

Fiji: Building Inclusive Institutions for Sustained Growth Country Diagnostic Study

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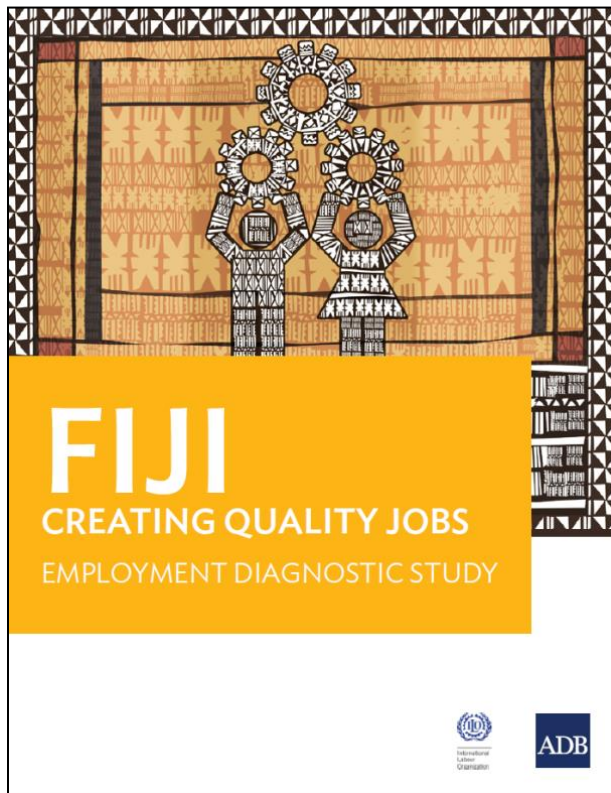
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Outline

- Overview of ADB's country diagnostic study (CDS) and employment diagnostic study (EDS)
- Fiji: country context
- Key messages from the CDS

- First CDS was completed in 2007
- Tool for policy dialogue: Informs medium-term development strategy and strategies for engaging with countries
- 12 completed and 3 ongoing



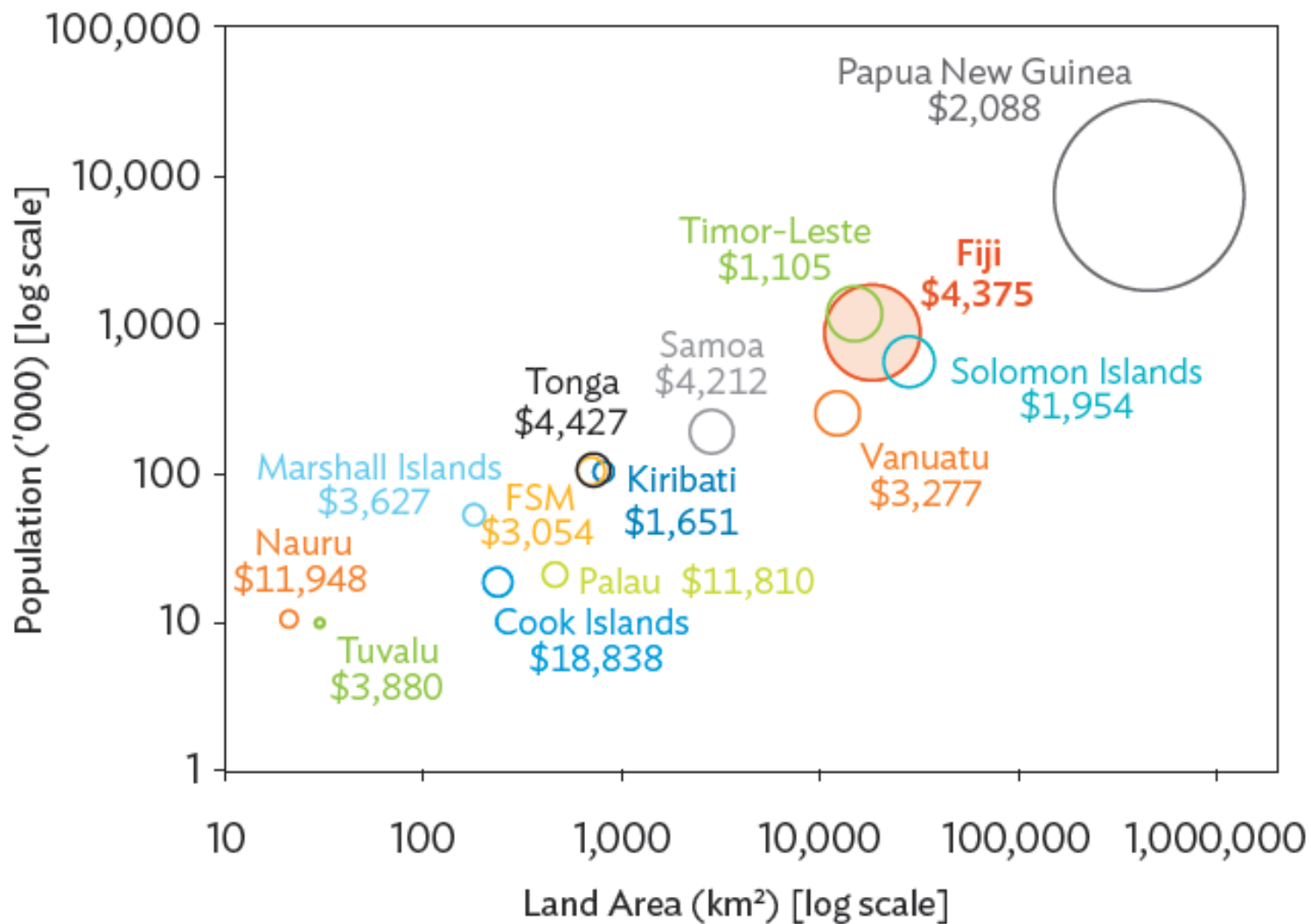
- Initiated to complement CDSs
- Creating quality jobs is key to making growth inclusive, reducing disparities, and sustained growth
- Collaboration with ILO; 3 completed and 2 ongoing



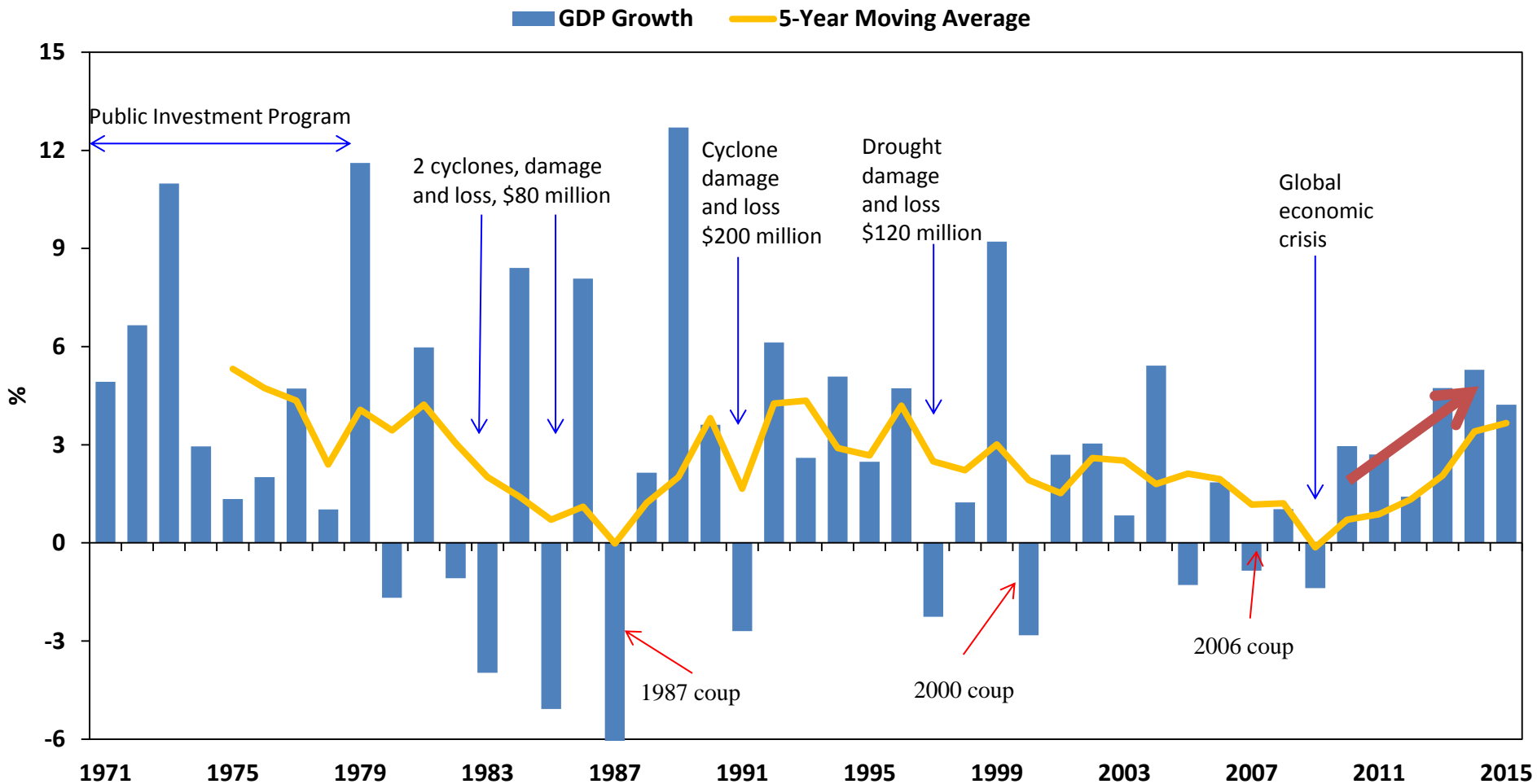
Country context

- One of the larger Pacific island countries
- Upper-middle-income country with one of the highest per capita incomes in the Pacific
- Relatively high level of social development
- Relatively rich in natural resources
- Economic geography: small and remote with dispersed population
- Political climate (1987, 2000, and 2006)
- Vulnerable to natural hazards

Fiji is one of the larger Pacific island countries

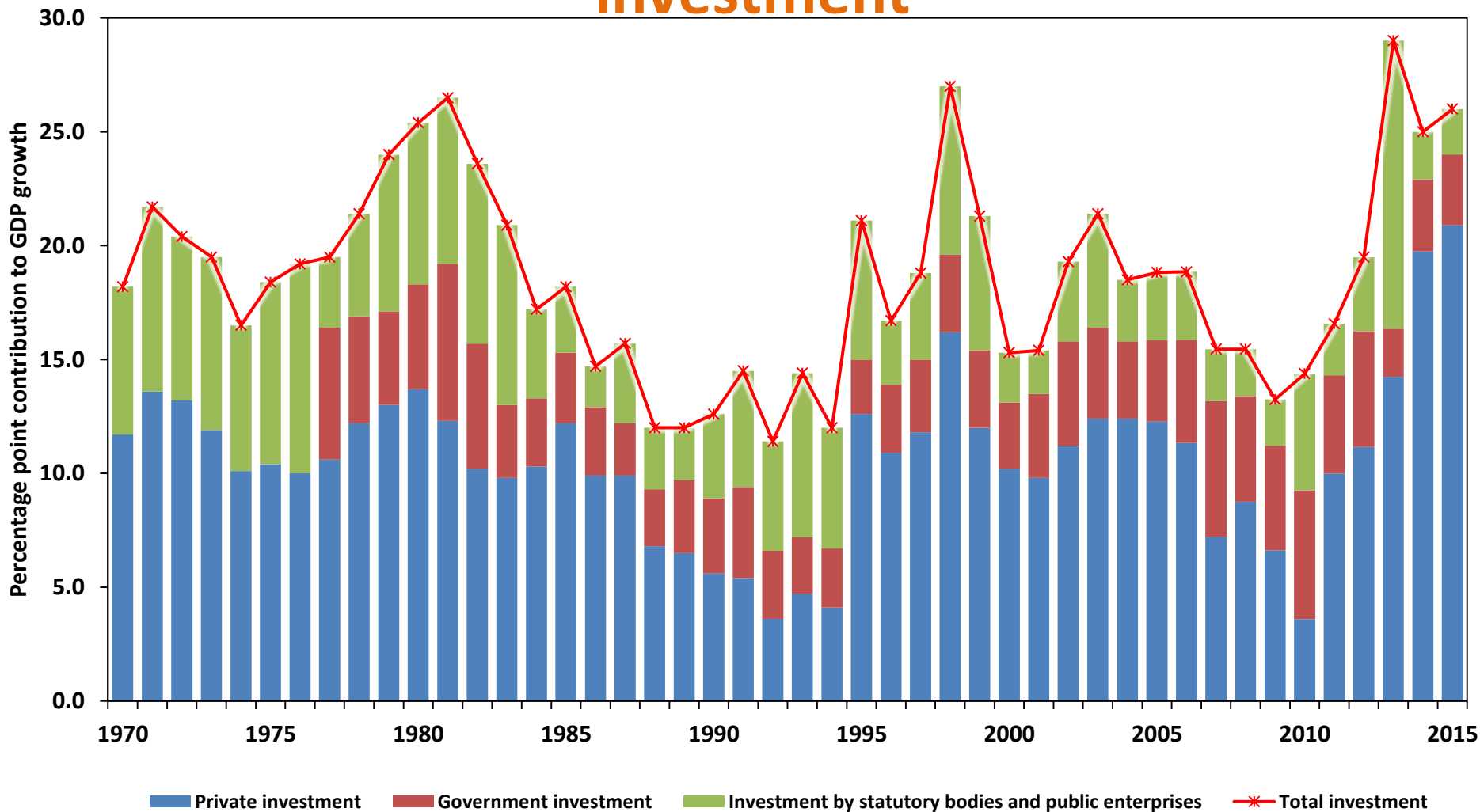


Economic growth has been volatile, but momentum for higher and stable growth has started since 2010...



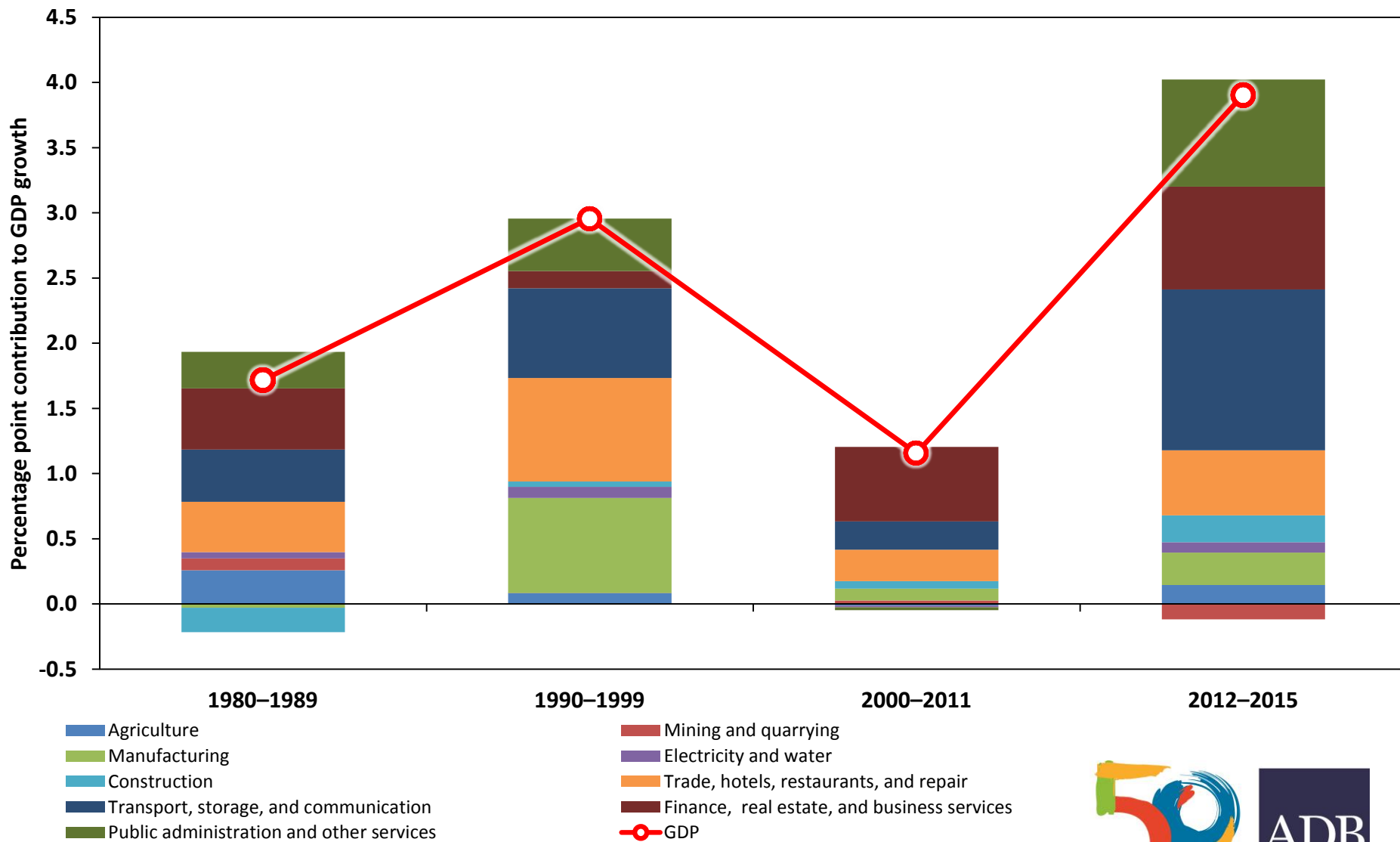
Source: Estimates based on data from RBF.

...supported by strong recovery of private investment



Source: RBF.

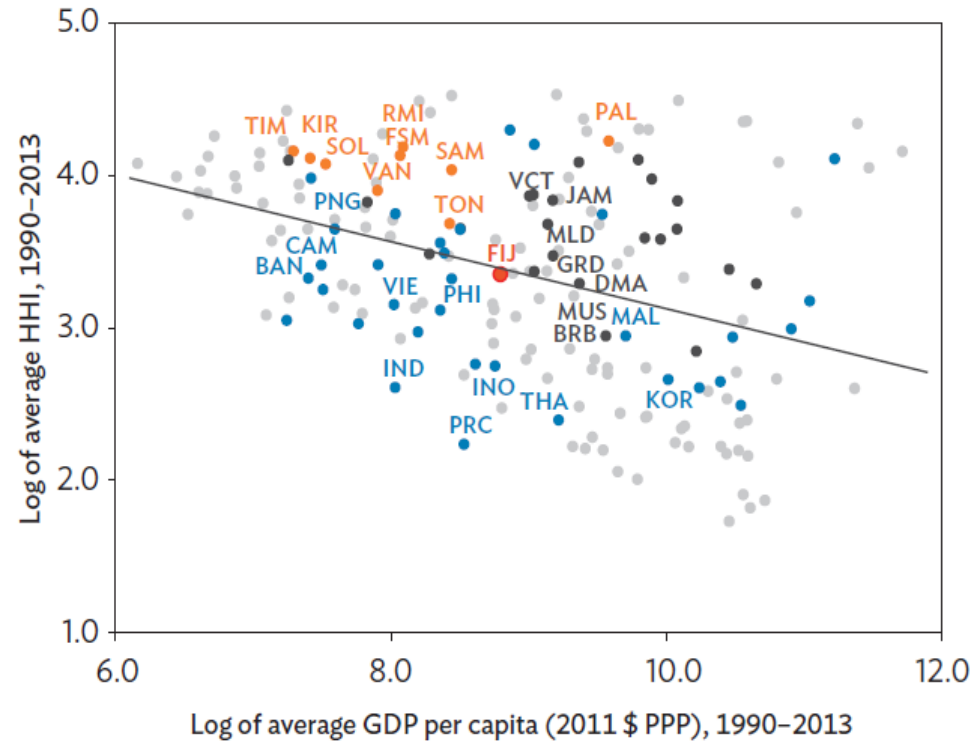
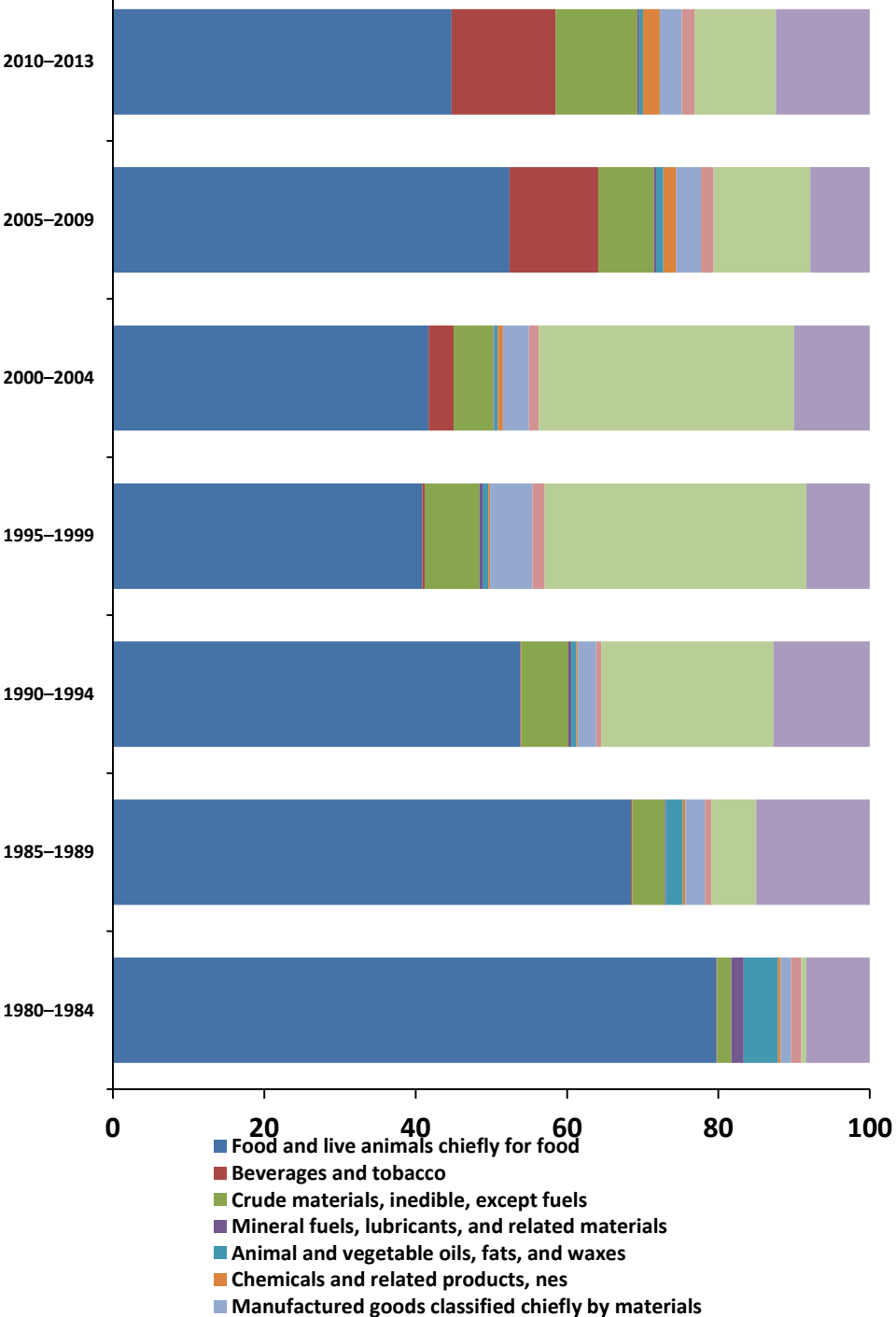
Fiji continues to be a service-driven economy but growth is now more diversified



Source: Estimates based on data from RBF.



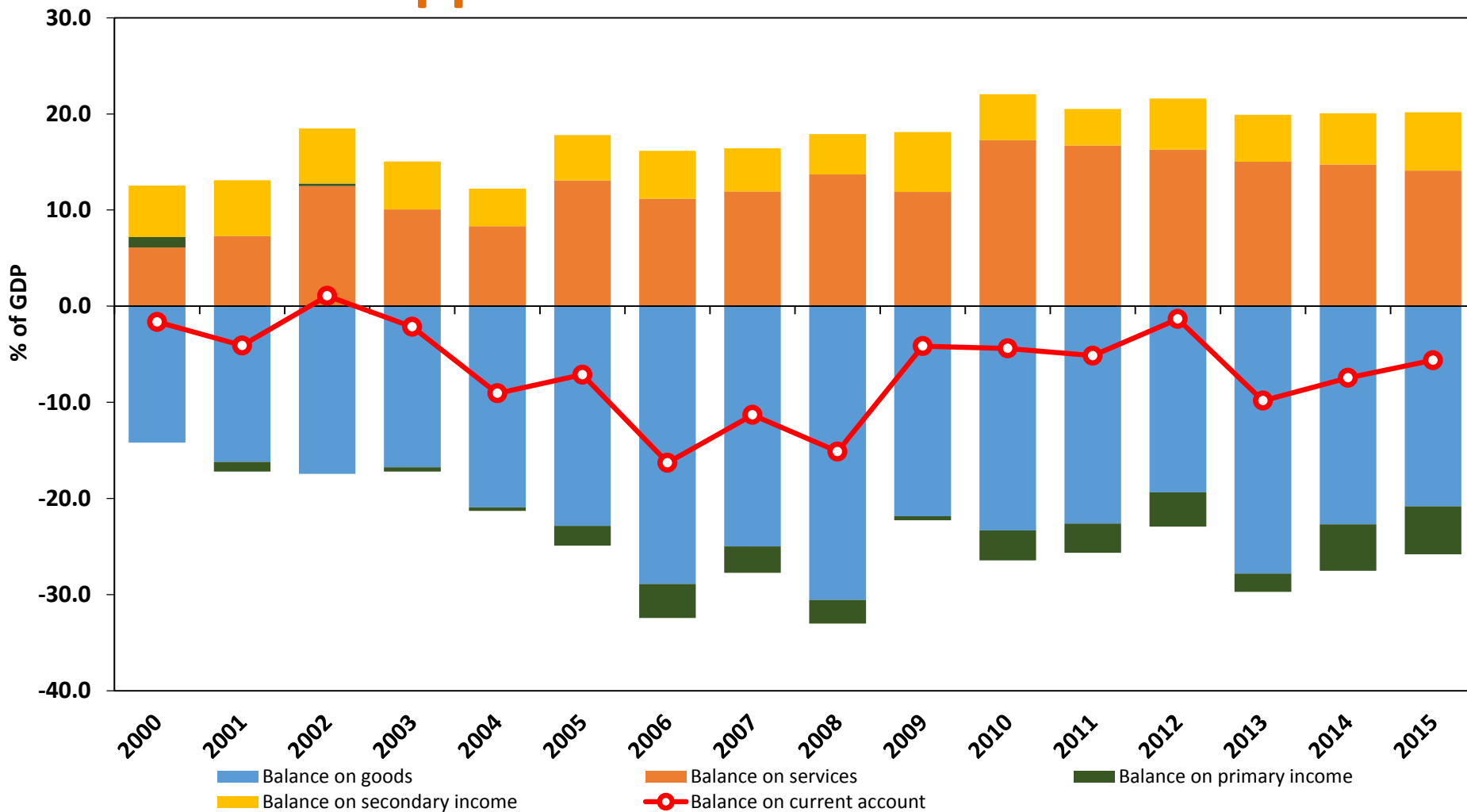
Composition export basket has diversified over time



Source: UN Comtrade.

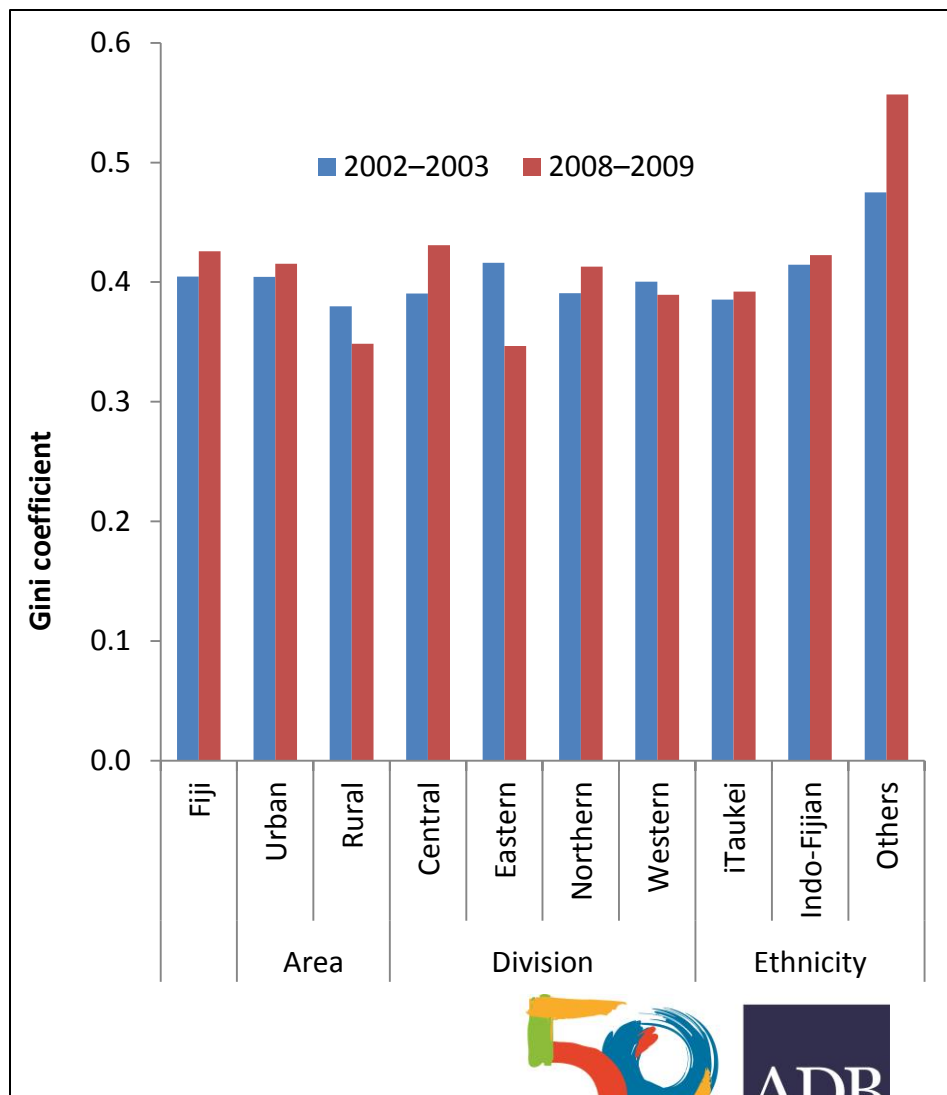
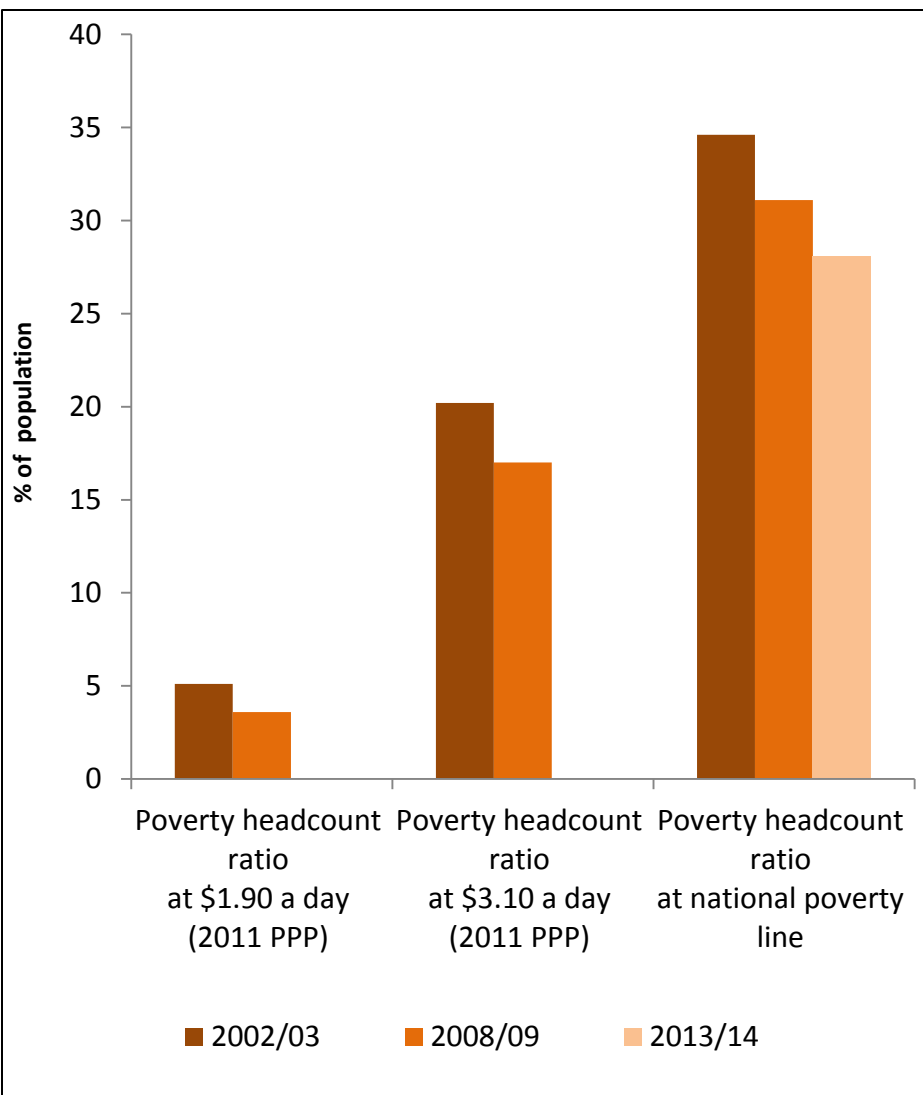


Tourism and remittances provide more stable support for external balance



Source: RBF for 2000-2014 and IMF Article IV Report for 2015 (projected).

Extreme poverty is low but inequality is rising



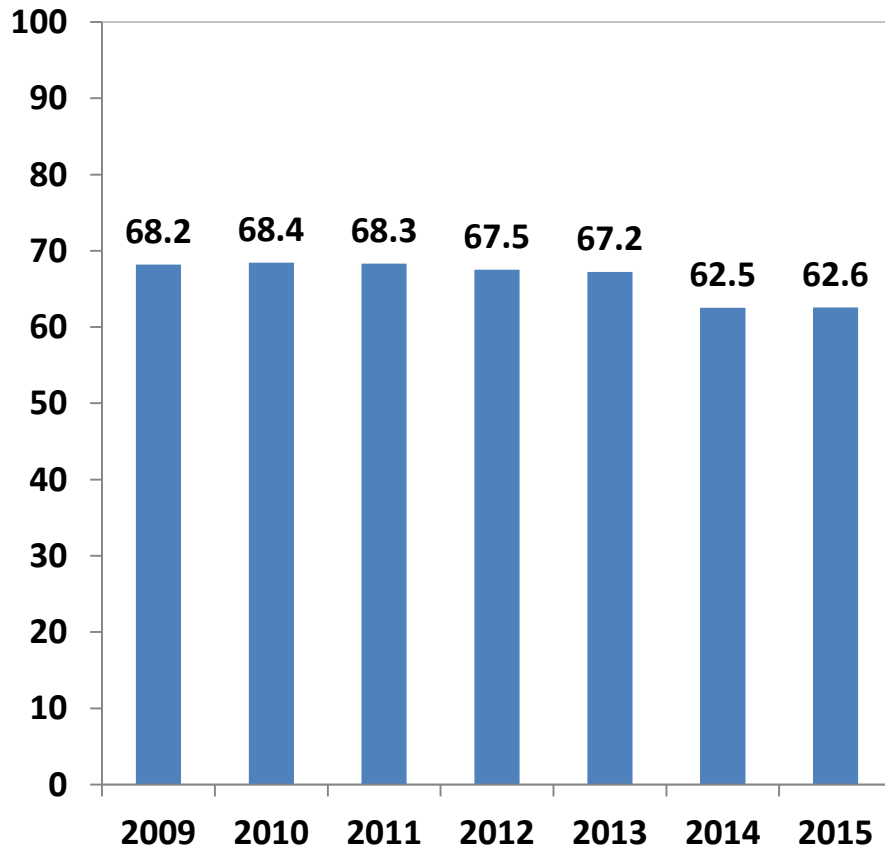
Source: Fiji Bureau of Statistics. Household Income and Expenditure Survey 2002/03, 2008/09, and 2013/14. Suva and World Bank.

Constraints to inclusive growth

- Remaining weaknesses in business climate
- Gaps in provision of infrastructure services
- Uneven access to productive assets, particularly to land and finance
- Lack of productive and adequately paying job opportunities

Structural reforms to further enhance the business climate

Fiji's distance to the frontier in overall ease of doing business (frontier = 100)



- Ease business start-up procedures and licensing
- Enhance single-window clearance
- Implement new Companies Act
- Reduce administrative burden of filing taxes
- Expedite dispute resolution and strengthen contract enforcement
- Review price controls and consider replacing them with targeted interventions

Notes: Number above the bar indicates Fiji's how far is Fiji from the frontier of best practices. Methodology has changed over the years.
Source: World Bank



Provide quality and adequate infrastructure services

	Country (Year)	Total Road Network ('000 km)	Density (km/100 km ²)	Sealed (%)
Pacific	Fiji (2014)	11.1	62	13
	Kiribati (2000)	0.7	83	...
	FSM (2000)	0.2	34	17.5
	PNG (2000)	19.6	4	3.5
	Samoa (2001)	2.3	82	14.2
	Solomon Islands (2000)	1.4	5	2.4
	Tonga (2000)	0.7	91	27.0
	Vanuatu (2000)	1.1	9	23.9
Indian Ocean	Maldives (2005)	0.1	29	100.0
	Mauritius (2010)	2.1	102	98.1
Caribbean	Dominica (2010)	0.9	121	81.9
	Grenada (2000)	1.1	331	61.0
	Saint Vincent and the Grenadines (2003)	0.8	213	70.0

- Continue to upgrade and rehabilitate road network
- Improve quality and service delivery of maritime infrastructure for both international and domestic connectivity
- Enhance provision of key urban infrastructure services
- Increase private sector participation in provision of infrastructure through various modalities

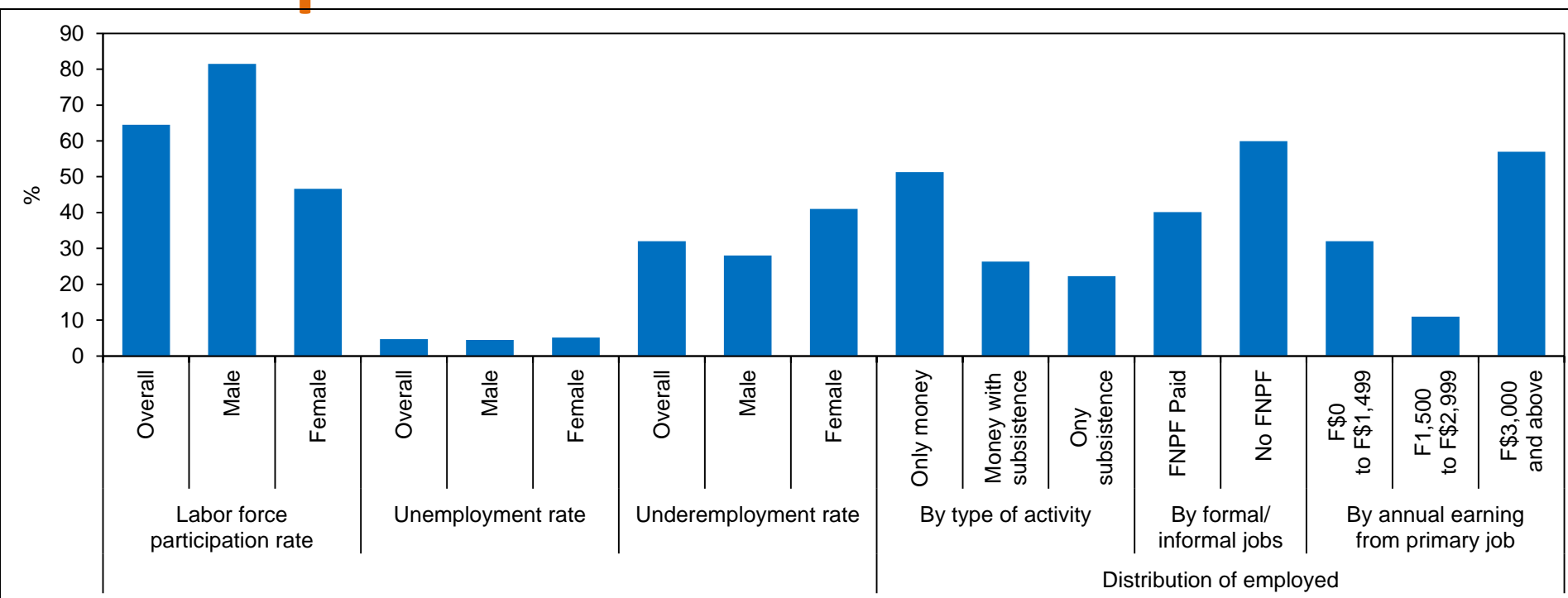
Note: Number above the bar indicates Fiji's rank in overall ease of doing business and the number in brackets shows the number of countries covered by the survey in that year. Methodology has changed over the years.
Source: World Bank.



Enhance access to productive assets and finance

- Make access to finance inclusive
 - Secured transactions framework
 - Introduce a credit legislation bureau
 - Enhance sustainability of the microfinance institutions
- Enhance access to land to exploit its economic potential
 - Review leasing regulations and procedures in a way that balances the needs and sensitivities of the customary landowners, as well as the interests of the investors

Improve labor market outcomes



- Headline unemployment rate is low but it masks the lack of productive and well-paying jobs
- Create productive employment opportunities and address the mismatch between training and demand
 - Facilitate SME development
 - Facilitate school-to-work transitions for youth by fostering stronger links between education/ training institutions and work places
 - Strengthen placement agencies like the NEC
 - Encourage more volunteer or apprenticeship schemes to address youth unemployment

Sound macroeconomic management is key to inclusive growth

- Monetary policy and financial market development
 - Price stability
 - Safeguard financial stability
 - Enhance access to finance
- Fiscal policy
 - Support inclusive growth through infrastructure and social spending
 - Provide buffer to deal with contingent liabilities and external shocks

For more on ADB CDS:

<http://www.adb.org/publications/series/country-diagnostic-studies>

Vinaka Vakalevu!