



THE NATIONAL
RESEARCH INSTITUTE
PAPUA NEW GUINEA

DISCUSSION PAPER

STORI BILONG STRET

PASIN STOA: REFLECTIONS

FROM BENEFICIARIES OF

INDIGENISATION OF THE

TRADE STORES PROGRAM IN

PAPUA NEW GUINEA

Thomson Honga
Francis Odhuno

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- (b) The undertaking of research into social, political and economic problems of Papua New Guinea in order to enable practical solutions to such problems to be formulated.

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- Small and Medium Enterprises Corporation
- Department of Commerce and Industry

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Abbreviations and Acronyms

| | |
|---------|--|
| NCD | National Capital District |
| NDB | National Development Bank |
| NEP | New Economic Policy [Malaysia] |
| NRI | National Research Institute |
| PNG | Papua New Guinea |
| PNG NRI | Papua New Guinea National Research Institute |
| RMS | Retail Management Services |
| SDG | Sustainable Development Goal |
| SME | Small Medium Enterprise |

Abstract

A major constraint to the growth and development of indigenous-owned small and medium enterprises (SMEs) in Papua New Guinea (PNG) is the lack of adequate credit. The *stret pasin stoa* program offered credit, entrepreneurship training and business management skills to the SME sector to support new business start-up and growth of existing enterprises in the 1970s, 1980s, and 1990s. Our study traced and interviewed eight beneficiaries of the program to assess whether the enterprises, households, and individual recipients benefited from the scheme and to identify challenges faced by these beneficiaries. Face-to-face interviews were conducted with six participants in the National Capital District (NCD), and telephone interviews were conducted with two participants outside of the NCD. We also consulted key stakeholders to complement and triangulate the interview findings. The results support findings of other studies —adequate supply of credit and incentives to the SME sector underpins social and economic development. This study found that the *stret pasin stoa* scheme was beneficial to the growth of enterprises and the wellbeing of households and individual recipients. Overall, the program helped grow indigenous retail enterprises in PNG. Given this potential, most interviewees suggested the program should be revived as the Government of PNG also attempts to revive and implement the Reserved Activities for National Enterprises in PNG.

Introduction

“Take back PNG” has recently become a hallmark of the Papua New Guinea (PNG) Government’s promise of empowering its people. But the policy of replacing non-nationals with nationals to increase indigenous control of the country’s economy is not new or even recent; it echoes what began in the final years of colonialism. For example, the first fundamental guidelines (the ‘Eight National Aims’) that were to guide the country’s national development envisaged a rapid increase in the proportion of the economy under the control of Papua New Guinean individuals and groups (PNG Constitutional Planning Committee, 1974). It has therefore been the policy of successive governments to identify policy instruments and arrangements that would enable indigenous Papua New Guineans become active participants in the country’s economic activities. The actions of Papua New Guineans to retain, regain, and attain control over productive resources have been many and varied (Donaldson, 1980). The most prominent strategy used to attempt to spur indigenous entrepreneurship in PNG was likely influenced by the wave of localisation and indigenisation practice across post-colonial developing countries starting in the 1970s (Wilson, 1990). For example, PNG appears to have emulated the Malaysian approach (Shamsul, 1997; Whah & Guan, 2017) to indigenisation of commercial activities in urban centres.

Cole (1987) describes the operationalisation of the strategy, dubbed *stret pasin stoa* (fair deal store) scheme: The PNG Development Bank (later known as Agriculture Bank and now National Development Bank [NDB]) acquired expatriate-owned retail trade stores. The bank then supervised and mentored selected Papua New Guinean managers before transferring ownership and management of the trade stores to the recipient managers after the bank recovered its costs from the store cash flows and the entrepreneur was considered competent to take control of the business. According to Cole (1987), the turnover of retail *stoas* wholly owned by indigenous Papua New Guineans was K25 million in 1986. By mid-1987, Cole (1987) judged the success of the scheme by the fact 61 *stoas* had been transferred to the sole ownership of Papua New Guineans while 35 *stoas* were still under the control of probationary indigenous managers. The scheme is believed to have reached its peak before declining and being eventually discontinued in the early 1990s (N. Timo, personal communication, October 15, 2020). The report of the auditor-general (2008) suggests, however, that nine trade *stoa* companies were still under NDB management at the end of 2002, but these were subsequently transferred to the managers and NDB ceased control over managing all trade *stoa* companies.

The number of retail *stret pasin stoa* companies owned and managed by indigenous Papua New Guineans is no indication of the success of these ‘indigenised’ business activities. Unfortunately, there is limited literature or information about the financial performance of the *stret pasin stoa* scheme. The auditor-general (2008), for example, was unable to obtain information about the performance of last nine trade *stoa* companies under probationary management of the NDB in 2002, despite reminders to the management. Even then, the scheme is believed to have contributed immensely to improving the livelihoods of households that benefitted from it (Kero, 2015). Other than such anecdotal evidence, no study has systematically tracked the program beneficiaries and evaluated the performance of the trade *stoa* companies after NDB ceased control of their management. Indeed, even NDB (and its predecessor institutions), the implementor of the program, appear not to have evaluated the performance of the scheme throughout its lifetime. Our consultation with NDB suggested that the bank no longer has any records of the original *stret pasin stoa* program of the 1970s to 1990s. Hence, there are no secondary data to that can be analysed to evaluate the *stret pasin stoa* scheme.

Aim and significance of this study

As noted above, it is generally acknowledged in PNG that the *stret pasin stoa* scheme had great potential, yet its impact on individuals, families, and businesses in the small and medium enterprise (SME) sector in general is only remotely known. To address this knowledge gap, this study attempted to:

- trace some of the beneficiaries of the program in order to understand the impact of the *stret pasin stoa* scheme on the individuals, households, and businesses enterprises; and,
- discuss some of the experiences shared by the beneficiaries of the scheme to inform understanding of what worked and what did not work, as well as the challenges encountered because of the scheme.

There is a good reason why understanding the impact of *stret pasin stoa* scheme is important. Media reports about people's miserable social welfare, largely blamed on the imbalance in the formal economy where only 10 percent of economic activities are controlled by Papua New Guineans, has been painting a bleak future for businesses under control of foreign nationals. Hardly a day passed without a newspaper article on indigenisation of commercial activities or localisation of the national economy creating confusion about the fate of existing businesses owned and operated by foreign nationals (National Development Bank, 2012). In order to correct this imbalance, there has been some discussions on the possibility of reviving the list of business activities reserved for indigenous Papua New Guineans (Business Advantage, 2015). Anecdotal evidence suggests that retail shops, fast-food and other consumer goods outlets have been identified as businesses that can be operated by Papua New Guineans only. Political pronouncements went further to suggest that existing foreign-owned SMEs in a revived reserve list will be bought at current market prices (Business Advantage, 2015). The SME Policy 2016, however, while proposing to re-introduce a significantly expanded reserve activity list, indicate that only businesses with sales turnover or contract values less than K10 million will be reserved for PNG citizens only (Ministry of Trade, Commerce & Industry, 2016a).

Before implementing new or similar strategies aimed at helping the PNG citizens to take over businesses owned by expatriates, policy makers need to find answers to the following questions: How successful are the "*stret pasin*" retail shops that the government handed over to indigenous entrepreneurs in the 1970s to 1990s doing now? How many indigenous entrepreneurs have gone to the next stage of owning a supermarket? What percentage are still operating today? What percentage of those operating today are making profits and are competing fairly with the Chinese? While we do not have sufficient data to provide conclusive answers to these questions, we believe that findings from this study will provide policy makers with a better understanding of the impact of public investments policies used to support indigenous entrepreneurs, especially at this time when public budget continue to tighten.

Description of the *stret pasin stoa* scheme

The *stret pasin stoa* scheme was operated by the PNG Development Bank (that later became the NDB) in the mid-1970s up until the early 1990s. According to former direct managers of the project, the scheme reached its peak in 1992 (N. Timo, personal communication, October 15, 2020). Because of lack of data, the number of companies incorporated, operated under supervision, and subsequently transferred to Papua New Guinean entrepreneurs is not known. Cole (1987) suggested that by mid-1987, 61 retail stoas had been transferred to nationals while 35 were still under probationary management. At the time, the capital value of these businesses was estimated to be over K25 million. It is not entirely clear when NDB ceased control over managing all *stret pasin stoa* companies, but the auditor-general's (2008) report suggests that NDB transferred ownership and management of the last nine companies immediately after the conclusion of the 2002 financial audit. It is believed to have been a very viable project that produced many national entrepreneurs throughout PNG (Donaldson, 1980) and promoted family-owned businesses that were owned, operated, and managed by husband and wife teams. This section describes the main features of the *stret pasin stoa* scheme, mainly focussing on its financing and operations, as well as the expected benefits and challenges to the scheme participants.

Financing of the scheme

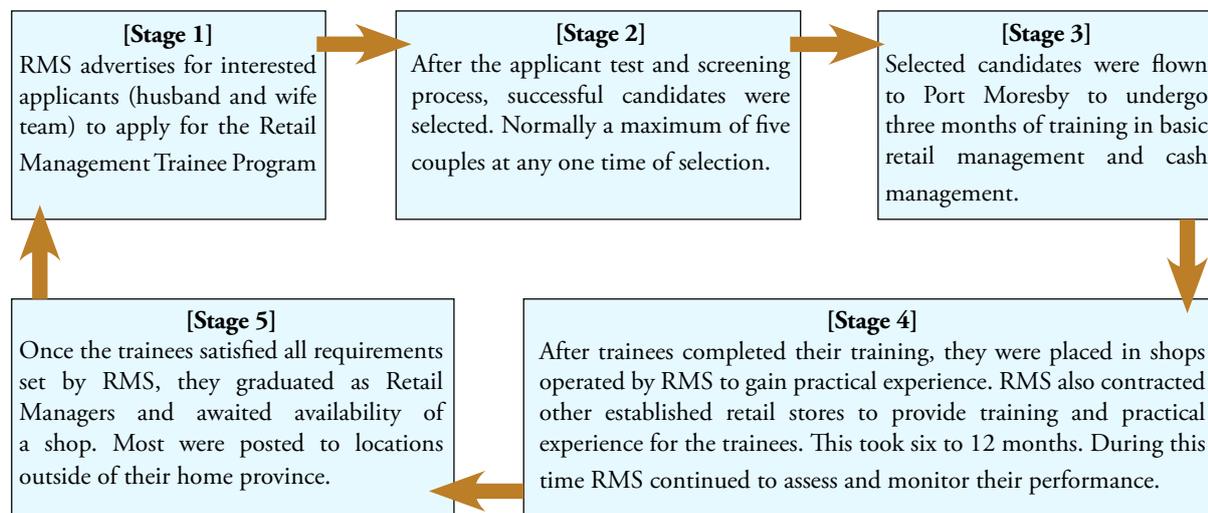
According to NDB (2012), the significant and unique feature of this scheme is that it was a 100 percent fully financed collateral-free credit scheme offered in a family model. During the early stage of operation (pre-ownership period), the Bank took full control of management and ownership of the business enterprise while recipients were appointed as managers (employees) of the enterprises. NDB leased or, in some cases, constructed the retail stores, stocked the inventory, and provided regular monitoring to guide the managers. The managers were responsible for day-to-day operations, cash flow, paying management fees, repaying loans, and providing weekly performance reports to NDB.

The ownership and full control of the business operation was given to the managers once the scheme loan was fully repaid from the store's cash flow following successful management of the enterprise (Cole, 1987). It took managers one to four years to repay the loan depending on the amount initially borrowed and the speed at which repayments were made. With the transition, the managers were not only given full control of management and ownership but also left with sufficient cash, training, experience, management skills, and maturity to manage the operation going forward.

Operation of the scheme

The *stret pasin stoa* scheme was managed by NDB through a subsidiary company known as Retail Management Services (RMS) Limited. This company managed the entire operation of the scheme from management of the retail stores, wages for managers, loan registry, and monitoring and audit of the cash sales. Figure 1 outlines how the scheme operated as described to the study team by one of the former managers of the scheme (N. Timo, personal communication, October 15, 2020).

Figure 1: Operation cycle of the scheme



Five basic administrative arrangements were established between RMS and the new manager (N. Timo, personal communication, October, 15, 2020; Cole, 1987). These standard procedures were used for selecting the shops, placing the new manager and transferring store ownership to the manager.

- a. RMS identified a shop, either a newly constructed shop or an existing shop purchased or rented for the manager.
- b. RMS incorporated a company purposely for that shop and the manager.
- c. The full cost of construction or purchase of the shop (including working capital for stock, vehicle and equipment) were sought as loan from NDB under the newly incorporated company for that shop.
- d. Once the shop was ready, a newly 'graduated' retail manager was appointed to manage the shop for two to five years, depending how quick loan was repaid. During this period, the shop was still owned by RMS and the retail manager was employed by RMS. The full operational costs, including loan repayment of the shop, was met by the shop under supervision by RMS.
- e. The title of the retail *stoa* and ownership of company was transferred to the retail manager not only upon full repayment of the NDB loan. In addition RMS had to be convinced that the retail manager was capable of operating the shop independently under the husband and wife management team before the handing over the business to the new entrepreneur.

Summary of benefits and challenges of the scheme

The *stret pasin stoa* scheme was offered to provide credit, entrepreneurship and business management skills for the recipients and at the same time increase loan portfolio for the Bank (N. Timo, personal communication, October 15, 2020). Table 1 outlines some of the benefits received by the recipients and RMS (the Bank) during and after the operation of the scheme.

Table 1: Benefits of the *stret pasin stoa* scheme

| | National Development Bank | Recipient of the scheme |
|---|---|---|
| 1 | Monthly interest earned on loan | Management training and experience |
| 2 | Monthly management fee collection | 100% loan credit (no security, no equity) |
| 3 | Dividend earnings on successful completion of a trading year | 100% ownership of the business enterprise after completing loan repayment |
| 4 | Full recoupment of the principal loan to expand program to others | Opportunity to grow and expand to other sectors |

Cole (1987) highlighted that administration of the scheme was not without challenges. However, the problems faced by NDB in expanding the *stret pasin stoa* program were not so much the inability to recruit local entrepreneurs but rather the difficulty of finding appropriate sites to set up new enterprises. In addition, there were no post-loan incentive programs to help recipients expand and grow their enterprise with additional training and loans. As a result, the scheme faced many challenges in the 1980s and early 1990s, which caused many businesses to cease operation. Tracer studies are, however, not available to assess whether the *stret pasin* retail stores that NDB (and its predecessors) handed over to indigenous entrepreneurs remain in business. And what proportion of these businesses remain in operation and whether their success could be attributed to the initial assistance. This study attempts to fill this gap.

Literature review

Review of PNG literature

To the best of our knowledge, no tracer study has surveyed the beneficiaries of the *stret pasin stoa* program to evaluate its impact in PNG. Therefore, the literature review was quite challenging given the limited extant papers on the specific topic. Cole (1987) generally described the *stret pasin stoa* scheme in PNG by sharing his experiences as the former managing director of PNG Development Bank.

However, we identified a few international publications and PNG papers about SME incentives and credit schemes. This literature often seemed to link microcredit schemes to poverty alleviation, which has been the top priority in international development since the 1990s. One strategy to tackle poverty, according to many aid donors and non-government organisations, is the provision of small loans through microcredit programs (World Bank, 2015; Ganesh et al., 2015). In most developing nations, microcredit (credit for the poor) is seen as a means of protecting and enhancing socioeconomic empowerments of the low-income groups in the society.

Microcredit or microloan schemes in PNG have contributed to the social, political, and economic empowerment of poor and low-income people. These strategic objectives are clearly stated in the PNG SME Policy and SME Master Plan 2016–2030 (Ministry of Trade, Commerce, and Industry, 2016a; Ministry of Trade, Commerce, and Industry, 2016b). The *stret pasin stoa* scheme was modelled on the microcredit concept used in many developing countries. The scheme enhanced growth and development of the micro, small and medium enterprises in the 1970s to early 1990s. More microcredit schemes are necessary to grow the SME sector given the scheme's potential to contribute positively to economic development of PNG (Kavan et al., 2019). According to Mishra et al. (2017), development of SMEs in PNG has not been robust because of many issues. The principle issue is lack of access to credit, which is exacerbated by lack of collateral demanded by the commercial banks. Tebbutt Research (2014) also concluded that lack of collateral has remained a greater problem for SMEs in accessing loans in PNG.

To bypass this hurdle of collateral requirement, the *stret pasin stoa* scheme was in operation for nearly three decades and provided credit to scheme beneficiaries without the need for collateral and equity contribution. This model is considered the best program because it worked very well for PNG nationals who accessed credit and subsequently owned and operated retail businesses in the country (W. Wei, personal communication, October 02, 2020). The PNG *stret pasin stoa* program was based on the Malaysian model of indigenisation and nationalisation of commercial business activities by indigenous Malays (Cole, 1987). One recipient of the scheme who we interviewed for this research, stated that “through *stret pasin* [stoa], I now have more than 20 properties across the country and an asset base of up to K20 million” (*The National*, 2015, para. 11). However, there is no study supporting this claim except the experiences shared by recipients who now consider themselves successful entrepreneurs in PNG.

Despite the purported success of the *stret pasin stoa* scheme, a different tale is being told in the PNG credit market after its collapse in the early 1990s. One key challenge to the scheme is the influx of foreigners in the retail and small reserved businesses space, which is believed to have made indigenous-owned retail businesses virtually untenable. However, according to Mishra et al. (2017), SMEs in PNG faced other institutional and structural challenges as well, among the lack of knowledge to potential business opportunities but lack of access to credit features prominent. The country's business condition was featured in the latest World Bank's Doing Business Report (2020), which ranked PNG 120th out of 190th economies in the world.

Review of international literature

There are many international studies on the benefits of microloan or microcredit schemes to the SME sector and low- to middle-income groups. According to Shamsul (1997), the Malaysian government introduced the New Economic Policy (NEP) in 1971 to promote nationalisation of local businesses and to transfer ownership of shops to indigenous Malays. The NEP was designed to economically empower indigenous populations from

foreign dominance in the business space. However, there is no study that specifically focuses on a credit scheme of a similar design to PNG's *stret pasin stoa* scheme. Hence, our review focuses on the broader microcredit schemes that are mostly practised in developing countries. Hospes, et al. (2002) indicated that in the ever-changing world of international development cooperation, microfinance is increasingly seen as a highly potential tool to support economic growth, address poverty, and build civil society. Hence, microfinance schemes are popular in less developed countries where the socioeconomic status of the people is generally low, so the borrowers tend to be mostly in the low-income group. So, this form of microfinance involves small loans given to individuals or families to help them become self-employed or grow their small business.

The modern microcredit concept started in Bangladesh and is attributed to the Grameen Bank model that was developed by economist Muhammad Yunus in 1976 (Yunus, 1998). Thus, the current forms of microcredit were launched as a challenge to the formal financial system which denies any possibility of development to a larger portion of the world's population who live below the low-income level. The concept of microcredit based on the Grameen Bank model has been built on the idea that skilled people who live outside of formal banking and monetary systems in underdeveloped countries could gain entry to an economy through the assistance of small loans. It is considered that opening opportunities for these people to take part and enjoy economic growth and human development is a fundamental human right. These microcredit schemes have proved to be successful in reducing income inequalities and promoting poverty alleviation throughout the world.

The Grameen Bank model is a major break-through for the world in terms of international development and rural development theories and framework. It marks a huge departure from macro-oriented economic policy focused growth and development strategy with a heavy urban bias to a rural focused development strategy. This was a huge lift for rural population in less developed nations and began to be embraced by many aid agencies and non-government organisations such as the World Bank (Develtere & Huybrechts, 2005; Yunus, 1998) in the late 1970s. A study in Kenya indicated that formal credit can become institutionalised at the grassroots level to contribute meaningfully to sustainable rural development (Alila, 1992). An improved informal and formal credit institutions can each play an appropriate role in serving smallholders' credit needs leading to sustainable rural development. Therefore, microfinance is a key instrument for microenterprise development and poverty alleviation in the world today.

The primary reason for most developing countries to adopt microcredit schemes was to enable individuals or groups from poor families to access credit to participate in business activities. Biggs (2003) and Gomez (2008) found that small enterprises were important for economic growth and they were seen as the engines of employment, alleviating poverty, and improving equality. The benefits of these programs have been shown in many nations and include wealth creation for individuals, financial independence for low-income households, and fuelling the growth and development of SMEs (Sharma & Gounder, 2013; Hospes et al., 2002). Thus, the growth of SMEs fuelled by microcredit is also important for economic growth and socio-political development for many countries.

Finally, according to the United Nations (2017), microcredit and microloan schemes have the potential to grow the SME sector and improve wellbeing for the households, thereby reducing poverty and income inequality among various social classes. Giving access to credit will therefore potentially have the effect of reducing poverty (Sustainable Development Goal [SDG] 1) and improving social equality (SDG 10) as an effective social protection and support systems in countries across the globe. PNG, in meeting its obligations under the SDGs, may consider reintroducing the *stret pasin stoa* scheme to provide citizens with access to affordable credit.

Methodology

Credible and confirmed secondary data are always the basis for any evaluation exercise. We expected that a large amount of data about *stret pasin stoa* would exist at the NDB that could help us evaluate the scheme. Unfortunately, discussions with the bank's current management indicated that the bank had discarded the records of the *stret pasin stoa* scheme, having stored them for more than seven years after it ceased operating the scheme. The alternative approach, therefore, was to collect primary data through either or both of the following approaches: (i) a set of direct interviews with the main *stret pasin stoa* scheme managers at NDB; and (ii) a survey of most, if not all, beneficiaries of the *stret pasin stoa* scheme. We were unable to conduct direct interview with NDB staff because the managers who administered the scheme had either retired or no longer worked for NDB. We, however, followed the current managers' suggestion to trace and contact their predecessors who, in addition to providing valuable information on the scheme, would be able to identify the [surviving] *stret pasin stoa* beneficiaries.

Study approach

Unfortunately, our informants were able to identify only a handful of *stret pasin stoa* beneficiaries. This meant a survey to obtain a large enough sample for analysis was not possible. Instead, we resorted to a tracer study that involved interviews with a few beneficiaries of *stret pasin stoa* program to obtain largely qualitative information. The literature suggests qualitative research methods offer some advantages. Qualitative approaches provide greater capacity to gain depth and meaning from the respondents' experiences (Pajo, 2018). Walter (2013) states qualitative research is appropriate for small samples, and the information gathered covers the depth and full meaning of the study. According to Lune and Berg (2017), a qualitative approach offers a complete description and analysis of the research subject within the design and scope of the research. Thus, our use of qualitative approach is justified, and it turned out to be appropriate in the absence of both secondary and survey data suitable for a policy impact study of the SME sector. Consequently, the respondents' beliefs, opinions and feelings concerning the research subject formed the primary data for this qualitative study.

To control for 'location bias', we attempted to identify and trace the beneficiaries of the *stret pasin stoa* program who operate or operated their retail trade stores in the National Capital District (NCD) and in other centres outside NCD in equal proportions. We identified 13 beneficiaries of the *stret pasin stoa* program but managed to trace only 10. Of these, eight agreed to be interviewed (see Appendix B for details). Six of the eight respondents operated their retail stores in Port Moresby (NCD), and the other two operated retail stores located outside NCD but were now based in Port Moresby. We administered a semi-structured questionnaire (see Appendix E) by face-to-face interviews to gather qualitative information from the eight beneficiaries of the scheme.

Consultation with key stakeholders (see list in Appendix C) – the NDB, Small and Medium Enterprises Corporation and the Department of Commerce, Trade and Industry – was also carried out to complement, supplement and triangulate the outcome of interviews with scheme recipients. Consultation with the key stakeholders was also necessary to provide background information, needed to build the research project and for the readers to comprehend more thoroughly the survey outcome (Pajo, 2018).

Data collection and analysis

As noted above, data were collected through semi-structured interviews with *stret pasin stoa* scheme beneficiaries and consultations with the scheme's key stakeholders. The interviews were conducted in both English and Tok Pisin and progressed as planned following prior planning and communication with the participants. Participants were given a Participant Information Sheet to read in full before deciding whether or not to participate in this research and provided Written Informed Consent (see Appendix D) before participating in an interview. We used a Questionnaire Form (see Appendix E) as a guide to conduct the interviews to ensure key areas were covered.

Interview recordings were transcribed, coded, analysed, interpreted, and verified as consistent with the research objectives (see Appendix A). As noted, when transcribing the interviews, we were able to gain more understanding

of the subject matter under investigation (Pajo, 2018). The transcribed data was then coded with key themes to answer the research question. This is an essential part of qualitative study (Bailey, 2018).

Findings

The findings from the interviews and subsequent data analysis were drawn from the main themes presented below. One finding that emerged when we analysed the data was that the *stret pasin stoa* scheme impacted on all areas – business, individuals, and families.

The following eight key themes were identified from the participants' responses during the face-to-face interviews.

The *stret pasin stoa* scheme:

- positively impacted performance of the enterprises;
- positively contributed to the wellbeing of individual recipients;
- positively contributed to the wellbeing of households;
- positively impacted all areas of enterprises, households, and individual recipients;
- strongly correlated to enterprise growth, and the wellbeing of households and individual recipients;
- positively contributed to growth and development of the SME sector;
- positively contributed to progress and continuity of the enterprises; and,
- was successful, which strongly suggests it should be revived in PNG.

The eight interviewees provided their responses based on their experiences as beneficiaries of the program. We classified their responses as positive change, negative change, or no change by comparing pre-ownership period and ownership period of the retail shop under consideration.

Pre-ownership period

All eight respondents believed that they managed the business well during this period. Two critical factors contributed to this outcome:

1. The shop was regularly monitored and audited by RMS.
2. The incentive to repay the loan in a quick turnaround time to eventually own the business by the loan beneficiary/manager.

The close monitoring by RMS ensured that the *stret pasin stoa* scheme was successfully implemented during the pre-ownership period, where the loanees transitioned from being managers to becoming owners of retail shops. The Bank left the shop to the manager upon completion of the loan. The new management team took over the inventory stock and cash in the bank to continue operation on their own.

Ownership period

The ownership period started after the loan was fully repaid and the retail store ownership transferred to the manager. A large part of the analysis and impact assessment will cover this period for respective enterprises, because it appears that many businesses began to encounter challenges during this period. The assessment covered those enterprises operated until 1992 when the scheme ceased, as many began to show signs of decline. The regression further deepened 1992 onwards. During ownership period, only 70.0 percent of the retail stores handed over to indigenous owners appear to have survived business diversification while 30.0 percent were phased out. One major contributing factor was stiff competition in the retail market posed by foreign-owned businesses. Other factors that also negatively impacted on the operation of enterprises were related lack of management discipline, political ambitions and practice of polygamous family. Still, most of the interviewees believed that the *stret pasin stoa* scheme was a success.

Table 2 below provides a summary of the respondents' responses, based on the assessment of changes that occurred during the ownership period. For example, for objective 8, six of the eight respondents interviewed (75.0%) suggested that the *stret pasin stoa* scheme should be revived in PNG given its positive impact on enterprises, households and individual recipients, one respondent (12.5%) suggested that the scheme should not be revived and another respondent (12.5%) generally remained neutral on the question. The reason for these somewhat negative perceptions about reviving the scheme is not clear.

Table 2: Summary of interview responses: Ownership period

| # | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|------------------|--|--|---|---|--|--|---|--|
| Objective | To assess the impact on the performance of enterprises | To assess the impact on the wellbeing of individual recipients | To assess the impact on the wellbeing of households | To assess the net impact on all areas of enterprises, individuals, and households | To assess the correlation to enterprise growth, wellbeing of recipients and households | To assess the views of recipients on the development of SME sector | To assess the views of recipients on the progress and continuity of enterprises | To assess the views of recipients to reintroduce the scheme in PNG |
| Positive change | 8 (100%) | 8 (100%) | 8 (100%) | 6 (75.0%) | 8 (100%) | 8 (100%) | 5 (62.5%) | 6 (75.0%) |
| Negative change | 0 (0%) | 0 (0%) | 0 (0%) | 2 (25.0%) | 0 (0%) | 0 (0%) | 3 (37.5%) | 1 (12.5%) |
| No change | 0 (0%) | 0 (0%) | 0 (0%) | 0 (0%) | 0 (0%) | 0 (0%) | 0 (0%) | 1 (12.5%) |
| All respondents | 8 (100%) | 8 (100%) | 8 (100%) | 8 (100%) | 8 (100%) | 8 (100%) | 8 (100%) | 8 (100%) |

Impact on performance of enterprises

All eight respondents acknowledged that the performance of the enterprises improved as a result of the *stret pasin stoa* scheme, which consequently impacted positively on the growth and expansion of the enterprises.

As Participant 1 explained:

“After I repaid the loan with NDB, I managed the business with 20 employees and increasing and also business sales, profits and assets grew in value. But I faced stiff competition from the Asians in pricing”.

In discussing this point, Participant 5 stated:

“My business definitely grew in size and value since I took over ownership from NDB. But it was the commitment to succeed and making necessary sacrifices that ensured success for me”.

All the respondents stated that the NDB loans were fully repaid within two to five years of operation under the management of RMS. Most of them confirmed that they understood clearly what it meant to strictly keep business cash flows separate from their personal expenses.

Impact on wellbeing of individual recipients

The eight respondents interviewed accepted that through this scheme, they experienced significant improvement in their incomes and wealth as individual recipients.

Participant 8 asserted that:

“The *stret pasin stoa* scheme greatly benefited me to accumulate a great amount of wealth in cash and properties. With these benefits, I was able to support my family and invest in communities

in terms of raising human resources and providing opportunities for villagers to do business and prosper in life. I was a role model for most of my life”.

Participant 7 further explained that:

“Because of the scheme, I experienced positive impact on my life with wealth and improved lifestyle. I was able to expand my business to other areas, educate my children and support others financially to do business. I raised a lot of young people to be successful in education and business”.

All respondents agreed that their income level increased from K150 fortnightly wages during the pre-ownership period to above K800 average during the ownership period. However, three respondents confessed that their income and wealth status significantly dropped after they contested for elections.

As explained by Participant 6:

“I regret contesting for elections because it significantly affected my business and my personal life. I am what am today because of the bad decision I made. I would encourage aspiring young generations not to go down this path, just concentrate on doing business what you are good at doing”.

Impact on the wellbeing of households

The eight respondents interviewed admitted that this scheme also benefited households in terms of living standards, education, health, and family wealth.

Participant 8 stressed that:

“Having an extended family, I distributed some businesses to my family members, and I concentrated on managing my own businesses. Collectively we own 11 titled properties in NCD and nine properties in Jiwaka Province”.

Participant 1 further supported this claim:

“I had the privilege to educate all my children and some are now working overseas. I also ensured that my family received better health care when anyone fall sick”.

Most respondents admitted that their family’s living standards, education and health are better compared to prior starting the business under the scheme.

Net impact on enterprise growth and wellbeing of individuals and households

Six (75.0%) of the respondents acknowledged that the scheme, overall, had a positive effect on their enterprises, households, and individual recipients.

Participant 2 affirmed that:

“The scheme contributed positively towards accumulating increased wealth for my business and better living conditions for me and my family. I started this journey from nothing to a businessman respected by many in the community and other areas of business”.

This assertion was further supported by Participant 1:

“I personally changed completely to become a responsible businessman managing my income and expenses to keep the business running. The scheme transformed me to be a responsible person in life, in business, social and family”.

Six respondents agreed that the scheme overall had a positive effect on their businesses, their family’s wellbeing, and themselves as individual recipients. The program benefited some nationals who are successful entrepreneurs today.

Correlation to enterprise growth and wellbeing of individuals and households

All eight respondents stated that participation in the scheme directly correlated to the enterprise's performance and the wellbeing of individuals and households. The scheme directly contributed to growth in sales, profits, and assets. It improved the income status of individual recipients and the living standards, health, and education status of the households.

This relationship was explained by Participant 8:

“The *stret pasin stoa* scheme greatly benefited me as a recipient, my family and the growth of the enterprises to accumulate 20 titled properties worth millions of Kina today. It is a good program many of us benefited and become successful national businessman and millionaires”.

No respondent disagreed with the assertion that the scheme directly contributed to the growth of the enterprises and led to improvements in their individual life and their family's life as well.

Impact on small business development in the SME sector

The eight respondents admitted that the scheme positively contributed to promoting small and medium business development in the PNG retail industry. Overall, the scheme positively impacted PNG's SME sector.

Participant 1 stated that:

“The *stret pasin stoa* scheme was the best and will remain the best scheme to promote nationals in SME. This can be further improved by totally banning Asians from doing retail business in PNG. Also increase the program base to include agriculture, manufacturing and cottage industries besides trade stores”.

No respondent disagreed with the assertion that the *stret pasin stoa* scheme to some extent contributed to the development of SMEs in PNG.

Impact on progress and continuity of the enterprises

Five (62.5%) interviewees acknowledged that the operation of their enterprises progressed well during the pre-ownership period. However, the operations faced challenges during the ownership period when they took over the management and ownership of the enterprises.

Participant 2 explained that:

“My business started facing many challenges as a result of stiff retail price competition by Asians and to a larger extent mismanagement and bad decisions I made. I started to contest for national elections two times using money from the business. This was a grave mistake which contributed to the downfall of the business, I regret it today”.

It was evident from the interviews that most of the challenges to the business were external brought on by individual owner/managers themselves. For example, three (37.5%) respondents admitted that election was the major factor that contributed to their business and personal downfall.

Revive *stret pasin stoa* scheme in PNG

Six (75.0%) interviewees suggested that the government should re-introduce the *stret pasin stoa* scheme in PNG based on the scheme's potential to positively impact enterprises, households, and individuals.

In support of this suggestion, Participant 7 stated that:

“Over time the urban centres have become very competitive and properties are expensive, therefore move [the scheme] to small centres throughout the country. Also [government should] look at bigger scope of the scheme to include other SME businesses such as agriculture, tourism, fisheries, manufacturing, and cottage industry”.

Only one (12.5%) interviewee thought that the *stret pasin stoa* scheme should not be revived. Another interviewee (12.5%) chose to remain neutral as to whether the *stret pasin stoa* scheme should be revived.

Overall interviewee perceptions and reflections of the scheme

All interviewees expressed similar sentiment that the *stret pasin stoa* scheme was a good program largely because they believed it had contributed positively towards the growth and expansion of business enterprises, improved income status for individual recipients, and improved living standards for households. Participants believed that impacts were experienced by the business enterprises, individuals, and families for medium- to low-income groups in the country. In their view, the program was successfully implemented by NDB (through its subsidiary RMS) and achieved its intended objective to provide credit for nationals to participate in [retail] business opportunities.

Our discussions with the sample *stret pasin stoa* scheme recipients revealed that the scheme worked very well during the pre-ownership period, primarily because RMS continued to manage, monitor, and audit the operation of enterprises. However, many enterprises faced challenges when the management and ownership was left to the loan recipients to carry on. During this period, many of the *stret pasin stoa* enterprises ceased to operate. The main reason for the mass collapse of indigenous-owned *stret pasin stoa* retail outlets, according to our interviewees, was stiff price competition posed by foreign-owned businesses. But the demise of the indigenous-owned retail stores may also be attributed to mismanagement and lack of post-program incentives and support for these enterprises to continue operation.

The enterprises that transited from the scheme were expected to stand on their own without any support from RMS or the government. Five of our eight interviewees (62.5%) had enterprises that survived the challenges and continue with their enterprise today. The remaining three interviewees (37.5%) had enterprises that collapsed along the way. Those who survived did so because they were able to diversify to other investments, such as real estate. To them, diversification was their only option given the onslaught of stiff competition posed by Asian-owned enterprises that, aided by the government's 'Look North Policy' in the 1990s, penetrated the PNG retail market.

As evident from our interviewee, the *stret pasin stoa* scheme was a good program because it had a positive impact on the business enterprises, households, and individual recipients. The interviewees believed that the scheme not only contributed to growth in sales, profits, and assets of enterprises, but it also improved incomes for the recipients and living conditions for their families. Overall, most interviewees positively reviewed the scheme and suggested that it should be revived to support PNG nationals to actively engage in the SME sector. Interviewees also suggested that an improved version of the scheme should include other streams of SME businesses such as agriculture, tourism, fisheries, manufacturing, and cottage industry.

Downsides of the scheme was that there were no post-loan incentive programs to support recipients expand and grow the enterprises that they now owned and managed. As a result, the scheme beneficiaries faced many challenges. Some of the critical challenges encountered were related to one or more factors below:

- The lack of available shops in the cities and towns for outright purchase and placement of nationals hindered the rotation (credit recycle) of the program.
- The influx of Asians entering the retail industry gave stiff competition to indigenous PNG retail store operators.
- The once successful *stret pasin stoa* operators leased or sold their shops to foreigners, which defeated the intended purpose of the scheme.
- The lack of funding within NDB to continue this scheme and lack of government policy to support and protect indigenous entrepreneurs within the competitive business environment.

Discussion

All interviewees acknowledged that the *stret pasin stoa* contributed to the positive performance of enterprises. As a result, the enterprises recorded growth in sales, profit margins, and assets. This program further incentivised enterprises to increase sales inventory and employees and to explore opportunities in other profitable investments. All interviewees stated that the scheme financially benefited the enterprises. Kavan et al. (2019), Biggs (2003), Cole (1987), and Gomez (2008) concluded that access to credit can fuel growth of SMEs. This can potentially contribute to economic growth and social development of the country.

Our findings suggested that the *stret pasin stoa* scheme contributed positively to the wellbeing of individual recipients as direct beneficiaries. Hospes et al. (2002) and Biggs (2003) found that social empowerment programs, such as credit schemes, hold the key to employment and poverty reduction of recipients. All interviewees admitted that this program contributed to improved income status and accumulation of personal wealth. The findings highlighted two important facts: (1) the management of the enterprises was in the control of the recipient (manager); and (2) ownership of the retail store was 100 percent vested with the recipient after the loan was fully repaid. Both factors present huge potential and opportunities for the recipients to accumulate vast amount of wealth and prestige.

Since the enterprises were modelled as a family (husband and wife) endeavour all the interviewees believed that their households benefited significantly from the program. Almost all recipient households experienced substantial improvement in their living standards, children's education, family's health, and, importantly, expansion of the family business enterprises. None of the participant stated that the scheme was not good for the households. These findings concur with Hospes et al.'s (2002) study, which showed that enterprises that have received credit contribute a higher proportion to household income than enterprises that have no credit or less access to credit. Biggs (2003) and Gomez (2008) also found that household access to credit can reduce poverty and inequality among social classes.

We found that 75.0 percent of interviewees acknowledged that the scheme had an overall positive effect on their businesses, families, and themselves. It was a successful program that benefited many nationals who participated in the program starting in the 1970s. The scheme contributed towards wealth accumulation for the businesses and better living conditions for individual recipients and their families. Thus, although the scheme was wound up in early 1990s, some of the beneficiaries are still in business even as most of them divested into businesses other than retail trade. However, 25.0 percent of respondents appear to have had a different experience. For them, the net impact of the scheme was not significant enough to affect growth of enterprises and wellbeing of individuals and households. The findings of this study concur with findings of studies by Hospes et al. (2002) and Cole (1987), which suggested that access to credit had an overall (net) positive effect on the growth of enterprises, and the wellbeing of households and individual recipients in terms of living conditions, education, and health.

All interviewees concluded that participation in the *stret pasin stoa* scheme directly correlated to enterprise performance and the wellbeing of individuals and households. Overall, the credit scheme directly contributed to growth in sales, profits, and assets of the retail enterprises and further improved the income status of individual recipients and the living standards, health, and education status of the households. All interviewees stated that the scheme benefited them, their families, and their business investments. This finding concurs with the evaluation of microfinance programs in Kenya (Hospes et al., 2002) and the paper by a former managing director of PNG Development Bank (Cole, 1987).

All interviewees admitted that the *stret pasin stoa* scheme directly contributed to promoting SME development in the retail industry. Our interviewees further concluded that the program was the best scheme to promote national participation in the SME sector. The findings of our study concur with studies that suggest access to credit and loans through microfinance schemes contributes positively to growth and development of SMEs in the country (Hallberg, 2000; Piza et al., 2016; Biggs, 2003; Gomez, 2008; Cole, 1987).

As shown in the findings, 62.5 percent of the interviewees acknowledged that the operation of their enterprises progressed well during the pre-ownership period. However, the retail operations faced many challenges during the ownership period when they managed and owned the enterprises. Naidu and Chand (2012) and Hospes et al. (2002) pointed out that management capacity is likely to become a more binding constraint to enterprise performance and growth. Both in theory and practice, management capabilities are critical in the survival and stability of enterprises as they grow and expand. It was evident from the interviews that major challenges encountered by the enterprises were external brought on by the recipients themselves. Almost 37.5 percent of the respondents admitted that election was the major factor contributing to business and personal failures.

Most (75.0%) of the interviewees strongly suggested that the government should revive the *stret pasin stoa* scheme in country. Since many enterprises, households and individuals benefit greatly from the scheme. This is further validated by positive experiences shared by the eight interviewees. However, given change of time and business environment, a new model is needed adding some of the key features of the old scheme. However, 25.0 percent of the respondents did not believe the scheme would work as well now as it worked in the 1970s to 1990s.

The success of the 1970s scheme was that it operated in a market environment where there was no aggressive competition from foreigner-owned businesses and the economic conditions were suitable for doing business. The findings of our study are confirmed by Cole (1987): by 1987, there were 61 retail *stoas* owned by nationals and 35 *stoas* in transition to becoming nationally-owned. However, because data are not available, we cannot confirm how many passed through to the ownership stage and how many are still operating. According to Cole (1987), a total capital of K25 million was directly benefited by local enterprises from the scheme. The *stret pasin stoa* scheme was introduced in PNG in 1974, three years after the pro-Malay shop houses ownership program was introduced in Malaysia under its NEP. PNG copied the Malaysian model (Cole, 1987) but designed their *stret pasin stoa* scheme to meet PNG's settings. The *stret pasin stoa* scheme for PNG was merely designed for political convenience and therefore did not have strong political and economic nationalistic roots. Hence, it was susceptible to fail when political conditions change. The scheme started well in the intervening years but started to encounter many challenges in later years. PNG's *stret pasin stoa* program collapsed in 1992, due to market advantage enjoyed by Asians, government policy changes, and national shop owners lured by Asians into attractive leases or outright purchase deals, which defeated the purpose of the program. In contrast, the Malaysian shop houses indigenisation program was not only a business ownership program for indigenous — it was part of a long-term political and economic struggle for indigenous Malays to achieve political and economic independence (Shamsul, 1997). The program was designed around the spirit of indigenisation and nationalisation of certain commercial activities for indigenous Malays in the face of competition from Chinese immigrants and European colonisers (Shamsul, 1997). The Malays achieved political independence in 1957, but the economic freedom was fulfilled 35 years later through the NEP. According to Shamsul (1997), the NEP in 1971 enabled Malays to begin to control their economy.

Conclusion and recommendations

The primary aim of this study was to assess the impact of PNG's *stret pasin stoa* program on the performance of enterprises and the wellbeing of households and individual program participants. In this paper, we have examined whether the scheme had any effect on the growth and development of SMEs in PNG and have considered the views of recipients concerning revival of the scheme in the country.

The following key findings were revealed in interviews with program recipients.

The *stret pasin stoa* scheme:

- to a greater extent contributed to the positive performance of enterprises with growth in sales, profit and assets;
- had strong propensity to positively impact wellbeing of individual recipients;
- had strong propensity to positively impact wellbeing of households;
- had strong propensity to overall positively impact all areas of enterprises, individuals, and households;
- had strong correlation and susceptibility to positively impact enterprise's growth, wellbeing of individual recipients and households;
- to a greater extent contributed to the growth and development of the SME sector in PNG;
- to some extent contributed to the progress and continuity of the enterprises;
- to some extent had the capacity to influence the recipients to strongly suggest the scheme should be revived in PNG.

All interviewees strongly recommended that the *stret pasin stoa* program be revived in PNG given the program's potential to positively impact many low-income households and to help small businesses gain access to finance and credit. Although the program worked very well in the 1970s to 1990s, most of the respondents indicated that the business environment, market conditions, and development status of PNG have changed significantly over time. Therefore, the same model may not be effective today and some key features may not be relevant to the current credit market. We recommend a new version of the scheme that includes key features of the old scheme but also takes into account current market conditions.

Based on findings of our study, we make the following recommendations to ensure the program is sustainable:

- Ban all foreigners from expanding to restricted reserve businesses and strictly regulate and legislate the reserve business space for nationals only.
- Increase national government budget allocation annually from K200 million to over K1.0 billion for SME sector in PNG, open up credit market and relax applications process to incentivise borrowing by nationals.
- Support the *stret pasin stoa* scheme by introducing complementary incentives such as tax credit, freight subsidies and grants.
- Develop a new model of the *stret pasin stoa* scheme with key features of old scheme intact (include selection and training requirements and effective monitoring and audit).
- Expand the scope of *stret pasin stoa* scheme to include other SMEs (agriculture, tourism, cottage etc.) with 100 percent credits and no collateral and equity.
- Expand *stret pasin stoa* scheme to small business centres in other provinces with increase credit to nationals (especially medium- to low-income groups) consistent with the SME policy; and,
- Legislate the SME policy and make *stret pasin stoa* program mandatory in PNG.

The findings of this study cannot be generalised to other provinces. However, our study that traced the impacts of the *stret pasin stoa* program on enterprises, households and individuals across PNG offers potential for future research, covering many provinces or nation-wide. This is necessary to better inform the government to provide support to indigenous Papua New Guineans to increase participation in the local economy as envisaged in the SME Policy 2016. We make the following recommendations for future research studies in PNG:

- a. Capture a wider study area. This study interviewed only eight beneficiaries of the *stret pasin stoa* scheme, six who are residents in NCD and two live outside of NCD. A more extensive research study covering many other provinces and a nationwide study would provide constructive information to assess the impact of the program, using this study as a baseline.
- b. Evaluate the impact of the Stret Pasin Binis Incubation Program. This study captured the experiences of recipients who benefited from the *stret pasin stoa* scheme in the mid-1970s to early 1990s when it was first introduced in PNG. A new study should be conducted to evaluate the impact of the Stret Pasin Binis Incubation Program introduced in 2012.
- c. Use a quantitative or mixed methods approach. This study used only qualitative method. A quantitative method or a mixed method can be used to measure the impact of the program to explore the depth and breadth of the program.

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Appendices

Appendix A: Data analysis

| Participant (#) | Impact on enterprise: [Objective #1] | Impact on recipient: [Objective #2] | Impact on household: [Objective #3] | Overall (net) impact: [Objective #4] | Correlation to Objectives 1, 2, and 3: [Objective #5] | Impact on SME sector: [Objective #6] | Enterprise operation: [Objective #7] | Scheme restoration: [Objective #8] |
|-----------------|---|---|---|---|--|--|---|--|
| 1 | Positive change on sale, profit, asset, and other investments | Positive change on income and personal wealth | Positive change on living standards, education, health, and family wealth | All positive change on enterprise, recipient, and household | Strong correlation to enterprise, recipient, and household | Positive change on small (retail) business development | Enterprise operating today at same location (rented) since 1984 | Restore scheme with expanded scope and new operating structure |
| 2 | [same as above] | [same as above] | [same as above] | [same as above] | [same as above] | Enterprise ceased to operate. Started in 1985 | [same as above] | [same as above] |
| 3 | [same as above] | [same as above] | [same as above] | [same as above] | [same as above] | [same as above] | Enterprise operating today at same location (owned) since 1980 | [same as above] |
| 4 | [same as above] | [same as above] | [same as above] | [same as above] | [same as above] | [same as above] | Enterprise ceased operation, owned and sold. Started in 1985 | [same as above] |
| 5 | [same as above] | [same as above] | [same as above] | [same as above] | [same as above] | [same as above] | Enterprise operating today at same location (owned) since 1989 | Abstain from suggestion |
| 6 | [same as above] | [same as above] | Positive change to some extent | [same as above] | [same as above] | Enterprise ceased to operate. Started in 1984 | Scheme will not work today | [same as above] |

| | | | | | | | | |
|----|---|-----------------|-----------------|----------------------------------|-----------------|---|--|-----------------|
| 7 | [same as above] | [same as above] | [same as above] | [same as above] | [same as above] | Enterprise ceased to operate. Started in 1991 | [same as 1] | [same as above] |
| 8 | [same as above] | [same as above] | [same as above] | Positive change estimated at 60% | [same as above] | [same as above] | Enterprise operating today at same location (owned) since 1980 | [same as above] |
| 9 | Participant declined to be interviewed and provide feedback | | | | | | | |
| 10 | Participant declined to be interviewed and provide feedback | | | | | | | |

Appendix B: List of respondents

| Participant: (No) | Business: (Region) | Recipient: (Alive/ Deceased) | Enterprise: (Ceased/Active) | Interview status: (Completed/ Declined/Uncontactable) |
|------------------------------|-------------------------------|---|--|--|
| 1 | NCD | Alive | Active | Interview completed & consent signed |
| 2 | NCD | Alive | Ceased | Interview completed & consent signed |
| 3 | WHP | Alive | Active | Interview completed & consent signed |
| 4 | NCD | Alive | Ceased | Interview completed & consent signed |
| 5 | Morobe | Alive | Active | Interview completed & consent signed |
| 6 | NCD | Alive | Active | Interview completed & consent signed |
| 7 | NCD | Alive | Active | Interview completed & consent signed |
| 8 | NCD | Alive | Active | Interview completed & consent signed |
| 9 | Madang | Deceased/replaced by son | Active | Declined to be interviewed |
| 10 | WHP | Alive | Ceased | Declined to be interviewed |
| 11 | NCD | Alive | Ceased | Uncontactable |
| 12 | Central | Alive | Active | Uncontactable |
| 13 | NCD | Alive | Active | Uncontactable |

Appendix C: List of stakeholders consulted

| No. | Name of Organisation | Name of Stakeholder |
|-----|-------------------------------------|--|
| 1 | National Development Bank | Moses Liu – Managing Director |
| 2 | Peoples' Micro Bank Ltd | Trevor Cain – General Manager, Lending Lesley Timothy – Program Manager, Business Incubation Lesley Timothy – Program Manager, Business Incubation Sharon Wangihomie – Acting Lending Manager |
| 3 | SME Development Corporation | Petrus Ralda – Managing Director Nathan Timo – Director, SME Growth and Development |
| 4 | Department of Commerce and Industry | Joseph Vutliu – Acting Secretary |
| 5 | Others | Desmond Yeninen – Chief Executive Officer (former), National Development Bank Investments David Mou – National Manager (former), Retail Management Services |

Appendix D: Respondent consent form



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WRITTEN CONSENT FORM

"Impact evaluation of SME incentives in PNG: the case for stret pasin stoa scheme"

Face-to-Face Interview

I have read and understood the "Participant Information Sheet" about the research project, and I have had any questions and concerns about the project addressed to my satisfaction. YES NO

I agree to be interviewed. YES NO

I agree to this interview being audio-recorded. YES NO

If you decide to participate in this interview, **your response will be anonymous**. We will, however, take some identifying information (such as your age; your highest level education attained; your province of origin).

Signature:

Date:

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inquire, inform, influence

Appendix E: Questionnaire form



Mixed Structured and Semi-structured Interview Questions for Recipients of Stret Pasin Stoa (SPS) Scheme in Papua New Guinea

| | |
|---|---|
| A | General Information |
| 1 | Explain, how did the <i>Stret Pasin Stoa</i> Scheme work as designed by the Rural Development Bank (now NDB) in the mid-1970s? Which year did you get the SPS loan? What was your role as a recipient / borrower and what was NDB's role as a lender? |
| 2 | Did your family benefit from this scheme? If YES, tell me who (you or your parents/grandparents) started the business with loan from the SPS scheme? |
| 3 | How old were you (your parents/grandparents) when you (they) received the SPS loan from NDB? |
| 4 | What is your province of origin? If not an ethnic Papuan, when did you (your parents/grandparents) move to reside in Port Moresby (NCD)? |
| 5 | What level of qualification was required to access the SPS scheme? What were other key requirements or criteria required to access loan from the SPS scheme? |
| 6 | In your opinion, why is the SPS scheme unique or different compared to the current Stret Pasin Bisnis Incubation scheme or other schemes for NDB? |
| 7 | In your opinion, did the SPS scheme succeed in achieving its intended objective? |
| 8 | What were some key advantages and disadvantages of the SPS scheme? |
| B | Information on the Business Enterprise |
| 1 | Explain, what was the primary activity of the business when it started? And when did it start operating? |
| 2 | Tell me, is the same business operating now? If YES, has it expanded, declined or not changed? If NO, what was the cause or motive of ceasing operation? |
| 3 | Where was the business located at the time it joined the scheme? Is the business operating in the same location now or moved to a different location? |
| 4 | Did the business commence operation as a registered entity or informal activity? Who was the owner at the time and now? |
| 5 | Do you remember if the premise of the business was leased, rented, owned or free occupied at the time? Has this status changed? |
| 6 | How many people were employed by the business at the time it started operating? Do you think the number of employees has increased, decreased or not changed? |

| | |
|---------------------------------|--|
| 7 | In your assessment, did the business grow in sales, profits and assets? And how do you compare now with the time it started? |
| 8 | Tell me, what proportion of your household income comes from this business? And how do you compare now with the time you joined the scheme? |
| 9 | Do you keep business money separate from money for personal expenses? And do you pay yourself a wage/salary for your work in the business? |
| 10 | Do you keep an operating bank account for the business? If YES, when was it opened and what bank? |
| 11 | Do you think the business completed repaying SPS loans to NDB? If NO, explain what was the cause or motive for not repaying? |
| 12 | Do you keep up-to-date business and financial records? If YES, how many years are these records are kept? |
| 13 | Do you recall an event (s) that negatively affected the business? Explain how you (parents/grandparent) responded to it and overcome this problem? |
| 14 | In your view, what improvement would you recommend to NDB to make the SPS scheme more attractive to SMEs? |
| C Information on the Recipient | |
| 1 | When did you (parents/grandparents) join the scheme? Tell me, how much money was initially borrowed when joining the scheme? |
| 2 | Generally, how much money from the loan was used to buy or pay? assets inventory rent wages other expenses related to the business And how much money was saved or spent on non-business expenses? |
| 3 | Apart from the SPS scheme, did you (parents/grandparents) borrowed from other persons or institutions? And how much do you owe to these lenders now? |
| 4 | In your view, what made you (parents/grandparents) to borrow from other persons or institution? Would you still prefer those lenders if the SPS scheme offered competitive loans by NDB? |
| 5 | As a recipient and beneficiary, describe if the SPS scheme contributed (positively/negatively) to your family's wealth and living standard? |
| 6 | In your opinion, what improvement would you recommend to NDB to make the SPS scheme more attractive to low-middle income groups? |
| D Information on the Households | |
| 1 | Tell me, what is the total number of people in your family? And how many children, grandchildren and relatives completed formal education and employed now? |
| 2 | Are you living in the same house when you joined the scheme? Please explain, what is the ownership status of the house you live in now, is it loaned, rented, owned or free-used? |

| | | | |
|---|--|---|--|
| 3 | Explain what other assets does you or your family own, such as businesses, property assets, land assets, transport assets and other assets? | | |
| 4 | Do you have any child (or children) not in school or college or never attended school? | | |
| | If YES, explain what difficulty they faced that made them not to attend school? | | |
| 5 | How much do you think your household spends on food per month? | | |
| | And how do you compare this with the time you started? | | |
| 6 | Tell me, what type of healthcare provider do you normally prefer to go for medical attention for you and your family? | | |
| | And how do you compare this with the time you started? | | |
| | | | |
| E | Impact Assessments and Policy Suggestions | | |
| 1 | In your assessment, what is the most important change in your life you experienced (in business and family) that you could directly link to the services you received from SPS scheme? | | |
| 2 | Are there other important changes (positive/negative) that you experienced since you joined the SPS scheme? | | |
| 3 | In your view, what is the overall effect (net) of these changes in your life? | | |
| 4 | Tell us, should the SPS scheme be continually implemented by NDB? If YES, what do you propose is a sustainable approach? | | |
| 5 | If you were to advise NDB or the Government, what recommendations would you provide on the SPS scheme? | | |
| | | | |
| F | Personal details of respondent | | |
| 1 | Name of respondent: (Optional) | | |
| 2 | Year born | | |
| 3 | Marital Status of respondent | 1. Single | |
| | | 2. Married | |
| | | 3. Divorced/Separated | |
| | | 4. Widowed | |
| 4 | Province of origin of respondent | | |
| 5 | Highest level of education attained: | 1. None | |
| | | 2. Primary School | |
| | | 3. Secondary/High School | |
| | | 4. University | |
| 6 | Other training received: | 1. None | |
| | | 2. Vocational (Technical and Vocational Education and Training; TVET) | |
| | | 3. Apprenticeship | |
| | | 4. Professional training | |
| | | 5. Other (Specify) | |
| G | I have no further questions; do you have any other comments for me? | | |



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inquire, inform, influence

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