Privatising Extension Services in Bialla Oil Palm Project

Hargy Oil Palm’s Experience 2008–2017

Graham King & Roland Allbrook
PNG Smallholders
- 39% of planted area
- 30% of production and declining

Bialla Smallholders
- 50% of planted area
- 41% of production and improving

3,708 Families – 40,000 people
Very important to local communities and Economic development of WNB
Leibig’s Law states:

“Growth is controlled not by the total amount of resources available, but by the scarcest resource.”

Or

“The minimum controls the maximum”
Liebig’s Law of the Minimum
Limitations to Smallholders

Yield Limitations

Limitation Rating

Limitation

Yield t/ha

Roads | Transport | Mill | Fertiliser | Other
In 2008 Hargy introduced a strategy to improve smallholder production.

This was achieved by:

• Road maintenance – 527 km of smallholder road
• Investment in 16 Volvo trucks and electronic scales
• Setting a standard Pickup schedule
• Investment in new payroll software to enable:
  • Weekly payments
  • Direct bank deposits/Eda Supa payments
  • Mobile card payments
• Credit system with limit of K3m
  • Fertiliser, Tools, Seedlings
  • 30% deduction from FFB payments
Investment in Transport Capacity
Investment in Milling Capacity
Our own Block Inspections showed:

- Poor Harvesting
- Poor Upkeep
- Crop Diversion
- Fertiliser not applied
- No Tools
- No OPIC Extension visits

Skip harvesting was identified as the main agricultural practice limiting yield.
Why Privatise

- Poor (OPIC) Extension Services.
- World Bank SADP project did not result in any change.
- Oil Palm Industry Corporation (OPIC) very poorly managed.
- No Government support
- Need to communicate DIRECTLY with the growers
In 2014 Hargy started to put together a team to assist OPIC in their extension efforts.

Took smallholders to Kokopo to see impact of NGIP – Agmark private advisory service for Cocoa in ENB

• Model Plantation – Tokiala
• 400 surrounding smallholders
• Good upkeep and harvesting were the keys to controlling CPB

In Jan 2015 the OPIC Board approved a Private Extension Service for Bialla Project
Hargy Agricultural Advisors

- Changed the name: **EXTENSION OFFICERS → AGRICULTURAL ADVISORS**
- K4.00 Company levy is no longer paid to OPIC
- Recruited ex-OPIC employees.
- Advisors are mobile and visiting blocks every day
- Smallholder Information System
- Performance targets are set and monitored
- Regular training meetings are held.
Methodology

- Field Days
- Section Meetings
- Regular block visits
- Posters & Leaflets
- Block rehabilitation contracts
- Fertiliser delivery and application contracts
- Section Committee Engagement
- Data Analysis & Mapping/GIS
- Land Ownership (Titles & CLUA)
We have expanded the scope of field days to include such topics as Health, Sexual and Reproductive Rights, Business Development and Law and Order.
Financial Literacy Training has been an important aspect of our Community Outreach and Agricultural Advisory Programme. Here, Evelyn Maya is pictured with a group of VOP women trainees.
What has not been tried...or has been tried and discarded.

- Radio – this has been tried but has not been really successful.
- Face Book/Social Media – again, our experience is that face to face contact with farmers is by far the most effective means of communication.
- Newsletters and information sheets.
Results–

- After just 3 years the Smallholder Advisory Team has produced tangible benefits.
- Nucleus Estate Model works
- Agricultural Advisory model can be adapted to other agro-industries such as cocoa and coffee.
Smallholder Harvesting Rounds

Harvesting Rounds 2015–16–17 comparison
(out of 43 weeks target = 21)

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<td>[&gt;25]</td>
<td>84</td>
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</table>
Results – FFB

Smallholder FFB & Yield

FFB Tonnes


Yield (t/ha)

0.0 5.0 10.0 15.0 20.0 25.0

Tonnes Yield (t/ha)
Loose Fruit Mama Production 2012–2017
Loose Fruit Mama Income 2012–2017

Loose Fruit Mama Income

K'000

2012 2013 2014 2015 2016 2017

Percentage

2012 2013 2014 2015 2016 2017
Smallholder Income K ‘000

2010: 40,000
2011: 70,000
2012: 60,000
2013: 50,000
2014: 60,000
2015: 50,000
2016: 60,000
2017: 70,000
Role of OPIC

OPIC has a continuing role in:

- Local Planning Committee meetings
  - Growers, Company, OPIC, OPRA
- Mediating in Land Disputes
- Deceased Estates
- Land Titles
- CLUA
PNGOPRA Research

- Privately owned by the industry including smallholders

- Strong Smallholder Research Program.
  - Loose Fruit Mama Scheme.
  - Economic baseline surveys
  - Mobile Card Contract
  - 1 Hectare Replant & Food Security

- Fertiliser recommendations

- Pest & Disease Management.
NO INVESTMENT IN AGRICULTURE WITHOUT SECURE LAND TENURE

- How does government make land available for future investment?
- Nucleus Estates
- Land Settlement Schemes
- SABL/VCLR – not suitable as security for loans
The Nucleus Estate Model is one of the main reasons for the success of the PNG Oil Palm Industry.

Nucleus Estate provides Agricultural Advisory Services to smallholders.

How do other Commodities adapt this model?

Government Extension Service **does not work**

Private Agricultural Advisory system **DOES work**
SUMMARY

- SECURITY OF **LAND TENURE** IS THE #1 LIMITATION TO AGRICULTURAL DEVELOPMENT
- POOR **ROAD MAINTENANCE** IS THE #2 LIMITATION TO AGRICULTURAL DEVELOPMENT
ROLE OF

GOVERNMENT

LAND TENURE

ROADS

PRIVATE SECTOR

QUALITY

P&D

- CREDIT
- MARKETING
- FERTILISER
- PLANTING MATERIAL

• HEALTH
• LAW & ORDER
• EDUCATION