

Business Development Fund



PIPSO

The Pacific Islands Private Sector Organisation (PIPSO) is the peak body for the private sector in the Pacific, representing the interests of the region's private sector through the National Private Sector Organisations (NPSOs) in 15 countries.

In one of its roles, PIPSO works with regional organisations and donor agencies to strengthen the capacity of its members through consultation, training, mentoring, technical support and funding to enable them to enhance business competitiveness.

Business Development Fund

From 2009 to 2015, PIPSO administered the Business Development Fund (BDF), a cost-sharing grant provided by the Government of Japan through the Pacific Island Forum Secretariat (PIFS).

Initially established as the Market Development Fund (MDF), the BDF assisted micro, small and medium enterprises (MSMEs) and community-based organisations with commercial interests to seek co-financing for self-determined actions that meet the BDF's objectives. On a case-to-case basis, to maximize efficiency and reach, financing was also provided to groups of entrepreneurs/MSMEs for projects within the gambit of the BDF. The BDF was made available to businesses from 14 Pacific ACP (PACP) countries.

Expected Results

Pacific Island businesses are usually characterised by limited financial resources, a lack of access to capital, an often undue reliance on debt as well as a lack of necessary technical skills.

To begin to address these challenges, the BDF was designed with the following objectives:

- Improve business management and development skills;
- Increase technical skills to support business activity;

- Increase ability to meet consumer demands both nationally and internationally;
- Increase ability to market Pacific island products both nationally and internationally;
- Improve labeling and standards for regional goods; and
- Improve quality in terms of goods and services provided by the private sector.

Types of Assistance

Specifically, funding support was available under the seven categories:

- i. Market Research
- ii. Exploration Visits
- iii. Exhibition/Conference Participation
- iv. Product Development
- v. Product Quality Assurance
- vi. Promotional Material; and
- vii. Business Development, Capacity Building and Training

Each business applicant was eligible for cost-sharing assistance to a maximum of FJD\$8,000 for regional and FJD\$10,000 for international projects.

Fund Usage

Between the years 2009 to 2015, the BDF distributed more than FJD800,000 to around 166 recipient businesses throughout the region.

Success Stories

For ease of reference, the stories are grouped by sub-region: Polynesia, Melanesia and Micronesia.

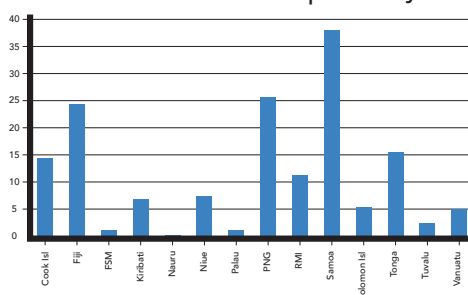
Polynesia

Samoa Chamber of Commerce, Samoa - Exploration visit

The Samoa Chamber in partnership with the American Samoa Chamber, the Small Business Enterprise Center and the Governments of Samoa and American Samoa initiated the first ever *2 Samoas Trade Fair* in American Samoa in 2015.

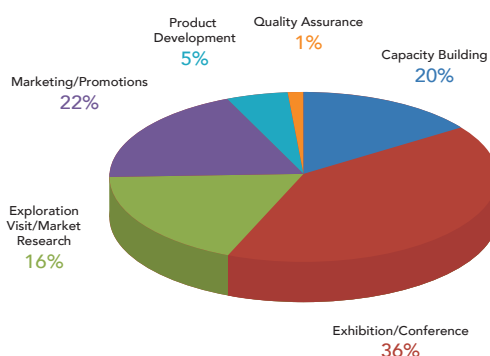
The objectives, were to: (a) showcase "Made in Samoa" products and services to the American Samoa market as an entry point to the wider US market, including fashion and arts by Samoan women and youth entrepreneurs; and

Number of BDF Recipients by Country (2009-2015)



Businesses from all 14 PACP countries received assistance through the BDF over its seven-year duration with the greatest number of beneficiaries coming from Samoa, Papua New Guinea, Fiji, Tonga and the Cook Islands, in that order.

Number of BDF Recipients by Type of Assistance (2009-2015)



The largest proportion of BDF funds (36%) were utilised for trade exhibitions and conferences. Two types of assistance - Production of marketing and promotional materials came in second at 22% followed closely by capacity building actions at 20%. This indicates that sales & marketing as well as training are priority areas for the private sector in the Pacific.

(b) facilitate trade partnerships between the two Samoas leading to a trade/ economic agreement in the future.

With the BDF assistance, the four-day event resulted in estimated sales from exhibitors of about US\$150,000, according to the Samoa Chamber. Over 100 business contacts and partnerships were made with more than 200 potential contacts.

Some of the Samoan products identified for export to American Samoa were: books, cooking oil, elei, garments, taro, fruit juices, and services such as art education (tapa making) in secondary schools and computerised vehicle use tracking. In addition, issues for government action through economic agreement were highlighted, such as the quarantine inspection fee for Samoan exports to American Samoa.

Due to the success of the first event, the Samoa Chamber reported that nearly 100% of the 2015 exhibitors were scheduled to participate in the second annual *2 Samoas Trade Fair* in 2016.

Langafonua Handicrafts, Tonga - Exploration visit

Langafonua'a Fafine Handicrafts Association of Tonga, established in 1953, is one of the oldest cooperatives in the country consisting of over 300 producer-members from women's and community groups throughout Tonga, including the outer islands. They received BDF funding to participate in a two-week trade mission to the United States to explore market opportunities for heritage arts, particularly targeting the Tongan diaspora.

The trade mission was organised in partnership with the San Bruno United Methodist Church, the Ministry of Commerce, Tourism and Labour, Government of Tonga, and the Tonga Handicrafts and Cultural Tourism Support Programme (THCTSP).

The trade mission was successful in: (1) strengthening relationships with Tongan community leaders and diaspora in the US; (2) establishing a network with US cultural and sporting events organisers; (3) enhancing the profile of Tongan products in the US market; and (4) demonstrating the importance of market research and a coordinated approach; as well as (5) confirming that a market for heritage items exists.

In addition, Langafonua Handicrafts took samples for potential buyers, a display of which resulted in sales of over TOP 32,000 or about US\$14,000.

Melanesia Niugini Native Ltd, Papua New Guinea - Capacity building

Ms. Wandid Amini Korimbo, the managing director of Niugini Native Ltd, received BDF funds for 20 rural women entrepreneurs from the Rigo Province to be trained by small business women in Fiji in skills such as jewellery making, sewing, screen printing and tie dying. This project was held in cooperation with the PNG Attorney General and Justice Minister, the Honourable Ano Pala.

The one week workshop was officially opened by the Forum Secretariat Secretary General, Dame Meg Taylor, with the objective of giving these women entrepreneurs the skills to develop new products, grow their business and increase their incomes.



Women entrepreneurs from Rigo Province, PNG, during the week long skills training in Fiji.

Since the workshop, Ms. Korimbo reported that some of the women have become trainers in their own right and are sharing the skills they learned with other women in their local communities.

Vanuatu Direct Ltd, Vanuatu - Quality Assurance

A Port Vila based food & beverage producer, Vanuatu Direct Ltd started in 2006. Through the BDF, Vanuatu Direct Ltd obtained the AsureQuality NZ HACCP certification for its factory to handle raw, fresh food and for its flagship Vanu'kai Honey. Additionally, key staff received advanced HACCP supervisors training.

As a result, they have new export markets and customers in Australia, New Caledonia, Japan and China, and increased their exports by securing a 22-ton service contract with an

TESTIMONIALS

"I want to say thank you [PIPSO] so much for your help.... You did not fund me but you enabled others who believe in the same dream, so vinaka vakalevu. Thank you for truly giving the opportunity to people who would not have otherwise had the opportunity to explore possibilities."

Monalisa Palu,
Langafonua'a Fafine Tonga
Handicraft Shop

"The support we received from PIPSO and the staff was excellent."

Jeff Laurie,
Whale Swim & Dive Ltd, Tonga

"Again, thank you very much for the opportunity that PIPSO have offered Tonga and its private sector. I do believe that on the other hand, the training was very effective and useful for those that attended. It definitely has also given us good lessons to learn from as to hosting more effective business training and workshops in the near future. Vinaka vakalevu."

Tevita Lautaha - Ministry of Labour,
Commerce & Industry, Tonga

"You [PIPSO] provide such a fantastic platform. For example, us at VOU, we want to be able to provide employment opportunities for 'at risk' youth to reduce poverty. But because we are a private organization, we do not qualify for many other funding sources. This PIPSO funding allows us to expand and continue to employ these young talented people. We have expanded our services because of the new website and now we are offering broader commercially sustainable arts products to an international market."

Sachiko Soro, Director, VOU Dance, Fiji

"PIPSO is a great helper to SMEs."

Veronica Mulu, Lami Kava Ltd, Fiji

"This was the first group trade mission trip that we joined. It was an opportune moment to step up links with various businesses in Fiji. I believe it provided the participants the opportunity to have first-hand insight of the business context of doing business with Fiji as well as exploring other business interests and avenues and meeting one-on-one with strategic contacts."

Jennifer Hawley, K&K Island Pride,
Republic of the Marshall Islands

Australian company. Approval to export to Australia was the product of Vanuatu Direct's "willingness of getting the first step of HACCP" and close cooperation with the Vanuatu Agriculture as well as Trade & Industry Departments, stated Ms. Cornelia Wylie, owner & General Manager. This led to the attainment of a three-year True Pacific License. Moreover, this year's renewal will be completed with the Food Processors Australia certifying body, which will give the company Food Standards Australia New Zealand (FSANZ) and US Food and Drug Administration (USFDA) approval.

According to Ms Wylie, the increase in exports has redounded to a doubling of its annual income and a 10% increase in direct employment. Vanuatu Direct also continues its tradition of giving back to the local community by establishing the "Sowers and Growers" program, providing training and materials to rural farmers.

She added that the remaining portion of the cost related to HACCP Certification was financed through personal loan. The company may not have pushed through with process at that time if not for the BDF grant.



Lami Kava's new vacuum sealed Brown Label packaging

attract higher-end customers. Lami Kava uses machine technology in its production to crush, cut, sift, dry and vacuum pack its products. Raw kava is packed in polypropylene bags and crushed kava in food grade pouches and vacuum sealed.

The improved packaging has gained the attention of a number of new local and international customers, as well as three additional partners/ distributors. As a result, Lami Kava has been able to penetrate new markets, in particular the United States. Lami Kava have also added the Brown Label and Swiper Pack to its product line.

Since receiving the BDF grant, Lami Kava reports a 15% increase in monthly income and 10% growth in export receipts. As a result of the higher demand, the company has enlarged its workforce by 2% in terms of part-time employees and 50% in terms of the number of full time employees to three.

In addition, the company has obtained the 'Fiji Made' mark for its products and a certificate of participation in the Fiji Exporters Award of the year 2015. They are working to attain the Australian HACCP Certificate in the very near future.

VOU Dance Company & VOU School, Fiji - Marketing/ Promotion

VOU was founded in 2007 as a Pacific dance company and in 2011 expanded into a music and dance school to "offer access to affordable arts education to artistically inclined youth" (VOU website).

The company utilised BDF assistance to redesign their website and shoot new video content to digitally showcase their brand, marketing materials and calendar of events and to allow online class registration with the overall objective of raising the national, regional and international profile of VOU and Pacific dance.

Half of students in their new VOU Nadi school enrolled for dance classes online while VOU Suva School reported that 20% of students who enrolled online were new students. VOU have also seen a 15% growth in the number of inquiries for local bookings.

One of the main objectives of increasing the number of international festival bookings has been achieved. By April 2016, VOU had booked seven international events in ten countries for the year so far, including the Glastonbury and Edinburgh Festivals in the United Kingdom, Festival de Martigues in France, the Slovenia Cultural Festival and a two-month contract at a cultural park in China.

Due to the higher demand in international shows secured through international partners in Europe and China, they have increased their export receipts and income. Most striking is that VOU reports a nearly 100% increase in the number of dancers and staff, almost all under 25 years of age.

"The new website gives us international standing and makes us credible as an organisation. It has enabled us to employ more dancers as we now need [an] international group and a [local] group," said VOU Director, Ms. Sachiko Soro.

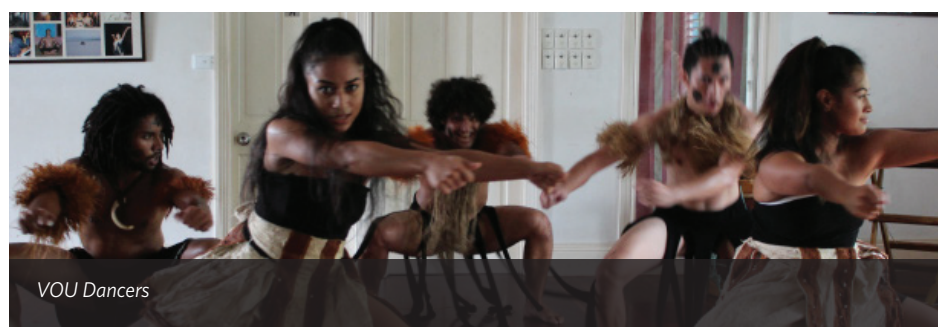


Processing Vanuatu Direct Ltd's HACCP Certified Vanu'kai honey

Lami Kava Ltd, Fiji - Product Development

Since 1982, Lami Kava Ltd has produced premium Kava, of the Noble variety, raw and powdered for wholesale, retail and export.

Lami Kava received a grant from the BDF to co-finance the redesign of their logo and label as well as upgrade its packaging to improve shelf-life and



VOU Dancers

"This [Business Development Fund] is a unique fund that truly meets exact requirement for businesses in remote and challenging environments. Continue [PIPSO] with the great efforts to promote [the] private sector."

Michael Savins, Kiricraft,
Central Pacific, Kiribati

"The support we got was great and we managed to join the South Pacific Tourism Organisation [Tourism Show in Melbourne, Australia] and sell our destination, products and services to buyers that came from different destinations."

Joan Temai Tarati,
Hotel Manager,
Tarawa Boutique Hotel, Kiribati



RMI Finance Minister Hon. Jack Ading with Fiji Roving Ambassador responsible for Micronesia, Ambassador Litia Mawi during the RMI trip to Fiji in June 2015.

Micronesia

Republic of Marshall Islands Chamber of Commerce, Republic of the Marshall Islands (RMI) - Exploration visit

With BDF assistance, the RMI Chamber was able to send 20 government and private sector representatives from various industries to the Trade/Investment Mission to Fiji in partnership with the RMI government and the Office of Commerce & Investment (OCCI).

After the trade mission, the RMI Chamber reported an increase in inquiries regarding potential investment opportunities. Products for potential export to Fiji were identified, such as fish jerky and some produce, which will form part of the RMI National Export Strategy.

New bilateral collaborations between government agencies and state owned enterprises were formed during the trade mission. In addition, a communiqué was signed between the RMI Chamber of Commerce and the Fiji Commerce & Employers Federation (FCEF). New partnerships between RMI and Fijian companies were also forged in the hydroponics and tuna cannery industries. Dwight Heine of OCCI expressed his confidence of the potential for new job creation once the investment projects in the pipeline are implemented.

This action facilitated intra-regional trade and investment between Fiji and RMI through business matching and site visits to promote collaboration and partnership in manufacturing, wholesale and retail sectors. Moreover, it models successful public-private partnership for sustainable economic development.

Successes and challenges

Assistance to SMEs through the BDF has resulted in improved quality of existing exports, promoted the export of a range of new products and a better understanding by Pacific exporters of foreign market specifications.

The BDF has also built the capacity of private sector through training in business and technical areas. Most significant is that businesses reported higher income and employment as an outcome of the projects, which may have been postponed or abandoned without financial assistance.

The BDF's design embraced certain principles: (1) self-determination by businesses of how the funds were to be used enhanced ownership of the projects; and (2) co-financing allowed PIPSO to maximise the number of beneficiaries assisted through the BDF while at the same time promoted accountability.

On the other hand, there were also some shortcomings, such as recipients did not meet the timetable for implementation; delay or non-submission of post-project reports; changing requests following Panel approval due to issues with their supplier.

Notwithstanding the successes of the BDF, there is a need to consider tracking and follow up with BDF recipients one year and so forth after the financing to better determine the impact of the BDF as a whole.

BDF Ends

After seven years of assistance to the private sector, PIPSO regrettably announces that the BDF scheme has drawn to a close because the donor has ceased its funding. PIPSO is open to other sources of funding to expand the scheme in the future.

Acknowledgements

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