

## Ex-Ante Evaluation (for Japanese ODA Loan)

Southeast Asia and Pacific Department  
Pacific and Southeast Asia Division 6  
Japan International Cooperation Agency (JICA)

### 1. Basic Information

Country: the Republic of Fiji

Project Name: COVID-19 Crisis Response Emergency Support Loan (Phase 2)

Loan Agreement: February 22, 2022

### 2. Background and Necessity of the Program

#### (1) Current Circumstances and Issues of Fiji's Response to COVID-19 and the Positioning of the Program

In March 2020, the first COVID-19 infection case was confirmed in the Republic of Fiji (Fiji), but since April 2020, there had been no new infection cases confirmed, due to swift responses such as the suspension of international flights and lockdowns, including the capital city of Suva. However, in mid-April of 2021, the first new cases of community-acquired infection in one year were confirmed. After that, the infection explosively spread in the country, and when it peaked in late July of the same year, some 7 thousands new cases were confirmed in one week, but as of June 2022, the spread of infection was subsiding, with the number of confirmed cases kept at around 20-30 persons per week. According to Ministry of Health and Medical Services (MoHMS) in Fiji, the cumulative numbers of confirmed cases and deaths in the same month were approximately 65 thousands and 8.6 hundreds, respectively.

Under these circumstances, the Government of Fiji (GoF) announced its policy of vaccinating all its people against COVID-19, and by mid-October of 2021, it had achieved the target of giving a second dose to 80% of some 600 thousands eligible Fijians aged 18 or older, and by mid-November of the same year, it had attained the vaccination rate of 90%, or about 550 thousands persons (MoHMS in Fiji, November 2021). These measures proved to be successful, and at present, the number of newly confirmed cases is falling rapidly, prompting the government to announce the policy of relaxing its restrictive measures based on curfews and lockdowns and the government has been opened its borders again since December 2021. However, while vaccination is progressing in the country, in 2020 the number of visitors from overseas declined by about 80% compared to a year earlier, mainly due to the immigration restriction measures by the government, with tourism-related revenues down by 85%. Thus, the tourism industry, key industry of Fiji, which accounts for about 40% of the GDP of Fiji, has suffered a severe blow (Ministry of Economy, July 2021). As a result, the

private sector has been economically hard hit as Fiji Airways, Airports Fiji Limited, Fiji Ports Terminal Limited, and other state-owned enterprises as well as retailing, construction, transport, real estate, finance, and other tourism-related industries declined significantly, and therefore, unemployment has increased while tax revenues have decreased (down by 36% compared to the previous year). In addition, the government is faced with challenges in public financial management and public policy, including lack of medium-term debt management plans, budget allocations not supported by adequate analyses, and social security policy that fails to fully cover socially vulnerable groups. Moreover, high customs duties, the low penetration rate of electronic payment systems, and other factors restrict further investments by the private sector. In the health sector, there are problems such as the high incidence of non-communicable diseases (NCDs), which can be a risk factor for COVID-19 and other infectious diseases, and the vulnerable health systems. In this situation, urgent issues to be addressed include preventing the re-spread of infection with COVID-19 and establishing health systems (including measures to care serious cases), as well as improving public financial management (including medium-term debt management) to support the seriously damaged economy, enhancing the ability to plan and implement social security and other policies, and promoting economic policy such as supporting private enterprises including Micro, Small and Medium-sized Enterprises(SMEs) and improving business and investment environments.

As part of its support to make up shortages of funds in the GoF's 2020/2021 budget (fiscal year in Fiji is from August to July), the Government of Japan provided financial assistance through "COVID-19 Crisis Response Emergency Support Loan" (JPY10,000 million, Loan Agreement signed in March 2021) using co-financing with the ADB program aimed at improving public financial management, the business and investment environments. The proposed new 2021/2022 budget announced by the GoF in July 2021 provisionally reported a revenue of US\$953 million (including a tax revenue of US\$730 million) and an expenditure of US\$1,688 million (excluding US\$168 million to repay domestic and external debts) with fiscal deficits expected to grow to 16.2% of GDP. If debt repayments are added to fiscal deficits, fund shortages are expected to amount to approximately US\$902 million (20% of GDP). In response to such fund shortages, in addition to borrowing a total of US\$408 million (approved or being formed) from Asian Development Bank(ADB), the World Bank(WB), the European Investment Bank(EIB), and other financial institutions, the GoF expects to internally procure about US\$398 million through government bonds. However there still remains a funding gap of US\$96 million (2.1% of GDP)

(Ministry of Economy, November 2021).

Taking these funding needs into consideration, the “COVID-19 Crisis Response Emergency Support Loan (Phase 2)” (hereinafter “the Program”) to proceed with their COVID-19 provides financial support to achieve policy actions that contribute to improving public financial management, enhancing policy making and implementation functions, improving the business and investment environments, and strengthening the health systems. The Program strives for co-financing with ADB and other financial institutions by newly adding JICA’s original policy actions aimed at strengthening the health systems to the Sustainable and Resilient Recovery Program, ADB’s financial support program, whose principal purposes are to ensure proper management of public finances as they deteriorate due to the world pandemic and improve the business and investment environments.

(2) Japan’s and JICA’s Cooperation Policies for Response to COVID-19 (with focus on relation to FOIP and other major foreign policies)

In the leaders’ declaration of the Nineth Pacific Islands Leaders Meeting (PALM9) held in July 2021, the Government of Japan cited responding to and recovering from COVID-19 as one of the priority areas, and taking the effects of COVID-19 into account, it expressed its intention to provide support to help strengthen the health and healthcare systems and achieve economic recovery. On July 16 of the same year, it announced that it would offer some 56 thousands shots of vaccination to Fiji through COVAX.

In its priority area “Infrastructure development for economic development,” the Country Assistance Policy for Fiji (April 2019) lists support aimed at invigorating domestic economic activities by promoting and expanding investments. One of the pillars of the JICA Global Health Initiative formulated in December 2020 is to mainstream efforts to step up prevention of infectious diseases and response to health crises. The Program is consistent with these policies, and moreover, from the perspective of supporting response to the global effects of COVID-19, it contributes to ensuring peace and stability in FOIP.

(3) Response of other Development Partners

In June 2022, ADB approved a loan of US\$150 million in total by implementing the “Sustainable and Resilient Recovery Program” (co-financed with the Program). In order to meet fiscal 2022/2023 funding needs, it also plans to provide financial support worth US\$150 million in total.

As part of its contributions to co-financing with ADB in response to fiscal 2021/2022 funding needs, the WB plans to provide US\$100 million in loan-based financial assistance with the granting of loans to be completed by the end of Fiji’s fiscal year in July 2022. Similarly, while in December 2021 the

Government of Australia (the Department of Foreign Affairs and Trade (DFAT)) offered AUS\$85 million (equivalent to US\$61 million) in grant aid as part of its financial assistance, the Government of New Zealand (the Ministry of Foreign Affairs and Trade (MFAT)) provided NZ\$2.5 million (equivalent to US\$2 million) in grant aid as part of its financial assistance in June 2022. Plans call for New Zealand to give Fiji financial support worth NZ\$10 million (equivalent to US\$7 million) in total, including the amount mentioned above, for the three years from fiscal 2021/2022.

### **3. Outline of the Program**

#### (1) Objective of the Program

The objective of the Program is to support implementation of economic, fiscal and health countermeasures in order to improve public financial management, policy-making function and business / investment climate of the Republic of Fiji and to strengthen health system by providing financial support, thereby contributing to promoting the economic stabilization and development efforts of the Republic of Fiji.

#### (2) Project Site/Target Area

Whole of Fiji

#### (3) Beneficiary of the Program (Target Group)

All citizens of Fiji, a population of about 900,000

#### (4) Details of the Program

The Program aims at promoting the GoF's initiatives in the sectors listed below through financial assistance. The three policy actions of the program carried out mainly by ADB are as specified below, and the action related to technical cooperation being offered by JICA in the health sector is added as Pillar (d) "Strengthening the health system." The additional policy actions set by JICA independently are underlined. The policy matrix is as shown in the attached sheet.

(a) Public financial management for fiscal resilience: Formulating medium-term debt management strategy, passing a (revised) public finance management bill and a climate change bill to promote the mainstreaming of climate change initiatives, introducing a new tax affairs information system, etc.

(b) Planning and implementation of Public policy for community resilience: Compiling a budget with gender mainstreaming considerations, carrying out social security policy for the poor and socially vulnerable groups, improving electricity and water supply services, etc.

(c) Enabling environment for resilient private sector recovery: Improving the payment systems, passing an investment bill to contribute to improvements to make business easy (including the launch of new businesses in tourism and

other industries), providing vocational training courses for jobless persons due to COVID-19, etc.

(d) Strengthening the health system: Construction of a decentralized warehouse in the northern end of the Fiji Pharmaceutical & Biomedical Services Centre(FPBS), issuance of the 5S-KAIZEN-TQM implementation guidelines, etc.

(5) Estimated Program Cost

JPY10,000 million

(6) Program Period

Financial support for the program shall commence upon the signing of the L/A. The achievement in this program of the same policy actions as in ADB's program has been confirmed, and it has also been confirmed that JICA's original policy actions have been achieved. With the execution of loans (in March 2022), the program will be considered completed.

(7) Program Implementation Structure

1) Borrower: The Government of the Republic of Fiji

2) Guarantor: None

3) Program Implementation Organization: The Ministry of Economy

4) Operation and Maintenance Agencies: The Ministry of Economy will be responsible for fund management because it serves as a financial authority and gathers information from related government agencies and organizations. Through the Ministry of Economy, the Ministry of Health and Medical Services (MoHMS) will submit a quarterly report on the progress in the portion of JICA's own policy actions which concerns the health sector. Fiji National University will submit a completion report on the results of vocational training conducted there and so forth.

(8) Cooperation and Sharing of Roles with Other Development Partners

1) Support activities by the Japanese government

In October 2020, the Government of Japan provided JPY23 million in medical equipment (such as PPE kits and thermal scanners) needed to combat COVID-19 as part of the ongoing technical cooperation "Project for Improvement of Health Services through 5S-KAIZEN-TQM" (April 2019 to April 2023). As part of the technical cooperation project, it has been decided to build a decentralized warehouse in the northern end of the Fiji Pharmaceutical & Biomedical Services Centre(FPBS), where medical equipment, supplies, and pharmaceuticals are stored, and drawing up a construction plan is included in the Program's policy actions. In addition, in relation to economic recovery support led by the private sector, vocational training is being provided to enable people who have lost their

jobs due to COVID-19 to find employment and start a business under “Technical and Vocational Education and Training (TVET) in response to the COVID-19 at Fiji National University (FNU) “(October 2020 to March 2022), which utilizes local resources less persons. Other activities include “the Project for Capacity Development of ICU Using Telemedicine under COVID-19 Pandemic” (scheduled for May 2021 to September 2022), which will provide introductory training to enhance the intensive care capacity utilizing remote-control technology, and “the Project for Prevention and Control of Non-Communicable Diseases Phase 2” (scheduled for February 2022 to February 2026), which will implement measures to cope with lifestyle-related diseases in the whole of Fiji.

2) Support activities by other development partners

The Program will be monitored in cooperation with the co-financier ADB, and the Ministry of Economy will submit a program completion report so that the implementation of the Program and its results can be confirmed. Plans call for monitoring to be conducted from April 2022 to June 2023.

(9) Environmental and Social Considerations, Cross-Sectional Matters, and Gender Classifications

1) Environmental and Social Considerations

(a) Category: C

(b) Reason for the classification:

The Program is considered to have minimal adverse impact on the environment as per the JICA Guidelines for Environmental and Social Considerations (released in April 2010).

2) Cross-Cutting Issues

(a) Items related to climate change measures: none

(b) Poverty measures/considerations: Item (b) of the Program will be carried out to reduce the effects of COVID-19 on the poor and socially vulnerable.

(c) Considerations for the disabled: Items (b) and (d) of the Program will be implemented to reduce the effects of COVID-19 on the disabled, paying attention to ensuring accessibility.

3) Gender Classification

[Gender Program] ■GI (S) (Gender informed (Significant))

<Details of Activities/Reasons for Categorization> Details of the Program (a) and (b) include policy actions related to gender equality, economic empowerment of women, and accessibility of women to services. The Program can contribute to promoting gender-equal governance by including public financial management with gender-based budgeting and to economically empowering women by supporting women-owned SMEs and including compensation for workers in the

informal sector, including women-owned SMEs.

(10) Other Special Notes: None

#### 4. Effects of the Program

(1) Quantitative Effects

1) Outcome (Operation and Effect Indicators)

Performance Indicators	Baseline	Target
Percentage of government agencies (budgeting units) that submit procurement plans and cash flows forecasts to the Ministry of Economy (*1)	0% (2020)	70% or more (2023)
Number of enterprises that receive support through working capital facility (*2) and the percentage of women-managed enterprises (*1)	None (because a working capital facility had not been established as of 2020)	At least 5,000 companies and 35% (2023)
Number of participants in Fiji National University's vocational training course for COVID-19 jobless persons (*3)	40 (November 2021)	80 or more (November 2022)
Number of introductory training sessions held to enhance the intensive care capacity utilizing remote-control technology (*4)	None (November 2021)	16 times or more (November 2022)

(\*1) The Program adapts the same indicators as does the co-financier ADB and already agreed with the GoF.

(\*2) The aim is to finance SMEs controlled by the Reserve Bank of Fiji (RBF) which are managed by women who lack capital primarily to maintain business and are not insured.

(\*3) This refers to the Vocational Training for the Unemployed and Others from COVID-19 at Fiji National University (FNU), which utilizes local resources.

(\*4) This refers to "the Project for Capacity Development of ICU Using Telemedicine under COVID-19 Pandemic" (as of June 2022, R/D has not been signed).

(2) Qualitative Effects

Economic and social stability in the country and the recovery of economic activities of state- and privately owned enterprises (which will be confirmed in a comprehensive manner using indicators such as the GDP growth rate, changes in tourism income, the poverty rate, and the rate of access to drinking water and electricity services) as well as improvement of the quality of health and

healthcare services (which will be confirmed using the results of ongoing technical cooperation projects and so forth)

### (3) Internal Rate of Return

No internal rate of return is calculated since this program is a program-type loan.

## **5. Preconditions/External Conditions**

### (1) Precondition(s)

N/A

### (2) External Conditions

N/A

## **6. Lessons Learned from Past Programs and Application to the Programs**

The results of ex-post evaluation of “the Electricity Sector Transformation Program” and “the Electricity Sector Transformation Program (II)”, both Japanese ODA loan projects for Pakistan (evaluated in fiscal 2017), point out that when providing specific support for policy actions presented by development policy loan projects, JICA can lead them to more effective policy improvements and reforms by combining technical cooperation with the granting of development policy loans in particular sectors.

Taking the lessons mentioned above into account, in order to help implement policy actions presented in the health and healthcare sector steadily, this Program also aims at ensuring the effectiveness of policy improvements and reforms by combining the policy actions with existing technical cooperation in the enhancement of health systems and the devising of countermeasures against noncommunicable diseases.

## **7. Evaluation Results**

This Program is designed to provide financial assistance to manage public finance, enhance policy making and implementation functions, encourage investments in the private sector primarily by improving the business and investment environments, and strengthen the health systems. It is also carried out within an international framework of support and is consistent with the development issues and policy of the government of Fiji as well as the government of Japan’s cooperation policy and analyses. It is expected to contribute to Goal 1 (No Poverty), Goal 3 (Good Health and Well-Being), Goal 8 (Decent Work and Economic Growth), and Goal 10 (Reduced Inequalities) of the SDGs. Thus, the necessity of implementing the Program is high.

## **8. Plan for Future Evaluation**

### (1) Indicators to be used

As indicated in sections “4. Effects of the Program”



2) Future evaluation schedule Ex-post evaluation: 2 years after the program completion.

End