A systematic bottom-up model is needed to revive the cocoa industry.

Sotakap community proposed pilot project in the Autonomous Region of Bougainville (AROB)
AROB existing cocoa programs

- ABG with a grand cocoa rehabilitation program.
- GoPNG/World Bank Productive Partnerships in Agriculture Project (PPAP) pilot in Tinputz.
- North Bougainville national MP Cocoa Project.
AROB cocoa producing areas in green rings. Source: National Research Institute, 2011.

Sotakap community with identified 200 smallholders.
Three key thematic issues

- Land user rights (social and economic-smallholders [SMH])
- Group economic income generating activities (SMH/NEEs/Cooperatives)
- Legislation to compel participation in CPB management & eradication programs
Principles

- A holistic rural community based initiative (bottom-up).
- Combines cocoa, water & sanitation, and building safer communities.
- Involvement of local entities to partner government and donors (financial & technical).
- Includes local cash & sweat equity contributions.
- Cocoa production skills transfer by local Private Sector Service Providers (PSSP).
- Program support funding is justified by outcomes.
Strategies

- Utilize local entities (Cooperatives, NEEs & NGOs).
- Smallholders to sublease their blocks to NEEs under ILGs.
- NEEs to adopt best business practice & employment.
- Use water and sanitation to encourage participation.
- Build safer communities.
- Funding by local equity, DSIP/PSIP and donors.
- Adopt good governance system (Figs. 1 & 2).
- Laws for management & eradication of CPB.
Figure 1: Pilot project implementation and governance structure

- **Funding Partner/Sources**
- **NPCSL & NCFR (Project Implementing Agency-PIA)**
- **Project Management Unit (PMU)**
- **LEDI Lead Consultant**
- **Project Steering Committee (PSC)**
Figure 3: Governance overseeing operations of cooperative, NEEs & smallholders.
Potential community contribution from 3 sources = K582,428.94

- Smallholders & CBOs: 376,866.00
- Water & Sanitation: 171,303.00
- Mothers & Youths: 34,261.00
There will be three main sources of potential funding (grant, loan & equity = K3,426,052.60)

Chart 1: Distribution of potential funding source

- Grant, 2,226,934.19, 65%
- Loan, 616,689.47, 18%
- Equity, 582,428.94, 17%
Payback period = 1.76 years

- From a capital outlay of K3,426,052.60
- Projected annual income of K1,941,800
- Payback period = \( \frac{K3,426,052.60}{K1,941,800} = 1.76 \text{ years or 1 yr 9 months} \)

- Cocoa production: K1,516,934.16 - (78.12%)
- Other incomes: women:K274,958 - (7.72%) and youth:K149,906.96 - (14.16%).

Thus, projected outcomes justify financing of program.
Conclusion

- A model to revive the cocoa industry must be systematic.
- Whole community has to be involved.
- Through combination of both economic & social programs (ie. holistic).
- Full recognition and utilization of local technical skills.
- Funding from local equity, DSIP/PSIP and donors.
- Both production & income should improve.
Recommendations

- Office Vision 2050 to study, adopt and pilot this bottom-up model and recommend funding.
- MPs to prioritize DSIP/PSIP as main sources of government funding.
- Donors to supplement both DSIP/PSIP and local equity
- Both ABG & GoPNG to pass sunset laws to manage and eradicate CPB.

The proposed Sotakap pilot project, which covers cocoa production, water & sanitation, and building safer communities, needs K3.4 million over a 2 year period for it to be successfully implemented.