STANDING COMMITTEE ON FOREIGN AFFAIRS AND DEFENCE

Review Report of the Fiji Development Bank 2024 annual report

PARLIAMENT OF THE REPUBLIC OF FIJI
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ACRONYMS

FDB	Fiji Development Bank
MSME	Micro Small and Medium Enterprises

CHAIRPERSON'S FOREWORD

On behalf of the Standing Committee on Foreign Affairs and Defence, I am pleased to present this report on the review of the Fiji Development Bank (FDB) 2024 annual report.

In conducting the review, the Committee received a submission from the Bank and undertook extensive site visits to its branches and some clients in Navua, Sigatoka, Nadi, Lautoka, Nausori, Taveuni, Savusavu, Seaqaqa, and Labasa. These engagements provided valuable firsthand insight into the Bank's operations, service delivery, and the direct impact of FDB financing on farmers, MSMEs, tourism operators, and rural communities across Fiji.

The Committee observed that the Fiji Development Bank continues to play a critical role as Fiji's principal development finance institution, particularly in supporting agriculture, MSMEs, women, youth entrepreneurs, and underserved rural communities. During the reporting period, the Bank recorded a net profit of $5.6 million, representing a 46.21 percent increase from the previous financial year, while exceeding its annual loan disbursement target by achieving 114 percent of planned lending. The Committee further noted that 54 percent of total loan disbursements were directed toward rural areas, reflecting the Bank's continued focus on inclusive and development-oriented financing.

The Committee also acknowledges the Bank's measurable progress in governance reform, risk management, and portfolio recovery. The Committee noted improvements in the management of non-performing loans, with the non-performing loan ratio reducing from previous levels of approximately 32 percent to 15 percent. The Committee further recognised reforms to governance arrangements, including strengthened Reserve Bank of Fiji supervision, independent risk oversight structures, and decentralised lending approval processes aimed at improving accountability and reducing exposure to high-risk lending practices.

The Committee was encouraged by the Bank's growing support for women and youth entrepreneurs through specialised financing facilities and MSME programmes. The Committee noted that women-led accounts increased significantly and now represent approximately 30 percent of the Bank's portfolio, while digital transformation initiatives resulted in more than 63 percent of loan applications being processed digitally. These initiatives have improved access to finance and operational efficiency, although the Committee notes that digital accessibility challenges remain in some rural and maritime communities.

The Committee further recognises the Bank's leadership in climate finance and sustainable development financing. Site visits highlighted investments in climate-smart agriculture, renewable energy, greenhouse farming, hydroponics, rainwater harvesting, and value-added agricultural processing. The Committee considers these initiatives critical in strengthening climate resilience, improving food security, and supporting sustainable economic development, particularly given Fiji's vulnerability to climate-related risks.

However, the Committee notes that the Bank continues to face significant structural and operational challenges, including high borrowing costs, increasing competition from commercial banks, climate-related risks, the ongoing challenges associated with agricultural land lease renewals, and balancing its development mandate with long-term financial sustainability. The Committee therefore considers that continued reforms, prudent governance oversight, stronger stakeholder coordination, and targeted policy support will remain essential to ensuring the Bank's long-term effectiveness and sustainability.

Finally, I wish to acknowledge the management and staff of the Fiji Development Bank and the Bank's customers who contributed to the Committee's review of the 2024 annual report. I also acknowledge the Members of the Committee for their dedication throughout this review and compiling this bipartisan report.

On behalf of the Standing Committee on Foreign Affairs and Defence, I commend this Report to Parliament.

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Hon. Lenora QEREQERETABUA
Chairperson

1.0 Committee Remit and Composition

Under Standing Order 109(2)(e) the Committee is mandated to investigate matters related to Fiji's relations with other countries, development aid, foreign direct investment, oversight of the military, and relations with multi-lateral organisations. The members of the Standing Committee on Foreign Affairs and Defence are as follows:

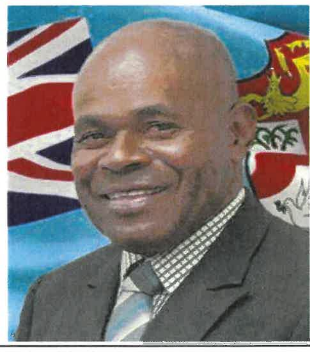
Hon. Lenora Qereqeretabua
Chairperson
Deputy Speaker of Parliament Assistant Minister for Foreign Affairs

Hon. Rinesh Sharma
Deputy Chairperson

Hon. Ratu Isikeli Tuiwailevu
Member
Assistant Minister for iTaukei Affairs, Heritage and Arts

Hon. Penioni Ravunawa
Member
Assistant Minister for Health and Medical Services

Hon. Virendra Lal
Member



Hon. Taito Rokomatu
Member

1.1 Committee Secretariat Team

The Committee is supported by Parliament officers serving as the Committee Secretariat. These officers are appointed and delegated by the Secretary-General to Parliament by Standing Order 15(3)(i). The Secretariat officers are as follows:

- Ms. Tirisiane Logavatu – Senior Committee Clerk
- Mrs. Katie Batikawai – Acting Deputy Committee Clerk

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2.0 Background and Terms of Reference

2.1 Presentation of the Annual Report

2.1.1 The Speaker of Parliament, on 29 September 2025, referred the Fiji Development Bank (FDB) 2024 annual report to the Committee for review. The referral was made pursuant to Standing Order 38(2), which mandates that all annual reports tabled in Parliament be referred to the relevant Standing Committee for examination and report back to Parliament.

2.1.2 The Committee is responsible for reviewing matters concerning Fiji's international relations, development assistance, foreign direct investment, national security oversight, and engagement with multilateral organisations.

2.1.3 The FDB annual report falls outside the Committee's mandate, but the referral was made to assist in balancing the distribution of workload among the Standing Committees of Parliament.

2.2 Procedure and Program

Public Submission

2.2.1 In relation to Standing Order 111(1), the Committee is committed to upholding public trust in Parliament, by ensuring that there is public participation and that all such participation is given due consideration. Fiji Development Bank representatives appeared before the Committee at a public hearing in Suva on 27 March 2026. The public submission was broadcast live on the Parliament Facebook page and aired on the Walesi Parliament Channel.

2.2.2 A summary of the submission is provided in a later part of this report, under the heading 'Committee's Deliberation and Analysis'. Copies of the written submission can be obtained from the online Appendices of the report, which can be accessed from the Parliament website: www.parliament.gov.fj

Site Visit

2.2.3 As part of its review of the FDB Annual Reports, the Committee undertook site visits, from 30 March to 16 April 2026, to the Bank's offices and customers in Navua, Sigatoka, Nadi, Lautoka, Nausori, Taveuni, Savusavu, Seaqaqa and Labasa.

2.2.4 The purpose of the site visits was to observe the Bank's operations and service delivery at branch level, assess the implementation of its lending programmes, and gain firsthand insight into the effectiveness of its financial support mechanisms. The engagements with customers further enabled the Committee to evaluate the utilisation of loans and to assess the progress and sustainability of businesses supported through FDB financing.

3.0 Committee Deliberation and Analysis

3.1 Introduction

3.1.1 This report presents a summary and analysis of the FDB 2024 annual report. It highlights the Committee findings, which include key achievements and challenges, and provides recommendations for improvement to support the Bank's operations.

3.1.2 Fiji Development Bank ("FDB or the Bank") is a fully owned Government of Fiji ("Government") entity domiciled in the Fiji Islands. The financial statements of the Bank and the Group for the year ended 30 June 2024 comprise the Bank and its subsidiary company (collectively "the Group"). The Bank and the Group is primarily involved in the provision of finance, financial and advisory services to assist in the development of agriculture, commerce and industry in Fiji.

3.1.3 The Bank was established under the Fiji Development Bank Act 1966 with the mandate to facilitate and stimulate the development of natural resources, transportation, industries, and enterprises in Fiji, while giving special consideration and priority to the economic development of the rural and agricultural sectors. In fulfilling this mandate, the Bank provides financial assistance and investment support across a broad range of sectors to promote sustainable economic growth and diversification. These sectors include agriculture, forestry and fishing, mining and quarrying, manufacturing, transport and communications, wholesale and retail trade, hotels and restaurants, professional and business services, building and construction, real estate, and support for private individuals.

3.1.4 The Bank is governed by a Board of Directors and led by a Chief Executive Officer. The Bank's operations focus on Finance and Administration, Risk Management, Relationship and Sales, Talent and Organisational Development, and Climate and Eco-Finance.

3.2 Committee Findings

3.2.1 The Committee noted that Fiji Development Bank continues to play a critical role as Fiji's principal development finance institution, particularly in supporting agriculture, MSMEs, rural communities, women, and youth entrepreneurs. The Committee observed that the Bank recorded a net profit of $5.6 million in 2024, representing a 46.21 percent increase from the previous financial year.

3.2.2 The Committee observed that the Bank exceeded its annual loan disbursement target by achieving 114 percent of planned lending while maintaining profitability growth of 46.21 percent in 2024. The Committee considers this indicative of improved operational efficiency and stronger portfolio management despite prevailing economic pressures and increasing competition within the financial sector.

3.2.3 The Committee further noted that the Bank has shifted its lending strategy to place greater emphasis on development-focused sectors, with 54 percent of loan disbursements directed toward rural areas and increased lending to women-led businesses and youth enterprises. The Committee considers this significant in addressing financial exclusion and improving access to capital for underserved groups. However, the Committee notes that the long-term developmental impact of these initiatives will depend on the sustainability of supported enterprises, ongoing mentorship, and broader economic conditions affecting MSMEs and rural producers.

3.2.4 The Committee further noted that profitability growth was primarily driven by prudent cost management, reduced borrowing costs, and improvements in credit risk management rather than one-off accounting adjustments. The Committee observed that the decline in credit impairment allowances reflected genuine improvements in portfolio quality and loan recovery performance. While this demonstrates stronger financial discipline, the Committee notes that the Bank remains exposed to high levels of credit risk due to its development mandate and lending to vulnerable sectors.

3.2.5 The Committee observed that the Bank has strengthened governance and oversight mechanisms through enhanced Reserve Bank of Fiji supervision, establishment of specialised Board sub-committees, and reforms to lending approval processes. The Committee notes positively that lending discretion has been decentralised from the Board level to independent risk committees to reduce the risk of political interference and strengthen accountability. The Committee considers these reforms necessary given the Bank's historical exposure to high-risk lending and legacy non-performing loans.

3.2.6 The Committee further noted improvements in the management of non-performing loans, with the Bank reducing its non-performing loan ratio from previous levels of approximately 32 percent to 15 percent over recent years. While this reflects progress in portfolio recovery and credit risk management, the Committee notes that the ratio remains above the Reserve Bank benchmark and continues to present financial sustainability concerns. The Committee also notes that legacy bad debts and loan write-offs continue to affect the Bank's balance sheet and public perception of accountability in the management of public-backed finance.

3.2.7 The Committee observed that the Bank faces structural challenges arising from its dual mandate of pursuing developmental objectives while remaining financially sustainable. The Committee notes that the Bank borrows funds at comparatively high market interest rates while simultaneously being expected to provide concessional lending to vulnerable sectors. This creates ongoing tension between maintaining profitability and fulfilling its development mandate. The Committee further notes concerns raised by Members regarding significant lending to large entities and State-linked organisations, including the Fiji Sugar Corporation, which may reduce the availability of financing for smaller and emerging entrepreneurs.

3.2.8 The Committee also noted concerns regarding Fiji's broader financing environment, including aggressive competition from commercial banks, which refinance successful FDB clients once businesses become financially viable. While the Committee acknowledges the Bank's developmental role in nurturing businesses to commercial viability, it notes that this practice affects FDB's long-term revenue generation and portfolio retention. The Committee considers that this places additional pressure on the Bank's operational sustainability and ability to maintain concessional lending programmes.

3.2.9 The Committee further recognised the Bank's growing leadership in climate finance and sustainable development financing, including climate-smart agriculture, green finance initiatives, environmental and social safeguards, and regional climate financing partnerships. The Committee notes that these initiatives align with Fiji's climate resilience priorities and position the Bank as a key institution in supporting adaptation and sustainable economic development.

3.2.10 The Committee also noted staff retention challenges within specialised areas such as project finance, risk management, and financial modelling. The Committee considers that the loss of experienced personnel may affect institutional capacity, operational continuity, and the Bank's ability to manage increasingly complex financing portfolios.

3.2.11 The Committee observed that the Bank has implemented significant reforms to governance, risk oversight, and compliance systems. These include strengthened Reserve Bank supervision, establishment of specialised Board committees, improved conflicts of interest monitoring, and independent risk governance arrangements. The Committee considers these reforms necessary to improve accountability, transparency, and public confidence in the management of Government-backed financing arrangements.

3.2.12 The Committee noted that women and youth participation in lending programmes has increased significantly, particularly through specialised financing products such as the Women Entrepreneur Facility and MSME Sustainability Package. However, the Committee observed that while women account for a substantial proportion of active loan accounts, their overall portfolio value remains comparatively low due to the concentration of lending in micro and small-scale enterprises. The Committee considers that additional measures may be required to support women and youth borrowers to scale up their businesses and transition into larger commercial operations.

3.2.13 The Committee also noted concerns regarding the Bank's structural and financial sustainability. The Committee observed that the Bank continues to face high borrowing costs, competition from commercial banks, staff retention challenges, and pressure to maintain affordable lending while remaining financially viable. The Committee considers that the Bank's dual mandate of balancing development financing with commercial sustainability remains a significant institutional challenge.

3.2.14 The Committee further noted that the Bank remains highly exposed to climate-related risks, particularly within the agricultural sector. However, the Committee recognised the Bank's leadership in climate finance and sustainable development financing, including implementation of Environmental and Social Safeguards frameworks, climate-smart lending practices, and partnerships with international climate financing institutions. The Committee considers these initiatives important in strengthening resilience and supporting Fiji's broader climate adaptation priorities.

3.2.15 The Committee also observed that digital transformation initiatives have improved loan accessibility and operational efficiency, with more than 63 percent of applications now processed digitally. While this has improved service delivery and access for many borrowers, the Committee notes that digital accessibility challenges remain for some rural and maritime communities, requiring the continued provision of outreach and branch-based services.

3.2.16 Overall, the Committee finds that the Fiji Development Bank has made measurable progress in governance reform, financial performance, portfolio recovery, digital transformation, and development-focused lending. However, the Committee considers that ongoing structural challenges relating to financial sustainability, non-performing loans, cost of funds, climate vulnerability, and balancing commercial and developmental priorities will continue to require strong governance oversight, prudent risk management, and targeted policy support.

3.3 Site Visits Summary

3.3.1 The Committee visited certain clients of the Bank and confirmed that Fiji Development Bank continues to play a significant role in supporting rural development, agriculture, MSMEs, tourism enterprises, and regional economic participation through development-focused financing. The Committee observed that FDB financing has enabled business expansion, improved productivity, strengthened operational resilience, and supported employment creation across multiple sectors, particularly in rural and outer island communities.

3.3.2 The Committee noted that FDB's flexible and development-oriented lending approach remains critical for borrowers who are unable to access commercial bank financing due to limited collateral, high-risk profiles, climate exposure, or temporary financial hardship. Several clients highlighted the Bank's willingness to restructure loans, provide sequential financing, and maintain close engagement during periods of economic stress, including during the COVID-19 pandemic and climate-related disruptions.

3.3.3 The Committee observed that agriculture remains highly exposed to structural risks, including labour shortages, climate vulnerability, land tenure uncertainty, weak succession planning, infrastructure deficits, and fluctuating market access. These challenges continue to affect productivity, long-term sustainability, and expansion opportunities within the agricultural sector. The Committee further noted that poor rural road access and weak telecommunications connectivity continue to limit lending outreach, digital inclusion, and access to finance in remote communities.

3.3.4 The Committee also noted that women-led and MSME enterprises benefited significantly from targeted financing products, particularly in supporting transport, catering, retail, and small-scale agricultural operations. Access to financing improved operational efficiency, reduced business costs, enabled physical business expansion, and supported local employment opportunities. However, the Committee observed that women-focused lending programmes remain underutilised in some regions due to connectivity barriers, limited collateral, and land tenure constraints.

3.3.5 The Committee recognised the growing importance of climate-resilient and sustainable business practices among FDB-supported enterprises. Site visits highlighted investments in renewable energy, greenhouse farming, rainwater harvesting, hydroponics, sustainable tourism infrastructure, and value-added agricultural processing. In Seaqaqa, the Committee observed that mechanisation in harvesting and transport operations had significantly improved operational efficiency for a client and helped address labour shortages within the sugarcane sector.The Committee considers these initiatives important in strengthening climate resilience, food security, and long-term business sustainability.

3.3.6 The Committee further observed that labour shortages and skills gaps have become major constraints across agriculture, tourism, and regional businesses. Employers reported increasing difficulty attracting and retaining skilled workers due to outward migration, accommodation pressures, and declining workforce participation in rural areas due to a greater reliance on remittances. The Committee notes that these labour constraints are affecting productivity, expansion plans, and long-term investment confidence.

3.3.7 The Committee also noted operational pressures within FDB branches, including high staff caseloads, lengthy loan processing times, and reliance on external agencies such as the iTaukei Land Trust Board, Lands Department, and Housing Authority for approvals and lease processes. While staff commitment remained strong, these constraints continue to affect turnaround times, client servicing, and outreach capacity.

4.0 Recommendations

4.1 The Committee recommends that the FDB, in consultation with the Ministry of Finance and the Reserve Bank of Fiji, develop a long-term sustainable funding strategy aimed at reducing borrowing costs and improving access to concessional and blended finance for development-focused lending programmes. *(reference 3.2.4, 3.2.8, 3.3.2)*

4.2 That the Bank strengthen post-financing support services, including business advisory assistance, mentorship, financial literacy, and enterprise monitoring programmes, particularly for MSMEs, women-led businesses, and youth enterprises, to improve long-term business sustainability and loan performance. *(reference 3.2.3, 3.3.2)*

4.3 That the Bank further strengthens strategies for managing non-performing loans through early intervention systems, proactive client engagement, improved recovery processes, and enhanced borrower assessment frameworks, particularly within climate-vulnerable and high-risk sectors. *(reference 3.2.6)*

4.4 That the Bank continue expanding climate finance initiatives, climate-smart agriculture financing, and sustainable development lending programmes, including support for renewable energy, water security, resilient infrastructure, and environmentally sustainable business practices. (*reference 3.2.9*)

4.5 That the Bank strengthens staff retention and workforce development strategies through competitive remuneration, specialised training, succession planning, and professional development programmes in key technical areas such as project finance, risk management, and financial modelling. (*reference 3.2.10*)

4.6 That the Bank continue investing in digital transformation initiatives while maintaining accessible branch-based and outreach services for rural and maritime communities affected by limited connectivity and digital access barriers. (*reference 3.2.15*)

4.7 That the Bank streamline loan approval, lease financing, and registration processes through closer coordination with the iTaukei Land Trust Board, Lands Department, and other relevant agencies in order to reduce delays affecting agricultural investment and enterprise development. (*reference 3.3.7*).

4.8 On agricultural lease renewals, the Committee strongly recommends that the Government, through the iTaukei Land Trust Board and other relevant agencies, review and extend the tenure on agricultural leases and reform the supporting policy framework to ensure that renewals are predictable, transparent, and aligned with the long-term prospects that farming requires.

4.9 The Committee further recommends the expansion of advisory and financial literacy services focused on lease renewal planning, farm sustainability, and productivity benchmarks to enhance long-term agricultural resilience. In addition, the Committee recommends that the Bank promote bundled financing solutions that support mechanisation, climate-resilient farming practices, and farm diversification to improve productivity, income security, and value-adding opportunities within the sector. *(reference 3.3.3)*

4.10 That the Bank expand targeted support measures aimed at assisting women and youth borrowers to scale up from micro and small enterprises into medium-sized commercial operations through tailored financing products, business incubation, and growth-oriented lending pathways. *(reference 3.2.12)*

4.11 The Committee recommends that the Bank expand tailored financing and support mechanisms to strengthen agricultural value chains through value-added processing, on-site manufacturing, and agro-processing initiatives. The Committee further recommends encouraging formal partnerships between large agricultural enterprises and local cooperatives to enhance processing capacity, market access, and export potential. In addition, the Bank should strengthen support for long-term agricultural clients through accessible repeat financing arrangements based on performance history and business sustainability to promote sector growth and resilience. (*reference 3.3.1, 3.3.3 and 3.3.5*)

5.0 Sustainable Development Goals (SDGs)

5.1 The Committee notes that the activities and strategic priorities of the Bank demonstrated strong alignment with several of the United Nations SDGs, particularly in promoting inclusive economic growth, gender equality, climate resilience, and rural development.

5.1.1 **SDG 1 - No Poverty** and **SDG 8 - Decent Work and Economic Growth**
The Committee notes that FDB continued to expand access to finance for rural communities, MSMEs, youth, and women entrepreneurs through targeted loan facilities, concessional financing, and outreach programmes. The Bank disbursed $91.26 million in loans during the reporting period, with 54 percent directed to rural areas and significant support provided to agriculture, transport, and wholesale sectors, contributing to employment generation, enterprise development, and livelihood improvement.

5.1.2 **SDG 2 - Zero Hunger**
The Bank continued prioritisation of agricultural financing, which represented a significant portion of the Bank's portfolio. Financing support for sugarcane farmers, dairy farming, ginger production, and agricultural value chain initiatives strengthened food production, rural incomes, and market access for farmers. The Committee also notes the Bank's support for Agro-processing and climate-smart agriculture initiatives, including cold storage, solar infrastructure, and biogas systems.

5.1.3 **SDG 5 - Gender Equality**
The Committee notes the substantial growth in women's participation within FDB's lending portfolio. Women-led accounts increased significantly, with women representing 30 percent of the total portfolio by account value in 2024. The Committee further notes the implementation of the Women Entrepreneurs Loan Facility, the Bank's partnership under the Asian Development Bank Women Entrepreneurs Finance Initiative (We-Fi) Code, and targeted support for women-owned MSMEs, which collectively strengthen women's economic empowerment and financial inclusion.

5.1.4 **SDG 9 - Industry, Innovation and Infrastructure**
The Bank's adoption of digital loan application systems, development of a new core banking system, and support for innovative financing mechanisms improved service delivery and expanded financial accessibility, particularly for underserved and unreached communities.

5.1.5 **SDG 10 - Reduced Inequalities**

The Committee notes FDB's targeted outreach to disadvantaged and underserved groups, including maritime communities, youth entrepreneurs, women, and rural farmers. Through financial literacy programmes, outreach activities, and concessional financing schemes, the Bank contributed to reducing barriers to financial access and promoting more equitable participation in economic opportunities across Fiji.

5.1.6 **SDG 13 - Climate Action**

As the first development bank in the Pacific accredited to the Green Climate Fund, FDB continued supporting renewable energy, green investments, and climate-resilient infrastructure. The Committee notes that climate-smart financing initiatives and partnerships with international development agencies strengthened Fiji's capacity to transition toward a more sustainable and resilient economy.

6.0 Conclusion

The Committee concludes that the Fiji Development Bank continues to play a vital role as Fiji's principal development finance institution in supporting national economic growth, rural development, agricultural productivity, MSME expansion, and financial inclusion. The Committee notes that the Bank has made measurable progress in improving profitability, strengthening governance and risk management systems, reducing non-performing loans, and expanding access to finance for women, youth, and underserved communities. The Committee further acknowledges the Bank's growing leadership in climate finance, digital transformation, and sustainable development financing, which aligns with Fiji's broader development and climate resilience priorities.

However, the Committee notes that the Bank continues to face financial, operational, and climate-related challenges that may affect its long-term sustainability and development mandate. The Committee considers that continued reforms and stronger institutional support will be essential to strengthening the Bank's resilience and effectiveness.

Overall, the Committee is of the view that the Bank remains a strategically important national institution that contributes significantly to inclusive economic participation, rural resilience, enterprise growth, and sustainable development across Fiji.

7.0 Committee Members' Signatures

Hon. Lenora QEREQERETABUA
Chairperson

Hon. Rinesh SHARMA
Deputy Chairperson

Hon. Ratu Isikeli TUIWAILEVU
Member

Hon. Penioni RAVUNAWA
Member

Hon. Virendra LAL
Member

Hon. Taito ROKOMATU
Member

8.0 Annexure

Published evidence

Written evidence, transcripts, and supporting documents can be viewed on the Parliament website at the following link:
https://www.parliament.gov.fj/committees/standing-committee-on-foreign-affairs-and-defence/