



Australian Government



## FIJI COVID-19 DEVELOPMENT RESPONSE PLAN

- Australia and Fiji are working through the 2019 *Vuvale Partnership* to respond to and recover from COVID-19.
- Fiji's quick response to COVID-19 contained cases effectively. However, the impact of global lockdown on the Fijian economy has been severe, affecting an economy heavily dependent on tourism, exports and remittances.
- As Fiji's largest bilateral donor, Australia will support Fiji's national development priorities. We will increase our support for public health programs, and invest in programs that cement Fiji's place as a key Pacific economy and regional hub.

Australia and Fiji share a strong and enduring bilateral relationship, demonstrated by Prime Minister Morrison's and Prime Minister Bainimarama's signing of the '*Fiji-Australia Vuvale Partnership*' on 16 September 2019. 'Vuvale' means 'family' in Fijian. The term reflects the depth, breadth and warmth of the relationship, and our ambition to build on these strong foundations into the future. The Partnership commits Australia and Fiji to strengthening bilateral political cooperation, including between our Prime Ministers, Foreign and Defence Ministers and senior officials. Working in partnership with Fiji, Australia's development program in Fiji supports our shared interest in a stable and prosperous Fiji that is an active member of the Pacific community.

### COVID-19 SITUATION ANALYSIS

As of October 2020, Fiji's 'COVID-contained' status has reflected its success in controlling COVID-19 by closing its borders and managing the caseload effectively. With Australian support, Fiji sourced medical and personal protective equipment, redeployed experts into COVID-19 response taskforces, and improved coordination, planning and resource management.

Like most countries, Fiji's health system remains vulnerable to an outbreak. Existing health challenges, particularly non-communicable diseases (NCDs), would result in complex cases due to comorbidities. Disruptions to regular health and disability service delivery also pose risks, exacerbating vulnerabilities of the poor, women and girls, and persons with disabilities.

The economic impact of border closures has been severe. Fiji's economy is forecast to contract by 21.7 per cent in 2020. The sharp decline in tourism, which pre-COVID contributed around FJD 2 billion (\$1.35 billion) per annum or 39 per cent of GDP, has left

115,000 people (a third of the workforce, with around a third of those women) newly unemployed or on reduced hours. Remittances (Fiji's second largest source of foreign exchange earnings after tourism, and an important supplement to household incomes) have also declined.

The Government of Fiji has maintained spending at pre-COVID levels (FJD 3.67 billion; \$2.4 billion) in 2020-21. Decisive early action in May and June 2020 by Australia delivered \$11.83 million in direct budget support to the Fiji Government to assist it with its COVID-19 response. Looking forward, a budget deficit of FJD 2 billion (\$1.35 billion) is forecast, raising Fiji's GDP-to-debt ratio to 83.4 per cent (from under 50 per cent prior to COVID-19). The budget includes a modest increase for Fiji's Ministry of Health and Medical Services (MoHMS), and funding for education reforms. There is also support for Fiji's social welfare system, including FJD 100 million for unemployment benefits and FJD 60 million for the Fiji Recovery Rebate Package. A number of taxes have been reduced or abolished to stimulate economic recovery. As of August 2020, 131,000 Fijians (37 per cent of the labour force) had accessed unemployment relief payments. Demand for further relief payments in 2020-21 will be high, if economic activity does not rebound.

Fiji's projected return to growth in 2021 assumes visitor arrivals rebound to half of 2019 levels. A slower return of tourism would prolong economic recovery and may lead to a longer economic contraction. This could see Fiji in fiscal crisis, with negative implications for business and investor confidence and economic recovery. Fiji's ambition to graduate to high-income country status by 2035 may also be at risk.



Fiji is disaster prone and highly vulnerable to the impacts of climate change. According to Fijian Government estimates, total damage and losses resulting from Tropical Cyclone (TC) Winston (2016) were estimated at USD 1.38 billion (equivalent to 31 per cent of GDP). TC Harold (April 2020) exacerbated many of the challenges caused by COVID-19 and caused widespread crop damage, affecting 52,000 farmers. Given Fiji's vulnerability (four cyclones are forecast for the 2020-21 season), it is likely to face multiple and cascading risks as it attempts to respond and recover. Communities with access to land are more resilient; an increase in backyard farming has driven up demand for agricultural inputs and created a surplus of fresh produce. But poor urban households are more vulnerable to food insecurity.

The pandemic and TC Harold have exacerbated gender inequalities in economic participation across Fiji's economy. According to the UN, informal sector workers (the majority of whom are women) are underpaid, overworked, unable to work from home and deprived of sick leave. There has been a significant increase in calls to Fiji's domestic violence national helpline.

Despite good educational attainment levels in Fiji, barriers to access persist including geographic remoteness, limited and costly local transport, and high infrastructure costs. Fiji's long-term recovery depends on a well-educated workforce, but susceptibility to shocks remains. TC Winston damaged over half of Fiji's schools and displaced over 2,000 students.

## AUSTRALIA'S RESPONSE

The 2019 *Vuvale Partnership* sets out the shared aspiration of Australia and Fiji to embrace a new era of enhanced cooperation, consultation and friendship. This partnership underpins our support to respond to and recover from COVID-19 shocks and lay the foundations for a stronger, more prosperous Fiji.

Australia will provide COVID-19 supplementary funding of \$304.7 million as part of a COVID-19 Response Package. This package will provide support to the Pacific and Timor-Leste to deliver critical, temporary, economic support to address pandemic impacts; this targeted, temporary (ODA) funding is for two years and is in addition to Australia's \$4 billion ODA program.

### Health Security

Australia is Fiji's largest public health development partner. We will increase support to our health program, which builds institutional capacity, improves patient care (especially maternal, new-born and child health), addresses communicable and non-communicable

diseases, and strengthens the health system to respond to crises such as COVID-19.

In early 2020, Australia swiftly reoriented the program to focus on pandemic response needs, directly sourcing medical equipment and redeploying experts to work in key roles. We are assisting MoHMS to consolidate gains made in improved coordination, planning and resource management. We will support Fiji's COVID-19 response plan, including important structural work to improve supply chains and equipment procurement, and coordinating with global partners such as the WHO and the United Nations Population Fund (UNFPA) to best utilise resources.

Australia's Indo-Pacific Centre for Health Security, through Australia's Health Security Corps, will train volunteers to bring specialist experience in strengthening laboratories, field epidemiology, policy development and public communication. Increased support to Fijian civil society organisations (CSOs) to deliver essential services (including mental health counselling and sexual and reproductive health) will augment government service delivery, especially in remote areas. Through COVAX and our \$242 million pledge to the Global Fund to fight AIDS, Tuberculosis and Malaria, Australia will support the Fijian Government to combat communicable diseases. We will also support equitable access to safe and effective COVID-19 vaccines in Fiji through multilateral and regional initiative to finance, access, deliver and monitor COVID-19 vaccines.

Restoring safe international movement of people is essential to the resumption of tourism, and Fiji's capacity to test, treat, trace and isolate cases will be critical. The Australian Border Force is working with Fiji Revenue and Customs Service as well as the Fiji Department of Immigration to strengthen border security arrangements, including strategies for managing risks associated with COVID-19. New support will train tourism workers on COVID-19 infection control measures.

Australia will also promote health security through resilience. We will increase funding to our bilateral Preparedness and Response Fund to build Fiji's capacity to prepare for, and respond to, humanitarian emergencies.

### Stability

As a key Pacific economy and a regional hub, Fiji's stability is of great importance to the Pacific. Guided by Fiji's long-term reform and its COVID-19 priorities, we are supporting the Government to strengthen national policies and institutions. With growing demand for



increased public sector efficiency in light of reduced domestic revenue, Australia's new governance program will support productive peer-to-peer partnerships with key institutions, including Parliament and (looking ahead to the 2022 elections) the Fijian Elections Office. This will draw on whole-of-government contributors, including the Australian Electoral Commission and the Australian Taxation Office. Fiji's recovery will depend on the ability of its well-functioning public sector and strong institutions to continue delivering essential services, and to extend assistance to households suffering long-term deprivation or thrown into poverty due to COVID-19.

Through increased access to concessional finance, Fiji may be able to limit reductions to public expenditure slated for 2021-22. In addition to overseas development assistance in the form of grants, Fiji will receive USD 570 million in concessional lending in 2020-21, including from Japan, the Asian Development Bank (ADB), the World Bank (WB), the Asian Infrastructure Investment Bank, and the International Monetary Fund (IMF). Australia will continue to advocate for international financial institutions to support the Government of Fiji's fiscal position and economic reform agenda.

Regional governance programs in Fiji, such as our partnership with the IMF for the Pacific Financial Technical Assistance Centre, are focusing on (i) strengthening revenue administration, management and governance at the Fiji Revenue and Customs service, and (ii) banking regulations, cash management and financial sector supervision at the Ministry of Economy and Reserve Bank of Fiji.

Australia's first ever budget support package to Fiji in May and June 2020 included support for payments to beneficiaries of the Poverty Benefit Scheme, the Care and Protection Allowance, and the Disability Allowance. This is vital support: social stability and job creation in Fiji will rely on maintaining essential service delivery (including utilities), and income support for households living in poverty. Accordingly, we are also supporting the reform of social protection schemes to assist households at this critical time and explore options to better support informal workers.

We will support Fiji's goal of providing all children with quality education and connecting skills development to future job markets. Australia invests in inclusive basic education as an essential building block for future employment, including competitiveness in labour mobility programs and in new diversified areas.

Ensuring our support bolsters gender equality will be important for a stronger recovery. Partnering with UN

Women, we will work with the Fiji Government to support the development of the five-year *National Action Plan to Prevent Violence Against Women and Girls*, and its priorities as outlined in its COVID-19 Response *Gender and Gender-Based Violence (GBV) Working Groups*.

Australia will invest in an enhanced security partnership with Fiji. Our Defence Cooperation Program with the Republic of Fiji Military Forces (RFMF) will support maritime security (including Fiji's ability to police its exclusive economic zone), engineering expertise, peacekeeping participation and enhanced disaster response capacity. The joint development of Blackrock Camp will enable strengthened humanitarian and peacekeeping capability and coordination across the Pacific under Fiji's regional leadership. We will adapt the way we work with the RFMF to ensure we maintain the pace of our engagement despite the pandemic. Through the partnership between the Australian Federal Police (AFP) and the Fiji Police Force, we will focus on responding to regional crime, cyber security, domestic stability, and leadership development, through joint taskforces and training through the Australian Institute of Police Management. We are also supporting Fiji to address ongoing cyber threats through the Cyber Cooperation Program.

Australia is addressing critical agricultural and food security supply chain issues through the Market Development Facility (MDF) and the Pacific Horticulture and Agriculture Market Access Plus Program, including establishing a dedicated agriculture logistics service, mobile food ordering and subsidy input services, with private sector partners and freight companies to support the handling and export of fresh produce. We will continue to support the Pacific Islands Forum's Pacific Humanitarian Pathway for COVID-19 to foster connectivity. This includes the support for movement of critical essential supplies and people, mitigating severe health and economic impacts.

Fiji remains vulnerable to climate and disaster risk; we will not lose sight of this long-term imperative. Our investments will mainstream climate and disaster resilience considerations into decision-making.

### **Economic Recovery**

Australia moved quickly to respond to the severe impact of COVID-19 on the Fijian economy. Our private sector investments were reoriented to find opportunities for the tourist sector to rebound, while economic growth programs began exploring economic diversification opportunities. We are contributing to Fiji's efforts to



maintain fiscal sustainability. In May and June 2020, Australia provided budget support worth \$19.5 million (including contributions for TC Harold) to promote stability and confidence in Fiji's fiscal position. Delivered in coordination with ADB, WB and New Zealand, budget support ensures Fiji can finance spending priorities while pursuing priority economic reforms. Further budget support is planned for 2020-21. We will assist Fiji to improve efficiency of service delivery during COVID-19, and complement our cooperation with the promotion of broad-based, private sector-led economic growth.

Ultimately, Fiji's economic and fiscal stability relies on the early, safe resumption of international tourism. Australia is committed to supporting Fiji to achieve this. We are collaborating with the International Finance Corporation (IFC) and the Fijian Government to assess the business impacts of the downturn, and to develop policy guidance for reopening tourism. We are working with partners, including banks, to assist micro, small and medium enterprises to: access finance; develop new markets and; refresh marketing strategies for Fijian tourism following tax cuts in the 2020-2021 budget to make the sector more competitive. We are working with United Nations Capital Development Fund (UNCDF) to help reduce the cost of remittances and support new opportunities for labour mobility. We are also working with *UN Women Markets for Change* initiative to support women led SMEs and businesses – promoting resilience at the local level.

*Emerging Markets Impact Investment Fund Trust* – a new program in 2020-21 – will improve access to finance for SMEs. We are also working with agribusiness to explore opportunities for businesses in the COVID-19 pandemic. Skilled Australian Volunteer assignments will support government ministries to revitalise the tourism and trade sectors, and as well as SMEs and local businesses.

While Fiji's short-term recovery is reliant on tourism, its long-term resilience depends on diversification of its economy. Outsourced services are one of few sectors that has the potential to absorb large numbers of the urban unemployed, including women and people with disabilities. We will work with partners to develop this market, exploiting Fiji's international time zone and English language capabilities to service overseas businesses outside their business hours. New funding to the Australia Pacific Training Coalition will train men and women from the informal sector who have lost their income to be job-ready. Our work promoting digital literacy and e-commerce with the United Nations Development Program (UNDP), UNCDF, IFC and MDF,

will promote agile and sustainable businesses to access new markets.

The Australian Infrastructure Financing Facility for the Pacific will make an important contribution, financing resilient, sustainable infrastructure and providing local jobs. The Australia Pacific Climate Partnership, which is investing heavily in building Pacific resilience through regional programs, will also support greater private sector investment in climate solutions. Austrade is working to promote Australian investment in Fiji, including through the IFC's public-private partnerships on social housing and renewable energy.

We are supporting development of parametric insurance products (a first for the Pacific region) to protect Fijians from the economic shock of natural disasters. The establishment of a viable householder insurance market will become a key pillar in Fiji's efforts to improve the quality of built infrastructure through strengthened codes and regulation. UNCDF's financial inclusion program, funded by Australia, supports vulnerable groups who suffer disproportionately in crises.

## HOW WE WILL WORK

Australia will support Fiji's priorities, outlined in its *Five and Twenty Year National Development Plan*. This plan guides our objectives – e.g. our support for tourism recovery now, while seeking long term economic diversification. Already Fiji's largest bilateral aid donor, Australia focuses on key Fijian priorities, including the impacts of COVID-19: health, education, economic growth, governance, private sector development and humanitarian response and recovery. These programs have all pivoted sharply to respond to the crisis, and will realign to focus on critical areas for recovery.

Aligning with the Pacific Step-Up and *Partnerships for Recovery*, our approach will leverage the full complement of our capabilities, including development, trade, diplomacy, security, church, academic, people-to-people and business links, and institutional partnerships. Key partners include the Australian Defence Force, AFP, Department of Home Affairs, Attorney-General's Department, Austrade, ACIAR, Treasury, and Department of Agriculture, Water and the Environment, as well as the Department of Foreign Affairs and Trade. We will collaborate with donor governments (especially New Zealand and Japan), UN agencies, regional organisations and International Financial Institutions to ensure coordination of support to promote successful recovery.



TABLE 1: COVID-19 RESPONSE PLAN PERFORMANCE FRAMEWORK

Response Plans	Health Security	Stability	Economic Recovery
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- Improved quality of service delivery with better health outcomes for Fijians (SDG 3), including strengthened preparedness for emerging health threats.</li> <li>- Fiji's Ministries of Health, Education and National Disaster Management develop and implement evidence-based and inclusive policies and/or systems (SDG 16).</li> </ul>	<ul style="list-style-type: none"> <li>- Fiji maintains delivery of essential services with social protection systems delivering assistance to poor and vulnerable Fijians (SDGs 1, 8, 10)</li> <li>- Women and men, boys and girls, including those with disabilities, are able to participate in education and pursue opportunities for economic advancement. (SDGs 1, 4, 5, 8)</li> <li>- Security cooperation delivers enhanced institutional, maritime and disaster response capability, and effective border control operations (SDGs 14, 16).</li> </ul>	<ul style="list-style-type: none"> <li>- Australia and Fiji engage on efficient and effective public financial management to optimise the use of resources in Fiji's economic recovery (SDGs 8, 9)</li> <li>- Fijian MSME owners and entrepreneurs, including women, are able to function within an evolving business environment (SDGs 1, 5, 8) to advance economic diversification, inclusive growth and decent work (SDG 8).</li> </ul>
<b>Key Results</b>	<ul style="list-style-type: none"> <li>- New or improved therapeutics, diagnostics, vaccines or additional equipment, to which Australia has contributed, are accessible in Fiji*</li> <li>- Strengthened Fijian health system including preparedness for health emergencies at CWM*</li> <li>- Increased efficiency of procurement processes to ensure consistent supply of medicines and other health commodities</li> </ul> <p>Women and men, girls and boys are provided with emergency assistance in conflict and crisis situations, such as major cyclones</p>	<ul style="list-style-type: none"> <li>- Numbers reached with new or improved social protection programs, including remote communities*</li> <li>- More women and girl survivors of violence in Fiji receive services such as counselling*</li> <li>- Number of additional girls and boys enrolled in school*</li> <li>- Number of verified students with disabilities in FEMIS – Fiji Education Management Information System</li> <li>- Evidence Australian support has improved border control measures</li> </ul> <p>Evidence of strengthened and effective coordination during disaster responses (including across CSOs and Government).</p>	<ul style="list-style-type: none"> <li>- Examples of Australian-funded technical advice in stimulus measures and longer-term economic recovery policy and planning, including for infrastructure</li> <li>- Australian budget support, aligned with other development finance, supports the Government of Fiji to maintain macroeconomic stability and achieve PFM milestones</li> <li>- Number of women entrepreneurs provided with financial and/or business development services*</li> <li>- Examples of partnering, with private sector and others, to ensure supply lines are open*</li> <li>- Number of Awards in each intake focused on skills supporting health systems and services, economic management and public sector reform.</li> </ul>
<b>Supporting Investments</b>	<ul style="list-style-type: none"> <li>- Fiji Health Support Program</li> <li>- Pacific Regional Health Strategy</li> <li>- Indo-Pacific Centre for Health Security</li> <li>- Preparedness and Response Fund</li> <li>- Support for World Health Organisation Western Pacific Regional Office</li> <li>- Australian Humanitarian Partnership</li> <li>- Australian Red Cross Partnership</li> <li>- Australian NGO Cooperation Program</li> <li>- ACIAR health systems strengthening antimicrobial research</li> </ul> <p>Pacific RISE</p>	<ul style="list-style-type: none"> <li>- Fiji Education Support Program</li> <li>- Fiji Bilateral Governance Program</li> <li>- Australia Pacific Training Coalition</li> <li>- Australia Awards</li> <li>- University of the South Pacific</li> <li>- Pacific Women Shaping Pacific Development</li> <li>- Disability Inclusion Support for the Pacific</li> <li>- Integrated deployable civilian capability (RedR)</li> <li>- Australian Volunteers International</li> <li>- Defence Cooperation Program</li> <li>- Pacific Maritime Security Program</li> <li>- Australia Federal Police</li> <li>- Australia Pacific Climate Partnership</li> <li>- Global Partnership for Education</li> <li>- Pacific Community</li> <li>- Fiji Women's Crisis Centre</li> <li>- Fiji Women's Fund</li> <li>- Cyber Cooperation Program</li> <li>- Attorney-General's Department</li> <li>- Pacific Law and Justice Program</li> </ul>	<ul style="list-style-type: none"> <li>- Fiji Bilateral Governance Program</li> <li>- Bilateral budget support</li> <li>- Pacific Labour Scheme and Seasonal Worker Program</li> <li>- Market Development Facility</li> <li>- Pacific Women Fiji</li> <li>- Pacific Regional Market Access Program</li> <li>- Fiji Partnership with IFC</li> <li>- Australian Infrastructure Financing Facility for the Pacific</li> <li>- Essential Services and Humanitarian Corridor</li> <li>- Support to Pacific Financial Technical Assistance Centre (IMF)</li> <li>- Pacific Public Administration Governance</li> <li>- Australian contributions to World Bank IDA19, and Asian Development Bank ADF12 and ADF13</li> </ul> <p>GOA – PIFS Partnership</p>