

PNG COCOA JOURNEY: 2010 - 2030

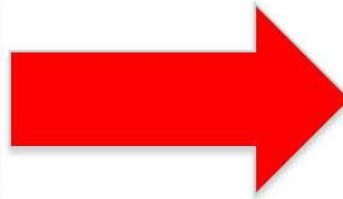


FROM POD TO BAR - FROM SCARCITY TO ABUNDANCE



2 KEY ISSUES

1. QUALITY
2. VOLUME



Dr. Vele Pat Ila'ava
Chairman, PNG Cocoa Board &
Acting Secretary, Department of Agriculture & Livestock

Agriculture & the Economy: Opportunities



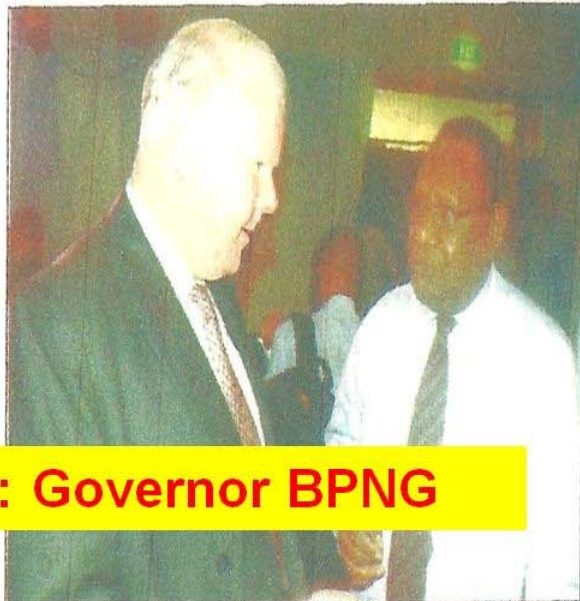
Revenue surge from resources by 2030

by MALUM NALU

PAPUA New Guinea's resources sector could be earning as much as US\$38 billion in annual export revenues by 2030, six times current levels, according to ANZ bank chief executive Mike Smith.

Smith said these increased earnings reflected diversification of resource industry benefits beyond oil, gas and beyond copper and gold, which included agriculture.

He told a Port Moresby Cham-



Loi Bakani: Governor BPNG

... could be made in market shares for key commodities.

"This research is indicative of the opportu-

Windfall

PNG may rake in K80 billion by 2030

PAPUA New Guinea could reap K80.1 billion annually, six times current levels, by 2030 because of an anticipated growth in global demand for its resources.

ANZ Banking Group chief executive officer Mike Smith said this could happen if "modest gains" could be made in market shares for key commodities.

Even on more conservative assumptions, annual revenues from resources could reach US\$25 billion (K52.7 billion) by 2030 — more than four times current levels, he said. Smith indicated that capital investment in PNG of around US\$130 million (K274.26 million) between now and 2030 could create about 100,000 new jobs in mining, energy and support services.

With growth in Asia driving an increase in global demand for food, Smith believed agriculture had the potential to be the next sector to experience significant growth, benefiting the rural society.

© Reports on Page 38



Legal year starts ... An East Sepik girl wearing traditional bilas welcoming Wewak judges — acting Judge Justice Iona Bella (left) and Justice Nicholas Kirworn — and members of the Wewak magistracy court employees and magistrates and members of the provincial government at the Wewak Catholic church in Wewak yesterday. Report on Page 6. — by ROSELYN ELLISON

Mike Smith, ANZ Bank CEO



- ✓ PNG economic growth over 10% last 5 years
- ✓ Agriculture contributes over 25% to GDP
- ✓ Population of 7.5 million

PNG AGRICULTURE FOCUS 2014-2017

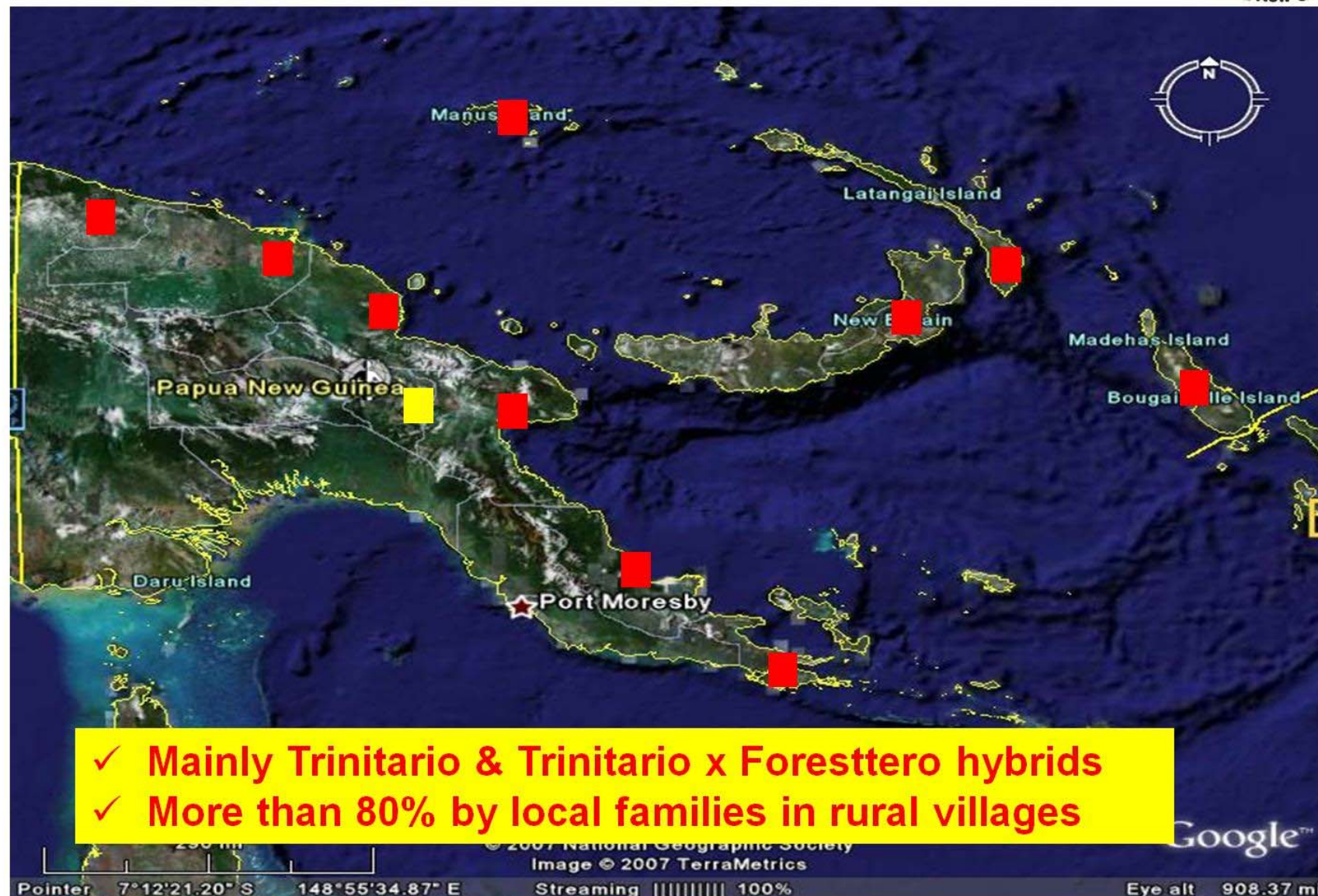
GROWING RURAL ECONOMIES



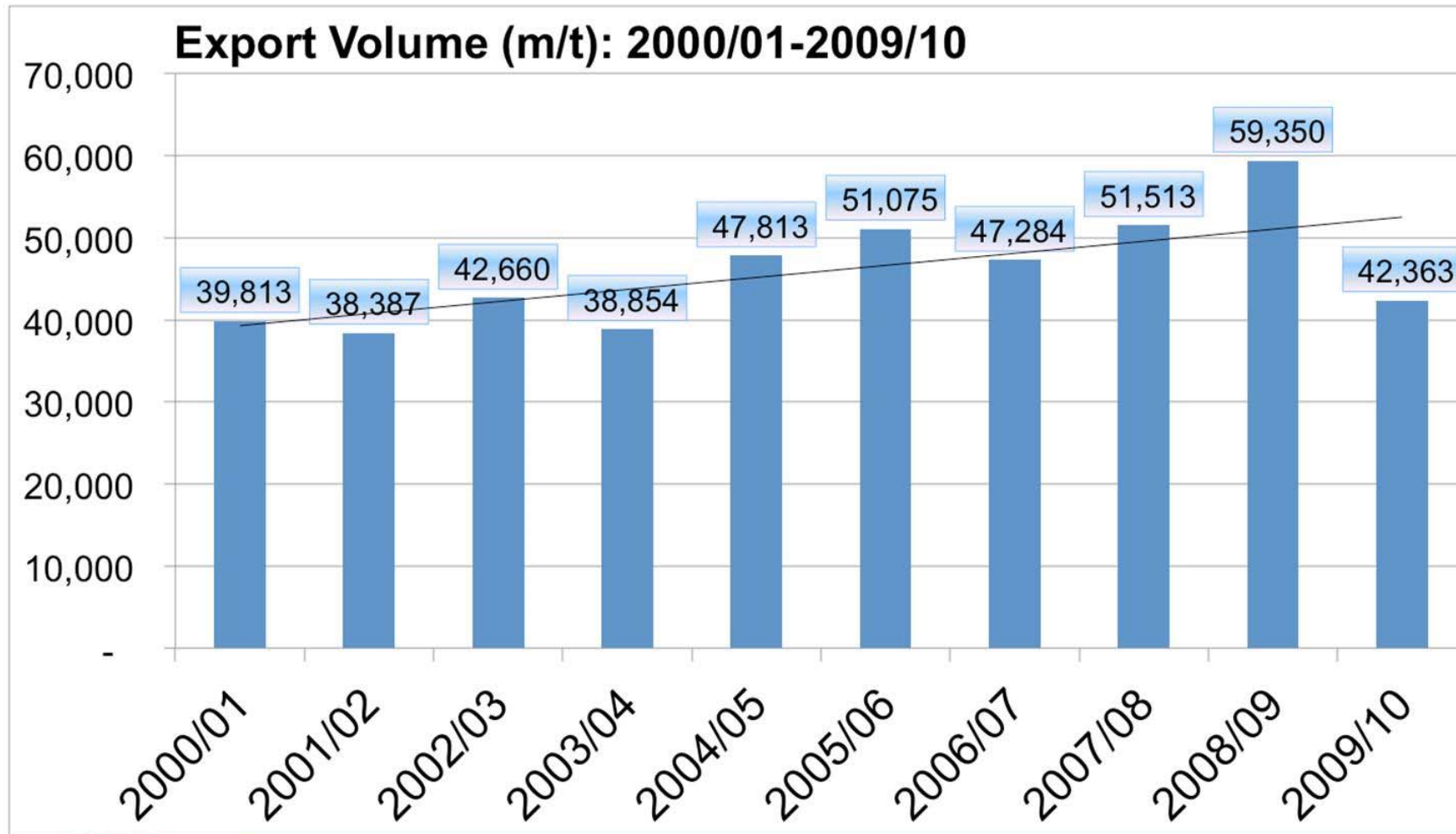
RURAL COMMUNITY EXPECTATIONS

1. **INCREASED INCOME** for individuals & families
2. **INCREASED OPPORTUNITIES** for employment & business
3. **EASY ACCESS TO QUALITY BASIC SERVICES** like health, education, clean water, shelter & infrastructure

Cocoa Growing Areas in PNG



PNG Cocoa Export Volume 2000 - 2010

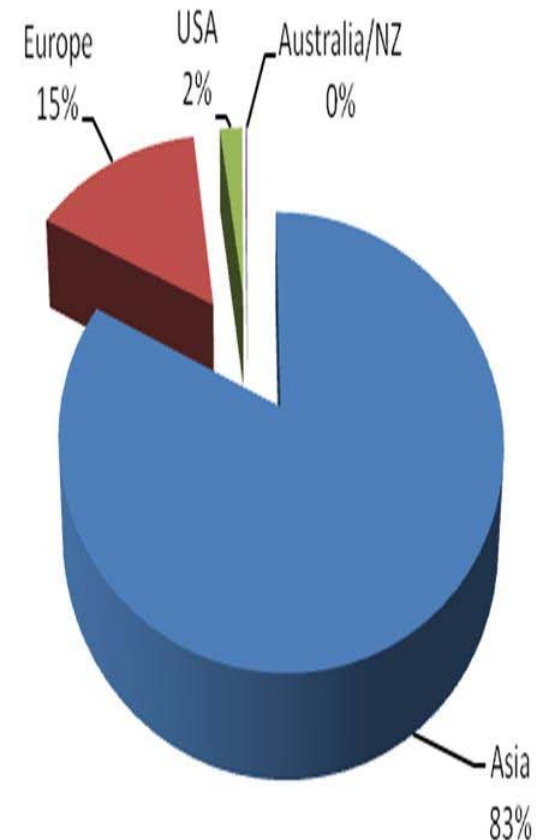


Average Productivity: 300kg/ha
GOVERNMENT TARGET – 310,000 t by 2030

PNG Cocoa Export Destination & Achievements



- ✓ **Engages about 1.5 to 2 million people in rural areas**
- ✓ **Generates over US\$150m in export revenue for PNG**
- ✓ **Increased fine flavour rating from 75% to 90% in 2010 (ICCO)**
- ✓ **Awarded international cocoa of excellence in Paris – In 2010 & 2011**



PNG Agriculture - Supply Chain



1. Land mobilization.
2. Infrastructure Development.
3. Nursery & Research.
4. Land preparation & cultivation.
5. Planting.
6. Harvesting.



This is the high-risk, low-value end of the business.

Farmers (80% locals)

-
7. Processing & packaging.
 8. Marketing.
 9. Distribution and Sales.

This is the low-risk, high-value end of the business.

Traders & Exporters



GoPNG Strategies & Programs: 2013-2017



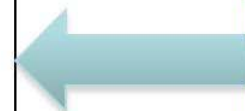
1. Empower & support farmers to increase productivity.
2. Encourage & support farmers to partner exporters, processors & manufacturers.
3. Encourage & support large investments into cocoa business.

**AMMENDING
POLICY & LEGISLATION
TO ACHIEVE THESE
OBJECTIVES**



- ✓ Cocoa Nursery
- ✓ Freight Subsidy
- ✓ Post Harvest

**PNG Cocoa Board
Programs**



Market Development

PNG Cocoa & Global Trends



Global Trends

1. Traders into processing
2. Processors into manufacturing



ICCO Agenda

1. Sustainable cocoa farming
2. Fair Trade
3. Certification

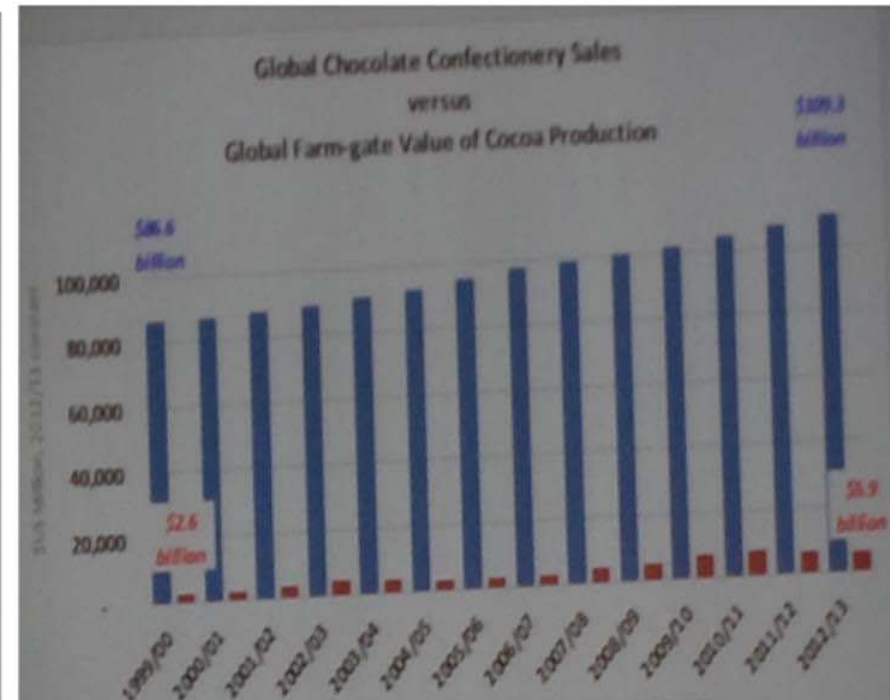
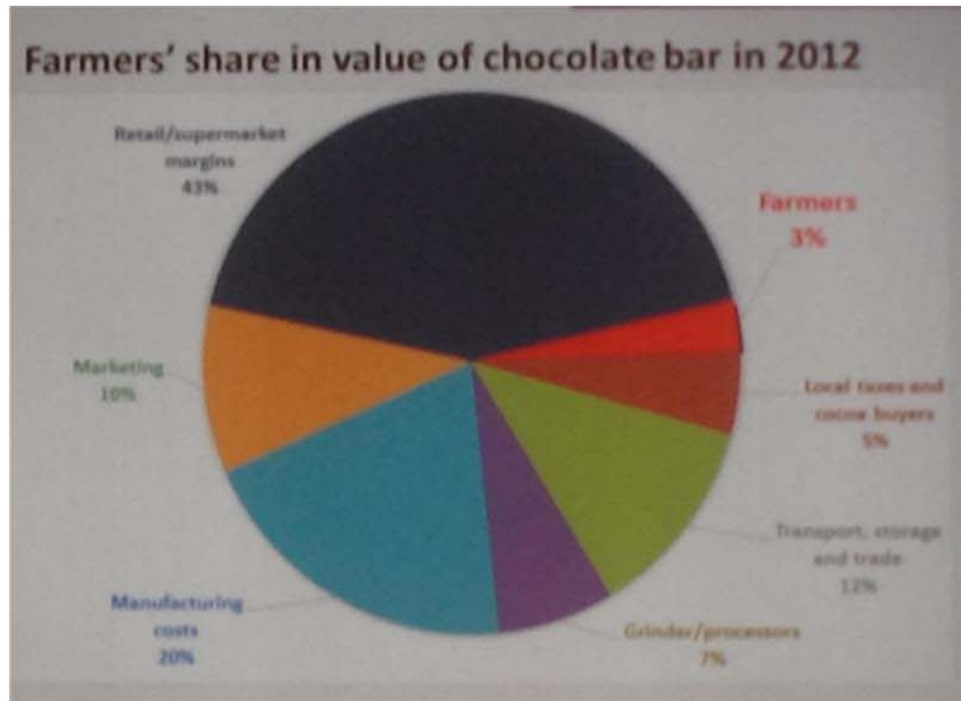


PNG Response

1. Motivating farmers to plant more cocoa.
2. Encourage & support farmers to partner traders, processors & manufacturers (agri-business)

**Its about BUILDING
RELATIONS BASED ON
TRUST, MUTUAL RESPECT &
MUTAL GAIN**

The PIE IS BIG ENOUGH FOR ALL OF US!!!

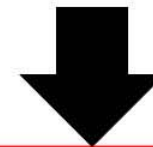


Dr. Jean-Marc Anga
Executive Director, ICCO
10th June 2014, Amsterdam



PARADIGM SHIFT:

*From Scarcity to **ABUNDANCE** MENTALITY*



| NEED | METAPHOR | PARADIGM | PRINCIPLE | OUTCOME (Our Farmers) |
|---------------|----------|-----------------------------|--------------------|---|
| Physical | Stomach | Scientific Authoritarian | <u>Fairness</u> | Pay me well |
| Emotional | Heart | Human Relations | <u>Kindness</u> | Treat me well |
| Psychological | Mind | Human Resources | <u>Development</u> | Train me well |
| Spiritual | Spirit | Principle Centred | <u>Purpose</u> | How can I contribute to your success? |



From Stephen Covey: Principled-Centred Leadership

PNG Cocoa Dream: 2015 - 2030



**QUALITY NOT VOLUME!!!
90% FINE FLAVOUR**

- 3.7m People
- Farmers, SMEs
- Manufacturers



US\$100,000

- 2.7m People
- Farmers & SME

US\$10,000



- 2.0m People
- 80% Farmers



US\$1,000



2015

2020

2030

Sustainable world cocoa economy!!! THAT ONE HOW?



If you want 1 year of prosperity, grow grain;
If you want 10 years of prosperity, grow trees;
If you want 100 years of prosperity, grow people.

Chinese Proverb

WHY CHANGE?



“The definition of insanity is to continue doing the same thing whilst expecting a different result.”

Albert Einstein