



BANK OF PAPUA NEW GUINEA

MEDIA RELEASE

PNG discusses Cooperation with Credit Guarantee Corporation Malaysia

Small and Medium Enterprises (SMEs) are important catalyst for economic growth, they drive economic activity. The SME growth in Papua New Guinea (PNG) is however constrained due to the lack of infrastructure, access to finance, access to market, innovation and entrepreneurial skills and knowledge.

Access to finance, in particular credit, is a critical enabler for growth and development for SMEs in PNG. PNG Development Strategic Plan (DSP) 2010-2030 identifies lack of access to credit and capital as one of the factors impeding growth of SMEs in PNG. Information asymmetry between SMEs and potential lenders, external market, and lack of innovation also contributes to the lack of SME growth and development.

In November 2018, the National Executive Council approved for the Bank of Papua New Guinea (Bank of PNG) to establish a Credit Guarantee Scheme to provide access to credit for SMEs in the country.

The Bank of PNG, in turn established the SME Accelerator Program to address the impediments to SME growth, particularly access to finance and also provide some advisory services to promote innovations and create strategic partnerships. A key output from the SME Accelerator Program is to establish a Credit Guarantee Scheme (CGS) under an independent legal entity. The CGS entity will provide credit guarantee services in partnership with commercial banks and selected financial institutions to provide access to credit for SMEs.

Bank of PNG Assistant Governor Ellison Pidik and a team comprising of members from the Bank of PNG, Department of Commerce, Trade and Industry and the SME Corporation met with Credit Guarantee Corporation Malaysia (CGC Malaysia) Chief Executive Officer/President Datuk Mohd Zamree Mohd Ishak in November 2019 to gather insight on the legal and operational structure of CGC Malaysia and how PNG can benefit from CGC

Malaysia's experiences to develop a similar entity for the country. It was also an opportunity to discuss mutual cooperation between CGC Malaysia and PNG for CGC Malaysia to provide technical support and advice to establish the proposed entity for PNG.

"We will be working collaboratively with CGC Malaysia and this partnership is very important for the country, especially for SMEs as we are trying to create an avenue that enables them to access credit and also provide support in terms of financial advice and counselling and CGC Malaysia has successfully done that for their country. We believe the technical support that they will provide will help us immensely to set the foundation to create our entity to support our SMEs," said Assistant Governor, Ellison Pidik.

CGC Malaysia's main objective in supporting Malaysia's economic development is by assisting marginal but potentially viable SMEs, particularly enterprises without collateral or with inadequate collateral and track record to obtain financing from financial institutions and that is done through guarantee schemes available through the CGC.

CGC Malaysia CEO, Datuk Mohd Zamree Mohd Ishak said CGC Malaysia is willing to partner with the Bank of PNG to set up the entity and will provide support and assistance.

"CGC Malaysia is looking forward to partner with the Bank of PNG and Papua New Guinea as we believe SMEs help the country's economy tremendously and what you are trying to do for your country is achievable and important. We have supported other countries set up similar entities and we see SME development as an important agenda for economic growth."

The team also met with SME Corporation Malaysia, Alliance for Financial Inclusion, World Bank, UNCDF, Malaysia Digital Economy Corporation, and AKPK a Credit Counselling and Debt Management Agency set up by Bank Negara Malaysia.



Assistant Governor Financial Systems Stability, Bank of PNG Ellison Pidik (seated third from right) and Credit Gurantee Corporation Chief Executive Officer Datuk Mohd Zamree Mohd Ishak (seated second from right) with CGC Malaysia senior management and representatives from the Bank of PNG, Department of Commerce and Industry and SME Corporation PNG.



The team with AKPK's Head of Channel Management Department Mansor Bin Ali (fourth from right) and AKPK Head of Corporate Communications Department, Mohammed Khalil Jamaludin. AKPK is a Counselling and Debt Management Agency set up by Bank Negara Malaysia that provides financial education on responsible use of money and credit management skills, counselling and advice on financial management and debt management program to assist consumers regain financial control.



The team also visited the SME Corporation Malaysia to understand the development initiatives and programs for small and medium enterprises across all related Ministries and agencies.

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Governor