



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

REPUBLIC OF FIJI

Public Investment Management Assessment –
PIMA and Climate PIMA

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Prepared By

Majdeline El Rayess, Harilala Onintsoa Raoilisoa, Bryn Welham, Paul Seeds, Willie Du Preez,
Rodney Barber

Authoring Departments/Institution

Fiscal Affairs Department

PARTNERS: Government of Japan (Joint Subaccount Infrastructure Governance Facility).

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The *High-Level Summary of Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: This report presents the findings of the Public Investment Management Assessment (PIMA) and Climate Public Investment Management Assessment (C-PIMA) conducted in Fiji during March 2025. The assessment revealed mixed institutional design and effectiveness scores and identified areas in need of improvement: national and sectoral planning, multi-year budgeting, and maintenance funding. Climate-related public investment management showed strengths in project appraisal and disaster risk management but also gaps in climate-aware planning and coordination. The team identified five high level recommendations focused on consolidating priority project lists, strengthening project appraisal and multi-year budgeting, improving maintenance funding, and addressing cross-cutting issues such as capacity development and IT systems to improve overall public investment outcomes and climate responsiveness.

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Background

At the request of the Ministry of Finance, Strategic Planning, National Development & Statistics (MoF), the International Monetary Fund's (IMF) Fiscal Affairs Department (FAD), supported by the Pacific Financial Technical Assistance Center (PFTAC), conducted a Public Investment Management Assessment (PIMA) and Climate PIMA (C-PIMA) in Fiji in March 2025. This technical assistance was designed to identify the strengths and weaknesses of Fiji's public investment management (PIM) framework, with a particular focus on its ability to incorporate climate change considerations.

Summary of Findings

The Fiji authorities are committed to scale up capital spending to achieve their public investment targets and objectives as set out in the National Development Plan (NDP) and Public Sector Investment Program (PSIP), while managing fiscal sustainability and addressing the growing risks posed by climate change. To that extent, ongoing reforms in the PIM area are aiming to strengthen the processes in all phases of the public investment cycle (planning, allocation and implementation) to enhance implementation capacity. Noteworthy among these reforms are: (i) the development of the NDP "implementation booklets" aimed at explaining how to achieve the NDP goals over the medium-term, (ii) the PSIP guidelines related to preparation, appraisal and selection of projects, (iii) the new 2024 procurement regulation and guidelines aimed at strengthening transparency and improving the procurement process, and (iv) the new 2024 Financial Management Integrated System (FMIS) with improved functionality, in particular the fixed assets module.

The PIMA revealed that Fiji's public investment management institutions exhibit stronger legal and institutional design than actual effectiveness in practice. While the 2004 Financial Management Act (FMA) and the 2023 PSIP guidelines provide a modern framework, implementation challenges persist. Key weaknesses include national and sectoral planning, lack of a comprehensive priority project list with associated costs and results, and lack of medium-term visibility on capital spending. Routine maintenance funding is not clearly identified or adequately planned, contributing to asset deterioration risks. Despite a relatively strong procurement framework and timely availability of funding, project portfolio management and oversight remain weak, with limited monitoring detail and absence of ex-post reviews.

The Climate PIMA assessment highlighted Fiji's high vulnerability to climate change and natural disasters, with significant economic and fiscal risks from increasingly intense cyclones, sea-level rise, and other hazards. Fiji has developed a comprehensive climate policy framework, including the 2021 Climate Change Act and National Adaptation Plans, and has integrated climate considerations into project appraisal and fiscal risk management. However, climate-aware planning and coordination across the government remain limited, with sector plans and regulations largely lacking explicit climate risk integration. Budgeting and portfolio management do not yet identify or track climate-related expenditures, and asset management systems do not incorporate climate vulnerability data. Fiji's disaster risk management framework and ex-ante financing mechanisms are well developed, providing a solid foundation for managing climate-related fiscal risks.

Summary of Recommendations

The team identifies five priority reform measures to further strengthen the PIM institutions in Fiji, including their climate responsiveness, and therefore improving the execution of the budget.

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