

## SBF Project Completion Note

### Fiji: Sustainable and Resilient Recovery Program for Fiji

#### 1. Project Information

Project ID:	P000663
Responsible department:	PSC1
Borrower:	Republic of Fiji
Implementing Agency:	Ministry of Economy, Fiji
Financing type:	Sovereign-Backed Financing
Instrument type:	Loan
Member:	Fiji
Sector:	CRF-Economic Resilience/PBF
E&S category:	C
Overall rating:	Successful
Effectiveness Assessment:	Effective
Relevance Assessment:	Relevant
Efficiency Assessment:	Efficient
Sustainability Assessment:	Likely sustainable (preliminary)

#### 2. Project Development Objectives

The program objective is to provide budget support for the Government of Fiji (GOF) to restore fiscal sustainability and inclusive climate-resilient economic growth, which have been adversely affected by the COVID-19 pandemic and coinciding disasters, while building fiscal, community, and private sector resilience to climate change and future shocks.

#### 3. Key Dates

Approval:	08/25/22	Signing:	09/05/22
Effective:	09/06/22	Restructured (if any):	
Orig. Closing:	12/31/22	More Restructured dates (if any)	
Rev. Closing:			

#### 4. Financial Summary (US Dollar million)

Currency:	US Dollar		
Committed:	50.00	Cancelled:	0.00
Disbursed:	50.00	Undisbursed:	0.00

#### 5. Overall rating

Overall rating:	Successful
Executive summary of the completion note:	
<p>On August 25, 2022, the AIIB Board of Directors approved the Sustainable and Resilient Recovery Program for Fiji. This was a sovereign-backed financing in the amount of USD 50 million, disbursed in a single tranche in line with the government's financing needs to support post-pandemic recovery. The Program provided budget support to the GOF to restore fiscal sustainability and inclusive climate-resilient economic growth.</p>	

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Both were adversely affected by the COVID-19 pandemic and coinciding natural disasters. The Program also built fiscal, community, and private sector resilience to climate change and future shocks. Although the Program was financially closed by the end of 2022, this project completion note was prepared later to properly assess policy-related results.

The Program was co-financed with the Asian Development Bank (ADB), which provided a total amount of USD 150 million. ADB had previously provided programmatic support to Fiji under the Sustained Private Sector-Led Growth Reform Program (2020). The Ministry of Economy served as the main executing agency. Key other implementing agencies included the Ministry of Commerce, Trade, Tourism, and Transport; the Ministry of Women, Children and Poverty Alleviation; and the Reserve Bank of Fiji.

The Program consisted of two subprograms; with a programmatic approach adopted to allow adequate preparation and implementation time, predictability for government budget planning, and flexibility in adapting policy actions. Subprogram 1 introduced the three core reform areas (RAs) and was well-aligned with the country's overarching development objective. These were: (i) Public financial management for fiscal resilience and debt sustainability, (ii) Public policy for community resilience, and (iii) Enabling environment for resilient private sector recovery. It introduced initial policy actions across these areas, looking to assist in Fiji's post-COVID-19 recovery and build the foundation for fiscal and climate resilience. AIIB's loan supported Subprogram 2, which aimed to sustain and deepen the reforms initiated under Subprogram 1. Subprogram 2 advanced policy reform areas as follows:

**RA1 - Fiscal management:** Strengthening fiscal resilience through implementation of the Financial Management (Amendment) Act 2021, medium-term debt management strategies, fiscal planning enhancements, and expanded gender-responsive budgeting rollout, contributing to fiscal discipline and sustainable public financial management.

**RA2 - Community resilience:** Consolidating social protection reforms, implementing the Climate Change Act 2021, expanding market-based climate risk microinsurance, advancing rural water and sanitation policy implementation, and improving financial sustainability of energy provision, including steps towards the partial privatization of Energy Fiji Limited.

**RA3 - Business and investment climate:** Continuing reforms to improve private sector recovery by simplifying business licensing, facilitating the issuance and trading of corporate bonds, strengthening digital payment infrastructure, and improving trade competitiveness with legal and regulatory enhancements.

These initiatives collectively aimed to restore fiscally sustainable, climate-resilient, private sector-led growth, with an emphasis on social inclusion, gender equity, and environmental sustainability.

Overall, the Program was successful since it achieved its pre-defined intended results and outputs, supporting the government in mitigating the adverse socio-economic impacts of COVID-19 pandemic on businesses, workers, and vulnerable populations. This is reflected by its solid performance across the key assessment criteria. Specifically, it has been rated effective given the completion of all policy actions with substantial achievement of nearly all of the outcome indicators (the remaining partially achieved indicator has corrective measures in place), relevant given the Program's alignment with both AIIB and government strategies, efficient since no delays were experienced, and preliminarily likely sustainable as all reforms remain under effect with strong progress. The Program contributed to the improvement of the budget systems and institutions, productivity, and competitiveness of State-owned Enterprises (SOEs), and creation of new businesses and formal job growth, including for women.

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### Section I. Effectiveness

Effectiveness Assessment:	Effective
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Overall assessment of effectiveness:

The Program is rated effective. It was strategically aligned with Fiji's National Development Plan 2017–2036 and AIIB's Corporate Strategy 2021–2030, including priorities of financing sustainable, inclusive, and climate-resilient infrastructure. The Program design and monitoring framework was robust, with almost all outcome indicators substantially achieved with some exceeded targets. The first indicator was, however, partially achieved as timely submission of annual procurement plans fell short of the target because of a lack of capacity in several ministries and agencies. The minor shortfalls were actively addressed by the government as part of the FY2024 budget cycle through an updated medium-term debt management strategy for FY2024–FY2026, and continued implementation of the provisions introduced by the Financial Management (Amendment) Act 2021 (including for annual procurement planning). For this reason, the assessment remains effective. Policy reforms are also on track with no reversals, ensuring sustainability in alignment with national strategies.

### Project Objective Indicators

Monitoring end year: 2023

Indicator Name	Unit of Measure	Baseline	Actual (Current)	End Target
At least 70% of budget sector agencies submit procurement plans and cash flow forecasts to the Ministry of Economy within 2 weeks after the commencement of the fiscal year.	Custom	NA	<p><b>Partially achieved.</b></p> <p>According to data from the Ministry of Finance (Strategic Planning, National Development and Statistics Department), 14 out of 31 budget sector agencies submitted annual procurement plans to the ministry within 2 weeks after the commencement of FY23 This equals 45.2% and is below the targeted 70%. In regard to the submission of cashflow forecasts, all agencies submitted cashflow forecasts for FY23, according to the Ministry, equaling 100%, which exceeds the targeted 70% of all agencies.</p>	

<p>Government borrowing complies with target cost and risk indicators, including maintaining external debt less than 35% of total debt, having at least 65% of debt incurred on fixed interest rates, and maintaining an average term to maturity of 8 years or more, as set out in the medium-term debt management strategy.</p>	Custom	NA	<p><b>Substantially achieved.</b></p> <p>As of 30 April 2023, the share of external debt stood at 36.6%, the share of debt incurred on fixed interest rates was 79.5%, and the average term to maturity was 11.4 years (according to the third quarterly debt bulletin of the Ministry of Finance, Strategic Planning, National Development and Statistics). While the share of external debt is slightly above the target of less than 35%, the significantly higher share of fixed interest rate debt and the longer average term to maturity, complemented by an exchange rate peg to a weighted basket of currencies of major trade partners, contain currency risks. In 2024 the IMF estimated a decline in the share of external debt, to 36.1%, which is projected to further decline to 34.1% in 2025 and 2026. IMF. 2025. <a href="#">Republic of Fiji 2025 Article IV Consultation—Press Release; and Staff Report</a>. IMF Country Report No. 25/138. Washington, DC</p>	
<p>At least 25% of ministries include estimates of climate- relevant expenditures in budget submissions for FY2023.</p>	Custom	NA	<p><b>Achieved, with target exceeded.</b></p>	

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**Prepared on 03/11/26**

			<p>Eight out of 23 ministries, equaling 34.8%, have included directly climate-related expenditures in their budget submissions and received allocations in FY23 budget. These included Ministry of Economy; Ministry of Rural and Maritime Development and Disaster Management; Ministry of Education, Heritage and Arts; Ministry of Health and Medical Services; Ministry of Agriculture; Ministry of Forestry; Ministry of Infrastructure and Meteorological Services; and the Ministry of Waterways and Environment. Furthermore, the Ministry of Finance, Strategic Planning, National Development and Statistics, in collaboration with the Climate Change Division under the Office of the Prime Minister, is progressing work on systematic, government-wide climate budget tagging, including finalizing the tagging typology and defining a dedicated segment for climate change in the revised chart of accounts and the procurement of the new financial</p>	
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			management information system.	
At least 30% of ministries prepare quarterly budget expenditure reports which include specific gender target monitoring and reporting.	Custom	0	<p><b>Achieved, with target exceeded.</b></p> <p>A total of eight budget agencies, comprising seven ministries and one government agency, prepared quarterly budget execution reports that included gender target monitoring and reporting in FY23. The ministries are Ministry of Agriculture; Ministry of Commerce, Trade, Tourism, and Transport; Ministry of Education, Heritage and Arts; Ministry of Fisheries; Ministry of Forests; Ministry of Youth and Sports; and Ministry of Women, Children and Poverty Alleviation. This equaled 30.4% of the 23 ministries, in line with the target. In addition, Fiji Police Force, which is a key agency for gender equality, prepared quarterly budget execution reports with gender target monitoring and reporting.</p>	
At least 1,000 people, including at least 500 women, take out climate risk parametric microinsurance cover.	Custom	0	<p><b>Achieved, with target exceeded.</b></p> <p>In 2022, a total of 2,799 people were covered under the market-based parametric insurance products, of which</p>	

			47% were women. In addition, climate risk insurance was extended to 2,000 vulnerable social welfare recipients through a partnership led by the Department of Social Welfare. United Nations Capital Development Fund, Pacific Insurance and Climate Adaptation Programme. <a href="#">Results at a Glance 2021–2022</a> (accessed on 20 August 2023).	
Government guarantees for Energy Fiji Limited have been reduced to zero.	Custom	F\$50.2 million	<b>Achieved.</b> Government guarantees for Energy Fiji Limited have been reduced to zero, as confirmed by the Ministry of Finance, Strategic Planning, National Development and Statistics and shown in the FY23 budget supplement. Republic of Fiji. Ministry of Economy. <i>Economic and Fiscal Update Supplement to the 2022–2023 Budget Address</i> . Suva	
At least 5,000 businesses, of which at least 35%, are owned or managed by women, receive working capital support to meet liquidity needs during the COVID-19 shock.	Custom	NA	<b>Achieved, with target exceeded.</b> A total of 5,770 businesses received working capital support to meet liquidity needs during the COVID-19 shock under Reserve Bank of Fiji's (RBF's) Disaster Rehabilitation and	

			Containment Facility. Of these, 37% was owned or managed by women, according to survey data provided by RBF (data available upon request).	
sAt least 20% increase in the number of Electronic Funds Transfer at Point of Sale (EFTPOS) and mobile money transactions.	Custom	5.4 million EFTPOS transactions, 2.3 million mobile money transactions	<p><b>Achieved, with target exceeded.</b></p> <p>The number of EFTPOS transactions increased by over 50% from 5.4 million in 2019 to 8.2 million in 2022. representing an. Mobile money service transactions increased more than twelvefold from 2.3 million in 2019 to 32.6 million in 2022. RBF. <a href="#">Financial Inclusion Annual Report 2022</a> and RBF. <a href="#">Financial Access Survey data</a> (accessed on 20 August 2023)</p>	
At least one corporate bond issued.	Custom	0	<p><b>Achieved, with target exceeded.</b></p> <p>Three wholesale corporate bonds were issued by Fijian Holdings Limited on 30 November 2022, with maturities of 36,60, and 84 months. <a href="#">South Pacific Stock Exchange. Wholesale Corporate Bonds</a> (accessed on 20 August 2023).</p>	

## Section II. Relevance

Relevance Assessment:	Relevant
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Alignment with AIIB's Strategic Priorities:
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The Program was well-aligned with AIIB's Corporate Strategy 2021-2030 and its priorities of financing sustainable, inclusive, and climate-resilient infrastructure. The Program also aligned closely with the objectives of AIIB's COVID-19 Crisis Recovery Facility (CRF): specifically, to foster sustainable economic development and promote regional cooperation by leveraging partnerships with multilateral and bilateral institutions. The collaborative building of resilient, inclusive, and climate-adaptive economic systems in Fiji helped mitigate the economic, financial, and public health pressures arising from COVID-19, and promote a longer-term recovery.

Alignment with Member policies, subnational planning and stakeholder needs, including changes to project objective and design:

The Program fully aligned with Fiji's National Development Plan 2017-2036. In addition, the selection of reforms was informed by the Government's response framework to the COVID-19 pandemic, as well as broader sectoral and thematic strategies, including the Public Financial Management Improvement Programme, 2020–2025 and Fiji's National Adaptation Plan.

Policy actions under the first reform area reduced macro-fiscal risks elevated by the pandemic, prioritizing the strengthening of fiscal planning, expenditure controls, debt management, and resource mobilization. This included amending the Financial Management Act to mandate a fiscal strategy and developing a new strategy for managing medium-term debt, as well as a new annual borrowing plan. The second reform area contributed to a more equitable recovery by addressing the drivers of fragility and vulnerability, which includes improving the resilience of essential services. Exemplary policy actions such as the rollout of a broader social assistance policy and a new microinsurance climate risk product highlight how communities were better supported in the face of growing climate and disaster risks alongside the pandemic impacts. Meanwhile, the third reform area focused on recovery support and the prevention of prolonged pandemic impacts through means such as the amendment of the Customs Tariff Act, combined with policy actions to create a stronger enabling environment for private sector-led growth. Climate resilience considerations were integrated across all three reform areas in order to address overall concerns spanning both the public and private sectors, such as the introduction of the Climate Change Act 2021.

### Section III. Efficiency

Efficiency Assessment:	Efficient
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Achievement of efficiency, including implementation delays, cost overruns and savings:

The Program was approved and delivered on time. All of the policy actions were efficiently executed with no delays or impediments of note. Loan effectiveness was declared earlier than originally projected in the loan agreements, while the loan disbursements were timely, enabling adequate financing during a period of fiscal uncertainty for Fiji following the COVID-19 shock. Fiduciary arrangements and monitoring systems were also adequate. Subprogram 2 built on Subprogram 1's joint policy matrix procedures, which brought together government stakeholders and partners to streamline coordination for the reform program on strategic alignment, financing, and technical assistance. This arrangement allowed improved efficiency in terms of lower transaction costs, particularly for the government where capacity constraints could lead to shortfalls in coordination and associated costs. Ultimately, AIIB's prompt provision of co-financing resources under its CRF highlights its value-addition to the Program, expediting the government's access to urgent budget support at the height of the pandemic.

### Section IV. Sustainability

Sustainability Assessment:	Likely sustainable (preliminary)
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Implementation of project-specific Environmental and Social (E&S) instruments, such as the Environmental and Social Action Plan (ESAP), including the establishment and operation of a project-level Grievance Redress Mechanism:

Overall, the Program had no adverse environmental and social impact, confirming the assigned Category C for

environment, involuntary resettlement, and indigenous people. The Program's technical outcomes and policy actions are technically, environmentally, and socially sustainable. Given that program activities were confined to policy and institutional reforms, there was no introduction of a Grievance-Redress Mechanism (GRM) or Environmental and Social Action Plan (ESAP).

Investment Sustainability (operational, financial/commercial, institutional):

The Program incorporated lessons from previous programs, which contributed to its sustainability. They include supporting government-owned reform agendas, pursuing moderate, stepwise reforms (especially when institutional capacity is limited), undertaking stakeholder consultations, and acknowledging the importance of ongoing assistance. Allocating lead responsibilities for various reforms across the relevant Government units supported the capacity of the executing and implementing agencies. This drove the institutional sustainability of reforms: such that no reform action under the Program was reversed, and all have remained in effect. The assigned rating, however, remains preliminary as additional budget cycles can confirm routine adoption and institutionalization.

Any Outstanding issues and Follow-up actions, if applicable:

N/A

### Lessons Learned

#### Lesson 1.

Category	Project Design
What had AIIB planned would happen?	A single-tranche, stand-alone policy-based loan combined with a post-program partnership framework (P3F) would provide critical flexibility and continuity during a period of high uncertainty, enabling AIIB to respond quickly to Fiji's evolving fiscal and reform needs.
What happened during implementation?	The differentiated approach spreading reforms across complementary government units and combining policy actions that both introduce new frameworks and support their implementation proved effective in managing reform complexity and institutional capacity constraints typical in small island developing states (SIDS).
Why was there a difference between what was planned and what happened?	N/A
What can AIIB do differently in the next project?	Ongoing technical assistance alongside policy-based lending over multiple years was vital to support institutionalization and quality implementation of complex reforms, notably for climate and gender-responsive budgeting and procurement reforms. Future engagements are recommended to adopt multi-subprogram approaches aligned with election cycles to enhance predictability and adaptability.

#### Lesson 2.

Category	Construction and Preparations
What had AIIB planned would happen?	The collaborative engagement with development partners and ongoing technical assistance to the Government of Fiji would help support the effective achievement of the policy actions proposed under the reforms matrix. Co-financed with the ADB, the Government of Australia, and the Government of New Zealand,

	Subprogram 2 was expected to optimize arrangements between partners and the Government of Fiji to implement the critical reforms for medium term resilience, while reducing transaction costs.
What happened during implementation?	Despite overall success, capacity limitations in several ministries affected timely procurement planning and execution under one indicator. The results chain was sound, but some output indicators (e.g., training conducted) lacked measures of sustained effectiveness, further providing complexities to measure the extent that those outputs were achieved.
Why was there a difference between what was planned and what happened?	Coordination across multiple agencies implementing reforms remained a challenge requiring ongoing policy dialogue and technical assistance to sustain reform gains and ensure no implementation delays.
What can AIIB do differently in the next project?	Continuing to plan further ahead with development partners for capacity building efforts, while strengthening coordination with and between the relevant ministries can enable that the committed leadership of the Ministry of Economy (now Ministry of Finance) is critical in driving forward reforms. A greater degree of monitoring and evaluation remain important to verify long-term impacts and progress, especially post-program.

## 6. Client feedback

The Borrower's feedback is attached as an annex.

**Annex: Client Feedback on the Project**

1. Are the services and support provided by AIIB's Project Team professional, sufficient and in time, during project preparation and project implementation? Please provide some specifics or examples as an illustration.

**Yes, services and supports we received from the Project team were timely and professional. For instance, clarification to certain AIIB documents, the online portal that we can access additional information from – all these were provided to use on timely manner.**

2. Is it convenient to access to the Project Team's services and support? Please provide some specifics or examples as an illustration.

**Yes, we were able to reach out to them via email. We do understand the time difference, the responses were received.**

3. Does the Project Team demonstrate flexibility and efficiency during project preparation and project implementation? Please provide some specifics or examples as an illustration.

**Yes, project team demonstrated this during project preparation and implementation. For instance, given the internal process from Government which caused some delays, the project team assisted in allowing us more time to submit the document.**

4. What is the value addition of AIIB's financing in the Project?

**AIIB co-financing is a boost and supported Government financing needs during those times.**

5. Will you consider working with the AIIB again in infrastructure development? Please provide a few specific reasons.

**Yes, we will consider working with AIIB for future infrastructure projects.**

6. Do you have any suggestion to the Project Team and/or the AIIB for them to improve their operations in the future?

**No further suggestions. Grateful for the great support from the AIIB and Project team.**

7. Other comments, such as comments on the reporting requirements, approval of project changes, etc.

**Support from AIIB for the two projects were tremendous. Reporting requirements are aligned with other development partners as well.**