PACIFIC REGIONAL PRIVATE SECTOR STRATEGY

Manisha Mudliar
Programme Officer – Private Sector Development
Background

* The development of the Strategy follows decision of the 2021 FTM Meeting

* The Strategy to consider existing regional mechanisms, agencies in the development of the Strategy, including PIPSO, PTI, and regional frameworks eg, the 2050 Strategy for the Blue Pacific Continent, and PRED amongst others

* Private sector development must establish an enabling environment, address market failures, support business creation, and enhance the capacity of businesses to participate in the local, regional and global economy.
Regional Strategic Priorities

• focus is on 7 priority areas – building blocks of strengthening the private sector as a catalyst for sustainable economic development.

• consultations will validate priority areas.

• Short-term strategy for 5 years (2024-2028)

• Include mapping of regional private sector development initiatives and accompanied by an Implementation Plan

• Mid-term review to determine the effectiveness in achieving the intended outcomes
1: Access to Finance

- main hurdles to business expansion for women and youth led businesses, for start-ups and MSMEs.

- MSME remain backbone of Pacific economies, as the largest employer and significant contribution towards the GDP. Operate mostly in the informal sector and support the most livelihoods.

- MSMEs often lack collateral and have poor financial records to secure loans, are considered risky

- The Strategy will seek to identify and outline concrete action items to identify lending options for MSMEs to support their growth and success
- support transition from informal to formal sector.
2: Integration of Digital Technologies

- adopting digital tools has benefits such as increasing customer base, reducing transactions cost, accessing new markets, automation of business processes

- Reasons for not adopting digital technologies are attributed to lack of access due limited services and infrastructure, lack of awareness, lack of skills and training, lack of capital, high cost of acquiring and maintaining digital technologies, and lack of trust in new systems

- Peer to peer learning, upgrade of ICT infrastructure, legal and regulatory frameworks, securing e-payment options, enhancing digital skills are some solutions for consideration.
STRATEGIC PRIORITIES

3: Business Continuity Planning

- the Pacific is prone to natural disasters

- critical to have in place business continuity plans to adapt to the new operating environment. Example Covid-19

- most vulnerable are the informal sector that lacks support, social protection and the capacity to withstand shock.

- Tailored assistance towards business continuity planning is critical. Also critical is awareness on the availability of such assistance.
4: Promoting Diversification and Value Addition

- Economic diversification remains crucial for private sector growth and economic recovery.

- To achieve this, investment in infrastructure, institution and skills are required as the building blocks.

- The Pacific is primarily dependent on primary commodity production, but there is scope for value addition and diversification.

- Targeting niche markets and high-end products and services must occur parallel to scoping potential sectors.
STRATEGIC PRIORITIES

5: Conducive Business Environment

- A thriving private sector is dependent on enabling regulations supported by sound macroeconomic policies – appropriate competition policies, trade policies, tax policies.

- Consider the changing global landscape when undertaking economic recovery reforms.

- Increased trade and investment is on the agenda item of most Pacific islands, which cannot be achieved without an enabling business environment.

- Consideration will also be given to enabling business environment for all walks of businesses, including MSME’s, State-Owned Enterprises and Multi-National businesses, as a leverage to attract investment into Pacific economies.
6: Boosting Entrepreneurship

- new and growing businesses represent primary sources of job creation and innovative activities in an economy

- Since Pacific nations have young populations and the MSME sector dominated by women-led businesses, building an ecosystem to support entrepreneurial activities is important. Not excluding other vulnerable population including people with disabilities.

- entrepreneurship in most cases is not seen as positive or inspirational therefore, sharing of inspirational stories, peer to peer learning and mentoring programmes are key.
STRATEGIC PRIORITIES

7: Building Climate Resilience

- Climate change is expected to increase the frequency of natural disasters in the Pacific.

- For businesses to be sustainable and successful, the capacity of the private sector to manage risks will need to be strengthened.

- Business models and strategies must be able to integrate climate change risks to build resilience and become a core part of the business operation.

- Climate adaptation and mitigation.
STRATEGY IMPLEMENTATION

- Roadmap – short-term plan outlining action items under each priority area

- Monitoring and Evaluation – to keep track of implementation of priority areas, monitoring regional landscape on changing or new priorities for the private sector

- Roadmap will outline indicative budget, recommended implementing agencies, partners, baseline data and indicative targets to be achieved in the short run.
Thank you

Manisha Mudliar
Programme Officer – Private Sector Development
manisham@forumsec.org