

## Annex VII. Selected Past and Ongoing Fund Advice on Structural Issues

Fund Recommendation	Policy Actions
Improving leasing procedures to use <b>land</b> .	Progress has been made on the land-leasing scheme by introducing the land bank. The authorities will seek to enhance land use through digitalization of title records and the development of a national land register.
Reducing <b>policy uncertainty</b> by fostering more comprehensive and transparent consultations.	Some improvement, including conducting policy consultations (e.g., budget) with a diverse set of stakeholders.
Rationalizing <b>price controls</b> .	No substantial progress.
Restoring <b>pension savings</b> disbursed after TC Winston.	No progress. The authorities are reluctant to increase mandatory pension contributions.
Improving <b>Public Financial Management (PFM)</b> .	The government is working with PFTAC and the ADB to implement the recommendations in the 2013 Public Expenditure Financial Accountability (PEFA) assessment. They are also working with PFTAC to develop a new Public Financial Management Act.
Adopting a <b>tax compliance</b> improvement strategy.	The strategy was introduced in 2016 with support from PFTAC, has been updated annually, and contributed to significant improvements in tax compliance
Improving the <b>ease of doing business</b> , including <b>re-establishing a credit bureau</b>	The government is working with the IFC and the government of Singapore to address the issues detected by the World Bank's Doing Business Survey. A credit reporting agency was granted a license in 2018
Adopting <b>reforms to SOEs</b> to improve their financial performance and reduce contingent liabilities	The Fiji Electricity Authority was corporatized in April 2018 but there was no progress in attracting private investment in part because of the regulatory framework. The ADB is assisting government in reviewing the Public Enterprises Act of 1996 to improve monitoring and operations of SOEs.
Strengthening <b>statistics</b> for informed policy making	The MoE started to publish quarterly fiscal outturns regularly in 2018. Fiji implemented the IMF the enhanced General Data Dissemination System (e-GDDS) in September 2018. Progress in publishing quarterly national accounts and fiscal data consistent with the GFS (2001) manual has been slow.



# REPUBLIC OF FIJI

## STAFF REPORT FOR THE 2018 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

January 31, 2019

Prepared By

Asian and Pacific Department  
(In consultation with other departments)

### CONTENTS

FUND RELATIONS	2
RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS	4
STATISTICAL ISSUES	5

## FUND RELATIONS

(As of December 31, 2018)

**Membership Status:** Joined: May 28, 1971; Article VIII

### General Resources Account:

	SDR Million	Percent of Quota
Quota	98.40	100.00
Fund holdings of currency	74.30	75.51
Reserve position in Fund	24.14	24.53

### SDR Department:

	SDR Million	Percent of Allocation
Net cumulative allocation	67.09	100.00
Holdings	44.01	65.59

**Outstanding Purchases and Loans:** None

**Latest Financial Arrangements:** None

Type Stand-By	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn Allocation (SDR Million)
	Nov. 8, 1974	Nov. 7, 1975	3.25	0.00

### Projected Payments to Fund:<sup>1</sup>

(SDR Million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2019	2020	2021	2022	2023
Principal					
Charges/Interest	0.25	0.26	0.25	0.26	0.26
Total	0.25	0.26	0.25	0.26	0.26

**Exchange Rate Arrangements:** Fiji's *de facto* exchange rate arrangement is a conventional peg.

Since April 1975, the exchange rate of the Fiji dollar has been linked to a basket of currencies of Fiji's five major trading partners: the U.S., Australian, and New Zealand dollars; the pound sterling (replaced by the Euro at the beginning of 1999); and the Japanese yen. The weights used in the basket, based mainly on the value of trade and tourist transactions are reviewed annually. The exchange rate of the Fiji dollar against U.S. dollar, the intervention currency, is determined daily by the Reserve Bank of Fiji (RBF) in relation to the currency basket. The RBF's buying and selling rates for transactions in U.S. dollars are communicated to commercial banks. The exchange rate was F\$2.13 per U.S. dollar as of September 2018.

Exchange and capital controls were tightened significantly in early 2009 following the devaluation of the currency. Some of the exchange restrictions have been eliminated and amended since then. Remaining exchange restrictions subject to Article VIII arise from the Fiji Revenue and Customs Authority tax certification requirements on the transfer abroad of profits and dividends, on the proceeds of airline ticket sales, and on the making of external debt and maintenance payments and from limits on large payments (e.g., oil imports and dividends repatriation of foreign banks).

Details about current and past exchange control policies can be found in <https://rbf.gov.fj/Left-Menu/Financial-Market-Operations/Exchange-Control>.

**Last Article IV Consultation:** The 2017 Article IV consultation discussions were held in Suva during November 29 – December 12, 2017. The consultation (Country Report No. 18/34) was completed by the Executive Board on February 5, 2018. Fiji is on a 12-month cycle.

**Resident Representative:** The Regional Resident Representative Office for Pacific Islands based in Suva, Fiji was opened on September 13, 2010 and the office covers Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. Ms. Leni Hunter is the resident representative.

## RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

- World Bank: <http://financesapp.worldbank.org/en/countries/Fiji/>.
- Asian Development Bank: <https://www.adb.org/countries/fiji/main>.
- Pacific Financial Technical Assistance Center:  
[https://www.pftac.org/content/PFTAC/en1/reports11.html#tab\\_5](https://www.pftac.org/content/PFTAC/en1/reports11.html#tab_5)

## STATISTICAL ISSUES

### I. Assessment of Data Adequacy for Surveillance

**General:** Data provision is broadly adequate for surveillance. Macroeconomic data are improving, owing in part to the considerable technical assistance provided by the Fund and PFTAC in recent years.

The Reserve Bank of Fiji (RBF) publishes the *Annual Report*, the *Quarterly Review*, and the monthly *Economic Review*. The Fiji Bureau of Statistics (FBoS) publishes a quarterly *Current Economic Statistics* and a monthly *Statistical News*. The Ministry of Economy (MoE) issues the *Budget Address* and the *Supplement to the Budget Address* on an annual basis. All of these publications are received by APD on a regular basis.

In September 2018, the authorities began publishing key macroeconomic data via a National Summary Data Page (NSDP) under the enhanced General Data Dissemination System (e-GDDS) to support surveillance and improve data transparency (See Staff Report *Annex VI: Fiji Implements the Enhanced General Data Dissemination System*).

**National Accounts:** Production-side estimates of GDP by production at current and constant 2011 prices are available up to 2017; current price estimates of GDP by expenditure and income are available to 2016 and will be updated to 2017 by early-2019. Estimates were rebased from 2008 to 2011 in 2014 mainly using the 2013/14 Household Income and Expenditure Survey and the 2014 Business Census to derive new benchmarks. Work is now underway to rebase to 2014. The rebased estimates are expected to be published by end-March 2019.

**Price statistics:** CPI data are published monthly using 2011 weights derived from the 2008/2009 HIES survey. Quarterly PPIs for goods and services (experimental) are available from 2011 to 2018:Q2.

**Government finance statistics:** Fiji compile and submit annual GFS data for budgetary central government (BCG), exclusive of the classifications of the functions of government. The most recent submission was in December 2018 and the submission included data for the fiscal years 2016 and 2017. Re-classification of BCG expenditure data is required to improve the integrity of the fiscal data and prepare the data for general government consolidation. Ongoing chart of accounts reforms for BCG, planned for implementation mid-August 2020, may see some improvements for GFS reporting. The authorities continue to make progress in collecting source data required to expand general government coverage; however, delays are experienced to obtain audited annual financial statements from statutory bodies and state-owned enterprises. The authorities are encouraged to review and update outstanding fiscal metadata as part of the process to produce its NSDP under the e-GDDS.

**Monetary and financial statistics:** Data on the central bank, other depository corporations (ODCs), and other financial corporations (OFCs) are comprehensive and provided to APD and STA on a regular and timely basis using the standardized reporting forms. Monetary and

financial statistics (MFS) that are in line with the *Monetary and Financial Statistics Manual (MFSM)* are published on the RBF's website and *International Financial Statistics*. The full implementation of STA's technical assistance missions' recommendations, including enhancing source data for ODCs and OFCs as well as compilation of a financial corporations survey with full institutional coverage, will significantly improve the quality and cross-country comparability of MFS.

**Financial sector:** Fiji reports to STA for publication on the IMF's website, all core financial soundness indicators (FSIs) and seven encouraged FSIs for deposit takers on a quarterly basis and with one quarter timeliness. Coverage and timeliness of FSIs for other sectors need to be improved as currently two FSIs are reported to STA with a longer time lag.

**Balance of payments:** Balance of payments statistics weaknesses persist and there is a need to improve the coverage, classification and compilation methodology of the external sector statistics (ESS). Fiji reports its balance of payments data for dissemination purposes in the Fund's *International Financial Statistics (IFS)* and in the *Balance of Payments Statistics Yearbook (BOPSY)*. FBoS has undertaken a number of actions that were recommended to improve timeliness in ESS dissemination and to enhance consistency with the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)*, albeit at a slow pace.

## II. Data Standards and Quality

Fiji is an e-GDDS participant and publishes key macroeconomic data via an NSDP.