

Fostering Private Sector DEVELOPMENT in Solomon Islands

Presented by
Hon. Rick Houenipwela,
Minister for Finance and Treasury, Solomon Islands

Summary

- Overview of the Solomon Islands economy
- Challenges
- Reform Priorities and Initiatives
 - Business Reforms
 - Tax Reforms
 - SOE Reforms
 - Budget Reforms
- Engagement with Development Partners (IFC)

Overview of Solomon Islands Economy

The Solomon Islands Economy – where it came from and where it is heading to..



Challenges

- Improve access to financial services
- Remove impediments to growth
- Manage the impact of declining logging
- Improve management of public expenditure through budget development and improving accountability

Priority Reforms and Initiatives

Business Reforms

- Establishment of a National Financial Services Inclusion Taskforce - government promoting policy reforms aimed at improving access to financial services
- New Secured Transaction Law
- Establishment of an online Companies Registry through the New Companies Act
- Review of the Solomon Islands National Provident Fund (NPF) Act
- Establishment of the Telecommunication Commission - new mobile supplier provider allowed into the market

Tax Reforms

- Improving Revenue Administration
- Developing a Mining Tax Framework
- Reviewing of Customs and Excise Legislation – particularly on Customs Valuation and Exemption Reforms
- Determined Value for Logs
- Increasing of the Personal Exemption Threshold

SOE Reforms

- New SOE Act (2007) and new SOE Regulations (2010)
- Privatization of failed SOEs
- Improving the Management and Finances of SOEs that are directly contributing to improving Service Delivery
- Introduction of New Policies - Community Service Obligations
- Solving the Debt issues with Solomon Island Electricity Authority (SIEA). Part of this is restructuring of the Tariffs for Solomon Islands Water Authority(SIWA)
- Public and Private Partnership/Participation in SOE Service Delivery

Budgetary Reforms

- Establishment of National Transport Fund allocations in the Development Budget for all Transport Development Projects
- Increasing transparency and accountability
 - Greater inclusion in budget preparation process
 - Linking the annual budget to the National Development Strategy (NDS) and Medium-Term Fiscal Strategy (MTFS)

Engagement with the International Finance Corporation

- Energy Infrastructure
- Mining
- Fisheries
- Advisory services to support broader private sector development

Evidence of Fostering Private Sector Development: WB Ease of Doing Business

- Ease of Doing Business ranking has improved from 81 to 74 in 2012 (from 183 countries)
 - **Starting a Business:** online business registration
 - **Registering Property:** faster – separating land from business & movable property registries
 - **Protecting Investors:** increasing shareholder access to corporate information
 - **Resolving Insolvency:** New law that simplifies insolvency proceedings

The End

Tagio Tu Mas