

“Through the Looking Glass”

on RMI’s

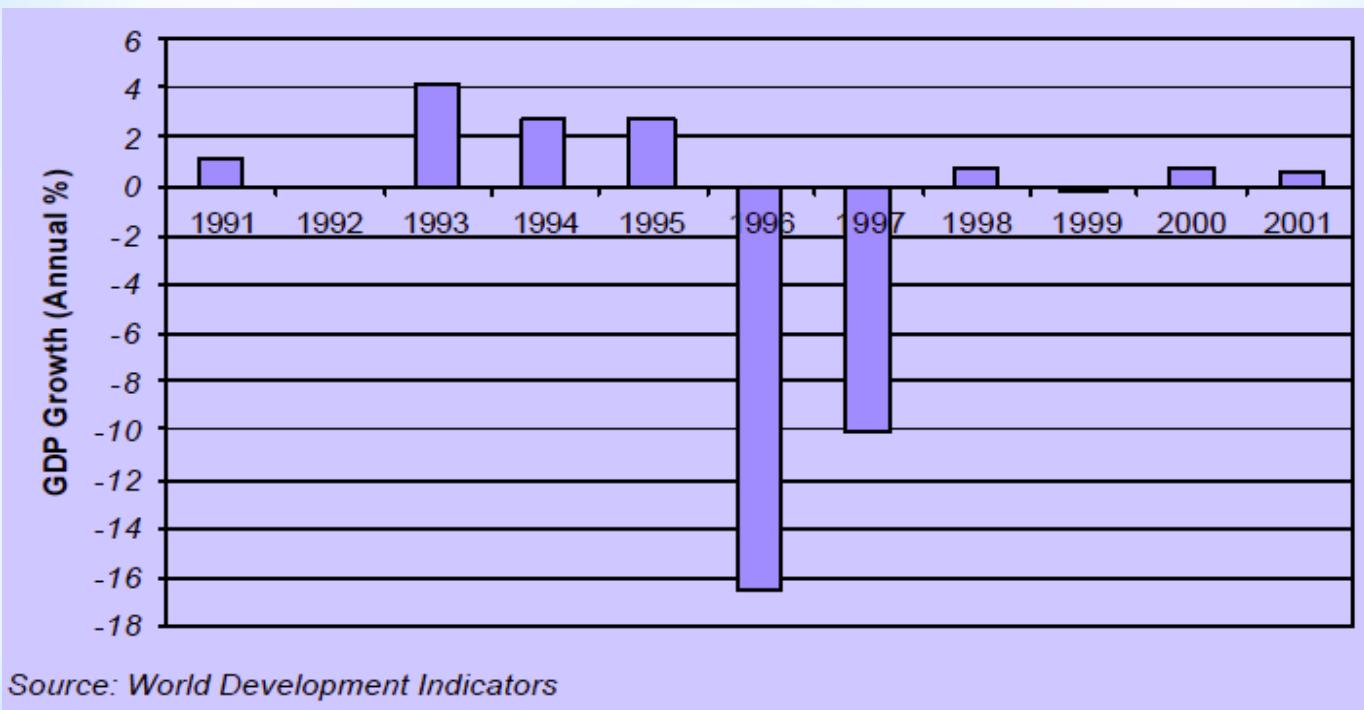
Private Sector Development

2016 Pacific Update Conference
18 - 19 July 2016
Suva, Fiji

“RMI Government announced that future growth depends on a thriving private sector and is interested in promoting private sector friendly policies within a sustainable development framework.”

***Private Sector Assessment (PSA)
2003**

*Stagnant Macroeconomy



* PSA 2003

- * Low rate of return on capital
- Substantial export of private capital

	1996	1997	1998	1999	2000
RMI (net private capital flows)	-31.2	-6.0	-1.2	-16.8	-14.7

Source: Asian Development Bank

* PSA 2003

- *Costly Business Environment
- *Concentrated Economic Power
- *Undeveloped Financial Markets
- *Limited Business/Government Consultation

* PSA 2003

*Policy initiatives

- Key to promote private sector growth by making it more competitive, changing some aspects of the role of the state in the economy
- Public-Private Dialogue Policy

*Institutional reform that will promote private contracting and encourage financial market growth.

- SOE Reform, Tax Reform, Land Reform

*Recommendations
2003

- * Doing business in the RMI is difficult
- * PSA concluded that now was the time to address the role of the state, the role of business and how reform should proceed

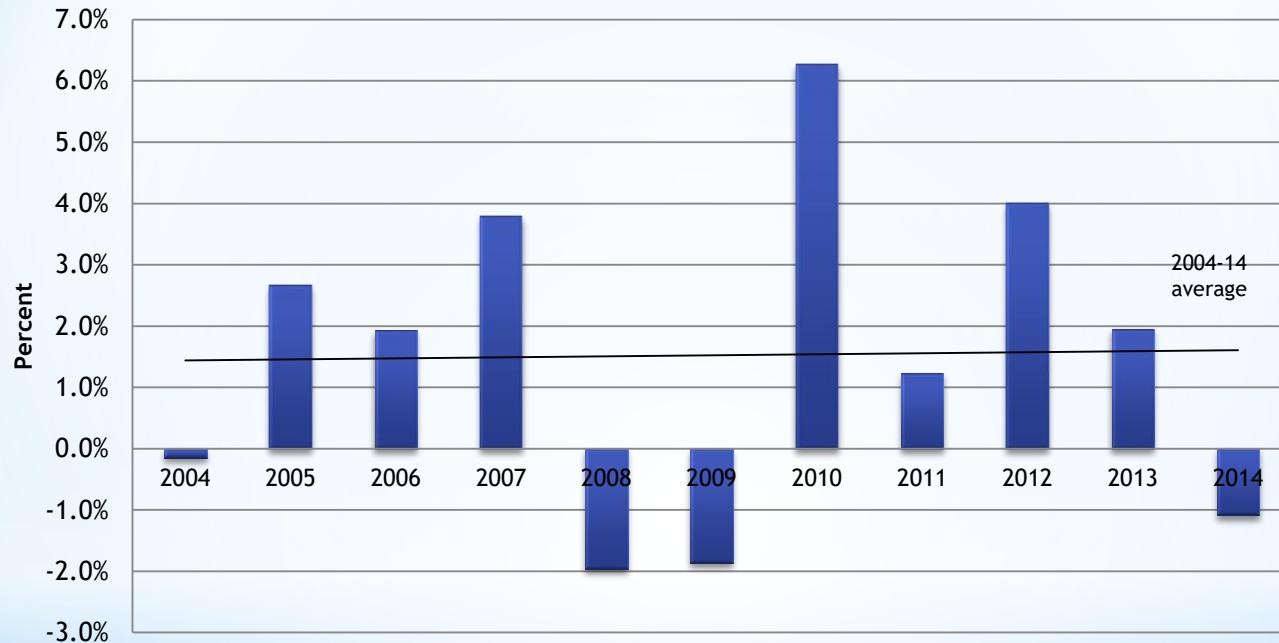
* **PSA Conclusion
2003**

In 2016, the situation is relatively unchanged from 2004. With aid unlikely to increase, sustainable future economic growth needs to be propelled by the private sector.

*Private Sector Assessment
2016

*Stagnant Macroeconomy

Figure 1. RMI Real GDP Growth 2004-2014



*PSA 2016

- * Private sector's contribution to the economy has been growing at a faster pace than that of the public sector.
- * SOE Reform legislation passed September 2015
- * Land Registry established
- * Fiscal reform efforts
 - Comprehensive Adjustment Program
 - Tax Revenue and Modernization Commission

* PSA 2016

- * The public sector continues to dominate the RMI economy.
- * Public sector employees > Private sector employees
- * Tax reform legislation did not pass and will need to be reintroduced into legislation
- * Weak public-private engagement

- * Implement SOE Reform legislation
- * Revitalize Tax Reform efforts
- * Renew efforts to strengthen land security to facilitate commercial development
- * Support development bank as a source of capital for SMEs
- * Strengthen Public-Private Engagement

* Recommendations 2016

View challenges not as
hurdles but opportunities
as we transition from

“Through the Looking Glass”
to
Navigating
the Private Sector
Development



*Outlook on Private Sector



Kommol Tata
Thank you
Vinaka vakalevu