Leveraging Private Sector Role for Development

Private Sector

Sustainable Trade and Investments, Responsible Value Chains, Industrialisation and local value added, Inclusive Business Models, Innovation

Jobs, Growth, Domestic Resources

Decent Life

Public Social Services

PSD/Business Environment
Grants/TA/Blending
Innovative Financial Instruments
Global Public Goods
Solomon Islands:

Support to private sector development in Agriculture under Rural Development Programme - Phase II (SIG, WB, DFAT, IFAD, EU)

- **Increasing private sector's access to finance through:**
  
  - Agri-business partnerships (USD 11.51m)
  - Agricultural Supplemental Equity Facility (USD 2.55m)

  (i) assist households to engage in productive partnerships with commercial enterprises;
  
  (ii) re-activate the ASEF which was created under RDP I as a financial instrument through the commercial banks which aims to stimulate agribusiness activity in rural areas;
Agri-business partnerships

- Alliances between private sector agribusiness and smallholder farmers.
- Expression of interests
  - three rounds of selection foreseen during project, to commit around USD 11.51m
  - First round around 130 submitted
- Invitation to submit full proposal
  - 27 shortlisted, 80% based on cocoa or coconut products, 7 approved
  - 56% large, 22% medium, 22% small
  - Average grants: SBD 2m large; SBD 1.0 medium and SBD 0.35 small
- For final proposal preparation: access to business development service provider SI Small Business Enterprise Centre SISBEC.
Agricultural Supplemental Equity Facility

• Borrower contributes 20% of the cost, and the bank is prepared to lend 60%. The remaining 20% will be financed by an ASEF grant to the borrower. Eligibility would be limited to enterprises engaged in the agriculture sector (broadly defined, including primary production as well as other activities in the value-chain), and would favour those which offer the best prospects for generating employment growth in rural areas.

• MOU with the ADB’s Pacific Business Investment Facility (BIF) whereby RDP II partners and Agricultural Supplemental Equity Facility (ASEF) applicants seeking additional financial and technical support may be referred to the BIF. Several referrals have already been made and are under consideration by the BIF
Vanuatu

Vanuatu Value Chains programme

• Three value chain analysis studies done

• Some common features: Stronger organization of and linkage among the value chain players, access to affordable finance, innovation and knowledge transfer, market rather than production driven agriculture are common elements.

• Access to finance: Finance facility – feasibility study => starting mid July.
• Formulation mission Vanuatu Value chain programme – mid July
Regional Programme EUR 166m

• The first priority area selected is Regional Economic Integration. This sector is allocated €78 million with support channeled to two specific objectives (i) Increasing the productive capacity for trade (EUR 38m, and (ii) strengthening private sector involvement in economic integration (EUR 40m).

• Lack of access to finance is a major constraint throughout the Pacific, especially for immediate responses to major global challenges like climate change. Improving women’s access to finance is a commitment made by Leaders which needs to be supported through development partner initiatives. While the EU and other donors are supporting the development of initiatives that address lack of access to finance, principally at national levels, the Pacific RIP may be used as a means to add support where required, particularly for private sector initiatives and Public-Private Partnerships (PPPs).
New instrument: Agri-Fi =>2016

In order to effectively contribute to foster private sector investment in food systems development, the EU is designing a specific Agriculture Financing Initiative: AgriFI.

To improve the capacity to bear risk using public money in order to encourage project promoters and attract private finance to viable investments which would not have materialised otherwise.

EU support will contribute to “de-risking” the investment and therefore to close a financing gap.
Taggio tumas!

The European Union in Solomon Islands and Vanuatu

http://www.eeas.europa.eu/delegations/solomon