

# PSDI

## THE PACIFIC PRIVATE SECTOR DEVELOPMENT INITIATIVE

The Pacific Private Sector Development Initiative (PSDI) works to strengthen, formalize, and grow the private sector in the Pacific, and create a business environment that encourages investment, promotes inclusive economic growth, increases jobs, and reduces poverty.

### Challenges to doing business in the Pacific:



Business laws are often outdated and the cost of starting a business is out of reach for many people.



Important business laws do not exist, making it risky for overseas and local companies to invest.



Complying with complex business licensing costs time and money.



Restrictions on investment make it difficult for foreign investors to bring much needed capital and know-how.



Businesses cannot access the credit they need to grow. Banks' reluctance to lend limits financing options.



Financial services are costly and difficult to access.



State-owned enterprises drain government resources yet provide low returns, which lowers the overall growth rate.



State-owned utilities are often poorly managed and provide costly, low-quality services that reduce growth.



Barriers persist for women in the private sector, including underrepresentation in the formal economy and in business leadership.



Competition policies struggle to break monopolies or level the playing field, limiting consumer choice and increasing costs.

PSDI works to address these challenges through reforms to improve the business environment in 5 key areas: Business Law Reform, Financing Growth, State-Owned Enterprise Reform and Public-Private Partnerships, Competition Reform and Consumer Protection, and Economic Empowerment of Women.

*PSDI is a regional technical assistance facility undertaken in partnership with the Asian Development Bank and the governments of Australia and New Zealand.*

# HOW DOES PSDI WORK TO INCREASE PRIVATE SECTOR ACTIVITY IN THE PACIFIC?

## MODERNIZING OUTDATED BUSINESS LAWS:

Business law provides the foundation for investment and business growth. PSDI identifies outdated laws that make it difficult and risky to do business in the Pacific and supports the development of new legislation tailored to the Pacific's unique contexts. PSDI then assists with the legislation's implementation, including the development of modern, online business registries that make it easier and less expensive to start, formalize, and grow businesses.

PSDI has supported business law review initiatives in:

- ✓ Cook Islands
- ✓ Kiribati,
- ✓ Palau,
- ✓ Samoa,
- ✓ Tonga, and
- ✓ Fiji,
- ✓ Nauru,
- ✓ Papua New Guinea,
- ✓ Solomon Islands,
- ✓ Vanuatu.

These have helped reduce the time needed to register a business from 30 days to 1.5 days (on average), in addition to making the process easier and less expensive.

In the 10 countries\* where PSDI's secured transactions reforms have been completed, the number of security interests registered by lenders over movable assets has reached:

# 136,710

(to July 2020)

\*Cook Islands, Federated States of Micronesia, Fiji, Marshall Islands, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Vanuatu

PSDI advocacy and policy support has led to reduced SOE political interference and improved accountability and transparency.

PSDI has helped implement new or amended SOE laws and policies in:

- ✓ Fiji,
- ✓ Palau,
- ✓ Samoa,
- ✓ Tonga, and
- ✓ Marshall Islands,
- ✓ Papua New Guinea,
- ✓ Solomon Islands,
- ✓ Vanuatu.

PSDI has supported the **full or partial privatization of 12 SOEs.**

PSDI-supported competition and consumer policies and legislation have been implemented or are underway in:

- ✓ Cook Islands,
- ✓ Kiribati,
- ✓ Samoa,
- ✓ Tonga, and
- ✓ Fiji,
- ✓ Papua New Guinea,
- ✓ Solomon Islands,
- ✓ Vanuatu.

PSDI has supported and/or helped establish consumer protection and competition commissions in:

- ✓ Cook Islands,
- ✓ PNG, and
- ✓ Fiji,
- ✓ Samoa.

PSDI has **developed and implemented targeted projects in four countries,\*** to help women gain technical skills, establish formal businesses, access credit and markets, and reach senior professional roles.

In 2021, **PSDI released a regional benchmarking study on women's business leadership,** finding that women's representation on boards, as board chairs, and as chief executive officers in the Pacific was higher than global averages.

\*Fiji, Papua New Guinea, Solomon Islands, Tonga

## LEVELLING THE PLAYING FIELD FOR BUSINESS COMPETITION:

Weak or ineffective market competition is detrimental to consumers, businesses, and economic growth. PSDI works to ensure Pacific countries have well-functioning competition laws and consumer protection frameworks, which encourage competitive markets, reduce barriers to business entry, and ultimately reduce costs for goods and services. PSDI also supports the strengthening of competition commissions where they exist, and the establishment of new commissions where necessary.

## SUPPORTING WOMEN'S ECONOMIC EMPOWERMENT:

A woman is economically empowered when she has both the ability to succeed and advance economically, and the power to make and act on economic decisions. PSDI works to remove the barriers that limit women's economic participation, and support women to enter the formal economy, start and grow businesses, and reach business leadership. In addition to PSDI's dedicated Economic Empowerment of Women (EOW) work program, EOW is mainstreamed through all PSDI activities.

## REFORMING STATE-OWNED ENTERPRISES:

State-owned enterprises (SOEs) are amongst the largest commercial entities in most Pacific countries, yet their contribution to economic growth is relatively low. PSDI helps governments improve state-owned enterprise efficiency and performance through legal, governance, and regulatory reforms, improving the delivery of essential services and utilities, and assists governments to identify SOEs that can be fully or partially privatized.

## CROSS-CUTTING

As a cross-cutting concern, PSDI works to increase private sector activity in the Pacific's key economic sectors, including tourism.

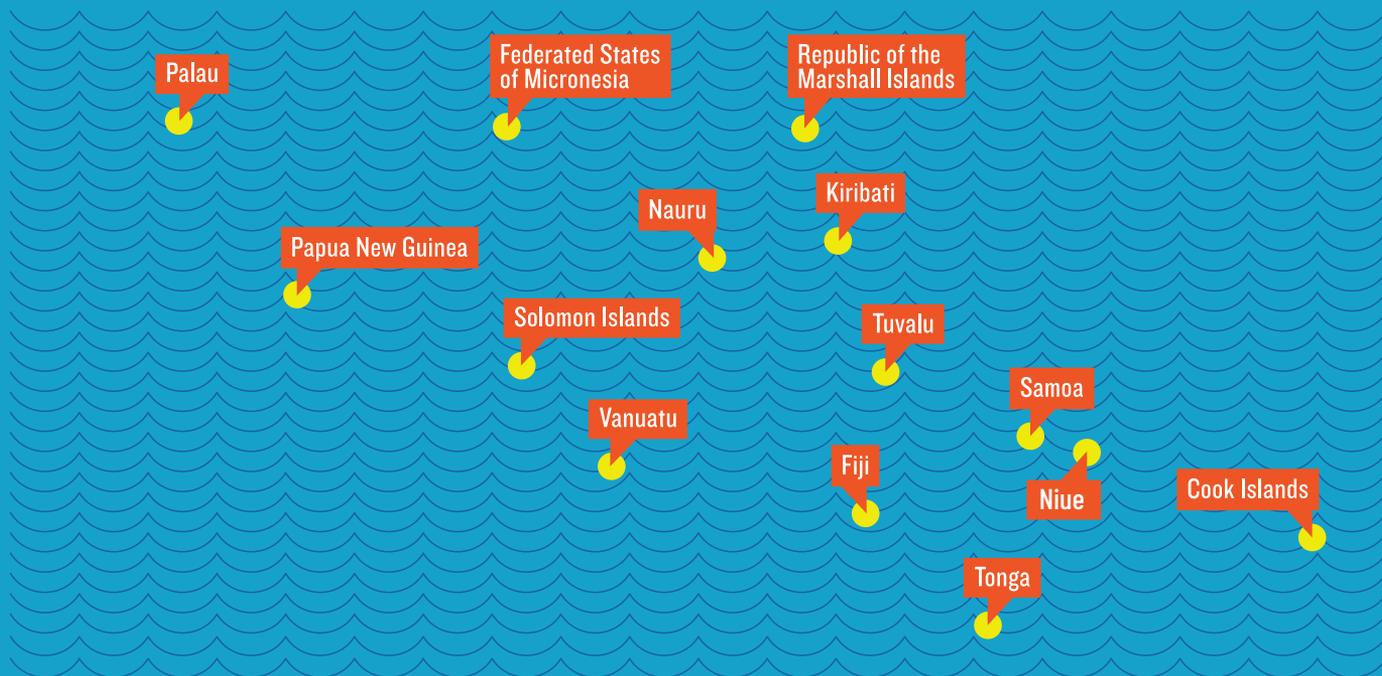
## BUILDING A SUSTAINABLE, PRIVATE SECTOR-LED TOURISM SECTOR:

Tourism is an important source of economic development and employment in the Pacific. Since 2020, PSDI has been working to support the development of sustainable, inclusive, and prosperous tourism sectors in the Pacific, including through support for evidence-based tourism planning, improving access to finance for tourism businesses, and publishing comprehensive sector analyses.

**PSDI in 2021 published a regional tourism assessment, Looking Forward Vol. 1, as well as 14 Pacific country tourism snapshots.**

# The Pacific Private Sector Development Initiative helps 14 Pacific developing member countries of the Asian Development Bank achieve sustainable economic growth through business environment reform.

Since 2007, PSDI has worked to alleviate poverty and promote growth in the Pacific region through reforms that encourage private sector investment and entrepreneurship.



[www.pacificpsdi.org](http://www.pacificpsdi.org)