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ANNEX I

to the Commission Implementing Decision on the financing of the annual action plan in favour of the Pacific Region for 2023

Action Document for Fiji - Time to Act! Implementing the Climate Change Act

ANNUAL PLAN

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	FIJI - Time to Act! Implementing the Climate Change Act OPSYS number: ACT-61606 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	Yes This action will contribute to the TEI “Green-Blue Alliance for the Pacific and Timor-Leste”.
3. Zone benefiting from the action	The action shall be carried out in the Republic of Fiji.
4. Programming document	Pacific Multi-Country Multi-Annual Indicative Programme 2021-2027
5. Link with relevant MIP(s) objectives / expected results	Priority Area 1 – Climate Action and Environmental Sustainability Priority Area 2 – Inclusive and Sustainable Economic Development
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Government & Civil Society-general – 151 Other Multisector – 430
7. Sustainable Development Goals (SDGs)	Main SDG (1 only): SDG 13 “Climate Action” Other significant SDGs (up to 9) and where appropriate, targets: SDG 5 – Gender Equality SDG 7 – Clean and affordable energy SDG 12 – Responsible Consumption and Production SDG 14 – Life below Water SDG 15 – Life on Land SDG 17 – Partnerships to achieve the Goals
8 a) DAC code(s) O	43010 – Multisector aid 50% 15110 – Public sector policy and administrative management 50%

8 b) Main Delivery Channel	Channel 1 – 12001 – Central Government Channel 2 – 40000 – Multilateral Organisations			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective
Digitalisation		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services		YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
Connectivity		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
digital connectivity energy transport		YES <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	

	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Migration	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): BGUE-B2023-14.020132-C1-INTPA Total estimated cost: EUR 12 800 000 Total amount of EU budget contribution: EUR 12 800 000 of which EUR 12 000 000 for budget support and EUR 700 000 for complementary support.			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Direct management through: Budget Support: Sector Reform Performance Contract. Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.4.			

1.2 Summary of the Action

The proposed action aims to contribute to Fiji's sustainable, inclusive and resilient low carbon development. More specifically, the action will facilitate the entry into force of the Climate Change Act, a comprehensive legal basis enacted in 2021 to support Fiji's sustainable development objectives, long-term climate ambition, net-zero emissions target, and commitment to protecting Fiji's environment, so that a conducive environment for the implementation of climate actions is created.

The action intends to contribute mainly to priority area 1 "Climate Action and Environmental Sustainability" and priority area 2 "Inclusive and Sustainable Economic Development" of the Pacific Multi-Country MIP 2021-2027¹.

In particular, this action is expected to contribute to achieving the following results of the Pacific Multi-Country MIP 2021-2027:

- Pacific Island Countries (PICs) implement the Paris Climate Change Agreement and the Kunming-Montreal Global Biodiversity Framework through coordinated and coherent actions that promote resilience, reduce climate and pollution risks, and contribute to reduced Greenhouse Gas (GHG) emissions;
- PICs have integrated climate adaptation and natural disaster risk in their national development and investment strategies and have adequate disaster preparedness, response and recovery capacity;
- Protection and restoration of marine ecosystems and sustainable management of ocean resources in the Pacific is supported, ensuring as well the restoration of biodiversity and expanding the use of nature-based solutions;
- PICs ensure macro-economic stability and progress on Public Finance Management (PFM) reforms, budget transparency and accountability, including climate readiness measures;
- PICs have strengthened domestic and other revenue mobilisation, public expenditure management and increased efficiency and effectiveness of public expenditure.

The action is aligned with the European Consensus on Development (in particular related to People, Planet and Partnership) as well as with the European Commission's 5-year political priorities, notably an economy that works

¹ Commission Implementing Decision of 14.12.2021 – C(2021) 9052 final

for people and the European Green Deal. It tackles the Sustainable Development Goals (SDGs): 13 (climate action), and secondarily 5 (Gender Equality), 7 (Clean and affordable energy), 12 (Responsible Consumption and Production), 14 (Life below Water), 15 (Life on Land) as well as 17 (Partnerships to achieve the Goals of the 2030 Agenda for Sustainable Development. It is also aligned with the 2050 Strategy for the Blue Pacific Continent, the new post-Cotonou Pacific Regional Protocol and the EU strategy for cooperation in the Indo-Pacific, in particular supporting sustainable and inclusive prosperity. In addition, it promotes good governance and will contribute to the Gender Action Plan III (2021-2025), especially to the thematic area of engagement “addressing the challenges and harnessing the opportunities offered by the green transition” and in relation to the thematic objective focused on green economy. It is designed to support the implementation of the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework. This action will contribute to the Team Europe Initiative (TEI) ‘Green-Blue Alliance for the Pacific’, being closely linked to its ‘climate ambition & resilience’ pillar.

2 RATIONALE

2.1 Context

Fiji, a Pacific island country with a population of about 890,000 inhabitants, faces constraints common to small island developing states, including a remote location, a geographically dispersed population, a high-cost business environment and a narrow economic base heavily reliant on tourism. It is one of the world’s most vulnerable nations to climate change and climate-related disasters. Climate change will likely have major negative environmental, social, cultural, and economic impacts. Fiji has extremely high exposure to tropical cyclones and is also particularly exposed to floods, droughts, and landslides. Climate change will exacerbate the country’s vulnerability to these events. Slower changes, such as sea-level rise, coastal erosion and ocean acidification, will also have dramatic impacts. Fiji has identified 42 communities requiring relocation and started relocating them. The location of Fiji’s key assets and infrastructure along the coast and its high economic dependency on climate sensitive sectors such as tourism and agriculture, further contributes to this vulnerability. This poses major challenges to Fiji’s ability to achieve its national development objectives and the Sustainable Development Goals and to the wellbeing of Fiji’s people. As a party to both the Kyoto Protocol and the Paris Climate Agreement², Fiji aims to achieve net-zero emissions by 2050. To better quantify and understand the challenge that natural disasters and climate change pose to Fiji’s development prospects, the government of Fiji prepared a Climate Vulnerability Assessment which has informed, together with inclusive consultations, the development of climate change and disaster management related policies, strategies and plans as well as its Climate Change Act (hereafter ‘the Act’). Its policy framework is comprehensive, relevant and credible and is updated in a consistent and timely manner.

The EU and Fiji, at the forefront of the fight against climate change, share a high level of ambition for a transition to a modern, resource-efficient and competitive economy and the vision of climate emergency. Indeed, the Fijian Government and the EU have embarked on ambitious policies for climate change mitigation and adaptation and have set a national objective of carbon neutrality by 2050, anchored in their legal frameworks³ in 2021.

In the framework of the consultations on the Pacific Multi-Country MIP for 2021-2027, Fiji expressed its interest in a strong partnership with the EU on climate action. Following the 2022 elections, the new Government has confirmed this position. This action, which will be part of the Global Gateway flagship on climate, will contribute to enhancing ongoing political collaboration to advance international climate policy and highlight the EU’s and the Pacific’s leadership in the area of climate actions. With this action, the EU demonstrates its commitment to support Fiji’s efforts addressing climate change, in terms of both mitigation and adaptation, and the EU’s support to Fiji’s reform process. The action is aligned with the Team Europe Initiative (TEI) “EU-Pacific Green Blue Alliance” and is further complemented by interventions enhancing adaptation to climate change (e.g. the Kiwa initiative) as well as interventions facilitating investment in the low carbon transition of its energy sector in line with the national objective of carbon neutrality by 2050 (e.g.: hydropower development) or strengthening public finance management and governance. The action is also aligned with the Commission priorities for 2019-24, in particular the European Green Deal, and will contribute to Sustainable Development Goals (SDGs) in particular SDG 13 (climate action). It is also lined up with the 2050 Strategy for the Blue Pacific Continent and regional

² Fiji was the first country in the world to ratify the Paris Agreement in 2016

³ Fiji Climate Change Act and European Climate Law.

frameworks and strategies⁴ such as the Framework for Resilient Development in the Pacific or the Small Island Developing States Accelerated Modalities of Action (Samoa Pathway), the new post-Cotonou Pacific Regional Protocol and the EU strategy for cooperation in the Indo-Pacific, in particular supporting the green transition of the region. The action is designed to support the implementation of both the Paris Agreement and the Sendai Framework for Disaster Risk Reduction 2015-2030. This action also supports the implementation of the Gender Action Plan III, notably its key thematic area “Addressing challenges and harnessing the opportunities offered by the green transition and the digital transformation”.

With budget support as the main implementation modality, enhanced partnership for sustainable development is sought, while public finance management reforms are incentivized as well as efforts to enhance transparency and oversight of budget processes. This will also contribute to increased fiscal space for Fiji’s government to implement its ambitious climate agenda.

2.2 Problem Analysis

Climate change poses “an ongoing threat to Fiji’s constitutional commitments and values, national wellbeing, environmental stability, development priorities, and economic sustainability”. Indeed, climate change impacts and disaster events are undermining economic growth and development outcomes, driving up the cost of development, increasing investments risks, challenging efforts to eradicate poverty and jeopardizing fiscal stability. Responses to climate change involve mitigation and adaptation actions. The country is at the forefront in terms of advocating ambitious international policies to counter climate change and demonstrates this through its own domestic policies, which seek to reduce adverse impacts of climate change. As a developing country that strives to fulfil its development needs, Fiji requires technical expertise, human resources and financial capacity to fully implement its plans which seek a whole of Government approach. Nevertheless, the country is taking steps to mitigate its impact on the climate and address the adverse impacts of climate change but requires collective action and contributions from the private sector and development partners. In its Briefing Note on the Fiji National Climate Change Policy, the Government assessed that its ability to access climate finance to develop a low carbon and resilient economy and communities are often hindered by:

- inefficient coordination and “silo and disjointed” approach of key stakeholders around international climate finance;
- inadequate national tagging and tracking system of climate finance;
- limited capacity to overcome the barriers (policy, legal, regulatory, institutional, fiduciary, technical, financial, business and social) to scale up climate solutions;
- lack of high-quality and transformative climate change project proposals to meet stringent requirements of the funders and donors, limited strategic approach and lack of climate change project pipelines (the latter is addressed by the recent National Climate Finance Strategy (NCFS));
- high institutional memory loss caused by staff rotation;
- limited understanding of the climate finance landscape and funding opportunities;
- bureaucratic and complex access modalities of international climate funding sources.

The Act addresses many of the challenges mentioned in the National Climate Change Policy 2018-2030 (NCCP) (ex: institutional and governance set-up, human resources, legal framework to enable carbon sequestration, carbon stocks and emissions reduction projects, provisions for the implementation of sustainable financing...).

While the Act has been enacted, it is to come into force on a date or dates appointed by the Minister responsible for Climate Change by notice in the Gazette. In order to facilitate and organize the implementation, the Government of Fiji has prepared, in a consultative manner, a strategic Climate Change Act Strategic Implementation Roadmap, which identifies the requirements to ensure all parts and provisions of the Act can enter into force. This action will therefore contribute to a smooth entry into force of the Act by supporting the readiness of its different components so they can enter into force.

⁴ Examples: the revised Pacific Island Meteorological Strategy (PIMS) 2017-2026 and the Pacific Roadmap for Strengthened Climate Services 2017-2026.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

- **Government and State Entities** who expect fiscal stability, capacity development, improved access to resources and financing for climate resilient development and are required to contribute to national efforts to adequately mainstream climate change mitigation, adaptation, climate displacement and planned relocation into development planning, decision-making and policy and must report biannually on the implementation of the Act;
- The **Private Sector** who expects better access to technology and sustainable financing for transition to low carbon economy and guidance and compliance support, and must disclose financial risks of climate change and measures adopted to reduce them;
- The **citizens of Fiji**, who expect social protection from climate change impacts, new livelihoods, sources of income and employment opportunities as well as a better access to climate and disaster risk resilient infrastructure and services and are the final beneficiaries;
- The **Governance Bodies** contemplated in the Act (National Climate Change Coordination Committee, National Adaptation Plan Steering Committee, the Fijian Taskforce on the Relocation and Displacement of Communities Vulnerable to the Impacts of Climate Change, the National Ocean Policy Steering Committee);
- The **Minister for Climate Change and the Director of the Climate Change Division** who have enhanced responsibilities, powers and obligations through the Act.

2.3 Additional Areas of Assessment

2.3.1 Public Policy

The Government of Fiji has an ambitious climate change agenda and developed a **comprehensive, coherent and relevant policy framework** accordingly. Indeed, Fiji aims to achieve carbon neutrality by 2050 and seeks to build adaptive capacity and resilience to face the climate emergency. It has integrated climate mitigation and adaptation, disaster risk management and resilience into the 5- and 20-Year National Development Plan (NDP), which guides investments in multiple sectors. It has passed legislation (the Climate Change Act) and established policies that form the institutional framework to meet its objectives arising from the NDP and international obligations across multiple conventions, including those for climate change, disaster and biodiversity. The main documents developed with a focus on climate change include :

- the National Climate Change Policy 2018-2030 (NCCP) which is a central policy instrument to protect Fiji's development priorities from climate change risks and guide national climate ambitions;
- the National Adaptation Plan 2018-2022 (NAP) which prioritized adaptation measures;
- Fiji's Nationally Determined Contributions (NDC), its Nationally Determined Contribution Implementation Roadmap 2017-2030 (NDCR) which charts a pathway for the implementation of mitigation actions needed to achieve the NDC for Fiji and the Nationally Determined Contributions Investment Plan (NDC IP);
- the Fiji's Low Emission Development Strategy (2018-2050);
- Fiji's National Ocean Policy 2020-2030 which aims to secure and sustainably manage all of Fiji's ocean and marine resources;
- Fiji National Climate Finance Strategy (NCFS), lays out Fiji's main investment priorities for cultivating a climate-resilient, low-carbon economy from 2022 to 2029.

The Act, enacted in 2021, creates a legal basis to support Fiji's sustainable development objectives, long-term climate ambition, net-zero emissions target, and commitment to protecting Fiji's environment. The key objectives of the Act are to reduce the production of greenhouse gases and accurately measure that reduction in accordance with international law standards, to boost Fiji's efforts at carbon sequestration, to respond and adapt to the

destructive effects of climate change, to improve the health and security of Fiji's oceans (leading to the support to Marine Protected Areas) and to secure and coordinate sustainable climate financing for Fiji. The mechanisms envisaged to implement the Act include the whole of government approach, government regulations, legal instruments, policies and codes of conduct, enforcement, incentives and financial disincentives. The Act creates new requirements of the Government to ensure that decisions, investments, budget submissions, proposals, and infrastructure plans account for and clarify strategies to minimise Fiji's exposure to climate change risks. It provides for the development, implementation and review of the NCCP, the National Adaptation Plan 2018-2022, National Ocean Policy and any other climate change policies. The Act also envisages promoting dialogue and creating an enabling environment with the private sector and assisting it in complying with the Act. The preparation of the Act has been consultative. The Act recognizes that cross-sector coordination and collaboration must be part of the institutional arrangement. It establishes clear coordination and oversight mechanisms. It provides clear mandates to the Minister for Climate Change, the Director of Climate Change and the National Climate Change Coordination Committee who will govern Fiji's national response to climate change. The Act also provides for the integration of climate change within all government sectors through the appointment of focal points within each ministry, who must report bi-annually to the Director of Climate Change on the implementation of the Act within their ministries. The Act requires that the Director of Climate Change Division (CCD) must develop and maintain a publicly accessible Information Platform online for the purpose of increasing the availability and accessibility of comprehensive data, information and government policies related to climate change. The institutional and governance structures to be established by the Act entail the National Climate Change Coordination Committee, the National Adaptation Plan Steering Committee, the Fijian Adaptation Registry, the Fijian Taskforce on the Relocation and Displacement of Communities Vulnerable to the Impacts of Climate Change, the National Ocean Policy Steering Committee and may include the establishment of a private sector advisory committee.

The Act ensures that **rights, and social and cultural issues are embedded in the policy frameworks** and that a consultative approach is followed. It also requires that effectiveness and performance **indicators are gender, age and disability sensitive and, where possible, disaggregated**.

The Act and the climate change related policies address and respond appropriately to the identified challenges (governance, coherence, coordination, accountability, capacity building, reporting, access to finance...).

The NCFS⁵ covers the mitigation and adaptation priorities across all economic sectors by synthesizing the priorities laid out in the different policy documents. The Government has estimated the national annual climate finance needs to FJD 3.29 billion (EUR 1.4 billion) to cover for its adaptation and mitigation needs. Actual expenditures on climate adaptation and resilience-building are currently only about a fourth of estimated needs. Given Fiji's limited fiscal space (sharply reduced by the pandemic), spending needs greatly outweigh Fiji's revenue and borrowing capacity. Given Fiji's high public debt, limited fiscal space, and high spending needs for climate adaptation, new financing will need to be primarily in the form of grants and concessional loans. **Fiji faces a large climate finance gap. Fiji can't reach its climate change targets without external financial support.** The government is making incremental efforts to increase its access to climate finance. Fiji is one of the most advanced countries in the Pacific with respect to accessing global climate funds and the Government is working towards creating an enabling environment that will attract and allow them to better manage multiple sources of financing. Measures foreseen include measures such as the integration of climate risk into planning and budgeting or the inclusion of climate risk into oversight, transparency, and accountability mechanisms or enhancing the quality of the project pipeline being proposed for financing. Among the initiatives undertaken : issuance of a Green Bond and development of a Fijian Sustainable Bond Framework, accreditation of Fiji Development Bank to Green Climate Fund and progress towards the accreditation of the Ministry of Finance, enactment of the Act, development of the NCFS, active promotion of the set-up of a Loss and Damage Fund.

On top of difficulty to access financial resources and while Fiji has relatively strong public institutions compared to other Pacific Island countries, it faces **operational and implementation challenges with limited capacity** and

⁵ The NCFS details the priority policies, interventions, targets, and projects across 12 sectors that require climate finance and keep Fiji on track to meet its commitments to build a climate-resilient, net-zero economy by 2050. It integrates and prioritizes actions from three channels: one, the climate-related development targets set out in the National Development Plan and strategic plans of the relevant line ministries; two, the mitigation priorities set out in the Low Emissions Development Strategy, NDC Implementation Roadmap, and NDC Investment Plans; and three, the adaptation priorities set out in the National Adaptation Plan and Climate Vulnerability Assessment. It also includes concept notes for 24 mitigation and adaptation projects that both advance Fiji's climate objectives.

frequent staff turnover in key positions affecting both the public and private sectors. The institutional and human resource capacity constraints limit the government's ability to plan, fund, implement and monitor climate actions. Mitigation measures envisaged under this action entail the provision of technical assistance (from the EU but also from other development partners) to support the entry into force (informed by the Act strategic implementation roadmap) and implementation of the Act, close dialogue between the Government and the Delegation and development partners as well as a careful and consultative selection of priorities initiatives.

The Act provides the architecture for systematic progress, monitoring, and assessment of the adaptation and mitigation goals stated in Fiji's national commitments. It aims to formalize all Monitoring, Reporting and Verification processes and enhance the national capacity to prepare and submit biennial inventories as per the Modalities, Procedures and Guidelines under the Enhanced Transparency Framework of the Paris Agreement. Support is being provided by development partners to build systems and capacities on this matter, which is key to ensure credibility of the Act and of the NDC.

The Act is to come into force on a date or dates appointed by the Minister for climate change by notice in the Gazette. In order to facilitate and organize the implementation, the Government of Fiji has prepared a **Climate Change Act Strategic Implementation Roadmap** (2022 – 2024) based on consultation with key stakeholders (including key implementing agencies and authorities, private sector, civil society organisations and representatives of key demographic and interest groups). It **identifies the requirements to ensure all parts and provisions of the Act can enter into force**. This roadmap is expected to serve as a tool for Government agencies to align resources, coordinate intergovernmental efforts to deliver the requirements set out by the Act in an inclusive and effective manner, while also helping to improve the programming of external funding and technical assistance to support the entry into force of the legislation.

In conclusion, the policy is sufficiently relevant and credible for budget support contract objectives to be largely achieved. Therefore, the policy can be supported by the Commission with the proposed budget support contract.

2.3.2 Macroeconomic Policy

Fiji has reputable relations with the International Monetary Fund (IMF) which it joined on 28 May 1971, hosts the IMF Regional Resident Representative Office for Pacific Islands as well as the IMF Pacific Financial Technical Assistance Centre (PFTAC).

Up until the COVID-19 global pandemic Fiji has experienced, on average, robust growth despite disaster-driven volatility. Prudent fiscal policies (solid tax-to-GDP ratio, expenditure-based fiscal consolidation and public debt on a sustainable path) contributed to macroeconomic stability.

Due to the pandemic and cyclones, Fiji recorded one of the steepest economic contractions in the world and the worst in its history. The fall in revenue combined with fiscal stimulus to mitigate the impact of the pandemic pushed up the fiscal deficit, and accompanied by contracting GDP, drove up public debt ratio despite expenditure cuts. The surge in global food and fuel prices exacerbated by the war in Ukraine has made the situation worse.

Out of the fiscal toolkit, the government has been deploying revenue and expenditure measures to overcome economic difficulties. The unavoidable price for macroeconomic stabilization has come in the form of budget deficits and growing public debt, which the government aims to get under control. The government could lift revenue by rationalizing tax holidays, adjusting upward selected tax and excise rates, broadening the tax base, and improving revenue collection. On the expenditure side, the reduction of the current spending would positively contribute to narrowing the budget deficit.

On the monetary side, the Reserve Bank of Fiji has well managed to keep the inflationary pressures subdued. The currency regime of a conventional peg (to a basket of currencies of five main trading partners) works well for the Fiji dollar and has been positively contributing to economic stability. The foreign exchange reserves remain substantial to withstand current account deficit. In addition, the overall balance of payments has been cushioned by the influx of external financial flows (bilateral and multilateral loans and grants), strong growth in inward remittances, and the new IMF Special Drawing Rights (SDR), which further boosted foreign reserves.

A strong government response and support from multilateral and bilateral partners has been critical to Fiji's ability to stand-up against the crisis. More recently, gradual recovery has started to take shape also thanks to revival of tourism, agricultural sector and increase in consumption and investment. Fiji's economic growth is forecasted to

return to the pre-pandemic level in the medium term. Significant risks however remain, in particular considering Fiji's vulnerability to disasters and climate change.

In conclusion, the authorities are pursuing a stability-oriented macroeconomic policy and the eligibility criterion is met.

2.3.3 Public Financial Management

The 2020 Public Expenditure and Financial Accountability (PEFA) assessment indicated that Fiji's PFM system is generally functional and it shows a public finance management system that is on track to be strong in terms of control of the execution of the budget.

Among cross-cutting issues to be addressed, the Financial Management Information System and Chart of Accounts require some adjustments. There are also opportunities to improve cash management, procurement complaints system, an internal audit charter and internal audit committee charter, reporting relating to public corporations and local authorities, public investment management and timeliness of the production of annual financial statements.

The new PFM Improvement Plan 2020-25, developed on the basis of the 2020 PEFA, has been published by the Fiji Ministry of Finance, Strategic Planning, National Development and Statistics on its website in November 2021. A steering committee was set up in 2022 to drive its implementation. The key recent achievements in the PFM domain are: i) endorsement of the Financial Management Amendment Act 2021 by the Parliament, ii) approval of the Liability Management Operations Policy, iii) finalization of the Annual Borrowing Plan, iv) procurement of the Budget Software, and v) formulation of assessment guidelines for investment project appraisal.

The Gender Responsive Budgeting, which was piloted by the Ministry of Fisheries and Ministry of Commerce, Trade, Tourism and Transport, has been already expanded to additional five Government ministries and the Fiji Police Force and is expected to expand further to other line ministries and agencies.

Robust PFM system and fiscal consolidation are being pursued to improve access to climate finance. Fiji is making steps to make the management of public finances climate sensitive and promote fiscal policies that respond to climate concerns. Efforts are foreseen to systematically mainstream resilience into the government's budgeting and decision-making processes. As prescribed by the Climate Change Act, adjustment to procurement policies will be made to integrate climate change considerations. The new Government is looking forward to implement a reform of the revenue system. This may include new green taxes. It is also worth noting that a priority of PFTAC in the next phase of the programme starting May 2023 will be to conduct a Climate Change PEFA and other diagnosis tools to guide efforts of Fiji.

The Domestic Resource Mobilisation has been affected by the adoption of fiscal stimulus packages, which led to sizeable tax and tariff cuts. The Pacific Technical Assistance Center (PFTAC), co-funded by the EU, facilitated technical assistance missions on tax policy and for the Fiji Revenue and Customs Service.

In conclusion, the public finance management reform strategy is sufficiently relevant and credible, including on domestic revenue mobilisation, and the eligibility criterion is met.

2.3.4 Transparency and Oversight of the Budget

The Budget process is well established, includes budget consultations with the public and even allows for the budget submissions. The National Budget Address is being aired live on national television, streamlined online through number of channels and with interpretation for deaf people.

The National Budget documentation is published online⁶ and approved before the start of the fiscal year (August 1st - 31st July). Public access to fiscal information is good, the good publishing practice also covers the supplementary budgets.

Timely financial reporting remains an area where some improvement could be achieved over the next years. Delays in submission of financial statements for audit prevents the Auditor-General from giving an opinion on them on a timely basis and informing Parliament and other stakeholders of the outcome of such audits.

⁶ <https://www.economy.gov.fj/?view=article&id=83:budget-documents-2&catid=19>

As a result, the annual Whole of Government financial statements are produced later than they could be, which is then also causing delays in audits of the Office of the Auditor General and publication of the Audit reports.

The institutional framework for the internal audit has been shored up by the adoption of the Amendment to the Financial Management Act of 30 July 2021. On its basis, the Internal Audit Charter and the Internal Audit Committee Charter will be developed and published and the Internal Audit Committee will be established.

In conclusion, the relevant budget documentation has been published and the eligibility criterion is met.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective of this action is to contribute to Fiji's sustainable, inclusive and resilient low carbon development.

The Specific Objective of this action is to contribute to increasing expenditure and investments in Fiji for climate change mitigation and adaptation by facilitating the entry into force of the Climate Change Act so that a conducive environment for the implementation of climate actions is created.

The *induced Outputs* to be delivered by this action contributing to the corresponding Specific Objective are :

- IO1 : Improved Interinstitutional Governance, Coordination and Oversight in line with the Climate Change Act;
- IO2 : Guidelines and regulations which further define the scope and specificity of the requirements the Act are developed;
- IO3 : Priority sectoral reforms required by the Act are undertaken.
- IO4 : Improved transparent public information, data sharing and reporting
- IO5 : Strategic tools for scaling up mitigation, adaptation, and access to finance are developed.

The *direct Outputs* to be delivered by this action are:

- DO1 : Additional fiscal space created;
- DO2 : Strengthened capacities of (the) Government stakeholders conducive to the implementation of reforms
- DO3 : Guidelines, regulations and/ or tools are revised and developed
- DO4 : Improved policy dialogue and coordination on Climate Change .

3.2 Indicative Activities

Activities relating to Output DO1:

- Financial transfers

Activities relating to Output DO2, through complimentary support in the form of technical assistance:

- Gender sensitive capacity development for Government stakeholders

Activities relating to Output DO3, through complimentary support in the form of technical assistance:

- Provision of technical assistance and expertise

Activities relating to Output DO4:

- Monitoring of progress towards the entry into force of the Act;
- Policy dialogue and development partners coordination.

3.3 Mainstreaming

Environmental Protection & Climate Change

Outcomes of the SEA screening (relevant for budget support and strategic-level interventions)

The Strategic Environmental Assessment (SEA) screening concluded that no further action was required.

Outcomes of the EIA (Environmental Impact Assessment) screening (relevant for projects and/or specific interventions within a project)

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project)

The Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment).

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that this action will ensure that gender is adequately and effectively mainstreamed, and that at least there should be at least one objective targeting gender equality or women empowerment.. The Act and the NCCP serve as a gender-responsive framework for women's rights and gender equality in climate change. However, disaster risk management laws and policies do not fully incorporate and address gender equality risks and issues. This action will promote the collection of gender-disaggregated data for better informed planning and policies, will promote the capacity building of women and seek for opportunities to increase the engagement on policy decision making of women. It will also promote gender balance in the governing bodies such as the Steering Committee for the National Adaptation Plan (2018-2022) and the National Ocean Policy (2020-2030) as foreseen in the Act. Gender mainstreaming in implementation and budget allocation for gender-responsive climate actions will also be encouraged through policy dialogue.

Human Rights

A right-based approach will be followed in this project. The project will focus the support on the duty-bearers (public institutions), but it will ensure that the right holders (women, men, children, etc.) with a special attention on people living in vulnerable situations, profit and can participate from the project outputs. The Act is based on the constitutional rights of the people. Indeed, it recognises that climate change is a threat to the rights and freedoms recognised in Chapter 2 of the Constitution, and in particular: the right to a clean and healthy environment; the right to adequate food and water; the right to health; the rights of children and persons with disabilities; the right to housing and sanitation; and the right to reasonable access to transportation. The action will also promote consultative approach (as foreseen in the Act) and pledge that no one will be left behind.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that, while this action is not considered directly relevant to specifically support inclusion of persons with disabilities, mainstreaming disability as a human rights-based approach will be followed. It is expected that rights of people living with disabilities and disability inclusive approaches will be promoted, the selection of disability sensitive indicators will be promoted and where possible disaggregated. The action may also indirectly contribute to increased participation in decision making process of persons with disabilities, the promotion of reasonable steps to be taken to ensure that the Information Platform is accessible to people with disabilities or that the relocation of communities due to climate risks addresses the potential constraints faced by persons with disabilities. This is aligned with the provisions of the Act.

Reduction of inequalities

The foundation of equal citizenry and opportunity was established by the 2013 Fijian Constitution, which established every citizen as a 'Fijian'. Fiji is classified as a lower-middle-income country and presents a low level of extreme poverty (2.3%). Its economic growth in the past two decades has been slow but inclusive. A steady decline of the poverty rate has been observed until the pandemic. Gender and geographic disparities are observed.

Women have unequal access to economic opportunities and public services and suffer violence and abuse. Fiji needs to accelerate growth while making sure that it remains inclusive. Obstacles to accelerated growth include low investment, weak exports, and low productivity jobs. In addition, climate change impacts and natural disasters threaten the capacity of Fiji to continue on the path of sustainable and inclusive development. It is estimated that losses due to tropical cyclones and floods translate into an average of 25,700 people being pushed into poverty every year in Fiji. In this context, building gender-sensitive resilience capacity in urban and rural context and enhancing climate adaption is critical. Fiscal resilience as also key.

Democracy

This action is based on a mutual commitment to the fundamental values of human rights, democracy and rule of law. The compliance with the political criteria to have stable institutions guaranteeing democracy will be monitored and regular dialogue will be held. Political risks are assessed as moderate. Nevertheless, the 2022 elections led to the loss of the parliamentary majority by FijiFirst and the setup of a coalition government by the opposition. This first democratic transition since 2014 went relatively smoothly. Fiji's election was watched by the Multinational Observer Group as well as the Pacific Islands Forum and the Melanesian Spearhead Group, which found that the election was free. Freedom House classified the country in 2022 as "partly free," noting that while freedoms have improved since 2014, the government frequently interferes with opposition activities. The judiciary is subject to political influence, and military and police brutality is a significant problem. This action will monitor the enabled space for civil society, freedom of expression online and offline, association and assembly and media independence. It will encourage an accountable and effective public administration, contribute to boosting reforms to fix systemic weaknesses and will promote transparency and oversight of the budget through strengthened policy dialogue.

Conflict sensitivity, peace and resilience

Conflict risks associated with climate change and access to resourced may increase. For example, while relocation of communities has been so far successful, such change, if implemented at pace risks producing conflict within existing communities and between existing and settler communities. The distribution of humanitarian aid in the aftermath of natural disasters can inadvertently create new forms of inclusion and exclusion (real or perceived), and exacerbate existing intergroup tensions. Natural disasters can also affect various groups differently, putting some people at more risk of harm than others. Crisis situations can increase existing power imbalances, and promote exclusion and marginalisation, including at state-level decision-making processes. By bolstering sustainable resource management and climate adaption, by promoting a consultative approach and supporting inclusive and accountable governance and by highlighting the rights-based approach embedded in the Act, this action will contribute to resilience building and peace.

Disaster Risk Reduction

As the Act sets the legal framework to enable the country's mitigation, adaptation and disaster risk management actions, disaster risk reduction is a significant objective of this action. While the Act does not necessarily interact with the conventional form of disaster risk reduction actions - it is in part a legal framework for strategically managing long term and short term disaster risks - especially through the legal stature, organisation, prioritisation, and governance it creates in relation to planned community relocation. The National Disaster Management Office and the Climate Change Division will be encouraged to continue to collaborate on addressing climate and disaster risk. It is worth noting that the shared themes of the Act and the draft Disaster Risk Management Bill (which aims to strengthen disaster preparedness, response and enhance climate resilience) are: a people centred approach, emphasis on risk informed approaches and strengthening of Fiji's resilience. These themes are at the core of the action.

Other considerations if relevant

Not applicable.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood	Impact	Mitigating measures

		(High/ Medium/ Low)	(High/ Medium/ Low)	
External environment – Macro-environment	Natural disasters (Covid-19, cyclones, etc.) undermine economic growth and the fiscal position and diverts focus and capacity away from sustaining reforms. It put additional stress on already strained government capacity.	High	High	This action will contribute to the economic and fiscal recovery; macroeconomic, developmental and PFM risks will be mitigated through the continued policy dialogue and support to strategic reforms and the financing provided. This action will contribute to building resilience, adaptation and disaster risk management capacities.
External environment – Macro-environment	Global economic situation and price shocks undermine economic recovery require the provision of substantial government assistance and undermine fiscal sustainability	Medium	Medium	Careful monitoring, policy dialogue and donor coordination will be part of the mitigation measures. EU support to boost sustainable food production as a response to increased food prices exacerbated by the war in Ukraine will contribute to mitigate the situation.
External environment – Political decisions and priorities outside the Commission	Political and governance risks. The change of government following the 2022 elections may undermine commitment to reforms and change of priorities	Medium	High	The new administration has confirmed that climate change remains a priority. Intensive policy dialogue, coordination with other development partners and provision of technical support under this action but also under the regional PFM programme will contribute to upholding reform pressures and commitments.
People and Organisation	Institutional capacity. High staff turnover aggravates capacity constraints, affecting reform implementation, coordination, and implementation.	Medium	High	Sequencing and selection of limited number of reforms and provision of coordinated technical assistance; focus on entry into force of the Act.
Planning, processes and systems	Stakeholders' reticence to implement the change foreseen in the Act	High	High	Consultative approach and communication are foreseen in the Act and will be promoted through policy dialogue.
Lessons Learnt:				

- Through the Support to Rural Livelihoods Budget Support operation, Fiji has demonstrated its capacity to implement a sector reform performance contract and its willingness to implement genuine reforms. The operation has strongly enhanced bilateral policy and technical dialogue but not much government-led coordination between development partners;
- The combination of budget support and advisory services contributes to trigger positive and lasting changes and improve the visibility of EU support;
- The choice of indicators is critical. They need to be realistic and achievable;
- Focusing on areas where the government has already established a strong track record and selecting indicators which can bolster reform momentum facilitate sustainable change;
- Coordination with other development partners, adequate communication and appropriate consultation is key to successful reforms;
- a mix of grants or external concessional loans, especially given the deterioration of fiscal space due to COVID-19, is required to progress meaningfully towards a carbon-neutral and climate-resilient Fiji;
- access climate finance is hampered notably by inefficient coordination and limited capacity to overcome the barriers (policy, legal, regulatory, institutional, fiduciary, technical, financial, business and social) to scale up climate solutions;
- Additional financing in the form of loans—even on concessional terms- need to be integrated into a sustainable fiscal and debt management framework.

3.5 The Intervention Logic

The underlying intervention logic for this action is that:

IF financial transfers are made, technical support is provided and adequately coordinated and policy dialogue is strengthened *AND* the Government is committed to implement reforms, *THEN* additional fiscal space will be created, capacity enhanced and assistance better coordinated;

IF additional fiscal space is created, capacity strengthened and climate actions, assistance and policy dialogue better coordinated *AND* the Government is committed to ensure the entry into force of the Climate Change Act and adopt a proactive, consultative, progressive and inclusive approach and communicates effectively, *THEN* adequate government coordination and oversight arrangements and mechanisms will be established, internal reforms facilitated, guidelines and regulations developed and adopted, processes, methodologies, and policies revised and tools to scale up climate actions and to improve access to finance will be put in place;

IF adequate government coordination and oversight arrangements and mechanisms are established, internal reforms facilitated, guidelines and regulations developed and adopted, processes, methodologies, and policies are revised and tools to scale up climate actions and improve access to finance put in place *AND* Climate change remains a priority of Fiji, *THEN*, the Climate Change Act can enter into force progressively and smoothly *BECAUSE* key priorities and overarching structures and mechanisms are established and enable the entry into force of the corresponding parts of the Climate Change Act as national compliance with the elements of the Act is ensured;

IF the Climate Change Act enter into force and is enforced, *AND* the Climate Change Act creates a conducive environment for the implementation of climate actions *THEN* this action will contribute to Fiji's sustainable, inclusive and resilient low carbon development *BECAUSE* the constraints to the formulation, implementation and monitoring of transformative climate actions are reduced, cross-sector coordination and collaboration is eased, access to climate finance is facilitated, the quality of decision-making on Fiji's adaptation and mitigation efforts and the capacity of the stakeholders is improved and natural resources are managed more sustainably.

As per the public policy assessment, the Act is a gender-sensitive and comprehensive legal framework which creates a legal basis to support Fiji's sustainable development objectives, long-term climate ambition, net-zero emissions target, and commitment to protecting Fiji's environment. While it has been enacted, it has not yet entered into force. The entry into force of its components require key priorities and overarching structures and mechanisms to be established. This budget support will incentivize and facilitate the entry into force of the Act and therefore create a conducive environment for transformative climate actions to take place and therefore will facilitate the reaching of the ambitious climate change agenda of Fiji in the long-term.

3.6 Logical Framework Matrix

Caveat: the indicators used in the LFM refer to the budget support intervention logic. They help monitoring the implementation of the programme in view of its objectives and later evaluate its contribution to country policy's achievements. The list of indicators below should not be understood as the list of indicators informing the disbursement of variable tranches and spelled out in the relevant part of the financing agreement signed with the partner country, although some indicators may be used for both purposes and will be marked accordingly.

Results	Results chain	Indicators (max. 15)	Baselines (year)	Targets by the end of the budget support contract (year)	Sources of data (1 per indicator)
Indicative Impact of the policy	To contribute to Fiji's sustainable, inclusive and resilient low carbon development	1- Volume of CO2 emissions reductions measured and reported in Gg CO2eq 2- Marine area under protection 3- INFORM Climate Change Risk Score 4- Number of communities supported to relocate due to climate change*	1- 0 (2020) 2- 12,133 km ² (2022) 3- 3.2 (2022) 4- 6 (2022)	1- 2 250 000 ⁷ (2026) 2- 64,000 km ² (2026) 3- <3.2 (2030) 4- 7 (2026)	Information Platform : https://fijiclimatchangeportal.gov.fj Marine protection atlas of the Marine protection institute: https://mpatlas.org/countries/FJI INFORM CLIMATE CHANGE RISK INDEX https://drmkc.jrc.ec.europa.eu/inform-index/INFORM-Climate-Change Relocation reports

⁷ The NDC has an unconditional commitment to reduce GHG emissions from this BAU scenario by approximately 10% in 2030 (250 ktCO₂), and a conditional commitment to reduce a further 20% (500 ktCO₂). This is a combined commitment to reduce 30% of GHG emissions from the energy sector BAU scenario, which is an estimated total mitigation of **0.75 MtCO₂ in 2030**.

Expected Outcomes of the policy	Increased expenditure and investments in Fiji for climate change mitigation and adaptation by facilitating the entry into force of the Climate Change Act so that a conducive environment for the implementation of climate actions is created	1.1 Status of the Climate Change Act	1.1 Enacted (2022)	1.1 In force by Ministerial notices in the Gazette (2026)	1.1 Gazette
		1.2 % of Public Sector Investment Programmes that include appropriate screening of climate change risks	1.2 0 % (2022)	1.2 25% of infrastructure projects under the targeted pilot ministries (2026)	1.2 Ministry of Finance website and annual reports: www.economy.gov.fj

Induced Outputs	1.1 - Improved Interinstitutional Governance, Coordination and Oversight in line with the Climate Change Act	1.1.1 Status of the Governance bodies defined in the Climate Change Act *	1.1.1 Not established (2022)	1.1.1 The National Climate Change Coordination Committee, National Adaptation Plan Steering Committee, the Fijian Taskforce on the Relocation and Displacement of Communities Vulnerable to the Impacts of Climate Change, the National Ocean Policy Steering Committee are established and meeting at least once a year (2023)	1.1.1 ToRs and minutes of meetings available
	- Priority guidelines for public entities developed and priority regulations drafted	<p>1.1.2 Status of the set-up of the monitoring and evaluation frameworks and systems to track progress against the NCCP</p> <p>1.2.1 Status of ministerial guidelines for State Entities to ensure consistency with the objectives and principles of the Act and for budget submissions developed</p> <p>1.2.2 Status of guidelines which include screening tools for evaluating climate and disaster risks for the preparation, appraisal and approval of projects under the Public Sector Investment Programme*</p>	<p>1.1.2 The NCCP has no indicators and monitoring system in place to track its progress (2022)</p> <p>1.2.1 Not developed (2022)</p>	<p>1.1.2 High level indicators with data sources and monitoring plan developed and used to measure progress of the NCCP (2024)</p>	<p>1.1.2 Information Platform : https://fijiclimatchangeportal.gov.fj</p> <p>1.2.1 Information Platform : https://fijiclimatchangeportal.gov.fj</p>

	1.3 - Priority sectoral reforms required by the Act are undertaken	<p>1.2.3 Status of the regulations to guide and reform mandatory reporting by fossil fuel importers</p> <p>1.2.4 Level of preparedness of the guidance and regulation on climate risk disclosures</p> <p>1.3.1 Status of the methodologies for the integration of climate risks and impact in Environmental Impact Assessments (EIA)</p> <p>1.3.2 Status of the National Building Code of Fiji (NBCF) *</p>	<p>1.2.2 drafted (2022)</p> <p>1.2.3 Not drafted (2022)</p> <p>1.2.4 Working group in place (2022)</p> <p>1.3.1 EIA do not entail climate and emissions considerations (2022)</p> <p>1.3.2 The NBCF dates from 1990 and has not been reviewed or updated. Climate adaption measures are not included and emergency guidelines not integrated (2022)</p>	<p>1.2.1 The ministerial guidelines for State Entities published are consistent with the objectives and principles of the Act (2024)</p> <p>1.2.2 The ministerial guidelines adopted include screening tools for evaluating climate and disaster risks (2024)</p> <p>1.2.3 Regulations to guide and reform mandatory reporting by fossil fuel importers drafted in alignment with the ‘enhanced transparency framework’ associated with Article 13 of the Paris Agreement (2024)</p> <p>1.2.4 Guidance and regulations drafted (2025)</p> <p>1.3.1 EIA process revised and methodologiess published to integrate analysis of climate change impacts and risks (2026)</p> <p>1.3.2 The adopted NBCF is reviewed takes into</p>	<p>1.2.2 Information Platform : https://fijiclimatechangeportal.gov.fj</p> <p>1.2.3 Online platform of Fiji’s consolidated laws : https://www.laws.gov.fj</p> <p>1.2.4 CCICD report</p> <p>1.3.1 Online platform of Fiji’s consolidated laws https://www.laws.gov.fj</p> <p>1.3.2 Online platform of Fiji’s consolidated laws https://www.laws.gov.fj</p>
	1.4 - Improved transparent public information, data sharing and reporting	<p>1.3.3 Level of alignment of procurement policies with the Act’s objectives and requirements</p> <p>1.4.1 Status of Fiji’s Greenhouse Gases (GHG)</p>			

	1.5 -Strategic tools for scaling up mitigation, adaptation, and access to finance are developed	<p>Inventory Systems (Fijian GHG Inventory) *</p> <p>1.4.2 Status of Fiji’s Biennial Update Report to the UNFCCC Secretariat</p> <p>1.4.3 Status of National Adaptation Registry *</p> <p>1.5.1 Existence of 5-year carbon budgets</p> <p>1.5.2 Status of Registrys of Carbon Sequestration Property Rights</p> <p>1.5.3 Number of Fijian Emissions Reduction Methodology developped and approved by notice in the Gazette</p> <p>1.5.4 Status of the national Transport decarbonisation strategy</p> <p>1.5.5 Status of the Fiji Registry</p>	<p>1.3.3 the public procurement processes do not include clear, verifiable, justifiable and ambitious environmental criteria for products and services in the public procurement process, based on a life-cycle approach (2022)</p> <p>1.4.1 Not in place (2022)</p> <p>1.4.2 : Not drafted (2022)</p> <p>1.4.3 Not in place (2022)</p> <p>1.5.1 Not existing</p>	<p>account the guidelines for approval of projects under the Public Sector Investment Programme and integrates energy efficiency measures (2025)</p> <p>1.3.3 The public procurement processes include clear, verifiable, justifiable and ambitious environmental criteria for products and services in the public procurement process, based on a life-cycle approach (2025)</p> <p>1.4.1 Inventory established, in line with UNFCCC expectations and publicly available (2025)</p> <p>1.4.2 Published (2024)</p> <p>1.4.3 Registry established, and publicly available (2026)</p> <p>First Carbon budget covering the period 1 January 2026 to 31 December 2030 submitted to Parliament (2023)</p>	<p>1.3.3 Fiji procurement office webpage: https://www.fpo.gov.fj https://oag.gov.fj</p> <p>1.4.1 Information Platform https://fijiclimatchangeportal.gov.fj</p> <p>1.4.2 https://unfccc.int/BURs</p> <p>1.4.3 Information Platform https://fijiclimatchangeportal.gov.fj</p> <p>1.5.1 https://www.parliament.gov.fj/</p> <p>1.5.2 Information Platform https://fijiclimatchangeportal.gov.fj</p> <p>1.5.3 Gazette</p> <p>1.5.4 Information Platform</p>
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		1.5.6 Status of the Fiji's Nationally Determined Contributions Update	<p>1.5.2 Not in place (2022)</p> <p>1.5.3 0 (2022)</p> <p>1.5.4 The country has not adopted a Transport decarbonisation strategy (2022)</p> <p>1.5.5 There isn't a Fiji Registry in place (2022)</p>	<p>1.5.2 In place (2026)</p> <p>1.5.3 1 (2025)</p> <p>1.5.4 The national transport decarbonisation strategy mandated by the Act is developed and approved in alignment with the guidance set out within the Act and NCCP (2025)</p> <p>1.5.5 A Fiji registry is in place, with clear mandates, organogram and resources established. Regarding the mandate, the Registry will include a) emissions reduction projects, programmes and activities; b) Fijian Mitigation Outcome Units; c) Emissions reduction units following emission reduction standard in relation to emission reduction project, programme or activity in Fiji; d) any incoming Internationally Transferred Mitigation Outcomes from another country</p>	<p>https://fijiclimatchangeportal.gov.fj</p> <p>1.5.5 Information Platform https://fijiclimatchangeportal.gov.fj</p> <p>1.5.6 Information Platform https://fijiclimatchangeportal.gov.fj</p> <p>1.5.7 Information Platform https://fijiclimatchangeportal.gov.fj</p>
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			1.5.7 Not available	or outgoing Fijian Mitigation Outcome Units to another country. (2024) 1.5.6 Published in 2025 following programmed frequency	
Direct Outputs	<p>DO1- Additional fiscal space created;</p> <p>DO2- Strengthened capacities of Government stakeholders conducive to the implementation of reforms</p> <p>DO3 : Guidelines, regulations and/ or tools are revised and developed</p> <p>DO4 : Improved policy dialogue and coordination on Climate Change.</p>	<p>DO1- Number of disbursements of the budget support provided under the Time to Act action</p> <p>DO2- Number of people trained on climate change related matters with the support of the TA, by sex, age, institution and topic</p> <p>DO3-1Number of drafts revised by the TA in line with the provisions of the Climate Change Act, CC policies and international standards or best practices</p> <p>DO3-2 Number of monitoring and other tools developed with the support of the TA in line with the provisions of the Climate Change Act, CC policies and international standards or best practices</p> <p>DO4 - Number of policy dialogue related to the implementation of the Act</p>	<p>DO1- 0 (2022)</p> <p>DO2- 0 (2022)</p> <p>D43- 0 (2023)</p>	<p>DO1- 3 (2026)</p> <p>DO2- tbc (2026)</p> <p>DO4- At least 3 (2026)</p>	<p>DO1 EU Disbursement notifications</p> <p>DO2 and DO3 – TA internal monitoring systems (Complementary support narrative reports)</p> <p>DO4- Policy dialogue minutes/ summary of meetings/flash reports</p>

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the partner country.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation of the Budget Support Component

4.3.1 Rationale for the Amounts Allocated to Budget Support

The amount allocated for the budget support component is EUR 12 000 000, and for complementary support is EUR 700 000. This amount is based on :

- Strong track record in implementing an ambitious and consistent reform agenda supported by budget support operations demonstrated by the partner country and high absorption capacity;
- Commitment of Fiji to allocate national budget resources (including EU budget support) in line with the National Development Plan, the climate change Act and its implementation roadmap, climate change related strategies and plans;
- Commitment of the Fiji to undertake priority reforms and to improve its tax policy and tax administration in order to mobilise more domestic revenue for the implementation of its policy/strategy;
- Commitment of the partner country to strengthen climate change and PFM related policy dialogue;
- Due consideration of Fiji's limited capacity to reach its climate and general development goals and to access climate finance;
- Very positive trend in the overall performance of the implementation of climate related policies.

The following disbursement calendar and profile proposed for the action is indicative. The actual disbursement calendar and profile will be set out in the financing agreement and may remain subject to change.

The programme is expected to be implemented over four years, with three foreseen budget support payments.

4.3.2 Criteria for Disbursement of Budget Support

a) Conditions.

The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Climate Change Act and its strategic implementation roadmap and continued credibility and relevance thereof or of the subsequent policy;
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances;
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme;

- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

b) The performance indicators for disbursement to be used for variable tranches may focus on the following policy priorities:

- Status of the Governance bodies defined in the Climate Change Act;
- Level of screening of climate risks in Public Sector Investment Programmes;
- Status of the National Building Code of Fiji;
- Status of the Fiji's Greenhouse Gases (GHG) Inventory;
- Status of the National Adaptation Registry;
- Number of communities supported to relocate due to climate change

c) Modifications.

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action. However, in duly justified cases, the partner country and the Commission may agree on changes to indicators or on upward/downward revisions of targets. Such changes shall be authorised in writing ex-ante, at the latest at the beginning of the period under review applicable to the indicators and targets.

In exceptional and/or duly justified cases, for instance where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant and could not be anticipated, a variable tranche indicator may be waived. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year (in accordance with the original weighting of the indicators). It could also be decided to re-assess an indicator the following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors beyond their control. The use of this provision shall be requested by the partner country and approved in writing by the Commission.

d) Fundamental values

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

4.3.3 Budget Support Details

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into Fijian Dollars (FJD) will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

4.4 Implementation Modalities for complementary support to a BS

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁸.

4.4.1 Indirect Management with an entrusted entity

A part of this action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria:

- operational capacity (in-country presence embedded in the Government),
- ability to support strong institutional capacity development related to green growth and

⁸ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

- its prominent role as a neutral, trusted advisor.

The implementation by this entity entails the provision of technical assistance and advisory support to the Government of Fiji.

4.5. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Budget support - cf. section 4.3	12 000 000
Implementation modalities – cf. section 4.4 Indirect Management with an entrusted entity 4.4.1	700 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	100 000
Totals	12 800 000

4.7 Organisational Set-up and Responsibilities

As signatory of the Financial Agreement, the Ministry of Finance will be the designated EU counterpart and responsible for coordination with the relevant departments and stakeholders involved and all official communication with the EU. As such, it will submit payment requests on behalf of Fiji.

The ministry responsible for Climate Change will be in charge of the policy guidance, regulation, coordination of all the activities and preparation of the reporting related to the implementation of the climate change policy and regulatory framework.

The monitoring by the European Union will be through government-led sector coordination, through government/donor meetings, based on country reports and other relevant monitoring and evaluation systems, in line with the Aid Effectiveness agenda.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall

establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring: the monitoring by the EU and the Ministry of Finance will be through government-led sector coordination and through government/donor meetings, based on country reports and monitoring and evaluation systems. The management of climate data will be enhanced thanks to the measures foreseen by the Climate Change Act but also through capacity building.

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. There is a minimum and sufficient level of information available however data management needs to be enhanced. The implementation of the bill encourage and will facilitate data management. The Fiji Climate Change Portal will be a key source of information as it is the publicly accessible central information hub for climate change, and is up to date. This assessment has fed into the design of the action as follows: identification of priority areas of concerns to be addressed by the action, selection of indicators and targets and structure of the logical framework.

5.2 Evaluation

Having regard to the importance of the action, an ex-post evaluation(s) may be carried out for this action or its components via independent consultants contracted by the European Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact the transformational and whole of government approach followed and the potential launch of the second phase of the action.

The evaluation of this action may be performed individually or through a joint strategic evaluation of budget support operations carried out with the partner country, other budget support providers and relevant stakeholders.

The Commission shall inform the implementing partner at least 2 months in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination⁹. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluation services may be contracted under a framework contract.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

⁹ See best [practice of evaluation dissemination](#)

In line with the 2022 “[Communicating and Raising EU Visibility: Guidance for External Actions](#)”, it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union’s support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.