



STANDING COMMITTEE ON ECONOMIC AFFAIRS

Consolidated Review Report of the Sugar Cane Growers Fund 2019 and 2020 Annual Reports

Annexures

7.0 Annexure




Sugar Cane Growers Fund

Chairman & Members of
Parliament Standing Committee
on Economic Affairs

CEO - Raj Sharma SCGF
8th May 2024

FII BUSINESS EXCELLENCE AWARDS

FII BUSINESS EXCELLENCE AWARDS



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FII BUSINESS EXCELLENCE AWARDS

Stakeholders

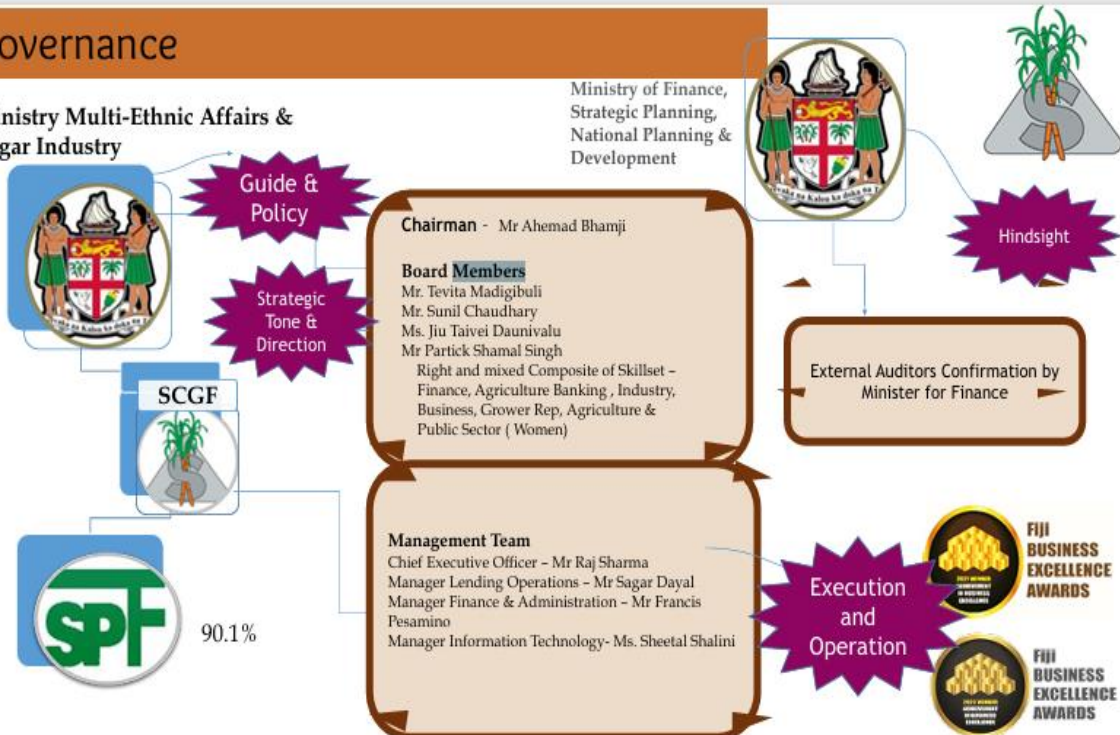
Sugar Cane Growers Fund (the Fund) is a statutory body providing affordable Loans to sugar cane growers in Fiji.



Governance

Ministry Multi-Ethnic Affairs & Sugar Industry

Ministry of Finance, Strategic Planning, National Planning & Development



SCGF Act – Functions

The function of the Fund in accordance with Act is to provide loans to Sugar Cane Growers for the following purposes:-

1. Increase the production of sugar cane;
2. Improve efficiency in the planting, growing, harvesting, and transportation of Sugar Cane;
3. Rehabilitate farms, buildings and other installations damaged, destroyed, or affected by floods, cyclones, droughts or other natural disasters;
4. Establish sugar cane farms and to construct buildings and other installations on those farms;
5. Desirable for crop diversification;
6. For the personal family needs of Growers during periods of financial distress or hardship; and
7. In commercial ventures which, in the opinion of the Board, are intended to benefit the cane growing industry.



Review the Act needed to be more contemporary and robust in the current environment

Hon Minister has supported for review – thank You



Corporate Philosophies

SUGAR CANE GROWERS FUND



Vision

To be the premier and sustainable financial service provider for Fiji's sugar cane growers.

Mission

We exist to:

- Provide quality, fair and affordable financial services to all cane growers of Fiji;
- Be ethical and honest in all our dealings;
- Enhance livelihood of all the cane growers we serve;
- Be sustainable and contribute in transformation of the industry; and
- Be part of the prosperity journey for the cane growers.

Values

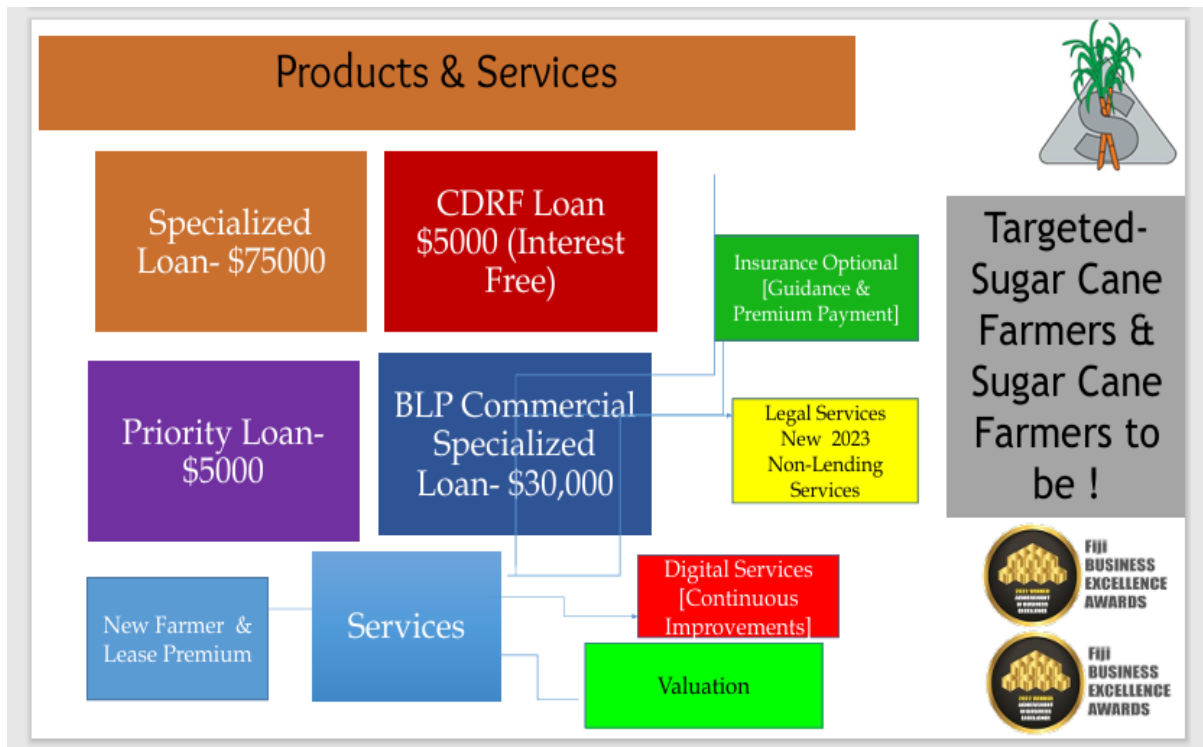
We ingrain our values as and for "GROWERS - II".




- ❖ **Growth** - for all stakeholders of SCGF;
- ❖ **Responsible** - in all our dealings across;
- ❖ **Resilient** - be there in good times and bad times;
- ❖ **Opportunity** - for all stakeholders but prudently;
- ❖ **Willingness** - listen, help with compassion;
- ❖ **Empathy** - for all stakeholders;
- ❖ **Responsive** - with dedication and commitment;
- ❖ **Sustainable** - for its longevity;
- ❖ **Innovations** - think inside and outside of the box; and
- ❖ **Integrity** - highest level of integrity and honesty.

Financially Empowering the Sugar Industry

Premier & Sustainable Service- Cane Growers of Fiji





- ## Other Points
- Our Fees & Charges are very competitive – 20- 30% of the current market rate
 - Application Fee – Zero For Natural Disaster, Medical & Funeral Growers with Disability
 - Application Fee - 50% Discount For Women Growers for Farm & Machinery Purchase
 - Application Fee -50% Discount For Climate Change Funding &
 - In- House valuation Services at \$150 per farm (Compared \$350-\$450)
 - Our Digital Services – Competitive
- 
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AWARDS**

Products & Services- Exploring



Targeted-Sugar Cane Farmers & Sugar Cane Farmers to be !



Portfolio April 2024

	Grower Count-Default	Total Loan-Default	Total Accounts	Total Portfolio	% Balance Arrears	Total Grower Count -S
HeadOffice-FSC	0	\$0.00	1	\$4,571,286.83	0%	1
Lautoka	176	\$247,060.33	613	\$3,096,896.94	8%	516
Nadi	119	\$107,022.41	599	\$3,071,959.59	3%	485
Sigatoka	55	\$96,918.28	260	\$1,470,905.87	7%	214
Ba	307	\$401,637.96	1341	\$6,567,555.31	0%	1207
Tavua	177	\$183,923.82	580	\$2,266,942.77	8%	497
Labasa	322	\$740,518.27	1447	\$7,265,020.11	10%	1112
Seaqaqa	130	\$346,790.61	539	\$4,025,528.34	9%	320
RakiRaki	356	\$520,526.56	932	\$3,509,664.24	15%	602
Total	1642	\$2,644,398.24	6,312	\$35,845,760.00	7%	4954

	Total Grower Count -S	Production-2023	Total Grower	Production 2023
HeadOffice-FSC	1	11,600.89	3	13,566.90
Lautoka	516	69,872.84	1160	173,701.58
Nadi	485	56,314.19	1226	150,849.73
Sigatoka	214	24,328.47	461	53,929.39
Ba	1207	161,173.03	2583	361,653.19
Tavua	497	54,375.17	951	114,642.76
Labasa	1112	151,858.33	2606	378,855.66
Seaqaqa	320	90,689.10	531	176,766.51
RakiRaki	602	65,953.23	1042	141,520.65
Total	4954	686,165.25	10563	1,565,486.37



Products & Services- Legal (Non Lending)

- Transmission by Death
- Wills
- Provisional Titles
- Probates
- Sale & Purchase Agreement
- Transfer
- Deed



Launches 2023



100% Waiver Application Fee- Disability
-January



mySCGFapp- May



MOU-Ministry of Fisheries-August



Launch & Events 2024



Launch of Special Loan Package @2.99% for 12 months and 6% thereafter – Feb 2024



Handover of New Farmer & Lease Premium Agreement – Labasa- April 2024



Handover of New Farmer & Lease Premium Agreement –Seaqaqa - April 2024



Leveraging Technology for Greater Efficiency and Effectiveness



- Initiate Project- Sesame Software / Datec Fiji
- Team Formation and Leader selected
- Problems / System
- Planning on project stages
- Project Selection
- System Selection

2019



- Progressive Solution Implementation

2020-2021

- Post Implementation Review Get Feedback from internal customers
- Analyze Impact on Productivity & Sustainability
- HRM System
- Document Management System (Hold)

2024

- Further Enhancement
- Audit implementation
 - ISO Standards
 - Product & Policy Awareness

- Problem Identification
- Problem Analysis
- System Training
- Project Implementation – phase 1 1

2019-2020

2021-2022

- 2ND Phase of Digital Services
- Security Test & Upgrade
- Reports
- Sage Financial System (Datec Fiji)



Results



Details	2018	2019	2020	2021	2022	2023 (Unaudited)
Net Profit (SCGF)	2,445,651	2,594,872	1,719,927	3,056,524	2,828,479	2,162,711
Provision	5,501,169	3,941,546	3,685,521	2,552,458	2,163,750	2,276,750



Results



Details	2018	2019	2020	2021	2022	2023 (Unaudited)
Loans to Growers (Portfolio)	31,408,626	27,545,977	29,286,597	28,020,462	30,407,678	32,122,946
Provision (Non Performing Accounts)	5,501,169	3,941,546	3,685,521	2,552,458	2,163,750	2,276,750
Net Loans (Performing Accounts)	25,907,457	23,604,431	25,601,076	25,468,004	28,243,928	29,846,196
Net Profit (SCGF)	2,445,651	2,594,872	1,719,927	3,056,524	2,828,479	2,162,711
Group Profit	8,534,324	6,730,141	6,806,990	5,716,578	9,661,391	N/A
No. of Productive Growers	11,418	11,637	11,622	11,398	10,873	10,563
Annual Sugar Cane Production (tons)	1,700,000	1,806,572	1,729,281	1,417,267	1,639,004	1,565,486
Total Application Approved	2,855	2,379	2,621	2,049	2,581	2,160
Approved Application Value	7,838,184	8,417,956	9,870,827	7,480,461	10,262,496	9,199,521
Total Loan Payments Made	2,642	2,738	2,215	2,948	3,662	3,215
Loan Payments Value	7,915,812	7,726,898	7,998,661	6,527,411	9,500,557	9,199,521
Average Monthly Application Value	653,182	701,496	822,569	623,372	791,713	766,626.77
Arrears Tends	25%	19%	13%	11%	10.0%	8%
% Provision /Gross Loan	17.51%	14.31%	12.58%	9.11%	7.12%	7.09%





SCGF

Problems Statements

1. Limitation of SCGF Act - It needs to be reviewed
2. Concentration limit- single industry over 60% - need to diversify -sugar to agriculture and non-agriculture (SME and Affordable Housing)
3. Increase the source and use of funds - Deposit or bonds
4. Lack of Subsidiary Diversification / Government Dependency
5. Loan Defaults - industry constraints

Solutions

Opportunity to Diversify

Problems & Solutions- Industry

Problems Statements

Industry Problems/Solutions (Suitable Foreign assistance) - Outlook of Sugar / Byproducts/ Supplementary products / on adds (Vol & No)- Right size for optimum use.

1. Lease Premium and Renewals - Government support with 50 years / Landowners payment or plans before takeover. Resize land Commercial
2. Rural Populace -manpower - reverse urbanization with Expression of Interest for Farming with Government Support of \$10,000 - Task Force for Better Utilization of Land and Task Force within Industry for Cane Planting
3. High Cost of Production- FCCC Reviews , Govt Subsidy to manual harvest to increase, Yield Increase
4. High Cost Transportation - Mechanization, Technology Transfer, Integrated Farming/ Rail system upgrade
5. Low Yield - Technology transfer - Advices/ Awareness by SRIF / Yield Based Payment (Master award Review) / Rewards /Farmers Award
6. Lack of Manpower- Mechanization, Contracted Farmer/SME/ Youth Group / Correction Officers / Reverse Urbanization with seed funding \$10,000 / PIC (Vanuatu)/ India / Banglaesh or Commercial Farming
7. Milling Inefficiency - (Improved) except rail system, Deepen grower engagement, its Balance Sheet & Restctuture/ privatization after equity conversion - consider the outlook of sugar cane products and byproducts/volume
8. Climate Change & Weather- draught , cyclone , flood , drainage , Integrated- supplementary farming (rice , pulses, turmeric, aquaculture) , insurance blended finance - green and blue economy, sea water/dam, irrigation , Housing structure
9. New Farmer incentives (Government assistance) or (Government Guarantee

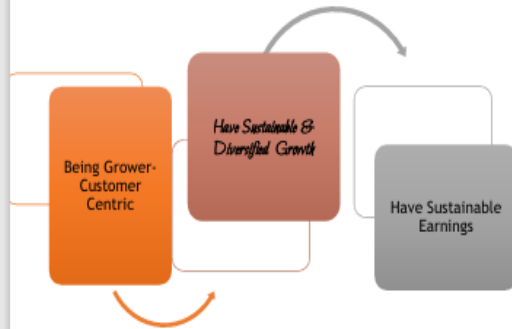
Solutions




Strategic Plan- 2022- 2028



Strategic Pillars



1. Grower/Customer focused - affordable loan **and increase the market share from 60% to 75% from \$32m (2023) to \$50m by 2028**
2. Deepen the Engagement - SDG Goal initiatives
3. Effective turnaround time of Services
4. Transform to other services with a Review of Act, if required
5. Support the core funding for the industry with checks and balances for sustainable earnings
6. Supplement with integrated farming funding to have over **20% of the Portfolio- with growers, growers family and then outside of industry over period**



Strategic Plan- 2022- 2028



Strategic Enablers

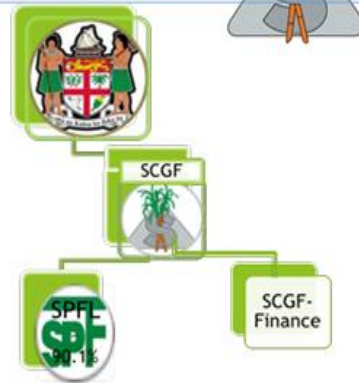


1. Improved Governance structure- Policies, Delegations, Internal (KPMG) and External (EY) Audits, Risk Management Compliance Framework
2. Contribution to the farming community - paid \$1.8m premium) and **now the formation of Industry Trust Fund [\$0.075m) and Govt Approved \$0.075m - Industry Trust - subject to industry players to contribute**
3. Continuous Review of Products, Policies and Policies customer surveys, branding & image- radio programs, ads, social media, talk-back shows,
4. Ongoing Promotion & Marketing/ Radio / Community Services.
5. **Recognition and Rewards of staff, Training & Development, Empowerment, Performance Management**
6. Digital services - Online loans, Automated documentation, my SCGF App, Online Portal, Alerts, M-PAiSA, MyCash - Exploring Saving , QR, Revolving Loans, HR Systems , Document Management (Board Consideration)



Strategic Plan- 2022- 2028

1. The Strategic Plan 2021-2025 (+ 2) of the Sugar Cane Growers Fund (SCGF) has been formulated and reviewed with some strong visionary thoughts for SCGF to be the premier and sustainable financial service provider for Fiji's Sugar Cane Growers based on the direction that industry policymakers take. SCGF originated from contributions of the cane growers and millers; therefore, going forward with the growers, it needs to balance the risk and return for its continuity as a Trust Fund and ensure the growers' needs are always given priority.
2. The plan is a "revolving one" based on (1) - **Red Strategy** as a transitional plan recommended in the independent Asian Development Bank (ADB) Gap Report. ADB through its consulting partner DT Global carried out the feasibility study on the - Transformation for MSME Bank and (2) **Blue Strategy** that would expand the horizon to invest in the other businesses that would assist directly or indirectly the growers, industry and become the economic driver in Fiji and beyond, provided such investments give mutual or desired returns.
3. Therefore, the plan is revised following the ADB Gap Report which provides the insight Roadmap - Transformation for MSME Bank in transition phases over 5- 6 years. The plan once again takes into consideration the government's aspiration for the sugar industry and the livelihood of all those associated with the industry. The plan in no way would dilute the industry plan. It is also important to get clear direction from the Government on the industry, in view of the recent World Bank Report Public Expenditure Review (April 2023) key recommendations:-

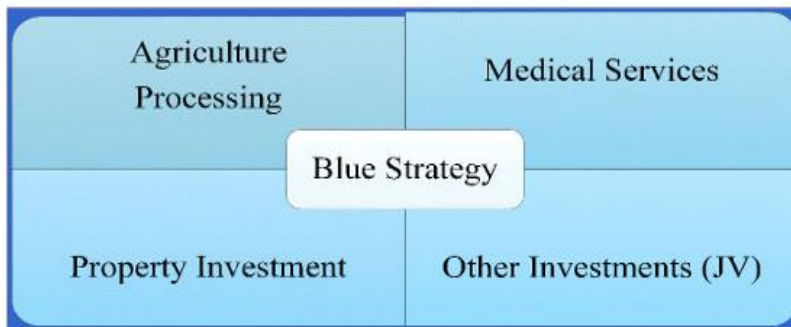


Red Strategy - Transformation for MSME Bank in Transition Phases Over 5-6 Years

April 2024 - Minister Blessing to Proceed work



Strategic Plan- 2022- 2028



2024	2025-2026	2028-2029	2030
Property Investment (Support core Business)	Semi Commercial Medical Centers Main Cane Belt Areas/Divestment SPFL	Agro / Hardware / Processing Centre in main cane Belt	Agro Export Business



Why Transformation



There have been past studies and recommendations (to make SCGF a licensed Financial Institution)

- SCGF as a trust fund, needs to diversify and strengthen Balance Sheet and Earnings.;
- Whilst the commitment remains to support the industry and government aspirations;
- SCGF has overly concentrated within the industry with over 60 percent of the Balance Sheet in the industry- current Non-Performing Loan Ratio stands at 7-8 percent an impairment of around 5 percent;
- Hence, if the investment is not diversified gradually and inclusively (including the cane growers) that would be a risk for losses;
- The diversification would also enable the growers to venture into other businesses that would provide supplementary income, entail optimum land use, and or reduce government support and dependency.;
- without government support for price and other subsidies, the stress test of the current loan portfolio of SCGF shows, that over 90 percent of loan repayment would be difficult to be paid on due.



Why Transformation- Market Potential



- Total Loans Bank & CIs = \$8,748m, CI \$538m, FDB \$368m, SCGF \$35.8m = \$9689.8- SCGF **0.37%** (Mar 24/ AR 2023- FDB)
- Agriculture Loans by Banks -\$119.4m , CI- \$20.3m, FDB - \$93.6m, SCGF\$35.8m = \$268.7m = **13%** (Mar24/ AR 2023 FDB)
- Cane Farm loan (Banks \$2.6m, CI -\$0, FDB - \$16.6m (2023), SCGF - \$35.8m (Apr 24) = **\$55m = 65%** (**Only Cane Farm loans \$31.2m= 57%**)

FDB'S MARKET SHARE

	FDB (\$)	FDB (\$M)	Commercial Banks (\$M)
Agriculture	71,360,000	71.4	118.9
Sugarcane Growing	16,634,000	16.6	3.3
Forestry & Logging	1,703,000	1.7	5.2
Fisheries	4,365,000	4.4	15.7

Annual Report 2023



ADB Gap Report

The report suggests for progressive transition (1) Licensed Financial Institutions (by 2025) and (2) SME Agricultural/Rural Bank (by 2029) subject to working on the gaps identified as follows

- Legal and Statutory Gaps (Act review etc.)
- Strategic Gaps
- Other policy Gaps/ Act -
- Financial Soundness & Capability (Projections)
- Market Assessment
- Technology Assessment-
- Human Resource Upgrade
- Improve systems & Process




SUGAR CANE GROWERS FUND

Sustainable Development Goal Plans

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

The 17 SDGs are integrated—they recognize that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability. Countries have committed to prioritize progress for those who're furthest behind. The SDGs are designed to end poverty, hunger, AIDS, and discrimination against women and girls.

Source: <https://www.un.org/sustainable-development-goals>

SCGF has developed its framework for the SDG work plans integrated within its core function and any of the strategies and work plans will ensure that such plans are embed, accordingly over the planning period.



GOAL	2016-2021 ACHIEVEMENT – Funding Facility	STRATEGIES 2021 –2025
1- No Poverty	<ul style="list-style-type: none"> Regularization of Land ownership by way Lease Renewal, land survey, of farming lease and regularizing land ownership Back to Farm Promotion, giving another chance to pay the loan or rehabilitate the far 	<ul style="list-style-type: none"> Expansion of investment on the farm Consolidated farming business, merger with sugarcane cane Diversification with other source of funding and use of funding – grants, Food security programs
2- Zero Hunger	<ul style="list-style-type: none"> Subsistence Farming Loans – promote self-reliance, maximum use of Land Investment in cane farms Investment in farm Mechanization 	<ul style="list-style-type: none"> Review of the Product and support from Ministry of Agriculture Review of the functions with review of Act after Industry policy formulation working towards banking platform Food Security Funding and Better utilization of Land
3- Good Health and well being	<ul style="list-style-type: none"> Medical expenses Promote subsistence farming Free Insurance Coverage available to all Growers 	<ul style="list-style-type: none"> Comprehensive Health insurance coverage/Wellness Forum- funding Subsistence Farming Awareness vide technology platform (Medics, weather) Option to support seniors and those with health issues with “Contractor or Gentleman Farming” Disability support programs Possible Medical Centre collaboration – NGO/ Government
4-Quality Education	<ul style="list-style-type: none"> Facility to meet basic education needs with Tuition expenses Loans for educational tools – laptop and tablets 	<ul style="list-style-type: none"> Capacity Building program for employees Grower advocacy programs on Financial inclusion/ joint promotion of husbandry with other industry stakeholders Education Loans “Back to School Promotion Support Lectures and Forum for cane growers



5 – Gender Equality	<ul style="list-style-type: none"> Farming loans to women as growers at concessional rate 	<ul style="list-style-type: none"> Promote more women participation in Farming Support women dominated farming projects under <i>Subsistence Farming</i> or alternative livelihood project manageable by women Women appointment at leadership roles Special loan package for Women Farm ownership programs New Farmers/ Government Grant/ FNPF Approved Lender Explore any of the development partners to work through (World Bank, European Union, ADB, European Investment Bank) through Ministry 	
6 – Clean Water and Sanitation	<ul style="list-style-type: none"> Borehole projects Water tanks Drainage 	<p>Continue with</p> <ul style="list-style-type: none"> Borehole projects Water tanks or catchment Drainage Possible Irrigation <p>Explore any of the development partners to work through (World Bank, European Union, ADB, European Investment Bank) through Ministry</p>	
7 – Affordable and Clean Energy	<ul style="list-style-type: none"> Portable solar systems 	<ul style="list-style-type: none"> Reach household without national power supply in rural areas Provide alternative solution - Solar projects <p>Explore any of the development partners to work through (World Bank, European Union, ADB, European Investment Bank) through Ministry</p>	
8 – Decent Work and Economic Growth	<ul style="list-style-type: none"> Affordable loans all cane growers available at all times for within industry and supplementary projects 	<ul style="list-style-type: none"> More competitive rates on loan and optimum rate of return on investments Create enabling environment & support to new entrant to the industry 	

9. Industry Innovation and Infrastructure	<ul style="list-style-type: none"> Support Farm mechanization by way of new modern farming equipment Investment in new Modern Lending/ Technology System- Information and communication (Online) 	<ul style="list-style-type: none"> Continue to support with modern machinery funding Education and awareness for use of technology Integration of the system and local and progressive international payment system Local Funds transfer 	
10 -Reduce Inequality		<ul style="list-style-type: none"> Empower and promote the social, economic inclusion with various financial services social protection policies, and progressively achieve greater equality with financial product for aged growers Look at Remittance product 	
11 – Sustainable Cities and Communities	<ul style="list-style-type: none"> House construction /Upgrade (Committees) 	<ul style="list-style-type: none"> Resilient building structures at farm level (Cat 3) with combination of grants and funding – Disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations- awareness programs Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning- utility and housing 	
12- Responsible Consumption and Production		<ul style="list-style-type: none"> sustainable management and efficient use of natural resources- water and solar project funding Reduce food losses along production and supply chains, including post-harvest losses- back to back merchant funding 	
13- Climate Action	<ul style="list-style-type: none"> Rehabilitation projects after natural disaster e.g. Post Cyclone Winston and Yasa & Others 	<ul style="list-style-type: none"> Planting of tree crops Drainage and waterways funding for farmers Disaster Rehabilitation program- quick response (reserve funds) 	

		<ul style="list-style-type: none"> • Farm development ensure inland freshwater ecosystems and their services, in particular forests, wetlands, mountains are maintained • No pollution, soil erosion
16 Peace, Justice and Strong Institutions		<ul style="list-style-type: none"> • Promote the rule of law at the national and international levels and ensure equal access to justice- Code of Conduct of SCGF • Vision, Mission and Values ingrained in the daily operations • Substantially reduce corruption and bribery in all their forms- Governance POLICY/ Whistleblower policy • Develop effective, accountable and transparent institutions at all levels- Governance Policy • Ensure public access to information and protect fundamental freedoms- Disclosures/ Annual Report
17 Partnerships for The Goals	•	<ul style="list-style-type: none"> • Finance - Strengthen domestic resource mobilization, including through international support- through Government agencies and multinational and development partners • Technology- Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to on favorable terms, including on concessional and preferential terms, as mutually agreed • Capacity building- continuous look out for the people development • Systematic issues – Implementation of policies and products that eradicate poverty. • Multi-stakeholder partnerships- Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.



Examples of SDG Loans

Purpose	Count	Loan Amount
Education Expense	1557	\$1,973,429.51
Funeral Expenses	293	\$343,400.00
Medical Expense	238	\$1,067,978.00
Water Project/ Borehole Drilling/ Purchase of Water Tank	269	\$761,744.96
Grand Total	2357	\$4,146,552.47



Conclusion



- Commitment and Dedication across the Business
- Continuous improvements despite challenges
- (SCGF is totally committed to supporting the Industry and government's aspiration
- Support the growers' needs
- It needs to diversify for its sustainability



Awards & Recognitions 2021- 2023





Welcome to SCGF Vinaka Vakalevu

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