

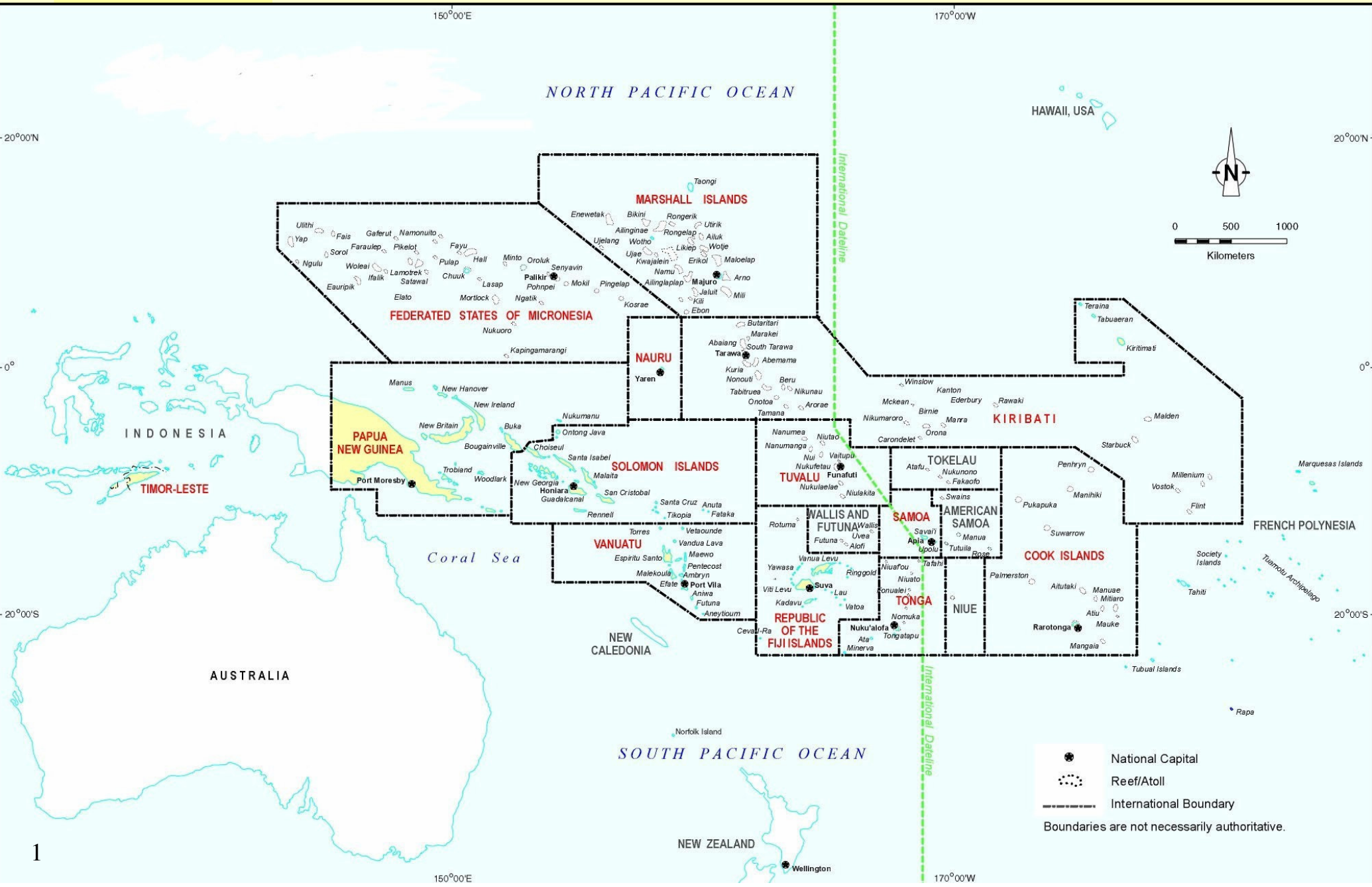
Private Sector Development in the Pacific Islands: Swimming Against the Tide?

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The Pacific Islands



Pacific Reality?

Fiji

Tropical Utopia?

Kiribati

Pacific Reality and the Need for PSD

- Pacific Reality
 - Disappointing economic performance
 - Growing demands for services
 - Lacking investments in basic infrastructure and human potential
- Private sector potential
 - Generates jobs and income
 - Delivers public services in a cost-effective and efficient manner
 - Provides consumer choices
 - Creates tax revenue
 - Stimulates ideas and innovation



The Role of the State – A Key Issue

- Poor performance of public service and SOEs
- Heavy burden on public finance, business, consumer, and economic growth
- Unreliable and expensive infrastructure services
- Provision of other public goods (property rights, legal system)



Emerging Solutions

- Momentum for change, locally driven
- Growing number of success stories
- Reform options and methodologies known and tested
- Optimal mix of ownership and regulation to achieve the best outcomes
- Private sector development in small and weakly performing states
- ADB's catalytic role



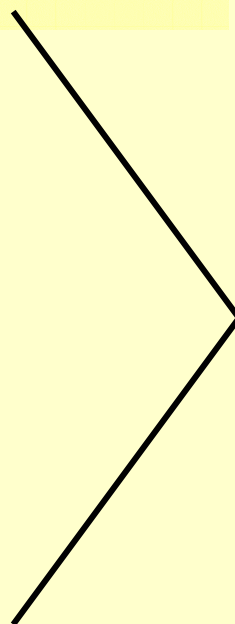
Opportunities

- Policy reform – enabling environment
- Private participation in infrastructure
- Project finance
- Privatization
- SOE reform
- Innovative project models and structures



Taking the Agenda Forward

- **Reform support**
- **Responsiveness**
- **Innovation**
- **Catalyst**



- ✓ Private Sector Development Initiative
- ✓ Infrastructure Initiatives
- ✓ Mobilization of private investment

Taking on the Challenge



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