



## 2<sup>nd</sup> Quarter 2021 Progressive update

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### Brief Executive Summary

This 2<sup>nd</sup> Quarter progressive update has been put together to update IFAD/MVF PMU. The report reports on the implementation of CEFI's sub-Component 2.2. – Financial Inclusion.

The progressive update by CEFI will fall under two (2) main focus areas of the Sub-Component 2.2 Financial Inclusion. These are;

#### 1) Village Farmers Livelihood Improvement Training

CEFI has contracted CARE International PNG to be responsible for the following;

- a) Development of the Training Material
- b) Conduct of ToT Trainings for the CEFI selected Training Partners
- c) Provide Mentoring and Coaching Support

CEFI has also contracted training partners in WHP, Jiwaka and Simbu Provinces to be responsible for rolling out the retail training to the selected farming households in these provinces.

#### 2) Engagement of Financial Institutions

CEFI has contracted Agriculture Finance Consultants of Germany to be responsible for this component. As per the Project Design Document CEFI through AFC will be required to recruit about eight (8) financial institutions to roll-out innovative agriculture products and services to the farming households throughout the six (6) identified provinces.

A summary of CEFI MVF financial transaction for the 1<sup>st</sup> Quarter will also be provided.

The report will end with a set of recommendations or wayforward



## 1) Village Farmers Livelihood Improvement (VFLI) Training

### 1.1) Development of the Training Material

The Village Farmers Livelihood Improvement Training is the preferred name for the MVF Project Training and replaces the former “Family Farm Team Training”. The VFLI Training combines CEFI’s Financial Literacy Training material and CARE International’s Family Business Management Training (FBMT) Material. Upon consultation with CARE International and the MVF Project through the Project Manager’s Office as well as CEFI’s own assessment CEFI is happy with the content of the training material. A final feedback was provided a week ago and we are anticipating CARE International to come back to us with the FINALISED MATERIAL before the end of this week.

Both CEFI and MVF PMU are satisfied that the VFLI Training have captured key elements of the FFT Training especially around family visioning, nutrition, community mobilization, gender and financial literacy. Both CEFI and MVF PMU were informed by CARE International that their FBMT Material was used to develop the ACIAR Family Farm Team Training Material. This means that the MVF Project’s Village Farmers Livelihood Improvement Training Material is a comprehensive training material that encompasses both financial literacy and livelihood training and encapsulate the MVF Project’s ‘family approach’

#### **Plans going forward**

- CARE International to provide CEFI with the “Finalised” Training Material by first week of July
- CEFI to be responsible for the design of the training material
- CEFI to liaise with MVF PMU to identify a suitable date for the launching of the Training Material – Tentatively End of July of first week of August 2021

### 1.2) Training of Trainers (ToT) Refresher for Peoples Action for Rural Development (PARD)

CEFI through CARE International recently undertook the ToT Refresher for PARD Trainers in WHP. The training was conducted from 3<sup>rd</sup> to 14<sup>th</sup> May 2021. The training comprised of ten (10) days classroom training and 4 days field practice session. The Refresher was conducted for the following reasons;

- i. A refresher for the trainers due to the delay in the implementation of the Retail Training
- ii. To train the trainers on the updated training material to upgrade their knowledge
- iii. To use the training (both in-house and field practice session) to test the revised training material and use that experience to finalise the drafting of the training material



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FPDA through the Provincial Coordinator for WHP Mr. Enopa Lindsay was responsible for identifying and confirming the training locations/sites as well as mobilizing the farming households through collaboration with the respective Lead Partners and Lead Farmers. CEFI and CARE International took responsibility with the logistical preparation and deployment of the trainers to the field sites

### **Plans going forward**

- CARE International to furnish a report on the Refresher Training to CEFI

### **1.3) Jiwaka ToT Training**

The ToT Training was conducted from 24<sup>th</sup> of May to 11 June 2021 and was held at Molka Lodge . - Minj.

### **Training Objective**

The training in Jiwaka Province is the first ToT training for the Jiwaka trainer who are part of the Cliffy Contractors Limited. The training is aimed at ensuring that they are able to deliver the full VFLIT module to the farming families of contracted aggregators in Jiwaka province.

### **The trainers**

The majority of the trainers that attended the VF LIT training were contracted by Cliffy Contractors Ltd who are contracted to CEFI to provide the trainings to the farmers in Jiwaka Province. The cliffy trainers have a lot of experience in facilitating training especially in financial literacy and voice for change trainings. The other participants were from the lead partners/aggregators that were successful in Call 2; Jiwaka Organic Fresh Fruits Cooperative Society (JOFFCS) headed by Agnes Merep, Pak's Limited and Kale's Fresh Produce led by Robinson Kale.

For the future sustainability of the project, the MVF and secondment staff from FPDA and DAL to MVF Project were also part of the training. Although these group of participants sat through the training, they were not assessed out in the field during practice. However, they may be needed to assist the team to do assessments during the up-coming retail training. Refer to Annex for the scanned copies of the participant lists.



Lead Partner	Females	Males	Total Attendance
Cliffy Contractors Ltd	8	6	14
Paks Ltd	0	2	2
JOFFCS	1	1	2
Kale's Fruits and Vegetables	1	1	2
MVF	1	1	2
FPDA	0	2	2
MVF Secondment (DAL)	0	3	3
<b>Total</b>	<b>11</b>	<b>16</b>	<b>27</b>

## Training Methodology

Training Date(s):	24 <sup>th</sup> May – 11 <sup>th</sup> June, 2021
Partner Organisation:	Centre for Excellence in Financial Inclusion
Co - Facilitators:	Elsie Mongoru, Edward Karapen, Masella Agarenga and Isidora Ramita
Venue:	Molka Lodge, Minj, Jiwaka Province
N <sub>o</sub> Participants	27 [Female – 11, Male – 16]
Certificate Presenter	Agnes Merep (JOFFCS), Robinson Kale (Kale's Fresh Fruits and Vegetables), Gabby Aipang (FPDA/MVF Cordinator), Elsie Mongoru (CARE) and Sebastian Mugup (CEFI)
Summary of Points:	

The training was conducted over a period of three (3) weeks. The first part was conducted on the first week and covered Community Inclusion: Gender Equity and Diversity and Facilitation Skills. On the second week, The Village Farmers and Livelihood Improvement Training (VF LIT) was conducted using the re-designed manual and consisted of three sessions; Session 1 – Working Together as a Family, Session 2: Family Nutrition and Food Supply and Session 3 – Family Financial Management. On Week 3, the trainers went out to seven (7) different sites across Jiwaka Province to get in-field experience as part of their practice. The final day of the third week was graduation day. Evaluations carried out during the training included the GED and facilitation skills sessions and the in-house and in-field practice trainer assessment on their presentation of the VF LIT course.



## Challenges

- The conduct of FPDA/MVF PMU's Household Survey has greatly impacted on the preparation and planning for the Roll-out of the ToT in Simbu Province as it means that the FPDA Provincial Coordinator is not available to assist with the on the ground coordination work.
- Managing the number of confirmed participants on the side of MVF PMU/FPDA was a huge challenge for both CEFI and CARE International. The agreement was that CARE International will be responsible for the cost of the CEFI trainers (14) and MVF PMU selected officers (11). Any additional cost will be borne by MVF PMU.
- Transport/Logistical arrangement – CARE International/CEFI's position is that travel allowance for the driver will be paid only for the services he/she renders for training purposes. Other cost will not be our responsibility.
- Key FPDA/MVF PMU Officers not actively participating in CEFI/CARE International daily debrief sessions

### 1.4) Retail Training Roll-out for WHP

CEFI is currently rolling out the Retail Training for WHP. A total of 345 farming households have been identified from two (2) lead partners .i.e. Organic Farm Fresh and Junior JP Investment. Junior JP Investment Limited has 177 contact farmers to be trained and Organic Farm Fresh 168. Tininga Hilens Fresh had not signed the Partnership Contract Agreement so its 800 contact farmers will be integrated into the Training Plan once the signing is confirmed. For week one (1) the training was conducted from the 6<sup>th</sup> to 8<sup>th</sup> of July. A total of four (4) sites namely Tega, Keram, Aviamp and Kelta have been identified for the trainings. The training started on the 6<sup>th</sup> of July and is expected to be completed by end of July or early August. CEFI's Retail Training Plan revolves around getting the trainers down to the farming communities and delivering the training for a total of three (3) days – half a day session for each day (8-12pm). The half a day session was proposed to cater for farming family's needs to attend to other chores during the day. By engaging the trainers in the community this ensures that the socialization and community mobilization as envisage in the training material materializes with Lead Partners and Leader Farmers working collaboratively with their cluster of farmers and the community as a whole to mobilise them for the training.

A one (1) retail training plan workshop was organized by CEFI to bring together staff from FPDA/MVF PMU, respective Lead Partners and Lead Farmers and CEFI Training Partners to collaboratively discuss the plan.



The primary objective of the workshop is to ensure that the retail training plan clearly outlines the roles and responsibilities of each key partners. For WHP the workshop was held on 10<sup>th</sup> June 2021 at Hotel Kimininga. Similar workshops are planned for Jiwaka and Simbu Provinces and will also be rolled out for the remaining provinces.

A summary of CEFI's Retail Training plan is outlined below;

### **Planning and Preparation Stage**

Week 1 – Liaise with respective FPDA Provincial Coordinator/Lead Partners and Lead Farmers

Key Objective(s):

- Identify suitable training sites
- Confirm trainers lodging arrangement
- Logistics arrangement – Transportation of trainers to and from respective training sites
- Development of a Trainers Deployment Plan that outlines trainers and their designated training sites as well as the host lead farmer who will be responsible for providing lodging for the trainers during the duration of the training.

Week 2 – Roll-out of the Retail Training

We envisage to wrap up the WHP Retail Training in about a month's time.

### **Challenges**

- The Roll-out of the MVF PMU's Household Survey has greatly affected planning and preparation as it has forced CEFI to delay the roll-out of retail trainings
- It was noticed that FPDA Provincial Coordinator and Officers gave priority to their main core responsibilities over their designated MVF Project roles. Subsequently, when there was a clash between MVF Project related activities with their daily activities plan; they give second priority to MVF Project related activities
- Verification of the identified farming households for the training. CEFI requires MVF PMU to verify the list of farming households that are submitted by respective lead partners/lead farmers for the training.
- Logistical/transport arrangement. CEFI has requested MVF PMU through the responsible FPDA Provincial Coordinator to ensure that MVF Project vehicle in the province is available to provide logistical support for drop off and pick up of training participants. This has been quite problematic. CEFI MVF Project vehicle is not suitable for use in the field operations.



- Information on bank account status for the farming households to assist banks with the opening of bank accounts was not available.

### 1.5) Recruitment of CEFI Trainers for EHP and Morobe FFT Trainings

CEFI has already conducted the screening process and a recommendation on the successful organisations will be made to MVF PMU through a letter of “No Objection”.

#### Issues / Challenges

- Time is a challenge with CEFI currently tied down with the roll-out of the ToT and Retail Training as well as the due diligence exercise of financial institutions.

## 2) Engagement of Financial Institutions

CEFI has contracted Agriculture Finance Consultants of Germany to be responsible for this component. As per the Project Design Document CEFI through AFC will be required to recruit about eight (8) financial institutions to roll-out innovative agriculture products and services throughout the six (6) identified provinces.

### 3.1) Due Diligence Exercise

AFC has already initiated the process with questionnaires sent out to the identified financial institutions. To meet with the deadline set by MVF PMU/IFAD as per the Aide Memoire for the partnerships to have access to financial products and services CEFI has advised AFC to priorities three (3) financial institutions which are BSP, MiBank and Womens’ Microbank. These financial institutions have already sent in the required documents as well as the completed questionnaire. Furthermore, given their size and outreach priority will be given to secure these three institutions before others can come on board. We expect to complete the due diligence for these three institutions by 15 of August 2021. Respective Due Diligence Report for each financial institutions should then be furnished to CEFI to table before the Ad-Hoc Selection Committee for their deliberation and endorsement. The report shall assess each financial institution’s national outreach and digital products and services.

### 3.2) Ad-hoc Selection Committee

MVF PMU through CEFI has engaged AFC from Germany to carry out a due diligence exercise on about eight (8) financial institutions. The Due diligence will review, for each applying institutions:

- Financial statements (liquidity position, risk and quality of the portfolio, current outreach);
- Governance;





- (iii) Manual of procedures, especially the sections on portfolio management and monitoring, risk assessment and management of the nonperforming portfolio, and social and environmental safeguards procedures;
- (iv) Medium-term development plan, especially growth of financial base, increase of outreach and ways to achieve it;
- (v) Products and services;
- (vi) Pricing; and
- (vii) Current and projected geographical zones of interventions.

AFC will also visit and meet the senior management of each responding financial institution. It will submit a report presenting the outcomes of the review with conclusions for each applicant to an ad-hoc selection committee that will be set up by the PMU with CEFI's assistance.

### **Composition of adhoc committee:**

The ad-hoc selection committee will be composed of one representative from the Institute of Bankers, one representative from the microfinance industry, and one representative from the Central Bank (outside of the supervision department).

- A representative from the Department of Agriculture will be invited to the discussions, without voting rights, for the selection to take into consideration specific constraints and needs of the agricultural sector.
- The Project Manager will act as the secretary of the committee.

### **Specific responsibilities**

- It will review the conclusions of the due diligence exercise presented by the consulting firm/consultant and will submit a shortlist of financial institutions to the Project Steering Committee (PSC) for approval.
- The ad-hoc selection will ensure that the project will start working with at least six financial institutions (i.e. one commercial bank, three non-bank financial institutions and two savings and loan societies).
- The number of selected financial institutions will also depend on their coverage and presence in the target provinces.
- The ad-hoc selection committee will ensure that at least two selected financial institutions are operating in each province to promote competition and a wider range of financial services.
  - The project will then gradually include at least three more financial institutions and one savings and loans society before its completion (one commercial bank, one non-bank financial institution and one savings and loan society).
- Thereafter, the adhoc committee will meet as an when necessary, at least 2 times a year to review the performance of the partner financial institutions and where possible recommend necessary activities or assistances to improve their performances.





- In that respect, another round of due diligence exercise will take place during PY4, following the same modalities.

The members of the committee have been confirmed and they will engage on a “voluntary basis”. Committee members includes the following;

- 1) Mr. Johnson Pundari, Executive Director – Institute of Banking and Business Management (IBBM)
- 2) Mr. Paulus Laveil, Chief Executive Officer – Federations of Savings & Loans Societies (FESALOS)
- 3) Mr. Mark Ofoi, Manager (Financial Inclusion Unit), Bank of Papua New Guinea
- 4) Mr Tom Morris, Senior Policy Officer - Policy Division, Department of Agriculture & Livestock.

The committee is expected to have its first meeting First meeting on the week starting from August 16, 2021. Once a date is confirmed the members of the committee will be notified of this.

Rescheduling the visit of Mr. Sigitas Bubnys visit to PNG.

Mr Bubnys who is the lead consultant with AFC on this project is expected to travel into the country this month however due to Quarantine period been extended till 21 day from 1 of July his mission is planned from the middle of October.

### 3.3) Agriculture Lending Survey

Almost complete with CEFI now to analyse the data provided and provide a summary report on its findings

### 3.4) Risk sharing Facility

As per the discussion during the IFAD mission CEFI have already commenced discussion and provided details of the proposed banking operations with UNCDF to assess the possibility of partnership for Risk Share facility. CEFI plan to discuss possibilities with Risk share facility currently operating under bank of PNG too . Both options will be evaluated and recommended for final selection.

## **Recommendations/wayforward**

Based on the report above we hereby provide the following recommendations to be considered by relevant parties



- **Ensure MVF PMU staff who are selected to attend ToT and Retail Trainings take active part in the debriefing sessions that CARE International and CEFI organize at the end of each training session.**
- MVF PMU to communicate the dates of key activities to CEFI to ensure better preparation and planning
- MVF PMU to liaise with respective provincial coordinators ensure x1 MVF PMU Project is available for use during the training. Alternatively, it should consider hiring a vehicle for this purpose
- MVF PMU to carefully take stock of its participants attending the ToT Training as to avoid unnecessary cost
- MVF PMU to verify the list of farming families identified for the retail training.
- Lead Farmers/Lead Partners to provide information on the status of their farmers bank account.

## SUMMARY OF FINANCIAL TRANSACTION FOR THE 2<sup>nd</sup> QUARTER

Description	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total Amt
CEFI Refunds	-	72,748	77,724	-	73,611	-	<b>224,083</b>
MVF Admin Expense	22,126	60,693	23,369	21,419	22,146	24,966	<b>174,719</b>
Care International	-	-	-	59,915	70,000	169,344	<b>299,259</b>
Jiwaka VFLI Training	82,498	3,321	8,006	833	11,540	7,316	<b>113,514</b>
PARD Training	5,684	6,420	-	23,358	-	-	<b>35,462</b>
Meetings & Trainings	-	-	-	-	-	16,873	<b>16,873</b>
<b>Total Paid</b>	<b>110,309</b>	<b>143,181</b>	<b>109,099</b>	<b>105,526</b>	<b>177,296</b>	<b>218,498</b>	<b>863,909</b>



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End of report!

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