



CENTER FOR INTERNATIONAL  
PRIVATE ENTERPRISE



# Impacts of Pay-It-Forward Loans for Women: Papua New Guinea Case Study



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## ABOUT CIPE



CIPE's vision is a world where democracy delivers the freedom and opportunity for all to prosper. To achieve this vision, CIPE works with local business leaders on a global scale to expand the opportunity for inclusive growth through market-led solutions. CIPE programs promote a rule-based system which emphasizes principles of democratic governance, enables entrepreneurship, opens trade, and fights corruption. CIPE and its global partner network create knowledge and practical tools to drive local change. As a core institute of the National Endowment for Democracy, and an affiliate of the U.S. Chamber of Commerce, CIPE strengthens democracy through private enterprise and market-oriented reform.

In PNG, CIPE's programming includes promoting women's economic empowerment and strengthening the local enterprise ecosystem. To help create a broader entrepreneurial ecosystem, CIPE established its flagship WBRC in Port Moresby, Papua New Guinea in 2016. In addition to offering business focused trainings and sessions for women, the Centre also collaborates with PNG universities to create new educational curriculum on entrepreneurship and supporting PNG women's business organizations. By providing technical assistance to PNG women's business organizations, women in business have an enhanced influence in economic policymaking.

## ABOUT PNG WBRC



The PNG WBRC is currently in its seventh year of operation and has established itself as a safe and trusting place for women from all walks of life. The Centre's successful model has since been replicated globally across four other countries.

The PNG WBRC is committed to helping aspiring businesswomen and entrepreneurs achieve economic empowerment by offering courses, at varying levels of difficulty, in business and financial management, financial literacy, how to start an SME, business expansion, and more from accredited facilitators. As of June 2023, the WBRC has offered technical and vocational trainings to 1,507 individuals, out of which 1,094 reported increased knowledge on starting and growing a business. The courses, some of which are free of charge, offered at the WBRC are one solution to address the disproportionate disadvantages, in comparison to men, that women in PNG face when entering the business sector. Such disadvantages include women's lack of information and education, ability to access finances, obtaining the resources needed to start businesses, and the preconceived societal expectations and responsibilities that women burden. Since its establishment in 2016, the mission of the PNG WBRC is to create opportunities for women in entrepreneurship and to help empower women of all backgrounds in PNG.

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# Acronyms

<b>AUD</b>	Australian Dollar
<b>NCD</b>	National Capital District
<b>PIF</b>	Pay-it-Forward
<b>PGK</b>	Papua New Guinea Kina
<b>PNG</b>	Papua New Guinea
<b>SME</b>	Small and Medium Sized Enterprise
<b>USD</b>	United States Dollar
<b>WBRC</b>	Women’s Business Resource Centre
<b>GBV</b>	Gender Based Violence
<b>DFAT</b>	Department of Foreign Affairs and Trade
<b>CIPE</b>	Center for International Private Enterprise

## EXECUTIVE SUMMARY

Aspiring and established businesswomen in Papua New Guinea (PNG) encounter challenges unique to their geographical and cultural contexts that impact their ability to initiate, sustain, and grow small to medium-sized enterprises. Such challenges identified include inadequate physical and digital accessibility to finance, de-prioritization of education, lacking collateral or assets, and harmful cultural ideologies that prevent women from fully actualizing their potential to contribute to the formal economy. This case study examines the Pay-It-Forward Loan activity piloted by Center for International Private Enterprise (CIPE), with funding from Australian Department of Foreign Affairs and Trade (DFAT), as a solution-oriented approach to lessen the burden of these challenges.

The purpose of the PIF Loan was to serve as one type of solution in the economic recovery efforts of PNG by supporting PNG women entrepreneurs negatively impacted by the global pandemic through access to monetary assistance in the form of a loan. This activity targeted a total of 24 aspiring and established businesswomen who were chosen from a pool of applicants, and each offered a set amount of funding for their businesses that was dispersed in separate tranches contingent upon participants fulfilling certain reporting and documentation requirements from CIPE. At the conclusion of the activity, a total of 17 out of 24 recipients were in full compliance with reporting and loan repayment and therefore received 100% of loan funds.

Beyond the immediate monetary value the PIF Loan offered, its secondary value was the way in which participants “repaid” the loans. Through the pay-it-forward repayment method, the women in the program were incentivized to support other emerging women entrepreneurs in their communities. This approach emphasized the ripple effect and responsibilities tied to loan repayment as part of the PIF methodology. The cumulative repayments made by the direct recipients of the PIF Loan positively impacted and supported 392 women’s SMEs, spanning eight provinces and the National Capital District.

The PIF Loan model emphasizes the cyclical benefit of reinvesting into the community. This approach not only empowers the immediate recipients, but also reaches countless others through its repayment scheme. By supporting women entrepreneurs, the initiative harnessed an untapped reservoir of talent, creativity, and potential. Furthermore, it fostered a sense of communal responsibility, where success was not just individual but was shared and multiplied across the community.



# 1. INTRODUCTION

Women's economic participation in Papua New Guinea (PNG) is of paramount importance, not just for gender equality but also for the nation's socio-economic development. PNG has a rich tapestry of cultures and traditions, but like many nations, it faces challenges in ensuring that women have equal access to resources, education, and opportunities. The Center for Private Enterprise (CIPE) firmly believes that *private sector development is a driving force for not only shaping the path to economic recovery, but also women's empowerment in PNG*, which is why the long-term intended outcome of CIPE's work in PNG remains critical for the country's future: **that women in PNG have increased economic opportunities to contribute to the overall growth and resilience of their communities.**

## Box 1: What is a WBRC?

A Women's Business Resource Center (WBRC) is a safe space with childcare where women of various backgrounds can access educational opportunities and basic resources and receive mentoring and training from established entrepreneurs to start up and grow their businesses. The WBRC addresses some of the main barriers to women's economic empowerment and participation, including access to capital, technology, childcare, and business skills training, among others.

CIPE's programming in PNG, focused on broadening the country's entrepreneurial ecosystem through business advocacy and women's economic empowerment, has proven to be a crucial asset to businesswomen and women entrepreneurs. This is demonstrated throughout its ten years of partnership with local Papua New Guineans working toward improving women's economic empowerment. The longevity of this partnership between CIPE and PNG has allowed CIPE to become uniquely knowledgeable of the context in PNG and skillful at creating collaborative solutions for the most pervasive problems women face in both the formal and informal economy. One such solution was implementing the *pilot* Pay-It-Forward (PIF) Loan, an access to finance project managed by CIPE's PNG's Women's Business Resource Centre (WBRC) and supported by the PNG Australia Partnership through the Department of Foreign Affairs and Trade (DFAT).

This case study delves deep into the origin and development of the PIF Loan initiative. Beginning with its conceptual foundation and the circumstances that led to its inception, the study sheds light on the key objectives and strategies that were employed to bring this initiative to fruition. Through further analysis of the tangible outcomes and results generated by the PIF loan initiative, the study discusses the impact on

program beneficiaries and broader economic implications. However, understanding an initiative is not merely about recognizing its successes; it's also about gleaning insights from its challenges. Therefore, this study offers a review of lessons learned from both the triumphs and hurdles encountered. Finally, based on these insights, the case study presents a set of recommendations aimed at refining future strategies and ensuring that subsequent

iterations or similar initiatives are even more effective and impactful.

## 2. THE PROBLEM

The COVID-19 pandemic devastated economies, resulting in lost jobs, closed businesses, and increased debt for many developing nation-states and PNG was not spared. Similarly, PNG women-led small and medium enterprises (SMEs) continue to face disproportionate effects of the global pandemic including financial and operational barriers to conducting business observed at the national and community level. One major problem women face in PNG, which was further exacerbated during the pandemic, is **access to finance**. In 2018, the Bank of Papua New Guinea estimated that approximately 75% of the population does not have access to financial services. This statistic is inclusive of women living in rural areas, as well as those working in the informal sector who remain unbanked.

### Box 2: Women's Access to Capital in PNG

Historically, only around 20% of women in PNG have had formal bank accounts, complicating their access to business loans or financing (World Bank). With the economic contraction during the pandemic, available financing shrank further, disproportionately affecting women.

Another cause for women lacking access to finance is due to the **de-prioritization of education**, which makes it harder for them to understand materials which promote and explain financial services. Low levels of education lead to low levels of English literacy; this is a significant barrier for women in PNG to access finance through banks and other financial institutions that primarily operate using English.

An additional challenge for aspiring businesswomen in PNG is the commonality of earning a small and irregular income, as well as having little to **no collateral or assets**. These problems are even more pervasive for women operating an informal business, which represents roughly 85% of women in PNG (PNG Business Advocacy Network, 2022). Societal expectations about what kind of activities women should engage in also contributes to the problem of low income and assets. Certain **cultural attitudes and norms** in PNG, such as the expectation for women to stay in the home to perform household duties, often deter women from business pursuits, which in turn threatens any such financial viability of their potential businesses.

Lastly, women in PNG encounter barriers in their ability to access financial services by both **physical and digital means**. Women are negatively affected by the lack of local access to formal financial services for many reasons. However, one gender specific reason is the high risk of experiencing gender-based violence (GBV) that comes with traveling to physical financial institutions.

**Graphic 1: Key Factors Limiting Access to Finance in PNG**



In PNG, the geographic difficulty in accessing the nearest bank branch or agent can range from a three to five-hour trek, leaving women particularly vulnerable to GBV during their long-distanced travels (PNG Business Advocacy Network, 2022). There are also barriers for women in PNG wanting to access finances digitally. While 50% of the PNG population owns a mobile phone, only 16% of women have one (Ibid). The low access to mobile technology, combined with poor digital literacy stemming from low education levels, limits the opportunity to drive women’s financial inclusion through digital channels.

The culmination of challenges women in PNG face in accessing capital result in a multitude of adverse effects, both at the micro and macro levels. The lack of adequate financing not only limits the potential of individual entrepreneurs but also curtails the creation of jobs, thereby affecting families and communities that rely on women-led ventures for livelihoods. On a broader scale, this capital deficiency hampers the contribution of women entrepreneurs to the national economy, leading to missed opportunity for economic diversification and resilience. In essence, the financial marginalization of women hinders economic progress and impedes the broader journey toward gender equality.



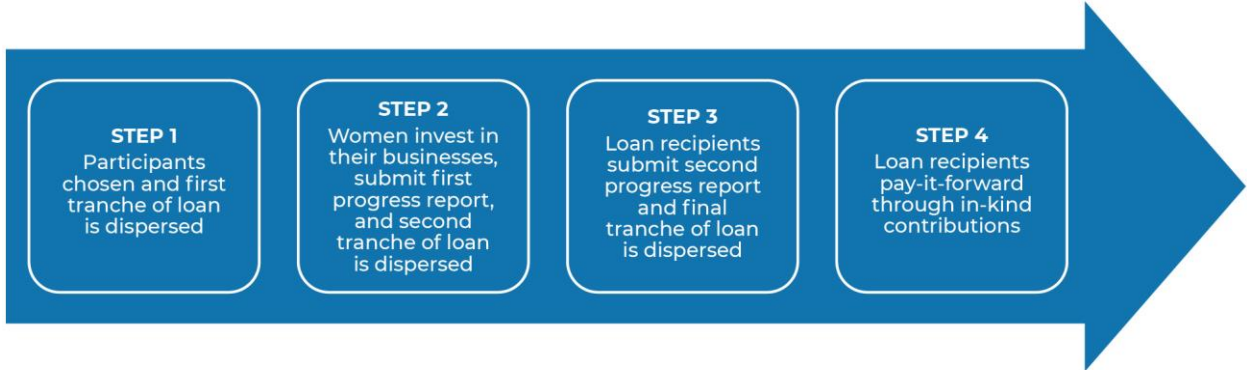
### 3. SOLUTION AND APPROACH

#### 3.1 Overview

The constraints women in PNG face accessing capital inspired a simple question: **How might we create a finance initiative tailored to support and empower women business owners in PNG?** In response, CIPE, through the PNG WBRC, piloted the “Pay-It-Forward Loan” initiative, an innovative access to finance program that is being successfully implemented through a variety of organizations in other emerging markets around the world. One such organization, SHE Investments, served as the inspiration for CIPE’s adaptation of the PIF Loan in PNG. The PNG WBRC PIF Loan was designed to target PNG women-owned and women-operated SMEs with the overall aim of aiding in the economic recovery.

**Graphic 2: PIF Loan Mechanism**

**PIF Loan Aim: Increasing opportunities for PNG women entrepreneurs (adversely affected by the global pandemic) to access monetary assistance.**



The purpose of the PIF Loan was to serve as one type of solution in the economic recovery efforts of PNG by supporting PNG women entrepreneurs negatively impacted by the global pandemic through access to monetary assistance in the form of a loan. The services provided by the PIF Loan activity, specifically the access to finance they harnessed, were chosen as a solution due to the documented and disproportionate difficulties women in PNG face when trying to access the financing that is essential for business start-ups. The PIF Loan targeted women-owned and/or women-operated SMEs from the **artisans and culture, tourism and hospitality and agriculture** sectors, which were highly impacted by the global pandemic.

#### 3.2 Loan Mechanism

The PIF Loan, delivered through a grant modality to successful women SMEs, consisted of loan repayment terms that supported the program’s objectives rather than following a conventional loan ‘repayment’ scheme that

**Box 3:  
PIF Loan  
Disbursement Schedule**

**Tranche 1:** This initial payment was disbursed in September 2022, as an advance, following the execution of the contract. Recipients were required to submit a narrative report, detailing their business and pay-it-forward activities, and a financial report in November 2022.

**Tranche 2:** Eligibility for this second payment, disbursed in December 2022, was contingent upon successful completion of first narrative and financial report due in November 2022. Following receipt of this second payment, recipients were required to submit a second narrative report, detailing their business and pay-it-forward activities, and a financial report in February 2023.

**Tranche 3:** Eligibility for this final payment, disbursed in March 2023, was contingent upon successful completion of second narrative and financial report due in February 2023. Recipient were not required to submit a report in relations to the activities conducted with this final payment.

require monetary returns. The PIF Loan was “paid forward” to other women entrepreneurs through donations of products or services, coaching and mentorship, or income generation training to vulnerable community members. The flow-on effect of the PIF Loan means that, unlike traditional financial institutions, there is no need to charge interest on the loan amount given to the recipient. The terms and conditions of the PIF Loan were centered on supporting women entrepreneurs in business recovery and strengthening organizational capacity by:

Firstly, **assisting in financial capital and economic recovery activities** for targeted women’s business projects, in line with approved PIF expenditures including:

- Purchase of equipment for direct use in their business operations
- Investment in professional development for employees to help improve services and/or sales of their business
- Marketing and branding efforts that enhance the business’s profile for networking as well as supply and value chain development

Secondly, **empowering women entrepreneurs to serve as agents of positive change** by supporting other women-led start-ups through the flow on effect of the pay-it forward methodology.

*Eligible PIF Loan repayment activities include:*

- In-kind donations of products or services to a start-up and/or upcoming women entrepreneurs
- Offering free marketing and/or promotion of business products or services for other women-led businesses
- Hosting events featuring a start-up’s product and/or service
- Mentoring a start-up or upcoming women entrepreneurs
- Lending expertise in the form of coaching, job training, and/or income

generation training to vulnerable community members

Lastly, **assisting loan recipients with the technical skills** and understanding to better manage loans through formal financial institutions. Key areas of focus included:

- Completing a successful loan application and business plan
- Navigating loan repayment terms
- Understanding the principles of financial stewardship
- Monitoring, evaluation, and assessment of business activities
- Loan reporting, specifically the presentation of business activities and outcomes in both narrative and financial reporting

The PIF Loan project, budgeted at **\$50,000 USD** (AUD 75,000 and PGK 170,000 respectively), was designed to assist up to 25 women owned SMEs within the aforementioned sectors through access to loans of up to **\$2,500 USD each** (AUD 3,750 or PGK 7,000). The loan was coupled with technical support to help recipients manage their loan and report their financial spending in addition to guidance around approaches to supporting other women-led businesses and start-ups as part of their pay-it-forward activities.

The loan specifically allowed for: 1) the purchase of equipment directly linked to business operations, 2) employee professional development for activities that directly link to improving services and sales, 3) marketing and branding that enhance the business's profile for networking and value chain development. Items such as salaries, rentals, personal expenses, customary obligations, lending out and other loan repayments, medical expenses, political and religious activities were not eligible activities under the PIF Loan. CIPE ensured that participants heeded these parameters through written progress reports, monthly check-ins, and participants were required to complete a dedicated financial section in their reporting that included business expenses made with loan funds as well as pay-it-forward activities (quantified as expenses) to determine the PIF value and essentially "loan repayment."

## 4. IMPLEMENTATION

Mobilization for PIF activities occurred from June to August 2023 – including socializing and advertising of the PIF Loan, call for applications and onboarding of the PIF Consultant. Supported by the CIPE PNG Country Director, a rubric was designed as part of screening, grading, and evaluation of applications.

The eligibility criteria were categorized into four areas:

1. **Application completeness:** Submitted application must include all required and relevant support documents necessary to support their proposal.
2. **Application meets objectives of the PIF project:** Submitted application must align with the goals of the loan program.
3. **Application was SMART:** Submitted application outlines clear, measurable, and realistic goals in alignment with the PIF Loan project objectives.
4. **Demonstrated Fiscal Responsibility in Application:** Applicant must demonstrate good financial management practices and fiscal accountability.

CIPE PNG WBRC and PIF project management short-listed 26 out of 42 applicants based on the strength of their application, proposed business plan including loan repayment methods to other women businesses and start-ups, and demonstration of good financial stewardship. After final review, 24 women were confirmed as recipients of the PIF Loan, including four women with disabilities.

PIF recipients were issued six-month contracts and provided with a loan (tranche) disbursement schedule and associated reporting schedule. Recipients were informed that each tranche would be disbursed only after specific deliverables were met.

Similar to the PIF application form, CIPE PNG WBRC developed a narrative and financial report template for PIF recipients to utilize to report back to the PIF project management team. This, as well as PIF reporting tutorial videos, was shared with recipients shortly after tranche one disbursements were completed. Overall, each recipient was required to submit two reports detailing business and “repayment” (pay-it-forward) related activities conducted with tranches one and two. No report was required in relations to activities conducted with tranche three.

Implementation of the PIF Loan initiative - which included review, screening, follow-up on applications, contracting of PIF recipients, development of reporting templates and learning tutorials, carrying out PIF activities, as well as monitoring, evaluation, and reporting - was completed from September 2022 to March 2023. By the initiative’s completion, 17 out of 24 recipients were in full compliance with reporting and loan repayment and therefore received 100% of loan funds.

## 5. RESULTS

Key success indicators of the PIF Loan initiative were based on the outcomes contributed toward achieving the three project objectives. The means of verification were confirmed through progress reports submitted by each PIF Loan recipient. The following outcomes have been categorized by which objective it progressed.

**Objective 1:** Women entrepreneurs have improved access to monetary assistance within COVID-19 affected target industries taking into special consideration women with disabilities and those operating an informal business.

*Outcomes:*

- **9** women entrepreneurs (including 1 woman with a disability) within the **artisan and culture** sector gained direct access to monetary assistance to support their business endeavors.
- **5** women entrepreneurs within the **tourism and hospitality** sector gained direct access to monetary assistance to support their business endeavors.
- **8** women entrepreneurs (including 1 woman with a disability) within the **agriculture sector** gained direct access to monetary assistance to support their business endeavors.
- **2** women entrepreneurs with disabilities within **other sectors** (marketing and graphics and copy-printing services) gained direct access to monetary assistance to support their business endeavors.

In total, **24 (100%)** women entrepreneurs and their businesses gained direct access to a total of \$45, 839.71 USD in monetary assistance and financial capital through the PIF Loan based on their proposed business and loan “pay-it-forward” plans.

**Objective 2:** Women entrepreneurs are empowered as agents of positive change and contribute to the financial well-being of other businesses and upcoming start-ups through the Pay-It-Forward scheme.

*Outcomes:*

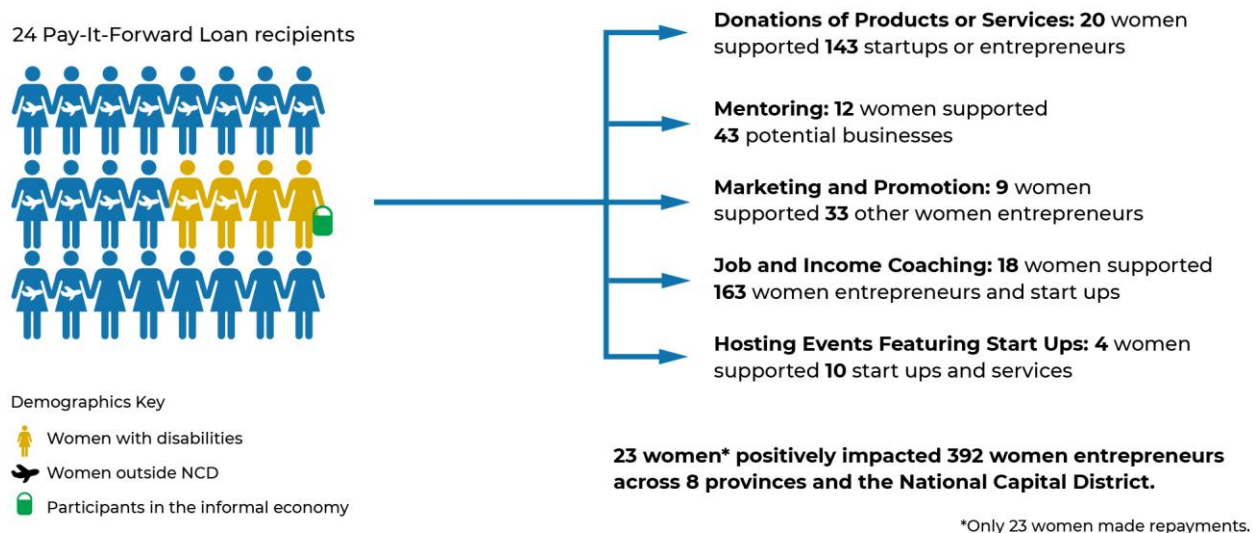
- **20 out of 24** women entrepreneurs paid-it-forward through in-kind donations of products or services to a total of **143** start-ups and/or upcoming women entrepreneurs.
- **9 out of 24** women entrepreneurs offered free marketing and/or promotion of business products or services for a total of **33** start-ups and/or upcoming women entrepreneurs.
- **4 out of 24** women entrepreneurs hosted events featuring a total of **10** start-ups’ and/or upcoming women



entrepreneurs' products and/or services.

- **12 out of 24** women entrepreneurs mentored a total of **43** start-ups and/or upcoming women entrepreneurs.
- **18 out of 24** women lent their expertise in the form of coaching, job training and/or income generation training to a total of **163** start-ups and/or upcoming women entrepreneurs.

**Graphic 3: Impact of Pay-It-Forward Loan Repayments**



Through the pay-it-forward repayment method, the women in the program were incentivized to support other emerging women entrepreneurs in their industry. This approach emphasized the ripple effect and responsibilities tied to loan repayment as part of the PIF methodology. The cumulative repayments made by the 23 direct recipients of the PIF Loan **positively impacted and supported 392 Women's SMEs, spanning eight (8) Provinces and the National Capital District (NCD)** and across all three targeted industries.

**Objective 3:** Women entrepreneurs are equipped with the skills and understanding to access and manage financing from formal financial institutions.

*Outcomes:*

- **24** women gained access to reporting tools and tutorials as part of the PIF Loan initiative.
- **22 out of 24** women returned acceptable levels of tranche one narrative and financial reports, qualifying for 80% of their loan funds.

- **17 out of 24** women returned acceptable levels of narrative and financial reporting for both tranche one and tranche two, qualifying for 100% of their loan.
- **17 out of 22\*** women successfully met all the reporting requirements of the loan and demonstrated accountable loan management.

Of the **24** loan recipients, all received tranche one; however, only **22** fulfilled the reporting requirement after receipt of tranche one. While 22 women were in receipt of tranche two, only **17** submitted their reports after the receipt of tranche two. As a result, **17** women entrepreneurs were fully compliant (responsive and responsible) with all terms and conditions of the PIF Loan and therefore qualified for 100% of available funds.

While small in scale, the PIF Loan initiative had a transformative impact on PNG's entrepreneurial landscape. By adopting a model that emphasizes the cyclical benefit of reinvesting into the community, the initiative has not only empowered the immediate recipients but has also created an expansive ripple effect. Women entrepreneurs, traditionally facing barriers in accessing capital, have been granted the financial support necessary to support and grow their businesses. In turn, these women reinvested into other women-led enterprises, fostering a culture of collective growth and empowerment. By supporting women entrepreneurs, the initiative harnessed an untapped reservoir of talent, creativity, and potential. Furthermore, it fostered a sense of communal responsibility, where success was not just individual but was shared and multiplied across the community.

## 6. FEATURED STORIES

**Michelle Oso** is a single mother from the Huon Gulf District of Morobe Province who participated in the PIF Loan activity. She established her SME, a human resources consultancy practice, in 2016. When the pandemic hit in 2020, Michelle experienced a decreased demand for her services, and therefore less income. It was at this time that she decided to supplement her income through a second SME, a small fish market, which is now Elle's Fish Market.

Through the PIF Loan, Michelle was able to access financing to purchase a dingy boat that she then used to catch fresh fish to sell at her market. She chose to apply for the PIF Loan because a fellow entrepreneur, and PNG WBRC user, recommended it to her. Throughout the program, Michelle remained in full compliance with all loan requirements and repaid her loan in full through in-kind donations, such as bilums and basket weaving items, to a women's group on Tami Island. She also conducted a two-day sustainable livelihoods training with 45 women, including skills development in basket and crafts weaving and a practical session in baking fresh coconut Fiji buns. When asked about her experience in a post-program interview, she stated that, **"I am so proud to have been awarded this loan because it has assisted my SME tremendously. I am not only seen as an SME owner buying or selling natural resources, but I am also giving back to the community and village in earning a sustainable living."**

**Angela Airova** runs a catering business, Nuan Catering Services, in Port Moresby which was established in 2020. Despite lacking formal culinary training, Angela started the business because she has a love and passion for cooking. Shortly after registering her business, the pandemic began and forced Angela to put her plans on hold. After she was rejected for a small business loan from a bank, Angela decided to apply for the PIF Loan when she saw it advertised in the newspaper.

Angela used funding from the PIF Loan to procure necessary kitchen appliances, refurbish her kitchen facility, and obtain a registration renewal from the Investment Promotion Authority (IPA). She was able to adhere to all PIF Loan requirements, received the full loan amount, and repaid the loan in full through an in-kind donation of her time and expertise. Angela trained eleven aspiring businesswomen within the NCD on topics such as SME start-up, financial literacy, and the IPA application process. She also assisted in marketing four women-owned SMEs, engaged seven women in a local cooking and catering techniques class, and assisted and sponsored one woman to obtain driver's license. When asked about how well the PIF Loan empowered women-owned SMEs, Angela said, **“To be honest this is a very excellent way of empowering women-owned SMEs in PNG because it is not that easy for someone to grant this kind of money assistance. Even for a start-up SME, you won't be able to save this amount in six months. So, I commend CIPE WBRC for this great initiative.”**

**Elizabeth Omeri**, a fashion designer based in Port Moresby, was also a recipient of the PIF Loan and used the funds to reinforce her business, Denani Designs, when the pandemic struck and put her label in jeopardy. Although her business is well-established, Elizabeth experienced a significant dip in sales during the pandemic and decided to apply for the PIF Loan to build the necessary influx of cashflow to continue her work and keep her business afloat.

Through the PIF Loan, Elizabeth was able to purchase three new sewing machines, four fabric bolts, and assorted sewing utensils, including items for eco-printing and assorted paints. She also procured one tent that was used as a makeshift stall setup to sell her designs. Elizabeth repaid her loan in full by mentoring in garment construction and training in eco-printing to six women, mentoring in sewing and fashion design for two women, providing free marketing services for fifteen women, and helping school children make scarves and ties to raise funds during school holidays. Elizabeth stated that, **“one of the key highlights from this PIF Loan is that I was able to gift another mother and daughter with a brand-new sewing machine and put a smile on their faces.”**

## 7. LESSONS LEARNED

The pilot of this Pay-It-Forward Loan brought forth many lessons for consideration should there be future iterations. Lessons were concentrated on understanding reporting compliance, expectations for acceptable repayment, and procurement procedures.

Lessons were learned throughout the reporting process, which was a requirement for recipients to complete as a

contingency to receiving full funding from the PIF Loan. Recipients received PIF reporting tutorial videos and mentoring through the reporting, as well as a reporting template supplemented with additional one-to-one calls, but the quality, timeliness, and completeness of reports remained a challenge for participants.

To be in full compliance with reporting meant that two adequately prepared progress reports were submitted by agreed upon due dates that then triggered the dispersal of 30% and 20% of PIF Loan funds, in respect to progress report one and progress report two, to recipients (the first 50% of funds were received after signing the agreement). Their activities were documented and captured through individual narrative and financial reports and pictorial evidence.

Overall, 17 of 24 women were in full compliance with reporting requirements and returned acceptable levels of loan repayment as part of their responsibilities and contract terms to pay-it-forward to other women's SMEs. The main challenges included:

- Inadequate financial documentation of expenditures, including receipts, and
- Timely receipt of reports at various points throughout the loan period, resulting in withheld payment disbursements until receipt of adequate reports. This includes two women who did not submit their first report (and thus only received the first of three tranches), and five women who did not submit their second report (and thus only received two out of three tranches).

Other lessons learned came from the challenge of ensuring purchases procured with PIF Loan funds adhered to guidelines on approved expenditure. Upon signing their award letters, PIF recipients were required make procurement decisions based on the criteria below:

- Purchase of assets or equipment for direct use in their business operations.
- Employee professional development for activities that help improve services and sales of their business.
- Marketing and branding efforts that enhance the business's profile for networking as well as supply and value chain development.

Enforcing these requirements were challenging due to several reasons, including difficulty providing strict oversight on actual expenditures due to recipients having received loan funds directly into their bank accounts, as well as the general nature of many SME's in supplying and/or reselling products in order to earn a profit. Further, there were instances in which some purchases were made to support general business operations (or a percentage of operational costs) rather than the approved budget lines such as assets or equipment, professional development, or marketing. In these cases, the bulk of such purchases were for items such as costs for stock,

logistics (transport, fuel, and labor), communications, and in one instance, for salary costs and general administration.

Though this was the first time that the majority of PIF loan recipients practiced narrative and financial management report writing, it was clear that the applicants possessed a motivation to aspire and learn after receiving support and coaching. This was also evident in each report submission, which showed prominent improvement. This positive trajectory proved that participants were retaining what they learned and directly putting their newfound skills and knowledge into practice. Through the PIF loan experience, participants were given a unique opportunity to learn, be curious, and ask for support in a safe and encouraging environment, which is not a common circumstance for aspiring or new businesswomen. The overall improvements witnessed in participants affirmed the lesson that providing women a safe and encouraging learning environment carries the ability to increase their likelihood of successfully fulfilling increased business responsibilities. Furthermore, as with all learned skills and knowledge, there is inherent sustainability. Participants can take what they learn and use it in their future endeavors, as well as teach it to others. This is a highly valuable output for the program with an impact that is both positive and continual.

## 8. RECOMMENDATIONS

Given the lessons learned noted above, some evidence-based recommendations are offered in this case study. Specifically, recommendations aim to address the challenges of ensuring strong compliance to the parameters around expenditures. One consideration would be to **have more direct control over the procurement process** by having the WBRC manage components earmarked for equipment, assets, professional development, or marketing under the PIF terms. While this would drastically increase the administrative burden and decrease participant autonomy, it could ensure specific payments are paid directly by the WBRC to the vendor, limiting the funds provided directly to recipient's bank accounts (only for business operations costs), as well as increasing target and control within the process of expending so the loan terms are met. Items would then align to each recipient Business Plan (and Application) including any items as part of their pay-it forward activities (if requested) to other women's SMEs.

As noted, the challenge this poses is in creating additional workload and administration on the WBRC to procure the volume of items, while ensuring items are delivered to all recipients. Additional WBRC staff would be required to work with the PIF recipient to identify from the outset a Procurement Plan, identifying the correct item/s for purchase for the business (be it an asset, professional training program, a marketing product or device) and managing the initial procurement, while ensuring delivery, usefulness, and potential impact.

Also, depending on the timing of the PIF loan and duration of the project, **a more comprehensive evaluation could be developed to measure longer term impact of the initiative**. Given the timelines for this pilot activity, longer-



term impact could not be measured at this time as this activity was closed out immediately following the implementation phase.

As with all pilot programs, identifying lessons learned and the recommendations to improve future iterations is an invaluable part of the implementation process. There was much to learn from the challenges faced while implementing the PIF Loan program that will undoubtedly be called upon in any future endeavors to ensure improved progress is made. Furthermore, despite the challenges, the overall goal to increase women's access to finance in PNG was achieved. **The majority of women (71%) from the inaugural cohort of PIF Loan program participants succeeded in qualifying for one hundred percent of their loan.** Not only have these women made significant strides toward achieving their business goals, they are also giving back to their communities, helping other women to achieve their own entrepreneurial goals, and serving as role models for younger girls with similar ambitions. Any challenges faced do not diminish the profound value that the PIF Loan program encompasses, nor its intangible positive impact.



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