

“Rebuilding Confidence
for Stability and Growth
for a
Peaceful, Prosperous Fiji”

STRATEGIC DEVELOPMENT PLAN: 2003 – 2005

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Foreword

The Government came to office on a pledge to build a better Fiji. “A Peaceful and Prosperous Fiji” is Government’s shared vision and commitment to advancing the country socially and economically. The aim is to forge a unified Fiji, to rebuild confidence for stability and growth. This is essential to ensure that development serves the needs of this generation while conserving resources for the future.

The Strategic Development Plan reflects the mandate given to Government by the people of Fiji. This has been augmented through consultations with many interest groups, including non-government organisations, provincial councils and advisory councils, unions, the business community and other sectors of civil society. Eleven taskforces, representing a wide cross section of the community, were formed in 2000 to discuss and submit recommendations on key economic and social issues. The Plan, which emerged from the work of these taskforces, was discussed at the National Economic Summit on September 12 and 13, 2002. The holding of the Summit, with delegates from every section of society, is an indication of Government’s belief in a true participatory democracy, giving citizens the opportunity to directly contribute to public policy.

Government is committed to promoting the welfare and interests of all, irrespective of their ethnic, cultural and social background. We want to see the economy grow, so that all have a chance to share from the increase in wealth. The Strategic Development Plan points the way for us to achieve this. It will help us to create jobs and opportunities for up to 17,000 young job seekers every year.

Special affirmative action programmes outlined in the Plan are designed to assist those who are among the poorest and most disadvantaged. These programmes comply with the Constitution and embrace all ethnic communities in Fiji. Our initiatives to reduce the economic gap between the indigenous Fijians and other communities are fundamental to laying the foundation for a strong nation. When we are able to secure basic economic rights for all and a fairer division of wealth, Fiji will be a peaceful and prosperous country. The Plan also takes into account the urgent need to devote more of Fiji’s resources to rural areas, where 54 per cent of the population live. The rural population generally lacks access to infrastructure and services normally available in urban areas. We intend to ensure that rural communities have more job and income opportunities, better roads and water supplies, more electricity and improved schools and health facilities.

Fiji has had many challenges since Independence over 30 years ago. We have made some progress and rank well compared to other developing countries. The Strategic Development Plan is the key to a new future. It is a platform for the people and the Government to stand together and create a society where peace, stability and the rule of law prevail, and where there are fair and equitable development opportunities for everyone

I offer my sincere thanks to all those citizens who have given their time and expertise so willingly in putting their ideas together for inclusion in the Plan.

May God Bless Fiji and all its citizens.



I L Qarase
Prime Minister

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ABBREVIATIONS

ACP	Africa, the Caribbean and the Pacific
ALTA	Agricultural Landlord and Tenant Act
ASA	Air Services Agreement
BOS	Bureau of Statistics
BTA	Bilateral Trade Agreement
CAAFI	Civil Aviation Authority of the Fiji Islands
CCC	Coordinating Committee on Children
CEDAW	Convention on the Elimination of Discrimination Against Women
CHRIS	Computerised Human Resource Information System
CLAG	Combined Law Agency Group
COIFS	Committee of Inquiry into Fiji's Financial System
COLA	Cost of Living Adjustment
CRC	Convention on the Rights of the Child
EEO	Equal Employment Opportunities
EEZ	Exclusive Economic Zone
EU	European Union
FAB	Fijian Affairs Board
FDB	Fiji Development Bank
FEA	Fiji Electricity Authority
FHCL	Fiji Hardwood Corporation Limited
FIEC	Fiji Islands Education Commission
FJC	Fiji Junior Certificate
FNPF	Fiji National Provident Fund
FSC	Fiji Sugar Corporation
FSFE	Fiji Seventh Form Examination
FSLCE	Fiji School Leaving Certificate Examination
FTIB	Fiji Trade and Investment Bureau
FVB	Fiji Visitors Bureau
GCC	Great Council of Chiefs
GDP	Gross Domestic Product
HART	Housing Assistance Relief Trust
HDR	Human Development Report
HRD	Human Resource Development
ICT	Information and Communications Technology
IHRDPEP	Integrated Human Resource Development Programme for Employment Promotion
ILO	International Labour Organisation
IMF	International Monetary Fund
LTA	Land Transport Authority
MDGs	Millennium Development Goals
MPC	Macro-economic Policy Committee
MTC	Macro-economic Technical Committee
NCSMED	National Centre for Small and Micro-Enterprise Development Committee
NES	National Economic Summit
NGO	Non-Government Organisation
NLTA	Native Land Trust Act
NLTB	Native Land Trust Board
PACER	Pacific Agreement on Closer Economic Relations
PAFCO	Pacific Fishing Company Limited
PICTA	Pacific Island Countries Trade Agreement
PRB	Public Rental Board
RBF	Reserve Bank of Fiji
RFMF	Republic of Fiji Military Forces
SME	Small and Micro-Enterprise
SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement
TCF	Textile, Clothing and Footwear
TFF/TFZ	Tax Free Factory/Tax Free Zone
UNDP	United Nations Development Programme
UNESCO	United Nations Education, Scientific and Cultural Organisation
WPA	Women's Plan of Action

Chapter 1: Vision, Mission and Guiding Principles

Introduction

This Strategic Plan for the development of Fiji is the culmination of consultations with a wide range of people in the private sector, non-government organisations and Government. The Plan is intended to guide Government decision-making and budget preparation over the next three years.

The Vision that drives the Plan is described in this chapter together with the Mission and Guiding Principles that Government will follow in implementing policies. The Vision is a statement of how Government would like to see Fiji in the future. The Mission and Guiding Principles summarise the approach and philosophy that Government will take in designing and implementing policies to achieve the Vision.

The mix of policies needed to steer us towards that Vision is dependent on the current political, economic and social situation and trends. The second chapter highlights the current development challenges that the country faces.

Government's Medium Term Strategy is outlined in the third chapter. The strategy, which can be summarised as Rebuilding Confidence for Stability and Growth, identifies the Strategic Priorities that Government must concentrate on during the next three years. The Strategic Priorities are the mix of policies that are needed to overcome the identified development challenges. Effective implementation of these Strategic Priorities will put us on a path to reach our Vision.

The remaining chapters of the Plan outline sector policies and policies on major cross-sector issues such as poverty and affirmative action. These chapters describe the detailed policies that will be used to guide sector stakeholders. The policies are consistent with the Strategic Priorities in the Medium Term Strategy.

Vision: “A peaceful, prosperous Fiji”

The objective of the Plan is to identify and implement policies to take us forward to our vision of a peaceful and prosperous Fiji. We believe that this vision is one that can be shared by all citizens of Fiji.

Peace, Unity and multi-racial harmony

Our country has been through a period of instability and uncertainty, conflict, confrontation and divisiveness. This has brought into focus the need to restore stability and to allow people to go about their daily lives with a feeling of peace and security.

Achieving peace and security in our multi-racial country is a long-term commitment that must be vigorously pursued through building understanding, as well as through recognising and appreciating the different communities' contribution in nation building.

But peace can only come about when the indigenous communities feel that their fundamental interests are protected and that they do not feel “left out” of national development. Affirmative action is therefore an essential ingredient for building peace and security.

But affirmative action is required not only for the indigenous communities, but for all those who are disadvantaged in some way. This includes ensuring that women have the full protection of the law as well as the opportunity to be fully involved in the process of development.

The guarantee of fundamental rights and freedoms for every citizen of Fiji and their equal protection under the law is also an essential part of our vision for a peaceful Fiji. A feeling of personal security, and of group security, comes about when people have confidence that breaches of rights and freedoms will be dealt with impartially and speedily.

Respect for the rights of others is a critical component of our freedoms guaranteed under the Constitution. It is essential for peaceful existence in our multi-cultural society. Of particular importance is the freedom for every citizen to practise the religion of his or her choice.

Prosperity for all

This Government firmly believes that it has a social responsibility to its citizens to put in place policies that will achieve prosperity, especially for the poorest citizens. Prosperity, or decent living standards, can only be achieved when the economy is growing.

It is only through sustained high economic growth that we can provide good jobs for our young people, the prospect of rising living standards, and the provision of social services for the young and old alike.

Prosperity also means making sure that all people share in the benefits of growth and the opportunities it provides for higher living standards. This means paying particular attention to the poorest members of our society. Government has a social responsibility to provide a safety net as well as to make sure the poor are equipped with a good education and be in good health to benefit from income earning opportunities.

Government firmly believes that a sound education is the key to ensuring that everyone has the opportunity to share in prosperity.

Sharing the benefits of growth also means that we must protect the environment so that our children may also enjoy the benefits of our natural resources.

Narrowing the income and opportunity gaps that exist in society will also contribute to a sense of national identity and national cohesion. This is important in achieving stability and peace in the country. Peace, stability and a feeling of security are also essential to achieve sustained high economic growth. Growth requires investment and investors will invest when they have confidence in the stability of the country.

Mission and Guiding Principles

Government's **Mission** is to develop and implement the best political, social and economic policies to advance the goals of Peace and Prosperity. To this end, Government has consulted widely with the private sector and with non-government organisations to identify the right mix of policies given the current social and economic situation in Fiji.

In pursuing its Mission, Government will abide by a number of **Guiding Principles**. These are:

- Good governance including the need for consistent and credible policies
- Environmental sustainability
- Respect for the Vanua and the cultures and traditions of the indigenous Fijians and Rotumans
- Respect for the cultures and traditions of other communities in Fiji
- Recognition of the paramountcy of indigenous Fijian and Rotuman interests as proclaimed in the Constitution
- Respect for legal authority and law and order
- Respect for human and group rights
- Honesty in public life and general standards of conduct which reflect our fundamental beliefs

International Commitments

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. Government will pursue these commitments in the interest of Fiji and its citizens. Of particular importance is the commitment of Government to the United Nations Millennium Declaration that was adopted by the UN General Assembly in 2000. The Declaration establishes eight goals to which the international community will commit its resources. The Millennium Development Goals are:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a Global Partnership for Development

Government is committed to achieving these Goals and gives assurance that the policies in this Plan are consistent with the Millennium Development Goals (MDGs) as well as the Plan of Implementation on Sustainable Development adopted in Johannesburg in 2002. Targets and Indicators for the achievement of the MDGs, which have been developed by the various UN agencies, the World Bank, the International Monetary Fund (IMF), and the Organisation for Economic Cooperation and Development (OECD), are contained in the Appendix.

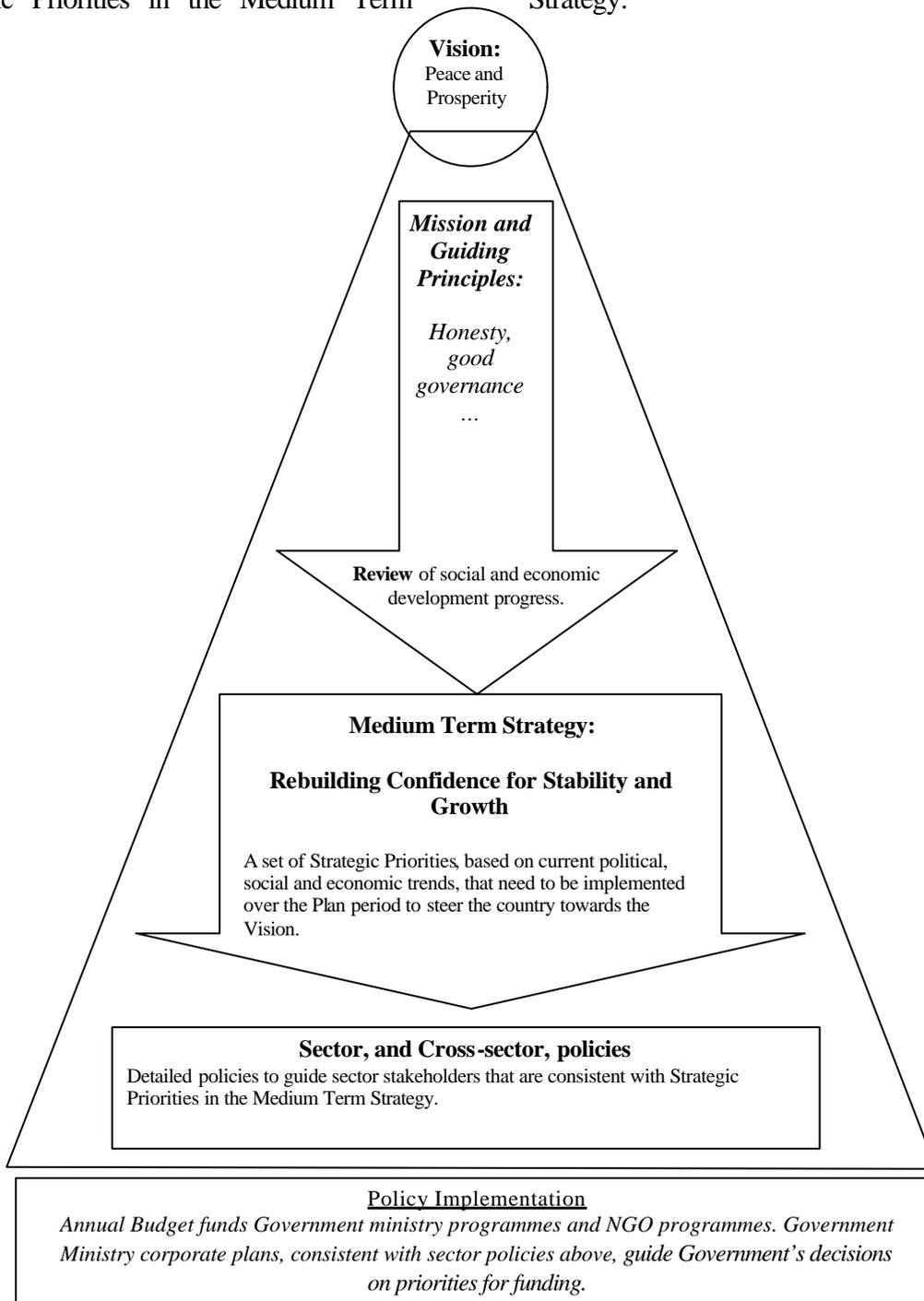
Consistent and credible Policies

Government believes that consistent and credible policies that are vigorously implemented are essential for the successful achievement of the Vision. Credible policies are ones that are well thought out, contribute effectively to overcoming social and economic problems, and are widely supported.

The following chart shows how Government's policies and plans are linked back to the Vision of a Peaceful and Prosperous Fiji. The Vision is at the top and represents the long-

term goal of all Government policies. Moving down the “pyramid”, the focus changes to the medium term (up to three years). This Strategic Plan covers the “planning pyramid” down to the sector policy level. Below that level, indicated in the Policy Implementation box below the pyramid, Ministries have their own sector plans and corporate plans to guide annual budget allocations.

The Vision, Mission and Guiding Principles provide the long-term direction and the method Government will adopt to move the country towards the Vision. The Review of social and economic development progress pinpoints the main issues that Government needs to address in the medium term. The Medium Term Strategy, which can be summarized as Rebuilding Confidence for Stability and Growth, is a set of Strategic Priorities that Government needs to address to steer the country forward to the Vision. Policies at a sector level, and policies for critical cross-sector issues, then follow. These detailed policies are consistent with the Strategic Priorities in the Medium Term Strategy.



Chapter 2: Review of Social and Economic Development

This chapter reviews Fiji's progress in social and economic development and highlights the social and economic development challenges that need to be addressed to take the country forward towards the Vision of "Peace and Prosperity".

Social Development

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, personal safety and security for all in society.

Political instability and insecurity have been features of Fiji's recent history. The two coups in 1987 and the one in May 2000 severely eroded public confidence and caused major disruptions to the economy. Government took prompt action in 2000 to stabilise the economy and return the country to normalcy. Government assistance was offered to affected businesses via the rehabilitation packages through the Fiji Development Bank and financial assistance was given to the Muaniwani refugees. To better co-ordinate law and order agencies activities, a Combined Law Agency Group (CLAG) was established. Reinstatement of the abrogated 1997 Constitution and Fiji's return to democratic government were major steps in restoring public confidence.

In taking stock of the law and order situation in Fiji over the decade, reported crimes have gradually declined. However, drugs, money laundering and prostitution, as well as sexual offences against women and children have increased. But an increasing number of pending cases (up by 27 percent from 1993 to 61,847 in 1998) has delayed justice for many. Furthermore, according to a Fiji Prisons Department report, the prison population exceeds capacity and the staff-prisoner ratio of 1:10 is well above the international standard of 1:4. A challenge for Government is to find the right prescriptions to address the causes of crime, which include unemployment, poverty, rural-urban drift, broken homes, substance abuse, violent movies and videos and illegal immigrants. In addition, Government needs to strengthen law and order institutions through the development of human resource skills to improve crime detection.

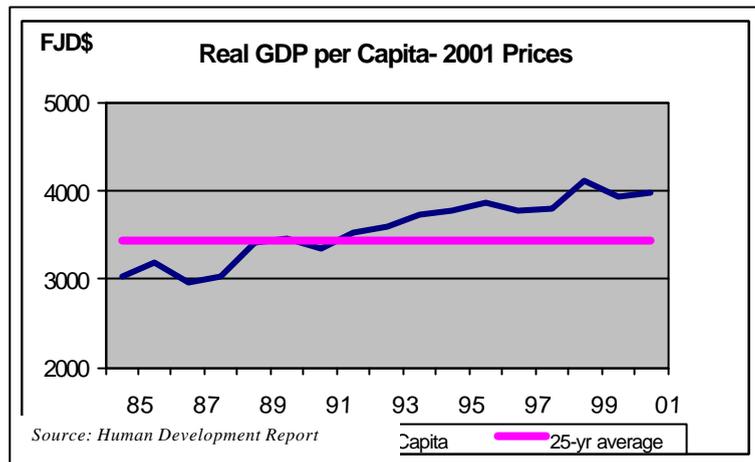
Good Governance There is broad consensus among governments and the international community of the importance of good governance, public accountability, and transparency of actions. These elements form a critical foundation for sustainable growth and development. From the mid 1980s to 2000, Fiji's economic growth and progress is somewhat a reflection of governance in the country and the effects political crises can have on a small nation. The recent coup led to Fiji being isolated by the international community, the impact of which has been profound with an economic contraction of 3.2 percent in 2000 with thousands losing their jobs and widespread social distress.

Good governance requires the basic institutions of the State to execute their functions in 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 the judiciary in keeping with the principle of the separation of powers. In addition Government has recognized the

Public Service Commission's independence and its responsibility in executing its functions impartially and transparently. Government has committed to early implementation of the laws required under the Constitution to give effect to the Leader's Code of Conduct; has strengthened the Auditor General's office (to keep a check on use of public funds); has tabled a Freedom of Information Bill in Parliament (public access to official documents of Government and its agencies); and established clearer rules and regulations to limit the influence of special vested interests.

Quality of life Based on the UNDP's Human Development Index, Fiji ranks favourably with countries in the Medium Human Development category and has performed well above those in the Low Human Development category. (See figure 2.1).

Nonetheless, since UNDP began its reporting, Fiji's Human Development Index (HDI) ranking (the higher the number the lower the performance) has worsened from 44th in 1995 to 72nd in 2000.



However, health and education indicators compare favourably with the average for countries classified under Medium Human Development. In 2000 Life Expectancy at Birth for Fiji stood at 69 years compared to 67 years for countries under this category. Adult Literacy Rate stood at "93 percent of age 15 and above" compared to the average of 78.9 percent for countries under this category.

Poverty levels By international standards, it is generally accepted that any person whose income is less than US\$1 a day is regarded as poor.¹ According to the 1996 Fiji Poverty Report, whilst the bottom 10 percent of Fiji's population received less than 2 per cent of total income, the top 10 percent group, received 35 percent. At the same time, the percentage of Fiji's households living below the poverty line has increased from 15 percent in 1983 to 25.5 percent in 1996.

Both Government and NGOs undertake poverty alleviation programs. Recent indications are that poverty has increased significantly over the last five years, particularly after May 2000 and is prevalent across all sections of the community. The increasing trend is related to the weakening of traditional family support system, limited employment opportunities, inadequate capacity of the poor to take advantage of these opportunities, weak coordination mechanisms, inadequate safety nets and a paucity of poverty statistics. More and more households are experiencing difficulties meeting their basic needs including education costs, health and mortgage bills.

As a response to this situation, Government has increased its assistance towards Poverty Alleviation in areas including upgrading of squatter settlements, income-generating activities via the Poverty Alleviation grant to the Department of Social Welfare, the Micro-finance loan

¹ Resolution adopted by the General Assembly [55/2 United Nations Millennium Declaration]

scheme, and the Family Assistance Allowance. Government has also funded a Household Income and Expenditure Survey (HIES) to overcome the lack of information on poverty. The vicious cycle of poverty can easily be inherited by subsequent generations. Breaking that cycle is a challenge for Government.

Health situation 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 favourably with other neighbouring countries in the region. Survival indicators such as infant, child and maternal mortality rates and life expectancy rates have shown some improvement in the period 1985 to 2000. Life Expectancy at Birth for Fiji increased by 2 years from 67 years in 1986 to 69 years in 2000.

Leading global health crises and challenges have not excluded Fiji. Ministry of Health statistics show that confirmed HIV/AIDS cases reached 104 in 2002. A greater portion of the cases occurred within the age range of 20 to 29 years. Changing lifestyles have also led to increased incidences of heart and respiratory diseases, diabetes, high blood pressure and cancer.

Fiji's doctor-patient ratio worsened from 3,234 in 1990 to 4,029 in 1999. The nurse-patient ratio also worsened from 625 in 1990 to 692 in 1999. These ratios are expected to have worsened after the May 2000 political crisis, with continuing emigration of health professionals with 72 medical, dental, veterinary and related workers leaving between January and September 2002.

A five-year Health Management Reform Project (1999-2003) is being implemented. This is aimed at decentralising 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 an increased commitment to funding health promotion and disease prevention and ensuring basic health services are accessible and affordable to all.

Education Education and training is a priority in nation building as it is the medium for nurturing a well educated, highly skilled, motivated labour force, as well as responsible citizens with high moral and ethical values. The 2002 UNDP Human Development Report partial indicators for education show that Fiji has compared favourably with other developing countries. Adult literacy has increased from 80 percent in 1985 to over 93 percent in 2000, which is above Middle Income countries average of 86 percent. Moreover, the Fiji Islands Education Commission/Panel 2000 (FIEC) review of Fiji's education system reported that there is almost universal access to primary education, good progress in access to secondary education and virtual gender parity.

However, there remains a marked discrepancy between rural and urban education. Rural schools, being generally supported by communities with low-income earners, have poorer facilities and lack high calibre teachers contribute to the poor external exam results of rural schools.

The education sector is faced by one of the highest emigration rates of professionals. Migrating teachers numbered 236 in 2000, 367 in 2001 and 247 between January and

September 2002. This places significant demands on Fiji's tertiary institutions in providing the educated manpower to fill gaps in the labour market.

If Fiji is to become the hub of education excellence in the region and become competitive in the global market, improvement in the quality and delivery of education at all levels including higher education and vocational training is essential. A particular focus must be on raising education standards in rural schools to be on a par with urban schools. Education also needs to be aligned to technology developments and future skill demands such as Information Technology.

Rural incomes and Living standards Whilst Fiji's socio-economic indicators from the UNDP Human Development Report indicate Fiji performed relatively well compared to neighbouring countries in the region, these indicators are averages for Fiji and mask the disparities between urban and rural areas. Despite an absolute decline in rural population over the last decade, 54 percent of Fiji's population 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 telecommunication links. These directly affect rural business development and employment opportunities. This lack of access has increased the divide between Fijians and other ethnic groups in business, education, skill development, commerce and other lucrative activities, given that the majority of the Fijian population reside in rural areas and outer islands.

There is also concern about the inequitable distribution of Government resources amongst the rural and urban community, with budget allocations for Sub divisional Hospitals and Health Centres averaging around 28 to 29 percent of the total Health Budget in recent years. The challenge for Government is to make rural funding allocations based on a strategic plan with proper mechanisms in place to ensure development in health, education, infrastructure and employment creation is complementary and sustainable.

Of equal importance is the immediate need to resolve rural land resettlement issues as a result of the expiry of agricultural land leases and the problem of smaller sugar cane farming units becoming unviable in view of eroding sugar preferences. This will mean a decline in productivity at farm level in the immediate future.

Even though disparities exist, rural areas remain the "hidden strength" of the economy due to the abundance of traditional food crops in Fiji. Whilst there is enormous potential, there are also severe constraints, which include the unavailability of arable agriculture land, inaccessibility to well-functioning markets, unavailability of credit and infrastructure, poor dissemination of research to farmers, and high vulnerability to international competition.

The challenge for Government is in implementing comprehensive agriculture sector reforms to stimulate agricultural production through infrastructure development and to encourage commercialisation of a range of agriculture commodities for export.

Inclusiveness of disadvantaged groups into the development process

The actual and perceived social and economic disparity between indigenous communities and other communities has been a cause for concern. Past governments have introduced special measures to assist indigenous Fijians succeed in business and commerce.

A key goal of Government is to address this need through affirmative action for Fijians and Rotumans as well as other disadvantaged communities. According to the 1996 Census Report, the rural population was comprised of 30 percent indigenous Fijians and Rotumans and 23 percent of Indo-Fijians. Despite Fijians being landowners, many live in informal housing or employer provided housing. They also had an average weekly household income that was 36 percent below that of Others, 20.3 percent lower than Indo-Fijians and 13 percent lower than the national average (1996 Census). Areas that will prominently contribute to their prosperity lie in the development of infrastructure in rural and island communities, access to and improvement of skills in business, education, and better health services. The Social Justice Act of 2001, which legislates 29 programs of affirmative action, includes some of these. Government recognises that any help afforded to indigenous Fijians and Rotumans can only materialise over a period of time, therefore a twenty-year Development Plan (2001-2020) for the enhancement of participation of Indigenous Fijians and Rotumans has been prepared.

The advancement of women's interests and the achievement of Gender Equality will require women's capacities and potential to be fully realised. Fiji's ranking compared to the other 161 countries listed in the 2002 UNDP Human Development Report indicated that there is still some degree of gender inequality in Fiji. This is also supported by Fiji's low ranking in the gender empowerment measure (GEM)² that assesses women and men's active participation in economic and political life. Achievement of gender equality rests in Government fulfilling its five commitments for women's advancement made at the United Nations Fourth World Conference for Women that was held in Beijing in 1995, which forms the basis of the Women's Plan of Action (WPA).

The rising incidence of poverty, single-parent households and divorce has resulted in children becoming more vulnerable to neglect and abuse. The family environment and values are changing rapidly and more parents, due to busy work lives and social commitments, are unable to spend quality time with family and children. The cost to the families is foregone family bonding and a lack of good family values. The family environment where love, caring, sharing and other good values and virtues are practised is what children need most in their development. Concerted efforts are needed to address child prostitution, adoption of children, child labour, drug abuse, access to education, and street children. To this end, Government is committed to the enactment of the Family Law Bill.

Disabled persons are another disadvantaged group in society. More disabled persons face the risk of neglect from their families and society at large. Due to their disability, disabled persons are marginalized from education and training, health, employment, housing, communication, transportation, sports and recreational facilities and other essential services. More targeted approaches are needed to assist the disadvantaged to have greater involvement in the economy to be able to reap the benefits of economic growth.

Managing the rate of urban population growth

The decline in rural population has led to an unsustainable high rate of urban migration at 2.6 percent per annum between 1986 and 1996. The indigenous community has had by far the highest rate of urban in-migration with a growth of 4 percent per year in the urban Fijian population. This has been mainly driven by the perceived

² A composite index using variables constructed explicitly to measure the relative empowerment of women and men in economic participation, decision-making and power over economic resources.

prospects of jobs, limited income generating opportunities in the outer-islands, the need for better access to medical facilities and treatment, the perception of better education opportunities in urban areas and, to a certain extent, problems of land access and the extension of urban boundaries. Rapid urbanization has increased the demand for affordable housing, but this is being affected by the high cost of building materials and the lack of affordable loan finance arrangements for lower income earners. The challenge for Government in the medium term is to manage the causes of rural-urban drift, promote rural development, attend to expiry of agricultural land leases and address urban social problems such as poor housing, increased squatter population, poor sanitation, overcrowding, poor diet, congestion, pollution, the emergence of a beggar population and crime.

Persistence of Skill Shortages and Constraints to Job Growth For the first time in 40 years a manageable rate of population growth has been achieved (0.8 percent per annum over the 1986-96 period). The significant decline in population growth is attributed to emigration and a decline in fertility rates, particularly amongst the ethnic Indian community. Following the political crisis in May 2000, emigration has returned to the high levels experienced after the 1987 coup. These losses have put heavy pressure on the country's skill generating institutions as well as on Fiji's ability to meet normal growing demand for skilled workers. Growth in the formal sector is hampered by shortages, particularly acute in managerial, professional, and skilled trade occupations. The continuing serious loss of experienced workers in these occupations through emigration, drains the country of the stock of critically required skills, both in the private and public sectors, being more pronounced in the latter with education and health services deteriorating due to the loss of doctors, nurses and teachers. The situation in the public sector is exacerbated by the non-competitive salaries offered for such positions. The unemployment rate was estimated to be 5.8 percent of the total labour force in 1996, but this is likely to have risen substantially as a result of the high number of redundancies declared in 2000 and 2001. The outlook for formal sector employment is not bright, especially with 17,000 job seekers looking for work each year. Securing decent jobs for these job seekers, mainly school leavers, is one of the major challenges of Government.

Environmental 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 natural resource based. Around 30 percent of GDP³ and 70 percent of exports can be 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 water 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 urbanisation, which undermines people's quality of life.

³ GDP is short for Gross Domestic Product – a measure of the size of the economy.

Economic Development

Global Performance

World economic growth varied over the decade 1990 - 2000, with consistent upward growth from 1993 to 1997, from 2.3 percent to 4.2 percent followed by a decline to 2.8 percent in 1998 due to the Asian Financial Crisis. The strongest growth was in 2000 of 4.7 percent. Global economic and financial conditions worsened during 2001 with growing signs of economic slowdown in major regions of the world. The slowdown was driven by a weaker United States (US) economy, which was further worsened by the terrorist attacks of September 11, 2001. This affected Japan, the Euro-region, Asian economies and Fiji's major trading partners, Australia and New Zealand. The International Monetary Fund (IMF) estimated that World Gross Domestic Product (GDP) grew by around 2.2 percent in 2001, down from a previous projection of 2.4 percent.

Global growth for 2002 is projected at 2.8 percent. The improved economic outlook is largely driven by the US economy, which has recovered better than expected. Growth prospects for Fiji's trading partners in 2002 are positive with the IMF forecasting growth of 4.0 percent for Australia, 3.0 percent for New Zealand, 2.2 percent for the United States and 0.9 percent for the Euro area. Conversely the Japanese economy is expected to contract by 0.5 percent.

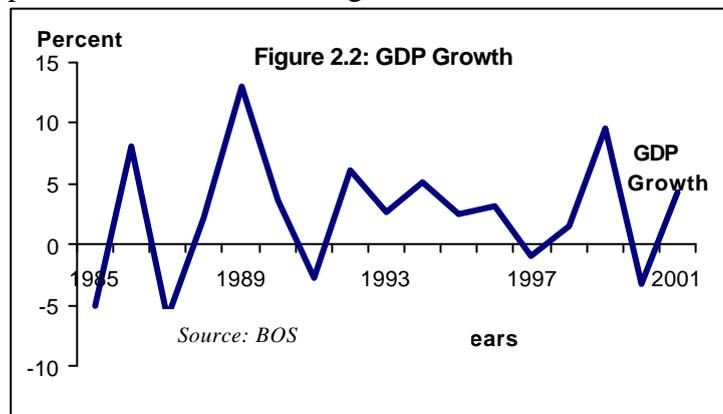
National Output

With the global economy as a backdrop, Fiji's Real Gross Domestic Product (GDP) growth for the period 1985 – 2001 averaged around 2.5 percent per annum, while real GDP per capita grew by around 1.3 percent per annum. This rate of growth has been insufficiently high to deliver the jobs needed, nor sufficient to provide the social and economic infrastructure necessary for development.

Volatility of Growth

Fiji has a small open economy, dependent on a few exports, far away from major markets in a disaster prone region. This makes the Fiji economy highly vulnerable to the impact of natural disasters

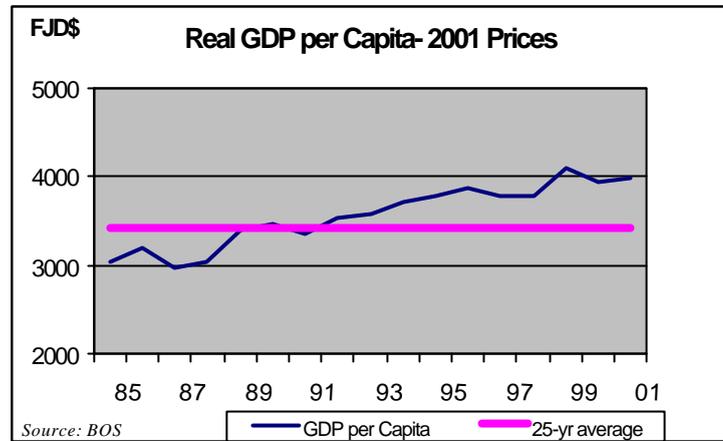
such as cyclones, as well as vulnerable to large swings in export prices. Political instability has also caused "shocks" to the economy. This has caused growth to be highly volatile.



In the period 1985 – 2001, Fiji's economic growth fluctuated erratically. The growth spikes, visible in figure 2.2 were due to expansionary fiscal policy in 1986; devaluation after the 1987 coups and the subsequent expansion of the garment industry in 1989; strong growth in 1999 was due to devaluation of the Fiji dollar in January 1998 and its boost to exports, and recovery in the sugar sector following the 1997/98 drought. The troughs were due to severe cyclones in early January 1985, two coups in 1987, Cyclone Kina in 1992/93, the Asian Financial Crisis and El Nino effect in 1997 and more recently the coup in 2000. As a result of the coups of 1987 and the coup of 2000, the period after 1987 was characterised by a marked downturn in investment with economic growth generally spurred by higher consumer spending, compared to the pre-1987 period where economic growth was investment-led. The

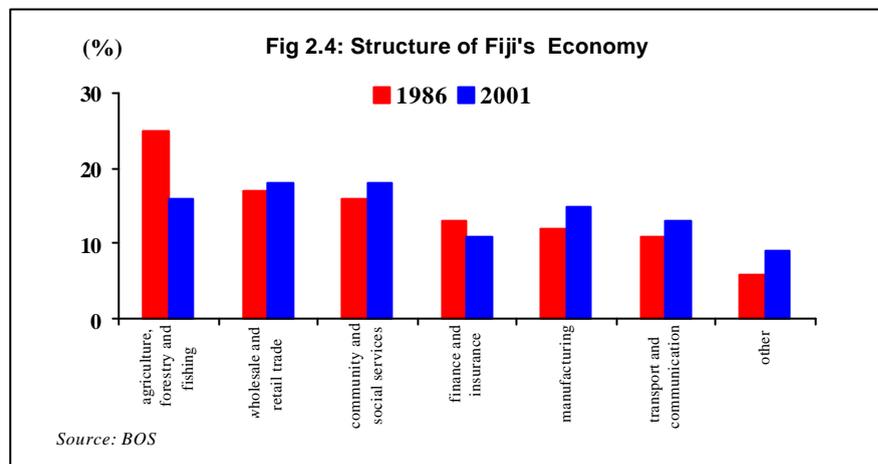
contraction of 3.2 percent in the economy in 2000 was broad-based and was underpinned by weak demand in all sectors of the economy, with tourism, garment and construction sectors worst affected by the impact of the crisis. Recovery was similarly broad based with growth at 4.3 percent in 2001.

Fiji's real GDP per capita has been around similar levels for the period 1985 - 2001. At 2001 prices, real GDP per capita stood at FJD\$3,033 in 1985 and FJD\$4,106 in 2001. The spikes and dips are reflective of the same reasons highlighted for growth with declines mainly attributed to the coups of 1987 and 2000.



Structure of the Economy

Fiji is still an agriculture-based economy with heavy reliance on a single crop - sugar cane. A significant change in the structure of the economy during the 1990s coincided with a shift in economic policy from import substitution to export promotion. This saw manufacturing sector's share of GDP



grow in the late 1980s, while the share of agriculture, forestry and fisheries contracted. The contribution of the mining sector and the services sector (comprising largely of government activities) also increased relative to GDP. The garment and sugar industries have been the main contributors to growth in the manufacturing sector whilst tourism was the main contributor in the Wholesale and Retail sector.

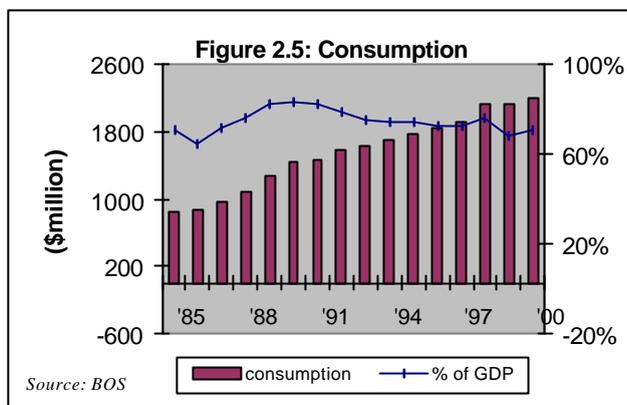
Prospects for the sugar industry remain centred on the ability of stakeholders to find solutions to problems relating to the expiry of ALTA land leases, poor quality of cane, mill inefficiencies and inadequate transportation access to mills. Sustainability of this industry is highly dependent on reforms.

The May 2000 crisis resulted in tourism visitor arrival levels plummeting from a record high of 409,000 in 1999, to a low of 249,000. However, the industry has recovered strongly with visitor arrivals recorded at 348,000 for 2001 and expected arrivals for 2002 at 393,000. Major constraints associated with the sector include political instability, shortage of upmarket accommodation in relatively busy periods, problems related to land issues, airline capacity, recession in major source markets, the pollution and degradation of our natural environment and development and training to improve workers' skills, particularly resource owners interested in operating ecotourism sites.

The challenge for the garment industry is in the erosion of preferences and a shift from focus on production capacity to niche marketing and quality.

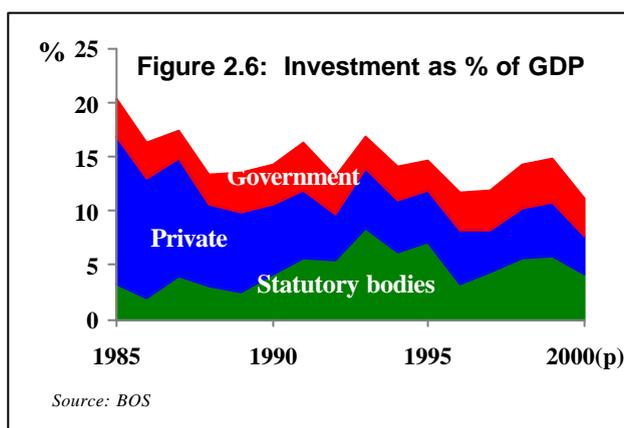
Consumption

Private consumption has increased progressively from 1985 to 2000 as shown in Figure 2.5. Over the 16-year period reviewed, consumption has averaged around 75 percent of GDP. This period reflects growth, which had been generally spurred by higher consumer spending following the marked downturn in investments after the 1987 coups. The impact of the May 2000 political event was not as severe as first predicted, with private consumption boosted by the FNPF hardship assistance scheme valued at \$15 million to 25,000 of its members in August of the same year. Consumer confidence has returned with strong GDP growth of 4.3 percent for 2001.



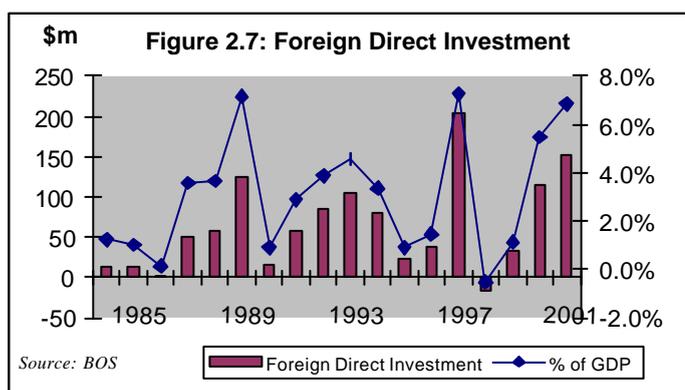
Investment

The domestic economy is currently characterized by low investment (currently 11.3 percent of GDP), which is below the average of 20 percent for developing countries. There has been a persistent decline in investment as a proportion of Gross Domestic Product (GDP), from 20 percent in 1985 to a low of 13.4 percent in 1988 following the 1987 coups to 11.3 percent in 2000.



This low level of investment is the main reason why economic growth has been sluggish and erratic. Relative to other developing countries, Fiji's investment ratio is low. Of particular concern is the persistently low, and declining rate of private sector investment. As a proportion of GDP, this has fallen from 13.6 percent in 1985 to 7.5 in 1988 and to 3.5 percent in 2000.

The slow pace of investment in Fiji is a reflection of depressed investor confidence. New projects coming on line in 2002 have mainly involved preparations for the 2003 South Pacific Games. Many domestic and foreign investment projects have been put on hold since May 2000.



Raising private sector investment requires improvements in the business environment and in the provision of utility services by Government. The amount of “red tape” faced by businesses is acknowledged as a serious impediment to investment. Also necessary to improve the business environment is the ease of enforcement of private contracts, clear bankruptcy procedures and robust accounting standards. The reliability and consistency of the application of the law have been shown to be as important as the law itself. Domestic investment will not be sufficient to generate the growth Fiji needs. It is therefore imperative to attract foreign, as well as domestic investment. This poses serious challenges for Fiji on how future growth will be financed once domestic capacity is fully utilised. However, foreign direct investment has been persistently low between 1985 and 2002, averaging only 3 percent of GDP per annum.

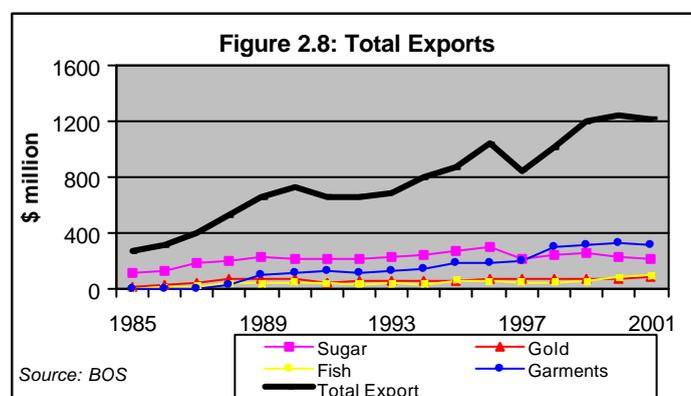
Fiji has many attractions for foreign investors. These include preferential market access to Australia, New Zealand, European and other markets, easy repatriation of capital and profits, a well balanced package of financial and other incentives and good air and sea links with overseas markets to name a few. However, both foreign and domestic investors are hampered by over bureaucratic procedures and a lack of support in facilitating the investment process.

Trade

The economic policy shift from import substitution to export promotion stimulated the growth of Fiji’s exports and imports. The large exchange rate devaluations in response to the crisis of 1987 and the subsequent economic revival provided a solid platform to launch a new policy framework. Fiji embraced a plan of action involving market friendly policies widely accepted as economically sensible, albeit politically difficult to implement.

Exports

Fiji’s main exports have been generally on an upward trend except for sugar, which dipped by \$198 million in 1997. (See figure 2.8). Whilst sugar was the main export in much of the 1980s and early 1990s, garments has emerged as the leading export-earner since 1997, accounting for an average of 26 percent of total exports in the period 1997 to 2001. The success of the garment industry in Fiji has been largely due to a combination of factors such as the 1987 devaluations, Tax-Free Factory and Tax-Free Zone schemes, special tax exemptions, preferential access to overseas markets and competitive wage rates. However, with the erosion of preferential treatment under the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) and the European Union (EU), the challenge for Government will be to develop strategies to help keep the industry viable. The way forward is to produce for niche markets, such as corporate suits and women’s wear, as these have been increasingly outsourced from the traditional manufacturers in Asia, particularly China, who prefer to engage in the high volume market.



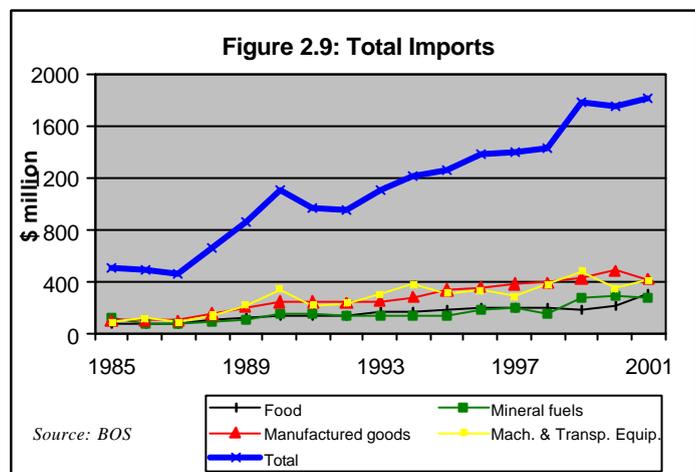
Sugar continues to be a major export commodity, accounting for around 21 percent of total Exports in the period 1998-2001. However, the future of sugar exports and the sugar sector,

as a whole is uncertain. The current industry structure is not viable and a restructure is essential to address the industry's problems. These include poor mill performance, high incidences of cane burning, poor cane transportation, low sugar quality and the gradual reduction of preferential treatment. It is also critical that Government quickly resolves land issues and puts in place a tenure system that is seen to benefit all stakeholders. Other agricultural exports such as soft fruits and traditional root crops have grown rapidly. However, a lack of infrastructure, especially in rural areas, is constraining future growth.

Mineral water has shown the potential to be one of the leading foreign exchange earners for Fiji. In 2002, exports were estimated at \$28.6 million, up from \$1.1 million when first exported in 1997. Currently, "Fiji Water" enjoys a commendable second largest market share for imported bottled water in the US. The company is putting in place an additional \$9 million in investment to boost production capacity in line with its plan for further expansion in the US market and possible entry into targeted markets in Australasia and Europe.

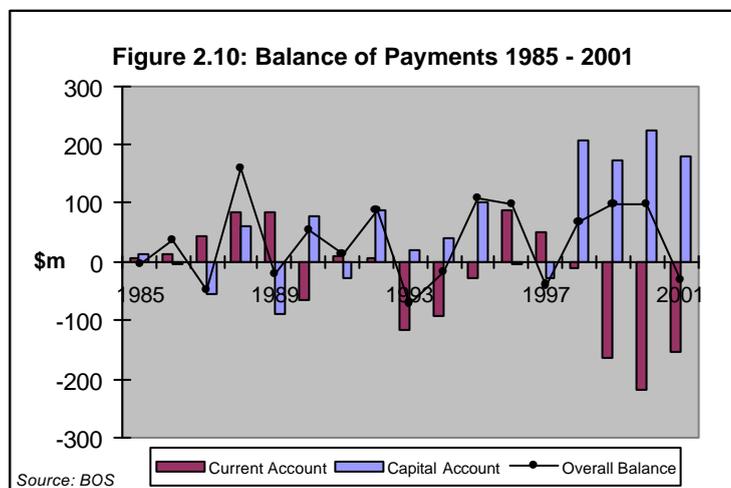
Imports

Over the 1985-2001 period, imports have been increasing at an average of 8.6 percent per annum. Imports of consumption goods and mineral fuels steadily increased (see figure 2.9). Imports of investment related goods such as machinery and transport equipment broadly followed changes in GDP. Total imports recorded a marginal decline of 1.3 percent in 2000, which was largely due to declines in imports of machinery and capital goods, reflecting the loss of investor confidence after May 2000. This picked up in 2001 mainly due to Government's interventionist and expansionary fiscal policy and implementation of various capital projects. This trend continued in 2002 as a result of higher government capital expenditure and preparations for the 2003 South Pacific Games (SPG).



Balance of Payments

Fiji's transactions with the rest of the world are recorded in the balance of payments account. The external position remained strong over the period 1985 to 2002 with exceptions in 1987, 1989, 1993, 1994, 1997 and 2001 when the balance of payments recorded deficits (see Figure 2.10). These were a result of lower exports due to the coups in 1987, adverse weather conditions such as droughts and hurricanes, and the May 2000 crisis. Receipts from



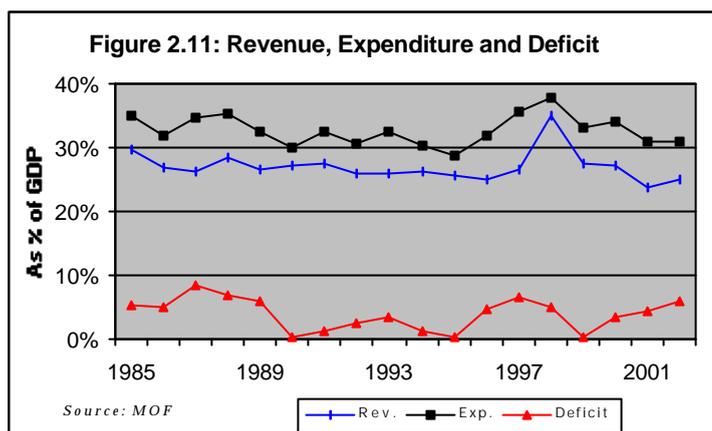
tourism, and transfers from EU on sugar, have helped cushion the trade deficits over the years and contributed towards improving the current account position.

The capital account has been in surplus for most of the period 1985-2001, with the exception of 1987, 1989, 1991, 1996 and 1997. These years have largely been influenced by the lease of aircrafts and official external borrowings. The surpluses in the capital account over the period reviewed have largely been due to increased private direct investments into the country. Capital controls and tighter monetary policy implemented in 2000 by the Reserve Bank of Fiji effectively curbed capital outflows, resulting in a surplus.

Fiscal Policies

Revenue

In nominal terms revenue collections have been increasing over most of the past decade. However, relative to GDP, revenue performance is on a downward trend, falling from 30 percent in 1985 to an estimated 25 percent in 2002. The sale of government shares temporarily raised revenue in 1998.



The changes that have been made to the tax system since the late 1980s have included an overhaul of the income tax system and the introduction of VAT. Under the 2002 budget, corporate and personal taxes were reduced further from 34 percent to 32 percent. Other key taxation measures implemented as part of the new investment package included exemption on distributed dividends from any further withholding or income tax, the ending of the Tax Free Factory/Tax Free Zone (TFF/TFZ) scheme, provision of tax free export income, 40 percent investment allowance, 40 percent depreciation rate on computer equipment, extension of the loss-carry-forward facility to 8 years from 6 years, extension of the depreciation provision for buildings erected before 2001 for an additional 4 years to 2005, and removal of discretionary provisions and reductions in tariffs. However, tax compliance remains a problem. Achieving better compliance enables Government to keep tax rates to a minimum.

Expenditure

Government's expenditure policy is driven by its dual role of redistributing wealth and of developing the nation. Government spending can be categorised into operational and capital expenditure. Operational expenditure largely deals with the administration of government, of which the biggest component has been salaries and wages. This has averaged around 30 percent in the period under review and by 2001 was 49 percent of total operating expenditure. This is mainly due to the size of the civil service and the increments in salary and wages.

Capital expenditure, on the other hand, creates assets for the country and therefore contributes to economic growth. Government's expenditure policy is to shift resources from operating to capital expenditure to meet infrastructure needs of the people and the private sector. From a capital component of Total Expenditure at 24 percent in 2002, Government has targeted a medium term Operating/Capital ratio of 70:30 by 2005.

In the medium term fiscal transparency and a better focus on expenditure priorities will be pursued through Government's ongoing reform programs. This entails reforms to the civil service, reforms to public enterprises and financial management reforms.

Deficit and Debt

During the period under review, Fiji has had fiscal deficits, except 1990 and 1998, when surpluses of \$7 million and \$120.8 million were recorded. However, the widening deficit in 2000, 2001 and the 2002 Budget is a concern. Whilst it was necessary for Government to adopt an expansionary stance following the 2000 crisis, this trend has to be reversed to keep debt at sustainable levels. Relative to GDP, the current deficit level mirrors the deficit in the period 1996-1997 when Government had to bail out the NBF to the tune of \$229 million.

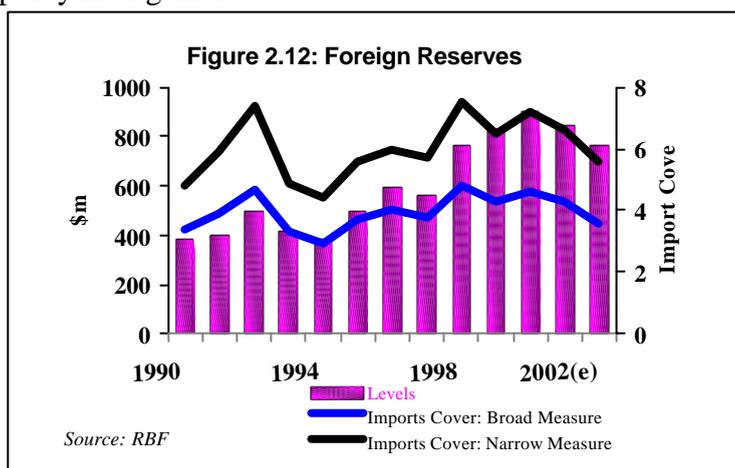
The increasingly high level of government debt is primarily due to persistent fiscal imbalances. In 2001 the debt stock was approximately \$1.7 billion, or 43.8 percent of GDP. Internationally, the "rule of thumb" is that a debt level above 40 percent of GDP is unsustainable, particularly in an economy that is not well diversified.

Monetary Aggregates

Achieving the dual objectives of stable lower levels of inflation and comfortable foreign reserves is imperative to sound monetary policy management.

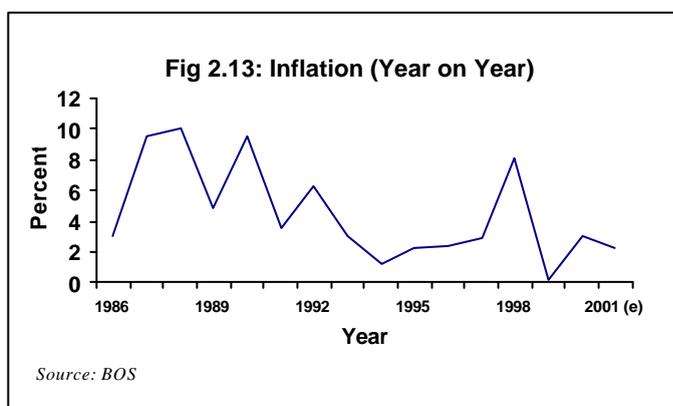
Foreign Reserves

A comfortable level of foreign reserves had been maintained over the decade. Prudent monetary policy management, particularly during the events of 1987 and 2000, enabled financial stability to be maintained. As economic activity picks up, imports are bound to rise. In tandem with prudent monetary management, it is imperative that the export base be expanded, and foreign investments encouraged. Government's commitment to a sound fiscal strategy is likely to have a positive impact on foreign exchange reserves.



Inflation

Like most other countries, inflation in Fiji accelerated in the mid-to-late 1970s as a result of the oil price shocks, and then declined sharply in the early 1980s. Unlike many other countries during the second half of the 1980s inflation in Fiji rose sharply, largely due to the two devaluations in 1987. Inflation resumed its downward path in the early 1990s in concert with most other countries. In 1998, a 20-percent devaluation triggered a sharp temporary increase in inflation, although it



fell sharply thereafter. With the exception of the exchange rate-related episodes in the late 1980s and 1998, this pattern of inflation closely resembles that documented in North America, Western Europe and major Asian-Pacific economies over that period. The pattern is also consistent with the evolution of Fiji's major trading partners' inflation over the period. The close correspondence between domestic and foreign inflation points to the importance of foreign factors (and the role of the pegged exchange rate arrangements) in underpinning Fiji's major inflationary and deflationary episodes.

Following the May 2000 crisis, prudent monetary and fiscal measures kept inflation low. Notwithstanding the pick-up in growth, unemployment appears to have increased, reflecting the continuing weakness of the sugar sector and the shakeout in the garment industry, putting downward pressure on domestic sources of inflation. Low trading partner inflation as well as softer international commodity prices have also helped in keeping inflation low.

Exchange Rate

A stable and appropriate exchange rate is essential for sustained growth and development. Fiji is a small, open economy and for a small country, foreign inflation will be fully imported in the long run under a regime of fixed exchange rates. In effect, a small country with a fixed exchange rate has very little choice but to accommodate foreign shocks to prices. Fiji's pegged exchange rate regime provides stability for traders. Exporters and importers can plan ahead with some confidence without the risk of regular, substantial swings in the exchange rate.

The pegged exchange rate also helps to keep inflation low by linking inflation to that of Fiji's trading partners. Low inflation in Fiji's trading partner countries, three of which explicitly target inflation (Australia, New Zealand, the Euro-zone), continues to benefit Fiji through this pegged exchange rate arrangement.

Exchange Controls

The Reserve Bank of Fiji has progressively relaxed exchange controls in the last 11 years in line with a sequenced program of liberalization. The Reserve Bank of Fiji has further relaxed exchange controls, since the temporary tightening immediately after the May 2000 event. Relaxation will continue as conditions permit.

Interest Rates

There has been a declining trend in the level of interest rates over the decade, particularly in the latter 5 years. More recently, interest rates have fallen further in response to the easing of monetary conditions. To ensure Fiji remains competitive in international markets, rates of interest (or the cost of capital) need to remain consistent with the goals of monetary policy, that is, low inflation and a comfortable level of foreign reserves.

However, uncertainty and political instability remain the main reasons for low levels of demand for credit and high credit risk assessments by banks. These factors, combined with the accommodative monetary policy stance taken by the Reserve Bank, have resulted in high levels of liquidity in the banking system. Low interest rates whilst good for investment have been a disincentive to saving. The public's increasing concern regarding bank fees and charges and the wide margin between commercial banks' deposit and lending rates which have remained fairly constant despite fluctuations in average annual inflation over the past number of years, requires a closer review by Government. Vigorous competition should help narrow lending and deposit interest rate margins.

Labour Market & Productivity

Labour Market

Only about one third of Fiji's labour force is engaged in formal sector paid employment. Despite fluctuations, paid employment has gradually increased from 81,082 in 1985 to 114,100 in 1999. However, there has been a declining trend since, with paid employment in 2000 recorded at 111,500.



Job creation has not accelerated at a pace equal to or exceeding that of the growth in labour supply and has certainly been insufficient to provide jobs for the 17,000 or so job seekers looking for work each year⁴. Unemployment was estimated to be around 5.8 percent of the total labour force in 1996. Unequivocally, the situation has worsened since the May 2000 crisis, with redundancies, as well as reduced incomes through shorter working hours.

Securing decent jobs for the estimated 17,000 job seekers is one of the major challenges for Government. This requires high economic growth. It is important to note that growth in output and hence employment, would have been higher if investment had remained at pre 1987 levels. Creating the right business environment for investment is clearly needed to secure jobs for school leavers.

A major hindrance to job growth has been the inadequate functioning of the labour market. Lack of information and wage rigidities exacerbate skill shortages. A web based Computerised Human Resource Information System (CHRIS) to collate labour market information will ensure that it is available to a wide audience. Greater involvement of the private sector in the National Strategic Human Resources Plan should address major issues confronting utilization and strengthening of human resources in Fiji in the short and medium term.

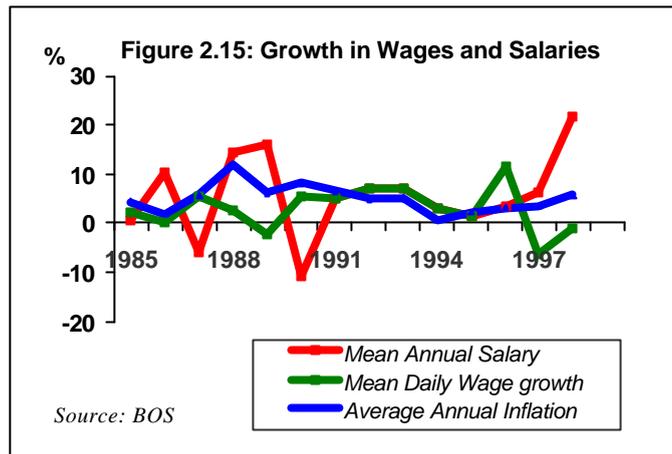
There is also a need for employment placement centers where job seekers can have access to job broadcasts and receive specific job interview training. A comprehensive accreditation system of qualifications of trained manpower, a vacuum that hinders employers assessing the capabilities of job seekers, as measured by local and international standards, is also needed. In addition, institutional wage setting should be replaced with market-determined rates of remuneration that are performance based and reflect the availability of skills.

The Reserve Bank's quarterly surveys of Job Advertisements, a partial indicator of labour market conditions, report significant rises in recruitment intentions, mainly underpinned by firms in the community, social and personal services and wholesale/retail trade and hotels sectors. Furthermore, the Reserve Bank/ Fiji Employers Federation Expectations quarterly surveys show general optimism for employment prospects.

⁴ This includes 15,000 school leavers each year. See Appendix table for more details.

Productivity Based Wages

Fiji's wage setting is based on "Cost of Living Adjustments" (COLA) and this exerts inflationary pressure. Average annual salary earnings have been on an upward path at an average of 6.3 percent for the period 1990-1999 (see figure 2.15). Daily mean wages have increased from \$12.00 in 1986 to \$17.36. Declines in 1986 and 1998 are attributed to a decline in wage rates in the Agriculture, Manufacturing, Commerce and Services sector.



Government being the largest employer in the country with 32,202 employees in 2001 accounts for a large proportion of paid employment. The size of the public service pay settlement, which is COLA-based, has a large impact on inflation because the private sector has a tendency to base their pay increases on government COLA based pay settlements. This induces further inflationary pressures. Under such circumstances, the cost of private sector operations are transferred to consumers through nominal price increases, exerting further pressure on inflation.

Enterprise bargaining, where wages are linked to performance, should be the way ahead. Reforms to the labour market were designed to bring wages more closely in line with productivity and to improve Fiji's competitiveness. Some organizations in the private sector have embraced performance based remuneration systems and have seen their workers' productivity and income increase. This improves their quality of life and at the same time promotes long-term economic growth, which in turn paves the way for further increases in employment.

Non-productivity-related wage settlements in the public sector contribute to low levels of productivity in Fiji. The challenge for government is the urgency required in the implementation of public sector reforms including the new civil service Performance Management System which links salary increments to performance.

Overall economic growth is constrained by low levels of productivity both in the formal and informal sectors of the economy. It is critical that Government review current industrial relations systems, labour standards, Wages Councils, productivity and performance based remuneration systems, to meet current demands in providing an environment that promotes flexibility, health and safety, competition, productivity, improved terms and conditions, and enterprise bargaining.

Chapter 3: Medium Term Strategy

“Rebuilding Confidence for Stability and Growth to achieve a Peaceful, Prosperous Fiji”

Strategic Priorities

This chapter outlines Government's Medium Term Strategy for steering the country forward to the Vision of a peaceful and prosperous Fiji. Government's strategy can be summarised as “Rebuilding Confidence for Stability and Growth”.

The Strategy identifies the Strategic Priorities that must be addressed in the medium term. The Strategic Priorities were selected after taking into consideration the current political, social and economic situation of Fiji and the underlying causes of our poor social and economic development performance as outlined in Chapter 2.

The Strategic Priorities are divided into 2 groups according to whether they contribute more to Stability or to Growth.

Rebuilding confidence for Stability: <ul style="list-style-type: none">• Enhancing security and law and order.• Promoting national reconciliation and unity.• Alleviating poverty.• Strengthening good governance.• Reviewing the Constitution.• Resolving the agricultural land lease issue.• Implementing Affirmative Action.	Rebuilding confidence for Growth: <ul style="list-style-type: none">• Maintaining macro-economic stability.• Raising investment levels for jobs and growth.• Reforming the public sector to reduce the cost of doing business.• Rural and outer island development.• Structural reforms to promote competition and efficiency.
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Government believes that implementation of these Strategic Priorities will set the economy on course to achieve average growth of 5 percent per year. At least 5 percent annual growth is needed to provide sufficient jobs and income earning opportunities for the labour force, and to provide the necessary resources to address poverty reduction, affirmative action and other social programmes in the medium term.

Government measures to help rebuild confidence will boost growth in the short term. In the medium term, sustained high growth of 5 percent per year can only be achieved by undertaking reforms to improve efficiency in both the private and public sectors.

Policy Implementation

Many of the Strategic Priorities are mutually reinforcing. Security and law and order is just as important in creating social stability as it is in creating confidence for investment. Rural and outer island development serves to improve prosperity as well as to promote unity and national identity.

Because the Strategic Priorities are dependent on each other, Government is placing a heavy emphasis on policy implementation. The last section of this chapter outlines the monitoring mechanism that Government will put in place to ensure the Strategic Priorities are implemented in a timely manner.

Rebuilding confidence for Stability

"Restoring social and political stability"

The May 2000 political crisis has seriously eroded public confidence. Government has implemented various measures to restore security and stability to the country. However, the policy objectives in this Plan are intended to help build unity, national cohesion and a sense of national purpose. It is a top priority of Government to ensure that all Fiji citizens can exercise their fundamental rights and freedoms, and confidently participate in nation building. All citizens of Fiji will be guaranteed their political and social rights through various inter-linked and mutually supportive policies, strategies and programmes in this Plan.

Enhancing security and law and order

Both criminal and civil breaches of the law remain a major social challenge and the primary cause of social and political tensions in Fiji. Criminal and civil offences against businesses and properties have a negative impact on public confidence and society. Government will guarantee the security of people to live in peace and the protection of their rights to physical and intellectual properties. The promulgation of the Family Law Bill provides the basic framework for building family unity and values. Government will also ensure the efficiency and impartiality of the legal system in delivering justice and promoting national harmony and trust. (See chapter 5.4 on Law and Order.)

Promoting national reconciliation and unity

The political crises of 1987 and 2000 have revealed a growing disunity and tension along racial lines. Peace cannot be achieved in Fiji without the causes of inter and intra racial divisions being amicably resolved. Reconciliation will take centre stage in Government's endeavour to achieve national unity. Indigenous Fijians, Indo Fijians, Rotumans, Chinese and other minority groups must appreciate each other's beliefs, religion and aspirations. An important part of this process is to build extensive awareness on the culture, traditions and customs of all communities. The Ministry of Education will be responsible for integrating cultural studies into the education system. All children must be helped from an early age to acquire a positive appreciation and understanding of Fiji's different traditions and customs. (See chapter 6.2 on Education and Training.)

The establishment of Advisory Councils is one of many steps taken by Government to consult with minority groups and to foster national reconciliation and a peaceful community. The rights of all individuals, communities and groups will be fully respected. The nation can only be built with trust and equal participation. Government regards the family unit as the focal point for rebuilding a solid national identity and national cohesion.

The Ministry of National Reconciliation has been established with the dedicated role of bringing about national unity and the communities closer together.

Alleviating poverty

Development is less meaningful when the economically weak and underprivileged in society are not benefiting from the process of wealth creation. When opportunities are increasing and expanding, and these are spread and shared evenly throughout society, there are better prospects for unity and nationhood.

A key Strategic Priority of this Plan is to stimulate opportunities for the poor of all communities to participate and equally benefit from economic growth and development. Government is committed to raising public investment to lift living standards, and improve infrastructure and basic human needs. Inter-sectoral development programming, coordination and investment in formal and informal education, health, agriculture and rural development are essential to alleviate poverty. Government's approach to poverty alleviation is three-pronged: first, to provide income-earning opportunities for the poor; second, to provide capacity building for the poor in order to take up income-earning opportunities; and third, to provide a social safety net for those who cannot help themselves. (See chapter 5.3 on Poverty Alleviation). Government believes that this approach to poverty alleviation is consistent with the **United Nations Millennium Development Goal** number one: "Eradicate extreme poverty and hunger" (see Appendix for a full list of these Goals and their associated Targets and Indicators).

Strengthening good governance

The Legislature, Judiciary and Public Service have withstood the test of various disruptions caused by political upheavals over the years. The independence and integrity of these institutions is essential for rebuilding confidence. This Plan promotes capacity building programmes on the role of the legislature, government policy-making system, role of review institutions in monitoring financial procedures and practices, the role of local Government and civil society. Skill levels of personnel involved in these institutions must be improved to better perform their roles effectively and efficiently according to law and regulations.

Despite being dissolved twice because of armed interventions, Parliament remains a central institution of Fiji. It has the support of the overwhelming majority of citizens as the focus of political representation and lawmaking in Fiji. Parliament also plays a key role in overseeing the activities of the government of the day. The Public Accounts Committee examines the annual financial accounts of government and reports of the Auditor-General. The establishment of the Parliamentary Sector Committees, as provided for in the Constitution, has further strengthened the investigatory and monitoring role of Parliament. Seminars and training for Members of Parliament will continue to assist them to effectively undertake their constitutional role.

Government will place a high priority on the basic elements of good governance: **Accountability** to the public; **Participation** of all sections of the community and stakeholders in policy formulation and development; and **Predictability and Transparency** in policy implementation. Government will also honour the Nation's Constitutional commitment on the rights of Fijians and Rotumans to governance under their current administrative system. The Review of the Fijian Administration is based on the need to ensure that public funds and manpower resources are administered transparently, and with full accountability.

The Plan recognizes the need for reforms in the Public Service, with the Commission playing its independent role under the Constitution. The Public Service Commission will act impartially and transparently in managing the overall Public Service and carrying out Government decisions efficiently. This Plan emphasizes the strengthening of accountability in the management and use of public funds in compliance with laws and regulations. Release of information on government programmes and services to citizens, Members of Parliament and foreign governments will be timely and efficient. The free flow of information about government and its operations serves also to increase accountability of leaders and

government institutions. To this end, Government will introduce a Freedom of Information Bill in line with the 1997 Constitution.

Proper auditing will be provided to ensure the credibility of information provided by or obtained from all ministries and departments. Achieving good governance means that Government will adequately resource the Auditor General's Office using internationally recognized standards to effectively undertake its designated role to independently evaluate and report on compliance with financial procedures and the broader performance of the public service. Making sure that leaders are accountable will be achieved through the implementation of the leaders' Code of Conduct in the 1997 Constitution. (See chapter 5.10 on Reform of State Institutions.)

Reviewing the Constitution to achieve political stability

Political uncertainty has caused growing public pessimism over the impracticality of the Nation's Constitution. The Government supports a multi ethnic Cabinet. However, the wholesale changes to political party policy platforms needed to comply with the Constitutional requirements for a multi-party Cabinet would not result in sound and stable Government. This Plan recognises the urgency to review the Constitution in line with conventional democracy where the majority in Parliament forms the Government. The review of Fiji's Constitution is essential for achieving long lasting peace, mutual understanding and stability. (See chapter 5.10 on Reform of State Institutions.)

Resolving the Agricultural Land Leases issue

Government will resolve the long-standing differences surrounding the agricultural land leases. Land ownership and tenancy will once and for all be addressed by Government to bring about public confidence and stability. The Native Land Trust Act is clear that Fijian land can be leased only if owners agree that they do not need their parcel of land for use, maintenance or support. Government will liaise closely with the Great Council of Chiefs and NLTB to achieve a peaceful resolution on the land issue. An immediate goal is to build a strong landowner-tenant relationship, and foster goodwill, determination and co-operation among key stakeholders in the sugar industry. Land is an important asset in other natural resource based industries, and land availability is an important determinant of economic growth. Government will promote efficiency of lease issuance, security of tenancy and fair rental returns to landowners. (See chapter 5.6 on Land Resource Development and Management).

Implementing Affirmative Action

Narrowing the income and opportunity gap between the indigenous people and the rest of the population is essential for creating stability and a sense of unity. It is an issue of basic economic rights and the fairer division of wealth. Failure to introduce effective affirmative action would lead increasingly to marginalisation of the indigenous community and their exclusion from a number of economic sectors. Government is committed to the preservation of the special identity and the safeguarding of the rightful position of the indigenous communities.

Government is also dedicated to supporting the poor and needy of **all** communities. Fiji should be an inclusive society that has space for each citizen. The Affirmative Action for the disadvantaged is legislated through the Social Justice Act of 2001 and covers 29 programmes. (See chapter 5.1 on Social Justice and Affirmative Action.)

Rebuilding confidence for Growth

“Achieving a prosperous Fiji requires economic growth of at least 5 percent per year and much higher levels of investment.”

Laisenia Qarase, Prime Minister

The economy has recovered well after the downturn caused by the events of May 2000. Growth has returned to nearly all sectors except the sugar industry, which is beset by structural problems. Government increased public spending on investment in 2002 to stimulate growth and to help restore private sector confidence. However, sustained high growth of around 5 percent per year in the medium term requires much higher levels of productive investment from the private sector. Productive investment is investment that is guided by market opportunities. This requires a stable macro-economic environment as well as the ability to compete effectively in international markets. Structural reforms to promote competition and efficiency in the private sector are necessary together with reforms in the public sector to reduce the cost of doing business.

Macro-economic stability

A sound and stable macro-economic climate will create stability, investment, consumption and improvements in overall living standards. Since the private sector is the main vehicle through which economic progress is achieved, the essential role of macro-economic policy is to create a favourable environment for private enterprise. Government's medium term fiscal and monetary management will support resource mobilization for private sector growth and avoid excessive public sector borrowing, high inflation rates and debt service problems. Government has supported an expansionary fiscal policy to stimulate economic activities in 2001 and 2002. Fiscal consolidation and cuts in low priority public sector spending, including the “rightsizing” exercise will be pursued in the medium term. This is necessary because overly expansionary fiscal policies, coupled with credit creation and foreign borrowing will result in the deterioration of the external account, higher inflation and debt service problems. (See chapter 4 on Macro-Economic Management.)

Raising investment levels

Stagnant investment levels are a decade long trend and a major constraint facing the economy. Total investment relative to GDP stands currently at around 11 percent, compared to 30 percent in the early 1980s. The aim is to raise both public and private sector investment up to at least 25 percent of GDP. Government will encourage entrepreneurship and the emergence of new ventures. Businesses succeed and make good profits both in serving the domestic market and securing export sales. Profit fuels growth, provides a return for shareholders, generally enhances the distribution of wealth, creates job security and prospects for promotion and professional development.

Raising the level of investment is not enough to produce sustained high economic growth. For this, investment must be productive - it must be based on exploiting profitable market opportunities. As most opportunities that can provide sustained increases in sales are export markets, Government will ensure that market conditions do not discriminate against investors targeting export markets.

Government supports a non-discriminatory and internationally competitive incentive and tax regime for private sector investment. Government believes that achieving its investment

target requires a substantial increase in foreign investment. Unnecessary red tape involved in the investment process will be eradicated by restructuring, reviewing and establishing automated criteria for government and local government to reach foreign investment approvals. Unrealistic guidelines adopted, usually based on unnecessary discretion, prevent the movement of capital and scarce skills between Fiji and the rest of the world. Those institutions involved in the investment process will be restructured with the focus being on having less bureaucratic and more transparent criteria.

In line with Government's commitment to raise total investment in the economy, the proportion of public investment relative to total government spending will be increased in support of physical infrastructure for basic needs and private sector development. Partnerships with the private sector would be secured through joint venture arrangements. Government has announced the establishment of subsidies to the Fiji Development Bank to assist in on-lending to the agriculture sector, and for the development of offshore fisheries and eco-tourism. The Fiji Investment Corporation is a vehicle that Government has set up to inject equity into viable investment projects. Potential areas include tourism, forestry, fisheries and inter-island shipping. The Investment Incentive Scheme will be reviewed annually with the aim of maintaining Fiji's tax competitiveness. The Duty Suspension Scheme has been adopted to facilitate export growth by enabling exporters to access duty free-inputs. (See chapter 7.6 on Manufacturing and Commerce.)

Public sector reforms to reduce the cost of doing business

The size of the public sector is untenable and a major constraint to Fiji's medium term economic development. Personnel spending remain the largest component of government's costs and places a heavy burden on the tax paying public. Government concern is that taxpayers must not be overburdened with the responsibility of financing a large Government. Large Government inevitably means denying business opportunities for the private sector and increasing the cost of doing business. Currently, approximately 32,202 established and unestablished workers are employed in the civil service or 32 percent of total paid employment. For a country that is small and highly vulnerable to internal and external shocks, the current size of the public service needs to be reviewed in line with defined outputs of each ministry and department.

Government's public sector reforms stress the need to improve efficiency and customer service; provide for the commercialisation and/or corporatisation of some government departments; aim to raise public enterprise efficiency and performance; and seek to make major improvements in the handling of government finances so that spending is targeted into areas that produce efficient and quality public outputs and services. (See chapter 5.10 on Reform of State Institutions.)

Rural and Outer Island development

One of the strategic priorities of Government is to promote rural development in support of our rural population. Rural villages, rural settlements and outlying islands still have unequal access to basic infrastructure and services (water, telecommunications, roads, shipping, air services, electricity and finance). The development of opportunities in the rural areas by tapping potential in all economic sectors (tourism, agriculture, forestry, fishery, mineral resources, and manufacturing) depends on the availability of these services and infrastructure.

Food security, adequate shelter, a safe and reliable water supply, and good health are all essential basic needs. The improvement of facilities such as schools and health centres are

important in raising the standard of living of the rural communities. Most important of all, is for the rural people to improve their standard of living and quality of life through their own efforts, and assisted through creating the opportunities to enable them to earn cash incomes on a regular basis.

As a disadvantaged group, the rural and remote communities will be accorded affirmative action in order to bring about needed improvements to their living standard. Coordination of rural programmes offered by each Ministry is critical for the effective and efficient management of resources for rural/regional development. Government will promote the United Nations Millennium Development Goals to raise rural living standards and alleviate rural poverty. (See chapter 5.2 on Rural and Outer Island Development.)

Structural reforms to promote competition and efficiency

Maintaining a high rate of economic growth requires not only higher investment but also the ability to compete in international export markets. The Fiji economy must therefore become much more competitive and efficient. Increasing globalisation and the erosion of trade preferences (e.g. in sugar and garments) makes it more important for Fiji to continuously increase market penetration in increasingly competitive markets.

To this end, Government will reduce protective tariffs below the current maximum rate in the medium term in line with improvements in domestic economic conditions and according to industry based circumstances. Tariff reductions for the Pacific Island Country Free Trade Area (PICTA) will be pursued in line with the provisions of this agreement. (See chapter 5.11 on Foreign Affairs and External Trade.)

At the same time, with the aim of reducing business costs, Government will promote competition and efficiency in the utilities sector (electricity, telecommunication, water and sewerage, ports), and pursue public sector reforms to reduce the cost of other Government services.

Monopolies, whether they are publicly or privately owned, tend to be inefficient and charge prices higher than might prevail under more competitive conditions. To prevent any abuse of monopoly power, regulatory authorities will be established under the Commerce Act to regulate the behaviour of both public and private sector monopolies. Protection of consumer interests and the promotion of consumer rights will also be pursued. (See chapter 7.6 on Manufacturing and Commerce.)

Reform in the labour market is also important for creating a competitive domestic economy. Commercial realities will form the basis of setting terms and conditions of employment. In line with the principles of democracy and the International Labour Organization (ILO), individual employees will have a choice to secure their employment conditions and contracts directly with employers, or through the process of collective agreement and enterprise bargaining.

A comprehensive review of the Industrial Relations systems and Labour Service Standards will be undertaken. The aim is to provide an environment that promotes flexibility, productivity, enterprise bargaining, the elimination of discrimination and the establishment of a system of equal opportunity for all. This also includes a review of the Wages Council Act.

The review of industrial relations arrangements would also entail reduction of government involvement in the industrial relations arena, establishing proper guidelines and machinery independent of government involvement with the aim of delivering faster services in relation to dispute resolution. (See chapter 5.5 on Employment and the Labour Market.)

Reforms will also be undertaken in the financial system. Government's aim is to efficiently mobilize financial resources into areas of higher economic and financial returns and to support the sustainable growth in Fiji's productive capacity. The restructure of Fiji's Superannuation industry is critical in achieving a competitive financial system. Prudential supervision will also be guaranteed to ensure the stability of the financial system. (See chapter 7.8 on Financial Services.)

Policy implementation

Government's Medium Term Strategy places a special emphasis on policy implementation. This is because timely and well co-ordinated implementation of the strategic priorities is essential in order to quickly reap the benefits of stability and higher growth.

This Strategic Development Plan can be likened to a "Plan of Plans". It outlines Strategic Priorities and Sector policies and policies on major issues. These Strategic Priorities, and more detailed sector policies, are then used by line ministries to develop their corporate plans. These ministry corporate plans are then used as a guide to budget priorities.

Monitoring of policy implementation is undertaken in varying degrees of detail at officials level and at Ministerial level. Cabinet, through the Cabinet Sub-committee on Investment and the Cabinet Sub-committee on the Budget, will be monitoring the progress of the implementation in the Strategic Priority areas assisted by the Ministry of Finance and National Planning and Office of the Prime Minister.

Officials will co-ordinate policy implementation through the Development Sub Committee⁵ and regional development machinery.

The annual budget will be designed to provide resources to the Strategic Priorities. A 3 year rolling Public Sector Investment Programme (PSIP) will be prepared to ensure that a pipeline of sound government investment projects are programmed into the annual budget. These Strategic Priorities will also be built into line ministries' corporate plans. All ministries prepare corporate plans on an annual basis and these are used to ensure that budget resources are directed at priorities.

Keeping the private sector engaged...

Government is committed to a partnership with the private sector. It is therefore keen to involve the private sector, and all stakeholders of Fiji, in monitoring policy implementation. Government will initiate discussions with the private sector and civil society on how best this monitoring role may be carried out.

The private sector and civil society were consulted extensively during the preparation of this Plan. Many representatives were involved in eleven taskforces especially set up to advise Government on the appropriate policies for Fiji. Government would like to see this involvement continue. The proposed monitoring role will ensure that both the private sector and civil society stay engaged in our joint development efforts

⁵ A co-ordinating committee of Permanent Secretaries.

Chapter 4: Macro-Economic Management

Introduction

This chapter outlines the thrust of Government's management of macroeconomic policy in the medium term (2003-2005). The strategy takes into account the fiscal and monetary policy direction announced in the 2002 Budget.

Government will continue to ensure macroeconomic and financial stability as the foundation for economic growth. This stability is to ensure an environment conducive to investment. The main ingredients of such environment include, low budget deficits, manageable debt levels, healthy foreign reserves, low inflation, competitive real exchange rates, competitive cost structures and higher labour force productivity.

Government's strategy to achieve medium term macroeconomic stability and favourable investment climate is through prudent fiscal and monetary policies.

Fiscal Policy

The 2002 Budget was designed to temporarily provide a fiscal stimulus to help in the process of restoring private sector confidence. In the medium term Government will place more emphasis on prudent fiscal management. In taking this stance, Government will ensure sustainable fiscal deficits and debt levels.

On the revenue side, Government will aim at strengthening revenue compliance, broadening the revenue base and stimulating investment. On the expenditure side, Government will put more emphasis on re-distributing resources to key areas that enhance economic growth, whilst ensuring that the basic social services, such as health and education are adequately provided for. Government will also place more emphasis on prudent financial management.

Debt policy will be targeted to effectively manage debt and associated risks, through strengthening the debt management capacity by better integrating Government debt issuance in the domestic debt market, capacity building in relevant agencies and setting clear debt and risk management policies and strategies.

Monetary Policy

The Reserve Bank of Fiji (RBF) is mandated under the RBF Act to ensure the achievement of monetary policy objectives. The twin objectives of monetary policy are to ensure low inflation and an adequate level of foreign exchange reserves. These objectives will continue to be pursued by the RBF in the medium-term.

Government will also ensure that interest rates are market-based and consistent with the goals of monetary policy. On the exchange rate front, the RBF will ensure that stability is maintained.

Also, the RBF will continue to further relax exchange controls, in line with a steady level of reserves and Government's financial sector reforms.

Policy Objectives	Key Performance Indicators
<p>Inflation To ensure a low & stable level of inflation. To ensure productivity-based wage increases.</p>	<ul style="list-style-type: none"> ▪ 2-3 percent per year on average over a 5-year period. ▪ Productivity-based wage agreement between Government and Unions.
<p>Exchange rate and reserves To ensure a stable exchange rate. To maintain a comfortable level of reserves. To progressively relax exchange controls.</p>	<ul style="list-style-type: none"> ▪ Exchange rate stability. ▪ Reserves equivalent to 4-5 months of import cover. ▪ Announcements of further exchange control relaxations in annual budgets.
<p>Interest rates To ensure that interest rates are transparent and market based.</p>	<ul style="list-style-type: none"> ▪ Interest rates consistent with low inflation and a comfortable level of foreign reserves. ▪ Interest rates spreads reduced. ▪ Regular publication of RBF notes interest rates.
<p>Government Finances Revenue: To promote economic growth through appropriate level of taxation. No further VAT exemption. To broaden the revenue base and raise sufficient revenue to meet Government's revenue target. To minimize the level of distortions. To strengthen tax compliance. To promote the user-pay principle. Expenditure: To reduce government spending as a proportion of GDP. To improve cost recovery measures. Ministerial expenditure not to exceed budget provisions. To focus on core activities of government. To continue with the public enterprise reform. To target expenditure to key areas that have a positive impact on the economy or provide essential services. To increase the proportion of capital expenditure in the budget.</p>	<ul style="list-style-type: none"> ▪ Reduce top corporate and income tax to 30 percent by 2004. ▪ Revenue to be no more than 25 percent of GDP by 2005. ▪ Tariffs rationalised to four bands. ▪ Improved collections of tax arrears. ▪ Government fees and charges indexed to inflation. ▪ Increase expenditure target ratio of infrastructure, health and education to total expenditure with corresponding cuts in other areas by 2005. ▪ Net expenditure to be not more than 28 percent of GDP by 2005. ▪ Capital/Operating Expenditure mix of 30/70 by 2005.
<p>Government deficit To keep the deficit at sustainable levels.</p>	<ul style="list-style-type: none"> ▪ 4 percent of GDP in 2003 and less than 3 percent of GDP by 2005.
<p>Debt To reduce debt-to-GDP ratio. To borrow locally wherever feasible (to utilise the surplus cash liquidity). To strengthen debt management. To channel proceeds from the sale of government assets to reduce public debt.</p>	<ul style="list-style-type: none"> ▪ Less than 44 percent of GDP in 2003 and less than 40 percent by 2005. ▪ A fully-fledged Debt Unit established by 2004.

Chapter 5: Key Cross Sectoral Issues

5.1: Social Justice and Affirmative Action

Goal: Equitable participation of all in socio-economic development

Social justice and affirmative action (SJAA) programmes, defined as preferential policies and programmes towards designated groups, are necessary to ensure equitable participation of all in the socio-economic development of the country. Although not in name, government has been implementing SJAA programmes since Independence to assist the disadvantaged sections of the community, including the poor, Indigenous Fijians and Rotumans, women, unemployed youth, children and the disabled.

The Social Justice Act of 2001 legislates 29 programmes of affirmative action in four areas, namely: (a) education and training; (b) land and housing; (c) participation in commerce; and (d) participation in all levels and branches of the service of the state (see Table 6 in Appendix). Of the 29 programmes, 13 relate to education and training, 3 to land, 10 to participation in commerce, 2 to housing and 1 to provision of a social safety net. In terms of beneficiaries, 17 are for all communities, 10 exclusively for Indigenous Fijians and Rotumans, and 2 exclusively for other communities. Most of the programmes are being funded through the Government budget.

It is intended that the Social Justice Act together with the other programmes of government and civil society will assist in raising the living standards of disadvantaged communities. Poverty eradication will be pursued actively through capacity building, ensuring access to resources, income-generating activities and the provision of a social safety net to those in a severe state of deprivation.

A twenty-year Development Plan (2001-2020) for the enhancement of participation of Indigenous Fijians and Rotumans has been prepared. The *Bose Levu Vakaturaga* and the 14 Provincial Councils have agreed that the Plan be adopted for implementation. The plan is an integrated and coherent framework aimed at enhancing the participation of Fijians and Rotumans in the socio-economic development of Fiji. It focuses on eight broad priorities: education; human resource development and utilization; commerce and finance; public enterprises; health; resource based industries; tourism; and rural development.

Rural dwellers who are highly vulnerable because of remoteness from markets, the impact of natural disasters, and the high cost of transportation and communication, will be assisted through the provision of infrastructure and incentives to encourage income generating activities, such as agro-based and cottage industries.

Lending and credit policies will be reviewed to ensure that women are not disadvantaged. In addition, the affirmative action policy of increasing women's membership on boards, committees and councils will be continued.

Unemployed youth will continue to be supported through alternative education paths such as vocational and technical training, as well as providing educational programmes on drug abuse and sexually transmitted diseases. The protection of children's rights and investment in their development will be accorded high priority. Issues that need to be addressed include access to basic social services, child prostitution, drug abuse, and child labour.

Disabled persons who are approximately 5 percent of our population will be assisted by improving access to education. This involves providing infrastructure, equipment and teachers for special education.

Policy Objectives	Key Performance Indicators
To reduce poverty.	<ul style="list-style-type: none"> ▪ Poverty reduced by 5 percent annually. ▪ Increased number of successful micro-enterprises. ▪ Increased participation of civil society in poverty alleviation.
To improve Indigenous Fijian & Rotuman education and training.	<ul style="list-style-type: none"> ▪ Fijian Education Board set up to provide advice to the Minister for Education by 2003. ▪ Higher pass rates in Fiji School Leaving Certificate (FSLC) and Fiji Seventh Form examination (FSFE). ▪ Centres of Excellence for sports, music, and creative art established by 2004. ▪ Fijian education curriculum developed from classes 1 – Form 7 by 2004.
To increase participation of Indigenous Fijians & Rotumans in commerce and business.	<ul style="list-style-type: none"> ▪ Increased share of ownership of the corporate market by indigenous Fijians. ▪ Increased share of licenses and permits held by Indigenous Fijians.
To increase participation of women in socio-economic development.	<ul style="list-style-type: none"> ▪ Women's access to micro-credit assistance improved by 50 percent by 2004. ▪ Access to formal credit through affirmative action programmes improved by 30 percent by 2004. ▪ 50 percent representation of women in Government Boards, Committees, Tribunals, Councils, and Commissions in 2005.
To increase employment opportunities for youth.	<ul style="list-style-type: none"> ▪ Youth employment increased. ▪ Training opportunities for youth increased by 5 percent annually.
To ensure the protection and development of children.	<ul style="list-style-type: none"> ▪ All children have access to 12 years of education. ▪ Increased access to health services and nutritious meals for all children. ▪ Reduction in street kids, child prostitution and child abuse.
To improve access to education for disabled persons.	<ul style="list-style-type: none"> ▪ A policy for disabled persons developed by 2003. ▪ Increased enrolment in special schools. ▪ More trained special education teachers.
To provide a social safety net to those in a severe state of deprivation.	<ul style="list-style-type: none"> ▪ All poor incapable of working receive assistance. ▪ Increased number of families looking after their elderly family members.
To review the schedules of the Social Justice Act.	<ul style="list-style-type: none"> ▪ Schedules reviewed by 2005.

5.2: Rural and Outer Island Development

Goal: Equal opportunities for all

Rural areas and outer islands are home to the majority (54 percent) of Fiji's population. However, there has been an absolute decline in the rural and outer island population as rapid urbanisation has taken place over the last thirty years. Despite this, Fiji's key exporting and service industries are rural based - agriculture, fisheries, forests, mining and tourism – and these provide the greatest potential for future development and prosperity. In addition, the rural sector is often described as Fiji's "hidden strength" as it is the rural areas that provide Fiji with a high degree of food security. The rural areas have expertise in growing traditional food crops, which not only provides a secure source of food for the whole population, but also provides an opportunity for income security as these traditional food crops now form the basis of a successful export industry.

Access to most basic services is poorer in rural and maritime areas as compared to urban areas. There are also disparities in services provided between different rural areas. Although access to clean water, decent sanitation and electricity has improved over the years, there are still many communities without these basic services. For example, some 1 in 5 rural dwellers still do not have access to clean water. Government will continue to subsidise the establishment of these services in rural areas through its rural electrification and rural water supply schemes.

A lower level of service provision in some areas is explained by remoteness and the lack of transportation services. Government currently subsidises both air services and shipping services to the outer islands in recognition of these problems. Health and education services in rural areas are also of generally lower quality than in urban areas. The new decentralised management of health services is expected to improve rural service delivery. Education in rural areas is recognised as a priority for government spending and a major project for upgrading rural schools and facilities is envisaged. Better teachers in rural areas are also needed to help raise rural pass rates in key external examinations.

The lack of access to these basic services constrains the development of rural businesses and the commercialisation of agriculture. However, the lack of business advisory services, poor rural banking services, and the lack of micro-finance facilities compound the difficulties of operating a business in rural areas. A review of rural banking services has been undertaken in 2002, and it is expected that the newly established National Centre for Small and Micro Enterprise Development (NCSMED) will provide assistance for rural SMEs. A lack of telecommunications access is also a constraint. Joint efforts between Government and Telecom Fiji Limited are increasing the number of rural dwellers with access to phones.

Rural development has proven difficult to co-ordinate effectively because of the large number of government agencies, NGOs and communities that are involved. A review of the regional planning machinery is being conducted in 2002. This will cover the District and Divisional Development Committee structure, the role of NGOs and the role of the Fijian Administration. A separate review of the whole of the Fijian Administration is also being undertaken.

Planning and co-ordinating future rural development initiatives will also be helped by the formulation of Divisional and District Development Plans. Government will ensure that the UN Millennium Development Goals are incorporated in these plans.

Policy Objectives	Key Performance Indicators
<p>To ensure the provision of minimum and affordable basic needs to the rural and outer island population.</p>	<ul style="list-style-type: none"> ▪ Master plan for 100 percent provision, on a participatory basis, of potable piped water to rural areas prepared by 2004. ▪ 80 percent of rural population to have water seal toilets or other sanitary waste disposal systems by 2005. ▪ 300 additional villages and settlements having access to electricity by 2005. ▪ Overhauling of 105 schemes installed under the old Rural Electrification policy by 2005 (about 60 schemes per year). ▪ Review of Rural Housing Unit and FNPF housing Scheme by 2004. ▪ Houses built under Rural Housing Scheme increased. ▪ Increased investment in rural access road maintenance. ▪ Review of current subsidy scheme for outer island air services by 2003. ▪ Outer island franchise scheme comprehensively reviewed by 2003. ▪ 2 outer island jetties upgraded per year. ▪ Organisational structure for the management and maintenance of outer island jetties reviewed by 2003. ▪ Telecommunications access to at least 400 more unconnected rural communities by 2005. ▪ Health promotion activities integrated into rural and community health programmes. ▪ Higher proportion of rural students passing FSLCE and FSFE. ▪ Rural schools and facilities upgraded. ▪ Review of community contribution for infrastructure development, water, electricity etc by 2004.
<p>To ensure food and income security for rural and outer island dwellers.</p>	<ul style="list-style-type: none"> ▪ Increase in number of persons employed in cash work (including smallholder agriculture) and cottage industries. ▪ Risk Management and Environment Impact assessment required for rural development projects. ▪ Production of traditional food crops increased. ▪ Rural banking survey recommendations evaluated and implemented by 2004. ▪ Micro-finance facilities, and business advisory services (including marketing), available widely in rural areas by 2005. ▪ Programme to promote food and income security effected by 2003. ▪ Explore the potential of NATCO spearheading an improved rural marketing network by 2003.
<p>To strengthen the effectiveness of service provision to rural and outer island areas.</p>	<ul style="list-style-type: none"> ▪ Administrative areas and structures for rural development clearly demarcated by 2004. ▪ Divisional and District Development Plans formulated by 2005. ▪ Review of regional planning machinery (including the role of national ministries/departments) to be implemented after review of Fijian administration. ▪ Review of Fijian Administration implemented by 2004.

5.3: Poverty Alleviation

Goal: Poverty reduced by 5 percent annually

Despite Government's continuous efforts to combat poverty, the proportion of households living in poverty has continued to escalate, increasing from 15 percent in 1983 to 25 percent in 1996 according to the Fiji Poverty Report. Furthermore, it is estimated that the proportion of households living in poverty has further increased since the political and economic instabilities of May 2000. Visible signs of rising poverty include increased numbers of street people such as beggars, street kids, wheel barrow boys and prostitutes, and squatters in urban and peri-urban areas.

Government assistance towards poverty alleviation includes upgrading of squatter settlements, farming assistance, remission of school fees, grants to NGOs, micro-finance schemes and safety net programs for the destitute including the Family Assistance Allowance. It is estimated that in 2002 Government expenditure on Poverty Alleviation is \$90.9 million.

The government recognizes the important role of NGOs in assisting those in poverty and is developing an NGO Social Policy Framework to better co-ordinate and target assistance and support. In addition, a Cabinet Subcommittee on Poverty Eradication has been established to formulate a 'National Policy and Implementation Framework on Poverty'. The Household Income and Expenditure Survey, conducted in 2002, will provide valuable information to guide Government policy. The scarcity of poverty related data is a major concern. Currently, comprehensive statistics on poverty are available every ten years through the Population Census or from occasional Household Income and Expenditure Surveys (HIES).

Poverty alleviation efforts are constrained by the lack of job opportunities and inadequate capacity of the poor to take advantage of existing opportunities, which is attributed to the slow growth of the economy and lack of necessary basic skills to take up available opportunities. As a result of the weakening of the traditional support system, more people are seeking welfare assistance, particularly the elderly. International experience shows that merely increasing welfare payments to combat poverty serves to further weaken existing support structures in the community.

Fiji is party to various international conventions such as the Millennium Development Goals, Monterrey Consensus, and World Summit on Sustainable Development (WSSD), which promote the eradication of extreme poverty as an overarching global goal to be achieved by 2015. Government will work in partnership with NGOs to achieve this objective and secure assistance from Fiji's development partners.

Poverty alleviation policies are part of government's affirmative action and social justice programmes. Government's approach to poverty alleviation will be three-pronged: first, to provide income-earning opportunities for the poor; second, to provide capacity building for the poor in order to take up income generating opportunities; and third, to provide a social safety net for those who cannot help themselves.

Policy Objectives	Key Performance Indicators
To ensure the provision of minimum and affordable basic needs to all categories of the poor.	<ul style="list-style-type: none"> ▪ “National Policy and Implementation Framework on Poverty” approved by 2003. ▪ Comprehensive Review of Family Assistance Allowance and Poverty Alleviation Program completed by 2003. ▪ Upgrading of squatter settlement at Jittu Estate I and Lakena II completed by 2005. ▪ All children to receive 12 years of education by 2005.
To formalize and strengthen the government and civil society partnership in alleviating poverty.	<ul style="list-style-type: none"> ▪ NGO Social Policy Framework/MOU between Department of Social Welfare and NGOs established by 2003. ▪ More regular consultations/biannual forums between Government and NGOs. ▪ Increased participation of civil society in poverty alleviation. ▪ Certified Training Programs for community social workers established by 2003.
To create earning income opportunities for the poor.	<ul style="list-style-type: none"> ▪ Increased micro-lending to the poor. ▪ A coordinated monitoring mechanism for micro-finance is established by 2003. ▪ Comprehensive review of micro-finance programs implemented by 2005.
To encourage traditional support mechanisms for the disadvantaged and provide adequate welfare support to the destitute.	<ul style="list-style-type: none"> ▪ All elderly have access to basic needs. ▪ All poor incapable of working receive assistance. ▪ Tax incentive proposals for looking after elderly parents/family members evaluated by 2003. ▪ Increased number of disadvantaged persons being supported by the community. ▪ Increased private sector and community participation in poverty alleviation.
To ensure the compilation and timely analysis of statistics on poverty.	<ul style="list-style-type: none"> ▪ Poverty Situation Report completed by 2003. ▪ Analysis of HIES results completed by 2004. ▪ The feasibility of 5-yearly HIES survey evaluated by 2003. ▪ Other data collection mechanisms explored, evaluated and implemented.

5.4: Law and Order

Goal: Maintaining law and order and upholding the rule of law effectively and efficiently

The maintenance of public order and the respect for rule of

law are crucial elements for peace and stability in the country. This is possible if organizations involved observe the highest standards and work towards common goals. These organisations include the two Houses of Parliament, Police Force, Military, Judiciary, Prison Services, Human Rights Commission, Legal Aid, Immigration, Customs Services, Social Welfare, DPP's Office, Law Reform Commission and other civil and non-government organizations, such as crime prevention committees, security companies, and other stakeholders in law and order.

Fiji has made much progress in ensuring the maintenance of public order since May 2000. A democratically elected government is in place, although a few constitutional cases are still before the courts. Nevertheless, law and order in the country has returned to normal.

Reported crimes in Fiji have gradually declined within the last decade (see Appendix on crime statistics for 1997-2001). Although there was a slight increase of reported crimes in 2000, the downward trend has resumed. However, drugs, money laundering and prostitution, as well as sexual and violent offences against women and children have increased. The general public's support for community policing initiatives has also increased.

The Combined Law Agency Group (CLAG) was established to improve coordination amongst law enforcement agencies. CLAG has been instrumental in the investigation of people smuggling and drug trafficking cases. The policing of Fiji's EEZ is an area of concern as the Fiji Naval Division does not have adequate resources to properly police our maritime borders.

The backlog of cases in the court system is being addressed through implementation of the Beattie Report's recommendations, which include the computerization of the DPP's Office and progress towards a National Prosecution Service. Problems in the Prisons Service include prison overcrowding, low staff to prisoner ratio, and the lack of effective rehabilitation of incarcerated offenders.

A review of the Republic of Fiji Military Force's (RFMF) activities will include alternative employment options for those troops that need to be redeployed following the end of Fiji's peacekeeping mission to Lebanon in late 2002.

The Fiji Human Rights Commission plays a key role in upholding the rule of law. The Commission, in conjunction with the disciplined forces, is currently drafting a Human Rights Handbook specifically for the disciplined forces. The Handbook is due for release at the end of 2002.

Fiji is a signatory to the World Intellectual Property Organisation. The Ministry for Justice is addressing the enforcement of intellectual property rights.

Policy Objectives	Key Performance Indicators
To effectively and efficiently maintain internal security and public order in an impartial and transparent manner.	<ul style="list-style-type: none"> ▪ Reduction in total crimes detected. ▪ Increased access to Police Stations/Posts. ▪ Increased proportion of crimes detected. ▪ Increased numbers of active Neighbourhood Watch Schemes. ▪ Coordinated efforts by government agencies (CLAG) strengthened. ▪ Public awareness programs, civic instruction in schools and other community sectors. ▪ Law Enforcement Officers observe and uphold human rights. ▪ Fiji Police Intelligence Bureau established by 2005.
To provide an independent and impartial judiciary, and associated legal services, capable of efficiently and effectively discharging its obligations.	<ul style="list-style-type: none"> ▪ Reduction in backlog of cases in the court system. ▪ Increased access to legal aid services. ▪ Full computerization of DPP's Office by 2005. ▪ Crime search database activated and shared by relevant agencies by 2005. ▪ National Prosecution Service established by 2005. ▪ Phased Implementation of recommendations in the Beattie Report. ▪ Review of sentencing penalties for violent crimes completed by 2003.
To provide efficient and cost-effective prisons and rehabilitation services.	<ul style="list-style-type: none"> ▪ Reduction in repeat offenders by 5 percent per annum. ▪ 50 percent reduction in escapees by 2004. ▪ A 10 percent annual decline in prison population. ▪ Increased proportion of ex-offenders successfully completing rehabilitation programs. ▪ Feasibility of contracting out some services established by 2003.
To defend Fiji's sovereignty and territorial integrity and protect and promote its national security interests.	<ul style="list-style-type: none"> ▪ Complete the Security and Defence Review by 2003, followed by phased implementation of the Review's recommendations. ▪ Regular patrols of EEZ. ▪ Reduction in illegal immigrants. ▪ Defence cooperation programs established with other nations. ▪ Increased involvement in community reconciliation activities. ▪ Establish national security framework that links all stakeholders by end of 2003.

5.5: Employment and the Labour Market

Goal: Fullest and most productive utilisation of our human resources

Fiji's population grew by only 08 percent per year during the 1986-96 period as a result of emigration and the continuing decline in fertility. During the same period Fiji's urban population has grown at 2.6 percent per year and the rural population has shrunk by 0.5 percent per year. This very high growth indicates that the urban population, and hence those looking for work in urban areas, will continue to grow in future.

During the plan period, those seeking jobs will likely be around 17,000 persons per year, including school leavers, belated entrants into the labour force and laid-off workers seeking re-employment. (See Appendix table for more details.) Most will not find jobs in the formal sector. Assuming that economic growth is sustained at a rate of around 5 percent per year, it is likely that job opportunities in the formal sector will amount to about 9,700 per year. Satisfying the demand for new jobs continues to be a major challenge for government. The key strategy that Government has adopted to address the jobs deficit is to promote economic growth and assist those who cannot get formal sector jobs to find productive work in the informal sector, for example, in agricultural and non-agricultural cooperatives and small and micro-enterprises (SMEs). Government has committed to the extension of the Integrated Human Resource Development Programme for Employment Promotion (IHRDPEP) to 2004 and has prepared a National Human Resources Plan for 2002 to 2007.

Efforts to create job opportunities for economic growth are hampered by a number of constraints.

Persistence of Skill Shortages – a major factor impeding faster economic growth has been the persistent shortage of professional, skilled and semi-skilled workers, a problem exacerbated further by out-migration. Such shortages retard economic growth and further intensify the gap between the number of new job openings and additional job seekers. When skilled workers are replaced by those more recently trained, there is usually a reduction in productivity.

Lack of Labour Market Information - There is a void of information on labour market conditions that is required by job seekers and employers. Job seekers need information to make rational decisions on choice of occupation and the education/training required to gain the necessary qualifications. Employers need information on incentives they must offer to attract candidates to fill current and future vacancies.

Low levels of Productivity – overall economic growth is constrained by the low levels of productivity in the formal and informal sectors of the economy. The small size of the internal market is restrictive of the kinds of technology that can be introduced and the extent to which scale economies can be realised. Productivity and Quality programmes should be enhanced.

Wage setting and Industrial Relations – the current system of wage setting does not reflect the actual circumstances of individual employers. A system of wage bargaining based on the individual enterprise is to be preferred. The current industrial relations and labour standards need to be reviewed to internationally accepted standards and consistent with expectations of Fiji's trading partners and the International Labour Organisation.

Policy Objectives	Key Performance Indicators
Improve Job Growth in the formal and informal sectors.	<ul style="list-style-type: none"> ▪ National Taskforce on Employment Creation established and operational in 2003. ▪ Annual review of the Employment Taxation Scheme. ▪ National Centre for Small and Micro Enterprise Development (NCSMED) fully established and operational in 2003. ▪ Employment exchange scheme with NZ/AUSTRALIA/US introduced.
Reduce Skill Shortages.	<ul style="list-style-type: none"> ▪ Expansion of intake at tertiary and vocational institutions to meet skills needs. ▪ Encourage tertiary level distance education. ▪ Public Service pay better reflects scarcity of skills by 2003. ▪ Expatriate workers and former citizens recruited for areas where shortages are critical. ▪ Promote wage system that rewards skills.
Improve Functioning of the Labour Market.	<ul style="list-style-type: none"> ▪ Industrial Relations, labour and minimum wage legislation reviewed by 2003. ▪ The Computerised Human Resources Information System (CHRIS) and Labour Market Information System (LMIS) established and expanded in 2003 - 2005. ▪ National Accreditation Board established and operational in 2004. ▪ Employment Placement Services/Job Matching System established and operational in 2003 - 2005. ▪ Labour force survey conducted annually from 2004.
Improve productivity at the organisational, industry, sectoral and national levels.	<ul style="list-style-type: none"> ▪ Promotion of productivity through the restructuring of National Productivity Organisation (NPO). ▪ Implementation of Quality Control Circles (QCC), Total Quality Management (TQM), International Standard Organisation (ISO), Fiji Quality Awards (FQA) framework. ▪ Training of Industrial Engineers. ▪ Promotion of wage system based on productivity. ▪ Performance Management System in operation in the Public Service by 2003.

5.6: Land Resource Development & Management

Goal: Effective management of land resources to ensure sustainable development

Land is an important factor in the development of the economy. Previous studies have emphasized the critical role of the land tenure system in the development of Fiji's economy. In particular the rigid and arbitrary nature of the existing legislation such as ALTA is a major concern in terms of development in the agricultural sector. Finding an amicable solution for land issues will facilitate purposeful development of land, a major portion (88 percent) of which is native land.

The Native Lands Trust Board (NLTB) plays an important role in land development, particularly in the provision of leases. Government has shown the political resolve to ensure an efficient process for the renewal of leases, conducting consultations with all stakeholders and strengthening of the administrative capacity and efficiency of NLTB to address the current backlog of cases. The NLTB is currently undergoing a review. Government is committed towards the adoption of the Native Land Trust Act (NLTA) as the legal basis for future issuance of leases.

The increase in 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. Whilst the majority of the population (54 percent) reside in rural areas, there has been a decline in the rural population over the last decade due to rural-urban migration. This has resulted in significant urban development and encroachment onto first class arable land. In this regard, much of Fiji's arable land has been taken up for housing, industrial and commercial developments. With competing demands for limited land resources, the development of a land use policy will provide a framework for land development in the country.

A number of constraints have been identified as being responsible for hindering development such as the lack of infrastructure, particularly in the rural areas, and also the rigidity of regulation under ALTA. Improper land use practices have also been responsible for land degradation in certain areas. This needs to be addressed to ensure future sustainability of the resource with offenders seriously dealt with in order to discourage poor practices. Inappropriate land use in watersheds has also resulted in extensive soil loss.

Government realizes that as a "factor of production", land plays an important role in the production of goods and services that can be traded in a highly globalised international economy. A market friendly land model that ensures *mataqali* landowners receive market based land rental income; guarantees security of tenancy; and generates a closer relationship between landowners and tenants, is required.

Policy Objectives	Key Performance Indicators
To ensure sound land management and development.	<ul style="list-style-type: none"> ▪ Institutional capacity of the Land Resource Planning and Development Unit and the Land Conservation Board strengthened by 2003. ▪ Land Conservation Board Act reviewed by 2003. ▪ Consolidated Geographical Information System introduced by 2004.
To ensure security of land tenure.	<ul style="list-style-type: none"> ▪ A new land tenure system approved by all stakeholders by 2004. ▪ 20 percent decrease in ‘vakavanua’ leases per year. ▪ Increase in number of leases renewed by NLTB. ▪ Establish a Land Claims Tribunal in 2003.
To improve landowner’s accessibility to credit.	<ul style="list-style-type: none"> ▪ FDB approved loans to landowners for land development to be increased by 10percent per year. ▪ 15 percent increase in selected agricultural production by landowners.
To ensure sustainable utilization and development of land.	<ul style="list-style-type: none"> ▪ Participatory National Land Use Plan documented between 2003 and 2007. ▪ Adoption and enforcement of Rural Land Use policy and Sustainable Development Act. ▪ Watershed Management Master Plan completed by 2004.
To ensure resettlement of evicted tenants.	<ul style="list-style-type: none"> ▪ 2 new agricultural sub-divisions developed with basic infrastructures completed by 2005.
To develop a market friendly land model under the framework of the Native Land Trust Act.	<ul style="list-style-type: none"> ▪ Efficient native land market rental system fair to landowners and tenants studied and developed by 2004. ▪ Formal consultative mechanism on native land involving all stakeholders developed by 2003. ▪ Implementation of the Native Land Trust Board Review by 2003. ▪ Mataqali landowners directly involved in the decision-making process relating to the commercial development of native land by 2004.

5.7: Environment

Goal: The sustainable use of all natural resources

The proper management of the environment and sustainable use of natural resources are critical for the sustainable development of Fiji's largely natural resource based economy. Uncontrolled and poorly planned development practices in the past have resulted in many environmental problems. Adequate enforcement of legislation and increased public awareness and appropriate actions and activities aimed at changing people's attitudes will be emphasised to minimise continuing damage to the environment.

Fiji's environment is relatively fragile due to location, smallness and geographic isolation. The country is characterized by diverse ecosystems: marine, land and coastal and richly endowed with natural resources. Fiji's vegetation and wildlife species are relatively small in number but are of exceptional scientific and genetic interest because of the high proportion of endemic forms. Our coastal zone is of vital importance for it brings together a unique assemblage of resources such as reefs, mangroves, water, arable land, seafood and high quality landscape.

Fiji's main environmental problems are: land degradation, air and water pollution, refuse disposal, climate change and sea level rise. Expansion of agricultural lands is the principle cause of land degradation.

To address Fiji's environmental problems, Government has drafted the Sustainable Development Bill to provide the framework for the management of our environment and ultimately to address various environmental issues and concerns. The bill will provide policing of activities that bring about depletion of the natural environment. Of particular importance, the Bill will require that Environmental Impact Assessments be conducted for all developments.

Fiji is a signatory to numerous international environmental and resource conventions that place considerable responsibility on the Government at national and international levels with regard to environmental issues. The ratification of these conventions has enabled Government to undertake numerous projects and programmes at the national level with relevant technical assistance being provided by various international and regional organisations. Government has also committed to achieving the Millennium Development Goals, which include Environmental Sustainability, and the World Summit on Sustainable Development (WSSD) Plan of Implementation.

Although Fiji is faced with numerous environmental problems, it is fortunate that it lacks the serious demographic, economic and industrial pressures from which the majority of serious environmental problems originate in other countries. It has a generally mild climate, is richly endowed with natural resources, has a small population with low population growth, a relatively pest free and a relatively unpolluted environment due to the absence of high polluting industries.

Policy Objectives	Key Performance Indicators
To minimise degradation of natural resources and protect biodiversity.	<ul style="list-style-type: none"> ▪ Sustainable Development Bill enacted and implemented by 2004. ▪ Marine Prevention Pollution Bill by enacted and implemented by 2004. ▪ Fiji Biodiversity Strategy Action Plan endorsed and implemented by 2003. ▪ National Implementation Strategy and First National Communication to the Framework Convention on Climate Change endorsed by 2003. ▪ National controls on coral harvesting by 2003. ▪ Mangrove Management Plan reviewed by 2003. ▪ 2 nature parks and walkways by 2004. ▪ 2 marine parks by 2004.
To maintain a healthy and clean environment through the reduction and elimination of pollution and proper management of wastes.	<ul style="list-style-type: none"> ▪ National Analytical Laboratory established by 2003. ▪ No litter due to enforcement of Litter Decree by 2003. ▪ Vehicle emission levels reduced by 50 percent by 2005. ▪ Alternative bio fuel identified by 2005. ▪ Total suspended particles level in atmosphere to be below 60-90ug cubic metres by 2004. ▪ Naboro waste disposal facility commissioned by 2003. ▪ Use of adulterated fuel banned by 2004.
To raise awareness of the importance of sustainable development.	<ul style="list-style-type: none"> ▪ National accounts framework that takes account of natural resource depletion and environmental degradation established by 2004. ▪ Public awareness programmes on the Sustainable Development Act conducted. ▪ Improved coverage of environmental issues in school curriculum by 2004.
Initiate environmental audit in organisations' operations.	<ul style="list-style-type: none"> ▪ Environmental audit in public organisations to begin by 2004.

5.8: Small and Micro-Enterprises

Goal: Creating livelihoods through Small and Micro-enterprise development

The small and micro-enterprise (SME) sector offers the greatest opportunity for creating employment and wealth in the medium term. Out of a labour force of 297,770 people recorded in the 1996 Census, 190,048 (64 percent) were engaged in small and micro-enterprises (SMEs)— 20,313 in the formal sector and 169,735 in the informal sector.

Legislation to promote SMEs is already in place with the Small and Micro-Enterprise Development Act of 2002. This defines a “small enterprise” as any enterprise, which has a turnover or total assets of between \$30,000 and \$100,000 and employs between 6 and 20 people. A “micro-enterprise” is defined as any enterprise, which has a turnover or total assets not exceeding \$30,000 and employs not more than 5 people.

The 1996 census counted 4,796 formal licensed establishments with 19 or fewer employees, 3,179 of which had four or fewer employees. Most of these “small” enterprises were in urban areas. The census also showed that 23,376 of the 67,942 families within the urban areas were involved in informal money or economic activities. Furthermore, of the 76,675 rural families, 48,516 were engaged in informal activities, including agriculture, fishing, transport and handicraft. SMEs also make up a substantial part of the manufacturing sector, both in the formal and informal sectors.

A National Centre for Small and Micro-Enterprise Development (NCSMED) has been established in 2002 to lead the development of this sector. The Centre will target assistance mainly to the informal sector, as the formal sector cannot create more than 9,700 new jobs for the estimated 17,000 new job seekers each year.

The SME enterprise “culture” needs to be developed further by nurturing and encouraging entrepreneurs from an early stage. Regular national consultations and awards for individual and group excellence in SMEs will be pursued from 2003.

Effective coordination is essential for the growth of the SME sector. NCMSED will absorb the National Micro Finance Unit and the Small Business Advisory Unit activities and liaise closely with relevant government and non-government organizations.

Lack of appropriate business support services and infrastructure is a major constraint. According to the Committee of Inquiry into financial services, 80 percent of households do not have access to the formal banking system. There is a lack of marketing skills among SMEs, especially a lack of support for primary producers in product development.

Up to date data and statistics on the sector will enhance knowledge about the special needs for SME development and implementation of policies and strategies for the development of the sector. A national and sectoral SME database needs to be developed and updated regularly.

Policy Objectives	Key Performance Indicators
To mainstream SMEs in national development.	<ul style="list-style-type: none"> ▪ Annual national consultation/workshop on SME development beginning in 2003. ▪ Government resources allocated annually to SME sector. ▪ Annual awards for individual and group excellence in SMEs.
To improve policies and regulations for SMEs.	<ul style="list-style-type: none"> ▪ Studies on Government and municipal policies and on laws/regulations that affect SMEs conducted by 2003. ▪ User-friendly policies, laws and regulations that affect SMEs implemented by 2004. ▪ Booklets on SME laws in English, Hindi and Fijian published and disseminated in 2004.
To improve co-ordination of SME training/development activities.	<ul style="list-style-type: none"> ▪ Register of business training providers, trainers and advisers produced by NCSMED by 2003. ▪ NCSMED website established by 2003. ▪ Training of Trainers and refresher courses conducted on regular basis. ▪ Greater coverage of SMEs in secondary school curriculum.
To improve business support services/infrastructure.	<ul style="list-style-type: none"> ▪ Improved access to banking and credit facilities. ▪ Incentive scheme for large firms to develop SME suppliers set up by 2005. ▪ Service providers are assisted to access technology to benefit clients. ▪ Publish SME establishment costs on a regular basis. ▪ Quality and productivity issues addressed by NCSMED and FNTC by 2003.
To develop marketing for SMEs.	<ul style="list-style-type: none"> ▪ Research conducted on new markets and opportunities regularly. ▪ NCSMED to work with private sector organisations (FEF, FCCI, FMA), large firms, FTIB and NGOs (including NGO networks overseas).
To develop SME sector data and statistics.	<ul style="list-style-type: none"> ▪ Bureau of Statistics' (BOS) coverage of SME activities strengthened by 2004. ▪ Business Register and SME national database on SME developed by 2003.

5.9: Housing and Urban Development

Goal: Affordable accommodation for all and sustainable development for urban centres

Fiji is relatively urbanised with almost half of the population living in two cities, nine towns and several unincorporated towns. Urban population growth between 1986 and 1996 was 2.6 percent per year, compared with 0.8 percent per year for the population as a whole. This urbanisation trend has put increasing pressure on the urban centres and their environment as well as on urban infrastructure, and has given rise to social problems, including squatter housing, over-utilised infrastructure, congestion, pollution, a growing beggar population, and rising crime. The lack of adequate physical and social infrastructure in urban areas has constrained the growth of businesses and hence the growth of jobs.

Responsibility for addressing these problems lies with both national government and the municipalities. A lack of capacity, especially physical planning capacity, within the municipalities, as well as within national government has contributed to these problems. Poor institutional capacity, as well as the rising level of corruption, is worrying trends. The lack of an agreed Urban Sector Strategy has contributed to the poor performance of municipalities in addressing urban problems. Specific problems and opportunities in each urban area will be addressed through the development of strategic plans for each municipality as well as through the publication of Town Planning Schemes. There is also a need for better public accountability of town councils. More accountability and responsibility on locally elected officials can provide a spur to solve local problems and issues.

The lack of affordable housing is one of the urban areas most pressing problems. Rising costs have made it hard for low-income earners to afford decent housing and this has led to a rise in squatter settlements. Government assistance in the housing area is provided through the Housing Authority (HA) and Public Rental Board (PRB). The FNPF also allows members to withdraw part of their savings to assist in buying a house. Although HA's lending rate was reduced from 11 percent to 6.5 percent for those earning \$6,500 or less in 2001, many low income earners still cannot afford to buy homes. HA has also suffered from an increase in non-performing loans. The precarious financial position of HA led Government to recently convert a long term HA loan to equity. Adding to HA problems has been the lag in providing basic services to HA new sub-divisions. This has contributed to the Authority's poor financial performance. The PRB's financial performance has also been disappointing, as it has found it difficult to raise rents to economic levels. Building additional rental flats is an option being pursued by the Board.

NGOs play a major role in providing housing for the poor, but they have difficulty in keeping up with demand. Government provides an annual grant to the Housing Assistance Relief Trust (HART) and works closely with Habitat for Humanity and Rota Homes to cater for the housing needs of the poor. Some of these NGOs have been faced with problems in finding suitable land for house building.

The lack of affordable housing has seen a substantial rise in the number of people living in squatter settlements. Government will continue to work with NGOs and communities to resettle squatters and provide basic amenities where feasible.

Policy Objectives	Key Performance Indicators
To facilitate the provision of decent affordable housing to all, especially to those of low-income earners, through reduction of the cost of buying and building homes.	<ul style="list-style-type: none"> ▪ Increased number of low-income earners accessing Housing Authority special interest rate loans. ▪ 3000 approvals for FNPF withdrawals for members housing by 2004 ▪ Review of HA and PRB operations by 2004. ▪ Government, NLTB and Housing agencies working in partnership to make more land available for housing. ▪ Development by HA of 500 new residential lots per annum.
To significantly upgrade squatters settlements by redevelopment of squatter areas, and provision of basic amenities in current squatter settlements.	<ul style="list-style-type: none"> ▪ Completion of all resettlement projects earmarked for each year. ▪ Government support for NGOs involved in squatter housing increased. ▪ Urban Squatter population reduced by 5 percent per year. ▪ Examination of Squatter Control Legislation by 2005.
To strengthen government/NGO partnership in the provision of housing and land for the poor.	<ul style="list-style-type: none"> ▪ Government support for NGOs involved in housing for the poor increased. ▪ Increased development of native land for housing the poor. ▪ 200 new houses per annum constructed by NGOs.
To provide residential infrastructure facilities for new sub-divisions.	<ul style="list-style-type: none"> ▪ Co-ordination mechanism in place between PWD and HA by 2003. ▪ Infrastructure plan for new sub-divisions prepared for funding by 2004.
To achieve sustainable development of urban areas.	<ul style="list-style-type: none"> ▪ Environment Impact Statements for all development within the urban boundaries required by 2005. ▪ The Naboro Landfill commissioned by 2004. ▪ Waste Management Plans for Nadi, Lautoka, Labasa and Savusavu developed by 2005. ▪ The provision of basic infrastructure services is maintained in line with population and business growth.
To improve the public accountability of city and town councils.	<ul style="list-style-type: none"> ▪ Amend and repeal all urban legislation where appropriate to allow maximum devolution of authority in municipal councils by 2005.
To improve the performance and efficiency of city and town councils.	<ul style="list-style-type: none"> ▪ Urban Sector Strategy prepared by 2003. ▪ All municipal council to have Town Planning Schemes by 2005. ▪ Strategic Plans for all councils established by 2003. ▪ Navua/Pacific Harbour town established by 2003. ▪ Increased use of Local Government association to facilitate inter-local government discussions. ▪ Municipalities to adopt Accrual Accounting.

5.10: Reform of State Institutions

Goal: Productive, transparent, and accountable state institutions

Government recognises the importance of effective and efficient state institutions in rebuilding confidence in Fiji. Of particular importance is greater accountability and transparency in policy making and in the use and oversight of public funds. In addition, the effectiveness and efficiency of the public sector needs to be improved to provide value for money to taxpayers and to provide a more transparent and predictable, and less costly, business environment.

Cabinet and Parliament are the chief policy making bodies of the state. The committee system of Parliament, together with the Auditor-General's office, provides oversight over the use of public funds. Both Parliament and the Auditor-General's office need strengthening to carry out these functions. Government is committed to furthering accountability and transparency through the introduction of a Code of Conduct for leaders and a Freedom of Information law. In addition, the Constitution will be reviewed to ensure that, among other things, Cabinet is able to operate effectively.

Accountability and transparency will also be improved through a re-activated Financial Management Reform programme. The programme will initially concentrate on revamping the Government's Financial Management Information System and introducing reforms in the policy, planning and budgeting arrangements. Further stages of the programme involve moving to accrual accounting and decentralizing financial control to ministries.

The effectiveness and efficiency of the public sector is being addressed through civil service reforms and reforms to public enterprises. The Financial Management Reform programme will also contribute to improving efficiency.

Two issues confront Fiji's public sector in the short term. First, the rates of increase in public sector wage and salary rates each year, and second, the high number of employees in relation to the size of the economy. Government has embarked on a short-term expansionary approach to stimulate economic growth, but this trend is unsustainable over the longer term and creates significant economic risks. Reforms in the civil service will focus on "rightsizing" the service, on increasing efficiency, reducing red tape, reducing discretionary powers in the provision of government services to the private sector, and fostering a customer oriented approach to service delivery.

Ensuring that the separate administrative arrangements for indigenous Fijians are working effectively and efficiently is an important component Government's reform efforts. The Fijian administration is currently being reviewed.

Government currently engages in commercial activities either through government department operations or through the operations of public enterprises. Efficiency gains will come from better organisation of these commercial activities and through the reform of Public Enterprises. Reforms to Public Enterprises should ensure that: Government achieves higher returns on investment, the regulatory framework is effective, privatisation focuses towards achieving economy-wide gains, public monopolies do not become private monopolies and that ownership of wealth and the benefits of privatisation are spread equitably among the population.

Policy Objectives	Key Performance Indicators
<p>To provide an institutional, operational and legislative framework for more accountability and transparency in policy making and in the management of public resources.</p>	<ul style="list-style-type: none"> • Capacity building for Parliamentarians and members of Public Accounts and Standing Sector Committees. • Code of Conduct for leaders implemented by 2003. • Freedom of Information Act passed by 2003. • Auditor-General's office using internationally recognized standards. • Constitution reviewed by 2005. • Public Finance Management Act, Public Service Act and Public Enterprise Act harmonised by 2003. • Implementation of the new Financial Management Information System on a cash basis by 2003. • Corporate Planning system factored into the revised Public Service Act by 2003.
<p>To increase public service efficiency and productivity by adopting the principles of good governance, which include: optimal transparency in decision-making and accountability in provision of public services.</p>	<ul style="list-style-type: none"> • Contracting of Permanent Secretaries from 2003. • Delegation of powers to Heads of Ministries. • Senior Executive Services (SES) manual guideline formulated by 2003. • E-governance as a medium for improving service delivery implemented between 2003-2005. • Introduction of a performance management system in consultation with all stakeholders by 2003. • Human resource management information system established by 2003-2004. • Job Evaluation Exercises completed for all civil servants, in consultation with all stakeholders, by 2003. • Rightsizing Committee to develop paper on a forward-looking framework for Government's human resources by 2003. • Review of Fijian administration implemented by 2003.
<p>To ensure that public enterprises operate in a fully commercial manner and provide better quality through progressive corporatisation and eventual privatisation.</p>	<ul style="list-style-type: none"> • Financial and Non-financial performance monitoring indicators to reflect world's best practices established by 2003. • Undertake review of the Public Enterprise Act and Charter of Public Enterprises by 2004. • Progressive sale of Government shares in state owned reorganised entities, Government Commercial Companies and Commercial Statutory Authorities between 2003-2005. • Options to minimise redundancies from restructures of reorganised enterprises, in consultation with all stakeholders, established by 2003. • Public enterprises to provide at least 10 percent return on investment by 2005. • Road map for Public Enterprise Reform completed by 2003.

5.11: Foreign Affairs and External Trade

Goal: Global integration for political and economic advancement

Government implements and formulates foreign and trade policies by maintaining, evaluating and expanding friendly relations with other countries and through proactive participation in international organisations to which it is a member. Fiji is a member of various international and regional organisations including the United Nations (UN), Pacific Islands Forum, African, Caribbean and Pacific (ACP) Group, World Trade Organisation (WTO), Commonwealth, International Monetary Fund (IMF), World Bank and Asian Development Bank (ADB). In addition, Fiji has a long history of contribution to UN peacekeeping operations.

The establishment and promotion of external trade and economic relations through negotiation is an important function of the Government, and diplomatic missions abroad assist with the responsibility for trade policy implementation. Government maintains diplomatic missions in Beijing, Brussels, Canberra, Kuala Lumpur, London, New York, Port Moresby, Tokyo, Washington and Wellington. In addition, twelve honorary consuls in other centres of the world are accredited to foster Fiji's interests abroad.

The last decade has seen Fiji adopt an export oriented, outward looking, approach to trade relations. Import restrictions have been lifted in favour of export promotion, and as a result, Fiji now has a more open economy with increased volumes of both exports and imports. Fiji is a signatory to a number of bilateral, regional and multilateral trading agreements. The most significant is membership of the WTO, which offers opportunities to benefit from increased access to foreign markets. On a regional level, SPARTECA offers duty free access to the products of Forum Island Countries (FICs) to the markets of Australia and New Zealand. Furthermore, in addition to the Melanesian Spearhead Group and bilateral trade agreements, the Pacific Island Countries Trade Agreement (PICTA) has been successfully negotiated and is expected to allow free trade amongst all FICs by 2012. The Pacific Agreement on Closer Economic Relations (PACER) with Australia and New Zealand has also been successfully negotiated and is awaiting ratification. In addition, the ACP-EU Cotonou Agreement provides preferential prices for sugar and duty free access to the EU market. A new trade chapter under the Agreement will be negotiated during the Plan period. Nonetheless, Fiji has an opportunity to secure niche and new market opportunities for domestic products and services especially in Asia.

Freer global trade poses dramatic challenges. It leads to greater competition for domestic market producers (especially those which lack efficiency), and an erosion of the preferences that Fiji export industries currently enjoy, such as, sugar and garments. Trade is also constrained by market access restrictions due to non-tariff barriers that are applied by many countries under the guise of quality standards and quarantine procedures. Furthermore, a lack of adequate national trade facilitation capacity, trade standards, negotiation and advocacy capacity are additional constraints.

In addition to the management of political, economic and trade relations with other countries, Government plays an important role in the negotiation and administration of foreign aid. In this respect, Government recognises the required linkage of national goals to those of the UN sponsored Millennium Development Goals (MDGs) in order to realise more aid funds for development.

Policy Objectives	Key Performance Indicators
To promote and secure strategic economic and diplomatic relations with sovereign states and regional and international institutions.	<ul style="list-style-type: none"> • Fiji's interest and profile advocated in regional and international institutions such as UN, Pacific Islands Forum Secretariat, Commonwealth etc. • A mechanism for advice and follow-up on international declarations and trade agreements through Government's decision-making machinery, including Parliament, established by 2003.
To recognise and adhere to international declarations, agreements, conventions and treaties of UN, Commonwealth, EU and others that are of significant benefit.	<ul style="list-style-type: none"> • Domestic policies and legislation amended and aligned to international conventions and treaties ratified by Fiji. • Program of action for achieving the UN MDGs established by 2003. • Progressive increases in receipts of development cooperation funds, in areas of priority identified under Government's Public Sector Investment Program between 2003-2005. • New peacekeeping operations identified.
To improve investment and trade facilitation and negotiation capacity to achieve sustained global integration.	<ul style="list-style-type: none"> • Trade facilitation in the areas of quarantine protocols, customs, ports and immigration strengthened by 2003. • Personnel with background in areas of trade, trade negotiations and investment recruited to serve at Fiji's foreign missions from 2003.
To formulate and advocate Fiji's foreign trade policy as a reflection of the country's interests and priorities.	<ul style="list-style-type: none"> • Fiji's current trade arrangements under bilateral, regional and multilateral trade initiatives reviewed annually. • A multi-stakeholder consultative mechanism for regular dialogue with private sector and non-state actors on all foreign policy formulation and promotion developed by 2003.
To further diversify export markets by pursuing new markets particularly in Asia-Pacific region.	<ul style="list-style-type: none"> • Feasibility of establishing trade offices in new markets completed by 2003-2004. • Memoranda of understanding with new markets established by 2005.

Chapter 6: Social and Community Development

6.1: Health

Goal: Quality, affordable and efficient health services for all

Fiji has a well developed health system with an infrastructure of base hospitals in three geographic divisions, supported by area and sub-divisional hospitals, health centres and nursing stations in the smaller towns and rural and remote areas.

The national health indicators compare favorably with other developing countries. Infant, child and maternal mortality rates and incidence of low birth weight have all declined over the last decade. Non-communicable diseases (NCDs), such as diabetes, heart disease, high blood pressure, respiratory diseases and cancers, have now replaced infectious and parasitic diseases as the principal cause of morbidity and mortality. Initiatives and measures to support the control of non-communicable diseases through the National Diabetes Centre, National Food and Nutrition Centre, National Centre for Health Promotion, National Health Promotion Council, Tobacco Control Act 1998, Health Management Reform Project, and the review of health legislation will be retained and strengthened.

The increasing number of HIV/AIDS cases is a national challenge. The number of HIV/AIDS cases in mid 2002 was 104. A large proportion of the cases are between the ages of 20 and 29. With a window of 5 to 10 years from the time of infection to detection, it is clear that many are picking up the virus while still in their teens. A Strategic Plan 2001 - 2003 to prevent and control the spread and impact of HIV/AIDS and STIs has been developed and is supported through the Budget.

Emigration of health professionals, including doctors, nurses and paramedics has continually increased over the last few years. Efforts in the next few years will focus on increasing intake at the Fiji School of Medicine (FSM), training nurse practitioners to perform roles of medical officers, employing retired and part-time nurses, and increasing the intake at the Fiji School of Nursing.

Maintenance of appropriate levels of infrastructure and facilities is vital for the delivery of health services. Optimal use must be made of the health capital budget (\$12 million in 2002) in the construction and maintenance of health facilities and purchase of equipment. New hospitals in Nadi, Vunidawa and Levuka have been constructed in recent years. A new private hospital of international standard opened in Suva in 2000.

A five-year Health Management Reform Project (1999-2003), funded by AusAID, aimed at decentralising service administration is being implemented. This will give more autonomy and responsibility to divisional and sub-divisional hospitals.

The increasing demand and cost for health care, coupled with the availability of limited resources, requires increased attention to health financing. The Public Hospital and Dispensary Act, which includes hospital fees and charges for services, needs to be reviewed.

Policy Objectives	Key Performance Indicators
To provide adequate primary and preventative health services.	<ul style="list-style-type: none"> ▪ Achieving target milestones in the 9 components of primary health care set for the year. ▪ Sustained prevention and control of HIV/AIDs. ▪ Reproductive health facilities (including Adolescent Health) expanded by 2003. ▪ IMCI integrated into existing health services. ▪ Health promotion activities integrated into rural and community health programmes. ▪ Health priorities documented and implemented by the 19 sub divisional hospitals. ▪ Incidence of malnutrition and related diseases reduced by 5 percent annually.
To provide efficient curative (hospital) health care services.	<ul style="list-style-type: none"> ▪ Reduced waiting time for outpatients. ▪ Patient Information System and Health Information System fully developed by 2005. ▪ Participation of private and traditional health care providers increased. ▪ Appropriate levels of drugs and medical supplies reviewed and established. ▪ Public Health Act, Public Health and Dispensaries Act, Mental Treatment Act reviewed by 2004.
To maintain appropriate level of human resources/staff.	<ul style="list-style-type: none"> ▪ Intakes at FSM for MBBS maintained at 40-45 per year. ▪ Intake at FSN maintained at 150 per year. ▪ Role of public health nurses and community health workers reviewed and strengthened. ▪ Retention incentives for health professionals reviewed.
To maintain appropriate infrastructure and facilities.	<ul style="list-style-type: none"> ▪ New Government Pharmacy constructed by 2004. ▪ Extensions to Labasa Hospital and FSM upgrading completed by 2004. ▪ 2.4 patient beds per 1000 population by 2005.
To build a management culture that promotes and supports continuous quality improvement.	<ul style="list-style-type: none"> ▪ Quality Assurance guidelines reviewed regularly. ▪ 3 Divisional training programmes on Quality Customer Care conducted annually. ▪ Patient Satisfaction Survey programme in place in main hospital and selected sub divisional hospitals.
To improve health financing.	<ul style="list-style-type: none"> ▪ Health financing options reviewed by 2003. ▪ Revised fees and charges in place by 2003. ▪ New fees and charges incorporated into Hospital and Dispensary Act by 2003.

6.2: Education and Training

Goal: Quality education and training for all that is responsive to changing needs

Education is recognized as a fundamental pre-requisite for sound socio-economic development. It is also a basic human right. Government accords high priority to Education as reflected in the increase in the education budget from \$180 million in 2001 to \$217 million in 2002.

The Fiji Islands Education Commission/Panel 2000 (FIEC) report, a comprehensive review of Fiji's education system, notes that the education system has made impressive achievements and compares favourably with systems in other developing countries. There is widespread access with practically universal primary education (99 percent) and good secondary school access (72 percent). Literacy rates are high at 93 percent (1999) and there is virtual gender parity.

Government's efforts are complemented by a high degree of community participation. School committees own 99 percent of all primary and secondary schools in the country. Government owns only 2 of the 699 primary schools and 12 of the 154 secondary schools.

Rural schools, which are generally supported by communities with low incomes, often cannot support an adequate level of resources and facilities in their schools. This is a major cause of low pass rates in external examinations in rural schools. In 2000, for instance, the pass rate in Fiji School Leaving Certificate in rural schools was only 26 percent compared to 62 percent in urban schools.

School curriculum, which is reviewed periodically to enhance its relevance to meet the changing needs of our society, requires ongoing improvements. Computer education needs to be strengthened for all students, and in particular for secondary school students who will be entering tertiary institutions and the world of work in the near future.

The teaching force plays a pre-eminent role in providing quality education, and hence should be regularly upgraded through curriculum improvements and training. In pre-service teacher training there needs to be more emphasis on areas such as multi-grade teaching.

Fijian education requires special consideration. Efforts to address Fijian education are in progress. The FIEC2000 report and a ten-year blueprint on Fijian education (2001-2010) makes various recommendations ranging from strengthening administrative structures to increasing access to early childhood education, to reviewing the curriculum and to promoting provincial education development.

There is a relatively well-developed vocational training and technical education program covering secondary and post-secondary pre-service and in-service training for industry. Technical and vocational courses offered in secondary schools need to be made accessible to more schools. A national qualification is also necessary to standardize the courses offered by the various technical and vocational institutions. The present assessment system, including examinations, needs to be reviewed.

Policy Objectives	Key Performance Indicators.
To ensure access to quality education.	<ul style="list-style-type: none"> ▪ Compulsory Education Act implemented by 2004. ▪ Curriculum revised to include environment, business skills and IT by 2004. ▪ Combined primary and secondary enrolment ratio of 90 percent by 2005. ▪ Special education policy formulated for the disabled by 2003. ▪ Pre-school enrolment increased by 10 percent in rural areas by 2005. ▪ Access of schools to computers increased. ▪ Introduction of adult education in the formal school system evaluated by 2004.
To develop and support a professional teaching force.	<ul style="list-style-type: none"> ▪ Grant-in-Aid teachers retrained and absorbed into Civil Service by 2005. ▪ In-service training plan developed and implemented annually. ▪ Lautoka Teachers College upgraded by 2003. ▪ Teacher-training curricula continuously upgraded. ▪ Number of trained teachers in Mathematics and Science increased.
To strengthen quality partnership between government and all other stakeholders.	<ul style="list-style-type: none"> ▪ Building grants reviewed with a view to providing benchmarks for minimum standards by 2003. ▪ Timely disbursement of annual grants to committees. ▪ Audited financial accounts from school managements annually.
To strengthen Fijian Education.	<ul style="list-style-type: none"> ▪ Improved pass rates for Fijian students in FSLCE and FSFE. ▪ Continue with the implementation of the blueprint for the affirmative action for Fijian Education.
To provide quality education services to the rural areas.	<ul style="list-style-type: none"> ▪ Increased proportion of rural teachers trained. ▪ Higher proportion of rural students passing FSLCE and FSFE. ▪ Rural schools and facilities upgraded.
To promote nation building through social justice.	<ul style="list-style-type: none"> ▪ Teaching and learning of conversational Fijian and Hindi strengthened by 2003. ▪ Citizenship studies, national anthem and flag ceremony introduced by 2003. ▪ Spiritual, moral values, virtues and consumer education and character building incorporated by 2003.
To strengthen and expand Technical and Vocational Educational Training (TVET)	<ul style="list-style-type: none"> ▪ Numbers of trained and qualified teachers increased by 10 percent. ▪ TVET Facilities upgraded. ▪ National standards for qualifications established by 2005. ▪ TVET assessment system reviewed by 2004.

6.3: Gender and Development

Goal: Develop, address and promote gender sensitive policies, issues and concerns

Government has adopted a mainstreaming approach on gender issues. However, in the case of women, it is recognised that special programmes and projects are still necessary to remove the gender gap in many areas, and that structural mechanisms and attitudinal barriers, which work against improving the status of women, require continuing action.

Fiji is a party to various international instruments and conventions on women and gender development, such as the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). Government made five commitments for women's advancement after the 1995 UN World Conference for Women (Beijing). This formed the basis of the National Women's Plan of Action (WPA) 1999 – 2008. The Plan calls for action in five focal areas: mainstreaming women and gender concerns; women and the law; women and micro-enterprises; balancing gender in decision-making; and violence against women and children.

Several institutional mechanisms to promote gender equality and mainstreaming include the National Women's Advisory Council (NWAC), Inter-Ministerial Committee on Women (IMCW), Gender Focal Points (GFP), five Taskforces to work specifically on the five areas of WPA commitments, and a Gender Training Unit in the Ministry for Women. Civil societies also contribute significantly to the advancement of women's concerns.

Current initiatives to create an enabling environment for women and gender mainstreaming include gender sensitised training within the public sector; the implementation of a gender budget initiative project in several ministries; and gender audit studies in selected ministries that are aimed at examining the differential impacts of sectoral policies and programs on men and women.

The availability of micro-finance for women has improved since the introduction of the WOSED project in 1993. The Women's Plan of Action has identified the need to further increase women's access to micro-credit as well as improving women's access to formal credit.

There are an increasing number of women in top decision-making positions within government. For example, the present Government has four female ministers, although two are assistant ministers. Government will move towards a target of 50 percent representation of women at decision making levels of Government, and where applicable in the private sector, and in training, appointments and promotions.

Increasing violence against women and children, especially domestic violence and sexual harassment, is of concern. Since 1995 the Police Department has introduced some measures in order to deal with this issue. Initiatives by the Police include the implementation of a 'no-drop' policy, gender sensitisation training for police officers and the establishment of Sexual Offences Units. The Family Law Bill will provide additional safeguards for both women and children, particularly in divorce proceedings.

Policy Objectives	Key Performance Indicators
To mainstream gender perspectives, issues and concerns in the planning process.	<ul style="list-style-type: none"> ▪ Gender mainstreaming institutions strengthened by 2005. ▪ National policies, plans and programs are engendered by 2005. ▪ Gender Audits conducted in 5 ministries by 2005. ▪ 4 Gender Sensitisation Training workshops conducted in each division annually. ▪ Inclusion of gender impact assessments in project appraisals within government by 2003. ▪ National Women's Plan of Action reviewed by 2003.
To ensure gender equality and non-discrimination before the law.	<ul style="list-style-type: none"> ▪ Review of laws in relation to UN CEDAW completed by 2004. ▪ Gender issues integrated in the legal system by 2005. ▪ Increased collaboration and partnership with NGO.
To provide disadvantaged women with access to savings and credit mechanisms and to advisory and marketing assistance.	<ul style="list-style-type: none"> ▪ Women's access to micro-credit assistance improved by 50 percent by 2004. ▪ Access to formal credit through affirmative action programmes improved by 30 percent by 2004. ▪ Review of WOSD Micro-credit finance scheme by 2005. ▪ Policy framework for increased collaboration and partnership with NGOs by 2003.
To ensure women's accessibility and full participation in power structures and decision-making bodies.	<ul style="list-style-type: none"> ▪ 50 percent representation of women in Government Boards, Committees, Tribunals, Councils, Commissions, etc by 2005. ▪ Equal training opportunities at all levels in Government.
To educate the community and law enforcement agencies to prevent and eliminate violence against women.	<ul style="list-style-type: none"> ▪ Appropriate sentencing penalties, including counselling, for violent crimes against women and children in place by 2003. ▪ Enactment of the Family Law Bill by 2004. ▪ Concerted efforts and public awareness programs against domestic violence and sexual harassment conducted by 2005.

6.4: Youth and Protection of Children

Goal: Protection and development of children and youth

The UN Convention on the Rights of the Child defines children as those below 18 years of age.

Youths are generally those between 15 and up to 24 years of age. About 40 percent of Fiji's population is within these age groups.

Protection of the rights of children and youth and investment in their development is the cornerstone of national development, as their individual contributions will shape the future of our nation. The issues affecting children and youths are multifaceted and need a coordinated approach.

The Coordinating Committee on Children (CCC) is a multi-sectoral cabinet subcommittee established in 1993 after Fiji ratified the UN Convention on the Rights of the Child. The CCC is responsible for coordinating the implementation of the Convention into Fiji's laws and procedures. Several issues including the adoption of children, child prostitution and child labour, street children and children with disabilities, need to be addressed by all stakeholders concerned. The Family Law Bill provides an opportunity to address some of the issues facing children, particularly those affected by divorce.

The Ministry of Youth, Employment Opportunities & Sports provides assistance to youths through counselling, training, advice, moral support, empowerment and job registration. Positive Mental Attitude and Duke of Edinburgh Award programmes are also conducted as well as, non-formal education programs. The Youth Parliament held in early 2002 was a good example of youth empowerment and provided an opportunity for youths to voice their concerns to Government leaders. It will now become an annual event as a component of National Youth Week celebrations.

Government also notes the important contribution of civil society to the development of children and youth in Fiji. These agencies provide emergency relief assistance such as food, clothing and shelter to destitute children and youth.

Nevertheless, children have suffered disproportionately since the May 2000 crisis through emotional, psychological and economic stress. This places tremendous pressure on family units to maintain a decent standard of living and afford children quality of care. Child abuse, child labour, street kids and child prostitution, drug peddling by school children, and children's access to liquor and drugs are increasing. Youths also face similar challenges such as the lack of employment opportunities, mental and emotional pressures, vulnerability to sexually transmitted diseases, delinquency, suicidal tendencies, and high incidence of drug and substance abuse.

The lack of information on vulnerable groups of children and youth, such as ill treatment and abuse, including sexual abuse, is a constraint to the development of relevant policies.

Policy Objectives	Key Performance Indicators
To harmonise legislation with the principles and provisions of the Convention on the Rights of the Child and other relevant international instruments.	<ul style="list-style-type: none"> ▪ Review of legislation completed by 2003. ▪ Young Persons and Juveniles legislation evaluated by 2003.
To strengthen policy formulation, program implementation and monitoring of policies and programs for children and youth.	<ul style="list-style-type: none"> ▪ Coordinating Committee on Children (CCC) Strategic Action Plan completed by 2003. ▪ National Council for Children proposal evaluated by 2003. ▪ Database established by 2005. ▪ Increased coordination & monitoring of programs between Government and NGOs. ▪ Finalisation of National Youth Policy by 2003. ▪ 5 yearly report on implementation of UN CRC obligations completed by 2003.
To empower young people to secure gainful employment or self-employment opportunities, both locally and abroad.	<ul style="list-style-type: none"> ▪ Increased number of accredited training programs organized by Ministry of Youth. ▪ Increased number of Youth NGOs. ▪ All components of National Youth Service Scheme established by 2005. ▪ Placement Services/Work Experience Programs strengthened. ▪ Careers Exposition conducted annually. ▪ Increased number of income generating projects. ▪ Implementation of Youth Employment Policy Framework by 2003.
To inculcate in young people, leadership, volunteerism and a strong sense of motivation, cross-cultural understanding and commitment.	<ul style="list-style-type: none"> ▪ Increased opportunities & access for youths' to participate in attachment and volunteer programs. ▪ Positive Mental Attitude (PMA) Training strengthened. ▪ National Youth Week conducted annually with wider youth participation in Youth Parliamentary Session. ▪ Increased participation of children and youth in decision-making processes.
To promote health education including sexual and reproductive health education.	<ul style="list-style-type: none"> ▪ Teenage pregnancies reduced by 25 percent by 2005. ▪ Reduction in HIV/AIDS and sexually transmitted infections (STIs) amongst children and youth.
To enhance provision of child protection and family welfare services.	<ul style="list-style-type: none"> ▪ Drop In Center established by 2005. ▪ Reduction in number of homeless children. ▪ Juvenile Bureau re-established by the Fiji Police Force by 2004.
To encourage family units to look after and be responsible for their children.	<ul style="list-style-type: none"> ▪ Family Law Bill enacted by 2004. ▪ Reduction in child abuse cases. ▪ Increased knowledge and responsibility of family life issues amongst parents/youth.

6.5: Culture and Heritage

Goal: Protection and management of our culture and heritage for current and future generations

Fiji is a multi-racial, multi-cultural country with a multiplicity of languages, religions and ways of living. Culture refers to the diverse manifestation of human intellectual and artistic creativity, that is, both cultural heritage, and the living forms of cultural expression.

The Department of Culture and Heritage was established in 2000 and is working towards fostering a sense of national identity that is all inclusive and based on values of equality, mutual respect irrespective of colour, race, national or ethnic origin, religion, gender and physical abilities. The existing government and non-governmental organizations, in particular, the Fiji Museum, National Trust of Fiji and Fiji Arts Council, are the flagship agencies for cultural and heritage development.

Integral to the development of the nation is the conservation, development and promotion of the indigenous identity. One that is not mutually exclusive but recognizes that its strength and vitality comes not only from conserving the past but embracing the future in its mirrored dimensions including the existence of other cultures.

Tourism, as the fastest growing industry in the world, relies to a large extent on cultural heritage for its sustainability. Historic conservation and cultural activities can maintain the distinct character of communities and greatly enhance the quality of life and enhance tourism investment. The tourism industry and local community must find a balance between profitability and sustainability. Cultural heritage sites and traditional arts should be conserved and protected.

The association between gender and culture needs consideration. Both culture and gender have been highly politicized, affecting women's rights as well as our understanding of the place of culture in development. The challenge is to develop an agenda that recognizes women as significant actors in development and as bearers and signifiers of their culture.

Culture has the potential to address the challenges faced by our youth today. A major challenge exists in their economic inclusion, civic and cultural participation, and health and education needs. Part of the answer lies in the young people themselves and partly in creating an environment to express themselves. The education system provides a catalyst and an opportunity for this in instilling a sense of values and cultural identity.

There is a need to think culture and its impact on the environment. Local ecological knowledge and traditional management practices, as part of the local systems of values and meanings, have proved to be environmentally sustainable. The challenge is now to translate this into practical projects and to change policies that strengthen the cultural dimensions of the relations between the environment and development.

Policy Objectives	Key Performance Indicators
To protect, preserve and manage Fiji's cultural heritage.	<ul style="list-style-type: none"> ▪ National policy framework established by 2003. ▪ Existing legislation (Fiji Museum Act, the Intellectual Property Rights Act) reviewed and updated by 2004. ▪ Feasibility study on National Cultural Industry completed by 2003. ▪ Infrastructure to strengthen the activities of existing heritage management agencies developed by 2003. ▪ National Treasure and Oral History Database established by 2004. ▪ Department of Culture and Heritage Website launched by 2003. ▪ Research on archaeological, maritime, paleontological and material culture research by 2004.
To increase cultural and cross-cultural understanding.	<ul style="list-style-type: none"> ▪ Arts and culture subjects integrated in to the school curriculum by 2003. ▪ Intersectoral linkages with NGO's and through small grant allocation and collaborative partnerships between government and donor agencies developed and strengthened.
To promote creativity in all forms and at all levels of society with particular emphasis on the role of women and youth.	<ul style="list-style-type: none"> ▪ Number of women/youth individually and/or collectively participating in creative arts increased.
Promote conservation and resource development that emphasizes partnership with local landowners.	<ul style="list-style-type: none"> ▪ Number of '<i>mataqali</i>' landowning units engaged in commercial ventures increased. ▪ Protected areas for national parks and marine parks established.
Develop creative performing arts, and visual art focusing on traditional raw materials, techniques and designs.	<ul style="list-style-type: none"> ▪ Database for Art and Craft Organizations developed. ▪ Fiji's participation at the next South Pacific Arts Festival. ▪ Natural Cultural Festivals increased. ▪ Number of cultural exchange groups' performances overseas increased.

6.6: Sports Development

Goal: Promoting sports for healthy lifestyles and for employment

Sport promotes nation building through its ability to bring people of all communities together.

The Fiji Sports Council is responsible for the promotion and development of sport and sports facilities nationwide; however, sports development had largely been undertaken by voluntary organizations, for example FASANOC.

Government's role has been confined to providing funding for the development of sports facilities and capacity building.

A National Sports Development Committee was established to implement the new policy and a development program to enhance national sports development. A key feature of the policy is "sports for all". The aim is to involve more people in sporting activities to promote healthy lifestyles and personal development.

Several sporting facilities had been constructed and upgraded including the 2003 SPG sports facilities. It is envisaged that the 2003 SPG will bring about enormous benefits to the Fiji economy as a whole.

National sports, for example, rugby and soccer have become professional with players contracted to overseas clubs and Super 12 franchises. Our top players and athletes are exposed to major international competitions like the Olympic Games, Commonwealth Games and the South Pacific Games (SPG). This brings much-needed publicity and serves as a catalyst to boost investment and tourism.

Government therefore supports any further efforts to host international sporting competitions.

Raising Fiji's competitive edge in sports is constrained by a continuing lack of top quality sports training programmes such as those offered by the Australian Institute of Sports. Sports science is prominent in these programmes and its use is critical for producing world-class sportspeople. Greater private sector involvement in sport is also needed in order to inject a more commercial approach, especially in professional sports.

Policy Objectives	Key Performance Indicators
To promote healthy lifestyles.	<ul style="list-style-type: none"> ▪ Annual increase in participation of citizens in “sports for all” activities. ▪ Integrate “sports for all” in the workplace by 2003. ▪ Healthy eating habits promoted.
To support the development of sports facilities and programmes.	<ul style="list-style-type: none"> ▪ Increase in number of world standard sports facilities available by 2003. ▪ SPG facilities completed by June 2003. ▪ Increase in number of playing fields and other recreation facilities. ▪ Number of qualified sports scientists increased by 2005.
To support the involvement of the private sector in sports development.	<ul style="list-style-type: none"> ▪ Annual increase in corporate sponsorship. ▪ Tax incentives for sponsorship.
To develop and improve sporting skills and knowledge in preparation for regional and international competitions.	<ul style="list-style-type: none"> ▪ Improved ranking in international and regional meets in all sports. ▪ National Academy of Sports established by 2005.
To facilitate lucrative employment opportunities through sports.	<ul style="list-style-type: none"> ▪ Increase in number of athletes and players contracted to overseas clubs. ▪ Increasing number of “Super 12” contracts for Fiji rugby players. ▪ Increase in value of remittances from sportspersons annually.

6.7: Disaster Mitigation and Management

Goal: Reducing vulnerability to disasters

Fiji's environment is highly vulnerable to natural and man-made disasters. Cyclones, floods and severe droughts have adversely affected key sectors of the economy, particularly sugar. Their effects include lower domestic production, reduced employment opportunities with severe short-term unemployment, increased health problems and an upward pressure on the price of food commodities.

Over the last decade, the damage caused by tropical cyclones has been estimated at slightly below \$500 million and close to 60 lives have been lost. The 1997/1998 droughts had a severe impact on the economy. The sugarcane crop was severely affected.

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.

Past response efforts to disasters have concentrated on government provisions of rations, or water supplies in the case of 1997/1998 drought. A noticeable impact of this has been a reduction in the capacity of communities to help themselves and a loss of traditional knowledge in coping with disasters.

Remote sensing and GIS tools are now available which could be effectively used to evaluate immediate disaster damage, guide disaster relief activities as well as provide information for flood control planning.

At present, the Ministry of Regional Development governs the affairs of the National Disaster Management Office as required under the National Disaster Management Act 1998 as well as the National Disaster Management Plan 1995, whilst the Ministry of Home Affairs continues to be responsible for management of man-made disasters. The Department of Mineral Resources provides monitoring information on geo-hazards. The Meteorology Department has an important role in predicting and forewarning the population about cyclones and droughts.

Policy Objectives	Key Performance Indicators
To mainstream Disaster Management into the national development decision making process.	<ul style="list-style-type: none"> ▪ Hazard and Risk Management included in project appraisal within government by 2003. ▪ Comprehensive Hazard and Risk Management (CHARM) principles adopted by Government and NGOs by 2003. ▪ Coordination between NDMO and implementing agencies strengthened.
To improve Hazard and Risk Management.	<ul style="list-style-type: none"> ▪ Response plans by various agencies for cyclones, earthquakes, tsunamis and volcanoes established by 2003. ▪ Risk assessments for major urban centers completed by 2003. ▪ New seismic station network implemented by 2004.
To improve community awareness of risk, preparedness and response.	<ul style="list-style-type: none"> ▪ Civil community involvement in emergency relief program increased by 2003. ▪ Community preparedness and self-sufficiency in dealing with natural disasters increased by 2003. ▪ Damages to buildings and infrastructures Reduced by 2003. ▪ Fires and land degradation that increase the impact of natural disasters reduced by 2003. ▪ Increased educational and training programs in Disaster mitigation and management.
Assist communities to be self-reliant and self-sufficient in the face of disasters.	<ul style="list-style-type: none"> ▪ Planting of disaster resistant crops using traditional cropping systems increased. ▪ Average level of ration distribution reduced by 2004.
To invest in infrastructure to mitigate the impact of disasters.	<ul style="list-style-type: none"> ▪ More enforcement and awareness on Building code. ▪ Database on priority list of infrastructure for mitigation by 2003.

Chapter 7: Economic Development Sectors

7.1: Sugar

Goal: Producing high quality sugar for the world market

Sugar production is important to the economy: it contributes some 7 percent of GDP, generates 22 percent of total domestic exports, accounts for 8.5 percent of total foreign earnings and provides direct and indirect employment to around 41,000 people, consisting of 21,000 growers, 3,000 Fiji Sugar Corporation (FSC) employees and 17,000 cutters and drivers (2001 figures). Unlike other export-oriented industries, almost all factors of production are domestic and have a high regional impact and cross-sectoral linkages.

The sugar industry is currently facing a period of crisis that could have a major negative effect on macroeconomic and social stability. Government recognizes that the industry problems are multiplying under the current industry structure. The Fiji Sugar Corporation (FSC), the mainly government-owned entity that owns the four sugar mills, is insolvent and requires a significant investment injection to continue operating. Facing the prospect of selling sugar at world prices by 2008, no serious industry efforts have been made towards reducing production cost to a level to survive a possible drop in price to one third of the present level.

In addition the industry lacks appropriate incentives to improve production efficiency, which results in low quality of both sugar cane and sugar produced. Moreover, many sugarcane farms are too small and fragmented to produce anything but a subsistence level income. To exacerbate the state of the industry, large numbers of farmers are leaving the sugarcane areas at the expiry of their leases. While some indigenous Fijian landowners are keen to enter the industry, they lack the capital and appropriate skills for effective and efficient production.

Against this backdrop, the sugar industry faces a major restructure and a significant size reduction to adapt to the pending loss of preferential prices. Simultaneously, significant changes are taking place in landholding patterns as longstanding ALTA leases expire. The Ministry of Agriculture Sugar and Land Resettlement administers the Farming Assistance scheme through the FSC to assist new incoming sugarcane farmers in training and development. This assistance is an effort to sustain the annual production at above 3 million tonnes of cane.

The launching of the 20-year strategic plan in 1997 with the vision of transforming the industry from a 'Way of Life to a World Competitive Business' was the first step towards restructuring. More recently the FSC has produced a document entitled "The Fiji Sugar Industry – A Way Forward" recommending a new commercial concept and approach.

Government realizes that the future viability of the industry has been due to a lack of commitment to pursue reform and a lack of cooperation between key industry stakeholders. Therefore, in 2002, Government has approved a restructure proposal, which is broadly in line with the Industry proposal. In view of the importance of the sugar sector the Office of the Prime Minister has assumed responsibility for its restructuring.

Policy Objectives	Key Performance Indicators
To review and re-structure the sugar industry into a commercially viable, efficient and sustainable industry.	<ul style="list-style-type: none"> ▪ FSC recapitalised in 2003. ▪ The “Intermediation of the Sugar Sector Restructuring” project completed by 2003
To address the social impact of the industry restructure.	<ul style="list-style-type: none"> ▪ The ADB “Alternative Livelihood” ” Study completed by 2003.
To ensure land access and availability for the industry	<ul style="list-style-type: none"> ▪ Appropriate and fair leasing arrangement in place by 2003.
To improve milling efficiency and linkage of the payment system to the quality of sugar in cane.	<ul style="list-style-type: none"> ▪ Action Plan for the relevant improvement in the mills is implemented progressively from 2003 – 2008.
To increase the efficiency, productivity and quality of sugarcane production in farms.	<ul style="list-style-type: none"> ▪ Action Plan to increase productivity and quality of sugarcane is implemented progressively for a period of 5 years (2003-2008).
To review and restructure the cane transportation system and logistics.	<ul style="list-style-type: none"> ▪ Appropriate restructure of the cane transportation system be progressively implemented over a 5-year period (2003-2008).
To diversify the range and production of sugar by products.	<ul style="list-style-type: none"> ▪ Research and development initiatives implemented to grow high value crops by 2003. ▪ 10 cane and sugar by-products developed by 2005.
To maximize returns to shareholders.	<ul style="list-style-type: none"> ▪ Acceptable return on equity.

7.2: Non-Sugar Crops and Livestock

Goal: Sustainable community livelihoods through competitive exports and efficient food security

Non-sugar crops and livestock contribute 8 percent to GDP, around 11 percent of agricultural exports, and benefits approximately 50 percent of the population. The crop sector consists of traditional food crops (dalo, cassava, ginger and yaqona), tropical fruits (pineapple, pawpaw and mango), vegetables, spices, cocoa and coconut products. Beef, dairy, pork, poultry, sheep, goat and honey make up the livestock sub-sector.

Import substitution policies adopted since the seventies generally did not meet the expected outcomes. Recognizing that survival of industries in a competitive environment depended on being efficient, the sector has been gradually deregulated since 1989. Deregulation has resulted in the removal of import licences, the conversion of most import quotas to tariffs and subsequent reduction of these tariffs, and corporatisation of public entities, such as NATCO and Rewa Rice Limited.

The performance of the sector over the last decade has been mixed. While production and exports of some commodities such as dalo and vegetables have gradually increased, others have stagnated or declined. Copra and cocoa have had a poor decade with declining production and exports.

Future potential is with products where Fiji has a competitive advantage such as in high value niche exports and traditional food crop production. Products that give the best returns to labour and land resources include traditional food crops, fresh fruits, processed fruits, processed nuts, cut flowers, vegetables, spices, herbs and medicinal plants, handcraft raw materials and certified organic products.

Private sector led development will be actively supported with Government and other agencies playing a facilitative role. In this regard the issues that need to be addressed include: safeguarding and commercially exploiting favourable quarantine status, improving export market access, encouraging the continuing transformation of subsistence to commercial farming, revitalisation of agricultural research and access to technology, improving supply and effectiveness of credit, public investment in critical infrastructure and support for industry organizations.

There is scope for enhancing food security by increasing production of non-sugar crops and commodities. A food and income security programme intended to improve agricultural crop production is planned to be implemented in 2003.

Land and other associated resources must be utilized sustainably in production or processing stages so that resources of good quality are available to future generations. A rural land use policy, which guides land utilisation in rural areas, will be implemented.

Policy Objectives	Key Performance Indicators
To facilitate private sector-led development.	<ul style="list-style-type: none"> ▪ Bilateral quarantine agreements negotiated: Australia for pawpaw by 2003; and Japan for ginger and squash by 2004. ▪ No introduction of new fruit flies and other diseases in the next three years. ▪ National pest and disease survey conducted by 2003. ▪ Viti Corp, NATCO and Yaqara Pastoral Company Limited to be reorganised to prepare for privatisation by 2005. ▪ Government assistance for FDB agricultural lending reviewed by 2003. ▪ FDB Small Business Equity Scheme fully utilised each year. ▪ Increased investment in non-PWD rural road maintenance, water and electricity. ▪ Legislation in place to support industry determined and enforced quality standards for ginger, taro, kava and pawpaw by 2004. ▪ Industry councils to be fully operational by 2003. ▪ Coconut extension and research to be transferred to CIDA by 2003. ▪ Joint private sector consultation to continue every 6 months from 2003.
To accelerate agricultural diversification into areas of competitive advantage.	<ul style="list-style-type: none"> ▪ Non-sugar agriculture exports increased by 2 percent per year. ▪ Increased range and value-added of products exported by 2004. ▪ Ongoing resettlement of ALTA tenants whose leases have expired.
To promote food security.	<ul style="list-style-type: none"> ▪ Value of food imports is less than 15 percent of total imports by 2004. ▪ Programme to promote food and income security, incorporating appropriate recommendation of the 2002 World Food Summit, effected by 2003. ▪ Value of component of livestock feed imported reduced by 50 percent by 2005.
To ensure sustainable development in non-sugar agriculture.	<ul style="list-style-type: none"> ▪ Adoption and enforcement of Rural Land Use Policy and Sustainable Development Act. ▪ Land Conservation and Improvement Act reviewed by 2003.

7.3: Forestry

Goal: Sustainable management and development of forest

The forestry sector contributed approximately 0.9 percent of GDP and 3.4 percent of total export earnings in 2001. It covers indigenous and plantation forests. In total 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.

Fiji Pine Limited owns and manages 40,730 ha pine plantations in Viti Levu and Vanua Levu. The plantations are now being harvested and processed by Tropik Woods as pine timber and chips of prime quality for exports. Pine chip exports earnings are around \$40 million annually. Fiji Pine Limited has been experiencing financial difficulties due to poor scheduling and forest management practices.

Hardwood plantation forests amount to 44,760 ha with mahogany accounting for 80 percent of planted area. Fiji's mahogany plantation is considered to be the largest in the world and of high quality. Fiji Hardwood Corporation Limited (FHCL) was established in 1998 to manage Fiji's hardwood plantations, which are principally mahogany. The main objective of FHCL is to manage the sustainable utilization of the hardwood resource taking into full account the interests of all stakeholders, in particular the landowners. There is significant potential in the mahogany industry. Trial processing of mahogany is currently being conducted to determine the quality and value of Fiji's mahogany resources. Following proper valuation and quality testing a strategic partner will be sought for processing and marketing the resource. Both upstream and downstream value added processing will be encouraged to ensure maximum benefits accrue to the Government and the landowners.

Mahogany takes approximately 30 years to fully mature and produce prime quality timber. Current mature mahogany stocks allow for the sustainable harvest of 80,000 cubic metres of sawn mahogany logs per year based on the 30-year minimum cycle. Consequently, the sustainable harvesting and management of the resource is critical. Currently, FHCL is not conducting any replanting of mahogany. Replanting of mahogany trees should be encouraged to ensure the 30-year cycle is maintained and harvested.

Indigenous forests, representing 300,000 ha of production forests, have great potential for value added products such as veneer, plywood and quality furniture. However, the rate of extraction has been of concern. 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. Government is constructing a Forestry Training Centre at Colo-i-Suva and a Timber Industry Training Centre at Nasinu.

Valued added production of hardwood plantation, principally in the form of mahogany and indigenous hardwood is expected to generate many returns to the economy. With increases in world prices expected the sector's contribution to the national economy will increase substantially over the medium term as harvesting and processing of mahogany commences. There is also a significant amount of non-timber forest products particularly fruits, nuts, and medical and pharmaceutical plants that require further development. However, the sector lacks the necessary infrastructure to facilitate harvest and processing of forest products.

Policy Objectives	Key Performance Indicators
To provide the appropriate institutional and physical infrastructure to support the development of the sector.	<ul style="list-style-type: none"> ▪ Forest training centre operational by 2003. ▪ Timber Industry Training Centre operational by 2003. ▪ Port handling facilities improved. ▪ Forest access roads maintained. ▪ Management Information System (MIS) on the quantity and quality of forest resources upgraded.
To ensure sustainable development and management of forestry resources.	<ul style="list-style-type: none"> ▪ Amended Code of Logging Practice fully implemented and enforced by 2003. ▪ Incidence of forest fires reduced by 50 percent by 2005. ▪ Awareness of conservation and biodiversity issues increased through training programs. ▪ “Green certification” attained by 2004. ▪ Mahogany replanting restarted by 2003. ▪ Rate of deforestation maintained at 0.5 to 0.8 percent. ▪ Replanting of indigenous forests to commence by 2003.
Promotion of community-owned and managed forestry processing and value adding facilities based on indigenous forests and community-owned plantations.	<ul style="list-style-type: none"> ▪ Employment level increased by 10 percent. ▪ Resource owners training in harvesting and processing of forest resources to commence by 2003. ▪ 10 community-owned enterprises established by 2005. ▪ Formulation of an acceptable structure that will facilitate the active participation and involvement of resource owners in the mainstream activities of the industry by 2003.
Promotion of the production and export of value added timber products.	<ul style="list-style-type: none"> ▪ Pine product export earnings increased by 50 percent by 2005. ▪ Mahogany resource valued and quality testing conducted by 2003. ▪ Strategic partner(s) identified for harvesting and processing by 2003. ▪ Mahogany harvesting commences by 2004.

7.4: Marine Resources

Goal: Sustainable utilization and development of fisheries and marine resources

Fisheries are now the third largest export industry. With an EEZ covering 1.3 million square miles of ocean, Fiji has a rich resource for commercial exploitation and to meet the subsistence needs of 90 percent of villages located on the coast. The sector accounts for 1.5 percent of GDP and has considerable potential for expansion.

The tuna industry dominates the sector. Pacific Fishing Company (PAFCO), cans tuna using yellow fin, skipjack and albacore, and processes tuna loins for Bumble Bee. Most tuna is sold duty free to the United Kingdom. However, as with sugar, a steady erosion of the preferential prices is expected. Large tuna (albacore, yellowfin, skipjack, and bigeye) are also exported to the Japanese sashimi market and the US.

PAFCO operations are constrained by supply problems, even though the tuna resource is fished at levels well below the maximum sustainable biological yield. The company recently entered into a strategic alliance with an international company, Bumble Bee. However, the EU rules of origin requirements have acted as a significant barrier to the development of commercial fleets.

There is scope for expansion in the longline tuna fishery, which exports to the high quality sashimi market in Japan and the US. However, methods used by tuna long liners are reported to be having an adverse impact on the resource of other pelagic species.

Consistent with international and regional obligations, such as the Monitoring, Control and Surveillance (MCS) Treaty, a total allowable catch (TAC) limit of 15,000 tonnes has been set for targeted species such as yellow fin, albacore, and big eye tuna and biketes such as marlin, wahoo and ogo. The Ministry of Fisheries and Forests monitors the TAC through visual monitoring systems and “catch-log” submissions by fishing companies.

The unsustainable use of resources in artisanal fishery, such as, mangroves harvesting, and selling undersized fish and crustaceans, is now becoming a concern. As a result of inadequate education and short-term monetary gain, abuse of marine resources and its environment continues to increase.

The crustacean, mollusc and beche-de-mer resources are now under considerable management pressure due to reclamation of mangrove areas and conversion to other uses – sugarcane, tourism and urbanisation. Similarly, some of the coral reefs are under threat from pollution, erosion and mining.

Opportunities offered by other potential industries need to be developed further. The possibility of expanding tilapia and prawn farming, Carrangeenan Seaweed Industry, and the Pearl industry should be explored fully.

Policy Objectives	Key Performance Indicators
To ensure sustainable development of fisheries and marine resources.	<ul style="list-style-type: none"> ▪ Sustainable Development Bill provisions relating to fisheries resources enacted and implemented by 2005. ▪ Regular surveillance of EEZ undertaken and catches monitored. ▪ A moratorium on reef mining implemented by 2003. ▪ Mangrove Management Plan reviewed by 2003. ▪ TAC and licensing reviewed by 2004.
To promote production and export of value added fisheries products.	<ul style="list-style-type: none"> ▪ Fisheries product export earnings increase by 10 percent by 2005. ▪ New markets for existing products and new products for existing markets identified. ▪ Seaweed and pearl industries expanded. ▪ Increased air cargo capacity to facilitate exports.
To increase community participation through ownership in fish and fish processing companies.	<ul style="list-style-type: none"> ▪ 10 community-owned companies established by 2005. ▪ Offshore Fishing licenses offered to indigenous Fijians full utilized by 2005. ▪ Formulation of an acceptable structure that will facilitate the active participation and involvement of resource owners in the mainstream activities of the industry by 2003.
To provide appropriate institutional and physical infrastructure to support development in the sector.	<ul style="list-style-type: none"> ▪ Port handling facilities improved by 2004. ▪ National, regional and international legislation consistent and compatible favourable to the expansion of the sector. ▪ Tuna Development and Management Plan implemented by 2003. ▪ Rents from distant nation vessels increased to economic levels by 2003. ▪ Self-managed Industry Councils operational by 2004. ▪ Management Plan for customary fishing rights developed by 2005. ▪ Management Information System (MIS) in place to monitor and manage the quantity and quality of coastal and fisheries resources.

7.5: Tourism

Goal: A sustainable, growing and globally competitive industry

The tourism industry has become one of Fiji's largest sources of economic growth in comparison with other industries such as sugar, fisheries, garment and forestry. The sector is mainly private sector driven, and has grown substantially over the past 32 years.

Tourism contributes approximately 17 percent to GDP and provides employment directly and indirectly to an estimated 40,000 people. In terms of earnings and tourist arrivals the industry recovered tremendously well from the political crisis of 2000. In 2001, tourist arrivals totaled 348,014, an 18.3 percent increase from 249,070 in 2000. Arrivals are expected to surpass the 1999 peak figure of 410,000 by 2003.

Government is committed to further developing the sector and tapping its potential to the fullest extent possible. The focus will be on expanding mainstream tourism and on promoting sustainable ecotourism development. Efforts will also be directed at increasing the participation of resource owners in the industry in particular ecotourism.

Ecotourism is considered the most viable means of spreading the tourist dollar beyond the industry's traditional areas of concentration and of increasing the retention of the tourist dollar. Ecotourism also provides enormous potential for the involvement of indigenous Fijians and Rotumans.

Based on a recent survey there are 22 current licensed eco-tourism operators in Fiji. The majority of eco-tourism operators are based on the Western side of Viti Levu but there are a number of operators in other parts of Fiji: Kadavu, Vanua Levu (mostly in Taveuni and Savusavu) and one in Vanuabalavu, Lau. Most operators are indigenous Fijians and developing this sector is in line with government policy of assisting Fijians in business. Training is a critical need for the operators in this sector.

The tourism sector is constrained by the lack of up-market accommodation and airline capacity. Other constraints include – a lack of infrastructure development; investment returns not matching perceived risk in the sector; land disputes; industrial relations disputes; and degradation of natural resources and the visual pollution of litter.

But the tourism sector has numerous advantages and opportunities for further development. Ecotourism has great potential and can capitalize on Fiji's natural environment, on the friendliness of the people, and on Fiji's rich cultural heritage. Upcoming events also provide opportunities to increase arrivals, for example the 2003 South Pacific Games and the 2003 Rugby World Cup hosted by Australia.

The proper development and training of labour is vital to the growth of the sector. Industry training is mainly carried out in the School of Hospitality and Tourism, Fiji National Training Council and University of the South Pacific.

Policy Objectives	Key Performance Indicators
To increase visitor arrivals.	<ul style="list-style-type: none"> ▪ Direct flights to new markets. ▪ Over 448,000 visitors by 2004. Target 500,000 visitors by 2005. ▪ An additional 2000 rooms available with the new 3 to 5 star hotels completed by 2005. ▪ Hotel Aids Act reviewed by 2003. ▪ “Keep Fiji Clean” program established by 2003. ▪ Three year rolling plan for FVB established by 2003. ▪ “Tourism areas” established to improve destination-marketing campaigns such as Destination Suva by 2003. ▪ Mid term review of Tourism Development Plan by 2003. ▪ National Tourism Council formalised by 2003.
To increase economic contribution and the retention of the tourist dollar.	<ul style="list-style-type: none"> ▪ 26,500 new jobs created by 2005. ▪ Tourism Satellite Accounts implemented by 2004. ▪ Tourism investment regime reviewed by 2004. ▪ Establishment of Nadi Bay and Mamanucas as Pilot Tourism Development Area by 2005. ▪ Increased local supply of agriculture produce to hotels and restaurants. ▪ Increased length of stay and higher hotel occupancy rates. ▪ Regular public awareness programmes such as Bula Pride.
To increase resource owner’s participation in the tourism industry.	<ul style="list-style-type: none"> ▪ More resource owner businesses established. ▪ Resource owners’ representative body established by 2003. ▪ More senior management positions held by resource owners.
To promote Human Resources Development in tourism.	<ul style="list-style-type: none"> ▪ New Hotel Training School operational established by 2004. ▪ Maintain and strengthen management training programmes. ▪ Scholarship provision for higher education.
To promote sustainable eco-tourism development and public awareness at all levels of society.	<ul style="list-style-type: none"> ▪ 2 nature parks and walkways by 2004. ▪ 2 marine parks by 2004. ▪ Best practice framework for ecotourism by 2003. ▪ At least 50 percent of nature based and community based tourism operations meet or exceed ecotourism best practice guidelines and standards by 2004. ▪ Ecotourism awareness education for hosts and guests established by 2005.

7.6: Manufacturing and Commerce

Goal: Globally sustainable and competitive manufacturing and commerce industry

Manufacturing is a significant and dynamic industry contributing 15 percent of GDP and benefiting around 28,000 people. The main components of the sector are: textile, clothing and footwear (TCF) production, sugar production, beverage and tobacco production, food processing, and wood based industries.

Textile, clothing and footwear have become a major export industry following its establishment in 1988. The TCF industry has faced significant difficulties due to uncertainty over the extension of the new SPARTECA arrangement. The Australian Government had agreed in March 2001 to a replacement preferential access scheme for TCF, which will run for two years. In 1998, a TCF Industry Plan was prepared and established a co-coordinated approach towards achieving a sustainable industry that is more efficient, internationally competitive and less reliant on special preferential access.

Other industries such as agro based food processing, including canned fish and canned beef, canned fruits and furniture manufacturing have the potential for further development in the various regional centres. Wood manufacturing for veneer, plywood and furniture has significant potential for expansion. Retail and wholesale trading is expected play a significant role due to increased imports of goods. In the Sugar industry, production is still clouded by the pending loss of preferential prices. Levels of sugar manufacturing have stagnated over the decade and declined in recent years mainly due to the prolonged drought in 1997, land tenure issues, low sugar content and inefficiencies in the operation of the sugar mills.

Government bureaucracy and red tape, utility costs, and lack of competitive domestic markets contribute to high business costs and erode international competitiveness. Slow investment approval process affects investment implementation in the manufacturing industry and other sectors. The lack of industry plans for other manufacturing industries and promotional brochures is also constraint.

Reduction in protective tariffs, removal of licenses and erosion of preferential access means that greater emphasis must be placed on consumer interest and protection to address fair trade, product standards and monopoly regulations. Ultimately, Fiji needs to become globally competitive and productive and be able to reposition the manufacturing sector around competitive domestic and international opportunities. The current approach by Government is to diversify the manufacturing base, expand competitive niche industries with high value-added components and increase investment through the Fiji Investment Corporation, which is a public-private sector partnership approach.

Policy Objectives	Key Performance Indicators
To promote the diversification of the manufacturing base and expanding competitive niche industries with high value-added components.	<ul style="list-style-type: none"> ▪ Industry plans and promotional brochures focussing on manufacturing based industries prepared by 2004. ▪ Agro-based manufacturing products researched by 2004. ▪ Appropriate technology policy adopted by 2003. ▪ Internet users and e-commerce transactions by Fiji companies increased by 2003. ▪ New sugar by products researched and manufactured by FSC by 2005.
To develop a sense of partnership between government and private sector to increase productivity	<ul style="list-style-type: none"> ▪ Joint ventures between Government and the private sector established through the Fiji Investment Corporation (FIC). ▪ Infrastructure provided for private sector investment projects. ▪ Contracting out and opportunities for private sector in public services increased. ▪ Investment approval process and responsible agencies reviewed by 2003. ▪ Government red tape reviewed by 2003. ▪ Investment Incentive Scheme reviewed annually. ▪ Delays in responding to private sector requests and queries by ministries and public enterprises reduced by 2004. ▪ Private/Public Sector Consultative Committee established by 2003.
To encourage decentralization program as a means of taking commercial and manufacturing activity to rural areas.	<ul style="list-style-type: none"> ▪ Industrial subdivisions with appropriate infrastructure support established in Navua, Sigatoka, Ba, Tavua, Rakiraki, Savusavu and Labasa between 2003-2005. ▪ Value added manufacturing in regional centres increased by 2005.
To enhance consumer protection and awareness.	<ul style="list-style-type: none"> ▪ Consumer awareness and training programmes increased by 2003. ▪ Technical secretariat capacity established under the Commerce Commission by 2003. ▪ Monopoly regulation and investigation consolidated under Commerce Commission by 2004. ▪ Product standards and weights and measures enforced. ▪ Protective tariffs to be reduced. ▪ National Laboratory for product testing established by 2005. ▪ Prices and Incomes Board (PIB) reviewed and restructured by 2003.

7.7: Mineral and Groundwater Resources

Goal: Sustainable development of mineral and groundwater resources

Geoscience, 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. Geoscientific information also assists in the mitigation of natural disasters such as earthquakes, tsunamis and landslides.

However, the development of mineral resources has been constrained by a number of factors such as capital intensity of exploratory work without any immediate returns, land access and security of tenure, political instability, low commodity prices, lack of research and development, inadequate human resources development, lack of new basic resources data, cumbersome application process, red tape, fiscal regime that does not attract exploratory work, legislation and health and safety issues.

In 2001, the Mining & Quarrying sector contributed 2.5 percent of GDP. Although the sector is dominated by the mining operations at the Emperor Gold Mine (EGM) in Vatukoula, significant operations such as dredging, gravel extraction, quarries do exist elsewhere in Fiji. EGM employs around 1800 persons, excluding casual and contract staff, and is currently upgrading infrastructure that is projected to increase production. Other exploration activities and quarries also employ significant numbers of workers, depending on the type of operation and exploration phases.

Gold and silver are the major commodities exported and explored although exploration is also underway for other base metals such as copper, bauxite, and marble. Between 2000 and 2002, exploration activity was slow with work carried out at EGM, Namosi, Wainivesi, Qalimare, and Vanua Levu. Significant additional exploration is planned for Namosi by Japan's Nittetsu Mining Company.

Nonetheless, given the favourable market conditions, such as the recent increases in world gold prices and the high quality of Fiji's groundwater, Government is aware of the potential for growth in this sector. The success story of "Fiji Water" highlights the need to protect the groundwater resource both from over use and from deleterious human activity.

Realising 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. In addition, for resource development activity to grow in the sector adequate investment is needed particularly to provide additional and new geological information. Also, Government will ensure that landowner concerns with regard to their role and benefits from resource development on their land are addressed.

Policy Objectives	Key Performance Indicators
To increase foreign and local investments in mining and mineral exploration.	<ul style="list-style-type: none"> ▪ Promotion and marketing activities integrated with FTIB program by 2003. ▪ Exploration expenditure increased by 15-20 percent annually. ▪ Fiscal initiatives to attract and retain mineral exploration investment developed. ▪ At least one new mining operation by 2005 or exploration projects moved to significant feasibility stage. ▪ Mineral mapping and feasibility studies of industrial mineral projects (e.g. lime, marble) conducted by 2004. ▪ Improved full web access to all MRD geo-science information by end 2004.
To ensure security of land tenure and occupational health and safety standards.	<ul style="list-style-type: none"> ▪ Mining Act incorporating modern concepts regarding OHS and sustainable development reviewed and passed by 2004 after full consultation with stakeholders. ▪ Mines inspectorate strengthened from 2003 onwards. ▪ Mineral Development Committee reactivated by 1st Quarter, 2003. ▪ Compensation Policy for minerals adopted in 2003.
To increase public awareness of resource exploration and development.	<ul style="list-style-type: none"> ▪ Development and distribution of awareness brochures in vernacular by 2004. ▪ Information on mining sector in school curriculum improved by 2004. ▪ Centralise geological data through the establishment of a National Centre for Mineral Information by 2005.
To ensure sustainable development of groundwater resources.	<ul style="list-style-type: none"> ▪ Groundwater legislation as part of comprehensive water legislation developed and put in place by 2004. ▪ Water Resources Management Committee established by 1st Quarter 2003. ▪ Appropriate standards for bottled water developed by 2003. ▪ Royalty regime for commercial exploitation of groundwater and legislative initiative put in place by 2004. ▪ Groundwater assessment and development projects in rural areas and small islands prioritised and undertaken systematically.
To promote exploration in frontier areas (offshore and industrial minerals and other areas.)	<ul style="list-style-type: none"> ▪ Geological databases established and upgrade process established by 2004. ▪ Marine Mineral policy finalized in 2003 after full consultation. ▪ New geological mapping projects to upgrade resources databases, particularly on green fields or prospects initiated.

7.8: Financial Services

Goal: An effective, competitive and stable financial system that will enhance economic growth and development

Fiji's financial sector comprises three major institutions: the banking system, the insurance industry and other non-bank financial institutions such as the Fiji National Provident Fund (FNPF), Home Finance company, South Pacific Stock Exchange (SPSE) and credit unions.

As financial markets become more developed and competitive so must the financial regulatory environment. Regulation of financial services must be flexible, independent and have defined levels of public, parliamentary and legal accountability. In this regard, Government intends to rationalise existing financial regulations to ensure that the sector is more transparent and driven by clear statutory objectives. This is in line with the recommendations of the Committee of Inquiry into Fiji's Financial System (COIFS).

Government also supports the progressive liberalization of capital markets to mobilize domestic savings more efficiently and broaden the range of financial products and services available to investors. At present, the domestic debt and equity markets remain less developed than other markets in the financial system.

The deregulation of the superannuation and pensions market remains the most significant reform required. The market is wholly represented by the FNPF, currently the only source of pension income for most retirees. Government recognises that FNPF's dominant position constrains the development of the market. In 2001, total assets of the FNPF were around 43 percent of the total assets of the financial system and, due to its huge capital base it accounts for the majority of total investments in government bonds as well as money market instruments. It is also vital to enhance public debt management to ensure the prudent management of public finances in order to prevent government taking resources away from the private sector.

Government is concerned about the withdrawal of basic banking services from rural areas and has undertaken a survey in 2002 to assess rural demand. Government has also reviewed the functions and operations of the Fiji Development Bank (FDB). Prescribed investment requirements for life insurance companies have been largely relaxed following the 2001 Budget. However, continuous review of the industry is required to enhance the effectiveness and competitiveness of the financial system.

Micro finance based institutions (Cooperatives, Credit Union Leagues and Money-lending) in Fiji have grown over the years. Whilst most of these facilities serve a useful purpose in capturing the lower and middle level income families, there needs to be appropriate legislation and regulation in place to ensure that the interests of these institutions and borrowers are protected. The National Centre for Small and Micro Enterprise Development will play an important role in the provision of business support and micro finance to small and micro enterprises.

Policy Objectives	Key Performance Indicators
To rationalise the existing regulatory regime.	<ul style="list-style-type: none"> ▪ Phased implementation of recommendation of COIFS report, 2003 - 2005. ▪ Prescriptive regulatory legislation such as Trustee Act, Companies Act, CMDA Act, RBF Act, Insurance Act, FNPF Act, Exchange Control Act, Consumer Credit Act and Credit Union Act reviewed by 2004. ▪ Money-laundering unit within the Serious Crimes Investigations Unit established by 2003. ▪ RBF's supervisory role widened to include smaller entities like foreign exchange dealers in 2004. ▪ Feasibility of a Financial Services Regulator examined by 2005. ▪ Micro finance regulations established by 2004.
To further develop the capital market.	<ul style="list-style-type: none"> ▪ Feasibility of incentives to encourage companies to list on the stock exchange examined in 2003. ▪ Number of companies listed on SPSE increased. ▪ International best-standard insurance and funds management practices established by 2004.
To improve access to banking services.	<ul style="list-style-type: none"> ▪ FDB review recommendations evaluated for implementation in 2004. ▪ Rural banking survey recommendations evaluated and implemented by 2004.
To encourage transparency in the financial services.	<ul style="list-style-type: none"> ▪ Bank Fees and charges disclosure enforced. ▪ Current bank fees and charges reviewed in 2003. ▪ Standard of financial journalism and reporting in the media improved by 2004. ▪ Domestic credit rating bureau established and operational in 2003.
To de-regulate Fiji's superannuation sector.	<ul style="list-style-type: none"> ▪ Trustee Act restriction on investment relaxed in 2003 with Risk Management policies included. ▪ Restructure and rationalisation of FNPF's operations by 2004. ▪ FNPF's monopoly to be reviewed.
To review current auditing procedures	<ul style="list-style-type: none"> ▪ Appropriate legislation by 2004.
To enhance the public debt management system.	<ul style="list-style-type: none"> ▪ Fixed-schedule bond program for deficit funding established by 2003. ▪ Benchmark bonds, Treasury Bill issuance and Government guarantees examined and reviewed in 2003. ▪ Retail bonds to broaden the range of instruments introduced by 2004. ▪ Government guarantees on debt issued to state- owned entities reviewed in 2003. ▪ Embedded call options on issued bonds to be removed by 2003.

7.9: Information & Communication Technology Services

Goal: Universal access to internationally competitive information and communication technology services

Telecommunications and associated activities is an industry that has immense potential for boosting Fiji's employment, for improving the efficiency of the private and public sectors, and for improving access to services for rural dwellers. Realising the potential of the sector requires much more widespread use of phones, data and the Internet. The high cost of these services is restraining future growth.

However, the current monopolistic framework for telecommunications in Fiji is a serious constraint. There is no credible evidence internationally that monopoly providers (especially public or semi-public enterprises) are capable of nurturing efficient competition, let alone becoming globally competitive in the provision of telecommunications and Information and Communication Technology (ICT) services.

On the positive side, the recent completion of the Southern Cross fibre optic cable linking Fiji to Australia, New Zealand and the United States provides hugely expanded capacity for international voice and data traffic including Internet services. The higher capacity will provide an incentive to lower prices to internationally competitive levels. In the longer term, Government is concerned with making the telecommunications sector more efficient through liberalisation and more competition and the elimination of exclusive licenses. Lower prices will provide opportunities for the establishment of ICT services such as call centres and data processing operations.

The domestic telecommunications industry comprises companies that are partly privatised and partly publicly owned, and operate as monopolies under exclusive license arrangements. Telecom Fiji Limited (TFL) has an exclusive license to provide national telephone, telex and data services. FINTEL has an exclusive license to provide international services. Vodafone Fiji Limited (VFL), a subsidiary of TFL (51 percent owned by TFL) provides cellular mobile telephone services under the exclusive license of TFL.

All three companies are owned by Amalgamated Telecom Holdings Limited (ATH), which was formed in 1998. Following the public offer in March 2002, ATH is owned by Government (34.6 percent), FNPF (58.2 percent), and by members of the public (7.2 percent) such as individuals, companies, trusts, clubs and provincial councils. ATH also has management rights to Government's 51 percent share of FINTEL, which entitles ATH to 80 percent of the dividends.

The existing monopolies enjoyed by ATH's various companies mean that they are not subject to direct competition. However, the existing licenses do not prevent the entry of new Internet Service Providers (ISPs), although none have so far started any new service.

Rapid technological change in the sector has reduced the cost of expanding the telephone network to rural areas. A joint effort between Government and TFL aims to enable easy access to telecommunications to and from the rural and remote areas and to upgrade the networks in these areas to a level similar to that delivered to urban areas. Greater rural coverage by phone and Internet will provide opportunities for both the development of rural based enterprises and will also allow the development of "telehealth", distance education and "e-Government".

Policy Objectives	Key Performance Indicators
To reduce telecom rates in the short term by promoting more discussions between potential investors in ICT services and FINTEL/Telecom Fiji to negotiate favourable rates under which the investments would be viable.	<ul style="list-style-type: none"> ▪ Reduction in telephone charges by an average of 15 percent by 2005. ▪ At least one international call centre established by 2003.
Increased coverage of telecommunication services especially to rural areas.	<ul style="list-style-type: none"> ▪ Telecommunication access to at least 400 more unconnected villages by 2005.
In the medium term, liberalisation of the telecommunications sector through more competition and the removal of exclusive licences.	<ul style="list-style-type: none"> ▪ Telecommunications legislation and regulatory body established by 2004. ▪ Exclusive telecommunications licenses removed by 2005. ▪ Increased competition with more Internet Service Providers (ISP). ▪ Quality standards comparable to the global market established by 2004.
To ensure the regulatory and legal framework functions to promote ICT development.	<ul style="list-style-type: none"> ▪ All ICT related legislation reviewed and amended by 2003. ▪ A fully developed internationally compliant privacy system for the handling of information in the ICT sector in place by 2003.
To align Fiji's ICT training to developments in the employment market.	<ul style="list-style-type: none"> ▪ An additional 10 schools per year with computers and internet access. Corporate sponsorship provided for additional schools. ▪ Teachers' computer skills upgraded. ▪ ICT employment skills training modules adopted by IT training providers by 2004.
To introduce "e-government" in order to raise efficiency of service delivery.	<ul style="list-style-type: none"> ▪ Integrated e-government development plan adopted by 2003. ▪ Suitable government services available through the internet by 2005.

7.10: Transport

Goal: To provide an integrated transport system that is safe, efficient, affordable, accessible to all and environmentally sustainable

Roads: From 1987 to 1998 over 350 km of roads have been upgraded at a cost of around \$150m. An additional 125 km of roads is currently being upgraded under the third stage of the Fiji Road Upgrading Programme at a total cost of \$131m.

Reforms in the Land Transport Sector commenced with the establishment of the National Road Safety Council in 1997 and more recently the establishment of the Land Transport Authority in 2000. Further reforms include the creation of a separate Department for National Roads and the privatisation of plant inventory for hire by both the public and private sector. This is the first step towards the establishment of a Fiji Roads Authority (FRA) to improve efficiency and cost recovery.

Aviation: Domestic airstrips around the country have undergone major upgrading, which has contributed to improvement in services provided to rural and outer islands. The improvements at Nausori Airport have allowed direct services to Australia and New Zealand. The Civil Aviation Authority of the Fiji Islands (CAAFI) now exclusively undertakes the aviation regulatory role including the enforcement of State obligations and safety standards required by the International Civil Aviation Organization (ICAO). The newly formed Airports Fiji Limited (AFL), which is now responsible for both domestic and international airport management, has the opportunity to develop its capability to improve the quality of services provided.

Ports and Shipping: Fiji is a member of the International Maritime Organisation (IMO) and is party to the Conventions that deal with maritime safety and protection of the marine environment. Safety standards, as articulated in IMO Conventions, are continuously being improved and Fiji must comply with these standards in both domestic and international shipping.

Adequate domestic shipping services are now in place to larger islands while the Inter-island Shipping Franchise Scheme subsidized by Government continues to provide services for uneconomical routes. The franchise scheme has generally been a success in terms of rural access and affordability and is currently under review to further improve services and operations.

An integrated port development and rehabilitation programme is currently underway with funding assistance from the Asian Development Bank to upgrade the Suva and Lautoka ports. Construction and upgrading of jetties, dredging of reef passages, and the upgrading of navigational aids will continue. In order to salvage the construction and ship repair business, government has re-purchased Fiji Shipbuilding Corporation Limited (FSCL) and will restructure its operations to become viable.

Major constraints in the sector include the low level of efficiency of operations especially in road transport, the ports, and services to the outer islands. There is also a lack of clear demarcation for regulation of the port industry. Vehicle emissions are now a major source of air pollution and awareness of road safety remains very low. Government policy is guided by an integrated approach to transport, which is reflected in the long-term Fiji National Transport Sector Plan (FNTSP).

Policy Objectives	Key Performance Indicators
<p>Road Transport To protect the high level of investment in the national road network through effective controls on vehicle overloading and ensuring adequate maintenance through road cost recovery.</p>	<ul style="list-style-type: none"> ▪ Department for National Roads established by 2003. ▪ Fiji Road Authority, with cost recovery system, established by 2005. ▪ Installation of fixed weighbridges at strategic locations around the country by 2003.
<p>To continue investment in the construction, maintenance and upgrading of the national road network, with emphasis on maintenance and upgrading.</p>	<ul style="list-style-type: none"> ▪ An additional 200km of road tarsealed under the Fiji Road Upgrading Project (Stage 3) by 2005. ▪ Feasibility study on mass transit system along Suva-Nausori Corridor by 2004. ▪ New Rewa River Bridge by 2005. ▪ Vunidawa Road upgraded by 2003.
<p>To reduce vehicle emissions to internationally accepted standards.</p>	<ul style="list-style-type: none"> ▪ Vehicle emission levels reduced by 50 percent by 2005.
<p>Marine Transport To improve shipping services and shipping infrastructure.</p>	<ul style="list-style-type: none"> ▪ Outer island franchise scheme comprehensively reviewed by 2003. ▪ 2 outer island jetties upgraded per year. ▪ Suva and Lautoka Ports upgraded by 2005. ▪ Management and maintenance of outer island jetties reviewed by 2003. ▪ Complete review of the restructure of government shipyard by 2004.
<p>Air Transport To promote the development of the aviation industry in support of the tourism industry as well as new and expanding industries relying on air freight.</p>	<ul style="list-style-type: none"> ▪ Increased air services to meet projected number of visitor arrivals of 450,000 per annum. ▪ Improved runway capacity to meet additional cargo requirements by 2005. ▪ Utilisation of additional air traffic rights under existing ASAs by 2005. ▪ Restructure and reform AFL in line with international benchmarks by 2003.
<p>Inter-modal To promote efficiency in the provision of transportation services and infrastructure through corporatisation, commercialisation and outsourcing of maintenance and construction activities.</p>	<ul style="list-style-type: none"> ▪ 80 percent of PWD's transport construction activities outsourced by 2005. ▪ Increased level of private-sector participation in transport services and infrastructure, including the Build, Operate and Transfer (BOT) concept. ▪ Public Works Department internally reorganized by 2003. ▪ Port Sector reform with clear separation of regulatory, social and commercial functions fully implemented by 2003.
<p>To maintain a high level of safety in public transportation system through implementation and enforcement of the Road Safety Action Plan, compliance with measures and standards prescribed by the International Maritime Organization (IMO) and the International Civil Aviation Organization (ICAO).</p>	<ul style="list-style-type: none"> ▪ Reduction in number of road transport incidents and accidents by 15 percent by 2005. ▪ Full compliance with international air transport safety obligations of ICAO. ▪ Marine training facilities/standards upgraded to ensure Fiji remains on the IMO STCW white list. ▪ Full compliance with OHS requirements for all modes of transportation.
<p>To ensure access to affordable transportation services, infrastructure and supporting public amenities for the public.</p>	<ul style="list-style-type: none"> ▪ Improved capacity and condition of transport infrastructure and facilities. ▪ Guiding principles for transport subsidies established by 2004.

7.11: Energy

Goal: To facilitate the development of a resource efficient, cost effective and environmentally sustainable energy sector

Around 60 percent of electricity requirements are met by hydropower with most of the balance coming from imported petroleum products. The proportion of Fiji's total population currently having direct access to power supplied by the Fiji Electricity Authority is 60 percent compared to 54 percent in 1990.

Based on the population and housing census of 1996, 87 percent of the total number of urban households had access to some kind of electricity supply compared to 75 percent in 1986. In terms of rural access, 49 percent of the total number of rural households had access to electricity supply in 1996 compared to 31 percent in 1986.

The level of electricity generated by FEA in 2002 was approximately 555 GWh and has increased over the last five years from 449 GWh in 1997. The total number of consumer accounts using electricity services from the FEA grid has also increased from 99,676 to 120,000 over the same period and is forecast to increase by 5 percent per annum during the next three years.

Since the inception of the Rural Electrification Scheme in 1975 a total of 569 schemes have been installed under a cost sharing arrangement between Government and the rural applicant. A total of about 85,350 people of the total rural population have benefited from this scheme.

Retained petroleum imports over the last few years have declined from 378 million litres in 1998 to approximately 265 million litres in 2001 with the transportation industry as the major user. There are prospects for moving towards greater self-reliance through the implementation of renewable energy projects. Government, with assistance from the UNDP, is currently developing an infrastructure that would remove barriers that hinder the adoption of renewable energy systems and allow the establishment of Renewable Energy Service Companies (RESCOs) in Fiji. Government will formulate a comprehensive national energy policy to address renewable energy, efficiency and affordability, and environmental sustainability. This is in accordance with the commitments made by Government in the Plan of Implementation on Sustainable Development agreed to in Johannesburg in 2002.

The reform of the power industry is a Government priority. The FEA internal restructuring has begun to improve operational efficiency and provide better services. Reforms also include the encouragement of private sector participation through Independent Power Producers (IPP's) and RESCOS in electricity generation. The merit of legislation to transfer the regulatory role to another agency would also be explored.

There has been insufficient funding for the rural electrification programme leading to a backlog in maintenance activities thus escalating future maintenance costs. The preparation of the Government's Public Sector Investment Programme would treat the scheme as a priority investment that would be phased over the next three years.

Policy Objectives	Key Performance Indicators
To ensure that demand for reliable and affordable electricity is adequately met by FEA and the Rural Electrification Programme.	<ul style="list-style-type: none"> ▪ 95 percent of the urban population have access to electricity by 2005. ▪ 50 percent reduction of FEA power disruptions by 2005. ▪ 300 additional villages and settlements having access to electricity by 2005 ▪ National Energy Policy formulated by 2003/2004 and implemented by 2005.
To ensure that the diesel power generation systems installed under the old Rural Electrification policy (1974) are overhauled and incorporated under the terms of the current Rural Electrification Policy (1993).	<ul style="list-style-type: none"> ▪ Overhauling of 185 schemes installed under the old RE policy by 2005 ▪ Savings from reduction in maintenance and repair of old schemes of \$1600 per annum per scheme from 2003.
To encourage private sector participation in power generation.	<ul style="list-style-type: none"> ▪ At least one Independent Power Producer by 2005.
To increase efficiency, accountability and cost effectiveness in FEA operations.	<ul style="list-style-type: none"> ▪ Implementation of current FEA Restructure Plan by 2003.
To develop and establish an infrastructure that will remove barriers that hinder the adoption of renewable energy systems and thus enable the establishment of Renewable Energy Service Companies (RESCOS).	<ul style="list-style-type: none"> ▪ RESCOS providing 146 MWh of electricity from renewable sources for rural communities by 2005. ▪ Charter for establishment of RESCOS introduced by 2003.
To promote energy conservation technologies through increased community awareness.	<ul style="list-style-type: none"> ▪ 30-40 percent in total energy savings from identified government buildings by 2005. ▪ Department of Energy and FEA actively promoting their conservation services.

7.12: Water and Sewerage

Goal: Increasing access to safe drinking water and a sanitary waste disposal system

The proportion of Fiji's population with access to clean piped water is about 70 percent compared to 60 percent in the mid eighties. The proportion of the population having access to treated sewerage facilities is approximately 15 percent.

The Government through the Water and Sewerage Section of the Public Works Department (PWD) of the Ministry of Works and Energy is responsible for the construction operation and maintenance of water supplies and sewerage services.

Government recognises the need for investment in upgrading and expanding services and has increased the Ministry of Works funding for this. It is widely acknowledged, both by the public and the Government, that the overall level of service around the major urban centers needs major improvement.

Government is continuing to implement the Suva/ Nausori Regional Water Supply Master Plan improvement and expansion programme. The plan addresses the urgent need to augment the Water Supply and Sewerage Systems to meet the current and future demands of the densely populated Suva-Nausori corridor. In 2001, work started on the installation of new pumps to increase water capacity in main distribution lines and the extension and refurbishment of the Waila Water Treatment Plant in Nausori. The Master Plan was revised and updated in 2000 and its full implementation requires substantial funding. The Government is seeking loan financing to implement the Plan.

Government continues to assist the provision of water supplies to rural maritime and mainland areas under the Self-Help Rural Water Supply Scheme and the Borehole Subsidy Scheme. The Self Help Rural Water Supply Scheme is mainly designed for rural communities, villages and schools and operates on a one third to two thirds costs sharing basis between the beneficiary and Government. Under the Borehole subsidy scheme, Government subsidises up to one thousand dollars per borehole for individuals or a collection of farmers living in scattered rural areas.

Future demand for sewerage services in the greater Suva area is being met by the extension of the treatment facility at Kinoya and the installation of special equipment. Works on the Kinoya Outfall, which commenced in 2001, will continue with European Union funding.

The major constraint facing the sector is the low level of cost recovery in the provision of water and sewerage services resulting from the low level of water charges and inefficient operations. Government is committed to improving cost recovery through greater efficiency. To this end Government will corporatise urban water and sewerage operations. Priority will also be afforded to improving access to safe drinking water and sanitary waste disposal systems in the rural areas.

Policy Objectives	Key Performance Indicators
<p>To provide access to reliable and adequate supplies of clean water for both urban and rural centres through expanding the rural water supply scheme and the extension and upgrading of major urban and regional water schemes as outlined in their respective master plans.</p>	<ul style="list-style-type: none"> ▪ Master plan for 100 percent provision, on a participatory basis, of potable piped water to rural areas prepared by 2004. ▪ Adherence to the individual Master Plan yearly targets.
<p>To provide access to sanitary and environmentally safe sewerage waste systems and treatment facilities.</p>	<ul style="list-style-type: none"> ▪ 60 percent of the urban population with sewerage connection by 2005. ▪ Kinoya Outfall completed by 2003. ▪ 80 percent of the rural population have water seal toilets or other sanitary waste disposal systems by 2005.
<p>To improve efficiency of the Water and Sewerage services.</p>	<ul style="list-style-type: none"> ▪ Water and Sewerage services corporatised by 2005. ▪ Private sector participation in the provision and maintenance of water and sewerage services increased through outsourcing with at least 15 contracts in place by 2004. ▪ Level of “unaccounted for water” reduced by 30 percent by 2004. ▪ Piped water shortages and breakdown reduced by 30 percent by 2004.

APPENDIX

Table 1: Gross Domestic Product by Sector, 1985-2001 (\$000)

Sector	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000(p)	2001(p)
1. Agriculture, Forestry & Fishing	156,160	186,027	173,768	169,968	344,592	328,930	323,503	335,199	337,786	374,828	362,770	369,480	321,309	298,253	346,156	343,664	349,681
Crops	84,155	113,374	94,128	87,660	195,143	179,852	172,361	183,249	183,461	210,831	193,247	193,453	154,837	124,967	166,589	159,602	156,855
Sugar Cane	58,639	85,943	68,606	62,070	154,437	137,407	130,249	142,720	147,844	172,484	153,118	152,139	116,346	85,715	121,357	112,239	104,214
Other Crops	25,516	27,431	25,522	25,590	40,706	42,445	42,112	40,530	35,617	38,347	40,129	41,314	38,491	39,252	45,232	47,363	52,641
Livestock Products	7,071	7,412	7,484	7,330	14,652	15,038	15,556	15,795	15,361	17,766	18,304	19,398	15,905	17,620	17,221	17,392	16,569
Fishing	9,762	9,410	11,792	12,511	16,372	14,519	15,076	16,324	17,064	22,438	25,147	28,825	24,914	26,209	34,911	36,849	46,122
Forestry	6,009	5,688	9,334	11,580	15,273	15,664	16,090	14,847	17,830	18,754	19,926	20,551	16,878	19,713	16,445	17,724	16,516
Subsistence	49,163	50,143	51,030	50,887	103,152	103,857	104,420	104,984	104,070	105,039	106,146	107,253	108,775	109,744	110,990	112,097	113,619
2. Mining & Quarrying	829	1,269	1,272	1,898	56,746	55,327	36,896	49,761	50,873	46,265	46,725	61,161	62,650	50,210	59,522	51,051	51,952
3. Manufacturing	79,271	94,621	83,898	83,192	197,771	218,326	219,928	222,839	249,695	267,262	267,744	276,855	274,675	287,876	315,505	295,891	330,152
Sugar	22,607	33,279	26,584	24,066	62,939	55,703	53,109	58,161	60,345	70,585	61,983	61,983	47,375	34,951	49,150	45,873	42,323
Other Food Industries	20,167	23,864	26,320	26,434	43,361	50,085	55,065	52,714	63,503	66,840	67,185	66,923	61,100	64,948	71,051	65,064	76,048
Clothing and Footwear					20,083	29,721	27,819	31,696	35,193	30,788	42,862	58,092	74,533	97,265	106,020	100,114	131,103
Other Industries					65,281	76,668	77,753	74,053	84,380	92,717	89,315	83,391	85,150	84,096	82,593	78,082	73,828
Self Employment	2,522	2,572	2,618	2,610	6,107	6,149	6,182	6,215	6,274	6,332	6,399	6,466	6,517	6,616	6,691	6,758	6,850
4. Electricity & Water	8,359	8,981	8,858	9,558	51,991	54,867	56,661	61,787	63,542	68,457	71,478	77,045	79,066	81,735	89,826	87,607	91,352
5. Construction	38,078	38,674	29,128	20,445	68,319	57,739	68,170	84,414	77,890	77,324	81,406	76,919	82,567	94,560	99,804	88,364	88,059
6. Trade, Hotels, Cafes, etc	124,759	136,047	117,142	130,296	232,300	271,117	244,075	259,196	258,686	273,052	298,203	308,022	315,757	335,239	368,883	381,969	395,496
Wholesale & Retail Trade	99,625	109,206	97,026	107,499	188,167	223,282	200,363	214,246	212,265	220,305	245,437	254,285	259,797	275,146	303,003	331,768	343,927
Restaurants & Hotels	25,134	26,841	20,116	22,797	44,133	47,835	43,712	44,950	46,421	52,747	52,766	53,737	55,960	60,093	65,880	50,201	51,569
7. Transport & Communications	90,344	89,764	87,661	94,593	158,420	171,618	169,305	190,778	192,663	202,916	222,678	236,262	247,236	261,551	302,986	261,757	279,092
Transport	77,017	75,656	72,998	79,862	115,989	125,529	122,413	142,258	139,817	145,506	160,267	163,913	174,208	186,664	221,943	176,572	199,098
Communication	13,327	14,108	14,663	14,731	42,431	46,089	46,892	48,520	52,846	57,410	62,411	72,349	73,028	74,887	81,043	85,185	79,994

8. Finance, Insurance, Real Estate

& Business Services	97,621	98,376	95,584	96,358	209,311	231,179	229,262	235,160	242,364	252,068	256,917	255,260	237,196	235,881	253,107	248,497	238,401
Finance					94,833	111,691	110,359	113,948	118,729	125,518	128,058	126,219	111,665	108,906	120,891	115,760	107,459
Insurance					10,404	11,263	10,625	11,564	12,116	12,740	13,480	13,188	12,136	12,692	14,187	14,731	13,601
Real Estate & Business Services					35,233	38,914	38,591	39,584	40,797	42,430	43,246	42,968	39,927	39,705	42,605	41,829	40,130
Ownership Dwellings					68,841	69,311	69,687	70,064	70,722	71,380	72,133	72,885	73,468	74,578	75,424	76,177	77,211

9. Community, Social & Pers Services

	130,050	128,993	134,766	133,205	326,446	330,886	327,686	335,619	349,395	354,259	355,434	356,577	364,640	363,530	369,829	373,928	385,015
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OTHERS	1,518	1,485	1,390	1,403	12,468	12,919	12,571	13,341	13,688	14,385	14,742	15,196	15,062	15,280	16,762	16,285	16,898
LESS Imputed Bank Services Charges	23,317	23,688	21,953	22,634	103,085	121,410	119,962	123,863	129,060	136,441	139,201	137,202	121,381	118,382	131,411	125,833	116,809

GRAND TOTAL	547,512	574,522	537,746	548,314	1,555,279	1,611,498	1,568,095	1,664,231	1,707,522	1,794,375	1,838,896	1,895,575	1,878,777	1,905,733	2,090,969	2,023,180	2,109,289
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MEMORANDUM ITEMS

SUGAR PRODUCTION (000 tonnes)	341	502	401	363	461	408	389	426	442	517	454	454	347	255	360	336	310
VISITOR ARRIVALS (000s)	228	258	190	208	251	279	259	279	287	319	318	340	359	371	410	294	348

Note:

1985-1988 using 1977 prices

1989-2001 using 1989 prices

Source: Bureau of Statistics, Macrotechnical Committee

Table 2: Merchandise Exports (\$m)

Year	Sugar	Gold	Garments	Fish	Lumber	Molasses	Coconut oil	Others	Re-exports	TOTAL
1985	111.8	21.8		11.7	3.1	6.5	7.6	28.1	80.8	271.4
1986	133.7	38.6		18.2	3.9	7.9	3.9	35.6	70.6	312.4
1987	186.2	50.6	8.8	25.1	10.6	10.6	3.0	39.2	74.5	408.6
1988	198.3	81.5	30.1	48.3	14.3	11.4	3.4	47.6	83.2	518.1
1989	228.3	76.2	99.3	44.8	25.4	9.8	5.3	63.4	106.2	658.6
1990	223.7	75.8	115.8	49.3	30.9	6.4	4.9	100.6	124.5	731.9
1991	220.4	46.6	131.1	46.6	26.2	13.3	2.3	68.2	109.8	664.6
1992	221.3	60.7	116.8	41.0	30.2	2.3	5.7	78.5	112.2	668.7
1993	230.7	66.7	128.8	48.3	36.4	10.0	3.7	63.8	104.0	692.4
1994	252.2	62.6	141.0	63.8	37.8	13.6	3.8	90.2	168.6	833.6
1995	276.1	58.6	185.0	69.8	53.1	21.3	3.9	102.6	105.5	875.9
1996	301.7	81.6	189.9	60.4	45.6	22.0	5.6	114.2	228.7	1049.7
1997	213.4	74.0	200.1	50.4	34.0	12.7	5.7	124.2	138.9	853.4
1998	244.2	70.5	302.8	49.5	54.7	10.6	9.1	164.2	110.7	1016.3
1999	263.2	76.4	322.1	57.5	35.6	12.4	9.7	170.7	252.9	1200.5
2000	237.5	75.7	332.9	88.8	44.9	9.7	3.6	232.4	218.1	1243.6
2001	222.0	85.4	313.9	98.4	41.3	9.5	2.4	234.8	216.1	1223.8
2002(e)	220.8	109.7	273.8	97.1	38.9	12.8	6.5	246.0	215.9	1221.5

Source: Bureau of Statistics,
Macrotechnical Committee

Table 3: Merchandise Imports (\$m)

Year	Food	Beverages & Tobacco	Crude Materials	Mineral Fuels	Oils & Fats	Chemicals	Manuf. Goods	Machinery Trans Equip	Misc. Manuf. Art	Misc. Transactions	TOTAL
1985	80.1	4.3	3.3	115.4	10.5	38.9	100.8	91.6	50.1	13.2	508.2
1986	77.7	3.5	2.9	82.1	5.9	41.3	103.2	116.2	44.5	16.4	493.7
1987	82.4	3.5	3.3	75.7	7.9	40.1	103.5	90.2	41.0	17.6	465.2
1988	110.9	5.0	4.3	88.6	11.6	66.1	155.0	138.9	57.4	21.1	658.9
1989	124.5	6.5	7.7	109.8	9.6	78.2	206.0	222.0	85.0	11.2	860.4
1990	142.9	8.2	7.6	157.1	11.2	81.6	244.2	341.6	106.6	12.0	1112.9
1991	141.4	7.9	7.9	146.3	10.1	72.5	245.2	216.3	104.0	10.2	961.8
1992	136.2	8.1	7.2	133.5	11.3	78.6	239.3	233.5	90.2	9.2	947.1
1993	166.9	9.9	6.4	132.7	13.1	82.1	251.6	306.3	126.6	14.2	1109.8
1994	165.9	10.5	7.0	137.3	12.7	89.5	279.0	377.2	118.5	12.3	1209.9
1995	182.3	13.2	9.1	137.5	16.5	92.8	337.0	312.7	139.3	13.5	1253.9
1996	195.0	13.2	8.8	185.0	14.8	102.9	358.1	331.1	161.5	14.1	1384.5
1997	194.6	11.4	11.2	195.9	14.0	108.8	384.6	287.2	172.0	12.8	1392.5
1998	205.9	9.4	9.3	159.2	13.4	89.9	391.9	376.6	167.7	10.8	1434.1
1999	189.3	14.2	9.6	273.0	16.1	110.2	431.5	483.3	234.7	16.3	1778.2
2000	220.7	10.2	15.9	298.1	13.9	117.4	486.4	345.5	239.2	9.0	1756.3
2001	310.8	13.7	13.5	271.7	16.1	143.3	417.4	414.0	200.2	7.2	1807.9
2002(e)	341.8	14.5	13.0	277.2	18.0	153.0	420.9	459.3	207.0	6.4	1911.2

Source: Bureau of
Statistics,
Macrotechnical
Committee

Table 4: Consumer Price Index

(Base: Average 12 months 1993 = 100.0)

SECTION		ANNUAL AVERAGE INFLATION RATE	ALL ITEMS	FOOD	ALCOHOLIC DRINKS & TOBACCO	HOUSING	HEATING AND LIGHTING	DURABLE HOUSEHOLD GOODS	CLOTHING AND FOOTWEAR	TRANSPORT	SERVICES	MISCEL - LANEOUS
WEIGHT		%	1000.0	353.6	61.3	164.9	49.0	65.2	53.9	128.5	75.8	47.8
ANNUAL	1985	4.4	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
AVERAGE	1986	1.8	101.8	98.2	116.0	104.4	90.8	103.0	101.5	102.9	101.4	106.6
	1987	5.7	107.6	104.2	124.1	106.2	94.2	113.1	104.6	109.7	107.9	119.9
	1988	11.9	120.3	123.4	135.7	104.5	103.8	126.7	123.7	120.5	111.3	159.0
	1989	6.1	127.7	135.8	140.1	106.1	103.7	136.6	135.1	123.2	112.9	173.5
	1990	8.1	138.1	146.9	150.7	111.7	114.8	143.9	141.8	136.4	136.2	182.6
	1991	6.5	147.1	149.3	155.1	129.1	128.3	148.5	146.0	156.1	149.8	189.1
	1992	4.9	154.3	148.7	165.2	151.3	125.9	153.9	148.2	161.5	167.6	194.8
	1993	5.2	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	1994	0.6	100.8	100.5	105.9	100.6	99.3	99.8	99.4	100.7	103.0	99.5
	1995	2.2	103.0	101.2	111.0	103.2	99.5	100.0	101.4	105.4	107.7	101.0
	1996	3.1	106.1	103.5	111.3	106.7	104.2	102.2	102.9	112.2	112.0	103.9
	1997	3.4	109.7	108.4	119.0	109.4	108.5	103.2	104.5	114.8	113.3	105.2
	1998	5.7	116.0	116.7	132.0	114.3	111.9	104.7	106.2	118.1	117.6	121.4
	1999	2.0	118.3	118.8	136.8	116.3	111.3	108.6	108.7	118.7	121.0	123.7
	2000	1.1	119.6	115.0	151.0	116.9	116.1	107.7	107.4	128.6	127.7	122.0
	2001	4.3	124.7	119.7	160.6	118.5	122.6	107.8	108.4	146.8	124.9	124.7

Source: Bureau of Statistics

Note:

1985-1992 using 1985 prices

1993-2001 using 1993 prices

Table 5: BALANCE OF PAYMENT SUMMARY (F\$Million)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000 (p)	2001 (p)	2002 (e)
CURRENT ACCOUNT													
Exports f.o.b.	618.3	540.8	515.8	581.0	727.0	740.8	913.6	803.8	839.5	1047.0	1129.2	1101.5	1064.9
Imports f.o.b.	950.2	810.6	809.8	1006.5	1053.7	1070.8	1179.5	1182.3	1221.3	1540.4	1518.8	1511.9	1637.2
TRADE BALANCE	-331.9	-269.8	-294.0	-425.5	-326.7	-330.0	-265.9	-378.5	-381.8	-493.4	-389.6	-410.4	-572.3
Services credit	649.1	659.2	715.1	781.8	826.1	839.2	906.4	1013.1	1051.2	1210.7	1004.8	1065.2	1219.4
Services debit	381.2	426.7	456.3	495.1	535.8	560.6	579.6	585.5	699.3	810.2	837.4	833.0	919.8
Services (net)	267.9	232.5	258.8	286.7	290.3	278.7	326.8	427.6	351.9	400.5	167.4	232.2	299.6
GOODS AND SERVICES (net)	-64.0	-37.3	-35.3	-138.8	-36.4	-51.3	60.9	49.1	-29.9	-92.9	-222.2	-178.2	-272.7
Investment Income credit	41.1	48.3	44.7	40.4	28.7	31.9	42.5	39.1	57.0	48.4	73.2	55.1	58.0
Investment Income debit	111.4	106.8	119.9	124.0	154.8	133.1	128.5	143.2	219.8	245.3	158.5	243.2	254.4
Investment Income (net)	-70.3	-58.5	-75.2	-83.6	-126.1	-101.2	-86.0	-104.1	-162.8	-196.9	-85.3	-188.1	-196.4
GOODS, SERVICES AND INCOME (net)	-134.3	-95.8	-110.5	-222.4	-162.5	-152.5	-25.1	-55.0	-192.7	-289.8	-307.5	-366.3	-469.1
Private Transfers (net)	-33.0	-36.3	-24.5	-17.1	-34.8	-37.2	-42.7	-16.5	-13.9	-21.0	-26.3	92.6	103.1
Official Transfers (net)	101.5	142.1	141.9	123.6	105.0	163.5	155.4	121.5	195.0	145.5	113.9	118.4	159.5
off which EU sugar transfers	76.7	97.8	103.1	83.8	85.0	110.7	106.5	80.2	164.0	124.0	104.0	111.9	139.6
CURRENT ACCOUNT BALANCE	-65.8	10.0	7.0	-115.9	-92.3	-26.2	87.6	50.0	-11.6	-165.3	-219.9	-155.3	-206.5
as percentage of GDP	-3.3	0.5	0.3	-4.6	-3.5	-0.9	3.0	1.6	-0.4	-4.5	-6.3	-4.0	-5.0
CAPITAL ACCOUNT EXCLUDING RESERVES													
Direct investment	100.4	-5.9	105.3	116.9	99.9	76.2	-33.0	-10.6	139.9	-78.5	44.0	96.8	99.7
Government debt	-2.5	-22.9	-17.3	-12.7	5.3	-5.1	-2.5	-4.1	-13.4	-29.9	-18.3	-10.1	17.3
Statutory authority debt	-42.1	-22.8	-20.8	-36.1	-53.9	-17.9	-7.3	-2.6	57.8	137.1	-5.9	-6.4	-15.7
Banks	5.0	1.7	9.4	-26.6	-10.0	22.4	15.4	-1.0	-31.1	2.8	-22.9	36.6	5.0

Other	16.2	23.5	11.6	-20.8	-0.7	25.6	22.6	-10.2	-53.2	139.8	226.1	61.5	10.2
TOTAL CAPITAL EXCLUDING RESERVES	77.0	-26.4	88.2	20.7	40.6	101.2	-4.8	-28.5	100.0	171.3	223.0	178.4	116.5
as percentage of GDP	3.9	-1.3	3.8	0.8	1.5	3.6	-0.2	-0.9	3.0	4.7	6.4	4.7	2.8
Errors & Omissions	43.3	29.1	-6.1	24.8	35.1	34.0	14.6	-61.8	-21.5	93.3	96.3	-53.3	5.0
OVERALL BALANCE	54.5	12.7	89.1	-70.4	-16.6	109.0	97.4	-40.3	66.9	99.3	99.4	-30.2	-85.2
as percentage of GDP	2.8	0.6	3.9	-2.8	-0.6	3.9	3.3	-1.3	2.0	2.7	2.8	-0.8	-2.1
MEMORANDUM ITEMS													
Change in Official Balance	-54.5	-12.7	-89.1	70.4	16.6	-109.0	-97.4	40.3	-66.9	-99.3	-99.4	30.2	85.2
Valuation adjustments	8.8	6.3	9.4	-12.4	-12.3	4.3	-5.6	6.0	140.2	-37.0	-28.4	-21.6	0.0
GROSS CHANGE IN RESERVES	-63.3	-19.0	-98.5	82.8	28.9	-113.3	-91.8	34.3	-207.1	-62.3	-71.0	51.8	85.2

GDP AT CURRENT MARKET PRICE	1,980.0	2042	2303.2	2522.5	2673.1	2799.9	2962.3	3060.9	3283.8	3662.3	3504.8	3835.8	4105.8
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(a) This entry carries the opposite sign to the corresponding entry for "overall balance" included in the BOP

Source: Bureau of Statistics, Macrotechnical Committee.

Table 6: Affirmative Action Programs under Social Justice Act 2001

	2002 Budget	\$m
1	Small Business Equity Scheme for all communities	0.30
2	Enhancement of Fijian and Rotuman Education	4.00
3	Vocational training and attainment of employable skills in and out of school	1.53
4	Improvement of educational opportunities for students with disabilities	2.28
5	Small/micro-enterprise development	1.00
6	Increase Fijian and Rotuman participation in business	5.04
7	Student loan scheme PSC	1.00
8	Renting of Fijian and Rotuman owned premises by Government	
9	Loan to purchase ancestral land now in freehold	0.50
10	Vocational training for serving prisoners	0.02
11	Self-help housing assistance in rural areas	0.80
12	Multi-ethnic Scholarship	2.50
13	Govt. grant for multi-ethnic cultural training and enhancement	0.04
14	Self-help projects in relation to housing and other business projects	2.00
15	Acquisition and development of land for agricultural purposes	5.00
16	Providing fishing & processing licences and contracts	1.50
17	Participation of resource owners in the forest industry	2.00
18	Family Assistance Scheme	11.00
19	Poverty Alleviation Project	2.00
20	Coordination of Care and Rehab of persons with disabilities FNCDP	0.08
21	Participation in the tourism industry to ensure equality of access to commerce	1.50
22	National Youth Service Scheme	0.35
23	Subsidised Housing under Public Rental Board	0.69
24	Providing land for housing of squatters	1.00
25	Fijian Education Scholarship	5.50
26	Technical and Vocational Training under the Centre for Appropriate Technology & Development	0.50

Table 7: CRIME STATISTICS, 1997 - 2001
Fiji Summary

Crime Offences Recorded Five Year Comparison

OFFENCES		1997	1998	1999	2000	2001
AGAINST LAWFUL AUTHORITY						
1	<i>Affray</i>	27	32	26	36	13
2	<i>Throwing Object</i>	314	268	185	232	194
3	<i>Corruption and Abuse of Office</i>	3	29	14	14	8
4	<i>Perjury</i>	2	1	0	1	1
5	<i>Escaping from Lawful Custody</i>	95	97	80	89	79
6	<i>Riot and Unlawful Assembly</i>	2	2	0	172	3
7	<i>Others Against Lawful Authority</i>	226	153	128	264	185
	TOTAL	669	582	433	808	483
AGAINST PUBLIC MORALITY						
8	<i>Rape and Attempted Rape</i>	103	91	88	95	76
9	<i>Indecent Assault</i>	109	107	104	90	118
10	<i>Defilement of Girl under 13</i>	6	3	13	14	6
11	<i>Defilement of Girl between 16 - 13</i>	66	74	59	52	50
12	<i>Incest</i>	2	10	9	10	8
13	<i>Unnatural Offences</i>	19	18	7	8	18
14	<i>Others Against Public Morality</i>	97	94	88	107	163
	TOTAL	402	397	368	376	439
AGAINST THE PERSON						
15	<i>Murder</i>	13	14	23	17	28
16	<i>Attempted Murder</i>	1	2	3	8	2
17	<i>Manslaughter</i>	0	2	1	4	1
18	<i>Infanticide</i>	0	3	4		
19	<i>Causing Death by Dangerous Driving</i>	47	55	62	68	24
20	<i>Act with Intent to Cause Grievous Harm</i>	485	403	350	324	353
21	<i>Assault Occasioning Actual Bodily Harm</i>	3,521	3,246	2897	2776	3348
22	<i>Assault on Police</i>	75	65	114	64	57
23	<i>Common Assault</i>	695	603	632	580	505
24	<i>Others Against the Person</i>	170	192	295	361	247
	TOTAL	5007	4585	4381	4202	4565
AGAINST THE PROPERTY						
25	<i>Embezzlement</i>	161	205	214	216	305
26	<i>Conversion</i>	55	180	152	36	30
27	<i>Larceny in Dwelling House</i>	599	499	458	460	460
28	<i>Larceny from Person</i>	511	579	447	395	351
29	<i>Larceny of Cattle</i>	443	463	307	122	371
30	<i>Larceny from Ship or Dock</i>	26	11	13	11	4
31	<i>Fraud and False Pretence</i>	426	329	363	327	718
32	<i>Demanding with Menace</i>	10	11	13	9	3
33	<i>Robbery with Violence</i>	860	1,002	719	858	623
34	<i>Burglary</i>	934	882	982	861	838
35	<i>House Breaking</i>	1,322	1,389	1325	1569	1331
36	<i>Other Breaking Offences</i>	1,401	1,304	1079	1112	829
37	<i>Receiving Stolen Property</i>	20	47	34	49	37

38	Arson and Setting Fire to Crops	139	306	102	243	66
39	Theft	5,159	5,018	3690	3955	3887
40	Damaging Property	1,541	1,349	1167	1193	1002
41	Injuring Animal	120	157	92	59	59
42	Unlawful Use of Motor Vehicle	430	539	352	412	294
43	Others Against the Property	651	564	793	527	120
	TOTAL	14808	14834	12302	12414	11328
OTHER OFFENCES AGAINST PENAL CODE						
44	Forgery	252	111	203	953	586
45	Currency Offences	1	19	3	10	4
46	Criminal Trespass	575	462	482	497	518
47	Others Against Penal Code	8	154	108	433	42
48	Against Drugs Ordinance/ Act	427	431	514	426	433
	TOTAL	1263	1177	1310	2319	1583
	GRAND TOTAL	22149	21575	18794	20119	18398
	% Change		-3	-13	7	-9

Source: Fiji Police Force

Year	Medium Human Dev.	Fiji	Low Human Dev.
1995	65	44	131
1997	46	61	140
1998	47	66	140
1999	49	67	127
2000	54	72	138

Year	Consumption (\$m)	% of GDP
1985	838	71
1986	873	65
1987	960	72
1988	1094	76
1989	1273.7	82
1990	1442.7	83
1991	1474.4	82
1992	1578.6	79
1993	1628.7	75
1994	1694.8	74
1995	1776.7	74
1996	1855.1	73
1997	1909.9	73
1998	2123.1	76
1999	2144.3	68
2000	2193.7	71

1985	-5
1986	8.1
1987	-6
1988	2.2
1989	13
1990	3.6
1991	-2.7
1992	6.1
1993	2.6
1994	5.1
1995	2.5
1996	3.1
1997	-0.9
1998	1.5
1999	9.6
2000	-3.2
2001(p)	4.3

	1986	2001
Agriculture, forestry and fishing	25	16
Wholesale and retail trade	17	18
Community and social services	16	18
Finance and insurance	13	11
Manufacturing	12	15
Transport and communication	11	13
Other	6	9

TABLE 12: Investment Trends, 1970 – 2000

YEAR	(\$m)				Percent of GDP			
	Govt.	Public Enterprise	Private	Total	Govt.	Public Enterprise	Private	Total
1970	-	12.4	22.4	34.8	-	7.3	13.3	20.6
1971	-	17.1	28.8	45.9	-	9.3	15.6	24.9
1972	-	18.7	34.4	53.1	-	8.1	14.9	23.0
1973	-	25.6	40.1	65.7	-	8.5	13.3	21.9
1974	-	28.9	45.3	74.2	-	7.0	11.0	18.1
1975	-	44.8	58.6	103.4	-	8.7	11.4	20.1
1976	-	57.1	62.4	119.5	-	10.0	10.9	20.9
1977	38.5	20.5	69.9	128.9	6.4	3.4	11.5	21.3
1978	33.0	31.3	85.4	149.7	5.1	4.9	13.3	23.3
1979	35.2	58.9	110.9	205.0	4.5	7.6	14.2	26.3
1980	45.4	70.1	134.3	249.8	5.0	7.8	14.9	27.7
1981	72.8	77.2	130.4	280.4	7.6	8.1	13.7	29.4
1982	61.0	88.5	113.2	262.7	6.0	8.7	11.1	25.7
1983	36.3	90.7	112.2	239.2	3.5	8.8	10.9	23.2
1984	37.9	49.2	130.9	218.0	3.3	4.3	11.4	18.9
1985	40.8	37.8	160.4	239.0	3.5	3.2	13.6	20.3
1986	43.2	26.7	145.4	215.3	3.3	2.0	11.0	16.2
1987	33.6	51.7	144.6	229.9	2.5	3.9	10.9	17.3
1988	40.4	42.9	108.2	191.5	2.8	3.0	7.5	13.4
1989	56.8	39.5	114.8	211.1	3.7	2.5	7.4	13.7
1990	64.7	72.5	110.6	247.8	3.7	4.2	6.3	14.2
1991	81.8	103.6	109.5	294.9	4.5	5.7	6.1	16.3
1992	68.7	111.2	83.9	263.9	3.4	5.5	4.2	13.1
1993	63.3	182.3	119.3	364.9	2.9	8.4	5.5	16.8
1994	68.9	141.5	110.1	320.5	3.0	6.2	4.8	14.0
1995	66.6	168.5	115.0	350.0	2.8	7.0	4.8	14.6
1996	88.3	83.5	125.0	296.8	3.5	3.3	4.9	11.6
1997	95.6	113.5	103.0	312.2	3.7	4.3	3.9	11.9
1998	109.7	158.3	132.0	399.9	3.9	5.6	4.7	14.3
1999	128.2	183.1	153.3	464.6	4.1	5.8	4.9	14.8
2000(p)	108.8	130.8	109.5	349.1	3.5	4.2	3.5	11.3

Source: BOS

Table 13: Millennium Development Goals (MDGs)

The goals and targets are based on the UN Millennium Declaration, and the UN General Assembly has approved them as part of the Secretary General's road map towards implementing the declaration. UNDP worked with other UN departments, funds and programmes, the World Bank, the International Monetary Fund and the Organization for Economic Cooperation Development to identify over 40 quantifiable indicators to assess progress..

Goals and Targets	Indicators
Goal 1: Eradicate extreme poverty and hunger	
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	<ol style="list-style-type: none"> 1. Proportion of population below \$1 per day (PPP-values) 2. Poverty gap ratio [incidence x depth of poverty] 3. Share of poorest quintile in national consumption
Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	<ol style="list-style-type: none"> 4. Prevalence of underweight children (under-five years of age) 5. Proportion of population below minimum level of dietary energy consumption
Goal 2: Achieve universal primary education	
Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	<ol style="list-style-type: none"> 6. Net enrolment ratio in primary education 7. Proportion of pupils starting grade 1 who reach grade 5 8. Literacy rate of 15-24 year olds
Goal 3: Promote gender equality and empower women	
Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015	<ol style="list-style-type: none"> 9. Ratio of girls to boys in primary, secondary and tertiary education 10. Ratio of literate females to males of 15-24 year olds 11. Share of women in wage employment in the non-agricultural sector 12. Proportion of seats held by women in national parliament
Goal 4: Reduce child mortality	
Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	<ol style="list-style-type: none"> 13. Under-five mortality rate 14. Infant mortality rate 15. Proportion of 1 year old children immunised against measles
Goal 5: Improve maternal health	
Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	<ol style="list-style-type: none"> 16. Maternal mortality ratio 17. Proportion of births attended by skilled health personnel
Goal 6: Combat HIV/AIDS, malaria and other diseases	
Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS	<ol style="list-style-type: none"> 18. HIV prevalence among 15-24 year old pregnant women 19. Contraceptive prevalence rate 20. Number of children orphaned by HIV/AIDS
Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other	<ol style="list-style-type: none"> 21. Prevalence and death rates associated with malaria 22. Proportion of population in malaria risk

major diseases	<p>areas using effective malaria prevention and treatment measures</p> <p>23. Prevalence and death rates associated with tuberculosis</p> <p>24. Proportion of TB cases detected and cured under DOTS (Directly Observed Treatment Short Course)</p>
Goal 7: Ensure environmental sustainability	
Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	<p>25. Proportion of land area covered by forest</p> <p>26. Land area protected to maintain biological diversity</p> <p>27. GDP per unit of energy use (as proxy for energy efficiency)</p> <p>28. Carbon dioxide emissions (per capita) [Plus two figures of global atmospheric pollution: ozone depletion and the accumulation of global warming gases]</p>
Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water	29. Proportion of population with sustainable access to an improved water source
Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	<p>30. Proportion of people with access to improved sanitation</p> <p>31. Proportion of people with access to secure tenure</p> <p>[Urban/rural disaggregation of several of the above indicators may be relevant for monitoring improvement in the lives of slum dwellers]</p>
Goal 8: Develop a Global Partnership for Development*	
<p>Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system</p> <p>Includes a commitment to good governance, development, and poverty reduction – both nationally and internationally</p> <p>Target 13: Address the Special Needs of the Least Developed Countries</p> <p>Includes: tariff and quota free access for LDC exports; enhanced programme of debt relief for HIPC and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction</p>	<p><i>Some of the indicators listed below will be monitored separately for the Least Developed Countries (LDCs), Africa, landlocked countries and small island developing states.</i></p> <p>Official Development Assistance</p> <p>32. Net ODA as percentage of DAC donors' GNI [targets of 0.7% in total and 0.15% for LDCs]</p> <p>33. Proportion of ODA to basic social services (basic education, primary health care, nutrition, safe water and sanitation)</p> <p>34. Proportion of ODA that is untied</p> <p>35. Proportion of ODA for environment in small island developing states</p> <p>36. Proportion of ODA for transport sector in land-locked countries</p> <p>Market Access</p> <p>37. Proportion of exports (by value and excluding arms) admitted free of duties and quotas</p> <p>38. Average tariffs and quotas on agricultural</p>

<p>Target 14: Address the Special Needs of landlocked countries and small island developing states</p> <p>(through Barbados Programme and 22nd General Assembly provisions)</p> <p>Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term</p>	<p>products and textiles and clothing</p> <p>39. Domestic and export agricultural subsidies in OECD countries</p> <p>40. Proportion of ODA provided to help build trade capacity</p> <p>Debt Sustainability</p> <p>41. Proportion of official bilateral HIPC debt cancelled</p> <p>42. Debt service as a percentage of exports of goods and services</p> <p>43. Proportion of ODA provided as debt relief</p> <p>44. Number of countries reaching HIPC decision and completion points</p>
<p>Target 16: In co-operation with developing countries, develop and implement strategies for decent and productive work for youth</p>	<p>45. Unemployment rate of 15-24 year olds</p>
<p>Target 17: In co-operation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries</p>	<p>46. Proportion of population with access to affordable essential drugs on a sustainable basis</p>
<p>Target 18: In co-operation with the private sector, make available the benefits of new technologies, especially information and communications</p>	<p>47. Telephone lines per 1000 people</p> <p>48. Personal computers per 1000 people</p> <p><i>Other Indicators TBD</i></p>

**The selection of indicators for Goals 7 and 8 is subject to further refinement.*

Table 14: Job Seekers and Job Opportunities: annual estimates

Job Seekers	Medium term scenario
▪ School leavers entering labour force (including from Post Secondary Institutions)	15,000
▪ Belated entrants into the labour force (almost exclusively women)	600
▪ Laid-off workers seeking re-employment	1,200
▪ Never attended school	200
Total number of job seekers	17,000

Job Opportunities	
Formal sector	
Replacements for emigrating employed persons	4,000
Replacements for employed persons leaving the formal sector due to normal attrition ²	3,300
New formal sector employment ³	2,400
Total Formal Sector job opportunities	9,700

Informal Sector and Agriculture	
Replacements for employed persons leaving informal (non-farming) employment and cash-crop agriculture due to normal attrition	2,000
Targeted expansion in employment opportunities to absorb balance of labour force. ⁴	5,300
Total informal sector and agriculture	7,300

Source: MOFNP Estimates

² Normal attrition is estimated at 2.8% of formal employment.

³ Formal sector employment is expected to grow at about half the rate of the economy – an employment elasticity of 0.5. For 2001, economic growth is expected to be 1% (therefore employment growth is expected to be 0.5%) and in the medium term growth is forecast at an average of 4% per year (employment growth of 2% per year).

⁴ This target is based on the assumption of no change in numbers unemployed and that those in subsistence agriculture does not increase.