Cooperatives a Hub of Opportunities

How cooperatives can unlock corridor development potential

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PACD Project Coordination Unit

Forward

When I started the Coffee Cooperative Crusade (3Cs) under the GoPNG PACD-funded project I was a bit skeptical about the results. Past experiences with cooperatives in PNG have revealed that weak accountability and limited transparency significantly eroded public trust and confidence in the cooperative model, making farmers hesitant to take that step. However, the models we put in place under the PACD project have shown that it can work if the right ingredients are in place.

Under the PACD Partnership component, the program funded 31 cooperatives and other membership organizations to act as lead partners, providing members with inputs, training, aggregation, and market access. In addition, 13 cooperatives were co-funded under PACD Matching Grants (MGs) to implement initiatives that add value, improve product quality, and boost output and exports. Moreover, the 3Cs initiative is already transforming rural coffee-farming communities. PACD supported 128 coffee cooperatives across Eastern Highlands (EHP), Jiwaka, Morobe, and Simbu provinces to register. Of these, 88 are already registered. By the end of this month (July 2026), all 128 cooperatives will be formally registered due to PACD support. From next year, it is expected that nearly all of these cooperatives will be actively marketing their coffee as green beans. If the value of the 104,000 kg of green beans traded by only 43 cooperatives in 2025 was US$482,000 (PGK 2.1 million), the trade potential for the 2026 season will exceed 300,000 kg, worth US$1.4 million.

These cooperatives act as vital service hubs in key strategic locations, extending far beyond coffee or cocoa aggregation. They serve as anchor points, engines of growth, and connectivity nodes, driving development and integrating "last-mile" communities into national and global value chains. They transform production zones into productive economic corridors that boost trade, create jobs, and foster regional development.

By addressing the institutional and commercial barriers that prevent cocoa and coffee smallholders from organizing, moving into value addition, and tapping into export markets, PACD successfully transformed farmers from passive suppliers into economic vehicles (cooperatives). These cooperatives can now become active nodes in the operationalization of the GoPNG Corridor development program and generate growth in the country's last-mile regions.

I trust you will enjoy reading this paper and the story of trust and (co-)investment in cocoa and coffee cooperatives, and what it could mean in light of the GoPNG "Connect PNG Program" and PACD 2 (AgriConnect).

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Key economic hubs serve as anchor points, engines of growth, and connectivity nodes within strategic corridors, driving industrialization and integrating economies into provincial, national and global value chains. These centres and specialized production zones anchor transportation networks, transforming infrastructure into productive economic corridors that boost trade, create jobs, and foster regional development. How can cooperatives support these economic hubs and hence corridor development?

Cooperatives, locally owned, democratically controlled entities, function as vital hubs, aggregating resources, providing critical services, and, therefore, they retain wealth within communities. When supported by proper infrastructure (hard and soft) they can become key nodes in the operationalisation of economic corridors.

The GoPNG and World Bank PNG Agriculture Commercialization and Diversification Project (PACD) has played a strategic role in the cooperatives transformation. Over 160 cooperatives working in coffee and cocoa have now an enhanced role in capacitating farmers, leading the aggregation of their main produce, working on value addition and linking members to markets. In so doing, they have earned a respected and invaluable place in the country's key commodities value chain development.

This paper presents PACD story of (co-)investing in cooperatives, including through its innovative Coffee Co-operative Crusade (3Cs), and what it could mean in light of the GoPNG "Connect PNG Program"and PACD 2 (AgriConnect). By addressing the institutional and commercial barriers that prevent cocoa and coffee smallholders from organising, moving into value addition and tapping into export markets, PACD successfully transformed farmers from passive suppliers to economic vehicles (cooperatives) that can become active nodes in the operationalisation of the GoPNG Corridor development program and generate growth in the last-mile regions of the country.
We hope you will find these insights useful to inform similar initiatives in PNG and beyond.

We are PACD

Government of PNG, with loan from World Bank funded the PNG Agriculture Commercialisation and Diversification project (PACD), a US$40million investment in commercialization and diversification of c cocoa and coffee value chains. Building on the PPAP and its achievements, PACD aims at increased productivity and volumes sold to markets by smallholder producers, their organizations and MSMEs, while also promoting diversification from cocoa and coffee. Through its US$40m investment, the programme facilitates the emergence of other value chains (spices, coconut, and small livestock) while also addressing infrastructure challenges to fast-track products to markets by investing US$7.8 million (PGK32+million) in rehabilitation of feeder roads

Cooperatives, the invisible last mile growth makers

The GoPNG and World Bank PACD Project has played a strategic role in the coffee and cocoa cooperatives transformation. The program funded cooperatives and other membership organisations[2] to come in as Lead partners, **under the PACD Partnership component,** provided members with inputs, training, aggregation and access to markets. 31[3] cooperatives were supported under this model. In addition, many cooperatives were co-funded under **PACD Matching Grants** (MGs) to implement initiatives that add value, improve quality of produce and boost their output and exports. Thirteen[4] cooperatives were supported under the MGs arrangements.

To further expand market access for coffee farmers, the **Coffee Cooperative Crusade (3Cs)** was launched in 2024 by the Coffee PMU. The initiative quadrupled the number of registered cooperatives in the key coffee-producing regions. Since 2024, PACD supported 128 cooperatives in Eastern Highlands (EHP), Jiwaka, Morobe and Simbu under this movement. Prior to PACD, there were only 34 coffee cooperatives registered in these provinces; this number is expected to increase to 152 in the near future. The PMU provided mentoring, capacity building and advice, empowering farmers to come together and register under the cooperative model, strengthening farmers networks and enhancing their collective power.

> *"The 3Cs movement plays a crucial, significant and integral role in connecting our rural based small-holder coffee farmers to realize the true value of their produce. Despite the geographical and many other challenges faced in rolling out 3Cs, team CIC-PACD are doing ground breaking work for communities by reaching the unreachable or rarely reached coffee farmers".*
> **(Rodney Sinaune, Niugini Digital).**

These cooperatives are now playing a key role in building the capacity of coffee farmers, leading the aggregation of produce, coordinating logistics, linking members to markets, and providing essential services. In many cases, they are also helping farmers adopt more sustainable production practices, including compliance with the European Union Deforestation Regulation (EUDR).

3Cs Crusade movement

3Cs was initiated by PACD Coffee PMU and CIC in May 2024 to help coffee farmers formalize into registered cooperatives to get better prices.

It started in EHP and moved already to few other provinces with the aim to spread to all coffee growing provinces of the country.
Goal was to move farmers from individual selling to group marketing to increase income.
Two years on and 128 cooperatives registered under PNG Cooperative Societies with assistance provided by CIC- PACD Project.

Cooperatives act as vital Service Hubs

The PACD project proved that cooperatives could act as vital service hubs in key strategic locations, going beyond coffee or cocoa aggregation. By leveraging member ownership, they provide essential services (inputs, banking, training/extension, logistics), in areas underserved by traditional commercial entities.

Cooperatives as Agents of the Bank

Lufa Oliguti Cooperative, in EHP province, organised National Identification Data Office and supported its 323 farmers obtain their NIDs[5]. With the NIDs issued, the cooperative facilitated farmers open their bank accounts at BSP Bank; these accounts are now being used for members coffee related transactions.

The Cooperative has started discussions with BSP to become an agent of the bank. Bringing financial services closer to its members is a top priority for Lufa Oliguti. As a BSP Agent, the Cooperative will use tablets to facilitate farmers' transactions in the villages where farmers live. Members will be able to use mobile phones to transact at the Cooperative. Lufa Oliguti will be able to make cash deposits, pay out withdrawals, deposit to other BSP customers, deposit to other banks' customers, send money, receive money and facilitate loan repayments. In so doing, the Cooperative will enhance financial inclusion amongst its members and beyond. Training to become a bank agent will be provided by BSP.

The local agent model will address a major issue many remote farmers in PNG face when they want to cash out their money. They travel, sometimes for hours, to a central location where they face long queues at ATMs and banks.

Cooperatives for Training delivery

Shadowes, a community based organisation (CBO) based in the Gazelle District of East New Britain, has over 3,000 members spread across three local level governments, Lassul Baining, Inland Baining and Balanataman LLGs, in two districts, Gazelle and Rabaul. They organise trainings for members using the train of trainer (ToT) model. Lead trainers go out periodically to each zone and train farmers in cocoa GAP, European Union Deforestation Regulation (EUDR) or run cocoa assessor programs.

William Valaun, from Punalur Ward, is one of the lead farmers under Shadowes. He proved the value of the training he received and applied. Not only did his cocoa quality improve, but when he represented East New Britain at the Milne Bay Cocoa Excellence Show in 2024, he earned a respectable third place nationally, further attesting to the positive results of farmers' commitment to quality.

Key stats of the 3Cs Crusade
(May 2026)

- **128 coops, 21,200 members**
- **in 4 provinces**
- **88 coops,16,800 members, registered already**
- **40 coops ,4,400 members, in the process of registration**
- **Of the 88 registered:**
- **43 coops aggregated coffee and so far sold 5.4 FCLE (103,550kg), generating PGK 2.1m in income for its members**

Farmers earn good money out of cocoa under the Growers partnership in ENB. They are paid in their bank accounts by Growers and then cash out their money from ATMS or EFTPOST in shops, travelling to either Kokopo or Warangoi. However, there are long queues at ATMs, and farmers have to wait a long time to cash out their money. Options, such as having a local bank agent, e.g., a cooperative, would solve this problem. Almost all farmers in the cooperative have smart phones.

Cooperatives Bring in Sustainable Practices

Under the cooperative model, cocoa and coffee farmers in PNG are already migrating to green processors and buyers, replanting trees, and embracing sustainable practices.

The PACD Coffee PMU promotes more sustainable production in both Partnerships and Matching Grants (MG) components, encouraging the roll-out of honey-coffee processing and co-funding investment in equipment and other relevant support. Of the 24 partnerships and 20 MGs, eleven have been supported to start or expand coffee honey processing; four of these are cooperatives or other membership organizations.

The EUDR (EU Deforestation Regulation) mandates companies to ensure key agricultural and forestry commodities traded in or imported into the EU do not contribute to global deforestation, forest degradation, or breaches of local environmental and social laws. Agmark is one of the exporters in PNG that leads the way towards meeting these EU sustainability standards in the cocoa supply chain. The company has already started the process of compliance for its two suppliers, Shadowes and Growers, and their members. By working with the two suppliers, mapping their farmers and implementing strict due diligence in their supply chain, Agmark ensures exported cocoa remains competitive in the European market.

Because the mountainous terrain makes commercial fertilizer use difficult, much of PNG's coffee is naturally organic by default. Cooperatives formalize this by teaching organic agricultural practices that preserve local ecosystems. Many member cooperatives supported by PACD, e.g., the Roots Farmers Association, tapped into new market opportunities by joining and adhering strictly to sustainability standards. Long before PACD support, they entered into sustainability alliances such as Fairtrade or Rainforest Alliance, amongst others.

Cooperatives as Logistics and Distribution Hubs

Cooperatives play a crucial role in logistics transportation networks, facilitating the collection, distribution and shipment of goods. They arrange **cost-sharing logistics.** Transporting crops from remote villages is a major challenge for farmers and it has high cost implications. These cooperatives help organize bulk transport, make long term arrangements with logistics companies, significantly lowering the freight burden on their members.

Many cooperatives use a highly successful "Aggregation Model" to boost members incomes. By pooling coffee/cocoa and partnering directly with exporters, members receive premium bonuses, logistical support, and guaranteed market access - a huge improvement from the conventional marketing system where farmers transact individually. For example, the Growers - Agmark partnership works on a **volume-based bonus model.** When Growers members sell their cocoa to Agmark and show their ID, they receive premium incentives, a percentage based on the volume they sold, e.g., an extra K50.00 is paid to them; this is on top of the base market rate.

Growers play a critical role in cocoa aggregation in ENB. They have members from almost all the districts in the province, Gazelle, Rabaul, Kokopo and Pomio districts.
142 MT of cocoa beans were collected from its producers during the December season. Growers aggregates produce from about 2,400 producers; quality check it, pack it in bags provided by the buyer, arrange transport and sent it to buyers.

Farmers that grow together, prosper together

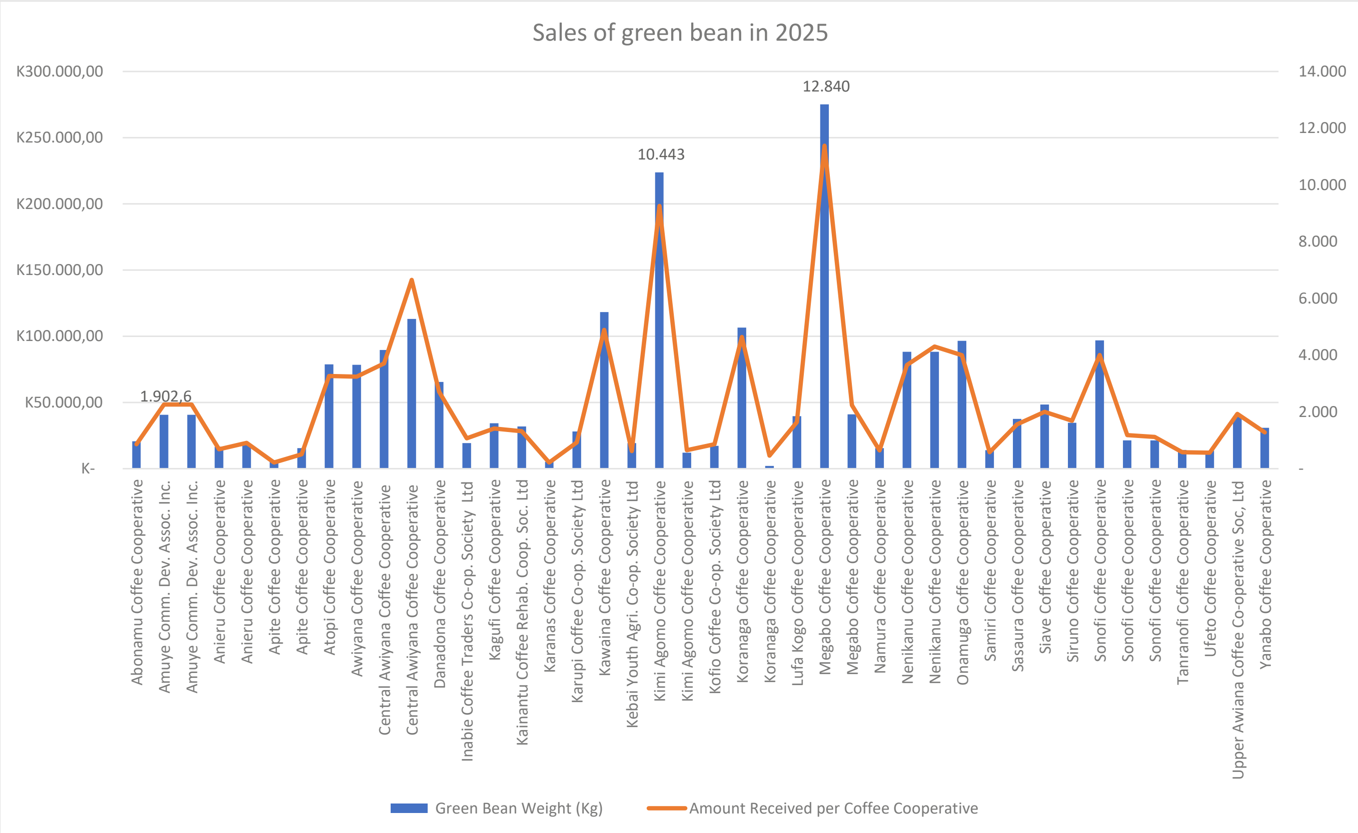
The PACD model has shown that, through collective action, farmers could double productivity, bargain for better prices, overcome information deficiencies among their peers, minimise transaction costs, and become platforms for sourcing other services to support their communities and livelihoods of their members.

More Income

Today, so many smallholder farmers are dispersed and produce small amounts of low-grade coffee or cocoa. The produce is sold individually, at a fixed price, irrespective of the quality, usually paid as low grade, reducing farmers' bargaining power and creating further disincentive to produce good quality coffee or cocoa. Without strong farmer organizations at hand or coordinated collection systems, many farmers are unable to aggregate their produce to meet the volume and quality standards required by larger buyers and export markets. As a result, they often rely on informal traders who offer lower prices, leaving farmers with minimal returns and limited motivation to invest in better farming practices or post-harvest handling.

The PACD cooperative model, including the 3Cs initiative, showed that opportunities exist for smallholder farmers to collectively produce, learn from each other and market their coffee using group marketing. Smallholder farmers in coffee cooperatives and partnerships attained over 740 kg of green bean per hectare in the 2025 season, whereas farmers who are not members of groups produced only 384 kg per hectare.

Under the 3Cs, 43 of the 88[6] registered cooperatives aggregated their coffee in 2025 and sold it as green bean for the first time. Proceeds from 5.4 GB Full Container Load Equivalent (FCLE) valued at almost PGK2.1million, went to over 5,000 coffee farmers - members of these cooperatives - to further sustain coffee production and support their livelihoods.



The 3Cs initiative is transforming rural coffee farming communities. There are 88 registered Cooperatives already. By July 2026 all 128 cooperatives will be formally registered, with PACD support. From next year it is expected that nearly all of these cooperatives will be actively marketing their coffee as green bean, gaining better prices, stronger market access, and collective bargaining power. If the value of 104,000kg green bean traded by only 43 cooperatives was US$482,000 (PGK2.1m) in 2025, the potential of trade for the 2026 season will be over 300,000kg, worth US$1.4 million.

The PACD proved that 3Cs is a powerful step towards economic independence for smallholder coffee farmers.

Megabo Coffee Cooperative Group, 376 members from 7 wards, covering Megabo with the Wessan areas, was formally registered with Co-operative Society of Papua New Guinea Ltd through PACD Coffee Co-operative Crusade (3Cs) in 2025.. The coffee is aggregated and parchment is transported from Megabo to AGMARK Coffee trading as Goroka Coffee Processors in Goroka for processing into green beans. Utilizing the Group Marketing Concept under the CICL-PACD 3Cs, the Cooperative had its first sale of 321 parchment bags weighing 15, 447 kg. And the first payment to its members, valued at PGK295,353, went on at the end of August 2025.

For many years farmers have struggled to find ways that could help them earn more. They are now seeing this happening through their first sales under the CICL-PACD project, Deputy Chairman of the Cooperative, Mutu Samo, told us. *"We have always worked hard and have seen nothing good from our sweat. We want to earn good income to help us pay for school fees, build houses and make some good things for our families. This is our first time to participate under this program, and we are very pleased with it".*

More Credibility

Cooperatives build credibility as they are becoming key players in the cocoa or coffee value chains.

These producer organisations play an important role in boosting smallholder production. They provide members with training in coffee or cocoa husbandry, inputs such as farm tools and, in some cases, cash advances, all in which enhance members capacity to produce consistent, better and more quality coffee or cocoa, which boost their credibility when negotiating with buyers .

They have a credible voice to make deals and are offered longer term arrangements, as buyers are guaranteed a consistent supply of quality produce by these cooperatives. With adequate equipment from PACD, such as, cocoa fermentries and coffee pulpers, their produce, whether coffee or cocoa, can now be processed to the same standard as bigger players in the country offering buyers the quality assurance in their supply chains they are looking for.

Fair Coffee with Improved Governance

Cooperatives leveraged their collective power to move into sustainability certification, which is increasingly demanded by global coffee consumers. Driven by their buyers, the big exporters in PNG, many cooperatives took steps towards sustainable practices.

Certification brought farmers better prices and moved them towards sustainable coffee and cocoa production, minimising their impact on the environment. In addition, certification enhanced their governance systems. PACD found that the cooperative model successfully strengthened leadership and delegation of group work in grower collectives. Group leaders maintained good rapport with their farmer members, creating high social capital and cohesion within the group and surrounding communities.

Better Livelihoods for All

While many challenges still exist for smallholder farmers, PACD has shown that by providing farmers with strategies that encourage collective action and strong productive partnerships, they are better able to produce coffee and cocoa, add value increase their sales, and boost incomes. With a better income, smallholder farmers can now access health services, pay school fees for their children, have good diets, build better houses and, as a result, improve their livelihoods.

Sorex coffee farmers built German roofing and permanent houses. Some also built stores and started to sell food to the community.

However, there are still Issues with Cooperatives

While the cooperative model is gaining momentum as farmers see the benefits from standing up, working together, and keeping wealth in their communities, there are still challenges with the model.

Past experiences with cooperatives in PNG have revealed that weak accountability and limited transparency have significantly eroded public trust and confidence in the cooperative model, and farmers are not all willing to take that step. Limited access to financial information, unclear decision-making processes, and inadequate representation in leadership structures made them step back, reducing members' willingness to join cooperative. The absence of strong governance systems and effective oversight mechanisms have affected the long-term sustainability of many cooperatives. Poor record keeping, irregular reporting, and weak internal controls have often resulted in financial losses, conflicts among members, and declining operational performance.

To address these issues, additional support on cooperative management and governance - such as training on group strengthening, roles and responsibilities of the executives, bookkeeping to run their affairs - will be added to improve the current 3Cs model.

Access to finance was identified as an issue cooperatives often face. Lack of cash, especially in early stages of development, was a challenge many cooperative members have raised. Certificates issued to cooperatives are often not recognized by commercial banks, which only recognize SME registration certificates. This has further marginalized cooperatives from accessing credit and financial services. While SMEs can register through an online portal, cooperatives have to come to Port Moresby to register in person. To bridge this gap, the PNG government and key financial stakeholders have introduced a two-pronged registration requirement. Cooperatives must now pair their Cooperative Society Certificate with an IPA Online Registry company certificate in good standing to easily open bank accounts and access credit.

Beneficiaries Voices

Shadowes is a CBO in ENB that began in 2013 by four brothers driven by a vision to support cocoa farmers.

Today, a dedicated team of office staff and fieldworkers delivers results-driven cocoa production services to the surrounding communities from their Kabaira Outreach Centre. They operate now across 21 Wards, five Local Level Governments, four Districts, and two Provinces, empowering over 5,000 registered members with results-driven cocoa production services.

"We established the group with a mission not only to revie cocoa gardens but family, community and wider rural economy. We also want to revive the interest of the farmers not to abandoned cocoa," (Deputy Chairman Erwine Buaten from Shadowes, March 2026)

The organisation has been supported by both PPAP and PACD projects, under Partnership (PPAP) and MG (PACD) components.

CPB destroyed farmer William Valaun cocoa garden, and he abandoned cocoa and have been facing financial challenges in terms of paying his children school fees and attending many other household needs. However, he was interested in attending the training run by Shadowes technical team. ***"I learn a lot from the trainings on cocoa management and see a big change, I saw increase of cocoa production in my cocoa block."*** (Farmer William Valaun, from Vunalir, Shadowes, March 2026)

The chairman of Shadowes, Nicholas Kola, reflects on the organisation's guiding principle: "Reviving cocoa is reviving human life." The organisation uses a hands-on approach, establishing satellite nurseries in hard-to-reach communities, training farmers in pruning, block management, lining and budding, and working closely with the Cocoa Board to develop certified budwood gardens.

"Shadowes has brought change into communities and many family units. Communities that have high social issues they have seen change youths have turn into planting cocoa and see money." (Chairman Shadowes Nicholas Kola, March 2026)

For farmer Ludwina Kola, the skills and knowledge she received from Shadowes helped her and her family have a good cocoa garden that is sustaining her family. ***"With the PACD assistance through the Matching Grant we, mothers, received financial literacy training and coca quality assessor training plus a good cocoa shed to store our cocoas.This training made me realize the importance of saving money. Before, I had money but didn't know how to properly budget, spend, or invest. It helps me now better manage the little income in my household."*** (Farmer Ludwina Kola, Kabaira, March 22026)

Apite is a cooperative set up under the 3Cs initiative. It is located in Kabiufa village, Mimanalo LLG of Goroka Distric with 50 members on board.

"I sold cherries on the roadside and get K100 to K200, and it didn't really meet my family needs. However, when I joined Apite Coffee Cooperative, I received K1000 plus for my coffee. I was really happy and deposited into my account as savings and it's still there. I fully support this group marketing." (Farmer Nephson Guluwe, March 2026)

For Farmer Robert John Berry, joining Apite was a life changing experience: ***"Before I pick cherries and sell, I receive K60 to K100 and I don't save. But, now, I sell coffee as parchment through cooperative and have enough money left that I can save".*** (March 2026)

Farmer Suffera Robert didn't have much selling when her coffee was sold as cherry. She earned around K50 to K100 until she joined Apite Coffee and sold her first parchment in group market. She then received K800 and, for her second sales, she received K1000. She saw she could make more money now than selling cherry. She can afford her child's school fees, meeting her child needs, and she also bought a TV for the family. With more money in, she is keen to work even more in her coffee garden to increase production. She encourages other farmers to come and join Apite Coffee.

For farmer Kinawe Amero the cooperative model is the way forward for him and his family. The cooperative did rehabilitation on his coffee farm last year, so he expects more for harvest this year and in the years to come.

Lufa Oliguti Co-op was set up in 2019 with aim to get better price for the coffee farmers. They have 323 members.

Under PACD arrangements, the cooperative received coffee seedlings, coffee pulpers for their members; a pulper was shared between two or three farmers. They also received secateurs, saw, bush knifes, green net, and many trainings. A warehouse was also built with the PACD support. The cooperative aggregate their coffee, store coffee for their members and also support with parchment and sales.

Farmer Albert Chris can see a big change because he is now part of the cooperative and mobilized his coffee via group marketing. With the money earned he built a 2x permanent house. Big change for him and his family as, for a long time, he was sleeping in the traditional house.

Farmer Sharon Temagami, before joining the cooperative, could not afford to pay for her son's school fees. Since she joined the group marketing and sold her coffee, she can now send her son to school and even university.

Members vision a near future where they can build their own dry mill to process coffee into green beans and earn even more.

Siave Coffee Cooperative under Sorex partnership, in Mimanalo LLG of Goroka District, EHP, was formed in 2025, under 3Cs initiative. They have 208 members.

PACD supported Siave Coffee Cooperative to register and receive their cooperative and IRC certificates. Support from PACD, under Sorex, included coffee agronomy trainings, financial trainings, bank account opening, 3 x resource centre/training centre/storage house build, coffee pulpers, secateurs, saw, bush knife, canvas and green net, Coffee Berry Borer Training and coffee seedlings.

Farmer Joe Gularo contributed 36 parchment bags into their group market in 2025 and made K18,600. He used money to complete his German roof house so that "my family can now sleep in a good house". He bought a generator to power light the house and their store and also bought a motorised pulper so he pulp their coffee.

Farmer Obri Danny sold eight parchment bags in the 2025 season and received K10,000. From that money he paid K7000 bride price and K3000 for food for the ceremony. After being married for 13years, he finally managed to make money through group market and bought his wife's bride price.

"Trainings we received from PACD helped us improve our coffee quality; however we would need more training on coffee quality". Woman did a lot of hard work in coffee in the past, farmer Daisy Hinepe mentioned, while men were selling coffee and she did not really see the money of her hard work. ***"After PACD Training on Gender Decision Making, when we did group market and the money is brought into the village and shared according to the volume we each gave, we, women, receive the money. The money is taken to the house and both me and my husband sit down and budget the money before spending and I am really happy".***

For farmer Ben Gohise money was not moving to the community market and stores. However, after several group marketing, he can now see money rotating in the village and this is the way forward for them.

Growers Association in ENB started as the Planters Association, overseeing large plantations of cocoa across East New Britain and beyond. They moved on from this model and have now 5000 members across East New Britain and planning to open branched in other provinces now

Simon Arnold, the association's Executive Director, remembers how it started many years back: ***"We had to restructure from a plantation-based operation to become what we are today, focusing on smallholder farmers. Unfortunately, we had to close several branches in other provinces, but we are steadily working to rebuild and expand."***

Today, the Growers Association is deeply rooted in East New Britain, focusing on primary crops, fresh produce, and livestock. These efforts have been bolstered by partnerships with donors such as the World Bank, European Union, and provincial governments, making a tangible impact on the livelihoods of rural farmers.

The Growers Association's collaboration with the Productive Partnerships in Agriculture Project (PPAP) is one of its most significant achievements. After the Cocoa Pod Borer (CPB) decimated cocoa production in East New Britain, the association led efforts to rehabilitate the industry. The association established nurseries, the nursery supplied up to 100,000 seedlings to farmers which completely helped farmers to rebuild their gardens. The association continues to serve farmers while incorporating innovative additions, such as a solar combination dryer and a poultry programme to support operations.

The PACD project has become a cornerstone of the Growers Association's efforts, offering new opportunities for farmers. Through PACD, the association is not just rehabilitating cocoa production in new areas, but it is also reshaping the agricultural landscape with innovative programmes and infrastructure. The association's partnership with PACD supports 300 cocoa farmers in Duke of York and 100 poultry famers in Kokopo and Gazelle district. For poultry, a mini poultry has been constructed in Vimy plantation Nodup ward, Kokopo. Simon has engaged youths to work in the abattoir as well as arranged for youths to register under the association and provide them with day old chicks. The youths already had an existing registered group known as the Tapak Youths Business Incorporated group established in 2018 however covid-19 has disturbed their plans and this year through the leadership of James they have a cluster made up of 10 youths under the PACD GAI project.

Dickson Dick, youth representative in the ward, said that before the project came to Vimi, the area was a hot spot of social issues such as hold ups, stealing, with many youths turning to these unlawful practices to survive. Many of them have lost their lives, being killed by police. Dickeson revealed that the facility set up in their community with PACD support has turned these things around. He sees peoples mindset has changed, less social issues and, instead, youths, with support from Growers, are taking initiatives to be involved in poultry projects, galip and other agriculture pathways. They have a dream and big vision to roll out their little profit from the Growers poultry project to assist other community members to build poultry sheds.

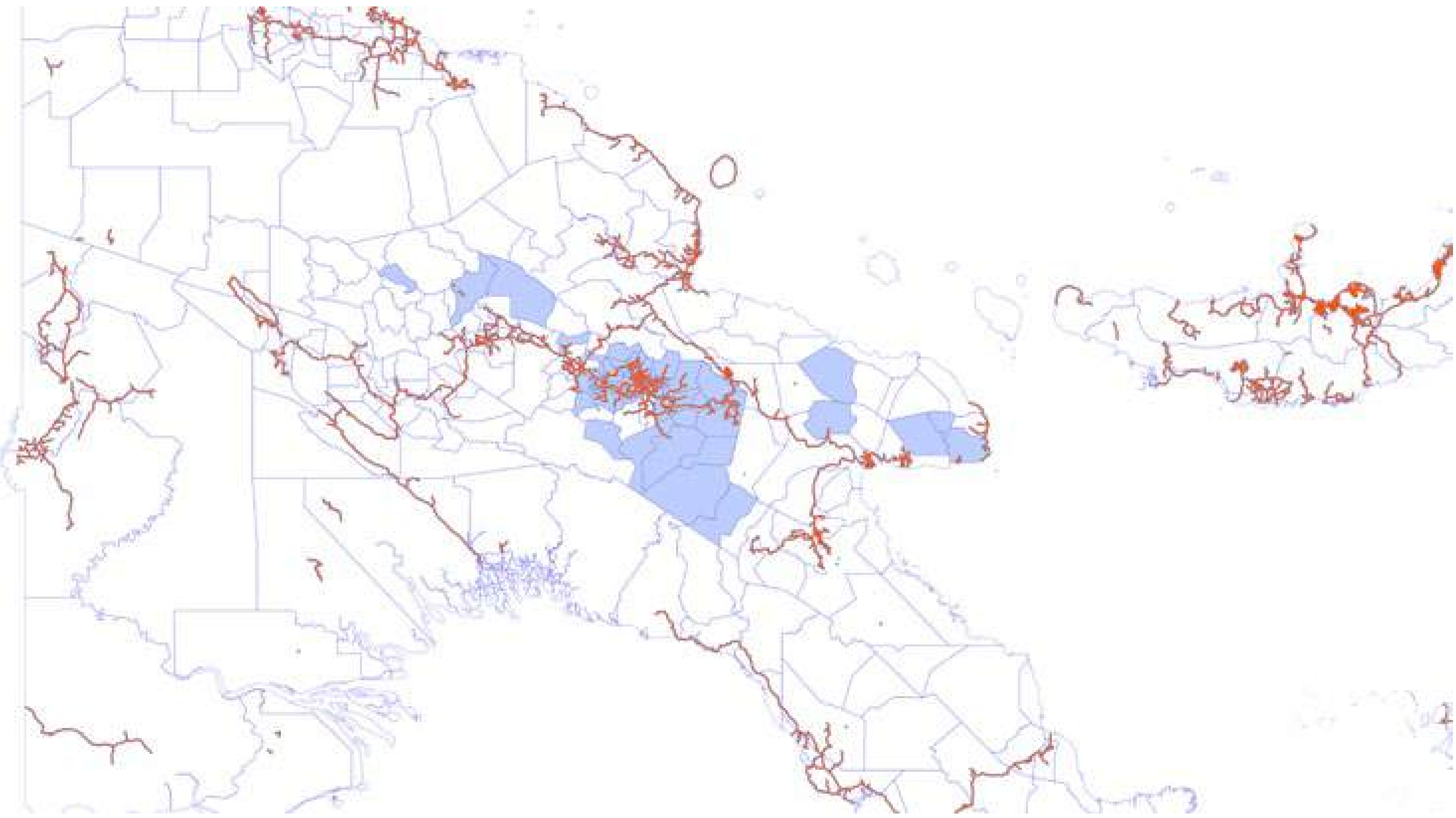
Key Takeaways

Cooperatives as lean service hubs are key to unlocking local and regional development potential

PACD proved that cooperatives could act as vital service hubs by leveraging member ownership to provide essential services, often in areas underserved by traditional commercial entities.

They facilitate the aggregation and transport of produce, for example in the coffee belt area of the Highlands, improve access to markets, reduce trade costs, and enable farmers to access services and networks. This promotes local and regional integration and poverty reduction in the "last mile" locations of the country, where fragmented policy frameworks have hindered access, growth, and sustainability for so many years.

The map shows where the PACD supported cooperatives are located – around the coffee belt - and how close or far are they from the Highlands Highway Corridor and the main economic centres.



Cooperatives empower local entrepreneurship

The 3Cs movement has enabled farmers and small producers to organize themselves, register, improve their processing capabilities and step into value addition, link their produce to markets and aggregating it for transport, thus ensuring farmers benefit directly from their hard work. Furthermore, these cooperatives took over the maintenance of feeder roads into their own hands, setting up committees and organising themselves to periodically carry out small works on these roads.

Cooperatives facilitate market access to main centers through flow of produce and services

Cooperatives are key to bridging the gap between peripheral, isolated areas - " the last mile locations" - and main economic hubs. They help local produce access markets and be traded; they also bring services closer to where they are needed most, in the peripheral communities where their members live. The map above shows in yellow where the 128 cooperatives are located and how far or close are they from the GoPNG Highway Corridor and also main economic centers.

By strengthening links between rural communities and main economic and logistics nodes, cooperatives improve the flow of goods, services, and people.

Cooperatives support sustainable development

Driven by exporters and market requirements, many cooperatives encourage environmentally friendly processing practices among members, or align with sustainability frameworks (e.g., EUDR, Fairtrade, Rainforest Alliance) and transport solutions (climate-resilient feeder roads). This contributes to a reduced carbon footprint, which is key to modern, sustainable economic corridor development.

The Future

Cooperatives as nodes of growth in corridor development

Cooperatives serve as the primary grassroots vehicle for implementing the PNG DAL National Agriculture Sector Plan (NASP)

Cooperatives in PNG act as essential, localized economic nodes that aggregate agricultural supply, provide access to markets, and foster rural development for their members. They are central to the PNG government's strategy to transform subsistence farmers into commercial participants, particularly in the coffee and cocoa subsectors. Cooperatives serve as the primary grassroots vehicle for implementing the National Agriculture Sector Plan (NASP) 2024–2033. They are vital to achieving the government's goal of shifting 85% of rural, subsistence farmers into commercial agri-entrepreneurs.

Mr. Reuben Yapi, President of the National Cooperatives Secretariat in Papua New Guinea (PNG), emphasizes that cooperatives can play a pivotal role in implementing the NASP by helping farmers move from subsistence to commercialization, thereby transforming livelihoods. He envisions farmers being recognized not merely as subsistence producers but as entrepreneurs, with cooperatives serving as the vehicle for their advancement.

Cooperatives – key anchors of growth to support Connect PNG program

Skills development and technology transfer: The corridor creates space for training, workforce development allowing growth to be sustained rather than extracted.

Anchors of production and link to markets (demand): Cooperatives act as major points of production linking remote areas to larger markets. Through their model they create the supply necessary to respond to demand and make infrastructure projects viable.

Last mile and regional Integration node: Cooperatives connect smaller, localized economies to regional and national value chains, fostering a balanced regional growth and reducing economic disparities.

Cooperatives go beyond aggregation to offer other services in their communities

Cooperatives moved beyond aggregation to offer a full set of services to their members and surrounding communities.

The PACD model showed that they facilitate skills development and transfer to communities, organise the collection, distribution and shipment of produce, enter into successful and rewarding arrangements for market access, and bring in key services in areas often underserved by traditional commercial entities.

The PACD offers a Cooperative model towards transit economic nodes

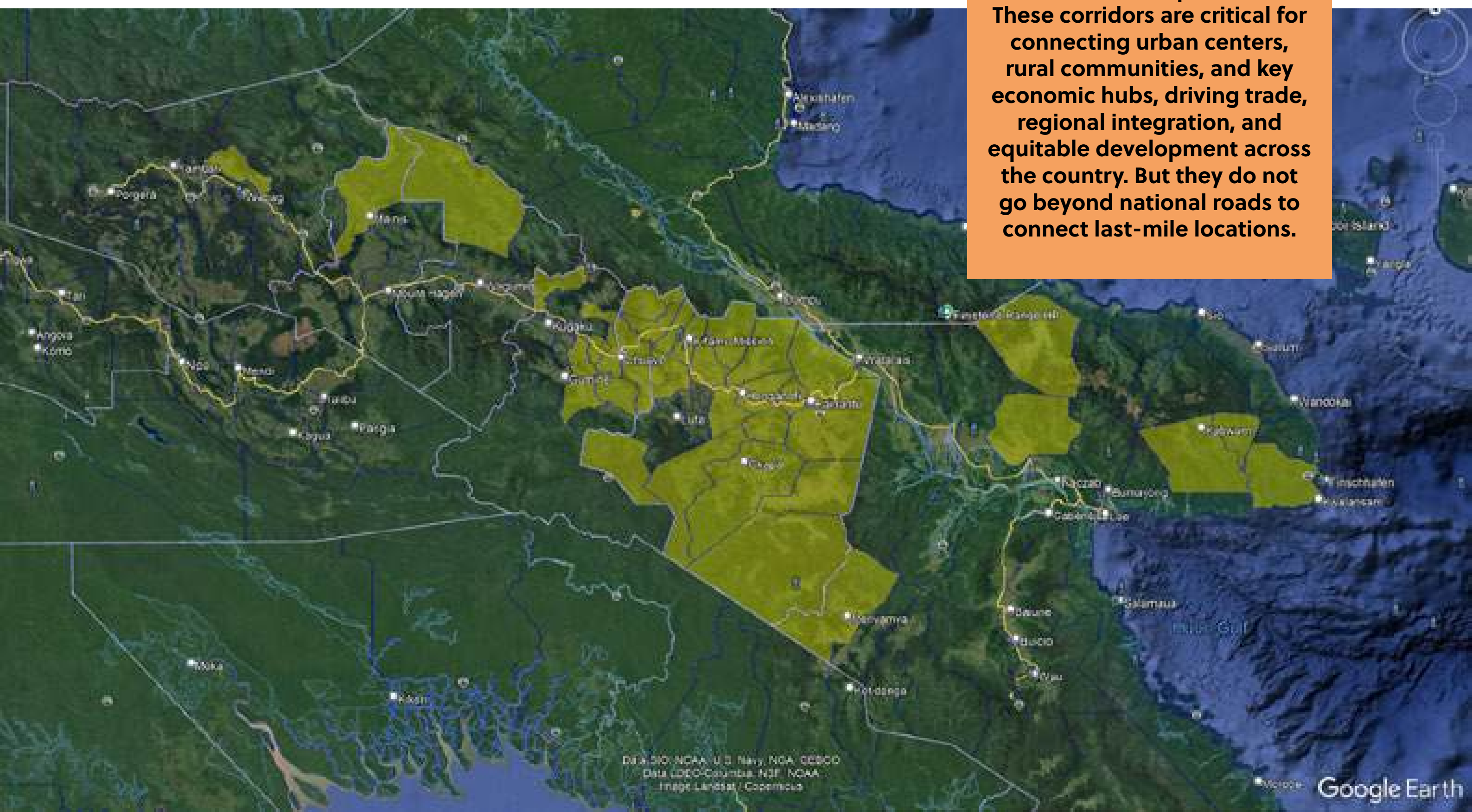
The PACD model has shown that cooperatives play an important role in rural development and they can become transit economic nodes that support the GoPNG Connect PNG corridor development program.

The PACD has proven, that, when paired with good infrastructure and targeted community support, cooperatives can supercharge growth, sustainability, safety nets, and equity in the area.

They serve as anchor points, engines of growth, and connectivity nodes, driving development and integrating "last miles" into national and global value chains. These cooperatives transform production zones into productive economic corridors that boost trade, create jobs, and foster regional development. In so doing, cooperatives offer a tested and effective model for becoming transit economic nodes to main economic hubs under the GoPNG corridor development "Connect PNG Program".

Since 2020, the GoPNG, through Connect PNG Program, has been using economic corridors to promote economic growth and development that goes beyond the impact of a road or highway project. The Program focuses on establishing and enhancing 14 strategic road corridors that form the backbone of Papua New Guinea's national road network. It will construct and upgrade over 16,000 km of roads, linking rural communities with urban markets and export hubs. These corridors are critical for connecting urban centers, rural communities, and key economic hubs, driving trade, regional integration, and equitable development across the country. But they do not go beyond national roads to connect last-mile locations.

PACD coffee cooperatives alongside the Highlands Highway Corridor and the main economic centres



Footnotes

1. This is the second of a 3-part FROM FARMS TO STRATEGIC CORRIDORS series that looks into feeder roads as corridor enabler. The second part: Investment in Cooperatives is available in here. The third part, on partnerships Blended finance to untap PS investment and Pathway to Brewing Success were published in 2025 and you can find here.

2. PACD worked with cooperatives, community based organisations (CBOs), producer organisations (POs)
3. 13 under Coffee PMU + 18 under Cocoa PMU
4. 6 under Coffee PMU + 7 under Cocoa PMU
5. National identity cards
6. The other 45 were not able to sell their coffee yet as they were organized and registered after the harvest season

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PACD

PNG AGRICULTURE COMMERCIALIZATION & DIVERSIFICATION PROJECT

(coffee, cocoa, coconut, spices, small livestock)