

**PACIFIC ISLANDS PRIVATE SECTOR  
ORGANIZATION (PIPSO)**

# Independent review of PIPSO 2015: Main report

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**Savenaca Narube**

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After over 7 years since its establishment, PIPSO commissioned an independent review of its performance. The study concludes that PIPSO's performance has been satisfactory although there are improvements to relevancy, effectiveness and sustainability that should now be addressed to consolidate its position as the peak private sector institution in the Pacific region. The study was funded by the Pacific Leadership Program

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This is an independent assessment of the performance of PIPSO. While consultations were held with stakeholders including the Secretariat, the views expressed in this assessment are solely those of the independent evaluator. I wish to extend my appreciation to the CEO Ms. Mereia Volavola for her support and guidance and to Ms. Winifred Gauna for her valuable assistance. I thank those that gave their time for interviews and those that participated in the survey.

## Abbreviations

ADB:	Asian Development Bank
AGM:	Annual General Meeting
CEO:	Chief Executive Officer
DFAT:	Department of Foreign Affairs and Trade
FEMM:	Forum Economic Ministers Meeting
FTMM:	Forum Trade Ministers Meeting
IAR:	Independent Assessment Report
MOU:	Memorandum of Understanding
NPSO:	National Private Sector Organisation
PIDF:	Pacific Islands Development Forum
PICs:	Pacific Island Countries
PIF:	Pacific Islands Forum
PIFS:	Pacific Islands Forum Secretariat
PIPISO:	Pacific Islands Private Sector Organisation
PLP:	Pacific Leadership Program
PNG:	Papua New Guinea
RPSO:	Regional Private Sector Organisation
SP:	Strategic Plan
SMEs:	Small and Medium Enterprises
SPTO:	South Pacific Tourism Organisation
UN:	United Nations
WB:	World Bank

**FINAL DRAFT**

**Review of Pacific Islands Private Sector Organization  
Independent Assessment Report (IAR)**

**1. Pacific Islands Private Sector Organisation(PIPSO)**

**1.1 Establishment**

The important role of government in building a supportive climate for private sector development is globally recognized. Numerous studies in the region have concluded that it is the private sector irrespective of its size and not government that is the sustainable creator of jobs and incomes of the people of the Pacific. However, the support by regional governments to private sector development does not match its importance to the economies. While progress continues to be made to integrate the needs of the private sector in the development of economic policies, unfortunately, there is still a long way to go for governments to effectively respond to the needs of the private sector in the Pacific. Words do not match the actions on the ground. Disappointingly, this double talk is reflected in the low ranking of Pacific Island Countries (PICs) in the World Bank indicator of the “Ease of Doing Business”<sup>1</sup>.

The call by the Pacific Island Forum (PIF) Leaders in their 1992 meeting for a mechanism for its engagement with the private sector in its economic policy dialogue was therefore a defining one in strengthening government and private sector partnership. It provided the long awaited gateway for private sector issues to be brought to the Leaders’ discussion table which put in train a chain of events that ultimately led to the establishment of a regional institution which we now call the Pacific Island Private Sector Organisation (PIPSO).

A significant development was the designation by Forum Leaders in the Pacific Plan of PIPSO as the lead agency for the facilitation of regional private sector development. In response to the desire by the Leaders to listen to the views of the private sector in the region, the inaugural Forum Economic Ministers Meeting (FEMM) in 2005 decided to strengthen public-private sector partnership which resulted in the setting up of the Regional Private Sector Organisation (RPSO). The name was later changed to PIPSO. Consultations in this study indicate that the support for the establishment of a regional private sector organisation was far from unanimous. Several countries took the view that such an organisation was not relevant at the national level given the small size of their private sector. Generally, private sector organisations in smaller countries were not well organized, underfunded and lacked capacity. In the larger countries, private sector organisations jostled on who should represent the country in this new organisation. The exclusion of Australia and New Zealand who are members of PIF was an additional hurdle to the formation of PIPSO. Ultimately, with the desire to respond to the Pacific Leaders’ call and the drive of several committed individuals, RPSO was formed in 2005 and subsequently PIPSO in 2008.

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<sup>1</sup> “Doing Business 2014” World Bank Group

PIPSO has decided to undertake an independent review of its performance. This review is timely as PIPSO makes the transition from its establishment phase to consolidating its position as a peak private sector institution in the region.

## 1.2 Primary Purpose

In line with the PIF Leader's call, PIPSO was set up to be the conduit of the voice of the private sector at the regional level. Article IV (1) of the Constitution of PIPSO states that, ***"The overall goal of PIPSO is to represent the interests of private enterprise regionally and internationally"***. This role was stressed by respondents of the survey. Interestingly, the constitutional purpose of PIPSO does not mention actions at the national level. This was not an omission. PIPSO was clearly meant to be a facilitator and coordinator at the regional level. Actions to support the private sector at the national level were clearly the realm of national institutions. For effective resource allocation and a sharper focus, there should be a consensus at all levels of the organisation of this primary purpose of PIPSO. Everything else including the strategic plan must align themselves to this core purpose

PIPSO's 2013-2015 Strategic Plan (SP) states that ***"The Strategic Plan affirms PIPSO's mission to lead the facilitation of private sector- driven economic growth for the benefit of the region."*** There is a hierarchical difference in the definitions of the role of PIPSO in the Constitution and the SP. While the Constitution identifies the tasks, the SP defines the impact of PIPSO. However, there is a fundamental difference in these two statements. The SP appears not to limit PIPSO's facilitation role to the regional level as clearly stipulated in the Constitution. In fact the SP has the facilitation at the regional level as one of its seven focus areas. Since the Constitution is the founding document of the organization, it must prevail over the SP. If the primary purpose as envisaged under the Constitution remains then the SP must align itself explicitly to this aim. If this primary purpose has shifted, then the Constitution should be changed to reflect the intention.

## 1.3 Governance

### 1.3.1 Constitution:

The Constitution of PIPSO was drawn up at its establishment and sets out its governance and operation.

**Recommendation 1: Review the Constitution:** Now that PIPSO has been in operation for over 7 years, it is timely to review the Constitution to take into account the lessons learnt, changes in the dynamics of regional relations, governance structure and scope of its primary purpose.

### 1.3.2 Membership:

The members of PIPSO are the National Private Sector Organisations (NPSO) and other regional stakeholders whose memberships are accepted in accordance with the provisions of the Constitution and the By-Laws of PIPSO. There are three classes of members: (i) Regular; (ii) Affiliate; and (iii) Associates.

### **1.3.3 Corporate structure:**

PIPISO is a corporate entity established under Fiji's Company's Act. It connects to each country through the NPSO. One NPSO was selected for each country based on the coverage of its representation of the private sector. The Secretariat is based in Suva and headed by the Chief Executive Officer (CEO). The Articles of Association of the company sets out the corporate governance of the organisation and its accountabilities. PIPISO therefore has the Articles in addition to its Constitution to govern its operation. A casual examination of the Articles did not show any inconsistency with the Constitution. In the unlikely event of a conflict between the Constitution and the Articles, the Articles prevail until this is rectified.

### **1.3.4 Council:**

The Council is the governing body of PIPISO and is responsible for its overall policies and strategic plans. The Council comprises authorized representatives of all regular members. Affiliate and Associate members may also attend Council meetings as observers and may make presentations at these meetings. While the Constitution defines the membership and functions of the Council, it does not require the Council to meet.

### **1.3.5 Annual General Meeting (AGM):**

The Constitution requires the Council to convene an annual general meeting at a time and place designated by the Board not later than eighteen months since the last AGM. It is therefore taken that the AGM is equivalent to the meeting of the Council. Each regular member is eligible to attend and vote in the AGM. The AGM has always been held in Suva because of its central location and ease of airline connections. Combining the Council meetings with the AGM saves costs.

### **1.3.6 Board:**

The Board consists of seven Directors appointed by the regular members at the AGM and includes the Chairman and Vice-Chairman. The Board can co-opt to the Board no more than two ex-officio members at any time in accordance with the By-Laws. The CEO is also an ex-officio member of the Board but does not vote.

### **1.3.7 Management:**

PIPISO has 6 staff headed by a CEO who is appointed by the Board on contract for 3 years with only one renewal. The CEO is the principal officer of PIPISO and is responsible to the Board for the administration and management of organizational policies, strategies, work programs, budgets and activities as determined by the Board. The current skills of the Secretariat include two Program Officers, one Communication and Research Officer and a Finance and Administration officer. The distribution of skills is broadly in line with the focus of the organisation.

**Recommendation 2: *Appoint a Deputy CEO:*** It is strategic that the Secretariat's resources are increased to better cover PIPISO's focus areas with the addition of a Deputy CEO. The breadth of responsibility of the CEO is wide and covers both strategic and operational matters. A Deputy will allow the CEO more time to deal with stakeholders, strategic and relationship matters. It would also help continuity when the CEO is away from the office and result in better succession planning for the CEO role.

### **1.3.8 Accountability:**

As a corporate entity, PIPSO is required to release its financial statements in a timely fashion. There are no qualifications to these statements. PIPSO also publishes an Annual Report. The list of reports that PIPSO distributes is in Attachment 5. Improvements to the contents of the Annual Report are discussed in Chapter 3.

**Recommendation 3: Review the contents of the Annual Report:** The Annual Report should be more strategic in its coverage. It can include the evaluation of the effectiveness of PIPSO's actions in promoting private sector interest in the region and attendance at regional meetings. It should highlight the challenges that PIPSO faces in fulfilling its mandate and lessons that could improve its effectiveness.

### **1.3.9 Transition to consolidation phase:**

PIPISO is evolving in its phases of progress. The establishment phase included the determination of its focus and scope of operation, building capacity and finding its niche in the rather large network of regional organisations. This phase was preoccupied with building capacity in NPSOs to enable them to be more effective in their dialogue with their governments and other key stakeholders. This was done through sharing the experiences of NPSOs who have successfully developed close working relationships and dialogue with governments. Given the special concerns of the smallest NPSOs, PIPISO supported mentoring programmes for the NPSOs of Kiribati, Nauru, Tuvalu and others using mentors from the NPSOs of Cook Islands, Fiji, Samoa, and Tonga and PIPISO staff.

This establishment phase is coming to an end. The resources applied to building capacity of the NPSOs have sharply reduced from \$200,000 in 2009 to only \$4,000 in 2014. PIPISO is now in transition to its consolidation phase where it should focus its resources to its core role of facilitating the needs of the private sector at the regional and international level. This review is therefore strategic and allows PIPISO to learn the lessons of the last 7 years and sharpen its focus on its chosen spheres of influence as the apex of private sector in the region.

## **1.4 Findings**

- (i) **Definition of the private sector:** The private sector can mean different things to different people. The usual perception is that the private sector is made up of big and successful businesses. PIPISO's definition of the private sector is those that are registered as a business. While this definition is the most workable from PIPISO's perspective, it is too narrow. In its most general definition, private sector can mean any business that is not owned by government. If this wider definition is accepted, the coverage of the private sector becomes extremely wide and ranges from large multinationals to market vendors. PIPISO should consider adopting this wider definition which will have important flow on implications to its relevancy, impact, effectiveness and sustainability.
- (ii) **Responding to the needs of the private sector:** Obviously the ultimate beneficiaries of PIPISO's engagement are the businesses in the private sector and not the NPSOs themselves who are simply conduits to meeting the needs of their current and potential membership. The



activities listed in both the Constitution and the Strategic Plan do not clearly reflect this ultimate target of PIPSO's work. PIPSO's success must therefore be gauged by how well it addresses the needs of all the businesses in the region. The challenges of the businesses in the region are covered in numerous private sector studies. Suffice to say that these challenges can vary widely across the entire spectrum of the private sector and are country specific. The key is for PIPSO to now choose the niche in which it has comparative advantage and can effectively operate.

- (iii) **Translating regional advocacy to national actions:** The Constitution focuses on PIPSO's work at the *regional* and *international* level. As pointed out above, there is no specific mention of the word "*nationally*". But it is widely accepted that while regional approaches are essential they are obviously not sufficient. Actions to develop the private sector are ultimately taken at the national level. The omission of national actions in the Constitution does not imply that PIPSO should not act nationally to promote private sector interest. In fact it is essential that PIPSO operates at the national level to facilitate an effective dialogue at the regional level. The Constitution was framed with the understanding that actions at the national levels are better handled by the NPSOs.
- (iv) **Asymmetry:** The needs of the private sector reflect the size and the stage of economic development of the countries in the region. There is a wide asymmetry in the economic size and stage of development across PIPSO's membership. Including New Zealand and Australia in PIPSO would have widened this asymmetry even more. This wide dispersion of its membership imposes huge challenge to a regional organisation like PIPSO.

### 1.5 Lessons learnt on governance

- (i) While it was wise to exclude Australia and New Zealand from PIPSO membership it is now time to build constructive and mutually beneficial partnerships with the relevant business organisations/councils in these two countries. PIPSO should consider making them affiliate members. There are potential benefits from such partnership such as information sharing, direct assistance, private sector dialogue and investments in the PICs. PIPSO can learn from the experiences of the Fiji-Australia and Fiji-New Zealand business forums.
- (ii) The board is mandated by the Constitution and the Articles of Association to meet twice a year. Some members felt that this is too irregular for the proper governance of PIPSO and slows down policy development. There is a therefore a need to increase the regularity of Board meetings. An alternative is to increasingly use technology such as conference calls, skypes and emails in board consultations.
- (iii) Up to now, the Chairman of the Board has been from the Federated States of Micronesia, Fiji, Tonga and Samoa. The Constitution stipulates that one Director shall be from the country hosting the Secretariat. Members have suggested that given the infrequent meetings of the Board, either the Chairman or the Deputy Chairman should always be from Fiji to strengthen policy and strategic guidance to the CEO. This is also important given the advocacy role of PIPSO on behalf of its members. PIPSO needs regular dialogues with development partners, and regional organisations of which many are

based in Suva, which will require either the Chairman or Deputy Chairman to meet with senior diplomats, Heads of organisations and PIFS management.

- (iv) To reduce the conflicts of interest, the Chairman and the Vice Chairman should not hold the position of the President of a NPSO. This is to better reflect the Constitution which requires that the Director serve in their individual capacity to PIPSO as a corporate entity and not as a representative of any single organization, membership grouping, region or other entity.
- (v) A few members have suggested that to better reflect the regional fabric of the organisation, the Council meetings and the AGM can be rotated out of Suva every two years. This would need to be considered in light of the efficiency and lower costs of holding these in Fiji.

## 2. Performance Evaluation

### 2.1 Summary of performance

The study assessed PIPSO's performance by its relevance, effectiveness, impact, efficiency and sustainability. In addition to the face to face interviews, an electronic survey asked respondents to rate the performance under each criterion and suggest improvements that could be made. A total of 39 responses were received of which 60% were from businesses and NPSOs. The list of people consulted is in Attachment 1. The full results of the electronic survey are in Attachment 3.

**Table 1. Performance rating and evaluator's assessment**

Criteria	Ratings		Assessment
	Survey	Assessor	
Relevance	4.1	3.7	Relevance is high but skewed to its smaller members which were inevitable given the commitment to strengthen PIPSO's weakest members. In the assessment's opinion, relevancy is diluted when measured against the core role of advocacy at international and regional levels although this may be too early to assess at the establishment phase.
Effectiveness	3.5	3.0	Effectiveness in what PIPSO does is good but needs to be improved.
Impact	3.3	3.5	It is difficult to measure impact on economic growth. But PIPSO has clearly had an impact in promoting private sector interest since its establishment.
Efficiency	3.5	3.5	The assessment was not able to adequately measure operational efficiency but found the organizational efficiency high with a small and focused Secretariat.
Sustainability	3.4	2.8	Financial sustainability is low which may lead to contagion effects on organizational sustainability. This poses the greatest challenge to PIPSO.

### 2.2. Relevance

Relevance of the work of PIPSO will determine its long term existence. Relevance is measured by those whose interests PIPSO is mandated to support. The Constitution clearly mandates that PIPSO promotes the interest of businesses at the regional and international level. Therefore, the assessment focused on getting the views of these businesses in its consultations through the face

to face interviews, skypes and the electronic survey. The study accepts that NPSOs represent the interests of its members in assessing the relevance of PIPSO.

### 2.2.1 Findings

**Table 2: Survey results: Relevance**

	1	2	3	4	5	Total	Weighted Average
(no label)	8.57%	5.71%	34.29%	40.00%	11.43%		
	3	2	12	14	4	35	3.40

The rating of PIPSO's relevance is high both from the electronic survey and the face to face interviews. This is encouraging for a budding organisation like PIPSO. Businesses found the assistance delivered by PIPSO helpful in addressing their needs. However, there are some low scores on relevance. From the face to face interviews, larger countries assigned a low rating on the relevance of PIPSO and must be of concerned to the organisation. The skewed distribution of PIPSO's assistance across its membership reflected PIPSO's focus on building up the NPSOs in smaller countries (Table 3). This imbalance can be considered a short term side effect of its establishment. As PIPSO enters its consolidation phase, this pattern is expected to be rebalanced which has started to happen with the percentage of the assistance to smaller countries shrinking in recent years from 62% of total assistance in 2012 to less than 10% in 2014 (Table 3).

The three top selections suggested by those surveyed to strengthen relevance were:

- (i) Initiate innovative programs or solutions to private sector development;
- (ii) Increase engagement with governments, donors and development partners; and
- (iii) Increase level of awareness and advocacy.

### 2.2.2 Lessons learnt and recommendations on relevance

- (i) ***Increase representation of NPSOs:*** To be credible and relevant, the NPSOs must represent most of the businesses in the country. The coverage of the private sector that are members of NPSO are essential but are currently not available for this assessment. Normally, there is close correlation between the coverage of the NPSO with the total size of the private sector. In smaller Pacific Islands, the degree of coverage is expected to be high. However, this may not be the case in the larger countries like PNG where there may be more than one sizeable private sector organisations. It is therefore important that PIPSO monitors the coverage of its NPSOs to strengthen its strategic position that it represents the interests of the private sector in the region.

***Recommendation 4: Lift the restriction of one NPSO per country:*** To widen its private sector coverage, PIPSO could consider lifting its restriction of one NPSO per country under certain conditions. The Constitution allows for more than one NPSO in one country to be members of PIPSO. This may be relevant only to larger members of PIPSO where there may be more than one private sector organisations with significant coverage of the sector. In lifting this restriction, consideration should be given to increasing the coverage of the informal sector. To limit the numbers of NPSOs in a country, conditions could be imposed such as the size of the country, degree of coverage and capacity. While the advantages of a

single NPSO in a member country are laudable, the strategic gain from a wider coverage would strengthen PIPSO's advocacy and facilitation roles.

**Recommendation 5: *Collect and maintain data on the size of the private sector in each member country.*** This data is essential as a proxy for the expansion of the private sector and more importantly as a measure of the width of the coverage of the NPSOs.

- (ii) **Deepen the inclusive coverage of PIPSO:** History clearly shows that private sector organizations were dominated by large companies. The voices of medium and smaller businesses let alone those in the informal sector were seldom heard. This has changed significantly through the strengthening of the NPSOs and the emergence of SMEs. In most NPSOs, more than 50% of its members are from the SMEs. However, more needs to be done particularly in including the micro businesses in the informal sectors in the coverage of PIPSO's assistance. This again will strengthen the strategic position of PIPSO.

**Recommendation 6: *Develop a platform of SMEs, women businesses and the informal sector:*** To promote more inclusivity in raising issues at the regional level, PIPSO should consider developing a platform to include the SMEs, women businesses and the informal sector in its advocacy role in regional meetings. The study notes the work that PIPSO is already doing in these areas but suggests that these sectors be explicitly integrated into a formal platform that raises their profiles in the advocacy role that PIPSO plays at the regional level. This will necessitate PIPSO's link to agencies that operate in this informal sector like the UN Women.

There is an increasing realization of the role of women in the private sector particularly at the microenterprise level. Women in business associations have emerged more strongly in recent years and most are currently affiliated to their relevant NPSOs. These microenterprises provide essential support to the livelihoods of families and communities. Unfortunately, their interests are not formally represented. Often the interests of the businesses in the informal sector are overwhelmed by those in the formal sector. While PIPSO has started to extend assistance to this important sector, it should lift their profile in its strategic plan, communication and advocacy. This would support the efforts of the NPSOs themselves to be more inclusive in their membership and representation by all private business including supporting women businesses and those in the informal sectors to transit to the formal sector. Moreover, SMEs, women in businesses and the informal sector are areas that donors are interested in supporting and such a strategy would increase PIPSOs relevancy and attract more funding.

If PIPSO expands its coverage of the private sector to the microenterprises and the informal sector, the PIPSO should include a permanent position in the Secretariat that has the skills in these areas.

- (iii) **Keep to the original regional mandate:** Article IV (1) of the Constitution states that the overall goal of PIPSO is to represent the interests of private enterprise regionally and internationally. Further, Article IV (2) list fifteen activities that will help support the overall goal. It is important to keep in mind that any activities that PIPSO decides to pursue must be "in furtherance" to the core purpose. In contrast, the focus areas of PIPSO in its SP are

disconnected to its primary role. For instance, the primary role is stated as one of the focus areas instead as being the overarching one. The fourth focus area in the Strategic Plan states that PIPSO will “*Facilitate and build private sector business, trade and competitiveness.*” While this activity is allowed under Article IV (2), its direct link to the core purpose is not articulated in the SP and more importantly this activity may be well beyond the capacity of PIPSO. It may be better taken care of by domestic agencies.

Care should therefore be taken to extending the roles of PIPSO into domestic areas that are better handled by domestic structures or other regional organisations. PIPSO does not command the resources and the capacity to spread its wings too widely. This broad based strategy seriously weakens the ability of PIPSO to be effective. Rather, the strategy should be to sharpen its attention to a few areas and go all out to make a difference and produce results that it can flag to its stakeholders. In the view of the assessment, this is the greatest challenge that PIPSO now faces in this consolidation phase. Unfortunately, the assessment could not find results that could be singled out as PIPSO’s success and this would be partially due to the lack of focus on collecting performance data.

While a wider sweep is possible in its work, in these areas, PIPSO should limit its role to sharing best practices, connecting partnerships and providing information. This view came across strongly in the face to face interviews. For instance, there were strong views that it would be more effective if product marketing and trade negotiations are left to regional organisations that have the skills and capacity to undertake them. PIPSO should therefore focus on its core mandate of supporting private sector interests at regional and international levels and carefully select activities that best support this mandate.

***Recommendation 7: Refocus activities to its regional mandate of representing the private sector in regional and international levels.*** This is the greatest challenge that PIPSO faces in finding a niche where it can catalyze change and produce results. This decision needs to be taken now after learning from its formative 7 years. It will have significant effects on PIPSO’s relevance and sustainability.

***Recommendation 8: Organize activities under programs:*** One way of concentrating the focus on PIPSO’s core mandate is to organize activities under programs. As stated above, the Constitution identifies 15 activities which PIPSO can do to promote the interest of the private sector in the region. PIPSO obviously cannot do all of them. The Strategic Plan 2013 to 2015 translates these activities to 7 medium term focus areas. The Constitution and the Strategic Plan are clearly activity focused. The focus of PIPSO would be sharper and more effectively tracked if these activities are organized under programs. Grouping these activities under a few programs as demonstrated in Attachment 4 and aligning them directly to its core purpose would help refocus the activities of PIPSO, facilitate continuity and catalyze implementation. The seventh focus area in the SP of strengthening the relevance and effectiveness of PIPSO can be achieved if the other focus areas are aligned to its central mandate. This is a cross cutting task and therefore does not need to be a separate focus area.

(iv) ***Move to country specific work planning:*** The fragmentation of regional private sector organisations across the region is one of the greatest risks to PIPSO’s sustainability as an organization. To mitigate this risk, the low rating of PIPSO’s relevance by larger member

countries must be addressed. These NPSOs felt that benefits of PIPSO's work are biased heavily towards the smaller countries in the region and do not commiserate with the level of fees that they pay to PIPSO. Table 3 shows that the balance between the contributions and benefits is skewed to smaller countries. While this imbalance may have been the side effects of PIPSO's establishment work to build NPSOs in smaller countries, it must be rebalanced in this consolidation phase.

**Table 3: Assistance vs. funding balance**

Countries by contribution	2012	2013	2014	Avg	Funding
10k countries (2)	12.7%	19.9%	26.5%	19.7%	50%
3k countries (4)	24.5%	25.3%	65.7%	38.5%	30%
1k countries (8)	62.8%	54.8%	7.8%	41.8%	20%

**Recommendation 9: Adopt a country specific work plan:** One option that can help rebalance the benefits of PIPSO's work is to adopt a country specific approach in its work plan where specific activities are identified for each member country depending on its prioritised needs. Each member therefore benefits from a focused and specific assistance in a year as distinct to general assistance like training. While this approach may deviate resources away from the development of the NPSOs in smaller countries, this may be the price for improving PIPSO's relevance and to safeguarding its long term sustainability. It would also help in addressing challenges that are specific to the country. This country specific planning should be done in conjunction with the plans of the NPSOs where their roles are also identified in developing their own private sector. In this manner the plans of both PIPSO and NPSO are interlinked and complimentary.

- vi. **Adopt a more inclusive approach to planning:** PIPSO currently undertakes strategic planning workshops with its members and the last one was in 2012. However, the consultations show that it would benefit from a more inclusive approach to the preparation of its annual planning by allowing other relevant agencies to contribute to its preparation. This would improve its relevance to the needs of the private sector and the coordination between regional agencies. PIPSO should therefore review its planning process to include not only contributions from NPSOs but other regional private sector agencies.

### 2.3. Effectiveness

Effectiveness measures how well an organization is fulfilling its functions. The seven focus areas of PIPSO's Strategic Plans are:

1. Build strong and responsive NPSOs;
2. Promote and facilitate greater cooperation and information sharing with the private sector;
3. Improve private sector dialogue and partnerships with government and partners;
4. Facilitate and build private sector business, trade and competitiveness;
5. To strengthen private sector involvement in national and regional policy development and support implementation ;
6. To advocate for interest of the private sector at regional and international forums; and



7. To maintain a sustainable, effective and relevant PIPSO.

### 2.3.1 Findings

**Table 4: Results of the Survey: Effectiveness**

	1	2	3	4	5	Total	Weighted Average
(no label)	2.70%	13.51%	27.03%	40.54%	16.22%		
	1	5	10	15	6	37	3.54

The rating of PIPSOs effectiveness is good. Face to face consultations revealed that PIPSO is generally effective. However, improvement should now be made to raise effectiveness. There was consensus that PIPSO's should keep to its core mandate as stated in the Constitution and avoid "mission creep" that are often seen in new organisations. PIPSO does not as yet have the financial and personnel capacity to do too many things. Doing the right things well should be its guiding principle.

The three top selections of those surveyed on strengthening the effectiveness of PIPSO were:

- (i) Increase the level of capacity of PIPSO's members;
- (ii) Engage development partners to use NPSOs to implement private sector programs; and
- (iii) Increase funding.

### 2.3.2 Lessons learnt and recommendations on effectiveness

*(i) Explicitly align PIPSO's work to its primary role:* Obviously PIPSO does not have the resources to address all the needs of the private sector. It must therefore prioritize the needs that it should meet according to their contribution to the primary role of PIPSO which is to promote the interest of the private sector regionally and internationally. PIPSO must select the needs that it can effectively promote at the regional level.

**Recommendation 10: Explicitly align the focus areas of the Strategic Plan to the primary mandate:** This alignment must permeate all work plans which will help focus activities and measurement of performance. It will also help motivate the work of the Secretariat. The chart of accounts should be reviewed to measure the cost of delivering assistance under each program.

**Recommendation 11: Adopt result based management model.** One way to facilitate the alignment of activities to the core focus of PIPSO is to adopt a performance based management model which integrates strategy to resources and outcomes. Under such a model, outcomes and results of each activity are identified, measured, monitored and reported. It is important to note that outcomes are not outputs. For instance, attendance at a meeting is an output but not an outcome/objective which could be more visibility or facilitating change that serves the purpose of PIPSO. Several other recommendations of this assessment are related to this performance based system.

*(ii) Re-establish the link to PIFS:* PIPSO emerged from within the structure of PIF. It benefited from the assistance and support of PIFS and its leadership at that time. Its central mandate clearly reflects the structure of PIFS and its influence in the region. Central to the effectiveness

of PIPSO is its close relationship with PIFS in policy work at the regional level, coordinating regional dialogues and catalysing donor support for PIPSO. However, sadly, this support and consultation has been seriously eroded in recent years due to change in leadership and lack of efforts on both sides to nurture it. No mechanism is now in place to support this important bridge from PIFS to PIPSO. This critical link needs to be restored.

**Recommendation 12: *Restore the link to PIFS:*** This is an assignment for the Board. A commitment from the new Secretary General of PIFS will be necessary to reset the framework and an MOU should be signed for this purpose.

**(iii) *Re-examine the modality of regional engagements:*** There are basically three regional meetings where PIPSO promotes private sector interests: the FEMM, the FTMM and the Leaders meetings. The agendas and modalities of all the three meetings are controlled by PIFS. Normally, the private sector has their own meetings where they agree on issues to be raised at the main meetings. The Chairman of its meeting present the issues to the Ministers and Leaders. PIPSO has only participated at the FEMM since 2013 and it has submitted two papers since then: a) 2013 – *Leveraging Private Sector in the Regional Economy*; and b) 2014 - *Private Sector Dialogue with Economic Ministers*. The actions taken from these two papers are, at best, unclear (Attachment 5).

There are widespread views amongst the private sector that the existing modality for regional engagement has not worked. For instance, there was poor response from Leaders to the breakfast invitations extended by the private sector at their Rarotonga meeting. But more importantly, there is hardly any discussion by Ministers and Leaders after the presentation by the private sector. Consequently, there is very little traction of the issues that are raised by the private sector and many remain unresolved (Attachment 5). There are several possible reasons for these:

- a) The issues are too technical for the understanding of the Ministers and Leaders of whom many have not worked in the private sector.
- b) The private sector tends to focus on everyday issues that impact their businesses while Ministers are focused on policy issues. There is therefore a disconnection at the level of engagement.
- c) The Ministers and Leaders have not been adequately briefed by their officials on the issues raised by the private sector.
- d) There is no time to brief the Ministers and the Leaders on the issues to be raised by the private sector.
- e) The presentation by the private sector is too formal and not focused on promoting an exchange of views.
- f) The Chairman of the private sector meeting does not have the breadth of experience to adequately respond to the issues raised by Ministers and Leaders at the meeting.
- g) The time allocated to the private sector is insufficient for a healthy discussion on the private sector issues.

The establishment of the Pacific Islands Development Forum (PIDF) has introduced a different model to the regional engagement with the private sector. While PIFS membership is restricted to governments, the PIDF membership is inclusive and includes the private sector as an official member. While the effectiveness of the PIDF model is yet to be seen, suffice to say that having a seat at the table should raise the voice and visibility of the private sector. It is extremely



unlikely that PIFS membership structure will change any time soon. PIPSO in conjunction with PIFS should therefore overhaul the modality of private sector participation at these forum meetings taking into account the existing membership of the PIF.

**Recommendation 13: Review modality of regional engagement:** PIPSO should undertake a study to review the modality of engagement at the regional level to improve its effectiveness. This is central to PIPSO's sustainability. Some options that could be looked at are:

- a) The issues to be raised by the private sector should be identified well before the FEMM and Leaders meeting. PIPSO should determine the mechanism of how this could be done and prepare short discussion papers in consultation with PIFS and relevant regional and international organisations. While the assessment has been informed that this is being done, efforts should be made to ensure that it is effective.
- b) NPSOs should engage their own governments on these issues prior to the regional meetings. While the NPSOs are required to consult government on these issues, unfortunately this may not be happening. PIPSO could follow up and ensure that these government consultations have happened prior to the relevant regional meetings. This will greatly promote the dialogue at the regional level.
- c) PIPSO and PIFS should work together to mould technical issues raised by the private sector into strategic envelope that are better suited for Ministers and Leaders to digest.
- d) Lastly, PIPSO in conjunction with PIFS can arrange a forum before the Ministers or Leaders meetings to analyse and discuss private sector issues. The attendance at this session should be inclusive to include governments, private sector, civil societies, academia and development partners. Care should be taken to ensure that the agenda are framed by the private sector and not the multilateral organisations. The outcomes of this session which should include an action plan should be presented to the Ministers and Leaders. This forum is similar to the proposed Pacific Economic Conference that was recently studied by PIFS and presented at the FEMM 2014 meeting in Honiara.

**(iv) Match resource allocation to the core mandate:** Given the small resources available to PIPSO's Secretariat, it is logical that it maximizes the resources that it applies to its core mandate. One of the areas that commonly take up a lot of time is attendance at meetings. Private sector development is a topical issue and there are numerous conferences, workshops, seminars and training that are held on this subject. Obviously, many of these are essential for PIPSO to attend in order to be visible and help fulfil its mandate. The number of days spent away from the office due to attendance at meetings grew to an accumulative 30 days in 2014 (Table 5). This excludes workshops that are tied to programs. Attendance at these workshops takes up valuable financial resources and time away from undertaking core functions. A review is therefore necessary to ascertain the value of these meetings and workshops and their contribution to the core roles and programmes of the organisation.

**Table 5: Days absent from office due to conference**

2012	2013	2014
20	16	30

**Recommendation 14: Review attendances at conferences:** PIPSO should critically review the attendance of workshops and conferences to streamline them to those that are essential to its core role. The list is to be approved by the Board and reviewed from time to time. The lessons learnt

from these conferences are to be disseminated as widely as possible to maximize their usefulness.

**Recommendation 15: *Quantify measures of effectiveness:*** The monitoring and evaluation of PIPSO's activities should be strengthened. It is essential that PIPSO develops and monitors its effectiveness in delivering its core mandate. An evaluation of its actions in promoting private sector interest in the region should be reported in its Annual Report which should be more strategic in its coverage and focus. The Annual Report should include the effectiveness of PIPSO's attendance at regional meetings like the FEMM and Leaders Forum. It should highlight the challenges that PIPSO faces in fulfilling its mandate and lessons that could improve its effectiveness.

**Recommendation 16: *Improve visibility and dissemination of information:*** PIPSO is a relatively new regional organisation. While it is increasingly becoming known, the consultations show that PIPSO should increase its visibility. Emails alone are not sufficient. An increase in visibility could also help in generating future financial support. Some suggestions are:

- a) PIPSO Secretariat should periodically visit all the relevant agencies in Suva to discuss potential areas of synergies and coordination. Face to face visits are appreciated by the recipients and are always far more effective than written communications;
- b) Widen the dissemination of regular newsletters or reports beyond the membership of PIPSO to include all stakeholders. The reports that PIPSO generates are in Attachment 5. These reports are available on the website and to some extent in the social media, However, it is suggested that this be sent directly to the nominated person of the relevant agencies; and
- c) Data bases can be shared with other relevant agencies particularly the multilateral institutions like the WB and the ADB.

**(iv) *International Forum:*** The Constitution requires PIPSO to promote private sector issues at the international level. The consultations indicate that PIPSO is recognised globally with invitations to attend conferences worldwide. However, the effectiveness of these attendances is not known and these should be measured. PIPSO would benefit from closer relationship with multilateral institutions like the WB and the ADB in sharing research and information. These institutions do a lot of private sector work in the region and they should be requested to involve PIPSO as the peak private sector body of the region in their work. However, the study suggests that PIPSO should focus more on getting results at the regional level.

**(v) *Other measures to improve effectiveness:***

- a) ***Maximize the use of technology:*** Technological advances can vastly improve effectiveness and efficiency. PIPSO should continue to exploit the available technology within its budget. An example is the technology for networking called PIVOTAL that is currently being used by the Samoa Chamber of Commerce courtesy of the Auckland Chamber of Commerce. Setting up an electronic directory can help connect businesses to those that might be able to provide them assistance.
- b) ***Learning from each other:*** There is a huge potential of members learning from each other and PIPSO's role could be to disseminate these lessons. An example is the good relations that the Samoa Chamber of Commerce has cultivated with the Government.

Periodic case studies can be distributed to highlight the relevant factors to NPSOs and other business agencies.

- c) **Avoiding duplication:** There are several regional organizations that address the needs of the private sector. A list is in Attachment 5. The consultations highlighted cases where duplication had occurred in the development of policies and training. One way to avoid this is for these organisations including PIPSO to share their work plans.
- d) **Shared research:** Resources are scarce and it is sensible to share these as widely as possible with relevant agencies. PIPSO should increase its sharing of resources through the MOUs and other arrangements. Areas that resources could be shared are research, training and technical assistance. PIPSO would benefit from sharing information and researches with multilateral agencies like the ADB and the World Bank.

Impact is normally defined as the desired final outcomes of outputs and activities. PIPSO's strategic statements implicitly define the PIPSO's impact as economic growth. PIPSO's mission is ***"To be a pivotal partner in harnessing resources to bring about real growth and prosperity for the region.*** The SP states that ***"The Strategic Plan affirms PIPSO's mission to lead the facilitation of private sector- driven economic growth for the benefit of the region."***

Theoretically, private sector development affects economic growth through several channels. The first is through the production of goods and services which are either consumed locally or exported. Exports earn much needed foreign reserves. The second is through physical investment in machines and other assets which in turn increase the capacity to produce more goods and services. On the income side, a growing private sector provides additional jobs and incomes to workers which in turn drive up demand.

The linkage of private sector growth to economic growth is well accepted and understood. The bigger the private sector is in the economy, the greater will be its direct contribution to growth. Obviously, the private sector is not the only contributor to economic growth. The public sector also contributes to growth. In small countries in the region, the public sector undertakes many private sector activities. It is well demonstrated in economic research that these activities are more efficiently accomplished by the private sector which is driven by commercial incentives and performance.

But it is difficult to measure the contribution to economic growth by the private sector alone in the region where data are scarce. It is therefore necessary to take a backward step and measure the rate of private sector growth as the impact of PIPSO's work. One possible candidate is the number of registered private businesses and this information should be collected by PIPSO.

## 2.4.1: Findings:

**Table 6: Survey results: Impact**

	1	2	3	4	5	Total	Weighted Average
(no label)	5.26%	18.42%	26.32%	39.47%	10.53%		
	2	7	10	15	4	38	3.32

The electronic survey show that the impact of PIPSO is good and this study agrees with this rating. Intuitively, PIPSO has made a difference in raising private sector issues in the region. PIPSO should determine the indicators of its impact and collect and monitor these over time.

The wide dispersion of the appropriate indicator to measure PIPSO's impact according to the electronic survey may have been due to the different interpretations of what impact should measure. The three top choices of those surveyed on the indicator to measure PIPSO's impact were:

- (i) Provide more business development support;
- (ii) Better network and coordination within its members; and
- (iii) Higher private sector growth in member countries.

**Recommendation 17: Measure impact:** PIPSO should decide on the indicator to measure its impact and report this in the Annual Report.

## 2.5. Efficiency

The measurement of operational efficiency requires horizontal comparison and benchmarking. Due to the limited scope of the assessment this is not possible. Total operating expenditure has grown by an average 22% per year in the last seven years and the program budget has grown by 35% in the same period (Table 7). The only efficiency measure that is monitored by PIPSO is that the percentage of personnel costs to total cost should not exceed 30%. The study has selected some expenditure ratios against the "In Balance Sheet (IBS)" expenses in Table 7. The IBS expenses include administration and the programs that PIPSO implements on behalf of sponsors. There are other programs that are classified as "Off Balance Sheet" in which the sponsors retain control of project,

**Table 7: Expenditure Ratios**

Expenditure Ratios	2008	2009	2010	2011	2012	2013	2014
% Personnel Expenses/IBS exp	34%	21%	24%	24%	17%	27%	33%
% Administration Exp/ IBS exp	8%	15%	7%	4%	4%	8%	3%
% Programme Exp/IBS exp	58%	64%	72%	79%	86%	72%	89expenses %
% Travel/IBS exp	16%	7%	1%	1%	NA	NA	NA

Source: PIPSO

IBS: In Balance Sheet

## 2.5.1: Findings

**Table 8: Survey Results: Efficiency**

	1	2	3	4	5	Total	Weighted Average
(no label)	8.33%	8.33%	22.22%	47.22%	13.89%		
	3	3	8	17	5	36	3.50

The electronic survey shows a good level of operation efficiency and this study agrees with this score. PIPSO may wish to benchmark their performance against best practices.

The organisational efficiency of PIPSO is rated by this assessment as high given its small size and flat organisation structure. The open plan of its work stations facilitates dialogue and coordination. The distribution of skills in the organisation is broadly in line with its core roles and responsibilities. PIPSO procures technical skills when it requires. From time to time, it also has experts on attachment funded directly by donors.

The three top choices of those surveyed to improve efficiency were:

- (i) Increase funding of operations and programs;
- (ii) Secure long term funding partnerships; and
- (iii) Increase technical staff

As a facilitating body, coordination is extremely important. This would include coordination with PIFS, and other regional and multilateral organisations. Many of these consultations are done informally at this time. It is suggested that the coordination with key institutions like PIFS and the process of the work plan be formalized through MOUs. The list of MOUs that PIPSO has entered into is in Attachment 5.

**Recommendation 18: Measure efficiency:** PIPSO should develop a set of efficiency indicators and benchmark these to best practices. These could include ratios of personnel, administration and travel to total operating expenses.

**Recommendation 19: Enter into more MOUs:** PIPSO should consider entering into more MOUs with other agencies to improve coordination and sharing of resources.

## 2.6 Sustainability

### 2.6.1 Findings

The sustainability of PIPSO was rated satisfactory by the electronic survey.

**Table 9: Survey Results: Sustainability**

	1	2	3	4	5	Total	Weighted Average
(no label)	8.57%	5.71%	34.29%	40.00%	11.43%		
	3	2	12	14	4	35	3.40

However, this study does not share the optimism of the survey. The funding of PIPSO's Secretariat poses the major threat to its sustainability. 90% of the respondents to the electronic survey said that securing long term funding was the single most important solution to raising the sustainability of PIPSO. Since its inception and with the assistance of PIFS, the DFAT's Pacific Leadership Program (PLP) has funded the Secretariat up to the present.

The three top choices of those surveyed to improve sustainability are:

- (i) Secure long term funding support from key development partners;
- (ii) Set up a trust fund; and
- (iii) Increase membership fees.

**Table 10: Funding of PIPSO**

<i>Funding</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
<i>Secretariat</i>	429,068	447,111	1,248,257	999,695	1,551,329	995,894	815,074
<i>Programs</i>	-	-	150,000	382,775	1,040,915	382,775	2,671,960
<i>Total</i>	<b>429,068</b>	<b>447,111</b>	<b>1,398,257</b>	<b>1,382,470</b>	<b>2,592,244</b>	<b>1,378,669</b>	<b>3,487,034</b>

The amount of the funding of the Secretariat has doubled from \$0.4m to \$0.8m in the last 7 years. While the current funding program under the PSP goes up to 2017, it is negotiated on an annual basis. There is a possible further extension of two years after 2017 but will critically depend on PIPSO's performance. PLP has indicated that it has other competing demands on its total funding and in allocating them, it is placing priority on programs that drive change across all sectors of the economy. Hence PIPSO will need to position itself now to be able to compete for the PLP funding or attract new sources of funds. To do so, PIPSO must clearly demonstrate to potential sources of funds that it is focused on the right things and more importantly it is successful in delivering them.

The long term funding of the Secretariat therefore remains uncertain. PIPSO must renew efforts to place the funding of its Secretariat on a more sustainable platform. While the consultations with potential donor in this assessment did not center on possible funding of PIPSO, they explored future possibilities. All indicated a preference to fund programs through PIFS or directly with PIPSO rather than fund the secretariat directly. But they did not rule out possible funding in future provided PIPSO clearly demonstrates its relevance and effectiveness.

Therefore, the funding sustainability of PIPSO is partially in its own hands. Implementing the measures identified above to improve its relevance, effectiveness and efficiency would improve the sustainability of PIPSO. Furthermore and equally important, PIPSO must raise its visibility. It needs to demonstrate to all stakeholders particularly to potential donors the fruits of its operation. PIPSO should be able to flag a few examples of its successes. A clear communication strategy should be developed if this has not been done already.



## 2.6.2 Lessons learnt and recommendations on sustainability

**Resource Mobilization Strategy:** It is essential that PIPSO develop a resource mobilization strategy to fund its core operation. PIPSO is now in a better position to secure long term funding of its Secretariat. The appropriate materials should be prepared to highlight PIPSO's achievements since its inception. PIPSO cannot implement this strategy on its own. It should engage PIFS to back its efforts. The highest leadership in PIFS should be approached to assist in securing long term donor assistance. Governments are also possible sources of support.

Some of the options to make funding more sustainable include:

- a) **Establishing a trust fund:** This has been discussed for some time. While this is appealing, the challenge is to find donors to provide the initial capital. However, this fund can be built up over time. To fund the Secretariat's personnel and administration costs at its current level of \$0.5m will need a trust fund of around \$8m assuming an interest rate of 6% per annum.
- b) **Increasing member's contribution:** There has been no change to the member's fees since PIPSO's inception. The 2014 AGM had passed a resolution that in three years' time, membership fees would cover all the operating cost of the Secretariat. The electronic survey indicated this option as its third most popular choice. However, the face to face consultations confirm that there is very little appetite to increasing member's contributions. It is therefore very unlikely that this will be achieved. In any case, contribution from members funds a nominal 10% of the operating cost. It is therefore unlikely that member contributions would be a major source of funding for PIPSO unless the membership is broadened significantly. However, it would be a positive indication of the value that countries place on PIPSO's work if the fees are reviewed with the view to raising them which would be in line with the Council's resolution. It would send out a positive signal to the donor community.
- c) **Securing government contribution:** Governments could be approached to provide some support for PIPSO as it provides to some regional organisations like the SPTO.
- d) **Impose a service charge:** PIPSO could consider charging fees for its assistance. This can reflect the value members place on its assistance. However, this will need to be evaluated closely.
- e) **Charge administrative fees on all programs:** PIPSO administers programs that are supported by donors. The program budget has grown sharply to over \$3m in 2014. For each program an administrative fee could be charged to help fund the Secretariat. Currently there is a charge of 15% only for the programs that PIPSO implements (In Budget Programs). This could be broadened to include all programs. A 15% fee on all programs would fetch \$500,000 and would be sufficient to fund all administration and personnel budget.
- f) **Approach non- traditional donors:** Attempts should also be made to attract non-traditional donors to fund PIPSO. Care should be taken to avoid undue influence by donors that are not in the interest of the private sector in the region.

**Recommendation 20: Prepare and execute a resource mobilization strategy:** In recognition of the long term risk to the funding of PIPSO, a resource mobilization strategy should be drawn up and to include a feasibility on the financial options for the long term sustainability of PIPSO. Preference should be given to the funding options that provide independence to PIPSO. PIFS engagement and support of this resource mobilization is essential.

**Recommendation 21: Review chart of accounts:** The resource allocation by functions generally matches PIPSO's mandate. However it is not consistent with large swings and changing trends. This is understandable as PIPSO's establishment phase invariably involve significant shifts in its operation. As PIPSO enters its consolidation phase, it would be necessary to group these expenditures under each program which would facilitate the analysis of matching the priorities to its allocation. A review of the chart of accounts will be necessary to tag these expenditures.

### 3. Conclusions and Way Forward

#### 3.1 Conclusion

Overall, PIPSO has been given a green light on its performance in the last 7 years by its members and other stakeholders. It can therefore be satisfied with what it has achieved. PIPSO has clearly lifted the profile of the private sector issues in the region. However, there are pockets of concerns that PIPSO must address immediately. Foremost of these are the choice in the breath of its operations and the sustainability of its funding. Securing funding solutions to a large extent is in PIPSO's own hands. Improving its relevance and effectiveness and disseminating them widely will in turn elevate the possibility of securing long term funding. Focusing on its core roles and organisational alignment to that focus should now be clearly established. Inclusivity is an issue that cuts across most of the components of organisational performance.

Given the time allowed for this assessment, it could not examine some of the fundamental issues in more depth. This is left to further studies if PIPSO decides to do so. In these instances, the aim of the assessment was to highlight the issues and put them into a framework that would facilitate PIPSO's consideration and decision.

#### 3.2 Way Forward

To take the assessment forward, the report should be first presented to the PIPSO Board to invite its reactions. Given the infrequency of the Board meeting, this could be achieved through emails. If the Board agrees, the report could then be circulated more widely for comments. This will allow the final report to be completed. While it this is an independent report and it contains the views of the consultant, the process would add value to the final product. Finally, the Secretariat will need to extract the actions that PIPSO agrees to take from the study for implementation.

#### Attachments

1. People consulted
2. Assessment framework
3. Electronic survey report
4. Organising activities under program
5. Selected additional information on PIPSO

**END**



## Attachment 1: People Consulted

KVA Consult	Mr. Epa Tuioti, Previous Board member Mr. Kolone Va'ai
Samoa Women In Business	Ms. Sheree Stehlin, President
Solomon Islands Women In Business Association (SIWIBA)	Ms. Julie Haro, Vice President Ms. Dalcy Tekulu, President
UN WOMEN	Vilisi Veibataki & Preeya Ali
Fiji Womens Market	Ms Eseta Nadakuitavuki
PIPISO Chairman	Mr. Klaus Stunzner
PIFS	Mr. Shiu Raj, Director
Pacific Leadership Programme	Ms. Mereani Rokotuibau
Australia Volunteers International	Kiji Faktaufon, Country Manager
Asian Development Bank	Ms. Caroline Currie Head, Economics & Programming Unit
Melanesian Spearhead Group	William Sanday. First CEO of PIPSO
NZ High Commissioner	H.E. Mr. Mark Ramsden
Forum Fishing Association	Mr. James Movick, first Chairman of PIPSO
International Labour Organisation	Mr. Satoshi Sasaki Specialist on Decent Work Strategies
Australia-Fiji Business Council (Affiliate member)	Mr. Frank Yourn
Trade Pasifika Ambassador, MSG	Mr. Kaliopate Tavola
Palau NPSO Executive Director/PIPISO Board Member	Mr. Ken Uyehara
Solomon Islands Chamber of Commerce (SICC)	Sir Bruce Saunders, SCCI Board Member and former PIPSO Board Member Mr. James Dolarii. Member Services
Fiji Commerce and Employer Federation	CEO Mr. Nesbit Hazelman
Kiribati Chamber of Commerce	President
PNG Chamber of Commerce	Mr. John Leahy
Samoa Chamber of Commerce & Coconut Cluster	Mr. Hobart Vaai, Chamber's Manager Member Services
Tuvalu Chamber of Commerce	CEO and Board members

## Attachment 2: Assessment Framework

It has been six years since PIPSO was established in 2008. PIPSO in its own volition appointed a consultant to undertake an independent assessment of its role. The assessment applied the following framework:

- i. **Relevance:** This examined the relevance of the work of PIPSO as envisaged under its establishment and in its current operations. It studied the vision of PIPSO, strategic plan and other corporate statements. The responses from the recipients of PIPSO's survey were critical in evaluating this relevance.
- ii. **Effectiveness:** This examined measures of the effectiveness of PIPSO in achieving its stated goals and vision. It will also make use of the results of the consultations.
- iii. **Impact:** Impacts are normally longer term in nature and therefore always difficult to measure but an attempt was made to collect feedback on the impact and linked this to the vision and aims of the organization.
- iv. **Efficiency:** Like any review of an organization, the assessment included an examination of its efficiency. Various measures were used to measure efficiency include financials, structure and staffing. It used past studies on the measurement of efficiency.
- v. **Sustainability:** The sustainability of PIPSO was examined firstly from the perspective of its effectiveness and relevance and secondly from attracting ongoing financial support from existing and potential new donors.

The assignment was undertaken in three modules:

1. **Planning:** This included discussion with CEOs and relevant staff of PIPSO to clarify the scope, the approach and the outputs of the assessment. A Research Work Plan was submitted to the CEO outlining the approach of the assessment.
2. **Document and desk review:** The study drew on primary information sources, as well as existing literature and other secondary information sources. The documents that were reviewed were:
  - a. Constitution of PIPSO;
  - b. Strategic Plan 2013-15;
  - c. Annual Reports in the last three years;
  - d. Previous review by Mr Kaliopate Tavola;
  - e. Financial accounts in the last 3 years;
  - f. MOUs with other regional bodies;
  - g. A desk review was conducted of the Caribbean Export Agency
3. **Consultations:** The assessment recognized the important of inclusivity in undertaking such an assessment. The bulk of the time was taken up by consultations which were undertaken through face to face interviews, Skype and emails. Due to budget and time constraint the consultant could only hold face to face interviews in Suva, Apia and Honiara. In order to reach as many stakeholders as possible the assessment undertook an electronic survey with the assistance of the PIPSO. A list of agencies that were consulted is in Attachment 1 and the full electronic survey report is Attachment 3.

### Attachment 3: Electronic Survey Report

**Table I: Representation of responses:**

Answer Choices	Responses	
National Private Sector Organisation (NPSO)	17.14%	6
Crop Regional Organisation	8.57%	3
PIPSO Member (Associate/Affiliate)	8.57%	3
Regional Organisation	5.71%	2
National Organisation	2.86%	1
Government	5.71%	2
Academia	0.00%	0
UN Agency	5.71%	2
International Technical Agency	2.86%	1
Business	42.86%	15
<b>Total</b>		<b>35</b>

**Table II: Measures to improve relevancy**

Answer Choices	Responses	
Focus on members interest	48.72%	19
Increase the level of awareness and advocacy	58.97%	23
Provide relevant trainings and programmes for members	51.28%	20
Increase engagement with governments, donors and development partners	64.10%	25
Facilitate and direct development partners work to be implemented by private sector organisations	53.85%	21
Increase the level of private and public sector dialogue at regional and sub-regional level	56.41%	22
Initiate innovative programmes or solutions for private sector development	79.49%	31
Increase engagement in regional policy making	51.28%	20
<b>Total Respondents: 39</b>		

**Table III: Measures to improve effectiveness**

<b>Answer Choices</b>	<b>Responses</b>
Engage development partners to use the National private sector organisations to implement private sector programmes	<b>57.89%</b> 22
Increase funding	<b>52.63%</b> 20
Increase new membership	<b>21.05%</b> 8
Increase the number of development partnership	<b>52.63%</b> 20
Increase the number of private sector programmes	<b>44.74%</b> 17
Increase the level of capacity development for PIPSO members	<b>60.53%</b> 23
Increase monitoring of actions implemented from regional forums outcomes	<b>34.21%</b> 13
Develop and implement an effective monitoring and evaluation system for programme implementation	<b>42.11%</b> 16
More women and youth entrepreneurship programmes	<b>57.89%</b> 22
<b>Total Respondents: 38</b>	

Table

**III: What should be the impact of PIPSO?**

<b>Answer Choices</b>	<b>Responses</b>
Higher economic growth	<b>55.56%</b> 20
Higher private sector growth in member countries	<b>69.44%</b> 25
More conducive policy environment for private sector growth	<b>58.33%</b> 21
Better networking and coordination within its membership	<b>69.44%</b> 25
Closer relationships with governments	<b>44.44%</b> 16
Improve business capacity	<b>61.11%</b> 22
Provide more business development support	<b>75.00%</b> 27
Facilitate and enhance trade of businesses	<b>50.00%</b> 18
Facilitate business investment	<b>58.33%</b> 21
Enhance private and public sector dialogue	<b>61.11%</b> 22
<b>Total Respondents: 36</b>	

**Table IV: Measures to improve efficiency**

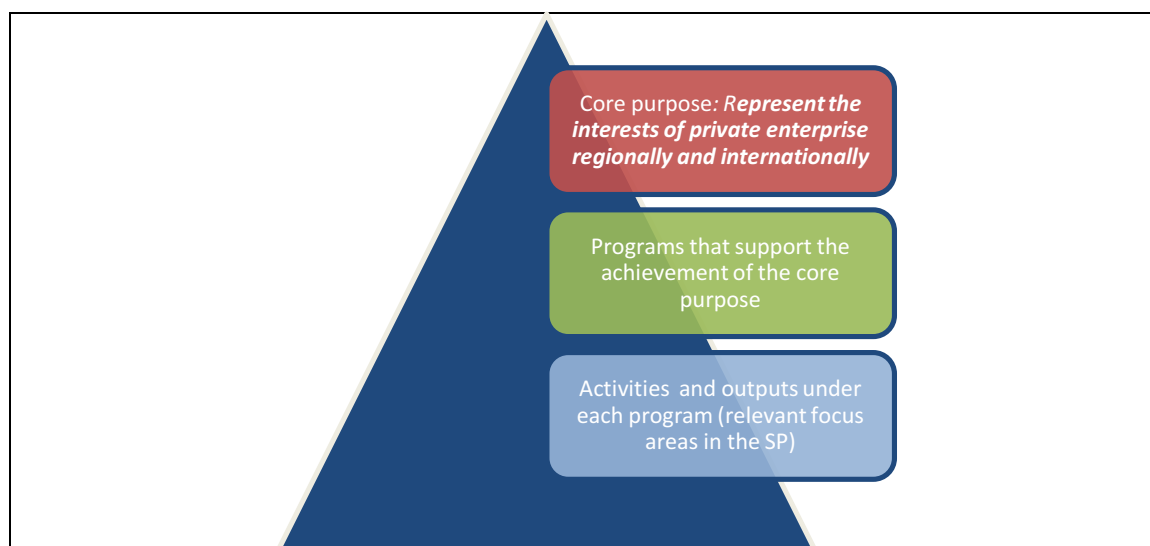
<b>Answer Choices</b>	<b>Responses</b>	
Personnel expenses to funding ratio to remain below 25%	<b>14.71%</b>	5
Increase funding for operations and programme	<b>70.59%</b>	24
Increase technical staff	<b>55.88%</b>	19
Change the organisation structure	<b>5.88%</b>	2
Secure long term funding partnership	<b>64.71%</b>	22
Work in partnership with other crops agencies and development partners	<b>44.12%</b>	15
Increase monitoring and evaluation of project implementation	<b>47.06%</b>	16
<b>Total Respondents: 34</b>		

**Table V: Measures to improve sustainability**

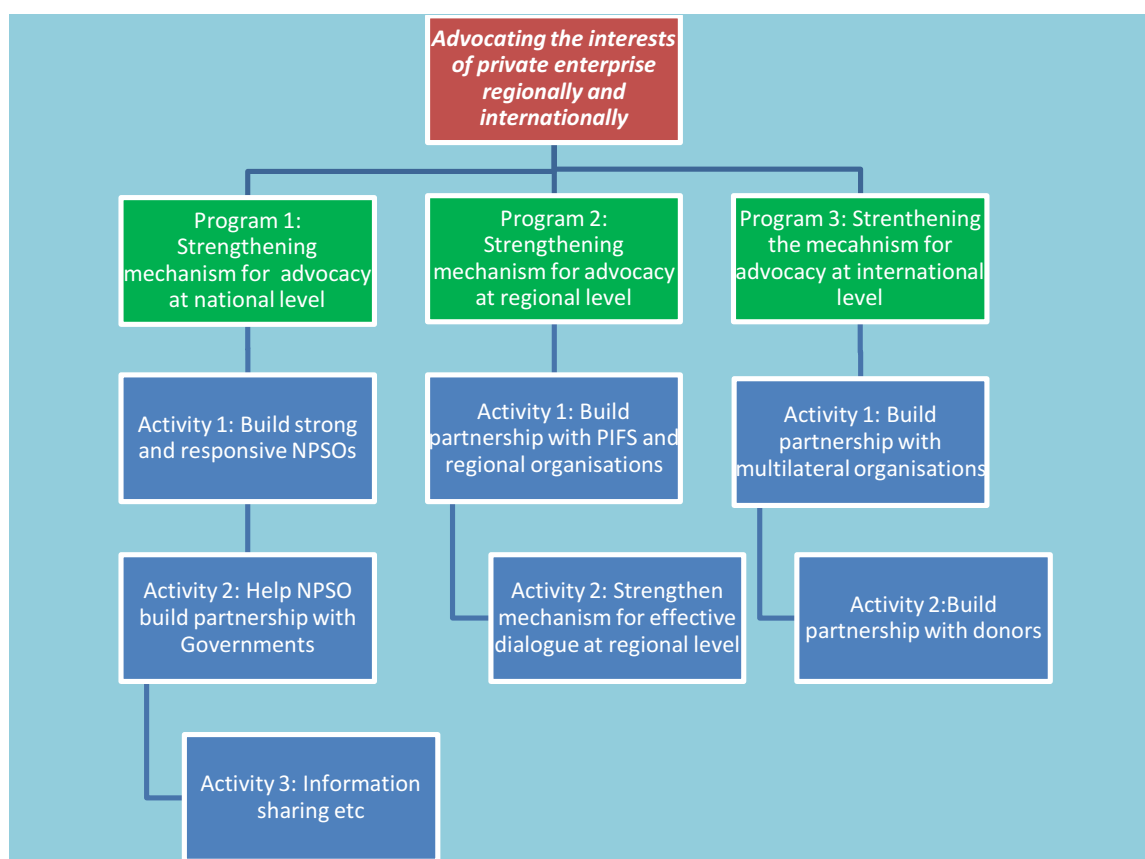
<b>Answer Choices</b>	<b>Responses</b>	
Secure long term funding support from key development partners	<b>90.63%</b>	29
Set-up a trust fund	<b>28.13%</b>	9
Increase membership fees	<b>28.13%</b>	9
Undertake business activities e.g real estate to generate income	<b>21.88%</b>	7
<b>Total Respondents: 32</b>		

## Attachment 4: Organising work plans under programs

### Hierarchical Linkage



### Example



## Attachment 5: Additional Information on PIPSO's Operation

## 1. Coverage of NPSOs

	NPSO	Membership numbers
1	Cook Islands Chamber of Commerce <a href="http://www.cookislandschamber.org">www.cookislandschamber.org</a>	60
2	Federated States of Micronesia Association of Chambers of Commerce <a href="http://fsmacc.net">fsmacc.net</a>	13
3	Fiji Commerce and Employers Federation <a href="http://fcef.com.fj">fcef.com.fj</a>	290
4	Kiribati Chamber of Commerce and Industry – <a href="http://www.kcci.org.ki">www.kcci.org.ki</a>	75
5	Niue Chamber of Commerce <a href="http://www.niuechamber.com">www.niuechamber.com</a>	86
6	Nauru Business Private Sector Organisation	45
7	Palau Chamber of Commerce	75
8	Papua New Guinea Chamber of Commerce <a href="http://www.pngcci.org.pg">www.pngcci.org.pg</a>	>835
9	Marshall Islands Chamber of Commerce <a href="http://www.marshallislandschamber.net">www.marshallislandschamber.net</a>	
10	Samoa Chamber of Commerce <a href="http://www.samoachamber.ws">www.samoachamber.ws</a>	324
11	Solomon Islands Chamber of Commerce and Industry <a href="http://www.solomonchamber.com.sb">www.solomonchamber.com.sb</a>	132
12	Tuvalu National Private Sector Organisation	66
13	Tonga Chamber of Commerce and Industry <a href="http://www.tongachamber.org">www.tongachamber.org</a>	135
14	Vanuatu Chamber of Commerce and Industry <a href="http://www.vcci.com.vu">www.vcci.com.vu</a>	1303
Source: NPSO Assessment 2012 & 2015		

## 2. Regional Workshops

2014

	Workshop Topics	Month	Organisers with PIPSO
1	Trade Pasifika	April	ANZ/MSG
2	Rules of Origin Training-Niue	October	PITAP (EU)
3	Pacific Women In Business Conference	November	PLP/Westpac
4	Financial Training-WIB Westpac Group, Nadi	February	Westpac
5	Marketing, Quality & Finance-Lau Women	March	
6	Marketing, Quality & Finance-Craftswomen, Labasa	May	Fiji Arts Council
7	Marketing, Quality & Finance- Rural Youth leaders, Savusavu	July	
8	Marketing, Quality & Finance- Rural Youth leaders, Taveuni	August	
9	Marketing, Quality & Finance- Taveuni	August	

	Women Empowerment Group, Taveuni		
10	Train of the Trainers, Finance-Suva	October	
11	Finance, level 1-Suva	October	
12	Finance, level 2-Suva	November	

## 2013

	Workshop Topics	Month	Organisers with PIPSO
1	PIP SO AGM	May	PIP SO
2	PIP SO Sub Regional Workshop on Partnership Framework Support For Small Island States' National Private Sector Organisations	Nadi -26 <sup>th</sup> to 27 <sup>th</sup> February	PIP SO
3	Marketing, Quality Assurance And Business Development	12 <sup>th</sup> -15 <sup>th</sup> August	SPC IACT (EU), SPTO and PSBDC)
4	Regional Trade Training		AUSAID funded
5	Trade and Customs Training-Regional	29-30 <sup>th</sup> July	PITAP (EU) and OCO
6	Trade and Customs Training-Sol Is	18-22 Nov	PITAP (EU) and OCO
7	Trade and Customs Training-Vanuatu	2-6 Dec	PITAP (EU) and OCO
8	Trade and Customs Training-Tonga	9-13 Dec	PITAP (EU) and OCO
9	Gap Analysis and quality assurance training -Tonga	23-27 Sept	PITAP (EU) and SPC IACT
10	Capital Expenditure and Understanding Business-Supply Chain-Suva	18 Oct	SPC IACT
11	Level 2 Financial Training- Apia	29-30 Oct	PITAP (EU)
12	Level 2 Financial Training-Vava'u	31Oct-1Nov	PITAP (EU)
13	Level 2 Financial Training-Suva	20-21Nov	PITAP (EU)
14	Level 1&2 Financial Training-Honiara	25-28Nov	PITAP (EU)
15	SME Export Development Project-Nukualofa	23-27 Sept	PITAP (EU)
16	Export Seminar-Labasa	24-25 Oct	PITAP (EU)
17	Capacity Building-Honiara	25-28 Nov	PITAP (EU)

## 2012

	Workshop Topics	Month	Organisers with PIPSO
1	Trade Pasifika	25-27 June	ANZ, PLP,UNDP
2	Marketing and Quality Assurance Toolkit	29 <sup>th</sup> Oct-1 <sup>st</sup> Nov	PCF
3	Building Business Value Chains	11-12 Oct	ACP
4	Inaugural Pacific WIB Conference-Nadi	14-16 Nov	PLP
5	Financial Training-Sol Is & Kiribati	April	ANZ
6	Leadership & Governance Workshop for PIPSO Board Members	27-28 Feb	
7	Productivity Workshop	20-21 Sept	FCEF, NZ Business Mentors
8	Youth Entrepreneurship Programme		Tonga Chamber & Palau Chamber



### 3. Outcomes of Regional Meetings

#### FEMM 2013

	OUTCOMES	UPDATES
A	<b>Called</b> to strengthen the public-private partnerships through commitment to an inclusive dialogue at national level, and <b>encouraged</b> greater private sector participation in government committees and on matters affecting the development and growth of private sector.	
B	<b>Recognised</b> National Private Sector Organisations as the focal point for regular dialogue with government departments and ministries	
C	<b>Agreed</b> to consider appropriate measures to reduce the cost of doing business and to streamline business registration processes to a centralised national locale.	
D	<b>Encouraged</b> foreign investment through joint ventures with local private sector partnerships in support of greater use of local businesses in infrastructure development projects and services.	
E	<b>Supported</b> private sector youth programmes on entrepreneurship by encouraging the introduction of entrepreneurial curriculum at all schools, vocational and technical programmes that best suit the needs of industries, and the setting up of business incubator centres for young entrepreneurs in collaboration with National Private Sector Organisations.	
F	<p><b>Agreed</b> that Private Sector engagement take place at the Leaders and at the Economic Ministers Meetings.</p> <p><b>Agreed</b> that the Private Sector discussions with the Forum Economic Ministers Meeting be comprehensive, and set the agenda for Private Sector Dialogue with Leaders.</p> <p><b>Agreed</b> that the format of the Private Sector Dialogue be reviewed to improve its effectiveness to all parties</p>	PSD conducted in the margins of the 2014 FEMM meetings

**FEMM 2014**

	<b>OUTCOMES</b>	<b>UPDATE</b>
<b>A</b>	Ministers <b>welcomed</b> the enhanced Private Sector Dialogue involving Economic Officials, Ministers and Leaders and <b>requested</b> the Forum Secretariat to develop a process in consultation with members for effective engagement at both meetings.	
<b>B</b>	Ministers <b>requested</b> the Forum Secretariat to work with Private Sector Representatives and members to develop a robust monitoring and evaluation mechanism that can track the success of the dialogue with FEMM and Forum Leaders.	
<b>C</b>	Ministers <b>encouraged</b> countries to discuss with their Private Sector measures to address delayed payments.	
<b>D</b>	Ministers <b>urged</b> FICs to undertake broader public administration reforms to introduce efficiency in the payment, compliance and refunds processes.	
<b>E</b>	Ministers <b>considered</b> a review of the investment and business development incentives to make them more attractive and comprehensive, with transparent, targeted and time bound incentives schemes. Such schemes should be monitored to ensure that they contribute directly to economic growth and to avoid abuses.	
<b>F</b>	Ministers <b>considered</b> developing policies aimed at supporting exporters and further strengthening the Pacific Islands Trade & Investment network to improve effective marketing of Pacific islands products and services overseas.	
<b>G</b>	Given the seriousness of Non-Communicable Diseases (NCDs) in the region, and their consequences on the private sector, Ministers <b>urged</b> to invest in effective mechanisms that seek behavioural changes, through awareness campaigns and public education.	
<b>H</b>	Ministers <b>encouraged</b> development partners to utilise procurement mechanisms that provide increased opportunities for local private sector operators.	
<b>I</b>	Ministers <b>encouraged</b> member countries to exchange private sector knowledge and expertise on strengthening economic development, particularly with regards to tourism.	

#### 4. List of MOUs

	Organisation	Date
1.	SPC	5 <sup>th</sup> March, 2013
2.	PINA (Pacific Islands News Association)	May, 2013
3	Australian Volunteers International	September 2014
4	Korea Chamber of Commerce & Industry	July 2014

#### 5. List of Reports

Report	Frequency	Recipients	Contents/Purpose
PIP SO Newsletter	Monthly		
Board reports	Monthly	PIP SO Board Members	Update Board Members on PIP SO work
NPSO Updates	Monthly	Chambers	
Back to Office reports	As and when necessary	PIP SO Board Members	Update Board Members on workshops/conferences conducted/attended by PIP SO
Grant report to PLP	Quarterly	Pacific Leadership Programme	Update on acquittal and work progress
BDF Report	Annual	PIFS and then to the Japanese Government	Acquittal for usage of the Business Development Fund
PITAP Report	Annual	PIFS	Provide report on usage of PITAP (Pacific Integration Technical Assistance Project) for the PITAP Annual report
PIP SO Annual Report	Annual	Members & Public	