Online business names and foreign investment registry opens in Solomon Islands

Reforms to Solomon Islands’ companies registry mean applications for business names and foreign investment licenses can now be lodged online.

Fifth edition of state-owned enterprise benchmarking study released

Finding Balance 2016 finds significant improvements in the performance of many Pacific SOEs, yet notes such gains are difficult to maintain.

Informing the creation of new competition and consumer protection frameworks

Public consultations and issues papers by PSDI are helping the governments of PNG and Vanuatu devise modern and responsive regulatory frameworks.

Securing and expanding pension funds

A PSDI co-hosted workshop in Fiji examined the constraints and regulatory issues that need to be addressed for pension funds to grow.

Supporting the creation of women’s businesses in PNG

PSDI’s Women in Fisheries pilot project is preparing women from around the country to establish formal, sustainable businesses.

Using moveable property such as vehicles, crops, and accounts receivable as collateral has huge potential for helping businesses and entrepreneurs in PNG—particularly small-to-medium-sized enterprises, micro-enterprises, and women—access credit. But to make the new system work for borrowers, PSDI first had to make it work for lending institutions both large and small.

In Papua New Guinea, like elsewhere in the Pacific, it is hard for a small business to get a loan. As lenders often require land or buildings as collateral, often only large, established firms can readily get financing. As a result, the aspirations and potential of many would-be entrepreneurs and productive businesses are not realized. Their contributions to economic growth and national development are constrained.

Secured transactions reform offers a way to address this problem and help tilt Papua New Guinea’s economy towards greater diversity and innovation. The ongoing reforms are establishing clear and enforceable regulations and procedures that make it easier and safer for lenders to provide loans that use non-land assets as collateral. This is expected to make a broader range of financing products available to a broader base of borrowers.

... continued on page 7
Solomon Islands private sector assessment presented in Brisbane and Honiara
Continuing Reforms to Stimulate Private Sector Investment, which was published in May 2016, provides a snapshot of Solomon Islands’ current business environment with a focus on constraints to private sector investment and growth. Finding and recommendations from it were shared with more than 100 participants at the Australia-Solomon Islands Business Forum in Brisbane on 22 July 2016, including Solomon Islands’ Prime Minister and five senior ministers, Australia’s Minister for International Development and the Pacific Islands, and the Australian High Commissioner to Solomon Islands. In Honiara two days later, the report was presented to Solomon Islands’ Permanent Secretary of Finance, the central bank governor, CEOs of major companies and SOEs, members of the chamber of commerce, and local media.

Finding Balance 2016 published
The fifth edition of PSDI’s comparative study of state-owned enterprise performance in the Pacific finds many countries have made significant progress through commercially-oriented reforms, but sustaining these has proved difficult. The report concludes that increased private sector ownership and operation of SOEs is the only way to lock in reform gains. Key findings and recommendations from Finding Balance 2016 have been presented in Fiji, Marshall Islands, PNG, and Solomon Islands. See story on page 5

Updated PSDI country and work area factsheets released
Updated versions of nine factsheets that provide an overview of PSDI’s support and achievements in the 14 countries we work with have been published. Also updated were our six Focus Area Overviews, which summarize the outputs of PSDI’s five work areas plus our analytical work.

Anti-money laundering and counter-terrorism financing policy launched in Timor-Leste
Two PSDI-supported plans that will help Timor-Leste bring its anti-money laundering and counter financing of terrorism framework in line with international standards were launched in Dili on 7 October 2016. Timor-Leste’s Minister of Justice Ivo Valente presented the plans at a press conference attended by local media and government officials.

Draft competition policy presented in Vanuatu
Feedback on Vanuatu’s draft National Competition Policy, which PSDI prepared, was called for at a public workshop hosted by the Ministry of Tourism, Trade, Commerce and Ni-Vanuatu Business on 12 October 2016. The policy aims to chart a course for better consumer protection, liberalization of markets, and safeguards for the competitive process. Consultations were earlier held in August and September on the Public Issues Paper on Competition Policy and Law for Vanuatu, which PSDI also prepared. See story on page 9

Regional pension funds workshop held in Fiji
PSDI co-hosted the Strengthening Pension Systems and Health Coverage workshop in Suva on 2–3 November 2016. The workshop considered policies Pacific countries could pursue, and challenges they would need to address, to secure and expand their pension systems. Senior managers and board members from retirement funds, and representatives from national regulators, from 13 countries took part.

Case study on SOE reform in Samoa published
PSDI’s first case study examines Samoa’s success in contracting out its road building and maintenance needs. This short study explains how a radical reform of a Samoan state-owned enterprise invigorated the construction industry, created thousands of jobs, and lead to a four-fold increase in road building productivity.

Expanded online business registry launched in Solomon Islands
Applications for foreign investment licenses and business name registrations can now be lodged online in Solomon Islands following upgrades to its companies registry. The online service will dramatically reduce the time and cost of lodging these applications and prevent the need for travel to Honiara. An outreach campaign and a series or trainings have helped build awareness of the functionalities of the new registry. The original online companies registry was launched with PSDI support in 2010. See story on page 3

GBV training provided Women in Fisheries PNG pilot project
Training on gender-based violence (GBV) was provided to two of the four groups of women participating in PSDI’s Women in Fisheries pilot project in November 2016. The project provides loans and skills training to help women working in the fishing sector develop sustainable, formal businesses. The GBV training followed trainings on financial literacy and budgeting, and business development and technical skills. See story on page 13

New PSDI infographic brochures published
Pictorial brochures on the context, aims and achievements of PSDI are now available on the PSDI website. Using clear and accessible text and images, the booklets illustrate the need for and benefits of business environment reform in Pacific island countries.
“Previously, these also had to be applied for in-person and took around a week to process, after which the certificate had to be collected in person,” said Veronica Manedika, Assistant Registrar with Invest Solomon.

“This reform will particularly benefit the almost-two-thousand applicants, many of who travel from other islands each year to register their business names in the capital.”

With the two additional services it is now possible for a business person to register as a foreign investor, incorporate a company, and register multiple business names all in one sitting. Only one other Pacific Island country—Papua New Guinea—has an online registry that can do likewise.

“Shifting the companies registry online in 2010 has been of great benefit to the local economy in terms of time and cost savings as well as encouraging business formalization and regulatory compliance,” said Aaron Levine, PSDI’s International Business Law Reform Expert, who led the implementation of the reform. “The new, expanded registry will double-down on these benefits: business names, the mostly commonly used business entity, are now quick and easy to register, while applications for foreign investment licenses, a key requirement for engaging international firms, are now similarly straightforward.”

The reforms have been guided by how they will contribute to Solomon Islands’ economic aspirations.

“Attracting more and better quality foreign investment is a long term goal of the Government of Solomon Islands,” said Riley Mesepitu, Under Secretary of the Ministry of Commerce, Industries, Labour and Immigration. “The expanded online registry will help us achieve this by making Solomon Islands an easier and safer place to invest, and by encouraging and increasing transparency.”

**MAKING DATA AVAILABLE FOR BUSINESS AND GOVERNMENT**

As the registry is searchable, key details of all companies, businesses, and foreign investors can now be verified by anyone anytime, for free.

Through a simple online search, local firms can verify the legitimacy of a foreign investor to do business in the country. Previously, such searches had to be done in person and for a fee at the registry office.

New businesses owners can also use the search function to find out immediately if the name they want to use for their business is available or has already taken by somebody else.

From a regulatory standpoint, the search functions bring the transparency and accountability of Solomon Islands’ business registration system in-line with global best practice and discourage illegitimate foreign investment.

The online system will also better collect data on applicants’ gender, business sectors, and locations, which will assist government policy formulation. For example, data on the number of women operating agriculture businesses in a particular province could guide policies on increasing women’s engagement in primary industries. Along with automatic collection of key data from online forms, foreign investors will be asked to complete a short online survey—followed up annually by email—on the expected outcomes of their investment activity. This will help the government provide critical economic data, used by the Central Bank and the government, on the growth and impact of foreign investments on the economy.

The updated registry can be accessed at www.solomonbusinessregistry.gov.sb
STATE-OWNED ENTERPRISE REFORM AND PUBLIC-PRIVATE PARTNERSHIPS

PROMOTING SOE REFORM ACROSS THE PACIFIC

Findings and recommendations from Finding Balance 2016 were presented in Fiji in July 2016, PNG in September, Marshall Islands in October, and Solomon Islands in November 2016.

The report’s launch in Port Moresby was hosted by the Port Moresby Chamber of Commerce and Industry and attended by the PNG Treasurer, New Zealand High Commissioner, USA Ambassador, and approximately 80 members of the business community, along with local media.

Ms Darcy told attendees PNG’s SOE portfolio profitability has declined steadily since 2009, producing an average return on assets (ROA) of 1.3% and average return on equity (ROE) of 2.4% between 2010 and 2014, down from 4% and 7%, respectively, between 2002 and 2009. She said reforms to ensure SOEs are compensated for delivering non-commercial services, allow for competition among service providers, and support public-private partnerships would improve these results, if implemented.

“Sustained improvements to PNG SOEs’ service delivery will require greater private sector participation and competition,” she said.

At the Marshall Islands presentation, PSDI SOE Expert Christopher Russell told attendees that, despite comprising 17% to 20% of the country’s total capital stock, SOEs contributed only 5.3% to GDP in 2014. Along with compromising private sector growth, he said the losses Marshalls’ SOEs generate are a considerable drain on the national budget: government transfers to SOEs over 2010–2014 were $43.9 million, representing 9.1% of government expenditure. He noted Marshall Islands’ SOEs’ performance had improved slightly in recent years, with ROA and ROE in 2010–2014 averaging -3.7% and -8.1%, respectively, up from -5.8% and -13% in 2002–2009.

“A plan for greater improvements in the performance of Marshall Islands’ SOEs exists in the form of last year’s SOE Act,” said Mr Russell. “The Act established a broad reform agenda that has been proven to work in other Pacific island countries.”

In Honiara in November 2016, Ms Darcy explained how the 21% turnaround in Solomon Islands SOEs’ ROE came from a reform program that incorporated financial restructuring, tariff increases and improved collections, privatization and liquidation, and compensation for providing non-commercial services. While it was still the best performing portfolio in the Pacific in 2014, returning 9% on equity and 6% on assets, Ms Darcy warned that its recovery remained fragile.

“Sustaining these gains and improving the performance of all Solomon Islands SOEs will require continued implementation of, and compliance with, the SOE Act,” she said.

FINDING BALANCE 2016 RELEASED


Finding Balance 2016: Benchmarking the Performance of State-owned Enterprises in Island Countries assesses the performance of SOEs in Fiji, Kiribati, Marshall Islands, Papua New Guinea (PNG), Samoa, Solomon Islands, Tonga, and Vanuatu, as well as Jamaica and Mauritius.

This is the first edition to include Kiribati and Vanuatu. Results from New Zealand and Singapore were also added to enrich the global benchmark.

The 10 participating countries were selected for their comparability and SOE reform experience. Their participation demonstrates their governments’ willingness to identify and address the core issues within their SOE sectors. This transparency is an essential precursor to successful reform.

INCREASED PRIVATE SECTOR PARTICIPATION NEEDED

As per earlier editions, Finding Balance 2016 identifies strategies to guide reforms of SOEs, highlighting the importance of balancing public and private sector roles.

The report emphasizes that political commitment to reform is a key driver for commercial results, as demonstrated by the experience of each of the countries benchmarked.

It finds many countries have made significant progress through commercially-oriented reforms. Solomon Islands’ SOE portfolio’s average return on equity jumped from -11% in 2002–2009 to 10% in 2010–2014. In Tonga, portfolio returns have increased to 6% from a low of 0% in 2009. Overall, seven of the 10 countries examined had seen improved SOE profitability since 2010.

The report nonetheless highlights that, while improvements have been achieved, sustaining them has proven impossible in most countries, both developed and developing. It finds SOE portfolios in the eight Pacific countries examined contributed only 1.8% to 12% to gross domestic product, despite very large asset bases, ongoing government cash transfers, and monopoly market positions. It also finds productivity levels of the SOEs analyzed tend to be well below developed country benchmarks.

“Committing to a reform agenda that increases private sector participation in SOEs is the most effective way to lock in gains,” said PSDI SOE Reform Team Leader Laure Darcy.

Drawing on the experiences of New Zealand, Singapore and selected Pacific countries, the report concludes that increased private sector ownership and operation of SOEs is the best way to sustain improved performance.

“At the Marshall Islands presentation, PSDI SOE Expert Christopher Russell told attendees that, despite comprising 17% to 20% of the country’s total capital stock, SOEs contributed only 5.3% to GDP in 2014. Along with compromising private sector growth, he said the losses Marshalls’ SOEs generate are a considerable drain on the national budget: government transfers to SOEs over 2010–2014 were $43.9 million, representing 9.1% of government expenditure. He noted Marshall Islands’ SOEs’ performance had improved slightly in recent years, with ROA and ROE in 2010–2014 averaging -3.7% and -8.1%, respectively, up from -5.8% and -13% in 2002–2009. “A plan for greater improvements in the performance of Marshall Islands’ SOEs exists in the form of last year’s SOE Act,” said Mr Russell. “The Act established a broad reform agenda that has been proven to work in other Pacific island countries.”

In Honiara in November 2016, Ms Darcy explained how the 21% turnaround in Solomon Islands SOEs’ ROE came from a reform program that incorporated financial restructuring, tariff increases and improved collections, privatization and liquidation, and compensation for providing non-commercial services. While it was still the best performing portfolio in the Pacific in 2014, returning 9% on equity and 6% on assets, Ms Darcy warned that its recovery remained fragile.

“Sustaining these gains and improving the performance of all Solomon Islands SOEs will require continued implementation of, and compliance with, the SOE Act,” she said.

The launch of Finding Balance 2016 in Port Moresby was attended by (left to right): David Conn, Chief Executive of the Port Moresby Chamber of Commerce and Industry; Jodie McIntaller, Counselor (Economic Governance and Private Sector Development), Australian High Commissioner; Laure Darcy, PSDI SOE Reform Team Leader; Patrick Prusich, PNG Minister for Treasury; Christopher Russell, PSDI SOE Reform Expert; and Tony Fautua, New Zealand High Commissioner to PNG.

Findings and recommendations from Finding Balance 2016 have been presented in Marshall Islands, PNG, and Solomon Islands (picture).
The reforms are also helping create a way for smaller firms, such as wholesalers and supply stores, to provide credit to customers secured against the goods they sell, or the products the use of those goods will help generate; for example, an advance on fertilizer could be secured against the value of future crops.

**LEVERAGING ASSETS TO GROW**

In time, as in the seven other Pacific island countries where PSDI has supported this reform, greater access to finance will mean more businesses can start-up and grow. They will be able to ‘unlock’ the value of moveable assets and invest more funds in building their business.

Across the region, the results of secured transactions reform have been impressive: more than 37,000 loans have now been granted in these countries using moveable property as collateral. By ensuring lenders can conveniently and safely accept non-land assets as collateral, the reform enables them to offer a broader range of loan products to a broader base of borrowers.

**INCREASING CONVENIENCE AND REDUCING RISK**

In Papua New Guinea, where small businesses employ a majority of the workforce and make a significant contribution to GDP, it has been possible to secure credit against moveable assets; but the inconvenience, time required, and insecurity inherent in the process made it unappealing to lenders.

A loan secured against a vehicle, for instance, involved submitting paper forms in person to register a security interest over the vehicle, paying a processing fee at a different location, and then waiting three-to-four weeks to receive a confirmation letter, which in turn had to be filed at the courthouse. Checking whether the vehicle had already been pledged elsewhere involved a manual search of courthouse records, which could not be guaranteed as complete.

**FACILITATING A SMOOTH TRANSITION**

Under the new Personal Property Security Act, which established PNG’s secured transactions system, finance institutions had six months to register all security interests in non-land assets used to secure existing loans.

For major lenders, with tens of thousands of loans on their books, getting ready for the registry was a major concern.

“The only challenge regarding the new registry was how would we get all our security uploaded and listed within the 180-day timeline,” said George Barratt, Head of Lending Support and Operations with Bank South Pacific, one of Papua New Guinea’s six major lenders. “The thought of individually loading all entries once the registry was live would have meant a lot of long days and nights.”

Recognizing this challenge, PSDI worked with Papua New Guinea’s major lenders on a way to pre-load data to the registry. The online interface developed allowed lenders to create hundreds or even thousands of registry filings at once by collating loan data in a single spreadsheet. By the time the registry went live, it had close to 200,000 individual entries.

“BSP was delighted with ADB’s solution of detailed Excel spreadsheets with security data ready for upload come day one,” said Mr Barratt. “We started work pretty much immediately after the ADB training.”

The registry also includes a data review-and-approval function and a user account verification and identification function to help the registrar, the Investment Promotion Authority, manage the data efficiently.

Under Papua New Guinea’s new secured transactions system, an online registry that went live in May 2016 is dramatically reducing the time, cost, and risk associated with registering security interests over moveable assets. Lenders can now search the registry and quickly verify whether there are existing claims on an asset being pledged. Streamlined and strengthened repossession laws are making transactions safer and more commercially viable for lenders as, in the event of a default, collateral can be recouped without dealing with lawyers or the courts.

**ALL THE REGISTRATION PROCESSES WE CAN NOW DO OURSELVES, LITERALLY IN FIVE MINUTES. THAT’S MIND-Boggling WHEN YOU COMPARE IT TO THE OLD SYSTEM.**

The banks said the benefits of the new system easily warranted the effort of compiling and transferring their loan data. For some, gathering the information had its own rewards.

“It has been a very labor-intensive task,” said Mr Barrett. “But it has given us the opportunity to clean up our security vaults.”

Kina Bank, another of PNG’s six major lenders, also said gathering their loan data was itself a useful task.

“For Kina, there were knock-on benefits from this process,” said Ben Chapman, National Operations Manager with Kina Bank, another of Papua New Guinea’s six major lenders. “It was quite time consuming, but we’ve now created a large database of all our lending customers’ key information. In hindsight, it’s good to do something like that because you’re doing housekeeping at the same time.”

**A BETTER LENDING SYSTEM**

The financial institutions say the benefits of the new system will be immediate.

“The team as a whole are very much looking forward to the new online registry as all requirements for registration, lodging discharges, searches and even payments will be done from our office,” said Mr Barrett.

“The best thing is that we’re in 100% control,” said Mr Chapman. “We don’t have to go to a solicitor; we don’t have to go to a government department; all the registration processes we can do ourselves, literally in five minutes. That’s mind-boggling when you compare it to the old system.”

“The other big advantage is the search mechanism,” he said. “If we have prospective customers, we can search to see if particular securities are solely theirs.”

The banks also agree the new system will encourage creation of new loan products.

“The concept has been used in other countries with a lot of success, and that’s what we’re really looking forward to in PNG,” said Mr Chapman. “It’s a relatively simple system and process, but the security behind it is very efficient. It’s just a matter now for the banks and finance companies to come up with innovative products.”

The registry is managed by the Investment Promotion Authority and can be accessed at www.ppspng.com
For 14 years, the Independent Consumer and Competition Commission (ICCC) has worked to protect the interests of consumers and businesses in Papua New Guinea (PNG). Through its regulatory, price oversight, and competition law functions, the ICCC strives to promote efficient markets and fair outcomes within a framework for economic growth.

PNG’s economy and consumers’ expectations have changed, however, since the ICCC was established in 2002. The business environment is more complex and diverse. Consumers have gained access to more products and services from more producers and suppliers.

In response, the PNG Department of Treasury initiated a broad review of the consumer protection and competition promotion framework to ensure the law remains apt to enable competition and protect consumers from unfair dealing and enables businesses to enter new markets and compete on a level playing field. The Consumer and Competition Framework Review is supported by PSDI, which has engaged a panel of experts to draft following research and initial consultations, the Issues Papers that would provide a basis for discussions during the workshops.

The ICCC’s diverse roles mean the review must consider many sectors of the economy.

“Product safety standards are critical to ensuring consumers are not exposed to unsafe products and fair trading rules ensure consumers get what they have paid for,” says Mr. Simpson. “Unless women consumers and entrepreneurs are aware of the consumer protection and competition laws and able to rely on them, those laws will not protect their interests effectively and promote economic growth for all.”

The review team is charged with ascertaining the needs and concerns of consumers and business people across PNG and identifying reforms to promote those. As the ICCC has multiple roles covering product safety, price control, the regulation of state-owned enterprises, and enforcement of competition laws, the team is consulting with a broad range of stakeholders.

“Fair treatment of consumers and small businesses is an important goal, but the legal framework must also promote economic growth and investment without imposing excessive costs on public finances or private firms,” says PSDI Competition Expert Andrew Simpson, who is coordinating the review.

An emphasis on women as consumers and business owners is central to the review.

“Women comprise a large proportion of consumers and a growing number of business owners,” says Mr. Simpson. “Unless women consumers and entrepreneurs are aware of the consumer protection and competition laws and able to rely on them, those laws will not protect their interests effectively and promote economic growth for all.”

A FAIRER AND SAFER BUSINESS ENVIRONMENT

A review of Papua New Guinea’s competition and consumer protection framework will support the needs of its diversifying economy.

TALKING TRADE AND COMPETITION ACROSS PNG

Two series of workshops—one with business people and one with consumers—have been held throughout PNG to gather insight on competition-related experiences and issues. The Issues Papers were used to inform participants and guide discussions during the workshops.

In mid-2016, consumer focus group discussions (coordinated by the Institute for National Affairs) were held in National Capital District, Lae, Mount Hagen, Aitape, Kokopo, and Wewak to learn from consumers about their experiences buying goods and services, and the kinds of issues they encounter with traders.

“Unless women consumers and entrepreneurs are aware of the consumer protection and competition laws and able to rely on them, those laws will not protect their interests effectively and promote economic growth for all.”

The discussions with groups of consumers revealed widespread concerns about misleading statements by traders, shoddy goods, foreign-language labelling, Internet frauds, and difficulty in obtaining refunds or redress from traders. The discussions also revealed that many, and possibly most, consumers are unaware of the existence of the ICCC and the role it performs. Many consumers felt it was difficult or impossible for them to contact the ICCC from their villages. Many also believed that making a complaint would not result in any useful outcome.

Earlier in 2016, a series of workshops were held with business people in the Highlands, Islands, Momase, and Papua regions.

The Issues Papers were circulated for public comment for six months during 2016.

The discussions during the workshops.

The issues papers examined consumer protection laws and women’s experiences of them; the competitive environment for business; and the regulation of key infrastructure services.

POLICY IN VANUATU

DRAFTING A NEW COMPETITION POLICY IN VANUATU

Two series of workshops—one with business people and one with consumers—have been held throughout PNG to gather insights and suggest proposals for consideration by the Government.

Since 2015, PSDI has been assisting the Government of Vanuatu to develop a new competition and consumer policy.

In August and September 2016, consultations were held to discuss the PSDI-drafted Public Issues Paper on Competition Policy and Law for Vanuatu.

In October, the draft National Competition Policy was presented by PSDI at a public workshop hosted by the Ministry of Tourism, Trade, Commerce and Ni-Vanuatu Business. The draft policy aims to chart a course for better consumer protection, liberalization of markets, and safeguards for the competitive process in Vanuatu.

The discussions with groups of consumers revealed widespread concerns about misleading statements by traders, shoddy goods, foreign-language labelling, Internet frauds, and difficulty in obtaining refunds or redress from traders. The discussions also revealed that many, and possibly most, consumers are unaware of the existence of the ICCC and the role it performs. Many consumers felt it was difficult or impossible for them to contact the ICCC from their villages. Many also believed that making a complaint would not result in any useful outcome.

Earlier in 2016, a series of workshops were held with business people in the Highlands, Islands, Momase, and Papua regions.
The team undertaking the study visited six Pacific countries as part of the Private Sector Development Initiative (PSDI) to assess the infrastructure, policy and regulatory environment, human resources, and marketing, research, and product development opportunities in the tourism sector.

Opportunities are being identified under four areas: infrastructure; policy and regulatory environment; human resources; and marketing, research, and product development.

A report from the study is currently being produced and will be published in late 2017.

**DRAFT REPORT AND RECOMMENDATIONS SHARED FOR PUBLIC COMMENT**

Following the consultations, all comments and inputs received were reviewed by the team and incorporated in a final report.

A consultation draft of the CCFR’s Public Report and Recommendations was released in February 2017. The report offers 188 recommendations to the Government of PNG for a modernized consumer and competition framework that responds better to the needs of consumers and businesses in the PNG economy.

Comments and feedback were accepted from the public throughout March and April and public workshops to discuss the report’s findings and recommendations were held in Port Moresby, Lae, Kokopo, and Goroka. Once the comments provided on the consultation draft as well as those gathered in the recent workshops have been considered, a final set of recommendations will be provided by the review team to the Government of PNG.

The three Issues Papers and more information on the Competition Review can be found at http://www.ccfreview.info/

**SECURING PENSIONS IN AN AGEING PACIFIC**

A regional workshop co-hosted by PSDI in Suva in November considered policies Pacific island countries could pursue—considered policies Pacific island countries could pursue—and examined constraints and regulatory issues they would need to address—to secure and expand their pension systems.

Public pension systems in Pacific island countries are strained under ageing populations, revenue shortfalls from low levels of formal employment, and a growing need for their services. The workshop aimed to advance discussions around how pension funds can deliver benefits to their members in the years to come and how to expand their role as finance providers.

“In Pacific island countries, national pension funds are managing a transition from traditional, informal old age support networks to nationally funded models; yet these systems often struggle to reach their beneficiaries, provide adequate support, and do so sustainably,” said Ganeshan Wignaraja, Advisor with ADB’s Economic Research and Regional Cooperation Department. “Raising the retirement age, encouraging private pensions, and adopting robust regulatory standards can help address these challenges.”

“Funds have a natural interest in investing in long-term assets, such as equities and bonds, to match their long-term obligation to pay benefits to their members. Regulatory and governance frameworks need to be strengthened to support this role.”

PSDI Senior Financial Sector Expert Peter Dirou (right) moderates a session on provident and retirement fund regulation at the Strengthening Pension Systems and Health Coverage workshop in Suva on 2 November 2016. PSDI and ADB’s Economic Research and Regional Cooperation Department co-hosted the workshop with the Fiji National Provident Fund.

Discussions on the opportunities for providing such services were contrasted with trends in developed countries, where policymakers and regulators increasingly advise pension funds to focus solely on retirement products.

The two-day workshop brought together senior managers and board members from retirement funds, and representatives from national regulators, from 15 countries to discuss opportunities to address these challenges. PSDI moderated or participated in panel sessions discussing how pension schemes can be financed, who they should support, and to what extent; and the regulatory implications of pension funds providing health insurance and loans.

“Along with providing social protection for retired people, the investments pension funds make play a central role in financing national development,” said Peter Dirou, PSDI Senior Financial Sector Expert.

“Funds have a natural interest in investing in long-term assets, such as equities and bonds, to match their long-term obligation to pay benefits to their members. Regulatory and governance frameworks need to be strengthened to support this role.”

A PSDI-supported workshop encouraged countries to consider reforms to make their retirement funds sustainable and provide adequate health insurance.

At workshops held across the country, business people shared their experiences about trading under PNG’s current competition framework. Pictured here is PSDI Competition Expert Andrew Simpson explaining the purpose of the review to business people in Port Moresby.

At these workshops, Ms Kimberly Buka of the ICCC spoke to participants about the ICCC’s work to examine and control mergers that would be likely to create monopolies, and about possible reforms to improve that process. Mr Simpson explained the review process and asked the participants about their trading experiences and their concerns regarding regulation and competition.

Participants raised many issues for consideration by the review team, including in relation to utilities services, imported goods, product safety, and access to the ICCC. Some asked if awareness raising around the ICCC’s role and powers would lead to greater reporting of infringements. Others asked how regulation of counterfeit goods was being applied, and how misleading advertising could be reported. Lively discussion in each workshop helped representatives from the Department of Treasury, the ICCC, and PSDI better understand the needs and concerns of large and small businesses in each region.

**FINANCING GROWTH**

A diagnostic study being undertaken by PSDI will identify opportunities to support the development of the tourism sector in the Pacific.

The study builds on calls to support tourism sector development that have been articulated in a number of the private sector assessments PSDI produces for Pacific countries.

The team undertaking the study visited six Pacific countries as well as regional organizations, private sector entities, and development partners involved in tourism. The knowledge gained and issues identified through these visits are now being used to prepare a portfolio of opportunities for reform and investment, at both the national and regional levels.

Opportunities are being identified under four areas: infrastructure; policy and regulatory environment; human resources; and marketing, research, and product development.

A report from the study is currently being produced and will be published in late 2017.
“This pilot project will show how access to finance coupled with knowledge and skills development can shift an informal, insecure, subsistence-oriented livelihood into a formal, sustainable, profit-driven business,” said Vijaya Nagarajan, PSDI Economic Empowerment of Women Team Leader. “It will demonstrate a scalable intervention that could be applied elsewhere to help women in working in informal sectors gain independence and contribute to economic development.”

More than 100 women from four women’s groups—from Hanuabada, Tubusereia, Pari and Lae—are taking part in the project. The first three groups have now completed the first two rounds of the course: financial literacy and basic budgeting training provided by MiBank.

The groups from Hanuabada and Tubusereia have also completed the second round of training on business development skills, which is delivered by Gingoada, an NGO that provides vocational, health and life skills training. Delivered full-time over four weeks, the training covers: small and group businesses. Participants will receive loans of up to 50,000 kina from the PNG National Fisheries Authority, with the loans administered by MiBank.

“It helps us work better with our families. Understanding a little bit more about GBV is good. Learning about fish filleting skills will help us work harder towards our dream to start a fish filleting business,” said Nanai Ehava, President of Lakwaharu Women in Fisheries, said there were benefits to each aspect of the training. “With more money in our pockets we can pay our children’s school fees, buy gifts for our families, as well as feed them,” said Maraga Kila, Secretary of Lakwaharu Women in Fisheries.

Participants will also be mentored by Gingoada staff as they use their loans and applying their training to develop their businesses. Group mentoring sessions, where participants discuss progress made and challenges encountered, have been held with the Hanuabada and Tubusereia groups.

The first three groups have also started the final round of training on women’s rights and gender-based violence (GBV), which is provided by PSDI’s PNG-based Economic Empowerment of Women Coordinator. The first phase of that training covers definitions and different types of GBV, cycles of violence, causes and effects of GBV, and options for victims of GBV.

“This pilot project will show how access to finance coupled with knowledge and skills development can shift an informal, insecure, subsistence-oriented livelihood into a formal, sustainable, profit-driven business,” said Vijaya Nagarajan, PSDI Economic Empowerment of Women Team Leader. “It will demonstrate a scalable intervention that could be applied elsewhere to help women in working in informal sectors gain independence and contribute to economic development.”

More than 100 women from four women’s groups—from Hanuabada, Tubusereia, Pari and Lae—are taking part in the project. The first three groups have now completed the first two rounds of the course: financial literacy and basic budgeting training provided by MiBank.

The groups from Hanuabada and Tubusereia have also completed the second round of training on business development skills, which is delivered by Gingoada, an NGO that provides vocational, health and life skills training. Delivered full-time over four weeks, the training covers: small and group businesses. Participants will receive loans of up to 50,000 kina from the PNG National Fisheries Authority, with the loans administered by MiBank.

“It helps us work better with our families. Understanding a little bit more about GBV is good. Learning about fish filleting skills will help us work harder towards our dream to start a fish filleting business,” said Nanai Ehava, President of Lakwaharu Women in Fisheries, said there were benefits to each aspect of the training. “With more money in our pockets we can pay our children’s school fees, buy gifts for our families, as well as feed them,” said Maraga Kila, Secretary of Lakwaharu Women in Fisheries.

Participants will also be mentored by Gingoada staff as they use their loans and applying their training to develop their businesses. Group mentoring sessions, where participants discuss progress made and challenges encountered, have been held with the Hanuabada and Tubusereia groups.

The first three groups have also started the final round of training on women’s rights and gender-based violence (GBV), which is provided by PSDI’s PNG-based Economic Empowerment of Women Coordinator. The first phase of that training covers definitions and different types of GBV, cycles of violence, causes and effects of GBV, and options for victims of GBV.

“This pilot project will show how access to finance coupled with knowledge and skills development can shift an informal, insecure, subsistence-oriented livelihood into a formal, sustainable, profit-driven business,” said Vijaya Nagarajan, PSDI Economic Empowerment of Women Team Leader. “It will demonstrate a scalable intervention that could be applied elsewhere to help women in working in informal sectors gain independence and contribute to economic development.”

More than 100 women from four women’s groups—from Hanuabada, Tubusereia, Pari and Lae—are taking part in the project. The first three groups have now completed the first two rounds of the course: financial literacy and basic budgeting training provided by MiBank.

The groups from Hanuabada and Tubusereia have also completed the second round of training on business development skills, which is delivered by Gingoada, an NGO that provides vocational, health and life skills training. Delivered full-time over four weeks, the training covers: small and group businesses. Participants will receive loans of up to 50,000 kina from the PNG National Fisheries Authority, with the loans administered by MiBank.

“It helps us work better with our families. Understanding a little bit more about GBV is good. Learning about fish filleting skills will help us work harder towards our dream to start a fish filleting business,” said Nanai Ehava, President of Lakwaharu Women in Fisheries, said there were benefits to each aspect of the training. “With more money in our pockets we can pay our children’s school fees, buy gifts for our families, as well as feed them,” said Maraga Kila, Secretary of Lakwaharu Women in Fisheries.

Participants will also be mentored by Gingoada staff as they use their loans and applying their training to develop their businesses. Group mentoring sessions, where participants discuss progress made and challenges encountered, have been held with the Hanuabada and Tubusereia groups.

The first three groups have also started the final round of training on women’s rights and gender-based violence (GBV), which is provided by PSDI’s PNG-based Economic Empowerment of Women Coordinator. The first phase of that training covers definitions and different types of GBV, cycles of violence, causes and effects of GBV, and options for victims of GBV.

“This pilot project will show how access to finance coupled with knowledge and skills development can shift an informal, insecure, subsistence-oriented livelihood into a formal, sustainable, profit-driven business,” said Vijaya Nagarajan, PSDI Economic Empowerment of Women Team Leader. “It will demonstrate a scalable intervention that could be applied elsewhere to help women in working in informal sectors gain independence and contribute to economic development.”

More than 100 women from four women’s groups—from Hanuabada, Tubusereia, Pari and Lae—are taking part in the project. The first three groups have now completed the first two rounds of the course: financial literacy and basic budgeting training provided by MiBank.

The groups from Hanuabada and Tubusereia have also completed the second round of training on business development skills, which is delivered by Gingoada, an NGO that provides vocational, health and life skills training. Delivered full-time over four weeks, the training covers: small and group businesses. Participants will receive loans of up to 50,000 kina from the PNG National Fisheries Authority, with the loans administered by MiBank.

“It helps us work better with our families. Understanding a little bit more about GBV is good. Learning about fish filleting skills will help us work harder towards our dream to start a fish filleting business,” said Nanai Ehava, President of Lakwaharu Women in Fisheries, said there were benefits to each aspect of the training. “With more money in our pockets we can pay our children’s school fees, buy gifts for our families, as well as feed them,” said Maraga Kila, Secretary of Lakwaharu Women in Fisheries.

Participants will also be mentored by Gingoada staff as they use their loans and applying their training to develop their businesses. Group mentoring sessions, where participants discuss progress made and challenges encountered, have been held with the Hanuabada and Tubusereia groups.

The first three groups have also started the final round of training on women’s rights and gender-based violence (GBV), which is provided by PSDI’s PNG-based Economic Empowerment of Women Coordinator. The first phase of that training covers definitions and different types of GBV, cycles of violence, causes and effects of GBV, and options for victims of GBV.

“This pilot project will show how access to finance coupled with knowledge and skills development can shift an informal, insecure, subsistence-oriented livelihood into a formal, sustainable, profit-driven business,” said Vijaya Nagarajan, PSDI Economic Empowerment of Women Team Leader. “It will demonstrate a scalable intervention that could be applied elsewhere to help women in working in informal sectors gain independence and contribute to economic development.”

More than 100 women from four women’s groups—from Hanuabada, Tubusereia, Pari and Lae—are taking part in the project. The first three groups have now completed the first two rounds of the course: financial literacy and basic budgeting training provided by MiBank.

The groups from Hanuabada and Tubusereia have also completed the second round of training on business development skills, which is delivered by Gingoada, an NGO that provides vocational, health and life skills training. Delivered full-time over four weeks, the training covers: small and group businesses. Participants will receive loans of up to 50,000 kina from the PNG National Fisheries Authority, with the loans administered by MiBank.

“It helps us work better with our families. Understanding a little bit more about GBV is good. Learning about fish filleting skills will help us work harder towards our dream to start a fish filleting business,” said Nanai Ehava, President of Lakwaharu Women in Fisheries, said there were benefits to each aspect of the training. “With more money in our pockets we can pay our children’s school fees, buy gifts for our families, as well as feed them,” said Maraga Kila, Secretary of Lakwaharu Women in Fisheries.

Participants will also be mentored by Gingoada staff as they use their loans and applying their training to develop their businesses. Group mentoring sessions, where participants discuss progress made and challenges encountered, have been held with the Hanuabada and Tubusereia groups.

The first three groups have also started the final round of training on women’s rights and gender-based violence (GBV), which is provided by PSDI’s PNG-based Economic Empowerment of Women Coordinator. The first phase of that training covers definitions and different types of GBV, cycles of violence, causes and effects of GBV, and options for victims of GBV.
PSDI is a regional technical assistance facility cofinanced by ADB, the Government of Australia, and the Government of New Zealand.

**BUSINESS LAW REFORM**

**DID YOU KNOW?**

**THE OUTCOMES OF PSDI’S BUSINESS LAW REFORMS**

**LOWER INCORPORATION FEES**
In Tonga, the cost of registering a company has fallen 65%.

<table>
<thead>
<tr>
<th>Pre-reform</th>
<th>Post-reform</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$300</td>
<td>US$106</td>
</tr>
</tbody>
</table>

**FASTER BUSINESS INCORPORATIONS**
In Solomon Islands, most company registrations are now processed in just one-and-a-half days.

<table>
<thead>
<tr>
<th>Pre-reform</th>
<th>Post-reform</th>
</tr>
</thead>
<tbody>
<tr>
<td>45 days</td>
<td>1.5 days</td>
</tr>
</tbody>
</table>

**MANY MORE COMPANIES FORMED**
In Samoa, the rate of company registrations has almost doubled.

**NUMBER OF NEW INCORPORATED COMPANIES**

<table>
<thead>
<tr>
<th>Year</th>
<th>Pre-reform</th>
<th>Post-reform</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>122</td>
<td>112</td>
</tr>
<tr>
<td>2010</td>
<td>126</td>
<td>206</td>
</tr>
<tr>
<td>2011</td>
<td>133</td>
<td>217</td>
</tr>
<tr>
<td>2012</td>
<td>112</td>
<td>209</td>
</tr>
</tbody>
</table>

**FREELY ACCESSIBLE BUSINESS INFORMATION**
In Vanuatu, key information can now be instantly searched online for free.

<table>
<thead>
<tr>
<th>Used for regulation by</th>
<th>Used for research by</th>
<th>Used for loans by</th>
<th>Used for links with</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOVERNMENT</td>
<td>FOREIGN INVESTORS</td>
<td>FINANCIAL INSTITUTIONS</td>
<td>OTHER BUSINESSES</td>
</tr>
</tbody>
</table>

**Used for regulation by**: Government  
**Used for research by**: Foreign Investors  
**Used for loans by**: Financial Institutions  
**Used for links with**: Other Businesses