

Ex-Ante Evaluation (for Japanese ODA Loan)

Southeast Asia and Pacific Department

Southeast Asia Division 6 / Oceania

Japan International Cooperation Agency (JICA)

1. Basic information

Country: Republic of Fiji

Project name: Stand-by Loan for Disaster Recovery and Rehabilitation

Loan Agreement: February 21, 2020

2. Background and Necessity of the Project

(1) Current State and Issues of the Development of the Disaster Risk Reduction Sector in Fiji and the Positioning of the Project

The Republic of Fiji (“Fiji”) is plagued by almost annual natural disasters that damage its core infrastructure, and this in turn has long-term influence on its economy. Recent disasters include the 2010 cyclone that caused approximately \$45 million USD in damages, and the 2012 tropical cyclone floods that caused approximately \$49 million USD in damages. In February 2016, the largest cyclone in the recorded history of the Southern Hemisphere, Cyclone Winston, caused damages equivalent to roughly \$600 million USD (around 13% of the GDP at that time, or 36% of the national annual budget). The impact was massive, and around 540,000 people (60% of the population) were affected by outages of electricity, water, gas, and other services. Government of the Republic of Fiji (GoF) announced a state of natural disaster and launched house rebuilding and other reconstruction activities.

For Fiji, losses caused by natural disasters are an impediment to development, and therefore it is crucial that the country reserve funds needed for reconstruction. In the aftermath of Cyclone Winston, through July 2016, the GoF urgently restructured its annual budget to raise approximately \$40 million USD for reconstruction projects. That same month, the GoF received \$50 million USD each in reconstruction funds from the World Bank and the Asian Development Bank (ADB), and spent that roughly \$100 million USD on reconstruction efforts in FY 2016/17. In its National Development Plan (2017-2021), the GoF strategically budgeted incidental expenses to handle disasters, and the Stand-by Loan for Disaster Recovery and Rehabilitation (this program) is intended to contribute to help fund that strategy.

(2) Japan and JICA's Cooperation Policy, etc. in the Disaster Risk Reduction Sector and the Positioning of the Project

The Leaders' Declaration made at the 8th Pacific Islands Leaders Meeting in May 2018 called for cooperation on the core concept of "strengthening the basis for resilient and sustainable development." In the Disaster Risk Reduction (DRR) sector, Japan has declared that it will be steadily implementing the Sendai Framework for Disaster Risk Reduction 2015-2030. Moreover, this project is also considered to contribute to the climate change and other environmental measures, a priority focus of the Country Assistance Policy for Respective Countries (April 2019). This project also contributes to the rapid recovery of disaster-affected locations and response to intensifying natural disasters, and therefore it is considered to contribute to SDGs 11 (Make cities and human settlements inclusive, safe, resilient and sustainable) and 13 (Take urgent action to combat climate change and its impact). Japanese aid to the Fijian DRR sector has included a technical cooperation dispatching a team of experts to advise on comprehensive disaster preparedness measures (2016-18), the Project for Improvement of Equipment for Disaster Risk Management (grant aid, 2012), the Project for the Planning of the Nadi River Flood Control Structures in the Republic of Fiji (technical cooperation, 2014-16), and the Project for the Rehabilitation of the Medium Wave Radio Transmission (grant aid, 2015).

(3) Other aid organizations

There are currently no aid organizations providing contingent financing¹ to the GoF.

3. Project Description

(1) Project objective

The objective of this project is to facilitate policy actions on advance investment for and mainstreaming of disaster prevention in the Republic of Fiji, which faces a high level of disaster risk. Moreover, by preparing for the rapid increase in financing needs during post-disaster recovery, this project helps to enable more rapid recovery and thus to contribute to sustainable development in Fiji.

(2) Project site / location

The entirety of Fiji

(3) Project Components

In this project, the GoF will work through the policy action matrix in Table 1 below to make disaster prevention mainstream using JICA technical cooperation.

¹ Contingent Financing: In the event of a natural disaster of a certain level of severity, mechanisms are in place to provide financing according to the terms of a prior contract.

The progress of the actions will be monitored on a six-month basis by the Fiji Ministry of Economy² and JICA. With this project in place, when Fiji announces a Declaration of a Natural Disaster and the borrower requests a disbursement, requested amount will rapidly be disbursed. Additionally, the actions listed in Table 1, “Prior actions (2019),” have already been completed as of December 2019.

Table 1: Policy action matrix

Target field	Prior actions (2019)	Expected actions (2023 target) (Items marked with a large dot [●] will receive support in their implementation)
<p>Strengthening governance to manage disaster risk</p> <p>Primary organization: National Disaster Management Organisation (NDMO)</p>	<ul style="list-style-type: none"> • Cabinet approved National Disaster Risk Reduction Policy (NDRRP) developed through JICA technical cooperation • NDMO appointed DRR officers who look after four Divisions. 	<ul style="list-style-type: none"> ●Municipal Councils shall develop Local Disaster Risk Reduction (DRR) Plan based on the hazard assessment ●NDMO shall develop the Guidelines for Local DRR Plan to accelerate Local DRR in each municipal council ●NDMO shall issue a DRR white paper every year

² The Ministry of Economy manages government finances; conducts economic and financial forecasts and analysis; manages the national budget, debt, and assets; and considers annual policy. It corresponds to the Ministry of Finance in other countries, and it is the implementing organization for the current project.

<p>Investing in disaster risk reduction for resilience</p> <p>Primary organizations: Ministry of Economy, Ministry of Waterways and Environment of Fiji</p>	<ul style="list-style-type: none"> • GoF created a master plan for Nadi River flood control with supported by JICA technical cooperation • Ministry of Waterway and Environment identified areas at high risk of flooding other than the Nadi River and began working on river dike construction and dredging 	<ul style="list-style-type: none"> • Ministry of Waterway and Environment shall implement priority projects in the master plan for Nadi River flood control ●NDMO and Ministry of Economy shall develop a list of priority investment project as an NDRRP roadmap to mitigate the disaster impact (medium-term operations plan divided into fiscal-year categories) ●Ministry of Economy shall appropriate funds (national budget or finance from donor partners) to priority investment projects on the roadmap
<p>Understanding disaster risk and enhancing disaster preparations for effective response</p> <p>Primary organization: NDMO, Fiji Meteorological Service (FMS)</p>	<ul style="list-style-type: none"> • Fiji Meteorological Services (FMS) started Meteorological and hydrological observation for the accurate and timely weather observation (with Project for Improvement of Equipment for Disaster Risk Management; JICA Grant Aid) • FMS began preparation for storm surge forecasting • Fiji Broadcasting Corporation rehabilitated Mediumwave Radio for the prompt and precise delivery of disaster information (with Project for the Rehabilitation of the Medium Wave Radio Transmission; JICA Grant Aid) 	<ul style="list-style-type: none"> ●NDMO shall facilitate understanding of disaster risks through conducting hazard assessment at Municipal councils • NDMO shall compile the past Natural Disaster related data into the document or system

(4) Estimated Project Cost: 5.0 billion yen

(5) Project implementation period: The period targeted for policy action by this project runs from April 2020 to March 2023. The lending period shall extend for a period of three years after the lending agreement goes into effect. The project will be completed when all project funds are loaned out or the lending period ends (the lending period can be extended a total of four times, or a total of 15 years).

(6) Project implementation structure

1) Borrower: The Republic of Fiji

2) Executing Agency: Ministry of Economy

3) Management structure: JICA is supposed to confirm the progress of policy actions that are promoted by this project through JICA's technical cooperation project described above. Progress will be checked during twice-annual monitoring meetings held by the Ministry of Economy and JICA, where milestones will be set (e.g. 2021 mid-term target numbers) and monitored for every six-month period. Primary implementing organizations for each policy action are listed in Table 3. The Ministry of Economy will conduct overall progress management.

(7) Coordination and division of roles with other projects and aid organizations

1) Japanese aid activities: Support provided for future policy action via the Project for Mainstreaming Disaster Risk Reduction (JICA technical cooperation; scheduled to begin March 2020; four-year project), for which NDMO is the implementing organization.

2) Aid activities provided by other aid organizations: None

(8) Environmental and Social Considerations, Cross-Sectional Matters, and Gender Categories

1) Environmental and social considerations

① Category: C

② Reason for Categorization: The project is considered to have minimal adverse impact on the environment as per JICA Guidelines for Environmental and Social Considerations (released April 2010).

2) Cross-organizational matters: This project lowers the risk of damage posed by cyclones and other natural disasters, on which climate change is identified as having an impact, and thereby contributes to adaptation to climate change.

3) Gender categories: [Not covered] Gender not covered

[Reason for Categorization] None of the policy actions in the policy action

matrix take a gender-oriented perspective.

(9) Other special matters

[Macroeconomic situation] No IMF upper-credit tranche arrangement is carried out.

4. Project outcomes

(1) Quantitative outcomes

Indicator	Baseline(2019)	Target (2023)
Number of Local DRR plans created	0	5
Number of hazard assessments conducted (*i)	1	6

(*i) Counted by disaster type. Only assessments pertaining to current Nadi River flooding damage.

(2) Qualitative outcomes

The post-disaster stabilization of the fiscal situation of the GoF, the acceleration of post-disaster recovery, the stabilization and restoration of disaster-affected residents' lifestyles, and continuous economic growth.

(3) Internal rate of return

Difficult to calculate in advance due to the nature of project.

5. Prerequisites and external conditions

None

6. Lessons from similar past projects and application to this project

In the ex-post-project evaluation of the "Post Disaster Recovery Stand-by Loan", ODA loan conducted for the Republic of the Philippines (evaluated FY 2017), one of the lessons highlighted by that experience was that the policy actions had successfully conducted because the policy matrix was created with consideration of relevant JICA technical cooperation projects. Based on this lessons learnt, the policy matrix of this project has been created in accordance with a relevant technical cooperation project, and continuous implementation of policy actions is guaranteed through the participation of NDMO as the implementing organization for the technical cooperation project.

7. Results of Evaluation

This project serves to promote the implementation of disaster preparedness policy through a framework of providing funds for emergency restoration work in the aftermath of major disasters. The project is considered to be consistent with Fiji's development policies and challenges as well as the cooperation policies of the Japanese government and JICA, and it is considered to contribute to SDGs 11 (Make cities and human settlements inclusive, safe, resilient and sustainable)

and 13 (Take urgent action to combat climate change and its impact). Hence, there is a need to provide support for the implementation of this project.

8. Plan for Future Evaluation

(1) Indicators to be used in future evaluations

As mentioned in 4 (1) and (2).

(1) Future evaluation schedule

Ex-post evaluation is scheduled two years after the completion of the project