BUSINESS LAW REFORM

WHY IS DOING BUSINESS SO DIFFICULT IN THE PACIFIC?

Businesses in the Pacific can be discouraged and hampered by...

- Limited access to finance
- Challenging trade environments
- Poor contract protection
- Restrictions to women’s participation
- Limited access to courts

These challenges are often compounded by ill-formed business laws, under which...

- Complex processes make starting a business expensive
- Gaps and unclear drafting increase uncertainty and reduce security
- Costly and time-consuming regulations hamper business operations and growth
- Overreaching investment restrictions discourage foreign investment

Under these conditions, business development is difficult, productivity is constrained, and economic growth is held back.
WHAT DIFFERENCE CAN IMPROVED BUSINESS LAWS MAKE?

- More businesses in the formal sector
- Access to import and export markets
- Better access to bank loans
- More women in business
- Bigger contracts
- Job creation in urban and rural areas
- Greater potential for community wealth creation
- Higher tax receipts
- Improved government services

WHAT IS PSDI DOING TO REFORM BUSINESS LAWS?

PSDI is working with Pacific governments to create simplified, modern, and locally-tailored business laws.

- Single shareholder companies: Enabling individuals, especially women, to easily establish formal businesses
- Community companies: Enabling communities to harness their shared resources and capacities to build collective wealth
- Investment Guide: Transparent foreign investment
- Certificate of Incorporation: Enabling access to overseas know-how, labor, and capital
- Electronic certificates of incorporation: Simplifying bank account opening, meeting procurement requirements, and improving transparency
- Online filing and updating: Speeding up registration and ongoing compliance, and eliminating the need for travel
- Business information: Freely accessible

HOW ARE PSDI REFORMS IMPROVING THE BUSINESS ENVIRONMENT?

TONGA
- Lower incorporation fees
- Postreform: US$106
- Prereform: US$300

SOLOMON ISLANDS
- Faster business incorporations
- Postreform: 1.5 days
- Prereform: 45 days

SAMOA
- Many more companies formed
- 2009: 122
- 2010: 126
- 2011: 133
- 2012: 112
- 2013: 206
- 2014: 217
- 2015: 209

TONGA
- Simplified business licensing requirements and procedures
- 2012: Multiple licenses required
- 2014: Single license
- 2016: Approvals included in business license
- 2012: Complicated approvals process

VANUATU
- Freely accessible business information
- Used for regulation by: Government
- Used for loans by: Financial Institutions
- Used for research by: Foreign Investors
- Used for links with: Other Businesses

MORE BUSINESS
- Higher tax receipts
- Access to import and export markets
- Improved government services
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
Pacific Liaison and Coordination Office
Level 20, 45 Clarence St., Sydney, 2000, Australia
www.adb.org / www.adbpsdi.org

Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO) © 2016 ADB. The CC license does not apply to non–ADB copyright materials in this publication. Corrigenda to ADB publications may be found at http://www.adb.org/publications/corrigenda

PSN. [ARM168459-2] pubsmarketing@adb.org

PSDI is cofinanced by ADB, the Government of Australia, and the Government of New Zealand.
www.adbpsdi.org