

MINISTRY OF
TRADE, COMMERCE
AND INDUSTRY

SME MASTER PLAN 2016 – 2030



ROAD MAP TO INCLUSIVE & SUSTAINABLE ECONOMIC GROWTH
FOR A HARMONIOUS & PROSPEROUS PAPUA NEW GUINEA

KOKOPO SUMMIT 2011 AND MADANG SUMMIT 2013



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FOREWORD BY PRIME MINISTER

HON. PETER O'NEILL CMG, MP

After 40 years of Independence; we have not realized the visions of the founding fathers of this great nation and that is to improve the lives of our people on many fronts, including education, health care, quality infrastructure development, employment creation and so forth compared to other countries who had a similar socio-economic status as we did 40 years ago like Malaysia.

One of our biggest set-back has been, the inability of Papua New Guinea to grow and diversify the small and medium sized enterprise (SME) Sector over the last 40 years, as this would have been the catalyst for sustainable economic growth and wealth creation for our people. The focus and reliance on the extractive sector is unsustainable, and needs to change, to secure a prosperous future for our country.

This SME Master Plan is developed to achieve and deliver the objectives as highlighted in the SME Policy, and assist in encouraging more of our people to start and grow more and more Papua New Guinea-owned, operated and managed companies in the formal sector. The planned SME sector growth will contribute to our overall economic growth, create more employment opportunities, pay more taxes and contribute towards improving the overall quality of life for all Papua New Guineans.

The SME Master Plan is built on a genuine desire to reverse the current imbalances and unequal distribution of wealth and business opportunities for our citizens. The approach and focus will be on outcomes and effective delivery and implementation of the Master Plan. Going forward, development of SMEs will not rest solely in the hands of the Government, but will be the responsibility of both the Government and the private sector through a mutually beneficial and reinforcing public-private partnership programs.

The Government is committed to providing necessary reforms, investment, institutional capacity building and competent leadership to facilitate the implementation of the SME Master Plan 2016-2030.

We have begun to introduce - and will undertake - more legislative reforms including bringing back a business reserve list for our citizens to enhance economic empowerment among our people. We will also introduce a foreign investment legislation to allow only those foreign investors who meet our national interest test to come and do business in PNG, unlike today where the SME Sector is crowded out by foreigners, thereby leaving inadequate incubation space for PNG SMEs.



I assure all stakeholders and constituents, especially our people in the informal and formal SME sector and potential businessmen and women including our youth, that my Government is committed and will provide funding and other support necessary to give our country, and our people, a fighting chance against economic imbalance and poverty. Under my leadership of the SME Council, will provide policy oversight, to grow the formal sector, and to secure a prosperous future for our people and our beloved country.

I call on all our citizens to rise up and take advantage of the many emerging business opportunities, with the support and empowerment of our Government through legislative reforms, low interest rate loans from NDB, more roads, improved communication and other infrastructure so that the SME Sector can grow and contribute towards achieving our National goals of being a middle-income country by 2030 and a high-income country by 2050 as called for in PNG Vision 2050.

I call on all stakeholders and constituents—including our public service machinery and the Indigenous Business Council—to get behind and support the implementation of this SME Master Plan for the benefit of our people and our motherland, Papua New Guinea, now and in the many years ahead. We can do this, and indeed we must by building a strong, robust, sustainable and fair and inclusive economy, so Papua New Guinea can become a Smart, Wise, Fair, Happy, Healthy & Wealthy society by 2050.



Peter O'Neill

HON. PETER O'NEILL, CMG, MP

Prime Minister and
Chairman of the SME Council of Papua New Guinea



ADDRESS BY
MINISTER OF TRADE COMMERCE AND INDUSTRY

HON. RICHARD MARU BTECH, MBA, OBE, MP

The SME Master Plan 2016–2030 has the specific target of increasing the number of SMEs in Papua New Guinea from an estimated 49,500 to 500,000 by 2030. This is a very challenging target, but one we must pursue vigorously because of the multifaceted economic development challenges our country faces. Achieving 500,000 SMEs by 2030 will require a lot of targeted investment, dedication, effort and unflinching support from all key stakeholders. This will happen under the able leadership of our Prime Minister, who will chair the SME Council as the highest policy oversight body to implement the SME Master Plan 2016 – 2030

Achieving such a target will result in the creation of 2 million new jobs, in the formal sector, thereby increasing SME-Sector contribution to our GDP to 50 percent. Such an increase will significantly reduce our current population under the poverty line to less than 30 percent from the current 40 percent. The Master Plan has defined targets for each theme that this SME Master Plan must reach by 2030. Every Province and each district must develop their SME Policies and a Master Plan that must be aligned to the National SME Master Plan 2016–2030.

The new SME Corporation will oversee the implementation of this Master Plan, which will be a game changer for our country when successfully implemented. Implementing the plan will require the efforts and co-operation of the Government led by our Prime Minister who is Chairman of the SME Council, as well as the support of all stakeholders and constituents in the SME Sector. Most significantly, it will include the involvement of our people to succeed in this noble undertaking.

The Government will provide the legislative framework and funding to grow the Sector but it is up to our people to rise up and take up the opportunities and challenges and innovate as businessmen and women. We cannot continue to be spectators in our own land. Rather, we must be the dominant force in our development going forward.

From 2016 onwards, our collective challenge as a nation, is to find and support 450,000 Papua New Guineans start up new businesses including taking over from many foreign owned businesses which operate in the reserved business space which only Papua New Guinean citizens can own and operate under our SME Policy 2016. This will be mandatory by legislation that our Government will enact. We will need over K3 Billion over the next 5 years as seed capital to fund Papua New Guineans take up business opportunities, as a career option.

We thank the Government led by our Prime Minister, all Ministers, Members of Parliament, the SME National Steering Committee, the Secretary for the Department of Trade, Commerce & Industry, our Consultants (Esee Consult), the NDB, SBDC Board and Management and all those that provided input and support for the formulation of this SME Master Plan 2016–2030.

Let us commit and recommit ourselves to making sure that we successfully implement SME Master Plan 2016 –2030 in order to achieve the ambitious targets we set for ourselves in the SME Policy and Master Plan for the benefit of our people, in line with PNG Vision 2050 and our overall development aspirations.

Richard Maru

HON. RICHARD MARU, BTech, MBA, OBE, MP
Minister for Trade, Commerce & Industry

EXECUTIVE SUMMARY

The development of the SME Policy 2016 and SME Master Plan 2016-2030 is a result of analysis and review by the Government of PNG on the economic growth of this nation against the Vision 2050 and the vision stipulated by the founding founders through the 8 point plan since independence. This analysis shows an improvement yet low socio economic indicators as compared to other countries and a even greater insight is the disposition and perception of Papua New Guineans to the current state of affairs of the Country. We have a fast growing educated population that is dis-engaged and frustrated due to low employment opportunities in the country. The default option of unorganised subsistence farming is not attractive anymore as more and more PNGeans are now looking for more meaningful alternatives. As they become educated, their expectations change to that of one looking for paid employment to improve their lifestyle and the PNG government has never seriously considered how this gap will be bridged in the past and up to present day.

The PNG economy is still largely owned and controlled by outsiders. Ninety percent of the economy in the formal sector is owned by foreign businesses operating in Papua New Guinea at present. This is an issue as most foreign company earnings are remitted out of PNG. To change this scenario, Papua New Guinea Citizens must be supported and encouraged to engage in more then the non-formal sector. They must engage in sizeable investment enterprises. It is proven in many economies around the world that the growth of the SME sector is what has been the back bone of development of these nations. It is with this analysis that the SME strategy is embraced is a key economic growth strategy going forward.

The SME Vision and mission as articulated is to secure sustainable economic growth and contribute to better quality of lives for our citizens;

Vision: The SME sector to be a major contributor towards PNG becoming a middle income country by 2030 and a high income country by 2050.



Mission: To stimulate inclusive and sustainable economic growth resulting in fair and equitable wealth creation, mass formal employment creation and our citizens taking over majority ownership of our economy. The SME sector to be a major contributor towards PNG becoming a middle income country by 2030 and a high income country by 2050.

The key objectives that drives this plan are;

Key Objectives	Measure	Achieved
1. Support and facilitate the growth of SMEs.	<ul style="list-style-type: none"> • Grow SMEs from current 49,500 to 500,000 SMEs. 	2030
2. Create Employment Opportunities.	<ul style="list-style-type: none"> • Grow from current 291,346 to 2,000,000 jobs. • Reduce current unemployment rate from 84.1% of population to 49%. 	2030
3. Ensure a fair and equitable distribution of our national wealth to PNG citizens	<ul style="list-style-type: none"> • Citizens to own over 70% of formal economic sector from current 10%. • Increase income per capita of US\$2,000 to US\$9,600. • Reduce current unbankable population of 85.6% to 40%. 	2030
4. Support strong inclusive and sustainable economic growth.	<ul style="list-style-type: none"> • Increase current GDP contribution of SME from 6% to 50%. • Reduce below the poverty line population rate of 40% to 30%. 	2030

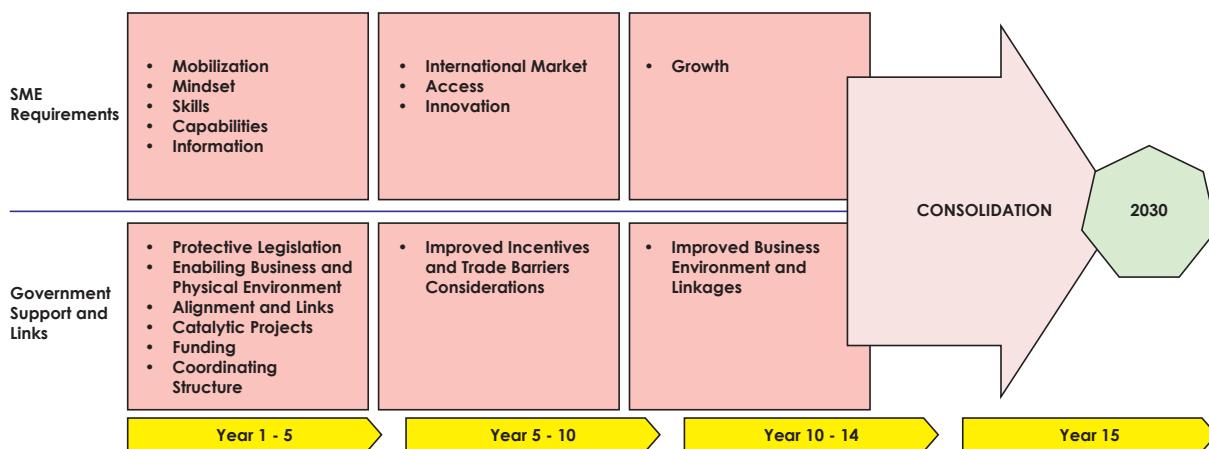
Source; PNG IPA, PNG Vision 2050, SBDC SME census. BPNG.

To drive the delivery of these objectives, it is imperative that the;

- Current business environment must be made conducive to enable SMEs to grow.
- All the constraints as identified must be addressed and the business and the infrastructure enablers are to be in place.
- There is integrated alignment with all industry sectors, and all other stakeholders and partners.
- Each province of PNG must develop critical catalytic economic projects which will create spinoff opportunities for SMEs to engage in and grow. The provincial authorities are to also have aligned and integrated plans with this SME plan to drive its economic development deliverables.
- There is an integrated co-ordinating structure with a robust and real to market monitoring and evaluation process with real time information that ensures the successful implementation of all deliverables.
- The government to provide adequate funding to meet the requirements of the SME Master Plan 2016-2030, especially seed capital of over K3 Billion to fund over 450,000 Papua New Guineans start up their new businesses and grow existing businesses.

The development of SME is the key wealth creation pillar strategy that will deliver sustained economic growth for Papua New Guinea. It is therefore critical that the government of PNG drives this strategy. As depicted in Figure 1; The role of the government for the first 5 years of the plan is to provide the financial support, provide SME protection through an enabling legislation, create a conducive environment for SMEs to develop, creating the linkages with all stakeholders, provide infrastructural development and facilitate the catalytic projects in each province. Due to the stage of SME development in PNG, the first 5 years is focused on building mindset, capacity and the capabilities of that sector. Incubation and protection must be the emphasis of the government and all interested stakeholders in building the SME sector.

Figure 1. SME Development Approach



The approach to SME development in PNG is very similar to other countries when they first embraced the SME agenda. The SME sector can not be developed without basic infrastructure and enablers and a thriving business environment that must exist, therefore all these infrastructure and enablers must be built.



PART 01

BACKGROUND

1.1 Introduction

After 40 years of independence, PNG has not fully gained control of its economy and hence have not been able to fully drive the development agenda of self reliance. The people are not empowered and engaged meaningfully in any economic activities as 40%¹ of its population live below the poverty line. More than 85%² of the population are engaged in subsistence and the non-formal economy whilst 90%³ of the wealth of this nation is controlled by 2%⁴ of large enterprises that are foreign owned. Escalating inflation and falling exchange rates makes it very difficult for the citizens to fully liberate themselves and live dignified lives. This constant marginalisation of the indigenous people have seen a break down of law and order, violence, institutionalised corruption, to name a few and overall a very disoriented, disengaged and discouraged populace.

With an explosion in population growth, and a growing percentage of literate people who expect more than being subsistence based, this poses great threat to stability and growth of this nation. The future looks bleak if the government does not consider serious policy interventions and strategies to address and change this trend. PNG requires a 'game changer' to transform the economy to empower our people, reduce poverty and achieve the goals of Vision 2050. SMEs must assume a greater role in the economy not only as an enabler but also as a key driver of economic growth that is inclusive, balanced and sustainable.

Meeting the Vision 2050 of a high-income nation is a challenging task and a fresh approach is required to accelerate the growth of the SME sector. The aim is to increase the contribution of SMEs to the GDP of PNG. This would necessitate a quantum leap in growth and transformation to higher value-added activities that are knowledge intensive. The SME Policy 2016 and this SME Master Plan 2016-2030 will therefore, be a key 'game changer' in navigating the new development path for SMEs across all sectors. The new strategy will build on existing initiatives for SMEs by strengthening the current framework whilst aligning it to the macro policy reforms.

¹ UN Human Development Report 2013

² Bopi Education Dept.– SME National Workshop Gateway 2013

³ PNG Vision 2050

⁴ SBDC Baseline Survey 2012

1.2 International Perspective on SME Development.

SMEs are drivers of economic growth, job creation, driving innovation and getting social integration. New Zealand, Malaysia, Taiwan, Japan among others are nations that have grown their economy through their focus on SMEs. SME constitutes over 90%⁵ of the enterprises that drive their economies and caters for over 70% of jobs creation. The drive in SMEs has propelled their economies to where it is currently. Figure 2 shows the different ranking these nations have. PNG with no major economic reforms for its population continues to be ranked very low.

Figure 2. Country Ranking by per Capita

Country	Ranking	2012	CAGR% (2000 - 2012)
Luxembourg	1	107, 206	7.5%
Switzerland	4	79, 033	6.5%
Australia	5	67, 723	11.2%
Singapore	10	51, 162	8.2%
United States	11	49, 922	3.0%
Japan	13	46, 736	2.4%
New Zealand	24	38, 222	9.2%
Hong Kong SAR	25	36, 667	4.2%
Taiwan Province of China	39	20, 328	4.2%
Brazil	58	12, 079	14.3%
Malaysia	65	10, 304	9.4%
China	87	6, 076	17.4%
Tonga	99	4, 561	8.4%
Fiji	102	4, 445	6.6%
Vanuata	121	3, 125	8.5%
Indonesia	106	3, 775.8	13.7%
Philippines	127	2, 614	10.1%
Papua New Guinea	130	2, 313	14.4%
Solomon Islands	133	1, 786	9.0%
Kiribati	136	1, 646	6.9%

Source: World Economic Outlook, April 2013

- **PNG is ranked 130 among 184 countries**
- **60% of PNG's Population live below the Poverty Line (i.e. \$1.25 - \$2.00 daily)**
- **From 2000 to 2012 PNG economy grew by 14.4% on the extractive sector growth.**

Japan is an excellent example of how focus on SMEs has transformed their economy. After World War II, Japan lost all its Industrial facilities by air attacks, it had no major raw materials and also lacked new technology. The Japanese Government established an agency for economic rehabilitation and focused on SMEs and called upon all Japanese to support the coal and steel industries, which were the only two major resources Japan had. The government also selected specific industries like shipyard for exports strengthening.

⁵ Japan's Presentation in National Workshop Gateway – Kazuchika Sato. Sept 2013

Figure 3. The Philosophy behind SMEs policy of Japan.

	Post-war reconstruction (1945-)	High economic growth (1955-)	Stable growth (1970-)	Transition stage (1989-)	Present
Philosophy	Prevention of economic centralization, fostering of sound SMEs	Dual structure: Correction of disparities between Los and SMEs (Relief for the socially vulnerable)		Support for willing and competent SMEs (Fostering of Self-reliant SMEs)	
	Establishment of the SME Agency (1943) Antimonopoly Act (1947)	SME Basic Act (1963)		Amendment of the SME Basic Act	
Policies on Finance	Establishment of Shoku Chukin Bank (1936) Establishment of NLFC (1949), JASME (1953) SME Credit Insurance Act (1950) Credit Guarantee Association Act (1953)	Introduction of Finance for improvement of Small Business Management (MARUKED) (1973) Establishment of SBIC(1963) Establishment of Small Business Corporation (1967)		Japan Finance Corporation Act (2007) Shoku Chukin Bank Company Limited Act (2007)	
				Enhancement of Credit Insurance System (2007) Establishment of SMRJ (2004)	
Development Promotion Policies	Establishment of SME Consultant Centre (1945) SME Consultant Registration (1953) Promotion of individual industries	SME Modernization Act (1963) Introduction to Finance for upgrading programs (1966) Establishment of SBIC(1963) Establishment of Small Business Corporation (1967)		Act on the Advancement of SME Core Manufacturing Technology (2006) Act on the Promotion of New Business Activities (1965) Act on the Promotion of SME New Business Activities (2005)	
Grouping Policies	JCCI Act (1953) SME Cooperatives Act (1949)	Act of Societies of Commerce and Industry (1960) SME Organization Act (1957)		Advance Corporative Networking (2005)	
Correction of Unfair Transactions		Act on the Prevention of Delay in Subcontracting Payment (1956) Government Procurement Act (1966)			

Source: Japan's Presentation in National Workshop Gateway – Kazuchika Sato. Sept 2013.

This focus was what turned the economy of Japan around. SMEs now accounts for 99.7% of 4.21 million companies, employs over 70% of people and owns 50% of the amount of value- added in the manufacturing industry in Japan. Famous large enterprises like Toyota, Honda and Sony where once small SMEs. Similar economic developments are recorded in Malaysia (as discussed in the Policy), Taiwan, Indonesia and New Zealand due to their focus on SMEs. Most of these countries have focused on renewable sectors, as these are sustainable in the long term. New Zealand built its economy on the back of three major sectors of Tourism, Dairy and Services. The learning's from these countries re-enforces the importance of SMEs and why PNG should focus on developing this sector.

There are arguments that SMEs are not the most cost effective way of driving economic development due to the unstable and vulnerable survival rates of SMEs and the high cost to serve. This rate of failure, however, is changing. There is a trend globally that with the increased access to information and skills and opportunities and enablers to trade, more and more SMEs are starting up and surviving. The US small Business Administration that coordinates the SME development of USA has the following insights, which has been collated since 1980.

“Small business is BIG!

- The 23 million small businesses in America account for 54% of all U.S. sales.
- Small businesses provide 55% of all jobs and 66% of all net new jobs since the 1970s.
- The 600,000 plus franchised small businesses in the U.S. account for 40% of all retail sales and provide jobs for some 8 million people.
- The small business sector in America occupies 30-50% of all commercial space, an estimated 20-34 billion square feet.

Furthermore, the small business sector is growing rapidly. While corporate America has been “downsizing”, the rate of small business “start-ups” has grown, and the rate for small business failures has declined.

- The number of small businesses in the United States has increased by 49% since 1982.
- Since 1990, as big business eliminated 4 million jobs, small businesses added 8 million new jobs.”

This further iterates the importance of driving SMEs as the catalyst for development in PNG.
<http://www.sba.gov/content/small-business-trends>

SMEs development must therefore take centre stage as the government key initiative that will bring back dignity and empower the people of Papua New Guinea.



PART 02

**KEY SME OBJECTIVES
WITH TARGETS
AND DELIVERABLES**

KEY SME OBJECTIVES WITH TARGETS AND DELIVERABLES

The following key objectives that will drive the agenda for SME development in PNG and in turn achieve the desired results and deliver the PNG Vision 2050 are;

Key Objectives	Measure	Time Achieved
1. Support and facilitate the growth of SMEs.	• Grow SMEs from current 49,500 to 500,000 SMEs.	• 2030
2. Employment Creation	• 2,000,000 jobs	• 2030
3. Fair and equitable distribution of our national wealth to PNG citizens	• PNG citizens to own 70% of the formal economic sector activities. • Increase income per capita of US\$2,000 to US\$9,600.	• 2030
4. Support strong inclusive and sustainable economic growth.	• 50% GDP contribution by SMEs.	• 2030

Key Deliverables

The key detailed deliverables that will be achieved as a result of driving SMEs are outlined herein; these deliverables must form the basis of robust tracking and monitoring to ensure they are achieved:

	Current	2030 Target
Number of SMEs	49,500	500,000
Employment Creation	291,346	2,000,000
Ownership of the formal Economy	10%	70%
% Contribution to GDP	6.0%	50%
SME Contribution to GDP (K'mn)	3,262	50,674
Per Capita GDP (K'000)	2.0	9.6
Unemployment	84.1%	49%
Below the Poverty Line	40%	30%
Un Banked	85.6%	40%

Source: PNG IPA, PNG Vision 2050, SBDC SME census

SMEs Provincial Figures and Targets:

Figure 5: Target of SMEs to be reached in each province by 2030;

	Population	Current SMEs	Target SMEs 2030
Western Province	180,455	457	10,905
Gulf	121,128	269	9,126
Central	237,016	671	14,161
NCD	318,128	15,484	63,839
Milne Bay	269,954	812	15,256
Northern	176,206	167	8,504
Southern Highlands	515,511	7,327	38,131
Hela	352,698	520	11,658
Enga	452,596	3,445	25,324
Western Highlands	543,915	1,790	29,404
Jiwaka	150,947	419	8,949
Chimbu	403,772	675	16,159
Eastern Highlands	582,159	547	23,839
Morobe	646,876	7,513	47,152
Madang	487,460	1,034	21,861
East Sepik	433,481	1,992	22,108
West Sepik	227,657	368	11,616
Manus	50,321	1,479	8,310
New Ireland	161,165	1,983	15,001
East New Britain	271,252	1,620	22,036
West New Britain	242,676	927	17,949
Autonomous Region of Bougainville	234,280	0	9,212
Total	7,059,653	49,500	450,500

Due to the lack of adequate SME information and research, the numbers of SMEs in each province quoted above are an estimate derived from combination of IPA Figures and the Baseline survey done by SBDC in 2012.

The targets that are set for each province is ambitious, but it is estimated based on the population growth, the forecasted and planned economic activities for each province. This figures also assumes that all the foundational entrepreneurial training and development and support is implemented as planned.



PART 03

STRATEGIES FOR SME DEVELOPMENT IN PNG



STRATEGIES FOR SME DEVELOPMENT IN PNG

3.1 DEVELOP APPROPRIATE LEGISLATIVE FRAMEWORK TO SUPPORT THE SME SECTOR

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. A thorough analysis of all economic policy & legislation be done to ensure that there is no conflicting policy and or legislation and rectified where necessary.	• 2016	• Review done and amendments done and approved by SME council and NEC.	SME Corp / Ministry and DCTI / Economic Sectors / IPA / MPs
2. SME Corp to be set up as an organisation as stipulated by the National SME Corporation Act 2014	• 2016	• Implementation of the requirements of the Act.	Ministry of Trade, Commerce & Industry / SME Corp. / DCTI/ MPs
3. To ensure the Trade and Investment legislation is enacted to set up an International Trade Office.	• 2016	• Trade and Investment legislation passed by Parliament.	IPA, Ministry of Commerce, Trade and Industry / DCTI / MPs
4. Foreign Review Investment Board to be set up and enacted as an enabling legislation.	• 2016	• Legislation passed by Parliament.	Ministry of Trade, Commerce & Industry / SME Corp. / DCTI/ MPs
5. New Limited Liability Companies Act. to be enacted.	• 2016	• Legislation passed by Parliament.	Ministry of Trade, Commerce & Industry / SME Corp. / DCTI/ MPs
6. The National Franchise Legislation to be developed and passed by Parliament.	• 2016. • A budget of K100, 000 required	• Passing of Legislation by Parliament.	Ministry of Commerce Trade and Industry. / IPA / SME Corp / NDB / DCTI / MPs

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Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
7. Anti Dummy Act legislation to be passed.	<ul style="list-style-type: none"> • 2016/ 2017 • A budget of K100,000 required 	<ul style="list-style-type: none"> • Passing of Legislation by Parliament. 	Ministry of Trade, Commerce and Industry. / SME Corp/ NDB/ DCTI / MPs
8. National Content definition and legislation to be developed and passed by Parliament.	<ul style="list-style-type: none"> • 2016 /2017 	<ul style="list-style-type: none"> • Clearly defined with drafting of legislations 	Ministry of Trade, Commerce and Industry / SME Corp. / DCTI/ MPs

3.2 FACILITATE MINDSET CHANGE AND ENTREPRENEURIAL TRAINING AND CAPACITY DEVELOPMENT

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. SME Corp to review its SYB and IYB program's effectiveness and develop a structured implementation plan to roll out to all incubation centers, SME development centers, districts and provinces through identified accredited training partners and institutions.	<ul style="list-style-type: none"> • 2016 	<ul style="list-style-type: none"> • Structured program in place and is monitored and tracked for number of participants and the programs effectiveness. 	<ul style="list-style-type: none"> • SME Corp / Ministry & Dept of DCTI
2. Review the KAB program effectiveness and develop appropriate structured delivery program for implementation.	<ul style="list-style-type: none"> • Q1/Q2 2016 	<ul style="list-style-type: none"> • Structured program in place and is monitored and tracked for number of participants and the programs effectiveness. 	<ul style="list-style-type: none"> • SME Corp / Ministry & Dept of DCTI

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Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
<p>3. Other critical Business Management and Concepts training to be developed or to be sourced from current institutions and partners for each level of the SME growth life cycle and delivered in partnership with training institutions, private sector, NGOs and development partners by 3rd Qtr. 2016. Training programs to include these and others are:</p> <ul style="list-style-type: none"> - How to analyze business opportunities in the market. - Start up requirements for a business in PNG. - Compliance and governance training. - HR. process and requirements for PNG. - The different incentives available to SMEs and how they can be accessed. - Financial literacy, (Cash Flow Management) - Sales Management. - Marketing Management - Supply Chain and or Operations Management. - How to use the ICT tools. - Business proposal / Business plan development. - Business Risk Management. - Contingency Planning. - Customer Service Management. - Understanding the legal framework in PNG and how to use it. - How to set objectives. - How to optimize your business processes. - Best fit of the different business management concepts to be developed for each sustainable sector and so forth. 	<ul style="list-style-type: none"> • 2016. • A budget of K100, 000 is required in 2016. 	<ul style="list-style-type: none"> • A register be effected to track all partners currently rolling our SME development programs. • A structured program to be developed and in place with appropriate database of institutions and training partners that can be engaged to deliver the programs. To be tracked and monitored. • Support mechanisms and KPIs in place. 	<ul style="list-style-type: none"> • SME Corp / NGOs / Private Sector / Training Institutions / Development partners.
<p>4. Identify Appropriate Training institutions, private sector, NGOs and development partners that can deliver training programs and put into a database of training partners and facilitators. This is to include current institutions like NTC and other national institutions already on Training Institutes database and consolidate into SME Corp Database that SME Corp will utilize to facilitate any government Entrepreneurial training programs.</p>	<ul style="list-style-type: none"> • 2016 • A budget of K1, 000,000 annually commencing 2017 to subsidise training of SMEs 	<ul style="list-style-type: none"> • KPIs to be set for current institutions already facilitating programs to be included in the SME Corp performance tracking dashboards. 	<ul style="list-style-type: none"> • SME Corp / NGOs / Private Sector / Training Institutions / Development partners.

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	Budget	Measurement	Agency
5. Entrepreneurial Skills and Capacity training programs to be developed and facilitated in districts and provincial centers.	• 2016	• KPI's and effectiveness of delivery to be tracked and monitored.	• SME Corp / NGOs / Private Sector / Training Institutions / Development partners.
6. Develop an SME health Assessment methodology to ensure genuine SMEs are supported.	• 2016	• Health assessment methodology to be used.	• SME Corp / SME Council / All development partners
7. Facilitate discussions with the education dept. for the development of entrepreneurial training curriculum to be taught at all levels of education for students in school and also facilitate discussions for the out of school training through identification of institutions and stakeholders that could facilitate the program. a. Modules to be developed for inclusion as a curriculum for all levels of education commencing 2017 and 2018.	• 2016 • K4, 000,000 required • 2016 and 2017	• Liaisons with the education dept. done with clear way forward. • Completed modules for the curriculums for all levels for Education by 2017.	• SME Corp / SME Council / Commerce, Trade and Industry
8. Other Specialized skills training should be identified and delivered to harness potentials of youth who are out of school.	• 2016	• Specialized training identified and implemented and impact tracked and monitored.	• SME Corp / SME council / Education Department.
9. The SME Corp to partner with the Education department to implement the TEVAT program to facilitate entrepreneurial development in PNG.	• 2016	• Effectiveness of TEVAT program to be tracked.	• SME Corp / SME council / Education Department.

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Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
10.Entrepreneurial Training to be developed and implemented in technical, vocational and all other private schools.	<ul style="list-style-type: none"> • 2016 Program developed • 2017 & 2018 program in schools. 	<ul style="list-style-type: none"> • Effectiveness of the Entrepreneurial program to be tracked. 	<ul style="list-style-type: none"> • SME Corp / SME council / Education Department.
11.Identify and develop with appropriate stakeholders a Personal Viability program module that fits into the entrepreneurial development program and rolled out to all districts.	<ul style="list-style-type: none"> • 2016 	<ul style="list-style-type: none"> • Liaise and create a database of partner stakeholders. Who can deliver personal viability program by 2nd qtr. 2016. 	<ul style="list-style-type: none"> • SME Corp / Training Partners
12.Tracking database to be developed to track progress of participants in business development training.	<ul style="list-style-type: none"> • 2016 	<ul style="list-style-type: none"> • Effectiveness of program tracked and monitored 	<ul style="list-style-type: none"> • SME Corp / Training Partners
13.Develop entrepreneurial training curriculum to be taught at all Teachers training institutions so as to equip teachers to deliver the material to all levels of education.	<ul style="list-style-type: none"> • 2016 • 2016 	<ul style="list-style-type: none"> • Liaisons with the education dept. done with clear way forward by Q2 2016. 	<ul style="list-style-type: none"> • SME Corp / Training Partners • SME Corp / Training Partners



3.3 DEVELOP A HOLISTIC FINANCIAL INCLUSION AND ACCESS FRAMEWORK THAT WILL FACILITATE THE GROWTH OF SMEs IN PNG

3.3.1 Financial & Savings Mindset Development

	Time / Budget	Evaluation / Measurement	Responsible Agency
1. SME Corp to capture total view of financial literacy programs facilitated by BPNG, other commercial banks and developing partners to ascertain total coverage and impact.	• 2016	• Database of existing partners established.	• SME Corp. / NDB / People's Micro Bank / Other Financial Institutions
2. SME Corp. to work with Districts to support partners who are delivering the literacy programs within a structured program delivery framework to ensure the desired coverage and target is achieved. Programs must be delivered down to the district and ward levels.	• 2016. • Districts to facilitate	• Structured framework for program delivery to be in place to track coverage and targets as set.	• SME Corp. / Financial Institutions / Partner agencies.
3. Financial literacy to be included in School curriculums	• 2016 – 2018	• Curriculum taught in school and impact monitored through school entrepreneur awards.	SME Corp / Education Dept.
4. SME Corp to partner with Banks and other Financial Institutions to encourage a savings culture amongst our people.	• By June 2016	• Number of Savings accounts opened in Financial Institutions to be tracked	SME Corp. / Financial Institutions

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	Time / Budget	Evaluation / Measurement	Responsible Agency
5. Support banks and other financial institutions to roll out appropriate development programs.	• Ongoing	• Number of Districts with Programs implemented.	SME Corporation
6. People's Micro Bank branches to be rolled out to all provinces, with an out reach program facilitated and aggressively driven to facilitate the awareness and practice of savings.	• 2016 - 2019	• Qtrly report of number of accounts opened and credit facilitated to SMEs to be monitored by SME Corp	NDB/ SME Council

3.3.2 Access to Financial Infrastructure and Credit

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. The government to cap interest rates that NDB prescribes at 6.5% with minimal fees has commenced in 2013 and to be maintained.	• Commenced in 2013 and will continue	• The number and size of loans given by NDB for Start Ups, Repeat Loans and those that migrate from other banks to get cheaper Interest loans.	Govt – Financial Sector of the SME council / NDB / SME Corp

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Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
2. NDB to introduce additional appropriate innovative and competitive products for SMEs	• 2016	• Number of new products launched and its effectiveness measured	Govt – Financial Sector of the SME council / NDB
3. NDB Capitalisation funds to be increased to K1 billion by 2017	• 2017 • K1 Billion		Govt – KCH
4. Rename NDB as the SME Bank	• 2016	• Transfer of NDB to the the Ministry of Commerce, Trade and Industry	NEC
5. People's Micro Bank to be funded K20,000,000 to increase its access and reach to 4 provinces annually till 2019.	• 2016 – 2019 • K20,000,000 annually	• To increase current locations by 4 provinces annually. By 2019, all provinces should have a branch operating.	Govt – Financial Sector of the SME council / NDB / People's Micro Bank.
6. People's Micro Bank to be upgraded as a fully fledged commercial bank by Qtr 1 2017 under the name SME Bank.	• 2017	• Operating as Commercial Bank.	Govt – Financial Sector of the SME Council / NDB / People's Micro Bank.

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Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
7. Other Financial institutions to be encouraged and monitored to also provide competitive rates and products to facilitate SME development.	• 2016 – 2030	• Private Financial Institutions to be monitored by the SME Corp and Central Bank for coverage and outreach.	SME Corporation
8. The SME Corp to review current financial support that is being offered for SME development by Government Agencies, Development partners and private organisations to ascertain success rate, ensure no duplication, and align to SME Development objectives by 2016. Eg: - Risk Sharing Facilities by IFC. - Fisheries Grant by Fisheries Authority and so forth.	• 2016	• All grants and credit programs to be captured by SME Corp and a credit advise portal should be created in the SME website or through appropriate communication materials for SMEs.	SME Corp / Government Agencies who provide Grants / Developing Partners
9. Ensure financial products are distributed in a coordinated manner and aligned with achievable targets for SMEs	• 2016	• All financial products offered to be monitored and tracked.	SME Corp / Government Agencies who provide Grants / Developing Partners
10. A review of all bank fees to be done by an independent body and facilitated by BPNG to ensure unnecessary fees are not charged by financial institutions, which has been an impediment for SME sector growth and the drive to increase our bankable population. a. Recommendations from the review to be implemented.	• 2016 • 2016	• Review report with recommendation for Change. • Changes monitored and impact analysed by BPNG with a report to SME Corp. and SME Council.	BPNG.

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Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
11. Central Bank to review banking regulations and policies and amend if necessary for the development of the SME sector in PNG.	• 2016.	• Review Report with recommendations made to SME Council by BPNG.	BPNG/ SME Corp / SME Council / Financial Institutions.
12. The Central bank to facilitate increased competition in the market to ensure more affordable and accessible credit and other financial products and services are provided to stimulate SME sector growth.	• 2016 - 2030	• The growth of competition in the market to stimulate the entry of new institutions to be tracked.	BPNG/ SME Corp / SME Council / Financial Institutions.

3.3.3 Financial Services

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Review of financial services provided to ensure it covers the full suite of financial services including insurance, leasing, guarantee and counter guarantee and factoring etc by BPNG and recommendations of additional services to be implemented.	• 2016 • K200,000	• Review report with recommendations made to SME Council by BPNG	BPNG / SME Corp / SME Council / Financial Institutions.
2. To increase the bankable population, the central bank to drive the E banking and mobile banking solutions. An e-banking and mobile banking implementation plan to be developed by the Central bank for roll out to all stakeholders.	• 2016 – 2030	• Track uptake by banks and customers.	SME Council / BPNG / Financial services providers / SME Corp

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Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
3. NDB, People's Micro Bank and other Financial Institutions to review its financial processes and approaches, services and the physical set up to ensure they create a friendly conducive environment and simplified processes that SMEs feel comfortable to access for their financial needs.	• 2016	• Review done and implemented.	NDB / People's Micro Bank / Financial Institutions / BPNG
4. SME Corp to develop a comprehensive Business Development toolbox.	• 2016	• Framework in place for execution by 2016.	SME Corp

3.3.4 Credit Guarantee Corporation

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. A task force to be set up to develop the Credit Guarantee Corp (CGC) model of operations to be similar to that of the Malaysian model. Central bank and other investors to be encouraged to take up equity in CGC.	• 2016 • For set up in 2017 budget	• Task Force in place and project initiated for startup • CGC to be monitored and tracked for coverage and targets reached.	SME council / DCTI / SME Corp
2. CGC to develop processes and products for supporting credit for SMEs with an annual budgetary support of K100, 000,000, commencing 2018 for 5 years. Private investors should also be encouraged to invest in owning the Credit Guarantee Corporation.	• 2017 • K100, 000,000 for 5 years	• Products to be monitored and tracked for coverage of SMEs and impact on SME targets	SME Council / CGC / DCTI

3.3.5 Credit Data Bureau

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Current Credit Data Bureau facility to be integrated into the Financial structure to facilitate the development of a Central Credit reference Information System that can be used to manage credit worthiness of businesses by all stakeholders by 2017.	• 1st Qtr 2017	Central Credit Reference System in place by 2016 and utilised by all stakeholders and tracked by CGC.	Govt – Financial Sector / SME council / Commerce, Trade and Industry / SME Corp / CGC

3.3.6 Non Formal Sector Coverage and Financial Needs

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Research and review of Non Formal Sector on what would make them migrate to formal entities and their needs to be facilitated and consolidated by working with all stakeholders.	• 3rd Qtr 2016. • K300,000 for Research	Research results with recommendations by 4th Qtr. 2016.	SME Council / SME Corp / CIMC
2. Non-formal sector transition to formal sector plan to be developed with recommendations from informed research.	• 2016	Plan to be finalized by 4th Qtr. 2016	SME Council / SME Corp / Other Stakeholders.
3. Non Formal Sector to be moved under the jurisdiction of Commerce, Trade and Industry from the Department of Community Development and be positioned under SME Corp as a function so that focus and emphasis can be given to this sector for development.	• 2016	The completion of the move to DCTI and the development of the non-formal sector.	SME Council / SME Corp / Dept. of Community Development / Dept. of Commerce, Trade and Industry.

3.4 FACILITATE AND CO-ORDINATE THE IMPLEMENTATION OF THE RESERVE BUSINESSES FOR PAPUA NEW GUINEA

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. A consultative workshop be conducted to finalise and clearly define how the implementation of the proposed RALS are to be rolled out.	<ul style="list-style-type: none"> • 2nd Qtr. 2016. • Budget of K200,000 required. 	<ul style="list-style-type: none"> • Workshop conducted and implementation plan finalised. 	SME Corp / Ministry and DCTI / Economic Sectors / IPA
2. RAL implementation plan to be developed for implementation within 3 years. Clear responsibilities and roles of the different stakeholders articulated. <ol style="list-style-type: none"> Task Force to be set up by the Minister DCTI to facilitate the plan. SMEs operating in the RAL listed businesses to be supported with adequate stimulus incentives for their development and growth. 	<ul style="list-style-type: none"> • 2016 	Plan to be finalized by 4th Qtr. 2016	SME Council / SME Corp / Other Stakeholders.

3.5 FACILITATE LOCAL CONTENT IN GOVERNMENT PROCUREMENT FOR SMEs

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. National Content legislation to be defined and legislation passed.	<ul style="list-style-type: none"> • 2016 - 2017 	<ul style="list-style-type: none"> • Legislation passed in Parliament 	SME Corp / Ministry and DCTI / MPs

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Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
2. CSTB to ensure that contracts of K10mn and below are awarded to PNG SMEs.	• 2016	• A report of contracts awarded to SMEs to be forwarded to SME Corp every 6 months for reporting SME council.	SME Corp / Ministry and DCTI / Economic Sectors / IPA / MPs
3. Quality standards and measurements to be put in place to ensure that SMEs are held accountable and that they deliver to quality standards as required by CSTB.	• 2016	• Quality standards met and report to be submitted to SME corp.	CSTB / SME Corp / DCTI
4. Develop the local franchise industry through adopting international franchise concepts.	• 2016 • K500,000 required	• Franchise Chains established in PNG with PNG SMEs actively participating as Franchisees. • Develop new local franchise chains	NDB / SME Corp / SME Council



3.6 FACILITATE AND DEVELOP CATALYTIC PROJECTS IN EACH PROVINCE TO STIMULATE ECONOMIC DEVELOPMENT.

Provincial Physical and Business Infrastructure

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. All provincial SME plans that are developed to drive economic growth must be aligned to the National SME plan and must cover all levels of government down to the ward level.	• 2016 - 2030	• All Plans aligned to the National SME Pla	SME Corp / Provincial Government Governors
3. SME Corp to develop a tracking mechanism that will formalise the tracking of provincial initiatives.	• 2016 - 2030	• Performance tracker to be developed and is used to monitor.	SME Corp / Provincial Government / Governors
4. The catalytic projects for each regions to be developed within the next 5 years. Budget to be allocated by the National Government to facilitate these projects.	• 2016 - 2030	• At least two projects are developed in each region annually.	NDB / SME Corp / SME Council/Department of National Planning & other departmental instrumentalotes
5. Achieve SME targets as set for each province.	• 2016 - 2030	• SME Corp to formalise a tracking process that can give update on how each province has progressed. • Incentives program to be in place to be used annually for the recognition of each provinces at the Annual SME week.	SME Corp / Provincial Government / Governors / SME Council
6. Cross cutting issues to be addressed as part of the business enablers by each responsible government agency to facilitate the development of SMEs in the provinces.	• 2016 - 2030	• The progress of development and how government addresses these issues to be tracked.	Governors/ SME Council

FIGURE 6: CATALYTIC PROJECTS AS IDENTIFIED FOR EACH PROVINCE

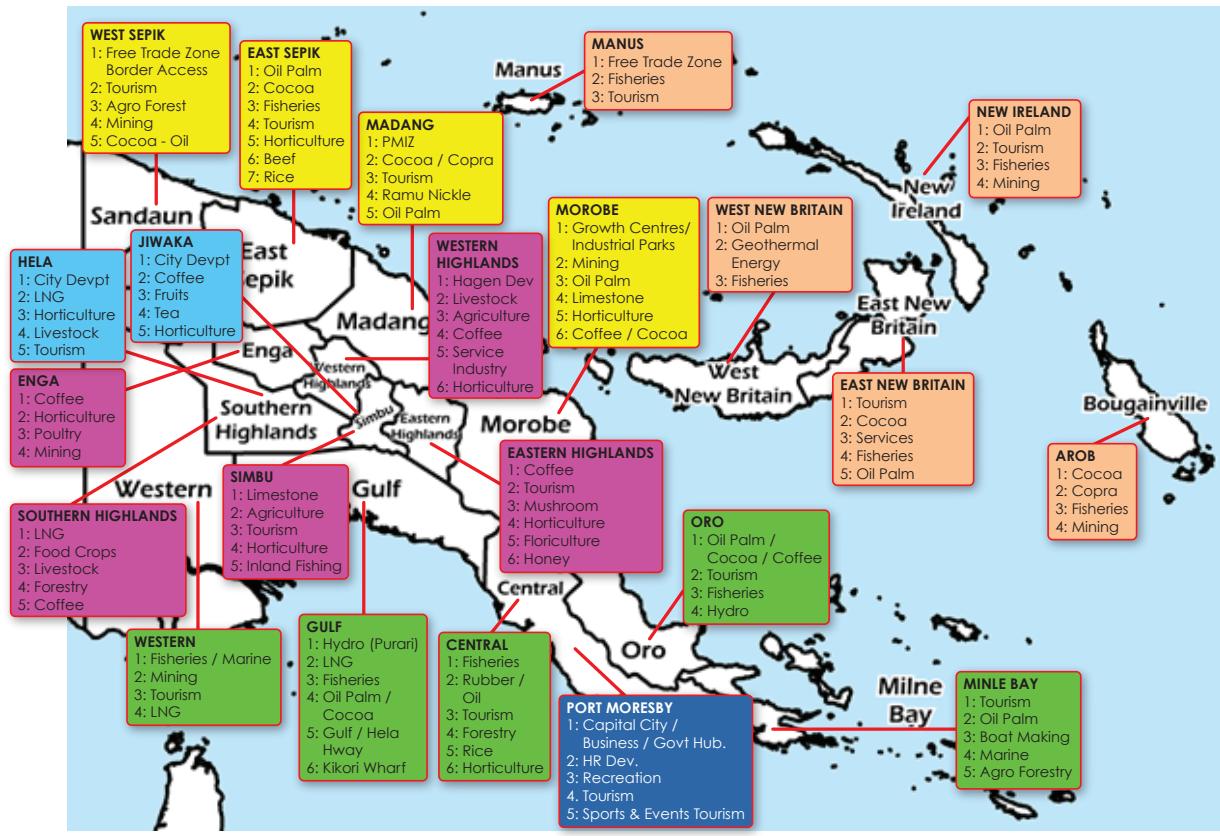


Figure 7: SME TARGET BY PROVINCE TO BE ACHIEVED BY 2030

Province	Population	% of Pop	Current SME	% of SME	SME Target
Western	180,455	2.6	457	0.9%	11,515
Gulf	121,128	1.7	269	0.5	7,730
Central	237,016	3.4	671	1.4	15,125
NCD	318,128	4.6	15,484	31.2	20,301
Milne Bay	269,954	3.8	812	1.6	17,227
Northern	176,206	2.5	167	0.3	11,244
Southern Highlands	515,511	7.3	7,847	15.9	32,897
Hela	352,698	5.0	-	0.0	22,507
Enga	452,596	6.4	3,445	7.0	28,882
Western Highlands	543,915	7.7	2,210	4.5	34,709
Jiwaka	150,947	2.1	-	0.0	9,632
Chimbu	403,772	5.7	675	1.4	25,766
Eastern Highlands	582,159	8.2	547	1.1	37,150
Morobe	646,876	9.2	7,514	15.2	41,279
Madang	487,460	6.9	1,034	2.1	31,106
East Sepik	433,481	6.1	1,992	4.0	27,661
West Sepik	227,657	3.2	368	0.7	14,528
Manus	50,321	0.7	1,479	3.0	3,211
New Ireland	161,165	2.4	1,983	4.0	10,284
East New Britain	271,252	3.8	1,620	3.3	17,310
West New Britain	242,676	3.4	927	1.9	15,486
AR of Bougainville	234,280	3.3	-	0.0	14,950
TOTAL	7,059,653	100.0	49,501	100.0%	450,500

Note: The targets are derived from weightings given on current SME numbers, current and future planned economic activities in each province and the population spread.

3.7 IMPROVE ACCESS TO BUSINESS AND COMMERCIAL LAND

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Lands Dept to make available land that will be used for the purposes of SME development, special economic zones, business corridor development and incubation centres.	<ul style="list-style-type: none"> • 2016 - 2030 • Government to provide annual budget support to the Lands Department to acquire customary land. 	<ul style="list-style-type: none"> • Land to be identified and earmarked for use by SMEs. 	Lands Dept / SME Council / SME Corp / DTCL
2. Lands Dept. to facilitate SME land requirements and allocate land current available for business development.	<ul style="list-style-type: none"> • 2016 	<ul style="list-style-type: none"> • Lands Dept. to facilitate and make land available for development & use by SMEs under a new Land Act. 	Lands Dept.
3. Support and assistance be given to Papua New Guineans Landowners who would like to register land for the purposes of commercial development every year.	<ul style="list-style-type: none"> • 2016 – 2030 • Budget of K20,000,000 be made available each year for the fees of surveying, and registration of ILGs by local landowners 	<ul style="list-style-type: none"> • Land registered for the purposes of commercial development by landowners to be tracked by Lands Dept. 	Lands Dept. / SME Corp / Ministry for Commerce, Trade and Industry.

3.8 IMPROVE MARKET INFORMATION AND ACCESS TO MARKET

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Market Access information and opportunities for domestic, regional and globally for each sector to be made available to SMEs. Information to be included in the central information database portal for SMEs to access.	• 2016	• Information tracked for relevance and timeliness	SME Corp / SMEs
2. A research and information dept to be created and resourced with highly competent personnel in the SME Corp to facilitate the collation of all SME information Requirements. A central information database and online portal to be developed for SMEs, where all information will be stored for them to access.	• 2016 - 2017 • K300,000 for development of the database.	• The dept. established in SME Corp and tracks and collects relevant and timely information.	SME Corp / NRI / NSIT / DTCI
3. IPA, DCTI and each sustainable sector agency to provide relevant commodity information to be uploaded onto the central SME information portal online and through other communication mediums for SMEs to utilize.	• 2016 - 2017	• All information to be made available for all to access on the SME information portal.	SME Corp / All other sectors.
4. Wholesale or bulk buying facilities be made available for SMEs to ensure markets are guaranteed from larger economies of scale exports	• 2016 - 2017	• Initiative to be tracked and reviewed to see if this benefits SMEs.	SME Corp/ All other Economic sectors.
5. Appropriate SME incentives to encourage and promote exports to be developed for SMEs who are engaged in international trade.	• 2016 - 2017	• Incentives given out to be tracked to measure its impact.	DTCI, SME Corp, Other Economic Agencies.
6. The government to facilitate an overseas trade promotional mission annually to give exposure to SMEs to market their products to seek new business ideas and secure new business partnerships.	• K1,000,000 annually	• Trade Mission conducted with business links established by SME for trade etc.	DTCI / SME Corp / IPA / SMEs/ Private Sectors / Developing Partners.
7. Annual Trade Expo to be conducted in major towns commencing 2016.	• Annual Budget of K500,000 required	• Effectiveness of impact on SMEs to facilitate domestic market opportunity to be monitored and reported.	DTCI / SME Corp / IPA / SMEs / Private Sectors / Developing Partners.

3.9 IDENTIFICATION AND DEVELOPMENT OF SME ENTREPRENUERS

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. The development of an SME entrepreneurial capacity development program. <ul style="list-style-type: none"> - Criteria for selecting individual entrepreneurs to be developed. - The identified business sector attached in to be defined and confirmed and developed for the Entrepreneurs to operate in. - Incubation Centres to be facilitated for the selected entrepreneurs. 	<ul style="list-style-type: none"> • 2016 - 2030 • A budget of K20,000,000 to be allocated annually to develop the selected Entrepreneurs 	<ul style="list-style-type: none"> • Program targets achieved 	SME Corp / NDB
2. Develop new franchise business opportunities for PNG SMEs	<ul style="list-style-type: none"> • Starting 2016 • Budget K10 Million annually 	<ul style="list-style-type: none"> • Number of businesses taking up our franchise business opportunities. 	NDB / SME Corp
3. Stret Pasin Business Scheme to be developed and rolled out. <ul style="list-style-type: none"> - A budget of 1,000,000 to be allocated for the development of each Stret Pasin Business start up. 	<ul style="list-style-type: none"> • 2016-2030. • Budget K100 Million annually. 	<ul style="list-style-type: none"> • Uptake of the scheme measured annually 	NDB / SME Corp / DCTI and Ministry
4. Facilitate an annual SME Week 0, commencing in September 2017 for the purposes of creating awareness and encourage would be entrepreneurs to step up out and take up business as an employment option.	<ul style="list-style-type: none"> • 3rd Qtr 2016 and annually thereafter • K1,000,000 required annually 	<ul style="list-style-type: none"> • Successful staging of the SME week. 	SME Corp. / NDB / DCTI / Private Sector

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Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
5. An annual awards recognition Scheme to be facilitated which includes Women and Youth and the Disabled to be staged at end of the SME week annually.	<ul style="list-style-type: none"> Stage during the SME Week 3rd Qtr annually. A budget of K700,000 is required. 	<ul style="list-style-type: none"> A total encompassing award and recognition scheme to be staged successful to build momentum and drive the entrepreneurial Spirit. 	SME Corp / Ministry of Trade, Commerce & Industry and SME Council
6. A specific youth reward program to be conducted in schools to facilitate the mindset development agenda. <ul style="list-style-type: none"> The reward mechanics to be developed and rolled out to all schools by end of 2017. 	<ul style="list-style-type: none"> Stage during the SME Week annually. K250,000 required 	<ul style="list-style-type: none"> The mechanics of the awards system finalized and rolled out to all school. 	SME corp / Ministry of Trade, Commerce and Industry / SME council.



3.10 PROVIDE APPROPRIATE INCENTIVES FOR THE DEVELOPMENT OF SMEs IN PNG

The development of SMEs in PNG is dependent on adequate support mechanism that is made available to support them especially in their incubation period. Each of the different support elements are outlined in this section below.

3.10.1 Taxation

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Tax review and reforms be made to ascertain impact of tax on Income Tax on citizens of PNG as current tax is a major burden, as that affects the take home pay and hence reduces the savings culture mentality.	• 2016 - 2017	• Tax review and reforms finalized and legislative changes done.	Treasury / IRC / Finance / MPs
2. SME Corp to facilitate with IRC a Tax review to include a specific look at impact of tax on SMEs and incorporate tax incentives to encourage SME growth and also facilitate the migration of informal businesses into the formal sector.	• 2015 - 2016	• Impact of Tax on SMEs to and incentives to be communicated to SMEs.	SME Corp / IRC / DTCL
3. SME Tax Review amendments made and legislative changes to be passed by Parliament.	• 2016 - 2017	• Legislation changes done and tracked	SME Corp / IRC / DTCL / Ministry of Commerce Trade and Industry
4. Develop a easy to understand tax awareness program including different incentives available to SMEs and what it means for their businesses and communicated to them.	• 2016 - 2017	• Ascertain effectiveness of process	SME Corp / IRC / Treasury



3.10.2 Commodity Price Support

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. The government through the different commodity boards to set up a price stabilisation fund for all cash crop commodities to ensure that the farmers survival and revenue stream are not affected causing them to neglect the development of the sector during the volatile periods.	• 2016 - 2017	<ul style="list-style-type: none"> Impact of SMEs in Cash Crop businesses to be tracked and monitored. Stabilisation fund to be adequately funded by the government. 	SME Corp / Economic Sectors / DCTI
2. Business Development Officers and commodity extension officers to be reorganized and retrained for extension programs to be extended to farmers in the rural locations. Each Sustainable sector to facilitate the reorganization to ensure development is captured in each sector. <ul style="list-style-type: none"> The role of BDOs to be clearly defined and reporting structure and resourcing realigned to deliver the SME targets. 	<ul style="list-style-type: none"> 2016 - 2019 K2 million required annually 	<ul style="list-style-type: none"> Each district to have effective BDO 	Ministry for Commerce, Trade and Industry / Each sustainable sector. / SME Corp / DCTI



3.10.3 Public Utilities and SOEs

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Introduce more competition for State monopolies to assist stimulate SME sector growth..	• 2016 - 2018	<ul style="list-style-type: none"> Review done and reforms instigated by end 2017. Progress to be tracked for impact on prices and cost of goods. 	IPBC / SME Council / MPs
2. All SOE providing public utilities to review their operating practices and overheads in line with streamlining and reduction of cost of their services to PNGeans. All SOE to have in their Corporate plans cost reduction strategies.	• 2016 - 2017	<ul style="list-style-type: none"> Review done and plans to be incorporated into SOEs Corporate Plan for tracking. 	IPBC / SME Council / MPs
3. Sustainable energy to be investigated by SOEs in energy, water and other related services . <ul style="list-style-type: none"> Contractual projects for the delivery and implementation of these services for nation coverage to be offered to PNG SMEs. 	• 2016 - 2017	<ul style="list-style-type: none"> Contracts of services to be given to PNG SMEs. 	IPBC / SME Council / Respective SOEs

3.10.4 Tariff Protection and Exemption on Import Duties

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Review the Tariff and non tariff incentives and ensure that current tariff requirements are conducive for SME growth and participation in line with WTO requirements.	• 2016 - 2017	<ul style="list-style-type: none"> The review done with recommendation for change and approval. 	Dept of Commerce, Trade and Industry / SME council.

3.10.5 Special Economic Zones

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. ICDC to facilitate the zoning and the development of Economic Zones in all provinces. Zonings to take into account the Catalytic project recommendations and planning. Time frame and plans for development for zones for each provinces to be made available to relevant partners.	• 2016 - 2020	• The development of the zones to be completed and clear directions of use and development criteria in place for SME development and growth.	ICDC / Lands Dept. / SME Council / SME Corp / ICDC / Dept. Trade, Commerce and Industry.
2. SME Corp to facilitate the dissemination of spin off opportunities to SMEs to take advantage of <ul style="list-style-type: none"> - The development of SMEs to be facilitated for each identified economic zone. 	• 2016 - 2020	<ul style="list-style-type: none"> • Monitoring and tracking of SME growth in each of the provinces. • Growth of the SMEs in the Economic Zones. 	ICDC / SME Corp / SME Council

3.10.6 Incubation Centres

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Concept of Incubation centers to be finalized through learning from Malaysia or other similar countries for development of a model by 4th qtr. 2016.	<ul style="list-style-type: none"> • 2016/2017 K200,000 for concept finalization to cover field trips etc. 	<ul style="list-style-type: none"> • To be completed by 2016 for roll out plan to be achieved by 2017 	SME Corp / SME Council / Partner Institutions.
2. Locations of Incubation centers to be identified and established in all provinces and districts by respective stakeholders and SME Corp.	<ul style="list-style-type: none"> • Commence in 2016 & completed in 2019. • A budget of K20,000,000 required over the next three years 	<ul style="list-style-type: none"> • A minimum of 50 centers to be established annually. 	<ul style="list-style-type: none"> • SME Corp / SME Council / Partner Institutions

3.11 ALIGN SME DEVELOPMENT IN ALL INDUSTRIAL SECTORS

Addressing SME Development by Industrial sectors

3.11.1 Agriculture

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Continue downstream processing of all our raw materials across all sectors.	• 2016 - 2030	• The establishment of the bodies and the development of each sector downstream processing and value add opportunities by 2016.	MCTI, SME Corp
2. Dept of Commerce, Trade and Industry to liaise with the Agriculture sector to introduce Export taxes on commodities exported in their raw form and semi processed eg Cocoa	• 2016 - 2030	• The effective establishment of taxes.	Dept of Commerce, Trade and Industry / DAL
3. The development of the SME sector in the Department of Agriculture and Livestock must be in line with the National SME Policy and Master plan for greater alignment and synergies.	• 2016 - 2030	• Aligned plans going forward for greater synergies and traction.	DAL, SME Corp.
4. Capacity of Agricultural support institutions like NARI, NAQIA, DAL to be aligned for synergies.	• 2016 - 2030	• Institutions integrated and aligned	NARI, NAQIA, NISIT, DAL
5. Develop an animal feed and diary industry in the country.	• 2016 - 2030	• The stages of the development of the feed and dairy industry to be reported annually to the SME Council.	SME Corp / DCTI / DAL
6. The Agriculture Dept to facilitate and introduce commercial cash crops like cassava, kaukau etc to create more business opportunities for PNG SME's.	• 2016 - 2030	• Number of cash crops introduced	SME Corp / DCTI / DAL

3.11.2 Forestry

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Sustainable agro forestry will be encouraged and therefore exports of all round logs will be banned. All forestry projects must have a reforestation plan	• 2016 - 2017	• Round logs banned and plans for reforestation in place.	Forestry / SME Council
<p>2. Manufacturing of all forest products to finished products for export, Semi processed products to have a high export levy imposed.</p> <ul style="list-style-type: none"> - Only reputable partners be engaged in manufacturing with the view to building and transferring technical expertise to PNG companies. - SMEs to be encouraged to be engaged in spin off opportunities. 	• 2016 - 2017	<ul style="list-style-type: none"> • Down stream processing manufacturing in place with an SME or PNG company identified for transfer of skills and growth of SMEs from Forestry project. • Monitoring and tracking of SMEs to ascertain number of SME growth. 	Forestry / SME Council
3. Policy and legislations framework to manage sustainable agro forestry to include considerations for climate change mitigation and carbon trade and SME development to be drafted.	<ul style="list-style-type: none"> • 2016 - 2017 • A budget of K300, 000 be allocated for facilitating the review and drafting of the Policy and legislation. 	<ul style="list-style-type: none"> • Policy and legislative framework in place and is aligned. 	Forestry / SME Council
<p>4. Other Selective Agro Forestry projects such as Eaglewood and Sandle wood be considered for development.</p> <ul style="list-style-type: none"> - Feasibility studies of these business options to be validated for progress. 	• 2016 - 2017	<ul style="list-style-type: none"> • Feasibility studies completed for next steps of development to be facilitated. 	Forestry, SME Council

3.11.3 Fisheries

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Alignment of Fisheries sector development plans with SME Policy 2016 and Master Plan 2016 - 2030 with fisheries projects identified as catalytic in each provinces. - SME Corp to communicate the SME Policy and Master Plan to all senior official of Forestry.	• 2016	• Alignment in Fisheries plans.	NFA, SME Council, SME Corp.
2. Training and development materials, access to market information and all other relevant information to be uploaded and made available in the SME database for fisheries.	• 2016 - 2017	• Information included in the central information portal	
3. SMEs to participate in big tuna processing facilities and its associated spin-off activities by building up their capacities appropriately with NFA support - Potential SMEs involved in fishing to be identified and their capacity and skills developed. - Actionable Plans with targets set for SME growth in the Tuna trade must be in place.	• 2016 - 2030	• Plans in place with targeted number of SMEs to be developed in the Tuna Trade. Monitor and track SME growth.	NFA, SME Council, SME Corp.
4. A model inland fish farm that facilitates extension training for SMEs to be developed from an existing SME farmer.	• 2016 - 2017	• Establishment of the Inland Fishing Farms for the purposes of training and development	NFA, SME Council, SME Corp.
5. A fish feed factory combined with development hatcheries to supply inland fish farmers to be developed and established	• 2016 - 2020	• Establishment of the factory with hatcheries.	NFA, SME Council, SME Corp.
6. Markets for fish products to be developed for the SMEs.	• 2016 - 2017	• Tracking market access for SMEs in this sector.	NFA, SME Council, SME Corp.
7. Development of Storage facilities and capabilities to be developed for SMEs to enable them to preserve the highly perishable product.	• 2016	• Market access information available with storage facilities developed to assist SMEs.	NFA, SME Council, SME Corp.

3.11.4 Mining

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. All spin off projects which require little capital and technical requirements and capital should be reserved for PNG citizens.	• 2016 - 2018	• Ability of the SME to survive after the mine closes down and not just during the duration of the mine.	MRA / SME Council / Investor.
2. The government to facilitate the development of infrastructure and business opportunities by banning the current practice of fly in and Fly out arrangement through initial MOAs agreement with any mining developers.	• 2016 - 2030	• Fly in and fly out arrangement is banned.	MRA / SME Council / Investor.
3. Appropriate small scale mining or Alluvial mining to be developed with support programs and incentives for PNG SMEs.	• 2016 - 2030	• Successful SMEs in small mining and Alluvial to be tracked and monitored	SME Corp / SME Council / Mining Sector.
4. To ensure there is progressive sustainable development after the life of a mine, the government to ensure that part of the revenue is directed to developing a chosen sustainable sector that will continue to sustain the economy long after the mine has closed for each mine development project in PNG.	• 2016 - 2030	• Thriving sustainable sector from the revenue of the mine. • Monitoring and tracking of SMEs to ascertain number of SME growth.	SME Corp / SME Council / Mining Sector.
5. Training and Development of SMEs to be sustainable even after the life of the mines to be factored into the MOA signed with the approved investor.	• 2016 - 2030	• The growth of SME	SME Corp / SME Council / Mining Sector.
6. SMEs are to be developed by the Mining investor under their Corporate Social Responsibility initiatives.	• 2016 - 2030	• The growth of SME. • Factored into MRA CSO for all Mining projects.	SME Corp / SME Council / Mining Sector.

3.11.5 Manufacturing

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. The government to allocate adequate investment to facilitate downstream processing in all sustainable catalytic projects as identified.	• 2016 - 2030	• Investment adequately funded.	Economic Sectors / SME Council

3.11.6 Electricity, Gas, Water and Waste Services

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. The government to provide supportive enablers and incentives for SME to enter this industry to provide alternate power and energy source.	• 2016 - 2030	• Track and monitor for growth of SMEs in this sector through the respective SOE and government agencies for the growth of SMEs in this sector. Report must be provided half yearly for reporting to SME Council	SOEs / SME Council / SME Corp
2. Incentives should be provided for SMEs in this industry to encourage them to remain competitive and sustainable.	• 2016 - 2030	• Incentives endorsed and applied for by the SMEs	SME Corp / IRC / Finance Dept
3. The government to facilitate competition through encouraging SMEs participation in providing water, electricity, and waste management services, whilst the government controls the retail distribution of the services.	• 2016 - 2030	• Track and monitor for growth of SMEs in this sector through the respective SOE and government agencies for the growth of SMEs in this sector. Reports must be provided half yearly for reporting to SME Council	Economic Sectors / SME Council

3.11.7 Construction and Infrastructure

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Appropriate training and development to be identified for the construction and Infrastructure SMEs to enable them to know the technical and quality parameters that they have to operate in.	• 2016 - 2030	• Appropriated training and Development attained by the SMEs in this industry and quality standards are adhered to.	SME Corp / SMEs
2. Quality standards must be put in place so that the SMEs are held accountable for quality executions of projects allocated to them.	• 2016 - 2030	• Standards put in place.	SME Corp / SMEs
3. Partnership, coaching or buddyng schemes to be put in place where larger construction organisations are encouraged to engage SMEs for smaller contracts.	• 2016 - 2030	• Uptake by large companies especially in large contract work.	SME Corp & the Centrally established Engineering or Construction body.



3.11.8 Wholesale and Retail

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. The government to review and finalise a transition plan on how to manage this sector in the development of the Reserved Businesses for Papua New Guineans only. This is critical as more then 90% of retailing and wholesaling in PNG is foreign owned.	• 2016 - 2030	• A transition plan for Business that are to be affected to be finalised and implemented with all concern stakeholders.	SME Corp / Ministry & Dept of Commerce, Trade and Industry
2. To reduce cost of import and capitalise on economies of scale and optimise profit margins for SMEs in this sector, a clustering bulk store concept be investigated so that all major product lines brought in are bought by this one store. This will reduce cost and increase margin. The supply and value chain supported by an inventory and purchasing tool to be considered along side this concept.	• 2016 • A budget of K4,000,000 to be allocated for the implementation of this concept.	• Clustering bulk store concept investigated and implemented	SME Corp / Ministry & Dept of Commerce, Trade and Industry
3. The Stret Pasin Stoa Business Scheme to be introduced as an incubation scheme where the SME is incubated and supported until they are able to run and manage the stoa on their own.	• 2016 - 2020	• Track and monitor for growth of SMEs in this sector through NDB for Stret Pasin Stoa	NDB / SME Corp
4. All other Franchise opportunities with the exception of the Master Franchise to be reserved for PNG citizens also as a type of business incubation as they will be trained and developed under the franchise business management scheme.	• 2016 - 2020 • An additional K100,000 to be made available to DTIC to facilitate the Franchise Legislation	• Track and monitor for growth of SMEs in this sector through NDB under Franchisee Concept.	NDB / SME Corp

3.11.9 Accommodation and Food Services

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Accommodation and food services are a major component of the Tourism products hence quality standards of this industry to also be part of the Hotel 5 Star Rating system.	• 2016 - 2020	• Rating System to be in place.	TPA/ SME Corp
2. Standards and quality on food items to be monitored and tracked vigorously as there are providers currently with health threatening practices.	• 2016 – 2020	• Track and monitor for growth of SMEs in this sector, Central coordinating body to provide report annually.	TPA/ SME Corp

3.11.10 Tourism and Hospitality

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Each provinces that have been identified as tourist destination to have the right levels of infrastructure development to facilitate SME development and growth in this sector. Refer the catalytic project and merge with products and destinations that have been identified by the Tourism Promotion Authority.	• 2016 - onwards	• Develop Infrastructure in the identified areas for development. • Track and monitor for growth of SMEs in this sector, Central coordinating body to provide report annually.	Infrastructure development agencies and SOE / SME Corp and SME Council.
2. Cost of tourism products to be reduced, PNG has the highest hotels and airfares and these two major cost components to be encouraged to come down either through legislations or through increased market competition.	• Ongoing	• Cost of airfares and accommodation in PNG is reduced. • SME Corp to track changes in Accommodation rates and airfares with	Air Niugini / Hotels / SME Corp

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Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
3. Standard hotel STAR ratings to be applied here and put in place by TPA, so as to use as a measure to control prices charged		<ul style="list-style-type: none"> SME Corp to track changes in Accommodation rates and airfares with corresponding growth of the SMEs in this sector etc. 	
4. A start up information kit and training and development program on how to start a tourism business be developed by TPA that SMEs can access.	• 2016 - 2017	<ul style="list-style-type: none"> Information available for SMEs to access Tourism Evaluation training facilitated to SMEs. Numbers to be tracked and impact measured. 	SME Corp / TPA
5. Define total Unique Selling Products that will form the basis on growing interest and awareness for targetted markets overseas.	<ul style="list-style-type: none"> • 2016 - 2030 • 2016 	<ul style="list-style-type: none"> Targeted awareness to be tracked for impact Track and monitor for growth of SMEs in this sector, Central co-ordinating body to provide report annually. 	TPA / SME Corp SME Corp / Hotels / TPA

3.11.11 Transport, Postal and Warehousing

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Business in this industry to be reviewed and encouraged to initiate efficiencies in their business so as to facilitate reduction in cost of services for SMEs.	• 2016 - 2030	Track and monitor for growth of SMEs in this sector, Central coordinating body to provide report annually.	SME Corp

3.11.12 Information Media and Telecommunication

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Review businesses in this industry to determine areas of growth for SMEs and support required and develop an implementation plan.	• 2016 - 2030	Implementation plan in place.	SME Corp / Ministry & Dept of Trade, Commerce and Industry
2. Innovation and inventions and so forth to be facilitated in this sector.	• 2016 - 2030	Monitor sector for innovations.	SME Corp / Ministry & Dept of Trade, Commerce and Industry
3. For media production and publications it is of importance that the Copy Rights and Intellectual Property Rights Acts is developed to support the growth of this sector.	• 2016 - 2020	<ul style="list-style-type: none"> Analysis done on services provided to assist the growth of this industry. Track and monitor for growth of SMEs in this sector, Central coordinating body to provide report annually. 	SME Corp

3.11.13 Financial and Insurance Services

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. SME Corp to do analysis of service providers in this sector and identify potential partners that SMEs can use for their requirements. Recommended partners to be confirmed and made available to SMEs through the central website or portal.	• 2016	<ul style="list-style-type: none"> Identify all partners and use for the effective delivery of SME program. Monitor and track number of SMEs that use this service 	SME Corp
2. Content of SME support programs to be facilitated by SME Corp through each partner .			

3.11.14 Professional, Scientific and Technical Services

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Businesses in this sector may be identified as partners who could provide subsidized professional, scientific and technical support services to SMEs at a subsidised rate or tax incentives could be used to encourage their participation.	• 2016 - 2017	• Partners identified and facilitated by SME Corp for the development of SME.	SME Corp

3.11.15 Education and Training

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Review all education and training institutions to identify those that can be included as partners in SME capacity building programs. 2. An accreditation, inservice and inspection process to be developed for all partners so that the quality of SME programs are not compromised. 3. Rebates and tax incentives to be recommended for institutions who facilitate consistently and have a comprehensive follow up feedback and tracking program for their SME participants.	• 2016 • 2016 • 2016	• Each training institutions accredited and equipped with the appropriate SME programs and ensure a good evaluation and monitoring process is in place to ensure successes and issues are identified for rectification and learnings.	SME Corp / Training Institution / DCTI

3.11.16 Education and Training

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Identify International tourist destinations and locations to set up boutique outlets for the promotion of PNG arts and crafts.	• 2016 - 2030	<ul style="list-style-type: none"> Outlets opened in the identified locations around the World. Progress monitored and evaluated for impact on the SME sector. 	SME Corp / TPA / Arts and Craft Stakeholders

3.12 FACILITATE KEY INFRASTRUCTURE DEVELOPMENT

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. The SOEs that provide public utilities such as Air Niugini, PNG Water, PNG Ports, Telikom, PNG Power are to increase their coverage through the building of new infrastructure for the identified Catalytic areas in each province, and improve current existing infrastructures.	• 2020	Coverage of all catalytic project areas as per plan.	SME Council / All SOEs / Facilitated by the Minister for Commerce, Trade and Industry, SME Corp.
2. The cost of services provided by all SOE to be reduced. The cost reduction objective to be a major strategic deliverable for the SOEs. The cost reduction strategy to be in place for; <ul style="list-style-type: none"> Airfares. Water Access Electricity Transportation and wharfage and port charges. Communication and internet access. 	• 2020	<ul style="list-style-type: none"> Cost of services to be measured and tracked for reporting to SME Council to drive The cost of all services provided by SOE to be reduced significantly 	SME Council / ALL SOE / facilitated by the Minister for Commerce, Trade and Industry and SME Corp
3. The SOE coverage and infrastructure development plans must be in line with the Economic development plans and SME Master Plan so as to ensure that the catalytic projects and all other major economic requirements are built as per planned.	• 3rd Qtr. Annually	<ul style="list-style-type: none"> Plans of SOEs and infrastructure development agencies are aligned and infrastructure developed for each economic project as identified. 	All SOEs/ Infrastructure development Agencies / SME Corp.
4. Industrial Growth Centers and trade centers concept to be implemented by DTCI in each province to facilitate SME growth. There must be alignment with Incubation Centers so there is no overlaps.	<ul style="list-style-type: none"> 2016 – 2030. K4,000,000 to be made available for the development of Business centers commencing 2017 	<ul style="list-style-type: none"> Alignment and coordinated approach to building infrastructure for SMEs. 	Infrastructure Development Agencies / Facilitated by the SME Corp.

3.13 FACILITATE INCLUSIVE GENDER PARTICIPATION IN SME DEVELOPMENT

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Ensure all SME development initiatives and projects must include the involvement of Women and Youth.	• 2016 - 2030	<ul style="list-style-type: none"> • Growth in the number of Women and youth operating in SMEs. • Report given every 6 months on numbers of SME supported and their progress. 	SME Corp.

3.14 DEVELOP AN APPROPRIATE AND ENABLING SUPPORT STRUCTURE

3.14.1 Ownership, Management and Responsibility

A. Roles and Responsibility of Trade Commerce and Industry as the strategic Owner of the National SME Policy 2016 and the SME Master Plan 2016 –2030.

1. The SME Corp and Department of Trade, Commerce & Industry shall take ownership and be the custodian of the SME Policy 2016 and SME Master Plan 2016 – 2030 to ensure effective implementation.
2. The Department of Trade, Commerce & Industry shall track, monitor and evaluate the progress to ensure that the objectives are achieved within the intended time frame and report to the Department of National Planning & Monitoring.
3. The Department of Trade, Commerce & Industry shall review the SME Policy 2016 and SME Development Master plan 2016 – 2030 from time to time. It is recommended that an annual review must be done to ensure the objectives are aggressively pursued.
4. The Department of Trade, Commerce & Industry shall be the central coordinating agency of the government who shall manage and govern the SME Policy 2016 and SME Development Master Plan 2016 - 2030.
THE SME COORDINATING STRUCTURE RE-ENFORCES THAT.
5. The Ministry of Trade, Commerce & Industry shall be the mandated Ministry of the Government, responsible for the effective delivery and implementation of the SME Policy 2016 and the SME Development Master Plan 2016-2030 through the implementation and coordination agency SME Corporation. The Ministry should create extensive coordination and networking mechanisms with all Ministries and Agencies and the private sector;
6. Department of Trade, Commerce & Industry is responsible for the Governance and Compliance whilst SME Corporation is responsible for the implementation of the SME Policy 2016 & Master Plan 2016-2030
7. The Department of National Planning and Monitoring will be responsible to track and evaluate the SME targets.

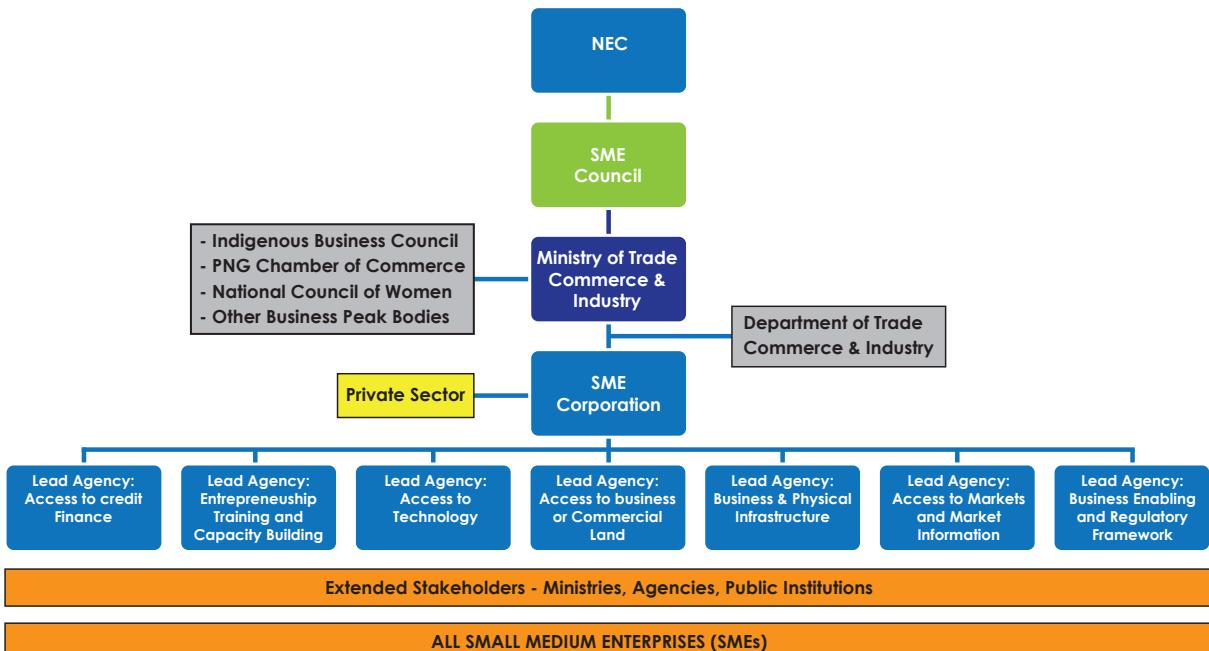
B. Roles and Responsibility of all Other Stakeholders in partaking in the implementation of the National SME Policy 2016 and the SME Master Plan 2016 –2030.

- 1. The Economic Sectors:** The economic sector implementing agencies of the government is an important stakeholder in the development of the SME sector in Papua New Guinea. All plans and policies of economic sector agencies in relation to SME development shall be aligned to the SME Policy 2016 and SME Master Plan 2016- 2030.
- 2. Social Sectors Agencies:** Plans and policies of the social sector agencies in relation to SME development should be aligned to the SME Policy 2016 and SME Master Plan 2016- 2030.
- 3. SMEs:** SMEs shall comply and work together with all Ministries and Agencies including the private sector, Non-Governmental Organization and International Development Partners to enhance their development.
- 4. Non State Actors:** The government shall work in partnership with Non State Actors to deliver some of the SME support services and programs.
- 5. International Development Partners:**
 - o SME related support programs from donor agencies should be coordinated and implemented according to priority programs as identified in the SME Master Plan.
 - o The Government shall encourage development partners to initiate discussions with public and private stakeholders on lessons learned in SME support including opportunities for up-scaling and for pursuing good practices in support service delivery.
- 6. Law and Justice Sector:** The Law and Justice Sector shall work together with the ministry and SMEs to review and address and strengthen law and order.
- 7. Indigenous Business Council (IBC):** IBC will be the recognized voice of SMEs in PNG. IBC centers will be opened in each province to facilitate SME requirements and concerns.
- 8. Other SME Peak Bodies** will also be recognized as voices for the SMEs in our Country, including the National Council of Women, the Women's Chamber etc



3.14.2 SMEs Co-ordinating Structure – Roles and Responsibilities

Figure 8.0 The Co-ordination Structure



Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
<ol style="list-style-type: none"> To drive the implementation of the SME Policy and Master Plan, the current SBDC organisational Structure to be revamped to reflect the requirements of managing SME. Current public service mindset to be changed to that of a private sector work culture and mindset. Current role of SBDC will change and therefore the SME Corp to adopt the Malaysia model on the roles and responsibilities of its organisation. This to be clearly defined in the restructure. The restructure of the organisation and the alignment of competence of current staff and new recruitment to be completed. Structure for the DTCI will also be changed to reflect the management and strategic ownership of the The National SME policy 2016 and the National SME Master Plan 2016 - 2030. Rebranding of SME Corp to be integrated and effectively communicated through all mediums. The facilitation of the First SME Council meeting to formalise roles and responsibilities of the new SME Corp to be initiated as soon as possible. All stakeholders to be appointed and roles and responsibilities clearly defined. 	<ul style="list-style-type: none"> • 2016 • A budget of K2,000,000 be made available for the restructure of SME Corp. • A budget of K1,000,000 is required. 	<ul style="list-style-type: none"> • The new structure completed • Successful Rebranding the organization. • Meeting structured to effectively drive the outcomes desired for driving the SME sector. 	SBDC, DTCI, SME Council, Minister for Trade, Commerce & Industry

3.14.3 How the structure interfaces with other Stakeholders

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
<p>1. To call the first meeting in June 2016 to establish roles and responsibilities and launch the SME Council and the SME Corporation officially.</p> <p>2. Drive the restructure of SME Corp to be completed with key roles appropriately filled.</p> <p>3. Appointment of all the heads of the working committees.</p> <p>4. All roles and responsibilities must be clearly defined and communicated to all stakeholders.</p> <p>5. Schedules and details of the requirements of the SME Master Plan to be made available to all required stakeholders.</p> <p>6. The SME Corp to facilitate the formation of the Coordinating Structure for the effective management of the SME Policy and the Master Plan.</p>	<ul style="list-style-type: none"> • June 2016 	<ul style="list-style-type: none"> • Facilitating the inaugural SME Council meeting. • Clear Roles and responsibilities to be defined. 	SME Corp, DCTI, Minister for Commerce, Trade and Industry, SME Council



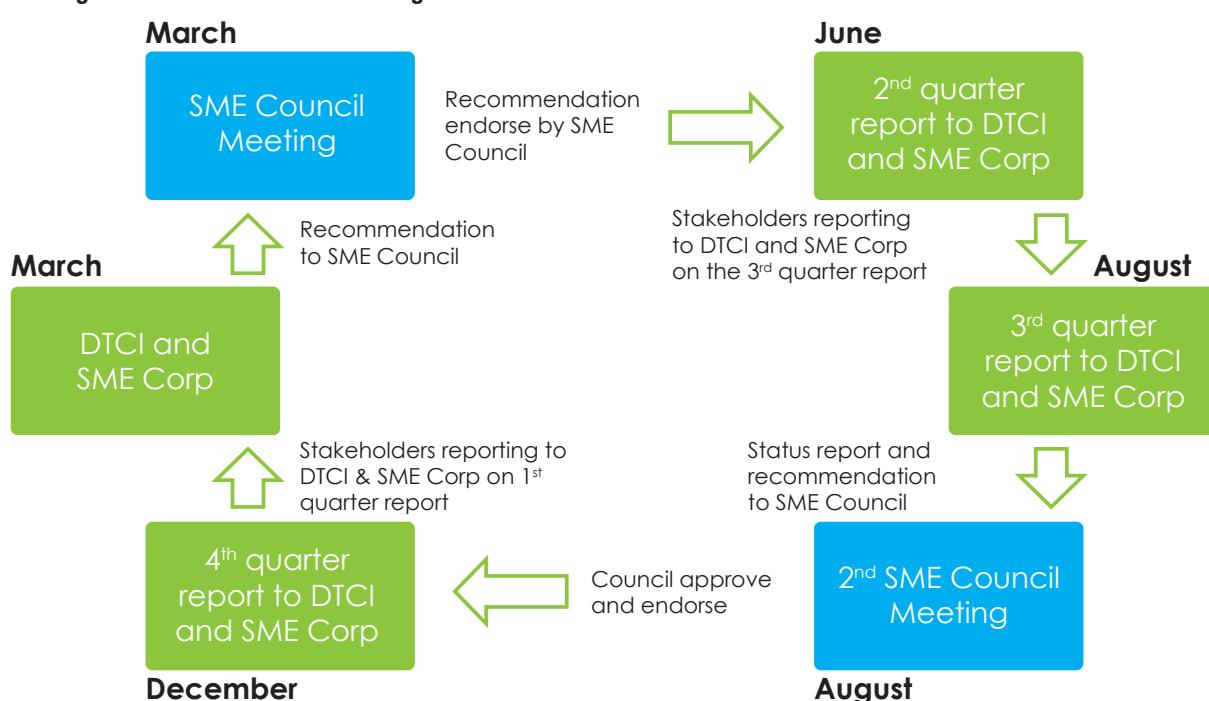
3.14.4 Monitoring and Evaluation

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
<p>1. A Review documentation by the SME Corporation shall be produced after every 5 years for the National SME Policy and annually for the Master Plan to allow for changes and adjustments. Refer Figure 9 for the Annual Meeting schedule. The March meeting will be a strategic evaluation meeting whilst the November meeting will be the monitoring Meeting.</p> <p>2. The mechanics of the monitoring and reviewing process as outlined in Figure 9 to be developed and a meeting schedule to be put in place by SME Corp to facilitate this process.</p> <p>3. Key performance Indicators through a balanced scorecard matrix to be established and confirmed once all reporting processes and systems are finalized.</p> <p>4. The review will be done quarterly by the SME Corporation Board, An annual report by the SME Council which will form the basis of the Annual report to the SME Corporation to parliament through the NEC.</p> <p>5. A 5 yearly review and analysis to be done by the Department of National Planning and the Trade, Commerce and Industry.</p> <p>6. The measurement narrations of this plan describes the measurement process and parameters instead of the indicators as this will be set once a clear where we are now picture is ascertained.</p> <p>7. A culture of monitoring and evaluation with measureable Key Performance Indicators with clearly articulated Key Result Areas that is tied to job performance must be in place as an HR. process.</p>	<ul style="list-style-type: none"> • Ongoing Management of the SME Sector 	<ul style="list-style-type: none"> • Effectively Facilitating the Review and monitoring process annually for the Master Plan and every 5 years for the policy review. • Meeting Schedules effectively driving the process and the outcomes required. • KPI's to form part of the Dashboard report that SME Corp and SME Council use to monitor and drive the development of SME in PNG. • Employee performance must be effectively monitored to deliver the planned activities. 	SME Corp, Department of Trade, Commerce and Industry, SME Council

3.15 THE GOVERNMENT TO FACILITATE ADEQUATE FUNDING AND RESOURCING TO GROW THE SME SECTOR IN PNG.

Key Initiatives	Time / Budget	Evaluation / Measurement	Responsible Agency
1. Financial budgetary support must be allocated in the annual National and Provincial budget for the development of SME in PNG.	• Annual Budgetary Funding	• Project based on targets to be achieved for SME in PNG. • KPI's put in place to track progress of SME development.	SME Corp. / Minister for Trade, Commerce and Industry, National Government / Provincial Governments
2. The government must inject more than K1 Billion for the SME sector initiatives especially in facilitating the Reserve Business transactions and so forth			
3. The National Government to provide funding for the development and maintenance of the required infrastructure, catalytic projects and all other enabling requirements and initiatives for the purposes of engaging and empowering its indigenous citizens in SME development and growth.	• Annual Budgetary Funding	• KPI's put in place to track progress of SME development.	SME Corp. / Minister for Trade, Commerce and Industry, National Government / Provincial Governments.
4. The National Government to establish and fund the required institutions as required to ensure the development and growth of SMEs in PNG is facilitated.	• Annual Budgetary Funding	• KPI's put in place to track progress of SME development.	SME Corp. / Minister for Trade, Commerce and Industry, National Government

Figure 9: The SME Council Meeting Schedule





PART 04

CONCLUSIONS

CONCLUSION

4 Conclusion

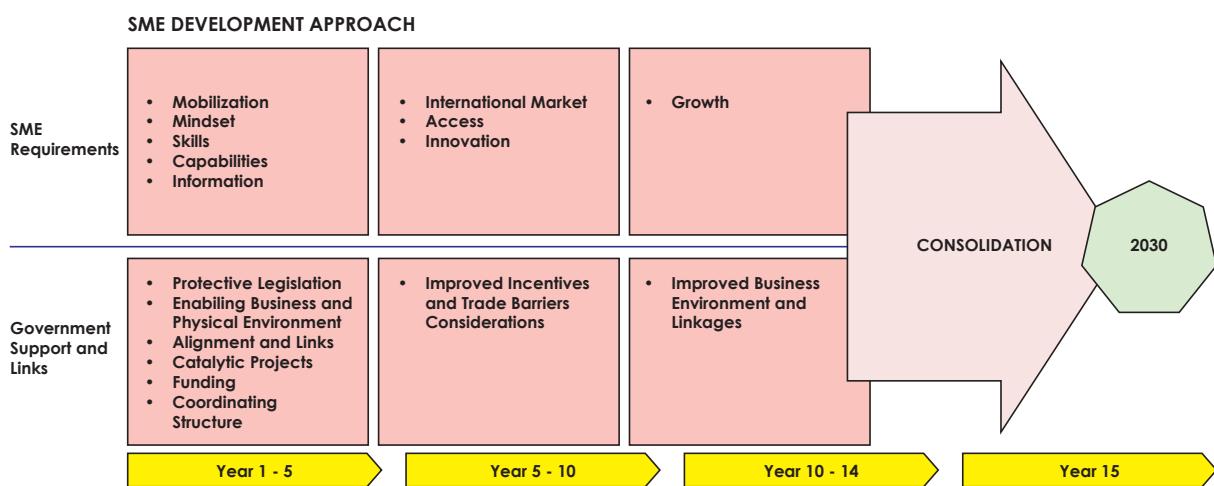
The Approach taken and the priorities for SME development in PNG for the next 5 years is reflective of our current economic and SME development status. As a young developing nation, and the current low levels of SME participation and growth in PNG, the initial stages of development will be focussed on setting the foundational pillars from which will drive the growth and development of SMEs.

The priorities of the SME Policy and the Master Plan is about the government facilitating and creating a conducive environment through focussing on and building;

- Training and Development of SMEs for capacity and competence development
- Protective legislative framework.
- Enabling business environment and physical infrastructures.
- Alignment and linkages for all stakeholders, programs and Cordinating structures and
- Facilitation of Catalytic projects in all provinces to create economic stimulant for SME development.

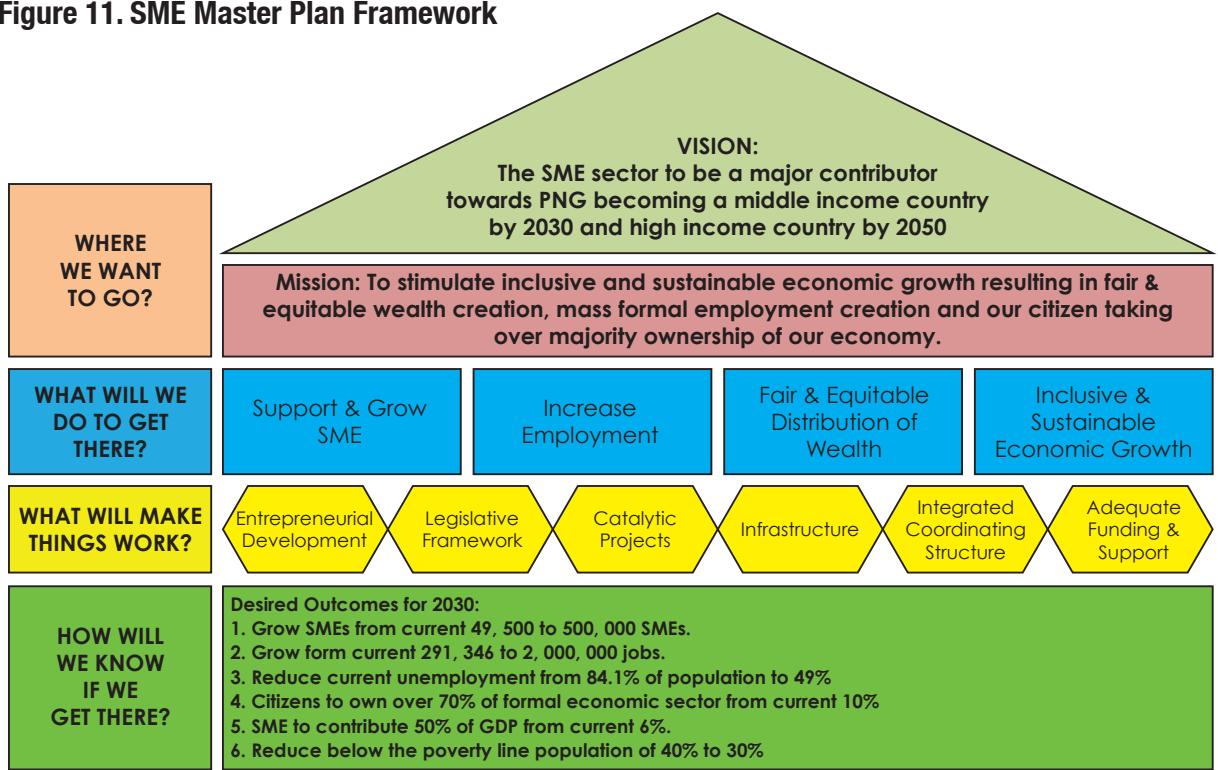
The focus on SMEs will be on building and changing the mindset of the populace to become and be encouraged to become entrepreneurs and for those that are already in the non-formal sector and are displaying entrepreneurial flair, they are to be encouraged to move into more formal business ventures. Figure 11 depicts the focus for the next 16 years. The targets are ambitious but with the right support, aligned and integrated approach and competent delivery mechanism, the targets can be achieved.

Figure 11. SME Development Approach



The Master plan highlights the four objectives the the government would like to achieve through the development and growth of SME as a sector in PNG. Figure 11 illustrates the focus areas of the Master plan and how it is structured. The Master plan covers the initiatives that must be implemented to deliver the outcomes desired by the government. The development of the SME sector is a key strategy in achieving the Wealth creation pillar of the Vision 2050.

Figure 11. SME Master Plan Framework



The development of Papua New Guinea as a nation rests largely on the government's ability to empower its people economically. This is one of the strategic pillars of Vision 2050, where the government has set a strategic aim of wealth creation for PNG. Since the development of Vision 2050, there has been no clear operational direction from the government as to how this strategic aim will materialise. The development of the SME Master plan to a greater extent is the missing link in achieving the strategic pillar of Wealth Creation.

The SME Master plan is very ambitious as it challenges the Vision 2050 of " PNG will be a smart, wise, fair, happy and healthy society." The vision that the SME Master plan aims to achieve in 2030 is for PNG to be a middle income country and by 2050 to be a high-income country. The SME Vision can be measured through the achievement of the four objectives as set out below.

Key Objectives	Target	Time Achieved
1. Support and facilitate the growth of SME.	<ul style="list-style-type: none"> • Grow SMEs from current 49,500 to 500,000 SMEs. 	2030
2. Create Employment Opportunities.	<ul style="list-style-type: none"> • Grow from current 291,346 to 2,000,000 jobs. • Reduce current unemployment from 84.1% of population to 49%. 	2030
3. Ensure a fair and equitable distribution of our national wealth to PNG citizens	<ul style="list-style-type: none"> • Citizens to own over 70% of formal economic sector from current 10%. • Increase income per capita of US\$2,000 to US\$9,600. • Reduce current unbankable population of 85.6% to 40%. 	2030
4. Support strong inclusive and	<ul style="list-style-type: none"> • Increase current GDP contribution of 	2030



Like all other plans there are pre-requisite that must be in place for this plan to be achieved. The key pre-requisites or key enablers as depicted in Figure 10 and highlighted below are;

1. Facilitating entrepreneurial development through a supportive and mentoring program that must be geared to changing mindset building skills and capacity for SMEs.
2. Develop an enabling legislative framework that will enhance and give the protective support mechanism that SMEs require for their development.
3. Development of Catalytic projects in each province must be encouraged, as this will stimulate the growth of SMEs.
4. Both business and physical infrastructure must be built to remove impediments for SME growth.
5. The integrated coordinating structure is key to driving the achievement of the SME objectives.
6. It is imperative that the government must allocate significant financial funding and adequately resource the SME sector and its implementing agencies to facilitate the growth of SMEs.

This SME Master plan is a very operational plan as it sets out all the details of what must be done to achieve the SME Policy objectives and in turn the PNG Vision 2050. This is a two-pronged plan as it drives the strategic intent and at the same time articulates the tactical operational activities that must be delivered. The SME Master plan must be monitored, reviewed and evaluated annually and plans updated to ensure that the strategic objectives for 2030 are kept in focus, given priority and achieved.

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APPENDICES

APPENDIX 1 | PROVINCIAL CONSULTATIVE WORKSHOP KEY FINDINGS

CONSULTATIVE WORKSHOP FINDINGS - PROVINCES

Provincial consultative workshops highlighted;

- Majority of the 22 provinces reviewed had little to no economic activity except for a central administrative hub for the provincial governments.
- All provincial governments currently are very dependent on Waigani for their annual provincial budgets.
- The major forms of businesses conducted were predominantly retailing and over 95% of them were foreign owned.
- Local Indigenous Papua New Guineans are only engaged in cash crop or subsistence farming. This further re-enforced foreign ownership of businesses in PNG and also clearly shows the disproportionate distribution of wealth amongst Papua New Guineans.
- Existence and or development of basic infrastructure and social care amenities is under developed or has greatly deteriorated which makes it very difficult for every day living. This environment makes it very difficult for any meaningful participation by the people in any forms of economic development, hence the presence of SMEs in most provinces is negligible.

APPENDIX 2 | NATIONAL CONSULTATIVE WORKSHOP KEY FINDINGS

CONSULTATIVE WORKSHOP FINDINGS - NATIONAL

National consultative workshops key highlights;

- No alignment, visibility and coordination of SMEs development across all sectors.
- Lack of funding for economic development programs and institutions.
- SOE's who are the key providers of public utilities do not have reduction of cost of services provided as a priority. NICTA only body driving cost reduction.
- No central point for market information and insights for SMEs.
- Value Add and Down stream processing is underdeveloped in all economic sector.
- Dispersal of levies and landowner funds from sectors like fisheries, forestry are not aggressively geared at building large SMEs but distributes to smaller unsustainable corporative and individuals.
- Commodity Boards are not Integrated and basically concentrate on Research and Development and adequate support in Business development.
- NARI expertise to be partnered by DAL, and other commodity boards etc.
- Clearly defined space for Formal and Non formal given market dynamics, Transition and capacity building strategy to migrate to formal, for those that are more established.
- Approximately 85% of adult population excluded from financial services.
- NDB total lending is K300 million which is about 2.7% of the total lending in PNG of K11 billion.
- Estimated large proportion of SMEs non-compliant with tax obligations.
- Not much incentives to stimulate SME growth.
- Education system concentrates on knowledge and not much investment in skills development. TVET to be given more emphasis.

APPENDIX 3 | IDENTIFIED CONSTRAINTS FACED BY SMES IN PAPUA NEW GUINEA

- Lack of economic activities in provinces to stimulate SME opportunities
- Financial inclusion – 85% of the population are unbankable as access to banking facilities and infrastructure are inadequate. This has exacerbated the lack of savings mentality as people continue to live day by day with no concept of savings or investing for the future.
- Lack of credit and venture capital schemes.
- Lack of Land for Business
- Difficulty in accessing both domestic and International Market.
- Lack of available relevant information and access to right and timely information.
- Entrepreneurial mindset to be developed and enhanced to migrate non formal to formal sector and also to drive engagement in larger sustainable enterprises.
- Lack of physical and business infrastructure.
- Lack of protective and enabling legislation to facilitate the incubation space and period for development and growth.
- High Cost of doing Business

APPENDIX 4 | GUIDING PRINCIPLES

Below are the guiding principles that provided the parameters of guidance for the development of the SME Policy and the Master Plan.

GUIDING PRINCIPLES

1. God is the Head.
2. Fair and Equitable distribution of national wealth and opportunity in the country.
3. Financial Inclusions.
4. Renewal Sectors and sustainable development will be the focus.
5. Gender and Youth focus.
6. Local content.
7. Downstream processing and value adding.
8. Encourage involvement of Entrepreneurial Mindset and development of many entrepreneurs.
9. Empowering Papua New Guineans to take majority ownership of the economy;
 1. Support, Networking and build each other.
 2. Reward and award.
 3. Encouraging and supporting PNG owned Businesses.
10. Develop a savings culture.
11. Identify all key Business enablers and aligned to National Master Plan.
12. Each province to have an SME plan that is aligned to National Master Plan.
13. Alignment to Vision 2050 and must challenge all other plans.
14. Positively discriminate for the betterment of Papua New Guineans citizens.
15. Every province must be financial independent.

APPENDIX 5 | SME DEFINITION MATRIX

4. DEFINITION OF SME IN PNG

4.1 National SME Definition

The definition of Small to Medium Enterprises (SMEs) in Papua New Guinea had been qualitative to date. The economic sector in Papua New Guinea is made up of the non formal and the formal sector and hence it is vital to give a quantitative definition to distinguish one from another and more importantly to have a clear demarcation so as the right kind of support and initiatives by the government is given to the right types of businesses. The non formal sector comprises mainly of small to micro businesses that are not very structured and not formally registered with the Investment Promotion Authority and or the different Provincial Governments and Local Level Governments who also issues licenses to trade in selected business activities.

The quantitative definition looks at the size of the business in terms of number of employees, its gross turnover and the value of its assets. The definition is broken down into sectors due to the intensity of capital and machinery required the revenue capacity and its labor intensiveness to the capacity of revenue generation and capital intensity of the businesses in each sector.

Manufacturing, construction and Engineering:

MANUFACTURING, CONSTRUCTION AND ENGINEERING		
Micro	Small	Medium
<ul style="list-style-type: none"> Sales turnover of less than K200,000 Employees of less than 5 Asset of less than K200,000 	<ul style="list-style-type: none"> Sales turnover of more than K200,000 and less than K5mn Employees of more than 5 and less than 20 Asset of more than K200,000 and less than K10mn 	<ul style="list-style-type: none"> Sales turnover of more than K5mn and less than K20mn Employees of more than 20 and less than 100 Asset of more than K10mn and less than K20mn

The manufacturing, construction and engineering industry are more capital and machinery intensive, and also have a higher revenue earning opportunities hence they have been grouped together, whilst all other sectors are another grouping.

Agriculture, Tourism, Forestry, Fisheries, Services and other Sectors.

AGRICULTURE, TOURISM, FORESTRY, FISHERIES, SERVICE AND OTHER SECTORS		
Micro	Small	Medium
<ul style="list-style-type: none"> Sales turnover of less than K200,000 Employees of less than 5 Asset of less than K200,000 	<ul style="list-style-type: none"> Sales turnover of more than K200,000 and less than K5mn Employees of more than 5 and less than 40 Asset of more than K200,000 and less than K5mn 	<ul style="list-style-type: none"> Sales turnover of more than K5mn and less than K10mn Employees of more than 40 and less than 100 Asset of more than K5mn and less than K10mn

Agriculture, Tourism, Forestry and Fisheries are more labour intensive in Papua New Guinea and therefore the number of employees required will be more than the technology intensive industries and will differs from Manufacturing, construction, and the engineering sectors.

There has been no clear quantitative definition for SMEs in the past, which has lead to inconsistent collation of data and understanding of what constitutes an SME. This has made it difficult to develop and grow this sector.

The development and support of SMEs as mentioned in this plan is inclusive of Micro businesses who are officially registered as sole traders with the designated recognised body of government as required.

The matrix for scoring as outlined below;

SME Definition Scoring Matrix

Manufacturing, Construction And Engineering

	Score	Comments
Sales turnover less then K200,000	1	Companies scored between 0 and 3 are classed as MICRO
Employees less then 5	1	
Assets less then K200,000	1	
TOTAL	3	
	Score	Comments
Sales turnover more then K200,000 and less then K5mn	2	Companies scored between 4 and 6 are classed as SMALL
Employees more then 5 and less then 20	2	
Assets more then K200,000 and less then K10mn	2	
TOTAL	6	
	Score	Comments
Sales turnover more then K5mn and less then K20mn	3	Companies scored between 7 and 9 are classed as MEDIUM
Employees more then 20 and less then 100	3	
Assets more then K10mn and less then K20mn	3	
TOTAL	9	

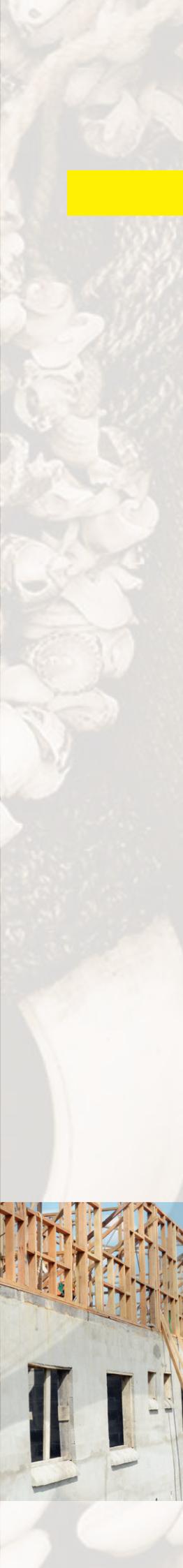
Agriculture, Tourism, Forestry, Fisheries, Services And Other

	Score	Comments
Sales turnover less then K200,000	1	Companies scored between 0 and 3 are classed as MICRO
Employees less then 5	1	
Assets less then K200,000	1	
TOTAL	3	
	Score	Comments
Sales turnover more then K200,000 and less then K5mn	2	Companies scored between 4 and 6 are classed as SMALL
Employees more then 5 and less then 40	2	
Assets more then K200,000 and less then K5mn	2	
TOTAL	6	
	Score	Comments
Sales turnover more then K5mn and less then K10mn	3	Companies scored between 7 and 9 are classed as MEDIUM
Employees more then 40 and less then 100	3	
Assets more then K5mn and less then K10mn	3	
TOTAL	9	

APPENDIX 6 | THE EIGHT POINT PLAN FOR PNG

The 8 point plan for Papua New Guinea aims to encourage;

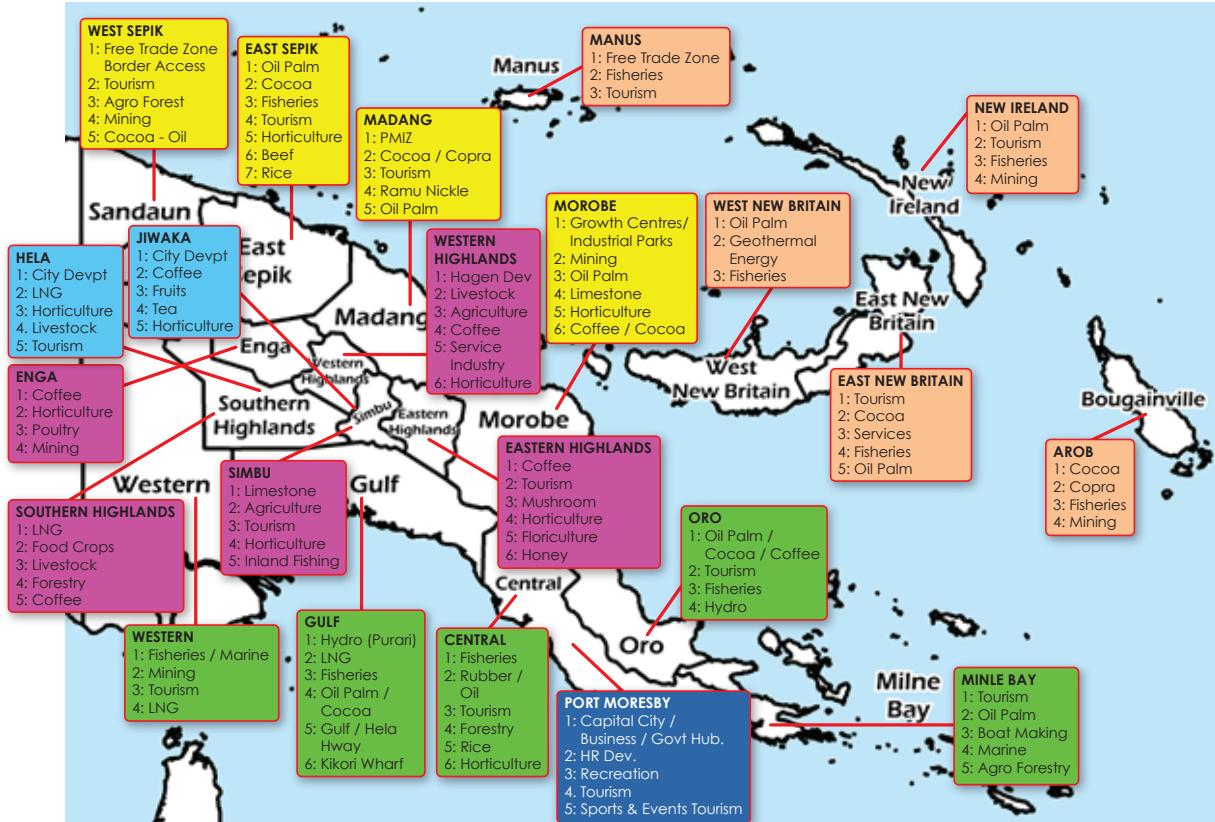
- A rapid increase in the proportion of the economy under the control of Papua New Guinean individuals and groups, and in the proportion of personal and property income that goes to Papua New Guinea;
- More equal distribution of economic benefits, including movement toward equalization of incomes among people and toward equalization of services among different areas of the country;
- Decentralization of economic activity, planning and government spending, with emphasis on agricultural development, village industry, better internal trade and more spending channeled to local and area bodies;
- An emphasis on smallscale artisan, service and business activity, relying where possible on typically Papua New Guinean forms of economic activity;
- A more self-reliant economy, less dependent for its needs on imported goods and services and better able to meet the needs of its people through local production;
- An increasing capacity for meeting government spending needs from locally raised revenue;
- A rapid increase in the active and equal participation of women in all forms of economic and social activity;
- Government control and involvement in those sectors of the economy where control is necessary to achieve the desired kind of development.



APPENDIX 7 | PROVINCIAL CATALYTIC PROJECTS

A review with each provincial administration has been done during the consultative workshops and each provinces have identified their catalytic projects that must be developed to enable economic participation by Papua New Guineans in Economic activities in these respective provinces. The projects identified are based on the endowment of each province and therefore should give each a competitive advantage in the sectors and opportunities selected. It is crucial that conflicting industries are minimised to encourage growth and optimal use of resources across PNG. The catalytic projects as depicted in Figure 6. must have the necessary infrastructural and business enabling requirements developed for SMEs to emerge and flourish.

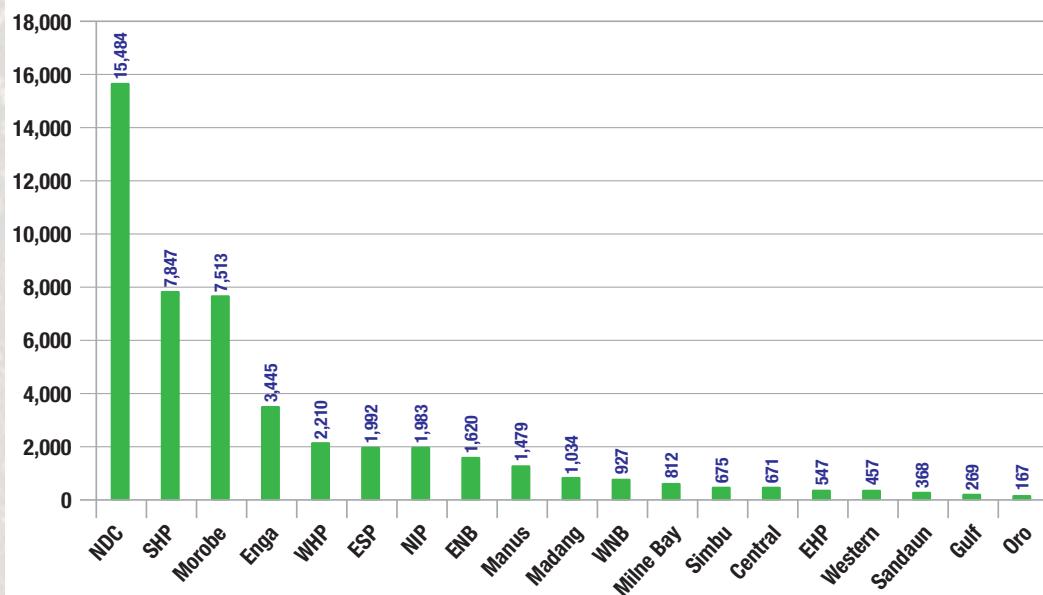
Catalytic Projects Per Province



The proposed catalytic projects for all provinces are initiatives in the sustainable sector and this will facilitate the achievement of the objective of “inclusive and sustainable economic Growth”. An integrated approach to development by the identified sector agencies of the government is crucial. The development of these catalytic projects are to be extended right through to value adding and down stream processing manufacture opportunities. This is what will create the economic spin offs business opportunities that will stimulate the growth of the SME sector.

APPENDIX 8 | CURRENT NUMBER OF SMEs IN EACH PROVINCE

Current Number of SMEs in each Province



The numbers of SMEs in each province are derived from combination of IPA Nigures and the Baseline survey done by SBDC in 2012.

N/B: Southern Highlands Figures above included Hela & Jiwaka.

APPENDIX 9 | PPROJECTED IMPACT ON SME ON GDP AND INCOME PER CAPITA FOR 2030

	2013	2030	2030	2030	2030
		No action	Land reform	Land reform & LNG	Land reform, LNG & SME
Popn (2011 = 7,059,653) (mm)	7.4	10.6	10.6	10.6	10.6
GDP (K'bn)	14.5	23.5	33.1	50.7	101.3
% SME Contribution to GDP	10%	10%	10%	10%	50%
SME Contribution to GDP (K'bn)	3.2	3.2	3.3	5.1	50.7
Per capita GDP (K'000)	2.0	2.2	3.1	4.8	9.6

Source: PNG Vision 2050, 2011 Census, SBDC SME Census.

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