IN THE COOK ISLANDS, PSDI IS WORKING TO:
- Simplify the establishment and management of a business, and facilitate access to finance
- Establish effective competition laws and policies
- Strengthen the financial position of the Bank of the Cook Islands
- Provide extensive support to the Government amid COVID-19

KEY PSDI ACTIVITIES AND OUTCOMES

2011: Legislative, governance, and monitoring framework for the Cook Islands’ state-owned enterprises reviewed

2015: Cook Islands Private Sector Assessment published: The Cook Islands: Stronger Investment Climate for Sustainable Growth

2017: Enabling legislation for online registries passed by Parliament (Companies Act, Incorporated Societies Act [amended], and Personal Property Securities Act)

2019: Online Companies, Incorporated Societies, and Personal Property Securities Registry launched

2019: Telecommunications Bill and Competition and Regulatory Authority Bill passed by Parliament, the latter establishing a competition regulator

2019: Development of a capital projections model for the Bank of the Cook Islands. The bank was also included in Finding Balance 2019: Benchmarking the Performance of State-Owned Banks in the Pacific

2020: Assistance to the Cook Islands to formulate its economic response to COVID-19 and draft emergency response legislation, including the passage of the COVID-19 (Economic Response) Act

2022: Commenced support to the Cook Islands’ electric utility, TAU, to implement a distributed solar energy program through a series of Public-Private Partnership contracts with their commercial customers

SPENDING OVERVIEW

PSDI has increased its activity in the Cook Islands over the past few years, and spent $2,220,326 in the country from 2007 to June 2021. Almost 35% of this sum was spent between July 2019 and June 2021. Business law reform initiatives, including the development of an online companies registry and associated legal reform, accounts for more than 60% of spending over this time. Competition and consumer protection initiatives received the second highest proportion—16%—of overall allocations to the Cook Islands. This included the preparation of a Telecommunications Bill and a Multi-sector Regulator Bill, which both were passed by the Cook Islands Parliament in 2019.

COOK ISLANDS SPENDING BY FOCUS AREA

2007-2021 ($2,220,326)

- Business Law Reform: $1,381,257
- Competition and Consumer Protection: $361,923
- Financing Growth: $243,955
- Analytical and Cross-Cutting: $124,029
- SOE Reform/PPP: $109,612
- Other: $500,000
- Total: $2,220,326

A technical assistance program undertaken in partnership with:
FINANCING GROWTH

OUTCOMES, 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.

PSDI assisted the Government of the Cook Islands with the drafting of a Personal Property Securities Bill, which was passed by the Cook Islands Parliament in 2017. In December 2019, PSDI supported the launch of an online Personal Property Securities Registry. The registry simplifies loan processing for banks by allowing lenders to register security interests over movable assets—such as accounts receivable or inventory—that borrowers have pledged as collateral for loans. It also improves risk management by allowing lenders to verify that an asset is not already pledged elsewhere. As at June 2021, more than 2,400 security interests have been registered in the Cook Islands.

PSDI is now pursuing work with Cook Islands banks and the agriculture sector on the introduction of new lending products using the secured transactions framework.

STRENGTHENING THE FINANCIAL POSITION OF THE BANK OF COOK ISLANDS

PSDI has been providing the Bank of the Cook Islands (BCI) with policy advice, assisting in its aim to diversify its product mix, expand its balance sheet, and improve its financial performance.

In 2015, PSDI assisted BCI to introduce a new liquidity risk management policy, consistent with the Prudential Statement on Liquidity Risk Management issued by the Cook Islands Financial Supervisory Commission (FSC) and integrated with BCI’s overall funds management policy. In 2016, PSDI extended this support to assist BCI to identify and assess the impact of operational risks and then draft a policy for the management of operational risk consistent with the FSC prudential statement.

In 2018 and 2019, PSDI developed a capital projections model to assist BCI to determine its capital needs, and continues to provide BCI with support to this end. PSDI is also currently working with BCI to assist with development of new products leveraging the secured transactions reforms. This will include working with BCI on its credit risk pricing model to increase transparency for borrowers.

COVID-19 FINANCIAL RESPONSE PACKAGE

PSDI provided extensive support to the Government of the Cook Islands as it formulated its economic response to COVID-19 in 2020.

PSDI supported the government’s development of a financial stimulus package to help businesses and individuals withstand the economic impacts of the crisis, by providing advice on the types of financing support that could be provided and reviewing draft product concepts. Access to credit will be critical for the private sector during and following COVID-19.

NATIONAL SUPERANNUATION FUND REFORM

PSDI continues to work with the Cook Islands National Superannuation Fund (CINSF) on strengthening its operations and investment management frameworks.

This includes a review of the fund’s current operational policies and procedures in light of best practice, and as CINSF brings many previously outsourced administrative activities in-house.

Representatives from the Cook Islands Ministry of Justice, Paradigm Apps, and PSDI at the 2019 launch of the Cook Islands’ Online Companies, Incorporated Societies, and Personal Property Securities Registry.
BUSINESS LAW REFORM

COMPANIES LAW REFORM AND ONLINE REGISTRY DEVELOPMENT

PSDI is working with the Government of the Cook Islands to develop a modern, enabling business legal environment.

PSDI reviewed the existing Companies Act in 2014. In 2016 the government requested PSDI support to prepare a new Companies Bill for consideration by Parliament. Following the completion of a full diagnostic, the government decided to prepare three new bills: the Companies Bill, the Personal Property Securities Bill, and the Incorporated Societies (Amendment) Bill. These were tabled and passed by Parliament in December 2017. PSDI then assisted with the procurement and development of an associated online registry, using additional funding from the governments of the Cook Islands and New Zealand. The registry was launched in December 2019.

PSDI continues to offer implementation support, including undertaking registry updates necessary to enable implementation of the COVID-19 economic response bill (see below). PSDI has also supported a review of the company re-registration provisions and provided input regarding amendments to the Companies Act.

COVID-19 ECONOMIC RESPONSE

PSDI provided extensive support to the Government of the Cook Islands amid COVID-19.

The Parliament of the Cook Islands passed the COVID-19 (Economic Response) Act on 2 July 2020, with PSDI support. The act is intended to assist otherwise profitable and viable businesses in the Cook Islands that are affected by COVID-19 to manage debt more flexibly, provide directors with the legal ability to continue business operations, preserve economic value, and retain employees.

PSDI also supported the implementation of the act, including working with the Ministry of Justice to undertake necessary updates to the online registry. The updates enabled additional filings, such as business debt hibernation notices, and extended the existing deadlines for personal property security filings.

INTERNATIONAL ENTITIES REGISTRY UPGRADE

PSDI is working with the Cook Islands Financial Supervisory Commission on planning for an upgrade to its International Entities Register, which is more than 9 years old.

This will ensure the system complies with Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) international best practice, improves data security, introduces cloud-based data storage, and expands the registry’s capability to add other business types as needed.

In FY2021, PSDI began early technical assistance planning for this reform, and worked to secure additional funding from the Government of Australia for the registry implementation. Once received, PSDI will work with the Financial Supervisory Commission to develop specifications for the new registry and begin procurement of a vendor for the registry’s development.

STATE-OWNED ENTERPRISE REFORM AND PUBLIC-PRIVATE PARTNERSHIPS

STATE-OWNED ENTERPRISE REVIEW

In November 2011, PSDI conducted a review of the legislative, governance, and monitoring framework for Cook Islands’ SOEs.

The resulting gap analysis recommendations were endorsed by the Government of the Cook Islands in July 2012. In March 2013, implementation was suspended as the government sought to clarify several issues. After a further review in July 2013, PSDI submitted updated recommendations in August 2013. The government accepted the updated recommendations.

SHIPPING SERVICES ROADMAP DEVELOPMENT

In 2020, at the request of the Ministry of Finance and Economic Management, PSDI supported the Government of the Cook Islands to prepare a roadmap for meeting the challenges of providing safe, reliable, and affordable shipping services to 14 islands.

Many of these islands are sparsely populated and at least four are more than 800 kilometers from the capital.

PSDI delivered an options report that assesses three options in terms of costs, risks, and likelihood of sustainably achieving the government’s target service levels. The Ministry of Finance and Economic Management selected one of the PPP options for implementation.
ANALYTICAL AND CROSS-CUTTING THEMES

A private sector assessment, The Cook Islands: Stronger Investment Climate for Sustainable Growth, was published in 2015. Cook Islands also participated in PSDI’s 2019 Finding Balance regional SOE benchmarking study, and was featured in a 2018 brief on tourism trends in the region, Tourism as a Driver of Growth in the Pacific. A tourism sector snapshot for Cook Islands, surveying the state of the tourism sector pre-COVID-19, assessing the damage done by border closures, and looking ahead to the resumption of international travel, was also published in 2021. This snapshot was accompanied by a broader regional tourism assessment.

COMPETITION AND CONSUMER PROTECTION

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

TELECOMMUNICATIONS REGULATORY REFORM

PSDI has been working to develop pro-competitive telecommunications regulation as part of the Government of the Cook Islands’ preparations for the landing of a new submarine cable.

PSDI provided technical and drafting support to the Ministry of Finance and Economic Management for a new Telecommunications Policy, and completed the drafting of a Telecommunications Bill, which was passed by the Cook Islands Parliament in December 2019.

PSDI will provide continued support for the implementation of the bill, including supporting the establishment of a regulator’s office, and assisting with the development of necessary licenses and guidelines. PSDI has provided advice to the Government on the procurement of telecommunications for the Pa Enua (outer islands).

ESTABLISHING A MULTISECTOR REGULATOR

PSDI is working with the Cook Islands Ministry of Finance to support the development of a multi-sector regulator.

The Cook Islands’ Secretary of Finance requested PSDI assistance to develop a policy to support the introduction of a multi-sector regulator, followed by the preparation of a bill. The PSDI-supported Market Competition Policy was finalized in May 2019, and the Competition and Regulatory Authority Act was passed by the Cook Islands Parliament in December 2019.

PSDI has supported implementation of the act and establishment of the multi-sector regulator, while also assisting the government to expand the regulator’s functions.

To this end, PSDI has also provided policy and drafting support for utility sector (water, sewerage, and energy) reform, including consultation papers, a policy paper, and Utilities Regulation Bill. These are currently in consultation.

COVID-19 has necessitated the postponement of the implementation of the proposed PPP. PSDI will provide further support when the government is in a position to recommence.

In 2022, PSDI is supporting the electric utility of the Cook Islands, TAU, to implement a distributed solar energy program through a series of PPP contracts with their commercial customers. The program is expected to add up to 4MW of solar generation capacity to the grid, reducing TAU’s dependence on diesel fuel.

ECONOMIC EMPOWERMENT OF WOMEN

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

In 2021, PSDI released its benchmark Leadership Matters study on women in business leadership in the Pacific.

The report found the Cook Islands ranks higher than both the global and Pacific regional average for women’s representation on boards (32%), at the board chair level (25%), and at the chief executive officer level (27%), demonstrating its sound enabling environment for gender equality.

ANALYTICAL AND CROSS-CUTTING THEMES

A private sector assessment, The Cook Islands: Stronger Investment Climate for Sustainable Growth, was published in 2015. Cook Islands also participated in PSDI’s 2019 Finding Balance regional SOE benchmarking study, and was featured in a 2018 brief on tourism trends in the region, Tourism as a Driver of Growth in the Pacific. A tourism sector snapshot for Cook Islands, surveying the state of the tourism sector pre-COVID-19, assessing the damage done by border closures, and looking ahead to the resumption of international travel, was also published in 2021. This snapshot was accompanied by a broader regional tourism assessment.

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PACIFIC PRIVATE SECTOR DEVELOPMENT INITIATIVE (PSDI)

FIJI

COUNTRY OVERVIEW
2022

IN FIJI, PSDI IS WORKING TO:
- Strengthen the commercial orientation of Fiji Development Bank (FDB)
- Increase the availability of business financing through secured transaction reform and the deepening of capital markets
- Develop effective state-owned enterprise (SOE) policy and legislative reform
- Establish a robust National Competition and Consumer Protection Policy
- Support Tourism Fiji to bounce back from COVID-19 and international border closures

FINANCING GROWTH
$1,095,535

BUSINESS LAW REFORM
$507,018

STATE-OWNED ENTERPRISE REFORM/PPP
$785,499

COMPETITION AND CONSUMER PROTECTION
$289,625

ECONOMIC EMPOWERMENT OF WOMEN
$226,824

ANALYTICAL AND CROSS-CUTTING
$171,163

FIJI SPENDING BY FOCUS AREA
2007-2021* ($3,075,664)

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<thead>
<tr>
<th>Focus Area</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
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<td>FINANCING GROWTH</td>
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<tr>
<td>BUSINESS LAW REFORM</td>
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<td>$226,824</td>
</tr>
<tr>
<td>ANALYTICAL AND CROSS-CUTTING</td>
<td>$171,163</td>
</tr>
</tbody>
</table>

*to 30 June 2021.

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
2018: 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
2019: Secured transactions framework implemented with launch of Personal Property Securities Registry
2019: New Public Enterprise Bill passed by Fiji Parliament
2020: Public-Private Partnership Implementation Guidelines and Competition and Consumer Protection Policy endorsed by the Cabinet of Fiji
2020: Prepared agri-value chain financing product concepts for FDB
2021: Commenced work with Tourism Fiji on its strategic planning and priorities for 2022–2024

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

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

SECURED TRANSACTIONS REFORM

PSDI has worked to increase business access to finance in Fiji 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 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. As at June 2021, more than 66,500 security interests have been registered in Fiji.

PSDI has also been working closely with Fijian financial institutions to raise awareness of the reform and the opportunities it provides for movable property financing. This work included the preparation of several agri-value chain financing product concepts for Fiji Development Bank (FDB). FDB progressed these concepts in fiscal year (FY) 2020/2021, starting with products for the rice sector and expanding into dairy, ginger, and other consumables. PSDI continues to engage with FDB on product implementation.

STRENGTHEN THE COMMERCIAL ORIENTATION OF FIJI DEVELOPMENT BANK

PSDI is 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.

This support is based on a discussion paper prepared by PSDI in FY2015/2016 on the potential reorientation of FDB, and associated licensing and regulation by the Reserve Bank of Fiji (RBF).

Since FY2015/2016, PSDI has worked with FDB to review the bank’s policies on capital adequacy, liquidity risk management, market risk management, and operational risk management against the RBF’s prudential standards for licensed credit institutions. From 2017 to 2019, PSDI worked to strengthen FDB’s risk management framework and integrate this risk management work with the bank’s capital position, and to support FDB to review its organizational structure and processes, and better understand its risk tolerance. The new risk management framework was approved by the bank’s board in 2019.

PSDI is now supporting FDB to improve its capital planning, including through the development of a capital projections model for the bank. The model enables the bank to assess the impact of shocks on capital adequacy, and aids the evaluation of a range of scenarios, such as changing interest rates, borrowing, and write-off levels, as well as macro factors such as gross domestic product.

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

STATE-OWNED ENTERPRISE REFORM AND PUBLIC-PRIVATE PARTNERSHIPS

PUBLIC ENTERPRISE REFORM

PSDI has supported the development of a suite of new legislation, policies, and guidelines for Fiji’s 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).

DEEPENING CAPITAL MARKETS

PSDI is working to deepen Fiji’s capital markets with a view to improving access to long-term business finance.

Underdeveloped capital markets present an additional financing obstacle to Pacific businesses, especially small businesses. PSDI believes 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. In 2016, 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 2020, PSDI continued working with the RBF to identify and implement suitable mechanisms for capital market deepening. This included a review of Fiji’s fundraising regime. PSDI has since developed a draft small and medium enterprise (SME) capital raising bill, currently under review, and has updated its capital raising diagnostic to include other alternative financing instruments beyond equity crowdfunding and peer-to-peer lending, such as small offers regimes for SMEs.
This support included drafting a public enterprise bill—passed by Fiji Parliament in May 2019—to strengthen governance, accountability, transparency, and the commercial mandate of SOEs. PSDI subsequently provided support for the implementation of the act, including the development of a Code of Corporate Governance, director remuneration guidelines, and guidelines on the establishment of public enterprises.

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.

**PRIVATIZATION AND PUBLIC-PRIVATE PARTNERSHIP (PPP) SUPPORT**

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

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 replaced the PPP Act, which was repealed in July 2016. The new policy creates a more investor-friendly regime for structuring and implementing PPP contracts.

PSDI-drafted PPP implementation guidelines were endorsed by the Cabinet of Fiji and published in April 2020. PSDI continues to assist the Ministry of Economy with implementation of the Public Enterprise Act.

**COMPETITION AND CONSUMER PROTECTION**

**OUTCOMES, RESULTS, AND FUTURE PROJECTS:**

**STRENGTHENING COMPETITION POLICY AND INSTITUTIONS**

At the request of the Government of Fiji, PSDI has supported a number of areas of competition policy and law reform, primarily with the Fiji Competition and Consumer Commission (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.

In FY2019/2020, PSDI supported the FCCC and the Ministry of Industry, Trade and Tourism to develop the Fijian Competition and Consumer Protection Policy, which the Cabinet of Fiji endorsed in April 2020. An important part of this work was the implementation of recommendations from the review of the Commerce Commission Law.

PSDI has since assisted with the implementation of the policy and drafting of a Competition and Consumer Protection bill, currently awaiting feedback from Fiji’s Ministry of Trade and Economy.

**ECONOMIC EMPOWERMENT OF WOMEN**

**OUTCOMES, 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 FY2017/2018, PSDI delivered this program again in Fiji for employees of companies listed on the South Pacific Stock Exchange (SPX).
ANALYTICAL WORK AND CROSS-CUTTING THEMES

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.


PSDI will in 2022 also support the Asian Development Bank to create a locally-managed fund as a PPP to enable Fiji’s private sector, in particular its tourism operators, to access funding to implement marine conservation projects, and to assist with the offering of risk transfer mechanisms such as parametric insurance applied to coral reef ecosystems.

ANALYSIS AND ADVOCACY

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

PSDI drafted a paper for the SPX 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 SPX 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 SPX Listing Rules included a recommendation that all listed companies adopt a policy on gender diversity at board level with reporting on the status of implementation as part of compliance reporting. These came into effect in April 2019, and helped to increase women’s representation as directors on SPX-listed companies from 15% in 2017 to 25% in 2021.

Fiji is featured in PSDI’s 2018 regional study on Pacific women’s engagement in the private sector, Women and Business in the Pacific. In 2021, PSDI also released its benchmark Leadership Matters study on women in business leadership in the Pacific. The Leadership Matters report found the proportion of Fiji businesses with women board chairs, at 12%, is higher than both the Pacific and global averages, while the proportion of women board directors (20%) and chief executive officers (10%) in Fiji surpassed the global average.

WOMEN IN THE TOURISM VALUE CHAIN

In a joint EEOw-Tourism initiative, PSDI has from late 2021 supported Tourism Fiji with strategic planning, including the development of its 2022-2024 Corporate Plan.

This plan considers the role that women play in the Fijian tourism sector. PSDI supported stakeholder consultations for the Corporate Plan across Government, civil society, and the Fijian tourism sector, and worked with Tourism Fiji to devise targets and strategic priorities.

PSDI is planning further work to establish the extent to which women in the informal sector are engaged in, and benefit from, tourism. PSDI will then use this research to present recommendations to relevant stakeholders in government and the private sector.
IN THE FEDERATED STATES OF MICRONESIA (FSM), PSDI IS WORKING TO:
- Provide ongoing support to the secured transactions regime
- Strengthen the commercial operations of the government-owned FSM Development Bank
- Analyze outsourcing options for state-owned enterprises

KEY PSDI ACTIVITIES AND OUTCOMES
2014: Outsourcing analysis undertaken for Pohnpei Utilities Corporation
2016: Helped Federated States of Micronesia Development Bank (FSMDB) prepare its 10-year strategic plan
2017: Supported upgrades to the FSM Personal Property Securities Registry, and provided training on its use
2020: Supported the development of a capital projections model for FSMDB, and assisted the bank to review the modeling
2021: Received request for PSDI support to update FSMDB’s strategic plan in light of COVID-19

SPENDING OVERVIEW
Of the $112,963 PSDI has spent in FSM, $93,269 has gone to Financing Growth initiatives. This has largely been used to fund PSDI’s work to increase the provision of finance using the secured transactions regime, and support to the FSMDB.

FSM SPENDING BY FOCUS AREA
2007-2021 ($112,963)

<table>
<thead>
<tr>
<th>Category</th>
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<tr>
<td>SOE Reform</td>
<td>$16,894</td>
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A technical assistance program undertaken in partnership with:
A technical assistance program undertaken in partnership with:

**FINANCING GROWTH**

**OUTCOMES, RESULTS, AND FUTURE PROJECTS:**

**SECURED TRANSACTIONS AND FSMDB SUPPORT**

PSDI has worked to increase business access to finance by working with lending institutions to encourage the increased use of the secured transactions framework, and by supporting the commercial reorientation of FSMDB.

The secured transactions regime in FSM is the longest running in the Pacific. With PSDI support, the Asian Development Bank assisted the Government of FSM to implement secured transactions reforms in fiscal year (FY) 2005/2006, including the development of the Secured Transactions Act 2006 and the creation of an online Personal Property Securities Registry. In FY2016/2017, PSDI also supported an upgrade to the registry and additional training in its use. As at June 2021, almost 6,300 security interests have been registered in FSM.

PSDI’s ongoing work is focused on increasing the uptake of this framework. With PSDI assistance, FSMDB has designed and is piloting an agri-value chain financing facility, which will help farmers and agricultural businesses access finance needed to operate and expand their businesses. This opportunity—for FSMDB to provide finance to agricultural businesses using the secured transactions framework—was identified in the bank’s 10-year strategic and business plan that PSDI helped prepare in FY2016/2017.

In FY2020/2021, PSDI supported the development of a capital projections model for FSMDB and assisted the bank to review the modeling, using the previous financial year’s data. The bank plans to use the model to understand the balance sheet impacts of a large capital injection related to COVID-19. In early 2022, PSDI began the process of assisting with the review and update of FSMDB’s 10-year strategic and business plan in light of COVID-19.

**STATE-OWNED ENTERPRISE REFORM AND PUBLIC-PRIVATE PARTNERSHIPS**

**OUTCOMES, RESULTS, AND FUTURE PROJECTS:**

PSDI has provided Pohnpei Utilities Corporation (PUC) with an analysis of outsourcing options.

On request from PUC, PSDI undertook an analysis of options for outsourcing its power, water, and wastewater operations. The analysis included public–private partnership opportunities. PSDI presented the analysis to PUC management in June 2014, and it was endorsed by the board in late 2014.

**ECONOMIC EMPOWERMENT OF WOMEN**

**OUTCOMES, RESULTS, AND FUTURE PROJECTS:**

**ANALYSIS AND ADVOCACY**

In 2021, PSDI released its *Leadership Matters* benchmarking study on women in business leadership in the Pacific.

The proportion of the 12 organizations sampled in FSM with women chief executive officers sits at 13%—equal to the Pacific-wide average and above the global average of 4%. At the board chair level, 13% of chairs in FSM were women—above the region-wide average of 11% and the global average of 5%. PSDI data also shows the proportion of women board directors in FSM to be 19%, above the global 17% average but below the Pacific-wide average of 21%.

**ANALYTICAL WORK AND CROSS-CUTTING THEMES**


The chapter on FSM deemed its two state-owned banks important providers of domestic credit, but argued the services they deliver could be provided by a single, strengthened, state-owned commercial bank.

PSDI in 2021 also produced a tourism sector snapshot for FSM, surveying the FSM tourism sector pre-COVID-19 and looking ahead as international travel resumes. The snapshot accompanied a broader Pacific regional tourism assessment which argued a focus on cooperation over competition, and an approach centered on resource sharing, could help the tourism sector recover from COVID-19 and grow.

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A technical assistance program undertaken in partnership with:
IN KIRIBATI, PSDI IS WORKING TO:
- Modernize company and business laws, support their passage through Parliament, and assist with their implementation
- Strengthen the operations, investment capability, and financial sustainability of the Kiribati Provident Fund
- Build capacity at the Ministry of Commerce, and advance consumer protection efforts
- Support the improved performance of state-owned enterprises (SOEs) through analysis and review

KEY PSDI ACTIVITIES AND OUTCOMES

2016: Kiribati participated in PSDI's Finding Balance 2016 SOE benchmarking study
2017: Commenced a wide-ranging technical assistance program to strengthen the Kiribati National Provident Fund (KNPF)
2021: PSDI-supported Companies Act, Companies Insolvency Act, and Business Names Act are passed by Parliament
2021: Developed and delivered the first phase of a virtual capacity building program for the Ministry of Commerce
2022: Commenced support to the Tourism Authority of Kiribati (TAK) to develop sustainability indicators to assess tourism

SPENDING OVERVIEW

Of the $514,908 PSDI has spent in Kiribati in total, $229,764 was deployed between July 2019 and June 2021—almost 45% of all spending. This expenditure has mainly funded the development of three new company laws—the Companies Act, the Companies Insolvency Act, and the Business Names Act.

KIRIBATI SPENDING BY FOCUS AREA

<table>
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<tr>
<th>Focus Area</th>
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A technical assistance program undertaken in partnership with:
FINANCING GROWTH

NATIONAL PROVIDENT FUND SUPPORT

PSDI has worked to strengthen the KNPF, and to improve its investment capability and financial sustainability.

In 2017, PSDI commenced a wide-ranging technical assistance program to strengthen the KNPF and improve its investment capability. PSDI developed a comprehensive policy framework for the fund, covering investment, risk management, and other operational policies. This work had the broad aim of strengthening the financial position of the fund, underpinning its sustainability, and increasing its capacity to provide long-term domestic finance.

PSDI in fiscal year (FY) 2020/2021 completed draft governance charters, operational policies, and operational guidelines for the fund, and is continuing to provide technical advice on legislation, financial oversight, and asset management. PSDI will continue to work on KNPF requests to advance the fund’s investment management framework, having previously worked with senior staff to increase internal investment management capacity.

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

STATE-OWNED ENTERPRISE REFORM AND PUBLIC-PRIVATE PARTNERSHIPS

STATE-OWNED ENTERPRISE SUPPORT

PSDI has provided peer review and support for the government’s SOE reform program, and in June 2014, under a separate Asian Development Bank (ADB) technical assistance project, participated in a multi-donor mission to review SOE reform progress.

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

BUSINESS LAW REFORM

BUSINESS LEGISLATION MODERNIZATION

PSDI has worked to deliver a suite of modern, enabling business laws, and review appropriate electronic registry solutions.

In August 2016, PSDI delivered a diagnostic of Kiribati’s Company and Business Names laws and a review of registry elements of legislation for other entities, including credit unions and cooperatives.

PSDI also supported development of three new bills—the Companies Bill, the Companies Insolvency Bill, and the Business Names Bill. PSDI assisted with public consultations on the draft bills, and supported their finalization and passage through Parliament in FY2020/2021. The new laws make it easier to establish, operate, and dissolve businesses in Kiribati. PSDI has also provided a series of training sessions to support Kiribati’s Ministry of Tourism, Commerce, Industry, and Cooperatives (MTCIC) to implement the reforms.

Connected to this foundational legal reform, PSDI is also providing MTCIC technical support for the implementation of the business laws. This will include reviewing designs for an electronic business registry appropriate to the volume of registrations and business activities in Kiribati.

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

COMPETITION AND CONSUMER PROTECTION

COMPETITION AND CONSUMER PROTECTION REFORM

PSDI is supporting the Government of Kiribati’s efforts to improve competition and consumer protection.

The Government of Kiribati is seeking to establish a competition commission and requested PSDI prepare a diagnostic to determine the best model. Through FY2018/2019, PSDI finalized an issues paper on competition and consumer protection.

PSDI has since developed and delivered the first phase of a virtual capacity building program for the Ministry of Commerce, enhancing staff capacity to investigate complaints to the ministry and meet ministry obligations. The next phase of training will focus on leadership.

PSDI in FY2020/2021 also worked closely with MCIC and the Ministry of Finance and Economic Development to finalize a white paper on consumer protection. The paper has been consulted and PSDI has drafted a Consumer Protection Bill, which is being socialized. It is anticipated this will be tabled in late 2022.
Kiribati is featured in PSDI’s 2018 regional study on Pacific women’s engagement in the private sector, Women and Business in the Pacific.

In 2021, PSDI released its Leadership Matters benchmarking study on women in business leadership in the Pacific. The report sampled 17 organizations in Kiribati and found the proportion of organizations with women board directors (22%) and chief executive officers (29%) is higher than the global averages of 17% and 5% respectively, and the Pacific-wide averages of 21% and 11% respectively. This, in part, reflects the country’s robust national policy settings for gender equality.

Kiribati participated in PSDI’s 2016 Finding Balance regional SOE benchmarking study.

PSDI in 2021 also produced a tourism sector snapshot for Kiribati, surveying the country’s tourism sector pre-COVID-19 and identifying new and existing challenges and opportunities for the tourism industry. The snapshot accompanied a broader Pacific regional tourism assessment, Looking Forward Vol. 1: Evaluating the Challenges for Pacific Tourism After COVID-19.

In 2022, PSDI’s tourism program is supporting the Tourism Authority of Kiribati (TAK) to develop sustainability indicators to assess tourism in Kiribati, and to shift away from the use of international visitor arrivals as the measure of tourism success. It will also assist TAK to review its Strategic Plan 2020-2022, and develop a new plan to support destination recovery, sustainability, and long-term sector resilience.
IN THE MARSHALL ISLANDS, PSDI HAS WORKED TO:
- Increase business access to finance
- Strengthen the performance of state-owned enterprises (SOEs)
- Support reforms through advocacy and analytical work

SPENDING OVERVIEW
Of the $316,339 PSDI has spent in the Marshall Islands in total, $181,493 has gone to SOE Reform. This has largely been used to fund PSDI’s ongoing support for the development and implementation of the 2015 SOE Act.

MARSHALL ISLANDS SPENDING BY FOCUS AREA
2007-2021 ($316,339)

- **Financing Growth**: $41,559
- **SOE Reform**: $181,483
- **Analytical and Cross-Cutting**: $93,287

2007: Secured transactions framework established
2014: Secured transactions registry upgraded
2015: State-owned Enterprise Act enacted
FINANCING GROWTH

SECURED TRANSACTIONS FRAMEWORK
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.

The Marshall Islands’ Secured Transactions Act was passed, with PSDI support, in 2007. PSDI then provided technical assistance for the development of an electronic Personal Property Securities Registry, which was launched in late 2007, and supported an upgrade to the registry in 2014.

Lenders in the Marshall Islands have been active registry users, with more than 15,200 security interests registered as of June 2021. PSDI has provided ongoing support to lenders to increase uptake of the framework.

STATE-OWNED ENTERPRISE REFORM AND PUBLIC-PRIVATE PARTNERSHIPS

STATE-OWNED ENTERPRISE SUPPORT
PSDI has provided support for the development and implementation of a new State-owned Enterprise Act in the Marshall Islands.

PSDI supported the development of an SOE reform policy that was endorsed by Cabinet in April 2012. PSDI then provided substantial advice and input to the drafting of an SOE Bill based on the policy. The bill was designed to strengthen SOE governance and commercial orientation, and support government efforts to improve SOE performance. It was passed by Parliament in 2015.

PSDI continues to support the act’s implementation through intermittent director and ownership monitoring training.

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

ECONOMIC EMPOWERMENT OF WOMEN

ANALYSIS AND ADVOCACY
In 2021, PSDI released its Leadership Matters benchmarking study on women in business leadership in the Pacific.

Of the 13 organizations in the Marshall Islands sampled in 2021 for Leadership Matters, 8% had a woman board chair—higher than the 5% global average but lower than the 11% Pacific-wide average. A quarter of all board directors in the Marshall Islands were women, higher than the global 17% average and 21% regional average, but no women chief executive officers were recorded.

ANALYTICAL WORK AND CROSS-CUTTING THEMES

The 2019 edition found the Marshall Islands Development Bank had strengthened its balance sheet and should now focus on becoming an important source of finance for the country’s small and medium-sized enterprises.

PSDI in 2021 produced a tourism sector snapshot for the Marshall Islands, surveying its tourism sector pre-COVID-19 and looking ahead as international travel resumes. The snapshot accompanied a broader Pacific regional tourism assessment.

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Pacific Private Sector Development Initiative

THE PACIFIC PRIVATE SECTOR DEVELOPMENT INITIATIVE

A technical assistance program undertaken in partnership with:
IN NAURU, PSDI IS WORKING TO:
- Facilitate access to commercial banking services
- Support the improved performance of state-owned enterprises (SOEs)
- Review discriminatory laws and practices, and assist with the development of the National Gender Action Plan

SPENDING OVERVIEW
Of the $398,728 PSDI has spent in Nauru in total, 56% was allocated to Financing Growth initiatives, representing PSDI's ultimately successful efforts to re-establish banking services to the country.

NAURU SPENDING BY FOCUS AREA
2007-2021 ($398,728)

<table>
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<tr>
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<th>Amount</th>
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<td>$223,756</td>
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<td>Business Law Reform</td>
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<td>SOE Reform/PPP</td>
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<td>Economic Empowerment</td>
<td>$2,767</td>
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</table>

KEY PSDI ACTIVITIES AND OUTCOMES

2011: PSDI supported the management restructuring of three of Nauru’s SOEs
2015: PSDI assisted with the re-establishment of banking services in Nauru
FINANCING GROWTH

REESTABLISHMENT OF BANKING SERVICES
PSDI worked to re-establish banking services in Nauru, which had been unavailable for more than 10 years.

Prior to 2015, Nauru had been without a financial institution capable of providing banking services since the early 2000s. In 2012, PSDI undertook an assessment of the Nauruan people’s financial requirements, which it then used to help the Government of Nauru prepare an information memorandum to identify an appropriate institution to provide these services. Expressions of interest were submitted to the government in August 2013, and Bendigo-Adelaide Bank ultimately opened an agency in Nauru in May 2015.

STRENGTHENING FINANCIAL SERVICES AND FINANCIAL INSTITUTIONS
PSDI reviewed Nauru’s regulatory framework for financial institutions and provided assistance to an Asian Development Bank (ADB) project to improve financial services.

PSDI assisted the Government of Nauru in reviewing the existing regulatory framework for financial institutions and, in February 2014, submitted policy recommendations for the regulation and supervision of financial institutions.

Additionally, in the fiscal year (FY) 2017/2018, PSDI reviewed project documentation and draft legislation for an ADB technical assistance project working to improve financial services in Nauru.

COMPARISON AND CONSUMER PROTECTION

NAURU ENERGY BILL
PSDI is supporting ADB’s Office of General Counsel as it develops a new energy bill for Nauru. This work is currently on hold.

STATE-OWNED ENTERPRISE REFORM AND PUBLIC-PRIVATE PARTNERSHIPS

STATE-OWNED ENTERPRISE SUPPORT
PSDI assisted with the management restructuring of three SOEs and has provided recommendations for reforms to strengthen governance, monitoring, and management practices across Nauru’s SOE portfolio.

PSDI assisted the government in restructuring the Republic of Nauru Phosphate Corporation’s senior executive management. This included support for recruiting a
new chief executive officer (CEO) who commenced in October 2011. PSDI also supported the development of a new organizational structure for the board and senior management of the Nauru Utilities Corporation and Nauru Rehabilitation Corporation, including assistance with recruitment of a new CEO and other senior management personnel.

In January 2017, PSDI conducted a diagnostic review of Nauru’s SOE portfolio and submitted recommendations for reforms to strengthen governance, monitoring, and management practices. These recommendations were integrated into a new ADB policy-based support program that is working to provide a basis for SOEs to be commercially successful.

PSDI has also provided support to an ADB technical assistance project on governance arrangements for the future Nauru Port.

ECONOMIC EMPOWERMENT OF WOMEN

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

GENDER DISCRIMINATION REVIEW

In FY2013/2014, PSDI assisted ADB in reviewing discriminatory laws and practices in Nauru, and with the development of the National Gender Action Plan.

ANALYSIS AND ADVOCACY

PSDI in 2021 released its Leadership Matters benchmarking study on women in business leadership in the Pacific.

The report sampled nine organizations in Nauru, finding women’s representation in business leadership in the country is low compared to other Pacific island countries. The proportion of women on sampled boards in Nauru was 12%, although women comprised 20% of board chair roles.

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

ANALYTICAL WORK AND CROSS-CUTTING THEMES

PSDI in 2021 produced a tourism sector snapshot for Nauru, surveying its tourism sector pre-COVID-19 and looking ahead as international travel resumes.

The snapshot accompanied a broader Pacific regional tourism assessment.

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Beachside vendors, Nauru.

ANALYTICAL WORK AND CROSS-CUTTING THEMES

PSDI in 2021 produced a tourism sector snapshot for Nauru, surveying its tourism sector pre-COVID-19 and looking ahead as international travel resumes.

The snapshot accompanied a broader Pacific regional tourism assessment.

Beachside vendors, Nauru.
Almost 70% of the $1,027,002 committed to Palau since 2007 supported Financing Growth and Business Law Reform initiatives. This funding largely went towards secured transactions reform, which culminated in the launch of an online registry in 2013, work to strengthen the commercial orientation of NDBP, and the development of a new Corporations Bill.

**IN PALAU, PSDI IS WORKING TO:**
- Support the commercial strengthening of the state-owned National Development Bank of Palau (NDBP), including through the development of a capital projections model
- Develop a secured transactions framework
- Modernize business laws and registration processes, including through the passage of a new Corporations Act
- Develop a state-owned enterprise (SOE) policy, a public-private partnership (PPP) policy, and transparency guidelines

**OVERVIEW AND SPENDING**

Almost 70% of the $1,027,002 committed to Palau since 2007 supported Financing Growth and Business Law Reform initiatives. This funding largely went towards secured transactions reform, which culminated in the launch of an online registry in 2013, work to strengthen the commercial orientation of NDBP, and the development of a new Corporations Bill.

**PALAU SPENDING BY FOCUS AREA**

2007-2021 ($1,027,002)

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing Growth</td>
<td>$472,533</td>
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<tr>
<td>Business Law Reform</td>
<td>$233,989</td>
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<tr>
<td>SOE Reform/PPP</td>
<td>$185,077</td>
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<tr>
<td>Analytical and Cross-Cutting</td>
<td>$135,403</td>
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</tbody>
</table>

**KEY PSDI ACTIVITIES AND OUTCOMES**

2007: *Palau: Policies for Sustainable Growth, a Private Sector Assessment* published

2013: Secured transactions framework established

2014: State-owned Enterprise Policy endorsed

2016: Support to commercially strengthen NDBP commenced

2017: *Private Sector Assessment for Palau: Policies for Sustainable Growth Revisited* published

2019: Commencement of NDBP capital projections model development

2021: PPP Policy and Transparency Guidelines delivered, as well as support to the Ministry of Finance in updating the SOE Policy and establishing an SOE monitoring proposal

2021: PSDI-supported Corporations Bill endorsed by President of Palau and becomes law
FINANCING GROWTH

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

SECURED TRANSACTIONS FRAMEWORK

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.

This work has involved the development of a Secured Transactions Act, which was passed in May 2012, and the launch of an electronic Personal Property Securities Registry in January 2013. Although relatively small, the number of registered security interests per capita ranks Palau’s secured transactions filings in the top third of those in the Pacific. As of 30 June 2021, 1,824 security interests had been registered in Palau. PSDI is providing ongoing support to lenders to increase their uptake of the secured transactions framework.

STRENGTHENING THE COMMERCIAL ORIENTATION OF NDBP

PSDI is working to support NDBP to strengthen its commercial orientation by guiding its operations and strategic direction.

In the fiscal year (FY) 2016/2017, PSDI drafted a series of policies to commercially strengthen the NDBP, with the objective of raising its operational standards to those of licensed banks, increasing the amount of business credit it provides, and increasing intermediation within the Palauan financial system. Building on that foundation, in FY2017/2018 PSDI advised NDBP on how to widen its funding sources to increase its financing to Palauan businesses, especially small businesses. PSDI also advised on the legislative amendments needed for the bank to take deposits.

From 2019, PSDI has worked closely with NDBP on the development and use of a capital projections model, and provided advice to help guide the bank’s COVID-19 response. PSDI has also provided intermittent advice to NDBP’s CEO.

In support of the Board of the Financial Institutions Commission, PSDI also provided initial advice on private banking for high-net-worth individuals and wealth management services, including legal and regulatory issues. This was subsequently formalized as a background paper, and the scope expanded to include trust legislation.

BUSINESS LAW REFORM

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

NEW CORPORATIONS BILL

PSDI has worked to review and reform Palau’s business law environment, completing a diagnostic of the corporate law and the existing registry in late 2013.

STATE-OWNED ENTERPRISE REFORM AND PUBLIC-PRIVATE PARTNERSHIPS

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

STATE-OWNED ENTERPRISE AND PUBLIC-PRIVATE PARTNERSHIP (PPP) SUPPORT

PSDI is supporting the Government of Palau in its efforts to reform its SOEs to reduce their fiscal strain on the government and expand the government’s capacity to deliver economic infrastructure through increased partnerships with the private sector.

PSDI supported the development of Palau’s SOE policy, endorsed by the President in late 2014 and reaffirmed in 2021. It calls for the commercial operation of all three of Palau’s SOEs, the establishment of a contracting framework for community service obligations, and the removal of elected officials from SOE boards. At the request of the government and Chamber of Commerce, in 2013 PSDI also ran a 10-month directors course focused on essential principles of corporate governance.

In FY2020/2021, PSDI also supported the government’s evaluation of options for merging the power and water utility, and assisted the newly-merged utility with their articles of incorporation and CEO selection process. In 2016, PSDI also provided technical support in the form of a review of options for private investment and operation of the Koror Airport through a PPP mechanism.

In FY2021, PSDI delivered a PPP Policy and Transparency Guidelines for Palau. The PPP Policy outlines the process and institutional arrangements for screening, developing, procuring, and implementing PPP projects. The Transparency Guidelines set out a range of public disclosure requirements regarding the PPP project pipeline, procurement process, and terms of agreements.
In FY2020/2021, PSDI also supported the Ministry of Finance in updating the SOE Policy and establishing an SOE monitoring proposal to detail the role of the Ministry of Finance in managing the government’s investment in the SOEs.

Recognizing that the implementation of the SOE Policy requires new legislation, PSDI has supported the development of an SOE bill, which is expected to be tabled in the Palau National Congress, the Olbiil Era Kelulau (OEK), in 2022. The implementation of the PPP Policy will proceed first with the identification and assessment of priority infrastructure projects that may be suitable for procurement as PPPs.

ECONOMIC EMPOWERMENT OF WOMEN: OUTCOMES, RESULTS, AND FUTURE PROJECTS

ANALYSIS AND ADVOCACY

In 2021, PSDI released its Leadership Matters benchmarking study on women in business leadership in the Pacific.

PSDI found that in the eight organizations surveyed in Palau, 38% of board directors and 20% of board chairs were women—higher than the global averages of 17% and 5% respectively, and the Pacific-wide averages of 21% and 11% respectively. At the chief executive officer level in Palau, 29% were women—higher than the global 4% average and the 13% Pacific-wide average.

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

In 2021, PSDI released its Leadership Matters benchmarking study on women in business leadership in the Pacific.

PSDI found that in the eight organizations surveyed in Palau, 38% of board directors and 20% of board chairs were women—higher than the global averages of 17% and 5% respectively, and the Pacific-wide averages of 21% and 11% respectively. At the chief executive officer level in Palau, 29% were women—higher than the global 4% average and the 13% Pacific-wide average.

Palau: Policies for Sustainable Growth, a Private Sector Assessment was published in 2007 and Private Sector Assessment for Palau: Policies for Sustainable Growth Revisited was published in 2017.

Palau also participated in PSDI’s 2019 regional SOE benchmarking study, Finding Balance 2019: Benchmarking the Performance of State-Owned Banks in the Pacific. The report found NDBP was an important source of domestic credit but warned a lack of flexibility in loan interest rates threatened its sustainability.

PSDI in 2021 also produced a tourism sector snapshot for Palau, surveying its tourism sector pre-COVID-19 and looking ahead as international travel resumes. The snapshot accompanied a broader Pacific regional tourism assessment.

ANALYTICAL WORK AND CROSS-CUTTING THEMES

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PACIFIC PRIVATE SECTOR DEVELOPMENT INITIATIVE (PSDI)

PAPUA NEW GUINEA
COUNTRY OVERVIEW
2022

IN PAPUA NEW GUINEA (PNG), PSDI HAS WORKED TO:
- Increase access to finance and financial services
- Promote entrepreneurship and foreign direct investment
- Improve the efficiency and transparency of state-owned enterprises (SOEs)
- Develop the capacity of PNG’s Independent Consumer and Competition Commission (ICCC)
- Remove barriers to women’s participation in the formal economy

KEY PSDI ACTIVITIES AND OUTCOMES

2008: *Foundation for the Future: A Private Sector Assessment for Papua New Guinea* published
2011: Personal Property Security Act passed by PNG Parliament
2011: Public Private Partnership (PPP) Policy approved
2011: Nationwide Microbank transformed into MiBank and mobile phone-linked bank account MiCash launched
2012: Microfinance Expansion Program established
2014: PPP Act 2014 passed by PNG Parliament
2015: Ongoing program of support to the ICCC commenced
2015: Building a Dynamic Pacific Economy: Strengthening the Private Sector in Papua New Guinea published
2016: Personal Property Security Act commenced and Personal Property Security Registry launched
2016: Memorandum of Understanding signed to provide a support program with the Investment Promotion Authority (IPA)
2017: National Competition Policy drafted
2017: Strengthening the Supply Chain in Fisheries economic empowerment of women pilot project implemented
2018: PPP Act commenced
2018: ICCC Capacity Assessment finalized and development program initiated
2018: Women’s Senior Business Leadership program delivered
2020: Provided Kumul Consolidated Holdings (KCH) with two strategic analysis papers on a potential restructure of the PNG telecommunications sector, and a policy options paper on the restructuring of Kumul Telikom Holdings
2020: Developed a new SOE Ownership Policy, later endorsed by the National Executive Council
2020: Commenced work on drafting regulations under the Capital Markets Act, Securities Commission Act, and the Central Depositories Act to support the introduction of alternative financing platforms
2020: Signed an updated Memorandum of Understanding with the IPA to extend its assistance into PSDI Phase IV
2021: National Competition Policy endorsed by PNG’s National Executive Council
2021: National Executive Council endorses PSDI-supported reforms to the law enabling incorporated associations in PNG
2021: Developed a database to collate details of a pipeline of qualified and suitable candidates for SOE boards in PNG, including women
2021: Kumul Consolidated Holdings (Amendment) Act passes PNG Parliament
2022: Assisted in the passage of legislative amendments to PNG’s Companies Act and Business Groups Incorporation Act that will facilitate the development of an upgraded business registry
2022: Public-Private Partnership (PPP) (Amendment) Act passed by PNG Parliament

A technical assistance program undertaken in partnership with:
OUTCOMES, RESULTS, AND FUTURE PROJECTS:

OVERVIEW AND SPENDING

PSDI’s activities in PNG have rapidly expanded since 2015 due to additional funding provided for Phase III and subsequently Phase IV by the Government of Australia. PSDI has spent $10,558,427 on its activities in PNG to 30 June 2021, of which more than $2.6 million—or almost 25%—was spent in the 2019-2021 period. PSDI’s PNG coordinators promote effective private sector development policies and practices through dialogue with the government and other stakeholders, and support the implementation of PSDI initiatives.

SPENDING BY FOCUS AREA
2007-2021 ($10,558,427)

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<td>Competition and Consumer Protection</td>
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<td>$374,832</td>
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<td>Analytical and Cross-Cutting</td>
<td>$514,543</td>
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</table>

INCREASING ACCESS TO FINANCIAL SERVICES

PSDI has worked to make access to financial services in PNG more widely available, by supporting the development of an innovative mobile phone-linked bank account, and funding the design of the Microfinance Expansion Project (MEP).

PSDI provided technical assistance to MiBank (formerly Nationwide Microbank) between 2011 and 2013 to develop MiCash, an innovative, mobile phone-linked bank account. The service enables customers to deposit and withdraw funds from their bank account through an agent network, without having to travel to a bank branch, and to transfer funds to friends and family who also have a bank account with Nationwide Microbank. This reduces transaction costs, increases security, and greatly improves the ease of accessing financial services.

As part of this work, PSDI supported the development of appropriate audit and risk management processes for MiCash, which were completed in April 2012; a review of the MiCash pilot in West New Britain Province, which was completed in June 2012; and the development of a MiCash training program for staff and agents, which was completed in March 2013.

PSDI also funded the design of the MEP in 2011, and provided ongoing assistance for its implementation. The MEP, which closed in 2019, was a $24 million sector-wide program, cofinanced by the governments of Australia and PNG. It focused on strengthening institutions; financial literacy and business development skills training; developing appropriate regulation for and supervision of the microfinance sector; and establishing a risk share facility for partner institutions to promote credit expansion to micro- and small-sized enterprises.

INCREASING THE PROVISION OF LOANS SECURED AGAINST MOVABLE ASSETS

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 or movable assets as security—and by working with lending institutions to encourage its uptake.

PSDI helped establish PNG’s secured transactions framework in 2011, which was fully implemented with the activation of the Personal Property Securities Registry in May 2016. PSDI has worked to raise awareness among lenders of the potential of movable assets financing. In particular, PSDI has worked to develop opportunities for movables financing in the agriculture sector, using tangible and intangible assets to secure finance for current and expanded operations. As agriculture accounts for approximately 25% of PNG’s gross domestic product and provides the livelihoods for more than 80% of rural Papua New Guineans, financing mechanisms tailored to this sector would be broadly beneficial, and would transform rural PNG incomes. As at June 2021, 34,750 security interests have been registered in PNG.

In May 2019, MiBank launched its Agriculture Value Chain Loan, which lets farmers borrow using contracted income from future crop sales as collateral. PSDI supported development of the loan product by providing advice on its structure. The initial application was for cocoa financing in East New Britain province.

PSDI is working with Women’s Microbank Ltd and NKW Fresh Produce to develop a finance product for women producing fresh produce in Morobe Province. A Memorandum of Agreement to begin a trial phase of the new product was signed in March 2020. During this phase, a group of around 15 women produce growers—who have an existing supply contract with NKW Fresh—will be able to borrow up to 90% of the purchase price of a small, walk-behind tractor. With these tractors, cultivating land will become easier and far less time-consuming, meaning the growers will be able to cultivate larger plots of land, helping to increase their output and improve their incomes. Training and support for the use and maintenance of the tractors will also be provided. In fiscal year (FY) 2020/2021, an initial pilot group of loan applicants were identified, and applications were prepared. The importation of the tractors, and work on the details of bridging finance, is underway.

PSDI also plans to discuss other potential applications of this type of financing with Women’s Microbank and other PNG lenders.

STRENGTHENING BANK OF PNG OVERSIGHT AND MACROPRUDENTIAL CAPACITY

PSDI is working with Bank of PNG (BPNG) to strengthen its oversight of PNG’s financial system through the introduction of a macroprudential framework.
Several studies have highlighted weaknesses in PNG’s financial system, which—if left unmitigated—could be destabilizing and constrain inclusive economic growth. In 2016, PSDI advised BPNG on an appropriate governance and operational framework to better identify, detect, and mitigate cyclical and structural risks in the PNG financial system. PSDI also provided advice on the establishment and composition of a Financial Sector Stability Committee, which has now been formally established. BPNG has continued to work on an inaugural draft finance sector stability report, based on input and advice from PSDI. When complete, PSDI will review and support its finalization.

**OUTCOMES, RESULTS, AND FUTURE PROJECTS:**

**SUPPORT FOR DEVELOPMENT OF PNG CAPITAL MARKETS AND THE PNG SECURITIES COMMISSION**

PSDI is working to advise BPNG, the Department of Treasury, and the PNG Securities Commission (PNGSC) on the regulation of securities markets and the introduction of alternative capital raising platforms in PNG, such as peer-to-peer lending, equity crowdfunding, and small offers regimes.

The goal of this technical assistance is to promote better access to capital for smaller businesses, which often have limited options for securing finance for growth.

As part of this advice, PSDI has prepared a comprehensive diagnostic of the existing capital markets legal and regulatory infrastructure for capital raising, and advised on the amendments that would be needed to adapt this framework to small business capital raising.

Work commenced in 2020 on drafting regulations under the Capital Markets Act, Securities Commission Act, and the Central Depositories Act that, among other core functions, support the introduction of alternative financing platforms.

In addition, PSDI is assisting the PNGSC with development of a program to (i) develop and implement a prioritized capacity building program for PNGSC; (ii) design and assist with implementation of a policy, legal, and regulatory reform plan responsive to the needs of PNGSC and PNG capital markets; and (iii) advise PNGSC management on implementation of capital markets legislation and regulation, alternative financing legislation, and capital markets-related technology platforms.

**BUSINESS LAW REFORM**

**COVID-19 BUSINESS RESPONSE BILL**

The economic impact of COVID-19 necessitated changes to businesses’ legal obligations to better enable them to continue trading throughout the crisis.

PSDI mobilized quickly in 2020 to provide support for the development of draft legislation, and an explanatory memorandum, that aims to assist normally profitable and viable businesses so they can continue trading, preserve their economic value, and save jobs. Work is paused on the bill.

**INSTITUTIONAL SUPPORT FOR ENTREPRENEURSHIP AND INVESTMENT**

PSDI works to promote entrepreneurship and foreign direct investment through its ongoing assistance and advice to PNG’s IPA.

The IPA is responsible for a number of critical private sector support functions in PNG, including business registration, regulation, and certification of foreign enterprises; investor servicing, investment, and export promotion; and protection of intellectual property rights. PSDI in September 2020 signed a Memorandum of Understanding with the IPA to extend its assistance into PSDI Phase IV.

PSDI has worked to assist the IPA on several matters, including:

- Supporting the IPA to develop a new online business registry, which will increase the availability and accuracy of business data, make it easier for businesses to operate and enter into contracts with other businesses, and increase the government’s ability to effectively regulate the economy.
- PSDI has finalized the requirements for the registry’s functionality, procured a registry vendor, and worked on its development for a 2022 launch. In preparation for this step, PSDI has also assisted in the passage of legislative amendments to PNG’s Companies Act and Business Groups Incorporation Act.

- Supporting enhanced data collection and reporting, improved interaction with other Government agencies such as the Internal Revenue Commission, and the 2017 migration of registry data from office-based hard drives to secure, cloud servers, which improved the availability of the registry from below 70% to 99%.

- Providing ongoing support for IPA’s day-to-day management of the Personal Property Security Act 2011, including the Personal Property Security Registry. This register will be integrated into the new PNG business registry when it launches in 2022.

- Providing intensive technical assistance on reforms to the law enabling incorporated associations, a common legal entity used in PNG for collective action. Presently, gaps in the law leave PNG vulnerable to negative assessments for failure to prevent money laundering. PSDI produced a final draft bill in March 2020, which was endorsed in April 2021 by the National Executive Council.
• Reviewing the functions and effectiveness of the Investment Promotion Act 1992, including PNG’s Investment Policy framework and its requirements for foreign enterprise certification processes. PSDI has developed a national investment policy statement, which catalogues and explains relevant policies and laws that affect foreign investment, and has delivered consultation papers and draft legislative amendments to the IPA Act. PSDI also assisted IPA with a rapid review and amendment of the Reserved Activities List, which has now been finalized.

STATE-OWNED ENTERPRISE REFORM AND PUBLIC-PRIVATE PARTNERSHIPS

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

STATE-OWNED ENTERPRISE REFORM

PSDI is supporting the PNG government and SOE holding company KCH in its design of a broad SOE reform program designed to reduce fiscal liabilities while improving services.

These reforms support the requirements of an ADB policy-based loan.

In FY2019/2020, PSDI developed a new SOE Ownership Policy that was endorsed by the National Executive Council in April 2020. PSDI then developed amendments to the KCH Act that were necessary for the policy’s implementation. The policy and the amended act aim to reform the governance architecture of PNG’s SOEs, create opportunities for private investment, and reduce the cost of doing business. The Kumul Consolidated Holdings (Amendment) Act passed in late 2021.

PSDI has also supported KCH to improve its governance and operations. This has included the development of a new, skill-based SOE director selection and appointment process, and preparation of a new 3-year corporate plan and statement of corporate objectives. These were approved by the KCH board in 2020 and included in the KCH amendment bill.

PSDI has also been assisting KCH in evaluating options for monetizing SOE assets, including various land and equity holdings, and assisted in evaluating the overall debt position of selected SOEs.

TELECOMMUNICATIONS SECTOR REFORM

As part of its support to KCH, PSDI also has been providing advice on a potential restructuring of the PNG telecommunications sector.

In FY2019/2020, PSDI provided KCH with two strategic analysis papers, including options for restructuring the state’s investments to foster increased competition and reduce the state’s risk exposure. It then delivered a policy options paper on the restructuring of Kumul Telikom Holdings, which generated a reconsideration of the overall strategy being developed for the sector.

PPP SUPPORT

PSDI is working to improve the efficiency and transparency of infrastructure service delivery by enabling PPP transactions through legislative reform and feasibility assessments.

In January 2018, the PSDI-supported Public Private Partnership Act was published in the National Gazette, after passing Parliament in September 2014. The Act enables the creation of a PPP program and requires PPP transactions to be developed transparently and predictably, with reduced risks to private sector participation. Since its enactment, PSDI has developed an implementation strategy; a PPP project pipeline; a business plan for a PPP Centre; position descriptions; standard operating procedures; and draft implementing regulations. In 2020, the Government of PNG signaled its intent to fully implement the PPP Act and requested PSDI support.

In FY2020/2021, the PPP Act implementation strategy was endorsed by the Department of National Planning and Monitoring, and a first set of regulations was endorsed by the National Executive Council. PSDI then prepared necessary amendments to the PPP Act to address conflicts with recently enacted legislation and facilitate implementation. PSDI engaged with a wide range of stakeholders to ensure a broad understanding of the act. The amended act was passed and gazetted in 2022, paving the way for the establishment of the PPP Centre and PPP project development process.

In November 2013, PSDI presented updated Port Moresby and Lae Airport PPP assessments to the National Airports Corporation and completed a detailed PPP options study for the new Lae Port in May 2014. This assessment enabled further ADB support for a proposed PPP at Jacksons Airport through ADB’s Office of Public–Private Partnership.

Following a Memorandum of Understanding signed in 2016 with PNG Power (PPL), PSDI developed outline business cases for solar farm PPPs in three provincial centers: Alotau, Kavieng, and Kokopo. The Alotau and Kavieng tenders were abandoned due to the lack of bankable title to the land offered by local authorities. In FY2020/2021, PSDI updated the PPP pre-feasibility analysis for a 5-megawatt solar PPP in Kokopo and was asked for project implementation assistance, with a competitive tender process launched in late 2021. A tender for a suitable land parcel for the PPP was also launched in 2022. PPL hopes to conclude both transactions by end 2022.

In 2018, PSDI completed a PPP assessment for a new water treatment plant for Port Moresby. In FY2020/2021, KCH requested PSDI undertake a PPP pre-feasibility study for the water treatment plant, and results of this study were delivered in late 2021. Pending a decision from the Government to proceed, PSDI will support Water PNG in preparing the tender for the PPP, including securing land, conducting impact assessments, and transaction structuring.
COMPETITION AND CONSUMER PROTECTION

CONSUMER AND COMPETITION FRAMEWORK REVIEW

PSDI comprehensively assessed PNG’s competition policy settings through the CCF Review, initiated at the request of the Department of Treasury in 2014.

The CCF Review had a broad scope, encompassing consumer protection, competition, economic empowerment of women, price monitoring and controls, industry regulation, and the promotion of a competitive business environment. PSDI conducted extensive stakeholder consultation for the review, including interviews, public workshops, and consumer focus groups.

The final CCF Review Report, which was endorsed by the National Executive Council in April 2018, recommended sweeping legislative changes and revised administrative and regulatory practices. A key recommendation was the creation of a National Competition Policy (NCP) to articulate the government’s commitment to fostering pro-competitive outcomes. PSDI provided a draft NCP in late 2017.

The NCP was endorsed by the National Executive Council in FY2020/2021, and PSDI is now working on a draft Competition and Consumer Protection Bill that supports the requirements of an ADB policy-based loan. PSDI supported the Department of Treasury in the preparation of a policy paper and an amendment to the ICCC Act. The amendment provides ICCC with statutory authority to collect data on women’s participation in public procurement and data on competitive neutrality principles. The Bill will be considered by NEC in mid-2022.

BUILDING COMPETITION REGULATOR CAPACITY

PSDI is supporting the ICCC’s ability to apply and enforce legal frameworks.

This work is conducted through an agreement made with Australia’s Department of Foreign Affairs and Trade in 2015. In 2018, concurrent with the drafting of the CCF Review, PSDI assessed the ICCC’s capability to perform its statutory responsibility of protecting consumers and promoting competition in PNG. This ICCC Capability Evaluation identified several areas for improvement, including internal management practices and priority setting, regulatory functions, and public education.

Based on the findings of the ICCC Capability Evaluation, PSDI commenced a capacity development program with the ICCC in February 2018, which has since provided training to staff in areas including investigations, market definition and assessment, consumer protection, mergers and acquisitions, cartel conduct, and corporate management. PSDI has now developed virtual training materials in response to COVID-19 travel restrictions, with online capacity support delivery beginning in FY2020/2021.

Bilum vendor, Mount Hagen.
ECONOMIC EMPOWERMENT OF WOMEN

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

TARGETED PROJECTS TO ENHANCE THE ECONOMIC EMPOWERMENT OF WOMEN

PSDI is working to remove barriers to women's participation in the formal economy through pilot initiatives helping businesswomen enter the formal economy, and helping women professionals reach leadership positions.

In early 2018, PSDI concluded a pilot project created to help businesswomen operating in the informal sector—in this instance, women in the fishing industry—to formalize their businesses. Through project partner MiBank, participants were provided with access to finance to grow their businesses and connect with markets, as well as financial literacy and vocational training. PSDI provided training on product development and business management to strengthen the women’s abilities to operate sustainable businesses over the long term.

PSDI also developed a PNG-focused version of the Women’s Business Leadership Program, which was delivered in partnership with the Business Coalition for Women (BCFW) in late 2019. The program, which PSDI has already delivered in Fiji and Tonga, demonstrates a support intervention that can help increase the number of professional women in senior roles. Through training on topics such as governance, risk management, effective communication, and board participation, and by pairing participants with mentors and engaging men in their workplaces to advocate for women's professional and economic progress, the program helps provide pathways for women to leadership positions. In PNG, the program attracted more than 20 participants from 12 companies and organizations.

In FY2020/2021, PSDI supported the BCFW to build on the previous training, and to address participant feedback, in the development of a Senior Executive Women’s Program (SEWP). The program sought to prepare participants for senior leadership positions through a combination of lecture-style presentations, case studies, guest speakers, and interactive activities. The course, delivered virtually over 17 weeks to 11 participants, included modules on risk management and resilience; financial literacy; organizational culture and leadership styles; governance; and communications and strategy. The course also included sessions on building support networks, and on transitions and career planning. PSDI also developed a monitoring and evaluation plan, and undertook a course-end evaluation.

Using the curriculum, participant materials, and facilitation guide, BCFW intends to deliver the SEWP as part of its training offering going forward, and has two cohorts planned for 2022. PSDI and BCFW will also work together to undertake a follow-up evaluation with participants from the first cohort in mid-2022.

INCREASING WOMEN'S REPRESENTATION ON SOE BOARDS

PSDI has worked closely with KCH to support policy and management of SOEs in PNG.

As part of an ADB policy-based loan, a 12% representation of women on SOE boards was specified, later revised to 30% by the KCH managing director. In FY2020/2021, PSDI helped develop an implementation plan to this end.

In FY2020/2021, PSDI also developed a database to collate details of a pipeline of qualified and suitable candidates for boards, including women. The database includes analytical tools to track progress on board composition, skills, and experience, and includes details on candidate qualifications and technical expertise. A counterpart at KCH has taken responsibility for management and population of the database, with regular support from PSDI, including provision of a technical manual. PSDI has also provided support to develop and embed a process to develop board profiles, which will help match the best candidates to upcoming vacancies, and support the implementation of director appointment guidelines. PSDI will also support KCH to implement, monitor, and report on its diversity and inclusion policy; seek opportunities to raise the awareness of the benefits of gender-balanced boards; and identify and address ongoing constraints and opportunities for women on boards.

WOMEN-FRIENDLY COMPETITION AND CONSUMER PROTECTION

PNG’s PSDI-supported CCF Review recognized the need for policies, laws, and institutions to be responsive to the needs of women as producers, consumers, and employees.

The PSDI-supported policies and training are informed by analysis undertaken by the review team, which details the manner in which such laws affect women and addresses how to economically empower women and improve their role in the private sector. Economic Empowerment of Women considerations will continue to be mainstreamed in all work related to the CCF Review.

UNDERSTANDING THE ENABLING ENVIRONMENT FOR WOMEN

As part of its diagnostic work, the PSDI Women in Business Consultation aims to understand how a country’s business environment works for women, the barriers women face, and opportunities for reform.

The PNG Women in Business Consultation builds on a desk-based study of the benefits and impacts of different business entities for women through the Pacific region, which was completed in 2021. The Women in Business Consultation in PNG will seek input from women who operate businesses in the formal and informal sector, as well as peak bodies, and validate the findings of the desk-based study for the PNG context. The consultation will be completed in mid-2022, with a report with recommendations expected in FY2022/2023.
ANALYSIS AND ADVOCACY


In the 50 PNG organizations sampled in *Leadership Matters*, PSDI determined 19% of board directors are women—lower than the Pacific-wide average of 21% but higher than the global average of 17%. However, at the board chair level, 4% of chairs are women in PNG—lower than the 11% Pacific-wide average and the 5% global average. In senior management, the proportion of chief executive officers in PNG who are women sits at 5%—higher than the global average of 4% but lower than the 11% Pacific average.

ANALYTICAL WORK AND CROSS-CUTTING THEMES

*Foundation for the Future: A Private Sector Assessment for Papua New Guinea* was published in 2008, as was a booklet on the findings of the survey research undertaken for it: *The Challenges of Doing Business in Papua New Guinea: An Analytical Summary of the 2007 Business Environment Survey by the Institute of National Affairs*.


Additionally, PNG’s KCH was assessed in the 2022 policy brief, *State-Owned Enterprises: Board Nomination Practices in the Pacific*.
IN SAMOA, PSDI HAS WORKED TO:
- Increase access to finance
- Strengthen the Development Bank of Samoa (DBS) through commercial reorientation, and to refine, expand, and pilot a loan facility targeting women and youth
- Simplify business laws and registration processes
- Review competition and consumer protection policy and law needs
- Strengthen state-owned enterprise (SOE) policy, performance, governance, and transparency
- Support reform through advocacy and analysis

SAMOA SPENDING BY FOCUS AREA 2007-2021 ($3,090,072)

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<th>Focus Area</th>
<th>Funding</th>
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<td>Business Law Reform</td>
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<td>SOE Reform/PPP</td>
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<td>Economic Empowerment of Women</td>
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<td>Analytical Work and Cross-Cutting</td>
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<td></td>
<td>$500,000</td>
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PSDI has spent $3,090,072 in Samoa to June 2021, indicative of the wide range of reforms the country has pursued to improve its business-enabling environment. Financing Growth initiatives have received almost 29% of this funding, enabling the procurement of a personal property securities registry. Business Law Reform has received the second most funding, with $805,888 going towards creation of an online companies registry and recent evaluations of the company law and registry expansion opportunities.
FINANCING GROWTH

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

INCREASING THE PROVISION OF LOANS SECURED WITH MOVABLE ASSETS

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.

PSDI supported the enactment of the Personal Property Securities Bill in February 2013. Subsequent to an amendment to the act in 2015, PSDI commenced procurement of a registry, which launched in February 2017 with full design and implementation support from PSDI. With PSDI assistance, DBS has introduced financing products for the agricultural sector that take advantage of the secured transactions framework. PSDI has assisted DBS with two pilot schemes under development—one for cocoa financing on Savai’i and one for taro financing on Upolu—and continues to provide intermittent support to expand such projects.

SUPPORTING THE COMMERCIAL REORIENTATION OF DBS

Since fiscal year (FY) 2017/2018, PSDI has been delivering a package of technical assistance to DBS aimed at strengthening the financial position of the bank, improving its operations, and clarifying its strategic role within a competitive, private sector-oriented financial system.

PSDI has helped assess the impact of nonperforming loans on DBS’s capital and liquidity position, formulate strategies for the resolution of large non-performing loans, and draft a comprehensive set of internal policies, including for credit assessment and risk management. The policies were approved by the DBS board, and PSDI has undertaken training with directors and staff on their implementation.

In Phase IV, PSDI has built on this support to help stakeholders clarify the strategic direction of DBS, to align strategy with the corporate plan and financial forecasts through workshops, and to refine the existing corporate plan and develop a capital projections model. PSDI’s Financing Growth and Economic Empowerment of Women teams have also supported DBS to review and expand a loan product targeting women and youth (see Economic Empowerment of Women section).

In 2022, PSDI began the development of an independent corporate review of DBS, in cooperation with bank management and the Government of Samoa.

CREDIT BUREAU DEVELOPMENT

PSDI is working with the Central Bank of Samoa (CBS) to develop a Samoa-domiciled and controlled credit bureau, to be regulated directly by the bank.

The country’s lack of a credit bureau is a significant barrier for financial inclusion and private sector development, constraining direct lending, especially in the small business loan markets.

PSDI provided a diagnostic report on the development of such a bureau to CBS in late 2018, and in FY2019/2020 developed a consultation paper to engage primary stakeholders. In 2021, PSDI provided CBS with a draft bill for the central bank national credit register.

BUSINESS LAW REFORM

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

COMPANIES REGISTRY DEVELOPMENT AND LEGAL REFORM

PSDI has supported an update to Samoa’s Companies Act and the development of an associated online registry.

In 2013, PSDI supported an update of Samoa’s Companies Act Regulations and assisted with the procurement and installation of a new electronic registry. Together with the New Zealand Companies Office, PSDI also carried out significant public awareness activities and capacity building for the new registry. Implementation has revealed that various elements of company law would benefit from an amendment.

PSDI has thus been asked to provide drafting and policy support for improvements to Samoa’s Companies Act, and will review the act together with the registry in 2022.

SIMPLIFYING BUSINESS LAWS

Since 2018, PSDI has been working to implement a business law simplification package in Samoa.

The package includes a legal diagnostic and policy review of foreign investment processes and regulations (currently paused), and laws governing other entities managed by the Ministry of Commerce, Industry and Labor (MCIL). It also includes a scoping study for the potential introduction of a business names framework, which would help sole traders enter the formal sector by providing legal recognition when they register their business name. It would also support AML/CFT compliance in Samoa.

In FY2019/2020, PSDI prepared a business names consultation paper for MCIL to engage the private sector, government, and the public. Consultations are due for completion in 2022. Once completed, PSDI will prepare a policy paper for government endorsement before supporting the drafting and passage of appropriate legislation to Parliament. PSDI will also support the development of an online business names registry, which will be conducted as part of a registry review and the development of a regional registry.
STATE-OWNED ENTERPRISE REFORM AND PUBLIC-PRIVATE PARTNERSHIPS

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

STATE-OWNED ENTERPRISE REFORM

PSDI has provided ongoing support to the Government of Samoa’s state-owned enterprise reform program, including policy development and review.

Samoa appointed an SOE Minister in April 2014. PSDI provided advice to the new minister and the Ministry of Finance on how best to undertake the responsibilities of this new role. PSDI also provided advice on changes required to the SOE Act to support the SOE Minister’s role and tighten transparency and accountability. The amendments were enacted in January 2015.

In June 2014, PSDI prepared an SOE ownership, performance, and divestment policy update, which was endorsed by Cabinet in January 2015. In the first half of 2015, support was also provided to the SOE Monitoring Division to strengthen the selection and appointment of directors and to develop a director performance evaluation tool.

PSDI also undertook a review of proposed amendments to the Public Bodies Act in August 2016, and continues to provide ongoing support to the Ministry of Public Enterprises to strengthen SOE governance and monitoring. In FY2019/2020, PSDI supported the development of a draft National Competition Policy, which was adopted by Cabinet in 2013. PSDI also assisted in the drafting of a Competition and Consumer Act, which was enacted in January 2016. PSDI provided a draft implementation plan, but progress to date has been slow. PSDI continues to provide intermittent advice on various technical matters.

PRIVATIZATION AND PUBLIC-PRIVATE PARTNERSHIP (PPP) SUPPORT

PSDI has provided ongoing support when requested for the Government of Samoa’s PPP and privatization plans.

In 2012, the Government of Samoa requested PSDI support for the privatization of three SOEs: Agriculture Stores Corporation (ASC), Polynesian Airlines (Investment) Limited, and Samoa Shipping Services. Cabinet approved PSDI’s recommended sales strategy for ASC but the Privatization Committee, appointed by Cabinet, opted for a more complex sales process. The sale of ASC was completed in April 2016.

PSDI’s privatization scoping paper for Polynesian Airlines was submitted in October 2012, but the transaction did not proceed.

PSDI provided privatization options for three SOEs (the Public Trust Office, Samoa Post, and Samoa Housing Corporation) in 2017. The government initially decided to pursue these but has since rescinded one privatization decision and is progressing the other two as PPPs, with support from ADB’s Office of PPPs.

COMPETITION AND CONSUMER PROTECTION

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

COMPETITION AND CONSUMER PROTECTION POLICY AND LEGAL REFORM

At the request of the Government, PSDI has reviewed Samoa’s competition and consumer protection policy and law needs, and supported the development of a draft policy and bill.

PSDI then supported the development of a draft National Competition Policy, which was adopted by Cabinet in 2013. PSDI also assisted in the drafting of a Competition and Consumer Act, which was enacted in January 2016. PSDI provided a draft implementation plan, but progress to date has been slow. PSDI continues to provide intermittent advice on various technical matters.

IMPLEMENTATION OF A COMPETITION AND CONSUMER COMMISSION

PSDI provides ongoing support to the newly established Competition and Consumer Commission.

With the legislative framework for competition and consumer protection in place, the government established a Competition and Consumer Commission, which has responsibility for administering the new law and the power to take action against violations. A public education program and an awareness-raising campaign for businesses were undertaken so that consumers and businesspeople would understand their rights and responsibilities under the new law. At the request of the Government, PSDI will expand its current program of support to the Commission. It is anticipated that the program will include an evaluation of the Commission’s needs, followed by training, mentoring, and tailored advice.

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

Lavalava vendor, Apia.
A technical assistance program undertaken in partnership with:

Pacific Private Sector Development Initiative
Asian Development Bank
Pacific Liaison and Coordination Office
Level 20, 45 Clarence St, Sydney 2000 Australia
Ph: +61 2 8270 9444
Fax: +61 2 8270 9445

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INCREASING ACCESS TO FINANCE FOR WOMEN AND BUSINESSES OWNED BY WOMEN

Micro, small, and medium-sized enterprises represent the vast majority of productive enterprises in Samoa, yet continue to face disproportionate costs and barriers when seeking credit.

These barriers are also faced by the woman-dominated Samoan informal business sector. This creates a large, unmet demand for finance, which stifles business innovation and expansion, as well as national economic growth.

PSDI is working with DBS to refine and expand a loan facility—piloted in Savai’i from 2017 to 2019—targeting women and youth. In FY2020/2021, PSDI undertook an initial review of the Savai’i pilot loan scheme results, including recommendations from a New Zealand-funded 2020 review. The review included recommendations for the refined loan product to be implemented in at least one location.

SUPPORTING INCLUSIVE POLICY DEVELOPMENT

PSDI is also working with DBS to draft and support the implementation of a gender equality and social inclusion policy.

In FY2020/2021, PSDI conducted initial consultations with DBS staff to review the bank’s existing gender equality and social inclusion-related policies and determine the objectives of the new policy, which was delivered in January 2022. PSDI will now support the implementation of the policy. PSDI’s support is based on previous in-depth analytical work, including the September 2020 policy brief Government-Owned Banks: Their Role in Pacific Financial Systems.

ANALYSIS AND ADVOCACY

Samoa is featured in PSDI’s 2018 regional study on Pacific women’s engagement in the private sector, Women and Business in the Pacific.

Samoa was included in PSDI’s 2021 Leadership Matters: Benchmarking Women in Business Leadership in the Pacific report. PSDI found that in Samoa, 25% of chief executive officers and 33% of board directors for the 22 sampled organizations were women. This was higher than the global average of 4% and 17% respectively, and the Pacific-wide average of 13% and 21% respectively. At the board chair level in Samoa, 19% are women—higher than the 11% regional average and 5% global average.

ANALYTICAL WORK AND CROSS-CUTTING THEMES

A private sector assessment, Samoa: Consolidating Reform for Faster Economic Growth, was published in 2008, and a second assessment, Reform Renewed: A Private Sector Assessment for Samoa, was published in 2015.

Samoa has participated in all six of PSDI’s Finding Balance regional SOE benchmarking studies, PSDI’s 2018 brief on tourism trends in the region, Tourism as a Driver of Growth in the Pacific, and PSDI’s 2016 report, Digital Financial Services in the Pacific: Experiences and Regulatory Issues. Samoa was also included in PSDI’s 2021 regional tourism assessment, Looking Forward Vol. 1: Evaluating the Challenges for Pacific Tourism After COVID-19. PSDI also published a tourism sector snapshot for Samoa in 2021, surveying the Samoa tourism sector pre-COVID-19 and identifying new and existing challenges and opportunities for the tourism industry. Additionally, Samoa was assessed in the 2022 policy brief, State-Owned Enterprises: Board Nomination Practices in the Pacific.
IN SOLOMON ISLANDS, PSDI HAS WORKED TO:
- Develop a secured transactions framework and support financial institutions
- Modernize business laws and registration processes
- Strengthen competition and consumer protection
- Strengthen state-owned enterprise (SOE) policy, performance, governance, and transparency
- Promote women’s economic empowerment through pilot projects and legislative review
- Support reform through advocacy and analysis

KEY PSDI ACTIVITIES AND OUTCOMES

2009: Secured transactions framework established
2010: Online companies registry launched
2015: Extensive support program to modernize the customs and excise regime initiated
2015: *Continuing Reforms to Stimate Private Sector Investment: A Private Sector Assessment for Solomon Islands* published
2016: Online company registry upgraded to include business names and foreign investor registrations
2018: SOE Ownership Policy endorsed
2018: SOE financial results and performance reporting websites launched
2018: Competition Policy endorsed
2019: Interim credit license for Solomon Finance Limited granted
2020: Commenced drafting of Competition and Consumer Protection Bill
2021: Prepared amendments to Solomon Islands’ SOE Act and Regulations
2021: Commenced revisions to Solomon Islands’ Insurance Act, Financial Institutions Act, and National Provident Fund Act
2022: Solomon Finance Limited commences lending

SPENDING OVERVIEW
Solomon Islands has been a leading reformer in the Pacific region, actively seeking and implementing reform initiatives with significant support from PSDI. At $5.82 million (to 30 June 2021), it has received the second-largest share of PSDI funds, behind Papua New Guinea.

Business Law Reform activities account for more than 42% of PSDI’s spending in Solomon Islands since 2007, funding initiatives such as customs and company law reform, including the procurement of an online companies registry. Initiatives supporting SOE Reform and Public–Private Partnerships (PPPs) account for 25% of overall spending and have led to the installation of a community service obligation framework, the development of shared accounting services, the successful privatization of three SOEs, and a new SOE ownership policy. Financing Growth initiatives, which account for 16% of overall spending, have underpinned secured transactions reform, a review of the regulatory framework for microfinance and mobile banking, the strengthening of the National Provident Fund, and the development of a credit union policy.

SPENDING BY FOCUS AREA
2007-2021 ($5,823,073)

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<td><strong>ANALYTICAL WORK AND CROSS-CUTTING</strong></td>
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$0 $500,000 $1,500,000 $2,500,000

A technical assistance program undertaken in partnership with:
FINANCING GROWTH

OUTCOMES, 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.

PSDI supported the establishment of a secured transaction framework in Solomon Islands, with the enactment of the Secured Transactions Bill in 2008, and the implementation of an electronic Personal Property Securities Registry in 2009. As at June 2021, more than 11,600 security interests have been registered in Solomon Islands.

Solomon Islands’ biggest finance company has embraced the secured transactions framework and increased its loan assets considerably. However, banks are yet to take full advantage of the opportunity to accept movable assets as collateral. In response, PSDI is working to increase lenders’ uptake of the framework, with a particular focus on agriculture supply chain financing.

SUPPORT FOR FINANCE SECTOR DEVELOPMENT

PSDI supports development of finance sector legal and regulatory frameworks that promote financial sector development and improve access to inclusive finance.

PSDI is working to strengthen Solomon Islands’ finance sector legal and regulatory framework, and support finance sector reform through revisions to the country’s Insurance Act, Financial Institutions Act, and National Provident Fund Act. Reviews are ongoing.

CREDIT UNION POLICY AND LEGISLATION

The Government of Solomon Islands asked PSDI to help prepare a credit union policy as a precursor to updating its credit union legislation, which was outdated and not tailored to the local context.

In 2014, PSDI helped develop a new policy with drafting instructions, which was endorsed by Cabinet in 2016. In 2017, PSDI drafted a new Credit Unions Bill. Consultations on the draft bill, led by the Ministry of Finance and Treasury and the Central Bank of Solomon Islands (CBSI), were held in 2018. Based on these consultations, PSDI revised the bill in 2019. The bill is currently awaiting vetting by the Attorney-General’s Chambers, after which it will go to Cabinet for endorsement. PSDI continues to support the endorsement process.

STRENGTHENING THE NATIONAL PROVIDENT FUND

PSDI is working to strengthen the Solomon Islands National Provident Fund (SINPF) and increase its ability to become a long-term provider of domestic finance.

PSDI supported a feasibility study by the SINPF’s management of the business case for establishing a subsidiary finance company. The study, finalized in October 2018, found that there was a strong financial case to support the proposal that SINPF establish a non-bank financial institution in the Solomon Islands, and that such a business would be compatible with SINPF’s objectives. The report recommended that SINPF establish a separate, wholly-owned subsidiary, licensed by the CBSI, to extend financial credit to members. The SINPF board approved the establishment of Solomon Finance Limited (SFL), and PSDI in fiscal year (FY) 2019/2020 supported SFL to meet the requirements for an interim license from CBSI, which was granted in November 2019. In FY2020/2021, PSDI continued to support SFL with its establishment, its business plan, and the development of appropriate policies and safeguards to meet CBSI’s requirements for a full license. SINPF’s full license was granted in late 2021 and SFL started lending in March 2022.

BUSINESS LAW REFORM

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

COMPANIES REGISTRY DEVELOPMENT AND LEGAL REFORM

PSDI has worked extensively to reform the Solomon Islands business environment.

PSDI assistance and extended advocacy saw the Companies Act passed in 2009, and an online company registry, Company Haus, launched.

PSDI also provided ongoing policy guidance and support in drafting a Business Names Bill that passed through Parliament and into law in August 2014. PSDI continues to support the Act’s implementation through ongoing policy advice and advocacy. In November 2016, business names were added to the online registry.

PSDI also undertook a diagnostic on building an online foreign investment registry. This resulted in the development of a common online platform encompassing foreign investment registrations, company registrations, and business name registrations, thereby creating an integrated, streamlined investment start-up process. PSDI also supported the rebranding of the Foreign Investment Division, to InvestSolomons, as part of this initiative. The integrated online registry, encompassing company, business names, and foreign investment registrations, was successfully launched in November 2016 at www.solomonbusinessregistry.gov.sb. PSDI continues to provide implementation support.
STATE-OWNED ENTERPRISE REFORM AND PUBLIC-PRIVATE PARTNERSHIPS

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

SOE REFORM

PSDI has worked to implement a community service obligation (CSO) framework for SOEs, to assist in the implementation of the SOE Act, and to prepare an SOE Ownership Policy.

Solomon Islands' SOE portfolio has undergone a remarkable turnaround over the past 10 years. Rates of return on both assets and equity, which were negative from 2002–2009, are now positive, demonstrating what can be achieved with strong government commitment to SOE reform.

PSDI supported the Solomon Islands SOE monitoring unit in implementing a CSO framework and drafting CSO contracts for selected SOEs from 2011–2015. An evaluation conducted by PSDI in 2015 concluded that these have been instrumental in improving the financial performance of the SOEs. Implementation of the CSO framework and contracts has required ongoing training of SOE and Ministry of Finance officials responsible for SOE monitoring. PSDI also supported the development of statements of corporate objectives by SOEs and shared accounting services for smaller SOEs.

PSDI continues to provide assistance towards the implementation of the SOE Act and supported drafting, consultations, and finalization of the SOE Ownership Policy for Solomon Islands, which was endorsed by Cabinet in November 2018. The policy outlines the rationale for SOE ownership, performance expectations, privatization principles, and dividend requirements. PSDI is supporting the government’s efforts to implement the policy.

In 2021, PSDI prepared amendments to the SOE Act and Regulations to align it with the SOE Policy and strengthen key governance and oversight provisions. The amendment bill is expected to be tabled in Parliament in 2022.

PRIVATIZATION AND PPP SUPPORT

PSDI has supported several privatizations and provided a feasibility assessment for a potential PPP for Solomon Water.

PSDI has supported the privatizations of Solomon Island Printers in 2012, Sasape Marina in 2010, and Home Finance in 2008. In 2018, PSDI prepared a PPP pre-feasibility assessment for a new water treatment plant for Solomon Water. The assessment outlined whether the new water treatment plant could be procured as a PPP under a build-operate-transfer structure. The PPP assessment was completed, but budget constraints prevented Solomon Water from pursuing the project at that time.

PORT TARIFF AND PRODUCTIVITY ANALYSIS

In June 2016, PSDI provided analysis to the Ministry of Finance in the form of a regional benchmarking study on port tariffs and productivity.

PSDI’s analysis revealed that recent tariff hikes and productivity losses at the Solomon Islands Port Authority had made it one of the poorest performers in the region. The study served to inform a national debate on port commercialization.

COMPETITION AND CONSUMER PROTECTION

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

REVIEW OF COMPETITION AND CONSUMER PROTECTION POLICY AND LEGAL NEEDS

PSDI has reviewed Solomon Islands’ competition policy and law requirements and is helping to reform its competition and consumer protection framework.

At the request of the government, PSDI commenced a review of the country’s competition policy and law requirements in mid-2015. An issues paper produced in December 2015 recommended the government consider a multi-year phased implementation of any reforms, and substantial capacity building to provide the necessary skills base for administration of consumer and competition safeguards.

Since 2015, PSDI has also been helping Solomon Islands review and revise its competition and consumer protection framework. A competition policy was endorsed by Cabinet in April 2018. The Government has also requested support for a Consumer Protection Bill. PSDI commenced work on a draft bill in 2020 and, working closely with the Ministry of Finance, has reached an advanced stage of drafting. It has also prepared the terms of reference for an advisory group, which has been formed by the ministry.
ECONOMIC EMPOWERMENT
OF WOMEN

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

TARGETED PROJECTS TO ENHANCE WOMEN’S ECONOMIC EMPOWERMENT

PSDI has supported the implementation of several target projects to improve the economic empowerment of women.

In 2014, PSDI analyzed constraints to women’s economic empowerment in Solomon Islands and initiated the following three targeted projects to increase women’s engagement in the private sector:

1. Boosting Women’s Technical Skills – In 2014, PSDI collaborated with the West ‘Are’Are Rokotanikeni Association, an established NGO in Southwest Malaita in Solomon Islands, to assist women to establish formal businesses providing solar panel maintenance and repair. Eighteen women from remote communities including Ohu and Kiu took up the opportunity to learn technical skills and develop businesses. Tool kits and refresher training were supplied to previous and new trainees in early 2017 to enable them to continue to use their skills and grow their businesses.

2. Improving Inclusive Governance – This pilot training program, run in conjunction with the Solomon Islands Chamber of Commerce and Industry (SICCI) in 2014–2015, aimed to equip women with the corporate governance skills and confidence to take board roles with private and state–owned companies, and to improve governance practices in the process. In addition to training the 18 participants, PSDI also trained a group of trainers, who have since delivered the training to more than 100 people.

3. Collaborating with Large Businesses to Encourage Women’s Entrepreneurship – In 2015, PSDI collaborated with Guadalcanal Plains Palm Oil Ltd. to assist women related to the company’s male employees to develop a sustainable, formal business. The women created a successful clothing and uniform manufacturing business, which is now turning a profit.

REVIEWING DISCRIMINATORY LAWS

PSDI also proposed amendments to SINPF legislation and Business Names legislation to remove discriminatory provisions, and called for a gender–inclusive approach to the drafting of new credit union legislation.

ANALYSIS AND ADVOCACY

Solomon Islands is featured in PSDI’s 2018 regional study on Pacific women’s engagement in the private sector, Women and Business in the Pacific, and in PSDI’s 2021


The study sampled 30 organizations in Solomon Islands and the proportion of women in board director positions, at 11%, was well below the regional average of 21%. No Solomon Islands women held the position of board chair within the sample, while women occupied 7% of chief executive officer positions.

ANALYTICAL WORK AND CROSS-CUTTING THEMES

A private sector assessment, Continuing Reforms to Stimulate Private Sector Investment: A Private Sector Assessment for Solomon Islands, was published in 2015.


Solomon Islands was included in the 2021 regional tourism assessment, Looking Forward Vol. 1: Evaluating the Challenges for Pacific Tourism After COVID-19. PSDI also published a tourism sector snapshot for Solomon Islands in 2021, surveying the country’s tourism sector pre–COVID-19 and identifying new and existing challenges and opportunities for the tourism industry. PSDI will also in 2022 support ADB to further sustainable tourism in the Arnavon Community Marine Park, including through tourism destination planning and development, sustainable tourism training, revenue diversification, and investment frameworks.

Additionally, Solomon Islands was assessed in the 2022 policy brief, State-Owned Enterprises: Board Nomination Practices in the Pacific.

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A technical assistance program undertaken in partnership with:
IN TONGA, PSDI HAS WORKED TO:
- Increase access to finance
- Strengthen the governance and operations of Tonga’s public- and private-sector retirement funds
- Simplify and modernize business and investment laws, including foreign investment laws, and streamline business registration processes
- Improve the performance of state-owned enterprises (SOEs) and assess public-private partnership (PPP) and privatization opportunities
- Support strong competition and consumer protection legislation and policy development, including the establishment of a multi-sector regulator
- Analyze and work to remove constraints to women’s full economic participation
- Support reforms through advocacy and analytical work, including analysis of Tonga’s tourism sector

KEY PSDI ACTIVITIES AND OUTCOMES

2008: Transforming Tonga: A Private Sector Assessment published
2011: Secured transactions framework established
2012: Continuing Reform to Promote Growth: Update of the Private Sector Assessment for Tonga published
2013: Tonga Investments privatized and Tonga Print Limited partially liquidated
2014: Work with the Tonga Retirement Fund Board (RFB) commenced
2014: Online companies, business names, and business licenses registry launched
2014: SOE Ownership, Divestment, and Reform Policy adopted
2015: Tonga Water Board outsourced
2016: Movable financing product with Tongan vanilla farmers piloted
2018: Port Strategic Review endorsed by Tonga’s Cabinet
2019: Tonga Power Limited PPP completed
2020: Foreign Investment Act passes Tonga’s parliament
2021: Diagnostic and options paper for a multi-sector regulator completed for the Ministry of Commerce
2021: Policy design and drafting of Foreign Investment Act regulations completed
2022: Tonga informal sector survey report submitted

OVERVIEW AND SPENDING

From 2007 to 30 June 2021, Tonga has received $4.87 million in PSDI assistance. Of this overall figure, 27% has been allocated to Business Law Reform initiatives, which have included development of the Pacific’s first multiple-entity registry and numerous legislative reforms. A broad SOE Reform and PPP program has received 28.6% of total funding. Financing Growth initiatives have received more than 20% of the overall figure, including the development of a secured transactions framework.

SPENDING BY FOCUS AREA
2007-2021 ($4,873,746)

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A technical assistance program undertaken in partnership with:
FINANCING GROWTH

OUTCOMES, 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 or movable assets as security—and by working with lending institutions to encourage its uptake.

The Personal Property Securities Bill was enacted in September 2010, and the associated online Personal Property Securities Registry went live in April 2011. PSDI later supported amendments to the act, which passed in December 2012, and a registry upgrade. As at June 2021, more than 11,000 security interests have been registered in Tonga.

PSDI worked closely with Tonga Development Bank to develop a supply-chain financing product for the vanilla industry, and has proposed several other product concepts. While the secured transactions framework is being used, more generally, it is not yet fulfilling its potential. PSDI continues to engage with Tongan lenders to increase their uptake of the secured transactions framework.

STRENGTHENING RETIREMENT FUNDS

PSDI is working to strengthen governance and operations of both the public-sector and private-sector employees’ retirement funds in Tonga.

Since mid-2014, PSDI has been assisting the RFB, Tonga’s public-sector employee fund, to strengthen its governance and operations. Initial work involved reviewing the board’s policies and identifying revisions needed to harmonize policy with industry standards. Subsequent assistance was directed toward further improving the board’s policies and drafting new policies where required; improving the investment management framework, including developing guidelines for investing in SOEs; and improving returns to fund members while preserving the fund’s sustainability.

PSDI has also worked with the RFB to develop its investment policy and investment guidelines, consistent with the overarching statement of investment beliefs. In 2022 PSDI will draw on its establishment of a retirement fund advisory panel to progress its work with RFB, including through support for an actuarial risk review.

Similar work has been undertaken with the National Retirement Benefits Fund (NRBF), the private-sector employees’ fund. In fiscal year (FY) 2017/2018, PSDI supported the drafting of new policies, which were approved by the NRBF’s board. PSDI also worked with NRBF management to prepare guidelines for domestic property and equity investments, to review insurance protection offered to the fund’s members, and to review the sustainability of the fund’s crediting rate policy. In FY2018/2019, PSDI worked with NRBF to evaluate its methodology for calculating dividends and develop a crediting rate policy.
STATE-OWNED ENTERPRISE REFORM AND PUBLIC-PRIVATE PARTNERSHIPS

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

SOE REFORM

PSDI has supported a broad-based SOE reform program affecting all of Tonga’s SOEs.

This has included the preparation of an amended SOE Act and governance training; the development of a director performance appraisal system, skills-based director selection process, and community service obligation guidelines; and the provision of training to assist with SOE Act implementation.

PSDI has also worked closely with the Asian Development Bank and other development partners to design SOE reform policy actions for inclusion into a multi-donor policy-based grant. Through ongoing policy dialogue with PSDI, Tonga agreed, in 2015, to undertake further SOE restructuring and governance reforms. PSDI drafted an SOE ownership and divestment policy that identifies seven high-priority divestments and includes reform plans for the balance of the SOEs. Cabinet endorsed the policy in 2015, and it was further updated in 2016.

PSDI has also supported the government’s governance reforms, and provided policy advice in the development of shared SOE boards. With PSDI’s assistance, Tonga has become the first country in the Pacific to develop SOE-specific financial targets based on the ministry’s assessment of risk and required return.

Tonga was the first Pacific developing member country to publish SOE financial and operational performance information in the local press, and has launched an online SOE information portal to make financial results, performance reporting, and other key information readily available for the first time.

PSDI is providing ongoing support to the Ministry of Public Enterprise for the development and implementation of SOE reform actions included in an Asian Development Bank policy-based grant. These reforms include the corporatization of the Tonga Broadcasting Corporation and preparation for the partial privatization of Tonga Communications Corporation.

PRIVATIZATION AND PPP SUPPORT

PSDI has provided assistance for a number of privatization and PPP projects in Tonga.

This has included:

• The partial liquidation of Tonga Print Limited in October 2013.
• The corporatization and commercialization process of the Small Industries Centre, which was commercialized in September 2012.
• An outsourcing scoping study for Tonga Water Board, which was implemented in 2015.
• Providing advice on privatization options for Tonga Forest Products Limited, culminating in the government’s agreement in May 2016 to enter into a 50-year concession contract with private sector interests to invest in, manage, harvest, and replant the SOE’s forestry assets.

PSDI also provided transaction advisory services for a six-megawatt solar farm on an Independent Power Producer basis with Tonga Power Limited, which was signed in March 2019. PSDI provided full support to the PPP transaction, including conducting a review of the initial tender process; supporting the technical evaluation of bids; reviewing the Power Purchase Agreement; and assisting with the finalization of tender documents, tender evaluation, and contract negotiation. The project reached financial close in FY2019/2020.

PSDI also funded the placement of an SOE expert within the Ministry of Public Enterprises for 3 months during 2014 to provide transactional support and capacity building, to advise on Tonga Forest Products Limited’s financial restructuring and privatization options, and to assist Tonga Broadcasting Commission to identify and cost community service obligations.

SUPPORT FOR THE PORT AUTHORITY OF TONGA

PSDI contributed to the development of a performance improvement strategy for the Port Authority of Tonga (PAT), with an emphasis on identifying opportunities to mobilize private sector capital and expertise.

The Port Strategic Review was endorsed by Tonga’s Cabinet in November 2018. In 2019, PSDI provided assistance to a PAT PPP Working Group on the preparation of a cargo handling concession, which included conducting a competitive tender process and reaching the final bid evaluation stage. After a pause in the tender process, PSDI restarted the process in FY2020/2021 for the stevedoring concession, including running a tender forum in February 2021, issuing updated tender documents, evaluating submissions, and producing an evaluation report. The evaluation report was endorsed by the PAT board. The initiative will create a 10-year stevedoring contract, provide an investment opportunity for the private sector, support the development of a full-service stevedoring capability, and reduce operating risks for PAT. In FY2020/2021, PSDI also undertook an assessment of the risks and opportunities of establishing a state-owned reinsurer to inform a cabinet inquiry. Following the assessment, the Government of Tonga agreed to explore more cost-effective strategies.

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

• The corporatization and commercialization process of the Small Industries Centre, which was commercialized in September 2012.
• An outsourcing scoping study for Tonga Water Board, which was implemented in 2015.
• Providing advice on privatization options for Tonga Forest Products Limited, culminating in the government’s agreement in May 2016 to enter into a 50-year concession contract with private sector interests to invest in, manage, harvest, and replant the SOE’s forestry assets.

PSDI has worked to review Tonga’s competition framework and deliver options for competition policy reform and the establishment of a multi-sector regulator.

PSDI commenced a review of Tonga’s competition framework in 2013. In 2014, the Government of Tonga requested that priority be given to the establishment of a multi-sector regulator, which PSDI agreed to support. Issues and options for a multi-sector regulator have been discussed with the government, and a proposal for a coordinated approach to regulatory and competition reform was provided to the government in 2015. After a period on hold, PSDI in FY2020/2021 completed a diagnostic and options paper for a multi-sector regulator for the Ministry of Commerce, which the cabinet is now considering.

The government also requested support for competition policy reform in 2015, which was put on hold. The incoming government has reengaged on this work and has prioritized the development of a National Competition Policy. This work will continue throughout 2022.
ECONOMIC EMPOWERMENT OF WOMEN

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

TARGETED PROJECTS TO ENHANCE WOMEN’S ECONOMIC EMPOWERMENT

PSDI has worked to develop and implement a targeted program aimed at increasing women’s business leadership.

PSDI designed and implemented the Women’s Business Leadership pilot project, which aimed to move women towards leadership positions by:

• Providing training on leadership and management, including corporate governance, media management, and business networking.

• Obtaining commitment from Tongan businesses to increase the participation and promotion of women employees, thereby instituting change in business culture and commitment to the professional advancement of women.

• Establishing links between Australian and Tongan businesswomen for their and their businesses’ mutual development.

The project was enthusiastically embraced by leading Tongan companies and government organizations. A series of 2-day training sessions were held in August and November 2015, and February 2016.

PSDI supported the Ministry of Trade and Economic Development to undertake an informal sector survey in Tonga, which will guide efforts to achieve inclusive and sustainable development. During FY2020/2021, PSDI supported the refinement of an informal sector survey tool, recruited a national survey company to conduct data collection, recruited enumerators, collected data, and initiated the process of data analysis. A survey report was submitted in February 2022, with PSDI supporting the strategic use of the results.

ANALYSIS AND ADVOCACY

Tonga is featured in PSDI’s 2018 regional study on Pacific women’s engagement in the private sector, Women and Business in the Pacific.

PSDI in 2021 also released its Leadership Matters benchmarking study on women in business leadership in the Pacific. The report sampled 17 organizations in Tonga, finding 18% of chief executive officers and 19% of board directors were women—higher than the global averages of 4% and 17% respectively. Some 10% of board chairs were also women, higher than the 5% global average.

ANALYTICAL WORK AND CROSS-CUTTING THEMES

A private sector assessment, Transforming Tonga: A Private Sector Assessment, was published in 2008, and Continuing Reform to Promote Growth: Update of the Private Sector Assessment for Tonga was published in 2012.

Tonga has participated in all six of PSDI’s Finding Balance regional SOE benchmarking studies and PSDI’s 2016 report, Digital Financial Services in the Pacific. Experiences and Regulatory Issues. The Finding Balance 2019 report’s chapter on Tonga encouraged the Tonga Development Bank to capitalize on its successful pilot lending program for vanilla growers by developing similar agri-value chain financing facilities.

PSDI in 2021 produced a tourism sector snapshot for Tonga, surveying its tourism sector pre-COVID-19 and looking ahead as international travel resumes. The snapshot accompanied a broader Pacific regional tourism assessment.

In 2022, PSDI is working closely with the World Bank to support Tonga’s Ministry of Tourism to conduct a tourism sector impact assessment of the January 2022 volcanic eruption and tsunami. PSDI will also support the Ministry of Tourism to update Tonga’s Tourism Crisis Response and Recovery Strategy (TCRRS) and Implementation Plan to reflect changes resulting from the volcanic eruption and tsunami, as well as the latest regional guidance on reopening borders amid COVID-19 recovery.

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A technical assistance program undertaken in partnership with:
IN TUVALU, PSDI HAS WORKED TO:
- Support state-owned enterprise (SOE) reform
- Support finance sector reform and provide advice regarding banking service expansion and increasing business access to credit
- Review Tuvalu’s business legal environment
- Review Tuvalu’s competition and consumer protection environment

KEY PSDI ACTIVITIES AND OUTCOMES
2013: PSDI provided peer review and high-level support to the Asian Development Bank to develop a management contract for the government-owned Vaiku Lagi Hotel
2017: Policy paper on banking institutions prepared for the Ministry of Finance
2020: Work commenced on a business legal environment review in Tuvalu
2021: Work commenced on a competition review diagnostic in Tuvalu
2021: Provided an initial options paper to Tuvalu’s government outlining solutions to the country’s freight situation amid COVID-19
2022: Work commenced on a diagnostic for finance sector reform in Tuvalu

SPENDING OVERVIEW
PSDI’s engagement with Tuvalu has been limited, resulting in spending of $77,425 in the 2007-2021 period to Financing Growth initiatives, Business Law Reform, and SOE Reform.

SPENDING BY FOCUS AREA
2007-21 ($77,425)

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A technical assistance program undertaken in partnership with:
FINANCING GROWTH

BANKING INSTITUTIONS REVIEW

In 2016, the Ministry of Finance requested PSDI undertake a diagnostic of Tuvalu’s finance sector and make recommendations on its future development, with the aim of developing a wider range of retail banking and payment services and increasing business access to credit.

Following an initial diagnostic mission in August 2016, a mission was conducted in July 2017 to discuss preliminary findings and canvass policy options with the government. Those discussions led to the preparation of a policy paper for the Minister of Finance. The paper addressed whether there was a need for both a state-owned commercial bank and a state-owned development bank, how to finance small businesses, and whether the Tuvalu National Provident Fund should invest in domestic financial enterprises.

FINANCE SECTOR REFORM

In fiscal year (FY) 2020/2021, PSDI support for finance sector reform was requested by the Government of Tuvalu.

This will include a diagnostic on its finance sector architecture and credit market, and development of an actionable, strategic roadmap for reform to improve finance sector efficiency and sustainability, and inclusive access to finance. This work will include a review of the credit market, non-performing loans, and the role of the three lending institutions. Working alongside the Tuvalu Ministry of Finance, this work commenced in January 2022.

Construction workers, Funafuti.

BUSINESS LAW REFORM

BUSINESS LEGAL ENVIRONMENT REVIEW

PSDI will work during Phase IV to review Tuvalu’s business legal environment.

The Government of Tuvalu has requested PSDI’s assistance to review the country’s legal environment for business, through the provision of a diagnostic of the business enabling environment. PSDI has completed the diagnostic and the Government is currently reviewing the recommendations.

STATE-OWNED ENTERPRISE REFORM AND PUBLIC-PRIVATE PARTNERSHIPS

STATE-OWNED ENTERPRISE REFORM

In 2012 and 2013, PSDI provided peer review and high-level support to ADB’s Pacific Subregional Office with the development of a management contract for the government-owned Vaiaku Lagi Hotel.

PSDI also supported the Pacific Subregional Office on the merger of the Tuvalu Philatelic Bureau, Tuvalu Post Office, and Tuvalu Ticketing Office into one entity.

In FY2020/2021, Tuvalu’s Ministry of Finance sought PSDI assistance to identify the most cost-effective and sustainable solution for maintaining regular international freight services. The cost of shipping globally has surged during COVID-19 because of increased demand for consumer goods, coupled with reduced capacity of shipping lines. While demand for cargo has not surged in the Pacific, many shipping companies have applied the same increases in freight costs as they have globally.

PSDI provided an initial options paper outlining solutions to address the freight situation. The ministry selected three solutions for more detailed cost-benefit analysis, which PSDI will undertake in FY2021/2022.

COMPETITION AND CONSUMER PROTECTION

COMPETITION REVIEW

In FY2020/2021, PSDI is undertaking its first competition and consumer protection engagement in Tuvalu, through a competition review diagnostic.

This will be finalized in mid-2022.
ECONOMIC EMPOWERMENT OF WOMEN
OUTCOMES, RESULTS, AND FUTURE PROJECTS:

ANALYSIS AND ADVOCACY

In 2021, PSDI released its Leadership Matters benchmarking study on women in business leadership in the Pacific.

The Leadership Matters sample for Tuvalu included data for seven organizations and found that the proportion of women board directors and chairs (both 29%) was above the regional averages of 21% and 11% respectively.

Two of the 7 organizations in the sample had women chief executive officers, or 29%.

ANALYTICAL WORK AND CROSS-CUTTING THEMES


Its chapter on Tuvalu questioned the need for both a state-owned development and commercial bank (the Development Bank of Tuvalu and National Bank of Tuvalu respectively), but noted that any consolidation would need to be preceded by a restructuring of the Development Bank of Tuvalu’s loan portfolio. PSDI in 2021 also produced a tourism sector snapshot for Tuvalu, surveying the country’s tourism sector pre-COVID-19 and looking ahead as international travel resumes. The snapshot accompanied a broader Pacific regional tourism assessment which argued a focus on cooperation over competition, and an approach centered on resource sharing, could help the tourism sector recover from COVID-19 and grow.

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IN VANUATU, PSDI HAS WORKED TO:
- Increase access to finance and strengthen financial institutions
- Strengthen the Vanuatu National Provident Fund (VNPF)
- Simplify and modernize business laws, and streamline business registration processes
- Help Vanuatu to meet the changes required for the anti-money laundering/combating the financing of terrorism (AML/CTF) framework
- Strengthen state-owned enterprise (SOE) policies and governance, and assess opportunities for public-private partnerships (PPPs)
- Support strong competition and consumer protection legislation and policy development
- Analyze and work to remove constraints to women’s full economic participation
- Support reforms through advocacy and analytical work

OVERVIEW AND SPENDING

The greatest proportion of PSDI’s spending in Vanuatu is on Business Law Reform, which accounts for almost 33% of the $3.45 million in PSDI assistance the country has received. This proportion includes the comprehensive reform of Vanuatu’s foundational business laws, culminating in the creation of a multiple entity business registry, which was launched in August 2015.

Financing Growth initiatives have received almost 25% of total funding, used to strengthen the institutional capacity of the Vanuatu Financial Services Commission (VFSC), support the creation of a secured transactions framework, strengthen the VNPF, and pursue microfinance-related activities. SOE Reform and PPPs have received 24% of overall funding, including the preparation of an SOE Policy and Act, and ongoing support to identify SOE reform priorities and provide training for SOE directors.

SPENDING BY FOCUS AREA
2007-2021 ($3,448,126)

- Business Law Reform: $1,136,896
- Financing Growth: $860,511
- SOE Reform/PPP: $838,301
- Competition and Consumer Protection: $291,478
- Economic Empowerment of Women: $58,814
- Analytical and Cross-Cutting: $262,126
FINANCING GROWTH

OUTCOMES, 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.

PSDI supported the creation of Vanuatu’s secured transactions framework with the Personal Property Securities Bill, which passed in July 2008, and the launch of an electronic Personal Property Securities Registry, in April 2009. PSDI also supported an upgrade of the registry in 2012. As at June 2021, more than 8,700 security interests have been registered in Vanuatu.

PSDI continues to work with lenders to identify opportunities to increase their use of the secured transactions framework. This work includes identifying transactions where movable assets could be used as collateral, such as agricultural value chain financing and financing civil construction contractors.

MICROFINANCE FRAMEWORK REVIEW AND SUPPORT

PSDI assisted the Reserve Bank of Vanuatu (RBV) in their efforts to improve the legal and regulatory framework for finance, including microfinance.

In 2012, PSDI completed a diagnostic for the RBV and Vanuatu Financial Services Commission (VFSC) on the legislative framework for microfinance.

The diagnostic identified legal provisions to ensure that unregulated microfinance institutions taking deposits are adequately regulated to protect the interests of deposit holders.

FINANCE SECTOR REFORM

PSDI has been working with the RBV on a review of Vanuatu’s financial system architecture, and providing capacity-strengthening assistance to the VFSC.

PSDI has also worked to increase business access to finance by providing advice to VFSC on capital raising approaches. Insights gained from the financial system architecture review will assist the Government of Vanuatu, through RBV and VFSC, to implement a package of financial sector reforms suited to Vanuatu’s economic structure. These reforms will address problems businesses have in accessing credit and long-term investment finance, and will include legal amendments to support the development of capital markets. PSDI has also provided assistance to strengthen the capacity of the VFSC, Vanuatu’s main nonbank regulatory and supervisory body (both off- and on-shore), and reviewed the International Financial Centre’s structure and operations, and recommended actions for its corporate strategy.

Additionally, a significant law reform program is required to provide new capital markets legislation. Existing laws are outdated and fragmented and do not adequately provide for primary (fundraising) and secondary (trading) capital markets in Vanuatu. In fiscal year (FY) 2018/2019, PSDI undertook a diagnostic on the capital raising regime and prepared a discussion paper for the VFSC that provided analysis and made recommendations to increase business access to long-term finance. Recommendations included the development of a new capital markets law, the introduction of innovative capital-raising modalities and broader FinTech capital market applications, and the adaptation of legal and regulatory frameworks to assist with capital raising for small businesses in Vanuatu.

STRENGTHENING PROVIDENT FUNDS

In FY2019/2020, PSDI started a program of work with the VNPF aimed at strengthening its operations and financial sustainability and increasing its capability to manage its investments and provide long-term domestic finance.

In FY2019/2020, PSDI worked to develop policies covering the fund’s governance and operations, and to strengthen the investment management framework. This work has continued in FY2021/2022, particularly around improving investment frameworks and capabilities, and aligning existing fund assets with the new investment policy.
PSDI has supported foundational business law reform and the development of an online companies, business names, and charitable associations registry.

PSDI has supported a comprehensive reform to foundational business laws in partnership with the VFSC and the State Law Office. Parliament passed the Companies Act in September 2012, and the Companies (Insolvency and Receiverships) Act and Insolvency (Cross Border) Act in 2013. PSDI support for the implementation of these acts culminated in the August 2015 launch of an online registry for companies, business names, and charitable associations. The multiple-entity registry has reduced the average time taken to register companies and other business entities from more than 3 weeks to less than 3 days, and simplified payments and other regulatory requirements. Registry enhancement diagnostic work is currently on hold, pending the development of a regional registry.

PSDI also supported the drafting of a Personal Insolvency Bill as part of an insolvency reform package. However, the government indicated in 2014 that this had become a lower priority. PSDI stands ready to reengage if government priorities change.

AML/CFT SUPPORT
PSDI is assisting Vanuatu to meet its AML/CFT action plan obligations.

PSDI also assisted in drafting a new Trust Bill in 2018 to improve Vanuatu’s compliance with international commitments and its reputation as an offshore financial center. The bill was finalized in FY2020/2021 and is awaiting clearance by the State Law Office for tabling in parliament in 2022.

PSDI is also supporting VFSC to meet its tasks under the AML/CFT action plan as part of a larger, whole-of-government initiative. PSDI support includes ongoing assistance to the Government of Vanuatu to make necessary registry enhancements stemming from recent changes to Vanuatu’s AML/CFT framework.

SOE REFORM
PSDI has supported the preparation of an SOE reform policy, the development of an SOE Bill, the review of the Vanuatu Agriculture Development Bank, and the implementation of an Asian Development Bank (ADB) technical assistance (TA) project on SOE reform.

PSDI supported the preparation of an SOE reform policy, which was approved by Cabinet in October 2013. This guided the development of an SOE Bill that will place SOEs on a firm commercial footing and enhance governance, monitoring, and accountability frameworks. PSDI offered substantial input and oversight for the drafting of the bill, which remains pending.

Throughout 2014, PSDI supported a separate ADB TA project on SOE reform in Vanuatu. The project concentrated on eight SOEs, for which it developed restructuring proposals, assisted in bringing audited accounts up-to-date, and identified and costed community service obligations. On completion of the project, four SOEs were selected for either liquidation or partial privatization. Cabinet papers were prepared and, in some cases, approved. However, following the change of Prime Minister and Minister of Finance in June 2015, Cabinet determined to reconsider all recent decisions, and none of the proposed restructuring measures were implemented. In collaboration with the ADB TA, PSDI provided governance training for SOE directors, capacity building for the SOE Monitoring Unit, and the development of an SOE director performance assessment tool.

In 2016, at the request of the Ministry of Finance, PSDI conducted a review of the Vanuatu Agriculture Development Bank to determine if it was effectively providing the rural agricultural credit at the core of its mandate, and whether there was duplication with the activities of the National Bank of Vanuatu. PSDI delivered its findings and recommendations to the Working Group, chaired by the RBV Deputy Chair.

PRIVATEIZATION AND PPP SUPPORT
PSDI has provided several PPP assessments to the Government of Vanuatu.

At the government’s request, PSDI completed a PPP assessment for a proposed new slipway in late 2014. The study confirmed that no public investment in slipway facilities was required, as private investors were already expanding existing infrastructure and competition existed in the sector.

In mid-2018, at the request of the Department of Water Resources, PSDI commenced work on a PPP assessment for Luganville water supply. Through FY2018/2019, PSDI completed a draft PPP pre-feasibility study, focused on an assessment of suitable PPP models. The proposed two-staged PPP model was agreed to by the Department of Water Resources and other stakeholders in 2019 and will be integrated into ADB’s proposed Luganville Urban Water Supply and Sanitation Project. PSDI is providing ongoing support to this project, including advising on a potential PPP structure and options for future institutional arrangements in the sector.

Fishermen, Malekula.
COMPETITION AND CONSUMER PROTECTION

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

REVIEW OF COMPETITION AND CONSUMER PROTECTION POLICY AND LEGAL NEEDS

PSDI conducted a review of Vanuatu’s competition policy and law requirements and drafted a NCP, which was endorsed in 2019.

PSDI drafted the NCP in 2017. The policy followed a review of Vanuatu’s competition law and policy requirements, conducted by PSDI in August 2015 at the request of the government; an issues paper that PSDI delivered to the government in early 2016; and a workshop held with government representatives in June 2016. The National Council of Ministers endorsed the NCP in April 2019.

The government has now requested PSDI support for the drafting of a Competition and Consumer Protection Bill, and implementation of the NCP. This work commenced in 2020, although progress has been slow amid COVID-19.

ANALYTICAL WORK AND CROSS-CUTTING THEMES

A private sector assessment, Sustaining Growth: A Private Sector Assessment for Vanuatu, was published in 2009.


Vanuatu is included in the 2021 regional tourism assessment, Looking Forward Vol. 1: Evaluating the Challenges for Pacific Tourism After COVID-19. PSDI also published a tourism sector snapshot for Vanuatu in 2021, surveying the country’s tourism sector pre-COVID-19 and identifying new and existing challenges and opportunities for the tourism industry.

ANALYSIS AND ADVOCACY


PSDI determined that in the 18 sampled organizations in Vanuatu for Leadership Matters, 15% of chief executive officers are women—higher than the 4% global average and the 13% Pacific-wide average. In Vanuatu boardrooms, 18% of board directors and 8% of board chairs are women—higher than the global averages of 17% and 5% respectively, but lower than the Pacific-wide averages of 21% and 11% respectively.

ECONOMIC EMPOWERMENT OF WOMEN

OUTCOMES, RESULTS, AND FUTURE PROJECTS:

INCREASING WOMEN’S AWARENESS OF BUSINESS LAWS AND PROCESSES

In partnership with UN Women, PSDI worked to increase awareness of business registration, formalization, accessing finance, and the secured transactions framework among women and women’s organizations.

Part of this work included a workshop held with stakeholders in September 2016, and a forum held in December 2016. PSDI has also prepared materials to assist with business formalization, and provided an overview of governance to women’s business associations.

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