TARGETED REFORM PROGRAM FOR PAPUA NEW GUINEA UNDER PACIFIC PRIVATE SECTOR DEVELOPMENT INITIATIVE, PHASE IV

1. Phase IV of the Pacific Private Sector Development Initiative (PSDI) anticipates substantive bilateral contributions from the Australian Department of Foreign Affairs and Trade for Papua New Guinea (PNG) for continued in-country private sector reform work. During the consultation mission in February 2019, the Australian High Commission supported PSDI’s role in providing advocacy, policy advisory and capacity building support to its key partners and institutions in PNG. PSDI has since identified the key partners and institutions and potential support that will be provided in the next phase of the program to PNG, which includes:

2. **Treasury, Kumul Consolidated Holdings and Department of Public Enterprises.** The government has sought support from the Asian Development Bank to design and implement an extensive State-Owned Enterprise (SOE) reform program. PSDI will support this program and provide significant technical support, ranging from:
   - (i) Preparing an SOE policy which will guide all government interactions with SOEs;
   - (ii) In line with the approved SOE policy, support the government to prepare legislation and regulations which will implement the SOE policy;
   - (iii) Support government through Kumul Consolidated Holdings Ltd and individual SOEs to strengthen the oversight, governance, transparency, reporting and accountability mechanisms;
   - (iv) In some sectors, review the regulatory environment with a view to restructuring the sector to ensure better provision of infrastructure services;
   - (v) Advise the government on options to increase private sector participation either through a SOE or in sector(s) where SOEs provide services;
   - (vi) Advise government on options to privatize or partially privatize SOEs as relevant; and
   - (vii) Any other advice or transactions which supports profitable SOEs and improved service delivery.

3. **Bank of Papua New Guinea** with:
   - (i) financial sector stability, particularly building capacity of the Macroprudential Unit to prepare a Financial Stability Report, and advice on design and implementation of macroprudential instruments;
   - (ii) developing regulatory guidelines on crypto-assets and initial coin offerings;
   - (iii) positioning paper on use of alternative financing platforms, such as peer-to-peer lending and equity crowd funding; and
   - (iv) implementing financial services sector development strategy, and small and medium-enterprise accelerator including general support to Assistant Governors Financial System Stability Group.

4. **Treasury** with:
   - (i) policy issues surrounding alternative financing platforms and capital raising for businesses not listed on Port Moresby Stock Exchange;
   - (ii) implementing the financial services sector development strategy:
(iii) developing public-private partnership opportunities (PPP) as prescribed by the PPP Policy and Act;
(iv) implementation of the Consumer and Competition Framework review (CCFR);
(v) finalization of the National Competition Policy (NCP);
(vi) drafting of a new Competition and Consumer Protection Bill which will support many of the CCFR recommendations; and
(vii) reflecting gender elements in policy and implementation.

5. **Independent Consumer and Competition Commission** with:
   (i) training of staff across a wide range of areas;
   (ii) development of strategic plans for the organization;
   (iii) mentoring to senior staff including the Commissioner and Chief Executive Officer;
   (iv) intermittent ad hoc advice on a range of technical issues which fall within the expertise of PSDI;
   (v) development of internals systems and guidelines including but not limited to, risk management; and
   (vi) promoting gender elements in trainings and strategic planning.

6. **Investment Promotion Authority** with:
   (i) policy design, Bill drafting and implementation of the Associations Bill including embedding gender elements;
   (ii) diagnostic work on Cooperatives reform as well as the policy design, consultations and Bill drafting including incorporating women’s viewpoints and proposing ways to improve their participation;
   (iii) advice and assistance on anti-money laundering requirements as they impact the jurisdiction of Investment Promotion Authority;
   (iv) preparation of specifications and management of procurement of a new on-line registry to take advantage of the enhanced internet capability; and
   (v) implementation of a new on-line registry which will support the registration of all entities, licensing, foreign investment, personal property securities, enhanced data collection and reporting, credit record development, and interaction with other Government agencies such as Tax including assessing and improving women’s access to the registry.

7. **Securities Commission** with:
   (i) introducing regulations on alternative financing platforms;
   (ii) regulation of capital markets; and
   (iii) institutional strengthening of Securities Commission similar to PSDI’s support to Independent Competition and Consumer Commission but on a smaller scale.

8. **MiBank** with:
   (i) Implementation of cocoa financing product using movable assets financing in East New Britain; and
   (ii) extending this product to other commodities and provinces including women entrepreneurs.

9. **Other Banks** with:
(i) developing agriculture-value chain financing product for Women’s Micro Bank, with Lead Consultant working on Economic Empowerment of Women; and
(ii) establishing possible partnership with other lenders, for example Kina Bank and Credit Corporation on introduction of movable assets financing products.

10. **Bank of Papua New Guinea, Treasury and Kumul Consolidated Holdings** to encourage dialogue over the role and functions of the three state-owned banks in addressing the small medium-enterprise financing gap in a sustainable manner.

11. **Business Coalition for Women** (an association representing 60 large businesses). In PSDI III a partnership with the Business Coalition for Women was developed to deliver a senior women’s leadership program in Port Moresby. In PSDI IV, this program will be expanded to other business centres including Lae and also other businesses such as women in SOEs.