



TECHNICAL ASSISTANCE REPORT

REPUBLIC OF FIJI

Public Investment Management Assessment – PIMA and Climate PIMA

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INFRASTRUCTURE GOVERNANCE FACILITY



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Contents

Acknowledgments	3
Abbreviations and Acronyms	7
Preface	9
Executive Summary	10
I. Public Investment in Fiji	15
A. Trends in Public Investment and Capital Stock	15
B. Composition of Public Investment	17
C. Impact and Efficiency of Public Investment	19
II. Public Investment Management Assessment	22
A. Assessment Framework and Overview	22
B. Planning Sustainable Level of Public Investment	23
C. Allocating Investments to the Right Sectors and Projects	29
D. Delivering Productive and Durable Public Assets	35
III. Climate Change Public Investment Management Assessment	43
A. Climate Change and Public Investment in Fiji	43
B. Climate Change Objectives and Strategies	46
C. Climate Assessment of Public Investment Management	47
IV. Cross-Cutting Issues	56
A. Legal Framework	56
B. Information Technology	57
C. Capacity	57
V. Recommendations	60
Boxes	
1. Summary of Two-stage of Project Appraisal	27
2. Infrastructure Focused Public Corporations in Fiji	30
3. Good Practice for Calculation of Maintenance Budget: (South African Model)	33
4. Formalizing the Central Register of Pipeline Projects and Example of Expanded Selection Criteria	34
5. Critical Information Required for Quarterly Monitoring of Major Projects	38
6. Improving Coordination and Support to Climate-Aware Investment	50
7. Incorporation of Climate-Related Analysis in Project Appraisal and Selection	52
8. Audit of Public Infrastructure and Physical Assets in Fiji	53

Figures

0.A. Institutional Design	11
0.B. Effectiveness	11
0.C. C-PIMA Results in Fiji.....	12
0.D. C-PIMA Results: Cross-Country Comparison	12
1.A. GDP per Capita at Purchasing Power Parity 2020.....	15
1.B. Fiji Gross Debt and Net Lending / Borrowing, 2015-2025.....	15
1.C. Fiji Investment, 1991-2019	16
1.D. Fiji Public Investment and Capital Stock, 1991-2019.....	16
1.E. Total Government Expenditure, FY2025-FY2040	17
1.F. Total Government Expenditure and Infrastructure Capital Expenditure, FY2021-FY2030	17
1.G. Public Investment Comparison with Regional Peers, 1991-2019.....	18
1.H. Current and Capital Spending Compared to Peers, Average 2014-2019.....	18
1.I. Public Capital Stock Comparison with Regional Peers, 1991-2019	18
1.J. GDP per Capita and Public Capital Stock Compared to Peers, Average 2014-2019	18
1.K. Expenditure by on-Budget Infrastructure Focused Institution, 2014-2023	19
1.L. Measures of Infrastructure Access (1990s average)	20
1.M. Measures of Infrastructure Access (most recent year)	20
1.N. Fiji Infrastructure Efficiency Frontier – Physical Infrastructure	21
1.O. Fiji Infrastructure Efficiency Gap – Physical Infrastructure	21
2. The PIMA Framework	22
3. Fiji Central Government Debt	24
4. Fiji Procurement Information on E-Tender Portal	36
5. FRA Fixed Asset Management	41
6. Fiji Road Authority Depreciation Rates	42
7. Fiji Vulnerability to Natural Disasters to Compared to Other Countries, 2021.....	44
8. Frequency and Estimated Damage of Natural Disasters.....	44
9. Sectoral Composition of Natural Disaster Vulnerability, 2025	44
10. Inbound Tourism Expenditure, 2020.....	44
11. Adaptive Capacity and Exposure Fiji and Direct Peers	45
12. Adaptive Capacity and Exposure Fiji and Direct Peers	45
13. Total aggregate GHG emissions, 2022.....	46
14. GHG emissions per capita, 2022	46

Tables

0.A. PIMA Summary Assessment.....	13
0.B. C-PIMA Summary Assessment.....	14
1. Comparison of Budget and Actual Capital Spending FY2021/2022 – FY2023/2024	19
2. Fiji: PIMA Rating of Dimensions	23
3. National and Sectoral Planning Documents Summary.....	25
4. Government Contingent Liabilities, FY2019/2020 – FY2023/2024	27
5. Selected Information on Competition in Key Economic Sectors.....	28
6. Public Corporations Investment Compared to Government Capital Expenditure.....	30
7. Public Corporations Fixed Assets Compared to Nominal GDP	30
8. Fiji Road Authority Sub-classes for Maintenance	32

9. Results of Lack of Maintenance on Water and Wastewater Assets	32
10. Example of an Expanded Selection Criteria Scoring	34
11. Examples of Delays in Project Implementation Caused by Upstream Inefficiency	39
12. National and Sectoral Planning and Climate Change.....	48
13. Fiji National Disaster Financing Mechanisms	55
14. Summary of the Legislative Framework.....	56
15. Summary of IT Systems Involved in PIM	58

Annexes

1. Action Plan	63
2. Guidelines to Calculate Total Project Cost	66
3. Guidelines Example for Risk Analysis	67
4. PIMA Questionnaire	70
5. Detailed PIMA Scores	76
6. C-PIMA Questionnaire	77
7. Detailed C-PIMA Scores	81

Abbreviations and Acronyms

AFS	Annual financial statements
BD	Budget Department
CEO	Chief executive officer
CFA	Consolidated fund account
CL	Contingent liability
CoA	Chart of accounts
FAR	Fixed asset register
FJD	Fiji dollar
FMA	Financial Management Act 2004
FMIS	Financial management information system
FPO	Fiji Procurement Office
FRA	Fiji Roads Authority
GDP	Gross Domestic Product
GHG	Global greenhouse gas
GTB	Government Tender Board
HLS	High level summaries
IFRS	International financial reporting system
IMF	International Monetary Fund
LEDs	Low emission development strategy
MoECC	Ministry of Environment and Climate Change
MoFSPNDS	Ministry of Finance, Strategic Planning, National Development and Statistics
MTBF	Medium term budget framework
MTFF	Medium term fiscal framework
MTFS	Medium term fiscal strategy
NAP	National adaptation plan
NDC	National determined contribution
NDP	National development plan
NDRM	National disaster risk management
NDRR	National disaster risk reduction
NIIP	National infrastructure investment plan
OAG	Office of the Auditor General
OAU	Office Accommodation Unit
PC	Public Corporation
PFM	Public finance management
PIM	Public investment management
PPP	Public private partnership
PS	Permanent Secretary
PSIP	Public sector investment plan
QPPR	Quarterly project performance report
RBF	Reserve Bank of Fiji
RIE	Requisition to incur expenditure

SA	Statutory authority
SNG	Subnational government
SPO	Strategic Planning Office
TA	Technical assistance
TSA	Treasury single account
USD	United states dollar
WAF	Water Authority of Fiji
WoG	Whole of government

Preface

At the request of the Ministry of Finance, Strategic Planning, National Development & Statistics (MoF), a Public Investment Management Assessment (PIMA) and a Climate PIMA (C-PIMA) was conducted in Fiji, by the Fiscal Affairs Department (FAD) of the International Monetary Fund (IMF) and the IMF's Pacific Financial Technical Assistance Center (PFTAC) during March 5–18, 2025. The mission team was led by Ms. Majdeline El Rayess (FAD, Senior Economist), and comprised Mr. Paul Seeds, (FAD PFTAC Advisor); Ms. Harilala Onintsoa Raoilisoa Andrianometiana and Mr. Bryn Welham (both FAD); Mr. Willie Renier Du Preez and Mr. Rodney Barber (AD Experts).

The tasks of the mission were to (i) identify the main strengths and weaknesses in the current public investment management (PIM) framework, including in its ability to incorporate climate considerations and (ii) develop priority reform measures to address the identified weaknesses to improve public investment efficiency.

The mission met with the main MoF divisions and their units in charge of public investment management: Strategic Planning Office (SPO); Budget Division (BD); Fiscal Policy, Research and Analysis Division (FD); Treasury Division (TD); Fiji Procurement Office (FPO); Internal Audit and Good Governance Division (IAGG).

It also met with senior representatives of line ministries, statutory agencies, and public corporations: Ministry of Environment and Climate Change (MoECC); Ministry of Public Works, Meteorological Services & Transport (MPWMST); Ministry of Health and Medical Services (MoHMS); Office of the Auditor General (OAG); National Disaster Management Office (NDMO); Water Authority of Fiji (WAF); Fiji Road Authority (FRA); Energy Fiji Limited (EFL); Airports Fiji Limited (AFL).

Preliminary results were presented during a technical meeting with technical staff of MoF and the above-mentioned entities on March 17. The mission presented its findings and recommendations to Mr. Nemias Dawai, Acting Permanent Secretary, in the presence of several senior officials from MoF. The IMF Fiji country mission team (APDFJI) also attended the meeting.

The mission also met with development partners based in Suva, intervening in public financial management area during the mission. Representatives from Pacific Regional Infrastructure Facility (PRIF) attended some meetings as observers.

The mission would like to express its appreciation for the collaboration and insights generously offered by its interlocutors. The mission is especially grateful to Mr. Mohammed Shahil and Mr. Steven Shivneshwar (SPO) for the excellent cooperation in coordinating the extensive agenda of meetings and information sharing. The logistic support provided by the IMF Resident Representative, Mr. Neil Saker and his team and the PFTAC Director, Mr. Samir Jahjah and his team is also gratefully acknowledged.

Executive Summary

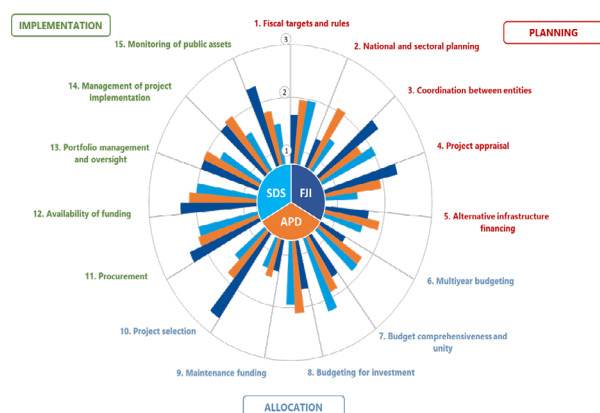
Fiji authorities are aiming to scale- up its capital spending and enhance implementation capacity.

The 2024–2025 Economic and Fiscal Outlook (MTFS) envisages a notable decline in overall budget expenditure as a percentage of GDP from 33 percent in 2025–2026 to around 28 percent by 2040 while the Public Sector Investment Program (PSIP) outlines a plan for an increase in capital expenditure from 8.6 percent of GDP to 9.3 percent over the same period. The aim is to implement revenue and expenditure measures, creating more room for capital investment.

Fiji authorities are committed to achieving their public investment targets and objectives as set out in the National Development Plan (NDP) and the PSIP. To that extent, ongoing reforms undertaken in the domain of public investment are aiming to strengthen the processes in all phases of the public investment cycle (planning, allocation and implementation) to enhance implementation capacity. Among these reforms: (i) the development of the National Development Plan (NDP) “implementation booklets” aiming at explaining how to achieve the NDP goals over the medium-term, (ii) the PSIP guidelines related to preparation, appraisal and selection of projects, (iii) the new 2024 procurement regulation and guidelines aiming at strengthening transparency and improving the procurement process, and (iv) the new 2024 Financial Management Integrated System (FMIS) with improved functionality, in particular the fixed assets module.

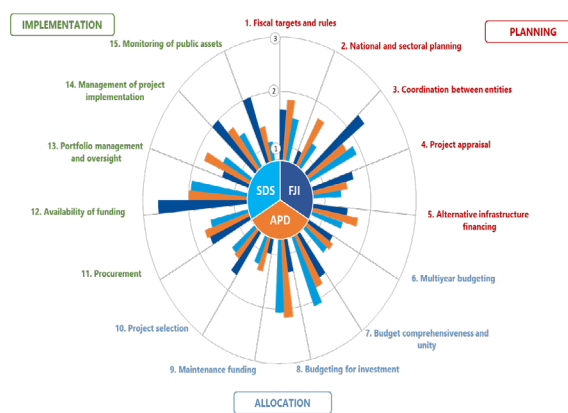
While the Public Investment Management Assessment (PIMA) has shown mixed results in practices, the scores highlighted areas in need of improvement that would help improve the execution of capital spending. In the last three years, there has been persistent under-execution of the capital budget. While the government is aiming to increase its public investment spending, there is need for improving public investment practices, so this increase could materialize in execution of the budget. The PIMA scores on institutional design and effectiveness highlight the need for improvements, in particular for practices on national and sector planning, appraisal, multi-year budgeting and maintenance, pointing out to issues such as (i) an absence of a priority list of projects and total costs, (ii) lack of medium-term visibility on capital spending, and (iii) no clear identification of routine maintenance in the budget. While most of the institutions scored “medium” in both institutional design and effectiveness, Fiji compared relatively well with the countries from the Asia Pacific Region and the group of Small Developing States (SDS) (Figures 0.A and 0.B).

Figure 0.A. Institutional Design



Source: IMF missions.

Figure 0.B. Effectiveness



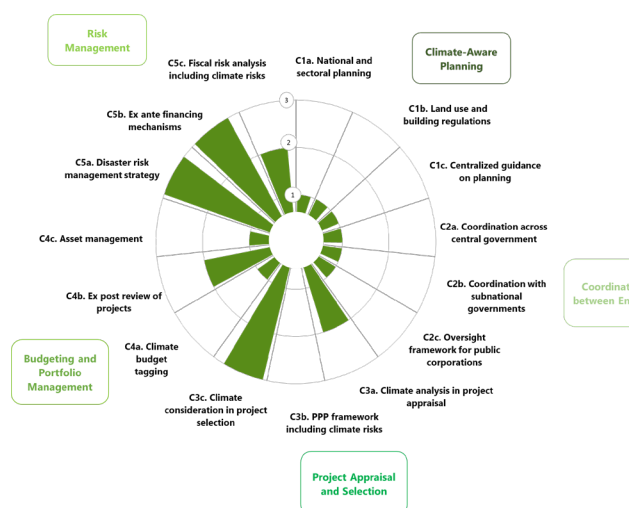
Source: IMF missions.

Fiji's geography makes it highly vulnerable to natural disasters driven by climate change, and the country has experienced significant disaster events in the past. Fiji has seen a marked increase in natural disasters over recent decades, with 25 disasters leading to estimated losses exceeding USD 1 billion from 2006 to 2022, according to databases that track emergencies. Looking ahead, the increasing intensity of tropical cyclones, the sea-level rise, heatwaves and potential droughts would be imposing increasingly significant economic and fiscal costs, particularly from damage to infrastructure, posing risks to sustainable development.

The Government of Fiji has progressively developed a strategic framework to address the challenges of climate change adaptation and mitigation through a series of policies. These policies include: the National Climate Change Policy in 2018–2030, the Climate Change Adaptation Strategy of 2013, Nationally Determined Contribution (NDC) in 2015, the 2021 Fiji Climate Change Act, the National Adaptation Plan of 2020, the 2021 National Climate Finance Strategy, and the Fiji 2050 National Climate Change Policy. These policies are aimed at mainstreaming climate change into development planning and making infrastructure green and more resilient, as well as emphasizing among others the need for disaster risk reduction and renewable energy options.

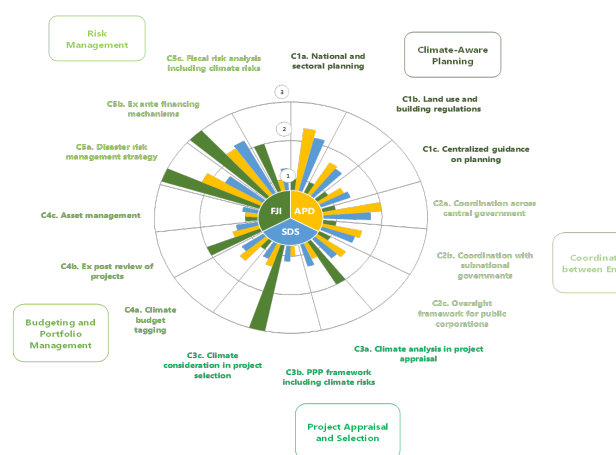
The C-PIMA assessment shows that Fiji has implemented several measures to increase the climate sensitivity of its PIM system (Table 0.B.). An area of relative strength is project appraisal and selection where the PSIP requires projects to be appraised from a climate perspective. A second area of strength is management of the fiscal risks from climate-related disasters. National Disaster Risk management frameworks identify and analyze climate threats, and a disaster risk management fund is in place. There are still areas in need of improvement in the remaining three institutions where Fiji scored “low.” In comparison with peer groups (Figure 0.C.), where Fiji is scoring “high,” its practice level is above the peers' groups (APD and SDS) while for the remaining institutions they are below their peers.

Figure 0.C. C-PIMA Results in Fiji



Source: IMF missions.

Figure 0.D. C-PIMA Results: Cross-Country Comparison



Source: IMF missions.

The report identifies five priority reform measures to further strengthen the PIM institutions in Fiji, including their climate responsiveness, and therefore improving the execution of the budget. It provides implementation measures supporting these recommendations, and where relevant hands-on material on how to implement them.

- **Strengthen infrastructure planning and coordination** by consolidating a priority projects list of all related infrastructure projects regardless of source of funding and identifying those priority projects that are climate sensitive, with a stronger climate-focused challenge and review process, as well as greater support for climates-sensitive planning.
- **Strengthen project appraisal** by introducing templates for total project cost and compilations of risk matrix, further strengthening the PSIP guidelines using the results from analysis of the appraisal process and enhance the integration of climate change considerations in project appraisal.
- **Improve multiyear budgeting** through better alignment of the MTFS and the budget and the development of a comprehensive medium-term budget for capital outlays and publish the total cost of major capital projects.
- **Enhance maintenance funding** by strengthening and standardizing the methodologies for routine maintenance and better identification of routine maintenance in the budget.
- **Strengthen implementation of key reforms across cross-cutting areas** by introducing a capacity development strategy, implementing a comprehensive IT system for project portfolio management, and compiling a consolidated register (or database) of nonfinancial assets for the whole of government.

Section V and Annex I provide a detailed list of implementing measures and action plan for implementing these recommended reforms over the short and medium term. This could be the basis for developing a more detailed **operational** action plan that includes the specific actions to be undertaken by the departments/agencies concerned and their respective timelines. The detailed action plan should also take account of the ongoing and planned support from other development partners, such

as the World Bank and the Asian Development Bank, and the Pacific Region Infrastructure Facility (PRIF) to ensure synergy in the implementation of PIMA and C-PIMA recommendations.

Table 0.A. PIMA Summary Assessment

Phase/Institution		Institutional Strength	Effectiveness	Reform priority
A. Planning	1 Fiscal targets and rules	MEDIUM. National debt target and local borrowing limit exist to ensure debt sustainability, but no permanent fiscal rules. A MTFS is prepared prior to budget preparation.	MEDIUM. Fiji is at a moderate risk of debt distress, and central government debt is at a downward trend.	Low
	2 National and sectoral planning	LOW. National and sectoral strategies do not clearly or consistently set out major public investment plans with associated costs and planned results.	LOW. Budget does not provide information on major public investment projects or their costs; most budget capital spending is contained in single line-item capital transfers.	High
	3 Coordination between entities	MEDIUM. SNG capital spending is fully integrated into the central government budget process with no defined rules on transfers; clear policy on the reporting of contingent liabilities.	MEDIUM. SNG capital spending is negligible by volume; SNG capital project selection is entirely ad hoc not rules-based; public reporting of CLs is comprehensive.	High
	4 Project appraisal	MEDIUM. Projects are subjected to appraisal with no independent review. Methodology exists. The risk matrix is required without guidelines.	MEDIUM. Appraisal is done and scrutinized by SPO/BD and risk matrices completed. No independent review.	High
	5 Alternative infrastructure financing	MEDIUM. Some competition exists in key economic sectors; informal oversight of PC's capital spending; High-level PPP guidelines in place.	MEDIUM. Level of actual market competition varies by economic sector; little evidence of government's oversight of PC capital spending plans in practice; no PPPs are in place.	Medium
	6 Multi-year budgeting	LOW. No legal requirement for multi-year capital spending per project to be included in the budget. No legal requirement for total cost per project to be included in the budget.	LOW. No projections of capital spending published beyond the budget year and ceilings are only in place for the annual budget. No projections of total cost per project published.	High
B. Allocation	7 Budget comprehensive-ness and unity	MEDIUM. The legal framework requires comprehensive and integrated budgeting for capital and recurrent spending using administrative and economic classifications.	MEDIUM. Capital projects need to be comprehensively reported in the budget using a "program" or "functional classification following international standards.	Medium
	8 Budgeting for investment	MEDIUM. Outlays are only required for appropriation on an annual basis. Virements need approval of MoF. Ongoing projects are only protected in the short-term.	LOW. Total and outyear project costs are not included in the Budget documentation, virements can be approved by MoF.	Medium
	9 Maintenance funding	LOW. Methodologies for routine and capital maintenance exist for some types of infrastructure but they are not standardized. Routine maintenance expenditure is not clearly identified in the budget.	LOW. Low execution rate for routine maintenance which is funded sometime through capital spending. Budget classification lacks clear breakdown of routine and capital maintenance.	High
C. Implementation	10 Project selection	HIGH. Central review, selection criteria and pipeline of projects are established in the PSIP and well defined.	MEDIUM. Methodology has recently been introduced; effectiveness will enhance as the methodology is well enforced in the future.	Low
	11 Procurement	MEDIUM. Competitive and transparent procurement process is well established, with an adequate procurement monitoring system. No defined mechanism for procurement complaints.	MEDIUM. No information on awarded contracts by procurement type. Consolidated database from the E-tender portal feeds into annual report.	Medium
	12 Availability of funding	MEDIUM. Legal framework requires monthly cashflow forecasts however, there is no requirement for a TSA or holding funds at the Reserve Bank of Fiji.	HIGH. Government payments are made promptly, and no payment arrears are incurred by MoF, Line Ministries, or statutory authorities.	Low
	13 Portfolio management and oversight	MEDIUM. Major projects are subjected to central oversight. Funds are allowed to be reallocated with no limit set. No requirement for ex-post reviews	LOW. Quarterly reports are compiled. Reallocation of funds do accelerate project implementation. No ex-post reviews.	Medium
	14 Management of project implementation	MEDIUM. No legal requirement to assign senior officials and implementation plans are required. Cost adjustments defined with no limits. External audits defined.	MEDIUM. Senior officials are assigned. Implementation plans are not prepared. Cost adjustment conducted with no limit set. External audits are done for some major projects.	Medium

15	Monitoring of public assets	MEDIUM. All government agencies are required to maintain fixed asset registers. Statutory Authorities (SA) use accrual accounting standards MoF and LMs use cash basis - only SAs disclose nonfinancial assets.	MEDIUM. There is no central oversight of fixed asset registers. Only Annual Financial Statements for SAs include nonfinancial assets and depreciation.	Medium
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Table 0.B. C-PIMA Summary Assessment

Phase/Institution			Institutional Strength	Reform priority
PIMA Climate Change	C1	Climate-aware planning	LOW. National and most sector plans do not effectively reflect climate policy objectives; regulations on building and land use do not refer to climate; limited support for climate-related planning.	High
	C2	Coordination between entities	LOW. Limited structures for coordination of climate issues in government investment across the budget; no evidence of processes for climate-aware investment planning through government oversight of PCs.	High
	C3	Project appraisal and selection	HIGH. Capital projects are required to be appraised from a climate perspective but no methodology for conducting the analysis and budget selection incorporate climate-related criteria.	Low
	C4	Budgeting and portfolio management	LOW. Climate-related capital spending is not identifiable in the budget. The 2021 Climate Change Bill allows the Minister responsible for climate change to request audits of public infrastructure and assets vulnerable to climate change. Maintenance and asset management policies do not account for climate risks.	High
	C5	Risk management	HIGH. National Disaster Risk management frameworks identify and analyze the climate threats to public infrastructure assets. A disaster risk management fund to respond to natural disasters is in place. Fiscal risk analysis incorporates natural disasters related fiscal risks to public infrastructure assets.	Low

I. Public Investment in Fiji

1. This section outlines the evolution of public investment trends in Fiji over the recent past and compares its outcomes with peers. It includes comparison with peer countries where data permits;¹ as well as with Fiji's income and regional peers. This provides background and context for the more detailed analysis of Fiji's public investment management institutions that takes place in the following sections. The discussion firstly covers overall trends in public investment spending and then discusses the results of that public investment with regard to indicators of access to key infrastructure. It then puts forward a judgement of overall public investment efficiency. The main source of information for this analysis is publicly available data on key macroeconomic variables drawn from the IMF's own databases; and estimates of capital stock and capital efficiency developed using the IMF's methodology.²

A. Trends in Public Investment and Capital Stock

2. Fiji is one of the wealthiest Pacific Island countries, although it has faced a significant increase in debt in recent years which the government has committed to reduce. Fiji is one the largest Pacific Island states in terms of population and boasts a relatively high GDP per capita compared to its direct country peers (Figure 1.A). Its debt levels have increased markedly over the recent past, however, predominantly due to the impact of the pandemic and its severe impact on the tourism industry (Figure 1.B). The economy has since rebounded and overall public debt sustainability is assessed as moderate due to favorable debt composition; however, fiscal space is currently limited. The government intends to pursue a medium-term fiscal consolidation, including by generating a primary surplus from 2025.

Figure 1.A. GDP per Capita at Purchasing Power Parity, 2020 (international dollars)

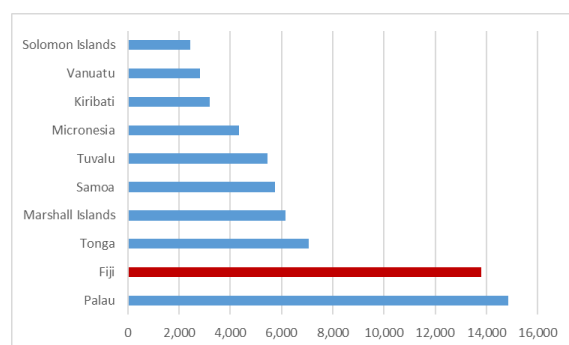
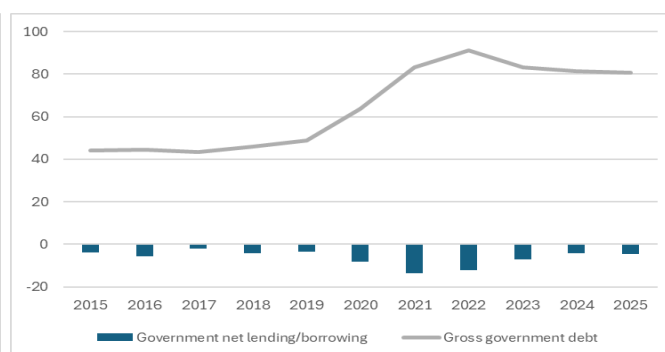


Figure 1.B. Fiji Gross Debt and Net Lending / Borrowing, 2015-2025 (percent GDP)



Source: World Economic Outlook

¹ The *direct* country peers chosen for this analysis are Vanuatu, Palau, Samoa, Micronesia, Kiribati, Marshall Islands, Solomon Islands, Tonga, and Tuvalu. Fiji is also compared to *income* peers globally (Emerging Market Economies), and to *regional* peers (Emerging and Developing Asia).

² The IMF perpetual inventory method is used to estimate the stock of fixed assets (also known as capital stock) by considering past investment flows while accounting for depreciation (3.5 percent depreciation rate for middle income countries) and using the implied purchasing power parity US\$ conversion rate for Fiji to allow comparison across countries.

3. **Fiji's overall level of public investment has fluctuated over recent decades, averaging around 4 percent of GDP, alongside a trend of declining capital stock overall.** Public investment comprised an average of 3.7 percent of GDP over the period 1990–2019, with some significant volatility (Figure 1.C). Private investment has been notably higher (as would be expected) at 13.8 percent of GDP on average over 1990–2019 and has been even more volatile. This investment has been insufficient to counteract depreciation, however, and overall capital stock over this period has declined from over 70 percent of GDP in 1991 to around 60 percent in 2019 (Figure 1.D).

4. **The government's own fiscal forecasts to FY2040 anticipate a relative increase in the proportion of infrastructure expenditure within a declining level of total expenditure, leading to overall steady expenditure on investment.** The 2024–2025 Economic and Fiscal Outlook MTFS envisages a notable decline in overall expenditure as a percentage of GDP from 33 percent of GDP in 2025–2026 to around 28 percent by 2040 (Figure 1.F). It outlines plans for an increase in the Public Sector Investment Program (PSIP) expenditure from 8.6 percent of GDP to 9.3 over the same period. Increasing PISP expenditure in the presence of declining overall spending is expected to increase the ratio of capital to recurrent spending. Earlier projections of the MTFF from 2021 to 2030 envisage a similar movement: government expenditure as a percentage of GDP was projected to decline from 35 percent to around 24 percent of GDP (Figure 1.E) over the period while infrastructure capital expenditure—a narrower measure of public investment than the PSIP³—was expected to remain steady as a percentage of GDP at an average of 5.4 percent of GDP. If delivered, this would suggest going forward a notably higher level of public investment as a percentage of expenditure than has been seen in preceding decades.

Figure 1.C. Fiji Investment, 1991–2019
(Nominal, percent of GDP)

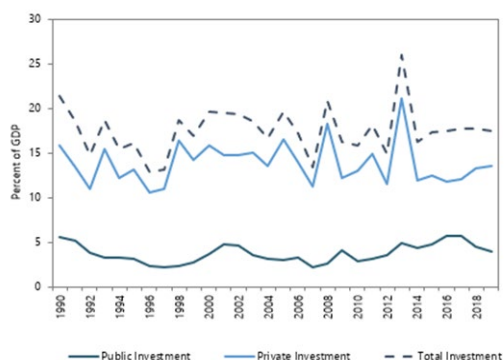
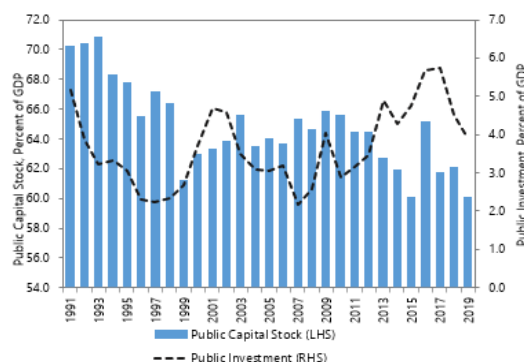


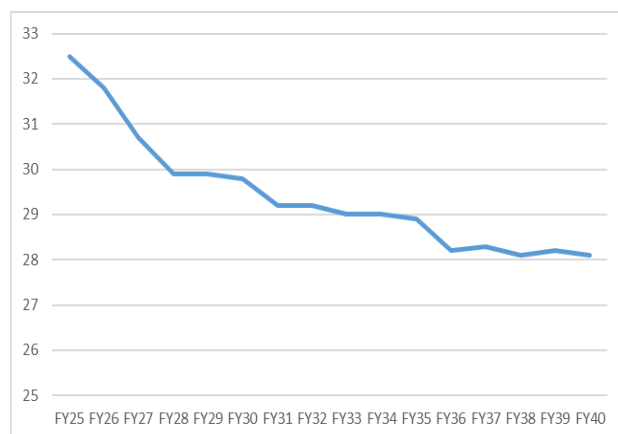
Figure 1.D. Fiji Public Investment and Capital Stock, 1991–2019



Note: Nominal capital stock refers to the capital at current cost and not at historical cost
Source: IMF calculations

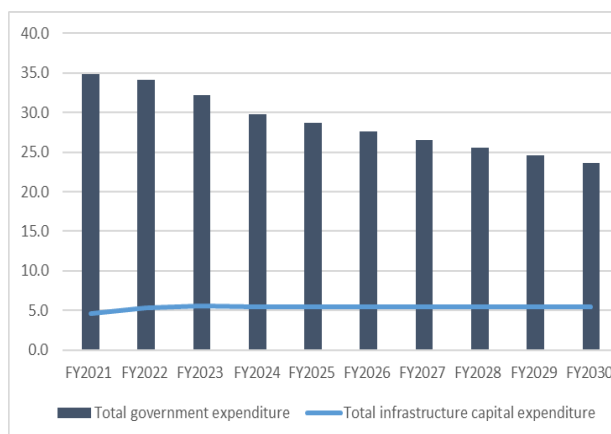
³ There are notable differences in the level of investment spending in different datasets. IMF data sets for public investment as a percentage of GDP up to 2019 are around 4 percent of GDP; while government's own projections for capital expenditure from 2024–2025 onwards begin at 8.6 percent of GDP, according to the latest Economic and Fiscal Update Supplement. Forward estimates of capital expenditure in the 2023 National Infrastructure Investment Plan – using government data for FY21 to FY30 – provide two sets of capital expenditure figures: Total Capital (PSIP) Expenditure (around 8–10 percent of GDP); and Total Infrastructure Capital Expenditure (5–6 percent of GDP) (Table 21). Judging by size, the Total Infrastructure Capital Expenditure figures are more aligned with the IMF's historic data series. The 2023 World Bank Public Expenditure Review (para 20) notes that government overstates its capital expenditure due to inclusion of numerous items of expenditure that are actually recurrent in nature.

Figure 1.E. Total Government Expenditure, FY2025–FY2040 (Percent of GDP)



Source: Ministry of Finance, 2024 Economic and Fiscal Update Supplement. FY = ending of fiscal year.

Figure 1.F. Total Government Expenditure and Infrastructure Capital Expenditure, FY2021–FY2030 (Percent of GDP)



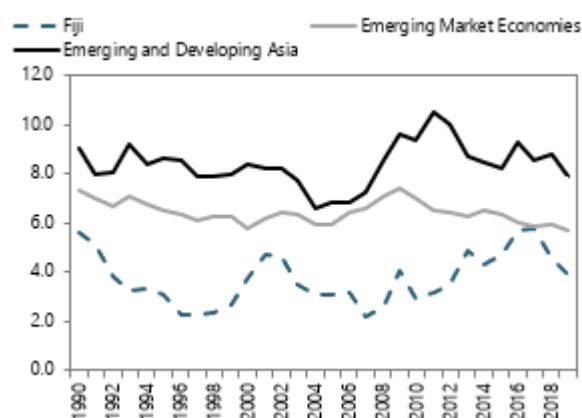
Source: Ministry of Finance Economic and Fiscal Update Supplement, 2022–2023, cited in 2023 National Infrastructure Investment Plan. FY = ending of fiscal year. FY2021 actual; FY2022 revised budget; FY2023 budget; all other years MTFP projections

B. Composition of Public Investment

5. Fiji has spent notably less on investment – and relatively more on recurrent spending – compared to peers over the recent past. Regarding income and regional peer groups, public investment as a share of GDP over the period 1991–2019 has averaged 8.4 percent of GDP for Emerging and Developing Asia, and 6.4 percent of GDP for Emerging Markets as a whole; compared to Fiji’s much lower 3.7 percent over this period (Figure 1.G). In addition, and in comparison, with individual countries for which there is data, Fiji’s spending on recurrent items as a percentage of GDP is among the highest, although with a level of capital expenditure that is only just below the median for this smaller group.

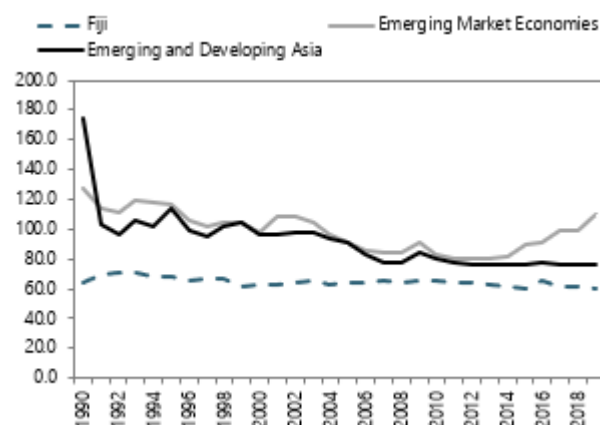
6. This has led to a comparatively lower level of capital stock compared to selected peers. Over a longer-term period from 1991 to 2019, Fiji’s public capital stock was consistently lower than its income and regional peers, with the difference between Fiji and Emerging and Development Asia gradually declining in later years, and the difference with Emerging Markets in general notably increasing as this group increased its public capital stock (Figure 1.I). For the period 2014–2019, Fiji had notably lower capital stock than most other countries with an above-median GDP per head (Figure 1.J).

Figure 1.G. Public Investment Comparison with Regional Peers, 1991–2019 (percent of GDP)



Source: IMF calculations

Figure 1.I. Public Capital Stock Comparison with Regional Peers, 1991–2019 (percent of GDP)



Dotted line indicates median

Source: IMF calculations

Figure 1.H. Current and Capital Spending Compared to Peers, Average 2014–2019 (percent of GDP)

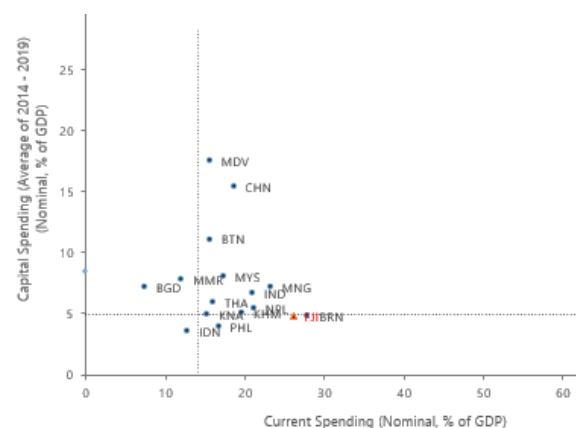
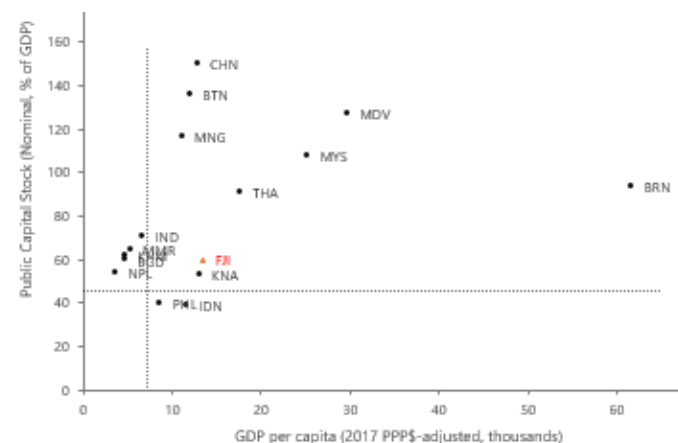


Figure 1.J. GDP per Capita and Public Capital Stock Compared to Peers, Average 2014–2019



7. The persistent under-execution of the capital budget is a strong indication that public investment practices need to be strengthened to achieve the objectives set by the government. Over the last three years, capital spending execution rates have been around 84 percent of the total budgeted capital spending (Table 1). This reflects in part the low capacity to plan and implement public investment projects efficiently. Addressing the weakness and gaps in PIM identified in the next section of this report would help to increase the efficiency and effectiveness of public investment in Fiji.

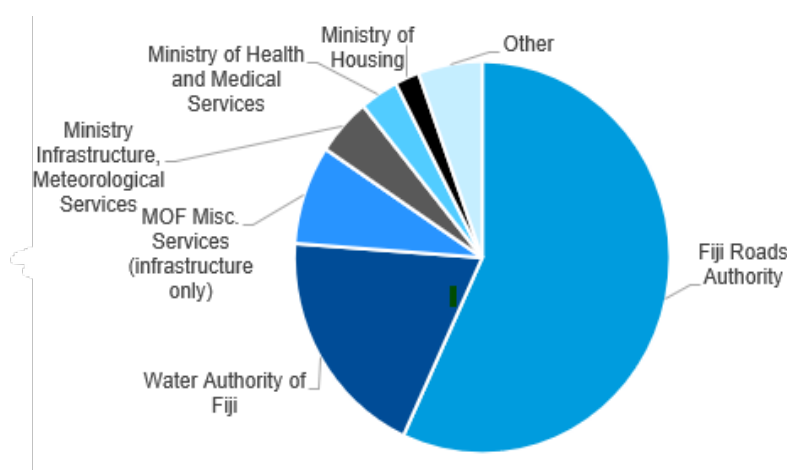
Table 1. Comparison of Budget and Actual Capital Spending FY2021/2022–FY2023/2024

Capital expenditure	2021/2022	2022/2023	2023/2024
Budget	1,279,902,355.0	1,167,762,274.0	1,199,321,069.0
Actual	1,127,758,599.5	985,366,025.3	1,016,758,179.2
Difference	-152,143,755.5	-182,396,248.7	-182,562,889.8
Ratio of Execution	88%	84%	85%

Source: Budget and Mission Calculation

8. There is no internationally comparable data for Fiji's investment by function, but a rough proxy using domestic budget expenditure suggests roads has been by far the largest sectoral component of capital spending. Looking at the 12 budget heads covered by the 2023 National Infrastructure Investment Plan (NIIP) from 2014–2023 shows that expenditure (capital and recurrent) on roads via the Fiji Roads Authority is larger than all other institutions put together, with expenditure through the Water Authority of Fiji coming a somewhat distant second (Figure 1.K).

Figure 1.K. Expenditure by on-Budget Infrastructure Focused Institution, 2014–2023



Note: 2014–2021 are actual figures; 2022 and 2023 are budget figures. Some categories include different parts of various agencies over time as the government has been restructured, and agencies renamed. Non-infrastructure related expenditure lines removed where possible to identify in the budget.

Source: National Infrastructure Investment Plan, 2023

C. Impact and Efficiency of Public Investment

9. Available indicators of infrastructure access suggest a mixed picture of infrastructure efficiency for Fiji—although data are relatively scarce. Indicators of access to public education infrastructure indicate a static picture since the 1990s, although Fiji has now been mostly overtaken by its peer groups. Access to public health infrastructure has been lower than peers and has declined slightly since the 1990s (as have peer countries). Electricity production per capita data does not provide a time series but suggests that Fiji scores significantly lower than peer groups, while its performance on basic drinking water access is better than most (Figures 1.L and 1.M).

Figure 1.L. Measures of Infrastructure Access (1990s average)

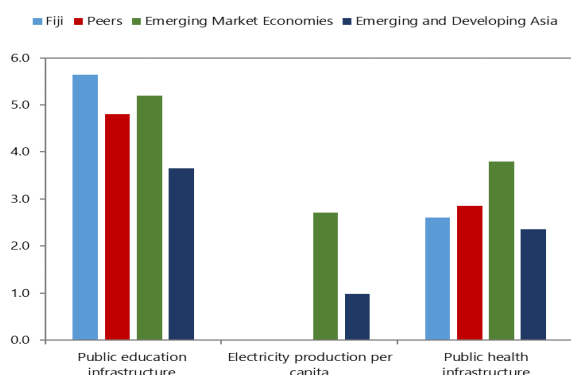
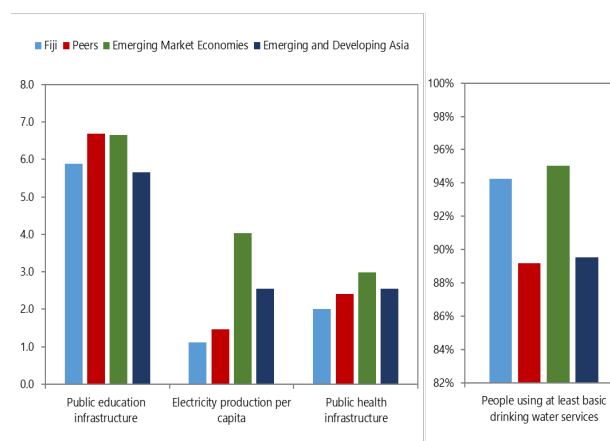


Figure 1.M. Measures of Infrastructure Access (most recent year)



Note: Units vary to fit scale. Left hand figure: Public education infrastructure is measured as secondary teachers per 1,000 persons; Electricity production per capita as thousands of kWh per person; and public health infrastructure as hospital beds per 1,000 persons. Right hand figure: percentage of people using at least basic water services. This indicator encompasses both people using basic water services as well as those using safely managed water services. Basic drinking water services is defined as drinking water from an improved source, provided collection time is not more than 30 minutes for a round trip. Improved water sources include piped water, boreholes or tubewells, protected dug wells, protected springs, and packaged or delivered water. Peers refers to 'direct peers' as set out above.

Source: IMF calculations

10. The efficiency frontier suggests a relatively low performance in terms of infrastructure efficiency, albeit in the presence of data constraints. There is insufficient data to consider Fiji's infrastructure efficiency in the areas of *quality* of infrastructure. Regarding the presence of physical infrastructure (Figure 1.O), Fiji is further away from the efficiency frontier for its public capital stock per capita level than most countries at the same level of capital stock per capita. Indeed, compared to the trend of the best performers with similar public capital stock per capita, Fiji is potentially foregoing 43 percent of the physical infrastructure benefit from its existing capital stock per capita level. Its efficiency level in turning capital stock into physical infrastructure is lower than the Emerging Market Average, although almost exactly at the same level as Emerging and Development Asia (Figure 1.N).

Figure 1.N. Fiji Infrastructure Efficiency Frontier – Physical Infrastructure

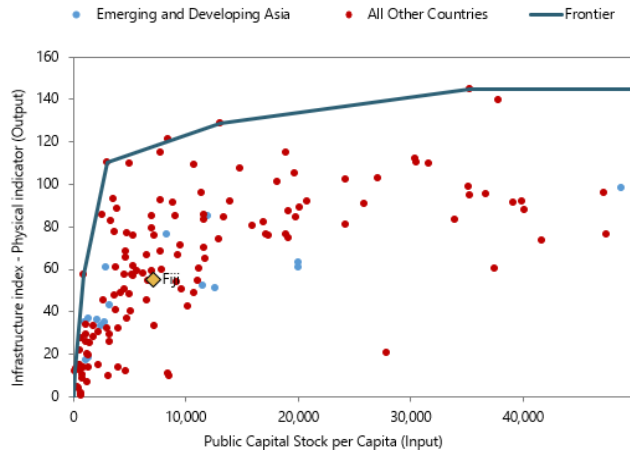
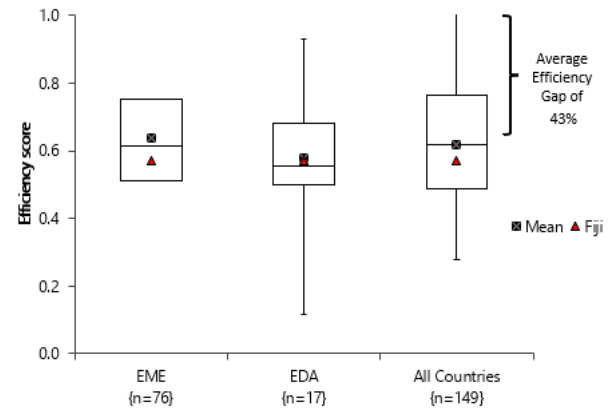


Figure 1.O. Fiji Infrastructure Efficiency Gap – Physical Infrastructure



'Physical Infrastructure' combines data on the volume of economic infrastructure (length of road network, electricity production, and access to water) and social infrastructure (number of secondary teachers and hospital beds). While this indicator provides a sense of the coverage of infrastructure networks and physical output of public investments, it does not fully measure the quality of the infrastructure

EME = Emerging Market Economies; EDA = Emerging and Developing Asia

Source: IMF calculations

II. Public Investment Management Assessment

A. Assessment Framework and Overview

12. This section evaluates the strength and effectiveness of 15 PIM institutions according to the PIMA framework. The institutions are divided into three phases of the PIM cycle: i) planning sustainable levels of public investment; ii) allocating resources to the right sectors and projects; and iii) delivering productive and durable public assets in implementation (Figure 2). Each institution includes three dimensions, the strength of which is analyzed and scored based on the formal design of the prevailing laws, regulations, and guidelines. A score is also assigned for their effectiveness, based on the qualitative and quantitative review of actual practices. The assessment is based on data and documents analyzed by the mission and meetings with key stakeholders. The assessment follows the PIMA handbook (IMF 2022).⁴ See Annex III for full questionnaire.

Figure 2. The PIMA Framework



Sources: Public Investment Management Assessment: Review and Update, April 2018, IMF.

<http://www.imf.org/en/Publications/Policy-Papers/Issues/2018/05/10/pp042518public-investment-management-assessment-review-and-update>.

⁴ <https://www.imf.org/en/Publications/Books/Issues/2022/07/12/PIMA-Handbook-Public-Investment-Management-Assessment-1st-Edition-50166>

13. Overall, Fiji’s public investment legal and institutional design performs better than its effectiveness. In line with international experience, PIM institutions tend to perform better in design than in effectiveness as reforms need time to deliver results, but also as inefficient practices become more entrenched. The Financial Management Act (FMA) laid down a modern PFM and PIM framework that needs time for implementation in many aspects. Another important feature of Fiji’s PIM practices is the recent adoption of the Public Sector Investment Program guidelines, but its effective implementation remains a challenge. There are some quick gains that can be obtained by improving some practices and using the information collected more effectively. It has to be taken into account that the PIMA framework is applied to all income groups and in the case of Fiji, being a Small Developing State (SDS), having 22 percent of high scores and 47 percent of medium scores (Table 2) in the analyzed dimensions is already relatively adequate, though there is room for progress as shown in the rest of the report. Fiji shows relatively good performance in budget comprehensiveness and unity, project selection, and availability of funding. It performs less well in areas such as national and sectoral planning, multiyear budgeting, maintenance funding, and portfolio management and oversight. An overview of the assessment and comparison with SDS is provided in Figures 0.A and 0.B.

Table 2. Fiji: PIMA Rating of Dimensions

45 Dimensions	Low	Medium	High
Institution Design	14	21	10
Effectiveness	19	20	6

Source: Mission calculations

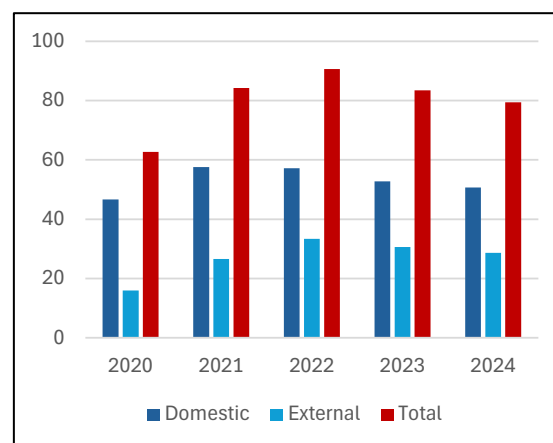
B. Planning Sustainable Level of Public Investment

1. Fiscal Target and Rules (Institutional Strength: MEDIUM, Effectiveness: MEDIUM, Reform Priority: LOW)

14. Fiji’s legal and regulatory framework include targets for central government debt and local borrowing limits, which support fiscal sustainability and facilitate medium-term public investment planning. The Medium-term fiscal strategy (MTFS) and the medium-term debt strategy (MTDS) set targets for the debt-to-GDP ratio over the medium term. Under the 2024–2026 MTDS, the debt stock is expected to reach 77.6 percent of GDP in 2026. The Local Government Act requires the approval by the Minister of Finance of any borrowing that exceeds 15 percent of the subnational governments (SNG) estimated recurrent revenues. However, Fiji does not have a permanent fiscal rule covering the public sector, such as permanent limits on fiscal variables (deficit, expenditure, or debt as mentioned above). The Financial Management (Amendment) Act 2021 (requires the submission of an MTFS no later than six months before the annual budget, which includes projections of aggregate capital spending, with a breakdown between current and capital expenditure for three years). The MTFS is published and attached to the budget documentation.

15. Fiji is at a moderate risk of debt distress, with public debt on a downward trend to achieve fiscal sustainability. As per the IMF 2024 Art IV report, Fiji is at a "moderate" overall risk of sovereign stress and debt. The ratio of Government debt to GDP has been on a downward path (Figure 3). The Ministry of Local Government is reporting to the Ministry of Finance, Strategic Planning, National Development & Statistics (MoF) of the SNGs borrowing situation on a regular basis. Reporting of Public corporation and SNGs borrowing is ensured by the Treasury Division (Debt Unit) of the MoF, and implicit contingent liabilities from local government debt are reported in the annual debt report. The aggregate capital outlays allocated in the budget slightly deviate from the MTFS due to updates in the macroeconomic parameters during the second quarter of the year (See Institution 6).

Figure 3. Fiji Central Government Debt (In percent of GDP)



Source: MTFS

16. While Fiji is committed to promoting fiscal and debt sustainability, it is essential to improve medium-term planning of public investment. Strengthening the alignment of the MTFS to the annual budget is essential to smooth public investment spending across the economic cycle. Over the medium term, the fiscal framework in Fiji would also benefit from introducing fiscal rules or permanent limits on fiscal variables (deficit, expenditure, or debt as mentioned above). It is understood that the implementation of fiscal rule is under consideration in Fiji, with the support from the World Bank.

2. National and Sectoral Plans (Institutional Strength: LOW, Effectiveness: LOW, Reform Priority: HIGH)

17. National and sector plans provide very limited information on what major capital investments will be delivered by government, at what cost, and with what results; and individual projects cannot be identified in the budget. Table 3 provides a summary of current and/or recently expired national and sector planning documents and their disclosure of information on major capital projects. Overall, sector and national plans provide very little detail on the nature of planned major capital projects, and they contain little or no cost information—this includes the strategic plans of major infrastructure spending entities such as the FRA. The budget does not provide detailed information on capital spending at the project level, and it is therefore not possible to cross-check infrastructure projects appearing in any sector plan with corresponding information in the budget. While the Greater Suva Transportation Plan, the National Infrastructure Investment Plan (NIIP), and Nationally Determined Contribution (NDC) Implementation Plan do contain significant details on individual capital projects, the authorities noted that they see these as sources to inform wider sector planning, rather than a full explanation of their own investment plans. There is some performance information in a few national and sector strategies that could perhaps be attributed to capital investment, but there is no clear indication that performance information is tracked or used with regard to capital investment and the strategies themselves contain almost no retrospective review of previous targets, results, or plans in the area of capital investment.

18. Changes are being introduced to the system of sector planning that have the potential to improve the situation regarding identification and reporting of major capital investment through the budget. A system for developing NDP ‘implementation booklets’ is currently in process. As an internal planning exercise, ministries are asked to explain how they will achieve their NDP goals over the medium-term through delivery of various programs; with specific reference to overall program objective, cost, timeframe for delivery, and expected results. In some cases, these programs focus predominantly on public infrastructure, meaning that—for some capital expenditure at least—ministries will be identifying major projects, their costs, and their expected results. This information is expected to link to in-year budget execution through the “Annual Work Plan” process, whereby ministries submit to MoF requests for their planned quarterly and monthly expenditure by program. The Strategic Planning Office (SPO) of MoF has also outlined its plans to publicly report results (but not expenditure) by program through an online dashboard. Collectively, this new system would provide significantly more information on capital projects, their costs, and expected outputs than is currently available in the national and sector planning process; although it would still not allow for identification of major capital projects (and their costs) in the budget, given the current budget structure.

Table 3. National and Sectoral Planning Documents Summary

	Date range	Identifies major capital projects	States total capital spending	Estimates costs of major capital projects	Sets out performance information
National strategies					
NDP	2025-2029	Some	No	No	Some
Sector strategies					
Agriculture Sector Policy Agenda 2000	2014-2020	No	No	No	No
Greater Suva Transport Strategy	2015-2030	Yes	Yes	Yes	Some
Waterways and Environment Strategic Plan	2020-2024	Some	No	No	Some
WAF Strategic Plan	2020-2025	No	No	No	No
Ministry of Health and Medical Services	2020-2025	No	No	No	No
National Energy Policy	2021-2025	No	No	No	No
Ten Year Power Development Plan	2022-2030	Yes	Yes	Yes	No
Education Sector Strategy	2023-2026	Some	Yes	No	No
FRA Strategic Plan	2024/5-2028/9	No	No	No	Some
Water Sector Strategy	2025-2050	Yes	Yes	Yes	Some
Crosscutting strategies					
NIIF	2023-2034	Yes	Yes	Yes	Yes
NDC Investment Plan	2022-2030	Yes	Yes	Yes	No

Source: IMF review of listed documents

3. Coordination Between Entities (Institutional Strength: MEDIUM, Effectiveness: MEDIUM, Reform Priority: HIGH)

19. Subnational governments (SNG) capital spending is fully integrated into central government processes, but there is no rules-based formula for setting capital transfer and in practice SNG undertakes a negligible amount of public investment. Local government comprises 11 municipal or town councils and 14 provincial councils, overseen by three different ministries (Ministry of Local Government (for municipal or town councils), Ministry of Rural and Maritime Development (for provincial councils), and the Ministry of I-Taukei Affairs). Local governments undertake capital investment through the same budget process as central government agencies, including through use of the same budget submission templates. Local governments develop their own strategic plans and use these to make proposals for capital investments to be funded through the budget each year, which they submit to their parent ministry. There is no rules-based system for allocating local government capital funding and decisions on which proposals to advance through the budget are made by the parent ministry according to informal criteria. Local governments receive final confirmation of their allocations in line with the regular budget timetable, meaning typically one month before the financial year starts. Total spending on local government capital investment through the budget is very small – for 2024/25, total budgeted capital transfers for the two relevant ministries accounted for 0.03 percent of all government capital spending.

20. Government has a comprehensive system for identifying and reporting contingent liabilities (CLs). Most of the CLs are guarantees for public corporations (PCs) borrowing, which are likely to cover some infrastructure spending. Government defines CLs as (i) explicit guarantees of PCs borrowing; (ii) explicit liabilities to development banks; and (iii) implicit liabilities for local governments and provincial councils' borrowings and litigation against the revenue service. Guarantees to PCs are by far the largest by value and guarantees for Fiji Airways the largest single component of these (Table 4). Government has a clear policy on providing guarantees that involves a cap in value as a percentage of GDP, and approval of individual guarantees by the Minister, Cabinet, and Parliament. The CLs reported by government are not necessarily specific to infrastructure projects, but any PC borrowing that is related to infrastructure development and receives guarantee would be included in the current system. Internal monitoring of the guaranteed borrowing is done quarterly by the finance ministry. Public reporting is done annually through the Annual Debt Report and summarized in the Economic and Fiscal Update, alongside a matrix for assessing risk from its largest guarantees. There are no PPPs to report on. Local government borrowing is considered implicit, as local government themselves are formally liable for their debts but is very small at FJD 55M in 2024. PCs have themselves have incurred contingent liabilities as listed in their accounts which could conceivably rebound on government as the largest or sole shareholder; however, for the largest four infrastructure PCs (Fiji Airports, Fiji Airways, Fiji Ports Corporation Limited, Energy Fiji Limited) these are of small value (FJD17m in total for the latest years available for these entities).

Table 4. Government Contingent Liabilities, FY2019/2020–FY2023/2024

	July 2020	July 2021	July 2022	July 2023	July 2024
Government guarantees (% GDP)	8.8	11.5	10.6	9.2	7.7
Government guarantees (Millions of FJD)	938.9	1,051.1	1,068.5	1,088.5	1,016.1
o/w Fiji Airways	279.0	421.7	439.4	423.8	427.7
o/w Energy Fiji	50.2				
Local government borrowing and revenue litigation	111.8	78.1	90.7	89.6	55.4

Source: Government of Fiji Annual Debt Report 2023–24

4. Appraisal (Institutional Strength: MEDIUM, Effectiveness: MEDIUM, Reform Priority: HIGH)

21. Major projects are subject to appraisal, with a standard methodology. According to the 2023 PSIP guidelines, major projects should be subject to an appraisal analysis by the line ministries. Two stages of appraisal of new projects are applied, the early-stage preparation and the late-stage appraisal (Box 1). The project costing template in the screening guidelines lacks vital information, such as the appraisal cost, cost of investigations, consultants cost, etc. Annex II contains a suggested costing template as well as the guidelines for completion during the appraisal process, to obtain the total project cost for budget purposes. The appraisal process should be implemented diligently, meaning that the project cost limit of FJD 10 million needs to be increased since the appraisal process, if carried out in full, can be costly. As best practices, it is suggested that the appraisal process is done in full for major projects. Although risk analysis is required by the PSIP guidelines, there is no clear guidance on the risk analysis process. Risk matrices are to be compiled by line ministries; however, a standardized risk analysis could be usefully added to the guidelines to ensure the uniformity of the analysis (Annex III).

Box 1. Summary of Two-stage of Project Appraisal

Key steps in Early-Stage Preparation of New Projects – Stage 1 Processing

- Identification of new projects by budget entity.
- Preliminary research and analysis
- Review of funding options – including the MTFS (PSIP)
- Budget entity prepares screening note
- MoF evaluates and decides on screening note
- Funding arrangements for costs of appraisal agreed of cleared Stage 1 projects
- Publication of pipeline

Key steps in Late-Stage Appraisal of New Projects – Stage 2 Processing

- Appraisal research and analysis
- Preparation of various appraisal sub-papers
- Budget entity prepares summary appraisal paper
- MoF evaluates and decides on appraisal paper
- Publication of pipeline of cleared Stage 2 projects

Source: Guidelines for Preparation, Appraisal and Approval of Projects under the PSIP, 2023

22. Central support for appraisal is received; however, independent review is not undertaken and there is no publication of appraisal results. The appraisals received from the Line Ministries are

centrally verified by the SPO and BD, as well as the Steering Committee for Projects which include the Development Partners when one of their projects is appraised. The results of these appraisals are not made public. No independent review of the feasibility study of major projects is required by the law.

5. Alternative Infrastructure Financing (Institutional Strength: MEDIUM, Effectiveness: MEDIUM, Reform Priority: MEDIUM)

23. Fiji has competition in some economic infrastructure markets, and a few economic regulators have been established. There are opportunities to expand competitive markets. The level of competition in each infrastructure market is mixed as is the openness to private and foreign ownership. The roads and telecommunications markets are open to competition and economic regulators have been established (Table 5). Seaport, airports, the water network, communications and electricity are delivered by public corporations. Private companies have significant market shares in potable bottled water, roads, communications, as well as water transport between the ports. The renewable energy market is emerging.

Table 5. Selected Information on Competition in Key Economic Sectors

Market	Market participants and their market share	Key regulator and extent of regulation	Level of competition: No, Low, Moderate, High
Transport			
• Road	Various taxis, minibuses and carriers	Land Transport Authority regulates road service licenses	High
• Sea	Fiji Ports Corporation Limited	Maritime Safety Authority Fiji ensuing setting and compliance with standards	No
	Various ferry operators		High
• Air	Fiji Airways Limited	Civil Aviation Authority of Fiji ensuing setting and compliance with standards	No
Communications	Communications Fiji Ltd		
	Telecommunications	Telecommunications Authority of Fiji	High
Energy	Energy Fiji Limited owns Hydro generation.	FCCC regulates the energy sector and ensures fair trading and protecting consumers while regulating prices	No
	Renewable energy		Low
Water			
• Potable	Water Authority Fiji provide potable distribution network	Department of Water and Sewerage sets regulatory frameworks for the provision of a sustainable potable, storm and wastewater sector.	No
	Fiji Water and 5 other private sector operators provide bottled water		High
• Waste & stormwater	Water Authority Fiji provide wastewater		No

Source: Mission based on availability of data online

24. A Public Private Partnership (PPP) guideline has been published, but no PPPs are in place at central government level. The 2006 PPP Act was repealed in 2016, and the government published a new PPP guideline in 2019, but a full regulatory and institutional framework for developing and managing such financing is not yet in place. At present, no PPP contracts are operational at central government level. Proposals for a housing sector PPP with IFC support have not advanced beyond initial discussion.

25. Government oversight of infrastructure-focused public corporations (PCs) in Fiji is variable, with a mix of formal and informal systems in place. Four large infrastructure-focused PCs are important sources of capital investment in Fiji (Box 2). Of these four, Fiji Airports is covered ('scheduled') by the requirements of Public Enterprises Act 2019 (PE Act), while other three operate without standardized formal regulatory oversight.⁵ The scheduled entity (Fiji Airports) must formally submit annual three-year business plans for ministerial review and approval and the Ministry of Public Enterprises reported that these oversight systems are indeed in operation—a point supported by Fiji Airports itself. By contrast, the non-scheduled entities (Fiji Airways, Energy Fiji, Ports Fiji) discuss financial and operational issues directly with the finance ministry based on informal arrangements. Regarding this, the authorities noted that Fiji Airways and Fiji Ports regularly make minor infrastructure project decisions whereas major projects are made through the government. There is no consolidated report on PCs outlining the status of the entire sector and their investment plans, nor is there formal government policy regarding PC capital investment beyond the requirements of the 2019 Act for scheduled entities. Despite requirements for submitting annual reports to Parliament there are gaps, notably for Fiji Ports whose last public annual report was for 2019.

C. Allocating Investments to the Right Sectors and Projects

6. Multiyear Budgeting (Institutional Strength: LOW, Effectiveness: LOW, Reform Priority: HIGH)

26. A medium-term budget framework is not prepared and there is no legal requirement for multi-year capital spending per project to be included in the budget. Currently only the MTFS brings a medium-term perspective for capital spending by publishing a total aggregate for capital spending projections over a three-year horizon. The MTFS is approved by Parliament and published around March of each year. However, the MTFS is not aligned to the annual budget, whereby total capital spending in the budget does not correspond to the total capital spending of the first year of the MTFS. This is due to the fact that the MTFS is not translated into a medium-term budget framework (MTBF) linked to the annual budget. The aggregate capital spending for 2024/25 in the MTFS 2024–2027 is FJD1,199,357,000 whereas in the budget document it is FJD 1,192,100,000. The budget currently presents capital spending estimates by line ministry or statutory authority for one year only; However, the budget submission to MoF includes capital spending projections for three years but these are internal documents. MoF is planning to publish these projections as part of the budget 2025–2026. Whilst there is no requirement for multiyear ceilings to be used to prioritize capital projects in the Budget, the PSIP 2023 does explain an intention for introducing multiyear ceilings of all existing and new capital projects, domestic and externally funded, for all budget entities with indicative ceilings in the immediate-term and binding ceilings in the medium-term.

⁵ Fiji Roads Authority and Water Authority Fiji are not considered public corporations in this analysis, despite being scheduled as such under the Public Enterprises Act (2019). Since these entities receive almost all their income in the form of government budget transfers, they are more properly considered Extra-Budgetary Units according to standard Government Financial Statistics (GFS) definitions. Energy Fiji Ltd is included in the original list of scheduled entities in the Act, but according to the authorities it was removed from this list in August 2019

Box 2. Infrastructure Focused Public Corporations in Fiji

Infrastructure-focused PCs undertake a substantial amount of capital investment in Fiji. Using the latest available data in financial statements for two years regarding acquisition of fixed assets and comparing this to the government's budget outturn for capital expenditure, suggests that four infrastructure-focused PCs (Fiji Airways, Fiji Ports, Energy Fiji, Airports Fiji) comprise a large and perhaps growing share of investment in the country (Table 6). Regarding individual major projects, the authorities related that medium-term upgrades to the main airport are expected to cost around FJD 2bn in total – about 16 percent of 2023 nominal GDP.

Table 6. Public Corporations Investment Compared to Government Capital Expenditure (For Selected Years)

	Year 1		Year 2	
	FJD '000	% govt capital expenditure	FJD'000	% govt capital expenditure
Acquisition of fixed assets				
Energy Fiji (2022 and 2023)	52,495	4.7	72,301	7.4
Fiji Airways (2022 and 2023)	39,976	3.6	109,467	11.1
Airports Fiji (2022 and 2021)	18,518	1.6	7,142	0.7
Ports Fiji (2018 and 2019)	3,621	0.3	4,672	0.5
Total	114,610	10.2	193,582	19.7
Government capital expenditure (2021-22 and 2022-23)	1,123,048		982,676	

Source: PC Annual Reports, government budget documents, Mission Calculation.
Data presented for the latest two years of available outturn data in each case.

The assets of these four PCs represent a substantial share of GDP. Over the two most recent years for which there is data, these PCs have owned an asset base equal to around 20–23 percent of nominal GDP (Table 7). Within this, the fixed assets of Energy Fiji and Fiji Airways account for by far the largest share.

Table 7. Public Corporations Fixed Assets Compared to Nominal GDP (For Selected Years)

Public enterprise	Year 1	Year 2
Energy Fiji (2022 and 2023)	1,142,436	1,170,700
Fiji Airways (2022 and 2023)	808,596	736,385
Airports Fiji (2021 and 2022)	487,160	482,166
Ports Fiji (2018 and 2019)	55,069	53,196
Total ('000s of FJD)	2,493,261	2,442,447
Percentage of nominal GDP (2022 and 2023)	23	20

Source: PC Annual Reports, Mission Calculation.

27. Projections of total cost of major capital projects are not published. The projections of total cost of major capital projects are not published in the budget or the budget documentation or any other relevant document. Changes in total capital costs are not identified and explained. While some statutory

authorities such as the FRA provide a list of capital projects; however, the lists do not include the projections of total cost (see institution 2).

7. Budget Comprehensiveness and Unity (Institutional Strength: MEDIUM, Effectiveness: MEDIUM, Reform Priority: MEDIUM)

28. Majority of capital spending is undertaken through the budget although executed through extra-budgetary entities; however no comprehensive list of all capital projects is presented in the budget documentation. While FRA and WAF execute the majority of the infrastructure projects (around 60 percent of total capital spending), the entirety of their funding is provided through capital grants from the budget. These capital grants are presented as a single line item in the budget, and they are part of the budget estimates authorized by the legislature. Currently there is no comprehensive presentation of capital projects that are executed by line ministries or by statutory authorities or by PCs included in the budget documentation.

29. The legal framework requires comprehensive and integrated budgeting for capital and recurrent spending using administrative and economic classifications. MoF consistently coordinates and consolidates the capital and recurrent budgets from line ministries and statutory authorities for presentation and authorization by Cabinet and Parliament as a consolidated document. The capital and current spending is combined under what the Budget Estimates define as a “Programme classification” however this classification is not considered as program classification following international standards but rather it is a combination of administrative, economic, and functional classifications.

8. Budget for Investment (Institutional Strength: MEDIUM, Effectiveness: LOW, Reform Priority: LOW)

30. Capital outlays are only required to be appropriated on an annual basis and ongoing projects funding is only protected for one year and not for the duration of the project. Outlays are appropriated on an annual basis, but total project costs are not included in the budget documentation. Due to a lack of clarity regarding the total cost of projects at the time of initial approval, funding may not be available to complete a project on time. In fact, the executive and legislature have no visibility of the funding needed given the lack of transparency of total or outer-year costs of capital projects. Under budget laws and regulations, ongoing projects are given first priority. New projects can be approved if a given line ministry prioritizes funding of existing projects and secures approval from MoF showcasing evidence that there is no impact on contract payments. In addition, it requires the line ministry to secure their Minister’s endorsement to their workplan.

31. Any virement needs the approval of MoF; however, there are no limitations set to these in-year transfers. Following the FMA 2004, a ministry can reallocate from capital to current spending with MoF’s approval after providing proof that there will be no impact on the project implementation or contract payments. MoF also requires that the ministry secures their Minister’s endorsement to the ministry’s workplan. Statutory Authorities can reallocate from capital to current spending if temporary shortage arises, but these virements must be reversed back by the end of the fiscal year. The use of virements appears to be well controlled.

9. Maintenance (Institutional Strength: LOW, Effectiveness: LOW, Reform Priority: HIGH)

32. Standard methodologies for determining routine and capital maintenance exist for some types of infrastructure. Line ministries have not developed standard methodologies for determining routine and capital maintenance. Routine and capital maintenance methodologies are in place of infrastructures managed by FRA. Visual inspections are conducted on bridge structures (yearly) and roads (yearly). Table 8 showcases the FRA's maintenance in sub-groups used in their documentation, which is a good international practice. Only capital maintenance is in place for infrastructure assets managed by WAF and included in the Water Sector Strategy.

Table 8. Fiji Road Authority Sub-classes for Maintenance

FRA's Sub-classes for Maintenance
Emergency reinstatement
Routine maintenance and operation
Periodic or specific maintenance
Rehabilitation
Renewal and reconstruction

Source: National Infrastructure Investment Plan, 2023.

33. Capital and routine maintenance are not well defined in the budget, and this does not permit understanding of the level of adequacy of maintenance spending. Mainly routine maintenance expenditure is not clearly identified in the budget due to a shortfall in the budget classification. Capital maintenance expenditure appears as a line item in the budget; however, for some ministries or entities, it bundles also the routine maintenance. This lack of clear breakdown of routine and capital maintenance spending does not allow analyzing the level of adequacy of routine maintenance which is clearly critical to avoid deterioration of fixed assets. Table 9 indicates that without investment in systematic maintenance of water and wastewater assets, water infrastructure assets have lost value and now increasingly need replacement. The NIIP 2023 states that key infrastructure entities have a mix of formal and informal systems for the planning of routine maintenance, and FRA and WAF are executing routine maintenance projects. Other entities have a low execution rate of routine maintenance, such as education. Structural issues in schools' facilities are widespread, with 55 percent of schools reporting cracked walls, corroded roofing, damaged flooring and asbestos risks, an indication of a lack of regular condition assessments of the school infrastructure.⁶ Capital maintenance is included in sector plans of FRA and WAF, but not in sectoral plans of other sectors. Box 3 indicates good practices for the calculation of maintenance budgets.

Table 9. Results of Lack of Maintenance on Water and Wastewater Assets

Type of Issues	Quantification
Blocked Sewers in 2023 (Central Division)	1600
Non-revenue water lost across the total water network	47 percent

⁶ Study conducted by Australian Consultants on behalf of Government.

Estimated Cost of replacing aging infrastructure	FJD 3 billion
Pipe bursts per 100 km of water mains (international benchmark is 13)	125

Source: *Water Sector Strategy 2050*.

Box 3. Good Practice for Calculation of Maintenance Budget: (South African Model)

Many countries have established guidelines for maintenance of public infrastructure to ensure that maintenance levels are sufficient to avoid deterioration of public assets.

South African Model for Maintenance Budget

Type of infrastructure	Average annual maintenance budget as % of replacement cost	Replacement or major rehabilitation over and above the annual maintenance budget, requiring specific capital budget
Bulk water storage	4-8	Every 30 to 50 years
Water treatment works	4-8	Every 20 to 30 years
Water reservoirs	2-3	Every 20 to 30 years
Water reticulation	4-8	Every 20 to 30 years
Sewage treatment works	4-8	Every 20 to 30 years
Roads and stormwater	5-10	Every 20 to 30 years
Public buildings	4-6	Every 30 to 50 years

Source: *South African Construction Industry Development Board*.

10. Project Selection (Institutional Strength: HIGH, Effectiveness: MEDIUM, Reform Priority: LOW)

34. Major projects are reviewed by a central ministry, the project selection criteria are published, and a pipeline of projects is prepared. The government requires a central review of appraisals before projects are included in the budget as defined in the PSIP, 2023. All new projects must be evaluated and cleared by the joint SPO/BD Committee. Ongoing projects will be prioritized for inclusion in the budget, and new projects can only be selected if there is fiscal space. Government has a published criteria for project selection (PSIP, 2023) which is underpinned by law.⁷ MoF and each entity preparing the appraisal will prepare a single PSIP annually which covers three areas: Stage 1 pipeline where screening notes have been cleared, stage 2 pipeline where full appraisal papers have been cleared and stage 3 fully approved projects where funds have been appropriated. Projects are selected from the stage 2 pipeline.

35. Most of the major projects are selected through the central review process which is documented adding a reasonable level of rigor. In practice, criteria are applied in general, but not all projects are selected through the published standards but rather based on fiscal space and readiness. It is not clear if the ranking system is applied effectively. There is ambiguity in the definition of project readiness at the selection stage since projects that have been through the appraisal stage, should have

⁷ Section 6 of the Financial Instructions, Part 10 section 61 of the Financial Instructions, 2010, Section 5 of the Financial Management Act, 2004.

reached the level of readiness during appraisal. The majority of the projects are selected from stage 2 pipeline. The current ranking system only contains five criteria: (i) net economic value, (ii) net social benefits, (iii) environmental, (iv) climate change and disaster policies, (v) sound entity administration, and (vi) satisfactory risk analysis and management plans. It is proposed that the selection criteria can be expanded to contain more criteria. Box 4 describes the formalizing of the central register of pipeline projects and includes an example of the expanded selection criteria and scoring (Table 10).

Box 4. Formalizing the Central Register of Pipeline Projects and Example of Expanded Selection Criteria

Formalizing the central register of pipeline projects would require:

- On-budget entities to regularly update their future pipeline
- Regular publication of MoF dossier of pipeline infrastructure projects
- Work in tandem to build infrastructure pipeline information into broader annual PSIP planned publications
- Publications to cover all PSIP on-going, stage 1 and stage 2 projects

The expanded selection criteria scoring could include the following:

Table 10. Example of an Expanded Selection Criteria Scoring

Criteria	Scoring criteria	Score
Specification in Government Action Program	5 points	
Relevance	5 points	
Specification in the Main guideline for social and economic Development of the country for that year	5 points	
Is the cost of the investment fully calculated (as per costing template)	5 points	
Funding source resolved	5 points	
Has climate adaptation and mitigation been addressed	4 points	
Possibility of financing operating costs (sustainability, burden on the budget)	5 points	
Potential risks during project implementation	10 points	
Are other conditions for launching the project met	5 points	
Priority and ranking given by the General Budget	5 points	
Implementation plan in place	5 points	
Project management arrangements in place	7 points	
All land issues resolved, and financial compensation completed	7 points	
All utilities identified, and relocation agreements in place.	6 points	
Total score:		

Source: National Infrastructure Investment Plan, 2023 and Mission.

D. Delivering Productive and Durable Public Assets

11. Procurement (Institutional Strength: MEDIUM, Effectiveness: MEDIUM, Reform Priority: LOW)

36. The legal framework encourages open, competitive and transparent procurement processes for major capital projects, but does not include any mechanism for procurement complaints. The Procurement Regulations 2010 mandate that works with a contract value of FJD50,000 or higher must be tendered through a competitive process and require the publication of requests for tender. While all public entities must adhere with the main procurement regulation, several sectors have their specific regulation. For example, the threshold set by FRA is FJD100,000. The Fiji Procurement Office is mandated to regulate and administer the procurement of goods, services and works for the Government of Fiji. The Government Tender Board (GTB) is also established to provide final approval and advice for all purchases above FJD50,000. Contract advertising conditions are clearly defined in the 2010 regulations, but a requirement on timely procurement information is absent. The mechanism for complaints and independent review are not in place.

37. Procurement data available on the e-Tender Portal covers all ministries and agencies' contracts and an annual procurement report⁸ is produced. Statistical reports on procurement published in the FPO website and the e-Tender Portal⁹ are limited to central government procurement. Procurement data for public corporations are not available and those of the statutory entities are published under their respective websites.¹⁰ Nevertheless, the database feeds into an annual procurement report (Figure 4), produced by the FPO. Ministries and agencies are required to prepare annual procurement plans, but they are not published. Although the rule of thumb is tender, the legislation allows for exceptional procurement procedures, mainly under waiver of tender, but under specific conditions outlined under regulation 48 of the 2010 procurement regulations. According to data received from the authorities, around 90 percent of awarded contracts in 2023/2024 are through competitive bidding, but information by procurement type is not public.

38. Transparent and competitive procurement procedures with an adequate appeal system are necessary to build quality infrastructure at the lowest reasonable price. To further strengthen transparency and improve procurement process, new regulations and guidelines¹¹ were approved by the Cabinet in May 2024 with a strong emphasis on further transparency value for money. The new regulation introduces complaints procedures, but they are not independent. During the mission, the Procurement Regulations 2010 are still in force, on which this assessment is based. While Fiji has a relatively strong procurement design, its effectiveness remains a challenge.

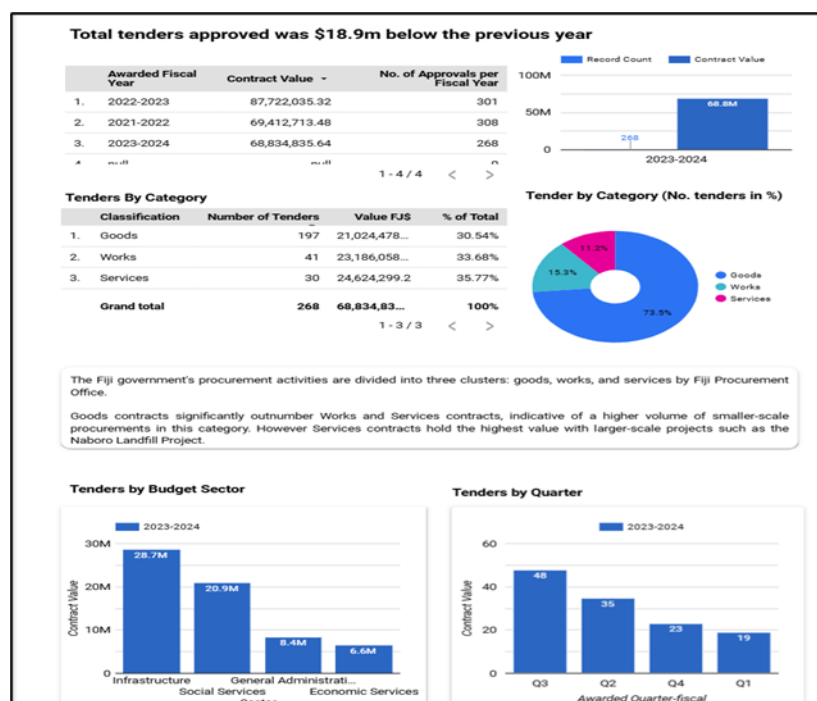
⁸ [Annual report 2023/2024 - Fiji Procurement Office](#)

⁹ [Welcome to Ministry of Finance, Government of Fiji E-Tendering](#)

¹⁰ [Current Tenders – Fiji Roads Authority](#); [Tenders – Water Authority of Fiji](#)

¹¹ [Procurement Regulations 2024 - Fiji Procurement Office](#)

Figure 4. Fiji Procurement Information on E-Tender Portal



Source: Excerpt from the Annual Procurement Report.

12. Availability of Funding (Institutional Strength: MEDIUM, Effectiveness: HIGH, Reform Priority: LOW)

39. The legislative and regulatory framework for ensuring availability of funds to support implementation is strong. Finance Instructions 2010 (Instructions) section §35 stipulates that all agencies, including Statutory Authorities (SAs), must submit monthly cashflow forecasts. Commitment ceilings (warrants) are released through the FMIS for the whole annual budget at the start of the financial year, profiled by month, except for items marked **R** in the budget (primarily relating to development and capital expenditures). Items marked **R** require a Requisition to Incur Expenditure (RIE),¹² which provides that the approved requisition shall be sufficient authority for the expenditure to be incurred. Warrants (commitment ceilings) are issued for the RIEs in FMIS subject to demonstration of readiness to implement based on a checklist of required conditions, which includes: (i) completed RIE form; (ii) the correct budget provision; (iii) additional provision or redeployment (if any) during the year properly reflected; (iv) correct available balance to be reflected; (v) reason for the RIE clearly expressed (detailing the expenditure); (vi) quarterly work program; (vii) bank statement/acquittals; and (viii) cash flow requirements.

40. In practice implementing agencies receive cash and make payments on a timely basis ensuring no delays in implementation on account of cash shortages and no accumulation of arrears. There are no significant examples of commitment ceilings being unfunded and expenditure arrears are negligible. However, no history or analysis is maintained of cashflow forecasts variances to determine the accuracy and reliability of the forecasts. MoF is committed to ensuring prompt payments by

¹² Section 15 of the FMA 2004 and Section 9 of the Instructions.

line ministries and issued *Treasury Circular 60/36 (28 March 2024)* requiring prompt settlement of commitments. Similarly, FRA's Operations Manual 2022 stipulates that all parties must be paid in accordance with the terms of the respective contracts. FRA and WAF (the larger SAs) present notes on aged creditors in their annual financial statements (AFS), reflecting that payables are made within normal expected payment terms.

41. The legal framework does not require the establishment of a Treasury Single Account (TSA) Structure or monies to be banked with the Reserve Bank of Fiji (RBF). Monies may be held with whichever bank is deemed preferable from an operations perspective. There are 36 bank accounts under the Consolidated Fund Account (CFA), held with 6 different banks—only 5 of these 36 accounts are held with the RBF. Line Ministries make payments through drawing accounts, which are zero balancing against multiple commercial bank accounts. Apart from the zero balancing accounts, all other transfers between accounts are undertaken manually. Despite the lack of consolidation of cash resources into a TSA Structure, the Treasury maintains oversight of all bank accounts the balances and transactions for which are maintained in the FMIS. Treasury is aware of payment requests and can ensure that funds (including donor funds) are available when needed.

13. Portfolio Management (Institutional Strength: MEDIUM, Effectiveness: LOW, Reform Priority: MEDIUM)

42. Major projects are subject to monitoring, reports are prepared quarterly; however, they are not published. As required by the MoF, budget sector agencies were required through a memorandum to submit a Quarterly Project Performance Report (QPPR). This report should contain an update on the fund utilization rate of the various programs and projects. It also contains a report on the status of project implementation, the key issues and challenges encountered, and actions undertaken. Quarterly reporting is also required by the Operations Manual of the FRA, and the Transport Infrastructure Investment Sector Projects are also captured as part of the FRA Quarterly reports. These FRA reports are distributed to the FRA Board as well as MoF. The monitoring reports are discussed at the projects steering committee. In practice, the quarterly reports the mission was able to assess do not allow proper monitoring of financial and physical progress of projects since the report lacks critical detail. Box 5 proposes the list of critical information required in a QPPR for major projects including the S-curve approach which is required by the PSIP. The inclusion of the S-Curve results in monitoring reports gives a forward-looking perspective to the way forward for the projects. There is no legal requirement for the publication of QPPR reports.

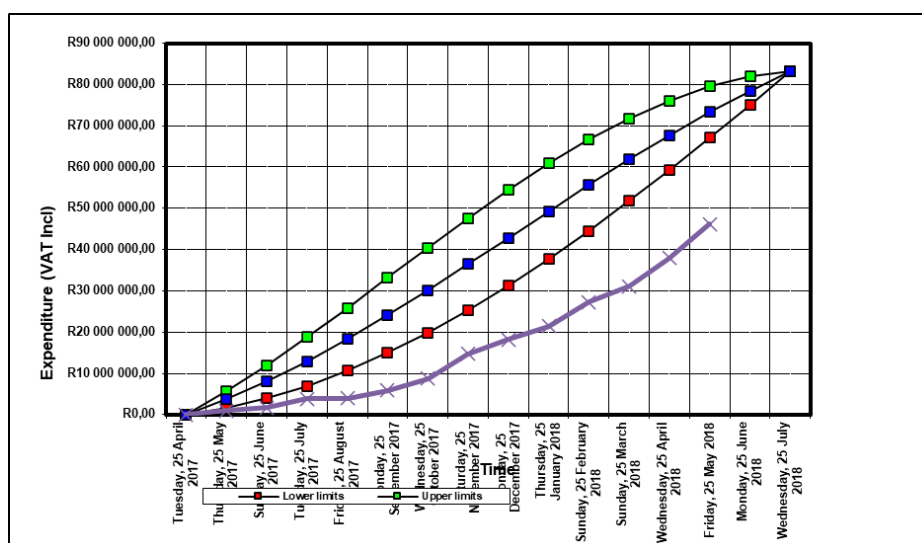
43. Funds can be re-allocated among projects and ex-post reviews are not required or conducted. Funds can be reallocated between projects with full motivation and approval from the line minister. Reallocation is allowed under the FMA, Regulation 21, and the Financial Instructions Regulation 10. There is however no limit set for the percentage of reallocation that could be achieved. The reallocation once authorized should be published in the Gazette as soon as possible after authorization. Authorization must be granted by the Minister of Finance. There is no requirement for the implementation of ex-post reviews.

Box 5. Critical Information Required for Quarterly Monitoring of Major Projects

The minimum information required to complete a proper analysis of the project progress and status at any time will be:

- Project number
- Project description
- Project status – preliminary design, detailed design or execution
- Project commencement date
- Contractual project completion date
- Expected completion date.
- Project ahead of schedule
- Project behind schedule
- Project adjustments made.
- % physical progress on site
- % of budget spent
- % time lapsed
- S- Curve results as a measure of forward-looking perspective on progress.
- Are cost overruns expected?
- Reasons for possible cost overruns.
- Risk in upcoming period and possible mitigation measures
- Is immediate response required from higher Authority.

In addition, below is the proposed example of an S-Curve which is an early detection tool to determine the course of a project.



- The percentage progress versus the percentage time lapsed on any given date, is indicated in the S-Curve.
- The green line indicates the upper limit of expenditure, and the red line indicates the lower limit of expenditure of the project.
- The purple line indicates the actual expenditure versus time of the project, at any timeframe.
- A project that follows the blue line, within the envelope is a well-managed and resourced project.

Source: Mission.

14. Management of Project Implementation (Institutional Strength: MEDIUM, Effectiveness: MEDIUM, Reform Priority: MEDIUM)

44. Project management arrangements are in place and senior officials are assigned without any legal requirement. Implementation plans are required by the PSIP Guidelines. Except for FRA, in practice project implementation plans are not regularly compiled. The officials compile monthly progress reports as well as the required Quarterly Progress Reports. Delays in projects implementation are related to issues in the planning and budgeting (Table 11). Project Managers are appointed for major projects but without any legal framework guiding this appointment. Fiji Road Authority Operational Manual requires the appointment of the Engineer who will report on numerous aspects.

Table 11. Examples of Delays in Project Implementation Caused by Upstream Inefficiency

Military Forces	Construction of new warehouse FJD350,000	No funds utilized. Based on the site survey and investigation for the financial year Officers identified the land was in flood zone. Project to be moved to a new site.
Fisheries	Construction of Ice Plants FJD680,000	Delays from the iTaukei Land Trust Board (iTLTB) while securing land lease. No evidence of follow up done from Ministry of Fisheries to iTLTB on status of the lease. Lack of proper planning for construction of Koro Ice Plant resulted in the project not being completed on time.
Rural Maritime & National Development	High Risk Water Sanitation Program FJD500,000	The work plan does not identify the anticipated starting and completion dates for each project. Only 5 out of 8 projects were implemented.
Local Government	Capital Grants FJD11,872,900	The Ministry was allocated the amount mentioned above to fund 12 projects. Six (6) projects were not implemented during the year. Delays in evaluation process.

Source: Audits of Public Investment Grants Criterion Meeting

45. Guidelines for cost adjustment are in place; however, no financial process review is required. Project adjustments are conducted by the FRA as well as WAF. The FRA has a prescribed process for cost adjustment in the Operations Manual. The FRA Operations Manual also does not set a limit for cost adjustments, and it also does not require a review of the project rational, cost and output. The Law on Procurement and Procurement Regulations are also silent on project cost adjustment. In practice, the limit for cost adjustments applied by the FRA is 10 percent of the original contract amount, which is within the contingency limit of the project. WAF also operates project cost adjustments within the contingency amount, however there are no limits for project cost adjustments. In WAF project cost adjustment of below FJD 2 million can be approved by the CEO of the Water Authority, for an amount of above FJD 2 million, Board approval is required. A cost adjustment request from FRA was observed and was fully motivated and costed.

46. Ex-post audits for projects are conducted by the Office of the Auditor General. The FMA 2004 requires the Auditor General to audit financial statements and annual appropriation statements of the total government. The Audit Act 1969 elaborates on the powers of the Auditor General with specific mandate to conduct financial, compliance and performance audits, and special investigations and the reporting of the results of these audits to the Parliament. The Audit Reports are also scrutinized by the Public Accounts Committee. The Office of the Auditor General conducts a financial audit of all development partner funded projects of the WAF on a yearly basis. Fiji Government funded projects are also audited but by sample method; however, these reports are not published. During 2025 the Auditor General Office has been in the process of auditing the capital projects of WAF for the past three (3) years. This audit is still working in process. The Auditor General also conducts financial audits of capital projects from the FRA.

15. Monitoring of Public Assets (Institutional Strength: MEDIUM, Effectiveness: MEDIUM, Reform Priority: MEDIUM)

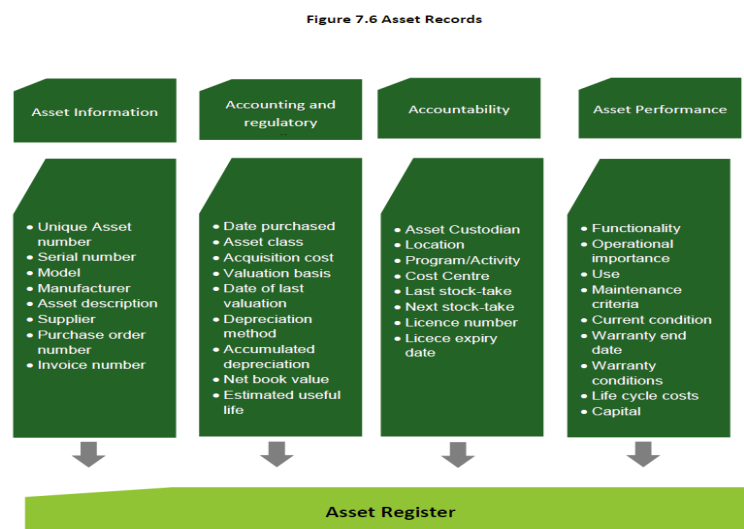
47. All government agencies are required to maintain comprehensive and up to date Fixed Asset Registers (FARs). The FMA 2004 and instructions stipulate the minimum data to be maintained, namely description; cost/fair-value; date of acquisition; make/model/description; and location. Paragraph 49 requires the undertaking of an annual board of survey, to verify existence and condition of assets. FARs are fragmented with individual registers maintained by each line ministry. These include values written down for depreciation but do not incorporate data on asset conditions. The FARs for MoF and line ministries are maintained in MS Excel. New acquisitions are recorded in the fixed asset module of the New FMIS, but legacy data has not yet been taken on into the module. Statutory Authorities such as FRA and WAF have their own operations manuals, which set out requirements on management and recording of assets. FRA's Operations Manual 2022 expands on the data to be maintained for each asset, as depicted in Figure 5. Each Statutory Authority maintains automated system-based FARs. Both FRA and WAF use ArcGIS which is the software for geo-mapping locations of their assets, including the following FMIS data attributes (i) geographic coordinates; (ii) structure type, ID number, and name; (iii) road ID number and name; (iv) road length and width (where applicable); and (v) construction material. It is also capable of recording additional data such as date constructed and contract Number. (this is discussed further under cross cutting issued – Information Technology).

48. Nonfinancial assets are disclosed in the Annual Financial Statements (AFS) of Statutory Authorities but not in the Whole of Government¹³ Accounts (WoG). Statutory authorities and public corporations report using International Financial Reporting Standards (IFRS) which mandates the disclosure and treatment of nonfinancial assets. The MoF and Line Ministries report using cash-basis of accounting for which there is no requirement to disclose nonfinancial assets and produce a balance sheet. FRA and WAF have plans for procuring services to revalue their assets, which are now overdue. This was brought to attention in the most recent Audit Reports of these agencies.

49. The Financial Instructions 2010 set out the depreciation principle to be used by the line ministries and MoF. Paragraph 50 of the Instructions prescribes the straight-line method for depreciation

¹³ The consolidated financial statement of MoF and line ministries (i.e., Budgetary Central Government, excluding Statutory Authorities).

Figure 5. FRA Fixed Asset Management



Source: FRA Operations Manual 2022

and sets out the estimated useful lives for each class of asset. However, under the cash basis of accounting these depreciation rates are only applied to the (memorandum) Excel FARs to determine net book value, but depreciation is not recorded in the cash-based financial statements. All SAs and public corporations depreciate their nonfinancial assets and disclose the annual depreciation in their statements of comprehensive income. The depreciation rates are prescribed in their respective operations manuals. Depreciation rates for FRA are shown in Figure 6 below, including individual depreciation rates for components of compound assets. The most recent audited financial statements for FRA and WAF reflect depreciation amounting to 1.6 percent of total asset cost.

Figure 6. Fiji Road Authority Depreciation Rates

Asset	Number of Years of Useful Life	Percentage
Land	Not Depreciated	
Buildings:		
• Structure	55-100 years	(1%-1.82%)
• Roof	40 years	(2.50%)
• Panels & Fit out	15 years	(6.67%)
Ventilation & Heating	20 years	(5.00%)
Plant and Machinery	4-15 years	(6.67% - 25%)
Computer Equipment	4 years	(25%)
Office Equipment	5 years	(10%)
Furniture & Fittings	5-10 years	(10-20%)
Vehicles	5-8 years	(12.5-20%)
Infrastructure Assets:		
Roads:		
• Formation	Not Depreciated	
• Top surface	1-25 years	(4%-50%)
• Pavement	40-100 years	(1%-2.5%)
• Footpaths	20-50 years	(2%-5%)
• Bridges	40-150 years	(0.67% - 2.5%)
Jetties	40-150 years	(0.67% - 2.5%)
Road Systems:		
Bus Shelters	8 years	12.5%
Drainage	8 years	12.5%
Traffic Signals	9 years	11%
Signs, posts	12 years	8.33%
Markings	1 year	100%
Streetlights	10 years	10%
Traffic Management plans, Saafety Audits, Route Actio Plans, Mass Action Plans, Traffic calming	12 years	8.33%
Signs Information	12 years	8.33%

Source: FRA Operations Manual 2022.

III. Climate Change Public Investment Management Assessment

A. Climate Change and Public Investment in Fiji¹⁴

50. Fiji's geography makes it highly vulnerable to natural disasters driven by climate change, and the country has experienced significant disaster events in the past. Ranked 14th out of 181 countries for vulnerability at a global level,¹⁵ Fiji shares a similar high ranking with other small island states, although it is somewhat less vulnerable than its direct peers. Nevertheless, all these countries are considered to be at the highest levels of risk globally (Figure 7). Fiji has seen a marked increase in natural disasters over recent decades, with 25 disasters leading to estimated losses exceeding USD 1 billion from 2006 to 2022 (Figure 8). Long-term warming in Fiji is expected to be below the global average, with temperatures projected to rise between 0.6°C and 2.6°C by the 2090s compared to the 1986–2005 baseline. While the frequency of tropical cyclones may decrease, the intensity of these storms, particularly wind speed, is expected to increase. Sea-level rise poses multiple threats to Fiji's islands, including potential inundation, coastal erosion, and saline intrusion, while the risks from storm surges and king tides may be exacerbated, particularly for more isolated and marginalized communities. Heatwaves are expected to become more frequent under all emissions scenarios, and droughts, though uncertain in their frequency, are projected to rise to around 10 percent. Additionally, there is uncertainty around future precipitation trends, with some models indicating a slight increase in extreme rainfall events. Flooding and cyclones are expected to continue to cause significant economic losses, with climate change worsening these risks.

51. The country's infrastructure and habitats are particularly susceptible to damage from natural disasters, and future climate change could further exacerbate these vulnerabilities, with implications for poverty. Internationally comparative databases consider this sector to comprise the largest share of Fiji's sectoral composition of disaster vulnerability (Figure 9). This extends to other sectors, notably agriculture, and particularly to the significant sugarcane sub-sector, where forecasts suggest that losses may remain relatively small to 2050 but could rise substantially by 2070, with losses ranging from 7 to 21 percent. Fiji's economy is also heavily dependent on tourism—although to a lesser degree than some of its direct peers—which is highly vulnerable to the impacts of climate change (Figure 10). Disasters such as cyclones and flooding can substantially disrupt tourism activities, leading to sustained economic losses. Natural disasters have already put pressure on livelihoods and climate change could exacerbate this trend. It is estimated that by the end of the century, natural hazards risk pushing over 4 per cent of the population into poverty each year.

¹⁴ Data presented in this section is taken from World Bank (2021) *Climate Risk Profile*, unless otherwise indicated.

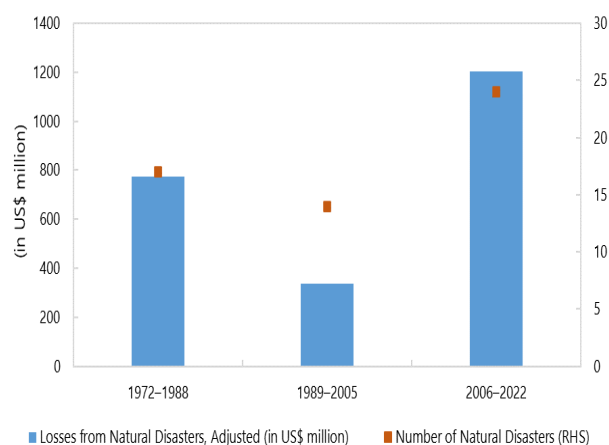
¹⁵ World Risk Index 2021

Figure 7. Fiji Vulnerability to Natural Disasters Compared to Other Countries, 2021

Rank	Country
1	<i>Vanuatu</i>
2	<i>Solomon Islands</i>
3	<i>Tonga</i>
4	Dominica
5	Antigua and Barbuda
6	Brunei Darussalam
7	Guyana
8	Philippines
9	Papua New Guinea
10	Guatemala
11	Cape Verde
12	Cost Rica
13	Bangladesh
14	Fiji
15	Cambodia
...	...
19	<i>Kiribati</i>
109	<i>Samoa</i>

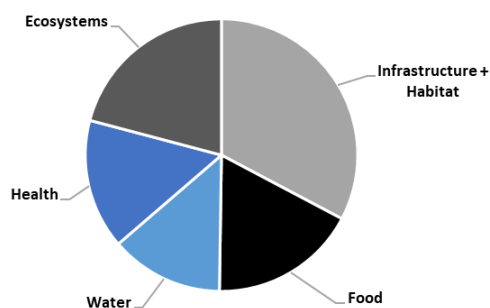
Source: World Risk Index 2021. Lower number means higher risk. Fiji in bold, direct peer country comparators in italics.

Figure 8. Frequency and Estimated Damage of Natural Disasters



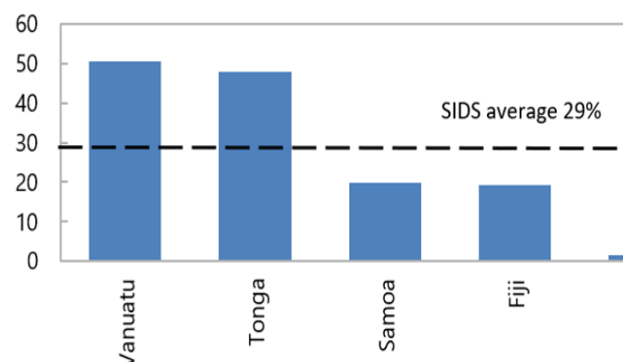
Source: EmDat. Disasters are defined as unforeseen and sudden events that meet at least one of the following criteria: 10 fatalities, 100 affected people, a declaration of emergency, and/or a call for international assistance.

Figure 9. Sectoral Composition of Natural Disaster Vulnerability, 2025



Source: ND-GAIN Vulnerability Composition Index, 2025

Figure 10. Inbound Tourism Expenditure, 2020 (percentage of all exports)



Source: World Development Indicators; tourism receipts from 2019. SIDS = Small Island Developing States.

52. Fiji faces lower climate vulnerability and sensitivity than its direct peer countries, alongside a similar level of adaptive capacity. Although Fiji is relatively less exposed or sensitive (Figures 11 and 12) than some of its direct counterparts, these peers are among the most climate-vulnerable countries globally as noted above, meaning Fiji still faces very high risks overall. Fiji's ability to adapt is similar to most of its peers, suggesting a reasonable potential for managing climate change impacts. However, within this general capability there are significant concerns for poorer communities, particularly those in remote areas, who rely on rainfed agriculture, non-networked water supply, and subsistence fishing.

Figure 11. Adaptive Capacity and Exposure Fiji and Direct Peers, 2020

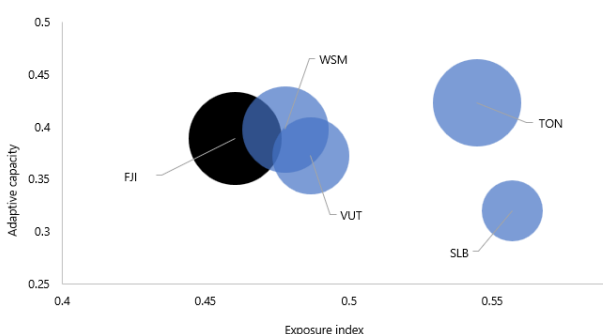
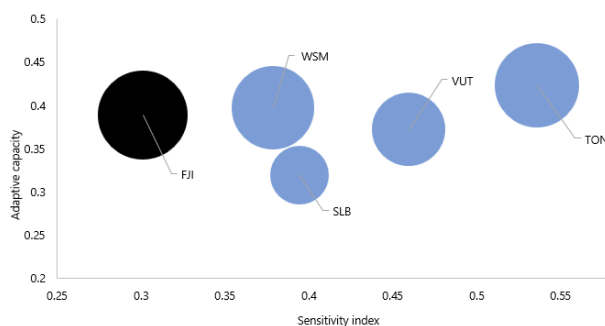


Figure 12. Adaptive Capacity and Exposure Fiji and Direct Peers, 2020



Note: Bubble size indicates per-capita GDP in USD (2020). Adaptive capacity: the difference between one and the ND-GAIN capacity indicator for that country so that higher values indicate greater capacity. Exposure: the degree to which a country is exposed to significant climate change from a biophysical perspective being a component of vulnerability independent of socioeconomic context and a higher value indicates greater risk. Sensitivity: the degree to which a country is dependent upon a sector negatively affected by climate hazard, or the proportion of the population particularly susceptible to a climate change hazard, a country's sensitivity can vary over time, a higher value means greater sensitivity. WSM = Samoa; TON=Tonga; SLB=Solomon Islands; VUT=Vanuatu; FJI=Fiji.

Source: ND-GAIN

53. Fiji's contribution to global greenhouse gas (GHG) emissions is negligible, despite its heavy reliance on fossil fuels. Fiji accounted for just 0.01 percent of global emissions in 2020 (Figures 13 and 14). Compared to higher income nations, its emissions are (naturally) far lower; and among its direct peer countries Fiji ranks in the middle for overall emissions. Notably, its per capita emissions are significantly lower. While fossil fuels, primarily imported, meet the majority of Fiji's energy needs, the country has made strides in increasing its share of renewable energy. Hydropower, which provided about 50 percent of Fiji's electricity in 2020, plays a key role in this transition. The government has committed to achieving 100 percent renewable energy generation by 2030.

Figure 13. Total aggregate GHG emissions, 2022 (Mt.CO2e)

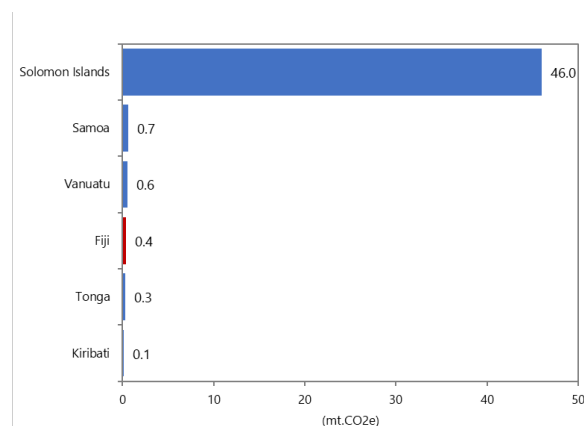
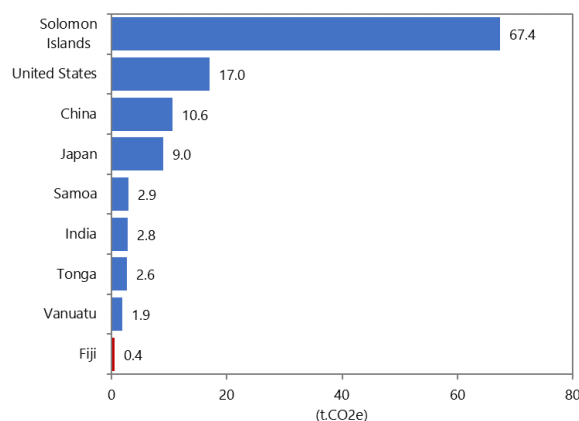


Figure 14. GHG emissions per capita, 2022 (t.CO2e)



Note: emissions include land use change and forestry

Source: IMF Climate Change Dashboard

B. Climate Change Objectives and Strategies

54. The Government of Fiji has progressively developed a strategic framework to address the challenges of climate change adaptation and mitigation through a series of policies. Beginning with the National Climate Change Policy in 2012, Fiji has outlined its commitment to sustainable development by setting out its intention to integrate climate change into national planning. The policy emphasized the need for renewable energy adoption, disaster risk reduction, and enhancing climate resilience, especially in vulnerable communities. This strategy also recognized the importance of balancing development goals with the reduction of carbon emissions, despite Fiji's negligible contribution to global emissions. Shortly thereafter, the Low Emission Development Strategy (LEDS) of 2012 laid out a roadmap for reducing emissions through energy efficiency, sustainable land use, and forestry management. This was further elaborated in the Climate Change Adaptation Strategy of 2013, which identified specific measures to enhance resilience in vulnerable sectors such as agriculture, fisheries, and infrastructure. In line with global commitments, Fiji published its Nationally Determined Contribution (NDC) in 2015, aiming for a 30 percent reduction in greenhouse gas emissions by 2030, with a strong focus on renewable energy and sustainable land use practices.

55. The 2021 Fiji Climate Change Act was a critical milestone, institutionalizing climate change governance. This resulted in the Ministry of Environment and Climate Change (MoECC) coordinating national actions and ensuring the integration of climate change into development planning. In 2018, the government further elaborated its climate adaptation agenda with its first National Adaptation Plan (NAP), which outlined specific steps to increase the resilience of vulnerable sectors, such as agriculture and infrastructure, while improving disaster preparedness and the management of water resources. The Climate Change Policy was updated in 2018 to align with international climate commitments and the 2030 Agenda for Sustainable Development, emphasizing the importance of mainstreaming climate change across all sectors. This was followed by the development of an updated National Adaptation

Plan in 2020, which prioritized key adaptation actions to enhance community resilience and mobilize resources for implementation. The country also set a bold target of achieving net-zero emissions by 2050, recognizing that its small size and limited resources make climate action both a necessity and an opportunity for sustainable development. In 2021, the Fiji 2050 National Climate Change Policy was introduced to solidify these long-term goals alongside the 2021 National Climate Finance Strategy.

56. Despite these ambitious climate goals, Fiji faces several significant challenges in delivering on its climate commitments. One of the primary hurdles is its dependence on imported fossil fuels, particularly diesel, for around half of electricity generation and most transportation. While Fiji has considerable renewable energy potential, including hydropower, solar, and wind, the transition to cleaner energy sources is still work in progress and faces obstacles such as the high upfront costs of renewable energy infrastructure and limited technical capacity. The government has set a goal to achieve 100 percent renewable energy by 2030, and this will require substantial investments in grid infrastructure and energy storage solutions to accommodate the intermittent nature of renewable sources like solar and wind. There are also tensions between economic development goals and environment and climate objectives, for example, agricultural expansion and land use changes (particularly regarding forestry) can contribute to deforestation and higher methane emissions, while the tourism sector relies on natural assets like coral reefs, which are threatened by over-exploitation.

C. Climate Assessment of Public Investment Management

C1. Climate Aware Planning (Institutional Strength: LOW)

57. The government's climate change ambitions regarding infrastructure – as set out in the NDC Investment Plan and other documents – are only minimally reflected in sector plans' discussion of capital investment. While all sector plans reviewed make some reference to the government's objectives, almost none provide substantive discussion as to how the relevant sector might be affected by climate change (and therefore require an adaptation response) or contribute to climate change itself (and require a mitigation response) (Table 12). At the national level, the NDP contains numerous references to the NDC's key ambitions, the Climate Change Strategy, and the requirements of 2021 Climate Change Act as both a cross-cutting priority and a specific priority in certain sectors but does not elaborate in detail as to how precisely individual sectors will achieve these climate ambitions. In terms of sectors, only the National Energy Strategy substantively engages with mitigation and adaptation issues in relation to infrastructure development. The 2022 NDC Investment Strategy for energy and transport deals extensively with adaptation and mitigation in relation to infrastructure investment in energy and transport sectors (as would be expected); however, there is little correlation between the projects set out in this document and any infrastructure projects set out in sector strategies and/or Annual Reports of relevant entities (FRA, Energy Fiji, Fiji Ports, Fiji Airways).

Table 12. National and Sectoral Planning and Climate Change

	Date range	Consistency with climate objectives
National strategies		
NDP	2025-2029	Some
Sector strategies		
Agriculture Sector Policy Agenda 2000	2014-2020	No
Greater Suva Transport Strategy	2015-2030	No
Waterways and Environment Strategic Plan	2020-2024	No
WAF Strategic Plan	2020-2025	No
Ministry of Health and Medical Services	2020-2025	No
National Energy Policy	2021-2025	Yes
Ten Year Power Development Plan	2022-2030	No
Education Sector Strategy	2023-2026	No
FRA Strategic Plan	2024/5-2028/9	No
Water Sector Strategy	2025-2050	No
Crosscutting strategies		
NIIF	2023-2034	Some
NDC Investment Plan	2022-2030	Yes

Note: 'consistency' is defined as an active application of the government's key climate strategies and plans to specific aspects of the investment strategy.

Source: Mission.

58. The regulatory framework for construction and urban planning does not address climate-related risks. Relevant legislation and regulation include the 2017 Building Permits Act and associated 2020 Regulation; the 1990 National Building Code; the 1961 Land Development Act; and the 1946 Town Planning Act. None of this legislation or regulation explicitly mention climate change adaptation or mitigation – noting that most were instituted before this became an issue of public policy concern. An Environmental Impact Assessment is required under the Building Regulation Permit regime (2017), but the requirements of this process do not specifically mention climate change. The authorities related that there is an ongoing review of the National Building Code which is expected to result in greater consideration of climate issues.

59. There is little centralized guidance to support government agencies on the preparation and costing of climate-aware public investment strategies. The guidance for the current implementation booklet process contains no particular reference to climate change issues or how sectors might explain delivery of their policy ambitions – including public investment – in line with climate objectives. There are no standard technical manuals or handbooks regarding how ministries should approach considering the impacts of climate change adaptation and mitigation in public investment beyond existing high-level government policy publications. The MoECC does not review or approve the sector strategies being set out in the implementation booklet process from a climate change point of view, and while it was noted that they might be invited to comment on the appraisal process for certain projects, this is not standardized, although this is planned for the future. In preparation for the next NDC publication,

MoECC explained their plan to map ministries' current investment projects onto the current NDC Investment Plan so as to assess the degree to which its list of proposed projects has been adopted, suggesting that they do not actively manage this process at present. The authorities relate that meteorological, hydrological, and population data that might support a climate-informed approach to public investment planning do exist and can be requested from the relevant government agency.

C2. Coordination Between Entities (Institutional Strength: LOW)

60. Cross government decision-making processes around public investment do not provide a coordinated approach to considering climate change, at either central or local level. The main cross-government systems that manage public investment either do not consistently mention climate change or only mention it in passing among a range of other issues. In sector planning (via the NDP implementation booklet process) there is no particular mention of climate change; in project appraisal (via the PSIP process) it is one of a number of issues to consider; the same is true for project selection (via the budget submission process); and there is no particular mention of climate issues in the PCs oversight process (via the Public Enterprises Act (2019) or through direct MoF engagement). This is the case for both central and local government, since municipal/town and provincial councils' investment proposals move through the same system. While the MoECC could conceivably play a coordinating role in working across these systems to advance climate objectives in public investment, in practice it has no particularly privileged position in these processes that would allow for this, and the ministry reports that it does not engage directly with local governments. Box 6 below provides examples of how other countries have strengthened coordination on climate issues in government, and across the wider public sector.

61. The 2021 Climate Change Act provides the government with potentially wide-ranging powers that could be applied to the coordination of public investment from a climate perspective; however, they are not yet operationalized. The Act sets out a clear obligation on state entities (including PCs) to incorporate climate change considerations into all aspects of their operations in line with regulations issued by the minister (Section 18), alongside strong powers of investigation and enforcement for the minister to ensure compliance (Section 15). At present, the authorities report that these sections of the Act have yet to be formally activated and operationalized with relevant regulations, noting that they are receiving donor support to develop a full implementation roadmap for the Act.

62. The regulatory and oversight frameworks for PCs do not particularly encourage consistency between PCs planned capital investments and government's climate change policies. The Public Enterprises Act (2019) covering scheduled PCs does not specifically mention any obligation with regard climate change, although the oversight system does provide the minister with the power to impose non-commercial obligations, require inclusion of certain issues within the PCs business plan, and propose amendments to PC multi-year business strategies; and these could conceivably be used to prioritize include climate change issues in investment planning. For PCs operating outside the 2019 Act and liaising directly with MoF, there are no reported formal regulations or obligations regarding climate change and public investment. Recent Annual Reports of four infrastructure-focused PCs (Fiji Airports, Fiji Airways, Energy Fiji, Ports Fiji) contain some reference to government's climate objectives; however, they do not consistently link their operations or capital investments to specific government investment strategies such as the 2021 NDC Investment Plan. In discussion, the authorities reported that climate issues were not particularly highlighted or prioritized in PCs oversight discussions with government. As

noted above, the 2020 Climate Change Act puts forward potentially wide-ranging obligations on state entities to incorporate climate change issues into their plans and operations, in line with guidance issued by the Minister, but this has yet to be activated and operationalized.

Box 6. Improving Coordination and Support to Climate-Aware Investment

Countries around the world have strengthened the coordination of climate-aware investment through a range of institutional mechanisms:

Creating a strong legal foundation for climate infrastructure coordination. Many countries across the world – including Fiji – have passed specific climate change laws. These laws often require the government to adopt formal climate change policies and provide climate-focused government institutions with regulatory powers to oversee (or even approve) public investment decisions. In the case of Fiji, the 2021 Climate Change Act provides potentially wide-ranging regulatory powers to require state entities to take climate considerations into account. Activating and operationalizing the relevant sections of the law would provide a firm legal basis for greater climate-sensitive oversight of public investment.

Instating independent institutions to advise and monitor government climate policies. South Africa, the United Kingdom (UK), France, Sweden, Australia, Canada, and New Zealand have all established independent climate change committees. Being to some degree independent from government, they are well-placed to play a number of roles in climate policy, including: (i) advisory work; (ii) monitoring, since they often have the authority and/or mandate to report the progress of national climate targets, emission reductions, and adaptation strategies; and this could include reporting on the climate sensitivity of public investment; (iii) accountability, in that these institutions can hold governments accountable by tracking progress and suggesting corrective measures if necessary; and (iv) policy recommendations, as many have the power to recommend policies, plans, and actions to meet long-term climate goals and reduce carbon emissions.

Standardizing climate issues in government technical appraisal tools. Governments can make the estimation of climate impacts from public investment easier by providing technical guidance on these issues. The UK's 'Green Book' appraisal system has been updated to reflect climate change issues by requiring consideration of carbon emissions or their mitigation in cost benefit calculations, encouraging a long-term view of infrastructure development to account for slow on-set impacts of climate change, and standardizing the calculation of greenhouse gas emission within the appraisal process.

Gathering key technical data in one place. Capital infrastructure planning can be strengthened if relevant data on historical and forecast weather patterns, natural disaster incidence, land use changes, topography, population distribution, and hydrology can all be brought together in one place. In Jamaica, the Jamaica Systematic Risk Assessment Tool (J-SRAT) uses geospatial analysis of multiple datasets to estimate the climate-related risks to proposed infrastructure development sites.

Instituting mandatory climate impact assessments. Some countries, such as the UK, France, and India require a mandatory climate impact assessment for any infrastructure project above a certain threshold or of a certain type. These are often done by independent entities who will not be subsequently involved in delivering the infrastructure project.

Integrating climate-sensitivity into PC oversight regimes. Certain countries have revised their PCs oversight framework to make them more climate aware with regard to capital expenditure. Sweden requires PCs to develop and publish a climate strategy and set out plans to manage down emissions levels. New Zealand has incorporated climate metrics into its performance management oversight frameworks for certain PCs.

Updating building codes, land use regulations, and urban planning rules. Technical rules on building construction and land use can be updated and modernized to ensure that the built environment is more resilient to expected climate impacts. In many countries these codes and regulations are decades old and no longer reflect modern construction technologies, changes in land use practices, or shifts in environmental risks – including those from climate change.

Source: *Mission*

C3. Project Appraisal and Selection (Institutional Strength: HIGH)

63. The appraisal of major infrastructure projects requires climate related analysis, but there is no standard methodology. The PSIP guidelines emphasize the integration of climate change considerations into the planning and appraisal processes to ensure that projects are resilient and sustainable. It requires the incorporation of analysis related to: (i) climate change mitigation, including assessment of GHG emissions associated with and avoided by the project, and assessment of opportunities to reduce emissions; (ii) climate change adaptation; and (iii) disaster resilience analysis, including detailed assessment of medium and high climate and disaster risks, and an assessment of resilience building opportunities. The National Infrastructure Investment Plan (NIIP) also supports this approach by focusing on key infrastructure sectors and ensuring that climate change and environmental sustainability are mainstreamed into the investment planning process. However, there is no standard methodology or guideline with central support to help ministries conduct those analysis and assess climate-related risks to the project, and the MoECC is yet to be incorporated within the appraisal process review. Appraisals of major infrastructure projects are not published and are not subject to independent external review.

64. Climate-related elements are included among the project selection criteria for the inclusion into the budget. In addition to three absolute pre-requisites that all entities must comply with, PSIP guideline #5 indicates five weighted criteria for funding. The weighted criteria and scoring system are intended to enable ministries to make more informed recommendations on the medium-term allocation of resources. Projects are first assessed based on (i) their alignment with the NDP, (ii) readiness, and (iii) considerations such as the Sustainable Development Goals (SDGs) and the Paris Agreement. Eligible projects meeting the absolute pre-requisites are then subjectively scored in relation to five weighted criteria, including compliance with environment, climate change, and disaster policies, which are weighed at 24 percent. The PSIP guideline applies to domestically funded capital expenditures. It does not formally apply to the selection of externally financed projects (aside from the government's counterpart contribution to such projects). At present, no PPP contracts are operational at central government level (Cf. paragraph 23). Box 7 contains more details on the incorporation of climate elements in project appraisal and selection.

Box 7. Incorporation of Climate-Related Analysis in Project Appraisal and Selection.

Project Appraisal

To ensure that infrastructure projects in Fiji are resilient, sustainable, and contribute to the country's climate goals, the Public Sector Investment Program (PSIP) guidelines emphasize the integration of climate-related analysis in the appraisal of infrastructure projects. From a climate perspective, the guideline highlights the following key points:

- *Climate change policy alignment:* Projects must align with Fiji's Climate Change Policy 2018–2030, which outlines priorities for reducing climate risks and maximizing long-term development gains.
- *Environmental sustainability:* The guidelines mandate the inclusion of environmental sustainability and climate mitigation measures in project planning and appraisal.
- *Risk-informed decision making:* The guidelines introduce risk-informed decision making for government investments, ensuring that climate change and disaster resilience are considered.

The project screening note and the summary appraisal paper should include a preliminary analysis of expected project benefits and non-financial costs on environment, climate change mitigation, climate change adaptation, and disaster resilience.

Regulatory agencies are responsible for enforcing relevant regulations and plans, including for the environment, climate change mitigation, climate and disaster resilience, gender, and other social objectives. Central support is provided by the MoF to ensure that climate-related elements are effectively incorporated into the appraisal process.

Project Selection

During the project selection phase, the guideline indicates three absolute pre-requisites for funding which all entities must comply with as follows:

- alignment with the NDP
- all entities must have current entity / sector plans in place and complied with
- alignment with important and relevant national cross-cutting plans, strategies etc.

Eligible entities meeting the absolute pre-requisites are then subjectively scored in relation to 5 weighted criteria as follows: (1) Net economic benefits (**42%**); (2) Net social benefits (**24%**); (3) Complies with environment, climate change and disaster policies (**24%**); (4) Sound entity administrative and financial capacities (**5%**); and (5) Satisfactory risk analysis and management plans (**5%**).

Source: Mission based on the PSIP guidelines

C4. Budgeting and Portfolio Management (Institutional Strength: LOW)

65. Planned climate-related public investment expenditures are not identified in the budget and related documents. The 2021 Climate Change Act¹⁶ requires the MoF to provide information on the economic implications of climate change in the supplement to the national budget. In addition, all ministries and statutory authorities must include actual and estimated details of climate-relevant expenditure and the financial impacts of climate change in their budget submissions. The Act emphasizes that the MoECC, with the assistance of the CC Committee, must prepare and publish guidelines to assist State entities in this regard. The budget submission template¹⁷ for ongoing and new infrastructure projects requires Ministries and agencies to provide under the project rational information on the impact of

¹⁶ Section 26 related to national budget submission of the [2021 Climate Change Act](#).

¹⁷ Submitted to ministries as per of the budget preparation process (See PIMA- Institutions 6, 7 and 8).

climate change on the success or failure of the project, and risks associated as well as strategies to mitigate them. However, climate-related capital spending is not identified in the budget. Climate budget tagging is an initiative that the authorities are considering, with the support of development partners. It will help highlight the priority of climate concerns in resource allocation and monitor changes in spending levels and composition over the years. Fiji has started to identify gender-related spending as part of gender budgeting reform introduced in the last few years, with lessons that could be used for future climate tagging.

66. There is a legal requirement for audit of the climate-related impacts of public investments, but audits are not conducted. Under the 2021 Climate Change Act, the Minister responsible for climate change, in close coordination with relevant ministries, can request an audit of existing public infrastructure and physical assets that are vulnerable to climate change (Box 8). The Act provides a comprehensive framework for addressing climate change adaptation and mitigation outcomes, including the evaluation of how well infrastructure projects adapt to climate impacts and contribute to reducing GHG emissions. In addition, the Office of the Auditor General (OAG) has a mandate to conduct performance audits of capital spending and has conducted audits of some capital projects, but they did not include audit of climate-related elements. The OAG also conducted a performance audit of the National Adaptation Plan (NAP), but the audit report is not available nor published.

67. The government of Fiji maintains central and sectoral asset registers, but they do not account for climate change-related vulnerabilities in asset valuation or methodologies for estimating related maintenance requirements of infrastructure assets. The asset registers do not contain information on the exposure of public assets to climate change or the damage to assets caused by its effects. The impact of asset exposure to climate change is not incorporated into their maintenance needs estimations. Moreover, maintenance methodologies in key infrastructure sectors, such as the road and water sectors do not yet account for climate-related costs and vulnerabilities. The Fiji Road Authority (FRA) is geo-referencing their infrastructure but the analysis of the vulnerability of these assets is not being captured.¹⁸

Box 8. Audit of Public Infrastructure and Physical Assets in Fiji

Section 70 of the 2021 CC Act establishes the audit of public infrastructure and physical assets. Under the Act, “The Minister may, in close co-ordination with relevant ministries and State entities, conduct an audit of existing public infrastructure and physical assets that are at risk from climate change, including

- Any applicable infrastructure or asset management strategies
- The value of public infrastructure and physical assets, including the accounting value and the replacement value
- The features of infrastructure and physical assets that influence its level of vulnerability; and (d) the extent to which infrastructure and physical assets are climate resilient, including physical, social and environmental resilience to the impacts of climate change, with reference to any integrated risk scenarios developed in accordance with this Act.”

Source: *Climate Change Act - 2021*

¹⁸ [Fiji Roads Authority GIS Portal](#) This portal contains a range of maps and data sources showing the location and properties of FRA assets and activities.

C5. Risk Management (Institutional Strength: HIGH)

68. Fiji has a comprehensive disaster risk management framework, which identifies and analyzes key climate-related risks to public infrastructure assets and include planned measures to mitigate the risks. The 2024 National Disaster Risk Management (NDRM) Act¹⁹ represents a comprehensive approach to disaster risk management and aims to enhance Fiji's capacity to manage and mitigate the impacts of natural disasters effectively. The Act covers exposure to disasters; disaster risk governance at the national and sub-national levels; disaster risk reduction approaches; and disaster preparedness and response. The National Disaster Management Plan²⁰ (currently under review and update) provides a detailed framework for disaster preparedness, response, and recovery as well as coordination among various stakeholders. In addition, the 2018–2030 National Disaster Risk Reduction (NDRR) policy aimed at mainstreaming disaster risk reduction into all policy planning and strategy. The policy also contains discussion on risk assessment (including hazards identification and vulnerability assessment²¹) and risk mapping and identify strategies to reduce risks. The NDRM Act establishes the National Disaster Risk Information System, which is a centralized database for disaster risk information, hazard information or other relevant risk or disaster related information, using Geospatial Integrated System (GIS) for hazard monitoring, forecasting, assessment and prediction.²²

69. Various ex-ante financing mechanisms are established by the legal and regulatory framework, and the budget includes an annual contingency appropriation. Section 54 of the NDRM Act establishes the disaster risk management fund which consists of an amount appropriated by Parliament and external contributions from development partners. Moreover, a comprehensive financial mechanism is integrated in the NDRR policy, as illustrated in table 13. The 2024/2025 budget includes a regional insurance scheme, a Disaster Relief and Rehabilitation Fund (FJD1 million), a budget line which is mainly dedicated to disaster relief and response phase and contributes to the Trust Fund under the Ministry of Rural and Maritime Development and Disaster Management which is co-funded by the government and different development partners Fiji also benefits from a contingent credit from the World Bank under the Catastrophe Deferred Drawdown Option (CAT-DDO). This facility may provide immediate financing of up to USD 40 million in the aftermath of natural disasters declared by Cabinet. Fiji has also subscribed to a regional insurance scheme provided by the Pacific Catastrophe Risk Insurance Company (PCRIC) that can be activated in case of disaster.

70. The government publishes an annual fiscal risk statement that incorporates a qualitative assessment of environmental and climate-related risks. The Climate Change Act mandates that all decisions on new infrastructure proposals must include a climate risk and resilience assessment, ensuring that these assessments are considered and adhered to in the approval process, including for

¹⁹ Recently adopted in October 2024, which introduces major improvements compared to the 2018 NDRM, put an emphasis on a more multi-hazard approach and improved risk management.

²⁰ Following the adoption of the 2024 NDRM Act, the National Disaster Management Office is currently reviewing and updating 1995 National Disaster Management Plan, in collaboration with various stakeholder.

²¹ The vulnerability assessment includes community vulnerability i.e. the susceptibility of communities to various hazards and infrastructure vulnerability which includes the evaluation of the resilience of critical infrastructure like roads, bridges, and buildings.

²² [Fiji NDMO Disaster Response Information Management Portal](#).

Table 13. Fiji National Disaster Financing Mechanisms

Disaster Finance Management (Economic Safety Net)	Stage	Instrument	Scheme	Intended Purpose
	Pre-Disaster	Financing	Budget	For DRR-related management/measures
			Fund	
			Subsidy	For an entity for implementing a practice or performing a specified action
			Loan	For DRR-related project such as flood risk reduction project
			Grant	
			Social Fund	For communities to enhance community assets, such as community facilities and infrastructure, as well as services such as microfinance and micro-insurance
			Tax Reduction	To incentivise the uptake of DRR. For example, households and business are to be allowed to reduce taxable income by cost covered for disaster proofing of building
		Risk Financing (Risk Transfer)	Insurance	For public risk
				For private risk (property, agriculture and micro-insurance coverage for small holders)
			Micro-Insurance	For poor farmer and household to service low-income markets or to avoid insolvency
			Index-Based Insurance	For crops and livestock to make payout contingent on a physical trigger, such as rainfall measured at a regional weather station
			Other Option	Commercial Property and Crops Insurance, Non-Life Insurance, Contingency Credit, Sovereign Insurance, Catastrophe Bond, National Public-Private Pool, and Intergovernmental Risk Pooling
	Post-Disaster	Financing	• Budget	For relief-focused activities
			• Fund	
			• Subsidy	For recovery-focused activities
			• Tax Reduction	For reconstruction-focused activities

Source: NDRR Policy 2018–2030, page 28

infrastructure replacement due to natural disasters and climate change impacts. The MoCC, in consultation with the CC committee, must prepare and issue guidelines on how climate risk and resilience assessments are conducted in accordance with this section. Using the Fiscal Risk Assessment tool (FRAT) developed by the IMF, the MoF publishes as part of the budget documentation an analysis of fiscal risk, which includes environmental and natural disaster risks analysis, but does not include any plan to mitigate risks.

IV. Cross-Cutting Issues

A. Legal Framework

71. The legislative framework governing PIM and broader PFM practices comprise numerous acts, regulations, instructions, guidelines and operating manuals. Some of the more critical ones are summarized in Table 14 below, highlighting their context to PIM.

Table 14. Summary of the Legislative Framework

Law/Guideline	Context for PIM
FMA 2004 (Amended 2021)	Provides a broad and high-level legislative framework, covering financial management generally, resource allocation and the budget process (including the RIE process and budget reallocation), expenditure control, accounting, reporting and accountability, and banking arrangements. The Act is principle based and does not delve into the details of the processes; these are delegated to Instructions and Regulations, which are issued with the authority of this Act under §30-32 and §81 respectively.
Finance Instructions 2010	The Instructions elaborate further from the FMA on planning and budgeting, expenditure, procurement, revenue, assets, liabilities (including contingent liabilities), reporting, and internal audit. Specifically, in relation to PIM, it establishes authorities for making virements and permits Agency PSs to vire from Operating to Capital Budgets (SEGs 8, 9, and 10) but not vice versa. PS Finance is authorized to approve virements within the Capital SEGs.
Procurement Regulations 2010 ²³	These regulations take authority from the FMA 2004. They cover the guiding principles for open, competitive, economic, and transparent procurement. The Regulations establishes the Fiji Procurement Office (FPO); however Statutory Authorities have their own procurement regulations.
PSIP Guidelines	These guidelines set out the procedures and practices required to implement the PSIP and indicate the legal authority of the FMA 2004 to underpin the guidelines, defines the roles and responsibilities, and process for developing the medium-term planning framework. The guidelines set out the various stages and steps for new projects through monitoring, evaluation, and reporting.
FRA Act 2012	Establishes the FRA and sets out its powers and authorities. §16(3) specifically exempts FRA from the Procurement Regulations 2010.
FRA Operations Manual 2022	This comprehensive manual gives extensive guidance on all aspects of operations: Works inception and planning; FRA Annual Budget; Initiation of Works; Execution of Works; and Finance.
Climate Change Act 2021	The law sets out extensive coverage of climate requirements in the Government. From a PIM perspective it includes climate change obligations of state entities (part 5); and climate change adaptation and resilient development (Part 11). §87(1) (b) requires the Minister responsible for Finance “to implement climate budget coding and tracking systems and the incorporation of such Systems into the Government’s overall public financial management system”.

Source: Mission

²³ Updated regulations were drafted in 2024, but they have not yet been gazetted for implementation.

B. Information Technology

72. Robust and fully functioning IT systems are fundamental to effective PIM practices. Automated systems covering the PIM framework are maintained by MoF and statutory authorities as summarized in Table 15, below. System-based support is important in the following areas of PIM: (i) budget planning, (ii) budget execution, (iii) procurement, (iv) project portfolio management, (v) debt management, and (vi) management of fixed assets. In particular, in recent years, the following systems are very important to improve the management of public investments:

- **New FMIS: In August 2024, the new FMIS was implemented by MoF and aiming to replace and enhance functionality from the old FMIS.** The new FMIS comprises a comprehensive suite of modules covering core financials functionality. This includes processing warrant release and RIEs, funds transfers to implementing agencies, purchasing management, payments, commitment and expenditure controls. The fixed asset module automates the recording of new asset acquisitions, although the stock-take of legacy assets is yet to be undertaken and brought into the FMIS. This represents a data gap for nonfinancial asset management. The FMIS implementation included a newly revised chart of accounts including additional new segments for climate and gender tagging. However, the modality for operationalizing these segments is still ongoing.
- **PMWEB:** PMWEB is a system hitherto operated by the Office Accommodation Unit (OAU) in the Ministry of Civil Service. It is a comprehensive web-based construction project management system. The OAU has recently been disbanded, and the future use of this software is uncertain. The absence of a fully functional and comprehensive PMWEB represents a gap in automated support to the monitoring and management of the project portfolio.
- **ArcGIS:** ArcGIS geo-mapping system is used by FRA for mapping its asset locations and recording other specific asset data. WAF is also in the process of implementing this software for mapping its assets and NDMO is in the process of using the system to map natural hazards. This could be used to tag certain geographical locations with specific climate and hazard markers. This would highlight vulnerable areas to avoid when determining the location of new infrastructure and could flag at-risk infrastructure assets requiring hazard mitigation measures.

73. While there are considerable efforts from the IT side to strengthen public investment management, gaps in several areas remain. These include: (i) a consolidated project management system for the whole portfolio, (ii) data take-on for brought-forward (legacy) assets for MoF and line ministries, and (iii) operationalization of the full CoA, including the climate and gender segments.

C. Capacity

74. Capacity constraints impact all aspects of PIM, in terms of both numbers and key skills. Staff attrition is an issue in most areas within government and PIM activities are no exception. During this mission, all counterparts and stakeholders met cited capacity constraints as an issue.

75. The SPO has formulated a Competence Development Plan to support the implementation of the PSIP Guidelines. This was first developed in 2023 and has been followed up in 2024 to facilitate the implementation of the PSIP. The plan discusses training needs and delivery options. A summary of

Table 15. Summary of IT Systems Involved in PIM

System	User	Functionality
New FMIS	MoF and Line Ministries.	Core financial, receipts, payments, expenditure commitment control, accounting, fixed assets. (Currently, the assets module only covers newly acquired assets, but a data take-on exercise is planned for incorporating all legacy assets into the consolidated FAR).
Questica	MoF and Line Ministries.	Budget Division, preparation of the budget. Not yet implemented - due to go live August 2025.
PMWEB	CIU.	Portfolio project management system
Illion Tenderlink portal	FPO, FRA, WAF	Online procurement portal for all procurement activities.
Meridian	Debt Management Unit.	Debt transactions and balance recording
Bespoke Asset Management System	FRA	Full management of Fixed Assets.
SAGE Accounting System	WAF	Core financials covering project implementation, including payments, accounting, and fixed assets.
ArcGIS	FRA, WAF, NDMO	Geo-spatial mapping for various uses, including mapping of FRA and WAF Assets, and Natural Disasters. Records for all FRA assets: (i) geographic coordinates; (ii) structure type, ID number, and name; (iii) road ID number and name; (iv) road length and width (where applicable); and (v) construction material. It is also capable of recording additional data such as date constructed and contract Number. The system is configurable and facilitates recording various data against the geographical coordinates, including natural disasters, other hazards, and climate vulnerability.

Source: Mission

training delivered in 2023 reflected six one-day courses and 344 participant days. The plan for 2024 proposed 360 participant days. The plan provides a detailed analysis of each guideline with an assessment of the complexity, for example, *Guideline 8: Appraisal and Evaluation of New Projects* is rated Very Difficult/Challenging. The plan also highlights the need for contracting-in external specialists. The plan also brings out climate considerations in various Guidelines and invariably this is marked as requiring external assistance.

76. Detailed and in-depth training is required in the more technical aspects of PIM. Whilst the PSIP Competence Development Plan is adequate for piloting the implementation of the PSIP guidelines, it does not quantify the gaps in terms of staff numbers or skills on these more technical areas. There is a need for a stock-take of required functions/roles and to benchmark that against current staffing and

existing skill levels. This could be achieved through the development of a broader PIM capacity strategy, which would highlight those functions to be developed in-house through a comprehensive in-depth training program and those which would need to be contracted in. This would cover the following core technical PIM activities including: (i) project design including costing, (ii) project appraisal, (iii) project management and oversight, (iii) contract management, (iv) monitoring of assets, (v) valuation, (vi) ex-post evaluation, and (vii) analysis of climate considerations in the above activities

V. Recommendations

77. This section presents the mission's recommendations on how to effectively address the weaknesses identified in public investment management in Fiji:

1. Infrastructure Planning and Coordination (PIMA 2, 3, 5c – C-PIMA 1, 2)

Issue: There is no clear public understanding of the government's major priority infrastructure investment projects funded through the budget, or through key PCs. Forthcoming implementation booklets will identify some major capital programs, their costs, end date, and some of their outputs; however, this will not be public information, and neither will it be verifiable in the budget documentation, which currently provides no information on major projects, their estimated costs, duration, expenditure per year, or their anticipated or achieved benefits. The link between government's public investment plans and its climate objectives is not clear and there is little practical support or scrutiny for climate-sensitive investment planning.

Recommendation: (High priority)

- Consolidate a priority projects list to improve the planning, oversight, and transparency of major NDP-related infrastructure projects funded through the budget (by central ministries, Statutory Authorities, and local government) and through infrastructure-focused PCs, building on the ongoing NDP implementation booklet process
- Identify those priority projects that are climate sensitive and apply a stronger climate-focused scrutiny and review process, alongside greater support for climate-sensitive planning

Implementation measures

- Require all ministries, Statutory Authorities (e.g. FRA, WAF), and PCs to build on the implementation booklet planning process and identify their priority infrastructure projects – for example, those with a high cost, high risk, and/or high impact value. Government should develop a working definition of 'priority project' based on a combination of these criteria.
- Publish summary information on all identified priority infrastructure projects alongside the budget outlining, for example: the nature of the project, its purpose, relationship to NDP and sector goals, total and annual costs, any significant change in costs, expenditure to date by year, physical progress to date by year, expected and realized benefits, any government guarantee provided or significant liability incurred on behalf of the project, and how the priority project supports delivery of government's NDC commitments. The forthcoming NDP Dashboard could potentially be a vehicle for reporting this information.
- Strengthen the climate component of the PSIP process so that proposed priority projects moving through the process are subject to additional challenge and scrutiny regarding their contribution to NDC objectives, for example through assessment by external panels or experts.
- Develop and train ministries in the use of basic tools in planning climate-sensitive investment, for example: summaries of the NDC commitments by sector, consolidated meteorological and disaster data sets, standardized methods for calculating mitigation impact, revised building and land use

codes that strengthen climate sensitive construction, information on possible financing from development partners and climate funds.

2. Appraisal (PIMA I4, C-PIMA 3)

Issue: The appraisal guidelines are included in the new PSIP guideline, but the effectiveness is yet to be tested. However, templates for the total project cost and risk determination are not included in the PSIP Guideline. While capital projects are required to be appraised from a climate perspective, there is no methodology for conducting the analysis.

Recommendation: (High Priority)

- Introduce templates for total project cost and compilations of risk matrix in the PSIP guideline. Further strengthening the guideline by analytical report drawn from the appraisal process.
- Enhance the integration of climate change considerations in project appraisal.

Implementation measures

- Develop a total cost template as well as guidelines on the costing factors (See Annex II).
- Develop a risk matrix and its guidelines (See Annex III).
- Include in the PSIP guideline instructions for analyzing climate change mitigation, adaptation, and disaster resilience in infrastructure projects.

3. Multi-year budgeting (PIMA I 6)

Issue: There is no legal requirement for multi-year budgeting of capital spending. Current projections of capital spending by ministries are limited to the annual budget year, and ceilings are only in place for the budget year. The total cost by project is not published.

Recommendation:

- Strengthen the integration of the MTFS and the budget by developing a medium-term budget framework.
- Publish the total cost of each major priority project (see Recommendation 1).

Implementation measures:

- Breakdown of the capital spending in the MTFS by ministry and introduce the breakdown in the budget.
- Better alignment of the MTFS with the budget.
- Develop and implement indicative or binding multi-year capital spending ceilings for each ministry.
- Develop and publish a consolidated report of total cost of major projects as part of the budget documentation (Recommendation 1).

4. Maintenance: (PIMA I 9, C-PIMA 4)

Issue: The absence of a separate routine maintenance line item in the budget classification does not allow the identification of total routine maintenance in the budget. In addition, there are limited methodologies available for the determination of routine maintenance as well as for the costing of routine

maintenance. On climate, the impacts of asset exposure to climate change are not incorporated into the estimations of routine and capital maintenance needs.

Recommendation: (High Priority)

- Update the presentation of maintenance in the budget to incorporate routine maintenance separately from capital maintenance.
- Strengthen the methodologies for determining routine maintenance for key infrastructure sectors.

Implementation measures:

- Update the budget classification to clearly identify the line item of routine maintenance.
- Develop methodologies and guidelines for routine maintenance for key infrastructure sectors, including climate aspects (See Box 7).

5. Cross-cutting Issues

Issue: There are severe capacity constraints across most aspects of PIM. There is no consolidated project management database comprising the full project portfolio. Data on nonfinancial assets is fragmented across multiple systems and spreadsheets—there is no comprehensive register of the Governments stock of nonfinancial assets.

Recommendation:

- Develop a capacity development strategy and action plan with quantified outcomes.
- Implement a comprehensive project portfolio management system.
- Compile a comprehensive consolidated register of nonfinancial assets for the whole of Government.

Implementation measures:

- Take stock of existing staffing and skills (quantified) in the various PIM roles and functions.
- Assess required support for each function throughout Government, highlighting those to be nurtured in-house and those to be contracted in through external support.
- Formulate a training and recruitment plan to acquire the necessary skills in the strategy.
- Review the suitability of using the PMWEB system or alternative options for the portfolio project management system.
 - Agree appropriate office for hosting the project portfolio management system and prepare a detailed implementation plan.
 - Engage with agencies implementing major projects, to initiate data collation and plan implementation (starting with a pilot).
 - Roll out to all major projects over the medium-term.
- Complete the data take-on of legacy non-financial assets from all Line Ministries into the FMIS.

Annex 1. Action Plan

Recommendations	Implementation Measures	Responsible agency	2025	2026	2027	Priority
Planning and Coordination (PIMA PI 2-3, C-PIMA 1-2)						
Prioritize the public investment that matters	Develop an NDP priority project list of high value, high risk, and/or high impact public investments, with key project information	MoF (SPO, Budget), line ministries, major infrastructure PEs		X	X	H
Apply a stronger climate focus to climate-sensitive priority projects	Publish this in the budget documentation, and update annually	MoF (SPO, Budget)		X	X	H
	Strengthen the climate component of the PSIP process for priority projects	MoF (SPO, Budget), MoECC, line ministries			X	M
	Develop and train ministries in the use of basic tools for planning climate-sensitive investment aligned with NDC objectives	MoECC, MoF (SPO)			X	M
Project Appraisal (PIMA PI 4, C-PIMA 3)						
Introduce templates for total project cost and compilations of risk matrix in the PSIP guideline. Further strengthening the guideline by analytical report drawn from the appraisal process.	Develop total cost template and guidelines on the costing factors	MoF (SPO)	X	X		H
Enhance the integration of climate change considerations in project appraisal.	Develop a risk matrix and its guidelines	MoF (SPO)	X	X		H
	Include in the PSIP guideline instructions for conducting climate analysis	MoF (SPO), MoECC, NDMO	X	X		M
Multi-Year Budgeting (PIMA PI 6)						
Strengthen the integration of the MTFs and the budget by developing a medium-term budget framework	Breakdown of the capital spending in the MTFs by ministry and introduce the breakdown in the budget	MoF (Budget)		X	X	H
Publish the total cost of each major priority project	Develop and implement indicative, or binding. Multi-year capital spending ceilings by ministry.	MoF (Budget)		X	X	H
	Better alignment of the MTFs with the budget			X	X	H

	Develop and publish a consolidated report of total cost of major projects as part of the budget documentation	MoF (Budget)		X		H
Maintenance (PIMA PI 9, CPIMA C4)						
Update the presentation of maintenance in the budget to incorporate routine maintenance separately from capital maintenance	Update the budget classification to clearly identify the line item of routine maintenance	MoF (Budget)	X	X		H
Strengthen the methodologies for determining routine maintenance for key infrastructure sectors	Develop methodologies and guidelines for routine maintenance for key infrastructure sectors, including climate aspects	Line ministries	X	X		H
Cross Cutting						
Develop a capacity development strategy and action plan with quantified outcomes	<p>Take stock of existing staffing and skills (quantified) in the various PIM roles and functions</p> <p>Assess required support for each function throughout Government, highlighting those to be nurtured in-house and those to be contracted in through external support</p> <p>Formulate a training and recruitment plan to acquire the necessary skills in the strategy</p>	MoF (SPO, Budget), line ministries, major infrastructure PEs	X	X		M
Implement a comprehensive project portfolio management system	<p>Review the suitability of using the PMWEB system or alternative options for the portfolio project management system</p> <p>Agree appropriate office for hosting the project portfolio management system and prepare a detailed implementation plan</p> <p>Engage with agencies implementing major projects, to initiate data collation and plan</p>	SPO	X	X	X	M

	<p>implementation (starting with a pilot)</p> <p>Roll out to all major projects over the medium-term</p>					
Compile a comprehensive consolidated register of nonfinancial assets for the whole of Government	Complete the data take-on of legacy non-financial assets from all Line Ministries into the FMIS	Treasury	X	X		M

Annex 2. Guidelines to Calculate Total Project Cost

The estimation of total project cost should take into consideration the following:

1. The detailed cost information should include the following:
 - a. Costs for preparing the project, such as consultancy fees for studies, design, preparation of tender documents, etc.
 - b. Cost of supervision.
 - c. Cost for acquisition of assets and/or construction of facilities
2. The detailed costs of the project should specify the following, both in terms of total costs and the half yearly breakdown of the costs, over the preparation and implementation period of the project:
 - a. Costs of site acquisition (if any), and/or preparation. This should include any improvements/modification work such as demolition of buildings, levelling, etc.
 - b. Preparation costs (studies, designs, tender documents)
 - c. Project management/Supervision costs
 - d. Construction costs
 - e. Preliminary and General
 - f. Detailed costing for civil works
 - g. Cost related to climate change and environmental issues
 - h. Details of road construction stated in total road construction works for the project and the metric used, e.g. Cost per kilometre
 - i. Machinery and equipment
 - j. Cost of utilities (water, electricity, wastewater)
 - k. Offsite road infrastructure
 - l. Consultancy fees, if any
 - m. Any other related cost to make the project operational
3. Bill of Quantities
4. The operating/recurrent cost of the project. This includes staff costs, operation and maintenance cost over the life cycle of the project.
5. All costs should be inclusive of all taxes.
6. The basis for costing should be provided. Whether the basis used was figures from published statistics, project catalogues, past project references. If the information used for costing is for past years, the cost should be adjusted for inflation.
7. To meet the cost estimates of the project, indicate alternative financing options, such as PPP

Projects, Build Operate and Transfer (BOT), user fee or any other cost recovery measure, which have been considered. Please give full justification for your choice.

8. The revenue/savings generated by the project. This may include revenue generated through rent, fees, charges, tolls etc. over the project life cycle.

The following template could be used to estimate the total cost of the project

Cost component	Cost	As a percentage of a total cost
1. Initial project preparation		
2. Land Acquisition		
3. Utility relocation		
4. Construction/establishment/demobilization/ rehabilitation (with the breakdown of the activities)		
5. Annual cost		
6. Consultancy – Local		
7. Consultancy – Foreign		
8. Maintenance and operation		
9. Tax and duties		
10. Disaster risk reduction		
11. Climate adaptation and mitigation cost		
12. Contingencies		
13. Risk mitigation cost		
14. Other please specify		
Total		

Annex 3. Guidelines Example for Risk Analysis

Risk Analysis

1. **Risk assessment and sensitivity analysis** (natural, economic, political, financial, litigation, disaster)
2. Large projects with significant technical, financial and economic risk are required to undergo a qualitative as well as a quantitative risk assessment. Government does not usually take full account of risk, but it is important to know and understand the full impact and cost of each risk variable.
3. **Potential sources of activity risk:**
 - 3.1. The table below lists possible sources of risk to an activity. It is intended to help activity staff to consider the full range of risks that Ministries, Agencies and SOE's may be responsible for managing. The purpose of creating a risks register is to identify and enable effective on-going management of the risks relating to a given activity.

Source of Risk	Example
Economic	Economic issues such as interest rates, exchange rates or inflation adversely affect plans.
Legal and regulatory	Laws or regulations may limit scope to act as desired
Environment and climate change	Climate change and/or environmental issues constrain activity implementation.
Force majeure	Activity implementation disrupted due to drought or cyclone
Construction	Key staff unable to attend work due to transport delays or fuel shortage
Organizational	
Government	<ul style="list-style-type: none"> ▪ Processes delay activity planning and/or implementation. ▪ Unclear division of responsibilities between Ministries, Agencies and the Implementing agency ▪ Agencies do not have the capacity to undertake an appropriate appraisal of the design. ▪ Insufficient organizational capacity
Contractor	Contractors lack the capacity to deliver agreed milestones to an acceptable standard. It is difficult to recruit a suitable contractor to undertake an assignment.
Financial	
Budget	<ul style="list-style-type: none"> ▪ Activity resources requirements change. ▪ Activity budget is not sufficiently detailed ▪ Activity budget not aligned with Activity design
Development practices	
Coordination	<ul style="list-style-type: none"> ▪ Failure to coordinate with other agencies and partners reduces effectiveness and incurs unnecessary costs for the agency. ▪ Negotiating the different processes and priorities of multiple agencies involved impedes activity planning and approval.
Activity logic	<ul style="list-style-type: none"> ▪ Design based on flawed or inadequate information ▪ Activity has achievable or impractical objectives. ▪ Assumptions on which activity design is based are not articulated and/or not sound
Innovation	<ul style="list-style-type: none"> ▪ Opportunity to use new approaches embarked upon without sufficient identification of risk
Technology	Technology failure prohibits operation as planned or is otherwise insufficient to guide decision making
Monitoring	Monitoring not given sufficient priority
Source: Cook Islands Activity Management	

Risk Profile

- Determine the risk profile from the level of likelihood and consequence.

Likelihood			
Almost certain			Extreme risk
Likely			
Possible			
Unlikely			
Rare	Low risk		
Consequence	Moderate	Major	Severe
Colour	Risk level	Measures required	
Green	Low	Normal control and monitoring measures will be sufficient.	
Orange	Medium	This requires measures to manage the likelihood or consequence of a risk and active monitoring.	
Red	High	Extreme risks are likely to occur and would prevent achievement of outcomes, cause unacceptable cost overruns and/or schedule slippage. Significant reputational damage will occur.	

Annex 4. PIMA Questionnaire

A. Planning Sustainable Levels of Public Investment				
1. Fiscal targets and rules: Does the government have fiscal institutions to support fiscal sustainability and to facilitate medium-term planning for public investment?				
1.a.	Is there a target or limit for government to ensure debt sustainability?	There is no target or limit to ensure debt sustainability.	There is at least one target or limit to ensure central government debt sustainability.	There is at least one target or limit to ensure general government debt sustainability.
1.b.	Is fiscal policy guided by one or more permanent fiscal rules?	There are no permanent fiscal rules.	There is at least one permanent fiscal rule applicable to central government.	There is at least one permanent fiscal rule applicable to central government, and at least one comparable rule applicable to a major additional component of general government, such as subnational government (SNG).
1.c.	Is there a medium-term fiscal framework (MTFF) to align budget preparation with fiscal policy?	There is no MTFF prepared prior to budget preparation.	There is an MTFF prepared prior to budget preparation but it is limited to fiscal aggregates, such as expenditure, revenue, the deficit, or total borrowing.	There is an MTFF prepared prior to budget preparation, which includes fiscal aggregates and allows distinctions between recurrent and capital spending, and ongoing and new projects.
2. National and Sectoral Planning: Are investment allocation decisions based on sectoral and inter-sectoral strategies?				
2.a.	Does the government prepare national and sectoral strategies for public investment?	National or sectoral public investment strategies or plans are prepared, covering only some projects found in the budget.	National or sectoral public investment strategies or plans are published covering projects funded through the budget.	Both national and sectoral public investment strategies or plans are published and cover all projects funded through the budget regardless of financing source (e.g. donor, public corporation (PC), or PPP financing).
2.b.	Are the government's national and sectoral strategies or plans for public investment costed?	The government's investment strategies or plans include no cost information on planned public investment.	The government's investment strategies include broad estimates of aggregate and sectoral investment plans.	The government's investment strategies include costing of individual, major investment projects within an overall financial constraint.
2.c.	Do sector strategies include measurable targets for the outputs and outcomes of investment projects?	Sector strategies do not include measurable targets for outputs or outcomes.	Sector strategies include measurable targets for outputs (e.g., miles of roads constructed).	Sector strategies include measurable targets for both outputs and outcomes (e.g., reduction in traffic congestion).
3. Coordination between Entities: Is there effective coordination of the investment plans of central and other government entities?				
3.a.	Is capital spending by SNGs, coordinated with the central government?	Capital spending plans of SNGs are not submitted to, nor discussed with central government.	Major SNG capital spending plans are published alongside central government investments, but there are no formal discussions, between the central government and SNGs on investment priorities.	Major SNG capital spending plans are published alongside central government investments, and there are formal discussions between central government and SNGs on investment priorities.

3.b.	Does the central government have a transparent, rule-based system for making capital transfers to SNGs, and for providing timely information on such transfers?	The central government does not have a transparent rule-based system for making capital transfers to SNGs.	The central government uses a transparent rule-based system for making capital transfers to SNGs, but SNGs are notified about expected transfers less than six months before the start of each fiscal year.	The central government uses a transparent rule-based system for making capital transfers to SNGs, and expected transfers are made known to SNGs at least six months before the start of each fiscal year.
3.c.	Are contingent liabilities arising from capital projects of SNGs, PCs, and PPPs reported to the central government?	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are not reported to the central government.	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are reported to the central government, but are generally not presented in the central government's budget documents.	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are reported to the central government, and are presented in full in the central government's budget documents.
4. Project Appraisal: Are project proposals subject to systematic project appraisal?				
4.a.	Are major capital projects subject to rigorous technical, economic, and financial analysis?	Major capital projects are not systematically subject to rigorous technical, economic, and financial analysis.	Major projects are systematically subject to rigorous technical, economic, and financial analysis.	Major projects are systematically subject to rigorous technical, economic, and financial analysis, and selected results of this analysis are published or undergo independent external review.
4.b.	Is there a standard methodology and central support for the appraisal of projects?	There is no standard methodology or central support for project appraisal.	There is either a standard methodology or central support for project appraisal.	There is both a standard methodology and central support for project appraisal.
4.c.	Are risks taken into account in conducting project appraisals?	Risks are not systematically assessed as part of the project appraisal.	A risk assessment covering a range of potential risks is included in the project appraisal.	A risk assessment covering a range of potential risks is included in the project appraisal, and plans are prepared to mitigate these risks.
5. Alternative Infrastructure Financing: Is there a favorable climate for the private sector, PPPs, and PCs to finance in infrastructure?				
5.a.	Does the regulatory framework support competition in contestable markets for economic infrastructure (e.g., power, water, telecoms, and transport)?	Provision of economic infrastructure is restricted to domestic monopolies, or there are few established economic regulators.	There is competition in some economic infrastructure markets, and a few economic regulators have been established.	There is competition in major economic infrastructure markets, and economic regulators are independent and well established.
5.b.	Has the government published a strategy/policy for PPPs, and a legal/regulatory framework which guides the preparation, selection, and management of PPP projects?	There is no published strategy/policy framework for PPPs, and the legal/regulatory framework is weak.	A PPP strategy/policy has been published, but the legal/regulatory framework is weak.	A PPP strategy/policy has been published, and there is a strong legal/regulatory framework that guides the preparation, selection, and management of PPP projects.
5.c.	Does the government oversee the investment plans of public corporations (PCs) and monitor their financial performance?	The government does not systematically review the investment plans of PCs.	The government reviews the investment plans of PCs but does not publish a consolidated report on these plans or the financial performance of PCs.	The government reviews and publishes a consolidated report on the investment plans and financial performance of PCs.
B. Ensuring Public Investment is Allocated to the Right Sectors and Projects				
6. Multi-Year Budgeting: Does the government prepare medium-term projections of capital spending on a full cost basis?				

6.a.	Is capital spending by ministry or sector forecasted over a multiyear horizon?	No projections of capital spending are published beyond the budget year.	Projections of total capital spending are published over a three to five-year horizon.	Projections of capital spending disaggregated by ministry or sector are published over a three to five-year horizon.
6.b.	Are there multiyear ceilings on capital expenditure by ministry, sector, or program?	There are no multiyear ceilings on capital expenditure by ministry, sector, or program.	There are indicative multiyear ceilings on capital expenditure by ministry, sector, or program.	There are binding multiyear ceilings on capital expenditure by ministry, sector, or program.
6.c.	Are projections of the total construction cost of major capital projects published?	Projections of the total construction cost of major capital projects are not published.	Projections of the total construction cost of major capital projects are published.	Projections of the total construction cost of major capital projects are published, together with the annual breakdown of these cost over a three-five-year horizon.
7. Budget Comprehensiveness and Unity: To what extent is capital spending, and related recurrent spending, undertaken through the budget process?				
7.a.	Is capital spending mostly undertaken through the budget?	Significant capital spending is undertaken by extra-budgetary entities with no legislative authorization or disclosure in the budget documentation.	Significant capital spending is undertaken by extra-budgetary entities, but with legislative authorization and disclosure in the budget documentation.	Little or no capital spending is undertaken by extra-budgetary entities.
7.b.	Are all capital projects, regardless of financing source, shown in the budget documentation?	Capital projects are not comprehensively presented in the budget documentation, including PPPs, externally financed, and PCs' projects.	Most capital projects are included in the budget documentation, but either PPPs, externally financed, or PCs' projects are not shown.	All capital projects, regardless of financing sources, are included in the budget documentation.
7.c.	Are capital and recurrent budgets prepared and presented together in the budget?	Capital and recurrent budgets are prepared by separate ministries, and/or presented in separate budget documents.	Capital and recurrent budgets are prepared by a single ministry and presented together in the budget documents, but without using a program or functional classification.	Capital and recurrent budgets are prepared by a single ministry and presented together in the budget documents, using a program or functional classification.
8. Budgeting for Investment: Are investment projects protected during budget implementation?				
8.a.	Are total project outlays appropriated by the legislature at the time of a project's commencement?	Outlays are appropriated on an annual basis, but information on total project costs is not included in the budget documentation.	Outlays are appropriated on an annual basis, and information on total project costs is included in the budget documentation.	Outlays are appropriated on an annual basis and information on total project costs, and multiyear commitments is included in the budget documentation.
8.b.	Are in-year transfers of appropriations (virement) from capital to current spending prevented?	There are no limitations on virement from capital to current spending.	The finance ministry may approve virement from capital to current spending.	Virement from capital to current spending requires the approval of the legislature.
8.c.	Is the completion of ongoing projects given priority over starting new projects?	There is no mechanism in place to protect funding of ongoing projects.	There is a mechanism to protect funding for ongoing projects in the annual budget.	There is a mechanism to protect funding for ongoing projects in the annual budget and over the medium term.
9. Maintenance Funding: Are routine maintenance and major improvements receiving adequate funding?				
9.a.	Is there a standard methodology for estimating routine maintenance needs and budget funding?	There is no standard methodology for determining the needs for routine maintenance.	There is a standard methodology for determining the needs for routine maintenance and its cost.	There is a standard methodology for determining the needs for routine maintenance and its cost, and the appropriate amounts are generally allocated in the budget.

9.b.	Is there a standard methodology for determining major improvements (e.g. renovations, reconstructions, enlargements) to existing assets, and are they included in national and sectoral investment plans?	There is no standard methodology for determining major improvements, and they are not included in national or sectoral plans.	There is a standard methodology for determining major improvements, but they are not included in national or sectoral plans.	There is a standard methodology for determining major improvements, and they are included in national or sectoral plans.
9.c.	Can expenditures relating to routine maintenance and major improvements be identified in the budget?	Routine maintenance and major improvements are not systematically identified in the budget.	Routine maintenance and major improvements are systematically identified in the budget.	Routine maintenance and major improvements are systematically identified in the budget, and are reported.
10. Project Selection: Are there institutions and procedures in place to guide project selection?				
10.a.	Does the government undertake a central review of major project appraisals before decisions are taken to include projects in the budget?	Major projects (including donor- or PPP-funded) are not reviewed by a central ministry prior to inclusion in the budget.	Major projects (including donor- or PPP-funded) are reviewed by a central ministry prior to inclusion in the budget.	All major projects (including donor- or PPP-funded) are scrutinized by a central ministry, with input from an independent agency or experts prior to inclusion in the budget.
10.b.	Does the government publish and adhere to standard criteria, and stipulate a required process for project selection?	There are no published criteria or a required process for project selection.	There are published criteria for project selection, but projects can be selected without going through the required process.	There are published criteria for project selection, and generally projects are selected through the required process.
10.c.	Does the government maintain a pipeline of appraised investment projects for inclusion in the annual budget?	The government does not maintain a pipeline of appraised investment projects.	The government maintains a pipeline of appraised investment projects but other projects may be selected for financing through the annual budget.	The government maintains a comprehensive pipeline of appraised investment projects, which is used for selecting projects for inclusion in the annual budget, and over the medium term.
C. Delivering Productive and Durable Public Assets				
11. Procurement				
11.a.	Is the procurement process for major capital projects open and transparent?	Few major projects are tendered in a competitive process, and the public has limited access to procurement information.	Many major projects are tendered in a competitive process, but the public has only limited access to procurement information.	Most major projects are tendered in a competitive process, and the public has access to complete, reliable and timely procurement information.
11.b.	Is there a system in place to ensure that procurement is monitored adequately?	There is no procurement database, or the information is incomplete or not timely for most phases of the procurement process.	There is a procurement database with reasonably complete information, but no standard analytical reports are produced from the database.	There is a procurement database with reasonably complete information, and standard analytical reports are produced to support a formal monitoring system.
11.c.	Are procurement complaints review process conducted in a fair and timely manner?	Procurement complaints are not reviewed by an independent body.	Procurement complaints are reviewed by an independent body, but the recommendations of this body are not produced on a timely basis, nor published, nor rigorously enforced.	Procurement complaints are reviewed by an independent body whose recommendations are timely, published, and rigorously enforced.
12. Availability of Funding: Is financing for capital spending made available in a timely manner?				

12.a	Are ministries/agencies able to plan and commit expenditure on capital projects in advance on the basis of reliable cash-flow forecasts?	Cash-flow forecasts are not prepared or updated regularly, and ministries/agencies are not provided with commitment ceilings in a timely manner.	Cash-flow forecasts are prepared or updated quarterly, and ministries/agencies are provided with commitment ceilings at least a quarter in advance.	Cash-flow forecasts are prepared or updated monthly, and ministries/agencies are provided with commitment ceilings for the full fiscal year.
12.b	Is cash for project outlays released in a timely manner?	The financing of project outlays is frequently subject to cash rationing.	Cash for project outlays is sometimes released with delays.	Cash for project outlays is normally released in a timely manner, based on the appropriation.
12.c	Is external (donor) funding of capital projects fully integrated into the main government bank account structure?	External financing is largely held in commercial bank accounts outside the central bank.	External financing is held at the central bank but is not part of the main government bank account structure.	External financing is fully integrated into the main government bank account structure.
13. Portfolio Management and Oversight: Is adequate oversight exercised over implementation of the entire public investment portfolio				
13.a	Are major capital projects subject to monitoring during project implementation?	Most major capital projects are not monitored during project implementation.	For most major projects, annual project costs, as well as physical progress, are monitored during project implementation.	For all major projects, total project costs, as well as physical progress, are centrally monitored during project implementation.
13.b	Can funds be re-allocated between investment projects during implementation?	Funds cannot be re-allocated between projects during implementation.	Funds can be reallocated between projects during implementation, but not using systematic monitoring and transparent procedures.	Funds can be re-allocated between projects during implementation, using systematic monitoring and transparent procedures.
13.c	Does the government adjust project implementation policies and procedures by systematically conducting ex post reviews of projects that have completed their construction phase?	Ex post reviews of major projects are neither systematically required, nor frequently conducted.	Ex post reviews of major projects, focusing on project costs, deliverables and outputs, are sometimes conducted.	Ex post reviews of major projects focusing on project costs, deliverables, and outputs are conducted regularly by an independent entity or experts, and are used to adjust project implementation policies and procedures.
14. Management of Project Implementation: Are capital projects well managed and controlled during the execution stage?				
14.a	Do ministries/agencies have effective project management arrangements in place?	Ministries/agencies do not systematically identify senior responsible officers for major investment projects, and implementation plans are not prepared prior to budget approval.	Ministries/agencies systematically identify senior responsible officers for major investment projects, but implementation plans are not prepared prior to budget approval.	Ministries/agencies systematically identify senior responsible officers for major investment projects, and implementation plans are prepared prior to budget approval.
14.b	Has the government issued rules, procedures and guidelines for project adjustments that are applied systematically across all major projects?	There are no standardized rules and procedures for project adjustments.	For major projects, there are standardized rules and procedures for project adjustments, but do not include, if required, a fundamental review and reappraisal of a project's rationale, costs, and expected outputs.	For all projects, there are standardized rules and procedures for project adjustments and, if required, include a fundamental review of the project's rationale, costs, and expected outputs.
14.c	Are ex post audits of capital projects routinely undertaken?	Major capital projects are usually not subject to ex post external audits.	Some major capital projects are subject to ex post external audit, information on which is published by the external auditor.	Most major capital projects are subject to ex post external audit information on which is regularly published and scrutinized by the legislature.

15. Monitoring of Public Assets: Is the value of assets properly accounted for and reported in financial statements?				
15.a	Are asset registers updated by surveys of the stocks, values, and conditions of public assets regularly?	Asset registers are neither comprehensive nor updated regularly.	Asset registers are either comprehensive or updated regularly at reasonable intervals.	Asset registers are comprehensive and updated regularly at reasonable intervals.
15.b	Are nonfinancial asset values recorded in the government financial accounts?	Government financial accounts do not include the value of non-financial assets.	Government financial accounts include the value of some non-financial assets, which are revalued irregularly.	Government financial accounts include the value of most nonfinancial assets, which are revalued regularly.
15.c	Is the depreciation of fixed assets captured in the government's operating statements?	The depreciation of fixed assets is not recorded in operating statements.	The depreciation of fixed assets is recorded in operating statements, based on statistical estimates.	The depreciation of fixed assets is recorded in operating expenditures, based on asset-specific assumptions.

Annex 5. Detailed PIMA Scores

The following color coding is used in presenting the scores:

Score	1	2	3
Color			

A. Planning			B. Allocation			C. Implementation		
	Institutional Design	Effectiveness		Institutional Design	Effectiveness		Institutional Design	Effectiveness
1.a.	2	2	6.a.	2	2	11.a.	2	2
1.b.	1	1	6.b.	1	1	11.b.	3	2
1.c.	2	2	6.c.	1	1	11.c.	1	1
2.a.	1	1	7.a.	2	2	12.a.	3	2
2.b.	1	1	7.b.	1	1	12.b.	3	3
2.c.	2	1	7.c.	2	2	12.c.	1	3
3.a.	3	3	8.a.	1	1	13.a.	3	1
3.b.	1	1	8.b.	2	2	13.b.	2	2
3.c.	3	3	8.c.	2	1	13.c.	1	1
4.a.	2	2	9.a.	1	1	14.a.	2	2
4.b.	3	2	9.b.	2	1	14.b.	2	2
4.c.	2	2	9.c.	1	1	14.c.	2	2
5.a.	2	2	10.a.	2	2	15.a.	3	2
5.b.	2		10.b.	3	1	15.b.	2	2
5.c.	1	1	10.c.	3	2	15.c.	2	2

Annex 6. C-PIMA Questionnaire

		<u>Scoring Rubric</u>		
QUESTION		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
		NOT MET	PARTIALLY MET	FULLY MET
C1. Climate-aware planning: Is public investment planned from a climate change perspective?				
C.1.a	Are national and sectoral public investment strategies and plans consistent with Nationally Determined Contribution (NDC) or other overarching climate change strategy on mitigation and adaptation?	National and sectoral public investment strategies and plans are not consistent with NDC or other overarching climate change strategy.	National public investment strategies and plans are consistent with NDC or other overarching climate change strategy for some sectors.	National and sectoral public investment strategies and plans are consistent with NDC or other overarching climate change strategy for most sectors.
C.1.b	Do central government and/or sub-national government regulations on spatial and urban planning, and construction address climate-related risks and impacts on public investment?	Central government and/or sub-national government regulations on spatial and urban planning, and construction do not address climate-related risks and impacts on public investment.	Central government and/or sub-national government regulations on spatial and urban planning, or construction (through building codes) addresses climate-related risks and impacts on public investment.	Central government and/or sub-national government regulations on spatial and urban planning, and construction (through building codes) address climate-related risks and impacts on public investment.

C.1.c	Is there centralized guidance/support for government agencies on the preparation and costing of climate-aware public investment strategies?	There is no centralized guidance/support for government agencies on the preparation and costing of climate-aware public investment strategies.	There is centralized guidance/support for government agencies on the preparation of climate-aware public investment strategies.	There is centralized guidance/support for government agencies on the preparation and costing of climate-aware public investment strategies.
C2. Coordination between entities: Is there effective coordination of decision making on climate change-related public investment across the public sector?				
C.2.a	Is decision making on public investment coordinated across central government from a climate-change perspective?	Decision making on public investment is not coordinated across central government from a climate-change perspective.	Decision making on public investment is coordinated across budgetary central government from a climate-change perspective.	Decision making on public investment is coordinated across all central government, including externally financed projects, public-private partnerships (PPPs) and extra-budgetary entities, from a climate-change perspective.
C.2.b	Is the planning and implementation of capital spending of subnational governments (SNGs) coordinated with the central government from a climate-change perspective?	The planning and implementation of capital spending of SNGs is not coordinated with the central government from a climate-change perspective.	The central government issues guidance on the planning and implementation of capital spending from a climate-change perspective and information on major climate-related projects of SNGs is shared with the central government and is published alongside data on central government projects.	The central government issues guidance on the planning and implementation of capital spending from a climate-change perspective, information on major climate-related projects of SNGs is shared with the central government and is published alongside data on central government projects, and there are formal discussions between central government and SNGs on the planning and implementation of climate-related investments.
C.2.c	Does the regulatory and oversight framework for public corporations ensure that their climate-related investments are consistent with national climate policies and guidelines?	The regulatory and oversight framework for public corporations does not promote consistency between their climate-related investments and national climate policies and guidelines.	The regulatory and oversight framework for public corporations promotes consistency between their climate-related investments and national climate policies and guidelines.	The regulatory and oversight framework for public corporations requires that their climate-related investments be consistent with national climate policies and guidelines.
C3. Do project appraisal and selection include climate-related analysis and criteria?				

C.3.a	Does the appraisal of major infrastructure projects require climate-related analysis to be conducted according to a standard methodology with central support?	The appraisal of major infrastructure projects does not require climate-related analysis to be conducted according to a standard methodology.	The appraisal of major infrastructure projects requires climate-related analysis to be conducted according to a standard methodology.	The appraisal of major infrastructure projects requires climate-related analysis to be conducted according to a standard methodology, and a summary of appraisals is published or subject to independent external review.
C.3.b.	Does the framework for managing longer-term public investment contracts, such as Public-Private Partnerships (PPPs), explicitly address climate-related challenges?	The referred framework does not include explicit consideration of climate change for risk allocation or contract management.	The referred framework includes explicit consideration of climate change with respect to how risks are allocated between the parties in infrastructure contracts.	The referred framework includes explicit consideration of climate change with respect to how risks are allocated between the parties in infrastructure contracts, and contract managers in government departments and agencies are mandated to address climate-related challenges.
C.3.c.	Are climate-related elements included among the criteria used by the government for the selection of infrastructure projects?	Either there are no explicit selection criteria or climate-related elements are not included among the criteria used by the government for the selection of projects for financing.	Climate-related elements are included among the criteria used by the government for the selection of all major budget-funded projects, and the criteria are published.	Climate-related elements are included among the criteria used by the government for the selection of all major projects, including externally financed projects, projects financed by extra-budgetary entities, and PPPs, and the criteria are published.
C.4 Budgeting and portfolio management: Is climate-related investment spending subject to active management and oversight?				
C.4.a.	Are planned climate-related public investment expenditures, sources of financing, outputs and outcomes identified in the budget and related documents, monitored, and reported?	Planned climate-related public investment expenditures are not identified in the budget and related documents.	Some planned climate-related public investment expenditures are identified in the budget and related documents, including investment expenditures funded externally, by extra-budgetary entities, and PPPs.	Most planned climate-related public investment expenditures, sources of financing, and outputs and outcomes are identified in the budget and related documents, including investment expenditures funded externally, by extra-budgetary entities, and PPPs, and expenditure on these projects is monitored and reported.

C4.b.	Are ex-post reviews or audits conducted of the climate change mitigation and adaptation outcomes of public investments?	No ex-post reviews or audits are conducted of the climate change mitigation and adaptation outcomes of public investments.	Ex-post reviews or audits are conducted for selected major public investments of either the climate change mitigation or adaptation outcomes.	Ex-post reviews or audits are conducted and published for selected major public investments of both the climate change mitigation and adaptation outcomes.
C4.c.	Do the government's asset management policies and practices, including the maintenance of assets, address climate-related risks?	Neither the government's asset management policies and practices nor methodologies for estimating the maintenance needs of climate change-exposed infrastructure assets address climate-related risks.	Methodologies prepared by the government for estimating the maintenance needs of some climate change-exposed infrastructure assets address climate-related risks.	Methodologies prepared by the government for estimating the maintenance needs and associated costs of most climate change-exposed infrastructure assets address climate-related risks, and government asset registers include climate-related information of these assets.
C5. Risk management: Are fiscal risks relating to climate change and infrastructure incorporated in budgets and fiscal risk analysis and managed according to a plan?				
C5.a.	Does the government publish a national disaster risk management strategy that incorporates the potential impact of climate change on public infrastructure assets and networks?	Either there is no published national disaster risk management strategy, or the strategy does not identify the key climate-related risks to public infrastructure assets and networks.	The government publishes a national disaster risk management strategy that identifies the key climate-related risks to public infrastructure assets and networks in terms of hazards, exposure, and vulnerability.	The government publishes a national disaster risk management strategy that identifies and analyses the key climate-related risks to public infrastructure assets and networks in terms of hazards, exposure and vulnerability, and includes the government's plans to mitigate and respond to these risks.
C5.b.	Has the government put in place ex ante financing mechanisms to manage the exposure of the stock of public infrastructure to climate-related risks?	The government has not put in place any ex ante financing mechanisms to manage the exposure of the stock of public infrastructure to climate-related risks.	There is an annual contingency appropriation in the budget or other financing mechanisms that is available to meet the costs of climate-related damages to public infrastructure.	There is an annual contingency appropriation in the budget and other financing mechanisms that are available to meet the costs of climate-related damages to public infrastructure.
C5.c.	Does the government conduct and publish a fiscal risk analysis that incorporates climate-related risks to public infrastructure assets?	The government does not conduct a fiscal risk analysis that incorporates climate-related risks to public infrastructure assets.	The government conducts and publishes a fiscal risk analysis that incorporates a qualitative assessment of climate-related risks to public infrastructure assets over the medium term.	The government conducts and publishes a fiscal risk analysis that incorporates a quantitative assessment of climate-related risks to public infrastructure assets over the medium term and policies to mitigate these risks, and a qualitative assessment of the risks that may arise over the long-term.

Annex 7. Detailed C-PIMA Scores

The following color coding is used in presenting the scores:

Score	1	2	3
Color			

C1. Climate-aware planning	
C1.a.	National and sectoral planning
C1.b.	Land use and building regulations
C1.c.	Centralized guidance on planning
C2. Coordination between entities	
C2.a.	Coordination across central government
C2.b.	Coordination with subnational governments
C2.c.	Oversight framework for public corporations
C3. Projection appraisal and selection	
C3.a.	Climate analysis in project appraisal
C3.b.	PPP framework including climate risks
C3.c.	Climate consideration in project selection
C4. Budgeting and portfolio management	
C4.a.	Climate budget tagging
C4.b.	Ex post review of projects
C4.c.	Asset management
C5. Risk management	
C5.a.	Disaster risk management strategy
C5.b.	Ex ante financing mechanisms
C5.c.	Fiscal risk analysis including climate risks