



# 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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## New Working Group established

Grow PNG has facilitated the establishment of a second working group which is the SME Working Group. The first was the Land Access Working Group.

The SME Working Group's mandate is to identify challenges affecting small to medium enterprise development for the purposes of developing agriculture in the Markham area.

The group is also responsible to encourage collaboration in collectively addressing those challenges and escalate issues that are required to be addressed at higher levels of business and government.

The broad role of the SME working group are:

- To seek to understand the prevailing small business development challenges in the agriculture sector which inhibits willing participation in agricultural activities including partnerships ventures.
- To help develop strategies on how to address those business challenges and to roll out programs reflecting those strategies
- To help build awareness on the different business models that are applicable in terms of crops or the market requirements.
- To develop reference materials which identifies opportunities, market access requirements and management practices which addresses the market requirements.
- To conduct seminars and workshops that addresses the key business development challenges in the agribusiness space.
- To help create awareness on business opportunities and disseminate support to the farmers and landowners.
- To coordinate the implementation of follow up work and to articulate how it can support other efforts taken by someone else to address the same issues.

The group comprises all relevant stakeholders such as traditional landowners, landowner associations, agribusinesses, non-government organisations and government agencies responsible for commercial development including small business development.

"Membership to the group comes with the responsibility to promote a free and open flow of information with members such as to share data and information and maximize learning and the adoption of best practices," Grow PNG executive director Ivan Pomaleu said.

Working groups are formed around challenges or issues such as market access, land access, and small to medium enterprises. A working group is made up of volunteers who have an interest in collaborating to develop the sector.

"The theory of change is that when those challenges or issues are addressed competently and conclusively, it moves the agriculture growth trajectory higher," Mr Pomaleu said.

Grow PNG's focus is the Markham District in Morobe Province. It's main mode of operation is the establishment of partnership platforms to build important conversations on key issues. Working groups provide the platform through which all stakeholders can have a say in identifying key challenges and developing action plans to address those challenges.

Prior to the establishment of the Land Access Working Group, Grow PNG had a Land Access Study done to help build an agenda for the working group.

The study highlighted 17 key issues which are land related or affect land access in the market. Out of the 17 issues, the study recommended 12 work programs that captured the gist of what matters are affecting land access. Issues such as development of alternative business models; development of understanding that farming is a business; improvement of farming and business management and associated issues of understanding supply chains, governance, finance, negotiations, entrepreneurialism, building business culture through youth engagement and the development of small profitable businesses.

Half of these issues were not land issues specifically, but revolved around farmer empowerment, confidence building, farmer inability to interact with potential partners or to undertake business activities in agriculture by themselves.

"These issues are important because they build confidence and therefore willingness in farmers and owners of large land holdings to investigate business opportunities on their own or in partnership with investors."



## SME Working Group holds first meeting

The SME Working Group held its first meeting on September 29. Members of the group comprises stakeholders from across the agriculture sector, relevant government agencies and banks.

The meeting brought together 32 representatives and among them were 7 women. Participants included:

- Representatives from large commercial agribusinesses - Agmark, Outspan, SP Brewery and NKW Fresh.
- A good number of representatives from the farmer groups and cooperatives such as Chingwam Rice Farmer Cooperative, Agi Agro Cocoa and Oil Palm Cooperative, Markham Cocoa Cooperative, Markham Women in Agriculture, Markham Youth in Agriculture.
- Representatives from BSP SME Lae and National Development Bank Lae.
- Public sector agencies and regulatory bodies such as Coffee Industry Cooperation, National Research Institute (NARI) and DAL Erap.
- Agri SME representatives from Nakama Business Group and Innovative Industry.

SME Hore Agricultural Services is also a member of the Working Group.

Discussions at the meeting covered the need for strengthening linkages between farmer groups and markets.

The large agribusinesses highlighted that there is existence of market knowledge by the farmers.

Farmers are aware of the available markets however; they need effective coordination of the supply chain requirements - this is what is missing in the process, said Basavaraj Mashetty from Outspan.

Perspectives from a SP Brewery representative are that large agribusinesses are well established in three main areas which are farming, supply base and farmer engagement. These businesses meet all the costs for logistics, capacity building and farmer incentives in order to bring produce or raw material to processing facilities or markets.

NBD and BSP SME provided information about bank requirements in terms of SME support.

BSP indicated that the type of crop determines acquisition of loans and credit scheme guarantee for the bank.

NDB emphasized that the availability of a market for any crop determines loan guarantee for the farmers such as the oil palm model currently in use that can be adapted for other crops as well.

Grow PNG's operating model is to establish stakeholder discussion forums through working groups.



*Representative of Agmark Coffee sharing a success story of working with a cooperative in Morobe.*

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.

# Household Income Baseline Survey



A household income baseline survey for Markham was done in September.

The survey was focused on income levels of people and farmers who are growing and selling garden food.

The aim of the survey was to gather data which will assist in building partnerships between farmers, government agencies, agribusinesses to develop the agriculture sector in the district.

Following the survey, information such as how much the farmers earn for different crops like banana, watermelon, peanuts; the distance they travel to a market; which markets they sell their produce and availability of space at the markets will be analysed by the survey team. The completed data will be provided to Grow PNG in October.

The project was funded by Grow PNG; supported by Deputy Governor of Morobe Willie Simbisi and conducted by Markham Students and Staff Association at the PNG University of Technology in Lae.

Grow PNG engaged the staff and student association to conduct the survey.

Deputy Governor Simbisi is also the local level government president of Onga-Waffa in Markham. He supported the survey through hiring of a vehicle.

Mr Simbisi said the survey was important for agricultural development in the district.

“As a local politician, it is vital to have access to information or data that could help in improving and providing services for the people.”

Four major rural markets in the district are the target for gathering of information. These are Waterais, Umi, Leron and Mutzing.

The six-member survey team comprises three staff and three

students.

Survey team leader and chief technical officer with the Agriculture Department at Unitech Timothy Bafiec said the association members appreciate the opportunity to conduct the survey.

“It gives the students and staff exposure on executing applied research in the rural farming communities in Markham.

“We also value this survey as an important point of information for our rural farmers in the district. It is also important to us that Grow PNG have valid and reliable data which can help the entire population in the district in the long run,” Mr Bafiec said.

Grow PNG executive director, Ivan Pomaleu said the involvement of the Markham students and staff association and the honourable local MP is an important partnership.

“Grow PNG is all about agriculture partnerships and we thank the Honourable Simbisi for supporting the survey team and Grow PNG,” Mr Pomaleu said.

The Markham Students and Staff Association was established in 2009. Its objective is to connect students and staff. This is to enable the staff to help the students and also the students to help each other in academic and other relevant activities.

The association has strategic plans to help the Markham rural population which includes awareness about cross-cutting issues that have positive and negative impacts in the rural communities.

The association at present has 11 students and 15 staff and the patron is Alex Nona.

It conducted educational awareness in primary, high, technical and secondary schools in Markham district in 2009.

Annually, the association conducts get-together meet for the students and staff, and graduate night for graduating Markham students.



## Forty-one attend digital workshop

Forty-one people attended the one-day Digital Awareness Workshop in Lae on September 24.

PNG University of Technology Teaching and Learning Unit conducted the workshop that focused on creating awareness about the importance of adjusting to changes to continue to stay engaged with customers and stakeholders.

The workshop's objective was to review the changing landscape, identify key challenges and build an appreciation with stakeholders about what adjustments are necessary in personal, society and business conduct.

The workshop discussed:

- Key changes in the operating environment
- Impact of covid- 9 in work-place settings generally and specifically in agriculture
- Technologies such as zoom, webex meeting that address these emerging challenges
- Implications of not adjusting to these changes
- Advantages and disadvantages of Digital Events
- Examples of digital networking practices in stakeholder consultations, market access and digital payment that benefited farmers.

A feedback form was provided to participants to assess the main components of the workshop such as content, delivery, and key lessons learnt. The responses indicated that most learnt something new and would like for more such workshops to be conducted targeting specific groups of people such as farmers.

Participants were farmers, agribusinesses, financial institutions, supply chain, representatives, ICT practitioners, online communicators, those who could benefit from future electronic changes in management practices and any individuals or organisations who were interested in determining what the future business practices under covid-19 would look like.

A representative from Grow Asia also provided insight into the organisations digital learning program by connecting to the meeting online using zoom.

Grow PNG Executive Director Ivan Pomaleu (OBE) said the operating environment is changing whether in communication or in the way business is done.

"Grow PNG's work is built around engaging with stakeholders

regularly. When the program was designed one year ago, that engagement was expected to be in person.

"In most cases, even though there may be some instances when meetings will become phone meetings, rather than face to face meetings, this mode of interaction with stakeholders is under challenge," Mr Pomaleu said.

Covid-19 has brought about new impositions on face to face meetings. Social distancing and sanitation behaviours require minimizing person to person contacts in a business environment. But work must continue, and interactions must be managed in such a way as to be compliant with the changes.

Mr Pomaleu said the stakeholders particularly farmers and landowners need to be aware of those changes, and what it means to them.

"We need to appreciate the gaps and seek to close it. An intervention need not be even about technology. It should be about workplace practices and the advantage of being part of the adjustments to these new practices early.

"We need to just step back and talk about work adjustments that we must take. Ultimately, we perceive that encouraging and understanding of how business practices will evolve under a new normal is the first step in embracing new ways of doing things. This should translate into more interest and commitment to adopting new ways of doing things using internet-based conferencing technologies such as zoom, webex and go to meeting."

With the help of new digital ways of working, it is still possible to hold a meeting or workshop. Many workshops and meetings can be redesigned. It all starts with an entry point and a good way to begin is to focus on the potential and positive effects of connecting and collaborating in a digital environment.

Grow PNG's mandate is to build stakeholder partnerships in and around agriculture and to utilise agribusinesses development to address growth in agriculture and farmer livelihoods and welfare.

An important part of its work is to improve knowledge and information in agriculture, whether it is in technology, farming practices or business management through learning events such as the Digital Awareness Workshop.

## What is Agricultural Subsidy?

Agricultural subsidy or agricultural incentive is a form of financial support provided to farms, agribusinesses and agricultural organisations by governments.

Farms, agribusinesses and agricultural organisations use the funds to supplement their income, manage the supply of agricultural commodities and influence the cost and supply of agricultural commodities such as rice, peanuts, corn, sorghum, soyabeans, sugar, milk, beef, pork and lamb.

Agricultural subsidies were initially developed to stabilize markets, help low-income farmers, and aid rural development. The Common Agricultural Policy (CAP) in Europe came into effect in 1962 to improve agricultural productivity. According to the European Commission, the act aims to:

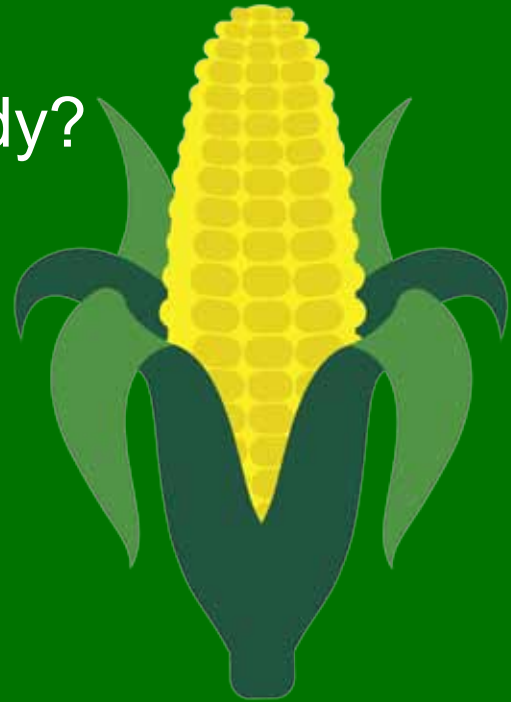
- Support farmers and improve agricultural productivity, so that consumers have a stable supply of affordable food.
- Ensure that European Union (EU) farmers can make a reasonable living.
- Help tackling climate change and the sustainable management of natural resources.
- Maintain rural areas and landscapes across the EU.
- Keep the rural economy alive by promoting jobs in farming, agri-foods industries and associated sectors.

Countries that subsidise the agriculture sector such as Canada, Malawi, India, South Korea, China, United States and Japan do this through different established systems to support the industry for economic reasons, food security and sustainability and helping farmers to maintain their farms, farming activities or businesses. New Zealand, however abolished farm subsidies in 1984 because of market distortions, over-production and degradation of marginal lands.

In Canada, the agricultural subsidies are implemented by the government's Agriculture and Agri-Food Canada. The government grants and subsidies for Canadian agribusinesses include programs such as AgriInvest, AgriStability, Canadian Agricultural Loans Act and Farm Credit Canada.

AgriInvest is a federal program that helps farmers protect their businesses from a decline in profits. Each year a farmer receives up to \$15,000 from the federal, provincial and territorial governments to match any savings they have set aside. The AgriInvest account grows as farmers make annual deposits based on a percentage of their allowable net sales. Each farmer can deposit up to 100% of their allowable net sales annually, with the first 1% matched by the government.

AgriStability protects farmers from big margin declines in their income which may be a result of rising costs, a faltering market, or production losses. Through AgriStability, farmers are protected when their net farming income falls below 70% of their recent average. The costs of AgriStability are shared by the federal (60%) and provincial (40%) governments. The maximum



payment a farmer can receive under the AgriStability program is \$3.0 million.

Canadian Agricultural Loans Act (CALA), allows agricultural producers to qualify for a repayable loan guarantee of up to \$500,000 to help them access credit for their business. Farmers can use the loans to establish, improve, or develop farms. Agricultural co-operatives can also access loans to process, distribute, or market the products of farming. Under the CALA, the federal government guarantees to the lender repayment of 95% of a net loss of an eligible loan. The maximum aggregate loan limit for any single farm operation is \$500,000. The maximum aggregate loan limit for agricultural co-operatives is \$3.0 million. Back Taxes(added).

Farm Credit Canada allows farm operations such as food processing business, farm equipment plant, or agri-biotech companies to access financing to purchase or improve land, buildings, or equipment; buy quotas or livestock; expand business domestically or export products; make environmental improvements; and fund diversification projects.

Malawi Implemented a coupon system in 2006-2007 through the Malawi Government Agricultural Inputs Subsidy Programme which promoted access to and use of fertilizers in both maize and tobacco production to increase agricultural productivity and food security. The coupon subsidy could be redeemed by the recipients for fertilizer types at approximately one-third of the normal cash price. According to policy conclusions of the Overseas Development Institute the voucher for coupon system can be an effective way of rationing and targeting subsidy access to maximize production and economic and social gains. Many practical and political challenges remain in the program design and implementation required to increase efficiency, control costs, and limit patronage and fraud.

The United States government at present pays farmers and

## Partnership helping farmers

... The public-private partnership between the Government and Bismark Shipping is assisting farmers in the Highlands and Morobe. Two of these farmers are Maila Djampu and Nancy Mathew Baing from Ragiampun village in Markham, Morobe. Djampu (seated, second left) brought 50 bags of peanuts from Markham to sell in Port Moresby. Baing shipped 65 bags of kaukau (sweet potato) and three bags of taro. The kaukau (inset) was harvested from her two-hectare farm in Ragiampun, Markham. – Picture courtesy of ERICA BAING



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AGRI PARTNERSHIPS is a monthly newsletter produced and published by Grow PNG.

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# What is Agricultural Subsidy?

owners of farmland \$25 billion in cash annually. The Congress legislates the number of farm subsidies through five-year farm bills. The Agricultural Act of 2014 (the Act), also known as the 2014 Farm Bill, was signed by former President Obama on February 7, 2014.

In 2012, China provided \$165 billion in agricultural subsidies. In 2018, China increased subsidies for soybean farmers in the northeastern provinces. Corn farmers, however, received reduced subsidies due to Beijing's 2017 policy that set out to reduce its huge stockpile. Soybean farmers in Liaoning, Jilin, Heilongjiang, and Inner Mongolia provinces will receive more subsidies from Beijing than corn farmers. The cutting of corn acreage and the lifting of soybean acreage came in 2016 as a push from China to re-balance grain stocks. Subsidies for agriculture machinery and equipment will also be provided by Beijing to farmers.

The Indonesia government in 1971, as a method of expanding the rice supply in Indonesia, the government began subsidizing fertilizer to farmers after the discovery and introduction of new, high-yielding rice varieties. In 2012, Indonesia provided \$28 billion in agricultural subsidies.

Over the 2000s, Japan has been reforming its agricultural subsidy regime to support more business-oriented farmers.

In 2012, South Korea provided approximately \$20 billion in agricultural subsidies. Agricultural subsidy in India consists of subsidies like, fertilizer, irrigation, equipment, credit subsidy, seed subsidy, export subsidy. Subsidy on fertilizers is provided by the Central government whereas subsidy on water and irrigation is provided by the local State governments.

Agricultural subsidies in Papua New Guinea (PNG) are non-existent until recently (2020) when covid-19 affected food supply. A freight subsidy was introduced by the government through an arrangement with a shipping company to transport food from the Highlands, Morobe and Madang to Port Moresby, the capital city for food security. This saw drop in prices of food such as potatoes in some of the major shops because of the high supply. The K3million freight subsidy is to provide relief and revitalise fresh produce and vegetable trade in the Highlands, Madang and Morobe.

The Morobe Provincial Government in PNG has been supporting the Tree Kangaroo Conservation Program in the YUS local level government, Kabwum district by subsidising the cost of transporting coffee to Goroka in Eastern Highland Province.

The impact of subsidies varies from country to country along with different arguments.

Full information/articles with references at:

<https://www.agr.gc.ca/eng/agriculture-and-agri-food-canada>  
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