



## Supporting Private Sector Development in PNG Financial Inclusion

The Australian Government's aid policy places private sector-led economic growth at the heart of the aid programme. All new aid investments must consider ways to engage the private sector and promote private sector growth — to create jobs and reduce poverty.

- The Asian Development Bank estimates that over 80 per cent of the population is financially illiterate. It is also estimated that less than 10–15 per cent of the population have access to financial services.
- The microfinance sector in PNG has the potential to unlock opportunities for entrepreneurs while supporting education and health at the family level.
- Australia's support will focus on bringing the poorest parts of the population (particularly women) into the cash economy through increased support for financial inclusion and financial literacy.



### The four pillars of Australia's Private Sector engagement in PNG



### Key Initiatives

PROGRAM	DESCRIPTION	ESTIMATED
<b>Microfinance Expansion Project (ADB)</b>	The project aims to strengthen the capacity of the microfinance industry to provide better financial services, to increase the financial literacy of the poor and to increase financial institutions' capacity to lend to individuals and small businesses.	\$3.4 m (2015–16)
<b>Pacific Financial Inclusion Program (UNCDF)</b>	Australia provides support through the UNCDF to develop innovative approaches to catalysing entrepreneurship and support the increased use of technology in financial transactions.	\$5.3 m (2014–17)
<b>Partnerships for Financial Literacy (IFC)</b>	Establishing partnerships with major financial institutions, to focus on increasing financial literacy and use of technological financial services in rural areas.	\$1.6 m (2014–16)



## Microfinance Expansion Project (MEP)

The MEP is aiming to educate 120,000 people with financial literacy training. As of March 2015, over 39,600 had graduated from the first phase of training, 7,000 of whom opened new savings accounts.

The business and product management capacity of partner financial institutions increased, with 25 new products being rolled out, including 8 women-only banking products.

The MEP is supporting rural villagers to access savings and loan services. Kada Poroman Microfinance Ltd (KPML) is one partner institution that joined the project to improve its business services.

KPML developed the 'Piggy Loan', a loan product for women, who are interested in running a small piggery business as a household enterprise.

Bethuel Marie (below) from Rabata village is a beneficiary of this new product. She started a piggery farm in 2013 after she secured a Piggy Loan.



Photo: Microfinance Expansion Project



## Mobile Banking service support

The International Finance Corporation (IFC) is supporting the rollout of mobile banking services through existing major banking institutions including the Bank of South Pacific (BSP) and ANZ.

The mobile banking pilot project commenced in 2012 with BSP, signing up 150,000 unbanked customers—33% of whom were women.

The IFC subsequently partnered with ANZ to support the rollout of its mobile banking service. This will help ANZ to reach a target of 160,000 mobile banking customers by 2017. Approximately 96,000 would be new bank customers, of which an estimated 22,000 will be new female customers.

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