



# COFFEE INDUSTRY NEWSLETTER

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## Season's Greetings

### INSIDE THIS ISSUE:

- \* **10- Year National Coffee Roadmap**
- \* **Coffee Rehab & Development Update**
- \* **Freight Surety Scheme serving disadvantaged farmers**
- \* **Coffee Berry Borer Update**

### 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.

# 10-Year National Coffee Roadmap

This ambitious 10-Year road map for the PNG coffee industry envisages that the multi-million Kina economic cash crop is transformed into a billion Kina industry with an ultimate aim of producing 3 million bags by 2030. An investment of K569, 809, 000 is required to realise the strategic intent of the National Coffee Development Roadmap 2020 - 2030. As a consequence of this investment including effective implementation of this Plan, coffee growers and value chain participants are likely to enjoy an affluent livelihood out of coffee as well as contribute to the GoPNG's development agenda.

The NCDR envisions for a "Prosperous coffee farming households and communities; in a dynamic, competitive and sustainable coffee industry". The Mission Statement of the NCDR is "to increase incomes, for female and male coffee farmers through improved value chain; including productivity, production, and market access".

The ultimate goal for CIC is to translate the strategies and proposals encapsulated in the NCDR to help pilot the industry's revival and growth to new heights of increased productivity and production. The incentives focus vis-à-vis price support schemes and allied farmer behavior is to generate renewed interest at base family unit and aggregate levels, and up through the value chain ranks through collaborative networks. This will create efficient supply chain linkages and promote competitiveness of both qualitative and quantitative range of value added products that can attract premium prices at domestic and external markets. It is anticipated that the forging of alliances among value chain participants in production and marketing will lead to a thriving and sustainable coffee industry.

Coffee is the second most significant agriculture cash crop after oil palm in terms of its economic importance to Papua New Guinea. It is a rural based cash crop cultivated by over 500, 000 households which translates to about 2.5 million people in the Highlands and Coastal Regions of PNG. These people depend on coffee as a main cash crop to sustain their rural livelihoods. However, the industry has been on the decline in recent years due to negligence, poor management, legacy issues and other challenges.

The challenges in the coffee industry are: climate change, which is intensifying the incidences of pests and diseases, volatile coffee prices, lawlessness, poor extension services; unsustainable grower groups, lack of partnerships among value chain actors, land tenure problems inhibiting new investment in coffee, lack of incentives to diversify into the high value differentiated products, and inadequate market access roads. On plantations and blocks, business leaders are not conscious of the effects of the indigenous economy on their operations and as a result company resources have been diverted into the pursuit of the 'big men' status, which is counterproductive to business. Furthermore, policy failures in the coffee industry have contributed to its decline.

Therefore, the NCDR 2020 – 2030 provides the strategic paradigm and direction of the industry's resurgence from its present decline. This calculated Plan is extremely important considering the significance of coffee growing culture to the rural peoples' welfare, the value chain participants and the national economy.

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**COVER PHOTO:** Coffee tree in full flowering.

## DISCLAIMER:

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## Coffee Rehab & Dev Phase II

The Coffee Rehabilitation and Development Phase II Project is a government-funded project under the Public Investment Projects (PIP) support.

The program aims to deliver in the areas of coffee rehabilitation, training, group marketing, nursery establishment and seedling distribution, and strengthening grower groups to be equipped in running their groups so that members fully benefit through their hard work.

Despite funding constraints during the third quarter to implement most activities on the field level, effective networking and collaboration with like-minded partners played an important role in achieving some of the planned outcomes.

The number of farmers contacted saw an achievement of 97% compared to the target set for the third quarter and is attributed to leveraging and collaboration with partners. Manager Farmer Training and Extension Matei Labun said the efforts of officers based in provinces in the absence of operational funding support is commendable as farmer contact is the pinnacle to ride on to successfully roll out planned activities.

"The extension team has been able to contact 3,564 farmers from the targeted 3,675 for the quarter," Mr Labun said.

He said helping farmers improve their knowledge and skills remains the prime focus to empower and elevate them to be able to make critical decisions to contribute meaningfully towards the success of the cooperative. From the 3,564 farmers contacted, 2,736 farmers received some form of training and this is an achievement of more than 74% in comparison to the planned third quarter target of 3,675.

Three central nurseries in Western Highlands, Jiwaka and Eastern Highlands Province (EHP) have been maintained and seedlings produced for distribution to growers who have easy access to transport and road infrastructure. All reduced in seedling capacity to produce 100,000 annually.

A total of 9000 seedlings were distributed from the Aiyura nursery and 2100 from the Jiwaka nursery this quarter to nine farmers. Among the six beneficiaries in Jiwaka and three in EHP, Bundaira Correctional Service in Kainantu was assisted in establishing its nursery project.

There are partners in the likes of Provincial Administrations, Provincial DALs, District Administrations, Local Level Governments who are committing to providing logistics for the purpose of developing and growing the coffee industry using CIC expertise. Provinces that are worth mentioning are East New Britain, Milne Bay, Central, Morobe and Enga. Fresh Produce Development Agency (FPDA) and Inland Fisheries are also working in collaboration with CIC and connecting with the cooperatives to promote a holistic enterprising living. Lutheran Development Service is also working in collaboration with the cooperatives in Morobe and parts of Madang, and has been providing training on simple methods to prepare and drink their own coffee using simple and readily available materials.

Saemaul Undong of South Korea and Oxfam International continue to support in cash and kind piloting with the Henagaru project promoting a holistic rural development model.



*Left: Coffee farmer in Tapini, Central Province showing harvest of red-ripe cherries after undergoing quality and basic husbandary training.*

*Photo: Jorine Hetora*

## Freight program assisting remote farmers

The Freight Subsidy Scheme (FSS) is an incentive program of the Coffee Industry Corporation (CIC) supported by the government through the Public Investment Projects (PIP) funding.

The main objective of the project is to bring in coffees from very remote areas not accessible by road network.

Every year CIC strives to bring in as much as coffee from various airstrips and jetties around the coffee growing provinces, however, there is still more coffee and work to be done to assist the many coffee farmers in those remote areas.

Under Memorandum of Agreement (MoA) arrangements, the Adventist Aviation Services, SIL Aviation, Missionary Aviation Fellowship (MAF) and Morobe Coastal Shipping Services Ltd (MCSSL) were the main freighters of coffee to the market in the year.

In response to farmers' requests for assistance, less than 20 per cent of the coffee was freighted due to insufficient project funding.

A total of 1,733 bags of parchment coffee were airfreighted to earn a sales return of K335, 239.20 at the freight cost of K134,304.00.

CIC Freight Coordinator Cornelius Mek reported that it was economical to freight coffee by ship than airplanes as MCSSL ferried 55% of the volume costing around 20 per cent of the total payment.

He added that as projected from the volume of coffee freighted towards the end of the third and fourth quarter last year, 900 tonnes was anticipated to be moved this year but things have been slow.

Mek explained that although it was a hard year to move coffee by air, MCSSL had some funds from last year and was used to move 954 bags to the nearest port of sale. Coffee shipped using this roll-over fund came from Sialum, Wasu, Finschaffen and Wandokai to Lae for marketing. "Kongo Coffee has been very supportive in purchasing this lot of coffee and recouped 60% back to the freight account as revolving fund," Mek said.

In the second quarter, SIL Aviation airfreighted 652 bags from Obura-Wonenara whilst MAF Mt. Hagen moved 127 bags from Simbai to Mt Hagen.

There was nil funds to utilize AAS and MAF Goroka for freighting in the third quarter. In total, the program was able to freight 1,733 bags at the cost of K134,304.00 and recouped 60 per cent (K69,751.10) back to the freight account, returning K265,498.90 to farmers as sweat equity.

The highlight for the third quarter saw the airfreighting of a coffee mini-huller to Negabo Airstrip in Karamui District of Simbu Province. This comes under a trial project to validate the use of this machine if parchment coffee could be hulled and only green bean brought to the nearest point of sale. According to CIC's technical team, about 20-25% of coffee airfreighted contains rubbish but paid for in actual freight cost.

Other provinces to receive the mini-hullers include Kamaeo Coffee Cooperative of Agaun, Milne Bay, Simbai PPAP Group in Middle-Ramu, Madang, Awanas Coffee Cooperative of Rai Coast, Madang, Nukna Cooperative of Kabwum in Morobe, Kamako Cooperative of Boiko, Eastern Highlands, and Tapini Coffee Growers of Goilala, Central.



## Coffee Berry Borer Update

Two and half years has lapsed since Coffee Berry Borer (CBB) was first reported on February 21 2017 in Banz, Jiwaka Province. Considerable efforts and resources were engaged to deliver on the short-term objective of containment and eradication. Unfortunately, the level of funding was not adequate to effectively achieve the short-term objective so a decision was taken to abandon the short-term objective. Since January 2019 CIC adopted the long-term objective with various outputs to deliver on. While several outputs were identified for long-term CBB management, the level of funding dictated the type of activities to be undertaken. Despite the GoPNG appropriation of K10 million for CBB under the 2019 budget, only K3 million was received to date resulting in limited and priority activities undertaken for the third quarter.

The long-term objective is to develop strategies to manage CBB effectively and minimize the impact on coffee production and quality.

For these reason several outputs were identified to deliver the long-term objective and these include:

- ongoing awareness about the CBB and potential impact on livelihoods,
- ongoing surveillance to detect the spread of the pest to new areas,
- ongoing restrictions on movements of unprocessed coffee from infested areas through road blocks,
- ongoing containment activities to reduce pest population increase and spread,
- Research on CBB control measures such as integrated pest management (IPM) and other aspects of coffee production and quality control,
- Mobilization of coffee grower and group formation,
- Improving coffee production/husbandry practices through model garden establishments,
- Improving coffee quality practices, and
- Effective and efficient project management through monitoring and supervision.

The containment/sanitation activities cover chemical weeding, pesticide application, stripping and burning, spade weeding/raking & burning, and maintenance and recycle pruning and trapping. The emphasis going forward is to allow growers to take ownership through grower group mobilization.

In Jiwaka, maintaining traps and putting up new traps helped to reduce CBB population. For this quarter, a total of 360 traps were attended to while 80 new ones were put out.

Total number of the coffee trees that have been pruned this quarter stands at 35,107 trees with 241 liters of Gramoxone used for weed control covering 205 coffee gardens.

In Eastern Highlands Province (EHP), a total of 830 traps were serviced for the quarter. Since tools and chemicals were distributed to groups to carry out garden sanitation, the total number of gardens that were pruned is 421 gardens while that sprayed with chemicals is 497 gardens using 260 litres of chemicals.

Grower mobilisation in EHP saw emerging groups in the last quarter has evolved into formation of 18 grower groups of which 12 groups were formed by the farmers who were involved in the earlier (2017-2018) CBB contain-

ment exercise while six groups were formed this year. Breakup of groups per district are eight for Goroka, six for Daulo and four for Ungai Bena. Total membership across the 18 groups is 633 farmers.

For Jiwaka, there are three big groups being established in the two districts using the tribal grouping system, one in South Waghi and two in North Waghi with more to be established. All the containment activities are group targeted. All this is done in consultation with the provincial work plan for the province as the provincial team is targeting to have smaller farmer groups affiliated to one big group in each district. The following groups have been established during the CBB operations in the two districts.



*Distributing tools to farmers in the Asaro valley, Eastern Highlands Province.*

1. Kondol Coffee Group will become a cluster group under Kombkul Cooperative
2. Kumbal Kopong which will cover three council wards in the Nondugl LLGC.
3. Konum Cooperative which will include all the farmers in South Waghi especially the surrounding tribes in Tombil and neighboring areas.

## PNG part of taskforce to act on price levels

Papua New Guinea is joining hands with other members of the International Coffee Organization (ICO) to set up a taskforce with the private sector to draw up a roadmap and explore further actions on price levels and volatility as well as long-term sustainability of the coffee industry.

Coffee Industry Corporation (CIC) Chief Executive Officer, Charles Dambui, said PNG is an active member to the ICO and collaborates with all other coffee-producing countries.

"CIC has been very active and collaborates with all other coffee producing countries on the price crisis issue at the ICO and in other forums such as the World Coffee Producers Forum," Mr Dambui said.

He said CIC has an overseas representative based in London and represents PNG on all global coffee meetings. In the recent Global Leader Forum in September, PNG aligned its position with all other coffee producing nations on the current price crisis.

CIC overseas representative Mick Wheeler highlighted that the London declaration was very important as it demonstrated that the major coffee companies recognised that there is a problem and that something needs to be done about it. The declaration sets out commitments by private sector enterprises to work with governments, development partners, civil society, with the objective of implementing practical and time-bound actions to address the coffee price crisis that concerns the world's coffee farming community.

He said PNG would be part of the task force referred to in the decision.

"However, as the PNG Government has not paid its membership dues to the ICO for over two years now, our voting rights in the organisation are suspended, nevertheless we play as active a role as we can."

Long-time coffee pioneer and administrator, Ricky Mitio, said since independence, PNG has been a member to the ICO. He said PNG could not effectively voice concerns at this important international meetings, as we have not paid our membership fees.

"It is the obligation of the government through the Department of Treasury to pay this membership fee annually." He said for PNG to be voiceless at such an international forum is a disgrace to the nation and disrespectful diplomatically."

Mr Mitio said although PNG is a small producer, our voice has always been appreciated because we produce coffee of exotic quality. "We are a coffee-producing nation and our voice is critical to making the policymaking decisions that ICO undertakes to regulate the supply and demand on the global coffee market.



**Farmers in remote Negabo in Chimbu Province showing off payments received from coffee sales. Farmers continue to face the dilemma of low coffee prices.**

## Woitape farmers receive coffee training

A joint field trip by officers from the Goilala Member's Office, Goilala District DAL, Fresh Produce Development Agency (FPDA) and the Coffee Industry Corporation Ltd (CIC) was carried out in ward five of Woitape Local Level Government in Goilala District, Central Province on July 12-16. The team of six included Michael Atuai, Alphonse Hega and Philip Gugub from the Goilala Member's Office, Noel Nava from FPDA, Michael Ravai from DAL Goilala and Jorine Hetora of CIC.

The purpose of the field trip was to carry out awareness on coffee and vegetables farming, provide training on husbandry practices, post-harvest and quality control steps in coffee, and presentation of cash from 2018 coffee parchment sales.

There are three LLGs in Goilala district of Central Province. They are Tapini, Woitape, Guari and the District headquarter is located at Tapini Station. Woitape has 14 Council Wards, Guari 13 wards, Tapini nine with a population of 36,563 plus people in the District according to the National Population Census Statistics report in 2011.

Goilala is the highest coffee producing District in Central Province of the Southern region. It is geographically mountainous and is 1,800 – 1,900 meters above sea level. The district shares boarder with Oro, Morobe, Milne Bay and Gulf Provinces. There are no road networks linking the two LLG's (Woitape, Guari) to Port Moresby except Tapini. Getting to Port Moresby would be by walking along bush tracks, which may take several days, or by light aircrafts which is quicker but expensive.

Goilala District has ten airstrips, of which eight are operational and two awaiting maintenance. The airstrips are located at Woitape, Ononge, Fane, Kosipe and Yongai in Woitape LLG, Tapini, Sopa and Kelau in Tapini LLG and Kamurai and Erume in Guari LLG. These rural airstrips are serviced by small aircrafts owned by Air Sanga, SIL Aviation, Airborne Logistics, SDA Aviation and North Coast Aviation. Helifex is only for charters. Most of the flights coming in and out of these airstrips are mostly on charter basis.

There were two awareness held in ward five of Woitape LLG during the trip. As the team touched down at Ononge airstrip, a big crowd of more than 340 plus men, women, youths and schoolchildren gathered prompting the officers to begin the first awareness on coffee market, transportation, training and improving living standards through coffee. The second awareness was conducted the following day, before the presentation for 2018 parchment sales in Eves village.

The sale of 50-parchment coffee bags was sold to Central Mamina at K4.00 per kilogram. A total of K14, 904.00 cash was paid to the Ononge farmers. Each farmer was paid according to his coffee parchment weight. The highest paid was K1, 430.00 to one of the hard working female farmers from Eves village.

The Goilala District Development Authority Chairman and his DDA team are acknowledged for making this training and visit possible.



**Top: Female coffee farmer in Eves village receiving her payment from CIC Central Province-based extension officer Jorine Hetora.**

**Bottom: Demonstrating pulping in Kokad village, Lower Vetapu of Woitape LLG, Goilala.**

# Revised regulatory policy guidelines and online export system launched

**The** Coffee Industry Corporation (CIC) launched three significant programs on Friday, September 13th, 2019 at the Phoenix Hotel in Goroka.

Hon. Pogio Ghate, Vice Minister for Agriculture & Livestock, responsible for Coffee, was present to officially launch the revised Regulatory Policy Guidelines (RPG), Green Coffee Standards and the Online Export Management & Facilitation System.

Present at the occasion were government representatives, donor representatives and the coffee industry stakeholders.

CIC Chief Executive Officer Charles Dambui said changes in the regulatory guidelines and green coffee standards have come about after stakeholder consultations. He said under the previous green coffee standards, there were 12 grades for Arabica green coffee however, the revised standards will now have only five. For Robusta coffee, it will now have three different grades compared to having only one.

The new grades for Arabica Green Coffee are A, B, Y, Y2 and Y3. Robusta coffee will have R1, R2 and RT.

He added that the previous guidelines were still relevant, as they have seen the coffee industry progressed over the years.

The revised guidelines will come into effect in 2020, hence, it is advisable for all industry coffee dealers, traders, operators to get a copy and familiarize themselves with the requirements of their operations.

“The revisions done is to capture the changes happening in the coffee industry both domestically and globally.”

He highlighted that the revised RPG, which falls under the Industry Operations Division, will now regulate the coffee growers all the way to freight forwarders.

The third program launched was the online export management and facilitation system. This program is expected to improve from the manual system to the online contracts registration for ease of export facilitation.

Mr Dambui thanked the World Bank & International Fund for Agricultural Development (IFAD) funded Productive Partnerships in Agriculture Project (PPAP) for funding the set-up of the online platform system, and thanked the CIC Board for approving the revised regulatory policy guidelines.

He urged all industry stakeholders for their support in fully implementing the revised guidelines in 2020 going forward.

Pacific Horticultural and Agricultural Market Access (PHAMA) Plus Program Country Manager Sidney Suma congratulated CIC and its stakeholders for the progress it was making in the industry.

He said the idea of moving away from paper work and going online addresses the issue of fraud and traceability.

“If you complement that with quality, we are in a good step to progress the industry,” Mr Suma said.

Pioneer coffee man and administrator, Ricky Mitio said the coffee market has shifted and demanding coffee from origins making traceability important.

He further highlighted that one of the biggest challenge is the sustainability of supply that needs to be properly addressed. “You cannot keep playing same old rules and expect different results.”

He asked the Agriculture and Livestock Vice Minister (coffee) to look at all the idle plantation land and find a way to revive them.

# Kokopo factory set to process coffee for export

A new K4.5 million coffee factory in Kokopo has been completed and set to process and export coffee to various markets around the world.

The dry processing mill located at Kapakaul has a state-of-the-art equipment with features like colour sorting for defects, burning of all waste from production, and vacuum packing of bags to contain moisture level and quality of export green bean coffee. It is a four ton per hour processing factory.

This was confirmed by PPAP coffee industry coordination committee (ICC) during a visit to the factory site on Tuesday 19 October, 2019.

ICC chairman Ian Mopafi and his committee members were impressed with the leadership and sincerity demonstrated by company's chief executive officer Eugene Tseng.

"Thank you for your leadership and sincerity. Two years ago we did the ground breaking ceremony here and now we see the factory," said Mr Mopafi.

"This factory will have a big impact on people on this part of the country. I can already see you will be a force to be reckoned with."

The factory is 51 per cent owned by the East New Britain Provincial Government and 49 per cent by Taiwanese company New Britain Resources Development Ltd (NBRDL). The PPAP assisted with K300,000 towards purchase of machinery.

The company is engaged as a lead partner for the World Bank and IFAD (International Fund for Agricultural Development) financed coffee rehabilitation project with Coffee Industry Corporation's Productive Partnerships in Agriculture Project (PPAP coffee).

The lead partner initially worked with 1,000 growers in the Pomio, inland Baining area. Many had abandoned their coffee because of no market to sell their produce. The factory has attracted the interest to 5,000 plus growers and will do marketing of coffee growers of New Ireland, West New Britain and the Autonomous Region of Bougainville.

July Woiwoi CIC officer in ENB said the lead partner has established 41 nurseries with 25,000 Robusta coffee cuttings in each totalling 1.2 million cuttings altogether.

He said these cuttings will have been distributed to all growers by end of 2019. He added these new growth will supply the factory's one production line which has a capacity to produce 4,000 kg of green bean coffee per hour.

Mr Woiwoi has been providing technical advice and support to coffee rehabilitation in the province since day one.

General manager for industry operations at CIC, Steven Tumaë said in the meantime the factory can buy coffee from non-coffee berry borer (CBB) infested areas in the mainland to supply the factory.

He added his officers have checked the facility and were satisfied the set up met the industry regulation guidelines one of which under some new changes is to partner smallholder growers to produce coffee.

"You already qualify for a license to produce and export coffee," said Mr Tumaë.

Project manager for CIC-PPAP Potaisa Hombunaka said the factory will trigger a transformation of the economic landscape of New Guinea Islands (NGI) Region.

"Coffee market access will be a thing of the past. East New Britain will displace some of the traditional coffee growing provinces with increase national market share through increased production and sales in five years' time."

The PPAP coffee rehabilitation is a CIC project through the Department of Agriculture & Livestock. It is financed by a loan facility from World Bank and IFAD with support funding from PNG Government.

This phase of coffee rehabilitation work will end December 31, 2019.

## Promoting PNG coffee at Japan specialty expo

The PNG coffee industry was invited to participate at the 2019 Japan Specialty Coffee Expo held in Japan from September 11-13.

Coffee Industry Corporation's subsidiary company, Kofi Management Services Ltd (KMSL), participated at the event displaying coffee samples and few roast and ground coffee from different registered manufactures. Coffee samples were taken from CIC's networking farming groups and its KMSL-managed research plantations. All samples were assessed by CIC's internal Certified Q-Grader Stila Frisu and CIC Lae Quality Assurance Office to qualify for the purpose of Speciality Market Standards.

A courtesy visit was paid to the PNG Embassy in Tokyo prior to the event to confirm PNG Coffee Industry's participation at the expo. Charge d'Affaires ad interim Mr. Samson Yabon supported the call to promote PNG coffee in Japan either by using the existing traders or emerging interested person with passion and heart for the coffee industry. One such person is Mr. Nobuchika Ihara who has been promoting PNG coffee and other PNG-made products in Japan.

Yabon made positive comments on PNG's participation in such demanding trade events. He said Japanese trading in all sectors has been booming. "Coffee drinking culture has simultaneously increased over the decade and is expected to grow exponentially. Even though, statistically PNG coffee trade in Japan is

less than 5 per cent, PNG can do better if appropriate technology is adapted to the cultivation and processing system."

He said existing trading network in Japan must be honoured consistently. "There must be trade visitation and participation in partnership in such event. Promotion and Product Marketing in trade is very significant and as such, PNG Coffee Industry must take the leadership role."

He added that coffee is one of the major commodities that has the buying power to transform the economic growth. Mr Yabon said the office of the Embassy and Associates is very honoured to host PNG Coffee Industry in such an event and expects to continue annually to promote PNG homegrown product in the Japanese market.

KMSL General Manager Michael Waim said the objective of KMSL's participation was to showcase PNG coffee farmers product (samples) at the exhibition and distribute upon request, establish business dialogue with interested buyer/roaster on coffee trade, and understand the dynamics of Japanese Speciality Coffee Market and its trading

points.

Japanese market is very lucrative. Securing and trading in such market requires patience and perseverance.

The market is open to all the different techniques of coffee processing adopted globally; Washed, Pulp Natural and Natural. Honey processing is an emerging market that is on



*Honorary Consul Mr Nobuchika Ihara, CIC's Michael Waim and Mr Samson Yabon at the expo venue in Tokyo.*

high demand in the speciality preferences. About 80 per cent of coffee trade in Japan has been sourced from Brazil, Ethiopia, Indonesia, Columbia, and Jamaica. PNG trade has been minimal due to quality inconsistency.

Through this visit, KMSL has established preliminary trading networking partner with the Honorary Consul to promote PNG Coffee. Mr Nobuchika Ihara is also promoting other Agriculture products such as PNG Honey, Vanilla and Cocoa. apart from coffee.

# Improving savings & access to credit among rural women

Rural women in Papua New Guinea (PNG) face significant barriers to savings and accessing credit. This is due largely to their small and irregular income, household and social demands on their income, high rates of illiteracy and lack of access to the formal financial sector. Women's limited access to credit and savings mechanisms place barriers on them to take advantage of local economic opportunities to improve household food and income security.

One approach to improving poor rural women's savings and access to credit in several developing countries has been through the development of informal village-based savings clubs. In 2018 as part of the ACIAR-funded project, "Identifying opportunities and constraints for rural women's engagement in small-scale agricultural enterprises in Papua New Guinea" a pilot Village Savings and Loans Association (VSLA) scheme was implemented. Researchers from Curtin University and the Coffee Industry Corporation (CIC) worked in collaboration with CARE International in PNG in two villages in Eastern Highlands Province. CARE International in PNG implemented and managed the VSLA groups. The VSLA model adopted by CARE drew on the VSLA methodology CARE International has used for over 25 years in numerous rural communities in Africa, Latin America and Asia.

The CARE VSLA model is based on a small group of up to 25 to 30 members who meet weekly or fortnightly over a nine to 12-month 'cycle' to save together and borrow money from the accumulated funds. Prior to the start of the meetings, members attend training over several weeks. The training covers among other topics, the VSLA methodology and financial management.

At the start of a cycle, groups create their own constitution which sets the rules the group will follow (within the parameters of the CARE model) and an elected five-person management committee is formed to administer and manage the savings and loans over the cycle. Savings are through the purchase of 'shares', the price of which is determined by group members at the beginning of the cycle. At each meeting, members can buy up to a maximum of five shares. When the savings have accumulated, members can borrow money. Loans are repaid with interest and must be repaid within a certain time-frame. At the end of the cycle a 'share-out' occurs. At the share-out, the accrued loan interest and savings are distributed among individual members, according to the number of shares purchased by each member. Following the share-out, the group may reform and start a new cycle.

In January 2018, two VSLA groups were formed among women and men in a village in Eastern Highlands Province. None of the women had bank accounts when they joined the group. Members of the VSLA groups are largely subsistence farmers. Men's primary income source is from the sale of coffee while women principally rely on earning small amounts of money selling fruit, vegetables and cooked food in local and urban markets.

The group meets fortnightly to save. The share price is K2, so each member may save up to K10 each fortnight. At every second meeting group members can also take out loans and make repayments on existing loans. Members can borrow up to three times the value of their savings.

All saving and loan transactions are recorded in the individual passbooks belonging to each member. Share purchases are indicated by stamps to aid those with low literacy levels. The VSLA model has a strong emphasis on transparency, and all transactions are visible to all group members. Loans must be repaid within three months and a service charge of 30 per cent is charged on the value of the loan. The interest charged is returned to members at the end of cycle share out. The money and passbooks are kept in a heavy steel cash box with three locks, all of which need to be unlocked to open the box. The steel box and each of the three keys to the locks are held by different group members. Over seven months, the women purchased 1,797 shares (at K2 a share) and invested a total of K3,594. On average, each member bought 75 shares (of a maximum of 80 available to them) worth K150. For every K2 share the bought, members were making 29% interest. This means that each share earned K0.58 for every K2. This was a remarkable achievement for women who prior to the VSLA group had minimal savings and could make money out of it.

Based on preliminary data analysis the impacts of facilitating access to credit for women have been very positive as women have gained confidence in their ability to move into managing small enterprises and feel a sense of self-pride in their achievements, both individually and as a group.

In February 2019, the women and men's VSLA groups started a second savings and loan cycle and a new women's group has been formed. Curtin and CIC researchers continue to monitor the progress and impacts of the savings and loans groups on men and women.

**Source: Pacific Livelihoods**