

**A National Competitive Grant Scheme to  
Catalyse Innovations in PNG Agriculture and  
Rural Development – *an option for use of LNG  
Revenue to benefit the majority in rural PNG***

**CIMC Consultative and Planning Workshop**

**“Impact of LNG on the PNG Economy  
- *Particular reference to the Agriculture  
Sector*”**

ELA BEACH HOTEL  
31<sup>st</sup> March & 1<sup>st</sup> April, 2011

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ARDSF/GRM International Ltd, &  
Member of CIMC/Ag Sector sub-committee on NCGS & LNG workshop**

# Establishing a National Competitive Agriculture Innovations Grants Scheme - NCAIGS

- A proposal by the CIMC Agriculture Sub-sector Committee to Institutionalize the Agricultural Innovations Grant Scheme (AIGS) being piloted by the PNG-Australia Agricultural Research and Development Support Facility (ARDSF)
- Based on concept note by ARDSF presented at the CIMC Meeting in October 2011 - was adopted and a Sub-committee set up to explore and facilitated the establishment of the NCAIGS
- Recommendation by the sub-committee is the Proposal to seek interested Parties to form an appropriate entity and host for the NCAIGS
- Is most relevant for the theme of this workshop – what innovative mechanisms can bring to channel funds from LNG revenue and other sources to resource agriculture and rural development to benefit 85% of Papua New Guineans

# Background

- Agricultural grants are used to promote diverse activities, such as:
  - demand-driven research,
  - research- extension-farmer linkage
  - demand-driven services,
  - creating access to market
- The rationale for providing grants is often associated with the public good nature of the investment; the promotion of innovation, learning or partnerships.

# Background

- Grants may involve competition or they may be given without any competition.
- Competitive grants are usually applicable to:
  - improved services to targeted population & clients
  - high-quality research & development,
  - advanced specific field of research and development,
  - development of skilled manpower in a given research and development domain, etc.,

# Establishing NCGS

- The main challenges in the agricultural sector in PNG are improving the quality of produce and increase productivity among smallholders (INA, 2009).
- Meeting these challenges requires access to knowledge and information, resources, management capacity, institutional and financial sustainability, enabling policy environment, etc.
- This can be organized from national to district levels

# Potential areas of support

Agricultural innovation grant at the national level may support range of areas through its funding strategy. These may include:

- Innovations in strategic areas such as promotion specific commodity
- Promoting new institutional arrangements to enhance innovation
- Promote partnership in production and services among public, private and civil society organizations

# Potential areas of support

- Strengthening farmers capacity to draw down services
- Improving access to market for smallholders
- Support to of value-chain systems
- Support to institutional transformation of key stakeholders- capacity strengthening to improve their participation and competitiveness.

# Institutional Arrangements

According to the World Bank (2010) governance system of grants should maintain separate units for policy setting, technical evaluation, and management, and governance.

More specifically, this involves:

- Governing Board: Responsible for overall programme policy such as on operations, programme priorities, award grants, and representation with funding agencies
- Technical Advisory Committee: Provides technical input for planning programmes and setting priorities, advice on peer reviewer selection, and monitors technical quality of research subprojects (cf. Technical review panel)



# Institutional Arrangements

- Secretariat: Responsible for managing programmes and carrying out daily operations. Provides support for governing and technical bodies and facilitates communication about programme operation
- Technical Review Panel: Responsible for evaluating, scoping and ranking proposals. Make funding recommendations
- Appeals body: Responsible for handling any petitions that may arise from the decisions by the reviewer or the approval committee

# Location of the Secretariat

- The key question asked are, should it be housed within a public but autonomous institutions? Or should the Secretariat be wholly new institution? (World Bank, 2010)
- What are likely options for Papua New Guinea?

# Funding Agricultural Innovations in Papua New Guinea

Experience from the pilot  
Agriculture Innovation Grant Scheme  
(AIGS) – Component 3, ARDSF



- Current Secretariat is ARDSF Managing Contractor – GRM International
- AIGS Governance includes ASSC/Board comprising of Stakeholder representatives & an Independent Technical Appraisal & Advisory Panel – TAAP.

# An over view of AIGS

- The purpose of AIGS was piloting grants for funding agricultural innovations and establish a National Competitive Grant Scheme that promotes agricultural innovation.
- During the last three years, AIGS has launched three calls and supported 27 projects (23 projects in last Call 4) where AIGS potential of in PNG was tested.

# Pilot AIGS – features

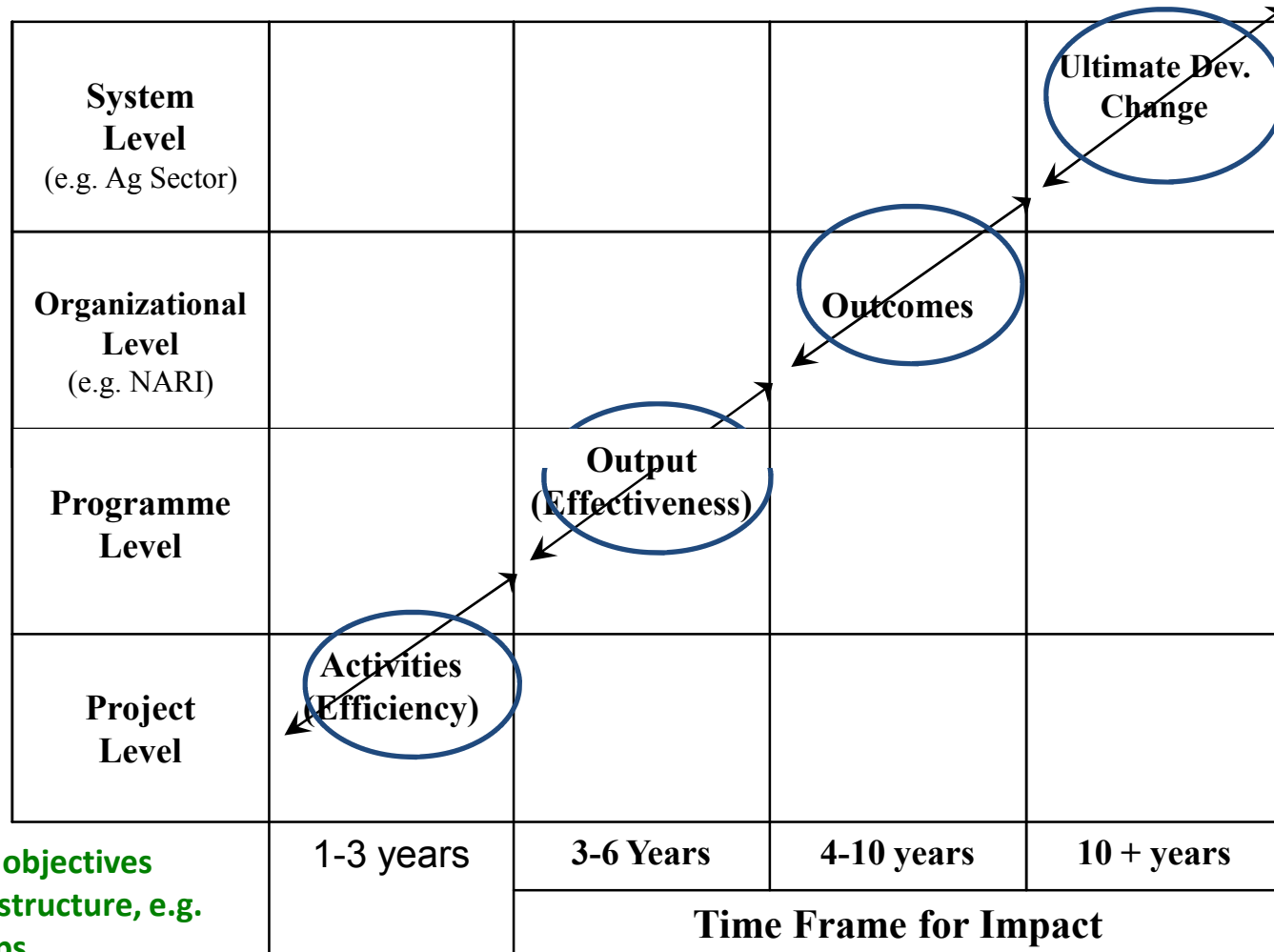


- Competitive Grant Scheme (CGS)
- Pilot Funding Mechanism for Agricultural Innovations
- Funding Innovations that leads to people-level impact (results oriented)
- Thematic focus/Programmatic
- Partnerships – virtual organisations/innovations
- Learning by doing / Action Learning

# NCAIGS Scoping Framework - *Tested* ✓

- A conscious approach to focus calls so as to ensure maximum opportunity for innovation and innovators so as to articulate demand;
- Identify areas of focus for innovations, while leaving them broad enough not to stifle creativity among potential applicants.
- Provide a clear understanding of competing areas of focus and facilitate priority setting and allocation of scarce resources.
- Focus to concentrate scarce resources on identified priority areas to achieve critical mass necessary for impact.
- A basis for directing NCGS resources to support projects at different levels of scale, especially focusing on out-scaling and up-scaling necessary to achieve impact.
- An understanding of the inter-related areas of focus that would facilitate sequencing of investments and generation of synergy among respective investments, enhancing probability of impact.
- However, pilot-level testing of promising innovations should still form a significant part of the NCGS project portfolio.

# Managing for Results - Impact Pathway



## System Attributes

- (1) **Scope - objectives**
- (2) **Scale – structure, e.g. partnerships**
- (3) **Resourcing e.g. NCGS**
- (4) **Learning by doing – Organisational learning and Learning Organisations**

# Scoping Studies to Focus Calls to Address Priority Constraints/Opportunities

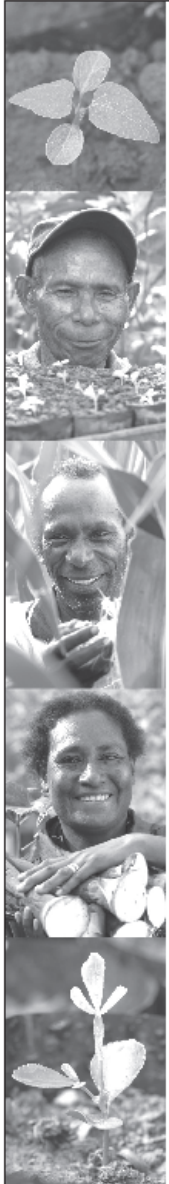
Constraining issues prioritised	Number of organisations ranking the issues of importance
1. Policy, standards and regulations	6.0
2. Value add to primary products and product development	5.3
3. Access to use of knowledge and sustainable farming	5.0
4. Market development, Natural resource management and information & communications	4.7
5. Farming and business skills	4.3
6. Entry to market chain	4.0
7. Market information	3.7
8. Entrepreneurial skills	3.3



# Broad areas or themes for focused calls:

## Calls 1, 2 & 3 themes

- Productivity (commodity specific, e.g. coffee, cocoa etc; or by region)
- Value-adding
- Market chain innovations
- Institutional/socio-economic/socio-cultural issues (including gender and HIVAIDS).



## Call for Expressions of Interest

### AIGS, a Competitive Grants Scheme For PNG Agricultural Development

**This fourth AIGS Call for Expressions of Interest is now open and will close on 17th December 2010**

The Agricultural Innovations Grant Scheme funds innovations that will improve the livelihoods of smallholder women and men farmers in PNG

Public and Non-Government organisations and the Private Sector involved in agricultural research, rural development, education, health and extension services are invited to submit expressions of interest for funding under the themes:

- a) *Income & Food Security for Marginalised Communities*
- b) *Agriculture and Natural Resource Management, including Fisheries and Forestry with specific Outcomes in:*
  - *Health (Nutrition, HIV/AIDS)*
  - *Education (Skills training, curriculum development)*




Applications from organisations working with women producers and groups are encouraged

For further information or to obtain a copy of the expression of interest form and guidelines, please contact the AIGS Administrator on:

E-mail: [AIGSinfo@ardsfgrm.com.pg](mailto:AIGSinfo@ardsfgrm.com.pg)  
Telephone: + (675) 3254488;  
Facsimile: + (675) 3250271;  
PO Box 1177 Port Moresby NCD

Or visit the website: [www.ardsfgrm.com.pg](http://www.ardsfgrm.com.pg)

Applications must be received by close of business 17th December 2010. Email applications are encouraged.

 Australian Government  
 PNG-AUSTRALIA  
Agricultural Research and Development  
Support Facility  


**Agricultural Innovations Grants Scheme (AIGS) - Putting ideas to work**

# Challenges of managing grant scheme

- Ownership, relevance and results/impact
- The challenges are related to sustainability, equality and financial management and monitoring and evaluation.
- Sustainability is related to institutional and financial aspects.
- How to address marginalized areas is the key issue of equality in grants management.
- The other areas are financial management, monitoring and evaluation.

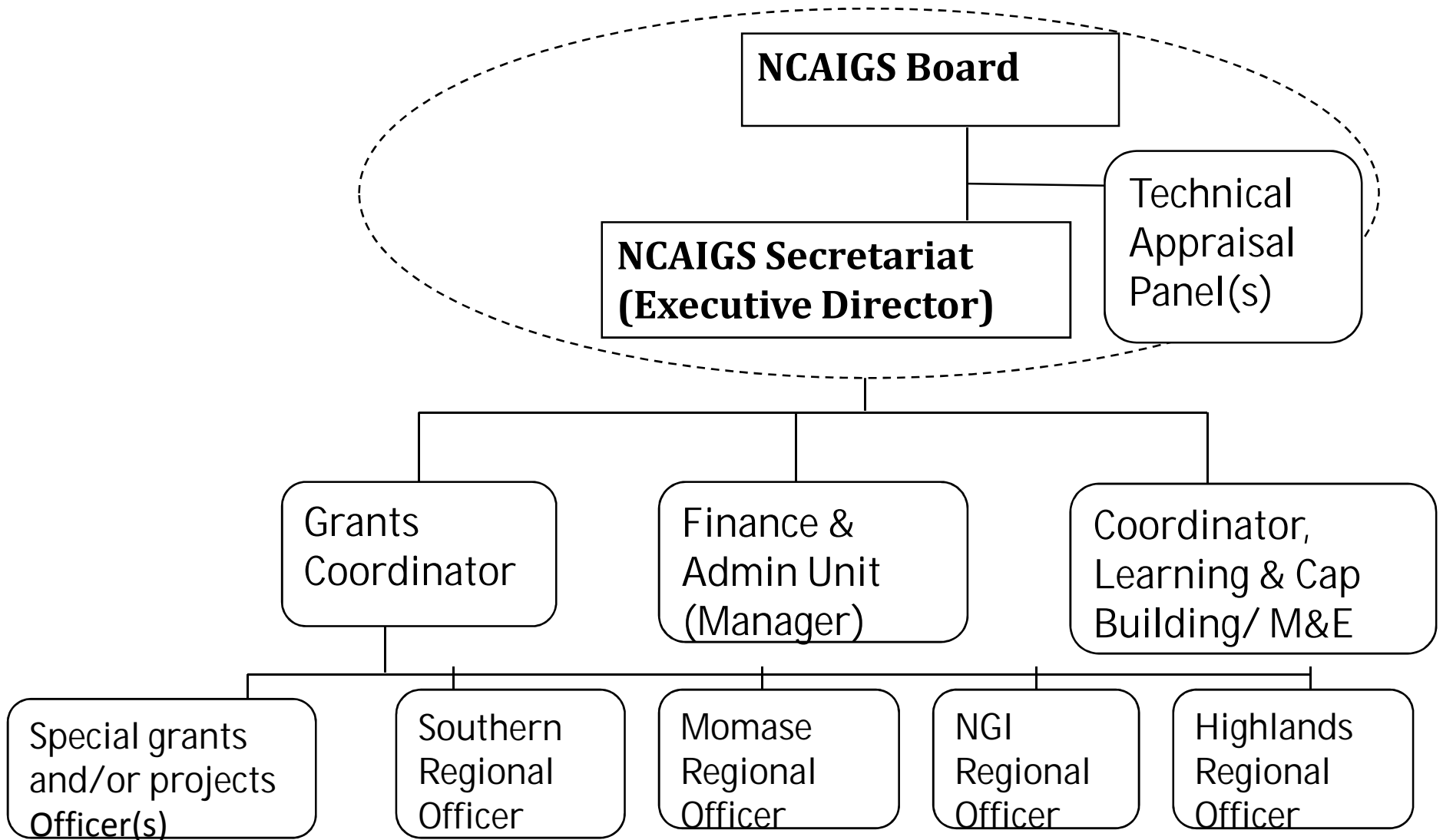
## CIMC/Ag Sector Sub-committee – TOR/done ✓

- Evaluating existing competitive grant schemes and funding mechanisms in PNG such as the Mama Graun Trust Fund, PNG Sustainable Development Program, NADP Funding Mechanism, the Agriculture Innovation Grant Scheme and other successful international models to arrive at options that best suit PNG's context.
- Provide at least two possible models which clearly demonstrate robustness and integrity by competently addressing the issues of governance, financial sustainability and management capacity.
- Present the possible models to the CIMC Agriculture Sectoral Committee for consideration, comments and endorsement.

# Workshop on Grant Funding Schemes ✓

- Presentations were made by AIGS, PNGSDP and Mama Graun Conservation Trust Foundation & input from NDAL/NADP.
- **Important Features of the Schemes**
  - Promote Innovation
  - Good governance Structure
  - Credibility of scheme improved with careful board members selections including having international board members
  - Need for capacity Building of implementing partners on the ground
  - Need for financial sustainability and management capacity
  - Need to be able to tie impact of interventions to the broader GoPNG government development priorities through impact assessment
  - PNGSDP uses Business Models and Contract Agreements for implementing partners

**FIGURE 1: GOVERNANCE STRUCTURE**



**FIGURE 2**

**Type of Entity**  
***(options)***

⇒A  
Foundation?

⇒A Trust?

⇒A Fund?

●Registered  
under IPA as a  
not-for-profit  
organisation

●Registration with  
IPA to be agreed and  
co-sponsored by the  
co-owners

**A Public Private Partnership (PPP) model of co-ownership**

● GoPNG ; ● PNGSDP Ltd ; ● Other Development Partners

**NCGS Board Composition *(proposal only)***

**Category A – Partners (Co-Owners)**

1. GoPNG ( DNPM and NDAL)
2. PNGSDP Ltd
3. Other Development Partners

**Category B – Stakeholder Representatives**

4. Rural Industries Council
5. PNG Women in Agriculture
6. Civil Society
7. NARS
8. Other D/Partners
9. Universities
10. CIMC
11. Independent /Member/International

# Way Forward for NCAIGS by CIMC Sub-committee

- Meet with senior management of key government departments which include Planning, Treasury, Prime Ministers & NEC and the Department of Agriculture and Livestock to get their views on the endorsed model including the institutionalization of a National Competitive Agriculture Grant Scheme.
- Meet with other development partners to get their views and endorsement of the model including on the institutionalization of a National Competitive Agriculture Grant Scheme.
- Prepare an NEC Submission for the Minister for Agriculture and Livestock to table the proposed National Competitive Agriculture Grant Scheme at NEC for endorsement.

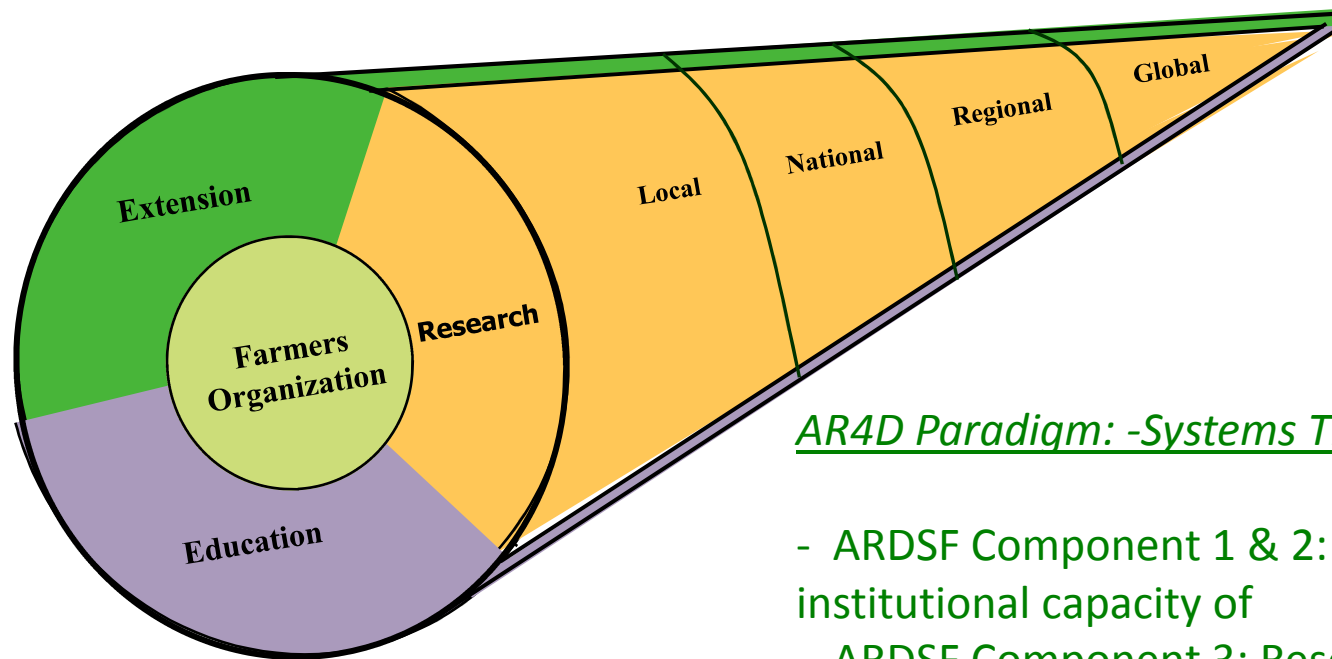
# Way Forward for NCAIGS - by ARDSF/Exit Strategy

- **Documentation of AIGS management systems and processes**
  - Scoping of Calls for Expression of Interest by project Applicants
  - Awareness & promotion
  - Screening & selection of Eols
  - Full Project Proposals development
  - Screening & approval of successful projects for funding / due diligence
  - Grant Agreements, Funds Disbursements, Expenditure Tracking
  - Financial reporting with Technical/physical verification
  - Monitoring and Evaluation (M&E) Plan
  - Impact Assessment & Lessons Learnt
- **NCGS/NCAIGS to be institutionalized within national system**
  - Through CIMC facilitation & dialogue with potential funders, stakeholders and beneficiary representatives (primarily GoPNG).
  - ARDSF/GRM International secretariat (Exit Strategy)
  - Meet GoPNG and potential national hosts
  - Establish/Register Entity & Launch in late 3<sup>rd</sup>/early 4<sup>th</sup> Quarter of 2011
  - Handover with some seed capital & most probably some active projects



# Ag Producers/Farmers – the heart of the matter

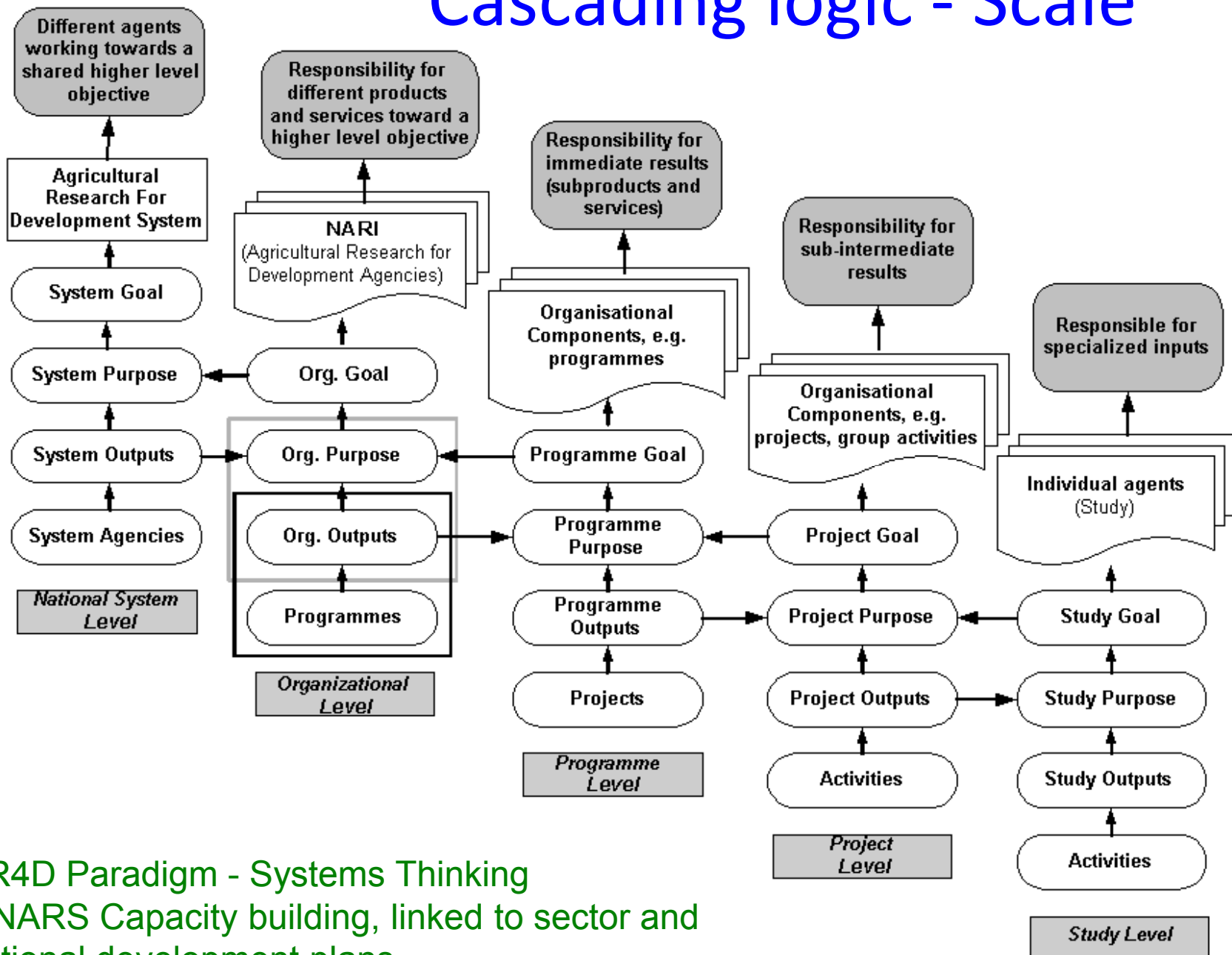
- Demand-driven Impact-oriented results at farmer/people level (livelihoods)
- Dependent on effective multi-agencies/multi-sector *Partnerships*



## AR4D Paradigm: -Systems Thinking

- ARDSF Component 1 & 2: building NARS institutional capacity of
- ARDSF Component 3: Resourcing Agricultural Innovations to utilise the NARS institutional capacity and build capacity of partners, including agric producer organisations

# Cascading logic - Scale



AR4D Paradigm - Systems Thinking  
 # NARS Capacity building, linked to sector and national development plans

## Conclusion

- The AIGS pilot by ARDSF has tested and proven a national competitive grant scheme to fund Agricultural Innovations
  - is one among other types of resourcing mechanisms, grants and development vehicles for catalysing broad-based agricultural and economic development for rural PNG
- The NCAIGS/CIMC Ag Sector Committee - Invites potential funders in Donor Partners (international & Domestic) with GoPNG participation through DNPM & NDAL.
- A tested vehicle for LNG funds to be invested in Agriculture to promote innovations in entrepreneurship and development impact for rural PNG (proven in local context with local experience & expertise)

# Acknowledgement: Membership of Subcommittee

1. Dr. Felix Bablis (Chairman) – NRI
  2. Dr. Oti Jigo ( DNPM)
  3. Dr. Chris Dekuku (NDAL)
  4. Mr. George Mosusu & Mr. Masayan Moat (NDAL)
  5. Mr. Graham Ainui (RIC)
  6. Mr. Tore Ovasuru (NARS)
  7. Mr. Paul Barker (INA/CIMC)
  8. Dr. Tesfaye Beshah (ARDSF)
  9. Dr. Miok Komolong (ARDSF)
- 
1. CIMC – Secretariat to Subcommittee/ **Ms Rufina Peter**

THANK YOU !! -- lets keep talking LNG to benefit PNG