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**OFFICIAL
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**Attorney-General and Minister for Finance, Public Enterprises,
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By Facsimile

Dr Jim Yong Kim
President
World Bank
Washington DC 20433
USA

Dear President Kim

Post-Cyclone Winston Emergency Development Policy Operation (P159774)

1. On Saturday, 20 February 2016, Cyclone Winston hit Fiji with devastating effects. It was the first Category 5 cyclone to directly impact Fiji, and the most intense tropical cyclone on record to affect the country. Maximum average wind speeds reached 233km/hour, and wind gusts peaked at around 306km/hour, making Cyclone Winston one of the most powerful cyclones ever recorded in the Southern Hemisphere. In addition to the extreme wind speeds, many islands were flooded by storm surges, which, in some cases, inundated areas almost 200 metres inland.
2. The cyclone caused widespread damage and destruction impacting 540,414 people or 62 per cent of the total population. Approximately 80 per cent of the nation's population lost power, including the entire island of Vanua Levu. Cyclone Winston caused 44 fatalities and approximately 40,000 people required immediate assistance following the cyclone.
3. The damage and losses sustained as a result of Cyclone Winston amount to nearly FJ\$2 billion (22 per cent of GDP). By far the worst affected sector is housing, accounting for nearly 40 per cent of total damage and losses with 30,369 houses either damaged or destroyed. In this respect, the Government has already established a FJ\$70 million assistance scheme for low-income earners, providing funds for building materials to those whose homes have been damaged or destroyed, with the provision of funds scaled to the category of damage incurred. The agriculture and fisheries sector was also hit very hard, accounting for 25 per cent of total damage and losses and the destruction of crops has compromised the livelihoods of almost 60 per cent of Fiji's population. There was extensive damage to public buildings, with 495 primary and secondary schools damaged or destroyed, and 88 health clinics and medical facilities damaged.

Damage to infrastructure, particularly transport infrastructure, was significant, accounting for 16 per cent of total damage.

4. In the aftermath of the cyclone, the Government's priority has been to ensure that all Fijians who have been affected can meet their immediate needs for food, water and shelter, and to enable those affected to rebuild their livelihoods as soon as possible. The Government has moved quickly to provide seedlings to those whose food crops have been damaged or destroyed, so they can restore their food security as soon as possible. In the weeks following the cyclone, the Government also announced the provision of approximately FJ\$20 million in assistance for poor and vulnerable groups, through our three major social protection schemes.
5. As we make the transition from the emergency relief operation to an economic recovery operation, we are drawing on our assessment of Fiji's recovery needs as outlined in the Post-Disaster Needs Assessment ('PDNA'). The Government led the preparation of the PDNA, in the process drawing on the expertise of advisers from development partners, including the World Bank. With the completion of the PDNA, we have a comprehensive basis on which to proceed with our work to support economic recovery in Fiji. The Disaster Recovery Framework, which we are formulating based on the PDNA, will serve as our overarching plan for the prioritisation and sequencing of the key components of the recovery effort. The first phase of the Disaster Recovery Framework will be built into the Budget that we are currently preparing for the upcoming fiscal year.
6. The key theme for our recovery operation is 'build back better'. The Prime Minister has made it clear that Fiji will not compromise on building standards in the recovery process. Rather, our focus is on using the recovery operation as an opportunity to make Fiji more resilient to the natural disasters that we expect to become increasingly frequent and increasingly destructive in the future. The Government is currently reviewing, with a view to upgrading, building standards, in order to ensure that all construction work carried out in the recovery operation meets our future needs for disaster resilience. We are also looking at launching a training initiative for carpenters to enhance the quality of post-cyclone housing reconstruction. In addition, we are currently exploring the ways that we can work with a number of our partners to enhance the future resilience of Fiji's economy as a whole.
7. In order to finance our expenditure on relief and rehabilitation in the immediate aftermath of the cyclone in a fiscally responsible manner, we have carefully reprioritised our Budget for the current fiscal year. Government personnel, equipment and management capacity has been refocused on post-cyclone needs, and non-essential spending has been deferred in order to make fiscal space for critical post-cyclone expenditure. This has included our major housing assistance and social protection initiatives. We are also currently preparing the Budget for the fiscal year beginning 1 August 2016, which will look to expand public expenditure for the purposes of financing key components of the initial phase of the Disaster Recovery Framework.
8. Fairness and inclusion are central to the Government's program. In the 2016 Budget speech, the following statement was made: "We will ask everyone to do their fair share, to play by the rules, and to understand that by helping the neediest Fijians succeed, we

are helping ourselves". Given that the cyclone hit some of the poorest areas of Fiji hardest, and that many of those affected lost their homes, their food crops and their livelihoods, the Government has been extremely conscious of the need to act quickly to mitigate the impact of the disaster on the most vulnerable. We already place a significant emphasis on effective and well-targeted social protection schemes, and in the wake of the cyclone we used the opportunity presented by those schemes to provide immediate assistance to the most vulnerable. On 8 March 2016, we announced a FJ\$20 million package to provide the equivalent of three months of social assistance benefits to the beneficiaries of the Poverty Benefits Scheme, Care and Protection Scheme and Social Pension Scheme. These funds have provided a vital, and timely, boost to the poor and vulnerable, enabling them to obtain the basic necessities of life and to prevent them getting further behind as a result of the cyclone.

9. Our initiative in March was the first time Fiji has used its social protection schemes to offer additional assistance in the wake of a natural disaster – and indeed we believe it is the first time for such an initiative anywhere in the Pacific Islands. We are conscious that the natural disasters Fiji is encountering are becoming more frequent and more intense, so we expect that we will need to provide similar social protection to the most vulnerable in the coming years. We have therefore commenced an evaluation of the impact of the additional social protection we provided in the wake of Cyclone Winston, and will use the insights from this evaluation to inform the strategies we adopt in the future for disaster-responsive social protection. We welcome the World Bank's support, in this regard.
10. While our first priority at the current juncture is to ensure that Fiji recovers as quickly as possible from Cyclone Winston, we are at the same time moving ahead with our broader development agenda. Our Government was elected on a platform of building an inclusive and economically strong Fiji, including through creating an environment conducive to inclusive, private sector-led growth. We are currently taking steps to increase the efficiency of our regulatory environment and to reduce the costs of starting a business. On the fiscal side, we are strengthening revenue mobilisation by improving tax compliance and expanding the tax base, we are improving the monitoring of expenditure, and we are continuing to take steps to strengthen public debt management.
11. To provide a comprehensive blueprint for building the type of country Fijians want to live in by 2035, we are currently in the process of preparing a 20-year national development plan. The plan will set out broad national outcomes, goals and strategies, and identify and address key challenges, opportunities and resources for realising this vision. Within the 20-year national development plan will be a comprehensive medium term 5-year development plan, setting out detailed strategies and programmes for the allocation of resources for all sectors including education, health, water, electricity, roads, bridges and ports. It will provide a comprehensive framework for infrastructure development, enhancing social services, safety and security, gender equality, youth empowerment, job creation and reducing the impact of climate change and natural disasters. To ensure the views and aspirations of ordinary Fijians are captured in the new development plan, we have undertaken extensive community consultations across Fiji that have involved around 16,600 people in 730 community forums. We have also consulted with private sector organisations and civil society groups in Fiji's major centres. What has come through in these consultations to date is that Fijians want to live in a Fiji where

democracy is well respected, their families are safe and secure, and opportunities are available to them to improve their standard of living. Our development plan will chart a course for Fiji to ensure these aspirations are realised.

12. We are committed to ensuring that Fiji recovers as quickly as possible from the devastating impact of Cyclone Winston, and seek the World Bank's favourable consideration of our request for an emergency development policy operation for Fiji of US\$50 million.

Thank you.

Yours sincerely

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Aiyaz Sayed-Khaiyum
Attorney-General and Minister for Finance

cc: Permanent Secretary for Finance