



Coffee Industry Corporation NEWSLETTER

A Quarterly Publication of the Coffee Industry Corporation Ltd

March 2016

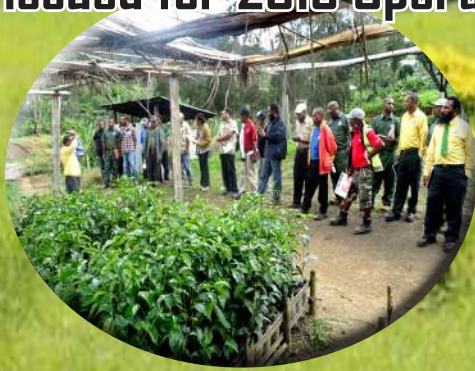
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MISSION STATEMENT

To increase financial returns, productivity, production and market access for female and male coffee farmers and others along the value chain, with motivated, competent and continuously learning actors.

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Cover photo: *The newly constructed admin block at Omuru Research Station*

Insets: *Zuguru cattle ranch, Extension officers for PPAP Lead partners during a training in Aiyura and damaged cherry coffee caused by weevils in Bitapena, Sandaun Province.*

Welcome to the first issue of the Coffee Industry Newsletter 2016!

With pressures from the national Highway being in a bad state over the last couple of months, causing delays on coffee movement to Lae for exports, the industry is also faced with many other issues which cannot be addressed solely by the CIC. It needs support from the government and stakeholders to wholly address these issues.

In this issue, we provide updates on renovation of two sub stations- Omuru & Western Highlands, PPAP to increase its coverage under Calls 3 & 4 , follow up on CBB surveillance in the country and other positive stories that will give you some insight into what the CIC is currently doing to support and promote the industry.

CIC believes that partnership is the way forward to revive coffee cultivation in the districts and rehabilitate rundown coffee plantations, and has partnered with various stakeholders who have come forward to support the idea.

We will take you through what has been happening in these partnership programs, and how CIC has trialed out a tripartite arrangement to rehabilitate a run down plantation in our next issue.

Till then, we hope you enjoy this edition!



Cora Moabi



From the Chief Executive Officer's Desk

We have finalized our 2015 first quarter issue of CIC Newsletter. It gives me pleasure to report on some of the work CIC has accomplished in 2015 and also highlight some of the ongoing and planned events for 2016.

Coffee production in the last couple years has been on a downward trend. The 2015 production totaled 44,030 tons, 7% lower than 2014 production level. While expectations in 2015 have been high given the smaller crops in the last three years (2012 – 2014), the prolonged El Nino induced drought and frost which occurred during crucial coffee period (Apr – Nov) causing stress on coffee trees resulting in dieback of a lot of coffee beans that affected coffee production.

The low production showed PNG exported volume slumped by almost 26% below average export of 1.1 million bags from 2013 to 2015. Last year, PNG exported 42,689 tonnes at a total value of K393.55 million. Exports in the last three years (2013 to 2015) declined by 24% in comparison with the exports from 2010 to 2012 period. The decline in exports attributed to low production witnessed in the period.

The weighted average export price for 2013 – 2015 averaged K8.45 per kilogram gbe (green bean equivalent), representing a decrease of 20% on 2010 – 2012 weighted average price. The combined decline in export volume and valued in the period resulted in a 39% decline in receipts to K1.18 billion compared to 2010 – 2012 period.

The continuous declining trend in coffee production could be attributed to many factors (natural, social, economics). However, it is so obvious that many of the coffee trees are over the age of productivity (above 25 years) and are senile trees. Aging coffee trees is one of the problems leading to decline in productivity. It is in the best interest of growers, exporters, processors, traders, buyers, associations, and marketing groups' e.t.c, to support nurseries program. One way or another we all benefit. We must start to invest if we all have interest in coffee and justify why we are the players in the industry.

CIC is working with organised grower groups to address these problems. CIC is establishing nurseries jointly with grower groups and districts to distribute seedlings to farmers. As much CIC under its ongoing partnership program is working with interested districts to deliver extension services directly to farmers.

CIC partnership program is also extended to plantation sector. Under a tripartite agreement CIC had brokered in 2014 for an Investor Financing Agreement (IFA). This partnership program was trialed out between Anego Coffee Plantation, Outspan (exporter) and CIC. The results look promising for the future prospects. The partnership arrangement has transformed the plantation into a new look.

I encourage more of such tripartite partnership arrangements to rehabilitate all the rundown plantations in all the coffee growing provinces, as after all, the end result would be a win-win situation.

CIC's third National Coffee Cupping Competition (NCCC) would be held again this year. The NCCC concept is to assist coffee growers and cooperatives maximize benefits under CIC's "tree to cup" policy, which CIC emphasizes on coffee growers producing quality coffee and sell direct to overseas markets.

I wish all coffee industry stakeholders and including CIC employees a happy 2015/16 coffee season and look forward for the continuous support going forward.

CHARLES DAMBUI

Acting Chief Executive Officer

Omuru undergoes major revamp

The Omuru Agricultural Research station is currently undergoing a major overhaul carried out by the Coffee Industry Corporation Ltd (CIC).

Omuru has been the home of Commercial Cocoa and Coconut Hybridization Program managed by the Cocoa Coconut Research Institute (CCI) until its recent transfer to the CIC.

CIC Acting Chief Executive Officer Charles Dambui explained that the transfer of Omuru to CIC is to develop the station to a Robusta coffee research facility.

"This transfer was initiated by the NEC (National Executive Council) in 2014 supported by the Agriculture Minister Hon. Tommy Tomscoll with the understanding from the DAL Secretary Dr Vele Pat Illa'ava to mass propagate Robusta Omuru 1 to distribute to farmers in the coastal region," said Mr Dambui.

The facility is situated about 25 kilometres from Madang town in the locality of South Ambenob LLG of Madang district. Omuru sub station was established in the 1960s and numerous agricultural researches have been done at the facility, which the Coffee Industry Corporation Ltd (CICL) has been a part of, carrying out research and propagation of a high-yielding Robusta coffee variety named "Omuru 1".

Repair and maintenance to date under phase 1 include a facelift to three staff houses, a new administration office and the installation of a 200 KVA generator to power the station.

CIC Property Officer Harry Onnise confirmed that phase two is currently underway with the construction of a new manager's house and an additional staff house to be built from an existing old building once it is demolished.

While the station is undergoing this much needed makeover, the CICL applauds the support of the local MP Hon. Nix-on Duban who has seen the plight of the locals by upgrading the 6 kilometre dirt road which leads up to the research station.

Road condition to the station has been in a bad state in the last couple of years until recently upgraded by the local MP. The 6 kilometre road serves a population of about 3000 plus people living in villages along the road leading up to the station. Since the new development last December, locals say they appreciate the gesture by their member as transportation of vegetables and cash crops such as cocoa and coconut has been a struggle before the construction. Villagers have to walk all the way to the main highway to catch a ride to town to access health and other services in town. "Rot taim em bin bagarap I hat turu long karim bag buai na kakao go long men rot tasol nau em I orait turu long kar I kam insait olgeta long peles".

These were the words of Meh Baye, a local from Omuru. ("Before the road was fixed, we had to walk the 6km road with our bags of betelnut and cocoa to the main highway to get on a public transport to town, it has been very difficult. We now travel with ease with our market produce as the PMV buses and trucks come right into the villages").

Meantime the phase two of the station maintenance and repair exercise is progressing well whilst phase three will commence once all maintenance under phase two is completed.

CICL Acting Chief Scientist Dr Nelson Simbiken said that phase three will include setting up a central nursery for Robusta Omuru 1, facilitate farmer training for coastal farmers and mass propagation of Omuru 1.



The manager's house currently under construction

PPAP to increase coverage under Call 3 & 4

By LEO WAFIWA, PPAP Coffee Component

THE coffee rehabilitation work under Productive Partnerships in Agriculture Project (PPAP) is progressing well towards the new closing date of June 2019.

The coverage in terms of households or farmers participating under PPAP's coffee rehabilitation effort will increase following Third and Fourth Call for Proposals. A total of 7,926 households are currently taking part in coffee rehabilitation activities being implemented in partnership with various coffee producers, exporters, NGOs, CBOs and church organizations.

There are 13 partnerships under Call 1 and 2 operating in four provinces namely Eastern Highlands, Simbu, Jiwaka and Western Highlands. Call 1 partnerships ended last year whilst Call 2s ending this year. The PPAP Lead Partners under the first two calls are Monpi Coffee Exports, CDA Goroka, CDA Gumine, Tarabo, Coffee Connections, Colbrans Coffeeland, New Guinea Highlands Coffee Export, PNGCE – Lahamenegu (Eastern Zone), Anglican Church of PNG, Highlands Arabicas, Rilke Coffee Ltd, Kossem Ltd, Timbuka Coffee Estates Pty Ltd, Mandan Coffee Ltd and PAMSI (Western Zone).

Nine of these partnerships could be up-scaled under Call 4 Proposals. Meanwhile, the 3rd Call for Proposals has progressed to technical evaluation stage and final approval should be made in April. The 4th Call was launched in August 2015 and 66 proposals were received. The majority were rejected for failing to meet eligibility on technical criteria, 12 were invited to proceed to phase two and 9 are being considered for up-scaling.

The PPAP coverage under 3rd and 4th call will extend to other coffee growing provinces with about 18 new partnerships. This will add 12,000 more households to partake in coffee rehabilitation activities. The possible new provinces to come under PPAP are Southern Highlands, Enga, Madang, Morobe, East New Britain and East Sepik. This will increase the total number of households under PPAP to around 36,000.

Also, PPAP's access infrastructure program under component 3 is working towards improving three access roads in 2016. This includes construction of log bridges. A 5km access road from Nompia to Bibiori in the remote Lamari LLG of Tairora, Eastern Highlands Province will be the first road project for coffee growers in the area to access market. The road will also benefit the general population to connect to other social services like education and health. The area has a population of 20,000 people.

Women/gender participation

The PPAP is also involving women in the areas under its coverage. Ms Daisy Casopang who manages Timbuka Coffee Limited in Western Highlands Province is the first women Lead Partner of PPAP funding. The Lead Partner has three co-partner groups operating in the Nebilyer District and Hagen Central in Western Highlands Province, and Avi in Jiwaka Province. Last year Timbuka Coffee organized a training workshop for 469 smallholder farmers in three districts. Among the participants were 97 female farmers and 53 youths who own coffee gardens. The farmers acquired knowledge and skills in coffee husbandry techniques, coffee harvesting, processing and quality improvement, and coffee marketing. Women participation will increase in Call 3 and 4.

The integration of PPAP with CIC is important for coffee rehabilitation efforts to continue after the new closing date of June 2019. Project Manager Potaisa Hombunaka reported that the Project Steering Committee (PSC) was overwhelmed in supporting the coffee PPAP integration into CIC and urged the Cocoa PMU to do the same with PNG Cocoa Board. In an earlier statement, acting Chief Executive Officer Charles Dambui said CIC is satisfied with the integration and implementation progress of the project, but wishes to see it accelerate in 2016 and onwards to achieve the objectives.

"... CIC is indeed glad that effective September 2015 under Hombunaka's leadership the PPAP had been fully integrated into CIC which had been long overdue. In support of that CIC recently issued CIC uniforms to PPAP staff to show our unison to all our shareholders." The PPAP vehicles also do now have CIC stickers. Mr Dambui further said with a closer effective working relationship between PPAP and CIC staff and upon closure of PPAP in June 2019, the CIC staff will competently continue with the development of the coffee industry using this productive partnership modality. The CIC officers in WHP and Jiwaka are already working in close partnership with PPAP consultants. This will gradually extend to other coffee growing provinces where there are PPAPs.

116 Coffee Licenses issued for 2016

Operations

By **CORA MOABI**

The Coffee Industry Corporation's Industry Regulations and Compliance unit (IRC) has successfully issued a total of 116 coffee export licenses for the 2016 coffee year.

The CIC through its licensing process aims to provide standards and discipline into the conduct of industry players, ensuring acceptable standard of farms inputs, factory equipment, mills and processing plants is maintained to produce quality coffee.

There are four different categories of licensing under the IRC that is normally licensed to all operators throughout the country. The four categories are Exports, Manufacturing, Processing (Wet & Dry) and a permit to build a factory.

Licensing is done according to CIC's standard and guidelines in line with the CIC Act 1991. The process of licensing involves applicants submitting a letter of interest on the type of license they want to have. Applicants are then screened on the written document before coffee inspectors can go out and physically audit the set up on the ground.

After physically assessing the set up comes the task of formulating all applications and a written submission is done to the CIC Board for approval and endorsement.

According to Michael Waim, Manager for IRC, there are two basic assessments that are done in the mid-year to ensure coffee businesses and traders are operating within the licensing guideline set and another one done at the end of the



Vitis Managing Director Sergey Mossin (left) receiving his licenses from Industry, Regulations and Compliance Manager Michael Waim in Port Moresby

The role of the IRC is critical in ensuring that coffee businesses have the right machinery, processing facilities and mills to engage in coffee trading so that only quality coffee is exported out of the country

year to review licensed operators who then re-apply for the new year's operations. Apart from these two assessments, coffee inspectors carry out their usual daily routines of inspecting coffee set ups and making sure they comply with the guidelines required of them through the CIC Act.

"We have given out a total of 116 licences to coffee operators throughout the country for the 2016 coffee year compared to 128 licences in 2015," said Mr Waim.

Revised PNG Green Bean Coffee Standards

By CORA MOABI

THE Coffee Industry Corporation has carried out an extensive consultation last year with its stakeholders both in the country and overseas to introduce a new grading system for Green Bean Coffee.

The new system will focus more on bringing the smallholder coffees up to a desirable standard.

According to the working committee, the new grading system has been reviewed and finalized.

This brings the current grades for Arabica coffee from 12 down to only 5. The new grades are A, B, Y, Y2 and Y3. The current exportable grades used by the industry include AA, A, AB, C, PB, X, E, PSC, Y1, Y2, Y3 and T.

For Robusta coffee, it increases the number of grades applicable to Robusta from two to three, introducing a new top grade to allow for the possible development of specialty qualities of Robusta in the future. The new Robusta grades are R1, R2, and RT in order to prevent any confusion with the grading denominations used for Arabica.

CIC's senior quality officer Rose Romalus said that the new standard will put more emphasis on cup quality. "Any coffee that comes from the smallholder sector has the potential to be ranked in the upper grades," said Ms Romalus. "We've removed discrimination for smallholder coffees," she added.

The current green bean standard is based on where coffee was produced whether on smallholder gardens or plantation, which takes into consideration the size of the bean and defect levels.

The new shift in the Green Bean Coffee standard will also look at the bean size and defect levels, however, more emphasis will be put on the cup quality.

The new standard will give the smallholders an equal chance to produce the same quality coffee a plantation or estate produces.

The last review on the Green Bean standard was done in 2001. The finalized document on the grading system is now with National Institute of Standard and Industrial Technology (NISIT) awaiting endorsement and approval before it can be gazetted.

Once the new standard is gazetted, CIC in partnership

with PPAP (Productive Partnerships in Agricultural Projects) will roll out training programs for all CIC officers who deal with coffee inspections and export before proceeding to its stakeholders in the industry. The training for officers is expected to begin later on in the year.



CIC's Rose Romalus explaining the proposed green bean standards to CIC PPAP extension officers training at Aiyura in February 2016. Below: Screening green bean coffee at the CIC factory in Aiyura



Growers vital in coffee value chain

By **LEO WAFIWA, PPAP Coffee Component**

GROWERS are key stakeholders in the coffee value chain who pay for our wages and contribute to the country's economy, says Potaisa Hombunaka, Project Manager of the coffee component of Productive Partnerships in Agriculture Project (PPAP).

"We must get our thinking right to serve them (growers) better. They are our pay masters. If we're thinking about serving ourselves first then we got it all wrong."

Mr Hombunaka issued this challenge to 35 coffee extension officers mainly from Lead Partners funded under the PPAP who attended a week-long training workshop at PNG Coffee Research Institute in Aiyura, Eastern Highlands Province. The workshop started on Monday 22 February and ended on Friday 26 February.

Mr Hombunaka shared his observation of growers or farmers diversifying to fast money earning crops presenting the need for the industry to re-think, refocus and return to where it all began, the growers as key stakeholders in the coffee value chain.

"Farmers are the smartest people around and the most stupid are the ones like us who think we know what they want, he said. "It's not about coffee trees. It's about what goes into their pockets. If they (growers) see that they can earn more from the betel nut, they will abandon coffee and switch to betel nut. That's how smart they are."

Mr Hombunaka urged the extension officers to understand the challenges in the industry in these changing times to serve farmers better when they walk the rural areas as extension

officers. The purpose of the workshop was to improve and strengthen the capacity of extension officers who are key officers on the ground to train growers and farmers on improved farming techniques and sustainability issues. The training also focused on vital role of an extension officer and expectations from village farmers.

Bernard Pilon, an experience agriculturalist and PPAP staff reminded the participants that an extension officer is only as good as the information provided to the user (farmer).

He also urged the participants as experts on the ground to collect and report data on application of new farming knowledge in varying situations that can help coffee research to grow the industry.

Quoting Albert Einstein, he said, "If we do the same things, the same way with no result, we have to change the process with the way we communicate and train our farmers to increase coffee production and quality."

Mr Pilon encouraged the participants which comprise some recent agriculture graduates to have the right attitude, ensure safe guard for integrity, be honest and sincere and have the willingness to help farmers.

The extension officers work for 13 PPAP Lead Partners under Call 2 namely Monpi Coffee Exports, CDA Goroka, CDA Gumine, Tarabo, Coffee Connections, Colbrans Coffeelands, New Guinea Islands Coffee Export, PNGCE – Lahamenegu (Eastern Zone), Anglican Church of PNG. Highlands Arabicas, Rike Coffee Ltd, Kossem Ltd and Timbuka Coffee Estates Ptd Ltd (Western Zone).

The partnerships cover some 7926 coffee households in Eastern Highlands, Simbu, Jiwaka and Western Highlands Province. The Aiyura training is part of Coffee Industry Corporation (CIC)'s effort through its industry rehabilitation work under PPAP to return extension officers to re-connect farmers or producers who are important stakeholders in the coffee industry.



CIC extension officers together with PPAP's lead partners in Aiyura during the training

CIC improves Western Highlands Facility

THE Western Highlands-based CIC substation has been extended and installed with new office furniture, thanks to the Productive Partnerships in Agriculture Project (PPAP).

The Coffee Industry Corporation building located at Panga now has 6 office space with a fully-furnished conference room that can take up to 30 personnel at one time for all kinds of meetings and training sessions.

The substation was also supplied with 35 chairs, 6 tables and support facilities for an overhead projector for the conference room.

The extension work cost around K270,000 in total and was funded by the World Bank and IFAD (International Fund for Agriculture Development) loan facility with counter-part funding from GoPNG. A total of K230,000 was spent on extension work carried out by Niugini Builders Ltd and K40,000 was paid to Lae Theodist for supply of office furniture.

Project Manager for PPAP Potaisa Hombunaka said the spending comes under component 1 of PPAP development objective aimed at improving the capacity of CIC to effectively and efficiently service all stakeholders in the coffee value chain including growers and producers.

Another contract for K65,000 was also signed with Keith Builders in April to renovate the old office occupied by the CIC officers. This is financed from GoPNG funding component of the project.

Senior Procurement officer for PPAP Ms Theresa Witi said both contractors were engaged under stringent World Bank procurement guidelines.

Also, the PPAP is in the process of procuring a 30KVA generator for the Western Highlands facility because continuous power outage in the province has been affecting the operations of the officers there. This follows on from a 65KVA generator funded and installed at the CIC head office in Goroka recently.

The acting Chief Executive Officer for CIC Charles Dambui welcome the changes and urges PPAP consultants and CIC staff to use the facilities to serve better the growers and producers in Jiwaka, Western Highlands, Enga and Southern Highlands provinces under PPAP.



Left: The newly renovated conference room and Right: The Western Highlands sub-station's new look.

CIC in pictures



Recently destructed Bena bridge in Eastern Highlands Province due to heavy rains which affected the movement of coffee to Lae, Morobe Province



A typical day at the Zuguru cattle ranch in Bena, Eastern Highlands Province



PPAP officer Monigi Soga getting social safeguard documents sign by locals for a proposed 5km access road from Avi Market to Kamdiga in Jiwaka



Principal Entomologist Dr Nelson Simbiken speaking to locals in Kiunga during a recent CBB surveillance trip

CIC in pictures



Extension officers working for PPAP Lead Partners attending a coffee nursery management session during a training in Aiyura



Distributing coffee seedlings to the people of Baining in East New Britain



The front of CIC head office in Goroka getting a facelift with an extension of the car park and new fencing, thanks to PPAP



National Farmer Training & Extension Coordinator Simon Gesip demonstrating pruning techniques to farmers

CBB surveillance vital to safeguard industry

Coffee Berry borer (CBB) *Hypothenemus hampei* (Coleoptera: Scolytidae) a pest of worldwide significance is not present in Papua New Guinea, however, it is present in Wamena and Oksibil 200 km and 50 km respectively across the border in Papua Province of Indonesia.

The Coffee Industry Corporation (CIC) Ltd took the lead in carrying an important surveillance exercise along the PNG – Indonesian border in September 2015 with partners including National Agriculture Quarantine and Inspection Authority (NAQIA) and the Sandaun Provincial DAL office.

Villages in Yapsie, Green River and Edwaki Local Level Governments (LLG's) were visited which were known to grow coffee. Coffee was introduced into these areas in the early 80's and 90's however, due to poor infrastructure and high cost of transportation, coffee was neglected in these areas. Today, coffee trees between 10-100 can be found growing among other trees in abandoned coffee plots and nurseries in Skonga and Bitapena villages (Yapsie LLG), Wauru, Mukwais and Amtu villages (Green River LLG), and two other coffee blocks outside of Edwaki Station. All these abandoned coffee blocks were visited where coffee cherries were thoroughly inspected for any possible signs of CBB damage.

In each site, coffee plots were visited with GPS location plotted. Both hypotan and brocap traps were placed in each coffee plots for two to three days. Green and ripe cherries were examined for typical damage symptoms of CBB.

As CBB penetrates into the cherries through the pinhead area of the cherry, cherries were dissected and examined for CBB activity where eggs and larvae would be present. Insect samples in the traps were collected and preserved in 70% alcohol in specimen bottles with labels. Suspected sites were further examined by cherry sampling and brocap and hypotan traps for further three days. Dried parchment from the farmers were also examined for CBB damage.

In 2009, CBB was detected in Yapsie district of West Sepik province. By 2010, the remaining coffee trees in the district were eradicated to eliminate opportunities for CBB to multiply. Since then no follow up visit was made to ascertain whether the eradication exercise was successful. In 2010 through to 2012, CBB surveillance was conducted in Oksapmin, Teleformin and Vanimo districts of West Sepik, East Sepik province and border provinces of Autonomous region of Bougainville, New Ireland, Milne Bay and Central provinces including other sites of East and West New Britain, Madang, Morobe, Eastern Highlands, Simbu, Jiwaka, Western Highlands, Southern Highlands, Enga and Hela. CBB was not detected in these provinces.

"There is a gap of five years in which CBB could have moved to other sites, stressed Dr Nelson Simbiken- Principal Entomologist.

According to NAQIA elimination of CBB in the country could not be possible unless up to three separate surveys of the incursion area have been executed to verify the status of CBB after the first observed incursion at Yapsie.

The aim of this surveillance was to revisit the coffee growing sites of Western and West Sepik provinces to ascertain the status of CBB in the country and to build capacity and establish partnership with district DAL officers for future surveillance of CBB that these partners can conduct on behalf of CIC on a timely basis.

Dr. Simbiken said that CIC has been working in collaboration with the University of Florida for CBB identification. "Through support from the University of Florida, CIC will be able to establish a DNA molecular lab in Aiyura for CBB pest diagnosis," added Dr Simbiken. The lab is expected to be fully functional by September 2016.



Top: Inspecting coffee cherries at Bitapena village and Below :Some of the abandoned coffee trees in Yapsie and Green River LLGs



Officers learn stringent tender evaluation process

By LEO WAFIWA, PPAP Coffee Component

SOME senior government officers in Eastern Highlands had the first opportunity to participate in a stringent World Bank Bid Evaluation process conducted by the Coffee Industry Corporation (CIC) through the Productive Partnership in Agriculture Project (PPAP) – Coffee Component.

Among the senior officers were acting Provincial Administrator (PA) Samson Akunaii, Deputy PA Ben Ulopo, Provincial Works Manager John Posagu, Provincial Treasurer Vilo Wartove, Provincial Policy Planning Adviser Peter Gare, CIC General Manager Steven Tumaie and PPAP (coffee) Project Manager Potaisa Hombunaka.

The Bid evaluation meeting on Thursday 21 January was for a World Bank and IAD funded 5km feeder road to provide market access to some 20,000 smallholder coffee growers in the remote Tairora area of Eastern Highlands Province.

Mr Akunaii on behalf of nine participants was delighted to participate in the evaluation meeting conducted at the CIC headquarters in Goroka. The meeting took nearly five hours though there were only five contractors to evaluate.

He said it was a worthwhile learning process and the hours spent was an investment to them.

He requested the CIC team to email the WB procurement and Bid evaluation process to them for their consideration with the provincial works office to improve governance and management of public funds.

Mr Akunaii also alluded to this opportunity provided by CIC to bring together knowledge and experience from different officers in government and public sector to learn how to run a stringent procurement process.

The World Bank's Bid Evaluation process was rigorous and considered among others the past performance of the contractors, financial capacity and annual financial turnovers of the bidders.

This Bid evaluation process was strictly guided by the World Bank's Standard Bidding Document known as Procurement of Small Works, The World Bank, December 2012.

The evaluation also included a tough scoring and weighing system which CIC will use to justify the elimination process.

CIC-PPAP Project Manager Mr Hombunaka was pleased with the support of senior government officers and CIC for participating in the project's first tender evaluation meeting which follows the World Bank criteria.

He supported Mr Akunaii's call for all sectors to combine their efforts in such meetings to develop and move Eastern Highlands and Papua New Guinea forward.

The PPAP is an agriculture sector development initiative designed to improve the livelihood of smallholder cocoa and coffee producers supported by the project. The coffee rehabilitation efforts are being undertaken through the following three main components:

- Providing Industry Coordination and Policy Development to improve the performance of sector institutions in the coffee sector;
- Developing Productive Partnerships in the public-private alliances in project areas with the goal of improving productivity and market linkages; and
- Improving Market Access for smallholder coffee growers in the target areas or provinces.



Senior Eastern Highlands Provincial Government officials including acting Provincial Administrator Samson Akunaii and his deputy Ben Ulopo with CIC officers who appreciated participating in the World Bank's tender evaluation process

Staff News

Arrivals



Ms Wilma Agusave is the Company Secretary based at the CIC HQ in Goroka.

Wilma holds a Bachelors Degree in Law from the University of Papua New Guinea.



Mr William Waiembi holds a Bachelors Degree in Commerce-Accounting and is the Financial Controller based at the CIC HQ in Goroka. He joined CIC in February 2016.



Mr Leo Wafiwa is a former journalist, newspaper editor and academic at UPNG. He joined the PPAP (coffee component) of CIC in November 2015 as Information & Communications Officer.



Ms Debbie Amai is recruited as the Receptionist based at the CIC HQ in Goroka.



Ms Jenny Mase is recruited as the Personal Assistant to the Human Resource and Admin Manager



Mr Richard Alepa joined coffee component of PPAP as Assistant Monitoring and Evaluation Officer in February 2016. He has a Masters of Science in Agriculture (2013) under PNGUOT's Graduate Assistantship Scholarship Program (GAP) from UNITECH.

Recruitments

Mr Jackson Pepeto- Jackson joined CIC in February 2015 as the Human Resource and Administration Manager. He holds a Bachelor of Arts Degree in Psychology from the University of Goroka.

Mr Carlson Tiamani- Carlson has been recruited as Assistant IT Officer with CIC. He commenced in September 2015 and holds a Certificate in Certified Cisco Networking Association.

Mr Raymond Unasi- Raymond joined CIC in August 2015 and is the Executive Officer to the Acting CEO. He holds a Masters of Applied Science on Natural Resource Management from the James Cook University, Australia.

Ms Natasha Onesimo- Natasha was recruited as a cadet Economist in April 2015 and holds a Bachelors Degree in Economics from UPNG.

Ms Rita Paul- Rita is the Personal Assistant to the Senior Projects Officer

Mr John Taunu- John was recruited as the Project Officer under the Special Projects Office.

Mr Harry Onnise- Harry was recruited in July 2015 as the Property Officer based at the CIC HQ. He possesses a Diploma in Building at the Lae Polytechnic College.

Study Leave / Attainment



Mr Jonah Aranka is currently doing his Masters of Agriculture at the University of Queensland, Australia.



Ms Emma Kiup is currently doing a Master of Philosophy on Nutrients in coffee, food crops and soil at the James Cook University in Australia. She will be completing her studies in February 2017.

Mr Tom Kukhang is currently doing his PhD on the Genetics of Coffee Quality at the University of Queensland, Australia.

CIC's SOCIO-ECONOMIST RECOGNISED FOR RESEARCH ON SMALLHOLDER COFFEE PRODUCTION

CIC's Socio-Economist Susan May Inu has been internationally recognised for her research into smallholder coffee producers in Eastern Highlands Province.



May submitted a poster presentation and abstract on her research to the Tropical Agriculture Conference 2015 in Brisbane in December. Her entry was selected from 240 from around the world as the best poster presentation.

She was unable to attend, however, remarked with the following "The question posed from my presentation was for us to understand the socio-economic factors influencing household productivity and farm investment decisions on labour mobilisation among coffee households in Bena, Eastern Highlands Province of PNG."

"The conference paper was from research carried out as part of my Masters in Philosophy Studies sponsored by the Australian Centre for International Agricultural Research (ACIAR) under the John Allwright Fellowship Program."

"I started with CIC as a cadet Economist in May 2006 and was confirmed Economist in 2009. I was with CIC for 6 years before I took study leave to do my Masters in Philosophy in Social Science at Curtin University in Western Australia," said May.

During her time with CIC, she was mostly working on donor funded projects. She started with CIC working on Australian Centre for International Agricultural Research (ACIAR) projects doing socio-economic research with smallholder coffee farmers. The first projects she was involved with during her cadetship were Assessment and improvement of quality management during postharvest processing and storage of coffee post-harvest storage (ASEM/2004/017) and Sustainable management of coffee green scales (ASEM/2004/047). Both projects were funded by ACIAR. May was then involved in AIGSF project on Smallholder coffee profiling from 2008-2009. In 2010, she was involved in ACIAR-Livelihood (ASEM/2008/036) project and under that project she was awarded the John-Allwright Fellowship scholarship to do her Masters in 2013.

"Working on these projects had provided some of the important skills I needed for the post-graduate study. The field exposure and presentation skills within CIC were two things I am grateful for and the ability to work in the field under limited supervision," said May.

The focus of her study was to understand socio-economic change in communities that have high access to markets. Most of these areas are located within 10 -20 kilometres along the main highways and feeder roads and most of the farmers in these communities have other income sources apart from coffee. May said that if the trend of large-scale commercial production of vegetables and fruits continues in accessible coffee-growing areas continues, the implications for smallholder coffee production are not good if extension policies and strategies do not take account of these rapid changes. When asked if she had anything to say about her studies, this is what May said: "I hope this study will contribute beyond my personal qualification and contribute to the wider industry."

May will be graduating at the Curtin University in September 2016.

ZUGURU CATTLE RANCH UPDATE

By **JOHN SUPA**

There is a need to breed more calves to fully utilize the 500 hectare Zuguru Cattle Ranch outside Goroka. The challenge now is to bring more working bulls to mate the female cows there.

The cattle ranch which currently has 206 cattle grazing only 200 hectare is owned by Coffee Industry Corporation (CIC).

There is a need to breed more calves to eventually spread over to the other unused 300 hectare of farm land. Of the current number of cattle at the farm, 3 are working bulls, 36 steers, 52 heifers, 23 weaners, 84 cows and 8 calves.

Experts say over 2000 cattle can cover the whole 500 hectares of Zuguru Cattle Ranch. This situation presents the challenge to raise more calves. An experienced cattle rancher at Zuguru, Mr Nunuka Jimpa said 20 to 25 extra working bulls have to be brought up from the government's cattle ranch at Markham in Morobe to mate female cattle at Zuguru.

This mating arrangement will help to raise 180 calves every year. However this can happen only with the help of working bulls. Mr Jimpa explained the current three bulls at Zuguru have their natural instincts of complacency and that they are the only bulls having territorial dominance of the ranch. The bulls also ensure that they are the only husbands or male partners of all female cattle in the range.

"If the bulls desire to mate with the female cows at Zuguru, they will do it. If they are not interested, that's it because they know that they are the only 3 male husbands of all the female cows at Zuguru and no other bulls would come and mate with the female cattles there," Mr Jimpa explained. The Farm Supervisor Bobby Sogavo who also stressed the option to exchange some of the steers and heifers for working bulls.

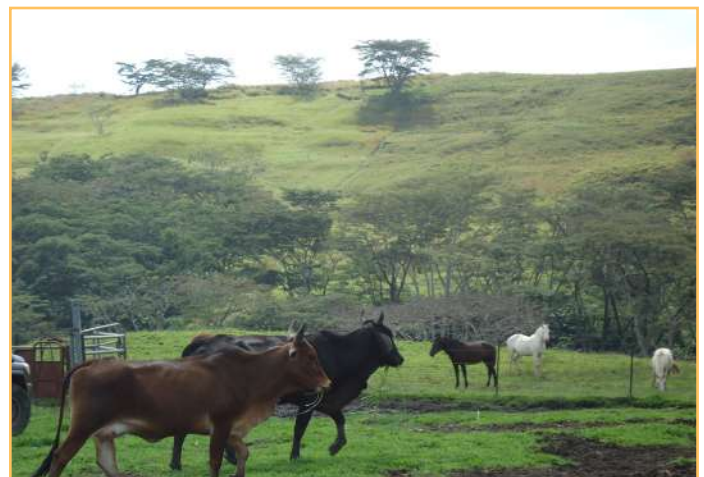
Sogavo said they have engaged in an additional 5ha pasture development at the Zuguru property for extended grazing. This includes the excavation of land for two water drinking ponds measuring a meter deep and 20 meters in diameter each. Sogavo also expressed concern that like other herds of cattle elsewhere, the Zuguru cattle needs adequate supply of drugs like Ivomec and Supona to combat parasites and other cow diseases. Such supplies include nourishing mineral intake supplements like salt blocks, which he said are short supplied.

"We cannot just expect the cows to live on their own, we have to look after them so that they grow healthily", Sogave added. Meanwhile, Team Leader of Integrated Farming Dr Nelson Simbiken said the entire Zuguru land will be mapped to cater for CIC'S integrated farming programs.

The acquisition of the Zuguru Project under the reigns of Livestock Development Corporation (LDC) to CIC marks a milestone for the coffee industry. CIC can now do its research on how best the project would assist the coffee industry in terms of integrated farming systems to increase productivity and production of both coffee and honey and other related programs and research work.



Cattle rancher Nunuka Jimpa hard at work at the Zuguru station



Coffee Inspectors told to uphold regulatory functions of the industry

As high as 15% of the green bean delivered for export has to be re-processed and 15% of it has to be removed because of high content of defects.

Chairman of PNG Coffee Exporters Council John Edwards, said this during a week-long workshop for all coffee inspectors and officers under the Industry Regulations and Compliance (IRC) unit, of the Coffee Industry Corporation in Goroka in February this year.

The workshop was facilitated by Ricky Mitio. Mitio, a pioneer administrator of the coffee industry was a career Coffee Inspector before taking over the CEO position from the expatriates in the 1980s.

The workshop aimed at retraining coffee inspectors in their roles and responsibilities as certified inspectors of the coffee industry.

The theme of the workshop was 'Challenging the status quo.' "We have existing regulatory guidelines which are out dated and this training will focus at revising a lot of the outdated regulatory guidelines for exporters, processing mills, wet factories and manufacturers and bring it up to date, said Mr Mitio.

One of the key problems identified apart from others was the lack of control in the coffee buying sector. Mr Mitio explained that in 1974 Parliament legislated with the introduction of the Coffee Dealing Control Act which enabled nationals to buy coffee and were contracted with licensed factories. Since then, coffee dealing has been a restricted activity of the coffee industry for nationals only.

Coffee buyers were linked to a factory and quality was better supervised. The transition now has seen the middlemen as freelance coffee traders who buy and sell at their own will with no obligation to anyone. "The coffee buying and selling sector has contributed to poor quality coffee," said Mr Mitio. He further stressed that people are now paying on weight and not quality by unregulated middlemen which is causing a downfall in production and damage to PNG coffee.

It is anticipated that some of the new guidelines to be introduced once approved by the CIC Board and gazetted will include; Registration of Coffee buyers and sellers, the Mini coffee huller, Eco pulpers, guidelines for monitoring certified coffee exports and also licensing the forward freighters in Lae who handle all the green bean coffee exports from PNG.

The Goroka Police Constabulary was part of the workshop and spoke to the team on the prosecution procedures of offenders in the industry. Goroka Police Prosecutor Sergeant Joe Pipi issued instructions on how the coffee inspectors could enforce their regulatory guidelines. An MoU is yet to be formalised by CIC and the PNG Royal Constabulary which will allow training for coffee inspectors to empower them to carry out their work more efficiently as Reserve Police Unit.

The coffee inspectors were challenged to uphold the good and maintain improved governance of the industry, and were reminded not to compromise their positions and get into disrepute by accepting bribes but to be accountable in their conduct to their employer (CIC) and its stakeholders.



CIC Coffee Inspectors together with Goroka police officers and workshop facilitator Ricky Mitio (far right) at the Kefamo Catholic Mission outside Goroka

Jiwaka Admin backs coffee rehab efforts

The Jiwaka provincial administration is supporting coffee rehabilitation efforts being implemented by Coffee Industry Corporation (CIC) in the province.

In an awareness and familiarisation meeting with the provincial administration in May this year, an official who spoke on behalf of the provincial administrator's office acknowledged CIC as a development partner.

Director for Technical & Economic Services, Anthony Kerni when welcoming the CIC delegation on Wednesday March 2, praised CIC as a development partner to help improve basic infrastructures like rural roads and log bridges in the new province under component 3 of PPAP to service the PPAP farmers and the wider populace.

"CIC is our partner. Many areas in the province need roads and bridges. For this reason we want to work in partnership with CIC. We should not stop such progress. We should work together with CIC," (CIC em partner blo mipela. Planti hap blo provins nidim rot na bris. Olsem na mipela laik wok bung. Mipela noken stopim. CIC kam, mipela mas wok bung), said Mr Kerni.

Jiwaka is privilege where CIC through its coffee rehabilitation work under Productive Partnerships in Agriculture Project (PPAP) is considering two access roads for coffee farmers to access markets.

The proposed 5km road will connect Avi Market to Kamdiga which will help some 1020 smallholder growers in the area.

The second is a 5km access road in the Kapagul area which will benefit over 1000 smallholder farmers.

The projects being considered by CIC-PPAP and its financiers include construction of log bridges that will benefit the general population to access other social services like health and education.

Jiwaka – short for Jimi, Wahgi and Kambia - currently have the three electorates of Anglimp South Wahgi, North Wahgi and Jimi. The great Wahgi Valley in particular is arguably the most fertile and productive land in PNG and single handedly produces the bulk of Papua New Guinea coffee, tea and fresh vegetables.

Mr Kerni said as a new province, they want to partner CIC to improve basic public services like rural roads that will help not only coffee growers to access markets, but also for the general population including mothers and children to gain access to social services like health and schools.

Also present during the meeting at Jiwaka provincial headquarters were some village leaders namely Timothy Kumiye (Group Leader Malbanga), Steven Mambu (Group Leader Numboz), Tony Yuyie (former councillor) and re-known coffee extension officer James Koimo.

"The coffee rehabilitation program is good for Jiwaka as a new province with strong agriculture base," said Mr Koimo who is also a former agriculture lecturer and CIC board member.

Leading the CIC team was PPAP project manager Potaisa Hombunaka who was overwhelmed with the enthusiasm and support from Jiwaka provincial administration and community leaders.

Mr Hombunaka took the opportunity to explain to the provincial officials and community leaders the process and procedures involve in the coffee rehabilitation work under PPAP.

PPAP is a coffee rehabilitation initiative of Coffee Industry Corporation (CIC) funded by a loan facility from World Bank IDA (International Development Association) and IFAD (International Fund for Agriculture Development) with counter funding from GoPNG. The project was initially implemented in Eastern Highlands, Simbu, Jiwaka and Western Highlands Province. The coffee rehabilitation work will cover other coffee growing provinces as well because the project has been extended from June 2016 to June 2019 following additional loan financing.



The CIC-PPAP team with officials from Jiwaka provincial administration and local leaders outside the provincial headquarters following an awareness and familiarisation meeting on Wednesday 2 March, 2016

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1. Arabicas Ltd

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EHP E: arabicas@global.net.pg
Papua New Guinea

2. Goroka Coffee Roasters Ltd

P.O Box 335 Ian Mathews - Managing Director
Goroka Tel: 532 1765 Fax: 532 2601
EHP E: sales@gorokacoffee.net
Papua New Guinea

3. Awute Coffee Producers Ltd

P.O Box 1107 Huke Awute- Managing Director
Goroka 3957 Tel: 532 3955 Fax: 532
EHP E: ishmaelawute@gmail.com
Papua New Guinea **(Exporter & Manufacturer)**

4. Banz Kofi Fektori Ltd

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5. Kongo Coffee Ltd

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Simbu Province E: exports2@kongocoffee.com.pg
Papua New Guinea **Goroka Office** T: 532 3069
Fax: 532 3068
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6. Sirigine Coffee Producers

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7. Sigri-WR Carpenters & Co.Ltd

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P.O Box 397 Sergey Mossin- Managing Director
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10. Superior Enterprises Ltd

P.O Box 750 Romias Mills- Manager
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11. Pacific Industries Ltd- Duffy Cafe'

P.O Box 5559 Travers Chue- Managing Director
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2. Gabiga Coffee Ltd

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6. Monpi Coffee Exports Ltd

P.O Box 1326 Chris Anders- General Manager
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7. Morobe Mountain Coffee Exports Ltd

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8. Namalu Coffee Ltd

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9. Niugini Mountain Coffee Ltd

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