



PACIFIC ISLANDS FORUM SECRETARIAT

PIFS(25)FEMM.7

FORUM ECONOMIC MINISTERS MEETING

22-23 July 2025
Suva, Fiji

AGENDA ITEM 7: PACIFIC REGIONAL PRIVATE SECTOR STRATEGY

Purpose and Recommendation

Purpose

The purpose of this paper is to seek endorsement of the Pacific Regional Private Sector Strategy (PRPSS), focusing on its strategic pillars and priority areas for the 2025–2030 period, and to review next steps for implementation, including ongoing collaboration with international partners like the OECD and ADB on potential Regional Collective Actions (RCAs). The Draft Strategy, incorporating Member feedback and inputs from the Validation Workshop, is provided in **Annex 1**.

Summary

The PRPSS 2025-2030 outlines the following strategic pillars that are critical ensuring that the private sector, particularly our Micro, Small and Medium Enterprises (MSMEs) have an enabling environment and all necessary support to not only survive but truly thrive:

- i. Business Enabling Environment;
- ii. Business Growth and Innovation;
- iii. Access to Finance;
- iv. Building Future Resilience;
- v. Inclusive Entrepreneurship; and
- vi. Regional Dialogue.

These pillars were discussed and finalised at a Validation Workshop that was held on 4 July, 2025. Forum Trade Ministers Meeting (FTMM) convened on 18 July 2025 supported the strategic pillars and priority areas outlined in the draft PRSs 2025-2030 and welcomed the proposed next steps, of the Strategy presented to Forum Economic Ministers for endorsement and tasking to the Secretariat to proceed with developing the Implementation Plan.

A. Problem/Opportunity Identification

The private sector plays a pivotal role in driving economic growth and sustainable development. Therefore, it is imperative therefore that Forum Members continue to elevate their ambitions for private sector development through targeted interventions that foster an enabling business environment, address systemic market failures, and supports enterprise creation and enhanced capacity of Pacific businesses. This will better position the Pacific private sector to effectively participate in the local, regional, and global economy.

2. Private sector development concerns have traditionally been addressed through sector-specific policies of the Forum processes, including regional strategies under the Forum’s mandate. While this has achieved some recognition of the Pacific’s private sector priorities, the uneven approach and means to addressing these concerns have hindered coordination, synergies, and impacts of private sector development. The development of the PRPSS offers an important opportunity to leverage the collective strengths of Forum Island Countries (FICs), to foster regional economic integration through cross-border collaboration, and to facilitate knowledge and resource sharing to advance shared economic objectives across the Pacific region.

3. In 2021, Trade Ministers tasked the Secretariat with establishing clear priorities and strategies to accelerate the private sector’s recovery from the impacts of COVID-19. As part of this mandate, the Secretariat was directed to consult closely with Members, the Council of Regional Organisations of the Pacific (CROP), and relevant technical institutions, and to draw on existing regional mechanisms and agencies’ experiences including the Pacific Islands Private Sector Organisation (PIPSO), the Pacific Trade Invest (PTI) Network, and other relevant bodies providing support to the private sector in response to COVID-19.

4. Given the cross-cutting nature of private sector development across multiple sectors, the PRPSS 2025-2030 will focus on fostering the growth and sustainability of MSMEs, which are widely recognised as the backbone of Pacific economies.

5. Accordingly, the theme of the PRPSS 2025-2030 is “Strengthening Foundations for Resilient and Inclusive MSME Growth.” This theme reflects the core objective of the Strategy, which is to create a more robust and supportive business enabling environment for MSMEs. By focusing on these foundational elements, the Strategy aims to address the most pressing challenges that domestic MSMEs encounter, with the goal of unlocking their full potential and ensuring that they thrive in an increasingly competitive and dynamic global market.

B. Background

6. In 2023, Members endorsed the PRPSS Concept Note, acknowledging the importance of prioritising and rationalising priority areas identified through consultations with Pacific stakeholders. These priorities were selected based on their critical relevance and feasibility for execution within the Strategy’s implementation timeframe. This approach seeks to ensure that the Strategy addresses the most pressing issues working through the implementation of Regional Collective Actions (RCAs), and in collaboration with technical agencies, international organisations, and donor partners. By aligning efforts and optimising the use of limited resources, the PRPSS aims to deliver outcomes over the period 2025-2030.

7. In 2023, Forum Trade Ministers recognizing acknowledged that the PRPSS would be a key deliverable of the Pacific Roadmap for Economic Development (PRED) and requested that the FEMM oversees its development. While the FEMM will provide overarching direction, the FTMM will continue to provide trade-specific guidance and oversight to ensure alignment with national trade priorities and evolving trade dynamics. This approach will ensure the integration of private sector priorities and perspectives into the Forum’s policymaking processes and further strengthen coherence between the trade and economic development agendas.

C. Linkages to Current Regional Initiatives

8. The PRPSS 2025-2030 complements and advances the aspirations of the 2050 Strategy for the Blue Pacific Continent (2050 Strategy).

9. Further, private sector development is a key pillar of the PRED, which serves as the implementation framework for the Resources and Economic Development (RED) thematic area of the 2050 Strategy. Specifically, Systems Outcome 1.4 of the PRED calls for “strengthened policies, legislation, and mechanisms, that support the development and sustainable growth of the private sector.”

10. The cross-cutting nature of private sector development extends far beyond the RED thematic area of the 2050 Strategy. The successful implementation of the PRPSS is expected to generate positive ripple effects across the remaining six thematic areas of the 2050 Strategy; including Political Leadership and Regionalism, People Centred Development, Peace and Security, Climate Change and Disasters, Oceans and Environment, and lastly, Technology and Connectivity.

D. Policy Analysis and Value Add of the Strategy

11. The PRPSS 2025-2030 focuses on strengthening domestic MSMEs across the Pacific. It outlines priority areas identified as critical to MSME development, with the aim of addressing key challenges and unlocking the sector’s full potential. These priorities were shaped through high-level consultations with Forum Members, including a survey that was distributed to National Private Sector Organisations (NPSOs), private sector dialogues held in the margins of the FEMM and the Pacific Islands Forum Leaders Meeting (PIFLM), and technical input received from international agencies. A final Validation Workshop was convened to confirm the strategic focus areas with relevant stakeholders. **Annex 2** outlines the strategic pillars and priority areas.

12. The Strategy is the first regional initiative solely dedicated to private sector development in the Pacific. While various initiatives led by the Secretariat involve the private sector as either direct or indirect beneficiaries, this Strategy stands out for its targeted focus on the growth, transformation, and resilience of MSMEs, which has previously been a key feature of regional frameworks.

13. The Strategy is designed to address the systemic barriers that prevent many MSMEs from participating in or benefiting from current programmes. These challenges include issues related to scale, informality, lack of registration, and limited capacity to generate measurable

impacts. By addressing these constraints, the Strategy seeks to strengthen the foundational capacity of MSMEs, enabling them not only to access and benefit from existing initiatives but also to contribute meaningfully to broader economic activity. Ultimately, the Strategy aims to foster a more inclusive private sector ecosystem by expanding the base of economic participation.

14. In addition to removing these structural barriers, the Strategy places a strong emphasis on fostering inclusive entrepreneurship particularly among women, youth, and marginalised groups, and advancing digital inclusion to broaden access to economic opportunities and to enhance productivity. By addressing these critical areas, the Strategy seeks to create a more enabling environment for private sector participation and innovation, thereby supporting long-term economic resilience and sustainable development throughout the Pacific.

15. The implementation of the Strategy will rely on a range of mechanisms designed to address the multifaceted challenges facing private sector development in the Pacific region. These mechanisms include targeted regulatory reforms that are aimed at simplifying business registration processes, improving transparency, and fostering a more conducive investment climate. Capacity building programmes will also be employed to strengthen the skills and capabilities of MSMEs, and relevant public institutions, ensuring that they are better equipped to participate in and support a dynamic private sector.

16. Regional coordination and integration efforts will play a key role in sharing best practices, and leveraging collective bargaining power in areas such as trade, investment promotion, and infrastructure development. Additionally, the Strategy will be supported through technical assistance provided by development partners and regional organisations, which will help to address capacity constraints, support policy implementation, and ensure alignment with international best practice. Together, these mechanisms aim to create an enabling ecosystem for sustainable and inclusive private sector growth across the Pacific.

E. Consultations

17. In developing the draft PRPSS 2025-2030, the Secretariat worked closely with a Quality Assurance Expert, undertook high-level consultations with Members, conducted a survey with NPSOs, and secured technical assistance from the Organisation for Economic Co-operation (OECD), the Asian Development Bank Private Sector Development Initiative (PSDI), and the International Labour Organization (ILO). The development of the Strategy, was socialised with Members through established Forum processes, including the meetings of the Pacific Economic Sub Committee (PESC), FEMM, and the FTMM. This consultation process is outlined at [**Annex 3**](#).

F. Validation Workshop

18. The objective of the Validation Workshop was to:

- i. Seek feedback from Members, CROP agencies, civil society organisations (CSOs), private sector representatives, international organisations, and development partners, to ensure that the Strategy's pillars align with national and regional priorities;

- ii. Provide a forum for open discussion on the Draft, as a means of identifying areas requiring improvement, while ensuring buy-in from relevant stakeholders; and
- iii. Provide a platform for international organisations to introduce and discuss potential RCAs with Members, with a view to aligning them to the Strategy's implementation activities.

19. The Workshop was attended by 51 participants including Members, industry and sector organisation representatives, NPSOs, CSOs, CROP, international agencies, and development partners. Forum Member government that attended were from the Cook Islands, Kiribati, New Caledonia, New Zealand, Niue, Palau, the Republic of the Marshall Islands, Samoa, the Solomon Islands, Tuvalu, and Vanuatu.

20. The Workshop unanimously endorsed the strategic pillars and priority areas, recognising their strong alignment with the current challenges facing the private sector, particularly MSMEs, and expressed full support for the Strategy's endorsement and implementation.

21. The outcomes document for the Validation Workshop is attached at **Annex 4** with main discussion points noted below:

- (i) Achieving agreed RCAs across all five strategic pillars may not be feasible due to the diverse private sector landscapes in each of the 16 Forum Island Countries (FICs). Therefore, national-level actions may need to be considered;
- (ii) The limited capacity of implementing agencies must be strategically considered under the PRPSS;
- (iii) Enhancing private sector leadership through training programmes for Members of NPSO's must be considered;
- (iv) While formalising the informal sector is a desirable goal, it may not be practical or appropriate in all contexts;
- (v) Emphasis was placed on the unique structural and resource challenges of the Smaller Island States, which requires appropriate consideration of tailored and scalable approaches;
- (vi) The addition of inclusive entrepreneurship was welcomed;
- (vii) The incorporation of entrepreneurship into the education curriculum was discussed as a means of embedding entrepreneurial mindsets from an early stage;
- (viii) The revitalisation of PIPSO was encouraged, to support peer exchanges across NPSOs;
- (ix) A repository to ensure access to best practice in the space of private sector development must be considered; and
- (x) Enhancing the productivity of businesses must be further strengthened in the Strategy.

G. NEXT STEPS FOR IMPLEMENTATION

22. Should the PRPSS 2025-2030 be endorsed by the FEMM, the Secretariat will work collaboratively with Forum Members, international organisations, donor partners, and regional institutions, to develop an Implementation Plan. This will be progressed for out-of-session

endorsement by Members by the end of the year. The IP will guide the Strategy’s first five-year phase, providing a structured approach to delivering key priorities.

23. The IP will also outline targeted RCAs, establish clear milestones, and identify responsible stakeholders and resource requirements. A coordinated regional effort will be fostered by leveraging partnerships with Forum Members, private sector organisations, development partners, and regional institutions.

24. The Secretariat is in discussions with the OECD on potential RCAs, including the development of a MSME definition guideline. The OECD has also expressed interest in adapting its SME Policy Index¹, which is a monitoring and evaluation framework used to assess the effectiveness of Strategy implementation, and the impact of MSME related policies in Member countries. The Policy Index indicators will be developed in consultation with Members and tailored to the Pacific’s unique social, political, and economic, context. A brief on the MSME Policy Index is attached at [Annex 5](#). In due course, this will be used to inform a Draft Concept Note to guide this work. The OECD presented these suggestions for Members’ consideration at the Validation Workshop.

25. In addition, the Secretariat is liaising with the ADB’s PSDI to explore the possibility of incorporating the findings of the “Pacific Islands Private Sector Assessment” into the PRPSS 2025-2030 IP, and to explore opportunities for further collaboration in the implementation of the Strategy. The Assessment would need to take into account the current landscape of private sector activities across the region (including the engagement of other development partners), identify sectors with the highest potential for private sector investment, and pinpoint the challenges and barriers that hinder private sector development. It would serve to inform the ADB’s strategy to promote private sector development, and to identify areas in which the ADB can assist governments in implementing reforms to encourage sustainable growth and related opportunities, and where the ADB can provide transaction advisory services. The ADB conducted a presentation on this work and its broader private sector development programme at the Validation Workshop in July, including an update on the Pacific Islands Private Sector Assessment and potential areas for collaboration.

26. The Secretariat will continue to engage with donor partners and other international agencies to ensure that the Strategy’s strategic pillars are well-resourced for effective implementation. Additionally, the Secretariat will establish a robust Monitoring, evaluation, and Learning (MEL) Framework, and will plan a midterm review of the Strategy, to track progress, assess the effectiveness of resource mobilisation efforts, and make necessary adjustments, to ensure continuity, relevance, and alignment with the strategic objectives.

Pacific Islands Forum Secretariat

Suva, Fiji

20 July 2025

¹ [SME Policy Index | OECD](#)

Pacific Regional Private Sector Strategy Priorities

Strategic Pillars	Desired Outcome	Priority Focus Areas
1. Business Enabling Environment	A conducive and efficient business environment that enables MSMEs to thrive, with streamlined regulatory frameworks, clear MSME definitions and databases, and robust institutional support.	<ul style="list-style-type: none"> a. Simplifying business registration b. Developing and standardising MSME definitions and databases. c. Exploring activities addressing informality d. Promoting Entrepreneurship Education through exploring collaboration with schools, Universities and other institutions.
2. Business Growth and Innovation	Strengthening the growth and competitiveness of MSMEs through innovation, helping alleviate key needs and allowing them to easily expand, reaching new clients/markets and develop new products.	<ul style="list-style-type: none"> a. Expanded access to business development services. b. Increased innovation and productivity c. Promotion of digitalisation d. Strengthening Small Business Development Agencies (SBDAs)
3. Access to Finance	To enhance financial inclusion for underserved groups, including women, youth, and persons with disabilities, by developing alternative business financing models that are inclusive, accessible, and effective.	Develop and implement alternative credit assessment models that utilise innovative methods to assess creditworthiness for underserved groups.
4. Building Future Resilience	Strengthen the disaster resilience of MSMEs across the Pacific region by ensuring the widespread adoption of Business Continuity Plans (BCPs) and resilience instruments, including microinsurance.	<ul style="list-style-type: none"> a. Promote the widespread adoption of Business Continuity Plans (BCPs) b. Establish partnerships with insurance providers to develop affordable and tailored microinsurance products that better meet the specific needs of MSMEs, enhancing their financial resilience against disasters.
5. Inclusive Entrepreneurship	Create a skilled, employable, and resilient workforce and entrepreneurs in the Forum Island Countries, with a particular focus on	<ul style="list-style-type: none"> a. Enhancing Technical and Vocational Education and Training (TVET) through

	empowering youth, women and disadvantages communities.	<p>strengthening education and skills development programmes</p> <ul style="list-style-type: none"> b. Support for Sustainable Reintegration by creating pathways for returning workers to apply their skills locally c. Explore addressing specific barriers faced by women and youth entrepreneurs d. Expand awareness and support for social entrepreneurs
6. Regional Dialogue	Enhance regional integration by ensuring a revitalised and fit-for-purpose regional private sector organisation and strengthening National Private Sector Organisations, thereby enabling the exchange of good practices and data among the relevant authorities.	<ul style="list-style-type: none"> a. Strengthen the effectiveness of the dialogue mechanisms within the Forum process and at the regional level. b. Conduct public-private policy dialogues. c. Explore creation of mechanisms for exchange of regional data and conducting regional analysis to support policy-making decisions. d. Facilitate improvements to the governance of PIPSO following the key recommendations of the 2019 PIPSO review report.

PRPSSP Consultation Process

	Activity/Meeting	Date
1	Concept Note for Strategy Development and OACPS Consultant Terms of Reference circulated for review and comments to Members via a Circular	April 2023
2	FTMM endorsement of the Concept Note, including the proposed seven strategic areas to form the basis of stakeholder consultations on the development of the PRPSS and its Implementation Plan. FTMM also requested FEMM to spearhead the development of the Strategy	October 2023
3	Onboarding of OACPS Consultant	December 2023
4	Pacific Economic Sub-Committee's consideration of FTMM's request to spearhead the development of the Strategy and endorsement of proposed strategic areas	February 2024
5	High-level consultations with Members	February 2024-June 2024
6	Survey with National Private Sector Organisations and PIPSO	March 2024
7	Presentation on the Strategy's draft strategic areas at the Pacific Tripartite High-Level Dialogue on Decent Work and the 2050 Strategy for the Blue Pacific Continent	April 2024
8	Submission of draft Strategy (v1.0) to PIFS by the OACPS Consultant	May 2024
9	Secretariat's engagement of a Quality Assurance Expert to ensure the Strategy is fit for purpose, which noted substantial improvement to the draft developed by OACPS engaged Consultant	June 2024
10	FEMM updated on the progress of Strategy development, including FTMM's 2023 outcome requesting the support of FEMM to lead the formulation of the Strategy. FEMM was submitted a table showing proposed changes to the draft Strategy by the Quality Assurance Expert	August 2024
11	Submission of revised draft Strategy developed by the Quality Assurance Expert to PESC (v2.0)	October 2024
12	Presentation on the Strategy's draft strategic areas at the "Regional Workshop on Strengthening Pacific Connectivity Inter-Agency Collaboration through Trade	December 2024
13	Circulate the revised draft to other partners including OECD, ADB PSDI, ILO, World Bank, Griffith Asia Institute	January 2025
14	Forum Trade Officials Meeting considered the strategic pillars and priorities outlined in the revised draft Strategy by the Quality Assurance Expert and the Secretariat	February 2025
15	Incorporate comments into the new draft Strategy (v3.0) received from Members and other partners	March 2025
16	Submission of Strategy (v3.0) to the 8 th PESC	June 2025

17	Validation Workshop	July 2025
18	Update to Forum Trade Ministers Meeting	July 2025