

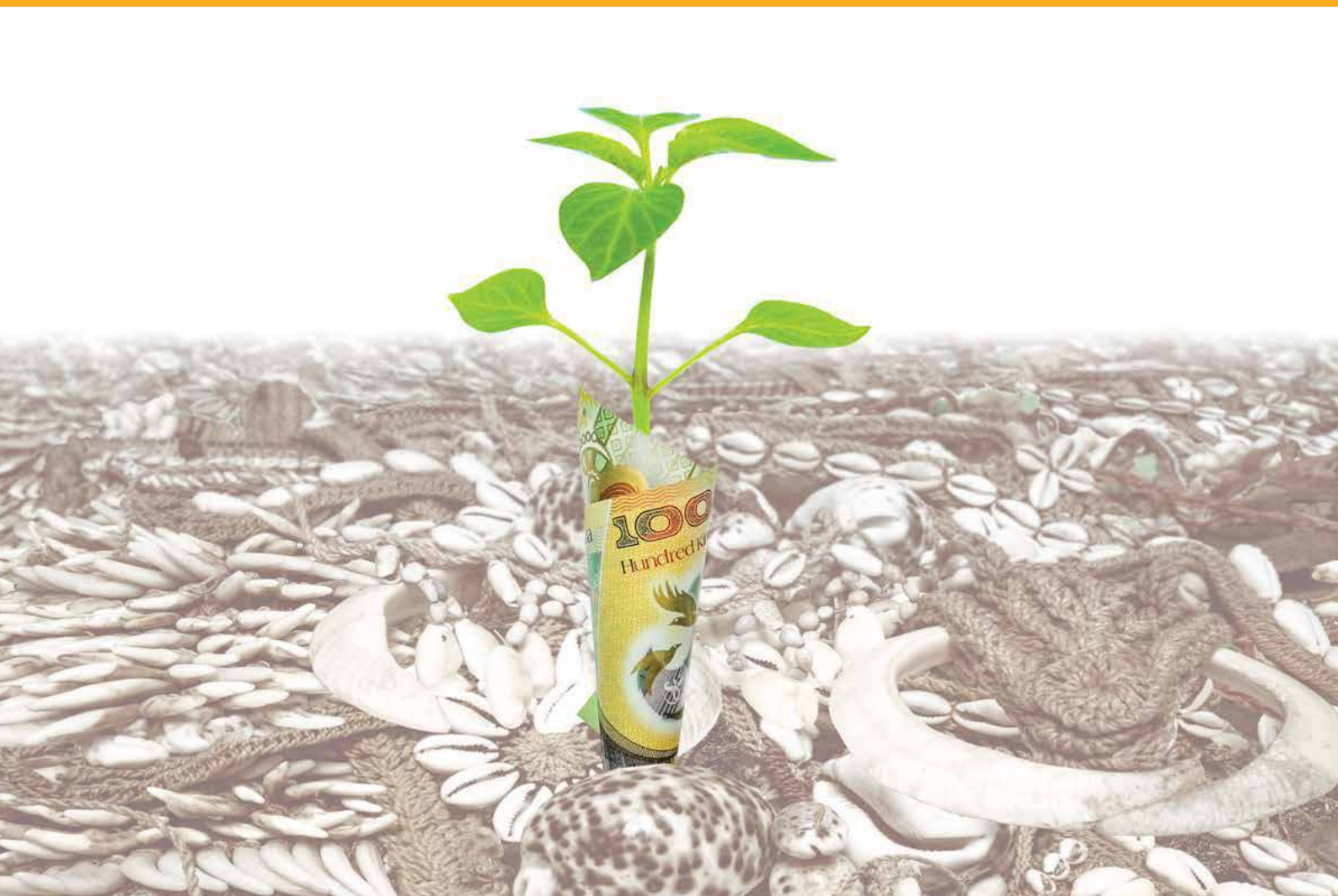


MINISTRY OF
TRADE, COMMERCE
AND INDUSTRY

SME

POLICY & MASTER PLAN SUMMARY

2016 - 2030



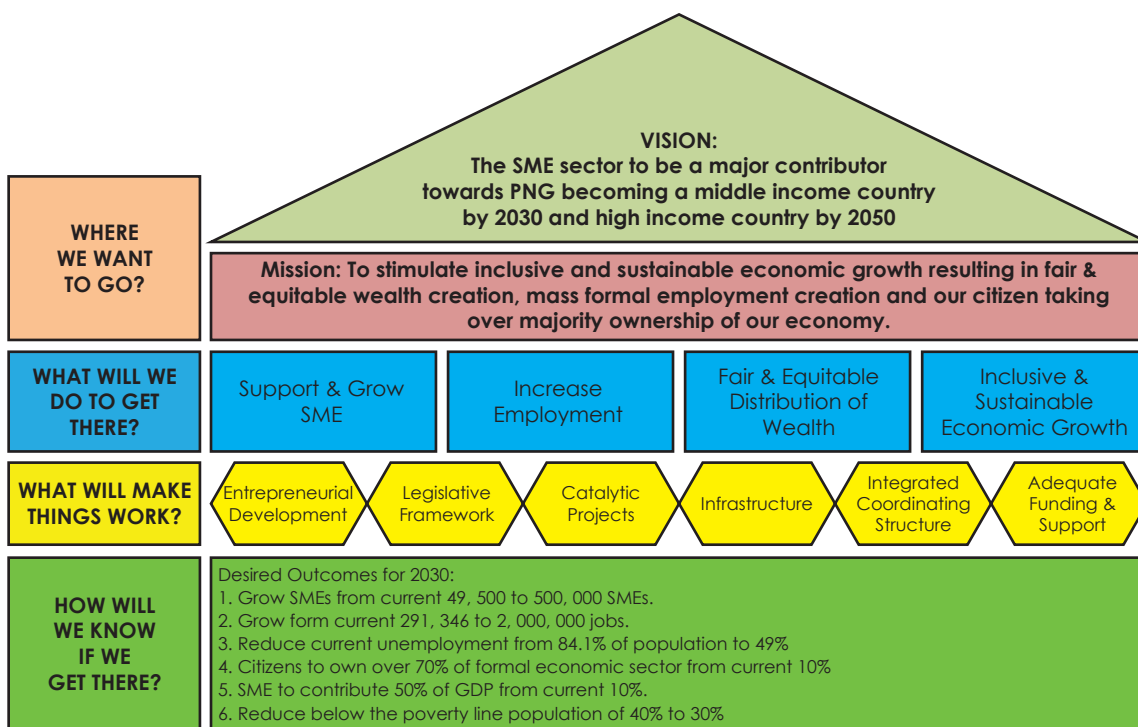
PURPOSE OF SME DEVELOPMENT IN PAPUA NEW GUINEA

The ultimate purpose for the government of PNG is to devise and support programs and initiatives that will drive the Wealth Creation Pillar of Papua New Guinean Vision 2050 and SME development as studies and research have shown, this is the one single most important economic initiative that has been the foundational stage for most countries development.

SME development will therefore be a vehicle for;

- 1: Financial empowerment of its people.
- 2: Economic Development of Papua New Guinea.

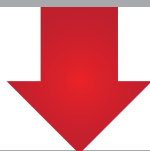
The one look table below shows the SME development model for Papua New Guinea.



VISION AND MISSION FOR SME IN PNG

The vision that is envisioned for SME development and will take the economy of Papua New Guinea into 2016 is for SME to be a significant

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.



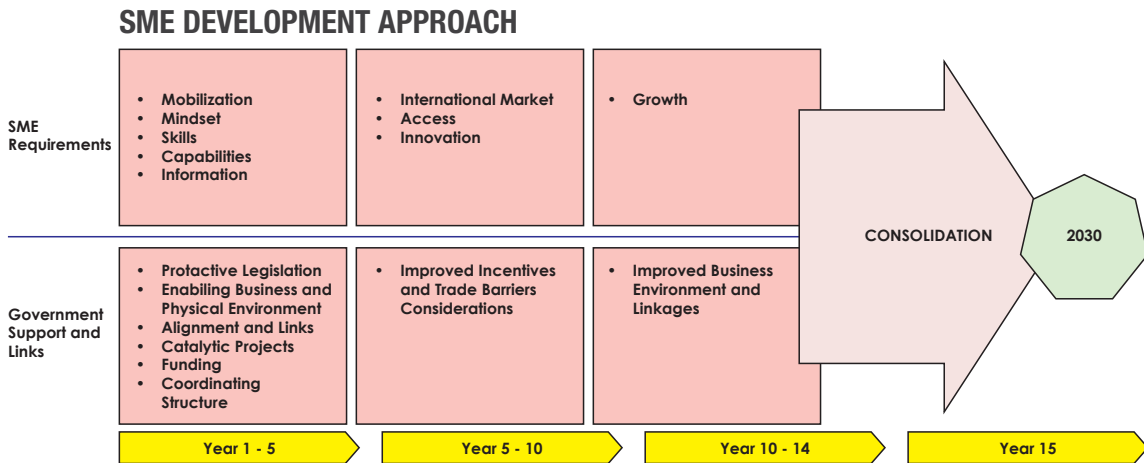
Mission: To stimulate inclusive and sustainable economic growth resulting in fair and equitable wealth creation, mass formal employment creation and our citizens taking over majority ownership of our economy. The SME sector to be a major contributor towards PNG becoming a middle income country by 2030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

SPECIFIC OBJECTIVES

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 sustainable economic growth.	<ul style="list-style-type: none"> Increase current GDP contribution of SME by 6% to 50%. Reduce below the poverty line population of 40% to 30%. 	2030

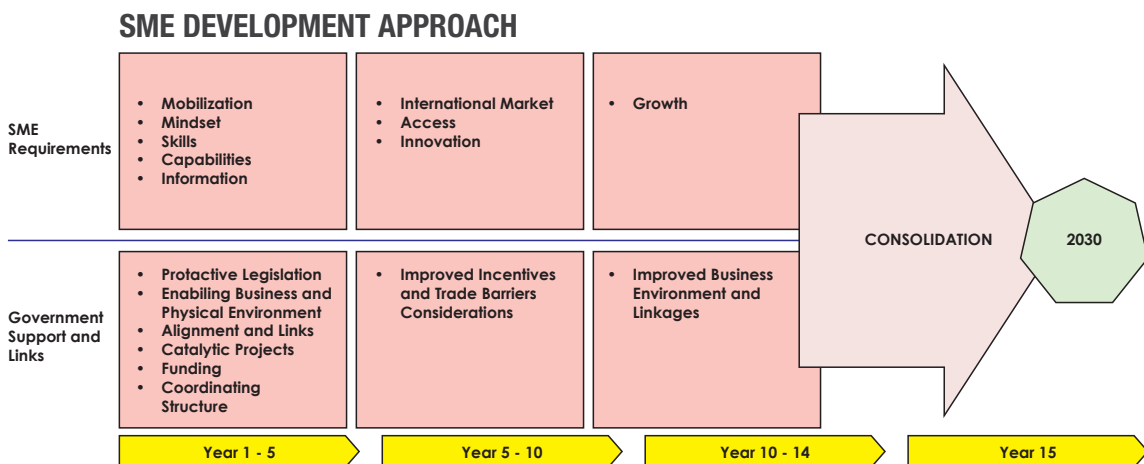
THE APPROACH OF SME DEVELOPMENT IN PAPUA NEW GUINEA

Micro, Small to Medium businesses owned by Papua New Guineans have never been supported significantly since we gained Independence as a na'on, as successive governments have focussed on Multi International organisations. However to truly empower the people of this nation economically we are challenged to now facilitate the development of SMEs. This is challenging as the support will be very extensive and will touch all fabrics of society and include all stakeholders and the people of this nation. We have to start somewhere and the journey must begin. This is therefore the approach, which encapsulates all the parameters of development for SMEs to grow.



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KEY PARAMETERS OF THE SME POLICY

The SME Policy is the most extensive and inclusive after much consultation with all key stakeholders and covers all areas that SME has touch points with.

KEY SME POLICY AREAS

- SME Life Cycle
- Constraints faced by SMEs
- Industry Sectors and Classification.

KEY STRATEGIES TO FACILITATE THE DEVELOPMENT OF SME'S IN PAPUA NEW GUINEA

1. Develop appropriate policy and legislative framework to support the SME Sector.
 2. Facilitate entrepreneurial mindset change, training and development.
 3. Develop a holistic financial inclusive and access framework that will facilitate the growth of SMEs in Papua New Guinea.
 - a. Financial and Savings Mindset Development.
 - b. Access to Finance Infrastructure and credit.
 - c. Financial Services.
 - d. Credit Guarantee Services.
 - e. Credit Data Bureau.
 - f. Non-formal Sector Coverage and Financial Needs.
 4. Facilitate and co-ordinate the implementation of the Reserve Businesses for Papua New Guinea.
 5. Facilitate Local Content in Government procurement for SMEs.
 6. Facilitate and develop catalytic projects in each provinces to stimulate economic development.
 7. Improve Access to Business and Commercial Land.
 8. Improve Market information and Access to Market.
 9. Identification and Development of SME Entrepreneurs.
 10. Provide Appropriate incentives for the development of SMEs in PNG.
- KEY STRATEGIES TO FACILITATE THE DEVELOPMENT OF SMEs IN PAPUA NEW GUINEA
11. Align SME development in all industrial sectors.
 12. Facilitate Key infrastructure Development.
 13. Facilitate inclusive gender participation in SME development.
 14. Develop an appropriate and enabling support structure.
 15. The government to facilitate adequate government funding and resourcing support to grow the SME sector in PNG.

THE RESULTS OF SME DEVELOPMENT IN PNG BY 2030

The development of SME in PNG will achieve the following deliverables if adequately and appropriately resourced, supported and funded by the government of Papua New Guinea, all donor agencies and all key stakeholders.

	Current	2030 Target
Number of SMEs	49,500	500,000
Employment Creation	291,346	2,000,000
Ownership of the formal Economy	10%	40%
% 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%

The targeted number SMEs that are to be achieved in each province

	Population	Current SME	Target SME 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

THE CO-ORDINATION STRUCTURE

We are confident that the SME development initiative will be achieved because; a coordinated and integrated structure headed by the Prime Minister and is aligned with key Government bodies and all other key stakeholders will also be implemented.

