



Expanding cocoa trade

The objective of the project is to increase financial returns, yields, quality/safety and market access for smallholder cocoa growers and grower groups. The project aims to ensure increased competitiveness and sustainability of Papua New Guinea's (PNG) cocoa industry in terms of consistent supply of high quality safe cocoa from smallholder driven value chain, resulting in sales to premium markets, and positive impacts on the livelihoods of rural households directly benefiting from the project. It is envisaged that the long-term success of the STDF project will be an increase in exports of high quality cocoa.

STDF/PG/553

Status

On-going

Start Date

01/09/2018

End Date

30/06/2021

Project Value (US\$)

\$859,234

STDF Contribution (US\$)

\$623,275

Beneficiaries

Papua New Guinea

Implementing Entities

Cocoa Board of Papua New Guinea

Partners

Department of Agriculture and Livestock, Papua New Guinea

NGIP Agmark Ltd.

Outspan PNG Ltd.

Background

Cocoa is the third most important cash crop in PNG, delivering US\$96.3 million of income in 2015. Between 70-80% of this income goes directly to smallholder cocoa farmers who contribute to 98% of total production. Most coastal provinces in PNG can grow cocoa providing a livelihood for over 151,000 households and over a million people.

The industry faces problems with low and stagnant yields, inconsistent quality and SPS risks associated with Polycyclic aromatic hydrocarbons (PAH) contamination due to defective driers. After the cocoa fermentation process, cocoa beans are then dried using a combination of firewood and natural sunlight to bring it to the desired quality. The drier contains a kiln pipe made of mild steel which

acts as a conduit to transfer heat to the cocoa beans on the drier bed during the drying process. However, this material is not durable enough and deteriorates within a few years, allowing smoke to come into contact with cocoa beans resulting in smoke taint.

This project will support the cocoa industry and contribute positively to the goals set out in the Cocoa Industry Strategic Plan 2016-2025 by supporting improvements to food safety and quality management in the cocoa value chain in order to promote cocoa exports that benefit farmers in rural communities and reduce poverty.

The project is based on a collaborative public-private partnership approach and looks to work closely with key exporters like NGIP-Agmark and Outspan PNG Ltd, the 2 biggest cocoa exporters in PNG. The project will target 12 farmer groups located in East New Britain Province and 3 farmer groups in the Markham Valley of Morobe Province comprising a total of 1500 rural farming households.

PNG is one of only 23 countries recognised by the International Cocoa Organization (ICCO) for its high-value fine flavour cocoa. PNG has the potential to export its cocoa to high-value premium markets, if certain SPS challenges (PAH and cadmium contamination) along the supply chain are addressed. The Cocoa-Board of PNG and the cocoa industry are committed to working together to put in place and demonstrate robust safety and quality management systems to control PAH and cadmium contamination and other SPS issues within the value-chain, and to expand exports to high-value markets.

Expected Results

Implementing risk-based management systems

Risk-based safety and quality management systems will be implemented by members of smallholder groups to improve yields, quality and safety of cocoa. This will be achieved through the roll-out of smallholder-friendly safety and quality management systems (production & processing) suitable for group based production units to maximize output.

Setting up a primary farm assurance (PFA) protocol for smallholder cocoa production

The project will develop an appropriate and verifiable PFA protocol for smallholder production of cocoa in PNG and have it adopted by the cocoa industry. This would be a PNG driven certification with independent annual audit to verify compliance with control criteria for successful food safety management during production of cocoa.

Building the capacity of smallholder cocoa growers

The project will develop and implement a national cocoa curriculum for adult learners. This would involve development & implementation of a peer group training programme for smallholder growers of cocoa. The training will be provided by Cocoa Board and other private service providers, however, there is need for developing a standardized training program for key instructors.