fiji has an active and capable civil society in which women's organisations are leading participants. Before the 2006 election, Fiji had more women in parliament (13 per cent) than its neighbours. Progressive legislation had been passed or was in draft form before the 2006 coup.

The coup has undermined progress and continues to deflect attention from the significant challenges to gender equality that remain. The work of the public sector has been disrupted by the loss of senior leadership; civil society efforts and public concern are focused on questions of democracy, safety and security, deflecting questions on gender equity.

Work had begun to integrate gender issues into the draft country strategy prior to the coup. However, opportunities to promote gender equality through the bilateral program have been missed over the years, particularly in the health and law and justice sector programs. None of the monitoring and evaluation frameworks has gender sensitive indicators and many do not disaggregate data by sex.

The gender assessment identified a number of priority areas to be addressed in a new country strategy. The report's recommendations will be actioned over the next 18 months. They include:

- ➤ the placement of a gender adviser at Post (serving both Suva and other posts, and regional programs)
- > a gender equality working group convened among donors and key counterparts
- > training for program staff on United Nations Security Council Resolution 1325
- support for the preparation of the shadow Convention on the Elimination of all Forms of Discrimination against Women report by civil society
- continued support for the community sector, particularly women's organisations
- encouragement of discussion on what sort of equality Fiji wants to see pursued.

# 3.2 Anti-corruption

According to one estimate, losses due to corruption and abuse of office in the decade to 2002 amounted to half a billion Fiji dollars.<sup>28</sup> Transparency International's corruption perception barometer survey, funded by Australia in 2006, rated political corruption in Fiji at 3.1 on a scale of 1 (not at all) to 4 (to a large extent). This was, however, less than the Asia–Pacific average of 3.3.

The existing draft country strategy for Fiji has many synergies with AusAID's anti-corruption policy. However, given the military's use of corruption as a justification for the coup and the post-coup suspension of Australian assistance on public sector reform, governance and elements of the law and justice sector program, the approaches identified in the strategy cannot be fully implemented at this time. Small-scale assistance to Transparency International continues.

# 3.3 Expenditure

In 2006–07, total official development assistance to Fiji is estimated to be \$29.3 million, with the bilateral program around \$18 million. This is approximately \$4 million less than budgeted prior to the coup. In 2007–08, total official development assistance to Fiji is estimated to be \$28.7 million, with bilateral

<sup>27</sup> Moyle, 2007.

<sup>28</sup> Chand, 2007.

program expenditure estimated to be \$21 million. There is scope to provide additional funding to Fiji through global initiatives and governance-related activities if the interim government demonstrates concrete progress in returning Fiji to democracy.

Table 3. Expenditure, by sector and subsector

Sector	Expense amount at 13 June 2007	%
Education (including scholarships)	\$6 411 711	35.4%
Governance		28.9%
Legal and judicial development	\$4 578 450	
Government administration	\$266 225	
Strengthening civil society	\$382 357	
Health	\$5 283 081	29.2%
Rural development	\$652 045	3.6%
Other (administrative costs)	\$521 337	2.9%
Total	\$18 095 206	100.0%

Table 4. Expenditure, by form of aid

Category	Expense amount at 13 June 2007	%
Budget support	\$358 127	2.0%
Flexible delivery mechanism	\$435 136	2.4%
Individual projects	\$13 856 031	76.6%
Long-term scholarships programs	\$1 720 586	9.5%
Other types of development activities	\$518 973	2.9%
Support for the programs of other development partners	\$1 206 213	6.7%
Total	\$18 095 206	100.0%

## 3.4 Joint donor missions and analyses

Before the coup, Australia had been working closely with the ADB and World Bank on economic and public sector reform and with New Zealand on elections reform and the regional scholarships program, and was planning to work with the EU on sugar and education reform. Since the coup, work on reform programs has been suspended. The EU has given notice that it intends to discontinue support to the education sector.

Australia supported the United Nations Development Programme Pacific Regional Centre's Peace, Stability and Development Analysis in partnership with the (now defunct) Ministry of Multi-Ethnic Affairs and National Reconciliation and the Ecumenical Centre for Research, Education and Advocacy (ECREA).

# 3.5 Proportion of spending on technical assistance

Approximately 55 per cent of our 2006–07 bilateral program was spent on technical assistance (see Table 5). This calculation is based on the definition of 'technical assistance' in the OECD Development Assistance Committee Statistical Reporting Directives: 'technical cooperation is the provision of knowhow in the form of personnel, training, research and associated costs'. Scholarships are excluded from this definition.

## Table 5. Technical assistance, 2006-07

Program	Technical assistance %	\$ million
Fiji Health Sector Improvement Program	56.5%	\$2 976 374
Australia Fiji Law and Justice Sector Program	90.0%	\$3 466 077
Fiji Education Sector Program	65.0%	\$3 004 744
Elections Assistance	100.0%	\$4 269
Pacific Technical Assistance Facility	100.0%	\$173 179
Fiji Public Sector Reform	100.0%	\$261 956
Total		\$9 886 599
Total bilateral program	55.0%	\$18 095 205

# 3.6 Use of national systems

A joint World Bank and AusAID review in 2005 highlighted considerable deficiencies in the Fiji Government's basic financial, accounting and payroll systems, which were targeted for planned reform assistance by AusAID and the ADB in 2007. These constraints limit effective use of national systems. In the bilateral programs advisers were co-located with ministry counterparts, but the financial management of the program is through parallel managing contractor mechanisms. In the case of elections support, Australia and New Zealand contributed to a government-held trust fund. Fiji Government processes were adopted in whole, with Australia and New Zealand participating in key stakeholder group meetings.

The use of national procurement and finance systems highlighted a number of constraints, including limited line agency delegations and inefficient procurement systems. Obtaining financial acquittals was also difficult due to the number of different agencies involved.

# Appendix 1: Progress towards the Millennium Development Goals

Goal	Latest data	Will development goal be reached?	State of supportive environment
Goal 1: Eradicate extreme poverty and hunger Halve, between 1990 and 2015, the proportion of people whose income is less than \$1/day and the proportion of people who suffer from hunger.	In 2003–04, 34% lived below the basic needs poverty line, a 5% increase since 1990–91	Unlikely	Fair
Goal 2: Achieve universal primary education Ensure that, by 2015, children everywhere boys and girls alike will be able to complete a full course of primary schooling.	88% in 2002, down from 91% in 1996.	Potentially	Strong
Goal 3: Promote gender equality and empower women  Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015.		Probably	Strong
Goal 4: Reduce child mortality Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.	22.4 deaths per 1000 live births (2002)	Potentially	Strong
Goal 5: Improve maternal health Reduce, by three-quarters, between 1990 and 2015, the maternal mortality rate.	35 per 100 000 live births (2002)	Potentially	Strong
Goal 6: Combat HIV/AIDS and other diseases Halt and reverse the spread of HIV/AIDS, malaria and other major diseases.	200 people infected with HIV/AIDS as at September 2005. If infection continues at the current rate, projected to have 6500 people infected by 2015.	Unlikely	Fair
Goal 7: Ensure environmental sustainability Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources.		Potentially	Fair
Goal 8: Develop a global partnership for development Develop further an open, rules-based, predictable, nondiscriminatory trading and financial system, including a commitment to good governance, development and poverty reduction.	Aid donor grants were 1.3% of GDP in 2003.	Potentially	Fair

Source: National Planning Office (2004), Millennium Development Goals – Fiji National Report

# Appendix 2: The Australian aid program since the coup

Programs in italics have been suspended following the coup.

# Law and justice

Assistance to the police, prisons and courts

Support to the Fiji Police Force (through Pacific Regional Policing Initiative)

Support to Fiji's judiciary (through Pacific Judicial Development Program)

Community Justice Program

- ➤ Support for community-level policing
- > Support for community-based corrections pilots and offender rehabilitation
- > Support for community problem-solving courts model
- > Support for access to affordable legal council

Support to the Office of the Director of Public Prosecutions

> Funding for Deputy Director of Public Prosecutions and low-level office support

#### Health

Fiji Health Sector Improvement Program

> Excepting governance elements within the Ministry

## Education

Fiji Education Sector Program

> Except direct support to Minister's office

Scholarships program

Excepting individuals connected to RFMF or the interim government

# Economic reform and restructuring

Support to planned ADB-led Fiji Economic Restructuring Program

Assistance to Fiji's textile, clothing and footwear sector

# Civil society and volunteers

Civil Society Support Program

Volunteer and Australian Youth Ambassador programs

# Current regional programs involving Fiji

Funding for Pacific regional organisations of which Fiji is a member

A range of Pacific regional projects benefiting Fiji, for example:

- Pacific Regional HIV Program
- ➤ Sea Level and Climate Change Monitoring Project
- Vulnerability and Adaptation Initiative
- Pacific Islands Climate Prediction Project

Technical and advisory assistance in economic/financial management, investment and private sector development through regional technical institutions and initiatives; for example:

- ➤ Pacific Financial Technical Assistance Centre
- ➤ International finance Corporation (Private enterprise Partnership Pacific)
- > Foreign Investment Advisory Service

Pacific Investment Commissioner

Small activities under the Pacific Governance Support Program

Planned regional initiatives involving Fiji

Australia-Pacific Technical College

Enterprise Challenge Fund for Asia and the Pacific

#### Planned elections assistance

Technical assistance to conduct a census, redistribute constituency boundaries and conduct elections within the timeframe laid out by the June 2007 report of the independent assessment team for elections in Fiji, commissioned by the Fiji-Forum Joint Working Group.<sup>29</sup>

<sup>29</sup> Subject to the findings of planned technical assistance scoping mission, and interim Government's continued demonstrated commitment to holding elections in accordance with the timeframe laid out by the independent assessment team.

# Acronyms and abbreviations

ACSSP Australian Civil Society Support Program

ADB Asian Development Bank

ADS Australian Development Scholarships

ARDS Australian Regional Development Scholarships

EU European Union

FWCC Fiji Women's Crisis Centre

GDP gross domestic product

OECD Organisation for Economic Co-operation and Development

RFMF Republic of Fiji Military Forces

SDP Strategic Development Plan 2007–2011