



COVID-19 Economic Response Plan

July 2020

SMART AgriTech Scheme

Towards a smarter, more efficient and profitable agricultural sector

Context

The Cook Islands agricultural sector in the past was the primary economic sector through exports. However, following the deregulation of the New Zealand market and increased competition from other exporting countries, the agricultural sector has been in steady decline. Tourism has become the mainstay of the Cook Islands economy, and agriculture has shifted focus to domestic supply to meet local and tourism demand, with farmers benefitting from increased local sales of crops.

The agricultural sector still faces a number of challenges, particularly land and labour shortages. Land previously used for farming is increasingly in demand for accommodation, especially in Rarotonga. Labour is in short supply across all industries, but more so in agriculture.

Improving industry productivity – producing more output for the same amount, or fewer, inputs – and transforming our economy to become more complex and diverse, can bring considerable and sustainable benefits.

Utilising technology as a tool to transform the agriculture sector to improve agriculture production and sustainability, as well as processing capabilities is more important now than ever. Through this initiative, Government aims to foster innovation by encouraging the development and adoption of more innovative and productive technologies across the agricultural supply chain. Transforming mindsets to achieve this also requires complex investments in human and technological capacities to realise sustainable benefits.

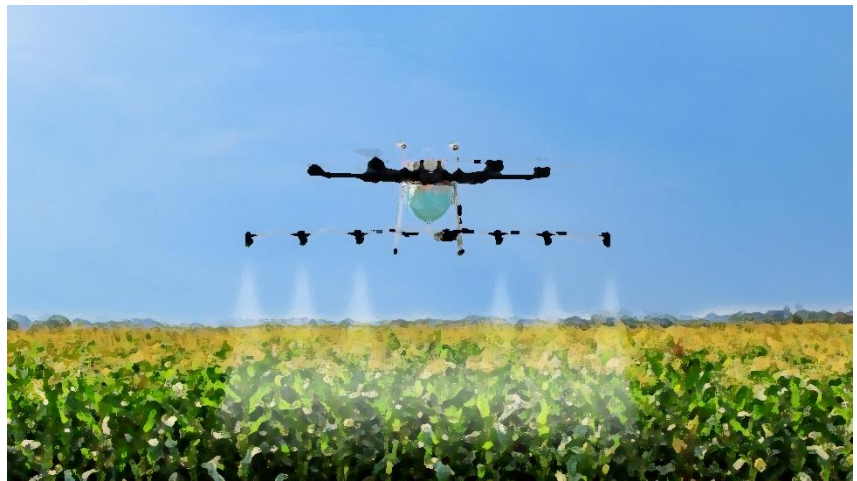


This initiative will provide grant funding to support investment in smart, productivity-enhancing agritech and equipment to improve the commercial viability of agricultural businesses and the economic sustainability of the agricultural sector.

Summary

The Government is introducing the **SMART AgriTech Scheme (AgriTech)** that will provide grant funding to commercial farmers and/or agribusiness ventures to encourage investment in technology and smart processes to improve yield, efficiency and profitability across the agricultural value chain. The key features of this initiative include:

- **Public financial support** — maximum grant funding of up to \$50,000 to fund qualifying agribusiness and smart farming activities.
- **Private sector support** — public grants will require private sector funding, direct and/ or in-kind, valued at 20 per cent of the grant funding awarded, to show individual commitment to the proposal.
- **Eligible businesses** — commercial farmers and/or agribusinesses registered with Revenue Management Division (RMD) and the Cook Islands National Superannuation Fund (CINSF) and operating in the Cook Islands. New agribusiness ventures are also eligible, with any grant funding awards contingent on registration with RMD and CINSF, and if a company, incorporation and registration under the *Companies Act 2017*.
- **Qualifying activities** — agricultural and agribusiness activities and ventures that will apply technology and smart processes to improve yield, efficiency and profitability across the agricultural value chain from the farmer's field through processing and marketing to the final consumer.
- **Two-stage application** — in Stage 1 applicants will submit a short concept note, with successful Stage 1 applicants invited to submit a detailed Stage 2 funding proposal describing the proposed activity or venture, its innovation benefits, commercial viability, costs and implementation plans.
- **Assessment** — applications for **AgriTech Grant** funding, and the amount of funding, will be assessed by the **AgriTech Panel** based on commercial, innovation and economic growth merits of the proposal.
- **Timing** — Stage 1 applications, the Concept Note stage, will open from 1 July 2020.



Objective

The objective of **AgriTech** is to encourage and support the agricultural industry and agribusinesses servicing the industry to develop and implement innovative solutions to assist with transformational change within agricultural value chains by improving yields, efficiency and profitability.

AgriTech Grants will provide an opportunity for applicants to:

- Pursue new ideas that can transform a business or the agriculture industry through innovation and productivity improvements.
- Respond to opportunities that are driven by innovative, new ideas or meeting new market needs.
- Facilitate better connections between producers, processors and marketers.
- Reduce farming's environmental footprint through new technology and more efficient processes assist in mitigating the impacts of climate change.

Eligibility to apply

To be eligible to apply for this scheme:

- Your business must be structured as a company, partnership or sole trader.
- Your business must be registered with RMD and CINSF and operating in the Cook Islands as of 1 July 2020, and if a company incorporated and registered under the *Companies Act 2017*.
- Your business must be involved in agribusiness and/or commercial farming;
- If you are establishing a new business under your proposal, any funding award will be contingent on the business being registered with RMD and CINSF and, if a company, incorporated and registered under the *Companies Act 2017*.
- Your proposal relates to a qualifying activity and you provide the required information on your proposal as set out in the application template.
- Your proposal duration is between 6 and 24 months.

Submitting an application that meets the eligibility criteria does not guarantee funding under this scheme. Eligible applications will be assessed on their individual merits by the **AgriTech Panel**, with the Panel responsible for awarding funding to successful applicants. Panel decisions are final.

AgriTech public financial support

Three categories of **AgriTech Grants** are available:

- **Seed Grants for research, demonstration and investigation** — grants of up to \$20,000 (incl. VAT), without co-funding, for proposals related to the preliminary commercial investigation or demonstration of innovative agricultural technologies and processes.
- **Commercial Grants** — grants of up to \$50,000 (incl. VAT), with the 20 per cent co-funding requirement, for innovative commercially viable agribusiness technology proposals that will improve the productivity and sustainability of crop and livestock agriculture in the Cook Islands.
- **Exceptional Circumstance Grants** — grants above \$50,000, with a 20 per cent co-funding requirement, may be considered for larger-scale commercially ready proposals with exceptional broader agricultural innovation and/ or productivity benefits.

Matching private sector funding

The following funding sources will be eligible as contributions towards the matching private sector funding requirement for the commercial and exceptional circumstance grants:

- **Direct contributions** — sources include cash on hand, private equity and debt.
- **In-kind contributions** — the value of human and material resources directly connected with the proposal activities, limited to the following categories:
 - new equipment and technical supplies and services purchased by your business with its own money for proposal purposes;
 - personnel who will provide direct or indirect services on the proposal's activities.

Stage 2 proposal assessment criteria

Your Stage 2 proposal for funding, set out in the proforma [SMART AgriTech Application Template](#), must demonstrate:

- a clear innovative business venture that will provide or utilise technology or smart processes that will, or have the potential if at the research and demonstration stage, to improve yield, efficiency and profitability across the agricultural value chain;
- a strong, commercially viable and deliverable business plan that addresses market potential and needs, presented through sound, practical financial plans and timelines;
- a business arrangement or working structure with the necessary skills and experience, including in agriculture and or/agribusiness, to implement the proposed venture successfully;

- awareness of all the main risks the venture will face (including contractor or equipment failure, recruitment delays, etc.) with realistic management, mitigation, and impact minimisation plans for each risk;
- clear potential to improve business, industry, sector or Cook Islands agricultural yields, efficiency or profitability in a positive way; and
- matching private sector funding, direct and/ or in-kind as required.



The **AgriTech Panel** will assess each eligible Stage 2 proposal on the above criteria and determine the level of **AgriTech** grant funding to be awarded to successful proposals.

Examples of qualifying AgriTech activities

A non-prescriptive list of innovative agritech proposals that may qualify for this initiative includes:

- **Smart irrigation systems** – more efficient automated irrigation systems that utilise technology to track weather conditions, minimise water use and maximise crop growth.
- **Smart input application systems** – software and technology systems that provide accurate information about the quality and type of soil, monitor crop growth to allow efficient application of fertilisers and other inputs e.g. drones that can scan with imaging sensors and create GPS maps using onboard cameras.
- **Smart farming systems** – innovative ways to carry out farming using fewer natural (land and soil) or human resources e.g. high-tech greenhouses, hydroponic systems, application of farm robotics and other smart mechanical technology to reduce labour use.
- **Smart crop processing** – application of new technology to improve crop processing efficiency, minimising wastage and maximising yield, improving profitability.



- **Smart logistics technologies** – technologies and sensors to monitor food freshness in transit to meet consumer expectations, including food testing devices, food freshness sensors and shelf life enhancement technology.
- **Connected marketing** – apps, websites and other digital platforms designed to better connect farmers and buyers for the benefit of producers and consumers.
- **Smart import substitution** – application of new technology towards agribusiness that focuses on growing (imported) produce not currently grown in the Cook Islands or is grown in a limited capacity.



Activities that do not qualify for funding

Funding will not be provided for proposals that:

- do not meet the application eligibility or activity qualification requirements;
- do not demonstrate innovation or productivity potential in the agricultural value chain.

AgriTech funding will not be used to cover costs relating to business as usual expenses, including:

- operational, capital and overhead costs incurred in the course of normal business operations;
- activities that are already happening in business/industry.

The AgriTech Panel -

The **AgriTech Panel** will be responsible for assessing and approving successful applications for **AgriTech** grant funding. The Panel will be comprised of 3 members, with the Ministry of Finance and Economic Management (MFEM) providing secretariat services, including administration and disbursement of grant funds.

Membership of the Panel will encompass expertise and experience in:

- agriculture industry and promotion in the private and public sectors;
- small and medium enterprise business development support; and
- financial management.

The Panel will apply an assessment framework, with a weighting scheme to:

- determine whether an application passes a minimum scoring threshold to be eligible for grant funding; and
- rank competing proposals where demand for grant funds from proposals that meet the minimum threshold is greater than funds at hand.

Decisions made by the Panel are final.

How to apply

The two-stage application and approval process will commence from 1 July 2020

Stage 1

Eligible applicants must submit a Concept Note, up to a maximum of two, using the [AgriTech Concept Note Template](#) that is available for download on the MFEM website. Concept Notes must be submitted in electronic form by email to MFEM.economics@cookislands.gov.ck entering “*SMART AgriTech Scheme*” in the subject line.

Following an assessment of Concept Notes by the AgriTech Panel, which may include an opportunity to present your case to the Panel, successful first-stage applicants will be invited to proceed to the second stage.

Stage 2

Successful first stage applicants must submit a formal proposal for funding using the [SMART AgriTech Application Template](#) that is available for download on the MFEM website.

Applications will be treated in the strictest confidence, with publication restricted to high level summaries of successful proposals and funding awarded.

Applicants that require assistance in developing or formulating their Stage 2 proposals can request technical assistance under this initiative.

Proposals will be assessed by the **AgriTech Panel** based on their commercial, innovation and economic growth merits

Confidentiality and queries

Applications will be treated in the strictest confidence, with publication restricted to high level summaries of successful proposals and funding awarded.

If you have any queries about this initiative, or require assistance with the application process, please contact the MFEM Economic Planning Division via email at MFEM.economics@cookislands.gov.ck and enter “**SMART AgriTech Scheme**” in the subject line. If you do not have access to e-mail, the Economic Planning Division can be contacted by phone on +682 29511.

Timing

Stage1 of **AgriTech** applications, the Concept Note stage, will open from **1 July 2020**.

Compliance, monitoring and evaluation

Successful applicants will be required to sign a Grant Funding Agreement (GFA) with the Government. The GFA will set out conditions relating to expenditure of grant funds, audit commitments, business reporting requirements and media obligations.

As part of the application process, businesses will provide baseline data. The business reporting requirements in the GFA will then be used to monitor performance and evaluate the success of the **SMART AgriTech Scheme**.

SMART awareness raising

Public and business awareness of the initiative and its benefits in supporting eligible agribusiness ventures, will be critical to the success of the initiative. AgriTech will be publicised through:

- the MFEM and Business Trade and Investment Board (BTIB) websites;
- BTIB Newsletter;
- local newspaper, radio, and TV adverts and Facebook posts;
- the Cook Islands Chamber of Commerce.

Budget Impact

This measure is estimated to cost \$1 million in 2020/21 for the grant funding with an additional \$10,000 in administrative costs.

For further information contact:

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