

## 553 Fresh Produce Development Company

(in Millions of Kina)

PIP No.	Project Title	5 Year Total	2006	2007	2008	2009	2010
2445	NZ SEED POTATO REHAB	1.0	1.8	1.0			
TOTAL CAPACITY BUILDING PROJECTS		1.0	1.8	1.0			
2065	SP	.9	.6	.5	.4		
2234	CR	.6	.5	.4	.2		
TOTAL CAPITAL PROJECTS		1.5	1.1	.9	.6		
TOTAL		2.5	2.9	1.9	.6		

## 553 Fresh Produce Development Company

## AGENCY SUMMARY OF ALL PROJECTS

## EXPENDITURE PROJECTIONS AND FINANCING REQUIREMENTS (K Millions)

PROJECT COST	2004 Actual	2005	5 Year Total	2006	2007	2008	2009	2010
<b>DIRECT PROJECT COST</b>								
<b>Current Expenditure</b>								
Personal Emoluments								
Goods and Other Services		1.9	3.3	1.6	1.3	.4		
Current Transfers								
Sub-Total		1.9	3.3	1.6	1.3	.4		
<b>Capital Expenditure</b>								
Acquisition of Existing Assets								
Capital Formation		1.6	2.0	1.2	.6	.2		
Capital Transfers								
Sub-Total		1.6	2.0	1.2	.6	.2		
<b>A TOT DIRECT PROJECT COST</b>		3.5	5.3	2.8	1.9	.6		
<b>Technical Assistance</b>								
Project Preparation								
Advisory								
Training								
Equipment								
<b>B TOT TECHNICAL ASSISTANCE</b>								
<b>TOTAL PROJECT COST (A+B)</b>		3.5	5.3	2.8	1.9	.6		
<b>FINANCING SOURCES</b>								
<b>IDENTIFIED FINANCING</b>								
<b>Direct Project Financing:</b>								
<b>Government Contributions:</b>								
a) Government Input		1.5	1.4		.9	.5		
b) Self Generating Revenue								
Loan								
Grant		2.0	1.0		1.0			
<b>C TOTAL DIRECT FINANCING</b>		3.5	2.4		1.9	.5		
<b>D Technical Assistance</b>								
<b>TOTAL FINANCING (C+D)</b>		3.5	2.4		1.9	.5		
<b>FINANCING SOUGHT</b>								
Direct Project Cost (A-C)			2.9	2.8		.1		
Technical Assistance (B-D)								
<b>TOTAL FINANCING SOUGHT</b>			2.9	2.8		.1		

**PIP NUMBER:** 2065

**PROJECT NAME:** SEED POTATO SCHEME

**EXECUTING AGENCY:** Fresh Produce Development Company

**PROJECT OBJECTIVIES:**

To attain self sufficiency in seed potatoe by establishing a commercially available seed scheme capable of producing the required amounts of quality seed of the recommended varieties for the production of potatoes for consumption and processing markets and uptake commercial production of certified seed potatoes.

**PROJECT STATUS:**

The project was a new proposal in 2002 however the activity of rearing this certified seed has been in operation since 1999. FPDC has been purchasing the required seed from Tasmania, Australia. Germination is undertaken in the mountains of Tambul, Western Highlands Province. Despite the effects of the Potato Late Blight some progress were made to provide clean seed potatoe demanded by farmers. To date activities undertaken include continued seed program under a sprary program, imported seed and produced Elite Seeds through Plantlets.

**PROJECT COMPONENTS:**

There are five components of the project: (a) establish a elite seed base at Tambul, (b) strengthen existing certified seed programme in WHP and SHP, (c) expand certified seed activities into the Enga, Simbu and EHP, (d) Supply seed to coastal provinces, (e) uptake commercial production of certified seed.

**PROJECT LOCATION:**

Tambul, in the Western Highlands Province (WHP) and the extension activities go as far as SHP, Simbu, and EHP.

**PROJECT JUSTIFICATION:**

This project is in support of the implementation of the food security and to reduce the dependence on imported supply of potato seeds. The aim is to encourage the domestic production of elite seed in order to reduce the cost of imports of elite seeds.

**PROJECT CAPACITY:**

FPDA has the capacity to implement the project.

**PROJECT BENEFICIARIES:**

The direct beneficiaries are the seed potato farmers of Western and Southern Highlands provinces and eventually other farmers throughout the country.

**PROJECT SUSTAINABILITY**

The sustainability of the project will depend on how well the FPDA manages the project in terms of the training of the staff to effectively carry out its extension and training functions to the potato growers. Moreover, the success of the project will depend on the success of the domestic production of the elite seed potato.

## 2065 SEED POTATO SCHEME

ESTIMATED TOTAL PROJECT COST 1,456.6 ESTIMATED DURATION OF THE PROJECT 5.0 Years

## EXPENDITURE PROJECTION AND FINANCING REQUIREMENTS (K'000)

PROJECT COST	2004 Actual	2005 Budget	5 Year Total	2006	2007	2008	2009	2010
<b>DIRECT PROJECT COST</b>								
<b>Current Expenditure</b>								
Personal Emoluments								
Goods and Other Services		390.0	1,193.5	493.5	400.0	300.0		
Current Transfers								
Sub-Total		390.0	1,193.5	493.5	400.0	300.0		
<b>Capital Expenditure</b>								
Acquisition of Existing Assets								
Capital Formation		110.0	256.5	106.5	100.0	50.0		
Capital Transfers								
Sub-Total		110.0	256.5	106.5	100.0	50.0		
<b>A TOT DIRECT PROJECT COST</b>		500.0	1,450.0	600.0	500.0	350.0		
<b>Technical Assistance</b>								
Project Preparation								
Advisory								
Training								
Equipment								
<b>B TOT TECHNICAL ASSISTANCE</b>								
<b>TOTAL PROJECT COST (A+B)</b>		500.0	1,450.0	600.0	500.0	350.0		
<b>FINANCING SOURCES</b>								
<b>IDENTIFIED FINANCING</b>								
<b>Direct Project Financing:</b>								
<b>Government Contributions:</b>								
a) Government Input		500.0	850.0		500.0	350.0		
b) Self Generating Revenue								
Loan								
Grant								
<b>C TOTAL DIRECT FINANCING</b>		500.0	850.0		500.0	350.0		
<b>D Technical Assistance</b>								
<b>TOTAL FINANCING (C+D)</b>		500.0	850.0		500.0	350.0		
<b>FINANCING SOUGHT</b>								
Direct Project Cost (A-C)			600.0	600.0				
Technical Assistance (B-D)								
<b>TOTAL FINANCING SOUGHT</b>			600.0	600.0				

**CURRENT DONOR INVOLVEMENT**

None. Project is fully funded through the national budget.

**POTENTIAL DONOR INVOLVEMENT**

Nil.

**2006 Budget Votes for this PIP are :-**

55331011203 SEED POTATOE SCHEME

**PIP NUMBER:** 2234

**PROJECT NAME:** COOL ROOM (INFRASTRUCTURE PROJECT)

**EXECUTING AGENCY:** Fresh Produce Development Company

**PROJECT OBJECTIVIES:**

To organise, establish and manage in collaboration with the private sector, the storage and transportation facility in the Highlands, Morobe and Central Provinces to facilitate marketing of fresh produce. To improve the marketing opportunities in the Highlands and enhance its availability to consumers in Port Moresby.

**PROJECT STATUS:**

This will be the sixth year of implementation. Due to issues relating to land, the project has not really taken off although there have discussions with FPDA management and the stakeholders. Towards the end of the second quarter 2005, FPDA secured a portion of land in Kainantu and is looking to commence the project this year (2006).

**PROJECT COMPONENTS:**

The project initially had five (5) components. It has now been revised to only one, and that is the construction of a depot in the township of Kainantu in the Eastern Highlands Province (EHP).

**PROJECT LOCATION:**

Due to the issue on land availability, FPDA has secured a portion of land in the township of Kainantu, in consultation with the Town Council.

**PROJECT JUSTIFICATION:**

The project will boost local food production in the Highlands and supply to Port Moresby where demand is considerably high. Recent figures of highlands fresh produce shipment to Port Moresby indicated that the amount sent is far short of the demand in the capital.

**PROJECT CAPACITY:**

The Fresh Produce Development Agency will be charged with managing this project under the supervision of the National Department of Agriculture and Livestock.

**PROJECT BENEFICIARIES:**

Direct beneficiaries will include producers at the rural and peri-urban areas, wholesalers, transport companies and consumers.

**PROJECT SUSTAINABILITY**

The Cool Room facilities will be maintained by the Fresh Produce Development Agency.

## 2234 COOL ROOM (INFRASTRUCTURE PROJECT)

ESTIMATED TOTAL PROJECT COST 0.0 ESTIMATED DURATION OF THE PROJECT 3.0 Years

## EXPENDITURE PROJECTION AND FINANCING REQUIREMENTS (K'000)

PROJECT COST	2004 Actual	2005 Budget	5 Year Total	2006	2007	2008	2009	2010
<b>DIRECT PROJECT COST</b>								
<b>Current Expenditure</b>								
Personal Emoluments								
Goods and Other Services			270.7	120.7	100.0	50.0		
Current Transfers			6.7	2.7	2.0	2.0		
Sub-Total			277.4	123.4	102.0	52.0		
<b>Capital Expenditure</b>								
Acquisition of Existing Assets								
Capital Formation		1,000.0	746.6	346.6	300.0	100.0		
Capital Transfers								
Sub-Total		1,000.0	746.6	346.6	300.0	100.0		
<b>A</b> <b>TOT DIRECT PROJECT COST</b>		1,000.0	1,024.0	470.0	402.0	152.0		
<b>Technical Assistance</b>								
Project Preparation								
Advisory								
Training								
Equipment								
<b>B</b> <b>TOT TECHNICAL ASSISTANCE</b>								
<b>TOTAL PROJECT COST (A+B)</b>		1,000.0	1,024.0	470.0	402.0	152.0		
<b>FINANCING SOURCES</b>								
<b>IDENTIFIED FINANCING</b>								
<b>Direct Project Financing:</b>								
<b>Government Contributions:</b>								
a) Government Input		1,000.0	554.0		402.0	152.0		
b) Self Generating Revenue								
Loan								
Grant								
<b>C</b> <b>TOTAL DIRECT FINANCING</b>		1,000.0	554.0		402.0	152.0		
<b>D</b> <b>Technical Assistance</b>								
<b>TOTAL FINANCING (C+D)</b>		1,000.0	554.0		402.0	152.0		
<b>FINANCING SOUGHT</b>								
Direct Project Cost (A-C)			470.0	470.0				
Technical Assistance (B-D)								
<b>TOTAL FINANCING SOUGHT</b>			470.0	470.0				

**CURRENT DONOR INVOLVEMENT**

None.

**POTENTIAL DONOR INVOLVEMENT**

Nil.

**2006 Budget Votes for this PIP are :-**

55331011204 INFRASTRUCTURE DEVELOPMENT (COOL ROOM)

**PIP NUMBER:** 2445

**PROJECT NAME:** NZ SEED POTATO REHABILITATION PROGRAM

**EXECUTING AGENCY:** Fresh Produce Development Company

**PROJECT OBJECTIVES:**

The major objective of the project is to aggressively promote and develop a sustainable commercially oriented fruit and vegetable industry in Papua New Guinea.

**PROJECT STATUS:**

Since 1999, FPDC has focused its activities towards addressing the needs of the formal market sector in terms of production of new seed potato imports from New Zealand. This effort will be enhanced the distribution of seed potato post the effects of the PLB in the country, and establishment of seed house development. FPDC continues to import mini-tubers from New Zealand for cultivation in the seed potato project, and intends to further improve its extension services as well as coherency amongst all sectors involved in the Fresh Produce Industry in the country. NZ AID has approved K1.0m aid in for seed potato rehabilitation for importation of seeds.

Other extension materials include procurement of two ploughs, fertilizers and chemicals, spraying gear and audio/visual training materials including the development of a pidgin filed booklet on Potae Late Blight. Three vehicles will be purchased under this program including 10 containers (150 tonnes) of certified seed potato in 2005. A second component which is Gender and Youth Program will utilise the 3 vechiles for extension programs.

**PROJECT COMPONENTS:**

There are 5 major components of the project including:(1) Market Support Programme which is responsible for matters associated with marketing of fresh produce; (2) Seed Potato Programme which is responsible for production and promotion of seed potaotes; (3) Crop Production programme which promotes and assists production of market driven crops in specific locations, targeting import replacemen t; (4) Food Processing and Preservation Programme which is being implemented at Unitech; and (5) Gender Equity Programme which promotes gender issues and addresses the needs of women, families and women groups in order to enhance their lifestyles and promote the fresh produce industry in the country.

**PROJECT LOCATION:**

Phase 1 of the project was introduced in Western Highlands, Enga, Morobe and Madang Provinces, and the National Capital District. Phase 2 of the project has now focussed to cover the whole country.

**PROJECT JUSTIFICATION:**

The Government's strategy aims at increasing fruit and vegetable production , the provision of rural income-earning opportunities and import replacement of fresh and procesed fruit and vegetables. There is also a need to improve product quality through better handling at all levels, starting at the farm level. Extension skills needed to be made available to farmers for effective and improved post-harvest handling and marketing.

**PROJECT CAPACITY:**

Since 1996, FPDA has been operating separately from DAL and recruiting its own staff. Its staff are capable of assisting the project to achieve its objectives.

**PROJECT BENEFICIARIES:**

The project will benefit smallholder fruit and vegetable producers. It is anticipated that improved marketing information and infrastructure will support 4,700 small producers, many of whom are women. Papua New Guinea will benefit from foreign exchange savings of over K1,200,000 currently spent annually on imports of fruits and vegetables.

**PROJECT SUSTAINABILITY**

Recurrent costs will include the costs of providing continued extension services, and marketing information. With the obvious success of the Fresh Produce Development Company, DAL is looking at the possibility of delegating all extension responsibilities of the project to the company, with a view to seconding DAL officers for training and development purposes.

## 2445 NZ SEED POTATO REHABILITATION PROGRAM

ESTIMATED TOTAL PROJECT COST 0.0 ESTIMATED DURATION OF THE PROJECT Years

## EXPENDITURE PROJECTION AND FINANCING REQUIREMENTS (K'000)

PROJECT COST	2004 Actual	2005 Budget	5 Year Total	2006	2007	2008	2009	2010
<b>DIRECT PROJECT COST</b>								
<b>Current Expenditure</b>								
Personal Emoluments								
Goods and Other Services		1,500.0	1,800.0	1,000.0	800.0			
Current Transfers								
Sub-Total		1,500.0	1,800.0	1,000.0	800.0			
<b>Capital Expenditure</b>								
Acquisition of Existing Assets								
Capital Formation		455.6	984.1	784.1	200.0			
Capital Transfers								
Sub-Total		455.6	984.1	784.1	200.0			
<b>A TOT DIRECT PROJECT COST</b>		1,955.6	2,784.1	1,784.1	1,000.0			
<b>Technical Assistance</b>								
Project Preparation								
Advisory								
Training								
Equipment								
<b>B TOT TECHNICAL ASSISTANCE</b>								
<b>TOTAL PROJECT COST (A+B)</b>		1,955.6	2,784.1	1,784.1	1,000.0			
<b>FINANCING SOURCES</b>								
<b>IDENTIFIED FINANCING</b>								
<b>Direct Project Financing:</b>								
<b>Government Contributions:</b>								
a) Government Input								
b) Self Generating Revenue								
Loan								
Grant		1,955.6	1,000.0		1,000.0			
<b>C TOTAL DIRECT FINANCING</b>		1,955.6	1,000.0		1,000.0			
<b>D Technical Assistance</b>								
<b>TOTAL FINANCING (C+D)</b>		1,955.6	1,000.0		1,000.0			
<b>FINANCING SOUGHT</b>								
Direct Project Cost (A-C)			1,784.1	1,784.1				
Technical Assistance (B-D)								
<b>TOTAL FINANCING SOUGHT</b>			1,784.1	1,784.1				

## CURRENT DONOR INVOLVEMENT

NZ Government

## POTENTIAL DONOR INVOLVEMENT

2006 Budget Votes for this PIP are :-

55331011206 NZ SEED POTATOE REHABILITATION PROGRAM