

**BOOMERANGS AND THE FIJIAN DILEMMA: AUSTRALIAN AID FOR
RURAL DEVELOPMENT, 1971-1987**

**A Thesis presented in fulfillment of the requirements for the Doctor of Philosophy
in Pacific History at the Australian National University**

ASINATE MAUSIO

**Division of Pacific and Asian History, Research School for Pacific and Asian
History, Australian National University
June, 2006.**

DECLARATION

This thesis is my original work and does not contain material I have previously submitted for a degree at any university, except for parts explicitly acknowledged.


.....

ASINATE MAUSIO

DEDICATION

I dedicate this thesis in loving memory of my dad, the late Dr Koroiwale Vatanimoto, who nurtured my thirst for knowledge and inspired me in my younger days to always strive for the ultimate in education. This endeavor (my PhD research) would have made him extremely happy and proud and it is my deepest regret that he is not alive today to see his dream of his daughter attaining a PhD coming to fruition. May God rest his Soul in Eternal Peace.

ACKNOWLEDGEMENT

I would like to acknowledge with sincere thanks the tremendous support, guidance and encouragement rendered by the following individuals and organizations during the preparation of this thesis. My sincere gratitude goes to my sponsors: Mrs Karla Knight of NSW, for the Knight-Davidson Award and the Australian National University for the PhD tuition scholarship. Their most generous financial support enabled me to undertake studies at the Australian National University. I am equally grateful for the excellent mentoring, supervision and scholarly support given by my supervisors Professor Brij Lal (Chief Supervisor) and Professor Donald Denoon. My heartfelt *vinaka vakalevu* (thank you) goes to Professor Brij Lal, for his outstanding supervision and for having faith in me as a PhD candidate. I am truly grateful for his consistent scholarly guidance and exceptionally good reviews of all my thesis drafts. He was ruthless in his meticulous attention to details (which at times drove me up the wall) but as I reflect on his brilliant nurturing approach, I am so thankful that his constant demands for perfection and critical thought brought out the best in my research and writing. I have been significantly blessed by his superb supervision and consistent professional guidance and support throughout my candidacy. His empathy and willingness to help me and two other previous candidates (both ethnic Fijians) are testament to the fact that the 'race card' back home (Fiji) is purely political and that true scholarly camaraderie knows no ethnic boundaries. I am also indebted to Professor Denoon for his excellent review of my final draft. Sharing thoughts on planned fiction and faction with him and Professor Brij while they helped me trim and 'free the beast' (central arguments) from its dungeon (wordiness) alleviated

some of the stress and exhaustion I was experiencing in the final lap of thesis preparation. The humor and light banter was a refreshing relief that kept me from sinking into the doldrums as I raced to complete my final draft. I am indeed most fortunate to have had their professional guidance and moral support throughout my scholarship. I am also indebted to Dorothy Macintosh, Marion Weeks and Oahn Collins (Pacific and Asian History Divisional Administrators at RSPAS) for their kind words of encouragement and assistance at all times. Their professionalism and efficiency in providing help for students in the Division is highly commendable. I thank Mili Kaitani and Alumita Durutalo (both PhD graduates from RSPAS) for being my friends and confidantes. My heartfelt gratitude also reaches out to my family, John and Lillian, for their constant support and patience throughout my scholarship. Without their understanding and considerable forbearance for missed moments of family fellowship, my work might have suffered. They have been my pillar of strength throughout my candidacy here at the ANU and I thank them for inspiring me to never give up on a great endeavor. Last but not least, I thank my fellow graduate students, particularly Jane Doulman, Tim Amos, Brett Barker, Ashwin Raj and Julian Kusa at the Division of Pacific and Asian History for the scholarly camaraderie and precious moments of sharing about our work. *Vinaka Vakalevu!*

ABSTRACT

This dissertation explores the complex connections between rural project failures, donor self interest, recipient rural policies and aid management. It examines in detail the nature of the donor-recipient collaboration between Australia and Fiji for rural projects from 1971 to 1987. The contention between traditionalism and sustainable rural development in Fiji's rural development policies is also deconstructed to show how this influenced the government's commitment to rural projects and its administration of Australian aid for these projects. The historical approach employed in this thesis seeks to provide an alternative contribution to the international aid debate as well as to bridge the gap in the relevant literature. Focusing on the bilateral dialogues (letters, aid notes, briefing papers, memos) between Suva and Canberra on rural projects, the dissertation examines both the strengths and weaknesses in Australia's aid for rural projects and the Fiji government's capacity to prioritize and manage Australian aid. This thesis argues that serious weaknesses in the Australian aid program and Fiji's aid management contributed to the failure of many Australian-sponsored rural projects launched between 1971 and 1987. The study articulates how heavy aid repatriation through 'tied aid' coupled with chronic delays and shortfalls in the appraisal and funding of rural projects by the ADAB threw rural project plans out of sync and doomed them to failure. The shortcomings of the Fiji government's aid management is also examined to demonstrate how these equally marred the collaboration for rural development and spelled failure for rural projects. The 'Fijian Dilemma' with its ongoing debates is juxtaposed on this analysis of the donor-recipient collaboration to highlight the element of continuity in Fiji's rural development history as

well as reveal the nexus of failed rural projects, donor self-interest and recipient bungling with aid management. This dissertation provides new insights on the causes of rural project failures in Fiji because it delves beneath political rhetoric to reconstruct the donor-recipient collaboration.

TABLE OF CONTENTS

<u>CONTENTS</u>	<u>Page</u>
Abstract	vi-vii
Table of Contents	viii-xii
List of Figures	xii-xiii
List of Images	xiii
List of Maps	xiii
List of Tables	xiii-xiv
Glossary	xv-xvi
Acronyms	xvii
<u>INTRODUCTION: THE ROLE OF OVERSEAS AID IN THE ALLIANCE GOVERNMENT'S RURAL DEVELOPMENT PROGRAM</u>	[1-47]
Introduction	1
Official Development Assistance and Evolving Aid Paradigms	2
Australian Aid Priorities	5
Development Aid and Rural Projects	10
The Australian Bilateral Aid Program (ABAP) for Fiji: An Overview	21
Literature Review	29
Rationale: A Historian's Contribution to the Aid Debate	40
Thesis Outline	42
Methodology	44
Sources for Empirical Data	45

Conclusion	46
<u>CHAPTER 1: THE HISTORICAL CONTEXTS OF RURAL DEVELOPMENT PROJECTS IN FIJI: THE FIJIAN DILEMMA AND THE RURAL-URBAN GAP</u>	[48-93]
Introduction	48
The Rural-Urban Gap: A Malaise of the Third World	50
Rural Stagnation as a 'Push' factor in Urban Drift: the historical context of the problem	55
Ethnic-preference and traditionalism: the dilemmas of rural development in Fiji	61
Biased Capital Development Investments (Development Plans 1-5, 1949-1969): the Triple Lock on the Rural <i>Vanua</i>	70
Paradox perpetuated: the Alliance Government's Ethnic-preference in rural projects, 1971-1987	81
Conclusion	89
<u>CHAPTER 2: PRIORITIZING AID FOR RURAL DEVELOPMENT: THE ALLIANCE GOVERNMENT'S AID REQUESTS, 1971-1975</u>	[94-140]
Introduction	94
The Integrated Rural Development Program	94
1971-1975: Prelude to Integrated Rural Development	102
Phase 1 of the IRD Program, 1976-1980	107
Phase 2 (1981-1987): A Three-Pronged Approach	117
Conclusion	138

CHAPTER 3: THE COMPONENTS OF AUSTRALIAN AID FOR RURAL PROJECTS IN FIJI: DEVELOPMENT IMPORT GRANT, SMALL GRANTS AND JOINT VENTURE SCHEMES [141-84]

Introduction	141
Development Import Grants	141
Joint Venture Scheme	168
Small Grants Scheme	174
Conclusion	183

CHAPTER 4: THE YALAVOU CATTLE BEEF SCHEME: THE NON-PRIMORDIAL VARIABLES IN THE PROJECT'S FAILURE [185-221]

Introduction	185
The Logistics of the Yalavou Beef Project, Phase 1: 1978-1983	186
Scheme Objectives: <i>Galala</i>, Traditionalism and Indigenous Fijian Economic Development	193
Revisiting the Levels of Support by Australia and the Fiji government	199
The Yalavou Rural Development Board: Management and Financial Problems	208
Technical Problems	215
Conclusion	219

CHAPTER 5: THE VUNIDAWA RURAL GROWTH CENTRE, 1984-1987 [222-257]

Introduction	222
The Rhetoric of Dispersal: Rural Growth Centres	222
Vunidawa RGC: Project Proposals, 1981-1987	230

The Policy Basis of the RGC Projects: Affirmative Action and Traditionalism	237
Important Variables in the Development of Vunidawa	244
Donor-Recipient Collaboration	251
Conclusion	256

CHAPTER 6: BEYOND AID RHETORIC: STRENGTHS AND WEAKNESSES OF THE AUSTRALIAN AID PROGRAM [258-294]

Introduction	258
Australian Aid Rhetoric	258
Beyond Aid Rhetoric: the Realities of Fiji's Experience	269
The ADAB Appraisal System	270
The ADAB Delivery System	282
Other Weaknesses in the ABAP	288
Conclusion	294

CHAPTER 7: THE ALLIANCE GOVERNMENT AND AUSTRALIAN AID FOR RURAL DEVELOPMENT [295-329]

Introduction	295
The Alliance Government's Posturing as a Client for Australian Aid	295
Development Aid Administration: Bureaucratized Pathways to Rural Development	308
The Alliance Government's Aid Management Schema: A Summary	326
Conclusion	328

<u>CHAPTER 8: PRIORITIZING AID FOR RURAL DEVELOPMENT: IMPEDIMENTS TO DONOR-RECIPIENT COLLABORATION</u>	[330-353]
Introduction	330
An Age-Old Problem Addressed through Ethnic-Preference: Continuity in History	331
Bureaucratic Factors in Australian-Aided Rural Projects, 1971-1987	334
The 'Fijian Dilemma' in Rural Projects	343
Demystifying the 'Beggar Bowl'	350
Limitations and Avenues for Further Studies	351
Conclusion	353
BIBLIOGRAPHY	354-377

LIST OF FIGURES

	<u>Page</u>
1.0 Yalavou Management Structure	201
2.0 Flow of Funds from ADAB and the Fiji Government: Yalavou Project	210
3.0 Vunidawa Scheme Management: Administrative Flow Chart	239
4.0 Vunidawa Project Management: Funding Flow Chart	240
5.0 Flow of Funding for Rural Projects (Central Government-Village), 1971-1987	241

6.0	Decision Making for Development Projects (Village-Central Government), 1971-1987	242
7.0	Flow-On Effects of Delayed Appraisals by ADAB	288
8.0	Relationships of the Fiji Aid Unit	311
9.0	Interaction of Agencies: Aid Projects	313
10.0	Structure of Consultation on Rural Projects	318
11.0	Streamlined Aid Delivery in Fiji	319
12.0	Dual System of Governance in Fiji	325

LIST OF IMAGES

Page

1.0	Small Farm Surveys- Yalavou Project	187
2.0	Focal Farm, Yalavou Project	190

LIST OF MAPS

1.0	Yalavou Project Site	188
2.0	Vunidawa RGC Project Triangle	232

LIST OF TABLES

1.0	Sources of Public Investment Funds, 1971-1975	13
2.0	Financing Government Capital Expenditure, 1976-1980	14
3.0	Composition of Disbursed Australian Aid to Fiji, 1976-1980	19

4.0	Aid Distribution by Service Sectors 1981/82-1982/83	20
5.0	Total Australian Aid Flows to Fiji, PNG and South Pacific, 1972-1997	23
6.0	Population Distribution by Rural and Urban Sectors	53
7.0	Urban Population by Ethnicity	54
8.0	Acreages under Crops	56
9.0	Acreage of Production and Exports of Principal Crops	58
10.0	Distribution of Population, 1956	59
11.0	Sources of Finance for Development Plans 1-4 (1949-1968)	71
12.0	Investment Allocations, Development Plans 1-4	72
13.0	Australian Development Assistance Program: Major Projects (1978/79-1979/80)	111
14.0	Fiji Imports, Distribution by Source (1960-1969)	121
15.0	Fiji Exports, Distribution by Destination (1960-1969)	122
16.0	Fiji Rice Production and Imports, 1980-2000	132
17.0	Final Disbursements of Australian Food Aid	142
18.0	Australian Aid for Joint Venture Schemes in the South Pacific, 1981-1985	169
19.0	Small Grants Scheme Projects (1984-1987)	175
20.0	Australian Aid Input: Yalavou Cattle Beef Scheme (as at end of the September Quarter, 1978)	202
21.0	Fiji Government Contributions to the Yalavou Project, 1978-end of 1983 (\$F)	206
22.0	ADAB Evaluation of the Technical Problems: Yalavou Project	217
23.0	Shortfalls in Aid Disbursements, 1977/78-1978/79	284
24.0	Shortfalls in Pledged Aid: 1983/84-1986/87	285

GLOSSARY

- Aid Paradigm:** Donors' set of development objectives for providing aid.
- Aid Repatriation:** The flow-back of aid to donor countries through consultancy fees and technology transfers to recipients. Aid repatriation is often maximized through 'tied' aid with strict procurement and rules of origin (aid with strings attached).
- Bilateral Aid:** Direct country to country official aid flows.
- Core-Periphery:** A terminology of the Dependency Theory to describe the uneven relationship between industrialized/developed nations and the less developed countries of the Third-World stemming mainly from unequal trade relations.
- Ethnic Preference:** Policies labeled as affirmative action measures which are ethnically-biased and preferential toward a selected segment of the population. Ethnic-preference development projects are ethnically-exclusive and are often veiled as measures to bridge rural-urban and regional gaps. In Fiji's case, although these projects were touted as measures to bridge rural-urban and regional gaps, they were also rationalized in the political sphere as means to correct perceivable disparities in the participation of main ethnic groups in the economy.
- Multilateral Aid:** Aid (mainly loans and technical assistance) provided by

multilateral agencies like regional Banks, World Bank and the International Monetary fund.

- Program Aid:** Sector-based aid which features sector-focused, macro programs.
- Project Aid:** Micro focused aid for projects, not sector-wide focused.
- Rural *Vanua*:** The rural indigenous milieu encompassing village, district and provincial hierarchies and their integration with the separate Fijian Administration.
- Technical Assistance:** Includes technology transfers and consultancies
- Traditionalism:** The ambition to retain traditional institutions and customs in modernization and economic development
- Tied Aid:** Overseas aid that is tied to the purchase of goods and services from the donor country. Tied aid, which mainly involves technical assistance and technology transfers, is subject to conditions and requirements set by the donor.

ACRONYMS

ABAP: Australian Bilateral Aid Program

ADAB: Australian Development Assistance Bureau

AIDAB: Australian International Development Assistance bureau

BACC: Budget and Aid Coordinating Committee

CD & W Grants: Colonial Development and Welfare Grants

DIG: Development Import Grant

EUA: European Units of Account

EDF: European Development Fund

IPF: Indicative Planning Figures

IRD: Integrated Rural Development

JVS: Joint Venture Scheme

RGC: Rural Growth Centre

SGS: Small Grants Scheme

INTRODUCTION

THE ROLE OF OVERSEAS DEVELOPMENT AID IN THE ALLIANCE GOVERNMENT'S RURAL DEVELOPMENT PROGRAM

Nutritionists take care to plan
To do their surveys when they can
Be sure the weather's fine and dry,
The harvest in, food intake high

Then students seeking Ph.D.s
Believe that everyone agrees
That rains don't do for rural study
-suits get wet and shoes get muddy

And bureaucrats, that urban type,
wait prudently till crops are ripe,
before they venture to the field
To put their question: 'What's the yield?'

- Chambers (1983:20)

This introductory chapter examines the role of development aid in Fiji's post-colonial rural development. The first section surveys the main shifts in international aid paradigms to provide insight on the development goals informing international aid for rural projects in developing countries. Section two looks at Fiji's main donors for IRD projects, 1971-1987. Section three focuses on Australian aid. Section four reviews the main discourses on development assistance to identify the main gap in that literature. The fifth section argues the significance of this study. Section seven provides an outline of this dissertation and section eight discusses my methods.

OFFICIAL DEVELOPMENT ASSISTANCE AND EVOLVING AID PARADIGMS

The concept of channeling developing assistance to developing countries developed from the Marshall Plan of 1947.¹ Although this post-war 'European Recovery Program' confined the bulk of its official development aid to European nations ravaged by World War II, it engendered the idea of providing the same to developing countries on a global scale (Bowen 1998: 4-5; Gounder 1995: 1-2; Hjertholm and White 2000: 81; Jarrett 1994: 1; Robinson and Tarp 2000: 3).² Resource flows through multilateral and bilateral aid to the Third World became a global enterprise in the 1950s. Bilateral (country-to-country) aid volumes transacted by the leading donors (Germany, U.K., U.S., and France) increased dramatically between 1945 and 1990. By the 1980s, the U.K. was spending over 1100 million (1.1 billion) pounds per annum on its bilateral aid program. The net flow of Official Development Assistance (ODA) from the U.K. soared to 8 billion pounds (\$14 billion) between 1978 and 1985.³ Over the same period, Germany transacted a larger share of ODA with a net flow of over \$24.5 billion (Cracknell 1983: v; May *et al* 1989: 24). Not to be outdone, international multilateral agencies like the World Bank, Organization for Economic Cooperation and Development, International Monetary Fund,

¹ The European Recovery Program, mooted by the United States, was administered by the Organization for European Economic Cooperation (OEEC). The OEEC later evolved into the OECD. The Marshall Plan transacted \$497 million in reconstruction loans from 1947 and \$13 billion by 1952 (Bowen 1998: 4-5; Gounder 1995: 1-2; Hjertholm and White 2000: 81; Jarrett 1994: 1; Robinson and Tarp 2000: 3).

² Bowen (1998: 4) notes that 82% the aid provided through the Marshall Plan was channeled to European nations to help them recover and prevent them from embracing communism.

³ May *et al* (1989: 1) define ODA as 'government-to-government (bilateral) aid excluding funds for Non-Government Organizations (NGOs). The Australian Agency for International Development (AUSAID) and the Fiji Aid Unit subscribe to this definition (AUSAID Database; Campbell 1998 [Part 1]: 2).³

and regional ones like the African and Asian Development Banks also increased their aid to developing countries between 1945 and 1990. However, bilateral aid still accounted for the bulk of ODA transacted over this period (Bowen 1998: 11; Jarrett 1994: 3).

Australia entered the international aid arena in 1950 with the establishment of the Colombo Plan.⁴ Between 1950 and 1970, the leading international donors were: France, the United States, Germany, the United Kingdom and Australia. However, the 'Cold War' and its anti-communist 'western bloc' drove international aid in the first development decade (1950s-1970). The main aid objective was to prime-up economic growth in developing countries to prevent them from seeking Soviet development assistance. Since economic growth was the *raison d'être* for aid in this decade, many projects involved unsustainable resource extraction. By the end of the 1960 donors realized that their approach had failed to achieve sustainable development in the Third World. Excessive logging and deforestation, rural stagnation, expanding rural-urban gaps in sub-Saharan Africa, Asia and the Pacific attested to aid ineffectiveness. There is a plethora of literature documenting these negative outcomes.

At this juncture, Japan, Canada, the European Economic Community and the Netherlands joined the ranks of the leading bilateral donors. By 1973, 'aid fatigue', stemming from awareness that growth-driven aid had failed, increased among the major donors.⁵ This encouraged them to review their aid objectives. The World Bank came to the rescue with a new aid paradigm. Culpeper (1997: 83) notes that "it was not until 1973 that the World

⁴ The Colombo Plan involved substantial Australian aid to Asia and the Pacific. This aid program was mooted at a meeting of Commonwealth Foreign Affairs ministers at Colombo, Ceylon in 1950.

⁵ See: Culpeper (1997), Thorbecke (2000: 28).

Bank equated development with the objective of poverty reduction". The previous obsession with economic growth therefore gave way to an acknowledgement of the concepts of sustainability and 'equity'. The World Bank mooted structural adjustment loans to remedy development problems engendered in the previous development decade. To avoid the environmental plunder wrought by the previous growth-driven aid paradigm, more caution was applied to aid delivery with the incorporation of clauses demanding that the concept of sustainability be embedded in project designs.⁶ This re-thinking of aid objectives culminated in Agenda 21 of the Rio Summit.⁷ In line with this shift, the Integrated Rural Development (IRD) approach became popular with some donors. Also spearheaded by the World Bank, the IRD thrust was adopted by the EEC, Australia and New Zealand in their ODA. The donor-driven IRD agenda derived its rural focus from Papua New Guinea's 'Eight Aims' (1972) and the Faber Report (1973) which emphasized the concept of equity.⁸ Regional planning to correct perceived regional imbalances was pursued in the IRD approach. However, by the mid-1980s, pervasive problems of bad governance characterized by chronic political upheavals and communal violence in the Third World inspired another review of aid objectives. Although the World Bank again mooted another paradigm shift in the 1990s with the 'good governance' agenda, it has somewhat persisted with the aid for poverty thrust. Australia disengaged from the mainstream donor cluster (guided by World Bank aid paradigms) when it began to emphasize aid for good governance in the 1990s. Australia was at the

⁶ For fuller discussions of this shift, see: Berg 2000; Cox *et al* (1997); Culpeper (1997); Grilli (1993); Jarrett (1994); and Robinson and Tarp (2000).

⁷ The Rio Summit (1986) concentrated on pressing environmental issues of the Third World. *Agenda 21* formulated at Rio to mainstream 'sustainability' in the development policies of all members of the Global Development Network. It also promoted environmental conservation strategies. The Kyoto Protocol (2000) was an update of this blueprint.

⁸ See Crittenden & Lea (1989: xii); Chenery *et al* (1974) and Mosher (1976).

forefront of this shift, launching several 'good governance' projects in the Asia-Pacific region in the mid 1990s and modifying its ODA strategies from piecemeal, micro-level project aid to sector-wide, macro-level programs.

AUSTRALIAN AID PRIORITIES

From the 1950s to 1970, Australian rhetoric was closely aligned to the core aid objectives expounded by the major donors. Jarrett (1994: 5) notes:

The paradigm underlying aid transfers in the 1950s and 1960s emphasized economic growth as the dominant objective for aid policy and transfers of capital as the means of achieving that objective.

Australian rhetoric also emphasized the need to provide aid to developing countries to foster economic growth. Reminiscing in December 1978, Australia's Prime Minister, Andrew Peacock said:

Many of the traditional forms of government-to-government aid have been designed to help promote economic growth in recipient countries. Heavy equipment, roads, ports, power transmission and communications facilities have been provided to increase the productive assets on which growth can be based. Australian aid along these lines includes major rural development projects in Indonesia, Philippines and Thailand, transport and communications projects in the Pacific island nations and large-scale public utilities such as village water supply in the countries of South Asia. We have sought to

integrate these amenities with improvements in the ability of the local population to make profitable use of them (ADAB 1980: 24-5).⁹

Australian rhetoric reflected alignment with the first paradigm shift from growth to poverty alleviation in the 1970s. Peacock told the Committee for Economic Development of Australia in October 1977:

The strategy of development which is gaining increasing acceptance among many donor countries calls for a direct attack on the problems of the poor. It calls for the direction of aid to increase their opportunities to earn income and to provide for their basic needs of improved food, shelter, health and education. We, like other donors, see in this strategy an appropriate direction for our development assistance (ADAB 1980: 22).

He reiterated Australia's commitment to poverty alleviation in December 1978:

What is needed is an attack on poverty, a development policy which aims at the provision of a minimum level of human amenities for all: enough food and water, shelter, medical care, employment opportunities and basic education. Aid donor governments and many developing countries agree that these needs must be met if absolute poverty is to be alleviated For economic reasons then, as well as for purely humanitarian reasons, the reduction of poverty must be a central objective of development assistance (ibid: 23).

Regrettably, Australian aid policies for poverty alleviation through the Australian Bilateral Aid Program (ABAP) remained vague throughout the 1970s and the 1980s.

⁹ Christmas Bowl Appeal speech delivered on 4 December 1978.

Australian priorities for Fiji from 1971 to 1987 failed to follow through on the rhetoric because of a marked preference for large-scale urban projects although the majority of Fiji's poor were rural. Furthermore, the *ad hoc* approval system between 1971 and 1987 embodied the absence of a well-defined strategy for poverty alleviation. Nonetheless, the restructuring of the Australian Development Assistance Bureau (ADAB) in 1987 helped bring about improvements in the ABAP.¹⁰

Australian rhetoric since the mid-1990s has also reflected the shift in international aid paradigm stressing 'good governance'. Capacity-building and institutional strengthening were given priority in the Australian program from the mid-1990s. While the EU and other donors followed the World Bank in acknowledging the importance of this objective, it did not eclipse their 'aid for poverty alleviation' thrust. In contrast, for AUSAID the 'good governance' agenda was accorded the highest priority from 1997. Australia's aid paradigm again shifted to prioritize aid for security above poverty alleviation. In his annual statement to parliament on March 10 2005, Foreign Affairs Minister, Alexander Downer, called for a refocusing of Australian aid from poverty alleviation to economic growth and security:

Put simply, the key to lifting people out of poverty is sustainable, broad-based economic growth. No durable solution to poverty can be achieved without it. And we know how such growth is obtained – its through: providing secure and stable environments, improving

¹⁰ The Office of Australian Development Assistance Agency began operations in December 1983. It was established as the Australian Development Assistance Agency in 1974 and was called the Australian Development Assistance Bureau (ADAB) from July 1977 to 1987 when it was reorganized as the Australian International Development Assistance (AIDAB). AIDAB was again refined through restructuring in 1995 into the Australian Agency for International Development (AUSAID).

governance and the investment climate, including property rights, opening up to trade, and by helping the poor to participate in such growth, through health, education and market access.¹¹

An Australian Aid Watch official, Tim O'Connor commented:

This statement illustrates that Australia is isolated from the international community, which prioritizes the promotion of poverty alleviation as the prime objective of an effective aid program (Australian Aid Watch 2005: 1).

However, the break was already underway in the mid-1990s when the good governance agenda outranked poverty alleviation in AUSAID.

Regrettably, the universal donor-recipient collaborative effort to close the rural-urban gap has failed. The gap continues to widen in many Third World countries despite three decades (1970-2000) of ODA. The United Nations Human Development reports (1990s-2002) consistently attest to pervasive problems stemming from rural-urban disparities in the Third World. This signifies that previous rural development programs have failed to solve the problem. Two important points emerge from this discussion of the evolving international aid objectives. First, overseas-aided rural projects in developing countries were bounded by these international aid objectives. In Fiji's case, the Colonial Development and Welfare (CD & W) Grants of the colonial period were growth-centered. The overseas-aided rural projects implemented by the Alliance in the 1970 and 1980s were also subject to the overarching aid paradigm of the donors. Given that

¹¹ Australian Federal Parliament: Parliamentary Speeches 2005.

poverty reduction was the *raison d'être* for aid in that development decade, Fiji's main donors (Australia, EEC and NZ) were preoccupied with increasing rural incomes through diversification and import substitution projects. This raises the question of whether the crops and livestock chosen for Australian-aided and EEC-funded projects had sufficient income-potentials to truly increase rural incomes. Second, the persistence of unequal development between rural and urban areas in the Third World despite more than two decades of 'aid for poverty reduction' signifies that the donor-recipient collaboration remains flawed. The plethora of failed overseas-aided rural projects throughout the Third World is testament to inadequacies in the approach taken by donors and recipient governments to alleviate rural poverty.

The next chapter discusses how the rural-urban gap in Fiji was engendered in the colonial period through biased capital investments. Its unbridled expansion in post-colonial times indicates defects in donor-recipient approaches to rural development. Some analysts of Fiji's post-colonial rural development scenario argue that the agricultural diversification projects implemented between 1971 and 1987 failed because of rigid marketing and price controls imposed by the Alliance government.¹² Although partly valid, this perspective is myopic because it ignores other factors including donor self-interest. This thesis offers a more balanced analysis of the reasons why Australian aid failed to enhance rural-urban parity. I examine the nature of the Fiji-Australia collaboration for rural development projects to show how administrative bungling by both the donor and the recipient governments contributed to project failures.

¹² See Hughes and Cole (1988) and Tubuna (2004) for their perceptions of the causes of the problem.

DEVELOPMENT AID AND RURAL PROJECTS

Major aid donors have been cooperating with recipient states in the Third World to promote rural development since the 1950s. State-led intervention in rural development has been subsidized by ODA from multilateral and bilateral donors. The dominant approach to the problem by the donors and recipient governments has been to prioritize agricultural diversification to raise rural incomes. Interpreting the rural-urban gap as a symptom of rural stagnation and lack of agricultural diversification in the Third World, Australian aid, driven by three development concepts: 'basic needs', 'equity' and 'poverty alleviation', was provided for integrated area development projects in south east Asian and Pacific island nations in the 1970s.¹³

Prioritizing aid for rural development seemed to progress in Fiji from the 1970s to the mid-1980s because the major donors (the European Economic Community, Australia and New Zealand) based their assistance on the IRD approach.¹⁴ In this thesis, the prioritization of aid for rural development refers to the alignment of aid requests from recipient states with their core 'equity-driven' development goals. This alignment gave high priority to rural development projects. Under the Alliance government, the late 1970s to mid 1980s were the heyday of 'equity-focused' project proposals. The five-year development plans (DP 6 to DP 9 for 1971 to 1990) provided the basis for aid requests

¹³ Australian-funded Integrated Area Development (IAD) projects in the Asia-Pacific region were in the Philippines, Indonesia, Thailand, Sri Lanka, and Papua New Guinea. Another IAD project was funded in Kenya.

¹⁴ See Hewson *et al* 1991 for a review of the ADAB sponsorship of IRD/IDA projects; Siwar and Mustapha (1989) for IAD policies and projects in Malaysia; and the World Bank's (1975) *Rural Development: Sector Policy Paper* for a general discussion of the IRD approach.

tendered to Canberra. However, proposals for rural projects reflected the ethnic-preference of the Alliance government.

The Alliance government, in collaboration with Fiji's main aid donors, began to target rural development to 'close the rural-urban gap' from the mid 1970s to the end of its tenure in April 1987.¹⁵ The emphasis on aid for rural development gathered momentum in those years. The strategies and policies articulated in DP 6 to DP 9 were pursued by the government to lend credence to aid requests. The capacity of this government to optimize development assistance from donors was vested in its overall macroeconomic policies. Fiji's economic growth rate rose to an average 9% before 1987. In their review of the economy after the 1987 coups, Hughes and Cole (1988: 8) suggest that Fiji owed its impressive economic performance until 1987 to the "prudent macroeconomic policies" of the Alliance government:

Fiji's sound economic management is clearly illustrated by the overall course of prices in the economy. Fiji suffered two inflation episodes after the petroleum price increases of 1973-74 and 1978-79, but inflation was brought down relatively quickly both times. Tight fiscal management helped by aid flows, did not permit budget deficits to balloon out of control. Together with conservative monetary policies and prudent balance of payments management throughout the period, stable prices provided a suitable environment for private and public investment. In essence macroeconomic policies created the principal difference between Fiji's pattern of development and that of sub-Saharan Africa or Latin America (Ibid: 8).

¹⁵ Australia, the European Union, New Zealand and Canada were Fiji's four largest bilateral donors.

This sums up in a nutshell the capacity of the Alliance government to drive development in Fiji.

The allusion to the stable nature of macroeconomic policy under the Alliance government sets the tone for the discussion of aid prioritization in this thesis. In the first decade (1971-1980) of Alliance rule, Fiji was newly independent. This shaped development prospects and problems. Colonial Development and Welfare Grants previously provided by the United Kingdom ceased at independence. This aid had been an important source of finance for capital expenditure programs in the post-war period (1949-1970). With the cessation of CD & W Grants, the Alliance government had to find alternative, externally-sourced financial aid and technical assistance to fund economic growth and modernization.¹⁶ The Alliance government sought to strengthen other bilateral relations formed in the colonial period with Australia, New Zealand, and Canada. Aid from the EEC also gained prominence through the LOME I, II, & III Conventions.¹⁷ Bilateral ties with Australia were forged in 1950 through the Colombo Plan.¹⁸ This Australian program initiated the provision of technical assistance and Food Aid to developing countries. Food Aid (wheat consignments) to Fiji by Australia increased after 1967. Food Aid to Fiji was replaced by the Development Import Grant Scheme in 1981. The Department of Post and

¹⁶ Although CD & W Grants ceased in 1970, bilateral aid in the form of cash grants/loans from the UK continued after 1970.

¹⁷ The LOME I Convention was signed in 1975, LOME II in 1979 and LOME III in 1984.

¹⁸ Australia's private sector and commercial engagements with Fiji were forged by the monopolization of sugar production by the Australian-owned Colonial Sugar Refining Company (CSR) from the 1900s and the mineral exploration monopoly of the Emperor Gold Mines since the mid-20th century.

Telecommunications in Fiji had been a recipient of Australian aid in various forms since 1962.¹⁹

Fiji had relied on external aid since colonial times. Although aid now constitutes an average two percent of Gross Domestic Product, the significance of external aid for debt relief and for boosting capital expenditure is sometimes understated. Table 1.0 shows the sources of public investment funds for 1971-1975 and Table 2.0 outlines sources for the government's capital expenditure for 1976-1980. Both sets of statistics spotlight the significance of external aid in supplementing the government's fiscal resources for public investments.

Table 1.0 Sources of Public Investment Funds 1971-1975

(\$ million, 1970 prices)

	<i>1971</i>	<i>1972</i>	<i>1973</i>	<i>1974</i>	<i>1975</i>	<i>Total</i>
<u>Borrowing</u>						
Local borrowing	4.00	4.50	5.00	5.50	6.10	25.10
Less – Redemption costs	0.81	1.24	0.12	1.34	0.84	4.35
Net Funds (Local Borrowing)	3.19	3.26	4.88	4.16	5.26	20.75
IBRD (World Bank)	-	2.00	2.50	2.50	2.50	9.50
Other External Borrowing	<u>6.70</u>	<u>5.79</u>	<u>3.41</u>	<u>4.43</u>	<u>2.40</u>	<u>22.73</u>
Total Borrowing	9.59	11.05	10.79	11.09	10.16	52.98
<u>Other Sources</u>						
Revenue	1.00	2.00	3.00	3.00	3.50	12.50
Grant Aid	2.50	2.50	2.00	0.50	-	7.50
Miscellaneous, Reserves	<u>1.00</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>2.00</u>
Total Other Sources	4.50	4.75	5.25	3.75	3.75	22.00
Grand Total	14.39	15.80	16.04	14.84	13.91	74.98
Of which from:						
-Domestic sources	5.19	5.51	8.13	7.41	9.01	35.25
-External Sources	9.20	10.29	7.91	7.43	4.90	39.73

(Source: DP 6 1970: 246)

¹⁹ AID 45/I-II: 226.

These figures show that more than half of the funds for capital investments came from external sources.

Table 2.0 Financing Government Capital Expenditure (Fiji) 1976-1980

	\$ million
Domestic Sources:	
Appropriation from Inland Revenue	59
Miscellaneous contributions, repayments, etc.	6
Local Borrowing -	
FNPF	25
Other Sources	47
<u>Total Domestic Sources</u>	<u>137</u>
External Sources:	
Cash grants, soft and commercial loans	102
Capital aid in kind	35
<u>Total External Sources</u>	<u>137</u>
Total Government Capital Expenditure	274

(Source: Fiji DP6 1970:232)

Table 2.0 shows that external assistance provided half of the government capital expenditure for 1976-80. Cash grants in bilateral aid are channeled into the budgets of recipient nations. How they actually spend these grants is determined to a large extent by its aid priorities based on national development objectives.

The categories of aid that became available after independence were cash grants and commodity aid, capital aid in kind (Food Aid, Emergency Aid for disaster relief, Staffing Assistance), technical assistance, soft loans and aid for Training. Apart from Papua New Guinea, Fiji received higher cash grants from Australia than other Pacific recipients. The EEC, Canada, Australia and New Zealand became the main donors to Fiji from 1971.²⁰ Although assistance from the European Union has increased since the 1990s, Australia

²⁰ The EEC is now the European Union (EU). Fiji was also a recipient of Belgian and Pakistan aid, mostly technical assistance, in the 1970s.

has been Fiji's largest bilateral aid donor until recently.²¹ Nonetheless, during the Alliance tenure, aid from New Zealand and the EEC supplemented Australia's ODA. These donors prioritized projects in rural development, land use, agriculture, forestry, training and health. China and Japan have become important bilateral aid donors for Fiji in the last decade but the bulk of ODA channeled to Fiji for rural development from 1970 to 1990 came from Australia, the EEC, Canada and New Zealand.

In terms of donor priorities, each major donor specialized in particular sectors. These preferences sometimes overlapped to boost development in some sectors of the economy.²² New Zealand aid from 1971 to April 1987 was concentrated on debt relief, rural development, forestry, land use (particularly soil crop evaluation), training and health. The EEC preferred the development of outer islands and the Rural Growth Centre (RGC) program. The Indicative Program signed by Fiji and the EEC on 18 June 1980 prioritized EEC aid for rural development.²³ The allotment of 52 percent of aid under the LOME II Convention for rural and Community Development reflected this priority. The remaining assistance in this EEC- Fiji IP was for: Alternative Energy development (25%), Technical Assistance, Training, and Studies (8%), Trade Promotion and Support for Cooperatives (4%) and a Contingency Fund (9%). Canadian aid was channeled mainly to Non-Government Organizations (NGOs) for relatively small-scale community-based projects.

²¹ The volume of EU aid to Fiji surpassed Australia's in 2004. Australia is therefore no longer the largest donor for Fiji. In 2004, EU aid made up 48% of total aid to Fiji, Australian aid ranked second (16%) and Japanese aid made up 7%.

²² For instance, Australia also provided funds for soil crop evaluation studies in the early 1990s.

²³ Letter dated 28 August 1980 from the EEC to Secretary for Foreign Affairs, Fiji (AID 42/8-II Part 1: 195-6).

Australian development assistance had a special focus on large-scale urban infrastructure from 1971 to 1980 and ethnic preference-type agricultural diversification from 1981 to mid-1980s (1987-88). EEC aid for rural development in Fiji (1975-1987) was provided through the LOME Conventions (I, II and III). These Conventions, like their predecessors, the Yaounde I and Yaounde II, were trade and aid treaties between the EEC and the ACP countries. The LOME I, signed in 1975 and terminated on 29 February 1980, was occasioned by the major oil crisis of 1975. LOME I funded several regional projects including a regional telecommunications training centre complex set up in Suva. The major outlay for Fiji's IRD under LOME I was for the Monasavu Hydro Scheme. Micro-projects (with a special emphasis on cocoa) were also funded under LOME I. The bulk of larger EEC-aided IRD projects (1981-1987) were funded under LOME II.²⁴ Although the EEC increased the value of its aid flows from 3466 million EUA under LOME I to 5427 million EUA under LOME II (an increase by 56%), the grant and subsidized loan elements increased by only 32% from 2599 million EUA under LOME I to 3432 million EUA under LOME II.²⁵ On a per capita basis, Fiji's share (grants and soft loans) were 7.1 million EUA. In terms of trade, the Conventions allowed the ACP states duty free access into European markets for over 90 percent of all their exports.²⁶

Although donor policies and priorities provided parameters for the recipient nation's aid proposals, the actual aid priorities were defined by the development goals and policies of

²⁴ LOME II, signed on 31 October 1979, came into force on 1st January 1981. It covered aid flows from 1st March 1980 to 29 February 1985 (*The Courier* 58, November 1979; AID 42/8-II Part 1: 8).

²⁵ EUA: European Units of Account.

²⁶ AID 42/8-II: 2 (Press Release for 1st January 1981 by the Delegation of the Commission, The European Communities for the Pacific).

the recipient States. The Australian High Commissioner to Fiji, J.V. Hearder, confirmed Australia's flexibility with regard to Fiji's aid priorities in a letter of 31 October 1984 to the Fiji Permanent Secretary of Foreign Affairs (J. Kotobalavu):

...we firmly believe that specific proposals and suggestions for cooperation must originate with the recipient government (AID 45/I-VI: 155).

Numerous aid briefs and notes (draft and edited) penned by government officials in Fiji reveal that Australia, NZ and the EEC gave them a degree of freedom in determining the nation's aid priorities. Kotobalavu confirmed this:

The great thing about Australian and NZ aid is that they give us an Indicative Programming Figure (IPF) and they allow us to actually tell them our aid priorities. They don't impose their priorities – they just indicate their preference and IPF. Over time there has been a shift in Australian aid priorities – to human rights and good governance – away from development proper – but in the ultimate, the actual aid priorities are decided by Fiji (Interview 29/7/04: 2).

This flexibility allowed the Alliance to closely align its aid requests with the core objectives of its development plans. Consequently, Fiji's aid priorities evolved from economic growth-centered, urban-based infrastructure proposals under DP 6 (1971-1975) to equity-driven rural development and agricultural diversification under DP 7, 8 & 9. Notwithstanding Australia's flexibility, the rate of approval by ADAB of project proposals determined whether some or all of Fiji's priority projects were funded

according to Fiji's Indicative Planning Figure (IPF). Some elaborate IRD-based proposals during 1981-1987 had to be shelved after Australia rejected them. In 1986, projects worth \$A5.105 million were rejected by Canberra.²⁷ Hence, even with Australia's flexibility, the Alliance government had limited powers to ensure that priority IRD projects were actually implemented.

The IRD program under the DP 7- 9 was dynamic because its core objectives evolved between DP 7 and DP 8 to embrace new priorities. Working within this IRD approach, Australia and New Zealand targeted most of their aid for Fiji towards infrastructure and agricultural projects. From 1970 to 1987, Project Aid comprised the largest allocation of the Australian three-year bilateral aid program for Fiji.²⁸ Table 3.0 summarizes actual disbursements of Australian aid to Fiji from 1976 to 1987.

Table 3.0 Composition of disbursed Australian Aid to Fiji 1976-87

	1976/77	1977/78	1978/79	1979/80
Project Aid	\$2,413,000	\$4,744,000	\$6,786,539	\$6,480,000
Food Aid	1,279,000	843,000	1,006,956	1,031,000
Training Aid	503,000	461,000	417,822	450,000
	\$4,195,000	\$6,048,000	\$8,211,317	\$7,961,000

(Source: Aid 45/I-II)

	1981/82	1982/83	1986/87
Project Aid	\$9,784,000	\$8,417,000	\$4,163,000
DIG Scheme	\$1,400,000	\$1,500,000	\$3,000,000
Training	500,000	550,000	\$1,212,000
ASAS	-	-	\$1,550,000
	\$11,684,000	\$10,467,000	\$9,925,000

(Sources: AID 45/I-II: 23; AID 45/I-VII: 225-38; AID 45/6-II: 59)

²⁷ AID 45/I-VII: 198.

²⁸ Aid 45/I-II; Finance Aid 45/I-VII.

Australian project aid from 1982 to 1987 partly promoted the IRD approach. However, documents in the archived Ministry of Finance files on Aid suggest that the EEC was a more willing donor for Fiji's IRD program. From the late 1970s, the IRD concept was keenly promoted by both multilateral (EEC, IMF, IBRD/World Bank, ADB) and bilateral donors (particularly Canada, Australia and New Zealand). Throughout the period 1971 to April 1987, development assistance by the EEC constituted the bulwark for Fiji's IRD program while Australian project aid filled the gaps in the IRD program mapped by the government.

Australia contributed aid for integrated area development projects throughout the Third World on a bilateral as well as multilateral basis. Alternatively labeled as Integrated Area Development (IAD), nine major 'equity-driven' projects aided by Australia were carried out in the 1980s in Thailand (3), Philippines (2), Sri Lanka, Indonesia, Kenya and PNG. By the end of 1990, Australia had provided \$197 million for these nine projects.²⁹ In their review of the Australian International Development Assistance Bureau's general contributions to agricultural projects, Chandra and Hewson (1991), noted:

Agricultural aid makes up an important part of Australia's overall aid package, averaging around 33 percent (\$320 million per year) of total aid over the five years 1983/84 to 1987/88 (Ibid: 9)

Even though this review emphasized the concentration of Australian aid on agricultural projects, this concentration only picked up pace in the early 1980s. Furthermore, the first

²⁹ Hewson *et al* 1991: ix.

decade after independence did not see such a skewing of Australian aid in favor of agricultural projects in Fiji. Between 1978 and 1988, Australia's aid for agricultural projects in Fiji totaled only \$29.2 million. Most of this was provided between 1981 and 1987. In comparison, Papua New Guinea received \$87.4 million for agricultural projects over the same period.³⁰ Australian aid to Fiji during the first decade of independence was concentrated on non-rural projects. Table 4.0 shows the distribution of Australian Aid Allocations for 1981/1982 and 1982/1983 by service sectors.

Table 4.0 Aid Distribution by Service Sectors: 1981/1982-1982/1983

Service Sector	1981/1982	% Share	1982/1983	% Share
Infrastructure	\$6.078m	52	\$4.640m	36
Economic	\$2.328m	20	\$4.160m	33
Social	\$1.104m	9	\$1.164m	9
Administrative	\$0.764m	7	\$1.326m	10
Others (DIGS, etc)	\$1.400m	12	\$1.500m	12

(Source: AID 45/I-II: 160-162)

Between 1981 and 1983, the aid allocations for infrastructure declined from 52 to 36 percent of the total distribution. Aid spending on economic services increased over the same period.

Not only was there a perceptible urban bias in Australia's ODA to Fiji, there was also a concentration on 'exclusionary' (ethnic-preference) agricultural diversification projects.³¹

While the Alliance pursued a holistic approach to rural development by pushing for dispersal through RGC projects, Australia followed a preference for agricultural

³⁰ Chandra and Hewson 1991: 16.

³¹ The majority of Australian-aided agricultural diversification projects prioritized by the Alliance were restricted to ethnic Fijian farmers. These projects included the Yalavou Cattle Beef and Yaqara Pastoral schemes, the Makogai Mutton Sheep project, the pigeon-pea project on Vanua Levu, and cocoa schemes on Viti Levu co-funded by the EU and Australia.

diversification and paid less attention to the dispersal concept. In contrast, the EEC embraced the RGC concept and channeled aid via the LOME I-III Conventions to the Seaqqa and Nabouwalu rural growth centers. Lele's (1975: 20) definition of rural development embraces the dispersal concept by calling for the "mobilization and allocation of resources so as to reach a desirable balance over time between the welfare and productive services available to the subsistence rural sector". It stands to reason that rural development biased toward agricultural diversification at the expense of dispersal (RGC) is not balanced: such a bias would deepen the rural-urban gap by merely opening avenues for the extraction of agricultural resources towards urban markets without redistributing essential government and private sector services to exploited rural locations. Providing aid for agricultural projects does not always translate into improved rural living standards. Notwithstanding the biases in Australian aid, Australia's contribution to Fiji's development has been substantial.

THE AUSTRALIAN BILATERAL AID PROGRAM (ABAP) FOR FIJI: AN OVERVIEW

Australia, one of the largest bilateral donors, joined the Organization for Economic Cooperation and Development (OECD) in 1966.³² Australia's ODA expenditures increased from \$171 million in 1969/70 to \$508 million in 1979/80. By 1989/1990, ODA had soared to \$1.16 billion.³³ In the 1980s, Australia's annual expenditures ranged from 0.3% to 0.4% of GNP, ranking her eighth among OECD donors in terms of ODA as a

³² Australia also plays a role in the Development Assistance Coordinating Committee (DACC) which formulates aid policies for the OECD.

³³ These figures do not include PNG funds (Budget support) after 1975.

percentage of Gross National Product.³⁴ Australia's commitment to attaining 0.7 percent of GNP was highlighted in the 1980s. For instance, on 29 November 1985, the Foreign Affairs Minister, Bill Hayden, reiterated the Australian commitment:

I am pleased to point out that the Government has decided that the real level of official development aid will increase yearly in the future (*Fiji Sun* 30 November 1985).³⁵

However, this commitment has declined since the 1990s. Australia's ODA now sits between 0.3 to 0.4 percent of Gross National Income, far short of the international target of 0.7 percent to achieve the Millennium Development Goals.³⁶ Table 5.0 summarizes the scope of Australian aid to Fiji from 1972/73 to 1996/97. Aid to PNG and the South Pacific are included in the table to provide a comparison. Papua New Guinea has always been Australia's priority recipient. Commenting on a report on 'Australia and the Pacific' by the Senate's Standing Committee on Foreign Affairs and Defence in 1979, Foreign Affairs Minister, Andrew Peacock, stated:

Australia does not assign South Pacific nations to a category secondary to that of Papua New Guinea, but the historical basis of our relationship with Papua New Guinea and Australian interests in respect of that country require that we continue to attach high priority to the

³⁴ AIDAB 1990: 15; AUSAID 1997: iii.

³⁵ A copy of the article in AID 45/I-VII: 54.

³⁶ See Australian Aid Watch, 2005: 2. The UN spearheaded the adoption of the eight MDGs by 189 nations. Signed by 147 governments and Heads of State at the UN Millennium Summit in September 2000, the commitment articulates 8 broad development goals (measured by 48 indicators) to be achieved by 2015. These targets ranged from the eradication of extreme poverty and the provision of universal primary school education to the achievement of gender balance by women's empowerment.

development of close and substantive relations with that country
(ADAB 1980: 108).

Table 5.0 Total Australian Aid Flows to Fiji, PNG and the South Pacific 1972-1997 (\$Am)

	FIJI	PNG	OCEANIA/S. PACIFIC
1972/73	1.277	144.302	* N/A
1973/74	2.629	177.076	* N/A
1974/75	3.418	168.835	*N/A
1975/76	3.424	211.930	*N/A
1976/77	4.292	226.377	13.932
1977/78	6.199	219.441	18.131
1978/79	8.188	237.196	27.448
1979/80	9.760	235.264	31.852
1980/81	9.657	245.113	33.752
1981/82	11.590	252.897	38.393
1982/83	12.474	274.947	48.727
1983/84	10.039	302.280	43.450
1984/85	16.384	321.6	64.2
1985/86	17.693	327.4	79.0
1986/87	19.6	333.3	87.4
1987/88	19.0	306.0	86.6
1988/89	26.7	314.0	107.7
1989/90	25.3	337.8	108.0
1990/91	22.7	333.0	109.7
1991/92	29.2	335.0	118.7
1992/93	24.0	333.0	119.0
1993/94	23.4	339.0	125.6
1994/95	21.5	319.2	127.7
1995/96	21.8	336.7	130.6
1996/97	21.5	320.9	125.2

*N/A: Figures not available.

Note: Oceania (1974-1984) in ADAB Statistical Summaries and South Pacific from 1985.³⁷

(Sources: ADAB 1986: Table 2, Table 4; AIDAB 1990:16; AIDAB 1994 and various Statistical Summaries, AUSAID)

³⁷ Oceania included PNG and Wallis and Futuna; South Pacific excludes them. Both included the Cook Islands, Fiji, Kiribati, Nauru, New Caledonia, Niue, Trust Territories (Caroline, Marshall Islands and Marian Islands excluding Guam), French Polynesia, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, and Western Samoa.

Although Fiji has always been the highest South Pacific recipient, after PNG, the gap between PNG and Fiji receipts has remained wide since the 1970s with PNG receiving an annual average of \$A202m (1972/73-1979/80) and \$A301m (1980/81-1989/90) while Fiji's receipts increased from \$A4.898m (1972/73-1979/80) to \$A16.84m in the 1980s (1980/81-1989/90). Furthermore, PNG is the sole recipient of direct budget support.³⁸

Australian aid to Fiji relative to PNG and the South Pacific may appear small, but the Fiji government has always acknowledged reliance on it. Australian ODA regularly comprised 30 percent of Australian ODA to the South Pacific. Furthermore, the total aid allocations from the Australian aid program for Fiji between 1977 and 1986 amounted to \$A106.276 million. Total aid to Fiji increased to an average \$22 million per annum from 1988/89 to 1993/94. The ABAP for Fiji had a high cash element, an anomaly that Australian officials liked to point out at bilateral talks whenever Fiji officials dared question aspects of the ABAP. In the heat of debates by Fiji officials on aid repatriation through the ABAP at the September 1986 bilateral talks, the Acting Director General of ADAB reminded the Fiji delegation that the ABAP for Fiji was a 'strange program in contrast to the program of aid provided to other Pacific islands' because it had a substantial cash grants component so it was not entirely restricted to the purchase of Australian goods and services. Lawless then hinted that ADAB planned to adjust the program for Fiji by a reduction of the cash grants component.³⁹

³⁸ ADAB 1986: Table 2, 4; AIDAB 1990: 16; AIDAB 1994 and various other Statistical Summaries by the AIDAB and AUSAID.

³⁹ AID 45/I-VIII: 237.

In the early 1980s (1980 to 1983), Australia's bilateral aid to Fiji totaled \$A30 million, or 30% of Australian aid to the South Pacific. Between 1984/85 and 1989/90, Fiji received an average \$A20 million worth of ODA from Australia. Fiji's annual Australian receipt for 1990/91 to 1996/97 increased to \$A23.44 million. The ABAP for Fiji had four main allocations: Project Aid, Food Aid (replaced by Development Import Grants in 1981), Training Aid and the Australian Staffing Assistance Scheme (ASAS). Project Aid was always the largest facility averaging \$A5 million annually between 1976 and 1980 and \$A7 million between 1981 and 1987. From 1981/82 to 1987/88, DIG averaged \$1.4 million of ABAP. However, these values represent Gross (not Net) amounts recorded by ADAB/AIDAB and does not account for the value of repatriated aid. The repatriation of Australian aid increased through the Development Import Grant (DIG) scheme from 1983 to 1987 as this facility 'tied' the provision of technology and expertise for several Australian-aided agricultural development projects to the purchase of goods and services from Australia. Chapter 4 shows how more than half of the pledged Australian aid for the Yalavou project was repatriated. Although Project Aid was always the largest portion of each allocation from 1971 to 1987, the bulk of this was spent on urban projects from 1971 to 1980. Project aid only began to zero-in on IRD projects from 1981 to 1987/88.⁴⁰ I focus on Project Aid and the DIG scheme as they concentrated on rural and urban projects.⁴¹

Cash grants and capital aid in kind helped prop up the government's capital budget. In Notes dated 10 September 1986, the Deputy Secretary for Finance in Fiji (Mackenzie),

⁴⁰ AIDAB 1990: 15; AUSAID 1997: iii; AID 45/I-VII.

⁴¹ ADAB 1986, Tables 2 and 4; AIDAB 1990: 16; AID 45/I-II: 23; AID 45/I-VII: 225-38; AID 45/6-II: 59.

bemoaned plans by the AIDAB to “substantially reduce or even entirely eliminate the cash grant element from the Australian Aid Program”:

The worrying feature about this type of approach is that we have counted both in our annual budget exercise and in our DP 9 Plan on receiving a substantial amount of cash funding under aid schemes to support development projects. A withdrawal of cash grant funding could mean a reduction of available funds.... (AID 45/I-VII: 284).⁴²

Mackenzie's notes focused on the review of ADAB by McMaster (1986). Chapter 6 discusses this review, which followed a major reassessment of the Australian aid program by the Jackson review team in 1984.

Fiji officials recognized positive aspects of the Australian aid program. At the September 1986 bilateral talks in Canberra, the Deputy Prime Minister, Josevata Kamikamica, stated Fiji's gratitude:

I should like to say at the very outset how very appreciative we in Fiji are for the very generous assistance provided to Fiji over the past two decades. Australia is by far the largest single bilateral aid donor to Fiji and receptiveness to new proposals for incorporation in the aid program and procedure is very much appreciated (AID 45/I-VII: 219).⁴³

He described the program as diverse and responsive and, noted Fiji's preference for cash:

⁴² AID 45/I-VII: 283-285).

⁴³ Kamikamica led the Fijian Association Party (former Alliance Party stalwarts) after the 1987 coups.

The cash grant form of assistance is a particularly useful and appropriate form of assistance to us in Fiji. There are many instances where this... is far more useful than the provision of foreign goods and services, since it enables us to undertake projects, rather than merely individual components of projects (AID 45/I-VII: 219).

Before the adoption of the sector-focused, program (1987), the Australian aid program was regarded by some Fiji officials as 'responsive' where approval was given to a wide range of projects on an ad hoc basis.⁴⁴ This changed after the McMaster Review (1986) when the cash grant element was phased out and a shift to program aid began.

The Jackson Report (1985) made a number of important recommendations on how the Australian aid program and its use by recipients could be improved.⁴⁵ It called on Pacific countries and donors to concentrate on sectors with real potential for development. Fiji had already identified the rural sector as having the highest potential. Fiji's IRD pursuit was in its second phase, so the Jackson recommendation for a more rigid identification of key sectors was not relevant for Fiji. Although the Report acknowledged that "the need to develop the capacity of the subsistence sector" was a crucial element of the regional strategy, it did not make a strong enough case for rural development as top priority.⁴⁶ The Jackson Report also recommended the implementation of country programs by ADAB. This recommendation was re-stated by the Simon Report (1997). The adoption of country strategies by AUSAID followed.

⁴⁴ AID 45/I-VII: 220.

⁴⁵ Although the Jackson Report's findings were circulated in 1984, the Report was officially presented in 1985.

⁴⁶ Quotes from a letter dated 31 October 1984 from J. V. R. Hearder (Australian High Commissioner) to Jonati Mavoia (Minister for Foreign Affairs) on the Jackson Report (AID 45/1-VI: 147).

Another Jackson recommendation called on South Pacific countries to prioritize the role of women in development projects. The Alliance government was already aware of the significant role played of rural women in cottage industries. DP 7 (1975: 227) outlined plans for the development of cottage industries. The sum set aside for this was \$0.44 million. This aimed at mainstreaming rural women in development as well as enhancing income generation. However, the government failed to align this objective with its aid priorities. This led to the neglect of project proposals for cottage industries. This failure to follow through with cottage industries to financially empower rural women reflected the Alliance government's lack of real commitment to its elaborate plans for rural development. This dissertation argues that beyond flaunted rhetoric on rural development, the Alliance government failed to fully commit itself to actually developing the rural *vanua*.⁴⁷ Chapters 4 and 5 highlight how weak financial support and lack of commitment by the Alliance government to the Yalavou Cattle Beef scheme and the Vunidawa rural growth centre project contributed to their failures.

⁴⁷ The concept of *vanua* embraces multiple contexts. One context defines it as the indigenous traditional socio-cultural order, the land and its people. Imbued with a certain amount of symbolism, this context also perceives *vanua* as an inalienable indigenous Fijian heritage. *Vanua* also encapsulates the indigenous Fijian social order governed by the separate Fijian Administration. In some instances, the word *vanua* is synonymous with the rural Fijian village system. Literally, the concept refers to the land in general as a natural resource.

LITERATURE REVIEW

The failure of several Australian-funded large-scale agricultural and rural development projects in Fiji can be attributed to both local and external factors. However, a discussion of the literature on development assistance is necessary to allow clear understanding of the analytical standpoints of the literature on Fiji. The literature on development assistance for rural development projects in developing countries falls into three main groups. The primordialist standpoint, informed by Modernization Theory, emphasizes societal (endogenous) variables in the failure of projects.⁴⁸ Societal factors are grounded in socio-cultural constraints. The primordialist view of the failure of development projects lays blame on local/societal constraints. The second approach, underpinned by Dependency and Underdevelopment theories, is a neo-Marxist/political economy school of thought. This literature is generally critical of the donors' aid efforts, donor 'self-interest' and other non-societal variables. Gounder (1995: 11) observed that the aid critics are not impressed by favorable assessments of economic growth as an index of aid effectiveness. They prefer to focus on imperfections in the donors' aid systems. Blame on aid failure is attributed to outside forces rather than the failings of recipient societies.

In his discussion of the two extreme perspectives, Ridell (1987: 131) identifies two distinct groups of critics: structural theorists and institutional pessimists. The structural theorists generally view aid as "part of a structural relationship between the rich and poor countries which has evolved over time to under develop the Third World". This approach

⁴⁸ Rostow's (1960) *Stages of Economic Growth*; David Apter's treatises on political systems; and David McLelland's (1967) psychology of backward societies are components of Modernization Theory, which posits that the 'backwardness' of Third World societies locks them in underdevelopment.

is informed by the Dependency Theory.⁴⁹ Hayter (1971), Wood (1980) and Hayter and Watson (1985) view aid as a tool for the imperialist and neo-colonial exploitation of Third World countries by industrialized nations. Expounding this, Hayter (1971: 9), argues:

... the existence of aid can be explained only in terms of an attempt to preserve the capitalist system in the Third World.

She suggests that aid could produce a class (local elite) in the Third World whose interests would be aligned with external imperialist forces. This class would depend on aid and foreign private investment and would be an 'ally of imperialism'. The collusion between local and external agents to minimize the 'trickle down' effect of aid is implicit in the arguments of the structural theorists.

Sitting between these extremes (primordialists versus anti-aid camp) are studies that highlight institutional weaknesses as causes of project failures. These focus on the weaknesses of recipient governments. Institutional pessimists argue that certain deficiencies of the state and flaws in government policies negate aid effectiveness:

...recipient governments often pursue policies which reduce current income and the prospect of its rate of increase, thereby necessarily increasing their need for aid (Bauer 1971: 122).⁵⁰

⁴⁹ Paul Baran (1957, founder of the Dependency Theory argued that imperialism by the industrialized nations was the source of Third World economic backwardness.

⁵⁰ Institutional pessimists include Bauer (1971, 1990, 1991); Mende (1973); Lappe *et al* (1980) and Seers & Myrdal (1982).

In her critique of Australian aid to the Pacific, Hughes (2003) claims that aid effectiveness is negated by widespread corruption in recipient states (particularly Papua New Guinea). Institutional pessimists pinpoint the bureaucratic inefficiencies of recipient states as the main cause of failures. They do not acknowledge that donor 'self-interest' also contributed to project failure. Since both paradigms (Dependency and Modernization theories) are flawed by their theoretical biases, the three main strands of literature on development assistance are likewise prejudiced by overemphasis of either endogenous or external factors behind aid failure.⁵¹ A middle ground approach is, therefore, required.

There are two main tendencies in the literature relevant to rural development projects in Fiji. One set of studies spotlights the primordial/socio-cultural factors. The other examines weaknesses in the state's policy settings. Both stances are inward looking so that the element of donor 'self-interest' is largely ignored. The primordialist approach is informed by the mainstream literature on ethnic Fijian traditionalism by Spate (1959); Burns (1960); Belshaw (1964); Watters (1969); and Nayacakalou (1975, 1978). Applying the primordialist approach in his study of economic development and social change in selected Fijian villages three decades ago, Watters (1969: 259), observed:

Many of the preconditions for growth are absent precisely because of the existence of cultural barriers In general, traditional patterns of culture are unsuited to modern economic development because, like many non-Western cultures, they evolved out of a non-cash economy

⁵¹ Modernization Theory has been criticized for its overemphasis on societal constraints while Dependency Theory over-accentuates the external causes of underdevelopment in the Third World.

in which few commodities possessed great liquidity in exchange transactions.⁵²

In a similar vein, Nayacakalou (1978: 120) also pinpoints contradictions between the ethnic Fijian ethos and that of modernity:

The Fijian economy differs from a capitalistic industrial economy, and in their differences lie most of the problems of adaptation which confront Fijians today.

These studies highlight how the traditional ethnic Fijian ethos and socio-political *milieu* posed resistance to indigenous economic development. They commonly posit a fundamental antithesis between the ethnic Fijian 'communal ethos' and commercial enterprise. More importantly, they engender a perception of the ethnic Fijian ethos as a 'stumbling block' or even anathema to modernization.

Also articulating the primordialist stance, Young's (1984) study of the Lovoni Land-Purchase project focused on the element of leadership in a rural cooperative venture. He (ibid: 52) concludes that although traditional chiefly leadership could help sustain social cohesion among ethnic Fijian participants, modern management was a crucial need:

After the loan is paid, the people of Lovoni will have the option of continuing the current project under FMCA management, managing the project themselves, or subdividing the land into smaller farms.

⁵² The four villages studied by Watters (1969) were: Nalotawa, Lutu and Sorolevu on Viti Levu, and Nacamaki on Koro island in the Lomaiviti group.

Given their commitment to the communal way of life, it is unlikely that they would choose to subdivide the land. If self-management is chosen, the critical factor will be handling of finance and accounting. Can they acquire enough expertise in this area? Can the chief or other influential individuals be prevented from exploiting the cooperative for unfair personal gain? Probably not. The safest course is for the co-operative to continue to hire professional management.

The primordialist thesis is implicit in this recommendation against self-management by the ethnic Fijian participants because it perceives the communal order and traditional leadership as obstacles. Young's study was carried out when the Lovoni Co-operative project was at its zenith. It failed like the other rural consumer cooperatives: all were exclusively ethnic Fijian. Ethnic Fijian participation in overseas-aided projects in the colonial period and during the Alliance government was governed by ethnic-preference policies. The Cooperative Societies Ordinance in 1947 tried to foster the transition of rural ethnic Fijians from subsistence to semi-commercial enterprise. Most cooperatives collapsed:

Although some successes were recorded, many cooperatives failed, forcing colonial planners to revise their expectations. Due to what they saw as the limited aspirations of Fijian farmers, officers of the colonial government concentrated on establishing copra marketing and consumer cooperatives. It was not until Development Plan Seven in 1975 that the post-colonial government shifted its emphasis to the formation of producer cooperatives to stimulate cash cropping as a tool of development policy (Young 1984: 5).

To facilitate this shift to producer cooperatives, the Alliance government established the National Marketing Authority. This was reorganized into the National Trading Corporation (NATCO) between 1989 and 1992. Even this producer cooperative was faced with insolvency in the late 1990s.

The colonial government's agricultural projects included some which tried to simulate *galala* participation in several resettlement projects like the Lomaivuna Banana scheme and three farming subdivisions established by the Land Development Authority in Taveuni in the early 1960s.⁵³ The Lomaivuna Banana scheme (funded by the EEC and New Zealand) and pilot cocoa schemes (co-aided by the EEC and Australia in the interior of Viti Levu, Vanua Levu and Taveuni) were all exclusive to ethnic-Fijians. All turned into major fiascos. The Lomaivuna Banana scheme collapsed in the 1970s. The cocoa projects on Taveuni, Vanua Levu and Viti Levu went down the same road. Yet, undaunted, the Alliance government persisted with the ethnic-preference approach to rural development. The vast majority of the post-colonial (overseas-aided) ethnic-preference projects implemented by the Alliance turned out the same way. An important question arises: 'Is the ethnic-preference basis of the Australian-aided rural development projects a major cause of their long-term failure?'

⁵³ *Galala* (in relation to ethnic Fijian participation in the Fijian orthodoxy) means liberation from one's *vanua* obligations or emancipation from the shackles of communalism. See Brookfield (1979) for a more detailed discussion of the Taveuni land resettlement schemes; and Bayliss-Simth & Haynes (1988) for their discussion of the Lomaivuna Banana scheme.

Given its tendency to overstate societal variables, the primordialist standpoint fails to provide a balanced explanation for project failures. Although socio-cultural factors did play a role, other factors including donor 'self-interest' and poor aid management and delivery by the recipient state also caused project failures. The primordialist approach sees the communal *milieu* (rural *vanua*) as a formidable obstacle to development and modernity, but Belshaw (1964: 123-124) called for a more measured application of the word 'communal' to the ethnic Fijian social order:

O.H.K. Spate rightly points out that the word 'communal' is so frequently applied to Fijian society that it is almost impossible to avoid its use ... Persons who use the word do so to indicate that Fijian society is collectivist in organization and spirit. Frequently they contrast Fijian society in this respect with an assumed Indian individualism. They hold that Fijians are held back by communal obligations, which prevent them from being masters in their own home, which make individual effort unrewarding, and which frustrate attempts at individual planning. ... To label a society 'communal' is usually to distort its nature, and always diverts attention from the very points which should be examined, namely the nature of the interplay between individual and social demand.

This observation suggests a more sober consideration of the primordial variables in the failure of rural projects.

Tending towards the primordialist standpoint, Nation (1982) and Bolawaqatabu (1988) observe that inadequate analysis of socio-cultural constraints in the feasibility studies for

the Yalavou project hampered its success. Examining two 'exclusionary' cattle beef projects, Ravuvu (1988: 179) also veered away from the primordialist standpoint to criticize the state's approach.⁵⁴ A keen traditionalist, Ravuvu avoids condemning socio-cultural influences and draws attention to the lack of development communication as the main cause of project failures:

For the past twenty years or so, Fijian villages have been the main target of rural development efforts by 'change agents'.... Many villagers, however, still find it difficult to adhere to the kind of development processes prescribed by such agents. Fijian people's success in development projects, particularly in commercial enterprises aimed at improving their standard of living, has been problematic. The initial success of a number of such development projects was seldom sustained, and most Fijian development projects have been overshadowed by failure and ultimately abandoned. There has been more demonstration of failure than of success (ibid: 179).

This simplistic explanation fails to take into account how the schism between the separate development systems of the central government and the Fijian Administration engendered this problem. Chapter 7 discusses this dual governance gap. Ravuvu argues that poor communication between the project managers and the farmers locked the latter into perpetual debt. In his attempt to portray ethnic Fijian participants as victims of inadequate development communication, he (ibid: 181) explains:

⁵⁴ The two projects studied were the Tilivalevu and Verata Cattle Beef Schemes. Both were implemented on Viti Levu. These projects were exclusionary because they were restricted to ethnic Fijian participation.

Lacking the knowledge and skills to exploit the market to their own advantage, they have developed a sense of great dependence on those who advise them in implementing commercial projects. Within this general scenario, the government established beef cattle projects to involve Fijian farmers in commercial production.

This argument is a flimsy excuse for the inability of Fijian farmers to sustain their commercial productivity in these projects. It also grossly undervalues the latent capacity of rural ethnic Fijian farmers to acquire commercial acumen independently. Furthermore, this portrayal of ethnic Fijians as powerless and dependent victims of change agents perpetuates a paternalistic approach which perceives them as hapless, backward people whose apathy justifies the ministrations of change agents. It also diverts attention from other variables. Ravuvu overemphasizes weaknesses in project logistics, but his identification of poor project management by the government and its change agent partners does provide valuable insight on non-primordial factors.

Also choosing to blame recipient governments and pushing the 'anti-aid' bandwagon, Hughes and Cole (1988: 37) criticize aspects of the Fiji government's agricultural diversification policies:

Government policy, however, has been quite unrealistic. Coconut oil production was introduced to 'add domestic value-added' without regard to the domestic resource cost of that value added. The publicly owned plants are capital intensive, lack economies of scale and have low capital utilization because copra supplies are inadequate.

They add (ibid: 6, 8) that aid ineffectiveness stems from a tendency for aid inflows to inflate the public service (and attendant costs) in the recipient economy:

The impact of high flows of aid is not, however necessarily entirely favourable to a country's development. Where aid is as important to the economy as it is in Fiji, resources are drawn to those government departments through which aid flows into the economy. ... The total effect of high aid inflows is to turn government into a 'booming sector'. ... The negative 'booming sector' effects of aid flows are not an argument against aid, but they explain why aid is not as effective as it should be.

Again, this explanation ignores how aid repatriation through 'tied' aid shrinks the real value of aid. Other intra-bureaucracy problems (unrelated to booming sector effects) clogging the flow of aid also contribute to aid ineffectiveness. Focusing on flaws in the Fiji government's policies for various (ethnic-preference) diversification and import substitution projects, they were quick to condemn the government's policy approach:

Despite the rhetoric of agricultural development in successive Plans and despite specific targets for crops and livestock, little was achieved to diversify the economy in practice....Government policy...has been quite unrealistic (Hughes and Cole 1988: 37-38).

However, they failed to link project failures to traditionalism:

Cocoa output is low but appears to have considerable potential for smallholders wishing to develop their mataqali land. Finance is readily

available from the Fiji Development Bank. The bottlenecks appear to lie in lack of agricultural research that could provide appropriate strains for Fiji conditions, and in lack of extension services (ibid: 38).

In a sense, Hughes and Cole merely scratched the surface in their analysis of project failures. Imperfect policy approaches by recipient governments were not the only causes of project failures.

In their cursory analysis of the failed Lomaivuna Banana scheme, Bayliss-Smith and Haynes (1988: 131) cite non-primordial factors causing the collapse of this project:

By the end of 1963, 200 settlers were established at Lomaivuna on 10 acre (four ha.) holdings. In the first year over 100,000 cases of bananas were produced but success was short-lived: failing yields, disease and hurricane damage brought the banana farms to the point of collapse within five years, at which time the government withdrew all supervision.

There was much more to this collapse than inclement weather and crop diseases. Other factors including the scale of New Zealand aid and the Fiji government's aid management have not been adequately assessed. Factors like the inability of the migrant ethnic Fijian farmers to embrace *galala* in this venture have not been given due weight.⁵⁵

⁵⁵ The Lomaivuna farmers were migrants from the resource-starved islands of southern Lau (Fulaga, Moce and Kabara).

This literature review has identified two distinct trends of thought on Fiji's rural development. One group overstates societal variables while the other blames recipient states and downplays socio-cultural constraints. Both perspectives ignore external variables that hinder projects. A reconstruction of the donor-recipient collaboration should provide a more balanced view.

A HISTORIAN'S CONTRIBUTION TO THE AID DEBATE

This study aims to bridge the gaps in the literature on development aid for rural projects by reconstructing the donor-recipient interaction in Fiji. The international aid debate has been dominated by economists and development studies analysts, so the literature is preoccupied with economic rates of return. Further, theory-based studies tend to be driven by hypothesis testing. Given the inherent biases of the main development paradigms, there is a need for a historian's contribution to the debate. We need a critical reconstruction of what actually happened rather than merely testing development and economic theories. This thesis contributes to the debate by reconstructing the manner in which Australian aid for rural development projects in Fiji from 1971 to 1987 was provided and how it was managed by the Fiji government. I veer away from the usual theory-driven track by revisiting the dialogues between Australia and Fiji and reconstructing the nature of their collaboration.

This thesis examines certain flaws in the Australian aid program as well as weaknesses in the Fiji government's aid management system, both contributing to the failure of all

large-scale Australian-sponsored rural development projects between 1971 and 1987. It articulates the argument that flaws in the Fiji-Australia collaboration contributed to the failure of many projects. The study will, therefore, demonstrate how several administrative weaknesses of the ADAB and the element of donor 'self-interest' impeded Fiji's full utilization of Australia's aid for rural development projects. To tread a middle ground, this study also focuses on the aid management weaknesses of the Fiji government to show how they contributed to the failure of projects. This thesis therefore examines the policy basis of the aid requests to Canberra and the aid delivery system employed by the Fiji government.

This study also seeks to debunk the beggar bowl myth implicit in some literature on aid. The 'beggar bowl' thesis is biased by Eurocentrism because it either demonizes recipient states or dismisses them as witless and passive victims of donor self-interest.⁵⁶ Such a standpoint overstates the philanthropy of the donors and undervalues the capacity of the recipient states to steer aid to meet their core development goals. This thesis acknowledges the important role of the recipient government as the central gateway for inflowing aid. It will reveal that the Alliance government was an informed recipient of Australian aid. In doing so, this research seeks an 'island-centered' and 'islander-oriented' perspective on the Fiji-Australia collaboration for rural development. By examining the official dialogues, this study recaptures the voices of gatekeeper bureaucrats on both sides. Reconstruction of the bilateral dialogue demonstrates that the Fiji government was not passive in shaping Fiji's rural development history. Fiji aid

⁵⁶ The discourse by Helen Hughes (2003) on aid fungibility is a prime example of literature that seeks to 'demonize' aid recipient nations. Bauer's (1990) thesis on the institutional weaknesses of the recipient governments also tends to lay the blame for project failures on recipient governments.

officials were active change agents in the bilateral engagement. More importantly, this research also provides a more measured assessment of humanitarianism in Australian aid through an examination of the tied aid components of the program for Fiji (in Chapter 3).

THESIS OUTLINE

This dissertation is organized into nine chapters.

Introduction This chapter looks at the scope and nature of Australian aid for Fiji's rural development projects. An overview of the Australian Bilateral Aid Program (ABAP) is provided. A critical review of the literature identifies gaps in their approach and rationalizes the objectives and methods of this study.

Chapter 1 provides a historical overview of rural development policies in Fiji. It contextualizes the rural-urban gap problem as a prime rural development concern in Fiji and explores the political tenets informing rural development policies from 1949 to 1987. The chapter examines the roots of the problem in its colonial context to provide a platform for this study of the Australia-Fiji collaboration for rural development from 1971 to 1987.

Chapter 2 examines the policy settings of the aid requests for rural development projects that were prioritized by the Alliance government. This chapter spotlights the

government's capacity to align its aid proposals with the core objectives of the development plans.

Chapter 3 studies the components of Australia's aid for rural development projects in Fiji (1971-1987) to reveal how donor self-interest negated the optimum use of these aid facilities by the Fiji government.

Chapter 4 examines a livestock project predicated on ethnic-preference. The chapter examines the Fiji-Australia collaboration for the Yalavou Beef Scheme to showcase how flaws in this collaborative effort contributed to the project's failure.

Chapter 5 presents a second case study. The chapter examines the Vunidawa Rural Growth Centre to show how a lack of commitment by both parties (donor and recipient governments) to the project contributed to its failure to 'take-off' beyond its feasibility studies.

Chapter 6 delves beneath Australian aid rhetoric by observing the negative aspects of the ABAP for Fiji. The chapter looks at realities on the ground in problems with the ABAP experienced by the Fiji government.

Chapter 7 traverses the other side of the donor-recipient collaboration coin to highlight weaknesses in Fiji's aid management and delivery. This chapter establishes a middle ground approach and imposes balance by examining the negative aspects of the

recipient's management and delivery of development assistance for rural development. The chapter shows that the implementation of Australian-aided rural projects was hampered not only by flaws in the ABAP, but also by weaknesses in Fiji's aid management.

Chapter 8 draws together the main arguments, discussing the main findings and limitations of this research. It also suggests avenues for further research.

METHODOLOGY

This research combines archival research, interviews (primary sources) and secondary sources. Data was gathered through intensive archival research on colonial documents (Legislative Council Papers 1900-1969), archived Ministry of Finance files (dated 1970-1987) on overseas aid at the Fiji National Archives in Suva and interviews with former Alliance and ADAB officials, former Alliance bureaucrats who were involved in the Fiji-Australia collaboration for rural development, current Fiji Aid Unit officials and several AUSAID officers in Canberra. The decision to single out the Ministry of Finance files stemmed from the fact that the Ministry of Foreign Affairs dealt with bilateral trade and treaties with Fiji's whereas ODA for rural development entered via the Fiji Aid Unit, a section of the Ministry of Finance. Furthermore, there was no need for permission from the Central Planning Office for access to their files on capital project proposals because duplicates are held in the archived Finance files. The Ministry of Finance files (1971-1987) provided a wealth of primary data on projects carried out between 1971 and 1987.

The interviews helped flesh out some of the important issues highlighted by the official documents.

SOURCES FOR EMPIRICAL DATA

The primary sources for this study ranged from original documents of government dialogue on aid (inter-departmental memoranda; aid briefing papers, and letters) and minutes of important meetings (Fiji Aid Unit, Yalavou Rural Development Board Minutes and Notes on Fiji-Canberra Bilateral Talks), to project proposals and correspondence between ADAB and the Fiji government. Archived Ministry of Finance files were thoroughly scrutinized to elicit data for this study.⁵⁷ In-depth interviews with several Fiji bureaucrats (who served in the Alliance including a former Alliance minister) and Australian aid officials also provided useful back-up information.⁵⁸ Regrettably, two former aid officials (Rishi Ram and Netani Vosa) whose memos and notes on Australian aid were prominent in the archived Finance files were unavailable for interview. The latter refused an interview while the other official could not be contacted. Consequently, this research relied largely on archived official aid documents. The early development plans (DP 1-5), Journals of the Legislative Council (1910-1969) and other archived colonial documents including the Minutes of the Council of Chiefs meetings (1900-1960) were also examined to provide information on ethnic-preference policies informing rural

⁵⁷ See Bibliography for a complete list of the archived Ministry of Finance files perused.

⁵⁸ Two former ADAB and AIDAB officials who served as resident aid counselors with the Australian High Commission in Fiji and three current senior AUSAID officials were interviewed. Fiji respondents included a retired senior agricultural officer who was an extension officer for Yalavou and other ethnic-preference projects. Several requests were made for an interview with the local understudy for the General Manager of the Yalavou Project to no avail. Netani Vosa (former Aid Official at the Fiji Aid Unit) whose notes on the Australian aid program were well documented in the files also refused to be interviewed.

development in the colonial period. These sources were also used to contextualize the rural-urban gap problem in Fiji.

Aid Notes and briefing papers (drafts and edited copies) were particularly useful because they were often unguarded, revealing the authors' thoughts about the Australian aid program. They contained frank comments. The language and tone of some of the aid briefing papers and notes penned by Fiji officials were forthright and clearly articulated certain perceptions held by the Fiji government about Australia's aid program. The Finance files provided a wealth of information on the nature of the Fiji-Australia bilateral negotiations on aid for rural projects. These files also provided rare insights on the major issues and problems of Australian aid. In terms of their reliability as historical sources, the recollections by respondents were sketchy and sometimes politically charged. Selectivity and political posturing by some former Alliance bureaucrats and politicians encouraged me to tread with caution when using interview transcripts. The archived official documents were more reliable as sources for this reconstruction of the Fiji-Australia collaboration.

CONCLUSION

This chapter includes a brief overview of the international aid scene to provide insight on the evolving aid paradigms of Fiji's main donors. The chapter also looks at Australia's ABAP for Fiji to show its parameters for rural projects. Australia's aid objectives evolved according to aid paradigm shifts mooted by the World Bank. Fiji's reliance on overseas

aid to boost public sector investments was significant in the 1970s and 1980s. DP 6 and 7 acknowledged this dependence. The policies of recipient states are crucial in shaping domestic development interventions and their outcomes, hence, Fiji's rural development policies are examined in the next two chapters. The next chapter examines the historical context of rural development in Fiji to highlight the central paradox constraining rural projects. The chapter examines the underlying political tenets of rural development policies from the colonial period through to the Alliance tenure to show how the 'Fijian Dilemma' produced the central paradox in rural development policies. Aid requests submitted to donors by the Alliance government for rural projects were informed by these policies.

CHAPTER 1

THE HISTORICAL CONTEXT OF RURAL DEVELOPMENT PROJECTS IN FIJI: THE 'FIJIAN DILEMMA' AND THE RURAL-URBAN GAP

INTRODUCTION

This chapter contextualizes the problems of prioritizing aid for rural development in Fiji. Rural development is generally defined as: the betterment of the livelihood and living standards of rural people. This improvement can be achieved through basic infrastructure, health facilities, education services as well as increased opportunities to generate income.¹ Lele (1975: 20) provides a more holistic definition, defining rural development as “improving living standards of the mass of the low-income population residing in rural areas and making their development self-sustaining”. She proposes the dispersal of essential services to rural areas to enhance sustainability in rural livelihoods. I prefer her definition because conventional definitions tend to emphasize income-generation without acknowledging dispersal. Moreover, since development *per se* denotes an upgrade, rural development should produce marked improvements in rural living standards and livelihoods. It also should cancel some push-factors in urban drift. The answer to sustainable rural development therefore lies in the unlocking of the socio-economic potentials of the rural sector through an increased integration with the modern economy.

¹ See Lele (1975: 20) for a fuller discussion of the concept of rural development and Conyers (1985: 5-6) for her assessment of Lele's definition.

To better understand the contexts into which Australian aid for rural projects dovetailed, an examination of the tenets informing rural development policies in Fiji is warranted. Since the Alliance government inherited and perpetuated the rural development agendas of the colonial government, this chapter delves into the political orientations of the rural projects implemented before independence. The chapter argues that the ethnic-preference approach to rural development mooted in the late 1940s was regressive because it deprioritized infrastructure development for the rural *vanua* and impeded its integration with the emergent modern sector. The rural *vanua* has been economically-disadvantaged because it remained locked into low-profit, semi-subsistence agriculture in the colonial period through to the Alliance government tenure. All large-scale, exclusionary projects aided by Australia between 1971 and 1987 were dismal failures. These projects were touted as measures to curb urban drift. However, since they embraced 'traditionalism' (which Berger *et al* 1974: 147 defined as "an ambition to combine development and modernization with the protection of traditional symbols and patterns of life"), they commonly failed to mainstream the rural *vanua* into the profit-yielding sectors of the economy. While this dissertation will argue that these projects failed because of defects in the Australia-Fiji collaboration, this chapter emphasizes that traditionalism has not only been the major stumbling block in the general development of the rural *vanua*, it also weakened the Alliance government's commitment to rural projects funded by Australia.

Section one discusses rural-urban disparities in their global, regional and local contexts. In this thesis, the rural-urban gap generally refers to perceivable disparities in access to

basic infrastructure and profitable livelihoods between the rural and urban sectors in Fiji. Section two examines the historical context of urban drift from the rural *vanua* and section three discusses the ethnic-preference approach to rural development and its close association with traditionalism. The fourth section looks at how traditionalism fed three biases (pro-sugar, pro-Fijian orthodoxy/traditionalism and pro-urban) and how these preferences panned out in the colonial government's capital development investments to perpetuate the rural-urban and regional gaps. The final section looks at the Alliance government's policy approach to provide context for this study which analyzes the donor-recipient (Fiji-Australia) collaboration to close the rural-urban gap in Fiji from 1971 to 1987.

THE RURAL-URBAN GAP: A MALAISE OF THE THIRD WORLD

Inequitable development between the rural and urban areas in developing countries is not a new phenomenon. Since the 1970s, Third World nations have been grappling with rural decline/stagnation and its concomitant urban bias. Upon independence, many states in the Third World were already saddled with the problem of urban prominence.² This problem, symptomatic of uneven development, is endemic in the Third World and not unique to Fiji. However, the problem is particularly pronounced in the small island states Pacific due to economies of scale. The constraints of size as well as limitations in physical resources and human capital of the Pacific island states have serious implications. Ward (1998: 1) notes that urban drift in the Pacific gathered momentum in the 1960s and

² For an interesting discussion, see Chambers (1983) *Rural Development: Putting the Last First*.

intensified between the 1970s and the 1980s. Echoing Ward's concern over the problem in the Pacific, Reddy *et al* (2003: 128) argue:

Urbanisation is one of the most perplexing problems of the development process that developing countries are facing.

The former leader of the *Soqosoqo Vakavulewa ni Taukei* (SVT) government, Sitiveni Rabuka (2004), acknowledged to me that the rural-urban gap is continuing to widen.³ A former Permanent Secretary for Foreign Affairs, Jioji Kotobalavu, agrees:

...the gap is widening and it results from urbanization.
Urbanization is a constant challenge.⁴

This reasoning suggests that the disparity between rural and urban areas reflects a perpetual skewing of development in favor of the towns. Unstated by this bureaucrat is the fact that this urban bias was seen by the Alliance government as a major constraint to development in the mid 1970s. The problem intensified after the 1987 coups. Furthermore, in his attempt to overstate the effort of the current SDL government to prioritize the development of rural-based ethnic Fijian communities, Kotobalavu ignores the concerted effort by the Alliance government to pursue urban-rural parity. A project document attached to a letter of 31 March 1981 from the Director of Economic Planning articulated the Alliance government's concern over the problem:

³ Interview dated 11/5/2004: 3 (Transcript)

⁴ Mr Kotobalavu was a top ranking bureaucrats in the Alliance government. He continued in that capacity under the SVT government. Currently serving under the SDL government, he is the Chief Executive Officer with the Prime Minister's Office.

...many resources, both natural and human, exist which are yet to be developed. The pattern of development experienced in Fiji to date has been uneven. With the exception of the Monasavu Hydro scheme, the bulk of both public and private sector investments have been located either in south-east Viti Levu (Suva-Nausori) or Western Viti Levu (Nadi-Lautoka) [AID 42/8-II: 2].⁵

The rural-urban gap in Fiji has indeed expanded relentlessly, due partly to incessant urban drift and manifested more overtly by declining living standards and poor access to basic infrastructure in the rural areas. A survey of public complaints about rural impoverishment attended by deteriorating standards of rural infrastructure publicized by the local dailies (*Fiji Times, Daily Post*) throughout 2005 to the present bears testament to the rural-urban gap.

In 1966, the rural sector held 66.6 percent of the total population. This ratio declined to 53.6 percent when the urban population increased to 46.4 percent between 1966 and 1996.⁶ The greatest upsurge in urban and downward slide in rural populations between 1966 and 1996 occurred in the Central Division, followed by the Western Division. Inter-island migration from the Northern and Eastern Divisions converging on Viti Levu also contributed significantly to these increases. The rates of urban increase in the Northern and Eastern Divisions in the same period remained under ten percent.

⁵Letter to the Commissioner Northern Division on pre-feasibility studies for Rural Growth Centers (RGC).

⁶The next Fiji Census will be carried out in 2006.

Table 6.0 shows the population distribution by rural and urban sectors between 1966 and 1996.

Table 6.0 Population Distribution by Rural and Urban Sectors (1966-1996)

<i>Division</i>	<i>Year</i>	<i>Population (%)</i>	
		<i>Rural</i>	<i>Urban</i>
<i>Western</i>	1966	73.0	27.0
	1976	71.9	28.1
	1986	71.9	28.1
	1996	62.6	37.4
<i>Central</i>	1966	40.5	59.5
	1976	35.5	64.5
	1986	32.7	67.3
	1996	27.9	72.1
<i>Northern</i>	1966	86.3	13.7
	1976	85.2	14.8
	1986	85.0	15.0
	1996	78.5	21.5
<i>Eastern</i>	1966	92.7	7.3
	1976	93.0	7.0
	1986	93.2	6.8
	1996	90.8	9.2
Total Fiji	1966	66.6	33.4
	1976	62.8	37.2
	1986	61.3	38.7
	1996	53.6	46.4

(Source: Bureau of Statistics 1998, 2000; Reddy *et al* 2003: 128)

The latest figures show an increased ethnic Fijian concentration in the Central Division.⁷ Indo-Fijians still predominate in the cane belts and towns of the Western and Northern Divisions.

Table 7.0 shows the spatial distribution of urban population by ethnic groups in 2002.

⁷ Fiji Bureau of Statistics Household Income and Expenditure surveys, 2002.

Table 7.0 2002 Urban Population by Ethnicity

<u>Division</u>	<u>Population</u>		
	Fijian	Indian	Others
Central/Eastern	114,856	91,425	21,660
Northern	8,460	28,598	1,827
Western	47,602	73,001	6,436

(Source: Adapted from Fiji Bureau of Statistics, 2002)

This scenario raises an important question: ‘What ramifications will increased urban drift have on the prospects of the rural *vanua* – will they languish and slide further into heightened abject poverty or can they benefit from any positive spin-off from expansions in urban boundaries?’. Robert Keith-Reid (2005: 3) presents an interesting insight on how certain biases in Fiji’s development and land use policies impacted adversely on the *vanua*:

Since the end of the 19th century, Fiji’s mountainous topography, climate, the emergence of the sugar plantation industry, and now other farming activity, and also industrial, tourism and urban development, all have an enormous impact on the *vanua*, the land. Natural geological erosion in Fiji is high because of the country’s comparatively young landscape and wet climate. The erosion index (EI) is 700 for dry zones and 800 for wet zones, and from two to four times the world average.

Keith-Reid’s article uses the term *vanua* literally. However, although he points to how the state’s preoccupation with urban and sugar industry development has accelerated the geo-physical degradation of arable lands, his article does not address how these pro-sugar and pro-urban biases have impacted on rural indigenous Fijian communities. Moreover,

while mainstream literature on urbanization in the Pacific and Fiji is focused on the burgeoning urban-bias and its adverse impacts on the urban sector, scant attention has been focused on the how this affects the rural *vanua*.

RURAL STAGNATION AS A 'PUSH' FACTOR IN URBAN DRIFT: THE HISTORICAL CONTEXT OF THE PROBLEM

The problem had been noted in the 1950s by Spate (1959: 39):

...in so far as village agriculture is concerned, there has, over the period under review, been a steady flow of younger able-bodied men to the towns....It is estimated that on the main islands about one-quarter of the able-bodied men have left their villages to seek work elsewhere. It may be assumed that these represent the more ambitious and energetic section of the population and that village farming has suffered accordingly.⁸

Spate's discussion of the increased drift to urban centres by rural indigenous Fijians was focused on what he and his team identified as an emergent trend of agrarian stagnation.

Spate (1959: 35) linked this phenomenon to consistent increases in sugarcane production:

...during the past 10 years the continued extension of sugar-cane growing has been responsible for reducing the area under maize and peanuts and, to a lesser extent, tobacco and pulses, from a total of 12,000 acres to 2,500 acres.

⁸ Spate's review was focused on the post-War 2 (1946-1958) period.

At this time, the less lucrative farming activities were dominated by Europeans/Part-Europeans and indigenous Fijians.⁹ Table 8.0 compares the acreages under marketable crops by ethnic participation in 1958.

Table 8.0 Acreages under Crops 1958

<i>Crop</i>	<i>Total Acreage</i>	<i>Fijian</i>	<i>Indian</i>	<i>European and Part-European</i>	<i>Chinese and Others</i>
Sugar-cane	128,863	8,448	118,184	2,231	-
Coconuts	168,000	84,000	5,000	76,000	3,000
Bananas	5,000	4,600	380	20	-
Rice	31,200	400	30,150	250	400
Roots (Food)	35,933	31,696	2,877	-	1,300
All Other Crops	9,997	4,860	3,672	210	1,300
TOTAL ACREAGES	378,993	134,004	160,218	78,711	6,060
Approximate Farming Pop.		28,000	23,000	600	950

Notes: All other crops include vegetables, fruit, cocoa, pulses, tobacco, etc.

Figures are based on the 1956 Census.

(Source: Adapted from Spate 1959: 35)

While Indo-Fijian farmers were primarily engaged in the booming sector (sugar industry), agrarian indigenous Fijians were locked in less profitable, semi-subsistence agriculture. Ward (1965: 9) succinctly expounded this in his survey of land use patterns in Fiji on the eve of independence:

⁹ These crops earned much less revenue than sugar on the export market. Although *taro* exports only began to increase slightly after independence, these have remained marginal income earners.

The distinction which may be drawn between the almost fully-commercial economy and individualistic society of the Indian and European communities and the partly-commercial, partly-subsistence agriculture of the Fijian villages is mirrored in the contrast between the two distinct forms of land tenure found in the colony.

He also noted (ibid: 195) that in 1956, 69.5 percent of all ethnic Fijian males engaged in industry were involved in agriculture and that 87.4 percent of this segment were semi-subsistence farmers. The main crops in semi-subsistence agriculture in the last two decades before independence were coconuts, bananas, yaqona (*piper methysticum*) and root crops (tapioca, taro and yams). Cocoa projects partly funded by CD & W Grants were introduced in 1953 as part of the colonial government's crop diversification program.¹⁰ Cocoa production grew at a sluggish rate from a total of 50 acres in 1952 to 1,500 acres in 1958 and 5801 acres in 1969. However, cocoa projects were not fully commercial because they were mostly for mixed tree cropping with coconuts and involved communal/village production rather than fully-commercial plantation systems.¹¹ In contrast, copra estates owned by European settlers and part-Europeans were commercial plantation systems and therefore tended to be more profitable than village-based copra ventures. Although Spate (1959: 56) noted that plantation yields for copra far surpassed village production outputs, the colonial government persisted in promoting the village/semi-subsistence mode of production because of its unwavering commitment to traditionalism advocated by the Fijian ruling class. Table 9.0 shows the acreages of production and exports of principal crops in 1958.

¹⁰ Other crops introduced to diversify agricultural output included bananas, maize and peanuts.

¹¹ Spate 1959: 148; DP 6: 128.

Table 9.0 Acreage of Production and Exports of Principal Crops, 1958

<u>Crops</u>	<u>Acreage Cultivated</u>	<u>% of Total Cultivated Area</u>	<u>Value of Produce Exported (£F f.o.b)</u>	<u>% of Total Export Trade (Domestic Produce)</u>
Sugar Cane	128,863	34.0	7,806,837	63.75
Coconuts	168,000	44.33	2,439,970	19.93
Bananas	5,000	1.32	163,192	1.33
All other crops	77,130	20.35	59,102	0.48
Total	373,993	100.00	10,469,101	85.49

(Source: Spate 1959: 147)

Table 9.0 clearly shows the marginality of export earnings for crops produced by the *vanua*. The rural *vanua* was therefore economically disadvantaged. There is little wonder that disillusionment with their economically-lagging rural *vanua* compelled indigenous Fijian migrants to seek a more promising future in the towns.

Ward (1965: 15) linked the urban drift by rural ethnic Fijians to impediments to commercial enterprise embedded in the village orthodoxy:

Among the Fijians, the majority of whom have access to land they could use, the disincentives to individual enterprise which stem from the traditional socio-economic system are a major factor encouraging young people to leave their land and villages and move into the towns. In many interior areas lack of ready access to markets for cash crops prevents Fijians from earning money locally and this adds to the incentive for moving to the towns.

The economic predicament of the *vanua* was compounded by the traditionalist underpinnings of the ethnic-preference approach to rural development because it called for minimal disruptions to the rural indigenous Fijian *milieu*. Consequently, investment in infrastructure to raise living standards and generate economic vibrancy in the rural *vanua* was not prioritized by the colonial government. Instead, the colonial government's public infrastructure investments were skewed to urban areas and cane belts on Viti Levu, where Indo-Fijians outnumbered ethnic Fijians. Table 10.0 shows the distribution of ethnic groups on the main islands in 1956.

Table 10.0 Distribution of Population, 1956

Area	Population				% of total population	Area in Sq. Miles
	Fijian	Indian	Others	Total		
Viti Levu provinces	90,615	140,895	18,142	249,652	72.0	4112.32
Vanua Levu provinces	28,466	27,395	4,908	60,769	17.6	2393.22
All Other Provinces	29,053	1,113	5,150	35,316	10.4	548.91
TOTAL	148,134	169,403	28,200	345,737	100.0	7055.45

(Source: Spate 1959: 135 Table A.6)

The Indo-Fijian population on Viti Levu was mainly clustered in and around the main urban centres and cane belts.¹² Vanua Levu featured a similar distribution. While Indo-Fijians were concentrated in the northern coastal cane belts of Nasea, (at Labasa town) and Nabouwalu (secondary port), the ethnic Fijians were dispersed throughout the region

¹² See Spate (1959: 11-12) for maps showing the saturation of urban locales and cane belt areas on Viti Levu by Indo-Fijians and the wider distribution of indigenous Fijians in the hinterland regions including the highly inaccessible central highlands of Viti Levu.

including its highly inaccessible hinterlands.¹³ Vanua Levu, where ethnic-Fijians outnumbered Indo-Fijians between 1950 and 1960, lagged behind Viti Levu in terms of public infrastructure.

DP 6 (1970: 12) linked the rural-urban gap problem to income disparities:

Income distribution is a factor of considerable importance in planning for development...It is estimated that in 1966 average wages in manufacturing were almost twice as high as average agricultural income. Although this is merely a comparison of two sectors it is nevertheless sufficiently indicative of a wide disparity in rural-urban incomes which requires policy action.

Despite this rhetoric promising policies to ameliorate the disparities, the Alliance government persisted with the colonially-mooted ethnic-preference approach to rural development. This adherence stemmed from the government's acknowledgement of the ethnic dimensions of the rural-urban gap:

Linked with the problems of agricultural development is the persistent drift of the rural population to the towns....Another manifestation of this situation is the growing disparity of income between the rural and urban populations. There is every indication that this income disparity has a special significance because of its relationship to disparities of income among the main ethnic groups, which raises potential social and political problems in addition to the basic economic issue (DP 6 1970: 12).

¹³ See Spate (1959: 13-14) for maps showing this distribution.

This interpretation of the rural-urban gap formed the rationale for the ethnic-preference approach to rural development perpetuated by the Alliance government.

ETHNIC-PREFERENCE AND TRADITIONALISM: THE DILEMMAS OF RURAL DEVELOPMENT IN FIJI, 1950-1970

The ethnic-preference approach to rural development was implemented by the British colonial administration in its colonies which were plural societies. This administrative platform was underpinned by the 'divide and rule' agenda. Hence the primary objective was to bridge perceived inter-ethnic economic gaps rather than the rural-urban divide. Some pioneer policy analysts chose to focus on how ethnic preference policies for minimizing colonial administrative costs have fuelled inter-ethnic competition over 'scarce' resources in post-colonial settings.¹⁴ In Malaysia under British rule, policies that sought to correct perceived inter-ethnic disparities became an issue of contention in the immediate post-colonial period. In Fiji's case, although the Indo-Fijian segment has not contested the ethnic-preference program until recently, indigenous political parties (Fijian Association, Alliance, Soqosoqo Vakavulewa ni Taukei, Matanitu Vanua and the Soqosoqo Duavata ni Leweivanua) have all in various ways politicized the ethnic-preference agenda in their pre-election manifestos.¹⁵

¹⁴ Policy analysts include Rothschild (1986: 15-52) who focused on colonial 'overrule' in African states; and Milne (1981) who examined the ethnic-preference policies in Malaysia, Guyana and Fiji.

¹⁵ Mahendra Chaudhry, leader of the Fiji Labour Party, recently questioned the constitutional legality of the ethnic-preference program (*Fiji Times* 11 February 2006).

The ethnic-preference approach to rural development in Fiji was driven by a quest to bridge socio-economic disparities between ethnic Fijians and Indo-Fijians. Numerous attempts were made by the colonial government to mainstream ethnic Fijian participation in quasi-commercial rural projects. The Cooperative Societies Ordinance was enacted in 1947 to launch the colonial government's ethnic-preference agenda. Grounded in quasi-commercial agriculture, the ethnic-preference program facilitated some institutional reforms. Financial incentive funds to aid ethnic Fijian participation in agricultural projects were established. These pools of finance included the Fijian Development Fund (FDF), the Agricultural and Industrial Loans Board (AILB) and *i lavo musuki ni yasana* (provincial levies).¹⁶ Economic Development Officers were appointed to mediate between the central government and the separate Fijian administration on ethnic Fijian business ventures. However, these early measures to promote ethnic Fijian commercial enterprise were constrained by the traditionalism underpinning ethnic-preference. In his discussion of how traditionalism hinders modernization in developing countries, Rogers (1969: 12-13) suggests that Third World ruling classes are often reluctant to reform existing social structures. He argues that while they may publicly articulate aspirations to modernize their social milieus, they often oppose calls for their democratization because their power bases, vested in these colonially-restructured institutions and traditions could be jeopardized:

¹⁶ Both (the AILB and the FDF) were introduced in 1951. Although the Agricultural and Industrial Loans Board had tried to boost ethnic Fijian participation in commerce by offering loans for commercial agricultural ventures to ethnic Fijians, the percentages of loans provided to Indo-Fijian farmers remained much higher than the percentage of loans sought by ethnic Fijian applicants.

Why do aspirations outrun actualities in many emerging nations? One reason lies with the use of mass media in less developed countries....A second reason is that, in less developed nations, power often lies in the hands of oligarchs who dominate the national economic and political life. These latter-day Junkers, who often give public lip service to development goals, have proved generally reluctant to endorse programs that alter or upset the *status quo*.

In the Fijian context, ethnic Fijian leaders at the helm of the Council of Chiefs were the equivalent of latter-day Junkers cited by Rogers because they ardently touted a traditionalist ethos that sought to preserve the *status quo*. However, not confined to rhetoric on the preservation of ethnic Fijian interests, the Fijian brand of traditionalism promoted by ethnic Fijian leaders since the mid 1940s was double-edged because it also espoused anti-Indian propaganda.¹⁷ Jolly (1990: 331) argues that the push for traditionalism in indigenous Fijian development was launched at the outset of the colonial period during the Gordon-Thurston decades and notes that it was rationalized as a move to protect Fijian culture: "Fijian culture was seen as something to be protected from the depredations of settlers claiming land, or recruiting labour".¹⁸ This early adherence to traditionalism saw the establishment of the Fijian orthodoxy and the codification of native lands.¹⁹ Between 1905 and the 1940s, the colonial government seemingly veered away from traditionalism when it vigorously promoted the concept of *galala*. However, another reversal to revive traditionalism emerged in the 1940s as resistance by the

¹⁷ This is discussed further in Section 6 of this chapter. See Kaplan (1988: 101-106) for an interesting discussion of how the British 'Divide and Rule' policies fostered the contrasts between ethnic Fijian communal traditionalism and Indo-Fijian commercialism based on individual enterprise.

¹⁸ Jolly cites France (1969: 107ff).

¹⁹ The Fijian orthodoxy established by Gordon codified native communal land tenure and established the separate Fijian Administration (France 1969: 127). Also see Rutz (1987) for his discussion of the Fijian dilemma which he labels 'moral ironies'.

colonial government and ethnic Fijian leaders to the policy of *galala*. The policy of exempting indigenous Fijians from communalism had been mooted by the colonial government in the first decade of the 20th century. It was a reformative move to protect indigenous Fijian interests while promoting individualism among exempted indigenous Fijians to equip them for modernity. Im Thurn, governor from 1904 to 1908, played a significant role in promoting the policy of exempting Fijians from the communal fold for a period of one year. This policy was driven by the Native Lands Ordinance of 1905, which sought to free-up native lands not used or needed by the natives. Im Thurn was supported by some agriculturalists who perceived an antithesis between communalism and economic advance. Im Thurn's predecessors, O'Brien and Jackson, had endorsed the *galala* policy. Henry May and Bickham Escott (Im Thurn's successors) also supported the land reform.²⁰

However, in the mid-20th century, the colonial government began to reverse its stance. Keen on this push against *galala*, a chief of Tokatoka in Tailevu, Ravuama Vunivalu, asserted that quasi-commercial agricultural projects could be accommodated within the communal fold:

With proper guidance and help it should be possible for these organizations to fit in very well into the Fijian social and economic structure ... (*Journal of the Legislative Council Sessions of 1940*: 12).²¹

²⁰ Post-War and Development Committee 1948: 136; Vide 1903, 1911, 1914, Council of Chiefs Reports; Lal 1992: 29-30; Macnaught 1982: 21-37; Post-War Planning and Development Committee Report 1948: 136; Frazer 1975: 88-93.

²¹ Ravuama Vunivalu was a prominent ethnic Fijian civil servant in the 1940s.

Endorsing this traditionalist stance, the Governor admonished his august audience at a meeting of the Council of Chiefs in 1944:

There is ... one matter of which I wish to make special mention and that is the vexatious problem of 'exempted Fijians' ... No matter to what race or country a person belongs he has certain obligations to the community of which he is a member and in return he has certain rights and privileges due to him as a member of that community. The Fijian has communal obligations such as house building ... and so on. This is the social system of the Fijian and nothing could be more disastrous to the race than the breaking up of that system. The 'exemption' policy must lead to a break-up of the social system ... (Vide Report on the 1944 Council of Chiefs meeting: 3).²²

Also contributing to debates on the *galala* policy in 1946, the Post-War Planning and Development Committee was critical of the burdensome nature of the *galala* policy:

In Fijian society every adult male is required to cultivate sufficient land to ensure crops adequate for the requirements of himself and those dependent upon him. The Provincial Council is empowered to make and pass resolutions to provide for the times and manner in which such crops shall be planted. Any person refusing or neglecting to perform such work is liable to a fine. There is no machinery for enforcing similar obligations on 'exempted' Fijians. Communal organization and obligations give way to individual enterprise. The Agricultural Department has to deal with the 'exempted' Fijians as individuals and this absorbs an undue amount of the time of Agricultural Officers. It is estimated that at least half the time of the Agricultural Officers and 20

²² This was part of his address to open the chiefs' meeting.

percent of the time of the Fijian Field Assistants is absorbed by these comparatively few 'exempted' Fijians, while the bulk of the Fijian society remains almost untouched by the Department ... If the system were extended to its logical conclusion it would mean a breakdown of Fijian organization with repercussions throughout every government department (*Post-War Planning and Development Committee 1948*: 136).

This rhetoric misrepresents facts because it blames the *galala* enterprise for the neglect of village agronomy by extension staff, when in fact the colonial government did not encourage disruptions to the communal order by 'change agents'. Nonetheless, anti-exemption rhetoric like this formed the basis of the traditionalist ethos which was later embraced and perpetuated by the Alliance government. In this sense then, the ethnic-preference approach to rural development in Fiji was a colonial legacy because it was shaped by resistance to *galala*. Strong opposition to *galala* in the mid 1940s by Fijian chiefs saw its decline. Debates on *galala* were rekindled in the mid-20th century by Spate (1959: 101):

It is my firm conviction that for the Fijian countryside the objective should be a community of independent farmers, living or working on holdings heritable and alienable at least between Fijians, but retaining in each village or Old *Tikina* a common centre-church, school, guesthouse, parish hall, chiefly residence ... (ibid: 9)

Spate argued that the policy of *galala* could provide leeway to enterprising farmers to develop a mindset conducive to economic development. Burns (1960: 38) echoed Spate:

In so far as the Fijians are concerned, many of the reasons, both economic and social, are discussed by Professor O.H.K. Spate...We agree in general with what he has to say on matters affecting the land and production and we do not therefore propose to reiterate them in this Report. We should, however, say this, that we feel the impact of western civilization has so far failed to induce a new outlook towards efficiency and productivity. Furthermore traditional attitudes and behavior in the rural areas, particularly among the leaders of the people, are still a major obstacle in the way of technological change and there is a reluctance, if not a failure, to grasp the present-day economic situation.

Burns went a step further to suggest that the government's paternalism was an impediment to ethnic Fijian economic enterprise:

We do not blame the Fijians for this so much as the Government and the Legislature for so long adopting a paternalistic attitude and for still giving a very high priority to fostering, at this period of the 20th century, "the continuance of the Fijian communal system and the customs and observances traditionally associated with that system".

Also discussing the economic potentials of *galala*, Frazer (1975: 90) later notes that:

...the mean per capita output of the independent [galala] farmers was much higher than that of the villagers. Their cane output per head was twice that of the non-exempted Fijian growers...

However, the Council of Chiefs showed little interest in reform or *galala* because it threatened their communal power bases. *Galala* had the potential to fracture the Fijian orthodoxy and the chiefs did not want this happening. During the colonial period, calls for democratization of the Fijian Administration were consistently opposed by the Fijian ruling class. The Council of Chiefs rejected the reforms recommended by Spate and Burns. Pandering to the Council of Chiefs, the colonial government delayed its response until 1967 when two reforms were legislated.²³

Surveys of the economic prospects of the ethnic Fijian population by McDougall (1956), Spate (1959) and Burns (1960) helped spotlight significant disparities in levels of participation and representation in commerce by the ethnic-Fijians and Indo-Fijians:

This plural society is increasing rapidly and unequally in numbers without a commensurate increase in basic production; and in these circumstances a degree of development which would be splendid in New Guinea is not enough to maintain a reasonable equilibrium between the parties. Against the Fijian half-share in copra and whole share of bananas must be set Indian dominance in cane, the most rewarding crop with export values twice those of the other two put together. There is also the ever-visible evidence of increasing Indian wealth from secondary industry and services (Spate 1959: 5).²⁴

²³ One of the reforms abolished the post of *Buli* (district overseers) in 1967, replacing them with central government bureaucrats (District Officers). The Native Courts system was also abolished and the Native Regulations were relaxed supposedly to foster democratization. However, the success of these reforms was marginal because native land remained under communal ownership.

²⁴ The Spate (1959) and Burns *et al* (1960) reports were the most significant studies of the economic prospects and problems of ethnic Fijians. Other surveys that served to accentuate socio-economic disparities include McDougall's (1956) report on the financial situation of the Fijian Administration.

Statistics on ethnic representation in the formal and commercial sectors endorsed Spate's allusions to the inter-ethnic economic gap. However, although he (ibid: 5) argued that "the traditional social environment of the Fijian" was a formidable obstacle to the economic development of ethnic Fijians, the chiefs' council insisted on a non-intrusive approach to the rural *vanua*. Instead of pushing for an increased engagement between the rural *vanua* and the modern sector to close the economic gap, the chiefly council lobbied for minimal development intervention to preserve the status quo (semi-subsistence and subservience to the separate Fijian Administration) of the rural *vanua*. The Council of Chiefs insisted to the Burns Commission in 1959 that it was possible to promote ethnic Fijian economic development within traditional institutions and customs. This representation was focused on the rural Fijian village system. In the same vein, the Chiefs' council rejected Spate's suggestion that traditionalism hindered the economic development of the ethnic Fijians.²⁵ Nayacakalou (1975: 133-7) described this traditionalist aspiration as 'the Fijian dilemma'.²⁶

Several crop diversification projects (copra, cocoa and banana) harnessing the exclusive participation of rural ethnic Fijians were established between 1950 and 1970. All these were dismal failures, due partly to their inability to maximize incomes for ethnic Fijian farmers. Their traditionalist platforms, which opted for semi-subsistence farming within the communal fold, kept farmers' incomes marginal and hindered full integration with the modern economy. Given the call by the Council of Chiefs against disruptions to the rural *vanua*, the colonial government did not prop up these projects with basic infrastructure to

²⁵ Nayacakalou (1975: 136).

²⁶ Also see Rutz (1987) for his discussion of the Fijian dilemma which he labels 'moral ironies'.

enhance the living standards of the participant communities. Investments of Colonial Development and Welfare grants on infrastructure for these projects aimed at easing resource extraction and enhancing links to the main domestic markets. These investments did not represent a concerted push to improve the living standards of the rural *vanua* from where resources were extracted.

BIASED CAPITAL DEVELOPMENT INVESTMENTS (DEVELOPMENT PLANS 1-5, 1949-1970): A TRIPLE LOCK ON THE RURAL VANUA

Development planning in Fiji commenced after World War Two when the colonial government appointed the Post-War Planning and Development Committee on 18 May, 1946 to pioneer development planning. The introduction of the CD & W grants after World War Two required the preparation of a more comprehensive development planning strategy. However, the first plan (DP 1) was more of a capital development budget than an elaborate development plan and spanned ten years. Subsequent plans (DP 2-5) were five year plans.²⁷ These plans played a crucial role in engendering the rural-urban and regional gaps. Moreover, Development Plans 2-5 laid the foundation for the ethnic-preference approach to rural development. DP 1 – DP 5 were funded from three main sources: revenue generated locally; loans from both domestic (Fiji National Provident Fund) and external sources (International Bank for Reconstruction and Development/World Bank); and from CD & W grants. These grants provided more than half of the finance required for DP 3 (1961-1965). This substantial inflow of CD & W

²⁷ DP 1 spanned 1949-1958, DP 2 covered 1956-1960, DP 3 was for 1961-1965, DP 4 covered 1964-1968, and DP5 bridged 1966-1970.

grants followed the completion of the Burns Report (1960). DP 3 incorporated key proposals for agricultural development and economic growth made by the Burns Report. Allocations for various ethnic-preference projects were made in line with Burns recommendations.

CD & W grants from the U.K. played a crucial role in Fiji's development between 1949 and 1970. These grants accounted for 25 percent of the government's expenditure on capital development projects. Table 11.0 shows the main sources of finance for DP 1-DP 4 (1949-1968).

Table 11.0 Sources of Finance for Development Plans 1-4 (1949-1968)

(per cent share)

	1949-58 (DP 1)	1956-60 (DP 2)	1961-65 (DP 3)	1964-68 (DP 4)
CD & W Grants	27.4	10.5	54.3	18.3
Other External Aid	-	-	-	23.4
Local Revenue	25.6	9.6	-	15.0
Loans	47.0	79.9	45.7	43.3
TOTAL	100.0	100.0	100.0	100.0

(Source: DP 6 1970: 5)

Infrastructure projects absorbed 47 percent of the total CD & W grants received under DP 1-DP 4. DP 4 and DP 5 received less CD & W grants because they covered the eve of independence. This saw a gradual withdrawal of support from the UK and a parallel increase in Fiji's external aid receipts from the EU, Canada and Australia. Loans from the IBRD provided the largest source of finance for DP 4 and 5. Between 1944 and 1968,

Fiji received a total of 9.1 million pounds (sterling) of CD & W Grants. From 1966 to 1970, CD & W Grants to Fiji totaled \$11 million. This accounted for about 30 percent of the total capital revenue for that period.²⁸ Table 12.0 shows the allocations on public sector investments for DP 1-4.

Table 12.0 Investment Allocations, Development Plans 1-4

	<u>1949-1958</u> (DP 1)	<u>1956-60</u> (DP 2)	<u>1961-65</u> (DP 3)	<u>1964-68</u> (DP 4)
Plan Size (\$ million)	4.2	9.5	12.2	15.0
Sectoral Allocations (percentage):				
Economic Services	36.0	13.4	19.4	43.0
Social Services	25.4	25.3	15.8	23.0
Communications	34.2	60.8	50.0	20.0
Miscellaneous	4.4	0.5	14.8	14.0

(Source: Adapted from DP 6, 1970: 5)

Although Development Plans 1-5 were not as elaborate as DP 6-9, their capital investments were skewed toward the sugar industry and urban centres on Viti Levu. DP 1 concentrated on the extraction of the mineral resources and the development of urban facilities on Viti Levu. The bulk of capital development projects for the first five years of DP 1 (1949-1953) were urban infrastructure projects for public housing, medical facilities, town planning and other amenities for Suva and Lautoka. This plan ignored the development needs of Vanua Levu. Agricultural development *per se* was not accorded high priority in the first five-year period of the plan. Although the second five-year period focused on agriculture, it was biased toward research facilities and extension services on Viti Levu. The two main agricultural stations on Viti Levu (Naduruloulou and

²⁸ DP 6, 1970: 5; Finance File 203/3/12; DP7 1975: 237.

Lautoka) were prioritized in this second five-year period while no such exercise was earmarked for Vanua Levu.²⁹

DP 2-5 replicated the pro-urban, pro-sugar and regional biases of the first plan. Between 1956 and 1961 (DP 2 and 3), the government's development priorities shifted from economic growth to social and communications services. Expenditures on social and communications services were still biased because they concentrated on urban telecommunications, sewerage and water supply systems for Suva and Lautoka and trunk roads on Viti Levu and Vanua Levu and. DP 3 touted a special emphasis on the development of research stations throughout Fiji (DP 3, 1960: 9-10) but the prime objective was to ease resource extraction rather than the general upgrading of rural life. Consequently, capital investments in agriculture under DP3-5 remained skewed toward the urban centres and sugar industry on Viti Levu.

The Seaqqa agricultural station in Labasa, established under DP 2 to prop up cocoa and copra projects on Vanua Levu, was not given equal priority with other agricultural stations (in Koronivia, Sigatoka and Naduruloulou) on Viti Levu until the 1960s. The colonial administration only began to focus on the Seaqqa agricultural station in DP 3 (1961-65). The low priority first accorded to the Seaqqa agricultural station stemmed from its engagement with the less lucrative cocoa and copra projects as well as the government's perception that since these projects melded into the traditional milieus of

²⁹ Although sub-stations for research and extension were already operant at Labasa and Savusavu, DP 1 focused on the principal agricultural stations at Naduruloulou and Lautoka (Viti Levu).

the participants, intervention must be minimal to avoid the disruption of the ethnic-Fijian socio-cultural order. The Post-War Development Committee articulated this position:

The natives in Fiji, the Gilbert and Ellis Islands and Tonga have highly developed systems of local governance. Control is exercised over the agricultural activities of the individual. Any modification of existing methods must win the support of the native authorities if it is to have any chance of universal adoption. I recommend that extension work among the native farmers should become the responsibility of the native administration authorities who employ native instructors for this purpose (Post-War Planning and Development Committee, 1946: 128).

Given this perception that cocoa and copra projects were semi-subsistence and blended in well with traditional Fijian leadership, the colonial government opted for a less intrusive approach to these project sites. Basic infrastructure on and around these sites was not prioritized. This led to the low priority placed on the agricultural stations on Vanua Levu in DP 1 and DP 2.

This pattern of uneven development prompted some political economy analysts to posit that core-periphery collaboration between Fiji's local elite and external capital engendered the problem.³⁰ However, the rural-urban and regional gaps between the two main islands were fostered in the colonial period through the urban and regional biases of the development plans (DP 1- DP 5). The three main (pro-sugar, pro-urban and ethnic-preference) biases in the capital development investments of DP1-DP5 produced two dimensions of unequal development in Fiji. Within the two main islands, a significant

³⁰ Durutalo (1985) among others articulated this thesis to explain inequitable development in Fiji.

rural-urban gap hinging on the urban prominence of one or two urban centres emerged. In Vanua Levu, the bias centred on Nasea in Labasa developed during the colonial period. There were three stages in the evolution of the 'dependence' relationships of western Vanua Levu.³¹ Stage One (1870s-circa 1900) was marked by a gradual decline in rural self-sufficiency through the development of commercial crops, particularly coconuts.³² The copra industry not only forged and strengthened trade links with Suva it also developed a core (Viti Levu)-periphery (Vanua Levu) dependency relationship between the two islands. The second stage (1900 to 1950) saw the emergence of a plural society through the spread of the sugar industry to Vanua Levu and the influx of indentured laborers. By the mid 20th century, the communities on Vanua Levu featured small copra and cattle estates mainly owned by Europeans, part-Europeans and some Indo-Fijians; small and scattered Indo-Fijian settlements; and ethnic Fijian villages in the coastal belts and hinterlands. In the third stage (1950-1970) integration with Labasa was fostered through road networks funded largely by the CD & Welfare grants. On Viti Levu, the 'dependence' relationship between the rural hinterland communities and urban centers developed from the skewing of development toward the sugar capital (Lautoka) and Suva as the main port and capital seat of the colonial administration. This bias involved the neglect of rural-based communities on Viti Levu. Suva became the colonial administrative and business capital in 1882. Lautoka and the other towns in the Western Division were developed for the sugar industry while Nadi (which also serves a large cane belt) became the international 'gateway'. Uneven development on Viti Levu

³¹ See Summary Report on Rural Growth Centers (RGC) potential in Vanua Levu in File AID 42/8-II-I (Volume I). This report for the Ministry of Economic Planning (circa 1980-1981) was based on a Feasibility Study for RGC potential by Atkins Land and Water Management (U.K) in 1980. 'Dependence' refers to a reliance on links to Suva as the main port and domestic market as well as the outlet for exports.

³² The emphasis on copra development was termed the 'coconut overlay'.

heightened between 1950 and 1970 through the opening of road links between the urban centres and the rural areas.

At the national level, the three biases in the colonial government's development plans (DP1-5) also engendered a regional (core/periphery) gap between Vanua Levu and Viti Levu. This gap was fostered through unequal infrastructure and agricultural development on the two islands under DP 1-DP 5. For instance, the bulk of the colonial government's investments in transport infrastructure under DP 5 were skewed toward Viti Levu. DP 5 (1966-1970) provided for the development of 453 main roads, 102 secondary roads, 253 country roads and 13 residential roads while only 210 main roads, 97 secondary roads, 41 country roads, and one residential road were earmarked for Vanua Levu.³³ Uneven agricultural development exacerbated the growing disparity between the two islands. Viti Levu remained the hub of the booming sugar industry while marginal-income crop production predominated on Vanua Levu until the 1970s. CD & W grant-aided agricultural projects on Vanua Levu during the colonial period were heavily concentrated on copra and cocoa. Since most of the quasi-commercial projects in Vanua Levu operated within the ethnic Fijian village milieu or on land resettlement project sites, they were perceived to be self-sufficient on the basis of their semi-subsistence economies and ordained integration into the separate Fijian Administration. Infrastructure development for the project sites focused on easing the extraction and transportation of produce. The provision of roads and other infrastructure was therefore motivated by profit-driven resource extraction. In forestry projects funded by CD & W grants, road development was governed by concessions to saw millers engaged in processing timber. This practice

³³ DP 5, 1965: 2.

was fraught with problems as government subsidies were sometimes unevenly distributed to concession holders. This problem was noted in DP 5 (1965: 75):

It is difficult to arrive at an equitable policy for departmental road construction in the future owing to the previous policy of granting road subsidies to certain concessionaries and not to others.

This, together with the low priority given to basic (non-profit) rural infrastructure retarded the general development of basic infrastructure on Vanua Levu. Although cocoa projects on Viti Levu sat in the hinterlands and suffered a similar fate, the centralization of sugar production in the Western Division (Sigatoka, Nadi, Lautoka, Ba, Rakiraki) of Viti Levu helped garner capital investments in general infrastructure in the cane belts. These developments generally benefited the surrounding rural areas in the cane belts of Viti Levu. It is therefore ironic that while the main set of CD & W grant-aided agricultural projects on Vanua Levu were driven by ethnic-preference, this preferential thrust was not fully supported by basic rural infrastructure to uplift the living standards of the indigenous participants. While the pro-urban and pro-sugar biases of DP 1-5 skewed the colonial government's capital investments toward the cane belts and urban centres on Viti Levu, ethnic-preference program marginalized the rural *vanua* through its traditionalism. Rural decline, underdeveloped infrastructure and marginal agrarian earnings have provided potent 'push factors' from the rural *vanua*. In terms of rural stagnation due to unimproved basic infrastructure, the Department of Energy (Fiji) noted in its report issued in 2002 that 1,000 out of the total 1,170 Fijian villages still lacked

electricity.³⁴ The UNDP Human Development Report (2000) also recorded fifty percent of the total population as having no access to safe, reticulated drinking water. Rural residents form the vast majority of the people who were still without access to safe drinking water in 1999.

The colonial government's minimal interventionist approach to the spate of ethnic-preference projects locked participant rural Fijian communities into quasi-commercial livelihoods. Moreover, it hindered the integration of the rural *vanua* with the modern sector. These communities, particularly in Vanua Levu and the Eastern Division, have been languishing on the periphery while the urban sprawl on Viti Levu has continued unchecked. A Summary Report on a resource assessment done by the Ministry of Economic Planning (in collaboration with Atkins Land and Water Management consultants) for western Vanua Levu in 1980 noted this regional bias:

Vanua Levu is characterized as an economically depressed area... In addition to being small, the workforce has limited management and technological skills. The region is clearly disadvantaged and is without the means to sustain rapid economic development (AID 42/8-II-I, Volume 1).

The Alliance government also acknowledged the significance of this regional disparity in DP 7:

³⁴ *Daily Post* 27 November 2002: 2. These figures do not include recent rural electrification projects successfully completed by the SDL government between 2001 and 2006. The latest statistics on the rural sector are not yet available (the Fiji Bureau of Statistics has not finalized its 2002 Household, Income and Expenditure survey findings for the rural sector).

In order to have a more equitable distribution of the benefits of economic and social development, government will focus attention more on the inland parts of the main island of Viti Levu, the inaccessible parts of Vanua Levu and the outer islands (DP 7 1975: 83).

The two main urban centres on Vanua Levu (Labasa and Savusavu) did not 'take-off' until the Alliance government established the Seaqaqa sugarcane scheme (1974) and the Dreketi rice project (1980s) to upscale agricultural incomes in the region.

In retrospect, the rural-urban and regional gaps germinated from the pro-urban, pro-sugar biases of DP 1-DP 5 and the government's preoccupation with ethnic-preference projects. Traditionalism also undervalued infrastructure development for rural indigenous communities engaged in ethnic-preference projects. The Alliance government inherited this approach to rural development. However, instead of opting out of this legacy, it chose to travel down the same path, attempting to align this rural development thrust with its five-year plans (DP 6 – DP 9). Chapter 2 discusses how the Alliance pursued redistribution via its IRD policies. The rural growth centre concept adopted and promoted in the early 1980s embraced an effort to upgrade rural areas of potential through infrastructure, government services and incentives. However, the government's rural growth centre thrust did not deviate much from the earlier approach of the colonial government. The majority of rural growth centre proposals targeted rural ethnic Fijians. Despite the government's attempt to foster some semblance of multiracial tolerance in its rhetoric on rural development, its policies were biased in favor of ethnic Fijians. This bias embodied a paradox. The majority of requests to donors for rural development schemes

were for ethnic-preference projects, negating the principle of multiracialism which the Alliance promoted at the national level.

Subverting historical truth in discussing the colonial government's response to Spate and Burns, the SDL government's twenty-year affirmative action plan claimed:

In an attempt to address the socio-economic problems of indigenous Fijians identified by these studies, government, as early as 1960, implemented a development plan for the ensuing decade which emphasized communications and agricultural development.... At the same time, there was a relaxation of the rigid Fijian regulations, and the *galala* plantation was enthusiastically encouraged to create a new society of indigenous Fijians who were market oriented and free from restrictive communal orientations (Fiji Parliamentary Paper # 73 of 2002: 41).

This attempt to gloss over the colonial government's insipid attempts at reforming the Fijian Administration is *ahistorical*. It misrepresents colonial policies. The Council of Chiefs' opposition to galala is well documented in the Council of Chiefs Minutes (1940-1969). The colonial government took this cue and failed to take a stand to facilitate genuine democratization of the Fijian Administration. The Fijian orthodoxy and its traditionalist ethos remained unreformed during the Alliance tenure. More recently, the Chairman of the Council of Chiefs (Ratu Ovini Bokini) decried comments by the Fiji Labour Party leader, Mahendra Chaudhry, that 'most people were still underprivileged because of traditional and cultural constraints'. Ratu Ovini considered this an affront to

the Great Council Chiefs.³⁵ This contemporary example of resistance to democratization by the ruling class signifies that traditionalism persists. Goldsworth (1988: 505) argues that “to get development right, it is necessary to get the politics right”. The path to sustainable rural development lies in the unlocking of the economic potentials of the rural *vanua* through democratization and increased integration with the modern economy.

PARADOX PERPETUATED: THE ALLIANCE GOVERNMENT’S ETHNIC PREFERENCE IN RURAL PROJECTS, 1971-1987

Rural-urban income disparities were acknowledged in the first post-colonial development plan (DP 6) but the Alliance government’s approach to rural development was predicated on antithetical development objectives, multiracialism and ethnic-preference. At the level of rhetoric, the rural-urban gap was an economic problem:

The moderation of increasing income disparities within the Fiji society is perhaps the most important single objective of DP VI (DP 6, 1970: 19).

Such economic rhetoric masked the ethnic-preference of the rural development policies. On the ground, in terms of policies for closing the rural-urban gap, the problem was interpreted in terms of unequal participation in the productive sectors of the economy by the ethnic Fijians and the Indo-Fijians.

³⁵ These comments were made at a rally of the People’s Coalition Party a week before Ratu Ovini’s retort (Fiji Times 24 February 2006).

Allusions by Spate *et al* to ethnic Fijian predominance in the subsistence sector and their marginality in the commercial sectors tainted political rhetoric on rural development. The rural-urban gap problem was perceived 'an ethnic-Fijian problem', so DP 6 -9 prioritized the exclusive participation of ethnic-Fijians in overseas-aided rural projects. This ethnic-preference approach was grounded in the expectation that the harnessing of ethnic-Fijian participation in rural projects would ameliorate income disparities between rural and urban populations. Consequently, projects carried out with the exclusive participation of ethnic Fijians were rationalized in the public domain as a necessary measure to close rural-urban and regional gaps. However, the ethnic preference of the Alliance favored rural ethnic Fijians at the expense of rural Indo-Fijians. So, beyond rhetoric, the Alliance government's rural development policies had a racial slant. The inter-ethnic economic gap was the real target in the rural development programs carried out under DP 6-9.

Reference to the socio-economic disparities between the indigenous and Indo-Fijian populations also reinforced anti-Indian propaganda promoted by the colonial government and ethnic Fijian leaders. In her discussion of the political posturing by the Fijian chiefly establishment to maintain its hegemony, Lawson (1990: 795) aptly describes the ethnic dimension of Fijian traditionalism:

One of the most important means by which the chiefly establishment had reinforced its political position was to instill in the Fijian people generally a sense of unity in opposition to the Fiji Indians...

Following the 1946 census which showed that the Indo-Fijian population had surpassed the ethnic Fijian segment, some colonial officials and ethnic Fijian leaders began to allege an Indian threat against indigenous Fijian interests.³⁶ Between 1946 and 1966, colonial officials frequently drew attention to the advancing numerical disparity. For instance, opening the Council of Chiefs meeting in 1948, the Governor expressed concern that while ethnic Fijians numbered 122,749, the Indo-Fijian population totaled 128,374 out of Fiji's 1948 population of 273,977.³⁷ Similar references were made by colonial officials, resident Europeans and ethnic Fijian leaders to instigate anti-Indian sentiments. The following proposal from the Acting Roko Tui Tailevu during the 1948 Council of Chiefs meeting also reflected the emergent 'anti-Indian' stance. Joeli Ravai, suggested that no Indian be permitted to be a Forest Guard (Minutes of the Council of Chiefs Meeting, 1948: 7).³⁸ Prominent high chief and founder of the Native Lands Trust Board, Ratu Sukuna, echoed the concern of the Governor at the Council of Chiefs meeting at Draiba in Suva in 1952:

Today we are living in difficult times. We are no longer the most numerous race in Fiji ... (Minutes of the Council of Chiefs Meeting 1952).

At the same meeting, the Roko Tui Ba (Kitione Lalakomacoi) articulated a similar stance:

³⁶ The Indo-Fijians outnumbered the ethnic Fijians for the first time in the 1946 census (Fiji Bureau of Statistics "Statistical News" # 8, 1997: 2).

³⁷ Legislative Council debates 1948.

³⁸ See M.A. Thesis: Vatanimoto-Mausio (1998) for a fuller discussion of the manipulation of anti-Indian rhetoric by the Fijian ruling class.

In view of the numerical superiority of the Indian people in Fiji, would government be pleased to limit the number of Indians living in the colony (*Journal of the Legislative Council 1953*, Council Paper 31: 11).

In response, the Governor said that an ordinance had been passed in 1947 to restrict the influx of people intending to settle.³⁹ Such references not only fostered ethnic consciousness and fanned paranoia among ethnic Fijians of being 'swamped', they helped rationalize the ethnic-preference approach to rural development adopted later on by the colonial government.

Nonetheless, since the Alliance government (through the 1970 Constitution and political rhetoric) embraced the politics of compromise as some semblance of multiracial tolerance, the concept of equity in the development plans (DP 6-9) was loosely defined as 'achieving a more equitable distribution of income between the rural and urban areas'. This masked the ethnic-preference thrust of the Alliance at policy level. Hence, the overarching thrust for rural development in DP 6-DP 9 touted diametrically opposed core objectives: multiracialism and ethnic-preference.⁴⁰ DP 6-DP 9 expressed this paradox because they tried to promote multiracialism and affirmative action as complementary core objectives:

³⁹ This was propped up by the launching of ethnic-preference with the Cooperative Societies Ordinance in the same year.

⁴⁰ Fifteen rural advisory councils were established in late 1969 to administer development projects for non-ethnic-Fijian segments. This development embodied a desire by the outgoing colonial administration and the Alliance government to promote multiracialism. The provincial and district offices had been ministering to the needs of the rural *vanua* much earlier than these advisory councils.

Development Plan VI seeks to address itself to two problems which are peculiar to Fiji: the need to build a multiracial society and the need for integration of a country which is rather widely dispersed geographically. The pursuit of these objectives will of course in part lead along the same paths as efforts to remedy income-disparities and the rural-urban imbalance. In addition, special efforts will need to be made to bring subsistence farming into cash economy and to improve transportation and communication between the centres and the outlying islands (DP 6: 19).

This reference to a need to incorporate multiracialism in the plan's objectives remained rhetorical because the majority of rural project proposals prioritized by the Alliance were underpinned by affirmative action/ethnic preference. Despite the establishment of rural advisory councils as tokenism to multiracialism, DP 7-9 perceived the rural domain as a sector populated largely by ethnic-Fijians locked into full-subsistence or semi-subsistence and communalism:

The main beneficiaries of policies aimed at achieving a more equitable distribution of income and wealth will be the rural population generally and the Fijian population in particular. Powerful economic forces have tended to concentrate economic activity and, hence, prosperity in the urban centres – especially Suva and Lautoka. This concentration has tended to perpetuate existing business and commercial specialization along ethnic lines (DP 7, 1975: 5).

While the first dimension of the Alliance's ethnic preference thrust aimed at mainstreaming ethnic Fijian participation in commercial agriculture, DP 7 introduced the

second dimension based on the concept of dispersal. DP 7 expanded the government's ethnic preference approach by adopting the concept of dispersal to push for rural growth centres:

A major objective in the Seventh Plan period and beyond will be to decentralize economic activity by location and broaden involvement by race and enhance opportunities, material living standards and the social and cultural amenities of the rural areas. A major factor in the achievement of this objective will be a comprehensive system of regional planning. This will involve the identification of potential growth centres in the rural areas, which would then become focal points for agricultural, industrial, social, communication and other developments. In this way, many of the advantages of urban life can be made accessible to rural people, without marked urban drift and concomitant social evils (DP 7, 1975: 5).

Again, this emergent facet of the Alliance rural development thrust was driven by ethnic preference as it promoted traditionalism in rural development. The Council of Chiefs revitalized this stance in 1959. This traditionalist posturing by the Council of Chiefs reflected its opposition to calls by Spate and Burns for a general democratization of the Fijian Administration.

Notwithstanding the ethnic-preference of the Alliance government's rural program, it is unsurpassed in comprehensive five-year development planning and implementation.⁴¹

Furthermore, the Alliance government's politics of moderation necessitated some

⁴¹ Coincidentally, five year planning as a development strategy promoted by international donors was fast losing its appeal by the end of the 1980s. It was out of vogue in the early 1990s.

tokenism in rhetorical multiracialism. In contrast, the present Soqosoqo Duavata ni Lewenivanua (SDL) government has not masked its ethnic-preference policies. The SDL government led by Laisenia Qarase launched a revamped affirmative action program when it came into power in August 2001. The 'Blueprint for Affirmative Action' (2000) was presented to the Great Council of Chiefs (GCC) by Qarase on 13 July 2000. Modeled on the Malaysian Affirmative Action program, the SDL blueprint targets fifty/fifty parity in development between rural and urban ethnic Fijian communities by the year 2020. It blatantly promotes ethnic-preference policies without recourse to compromise and rhetoric on multiracialism.

In his assessment of the SDL blueprint, Rabuka, pointed out that:

The Malaysian 50/50 Affirmative Action Program is a more reasonable blueprint than the Fiji version because it aims at 30/70 rural-urban rates of development by the year 2020 and it commenced twenty years earlier than the SDL Blueprint. The Malaysian program has a head start of two decades. Furthermore, the 30/70 targeted by Malaysia is more realistic and achievable over the five decades it spans while the SDL program has only two decades to prove itself (Interview dated 11/5/04: 8).

The SDL Blueprint embodies a hardened approach to an old problem. While the Alliance government's approach was moderated by its politics of compromise, the SDL stance is not masked by a façade of multiracialism. Its blueprint places undue emphasis on the development of rural ethnic Fijians to bring them up to par with urban ethnic Fijians. The

rural-urban gap is, therefore, more blatantly presented as an inter-ethnic problem. Despite the fact that the SDL government allocates \$6 million per annum for rural development, realities on the ground still attest to the relentless burgeoning of the rural-urban gap.⁴²

Defeated at the April 1987 polls, the Alliance government was ushered out with its IRD program. During 1987-1992 the nation was focused on the restoration of stability. When the SVT government (1992-1999) came into power, it largely sidelined the problem and concentrated on private sector development. Rabuka explained:

We tried to make aid productive rather than developmental in nature. It may be difficult to directly relate any increases in productivity in the rural areas because of the nature of the development – the nature of the development was such that it was not too noticeable in the survey of the economy ... (Interview 11/5/2004:2)

He added that his government had tried to continue with prioritizing rural development by setting up storage/freezing facilities at two rural growth centers (Seaqaqa and Nabouwalu) and pipelining the improvement of transport links between ports in Vanua Levu and Suva. He denied that his government's rural development thrust was piecemeal. The policy framework was nowhere as comprehensive and cohesive as the IRD of the Alliance Government.

⁴² Keen to brag about the current SDL government's provisions for rural development programs, Kotobalavu alluded to the \$6m for rural development in the 2004 Budget. The Alliance government had allocated between \$1m (DP 7) and \$3 million (DP 8–DP 9) annually for its IRD program.

A former Minister of Commerce in the Alliance Government, Berenado Vunibobo, agreed:

The SVT Government lacked a cohesive policy framework for prioritizing aid for rural development (Interview 24/5/2004: 2).

As Rabuka admitted, Australian aid was prioritized for private sector development from 1992 to 1999. Particular emphasis was placed on the garment industry in Fiji. This saw boosts in the Australia-Fiji textile/garment trade volumes under the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) from 1989 to the end of the 1990s.⁴³ This preoccupation with the trade component of Australia's bilateral aid meant a slackening of focus on rural development.

CONCLUSION

This chapter has focused on the historical context of the rural-urban gap in Fiji. It also examined the underlying political tenets informing rural development policies in the colonial period and during the Alliance tenure to contextualize this study's examination of Australian aid for rural development, 1971 to 1987. Australian aid dovetailed into these policy contexts. When Fiji gained independence in 1970, the colonial legacy of traditionalism and ethnic-preference in rural development had produced the following scenarios. Sugarcane, with full commercial, plantation orientations and majority (over 80

⁴³ SPARTECA was established in 1981 to redress unequal trade relationships between Australia, New Zealand and the island economies. SPARTECA was signed by 16 countries: NZ, Australia, Fiji, Papua New Guinea, Samoa, Solomon Islands, Vanuatu, Tuvalu, Tonga, Kiribati, Cook Islands, Marshall Islands, the Federated States of Micronesia, Nauru, Niue and Palau.

percent) Indo-Fijian participation, was the only lucrative crop in the agricultural sector. Rice, which held promise as a profitable crop for import substitution, was also mainly produced by Indo-Fijian farmers. Ethnic-Fijian participation in rice production remained marginal. The less lucrative copra, bananas, cocoa, maize, root crops, and yaqona mainly involved semi-subsistence, smallholder and village-based production. In his study of land-use patterns in Fiji, Ward (1965: 196) noted the basic orientation of village production:

...it is clear that the average villager is not a full-time farmer although he is in fact dependent solely on his farming. Labour within the village is unspecialized and its efficiency is thereby reduced. In most villages, except those close to urban centres and where commercialism has penetrated deepest, traditional principles of kinship still govern labour mobilization.

Statistics (various Census figures) show that participation in these two different types (commercial/plantation-based and quasi-commercial/village-based) of agricultural activity was clearly ethnically-demarcated. Was there a way out of this predicament other than continuing with ethnic-preference? Were there more lucrative crops for diversification projects that involved the rural *vanua*? If yes, would they have maximized returns in a communal/village production base? These important questions were not adequately addressed by the Alliance government in its policies for rural development. Ward (1965: 246) was perhaps too optimistic about the future of several colonial diversification crops involving ethnic-Fijian participation:

In terms of the relative contributions of the major cash crops to the colony's economy and to the area of land in use, the importance of the lesser crops such as bananas...and market garden crops, is likely to increase. New tree crops such as cocoa will also become more important.

The collapse of cocoa, banana and many other overseas-aided diversification projects in the 1970s and beyond has negated this optimism.

In its examination of traditionalism and ethnic-preference in rural development dating back to the colonial period, this chapter unveils the bundle of contradictions that encompass the Fijian dilemma. DP 7 (1975: 1) aptly summarizes these ironies:

Fiji's economic situation has long been dominated by three major problems: dependence on one crop (sugar); dependence upon the outside world for trade, capital and expertise; [and the] rigidity of economic and ethnic divisions. The story of Fiji's economic development is largely a story of her efforts to overcome these problems.

This observation is pertinent as the approach to rural development mooted by the colonial government and perpetuated by the Alliance had its political roots in ethnic and economic divisions. Calculating agricultural land use by ethnic Fijians based on the area under bananas and root crops in the 1960s, Ward (1965: 195) deduced that 48.3 percent of all land used for agricultural and pastoral purposes was farmed by ethnic Fijians and that village production was their popular mode. Since traditionalism privileged communal

land tenure, accessibility to arable lands remained limited as over 83 percent of all lands in Fiji were inalienable native lands. This has produced the twin problems of extreme over-use of scarce lands for intensive sugarcane farming and the under-use of native lands for more profitable and fully-commercial agricultural production. At independence, Fiji was at the crossroads: to proceed with ethnic-preference and perpetuate its problematic impacts on the rural *vanua* or to turn a new leaf, discard traditionalism and fully embrace modernity and multiracialism with concomitant land and local governance reforms to spur increased integration of the rural *vanua* into the modern economy. The latter would have required increased democratization of the Fijian Administration to foster greater integration of the rural *vanua* with the modern sector and the relaxation of land tenure laws. The other path spelled the continuation of the Fijian dilemma and its draconian stranglehold on the rural *vanua*. This dissertation explores in the next chapter the path chosen by the Alliance government at the crossroads and this was charted by its five-year development plans and aid requests for rural development. In a sense, the general outcome of the rural projects funded by Australia was predestined by this choice.

The next chapter examines the IRD policies and the alignment of the aid priorities of the Alliance Government with the goals of each development plan (DP 6-DP 9). In his study of three livestock projects in Fiji, Nation (1982) observed:

Projects are an increasingly favoured vehicle for development assistance. They allow the resources of donor agencies to be concentrated in areas of maximum need as well as areas of maximum return. They are also thought to allow many of the political difficulties

of third world countries to be circumvented. Projects are, however, unavoidably bureaucratic. Project planners are not free to pursue flexible goals. It is in the nature of the authority they exercise that all actions must be justified as the selection of appropriate means for the achievement of politically prescribed goals.⁴⁴

Nation's comment on the dilemma of project planners is pertinent because development assistance is granted on the basis of the recipient government's project proposals or aid requests. Overseas aid for rural development projects is largely driven by the recipient's domestic policies. This dovetailing of development aid into the goals of the recipient government acknowledges the capacities of recipient states to formulate their own rural development agendas. The next chapter therefore examines the Alliance government's policy-driven aid requests to demonstrate the alignment of its aid priorities with the core development goals of each five-year plan.

⁴⁴ The projects studied by Nation (1982) were the Verata, Tilivalevu and Yalavou cattle projects. All were implemented in Viti Levu exclusively for ethnic Fijians. Note: Quotes from Nation's Thesis Abstract.

CHAPTER TWO

PRIORITIZING AID FOR RURAL DEVELOPMENT: THE ALLIANCE GOVERNMENT'S AID REQUESTS, 1971-1987

INTRODUCTION

This chapter examines how aid was prioritized by the Alliance government from 1971 to April 1987. The alignment between development planning and aid prioritization comes into focus. The chapter also reviews Australian and EEC support for the government's integrated rural development policies to provide insight on the donor-recipient collaboration for closing the rural-urban gap in Fiji. Section one traces the main shifts in the rural development objectives of DP6-9 while sections two and three examine the phases of the IRD program and the policy-based aid requests to demonstrate how the core objectives of DP 6-9 were aligned to aid requests tendered to Australia.

THE INTEGRATED RURAL DEVELOPMENT (IRD) PROGRAM

The aid requests of the Alliance government were highly synchronized with the core development objectives articulated in the development plans for 1971-1990 (DP 6-9).¹ These plans provided an 'enabling environment' for the donor-driven integrated rural

¹ DP 9 was the last elaborate five year development plan. No plan was prepared by the Interim government (May 14 1987-1992). The SVT government replaced development plans with strategic plans which were much less comprehensive. The present SDL government continues with the strategic planning format.

development approach.² In essence, each plan sought to remedy imperfections in previous ones. So, the Alliance government's aid priorities gradually evolved to accommodate shifts in national and international development concerns. These emergent concerns included the evolving core objectives of the development plans as well as shifts in aid priorities set by donors. For DP 6, the core objective was establishing sovereignty through economic growth. DP 7 espoused 'redistributing the fruits of development' to bridge regional and rural-urban gaps, while DP 8 and DP 9 refined the redistribution approach and expanded it to embrace dispersal and agricultural diversification. These swings complemented shifts in the World Bank driven aid paradigms towards equity, redistribution and poverty alleviation in the 1980s.

As DP 6 covered the first five years of independence, the government's central concern was economic growth. DP 6 embodied the Alliance government's aspiration for economic independence following the end of colonial rule:

Development Plan VI fixes a target for the overall growth of the Fiji economy of an average annual rise of 6.7 per cent in Gross Domestic Product (GDP). The achievement of this target will mean an increase in GDP from its estimated level of \$178 million in 1970 to \$246 million in 1975 (at 1970 prices). Naturally, this growth will not occur evenly in all sectors of the economy (DP 6, 1970: 21).

This defined the central pursuit of economic growth embedded in DP 6. Aid priorities were therefore focused on the domestic market, commercial and urban infrastructure.

² See Crittenden & Lea (1989); Chenery *et al* (1974) and Mosher (1976) for discussions of the IRD approach.

Over-dependence on a single export commodity (sugar) was another colonial legacy to grapple with at independence. Rural development sat on the periphery of the development goals because it was broadly defined within DP 6 targets for agricultural development:

Agricultural policy during the period of Development Plan VI will concentrate on two major objectives: raising the incomes of farmers and increasing rural employment. The attainment of these objectives will involve, among other things, increasing the value added of the whole sector from \$48.4 million to \$57.7 million in 1975, at 1970 prices. ... In a wider sense, the objective of agricultural development is to provide the rural population with a more meaningful and satisfying way of life, with status and amenities more comparable with those in urban areas (DP 6, 1970: 86).

This first post-colonial plan embodied the Alliance's aspiration to let economic growth (sourced from agricultural development) drive Fiji forward to address other emergent concerns such as the rural-urban gap:

The plan envisages a two-pronged attack on the problems incident [sic] to the rural-urban drift: by giving maximum support to improved production and income in the rural sector, it is intended to reduce the incentives now attracting people to the towns (DP 6, 1970: 20).³

DP 6 sought to boost rural agronomy as a precondition to rural prosperity. This push for rural development through improvements in agricultural outputs had two main goals: the

³ The correct word would be 'incidental'.

strengthening of local government through rural advisory councils and development committees to strengthen rural project coordination as well as the establishment of the government's self-help schemes to aid small rural community projects (DP 6 1970: 83). In DP 6, the rural-urban gap was seen as a problem grounded in low agricultural production. This perception of low agricultural productivity as a problem needing attention raises questions about the colonial government's spate of exclusionary agricultural diversification projects. Why had the colonial exercise in agricultural diversification failed to raise levels of production? Was it because of the traditionalism involved in these ethnic-preference projects? If this was the case, it could indicate that the ethnic-preference agenda into which CD & W grants dovetailed was inappropriate for increasing the agricultural productivity and incomes of the rural *vanua*. Why then did the Alliance government persist with ethnic-preference and traditionalism in rural development?

Although the problem of rural-urban income disparities was acknowledged in DP 6, specific remedial measures were not clearly articulated. The period 1971 to 1975 therefore saw aid from donors prioritized for urban and marketing infrastructure. Domestic marketing for rural produce was the main concern. Rural development as a priority only began to gain prominence from 1976 onward when DP 7 launched the Alliance government's IRD program from 1976. DP7 (1976-1980) improved upon the government's approach to rural development. It accommodated the first shift in Fiji's development planning, marked by the adoption of the IRD program. While DP 6 prioritized growth, DP 7 identified redistribution in favor of the rural periphery as its core

objective. The opening up of rural areas through rural infrastructure development was the core concern in DP 7:

Provision of \$5 million over the 5 years will be made for the immediate removal of development hindrances which sustain and perpetuate rural stagnation causing hardship among the people; this is to "lubricate" and provide immediate support to ongoing self-help programs on a community basis, particularly where economic benefits will accrue (DP 7, 1975: 2260).

DP 7 also revised aid priorities from growth-centered to ethnic-preference projects. The Yalavou Cattle Beef scheme, and other large-scale agricultural projects sponsored by Australia were packaged as 'equity' schemes aiming at reducing the rural-urban gap. However, the ethnic-preference of these projects negated their equity labels. DP 8 and 9 (1981-85 and 1986-90) refined the IRD thrust.

There were two discernible phases in Fiji's integrated rural development scenario from 1976 to 1987. Phase 1 proceeded under DP 7 (1976 to 1980): infrastructure such as feeder roads, outer island jetties and airstrips were the main aid priorities. Regional development was also promoted for the first time. Concern over regional disparities drove the equity focus of DP 7.⁴ The second phase which would have lasted from 1981 to 1990 (DP 8 and DP 9) was disrupted when the Alliance was defeated in the April 1987 polls. Several large agricultural diversification projects and the refined IRD program were pursued. Rural development and agricultural diversification became the prime

⁴ In DP 7, 8 & 9, 'equity' referred to parity in rural and urban development as well as equitable regional development.

objectives of the government's rural development program in Phase 2 (1981-1987). The refined IRD thrust was embedded in DP 8.⁵ On the surface, these shifts in aid priorities may suggest dynamism in development planning. Beneath the surface, however, ethnic-preference and its traditionalist philosophy persisted and there was no real departure from the colonial strategy.

Public sector investments by the state as a percentage of GDP peaked in 1981 when it stood at 15.7 (Seruvatu and Jayaraman 2001: 8). Aid for rural development gained a sharper policy framework in this second phase. The path to equitable regional development also became clearer in DP 8 and 9. A project document for feasibility studies on the three RGC drew attention to the equity focus of DP 7 to 9:

This government, in its attempt to distribute more equitably the benefits of social and economic progress, will embark on a strategy of integrated rural development (AID 42/8-II-I: 3).⁶

Although this sentiment had been expressed by the Alliance leader, Ratu Mara, in his foreword in DP 7, the project document refined the IRD thrust as it pushed for dispersal through rural growth centres.

Phase 2 of the Alliance rural development program was abandoned after April 1987. A month later, the first military coup ousted the new coalition (National Federation and Fiji

⁵ These objectives were elucidated in Volume 2, Chapter 3 of Fiji's DP 8 (1980).

⁶ The document was attached to a letter of 31 March 1981 from the Director of Economic Planning to the Commissioner Northern Division (AID 42/8-II-I: 2-4).

Labour parties) government. An interim period lasted until the 1992 elections ushered in the SVT government. Explaining why his government sidelined rural development, Rabuka said:

It would be unfair to go straight from the Alliance to the SVT government without considering the interim period, because in that interim period – the Interim government had its hands full – with the restoration of stability and addressing issues that gave rise to the racial tensions leading to the 1987 coup. If the SVT government did not follow in the footsteps or in the direction of the Alliance government, it is because of that interim period and the refocusing of priorities at that time. In that interim period, rather than continuing with the DP content, we looked at strategies rather than five year programs (Interview 11/5/2004: 1-2).

This admission shows that the 1987 coups did disrupt the elaborate IRD framework crafted by the Alliance government. Moreover, with the aborting of the DP-based IRD approach in 1987, an assessment of the impacts of the IRD strategy may not be possible. The question remains whether the IRD program could have improved Fiji's export base, import substitution and the prospects of the rural areas, had it not been interrupted mid-flight.

Data from numerous aid proposals, notes, briefs and aid requests by Fiji officials from 1971 to 1987 reveal that Australian aid for projects carried out from 1971-1975 and in Phase 1 (1976-1980) achieved better outcomes than those in Phase 2 (1981-1987). The response to aid requests from 1971 to 1980 was more positive than for the second phase

of the IRD program. Australia's response to IRD-based project proposals was generally sluggish in Phase 2. This trend was seen by some Fiji officials as evidence of Australia's disinterest in Fiji's IRD program. This view was put forward at a workshop for South Pacific planning officers in 1986 but the allegation was simplistic because serious flaws in the ADAB appraisal system caused extended delays in Australia's response to Fiji's aid requests. The problem was bureaucratic rather than a manifestation of disinterest. A summary of the issues raised at that workshop called on ADAB to improve its appraisal method so that it was "not skewed to disfavor projects in outer islands".⁷

In terms of donor endorsement for Fiji's IRD program, the EEC displayed more support than Australia. The EEC was a more flexible donor than Australia: for instance, as early as 1982, the EEC introduced new guidelines for forward planning by Fiji, relaxing its rules for project proposals:

In the past, you will recall that each individual scheme had to be identified and costed [*sic.*] before the overall program could be approved by Brussels and funds disbursed. This implies certain rigidities and sometimes delays in authorizations. Under the new guidelines, the Commission will grant sectoral authorizations for up to the amount you request, without prior detailed definition or costing of constituent projects. Individual projects can then be costed [*sic.*] afterwards and submitted to the Delegation which no longer has to refer to Brussels for approval. Funds can then be disbursed in a matter of days, instead of months as previously (AID 42/8-II: 211).⁸

⁷ AID 45/I-VII: 114.

⁸ Letter of 15 July 1982 from the EEC Delegate (E. Stahn) to Fiji's National Authorizing Officer (Ministry of Finance).

This innovation towards increased donor-flexibility, speedier fund disbursements and sector-wide approach was emulated by ADAB after 1986. Even earlier in the late 1970s, the European Development Fund (EDF) had shown more support than Australia for Fiji's IRD projects. From 1976 to 1980, the EDF provided \$EUA10 million worth of assistance for IRD projects in Fiji.⁹ Although Australia's contribution for Project Aid over the same period totaled c. \$A20 million, most of this was for non-IRD projects. For instance, the Monasavu Hydro Electric project received \$A10 million (gross value) from Project Aid provisions by Australia. Although this project sat in the rural hinterlands, the electricity benefits the Suva-Nausori urban corridor.¹⁰ The Monasavu landowners and the surrounding rural communities remained without electrification. The landowners demanded compensation of \$F52 million from SVT government in the 1990s. This compensation claim has been settled and paid after a recent High Court ruling in favor of the Monasavu landowners.

1971-1975: PRELUDE TO INTEGRATED RURAL DEVELOPMENT

DP 6 (1970-1985) initiated the state's intervention in development. Aid requests sought the development as well as the upgrading of urban infrastructure (sewerage treatment and water reticulation and, institutional strengthening for government departments). A major urban project started in this phase and ended in 1983/84- was the Land Survey Project. Australia provided technical assistance. The project aimed at upgrading the Land and

⁹ European Units of Account (EUA). \$EUA9.9 million was provided to Fiji under the LOME I Convention (AID 42/9-I: 10-14).

¹⁰ The Monasavu Hydro Dam sits in the Namosi hinterlands bordering the Naitasiri province.

Surveys Department. Australia provided \$2.280 million as a loan to aid the upgrading of the Suva-Nadi highway in 1970. Other major urban-based projects boosted by EEC and Australian aid in this period included the development of port facilities in Suva and Lautoka, the strengthening of the NLDC administration and the provision of lines of credit to cooperative associations in Fiji.

Since rural development *per se* was a peripheral concern in the first post-colonial plan, DP 6 perceived agricultural development as the precondition for raising rural incomes:

The commitment to a major development effort in the agricultural sector must play in achieving sound and balanced economic and social development....With limited possibilities for industrial growth, it is clear that the majority of these young workers must remain in the rural areas and find productive employment there. The major concentration of Government assistance must therefore be on farmer productivity and income through the integrated programme of extension, research, education, subsidy incentives and marketing aids.... (DP 6 1970: 93-94).

The government allocated \$F1 million under DP 6 for a rural program focused on strengthening local government, marketing and agricultural research. Rural intervention under DP 6 saw the establishment of the National Marketing Authority (NMA) to stabilize market prices and subsidize freight rates.¹¹ DP 6 (1970: 90) rationalized this move:

¹¹ The NMA was replaced by the National Trading Corporation (NATCO) in 1992: its assets were transferred to NATCO by a Dissolution and Transfer of Assets Decree #15 of 1992. More recently, a Bill of January 20 2004 proposed an Agricultural Marketing Authority (AMA) to improve on NATCO.

There is no doubt that the creation of an effective marketing system is the single most pressing requirement to stimulate agricultural production. Assurance that a market for increased output not only exists but can be reached at an economic cost is an essential factor of agricultural development. Dependable and competitive markets with, where possible, a realistic floor price will increase incentives to farmers to produce more.

Set up in 1971 under the Marketing Act (Cap. 236), the NMA involved the government directly in the processing and marketing of copra, cocoa and other marginal-profit crops produced by ethnic-Fijian farmers. The government's objective was to monopolize control over the marketing and pricing of agricultural produce. This approach was also informed by the government's main focus on raising agricultural production to drive rural development. While this reflected the government's resolve to control public sector-led marketing, the stated goal for the NMA was to protect local farmers from price fluctuations.¹² This initiative led to the setting up of a Copra Price Rehabilitation Scheme under DP6. However, tight government controls on marketing has been criticized: Cole and Hughes (1988: 85) argue that:

Protection, marketing boards and detailed crop-by-crop regulation cause price distortion that result in a failure to use Fiji's limited land resources adequately.

¹² DP 6, 1970: 174-175.

Rigid price control has also been highlighted as a factor in the failure of the Yalavou Cattle Beef scheme and other large agricultural projects in the 1980s. A review of Fiji's agricultural sector by the Asian Development Bank (1996) argues that instead of assisting farmers in ensuring standard prices, the NMA failed to protect them from price fluctuations on the domestic and international markets.¹³ What remains unsaid is that the choice of crops and livestock with marginal income potentials on the domestic and international markets was an important variable in project failures. The quasi-commercial and communal bases of these projects also constrained their profitability. These factors may have been more significant than tight pricing controls.

A rural development program launched in 1969 by the colonial administration was carried forward by the Alliance. Again, at the rhetorical level, this program emphasized self-help projects to closely involve rural people in planning, decision making and implementation. Chapter 4 demonstrates that these communities remained outside the decision-making and planning processes. Government-aided self-help projects mainly involved village water schemes, generator-based electrification, amenities (churches and community halls), and small fisheries and crop schemes. The government spent over \$1 million on rural water supplies from 1971-1975. In these self-help schemes, villages were required to provide one third cash contribution: the government contributed two thirds of the material costs, transport for materials and meters for village/settlement water supplies. About 400 village and settlement supplies were installed during the DP 6 period but the bulk of the aid was sourced internally from pump-priming grants by the

¹³ AID 45/10-2-I; ADB 1996.

government. Australian aid for self-help projects only became substantial from 1980 with the introduction of the Australian Small Grants Scheme.

Two thousand and six hundred kilometers of roads were completed by 1970. The government contracted construction units funded from the Australian bilateral aid program during the DP 6 plan period to construct and expand rural roads, but out of the \$F25,700,944 allocated for road development by DP 6 only \$1,552,035 (6 percent) was spent on new rural roads.¹⁴ The bulk of this allocation (88.9 percent or \$22,863,611) was used on the Suva/Nadi Highway.¹⁵ Rural road plans were not finalized until 1975, reflecting the higher priority placed on urban roads under DP 6. Funding for rural roads by the EEC increased with the LOME I aid provisions. A project document (dated c.1975) for roads in the Central Division outlined plans for building 167 km of roads in the interior of Viti Levu.¹⁶ The proposal to the European Development Funds (EDF) sought \$FJD1million, stating:

This project will provide access to one of the most inaccessible regions of Fiji, providing inhabitants of the area easier access to welfare while at the same time laying down the infrastructure for exploiting the resource potential of the area...The area to be opened by this road project is about 230,000 acres and has the potential for timber and livestock development (AID 42/8-II-3:7).

¹⁴ DP 7; AID 45/I-VII.

¹⁵ New rural roads for the Savusavu West Coast road, Kadavu and Gau (DP 7 1971: 136).

¹⁶ AID 42/8-II-3: 7-14.

This road project was partially funded by the EDF and mostly carried out between 1976 and 1980. Before DP 7, Fiji's requests to the EEC and Australia reflected a preoccupation with economic growth. Aid requests to donors for institutional support and urban infrastructure were prioritized by DP 6 to strengthen Fiji's economic base. Although rural road units were contracted and construction of two outer island jetties commenced under DP 6, integrated rural development was not a priority until DP 7.¹⁷

PHASE 1 OF INTEGRATED RURAL DEVELOPMENT, 1976-1980

Signs of inequitable development by regions were evident in the mid-1970s. Urban prominence through the concentration of economic activities in Suva for the Central Division, Lautoka in the Western Division (Viti Levu) was deemed a problem requiring government intervention. DP 7 stated:

Powerful economic forces have tended to concentrate economic activity and hence prosperity in the urban centers – especially Suva and Lautoka. This concentration has tended to perpetuate existing business and commercial specialization along ethnic lines (DP 7 1975: 5).

This regional disparity led the Alliance to prioritize integrated rural development from 1976. DP 7 (1975: 226) allocated \$5 million for rural development:

Provision of \$5.0 million over the 5 years will be made for the immediate removal of development hindrances which sustain and

¹⁷ These two jetties (at Lakeba and another location) were completed by 1976.

perpetuate rural stagnation causing hardship among people; this is to “lubricate” and provide immediate support to ongoing self-help programmes on a community basis, particularly where economic benefits will accrue.

Still somewhat rudimentary, the IRD policies for Phase One targeted the provision of infrastructure to rural areas and regions of economic potential. However, dispersal through RGC development stood outside the core objectives of DP 7. Aid requests to Australia and the EEC in Phase One of the IRD program therefore prioritized rural infrastructure. An ambitious plan to construct three outer island jetties each year drove this priority. Accessibility to and from rural areas was central, but sustainable rural development through dispersal and rural income generation projects were not yet prioritized in Phase One.

Introducing DP 7, Ratu Mara stated:

If DP 7 can be said to have a distinctive character, I should say it is an increased concern with the need to ensure a more equal sharing of the fruits of development, and a deeper recognition of the sources of Fiji’s wealth and productive capacity – in the soil, in the sea and in the hands of the rural producers (DP 7 1975: iii).

As Prime Minister, Ratu Mara initiated numerous programs, including projects for Rabi and Rotuma. Writing to Andrew Peacock on 27 November 1979, Ratu Mara requested aid for infrastructure (roads, water supplies and electrification for five schools and jetty)

and agricultural projects for Rabi island.¹⁸ The Rabi island program would cost \$5,009,140. Ratu Mara explained:

In my discussions with the Banabans, I had advised them that the best approach might be to proceed with the implementation of their plan in stages, starting with basic infrastructure such as roads, water supplies, electricity supply and jetty construction (AID 45/I-II: 13).

The UK provided over 1 million pounds for the Rabi island program during phase 2. Australia also aided Rabi by co-funding (\$11.25 million) the island's development with the British Phosphate Commission.

Since rural infrastructure (outer island jetties, airstrips and roads) was the main undertaking for rural development *per se* in Phase 1, DP 7 (1975: 137) clarified its program for rural road development:

The [Roads Program] includes some very large undertakings which will push roads into some of the most isolated areas of Fiji....The presence of roads will be of great economic benefit to villagers by providing a means of earning and an incentive for raising cash incomes through easier marketing...Moreover, the provision of roads represents a positive direct and visible allocation of resources to a poor sector of the communityClearly, then, the provision of rural roads enables many social and economic benefits to befall Fiji's villages and settlements.

¹⁸ AID 45/I-II: 13-15.

Between 1970 and 1984, the road network was expanded from 2,600 km to 4,600 km.¹⁹ Public sector investments by the state as a percentage of GDP therefore ranged between 10 and 13 from 1977 to 1980. These figures were higher than those recorded for 1970 to 1976.²⁰ DP 7 (1970: 8) also rationalized its emphasis on jetties and airstrips for outer islands:

The very geography of the island group makes transportation an important responsibility of Government. For the Seventh Five-Year Plan Government will allocate more funds to the construction of roads not only in Viti Levu but also with more emphasis on Vanua Levu and the outer islands. More outer island airstrips will be constructed to ensure better and efficient additional transportation means. In addition to these two avenues, Government will launch a large boat building programme to ensure the proper servicing of the islands.

However, alongside aid proposals for trans-island and circum-insular roads on Viti Levu and Vanua Levu, bridges, urban sewerage, urban water reticulation and electrification were also top priority in aid requests from the mid-1970s to the early 1980s.²¹ Eight major rural projects which ADAB approved for funding from its 1977/78-1979/80 allocations included: Northern Division Rice (\$90,000); rice schemes (\$32,000: 1977/78, \$9,000: 1978/79); Seaqaqa Forestry (\$27,000); village water supplies (\$63,000); Navua irrigation (\$55,000); outer island airstrips (\$255,000); rural electrification (\$125,000 for

¹⁹ By 1999, the road network in Fiji had further increased to 5,100 km. 1,030 km of this network is sealed. Viti Levu and Vanua Levu account for 90 percent of the network: Viti Levu has 90 per cent of the tar sealed roads in Fiji.

²⁰ Fiji DP9 1985: 104; Seruvatu & Jayaraman 2001:8; FAO 1999 @ <http://www.fao.org/ag/AGPC/doc/counprof/Fiji.htm>.

²¹ Donors forming an international front promoting IRD were the EEC, Australia, NZ, and Canada.

1977/78 and \$80,000 for 1978/79); and Yalavou (\$1.188 million: 1977/78, \$894,000: 1978/79 and \$640,000: 1979/80). Twenty three others approved with these eight were urban and formal sector projects. This urban bias in project approvals by the ADAB persisted to 1987. New rural projects submitted to ADAB in 1978 included proposals for cocoa development (\$100,000), feasibility study for the Korotolutolu Basin (\$100,000), and village self-help projects (\$150,000). These were approved for funding by ADAB between 1979 and 1980 (AID 45/I-I: 209-212, 243; AID 45/I-III: 171-173).

Table 13.0 shows the major projects submitted to the ADAB for funding from the 1978/1979 and 1979/1980 aid allocations.

Table 13.0 Australian Development Assistance Program: Major Projects (1978/1979-1979/1980)

	\$A	
	Phasing	
	<u>1978/1979</u>	<u>1979/1980</u>
Monasavu Hydro Electric Project	1,500,000	2,500,000
Suva Sewerage Tunnel	750,000	150,000
Suva Water Supply (Implementation)	800,000	800,000
Yalavou Project	630,000	640,000
Outer Island Jetties (Pile Driving Unit)	600,000	200,000
Equipment for M.C.W.T.	700,000	700,000
Steel – Government Shipyard	400,000	400,000
Equipment for Fijian Affairs	400,000	250,000
Land Survey Project	320,000	350,000
Staffing Assistance Scheme	600,000	600,000

(Source: AID 45/I-I: 243)

Project listings (approved or pending) for the ABAP were constantly dominated by urban and formal sector projects.

DP 7 also mapped a rural development strategy to correct regional imbalances through redistribution:

In order to achieve a more equitable distribution of the benefits of economic and social development, government will focus attention more on the inland parts of the main island of Viti Levu, the inaccessible parts of Vanua Levu and the outer islands. More specifically, government will improve the distribution of goods and services to these less developed areas and also involve people in more meaningful employment (DP 7 1975: 83).

This emergent regional planning strategy under DP 7 (1976-1980) resulted from a reassessment of intervention initiatives by the government from 1970 to 1974 under DP 6 (DP 7, 1975: iii). However, the concept of regional planning mooted by donor agencies and pursued earlier by larger Third World countries (particularly in Latin America), was relatively new to Fiji so DP 7 did not espouse clear policy approaches to redistribution. Rural infrastructure was therefore emphasized as the main avenue to boosting rural development. DP 8 sought to improve upon the DP 7 regional thrust by incorporating elements of a UNESCO/UNFPA Report (1977), which highlighted loopholes in the DP 7 IRD strategies.²² Nonetheless, DP 7 and DP 8 reflected the government's awareness of regional disparities by the mid 1970s. Rabuka (Interview, 2004) claimed that his government introduced the regional development by establishing a Ministry of Regional Development but the concept had already been embraced by the Alliance.²³ The Ministry

²² Development intervention initiatives were evident in DP6 with the establishment of the National Marketing Authority (NMA), intervention by government to stabilize prices and subsidize freight rates, the acceptance of hurricane relief as a national commitment and the Copra Price Rehabilitation Scheme.

²³ Interview dated 11/5/2004: 5 (Transcript).

of Rural Development, Ministry of Agriculture and other line Ministries formulated aid requests that embodied the Alliance's IRD platform.

While the main thrust of the IRD in Phase 1 targeted basic infrastructure provision to rural areas including the outer islands, it was also biased by ethnic-preference. The majority of outer island project proposals were for rural ethnic Fijians. During the first phase of the IRD program, rural roads, jetties, airstrips, telephone exchanges and rural electrification were top priority in requests to the EEC, Australia and New Zealand. Again, DP 7 (1970: 146) explained this emphasis:

The construction of jetties will form part of a rural development package incorporating road construction, shed building and the opening up of passages and anchorages.

The EEC provided aid in cash and in kind for several jetties. The development of outer island jetties was in line with the DP 7 objective to centralize loading points to enhance links between the outer and main islands.²⁴ Construction of the first two jetties was completed by 1976. Jetty sites for Lomaloma, Nawaikama, Koro, Kadavu, Cicia, Moala and Saqani were identified in 1976 and work on these was planned to commence in 1977. However, due to delays in aid provision by the EEC, New Zealand and Australia, the government could not make good its commitment to build three jetties per annum. Work on the next lot of jetties did not begin until the EEC provided financial aid in 1979. Nevertheless, the EEC gave aid for outer island jetties earlier than did Australia. The

²⁴ DP 7 1975: 227.

EEC signed a Financing Agreement (2336/FI/P) on 5 June 1979 for \$EUA1.474 million as a loan on special terms for four more jetties.²⁵ Australia aided the outer island jetties by providing equipment and funding for a barge built in Fiji between 1982 and 1983.

Australian aid for outer island jetties amounted to \$A1.3 million, with \$600,000 spent on barge construction. By 1985, the jetties at Moala and Koro were completed. Construction of the Natovi jetty started in 1984 and hydro graphic surveys co-funded by Australia and the EEC were carried out at six locations.²⁶ The EEC also aided outer island airstrips through a Financing Agreement (2374/FI/P of 15 June 1979) granting \$EUA750, 000 as a loan on special terms. Australia provided aid for the first (air surveys) and third stages of outer island airstrips in 1979/80-1981/82. Several rural telecommunications projects were also funded by the EEC and Australia during Phase 1. Twelve telephone exchanges costing \$F5, 896,850 were established in rural locations.²⁷ The EEC also lent aid for roads in Vanua Levu through a Financing Agreement (2277/FI/P of 17 July 1978) for \$EUA2.850 million on special terms.²⁸

Fiji's Indicative Program under the LOME I agreement comprised \$6.8m for IRD (roads, airstrips and jetties); \$1.6m for lines of credit to the Native Lands Development Corporation and the Fiji Development Bank; \$1.3m for ports; and \$0.2m for Training. LOME I ratified by Fiji in 1975 channeled aid worth \$EUA9.9 million over five years

²⁵ The financing contract was signed by Fiji on 22 May 1979. These jetties were constructed at Koro, Moala, Kadavu and Saqani (AID 42/8-II Part I).

²⁶ Hydrographic surveys to determine jetty location were carried out at: Vunikura (Buca Bay, Vanua Levu); Soso Bay (Naviti, Yasawa); Nabukeru (Yasawa); Kavala Bay (Kadavu); Namalata (Bua, Vanua Levu); and Navakaoca (Taveuni).

²⁷ Telephone exchange facilities were set up in Koro, Lakeba, Bua, Kadavu, Nayavu, Sawani-Naqali-Viria, Vanuabalavu, Sigatoka Valley, Ba rural, Ra rural, Ovalau rural and Savusavu rural.

²⁸ AID 45/I-II: 8; 302-305; AID 45/23/821-42; AID 42/8-II Part 1: 108-117; 128,131, 173-178.

(1976-1980). Funds from the Convention allocations via the European Development Fund were spent on rural roads (\$EUA2.850 million on Vanua Levu roads and \$EUA1.500 million on Viti Levu roads), port development (\$EUA500,000), three outer island airstrips at Cicia, Moala and Kadavu (\$EUA750,000), outer island jetties (\$EUA1.474 million) and other projects.²⁹ Over the same period, Australia provided \$A19 million via the ABAP, including an estimated \$10 million in Project Aid which encompassed IRD projects.³⁰ An internal air study for the outer island airstrip program was also commissioned by Australia in 1979 (AID 45/I-I: 302). Several rural electrification projects were aided by Australia and the EEC.

The development of pine and hardwood (mahogany) plantations was another important undertaking in the IRD program in Phase 1. Small commercial forest plantations were established by the colonial government in the 1950s with an annual average of 83 hectares between 1951 and 1960. This increased substantially to 1,000 ha between 1980 and 1982. By the end of 1983, an estimated 20,600 ha of hardwood and pine plantations were established. Ten forestry stations were established by the Alliance government for the plantation program. The pine industry was established in the 1960s. This industry, which was thriving by the mid 1980s, has not had it easy (despite being boosted by foreign aid) because Fiji Forest Industries had to be bailed out by the Fiji Development Bank in the 1990s. Nonetheless, timber (pine and hardwoods) is now Fiji's fifth largest

²⁹ On Vanua Levu, construction of the Natewa Bay west coast road (the Tabia-Saqani-Lakeba road) began in Phase 1 of the IRD, costing \$3 million. Hence the government contribution was minimal. The Viti Levu roads project involved a main link road between Laselevu (Naitasiri province) and Namosi, to provide support infrastructure of the Monasavu Hydro Electric Scheme. The other projects included aid for the NLDC and lines of credit to the Fiji Development Bank.

³⁰ AID 42/8-II Part 1: 108-117; AID 45/I-II.

export income earner and accounts for about 2.5% of the GDP. Timber earned \$US31,900,000 (\$F59,300,000) in 1998.³¹ This industry owes its early development to the Alliance government and aid from Australia, New Zealand and the EEC. The Fiji Pine Commission Act (1976) entrenched government control over the pine industry. Australia provided technical assistance and cash grants while the EEC provided financial aid (through special loans at two percent interest from the European Investment Board) for various pine projects. After the 1987 coups, the Interim government deregulated this industry by the Fiji Pine Decree (1990). Fiji Pine Limited (99.8% government owned) replaced the Fiji Pine Commission in 1990. Various laws were passed after 1990 to protect the forestry sector but this industry owes its initial success to the Alliance government.³²

The IRD program in DP 7 was still rudimentary with a single thrust toward rural infrastructure. The main beneficiaries were rural ethnic Fijian communities. A project document (1980), outlining plans for 30-40 rural growth centres, argues that earlier attempts to boost the economic base and provide social amenities in rural areas failed because they did not focus on planned centers of activity or rural growth centers.³³ This rationale ignores how the element of traditionalism in ethnic-preference rural projects might have contributed to those failures. Given this failure to connect early project failures with their traditionalist approach, the IRD program (refined by DP 8 to include export diversification, import substitution and the phased development of rural growth

³¹ <http://www.efi.fi/cis/english/creports/fiji/php>

³² AID 45/I-II; 199-200; AID 45/I-VI: 2; Food and Agriculture Organization 1998; Fiji Department of Forestry 1990; Department of Forestry, Fiji Ministry of Agriculture 1993, Fiji Department of Forestry, 1997.

³³ AID 42/8-II Part 1: 46.

centres) persisted with ethnic-preference. The majority of the import substitution, export diversification and dispersal projects were therefore still predicated on traditionalism and ethnic-preference.

PHASE 2 (1981-1987): A THREE-PRONGED APPROACH

The second phase spanning DP 8 and DP 9 saw the refinement of the IRD approach with an emphasis on: export diversification, import substitution and dispersal. It was also during this second phase that the urban-bias of the Australian aid program became more pronounced. Correspondence between departments and ministries from 1980 to 1987 reveal a growing frustration and disillusionment among Fiji officials with aspects of the ABAP. Still veiling ethnic preference with the rhetoric of curbing rural-urban disparities, the Central Planning Office cited the core objectives of DP 8:

The goals of DP 8 include the provision of basic needs, a more equitable distribution of the fruits of development and the provision of infrastructure away from the Suva area. In the Nadi/Lautoka region 80,000 people have inadequate water supply and 15,000 rural people have no water at all (AID 42/8-II, Part 1: 46).³⁴

The same paper identified four core objectives of the IRD: broadening and strengthening the economic base; equitable development; employment creation; and increasing the combined contribution of the primary and secondary sectors from 43% of the GDP to

³⁴ Paper (submitted on 30 January, 1980 by the Permanent Secretary of Finance to the Secretary for Foreign Affairs) detailing projects for consideration for funding under the Lome II national program

50% by 1985.³⁵ However, top priority was to be given to broadening the economic base via export diversification and import substitution, and distributing the "fruits of development" more equitably. The refined IRD thrust was a three-pronged approach with three rural objectives: import substitution, export diversification and rural growth centre development. Consequently, there was a pronounced increase in agricultural development during DP 8. Import substitution and export diversification policies were pursued via state-led agricultural development. IRD projects funded by Australia and the EEC engaged the government's direct involvement and control. The government dictated policy and appointed local counterpart project managers as well as extension staff for most of the IRD projects. Fiji moved away from government-led agricultural development in 1989 when the Interim government opted for deregulation and more private sector involvement in agriculture. However, a policy reversal returning Fiji to state-led agricultural development began in the late 1990s.

The refined IRD program under DP 8 and DP 9 placed special emphasis on export diversification and import substitution projects because by 1979, concern over the marginal effectiveness of DP7 in stemming regional disparities and diversifying the export base became a subject of growing concern with various government departments. The Alliance became increasingly aware of an urgent need to diversify away from sugar and coconut oil. Even in 1976, signs of Fiji's increasing economic dependence on global sugar prices and a critical balance of trade were apparent. The Australian-funded Batiri

³⁵ AID 42/8-II Part 1:8-18.

Citrus project was established in 1977 on Vanua Levu in an attempt at diversification.³⁶ Batiri citrus was managed by Fiji Citrus Products, a company formed by the National Marketing Authority, the Fiji Development Bank and private investors. Although a factory was set up on the nucleus farm by 1979, the venture failed in the long term. Batiri Citrus went into receivership in the late 1980s. Batiri spawned many new proposals to Australia, the EU and New Zealand for alternative crop projects between 1979 and 1987. Such was the enthusiasm of the government for agricultural diversification that an ambitious proposal for a national export trade institution was also submitted to the EEC.

Mooting a new direction in export strategy in 1979, a paper by the Development Sub-Committee raised concerns over Fiji's reliance on sugar and copra:

...in 1975 our 'traditional' exports (sugar, gold and coconut oil) accounted for 93.4% of our total domestic exports whilst 'non-traditional' exports accounted for 6.6%. In 1977, these percentages were 87.6% and 12.4% respectively. This pattern can be altered by increasing the exports of 'non-traditional' products. This change in turn can come about or at least be facilitated by the setting up of an appropriate export promotion institution and the adoption of a dynamic export promotion strategy (AID 42/8-II Part 1:137).³⁷

The proposals for a new trade strategy reflected the government's desire for a more diversified export base. By this time too, the banana industry which had thrived in the

³⁶ DP 8 1980: 154. Note: Batiri, like other diversification projects, featured majority ethnic Fijian participation.

³⁷ AID 42/8-II Part 1: 137-143 Note: The paper was forwarded by a blue note dated 20/12/1979 signed by Laisenia Qarase (the current SDL Prime Minister).

1960s and ranked as the third main agricultural export commodity by 1970, had collapsed entirely by mid 1970s.

For trade aid, the EEC established the System for the Stabilization of Export Earnings (STABEX) facility via LOME I in 1975 to provide preferential prices for Fiji's traditional exports. Apart from a reliance on sugar and coconut oil, Fiji's export market in the 1970s was largely restricted to the UK. In 1979, imports from the EEC worth \$FJD140 million came from the UK (\$FJD135m) and Germany (\$FJD5m) while exports of sugar, coconut oil, canned fish and timber worth \$FJD78 million went almost entirely to the UK. In the first five years of STABEX (1975-1979), between 60.8% (1976) and 79.1% of Fiji's coconut oil went to EEC markets. The balance went to Australia at prices slightly lower than EEC prices. The Australian market was not as receptive to Fiji exports until SPARTECA in 1981. However, two features of this trade agreement must be kept in mind when assessing its impact on Fiji export volumes. First, it "allowed an industry of sweatshops in Fiji to come into existence since the 1987 coups" (Australian Democratic Socialist Party 2001: 6). Second, despite the wider access to Australian markets, the balance of trade under SPARTECA persistently favored Australia. Between 1979 and 1986, exports to Australia averaged \$A30 million while Australian exports to Fiji ranged above \$A150 million. Although, Australia is now Fiji's largest export market taking 33% of Fiji's exports, 48% of Fiji's imports are from Australia. The element of donor self-interest on the part of Australia stands out from this comparison of trade aid provided by

Australia and the EEC.³⁸ Even in the last decade of colonial rule, a significant trade imbalance persisted in terms of a gap between volumes of Australian receipts of Fiji exports and the levels of Fiji imports from Australia. Table 14.0 compares volumes of imports by source from 1960 to 1969 and Table 15.0 compares Fiji exports received by Fiji's main trading partners over the same period.

Table 14.0 Fiji Imports, Distribution by Source (1960-1969)

(Percent % share)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
U.K	25.6	28.4	27.4	23.5	21.6	23.4	20.5	17.2	21.3	19.9
Australia	27.8	27.1	28.0	28.6	29.0	29.4	27.8	27.2	26.3	25.3
New Zealand	8.0	7.7	7.5	7.1	7.0	8.1	7.9	7.9	9.4	9.3
Canada	3.8	2.4	2.4	1.3	2.2	2.4	1.6	1.9	1.6	1.1
Hong Kong	3.2	3.6	2.8	3.7	3.3	2.7	3.2	3.8	3.1	3.6
Malaysia & Singapore	0.5	1.7	1.8	2.8	2.5	2.1	3.9	4.6	3.2	3.7
Rest of pref. area	8.8	7.9	7.1	8.5	6.5	6.4	5.8	6.4	5.8	5.5
USA	2.8	2.8	3.8	3.3	3.6	3.9	5.5	5.7	5.1	4.7
Japan	6.5	7.8	8.0	10.1	13.6	12.7	14.3	15.4	12.8	14.2
EEC	1.9	1.9	2.6	2.8	2.1	2.4	3.4	3.8	3.1	2.7
Rest of non- preference area	12.2	8.8	8.8	8.3	8.6	9.4	6.1	6.7	8.3	10.0
TOTAL	100	100	100	100	100	100	100	100	100	100

(Source: DP 6, 1975: 64)

³⁸ AID 42/8-II Part 1; AIDAB 1990: 4; Australian Democratic Socialist Party 2001.

Table 14.0 shows that Australian imports to Fiji began to surpass imports from the U.K. from 1960. Although Fiji's import from the U.K. slightly exceeded the volume from Australia in 1961, total imports from Australia were consistently more than those from the U.K. from 1962 to 1969. Table 14.0 also shows Australia and the U.K. as Fiji's main import sources since the 1960s. However, although imports from these sources accounted for almost half of Fiji's imports annually 1960 and 1969, Australia's exports to Fiji had already surpassed the United Kingdom's share of exports to Fiji from 1962 onward. Table 15.0 lists the volumes of trade from Fiji to Australia and elsewhere.

Table 15.0 Fiji Exports, Distribution by Destination (1960-1969)

(Percent % share)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
U.K.	48.0	47.6	41.4	45.1	40.1	45.3	49.3	44.4	41.6	36.5
Australia	9.0	13.1	10.5	9.4	7.5	10.5	12.6	13.3	12.3	10.9
New Zealand	9.4	10.8	14.6	2.8	13.8	6.9	3.7	5.6	5.7	5.8
Canada	15.5	14.3	9.6	16.5	11.9	9.5	6.7	6.3	6.9	9.8
Rest of pref. area	9.7	6.3	5.9	4.7	9.3	6.7	7.1	7.0	8.5	8.9
USA	0.9	0.7	4.1	12.4	9.2	13.1	14.3	15.4	15.0	16.6
Japan	4.3	3.8	4.3	2.8	1.7	2.8	1.8	4.7	4.5	3.8
EEC	1.3	1.8	7.8	5.3	3.9	3.0	1.5	0.7	1.0	1.0
Rest of non-preference area	1.6	1.6	1.8	1.0	2.6	2.2	3.0	2.6	4.5	6.7
TOTAL	100	100	100	100	100	100	100	100	100	100

(Source: DP 6, 1970: 66)

These statistics show that while the U.K. consistently purchased between 36 and 48 percent of Fiji's exports, Australia allowed an average of only 9-10 percent of Fiji products into her markets. This trade imbalance between Australia and Fiji persisted and even increased during the Alliance government's tenure.

From 1980, aid requests submitted to Canberra and the EEC began to zero-in on RGC and agricultural projects to redistribute development to rural areas, diversify Fiji's export base, and to facilitate import substitution. These proposals were closely aligned with the core objectives of DP 8 and DP 9. However, the urban bias in Australian aid played out again in the 1981/1982 ABAP allocations. Out of 45 major projects approved for funding by ADAB from the 1981/82 allocations, only five were related to rural development: outer island jetties (\$720,000), Yalavou (\$960,000), Korotolutolu Basin Study (\$152,000), Coordinator for Rural Growth Centre projects (\$40,000), and sheep development (\$180,000).³⁹

While the diversification projects of the colonial period embraced semi-subsistence, the Alliance government flaunted rhetoric on increasing the commercial orientation of such projects. DP 7 (1975: 6) articulated this goal:

The sector with the largest labour force is at present agriculture. A large proportion of its labour force is working for subsistence rather

³⁹ AID I do not include Monasavu (which had an approved allocation of \$1m for 1981/82) in this list of approved rural projects because its power output benefits the Suva-Nausori urban corridor.

than commercial agriculture. In order to ensure increasing incomes for farmers agriculture must become increasingly commercial.

Policy denied such rhetoric because the proposals for diversification and import substitution projects submitted to donors in Phases 1 and 2 reflected the government's half-hearted commitment to full commercialization. The terms of reference for many of these projects still entertained one or two aspects of traditionalism, either merging modern and traditional management in a *galala* scheme or pushing for communal/village production.

In line with the government's commitment to import substitution and export diversification, aid requests to the EEC in 1979 prioritized agricultural projects for ongoing cocoa development and the manufacture of chocolate, ginger, small-holder lime, animal feed, aquaculture (prawn farming), tea, coffee, passion fruit and pineapple processing.⁴⁰ Although cocoa, rice and timber projects aided by the EEC and Australia had been developed in the 1970s, the prioritization of these projects in aid requests only began to increase in Phase 2 of the IRD. Aligned with DP 8, cocoa and coffee projects were pursued with vigor in Phase 2. Consequently, the area under cocoa cultivation trebled between 1981 and 1985. Coffee and tea projects also expanded in Phase 2. Unfortunately, these three beverage industries, which were showing promise in their export earnings in the mid-1980s, slumped after 1987 due to a combination of problems including: lack of funding support from aid donors, crop diseases (black pod and canker),

⁴⁰ These aid requests were incorporated into Fiji's IP for the LOME II Convention ratified in March 1980 and were actually funded in Phase 2 of the IRD program.

falling world market prices and the political instability caused by the 1987 coups.⁴¹ These projects also fell by the wayside because the government that had promoted their production since the 1970s had been ushered out after losing the April polls in 1987. By November 1981, proposals still pending ADAB approval for funding from the 1981/82 allocations included: sorghum cropping systems (\$170,000), ginger and turmeric projects (\$104,000), forestry planting program (\$165,000), off-season vegetables (\$150,000), rural water supplies (\$240,000), self-help (village) projects (\$160,000) and the Vunidawa rural growth centre study (\$90,000). At that time, many major urban projects had already been approved for funding from the same allocation (AID 45/I-III: 171-173).

EEC aid for the IRD program in Phase 2 was provided through the LOME II Convention, when the EEC allocated \$EUA15.7 million (\$FJD18.8 million) to Fiji between 1980 and 1985.⁴² Unlike LOME I allocations which had a 65% loan component, the LOME II allocations to Fiji were mainly cash grants for IRD projects. Five priority projects were identified by Fiji for funding through LOME II: the development of a network of 35 rural centres; the provision of pipes and ancillary equipment for water reticulation in the Nadi/Lautoka region and the construction of the Sigatoka Regional Water Supply; the construction of the Savusavu west coast road and completion of the Natewa west coast road; a prototype multi-village level (100 KWE) sea wave energy system and ethanol production; and, a rural technology unit to assess technologies and promote the use of appropriate technology in rural areas. Although all five priorities were in line with the

⁴¹ Ministry of Agriculture, Fisheries and Forests (1996: 49); Chandra (1983).

⁴² The Second LOME Convention covered 1 March 1980 to 29 February 1985.

objectives of DP 8, the alternative energy (sea wave energy and ethanol) and RGC projects failed to develop beyond proposals.

DP 8 also targeted the provision of basic needs and infrastructure away from the Suva area, hence the prioritization of the water reticulation in the Western Division:

Both the proposed roads are being given high priority in DP 8 because of the need to develop and offer access to economically depressed areas. The integration of these hinterland economies to the markets and service centers of Fiji and Vanua Levu in particular, would greatly enhance government efforts during DP 8 to promote new production activities in the area (AID 42/8-II, Part 1: 8-18).⁴³

The two road projects were envisaged to link up Labasa and Savusavu towns with the hinterland communities in Vanua Levu. The alternative energy projects were proposed after a desk study in 1979 by the Crown Agents and a follow up by the University of the South Pacific/Mineral Resources Department in 1980. The two studies assessed the viability of a simple sea wave system to provide electricity to parts of Fiji. The studies indicated that much of Viti Levu, south east Vanua Levu, Lomaiviti and Lau had ideal conditions for sea wave energy. Feasibility studies had also been carried out on the manufacture of ethanol as a transport fuel. The CPO paper (*ibid*) noted that transport accounted for 54 percent of all petroleum use in Fiji and that this was why DP 8

⁴³ Memo dated 30 January 1980 in AID 42/8-II Part 1: 8-18.

prioritized alternative fuel and energy projects. The rural technology unit project was also justified by reference to DP 8:

The DP 8 goals of increased primary sector output and increased processing of local primary produce imply a considerable increase in the quantity and cost of foreign technology imports. The realization of DP 8 goals will require more discrimination in technology imports and policies for local innovation (AID 42/8-II, Part 1: 9).

A rural technology unit was to consider 'inexpensive techniques relevant to the needs of the relatively poor segments of the population, both urban and rural'. The rationale provided by the Central Planning Office for its prioritization of these projects under LOME II further demonstrates the alignment between the government's aid priorities and the objectives of the five year plans.

At the signing of the Fiji Indicative Program (IP) for the EEC aid program (LOME II) on 18 June 1980, a government spokesman stated that the assistance would be mainly allocated to rural and community development, agricultural production and processing, alternative energy, trade promotion, training, technical assistance and feasibility studies.⁴⁴ The first micro project worth \$ECU350, 000 under LOME II was directed towards smallholder, self-help cocoa farms. The Ministry of Agriculture contributed technical assistance. Australia began buying cocoa from Fiji in 1980 to assist the development of cocoa as an alternative export. A letter of 17 May 1979 from the Fiji Secretary for

⁴⁴ Fiji Sun 19/6/80.

Foreign Affairs to the Australian High Commissioner, requested aid (via the ABAP three-year aid program for 1979/80-1981/82) for a cocoa project involving 102 villages:

This program is to enhance the village cocoa development rather than a plantation approach....The main objective of this project is to expand cocoa development as a major export crop. It also aims to diversify the economic base of villages, to create greater employment and income generating opportunities within villages, and utilize *mataqali* land, some of which may be idle (AID 45/I-I: 304).⁴⁵

This request fell through because of insufficient support from Australia but Australia provided cash grants of \$70,000 in its 1980/81 program for other cocoa projects.⁴⁶ The inclusion of cocoa in the IRD priorities was also grounded in the government's ongoing attempt to mainstream ethnic Fijian farmers in rural income generating ventures. However, the development of cocoa as an alternative export was still predicated on ethnic-preference and traditionalism because participation in all overseas-aided cocoa projects remained exclusive to communal participation by ethnic Fijian farmers:

This program is envisaged to push for a communal approach similar to the Pine Scheme but not on that level or that commercial orientation. (AID 45/1-I: 304).

⁴⁵ Cocoa projects were planned for 52 villages in Cakaudrove, 10 in Bua, 10 in Ra, 5 in Wainibuka/Tailevu, 5 in south Tailevu and 20 in the Eastern Division.

⁴⁶ AID 45/I-II: 8; AID 42/8-II Part 1: 108-117.

To break into the international market and compete with other major cocoa exporters, cocoa production needs high production efficiency. The cocoa projects in Fiji did not stand a chance given their communal participation and traditionalist parameters. The Alliance government failed to consider this in their push for the communal approach in cocoa and other overseas-aided ethnic-preference projects.

Other major rural projects aided by the EEC and Australia in Phase 2 included aquaculture (prawn farming) projects, two abattoirs (Western and Northern Divisions), the Lau Provincial Council boat building project and rural electrification schemes for Rotuma, Koro, Gau, Kadavu, Vanua Balavu and Lakeba. Australia assisted the rural electrification program by giving cash grants worth \$FJD305,000 between 1978 and 1982 for 17 'self-help' village projects. Australian aid for seven (1980/81-1986/87) allocations averaged \$A13 million yearly. EEC aid through the LOME Convention for the same period totaled \$FJD18.8 million while Australian aid exceeded \$A60 million.⁴⁷ However, less than half this amount was spent on IRD projects. Fiji's aid requests to Australia between 1978 and 1987 included proposals for pigeon pea farming in northern Vanua Levu, livestock (sheep on Makogai and cattle in Yalavou and Yaqara), rice (Dreketi in Vanua Levu, Lakena and Navua in the Central Division). Aid requests for these projects were considered under Australia's DIG and Joint Venture Aid schemes. Initially envisaged to cost Australia \$3 million the Yalavou Cattle Beef scheme received \$A10 million (gross value) in Australian aid between 1978 and 1989.⁴⁸ A rice rehabilitation project in excess of \$F10 million in the Northern Division, the Seaqaqa sugarcane

⁴⁷ These figures represent the Gross values of Australian aid allocations.

⁴⁸ Intense aid repatriation reduced the value of Australian aid to between \$A4m and \$A5 million.

tramline, the Vunidawa bridge, major roads and ports, forestry development and rural electrification were priority projects requiring Australian aid in 1982/83.⁴⁹

Regrettably, by the end of the 1980s, many large-scale, Australian aided agricultural projects that began during Phase 2 of the IRD were wavering near total collapse or had failed to 'take-off'. All were ethnic-preference projects. However, the Australian rice projects are a case in point. The promotion of self-sufficiency in rice was endorsed by Cabinet and Parliament. The Dreketi Rice scheme on Vanua Levu was aided by Australia under DP 8 and DP 9. This scheme involved ethnic Fijian and Indo-Fijian farmers. DP 8 aspired to self-sufficiency in rice:

Rice is a staple food for more than half the population of the [Northern] Division. DP 7's intention to make Fiji self-sufficient in rice did not materialize and hence there was continued reliance on imports. In the Northern Division both rain-fed and irrigated rice schemes are operating. The estimated output has declined over the DP 7 period.... The output for rain-fed rice declined due to an unusually dry period from 1977 onwards. Some of the major problems have included the lack of farmer motivation to adopt improved technology, low prices and high cost of production, lack of adequate drainage, unreliable rainfall, salinity problems in the Dreketi Irrigation scheme During DP 8 efforts will be addressed to solving these problems (DP 8, 1980: 155).⁵⁰

⁴⁹ The 98 percent government-owned Fiji Forest Industries (FFI) invested in Mahogany plantations.

⁵⁰ My parenthesis: to clarify reference to the Northern Division.

Rice production was encouraged from the late 1940s to diversify the colony's agricultural base and strive for self-sufficiency. With see-sawing production levels, the total area under rice cultivation declined from 36.381kha in 1949 to 31.200kha in 1958.⁵¹ By 1968, 24,353 acres were under rice cultivation with 9,500 producers, of which over 75 percent were Indo-Fijians.⁵² With this foundation in place at independence, the Alliance government sought to expand this industry but preoccupied with other priorities espoused by DP 6 and DP 7, it did not embark on focused programs for rice until Phase 2. Two studies were commissioned by the government in 1982 and 1983 for an economic appraisal of the industry.⁵³ The Dreketi Scheme was established in the early 1980s with government funding. Australia began to aid the scheme in 1986. A Memorandum of Understanding endorsed by Cabinet in August 1986 pledged an ADAB input of \$A5.5 million. In the same year, a grant of \$FJD709,805 was received from the ADAB for canals, ponds and irrigation at Korokadi and Dreketi. Between 1986 and 1992, ADAB provided slightly more than \$5 million (gross value) in cash and technical aid for the scheme. Although Fiji had achieved seventy-percent self-sufficiency in rice by the mid-1980s, problems in the rice industry after the 1987 coups caused its ultimate decline. Despite having grown over the years to employ 4,000 farmers, Dreketi Rice is now facing total collapse. A cocktail of factors including economic downturns, inter-ethnic tensions of the 1987 and 2000 coups leading to non-renewal of leases, and the deregulation of the rice industry in the early 1990s have damaged the long term prospects of the scheme.⁵⁴

⁵¹ Spate (1959: 147).

⁵² DP 6 (1970: 116).

⁵³ The Food and Agricultural Organization (FAO) report 'The Rice Industry of Fiji: An Analysis of the Rice Industry with Recommendations for its Improvement' (1982). Another report 'Western Vanua Levu Regional Plan' of 1983 focused on the potentials of the local rice industry.

⁵⁴ AID I-VII: 370-373; AID I-II; DP 8, 1980 & DP 9, 1985:41; Reddy 2004: 1. Note: Recent claims have been made that Fiji rice farmers' output was impeded by the use of an inferior (not high yielding) strain.

Like its counterpart, the multiethnic Seaqaqa sugarcane scheme, the Dreketi Rice scheme enjoyed a momentary boom in production in the 1980s. For both multiethnic projects, the 1987 coups and the resultant tensions over leases contributed to their decline. Table 16.0 shows the extent of self-sufficiency and rice production between 1980 and 2000.

Table 16.0 Fiji Rice Production and Imports 1980-2000

	Number of Farmers	Area under Production (ha)	Production (tons)	Imports (tons)	Self Sufficiency (%)
1980-89	* n.a	10,795.7	23,277	21,855.2	51.1
1990-94	11,894	10,443	23,659	32,296	45
1995-2000	6,648	7,567	15,232	25,151	37

*n.a: figures not available.

(Source: FAO Database)

Table 16.0 shows a general decline in rice production and an increase in rice imports from 1990 to 2000. Self sufficiency and production fell from 51% to 37% between 1989 and 2000. The rice and irrigation schemes aided by Australia have all ceased operation except Dreketi Rice, now on the brink of collapse.⁵⁵

Australian aided agricultural projects were larger than those funded by the EEC. Furthermore, the EEC projects targeted export diversification while the Australian projects concentrated on import substitution. Both types of diversification projects were slanted toward ethnic-preference. Unlike the two multiethnic models (Seaqaqa Cane

⁵⁵ These failed rice-irrigation projects were at Lakena and Navua on Viti Levu. The Dreketi rice scheme is on Vanua Levu.

farming and Dreketi Rice), ethnic-preference projects like the Yalavou and Yaqara cattle and pastoral projects never recorded even a momentary uptake in production and profits. Co-funded by Australia and the EEC, ginger projects fared better than all other export diversification projects. The Alliance was directly involved in the production and processing of ginger. While the ginger industry which has significant Chinese participation has had a good outcome, the other overseas-aided diversification and import substitution schemes restricted to ethnic Fijians have failed.⁵⁶ This success can be attributed to the fact that participation in ginger projects was not constrained by traditionalism and the crop, like sugarcane, had a higher income potential than those chosen for ethnic-Fijian projects.

The third dimension of the IRD program focused on the development of rural growth centres. This is examined in detail in the case study (Chapter 5) on the Vunidawa rural growth centre project. The emphasis on RGC development in DP 8 embodied the Alliance government's attempt to simultaneously address regional disparities and the rural-urban gap:

The main rationale behind the concept of a network of growth centres is to deliberately push investment and general development activity into those areas which have the potential (both human and natural resource), to be developed but which have remained under or undeveloped (DP 8, 1980: 15).

⁵⁶ These were projects for banana, cocoa, tea, onion, pigeon-pea, maize, pineapple, cattle-beef and mutton-sheep).

Again, this facet of the IRD was also driven by ethnic-preference because only one (the Seaqaqa RGC) of the thirty five proposed rural growth centres was a community of ethnic and Indo-Fijian farmers. The other thirty four were indigenous *vanua* (polities).

Government effort to develop Fiji's rural communities peaked in the early 1980s, but Australian aid achieved better outcomes for urban development than for rural projects. Major Australian-funded infrastructure successfully completed during DP8 and DP9 included the Monasavu Hydro Electric Project, the Suva-Nadi Highway, sewerage schemes and water reticulation for Suva and Lautoka, and other large urban projects. These projects improved energy facilities, communication networks, transport, and sanitation in the urban and peri-urban areas. Although Australia began to increase its rural focus from 1981 to 1987, all large-scale Australian-funded rural projects were based on ethnic-preference. All these projects were failures. These failures were demonstrated by heavy losses incurred by the Yaqara Pastoral and Makogai Sheep projects, the Pigeon Pea and Dreketi Rice scheme debacles and the collapse of the Yalavou Cattle Scheme after 1987 (AID 42/9-I; AID 42/8-II-1[Part 1]; AID 42/8-III[Part 1]; AID 42/8-III[Part 2]; AID 45/10/2-1).

Other major projects that were approved by ADAB in this second phase included the Suva and Lautoka Water supply and sewerage scheme, bailing out of the National Bank of Fiji by the Commonwealth Bank of Australia through a partnership deal, feasibility studies for the Korotolutolu Basin in Vanua Levu, and staffing assistance for line

positions with the Native Lands Trust Board and the NLDC. A Cabinet Memo of 30 July 1986 listed the priority Australian-aided projects for 1986/87, including Stage II of the Yalavou Beef Scheme, the Makogai Sheep project, Brucellosis Control, Forestry Planting, Soil Crop Evaluation, Health Administration Course, Energy Consultation Fund, Medical Rehabilitation Centre, Staffing Assistance Scheme, Staffing Assistance for the NLTB, the Lami Wharf (which took ADAB four years to appraise), Training – Public Services Commission, Kinoya Sewerage, Suva Regional Water Supply, upgrading the Kinoya Sewerage Laboratory, National Building Standards and other non-IRD based projects.⁵⁷ Some of these projects were ongoing ones. An urban bias stands out from this list of priority projects at the midpoint of Phase 2.⁵⁸

Several forces shaped Fiji's aid priorities from the late 1980s. At the international level, five-year planning was moving out of vogue along with IRD strategies. Locally, the crises caused by the 1987 coups disrupted the policy framework for prioritizing rural development. The five-year planning framework was therefore abandoned. After the interim period (May 1987-1992), the SVT Government replaced the five-year plans with a much more *ad hoc* strategy. Unlike the Alliance, the SVT opted for minimalist Strategic Planning blueprints which were no match for the elaborate five-year plans of the Alliance government. Its ethnic-preference aside, these plans were carefully crafted and tried to embrace the politics of compromise. The political and economic crisis caused by the 1987 coups and the engagement of the Interim and SVT governments in the restoration of normalcy also necessitated the abandonment of five-year planning by the SVT.

⁵⁷ AID 45/I-VII: 201-202.

⁵⁸ Note that 1986/87 was the mid point of Phase 2 which was to have lasted to 1990.

Comprehensive forward planning conducive to the preparation of elaborate five-year plans requires a stable political climate. This stability, ruptured by the 1987 military coups, was absent in the interim period until 1997.⁵⁹ Another factor in this downturn in prioritizing aid for rural development was the flight of skills in Fiji's civil service following the coups. The multiracial makeup of the top echelons of the civil service fractured as Rabuka's regime made political appointments to the bureaucracy. Fiji lost many seasoned and highly qualified Indo-Fijian bureaucrats who were replaced with untested officers appointed on an ethnic preference basis.⁶⁰

A global paradigm shift from state-led to market-driven growth exacerbated the problems of the Interim government in shaping its aid priorities. The IRD approach was beginning to lose its appeal among donors. Watters (2004) observed:

The integrated rural development approach went out of fashion among the major aid donors in the late 1980s.⁶¹

Australian aid policies showed signs of a shift from project aid to sector-wide programs that were not necessarily rural-based. Fiji aid bureaucrats discerned signs of this interest in larger projects (focused on fewer sectors) in the early 1980s. In an Aid Brief prepared on 9 September 1983 by the Project Planning and Evaluation Unit of the Central Planning Office, concerns were raised over this Australian intention. The Brief expressed fears that such a shift would 'distort national objectives and priorities in planning resource

⁵⁹ A new Constitution was promulgated in 1997.

⁶⁰ See Chetty and Prasad (1993) on the out-migration of skilled civil servants between 1987 and 1991.

⁶¹ Transcript of 2nd interview dated 05 July 2004.

allocations'.⁶² Echoing these sentiments in a note to his boss on 10 September 1986, the Deputy Permanent Secretary for Finance said:

...the emphasis on one particular sector or even the allocation of funds specifically for individual sectors would probably have the effect of limiting the beneficial effects of the Australian aid program. It would of course be much easier for the Australians but I suspect that it would be less advantageous for Fiji....It is therefore an attempt to fit the aid availability to the Development Plan rather than a response to Fiji's own requirements. This is a feature that we have been seeing reflected in a number of cases recently where aid donors, and in particular Australia, have wanted to tell us where they are prepared to supply aid rather than to respond to request which we have already made to them (AID 45/I-VIII: 284).

This concern was noted at a time when frustration over the ABAP was escalating among Fiji officials. The note reflects the general feeling among Fiji officials that donors should not impose their whims on recipients. Fiji aid officials were attuned to nuances in donor's aid agendas and were quite frank and biting in their internal correspondence when criticizing certain aspects of the Australian aid program. This is discussed in detail in Chapters 6 and 7.

⁶² AID 45/I-IV: 127-130.

CONCLUSION

This chapter offers insight on the Alliance's integrated rural development policies, highlighting the alignment of aid priorities to the core development objectives of each five-year plan. The responses of the major donors to Fiji's IRD proposals have been examined to demonstrate weaknesses in Australia's collaboration with Fiji. The chapter also shows how the ethnic-preference bias persisted despite shifts in core development objectives and aid priorities. Regrettably, despite the close alignment of the aid requests in each phase (prelude to IRD, Phases 1 and 2) with the core objectives of the Plans (DP 6-9), delayed funding approval by the ADAB and over-programming of projects by the Fiji government damaged this synchronization. Some major rural projects had to be continuously re-submitted to the ADAB and this hampered their implementation. A survey of project approvals by the ADAB also reveals that urban projects outdid rural projects in securing timely funding. Even in Phase 1, the bulk of road funds secured by the Fiji government were spent on the Suva-Nadi highway. Only nine percent of the road funds under DP 7 were used for rural roads. The development of outer island jetties and airstrips was delayed in Phase 1 and only picked up momentum in Phase 2 when funds from the LOME II and Australia were forthcoming.

In hindsight, rural development in DP 6 was peripheral to agricultural development because Fiji was still trying to find its feet in the first five years of independence. DP 7 (1975: 5) recognized that 1971-1975 was a transitional period:

The Sixth Development Plan was the first one of its kind of the post-colonial era. In many ways it may be regarded as a transitional plan, providing for a continuation of the established pattern of development while a view was taken by the newly independent people of Fiji as to the kind of society and the approach to development they wanted to evolve.

Given this transitional phase, the government focused on strengthening marketing controls and agricultural research in the first five years (1971-1975). Phase 1 saw the launching of the IRD approach in DP 7 and the submission of aid requests for several diversification and import substitution projects toward the end of the 1970s. At the international level, donors were at a turning point with a shift from growth-driven aid to poverty-alleviation projects. The launching of the IRD phase in DP 7 was therefore in sync with this swing towards 'equity' and poverty-relief. Phase 2 refined the IRD program with the adoption of the dispersal (RGC) program. The emphasis on diversification saw increases in agricultural production, with an increase by 19 percent in 1981 and 4 percent in 1982. Production levels in 1983 were reduced by the devastation wrought by two cyclones and drought. Remarkably, agricultural production soared back in 1984 with an increase by 50 percent from the 1983 benchmark. However, this increase was slight (only 3.2 percent) when set against the 1982 achievement (DP 9 1985: 41-42).

Australian aid for several large export diversification projects was provided from the late 1970s. These included the Yalavou Beef, Makogai Sheep, Pigeon Pea, Yaqara Onion and Rice, Lakena Irrigation as well as the Dreketi Rice schemes. Given the promising increases in agricultural production at the time these projects were started, there was a lot

of optimism in their early years. Against these expectations, all began to falter by the late 1980s and all involved technology and expertise transfers from Australia through the Development Import Grant scheme. Heavy aid repatriation for these DIG transfers substantially reduced the real value of Australian aid actually hitting the ground in these projects. Aid repatriation coupled with aid wastage (where long-term upkeep of expensive machinery was not maintained) contributed to these failures. The next chapter examines the Australian aid facilities for rural projects in Fiji.

CHAPTER THREE

THE COMPONENTS OF AUSTRALIAN AID FOR RURAL PROJECTS IN FIJI: DEVELOPMENT IMPORT GRANTS, SMALL GRANTS AND JOINT VENTURE SCHEMES

INTRODUCTION

This chapter examines three components of Australian aid for Fiji's IRD projects to highlight how certain aspects of these facilities affected the donor-recipient collaboration. This chapter scrutinizes bilateral dialogues on each of the aid facilities and reveals an urban-bias and other flaws in all three. Schemes for the disbursement of Australian aid for rural projects included the Development Import grants (DIG) for agriculture and infrastructure, a Joint Venture Scheme (JVS) to promote partnerships between Australian and Fiji agricultural ventures (supplementing DIG), and a Small Grants Scheme for small-scale, village based community development. Section one examines the DIG scheme, section two focuses on JVS and three looks at the Small Grants Scheme.

DEVELOPMENT IMPORT GRANTS

The DIG scheme, which commenced with the 1980/81 allocations, replaced Australian Food (wheat) Aid to Fiji. Australia provided wheat as Food Aid from 1967 to 1980 under

the International Grains Agreement (IGA).¹ The IGA was negotiated in 1967 at the first Food Aid Convention. Seventeen developed countries including Argentina pledged annual food aid totaling 4.5 million tons of grain to developing countries. As a member of the International Food Aid Committee, Australia provided wheat on a bilateral basis.² The Fiji government sold consignments of this wheat to the Flour Mills of Fiji and the proceeds flowed into the budget for development purposes. For the final (1979/80) Food Aid allocation, Australia provided 7,500 tons of wheat (@ \$A137.50/ton) worth \$A1.031 million. Table 17.0 shows Fiji's receipts of Food Aid from 1976 to 1980.

**Table 17.0 Final Disbursements of Australian Food Aid,
1976/1977-1979/1980**

(AUD\$)

	1976/1977	1977/1978	1978/1979	1979/1980
Food Aid	\$1, 279,000	\$843,000	\$1,006,956	\$1,031,000

(Source: AID 45/I-II: 23)

Negotiations between Fiji and Australia on the Memorandum of Understanding for the DIG scheme began in 1980. The Memorandum of Understanding on the DIG scheme (signed on 22 September 1981) identified the Fiji Ministry of Finance and ADAB as the executing authorities. The DIG Scheme required that projects be developmental in nature, have a 50 percent Australian content and a minimum consignment value of \$A100,000. It also required offshore (preferably Australian-based) agents to conduct contracts and purchase heavy machinery and equipment from Australia. Schedule A of the MOU

¹ Given that Fiji's financial year commences, this first allocation (1980/81 according to Australian financial year) was treated as allocation for the January-December 1981 Fiji financial year.

² Australian Food Aid was provided to developing countries in Asia, Africa and the Pacific.

defined categories of imports deemed appropriate for financing under DIG.³ These included raw materials for national manufacturing industries; construction materials; agricultural aids (fertilizers, chemicals, seeds); livestock for breeding purposes; manufactures of Australian origin including agricultural, mining, transport, communications, laboratory, marine, power generation equipment and those for industrial development. The MOU also demanded that each consignment procured under the scheme have no less than fifty percent Australian origin. The MOU was clear on categories of imports that would not be allowed: food, clothing, goods for resale and passenger vehicles for non-government use. Regrettably, under-use of each annual DIG allocation persisted despite the identification of a wide range of development tools by the MOU. This problem stemmed from the scheme's strict rules of origin and a clause demanding that each single procurement under the scheme be for consignments (technology transfers) worth no less than \$A100,000.

On 7 August 1980, the Australian High Commission wrote to the Permanent Secretary for Foreign Affairs, reminding him that the DIG scheme would commence in the 1980/81 financial year and that July 1980 to June 1981 was a transitional period when some wheat aid would continue and the DIG allocations would commence.⁴ The timing of this announcement did not give enough lead time for Fiji to line up projects for DIG funding from the first allocation for 1980/81, so the Permanent Secretary for Finance asked for a transfer of the funds on 3 March 1981:

³ AID 45/6 (Part I): 24-36.

⁴ AID 45/6 Part 1: 21.

Because of our inability to utilize funds under DIGS during 1980/81, it is proposed that the allocation of \$300,000 ... be added to the Project Aid (AID 45/6 Part 1: 99).

Three weeks later, the transfer was approved.⁵ This was the only time when a DIG allocation was incorporated to another aid heading. All subsequent DIG allocations (from 1981/82 to 1986/87) were non-transferable. Later, Australia introduced another aid facility similar to DIG in the 1986/87 allocation. This was the Development Import Finance Facility (DIFF). However, the DIFF was a 'Soft Loans' facility whereas DIG was fully granted. Furthermore, DIFF was provided to Asian countries while the DIG scheme was for the Pacific.⁶ The DIG Scheme was perhaps the most complex and cumbersome form of Australian ODA to Fiji because of its tied nature and procurement procedures. The scheme helped introduce expensive Australian technology and expertise, often inappropriate for local conditions and local skills. In the long run, this contributed to the failure of many large-scale Australian-funded agricultural projects in the 1980s. The Australian-aided pigeon pea, beef and sheep projects and three large-scale rice irrigation schemes were provisioned with high cost technology from Australia through the scheme. These projects collapsed for various reasons including the inability of project participants to maintain machinery provided through DIG.

Keen to promote the scheme, Australia allocated \$A1.4 million DIG allocation for its 1981/82 financial year. The first undertaking identified by Fiji for DIG funding was road

⁵ Approval given in of 24 March 1981 from the Australian High Commission.

⁶ Vanuatu, Solomon Islands, Tonga, Western Samoa and Fiji were the main recipients in the South Pacific (AID 45/I-II: 315-317).

construction equipment worth \$F644,000 (c.\$A638,000) for the reconstruction and upgrading of portions of the Suva-Nadi highway. Upgrading work on 108 km of the 175 kilometer highway had been done with the help of loans from the World Bank and Australia between 1971 and 1978.⁷ The central portion (67 km) between Deuba and Korotogo had been severely damaged by Cyclone Wally in 1980 and needed urgent upgrading.⁸ So, the government quickly submitted a request for road graders and wheeled loaders from the 1981/82 DIG allocation.⁹ Other projects identified by Fiji as needing DIG aid in the 1981/82 allocation included a feasibility study for an Export Processing Zone (EPZ) and equipment for the Suva and Lautoka telephone exchange facilities.

A letter of 30 December 1981 from the Department Posts and Telecommunications to the Permanent Secretary for Finance welcomed the scheme saying it would ease the provision of telecommunications equipment from Australia:

We would like to take advantage of this financing scheme as it will reduce our borrowings apart from the saving in foreign exchange. We regularly purchase telecommunication equipment from Australia every year and we will be very grateful if we could be included in the DIG scheme program (AID 45/6-II: 42).¹⁰

The letter also prioritized equipment from LM Ericson (manufacturers based in Melbourne) for the Suva and Lautoka exchanges. Equipment from Australia for these two

⁷ Fiji also acquired a loan of \$A2.8 million from Australia in 1970 for work on the Suva-Nadi highway.

⁸ AID 45/6, Part I: 170).

⁹ The request was made on 01 September 1981 (AID 45/6, Part I: 169-171).

¹⁰ AID 45/6-II: 42-43.

centres was estimated to cost around \$F1 million. Other urban telephone exchanges were listed under the DIG scheme.¹¹

A feasibility study was commissioned and funded from DIG in late 1981 to propose improvements to incentives applicable to export industries, and provide advice on a proposed Export Processing Zone (EPZ) at Navutu in Lautoka. This was carried out by an Australian consultant, Pak-Poy and Kneebone P/L and presented to the Economic Development Board (EDB) on December 13, 1981. A Draft Cabinet Memorandum [CP (81)] noted:

The consultants recommended against the creation of an Export Processing Zone (EPZ) as normally defined.... The Navutu site was studied by the consultants and found to be very suitable for development as an industrial estate nevertheless. A site layout has been proposed and costed [*sic*], with a strong recommendation that the development take place in a single phase after certain infrastructural preconditions are met (AID 45/6-III: 310-311).

This was a case where Australian aid was wasted on four Australian consultants funded by DIG to conduct the feasibility study. \$A33,000 was spent on consultancy fees alone for a short stint (one month). Recommending against an export-processing zone, the team suggested an industrial estate instead. Ultimately, their report deflated the optimism of the Fiji government for a distinct export processing zone specializing in value-adding.

¹¹ Other urban exchanges expecting equipment under the DIG scheme up to 1983 were: the Nausori Exchange extension, the Lami and Suva exchange extensions and the Savusavu, Ba and Lautoka exchange extensions.

The industrial estate was developed at Navutu but without a specific zonal focus for value-adding. Although pine processing is now located there, the estate is not confined to export processing. Fiji's export processing industry remains dispersed over Suva, Nadi, Lautoka and other areas.

\$A1.5 million was approved for 1982/83. Two commitments worth \$A1.150 million were quickly identified for this second DIG allocation: funding plant and equipment for the Native Lands Development Commission (NLDC) pigeon pea project (\$A500,000) and telephone equipment for Posts and Telecommunications (\$A650,000). On 9 August 1982, ADAB reminded the Fiji Permanent Secretary for Finance that a balance of \$A350,000 for Development Import Grants remained unused.¹² In response, the Permanent Secretary for Finance (in a letter of 24 August 1982 to the Australian High Commissioner) provided a revised commitment for the NLDC pigeon pea (\$A416,000) and telephone (\$A631,157) projects, a new commitment of \$A150,000 for a mobile non-destructive industrial testing unit and an additional two projects to use the balance of the DIG provision.¹³ The two new projects were: a rural telecommunication project (needing equipment worth \$A200,000) and a Suva master plan for water supplies worth \$A120,000. Hence, five projects were prioritized for funding by DIG for 1982/83. Rice threshers for the pigeon pea project, telecommunications equipment and a non-destructive industrial testing unit were provided through the DIG scheme in the 1982/83 allocation. Equipment for the Colonial War Memorial Hospital in Suva was also obtained under the scheme in mid 1982.

¹² AID 45/6-II: 155.

¹³ AID 45/6-II: 166.

DIG allocations rose to \$A3.5 million for 1986/87. Nevertheless, despite increases over the years in the DIG allocations to more than double, Fiji could not fully use each annual allocation due to the scheme's stringent tying to the purchase of Australian goods and services. For 1981/82 and 1982/83, the bulk of DIG allocations were spent on telecommunications instead of agriculture as initially envisaged.¹⁴ Between 1983/84 and 1985/86, problems with the scheme led to its recurrent under-use by the Fiji government. The Aid Unit (Fiji Ministry of Finance) noted that for 1983/84 to 1987/88, only \$900,000 worth of project assistance had been approved by ADAB against \$2.5 million requested under the DIGS scheme.¹⁵ The note reiterated concerns over the strict tying of the scheme which did not allow the transfer of unused funds from one component to another.

On 3 March 1981, the Permanent Secretary for Finance explained to the Australian High Commissioner why the Fiji government could not use a balance of \$300,000 from the DIG allocations for 1980/81:

Since the middle of last year, attempts have been made to identify some suitable projects for funding under DIGS and some possibilities were put to you for consideration by ADAB but unfortunately nothing has been finalized so far. It is unlikely that any request for funding under the DIG scheme would be put forward to you during this financial year for the following reasons. Aid resources are being used to finance projects in our own Budget and, since the projects (which were incorporated in our 1981 Budget) were referred to the ADAB

¹⁴ AID 45/I-VII: 12.

¹⁵ AID 45/I-VII: 133.

through you proved unacceptable, there is too little time to develop other projects in our 1981 Budget for submission to you before the end of your current financial year. It is not our intention to utilize DIG funds for projects outside of or additional to our 1981 Budget, as the resultant effects may disrupt the program of activities for this year and may involve additional expenditure on our part as well (AID 45/6/I: 99).¹⁶

Rishi Ram (for the Fiji Aid Unit) on 2 February 1982 also discussed Fiji's difficulty:

In the event, ministries and departments did not obtain budgetary items of capital development nature from Australia, and obtained it through other sources, the effect on the 1982 (Fiji) Budget would be a shortfall in the capital revenue which may be made good by either borrowing or raising revenue by other means. The effect on the Australian program would be a shortfall in disbursement of funds which we project to be about \$1.0 million (AID 45/6-II: 63).¹⁷

One cause of the problem was the policy (in various ministries and departments) of including DIG allocations in the national Budget. This policy was misdirected because the scheme provided neither direct cash grants nor direct support for the Budget. The same paper by Rishi Ram (ibid: 64) succinctly proposed a solution:

To avoid the sort of problems and difficulties we are faced with during this year, it is suggested that the DIG scheme be treated differently in

¹⁶ AID 45/6, Part I: 99-100. Note: This allocation was for the Australian financial period (June 1980 to July 1981), which would be relevant for Fiji's budget. This was a transitional allocation phasing out Wheat aid with some DIG.

¹⁷ My parenthesis: to clarify that this was a reference to the Fiji Budget and not the Australian aid budget.

the 1983 Budget. Rather than taking the fund as capital revenue, it would be desirable to identify projects in advance for DIG scheme funding and have these incorporated in the Budget. This arrangement would ensure efficient management of the scheme and a quicker way of utilizing the aid funds.

The difference in the Australian (July-June) and Fiji (January-December) financial years compounded Fiji's problems. The Australian financial year begins in July and ends in June whereas Fiji's Budget cycle starts in January and ends in December. While Australia allocated \$A1.4 million under the DIG scheme in its 1981/1982 year, Fiji had to use this allocation in its 1982 Budget. This meant that Fiji would have to struggle with the six months lag.

The scheme's strict rules of origin persistently hindered the full use of each year's DIG allocations. Australian aid officials regularly questioned the recurrent under-use of each year's DIG allocation. For instance, on 22 January 1987, a letter from AIDAB raised concern over Fiji's negativity toward the scheme:

A disappointing feature of the discussions with Fiji officials focused on their continued negative approach to the utilization of the DIG scheme program. We have kept pressure on Fiji as much as possible but the possibility exists that no further use will be made of DIGS this year, leaving an under utilization of \$A600,000. We have told Fiji that these

funds will be withdrawn if definitive expenditure prospects do not emerge within the next two weeks (AID 45/I-VII: 334).¹⁸

This call in January 1987 for Fiji to use the balance of the DIG allocation for 1986/87 is strange because a letter of 22 December, 1986 from the Australian High Commissioner (John Piper) acknowledged receipt of a formal request for the funding of \$A2.2 million worth of equipment from DIG under what he assumed to be the allocations for 1987/88.¹⁹ At this stage, the Fiji government had no idea that the DIG scheme would be abolished in 1987. The same letter called for an indication on how Fiji wanted to use the \$A600,000 balance. This raises questions: why did the Fiji government fail to request funding for some of its DIG requests (tendered in December 1986) from the previous balance (\$600,000); and, why did Australia insist that Fiji indicate how the unused balance might be used. Fiji's requests for new DIG provisions (for 1987/88) were already available to AIDAB by December 1986. The answer lay in the strict rule that unused DIG funds for one year were not transferable to the next: this prevented Fiji from requesting that some of its newly proposed projects (for 1987/88) be funded from the unused balance. Ruminating on this in 1986, the Deputy Secretary for Finance said:

The other feature...which continues to provide concern for Fiji is that these allocations are not transferable from one to the other. This is to say that if we do not wish to utilize the full \$3 million for DIGS, we shall lose it; we cannot transfer it to any other allocation (AID 45/I-VIII: 229).

¹⁸ Letter (Attachment A) from A. March (Acting Counselor, Development Assistance Desk, AIDAB) to the Permanent Secretary for Finance. Note: The ADAB was reorganized in 1987 when it became the Australian International Development Assistance Bureau (AIDAB).

¹⁹ AID 45/I-VII.

The rule (non-transfer) also applied to the other three allocations (Project Aid, ASAS and Training). Given its strict tying, Fiji officials generally lacked the Australians' enthusiasm for the DIG program.

Initially, some Fiji officials were optimistic. At a meeting on 21 January 1981 of representatives of various government departments, the Senior Assistant Secretary for Finance (Aid Unit) voiced early optimism:

It will in fact help the Fiji government to borrow less from lending agencies and thus be relieved of some of the balance of payment problems (AID 45/6-II: 59).

This outlook overestimated the benefits Fiji could gain because the scheme did not provide direct cash grants. However, a paper of 2 February 1980 for the Aid Unit discussing problems in using the DIG scheme reveals awareness of this limitation:

DIG scheme funds are not provided for the direct support of the Budget activities. As much as we would like to have the scheme operated in this manner, the impositions set by the donor makes it difficult (AID 45/6-II: 64).

Funds for the scheme were held in a reserve account for the Fiji government in Sydney and approved allocations were debited against this offshore account. Moreover, the rules of origin imposed on the DIG scheme impeded its optimum use by Fiji. Hence,

frustration among Fiji officials over its stringent conditions set in early and intensified between 1986 and 1987. As early as 1982, complaints about the DIG scheme were sent to Canberra. The Fiji Aid Unit (in a paper by Rishi Ram, 2 February 1982) was fully aware of these frustrations:

Our dissatisfaction with the DIG scheme has been expressed to the Australian authorities on a number of occasions. It is believed that the scheme is being reviewed but it is unlikely that any changes would be brought about during the 1981/82 financial year (AID 45/6-II: 63).

The Permanent Secretary for Finance was also not keen on the scheme as he noted this to Rishi Ram on 6 March 1981:

Another option is not to go for DIGS at all but to incorporate the \$1.3 million in the Project component. I presently favour this alternative at the moment (AID 45/6-I: 111).

This early optimism that the DIG allocation could be transferred to Project Aid was misguided as the ADAB stood its ground against calls for transfer of unused DIG balances. In a Blue Note to the Permanent Secretary for Finance on 14 January 1983, Netani Vosa of the Fiji Aid Unit said:

The DIG scheme ... introduced in 1981/82 has far too many conditions to be met before we could use it. The fifty percent Australian content for goods and services to be used for development purposes and consignment to be in excess of \$A100,000 value narrows our scope of

realizing maximum advantage under DIGS. Bilateral talks should seek relaxation and flexibility in DIGS eligibility... (AID 45/I-IV: 109).

Vosa's senior colleague, Rishi Ram, had earlier on articulated a more interesting analogy for the scheme on 18 November 1981:

The DIG scheme reminds me of the story from the Bible: God telling Adam and Eve to have everything from the garden except that forbidden fruit, apple. Here we are not only restricted to apple but pears, plums and pineapples in terms of numerous items specified in the list. Worst [sic] still are the subsidiary conditions i.e. 50% Australian content DIGS offers other alternatives as well, such as buying raw materials, plants and equipment etc. for National Manufacturing Industries. These may all appear attractive usage of DIGS in theory but the practicalities are so difficult and complicated that one is left to wonder whether it is of any worth pursuing the alternatives (AID 45/I-III: 169).²⁰

Despite calls for a revision of the MOU, the conditions for procurement and origin remained rigid until it ended in 1987 when it was replaced by the Commodities Assistance Program (CASP) that operated on similar principles.²¹ Correspondence from the Ministry of Finance continually expressed frustrations over the DIG scheme.

Although the DIG scheme was considered by ADAB as a softer option to the Development Import Finance Facility, it was not popular with the Fiji government. Even

²⁰ Appendix I entitled 'Issues discussed with the Australian Authorities on Fiji's Bilateral Aid' for a Report by Rishi Ram after his visit to the ADAB in Canberra.

²¹ CASP also involved the purchase of Australian commodities. It was initially available only to some southern African and Asian countries. It was extended to South Pacific countries at the end of the 1980s.

before its commencement, some Fiji aid officials were apprehensive.²² On 3 March 1981 the Deputy Secretary for Finance (Mackenzie) told the Australian High Commissioner:

You will recall that when the proposal to introduce the DIG scheme to replace Food Aid was discussed last year, some of us expressed our initial reservations on the practicalities of drawing assistance from such a scheme. Having been advised that the withdrawal of Food Aid was inevitable, we were left with no option but to accept the provisions of DIGS (AID 45/6-I: 99)

This letter reveals three important reasons for Fiji's objections. First, the DIG scheme was considered an imposition by the donor upon the recipient. This point was clearly reflected in a Blue Note of 8 May 1981 from Rishi Ram (Fiji Aid Unit official) to the Permanent Secretary for Finance:

Discussions with the Australian High Commission officials have given the impression that the DIG scheme would be forced upon us. It would be a hard struggle to get the Australian Government's agreement to incorporate the DIG scheme into Projects (AID 45/6-I: 123)

Second, Fiji aid officials were fully aware of the problematic nature of this tied aid. Third, the correspondence reveals the awareness of the Fiji government that it would be an uphill battle to persuade Australia to relax the conditionality of the scheme by merging it with Project Aid. Between 1982 and 1987, the Fiji government made several attempts

²² According to Watters (Interview dated 5/7/04), the DIG scheme was considered a 'softer option' because it was fully 'grant' aid. This observation diverts attention away from the fact that the non-grant element of the scheme allowed for the heavy repatriation of Australian aid to Australian technology suppliers and Australian expertise contracted for projects in Fiji.

to rectify the problem of recurrent under-use by requesting the transfer of unused DIG funds to new or ongoing projects. These attempts proved futile because Australia would not budge. The strict conditions persisted, so Rishi Ram and his colleagues at the Aid Unit waited in vain for ADAB to act on its promise in 1981 to consider relaxing the DIG rules:

The Australian side noted my submission and undertook to transmit it to a review team which is looking into the scheme with a view to introducing changes so as to meet the requirement of the recipient countries (AID 45/I-III: 165).²³

Consequently, the DIG scheme allocations for each year were never fully utilized between 1982 and 1987.²⁴

The demand that equipment have a minimum fifty percent Australian content made it difficult to forward proposals requiring expensive equipment from Australia. Cheaper options were available outside Australia and some of these sources previously supplied tools and heavy machinery to Fiji at lower cost. The DIG scheme therefore restricted Fiji's options for obtaining equipment/machinery and expertise. This point was stressed in Notes on the Australian Five-Year Program written by an official of the Aid Unit:

Some of the restrictions attached to the scheme means [*sic*] that the maximum benefits have not been realized; in particular: eligible goods and services that can be funded under DIGS include commodities and

²³ Notes dated 18 November 1981 on his visit to ADAB in Canberra (2-23 November 1981).

²⁴ AID 45/I-II: 23; AID 45/I-VII: 86-87; 225-238; AID 45/6 Part 1:169.

finished goods for 'developmental purposes' which are substantially of Australian origin... (AID 45/I-V: 152).

Fiji officials repeatedly highlighted two major problems. First, the complex procedures to be followed by Fiji discouraged and delayed requests for aid under the scheme. Fiji was required under the MOU to open a non-interest account with the Reserve Bank of Australia in Sydney into which DIG funds were lodged. On 21 August 1981, the Permanent Secretary of Finance reminded the Commissioner of Inland Revenue that funds for the DIG scheme were not provided as cash grants.²⁵ These funds would remain in a non-interest account in Sydney to purchase goods and services within Australia. Second, the relatively higher costs of machinery and equipment from Australia made the scheme unpopular. A paper by the Fiji Aid Coordinating Committee tabled at a meeting of Fiji government officials on 28 January 1982, voiced concern over costs:

One aspect of much concern is the high costs involved. Goods from Australia have proved to be more expensive than the ones purchased from the UK, USA and Japan (AID 45/6-II: 62).²⁶

The Director of Agriculture (N. Patel) stated that equipment from Australia was generally more expensive than those which the Ministry of Agriculture used to buy.²⁷ Rishi Ram agreed that this was a major problem hindering optimum use of DIG allocations.²⁸ Discussions revealed that the Public Works Department (PWD) had tendered for loaders from Australia and the lowest bid was \$130,000. Local agents could purchase the same

²⁵ AID 45/6 (Part I): 160.

²⁶ AID 45/6-II: 62-64.

²⁷ Minutes of Meeting signed by N. Vosa (AID 45/6-II: 58-9)

²⁸ AID 45/6-II: 59.

equipment from the UK or the US for \$100,000. Consequently, the proposal to obtain the equipment under the DIG scheme was dropped.²⁹ Before the introduction of DIG, the PWD bought capital equipment through local agents like CARPTRAC Ltd, Burns Philp or the Taukei International Company.

Although the telecommunications department had welcomed the DIG facility, their letter also noted the higher costs of Australian equipment:

We also purchase a lot of telephone cables from overseas annually on a competitive tender basis but unfortunately cables from Australia are more expensive than from other suppliers in New Zealand and South East Asian manufacturers. On rare occasions we purchase special cables from Australia if they are not readily and economically available elsewhere (AID 45/6-II: 42).³⁰

Despite the higher costs involved, the MOU forced Fiji to procure technology from Australia.

The MOU also compelled the Fiji government to appoint an Australian company as its agent. Although not mandatory, Australia preferred its own agents. A Blue Note of 2 September 1980 on the DIG scheme by a senior aid official (Rishi Ram) discussed this preference:

²⁹ AID 45/6-II: 63.

³⁰ Letter dated 30 December 1981 in AID 45/6-II: 42.

The administrative arrangement for the operation of the DIG scheme has to be worked out and we are also required to finalize the proposal on the appointment of an agent in Australia for the procurement of goods and services for us (AID 45/6-III: 224[A]).

Although this requirement was logical because it would ease the procurement of goods and services from Australia, various locally-based companies (particularly the Burns Philp Pty Ltd and the Taukei International) had served as Fiji's procurement agents since independence. With the DIG preference, an Australian agent had to be appointed. On 23 July 1980, Burns Philp submitted an expression of interest to the Permanent Secretary for Finance. In the early stages of negotiations with interested agents, the Fiji government seemed keen on appointing Burns Philp. The Permanent Secretary of Finance noted this to the Solicitor General on 18 December 1980:

You will note that the government of Fiji will have to arrange the purchase of equipment, etc. in Australia under the DIG scheme. We are not in a position to do this work ourselves and are therefore considering appointing the B. P & Company as our agent (AID 45/6 Part I: 73).³¹

Burns Philp was initially considered because it had previous extensive experience as procurement agent (with the DIG scheme) for Tonga and Solomon Islands. The company was therefore "well known to the ADAB and Australian government authorities".³² On 28 July 1980 and 5 January 1981, the Crown Agents (an international procurement

³¹ A note of 18 December 1980.

³² AID 45/6 Part I: 14.

agency) also submitted its expressions of interest.³³ The government was caught in a dilemma because good sense urged the appointment of Burns Philp or the Crown Agents but the DIG preference demanded the hiring of an Australian agent. Even before forming INDEXA, Ziv Gavrilovich tendered his interest to the Permanent Secretary for Finance on 31 March 1981.³⁴ Pondering this, Rishi Ram (Fiji Aid Unit) said to the Permanent Secretary for Finance on 6 March 1981:

Ziv's company has not yet been formed and it appears that it will come into existence upon our acceptance of his offer. Ziv, who I assume would manage the company, possesses enormous experience in the administration of aid matters but it is not known as to how much familiarity he has in dealing with industrial issues such as calling of tenders, negotiating deals ...

Contradicting his colleague, another aid official (Netani Vosa) was keen on Ziv's appointment:

As for the offer from INDEXA P/L, we feel that Government should support this company to be our agent for DIG. We do not know much about the performance of Burns Philp and Crown Agents but we can rely on INDEXA P/L because of the enormous experience that Ziv Gavrilovich has in this type of operation and also because of his personal knowledge of Fiji (AID 45/6-I: 127).³⁵

³³ Letter dated 5 January 1981 from the Regional Operations Manager (Crown Agents) to the Permanent Secretary for Finance (Winston Thomson) and BP to the Aid Unit (J.Y. Kubuabola) on 28 July 1981.

³⁴ AID 45/6-I: 120-121.

³⁵ Blue Note dated 11 June 1981 to the Controller of Government Supplies.

This officer seemed unaware that INDEXA had not been formed as yet. His archived notes reveal more of his blunders.

From 1980 to July 1981, the government mulled over who to appoint, and was even considering the appointment of Crown Agents. The Controller of Government Suppliers strongly recommended the Crown agents:

The Government Supplies has been dealing with the Crown Agents for many years....They are an efficient organization and are geared to deal with governments, public authorities and international bodies. They have had wide experience in dealing with all sorts of aid and grants not only for Fiji but for a lot of other developing countries around the world....I would recommend the appointment of Crown Agents. This recommendation is based on my knowledge of their experience and expertise... (AID 45/6-I: 108-109).

Gavrilovich sent another offer on 20 July 1981.³⁶ Ten days later, the Fiji government confirmed his appointment.³⁷ Commenting on this choice on 7 August 1981, the Crown Solicitor (G. Grimmett) said:

I confess that it seems somewhat odd that Government should prefer to deal with a gentleman who is acting on behalf of an as yet unincorporated company rather than with an established company like Burns Philp or an international agency like the Crown Agents but I

³⁶ AID 45/6-I: 136.

³⁷ Letter dated 30 July 1981 from the PS Finance to Ziv Gavrilovich: a non-existent procurement agency (INDEXA) was therefore appointed as procurement agent for DIG by this correspondence (AID 45/6-I: 135).

note that the decision on this has already been taken (AID 45/6-I: 144).³⁸

The Permanent Secretary for Finance did not reply until 23 September when he informed Grimmett that the solicitors for INDEXA had just notified him of the firm's recent incorporation. INDEXA was based in Canberra and provided advice on "the most appropriate form and content of aid to be requested from Australia".³⁹ This agent assisted Fiji with project documentation and formulation of aid requests in accordance with the ADAB requirements. Its main responsibility was to procure from within Australia equipment and expertise for DIG-aided projects. In appointing INDEXA, the government had accepted consultancy fees at \$A200/day. Although the government commended its performance, frustration among Fiji officials over the DIG scheme were already beginning to escalate in 1982. So much so that a submission of 16 June 1983 by the Ministry of Rural Development to the Permanent Secretary of Finance alleged that the DIG scheme was used by Australia to subsidize its own private sector:

The crux of the whole aid issue is that it should be provided to meet the needs and aspirations of the recipient country and should not be seen in light of how the donor could help its own people. Looked at analytically, it would be seen that all donors prefer aid funds spent in their own countries for the purchase of goods and services. In another form, what is stated 'aid' could also become subsidy to the donor's private sector (AID 45/I-II: 289).

³⁸ Blue Note of 7 August 1981 to the Permanent Secretary for Finance.

³⁹ AID 45/6 Part I: 136.

Consultancy fees and rules of origin had a boomerang effect. The DIG scheme helped the flow-back of Australian aid because funds spent on Australian goods and services remained in Australia, where equipment was sourced and to the public sector when civil servants were consultants. Australia insisted on Australian technical expertise - another channel for aid repatriation as high-cost feasibility studies were paid from DIG allocations. The same submission by the Ministry of Rural Development (June 1983) bemoaned the DIG preference for Australian expertise:

Quite often expertise is available in our private sector to undertake studies, surveys and investigations for projects sponsored by us. Owing to lack of financial resources, such proposals are submitted for aid funding. In the case of Australia, experience has shown that it will not fund such projects. Even if it does agree, it will commission its own consultants. Here again, change in rules and aid policy need reviewing so that local consultants could be engaged under the aid program (AID 45/I-IV: 289).⁴⁰

The AUSAID now engages local consultants but from 1971 to 1987, Australia preferred its own. In their review of livestock projects in the Asia-Pacific region, Chandra *et al* (1989: 38) suggest that project failures partly stemmed from the use of non-local consultants who were unfamiliar with local circumstances and produced inadequate assessments. These consultants were paid from the aid allocations for the projects they reviewed.

⁴⁰ This submission was forwarded by a memo dated 16 June 1983 from the Director of Rural Development to the Permanent Secretary of Finance (AID 45/I-IV: 289-291).

A review of the capital aid in kind (tied aid) to Fiji since 1970 noted that conditions attached to tied aid often worked against the standardization of equipment.⁴¹ A letter from the Permanent Secretary of Finance on 3 March 1981 to the Australian High Commissioner also alludes to this:

Unfortunately, the conditions attached to the use of the DIG scheme prevent us from purchasing items from outside Australia, and this will adversely affect our program of standardization for Government plant and equipment (AID 45/6 Part I: 100).

This was pertinent because the DIG scheme restricted Fiji's options for sourcing technology. Before this scheme, Fiji had a wider choice of providers from Japan, the UK, the US, Canada and elsewhere, for technology and expertise. Since independence, each department had built up its own pool of technology imports. For instance, while the telecommunications department had a longer history of engagement with Australia, other departments had sourced their technology and expertise from the UK, Japan, the US, Canada and Asia. DIG therefore worked against the standardization of the Fiji's pools of technology.

Another problem derived from shipping and handling costs of equipment. The MOU stated that all transport costs of equipment for any project would be charged against the DIG grant for that project. The Fiji government was responsible for all transport and handling costs within Fiji. The Aid Notes on the scheme saw this as a problem because

⁴¹ DP 7 (1975: 238)

this transport levy on each project reduced the value of aid for each project.⁴² Fiji had to bear extra costs from its own budget for all local movement of Australian goods and services obtained under the DIG scheme. From the outset, Fiji officials were aware of the extra costs that would be incurred. A note of 2 July 1980 from the Chairman of the Fiji Aid Coordinating Committee (Jone Kubuabola) to the Permanent Secretary of Finance discussed this:

Apart from the increased correspondence that will be involved with DIGS, it would also appear that freight and insurance for getting the equipment and materials from Australia to Fiji will be charged to the amount available for DIGS. Also charged to DIGS will be the commission fees for our agent in Australia for arranging transportation etc. for equipment and materials. Hence it may be advisable to transfer a large portion of DIGS to project aid (AID 45/6-II: 217)

Again, this expectation that DIG allocations could be transferred to project aid was futile because the facility was not only hog-tied to Australian goods and expertise the allocations for each year were not transferable to other forms of Australian aid. By 1986, correspondence from Suva to ADAB reflected mounting frustration and general disillusion with DIG. A Brief for the Australian Foreign Affairs Minister (Bill Hayden) observed:

⁴² AID 45/I-V: 152.

Australia has recently shown a tendency to tie their aid more closely by confining the funding of a larger portion of the program to goods and services, which can be procured in Australia. (AID 45/I-VII: 110).⁴³

ADAB continually expressed concern over Fiji's criticism of the DIG Scheme. In an attachment to a letter to the Permanent Secretary for Foreign Affairs (PSFA) on 22 January 1987, the resident ADAB Aid Counselor (A. March) reminded him that Australia had decided to withdraw the balance of \$A600,000 in unused DIG provisions for 1986.⁴⁴ The same letter suggested that there was some degree of inflexibility in Fiji's financial procedures hindering the full use of DIG allocations.⁴⁵ This observation is partly valid because Fiji's aid delivery required the issue of departmental warrants for any release of project funds. Chapter 7 provides a fuller discussion of this red tape.

Most of the large-scale agricultural projects under this scheme (Pigeon Pea, Dreketi Rice, Lakena Irrigation, Makogai Sheep and Yalavou) were dismal failures. Reminiscing on his experience as the ADAB Aid Counsellor in Fiji in the early 1980s, Les Watters recalled:

There had been a huge provision of machinery under the DIG scheme. Most of the expensive heavy machinery obtained through the DIG scheme for the Dreketi Rice and Pigeon Pea projects are now sitting idle and rusting. These machines were exposed to drought and winds and now they are just sitting idle. (Interview, 5 July 2004).

⁴³ Brief on the Foreign Minister's visit on 20-21 May 1986.

⁴⁴ AID 45/I-VII: 331.

⁴⁵ AID 45/6-1; AID 45/6-II; AID 45/6-III; FINANCE AID 45/I-II.

While this observation highlights aid wastage, it fails to pinpoint the deeper roots of the problem with the Dreketi project. Other factors including the participants' unfamiliarity with expensive Australian technology, the nature of local participation, the use of Australian consultants for feasibility studies, and tensions over native land leases also contributed to the failures.

Nevertheless there was some hope that the scheme would cut down on red tape because it was expected to allow private sector involvement in contracting and tendering for supplies. Surprisingly, an Aid Coordinating Committee Paper dated 2 February 1982 stated:

DIGS, from our little experience, has proved to be a good aid facility. Delivery of aid is efficient because it is handled through the private sector and bureaucracy is certainly less (AID 45/6-II: 62).

In reality, private sector involvement was restricted to the Australian procurement agent and Australian suppliers of equipment and machinery. The same note bewailed the higher costs of equipment and machinery, a reflection of the ambivalent posturing of Fiji officials toward Australian aid.

Between 1980/81 and 1986/87, much machinery and equipment was procured from Australia for agricultural projects. DIG also funded consultants and equipment for government departments and ministries. While DIG proved too cumbersome for the agricultural projects, it had a better outcome with equipment and expertise for non-

agricultural projects. The improvement of urban amenities progressed with provisions from DIG.⁴⁶ Several Australian-aided, capital-intensive, urban projects were successfully completed under DP 8, including water reticulation and sewerage treatment plants for Suva, Nadi and Lautoka, steel and equipment for the government shipyard in Suva, and the upgrading of urban medical facilities, all using aid from DIG. The most successful use of DIG was in the development of telecommunication in urban centers and outer islands. Technology transfers to urban/formal sector projects proved more sustainable than for IRD projects.⁴⁷

THE JOINT VENTURE SCHEME

Another component of Australian Project Aid, from the late 1970s, was the Joint Venture Scheme (JVS). Mellor (1988:4) succinctly discusses JVS:

...the Scheme has its origins in an Australian Government cabinet decision in 1976 to promote trade and aid in the South Pacific.... Another stated purpose was to assist with the development of exports from the South Pacific.

Other major initiatives related to the promotion of South Pacific exports (and aligned to JVS) included the South Pacific Trade Commission and SPARTECA.

⁴⁶ AID 45/I-VII: 12.

⁴⁷ These other urban projects included road upgrading (Suva-Nadi Highway), urban hospitals, technology upgrades, water reticulation and sewerage systems for Suva, Lautoka and Nadi.

JVS provided cash grants to island governments to acquire equity in new Australian investment projects or in the expansion of existing Australian businesses. Approved JVS funds were delivered as a cash grant when the local partner was a public sector enterprise. However, if the local partner was a private sector venture, then JVS funds would be given as a grant for a line of credit to a local development bank.⁴⁸ The local private sector JVS partner could then obtain funding from the development bank. The first joint venture under this scheme was a timber mill in Western Samoa. Altogether, JVS funded ten projects in the South Pacific.⁴⁹ Table 18.0 provides an overview of these schemes.

Table 18.0 Australian Aid for Joint Venture Schemes in the South Pacific, 1981-5

<u>Date</u>	<u>Country</u>	<u>Project</u>	<u>Sector</u>	<u>(\$000)</u>
1981	Solomon Is.	National Bank	Finance	900
1981	W. Samoa	Veneer products	Agro-processing	470
1982	Fiji	Fiji Forest Industries	Agro-processing	1,800
1983	Vanuatu	Cement Factory	Manufacturing	515
1983	W. Samoa	Polynesian airlines	Transport	189
1984	W. Samoa	Talofa wines	Agro-processing	26
1984	Fiji	Yaqara project	Agriculture	312
1984	Kiribati	Bank of Kiribati	Finance	294
1985	Vanuatu	South Santo Cattle	Agriculture	950
1985	Vanuatu	Leather tannery	Agro-processing	650
Total Approved Australian contribution: \$6,106,500				

Source: adapted from Mellor (1988:2)

⁴⁸ In Fiji's case, these funds were granted to the Fiji Development Bank.

⁴⁹ Parry 1987:6; Mellor 1988:1.

All these projects involved public sector partners. Mellor (1988: 3-4) notes that JVS had a failure rate of only eleven percent: some projects produced better economic returns, but others teetered between losses and collapse. The Fiji Forest Industries (FFI) and the Bank of Kiribati Joint Ventures were the most successful while Vanuatu cement was a complete failure.

Despite its stated purpose (export promotion), JVS to Fiji has benefited only one sector (forestry) and was confined to two enterprises. Only two large-scale enterprises (the FFI and the Yaqara Pastoral Company) were aided under the JVS. Australia provided \$A1.8m for the Fiji Forest Industries and \$A312, 500 for the Yaqara Onions and Rice Scheme in the 1986/87 JVS allocations. The FFI was boosted with a JVS between the Western Australian Forest Industries and the Fiji Native Land Trusts Board. The FFI venture has produced better rates of return than the Yaqara project for onions and rice. This second project was a joint venture between an Australian individual and the Yaqara Pastoral Company.

Australia did not show as much zeal as it had for the DIG scheme in its JVS allocations. In a Memo to the Australian High Commissioner of 26 March 1980, the Permanent Secretary of Finance noted this lack of enthusiasm:

Our understanding is that Australian authorities have not been inclined to support funding from the Australian Bilateral Aid Program (ABAP) of costs related to commercial joint venture schemes (AID 45/1-II: 95).

At Bilateral Aid Talks in Canberra in September 1986, the Acting Director General of ADAB (Graham Lawless) reasoned that ADAB was unhappy with the JVS because a great deal of money had been wasted.⁵⁰ This was pertinent as some Pacific JVS ventures including Yaqara were incurring heavy losses at that point.⁵¹ Nevertheless, the JVS helped boost the forestry industry in Fiji.

Australia's lack of enthusiasm in funding more JVS in Fiji was matched by Fiji's frustrations over some of the scheme's rules:

The procedure which investors have to follow to ensure funds is too cumbersome and expensive....There are investors who are interested in using funds available under the scheme but because of the stringent requirement by ADAB that the project feasibility study has to be done...by independent consultants and not by someone who is closely involved in a project like the project sponsor, these investors are not in a position to fund the cost of feasibility studies....We would like to make greater use of the Australian Joint Venture Scheme but...lack of funds in the scheme to fund the feasibility studies inhibits the local companies/individuals from making use of funds...available under the scheme (AID 45/I-VIII: 221-222).⁵²

The scheme required Australian consultants for feasibility studies and their fees were paid from aid allocations. Although seminars on JVS were held in Sydney and Melbourne in 1983, no other joint venture was funded apart from the two (FFI and Yaqara).

⁵⁰ Bilateral talks held on 18 and 19 September (AID 45/I-VII: 225-238).

⁵¹ The failure of Vanuatu cement and heavy losses in Samoa's veneer enterprise were examples.

⁵² Notes on the JVS by the Aid Unit (c. 1986).

Despite Australia's lackluster support for more JVS ventures in Fiji, the Alliance government embarked on the export diversification aspect of IRD with gusto. Between August 1985 and March 1986, they submitted their interest and tendered elaborate proposals to ADAB for a large-scale commercial banana plantation on 100 hectares in Belego, Savusavu. The Australian partner was to be Mr Thomas Hault, who had a good record of commitment to the management of agricultural projects in Australia (like macadamias in Lismore). The Fiji partner for this venture was to be the Cakaudrove Company. Fiji's interest in this scheme was first submitted to the Australian High Commissioner on 22 August 1985 by the Permanent Secretary of Foreign Affairs.⁵³ Discussing the expected benefits of the proposed scheme on 14 September 1985, Fiji's Consul General in Sydney (Peter Thomson) said:

The project has very positive possibilities for Fiji's economy because it can generate \$1,750,000 per annum worth of Fiji exports to New Zealand within three years. It will create direct employment for over 100 people in the Wailevu East district in Cakaudrove. Furthermore, its location at Belego will be a boost to the government's rural development plans for the Northern Division. It can further diversify Fiji's economic base and generate regular shipping into Savusavu, thereby providing economic justification for the upgrading of the port at Savusavu (AID I-VII: 90).⁵⁴

⁵³ Letter to the Australian High Commissioner (AID 45/I-VII: 94).

⁵⁴ Letter to the Fiji High Commission in Canberra.

The venture was expected to produce 6,000 tons of bananas annually for export to New Zealand. The response by Australia was lukewarm so the Belego proposal fell through. Fiji's banana export industry collapsed in the 1980s after attempts by the government to revive it failed to gain aid support. The Belego proposal was one such attempt.⁵⁵ A question that arises is: Had Belego received aid from Australia, would it have helped resuscitate the ailing banana industry in Fiji? One point of interest is that Australia had its own thriving banana industry. Did the proposed banana venture pose a chance of competing against Australia's own on the international market? Nevertheless, given the mixed outcomes of the two JVS in Fiji, Australia's lukewarm response to this JVS proposal is understandable.

In a general assessment of the JVS, Parry (1987:10) argues:

The overall impression is that the ADAB joint venture scheme as a whole has not made a substantial development contribution to the countries of the South Pacific. As noted above, some of the individual projects appear to have had a favorable effect on employment and training, though the net development contribution of others have been severely limited by the effects of protection from imports which the projects have required.

This is where Mellor (1988) disagrees. He argues that Parry's critique of the JVS performance stems from inadequate research. Mellor explains that the JVS failure rate in the Pacific was small. In Fiji, the success rate of the two JVS projects in the 1980s sits

⁵⁵ AID 45/I-VII: 88-89; 90; 94; 95.

between the extremes. While Yaqara has suffered losses, FFI produced better economic returns.

SMALL GRANTS SCHEME

The third facet of Australia's aid for Fiji's IRD projects focused on community-based development in rural areas. Aid requests for self-help rural schemes were considered under the Small Grants Scheme (SGS). The SGS component was introduced in 1983 to replace the Miscellaneous Technical Assistance Scheme.⁵⁶ Before the introduction of the SGS, Australia funded self-help projects from its Project Aid allocations. This was problematic as the facility was better geared for larger projects. The SGS streamlined Australia's Project Aid allocations. It supplemented the Fiji government's self-help scheme for small scale village/community projects. Fiji's self-help program was administered by the Ministry for Rural Development. New Zealand also provided aid for these self-help projects. Individual village projects including government projects worth up to \$A20, 000 qualified for Australian SGS assistance. Table 19.0 gives a general idea of the diverse range of projects and costs funded by SGS. It shows that the SGS was not confined to village/community projects. Many SGS approvals were for consultancy fees, equipment for government departments and a host of other formal sector projects. Funding approved by ADAB for a multitude of community projects normally ranged from \$1,000 to \$15,000.

⁵⁶ The Miscellaneous Technical Assistance scheme provided aid for short term consultancy services. This facility was used mainly for project planning and feasibility studies. The authority for approving grants from this facility was vested with the Australian High Commission in Suva (AID 45/I-II: 231-232).

Table 19.0 **SGS Projects 1984-1987**

<u>Project</u>	<u>Approved \$</u>	<u>Date funded by ADAB</u>
Survey: Korotolutolu Area	15,000	17/9/1984
Wairiki Catholic Mission	10,000	28/4/1984
Ba Botanical Gardens	6,210	17/9/1984
Vatani Community Development	16,200	08/1/1985
Adi Maopa School Hostel	9,500	08/1/1985
Salia, Nayau Water Supply	17,736	26/3/1985
Lakeba Power Supply	8,090	03/4/1985
Batiki District School	15,788	20/5/1985
Namuka Village Housing Scheme	12,064	04/11/1985
Natutu Village Fishing Scheme	8,645	04/11/1985
Organization Review of Fiji Pine Commission	17,770	03/12/1984
Yaqara Pastoral Company	16,000	18/02/1986
Tovu Community Hall	8,500	10/10/1985
Tavua Seaweed Scheme	14,594	20/10/1986
Maruru Toilet Project	2,000	02/3/1987
National Bank of Fiji	49,810	12/11/1986

(Source: AID 45/16/5-I)

A survey of aid requests and correspondence with ADAB has revealed that Australia's response to project proposals in the urban/formal sector was generally easier than for community projects including village-based, rural projects.⁵⁷ Notwithstanding this bias, the Small Grants Scheme was the most successful element of Australia's assistance to Fiji because many rural community/village-based projects worth up to \$20,000 were completed with cash grants. The rate of approval of SGS proposals was much higher than for DIG and JVS. This is understandable because the aid ceiling for each SGS project was \$20,000. Many projects valued at less than \$10,000 were successful. Furthermore,

⁵⁷ Small scale community projects that were considered included Irish crossings, community halls, youth farming enterprises, fishing schemes, village/settlement generators (electrification) and other such community-based projects in the informal sector.

this scheme was the least complicated program because it was untied and involved straightforward transactions of cash for small projects. The SGS allocations averaged \$300,000 for each financial year. However, by January 1987, correspondence from AIDAB to the Ministries of Finance and Foreign Affairs indicated a reduction of allocations. The Director of Rural Development expressed concern on 25 August 1986 and 15 September to the Permanent Secretary of Finance.⁵⁸ He questioned Australia's commitment to self-help community projects. But the grant was reduced in 1986.

Although SGS was simpler than the DIG scheme, it was not without flaws. There were problems in administration by the donor (in delivery) and the recipient (in acquittals). Acquittal problems by government departments on behalf of recipients and the ADAB preference for urban/formal sector projects caused problems. While ADAB was stricter with small-scale projects, the Fiji government continually failed to furnish acquittals on time. Poor acquittals of SGS projects by the departments and ministries made the ADAB tighten its appraisal of proposals for small community projects. A letter of 6 August 1986 from the Australian High Commission to the Aid Unit requested the acquittal of outstanding SGS funds amounting to \$426,000⁵⁹. This was not the only case. Numerous letters from the High Commission requesting acquittals reveal that this was a persistent problem. For instance, the same letter of 6 August 1986 to the Aid Unit discussed this problem:

⁵⁸ Cited in AID 45/16/5-IV: 102.

⁵⁹ Letter from J. Munro, Counselor for Development Assistance (AID 45:16/5-I: 24). Some of the SGS projects had remained non-acquitted since 1984.

We recently undertook a review of the acquittal situation for the Small Grants Scheme and the result is attached for your consideration. As you can see there is over \$426,000 still not acquitted from grants totaling \$628,000. The situation is of great concern to us and we are anxious about the future accountability of the scheme to the authorities in Canberra. We have contacted most of the ministries concerned to ensure that the lack of acquittal does not result in the suspension of the scheme. I would be grateful for any efforts you might also make in obtaining outstanding acquittals particularly for those paid in 1984 and 1985 (AID 45/16/5-I: 24).

In response, the Permanent Secretary of Finance circulated a memo on 19 August to six ministries and departments, warning them that failure to provide this accounting could jeopardize the Small Grants aid. Most of the acquittals were provided before the month ended. The same problem was again highlighted in November by the High Commission in a letter dated 20 November 1986 to the Aid Unit which listed non-acquitted grants worth \$247,067. On the very next day (21 November), the High Commission sent out another demand for the acquittal of projects worth \$397,465, some of which had been funded in 1984 and 1985. The problem persisted throughout the 1980s. In a letter to the Fiji Aid Unit on 20 March 1985, the resident Aid Counselor blamed the administrative procedures of the Fiji government for hiccups in the scheme:

You will recall that on 8 November 1984 I wrote to you seeking a revision of the administrative procedures for processing requests for assistance under the Small Grants Scheme. In that letter I expressed concern at the administrative burden for the Aid Coordinating Committee, Public Service Commission, yourselves and this office in

processing 20-30 individual requests each year and suggested that ministries be requested to prepare a consolidated list of requests six monthly. Such a system would have considerable advantages in terms of the most effective utilization of limited SGS funds and would ensure that funds were allocated for the most worthwhile activities (AID 45/16/5-II: 188).

There was indeed a certain amount of disorganization in the submission of project proposals by the Fiji government, but the imposition of strict conditions for the appraisal of community projects created a bias for urban/formal sector projects.

Due to chronic delays in SGS project acquittals, the ADAB tightened conditions for the approval of small-scale, self-help community projects. Seeking to encourage timely acquittal, ADAB refused to approve projects located near other SGS projects which previously had problems in acquittal. A letter dated 17 February 1987 to the Ministry of Rural Development explained why a project requesting only \$A9262 from the SGS was rejected:

We are unable to consider the Nakorovou workshop project (\$9262) as you will note from your records that it is within the district where a project has not been acquitted (AID 45/16/5-IV: 231).

Many other community/village projects were rejected or had their funding deferred on similar grounds. To qualify for SGS grants, community projects needed a one-third contribution by the community itself. This worked on the same principles of the Fiji government's village self-help projects. On several occasions, correspondence from the

Australian High Commission demanded an increased input from communities for small-scale projects. In several cases, ADAB refused to fund projects until contributions by recipients were increased. A letter dated 17 February 1987 to the Ministry of Rural Development explained why some projects were not approved:

Apart from the lack of technical advice for the above proposals it is also evident that the communities do not appear to have raised sufficient funds as part of their contributions to the project. We believe that wherever possible, it is desirable that recipients contribute one third of the cost of the projects in terms of cash or equipment and that free labor and local materials are also provided (AID 45/16/5-IV:231).

This imposition of conditions for approval embodied an urban bias. Urban and formal sector projects seeking SGS funding were not bound by so many prerequisites. Community projects had to meet these conditions and funding for many village-based projects was deferred or totally rejected when they failed to meet these guidelines.

The mass of correspondence from the High Commission on SGS projects clearly illustrates that stringent conditions were imposed on small community projects. A letter dated 19 June 1986 to the Ministry of Rural Development articulated the ADAB position:

You will note that the majority of projects submitted with your letter of 11 April 1986 have been referred back to you for a variety of reasons including the lack of technical advice on the viability of the projects, the requirement for larger local contributions, the requirements for

acquittals in the affected districts, or because the projects were contrary to the SGS guidelines (AID 45/16/5-III: 334).

While community projects were carefully vetted by ADAB before approval for funding from the Small Grants Scheme, assistance to government ministries, departments, statutory bodies and for related consultancies were more easily approved and sometimes exceeded the ceiling of \$20,000. One transaction in 1986 under the SGS tested the parameters of the scheme because the amount drawn from SGS was four times the maximum allowable. Yet ADAB in collaboration with the Fiji Ministry of Finance bent the rules to approve the transaction. This involved the diversion of \$A80, 000 from SGS funds towards the National Bank of Fiji at a time when SGS funds were scarce. In a letter of 15 September 1986 to the Permanent Secretary for Finance, the Director of Rural Development voiced apprehension over a fifty percent reduction in SGS funds for small community-based projects.⁶⁰ He questioned the decision to use an already reduced grant for bailing out the National Bank:

Now it appears that these projects will not be funded and will not be implemented because funds set aside for them are to be (if not already) disbursed to an institution that would not normally qualify of assistance under the Small Grants Scheme guidelines. I had already made submissions to you and to Cabinet concerning the need to provide funds for small rural projects that emanate from the bottom up through the District Administration to this office. Already there are about 200 projects requiring over two million dollars now awaiting funds. The 50 percent cut in the Australian aid under the Small Grants Scheme and

⁶⁰ AID 45/16/5-IV: 102-3.

the further disbursement of funds available under SGS to other projects will worsen what is already a critical situation (AID 45/16/5-IV: 102).

This case demonstrated an urban bias because 200 small-scale village-based projects (worth about \$2 million) were awaiting funding. The diversion of \$80,000 drastically reduced the SGS balance to about \$70,000. Furthermore, the diversion suggests that the Fiji government had some persuasive capacity to push ADAB to bend its own rules. Correspondence from ADAB regularly issued stern warnings about SGS guidelines. Here then was a case where ADAB went outside its own guidelines to bail out an institution perceived by some Fiji officials as being ineligible for SGS funding.

However, two points must be noted. First, this was not the only occasion where funds exceeding the ceiling were diverted to the NBF. In 1984, \$70,000 was channeled from SGS to the NBF. Another grant of \$49,810 was made to the NBF in 1986. Second, the Small Grants Scheme was not confined to small-scale community projects. The scheme also provided cash grants up to \$20,000 to ministries and quasi-government institutions like the Fiji Broadcasting Commission and the Fiji Visitors Bureau. The NBF was a government-owned institution so it qualified for SGS assistance. Between 1984 and 1986, funds ranging from \$3,000 to \$70,000 were granted under SGS to the PWD, Economic Planning and Development department, the Ministry of Education, the FBC, FVB, the Forestry department and other departments for many purposes.⁶¹ In 1984 \$70,000 was granted to the NBF from the scheme's 1984/85 allocations. \$40,000 was given in 1985 to the Ministry of Education for in-service training. Other allocations were

⁶¹ The amounts cited here were in Australian dollars.

under \$20,000 (the maximum allowable for each grant). Apart from providing cash grants to ministries and department, SGS also funded consultancies for numerous urban and rural projects. These consultancies ranged from tree breeding (\$F9,478/\$A10,000), tropical fruit projects (\$F\$18,956/\$A20,000) and engineering for rural electrification to the provision of \$20,000 for an Australian consultant brought in to assist the government in drafting new (metric) weights and measures legislations, a consultancy for the Ministry of Works water main design (\$F9,742) and assistance in the computerization of government stores (\$F12,321).⁶²

Another rule imposed on the SGS disallowed additional costs over any single grant. Like the DIG scheme, the SGS required the government to pay for all extra local costs. Any incurred costs exceeding the amount granted from the SGS was to be met locally. However, while this rule was strictly adhered to with community projects, the bailing out of the NBF on three occasions including other grants (exceeding the ceiling) to government institutions indicate a preference for aiding projects in the urban and formal sectors. While the Small Grants Scheme proved beneficial to numerous community projects, the urban and formal sector preference meant that many other community development projects were rejected.

⁶² AID 45/16/5-III: 13, 280, 285, 296; AID 45/16/5-IV: 25-27. See AID 45/16/5-III and AID 45/16/5-IV for a full list of SGS grants for urban and rural project consultancies for 1983-1985.

CONCLUSION

This chapter has examined three components of Australia's aid for Fiji's IRD program. The main flaw of the DIG scheme was its rigorous tying to the purchase of Australian goods and services. Fiji was hard pressed to submit proposals for projects, each requiring not less than \$A100,000 in consignment value. These conditions hampered Fiji's capacity to make optimum use of the scheme and led to recurring under-use of its annual allocations. Since balance transfer was not possible, the unused balances were counted as lost aid. Fiji aid officials were aware that procuring technology from Australia was problematic because of the higher costs involved. The MOU for the DIG scheme included provisions for consultancy fees: another avenue for aid 'flow-back'. The strict tying of the scheme to the hiring of Australian consultants for serial feasibility studies sliced sizeable chunks off the DIG allocations as their fees ran into \$100,000 or more. Fiji had no control over finances involved in the scheme because the account was kept in Sydney and procurement was conducted in Australia by INDEXA. In the long term, the scheme proved more beneficial to the urban/formal sector (particularly for telecommunications) through technology and expertise transfers to the government. On the other hand, aid wastage in DIGS-aided agricultural projects has been demonstrated by their downward spiral after 1987. Most of these projects were already on the brink of total collapse by the end of 1987. Technology and expertise transfers aided by DIG for agricultural projects maximized aid repatriation while failing to raise the incomes of rural farmers engaged in these projects. Similarly, the full potential of the Small Grants Scheme to aid rural communities was not realized due to its urban/formal sector bias.

Many community/village self-help projects were left in the loop due to their stricter vetting by ADAB. The potentials and flaws of the Joint Venture Scheme are difficult to assess as it was confined to two agricultural ventures in the period 1981 to 1987. Nonetheless, the main snag with the JVS scheme was its tying to Australian consultancies and its cumbersome proposal procedures. The next chapter examines donor-recipient collaboration for the Yalavou Beef Scheme.

CHAPTER FOUR

The development profession suffers from an entrenched superiority complex with respect to the small farmer. We believe our modern technology is infinitely superior to his. We conduct our research and assistance efforts as if we knew everything and our clients nothing

(Hatch 1976: 6-7).

THE YALAVOU CATTLE BEEF SCHEME: NON-PRIMORDIAL VARIABLES IN THE PROJECT'S FAILURE

INTRODUCTION

This chapter examines the problems of the Yalavou Beef project to reveal how flaws in the donor-recipient collaboration contributed to its failure. The first section revisits the early years of the Yalavou scheme. The second examines the objectives of the scheme to contextualize its ethnic-preference platform. Since, the main focus of this chapter is the Australia-Fiji collaboration, section two skims over the socio-cultural factors influencing the project. The third section focuses on the real levels of support by the donor and the recipient to show how weaknesses in their collaboration constrained the project's progress. Section four demonstrates how poor financial management by the Yalavou Rural Development Board (YRDB) exacerbated the project's problems while section five addresses the technical problems. The final section recaps the variables grounded in donor-recipient collaboration. So this chapter seeks to plug the gaps in the literature on this scheme. The prevailing view concentrates on the socio-cultural causes of the

scheme's failure.¹ From this perspective, the loss of interest in the project by participant farmers was testament to the primacy of cultural affiliations over commercial ties and obligations forged among Yalavou farmers. The standpoint overemphasizes the primacy of primordial affiliations among participants as the main cause of failure. Touting a primordialist explanation, the Fiji Ministry of Finance (2002: 44) argues:

Some of the problems encountered in Yalavou were very similar to those in Seaqaqa; although in the case of the former, most of the farmers were from surrounding villages and were therefore still closely tied to their communities.

This perspective fails to acknowledge that non-primordial variables also contributed to the project's failure.² The primordialist explanation lacks balance because other factors including administrative bungling by the donor and recipient governments also contributed to the failure. This case study offers a more balanced explanation by examining aspects of the donor-recipient collaboration which impacted on the project.

THE LOGISTICS OF THE YALAVOU BEEF PROJECT, PHASE 1: 1978-1983

The Yalavou Beef scheme began on a grand scale in 1978 with plans to establish 98 individual holdings run by farmers recruited from the landowning units (of Bemana and other surrounding villages) and a focal farm managed by Australians. The feasibility

¹ ADAB 1982, 1986a, 1986b; Chandra *et al* 1989; Fiji Ministry of Finance 2002; Nation 1982.

² Primordialist explanations for development problems emphasize endogenous causes of these problems. Socio-cultural obstacles to modernization and development are given prominence as the most important factors impeding development in Third World societies.

study (ADAB 1976) by an Australian consultancy firm, McGowan Associates, proposed 64 new livestock farms, the rehabilitation of 34 existing ones and 5 new horticultural farms on the project site. Each farm (subdivision lot) comprised about 203 hectares (580 acres) and each farmer received a start-up grant of \$F1,000 to construct fencing and other developments. Image 1.0 shows one of the surveys carried out for the subdivision of small farms on the Yalavou project.

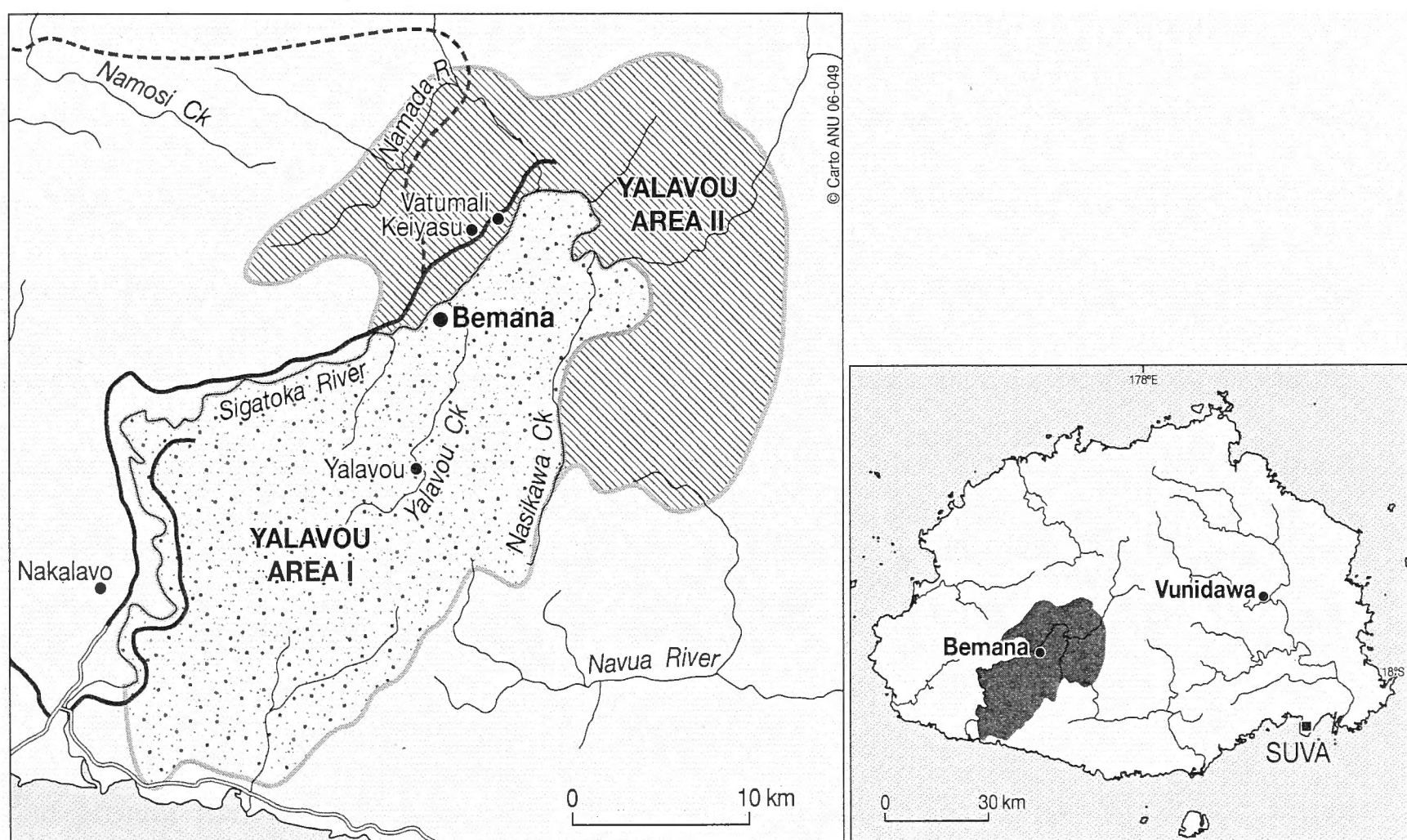
Image 1.0 **Small Farms Surveys, Yalavou Cattle Beef Project**



(Source: National Archives of Australia, ADAB; Yalavou small farm subdivision, Fiji, 1982; Series # A8790; Control # 10/FJ/6; Barcode 11621253).

The land on which the Yalavou scheme sits belongs to the *Mataqali* (Clan) *Vunabaka* of Bemana village. Map 1.0 shows the project site boundaries.

Map 1.0 YALAVOU PROJECT: SITE BOUNDARIES



(Copyright: Cartography Department RSPAS, Australian National University)

Although seven *tikina makawa* (former district configurations) in the Sigatoka Valley area were represented at the the Yalavou Rural Development Board, the majority of recruited farmers were members of the *Vunabaka* landowning unit of Bemana Village.³ The initial negotiations by a steering committee commenced in November 1976. This followed the first feasibility study in March 1976. A second study, the *Yalavou Pre-*

³ These seven districts were: Bemana, Koroinasau, Naqalimare, Conua, Mavua, Namatuka and Nasikawa.

Implementation Report was completed in March 1977. Bilateral talks between Australia and Fiji started in 1977. Negotiations with the Bemana village landowning units were also carried out by the Fiji government in 1977. Even in the pre-implementation phase (1976-1977), problems in obtaining consensus from the landowners were experienced. A meeting of the Yalavou Steering Committee on 20 May 1977 noted that two of the 49 members of the landowning unit refused to consent to lease their land for the project.⁴ Nation's (1982: 206-9) discussion of the negotiations between the familiarization team and the landowners provides an interesting view of the initial misgivings of the local people. He also reveals conflict between members of the landowning units over the leasing of by the YRDB. His research covers the early years of the scheme and problems of participation by the farmers. He does not consider how the donor-recipient collaboration affected the projected as he was examining the nature of ethnic Fijian participation in livestock projects.⁵

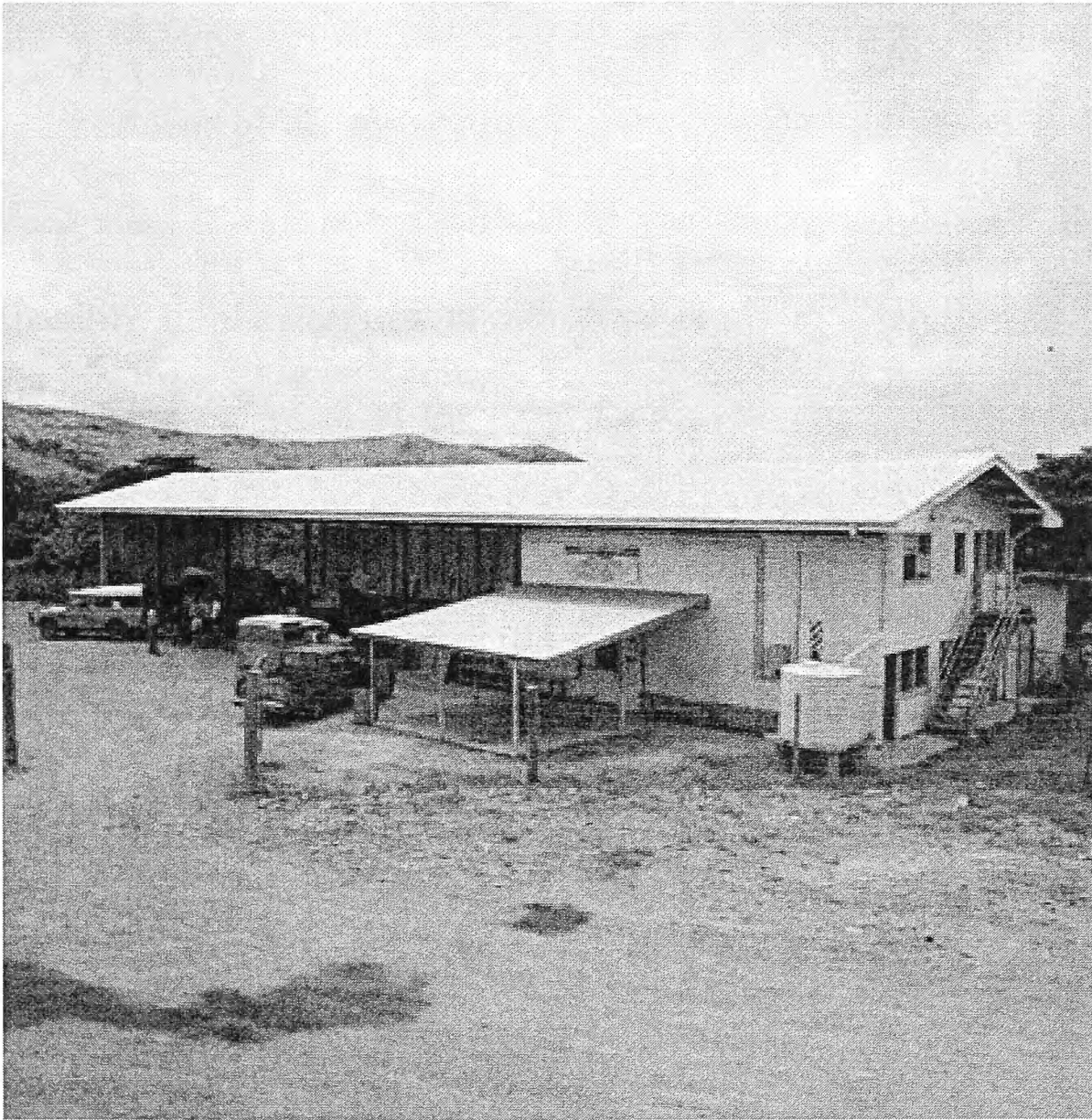
The project had six main goals: to develop 98 livestock farms run by ethnic Fijian farmers; to set up a focal farm managed by Australians; to construct 56 miles (90 kilometers) of feeder roads providing access to each individual farm; to foster a sense of community among participants with a community hall, sports and recreation amenities, a school, a dispensary, a church and a retail outlet; to develop and maintain a large watershed protection system; and to introduce Australian expertise to train local counterparts.⁶ Image 2.0 shows the focal farm at Yalavou.

⁴ AID 45/10/2-I.

⁵ AID 45/10/2-I; Nation 1982; Whittle 1979: 3; 82-84.

⁶ Whittle (1979).

Image 2.0 Focal Farm, Yalavou Project



(Source: National Archives of Australia; ADAB; Control # 10/FJ/12; Barcode # 11621245)

The focal farm was the administrative hub of the project. Its main role was to train the farmers. It conducted demonstrations of farming practices and ran courses on farm management. Although the focal farm was run by Australians, the Fiji government was responsible for its operation and maintenance costs. In return, the government received revenue from its sales of cattle. The watershed protection system covering 7,800 acres of reserves fringing the project site was established in 1978. This involved local staff seconded to the project from the Ministry of Agriculture because the Fiji government was

also responsible for watershed protection staffing. Australia supplied plant and equipment for road construction while the Public Works Department provided labor. Sadly, the achievement of all six objectives was impeded by delays in procuring livestock from Australia, delays and shortfalls in the Fiji government's financial contribution, the inability of the farmers to run their farms at a profit and other technical problems hampering the work of the focal farm. Consequently, some components of the project were not fully developed between 1978 and 1988.⁷

A Draft Memorandum of Understanding (MOU) of 15 December 1977 identified the YRDB (as agent for the Fiji Land Development Authority) and ADAB as the executive authorities.⁸ This clause was incorporated into the original MOU signed on 08 February 1978. The MOU projected a six-year timeframe (1978-1983) for Australian aid from the time the Australian project manager arrived on the site in 1978. The feasibility study (ADAB 1976) had proposed a total commitment period of ten years (1978-1987). However, due to many problems affecting the project, the commitment period had to be revised twice, stretching the time frame for Australian aid beyond 1986. By the end of 1983, it was clear that the project needed continued Australian aid so the MOU was redrawn to extend the timeframe to the end of 1986. Extension Phase 1 covered 1984 to 1986. Another revision in 1986 extended the period to the end of 1988. This last extension was to cover Stage 2 of the project when two more studies were planned by the Fiji government. The rationale for seeking this second extension was an urgent need for two more studies requiring Australian aid. These were a feasibility study for an area

⁷ AID 45/10/2-I; ADAB 1976; Whittle 1979: 86-7.

⁸ AID 45/10/2-I

known as 'Yalavou II' and an appraisal of the Fiji meat industry to "review the current status and potential of the Fiji meat market in relation to demand, local production and the extent of shortfall of beef imports" (AID 45/I-VII: 370). This excuse reflects poor forward planning. Market assessments should have been done long before the project began.

The feasibility study (ADAB 1976) had estimated the cost of the project at \$F6.728 million: Australia was to contribute 65 percent of the cost (\$F4.409 million) while Fiji would contribute the balance (\$F2.319 million). In the official MOU, Australian and Fiji contributions were estimated at \$A3.463 million and \$A2.037 million. However, by the end of 1988, the cost of the project had escalated to \$A10 million. Australian contribution (in cash and kind) had more than doubled the projected contribution: Australian aid totaled \$A8.0 million by December 1988 while Fiji's investment amounted to only \$A2 million.⁹ Furthermore, while it was envisaged (by both governments) that Australian aid would mainly be aid in kind (technical assistance) with some cash grants, weak financial support by the Fiji government, heavy aid repatriation and the chronic cash flow problems of the YRDB forced Australia to increase its financial contributions. Australian aid for the scheme ceased in 1988.¹⁰

⁹ The total cost of the project was \$A10.661 million. Australia contributed \$A7,987,286 while Fiji contributed \$A2,673,174 (Chandra *et al* 1989: 30; 46). However, the value of the Australian contribution recorded in ADAB estimates is the gross value and does not account for depreciation through aid repatriation.

¹⁰ AID 45/I-VII: 370; AID 45/10/2-I: Draft MOU December 1977, Original MOU February 1978; Chandra *et al* 1989: 30; 46.

By the end of 1980, 91 kilometers of access roads worth \$755,000 had been completed and fifty six farms run by ethnic Fijian farmers had been established.¹¹ The number of ethnic Fijian farmers settled on Yalavou rose to eighty six by 1982. Regrettably, the scheme was temporarily closed in August 1988, on the brink of bankruptcy due to unscrupulous business practices by chiefs representing landowner interests in the scheme's executive body (YRDB). Gross financial weaknesses in the YRDB persisted throughout the commitment period and this also brought the project to its knees. Yalavou, like other Fijian livestock projects (Tilivalevu, Uluisaivou and Yaqara) bounded by traditionalism and ethnic-preference, teetered on the verge of collapse soon after Australian aid ended in 1988. It failed to achieve any significant upturn thereafter and the number of farms has dwindled to less than thirty. These are now struggling to stay afloat.¹²

SCHEME OBJECTIVES: GALALA , TRADITIONALISM AND INDIGENOUS FIJIAN ECONOMIC DEVELOPMENT

The Yalavou Beef Scheme was an integrated rural development project aimed at creating "a replicable system of 'unlocking' Fijian land to increase participation by ethnic Fijians in the commercial sector", thereby raising the livestock and agricultural productivity of approximately 62,000 acres of hilly country around the Sigatoka valley (AID 45/10/2-I: 187). Yalavou was one of the commercially-oriented livestock projects prioritized by the Fiji government between 1971 and 1987 to mainstream ethnic Fijian participation in

¹¹ Each farmer was allotted a 203 hectare block. Chandra *et al* (1989: 47) recommended that single blocks (for individual farms) in future livestock projects be reduced to less than 100 ha.

¹² AID 45/10/2-I, Chandra *et al* 1989: 30, Fiji Ministry of Finance 2002: 44.

commerce.¹³ Other overseas-aided IRD-based projects implemented between 1971 and 1987 to encourage ethnic Fijian participation in the commercial sector included three pilot cocoa projects at Nabunisoqosoqo, Navitilevu and Matasawalevu (in the hinterlands of Viti Levu), a cocoa project in Taveuni, a pigeon pea project in the Northern Division, coffee, tea and many other crop diversification projects.¹⁴ These projects sat on native leases and the participants were exclusively ethnic Fijian farmers recruited from landowning units. All were quasi-commercial and none succeeded in the long run. Given their remote locations and traditionalist orientation, access to markets, socio-cultural factors embedded in communalism and, the land tenure system were important issues in their long-term viability. However, this examination of the administrative problems of the Yalavou project emphasizes certain critical weaknesses in the Fiji-Australia collaboration.

Given its ethnic exclusiveness and partial financing through the Fiji Development Bank (FDB), the Yalavou scheme, like many others driven by the IRD program, was an affirmative action project. Institutionalizing its commitment to a rural development program based on an ethnic-preference, the Alliance established a soft loans scheme for ethnic Fijians and Rotumans with the Fiji Development Bank in 1975. The ethnic-preference of the FDB soft loans scheme sought to address what the Alliance saw as a growing income disparity between Indo-Fijian and ethnic Fijian farmers. However, this perception downplayed inequalities among the ethnic Fijians themselves in terms of

¹³ Other livestock projects included the Uluisavou Beef scheme funded by New Zealand. Australia funded the Makogai sheep and Yaqara Pastoral projects.

¹⁴ These three pilot cocoa projects were prioritized in the LOME II allocation for micro-projects. Australia co-aided these projects with the EEC.

differential entitlements to lease incomes by members of landowning units (the *mataqali*/clan), among other inequalities.

The object of the Yalavou project was to co-opt ethnic Fijians into commercial agriculture through an import-substitution livestock venture. The scheme aimed at “producing a class of ‘mini-capitalist’ ethnic Fijian farmers”.¹⁵ Seeking to ease the farmers’ transition from communal to individual enterprise in the project, the Alliance government tentatively revisited *galala* when it set its terms of reference for the project. Promoting the *galala* concept, the project aimed to sever the communal ties between Yalavou farmers and their villages by isolating the project site. *Galala*, therefore, governed the participation of the ethnic Fijian farmers in the scheme. While the Uluisavou beef scheme embraced traditionalism by choosing a site overlapping into the boundaries of surrounding Fijian villages, the terms of reference for Yalavou sought a severance of communal ties between Yalavou farmers and their villages of origin. The Yalavou project site (unlike the Uluisavou scheme) was therefore located away from the boundaries of the neighboring Bemana village to discourage interaction.¹⁶

On the surface, this promotion of *galala* in the terms of reference may be mistaken for a breakaway from traditionalism. In reality, however, the terms of reference constituted a bundle of contradictions because the *galala* of the Yalavou farmers was negated by the cooptation of their chiefs in the executive board (YRDB). Yalavou farmers were

¹⁵ Watters quoting Helen Hughes (Interview dated 26/8/2004: 2).

¹⁶ The Uluisavou Beef scheme did not seek a complete severance of communal ties between the project participants and their village communities. The project boundaries overlapped with neighboring villages, on the premise that the scheme’s commercial orientation could be promoted within communalism.

therefore still grid-locked to communal obligations and the influence of their chiefs emanating from the YRDB. The Alliance government's adherence to traditionalism was reflected by its decision to merge modern management and chiefly leadership in the YRDB. Another irony stemming from the project's terms of reference played out in the pattern of infrastructure development on the project site. Although one objective of the project (flaunted by the government) was to foster the general upgrade of the surrounding Sigatoka hinterlands, infrastructure development was confined to the project site to isolate participants.¹⁷ All roads to the Yalavou farms came off the Sigatoka valley and were cut-off from the main Sigatoka valley link road. Given its inward-looking infrastructure, the project did not prioritize the general development of the Sigatoka Valley: it focused instead on harnessing the productive participation of recruited farmers. The Yalavou project did not fulfill the government's initial promise to enhance the development of the Sigatoka hinterlands. Consequently, the site remained inaccessible from the Sigatoka valley area. Chandra *et al* (1989: 38) acknowledge this limitation:

Development projects such as the NTT Livestock Development Project, Phase 1, Indonesia and the Yalavou Beef Project, Fiji, can have a major impact only on the limited numbers of people who settle on the developed farms.

The Sigatoka valley including Yalavou remains inaccessible today due partly to the project's insular development and the deterioration of existing link roads within the area.

¹⁷ I use the word 'stated' here to emphasize that although these objectives were touted by the Fiji government, there was actually little done through the project to disperse the infrastructure developments to the surrounding areas. In this sense, the claim made by the Fiji government and the ADAB that the project aimed at developing the hinterlands of the Sigatoka valley was baseless.

Over the years, a majority of the Yalavou farmers abandoned their farms and returned to their villages because there was little incentive to sustain their interest and participation in the long run. Watters (2004) and Naidu (2004) link the project's failure to socio-cultural factors impeding the productivity of the farmers.¹⁸ Naidu (2004: 3) argues that the project failed to sever ties between participants and their villages because even within the project site, access was a problem. Problems of access to the focal farm by the local farmers prevented the optimum provision and use of training facilities and programs. Watters (2004: 2) states that although an attempt was made by the YRDB to promote among the farmers the practice of saving money, communal obligations (funerals, weddings, church levies and other cultural demands) drained their resources.¹⁹ Naidu (2004) adds that where cooperative work was involved, the farmers banded well but when these exercises were completed, there was little incentive for hard work.²⁰ Although this explanation may be pertinent, it is biased. First, Naidu's perception of the farmers' psycho-social responses to the lack of incentives tends towards the primordialist standpoint. He fails to recognize the dilemma of the farmers who were pushed into *galala* but were still susceptible to the influence of their chiefs serving on the YRDB. Second, he undervalues the technical problems, logistical flaws and the weak financial position of the YRDB which generated problems and created disillusionment among the farmers.

¹⁸ Les Watters was the resident ADAB counselor in Fiji in the early 1980s. Rama Naidu is a retired senior agricultural officer who specialized in livestock and is currently a member of Qarase's 'Think Tank for Rural Development Strategies' in Fiji.

¹⁹ Each farmer was required to open a savings account and the pass books were kept by the YRDB office in an attempt to promote an ethos of 'saving' among the farmers.

²⁰ Interview dated 25/5/04: 3.

Nation (1982) offers an alternative explanation, saying that these farmers were uprooted from their villages and communal lifestyle without careful assessment of the impacts of this disassociation on the farmers. A sociological assessment by Australian consultants in 1977 failed to address how the ethnic Fijian mindset to individualism could affect the project. In a nutshell, the socio-cultural variables likely to impact upon the rates of return were not adequately weighed. As Nation (1982: 256) notes:

The Chapter on 'socio-cultural factors' in the feasibility study is based almost entirely on 'judgements'. For example, it is argued that the people of Nadroga and Navosa are individualistic by comparison with other Fijians. Although this assertion is not without foundation, it is impressionistic and treats individualism in its widest and most vague sense.

Chandra *et al* (1989:38) also blame the lack of a proper sociological assessment for the poor quality of extension support:

Failure to take into account social aspects has limited the effectiveness of extension in many projects.

However, although this review raised many pertinent points about the causal factors in livestock project failures in the Asia-Pacific region, it did not single out the Yalavou project as an example where inadequate assessment of social factors undermined extension support. Moreover, overemphasis on the lack of proper sociological assessments undervalues the significance of other factors. Socio-cultural factors impacted

mostly on the participants, but technical problems and flaws in the donor-recipient collaboration were more significant causes of failure as they had the capacity to throw the whole project out of sync. Technical problems hampered operations while weak donor and recipient support compounded the financial problems of the project.

REVISITING THE LEVELS OF SUPPORT BY AUSTRALIA AND THE FIJI GOVERNMENT

Primordial factors aside, administrative problems and flaws in the donor-recipient collaboration contributed more significantly to the project's failure. The management structure was complicated by multiple lines of command. This structure featured two overarching lines of command each presided over by ADAB at one end and the Fiji government at the other. Beneath these two layers, another two lines of commands issued from the YRDB and the focal farm. This was further complicated by another source of directives: the McGowan management consultants, which mediated between the focal farm, the farm manager's office and the YRDB. The YRDB is a statutory body under the Animal Production Unit of the Ministry of Agriculture and Primary Industries. Its constitution was established under Legal Notice 26 of 1978. The YRDB comprised one *mataqali* (clan) representative from each of the seven old *tikina*, one each from Primary Industries, Finance, Works and Transport, Fijian Affairs and Rural Development, the manager of the Native Lands Trust Board (NLTB), the managing director of the FDB, the Commissioner Western Division and the Roko Tui Nadroga.²¹ The Chairman of the

²¹ Representatives from the local communities were chiefs. The debacle in 1998 which led to its temporary closure revealed corrupt practices by the chiefs.

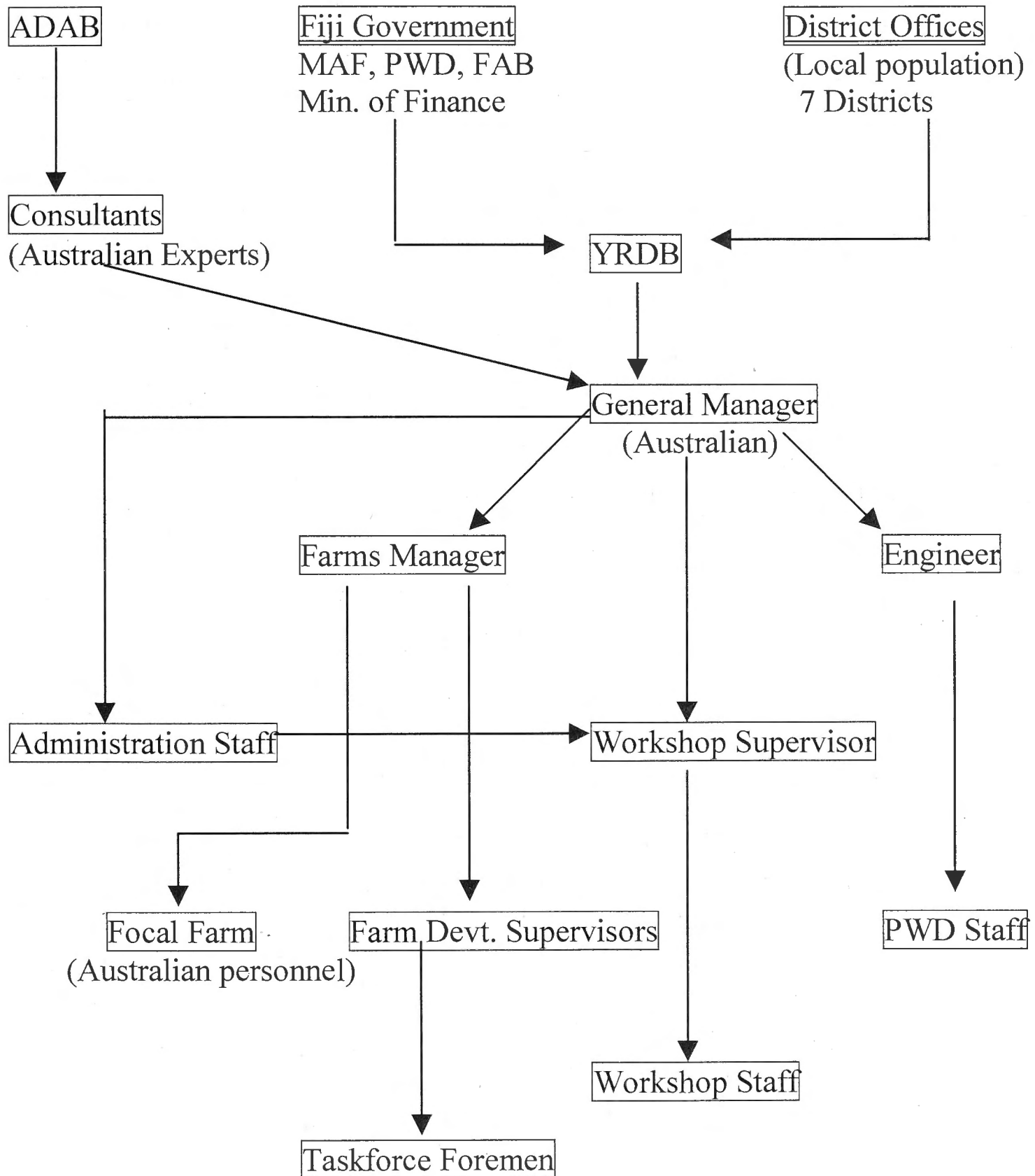
Board was appointed by the Land Development Authority. The role of the YRDB was to administer farm and road development. During the Australian aid period (1978 to 1988), its General Manager (an Australian) appointed by the ADAB and approved by the Fiji Land Development Authority, was an *ex officio* member (with no voting rights).

The YRDB management comprised Australian bureaucrats, local counterparts (seconded by the Fiji Ministries of Agriculture, Finance and other local institutions) and representatives (chiefs) of the local people chosen by the seven districts. The focal farm was also managed by Australian livestock experts who provided training programs for the Yalavou farmers. The executive function of the YRDB was complicated by the dual lines of command from the Fiji government and ADAB. The heavy involvement of Australian consultants (McGowan) created a third administrative linkage. This third source of directives operated mainly between the focal farm and the Australian farm manager. The management stratum was therefore dominated by Australians through the focal farm operations, Australian leadership of the YRDB through an Australian Farms Manager and the heavy involvement of McGowan consultants. However, a local person (now manager of the Fiji Meats Industry Abattoir in Suva) was appointed to understudy the Farms Manager and became his successor after 1988.²²

Figure 1.0 sketches the administrative structure of the project.

²² AID 45/10/2-I; Nation 1982: 220-221.

Figure 1.0 The Yalavou Management Structure



(Source: Adapted from Nation 1982: 223)

The initial cash grant from Australia was to purchase stud cattle from Australia (\$F44,500); starting capital for each farmer at \$F1,000/farmer (\$F98,000); development and operation costs (to the end of 1983) of a focal farm (\$F228,800); building construction on the focal farm (\$60,000); building land survey and research costs (\$14,000); contribution

to training a forest ranger for watershed protection management (\$3,000); and working capital for the YRDB (\$30,000). All grants were transmitted to the Australian High Commission for payment to the YRDB. Fiji was to contribute to local costs including subsidies for the YRDB and infrastructure (access roads). McGowan was contracted to carry out feasibility studies. Another contract was awarded to the Snowy Mountains Engineering Corporation to supply farm machinery (road plant, heavy machinery and materials for the focal farm) and construct the focal farm. These contracts were funded via Project Aid and DIG allocations. The procurement of Australian technology and livestock was done by INDEXA P/L, the Australian agents for Fiji under the DIG scheme and Snowy Mountains Corporation.²³ Table 20.0 outlines how Australian government funds for the project were disbursed in 1978.

Table 20.0 Australian Aid Input: Yalavou Cattle Beef Scheme (as at the end of the September Quarter, 1978)

	Progressive Total (To end of Sept. '78) AU\$	6 Year Estimate (To end of 1983) AU\$
YRDB	1,439,568	2,113,600
McGowan International (Contract 1040)	1,438,394	2,300,200
Snowy Mountains Engineering (Contract 1046)	1,193,897	1,374,400
Other Aid	18,840	82,300
TOTAL	<u>4,090,699</u>	<u>5,870,500</u>

(Source: AID 45/10/2-I: 151)

²³ AID 45/10/2-I: MOU February 1978.

This record clearly demonstrates that the bulk of Australian funds for Yalavou were paid to the two Australian companies providing expertise and technology transfers while the resident YRDB constantly faced cash flow problems. From the progressive total expenditure of \$A4,090,699, \$A2,632,271 was paid out to the two Australian firms (Snowy Mountains and McGowan). Since more than half of the Australian input for 1978 and the projected six-year (1978-1983) disbursement was diverted to Australian expertise and technology transfers, repatriated Australian aid accounted for fifty to sixty percent of the value of aid pledged for the project. Moreover, the YRDB was led by an Australian whose salary was also drawn from the Australian cash grants. The real level of Australia assistance for the Yalavou scheme was therefore less than half the amount pledged in the MOU.

Shortfalls in the Fiji government contributions compounded the financial problems of the YRDB. Even in the first year of the project (1978), a shortfall in the government's financial contribution towards the road construction budget for the Yalavou scheme caused anxiety that road development could be halted before the year ended. The ADAB responded (in a letter of 8 November 1978 to Fiji's Permanent Secretary of Finance) by offering a cash grant to assist the government in meeting its road funding shortfalls.²⁴ ADAB was willing to provide \$A60,000 to ensure the continuation of road construction at Yalavou. In return, Fiji was to provide the equivalent of \$A60,000 to cover the cost of training for the Yalavou farmers over three years. The ADAB proposed a phased repayment of the \$A60,000 it offered, with the Fiji government repaying \$F16,000 in

²⁴ AID 45/10/2-I (cross-referenced to Finance File 271/2/1/7/4/2).

1979, \$F31,000 in 1980 and the balance in 1981. This was a reasonable offer, but the government decided to meet its shortfall through a diversion of funds from the Uluisavou road program.²⁵ By September 1980, the MAF ran out of funds to pay for outstanding subsidies to Yalavou. In a letter of 22 September 1980 to the Permanent Secretary of Finance, the Australian High Commissioner expressed concern that the cash flow problems of the YRDB were caused by the non-payment of subsidies by the Ministry of Agriculture. The Permanent Secretary of Finance then sought help from ADAB (in a letter of 9 October 1980), asking for an advance of \$40,000 from the amount (\$A75,000) ADAB had scheduled for payment to YRDB later that year:

It is such an unfortunate situation that funds appropriated for subsidies have been exhausted before the end of the year. Owing to lack of finance, it is not possible to provide any further fund to the Ministry of Agriculture this year. However, adequate provisions have been made in the budget for 1981 for the payment of subsidies. The problem faced by the Yalavou Beef Scheme is understandable, however, it is regretted that our Ministry cannot spare any fund to the Ministry of Agriculture for at least up to the end of this year. In the interest of the project, I would request that a sum of \$40,000 from the next tranche of \$75,000 scheduled for payment in December this year, be paid now. This arrangement will enable the project to progress as originally planned without having to slow down the activities (AID 45/10/2-I: 69).

This correspondence reveals two important points about the Fiji's financial procedures. First, the system of funding for ministries and projects was inflexible as it did not allow

²⁵ Noted in memo of 27/1/78 from the Director of Economic Planning to the PSFA (CPO 45/10/2): AID 45/10/2-I.

for extra budgetary allocations. Second, there was no contingency planning for project funding, so when subsidies for a project were exhausted, the ministry responsible for subsidizing it had no contingency funds to draw from. The option chosen by the Fiji government was to seek an advance from ADAB. This raises two questions: Were there really no other avenues through which funding could be generated locally? If so, why seek an increased input from Australia?

The Fiji government again reduced its financial commitment from \$300,000 to \$80,000 in 1981. In the same year, cyclone Arthur caused damages totaling \$132,000 to the new road network at Yalavou. In a letter of 19 March 1980, the resident ADAB Aid Counselor (Les Watters) warned the Permanent Secretary of Finance that this reduction would see a cessation of all road works by May 1981:

We are writing to express our concern at the adverse on the progress of the Yalavou Project caused by a reduction from the requested amount of \$F300,000 to \$80,000 in the Fiji Budget allocation for Yalavou roads for 1981....As the provision now stands, the Fiji government allocation will be used by May 1981. The implications of this are significant. Firstly, farm openings and agricultural developments in the individual farms dependent on service roads will be slowed down and made more costly. This will affect the viability of the overall project.²⁶

In a discussion of this problem with Rishi Ram, the Australian High Commissioner (Baldwin) advised that Fiji submit a request for road funding from the 1980/1981 allocation. The MAF therefore prepared a proposal seeking an additional \$F132,000 for

²⁶ AID 45/10/2-I: 86.

Yalavou roads. ADAB allocated \$A150,000 from the 1980/81 allocations for road reconstruction on Yalavou.

Table 21.0 provides a breakdown of the Fiji government's contributions to the end of 1983. The main form of financial contribution was in cash grants, followed by subsidies to the PWD for road development and subsidies for farm development by the Ministry of Agriculture and Fisheries.

Table 21.0 Fiji Government Contributions to the Yalavou Project, 1978-end of 1983 (\$F)

Year	Subsidy (via MAF)	Cash Grant (To YRDB)	PWD	MAF (Direct)	Total
1978/80	51,639	132,273	1,195,410	86,658	1,466,020
1981	90,500	91,900	140,000	47,750	370,150
1982	60,000	134,000	100,000	58,500	352,500
1983	40,000	154,000	100,000	58,500	352,500
TOTAL	242,139	512,173	1,535,410	251,448	2,541,170

(Source: AID 45/10/2-I: 152)

The subsidies via the MAF (column 2) to the project were for the demarcation of farm boundaries (pine posts and fencing) and other infrastructure excluding road construction. The cash grants to the YRDB (column 3) were for salaries and allowances for the local staff. The government's contributions to the PWD (column 4) were for road construction and wages for local laborers and PWD staff. The Fiji government was also responsible for the salaries of expatriate staff providing technical advice to the PWD. Direct cash grants to the MAF (column 5) were for salaries of MAF staff seconded to the scheme, including agricultural extension officers. The government's financial support was

impeded by delays in disbursements and shortfalls. This contributed to the extension of the project's implementation period to the end of 1988.

Weaknesses in the Fiji government's financial support for Yalavou worried ADAB. At a meeting of the Yalavou Project Coordinating Committee on 16 October 1980, the Aid Counselor (Sillar) said that in terms of the MOU, the Fiji government's pledged contribution of \$2.6 million needed to be increased.²⁷ Letters from the Australian High Commission to the Permanent Secretary of Finance between 1978 and 1982 also called for an upward review of Fiji's contribution. Between December 1980 and January 1981, concern was raised between the Secretary for the Public Service Commission, the Director of Lands and Permanent Secretary of Finance over the lengthy delay of payment (by the Fiji government) of outstanding salary for an Australian engineer. The delay lasted four months and the Permanent Secretary of Finance pointed out (letter of 16 December 1980) to the Director of Lands, that the protracted delay was "a source of embarrassment to the Fiji government" and that this could be deemed a failure to honor commitment to the original MOU.²⁸ Similar problems recurred from 1980 to 1987. Inconsistent funds disbursement by the Fiji government exacerbated the financial problems of the YRDB and the overall progress of the scheme. So, the Yalavou project was constrained by shortfalls and delays in the Fiji government's contributions and the repatriation of Australian aid. Chapter 6 discusses shortfalls and funding deferments by the Australian government and their impact on Fiji's budgetary processes and forward planning for projects. The Yalavou scheme received funding under the Project Aid

²⁷ AID 45/10/2-I: 75-79.

²⁸ AID 45/10/2-I: 74.

allocations in the ABAP. The persistent deferment of project funding by ADAB between 1980 and 1987 hurt all projects including the Yalavou Beef Scheme.

THE YALAVOU RURAL DEVELOPMENT BOARD: MANAGEMENT AND FINANCIAL PROBLEMS

Apart from weaknesses in the Fiji-Australia collaboration, weaknesses in the financial management of the local executive authority (the YRDB) also played a role in the ultimate collapse of the project. This variable in the scheme's failure has never been adequately addressed by previous assessments. Official documents suggest that the frequent revision of the YRDB operational budget at short intervals was a major hiccup in the project. The inability of the YRDB to keep its budget within estimates fed a voluminous three-way 'paper trail' between ADAB, the Ministry of Finance and the YRDB from 1978 to 1986. Constant requests by the YRDB for replenishment of its operating budget indicated that something was not right with the Board's financial management. The inability of the YRDB to maintain its budget was, therefore, another factor contributing to the project's failure. Table 20.0 shows how Australian finance was largely diverted to Australian technology suppliers and consultants. This and the complex structure of cash-flows between ADAB, the Fiji government and the YRDB created a bottleneck in the flow of funds. Right from the beginning, the YRDB continuously submitted requests for additional funds. This financial weakness was to some extent caused by irregularities in the funding structure of the project. Nation (1982: 221)

observed that the financial weakness of the YRDB was caused by the complexity of channels for project funding:

The functioning of the YRDB, particularly the role played by the popular representatives within the board, is influenced by the technical complexity of many of the issues under its jurisdiction. The two main functions which the board directs, farm development and road development, appear relatively simple on the surface but the execution of these tasks through the combined efforts of two governments and private management consultants creates great complexity, particularly in the area of finance.

He (ibid: 222) notes that the YRDB was not at the center of this flow of funds, but he does not mention that this was true only in the case of funding flows from the Fiji government to the YRDB. The Australian government channeled funds involving foreign exchange via ADAB into a Fiji Central Monetary Authority account with the Reserve Bank in Sydney.²⁹ These funds would then be transferred to the YRDB (Australian Grants Account) at the Bank of New South Wales in Sigatoka once they were approved by ADAB for disbursement.³⁰ All cash grants were transmitted to the Australian High Commission for payment to the YRDB.³¹ These were more direct channels than the one used by the Fiji government.

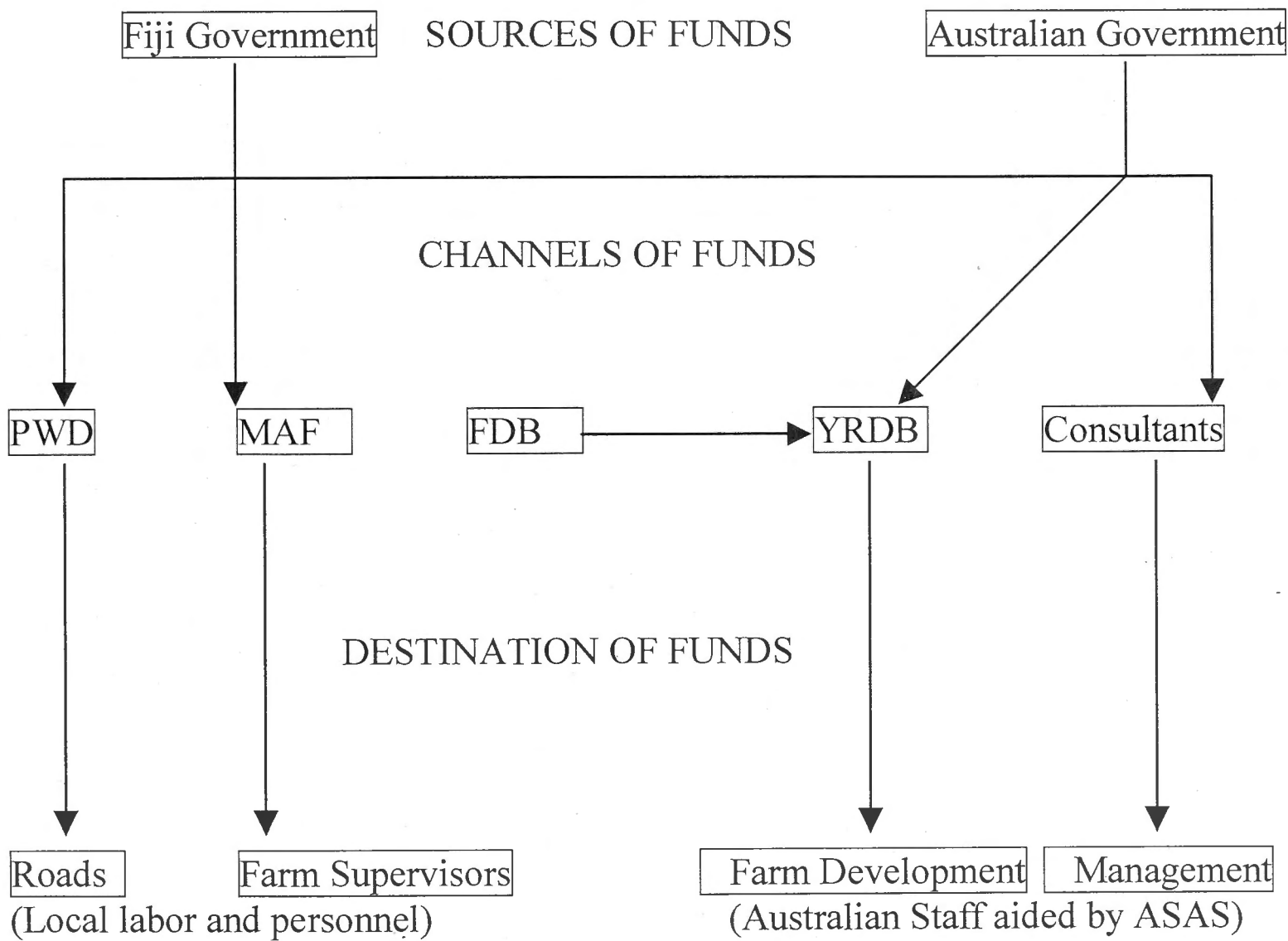
Figure 2.0 sketches how funds flowed.

²⁹ This line of funding was used when procurement under the DIG scheme was used.

³⁰ AID 45/10/2-I: 122.

³¹ AID 45/10/2-I: Draft MOU dated 15 December 1977.

Figure 2.0 Flow of Funds from ADAB and Fiji government: Yalavou Project



(Source: Adapted from Nation 1982: 222)

The Fiji government channeled funds to the YRDB via the FDB and the Ministry of Agriculture and Fisheries (MAF). The YRDB was therefore always overdrawn because part of its funding from the Fiji government was through loans from the FDB. Since FDB loans to individuals were also subsidized by the Fiji government, each farmer paid only four cent interest on his loan. Direct cash grants to the YRDB, the MAF and the PWD from the Fiji government were for salaries and gratuities for Fiji civil servants and

Australians seconded to the project. For general farm development, the YRDB received funds from the Fiji government through loans (for farmers' shares of costs) from the FDB and subsidies (for farm equipment and other input) from the MAF. Hence, funding by the Fiji government for the YRDB capital overheads and operational costs were not given as direct cash grants. These were met through subsidies from the MAF and loans from the FDB. Constant shortfalls and delays in MAF subsidies heightened the cash-flow problems of the YRDB.

The original MOU envisaged that Australia would mainly provide technical assistance for infrastructure, but Australia's cash input had to increase due to the endless requests for cash by the YRDB. Even in its first year of operation (1978), revisions had to be made to the operating budget. A letter of 18 August 1978 from the Australian High Commission noted that revisions to the budget for road works required an additional \$F62, 583 to meet the costs of the 1978 program.³² Another letter from Finance to Foreign Affairs (03 December 1979) enclosed a copy of a letter from the YRDB Chairman requesting an additional \$400,000 for the project's budget.³³ The letter called for a revision of the original MOU.³⁴ This request was approved and the MOU of February 1978 was revised in April 1980 to increase the long-term budget for Australian cash grants (to the YRDB) to \$FJD1.436 million. This amendment allowed an increase by \$F391,200 in the Australian cash grants to the YRDB.³⁵ Again, a letter of 28 October 1980 from the Australian High Commission to the Permanent Secretary of Finance called

³² Letter to the Permanent Secretary of Finance [AID 45/10/2-I] (Cross referenced to AHC File # 271/2/1/7/4).

³³ AID 45/10/2-I (Cross referenced file # 77/5/6).

³⁴ The letter requested that the original MOU of 1978 be redrawn and amended.

³⁵ AID 45/10/2-I.

attention to the cash flow problems of the YRDB.³⁶ Subsequent correspondence between Finance and Agriculture in 1980 revealed a shortfall of \$40,000 in funds managed by the YRDB. Another request was submitted to the Australian High Commission by the YRDB in October 1980 for \$50,000. By the end of 1980, \$68,000 was outstanding and only \$34,000 was accounted for. This brought the outstanding figures for 1981 to \$54,000 and \$62,000 for 1982. Other letters between the YRDB and the Ministry of Finance reveal that the YRDB frequently requested additional funds.

An incident involving 100 golf hats in 1981 provides an interesting insight on how the project's managers (Australian experts) tried to foster social cohesion among farmers. On 8 April the General Manager of the YRDB (A. Henderson) tried to rationalize to the Permanent Secretary of Finance, the purchase of 100 hats from Australia for the Yalavou farmers, saying:

I appreciate that the Controller of Customs finds it difficult to see this as being an item necessary for farm and project development. Management on the other hand recognizes the vital importance of farmers identifying with the project, and to ignore this aspect is fraught with the grave risk of project collapse (45/10/2-I: 98).

The letter sought approval for duty concessions. The serious tone of the letter suggests that management believed that the project's future hinged heavily on 100 hats brought all the way from Australia. According to the YRDB General Manager, the hats were printed

³⁶ AID 45/10/2-I

³⁷ AID 45/10/2-I

with a 'Yalavou' logo to "foster social cohesion" among the Yalavou farmers. He explained:

Farmers work clothes, overalls, hats, boots, etc. are just as essential for farms as they are for any specialized occupation. It is the management's submission that these Yalavou styled hats serve both a work and sociological function, and this latter one is of real significance" (ibid).

Henderson's enthusiasm was not shared by the Fiji government. The Permanent Secretary of Finance (22 April 1981) advised:

While the significance of items such as hats to a project of Yalavou's standing is appreciated, we consider that duty concession on this item is not appropriate. You will appreciate that there are numerous other incentives that could be given to the farmers in your project that would add to the cohesiveness of the organization. Providing 'golf hats' alone would not in our view achieve this. The Yalavou Project has been given various other generous incentives and concessions...(AID 45/10/2-I: 99).

A month after the 'golf hats' saga, ADAB agreed to provide an accountable cash grant of \$A150, 000 to YRDB. By July 1981, the Ministry of Finance was aware that the YRDB had liquidity problems: this was noted to the Australian High Commission by the Permanent Secretary of Finance on 8 July 1981.³⁸ A month earlier the YRDB had sought a loan of \$200,000 from the Fiji Development Bank (FDB) where it already had an

³⁸ AID 45/10/2-I

overdraft of \$79,000. At a meeting of the Yalavou Project Coordinating Committee on 16 October 1981, the General Manager of the YRDB noted that spiraling costs in other sectors of the Fiji economy had impacted on the scheme. This reference to escalating costs provided a convenient excuse for subsequent requests for additional funds.

The financial woes of the YRDB were compounded by inadequate local representation. This issue was raised at the Yalavou Project Coordinating Committee meeting on 16 October 1980. The meeting noted that some landowning *mataqali* members were disgruntled with poor representation of their interests to the YRDB. It was suggested by the same committee on 11 March 1981 that the YRDB schedule meetings in villages to improve communication with the landowning clans to garner their support.⁴⁰ Nation (1982: 238) provides an interesting view of the relationships affecting the project:

The Yalavou project contains three important relationships: the YRDB/farmer relationship; the YRDB/landowner relationship; the farmer/landowner relationship. The first two are those over which the planners have most control but it is the third, the farmer/landowner relationship which holds the key to the eventual success of the project.

Nation underrates the importance of the other two sets of relationships. His suggestion that the farmer/landowner relationship had the greatest potential impact on the project's outcome ignores that the other two sets also had significant impact. The YRDB/farmer and YRDB/landowner nexus were shaped by the logistics of the project. The technical

³⁹ Noted in memo dated 27/1/78 from the Director of Economic Planning to the PSFA (CPO 45/10/2): AID 45/10/2-I

⁴⁰ AID 45/10/2-I: 75-79; 89-91.

nature of the focal farm and YRDB logistics and the heavy involvement of Australian personnel in day-to-day management produced problems in the other two sets of relationships.

TECHNICAL PROBLEMS

Technical problems also impeded productivity. Delays in the shipment of breeding cattle from Australia led the YRDB to purchase the first stock of cattle from estates in Savusavu and Taveuni. At the Yalavou Beef Project Pre-implementation Committee meeting on 20 May 1977, Fiji officials requested that half of the livestock supply be procured locally, but the MOU of February 1978 called for the procurement of all stock from Australian sources. Again, this demand for the purchase of Australian livestock was vested in donor self-interest as transport and other costs would be paid from the Yalavou allocations. This would ensure significant aid flow-back as Australian cattle breeds were expensive and the costs of transporting them to Fiji were equally high. Teething problems with livestock procurement in the early years delayed the provision of Australian cattle. This resulted in the local purchase of the master stock from an estate in Taveuni and Savusavu by the Fiji government. A special meeting held on 19 September 1980 attended by the General Manager of the YRDB (Henderson) and representatives from the Aid Unit, Australian High Commission, the Agriculture and Marine departments, tried to resolve some of the problems with the shipment of cattle from Savusavu and Taveuni.⁴¹ Henderson pointed out that the delay in shipment from Australia "has jeopardized the relationship between the farmers and the management" (AID 45/10/2-I: 65). He was the

⁴¹ Minutes of Meeting held on 19/9/80 in file AID 45/10/2-I: 65-6.

one who, a year later, asserted that the purchase of golf hats from Australia was imperative to keep the scheme going. According to Henderson, the delay in the cattle shipment from Australia had motivated the YRDB to buy stock locally. It turned out that even local procurement was fraught with problems. Financial losses were incurred from loss of livestock *enroute* in seven shipments. The meeting resolved to address local shipment problems. The Marine Department agreed to install temporary decking on its barge (the Katavatu) to cater for future shipments of livestock. These initial difficulties derailed the blueprint drawn up by the feasibility study (ADAB 1976) which recommended the importation of 45 heifers, 2 bulls and 60 breeders to establish a good quality herd of 122 cattle. These delays threw the development plans out of sync at the beginning of the cycle. The first stock for the focal farm was therefore supplied locally although this was not the option recommended by the feasibility study.

Other technical problems included poor extension support by the Agriculture department. This translated into inefficient livestock and pasture management practices. Chandra *et al* (1989:35) noted that the quality of on-site management was important and that flaws in on-site management had been identified. The evaluation focused entirely on technical problems and its findings clearly suggest logistical flaws. It recognizes the need to reduce the size of individual farms in future livestock projects and points to poor appraisal as the main cause of some of the problems.

Table 22.0 summarizes the main problems identified by Chandra *et al*.

Table 22.0 ADAB Evaluation of the Technical Problems: Yalavou Scheme (1989)

Main Problems	Reasons for problems	Lessons for AIDAB
Disease & parasites	Appraisal failure	Attempt smaller projects (<100ha/farm).
-Fertilizer use: lower. -Weed control: poor.	Husbandry uptake slower than projected.	Crop component needs to be included from beginning- to raise cash, satisfy subsistence.
Repairs and maintenance of yards: poor.	Poor identification of responsibilities in the appraisal.	Small area of fertilized, improved pastures should be developed before cattle introduced.
Poor level of training and extension.	Training and extension : not given adequate importance.	Subsidies: unnecessary. Training and extension are important.

(Source: Adapted from Chandra *et al* 1989: 47)

Watters (2004: 5) tried to connect the problem of pasture management with the quality of land. He said that the lands leased for the project had been "lying idle for reasons known only to its owners". On the other hand, the feasibility study (ADAB 1976) had proposed elaborate farm development to enhance the use of lands available for each holding. Each farmer had to cultivate 87 acres of legume based pasture, 260 acres of Nadi blue grass and subdivide the remainder into paddocks for grazing. The failure of each farmer to attain these goals was therefore not necessarily caused by the quality of the land they were allotted.

Poor access within the site itself was another problem. This was caused by shortfalls and delays in funding for access and service roads. Hence, the project site was not only

developed in isolation: the training amenity itself was inaccessible to the project participants.⁴²

Profitability for the farmers was hampered in two ways. First, their individual working capital was insufficient for kick-starting a cattle farm of 200 ha. The ADAB cash grant provided a \$1,000 start up fund to each farmer. Given the sizes of the farms and the cost of materials needed to start each, the farmers were forced to draw loans from the FDB at the outset. Naidu (2004) points out that even before they began to receive income from their farms, the farmers were already saddled with debts to the Fiji Development Bank (FDB).⁴³ The ADAB evaluation of livestock projects by Chandra *et al* (1989:38) noted problems with loan repayments in the Yalavou Beef Project. This problem exacerbated the financial woes of the YRDB. Since the project sat on native lands, farmers could not obtain loans using their blocks of land as collateral because of the communal basis of land ownership. The YRDB was the principal applicant for individual farmers taking out FDB loans for tools and individual farm development. The farmers' inability to repay their loans via the YRDB also weakened the Board's financial position. Second, profitability was also hampered by poor marketing support by the National Marketing Authority in terms of beef pricing. At a meeting of the Yalavou Project Coordinating Committee on 16 October 1981, the General Manager of the YRDB pointed out that the Yalavou farmers were unhappy with the prices offered by the National Marketing

⁴² AID 45/10/2-I.

⁴³ Interview 25 May 2004:5.

Authority.⁴⁴ The market for beef in Fiji has always been confined to non-Hindu segments so production for local consumption remains a marginal-profit sector.

In hindsight, the Yalavou scheme was doomed from the start because ADAB insisted on hiring Australian consultants to assess its viability. Their sociological analysis failed to take full account of the socio-cultural variables in ethnic Fijian participation in commercial ventures on a non-communal basis. Australian aid was hampered by deferred funding, shortfalls and aid repatriation. Delays and shortfalls in the Fiji government's funding was another important factor. Furthermore, the inability of the local farmers to optimize their productivity exacerbated the problems of the scheme. The inability of the YRDB to keep overhead project costs within bounds exacerbated the multitude of problems constraining the project. Financial malpractice by the YRDB was perhaps the overriding cause of the scheme's long-term failure

CONCLUSION

This chapter provides a more balanced view of what went wrong with the Yalavou Beef scheme through its focus on the administrative problems and the donor-recipient collaboration for the project. Collaboration for the project was marred by the tying of the technical aspects to the purchase of Australian goods and services. Any assessment of Australia's real contribution will need to take into account the actual levels of subsidies flowing back to the Australian private sector for technology and expertise transfers. By 1986, Australian consultancies for Yalavou had repatriated more than two million dollars.

⁴⁴ AID 45/10/2-I: Minutes of the meeting (pages 75-9).

Compounding these problems, the YRDB was plagued by cash flow problems. The weaknesses of the YRDB derived from the complexity of the project's management and funding structures, aid boomerangs and the wavering financial support of the Fiji government. It was a dire situation. Flaws in the logistics and terms of reference also marred the project's long-term prospects. *Galala* was contested by communal bonds locked under the traditional influence of the chiefs' through their membership of the YRDB. The government's decision to merge modern management with traditional leadership by co-opting chiefs in the YRDB proved disastrous in the long run. The debacle surrounding the project's collapse in 1998 demonstrated this, as these chiefs drained the project's financial resources after the Australians left.

The financial incentives for the farmers were limited as they were locked into debt at the outset. Their start-up capital of \$1,000 was unrealistic and insufficient for developing and maintaining productive efficiency on a 200 hectare farm. The project's logistics was also flawed by an overestimation of output and income potentials. The sizing of the farms was not good sense as the local beef market was limited. Assessments of the local beef market in DP 6 and 7 clearly showed its marginality in terms of profit potentials. Yet, undeterred by this and the lackluster performances of previous ethnic-Fijian livestock projects (Tilivalevu, Uluisaivou and others) the Fiji government insisted on Yalavou's establishment. Flaunted as a project that would enhance the development of the Sigatoka hinterlands and produce mini-capitalist farmers, Yalavou failed to live up to its grandiose plans. The inward-looking road development on the project site failed to contribute to the enhancement of rural infrastructure for the surrounding areas. Today, the area remains

difficult to access due to poor roads. The Yalavou project was therefore a grand exercise in Australian aid wastage.

This chapter has shown that, besides socio-cultural variables, the Yalavou scheme failed to 'take-off' due to flaws in the donor-recipient collaboration. The central argument in this chapter and the next is that flawed collaboration had a more significant impact on projects than socio-cultural constraints because finance and logistics was controlled by the donor and recipient governments and weaknesses in their management doomed the project to failure in the long-term. The next chapter will examine another IRD project placed under Australian aid. Unlike Yalavou, which primarily aimed at enhancing ethnic Fijian participation in commercial agriculture by a promotion of the *galala* concept, the Vunidawa Rural Growth Centre project sought to develop a sizeable region of rural ethnic Fijian communities within the ambits of communalism and semi-subsistence.

CHAPTER FIVE

THE VUNIDAWA RURAL GROWTH CENTRE, 1984-1987

INTRODUCTION

This chapter examines how the development of the Vunidawa rural growth centre was also affected by the nature of the collaboration between the Fiji and Australian governments. The first section considers the rhetoric on the rural growth centre concept in project proposals. The second provides an insight into the socio-cultural parameters of the Vunidawa RGC. It also reviews its plans and objectives. The third section examines the policy basis of the concept and brings into focus a dilemma in the project's traditionalist, ethnic preference thrust. This dilemma stemmed from the nature of aid disbursement pathways to deliver funding to village projects. Section four discusses socio-cultural variables affecting the project. The chapter establishes that although the ethnic-preference of the project and socio-cultural factors stemming from its traditionalist orientation were crucial, flaws in the Australia-Fiji collaboration impeded its 'take-off' beyond blueprint .

THE RHETORIC OF DISPERSAL: RURAL GROWTH CENTRES

The Yalavou project (Chapter 4) represented the agricultural dimension of the Alliance government's Integrated Rural Development program. The second dimension espoused the concept of 'dispersal' through Rural Growth Centres. While the Yalavou project

hinged on the concept of *galala* by seeking to sever communal ties, the RGC concept endorsed a traditionalist stance, seeking to deliver development to ethnic Fijian communities without disrupting their communal *milieu*. This approach was based on ethnic-preference as the majority of the planned growth centres covered ethnic Fijian villages. The government promoted the RGC concept on two levels. In rhetoric (in DP 8 and 9), the reasoning was that rural growth centres would form the focal point of integrated sub-regional development, encompassing income generation, service provision and infrastructure investment.¹ Hence RGC was presented as a measure to curb unequal development and regional disparities through dispersal. Ethnic preference was veiled by the rhetoric of dispersal. The RGC concept promoted by DP 8 endorsed a UN Development Plan (1977) for a strategy of dispersal to curb urban drift. Project-documents and aid proposals to the EEC and Australia for RGC aid displayed huge optimism for these projects, such that detailed proposals for 30-40 rural centres and towns were prepared by the Central Planning Office (CPO) in 1980 for submission to the EEC:

A network of 30-40 rural centres or small townships of varying sizes will be supported with an appropriate full complement of economic and social infrastructure to provide a focal point for public and private sector activity in the area to counter-act the necessity of having to look towards the larger urban areas for services, and in the longer run to accelerate movement towards viable economic micro-regions with healthy trade balances relative to the rest of the country (AID 42/8-II, Part 1: 46).

¹ (AID 42/8-II-1, Volume 1:2-4).

This ambitious proposal for a myriad of rural growth centres addressed three connected problems. First, in rhetoric, it sought to close the rural-urban gap by moderating urban prominence. Also at a rhetoric level, it targeted socio-economic disparities between the two main islands. Third, in terms of policy measures, the RGC concept aimed at reducing the economic gap between Indo-Fijians and ethnic Fijians. This third objective provided the rationale for the traditionalist orientation of the projects. Presenting its rationale for rural growth centres, the CPO asserted:

Large numbers of people, particularly the young, but often accompanied by entire families, are migrating to the urban areas seeking education, employment and other social benefits generally associated with urban areas. This has caused many social tensions. Attempts were made during DP 7 to build up the economic base in rural areas and provide some of the social amenities but this has not been concentrated on planned centers of activity. As a result, existing and sprouting new centers have been uplifted to the point where they can be self-sufficient enough to counteract the migratory trends referred to above (AID 42/8-II Part 1: 46)

This elaborate proposal envisaged community halls, sporting fields, electricity, running water, sanitation, health centres, post offices, banking, telecommunications, markets, shops, copra grading stations and other amenities. Paternalism informed the RGC thrust as the government volunteered to spearhead the development of these growth centres:

Government can expect to take responsibility for much of the initial push, but this would be justified in terms of the overall national economic and social benefits expected to result from the program. The greater the responsibility taken by the private community, on the other hand, the further the Government input can be spread (AID 42/8-II Part 1: 47).

Each RGC project was to last 24 months. Initially, three major centres, Seaqaqa and Nabouwalu (in Vanua Levu), and Vunidawa (Viti Levu) were targeted for infrastructure and commercial agricultural ventures in 1981. Pre-feasibility studies by the EEC on the two RGC on Vanua Levu and an Australian-led mission for Vunidawa were commissioned, to assess the economic potential and social capital of the sub-regions, identify problems and constraints, consider alternative strategies and recommend a coordinated and integrated program.² These feasibility studies were expensive and the Permanent Secretary for Finance voiced his concern over costs involved on 17 December 1982 in a Memo to the Director of Economic Planning:

It is understood that both projects are subject to pre-feasibility studies and the arrangements are under way to commission two separate teams for the assignment. A mission from the EEC would look at the Vanua Levu project separately and the one from Australia would examine the potential at Vunidawa. Total cost of both the studies is expected to be around \$300,000. In view of the fact that aims and objectives of both the studies are same and the terms of reference for the teams being identical, we do not see much point in having the studies carried out separately (AID 42/8-I-I: 7).

² AID 42/8-II Part 1: 8-18; 46; AID 42/8-II-1:2-4; 123-130.

The EEC went ahead and commissioned its separate assessment (costing \$100,000 over 24 months) of the Vanua Levu growth centres while Australia paid \$100,000 (from aid allocations for 1983/1984) for the feasibility studies on Vunidawa. Although the Seqaqa growth centre enjoyed a brief moment of boom in the 1980s, there has been a downward spiral in its economic profile since 1987. Nabouwalu has similarly not developed significantly since 1987. Vunidawa did not take-off beyond blueprint. Hence, EEC and Australian aid was wasted on these feasibility studies.

Addressing perceived regional disparities, the rural growth centre concept targeted pockets of rural areas in Vanua Levu and Viti Levu. Two major rural growth centres were identified for Vanua Levu and Taveuni but only one for Viti Levu, as the latter was deemed to be more developed than Vanua Levu. A Summary Report for western Vanua Levu by the Ministry of Economic Planning and the Atkins Land and Water Management Consultants (in 1980) described Vanua Levu as an economically-disadvantaged region. The report recommended a hierarchy of growth centres in Vanua Levu. While Labasa was classified as urban, Savusavu and Natua (Seqaqa) were the two major rural growth centres. Secondary centres were Nabouwalu and Dreketi. One step down the hierarchy, Lekutu, Naduri, Nasorowaqa, Daria and Namalata were local growth centres. At the bottom of this hierarchy, Dama, Korotolutolu and Naivaka would be sub-local growth centres. The report continued:

These secondary, local and sub-local areas have restricted commercial roles which reflect their small economic catchment areas, low incomes

and low levels of market involvement. They are also restricted... by their peripheral and dependent position within an integrated regional economy now focused on Labasa (AID 42/8-II-I, Volume 1).

In its comprehensive plan, the CPO recommended the development of Waiyevo (Taveuni), Nabouwalu and Seaqaqa (Vanua Levu), Vunidawa (Viti Levu), Vunisea (Kadavu) and Tubou (Lau) as larger centres. Fourteen smaller (secondary) growth centres were proposed for Cakaudrove (Wailevu, Lakeba/Saqani, Natewa, Nuku/Rabi, and Natuvu/Tukavesi); Bua (Dama, Lekutu, Nasorowaqa, Nakorotiki/Daria); and, Macuata (Dreketi, Naduri, Navualevu and Lagi/Cawaro). Sixteen secondary centres were also recommended for the Central Division at Nayavu, Natovi (Tailevu); Laselevu, Serea, Lomaivuna/Naqali (Naitasiri); Waisomo (Rewa); Namuamua (Namosi); Galoa, Korovisilou (Serua). The remaining eleven secondary centres were for the maritime communities in the Eastern and Central Divisions (Lau, Lomaiviti and Kadavu). All sat in ethnic-Fijian districts administered by the Fijian Administration so, the RGC thrust had an affirmative action basis. The plan estimated the cost of each smaller centre at around \$150,000.

Aid from the EEC through the LOME II Convention (1980) allocated \$ECU3 million for rural growth centres on Vanua Levu under Item 1.³ The government prioritized aid proposals for the Vanua Levu west coast and Natewa Bay roads to support the RGCs. At that time, Australia's aid was heavily committed to Yalavou, the Monasavu Hydro

³ ECU: European Currency Units. Item 1 of the Convention specified allocations for rural infrastructure and community development (AID 42/8-II-1 Volume 1: 23).

Scheme and urban infrastructure. The government therefore concentrated its aid requests for the RGC projects on the LOME II provisions.⁴

The Alliance government established the Seaqaqa Development Scheme in 1974 to boost cane production. Seaqaqa had an advantage over Vunidawa and Nabouwalu because of its multi-ethnic population and its engagement in the more lucrative crop - sugarcane. Vunidawa and Nabouwalu served mainly village-based ethnic Fijians. Constraints in the communal approach and semi-subsistence production of marginal-income crops at Nabouwalu and Vunidawa slowed their development. These centres lagged behind Seaqaqa. Also the Alliance was preoccupied with Seaqaqa's development to raise sugar output. The Seaqaqa agricultural station was boosted when the government prioritized a multiethnic resettlement cane farming project at Natua. A pine scheme based on affirmative action and targeting ethnic Fijian landowners was also given priority in the 1970s as part of the plan to develop Seaqaqa.

The establishment of the Seaqaqa scheme was occasioned by the government's concern over falling sugar production between 1966 and 1970. The take-over by the Fiji Sugar Corporation (FSC) from South Pacific Sugar Mills (SPSM) in 1973 also favoured the expansion of cane farming.⁵ Seaqaqa was therefore prioritized under DP 6. Bayliss-Smith and Haynes (1988: 133) argue it had two main objectives:

⁴ AID 42/8-II, Part 1.

⁵ The Australian-owned Colonial Sugar Refinery Company (CSR) established the SPSM in 1962.

After Independence in 1970, central government's planning for rural development became dominated by two urgent priorities. The first was the need to reorganize and strengthen the sugar industry, which despite the growth of tourism still accounted for about one-fifth of GDP and two-thirds of domestic exports....The second urgent need was to involve the indigenous Fijian population more fully in commercial agriculture.

This project was unique among the government's rural development projects because it encouraged ethnic parity. Seaqqa was boosted by World Bank funding and classified as a Special Project in 1976.⁶ The pine scheme and the sugar cane plantations thrived. Between 1979 and 1983, cane output from 837 farms at Seaqqa increased from 241,000 to 316,000 tons.⁷ The multi-ethnic composition of Seaqqa and its lucrative cane and pine production were important variables in its rate of development as a RGC. The concept of equal multi-ethnic participation was embodied in the distribution of subdivision lots of 40-50 acres (16-20 hectares). 33 kilometers from Labasa town, this RGC had a sizeable population of Indo-Fijian tenant farmers and a multi-provincial group of ethnic Fijians. A World Bank loan funded forty two kilometers of road from Dreketi. Although there was a brief surge in cane production in the mid-1980s, the scheme faltered after the 1987 coups: ethnic parity failed to withstand the post-coup tensions resulting in the non-renewal of leases. This failure was exacerbated by the negative ramifications of the *Cotonou Agreement* (2000).

⁶ Seaqqa was developed at an estimated cost of \$18.4 million (Bayliss-Smith & Haynes 1988: 135).

⁷ 35 of the 837 farms were estates operated by the Native LANDS Trust Board (Ibid: 136).

The government planned to extend the Dreketi-Seaqaqa link road to Nabouwalu under DP 9 (1986-1990). Between 30 to 40 more rural centers and townships, port facilities at Savusavu and the improvement of marketing links between Taveuni and Suva were also planned under DP9. Phase 2 of the Rural Growth Centre concept failed to take off under the SVT government. Further, the non-renewal of leases, the post-coup decline of the sugar industry and the violent aftermath of the May 2000 coup depressed the productivity of this RGC. The inter-ethnic tensions leading to the displacement of Indo-Fijian tenant farmers also stalled Seaqaqa. A downward spiral in Fiji's sugar industry in the 1990s due to policy reversals of the World Trade Organization and the Cotonou Agreement (2000) spelled disaster for this rural growth centre.⁸

VUNIDAWA RGC: PROJECT PROFILE, 1981-1987

Australia was asked to fund Vunidawa as a rural growth centre while the EEC was the major donor for Seaqaqa and Nabouwalu RGC. The decision to phase the Vunidawa project into the Australian aid program was made by the Director for Economic Planning and noted to the Permanent Secretary for Finance in 1981:

The one for Vunidawa has been put under Australian aid while the other two (Seaqaqa and Nabouwalu) have been scheduled for funding by the EEC (AID 42/8-II-I, Volume 1: 6).

⁸ AID 42/8-II, Volume 1; DP 7, 1975: 71.

Despite requests being made to ADAB in 1981 for the Vunidawa project, aid for the feasibility studies by Australian consultants were delayed to 1983. In a bid to minimize costs, Fiji had requested for a joint mission (EEC and Australia) to produce one set of studies for the rural growth centres for both regions (Vanua Levu and Vunidawa). While the EEC went ahead and funded feasibility studies for Vanua Levu, Australia delayed its decision and commissioned a separate team for Vunidawa.

Vunidawa sits 40 kilometres north of Suva, between upper and lower Naitasiri province. Naitasiri province has 16 districts and 91 villages. Early European settlers grew cash crops, mainly banana, tobacco, cotton and coffee.⁹ Vunidawa developed as a quasi-government centre providing basic public services for Naitasiri in the 1970s. Interventions by the Alliance government developed Vunidawa as an administrative center for Fijian villages in the sub-region. Several ancillary government offices were set up between 1976 and 1987.¹⁰ A 1977 United Nations report on regional planning targeted Vunidawa as a potential growth centre for the Suva-Vunidawa-Korovou triangle.¹¹ An Inception Report for the Project (McLennan and Magasanik, 1983) proposed that the RGC cover four regions spanning Wainimala, Matailobau, Lomaivuna and Waimaro.¹² This meant that the Vunidawa regional centre would extend into eastern Tailevu province. The project targeted village-based agricultural projects from the Vunidawa plateau (the northern boundary of the project) to Waisomo-Colata creek in the Wainibuka region (northeast-east boundary), down to the Waidina valley (south-west),

⁹ AID 442/8-II-I, Volume 1: 123.

¹⁰ Government offices for Social Welfare, Agriculture and Public Health were set up in Vunidawa. A postal agency, district office, an Agriculture Department office, a police station and rural health center was also there by 1980. Naitasiri Provincial Council (previously in Nausori) now has its main office there.

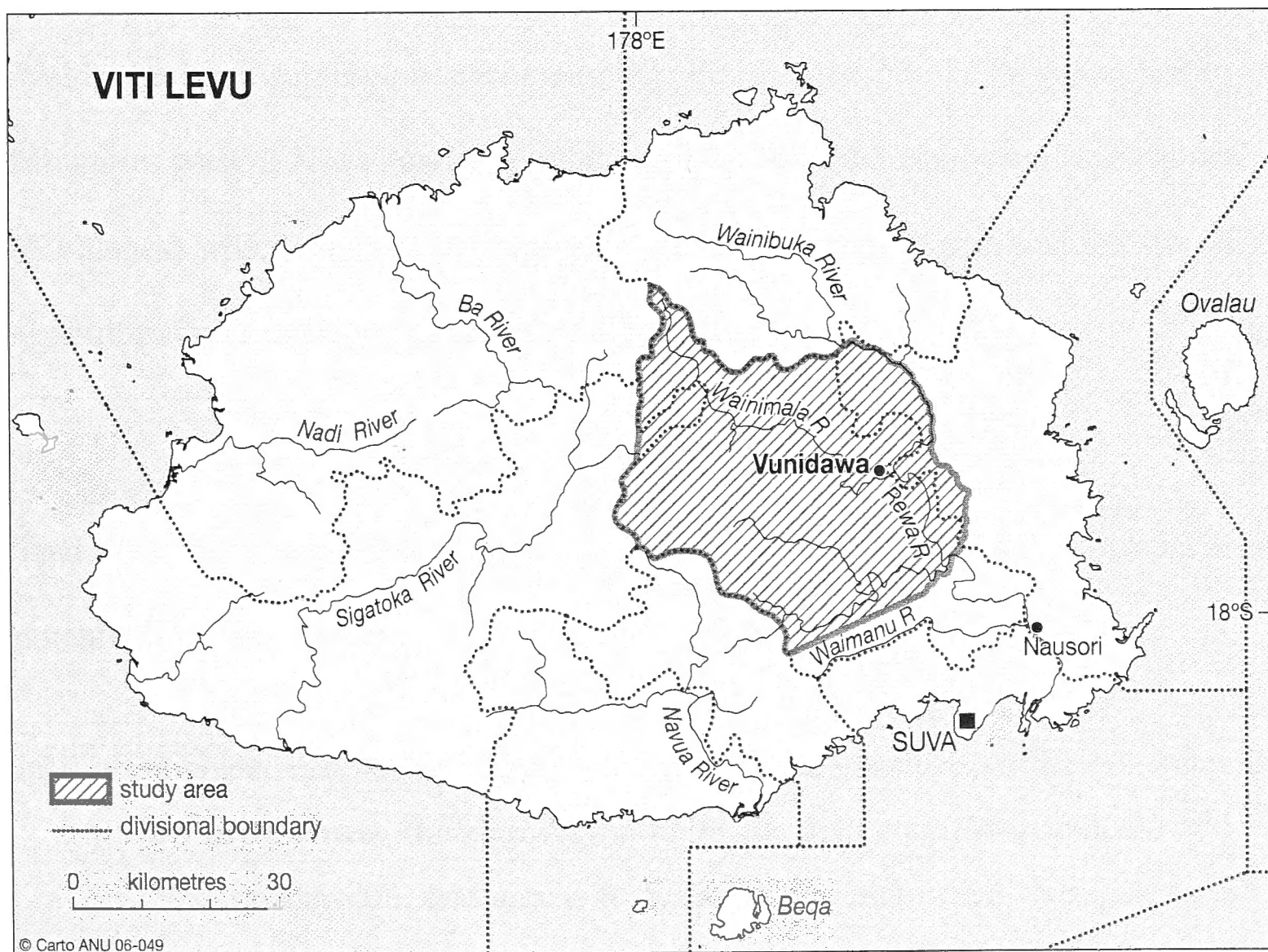
¹¹ AID 42/8/II-1, Volume 1: 123.

¹² AID 42/8-II-I, Volume 1: 123-130.

and over the Nabuni plateau (south-east), with Serea-Naluwai-Lomaivuna and Viria forming the southern boundary. The agricultural plan aimed to develop forestry projects in the Nadrau Plateau and the upper Sovi region to the north and west. The project also embraced four agricultural settlement schemes at Waisomo-Colata creek, Nabuni plateau, Waiqa and upper Sovi.

Map 2.0 shows the project triangle.

Map 2.0 VUNIDAWA PROJECT TRIANGLE



(Copyright: Australian National University Cartography Department, RSPAS)

The Vunidawa project, therefore, extended from Korovou (Tailevu province) on the eastern periphery to the upper Wainimala (northern Naitasiri) to Waidina on the west, and over the Nabuni Plateau to Lomaivuna, Naqali and Viria in the south. This growth project triangle covered 100 ethnic Fijian villages with populations ranging from 100 to 700. The blueprint (McLennan and Magasanik 1984) divided Vunidawa into five sub-regions: the Nasoqo-Laselevu-Lutu-Nasava sub-region along the upper Wainimala (21 villages); Waiqa creek sub-region (5 villages); Vunidawa peninsula (villages north of Vunidawa between the Wainimala and Wainibuka rivers); Serea-Naluwai-Lomaivuna-Viria sub-region with a population of 6,100 (including about 1,800 in Lomaivuna); Waidina-Waidradra-Sovi sub-region encompassing 13 villages on the Waidina valley and its tributaries west of Naqali and a population of 2,100 (1983 estimates); and Nabuni Plateau (4 villages) which covered the east bank of the Rewa river and was the site of a major agricultural settlement engaged in cocoa projects.¹³

Traditional semi-subsistence farming was the main form of livelihood but the region had potential for development:

In this province, people have their own marketable produce which generates income.

From the lower Naitasiri region up to the districts of Nagoneicolo and Nadaravakawalu, and across to Waidina, the main cash crops are *taro* and cassava. The mid-upper regions (the Vunidawa plateau) have banana as supplementary cash crops. The upper reaches of the Wainimala, with three districts (Muaira, Noemalu and another district)

¹³ McLennan and Magasanik 1984, Volume IV; AID 42/8-II-I, Volume 1.

have *yaqona* (kava) as their main cash crop (Roko Tui Naitasiri, Interview Transcript 2004: 3-4).

The northern sub-region was mountainous and inaccessible while the Serea-Naluwai-Lomaivuna-Viria sub-region was accessible from the Sawani-Serea road and sat on arable, alluvial flats. Access roads to three of the five sub-regions were inadequate, with the northern sub-region having no road or river access to the Monasavu road. The villages in the Wainibuka portion of the Vunidawa peninsula were accessible via the Kings road whereas those in Wainimala in the same sub-region had no access road. The area had an Indo-Fijian population comprising about 8 percent of the total. These farmers were concentrated in the south between Lomaivuna and Muainaweni (Viria). Vunidawa (which encompasses Naluwai and Nakorovatu villages) had a population of about 900 in 1983. In his survey of land-use in the region, Ward (1965: 233-235) noted that the flat alluvial lands south of the project area were suitable for pastoral and mixed farming with tree crops (cocoa). He also suggested a potential for capital intensive dairying and cattle grazing. Although the Australian feasibility studies acknowledged this potential, nothing was done by the Fiji government and ADAB to promote this livelihood to the villages in the project. Indo-Fijian farmers are the main dairy farmers in the region while village agriculture in the Vunidawa triangle remains locked in traditional cropping with root crops and *yaqona* as the main cash crops.

In the early stages of the proposal, ADAB accepted the idea of assisting Vunidawa as a RGC as this was compatible with its own plans to promote the Monasavu Hydro Scheme

as a 'centre piece' development with many secondary projects around it. ADAB hoped that Vunidawa would provide dispersal and support infrastructure for the Monasavu scheme. The concept of dispersal was inspired by the desire to moderate the urban prominence of Suva. Vunidawa project aimed to endow the sub-region with the capacity to develop as an independent centre of activity:

To break the Suva link, the scheme should facilitate wholesale and retail activities in the regional centre, in early years of the scheme, but not underwrite them. We therefore recommend... a simple retail market, bus station and associated amenities, with land reserved for storage and wholesaling.... At the same time, there is provision within the scheme management to facilitate, foster and advise commercial and other entrepreneurial activity (McLennan and Magasanik 1984: 187-8).

An Australian firm, McLennan Magasanik (in association with McGowan P/L) completed its Inception Report in 1983 and five volumes of its Feasibility Report in December 1984:

The strategy of the proposed scheme is integrated development. Vunidawa therefore is the regional service centre, a symbol for regional aspirations, and its relation to the rest of the region is fundamental to regional integrity (Ibid).

The report noted that while Vunidawa had potential for dairy, forestry, cocoa, vegetables and root crops, it lacked social, commercial and physical infrastructure. It therefore proposed three stages of development: land acquisition, negotiations and compensation; detailed planning and survey; and implementation. The study produced a comprehensive

plan for activities ranging from agriculture (goat farming and poultry) to road construction and sanitation. It called for wholesale industry facilities, retail and other commercial outlets, a market and bus station, a housing scheme and a bridge. The project proposed several village-based agricultural projects to involve villagers in small-scale but highly efficient commercial agriculture:

The strategy for the scheme is...based on utilizing the resources of the region – the human and land resources. The strategy is based on three broad and basic propositions: first, is that agricultural growth is the key to the development of our region; second, that the development of agriculture requires the concomitant development of infrastructure, the regional centre, and the commercial sector; third, that social forces play an important role in agriculture (McLennan and Magasanik 1984: 214).

This strategy may appear sound but factors including the intrusion of the state bureaucracy and the traditionalist thrust impeded the development of Vunidawa, as we will examine next. Alas, the project proper failed to take-off beyond the blueprint. The costly feasibility studies delayed the commencement of infrastructure and other developments to 1986. Australia was asked to provide aid for the Vunidawa Bridge but due to many problems including those associated with Development Import Grant aid for this project and the inability of local counterparts to use machinery provided, the EU funded the bridge in 1989.¹⁴

¹⁴ AID 42/8-II-1: 123-30; McLennan and Magasanik 1984, Volume IV.

THE POLICY BASIS OF RGC PROJECTS: AFFIRMATIVE ACTION AND TRADITIONALISM

While the RGC concept was touted as a thrust to address regional inequalities and to redistribute the fruits of development to the rural areas, the policy rested on the Alliance's affirmative action agenda. Traditionalism and the concept of containment inspired the drive to redistribute development to growth centres.¹⁵ RGC embodied the Alliance's ambition to develop rural ethnic Fijian communities without dismantling the socio-cultural fabric of the *vanua* or polities. This thrust rejected the *galala* concept. RGC would provide government services, educational and medical facilities and commercial incentives, while preserving their communal and *vanua*-based affiliations to the separate Fijian Administration:

By concentrating effort on planned rural centres, it is hoped that although most people will have to travel from their village to benefit, they would have to go no further than a *tikina* or provincial centre to satisfy their economic and social requirements (AID 42/8-II, Part 1: 46).

This rationale was provided by the Central Planning Office. However, while the proposal provided detailed plans for facilities, services and incentives for these centres, it did not say how they would be managed by the government and the Fijian Administration:

Successful implementation will also require coordination planning from the local level to the national level. Leadership and

¹⁵ 'Containment' refers to the curbing of urban drift by ethnic Fijian.

communication at all levels will have to be revived and an appropriate system of governance worked out, whether it is to be through town councils, local boards, provincial or *tikina* councils, or an adaptation of the chiefly system. It is anticipated that no one system of local administration would necessarily be appropriate for every situation. Some revamping of the institutional structures might be necessary, but this could wait until the existing institutions have been given a chance to show their capabilities in dealing with new responsibility and increased financial support (AID 42/8-II, Part 1: 48).

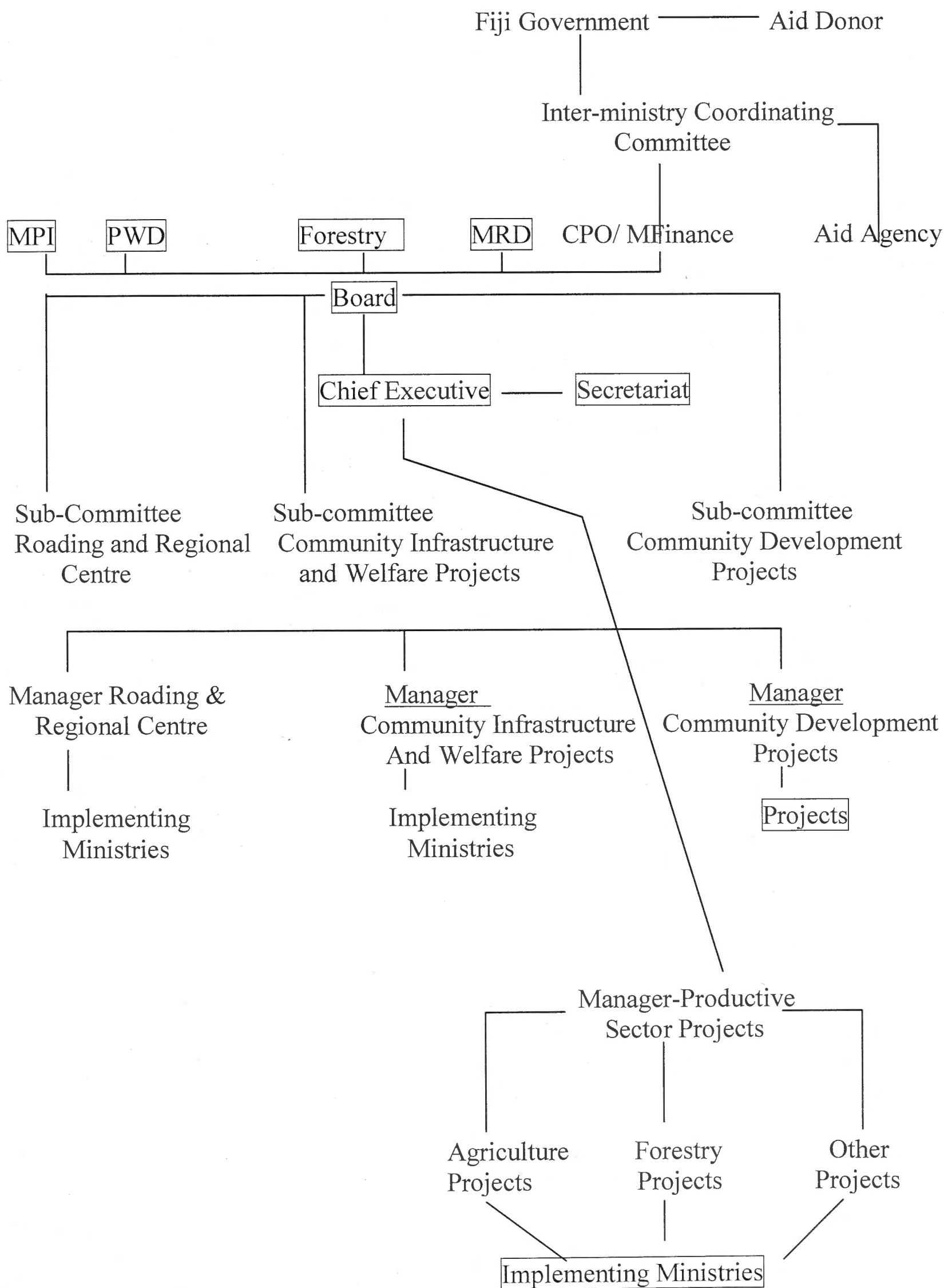
McLennan and Magasanik (1984, Volume IV: 233) drew up a complex administrative structure and proposed a Vunidawa Rural Development Board (similar to the Yalavou Rural Development Board) as an executive entity. The Board, which was envisaged to control all funding, would be initially located at Nausori (with the Central Division headquarters) before its early relocation to Vunidawa. It would be instituted by the Land Development Authority, attached to the Ministry of Rural Development and have representatives of line ministries from which funding would flow.¹⁶

Figure 3.0 illustrates the proposed management structure while Figure 4.0 shows the funding structure proposed.

¹⁶ McLennan and Magasanik 1984: 275.

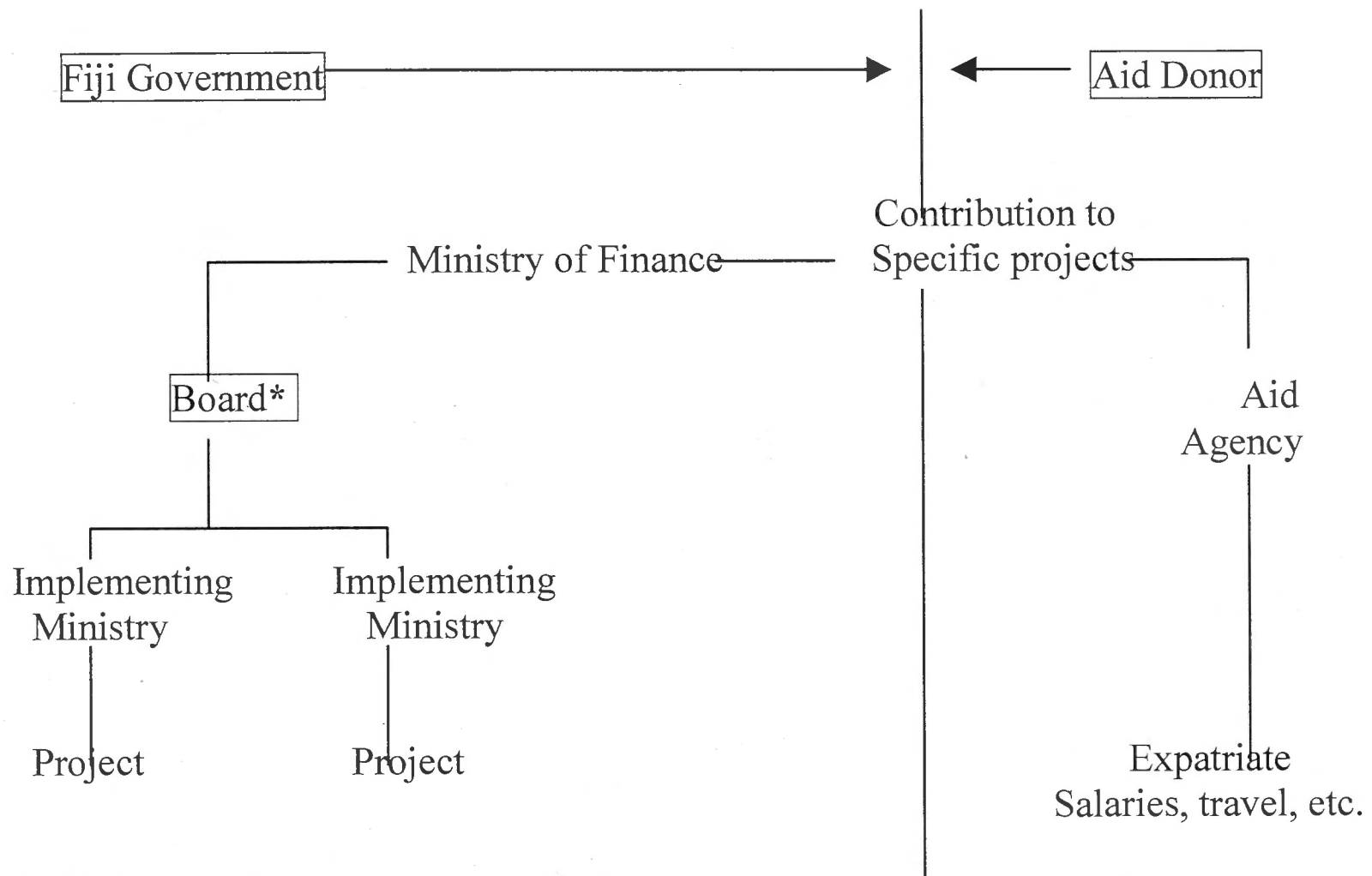
¹⁷ McLennan and Magasanik 1984: 275.

Figure 3.0 Vunidawa RGC Management: Administrative Flow Chart



(Source: McLennan and Magasanik 1984, Volume IV: 233)

Figure 4.0 Vunidawa Project Management: Funding Flow Chart

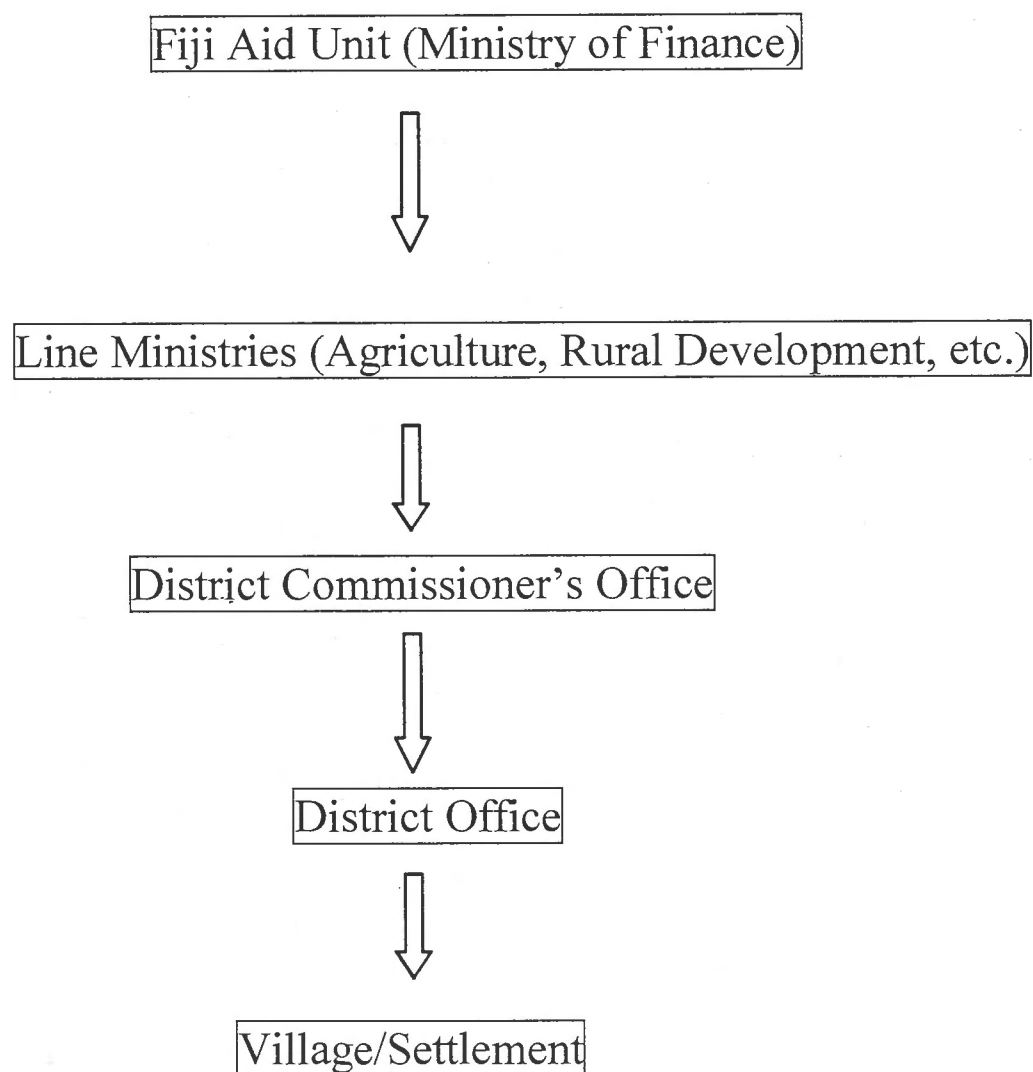


* This proposed Board was to be the Vunidawa Rural Development Board.
(Source: Adapted from McLennan 1984, Volume IV: 234)

There was, however, a weakness in the proposal: it did not clarify how these management and funding structures would sit in relation to the Fijian Administration. The proposal by the Central Planning Office remained equally vague. This failure to delineate the domains of the central government and the Fijian Administration impeded the development of the centre. For instance, while funding for overseas-aided projects flowed exclusively through central government channels, their administration at the village level was carried out by provincial council officials. The provincial councils were not empowered to administer overseas aided RGC projects. This confinement of funding flows was a dilemma because it failed to co-opt the Fijian Administration. The thrust of the RGC concept was to package traditionalism and affirmative action, but the exclusion of the

provincial councils in aid disbursements weakened the capacity of these arms of the Fijian Administration to administer RGC projects at the village level. In this sense, the RGC administration and funding paid lip service to the traditionalist objectives of the projects. Figure 5.0 outlines the aid disbursement structure for projects in Fijian villages.

Figure 5.0 Flow of Funding for Rural Development Projects (Central Government - Village), 1971-1987.

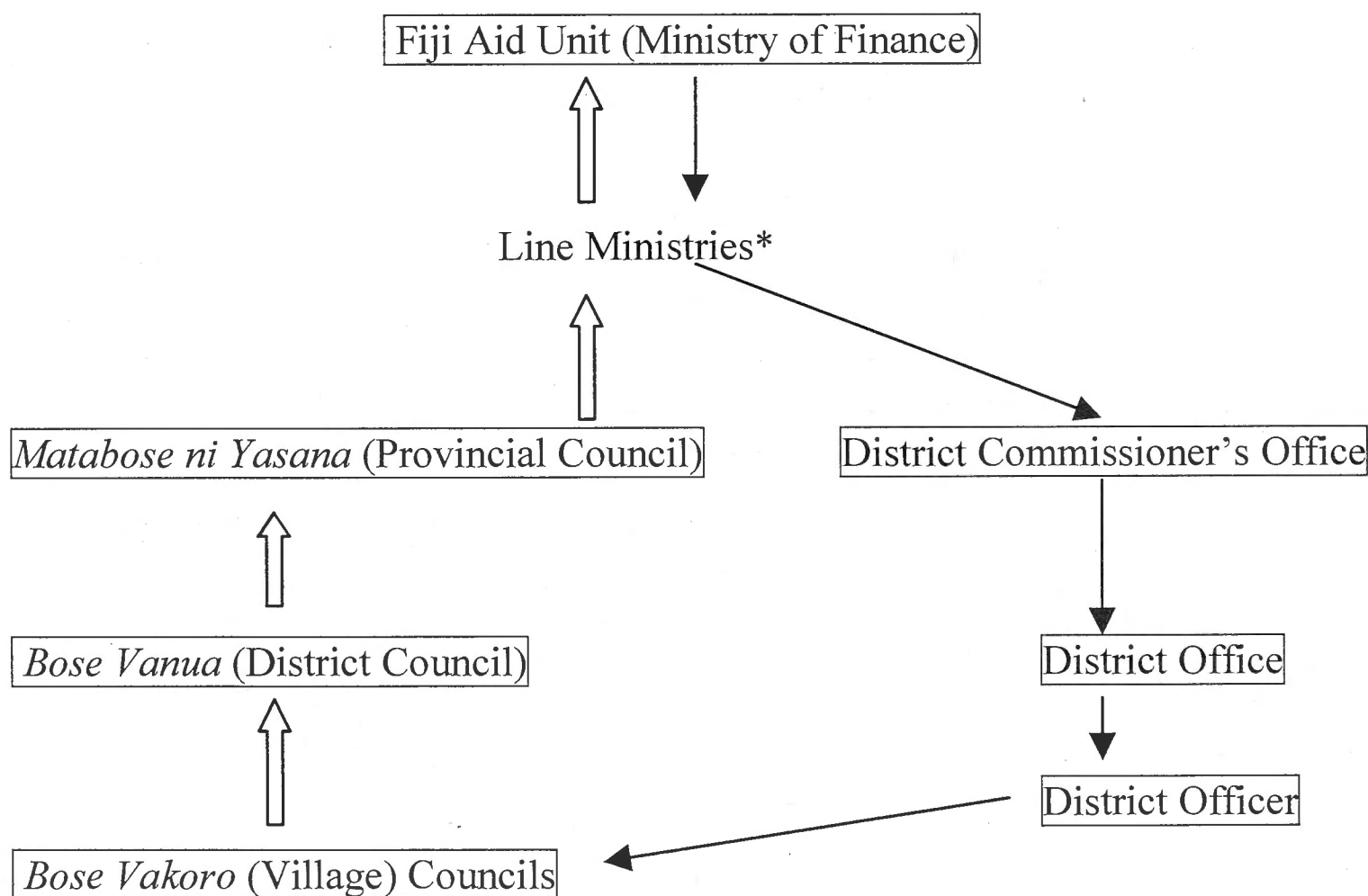


(Sources: Interviews with A. Nabou, Fiji Aid Unit, and the Roko Tui Naitasiri.)

Aid funds flowed through line ministries down to the District Office. Figure 6.0 sketches the flow of decisions on development projects from the village via the Fijian Administration through to the central government, to illustrate the flow of information

(top-down) and decisions (bottom-up). The provincial council is the key gateway between village development forums (*Bose Vakoro*) and the government.

Figure 6.0 Decision-Making for Development Projects (Village-Central Government), 1971-1987.



↑ Flow of decisions and information (bottom-up) regarding development projects from village to central government

↓ Flow of information and decisions regarding development projects (top-down) from Central government to villages

(Sources: Interviews: A. Nabou, Fiji Aid Unit [2004] and Roko Tui Naitasiri [2004])

This structure was amended by the SVT government when it established a Ministry of Regional Development. All aid for village projects was then channeled from the Aid Unit to this new ministry and down to District Offices. The funding structure illustrated in

Figure 5.0 was more cumbersome, involving a number of ministries including Agriculture and Rural Development. The establishment of the Ministry of Regional Development reduced the duplication: aid funds are now channeled from the Aid Unit to the Ministry of Regional Planning, thence to the District Commissioner's Office and finally to the District Offices. However, the District Office is still the final gateway to the villages. The provincial offices still stand outside this funding structure.

Nonetheless, village self-help projects and other infrastructure administered by Naitasiri Provincial Council have taken place since 1987:

Development plans for the province span a period of five years and the current one is about to end. There are currently three main areas which this provincial council is working on. These are health, education and employment creation. In the area of public health, we have been working with the government and now we have the new hospital which was opened last year. Government officials are helping us to manage funds given by the government for the promotion of improved sanitation. We have been able to oversee the construction of about 180 flush toilets in the province in the last four years (2000-2004). We have also been involved in attempts to establish some provincial business ventures to help improve the financial life of this council so that it can cater to the development needs of this province better. At present, the main income this council receives is from the government which provides us with administrative grants. Provincial levies (*solu ni yasana*) is another source of income for this office but at this moment, revenue collection through provincial levies is weak (Roko Tui Naitasiri, Interview transcript 2004: 4).

Although the Vunidawa project failed to take-off, the region has developed at its own pace. A new tar-sealed road now runs from Sawani up to Naqali. This road was developed between 2001 and 2003 under the SDL government.

IMPORTANT VARIABLES IN THE DEVELOPMENT OF THE VUNIDAWA RGC

There was a perceptible decline in Vunidawa's profile as a RGC following the 1987 coups. Freezing and storage facilities for Seaqqa and Nabouwalu were developed under the SVT government but Vunidawa lagged. A recent Japanese-aided health project funded the construction of a modern hospital but this was carried out under the SDL government. When asked about the post-coup decline in Vunidawa's profile, Rabuka stated that his government was preoccupied with the restoration of normalcy and the review of the 1990 Constitution. He tried to link the decline to an incident of taro beetle infestation in Waibau (lower Natasiri region):

The onset of the taro beetle problem as well as the demise of the banana industry and its associated problems were felt particularly in the Waibau and surrounding areas. This problem impeded the Vunidawa project. More focus was placed on the development of areas further up... But Vunidawa's profile just slipped. We opened a new Provincial Council house there but we did not put in any other economically productive projects (Interview Transcript 2004: 3).

Former Alliance Minister, Berenado Vunibobo gave a different explanation. He attributed the decline to local Fijian political struggles between the upper and lower regions of the province. The current Roko Tui Naitasiri (Sovari Rokotuibau) also dismissed Rabuka's taro beetle theory and endorsed Vunibobo's views:

There was some anxiety over the dalo beetle problem but it did not affect Vunidawa – it only affected the Waidina area. It was not a big issue for Vunidawa and it was not enough to cause a decline in Vunidawa's profile. I fully understand what Vunibobo was talking about (Interview Transcript 2004: 1).

According to Rokotuibau, the EU withdrew funding for a modern hospital in Vunidawa when the provincial council failed to resolve a dispute on its location. The provincial council wanted the hospital in Vunidawa but the lower regions demanded that it be located at Naqali.¹⁸ Hence, intra-provincial politics also impeded the development of the Vunidawa RGC. Notwithstanding Rokotuibau's repudiation of the taro beetle theory, the RGC region covered the Waibau, Waidina and Lomaivuna agricultural settlements. These areas bore the brunt of the problem because taro was an important source of income.¹⁹ Furthermore, the Roko Tui Naitasiri perceived the Vunidawa regional centre as a project centered on Vunidawa itself. An element of local particularism can be seen in his view of

¹⁸ Naqali is now a sub-administrative center with a small PWD depot and a health centre. No effort has been made since the 1970s to upgrade the Naqali Bridge. Naqali is a 'gateway' to the upper reaches of the province. Failure to upgrade the Bridge means that every time there is a flood, the upper Naitasiri regions are cut-off from Suva and Nausori.

¹⁹ For Waibau, ginger and taro were the main cash crops. Taro and ginger replaced banana for Lomaivuna following the collapse of the banana scheme. Taro was the main cash crop for Viria and environs.

Vunidawa's development concerns as a local issue not necessarily connected to problems in the south and south-west of the RGC project site.

Several cocoa projects co-aided by Australia and the EU were established in Vunidawa RGC on the Nabuni plateau. These projects failed. Again, Rokotuibau explained:

The Agriculture Department came in to promote this crop from the 1960s through to the 1980s. But the cocoa projects failed. I don't know what happened. Some of our people started cultivating cocoa in collaboration with the Agriculture Department. The cultivation processes for this crop may have been difficult – I think that one of the reasons for its failure was that there was a general lack of interest by our people in the crop. The cultivation requirements, unsuitable climate and cocoa diseases may have contributed to the failure of the cocoa projects in this province (Interview Transcript 2004: 4).

This explanation understates the institutional factors that affected these projects. It also fails to acknowledge how some policy-driven factors impeded the profitability of these projects. First, easy market access and infrastructure were crucial for economic viability. These projects lacked infrastructure and good market access. Second, they mainly involved communal production which may have negated commercial enterprise. Third, not enough effort was made by the government to raise production efficiency to enable these projects to break into the export market. Underpinned by traditionalism, these projects discouraged excessive government intervention. Given these constraints, the cocoa projects basically lacked the pre-conditions for success.

It is worth noting that an earlier commercial venture in the Vunidawa RGC region was the Lomaivuna Banana scheme aided by New Zealand and the U.K. This scheme was managed by the Fiji Development Company, a subsidiary of the Colonial Development Corporation. CD and W grants totaling 215,000 (Fijian Pounds) were provided for roads and central services and 200 migrant farmers were settled on the site in Lomaivuna. DP 5 projected the cost at 350,000 Fijian Pounds. Production thrived for a few years before several factors including crop disease caused total collapse. The Alliance quickly pulled the plug in the early 1970s when the collapse was imminent.²⁰ This enterprise involved ethnic Fijian farmers (mainly from Lau province). The farmers were recruited under the *galala* principle. Today, the majority of individual ethnic Fijian holdings in Lomaivuna are commercially unviable.²¹ Ethnic Fijian farmers who diverted to poultry are mainly surviving on a day-to-day basis, whereas Indo-Fijian farms (producing taro for the export and domestic markets) have been highly productive. The remaining migrant ethnic Fijians in Lomaivuna form a pool of cheap seasonal labor for the Indo-Fijian farms. While this may suggest the inability of ethnic Fijian farmers (either through *galala* or retaining their communal links) to sustain agricultural productivity, other factors like those that constrained cocoa projects also affected the Lomaivuna migrant farmers. Poor infrastructure and the overall slump in the banana export industry damaged their prospects.

²⁰ DP 5 *Development Planning Review* (1965: 30); Bayliss-Smith (1988: 130-131).

²¹ Poultry farms subsidized by the local Crest Chicken Manufacturing Company and individually held by Rotuman and ethnic Fijian farmers become the main income generating ventures in Lomaivuna after the demise of the banana industry.

Another factor that stalled the development of the Vunidawa RGC was the government's inability to align the administrative systems of the central government and the Fijian Administration. The disbursement of aid for projects within Vunidawa and the greater Naitasiri province did not involve the provincial office. The Naitasiri provincial council had a closer day-to-day working relationship with villages and was familiar with the problems and prospects, but funding for overseas-aided projects was exclusively controlled by the central government. The district officer (a civil servant) was the gatekeeper in the delivery of funds to the province and Vundiawa RGC (see figure 6.0). Discussing the exclusion of the provincial councils from the disbursement of aid funds for provincial development projects, the Roko Tui Naitasiri (Sovari Rokotuibau) said that while the provincial council office was better attuned to the development needs and problems of the villages in Naitasiri, overseas financial aid for development projects were channeled to district offices, bypassing his office:

The actual disbursement of aid is carried out by the Commissioner and the District Officer. We only get to hear about it later. We only receive copies of correspondence pertaining to these overseas-aided projects. The government has always controlled the disbursement of aid money for projects in this province. Development assistance always ends up with the District Officer after it flows down from the District Commissioner's office. The Commissioner has close links with the committee that allocates aid coming in from various embassies. We only get to hear about it or we may get copies of correspondence on aid delivery. But we are excluded from the actual delivery of these overseas-aided projects. However, when problems with these projects

arise, we are brought in to try and rectify them (Interview 9 August 2004: 2-3).

When asked about the exclusion of his office from the funding structure, he said:

If aid money is channeled to us, it will be easier for us to disburse it because our *gaunisala* (pathways) to the people of this province (*lewenivanua o Naitasiri*) are clear and well established – and we have an affinity with them. We have Assistant *Rokos* and we share responsibility for the villages in this province. The Assistant *Roko* have divided up the villages and districts among them to look after and they are well informed about the development profile of each district and village under their care. They are well versed with the individual profile of each village. So if aid is channeled through us, it will be easier for us to carry out overseas-aided village development projects (Interview 9 August 2004: 3).

The exclusion of the provincial councils demonstrates two important problems - the state's intrusiveness into the development schemas of the provincial council and the provincial councils' lack of financial control over overseas-aided projects they were expected to supervise. The abolition of the position of *Buli* (District representative) in 1967 and the appointment of district officers from the civil service created a chasm in communication channels between the *bose vakoro* (village council), the *bose vanua*

²² The District Offices were brought under central government control in 1967 when the office of the *Buli* (*tikina* or district representative) was abolished.

(district council) and the *bose ni yasana* (provincial council).²³ It removed the conduit (the *tikina* representative) for the relay of information and decisions between the villages and the provincial council, and it fractured the link between the central government and the villages via the *tikina* councils.

This gap in the Fijian Administration's control produced a dilemma for the traditionalist thrust of the RGC. While the government claimed that it sought to preserve the communal setup and traditional linkages it did nothing to bridge the gap between project administration and funding disbursement. Commenting on this flaw, Kotobalavu said:

It is often taken for granted that information on the development needs of the rural community finds its way right up to central government, to the Cabinet and the Aid Coordinating Committee but no, it hasn't happened that way – and this government [the SDL government] is trying to improve the flow of information on the needs of the people at the village level. The Alliance government set up four government Divisions and Divisional Development Committees – representative of all the communities. The problem is that when development proposals come from the four Divisional Development Committees to the center, the central party is almost 80 percent committed to other development concerns. So the amount left to respond to the basic needs of the community is not adequate. So you end up with particular geographical areas being neglected for so long. This situation is worsened by the fact that in Fiji we have two development systems. We have the central government system through the four government administrative

²³ The District Officers were brought under central government control in 1967 when the office of the *Buli* (district representative) was abolished.

divisions (Western, Northern, Eastern and Central) headed by four Commissioners, going down to the District levels to District Officers – and alongside that we have the separate development system of Fijian Administration covering the 14 provinces, Rotuma and the Rabi Council, each with a *Roko Tui* – each doing their own.²⁴

Although he observes problems stemming from the dual system of governance, he glosses over the fact that the village-district-provincial gap impeded the development of rural growth centres. This gap embodies the central dilemma of traditionalism. It signified that while the government wanted to upgrade the rural *vanua*, it did not deem them capable of assuming full rein over funding for their projects. Given the disjuncture between central government and Fijian Administration, the proposed Vunidawa Rural Development Board was never established. Such a Board would have further complicated the administrative and funding structures by creating another layer of administration and funding. Further, since the project extended into Tailevu province, it would have had to include two provincial councils, with ramifications for inter-provincial relations.

DONOR-RECIPIENT COLLABORATION

Weaknesses in the collaboration between Australia and Fiji also delayed the development of the Vunidawa RGC. The European Economic Commission showed more support for the Seaqaqa RGC whereas Australia did not seem to share Fiji's enthusiasm for the Vunidawa project. Although the ADAB commissioned feasibility studies by an Australian consultant, Australian funding for the project proper failed to materialize.

²⁴ This is my parenthesis to clarify which government Kotobalavu was referring to.

Delay in providing aid for the Vunidawa Bridge resulted in the project being funded by the EEC in 1989. The decline of Vunidawa's profile might, therefore, be partly attributed to Australia's disinterest. However, the main fault lay in the Fiji government's lack of coordination for phasing and schedules. Several letters from ADAB reveal that the inability of the Fiji government to use Australian aid effectively for outer island jetties delayed the construction of the Vunidawa Bridge.

Australia provided aid for a barge to assist in the development of outer island jetties. Aid for this project exceeded \$500,000. The barge, *Dautukiduru*, was launched on 1 October 1982 but it sat still for 11 months because of problems in the Ministry of Works. Expressing concern on 26 September 1983, the resident ADAB Counselor, Les Watters, said that the barge was "the most costly project item funded under Australian aid" and although the High Commission was aware that the late arrival from Australia of deck equipment would cause delays, the barge had not gone into service many months after its official launching. The deck machinery had arrived in February 1983, but the barge was still moored at the Marine Department shipyard:

It is, therefore, of great concern that some eight months later the barge remains inoperative and we understand that it will now require slipping to carry out maintenance because it has been idle for too long. The cost of the barge... totaled over \$500,000. It is, therefore, quite an expensive item to have sitting idle (AID 45/23/8-I: 50).

The piling equipment supplied with the barge was moved to Vunidawa bridge in 1985.²⁵ A year earlier Australia had provided a grant of \$10,000 to the Ministry of Works for a piling expert from Brisbane to assist with the Vunidawa Bridge, but it took the Ministry of Works until June 1985 to indicate that they could use the services of the technician. However, it is surprising that a letter of 26 August 1985 from Finance to the Australian High Commissioner questioned Australia's shift of interest to the Vunidawa Bridge:

As understood, the expert [from Brisbane] would undertake on-the-job training in Fiji in connection with the piling barge 'Dautukiduru'. It would be appreciated if an explanation be given as to why the emphasis has now shifted to Vunidawa (AID 45/23/8-I: 68).²⁶

This correspondence suggests that the Fiji Aid Unit was unaware of the project and that there was no schedule for the project's implementation. The query by the Aid Unit official is strange since the letter was signed by Netani Vosa, whose notes and observations on the aid program are well documented in Ministry of Finance files. His request for clarification from the Australian High Commission on its priority shift begs two questions. Was he unaware of the priority accorded by his government to the RGC concept at that time? Or did the Aid Unit not take the RGC proposal for Vunidawa seriously enough to expect the Australians to shift their attention to the Vunidawa Bridge project after the outer islands jetties? The letter strongly suggests that the Aid Unit had no forward plan for the use of the barge and piling equipment. This lack of forward planning

²⁵ This was noted in a letter dated 24 September 1985 from the Attache, Development Assistance (ADAB) to Netani Vosa of the Fiji Aid Unit (AID 45/23/8-I: 70).

²⁶ My parenthesis.

for Vunidawa and problems in the use of the barge and piling equipment caused delays in Australia's response to aid requests for the Vunidawa Bridge.

This weakness in the Fiji government's scheduling for the Vunidawa project was not unique. Numerous letters from ADAB to the ministries of Finance and Works (from 1981 to 1985) called for acquittals on grants and other aid for barge and piling construction in the program for outer island jetties. The problems surfacing later with Fiji's use of the barge and equipment for the Vunidawa Bridge were caused by the earlier bungling. In April 1987, the bridge project was still pending. The Australian expert had conducted training sessions in 1986 but nothing else developed. The coups intervened, the bridge project was dropped and Australia's aid priorities were reshaped. Nonetheless, a letter dated 30 July 1987 from the Australian High Commission addressed to Netani Vosa of the Fiji Aid Unit, called for the acquittal of a transaction for the salary of the Australian piling expert:

I refer to your letter dated 15 August 1986 giving acquittal details for the \$10,000 provided as an accountable cash grant. In your letter you acknowledge expenditure of \$7,158.45 and advised that \$2,841.55, the balance, would be returned to Australia shortly. As it is nearly 12 months since your letter, I would be grateful if the funds could be returned as soon as possible (AID 45/23/8-I: 81).

The refund was transacted in August 1987. This letter (among many others requesting refunds and acquittals from the Fiji government) demonstrates the strict tying of

Australian aid to the payment of consultancy fees. Slippages were rare as the ADAB constantly followed-up on refunds and acquittals.

Another weakness in collaboration for the RGC projects was the high costs of feasibility studies by expatriates. This and the expensive technology for the RGC projects increased the levels of aid repatriation. In the Seaqaqa project, European consultants were paid \$EUA150,000 per annum for two years of feasibility studies.²⁷ A letter of 2 February 1982 by the Director for Economic Planning to the EU office called for the European consultant to be reduced from 24 to 12 months because of the costs involved. The Seaqaqa RGC was the focus of many feasibility and appraisal studies by European consultants or ADAB.²⁹ Likewise, the Vunidawa RGC project involved costly studies by Australians, paid from the Australian aid allocation. The equipment for outer islands jetties, later set aside for the Vunidawa Bridge, cost half a million dollars. A large portion of this was repatriated to Australian suppliers, so that the actual aid for the Vunidawa project was slight.

The development of Vunidawa was hampered by a cocktail of factors. The policy basis was flawed because it ignored the problem of dual governance. The administrative and funding gap between the central government and Fijian Administration was an important obstacle. Furthermore, the objectives embodied a dilemma: while the policy aspired to

²⁷ AID 42/8-II-I, Volume 1: 14.

²⁸ These studies included *The World Bank Appraisal of the Sugar Development Project at Seaqaqa* (Report No. 986 (a) March 6 1976; the *Seaqaqa Rural Development Annual Reports*; and, the *Korotolotolu River Basin Development Study Interim Report*, September 1981.

²⁹ These studies included *The World Bank Appraisal of the Sugar Development Project at Seaqaqa* (Report No. 986 (a) March 6 1976; the *Seaqaqa Rural Development Annual Reports*; and, the *Korotolotolu River Basin Development Study Interim Report*, September 1981.

mainstream ethnic Fijian participation in commercial agriculture, socio-cultural obstacles to development were embedded in the RGC communal orientation. The large-scale nature of the project also impeded its development. The boundaries covered an extensive area of Naitasiri province and part of the Wainibuka region in Tailevu. The administration of numerous micro projects spread over such a vast area required finely-tuned funding and administration. This was not done. The government's lack of commitment to the project in terms of planning and scheduling its implementation phases also contributed to its failure. The Vunidawa project was shelved by the SVT government when it chose to focus on rural growth centres on Vanua Levu. This spelled the end of the project's priority. Although the current Prime Minister called for a refocusing of the state's attention on the RGC concept in 2002, his government has not produced policy measures to prioritize the centres.

CONCLUSION

This chapter contextualizes the problems of the Vunidawa regional centre, to show that weaknesses in the government's approach and program for the phased-development of rural growth centres impeded its take-off beyond blueprint. While the Fiji government blundered through with the project's phasing schedules, a large portion of Australian aid for the barge and feasibility studies was repatriated. The traditionalist basis of the project also negated its success. The blueprints (Australian and local) looked good on paper but the fact that the Vunidawa centre failed to develop beyond the planning stage demonstrates that the concept was less viable on the ground. Like Yalavou, the plans for

Vunidawa were over ambitious. In retrospect, Fiji officials seemed bent on producing elaborate proposals for projects which failed to deliver rural development. The enthusiasm was there but weak commitment by the Fiji government and problems with the Australian aid program impeded the project. The next chapter examines the gap between Australian aid rhetoric and delivery.

CHAPTER SIX

BEYOND AID RHETORIC: THE STRENGTHS AND WEAKNESSES OF THE AUSTRALIAN AID PROGRAM

INTRODUCTION

This chapter deconstructs Australian aid rhetoric by examining the actual administration and disbursement of aid to Fiji by the ADAB. It demonstrates how certain strengths and flaws in the Bilateral Aid Program (ABAP) assisted or marred collaboration for rural projects. The first section reviews the objectives and thrust of the aid program for developing countries to consider Australian rhetoric on aid. This provides a backdrop for the discussion of the ABAP. Speeches and official correspondence are set against the actual problems of the ABAP to reveal a gap between rhetoric and practice. The approach reconstructs the realities of Fiji's experience with the ABAP to show that behind the altruistic rhetoric were donor self-interests and other hidden agendas. The problems experienced by recipient governments undercut some of the stated objectives of aid.

AUSTRALIAN AID RHETORIC

Rhetoric and delivery do not necessarily agree. Hayter and Watson (1985: 1) argue:

Governments of the rich countries of the West and their ruling class claim with considerable hypocrisy, that they are providing 'aid' to help

the Third World to escape from the underdevelopment and poverty which they and their predecessors created and continue to create. But much of this aid fails to alleviate poverty even in the immediate context in which it is provided; and its overall purpose is the preservation of a system, which damages the interests of the poor in the Third World.

The latter part of this chapter will reinforce the point that weaknesses in the ABAP largely negated the Australian rhetoric. More often than not, donor motivations for giving aid to less developed countries are downplayed to emphasize the altruistic motives. Consequently, when aid fails to achieve results, blame is placed on recipients. Hughes (2003), among other critics, argues that Australian aid to the Pacific has largely failed because of the inability of island states to use it responsibly.¹ This perspective is myopic: it overstates local causes and ignores flaws in the ABAP that contributed to project failures.² It also underrates the element of donor self-interest. There is a need for a close study of the gap between rhetoric and the realities of aid delivery. Donor self-interest embedded in tied aid reduces aid effectiveness because it locks the real benefits into the donor's own country.

Speeches by Australian officials and politicians tend to overstate the altruistic reasons for giving aid. In November 1976, Peacock restated this motivation:

¹ The aid debate has involved two camps: the aid critics argue that aid has largely failed to achieve targets and the pro-donor analysts emphasize faults in recipient institutions (corruption and misappropriation) as the main cause of failure (Hayter and Watson 1985; Gounder 1995: 11; Bauer 1971, Ibid 1990, 1991; Mende 1973; Lappe *et al* 1980; Seers and Myrdal 1982; and Hughes 2003). Hughes (2003) argues that Australian aid to PNG has failed because of corruption and misappropriation because of its fungibility.

² These are endogenous (cultural and socio-political) factors within Pacific island societies.

Our development assistance is one important means by which we give recognition to our moral obligations to help countries less fortunate than ourselves. Australia, like other Western aid donors, gives aid for a complex of reasons, with humanitarian considerations being paramount (ADAB 1980: 9).

Altruism aside, there are two important motivations behind the ABAP for the Asia-Pacific region: the resolve to maintain regional security and the desire to sell highly expensive Australian expertise and technology. Australia's aid in the region stems from four desired goals. First, aid to the region was initially driven by the Cold War. Second, aid is intended to minimize political unrest and economic instability in Australia's 'backyards'. Australian aid rhetoric acknowledges both motivations. Third, Australian aid is also driven by market forces and the desire to sell Australian technology and expertise to recipients. This agenda is often understated in Australian rhetoric. Fourth, Australia seeks to preserve its dominance in the region. In a parliamentary statement in February 1979, Andrew Peacock underlined this argument in relation to member countries of the Association of South East Asian Nations (ASEAN):

...there are many Third World countries which are currently experiencing rapid growth and some of them are in our region. We should not make the easy assumption that as growth occurs these political problems will diminish and disappear. We should rather be appreciative of the serious problems of social and political adjustment which will confront them as a result of their economic progress. If we wish to avoid further instability and conflict, we should be concerned to

be sensitive not only to the poor of the Third World but to those who are achieving a measure of economic success (ADAB 1980: 34).³

Peacock's successor, Malcolm Fraser, reasserted this commitment in a speech in Suva on 29 April 1980:

Your Excellency, we, in Australia, do have an interest in the political stability and economic development of our neighboring South Pacific region where island governments are dedicated to serving their own people. Fiji is a large part of the South Pacific community, and without your example others in the area might weaken in their will to persevere with liberal approaches (ADAB 1980: 110).⁴

This statement provides insight into the political underpinning of Australian aid to Fiji. First, it suggests that Fiji, the hub of South Pacific regionalism, was Australia's vanguard against Soviet intrusion in this part of the Pacific.⁵ Second, the call on Fiji to set a good example was an indirect warning that any engagement between island governments and the Soviet Union could spell the end of their democracy. Australian rhetoric on aid for regional security was interspersed with references to the 'communist threat' and a need to block the intrusion of Soviet interests. Thus, in his parliamentary statement on 19 February 1980, Fraser explained:

³ ASEAN was formed in 1967 to promote regional cooperation and trade.

⁴ Speech delivered at a luncheon for Fiji's Governor General.

⁵ Ratu Mara was instrumental in fostering Fiji's role as the hub of the South Pacific. Several regional institutions (including the South Pacific Commission, the Forum Secretariat and the University of the South Pacific) have their headquarters/main campus in Fiji.

In the South Pacific the Government will continue to consult with island governments on a number of proposals to enhance the development and security of our common region. We will do so because we attach great importance to their general well-being and because we recognize that some of the other measures we are taking in relation to the Soviet Union will involve some costs on their part (ADAB 1980: 110).

The anti-communist motivation was articulated by Peacock in August 1979:

In the island countries of the Pacific, you've got a number of small and very fragile economies. Some of the countries are ... seven or eight or nine thousand people and that makes up the whole nation. ...others are a bit bigger but they do need some assistance and some help and I'd much sooner see countries like New Zealand and Australia provide that help than have them go to the Soviet Union to help because Australia and New Zealand were not interested in helping them to provide some basic infrastructure and opportunities for trade (ADAB 1980: 12-13).

Rhetoric on security also reflected a desire to sustain Australia's powerbroker role in the Asia-Pacific region. In his address at the Swinburne College, Peacock emphasized this:

Australia's geographic location as a 'Western' advanced economy in a region with extremely low GNP per capita, high population growth rates, low foreign exchange earnings and huge debt servicing problems places a special responsibility on Australia to help its neighbors ...The last 30 years has seen Australia emerge as an affluent 'middle' power fully conscious of her geographical location and international responsibilities (ADAB 1980: 9).

The political motives for Australian aid were forged in the 1950s and continuity was articulated in Alexander Downer's parliamentary statement of 28 March 1998:

Successive Australian governments from the 1950s onward have accorded priority to the Asia-Pacific region and the forging of close relationships with key countries in the region. As a result, there has been an important element of continuity in Australia's regional engagement, reflecting the unchanging core of Australia's national interests.

The element of donor self-interest also involved the tying of some aid facilities to the procurement of Australian goods/technology and service/expertise. The introduction of tied aid components in the early 1980s was part of Australia's plans to reduce the cash grant element of aid to Fiji. The tying of some components indicated an element of self-interest in the provisions of aid to Fiji. Australian officials were aware of this. At the Royal Commonwealth Society on June 3, 1977, Fraser, acknowledged this:

Untied aid is more beneficial to the recipient than tied aid, which sometimes is little more than an interest subsidy to donor's own industries (ADAB 1980: 124).

In an evaluation of the aid program, AIDAB also admitted the boomerang effect:

It is estimated that in 1987-88, the aid program generated purchases of Australian goods and services to the value of 87 percent of total aid

expenditure. When the effect of aid in generating increased trade, both via trade spin-offs and by promoting economic growth and stability in aid recipients, are added to these purchases it is clear that for every dollar spent on aid there is ultimately substantially more than a dollar's worth of business generated in Australia (AIDAB 1990b: 13).

Tied Australian aid posed significant problems for Fiji. Chapter 3 discusses how the DIG scheme frustrated Fiji officials because of its rigorous tying. Letters from Fiji officials as well as briefing papers and notes reveal that the government was fully aware of this. The Fiji government regarded DIG as a form of subsidy for the Australian private sector. The Director of Rural Development (Rishi Ram) argued in a paper to the Permanent Secretary of Finance in 1983 that tied aid had the potential to distort the original objectives of project proposals:

Pre-established conditions generally exert [*sic*] recipients to formulate project proposals in accordance with the donor's terms. In doing so, it is likely that the original concept could lose its value, essence and direction." (AID 45/I-IV: 290).⁶

He identified some conditions imposed on Australian aid that created problems in the implementation of projects: the requirement that goods and services be obtained from Australia, the demand for large-scale projects to be subject to pre-feasibility and feasibility studies and, the practice of having project proposals examined in Canberra by desk officers who were unfamiliar with Fiji. Fiji officials often complained about Australian experts evaluating Fiji proposals because they lacked knowledge of local

⁶ Submission forwarded by a Memo dated 16 June 1983 (AID 45/I-IV: 289-91).

conditions. The Jackson Review (1984) acknowledged this problem when it prescribed an upgrading of Australian expertise in small island development through a "more open exchange within the region on economic, technical and social issues" (AID 45/I-VI: 141).

Nevertheless Peacock told a World Bank seminar on 17 October 1977:

We think that, besides their technical expertise, they bring to the countries in which they serve ...a pragmatic and practical approach to life which has been burnt into our national consciousness in settling and developing this continent. Australian experts have a willingness to get their boots dirty and an ability to improvise in difficult circumstances, which, is perhaps even more important than the professional and technical skills for which they are primarily selected. That this is not a conceit on our part is shown by the clear desire of our neighbors to place a very high priority on Australian expertise as compared with that available from many other countries (ADAB 1980: 7).

On the contrary, Fiji constantly lobbied for the use of local expertise. Australia's preference for its own consultants to conduct high cost feasibility studies was another aspect that constantly riled Fiji officials. This frustration was articulated in Notes authored by a Fiji aid official in 1981:

Most of the large projects involving several thousand dollars are subject to pre-feasibility and feasibility studies by the Australian government. These studies tend to delay the implementation of projects. Not only this, enormous sums are paid to Australian consultants from our aid funds. Where such studies are justified, consideration should be given to engage local consultants for carrying

out studies. Costs would be less and being well acquainted with the local conditions, the consultants would be able to appraise situations better and provide balanced recommendations (AID 45/I-III: 34).

Rishi Ram also had his say on this in a note to the Permanent Secretary for Finance in 1981:

The Cabinet Office has already expressed some concern on the excessive use of aid funds on pre-feasibility and feasibility studies on certain projects. It would be in our interest to see that aid funds are used in the best possible manner (AID 42/8-I-I: 6).

Agreeing, the Permanent Secretary for Finance said in his reply on 17 December 1981:

From our past experience of pre-feasibility reports, what consultants do is collate and compile data and present it in their fancy ways. It is felt that our people would be in a position to do a better job especially where a study of this nature is concerned (AID 42/8-I-I: 7).

The element of aid wastage on expensive studies and consultancies by Australians was the subject of numerous complaints. Discussing this in 2004, McMaster, the Australian management consultant who carried out a review of the ABAP in 1986, said:

A vast amount of the resources were wasted in studies and more studies, consultancies, reviews and meetings, discussions, with huge administrative structure and so forth. We were concerned that not much of the money was hitting the ground and benefiting people

A paper prepared by the Project Planning and Evaluation Unit in the Fiji Central Planning Office dated 9 February 1983 also questioned the tying of aid for some large-scale projects to the contracting of Australian experts:

The commissioning of feasibility studies for large-scale projects is necessary to adequately appraise projects. However, unlike other donors, the Australians do not allow for any input by Fiji into the selection of consultants. It is extremely important that we participate in selecting consultants bearing in mind the procedures and policies for consultancy for Australian aid projects (particularly the fact that for Australian aid projects, the consultants must be from that country) and the fact that Fiji has to live with the consequences (AID 45/I-IV: 128).⁷

All these complaints proved futile as ADAB persisted with its preference for Australian consultants. Later that year, the Director of Rural Development complained to the Permanent Secretary of Finance about the tying of Australian aid, saying that tied aid subsidizes the donor's private sector.⁸ He also pointed out that tied aid could impose the donor's own agenda:

The important thing is that the needs of the recipient country should be assessed in isolation and not with the ulterior motives of the donor. This is where flexibility in aid program is necessary and the Australian government should be asked to relax its terms and conditions ... (AID 45/I-IV: 290).

⁷ AID 45/I-IV: 127-130).

⁸ AID 45/I-IV: 289-291- also cited on page 17 of this chapter.

While Fiji officials constantly complained about the tying of some aid facilities, Australian officials continually promoted the transfer of Australian technology and expertise. In his Swinburne address in 1976, Peacock sold this idea:

Our Government has a very positive attitude to development assistance. We acknowledge Australia's responsibility to assist the economic and social development of Third World countries through the transfer to them of Australian resources and technology on highly concessional terms. Aid is a valuable supplement to the crucial efforts of the developing countries themselves. We are determined to continue and extend our overall aid effort (ADAB 1980: 9).

Regrettably, this reference to the concessional nature of technology and expertise transfers belies the problems experienced by recipient governments in trying to obtain the best value from such transfers. The high costs of Australian expertise and technology maximized the repatriation of benefits.

Claims were made by Australian officials from the 1970s that Australia was prepared to untie its aid programs to increase the real benefits to recipients. In his Swinburne address, Peacock said:

We are now willing to meet local costs, and to untie our aid to a greater extent than ever before. Our willingness to enter into multi-year forward commitment with major bilateral and some of our multilateral

recipients gives those countries and organizations an assured basis for their forward planning (ADAB 1980: 1).⁹

Fraser reiterated this commitment on 3 June 1977:

As part of its efforts to improve the quality of its aid, Australia took action last year to further untie its aid ... While we recognize that this exposes our own producers to greater competition, we believe that it is important that developing countries receive full value for the aid we provide (ADAB 1980: 124).

While these pledges were made in 1976 and 1977, the rigorously tied DIG scheme was introduced in 1981. Complaints against the DIG and DIFF facilities by recipients suggested Australia's self interest and impositions through these tied aid facilities.

BEYOND AID RHETORIC: THE REALITIES OF FIJI'S EXPERIENCE

Over many years the Alliance government enunciated several major weaknesses in the Australian aid program. Complaints were made about the tying of aid components, delays in appraisals, funding deferments, shortfalls in disbursements of pledged aid, the blocking of transfers of balances from one allocation to another, poor reporting on appraisals and the breaching of disbursement guidelines by ADAB. These flaws ultimately damaged the capacity of the Fiji government to administer and disburse Australian aid. Of the many problems faced by the government in requesting and disbursing aid, flaws in the appraisal methods of ADAB and the tying of DIG were perhaps the most frustrating. Other

⁹ This document has been cited on page 12 of this chapter.

problems included shortfalls in disbursements by ADAB, repeated delays in funds provision, and the breaching of disbursement guidelines. Hence, from 1980 to 1987, frustration overshadowed gratitude.

THE ADAB APPRAISAL SYSTEM

Popular rhetoric sometimes masked realities. In an address at Consultations between NGOs and ADAB on 7 September, 1977, Peacock boasts:

Australian aid administration has made real progress in recent years. For example, appraisal and evaluation procedures have been instituted, which critically examine bilateral proposals for both economic viability and social effects. Program planning missions have initiated genuine dialogue with recipients, a far cry from the old 'shopping list' approach (ADAB 1980: 1).

Yet the Fiji government constantly experienced problems with ADAB administration: ADAB took an inordinately long time to appraise and approve or reject proposals.¹⁰ Late approvals handicapped Fiji's ability to incorporate ongoing and new projects into the Indicative Planning Figure (IPF) for each financial year. The IPF is a schedule of projects (locally funded and overseas aided) to be implemented within a budget cycle. The Fiji Aid Unit knew that late approvals weaken Fiji's ability to implement its IPF:

¹⁰ Appraisal delays of up to four years were experienced with some large-scale projects. Proposals for funding under the DIG and Small Grants schemes were appraised quicker.

Under expenditure in one year will be taken up in the following year provided approval of pipeline projects are given within the year. There are projects already in the program, which could easily take up the shortfall if early approvals are given. Late approvals affect our absorptive capacity (AID 45/I-VI: 133)¹¹

Delays in project approvals distorted each year's IPF because projects scheduled for implementation could not commence or continue. Distortions were also caused by shortfalls in disbursements. The result was underutilization of aid. Underused aid is 'lost' by the recipient because ADAB had a strict code against transferring balances from one year to another. Prolonged delays in appraisal caused recurrent under-use of aid allocations. The Fiji government constantly struggled to synchronize its IPF with each year's aid allocations. The fact that Fiji had a different financial year (January to December) exacerbated the problems caused by delays. For instance, aid allocations for July 1980 to June 1981 in the Australian financial year were to be used by Fiji in its January to December 1981 financial year. This meant that Fiji had to submit proposals for 1981 well before the end of 1980. In a letter of 4 February 1981 to the Australian High Commissioner, Rishi Ram requested a re-scheduling of the Australian Aid Mission visits to ease Fiji's budget and IPF preparation:

During the past years, your Aid Missions used to visit Fiji around July and August. This timing has not worked out well with us because by this period, our Budget for the following year is virtually finalized and therefore a lot of administrative inconveniences are experienced in incorporating new projects into our budgetary system. If an Aid

¹¹ Fiji Aid Unit 'Notes on the Australian Bilateral Aid Program 1983/84-1987/88'.

Mission is expected this year, it would be desirable to have it in March or April by which time we would still be working on our Budget for 1982 (AID 45/I-III).

No re-scheduling followed this request as another request was made in 1986. The Fiji government was therefore continually pressed for time when preparing proposals. A paper (c. 1986) prepared by the Fiji Aid Coordinating Committee (FACC) clarified this pressure:

The preparation of the budget commences in March and is completed in October for presentation to Parliament in November. The Fiji budget system aims to incorporate all aid funded projects as well as Fiji funded projects, so it is most important that projects envisaged to be commenced in the new budget year gain donor approval before they are incorporated in the budget as part of the total national investment program. This requires early submission of project documentation to the ADAB (AID 45/I-VII: Appendix 1: 18).¹²

Unlike the earlier recommendation for March or April, the paper recommended the scheduling of a programming mission by Australia in May-June every year well before the Fiji budget was finalized.¹³ Proposals for Australian aid had to be submitted before October to dovetail into Fiji's forward programming (IPF and annual Budget) for the next year and the allocations for each Australian year. Such pressure caused frustration among Fiji officials. At the 1986 bilateral talks, an agreement was finally reached between Australian and Fiji officials for the 1987 annual talks to be held in Suva in May.

¹² AID 45/I-VII, Appendix 1: 1-19.

¹³ This recommendation led to the re-scheduling of programming missions (AID 45/I-VII: 299).

Rabuka's *coup-de-tat* took place in May 1987 so the planned talks did not eventuate on the agreed date.

Delayed appraisals also restricted Fiji's submissions to alternative donors as noted by the Aid Unit in 1981:

Rather than dilly-dallying with project proposals, the Australians should advise us without reservations on their willingness or otherwise of providing aid for a certain project. If a proposal does not appear to be of any interest to them or if it does not fall within the scope of their aid criteria, we should be informed accordingly so that alternative arrangements for funding could be made (AID 45/I-III: 34).

Many rural projects were shelved because of the prolonged delays in their appraisal by ADAB. By the time rejected proposals were returned, there was little opportunity to acquire funding from another donor. After discussions in Canberra with ADAB officials in 1981, Rishi Ram was brimming with optimism that the appraisal timeframe might be reduced:

In my discussions with these officers, I explained about our system of budget financing and stressed that all proposals which are normally put forward for aid funding are very closely examined, appraised and processed through our own procedures. I raised with ADAB about the complexities and their lengthy mechanism involved for processing aid requests....They agreed that theirs was a highly bureaucratic system and it would be difficult to break away from it, however, every effort would be made to speed up the processing...(AID 45/I-III: 164).

This optimism was misguided. Instead of improving, appraisal delays stretched beyond three years for some large projects. A paper prepared by the Fiji Aid Unit (A. Singh) on 19 March 1986 for Bilateral Talks on 20-21 March 1986, highlighted Fiji's frustration.¹⁴ The paper noted that approval for the Lami Wharf and northern division rice projects was still pending four years after they were submitted. Furthermore, ADAB approval for other requests was still pending after two years. The Lami Wharf project finally commenced after Australia approved its funding under the 1986/87 allocations. Even some small-scale proposals requiring small cash grants suffered lengthy waiting time, from two to four years. The same document noted that a request for a cash grant for rural flight services was rejected after "unlimited waiting time" of more than two years. Other small cash proposals for rural roads and energy consultation suffered similar delays. The paper added that the lengthy delays included delays in the presentation of findings by Australian consultants.

The FACC paper (c. 1986) clearly outlined the flow-on effects:

The Fiji aid program has suffered in the past from problems caused by slow feedback and poor communication on the status of project proposals. It has been difficult for Fiji to estimate when it is likely to receive approval for individual projects or requests for other forms of assistance because of the high variation in the length of time taken by the appraisal and approval processes. The AID Coordinating Committee is sometimes uncertain when it can expect to gain approval

¹⁴ AID 45/I-VII: 86-87.

and this complicates the Fiji budgeting for projects which have a local cost contribution. Unexpected delays on project approval can lead to undermining of sectoral strategies and create coordination problems for linked projects. For example, delay in a fishing wharf construction project could create cost increases for fisheries development and have negative impacts on fisheries projects (AID 45/I-VII Appendix 1: 19).

Delays in appraisal also made it difficult for Fiji to balance its budget and marred forward planning for projects partly financed by Fiji. This problem was regularly highlighted in aid notes, briefing papers and internal correspondence. The same paper noted that the EEC and NZ aid programs had a higher level of assurance that projects would be approved and implemented. Referring to the NZ aid program, the paper noted:

Generally, their aid system is flexible and has a capacity to respond quickly to requests within the framework of the agreed program. It is well coordinated with the Fiji Budget cycle and this enables Fiji to incorporate New Zealand projects into the budget with a high degree of certainty that projects will be implemented with New Zealand assistance. New Zealand's aid system operates on a three-year forward planning cycle which has proved suitable. In comparison to Australia, the length of time taken to consider and approve requests is much shorter (AID 45/I-VII Appendix 1: 15).¹⁵

The paper also noted that like the NZ program, the EEC system helped Fiji with forward planning because there was a higher degree of certainty that projects would be approved:

¹⁵ Australia started a new Five Year aid program for Fiji valued at \$A62 million for the 1983/84 to 1987/88 quinquennium. Projects worth \$A53.313 million were approved by July 1986 for this first five year cycle (AID 45/IVII: 198).

Under the LOME Convention the total amount of aid allocated to individual countries is agreed by the Convention and this enables the development of a relatively firm five year program. A large amount of planning is done in the initial period and a broad agreement is reached on the structure of the program and the sectors to be assisted, as well as the type of assistance and nature of the projects. Detailed project formulation and appraisal then follows progressively over the period within the agreed program structure. The recipient government can engage in forward planning with a greater degree of certainty and the approval of projects is virtually assured (ibid: 15).

With Australian aid, there was less assurance. This constrained the preparation of a firm IPF by the Fiji government. However, the EEC and NZ aid programs for Fiji were smaller. The Australian aid program was much larger, hence cumbersome. Discussing the same problem with the ADAB appraisal system in 2004, McMaster recalled:

We were always arguing... that the aid funding system was very cumbersome, it had plenty of delays, it was uncertain and it was very difficult to build into Fiji's annual budget because we never knew when the money was going to be received. (Interview October 2004: 5).

Concern among Fiji officials had been expressed since 1980. A Cabinet Memo dated 30 September 1980 emphasized the lengthy delays in the appraisal of proposals as a major problem.¹⁶ In 1980, frustrated with Australia's sluggish response to requests for outer

¹⁶ AID 45/I-II: 34.

island jetties, the Permanent Secretary for Works, (Marika Tukituku), complained to the Permanent Secretary for Finance in a Memo of 11 June:

In spite of the mass of information fed to the Australian High Commission in the past 3 or 4 years, nothing concrete has so far been achieved. This is a project that I feel must be pursued with vigor with the Australians (AID 45/I-II: 125).

Again, in 1981, Rishi Ram articulated the same concern:

I am sorry to say that the regular reporting system on the status of individual projects is virtually non-existent. As recipients of aid, we are always anxious to know what is happening to a proposal.... Such information is essential to us for planning needs so that immediate and effective use of aid is made. Ministries and departments are always after us trying to find out the status of their project. I would like to suggest that some sort of regular reporting system be devised so that there is a continuous flow of information. This, I am sure will save us all from unnecessary correspondence and paperwork (AID 45/I-II: 164).

He called for ADAB to adopt a regular reporting system to enhance feedback. An improved schedule was devised after ADAB was reconstituted as AIDAB in 1987.

Both Fiji and the ADAB tried to explain the delays. ADAB reasoned that careful analysis of proposals for up to two years was crucial to ensure that aid was appropriately allocated. On the other hand, Fiji suggested that the problem was caused by a lack of

capacity of the resident ADAB staff to appraise proposals in Suva. At Bilateral Aid talks in Canberra in September 1986, the Acting Director General ADAB (Graham Lawless) explained that the Foreign Affairs Minister, Bill Hayden, demanded that all projects be presented to him in detail. Hayden perceived all projects as an investment of Australian taxpayers' funds. The level of analysis required by Hayden had intensified with his insistence that ADAB always consult the Finance Department.

Fiji, however, offered a different explanation. A briefing paper of 9 February 1983 by the Central Planning Office noted that the main cause of delays was the inability of resident ADAB missions/representatives to process proposals:

There seems to be a lack of technical capability in the aid section of the Australian High Commission here which consists of administrators rather than technical aid staff. Projects earmarked for aid are sent directly to Canberra (ADAB) without preliminary analysis done in the High Commission. This has caused unnecessary delays in the appraisal and approval of projects. Also, it is not possible for technical questions to be discussed directly, which is crucial in such a major program. There is a need for closer technical cooperation between the Central Planning Office and aid staff at the Australian High Commission with regard to project analysis and this requires regular contact with ADAB technical staff (AID 45/I-IV: 129).¹⁷

The authority to approve proposals was vested in the ADAB headquarters in Canberra and this caused delays. Some of the administrative sections of ADAB were subsumed

¹⁷ AID 45/I-IV: 127-130.

within Foreign Affairs, so the Bureau lacked autonomy and control over its own appraisal system. Furthermore, the appraisal system required Pacific islands without a resident ADAB mission to submit proposals via the Australian High Commission in Wellington. In Fiji's case, although the Australian High Commission in Suva had ADAB counselors, all proposals went to Canberra for approval. Not surprisingly, appraisal delays stretched to four years in some cases. The NZ system was far more efficient. The FACC paper emphasized that project appraisals by NZ were faster because the resident NZ aid team in Suva had the capacity to process and monitor projects locally:

The New Zealand post in Suva very efficiently monitors the progress of projects and the overall development of sectors of Fiji's economy in which they have projects. They have developed very effective working relationships with the ministries and the Central Planning Office, which enable them to identify areas where they can offer assistance (AID 45/I-VII, Appendix 1: 15).

Unlike the resident ADAB team, the NZ team in Suva was actively involved in processing aid requests. This saved time and helped forge a close working relationship between the donor and recipient. McMaster (2004) expressed similar sentiments:

New Zealand was much more flexible – they'd send a programming mission and meet with all the senior officials and they'd agree to go ahead the following year and do the following projects. The team that came to Fiji was often senior enough to be able to give the green light on all the proposals, whereas with Australia, the programming mission would come and go back to write a report and that would go back to the

ADAB – go through all their hierarchy and then go to Finance – it was a much more cumbersome process and it was so cumbersome it wasn't working. Why didn't they empower the people in the post? And that's what we were proposing: send a few economists to Suva, people who are high enough to make the decisions, delegate to them responsibility and allow them to make more decisions (Interview transcript 2004: 10).

The Jackson report (1984: 222, 234) acknowledged this problem and recommended a restructuring of ADAB to endow it with more capacity to appraise proposals.

In retrospect, ADAB could not immediately address Fiji's concerns because it lacked the capacity to do so. Its administrative section was still subordinated to the Minister of Foreign Affairs. So complaints by Fiji officials about excessive delays in appraisals increased significantly in 1986. The Jackson Review recommended four restructuring options to give ADAB more power to approve or reject proposals. The Review also recommended the appointment of a team of experts to carry out appraisals for the South Pacific. However, although a Pacific Regional Team (PRT) was appointed, it failed to bring about immediate reforms to the appraisal system. The PRT was described by McMaster as a 'high-flying' highly mobile team based in Canberra. The team comprised a select coterie of Australian experts who made trips to recipient countries to appraise proposals:

Why didn't they empower the people in the post (Development Assistance Section of the Australian High Commissions) – why not send a few economists to Suva, there were people qualified enough to make the decisions – delegate to them responsibility and allow them to

make more decisions – because they are working closer to the grassroots – they know what’s going on and that would have solved this huge ‘bottleneck’ they had in the aid program. Their solution was to have the PRT – the solution we proposed was to take more of their AUSAID (ADAB) staff out of Canberra, put them in the countries they’re dealing with and give them some more autonomy, and within a framework of allocated funds, allow them to approve things and speed up the process.¹⁸

A paper on the Australian Bilateral Aid Program (ABAP) dated 2 May 1986 revealed that the flaw persisted.¹⁹ Although a glimmer of hope was expressed that ADAB was beginning to acknowledge weakness in its appraisal system, it emphasized that the slow delivery of Australian aid was the “main bone of contention” (AID 45/I-VII: 114). Fiji’s main gripe was the lengthy delays in appraisal and the resultant uncertainty.

In 1986, ADAB commissioned another review by McMaster (1986). He acknowledged the problem of protracted delays:

Some of the important large-scale multi year projects submitted early in the quinquennium, have taken up to four years to reach approval stage. These delays created scheduling problems for the Fiji government that was committed to an earlier commencement of these projects. The variable length of time taken by the ADAB to approve projects has made it difficult for the Fiji Government to predict and plan the commencement date of projects and has led to under spending on the capital budget (Ibid:3).

¹⁸ Ibid. Note: McMaster chose to refer to the ADAB as the AUSAID (Interview Transcript 2004: 10).

¹⁹ AID 45/I-VII: 110-113.

Most of the delayed appraisals involved Project Aid. At bilateral talks in 1985, the Australians had promised that recent procedural changes had helped remove log jams, but an Aid Brief in May 1986 complained that major projects submitted two to four years earlier were still pending.²⁰

THE ADAB DELIVERY SYSTEM

Appraisal delays inevitably resulted in the deferment of Australian funding for Fiji's pipelined projects. This was a problem that constantly bothered Fiji officials. Repeated deferments of funding for approved projects caused a lot of frustration. An Aid Brief dated 2 May 1986 complained that this made it difficult for Fiji to project capital expenditures, causing overestimations in Fiji's IPF.²¹ The Aid Brief expressed concern that funding for approved projects under the 1987/88 allocation would be further deferred:

It will be noted that there has been a tendency for Australia to defer the funding of approved projects to later years. This has had the effect of making projected expenditure in the last two years of the quinquennium (1986/87-1987/88) far greater than the IPF for those years. There are already signs that funding of approved projects will be further deferred to beyond the commitment period ending in the final year of the quinquennium in 1987/88. This should be resisted, in order that the projected aid input into priority projects in our development

²⁰ Fiji/Australia Official Talks: February-March 1985 (AID 45/I-VII: 110-113).

²¹ AID 45/I-VII: 110-113.

program, budget cash flow and our capacity to implement projects do not suffer (AID 45/I-VII: 112).

Deferment of project funding exacerbated Fiji's problem of having to align her IPF with Australia's financial years. Moreover, the delays in aid delivery coupled with slow appraisals hindered Fiji's full use of allocations. In another document, the Australians' motive was questioned. An Aid Briefing paper by the Project Planning and Evaluation Unit (Central Planning Office) dated 9 February 1983 alleged that the deferment of funding was a ploy to weaken Fiji's capacity to implement its IPF:

The over programming of the aid budget is not good for Fiji. This puts the Australians in a position to manipulate the program by shifting projects in and out. This causes distortions in our scheduling of projects and delays in implementation (AID 45/I-IV: 129).²²

This reveals an element of mistrust. Ultimately, deferred funding and delayed appraisals produced shortfalls in disbursements by the ADAB. Furthermore, these shortfalls also distorted Fiji's IPF through over-programming in the Australian aid budget for Fiji.

Shortfalls compounded Fiji's problems in managing its IPF and annual budget. Since the mid-1970s Fiji had been frustrated with shortfalls. For instance, a week after his return from discussions in Canberra, Ratu Mara wrote to Andrew Peacock on 27 November 1979 to query shortfalls in the disbursement of pledged aid for July 1976 to 1979:

²² This was an internal official document.

Let me say at the outset that the Government of Fiji greatly appreciates your country's aid support...and this represented a major contribution to our efforts to improve the economic and social conditions of our people. Our current concern is the shortfall in the actual disbursement of pledged aid, which could seriously affect the implementation of approved projects for financing under the Australia/Fiji bilateral aid programs. As you know, in 1976 your Government very generously pledged A\$21.5 million...for the period July 1976 to June 1979....The Government in Fiji had considered and approved projects for implementation under the three-year aid program with Australia on the basis of the originally pledged amounts. You will therefore appreciate our concern at the shortfalls in actual delivery of the pledged aid (AID 45/I-II: 11-12).

Table 23.0 sets out these shortfalls.

Table 23.0 Short-Falls in Aid Disbursements, 1977/1978-1978/1979

	<u>Allocations/Pledged Aid</u>	<u>Actual Disbursements</u>
1976/77	\$A5.5m	\$A4.195m
1977/78	\$A7.0m	\$A6.048m
1978/79	\$A9.0m	\$A8.211m
Total	\$21.20m	\$A18.45m

(Source: AID 45/I-II: 33)

Against the pledged \$21.5 million there was a cumulative shortfall of \$A3m to \$A5m.

The Development Sub-Committee (Paper P1/80) again focused on the problem in 1980:

...the amounts of money being pledged and made available differ substantially. [The] programming of projects and approval by the Fiji Government has been based on the pledges of the aid missions. The increasing number of projects not being implemented can be directly attributed to this. It is therefore suggested that some strong representation be made to the donor about unfulfilled pledges (AID 45/I-I: 358).

No strong enough representation was made to Australia as Fiji was in no position to force Australia's hand. Fiji officials continued to grumble and complain in memos, aid briefs and notes to no avail. The trend continued to 1987 coupled with delayed appraisals and deferments. Table 24.0 shows the shortfalls for 1983-1987.

Table 24.0 Shortfalls in Pledged Aid: 1983/1984-1986/1987

<i>Year</i>	<i>IPF (\$million)</i>	<i>Actual</i>	<i>Shortfall</i>
1983/1984	10.700	8.781	1.919
1984/1985	11.400	11.018	0.382
1985/1986	12.300	11.107	1.193
<i>Cumulative</i>	34.400	30.906	3.494
1986/1987	13.250	11.280	1.970
	47.650	42.186	5.464

(Source: AID 45/I-VIII: 235)

These shortfalls for 1983 to 1987 posed problems for Fiji's forward programming and IPF. An Opening Statement by Fiji's Deputy Prime Minister at the Canberra Talks in 1986 talked about how shortfalls created uncertainty over the implementation of priority projects:

Unfortunately, the early years of this 5-year bilateral aid program have seen expenditure at a level substantially less than originally forecasted for those years. This has had the effect of delaying some of our priority projects and leaving them in a state of uncertainty. To some extent this has been countered by the practice of over-programming; but this very process can, itself, defeat the objective of adhering to the originally designated priorities. I very much hope that once we are better informed about the appraisal procedures used by Australia, we may understand better why these delays occur and also see what can be done to obviate them (AID 45/I-II: 219).²³

A paper dated 19 March 1986 from the Aid Unit (A. Singh) on bilateral aid talks (held on 20-21 March 1986) also discussed the shortfalls:

Australia has not shown willingness to match the IPF for the five years (quinquennium) by actual expenditure. For instance, the \$A10.7m IPF for 1984/85 drew an expenditure of \$A8.7 million. The trend is the same for 1985/86 but the level of expenditure had risen to an estimated \$11 million against the IPF of \$11.4 million by the inclusion of \$2.82 million for cyclone relief and rehabilitation. This does indicate that the controlling factor on expenditure for aid to Fiji is not the IPF but the annual allocation decided for expenditure in each year brought about by a declaration by the Australians on the real purpose of an IPF, which is invariably under spent (AID 45/I-VII: 86).²⁴

²³ Australia started its new Five-Year aid program for Fiji valued at \$A62 million for the 1983/84 to 1987/88 quinquennium. Projects worth \$A53.313 million were approved by the ADAB in July 1986 for this first five year cycle (AID 45/I-VII: 198).

²⁴ AID 45/I-VII: 86-87.

Again, the difference in financial years as well as the appraisal problems contributed to shortfalls. An Aid Brief by the Aid Unit in 1981 articulated these connected problems:

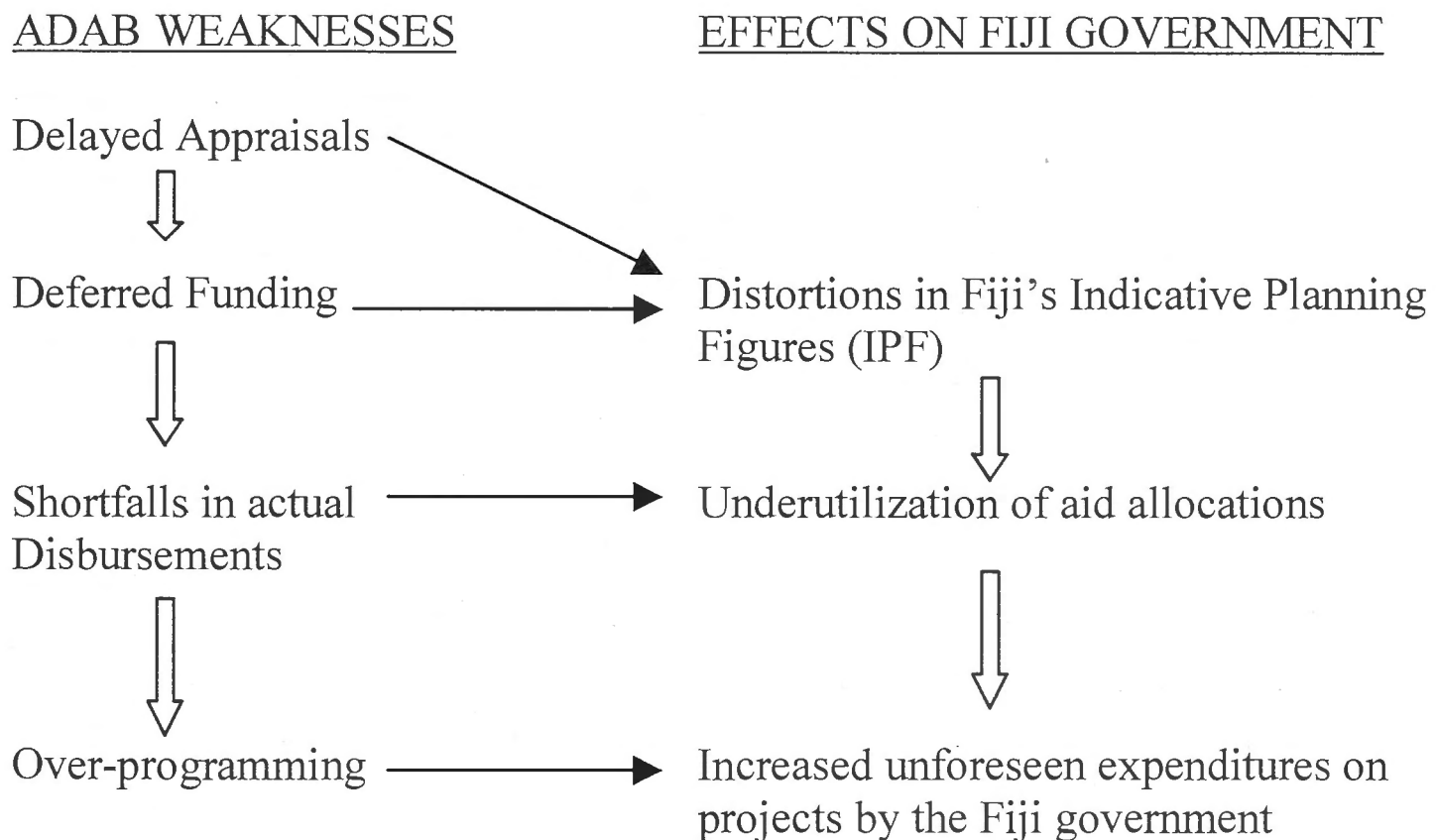
The Australian financial year will end in June and it would be in September or October when the actual figures on disbursements for 1980/81 would be known. The current trend on the implementation of projects suggest that there would be a shortfall in excess of \$A1.00 million. However, consultations are taking place with the Australian High Commission to re-arrange financial allocations in order to attain full disbursement. A number of projects have been featuring in the Australian Aid program from year to year without being implemented. The reasons being the delay on the part of Australian aid authorities in approving projects (AID 45/I-III: 33).

Problems with shortfalls persisted to 1987 which indicates that ADAB did not follow through on its pledge to rearrange the timing of financial allocations in the ABAP. The delayed projects mentioned in the Aid Brief included the outer island jetties program and a pilot food processing project. The combination of these problems caused Fiji's recurring under-use of Australia's aid allocations. Figure 7.0 conceptualizes the flow-on effects. Notwithstanding these weaknesses that became more pronounced in the mid 1980s, global economic forces also impacted on Australia's capacity to deliver aid. The 1975 oil crisis and the downturn in the world economy reduced Australia's capacity as a donor. The devaluation of the Australian dollar in the mid-1980s also reduced aid spending. In his Budget announcement on August 19 1986, Hayden explained that Australia's reduced capacity to provide aid stemmed from an urgent need to curb the level of real spending by the government to reduce pressures on the external account.

This reduced the proportion of aid to GNP in 1986/87 to .32% from .46% in 1985/86.²⁵

Hence, some problems with the Australian aid program were caused by global forces.

Figure 7.0 Flow-on Effects of Delayed Appraisals by ADAB



OTHER WEAKNESSES IN THE ABAP

In his address at a World Bank Seminar on 17 October 1977, Peacock commended Australia's aid policies:

The current Australian government has, I believe, developed the best articulated set of policies which Australia has ever had – policies which cover the framework and motivation of aid, its organizational structure

²⁵ AID 45/I-VII: 114-117; 268.

and its relationship with our foreign policy, where it should be directed and how it needs to be aligned.

This statement reveals that Australia's aid policies were driven by foreign policy interests. National interests embedded in foreign policies do inform a donor's aid program. This interplay of foreign policies and aid programs often undermines the altruistic principles of overseas aid. More importantly, these conflicting interests often produce lip service and ill-defined poverty alleviation goals in aid programs. However, a workshop for South Pacific planning officers (in 1986) paid cursory attention to this nexus when it suggested that Australian aid policies were not always well defined:

Australian aid could be better managed if it were better understood and better programmed by all parties. Uncertainties persist about Australian requirements and standards for appraisal, the risk of under expenditure is noted ... excessive costs of consultants and over runs are also noted with concern. Some difference of view exists on the degree of definition of methodologies and standards and too often, donor projects are over designed and too sophisticated for South Pacific requirements (AID 45/I-VII: 116).²⁶

The workshop failed to link ill-defined aid policies to donor self-interest. The Jackson Review (1984: 241) was a step ahead of South Pacific Planners when it acknowledged the need for a clearer aid policy setting and observed that aid policies were not consistent with stated objectives because they were vested in the broader foreign policy framework. When aid is closely tied to the donor's own foreign policies, donor self-interest becomes

²⁶ AID 45/I-VII: 114-117.

the prime motivation and aid rhetoric remains a mask for non-altruistic motives. The workshop for South Pacific planners called for a country strategy approach by the ADAB to help improve its aid policies.²⁷ The FACC paper (c.1986) also welcomed this approach:

The country strategy approach provides a more effective system for the appraisal of aid requests and assists the recipient governments in their planning and coordination of donor assistance. The recipient government would have a clearer understanding of the priority sectors where Australian aid would be focused ... (AID 45/I-VII, Appendix 1: 17).²⁸

This was a missed opportunity to deal with donor interest on a united recipient front as South Pacific Planners failed to make the connections between poorly defined poverty alleviation measures in aid programs and donor self-interest.

ADAB adopted country strategy programs after McMaster's review. The McMaster review mooted a shift from non-sector based project aid to policy-based, sector-wide program approach, to make aid administration more efficient. However, some Fiji officials were not keen on McMaster's recommendations for increased focus on Australian-origin goods and services, more sector focus and the gradual phasing out of grant aid. Criticizing McMaster's recommendation to reduce the number of small, discrete projects, the Deputy Secretary for Finance (Mackenzie) said in an internal note (10 September 1986) to his boss in 1986:

²⁷ AID 45/I-VII: 114-117.

²⁸ AID 45/I-VII, Appendix 1.

A...feature of the two papers produced by McMaster is the apparent wish to change the nature of the program from one which contains a multiplicity of projects, large and small, to a program that contains either a reduced number of larger projects or a program with a heavy sectoral focus...the emphasis on one particular sector or even the allocation of funds specifically for individual sectors would probably have the effect of limiting the beneficial effects of the Australian Aid Program. It would of course be much easier for the Australians but I suspect that it would be less advantageous for Fiji....rigidity would in turn creep into the program and we would find ourselves having to seek approval to "wire" funds from one allocation to another.... (AID 45/I-VIII: 284).

Mackenzie's September critique also suggested that in calling for more allocations tied to the procurement of Australian goods and services, McMaster was trying to impose Australia's agendas:

You will have received a set of two documents from the Australian High Commission...which were prepared by J. McMaster (ex CPO)....The letter which accompanied them from the Australian High Commission...also makes clear that the documents do not necessarily reflect the views of the ADAB or the Australian Government. I think the latter statement is questionable, since it would seem to me that McMaster is pretty accurately reflecting both ADAB's and the Australian Government's thinking....One can understand the donor's position in wishing to make maximum use of the aid program for the donor country's benefit and of course the supply of Australian goods and services and people does reap the largest benefit for Australia.

However, we have a large number of projects where we do not need specific Australian input... (AID 45/I-VIII: 283-284).

Despite opposition from Fiji, McMaster's recommendations were phased-in to the ABAP to streamline appraisal and delivery and to reduce problems of deferments. This approach helped improve policy issues and administrative processes. The critiques by Fiji officials were mainly motivated by frustrations with the DIG scheme and a preference for cash grants because these helped prop up Fiji's budgets for projects.

The workshop for Pacific planning officers also criticized Australia's 'insularity':

The ADAB needs to be aware of what other donors are doing in the recipient country, and to coordinate its activities to meet the needs of the recipient countries. The ADAB should take note of the coordination efforts of regional organizations such as the South Pacific Commission... (AID 45/I-VII: 116).²⁹

AUSAID revised its procedures to strengthen coordination in the mid 1990s. This also marked recognition by Australia of the flaws in its aid delivery system.

Another concern raised by Fiji officials touched cases where Australian aid administration breached agreed guidelines and procedures to impose its preferences. A paper prepared in the Fiji Aid Unit for Bilateral Talks on 20-21 March 1986 cites instances where the Australian aid administration channeled funds towards institutions in

²⁹ AID 45/I-VII: 114-117.

Fiji without consulting the government.³⁰ The paper criticized ADAB for several such breaches. For instance, without prior consultation, ADAB placed a project (assistance to the Fiji School for the Handicapped) worth \$436,000 on the Australian Bilateral Aid Program. In another case, despite being requested by the Fiji government not to, ADAB channeled funds (\$202,000) from the ABAP direct to the University of the South Pacific for a health administration course run by the Fiji government. This could create problems with Fiji's contribution to the university and control of the course. The same paper criticized a tendency to apply pressure on Fiji to use cash grants within the Australian financial year. This often led to the neglect of priority projects.

Two important points emerge from these discussions. First, there was a gap between the rhetoric of Australian aid and its delivery and management. Australia's aid policies were driven by foreign policies, so altruism was subordinated to donor self-interest. Second, flaws in the ABAP impeded the timely and smooth implementation of pipelined rural development projects. In a speech to the UNDP on 16 June 1978, Peacock tried to present this picture:

It is truism to say that the quality of aid can be as important as the quantity...Quality embraces such concepts as grant element, program aid, local cost financing, untying and procurement from within other developing countries. On all these aspects, Australia's record is good (ADAB 1980: 14).

³⁰ AID 45/I-VII: 86-87.

What transpired in Fiji refutes this self-praise. Delayed appraisals, constant deferments of funding and shortfalls in disbursements by ADAB prevented Fiji from gaining the full benefits from Australia's aid program. Although many weaknesses of ADAB were acknowledged by the Jackson review, improvements to the program were not implemented until ADAB was restructured in 1987, when the ABAP for Fiji began to show marked improvement.

CONCLUSION

This chapter has examined the gap between rhetoric and reality to show that aid rhetoric is often negated by weaknesses in aid policies and delivery. Flaws in the Australian aid program hampered the collaboration in rural development projects. Lack of assurance in project approval, constant deferments of project funding, the tying of aid and shortfalls in actual disbursements prevented Fiji's full use of Australian project aid and DIG allocations. These problems hampered Fiji's forward programming and impeded the implementation of pipelined rural projects. Delayed appraisals worked against the synchronization of Fiji's development plans and rural projects. Despite requests by Fiji officials for more efficient delivery and in spite of repeated promises by Australian officials that they would do something to alleviate problems in the ABAP, shortfalls, delayed appraisals and deferments persisted to 1987. Consequently, Fiji's IPF and pipelined projects for rural development were thrown out of sync. This situation was not helped either by inherent weaknesses in Fiji's aid management. The next chapter assesses Fiji's role as a recipient and examines weaknesses in her aid management.

CHAPTER 7

THE ALLIANCE GOVERNMENT AND OVERSEAS AID FOR RURAL DEVELOPMENT

INTRODUCTION

This chapter examines the Fiji government's capacity to manage overseas aid. The first section examines Fiji's maneuverings when soliciting Australian aid, to show that rather than being a passive recipient, the Alliance government was a conscious client with requisite negotiation skills and aid politics. Section 1 sets the scene for my examination of the government's capacity to lobby for development assistance from overseas. The second section examines the government's delivery system for overseas aid, demonstrating how weaknesses in Fiji's aid-disbursement system hampered the donor-recipient collaboration for rural development. Section three reviews the main factors affecting the government's aid management capacity.

THE ALLIANCE GOVERNMENT'S POSTURING AS A CLIENT FOR AUSTRALIAN AID

Recipient nations are not always the passive clients they are often portrayed. In Fiji there was constant maneuvering by bureaucrats in their negotiations with donors to obtain the optimum deal. This sometimes involved playing one donor against another to persuade

them to accept certain projects or terms. The Ministry of Finance files reveal the aid politics of Fiji bureaucrats or the posturing by Fiji officials to push Canberra into granting special aid requests. For instance, in 1980, Fiji attempted to persuade Australia to cancel debts on two earlier loans - \$A2,280,300 for the Suva-Nadi Highway (1970) and \$A657,399 for the purchase of Air Pacific Shares (1974). Attempting to persuade Canberra to approve debt relief, the Secretary for Foreign Affairs (Jioji Kotobalavu) pointed out to the Australian High Commissioner (G. Upton) on 4 June 1979 that NZ had already cancelled a debt of \$1.720 million:

In February this year, the New Zealand government announced its decision to cancel Fiji's remaining outstanding debt of \$NZ1.720 million on the Nadi-Suva highway. The New Zealand Government's decision was a positive response to the resolution adopted by the March 1978 United Nations Conference on Trade and Development which called for debt relief to developing countries. We had the ... opportunity to praise New Zealand's positive response on the debt relief issue when we attended the 35th session of ESCAP in Manila this month.... It is along the line of thinking that considerable emphasis is now being placed on debt relief to disadvantaged developing countries in the aid policies of donor countries. In a similar spirit, we would ask that your government considers debt relief measures to the government of Fiji. Any resulting positive gesture would of course be of great assistance in our development effort (AID 45/I-I: 303).¹

Kotobalavu alluded to debt relief commitments for Fiji by the UK and New Zealand governments in a strong hint for Canberra to follow suit. Remarkably, an Aid Brief

¹AID 45/I-II: 44-48.

written by an official of the Fiji Aid Unit on 2 April 1980 suggested that the time seemed appropriate to coerce Australia into writing off those loans:

Indications in 1979 were that Canberra was not at all sympathetic to the idea, but in the light of changes in Australia's aid policy as a result of the Afghanistan crisis, the time may be right to **prod** Australia on our debt relief request. A point to guard against is any suggestion that they write-off these loans against our bilateral funds: this would be completely unacceptable since we would then have to borrow funds from elsewhere, probably with higher interest rates, to finance projects which would otherwise have been funded by the Australian grants utilized for debt relief (AID 45/I-II: 45).²

This captures what was happening behind the scenes as the paper was restricted to local officials. However, Fiji's campaign for debt relief was futile. By the end of April 1980, Canberra had resolved not to give in. Jone Kubuabola (Finance official) informed the Permanent Secretary of Finance on 30 April 1980 that the 'Australian High Commission has indicated that Canberra does not accept the request for debt relief' (AID 45/I-II: 51).³ The letter explained that the state of the Australian economy at that time did not persuade relenting to Fiji's request.

The Alliance Government's aid posturing was ambivalent. At times, officials would be highly critical of aspects of the Australian program: on other occasions, they heaped praise on Australia's altruism and flexibility. Fiji officials would focus on the merits of

² My emphasis.

³ Note dated 30/4/1980, Minister of Finance to Permanent Secretary of Finance (AID 45/I-II: 51).

the EEC and NZ aid programs whenever they wanted to push Canberra. At other times, positive comments on the Australian aid program were given to elicit the donor's goodwill:

I should like to say at the very outset how very appreciative we in Fiji are for the very generous assistance provided to Fiji over the past two decades. Australia is by far the largest single bilateral aid donor to Fiji and receptiveness to new proposals for incorporation in the aid program and procedure is very much appreciated. We now have a very comprehensive and flexible program of assistance in many fields which contributes substantially to the development process in Fiji (AID 45/I-VIII: 219).⁴

The same speech went on to criticize the constant deferment of project funding. In his critique of the DIG scheme in 1981, Rishi Ram also abruptly changed tack after comparing the scheme to 'forbidden fruit', conceding: "We do acknowledge that DIGS is a wonderful scheme" (AID 45/I-III: 169). Many other internally-circulated documents by Fiji aid officials reflected similar ambivalence. Canberra did not need to know about the sarcasm and bitter criticism of aspects of the ABAP circulated among Fiji departments.

Relations between Australia and Fiji were not always cordial due to Fiji's constant maneuvering with ADAB to secure the optimum aid deal. There were instances when Fiji refused to toe the line. For instance, between 1983 and 1984, a major stand-off occurred when Fiji refused to accede to Canberra's terms on major projects which included high

⁴ Draft Opening Statement for the Fiji-Australia Bilateral Talks in Canberra on 18-19 October 1986. Drafts of Official Statements were always typed up (with minor corrections) as Official Papers.

cost technology for civil aviation and telecommunications as well as technical assistance to upgrade the Ministry of Regional Development drilling capabilities and Fiji's request for a diamond core drilling rig together with ancillary drilling equipment. The impasse lasted several months until ADAB relented after Fiji revised some proposals to conform to the DIG scheme terms.⁵ At other times, Australian officials complained of unrealistic expectations. At the 1986 Bilateral Aid Talks, the Acting Director General of ADAB (Graham Lawless) said that ADAB was experiencing difficulties in keeping track of cash grant funds.⁶ ADAB needed to ensure that each project for which a cash grant was made available was completed. In response, John Munro pointed out that control of Fiji's cash grants was ensured that the second installment of grants was not paid until the previous installment had been acquitted. Reflecting on this call for accountability in his notes (October 1986), Mackenzie said:

This seems to me to be an oblique way of saying that they do not trust Fiji sufficiently and that they believe that the funds are capable of being diverted elsewhere. I suggested that if they felt that there was a need to ensure that the funds were used to procure all the goods and services for which they had been provided, the simple solution was to adopt the EEC arrangement. Under this system, a technical member of the EEC Regional Office actually visited the site and saw the completed project. There is also a provision for an EEC representative to visit projects while they are in progress (AID 45/I-VIII: 253).

⁵ Watters (Interview transcript 2004) discussed this stand-off in an interview. He was the resident ADAB Aid Counselor at the time this bilateral wrangling over projects took place. Also see: AID 45/I-VII: 198.

⁶ AID 45/I-VII: 235-238 (Notes by the Fiji Deputy Secretary of Finance, G. M. Mackenzie on the Talks).

John Munro was highly critical of a proposed aid program worth \$A22 million submitted by the Fiji government.⁷ He produced a chart showing significant differences between estimates for various projects provided by ADAB and those tendered by Fiji. He said that while many ADAB estimates were realistic, Fiji's were so "grossly unrealistic as to be meaningless". Pondering this after the talks, the Deputy Secretary for Finance (Mackenzie) said with a hint of sarcasm:

Considering that he, John Munro, supplied the Aid Unit with regular estimates of their best guess of what could be spent on the individual projects it seemed quite incredible that the figures produced by the Aid Unit were so remarkably different (AID 45/I-VIII: 247).

Eager to point out weaknesses in Fiji's aid management at the 1986 talks, Munro had also criticized the inability of the Fiji Aid Unit to recognize where projects had been rejected: rural roads continued to feature as requests long after their formal rejection by Australia. Although Mackenzie had nothing to say about this in his notes, the fact is that prolonged delays in appraisal of rural infrastructure proposals by ADAB caused a great deal of uncertainty in Fiji's forward programming for projects, hence the re-submissions of proposals for rural roads. It was not entirely Fiji's fault that these proposals continued well after their delayed rejection. Mackenzie disliked Munro's attitude at the bilateral talks and this was reflected in his October notes on the 1986 bilateral talks, where he barely stopped short of calling Munro a liar:

⁷ AID 45/I-VII: 221-224.

Munro was very critical in relation to getting answers to points raised by the Australian High Commission. He said that they had written to us suggesting an increase in the level of DIGS for 1986/1987 and that, they had not had a reply to date. Could you please examine this....Secondly, on the Small Grants Scheme, he said that they had been enquiring about the possibility of increasing the amount of money for small grants for 1986/1987 and had still not had an answer. Again, could you please examine this because I do not think it is true (AID 45/I-VIII: 249).

Cynical about some of the issues highlighted by the Australians at the bilateral talks, Mackenzie even psycho-analyzed the posturing of the Australian officials:

Of all those from the Australian side who spoke and who have contributed to date, quite clearly the outstanding person is John Wolfe of the Pacific Regional Team. He appears to be sincere and to be really trying to make the Australian Aid Program work for Fiji and for the South Pacific generally. His comments are constructive and seem to be intent on making the best of what is not always a very ideal situation. In contrast, we had dissertations from Graham Lawless which go a long way to explaining why they have had such long delays...in approving project...Most of the time seem to be spent on excusing ADAB and blaming others (who were normally Australian consultants) but certainly nobody within the ADAB...(AID 45/I-VIII: 244).

His observations indicated that the Fiji delegation was aware of undertones articulated by ADAB. Mackenzie's notes provide interesting insights on how some Fiji officials viewed Australia's aid agendas and the posturing of Australian officials at bilateral talks. More

importantly, documents like this show that the government was not a passive, witless recipient.

Correspondence from the Australian High Commission and ADAB to the Permanent Secretaries of Finance and Foreign Affairs reveal reservations about Fiji's accountability and capacity to implement projects. The poor rate of acquittal for projects was regularly highlighted by ADAB.⁸ Criticisms from both sides peaked in 1986. Official correspondence reveals increasing disillusion on the Fiji side and Australia's impatience.⁹ ADAB regularly pinpointed the slow acquittals of project funds by Fiji while tensions over recurring under-use of the Development Import Grant increased. In response, Fiji officials constantly complained about several aspects of the Australian aid program. The previous chapter has examined these complaints about delays in ADAB appraisals, shortfalls in disbursement, and deferments of project funding, while Chapter 3 has discussed the disillusion of Fiji officials with the DIG scheme.

The early to mid 1980s were the halcyon days of the IRD push, when several IRD projects fared reasonably well. However, by 1986, signs of a crash in Fiji's IRD venture began to emerge. The Yalavou and Yaqara projects were faltering and a number of IRD proposals were reaching the two-to-four years waiting time for approval. Letters and Aid Notes/Briefs in 1986 show increasing frustration with the excessive delays in ADAB appraisal. This began with the Jackson Review, followed by the Jackson Report (1985) which recommended changes to the Australian Bilateral Aid Program. Some

⁸ AID 45/1-II; AID 45/16/5-I

⁹ Correspondence in files AID 45/1-II; AID 45/1-VII; 45/16/5-I, and 45/6-I.

recommendations did not sit well with Fiji.¹⁰ McMaster's Review (1986) added fuel to the fire as a frustrated official at the Fiji Aid Unit argued in 1986:

It is somewhat ironic that the paper attempts to draw some comparisons with the New Zealand Aid Program that has all the benefits of flexibility and multi-sectoral approach – when the Australian program (according to McMaster) should be slowly turning away towards a more rigid program with little flexibility and heavy sectoral emphasis. I would feel this is a retrograde step, although I can understand that the apparent wish is to limit the projects for which Australian aid is provided (AID 45/I-VIII: 284).¹¹

Making upbeat comments about the EEC or New Zealand program was a favorite ploy by Fiji officials whenever they wanted to push Canberra. However, the EEC and New Zealand aid programs were not without flaws. Fiji officials sometimes noted that with the EEC, the main problem was with the wiring of funds across allocations. This suggests that there were some problems with the EEC allocations. New Zealand aid also featured tied components, but Fiji officials would conveniently downplay these in their negotiations with Australia. Trying to play one donor against another was part of their aid politics. Mackenzie later noted on 7 October 1986 that the Director General of ADAB (Dunn) had denied at the September Talks that Australia was planning to phase-in the sector-wide approach. The phasing out of cash grants and the shift to sector-based program aid was already underway behind the scenes.

¹⁰ The call by the Jackson Report for country strategies and a more sector-wide approach was not popular with Fiji officials.

¹¹ Quotes from Notes dated 10 September 1986 by Mackenzie.

Another dimension of Fiji's aid politics involved the veiling of ethnic preference projects in rhetoric on general national interests.¹² Many of the aid requests for rural projects masked the underlying ethnic preference. This feature has been discussed in the Introduction but it is worth noting that ADAB was fully aware of the ethnic-preference dimension. In relation to forestry projects, the former ADAB Aid Counselor (Les Watters), said:

We gave cash grants to the Ministry of Forests and the Fiji Forest Industries (FFI). We also granted allocations from the DIG scheme to the FFI. *Kubuna* landowners were encouraged to go into partnership with the FFI. Under the DIG scheme, someone had to provide capital within the recipient country and Australia had to input some grant. Incidentally, a lot of income was repatriated. However, the idea behind this was that since the Indians had a monopoly in the sugar industry, the Fijians should be encouraged to develop commercial enterprise in land and forests. The pigeon pea and some other agricultural projects had the same rationale (Watters Interview Transcript 2004: 2).¹³

Clearly, ADAB was aware of ethnic-preference issues. The fact that these proposals were funded suggests that the donor collaborated in ethnic-preference rural projects.

The project proposals from 1971 to 1987 also indicate that the bureaucrats serving the Alliance Government were astute in their negotiations for aid. This skill stemmed in part from Fiji's role as a donor to neighboring states. A government paper entitled 'Aid given

¹² Rhetoric on the rural-urban gap and reducing regional disparities were rationales for these projects. They were represented as necessary for national interests rather than for a specific ethnic group.

¹³ *Kubuna* is one of the three major *matanitu*. The other two were *Tovata* and *Burebasaga*. *Kubuna* landowners in this instance were from Tailevu province where most of these forestry projects were sited.

by Fiji to other Pacific territories' written in the early 1980s outlined the extent of Fiji's aid to neighboring island states.¹⁴ It provides insight on Fiji's capacity to negotiate with neighboring island countries: "Fiji contributes to the general development of the South Pacific region by providing facilities for education and training in various fields and by rendering technical assistance to neighboring countries".¹⁵ This aid included visits by professional staff to advise on particular problems, sending personnel to lead seminars run by the South Pacific Commission and, convening training sessions for officials in Suva. Ethnic parity in the senior echelons of the civil service also strengthened the government's negotiation skills and capacity to prioritize aid. Key positions in negotiations, formulating proposals and rendering advice on bilateral aid programs were distributed among seasoned and qualified Indo-Fijians and ethnic Fijian bureaucrats.¹⁶ Part Europeans were also well represented in the upper levels of the bureaucracy. McMaster recalled that:

...the key positions in the civil service were filled by highly competent people like Winston Thompson, who was the Permanent Secretary of Finance, Savenaca Siwatibau, who was the head of the Reserve Bank of Fiji, John Samy, who was a very competent Director of Economic Planning and Robin Yarrow, who was the Permanent Secretary of Agriculture (McMaster Interview Transcript 2004: 16).

¹⁴ FIN 27/13: 9.

¹⁵ Ibid.

¹⁶ Rishi Ram stands out among his Indo-Fijian peers as an astute official well versed in aid discourses. He was with the Fiji Aid Unit for three years before becoming Director for Rural Development.

Their proposals and briefs reflected professionalism and awareness of the donors' aid agendas. McMaster suggested that their credibility and professionalism was demonstrated by the great faith the Alliance government bestowed on them:

The annual Budgets were almost always passed without any changes. This demonstrated the level of trust Ratu Mara and his Cabinet had in his senior bureaucrats. Ratu Mara and his Cabinet relied on these civil servants to run the budget and the economy. They had great trust in the bureaucrats (McMaster 2004, Interview transcript: 16).

This ethnic parity was disrupted by the 1987 coups. Increased emigration of Indo-Fijians after the coups led to the indigenization of the upper echelons of the civil service. Between 1987 and 1991, 12.5 percent of the 1986 stock (and 17.4 percent of the 1988 workforce) of legislative officers and government administrators emigrated. Meanwhile Fiji lost 18.6 percent of the 1986 stock (and 8.7 percent of the 1988 workforce) of government executive officers through emigration.¹⁷ The vast majority (80 percent annually) were skilled Indo-Fijians. This flight of skills would have had negative ramifications on the government's capacity to prioritize aid for rural development. The Auditor General's reports have consistently spotlighted the pervasive corruption in the civil service. In his most recent audit (2005), he pinpointed gross anomalies in the book-keeping systems of the Ministry of Finance and several other departments.¹⁸ This is not the first instance where corruption and financial mismanagement in the bureaucracy have been pointed out by the Auditor General. An upward spiral of gross mismanagement and

¹⁷ See Chetty and Prasad (1993: 21-22).

¹⁸ Fiji Times dated 20 August, 2005.

fiscal fraud began to emerge following the 1987 coups.¹⁹ This trend begs three questions: 'Has the loss of skilled Indo-Fijian accountants, economists, technocrats and other key civil servants resulted in the recruitment of unqualified, less-efficient ethnic Fijians to replace them?' and 'Is the increase of corruption symptomatic of the 'brain-drain' caused by the loss of skilled Indo-Fijians?' 'Is there an ethnic factor in civil service corruption?'²⁰ In most cases, corruption emanated from the upper-echelons of the civil service which is now saturated with ethnic Fijians. The last question engenders another: 'What are the long-term implications of the flight of skills on government capacity to administer overseas aid?'

The 1987 coups had many damaging impacts on the efficiency of the civil service. The politics of patronage and a decline in meritocracy saw the gradual replacement of senior civil servants by candidates chosen on the basis of ethnicity and political affiliation. These trends undermine transparency and accountability. In his address at the Ratu Mara Memorial Lectures at Lautoka on 27 August 2003, the leader of the Fiji Labor Party and former Prime Minister, Mahendra Chaudhry, was nostalgic about Ratu Mara's leadership and meritocracy in civil service appointments:

He drove his permanent secretaries hard, and likewise his Cabinet. He was uncompromising when it came to standards and commitment to duty. Promotions were based on merit.

¹⁹ Fiji lost 37.4% of the 1986 stock (and 74.2 % of the 1998 workforce) of accountants, and 43.8% of the 1986 stock (and 56 % of the 1988 workforce) of economists between 1987 and 1991 (Chetty and Prasad 1993: 21).

²⁰ Acknowledging the prominence of corruption in the civil service, the SDL government has recently mooted the formulation of an Anti-Corruption Bill.

Despite the recent implementation of 'good governance' projects by AUSAID, the latest Auditor General's Report (2005) on corruption in the civil service highlights the possibility that these projects may fail.

BUREAUCRATIZED PATHWAYS TO RURAL DEVELOPMENT

The government's aid management schema had several weaknesses. A delivery gap between the central government and the separate Fijian Administration was the prime flaw. The delivery structure for aid operates outside the Fijian administration: ODA to rural ethnic Fijian communities flows exclusively via central government gateways from the Fiji Aid Unit to the line ministries, to the Divisional Commissioners and finally down to the District Officers.²¹ Although the Alliance government tried to develop rural awareness through media campaigns by the Ministry of Information, no major change was made to decentralize the top-down aid disbursement structure in Fiji. In other words, the 'people-centered' administrative channels of the Fijian Administration have never been co-opted into the government's bureaucratic gateways for aid. Aid administration therefore remains heavily bureaucratized.

Although the Cole Review (Cole and Matahau 1984) of provincial administration recommended the empowerment of provincial councils through devolution, nothing was done to mainstream the provincial councils into the aid delivery structure. Recent concerns about the gap between the government system and the Fijian Administration

²¹ However, not all aid enters through the Fiji Aid Unit. Japan often channels aid to local organizations. Some donors also send aid directly to voluntary organizations (NGOs): and in most cases, the Fiji Aid Unit is bypassed where non-official development aid is involved (Nabou Interview transcript 2004: 1).

were raised by the Fiji Project Unit (established by the SDL government) of the Ministry of Fijian Affairs:

Most adjoining Provincial Councils and local government bodies have yet to establish any inter-agency relationship.... most Provincial Councils work in isolation without any consultation or coordination with their adjoining local government bodies. There are no current linkages and coordination in terms of agreed policy directives, strategic plans and work programs. Nor are there coordinating teams or joint committees whereby adjoining Provincial Councils and local government bodies consult one another. This state of affairs has continued to exist during the past thirty years. This is not surprising because Provincial Councils are not represented in the executive arms of adjoining local government bodies (Fiji Ministry of Fijian Affairs 2003: 56-57).

A dilemma emerged, namely tight government control over externally-aided projects in rural ethnic Fijian communities. While the *tikina* and *yasana* councils were expected to supervise the day-to-day implementation of projects in Fijian villages, they carried out this role outside the aid delivery structure of the government. Provincial councils were (and still are) toothless tigers. They did not have access to the aid funds.

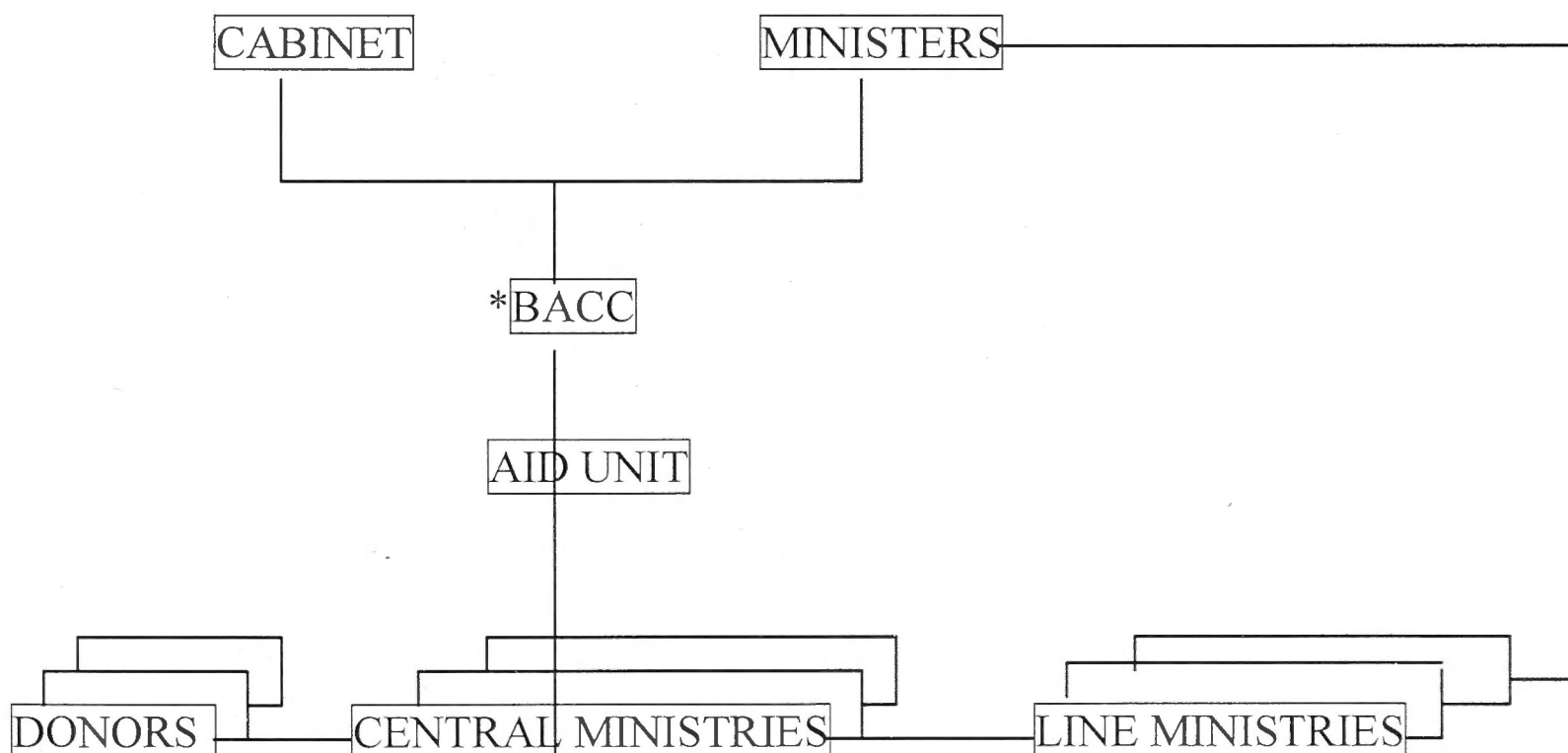
Critical planning and fund disbursement remained the prerogative of the divisional commissioners and the district offices. The Project Unit of the Ministry of Fijian Affairs (2003: 44-45) recommended that planning and funding disbursement for projects in Fijian villages be transferred to provincial councils:

The proposed transfer of the planning functions to the Provincial Councils does mean the transfer of development funds from the Divisional Commissioner's office to the provincial administration. ... The restructuring of the planning functions to the Provincial Administration, accompanied by the transfer of development funds direct to the Province with the appropriate delegated authority, is in our the most effective approach to resolving ...structural weaknesses ...in their administration. Provincial Councils... have never had the resources nor, the appropriate authority to respond decisively on resolutions. Such resources and delegated authority are with the Divisional Commissioners and District Officers where Provincial, *Tikina*, and Village resolutions are forwarded for their decisive response and action in the form of funding allocation. The Provincial Councils and officials act only as post offices or messengers passing resolutions to and fro without any decisive role in the allocation of development funds.

The SVT government did establish the Ministry of Regional Development to streamline the flow of aid, but this has not relaxed the heavy bureaucratization of aid delivery. The Fiji Aid Unit is still the central gateway for bilateral aid. From the line ministries, aid flowed to Divisional Commissioners before branching down to District Offices for ethnic Fijian communities and to rural advisory councils for non-ethnic Fijian projects. The administrative arms of the Fijian Administration were not grafted onto this structure, as the Alliance government did not devolve power to ethnic Fijian councils to involve them in the delivery of overseas aid. Despite the SVT streamlining of aid delivery to channel all incoming aid via the Ministry of Regional Development, the provincial councils still stood outside the delivery pathway. Civil servants such as the Divisional Commissioners

and District Officers have always been the key ‘gatekeepers’ in the delivery of aid at the sub-regional levels. While provincial councils remained outside this system, 15 Rural Advisory Councils were co-opted into the government’s channels because they were not part of the Fijian Administration and they served the non-ethnic Fijian communities. Figure 8.0 illustrates the key role of the Fiji Aid Unit, showing how aid flowed exclusively through central government channels under the Alliance.

Figure 8.0 Relationships of the Fiji Aid Unit



* BACC: Budget and Aid Coordinating Committee

(Source: Campbell 1998: 8)

The gap between the central government and the Fijian Administration embodies an ongoing dilemma. While the Alliance employed a traditionalist thrust to rural projects for ethnic Fijians, the approach excluded the institutions administering to these communities. Financial control over externally-aided projects for rural ethnic Fijians has always

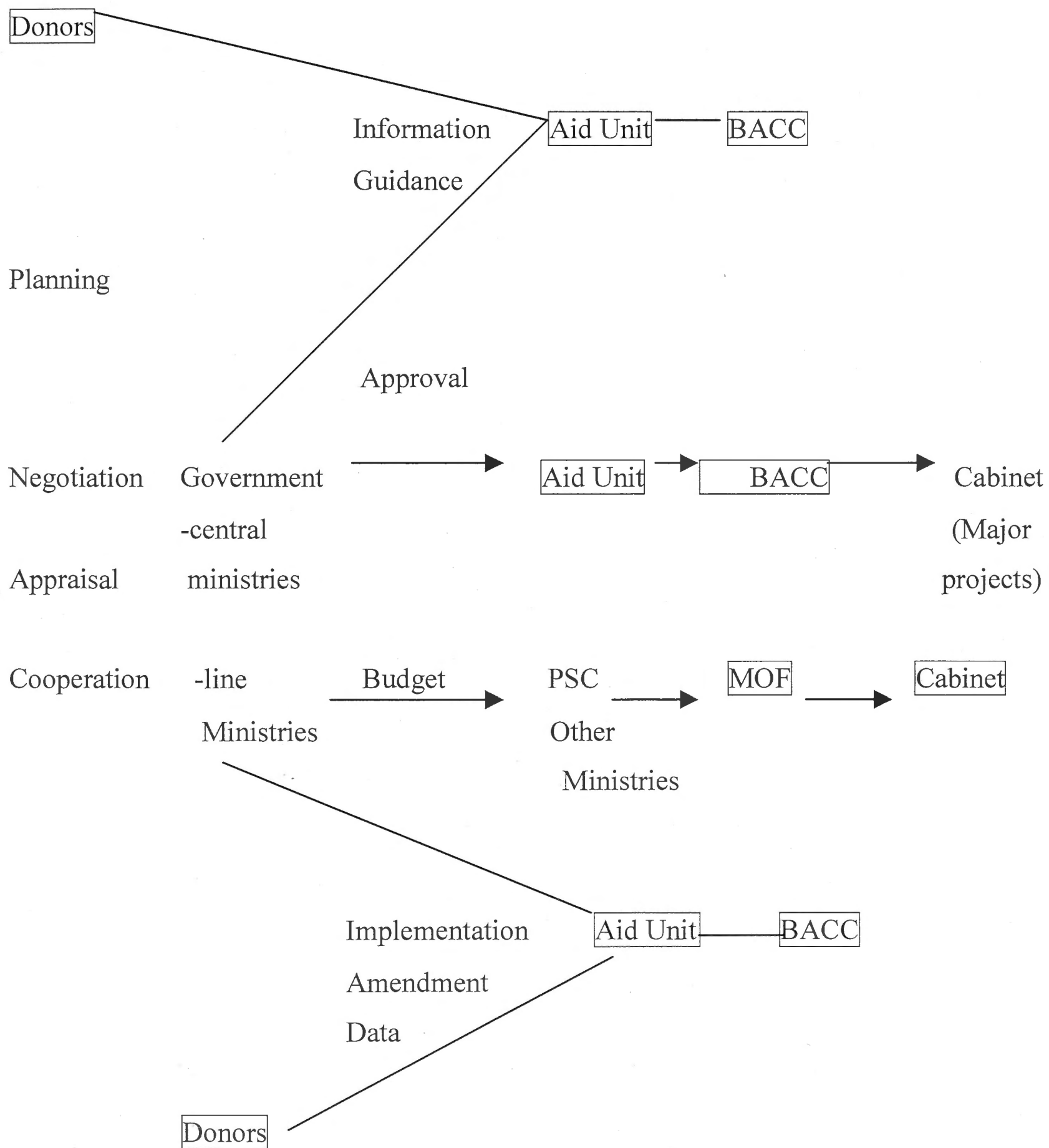
remained with the central government. Furthermore, project planning for rural ethnic Fijians was vested in divisional and district offices, not provincial councils. Although they were more remote from these communities than the provincial councils, the district office was (and still is) the mediation point and disbursement gateway. The Project Unit of the Ministry of Fijian Affairs noted:

The main weaknesses of the Provincial Councils in past years can be traced back to the lack of resources both in terms of finance and personnel competence. These councils serve rural residents, the great majority of whom do not have a reasonable, viable financial base. The revenue earning capacity of these councils is severely restricted as over ninety percent of their rural residents do not earn or have any regular income (Ministry of Fijian Affairs 2003: 29-30).

The aid delivery gap and attendant dilemma pose three questions. Why retain the separate Fijian administration if its institutions have no fiscal control over projects? Are the bureaucratic gateways for rural development assistance more capable than the ethnic Fijian councils in disbursing aid to ethnic Fijian villages? Is the aid delivery gap important in the failure of those large, overseas-aided ethnic-preference projects? Neither the Alliance nor the SVT and SDL governments have addressed these questions with policy measures. Another major weakness in delivery stemmed from the multiple entry points for development aid at the ministerial level.

Figure 9.0 illustrates the heavy bureaucratization of the Alliance government's aid delivery structure.

Figure 9.0 Interaction of Agencies: Aid Projects



Key

MOF: Ministry of Finance

BACC: Budget and Aid Committee

(Source: Campbell 1998: 16)

From 1971 to the early 1990s, the system was cumbersome because various ministries channeled rural development aid. The lack of a focal point overloaded the delivery channels. Figure 9.0 clarifies the range of consultative and executive channels. Apart from the cumbersome use of multiple line ministries, the roles played by other bodies like the Central Planning Office and the Public Service Commission produced a highly bureaucratized web of linkages between donors, the Fiji Aid Unit, BACC, Ministry of Finance, Central Planning Office, Public Service Commission and the Ministry of Foreign Affairs.²² This consultative matrix sits on the first echelon of the structure and - given its bureaucratic nature - aid management and disbursement was subject to red tape, duplication and delay. On the second tier, multiple line ministries and departments further log-jammed the disbursement system. The third level features the Divisional and District Offices. Under the Alliance government, these third level gateways were the final disbursement points for aid and this is where the delivery gap existed. The delivery system was weighed down by many bureaucratic gateways, some of which were purely consultative rather than administrative.

The BACC is one such gateway. The BACC is a committee with representation from Finance (Permanent Secretary: Chair), National Planning (Permanent Secretary), Foreign Affairs (Permanent Secretary), the Policy and Analysis Unit of the Prime Minister's Office (Director), and the Public Service Commission (Permanent Secretary). Its main functions are to advise on aid from all sources and to make recommendations to the

²² The Public Service Commission dealt with the staffing component of bilateral aid programs. The Ministry of Foreign Affairs dealt with formal agreements or treaties.

Cabinet on aid. The committee is also responsible for establishing guidelines on the management of aid. Line ministries would send referrals to the BACC seeking advice on the feasibility of a project. However, the BACC is not an operational entity because its main function is to provide feedback and planning for the sectoral distribution of aid. It has no administrative role. The Fiji Aid Unit is the administrative hub for aid inflows. It mediates between the BACC, ministries and donors. However, under the Alliance, not all official aid entered via the Fiji Aid Unit: China, France, Japan and the Republic of Korea channeled aid directly to the Ministry of Foreign Affairs.

The delivery structure was bogged down by duplication and red tape. Discussing this problem, a senior official at the Fiji Aid Unit explained:

A lot of ministries are complaining about delays in aid disbursement. From us, departmental warrants are issued to relevant ministries – and then from them, it [*sic*] goes down the line to the district offices. Sometimes, a donor will demand that this process... should take only two or three days. In the past, it used to take a long time to get aid to the other end – by the time it got to the other end (district offices) the implementation of the project was sometimes almost halfway through. So, yes, timing is crucial (Nabou Interview Transcript 2004: 3).

Cash grants from donors were paid into the government's consolidated revenue account with the Reserve Bank. The spending of allocations under a grant required Parliament's approval through the annual budget. When ministries required the funds from a donor's

grant, the release had to be authorized by the Budget.²³ The strictures of the bureaucracy weighed heavily on these rules by requiring ministries to issue departmental warrants to facilitate the release of aid funds. This was a major problem: not only did the 'dual governance' system create a gap in aid delivery it complicated and clogged the flow of aid for rural development through ministries being themselves segmented.

The use of line ministries also had a multiplier effect on consultation between the government and the rural communities. As the Project Unit (Ministry of Fijian Affairs) recognized:

There are several disadvantages of such approach. The first is its negative and confused effects on the rural people. In most cases the rural people expect Government to coordinate its numerous projects and activities more effectively, and not to approach them through numerous channels based on separate line Ministries. The second disadvantage is the resulting duplication of functions and resources, as in the case of the numerous uncoordinated visits and meetings of different line Ministry officials with the same targeted rural communities. The third is the resulting increased bureaucratic red tape. And the fourth is the unavoidable overlapping of functional boundaries, as is the case with most line Ministries, causing administrative inconvenience to many community leaders and residents (Ministry of Fijian Affairs 2003: 65).

Slow project acquittals by many ministries and departments became a major problem. The acquittal problem was particularly pronounced in small-scale overseas-aided self-

²³ Campbell (1998 [Part I]: 15); Nabou Interview Transcript 2004: 1).

help projects. Some Fiji officials also worried about acquittals backlogs. In October 1981 the Deputy Secretary of Finance said to his boss:

You are well aware of the problems we have been experiencing in obtaining acquittals for projects funded under various aid programs (Small Projects Scheme). In spite of reminders, stiff notices and notations in Cabinet papers about the lack of response from the Ministry of Fijian Affairs and Rural Development in fulfilling obligations in terms of providing acquittal details, nothing has been forthcoming. I have reached the point of frustration and desperation and therefore cannot offer any suggestion on how the mess could be tidied up (AID 45/23/3-I: 117).

The acquittal problem was not confined to the Ministry of Fijian Affairs. Other line ministries receiving overseas aid also had a lackadaisical approach to project acquittals as ADAB had a rough time chasing after these ministries to provide accounting. The bureaucratization of aid delivery was, therefore, a key weakness.

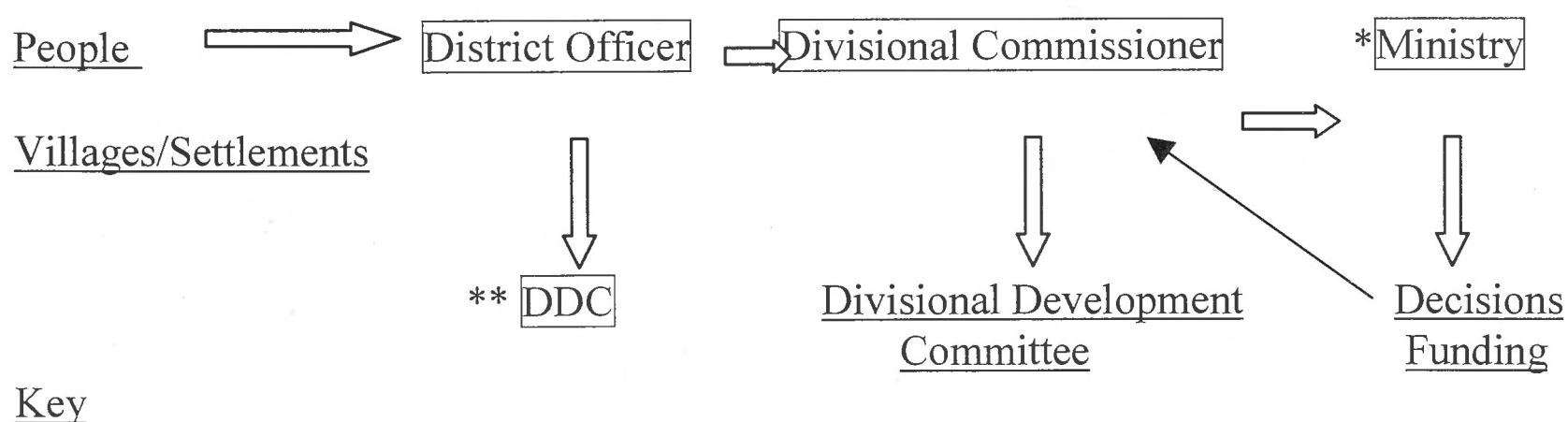
Another weakness stemmed from the top-down approach to project formulation and the duplication of roles in the preparation of proposals. While the design and preparation of proposals for capital project was the domain of the Central Planning Office, line ministries were also involved in the formulation of proposals. This gave rise to two problems. First, while project proposals emanated from multiple sources, only the Fiji Unit was involved in their final appraisal. This created a bottleneck. Second, multiple sources for proposals caused duplication and the proliferation of discrete, non-sector

focused proposals. ADAB was critical of this lack of coordination. In January 1987 the Acting Aid Counselor (A. March) provided some insight on Australia's position:

...the Fiji aid program needs to be restructured to reduce proliferation of small projects, increase utilisation of Australian sourced project and DIG scheme forms of aid and to reduce accountable cash grants. We will take up these matters in depth at the Bilateral Aid discussions to be held in Suva in May. It will probably be necessary to devise clear incentives to edge the Fiji side in these directions. We also strongly press Fiji for the provision of outstanding acquittals... (AID 45/I-VIII: 334).²⁴

Rural communities channeled requests up to the Fiji Aid Unit via various forums (village to district to provincial councils) but the planning and final submission of proposals to donors was done by line ministries and the Central Planning Office. Figure 10.0 describes the consultative framework.

Figure 10.0 Structure of Consultation on Rural Projects



* The relevant Line Ministry receiving the aid funds.

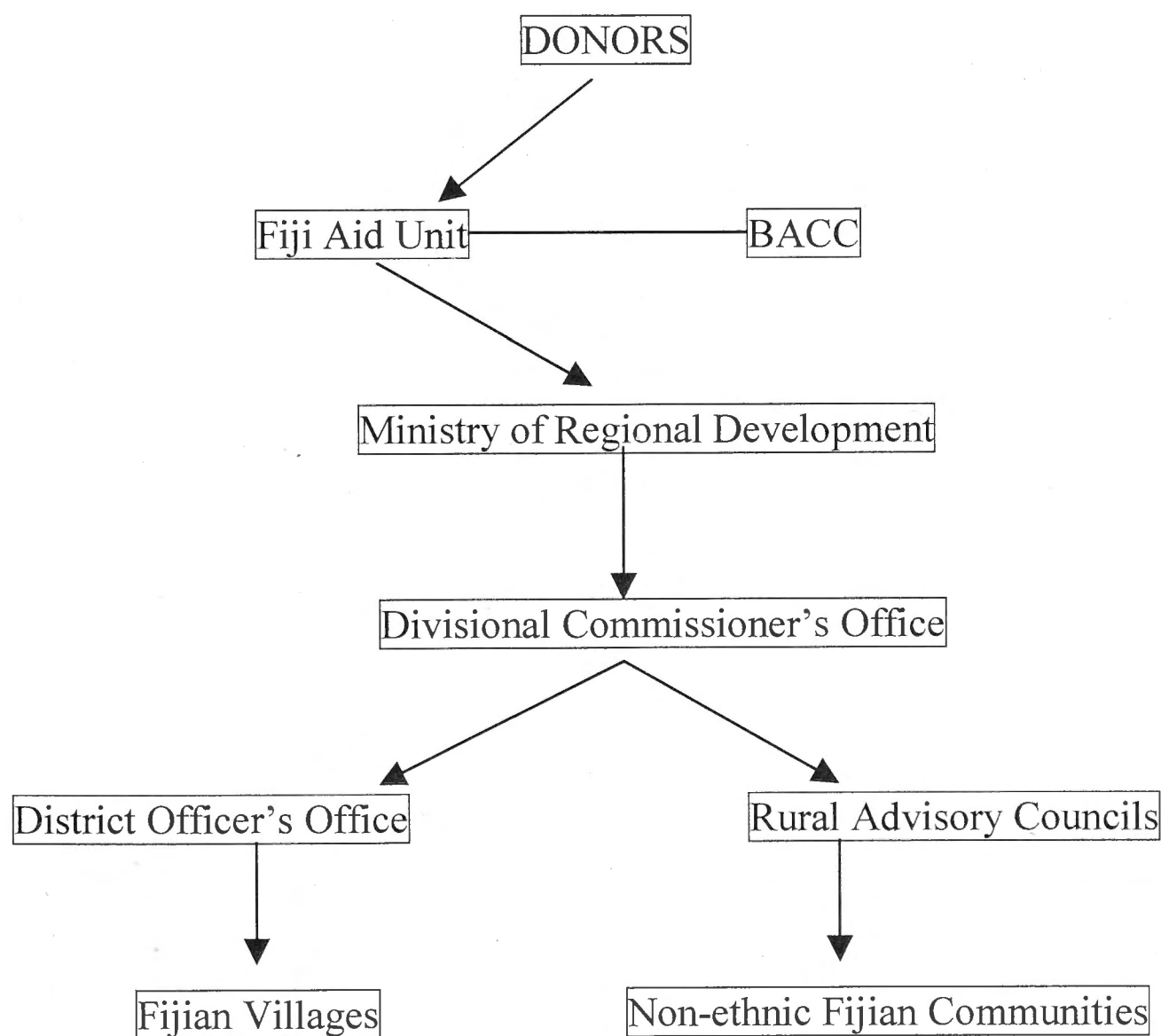
** District Development Committee

(Source: Compiled from Campbell 1998; Nabou Interview Transcript 2004)

²⁴ Attachment A (Letter of 22 January 1987 from A. March to the Permanent Secretary for Foreign Affairs) in AID 45/I-VIII: 331.

Each provincial council appointed two *mata ni yasana* (provincial representatives) to liaise with the District Development Committee on projects in each province. However, the final decisions and aid funding were delivered top-down from line ministries through to the district offices without recourse to the provincial councils. Figure 11.0 below sketches the current official aid delivery pathway.

Figure 11.0 Streamlined Aid Delivery in Fiji



(Source: Nabou 2004 Interview Transcript)

Even now, the business of soliciting and administering aid for rural development is still heavily centralized, bureaucratized, and bypasses the provincial councils where overseas funding is involved.

Another problem compounding the red tape stemmed from the inadequacies of the Fiji Aid Unit. Although the Fiji Aid Unit was crucial, its staffing was inadequate. In his pioneer review, Campbell (1998 [Part II]: 1) noted that the Fiji Aid Unit personnel consisted of only three officers (two established staff and one on contract from UNDP). The Aid Unit was the entry point for incoming aid. Its other functions included research on policy, analysis of trends in the use of aid, establishing systems and procedures for aid management based on the government's policy directives, assessing projects submitted to the BACC, and other tasks. Given these central roles and its principal function as a focal point for negotiations with aid donors, a staffing of only three was a serious shortcoming: it was a significant weakness. However, Campbell downplayed this flaw and chose to focus on another issue. He stated that one important constraint in improving the role of the Aid Unit stemmed from the underlying attitude towards aid held by the Fiji government:

As aid to Fiji is not of great significance in the budget context, the management of aid has not been regarded as a matter of importance or a matter of priority. The view of unimportance in money terms has had a flow-on effect to the regard for the nature and quality of the work performed by the Aid Unit. This attitude helps to perpetuate the low priority accorded to the tasks of coordination and management of aid (ibid, 1998 [Part I]: 1).

This observation undervalues the importance of overseas aid to the Fiji government because it tries to correlate the imperfections in aid administration to poor attitudes by the recipient government. Introducing Campbell's Review, the Finance Minister (Jim Ah Koy) acknowledges the significance of overseas aid:

Aid has been a relatively minor source of funds to bridge the gap between government revenue and expenditure. [But] it has contributed significantly to socio-economic progress, particularly through technical cooperation (Campbell 1998: 1).

While Ah Koy conceded overseas aid's contribution to development, he and Campbell provide no balanced assessment of Fiji's aid delivery structure. First, while they suggest that aid did not play a large role in Fiji's budget, correspondence between ministries reveal that Fiji officials were serious about the value of aid and its importance to the budget. The five-year plans (DP 6-9) fulsomely acknowledged the importance of overseas aid:

Although grant aid from external sources will be proportionately smaller, overall reliance upon external sources of funds will be significantly greater than during the previous Plan period (DP 6 1970: 33).

DP 7 also acknowledged the value of external assistance:

Before and since Independence, Fiji has been a recipient of assistance from overseas. There have been changes, both in the volume and in the sources of this assistance, but its significance to Fiji's development has in no way diminished (DP 7 1975: 237).

Second, Campbell and Ah Koy fail to establish a connection between ethnic-preference and flaws in the government's delivery. Third, the bureaucratized aid administration schema was inherited from the colonial government. It was part of the decolonization process which created a modest rural development secretariat in the bureaucracy, 18 district, four divisional rural development committees, and the post of Commissioner for Rural Development to coordinate planning.²⁵ The Commissioner for Rural Development was to coordinate 18 district-level rural development programs from the Prime Minister's Office. Fifteen rural advisory councils for non-ethnic Fijians were also formed in 1969 to parallel the provincial councils for ethnic Fijians. This framework for rural development planning and administration, mooted by the colonial government on the eve of independence, was launched under DP 6:

The district rural programs should stimulate the provision of more community projects to meet felt needs and give life to comparatively new areas of activity such as "town-planned" rural centres with integrated facilities for future townships, locally-oriented small-scale rural industries and adult education of all kinds. Of equal importance, the rural people should experience a sense of closer participation in development planning and execution (DP 6 1970: 83).

²⁵ See DP 6 1970: 82-84.

This rhetoric on empowering rural communities failed to translate into policy because aid delivery remained bureaucratized. Furthermore, this schema featured a clear demarcation of rural development projects along ethnic lines. Projects for non-ethnic Fijians were administered by rural advisory councils. Funding for these projects flowed down to rural advisory councils. These councils (like their counterparts in the Fijian Administration), were better attuned to the needs of rural communities, but under the Alliance these councils mainly administered small-scale, non-capital intensive community projects (water tanks, Irish crossings and other farm settlement amenities) funded through the government's self-help scheme or the Australian Small Grants Scheme. All the large-scale and capital intensive projects funded by Australia, the EEC and New Zealand were exclusively for ethnic Fijians. The Alliance government seemed content with the paternalistic aid management system bequeathed by the colonial government because no changes were made to the delivery structure during its tenure.

The central government monopolized financial control over projects for ethnic Fijians. This marked the basic difference between the 15 rural advisory councils and the 14 provincial councils. Given the colonial legacy in Fiji's aid delivery, paternalism and heavy bureaucracy marked the aid delivery structure. The traditionalism of the Alliance, under the banner of 'affirmative action' was driven by paternalism through tight government control over rural projects for ethnic Fijians. On the surface, this may be interpreted as 'state-encroachment' on the development schema of the rural *vanua* but the degree of intrusiveness was superficial because of the delivery gap. The delivery gap undervalued the management capacity of provincial councils. It also prevented the

optimum management of overseas-aided projects by agents of the state as these civil servants did not have the kind of affinity provincial council officials had with the rural *vanua* they served. This reflected the Fijian dilemma as it sought to preserve the Fijian orthodoxy while seeking to impose development through modern bureaucratic channels and the central agency of the state. This contradiction embodies the central paradox in the development of the rural *vanua*. While it was set up to accommodate the separate Fijian Administration, the dual system of governance failed to fully co-opt the Fijian councils. This dual system made the rural development schema highly bureaucratic and ethnically divisive. The separate Fijian Administration system dates back to Sir Arthur Gordon in the late 19th century and was revamped in the mid-20th century under the colonial government's 'divide and rule' agenda.²⁶ Spate (1959: 42) recognized how the dual system hampered indigenous Fijian economic development:

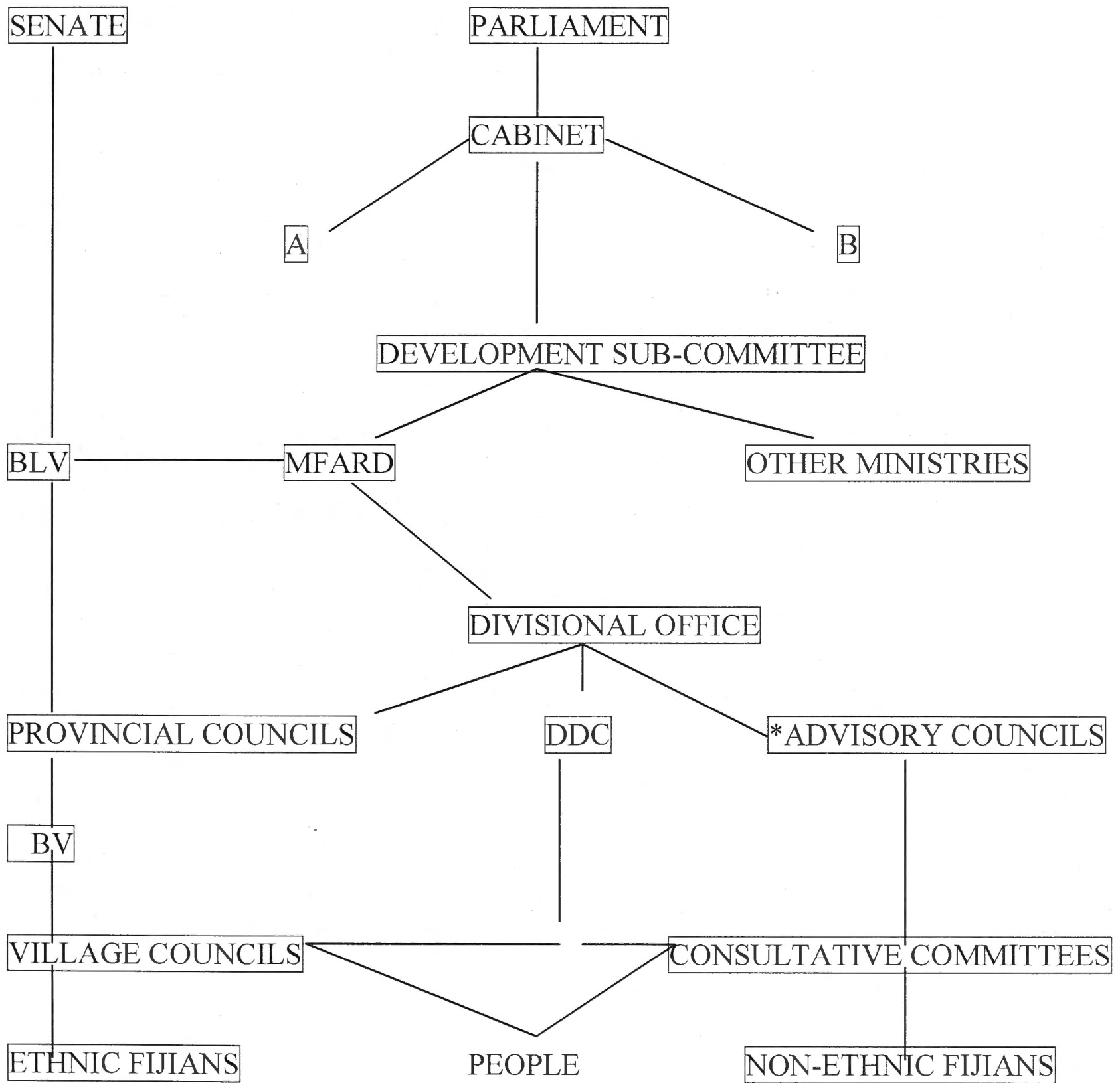
...the existence of two government machines, the Central Government and the Fijian Administration, working in parallel but not always in unison, has stultified economic development. Also we are convinced that unless the administrative...machine, particularly in country areas, works smoothly and harmoniously, agrarian development will continue to be handicapped....it cannot be disputed that that there has been a real lack of cooperation between the Fijian Administration and the "productive" departments of the Central Government...

Despite this concern, nothing was done to bridge the schism between the rural *vanua* and government departments administering rural projects.

²⁶ The Native Administration Ordinance (1876) and the Native Lands Ordinance (1880) were the legislative cornerstones of the separate Fijian Administration.

Figure 12.0 sketches the dual system of governance.

Figure 12.0 Dual System of Governance in Fiji



KEY:

- MFARD – Ministry of Fijian Affairs and Rural Development
- DDC – District Development Committee
- A & B – Bureaucratic bodies (e.g. Public Services Commission)
- * 15 Rural Advisory Councils
- BLV – *Bose Levu Vakaturaga* (Great Council of Chiefs)
- BV – *Bose Vanua* (District Councils: formerly *Bose ni Tikina*)

(Source: Adapted from Ali & Gunasekera 1982: 7)

Tenaciously holding on to the philosophy of traditionalism in its approach to rural development, the Alliance government entrenched its affirmative action policies in this dual system. Such a combination worked against the efficient delivery of development assistance and was perhaps the biggest irony in the Alliance government's politics.

THE ALLIANCE GOVERNMENT'S AID MANAGEMENT SCHEMA: A SUMMARY

Among other factors, the aid delivery gap impeded these rural projects. While the Alliance government could align its development objectives with its aid priorities, its aid management negated the efficient delivery of aid to rural ethnic Fijians. The Australian-sponsored, urban infrastructure projects were more efficiently administered because there was no delivery gap.²⁷ Ethnic-preference projects were funded via central government channels despite the fact that these were less attuned than the provincial councils to the needs and the milieu of the recipient communities but, did these councils have the requisite human resources and skills to disburse aid more efficiently than the central government? Empathy with development needs may not equate with administrative capability. The existence of the aid delivery gap could indicate the Alliance's lack of faith in the capabilities of these provincial councils. It also embodies the contradictions between traditionalism, paternalism, economic development and modernity.

²⁷ Capital projects for urban infrastructure included water reticulation and sewerage treatment projects, upgrading projects for government departments, and public health projects in urban centres.

Bureaucratization with red tape and duplication of roles was another weakness, compounded by what was perceived by ADAB as 'lack of commitment' to rural projects:

Fiji was not good with long-term commitment to development projects. Some projects require a high degree of mobility. Other projects needed ongoing training and maintenance. The Fiji government failed to sustain an ongoing commitment to these projects in the long term. A lot of money was therefore wasted on maintenance costs, local staffing and corruption (Piper 2004, Interview Transcript: 1).

The case study on the Yalavou Beef project demonstrated the weaknesses in the Fiji government's financial commitment to the scheme.

Notwithstanding the weaknesses in aid administration, there were occasions when ADAB commended it. At the Australia-Fiji aid talks in Canberra in 1986, an Australian (John Wolfe) felt that the Fiji Appraisal Manual produced by the Central Planning Office was "one of the most professional schemes of appraisal he had ever come across".²⁸ However, the manual was prepared by non-local experts. Furthermore, the appraisal phases recommended by the manual and practised by the Fiji government translated into a burdensome maze of red tape. While the appraisal process in Fiji was thorough and fine-tuned, it was bogged down by the huge number of departments and ministries participating in project proposals. The processing of proposals was cumbersome because there was no clear-cut, linear flow of submissions. Multiple ministries engaged in proposal preparation bogged down the appraisal process within Fiji. This could also

²⁸ AID 45/I-VII: 226.

explain some of the difficulties Fiji had in submitting proposals to use up DIG balances. The involvement of multiple line ministries also contributed to the major problem of acquittals. Poor project acquittal tested Canberra's patience. Fiji's aid management was severely handicapped by these.

The greatest strength in Fiji's aid management was the capacity to align the objectives of the five-year plans with aid priorities. This has been discussed in Chapter 2. Throughout the Alliance era, rural affirmative action projects and large-scale urban infrastructure projects were prioritized in aid requests. Unfortunately, the Australian-aided urban development projects fared much better than their rural counterparts.²⁹ The other strength of the Alliance's aid management system was the multiracial composition of the coterie of aid officials involved in negotiations and delivery. A study of the post-coup ethnic composition and performance of key bureaucratic officers could provide insight on the negative impacts of the 1987 coups on government capacity to prioritize aid for rural development.

CONCLUSION

This chapter debunks Eurocentric portrayals of aid recipients as witless, passive clients. The chapter's discussion of the aid politics of Fiji officials in the Alliance government demonstrates that far from being a passive party at the negotiation tables, the Fiji government was a suave recipient, consciously seeking to obtain the optimum deals with

²⁹ The Monasavu Hydroelectric Scheme and other Australian-sponsored urban infrastructure projects (water reticulation and sewerage schemes for Suva, Nadi, Sigatoka and Lautoka) were completed in the 1980s. Their rural counterparts were less successful.

donors. Aid briefs, notes and internal correspondence on Australian aid have shown that Fiji officials were not impervious to nuances in Australia's dialogue on aid. On the contrary, these officials were aware of the downsides of tied aid. The ambivalent posturing of Fiji officials at the negotiation tables was part of the aid politics employed by Fiji. This chapter has also examined the Alliance government's aid management, showing how this marred Fiji's collaboration with Australia for rural development. The greatest weakness in Fiji's aid management stemmed from poor acquittals, a problem caused by heavy bureaucratization, red tape and duplication. These flaws combined with donor self-interest to damage several large rural projects. The other major weakness in Fiji's aid management lay in the delivery gap. Why did the Alliance government not modernize provincial councils and co-opt them into the delivery schema? Was this refusal to engage provincial councils in aid delivery driven by paternalism and traditionalism? On the other hand, had the provincial councils been co-opted, would this have prevented project failures? With an ideal aid program, there might be a possibility that this could have helped but given flaws in the Australian aid program, it is unlikely that any bridging of Fiji's delivery gap would have averted project downfalls. The next chapter draws together the main findings of this research.

CHAPTER 8

PRIORITIZING AID FOR RURAL DEVELOPMENT IN FIJI, 1971-1987: IMPEDIMENTS TO DONOR-RECIPIENT COLLABORATION

INTRODUCTION

This chapter discusses the implications of this research, drawing together the main strands of thought from earlier chapters to bring this study to its conclusion. The first section explores the element of 'continuity' in Fiji's rural development history by reviewing the historical and political contexts of rural development policies inherited and perpetuated by the Alliance government. Rural projects funded by Australia between 1971 and 1987 were informed by these policies and this was reflected in their terms of reference. Section two zeroes-in on the donor-recipient collaboration and how this impacted on rural projects. The third section makes the connection between flawed collaboration and the Fijian dilemma to discuss how these doomed Australian-aided rural projects to failure. Section four states the implications of this study and the final section discusses its limitations and suggests avenues for further study.

AN AGE-OLD PROBLEM ADDRESSED THROUGH TRADITIONALISM AND ETHNIC-PREFERENCE: CONTINUITY IN HISTORY

Fiji's rural development history has been characterized by a set of continuities and ironies steeped in colonial legacy and its perpetuation in the post-colonial decades. The element of continuity in this history was manifest in several ways. First, government rhetoric on rural development from the 1940s through to the 1980s has perpetually exploited and reified the rural-urban and regional gaps to mask ethnic preference and traditionalism. Debates in the Legislative Council and at the Council of Chiefs meetings throughout this period have reflected a continued adherence by the Fijian ruling class to traditionalism in rural development against calls for democratizing the Fijian orthodoxy. The same debates have persisted to the present as the local dailies and Hansard transcripts will confirm. Second, the spate of failed overseas-aided rural projects from the 1950s through to the 1980s also reflects continuity. These projects were ethnic-Fijian projects and they all thrived on traditionalism and ethnic-preference. Cocoa and other crop diversification projects established with CD & W Grants by the colonial government in the closing decades of the colonial period failed to 'take-off' and so did the majority of Australian-aided rural projects implemented by the Alliance government. Third, overseas-aided rural projects were touted by the Alliance government as the 'means for redistributing the fruits of development' and bridging rural and regional gaps'. This masking of rural projects by the Alliance government's references to rural and regional gaps constitutes a paradox because these disparities were in essence produced by the colonial government's adherence to the traditionalism and ethnic-preference of the Fijian ruling class.

The rural-urban and regional gaps were engendered by the urban and regional biases of the colonial government's plans. These biases skewed investments of CD & W Grants on urban infrastructure for Viti Levu and sugar industry development. Although several ethnic-preference (cocoa and copra) projects on Vanua Levu were also prioritized, their infrastructure development lagged as a consequence of traditionalism and its attendant call for minimal development intervention. Acceding to the conservatism of the Council of Chiefs, the colonial government's ethnic-preference approach was entrenched in its 'divide and rule' agenda. The rural-urban gap was represented by the government (following the 1946 Census) as an ethnic problem stemming from the unequal participation of the ethnic and Indo-Fijian segments in the nation's commercial sector. To address this problem, the government mooted incentive funds (including an ordinance to establish ethnic-Fijian consumer cooperatives) and agricultural diversification projects sponsored by CD & W grants. Cocoa, maize and copra projects for ethnic Fijians were established on Vanua Levu and in the hinterland of Viti Levu (Naitasiri). This development fostered a regional gap between Viti Levu and Vanua Levu because the semi-subsistence economies of the project areas relegated a low priority for the development of their basic infrastructure. Traditionalism promoted vigorously by ethnic Fijian leaders to resist calls for democratization of the Fijian orthodoxy by Spate and Burns locked rural ethnic Fijian communities into semi-subsistence/quasi commercial, village production restricted to marginal-profit crops and livestock projects from the 1950s through to independence. The paradox in this colonial approach was grounded in

the government's emphasis on infrastructure for sugarcane producing areas at the expense of the very communities it sought to uplift through ethnic-preference.

The Alliance government perpetuated this paradox in its adherence to the ethnic-preference approach. Instead of opting out of the colonial legacy, the Alliance persisted with traditionalism and ethnic-preference in rural development. Australian aid for rural projects dovetailed into this scenario. The large agricultural projects sponsored by Australia – all predicated on ethnic preference - have been dismal failures. Although the Yalavou project sought *galala* participation to encourage individualism and commercial enterprise, its terms of reference was a bundle of contradictions as it reflected the ambition of the Alliance government to merge traditional and modern management. The Vunidawa project more clearly advanced traditionalism because it sought to deliver development to the area while preserving the village *milieu* and its *vanua* affiliations to the separate Fijian Administration. These and other rural projects funded by Australia were doomed by the government's traditionalism and ethnic-preference as this weakened its commitment to fully commercialize and modernize these projects. This in turn heightened the negative impacts of donor self-interest in their funding. Fiji's approach to rural development is, therefore, steeped in irony as well as continuity.

BUREAUCRATIC FACTORS AFFECTING THE OUTCOME IN AUSTRALIAN-AIDED RURAL PROJECTS IN FIJI, 1971-1987

Weak financial support and commitment by the Fiji government exacerbated the financial woes and other management problems of the Yalavou Rural Development Board. Another important cause in the failure of these projects stemmed from systemic weaknesses in the Fiji government's aid management. Chapter 7 has examined these weaknesses. The heavy bureaucratization of the aid delivery system hampered efficient and timely aid delivery as multiple entry points and the lack of a linear flow in inter-agency consultation and disbursement generated much red tape and bureaucratic bottlenecks in the appraisal and delivery processes. The aid delivery gap also constrained the disbursement of aid to rural ethnic Fijian communities. Important questions that persist are: Did the Alliance government see the delivery gap as a hindrance to rural projects or was it perceived as an insignificant problem? Was the delivery gap symptomatic of the government's paternalism and half-hearted commitment to modernizing the rural *vanua*? The second question proposes a connection between traditionalism, sluggish economic development of the rural *vanua* and, ethnic-preference project failures.

The government's paternalistic approach to rural projects through tight control on project management and marketing was another impediment to project success as it fostered over-dependence (handout mentality) among ethnic-Fijian farmers on government handouts (subsidies through MFA and FDB loans in the case of Yalavou) and constrained

commercial enterprise among them. This paternalism was a necessary complement of traditionalism and ethnic-preference as it was driven by a political perception that rural ethnic Fijians were apathetic and needed the ministrations and special favor of the state to bring them up to par with Indo-Fijians. This was the underlying tenet of rural development policies mooted by the colonial government and continued by the Alliance. The collapse of the NMA and NTCO demonstrated that the government's effort to regulate market and prices for agricultural produce from the rural *vanua* was flawed. Paternalism, a mutual element of Fijian traditionalism, has therefore, been the bane of state-led rural development. Entrenched in the traditionalism of the Fijian ruling class, it has produced continuity in Fiji's rural development history. Given its political expediency, it has also perpetuated ethnically-demarcated participation in Fiji's economy. Lucrative sugarcane production, the mainstay of Fiji's economic growth from the 1950s remains the domain of Indo-Fijian farmers while the rural *vanua* has largely been cloistered with marginal-profit crops. Further, the government's paternalism and traditionalism in rural development was marked by lip service to grandiose rural projects. Failure to obtain overseas aid for the ailing banana industry in the 1970s contributed to its demise. Australia had rejected Fiji's request for help in reviving the banana industry in the early 1980s and attempts to secure access to Japanese markets failed. But even with this lackluster support by donors, the Alliance government might still have succeeded in resuscitating the industry had it persevered with avenues of raising productivity among ethnic Fijian producers. This industry was the domain of ethnic Fijian farmers and held promise on the international market. Instead, the Alliance did not fully commit to reviving the industry beyond its rhetoric and quickly pulled the plug.

There was a gap between rhetoric and practice as demonstrated by the government's weak commitment to dispersal through rural growth centres. Nabouwalu and Vunidawa lagged behind Seaqaqa where state investments in the sugar industry were channeled in the 1970s. An urban bias in the aid requests by Fiji and approved allocations by ADAB also reflected the rhetoric-reality gap. Major high cost urban projects (sewerage and water reticulation systems and other formal sector projects) were more efficiently funded by Australia while some rural projects had to be shelved after considerable waiting time for appraisal. Funding for the Vunidawa Bridge, outer island jetties, airstrips and other rural projects suffered delays caused by bureaucratic bungling by Fiji and ADAB.

The other main weakness in the government's attempt to prioritize Australian aid for rural development stemmed from heavy bureaucratization. ADAB recognized the chaotic state of affairs with Fiji's forward programming and proposal submissions. Since aid requests emanated from many departments, their collation for scheduling in the IPF and submissions to ADAB caused numerous duplications and a great amount of disarray. This situation was made worse by constant funding deferments, shortfalls and extreme delays in appraisal by ADAB. The difference in financial years made matters worse. Fiji was therefore continually hard pressed to submit proposals to meet ADAB deadlines. Continuous under-use of the DIG facility reflected this difficult situation as DIG proposals had to be for consignments worth over \$A100,000. While it was easier to align aid requests to DP 6-9, the actual process of requesting and obtaining aid from the ABAP

was severely constrained by red tape clogging both the ADAB and Fiji government delivery systems.

Several weaknesses in the Australian aid program also marred collaboration for rural development. Funding deferments, shortfalls in disbursements, and extreme delays in ADAB appraisal impeded the launching of pipelined rural projects. DP 9 (1985: 41) acknowledged this problem:

During DP 8, a number of constraints were identified that delayed the achievement of Plan targets. Delays were experienced in getting projects funded.

Funding deferments and shortfalls delayed and disrupted project implementation and phasing. The government's problem-solving approach to these problems remained vague as DP 8 (1985: 41) tentatively proffered a broad solution:

To alleviate these constraints, commodities and sector planning and evaluation capabilities need to be adequately strengthened.

Improved commodities and sector planning would require a more serious consideration of how traditionalism inhibited the productive efficiency of ethnic Fijian farmers. Nonetheless, problems with the ABAP were exacerbated by red tape and bottlenecks in Fiji's aid delivery schema. There was a tendency for Fiji to produce a jumbled multitude of proposals, quite chaotic at times and rushed through to beat the red tape: congesting the appraisal system used by multiple ministries.

Other weaknesses in the Alliance government's aid management stemmed from the government's failure to back up its rhetoric of diversification and raising rural incomes with prudent choice of crops and livestock for rural projects. Scarce careful consideration was given to choice of crops and livestock for diversification and import substitution. The failure of several ethnic-preference livestock projects implemented in the colonial period did not deter the Alliance government from lobbying for the Yalavou project. Again, this proved a poor choice. Beef projects were doomed by market and price limitations while cocoa, vegetables, and other crops chosen for ethnic-preference projects proved unsustainable in the long-term because of their traditionalist orientations (communal/village-based production). Given that Canberra was constantly pressuring Fiji to produce proposals, the proliferation of discrete, non-sector wide projects was unavoidable. Again, while the aid requests were aligned with the core objectives of DP 6-9, the choice of crops for diversification and import substitution proved unprofitable as these crops failed to produce marked increases in rural incomes. Neither did they measure up to sugar as an export crop. Tight government controls on domestic prices for agricultural produce has been blamed for some of the project failures but diversification crop choices and their income potentials were more significant factors than domestic marketing and price regulation.

Another important factor that needs to be considered is the failure of the Alliance government to strengthen domestic value-adding to new exports to increase their income potential and competitive rating on the international market as well as improve

production efficiency locally. Focusing on flaws in the Alliance government's policies for the export sector, Hughes and Cole (1988: 38) argue:

Coconut oil production was introduced to 'add domestic value-added' without regard to the domestic resource cost of that value-added. The publicly owned plants are capital intensive, lack economies of scale and have low capital utilization because copra supplies are inadequate...The plants run at a financial as well as economic loss.

This suggests that even if more effort had been given to expanding Fiji's domestic value-adding, financial losses would still occur unless the projects were made less capital intensive to make them more productive. Village production was not suited to value-adding as communal land ownership and other socio-cultural constraints restricted profitability and production efficiency. Perpetuating this traditionalist mode of production was not conducive to improving export market prospects among ethnic Fijian farmers.

From 1980 to 1987, the Alliance government tried several times to obtain Australian aid for Fiji's export sector. A team of Australian consultants, hired in 1981 to assess the viability of a proposed Export Processing Zone in Lautoka, recommended against it. At the 1986 bilateral talks, a Fiji delegate (John Samy, Director for Economic Planning) was concerned that little attention was given to aid for downstream processing and marketing for agricultural products. The government tried several times to obtain Australian aid for pilot food processing industries but unfortunately, this exercise was not fine-tuned to domestic value-adding. It was partly Fiji's fault then that inadequate attention was paid by donors to strengthening the export sector. The government focused instead on

technology procurement from Australia for crop diversification rather than export processing. These diversification projects were constrained by their quasi-commercial orientations. Given that no major breakthrough was made in most of these projects, the connection between the government's failure to make a stronger call for the funding of domestic value-adding projects and rural stagnation can be made. Instead of assisting in the refinement of Fiji's agricultural exports to increase their export values and raise rural incomes, Australia chose to promote garment exports to Australia through SPARTECA. Reminiscing on the annual bilateral talks with Australia when he was Secretary for Foreign Affairs in the 1980s, Kotobalavu said:

...we always looked at aid from Australia with a very broad context – particularly that the best form of aid Australia could give Fiji was through trade – and we would prefer that Australia looked at facilitation of export access into the Australian market rather than handouts through grant assistance – and that was the origin of what developed later into SPARTECA.

Two points must be made: this was not the preferred stance of the aid unit from 1971 to 1987 as aid requests told a different story, suggesting instead that there was a strong preference for cash grants, so the focus on trade aid must have developed later in the mid 1980s. Fiji's garment industry, which has a dark history of gross exploitation of cheap labor, has been on the decline since 2005. It failed to make significant inroads in reducing Fiji's balance of trade with Australia. Between 1982 and 1984, the balance of trade ratio between Australia and Fiji only moved slightly in Fiji's favor from 8:1 to 6:1 (AID 45/I-VII: 27-29).

Bureaucratic bungling by both Australia and Fiji damaged the Yalavou Cattle Beef scheme and the Vunidawa RGC project. Donor self-interest through aid repatriation marred these projects. The imposition of the DIG scheme component (tied aid) on several projects maximized the repatriation of aid to Australian suppliers. The case study on Yalavou demonstrates how significant aid repatriation in the early years (1978-1983) drastically reduced the real value of Australian aid actually hitting the ground. More than sixty percent of pledged aid (1979-1983) for the beef project was paid to the Australian consultant (McGowan and Associates) and the Australian suppliers of machinery (Snowy Mountains Inc.). In the Vunidawa RGC, aid repatriation was facilitated by a series of expensive feasibility studies. Aid repatriation has been labeled 'boomerang aid' because the monetary benefits mainly accrue to the donor. This diminishes the real value of aid at the local level and spotlights donor self-interest more than altruism.

Chapter 3 has discussed the frustrations of the Fiji government with the DIG scheme which truly tied Fiji's hands. Its rigorous tying to the purchase of Australian technology and expertise also resulted in the procurement of more expensive Australian technology and expertise. The strict 'tying' of the scheme also caused recurring under-use of this facility. DP 8 (1980: 238) recognized the problems of tied aid:

Capital aid in kind has a number of drawbacks. Among these is the common practice of tying such Aid to the products of the donor country. This is sometimes exacerbated by long order books in the country concerned resulting in long delays in project implementation.

Such delays are often compounded by lengthy purchasing procedures in the donor country.

Chapter 3 has suggested that although smaller in scale, the Small Grants scheme was biased toward urban and formal sector projects. A large portion of SGS allocations was diverted to the formal sector, benefiting government departments and statutory bodies. The scheme bailed out the Fiji National Bank several times in the 1980s, denying funding for many small rural projects in the process. The Joint Venture Scheme was perhaps the most successful component of Australian aid for rural development because it helped boost projects managed by the Fiji Forest Industries. Australia, however, was not keen on this facility after heavy losses were incurred elsewhere in the Pacific including the Yaqara JVS in Fiji. Fiji's private sector needed aid from JVS but Australia pulled the plug on this scheme and refused to fund more joint ventures in Fiji. This could suggest that when it came to the crunch over whose private sector would benefit the most from some tied aid facilities, the donor lost interest as soon as it perceived little benefit for its own private sector. Some Fiji officials could glean this self-interest, saying that the DIG scheme helped repatriate aid to subsidize the donor's own private sector. Early optimism by Fiji officials that the DIG scheme might be a leeway for the involvement of Fiji's private sector quickly dissipated after INDEXA was appointed. Transactions for the DIG scheme rarely engaged the local private sector because procurement by the Australian agent was done in Australia. The bulk of procurements under the DIG scheme were for telecommunications and not for rural projects.

The use of foreign expertise in feasibility studies also damaged these projects. These experts lacked local knowledge of socio-cultural constraints, so the feasibility studies for the Yalavou Beef Scheme and the Vunidawa RGC neglected some important influences likely to impact on long-term outcomes. Expensive feasibility and pre-implementation studies by Australian consultants were an exercise in aid wastage: these studies sliced off chunks from project allocations while the projects they targeted all turned out badly. Multiple feasibility studies were carried out for the Vunidawa RGC and the Yalavou Cattle Beef scheme to no avail. The same wastage on serial feasibility studies is evident in all other failed ethnic-preference projects such as the Yaqara, Pastoral, Uluisaivou, Cattle, Makogai Mutton-Sheep, Dreketi Rice, Vanua Levu Pigeon Pea projects. Fiji officials were frustrated with Australia's insistence on Australian consultants as they were aware of the high costs involved and how these severely reduced aid allocations. At the outset, the Dreketi Rice project suffered a reduction in aid allocation as \$100,000 was diverted to feasibility studies by Australian consultants. Similar sizeable reductions were made in the aid allocations for feasibility studies on Yalavou and Vunidawa. Repeated requests for the use of local expertise were ignored until AUSAID revised its aid policies in the late 1990s.

THE 'FIJIAN DILEMMA' IN RURAL PROJECTS

The use of Australian personnel in the day-to-day running of the Yalavou project also contributed to problems of communication. The 'golf hats saga' involving the Australian General Manager of the YRDB demonstrates how funds were wasted on inept attempts to

foster social cohesion. This blunder reflected the manager's lack of understanding of the psycho-social motivations for productivity among ethnic Fijian participants and reveals that the Fiji government was aware of the futility of the exercise. The focal farm was dominated by Australian personnel and the language barrier caused problems in the implementation of cost-effective livestock farming techniques. The ethnic-preference approach to Australian-aided rural projects was another policy flaw. The exclusion of non-ethnic Fijians was rationalized by the rhetoric of bridging rural-urban and regional gaps. This stance was transmitted into the international arena through negotiations for development assistance with aid donors. However, such rhetoric veiled ethnic-preference and traditionalism. At policy level these projects were oriented to perpetuate traditionalism and preserve the Fijian orthodoxy. The power bases of the Fijian ruling class were (and still are) vested in this orthodoxy. Rhetoric on closing income disparity between ethnic Fijians and Indo-Fijians was fed to participants to rationalize the projects but wavering financial support for these projects by Fiji government suggests that ethnic-preference was paid lip service for political expediency. While the relative success of the multiethnic Seqaqa RGC in the early years (1970s-mid 1980s) set against the sluggish growth of ethnic Fijian rural growth centres (Nabouwalu and Vunidawa) may suggest an ethnic variable, the continued engagement of ethnic-Fijian projects in communal-based, semi-subsistence and marginal-profit farming was a significant impediment. Although surveys of productivity on the Seqaqa scheme (by the World Bank; Atkins; and Gunasekera *et al*) found Indo-Fijian farmers to be more productive than their ethnic Fijian counterparts, they did show that ethnic Fijian farmers in the scheme were earning much higher incomes than other ethnic Fijian farmers on Vanua Levu.¹ This finding,

¹ World Bank (1976), Atkins (1983). Gunasekera *et al* (1983).

together with the temporary success of the Seaqaqa scheme, suggests that agricultural projects centered on lucrative crops, plantation production and *galala* participation have more potential to raise the incomes of ethnic Fijian farmers. Multiethnic projects also expose ethnic Fijian farmers to the work ethics and business acumen of their Indo-Fijian counterparts.

Regrettably, the Alliance government chose to continue with traditionalism and ethnic-preference in its approach to rural development. DP 6 (1970: 19) recognized that the constraints of traditionalism were entrenched and institutionalized:

...agriculture, which is still the predominant economic activity, presents the greatest problems for resource development. This is partly because in Fiji...the institutional factors that need to be mobilized and transformed are difficult to change.

Instead of taking the bull by the horns to address problems of resource allocation and its constraints entrenched in land tenure and traditionalism, the Alliance government's DP 6 shied away from the issue and diverted attention to its ambitions to promote agricultural development as the vehicle for rural development. The traditionalist philosophy informing ethnic-preference projects was a major hindrance. Aid requests for cocoa projects clearly articulated the government's desire to maintain the 'Fijian dilemma' by pushing for communal and quasi-commercial project orientations. Instead of unlocking the profit-potentials of these affirmative action projects, the approach deepened the rural-urban and regional gaps as lip service to raising rural incomes was not met by strong investments and financial commitment by the government in these projects. Again, this

lack of commitment was demonstrated by the Fiji government's bungling through with the Vunidawa and Yalavou projects. Nonetheless, not all ethnic-preference projects were complete flops during the Alliance tenure. Pine and timber exports thrived from the 1970s to 1987. Cocoa, passion fruit and coffee exports also enjoyed brief periods of boom by the mid 1980s. Cocoa export incomes soared in 1987 but fell sharply thereafter. Many factors including crop diseases and the political crisis of 1987 caused this slump. Coffee exports followed the same trend, peaking in 1986 but declining into oblivion thereafter. Tea projects did not make any significant contribution to rural incomes. Livestock projects for beef and mutton were similarly unsuccessful as they remained locked to the domestic market.

Several studies of ethnic-Fijian participation in commercial agricultural projects indicate their inability to sustain commercial productivity in various agricultural projects.² These studies suggest that adherence to the ethos of communalism hampers productivity in many projects. The ethnic Fijian communal stranglehold on projects like the Yalavou Beef scheme was a formidable impediment to profitability. This was demonstrated by the collapse of the Yalavou scheme, where chiefs from the landowning units squandered YRDB profits on communal obligations. The role played by the chiefs therefore, contributed to the scheme's collapse. Propped up by a culture of silence and the influence of traditional protocol, financial mismanagement by the chiefs would have met little resistance. Corruption by the Yalavou chiefs who were members of the YRDB indicates the inappropriateness of traditional leadership in modern projects. Chapter 1 cites Young's (1984: 52) recommendation against traditional leaders in a consumer co-

² See studies by Chandra (1979) and Verebalavu (1998).

operative: he recommended modern management for the Lovoni project.³ Against this, the Alliance government merged modern management and traditional leadership in the Yalavou Board. This traditionalistic thrust to marry modern management principles with chiefly leadership proved disastrous in the long run. Misappropriation of the YRDB funds by chiefs also suggests the capacity for chiefs to use their traditional influence for personal gain.

As if this was not a big enough handicap even the modern management component of the Yalavou scheme was flawed by the hiring of Australians who lacked understanding of the incentives needed to boost ethnic Fijian productivity. A better option would have been to recruit local managers with the requisite management qualifications. The lack of business acumen and long-term commitment to commercial livestock farming saw more than half of the farmers in the Yalavou project abandon their farms to return to their villages. Lack of incentives also stemmed from communication problems with Australian personnel as well as poor access to the focal farm. Problems with debt repayment and the isolation of the project site through inward-looking infrastructure were also important. The chronic financial woes of the YRDB exacerbated the farmers' problems of debt repayment to the Fiji Development Bank. At the nub of these problems, the logistics of the project were flawed by traditionalism and ethnic-preference. In essence, the terms of reference for the project were a bundle of contradictions. While it sought *galala*, it embraced traditionalism. These concepts are antithetical as *galala* pushes to sever communal bonds and obligations while traditionalism seeks to retain them. Australian leadership and expertise overlaid this paradox. Hence, a grandiose livestock scheme to

³ See pages 31 and 32 of this thesis.

produce a class of mini-capitalist ethnic Fijians ended in failure. The Yalavou project site now has less than thirty farms struggling to stay afloat. The scheme did not contribute to the improvement of infrastructure for the surrounding areas so the region remains highly inaccessible today.

The failure of Vunidawa has demonstrated how several factors hindered it. The project covered more than 100 ethnic Fijian villages. The large project site, its rugged terrain, the subsistence nature of its economy and its ethnic Fijian makeup would have required substantial investment to develop. In this light, the project was over-ambitious. While the Alliance paid lip service to its development, poor forward scheduling delayed implementation and demonstrated the government's weak commitment. Australia showed zeal for the hiring of Australian consultants to carry out feasibility studies and for high cost Australian machinery for the Vunidawa Bridge because these facilitated aid repatriation. However, the 1987 military coups intervened. The Vunidawa Bridge, planned to trigger other developments for this rural growth centre, was put on hold. Although the bridge was constructed with EU funding in 1989, the Vunidawa RGC blueprint was shelved. The Naitasiri province lags behind in terms of infrastructure: this was highlighted by some Cabinet members after their tour (September 2005) through the province.⁴

In retrospect, flawed collaboration and the perpetuation of the 'Fijian Dilemma' doomed most of the Australian-funded rural projects to failure. Bureaucratic weaknesses in the collaboration juxtaposed on traditionalism and ethnic-preference in Fiji's rural

⁴ Fiji Times 20 September 2005.

development policies proved a disastrous combination for these projects. Aid repatriation among other weaknesses (particularly funding deferments and shortfalls) in the ABAP severely tested the long-term prospects of rural projects as many pipelined projects were shelved while others suffered setbacks caused by inadequate and sometimes inappropriate donor support. These together with the Fiji government's weak commitment concocted a foolproof recipe for project failure. Yalavou, Vunidawa and other Australian-sponsored rural projects could have turned out differently if aid was more forthcoming and more localized, appropriate studies had been carried out. The outcomes might have also been different had the Alliance government opted out of the traditionalist approach to rural development. These findings suggest two main policy implications for rural projects involving the rural *vanua*. First, since this study has shown how aid repatriation reduced the real value of Australian aid for Yalavou, the Fiji government should seriously weigh the *pros* and *cons* of overseas-aided projects against possible aid flow-back. Second, the study has also highlighted the nexus of income potentials and production systems. Village-based, quasi commercial farming has not been conducive to raising rural incomes so the Fiji government needs to seriously consider how traditionalism and its stranglehold on the socio-economic prospects of the rural *vanua* can be addressed through rural policy reversals. Further, the aid delivery gap persists to this day. How can this problem be approached with appropriate governance reforms?

DEMYSTIFYING THE 'BEGGAR BOWL'

The Alliance government was not a 'fumbling' passive recipient of aid. Chapter 2 demonstrated the capacity of the Alliance government to align its aid requests with the goals of the five-year plans. The officials who negotiated inter-departmentally or with ADAB were well versed in the discourses of the donors and were aware of the pitfalls of tied aid. They kept abreast with shifts in the Australian aid program and were quick to sense undertones of donor self-interest. Their letters and other documents reveal their frustrations over the many problems of the aid program. Their writings reflect their awareness of donor self-interest and at times they tried to maneuver to Fiji's benefit. Attempts to push donors to accede to terms set by Fiji showed that they were also capable of political posturing. While correspondence with Canberra was careful and courteous, inter-departmental memos were sometimes biting and highly critical of Australia's aid agendas. Thus Kotobalavu, the current Chief Executive for the Prime Minister's office, said:

Australia was very flexible with our proposals in those days.... However, in terms of immigration, New Zealand has a much more open door policy. New Zealand has let us in with an annual quota of seasonal workers. But Australia, because of its historical origin – they had this deep seated policy of not entertaining any form of labor arrangement which would be tantamount to some kind of slavery... (you know- the convict days)...so they were not keen on that... (Interview Transcript, 2004: 2).

Although this line of thinking is racist, it reflects awareness among senior officials of Australia's closed door policy toward Fiji. Furthermore, a recent trend is the pursuit of alternative donor markets and aid sources in Asia and beyond. Fiji now looks further than Australia for aid and this may augur a new direction for relations with Australia.

LIMITATIONS AND AVENUE FOR FURTHER RESEARCH

The main limitation of this research is its focus on the collaboration between Fiji and Australia for rural projects from 1971-1987. The societal variables affecting project outcomes are, therefore, not adequately addressed. This bias was inevitable because of the contents of the archival records. Another limitation is the strict regulations on the archiving of government files in Australia. The 30 year rule denied me access to ADAB files at the Australian National Archives. Fortunately, the Fiji Ministry of Finance files in Suva held copies of correspondence from Canberra. This study, therefore, explores development projects in their bilateral setting. Research on the social histories of some failed ethnic-preference projects can provide a clearer understanding of the other factors that contributed to their failures. What this study has done is to highlight the need for histories of specific projects such as cocoa projects, the Lomaivuna Banana scheme, the Batiri Citrus venture, and other ethnic-preference projects to seek the other causes of their failure. Since this study has recaptured the voices of the recipient bureaucracy and donor agency at the top end of the aid delivery continuum, what is now needed is a reconstruction of the failed projects from a social history approach to evoke the voice of the project participants at the bottom end of the aid delivery structure.

Another avenue for further research would be to explore the role of overseas aid in the politics of patronage before and after the 1987 coups to probe how ethnic-preference projects benefited the system of patronage from Suva to the rural *vanua* and to determine how this weakened the government's capacity to prioritize and deliver aid for rural development. Chapter 7 has argued that the multiethnic make-up of the senior echelons of the civil service under the Alliance was important in the government's capacity to manage rural development. Prasad and Reddy (2002: 2) argue:

The ethnicization [*sic*] and politicization of the civil service... became a guiding principle for the military and interim governments after the 1987 coups. The policy of positive discrimination was put in place to promote and hire indigenous Fijians as part of the affirmative action policies. This has led to high levels of incompetence in the civil service and the reform based on performance management may be politically hard to bring about.

An examination of the decline in meritocracy and the indigenization of the civil service could help show how the coups affected policies for rural development. These implications need to be researched to inform donors, and to provide pointers for policy makers on the pros and cons of traditionalism and ethnic preference as well as to help gauge current good governance projects. Given that corruption in the civil service has risen dramatically after 1987, the trickle-down effect of aid must be affected. Australia and the European Union have increased their aid for good governance projects in Fiji. Only time will tell the outcome and sustainability of these projects. More importantly,

this shift to good governance will have ramifications for rural development. Hence the need for a study to answer the question: 'How has the 1987 political crisis shaped policy directives for prioritizing aid for rural development in Fiji?'

CONCLUSION

This dissertation has examined the collaboration between Australia and Fiji to show how flaws contributed to the failure of two large ethnic-preference projects. Focus on the 'Fijian dilemma' was necessary to provide insight on the policy basis of rural projects funded by Australia.⁵ The dissertation argues that bureaucratic bungling by both donor and recipient threw project plans out of sync. This impacted significantly on project outcomes. There were avenues out of the rut in these projects but poor commitment by the Fiji government and donor self interest by Australia spiraled Yalavou and Vunidawa into failure. Donor self-interest has been examined to show that pledged aid is sometimes inflated because the real value of assistance is usually reduced by aid repatriation. When donor self-interest is set against the backdrop of flaws in the recipient government's rural development policies and aid delivery system, we discern a clearer picture of how they contributed to project failures.

⁵ Traditionalism is still of currency today as recent debates in Fiji indicate a resolute stand by Fijian chiefs to resist calls for democratization of the Fijian Administration (*Fiji Times* 22/3-24/3/2006).

BIBLIOGRAPHY

- ADAMS, P., and SOLOMON, L. (1985) *In the Name of Progress: the Underside of Foreign Aid*. Earthscan Publications Ltd., London.
- ALI, A & GUNASEKERA, H.M. (1982) "Implementing Decentralization Policies and Programs: The Case of Fiji", Paper presented to the Seminar on Implementing Decentralization Policies and Programs, 24-30 August, 1982, U.N.C.R.D., Nagoya, Japan.
- ALI, R.A. and NARAYAN, J.P. (1989) "The Fiji Sugar Industry: a brief history and overview of its structure and operations" in: *Pacific Economic Bulletin* 1(1): 1-6.
- AMOROSO, D.J. (1996) "Traditionalism and the ascendancy of the Malay ruling class in colonial Malaysia". Ph.D. Thesis, Cornell University.
- APTER, D. (1966) *The Politics of Modernization*. University of Chicago Press, Chicago.
- A.P.O. (2001) *Asia-Pacific Productivity Data and Analysis*. Asian Productivity Organization, Tokyo.
- ATKINS LAND and WATER MANAGEMENT Ltd. (1983) *Western Vanua Levu Regional Plan*, (Volumes I-V), Ministry of Economic Planning and Development, Suva, Fiji.
- AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT (2000) *Income generation for the rural poor: the Australian aid program's rural development strategy*. AAID, Canberra (A.C.T.)

AUSTRALIAN DEMOCRATIC SOCIALIST PARTY (2001) "The Role of Australian Imperialism in the Asia-Pacific Region" Text of a Resolution adopted by the 19th Congress of the Australian Democratic Socialist Party.

ADAB (1976) *Yalavou Project: Feasibility Study for the Government of Fiji*. Final Report of G.P. McGowan and Associates, Australian Government Publishing Service, Canberra, A.C.T.

_____ (1979) *Fiji Sheep Feasibility Study, Volumes 1 and 2, Final Report of ACIL Ltd.*, ADAB, Canberra.

_____ (1980) *Development Co-operation: Australia's Program of Support for Social and Economic Development in the Third World: Key Statements October 1975-November 1980*. Australian Government Publishing Service, Canberra.

_____ (1982.) *Review of the Yalavou Project, Fiji*. ADAB, Canberra.

_____ (1986a.) *Statistical Summary: Australian Official Development Assistance to Developing Countries*. Department of Foreign Affairs, Canberra.

_____ (1986b.) *Review of the Yalavou Project, Fiji*. Australian Government Publishing Service, Canberra.

_____ (1986c.) *Yalavou II Area Study*. Interim Report, Australian Government Publishing Service, Canberra.

_____ (1986d.) *A Review of the Hardwood Plantation Reforestation Sub-sector in Fiji*. ADAB, Canberra.

_____ (1989, 1990, 1994) *Various Statistical Summaries (1988/89; 1989-90; 1992-93)*,

Australian Government Publishing Service, Canberra.

AIDAB (1988) *Australia's Overseas Aid 1983-88 Submission to the Joint Committee on Foreign Affairs, Defence and Trade Review of the AIDAB*, International Development Issue Issues #3. Australian Government Publishing Service, Canberra.

_____ (1990) *Australia's Overseas Aid Program: Helping Australian Industry Too*, International Development Issues #10. Australian Government Publishing Service, Canberra.

_____ (1991) *Australian Development Cooperation in the Agricultural and Rural Development Sector*, AIDAB Evaluation Series # 12, 1991; Australian Government Publishing Service, Canberra.

_____ (1992) *Australian Development Cooperation in the Social and Economic Infrastructure Sector, Report 1990-91*. Australian Government Publishing Service, Canberra.

BARBOUR, P. and MCGREGOR, A. (1998) "The Fiji Agricultural Sector" in: *Pacific Economic Bulletin* 13(2): 64-81.

BAUER, P.T. (1971) *Dissent on Development: Studies and Debates in Development Economics*. Weidenfield and Nicholson, London.

_____ (1990) *Essays in Development*, Occasional Papers # 1. Institute of National Affairs, Port Moresby, Papua New Guinea.

_____ ; KASPER, W; SIWATIBAU, S. (1991) *Aid and Development in the South Pacific*. Centre for Independent Studies, Sydney, N.S.W.

- BAYLISS-SMITH, T and HAYNES, P (1989) "Land Settlement as a Rural Development Strategy" in: Overton, John. *Rural Fiji*. Institute of Pacific Studies, University of the South Pacific, Suva, Fiji: 123-145.
- BELSHAW, C.S (1964) *Under the Ivi Tree: Society and Economic Growth in Fiji*. University of California Press, Berkeley and Los Angeles.
- BERG, E.J. (2000) "Aid and Failed Reforms: The Case of Public Sector Reforms", in: Tarp, Finn [Ed.] *Foreign Aid and Development: Lessons Learnt and Directions for the Future*. Routledge, London: 290-311.
- BERGER, P.L; BERGER, B; & KELLNER, H. (1974) *The Homeless Mind*. Penguin Books, Harmondsworth, Middlesex.
- BOLAWAQATABU, O. (1988) "Design and Feasibility Study of a Development Project: Case Study, Yalavou Beef Project", Done in completion of the BA III Land Management, University of the South Pacific, Suva, Fiji.
- BOWEN, J. (1998) *Foreign Aid and Economic Growth*. Ashgate Publishing Ltd., England.
- BRENT, R.J. (1990) *Project Appraisal for Developing Countries*. Harvester Wheatsheaf, Hemel Hempstead, Great Britain.
- BURNS, Alan; WATSON, T.Y; & PEACOCK, A.T. (1960) *Report of the Commission of Enquiry into the Natural Resources and Population Trends of the Colony of Fiji, 1959*. Fiji Legislative Council Paper No.1 of 1960.
- BYERS, T.J. (Ed.) 1972. *Foreign and Economic Development: a Symposium on the Report of the Pearson Commission*. Frank Cass, London.

CASSEN, R & ASSOCIATES (1986) *Does Aid Work*. Clarendon Press, Oxford.

CENTRAL PLANNING OFFICE (1970) *Fiji's Sixth Development Plan 1971-1975*.
Government Printer, Suva.

_____ (1975) *Fiji's Seventh Development Plan 1976-1980*.
Government Printer, Suva.

_____ (1980) *Fiji's Eighth Development Plan 1981-1985*.
Government Printer, Suva.

_____ (1985) *Fiji's Ninth Development Plan 1986-1990*.
Government Printer, Suva.

CHAMBERS, Robert (1973) *Rural Development: Putting the Last First*. Longman Inc.,
New York.

CHANDRA, R and GUNASEKERA, H.M. (1984) "Regional Planning and Policy in
Fiji", in: Prantilla, B. [Ed.] *Regional Development*. United Nations Centre
for Regional Development, Nagoya, Japan: 281-339.

CHANDRA, S. (1979) "Productive Efficiency of Fijian and Indian Farming Systems in
Semi-Subsistence Agriculture: Sigatoka Valley, Fiji" in: *Fiji Agricultural
Journal*, Volume 39 No. 2; Volume 40, No. 1.

_____ (1983) *Agricultural Development in Fiji*. Australian Universities'
International Development Program, Canberra (A.C.T.)

_____; COSTELLO, W; FALVEY, L; and FOGERTY, N. (1989) *Livestock
Sector Review*. AIDAB Evaluation Series #5, Australian Government
Publishing Service, Canberra, A.C.T.

- CHANDRA, S & HEWSON, R (1991) *Agriculture Projects Review*. AIDAB Evaluation Series #11, Australian Government Publishing Service, Canberra (A.C.T.).
- CHENERY *et al* (1974) *Redistribution with Growth: Policies to Improve Income Distribution in Developing Countries in the Context of Economic Growth*. A Joint Study Commissioned by the World Bank's Development Research Centre and the Institute of Development Studies, University of Sussex.
- CHETTY, N.K. and PRASAD, S (1993) *Fiji's Emigration: An examination of Contemporary Trends and Issues*. Population Studies Program, University of the South Pacific, Suva, Fiji.
- CHUNG, M. (1988) "The Impact of a Road", in: Overton, John [Ed.] *Rural Fiji*. Institute of Pacific Studies, U.S.P., Suva: 97-121.
- COLE, R; LEVINE, S and MATAHAU, A. (1984) *The Fijian Provincial Administration: A Review*. Pacific Islands Development Program, East-West Centre, Honolulu.
- COLE, R. and HUGHES, H. (1988) *The Fiji Economy May 1987: Problems And Prospects*. Pacific Policy Papers # 4, NCDS, A.N.U. Canberra (A.C.T.)
- COLONIAL OFFICE (1966) *Fiji: Colony Annual Report 1965*. HMSO, London.
- CONYERS, D. (1985) *Rural Regional Planning: Towards an Operational Theory*. Pergamon Press, Oxford.
- _____, HILLS, P. (1984) *An Introduction to Development Planning in the Third World*. Wiley, New York.

- COX, A; HEALY, J and ANTONIQUE (1997) *How European Aid Works*. Overseas Development Institute, London.
- CRACKNELL, B.E. [Ed.] (1983. *The Evaluation of Aid Projects and Programs*. Overseas Development Administration, London.
- CRITTENDEN, R. and LEA, D. (1989) *Integrated Rural Development Programs in Papua New Guinea*. Monograph 28, Institute of Applied Social and Economic Research [IASER] (in conjunction with the Department of Geography and Planning, University of New England), Papua New Guinea.
- CULPEPER, R. (1997) *The Multilateral Banks: Titans or Behemoths*. Vol. 5. Lynne Rienner Publishers, Boulder, Colorado.
- DURUTALO, S. (1985) "Internal Colonialism and Unequal Development: the case of Western Viti Levu" Thesis (M.A.) University of the South Pacific, Suva, Fiji.
- _____ (1986) *The Paramountcy of Fijian Interests and the Politicization of Ethnicity*. South Pacific Forum Working Paper # 6; University of the South Pacific, Sociological Society, Suva
- FIJI BUREAU OF STATISTICS (1986) *Overseas Trade: Fiji 1986*. Government Printer, Suva.
- FIJI GOVERNMENT (1993) *Opportunities for Growth: Policies and Strategies for Fiji in the Medium Term*. Government Printer, Suva.
- _____ (1997) *Statistical News*. Government Printer, Suva, Fiji.

- FISK, E.K (1970) *The Political Economy of Independent Fiji*. Australian National University Press, Canberra, (A.C.T.)
- FLEMING, E.M. (1996) *Research Options for High Value Agricultural Exports in South Pacific Island Nations*. Research Report 10, International Service for National Agricultural Research, The Hague, Netherlands.
- F.A.O. (1998) *Asia and Pacific National Forest Program*. Update 33, FAO Regional Office for Asia and the Pacific, Bangkok.
- FRANCE, Peter (1969) *The Charter of the Land: Custom and Colonization in Fiji*. Oxford University Press, London.
- FRAZER, R. (1973) "The Fijian village and the independent farmer" in: Brookfield, H (ed.) *The Pacific in transition*. St. Martin's Press, New York: 75-96.
- FUJISAKA, S (1986) "Philippine Social Forestry: the Participatory Approach", in: Trinidad, S.O. and Okamura, J.Y. [Eds.] *Participatory Approaches to Development: Experiences in the Philippines*. Da La Salle University Research Centre, Manilla, Philippines: 77-101.
- GEDDES, W. R (2000 Reprint) *Deuba: A Study of a Fijian Village*. Institute of Pacific Studies, University of the South Pacific, Suva, Fiji.
- GOLDSWORTH, P. (1988) "Thinking about Political Development", in: *Development and Change* 19 (1988): 505-530.
- GOUNDER, R. (1995) *Overseas Aid Motivations*. Ashgate Publishing Ltd., England.
- GRIFFIN, K. (1972) "Pearson and the Political Economy of Aid", in: Byers, T.J. [Ed.]

Foreign Resources and Economic Development: A Symposium on the Report of the Pearson Commission. Frank Cass, London.

GRILLI, E. (1993) *The European Community and the Developing Countries.* Cambridge University Press, Cambridge.

GUNASEKERA, H.M; TABAKAUCORO, F; WAYMARK, D; and YOUNG, J. (1983) "Seaqqa Sugar Cane Farmers and Fijian Villagers in the Seaqqa Periphery", Technical Paper # 2, in: *Western Vanua Levu Regional Plan* (Volume IV) Ministry of Economic Planning and Development, Suva.

HAYDEN, B. (1987) "Policy and Economics of Foreign Aid" in: *Economic Analysis and Policy* Volume 17 # 1: 1-15.

HAYTER, T. (1971) *Aid as Imperialism.* Penguin, Harmondsworth (U.K.).

_____ and Watson, C. (1985) *Aid Rhetoric and Reality.* Pluto Press, London (U.K.) and Sydney (Australia).

HEALEY, J.M. (1971) *The Economics of Aid.* Routledge & Kegan Paul, London.

HELD, D and THOMPSON, J (1982) *Habermas: Critical Debates.* Macmillan, London.

HERRING, R.J. (2000) *Political Conditions for Agrarian Reform and Poverty Alleviation.* Institute of Development Studies, University of Sussex, Brighton, England.

HEWSON, R; CHANDRA, S; and CONNELL, S. (1991) *Review of Integrated Development Projects.* AIDAB Evaluation Series #10, Australian Government Publishing Service, Canberra, A.C.T.

- HJERTHOLM, P. and WHITE, H. (2000) "Foreign Aid in Historical Perspective: Backgrounds and Trends", in: Tarp, F. [Ed] *Foreign Aid and Development: Lessons Learnt and Directions for the Future*. Routledge, London: 80-102.
- HUGHES, Helen (2003) "Aid has failed in the Pacific" in: *Issues Analysis 33*, Centre for Independent Studies, Sydney, N.S.W.
- JACKSON COMMITTEE (1984) *Report of the Committee to Review the Australian Overseas Aid Program*. Australian Government Publishing Service, Canberra (A.C.T.).
- JARRETT, F. (1994) *The Evolution of Australia's Aid Program*. National Centre for Development Studies, Research School for Asian and Pacific Studies, Australian National University, Canberra (A.C.T.).
- JOLLY, Margaret (1992) "Custom and the way of the land: past and present in Vanuatu and Fiji.", in: *Oceania* 62: 330-354.
- KAMIKAMICA, J. (1994) "Lotu, Vanua, Matanitu: Fijian Institutions", in: *Report on Consultation on Fiji's Constitution Review*. International Alert & the School of Social and Economic Development, University of the South Pacific, Suva: 81-83.
- KAPLAN, M (1988) "The Coups in Fiji: Colonial Contradictions and the Post Colonial Crisis", in: *Critique of Anthropology* 7(3): 93-116.
- KAPPAGODA, N. (1995) *The Multilateral Development Banks: The Asian Development Bank* (Vol. 2) Lynne Rienner Publishers, Boulder, Colorado.
- KEITH-REID, R. (2005) "Fiji seeks to rescue its neglected vanua" in: *Pacific Islands*

Report (October 2005) <http://archives.pireport.org/archive/2005/october/10-06-ft.htm>

KIGGUNDU, M. (1989) *Managing Organizations in Developing Countries: Operational and Strategic Approach*. Kumarian Press, Connecticut.

KING, P. "Public Sector Reform in the Pacific and the Lost Art of Planning" Seminar Paper, University of the South Pacific, 18 March 2003.

KNAPMAN, B. and M.A.H.B. WALTER (1980) "The Way of the Land and the Path of Money: the Generation of Economic Inequality in Eastern Fiji" in: *Journal Of Developing Areas* 14: 201-203.

LAL, Brij.V. (1992) *Broken Waves: A History of the Fiji Islands in the Twentieth Century*. Centre for Pacific Islands Studies, University of Hawaii Press, Honolulu.

LARMOUR, Peter [Ed.] (1998) *Governance and Reform in the South Pacific*. National Centre for Development Studies (NCDS), Australian National University, Canberra (A.C.T.).

LASAQA, I. (1984) *The Fijian People: Before and After Independence, 1959-1977*. Australian National University Press, Canberra, (A.C.T.)

LATEEF, K.S. (1995) *The Evolving Role of the World Bank: Helping Meet the Challenge of Development*. The World Bank, Washington D.C.

LAWSON, Stephanie (1990) "The Myth of Cultural Homogeneity and its Implications for Chiefly Power and Politics in Fiji", in: *Comparative Studies in Society and History* 32(4): 795-821.

_____ (1994) "Tradition versus Democracy in the South Pacific: An Overview", in: *Development Bulletin* Volume 32 (October); Australian

Development Studies Network, ANU, Canberra (A.C.T.)

LEBOT, V. (2001) "Export Diversification in Pacific Island Countries: the development of non-traditional agricultural products" Paper presented at the UNCTAD Workshop on Commodity-Based Development in Pacific Island Countries, Nadi, 18-20 September.

LELE, U. (1975) *The Design of Rural Development: Lessons from Africa*. John Hopkins Press, Baltimore and London.

LEVINE, S.I. (1985) "Government Systems Project: The Fijian Provincial Administrative Review-Regional Report", Pacific Islands Development Program, East-West Centre, Honolulu, Hawaii.

LEWIS, J.P. and KALLAB, V. [Eds.] (1986) *Development Strategies Reconsidered*. Overseas Development Council, Washington D.C.

LINNEKIN, J. and POYER, L. (1990) "Introduction", in: Linnekin, J. and Poyer, L. (Eds.) *Cultural Identity and Ethnicity in the Pacific*. University of Hawaii Press, Honolulu.

LINNEKIN, J. (1992) "On the Theory and Politics of Cultural Construction in the Pacific", in: *Oceania* 62(4): 249-263.

MACNAUGHT, T. (1982) *The Fijian Colonial Experience: A Study of the Neo-Traditional Order under British Colonial Rule Prior to World War II*. Pacific Research Monograph 7, Australian National University, Canberra, A.C.T.

MAY, R.S; SCHUMACHER, D; MALEK, M.H. (1989) *Overseas Aid: the Impact of Britain and Germany*. Harvester, Wheatsheaf, Hampstead, G. Britain.

McDOUGALL, R.S. (1956) "Fijian Administration Finances", Fiji Legislative Council Paper # 35/57, Government Printer, Suva, Fiji.

McGREGOR, A. (1984) *A Program for the Development of the Batiri Citrus Project*. School of Social and Economic Development, U.S.P., Suva.

_____ (1988) *The Fiji Fresh Ginger Industry: A Case Study in Non-Traditional Export*. Research Report Series # 10, Pacific Islands Development Program, East-West Centre, Honolulu.

McGREGOR, A. and MACARTNEY, J. (1985) *Fiji Agricultural Sector Study, Volume 1*. Asian Development Bank, Manila.

McMASTER, J. (1986) "Review of Procedures applied by Australia and Fiji for the Identification, Appraisal, Approval and Implementation of Aid Activities", Research School of Pacific Studies, NCDS, A.N.U. Canberra.

MELLOR, C. (1988) *An Assessment of the Australian Joint Venture Scheme operating in the South Pacific Region since 1980*. Research School of Pacific Studies, National Centre for Development Studies, Australian National University, Canberra, A.C.T.

MENDE, T. (1973) *From Aid to Reconstruction: Lessons of a Failure*. Harrap, London.

MINISTRY OF FIJIAN AFFAIRS (2003) "Report of the Project Unit on the Review of the Fijian Administration", Government Printer, Suva, Fiji.

MINISTRY OF FINANCE (2002) "Twenty-Year Development Plan (2001-2020) for the Enhancement of Participation of Indigenous Fijians and Rotumans in the Socio-Economic Development of Fiji", Parliamentary Paper No. 73

of 2002.

_____ (1991) *Review of Performance and Prospects of the Fiji Economy*. National Economic Summit, Suva.

MOORE, D.H; SCHMITZ, G.J. [Eds.] (1995) *Debating Development Discourse: Institutional and Popular Perspectives*. Macmillan, Houndsmills, Hampshire.

MORGAN, D.J. (1980a) *Developing British Colonial Resources, 1945-1951* [Vol. 2]. Macmillan Press, London.

_____ (1980b) *A Reassessment of British Aid Policy, 1951-1965* [Vol. 3]. Macmillan Press, London.

_____ (1980c) *Changes in British Aid Policy, 1951-1970* [Vol. 4]. Macmillan Press, London.

MOSHER, A.T. (1976) *Thinking about Rural Development*. Agricultural Development Council, New York.

MOSLEY, P. (1987) *Overseas Aid: Its Defence and Reform*. Wheatsheaf, Brighton.

_____; HARIGAN, J; TOYE, J. (1991) *Aid and Power: the World Bank and Policy-Based Lending*. Vol. 2, Case Studies, Routledge, London.

NATION, J. (1974) *Customs of Respect: the traditional basis of Fijian communal politics*. Development Studies Centre Monograph 14, A.N.U., Canberra (A.C.T.)

_____ (1982) "Planned Social Change: Fijian Participation in Cattle Development

Projects”, PHD Thesis, Department of Political and Social Change,
Research School for Asian and Pacific Studies, A.N.U., Canberra.

NAYACAKALOU, R. (1961) *Tradition and Change in the Fijian Village*. South Pacific
Social Sciences Association in association with the Institute of Pacific
Studies, University of the South Pacific, Suva, Fiji.

_____ (1975) *Leadership in Fiji*, Oxford University Press, Melbourne,
Australia.

OECD (1996) *Better Policies for Rural Development*. OECD, Paris.

OVERTON, J.D. (1986) “Resettlement Re-Examined: Accumulation and Differentiation
in Waibau and Lomaivuna, Fiji” Paper presented to the Commonwealth
Geographical Bureau, Workshop on Small-Scale Agriculture, (December)
Australian National University, Canberra.

_____ (1988) “A Fijian Peasantry: *Galala* and Villagers”, in: *Oceania* 58: 193-211.

_____ (1988) “The Adoption of Rice by Village Fijians”, in: Overton, John [Ed.]
Rural Fiji. Institute of Pacific Studies, University of the South Pacific,
Suva, Fiji: 147-164.

_____ (1989) *Land and Differentiation in Rural Fiji*. Pacific Research Monograph #
19, National Centre for Development Studies, ANU, Canberra.

PARRY, T.G. (1987) *The Australian Development Assistance Bureau's South Pacific
Joint Venture Scheme*. National Centre for Development Studies,
Australian National University, Canberra, A.C.T.

POTTS, D (2002) *Project Planning and Analysis for Development*. Lynne Rienner

Publishers Inc., Boulder, Colorado.

- PRASAD, B. and REDDY, M. (2002) "Structural Reforms, Political Instability and Economic Growth in Fiji: Sustainability in the Long-Term", Paper presented at the Symposium of the Foundation for Development Cooperation (July 2002), Brisbane, Queensland.
- QALO, R. (1984) *Divided We Stand: Local Government in Fiji*. Institute of Pacific Studies, U.S.P., Suva.
- QUAIN, B. (1948) *Fijian Village*. University of Chicago Press, Chicago.
- RAVUVU, A. (1983) *Vaka i Taukei: The Fijian Way of Life*. Institute of Pacific Studies, U.S.P., Suva.
- _____ (1987) *The Fijian Ethos*. Institute of Pacific Studies, U.S.P., Suva.
- _____ (1988) "Fijian Communal Involvement in the Forestry Sector" (Vol. 4), in: Food and Agricultural Organization, *Social and Institutional Arrangements, Forest Sector Development Study: Fiji*, [4 Volumes], Rome.
- _____ (1988) "Development Communication: A Study of Two Cattle Beef Projects", in: Overton, John [Ed.] *Rural Fiji*. Institute of Pacific Studies, U.S.P., Suva: 179-203.
- REDDY, M; NAIDU, V; & MANORANJAN, M. (2003) "The Urban Informal Sector in Fiji" in: *Fijian Studies: A Journal of Contemporary Fiji*; Vol. 1, No. 1. Fiji Institute of Applied Studies, Lautoka, Fiji: 128-156.
- RIDDELL, R.C. (1987) *Foreign Aid Reconsidered*. John Hopkins University Press,

Baltimore.

- ROBINSON, S and TARP, F. (2000) "Foreign Aid: Summary and Synthesis" in: Tarp, F (ed.) *Foreign Aid and Development: Lessons Learnt and Directions for the Future*. Routledge, London: 1-4.
- ROGERS, E.M. (1969) *Modernization among the Peasants: The Impact of Communication*. Thinehart & Winston, New York.
- ROTH, G.K. (1953) *Fijian Way of Life*. Oxford University Press, London.
- RUTZ, H. J (1976) "The Efficiency of Traditional Agriculture, Phases of Development and Induced Income Change in the Waidina Valley, Fiji", in: Pitt, D.C [Ed.] *Development From Below: Anthropologists and Development Situations*. Moulton Publishers, The Hague, Paris: 168-188.
- _____ (1987) "Capitalizing on Culture: Moral Ironies in Urban Fiji", in: *Comparative Studies in Society and History* 29: 532-537.
- SERUVATU, E & JAYARAMAN, T. K. (2001) "Determinants of Private Investment in Fiji", Working Paper 2001/02, Economics Department, Reserve Bank of Fiji, Suva.
- SIWAR, C. and MUSTAPHA, H. (1989) *Integrated Rural Development: Malaysia*. Centre for Integrated Rural Development for Asia and the Pacific (CIRDAP), Bangladesh.
- SOFER, Michael (1987) "Uneven Development in Fiji: A Critical Approach to the Core-Periphery Paradigm". Ph.D. Thesis, University of Melbourne.
- SPATE, O.H.K. (1959) *The Fijian People: Economic Problems and Prospects*. Fiji

Legislative Council Paper No. 13 of 1959, Suva, Fiji.

SUNDRAM, J. (1991) "Race, Class and Uneven Development in Malaysia". Ph.D. Thesis, Michigan State University, Michigan.

THOMAS, Nicholas (1989) "Material Culture and Colonial Power: Ethnological Collecting and the Establishment of Colonial Rule in Fiji", in: *Man* 24: 41-56.

_____ (1990) "Sanitation and Seeing: the Creation of State Power in Early Colonial Fiji", in: *Comparative Studies in Society and History* 32: 149-170.

_____ (1990) "Regional Politics, Ethnicity and Custom in Fiji", in: *The Contemporary Pacific* 2: 131-146.

THOMAS, Pamela. (2002) "Development Project Design: Towards Better Practice", Conference Paper, Development Network of *Aotearoa* 3rd Biennial Conference, Massey University, December 2002.

THORBECKE, E (2000) "The Evolution of the development doctrine and the role of Foreign aid", in: Tarp, F (ed.) *Foreign Aid and Development: Lessons Learnt and Directions for the Future*. Routledge, London: 17-47.

TREADGOLD, M. (1992) *The Economy of Fiji: Performance Management and Prospects*. International Development Issues No. 25. Australian International Development Assistance Bureau, Canberra (A.C.T.)

TUBUNA, S. (2004) "Fiji", in: Ali, M *Agricultural Diversification and International Competitiveness: Selected Country Reports*. Report of the Asian Productivity Organization Study Meeting on Agricultural Diversification

and International Competitiveness, Tokyo, 16-23 May, 2001.

UNDP (2000) Human Development Report.

VATANIMOTO-MAUSIO, A. (1998) "The Societal Variables in Ethnic-Fijian Political Conservatism: An Eclectic Approach". M.A. Thesis, University of the South Pacific, Suva.

VEREBALAVU, J. (1998) "Indigenous Fijians in Business: A Case Study of Cane Farmers", MA Thesis, University of the South Pacific, Suva, Fiji.

WARD, R.G. (1965) *Land Use and Population in Fiji: A Geographical Study*. HMSO, London.

_____ (1998) "Urbanisation in the South Pacific". Paper presented at the UNESCO MOST Conference, Suva, Fiji.

WATTERS, R.F. (1969) *Koro: Economic Development and Social Change in Fiji*. Clarendon Press, Oxford.

WHITTLE, J. F. (1979) "Economic and Social Analysis of Projects: a case study of the Yalavou Project in Fiji", MA Thesis, Australian National University, Canberra.

WOODS, R.E. (2000) "Foreign Aid and the Capitalist State in Underdeveloped Society", in: *Politics and Society*, Vol. 10, No. 1: 1-34.

WORLD BANK (1984) *Towards Sustainable Development in Sub-Saharan Africa*. Washington D.C.

_____ (1987) *World Development* 15, (Supplement) Washington D.C.

- _____ (1990) *World Development Report*, Washington D.C.
- _____ (1991) *Pacific Island Economies: Towards Higher Growth in the 1990s*.
Washington D.C.
- _____ (1995) *Private Sector Development in Low-Income Countries*, Washington
D.C.
- _____ (1975) *Rural Development: Sector Policy Paper*. Washington D.C.
- _____ (1995) *Rural Development Sector Policy Paper*. Washington D.C.

YOUNG, J.A. (1984) *The Lovoni Land-Purchase Project: A Case Study in Native Fijian
Agricultural Development*, South Pacific Forum Working Paper No. 2,
South Pacific Forum, Suva.

ZELYSTRA, W.G. (1977) *Aid or Development: the Relevance of Development Aid to
Problems of Developing Countries*. A.W. Sijthoff International
Publication Co., B.V., Netherlands.

INTERNET

Food and Agriculture Organization (FAO) Database <http://www.fao.org>

Australian Agency for International Development (AUSAID) Database
<http://www.usaid.gov.au>

AUSTRALIAN NATIONAL ARCHIVES

TITLE	Series #	Control Symbol	Barcode #
ADAB, Yalavou small farm subdivision, Fiji	A8790	10/KFJ/16	11803366
ADAB, Yalavou small farm subdivision, Fiji	A8790	10/FJ/6	11621253
ADAB, Yalavou small farm subdivision, Fiji	A8790	10/FJ/12	11621245
ADAB, Yalavou small farm subdivision, Fiji	A8790	10/KFJ/26	11803335

OFFICIAL DOCUMENTS: FIJI GOVERNMENT

CAMPBELL, Doug (1988) "Strengthening Aid Coordination in the Pacific Countries"
RAS/95/800, Report on the Review of the Budget and Aid Coordinating
Committee in Fiji, U.N.D.P.

Colony of Fiji (1946) "Report of the Post-War Planning and Development Committee",
Government Printer, Suva, Fiji.

_____ (1955) *Fiji: Development Plan 2, 1956-1960*, Government Printer, Suva.

_____ (1960) *Fiji: Development Plan 3, 1961-1965*, Government Printer, Suva.

_____ (1963) *Fiji: Development Plan 4, 1964-1968*, Government Printer, Suva.

_____ (1965) *Fiji: Development Plan 5, 1966-1970*, Government Printer, Suva.

D'ESPEISSIS, J.L. "Forestry in Fiji", in: *Transaction and Proceedings of the Fiji Society
Of Science and Industry for the Years 1945-1947*. Suva, Fiji.

Forestry Department (1980; 1983; 1988; 1990; 1997) *Annual Reports*.

_____ (1990) *Forest (Amendment) Regulations*.

(1993) *Forestry Decree and Regulations*.

Government of Fiji (1992) *Fiji Republic Gazette*, Vol. 6, Wednesday, 20 May 1992, Vol. 44, *Forest Decree*.

McLennan Magasanik Associates Pty Ltd. (1984) "Vunidawa Integrated Regional Development Scheme", Volumes I- IV, Report for the ADAB, Victoria (Australia).

Ministry of Agriculture (1993) *Annual Report*. Government Printer, Suva.

(1996) *Fiji Agricultural Sector Review: Strategy for Growth and Diversification*. Ministry of Agriculture, Fisheries and Forests, Suva.

Ministry of Economic Planning and Development (c.1986) "Seaqqa Rural Development: Annual Reports".

Ministry of Economic Planning and Development (1981) "The Korotolutolu River Basin Development", Study Interim Report, September 1981.

WEINTRAUB, Dov (1984) "Social Setting and Issues of Development in Fijian Rural Communities: Basic Diagnosis and Policy Recommendations" Report on a Study Mission, July 10-August 31, 1984, Division for International Cooperation, Jerusalem, Israel.

WORLD BANK (1976) An Appraisal of the Sugar Development Project at Seaqqa, Report No. 986 (a) March 6, 1976.

NATIONAL ARCHIVES OF FIJI*JOURNALS OF THE LEGISLATIVE COUNCIL (1910-1969)**COUNCIL OF CHIEFS MINUTES (1940-1969)***MINISTRY OF FINANCE FILES**

<u>FILE REF.</u>	<u>FILE NAMES</u>	<u>Period</u>
AID 42/1	EEC Award	1973-1986
AID 42/6/1	ACP/EED Conference	1976-1984
AID 42/8-II Part I	National projects: LOME II	1980-1982
AID 42/8-II Part II	National Projects: Rural Centres / Micro projects	1981 – 1983
AID 42/8-II-5PT.1	National Projects- Infrastructure- Citrus	1983 – 1986
AID 42/8-II-10	National Projects- Technology Policy	1981 – 1984
AID 42/8-II 12PT.1	National Projects: Project Identification...	1981 - 1984
AID 42/8-II 12PT.1	National Projects: Marketing Research and Marketing Studies	1981-1984
AID 42/8-III PT.1	National Projects Lome III	1983
AID 42/8-III PT. II	National Projects Lome III	1984 – 1986
AID 42/9-1	Regional Projects LOME I	1975 – 1979
AID 42/9-II	Regional Projects LOME II	1979 - 1981
AID 42/8/2/4	Vanua Levu Circuminsular Road	1977 – 1983
AID 42/8/2/5	Central Division Roads	1979 – 1983
AID 42/12/1	Half Yearly Reports	1972 – 1981
FIN 24/15	Budget Division Correspondence Gen.	
FIN 27/10/6	A.S.P.T.A.P. Navua Irrigation Project	
FIN 27/10/13	A.S.P.T.A.P. Patrol Boats Fiji Police Force	
AID 42/22 PT.1	Article 59 Exceptional Aid	1979-1982
AID 45/I – I	Australian 3 Year Aid Program	1977 – 1980
AID 45/I – II	Ditto	1980

AID 45/I – III	Ditto	1980 – 1982
AID 45/I – IV	Ditto	1982 – 1983
AID 45/I – V	Five Year Australian Program	1983 – 1985
AID 45/I – VI	Australian Bilateral Aid Program	1984 – 1985
AID 45/I – VII	Australian Bilateral Aid Program	1985 – 1987
AID 45/I-VIII	Australian Bilateral Aid Program	1986 - 1987
AID 45/10/2-I	Yalavou Beef Development	1977 – 1982
AID 45/6-I	Development Import Grant	1980 – 1981
AID 45/6-II	Ditto	1982
AID 45/6-III	Ditto	1982
AID 45/6/I-I	Ditto	1983 – 1985
AID 45/6/I-II	Ditto (Scheme Accounts)	1985 – 1986
AID 45/16/4	Miscellaneous Tech. Assistance	1981 – 1985
AID 45/16/5-I	Small Grants Scheme	1967 – 1984
AID 45/16/5-II	Ditto	1985
AID 45/16/5-III	Ditto	1986 – 1987
AID 45/16/5-IV	Australian Small Grants Scheme	1986 – 1987
AID 45/23/3-I	Self help Projects	1977 – 1983
AID 45/23/8	Outer Island Jetties	1976 – 1982
AID 45/26/2	Greater Suva Sewerage Scheme	1978 – 1984
AID 45/35/1	Aid for the Disabled	1981 - 1986
AID 32/200	Pakistan Aid	1972 – 1973
203/3/12	CD & W Scheme Dev. Road ...	1969 - 1973
203/7/14	UK/Fiji Dev. Loan 1971-75	1972 – 1973
205/5/6	Audit Inspection and Queries Vunidawa	1971 – 1976

NEWSPAPERS

Fiji Times (1970-June 1987)

Daily Post (1980-1987)

Fiji Sun (1980-1987)