

Micro, Small, and Medium Enterprise Fiji – Policy Framework

- 31 January 2020 -

A. Background

1. Micro, Small and Medium Enterprises (MSMEs) form the backbone of the Fijian economy. They contribute over 18% of the GDP and provide employment for approximately 60% of the Fijian labour force.¹ However, MSMEs face challenges to their establishment and operation. These include difficulties in accessing markets and market information, availability of finance and the burden of regulatory requirements to do business. The challenges continue to pose barriers that can be reduced to allow a more enabling environment to support the growth of MSMEs.
2. Due to the absence of a national coordinating agency, projects designed with MSMEs in mind can be misaligned, uncoordinated and undertaken in isolation by the various stakeholders. This has resulted in a sub-optimal usage of resources. An example of this are the many entry-level business training programmes with relatively few follow-up programmes available to support the ‘next level’ of existing firms looking to grow. Altogether, there exists the opportunity to improve service provision for MSMEs.
3. The requirement for a central coordinating agency to support MSME development has been identified in the 5-Year and 20-Year National Development Plan (“**NDP**”), Section 3.2.6. The Ministry of Industry, Trade and Tourism (“**Ministry**”) is responsible to establish this agency. It is proposed that the central coordinating agency be referred to as ‘MSME Fiji’. As such, it will come under the ambit of the Ministry, whose role is to formulate and implement policies and strategies that facilitate the growth of MSMEs.
4. As announced in the 2019-2020 National Budget Address by the Hon. Minister for Economy, the Ministry has been equipped with a dedicated budget programme to help ignite grassroots entrepreneurship. By facilitating a climate where bright business ideas can easily become reality, the Ministry, through MSME Fiji, shall

¹ Source: <https://www.fiji.gov.fj/Media-Centre/Speeches/MINISTER-KUMAR-AT-THE-LAUNCH-OF-THE-FIJI-ENTERPRIS>

empower ordinary Fijians to tap into their economic potential and contribute to accelerating growth in the economy.

B. Purpose

5. As set out in the NDP, the purpose of MSME Fiji is to “implement, monitor and evaluate MSME development in collaboration with various stakeholders”.
6. MSME Fiji is responsible to formulate, implement and enhance new and existing policies and strategies for the development of MSMEs. In particular, MSME Fiji facilitates business training, mentoring, advisory, incubation services and access to finance. MSME Fiji is also responsible for monitoring and evaluating the implementation of MSME-related projects².
7. In particular, MSME Fiji will work to improve MSMEs access to finance and access to business training services. To support this, MSME Fiji will establish a database of MSMEs to ensure availability of reliable information that will assist its policy recommendations.
8. MSME Fiji will strive towards this Purpose to: make doing business easier, improve Government’s provision of services to MSMEs and encourage the inclusive and sustainable development of MSMEs.

C. Policy Framework

9. The **vision** of MSME Fiji is to attain “A Brighter Economic Future for All Entrepreneurs”.
10. This vision will help create a globally competitive, innovative, sustainable and ecologically-friendly economy that contributes to the country’s national socio-economic development goals. It is a vision that recognises MSMEs as a driving force of economic activity and providing a significant component of Gross Domestic Product, employment and livelihood opportunities, especially for women and youth.

² https://mitt.gov.fj/divisions/MSME_Fiji/

11. The **mission** of MSME Fiji is to stimulate the inclusive and sustainable development of MSMEs.

12. This mission can be achieved through promoting an entrepreneurial culture and encouraging MSMEs to produce goods and services where they have a comparative advantage. For example, helping individuals identify how to use their human, financial and natural resources through an enabling business environment, providing opportunities for skill development, improving access to finance, market facilitation and market information.

13. The **scope** of MSME Fiji's work will include the following key areas:

- a. Ensuring that MSME projects align to National development priorities, for instance the 5-Year and 20-Year NDP, the Green Growth Framework and the central narrative of the Blue-economy;
- b. Enhance policy cohesion among MSME support institutions by being the primary contact point for all MSME issues and so improving the institutional framework of support and collaboration across stakeholders;
- c. Assist in the research and design of legislation, regulations, policies and programmes to empower all MSMEs, especially considering the challenges faced by women led MSMEs and those operating informally;
- d. Formulating clear development strategies, process improvements and provide policy recommendations to help improve the ease of doing business across the country, particularly for new, growing and informal businesses;
- e. Highlight the constraints, gaps and challenges facing MSMEs, together with remedial policy actions, especially considering the challenges faced by vulnerable segments of the population (e.g. Yellow Ribbon enterprises, enterprises run by those living with disabilities);
- f. Facilitate MSMEs access to financing, business training, mentorship networks, business advice and incubation services;
- g. Provide basic business advice directly to MSMEs;
- h. Undertake extensive awareness to public on available business training, mentoring, advisory, incubation services and accessible finance;

- i. Monitor and evaluate Government's provision of services/programs to MSMEs to continually enhance delivery standards, value and reach;
- j. Facilitate the collection and dissemination of data on MSMEs to ensure the availability of reliable information; and
- k. Collaborate with stakeholders, such as local university faculties, to strengthen MSME policy research and institutional capability to deliver reforms.

D. Next steps

14. The Fijian Government is committed to improving the institutional setting to support MSMEs across the economy. The growth of MSMEs is essential for job creation, income generation, rural development, poverty alleviation and empowerment of youth and women.
15. A single MSME Fiji unit is established under the Ministry. This re-focused unit will undertake the above-mentioned scope of work to begin to realise the stated vision and mission.
16. A guiding piece of legislation for the agency will subsequently be developed to appropriately equip it with powers to operate as its own focussed organisation.
17. A two-year plan will be developed for MSME Fiji to take it from infancy to self-sufficiency, with its own law and governance system to provide a one-stop-shop service for all Fijian MSMEs.
18. This process will be conducted in a transparent manner, in consultation with all relevant stakeholders and will be informed by best international practices. Subsequently, a detailed action plan agreed with relevant Government authorities will be adopted.