

PRIVATE SECTOR GROWTH AND PARTICIPATION

Fact Sheet

BACKGROUND

Increased private sector investment is imperative to broaden the economic base, create higher paying jobs, lead innovation and strengthen the resilience of the economy. Private sector participation and partnership is also vital for Fiji's attainment of the Sustainable Development Goals. In particular reducing poverty, skill development, delivering essential infrastructure, promoting environmental sustainability, addressing climate change and in the provision of affordable goods and services.

However, private sector growth within the Fijian economy continues to remain relatively low despite the numerous incentives and reforms introduced to safeguard investors and improve the investment climate.

CURRENT STATUS

In the 2023-2024 financial year, Government has allocated FJ\$9.0 million towards the Ease of Doing Business initiative to promote Fiji as an ideal investment destination. Additionally, the establishment of the Investment Facilitation Committee aims to boost investor confidence by creating a platform for raising issues that hinder a conducive investment environment. To further promote growth, Government has also streamlined the tax system by removing the three-tier VAT rates to just two rates of zero and 15 percent.

CHALLENGES

1. *Legislative reform:* Need to review legislative and institutional framework to make Fiji more investor friendly.
2. *Lack of an enabling environment:* Investments continue to be hindered by the lack of an enabling environment in the areas of transport connectivity, storage and logistics to support business innovation and creativity.

3. *Presence of State-Owned-Entities:* limits private sector investment due to the prevalence of SOE's impacts also affect Fiji's competitiveness market.
4. *Labour shortage:* Need to address shortage of labour and skilled workers.

OPPORTUNITIES

1. *Investments in commercial agriculture* – capitalize and foster large-scale commercial agriculture through both public and private investments.
2. *Review legislations and streamline regulatory processes* – simplify existing bureaucratic measures to support an investor friendly market.
3. *Human Capital Development* - Implementing comprehensive reskilling training programs targeting specific skills required by the industry.

FUTURE POLICIES AND STRATEGIES

- **Review institutions and legislations:**
 - ✓ Simplify investor visa and work permit processes to attract foreign investments.
 - ✓ Address restrictions on foreign investors by reconsidering participation limitations, local ownership requirements, and minimum thresholds.
 - ✓ Digitize and streamline business start-up processes further, reducing manual compliance stages to minimize costs and time for investors.
 - ✓ Review and update policies regularly based on feedback from private sector stakeholders and changing economic conditions.
 - ✓ Improve access to land for private sector investment.

➤ **Building sufficient human capital to cater for increased private sector investments:**

- ✓ Establish and support comprehensive training and skills development programs, specifically tailored to the needs of promising sectors.
- ✓ Collaborate with educational institutions, international organisations, and private sector stakeholders to align training programs with industry requirements.

➤ **Institutional Strengthening:**

- ✓ Reform wage structure in the construction sector to retain workers
- ✓ Foster an environment conducive to efficiency-seeking investments by creating transparent and investor-friendly policies.
- ✓ Implement reforms to address weaknesses in the institutional, legal, and regulatory framework.
- ✓ Evaluate and potentially reduce the presence of State-Owned Enterprises (SOEs) in sectors that could be operated more efficiently by the private sector.
- ✓ Strengthen inter-agency coordination.
- ✓ Improve efficiency of the judiciary system.