

**Facilitating Market Opportunities at Both Local  
and International for local producers**

**Issues  
and  
Challenges**

# Issues & challenges are not just many but too many and not just challenges but significant challenges

- ▶ **INFRASTRUCTURE** e.g. both physical and Monetary infrastructure being under developed capital Market in our Economy
- ▶ **INCOME GENERATION** e.g. Ignorance of our own economy Behaviour (14% employed) and 86% (unemployed?????)
- ▶ **CORPORATE GOVERNANCE** e.g. Own Government System Red Tape and corruption that it entails

# FOCUS OF THIS PRESENTATION HOW TO ADDRESS UNDERDEVELOPED CAPITAL MARKET OPPORTUNITIES FOR LOCAL PRODUCERS

- ▶ Informal Sector (FIP) and what we need to do to harness this potential and create a Capitalisation that will Force the reduction of Interest Rates and create a financing system as partner to Government in building and Funding Social and Economic Infrastructure (SME –local producers) to fuel our Growth and SIGNFICANTLY EMPOWER OUR PEOPLE

The background of the slide is a landscape photograph showing a vibrant green field in the foreground, leading to a dark, silhouetted horizon line. Above the horizon, the sky is filled with dramatic, dark blue and grey clouds. The entire image is framed by a green geometric border on the right and bottom sides.

**CREATING A DEDUCTION SYSTEM FOR THE FRESH  
FOOD, AGRICULTURE AND CASHCROP AND  
ALLUVIAL GOLD AND OTHERS**

**A STRATEGIC PATHWAY PRESENTATION**

## CURRENT RUSH FOR SAVINGS TO FUEL STATUS QUO WITH NO CHANGE FOR THE BETTER

- ▶ NATIONWIDE MOBILISATIONS OF SAVINGS CREDIT SUPERANNUATION AND INSURANCE BY GOVERNMENT THROUGH A NATIONAL TASKFORCE (NOT BPNG BUT WORKING WITH THEM) IN ENHANCING SAVINGS CREDIT SUPERANNUATION AND INSURANCE FOR THE INFORMAL SECTOR WHICH THIS PROCESS MIGRATES IT TO THE FORMAL SECTOR (SAME TIME DEMAND SUPER FUNDS BANKS AND INSURANCE IE CONTROL ON INTEREST RATES TO ENSURE SERVICES ARE AFFORDABLE)
- ▶ THIS PUSH AND SUCCESS OF IT WILL ASSIST GOVERNMENT FUND PNG CREDIT DEMAND AT AN AFFORDABLE LENDING INTEREST RATE (SOMETHING BANKS CANNOT DO) AND ENSURING THE ARBITRAGE IS SHRINKED
- ▶ CREATE A DEDUCTION SYSTEM TO PASS ON FEES AND CHARGES TO FUND RURAL BASED POPULATION TO HAVE A USER PAY IF YOU LIKE OF SERVICES PROVIDED IN THE COMMUNITIES TO ENHANCE THEIR OWN BETTERMENT

# SAVINGS OPPORTUNITIES SCENARIO SOME STATISTICS

## AGRICULTURE SECTOR

Commodity	Production Kina	Super @12%
1 Livestock	140,000,000	16,800,000
2 Coffee	460,000,000	55,200,000
3 Cocoa * Tonnes 42,234	343,000,000	41,160,000
4 Fresh Food Market	420,000,000 (without savings)	50,400,000
5 Oil Palm	1,718,000,000	206,160,000
<b>Total</b>	<b>3,081,000,000</b>	<b>369,720,000</b>

**If 200,000 women (through Women In Agriculture) saved K15 per day in a month (26 day) would be saving K78m and in 12 months K936m in a year so this plus Agri Super Saver would give us K1.3Bn in Savings and Imagine Other Product opportunities access in credit, Savings Super and Insurance products the FIP Providers bring to the Market place?????**

**What about Fisheries, Forestry, Even Betelnut Industry, royalties paid to LO has it been deducted???? So much possible savings cash leakages can be tapped. We are running an ad hock strategy and FIP P Dictating to their own survival and NOT GOVERNMENT AGENDA . This strategy if harnessed will have both personal and National Motivation.**

# PNG SAVINGS SCENARIO

- ▶ SAVINGS = INVESTMENTS = GROWTH (DRIVES GROWTH IN THE ECONOMY)
- ▶ DO PNGEANS SAVE? UNFORTUNATELY NO. Why, cultural considerations (KASTOM WOK)
- ▶ FORCED SAVINGS (AUTOMATIC PAY DEDUCTIONS) WORKING FOR PNGEANS VIA SUPER FUNDS NSF Ltd and NASFUND AND FORMAL SECTOR CREDIT DEDUCTIONS FOR BANKS DEBT SERVICING
- ▶ NO DIRECT SAVINGS DEBT REPAYMENTS DEDUCTIONS NO SAVINGS
- ▶ INFORMAL SECTOR (85%) NON INCLUSIVE IS THE NO DIRECT DEDUCTIONS SYSTEM AND HENCE OUTSIDE OF THE FINANCIAL INCLUSION PROGRAM
- ▶ DEVELOPING THE INFORMAL SECTOR DEDUCTIONS SYSTEM IS THE KEY TO SAVINGS FOR THE INFORMAL SECTOR.

# CASH NESTS IDENTIFIED

## Four (4) CASH NESTS IDENTIFIED BY EXTERNAL CONSULTANT

1. FRESH FOOD MARKETS IN URBAN/SUBURBAN/DISTRICT MARKETS IN PNG. ALL URBAN MARKETS IN PNG.
2. AGRI-BUSINESS-LIVESTOCK-FISHERIES FARMERS WHO SELL TO GOVERNMENT APPROVED EXPORTERS
3. ALLUVIAL GOLD MINERS SELLING SOLD TO THE BPNG APPROVED EXPORTERS
4. STREET VENDORS, CHURCH GROUP WORKERS AND CHURCH RUN ORGANISATIONS



# CASH NEST HARVEST STRATEGY

- ▶ Set up National Provincial/City/Town Financial Inclusion Program Task Force (FIPTF)
- ▶ FIP P Sign MOU/MOA with PG or Councils covering fresh food markets security premises and service Level agreements on security, premises and other Infrastructure if required etc.
- ▶ FIP P Sign MOU/MOA with Agri-Business (Fisheries and Livestock) Export Companies to Collect Savings and Loan repayments and remit to FIP providers each time sales is made.
- ▶ FIP P Sign MOU/MOA with Gold Buyers Exporters Collect Savings and Loan repayments and remit to PMB each time sales is made
- ▶ FIP P sign MOU/MOA with church workers etc. to Remit payments (not priority)

# STRATEGY ALIGNMENT TO VISION 2050 DEVELOPMENT STRATEGIC PLAN 2030

- ▶ Direct impact on Pillar 1 Human Capital Development gender (women, youth and people empowerment & 2 Wealth creation, natural resources and growth modes catalyst to growth and impact in other 5 pillars.
- ▶ Meeting the objectives of FIP for the mass. Savings and access to credit and Investment will grow as PNG saves and enabling PNG Superfunds Investing in key strategic Investments and assets in and for PNG.
- ▶ Enables PNG Institutions to take capital control and pursue developments for the Common good for our nation. PNG to increase equity in the private sector.

# STRATEGY IMPEDIMENTS AND RISK PROFILE AND MITIGANTS

- ▶ Legal and administrative implementation hurdle. Law will require them to collect and remit savings to superfunds and this handled by monthly returns, and tied to licensing compliance
- ▶ Poor and rundown Market Infrastructures Solution. Funded by stakeholders
- ▶ Law and Order Problems. Electronic (electronic wallet etc.) security risks are minimised and Government and District Office to ensure commercial banks, micro banks and Digicel and Post PNG secure the safety of their collections. (CEFI INPUT AND COORDINATION)
- ▶ Illiteracy at rural communities. On going programs to address this impediment. This is fixable. (CEFI INPUT AND COORDINATION)
- ▶ All out effort to Address Arbitrage (difference between Deposit and Lending Rate).

# GOING FORWARD

- ▶ DEVELOP NEW PRODUCTS FOR THE INFORMAL AGRIC SECTOR PACKAGE FOR EXAMPLE INLAND FISH PRODUCTS AND PROVIDE THE MARKETS FOR THEIR PRODUCTS .
- ▶ RELEVANT MOA & MOU'S WITH STAKEHOLDERS & SEEK PROVINCIAL GOVERNMENTS, CITY AND TOWN COUNCILS SUPPORT ON THE FIPTF AND THE SERVICE LEVEL AGREEMENTS FOR THE IDENTIFIED CASH NEST HARVEST. THEY MUST ALL WIN.
- ▶ STRENGTHEN BPNG NFIP AND REPLICATE IN EACH PROVINCE WITH STAKEHOLDERS ACTIVE PARTICIPATION IN THE NFIP AND ITS AWARENESS PROGRAMS PROVINCE WIDE .
- ▶ DATA TO BE USED BY PIP PROVIDERS MANAGEMENT TO MAKE FURTHER IMPROVEMENTS IN THEIR SYSTEMS AND CONSOLIDATE ITS ROLE IN THE FIP.

**ACT NOW**

**Simple yet significant to  
transform our Community,  
Province and our Nation.**