



# **CENTRE FOR EXCELLENCE IN FINANCIAL INCLUSION**

## **MARKET FOR VILLAGE FARMERS PROJECT**

### **Sub – Component 2.2 Financial Inclusion**

### **3<sup>rd</sup> Quarter 2021 Progressive update**

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## Brief Executive Summary

This is the 3<sup>rd</sup> Quarter progressive update report that has been put together for the purpose of updating IFAD/MVF PMU. The report reports on the implementation of CEFI's sub-Component 2.2. – Financial Inclusion under *Component 2 Supportive Value Chain Investments*. The report will report on CEFI's activities for the period **July to September 2021**.

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

For this area 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. These training partners are as follows;

- a) Peoples' Action for Rural Development (PARAD) – WHP
- b) Cliffy Contractors – Jiwaka Province
- c) Ambumangre Microcredit Scheme – Simbu

### 2) Engagement of Financial Institutions

In this area CEFI has contracted Agriculture Finance Consultants (AFC) 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.

The report also provides a summary of CEFI's MVF Financial transaction for 3<sup>rd</sup> Quarter herein marked as ANNEX 2. This will be followed by a matrix outlining the activities and the targets that CEFI plans to undertake for the next three (3) months for the period October to December 2021. The plan is likely to change depending on the COVID 19 situation.

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**

There has been delays to the finalization of the training materials because of the delay in receiving feedbacks from MVF PMU on the final draft material. CARE International and CEFI feels that feedback should be specific in nature and not general as the material has gone through extensive consultation and feedback process and general comments will only delay the process of finalizing the training material. To expedite the process CEFI is now looking at hosting a meeting/workshop to bring together CARE International, MVF PMU and CEFI to finalise the training material. Given the COVID 19 situation it is likely that the workshop or meeting will be virtual with CARE International to facilitate.

#### **Challenges**

- CARE International slow pace in coming back to us with the revised drafts
- General (not specific) comments and feedbacks by partners on the training material is costing us time to finalise the material

#### **Plans going forward**

- CARE International to provide CEFI with the “Finalised” Training Material before the end of October 2021
- 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 first week of November 2021

### **1.2) Retail Training – Western Highlands Province**

The first roll out of the VFLIT Retail Training for the selected Lead Partners in WHP. Hailens Fres (Tininga) is yet to formally sign the contract so its contact farmers were not included under the roll out of this Retail Training.

Apart from Hailens Fres (Tininga), Junior JP Investment and Organic Farm Fresh contact farmers were able to participate in the VFLIT Retail Training. Although the two Lead Partners are based in WHP, most of their Lead Farmers with its contact Farmers are based in Jiwaka Province, as such two training were conducted in Jiwaka while the other two conducted in WHP within Hagen Central.



## **Preparation**

The preparation for the first roll out of the Village Farmers Livelihood Improvement Training (VFLIT) was well coordinated by WHP FPDA MVF PC communicating with the two Lead Partners as well as Lead Farmers.

PARD Trainers prepared their Lesson plans presentation atleast two days in advance. CEFI came on board by funding stationery, TA for Trainers, Venue and accommodation hire for the duration of 3 days.

## **Logistics**

Mt Hagen based MVF Project was not available to assist in this VFLIT Retail Training as it was utilized for the Household Survey in WHP. Nonetheless, it provided some assistance for the drop off of trainers after the conclusion of the trainings.

CEFI hired vehicle a ten 10-seater Toyota Land cruiser that was utilized for picking up of Trainers after the three (3) days Training. The vehicle was also utilised to conduct visits and inspections on training site, observing Trainers and the participants.

## **Supervision**

Four (4) training sites were selected with a total of eight (8) trainers, two (2) trainers (male and female) each to a training location.

CEFI and FPDA MVF PMU officers were able to spend atleast a day or half a day in designated location observing and monitoring the Trainers as well as the participants.

FPDA MVF PMU Manager and WHP Provincial Coordinator were able to inspect all the 4 Training sites within a day and were very impressed with the way the training was being conducted.



## Debrief

There was a debrief after the first day of the VFLIT Training. All key players under the MVF Project were present airing their comments, feedbacks, acknowledgement and discussing way forward for the VFLIT Training.

## Stationery

PARD Trainers provided stationery for the participants during the training. PARD budgeted for the stationery according to the list provided by FPDA and Lead Partner and when the number of participants increased upon registration and training, there were shortfalls in stationary.

## Training Venue and Accommodation for Trainers

All the training venue selected for the VFLIT Training were all churches. Churches were seen as ideal venues for conducting Trainings. All Trainers were accommodated within in the community arranged by Lead Farmer.

## Updated VFLI Training Data as of 15<sup>th</sup> October, 2021

### Western Highlands Province

PEOPLES ACTION FOR RURAL DEVELOPMENT (PARD)						
Households	Men	Women	Total Male	Total Female	Total Household	Western Highlands Total
54	47	50	47	50	54	97
44	40	35	87	85	98	172
75	69	93	156	178	173	334
32	44	38	200	216	205	416
12	14	12	214	228	217	442
33	53	52	267	280	250	547



Total Call 1 HH Surveyed = 345  
Total HH Trained = 250  
Total HH yet to be trained = 95

Total Male Trained = 267  
Total Female Trained = 280  
Total Male & Female Trained = 547

## **Training Monitoring and Evaluation**

Monitoring and Evaluation of Trainers is very important. FPDA MVF PMU Team and CEFI were on the ground providing coaching, mentoring to Trainers to ensure effective delivery of VFLIT Retail Training.

## **Opening of Bank Accounts**

Majority of the participants attending the VFLIT Training did not have bank accounts. CEFI aims to conduct account opening sessions after the completion of Call 1. In the meantime, CEFI will communicate with respective financial institutions to a set date, time and venue for the Financial Institutions to go into the community for account opening.

## **Graduation**

Participants were awarded certificates after the last day of the Training. Graduation preparation and refreshments were left to respective Lead Partner, Lead Farmers and the Participants should they wish to provide.



## **Challenges**

- The lack of uniformity in the use of the evaluation form by CEFI/FPDA MVF PMU when doing Evaluation and Monitoring for Trainers
- Lead Partner/Lead Farmer/Coordinator not been active in communicating the importance of the VFLIT Training, what to expect and what not to expect during the training. For

instance, information on whether refreshment, training allowance will be provided or not should be made crystal clear.

- No clarity in terms of who is to be responsible for the travel allowance for FPDA Officers participating in the training?
- Lack of coordination among CEFI and MVF PMU/FPDA when it comes to observation and monitoring of each training site leading to clashes.
- CEFI FPDA MVF Vehicle to provide logistical support during the roll out of the Retail Trainings

### **Recommendations/Way Forward**

- Starting time for the training should be left open since the training is conducted right in the village
- CEFI/FPDA MVF PMU to use a standard Evaluation form when doing Evaluation and Monitoring for Trainers
- PARD Director to move around doing his own Independent observation for all training sites
- Lead Partner/Lead Farmer/Coordinator to take lead in communicating the importance of the VFLIT Training, what to expect and what not to expect during the training. For instance, information on whether refreshment, training allowance will be provided or not should be made crystal clear.
- Who is to be responsible for the meal cost of the Trainers? CEFI strongly recommends that the Lead Partner/Lead Farmers communicate and properly coordinate amongst themselves.
- PARD to make provision for “reserve stationery” to take care of possible increase in the number of participants
- CEFI/FPDA MVF PMU officers on the ground to properly coordinate amongst themselves when it comes to observation and monitoring of each training site in order to avoid clashes.
- FPDA MVF Vehicle to provide logistical support during the roll out of the Retail Trainings
- CEFI Field officers to use Digital Camera to capture pictures during the training
- Graduation day to be conducted at a set date.

### **Plans going forward**

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

#### **1.3) Retail Training – Jiwaka Province**

The VFLIT Retail Training conducted in Jiwaka commenced on the 31<sup>st</sup> August and ended on 9<sup>th</sup> September, 2021.

Cliffy Trainers and the two CEFI Officers held separate debriefs before deploying the Trainers to their respective training sites.







CEFI MVF Project Coordinator and CEFI Field Officer held debriefs with Cliffy Trainers before deploying them to their respective training sites. They were informed of how data needs to be captured under the CEFI registration forms, what is expected to be delivered by them, as well as other relevant information that will impact the smooth roll out of the VFLIT Retail Training.

## REGISTRATION

CEFI MVP Project Coordinator wanted all participants' names to be registered right on the first day of training and informed them to attend the training as Households and not individually. Trainers were also reminded to provide a separate list for interested participants (Farmers) who have not been covered under the Household Survey.

Upon that, few farmers raised concerns that they were covered under the Household survey but their names were not included on the survey list while others claimed that they are existing farmers but were not covered during the Household Survey.

The registration during the first day of training proceeded well however, some locations started late due to names duplicated for more than one location and so farmers were undecided as to which training site to attend.



## LOGISTICS

Cliffy has been transporting Trainers to and fro their respective Training sites for all its Trainers throughout the entire training period, however Cliffy also requested CEFI hired vehicle to assist as training sites were found in different locations and they were not able to do it simultaneously.

## COMMUNICATION

There was effective communication between Lead Farmers and Lead Partners in identifying training venues and trainers' lodging. Most of the trainings took place in church buildings and community training halls. All trainings were smoothly conducted without major issues.

## TRAINING/REGISTRATION AND SUPERVISION

First day Training for Jiwaka was very successful, though the training ended extremely late as most of the time was consumed by registration.

Second and Third day of the Trainings progressed tremendously. All sessions were well facilitated engaging Adult Learning Principles under the coordination of CEFI MVF Sub-Project Coordinator.

CEFI staffs were on the ground supervising and monitoring the trainers for both Western Highlands and Jiwaka simultaneously. All sessions were effectively delivered by the Trainers.

## GRADUATION

Graduation for Jiwaka VFLIT Retail Training for the two weeks were successfully hosted at their various training sites. The two CEFI Officers with FPDA MVF Provincial Coordinators took part in every graduations conducted as Key Note Speakers.







## TRAINER'S AND TRAINING LOCATIONS

CLIFFY has 14 trainers and have been equally divided into 7 teams made up of a male and female. Amongst the seven teams, the first four teams were selected to deliver trainings from the 31<sup>st</sup> August to the 09<sup>th</sup> of September. Refer to the table below for more information.

**Updated VFLI Training Data as of 15<sup>th</sup> October, 2021**

### Jiwaka Province

CLIFFY CONTRACTORS LIMITED (CCL)						
Households	Men	Women	Total Male	Total Female	Total household	Jiwaka Province Total
			0	0	0	0
			0	0	0	0
			0	0	0	0
72	74	62	74	62	72	136
111	109	133	183	195	183	378
86	112	116	295	311	269	606
138	89	154	384	465	407	849

Total Call 1 HH Surveyed = 954

Total HH Trained = 407

Total HH yet to be trained = 547

Total Male Trained = 384

Total Female Trained = 465

Total Male & Female Trained = 849



## **Summary Brief on the Trainers' Performance**

### **Key achievement**

- Session planning and preparations were done well ahead of time results in smooth delivery
- Trainers were found to be well dressed and demonstrated excellent punctuality all throughout the sessions
- Language and contextualization were excellent as the Trainers were locals and so communication was very effective and well understood.
- Training manual is of a very high standard; however, most trainers grasped the content and were able to deliver confidently

### **Challenges**

- Ensuring effective Monitoring and Supervision at all training sites for quality retail training is a challenge due to the fact that trainings are done concurrently.
- Due to the trainings been conducted concurrently it is a challenge for CEFI MVF Staff to be on the ground to witness the issuance of the certificates to the participants in their trainings sites.
- CEFI MVF Field Officer to do ground work with the Lead Partner/Farmer in preparation for the next training at least one week in advance.
- Lead Partners (Paks Supplies and JOFFC) are not providing some assistance in terms of logistics when it comes to transporting trainers to and fro training sites. As a result, trainings begin very late and finish very late. This poses a safety risk to the CEFI MVF Officers who had to come in to provide support.
- Lead Farmers are not conducting enough awareness to their contact farmers on the importance of the VFLIT Retail Training in advance before Training commences.
- Logistical support (transport) to move around the trainers given that the training sites are scattered. It's very difficult for one CEFI MVF Field Officer to monitor trainings in each province. Furthermore, it makes it difficult to conduct onsite monitoring and assessing of trainers' performance.
- Sometimes communication breakdowns when trying to reach Lead Farmers
- Poor road conditions leading onto the training sites.
- In some trainings, only 1 family member attends the training while others attend to other family issues.
- Few Farmers are yet to be covered under household survey which causes delay during registrations.
- Some Lead Farmers have high expectations on Training and venue hire because of misinformation.
- Some Lead Partners are not making available their Coordinators to communicate regarding training.

- Training partners should be given the responsibility of communicating with Lead Partner / Farmers with regards to the arrangement of training venue and accommodation for trainers.

### **Plans going forward**

- Further roll-out of the retail training for Jiwaka for planned on the 11-15<sup>th</sup> October has been temporarily suspended due to the death of MVF PMU Gesi Officer Mr Tawi Agea and in lieu of reports that COVID 19 is rapidly spreading out from EHP and into other parts of the Highlands Region. CEFI will make a decision on the trainings once it consults with the MVF PMU Project Manager.

#### **1.4) ToT Training – Simbu Province**

The training was held from 23rd August – 10th September, 2021 at the Mt Whilhem Lodge.

#### **Training Objective**

The main objective(s) of the ToT under VFLIT is to:

- Equipped the Training partners or the trainers with the content knowledge of what is MVF Project and its intensions under the VFLIT.
- Upgrade and upskill the level of understanding of the trainers to train the farming family as a unit to know their respective roles and responsibilities required in unity and collaboration to push for success in their family farm as a business. 3.2.

#### **Expected Outcome(s)**

At the end of the three (3) weeks training the following outcome(s) has to be achieved:

- 24 Trainers to be trained and are fully aware of the VFLIT materials. CARE International to Conduct 10 days VFLIT ToT to the 12 female and 12 male trainers selected by the Ambumangre Micro-Credit Scheme
- The 8 selected participants from FPDA Simbu (2), DPI Simbu (2), SFML (2) and Agrotech (2) are fully aware of the MVF Project, the VFLIT materials and the facilitation skills required to facilitate the retail trainings apart from their roles and responsibilities in the overall fresh produce value chain in their respective roles.
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### **Training Delivery Method/s**

The VFLI trainings adopted participatory learning techniques through Adult Learning Principles and Experiential Learning Cycle in collaboration with Behavior Change Approach techniques, these techniques were used in designing, engaging and delivering the sessions. All training sessions are customized to suit respective learners' expectations. Within each module or course there were key activities and take way activities done. Learners were grouped into groups of 5 - 6 heads and their groups have to develop a group activity as per the example demonstrated by the master trainers.

### **The trainers**

A total of 35 participants attended the training. 24 participants represented Ambumangre Microfinance Scheme (AMS) with two standby trainers. Two representatives from each of the key aggregators; Simbu Farmers Marketing Limited (SFML) and Agro-Tech were present. The remaining participants represented FPDA field officers, MVF Monitoring and Evaluation officer and DPI field officers. The table below provides a brief summary of the participants.





Lead Partner	Females	Males	Total Attendance
AMS	12	12	24
AMS standby trainers	1	1	2
MVF	1	0	1
FPDA	0	2	2
MVF Secondment (DAL) - DPI	0	2	2
SFML	1	1	2
Agro-tech	1	1	2
<b>Total</b>	<b>16</b>	<b>19</b>	<b>35</b>

### Summary of training proficiency

There are a total of 24 trainers from Ambumangre Micro-Finance Scheme. From these 24 trainers, 12 are females and 12 are males. Based on their performances during the in-house and in-field field practice scores and ranking there is room for improvement in facilitation of experience sharing. The bulk of the trainers (15 out of 24) are **good** scoring 60% - 78% and over by meeting some of the requirements to half of the criteria. This translates to meeting half or some of the

facilitation skills requirements taking into account the knowledge of the content of the training. There is much room for improvement for this group in terms of facilitating experience sharing.

## **Challenges**

The following are challenges that were observed by both CARE International and CEFI Staff during the ToT Training

- The bulk of the trainers are not struggling with reading and comprehension. They articulate the content well. However, there have been feedback from in-field training debriefs that the manual was wordy, lengthy and at times difficult to read when the training is intensive (short time). Much of the struggles pertaining to the lesson plan development and the eventual outcome of the ratings was tied to the large number of participants and the shortage of training manuals.
- Given the large number of the participants, the facilitators split the training into two rooms. However, the space was smaller for the second room and it was hot and uncomfortable for the participants to focus after the mid-morning sun. This should be taken into consideration for future ToT trainings to allow enough number of participants so that the training is delivered effectively.
- Accommodating participants across three lodges in Kundiawa Town due to the large number has proven to be stressful to get training started and ending on time. With large number of participants as it already.
- Based on the above CARE International has made recommendations for CEFI to consider reducing the number of trainers if CARE is to provide close support to the trainers in the near future. Reducing the numbers enables CARE to effectively work one-on-one with the trainers.

## **Plans going forward**

- Strong and weak trainers will be paired together.
- MVF PMU to consider reducing the number of participants to be trained in the ToT Trainings as per the concern raised by CARE International
- MVF PMU to furnish the farming household data to CEFI on a timely basis to assist CEFI with its training plan. The information is critical in the roll-out of the retail training in a timely manner.
- CARE International, CEFI and MVF PMU Officers participating in the ToT Training to work in close partnership and take part in debriefs as and when required to address concerns and issues.

### **1.5) Retail Training – Simbu Province**

As part of the preparation for the roll-out of the Simbu Retail Training CEFI conducted a one (1) day planning workshop in Kundiawa

#### **Objectives of the workshop**

- A one-day workshop was organized by CEFI for the purpose of getting the Training Delivery Team Members (CEFI, AMCS, FPDA, Lead Partners, and MVF PMU) to structure a model in which to effectively deliver the VFLIT in the Market Value Chain System.
- To understand the roles and responsibilities each stakeholder needs to implement VFLIT retail training.
- To provide opportunity for stakeholders to share their experiences and understand their roles in VFLIT retail training.



#### **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.
- CARE International has made recommendations for CEFI to consider reducing the number of trainers if CARE International is to provide close support to the trainers in the near



future. According to CARE International reducing the numbers enables CARE International to effectively work one-on-one with the trainers.

## **Plans going forward**

The retail training for Simbu Province is expected to begin on 18<sup>th</sup> of October 2021. Nonetheless, given the rapid increase in COVID 19 cases in nearby EHP CEFI will decide if the training should go ahead or not after consulting with the MVF PMU Project Manager.

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

CEFI MVF Sub Project Coordinator and the CEFI Field Officer did physical inspection of the shortlisted training providers in both EHP and Morobe

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 nine (9) financial institutions to roll-out innovative agriculture products and services throughout the six (6) identified provinces.

### **1) PFIs selection process**

It is expected that the project will start working with at least six financial institutions, later increasing till 9. The number of selected financial institutions will also depend on their coverage and presence in the target provinces.

PFIs selection process is shown in the figure below.



## 2) Due Diligence and Selection of the Financial Institution

The Project's target is to get 9 FIs on board. 6 have shown interest to be part of the Project. The project will then gradually include at least three more financial institutions before its completion.

FIs audited financial statements and annual reports for the years 2018, 2019 and 2020 were obtained from the FIs, FI's websites and CEFI.

AFC started sending out standard due diligence questionnaire for PFIs on the 6<sup>th</sup> of June 2021, giving them two weeks to respond.

Below is a table showing which PFIs were sent the questionnaire, which responded and when the meeting was conducted.

PFI	Questionnaire sent	Response	Meeting Date
BSP Financial Group Limited	20/06/2021	Responded	05/08/2021
Westpac	20/06/2021	No Response	
MiBank	20/06/2021	Responded	30/07/2021
People's Micro Bank	20/06/2021	No Response	
Women's Micro Bank	20/06/2021	Responded	06/08/2021
Kada Poroman Microfinance Ltd	20/06/2021	Responded	04/08/2021
East New Britain Savings & Loans Society	20/06/2021	Responded	16/08/2021
NASFUND Contributors Savings & Loans	20/06/2021	Responded	21/09/2021

The due diligence exercise meetings with PFIs were conducted via Microsoft Teams.

People's Micro Bank responded on the 23<sup>rd</sup> of September and have scheduled a meeting for the due diligence exercise on the 27<sup>th</sup> of September.

Westpac, NDB and Teachers Savings and Loan Society so far are nonresponsive.

For the 3 remaining FIs, correct contact details need to be obtained or we need to visit their offices. CEFI would also be in a good position to contact them to get them on board the Project.

## 3) Due Diligence Reports

Financial Institutions slightly delayed responding to the questionnaires sent and in which due diligence exercise meeting had to be delayed too. However, all reports of the 6 FIs were completed before the meeting of the Steering Committee.

Due diligence reports and one-pagers of MiBank, KPML and WMBL were completed and sent to CEFI on the 7<sup>th</sup> of September.

Due Diligence reports for BSP and ENBSL were sent to CEFI the next day, 8<sup>th</sup> September.

NCSL responded on the 11<sup>th</sup> of September and due diligence report was sent to CEFI on the 12<sup>th</sup> of September.

These reports were then presented to and evaluated by the Steering Committee on the 15<sup>th</sup> of September.

#### **4) Signing of MOU with PFIs**

We will support CEFI to conclude MoU with selected PFIs specifying the roles of both parties, their modes of involvement in the project, dedicated resources and provided technical support that will lead to achieve the programme's objectives.

We expect that MoUs with PFIs will be signed in October 2021.

We recommend organizing a signing ceremony presided over by CEFI and attended by high-level representatives from IFAD, PMU and BPNG.

#### **5) Preparation of Institutional Development Programmes**

In 4<sup>th</sup> quarter AFC will support the PFIs in the development of 3 years institutional development plans (business plans). In this process, we will strive for the management to be the driving force in the goals' definition and for the staff to be reasonably involved and motivated to support the changes.

The business plan will focus on **serving the project's target group in the selected areas** and will be aligned to the overall business strategy of the institutions. We propose, that the PFIs conduct initially a brief market assessment to identify the exact challenges and potentials in this business area and to define its unique selling proposition.

We will visit project provinces and conduct some training if needed.

#### **6) COVID Impact**

Despite worldwide spread of COVID we are planning that all project activities will be implemented field based in Papua New Guinea as planned.

Due to the measures incorporated by the SOE Controller Mr Sigitas Bubnys could not travel to PNG as planned in the month of August. The restricting factor was the requirement to quarantined for 14 days for international experts.

Measures have changed as of 15<sup>th</sup> September to 7 days quarantined for fully vaccinated persons.

All required documents for SOE controller have been prepared by Mr Sigitas Bubnys and forwarded to CEFI to seek approval from SOE Controller.

Mr Sigitas Bubnys will arrive in PNG on November 10 and stay till December 8.

#### **Plans going forward**

- CEFI to sign MOUs with Financial Institutions in the month of October



### **3.1) Ad-hoc Selection Committee**

Since its establishment the committee has already held two (2) meetings. The first introductory meeting was held on 18<sup>th</sup> August 2021. The meeting introduced the financial institutions representatives to the lending strategies for the MVF Project beneficiaries, their roles and responsibilities as members of the committee and the plans going forward. During this meeting AFC Germany on behalf of CEFI and the MVF Project tabled six (6) due diligence report that it completed for the committee to review.

The second meeting was held on 14<sup>th</sup> September 2021. During that meeting the committee members provided their feedback on the due diligence report that was handed over to them in the first meeting. All six (6) Due Diligence report was approved by the committee and CEFI was instructed by the committee to begin signing MOUs with these financial institutions. These institutions are as follows;

1. Mi bank
2. Women's Micro bank
3. Bank South Pacific
4. Kada Poraman Microfinance Limited
5. East New Britain Saving and loan Security

CEFI through AFC was also asked to contact following institutions for the Due Diligence study

1. Peoples Micro Bank
2. Teachers Savings and Loan Society
3. National Development Bank

### **Plans going forward**

- CEFI in consultation with MVF PMU will formulate the MOU and submitted to respective financial institutions for their feedback.
- The MOUs are expected to be signed off in 3<sup>rd</sup> week of October 2021.
- AFC consultants are expected to be in PNG to commence Technical Assistance to the Partner financial institutions in second week of November 2021.

### **3.2) Agriculture Lending Survey**

All the data have been processed and the CEFI MVF Project staff will now begin the analyzing the data.

### **Challenge**

- CEFI Staff currently preoccupied with the trainings and do not have time to analyze the data.

## **Plans going forward**

- CEFI staff to prioritise the analysis of the agriculture lending survey data
- CEFI to submit this data to IFAD

### **3.3) Risk sharing Facility**

#### **Estimates of the lending activities**

So far CEFI has received 2 proposals. One proposal from UNCDF. UNCDF's proposed to establish a new Risk Sharing Facility (RSF) to serve the project. The other proposal is from the BPNG Risk Sharing Facility to extend the current facility to cater the MVF Project's needs.

As per the current information size of lending is expected as follows

Lead Partners - PGK 100,000 - 1,000,000

Lead farmers – PGK 50,000- 200,000

Farmers – PGK 10,000 – 30,000

This lending will be supported by a grant funding of 40% and an own contribution of 10%

#### **Delivery Mechanism**

Project aims at teaming up financial institutions together, microfinance institutions and/or savings and loans societies together with commercial banks because commercial banks have most surely no appetite for financing directly smallholders and small producers. Commercial banks would finance the part of the business/investment plan related to lead partners while microfinance institutions would finance the part of the business/investment plan related to farmers. Lead farmers could be financed either way. The key for the joint-financing of the business/investment plan is the forward contract (contract farming) that has to be signed between both parties.

#### **Risk Share Facility**

Most of the lead partners and lead farmers are currently working with the formal financial institutions and will be convenient to build on the past track records to apply for new facilities. Since most of the farming households will not have relationship with financial institutions and is expected to be perceived as high risk by the financial institutions. Project perusing options to provide an additional risk mitigation support to financial institutions to build confidence on reaching and supporting this target audience.

## **Plans going forward**

MVF PMU and CEFI to review the two proposals and agree on the most appropriate proposal in Q 4 2020

### **3) Planned activities for the next three (3) months – October – December 2021**

Below is the list of planned activities that CEFI will embark on implementing in the next three (3) months albeit the threat of COVID 19 and its impact on the implementation of these activities.

- 1) Finalise the VFLI Training Material
- 2) Rollout Simbu Retail Training for Call 1
- 3) Conclude the last remaining Call 1 trainings for Jiwaka and WHP
- 4) Recruit training providers for EHP and Morobe Province and commence training for the lead farmers in these provinces.
- 5) Complete analysis of the Agriculture Lending Survey
- 6) Conclude due diligence studies for the remaining financial institutions
- 7) Sign MOUs with the financial institutions
- 8) Go through the proposal for Risk Sharing Facility submitted by UNCDF and BPNG.
- 9) Include review of the first batch of loan proposals and approval of the grants financial institutions
- 10) Commence technical assistance for the partner financial institutions

### **4) Targets for the next three (3) months – October to December 2021**

Under the VFLI Trainings by end of December, CEFI will train the following number of Farming Households;

1. Western Highlands =200
2. Jiwaka = 547
3. Simbu = 2,204
4. Sign partnership agreement with x1 training partner in Morobe and EHP

Terms of the engagement with Financial Institutions CEFI the targets are as follows;

- 1) Complete Due diligence for three (3) financial institutions
- 2) Sign MOUs with nine (9) financial institutions

### **Recommendations& Wayforward**

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



- Data for the Household Survey especially on the farming households to be furnished to CEFI prior to the roll-out of the retail training. This will enable better planning for the roll-out of the retail trainings
- In addition to the above we recommend that the MVF Project Survey Team capture the Lead and Contact Farmers' Contact addresses, Districts, LLGs and Wards. This will assist CEFI and its training partners in developing its training plan.
- Based on CARE International's recommendations CEFI recommends that MVF PMU look into the merit of reducing the number of its participants/trainers for the ToT Training.
- MVF PMU to ensure that its Provincial Coordinators and key personnel work closely with CARE International and CEFI during the implementation of the ToT Trainings and Retail Training. For instance, there needs to be proper coordination and planning when it comes to logistics arrangement as well as providing monitoring and supervisory support on the field. In addition, we recommend that FPDA MVF Provincial Coordinators to fully communicate with the Lead Partners regarding the importance of the VFLIT Training. Lead Partners to communicate with Lead Farmers regarding the same.
- Furthermore, these personnel's needs are taken care of by MVF PMU
- In relation to the above, we feel that MVF PMU should take full responsibility in terms of providing logistical support like Travel Allowance and accommodation for its staff (MVF Project vehicle driver, Provincial Coordinators etc) who are participating in the ToT Training if there is a need for it. If CEFI or CARE International is to provide this, then MVF PMU should advise CEFI or CARE International well in advance
- CEFI MVF Staff to make sure the ground to witness the issuance of the certificates to the participants in their trainings sites. Better still MVF PMU/FPDA Officers to assist in this area.
- Starting time for the training should be left open since the training is conducted right in the village
- CEFI/FPDA MVF PMU to use a standard Evaluation form when doing Evaluation and Monitoring for Trainers
- Lead Partner/Lead Farmer/Coordinator to take lead in communicating the importance of the VFLIT Training, what to expect and what not to expect during the training. For instance, information on whether refreshment, training allowance will be provided or not should be made crystal clear.
- Who is to be responsible for the meal cost of the Trainers? CEFI strongly recommends that the Lead Partner/Lead Farmers communicate and properly coordinate amongst themselves.

## CEFI MVF Sub-Component 2.2 3<sup>rd</sup> Quarter in action



## ANNEX 1

### Assessment form of feasibility of business plan

#### General

1. The Lead Farmer, town, province:  
\_\_\_\_\_
2. The Lead Partner, town, province:  
\_\_\_\_\_
3. Contributions:
  - Partners' contribution: \_\_\_\_\_ %
  - Farmers' contribution: \_\_\_\_\_ %
  - Lead Partner' contribution: \_\_\_\_\_ %
  - Approved by financial institution credit: \_\_\_\_\_ %
  - A project-financed incentive grant: \_\_\_\_\_ %
  - Total (amount of the project): \_\_\_\_\_, 100,00 %

#### Feasibility of business plan

4. Mainly investment is for:

Land preparation and sustainable land management	<input type="checkbox"/>	Crop production	<input type="checkbox"/>
Production and distribution of good quality seeds and seedlings	<input type="checkbox"/>	Harvesting	<input type="checkbox"/>
Post-harvesting	<input type="checkbox"/>	Quality assurance	<input type="checkbox"/>
Market development	<input type="checkbox"/>	Traceability	<input type="checkbox"/>
Infrastructure development	<input type="checkbox"/>	Machinery	<input type="checkbox"/>
Other: _____			
5. Is it capital investment (yes or no)? \_\_\_\_\_
6. Does this investment improve the yield (yes or no, how much in %)? \_\_\_\_\_
7. Does this investment increase production (yes or no, how much in %)? \_\_\_\_\_
8. Does this investment increase quality (yes or no)? \_\_\_\_\_
9. Is the partnership composition acceptable (yes or no)? \_\_\_\_\_
10. Is the Lead Partner's experience acceptable (yes or no)? \_\_\_\_\_
11. Is the Farmer's experience acceptable (yes or no)? \_\_\_\_\_
12. Has the market assessment been done (yes or no)? \_\_\_\_\_
13. Has the competitor's assessment been done (yes or no)? \_\_\_\_\_



14. Has the financial management, cost tracking and accounting been settled (yes or no)?  
\_\_\_\_\_
15. Do they foresee any need for capacity building (yes or no)?  
\_\_\_\_\_
16. Do they foresee revenue sharing and payment in the partnership (yes or no)?  
\_\_\_\_\_
17. Do they foresee any risk in terms of its management (yes or no)?  
\_\_\_\_\_
18. Do they foresee any management disputes arising in the not too distant future (yes or no)?  
\_\_\_\_\_
19. Have they prepared a proper financial plan (yes or no)?  
\_\_\_\_\_
20. Have they prepared a partnership budget (yes or no)?  
\_\_\_\_\_

**Conclusion/ recommendation:**

\_\_\_\_\_  
\_\_\_\_\_

Date, Initials, signature: \_\_\_\_\_

## **ANNEX 2**

### **Summary Financial Statement for the 3<sup>rd</sup> Quarter of 2021**