

# PACIFIC PRIVATE SECTOR DEVELOPMENT INITIATIVE (PSDI)

## FIJI

COUNTRY OVERVIEW  
APRIL 2020



### IN FIJI, PSDI IS WORKING TO:

- increase the commercial orientation of Fiji Development Bank (FDB);
- increase the availability of business financing;
- develop effective state-owned enterprise (SOE) policy and legislative reform;
- strengthen the capacity of the Fiji Competition and Consumer Commission and draft a National Competition and Consumer Protection Policy; and
- make workplaces more women-friendly and ensure leadership pathways for women.

## KEY PSDI ACTIVITIES AND OUTCOMES\*

**2013:** Private sector assessment published: *Reinvigorating Private Sector Investment: a Private Sector Assessment for Fiji*

**2014:** Updated private sector assessment provided to the incoming government

**2016:** Broad program of support to FDB initiated following discussion paper on its potential commercial reorientation

**2016:** Began supporting competition policy reform and the strengthening of the Fiji Commerce Commission

**2016:** Women's Business Leadership Program delivered

**2017:** Personal Property Securities Act passed by Fiji Parliament

**2017:** Women's Business Leadership Program replicated in partnership with South Pacific Stock Exchange

**2018:** Public-Private Partnership Policy and State-owned Enterprise Privatization Guidelines endorsed by Cabinet

**2019:** Secured transactions framework implemented with launch of Personal Property Securities Registry

**2019:** New Public Enterprise Bill passed by Fiji Parliament

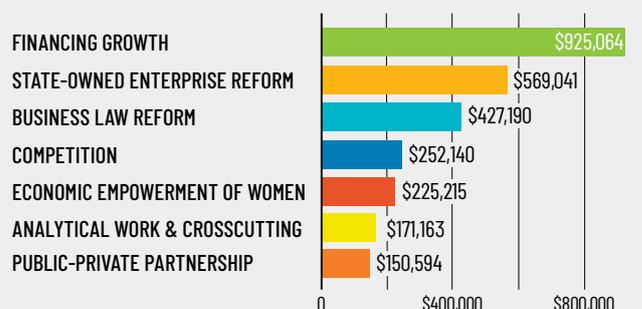
**2019:** Draft National Competition Policy prepared

\*PSDI resumed full engagement with the Government of Fiji following the elections of September 2014 and Fiji's return to democracy.

## SPENDING OVERVIEW

PSDI has spent more than \$2.7 million on private sector development related reforms in Fiji. Financing growth initiatives have accounted for the largest share of funding allocations—34% overall. This covers PSDI's support to the Fiji Secured Transactions Task Force and the Fiji Development Bank. Spending for State-owned enterprise reform accounts for 21% of total spending, reflecting increased requests for SOE reform support. Business law reform initiatives account for 16% of spending, much of which has gone towards the development of a secured transactions framework—the PSDI-supported Personal Properties Securities Act and the Personal Property Securities Registry, which was launched in May 2019.

## FIJI SPENDING BY FOCUS AREA 2007-2019 (\$2,720,407)



# FINANCING GROWTH

## OUTCOME, RESULTS, AND FUTURE PROJECTS:

### SECURED TRANSACTIONS REFORM

**PSDI has worked to increase business access to finance through the development and implementation of a secured transactions framework—which allows lenders to accept non-land (movable) assets as security—and by working with lending institutions to encourage its uptake.**

Discussions with the government on secured transactions reform commenced in 2014. Subsequently, PSDI assisted with the establishment of the Fiji Secured Transactions Task Force, which met for the first time in February 2015, and supported the task force to develop a policy paper to guide the reform and prepare legislation. The legislation passed parliament in September 2017. PSDI then provided full support for the procurement and implementation of a Personal Property Securities Registry, which was launched in May 2019.

PSDI has also been working closely with Fijian financial institutions to raise awareness of what the effect of the reform will be and the opportunities it will provide for movable property financing. This work included the preparation of several agri value chain financing product concepts for FDB for discussion with the agriculture sector and approval by the FDB Board.

### STRENGTHEN THE COMMERCIAL ORIENTATION OF FIJI DEVELOPMENT BANK

**PSDI is also working closely with FDB as part of a regional program of support aimed at strengthening the operations of government-owned banks and enabling their commercial transformation.**

With FDB, this support is based on a discussion paper prepared by PSDI in the 2015/2016 financial year (FY) on the potential reorientation of FDB and associated licensing and regulation by the Reserve Bank of Fiji (RBF). In FY2017/2018, PSDI reviewed FDB's policies on capital adequacy, liquidity risk management, market risk management, and operational risk management against the Reserve Bank of Fiji's prudential standards for licensed credit institutions. Throughout the 2018/2019 financial year (FY), PSDI continued working with FDB to strengthen its risk management framework and to integrate this risk management work with the bank's capital position. PSDI assisted FDB to review its organizational structure and processes and to better understand its risk appetite and risk tolerance. The new risk management framework has now been approved by the FDB Board. PSDI's work with FDB is ongoing.

### DEEPENING CAPITAL MARKETS

**PSDI is working to deepen Fiji's capital markets with a view to improving businesses' access to long-term finance.**

Underdeveloped capital markets present an additional financing obstacle to Pacific businesses, especially small businesses. PSDI's view is that this problem is more manageable if the emphasis is placed on capital raising for small businesses—the dominant business form in the Pacific—as opposed to capital

markets that serve larger businesses.

PSDI is supporting the RBF—in its role as secretariat for the Capital Markets Development Task Force—to further the development of Fijian capital markets. PSDI provided an initial diagnostic and a report on the existing legal framework for capital raising and the potential for new capital market products for small businesses in 2016. In 2020 PSDI will continue working with the RBF to identify and implement suitable mechanisms for capital market deepening.

# STATE-OWNED ENTERPRISE REFORM AND PUBLIC-PRIVATE PARTNERSHIPS

## OUTCOME, RESULTS, AND FUTURE PROJECTS:

### PUBLIC ENTERPRISE REFORM

**PSDI has supported the development of a suite of new legislation, policies, and guidelines for the Ministry of Public Enterprise (MPE).**

PSDI signed a memorandum of understanding with the MPE in November 2016 to provide ongoing support to restructure SOEs and strengthen Fiji's policy, legal, and institutional framework for SOEs and public-private partnerships (PPPs). This support has included drafting a new Public Enterprise Bill to improve governance, accountability, and transparency, and to strengthen the commercial mandate of SOEs. The Bill was passed by Fiji Parliament in May 2019.

PSDI has also assisted the MPE to provide more information on SOE performance on its website by creating webpages for each SOE and Fiji's overall portfolio with links to annual accounts, relevant laws, and other important documents. The activation of these webpages is awaiting ministerial endorsement.

During Phase IV, PSDI will provide support for the implementation of the Bill and will continue to provide capacity building support to the Ministry of Economy and SOEs on SOE monitoring, governance, reporting, accountability, and PPP project development and implementation.

### PRIVATIZATION AND PUBLIC-PRIVATE PARTNERSHIP SUPPORT

**PSDI has supported the development of a range of guidelines and policies for PPPs and privatizations.**

In FY2016/2017, PSDI provided training to the MPE on PPP project assessment and structuring. PSDI then supported the drafting of SOE privatization guidelines and a PPP Policy, which were endorsed by Cabinet in late-2017.

The PPP Policy was published by the Ministry of Economy in late-2019, and will replace the PPP Act, which was repealed in July 2016. The new policy creates a more investor-friendly regime for structuring and implementing PPP contracts.

In January 2020, PSDI supported the preparation of PPP project development guidelines, which will be published by the Ministry of Economy in Q2 2020.

# COMPETITION AND CONSUMER PROTECTION

## OUTCOME, RESULTS, AND FUTURE PROJECTS:

### STRENGTHENING COMPETITION POLICY AND INSTITUTIONS

PSDI is working to strengthen the capacity of the Fiji Competition and Consumer Commission (FCCC) and to develop a National Competition and Consumer Protection policy.

At the request of the Government of Fiji, PSDI has supported a number of areas of competition policy and law reform, primarily with the FCCC. This work commenced in FY2016/2017 with the development of the FCCC Strategic Plan 2017–2021. In parallel, PSDI reviewed the Commerce Commission Law and made reform recommendations to the FCCC and the Solicitor General's Office. It is hoped these changes will be included in the revised Competition Law, which Parliament will consider in 2020.

In FY2019/2020, PSDI also supported the Ministry of Industry, Trade and Tourism to develop the National Competition and Consumer Protection Policy. An important part of this work is the implementation of recommendations from the review of the Commerce Commission Law.

During FY2019/2020, PSDI prepared a draft National Competition Policy. During Phase IV, PSDI will assist the Government of Fiji to draft a Competition and Consumer Protection Bill while continuing to support to the development of capacity at the FCCC.

## ECONOMIC EMPOWERMENT OF WOMEN

### OUTCOME, RESULTS, AND FUTURE PROJECTS:

#### TARGETED PROGRAMS FOR WOMEN'S ECONOMIC EMPOWERMENT

PSDI has delivered targeted programs in Fiji for women's economic empowerment.

A pilot Women's Business Leadership Program was successfully delivered in Fiji in 2016. The project worked with 29 women employees from more than 15 large businesses and statutory bodies to promote cultural change and make workplaces women friendly; engage male advocates; and provide pathways for women to senior roles via individually tailored training and support.

In 2017–2018, PSDI delivered this program again in Fiji for employees of companies listed on the South Pacific Stock Exchange (SPSE).

### ADVOCACY

PSDI provided analysis and advocacy to the SPSE for the inclusion of women on corporate boards.

PSDI drafted a paper for the SPSE titled 'Regulatory Options for Increasing the Presence of Women on Corporate Boards' in December 2016. In December 2017, following the November 2017 release of the Draft Listing Rules, PSDI made submissions to the SPSE advocating for the inclusion of specific measures aimed at achieving gender equality in senior management and on boards of listed corporations. Following PSDI's submissions, the final SPSE Listing Rules included a diversity principle. These came into effect in April 2019.

## ANALYTICAL WORK

PSDI undertook an in-depth analysis of the constraints to private sector development, published as *Reinvigorating Private Sector Investment: A Private Sector Assessment for Fiji*, in 2013. An update to the 2013 private sector assessment was prepared for the incoming government in November 2014.



Fiji also participated in PSDI's 2009, 2011, 2014, 2016, and 2019 *Finding Balance* regional SOE benchmarking studies, was featured in PSDI's 2018 regional study on Pacific women's engagement in the private sector, *Women and Business in the Pacific*; and was included in PSDI's 2018 brief on tourism trends in the region, *Tourism as a Driver of Growth in the Pacific*.

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