

Forum Leaders and private sector dialogue

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Improving access to finance for Pacific island enterprise was the focus of the first Private Sector Dialogue with Forum Leaders, held on Wednesday 4th August in Port Vila, Vanuatu. Private sector representatives from around the region met with Leaders to discuss ways countries could grow the private sector through increased access to capital.

“Less than 20% of adults in the Pacific have access to financial services, and fewer still have access to credit,” the Chair of the Private Sector Dialogue, Mr Kaliopate Tavola, said.

“Small and medium enterprises make up much of the private sector in the Pacific, and these enterprises face great difficulty accessing finance to support their establishment and growth.”

Participants and Leaders discussed issues such as the need to introduce credit bureaus, introduce consistent customer identification requirements throughout the region, and improve opportunities to collateralize customary land and other assets.

“Start-up enterprises often have difficulty obtaining credit, especially when entrepreneurs do not have land as collateral. Pacific island women are particularly affected by this problem, as many are unable to hold title to land.”

“Today’s Dialogue with Leaders was a first step toward addressing some of the critical constraints faced by the private sector. “

Participants drew attention to the problems faced by businesses during the global economic crisis.

“One of the most significant impacts of the global economic crisis was the tightening of capital around the world,” said Mr Tavola. “When the crisis hit, many banks limited access to finance for small to medium enterprises. This sudden withdrawal of financing services made the already fragile private sector less able to withstand the crisis.”

“The private sector asked Leaders to work with commercial banks to ensure that lending and overdraft services are maintained during times of economic uncertainty.”

Business representatives encouraged better coordination between governments, development partners and private sector representatives.

“The private sector asked Pacific Islands Private Sector Organisation (PIPSO) to work with national governments and development partners to improve the coordination of private sector financing initiatives, and to promote financing opportunities to the private sector” said Mr Tavola.

The Private Sector Dialogue is an initiative of the Cairns Compact on Strengthening Development Effectiveness in the Pacific, whereby Forum Leaders committed to an annual high level dialogue with national, regional and international representatives of the private sector, as part of the Pacific Islands Forum, to foster the reforms required for faster private sector growth and employment generation.

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