Moving towards market orientation: Market for Village Farmers activities, challenges and impact

Joe Koima

Fresh Produce Development Agency

Port Moresby

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Market for Village Farmers : Background

Aim

MVF aims to enhance the livelihoods of village farming households by facilitating transition from semi-subsistence agriculture to market-oriented production and farming as business

Project Fund

Total investment under MVF is US$ 46.8 million, supported by IFAD loan, Government of PNG, beneficiaries, financial institutions, provincial and district government and RPSF funds

Target Provinces

Covers 7 provinces

- Western Highlands
- Jiwaka
- Simbu
- Eastern Highlands
- Morobe

Fresh Produce

- East New Britain (galip nut)
- Madang (galip nut)

Beneficiaries

MVF targets around 25,000 farming households, benefitting approximately 125,000 people

Project executed by DAL and implemented by FPDA

Market for Village Farmers : Project Components

- **Component 1 – Inclusive Business Partnership**
  - Building and implementing business partnerships
  - Focus area: fresh produce and galip nut value chain
- **Component 2 – Supportive Value Chain Investments**
  - Facilitating access to financial services
  - Spot improvement (full rehabilitation) of feeder roads
- **Component 3 – Collective Governance and Project Management**
  - Promoting a favorable policy and institutional environment to support the development of inclusive fresh produce and Galip nut value chains

Market for Village Farmers : Key Achievements

Strong outreach impact

reached **12,866** households & 24,844 individuals, of which 49% were women and 10% were youth.

52% of the outreach target achieved

Growing business partnership

32 fresh produce & **2** galip nut partnerships

Increased disbursements

Business partnership disbursements up **294%** since Dec 2023, reaching 9.67M PGK

Enhanced training efforts

1,000+ farmers trained in nutrition (51% women, 32% youth); financial literacy manual updated

Stronger project management

all PMU national staff recruited, with **2** international technical assistants hired to build local capacity

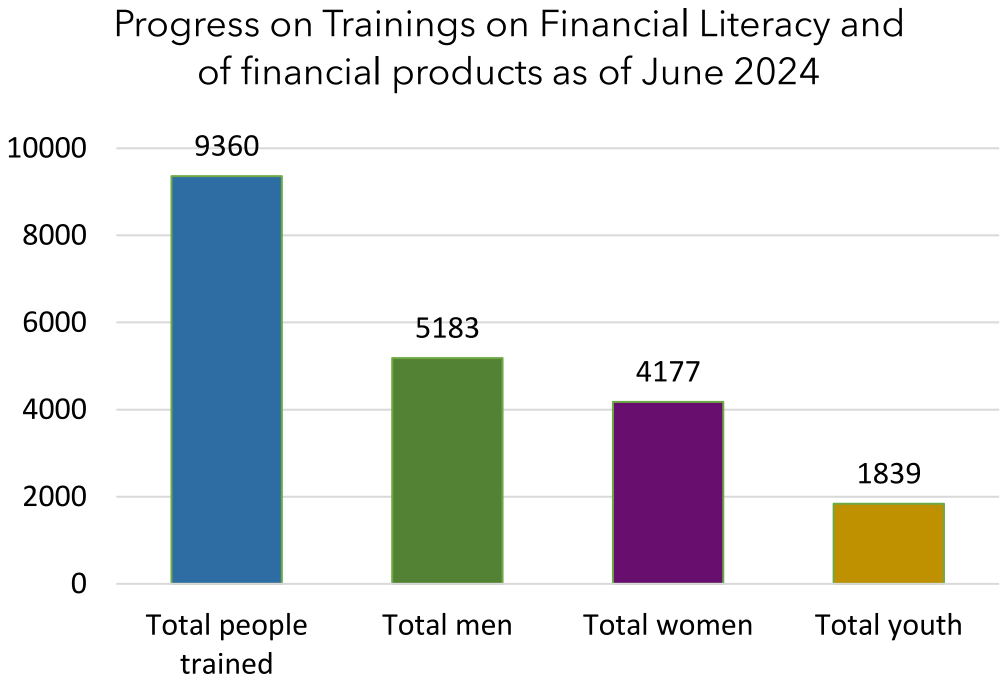
Financial and governance improvements

USD 16.83M disbursed as of May 31, 2024 (IFAD and RPSF funds), better internal controls & compliance achieved

Financial Inclusion – Key Interventions

- **Financial Literacy Training**
  - As of June 2024, CEFI has provided financial literacy training to 9,360 farmers
  - Following, Mid Term Review, training manual has been revised and simplified
  - A 2-week refresher training (between Jan-Jun) was conducted for trainers of Western Highlands, Jiwaka and Simbu
  - Encourage saving culture using bank accounts to accumulate seasonal savings ensuring sufficient investments through crop cycles

- **Partnership with financial institutions**
  - CEFI implemented financial training until Sep 2024 and is now involved in development of rural financial inclusion policy
  - MiBank launched its farmer loan product for MVF clients and processed 128 loans in its first pilot in WHP (**worth 197,632 USD**)



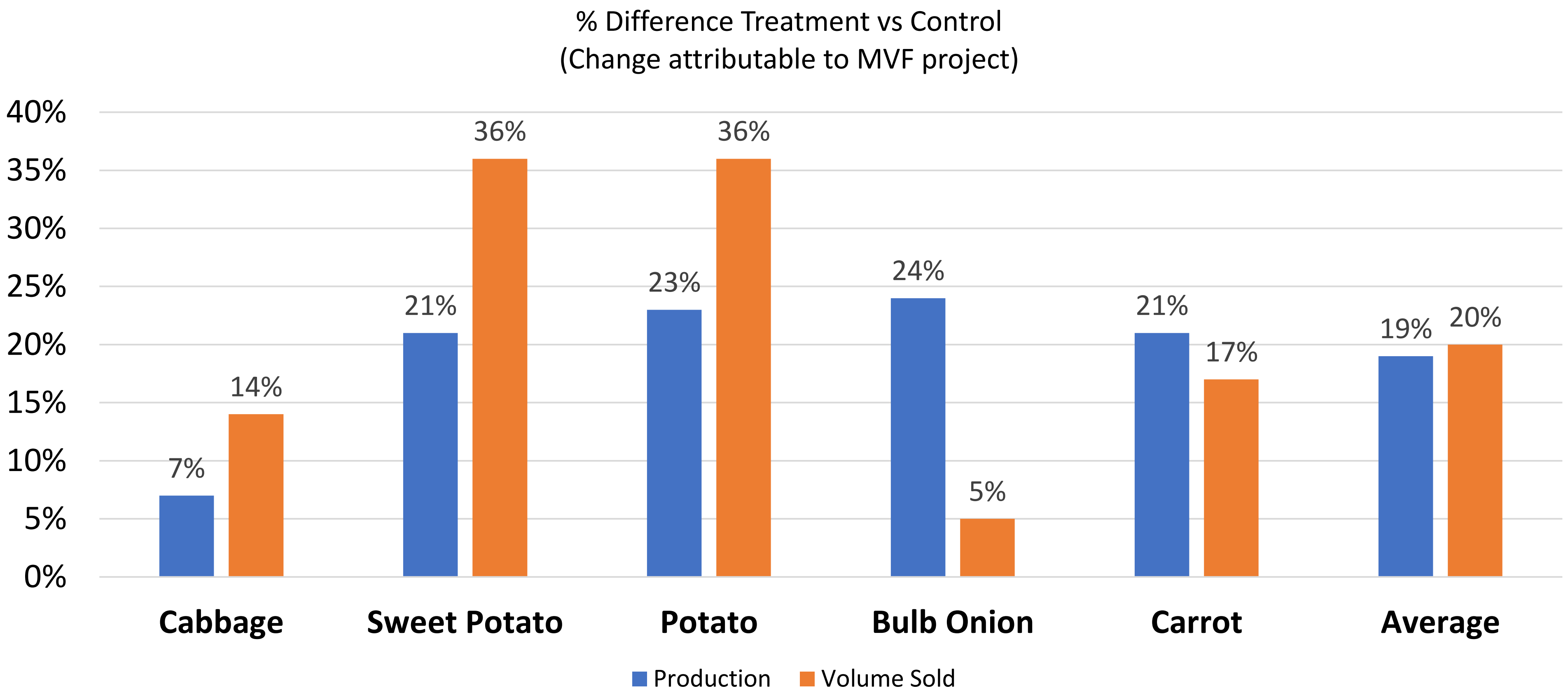
Agricultural Extension– Key Interventions

FPDA has been in the forefront of providing extension services on agricultural practices in PNG

- Delivers knowledge through innovative extension methods based on model farms and village extension workers
- FPDA's extension service team provided technical production training to **4,273** farming households
- Aims to train **344** lead farmers through a TOT approach

MVF Impact – Increased production through project interventions

Based on midline survey report (as of 9th April 2024), beneficiaries increased their productivity by an average of **19%**, which can be attributed to the MVF project



MVF project disbursed agri-inputs to lead partners in Chimbu, Western Highlands and Jiwaka–Aug’24

- Agri inputs valued at over K2 million (using covid relief funds) were successfully dispatched to over 3000 farming households
- Funds disbursed to the lead partners to procure fertilizers, chemicals, seeds and other farm materials to then supply to their profiled farmers.
- MVF supported farmers by creating doorstep markets, securing price premiums, and building capacity for full-time commercial farming

MVF delivered farm kits to lead partners in Jiwaka – Feb’25

- Farm kits worth K68,147,000 delivered to 24 lead farmers from Kurumul tea area in Jiwaka district
- Citrus and pineapple growers received wheelbarrows, sprayers, knives, fertilizers to boost production and improve quality
- MVF supported Jiwaka farmers by establishing farmer cooperatives, boosting their morale, and enhancing their capacity to increase production, improve quality, and meet market demands.

MVF - Project Challenges

- **Lack of financial access for farmers**: Financial institutions in PNG have stringent lending policies, making it difficult for farmers to secure loans.

    - As a result, farmers struggle to raise the required 30% contribution, delaying the procurement of essential inputs like seeds, fertilizers, and tools.

    - Lead farmers unable to meet the 60% contribution, limiting their participation

- **Procurement delays:** Adherence to donor-mandated procurement procedures leads to delays in acquiring goods and services, slowing down project implementation.

Acknowledgement