



# AGRI PARTNERSHIPS

Bringing together business leaders, policy makers and farmers to collaboratively unlock growth in the agriculture sector and facilitate new opportunities for farming families in the Markham valley.

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## Grow PNG participates in policy review

The SME Policy Implementation Review, Alignment and Integration consultative workshop held on 26-27 October gave Grow PNG the opportunity to highlight some of the views from its SME Working Group.

Executive Director, Ivan Pomaleu represented Grow PNG. He said the consultation also enabled Grow PNG to talk about the views expressed at the SME funding awareness session held on October 23.

“It is important to understand the thinking in relation to the role of large agribusinesses in the context of the definition of small to medium enterprises, but also the national content principles.

“There are wide ranging nationalistic sentiments which have implications on whether large agribusinesses can continue to grow off the back of small farmers and stakeholders,” Mr Pomaleu said.

Grow PNG made strong representation on financial literacy training and general upskilling and capacity building for SMEs and advocated for:

- The development of a SME Kit
- Redesigning of the delivery models for technical advisory and business advisory to use private sector delivery models because private sector players will have the motivation to deliver those services more efficiently.

Building partnerships with those who are working in the SME space is important. The workshop provided the opportunity to exchange views with several potential partners such as Centre for Excellence in Financial Inclusion, SME Accelerator Program, Bank of Papua New Guinea, SME Corporation and Department of Community Development.

Grow PNG highlighted in a one slide presentation what was important to SMEs in the agriculture sector.

“We advocated that for SMEs’ access to the market to sell their

products is important to them. They grow only when they can access the market.

“There is an interface between them and the market which represents efforts such as financial literacy, logistics, coordination, supply chain awareness, product development, awareness, financial inclusivity.

“If those issues in the interface are addressed well, farmers will grow and prosper, and the market will assure them of that,” Executive Director Ivan Pomaleu said.

Grow PNG also raised fundamental issues around understanding the historical context of the reserved activities list. The fundamental policy intention of the original reserved activities was incubation. It was intentional that small businesses were quarantined from competition until they were strong enough to be released so that they can survive on their own. Then the restrictions are removed. In the protection environment, businesses are deliberately protected from competition indefinitely. Incubation is accompanied by efforts to grow and build competence.

“Protection is to build a permanent wall around a business, and we must live with it whether there is growth and competence or not.

“This translates into cost inefficiencies for the consumers. We intend to continue to advocate for capacity building, financial literacy, and management support to grow our SMEs in the agriculture sector,” Mr Pomaleu said.

The theme of the review is harnessing inclusive opportunities and greater economic participation by the SMEs and the agriculture sectors through policy integration, alignment, and implementation. The theme resonates strongly with the Grow PNG mandate, and the

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# Grow PNG participates in policy review

timing is right in that a lot of these issues are now filtering into the SME Working Group which will need consideration and attention. An opportunity exist to influence policy and alignment that resonates with the needs identified under the SME WG.

“An equally important consideration was the opportunity which was afforded to us to interact with the key stakeholders providing services in the SME space. They provide different options on capacity building in the SME context. We worked on the opportunities to learn more about what they have to offer, and how we can facilitate these capacity building activities for our stakeholders possibly by way of partnerships,” Grow PNG Executive Director, Ivan Pomaleu said.

## THE SME POLICY CONSULTATION

The objective of conducting the SME policy consultations was to review the PNG Government’s SME policy and master plan and establish a credible alignment with all stakeholders and in line with the Government’s vision on developing a vibrant, sustainable and inclusive SME sector. The Government of Papua New Guinea adopted an SME Policy and Master Plan in 2016. Since that adoption, little was done to advance this policy and master plan. The review is to address some of the gaps in the policy and master plan and to build the resource requirements around the strategies.

### Key Messages

Deputy Provincial Administrator for Morobe said the consultations are about aligning actions with all levels of the government and the communities. The main issues are:

- The need to align and determine the scope of the MSME policy and how the different levels of government in the provinces support these important requirements.
- That major investment projects in the country help provide the basis for SMEs to grow therefore any alignment discussions must capture the involvement of major projects in the provinces.

The session comprised presentations from the Department of Commerce and Industry, financial inclusion with the Bank of Papua New Guinea, SME accelerator programs and investment infrastructure through the Industrial Centres Development Corporation.

The Department of Commerce and Industry highlighted why policy coherence and alignment was crucial - it needed to complement the overall government’s intention to grow the economy through the empowerment of the Micro SME (MSME) sector. Some action items which have been undertaken since the adoption of the SME Policy in 2016 were also covered.

Department of Community Development talked about the informal sector, its definition and the work that is being done to empower the sector. There are over K12 billion in the MSME sector that needs to be brought to the formal economy and the banking system.

The Centre for Excellence in Financial Inclusion provides training on financial inclusion in the country. This is an important

financial inclusivity initiative which encourages the development of financial footprints throughout the country, particularly with SMEs. The organisation seeks to empower rural people by encouraging them to open bank accounts and roll out interventions to encourage financial inclusion.

**SME Definition:** Definitions are important for the purposes of identifying clusters of businesses and structuring the different interventions which are required to support them. Discussions on definition inevitably brings in issues of classification and national content and elements of restrictions. Agriculture sector has a different take on how the size of businesses are classified based on turn over, registrations and employment numbers.

The break out sessions dealt with the SME Policy Implementation issues and the revisit of the MSME and the Informal Sector. There are two important points to note in the definition part. First, the category of micro enterprise has been added to the discussions unlike in the past when the starting point was pegged at small enterprise. By linking up the informal sector part, you begin to see why they quickly want to capture the full spectrum of categories.

The second day focused on SME Policy Governance Measures, including regulatory, enforcement and legislative issues. It was designed to explore policy and legislative gaps which may have hindered the growth of SMEs. It was also important to touch on the reserved activities list, understand the challenges to implement it and to deal with the fundamental policy shifts which could align these considerations better.

The consultation also dealt with the issues of legislative frameworks which are especially important. The policy will be carried by the legislative frameworks. There are direct references being made to develop national content to the point where the bulk of the businesses is allocated to the citizen entrepreneurs rather than up for competition.

The final session was on alignment and integration of the SME policy and master plan to the provincial and local level governments and the wards. This is a comprehensive approach to ensure that all these levels are brought into alignment for the implementation of the legislation, as well as the functions of the SME Corporation.

“It ought to be a key realisation that SME at any level will thrive only if there are opportunities evident or encouraged through direct government or industry interventions. While the focus of this review is on how governments should be posturing, it has been revealed time and time again that human beings will capitalise on opportunity if that opportunity is clearly visible, and the enabling environment is right and welcoming.

The consultation ended with an assurance that all issues raised will be taken on board. It was also noted that the intention is fast paced to try and get a review in and the legislation locked in together.

Any organisation is welcome to become a partner of Grow PNG and its Working Groups. Partners are expected to have an interest in the country and agriculture, a commitment to supporting smallholders and rural development and an openness to partner with other organisations in a pre-competitive space.

# K200 million SME funding explained

The PNG Government is enhancing small and medium enterprises in the agriculture sector to contribute effectively to the economy.

The enhancement package comes in the form of K200 million Agriculture SME funding provided to Bank South Pacific (BSP) and National Development Bank (NDB).

Following the government announcement of the funding, Grow PNG hosted an information session on October 23, supported by the Lae Chamber of Commerce (LCCI).

The SME information session brought together representatives from the Department of Commerce and Industry, SME Corporation, Investment Promotion Authority (IPA) and Bank South Pacific (BSP) to explain the government's rationale behind the aid and the banking requirements to access the fund to the Grow PNG's SME agri stakeholders of Markham and others.

One hundred and thirty-five (135) attendees came from different organisations such as Bubia Plantation, Rangers Coffee, Chingwam Rice, Mopong Business Group, Nakama Agri Business Group, Innovative Industrial Services, Hore Agricultural Services, Sagaling Resources Ltd, Tropical Wine, Foodmart, Papindo Fish Supplier, Kai Trading & Properties, Aquaculture Model Farming and Supplier, Bunongon Inland Fishing and Supplier Group, Markham Rice Development Business Group, NKW Fresh Supplier - Watermelon, Food Technologist - Start-up SME; cooperative societies and farming groups, cattle farming - start-up SME, Kasuka Cooperative, Markham Youth Association, Takom Farm, Walemo Babuaf Fresh Produce Women's Association, Unen Choit Cooperative, Neknasi Cooperative, Boana and Markham Valley farmer groups, Martin Luther Seminary, Tok Stret PNG, Anis Foundation NARI, Lae Chamber of Commerce, Albatross Integrated Consulting, Investment Promotion Authority, Morobe Provincial Administration, Department of Agriculture & Livestock Lae, Morobe Provincial Governor's office, Australian Consul General office - Lae and PNGAAA.

In his welcome and opening remarks, Grow PNG's Executive Director, Ivan Pomaleu acknowledged and thanked the team from the Department of Commerce and Industry, BSP, IPA and SME Corporation for answering Grow PNG's call and coming to the information session.

He also thanked the farmers, the SMEs and the stakeholders who are important to the conversations.

"These are the people who play in the interphase between the land, the markets, and consumers. This information session is important to them and to those who sit behind them because they need to understand what the government thinking is about and how they can access the stimulus programs," Mr Pomaleu said.

He said it is clear from the public information we have available that the intention of our government is to offer a credit facility to enable access by PNG citizens involved in MSMES and cooperatives for active participation in the agriculture sector. He highlighted two important points made by Minister Duma

when he made the announcement about the Government's approval for the Financing Partnership Agreement between BSP and National Development Bank. These are:

1. Agriculture provides the backbone for this country and the Government wants to provide that direct stimulus to that sector.
2. He wanted the financial stimulus to be accessible for our people. These are noble aspirational goals which have been resourced.

Mr Pomaleu said the representatives are here at the session because we recognized the importance of agriculture in our livelihoods and lives.

What we want to deal with is the fund accessibility question. How can we access the credit facility? What are the requirements to qualify? How can we adjust our current operations to meet those basic requirements? What are the term sheets? What are the gender considerations in this? What are the regulatory impositions? Those questions have answers and hopefully we can get some answers today.

He said at Grow PNG we want to make sure our stakeholders talk and provide information to one another. In a recent SME Working Group discussion, we have come to be aware of growing concern that financial access is a big problem. Questions of collateral, regulatory compliance, financial literacy and standards need answers.

He said hosting the information session is a good test case for the SME Working Group. There is likely to be more as our small businesses need that support.

He thanked the Chief Executive Officer John Byrne of the LCCI for his willingness to collaborate in this session. Apart from his role with the Chamber, Mr Byrne is passionate about empowering SMEs. He is doing a lot of work himself with SMEs and I am sure his contribution to the discussions later will provide invaluable insights into critical issues affecting SMEs generally in Lae and Morobe Province in particular, Mr Pomaleu said.

## PRESENTATIONS

### Department of Commerce and Industry

Norman Songo, SME Coordinator explained that the Agricultural SME Stimulus funding of K200 million is to help grow the SMEs in the agricultural sector.

The partnership arrangement between the Government and the two banks are based on the tripartite partnership agreement that was signed between the Minister for Commerce and Industry and the CEOs of the banks. Among other things the term of the agreement pegged the interest rates at 4.5% for NDB, and 5% for BSP. Mr Songo clarified that K100 million is going to the BSP, and K80 million will be going to the NDB. An administrative, compliance and monitoring allocation of K20 million will be used for administrative oversight and coordination between the different agencies within the Ministry of Commerce and Industry for the purposes of supporting the SME Sector.

He said there are provisions for start-up programs in the

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# SME funding explained

allocation to the NDB. Borrowers can get as low as K1,000 to a maximum of K500,000 to help build their businesses. There is an allocation also for women specifically and for SMEs in Bougainville in the NDB package. There are several important other activities which needed to be addressed including the definition of MSME, which is the subject of ongoing discussions and review currently conducted by the SME Corporation.

## BSP

Head of SME Retail Stenard Wai clarified that the government allocation of K100 million is treated as the secondary layer collateral by the BSP. The money has been deposited into a trust account and is there as credit guarantee if loans default.

He also talked about the bank's ongoing products and its attempt to address emerging demands of SMEs to obtain loans. Loan requirements are there to attempt to give the borrowers a better chance of survival and growth. These include registration and compliance and financial records. Those who are unbanked represent a risky market.

Equity is also important as it confirms that the borrower is confident enough about his business to have skin in the game by picking up part of the risk. He encouraged the stakeholders to develop a business idea. It can germinate and grow into a large business. He also cautioned that in all business dealings, always diversify as having all eggs in one basket is risky.

## SME Corporation

Director SME Growth and Development, Nathan Timo acknowledged the importance of the information session and provided brief explanations on what the NDB process might look like. What was important was support on financial literacy and capacity building. He said the SME Corporation is currently undertaking public consultations on the SME Policy and Implementation Review nationwide. The consultations will provide the guidance for the policy and its implementation roll out to occur throughout the country. Part of the work involves alignment of understanding in terms of definition, given that in agriculture SME in terms of crops mean different things to different people.

## IPA

Clarence Hoot, Managing Director highlighted some of the important issues that the IPA can help in terms of facilitating SME development and access to the financing that is now available. He advised that the IPA has an office in Lae which can help SMEs register and formalise their operating entities. He also advised that they are now working on the revision of the Cottage Business List (CBL) which will determine what levels of businesses foreign companies and individuals can participate in and that the submission is currently with the Minister for Commerce and Industry and will shortly be tabled in Cabinet for the changes in the CBL to be given effect to legislatively. Mr Hoot also spoke about the specific issues of personal properties act (PPSA), a legislation currently administered under the IPA. He acknowledged that the PPSA is a mechanism that recognizes that personal properties are important collateral for the purposes of bank financing. It can also recognize invoices payable, and maybe suited for movable assets including agricultural crops. He

alluded to the challenge of disseminating important information on this because of funding constraints.

## QUESTIONS & ANSWERS

1. What is the government's plan to coordinate the roll out of the SME credit program? What are the timelines in terms of the agreements with the two banks?

DCI confirmed that K20 million has been tagged as funds held with DCI for the purpose of executing, monitoring, and coordinating the SME program. These funds are held to support all agencies within the Ministry of Commerce and Industry to address the SME requirements under the program. Each agency under the Ministry of Commerce and Industry will be funded to carry out their mandated duties to support the roll out of the SME program.

2. Among the audience are not only the existing SMEs and Business Farming Groups, but there are also potential SMEs that would want to know about funding for Business Startups. Are the start-ups covered in this funding and what are the requirements?

DCI further confirmed that the startup package has been designed and will be implemented under the National Development Bank. All new initiatives are to go to the NDB. Any SMEs with startup ideas should visit the NDB and discuss with them.

3. What level of creativity can we bring about into the question of collateral? This is because agricultural farmers farm on their own traditional land with no title. They may not show assets, but they have crops like cocoa and vegetable which represents cashflow.

For BSP bank, funds will be parked in the trust account. BSP will lend its own fund and in any case if the bank is unable to recoup the lending repayment by SME customers then, the initial funding from the trust account will be used to offset the downfalls. BSP has a startup program but the modalities are quite specific, and the collateral requirements are strict. BSP also acknowledged that the unbanked are a risky market for them. This is the reason why BSP found some traction with palm oil but not with other cash crops. There needs to be a specific point of sale that serves as an important collection point for the product.

4. Question by Rueben Yapi, Chairman Morobe Primary Produce Cooperative Society and Grow PNG's SME Working Group Chair. Question directed to the Department of Commerce and Industry regarding Cooperative Societies.

What is the Government's plans for Cooperative Societies in terms of the funding? The funding is relevant to high level SME's and well-established business models whilst how will the SME funding program benefit the Cooperatives Societies that carries large number of rural farming groups, rural cash crop farmers? How does the Agriculture funding relate to such situation?

The Department of Commerce and Industry is presently fully engaged in the SME program through the NDB. The funding support for administrative purposes under the Department will

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be used to also support the Cooperative Society to undertake its programs to support the SME program.

Question by Humphrey Sasea, Agribusiness Manager at Hore Agricultural Supplies, Markham which was directed to BSP.

Humphrey emphasized that the business has been having difficulties in securing loan from the bank because of the kind crop farming activity that does not meet the bank's minimum requirements. Hore specializes in maize farming and supply to a large stockfeed factory market.

**5. What is the minimum requirement for the bank to support operations such as his business?** The bank is aware of these challenges. For the time being the lending criteria is for fixed assets as collateral.

Four Questions were raised by Clifton Guwabu, NARI Officer.

Question directed to SME Corporation on the SME definition.

He said agriculture is still an unknown territory as there are so many different sub sectors under the agriculture sector such as commodity cash crops, livestock, grain, fresh produce and more. All these sub-sectors have completely different business models and activities that would determine different SME models with different income strengths. Clifton added, SME Corporation should look at defining a clear and precise definition for SME to match the different sub sectors in Agriculture. This would leverage the chances of farmers and participants in these subsectors to benefit from different support programs such as the K200 million Agriculture SME funding

**6. How does SMEC differentiate SME?**

SME Corporation is currently consulting with stakeholders on the definition of SMEs. It is especially important that those are defined clearly and that programs of support are determined appropriately.

Question directed to the banks on Technical Assessment of Agricultural funding to stimulate growth and sustainability in Agriculture SMEs. The technical assessment competency would require physical audits such as engaging of technical experts to assess business ideas on farming technics, food security systems and quality aspects to market access and sustainability. This would give the banks confidence to lend agricultural loan packages. The assessment will also give the opportunity to agricultural SME's and farming business groups for easy access to finance.

**7. Can the banks include assessment on technical competency for agricultural business activity loan application as a requirement?** BSP advised that if information is supplied correctly, it is quite easy to work out the technical assessment, and whether the applicant can comply. Supplementary answer from SME Corporation point to the fact that the NDB carries agricultural expertise within their branches to assist with evaluating and appraising the loan requirements. The expertise is normally retained in the bank to provide these businesses with the technical verification of the proposal.

**8. Can the bank give loans in different stages of the business plan?** As explained under the sub-sectors in agriculture, different sub-sectors have different synergies and hence loan lending should be given according to the different stages. This would also give confidence to the bank whether to continue

**lending or cease lending, depending on the outcome of the different stages.:**

BSP confirmed that this is currently the case. Banks advance loan amounts on a tranche basis and depending on fulfilment of milestones.

A question on small scale downstream processing was raised by Apa Agerenga, Owner of Tropical Downstream Processer, Markham Fruit Wine. As a small downstream processor, a lot of compliance in manufacturing has affected its downstream processing business. Government's Compliance agencies such as PNG Customs have stringent compliance policies and cost fees that is affecting business operational cost.

**9. Is there any way the Department of Commerce and Industry could look at ways in supporting small scale local downstream processers such as his business to support local SMEs?**

The question was noted as an important concern that needs to be looked into.

Question raised by Julian Byrne of Tok Stret Consulting and directed to the Dept of Commerce. A lot of attention for women empowerment is centered in Port Moresby and not much is being done for women in other centers, particularly Lae and Morobe women.

**10. Is the department looking at allocating some portion of the funding to support women in business and economic empowerment?**

There is a plan to allocate K8 million for Women Economic Empowerment work.

Farmers were also concerned that the funding may never reach the rural agricultural farming groups and cooperative societies. They said most farmers will not benefit easily from the fund. They indicated that only well-established SMEs in other sectors will benefit. The main reason is because the requirement is too stringent for the rural farming business groups. They suggested to the Department of Commerce and Industry to look at ways to customize the requirement so rural farmers can benefit.

Mr Pomaleu said the concern is an important matter to be heard so that collective actions can be taken to try and close the gap between the baseline loan requirements and the actual ability of SMEs to meet those minimum requirements.

"Without addressing those requirements, the funds will not be accessed by the farmers to the point where the business will not survive," he said.





## Advisory Council holds first meeting

Grow PNG's Advisory Council membership is represented by stakeholders in the supply and value chain.

This is important because the council would provide the required oversight within the advisory council platform to ensure that important issues are captured, discussed and addressed.

The council was established in September and held its first meeting on October 1.

The full council membership includes the Minister for Agriculture and Livestock – Gov't co-chair; NKW – Industry co-chair; Grow Asia; Grow PNG; DFAT Australia; Trukai Industries; ADRA PNG – civil society/non government organisation/churches; Women in Agriculture; Provincial Administrator Morobe; Regional Director DAL; Mainland Holdings; and Sime Darby.

The purpose of the council is to provide policy and advisory

oversight to the work of Grow PNG.

Its role are to:

- Determine how Grow PNG responds to current policies.
- Translate Grow PNG vision into current market context.
- Provide overall guidance on market relevant issues.
- Help facilitate stakeholder involvement and participation.
- Receive and help set priorities for all working groups.
- Custodian of all implementation actions from the Working Groups, through Grow PNG.

The council leadership model works around strong leadership from both the government and industry.

## CPs participate in annual training

The six country partnerships of Grow Asia participated in a four-day annual Secretariate Training on November 24-27.

Four employees of Grow PNG, a new country partnership (CP) to the Grow Asia family established in 2019 joined colleagues from the other five CPs - Cambodia Partnership for Sustainable Agriculture, Partnership for Indonesia's Sustainable Agriculture, Myanmar Agriculture Network, Philippines Partnership for Sustainable Agriculture and Partnership for Sustainable Agriculture Vietnam.

Previously, employees gather in Singapore for the training but this year because of Covid-19, a customized virtual program was organised to ensure continuity. The training was conducted using zoom, an internet based conferencing or communication tool.

The session on the 24th targeted new employees and was optional for those who already attended a previous Secretariat Training. Sessions were focused on Gender, individual presentations and CP Sharing.

Unlike previous trainings where one presenter from each CP talked about his or her CP, each individual from each of the CPs did a five minutes presentation.

Prior to the individual presentations, a presentation skills session was held on the 26th. The aim was to provide the opportunity

for individuals to gain experience in presenting their CPs.

The CP Sharing session on the 27th had individuals share their experiences, challenges and learnings with one another. This session was the outcome of an early consultation by Partnership for Sustainable Agriculture Vietnam (PSAV) for the potential for cross-country collaborations. PSAV moderated the session and a summary was shared with the Grow Asia team at the end of the meeting.

The Grow Asia team provided feedback on questions and suggestions from the CPs, one of which was how can CPs collaborate more? A suggestion was to look at the common commodities (corn, fruits & vegetables, etc.) or cross-cutting issues (e.g. agri-finance, gender or digital) across the CPs and organise exchanges based on these.

Grow Asia has endorsed the suggestion for the CPs to jointly organize a regional event. This would be a concrete regional activity that the CPs can drive together that is similar to or in conjunction with the Grow Asia Forum 2021.



# Land Access Models in Markham

Land Access for agriculture in the Markham District of Morobe Province is largely centered around family and clan landownership.

Family units work on their own land as smallholder farmers and earn income directly from their produce or join a group such as a cooperative which are basically made up of families and clans.

Cooperatives in Markham are mostly for crops such as rice, cocoa and oil palm for the large commercial markets. The potential for vegetables and fruits cultivation for the commercial market remains untapped and this could also happen through cooperatives and smallholders. Training and skills development for the farmers will have to be provided to ensure the farmers meet market requirements.

Most of the family units like others throughout PNG work in agriculture to make money to meet needs such as school fees and necessary basic manufactured food such as rice for those who are not rice farmers, salt, sugar and soap. Many farmers grow and sell just to meet their needs and are missing out on turning their random production into a small to medium agriculture business.

In May 2020, a stakeholder consultation by Grow PNG for the development of a Land Access Guide also captured information about current land access models used in the Markham. These models can be strengthened and streamlined so that customary landowners could effectively participate in the growth of the agribusiness sector in the Markham.

The models being used are State Leases which are used by large agribusinesses, cooperative society, ILG, contracted out-grower, lead farmer and clan land use agreement.

## STATE LEASE

A number of state land leases are being used by large agribusiness such as Markham Plantations, New Britain Palm Oil, Ramu Agri Industries, SP Brewery, Trukai Farms. These state land are part of the alienated land under special agriculture and pastoral leases.

## CO-OPERATIVE

The Co-operative Society is used as the basis of mobilizing individuals or family units working on their own customary land. The customary land is not alienated from them by the state or an investor. The co-operative is being used for the following:

### Cocoa Smallholders

The smallholder cocoa growers sell their wet beans to the co-operative society that owns a fermentry. This arrangement is slowly coming to an end as smallholder cocoa farmers acquire their own fermentries.

### Rice Farming

Chingwam villagers from Ragiampun village have been working with Trukai Industries through the Chingwam Rice Co-operative Society to free up their land for rice cultivation. With the larger part of the operational expenses met by Trukai, the project reached commercial level. However, because of leadership issues and land dispute with a neighbouring clan, the project

has come to a hold.

### Incorporated Land Groups (ILG)

ILGs are under use by the provincial government and large business.

## INCOPORATED LAND GROUP

### Morobe Provincial Government Oil Palm Project

This project mobilized the customary landowners through the Incorporated Land Groups to plant oil palm on their customary land. Twenty-one (21) ILGs were incorporated in the former Act of 1974, and have not been brought over to the amended act (2009).

Oil palm kenneel collection by NBPOL and Ramu Agri Industries have been stalled because of issues in relation to compliance with planting standards. ILGs that have used their customary land for planting oil palm are frustrated with the prolonged delay.

### PNG Biomass Project

The PNG Biomass project conducted social mapping and landowner identification studies in the project area which identified customary landowners to sign Clan Land Use Agreement (CLUA). The landowners were then mobilized into ILGs. From the studies six (6) Land Access principles were developed. These are:

- Respect for individual and collective rights of landowners and communities
- Protection of customary land rights of the traditional owners of the land
- Use of the latest national legislation to get secure legal tenure over land
- Use of degraded, underutilized or weed invaded land
- Landowners or communities remain on their own customary land
- Protection and promotion of female landownership and usage rights.

The project used the CLUA model for the trial plantations. Following the use of the CLUA for the trials, land leases were to made with ILGs. The ILGs would sign voluntary land lease agreement for 30 years. Any extension of the lease would require new agreements between the project and the customary landowners through their ILGs.

## CUSTOMARY LAND LEASE

Hore Agricultural Supplies has been leasing customary land from Mesiang ILG in the Wampar area in Huon District along the Markham Valley road corridor. The total area leased from the ILG is about 1200 hectares but only 300 hectares is used. For the cropped 300 hectares, a lease rental is paid to the landowners which amounts to K300 per hectare of cropped land per annum. Maize is being grown on the land and sold to Farmset for stockfeed manufacturing. The ILG members are given group contracts to work on the land and are paid for labour. The customary landowners are seeing the benefits of these arrangements and have shown interest in growing maize to sell through Hore to Farmset.



“Land owners should understand the term of owning the land. If they own the land then what is there to show for it? If there is no development on the land then there is opportunity for the land owners.” - Reuben Yapi, chairman of Morobe Primary Producers Association

## LAWG discusses land access guide

The second meeting of the Land Access Working Group (LAWG) held on November 19 covered important work programs Grow PNG is undertaking that were a result of the first meeting.

These major work programs are:

- Land Access Guide
- Land Lease Audit
- Alternative Dispute Resolution Mechanism

The members were given a progress report on each task and their comments and suggestions were noted by the Grow PNG team.

Copies of the Land Access Guide were given to members to review and provide feedback.

Members also discussed issues around incorporated land groups (ILGs) and the registration process; genealogy study on clans and villagers that would show the actual family tree of a clan and identify who is the real owner of the land and potential agriculture business models for land owners.

Chairman of Morobe Primary Producers Association and also co-chair of Grow PNG’s SME Working Group Reuben

Yapi emphasized on the importance of understanding land ownership.

“What do people mean when they say they own the land, or in what sense do they own the land?”

“Land owners should understand the term of owning the land. If they own the land then what is there to show for it? If there is no development on the land then there is opportunity for the land owners. This should be made clear to the land owners,” Mr Yapi said.

Members of the LAWG are from;

- Women In Agriculture,
- DAL Erap,
- Fresh Produce Development Agency
- Australian Consulate General-Lae
- Yalu Plantation
- Morobe Primary Producers Association
- National Identification Office in Lae
- Anis Foundation
- Chingwam Rice Cooperative Society
- Hore Agricultural Supplies
- Trukai Industries Ltd



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In Partnership Let Us Help Our People  
Be a Member of Grow PNG today**





# FARMING



Humphrey Sease at the maize farm.

## Maize farming for stockfeed

Maize (corn, sweet corn) is widely grown throughout PNG. People mainly grow maize for own consumption and also for sale at markets.

Medium to large scale maize farming for commercial use in stockfeed production is still a relatively new industry.

Maize is grown at Umi in the Markham Valley and Nadzab area in Huon District in Morobe, Gusap in the Ramu Valley in Madang and in Central Province.

Hore Agricultural Supplies is one of a very few agriculture SME currently farming maize for stockfeed in partnership with Farmset Limited in Lae. Its maize farm is located in the Nadzab area in Wampar LLG, Huon District in Morobe Province. The farm is managed by Humphrey and Sandra Sease.

There is potential for this industry to grow as highlighted by Grow PNG's Executive Director, Ivan Pomalue after a visit to the farm.

- The grain market can increase because at present foreign exchange challenges in the country is making it difficult to import important grain inputs in some of our manufacturing.
- Feed demand for livestock and aquaculture present opportunities for the future, so a long term view is vital to build the grain sub-sector.
- We see opportunities for an outgrower program but the key is to build a hub such as Hore Agricultural Services to scope out and build a critical number of outgrowers for quality, and for consolidation of volumes.
- There is a need to redesign and build consensus around lending conditions currently employed by financial institutions to recognise the nature and peculiarities of farming in the context of traditional land/relationship building and sustainability, such as the model that Hore Agricultural Supplies is deploying which could open up a whole lot of opportunities that are currently locked up because of those difficulties.

The family run agri SME works closely with the landowners in an arrangement that has resulted in benefits for the landowners

and their families. Through the project the landowners purchased a vehicle and to create another source of income for the landowners, Hore is hiring the vehicle for transportation of the milled and packed bags of maize to the Farmset feed mill in Lae. The project also assist students to earn money for school needs.

The SME has developed cost cutting solutions in its farming methods that are focused on high yields.

In Central Province, Ilimo Dairy, operated by Innovative Agro Industry (IAI) PNG Ltd is working with maize farmers in Aroa and Kairuku.

### Papua New Guinea Maize Imports

Source: knoema.com

Papua New Guinea imports a large volume of maize every year. In 2018, maize imports was 1,031 thousand US dollars. Though maize imports fluctuated substantially in recent years, it tended to increase through 1969 - 2018 period ending at 1,031 thousand US dollars in 2018.

Date	Value
2018	1,031
2017	750
2016	650
2015	897
2014	772
2013	990
2012	735
2011	571
2010	426



### What is maize imports?

Zea mays corn, Indian corn, mealies. A grain with a high germ content. At the national level, hybrid and ordinary maize should be reported separately owing to widely different yields and uses. Used largely for animal feed and commercial starch production.



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# Maize farming for stockfeed



*Grow PNG's Working Group Coordinator, Ruthy Kusak, left, speaking with Sandra Sease at the farm.*

## Fall armyworm in Papua New Guinea: how big is the risk?

Source: devpolicy.org.

By Michael Bourke and Sim Sar

Fall armyworm (FAW) is a major pest of maize (corn), sugarcane and rice. This insect pest was reported in Western Province in early 2020.

Maize is widely grown up to 2500m altitude in PNG as a subsistence food crop and for sale in fresh food markets. It is particularly important in some locations with a seasonal dry climate, such as parts of Eastern Highlands. Maize is grown for stockfeed at Umi in the Markham Valley and at Gusap in the Ramu Valley. Maize can be an important food following a disaster in PNG because of the relatively short period to crop maturity and high food value.

Widespread distribution of maize seed has been recommended if food shortages develop during the Covid-19 epidemic in PNG. Their value as an emergency food crop may be reduced if FAW attaches to maize.

Sugarcane is one of the most widely grown food crops in PNG, with 99% of the rural population growing the crop and consuming the juice. Estimates of consumption range from 35 to 60 kg of cane per person per year. It is also grown commercially at Gusap in the Ramu Valley to produce refined sugar for the domestic PNG market. Thus fall armyworm has the potential to cause significant damage to a number of important food and commercial crops in PNG.

Fall armyworm (Spodoptera frugiperda or FAW) is a moth pest native to tropical and subtropical regions of the Americas. The term "armyworm" can refer to several species including Spodoptera litura, the species present in PNG. The term describes the large scale invasion of crops. The destructive larval stage feeds and damages their hosts. As noted, it is primarily a pest of maize, rice and sugarcane. However, it has a wide host range and is capable of feeding on more than 350 plant species, including beans, sweet potato, banana, orange, pawpaw, tobacco, strawberry, mango, capsicum, watermelon, guava, tomato, ginger, cabbage, cauliflower, chilli, coffee, mandarin, cucumber and peanuts. FAW has spread to much of Africa, South Asia, Southeast Asia and now to PNG and northern Australia. In Africa it has spread rapidly. It was first detected in 2016 and is now present in 28 countries, with tens of millions of hectares of maize infested. There are two main types: one which prefers to eat maize and sorghum crops, while the other prefers to attack rice. Staff from PNG's National Agricultural Quarantine and Inspection Authority collected the pest from young corn plants at Mari Village and Daru township in February 2020 and it was confirmed as Spodoptera frugiperda. In the Strickland Bosavi area of Western Province, Dr Russ Stephenson has introduced several food crops, including maize and beans, as part of a Rotary child nutrition project. He recently received reports that plots of

introduced maize and beans have been damaged by the pest (pers. comm., April 2019). The pest is likely to spread rapidly in PNG. In Australia, it was first detected in the Torres Strait islands in late 2019, but has moved rapidly to locations in central and southern Queensland, and by April 2020 to a number of locations in the Northern Territory and northwest Western Australia. Potential impact in PNG It is likely that FAW will cause significant damage to maize crops in PNG, particularly commercial crops. Other crops at risk from FAW damage include rice and sugarcane. Modelling of climate suitability of FAW show that PNG is extremely suitable for the pest to thrive. Natural enemies may eventually control fall armyworm to some degree, as has occurred in other Spodoptera species. However, there is likely to be a time lag, perhaps of some years, before the natural enemies of FAW arrive and reduce their number. This has been the experience with some other pest problems in PNG, such as the banana leaf roller.

It is interesting that one study of the impact of FAW on smallholder maize fields in eastern Zimbabwe concluded that: ... our best estimate of the impact of FAW damage on yield (11.57%) is much lower than what these studies reported. Although our study presents limitations, losses due to FAW damage in Africa could have been overestimated. The threat that FAW represents for African smallholders, although very real, should not divert attention away from other pressing challenges they face. Control measures Experience from Africa showed use of synthetic chemicals to control the pest is rarely economical since FAW has developed resistance to conventional insecticides. The pest has some predators and natural enemies, including a number of wasps. Predators of FAW include ground beetles, earwig, birds, lizards and rodents.

The smallholder mixed cropping system in PNG may minimise the impact of FAW. A number of cultural control measures have been suggested in this Pacific Pests and Pathogens Fact Sheet. These include using high quality corn seed and to interplant corn with cassava, peanuts or cowpeas. Conclusions Fall armyworm has the potential to cause significant damage to a number of important food and commercial crops in PNG, particularly maize (corn), but also sugarcane, rice and other food crops. Based on experience in Africa and now Australia, it is likely that the pest will spread quickly throughout PNG and possibly to nearby Melanesian nations. The pest may initially cause a lot of damage as its natural enemies are absent in PNG. However, over a time period of some years, there may be a reduction in damage as the natural enemies of the pest arrive. There is much that is unknown about how much damage this pest will do to crops in PNG and how this will change over time. Its arrival in PNG at about the same time as COVID-19 and African swine fever is unfortunate.

*Michael Bourke is an Honorary Associate Professor in the College of Asia and the Pacific at the Australian National University. Dr Sim Sar is an entomologist at the National Agricultural Research Institute.*

# NARI develops clean kalapua seeds

The National Agricultural Research Institute (NARI) in Morobe is developing clean Kalapua seeds for Markham farmers. This work began in 2018 and is continuing.

Marafri (Kalapua in the local language) is a popular and staple banana of the Markham people grown for generations. The Kalapua can withstand long dry periods which are usually experienced in area.

In 2018, villagers and banana farmers in some parts of Markham reported Kalapua wilt (banana wilt associated phytoplasma). The loss of the Marafri in some villages meant loss of livelihood and food security for the people.

A team from the NARI Momase Regional Centre at Bubia in Morobe collected and analysed samples from affected bananas taken from parts of Markham and results indicated banana wilt associated phytoplasma was responsible.

Other samples were also collected and tested to ensure they were free from the banana disease. These disease free samples were then transferred into tissue culture, a technique that allowed for faster multiplication of clean bananas. When the tissue-cultured banana plantlets reached sufficient height, they are placed in a nursery to harden before they went through a second test to ensure they are free from the disease and other pests.

NARI's lead scientist in this project Gou Raukau said the clean kalapua work is still ongoing.

Ms Raukau said clean seeds are planted at infection sites (Orori and Antiragen) as small study trials as part of NARI's research into re-infection.

"The plan was for the Markham district office to purchase clean seeds from NARI and establish its own nursery and distribute clean seeds to farmers. We hope this can be done in 2021," she said.

Farmers can also buy the seeds directly at NARI Bitoech Centre at K5 per seed. This charge is to meet the operational costs of the laboratory for purchase of chemicals and maintain the



tissue culture facility.

"Farmers are advised to purchase at NARI Biotech Centre if the district office is unable to meet the cost," Ms Raukau said.

The symptoms that indicate a banana is affected are leaves yellow slowly, collapse and die and when the stem is cut open, it shows black and brown discolorisation and wet rot.

One of the simple ways for farmers to control the disease from spreading is to remove diseased banana plants, cut up and bury as soon as bananas show symptoms.

While the spread of the disease in one area is small the concern is that the disease may increase and spread.

The phytoplasmas was first associated with banana wilt in 2008 and were found to be in plants growing among coconuts showing signs of Bogia coconut syndrome in Madang Province.



*NARI scientist Gou Raukau collecting samples of diseased kalapua at Orori village in Markham in 2018.*



Farmers displaying their fresh produce at FPDA's Market For Village Farmers Project roadshow in Lae in October.

# Farmer Education vital for Agriculture Growth

Rice farmers in the Markham Valley are faced with many challenges. The main ones are limited knowledge about the importance of rice planting, field management and marketing.

Markham woman farmer and President of Markham Youths in Agriculture Eileen Daniels said there is a need to educate the rice farmers about planting, management and marketing.

“Those who are organizing their farming activities have to deal with a whole range of activities from farming, packaging and supplying to the market. There is a need to address quality control and meeting specific market requirements in terms of maintaining consistency or moving them to become commercial farmers,” she said.

She said acquiring farm machineries and addressing irrigation as a requirement is also a huge challenge.

“Who can invest in these assets which are important but also expensive?”

“Leadership, governance and know how are also key, and how can we settle on a business entity that is suitable for these people.”

Takom farm owner Awa Mudungan said the model farm concept should be supported as it is the basis from which farmers could learn different farming skills.

“Training and upskilling are crucial in farming development. Farmers are able to observe and do what they see.

“There is a need for model farms to be available to teach farmers what to do. The model farms will become the avenue for other training and upskilling activities to be conducted as well. It can provide the important market links that are required,” Mr Awa said.

As part of farmers learning, Fresh Produce Development Agency (FPDA) Market For Village Farmers Project (MVF) held a roadshow and workshop for farmers for two days in Lae from October 26-27.

The event brought together farmers from throughout the Morobe Province as well as those from Markham. MVF is co-funded by International Fund for Agriculture Development (IFAD) and the Government of PNG (GoPNG). Morobe is one of six provinces covered under the program. The others are Simbi, Jiwaka, Eastern and Western Highlands for fresh produce and East New Britain for galip nut. The project's objective is improving the livelihoods of farming households in the participating provinces; an outcome Grow PNG is also working towards realising for the Markham farmers in Morobe.

The National Agricultural Research Institute continue to provide training for farmers. The institute has also produced and published a wide range of training manuals for different crops and agricultural topics such as soil management. These manuals can be found on the institute's website.

## AGRI PARTNERSHIPS

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