PACIFIC PRIVATE SECTOR DEVELOPMENT INITIATIVE ANNUAL REPORT FY2021
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In FY2021, the work of the Pacific Private Sector Development Initiative (PSDI) to enable, strengthen, and expand the region’s private sector has continued apace. While the world continues to grapple with the coronavirus disease (COVID-19), its economic impacts, including the financial strain placed on governments, enhance the importance of strong private sectors as critical drivers of economic recovery.

COVID-19 has reemphasized the importance of PSDI’s long-standing work to improve the enabling environment for businesses in the Asian Development Bank’s 14 Pacific developing member countries. An improved enabling environment will help protect private sectors against future shocks, support the private sector and state-owned enterprises (SOEs), and contribute to broader economic recovery. PSDI continues to contribute to these outcomes through its work to increase access to finance for businesses; ensure that legislation and policy facilitate entrepreneurship, business formalization, innovation, and growth; promote and develop competitive markets; support the strengthening of SOEs, including through increased private sector involvement; and increase the economic empowerment of women and their ability to contribute to economic development.

This annual report, PSDI’s 14th since its formation in 2007, outlines key activities and achievements over the past year and documents PSDI’s first full reporting fiscal year in its fourth funding phase (phase IV). Its support is being implemented across five key thematic areas: (i) financing growth, (ii) business law reform, (iii) competition and consumer protection, (iv) SOE reform and public–private partnership development, and (v) economic empowerment of women. PSDI also seeks to increase the involvement of the private sector across key sectors, particularly tourism. Key achievements this year include:

(i) **Business Law Reform.** Key PSDI-supported business laws were passed in Kiribati (Companies Act, Company Insolvency Act, and Business Names Act) and Tonga (Foreign Investment Act). PSDI also provided important support to the Government of the Cook Islands to develop and implement its COVID-19 response, signed a new memorandum of understanding with the Investment Promotion Authority to continue our long running partnership to enhance the business environment in Papua New Guinea (PNG), and hosted the Third South Pacific International Arbitration Conference.

(ii) **Financing Growth.** PSDI published two Pacific finance sector policy papers: Government-Owned Banks: Their Role in Pacific Financial Systems, and Pacific Retirement Funds: Anchoring Social Protection in Good Finance; established a specialist panel to support its ongoing work with Pacific retirement funds; undertook an in-depth analysis of Pacific women’s access to retirement benefits; and continued to support Solomon Finance Ltd (a subsidiary of the Solomon Islands National Provident Fund) as it seeks to obtain a full banking license.

(iii) **State-Owned Enterprise Reform and Public–Private Partnerships.** PSDI supported amendments to the Kumul Consolidated Holdings (Amendment) Bill, which were endorsed by PNG’s National Executive Council; completed a 5-megawatt solar independent power producer prefeasibility study for PNG Power and Kumul Consolidated Holdings; developed an SOE policy

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1. The Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, the Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.
and a public–private partnership policy for Palau; and completed a tender process for a stevedoring concession at Tonga’s international wharf.

(iv) Competition and Consumer Protection. PSDI recommenced competition capacity-building training with the Independent Competition and Consumer Commission in PNG; delivered the first phase of a capacity development program for Kiribati’s Ministry of Commerce, Industry and Cooperatives; and supported the National Competition Policy in PNG, which was endorsed by the National Executive Council.

(v) Economic Empowerment of Women. PSDI completed research, data collection, and drafting for a regional benchmarking study on women in business leadership in the Pacific; undertook a global and regional analysis of different company structures and how they impact women’s business activity; and developed a training program to promote women’s business leadership in PNG.

(vi) Tourism. PSDI also worked to increase its crosscutting support for the tourism sector through the establishment of a dedicated tourism program.

I would also like to thank PSDI’s cofinancing partners, the governments of Australia and New Zealand, for their commitment and assistance as phase IV of the program continues. The increase in scope that phase IV entails would be impossible without their support and encouragement.

I would like to thank PSDI’s cofinancing partners, the governments of Australia and New Zealand, for their commitment to reforms that are simplifying business and trade in the region. Built up over more than a decade, PSDI’s strong relationships with these governments are essential to its success, and have facilitated the continuation of critical reforms during this period, despite travel restrictions.

PSDI is a crucial part of the Asian Development Bank’s mission to reduce poverty in the Pacific region. PSDI’s support will be vital to alleviate the economic impacts of COVID-19 in the Pacific. I look forward to continuing to share its progress and achievements during phase IV.
## ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>AML/CFT</td>
<td>anti-money laundering/combating the financing of terrorism</td>
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<tr>
<td>BCFW</td>
<td>Business Coalition for Women (PNG)</td>
</tr>
<tr>
<td>CBS</td>
<td>Central Bank of Samoa</td>
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<tr>
<td>CCF Review</td>
<td>Consumer and Competition Framework Review (PNG)</td>
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<tr>
<td>CEO</td>
<td>chief executive officer</td>
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<tr>
<td>COVID-19</td>
<td>coronavirus disease</td>
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<td>DBS</td>
<td>Development Bank of Samoa</td>
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<td>DMC</td>
<td>developing member country</td>
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<td>DNF</td>
<td>design and monitoring framework</td>
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<td>DPE</td>
<td>Department of Public Enterprise (Fiji)</td>
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<td>EEOW</td>
<td>economic empowerment of women</td>
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<td>FDB</td>
<td>Fiji Development Bank</td>
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<td>FDI</td>
<td>foreign direct investment</td>
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<td>FSM</td>
<td>Federated States of Micronesia</td>
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<tr>
<td>FSMDB</td>
<td>Federated States of Micronesia Development Bank</td>
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<tr>
<td>FY</td>
<td>fiscal year</td>
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<td>GDP</td>
<td>gross domestic product</td>
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<td>ICCC</td>
<td>Independent Consumer and Competition Commission (PNG)</td>
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<td>IPA</td>
<td>Investment Promotion Authority (PNG)</td>
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<td>KCH</td>
<td>Kumul Consolidated Holdings (PNG)</td>
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<tr>
<td>KPF</td>
<td>Kiribati Provident Fund</td>
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<tr>
<td>M&amp;E</td>
<td>monitoring and evaluation</td>
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<tr>
<td>MCIC</td>
<td>Ministry of Commerce, Industry, and Cooperatives (Kiribati)</td>
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<td>MCIL</td>
<td>Ministry of Commerce, Industry, and Labour (Samoa)</td>
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<td>MPE</td>
<td>Ministry of Public Enterprises (Fiji)</td>
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<td>NDBP</td>
<td>National Development Bank of Palau</td>
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<td>NEC</td>
<td>National Executive Council (PNG)</td>
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<td>PAT</td>
<td>Ports Authority of Tonga</td>
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<td>PNG</td>
<td>Papua New Guinea</td>
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<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>PPA</td>
<td>power purchase agreement</td>
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<td>PPL</td>
<td>PNG Power Ltd</td>
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<td>PPP</td>
<td>public–private partnership</td>
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<td>PPSR</td>
<td>Personal Property Securities Register</td>
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<td>PSDI</td>
<td>Pacific Private Sector Development Initiative</td>
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<tr>
<td>SFL</td>
<td>Solomon Finance Limited</td>
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<tr>
<td>SINPF</td>
<td>Solomon Islands National Provident Fund</td>
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<tr>
<td>SMEs</td>
<td>small and medium-sized enterprises</td>
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<td>SOE</td>
<td>state-owned enterprise</td>
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<tr>
<td>SPTO</td>
<td>Pacific Tourism Organisation</td>
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<tr>
<td>TRFB</td>
<td>Tonga Retirement Fund Board</td>
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<tr>
<td>VNPF</td>
<td>Vanuatu National Provident Fund</td>
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INTRODUCTION

Dynamic private sectors generate jobs, raise incomes, and provide governments with additional tax revenue for public services. That is why a gender-inclusive, business-enabling Pacific region is crucial to poverty reduction and economic growth.

Yet, in many Pacific economies, barriers to healthier private sectors persist. While some constraints, such as geographic isolation, small market sizes, and vulnerability to shocks and disasters are unavoidable, other persistent factors that hinder private sector expansion and economic growth can be reduced. These include limited access to financial markets, outdated legal systems and regulatory frameworks, inefficient state-owned enterprises (SOEs), and limited opportunities for Pacific women to engage in formal business activity and business leadership.

The Pacific Private Sector Development Initiative (PSDI)—an Asian Development Bank (ADB) technical assistance facility in partnership with the governments of Australia and New Zealand—has worked with ADB’s 14 Pacific developing member countries (DMCs) since 2007 to improve the enabling environment for businesses in the Pacific. PSDI provides advisory and capacity-building assistance on a holistic and enduring basis to achieve gender-inclusive, private sector-led growth.

About PSDI

Fiscal year (FY) 2021¹ is the first full reporting fiscal year of PSDI’s fourth funding phase (phase IV), which began on 1 January 2020. PSDI phase IV builds on its earlier phases and provides advisory and capacity-building assistance in five interrelated core focus areas:

FINANCING GROWTH initiatives increase business access to finance by simplifying the acceptance of movable assets as collateral, increasing the ability of government-owned banks and retirement funds to become domestic finance providers, and strengthening finance sector architecture and institutions.

BUSINESS LAW REFORMS modernize and simplify outdated business laws, remove regulations that compromise investment and business growth, improve foreign investment processes, and develop technology solutions such as online registries to streamline business registration and compliance processes.

STATE-OWNED ENTERPRISE (SOE) REFORM AND PUBLIC–PRIVATE PARTNERSHIPS (PPPs) enhance the efficiency of SOEs through legal, governance, and regulatory reforms; improve the delivery of utilities and essential services; and increase private sector participation.

¹ Throughout this report, fiscal year (FY) refers to the Australian fiscal year, which begins on 1 July and ends on 30 June the following year. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2021 ends on 30 June 2021.
COMPETITION AND CONSUMER PROTECTION reforms ensure that Pacific DMCs possess well-functioning competition law and consumer protection frameworks that encourage competitive markets that benefit consumers.

ECONOMIC EMPOWERMENT OF WOMEN (EEOW) initiatives work to maximize the benefit to women of all PSDI reforms, and remove or reduce the systemic barriers and cultural attitudes that hinder women’s full economic participation.

PSDI also, where possible, responds to climate change and labor mobility by incorporating these issues into relevant subprojects, and works to increase private sector participation in key Pacific industries, with a particular focus on tourism.

PSDI’s unique operational structure and longevity increase its effectiveness in promoting private sector development in Pacific DMCs. PSDI is:

Flexible and fast. PSDI can respond quickly to requests through its pool of specialists, and can scale down, pause, or postpone its initiatives should practical or political conditions require. This flexibility allows PSDI to allocate resources where need is greatest, and where the requisite political will exists.

Responsive. PSDI reform measures are designed, sequenced, and prioritized according to the political commitment and existing institutional capacity of each country.

Regional. Working across the Pacific enables PSDI to accrue knowledge and learn from experience in undertaking similar reforms in various countries.

Long term. More than a decade of engagement has enabled PSDI’s core team of experts to build lasting, trusted, and invaluable relationships with Pacific policymakers, as well as bilateral and multilateral partners. These relationships are crucial to PSDI’s success.

Funding

PSDI’s work is supported by the funding commitments of its cofinancing partners: ADB, and the governments of Australia and New Zealand (Figure 1).

PSDI’s Approach to Private Sector Development

The fourth phase of PSDI has operated with an expanded scope, including the expansion of support for EEOW and the strengthening of PSDI’s crosscutting capacity, particularly in its support for the tourism sector. PSDI has also expanded its program in Papua New Guinea (PNG) significantly, as well as in Samoa and in Vanuatu.

PSDI adopts a theory-based approach to monitoring and evaluation (M&E), by using theories of change that draw on PSDI’s 14 years of reform experience in the Pacific context. The outlined theories of change, while presenting a simplified version of reality, highlight the relationships that PSDI enjoys with Pacific governments, lenders, and public and private sector institutions. They also emphasize the systemic change that the program aims to instigate, and its overarching goal, which is to improve the gender-inclusive enabling environment for private sector development. Figure 2 outlines PSDI’s program-wide theory of change, while the theories of change for each focus area can be found in their respective chapters.

Figure 1  Pacific Private Sector Development Initiative, Phase IV: Funding commitments to 30 June 2021 ($)

Source: Pacific Private Sector Development Initiative
Private sector has improved access to services, increased opportunities for investment, and increased access to finance

State-owned enterprises enhance their commercial performance, improve service delivery for all users, and reduce their fiscal burden on governments

Governments and lenders adopt, manage, and maintain an improved, gender-inclusive business environment suitable to individual Pacific country contexts

Governments and lenders make strategic policy and governance decisions that respond to the needs of the private sector

Governments undertake state-owned enterprise reform, including privatizations and public-private partnerships

Governments implement business law reforms that encourage business formalization and investment

Lenders increase availability of finance for Pacific businesses

Competition Commissions promote, administer, and enforce effective competition and consumer protection laws

Governments, lenders, and businesses adopt policies and practices that support women’s full and equal participation in the private sector

External Influencing Factors

External Shocks

Political Economy

Other Development Partners

Private sector growth is constrained by outdated business laws, lack of access to finance, and poorly-performing state-owned enterprises

Source: Pacific Private Sector Development Initiative
Fololina Avia owner of “Lady Edwina” fishing enterprise at her stall at the fish market in Samoa. Photo: Luis Enrique Ascui/Asian Development Bank.
ACTIVITIES AND ACHIEVEMENTS BY FOCUS AREA FY2021
KEY ACHIEVEMENTS FY2021

• The Parliament of Kiribati passed a suite of new PSDI-supported business laws—the Companies Act, Company Insolvency Act, and Business Names Act. The new laws will make it easier to establish, operate, and dissolve businesses in Kiribati.

• PSDI provided support to the Government of the Cook Islands to develop and implement its COVID-19 response. This included support for the drafting and passage of the COVID-19 (Economic Response) Act and the completion of adjustments to the online companies, incorporated societies, and personal property securities registry to include new functions required by the act.

• PSDI and the Investment Promotion Authority of Papua New Guinea signed a memorandum of understanding to continue their partnership in enhancing Papua New Guinea’s business enabling environment. Under the memorandum of understanding, PSDI will support the Investment Promotion Authority to develop a new online business registry and ensure that PNG’s business laws are modern, inclusive, and in line with global standards.

• The Parliament of Tonga passed the PSDI-supported Foreign Investment Act. The act provides for an improved foreign investment framework in Tonga, which resulted in greater investor confidence, job creation, and economic growth.

• PSDI hosted the Third South Pacific International Arbitration Conference on 17 March 2021. The conference brought regulators, practitioners, and the private sector together to share lessons and experiences on using international arbitration to resolve commercial disputes.
BUSINESS LAW REFORM

Simple, modern, and locally appropriate business laws promote business formation and formalization, investment, and trade. PSDI works with governments and government agencies to develop and implement business laws and policies that support private sector growth and entrepreneurship, which, in turn, increases the availability of jobs and economic opportunities across the Pacific.

Business laws govern the way economic activity is organized in a country. They determine how companies are formed, contracts are structured, and how businesses expand or are closed down. However, business laws in the Pacific are often out-of-date and unsuited to modern business. Burdensome regulatory processes make it difficult, time-consuming, and costly to start and formalize businesses—which can increase the level of informal economic activity in a country.

PSDI works to develop low-cost, inclusive business law systems and processes that suit the country context while providing strong incentives for business formalization, making regulatory compliance more accessible, and increasing growth opportunities for businesses.

Business Law Reform during COVID-19

PSDI is doing critical Business Law Reform work to bolster private sector resilience and ensure Pacific business activity rebounds from the impacts of coronavirus disease (COVID-19) as quickly, effectively, and efficiently as possible.

Throughout FY2021, PSDI has provided policy advice to Pacific DMC governments regarding COVID-19 response options and the long-term impacts on business. This has included the exploration of opportunities to enhance existing technology platforms, such as online registries, to improve access and data collection. COVID-19 has highlighted the importance of these platforms, which increase digital connection between government departments and reduce the travel, queueing, and face-to-face contact otherwise needed for businesses to interact with government. Pacific DMC governments have also expressed strong interest in reforming foreign direct investment (FDI) frameworks to assist in economic recovery, help diversify economies, and make them more resilient in the face of future disruption.

The continuation of PSDI’s long-running business law reform work will be also a crucial contributor to economic recovery. The reduction of barriers to business formation and formalization in the Pacific will increase tax revenues and provide the public finances necessary for a speedy recovery, in addition to creating a more enabling environment to build a robust and resilient private sector that is protected against future shocks.

PSDI’s Approach to Business Law Reform

PSDI works closely with Pacific DMC governments to provide specialized business law reform technical assistance. This includes diagnostic work; review, amendment, and drafting of policy, legislation, and regulations; support for consultation with key stakeholders; and legislative and policy implementation support.

The delivery of this support requires established, strong relationships with governments and policymakers and an in-depth, contextual understanding of government, political, and reform processes. PSDI’s long-standing engagement in the Pacific, and its flexible and responsive approach to support, help enable the delivery of its Business Law Reform Program. PSDI’s Business Law Reform Team works closely with ministries of justice, finance, commerce, and trade across the Pacific, in...
addition to regulators, investment promotion authorities, business registries, personal property security registries, and financial services commissions. The Business Law Reform Team also provides critical technical advice to other PSDI focus areas through policy design, regulatory change, and legal drafting.

The theory of change for PSDI’s Business Law Reform focus area (Figure 3) depicts the reforms and business environment change that are anticipated following the support provided by the program. These reforms and change fall under two key activity pillars—reforming business laws and establishing business registries—which contribute to the Business Law Reform Program’s overarching outcome: Governments implement business law reforms that encourage business formalization and investment and are tailored to individual Pacific country contexts.

Reforming Business Laws

PSDI works to improve business environments by simplifying and modernizing business laws throughout the Pacific, in response to individual country needs, to promote business formation, formalization, and growth.

Formal requests from governments ensure that PSDI’s business law reforms are demand-driven and have country buy-in. In addition to developing appropriate laws, PSDI works with its government partners to ensure that reforms are based on a strong diagnostic with tailored policy in accordance with regional better practice. Once the process is initiated through a formal request from the government, the next critical component is the establishment of a reform task force that comprises representatives of the government, the finance sector, the
private sector, women’s business organizations, and other key stakeholders.

Drawing on its expertise, best practices, and the country context, PSDI then prepares a diagnostic of the existing legal environment, followed by a “white paper” for policy reform. The proposed policies are then presented to stakeholders for review and discussion through bilateral meetings, task force meetings, and written submissions. PSDI then develops a draft policy framework for review and approval by the cabinet or council of ministers. The final output of this draft framework then forms the basis for the draft laws.

PSDI may provide technical assistance in legal drafting, particularly when it involves highly specialized laws or where country capacity is limited, or provide inputs to draft legislation upon the request of a country’s parliamentary drafters. Then, the draft legislation undergoes the national process for consultation and debate before its legislative bodies required for the passage of a law.

Since 2006, PSDI has supported business law reforms in the Cook Islands, Fiji, Kiribati, Nauru, Palau, PNG, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu. During FY2021, PSDI supported business law reform work in the Cook Islands, Kiribati, Palau, PNG, Samoa, Tonga, Tuvalu, and Vanuatu.

**Establishing Business Registries**

PSDI works to simplify business registration processes through technology, particularly the development of innovative, online business registry systems.

Wherever possible, technology is incorporated into the design of business law reform projects, as it can help alleviate many of the constraints in the private sector enabling environment. Online business registries make the process of formally registering a business cheaper, faster, more predictable, and more accessible, particularly to residents of remote communities, women, and poorer people. PSDI-supported online registries give businesses a straightforward process to create a legal identity that makes it easier to open bank accounts, access grants, enter contracts, and trade. PSDI is also increasingly developing registry solutions that are mobile-friendly to extend reach as mobile internet penetration expands.

PSDI supports the entire process of online registry development—from initial analysis and legislative reforms to technical implementation, training, awareness raising, and operational support that are needed to shift countries from outdated, paper-based business registries to responsive and efficient digital ones.

Since 2006, PSDI has supported the development of digital business registries in the Cook Islands, PNG, Samoa, Solomon Islands, Tonga, and Vanuatu, and provides ongoing technical support. In FY2021, PSDI supported the development of a modern new business registry in PNG, and began early investigations into registry solutions that are suitable to the volume of business activity in Kiribati and Palau, including the potential for a subregional registry.

**Economic Empowerment of Women and Business Law Reform**

All PSDI focus areas promote, consider, and work to actively increase women’s economic empowerment during the development, implementation, and monitoring of program initiatives. PSDI’s Business Law Reform focus area works to remove discriminatory legal provisions in the Pacific and break down barriers to women-owned business formation and formalization, encouraging women to start businesses, enter the formal sector, and access new economic opportunities.

PSDI conducts surveys and analysis to understand the opportunities and challenges faced by women in the informal sector in the Pacific, and to consider alternative entity structures—such as community companies and limited liability partnerships—which may better suit their needs. It also seeks to develop accessible online business registries capable of collecting sex-disaggregated data, as well as gender/social inclusion training programs for staff to better understand the needs of women business owners.

**Business Law Reform Activities and Progress FY2021**

**Cook Islands**

1. **Companies Law Reform and Online Registry Development**

PSDI is working with the Ministry of Justice of the Government of the Cook Islands in developing a modern,
enabling business legal environment. PSDI assisted with the passage of a suite of legislation—the Companies Act, Incorporated Societies Amendment Act, and the Personal Property Securities Act—which were enacted in 2017.

With additional funding from the governments of the Cook Islands and New Zealand, PSDI supported the procurement and development of an integrated, online Companies, Incorporated Societies, and Personal Property Securities Registry. Launched in December 2019, the registry allows users to file and access company records, business names, business licenses, and incorporated associations, as well as register security interests over movable assets, from the one integrated resource.

In FY2021, PSDI continued to offer implementation and other support to the registry, including facilitating the necessary enhancements to accommodate reporting changes required by the COVID-19 (Economic Response) Act; supported a review of company re-registration provisions; and provided input regarding amendments to the Companies Act.

2. COVID-19 (Economic Response) Act

In FY2021, PSDI responded quickly to support the Cook Islands as the country designed legislation to enable its economic response to COVID-19. The Parliament of the Cook Islands passed the COVID-19 (Economic Response) Act on 2 July 2020. The act was drafted with support from PSDI and is intended to assist otherwise profitable and viable businesses in the Cook Islands that are affected by COVID-19 to more flexibly manage debt, provide directors with the legal ability to continue business operations, preserve their economic value, and retain employees.

The act provides
(i) relief to directors of stressed companies from liability for certain decisions taken during the outbreak of COVID-19;
(ii) a temporary moratorium on enforcement of debts owed by businesses;
(iii) protection for anyone dealing with companies from having transactions made during the outbreak of COVID-19 unwound under voidable transaction provisions; and
(iv) loan, guarantee, and indemnity support for businesses from the Crown.

PSDI also supported the implementation of the act, including working with the Ministry of Justice to undertake necessary, urgent updates to the online registry. Among the act’s provisions were several important temporary changes to the filing requirements for companies, incorporated societies, and personal property securities. The registry updates required to enable these changes went live on 21 July 2020 with full implementation support from PSDI. The updates enable additional filings, such as business debt hibernation notices, and extend the existing deadlines for personal property security filings.

3. International Entities Registry Upgrade

PSDI is now working with the Cook Islands Financial Supervisory Commission on early planning for an upgrade to its existing International Entities Register, which is over 9 years old. This will ensure that the system complies with anti-money laundering/combating the financing of terrorism (AML/CFT) international best practice, improve data security, introduce cloud-based data storage, and expand the registry’s capability to add other business types as needed. The update will also bring significant savings to the government by reducing ongoing hosting and maintenance costs.

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.

Kiribati

1. Companies Law Reform

In August 2016, PSDI delivered a legal diagnostic of Kiribati’s company and business names laws and a review of registry practices. PSDI then worked with the Ministry of Commerce, Industry, and Cooperatives (MCIC) on the development of three new bills—the companies bill, the company insolvency bill, and the business names bill—and provided support for the passage of the bills through Parliament.

In FY2021, the Parliament of Kiribati passed the Companies Act, Company Insolvency Act, and Business Names Act
Development of regulations for the laws, and planning for the laws’ implementation is now underway, including planning for a re-registration process of companies and registered business names holders. In FY2021, PSDI also provided the first of a series of three training sessions to support MCIC to implement the reforms. The first session was well-received and covered the Companies Act, with sessions to be held in FY2022 covering the Company Insolvency Act and the Business Names Act.

PSDI support for the acts’ implementation, the re-registration process, and community outreach will be carefully managed, given COVID-19 travel restrictions and the challenges of remote support.

Connected to this foundational reform, PSDI is also reviewing designs for an electronic business registry that is appropriate to the volume of registrations and business activities in Kiribati, including options for the development of a regional registry that includes Kiribati.

Palau

1. Corporations Law Reform

A PSDI diagnostic of Palau’s Corporate Law and Companies Registry in late 2013 found that Palau’s private sector was severely constrained by outdated laws and a cumbersome paper-based registry. In 2016, the Government of Palau...
requested PSDI to lead a reform of the corporate registry. PSDI worked with the Ministry of Finance to draft a new corporations bill (including not-for-profit entities) with a view to the future development of an online registry. PSDI also supported the ministry to undertake consultations on the bill. These reforms were included in an ADB policy-based loan approved in 2021.

The bill is now awaiting endorsement by the President of Palau. Once endorsed, PSDI will support its implementation, including consideration of an appropriate registry solution that includes options for the development of a regional registry including Palau.

**Papua New Guinea**

1. **Institutional Support for Entrepreneurship And Investment**

PSDI is providing long-term support to PNG’s Investment Promotion Authority (IPA) for an ambitious Business Law Reform Program that is designed to promote entrepreneurship and FDI in PNG. On 4 September 2020, PSDI and the IPA signed a memorandum of understanding, which will continue PSDI’s support for the IPA throughout PSDI phase IV.

Central to this program are the mandated functions of the IPA under the Investment Promotion Act 1992. The IPA is responsible for 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 is continuing to work with the IPA to:

   - **Develop a new online business registry**

PSDI is 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 availability of credible data that can be used by the government to formulate supportive business enabling environment policy.

Throughout FY2021, PSDI finalized the requirements for the registry’s functionality, completed procurement of the registry vendor, and worked with the chosen vendor on the registry’s development. Work between IPA, PSDI, and the vendor is ongoing and progressing well. User acceptance testing has been underway during FY2021. Demonstrations scheduled for the third and fourth quarters of 2021 will cover other modules of the platform. The registry is expected to be launched during the first half of 2022.

**Undertake foreign investment system reform**

PSDI undertook a comprehensive diagnostic on proposed changes to PNG’s foreign investment policy settings and, in 2019, delivered consultation papers and draft legislative amendments to the Investment Promotion Act. Since then, PSDI has supported the IPA to navigate the legislative amendment process.

PSDI also assisted IPA with a rapid review and amendment of the Reserved Activities List at the request of the National Executive Council (NEC). The new list is awaiting NEC endorsement.

**Undertake incorporated associations reform**

PSDI has provided intensive technical assistance on reforms to the Associations Incorporation Act 1966—the law enabling incorporated associations, a common legal entity used in PNG for collective economic action. Additionally, technical gaps in the law leave PNG vulnerable to having negative assessments made against it for failure to meet AML/CFT requirements by the Financial Action Task Force, which would hurt the PNG economy.

In FY2018, PSDI supported diagnostic work and helped draft and hold consultations on a discussion paper, and drafted a revised associations incorporation bill in FY2019. Public consultations on the bill were held in late 2019 and, in March 2020, PSDI provided a draft bill that incorporated final consultation feedback.

In FY2021 (November 2020), the draft bill was granted a Certificate of Necessity by the State Solicitor. In April 2021, the National Executive Council subsequently endorsed the policy submission seeking amendment to the act and directed the First Legislative Counsel to draft the amendments. PSDI will continue to work with the IPA to finalize the drafting and passage of the bill.
During FY2021, PSDI undertook business law reform initiatives in the Cook Islands, Kiribati, Palau, Papua New Guinea, Samoa, Tonga, Tuvalu, and Vanuatu.
**Provide support for the personal property securities register**

The PPSR is a vital database that gives lenders confidence that their loans are appropriately secured and enables businesses to pledge movable assets to obtain finance. PSDI helped the IPA establish the PPSR in 2016 after the passage of the Personal Property Security Act 2011.

In FY2021, PSDI continued to provide intermittent technical and operational support to the registry. PSDI is also working to integrate the Personal Property Securities Register into the new business registry, which is expected to be launched during the first half of 2022.

**Develop an investment policy**

In FY2021, PSDI continued working with the IPA to develop a national investment policy statement, which catalogues and explains relevant policies and laws that affect foreign investment. This is the first step toward the development of an up-to-date written investment policy that addresses key questions, including foreign investment entry; investor rights, guarantees, and obligations; and investment promotion.

**2. COVID-19 Business Response Legislation**

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

In early 2020 and into FY2021, PSDI mobilized quickly to provide support for the development of draft legislation that aimed to assist normally profitable and viable businesses to continue trading, preserve their economic value, and save jobs. Despite the bill’s potential to support PNG’s COVID-19 recovery, this work has paused and the bill is unlikely to be implemented at the request of the IPA.

**Samoa**

1. **Simplifying Business Laws**

In early 2018, PSDI commenced the implementation of a business law simplification package. The package 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. This also supports Samoa’s AML/CFT compliance.

In FY2020, PSDI prepared a business names consultation paper for the Ministry of Commerce, Industry, and Labour (MCIL) to facilitate engagement with the private sector, government, and the public. Consultations were originally planned for early 2020, but were delayed because of the onset of COVID-19.

During FY2021, the consultations—led by MCIL with remote support from PSDI—got underway and are due for completion by early 2022. Once completed, PSDI will prepare a policy paper for government endorsement, before supporting the drafting and passage of appropriate legislation to Parliament. Part of this policy work will investigate the potential integration or harmonization of business licence issuance to streamline compliance obligations for the private sector. This will involve substantial inter-agency coordination between MCIL and the Ministry of Finance. PSDI will also support the development of an online business names registry.

2. **Companies Law Reform**

PSDI has been asked to provide drafting and policy support for improvements to the Companies Act. The need for these improvements were identified during PSDI’s implementation of Samoa’s online companies registry.

PSDI expects to review the Companies Act in 2022.

3. **Credit Bureau Development**

PSDI is working with the Central Bank of Samoa (CBS) to develop a Samoa-domiciled and controlled credit bureau.

In FY2021, PSDI finalized drafting instructions for the central bank national credit register bill. Further information is in Financing Growth chapter.

**Solomon Islands**

1. **Registry Support**

PSDI supported the creation of an integrated online registry encompassing company, business names, and foreign investment registrations, which was launched in November 2016. The website provides an integrated, streamlined investment start-up process that has dramatically reduced
the time and cost of registering and managing business names, foreign investment licenses, and companies.

In FY2021, PSDI continued to provide implementation support, including for the processing of biannual business names renewals.

**Tonga**

1. **Foreign Investment Reform**

In FY2020, PSDI worked with the Ministry of Trade and Economic Development to support foreign investment reform in Tonga, following a request from the government for assistance in drafting new foreign investment policy, bill, and regulations. PSDI completed the drafting for all items in 2018. The policy was passed in 2019. In September 2020, the Foreign Investment Act was passed.

PSDI has commenced work on a diagnostic to assess any changes to the registry that may be required to implement the act. This includes the drafting of supporting regulations.

**Tuvalu**

1. **Business Legal Environment Diagnostic**

The Government of Tuvalu has requested PSDI’s support to review the country’s legal environment for business through the provision of a diagnostic of the business enabling environment. This diagnostic will identify areas of reform, which the government may elect to pursue over a period of time.

In FY2021, PSDI commenced this support, working closely with the Ministry of Finance to review the current business enabling environment. PSDI has undertaken early desk review work, and has commenced procurement of a national consultant, who will undertake further work in-country to complete the diagnostic.

**Vanuatu**

1. **AML/CFT Support and Business Law Reform**

PSDI supported a comprehensive reform to Vanuatu’s foundational business laws, which culminated in the launch of an online company, business names, and charitable associations registry in August 2015. The multiple-entity registry has reduced the average time for company and other business entity registrations from more than 3 weeks to less than 3 days and made payments and other regulatory requirements simpler and more convenient.

PSDI has been assisting the Government of Vanuatu to fulfill the requirements regarding registry enhancements that stemmed from recent changes to Vanuatu’s AML/CFT framework. PSDI is also assisting Vanuatu to meet other AML/CFT action plan obligations. In 2018, PSDI drafted a new trusts bill to improve Vanuatu’s compliance with international commitments and its reputation as an offshore financial center.

In FY2021, the trust bill was finalized and is awaiting clearance by the State Law Office for tabling in Parliament. Registry enhancement diagnostic work is currently on hold, pending the further development of a regional registry.

Work on the trust bill and the registry enhancements is currently on hold and may recommence in FY2022.

**Regional**

1. **Foreign Investment Study**

In FY2021, PSDI began working on a regional Pacific Foreign Investment Study to compare FDI frameworks in PNG, Samoa, Solomon Islands, Tonga, and Vanuatu. The study, due for release in FY2022, will look at FDI entry requirements; core investor guarantees and obligations; monitoring and enforcement; investor residence in country; and investment promotion, and suggestions for policy and legislative reform. The study will provide important analytical underpinnings to PSDI’s foreign investment reform advocacy work.

2. **Arbitration**

In FY2021, PSDI took over responsibility for an International Commercial Arbitration Technical Assistance Program originally managed by ADB’s Office of the General Counsel. The program of work will provide support for the development of international commercial arbitration laws, judicial training, and private sector awareness in Fiji, Palau, PNG, Samoa, and Tonga. On 17 March 2020, PSDI co-hosted the Third South Pacific International Commercial Arbitration Conference with the Office of the General Counsel.
Figure 4  Business Law Reform Spending by Country, FY2021 ($) (Total: $1,684,935)

<table>
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<th>Country</th>
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<tr>
<td>Regional Initiatives</td>
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<td>Vanuatu</td>
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</table>

Source: Pacific Private Sector Development Initiative

Figure 5  Business Law Reform Spending by Country, 2007–2021* ($) (Total: $11,844,580)

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</table>

* To 30 June 2021.
Source: Pacific Private Sector Development Initiative
Since 2017, the Pacific Private Sector Development Initiative (PSDI) has worked closely with the Investment Promotion Authority (IPA) of Papua New Guinea (PNG) to modernize PNG’s business laws and registration systems.

Under the Investment Promotion Act 1992, the IPA administers a broad range of legislation to support private sector development and investment. Its functions include business registration, regulation, and certification of foreign enterprises; investor servicing, investment, and export promotion; and protection of intellectual property rights.

In 2017, the Government of PNG and the Asian Development Bank signed a memorandum of understanding for PSDI’s work with the IPA. In September 2020, the partnership was extended to 2024 through a further memorandum of understanding, which outlined the anticipated policy and legislative technical assistance that the PSDI will provide. This includes diagnostics, policy design, the drafting and implementation of legislation, and the development and implementation of a new business registry.

In fiscal year 2022, PSDI reviewed the results of this work with key stakeholders in PNG and found several factors that underpinned its success. These included the long-standing nature of PSDI’s support and regional relationships, PSDI’s demand-driven model, the quality of work and expertise delivered, and the complementarity of PSDI’s assistance with local context.

“In terms of context, I think, because of its long working relationship with PNG, PSDI really understands the context of PNG. Wherever there’s a new concept, the reforms are really done in a way that really, really suits the PNG context.” – IPA representative

**Business Law Reform**

The partnership between PSDI and the IPA has driven significant reforms that support improved business registration processes, encourage investments, enable alternative financing methods, and strengthen processes to incorporate associations.

“Generally speaking, on the establishment of the IPA, it was intended to be an implementing agency. However, over the years, we’ve sort of realized that there is some absence in the policy mix in that the agencies who are supposed to drive the policy agenda have been absent ... That’s been a challenge and I think, from my own experience, having PSDI sort of fills in the gap. I tend to depend heavily on PSDI when it comes to policy and legislative measures.” – IPA representative.

PSDI supported the introduction of the Personal Property Security Act, which was passed in December 2011 and became effective in 2016. The act’s implementation included the establishment of the online Personal Property Securities Register, a database that (i) allows lenders to register security interests over movable assets; and (ii) enables businesses and individuals to pledge these movable assets to obtain finance, while providing lenders with confidence that their loans are appropriately secured. This facilitates greater flexibility regarding what is considered acceptable collateral for lending, thereby improving access to finance for businesses and aiding private sector growth.

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*a* IPA representative #1. Interview with PSDI Monitoring and Evaluation Specialist. Semi-structured interview. Conducted via video call. 23 February 2021.

In June 2018, PSDI produced the Policy Review: Investment Promotion Act, a diagnostic report which assessed the policy underpinning PNG’s national investment law against regional better practice. This review prompted a range of support to the IPA, which includes the drafting of a national investment policy statement, providing urgent assistance for amendments to the Investment Promotion Act, and future work to develop a national investment policy. Amendments to the Investment Promotion Act are awaiting endorsement by the National Executive Council.

“I find from the organization and from the PNG context, our inputs are taken on board before anything is done”- IPA representative (footnote a).

Also, PSDI has provided technical assistance, which includes diagnostic work, policy paper development, support for consultations, and drafting of reforms to the PNG Associations Incorporation Act. The outdated law from 1966 contains technical gaps which make PNG vulnerable to having negative assessments made against it for failure to meeting anti-money laundering/combating the financing of terrorism requirements by the Financial Action Task Force. PSDI will assist the government to repeal and replace the act with a modern law which better supports the formation and management of incorporated associations, including those with a commercial orientation. In April 2021, the National Executive Council granted its first approval for the bill.

“I don’t think we would have progressed it (the Associations Incorporation Act reform) that fast, due to limited resources and lengthy delays in government lawyers providing the necessary advice. PSDI support—it has been very evident that it worked for us to get this far.” - IPA representative (footnote a).

**Business Registry Establishment**

PSDI has supported the IPA’s efforts to enhance PNG’s business registry since 2017. PSDI’s diagnostic work focused on registry operations, including the use of current technology, organizational workflows, human resources and capabilities, and the Information Technology Team’s management of registry technology. This led to the IPA’s migration to a cloud-hosted platform in 2018, which has improved availability and security of data.

PSDI is providing intensive support to the IPA to replace the current online business registries to (i) improve the availability and accuracy of data, (ii) streamline business operations, and (iii) furnish policymakers with better information to develop supportive private sector policies. In particular, the new registry will have advanced reporting capabilities, have a mobile-friendly interface, reduce operational costs for the IPA, and reduce the compliance burden for users. The registry will be based on a flexible common platform to which the IPA—and other government agencies—can add modules over time. It will simplify also the collection of sex-disaggregated data.

“One of the things that Papua New Guinea finds hard is the availability of information. And that’s something that IPA has led, and is still the leading organization with, in terms of real time data, and it’s available on the IPA website. And it cannot achieve that if it wasn’t for the assistance of PSDI.” – IPA representative (footnote a).

Source: Pacific Private Sector Development Initiative.
FINANCING GROWTH

KEY ACHIEVEMENTS FY2021

• Published “Government-Owned Banks: Their Role in Pacific Financial Systems” and “Pacific Retirement Funds: Anchoring Social Protection in Good Finance”, the first two papers of PSDI’s Pacific Finance Sector Policy Paper series that covered topical issues in Pacific finance, with the aim of assisting Pacific policymakers to alleviate the constraints faced by Pacific businesses when trying to access finance.

• Established a specialist panel to support PSDI’s ongoing work with retirement funds in the Pacific. PSDI works to strengthen the operations of these funds and supports increasing their capacity to become providers of long-term domestic finance.

• Continued support for the PSDI-supported Solomon Finance Ltd as it seeks to obtain a full license. Solomon Finance Ltd is a separate, wholly owned subsidiary of the Solomon Islands National Provident Fund, established to enable the Solomon Islands National Provident Fund to lend more sustainably to its members.

• Undertook an in-depth analysis of Pacific women’s access to retirement benefits. The analysis examined how institutional arrangements can disadvantage Pacific women’s entitlement to these benefits and provided potential policy responses to address those disadvantages.
Access to finance is critical to private sector growth. Without capital, businesses are unable to invest and grow. This means that economic growth is slowed, and the potential for job creation, additional taxation revenue, and higher standards of living is lost. Yet, access to credit remains a protracted problem in the Pacific, despite excess liquidity across financial systems. In general, banks are highly risk-averse, and capital markets and institutions remain underdeveloped. This makes it difficult for businesses—particularly micro, small, and medium-sized enterprises—to access finance.

PSDI works to reduce these constraints and increase the availability of credit to the private sector across the Pacific. This work focuses on strengthening government-owned banks, developing financing products suited to the Pacific, and strengthening the capacity of retirement funds to provide long-term domestic finance. It also focuses on strengthening finance sector institutions and legal and regulatory frameworks; and building awareness of key issues through advocacy and analytical work.

**Financing Growth during COVID-19**

COVID-19 will have a sustained impact on public finance and finance sectors across the Pacific. A key element of fiscal recovery across the Pacific will be identifying ways to reduce dependence on government spending and raise employment. The private sector will play a key role in achieving this, aided by efforts in the finance sector to ensure that credit is available and is allocated effectively to viable businesses that are able to drive economic recovery through job creation and increased tax revenues.

During FY2021, PSDI continued its ongoing work with Pacific banks—particularly government-owned banks—and retirement funds, with much of this work designed to help these institutions preserve their strength during the emergency response, reduce their reliance on government funds, and increase their ability to provide the credit the private sector needs to drive recovery. This advice included analysis on the future role of government-owned banks in the Pacific and designing and implementing loan products and other financing instruments secured against movable assets. PSDI has also worked to build credit assessment and risk management capacity, strengthen retirement funds’ investment management frameworks, and provide advice on funds’ potential financing activities.

PSDI also continues to advise on the legal and regulatory foundations and implementation of alternative financing platforms, such as equity crowdfinance funding and peer-to-peer lending, which have the potential to become important providers of finance, especially if banks become more risk-averse in reaction to COVID-19.

**PSDI’s Approach to Financing Growth**

Through long-term advisory engagement with Pacific policymakers, PSDI’s Financing Growth focus area works to reduce the public policy challenges that make it difficult for businesses to access finance in the Pacific. Reducing these constraints requires a deep understanding of individual country contexts and the strategies that are available to support decision-makers to achieve their aims.

The theory of change for PSDI’s Financing Growth (Figure 6) focus area depicts the reforms and the change to the enabling environment anticipated following PSDI’s support. These fall under four key activity pillars—retirement funds, government-owned banks, new
financing products, and legal and regulatory reform—which together foster the Financing Growth Program’s overarching outcome: *Lenders increase availability of finance for Pacific businesses through reforms tailored to individual Pacific country contexts.*

**Retirement Funds**

PSDI works with Pacific retirement funds to help them become providers of long-term finance to domestic businesses, and develop policies and processes that protect both members’ interests and the financial sustainability of the funds.

Retirement funds are a key feature of the financial landscape in the Pacific, providing a range of financial services and benefits although, in general, they have not actively financed domestic investment. Providing long-term investment finance can strengthen retirement funds’ balance sheets by generating higher financial returns than bank deposits and other low-yielding investments, and by matching the long-term profile of a fund’s liabilities.

Since 2006, PSDI has worked with retirement funds in Kiribati, Solomon Islands, Tonga, and Vanuatu. In FY2021, PSDI established a panel of highly qualified consultants to assist with this work, and continued its work in supporting
funds to strengthen their operations and increase their ability to provide long-term domestic finance.

**Government-Owned Banks**

PSDI works with government-owned banks across ADB’s Pacific DMCs to strengthen their operations and support them to increase their provision of private sector credit. Government-owned development and commercial banks are prevalent in Pacific financial systems. PSDI aims to strengthen the commercial orientation of these banks so that they can play a greater role in alleviating the credit constraints faced by many Pacific businesses and government resources can be used more effectively, and to increase the value of the government’s shareholding and encourage private sector investment.

Since 2006, PSDI has worked with government-owned banks in the Cook Islands, the Federated States of Micronesia (FSM), Fiji, Palau, PNG, Samoa, and Tonga. In FY2021, PSDI continued its work with government-owned banks in the Cook Islands, the FSM, Fiji, Palau, and Samoa to implement new financing products, strengthen their financial positions, and improve their operational effectiveness.

**New Financing Products**

**Secured Transactions**

PSDI works to establish secured transactions frameworks that enable the provision of loans using movable assets as collateral, and to identify financing opportunities that utilize these frameworks. Movable assets financing is particularly suited to the Pacific, where most borrowers cannot offer land and other real estate as collateral for loans, because most land is communally owned and many smaller businesses do not own commercial premises. Also, it offers significant opportunities for women, who have little control over customary land, to develop businesses. PSDI makes it easier for lenders to offer loans secured against movable property through legal reforms, the establishment of registries, and the development of new financing products. To date, PSDI has helped develop secured transactions frameworks in 10 Pacific countries that have been used to register more than 135,000 security interests to be used as collateral for loans.

**Alternative Financing**

PSDI is working to introduce legal and regulatory frameworks that will enable the implementation of alternative financing platforms, such as those that support peer-to-peer lending and equity crowd funding. Such platforms have the potential to be important in the financial architecture of many Pacific DMCs, especially in providing important finance for small and medium-sized enterprises.

Businesses in the Pacific, especially small businesses, face additional obstacles in accessing finance, because of underdeveloped capital markets. PSDI’s view is that this problem is more manageable if the emphasis is placed on capital raising for small businesses—which are the dominant business form in the Pacific—as opposed to capital markets that serve larger businesses.

Since 2006, PSDI has worked to develop secured transactions legislation, registries, and financing products in the Cook Islands, the FSM, Fiji, Palau, PNG, the Marshall Islands, Samoa, Solomon Islands, Tonga, and Vanuatu. In FY2021, PSDI continued to work in Fiji and PNG to develop (i) new financing products using movable assets as collateral, and (ii) an enabling environment for alternative finance and capital-raising opportunities for SMEs.

**Legal and Regulatory Reform**

PSDI works with governments and finance sector regulators to develop robust policy, legal, and regulatory frameworks. Inclusive institutions underpin economic growth and are fundamental to equitable distribution of its gains. PSDI works with governments to strengthen financial system stability and to find a balance between the growing availability and range of financial products and services, and the need to protect consumer, depositor, and investor interests.

**Economic Empowerment of Women and Financing Growth**

All PSDI focus areas promote, consider, and work to actively increase women’s economic empowerment during the development, implementation, and...
monitoring of program initiatives. The Financing Growth focus area works to increase women's financial inclusion, reduce gender gaps in the finance sector workforce and leadership, and increase women's access to financial services.

PSDI works to increase access to finance for Pacific women entrepreneurs and business owners, helping them grow their businesses, access previously inaccessible economic opportunities, and obtain more control over their incomes. PSDI works with Pacific lenders to develop financial products targeting women through use of secured transactions frameworks and alternative credit assessment methodologies, which enable them to use movable assets as collateral. PSDI also works with Pacific financial institutions to develop and implement gender policies supporting women-friendly workplaces and products, and to boost the employment, promotion, and retention of women in the sector’s senior management and decision-making positions.

**Financing Growth Activities and Progress FY2021**

**Cook Islands**

1. **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 will work with lending institutions to encourage its uptake. PSDI assisted the Government of the Cook Islands with the drafting of a Personal Property Securities Act, which was passed by the Cook Islands Parliament in 2017, and the development of an online Companies, Incorporated Societies, and Personal Property Securities Registry, which was launched in December 2019.

In FY2022, PSDI will pursue work with banks and the agriculture sector on the introduction of new lending products using the secured transactions framework.

2. **Strengthening the Financial Position of the Bank of the Cook Islands**

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

**Federated States of Micronesia**

1. **Strengthening the Federated States of Micronesia Development Bank**

PSDI has been working closely with the Federated States of Micronesia Development Bank (FSMDB) as part of its work strengthening the operations of government-owned banks and assisting with pursuit of more commercially sustainable strategies.

In FY2021, PSDI supported the development of a capital projections model for FSMDB and assisted the bank to review the modelling using the previous financial year’s data. COVID-19 has caused some disruption to this work, but FSMDB remains keenly interested in applying the model to forecast and manage its capital needs. In a case study developed in FY2021, FSMDB’s chief executive officer (CEO) indicated that the bank planned to apply the model to understand the impact on FSMDB’s balance sheet of a large capital injection related to COVID-19. PSDI also has received an early request for support to update FSMDB’s strategic plan in light of change to the operating environment because of COVID-19.

**Fiji**

1. **Strengthening the Commercial Orientation of Fiji Development Bank**

PSDI has been working closely with the Fiji Development Bank (FDB) as part of a regional program of support aimed at strengthening the operations of government-owned banks and enabling their commercial transformation.

In FY2021, PSDI continued working with FDB to support improved capital planning and began work on a capital projections model for the bank. The model is nearing completion. However final testing was delayed by COVID-19. The model will allow (i) FDB to assess the impact of shocks on capital adequacy; and (ii) assumptions to be changed to test a range of scenarios, such as changing interest rates, borrowing and write-off levels, in addition to macro factors such as gross domestic product. This will support the bank’s planning, corporate and regulatory reporting, and risk management.
BOX 3: CROSSCUTTING

Financing Growth and Tourism

All focus areas of the Pacific Private Sector Development Initiative (PSDI) work to increase the private sector involvement in key sectors, particularly tourism. PSDI’s Financing Growth and Tourism teams collaborate on a range of initiatives to enhance access to finance and support coronavirus disease (COVID-19) recovery efforts in the tourism sector. These include

(i) **Improving access to tourism finance.** Many Pacific tourism businesses find it difficult to access the finance they need to start and grow, despite excess liquidity in many Pacific financial systems. Further, tourism businesses tend to have sector-specific challenges, including seasonal revenue fluctuations, high exposure to natural disasters, and, more recently, significant impact by COVID-19.

In fiscal year (FY) 2021, PSDI’s Tourism and Financing Growth teams have been preparing to undertake an assessment of six Pacific developing member countries (DMCs) (the Cook Islands, Fiji, Palau, Samoa, Tonga, and Vanuatu) to explore the barriers to finance for tourism businesses and the impact of COVID-19 on the tourism sector. The assessment will include the development of recommendations to address barriers to tourism finance, which will guide further PSDI engagement. PSDI expects to share early findings in 2022.

(ii) **Tourism taxation study.** In FY2021, PSDI began preparatory work to undertake this study, which will provide an analysis of the different tourism taxation regimes of the Pacific DMCs and international best practice. The analysis will guide PSDI’s work with national tourism offices across the Pacific to advise on how best to ensure that tourism taxes meet destination goals. The analysis will examine different taxation options, and how taxation can fund sustainable tourism and recovery efforts. The study will build on a regional tourism assessment, undertaken in 2020 and published during the fourth quarter of 2021. Additionally, the Papua New Guinea Tourism Promotion Authority has requested PSDI support to investigate airline taxation reform, given that these taxes are significantly higher in Papua New Guinea than in other countries. Once finalized, the study will provide options for further support.

(iii) **Connecting tourism to blue finance for climate change mitigation.** PSDI is investigating potential blue finance initiatives for Pacific DMC governments, closely examining ways to finance risk and work with DMCs and partners to develop and implement selected blue finance initiatives. This work, which is being undertaken with the Asian Development Bank’s blue oceans work on coral reef insurance, is commencing with Solomon Islands and Fiji.

Source: Pacific Private Sector Development Initiative
During phase III, PSDI undertook a review of FDB’s risk management policies and procedures. Currently, PSDI is discussing future support for similar work with the new FDB CEO.

2. Increasing the Provision of Loans Secured Against Movable Assets

PSDI worked with the Government of Fiji to develop a secured transactions framework, including the development of a Personal Property Securities Act, which was passed in September 2017, and the development of a personal property securities registry, which was launched in May 2019. The framework allows loans to be secured against movable assets (such as crops, contracts, machinery, and other non-land assets), increasing access to credit for businesses that may be unable to use land as collateral. PSDI has been working with FDB to (i) design lending products that take advantage of the new secured transactions framework, (ii) identify potential applicants for financing, and (iii) advance agricultural value chain financing concepts. In FY2021, FDB progressed the agri-value chain financing concept, following PSDI’s initial support, starting with products for the ginger sector and expanding into dairy, rice, and other consumables. PSDI continues to engage with FDB on product implementation and expansion.

3. Deepening Capital Markets

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

To increase business access to long-term finance, PSDI supports Fiji’s Capital Markets Development Taskforce in its work to identify and implement suitable mechanisms to deepen Fiji’s capital markets to improve business access to long-term finance. This has included giving the task force a review of Fiji’s fundraising regime and a diagnostic on capital raising for small businesses.

In FY2021, PSDI developed a draft capital raising bill for small and medium-sized enterprises. This is being reviewed currently by the Capital Markets Development Taskforce through its secretariat at the Reserve Bank of Fiji. PSDI also updated its earlier capital raising diagnostic to include other alternative financing instruments beyond the diagnostic’s initial focus on equity crowdfunding and peer-to-peer lending.

Kiribati

1. Strengthening the Kiribati Provident Fund

PSDI is working to strengthen the operations and financial sustainability of the Kiribati Provident Fund. This has included developing a comprehensive policy framework that covers investment, risk management, and other operational policies. This work has the broad aim of strengthening the financial position of the fund, underpinning its sustainability, and increasing its capability to provide long-term domestic finance.

Throughout FY2020, PSDI continued to work on the development of a new investment framework and worked with senior staff to increase internal investment management capacity. PSDI also provided intermittent support to the fund’s work to refine internal policies.

In FY2021, PSDI completed draft governance charters, operational policies, and operational guidelines for the fund and supported ongoing, intermittent requests for technical advice on legislation, financial oversight, and asset management. PSDI is now planning to provide support from its retirement funds specialist panel, including to advance the fund’s investment management framework.

Palau

1. Strengthening the Commercial Orientation of the National Development Bank of Palau

PSDI is providing ongoing support to the National Development Bank of Palau (NDBP) to guide its operations and strategic direction. This has included the drafting of a series of policies to strengthen the bank commercially by 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.

In FY2021, PSDI continued to build on its strong relationship with the NDBP, working closely with the board
During FY2021, PSDI progressed Financing Growth initiatives in the Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, and Vanuatu.
and executive management team on the use of a capital projections model, developed by PSDI in FY2020. PSDI also provided intermittent technical advice to NDBP’s CEO.

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

Papua New Guinea

1. Increasing the Provision of Loans Secured Against Movable Assets

Since PNG’s secured transactions framework was completed with the activation of the Personal Property Security Registry in May 2016, PSDI has been raising awareness among lenders on how movable assets can be used as security for business loans.

In particular, PSDI has worked to develop opportunities for PNG farmers to use both tangible and intangible assets to secure finance for current and expanded operations. Even though more than 85% of Papua New Guineans are involved in subsistence and cash cropping, only 1.85% of lending by commercial banks is made to the agriculture sector. Unlocking the value of assets in this sector can transform rural incomes in PNG.

Through FY2021, PSDI continued providing targeted assistance to lenders to introduce financing products for the agriculture sector collateralized against crops, contracts, machinery and other non-land assets.

Women’s Micro Bank – NKW Fresh Pilot Project

In March 2020, a memorandum of understanding was signed between Women’s Micro Bank and NKW Fresh (a produce wholesaler) to develop an innovative new agricultural value chain loan product, where Women’s Micro Bank will offer finance to female farmers in Morobe for farming operations and expansion.

During the trial phase, 15 eligible growing groups (which must include women), who have existing supply contracts with NKW Fresh, will be able to borrow up to 90% of the purchase price of a small, walk-behind tractor, with repayments automatically deducted from future sales to NKW Fresh. This will enable growers to cultivate larger plots of land, increase yield, and improve incomes, while sustainably servicing their loan. NKW Fresh will provide training and support the use and maintenance of the tractors.

In FY2021, an initial pilot group of loan applicants were identified and loan applications were prepared. The importation of the tractors and details of any necessary bridging finance are now being confirmed. The pilot, underway since 2019, has shown the time it can take for innovative, multi-party agreements to progress. It will take some time still before the equipment is available and distributed, the subsequent impact on borrower’s production income can be fully assessed, and the pilot assessed for potential scaling up.

2. Strengthening Bank PNG Oversight and Macroprudential Capacity

Since FY2018, PSDI has worked with Bank PNG to strengthen its capacity to detect, identify, and manage macroprudential threats to the PNG economy. This work is based on a 2015 PSDI study on the interconnectedness of PNG’s financial system. PSDI’s current support aims to build capacity within Bank PNG’s Macroprudential Unit by assisting with the development of a finance sector stability report and increasing the understanding of macroprudential instruments. Also, PSDI has provided advice on the establishment and composition of a Financial Sector Stability Committee, which has now been formally established.

In FY2021, Bank PNG continued to work on the draft finance sector stability report. Once the draft is complete, PSDI will review and support its finalization.

3. Preparing for Alternative Financing Platforms

Often, businesses in PNG have limited options for securing finance for growth. In general, loans from commercial banks—the predominant, default source of business finance—are only offered to larger, established businesses. If they are offered to smaller businesses their terms tend to be unattractive. Options for attracting equity are similarly
limited. PSDI has been advising regulators on the legal issues around the introduction of peer-to-peer lending and equity crowdfunding platforms, including through the preparation in FY2020 of a comprehensive diagnostic on how alternative financing platforms could be enabled through existing capital markets regulatory frameworks, including suggestions on how these innovations could be better supported through regulatory reform.

In FY2021, PSDI supported the drafting of 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.

**Samoa**

1. **Strengthening the Commercial Orientation of the Development Bank of Samoa**

PSDI commenced delivering a package of technical assistance to the Development Bank of Samoa (DBS) in FY2018, aimed at strengthening the financial position of the bank, improving its operations, and clarifying its strategic role within a competitive financial system. PSDI helped assess the impact of nonperforming loans on the capital and liquidity position of DBS; formulate strategies for the resolution of large nonperforming 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 DBS directors and staff on their implementation.

In FY2021, PSDI continued working with DBS to clarify the bank’s strategic direction and develop a capital projections model. PSDI also commenced support to DBS, alongside our Economic Empowerment of Women colleagues, to review and expand a loan product targeting women and youth. The Samoa election, and subsequent uncertainty in national leadership, contributed to delays in PSDI’s engagement with DBS throughout this financial year.

2. **Increasing the Provision of Loans Secured Against Movable Assets**

With PSDI assistance, DBS introduced financing products for the agriculture sector that take advantage of Samoa’s secured transactions framework, which PSDI helped establish. In FY2021, DBS continued to implement these products, including furthering a cocoa financing product on Savai’i and taro financing product on Upolu.

3. **Credit Bureau Development**

PSDI is working with the Central Bank of Samoa (CBS) to develop a Samoa-domiciled and controlled credit bureau. Samoa does not yet have its own credit bureau, despite this being a common and well-established feature of modern financial markets. This is a significant barrier for financial inclusion and private sector development, constraining direct lending, especially in the small business loans market. PSDI provided a diagnostic report on the development of a credit bureau to CBS in late 2018. In FY2020, PSDI developed a consultation paper to engage primary stakeholders on the introduction of a credit bureau to Samoa. CBS led the consultation process and gathered stakeholder feedback.

In FY2021, PSDI finalized drafting instructions for the central bank national credit register bill.

**Solomon Islands**

1. **Credit Union Bill**

The Government of Solomon Islands asked PSDI to help prepare a credit union policy as a precursor to updating its credit union legislation, which is outdated and not tailored to the local context. In 2014, PSDI helped develop a new policy with drafting instructions, which was endorsed by the cabinet in 2016. In 2017, PSDI drafted a new credit unions bill. In FY2020, PSDI updated the draft credit unions bill based on feedback received through consultations led by the Ministry of Finance and Treasury and the Central Bank of Solomon Islands.

Currently, the bill is awaiting vetting by the Attorney-General’s Chambers, after which it will go to the cabinet for endorsement. PSDI continues to support the endorsement process.

2. **Support for Solomon Islands National Provident Fund Subsidiary Finance Company**

PSDI supported a feasibility study by the management of the Solomon Islands National Provident Fund (SINPF) of the business case for establishing a subsidiary finance company. Finalized in October 2018, the study found that there was a strong financial case to support the proposal that SINPF
establish a non-bank financial institution in Solomon Islands, and that such a business would be compatible with SINPF’s objective of maximizing retirement benefits for members. In FY2020, PSDI supported SINPF to establish a separate, wholly owned subsidiary, Solomon Finance Limited (SFL), to more sustainably lend to members. SFL was granted a 1-year interim license in November 2019.

In FY2021, PSDI continued to support SFL with its establishment, and the development of appropriate policies and safeguards to meet the requirements of the Central Bank of Solomon Islands for a full license. SINPF has applied for a full license, to be granted in late-2021.

**Tonga**

1. **Strengthening Retirement Funds**

Since the middle of 2014, PSDI has been assisting the Tonga Retirement Fund Board (TRFB), Tonga’s public sector employees fund, to strengthen its governance and operations. Initial work involved reviewing the board’s policies and identifying revisions that are needed to make the policies consistent with generally accepted industry standards. Subsequent assistance was directed toward further improving the board’s policies and drafting new policies, where needed; improving the investment management framework, including developing guidelines for investing in SOEs; and improving returns to fund members while preserving TRFB’s sustainability. Similar work has been undertaken with the National Retirement Benefits Fund—the private sector employees’ fund.

In FY2021, PSDI worked to establish a retirement fund advisory panel. PSDI will draw on this panel in FY2022 to progress its work with TRFB, including an actuarial risk review. The review will examine TRFB’s financial strength, sustainability, and risk management arrangements, in addition to its self-insurance arrangements, and provide recommendations to support the efficient fulfillment of the fund’s mandate.

**Tuvalu**

1. **Reforming Tuvalu’s Finance Sector**

In FY2021, 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 road map for reform to improve finance sector efficiency and sustainability, and inclusive access to finance. Working with the Tuvalu Ministry of Finance, a terms of reference document has been drafted and the work will commence in FY2022.

**Vanuatu**

1. **Strengthening the Capability of Vanuatu’s Retirement Fund**

PSDI has been working with the Vanuatu National Provident Fund (VNPF) to strengthen its operations and financial sustainability, and increase its capability to manage its investments and provide long-term domestic finance. This work has included the development of policies covering VNPF’s governance and operations, and strengthening of the investment management framework.

Although this work was paused during FY2021, VNPF has indicated a strong interest in continued support in FY2022, particularly around improving its investment frameworks and capabilities.

2. **Finance Sector Reform**

In FY2018, PSDI began working with the Reserve Bank of Vanuatu to review Vanuatu’s financial system architecture, and support the development of a package of finance sector reforms suited to Vanuatu’s economic structure. These reforms will address problems that businesses have in accessing finance, and include legal amendments needed to support the introduction of a capital raising regime for small businesses. The Reserve Bank of Vanuatu has indicated a strong interest in progressing this work, which has paused during the COVID-19 period.

**Regional**

1. **Advocacy and Analysis**

In FY2021, PSDI published the first two Pacific finance sector policy papers. The papers are the first in a series covering topical issues in Pacific finance, with the combined aim of assisting Pacific policymakers alleviate the constraints faced by Pacific businesses when trying to access finance.

The first paper—*Government-Owned Banks: Their Role in Pacific Financial Systems*—was published in September 2020. It aims to clarify the role of government-owned banks in...
the Pacific, assist policymakers to meet the financing needs of businesses by addressing questions around government ownership of banks, and highlight the need to increase private participation in most Pacific financial systems.

The second paper—Pacific Retirement Funds: Anchoring Social Protection in Good Finance—was published in November 2020 and notes that, while retirement funds are prevalent across the Pacific, there is ongoing debate regarding whether these funds should have a narrow retirement focus or play a wider social protection and financing role. The paper aims to assist policymakers to clarify the role of these Pacific funds—particularly any financing role—while considering the implications of the role on asset composition.

PSDI also undertook an in-depth analysis on how institutional arrangements can disadvantage Pacific women’s entitlements to retirement benefits, and provided potential policy responses to address those disadvantages. The study will be used to inform PSDI’s broader work with retirement funds, and has been shared with the Pacific Islands Investment Forum.
Figure 7  Financing Growth Spending by Country, FY2021 ($ (Total: $371,767)

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Regional Initiatives</td>
<td>76,388</td>
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<td>Federated States of Micronesia</td>
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<td>Fiji</td>
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<td>Kiribati</td>
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<td>Marshall Islands</td>
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<td>Niue</td>
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<td>Palau</td>
<td>41,996</td>
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<td>Papua New Guinea</td>
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<td>Samoa</td>
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<td>Solomon Islands</td>
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<td>33,085</td>
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<td>Vanuatu</td>
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</table>

Source: Pacific Private Sector Development Initiative

Figure 8  Financing Growth Spending by Country, 2007–2021* ($) (Total $10,598,529)

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount</th>
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<td>Tuvalu</td>
<td>860,511</td>
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<td>Vanuatu</td>
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</table>

*To 30 June 2021.
Source: Pacific Private Sector Development Initiative
The Pacific Private Sector Development Initiative (PSDI) has a broad mandate to strengthen retirement funds in the Pacific. This mandate includes working directly with retirement funds, engaging in regional policy dialogue and advocacy, legislative reform, and supporting women’s equal access to retirement benefits.

Retirement funds are prevalent throughout the Pacific. Each of the Asian Development Bank’s 14 Pacific developing member countries, except Niue, has a retirement or provident fund of some description. While these funds are not government-owned, they are often central to a country’s social protection system and have the potential to play an important financing role and contribute to broader finance sector development.

“Retirement funds are a key feature of Pacific financial systems and provide a range of important financial services and benefits. That’s why PSDI is working with retirement and provident funds across the Pacific, to strengthen their operations and improve their investment frameworks, to achieve the best outcomes for their members.” —Jeremy Cleaver, team leader, PSDI’s Financing Growth team

PSDI works to enhance funds’ financial strength and viability, including providing advice on strategic direction, governance, risk management, investment management, policies, and operational capabilities. A fund’s strength determines its capability to provide long-term finance to the domestic economy, which in turn supports sustained economic growth and adequate retirement benefits for fund contributors.

A long-term PSDI counterpart is the Kiribati Provident Fund (KPF). Like all retirement funds, KPF’s strength has significant implications for the financial security of Kiribati citizens and its potential to fund domestic investment.

PSDI’s support for KPF has included an in-depth analysis of KPF’s governance, undertaken in 2017, which examined KPF’s governing institutional arrangements, including legislation, policy frameworks, organizational structure, and financial structure. This analysis provided a blueprint for the development of a comprehensive policy framework and technical inputs to KPF’s strategic planning, including investment, risk management, and other operational policies.

PSDI also supports the strengthening of Pacific retirement funds through an ongoing program of advocacy and analysis.

BOX 4: CASE STUDY

Strengthening Pacific Retirement Funds

PSDI’s support for KPF has included an in-depth analysis of KPF’s governance, undertaken in 2017, which examined KPF’s governing institutional arrangements, including legislation, policy frameworks, organizational structure, and financial structure. This analysis provided a blueprint for the development of a comprehensive policy framework and technical inputs to KPF’s strategic planning, including investment, risk management, and other operational policies.

PSDI also supports the strengthening of Pacific retirement funds through an ongoing program of advocacy and analysis.
During fiscal year (FY) 2021, PSDI published a policy paper that outlines the complex issues faced by retirement funds in the Pacific, such as the scope of financial services they should offer and the investments they should make to align their balance sheet with the fund’s long-term objectives. The paper aims to support Pacific policymakers as they consider the role of a retirement fund (whether a fund is focused on retirement or broader social protection), and the key principles that should guide policy development.

PSDI’s long-running work with retirement funds in the Pacific has established it as a leading provider of retirement fund support and expertise across the region. This is reinforced by the establishment in this fiscal year of a panel of leading retirement fund specialists to support ongoing and future work in this field. PSDI regularly engages in regional forums and policy discussions and has established a strong working relationship with the peak regional body, the Pacific Islands Investment Forum.

PSDI is also working to ensure that access to retirement benefits in the Pacific is gender-equitable. In FY2021, PSDI undertook an in-depth analysis that examined how institutional arrangements can disadvantage Pacific women’s entitlements to retirement benefits, and proposed potential policy responses to address those disadvantages.

The study found that the disadvantages women face in retirement fall into three main categories: regulatory impediments, organizational practice, and behavioral norms. These include

(i) women’s economic activities which are concentrated in the informal economy and in small family businesses that are usually exempt from making contributions to retirement funds;

(ii) poor compliance with legislation, which means that many employers do not make contributions on behalf of their employees, and women with lower levels of financial literacy suffer as a consequence; and

(iii) women’s caring and child-rearing responsibilities result in women having lower retirement balances than men over their working life.

This analysis has been shared with the Pacific Islands Investment Forum to form the basis of PSDI’s Women in Super Program, including the establishment of a women in super working group, which is expected to convene in 2022. PSDI is also working to ensure that these considerations inform future work, including a review of provident fund legislation in multiple Pacific developing member countries that PSDI is currently preparing to undertake.

Source: Pacific Private Sector Development Initiative.

STATE-OWNED ENTERPRISE REFORM AND PUBLIC–PRIVATE PARTNERSHIPS

KEY ACHIEVEMENTS FY2021

• **Kumul Consolidated Holdings (Amendment) Bill endorsed by Papua New Guinea National Executive Council.** PSDI is undertaking a broad program of support to KCH (PNG’s SOE holding company) for major reforms to PNG’s SOE governance and management frameworks.

• **5-megawatt solar independent power producer prefeasibility study completed and endorsed by PNG Power and KCH to proceed to tender.** The solar project will displace diesel generation, reduce costs, and increase system reliability with the addition of a battery storage capability. PSDI will prepare a competitive tender process for this project in FY2022.

• **Completed a tender process for a stevedoring concession at Tonga’s international wharf.** The transaction will provide an investment opportunity for the private sector, support the development of a full-service stevedoring capability, and reduce operating risks for the Ports Authority Tonga.

• **Delivered a state-owned enterprise policy and a public–private partnership policy in Palau.** PSDI is working to reform Palau’s SOEs to reduce their fiscal strain on the government and expand Palau’s capacity to deliver economic infrastructure through increased partnerships with the private sector.
STATE-OWNED ENTERPRISE REFORM AND PUBLIC–PRIVATE PARTNERSHIPS

PSDI’s State-Owned Enterprise Reform and Public–Private Partnership focus area works to enhance the efficiency of SOEs through legal, governance, and regulatory reforms; and increase private sector participation.

State-owned enterprises (SOEs) are among the largest commercial entities in most Pacific countries, with responsibility for managing significant infrastructure assets such as ports, utilities, and airports. Yet their contribution to economic growth is comparatively low, and poor-performing SOEs can burden public finances and increase the cost of doing business.

PSDI works to improve the performance and efficiency of SOEs, including through privatizations and public–private partnerships (PPPs). Promoting PPPs and privatizations creates opportunities for private investment, reduces doing business costs, and improves the delivery of basic services by introducing private sector discipline and competition market pressures into the SOE sector.

State-Owned Enterprise Reform and Public–Private Partnerships during COVID-19

COVID-19 is having a profound impact on selected SOEs across the Pacific. SOEs involved in transport, in particular airlines and airports, are contending with a sharp decline in demand that their business models never accounted for. Meanwhile, utility service providers have faced cash flow constraints as some customers cannot pay their bills or as commercial demand contracts as hotels and businesses shutter. Projects that require foreign expertise or equipment have also been delayed by travel restrictions.

Governments across the region are reviewing SOE operations and providing assistance, where needed, to maintain service delivery. They are also looking at options to sustainably manage SOEs in the medium term and secure their viability for recovery in the longer term.

Reforms supported by PSDI across the region have built SOEs’ resilience to economic shocks like COVID-19. By fostering commercial independence, improving operational efficiency, and engaging the private sector, these reforms have reduced or removed the need for government support, strengthened SOE balance sheets, improved service quality, and created opportunities for local businesses. As a result, many of these well-managed SOEs should assist rather than impede economic recovery. For example, the commercial strategies of Tonga Power Ltd have helped build its resilience, particularly in mitigating the impacts of extreme weather, meaning that it has been able to restore power quickly after events such as Cyclone Harold in 2020. Ongoing and planned support to Pacific SOEs will enhance their capacity, and that of Pacific economies overall, to weather upheaval and uncertainty.

PSDI’s Approach to SOE Reform and PPPs

PSDI works with ministries of public enterprise, finance, treasury, and economy and with individual SOEs across the Pacific to enhance SOE efficiency and increase private sector involvement in service delivery.

The SOE/PPP theory of change (Figure 9) outlines the support PSDI provides to governments for reforms, and the changes anticipated following program support. These reforms fall under four key activity pillars—advocacy; policy, legal, and regulatory reform; institutional strengthening; and transaction support—contributing to the SOE reform and
PPP focus area’s overarching outcome: SOEs enhance their commercial performance, improve service delivery, and reduce their fiscal burden on governments.

Advocacy
PSDI raises awareness and understanding of the benefit of SOE reform and PPPs through its ongoing advocacy work and the production of knowledge products.

Since 2006, PSDI has published 11 SOE/PPP knowledge products, case studies, and policy briefs, including six iterations of its Pacific SOE benchmarking study, Finding Balance. In FY2021, PSDI drafted a policy brief on director selection processes, to be published in FY2022, and began preparations for the next iteration of Finding Balance, to be published in 2022.

Policy, Legal, and Regulatory Reform
PSDI supports efforts to improve legal, regulatory, governance, and monitoring arrangements for PPPs and SOEs to improve service delivery, strengthen commercial mandates, enhance transparency, and improve accountability.
SOEs perform better when they are protected from political interference, required to operate on commercial principles, and equipped to do so. PSDI supports SOE governance by assisting in the development, review, and implementation of legislation that secures SOEs’ commercial mandates, providing technical support for SOE monitoring, and supporting the development of robust policy frameworks that guide SOE operations.

PPPs allow Pacific countries to mobilize private sector capital and expertise to expand and improve infrastructure service delivery, allowing them to do more with less. PSDI supports the development of PPP programs and transactions through the establishment of conducive policy, legal, and institutional frameworks.

Since 2006, PSDI has undertaken SOE and/or PPP policy, legal, and regulatory reform in Fiji, the Marshall Islands, Nauru, Palau, PNG, Samoa, Solomon Islands, Tonga, and Vanuatu. In FY2021, PSDI continued to support SOE reform and PPPs in PNG, Palau, Tonga, Samoa, and Vanuatu.

**Institutional Strengthening**

PSDI supports institutional strengthening of SOE monitoring agencies to improve their capacity to implement SOE policies and laws.

Since 2006, PSDI has supported SOE strengthening in Fiji, the Marshall Islands, Nauru, Palau, PNG, Samoa, Solomon Islands, Tonga, and Vanuatu. In FY2021, PSDI continued its ongoing work program with SOEs in PNG, Palau, Tonga, Samoa, and Vanuatu.

**Transaction Support**

PSDI provides broad support for the implementation of PPPs and supports Pacific governments that are seeking to fully or partially privatize SOEs.

The full or partial privatization, contracting out, and PPPs can all help improve SOE performance. Increasing the involvement of the private sector can reduce the cost of doing business and improve the delivery of basic services by introducing private sector discipline and competitive market pressures. PSDI is supporting Pacific countries to attract private capital and expertise through privatization and PPPs wherever opportunities exist.

Undertaking PPP transactions can be challenging in the Pacific. In small Pacific environments, tendering is difficult as there are few companies that are able to compete, and it can be difficult to maintain the privacy of bidders, which complicates the tender process and makes objectivity of evaluation difficult. The process can also be highly politically sensitive, depending on the type and scope of a transaction.

Since 2006, PSDI has supported five SOE privatizations and four PPP transactions. In FY2021, PSDI supported PPP policy and legislative reform in Palau and PNG, and provided PPP scoping and/or transaction support in Palau, PNG, Tonga, Tuvalu, and Vanuatu.

**Economic Empowerment of Women and State-Owned Enterprise Reform and Public-Private Partnerships**

All PSDI focus areas promote, consider, and work to actively increase women’s economic empowerment during the development, implementation, and monitoring of program initiatives. PSDI’s SOE/PPP focus area works to ensure that women are afforded leadership opportunities in SOEs. Increasing women’s leadership in public enterprises can enhance perception of women’s leadership skills and promote opportunities in other areas of society, while delivering the commercial benefits that have been proven to accompany gender diverse organizational leadership.

PSDI works to increase the number of women on SOE boards and in senior management in the Pacific, as evidence shows diverse boards improve SOE governance and performance. PSDI works with SOEs to review their board member nomination and appointment processes, and to expand their pool of qualified women candidates for boards and senior management roles. This includes the development of databases for board candidates, and training on corporate governance.
State-Owned Enterprise Reform and Public-Private Partnerships Activities and Progress FY2021

Fiji

1. Public Enterprise Reform

PSDI signed a memorandum of understanding with the Ministry of Public Enterprises in November 2016 to provide ongoing support to restructure SOEs and strengthen Fiji’s policy, legal, and institutional framework for SOEs and PPPs. This support has included drafting the new Public Enterprise Act to improve governance, accountability, and transparency, and to strengthen the commercial mandate of SOEs. The act was passed by Fiji Parliament in May 2019 and PSDI has provided support for its implementation, including the development of a Code of Corporate Governance, director remuneration guidelines, and guidelines on the establishment of public enterprises.

In FY2021, PSDI supported the MPE in reviewing the noncommercial obligation cost estimates of SOEs, in line with the provisions of the Public Enterprise Act. PSDI also prepared a diagnostic of the SOE director selection and appointment process, identifying areas where the process could be strengthened to align with international best practices.

Palau

1. State-Owned Enterprise and Public-Private Partnership Reform

PSDI is supporting the Ministry of Finance of 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.

In FY2021, following consultations and inputs from an interagency working group, PSDI delivered a PPP Policy and Transparency Guidelines. 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. If implemented, it will be the first time in the Pacific that such transparency guidelines have been adopted around PPP transactions.

In FY2021, PSDI also supported the Ministry of Finance in updating the 2013 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.

The PPP Policy, Transparency Guidelines, and updated SOE Policy received positive feedback from Palau’s minister of finance, who has requested PSDI support for their implementation. Recognizing that 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.

PSDI support for SOE and PPP reform in Palau has been specifically tailored to the country’s small economy, and to be consistent with the conditions of two ADB policy-based loans, one of which is strengthening the governance and commercial orientation of the country’s largest SOE, the power and water utility.

Papua New Guinea

1. State-Owned Enterprise Reform

PSDI is undertaking a broad program of support to Kumul Consolidated Holdings (KCH) (PNG’s SOE holding company) for major reforms to PNG’s SOE governance and management frameworks.

These reforms support the requirements of an ADB policy-based loan and feature as part of the Government of PNG’s SOE reform agenda, endorsed by the cabinet in October 2019.

Since the onset of this work in September 2019, PSDI has developed (i) a new SOE Ownership Policy, which was endorsed by the National Executive Council (NEC) in April 2020; and (ii) amendments to the KCH Act that are
necessary to implement the ownership policy. Additionally, PSDI is supporting KCH to improve its governance and operations, including improving director selection processes and developing a new 3-year corporate plan and statement of corporate objectives for all SOEs. These new guidelines were approved by the KCH board in May 2020 and are included in the KCH amendment bill. PSDI also developed an SOE asset monetization strategy, outlining a process whereby non-core assets could be identified and privatized to generate much-needed cash for struggling SOEs.

In FY2021, the KCH amendment bill was endorsed by PNG’s NEC. It will be put to Parliament in the third quarter of 2021. PSDI provided ongoing support for the implementation of KCH’s new 3-year corporate plan and statement of corporate objectives, and assisted KCH in evaluating the overall debt position of selected SOEs.

2. Development and Implementation of the PPP Act

PSDI has provided long-running support to the Government of PNG for the development and implementation of the PPP Act, including the development of an implementation strategy, preparation of an initial set of regulations, and drafting amendments to the existing PPP Act. These reforms are linked to an ADB policy-based loan.

In FY2021, the implementation strategy was endorsed by the Department of National Planning and Monitoring, and a first set of regulations was endorsed by the NEC. PSDI then prepared the 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 currently is awaiting NEC endorsement. Upon full implementation of the PPP Act, project risk assessment and competitive tendering processes will become legal requirements, and will improve the commercial outcomes for SOEs.

3. Telecommunications Sector Reform

As part of its support to KCH, PSDI also has been providing advice on a potential restructure of the telecommunications sector in PNG. In the previous financial year, 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.

In FY2021, PSDI consulted with KCH and Kumul Telikom Holdings, PNG’s telecommunications SOE, to deliver a policy options paper on the restructuring of Kumul Telikom Holdings. The paper generated a reconsideration of the overall strategy being developed for the sector. PSDI highlighted associated risks with the model, which have been taken on board.

4. PPP Implementation Support

In FY2021, PSDI updated the PPP prefeasibility analysis for a 5-megawatt solar PPP in Kokopo, and was subsequently asked by KCH and PNG Power Ltd (PPL) for assistance in its implementation. Work to implement a competitive tender process will begin in July 2021. A solar project in Kokopo will be financially beneficial for PPL, as well as provide power to the local community, who have been struggling with an unreliable power supply for at least 3 years. A competitive tender is also a condition under an ADB policy-based loan.

PSDI has been working on three further initiatives with PPL, including (i) detailed risk assessments of proposed and existing power purchase agreements (PPAs), (ii) the development of a standard PPA, and (iii) financial modelling to assess the impact of PPL’s proposed unbundling (breaking up the company into separate subsidiaries). The PPA risk assessments, financial model, and standard PPA were all completed in FY2021.

In FY2021, KCH requested PSDI to undertake a PPP prefeasibility study for a future water treatment plant that will supply water to Port Moresby. PSDI will provide recommendations in late 2021.

Samoa

1. SOE Governance Support

In FY2020, PSDI supported an update to the scope and purpose of the statements of corporate objectives prepared by SOEs, SOE reporting requirements and finalized guidelines for the classification of public bodies as for-profit or not-for-profit entities. The classification guideline was endorsed by the cabinet, facilitating performance oversight. In FY2021, PSDI provided further support to the Ministry of Public Enterprises in identifying the legislative amendments needed to give effect to these reforms. Following the election of the new government in 2021, indications are that
the Ministry of Public Enterprises intends to redouble efforts to amend and implement the Public Bodies Act, and will seek PSDI support.

**Tonga**

1. **Ports Authority of Tonga PPP Transaction Support**

In the second quarter of 2017, the government requested support from PSDI to develop 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 and PAT PPP Working Group was established. In 2019, PSDI provided assistance to the working group on the preparation of a cargo-handling concession, including conducting a competitive tender process and reaching the final bid evaluation stage, before a pause was requested by the cabinet in 2019.

In FY2021, following a new cabinet decision, PSDI restarted the tender process for the stevedoring concession, including running a tender forum in February 2021, issuing updated tender documents and evaluating submissions with the technical working group in April 2021. Subsequently, an evaluation report was prepared and will require the endorsement of the working group, the PAT board, and the cabinet, all of which are expected to be secured before the end of 2021. The contract is due to commence in January 2022. 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 the PAT.

In FY2021, at the request of the Ministry for Public Enterprises, PSDI undertook an assessment of the risks and opportunities of establishing a state-owned reinsurer to inform a cabinet inquiry. Following PSDI’s assessment, the government agreed to explore more cost-effective strategies.

**Vanuatu**

1. **Government Business Enterprise Reform**

PSDI has been supporting the preparation of a government business enterprise bill to implement the 2013 Government Business Enterprise Policy.

In FY2021, PSDI provided further support to the Ministry of Finance and Economic Management to amend the bill and respond to comments by the Ad Hoc Committee tasked with reviewing the bill. The bill remains pending.

2. **Luganville Water PPP Assessment**

In the second quarter of 2018, at the request of the Department of Water Resources, PSDI began work on a PPP assessment for Luganville water supply. In FY2019, PSDI completed a draft PPP prefeasibility study for the Luganville water supply system, which focused on an assessment of suitable PPP models. The proposed two-stage PPP model was agreed to by the Department of Water Resources and other stakeholders in the second quarter of 2019.

In FY2021, PSDI provided ongoing support to this project through ADB’s Luganville Urban Water Supply and Sanitation Project, including advising on a potential PPP structure and options for future institutional arrangements in the sector.

**Tuvalu**

1. **Freight Services**

The Ministry of Finance of the Government of Tuvalu sought PSDI’s 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.

In FY2021, 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 FY2022. If the government chooses to pursue a PPP option, PSDI may provide support on implementation. The initiative is the first SOE engagement in Tuvalu, with key stakeholders demonstrating strong engagement in the process.
Figure 10  State-Owned Enterprise Reform Spending by Country, FY2021 ($)(Total: $146,523)

Source: Pacific Private Sector Development Initiative

Figure 11  State-Owned Enterprise Reform Spending by Country, 2007–2021a ($) (Total: $4,035,743)

Source: Pacific Private Sector Development Initiative

a To 30 June 2021.
Figure 12  Public–Private Partnership Spending by Country, FY2021 ($) (Total: $367,640)

Source: Pacific Private Sector Development Initiative

Figure 13  Public–Private Partnership Spending by Country, 2007–2021* ($) (Total: $3,548,478)

*To 30 June 2021.
Source: Pacific Private Sector Development Initiative
Fiji was an early adopter of state-owned enterprise (SOE) reform in the Pacific, and one of the first countries to significantly engage with the Pacific Private Sector Development Initiative (PSDI) when it was launched in 2007. Fiji has participated in each edition of PSDI’s flagship SOE benchmarking publication Finding Balance, and PSDI’s engagement with Fiji and support of its SOE reform program has steadily grown.

Prior to PSDI’s establishment, in 1996 Fiji enacted the Public Enterprise Act, which created an overarching legal framework to guide the reform program. The act was followed by the development of policy frameworks in the early 2000s on SOE and corporate governance, management, and privatization. Regionally, Fiji initially led the way in contracting out community service obligations to the private sector and pursuing public–private partnerships (PPPs). However, reform and commercialization progress slowed from 2006 that affected performance of Fiji’s public enterprises.

Changes and updates in the overall policy environment were deemed important by the Government of Fiji, as well as PSDI, to support improved public enterprise governance, management, and profitability. This was exemplified by Fiji’s formal request for PSDI support, and its subsequent endorsement of policies and passage of relevant legislation.

In November 2016, PSDI signed a memorandum of understanding with Fiji’s Ministry of Public Enterprises, agreeing to provide ongoing support to restructure SOEs and strengthen SOE- and PPP-related policy, legal, and institutional frameworks. PSDI’s primary counterpart agency is now the Department of Public Enterprise (DPE) within the Ministry of Economy, which took over the SOE ownership monitoring role from the Ministry of Public Enterprises in 2019. With PSDI support, the DPE prepared and finalized a new Public Enterprise Bill to improve governance, accountability, and transparency; and strengthen the commercial mandate of Fiji’s SOEs.

“We had a totally new act with some of the most outdated processes taken out, so I think that has helped streamline most of the work done by us and it’s more reflective of the business environment that we operate in. There was a big portion of the old act that concentrated on activities which we don’t do anymore …. The significance was helping us to set up a governance structure which was relevant and take away some of the dated bits and pieces” — DPE representative.\(^b\)

“Our role is more about monitoring (SOEs) and improving the financial performance of companies, ensuring Board accountability is there and the proper process is followed in terms of the governance process...if we look at 20 years back there’s a big, big difference. It’s very streamlined, it’s modern, concise so easier to explain to anybody, to talk about it” — DPE representative.\(^c\)

Following the passage of the Public Enterprise Bill, PSDI has provided close implementation support. Particular attention was given to establishing a robust process for the identification, costing, and financing of community service obligations, given their substantial impact on SOE financial performance. Throughout 2019 and 2020, PSDI also supported the establishment of a new PPP policy, which provided a set of principles and governance arrangements for the development and implementation of PPP projects.

Since 2020, PSDI phase IV has continued to provide technical support to the DPE to implement the Public Enterprise Act. Specific support included developing processes for the establishment of new

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\(^a\) State-owned enterprises are termed “public enterprises” in Fiji. The term state-owned enterprise is used in this report, unless the context requires otherwise.

\(^b\) Fiji Department of Public Enterprise (DPE) representative 1, semi-structured interview, 9 July 2021.

\(^c\) Fiji Department of Public Enterprise (DPE) representative 2, semi-structured interview, 9 July 2021.
public enterprises, updating public enterprise director remuneration guidelines, revising the public enterprise Code of Corporate Governance, and improving the SOE director performance review process.

Feedback from the DPE reflects the nature of its relationship with PSDI, making clear reference to the openness and levels of trust between the parties, which facilitates cooperation.

“Even though PSDI is not part of government, we know that whenever they ask a question, we are also cautious in terms of our actions. I mean, this is something good—it’s because of our good relationship with PSDI, they are able to talk to us freely, they are able to raise things freely with us, and we are able to have a very open discussion with them. That’s something which is very good”—DPE representative (footnote c).

“We have a very open relationship, but things that need to be said in confidentiality is kept that way. So that’s one thing we really appreciate, and they are also very open with us”—DPE representative (footnote b).

Aided by its long-standing engagement in Fiji, PSDI has also closely supported the strengthening of the DPE’s SOE monitoring function. This has developed from early work on PSDI’s Finding Balance publication, through to the passage of significant legislative reform, and then to its implementation. This has occurred notwithstanding the political challenges associated with major reform.

The key lessons from PSDI’s work in Fiji echo those from other Pacific developing member countries—reform work takes time and is assisted by long-term investment, particularly in developing relationships, an in-depth understanding of context, and an understanding of local political realities.

Source: Pacific Private Sector Development Initiative
COMPETITION AND CONSUMER PROTECTION

KEY ACHIEVEMENTS FY2021

• Papua New Guinea’s National Competition Policy endorsed by the National Executive Council in August 2020. The policy aims to improve economic efficiency, promote sustainable and inclusive economic growth, and increase consumer welfare through the promotion and maintenance of fair and effective competition in all markets in Papua New Guinea’s economy.

• Reimmenced competition capacity-building training with the Independent Competition and Consumer Commission in Papua New Guinea. The program, now being delivered online, trains staff of the Independent Competition and Consumer Commission in areas that include investigations, market definition and assessment, consumer protection, mergers and acquisitions, cartel conduct, and corporate management.

• Delivered the first phase of a capacity development program for Kiribati’s Ministry of Commerce, Industry and Cooperatives. The training was targeted at building staff capacity to carry out investigative work following complaints to the ministry.
COMPETITION AND CONSUMER PROTECTION

PSDI’s Competition and Consumer Protection focus area works to establish or strengthen competition and consumer protection safeguards to ensure that markets benefit consumers and traders.

Weak or ineffective market competition is detrimental to consumers, businesses, and economic growth. Without competition, firms feel less pressure to improve their products or production methods, or to reduce their prices. As a result, the public pay more for goods and services, and have less choice between products and suppliers, stifling business opportunities and innovation, particularly for micro, small, and medium-sized enterprises.

Competition is nascent in many Pacific island economies, making strong competition policy and competition laws a critical part of economic policy. PSDI works to ensure that Pacific countries benefit from strong competition at all levels of their economies, and small and medium-sized businesses in these countries are given a fair chance to enter markets, innovate, and grow.

**Competition and Consumer Protection during COVID-19**

Consumers are at a substantially higher risk of being disadvantaged as a consequence of COVID-19, and the already fragile competition in Pacific markets is likely to suffer damage.

Pacific consumers face additional anxiety and uncertainty, while traders and businesses face increased commercial pressures and challenging trading conditions. Disruptions to the supply of essential goods and services, elevated prices, fraud, misleading conduct, and unfair trading terms are all potential impacts of COVID-19 on consumers.

Effective consumer protection and competition law—enforced by responsible agencies—and awareness-raising efforts will protect vulnerable consumers at this time, and reduce vulnerabilities in the future. PSDI’s Competition and Consumer Protection focus area works to ensure that these safeguards are in place.

COVID-19 is also challenging the viability of businesses—increasing the rate of closures, mergers, and takeovers—which could cause market distortion and adversely affect consumers. Governments may respond to the crisis by allowing additional flexibility for businesses to remain viable. However, such measures should be short term and limited in scope if market competitiveness is to be maintained.

PSDI provides ongoing support and advice to competition authorities to minimize market manipulation and distortion, and help protect competition in the Pacific from the impacts of COVID-19. This assistance will help ensure that competitive markets can continue to develop during the region’s economic recovery, and as international borders reopen post-COVID-19.

**PSDI’s Approach to Competition and Consumer Protection**

PSDI works closely with Pacific government partners, such as ministries of trade and commerce, as well as competition commissions, to introduce and strengthen competition and consumer protection policies, frameworks, and laws to protect consumers, stimulate competition, and benefit market players and economies. Support is also provided to competition commissions to strengthen the implementation of new policies and laws.

The Competition and Consumer Protection theory of change (Figure 14) outlines the support that PSDI provides to governments for reforms, and the business environment change anticipated following program
These reforms fall under two key activity pillars—(i) reforming competition and consumer protection laws, and (ii) establishing and strengthening competition commissions—contributing to the Competition and Consumer Protection’s overarching outcome: Competition commissions promote, administer, and enforce effective competition and consumer protection laws.

Reforming Competition and Consumer Protection Laws

PSDI supports competition reform that promotes the emergence and development of competitive markets for goods and services, in the interests of equity, private sector development, and economic growth.

At present, few of ADB’s 14 Pacific DMCs have effective competition laws and safeguards. Effective pro-competitive frameworks typically comprise a national competition policy together with competition and consumer protection laws, all tailored to local circumstances and requirements. Typically, competition laws prohibit firms from entering anticompetitive agreements, such as boycotts; cartel conduct, such as price fixing or bid-rigging; or abusing market power, such as by refusing supply to drive a rival out of business. They may require the review of mergers that would be likely to lessen competition or create a monopoly. Sound competition laws and consumer protection laws are mutually reinforcing. Protecting consumers is vital, to help ensure that consumers get a fair deal and to make markets operate efficiently.

Since 2006, PSDI has supported the development of competition and consumer protection policy and legislation in the Cook Islands, Fiji, Kiribati, PNG, Solomon Islands, and Vanuatu. In FY2021, PSDI worked on competition and consumer protection laws and policies in all six of these countries, and began competition and
Establishing and Strengthening Competition Commissions

Competition commissions play an important role in administering and enforcing competition laws. PSDI supports the strengthening of these bodies where they exist, and the establishment of new commissions where necessary.

Since 2006, PSDI has supported the establishment or strengthening of competition commissions in the Cook Islands, Fiji, Kiribati, PNG, and Tonga. Work in all five of these DMCs has continued in FY2021.

Economic Empowerment of Women and Competition and Consumer Protection

All PSDI focus areas promote, consider, and work to actively increase women’s economic empowerment during the development, implementation, and monitoring of program initiatives. PSDI’s Competition and Consumer Protection focus area supports women to have equal access to markets for goods and services and are equipped to exercise their consumer rights.

PSDI provides training and support for Pacific consumer and competition commissions to better understand women’s knowledge of and willingness to use consumer complaints mechanisms, and helps develop strategies to empower women consumers to do so. PSDI also undertakes analysis to support minimizing gender gaps in access to products and services.

Competition and Consumer Protection Activities and Progress FY2021

Cook Islands

1. Establishment of Multisector Regulator and Regulatory Reform

The secretary of finance of the Cook Islands requested PSDI support in developing a policy and bill to support the introduction of a multisector regulator, resulting in the December 2019 passing of the Competition and Regulatory Authority Act 2019. The act establishes a regulator and allows for expansion of the role to cover other areas at a later date. PSDI has supported the implementation of the act and establishment of the multisector regulator, while also assisting the government to expand the regulator’s functions.

Since 2018, PSDI also has provided technical and drafting support to the Ministry of Finance and Economic Management for a new telecommunications policy. Public submissions on the policy closed in June 2019 and, in FY2020, PSDI provided technical input to address stakeholder concerns before finalizing the drafting. The Telecommunications Act was passed by the Cook Islands Parliament in December 2019.

In FY2021, PSDI has continued to support the Regulatory Authority—the multisector regulator—with drafting and regulations. To this end, PSDI has also provided policy and drafting support for utility sector (water, sewerage, and energy) reform, including consultation papers, a draft policy paper, and draft utilities sector bill. These are currently in consultation, with further progress expected in late 2021.

Fiji

1. Strengthening Competition Policy and Institutions

At the request of the Government of Fiji, PSDI has supported several areas of competition policy and law reform, primarily in collaboration with the Fiji Commerce Commission. This work commenced in FY2017 with the development of the Fiji Commerce Commission Strategic Plan 2017–2021. In parallel, PSDI reviewed the Commerce Commission Law and made reform recommendations to the Fiji Commerce Commission and the Solicitor General’s Office.

PSDI also supported the Fiji Competition and Consumer Commission (formerly the Fiji Commerce Commission) 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.

In FY2021, PSDI assisted with the implementation of the policy and drafting of a competition and consumer protection bill, linked to the requirements of an ADB policy-
based loan. Currently, the draft bill is pending feedback from Fiji’s Ministry of Trade and Economy. PSDI is also discussing implementing a capacity-building program with the Fiji Competition and Consumer Protection Commission, building on PSDI experience in Kiribati and PNG. However, the significant impact of COVID-19 in Fiji has affected the commission’s capacity to engage or respond beyond immediate and urgent needs.

**Kiribati**

1. **Establishing a New Competition Framework**

Since 2018, PSDI has supported the Government of Kiribati’s work to establish a competition commission. This work has included the formulation of an issues paper on competition and consumer protection and the development of a virtual capacity-building program for the Ministry of Commerce, Industry and Cooperatives (MCIC).

In FY2021, the first phase of the capacity-building program for Kiribati’s MCIC neared completion. The program, delivered remotely because of COVID-19 travel restrictions, was designed to develop MCIC staff’s technical capacity to deal with complaints and meet ministry obligations, and included the development of an investigations manual to support their work. PSDI’s engagement with MCIC has been strong and PSDI has been working closely with its counterparts to effectively tailor the training approach. The next phase of training will focus on leadership.

In FY 2021, PSDI has worked closely also with MCIC and the Ministry of Finance and Economic Development to finalize a consultation policy paper on consumer protection and to draft legislation. These are now being reviewed by the ministry.

**Papua New Guinea**

1. **Implementing Competition Review Recommendations**

PSDI comprehensively assessed PNG’s competition policy settings through the Consumer and Competition Framework Review (CCF review), which was initiated at the request of the Department of Treasury in 2014. The CCF review had a broad scope, which encompasses consumer protection, competition, economic empowerment of women, price monitoring and controls, industry regulation, and the promotion of a competitive business environment.

The final CCF review report, endorsed by the National Executive Council in April 2018, recommended sweeping legislative changes and revised administrative and regulatory practices. A key recommendation was the establishment of a National Competition Policy to articulate the government’s commitment to fostering pro-competitive outcomes; PSDI provided a draft policy in late 2017.

In FY2021, the National Competition Policy was endorsed by the National Executive Council in PNG. PSDI is now working on a draft competition and consumer protection bill that supports the requirements of an ADB policy-based loan.

PSDI also provides other ongoing in-country support for the implementation of the CCF review recommendations through its PNG country coordinator who works closely with the Department of Treasury and Independent Consumer and Competition Commission (ICCC).

2. **Building Competition Regulator Capacity**

Competition outcomes depend on regulators’ ability to apply and enforce legal frameworks. Through an agreement made with Australia’s Department of Foreign Affairs and Trade in 2015, PSDI is managing Australia’s support to increase ICCC capacity. In 2018, concurrent with the drafting of the CCF review, PSDI assessed the commission’s capability to perform its statutory responsibility of protecting consumers and competition in PNG. This capability evaluation identified several areas of improvement, including internal management practices and priority settings, regulatory functions, and public education.

In FY2021, PSDI recommenced the delivery of a capacity support program that it has been delivering for the ICCC since February 2018. The program, now delivered online because of COVID-19 travel restrictions, provides training to ICCC staff in areas including investigations, market definition and assessment, consumer protection, mergers and acquisitions, cartel conduct, and corporate management.
**Solomon Islands**

1. Establishing Policy and Legislation that Promotes Competition and Strengthens Consumer Protection

Since 2015, PSDI has assisted Solomon Islands to review and revise its competition and consumer protection framework. A competition policy was endorsed by the cabinet in April 2018 and, in FY2020, PSDI began work on a draft competition and consumer protection bill. Progress in Solomon Islands has been strong, reflecting PSDI’s productive working relationship with a highly engaged Ministry of Finance.

In FY2021, working closely with the Ministry of Finance, PSDI reached an advanced stage of drafting for a competition and consumer protection bill. PSDI also has prepared the terms of reference for a task force to be formed by the ministry. Once nominees for the task force are confirmed, a first meeting will be called to present a work plan for implementation.

**Tonga**

1. Competition Policy Support

In 2015, PSDI responded to a request from the Government of Tonga for support to establish a multisector regulator with a proposal for a coordinated approach to regulatory and competition reform. This work has now recommenced after a period of slow progress that was partly because of the many sector reforms that the government is undertaking.

In FY2021, PSDI completed a diagnostic and options paper for a multisector regulator for the Ministry of Commerce, which the cabinet is now considering. The 2021 Tongan election may impact the timing and ongoing direction of this work.

**Tuvalu**

1. Competition Review Support

PSDI drafted a National Competition Policy for Vanuatu in the second half of 2017. This followed a review of Vanuatu’s competition law and policy requirements. In August 2015, at the request of the government, PSDI developed an issues paper titled Competition Policy and Law for Vanuatu, which PSDI delivered to the government in early 2016. In June 2016, a workshop was conducted with government representatives. In April 2019, the National Competition Policy was endorsed by the National Council of Ministers.

In FY2021, PSDI continued supporting the implementation of the National Competition Policy and the drafting of a competition and consumer protection bill. This work is ongoing.

**Vanuatu**

1. Competition Review Support

In FY2021, PSDI is undertaking its first competition and consumer protection engagement in Tuvalu, through the undertaking of a competition review diagnostic. Recruitment is underway for a consultant to support this review.
Figure 15  Competition and Consumer Protection Spending by Country, FY2021 ($) (Total: $370,499)

Source: Pacific Private Sector Development Initiative

Figure 16  Competition and Consumer Protection Spending by Country, 2007–2021\(^a\) ($) (Total: $4,035,743)

\(^a\) To 30 June 2021.
Source: Pacific Private Sector Development Initiative
To support the Government of Kiribati’s 20-year vision to become a wealthier, healthier, and more peaceful country, the Ministry of Commerce, Industry, and Cooperatives (MCIC) sought the Pacific Private Sector Development Initiative (PSDI) support to strengthen the capacity of the its Consumer Protection Division. The division is mandated to implement and enforce Kiribati’s Consumer Protection Act, passed in 2001, which protects consumers from unfair trade, and sets standards for product performance and safety.

Typical cases dealt with by the division involve issues of product safety, expired goods, misleading advertisement, and unfair trading practices like scams. Such cases can have major impacts on the lives of I-Kiribati consumers, so their timely and effective resolution is a priority for MCIC, which is reflected in its PSDI-supported structured capacity-building program.

Following the delivery of an issues paper for the government in fiscal year 2019, PSDI carried out an initial capacity assessment for MCIC’s Consumer Protection Division to gauge its readiness to promote competition and consumer protection, and to explore future needs.

Working with a group of 10 investigative staff and their managers from across Kiribati, including the capital Tarawa and other islands such as Christmas Island (Kiritimati), in the first half of 2021 PSDI delivered a capacity-building program for eight participants (all women) in MCIC. The training was targeted at building staff capacity to carry out investigative work following complaints to MCIC. The program was delivered virtually because of participants’ busy work schedules, coronavirus disease (COVID-19)-related travel restrictions, and domestic travel challenges.

The virtual format enabled multiple presenters—with international expertise in law, economics, and investigations—to share their knowledge and answer participant questions. Sessions were interactive and practical, and included real-world case studies. Virtual delivery in weekly 1-hour sessions enabled officials from across Kiribati to participate, and also for investigators and managers to raise questions related to challenges in their current work. This also enabled PSDI to address pressing program needs.

Training feedback from participants was positive, with one participant stating “this capacity building strengthens our role to protect consumers from unfair trading,” and another participant offering that “overall the training topics are really relevant and suitable to our cases in our country.” Further evidence of the positive feedback received for this training is outlined in Figure A.

Respondents stated that the most relevant sessions were those involving practice interviews and investigation criteria reviews. One participant commented: “As a result of the investigation, you will get the best, (most) accurate information for the most consumers.” They expected to apply their new knowledge and skills—particularly when interviewing—through the use of an evidence template that was provided during the training to ensure the collection of sufficient, accurate information. One participant said: “The topic interview is very helpful and useful for me (as) there are some questionnaires shared that must (be) used while doing investigation.”

The training was considered important to build the staff’s technical capacity to field and address consumer complaints, and to gain a deeper understanding of the laws, procedures, and regulations at work. The participants found the training useful in understanding the staging of interviews, the collection of evidence, and the prosecution and management of cases.
In the future, participants hope to build further their understanding of the legislative background to their work, including gaps that may exist within legislation and regulations.

The program will leave participants—and other current and future members of the Consumer Protection Division—with a lasting legacy in the form of a co-designed consumer protection manual based on the materials, content, and case studies explored in each session. The manual will bring the materials and lessons together in the course, and include template documents for practical use, such as evidence records and exhibit notes.

As well as strengthening the capacity of Consumer Protection Division personnel and enhancing the division’s investigative and enforcement powers, PSDI is also working with the Government of Kiribati to review and reinvigorate the country’s competition and consumer protection framework. Desired outcomes include the promotion of competitive public procurement, pro-competitive decision-making, and competitive neutrality between state-owned enterprises and private sector businesses.

Source: Pacific Private Sector Development Initiative

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**Figure A  Participant Feedback for Consumer Protection Division Training**

<table>
<thead>
<tr>
<th>Question</th>
<th>Participant Responses</th>
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<tbody>
<tr>
<td>Please rate the definition of the training objectives</td>
<td></td>
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<tr>
<td>How relevant was the training to your work?</td>
<td></td>
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<tr>
<td>Please rate the overall content of the training</td>
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<tr>
<td>Please rate the structure of the training programme</td>
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<tr>
<td>Please rate the quality of the training materials</td>
<td></td>
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<tr>
<td>Please rate the preparation of the workshop facilitators</td>
<td></td>
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<tr>
<td>Please rate the knowledge of the workshop facilitators on their respective topics</td>
<td></td>
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<tr>
<td>Please rate the opportunities for discussion with the facilitators during the workshops</td>
<td></td>
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<tr>
<td>How effective was the facilitators use of the videoconferencing?</td>
<td></td>
</tr>
</tbody>
</table>

Freshly caught seafood sold by the beach, Kiribati. Photo: Eric Sales/Asian Development Bank.
ECONOMIC EMPOWERMENT OF WOMEN

KEY ACHIEVEMENTS FY2021

• Completed research, data collection, and drafting for a regional benchmarking study on women in business leadership in the Pacific. The study will form an important evidence base to inform PSDI’s activities to enhance women’s representation in private sector leadership.

• Commenced an assessment of the digital gender gap in Papua New Guinea, Samoa, and Tonga. The assessment will inform PSDI’s work to support women’s equal access to digital technology, including the potential for regulatory and legal reform, and findings and recommendations will be shared with the countries where the assessments are undertaken.

• Undertook a global and regional analysis of the different available company structures and how they impact women’s business activity. The final report, to be delivered in FY2022, will strengthen PSDI’s evidence base and inform work aimed at establishing company structures that promote women’s entrepreneurship, particularly for women currently operating in the informal economy.

• Developed a training program to promote women’s business leadership in Papua New Guinea. The program, which will be delivered in FY2022, is designed to support women in executive and senior management roles to expand their skills and knowledge of business operations, build confidence, and establish networks with other women in senior positions.
Women are central to economic development, but their potential to contribute to economic growth in the Pacific remains largely unrealized. Women experience low rates of paid employment, gender pay disparities, low representation in leadership and decision-making positions, and limited access to finance and resources. These constraints are exacerbated by social norms that place most home and caring responsibilities on women, and the considerable physical, social, and economic costs associated with high rates of gender-based violence.

Additional challenges exist for women who are seeking to establish and operate a business in the Pacific. These include discriminatory legal provisions that prevent women from registering companies and accessing finance, limited access to courts and financial services, and a lack of networks and opportunities to develop business skills. Women in the Pacific are less likely than men to operate their own business in the formal economy and are instead dominant in the informal sector, with limited access to formal protections, including access to retirement funds for long-term financial security. Businesses owned by women in the Pacific have fewer employees, lower revenue, and more limited credit options, which make them more vulnerable to bankruptcy.

**Economic Empowerment of Women during COVID-19**

When economies contract, the first and most affected are those on the margins, including women and the businesses women operate.

In the Pacific, as elsewhere, the economic impacts of COVID-19 have been disproportionately felt by women, who earn less than men, have less saved, and work in jobs with less security or protections. These preconditions, coupled with increased unpaid work from additional caring responsibilities and spikes in already high rates of gender-based violence, mean the socioeconomic impact of COVID-19 on women in the Pacific will continue well beyond the immediate crisis.

Prior to COVID-19’s compounding of inequality, PSDI reforms had long worked to strengthen Pacific women’s economic security by increasing their participation in the private sector. This has become even more critical in the economic downturn that resulted from COVID-19. There is evidence that businesses owned by women are experiencing more severe impacts and are more likely to cease operations temporarily, and express less confidence in their ability to withstand the economic crisis. In July 2020, 71% of Pacific businesses owned by women reported a very negative impact from COVID-19 (compared to 57% of businesses owned by men), and 41% reported having to close their businesses temporarily (compared to 29% of businesses owned by men).

PSDI will continue to pursue reforms which are targeted at increasing access to credit for women through enabling movable property to be used as loan collateral, and improving competition and consumer protections, which reduce discrimination and enable women to enter markets. Also, PSDI will bolster efforts to reduce the time and cost of business registration, including the development of alternative business vehicles such as limited liability partnerships, or reform of existing structures such as cooperatives; and develop communication and outreach strategies to boost formal business sector accessibility. This is crucial for the large number of women who operate in the informal sector, with few protections and limited access to government stimulus packages or business opportunities.
PSDI will work with governments and partners to provide advice on the gendered impacts of economic responses to COVID-19. This will include the overwhelming burden of unpaid labor and its impact on businesses owned by women, and the need to ensure that long-term recovery strategies contribute to women’s economic empowerment. This will enable women to fulfill their economic potential, expand their range of business options, and contribute meaningfully to the region’s economic recovery.

**PSDI’s Approach to Economic Empowerment of Women**

PSDI considers that Economic Empowerment of Women (EEOW) is about giving women equal opportunities as men to participate in, contribute to, and benefit from economic resources.

EEOW was added to the PSDI program at the beginning of phase III (June 2013). During phase III, EEOW was...
mainstreamed through PSDI’s program of legislative reform in key areas, such as business law and secured transactions frameworks in addition to implementing targeted skills development, leadership, and mentoring programs.

In phase IV, PSDI is building on these achievements, implementing its EEOW work through (i) mainstreaming EEOW across PSDI’s existing focus areas; and (ii) delivering stand-alone EEOW activities, including communication, outreach, and training for businesses and government stakeholders to understand and address specific challenges and opportunities for women in Pacific private sectors. This work is integral to PSDI’s work toward the achievement of an improved gender-inclusive enabling environment for private sector development.

The theory of change for PSDI’s EEOW area (Figure 17) depicts the reforms and business environment change expected through the program’s activities. These activities focus on women in three key economic roles—women as consumers, women as business owners, and women as business leaders—to contribute to EEOW program’s overarching outcome: Governments, lenders, and businesses adopt policies and practices that support women’s full and equal participation in the private sector.

**Women as Business Leaders**

Increasing the number of women in business leadership roles has proven to increase company performance and profitability. Diversity in leadership also contributes to better understanding of, and response to, consumer needs and potential opportunities for growth. However, social norms and attitudes, and organizational policies and practices continue to impede women’s ability to take on these roles.

**1. Increasing Women’s Representation in Business Leadership**

Increasing the role of women in leadership and decision-making processes is a priority for Pacific DMC governments, outlined in the 2012 Pacific Leaders Gender Equality Declaration. PSDI is working to increase the representation of women in business leadership across the Pacific region through the development of women’s business leadership
programs and work with regional and national organizations to prepare women candidates for leadership positions.

In FY2021, PSDI worked to develop a Women’s Business Leadership Program in PNG and undertook data collection, analysis, and drafting for a regional women’s business leadership benchmarking study to be released in FY2022.

**Women as Business Owners**

Women contribute to their households, communities, and economies through business activity in both the informal and formal sectors. However, they face additional barriers to men in the establishment, operation, and expansion of their businesses. Challenges that impede women’s potential business activities include lack of access to finance, discriminatory provisions in business law, lack of business skills, and limited financial and digital literacy.

1. **Increasing Access to Finance for Women and Businesses Owned by Women**

PSDI works closely with lenders across the Pacific, particularly state-owned banks, providing institutional support and advice to strengthen their operations and performance, and supporting the design of loan products targeted at women.

In FY2021, PSDI continued to work with banks in the Cook Islands, Fiji, PNG, and Samoa to develop new financing products that target businesses owned by women, and to develop and implement gender-inclusive policies.

2. **Addressing Discriminatory Business Law**

Women frequently operate in the large informal sector in the Pacific, but reliable data to support analysis and policy-making is either nascent or non-existent across the region. This both hides the economic contribution of people working in this sector and reduces opportunities to support inclusion outcomes.

**Women as Consumers**

As half the population, women represent a significant potential customer base for businesses to reach, including through the development of products and services tailored to their needs. As consumers, women need to understand their rights and have access to mechanisms that uphold these rights.

1. **Supporting Women’s Access to Products and Services**

As Pacific businesses and governments move increasingly to online service delivery and trade, PSDI is working to include promotion of equal access to digital services in its activities. In FY2021, PSDI began work on a digital gender gap study in three Pacific DMCs.

PSDI is also working to ensure that women consumers have equitable access to consumer complaints mechanisms through its Competition and Consumer Protection Work Program, particularly with the ICCC in PNG.

2. **Supporting Women’s Access to Retirement Benefits**

PSDI is actively involved in strengthening the governance and operations of several Pacific retirement funds, as well as supporting the Pacific Islands Investment Forum, the regional forum of Pacific retirement funds and social security administration schemes, including considering how to improve access to retirement funds for women in the Pacific. In FY2021, PSDI continued its work supporting retirement funds in the Cook Islands, the FSM, Fiji, Palau, and Samoa, and undertook an in-depth analysis of the barriers faced by women in equal access to retirement and non-retirement benefits.

**Economic Empowerment of Women Activities and Progress FY2021**

**Papua New Guinea**

1. **Increasing Women’s Representation in Business Leadership**

PSDI is working with the PNG Business Coalition for Women (BCFW) to design a Senior Executive Women’s Program, to be delivered in late 2021. BCFW is a well-established and experienced PNG organization, with an in-depth understanding of participant needs and training requirements. The program will build on PSDI’s previous women’s leadership training programs and participant feedback, including weekly sessions and development of key program materials. BCFW has identified its training objectives for the course and has considered how it will run the program independently.
In FY2021, PSDI undertook preparations for the delivery of the program. This included the selection of a consultant to develop and finalize the training curriculum, devise a 17-week program outline, and design course materials. The program will cover women and business leadership, corporate governance, risk management, financial management, crisis management, communication and influence, and negotiations. PSDI is working also to recruit a local facilitator and guest presenters in PNG. The first remote training session will be held during the third quarter of 2021 and will run until the fourth quarter of 2021 with a program review scheduled for the first quarter of 2022. The program will be revised and delivered to other DMCs as requested.

PSDI also has provided additional support to increase women in business leadership in PNG, including developing program options for the PNG Institute of Directors. The PNG Institute of Directors has undergone a recent change in leadership, and is now led by a woman president and a gender-equitable board. PSDI looks forward to continuing its engagement once the leadership transition is complete.

2. **Increasing Women’s Representation on SOE Boards**

PSDI has worked closely with Kumul Consolidated Holdings (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. This target was later revised to 30% by the KCH managing director. KCH hopes to achieve this target—which recognizes the critical role that board diversity plays in supporting good governance and commercial performance—within 5 years. In FY2021, PSDI has helped develop an implementation plan to this end.

In FY2021, 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. Importantly, once potential women candidates have been identified, PSDI links them to training opportunities, such as company directors training, to further develop their understanding of the role and responsibilities of board directors.

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.

**Samoa**

1. **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 women-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 FY2021, PSDI undertook an initial review of the Savai’i pilot loan scheme results. The review will include recommendations for a refined loan product.

2. **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 FY2021, 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 will be developed in FY2022. PSDI will support the development and 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.
**Tonga**

1. **Supporting the Informal Sector**

PSDI is supporting the implementation of an informal sector survey in Tonga, which will guide efforts to achieve inclusive and sustainable development. This work is being undertaken at the request of the Ministry of Trade and Economic Development in Tonga. The ministry is seeking to support both formal and informal businesses, which has implications for the management of business registries in Tonga.

During FY2021, 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. In FY2022, a survey report will be completed, with PSDI supporting the strategic use of the results. This initial informal sector survey will also be used to inform future PSDI activities to support responsive and inclusive private sector policy development and practices.

**Regional**

1. **Women’s Access to Retirement Benefits**

In FY2021, PSDI produced a diagnostic study on women’s access to retirement and non-retirement benefits, exploring how the institutional arrangements of Pacific retirement and provident funds may disadvantage women, and offering recommendations to help overcome these barriers. This study has been shared with the chair of the Pacific Islands Investment Forum, and its board has approved the establishment of a women in super working group to further examine the issues identified in the paper. This work will be supported by PSDI and is expected to begin in FY2022.

2. **Digital Gender Gap Analysis**

As Pacific businesses and governments move increasingly to online service delivery and trade, improving equal access to these digital opportunities increasingly features in development planning. The Pacific has the lowest rate of mobile internet penetration in the world at 18% of the population. However, many Pacific DMCs are anticipating significant economic benefits because of new undersea telecommunications cables, and it is crucial that women share these benefits. PSDI is liaising with a range of development actors working in this space in the Pacific to ensure coordination and build a comprehensive data set to support digital policy.

In FY2021, PSDI has contracted a firm to undertake assessments of the digital gender divide in three Pacific DMCs, and to gather sex-disaggregated evidence on digital skills, internet access, affordability, and online safety. This has included the development of a methodology to measure the divide in the Pacific context. Data will be collected, analyzed, and published in FY2022, and in-country reviews of findings and recommendations will be conducted. PSDI will then use the study findings to develop further work to support women’s equal access to digital technology, including the potential for regulatory and legal reform.

3. **Identifying Alternative Business Structures**

Following requests from several Pacific DMCs for advice on alternative structures that support women’s entrepreneurship, PSDI has undertaken a global and regional study to strengthen its evidence base on the topic, with a final report to be delivered in the third quarter of 2021. The study will build a greater understanding of the benefits and impacts of different company structures in supporting women’s business activity.

In FY2021, PSDI formed a project management plan for the study, including the development of a research methodology and report outline, and undertook initial research, including literature review. A report will be delivered in FY2022. It is expected to include a review of the global experience utilizing different business structures to support EEOW, including cooperatives, associations, community companies, limited liability partnerships, and social enterprise companies.

Once completed, PSDI will work in FY2022 in two countries (PNG and Tonga) to undertake further consultations and analysis toward establishing additional company structures that support women’s entrepreneurship, focusing on women in rural areas and those operating in the informal sector. These activities will inform the development of a series of recommendations for legislative reform and associated changes to business registries to support alternative company structures. PSDI envisages that this study will be linked closely to the Tonga informal sector survey, given the prevalence of women operating outside of formal business structures in the difficult-to-reach informal sector.
Figure 18  **Economic Empowerment of Women Spending by Country, FY2021 ($)** (Total: $191,047)

<table>
<thead>
<tr>
<th>Region</th>
<th>Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Initiatives</td>
<td>122,846</td>
</tr>
<tr>
<td>Fiji</td>
<td>1,609</td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>36,232</td>
</tr>
<tr>
<td>Samoa</td>
<td>14,800</td>
</tr>
<tr>
<td>Tonga</td>
<td>15,560</td>
</tr>
</tbody>
</table>

Source: Pacific Private Sector Development Initiative

Figure 19  **Economic Empowerment of Women Spending by Country, 2007–2021** $1,919,142 ($)
(Total: $1,919,142)

<table>
<thead>
<tr>
<th>Region</th>
<th>Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Initiatives</td>
<td>681,624</td>
</tr>
<tr>
<td>Fiji</td>
<td>226,824</td>
</tr>
<tr>
<td>Nauru</td>
<td>2,767</td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>374,832</td>
</tr>
<tr>
<td>Samoa</td>
<td>14,800</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>410,901</td>
</tr>
<tr>
<td>Tonga</td>
<td>148,580</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>58,814</td>
</tr>
</tbody>
</table>

*To 30 June 2021.
Source: Pacific Private Sector Development Initiative
Women are underrepresented in business leadership, both globally and in the Pacific. The lack of women in these positions—despite substantial evidence proving the commercial benefits of gender diversity in leadership—negatively impacts company performance, profitability, and productivity which, in turn, constrains private sector development and economic growth.

In fiscal year 2021, the Pacific Private Sector Development Initiative (PSDI) has undertaken initial data collection, analysis, and drafting of a regional benchmarking study on women’s representation in Pacific business leadership to develop an evidence base around women’s leadership in the region. Previous to this, data and analysis on this aspect of women’s leadership in the Pacific have been scarce.

To develop a series of good practice case studies, PSDI has undertaken a literature review, a survey of the composition of boards and/or senior managements of 274 organizations in 14 Pacific developing member countries, and conducted interviews with women in the Pacific who hold key business leadership positions. Also, PSDI has convened Pacific regional experts on private sector leadership, gender equality, and women’s political leadership to peer review the study’s recommendations.

Around the world, the number of women in senior management and board positions is slowly increasing, with investors pushing companies to improve gender diversity in leadership. Nevertheless, few women reach the highest levels of leadership as chief executive officers or board chairs. Yet in the Pacific, the data collected for the study tells a more positive story. Regional averages for representation of Pacific women as board directors, board chairs, and chief executive officers exceed global averages, even if women remain far less likely than men to hold the most senior business leadership roles. However, the region continues to fall short on international targets for women’s representation in leadership, including a 1990 United Nations resolution calling for 30% minimum representation in all leadership roles, including in the private sector.

The final report will be finalized and published in fiscal year 2022. It will present all collected data, and offer guidance for private sector businesses and organizations, civil society, development partners, and governments in developing evidence-based policy and practices to increase women’s leadership in business and, ultimately, all aspects of society.

The study’s findings will be launched and presented at the Australian National University’s Pacific Update in September 2021.

Source: Pacific Private Sector Development Initiative.
MONITORING AND EVALUATION, CROSSCUTTING, KNOWLEDGE MANAGEMENT, COMMUNICATIONS, AND SPENDING

KEY ACHIEVEMENTS FY2021

• **Established a dedicated tourism program.** Increasing private sector involvement in tourism is a core crosscutting consideration of PSDI phase IV.

• **Finalized and approved a monitoring and evaluation framework.** The framework is supported by a dedicated monitoring and evaluation (M&E) team.

• **Published two Pacific finance sector policy papers.** “Government-Owned Banks: Their Role in Pacific Financial Systems” and “Pacific Retirement Funds: Anchoring Social Protection in Good Finance” are the first in a planned series of finance sector papers with the combined aim of assisting Pacific policymakers to alleviate the constraints faced by Pacific businesses when trying to access finance.

• **Finalized data collection and drafting of a regional benchmarking study on women’s representation in business leadership in the Pacific.** The study will be published in the third quarter of 2021.

• **Finalized drafting of 14 country tourism sector snapshots and a regional tourism assessment.** These will be published in late 2021.
Monitoring and Evaluation

PSDI’s Monitoring and Evaluation (M&E) aims to (i) evaluate program performance; (ii) support program decision-making; and (iii) share a sound knowledge base with Pacific governments, development partners, and the broader development community. M&E for this report uses ADB’s design and monitoring framework (DMF) (Appendix 1), included in phase IV project design.

Articulated in the DMF is the project outcome of “gender-inclusive enabling environment for private sector development improved”, contributing to the overarching impact of “inclusive, private sector-led economic growth in Pacific DMCs.”

To support the achievement of this outcome, PSDI has developed an expanded M&E framework for phase IV that will elaborate on the M&E approach of PSDI’s earlier phases and build on the indicators established in the DMF. The framework, supported by a dedicated M&E team and subject to annual review, was finalized in FY2021 and approved by PSDI’s partners. The framework draws on the theories of change presented on pages 5, 11, 25, 41, 53, and 63 to develop key performance indicators, monitor important assumptions that underlie the change process, and select appropriate methods of impact assessment.

As part of the Monitoring and Evaluation Framework, PSDI has developed a range of PowerBI dashboards to support monitoring, and provide quick, searchable access to information about PSDI’s regional work. It has also used central concepts of outcome mapping for the regular capture of team observations on the formation of a business-enabling environment.

Tourism (Crosscutting)

During phase IV, PSDI will undertake crosscutting activities to increase private sector involvement in key economic sectors, particularly tourism. PSDI now has a dedicated tourism team to further this work.

PSDI’s crosscutting tourism work is outlined in the boxes on pages 12, 26, and 62. In addition, PSDI has in FY2021 worked on several stand-alone tourism initiatives.

Regional and national tourism assessments. In FY2021, PSDI undertook extensive research and analysis and completed the drafting process for a series of tourism publications: 14 country tourism snapshots and a regional tourism assessment. The snapshots provide an overview of the tourism sector of each Pacific DMC before the COVID-19 pandemic, and identify new and existing challenges and opportunities for the tourism industry. They include assessments of visitor arrivals, transport networks, local accommodation, tourism industry employment, economic impact, governance and planning, destination marketing, environmental sustainability, and infrastructure. The regional assessment provides an overview of Pacific tourism before the COVID-19 pandemic, identifies new and existing challenges, and provides recommendations for a sustainable post-pandemic recovery. All publications are scheduled for release during the fourth quarter of 2021.

Evidence-based planning. Robust indicators are vital for informing tourism policy and planning. However,
many Pacific DMCs lack accurate, reliable data. This has resulted in a limited evidence base on which to plan future growth and against which to evaluate performance. PSDI will support the Pacific Tourism Organisation (SPTO) to review existing data, undertake data collection, and establish long-term strengthening of data management across the region, including the development of a consistent methodology for tourism data collection. In FY2021, PSDI began providing advisory services in key regional forums around this work, including undertaking a peer review of the Pacific Tourism Statistics Strategy and implementation plan. PSDI will also be participating in a New Zealand-funded tourism data symposium in the fourth quarter of 2021. The symposium will bring together donors, Council of Regional Organisations in the Pacific agencies, universities, and private sector and government tourism stakeholders to discuss tourism statistics and determine roles and responsibilities in this important area.

**Regional, best practice approach to crisis management.** PSDI will support SPTO in its goal to take a leading approach on best practice, tools, and support for crisis management across the region. PSDI will work with DMCs and regional bodies to review the current crisis management plans and develop a best practice approach to the development of a regional crisis management framework and support its application across DMCs. In FY2021, PSDI supported SPTO in establishing the Regional Crisis Management Subcommittee. The first meeting was held in June 2021 with representatives from the Cook Islands, the Federated States of Micronesia, Fiji, and Solomon Islands. In FY2022, PSDI will support the subcommittee’s initial piece of work, a crisis management study, which aims to establish a set of recommendations on how countries can improve crisis and resilience planning, as well as longer-term resilience and climate considerations once international tourism resumes. This work will inform both future PSDI planning as well as SPTO work.

**A regional framework for the safe reopening of Pacific tourism.** Pacific DMCs will have a range of considerations to safely reopen for tourism once border restrictions are lifted. In FY2021, PSDI commenced planning to develop a framework, which will provide guidelines and considerations for safe reopening that are tailored to the Pacific context. These will be available through the SPTO.

Taking into consideration country-level crisis response and mitigation strategies already in place across the region, the framework will build on local, regional, and international best practice to provide practical and tangible reopening guidance and support economies of scale. PSDI has also begun working closely with the World Bank to develop a recovery strategy for Tonga, providing peer review and technical support.

**Knowledge Management**

In phase IV, PSDI has developed and is implementing its knowledge management strategy, which includes a pipeline of knowledge and reporting products.

In FY2021, PSDI published two knowledge products and undertook research, data collection, and drafting for a suite of publications to be launched in FY2022. The two published papers form part of a Pacific Finance Sector Policy Paper series which will cover topical issues in Pacific finance, with the combined aim of assisting Pacific policymakers to alleviate the constraints faced by Pacific businesses when trying to access finance.

“Government-Owned Banks: Their Role in Pacific Financial Systems” aims to assist policymakers in meeting the financing needs of businesses by addressing questions around government ownership of banks, and highlighting the need to increase private participation in most Pacific financial systems.

“Pacific Retirement Funds: Anchoring Social Protection in Good Finance” aims to assist policymakers to clarify the role of Pacific retirement funds, particularly any financing role; and highlights the implications of an individual fund’s role for its asset composition.

The release of these publications was accompanied by several presentations, including an ADB Pacific Talk, and meetings to discuss the paper’s recommendations with key stakeholders. The papers continue to form an important part of PSDI’s advocacy and work with government-owned banks and retirement funds.

PSDI also completed the research, data collection, and drafting for a regional benchmarking study on women’s representation in business leadership; 14 country tourism sector snapshots; a regional tourism assessment; and a
policy brief on director nomination processes for Pacific SOEs. These publications will be launched in FY2022.

**Communications**

PSDI’s communications reflect the program’s broad agenda, which is to achieve inclusive, private sector-led economic growth in Pacific DMCs through a focus on five core areas. PSDI communication activities aim to promote and build support for reform of the business environment in Pacific DMCs; inform governments and other stakeholders about PSDI’s activities in Pacific DMCs; and develop, refine, and disseminate PSDI’s key messages.

In FY2021, PSDI’s communications highlights included the following:

(i) The continued development of PSDI’s social media channels, accompanied by significant increases in followers and engagement.

(ii) The continued active use and update of the new PSDI website (www.pacificpsdi.org), including a significant growth in visitation.

(iii) PSDI co-hosted the Third South Pacific International Arbitration Conference in March 2021. The event was held in a hybrid format both online and in person at the Sydney Opera House.

(iv) PSDI presented initial data from its women’s business leadership benchmarking study at the Pacific Women Triennial in April 2021 and published initial finding on the Lowy Institute blog, The Interpreter.

(v) External outreach efforts delivered positive media coverage of key PSDI activities, including

(a) the publication of two Pacific finance sector policy papers: “Government-Owned Banks: Their Role in Pacific Financial Systems” and “Pacific Retirement Funds: Anchoring Social Protection in Good Finance”;

(b) the passing of the Companies Act, Company Insolvency Act, and Business Names Act in Kiribati in May 2021; and

(c) the signing of a memorandum of understanding with the Investment Promotion Authority and Department of Treasury to continue their partnership with PSDI to make it easier to do business in PNG.
Figure 20  Monitoring and Evaluation, Crosscutting, Knowledge Management, and Communications Spending by Country, FY2021 ($ (Total: $987,705)

<table>
<thead>
<tr>
<th>Regional Initiatives</th>
<th>Spending ($)</th>
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<tbody>
<tr>
<td>Palau</td>
<td>455</td>
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<tr>
<td>Tonga</td>
<td>1,365</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>985,885</strong></td>
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</table>

Source: Pacific Private Sector Development Initiative

Figure 21  Monitoring and Evaluation, Crosscutting, Knowledge Management, and Communications Spending by Country, 2007–2021a ($ (Total: $15,252,697)

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<tr>
<th>Regional Initiatives</th>
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<td>Fiji</td>
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<td>Marshall Islands</td>
<td>93,287</td>
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<td>Palau</td>
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<td>Papua New Guinea</td>
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<td>Samoa</td>
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<td>Solomon Islands</td>
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<td>Tonga</td>
<td>889,039</td>
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<td>Vanuatu</td>
<td>262,126</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>12,362,588</strong></td>
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</table>

a To 30 June 2021.
Source: Pacific Private Sector Development Initiative
### Figure 22  All Spending by Country, FY2021 ($ (Total: $4,120,116)

<table>
<thead>
<tr>
<th>Country</th>
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<td>Fiji</td>
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<td>Kiribati</td>
<td>149,874</td>
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<td>Republic of the Marshall Islands</td>
<td>2,590</td>
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<td>Niue</td>
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<tr>
<td>Palau</td>
<td>80,006</td>
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<td>Papua New Guinea</td>
<td>1,709,854</td>
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<td>Samoa</td>
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<td>Solomon Islands</td>
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<td>Tonga</td>
<td>108,042</td>
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<tr>
<td>Tuvalu</td>
<td>25,619</td>
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<tr>
<td>Vanuatu</td>
<td>76,524</td>
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</table>

Source: Pacific Private Sector Development Initiative

### Figure 23  All Spending by Country, 2007–2021* ($ (Total: $58,957,216)

<table>
<thead>
<tr>
<th>Country</th>
<th>Spending ($)</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
<td>Cook Islands</td>
<td>2,220,326</td>
</tr>
<tr>
<td>Federated States of Micronesia</td>
<td>112,963</td>
</tr>
<tr>
<td>Fiji</td>
<td>3,075,664</td>
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<tr>
<td>Kiribati</td>
<td>514,908</td>
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<tr>
<td>Republic of the Marshall Islands</td>
<td>316,339</td>
</tr>
<tr>
<td>Nauru</td>
<td>398,728</td>
</tr>
<tr>
<td>Niue</td>
<td>1,604</td>
</tr>
<tr>
<td>Palau</td>
<td>1,027,002</td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>10,558,427</td>
</tr>
<tr>
<td>Samoa</td>
<td>3,090,072</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>5,823,073</td>
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<tr>
<td>Timor-Leste</td>
<td>3,897,147</td>
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<tr>
<td>Tonga</td>
<td>4,873,746</td>
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<td>Tuvalu</td>
<td>77,425</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>3,448,126</td>
</tr>
</tbody>
</table>

*To 30 June 2021.
Source: Pacific Private Sector Development Initiative
Figure 24  All Spending by Focus Area, FY2021 ($) (Total: $4,120,116)

Figure 25  All Spending by Focus Area, 2007–2021a ($) (Total: $58,957,216)

Source: Pacific Private Sector Development Initiative

*a To 30 June 2021.
## APPENDIX 1:
### PORTFOLIO SUMMARY

Number of initiatives and projects undertaken in each country and work area. Projects () are discrete steps within initiatives.

**Table A1** Pacific Private Sector Development Initiative Portfolio Summary 2007-2021.

<table>
<thead>
<tr>
<th></th>
<th>COOK ISLANDS</th>
<th>FEDERATED STATES OF MICRONESIA</th>
<th>FIJI</th>
<th>KIRIBATI</th>
<th>MARSHALL ISLANDS</th>
<th>NAURU</th>
<th>NIUE</th>
<th>PALAU</th>
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<td>$316,339</td>
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Source: Pacific Private Sector Development Initiative
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<tr>
<th></th>
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<th>SOLOMON ISLANDS</th>
<th>TIMOR-LESTE</th>
<th>TONGA</th>
<th>TUVALU</th>
<th>VANUATU</th>
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<td>7</td>
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</tbody>
</table>
## APPENDIX 2:
### PROGRESS AGAINST INDICATORS

Table A2  Asian Development Bank Design and Monitoring Framework Pacific Private Sector Development Initiative Phase IV

### OUTCOME: Gender-inclusive enabling environment for private sector development improved.

<table>
<thead>
<tr>
<th>OUTCOME INDICATOR</th>
<th>BASELINE</th>
<th>PROGRESS</th>
<th>OVERALL ASSESSMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome Indicator 1: Number of new businesses registered increases by 40% after the implementation of new registries in at least two Pacific DMCs, of which 15% will be women entrepreneurs.</td>
<td>Baseline: Number of businesses formed in two participating Pacific DMCs, to be determined prior to the implementation of the business registry reform.</td>
<td>Progress to end-June 2021: Early work toward new registry implementation in Kiribati and Palau is outlined on pages 11 and 12.</td>
<td>Overall assessment: too early to determine</td>
</tr>
<tr>
<td>Outcome Indicator 2: Credit to private sector businesses increases to 78% and 24% of GDP in Pacific DMCs (excluding PNG) and PNG respectively.</td>
<td>Baseline: 73% of GDP in Pacific DMCs (excluding PNG) (2017) and 19% of GDP in PNG (2018)</td>
<td>Progress to end-June 2021: In 2020, credit to private sector businesses in Pacific DMCs (excluding PNG) 86.6% of GDP, and 18.2% of GDP in PNG.a</td>
<td>Overall assessment: too early to determine.</td>
</tr>
</tbody>
</table>

### OUTPUT 1: Access to inclusive business finance improved.

| Indicator 1.1: Number of security interests registered by lenders increases under the secured transactions registry by 30%, of which 25% will be women. | Baseline: 70,000 (2018). | Progress to end-June 2021: As of 30 June 2021, the number of security interests registered by lenders on PSDI-supported registries over movable assets has reached 158,449. Women were either the majority or equal holders for 40% of new registered interests in FY2021.b | Overall assessment: achieved |

---


*b First full reporting year of PSDI phase IV. Where gender was possible to determine. Some registered interests are categorized as “gender indeterminable”; for example, when the asset holder is a business. Indeterminable registrations are not included in the gender calculation.
### Indicator 1.3: At least five new financial products introduced to support the implementation of PPSAs in selected Pacific DMCs.

| Baseline: One. | Progress to end-June 2021: PSDI is working to develop new financial products using secured transactions frameworks in the Federated States of Micronesia, Fiji, PNG, and Samoa. | Overall assessment: on track to be achieved. |

### OUTPUT 2: Business and regulatory environment improved, and technology platforms introduced.

#### Indicator 2.1: Average time needed to register a business by men and women entrepreneurs reduced to a maximum of 3 days in at least two more Pacific DMCs which currently do not have an online registry.


#### Indicator 2.2: Number of start-up procedures to register a business reduced to five in Pacific DMCs.

| Baseline: Seven in Pacific DMCs (excluding PNG) and six in PNG (2018). | Progress to end-June 2021: This indicator draws on data from the World Bank’s Doing Business reports, which have now been withdrawn. | Overall assessment: no new data available. |

#### Indicator 2.3: A new regional registry for small Pacific island countries and a national online business registry for PNG procured and implemented.


### OUTPUT 3: State-owned enterprise performance improved through reforms, including privatization and public–private partnerships.

#### Indicator 3.1: Return on investment increases by 10% for at least five SOEs undertaking PSDI-led reforms.

| Baseline: Baseline data to be collected during Phase IV. | Progress to end-June 2021: No additional data collection yet undertaken. | Overall assessment: too early to determine. |

#### Indicator 3.2: At least two additional privatizations agreed to or completed.

| Baseline: Four | Progress to end-June 2021: The PSDI-supported broad SOE reforms in PNG have advocated for the sale of non-core assets, supporting the planned asset sales of Air Niugini and Kumul Telikom Holdings. | Overall assessment: too early to determine. |

#### Indicator 3.3: At least two additional PPP transactions completed that also address climate change.

<p>| Baseline: Four | Progress to end-June 2021: PSDI is supporting PPP transactions in PNG and Tonga, and assessing PPP options in Palau and Tuvalu. This work is outlined on pages 41-43. | Overall assessment: on track. |</p>
<table>
<thead>
<tr>
<th>Indicator 3.4: Proportion of women on SOE boards increases by 25% in six Pacific DMCs</th>
<th>Baseline: 18% (average) (2018)</th>
<th>Progress to end-June 2021: Initial data from PSDI’s Leadership Matters report (page 69 for more information) indicates that, in 2021, women continue to comprise 18% of SOE board directors.</th>
<th>Overall assessment: too early to determine.</th>
</tr>
</thead>
</table>

**OUTPUT 4:** Effective competition and consumer protection policies developed and implemented.

<table>
<thead>
<tr>
<th>Indicator 4.1: Policies and legislation that promote competition and consumer protection established in at least three additional Pacific DMCs.</th>
<th>Baseline: One (2018)</th>
<th>Progress to end-June 2021: PSDI is working on competition policies and legislation in the Cook Islands, Fiji, Kiribati, PNG, Solomon Islands, Tuvalu, and Vanuatu.</th>
<th>Overall assessment: on track.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator 4.4: At least two additional capacity-building training programs delivered to the competition and consumer commissions in each of the Pacific DMCs with commissions, including creating awareness on constraints faced by women.</td>
<td>Baseline: One (2018)</td>
<td>Progress to end-June 2021: PSDI has delivered competition and consumer protection training programs in Kiribati and PNG.</td>
<td>Overall assessment: on track</td>
</tr>
<tr>
<td>Indicator 4.5: Competition and consumer protection policy implemented in Vanuatu</td>
<td>Baseline: No such policy (2018)</td>
<td>Progress to end-June 2021: PSDI is working currently in Vanuatu to develop a competition and consumer protection bill, as part of its support for the implementation of the National Competition Policy. Details of this work are outlined in the Competition and Consumer Protection chapter of this report.</td>
<td>Overall assessment: on track</td>
</tr>
</tbody>
</table>

Source: Pacific Private Sector Development Initiative
Pacific Private Sector Development Initiative Annual Report FY2021

This report outlines the key activities of the Pacific Private Sector Development Initiative (PSDI) during the fiscal year 2021. PSDI is a technical assistance program undertaken in partnership with the Government of Australia, the Government of New Zealand, and the Asian Development Bank (ADB). PSDI supports ADB's 14 Pacific developing member countries to improve the enabling environment for business and to help foster inclusive, private sector-led economic growth. The support of the Australian and New Zealand governments and ADB has enabled PSDI to operate in the region for 15 years and assist with more than 300 reforms.

About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members — 49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.