PACIFIC PRIVATE SECTOR DEVELOPMENT INITIATIVE
ANNUAL REPORT FY2022
PACIFIC PRIVATE SECTOR DEVELOPMENT INITIATIVE
ANNUAL REPORT FY2022
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FOREWORD

The work of the Pacific Private Sector Development Initiative (PSDI) in fiscal year (FY) 2022 to strengthen and expand the region’s private sector and improve the business enabling environment has continued apace, supporting regional recovery from the financial effects of coronavirus disease (COVID-19).

Sustainable, inclusive economic growth and poverty reduction is predicated upon a robust and vibrant private sector, and a business enabling environment which facilitates investment and job creation. PSDI continues to contribute to these outcomes through its work to (i) ensure that legislation and policy facilitate entrepreneurship, business formalization, innovation, and growth; (ii) increase access to finance for businesses; (iii) support the strengthening of state-owned enterprises (SOEs), including through increased private sector involvement; (iv) promote and develop competitive markets; and (v) increase the economic empowerment of women, and their ability to contribute to economic development.

This annual report, PSDI’s 15th since its formation in 2007, outlines key activities and achievements from 1 July 2021 to 30 June 2022 and documents PSDI’s second full reporting fiscal year in its fourth funding phase (phase IV). Its support is being implemented across five core focus areas: (i) business law reform, (ii) financing growth, (iii) SOE reform and public–private partnership (PPP) development, (iv) competition and consumer protection, and (v) economic empowerment of women. PSDI also seeks to increase the involvement of the private sector across key sectors, particularly tourism. Key achievements in the fiscal year include:

(i) Business Law Reform. PSDI has progressed the Papua New Guinea (PNG) Investment Promotion Authority’s transition to a modern electronic registry system; delivered a diagnostic report and recommendations for reforms to the Cook Islands’ foreign direct investment framework; assisted the Government of Tonga to enact regulations under the Foreign Investment Act, reducing the number of reserved and restricted activities; and assisted the Palau Ministry of Finance to draft regulations under the Corporations Act.

(ii) Financing Growth. PSDI has established a memorandum of understanding with the Papua New Guinea Securities Commission on a broad program of support for the development of capital markets in PNG; conducted an actuarial review for the Tonga Retirement Fund Board; supported the Fiji Development Bank with the design and implementation of agriculture value chain financing products; and conducted a review of the Solomon Islands Financial Institutions Act 1998 and developed a new Financial Institutions Act policy.

(iii) State-Owned Enterprise Reform and Public–Private Partnerships. PSDI has supported the passage of the Kumul Consolidated Holdings (Amendment) Act and Public–Private Partnership (Amendment) Act by PNG Parliament; progressed the tender process for a 5-megawatt solar independent power producer contract in PNG; completed a tender process for a stevedoring concession at Tonga’s international wharf; and delivered an SOE policy and a public–private partnership policy in Palau.

(iv) Competition and Consumer Protection. PSDI has expanded capacity-building training with PNG’s Independent Competition and Consumer Commission; delivered a draft Consumer Protection Bill to Kiribati’s Ministry of Tourism, Commerce, Industry and Cooperatives; and completed the first stage of the Government of the Cook Islands’ plan for a multisector regulator.

(v) Economic Empowerment of Women. PSDI has published Leadership Matters: Benchmarking Women in Business Leadership in the Pacific and convened
country-level report roundtables in PNG and the Marshall Islands; strengthened the capacity of key national organizations in PNG to deliver training to women; supported the publication of the Tonga Informal Sector Survey report; and developed a gender equality, disability, and social inclusion policy for the Development Bank of Samoa.

(vi) Tourism. PSDI has worked to increase its crosscutting support for the tourism sector through the establishment of a dedicated tourism program. Under this program, PSDI has developed a framework to guide the safe reopening of Pacific tourism post–COVID-19; confirmed collaboration with seven Pacific countries to support strategic policy and increased resilience; and published 14 country tourism sector snapshots and a regional tourism assessment.

I would like to thank PSDI’s cofinancing partners, the governments of Australia and New Zealand, for their commitment, encouragement, and assistance as phase IV of the program continues.

I would also like to thank the governments of the 14 Pacific developing member countries for their commitment to reforms that are simplifying business and trade in the region. Built up over more than 15 years, PSDI’s strong relationships with these governments are essential to its success, and have facilitated the progression of critical reforms during the COVID-19 period.

PSDI is a crucial part of the Asian Development Bank’s mission to reduce poverty in the Pacific region. I look forward to continuing to share its progress and achievements.

Matthew Hodge
Officer-in-Charge
Pacific Liaison and Coordination Office
Asian Development Bank
# Abbreviations

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<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>AML/CTF</td>
<td>anti-money laundering/combating the financing of terrorism</td>
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<tr>
<td>BCFW</td>
<td>Business Coalition for Women (Papua New Guinea)</td>
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<td>BCI</td>
<td>Bank of the Cook Islands</td>
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<tr>
<td>BPNG</td>
<td>Bank of Papua New Guinea</td>
</tr>
<tr>
<td>CBS</td>
<td>Central Bank of Samoa</td>
</tr>
<tr>
<td>CBSI</td>
<td>Central Bank of Solomon Islands</td>
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<tr>
<td>CCAG</td>
<td>Competition and Consumer Advisory Group (Solomon Islands)</td>
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<tr>
<td>CCF</td>
<td>Consumer and Competition Framework (Papua New Guinea)</td>
</tr>
<tr>
<td>CEO</td>
<td>chief executive officer</td>
</tr>
<tr>
<td>COVID-19</td>
<td>coronavirus disease</td>
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<tr>
<td>DBS</td>
<td>Development Bank of Samoa</td>
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<tr>
<td>DMC</td>
<td>developing member country</td>
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<tr>
<td>DMF</td>
<td>design and monitoring framework</td>
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<tr>
<td>EEOW</td>
<td>economic empowerment of women</td>
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<tr>
<td>FDB</td>
<td>Fiji Development Bank</td>
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<tr>
<td>FDI</td>
<td>foreign direct investment</td>
</tr>
<tr>
<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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<tr>
<td>ICCC</td>
<td>Independent Competition and Consumer Commission (Papua New Guinea)</td>
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<td>IPA</td>
<td>Investment Promotion Authority (Papua New Guinea)</td>
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<tr>
<td>KCH</td>
<td>Kumul Consolidated Holdings (Papua New Guinea)</td>
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<td>KPF</td>
<td>Kiribati Provident Fund</td>
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<tr>
<td>M&amp;E</td>
<td>monitoring and evaluation</td>
</tr>
<tr>
<td>MOF</td>
<td>Ministry of Finance</td>
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<tr>
<td>MPE</td>
<td>Ministry of Public Enterprises</td>
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<tr>
<td>MSMEs</td>
<td>micro, small, and medium-sized enterprises</td>
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<td>MSR</td>
<td>multisector regulator</td>
</tr>
<tr>
<td>MTCIC</td>
<td>Ministry of Tourism, Commerce, Industry and Cooperatives (Kiribati)</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
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<td>--------------</td>
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<tr>
<td>MTE</td>
<td>midterm evaluation</td>
</tr>
<tr>
<td>MTED</td>
<td>Ministry of Trade and Economic Development (Tonga)</td>
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<tr>
<td>NDBP</td>
<td>National Development Bank of Palau</td>
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<tr>
<td>NEC</td>
<td>National Executive Council (Papua New Guinea)</td>
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<tr>
<td>OPM</td>
<td>Office of the Prime Minister (Cook Islands)</td>
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<tr>
<td>ORS</td>
<td>online registry system</td>
</tr>
<tr>
<td>PAT</td>
<td>Ports Authority of Tonga</td>
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<tr>
<td>PIIF</td>
<td>Pacific Islands Investment Forum</td>
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<tr>
<td>PNG</td>
<td>Papua New Guinea</td>
</tr>
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<td>PNGID</td>
<td>Papua New Guinea Institute of Directors</td>
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<td>PNGSC</td>
<td>Papua New Guinea Securities Commission</td>
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<td>PPP</td>
<td>public–private partnership</td>
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<td>PSDI</td>
<td>Private Sector Development Initiative</td>
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<td>SFL</td>
<td>Solomon Finance Limited</td>
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<td>SINPF</td>
<td>Solomon Islands National Provident Fund</td>
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<td>SOE</td>
<td>state-owned enterprise</td>
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<td>SPTO</td>
<td>Pacific Tourism Organisation</td>
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<tr>
<td>TA</td>
<td>technical assistance</td>
</tr>
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<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.

Employment creation, income growth, poverty reduction, and economic development are all dependent on a dynamic, open, and competitive private sector. That is why a gender-inclusive, business enabling Pacific region is crucial for residents and governments alike.

However, despite progress, barriers to a healthier private sector persist, and sustained engagement remains necessary. 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 growth can be mitigated. 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. Its policy reforms to date have proven critical for improving the business enabling environments of the Pacific’s 14 DMCs—with this work accelerating and expanding in fiscal year (FY) 2022 (1 July 2021 to 30 June 2022), despite coronavirus disease (COVID-19)-related restrictions.

About PSDI

FY2022 is the second full reporting fiscal year of PSDI’s fourth funding phase (phase IV), which commenced 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:

Business Law Reform initiatives 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.

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

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.

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 focus on addressing the structural barriers that inhibit women’s full economic participation and benefit.
Where possible, PSDI also 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, demand-driven 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 demand 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 DMC.

**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).

**Figure 1** Pacific Private Sector Development Initiative, Phase IV: Funding Commitments to 30 June 2022 (Total: $29,928,557)

> Source: Pacific Private Sector Development Initiative.

**PSDI’s Approach to Private Sector Development**

The fourth phase of PSDI has operated with an expanded scope, including the expansion of support for EEOV 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.

PSDI adopts a theory-based approach to monitoring and evaluation (M&E), by using theories of change that draw on PSDI’s 15 years of reform experience in the Pacific. The outlined theories of change present a simplified version of reality and 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. 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.
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.

Private sector has improved access to services, increased opportunities for investment, and increased access to finance.

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.

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

PSDI includes crosscutting considerations in all reforms: economic empowerment of women, climate change, labor mobility, and increased private sector involvement in agriculture & tourism.

PSDI undertakes foundational assessment and advocacy work and provides responsive, high quality advisory support.

PSDI ACTIVITIES

Business Law Reform
Financing Growth
State-owned Enterprise Reform and Public–private Partnerships
Competition and Consumer Protection
Economic Empowerment of Women

LINE OF CONTRIBUTION

Systemic change

External Influencing Factors

EXTERNAL SHOCKS | POLITICAL ECONOMY | OTHER DEVELOPMENT PARTNERS

OUTCOMES

PREMISE

Source: Pacific Private Sector Development Initiative.
Figure 3  Pacific Private Sector Development Initiative Spending by Country, FY2022 ($) (Total: $5,471,135)

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<th>Region</th>
<th>Spending ($)</th>
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<td>Cook Islands</td>
<td>176,753</td>
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<tr>
<td>Federated States of Micrones</td>
<td>25,914</td>
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<tr>
<td>Fiji</td>
<td>161,819</td>
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<tr>
<td>Kiribati</td>
<td>127,048</td>
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<tr>
<td>Marshall Islands</td>
<td>4,661</td>
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<td>Nauru</td>
<td>2,373</td>
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<tr>
<td>Palau</td>
<td>104,790</td>
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<tr>
<td>Papua New Guinea</td>
<td>2,033,451</td>
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<td>Samoa</td>
<td>210,995</td>
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<td>Solomon Islands</td>
<td>53,387</td>
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<td>Tonga</td>
<td>207,439</td>
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<td>Tuvalu</td>
<td>124,709</td>
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<tr>
<td>Vanuatu</td>
<td>92,993</td>
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Source: Pacific Private Sector Development Initiative.

Figure 4  Pacific Private Sector Development Initiative Spending by Country, 2007–2022* ($) (Total: $60,531,204)

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<th>Region</th>
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<td>Federated States of Micrones</td>
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<td>Fiji</td>
<td>3,237,483</td>
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<td>Kiribati</td>
<td>641,956</td>
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<td>Marshall Islands</td>
<td>321,000</td>
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<td>Niue</td>
<td>1,604</td>
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<td>Nauru</td>
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<td>Palau</td>
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<td>Papua New Guinea</td>
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<td>Samoa</td>
<td>3,301,067</td>
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<td>Solomon Islands</td>
<td>5,876,460</td>
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<tr>
<td>Tonga</td>
<td>5,081,185</td>
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<tr>
<td>Tuvalu</td>
<td>202,134</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>3,541,119</td>
</tr>
</tbody>
</table>

* To 30 June 2022.
Source: Pacific Private Sector Development Initiative.
### Figure 5  Pacific Private Sector Development Initiative Spending by Focus Area, FY2022 ($) (Total: $5,471,135)

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Spending ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing Growth</td>
<td>466,905</td>
</tr>
<tr>
<td>Business Law Reform</td>
<td></td>
</tr>
<tr>
<td>State-Owned Enterprise Reform</td>
<td>377,508</td>
</tr>
<tr>
<td>Public–Private Partnerships</td>
<td>401,886</td>
</tr>
<tr>
<td>Competition and Consumer Protection</td>
<td>464,634</td>
</tr>
<tr>
<td>Economic Empowerment of Women</td>
<td>444,565</td>
</tr>
<tr>
<td>Tourism</td>
<td>361,536</td>
</tr>
<tr>
<td>Analytical and Crosscutting</td>
<td>1,258,863</td>
</tr>
<tr>
<td></td>
<td>1,755,238</td>
</tr>
</tbody>
</table>

Source: Pacific Private Sector Development Initiative.

### Figure 6  Pacific Private Sector Development Initiative Spending by Focus Area, 2007–2022* ($) (Total: $60,531,204)

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Spending ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing Growth</td>
<td>11,065,434</td>
</tr>
<tr>
<td>Business Law Reform</td>
<td>13,599,818</td>
</tr>
<tr>
<td>State-Owned Enterprise Reform</td>
<td>8,178,408</td>
</tr>
<tr>
<td>Public–Private Partnerships</td>
<td>3,950,364</td>
</tr>
<tr>
<td>Competition and Consumer Protection</td>
<td>4,500,377</td>
</tr>
<tr>
<td>Economic Empowerment of Women</td>
<td>2,363,707</td>
</tr>
<tr>
<td>Tourism</td>
<td>395,376</td>
</tr>
<tr>
<td>Analytical and Crosscutting</td>
<td>16,477,720</td>
</tr>
</tbody>
</table>

*To 30 June 2022.

Source: Pacific Private Sector Development Initiative.
Bilum vendor, Mount Hagen, PNG.
ACTIVITIES AND ACHIEVEMENTS BY FOCUS AREA FY2022
Investment Promotion Authority office, Port Moresby, PNG.
KEY ACHIEVEMENTS FY2022

• Strong progress made in transitioning the PNG Investment Promotion Authority (IPA) to a modern electronic registry system, including associated legislative amendments to the Companies Act and Business Groups Incorporation Act. The new registry will improve current market information, reduce compliance costs for businesses, and improve data analytics.

• Delivered a diagnostic report and recommendations for reforms to the Cook Islands’ foreign direct investment (FDI) framework. Reform recommendations are centered on promoting more openness to FDI in accordance with country priorities, and reforming current FDI certification laws.

• Assisted the Government of Tonga to enact regulations under the Foreign Investment Act 2020, which reduced the number of reserved and restricted activities from 17 to 11.

• Assumed responsibility from ADB’s Office of the General Counsel for promoting international commercial arbitration to Pacific DMCs, and extended this offering to domestic arbitration reform in Palau and PNG. The progressive introduction of arbitration mechanisms will improve Pacific DMCs’ investment climate and attract foreign investment.

• Assisted the Palau Ministry of Finance to draft regulations under the Corporations Act 2021, as well as registry specifications for the implementation of company reform.

• Supported the Central Bank of Samoa to finalize the Central Bank (National Credit Register) Bill, including an explanatory memorandum and draft regulations, which will provide the legal foundation for a credit register in Samoa. This will enable participating credit providers to upload and access credit information on borrowers to improve access to finance and efficiently price credit risk.
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 inclusive private sector growth and entrepreneurship, which increase 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 country context while providing strong incentives for business formalization, facilitating regulatory compliance, and increasing business growth opportunities.

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 longstanding 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.

PSDI’s Approach to Business Law Reform

The theory of change for PSDI’s Business Law Reform focus area (Figure 7) depicts the reforms and business environment change that are anticipated following the program support. 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 investments 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 to promote business formation, formalization, and growth, in line with individual country needs.

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 policy in accordance with regional better practice. Once the process is initiated through a formal request from the government, the next component is the establishment of a reform taskforce that comprises representatives of government, the finance sector, the private sector, women’s business organizations, and other key stakeholders.

Drawing on its expertise, PSDI prepares a diagnostic of the existing legal environment, and supports the government’s production of a “white paper” for policy reform. The proposed policies are then presented to stakeholders for review and discussion through bilateral meetings, taskforce 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 forms the basis for the draft laws.

PSDI may provide TA 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. The draft legislation subsequently 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 FY2022, 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 through the development of innovative, online business registry systems.

PSDI adopts a technology-forward approach to business law reform. Pre-reform, most Pacific DMCs have paper-based registry systems for vital matters including the registration of business names, registration of companies and other legal entities, and certification of foreign investment. These inefficient systems transfer compliance costs onto businesses; disadvantage women, poorer, and rural entrepreneurs; provide limited transparency and market information; and complicate government efforts to use data to inform policy.

PSDI specializes in supporting Pacific countries to adopt more efficient and inclusive laws and systems, implemented through online business registries. These registries give entrepreneurs a straightforward path to enter the formal economy, which can be used to access financial services, grants, and other support services, as well as support contract formation and trade. Open, searchable registries further encourage transparency as consumers and other businesses can know more about the parties to a potential transaction. This transparency enables countries to demonstrate compliance with anti-money laundering/combating the financing of terrorism (AML/CFT) requirements and maintain functioning financial systems.

PSDI supports the entire process of online registry development, from initial analysis and legislative reforms to technical implementation, training, awareness raising, and operational support. This includes incremental updates and improvements to better support registry operations. Given the explosive growth of communications connectivity in Pacific countries, particularly in rural areas, an increasing priority is ensuring that registries are mobile-friendly.

PSDI also focuses on working with governments to improve data quality and reporting so that reforms can be monitored, and new policies developed using credible evidence. In FY2022, PSDI progressed two major registry projects:

(i) **PNG registry.** The implementation of a new online registry with the PNG IPA (page 14).

(ii) **Regional registry.** Ongoing work to extend the benefits of more efficient and advanced registries to other Pacific DMCs. In FY2022, PSDI progressed system design and procurement of a regional registry, to be offered to the other 13 Pacific DMCs which it serves. The regional registry will provide a shared back-end platform upon which DMCs can have data-separated modules for matters including registration of companies, business names, cooperatives, international companies, security interests, and the operations of credit reporting service providers. Key benefits are expected to include cost and operational efficiency for individual DMCs, better ease of use and accessibility for users, improved data analytics, and enhanced ability to encourage business compliance with reporting obligations.

Economic Empowerment of Women and Business Law Reform

PSDI’s Business Law Reform focus area works to progressively remove discriminatory legal provisions in the Pacific to encourage women to establish businesses, enter the formal sector, and thrive economically. Acknowledging and understanding that legal systems can inadvertently create economic disincentives, institute exclusionary practices, and complicate women’s attempts to engage in economic opportunity is an important first step in creating fairer rules. However, more direct action is necessary to promote economic equality and fairness.

PSDI explicitly considers how women are impacted by legal changes in its diagnostic work before making reform recommendations, and designs implementation systems that encourage women’s inclusion. This is complemented by surveys and analysis to understand the opportunities and challenges faced by women in the informal sector. On a macro level, PSDI works with Pacific DMC governments to
leverage sex-disaggregated registry data and assist efforts to create supportive government policies.

**Business Law Reform Activities and Progress FY2022**

**Cook Islands**

In FY2021, ADB entered into an agreement with the Government of Australia for an additional financing of A$974,047 dedicated to the Cook Islands in accordance with the country’s graduation from official development assistance eligibility. These funds were received in FY2022 and are largely dedicated to upgrading the international companies registry.

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


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, all 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 reregistration provisions; and provided input regarding COVID-19-related amendments to the Companies Act. In FY2022, PSDI delivered necessary technical changes to the registry to support the amendments to the Companies Act.

2. **International Entities Registry Upgrade**

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

In FY2022, PSDI completed the design and development of specifications for the new registry. Procurement of a vendor for the registry’s development is underway.

4. **Foreign Direct Investment Diagnostic**

In January 2022, PSDI delivered a comprehensive diagnostic reviewing current legislative and policy settings governing the FDI framework in the Cook Islands. The diagnostic recommended several areas for policy and legislative reform. Work in relation to these recommendations is anticipated to proceed in FY2023.

**Kiribati**

1. **Companies Law Reform**

In May 2021, the Parliament of Kiribati passed the Companies Act, Company Insolvency Act, and Business Names Act with support from PSDI. Development of regulations for the laws, and planning for the laws’ implementation, is now underway. This includes planning for a reregistration process of companies and registered business names holders.

In FY2022, PSDI provided training sessions covering the Company Insolvency Act and the Business Names Act to support the Ministry of Commerce, Industry and Cooperatives to implement the reforms. Further work was conducted on implementation planning, including Kiribati’s potential inclusion in the regional registry (Page 12).

**Niue**

In FY2022, PSDI supported the Niue Ministry of Finance (MOF) to review the country’s company law and develop an online registry, as part of the regional registry.
**Palau**

1. **Corporations Law Reform**

A PSDI diagnostic of Palau’s Corporate Law and Companies Registry in 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 asked PSDI to lead a reform of the corporate registry. PSDI worked with the MOF 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. Uptake of these reforms was facilitated by an ADB policy-based loan approved in 2021.

The Corporations Act was passed in October 2021, and implementation support for the act has commenced. In FY2022, PSDI assisted the MOF to draft regulations under the Corporations Act, as well as registry specifications for the implementation of the companies reform. This enabled Palau to meet policy conditions under a $20 million ADB loan.

**Papua New Guinea**

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

PSDI is providing long-term support to the PNG IPA for an ambitious business law reform program designed to promote entrepreneurship and FDI in PNG. In September 2020, PSDI and the IPA signed a second memorandum of understanding, which will continue PSDI’s support for the IPA throughout the program’s fourth phase.

Central to this program are the mandated functions of the IPA under the Investment Promotion Act 1992 and other business laws. The IPA is responsible for critical private sector support functions in PNG, including business registration and regulation; 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**

In 2020, PSDI received an additional A$2 million for the replacement of the current online registry system (ORS) at the IPA. The ORS undertakes key functions as the public record for the registration of companies, business names, associations, and business groups, as well as the certification of foreign investment. The current system is outdated and expensive to maintain, fails to offer modern data analytics, lacks interoperability with other government systems, and suffers data validity issues due to inconsistent compliance efforts.

In 2021, PSDI worked closely with the IPA on the development of the new ORS with user acceptance testing, process mapping and improvements, and detailed implementation planning. This has involved hundreds of hours planning for the transition and working with the selected vendor to promote a smooth transition.

To support the transition, PSDI drafted amendments to the Companies Act and the Business Groups Incorporation Act which were passed in January 2022 and certified on 12 April 2022. The new ORS is anticipated to go live in late 2022. Key improvements will include:

(i) **Reduced private sector compliance burden.** Where private sector entities are required to report under different laws (e.g., a foreign-owned company with a registered business name), the ORS will consolidate the information to report in one location. Businesses will thus be able to meet their statutory reporting obligations quickly and straightforwardly.

(ii) **Improved data integrity.** Implementation will be paired with a “transitional update”, where registered businesses will be required to confirm their data. This will improve the quality and reliability of the ORS, support its role as a primary source of market information, and demonstrate compliance with AML/CFT obligations.

(iii) **Mobile friendly.** The ORS will be navigable through mobile phones, enhancing access to registries by Papua New Guineans in rural areas and reducing the “technology barrier” created by a computer.
More payment options. Current payment options will be expanded to include Bank South Pacific’s BSP Pay, with the capacity to incorporate mobile payment options.

Interoperability. The ORS’ capacity to “talk” with other modern government systems will be implemented as far as possible, potentially creating further efficiency for the private sector and supporting the government to better match data in accordance with privacy laws.

Data and analytics. The new ORS will provide superior options for the IPA to collect and analyze data. This will enable the Government of PNG to extract better value from the data that it collects and foster supportive private sector policy.

Reduced cost. The hosting and running costs of the new ORS will be less expensive for the IPA than the current system.

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 the IPA in FY2022 with a rapid review and amendment of the Reserved Activities List, at the request of the National Executive Council (NEC). The new list was gazetted in January 2022.

Undertake associations reform

PSDI has provided intensive TA on reforms to the Associations Incorporation Act 1966. This is the law enabling incorporated associations, a common legal entity used in PNG for collective economic action. Gaps in the law leave PNG vulnerable to negative Financial Action Task Force assessments related to AML/CFT.

In FY2018, PSDI supported diagnostic work and helped draft and hold consultations on a discussion paper and, in FY2019, drafted a revised Associations Incorporation Bill. 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 FY2022, the NEC endorsed the draft bill, and approved its tabling in Parliament. PSDI will work with the IPA to support the passage of the bill.

Provide support for the personal property securities register

The introduction of the Personal Property Security Act 2011 was an important milestone in enabling movable assets to be used for loan security. The implementation of the accompanying registry, which PSDI helped the Department of Treasury establish in 2016, provides greater visibility into what movable assets have been pledged, by whom, and to whom. The registry was subsequently delegated to the IPA to administer.

In FY2022, PSDI continued to provide intermittent technical and operational support to the registry, as well as to banks and financial institutions, on the use of the Personal Property Securities Register. PSDI is also working to integrate the Personal Property Securities Register into the new business registry platform.

Samoa

1. Trading Names Reform

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 registered trading names framework, which would help sole traders enter the formal sector by providing legal recognition when they register their trading name. This also supports Samoa’s AML/CFT compliance.

In FY2020, PSDI prepared a trading names consultation paper for the Ministry of Commerce, Industry, and Labour to facilitate engagement with the private sector, the government, and the public. Consultations were originally planned for early 2020, but were delayed because of COVID-19.
In FY2022, PSDI completed the policy paper recommending the introduction of a trading names law with associated implementation through an appropriate registry solution. Consultation on the endorsed policy and proposed trading names bill is expected to occur in FY2023. The trading names reform is now a policy action under the Joint Policy Action Matrix, informing the budget support of several donors to the Government of Samoa.

2. National Credit Registry Development

PSDI is working with the Central Bank of Samoa (CBS) to draft the Central Bank (National Credit Register) Bill. The bill provides the legislative basis for the establishment of a national credit registry in Samoa, which will enable CBS to better supervise the finance sector by requiring lenders to report loans over defined thresholds. The credit registry will serve as a centralized, single repository of information on borrowing by all categories of debtors (including businesses and consumers). Participating or “eligible” credit providers will report credit information to the registry, and will be able to gather relevant information for assessing whether borrowers are overindebted or creditworthy. At the same time, borrowers will have fair access to higher-quality banking products at more efficient prices.

In late 2018, PSDI provided a diagnostic report on the development of a credit registry to CBS. In FY2020, this was followed up with a public consultation paper. Based on feedback, PSDI drafted the Central Bank (National Credit Register) Bill, which was finalized in FY2022. This included an accompanying explanatory memorandum and draft regulations. Consultations to support passage of the bill and preparation of registry specifications and procurement are ongoing. The bill is anticipated to proceed to Parliament in FY2023.

Solomon Islands

1. Registry Support

PSDI supported the creation of an online registry in Solomon Islands 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 FY2022, PSDI continued to provide implementation support to the registry.

Tonga

1. Foreign Investment Reform

Following the government’s request for assistance in drafting a new foreign investment policy, bill, and regulations, PSDI worked with the Ministry of Trade and Economic Development (MTED) to support foreign investment reform in Tonga. PSDI completed the draft policy, bill, and regulations in 2018. The policy was approved in 2019, and the Foreign Investment Act was passed in September 2020.

In FY2022, PSDI worked with MTED to amend the Foreign Investment Regulations 2021. The regulations reduced the number of reserve and restricted activities from 17 to 11, making Tonga among the most open economies in the Pacific to FDI. PSDI also commenced diagnostic work to plan for the transition of the foreign investment registry to an online platform.

2. Company Registry Review

Following a formal request from MTED, PSDI is reviewing the operations of the current company registry, which was launched 8 years ago. A diagnostic is underway to determine the changes and additional features that are needed, particularly in reference to the potential inclusion of Tonga on the regional registry (Page 12).

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 a diagnostic of the business enabling environment.

PSDI commenced assistance in FY2021, working closely with the MOF to review the current business enabling environment. In FY2022, PSDI delivered a diagnostic recommending significant reform to existing laws, including the introduction of a business registration system, as well as the replacement of the current companies and company insolvency law. Further work is anticipated to take place in FY2023.
**Vanuatu**

1. **Trusts Reform**

In 2018, PSDI drafted a new trusts bill to improve Vanuatu’s compliance with international commitments and its reputation as an offshore financial center. The trusts bill was finalized in FY2021 and is awaiting clearance by the State Law Office for tabling in Parliament. In FY2022, PSDI continued to support the trust bill through the legislative process.

**Regional**

1. **Pacific Foreign Direct Investment Study**

In FY2022, PSDI completed the necessary data gathering for the development of a Pacific Foreign Investment Study comparing FDI frameworks in PNG, Samoa, Solomon Islands, Tonga, and Vanuatu. The study examines FDI entry requirements, core investor guarantees and obligations, monitoring and enforcement, investor residence in country, investment promotion, and suggestions for policy and legislative reform. It provides important analytical underpinnings to PSDI’s foreign investment reform work.

The study will be finalized in the second half of 2022, providing participating countries with an overview of technical and policy gaps in their FDI frameworks. Countries will be able to use this study to prompt context-specific lessons sharing and establish a basis for reform.

2. **Arbitration**

PSDI took over responsibility for an International Commercial Arbitration TA program originally managed by ADB’s Office of the General Counsel in FY2021. The program supports the development of international commercial arbitration laws, judicial training, and private sector awareness in Fiji, Palau, PNG, Samoa, and Tonga.

In FY2022, the program was expanded to support the development of domestic arbitration frameworks, which will assist in contract enforcement and overall private sector dispute resolution. Work is currently progressing on developing domestic arbitration laws for Palau and PNG, with a view to extending this assistance to other countries in FY2023. The introduction of international and domestic commercial arbitration will help improve countries’ investment climates, consistent with PSDI’s enhanced focus on FDI framework reforms across the region.

3. **Regional Registry**

In FY2022, PSDI completed the design specifications and finalized the terms of reference for a regional registry. The procurement of a regional registry platform will support smaller Pacific countries and economies to embrace the business enabling benefits of technology. The regional registry will support a range of business registries, including credit registries. The registry will be developed incrementally, ensuring its long-term sustainability for users.

It is anticipated that ADB will tender the regional registry contract in FY2023.
Figure 8  Business Law Reform Spending by Country, FY2022 ($) (Total: $1,755,238)

![Bar chart showing business law reform spending by country for FY2022.](chart1.png)

Source: Pacific Private Sector Development Initiative.

Figure 9  Business Law Reform Spending by Country, 2007–2022a ($) (Total: $13,599,818)

![Bar chart showing business law reform spending by country from 2007 to 2022.](chart2.png)

*To 30 June 2022
Source: Pacific Private Sector Development Initiative.
BOX 1:
Improving the Pacific Investment Climate through International Commercial Arbitration Reforms

Pacific countries are often more reliant on international trade and investment for economic growth than other countries at similar stages of development. Providing an attractive investment climate in part depends on countries reducing the risks of investment as far as practicable. One important factor for international investors is their ability to fairly resolve commercial disputes with local firms or contractors, or parties from third countries.

Often, court-based litigation is costly, protracted, and open to concerns of partiality toward local parties. Even where judgments are secured, they can be difficult or impossible to enforce outside of the originating jurisdiction. International commercial arbitration (ICA) thus fills an important vacuum in cross-border private dispute resolution. ICA involves parties from different countries submitting their dispute to a neutral arbitrator or panel of neutral arbitrators, who produce an arbitral award enforceable in 168 contracting states (under the 1958 United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, known as the New York Convention). ICA has in recent decades become the preferred means globally of resolving international commercial disputes because of its capacity to provide effective, fair, timely, and economical resolutions.

In 2021, the Pacific Private Sector Development Initiative (PSDI) assumed responsibility for the implementation of outputs under the Asian Development Bank’s (ADB) technical assistance for Promotion of International Arbitration Reform for Better Investment Climate in the South Pacific. Since 2017, ADB has supported the accession of Palau, Papua New Guinea, and Tonga to the New York Convention, and has passed supporting laws in these countries. PSDI will continue to provide advice on accession to the New York Convention, assistance with drafting implementing legislation, and capacity-building measures for governments and the legal and business communities. PSDI is also expanding this offering to domestic arbitration reform for Palau and Papua New Guinea to provide faster, lower-cost dispute resolution pathways for all entrepreneurs. This work will directly complement PSDI’s focus on advising Pacific governments on reforms to foreign direct investment frameworks to encourage more strategic use of foreign direct investment and more efficient approval and monitoring systems.

Source: Pacific Private Sector Development Initiative.
Construction worker, Efate, Vanuatu.
FINANCING GROWTH

KEY ACHIEVEMENTS FY2022

• Established a memorandum of understanding with the PNG Securities Commission (PNGSC) on a broad program of support for the development of capital markets in PNG. The support will include policy, legislative, and regulatory reform; capacity building to strengthen the PNGSC as the capital markets regulator; and operational TA. The development of capital markets, including alternative financing, will improve inclusive access to business finance in PNG.

• Conducted an actuarial review for the Tonga Retirement Fund Board (TRFB). The review included an assessment of TRFB’s financial strength, sustainability, risk management arrangements, and self-insurance, with a view to efficient fulfillment of the fund’s mandate and prudent management of member funds.

• Supported Fiji Development Bank (FDB) with the design and implementation of agriculture value chain financing products using Fiji’s secured transactions framework. With PSDI support, FDB has rolled out new finance products for ginger and rice farmers using this mode of lending.

• Conducted a review of the Solomon Islands Financial Institutions Act 1998 and developed a new Financial Institutions Act policy. The purpose of the review and revised policy is to modernize the act to ensure that it reflects international best practice, the Solomon Islands context, and inclusive economic growth objectives. The new policy (and subsequent PSDI-supported act) will enable effective finance sector supervision, protect Solomon Islander depositors, and promote finance sector development.
Access to finance is critical to private sector growth. Without capital, businesses are unable to invest and grow. This means that economic growth is hindered, and the potential for job creation, additional taxation revenue, and higher standards of living is lost. However, 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 (MSMEs), 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 financial institutions, including government-owned banks and retirement funds; developing legal and regulatory frameworks to create an environment more conducive to finance sector development; and developing tailored financing products. PSDI also builds awareness of key finance sector issues through research, advocacy, and analytical work.

COVID-19 will continue to impact public finance and finance sectors across the Pacific, and a key element of fiscal recovery includes finding ways to reduce dependence on government spending. 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. These businesses can then drive economic recovery through job creation and increased tax revenues.

PSDI’s Approach to Financing Growth

Through long-term engagement with Pacific policymakers and institutions, PSDI’s Financing Growth focus area works to address the public policy, institutional, and operational challenges that make it difficult for businesses to access finance. Reducing these constraints requires a deep understanding of individual country contexts and the strategies available to decision-makers.

The theory of change for PSDI’s Financing Growth (Figure 10) focus area depicts the reforms and the anticipated change to the enabling environment 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 that are tailored to individual country contexts.

Retirement Funds

PSDI works with Pacific retirement funds to help them become providers of long-term finance to domestic businesses, and to develop frameworks, policies, and procedures 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, holding a large portion of finance sector assets and providing a range of financial services and benefits. 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 the Cook Islands, Kiribati, Solomon Islands, Tonga, and Vanuatu. In FY2022, PSDI commenced support to the Cook Islands National Superannuation Fund, and continued its work 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 14 Pacific DMCs to strengthen their operations and 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 they can play a greater role in alleviating the credit constraints faced by many Pacific businesses. This way, government resources can be used more effectively,
increasing the value of the government’s shareholding and encouraging private sector investment.

PSDI has worked with government-owned banks in the Cook Islands, the Federated States of Micronesia (FSM), Fiji, Palau, PNG, Samoa, and Tonga. In FY2022, 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 standing, 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. This is because most land is communally owned, and many smaller businesses do not own commercial premises. Movable assets financing also offers significant opportunities for women 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. PSDI has helped develop secured transactions frameworks in 10 Pacific countries that have been used to register more than 180,000 security interests as collateral for loans.

**Alternative Financing**

PSDI is working to introduce legal and regulatory frameworks that enable the implementation of alternative financing, such as “small offers” regimes and platforms that support peer-to-peer lending and equity crowdfunding. Such financing methods are potentially important in the financial architecture of Pacific DMCs, especially in providing finance for small and medium-sized enterprises.

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

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 FY2022, PSDI continued to work in the Cook Islands, Fiji, and PNG to develop (i) new financing products that use movable assets as collateral, and (ii) an enabling environment for alternative finance and capital-raising opportunities for small and medium-sized businesses.

**Legal and Regulatory Reform**

PSDI works with governments and finance sector regulators to develop robust policy, legal, and regulatory frameworks to promote finance sector development.

Inclusive institutions underpin economic growth and are fundamental to the equitable distribution of gains. PSDI works with governments, regulators, and institutions to strengthen financial system stability, promote finance sector development, and balance the growing availability of financial products and services with the need to protect consumer, depositor, and investor interests. In FY2022, PSDI worked with the Government of Solomon Islands on the reform of several pieces of legislation related to financial institutions and began development of a reform roadmap for the Tuvalu lending sector.

**Economic Empowerment of Women and Financing Growth**

The Financing Growth focus area works to increase women’s financial inclusion by improving access to a range of financial services and seeking to reduce gender gaps in the finance sector’s workforce and leadership.

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 financial circumstances. PSDI works with Pacific lenders to develop financial products targeting women through use of secured transactions frameworks and alternative credit assessment
transactions frameworks and alternative credit assessment methodologies, which enable women to use movable assets as collateral. PSDI also works with Pacific financial institutions to develop and implement gender policies supporting workplaces and products that are friendly to women, and to boost the employment, promotion, and retention of women in the finance sector’s senior management and decision-making positions.

**Financing Growth Activities and Progress FY2022**

**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 has commenced working with lending institutions to encourage its uptake. PSDI assisted the Government of the Cook Islands with the drafting of a Personal Property Securities Bill, which was enacted 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 commenced work with the Bank of the Cook Islands (BCI) on the introduction of new lending products using the secured transactions framework, focused on the construction sector. PSDI support included training to BCI management and staff on secured transactions financing and different application models. The new product will be piloted in FY2023, with a view to expansion to other sectors.

PSDI is also supporting BCI with the development of a model to improve the transparency of credit risk pricing for BCI customers.

2. **Strengthening the Cook Islands National Superannuation Fund**

In FY2022, PSDI commenced support to the Cook Islands National Superannuation Fund to improve and update its policies and procedures, enabling the fund to effectively implement its strategy and investment policy as it brings a series of outsourced functions back in-house. This work will continue into FY2023.

**Federated States of Micronesia**

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

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

In FY2022, PSDI supported FSMDB on the adoption of a capital projections model to forecast and manage its capital needs. Additionally, PSDI commenced development of a revised 10-year strategic plan for FSMDB. PSDI had previously supported FSMDB with a 10-year strategic plan. However, given changes in the economic and operating environment because of COVID-19, the government requested a revised plan to ensure that FSMDB can continue to sustainably meet the needs of the people of the FSM. This work will be delivered in FY2023.

**Fiji**

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

PSDI has been working closely with the FDB as part of a regional program of support aimed at strengthening the operations of government-owned banks and enabling a more commercial orientation.

In FY2022, PSDI continued working with FDB to support the adoption of a capital projections model for the bank. The model allows (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 macroeconomic factors such as gross domestic product. This will support the bank’s planning, corporate and regulatory reporting, and risk management.

During phase III, PSDI undertook a review of FDB’s risk management policies and procedures. Currently, PSDI is discussing support for similar work with the new FDB chief executive officer (CEO), reflecting updated bank priorities.
BOX 2: Financing Growth and Tourism

All focus areas of the Pacific Private Sector Development Initiative (PSDI) are working to increase private sector involvement in key sectors, particularly tourism. PSDI’s Financing Growth and Tourism teams are collaborating 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 tourism businesses in the Pacific struggle to access the finance they need to start and grow, despite excess liquidity in many Pacific financial systems. Further, tourism businesses tend to encounter sector-specific challenges, including seasonal revenue fluctuations, high exposure to disasters, and, more recently, significant impact by COVID-19. In fiscal year (FY) 2022, PSDI’s Tourism and Financing Growth teams commenced an assessment of six Pacific developing member countries (DMCs) of the Asian Development Bank (ADB)—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 the findings of the assessment in FY2023.

(ii) **Tourism taxation study.** In FY2022, PSDI commenced a tourism taxation study, analyzing the tourism taxation regimes of ADB’s Pacific DMCs against international best practice. The analysis will guide PSDI’s work with national tourism offices across the Pacific 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 published in late 2021.

(iii) **Connecting tourism to blue finance for climate change mitigation.** In FY2022, PSDI commenced work (in collaboration with ADB, the Global Environment Facility, and the Asia-Pacific Climate Finance Fund) to promote coral reef resilience and develop financial and insurance products as part of efforts to rebuild Pacific tourism following COVID-19. Work will initially focus on three project sites: the Arnavon Community Marine Park in Solomon Islands, and the Great Sea Reef and Lau Group in Fiji.

Source: Pacific Private Sector Development Initiative
2. Increasing the Provision of Loans Secured Against Movable Assets

PSDI has worked with the Government of Fiji to develop a secured transactions framework. This includes the drafting and passage of a Personal Property Securities Bill, which was enacted 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 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 agriculture value chain financing concepts.

PSDI has supported FDB with the design and implementation of agriculture value chain financing products, culminating in the launch of products for the ginger and rice industries in FY2022 (Box 3). PSDI continues to engage with FDB on training and product implementation and expansion, including a rigorous impact evaluation of the broader secured transactions reform.

3. Deepening Capital Markets

Underdeveloped capital markets present an additional financing obstacle to Pacific businesses, especially small businesses. To increase business access to long-term finance, PSDI has supported Fiji’s Capital Markets Development Taskforce in its work to identify and implement suitable mechanisms to deepen Fiji’s capital markets, improving business access to long-term finance. This has included a review of Fiji’s fundraising regime and a diagnostic on capital raising in Fiji.

In FY2022, PSDI finalized a draft Small Business Access to Capital Bill, which is expected to expand opportunities for small and medium-sized enterprises to raise business capital. The Reserve Bank of Fiji is preparing to take the bill to Cabinet in FY2023. PSDI will support the passage of the bill to Parliament and its subsequent implementation.

Kiribati

1. Strengthening the Kiribati Provident Fund

PSDI is working to strengthen the operations and financial sustainability of the Kiribati Provident Fund (KPF). This has included the development of a comprehensive policy framework that covers investment, risk management, and other operational policies. This work has the broad aim of strengthening KPF’s financial position, 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 KPF staff to increase internal investment management capacity. PSDI also provided intermittent support to KPF’s work to refine internal policies. In FY2021, PSDI completed draft governance charters, operational policies, and operational guidelines for KPF.

In FY2022, PSDI supported intermittent requests for technical advice on legislation, financial oversight, and asset management. PSDI is expecting a request for more direct support to KPF in FY2023.

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 Palau’s financial system.

In FY2021, PSDI continued to build on its strong relationship with the NDBP, working closely with the board and executive management team on the use of a capital projections model, developed by PSDI in FY2020.

In FY2022, PSDI continued to support NDBP on sustainability and the adoption of the capital projections model. It also provided intermittent strategic and technical advice to NDBP’s CEO.
MiBank branch, Port Moresby, PNG.
2. **Support for Emerging Finance Sector Issues**

In FY2021, in support to the Board of the Financial Institutions Commissions, PSDI provided 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. This work was on hold in FY2022.

### 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 raised awareness among lenders on how movable assets can be used as security for business loans.

PSDI has worked to develop opportunities for PNG farmers to use both tangible and intangible assets to secure finance for current and expanded operations. Despite more than 85% of Papua New Guineans being 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 could transform rural incomes in PNG.

In FY2022, PSDI continued to provide 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. As part of the loan product, Women’s Micro Bank will offer finance to women farmers in Morobe province for farming operations and expansion.

During the trial phase, 15 eligible growing groups (which must include women) with existing NKW Fresh supply contracts will be able to borrow up to 90% of the purchase price of a small, walk-behind tractor. Loan repayments are then 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 FY2022, an initial pilot group of loan applicants was identified and approved for loans. The tractors are set to arrive in Morobe province in late 2022. The pilot, underway since 2019, exemplifies the time it can take for innovative, multi-party agreements to progress in PNG. It will take additional time before the equipment is distributed and used, and the impact on borrowers’ production incomes can be fully assessed.

2. **Strengthening Bank of PNG Oversight and Macroprudential Capacity**

Since FY2018, PSDI has worked with the Bank of PNG (BPNG) to strengthen its capacity to detect, identify, and manage macroprudential threats. 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 BPNG’s Macroprudential Unit by assisting with the development of a finance sector stability report and increasing the understanding of macroprudential instruments. In FY2022, PSDI provided feedback to BPNG on its inaugural finance sector stability report.

PSDI has also provided advice on the establishment and composition of a Financial Sector Stability Committee, which has now been formally established.

3. **Developing Capital Markets, including Alternative Financing Platforms**

Well-functioning capital markets are an important feature of modern finance sector architecture and facilitate economic growth. Capital markets connect suppliers of capital (e.g., investors and investment funds) with those seeking capital (e.g., businesses), and provide a forum for exchange. While PNG has one of only two stock exchanges in the region (excluding Australia and New Zealand), its capital markets are underdeveloped and present a potential opportunity to grow business finance and economic activity. The development of PNG’s capital markets is one of four core priorities in the PNG Financial Sector Development Strategy,
and is overseen by the Capital Markets Working Group, comprising BPNG, the Department of Treasury, and the PNGSC.

At the same time, small 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.

To improve access to business finance in PNG, PSDI has been advising PNG regulators on the legal issues surrounding the introduction of peer-to-peer lending and equity crowdfunding platforms. This includes the preparation in FY2020 of a comprehensive diagnostic on how alternative financing platforms could be enabled through existing capital market regulatory frameworks, and how these innovations could be supported through regulatory reform.

In FY2022, PSDI established a memorandum of understanding with PNGSC on a broad program of support for the development of capital markets in PNG. The support will include (i) policy, legislative, and regulatory TA (including on capital markets and alternative financing approaches such as crowdfunding and small offers regimes); (ii) capacity building to strengthen the PNGSC as the capital markets regulator; and (iii) operational TA. The Australian High Commission in Port Moresby has provided earmarked funding to support this work.

4. Advising on Finance Sector Reforms

In FY2022, PSDI provided input into several finance sector reforms led by other agencies, as part of PSDI’s ongoing development coordination efforts and interest in finance sector policy. This included input on the review of the Central Banking Act and the development of a financial consumer protection regime.

Samoa

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

PSDI commenced delivering a package of TA 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 facilitated training for 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. In FY2022, PSDI continued to support DBS with the adoption of the model.

In FY2022, PSDI also commenced a broad independent review of DBS, examining its overall strategy and operations. This review, due to be completed in FY2023, will include recommendations to enable DBS to operate more sustainably and fulfill its mandate to meet the economic and social needs of the people of Samoa.

2. Increasing Access to Finance for Women and Businesses Owned by Women

MSMEs represent the majority of productive enterprises in Samoa, yet continue to face disproportionate costs and barriers when seeking credit. These barriers are particularly pertinent for the women-dominated informal business sector. This large, unmet demand for finance stifles business innovation and expansion, and overall economic growth.

In FY2022, PSDI supported DBS to refine and expand a loan facility—piloted in Savai’i from 2017 to 2019—targeting women and youth. The review included recommendations for a refined loan product, which have been taken on board by DBS.

3. 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 PSDI-supported secured transactions framework. In FY2021, DBS continued to implement these products, including progressing a cocoa financing product on Savai’i and taro financing product on Upolu. Further support from PSDI is currently on hold due to challenges associated with
COVID-19.

**Solomon Islands**

1. **Credit Union Bill**

The Government of Solomon Islands asked PSDI to prepare a credit union policy as a precursor to updating its credit union legislation, which is outdated and inappropriate for the local context. In phase III of PSDI, PSDI developed a new policy with drafting instructions, which was endorsed by 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 (CBSI). The bill is ready for vetting by the Attorney-General’s Chambers, but this activity is currently on hold.

2. **Support for Solomon Islands National Provident Fund’s 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 is a strong financial case to support SINPF’s establishment of a nonbank financial institution in Solomon Islands, aligning 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’s establishment, and the development of appropriate policies and safeguards to meet the requirements of CBSI for a full license. SFL was granted a full license in November 2021, and commenced lending operations in March 2022.

3. **Supporting Finance Sector Development through Legislative Reform**

In FY2021, PSDI received a request to support the Government of Solomon Islands with a review of three key pieces of finance sector legislation: (i) the Financial Institutions Act 1998, (ii) the Insurance Act, and (iii) the National Provident Fund Act.

In FY2022, PSDI conducted extensive consultations with CBSI and primary finance sector stakeholders on the Financial Institutions Act, and prepared a draft policy paper. The purpose of this reform is to modernize the act to ensure that it is reflective of international best practice, tailored to the Solomon Islands context, and aligned with inclusive economic growth objectives. The new Financial Institutions Act will enable effective finance sector supervision, protect Solomon Islander depositors, and promote finance sector development. Broader consultations on the policy will be conducted in FY2023.

In FY2022, PSDI also commenced the review of the Insurance Act, including initial policy work completed by the Ministry of Finance and Treasury and CBSI. In FY2023, PSDI will provide policy recommendations for the revised Insurance Act, and commence work on National Provident Fund Act reform.

**Tonga**

1. **Strengthening Retirement Funds**

Since 2014, PSDI has assisted TRFB, Tonga’s public sector employees fund, to strengthen its governance and operations. Initial work involved reviewing the board’s policies and identifying the revisions needed to harmonize policy with industry standards. Subsequent assistance was directed toward improving the board’s policies and drafting new policies where required; improving TRFB’s investment management framework, including the development of guidelines for investing in SOEs; and improving returns to TRFB members while preserving TRFB’s sustainability. Similar work has been undertaken with the National Retirement Benefits Fund, the private sector employees’ fund.

In FY2022, PSDI conducted an actuarial risk review for TRFB. The review examined TRFB’s financial strength, sustainability, risk management, and self-insurance arrangements, providing advice to ensure fulfillment of the fund’s mandate and prudent management of member funds.

**Tuvalu**

1. **Reforming Tuvalu’s Finance Sector**
In FY2022, PSDI commenced support for finance sector reform as requested by the Government of Tuvalu. This review included a diagnostic on Tuvalu’s finance sector architecture and credit market, and development of an actionable, strategic roadmap to improve finance sector efficiency, sustainability, and inclusivity. Working with the Tuvalu MOF, a draft roadmap will be completed in FY2023.

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 the strengthening of VNPF’s investment management framework. Support is currently on hold.

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 the problems that businesses face in accessing finance, and include legal amendments to support the introduction of a capital-raising regime for small businesses. The Reserve Bank of Vanuatu has expressed a strong interest in progressing this work, which was paused because of COVID-19. PSDI will revisit the scope for this work in FY2023.

Regional

1. Advocacy and Analysis

In FY2021, PSDI published two Pacific finance sector policy papers. The papers 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.

PSDI also undertook an in-depth analysis of how institutional arrangements can disadvantage Pacific women’s entitlements to retirement benefits, and provided potential policy responses. Based on this study, PSDI engaged closely with the Pacific Islands Investment Forum in FY2022 on the development of a Women in Super working group and work program, both of which are expected to commence in FY2023. The study will be used to inform PSDI’s broader work with retirement funds, and reforms to relevant governing legislation.

2. Alternative Credit Assessment Methodologies for Women

Access to credit is a persistent challenge throughout the Pacific, particularly for women. Without access to credit, business growth and opportunities for individuals to improve their livelihoods will remain constrained. To help address these constraints and improve access to finance for women, PSDI in FY2022 commenced research on the potential for alternative credit assessment methodologies for women in the informal sector in the FSM, PNG, Samoa, Tonga, and Vanuatu. The research will be finalized in FY2023.
Figure 11  Financing Growth Spending by Country, FY2022 ($) (Total: $466,905)

Figure 12  Financing Growth Spending by Country, 2007–2022a ($) (Total $11,065,434)

Source: Pacific Private Sector Development Initiative.

*To 30 June 2022.
Source: Pacific Private Sector Development Initiative.
Since 2007, the Pacific Private Sector Development Initiative (PSDI) has undertaken reforms around the Pacific to develop legal frameworks and finance products that enable improved access to finance. Micro, small, and medium-sized enterprises (MSMEs) are at the heart of the Pacific economy, and are essential for regional growth. At the same time, many lenders consider MSMEs too risky for loans because they are perceived as lacking collateral, having poor financial records, and being overly labor-intensive to monitor. Without access to finance, these businesses cannot grow, which hinders broader economic growth and job creation.

Lenders typically require collateral to secure a loan, and their first choice is generally a mortgage over a property. Most MSMEs in the Pacific, however, do not own land. Even farmers often work on a “right of use” basis, rather than with direct land ownership. To address this, lenders must consider alternative forms of non-land collateral, such as crops, inventory, machinery, and accounts receivable—commonly known as “movable assets.” One of the primary tools used to enable lending against such movable assets is known as a “secured transactions framework”.

PSDI is working with governments across the region to develop and implement secured transactions frameworks. These include (i) development and passage of enabling legislation, (ii) establishment of online registries, and (iii) working with lenders on training and product development to establish best practice financial products that take advantage of secured transactions frameworks. This work has taken place in 10 Pacific countries.

In 2017, PSDI supported the establishment of a secured transactions framework in Fiji, resulting in the 2019 launch of Fiji’s Personal Property Securities Registry. As of June 2022, close to 80,000 security interests have been registered in Fiji using the framework.

PSDI has been working with the Fiji Development Bank (FDB) since 2020 to use this framework to design and launch a series of new lending products for the agriculture sector, in particular for rice and ginger growers, as well as for MSMEs and businesses owned by women. Other tailored packages are under development, all of which will improve access to business finance and support recovery from COVID-19.

Saud Minam, the FDB chief executive, is leading FDB’s pioneering approach to Pacific agri-finance, which is overcoming some of the challenges of MSME lending.

“We know Fiji’s agriculture sector is a key driver for growth in the overall Fijian economy. We want to make sure our farmers and growers are not constrained from a lack of access to funds when needed.”—Saud Minam

Timely financial access has enabled Labasa farmer Hemant Kumar (pictured) to invest in equipment that has simplified rice farming and harvesting.

“Purchasing machinery such as a power tiller and tractor have been made possible through financing options by FDB. I have also been able to expand my farm and I’m looking forward to increasing the volume of rice farming in the future.”—Hemant Kumar

FDB sees its engagement as an ongoing process, adapting as needed to meet the demands of Fiji’s agriculture and business sectors. The bank hopes that
other lenders, both in Fiji and across the Pacific, take advantage of secured transactions reforms to develop new products.

PSDI continues to support the rollout of secured transactions frameworks and product development throughout the Pacific, and to work with lenders on new opportunities to support the MSME sector.

As commercial lenders become increasingly familiar with secured transactions frameworks and develop new loan products, it is hoped there will be more loans, more business growth, and improved economic growth in the Pacific.

Source: Pacific Private Sector Development Initiative.
STATE-OWNED ENTERPRISE REFORM AND PUBLIC–PRIVATE PARTNERSHIPS

KEY ACHIEVEMENTS FY2022

• Kumul Consolidated Holdings (KCH) (Amendment) Act endorsed by PNG Parliament. 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. PSDI supported the drafting of the KCH Amendment Act, the passage of which was facilitated by an ADB policy-based program.

• Public–Private Partnership (Amendment) Act endorsed by PNG Parliament. The amendment, together with its implementing regulations, clears the way for operationalizing the act. PSDI supported the drafting of the PPP Amendment Act, the endorsement of which was facilitated by an ADB policy-based program.

• Prequalification stage of tender process completed for 5-megawatt solar independent power producer contract in PNG, with four firms shortlisted. The solar project will displace diesel generation, reduce costs, and increase system reliability, with the addition of a battery storage capability.

• 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 of Tonga.

• Worked with government to prepare and deliver an SOE policy and a PPP policy in Palau, aiming to reform Palau’s SOEs to reduce their fiscal strain on the government and expand capacity to deliver economic infrastructure through increased private sector partnerships.
STATE-OWNED ENTERPRISE REFORM AND PUBLIC–PRIVATE PARTNERSHIPS

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

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 PPPs. Promoting PPPs and privatizations creates opportunities for private investment, reduces business costs, and improves the delivery of basic services by introducing private sector discipline and competitive market pressures into the SOE sector.

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 13) 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. These contribute 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 benefits of SOE reform and PPPs through ongoing advocacy work and the production of knowledge products.

In FY2022, PSDI published a policy brief on SOE director selection processes, and completed the drafting of the seventh iteration of Finding Balance, its flagship Pacific SOE benchmarking study, which will be published in FY2023.

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, enabling them to do more with less. PSDI supports the development of PPP programs and
State-owned enterprises (SOEs) enhance their commercial performance, improve service delivery, and reduce their fiscal burden on governments

Governments review and adopt reforms, including partial or full privatization and public–private partnerships (PPPs)

SOEs implement improved policies, plans, and procedures

SOEs effectively re-structure and contract to improve commercial performance

Governments make SOE performance information publicly available

PSDI advocates for SOE reform, including women’s participation on SOE boards

PSDI supports development of SOE performance disclosure mechanisms

PSDI develops policy, legal, and regulatory reforms for SOEs and PPPs

PSDI supports compliance with SOE policies, laws, and plans, including decision-making that considers all users

PSDI supports SOE shareholding ministries to monitor and manage SOE performance

PSDI supports SOE restructuring and/or privatization, community service obligation contracting, and PPP transaction preparation

PSDI responds to government requests for SOE reform and PPPs

Advocacy

Policy, Legal, and Regulatory Reform

Institutional Strengthening

Transaction Support

Transactions through the establishment of conducive policy, legal, and institutional frameworks.

Since 2006, PSDI has undertaken SOE and/or PPP policy, legal, and regulatory reforms in Fiji, the Marshall Islands, Nauru, Palau, PNG, Samoa, Solomon Islands, Tonga, and Vanuatu. In FY2022, PSDI continued to support SOE and PPP policy and legislative reforms in PNG, Palau, Tonga, Samoa, Solomon Islands, 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 FY2022, PSDI continued its ongoing work program with SOEs in Fiji, Palau, PNG, Samoa, Tonga, 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.

Full or partial privatization, contracting out, and PPPs can 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.

PPP transactions can be challenging in the Pacific. Tendering is difficult as there are few companies that can compete, and it can be difficult to maintain bidder privacy, which compiles the tender process and the objective evaluation of bids. The process can also be politically sensitive, depending on the type and scope of the transaction.

Since 2006, PSDI has supported five SOE privatizations and four PPP transactions. In FY2022, PSDI provided PPP scoping and/or transaction support in the Cook Islands, Palau, PNG, Tonga, and Tuvalu.

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 FY2022

Cook Islands

1. PPP Transaction Support

PSDI is supporting the state-owned power utility, Te Aponga Uira, in implementing a 4-megawatt rooftop solar independent power producer program by developing and marketing a power purchase agreement to a range of existing commercial customers. The program, which started in FY2022, is expected to be completed in FY2023.

Palau

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

PSDI is supporting Palau’s MOF to reform the country’s SOEs to reduce their fiscal strain on the government, and to 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. In FY2022, both the PPP Policy and Transparency Guidelines were formally endorsed by the President and issued as executive orders.

In FY2021, PSDI also supported the MOF in updating the 2013 SOE Policy and establishing an SOE monitoring proposal to detail the role of the MOF in managing the
government’s investment in SOEs. At the request of the MOF, PSDI prepared a draft SOE bill based on the policy in FY2022.

PSDI support for SOE and PPP reform in Palau has been specifically tailored to the country’s small economy, and to correspond with the conditions of two ADB policy-based loans, one of which involves 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 KCH for major reforms to PNG’s SOE governance and management frameworks. These reforms support the requirements of a three-part ADB policy-based program and feature as part of the Government of PNG’s SOE reform agenda, endorsed by the NEC 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 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 enhance its governance and operations by 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 of directors in May 2020 and are included in the KCH Amendment Act.

In FY2022, the KCH Amendment Act was endorsed by PNG’s Parliament.

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 of amendments to the existing PPP Act. These reforms are linked to the ADB policy-based program.

In FY2022, PSDI supported PNG Power to complete the prequalification stage for a 5-megawatt solar PPP in Kokopo, resulting in a shortlist of four firms. PSDI then prepared a full set of tender documents, scheduled to be released in FY2023. A solar project in Kokopo will be financially beneficial for PNG Power, as well as beneficial to the local community, which has been struggling with unreliable power supply for at least 3 years. A competitive tender is also a condition of the ADB policy-based program.

In FY2022, PSDI completed a PPP prefeasibility study for a future water treatment plant that will supply water to Port Moresby. The study was delivered to the managing directors of both Water PNG and KCH, who agreed to proceed to a full technical and commercial feasibility study. PSDI will support the commercial aspects of this feasibility study in FY2023.

**Samoa**

1. **SOE Governance Support**

In FY2020, PSDI supported an update to the scope and purpose of the statements of corporate objectives prepared by Samoa’s SOEs, as well as updates to SOE reporting requirements and guidelines for the classification of public bodies. The classification guidelines were endorsed by the Cabinet, facilitating performance oversight. In FY2021, PSDI provided further support to Samoa’s Ministry of Public Enterprises (MPE) in identifying the legislative amendments needed to give effect to these reforms. Following the election of the new government in 2021, the MPE requested PSDI support to undertake a review of the SOE legislative framework, with a view to clarifying governance arrangements and strengthening corporate planning and community service obligation frameworks. PSDI will kick off this work, as well as a review of Samoa’s PPP framework, in FY2023.
**Tonga**

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

In 2017, PSDI supported the government in developing a performance improvement strategy for the Ports Authority of Tonga (PAT), including identifying opportunities to mobilize private sector capital and expertise. The Port Strategic Review was endorsed by Tonga’s Cabinet in November 2018, and the PAT PPP Working Group was established. In 2019, PSDI aided the working group on the preparation of a cargo-handling concession, including support for a competitive tender process. The concession reached the final bid evaluation stage, before a pause was requested by the Cabinet. In August 2020, Cabinet instructed the PAT board to conduct a new tender process, which was supported by PSDI (Box 4).

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.

**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, increased fuel prices, and inflationary pressures. 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 FY2022, PSDI delivered an options paper outlining solutions, costs, benefits, and risks to address the freight situation.

**Vanuatu**

1. **Government Business Enterprise Reform**

PSDI has been supporting the preparation of a government business enterprise bill to implement Vanuatu’s 2013 Government Business Enterprise Policy. In FY2022, PSDI provided further support to Vanuatu’s 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’s 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 Department of Water Resources and other stakeholders agreed to the proposed two-stage PPP model in the second quarter of 2019.

COVID-19 complicated engagement in FY2022, with limited progress being made in developing the PPP option, although it has been incorporated into ADB’s Luganville Urban Water Supply and Sanitation Project.
Figure 14  State-Owned Enterprise Reform Spending by Country, FY2022 ($) (Total: $317,508)

<table>
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<th>Country</th>
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Source: Pacific Private Sector Development Initiative.

Figure 15  State-Owned Enterprise Reform Spending by Country, 2007–2022* ($) (Total: $8,178,408)

<table>
<thead>
<tr>
<th>Country</th>
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*To 30 June 2022.
Source: Pacific Private Sector Development Initiative.
Figure 16  Public–Private Partnership Spending by Country, FY2022 ($) (Total: $401,886)

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Source: Pacific Private Sector Development Initiative.

Figure 17  Public–Private Partnership Spending by Country, 2007–2022 (to 30 June 2022) ($) (Total: $3,950,364)

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* To 30 June 2022.
Source: Pacific Private Sector Development Initiative.
In late 2018, the Pacific Private Sector Development Initiative (PSDI) was asked to support the preparation and execution of a competitive tender for a cargo-handling concession at the port of Nuku’alofa, Tonga. This builds on earlier assistance to the Ministry of Public Enterprises to develop a performance improvement strategy for the Ports Authority of Tonga (PAT) that identifies opportunities to mobilize private sector capital and expertise. The Strategic Review, which identified opportunities to improve PAT’s operating efficiency, service delivery, and financial sustainability was endorsed by Tonga’s Cabinet in November 2018. This led to the establishment of the Public–Private Partnership Working Group.

In 2019, PSDI assisted the working group in preparing a cargo-handling concession, with the aim of contracting a sole provider to integrate all cargo-handling services at the Queen Salote International Wharf. These services had been provided in a segmented manner and through short-term contracts, disincentivizing investment in equipment and training. The proposed concession is designed to improve port operating efficiency, develop the Tongan stevedoring services sector, and reduce fiscal risks for PAT. PSDI assistance included support for a competitive tender process that reached the final bid evaluation stage. However, the tender was paused at the request of the Cabinet in August 2019.

In August 2020, the Cabinet instructed the PAT board to conduct a new tender process, reserved for Tongan-owned companies. PSDI supported the new tender process, issuing tender documents in February 2021 and supporting the working group to complete its bid evaluation in July 2021. The PAT board reviewed and endorsed the report in September 2021. The Cabinet subsequently endorsed the bid evaluation report and instructed PAT to negotiate a contract with the first-ranked bidder. As the PAT board had changed in early 2022, it required a new briefing and negotiation strategy. This final hurdle was cleared in June 2022, securing the agreement of the PAT board to begin contract negotiations.

This transaction support for a potential public–private partnership illustrates the benefits of one of PSDI’s key features—the flexibility to quickly mobilize while the appetite for reform is strong, to demobilize when activities are put on hold, and to quickly remobilize once activities can be resumed. During the coronavirus disease (COVID-19), PSDI was able to restart and implement the tender process despite the suspension of in-country missions. The transition to remote work was straightforward, in large part because of the strength and depth of PSDI’s existing relationships.

Source: Pacific Private Sector Development Initiative.
COMPETITION AND CONSUMER PROTECTION

KEY ACHIEVEMENTS FY2022

• **Expanded capacity-building training with PNG’s Independent Competition and Consumer Commission.** The program, now being delivered online, trains Independent Competition and Consumer Commission staff in organizational leadership and management, as well as technical subjects such as market definition and assessment, consumer protection, mergers and acquisitions, cartel conduct, and enforcement.

• **Supported the drafting of a Consumer Protection Bill for Kiribati’s Ministry of Tourism, Commerce, Industry and Cooperatives.** Complementary training was targeted at building staff capacity to implement the new safeguards under the proposed bill.

• **Supported the first stage of the Government of the Cook Islands’ plan for a multisector regulator, involving the establishment of the agency as an independent telecommunications industry regulator.** The plan’s second stage, which extends agency responsibilities to regulation of the electricity and water industries, has also commenced.
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 both 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 MSMEs.

Competition is nascent in many Pacific DMCs, making the development and implementation of strong competition policy and competition laws a critical requirement for economic growth. PSDI works to ensure that Pacific DMCs 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.

COVID-19 has also placed Pacific consumers at higher risk of being disadvantaged due to supply chain-related delays and challenges, and the threat of price gouging. 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 also provides ongoing support and advice to competition authorities to minimize market manipulation and distortion, and help protect competition during the post-COVID-19 recovery period.

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 agencies, to introduce and strengthen competition and consumer protection policies, frameworks, and laws. This serves to protect consumers, stimulate competition, and benefit market players and economies. Assistance is also provided to competition agencies to support their implementation of new policies and laws.

The Competition and Consumer Protection theory of change (Figure 18) outlines the assistance that PSDI provides to governments for reforms, and the business environment change anticipated following program support. These reforms fall under two key activity pillars: reforming competition and consumer protection laws, and establishing and strengthening competition commissions. These contribute to the Competition and Consumer Protection focus area’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 into anticompetitive agreements (e.g., boycotts); engaging in cartel conduct (e.g., price fixing or bid rigging); or abusing market power (e.g., refusing to supply an essential input to drive a rival
out of business). They may also 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 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, Samoa, Solomon Islands, and Vanuatu. In FY2022, PSDI worked on competition and consumer protection laws and policies in most of these countries, and began competition and consumer protection work in Tuvalu.

Establishing and Strengthening Competition Commissions

Competition agencies (whether independent commissions or departmental officers) 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 agencies where necessary.

PSDI is supporting the Cook Islands, Fiji, Kiribati, PNG, and Samoa in this space, with this work continuing in FY2022.
Economic Empowerment of Women and Competition and Consumer Protection

All PSDI focus areas consider, promote, 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 obtain equal access to markets for goods and services and to exercise their consumer rights.

PSDI provides training and support for Pacific consumer and competition agencies to promote women’s awareness of, and willingness to use, consumer complaints mechanisms. PSDI also helps develop strategies to empower women consumers through consumer rights awareness-raising. The reduction of gender gaps in access to goods and services, as well as remedies, is a key part of PSDI analysis.

Competition and Consumer Protection Activities and Progress FY2022

Cook Islands

1. Establishment of Multisector Regulator and Regulatory Reform

PSDI supported the development of a policy and bill to introduce a multisector regulator, which resulted in the passing of the Competition and Regulatory Authority Act in December 2019. The act establishes the Competition and Regulatory Authority, initially as a telecommunications regulator, and allows for the expansion of its role to cover other areas. PSDI has supported the implementation of the act and establishment of the multisector regulator, while assisting the government to expand the regulator’s functions (Box 5).

Since 2018, PSDI has also 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 draft policy and bill. The Telecommunications Act was passed by the Cook Islands Parliament in December 2019.

In FY2022, PSDI has continued to support the development of the Competition and Regulatory Authority and the extension of its role to the utility sector (water, sewerage, and energy). PSDI has also supported the formulation of consultation papers, a draft policy paper, and a draft utilities sector bill. These are currently in consultation, with finalization expected in FY2023.

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 in developing the Fijian Competition and Consumer Protection Policy, which the Cabinet endorsed in April 2020.

PSDI has also supported a TA project managed by ADB’s Pacific Subregional Office, including through management of substantive inputs. A Competition and Consumer Protection Bill, facilitated by an ADB policy-based program, has been drafted using PSDI consultants. The bill has been progressed internally by Fijian agencies, and further support will be needed in FY2023. PSDI has also discussed the provision of a capacity-building program with the Fiji Competition and Consumer Commission, building on PSDI experience in Kiribati and PNG. This is expected to commence in FY2023.

Kiribati

1. Establishing a New Competition Framework

Since 2018, PSDI has supported the Government of Kiribati’s work to enhance competition and consumer protection. 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 Tourism, Commerce, Industry and Cooperatives (MTCIC).
During FY2022, the capacity-building program for Kiribati’s MTCIC facilitated a series of staff workshops remotely because of COVID-19 travel restrictions. These were designed to develop MTCIC staff’s technical capacity to deal with complaints and meet ministry obligations, and included the development of an investigations manual. PSDI’s engagement with MTCIC has been strong, and PSDI has been working closely with MTCIC counterparts to tailor the training approach effectively. The current phase of training has focused on investigation methods and enforcement skills. This has included simulated complaints and mock witness interviews. Workshop-based capacity building has been reinforced by expert support for actual infringement investigations.

In FY2022, PSDI worked closely with MTCIC and the Ministry of Finance and Economic Development to finalize a consultation policy paper on consumer protection and draft the Consumer Protection Bill 2022. These have been reviewed, and public consultation is timetabled for FY2023.

**Papua New Guinea**

1. **Implementing Competition Review Recommendations**

   In 2018, the NEC endorsed the final report of the Consumer and Competition Framework Review (CCF Review), which 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. The NEC endorsed the National Competition Policy in FY2021. The CCF Review recommended broad reforms in relation to consumer protection, competition, economic empowerment of women, price monitoring and controls, industry regulation, and the promotion of a competitive business environment. The National Competition Policy adopted the majority of recommendations as government policy.

   During FY2022, PSDI worked on a draft Competition and Consumer Protection Bill that supports the requirements of the National Competition Policy and an aligned ADB policy-based program. PSDI has been developing the draft legislation in collaboration with the Independent Competition and Consumer Commission (ICCC) and under the oversight of the Department of Treasury as the responsible ministry. In addition, PSDI worked with the Department of Treasury and ICCC to draft an amendment to the existing ICCC Act. The amendment covers the collection of data to determine compliance with competitive neutrality principles and the participation of women in public procurement. This work was completed as part of the ADB policy-based program in PNG.

   PSDI also provides ongoing in-country support for the implementation of the recommendations of the CCF Review through its PNG country coordinator, and is delivering an extensive capacity-building and operational support program for the ICCC.

2. **Building Competition Regulator Capacity**

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

   In FY2022, PSDI continued to provide a capacity-building program for ICCC, now in its fifth year. The Australia-supported program, delivered online because of COVID-19 travel restrictions, provides training to ICCC staff in such areas as investigations, market definition and assessment, consumer protection, mergers and acquisitions, cartel conduct, and enforcement. To supplement these “technical” areas of capacity building, PSDI introduced a leadership training program for ICCC executive managers which, because of positive feedback, will be extended to the managers who report to executive managers.
Solomon Islands

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

Since 2015, PSDI has assisted Solomon Islands in reviewing and revising its competition and consumer protection framework. A National Competition Policy was endorsed by Cabinet in April 2018 and, in FY2020, PSDI began work on a phased program of consumer protection and competition reforms. Progress in Solomon Islands has been strong, reflecting PSDI’s productive working relationship with a highly engaged MOF.

In FY2022, working closely with the MOF, PSDI prepared the terms of reference for a Competition and Consumer Advisory Group (CCAG). PSDI is collaborating with the CCAG, which has agreed a work plan for phased implementation of pro-competitive reforms, starting with consumer protection. PSDI is now undertaking the drafting of a Consumer Protection Bill, under CCAG oversight.

Tonga

1. Competition Policy Support

In 2015, PSDI responded to the Government of Tonga’s request for support to establish a multisector regulator, proposing a coordinated approach to regulatory and competition reform. This work has recommenced after a period of slow progress that was partly because of the many sectoral reforms the government has undertaken.

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 election in Tonga impacted some of this work as the new government assessed reform priorities. During FY2022, PSDI responded to ministry requests for support in relation to price control proposals and sectoral regulatory reform.

Tuvalu

1. Competition Review Support

In FY2022, PSDI undertook its first competition and consumer protection initiative in Tuvalu, in the form of a competition review diagnostic. A consultant was engaged to support the review and a draft report was delivered. Capacity constraints in Tuvalu mean this work is likely to extend into FY2023.

Vanuatu

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 FY2022, PSDI was on standby to support the implementation of Vanuatu’s National Competition Policy, and the drafting of a Competition and Consumer Protection Bill. The government was not able to prioritize this work, but PSDI expects to progress this work in FY2023.
Figure 19  Competition and Consumer Protection Spending by Country, FY2022 ($) (Total: $464,634)

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Source: Pacific Private Sector Development Initiative.

Figure 20  Competition and Consumer Protection Spending by Country, 2007–2022a ($) (Total: $4,500,377)

<table>
<thead>
<tr>
<th>Country</th>
<th>2007–2022 Spending ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Initiatives</td>
<td>260,853</td>
</tr>
<tr>
<td>Cook Islands</td>
<td>401,463</td>
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<tr>
<td>Fiji</td>
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<tr>
<td>Kiribati</td>
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<tr>
<td>Papua New Guinea</td>
<td>2,181,708</td>
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<tr>
<td>Samoa</td>
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<td>Solomon Islands</td>
<td>232,639</td>
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<tr>
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<td>137,603</td>
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<td>Tuvalu</td>
<td>21,126</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>313,543</td>
</tr>
</tbody>
</table>

Source: Pacific Private Sector Development Initiative.

* To 30 June 2022.
Where critical public infrastructure—such as an electricity distribution network or a water or sewerage system—is owned by a dominant firm (e.g., a monopoly), it is in the public interest that service charges and quality be subject to regulation. It is, however, expensive for a small economy to support multiple regulators. Instead, it will typically be more cost-effective for several industries to be regulated by a single agency, i.e., a multisector regulator (MSR). In 2018, the Government of the Cook Islands decided to establish an MSR over several stages. The Pacific Private Sector Development Initiative (PSDI) has been supporting this process since its inception.

In its information paper to the Cabinet, the Ministry of Finance and Economic Management (MFEM) proposed the establishment of an MSR through a three-stage process:

(i) **Stage 1: Establishment of the telecommunications regulator under the Telecommunications Bill 2018.** This will meet the need to implement the new telecommunications regulatory framework before the Manatua submarine cable project is completed.

(ii) **Stage 2: Transformation of the telecommunications regulator into a multisectoral utility regulator.** The Office of the Prime Minister is seeking technical support to set up the Office of the telecommunications regulator. As part of the assistance package, this will create an opportunity to provide more detailed advice on establishing an MSR, including advice on the required legislative framework (including new legislation and amendment of existing legislation) and a detailed budget.

(iii) **Stage 3: Expansion of the economic regulatory remit of the utility regulator beyond the three utility sectors, potentially undertaking a commerce commission-type role.** The government has commissioned a public expenditure review (i.e., a functional review of the economic, social, and environmental sectors), originally planned for 2018. The review will provide recommendations on expanding the remit of the utility regulator beyond the three utility sectors.

In stage 1, PSDI supported the MFEM in developing and consulting on a Telecommunications Market Competition Policy, which led to a Telecommunications Bill, enacted in Parliament in 2019. Responsibility for administering and enforcing the Telecommunications Act was vested in an independent agency, established by the Competition and Regulatory Authority Act 2019, which was prepared with PSDI support.

Since fiscal year (FY) 2020, PSDI has been supporting the MFEM in establishing the Competition and Regulatory Authority (CRA). The CRA is now operational, with an experienced chair appointed after an international search.

Initially, the CRA was responsible solely for the telecommunications sector. Stage 2 of the government’s MSR plan requires extension of the CRA’s responsibilities to additional sectors.

In FY2022, the MFEM held public consultations on a draft Utilities Regulation Policy 2022: Electricity, Water, and Sewerage Services (Utilities Policy), which was developed with support from PSDI. Following public consultations and discussions with key stakeholders,
including the regulated utilities, the MFEM amended
the policy to respond to points raised by stakeholders.
PSDI also in FY2022 supported the MFEM in developing
a Utilities Regulation Bill, which is intended to vest
regulatory responsibilities over electricity, water, and
sewerage pricing and access matters (but not health
standards) in the CRA. Following a pause during the
parliamentary general election period, PSDI’s work with
the MFEM on the Utilities Regulation Bill has resumed,
with the aim of introducing the bill to Parliament
in FY2023.

Stage 3 of the government’s plan for phased MSR
establishment will involve assessment of, and
consultations on, options to extend the CRA’s role with
respect to consumer protection, price oversight, and
competition enforcement functions.

Source: Pacific Private Sector Development Initiative.
Fish vendor in Port Moresby, PNG.
ECONOMIC EMPOWERMENT OF WOMEN

KEY ACHIEVEMENTS FY2022

• Published *Leadership Matters: Benchmarking Women in Business Leadership in the Pacific* in September 2021. This report forms an important evidence base on women’s representation in private sector leadership, and is a foundation for future PSDI activity.

• Convened country-level roundtables in the Marshall Islands and PNG to discuss the findings and recommendations of *Leadership Matters*.

• Finalized a study on options for alternative business structures and how these impact women’s business activity, and held consultations with women in business in the formal and informal sectors in PNG. The study has strengthened PSDI’s evidence base on the factors that promote and constrain women’s entrepreneurship, particularly for women operating in the informal economy.

• Strengthened the capacity of key national organizations in PNG to deliver training to women, equipping them to progress in their careers and take up senior leadership roles. PSDI supported the delivery of the Senior Executive Women’s Program in partnership with the PNG Business Coalition for Women. PSDI also reviewed training materials from the PNG Institute of Directors, and developed a new module on inclusive decision-making.

• Supported the publication of the Tonga Informal Sector Survey report. The report will support Tonga’s government to review policies and assistance packages to support the growth of businesses in the informal sector, and encourage the formalization of businesses through consideration of alternative business entities that better meet the needs of operators, including women.

• Developed a gender equality, disability, and social inclusion policy for the Development Bank of Samoa to guide the development of products and services that meet the needs of women.
ECONOMIC EMPOWERMENT OF WOMEN

PSDI’s Economic Empowerment of Women (EEOW) focus area works to remove barriers to Pacific women’s full economic participation, including as business owners and leaders.

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 in the formal economy and are concentrated in the lowest-paid and most vulnerable roles. Women are also underrepresented in leadership and decision-making positions, and have 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 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 other dispute resolution mechanisms, and a lack of networks and opportunities to develop business skills. Many women in the Pacific operate their businesses in the informal sector and miss out on formal protections and government support. Compared with men, women (particularly those in the informal economy) have limited 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. Many business structures are not suitable for women or are not flexible enough to meet women’s needs. Women may also experience high transaction costs in establishing businesses, lack knowledge and familiarity with business processes and procedures, and face difficulty in accessing financial services and mobilizing collateral.

PSDI’s Approach to Economic Empowerment of Women

PSDI believes 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 reform initiatives at the institutional level, including amendments to business laws (such as companies acts, business names acts, and company insolvency laws), secured transactions frameworks, online business registries, and competition and consumer protection frameworks, in addition to implementing targeted skills development, leadership, and mentoring programs for women.

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

PSDI’s EEOW work is focused on the implementation of initiatives under five workstreams: (i) women in business leadership, (ii) access to finance, (iii) the informal economy, (iv) business enabling environment, and (v) women and tourism (Box 6).
The theory of change for PSDI’s EEOW area (Figure 21) 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 the 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 been 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.
Increasing the role of women in leadership and decision-making processes is a priority for Pacific DMC governments, as 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. These activities are expected to build supply and demand for women in business leadership through data collection, advocacy, and capacity building to increase women’s representation in business leadership.

**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 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. The available business structures are not always suitable for how women want to set up or run their businesses.

**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.

**Economic Empowerment of Women Activities and Progress FY2022**

**Cook Islands**

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

In partnership with the Cook Islands Chamber of Commerce, PSDI in FY2022 progressed planning for a
Leadership Matters event. The event, planned for July 2023, will include a presentation of the report’s findings on the Cook Islands, as well as interactive small group activities. The event will bring together government ministries, SOEs, private sector companies, and nongovernment organizations to discuss how these actors can build on progress around women’s representation in leadership and strive for gender parity in the boardroom. The roundtable is also expected to catalyze additional support for women’s representation in business leadership in the Cook Islands, such as work with individual organizations seeking to do more to support women to take up and succeed in leadership.

Papua New Guinea

1. Increasing Women’s Representation in Business Leadership

In FY2022, PSDI sought to increase the supply of women leaders and demand for women in leadership through data collection, advocacy, and capacity building. In FY2022, PSDI supported the PNG Business Coalition for Women (BCFW) to deliver a Senior Executive Women’s Program to 11 women participants from the public and private sectors. An evaluation of the program highlighted the positive impacts of the program on the participants’ skills, confidence, and networks, and recommended some refinements based on feedback. The course materials were finalized and handed over to BCFW. Two cohorts of the program have been scheduled for 2022 using the PSDI-supported materials (Box 7).

In FY2022, PSDI also supported the PNG Institute of Directors (PNGID) to strengthen its capacity to train women board directors and advocate to increase women’s representation on the boards of corporations and SOEs to 30%. PSDI developed an updated company director curriculum that reflects current legislation, includes PNG-specific case studies, and adds a module on inclusive decision-making. PSDI support will contribute to the development of a pipeline of qualified candidates for company director positions, with a focus on increasing the pool of women candidates. The updated materials will support PNGID to expand its training offerings, and build its capacity to pursue its advocacy agenda (Box 7).

PSDI has also undertaken advocacy work to build awareness of the importance of women in private sector leadership, and encourage commitments from the PNG private sector. In FY2022, this included a national dialogue—a business breakfast—to increase awareness of the importance of women’s representation in private sector leadership and encourage organizations to commit to action (Box 7).

2. Increasing Women’s Representation on SOE Boards

PSDI has worked closely with KCH to support SOE policy and management in PNG in FY2022. As part of an ADB policy-based loan, a target of 12% representation of women on SOE boards was specified. This target was later increased 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.

Following the development of a database in FY2021 to collate details of qualified and suitable candidates for boards, including women, PSDI provided ongoing implementation support in FY2022. The database includes analytical tools to track progress on board composition, skills, and experience, and includes details on candidate qualifications and technical expertise. PSDI provided ongoing capacity-building support to KCH team members and worked collaboratively to develop new reporting and data visualization tools. PSDI also supported KCH counterparts to present the database to the board subcommittee in December 2021.

PSDI also supported KCH to fund 15 women, identified through the database, to attend the PNGID Director Training Program in FY2022. KCH drew on the expanded pool of trained and qualified women to appoint more women to boards. The representation of women on KCH boards increased from nine women in January 2021 to 11 women in June 2022.
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 (FY) 2022, the Pacific Private Sector Development Initiative (PSDI) published Leadership Matters: Benchmarking Women in Business Leadership in the Pacific. The report consolidates and analyzes data on women’s representation on boards and in senior management in the 14 Pacific developing member countries of the Asian Development Bank, and finds that the Pacific compares favorably with global averages for women’s representation on boards and in senior executive leadership.

Women make up 21% of board directors, compared with a global average of 17%. At the board chair level, 11% of roles were held by women, compared with a global average of 5%. At the chief executive officer level, 13% of roles in the sample were held by women, compared with the global average of 4%.

The report also presents 12 case studies and includes recommendations for private sector businesses and organizations, civil society, development partners, and governments. The report, which was launched during the Pacific Update Conference in September 2021, has received extensive media coverage.

PSDI’s work on women’s business leadership in Papua New Guinea (PNG) builds on the foundation of the regional report, which highlights key issues and opportunities and provides a baseline for future work.

A business breakfast was held in Port Moresby on 6 April 2022 to increase awareness of the importance of women’s representation in private sector leadership and encourage private sector organizations to commit to action. The event was co-hosted with the Papua New Guinea Institute of Directors (PNGID) and the PNG Business Coalition for Women (BCFW), and attended by senior leaders from the business community. Participating organizations were invited to share details about the current efforts of their organizations to increase women’s leadership, as well as indicate whether they would like to do more.

The event included a panel discussion: Untapped Potential: Women in Business Leadership, Equality, and Economic Growth in PNG. The panel discussion identified and discussed key opportunities and constraints to increasing women’s representation in business leadership and advocated for every organization to establish measures to identify emerging women leaders and support them to take on leadership roles. As a result of the workshop, 18 businesses committed to (i) tracking and reporting sex-disaggregated data on workforce and board composition, (ii) providing emerging women leaders with opportunities/initiatives for exposure and experience to corporate governance and senior management, and (iii) supporting training and support for women to take on leadership roles.
PSDI has also supported partners in PNG to strengthen the pipeline of women ready to assume senior leadership positions through capacity-building support focused on training materials. PSDI supported BCFW to build the pipeline of women in senior leadership through a new training course.

BCFW is a well-established and experienced PNG organization, with an in-depth understanding of participant needs and training requirements. The program built on PSDI’s previous women’s leadership training programs and participant feedback, and was delivered online over 17 weeks by a local facilitator, involving a number of local guest speakers. The course covered topics including corporate governance, risk management, financial management, crisis management, communication and influence, and negotiations. It also included a mock board meeting. Eleven women from the public and private sectors took part in the program.

An evaluation of the program highlighted the positive impacts of the program on the participants’ skills, confidence, and networks, and recommended refinements based on feedback. The course materials—comprising a facilitation guide, PowerPoint slides, and participant reading pack—were finalized and handed over to BCFW. Two cohorts of the program have been scheduled for 2022.

PSDI also supported the PNGID to strengthen its capacity to train women board directors and advocate to increase women’s representation on the boards of corporations and state-owned enterprises (SOEs) to 30%. PNGID requested PSDI support to review its suite of course offerings to provide up-to-date, high-quality corporate governance training, tailored to the PNG context. PSDI engaged a governance specialist to review and update the curriculum for PNGID’s 2-day company director training program to reflect current legislation, include case studies from PNG, and incorporate a module on inclusive decision-making, as well as create a tailored version of the program and course materials for SOE directors. The updated curriculum aims to develop a pipeline of qualified candidates for company director positions, with a focus on increasing the pool of women candidates.

Across the Pacific, and in PNG, women are particularly underrepresented in leadership of SOEs. Under PSDI’s work on SOE reform, PSDI is supporting Kumul Consolidated Holdings (KCH)—the SOE holding company—to increase the representation of women on SOE boards and in management to 30% within 5 years. PSDI support to KCH included the development of a database to track SOE board composition and consolidate information about potential women candidates. PSDI developed a user manual and delivered capacity building to KCH staff managing the database. PSDI also supported KCH to fund 15 women, identified through the database, to attend the PNGID Director Training Program. Two of those women have now been appointed to KCH boards. As of June 2022, 13% of KCH board seats were held by women.

Source: Pacific Private Sector Development Initiative.
3. Understanding Women in Business in PNG

In FY2022, PSDI undertook consultations with women operating formal and informal businesses to identify and address opportunities and constraints, including those relating to business formalization and access to finance. The PNG IPA played a key role in facilitating the consultations through their provincial offices, identifying and inviting participants to attend the workshops. Workshops were undertaken with almost 150 participants in Port Moresby, Kavieng, Mount Hagen, and Lae. A policy brief will be published in FY2023. PSDI will also work with key stakeholders within and beyond ADB, including the IPA, to share the consultation findings relevant to programming, implementation, and reform.

Marshall Islands

1. Increasing Women’s Representation in Business Leadership

In FY2022, PSDI hosted a roundtable discussion in the Marshall Islands to explore the findings of Leadership Matters and consider how the report’s recommendations can be taken forward. Workshop outcomes were circulated to about 30 participants from the Marshall Islands’ public and private sectors, with follow-up discussions exploring how individuals and organizations could take up the report’s recommendations. Roundtable discussions were held on the potential for, and usefulness of, maintaining a database of women for consideration in leadership roles. The roundtable also considered opportunities relating to professional development, business start-up loans, mentoring, and community outreach.

Samoa

1. Increasing Women’s Representation in Business Leadership

In partnership with the ADB Samoa Pacific Country Office, PSDI in FY2022 progressed planning for a local Leadership Matters event. The event, planned for July 2023, will include a presentation of the report’s findings for Samoa, a panel discussion, and small group discussions. Participants are expected to include representatives from government, the business community, private sector networks and associations, and development partners.

2. Supporting Inclusive Policy Development

PSDI is also working with the DBS to support the implementation of the gender equality and social inclusion policies within the bank. In FY2022, PSDI finalized an updated Gender Equality, Disability, and Social Inclusion Policy for DBS. This was endorsed by the DBS board of directors in February 2022. PSDI’s support is based on previous in-depth analytical work, including the policy brief Government-Owned Banks: Their Role in Pacific Financial Systems. Once the Gender Equality, Disability, and Social Inclusion Policy is implemented by DBS, it will guide the development of products and services that are tailored to the needs of women, increasing women’s access to finance and banking services.

Solomon Islands

In partnership with the Solomon Islands Chamber of Commerce, Solomon Islands Institute of Accountants, and Solomon Islands Women in Business Association, PSDI in FY2022 progressed planning for a local Leadership Matters event. The event, planned for September 2023, will include a presentation of the report’s findings on Solomon Islands, as well as interactive small group activities. The event will also include two panel discussions, one focused on board level leadership and one focused on CEO roles. Attendees will be asked to identify and commit to practical actions that their organizations can take to increase the representation of women in business leadership.

Tonga

1. Supporting the Informal Sector

In Tonga, PSDI continues to assist MTED with initiatives to understand and support the informal sector. In FY2022, PSDI prepared and finalized a report to accompany the informal business survey deployed in FY2021 (Box 8). The report was endorsed by Tonga’s Cabinet on 6 May 2022, and provides an important evidence base for MTED to consider in its policies and business services for the informal sector. The Tonga Informal Business Survey found that women were more likely than men to be operating their businesses as part of a group, while men were more likely to work within cooperatives than women (Box 8). Building on the existing evidence base of the Informal Business Survey and regional business structures diagnostic, PSDI provided a concept note to MTED in FY2022. The concept note outlined how
PSDI could provide TA to MTED to plan and implement key informant interviews and stakeholder consultation workshops, informing decisions on the value and need for additional business structures in Tonga.

**Vanuatu**

1. **Support for the Development of a National Women’s Economic Empowerment Action Plan**

In FY2022, PSDI commenced discussions with the Ministry of Justice and Community Services, through the Department of Women, about potential assistance for the implementation of Strategic Area 2 of the National Gender Equality Policy. This strategic area is targeted toward the development of a National Women’s Economic Empowerment Action Plan.

2. **Women in Tourism**

In FY2022, PSDI agreed to support the Vanuatu Tourism Office with improved data and evidence-based planning. This will include a methodology for measuring domestic tourism, including the incorporation of gender-sensitive data analysis. PSDI will also help build the evidence base for the gender-inclusive enabling environment for private sector tourism development through diagnostics to understand the barriers and opportunities for women who operate tourism businesses, particularly in the informal sector.

**Regional**

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

In FY2021, PSDI produced an issues paper on women’s access to 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 paper was shared with the chair of the Pacific Islands Investment Forum (PIIF), and its board approved the establishment of a women in super working group to further examine the issues identified in the paper. In FY2022, PSDI developed a detailed diagnostic study based on the issues paper and a concept note on the establishment of the women in super working group. In FY2023, PSDI will publish the diagnostic study and continue to work closely with the PIIF, supporting the establishment of a women in super working group to review and implement the recommendations of the study.

2. **Digital Gender Gap Analysis**

As Pacific businesses and governments move to online service delivery and trade, improving equal access to these digital opportunities increasingly features in development planning. In FY2022, PSDI supported the technology sector coalition, Alliance for Affordable Internet, to conduct an audit of the digital gender gap in the Pacific, and the ways in which Pacific women are prevented from obtaining meaningful internet connectivity.

In collaboration with local partners, research plans were developed and data was collected and analyzed in PNG, Samoa, and Tonga. Drafts were developed for a regional synthesis report and digital “scorecards.” The scorecards measure the state of women’s digital inclusion and empowerment across five key themes: (i) internet access and women’s empowerment, (ii) affordability, (iii) digital skills and education, (iv) relevant content and services for women, and (v) online safety. These will be published in FY2023.

3. **Identifying Alternative Business Structures**

In FY2022, PSDI finalized a global and regional study on business structures that support women’s entrepreneurship. The report includes a review of the global experience in using different business structures to support EEOW, including cooperatives, associations, community companies, limited liability partnerships, and social enterprise companies. This report will contribute to the evidence base on the types of structures available across the 14 Pacific DMCs, and how their availability impacts business opportunities for women.

Building on the regional diagnostic, PSDI undertook consultations in PNG which focused on women’s experiences in business, including how they are structured and the potential for alternative business entities. The diagnostic was also shared with MTED in Tonga to inform their consideration of the establishment of additional business entities, which may encourage more women to formalize businesses.
BOX 8: Support for the Tonga Informal Business Survey

The informal economy exists across all Pacific developing member countries. Despite the size of the informal sector and its importance in providing livelihoods to large numbers of people, including many women, little data on the informal sector exists, and its contribution to gross domestic product is often understated.

Recognizing the important role of the informal sector in employment creation, production, and income generation, Tonga’s Ministry of Trade and Economic Development (MTED) requested Pacific Private Sector Development Initiative (PSDI) support to undertake a national informal business survey in fiscal year 2022. The purpose of the survey was to map out informal business activities in Tonga and identify constraints to growth and formalization.

A local firm was engaged to undertake the survey across the islands of Tongatapu, Vava’u, Ha’apai, and ‘Eua. The Tonga Informal Business Survey 2021 a report contains data on 2,301 informal business activities across 1,519 households. Given the prevalence of women in the informal economy, survey data was sex-disaggregated to identify similarities and differences in the opportunities and constraints faced by men and women operating informal businesses.

The survey highlighted that most informal businesses in Tonga undertook agriculture or small-scale manufacturing, with women more likely to be in small-scale manufacturing and men predominantly focused on agriculture. About 80% of informal businesses reported making a profit, with women-owned businesses more likely to report small-to-mid profits, compared with men reporting highly profitable businesses.

The most common reasons that respondents provided for not registering a business were (i) a lack of awareness that they needed to register their business (60%), (ii) not understanding the process for registration (15%), (iii) perceiving no benefits to registration (10%), and (iv) prohibitive costs (10%).

When questioned about the most common barriers to operating a business, the most prevalent responses were insufficient funds, lack of market information, and lack of trade opportunities.

Respondents were asked about business needs, with 75% of businesses rating access to finance as the most acute need, followed by business start-up tool kits and training. Businesses owned by women reported financial support as their most important need.

The survey report was endorsed by Tonga’s Cabinet on 6 May 2022. MTED now plans to review policies and assistance packages to support the growth of businesses in the informal sector. PSDI will continue to support MTED to encourage the formalization of businesses through consideration of alternative business entities that better meet the needs of operators, including women.

Source: Pacific Private Sector Development Initiative.
Figure 22  Economic Empowerment of Women Spending by Country, FY2022 ($) (Total: $444,565)

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<th>Country</th>
<th>Spending ($)</th>
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Source: Pacific Private Sector Development Initiative.

Figure 23  Economic Empowerment of Women Spending by Country, 2007–2022a ($) (Total: $2,363,707)

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<th>Country</th>
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<td>Vanuatu</td>
<td>63,579</td>
</tr>
</tbody>
</table>

Source: Pacific Private Sector Development Initiative.

a To 30 June 2022.
KEY ACHIEVEMENTS FY2022

- Engaged an external consultant team to undertake the midterm evaluation (MTE) of PSDI phase IV, which commenced in June 2022.


- Confirmed collaboration with seven Pacific DMCs to support strategic policy and planning to build increased resilience as tourism resumes post-COVID-19.

- Published 14 country tourism sector snapshots and a regional tourism assessment in the fourth quarter of 2021.

- Published 19 knowledge products, including reports, snapshots, policy briefs, and brochures, as well as 8 news releases on major program achievements, 14 news articles outlining program activities and public appearances, 1 website Op-Ed, and 2 Op-Eds on the DevPolicy blog platform.
MONITORING AND EVALUATION, CROSSCUTTING, TOURISM, KNOWLEDGE MANAGEMENT, AND COMMUNICATIONS

Monitoring and Evaluation

PSDI’s monitoring and evaluation (M&E) approach 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 the PSDI phase IV project design.

PSDI has developed an expanded M&E framework for phase IV that elaborated on the M&E approach of PSDI’s earlier phases and built 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 cofinancers. The framework draws on the theories of change presented in this report to develop key performance indicators, monitor assumptions that underlie the change process, and select appropriate methods for review and assessment.

As part of its M&E framework, PSDI is developing a range of PowerBI dashboards to support monitoring, and provide quick, searchable access to information about PSDI’s regional work. It has also started to develop case studies on several initiatives and used central concepts of outcome mapping for the regular capture of team observations on the formation of a business enabling environment.

In FY2022, an external consultant team was engaged to undertake the MTE of PSDI phase IV. The MTE, which commenced in June 2022, will review PSDI’s performance and assess progress toward its outcome. The MTE will also identify key lessons and recommendations to help guide decisions for the remainder of phase IV, and demonstrate achievements to the key funding partners and Pacific DMCs. The MTE will be completed by December 2022.

During the reporting period, PSDI has also begun to review its DMF as part of the process for a minor change in scope, to receive additional financing for its PNG program, and to elevate tourism as a focus area. Outcome and output statements are being reviewed and refined, and indicators updated where appropriate.

Tourism

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 26 and 60. In addition, PSDI has worked in FY2022 on many standalone tourism initiatives:

(i) A regional framework for the safe reopening of Pacific tourism. The majority of Pacific DMCs reopened their international borders in FY2022, commencing a restart of Pacific tourism. For many DMCs, the range of considerations to safely reopen for tourism—including the need for public–private collaboration, border reopening policies and agreements, development and implementation of health measures and protocols, and stakeholder communication—was extensive and, in some cases,
not feasible for smaller economies with few tourism staff. In FY2022, PSDI worked closely with the Pacific Tourism Organisation (SPTO) to develop a framework to guide the safe reopening of Pacific tourism. The outcome of this work, comprising a reopening framework document, five infographic videos, and presentations at SPTO webinars alongside regional and international events, will be published in July 2023.

Country-level support was also offered to Pacific DMCs. In FY2022, PSDI supported Niue with the development of COVID-19-safe protocols and communication guidelines for government, industry, and visitors, and worked with the Marshall Islands to refine COVID-19-safe protocols for the tourism industry and begin recovery planning.

(ii) **Increasing resilience as Pacific tourism “builds back better.”** In FY2022, PSDI supported SPTO in its goal to take a leading approach on best practice, tools, and support for crisis management across the region. This included a crisis management study, commissioned by PSDI, which provided a set of recommendations on how countries can improve crisis and resilience planning, as well as longer-term resilience and climate considerations as international tourism resumes.

PSDI also commenced work in FY2022 to support Pacific DMCs to plan for increased resilience at a country level. In the first half of 2022, PSDI supported Tourism Fiji to develop and launch its new Corporate Plan 2022–2024, which focuses on increasing sustainability, resilience, and inclusivity in tourism. In Tonga, PSDI partnered with the World Bank to develop a tourism sector impact assessment of COVID-19 and the disasters of Tropical Cyclone Harold in April 2020 and the Hunga Tonga–Hunga Ha’apai volcanic eruption and tsunami in January 2022. This work will inform the upcoming PSDI-supported Resilient Tourism Strategy for Tonga. PSDI also confirmed support for sustainable marketing strategies for PNG and Vanuatu, sustainable tourism strategies for Kiribati and the Marshall Islands, and a recovery plan for Niue, all of which will be completed in FY2023.

(iii) **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 evaluate performance. In FY2022, PSDI continued to provide advisory services in key regional forums, including support to SPTO in reviewing existing data and implementing the Pacific Tourism Statistics Strategy. PSDI also commenced work at a country level to help improve tourism statistics in the region. Many Pacific DMCs relied heavily on the domestic tourism market while international borders were closed because of COVID-19. However, few countries were able to reliably measure the market and/or plan for future growth. In FY2022, PSDI commenced work in PNG and Vanuatu to develop a methodology to measure domestic tourism and enable both countries to grow the market as international visitation resumes. As the Pacific tourism industry attempts to “build back better,” indicators beyond arrival numbers will be essential to ensure resilience targets can be met. In FY2022, PSDI confirmed support for Fiji and Kiribati in developing indicators to measure both the sustainability and inclusivity of tourism, which will be used to guide future resilience and sustainable growth.

PSDI’s EEOW team continued to collaborate with the tourism team in FY2022 to improve data and evidence-based planning on the role of women in the tourism sector. This included development of a methodology to measure tourism cash spend, and options to measure the tourism value chain. In FY2022, PSDI progressed planning for a survey of three locations in Fiji to map the tourism value chain, including those operating in the informal sector, to better understand the numbers of people relying on tourism for income and increase opportunities for women in tourism.

(iv) **Enabling private sector-led tourism.** In FY2022, PSDI commenced the development of a framework to monitor the tourism business enabling environment across the 14 Pacific DMCs. The framework will provide comparable datasets to
measure the business enabling environment, with the aim of enhancing information flow among Pacific DMCs and supporting tourism stakeholders to make evidence-based decisions. PSDI also commenced a regional study to ascertain the potential of Pacific DMCs to attract longer-stay remote workers or “digital nomads” following COVID-19. The work will assess regulatory and policy constraints, required digital capability, and marketing and communications to attract the remote worker market. The work will be completed in FY2023.

(v) **Regional and national tourism assessments.** In FY2022, PSDI concluded its extensive research and analysis to develop a series of tourism publications: 14 country tourism snapshots and a regional tourism assessment, which were published in the fourth quarter of 2021. The snapshots provide an overview of the tourism sector of each Pacific DMC before COVID-19 and identify new and existing challenges and opportunities for the tourism industry. The regional assessment provides an overview of Pacific tourism before COVID-19, identifies challenges, and provides recommendations for a sustainable post–COVID-19 recovery. The reports were widely publicized in Pacific media.

**Knowledge Management**

PSDI is continuing to implement its knowledge management strategy, which includes a pipeline of knowledge and reporting products. In FY2022, PSDI published 19 knowledge products.

*Leadership Matters: Benchmarking Women in Business Leadership in the Pacific* collected and analyzed women’s business leadership data across ADB’s 14 Pacific DMCs, establishing a baseline for women’s representation in senior business leadership, and comparing these findings to global averages.

*Looking Forward Vol. 1: Evaluating the Challenges for Pacific Tourism after COVID-19* profiled the tourism sectors of ADB’s 14 Pacific DMCs, examined the damage done by COVID-19, and looked ahead to the resumption of international travel. The report was accompanied by 14 country tourism sector snapshots, providing an overview of each DMC’s tourism sector pre–COVID-19. The publications were developed through extensive consultations with local stakeholders, including governments, tourism bodies, and the private sector.

*State-Owned Enterprises: Board Nomination Practices in the Pacific,* a PSDI policy brief, argued that Pacific governments can ensure the best outcomes for their SOEs by reducing political influence in the director selection process and hiring candidates with the knowledge, skills, and experience needed to address the challenges of SOEs.

PSDI also designed and published two infographic pamphlets: one for its overall program activities, and one for its EEOW focus area. These pamphlets provide a digestible outline of PSDI’s rationale, activities, and achievements to date.

The release of these publications was accompanied by several presentations. *Leadership Matters* was launched at the 2021 Pacific Update, a major regional forum held by the Australian National University’s DevPolicy Centre on 23 September 2021. Country-specific launches were held subsequently in PNG on 6 April 2022, drawing almost 100 attendees, and in the Marshall Islands on 8 April 2022, drawing more than 30 attendees. Additional in-country events will be held in FY2023.

*Looking Forward Vol. 1* has prompted numerous PSDI presentations, including to the SPTO board, the ADB–Asian Think Tank Development Forum 2021, the 2021 Palau Economic Symposium, the Pacific Islands Tourism Research Symposium 2021, ADB tourism webinars, and the launch of ADB’s Asian Development Outlook 2022. The report has formed the basis of PSDI’s tourism advocacy and work with national tourism offices and regional bodies.

In FY2022 PSDI has also undertaken research, data collection, and drafting for a suite of publications to be launched in FY2023. These include a post–COVID-19 tourism reopening framework; an audit of the digital gender gap in the Pacific, in collaboration with the Alliance for Affordable Internet technology sector coalition; a report on women’s access to retirement benefits; the program’s flagship *Finding Balance* report on Pacific SOEs; and a major study on Foreign Direct Investment in the Pacific.
In fiscal year 2022, the Pacific Private Sector Development Initiative (PSDI) commenced a partnership with Tourism Fiji to support strategic planning. This included the development of a new 2022–2024 Corporate Plan, which details Tourism Fiji’s plans to ensure a more sustainable and inclusive sector as tourism recovers from the impacts of the coronavirus disease (COVID-19), as well as support toward an evidence-based approach to measuring the “value of tourism” and its benefits.

From the fourth quarter of 2021, PSDI supported stakeholder consultations for the Corporate Plan, reaching a range of government, industry, donor, and partner tourism stakeholders across Fiji and regionally. The private sector was heavily consulted to ensure a practical and inclusive approach to tourism recovery and growth, alongside a shared vision for Tourism Fiji’s immediate direction. This initiative was praised by private sector organizations that welcomed the opportunity to contribute to industry-relevant policy.

Following consultations, PSDI worked with Tourism Fiji to devise targets and priorities for the next 3 years. The Corporate Plan considered the need for targets to go beyond traditional arrival numbers and include measures to assess the dispersal of tourism’s benefits, increase sustainability, and consider the potential benefits to marginalized groups, including women. The plan includes a range of commitments that are related to the economic empowerment of women, including support for tourism businesses led by women, commitments to women in the informal economy, and goals for the tourism workforce. Tourism Fiji’s 2022–2024 Corporate Plan was finalized and launched with PSDI support in May 2022.

The Corporate Plan’s strong stance on sustainability was well received by stakeholders, while the consideration of the role of women in tourism was not only praised by government and industry, but also Fijian media.

PSDI will continue to support Tourism Fiji’s sustainability efforts, and will soon research the extent to which women in the informal sector are engaged in, and benefit from, tourism. Future collaboration will also support the implementation of the Corporate Plan, including the development of indicators to better measure sustainability, assess the role of sustainability initiatives as a factor in destination choice, gather evidence about the role of women in the informal economy in tourism, and mainstream the role of women in policy and planning.

Source: Pacific Private Sector Development Initiative.
Communications

PSDI’s communications reflect the program’s broad agenda, which is to achieve inclusive, private sector-led economic growth in Pacific DMCs through five focus 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 FY2022, PSDI’s communications highlights included the following:

(i) The continued development of PSDI’s social media channels, including the expansion of its LinkedIn presence and increased intensity of posting.

(ii) The continued use and update of the new PSDI website (www.pacificpsdi.org), including the increased publication of articles on PSDI activities and presentations. PSDI in FY2022 produced eight news releases on major program achievements, an additional 14 news articles outlining program activities and public appearances, and one website Op-Ed.

(iii) The publication of two PSDI Op-Eds in the DevPolicy blog, the Pacific’s leading aid and development blog platform.

(iv) The launch of Leadership Matters: Benchmarking Women in Business Leadership in the Pacific at the 2021 Pacific Update (Knowledge Management section), and its in-country launch events and roundtable discussions in PNG and the Marshall Islands.

(v) Significant communications assistance to Tourism Fiji, the tourism marketing arm of the Government of Fiji, for its 2022–2024 Corporate Plan, published on 30 May 2022. This included assistance with the plan’s design, editing, publication, and launch.

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

(a) Significant and region-wide coverage of Leadership Matters and its findings, including radio segments on ABC’s Radio Australia and RNZ, as well as widespread coverage in Pacific free media outlets. This was augmented by further coverage of PSDI’s in-country Leadership Matters launches in PNG and the Marshall Islands, including

significant coverage in PNG free media outlets and broadcast stations.

(b) Significant and region-wide coverage of the publication of Looking Forward Vol. 1 and 14 country snapshots, given its timeliness and newsworthiness amid COVID-19. This included widespread coverage in Pacific free media outlets.

(c) Strong and positive local coverage of the PSDI-supported establishment of credit institution SFL in Solomon Islands.

(d) Complimentary and widespread local coverage of PSDI’s TA to Tourism Fiji, and its contribution to the organization’s 2022–2024 Corporate Plan.
Figure 24  Monitoring and Evaluation, Crosscutting, Knowledge Management, and Communications Spending by Country, FY2022 (Total: $1,258,863)

Source: Pacific Private Sector Development Initiative.

Figure 25  Monitoring and Evaluation, Crosscutting, Knowledge Management, and Communications Spending by Country, 2007–2022\(^a\) (Total: $16,477,720)

Source: Pacific Private Sector Development Initiative.

Figure 26  Tourism Spending by Country, FY2022 (Total: $361,536)

Source: Pacific Private Sector Development Initiative.

Figure 27  Tourism Spending by Country, 2007–2022\(^a\) (Total: $395,376)

Source: Pacific Private Sector Development Initiative.

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\(^a\) To 30 June 2022.
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 2007–2022

<table>
<thead>
<tr>
<th>Initiative Area</th>
<th>COOK ISLANDS</th>
<th>FEDERATED STATES OF MICRONESIA</th>
<th>FIJI</th>
<th>KIRIBATI</th>
<th>MARSHALL ISLANDS</th>
<th>NAURU</th>
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Source: Pacific Private Sector Development Initiative
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### APPENDIX 2:

### PROGRESS AGAINST INDICATORS

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

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE</th>
<th>PROGRESS (to end June 2022)</th>
<th>OVERALL ASSESSMENT</th>
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<td><strong>OUTCOME:</strong> Gender-inclusive enabling environment for private sector development improved.</td>
<td></td>
<td></td>
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<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 (2018).</td>
<td>PSDI has in FY2022 made progress on company law and registry reform in PNG, as well as on a regional registry (Kiribati, Niue, Palau, Tonga, and Tuvalu).</td>
<td>At this point, the indicator will not be met because of internal procurement delays.</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>In 2020, credit to private sector businesses in Pacific DMCs (excluding PNG) was 86.6% of GDP, and 18.2% of GDP in PNG.*</td>
<td>No FY2022 data available.</td>
</tr>
<tr>
<td><strong>OUTPUT 1:</strong> Access to inclusive business finance improved.</td>
<td></td>
<td></td>
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<td>Indicator 1.a: Number of security interests registered by lenders increases under the secured transactions registry by 30%, of which 25% will be women.</td>
<td>Baseline: 70,000 (2018).</td>
<td>The number of security interests registered by lenders on PSDI-supported registries over movable assets has reached more than 180,000. Women were either the majority or equal shareholders for about 28% of security interests registered as of 30 June 2022.*</td>
<td>Achieved.</td>
</tr>
<tr>
<td>Indicator 1.b: Digital capital-raising platforms active in at least one Pacific DMC.</td>
<td>Baseline: 0 (2018)</td>
<td>In Fiji, a draft bill allowing for the creation of such platforms has been completed and is ready to be submitted to the Cabinet. In PNG, PSDI will include language to allow for the creation of such platforms in proposed amendments to the Capital Markets Act.</td>
<td>Too early to determine.</td>
</tr>
</tbody>
</table>
## APPENDIX 2: PROGRESS AGAINST INDICATORS

<table>
<thead>
<tr>
<th>Indicator 1.c:</th>
<th>Baseline: One (2018).</th>
<th>PSDI is working to develop new financial products using secured transactions frameworks in Fiji, PNG, and Samoa.</th>
<th>On track to be achieved.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OUTPUT 2:</strong></td>
<td><strong>Business and regulatory environment improved, and technology platforms introduced.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator 2.a:</td>
<td>Baseline: &gt;20 days (average) (2018).</td>
<td>PSDI has in FY2022 made progress on company law and registry reform in PNG, as well as on a regional registry (Kiribati, Niue, Palau, Tonga, and Tuvalu).</td>
<td>At this point, the indicator will not be met because of internal procurement delays.</td>
</tr>
<tr>
<td>Indicator 2.b:</td>
<td>Baseline: Seven in Pacific DMCs (excluding PNG) and six in PNG (2018).</td>
<td>This indicator draws on data from the World Bank’s Doing Business reports, which were discontinued in September 2021.</td>
<td>At this point, the indicator will not be met because of internal procurement delays.</td>
</tr>
<tr>
<td>Indicator 2.c:</td>
<td>Baseline: No regional registry for small Pacific DMCs and a national online business registry for PNG procured and implemented.</td>
<td>PSDI has in FY2022 made progress on company law and registry reform in PNG, as well as on a regional registry (Kiribati, Niue, Palau, Tonga, and Tuvalu).</td>
<td>On track to be met in PNG; however, regional registry subject to ADB procurement process.</td>
</tr>
<tr>
<td><strong>OUTPUT 3:</strong></td>
<td><strong>State-owned enterprise performance improved through reforms, including privatization and public–private partnerships.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator 3.a:</td>
<td>Baseline: Return on assets in 2018 for PNG Power (~4%), Eda Ranu (~2%), Tonga Power (3.6%), Ports Authority of Tonga (11.5%), and Samoa Port Authority (2.8%).</td>
<td>Return on assets in 2020 for PNG Power (~1.7%), Eda Ranu (13.3%), Tonga Power (~0.4%), Ports Authority of Tonga (6.7%), and Samoa Port Authority (2.7%).</td>
<td>Too early to determine.</td>
</tr>
<tr>
<td>Indicator 3.b:</td>
<td>Baseline: Four (2018).</td>
<td>PSDI-supported SOE reforms in PNG have led to the sale of some non-core assets, but the planned asset sales of Air Niugini and Kumul Telikom Holdings are yet to occur.</td>
<td>Too early to determine.</td>
</tr>
<tr>
<td>Indicator 3.c:</td>
<td>Baseline: One PPP transaction completed (2017).</td>
<td>PSDI is supporting several solar PPP transactions, including in the Cook Islands and PNG.</td>
<td>On track to be achieved.</td>
</tr>
</tbody>
</table>
**OUTPUT 4:** Effective competition and consumer protection policies developed and implemented.

<table>
<thead>
<tr>
<th>Indicator 4.a: Policies and legislation that promote competition and consumer protection established in at least three additional Pacific DMCs.</th>
<th>Baseline: One (2018).</th>
<th>PSDI is working on competition policies and legislation in the Cook Islands, Fiji, Kiribati, PNG, Solomon Islands, Tuvalu, and Vanuatu.</th>
<th>On track to be achieved.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator 4.b: Consumer complaints strategies developed in at least one additional Pacific DMC.</td>
<td>Baseline: One (2018).</td>
<td>PSDI is supporting the preparation of strategies to address consumer complaints in Kiribati and PNG.</td>
<td>On track to be achieved.</td>
</tr>
<tr>
<td>Indicator 4.c: Women’s access to complaints mechanism increases by 20% in PNG.</td>
<td>Baseline: 14% (2015).</td>
<td>Updated data not yet available.</td>
<td>Too early to determine.</td>
</tr>
<tr>
<td>Indicator 4.d: 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>PSDI has delivered competition and consumer protection training programs in Kiribati and PNG.</td>
<td>On track to be achieved.</td>
</tr>
<tr>
<td>Indicator 4.e: Competition and consumer protection policy implemented in Vanuatu.</td>
<td>Baseline: No such policy (2018).</td>
<td>The Government of Vanuatu was unable to prioritize this work during the reporting period.</td>
<td>Unlikely to be achieved, given the change in government priorities and political economy challenges.</td>
</tr>
</tbody>
</table>

DMC = developing member country, GDP = gross domestic product, PNG = Papua New Guinea, PPP = public–private partnership, PSDI = Pacific Private Sector Development Initiative, SOE = state-owned enterprise.


b 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.

c As of FY2022, PSDI is actively supporting an increase in women on SOE boards only in PNG.

Source: Pacific Private Sector Development Initiative.
Pacific Private Sector Development Initiative Annual Report FY2022

This report outlines the key activities of the Pacific Private Sector Development Initiative (PSDI) during the fiscal year 2022. 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.

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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.