

## Social Welfare and Poverty Alleviation Programs in Fiji: Are they Pro-Poor?

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### *Abstract*

*Direct poverty assistance programs by governments have not been as successful as they could have been. For long, a number of government programs have been tarnished as racially biased and ineffective. While in many ways the programs have been generous towards indigenous Fijians, real help has failed to reach the poorest of the Fijians. The family assistance scheme has not been given clear direction on the assessment process for identifying the poor. A lot of resources have been wasted funding projects that did not even start off. The waste of resources has been significant when aggregated over the years and will continue if drastic steps are not taken now. If poor people are to be assisted in the future, better income generating projects need to be implemented with stringent monitoring and follow-up plans. Past reviews of the programs have not been given serious consideration and there is a need for planners to revisit the recommendations from the past.*

### Introduction

Poverty has been one of the main focuses of international agencies and national governments for many decades now. The Millennium Development Goals (MDGs) set by the United Nations is a global effort at reducing poverty. These goals have stiff implications for Fiji. The MDGs aim to reduce the proportion of poverty stricken people to half the rate that existed in 1991 by 2015. These targets imply that the rate of poverty in Fiji needs to be reduced by 20 percent points in the next 7 years, an equivalent of approximately 3 percent points annually. Over the last two decades the proportion of Fiji's population living in poverty has increased from 25 percent to over 34 percent (Narsey 2006; Abbot 2006). With the increase in population and the current political instability there is indica-

tion that poverty in Fiji will continue to increase.

The government has, over the years, formulated policies and programs to alleviate poverty but they have not been so successful. These policies have been implemented using an interdisciplinary approach, which attempted to address the problems of all the ethnic groups in Fiji. However, it has often been argued over the last two decades that most policies were ethnic based and biased towards ethnic Fijians, which failed to target the population resulting in ever widening poverty gap amongst all groups. A number of social programs for the poor have been set up over the last decade and some in the last five years since the 2000 political unrest.

With the level of assistance provided over the years and the continuous increase in the proportion of the poor in the country it is important to assess and evaluate the programs to ensure that lessons are learnt from the successes and failures of these programs. The lessons from these evaluations need to be implemented to ensure that future programs are improved and target the poor more accurately.

To start with, it needs to be ascertained whether the poverty alleviation programs implemented so far have been ethnically biased or not.

This paper provides an overview of two major poverty alleviation programs that are directed at the poor to empower them out of poverty. The two programs are the family assistance scheme and the poverty alleviation fund. The paper briefly explores the government programs towards poverty alleviation in general and then outlines the characteristics of the two programs. Thirdly the paper examines who are the poor in Fiji and fourthly it discusses whether the programs are pro-poor. Finally the conclusion outlines the lessons learnt.

### Government Allocation to Poverty Alleviation

Over the last decade the government's principle strategies on poverty reduction have been three pronged. These are raising economic growth and increasing income earning capacities of groups by building human capacity and provision of social safety net for vulnerable people. The government over the five years between 2000 and 2005 has taken a multidisciplinary approach to address poverty reduction in Fiji (Kaitani 2007). The fund for poverty alleviation was distributed to different government departments for implementing various programs. These government departments either implemented and executed the projects or provided grants to non-government institutions to execute the programs. Al-

though there has been a great emphasis on poverty alleviation in the new millennium, during the four years between 2001 and 2004 funds allocated for poverty alleviation have decreased as a proportion of the total government budget. The total allocation of \$112 million in 2000 for poverty alleviation decreased to \$54 million in 2004. This reduction in poverty fund reflected the government's lack of concern for poverty despite the ongoing discussion on the issue and pressing demands for more resources.

Since the late 1980s the public sector focus has been on numerous social and ethnic based programs that targeted the poor. Over the last decade the government introduced new initiatives. This includes the provision of micro-financing assistance through different government departments and non-government organizations. Additionally, schemes such as agricultural assistance to rural farmers, education grants to schools, and cash grants from the government to charity organizations that are assisting the poor were established. At the same time there has been numerous ethnic-based programs initiated by the government targeting the poor. This included most of the 29 programs in the Affirmative Action Plan, such as the Education program on the establishment of the Center of Excellence as part of the education blueprint, and to increase Fijian and Rotuman participation in business. These programs were in line with the Government plan to ensure the reservation of at least 50 percent of shares, licenses, and contracts for Fijian and Rotuman owned companies, and the subsidised loan to Fijians and Rotumans provided through Fiji Development Bank.

Over the seven years between 1998 and 2004 poverty alleviation funds were more focused on education and welfare. This shows that the government had been committed to improving human resource through capacity building and improving the quality of education by providing financial assistance to the sections of the population that needed assistance to attain skills. Education assistance was provided to all sections of the society in the form of free education to up to year twelve and remission of fees to students from low income background at year 13 (form seven) level. The government also provided enormous amounts of resources towards education infrastructure in the form of building grants to schools. The mainstream social welfare programs such as assistance in cash grant to non-government organizations, financial assistance to care centers, the family assistance scheme, and the poverty alleviation program have also continued simultaneously. The two later programs listed above are discussed below.

### **Family Assistance Scheme**

The family assistance scheme was established originally in the 1920s as a measure to provide assistance to Indian indentured laborers. In the 1960s, the scheme was expanded to include ethnic Fijians as well. The scheme now provides small amounts of financial assistance to families assessed to be in destitute condition. However, this does not include all the poor. It is non-contributory and is a form of assistance given temporarily to some families with inadequate incomes or no means of earning any income. The scheme is, therefore, intended only to supplement existing resources of the extremely poor families. The categories of people eligible for the assistance are the elderly, widows with children, the chronically ill, the disabled, dependents of prisoners, and single parents in hardship. An individual's eligibility is determined by the case officer from the Social Welfare Department or the provincial office representative in the rural villages. This is based on indicators such as the number of siblings and their occupation, age, type of disability and/or illness. For the single parent applicants the level of income needs to be shown.

In 2003 the government allocated \$12 million for the scheme, which was increased to \$15 million in 2005. This scheme, which is wholly implemented by the Social Welfare Department, currently caters for over 20,000 individuals. The ethnic composition of this scheme has varied over these years and the total number of recipients has also increased. Over the last thirty years, the ethnic proportions of the recipients have changed from a high percentage of Indo-Fijians in the early 1970s to a high percentage of Ethnic Fijians in the current period. In 2004, the ethnic Fijian recipients comprised 60% of the total. This is in line with the government's ethnic-based programs established since 2000.

The impact of the scheme can be seen through various prisms. First, it is assessed in the context of relief that it provides to the recipients who as a result are able to meet their basic needs. Secondly, it is assessed on the basis of its impact in levelling-off inter-ethnic relative disparities. This is in respect of ethnic focused government policies perceived to be part of the affirmative action plan. Thirdly, this is judged from the perspective of long term effect that cash handouts have on the indigenous Fijians in rural areas who depend on these social safety nets. It is argued that its impact could be negative on the rural indigenous Fijians, who may permanently depend on these cash handouts. This could adversely affect the households because the social safety net that indigenous families depended on for social security is meagre. Poor indigenous families in both

rural and urban areas are normally dependent upon the extended family relations for support. This support is less effective today as families become more nuclear focussed and the extended family social network is fading away with the modern lifestyles. As a result, the traditional obligation of children to look after their parents at old age is less relevant today. Even the two way fallback mechanism seems to be fading as greater proportion of people more towards the urban centers.

### Poverty Alleviation Project

The Poverty Alleviation Program was introduced in 1994 and was originally aimed at improving the coping capacities of the poor who needed assistance. In the first 5 years of implementation, the scheme's primary focus was to provide additional assistance to the recipients of the Family Assistance Scheme, recipients of Care Funds and the recipients of Care and Protection Fund. Assistance was provided for the construction of new houses, renovation or upgrading of existing residences and income generating projects (microfinance project). The categories of recipients was extended to include four other groups. This included ex-servicemen, youth groups, ex-prisoners and fire victims.

Since the inception of the scheme in 1994 until 2001, the fund distribution has been uneven between the two major ethnic groups. Most of the assistance was provided for housing projects, which normally amounted to about \$5000. The program has problems in its implementation in many aspects. In lots of cases, a third party, such as social or religious groups, is involved in making applications and receiving the funds to ensure the implementation of the building projects. This results in the apportioning of the funds by the third parties as payments for their services. The third party involvement in this process does not solve the problem of misuse of the funds by the recipients but leads to corrupt practices and allows the misuse of funds to continue.

The ethnic imbalance, as shown in Table 1, indicates that more ethnic Fijians are assessed to be poor as compared to Indo-Fijians, which is not in fact the case according to the recent HIES data.

There are two possible reasons to this. One reason is that Indo-Fijians are systematically slighted in the process of assessment in this scheme and secondly, there are more ethnic Fijians applying for assistance from this scheme.

Funding for the program has increased over the last ten years. Since the inception of the project in 1994, most of the funds have been chan-

nelled to the poor to provide housing assistance, which amounted to \$5,000 per applicant. According to the data, about 75 percent of the assistance is channelled to housing projects. Table 1 also shows that more than 75 percent of the recipients are indigenous Fijians. There has been an increase in the proportion of Fijian recipients since 2001. Since 2001, the distribution of the assistance through this program has tilted dramatically in favour of ethnic Fijians. Over the ten years of implementation, it has been observed that housing has been the most common project that the ethnic Fijians have benefited from.

**Table 1: Poverty Alleviation Program Funding 1994 – 2004**

Year	Ethnicity			Projects			VALUE (F\$)
	Fijian	Indian	Others	Housing	Income generating	Fire victims	
1994	40	53	0	80	13	0	615,993
1995	236	111	0	310	37	0	1,097,292
1996	80	64	0	130	14	0	499,984
1997	92	59	0	159	2	0	627,461
1998	86	54	0	139	1	0	603,153
1999	75	18	0	85	8	0	397,173
2000	74	30	11	84	29	3	501,372
2001	211	91	4	220	53	36	1,325,346
2002	327	60	14	291	86	27	1,683,049
2003	333	47	7	310	42	35	1,650,485

(Source: Kaitani 2004)

Assistance to income generating projects has been low over the years. A total of \$3000 is provided for every successful applicant. Between 2001 and 2004 some individuals and youth groups have received over \$10,000 in individual grants. This is an implementation issue because the guidelines are not followed. Secondly, there is no monitoring process in place to ensure that the funds provided are used according to the laid down conditions. As a result, most of the income generating projects aimed at assisting recipients to improve their living standards, were not successful. These failures were due to poor or no monitoring at all, as is normally required in implementing small business projects. The department in charge does not have the manpower or the capacity to moni-

tor the projects.

All the poverty alleviation projects so far discussed can become effective if the implementation rules are changed and proper monitoring processes are put in place. This will enable the recipient to use the fund specifically for the housing project and not divert the funds to other use. Secondly, the income generating projects should be implemented by the microfinance unit as they have the manpower to monitor and assist the recipients build their skills for managing small businesses.

### **Who are the Poor?**

Barr and Naidu (2002) describe the poor in three categories. First, it involves the destitutes who are in food poverty. Second are the working poor who earn wages that are below the poverty line. The third are the children and unemployed young people who depend on their parents for their daily well being. The study also stated that most of these poor reside in the rural areas and urban squatter settlements where there is no regular source of income.

Poverty in Fiji is also associated with having no food on the table and having no land. It is associated with poor transport service to rural areas and outer island communities that lack access to essential services, especially water, health and education. Poverty is also associated with the increased number of people begging on the streets and depending on handouts from others to survive. Poverty is, therefore, an issue of sustainable human development as well as income insecurity.

Poverty in Fiji exists in all ethnic groups. Narsey (2007) stated that in rural areas, there is a higher proportion of Indo-Fijians living in poverty as compared to ethnic Fijians. However, in urban areas the proportion of poverty between the two major groups is almost even. Most indigenous Fijians believe that they are not poor because they are land owners. However, ethnic Fijians own land in their respective villages; moving into urban areas deprives their access to their land. The public generally assume that people in squatter settlements are poor, which is not always true. The poor in Fiji are, therefore, individuals and families that cannot afford to meet their basic needs, which include food, shelter and water. It includes people who are landless as they cannot produce their own food. The unemployed, including the seasonally unemployed workers are also included in this category. Disabled people, single parents, and the elderly who have no one to look to for support are also in this category. The government, therefore, needs to identify these categories

of poor and address their specific needs.

The poor are found in both rural and urban areas. In urban areas, squatter settlements, HART and Public Rental Board housing would be the appropriate target to address poverty. The rural poor in villages include the aging single mothers and the disabled. In rural settlements, it includes those with no land, the aging, the disabled and single mothers.

### **Is the Government Assistance Pro-poor?**

Fiji does not have a universal income support system. The state decided that it cannot afford to be a welfare state. Creating a welfare state also creates a significant risk of developing a handout mentality or welfare dependency. Secondly, Fiji is a traditional society where such support system will be economically unsustainable. It is for this reason that the government has continued to emphasize the importance of traditional forms of family support systems combined with partial assistance through the state and non-governmental organizations.

The social safety net that the ethnic Fijian families depend on for social security has not been effective. The kinship mechanism is also not quite effective now as a result of transition towards modern lifestyles and declining altruism between family members. Poor indigenous families in the rural areas are expected to be supported by the more affluent extended families in the urban centers, but this does not seem to be effective any more as families become more nuclear and extended family networks weaken.

Over the past 20 years there has been a growing recognition of poverty in Fiji. Poverty reduction policies have not worked well. This has remained a major challenge for the government, as the economy has not delivered either due to political instability and migration. Failure in redistributive mechanism and the absence of an efficient social security system has resulted in larger numbers of individuals and families being unable to meet the basic necessities of life. It is clear from the above discussion that the current level of assistance through Poverty Alleviation Programs and the Family Assistance Scheme, will not be effective in reducing poverty. However, if these projects are to help reduce poverty, the efficiency of these projects needs to improve significantly. The failure rates of housing and small business projects through the poverty alleviation scheme need to be curbed. The failure rate needs to be brought down from the current 90% to well below 30% or better (see Cabinet 2005).

The Family Assistance Scheme has provided assistance to the poor

but the handout sums are too small to make much difference or help the poor families escape from the predicament of deprivation. With the increase in cost of living, the government should increase the cash assistance handed out to the recipients. The cost of delivery of the cash grant is also high, which in most cases are borne by the recipient. This is a significant drawback and results in wastage of resources. The administration of the cash handout to the recipients to collect fund vouchers from different allocated centers or funds to be deposited in the bank is also a drawback. For some recipients the allocated funds may just be sufficient to cover the transport cost to collect them. This needs to change. It is recommended that the recipients receive the assistance from the nearest social welfare centers or they be dispatched by district or provincial office administrators.

The Poverty Alleviation Project for housing has enabled many people to improve their living standards, but the rate of failure is enormous. The income generating scheme of the Poverty Alleviation Program has been a complete failure and needs close analysis so that lessons can be drawn from them. The transfer of the Poverty Alleviation Program to Fiji Council of Social Services (FCOSS) may be a good move.

The main reasons of the failures have been lack of monitoring and the failure of the government agencies to provide skill development training to the recipients. The initiatives to improve the program are lacking since much of the poverty alleviation program is viewed through the political prism by the politicians, which is based on ethno-political interests. These were greatly motivated by the nationalist agenda set out by politicians of 2000 coup vintage.

The funding for the program doubled since 2001; the number of indigenous Fijian recipients also increased approximately in the same proportion. The proportion of ex-prisoners receiving these funds increased drastically, which seriously violated the norms on which these funds were established. This has been an issue as the Social Welfare Department is not equipped to look after the affairs of this special group. The inclusion of assistance to youth groups has also violated the basic norms in a number of ways. Apart from this, favouritism was also practiced in dishing out the funds as some groups received funding that far exceeded the maximum allocation.

The four new categories of the poverty alleviation project included in 2000 do not assist the poor and are questionable as they include groups of individuals who are not poor. For instance, there is no clear guideline to demarcate the ex-prisoners into poor and non-poor categories.

## Conclusion

The two direct assistance programs discussed above show that the government has not been successful in assisting the poor to improve their living standards and end poverty. The implementation of the programs has resulted in ethnic dimensions favouring some groups of ethnic Fijians and leaving majority of the real poor amongst the Fijians without help. Many extremely poor Indo-Fijians have also been left behind with little or no assistance.

The income generating projects have not been successful in the past because of lack of business skills of the recipients and the limited supervision that could be provided by the Social Welfare Department. If these projects are to become effective, many fundamental changes would be necessary. The recent decision to transfer this program to FCOSS is commendable. The scheme is functioning well under FCOSS with monitoring and follow-up plan well in place. FCOSS has undertaken many such programs and has the expertise to deliver the desired results. FCOSS has implemented a savings and small business investment program which is based on the Grameen Bank in Bangladesh.

These two projects can be very effective in the future since the programs are designed to empower the poor by providing shelter (which has long term outcomes) and the income generating projects (which ensure regular sources of income for the recipients). These projects can enable the poor to improve their living standards permanently, which has already started to happen under FCOSS supervision.

The family assistance scheme has not been given clear direction on the assessment process for identifying the poor. Past reviews of the programs have not been given serious consideration. There is a need to implement some of the recommendations from the past review reports of the programmes.

A number of lessons are clear from the analysis here. First, that public sector programs for poverty alleviation must remain politically and ethnically impartial for maximum effect. Second, implementation of programs must be based on scientific reasoning with proper procedures in place. Third, the implementation strategies must be reviewed periodically and the recommendations from such reviews must be considered seriously to improve the programs on an ongoing basis.

Only if such steps are taken, Fiji can be expected to meet its MDGs obligations by the year 2015. However, the overall outcome is dependent on the economic performance of the country in the next 5 years.

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