

PACIFIC PRIVATE SECTOR DEVELOPMENT INITIATIVE

A business environment that encourages investment and entrepreneurship results in more formal businesses, which create jobs and lead to higher growth. This supports sustained reductions in poverty and increased prosperity.

WHY IS DOING BUSINESS HARD IN THE PACIFIC?



Business laws are outdated and the cost of starting a business is out of reach for many people.



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



Complying with complex business licensing costs time and money.



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



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



Financial services are costly and difficult to access.



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



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



There are significant barriers for women in the private sector, wasting a key economic resource.



Competition policies do little to break monopolies or level the playing field.

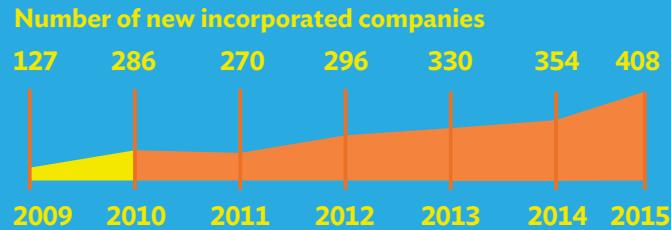
The Pacific Private Sector Development Initiative (PSDI) supports reforms to improve the business environment, encouraging prosperity through inclusive economic growth.

HOW DOES PSDI HELP PACIFIC COUNTRIES?

MODERNIZING OUTDATED BUSINESS LAWS

Business law provides the foundation for investment and business growth. PSDI identifies outdated laws that make it difficult and risky to do business in the Pacific. It tailors laws to conform with the unique cultural environments in the Pacific, and assists with their implementation to maximize development impact.

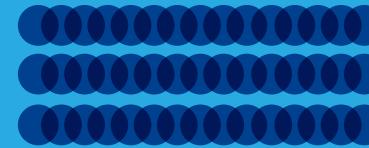
In Solomon Islands, incorporation of new companies has increased dramatically since PSDI assisted with company law reforms and business registry modernization.



In Samoa, the launch of an online business registry dramatically reduced the time it takes to incorporate a business.

PREREFORM

45 DAYS



POSTREFORM

1.5 DAYS



A PSDI evaluation revealed that the company law reforms and online registries in Samoa and Solomon Islands have supported the creation of more than 2,000 jobs and \$100 million in new investment.

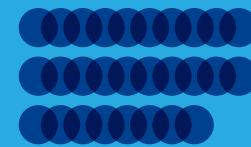


IMPROVING ACCESS TO FINANCE AND FINANCIAL SERVICES

Businesses need access to finance to grow, but the requirements for getting loans in the Pacific leave most would-be borrowers excluded. PSDI helps improve access to loans through “secured transactions” and other reforms that unlock financing.

As a result of secured transactions reforms in Solomon Islands, the time needed to approve a loan has reduced significantly.

PREREFORM



28 DAYS

POSTREFORM

1 DAY

This means reduced interest rates, less-risky lending, and lower loan processing costs because of reduced legal fees.

The number of savings accounts in Papua New Guinea has increased significantly as a result of PSDI support for mobile banking, leading to safer savings and an investment culture.



Since 2009, in the eight countries where PSDI’s secured transactions reforms have been completed, the number of loans granted using movable property as collateral has reached:



IMPROVING THE EFFICIENCY OF STATE-OWNED ENTERPRISES

PSDI helps governments improve state-owned enterprise (SOE) efficiency and promotes putting them on a commercial footing. It assists governments to identify SOEs that can be privatized and provides transactional support services. Through its *Finding Balance* studies, PSDI highlights the importance of improving the productivity of SOEs to promote growth in Pacific island economies.

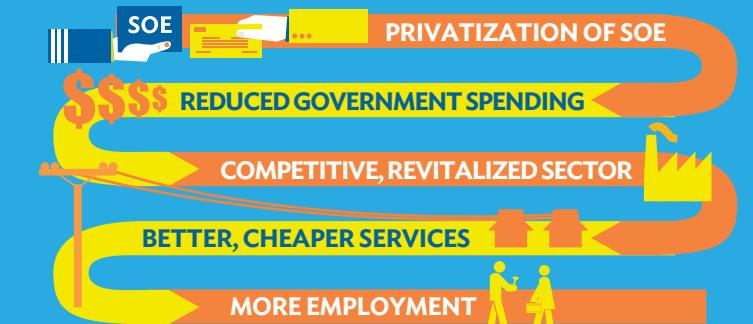
New and amended SOE laws and policies implemented with PSDI support in:

- ✓ FIJI
- ✓ MARSHALL ISLANDS
- ✓ PALAU ✓ PAPUA NEW GUINEA
- ✓ SAMOA ✓ SOLOMON ISLANDS
- ✓ TONGA ✓ VANUATU

PSDI advocacy and policy support has led to reduced political influence on boards and improved accountability and transparency.



PSDI has supported the full or partial privatization of 10 SOEs.



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

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

PSDI assists governments and private sector actors to improve the business environment in the Pacific. Underpinned by a rigorous diagnostic approach that includes regular private sector assessments of the business environments in Pacific island countries, and the landmark *Finding Balance* benchmarking studies, PSDI's team of experts provides a range of technical assistance that promotes private sector development in the region. This includes specialized support in the areas of business law reform, access to finance, reforming state-owned enterprises, establishing public-private partnerships, the economic empowerment of women, and promoting competition. PSDI currently focuses on promoting a better business environment through technical expertise that includes assistance with policy, legislative reforms, advocacy, full implementation support for reforms, and technology-based solutions.



ASIAN DEVELOPMENT BANK

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