

# Funding Proposal

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## **FP273: Papua New Guinea REDD-plus RBP for results period 2014-2016**

Papua New Guinea | Food and Agriculture Organization of the United Nations (FAO) | Decision B.42/06

24 July 2025



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## A. Proposed and projected REDD-plus results

Please provide the following information:

<p>Total volume of REDD-plus results achieved in the results period as reported in the country's BUR technical annex (tCO<sub>2</sub>e):</p>	<p>The total volume of REDD+ Results achieved by Papua New Guinea (PNG) and reported in the REDD+ Technical Annex to the First Biennial Update Report (BUR 1) for the 2014-2015 period and the Second Biennial Update Report (BUR2) for the 2016-2018 was 70,344,469 tCO<sub>2</sub>e.</p> <ul style="list-style-type: none"> <li>• <b>BUR 1 Technical Annex: 9,003,314 tCO<sub>2</sub>e</b> <ul style="list-style-type: none"> <li>○ 2014: 3,957,412 tCO<sub>2</sub>e</li> <li>○ 2015: 5,045,902 tCO<sub>2</sub>e</li> </ul> </li> <li>• <b>BUR 2 Technical Annex: 61,341,155 tCO<sub>2</sub>e</b> <ul style="list-style-type: none"> <li>○ 2016: 13,777,302 tCO<sub>2</sub>e</li> <li>○ 2017: 24,394,158 tCO<sub>2</sub>e</li> <li>○ 2018: 23,169,695 tCO<sub>2</sub>e</li> </ul> </li> </ul>
<p>A= Achieved volume of REDD-plus results offered to the pilot programme in this proposal (tCO<sub>2</sub>e):</p>	<p>PNG offers to the Green Climate Fund (GCF) the results achieved for the 2014-2016 period. For these results, PNG has applied a recalculation of the FREL/FRL, as described below.</p> <p>From the total results achieved, 17,115,721 tCO<sub>2</sub>e, PNG has discounted the volume of emissions reductions transferred to the Coalition for Rainforest Nations (26,465 tCO<sub>2</sub>e in 2014-2015) and the transactions made by the April Salumei REDD+ Project under the Verified Carbon Standard (120,000 tCO<sub>2</sub>e).</p> <p>Therefore, the achieved volume of REDD+ results offered to the pilot programme is the following:</p> <p><b>A= 16,969,256 tCO<sub>2</sub>e</b></p> <p>2014: 3,459,168 tCO<sub>2</sub>e 2015: 3,148,321 tCO<sub>2</sub>e 2016: 10,472,232 tCO<sub>2</sub>e</p>
<p>B= Expected volume of REDD-plus results to be achieved in the following years of the eligibility period (tCO<sub>2</sub>e):</p>	<p><b>B= 47,565,206 tCO<sub>2</sub>e</b></p> <p>The results achieved from 2017 (24,394,835 tCO<sub>2</sub>e) and 2018 (23,170,371 tCO<sub>2</sub>e) were reported and assessed in the BUR2 Technical Annex of REDD+ in 2022.</p> <p>Considering the recalculated FREL/FRL for the GCF-RBP the total results for the remaining period (2017-8) are <b>36,842,644.00 tCO<sub>2</sub>e</b></p>
<p>A+B =Total volume expected to be submitted to the pilot programme (tCO<sub>2</sub>e):</p>	<p><b>A+B= 16,969,256 tCO<sub>2</sub>e</b></p> <p>PNG does not plan to submit the results achieved during the 2017 and 2018 period to the GCF RBP programme.</p> <p>The country is exploring alternative carbon financing options.</p>

## B. Carbon elements

### B.1. Forest Reference Emission Level / Forest Reference Level (FREL/FRL)

Please provide link to the FREL/FRL submission:

[https://redd.unfccc.int/media/png\\_frl\\_resubmission\\_modified\\_201700710\\_final.pdf](https://redd.unfccc.int/media/png_frl_resubmission_modified_201700710_final.pdf)

Please provide link to the UNFCCC Technical Assessment Report:

<https://unfccc.int/resource/docs/2017/tar/png.pdf>

#### B.1.1. UNFCCC Technical Assessment and Analysis process

##### (i) Consistency of the FREL/FRL:

Following the submission of a Concept Note on 20 December 2019, Papua New Guinea (PNG) is submitting the current Funding Proposal to the GCF according to the requirements detailed in the Terms of Reference (ToR) for the Pilot Programme of REDD+ Results-Based Payments, as per paragraph 3c of the approved GCF/B.40/11: Policy for results-based payments for REDD+ at B40: "A decision to allow, on an exceptional basis, four pending REDD+ RBP concept notes submitted to GCF before the closure of the pilot programme in 2022 to be submitted as funding proposals under the Pilot Programme (paragraphs (d) and (e))."

In January 2017, PNG submitted its Forest Reference Emission Level / Forest Reference Level (FREL/FRL). A modified version was submitted in July 2017, incorporating improvements to enhance the clarity and transparency of the report. These modifications were based on the technical exchange with the Assessment Team (AT) during the Technical Assessment (TA) process.

The most recent national Greenhouse Gases (GHG) inventory available during the assessment was from the Second National Communication (NC2) in 2015. This resulted in inconsistencies between the reports. The Technical Assessment Report (TAR) noted that there were discrepancies in the methods, data, and assumptions used by PNG between the two reports. The TAR highlights that:

- The GHG inventory included in the NC2 and the FREL/FRL were not developed using the same datasets.
- The AT noted, based on a comparison of net removal in forest lands reported in the GHG inventory, that PNG may wish to broaden the scope of the FRL by assessing the significance of any other activities and considering their inclusion, especially the conservation of forest carbon stock and sustainable forest management.
- PNG may wish to include other significant pools (deadwood and soil carbon), excluded from the FREL/FRL.

Progress in the BUR1 and BUR2 are as follows:

PNG aimed to achieve full coherence in data and methods in the national GHG inventory to be included in the forthcoming BUR submission. In 2019, PNG submitted its BUR1, followed by the BUR2 in 2022. GHG inventories included in both BUR's have increased the overall consistency with the FREL/FRL.

The GHG inventories in the BUR1 and BUR2 were estimated using the same data sources, methods, definitions, and assumptions as the FREL/FRL. While acknowledging AT comments, due to the lack of reliable data, PNG decided not to broaden the scope of the FREL/FRL by including other activities.

The main difference between GHG Inventories in BUR1 and BUR 2, and the FREL/FRL stems from whether biomass regrowth in degraded forests prior to the reference period is included. Both used the same data set from annual land use change assessments conducted via the Collect Earth tool. However, biomass regrowth in forests degraded before 2000 was excluded in the FREL/FRL due to difficulties in identifying repeated degradation. In contrast, the GHG Inventories included this regrowth using IPCC 2006 Guidelines for growth factors.

The FREL/FRL excluded gases other than CO<sub>2</sub>e due to the lack of reliable data, while the GHG Inventories included CH<sub>4</sub> and N<sub>2</sub>O emissions. For similar reasons, litter and Soil Organic Carbon (SOC) were also omitted from FREL/FRL. However, both pools were included in the Land Use Land Use Change and Forestry (LULUCF) sector of the GHG Inventories using default values for completeness. Fuelwood gathering was similarly excluded in FREL/FRL yet included in LULUCF.

PNG is considering including these updates, i.e. additional pools and gases, in the forthcoming FREL/FRL as an area of improvement. This will be possible once the National Forest Inventory (NFI), which is currently under implementation, is finalized.

The NFI was launched by the Prime Minister in March 2016. During its initial implementation from 2017 to 2019, 160 plots across 43 clusters in seven provinces were assessed. In total, 8,803 trees were recorded, representing 1,372 tree species, which account for 41% of all tree species reported in PNG. The NFI was halted in 2020 due to the COVID-19 pandemic and funding shortfalls. The project resumed in 2024 with financial support from the European Union (EU) and the Global Environment Facility (GEF). During this phase, an additional 40 plots were assessed. Funding for the NFI is now secured at least until 2030. The data collected from this initiative is expected to contribute to the Second Biennial Transparency Report (BTR), which is scheduled for submission in 2026.

**(ii.a) Data source of the FREL/FRL:**

The PNG FREL/FRL submission was made well before the launch of the GCF Results-Based Payment (RBP) pilot in October 2017 and the publication of the GCF Scorecard (GCF/B.18.23). Although the AT found that the data and information used by PNG in constructing its FREL/FRL are mostly transparent, complete and in overall accordance with the guidelines contained in the annex to decision 12/CP.17, the use of a linear regression model would not meet the GCF RBP scorecard requirements, because projected GHG emissions for the results period would exceed the historical average emissions.

According to relevant United Nations Framework on Climate Change Convention (UNFCCC) decisions, each submission of a proposed reference level, in the context of results-based payments, shall be subject to a technical assessment. However, based on the “GCF RBP Terms of Reference” footnote 22, PNG is submitting to the programme a “recalculation of the FREL/FRL and results based on submitted and technically assessed and analysed data/information, without changing the annualized estimations and using the same methodologies”.

The recalculation of the FREL/FRL only concerns the construction approach (i.e., projecting the data using a historical average instead of linear projection and modifying the reference period extension) but uses the same data set, underlying methods, scale, scope, and forest definition and stratification as the technically assessed FREL/FRL.

The recalculation of the FREL/FRL implied an increase of 0.1% of the total forest carbon stock over the historical average emissions registered during the reference period (5 years) to reflect the country’s condition as High Forest Low Deforestation (HFLD).

The recalculated FREL/FRL annual emissions are 42,172,324 tCO<sub>2</sub>e during the FREL/FRL reference period (2014-2018), resulting in lower emissions than the UNFCCC technically assessed FREL/FRL, as shown in the table below. It is important to highlight that the recalculated FREL/FRL is more conservative than that of the technically assessed, being 22,786,515 tCO<sub>2</sub>e lower than the FREL/FRL assessed under the UNFCCC.

*Table 1. Comparison between the UNFCCC assessed FREL/FRL and the Recalculation of the FREL/FRL.*

Year	UNFCCC assessed FREL/FRL (tCO <sub>2</sub> e)	Recalculation of the FREL/FRL (tCO <sub>2</sub> e)	UNFCCC assessed FREL/FRL - Recalculated FREL/FRL (tCO <sub>2</sub> e)
<b>2014</b>	43,370,413	42,172,324	-1,198,089
<b>2015</b>	45,050,020	42,172,324	-2,877,696
<b>2016</b>	46,729,627	42,172,324	-4,557,303
<b>2017</b>	48,409,234	42,172,324	-6,236,910
<b>2018</b>	50,088,841	42,172,324	-7,916,517
<b>TOTAL</b>	<b>233,648,135</b>	<b>210,861,620</b>	<b>-22,786,515</b>

During the TA process, the AT requested further information to better understand the methodology of the FREL/FRL and the sources of information. PNG provided the corresponding information, including a step-by-step description of how the statistical estimation of activity data was conducted and the spreadsheets that show the detailed calculations performed. The spatial information related to the Collect Earth sampling plots is available on the NFMS website (<https://png-nfms.org/portal/>), and

detailed information on methodological procedures is also available on the PNG REDD+ website (<https://pngreddplus.org>).

Further details can be found in the sections related to Transparency and Completeness of the current proposal.

**(ii.b) If a country is considered HFLD:**

In 2015, PNG's forest cover was estimated to be 78% of the total national area. The average annual deforestation rate was 0.07% for the period between 2009 and 2013, and it increased to 0.08% for the period 2014-2018 (GoPNG, 2017).

Consequently, PNG qualifies as a HFLD country under the thresholds and criteria established by Fonseca et al. in 2007 and applied on the Krutu of Paramaribo Joint Declaration on HFLD Climate Finance Mobilization, namely, having over 50% forest cover and less than 0.22% annual forest loss.

PNG also qualifies as a HFLD country under the Architecture for REDD+ Transactions - The REDD+ Environmental Excellence Standard (ART-TREES) requirements. ART-TREES uses a quantified approach<sup>1</sup> to determine whether a country qualifies as a HFLD country. This approach calculates an annual score, based on the deforestation rate and the percentage of forest cover. A country must have a minimum score of 0.5 to be considered an HFLD country. PNG far exceeds this threshold, with a score of 0.7 over the period 2009-2013.

*Table 2. Parameters considered to qualify as a HFLD country.*

YEAR		Forest Area (ha)	Forest Cover (%)	Deforestation rate (%)
2009	Reference Period	36,134,329	78.3%	0.04%
2010		36,120,120	78.3%	0.04%
2011		36,106,267	78.3%	0.06%
2012		36,082,824	78.2%	0.08%
2013		36,053,081	78.1%	0.11%
2014	Crediting Period GCF RBP	36,024,863	78.1%	0.08%
2015		35,991,296	78.0%	0.09%
2016		35,959,315	77.9%	0.09%
2017	Crediting Period Other Instances	35,934,596	77.9%	0.07%
2018		35,910,531	77.8%	0.07%

**(ii.c) FREL/FRL adjustments for a HFLD country:**

Since PNG is classified as a HFLD country and given that emissions from deforestation and forest degradation have been increasing during the reference period, PNG has proposed an upwards adjustment to its recalculated FREL/FRL for RBPs. This adjustment aims to better reflect trends observed during the reference period, which may have underestimated future rates of deforestation or forest degradation during the eligibility period.

Emissions from the forestry sector have maintained a sustained increase during the reference period. In 2009, emissions were at 35 million tCO<sub>2</sub>e, but by 2013, they had risen to over 42 million tCO<sub>2</sub>e. This represents an annual rate of increase in emissions of 4%.

The increase in emissions coincides with a 12% increase in population over the same five-year period, along with and 83% growth in Gross Domestic Product (GDP) over the same timeframe. Both population and economic growth have been linked to increased pressure on forests due to increased demand for

<sup>1</sup> Template to assess the Arc TREES HFLD Approach: [https://www.artredd.org/wp-content/uploads/2024/01/TREES-Calculation-Template\\_Jan-2024.xlsx](https://www.artredd.org/wp-content/uploads/2024/01/TREES-Calculation-Template_Jan-2024.xlsx)

natural resources and agriculture lands. These trends have persisted over the last decade with annual population growth rates of 2.5% and GDP growth rates of 3.3%.

According to the TA Report published in the Info Hub for REDD+, the AT noted that in its submission, PNG presented information on national circumstances and drivers of deforestation and forest degradation that largely supported the expectation of increasing emissions in the period 2014–2018. Notably, the country documented circumstances during this period that may underestimate future deforestation rates when based solely on the projection of average historical emissions.

In addition, global indicators such as the Human Development Index (HDI) and population projections further indicate that PNG has achieved notable improvements in per capita income and overall development between 2000 and 2020, encompassing both the reference and results periods. Similarly, population projections from UN DESA highlight a sharp population increase over the same period, partly attributed to the country's relatively early stage in the demographic transition. While urbanization levels remain low, the growing population places increasing pressure on rural areas and natural resources. The projection of inertial trends by PNG appears to be corroborated by these indicators.

Specifically, the data suggests that the pressure on resources has risen significantly—often exceeding global averages for countries in the same development category. However, this increased pressure has not translated into an increase in deforestation due to the actions taken by the country.

Analysis of the historical series presented in the FREL/FRL shows that deforestation rates increased until approximately 2012, after which a consistent downward trend emerged. This suggests that while development indicators demonstrate sustained progress, deforestation trends are being successfully managed and reduced.

It is worth noting some additional elements that demonstrate PNG's commitment to the results achieved.

- National development policies identify a shift in national planning away from strategies focused on economic growth through natural resource extraction to one that is based on a more sustainable development pathway<sup>2</sup>.
- PNG has taken measures to prioritize sustainable development, expecting economic incentives to become a significant motor of the REDD+ incentive-based policy approach.
- PNG's Prime Minister James Marape, prior to COP29, urged high-emission nations to take meaningful action and provide the necessary funding to keep forests standing<sup>3</sup>.

It is important to highlight that the recalculation of the FREL/FRL to meet the GCF RBP Scorecard criteria generates more conservative results than the one assessed and accepted by the UNFCCC.

The proposed upwards adjustment meets the GCF RBP restrictions, namely, the FREL/FRL should not exceed 10% of historical average emissions or 0.1% of the total carbon stock over the eligibility period.

The upwards adjustment is estimated at 0.1% of the total carbon stock over the accounting period:

- The total forest carbon stock in PNG corresponding to the year 2013 was 14,772,860,913 tCO<sub>2</sub>e, therefore 0.1% of the total forest carbon stock corresponds to 14,772,860 tCO<sub>2</sub>e.
- This result divided over the 5-year eligibility period suggests an allowable upwards adjustment of 2,954,572 tCO<sub>2</sub>e/year.

On the other hand, the assessed 10% of the recalculation of the FREL/FRL represents higher values:

- Average emissions are 42,172,324 tCO<sub>2</sub>e/year. Therefore, 10% of the recalculation of the FREL/FRL suggests an allowable upward adjustment of 4,217,232 tCO<sub>2</sub>e/year.

After examining the results of the two methods, PNG decided to use the most restrictive limit or adjustment method, which is 0.1% of the total carbon stock over the accounting period.

<sup>2</sup> Source: [https://redd.unfccc.int/media/png\\_frl\\_resubmission\\_modified\\_201700710\\_final.pdf](https://redd.unfccc.int/media/png_frl_resubmission_modified_201700710_final.pdf)

<sup>3</sup> source: [https://www.linkedin.com/posts/coalition-for-rainforest-nations\\_cop29-ugcPost-7262584735208493057--7SA/?utm\\_source=share&utm\\_medium=member\\_ios](https://www.linkedin.com/posts/coalition-for-rainforest-nations_cop29-ugcPost-7262584735208493057--7SA/?utm_source=share&utm_medium=member_ios)

As such, the recalculation of the FREL/FRL (average tCO<sub>2</sub>e emissions from deforestation and forest degradation in PNG over the period 2009-2013 with the upward adjustment valid for HFLD countries) for the GCF RBP programme applied the following formula:

$$\text{Annual emissions (tCO}_2\text{e)} = \frac{\sum_{i=1}^n \text{Emissions}(2009 - 2013)}{n} + (0.0002 \times \sum \text{Forest C stock})$$

Where:

$\sum_{i=1}^n \text{Emissions}(2009 - 2013)$ : are the emissions from deforestation and forest degradation during the period 2009-2013.

$n$  : is the number of years of the period.

$\sum \text{Forest C stock}$  : is the total national forest carbon stock.

**(iii) FREL/FRL in accordance with 12/CP.17:**

PNG FREL/FRL was elaborated in accordance with 12/CP.17 as indicated in the Technical Assessment Report:

- The FREL/FRL covers the entire national territory.
- PNG used the 2006 IPCC methodologies in the construction of the FREL/FRL.
- The FREL/FRL applies a stepwise approach enabling PNG to improve it by incorporating better data, improved methodologies and additional pools.
- The FREL/FRL report include information about the National Circumstances, specially related to the HFLD of the country situation, but also about the national policies to reduce and halt deforestation and forest degradation.

**(iv) FREL/FRL transparency:** *Please provide any additional information that supplements the information contained in the Technical Assessment Report in relation to the transparency of the FREL/FRL and whether significant issues were raised and resolved. If applicable, provide a plan on how to address and overcome issues that were not material to the transparency of the FREL/FRL raised in TA Report that couldn't be resolved due to time and data restrictions.*

The AT consider that the FREL/FRL is overall transparent and there are no material issues related to transparency.

During the TA process, the AT raised areas to improve the transparency of the PNG report. Most of the issues were solved during the process by providing additional information in the modified submission of the FREL/FRL.

The most relevant transparency issues raised during the TAR were:

- Clarification on specific data sets referred to in the FREL/FRL, such as areas under Special Agricultural and Business Leases, forest plantations and viable concessions, that were not provided in a timely manner by PNG (Para. 24 TAR).
- Clarifications on the statistical procedure followed when applying the regression model, including a comparison of results between linear and exponential regression models.
- Lack of detailed information on how the country converted the Collect Earth sampling plots information to activity data.

Additional information provided to the AT and additional actions conducted by PNG have enhanced the transparency, as demonstrated in the BUR1 and BUR2 Technical Annexes submitted by PNG:

- PNG increased transparency by implementing a web platform (<https://png-nfms.org/>) that has made publicly available the most relevant geographic information related to the forest resources and land use, including the location of palm oil and logging concessions, cropland distribution, and other spatial datasets.
- Spreadsheets including all the data used to estimate the FREL/FRL, were shared with the AT and will be available for further consultations upon request.

In addition, the AT noted that further details of the statistical procedure for the estimation of activity data from the Collect Earth sample plots are an area of improvement to increase transparency.

As a result of the potential issues identified, PNG included further details about the statistical procedure to estimate activity data from the sample plots. As explained in the Technical Annex of REDD+ Results, the sampling design is based on a systematic grid of 0.04 degrees, and 0.02 degrees in the case of the smallest three provinces (Manus, Western Highlands and Jiwaka), consisting of 25,279 points. The conversion of plot information to activity data (i.e. deforestation or forest degradation area) was made based on specific provincial expansion factors. The expansion factors are based on the number of samples by province and the total area of the province.

During the exchange of information with the AT, PNG provided step-by-step instructions on how to follow the procedure for the statistical estimation of activity data. The general steps are the following:

- To calculate the expansion factor per plot to estimate the area, PNG used the Collect Earth package tool *Saiku*.
- Saiku is the most common data analysis software package for generating statistics using Collect Earth data. It has been customised to visualise and analyse Collect Earth data. Countries using Collect Earth for a national land use assessment may generate data in Collect Earth for thousands of points. Saiku organises this wealth of information and enables users to query the data and immediately view the results in tabular format or as graphs (<https://openforis.org/collect-earth-tutorials/>). By using the Saiku tabular analysis function, land change matrices are produced by drag and drop of the assessment items. The tool then exports the results of the matrices to Excel files.
- Saiku uses a special algorithm to automatically convert the results of sampling plot analysis into surface area or activity data based on the sampling design, site-specific plot density, and the total area of analysis. In this case, the data is aggregated at the provincial level to properly account for the differences in density mentioned earlier.
- Exported result files are embedded into the FREL calculation spreadsheet to estimate activity data automatically.

**(v) FREL/FRL completeness:**

The AT acknowledged that the information provided by the country allows for the reconstruction of the FREL/FRL.

However, it is noted that additional information, particularly details related to the activity data collection procedure and emission factors, was shared during the TA process to improve the completeness of the submission.

The creation of the National Forest Monitoring System (NFMS) web platform has contributed to enhancing completeness, as commended by the AT.

**(vi) FREL/FRL consistency:**

The AT consider that the FREL/FRL is overall consistent and there are no material issues. Minor issues raised by the AT were clarified and solved during the technical exchange of information.

The TA report (para. 16) indicates that PNG's method of detecting land use changes in the historical time series could result in inconsistencies because more satellite images are available in the later years of the series than in the earlier ones.

During the technical exchange of information, PNG explained in detail the method used to assess historical land use change. The most recent land use cover is identified using high-resolution imagery, like Rapid Eye. Previous land uses are analysed using Landsat 7 and Landsat 8 time series with a spatial resolution of 30 m during the historical period, avoiding potential inconsistencies.

PNG applied a quality assurance/quality control (QA/QC) procedure to ensure integrity and consistency during the time series (the QA/QC procedure is described in detail in section (vii FREL/FRL accuracy)).

**(vii) FREL/FRL accuracy:**

The TA Report did not raise significant issues regarding the accuracy of the FREL/FRL. However, the AT highlighted several areas for improvement concerning accuracy, mainly related to the use of emission factors used by the country.

- PNG has implemented a QA/QC procedure to ensure the accuracy and consistency of measurements obtained with remote sensing technology used to calculate activity data. The QA/QC procedure led to the correction of 9.345 out of 25.729 plots identified as having errors. The AT noted and commended PNG for substantially improving the accuracy of the activity data through the implementation of the QA/QC procedure.
- The emission factors for deforestation used in the FRL, and subsequently in the BUR1 and BUR2 Technical Annexes, subtract removals from post-deforestation biomass regrowth using an approximation. However, the accuracy of these estimations could be significantly improved by using crop-specific post-deforestation biomass growth rates for non-forest land uses by land use type, as noted by the AT.
- The forest degradation emission factor used in the FRL also considers post-degradation growth. The post-degradation growth rates were estimates based on a random sampling of plots harvested over four years. However, the AT indicates that biomass may quickly accumulate in tropical regions, making it difficult to determine to what extent the emission factor includes forest regrowth within different periods after logging.
- Forest degradation emission factor assumes that all disturbance types generate the same amount of biomass carbon stock loss of primary forests as the commercial logging. While commercial logging is the main driver of forest degradation, other drivers affect 12.8% of the total forest area in PNG.
- Additionally, gardening is considered a management practice leading to forest degradation in 8.2% of the forests in PNG. It was assumed that all forests subject to gardening were primary forests, but their carbon stock may not be comparable to that of primary forests. Therefore, this assumption may overestimate emissions from forest degradation.
- The assumption that forest degradation occurs only once over time would underestimate emissions from forest degradation by excluding emissions from subsequent degradation in such areas.

The assumptions made by PNG to create emission factors applied in the FREL/FRL represent the trend in biomass stock in different types of lands affected by deforestation and forest degradation based on the most accurate information available at the time of the FREL/FRL. The sources of information used are primarily scientific data, mainly from the study by Fox et al. (2010) and IPCC 2006 Good Practice Guidance.

However, PNG is currently working on implementing an NFI, which will enable the country to gather more accurate and reliable information to address issues related to deforestation and forest degradation emission factors, including post-deforestation and post-forest degradation regrowth values, considering different disturbance types. The NFI will also provide better information to enhance accuracy related to emissions from forest management and to track emissions from forest degradation over time.

As indicated previously, the NFI has been implemented in the country since 2017, halted in 2020 due to the COVID-19 pandemic and funding shortfalls. It resumed in 2024 with financial support from the European Union (EU) and the Global Environment Facility (GEF). Funding for the NFI is now secured at least until 2030. The data collected from this initiative is expected to contribute to the Second Biennial Transparency Report (BTR), which is planned for submission in 2026.

**(viii) Sources of emissions:**

PNG FREL/FRL included the most significant emissions reduction activities: reducing emissions from deforestation, reducing emissions from forest degradation and enhancement of forest carbon stock.

However, the AT notes that as part of the stepwise approach, the country may wish to broaden the scope of the FRL by also assessing the significance of any other activities and considering their inclusion,

especially the conservation of forest carbon stocks and sustainable management of forests, which were excluded owing to the lack of data to enable current estimations.

Sustainable forest management and conservation of forest carbon stock activities are linked to the carbon accumulation in existing forests, especially forests managed through sustainable harvesting practices. As mentioned above, the lack of information to identify these activities was the reason to be excluded from the FREL/FRL.

However, the methodological approach applied by PNG in the collection of information to estimate activity data, interpreting time-series imagery to identify significant changes in forest cover or biomass based on systematic sampling across the whole country, allowed PNG to detect implicitly any significant carbon stock change in forest land and other land uses.

The post-degradation and post-deforestation regrowth rates are included in the emission factors applied to estimate emissions from deforestation and forest degradation. This allows the country to internally record the potential removals related to sustainable forest management and conservation of forest carbon stock activities.

Therefore, all significant emissions or removals that occurred on PNG's national territory have been included in the FREL/FRL, and activities not considered were not significant or were integrated into other activities.

**(ix) Significant pools:**

The PNG FREL/FRL included emissions from above-ground biomass and below-ground biomass. Due to the lack of reliable data, emissions from deadwood, litter and soil organic carbon were excluded from the FREL/FRL. Furthermore, based on Tier 1 estimations the excluded carbon pools are not significant in comparison to the total emissions reported in the FREL/FRL.

The AT noted that emissions from deadwood may be significant because 85% of the population in PNG utilized fuel wood with a very high consumption level that was expected to increase in the following years. However, based on the existing information, this pool was not deemed significant.

Fox et al. (2010) estimate dead wood may constitute 10-25% of total above-ground biomass (i.e. 7-19% of total living biomass) for primary forest and logged forest respectively. In the case of forest degradation (86% of total emissions in the FREL/FRL), deadwood carbon stocks are assumed to be in equilibrium under tier 1 (IPCC, 2006) and subsequently, emissions are zero. Therefore, emissions from deadwood would represent less than 2.7% of total emissions reported in the FREL/FRL and the pool deemed as insignificant.

In the case of litter, the IPCC 2006 Guidelines default value for broadleaf deciduous forest in tropical regions is 2.1 tC/ha. This is 1.5% of the average carbon stock in the total living biomass of primary forests in PNG (144 tC/ha). Since no reasonably reliable data for estimating carbon stock in litter is available in PNG and litter is an insignificant carbon pool, it is not covered in the FREL/FRL.

In the case of Soil Organic Carbon emissions, considering that

- 50-75% of PNG forest carbon could be held in the soil (Mc Intosh et al. 2016);
- Deforestation can reduce the original SOC stocks from 20% to 40% (IPCC 2006);
- Emissions from SOC in forest land remaining forest land is assumed in equilibrium under the IPCC Tier 1 method (2006).

We can estimate that SOC emission in PNG would represent about a 4.2% of total annual emissions.

Finally, the AT commended PNG for its ongoing work on collecting country-specific data on deadwood, litter and SOC, as part of the national forest inventory. This should enable the country to include litter in future FRL submissions.

**(x) Emissions from gases:**

The FREL/FRL does not account for emissions from non-CO<sub>2</sub> GHG due to insufficient and likely insignificant data. Non-CO<sub>2</sub> emissions can result from burning during forest degradation, drainage of organic soils

after deforestation, and carbon mineralisation post-deforestation. In PNG, approximately 3% of the forest is affected by fire, but the specific year and frequency of the fires are mostly unknown.

Additionally, there is a lack of reliable data on the distribution of organic soil and its drainage, which could lead to CH<sub>4</sub> and N<sub>2</sub>O emissions.

As part of the stepwise approach the AT considered that PNG may wish to monitor and potentially include the non-CO<sub>2</sub> emissions from biomass burning in future FRL submissions if they are considered significant.

**(xi) IPCC guidance for FREL/FRL:** *Please indicate if the whether the construction of the FREL/FRL (data, methodologies and estimates) was guided by 2003 GPGs or 2006 GLs.*

The FREL/FRL construction by PNG utilised methodologies outlined in the 2006 IPCC. Forest land was divided into categories based on forest type and disturbance type. Historical annual emissions were calculated using emission factors specific to different forest categories, which were obtained from scientific literature and the 2006 IPCC Guidelines.

**(xii) Issues related to applying IPCC guidance:**

The most relevant issues related to the application of IPCC Guidelines raised during the TA Report were related to the estimation of emissions from forest degradation.

PNG derived the emissions factors for forest degradation from Fox et al. (2010). The study is based on the estimation of the carbon stocks in selectively harvested forests that had been subject to harvesting during the last four years. It was assumed that forest regrowth following forest degradation is implicitly included in the emission factors for estimating emissions from forest degradation.

The AT noted that in tropical regions, biomass may quickly accumulate, making it very difficult to determine the extent to which the emission factors include forest regrowth. Plots may have been established a few months or up to four years after logging.

PNG explained that this approach is based on the most comprehensive and reliable data set currently available in the country to estimate GHG emissions from logging activities.

In addition, PNG estimated the emission factors for forest degradation by assuming that all disturbance types (i.e., logging, fire, grazing, gardening, portable sawmill, etc.) cause the loss of 34.5% of total biomass carbon stocks of primary forests. However, disturbances other than logging affect 12.8% of the total forest area in PNG.

Therefore, the AT considered that accurate determination of the losses of biomass carbon stocks resulting from different types of disturbances would enhance the accuracy of the FRL and noted this as an area of future improvement. PNG noted that the ongoing national forest inventory covers different disturbance types and, as such, could potentially provide the data needed to implement this approach and improve the accuracy of future reports.

#### B.1.2. Additional criteria related to FREL/FRL

**(xiii) Reference period for the FREL/FRL:**

The FREL/FRL recalculation proposed to the GCF RBP is based on a five-year reference period from 2009 to 2013. PNG is proposing a recalculation of the FREL/FRL assessed by the UNFCCC TA to meet the requirements of the GCF RBP Scorecard.

According to the scorecard criteria, the proposal will fail if the FREL/FRL is not based on average annual historical emissions, and the proposed adjustment for HFLD countries exceeds 0.1% of the carbon stock during the eligibility period, and/or 10% of the FREL/FRL.

As stated in the GCF RBP Terms of Reference footnote 22 “*Countries that have already submitted FREL/FRLs with longer reference periods as of the launch of this RfP, or those submitting for assessment in 2018, may provide a recalculation of the FREL/FRL and results based on submitted and technically assessed and analysed data/information, without changing the annualized estimations and using the same methodologies*”, and complemented by the Policy for results-based payments for REDD+ (GCF/B.40/11) footnote 26, “*The recalculated FREL/FRL shall not be higher than the original*

*calculated FREL/FRL. If the recalculated FREL/FRL is higher, then the original calculated FREL/FRL shall be used”.*

The assessed PNG FREL/FRL, based on a linear regression of historical emissions from 2001 to 2013, was submitted before the publication of the GCF RBP Terms of Reference. However, PNG has recalculated the FREL/FRL, replacing the linear regression model with historical average emissions and adding an upwards adjustment corresponding to 0.1% of the carbon stock over the eligibility period to comply with the scorecard requirements.

The original reference period (2001-2013) reflects the national circumstances if a regression model is applied but is not representative when the FREL/FRL is recalculated based on average emissions. Thus, PNG has recalculated the FREL/FRL considering the reference period 2009-2013 to better represent the current scenario in the national forest.

The FREL/FRL proposed by PNG is significantly lower than the original assessed FREL/FRL, so the recalculation of the FREL/FRL is considered conservative.

**(xiv) If previous reference level submitted:**

No previous reference level has been submitted by PNG.

**(xv) Uncertainties:**

PNG FREL/FRL included a quantitative and qualitative uncertainty analysis; however, the lack of quantitative information on errors in forest carbon stocks and emission factors prevented the country from reporting the aggregated Uncertainty of the FREL/FRL.

Regarding the qualitative uncertainty, the FREL/FRL identified the following sources:

- Major potential sources contributing to the uncertainty of the Collect Earth sampling assessment and the activity data estimations are related to the sampling error, such as:
  - unrepresentative samples,
  - variability resulting from the use of samples,
  - human error, such as misinterpreting historical land use and land use change.
- Several important error sources must also be considered regarding emission factors. The emission factors used are taken from the literature, and error information is only available for a small portion of the sources.

In the case of quantitative uncertainty, the PNG estimates and reports the uncertainties corresponding to:

- Sampling error for the Land use classes and land use conversion from 2000 to 2015.
- Only information on half of the forest classes regarding emission factors was available.

The county was able to gather more detailed information to report uncertainties in the Technical Annexes reported within BUR1, BUR2 and in the Second FREL/FRL, which are the latest the most reliable uncertainty estimations.

The aggregated Uncertainty of the recalculation of the FREL/FRL used for this submission (i.e. historical average) was estimated using the uncertainty propagation approach based on the 2006 IPCC Equation 3.2., resulting in 11.77%.

Activity data uncertainty for deforestation was 23.52% and 8.53% for forest degradation, while emissions factor uncertainty resulted in 10.07% in both cases. The propagated uncertainty for each activity was 25.58% for deforestation, and 13.19% for forest degradation.

PNG estimates uncertainty based on the error propagation approach from (Tier 1 IPCC). The country plans to implement the Monte Carlo Approach in future reports to improve the uncertainty estimation.

Beyond that, the application of QA/QC procedures have been improved, and new methodologies to estimate activity data are under consideration for future FREL/FRLs. However, the most relevant measure to reduce Uncertainty and accuracy of reports is the full implementation of the NFI, which will allow the country to use more details and reliable data in future reports.

**(xvi) Please indicate whether different FREL/FRLs have been used for different funding sources or other purposes, and if so, list and describe them.**

PNG has not used the current or different FREL/FRL for any other purposes or funding sources.

## B.2. REDD-plus Results reporting

Please provide link to the BUR technical annex containing REDD+ results:

BUR 1 (2019)

[https://unfccc.int/sites/default/files/resource/PNG\\_BUR1\\_re\\_submission\\_20190830.pdf#page=96](https://unfccc.int/sites/default/files/resource/PNG_BUR1_re_submission_20190830.pdf#page=96)

BUR 2 (2022)

[https://unfccc.int/sites/default/files/resource/PNG\\_BUR2\\_including%20REDD%20%20TA.pdf#page=78](https://unfccc.int/sites/default/files/resource/PNG_BUR2_including%20REDD%20%20TA.pdf#page=78)

Please provide link to the UNFCCC Technical Analysis Report:

Technical Annex 2014-2015: [https://unfccc.int/sites/default/files/resource/tatr2019\\_PNG.pdf](https://unfccc.int/sites/default/files/resource/tatr2019_PNG.pdf)

Technical Annex 2016-2018: [https://unfccc.int/sites/default/files/resource/tatr2\\_2022\\_PNG.pdf](https://unfccc.int/sites/default/files/resource/tatr2_2022_PNG.pdf)

### B.2.1. UNFCCC Technical Analysis

#### (i) Consistency of results with FREL/FRL:

PNG is seeking funding from the GCF RBP programme, considering the results achieved in 2014, 2015, and 2016. This period integrates the results reported in the technical annexes of BUR1 (including the technical annex of results for 2014 and 2015) and BUR2 (including the technical annex of results for 2016, 2017, and 2018), assessed in 2019 and 2022, respectively.

The assessed FREL/FRL submitted in 2017 was based on a linear regression model to represent the increasing deforestation trend in PNG. This approach, allowed by the UNFCCC modalities, does not match the GCF RBP scorecard criteria. Therefore, PNG has made a recalculation of the FREL/FRL based on the historical average emissions from 2009 to 2013 to be applied in this proposal as described in section (ii.a) Data source of the FREL/FRL.

Therefore, the results proposed to the GCF RBP Programme are lower than those reported in the UNFCCC technical annex. In 2014 the results proposed to the GCF were 3.5 MtCO<sub>2e</sub>, in 2015 3.1 MtCO<sub>2e</sub> and for the year 2016, the results proposed were 10.5 MtCO<sub>2e</sub>. The proposed results are 5.7 MtCO<sub>2e</sub> lower than those reported to the UNFCCC for the corresponding period (2014-2016) (see Table 3).

Table 3. Comparison between results reported in the BUR TA and the Results proposed the GCF RBP Programme.

Year	Results Reported in Technical Annex	Results Proposed to the GCF RBP Programme	Difference
2014	3,957,412	3,495,168	462,244
2015	5,045,902	3,148,321	1,897,581
2016	13,777,302	10,472,232	3,305,070
<b>TOTAL</b>	<b>22,780,616</b>	<b>17,115,721</b>	<b>5,664,895</b>

TAR from 2019 (para. 14) and TAR from 2022 (para.15) noted that PNG "ensured overall consistency between its FREL/FRL and its estimation of results of the implementation of the activities reducing emissions from deforestation, reducing emissions from forest degradation and enhancement of forest carbon stocks" in the 2014-2015 and 2016-2018 periods, respectively.

Activity data was generated using the same sample-based approach, systematic grid, data interpretation tool, classification system, and satellite imagery.

Emission factors used to estimate the FREL/FRL, and the technical annexes of results are derived from the same sources. These emission factors primarily rely on the study by Fox et al. (2010) and the default values provided in the IPCC 2006 guidelines.

The FREL/FRL and the technical annexes to BUR1 and BUR2 considered the same pools, gases, activities, and forest definition.

The AT noted in the TARs that PNG has improved the methodology for treating post-deforestation regrowth to increase the accuracy of estimations. The methodological improvement is used to increase the accuracy of the regression model based on the assessed FREL/FRL. However, as mentioned above, PNG is proposing a recalculation of the FREL/FRL under the GCF RBP based on the average emissions during the 2009-2013 reference period. In this case, the improvement is not applied in the recalculation of the FREL/FRL as the linear regression is not applied.

Therefore, the proposed FREL/FRL and technical annexes of results maintain complete consistency.

**(ii) Transparency of the data:**

During the Technical Assessment process, PNG provided additional information to the AT to increase the transparency of the report.

The most relevant additional information was related to the Collect Earth methods and procedures, including the spreadsheets used in analysing all sample plots assessed to calculate activity data. PNG also shared spreadsheets showing the detailed calculations of emission factors and Uncertainty and the general steps of the statistical procedures.

Detailed guidelines, spreadsheets, and additional information, including all the data used to estimate the FREL/FRL are currently available on the following link (<https://png-nfms.org/>) for further consultations and publicly available upon request.

**(iii) Completeness of the data:**

During the assessment of the BUR 1 (para. 23) and BUR 2 (para. 19) Technical Annexes, the only issue related to the completeness of the data raised by the AT was the lack "of a clear description of the statistical procedure used to estimate Activity Data (AD) based on the sample plots, and of the raw data used to generate AD".

However, as stated in the TA corresponding to the BUR2 Technical Annex (para 38), the procedure PNG followed is based on the application of an expansion factor to the Collect Earth plots, as follows:

- Plot Sampling Intensities for Smaller and Larger Provinces
  - The decision to use different sampling intensities reflects a balance between statistical representativeness and resource efficiency. Smaller provinces with limited land area require higher sampling densities (0.02 degrees) to capture spatial variability accurately, while larger provinces adopt lower densities (0.04 degrees) to ensure efficient use of resources without compromising data quality.
  - This approach aligns with the IPCC guidelines, which recommend tailoring sampling strategies to the geographical and ecological characteristics of the area being assessed.
- Differentiating Anthropogenic and Non-anthropogenic Changes
  - PNG implemented a systematic approach to address this issue, which included:
    - Methodology: Use of satellite imagery and ground truthing to identify anthropogenic activities, supplemented by cross-referencing with national land-use records and historical data.
    - IPCC Guidance: Application of the IPCC 2006 Guidelines provides a framework for differentiating anthropogenic impacts from natural events.
  - By the 2022 TAR, this issue was resolved as the revised methodology effectively distinguished anthropogenic from non-anthropogenic changes.
- Statistical Procedure for activity data
  - PNG addressed these concerns by:
    - Providing detailed descriptions of the statistical methodologies used for activity data collection and analysis in subsequent submissions (e.g., BUR2, FRL2).
    - Sharing comprehensive datasets, spreadsheets, and assumptions with the TA team during the second TAR.
  - This resolution assures that:
    - Data for the 2014–2015 calculations are complete, accurate, and transparent.
    - The same applies to the 2016 results, ensuring methodological consistency across reporting periods.

**(iv) Consistency of the data:**

During the TA process of the Technical Annexes included in BUR1 and BUR2, the AT raised no issues related to the consistency of the data across the time series.

**(v) Accuracy of the data:**

The AT noted that the report is overall accurate; however, several issues related to the accuracy of the data were raised during the TA of the Technical Annexes. Most of the issues are linked to the lack of a NFI, which is currently being implemented in PNG.

The assumptions and procedures followed by the country were focused on maintaining consistency between the FREL/FRL and the results. Therefore, the issues raised during the TA of the FREL/FRL are valid for the Technical Annexes submitted in 2019 and 2022.

Assumptions about the trend in biomass stock in different types of lands affected by deforestation and forest degradation are based on the most accurate information available at the time of the FREL/FRL. The sources of information used are primarily scientific data, mainly from the study by Fox et al. (2010).

As mentioned in Section B.1.1.vii, the most relevant points raised during the TA are the following:

- The emission factors for deforestation used in the BUR1 and BUR2 Technical Annexes subtract removals from post-deforestation biomass regrowth using an approximation. However, the accuracy of these estimations could be significantly improved by using crop-specific post-deforestation biomass growth rates for non-forest land uses.
- The forest degradation emission factor assumes that all disturbance types generate the same amount of biomass carbon stock loss of primary forests as commercial logging. While commercial logging is the main driver of forest degradation, other drivers affect 12.8% of the total forest area in PNG.
- The forest degradation emission factor used in the technical annexes also considers post-degradation growth. The post-degradation growth rates were estimates based on a random sampling of plots harvested within the last four years. The AT indicates that biomass may quickly accumulate in tropical regions, making it very difficult to determine to what extent the emission factor includes forest regrowth within different periods after logging.
- Gardening is considered a management practice leading to forest degradation in 8.2% of the forests in PNG. It was assumed that all forests subject to gardening were primary forests, but their carbon stock may not be comparable to that of primary forests. Therefore, this assumption may overestimate emissions from forest degradation.
- The assumption that forest degradation occurs only once over time would underestimate emissions from forest degradation by excluding emissions from subsequent degradation in such areas.

However, PNG is currently working on implementing an NFI, which will enable the country to gather more accurate and reliable information to address issues related to deforestation and forest degradation emission factors, including post-deforestation and post-forest degradation regrowth values, considering different disturbance types. The NFI will also provide better information to enhance accuracy related to emissions from sustainable forest management and track emissions from forest degradation over time.

In this regard, the NFI will provide more accurate data to estimate deforestation and forest degradation emission factors. This improvement of the data will reduce the accuracy issues related to the use of a single emission factor despite the forest degradation drivers and the initial forest condition (e.g., gardening).

**(vi) Indicate the number of years that took place between the last year of the FREL/FRL period, and the year corresponding to the results being proposed for payments:**

The recalculation of the FREL/FRL is based on the historical emissions from 2009-2013, and the proposed FREL/FRL is for the period 2014-2018.

The proposed results correspond to 2014, 2015, and 2016 immediately following the reference period and covering the entire FREL/FRL period.

#### B.2.2. Additional criteria related to the achieved results

##### (vii) Uncertainties:

Section 5 of the BUR1 Technical Annex and Section 6 of the Technical Annex are included in the BUR2 report on the uncertainty of the results, including a detailed section on qualitative and other quantitative uncertainty analysis. However, during the elaboration and submission of the Technical Annex included in BUR2 the technical team identified that the propagation of uncertainty was incorrect. Therefore, the correct values of uncertainty are included in the latest report, which includes information relative to the REDD+ annual results from 2014 to 2018.

The quantitative uncertainty analysis aggregates the uncertainty on activity data and emission factors for 2014-2015 and 2016-2018 reports.

Sampling errors on activity data was estimated using the FAO Land Use Category and Conversion spreadsheet:

- For the 2014-15 results period, activity data uncertainty was: Stable Forest 0.7%, Stable non-forest 2.4%, Deforestation 32.8%, Forest degradation 14.3%
- For the 2016-2018 results period, activity data uncertainty was: Stable Forest 0.7%, Stable non-forest 2.4%, Deforestation 29.4%, Forest degradation 13.5%

Emissions Factors uncertainty is estimated based on the available information and aggregated applying equations 3.1 and 3.2 from 2006 IPCC Guidelines to finally obtain the uncertainty by aggregated land use and land use change category:

- Primary forest deforestation: 11.8%
- Degraded forest deforestation: 17.8%
- Forest degradation: 10.1%

Aggregated total uncertainty and REDD+ activity included in the reports are:

- **2014-2015 Results: 15.69%**
  - Deforestation: 34.33%
  - Forest Degradation: 17.50%
- **2016-2018 Results: 14.98%**
  - Deforestation: 31.11%
  - Forest Degradation: 16.81%

PNG uses the error propagation method (IPCC Tier 1) but is considering improving the uncertainty analysis using Monte Carlo Simulation (IPCC Tier 2) in future reports.

Activity data procedures are implementing actions to minimise the systematic error. PNG has implemented a QA/QC procedure by applying available tools, such as Saiku, to identify error plots that subsequently have been re-assessed. In addition, PNG compares CE data against Global Forest Watch (GFW) data, applying a systematic warning system to re-assess all plots that are not disturbed but where GFW showed disturbance, whereas GFW data show over 200 ha of tree cover loss within a 4km<sup>2</sup> area around it.

To reduce random error in future reports, the most relevant measure to be implemented in future reports from PNG is updating emission factors by applying the information collected within the NFI under development. The NFI will allow the country to have more reliable and accurate information, improve uncertainty analysis, and potentially reduce it.

##### (viii) Preventing double payments:

PNG is analysing its participation in other jurisdictional payments for REDD+ results that are different from the GCF RBP, and some initiatives are in place registered in the voluntary carbon markets.

The country submitted a proposal in April 2021<sup>4</sup>, followed by the agreement of a Memorandum of Understanding in December 2021<sup>5</sup>, such as the initial stage of analyse its participation in the LEAF Coalition programme based on the ART-TREES standard. Under this initiative, PNG is considering a national scale proposal for a crediting period from 2017 to 2021. Therefore, it does not overlap with the results proposed to the GCF. The proposal to LEAF Coalition under analysis will be based on a specific FREL/FRL based on the ART TREES rules and requirements (i.e. applying a different reference period and HFLD adjustment method) but based on the same data sources and assumptions for activity data and emission factors. The principal components of the PNG LEAF Proposal partially complement the Action Areas included in the National REDD+ Strategy (NRS) and the outputs proposed in the current proposal to the GCF:

- Sustainable land planning (NRS Action Area 1 – GCF FP Output 1.1): Includes support for the development of the Sustainable Land Use Policy and Regulations, a National Land Use Information System, as well as Ward, LLG, District and Provincial Plans to include spatial elements that provide guidance on planning land uses.
- Enhanced forest management and plantation development (NRS Action Area 3 – GCF FP Output 2.1): Includes the strengthening of Policy Dialogue with the forest sector and application of timber legality standards and enhances knowledge of planted timber and PNG forests.
- Strengthening Environmental Management Enforcement and Protection (NRS Action Area 2 - GCF FP Output 1.2): Considers the development and management of environmental safeguards and protected areas.
- Sustainable agriculture (NRS Action Area 3 - GCF FP Output 2.2.): Based on the expansion of actions taken to address the growth of commercial agriculture and the establishment of Sustainable Palm Oil Platform.

Beyond this, PNG was a founding member of the Coalition of Rainforest Nations (CfRN) and has listed its reported results for the 2014-2015 period 9,003,214 tCO<sub>2</sub>e on the groups Sovereign REDD+ Credit platform (<https://www.redd.plus/countries/papua-new-guinea>). Details of transactions and sales are not easily accessible, with information on just one sale noted Blackstone's pilot purchase of 6,106 metric tonnes. In 2022, it was reported that 20,359 tCO<sub>2</sub>e had been sold from PNG. Currently, the site lists 8,976,749 tCO<sub>2</sub>e as available. Based on this information, it can be inferred that these two transactions represent the total amount sold since PNG was listed in 2021. Additionally, RBPs from the CfRN scheme will be accounted for in the Lima REDD+ Information Hub and subtract it from the amount of emission reductions offered to the GCF RBP.

The Memorandum of Understanding between the Government of PNG and the CfRN has expired and will not be renewed; therefore, there are no further agreements between the parties to transfer additional emission reductions under the scheme.

Regarding the voluntary carbon markets at the project level scale, the only relevant project developed in PNG, included in the Verified Carbon Standard (VCS) Registry, is the **April Salumei REDD Project** (<https://registry.verra.org/app/projectDetail/VCS/1122>). The Project aims to protect 603,579ha of forest and its biodiversity whilst providing an important source of income for customary landowners and communities. The project crediting period starts date is 22<sup>nd</sup> of May 2009. Since then, the Project has issued 930,076 Verified Carbon Units (VCUs) or tCO<sub>2</sub>e, most of them (744.076 tCO<sub>2</sub>e) during the period 2009-2013 corresponding to the reference period applied to the FREL/FRL proposed to the GCF, therefore avoiding any double accounting issues. During the crediting period used for the GCF RBP proposal, the total carbon credits issued were 120,000 tCO<sub>2</sub>e (186,000 including 2017-18), distributed as follows:

- **2014: 70,000**
- **2015: 35,000**
- **2016: 15,000**
- 2017: 15,000
- 2018: 51,000

In addition to the emissions reductions transferred under the CfRN scheme, PNG will subtract the carbon credits issues from the April Salumei REDD Project from the REDD+ results offered to the GCF RBP.

<sup>4</sup> [https://3c5cac37-d190-41cd-8f3a-aaf6e5425bfd.usfiles.com/ugd/3c5cac\\_f33134f95d64463585958e86b51734a6.pdf](https://3c5cac37-d190-41cd-8f3a-aaf6e5425bfd.usfiles.com/ugd/3c5cac_f33134f95d64463585958e86b51734a6.pdf)

<sup>5</sup> [https://3c5cac37-d190-41cd-8f3a-aaf6e5425bfd.usfiles.com/ugd/3c5cac\\_31b39d272f404a4eb97fc0684eadfb9.pdf](https://3c5cac37-d190-41cd-8f3a-aaf6e5425bfd.usfiles.com/ugd/3c5cac_31b39d272f404a4eb97fc0684eadfb9.pdf)

Some additional carbon projects are currently included in the VCS and Gold Standard registries, under different development statuses. However, in all cases, the crediting period starts after the 1<sup>st</sup> of January 2017, i.e. beyond the crediting period proposed to the GCF RBP. The summary of project information and status is in the following list:

- **NIHT Topaiyo REDD+**: The Project is located in the forested areas of New Ireland and East New Britain in PNG. The project has evolved based on the input and needs expressed by persons living in the region, who cover 110,000 ha. NIHT Topaiyo project crediting period started in June 2017 and is currently registered under VCS. The Project has issued 1,327,442 tCO<sub>2</sub>e corresponding to the results obtained from the 1<sup>st</sup> of June 2017 to the 31<sup>st</sup> of December 2019.  
(<https://registry.verra.org/app/projectDetail/VCS/2293>)
- **PNG Communities Best REDD – Tavolo Project**: The Tavolo Community is located in East New Britain Province, on the South Coast of the island of New Britain, PNG. The clans of the Tavolo Community hold customary land rights to a total area of 21,782 ha. The project credit period starts in January 2019, and the estimated annual Emission Reductions (ERs) are 168,438 tCO<sub>2</sub>e. The registration and verification are pending approval requested.  
(<https://registry.verra.org/app/projectDetail/VCS/2483>)
- **REDD+ Project in Oro Province of PNG**. This REDD+ project is located in the province of Oro in PNG. The Oro forests are among the most valuable natural resources. These forests support hundreds of rare and endemic species, making this place a "mega-biodiverse" district. The Project covers 418,000 ha, and the estimated annual ERs are 8,099,752 tCO<sub>2</sub>e. The crediting period started in May 2017, and the registration and verification are pending approval requested.  
(<https://registry.verra.org/app/projectDetail/VCS/2760>).
- **Integrated REDD+ Project in Papua New Guinea**: This REDD+ project is an Avoided Unplanned Deforestation and Degradation activity. The REDD+ project area covers 1,317,082 ha, including parts of four provinces: East Sepik, Gulf, Madang and Southern Highlands in PNG. The crediting period starts on the 1<sup>st</sup> of November 2017, and the estimated Annual Emissions Reduction is 20,012,952 tCO<sub>2</sub>e. Currently, the project status is "Under Development".  
(<https://registry.verra.org/app/projectDetail/VCS/3284>)
- **Conservation of Native Forest in the Biodiversity Hotspot of PNG**: The Project is located on the south-western slope of the Sarawaget Range in Morobe Province. It comprises of three regions based on clan affiliations and is accessible from Lae. It consists of a lower montane forest with small areas of lowland tropical rainforest and covers 226,843 hectares. The crediting period started on the 1<sup>st</sup> of July 2017, and estimated annual ERs are 1,134,215 tCO<sub>2</sub>e. The project is currently under validation (<https://registry.verra.org/app/projectDetail/VCS/2791>)
- **V Carbon Nuku Maimai Project**: This is a REDD+ project located in West Sepik Province. It covers 102,779 ha of massive natural forests in a critical region of the threatened biodiversity hotspot. The crediting period started in November 2021, and the estimated annual ERs are 1,895,234 tCO<sub>2</sub>e. The project is currently under validation (<https://registry.verra.org/app/projectDetail/VCS/5232>).
- **V Carbon Nuku Nopan Project**: Located in West Sepik Province, the area of 190,676 ha, initially planned for logging, is now under conservation agreements to significantly reduce greenhouse gas emissions by preventing deforestation and forest degradation. With a focus on forest preservation, the project's primary land use remains unchanged, barring grasslands earmarked for agroforestry initiatives. The crediting period started in November 2021. The estimated annual ERs are 3,856,656 tCO<sub>2</sub>e. The project is currently under validation (<https://registry.verra.org/app/projectDetail/VCS/5287>)
- **PNG Biomass Markham Valley AR project**: Certified under Gold Standard, the PNG Biomass project is an integrated biomass energy project to provide a reliable, sustainable and competitive renewable energy solution for PNG. The project involves the development of 18,000 ha of FSC certified forestry plantations (*Eucalyptus pellita*) in the Morobe province. The estimated carbon credit to be achieved during the crediting period (2018-2046) are 21,224 tCO<sub>2</sub>e annually.  
(<https://registry.goldstandard.org/projects/details/1735>)

All project scale, formulation and implementation of activities should take place in close coordination the Climate Change Development Authority (CCDA) and relevant government. Projects will also be required to ensure that methodologies used for calculating their project scale FREL/FRL align with those used at the national level and that data can support national systems. Transparent national reporting will also be required on the application of safeguards (in line with UNFCCC Cancun Safeguards), the accounting and reporting of emissions and revenue from their sale, and financial management systems within the project.

PNG requests payment for the ERs generated in the years 2014, 2015 and 2016. During this period, the country sold out ERs through the CfRN scheme and the VCS April Sulemai REDD+ Project. The ERs sold have been discounted from the results offered to the GCF in the current FP. Further, in the case of the CfRN, the existing Memorandum of Understanding (MoU) has expired, and the PNG Government has formally requested the withdrawal of the remaining ERs from the registry.

The April Sulemai REDD+ project issued 120,000 tCO<sub>2</sub>e, which has been discounted from the volume of results offered to the GCF.

The crediting period of the other existing VCS or Gold Standard projects started after 2016, thus preventing any risk of double payments.

Since 2008, PNG has embraced numerous multilateral and bilateral initiatives to advance the readiness and implementation phases of REDD+.

The UNREDD National Programme, with a grant of US\$ 6.4 million, empowered PNG's REDD+ readiness phase from 2011 to 2015. This initiative laid the groundwork for robust management arrangements, supported the development of a comprehensive national MRV system, established the FREL/FRL, and fostered stakeholder engagement in the REDD+ process at the national level.

Furthermore, the Readiness Fund of the Forest Carbon Partnership Facility (FCPF)<sup>6</sup>, supported PNG from 2008 to 2019, granting a total of US\$ 5.2 million. This vital support facilitated the development of the REDD+ Finance and Investment Plan (RFIP), enhanced the management framework for REDD+, strengthened stakeholder participation at all levels, and built essential capacities to manage the NFMS. Despite being an FCPF Readiness country, PNG has neither made progress toward nor has plans to pursue the development of an Emission Reduction Purchase Agreement (ERPA) with the World Bank (WB) Carbon Fund.

During the crediting period, PNG received several additional grants to improve capacities and fund pilot actions to reduce emissions from forestry and land use. These grants include:

- US\$ 7.5 million from the European Union through the FAO to provide “Technical support to the Papua New Guinea Forest Authority to implement a Multipurpose National Forest Inventory”<sup>7</sup>. The project ran from 2013 to 2019. The project aimed “to support the PNG Forest Authority to implement a continuous and multipurpose NFI which is a key component of a NFMS that PNG is required to establish to participate in the UNFCCC forest mitigation activities known as REDD+”. Additionally, the initiative aimed to create an NFI data-sharing system for transparency and stakeholder engagement, support forestry education and research, and promote policy and legislative dialogue on forestry.
- US\$ 6.9 million from the GEF to implement the project “PAS: Community-Based Forest and Coastal Conservation and Resource Management in PNG”<sup>8</sup>, from 2011 to 2021.
- US\$ 10.9 million from the GEF for the project “R2R: Strengthening the Management Effectiveness of the National System of Protected Areas”<sup>9</sup>, active from 2015 to 2021.
- US\$ 0.8 million from the GEF to support the “Preparation of Papua New Guinea's Initial Biennial Update Report to UNFCCC and the Third National Communication Report to the UNFCCC” in 2014.
- US\$ 5.0 million from JICA for the project “Capacity Development for the Operationalization of the PNG Forest Resource Information Management System,”<sup>10</sup> from 2014 to 2019.

<sup>6</sup> <https://www.forestcarbonpartnership.org/papua-new-guinea>

<sup>7</sup> <https://www.fao.org/in-action/png-multipurpose-national-forest-inventory/en/>

<sup>8</sup> Detailed information here: <https://www.thegef.org/projects-operations/projects/3954>

<sup>9</sup> Detailed information here: <https://www.thegef.org/projects-operations/projects/5510>

<sup>10</sup> <https://www.jica.go.jp/Resource/png/english/activities/activity12.html>

These international grants were intended to enhance PNG's capacity to implement and manage REDD+, low carbon strategies, forest management, and biodiversity policies, including the development of reports to the UNFCCC and the establishment of a NFMS.

**(ix) Tracking emissions reductions:**

PNG, with the support of GCF and FAO, has established a reliable registry system developed as part of the GCF "Readiness for registry and nesting system to facilitate climate-related investment in agriculture, forest and land use (AFOLU) sector in PNG"<sup>11</sup> project (PNG-RS-003), implemented from 2021 to 2023.

Before to the project start date, PNG had faced increasing interest in developing sub-national actions and nature-based solutions initiatives. However, the development of such actions faced several challenges and required PNG to strengthen its regulatory and guidance framework, build capacity to manage engagement with potential investors and maintain ongoing support and oversight of such activities. The aim of the readiness project proposal was to build a Registry and Nesting System that will enable PNG to coordinate and leverage private sector engagement in reducing emissions through REDD+ and investments in the AFOLU sector.

The objective of the REDD+ Registry Data Management System (DMS) is to monitor emission reductions and payments. This system is essential to prevent instances of double payment or double use and to qualify projects for results-based payments under various REDD+ initiatives, including the GCF RBPs (pilot) programmes.

The REDD+ Registry DMS is a repository for crucial information regarding REDD+ actions, encompassing important facts, documents, and ownership details. It efficiently captures and stores data related to REDD+ projects, making it accessible for stakeholders to make informed decisions.

Furthermore, the REDD+ registry enhances the national implementation framework, facilitating the trade of emission reductions within a market context. Clearly defined processes and procedures have been established within this framework, emphasizing its importance for the successfully launching of the Registry and demonstrating a commitment to global climate efforts.

The PNG Registry System is accessible at the following link: <https://pngreddplus.shinyapps.io/png-reddplus-registry/>

The registry includes details about projects and programs currently being implemented or in development, providing a Project Summary. All national projects underway at a subnational scale, along with the projects in development listed earlier, are included in the PNG REDD+ registry.

For projects under implementation, the system displays information regarding the exact location and boundaries of the project, including details about the proponent, area, methodology applied, scope (activities, carbon pools, and gases included), reference period, crediting period, credits issued, ex-ante estimations, and more.

To fully register a REDD+ project, the proponent must provide information about landowners (such as Incorporated Land Groups (ILG) certifications, a Free, Prior and Informed Consent (FPIC) proposal, benefit sharing and Grievances Redress Mechanism (GRM), and approval or support letters from local institutions), along with a Project Concept Note or Project Design Document, and a Project Registration Request Form<sup>12</sup>.

The REDD+ Registry DMS summarizes the REDD+ projects registered and under evaluation in PNG.

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<sup>11</sup> Further information about the elements developed under the GCF Readiness project can be accessed in the following link: <https://www.greenclimate.fund/sites/default/files/document/png-fao-png-rs-003.pdf>

<sup>12</sup> <https://pngreddplus.org/png-redd-registry-registration/>

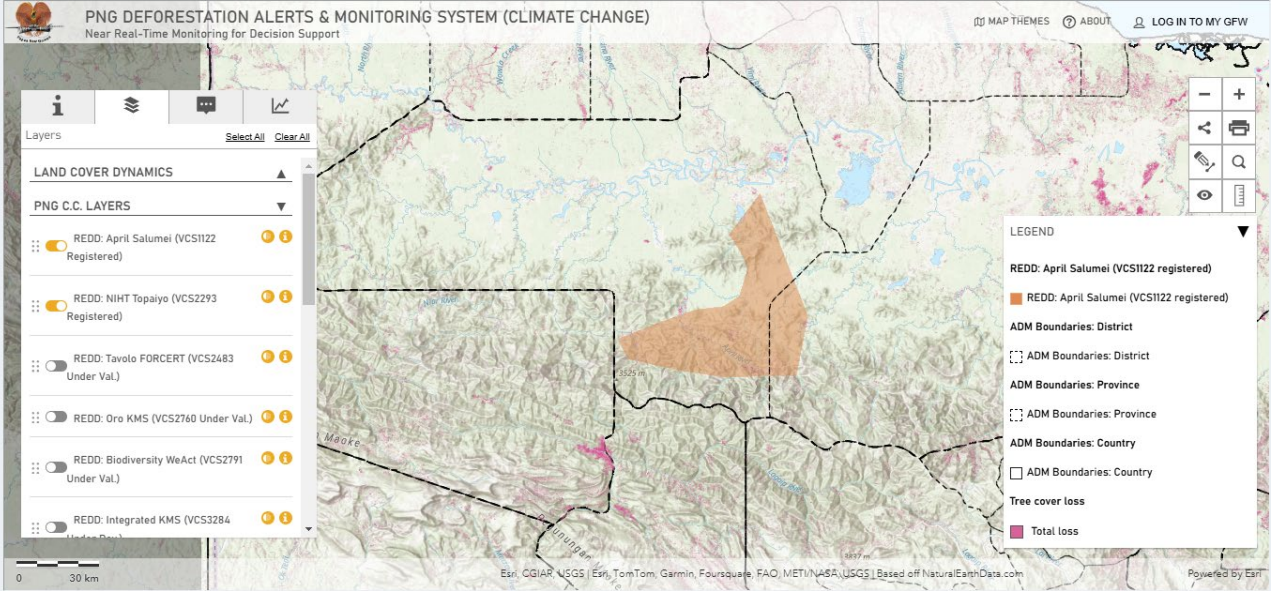
Figure 1. Image of the REDD+ Registry DMS website.

### April Salumei REDD Project

The April Salumei REDD Project is the pilot project for Papua New Guinea. The aim of the project is to protect the forest and biodiversity of the area (603,579ha) whilst providing an important source of income for the traditional owners. The traditional owners have formed the April Salumei Working Group to assist with the management of the project.

60% of all revenue goes directly to the landowners who actively determine the allocation of funds to activities such as health care, education facilities, infrastructure and the development sustainable agricultural activities for the local people whilst preserving the rich cultural traditions and culture. The project was validated to the Climate, Community & Biodiversity Standards 2nd Ed. at the gold level for exceptional biodiversity benefits (the validation expired 12 June 2016). Appropriately, Papua New Guinea is one of the worlds most biologically diverse regions on the planet, and is home to an estimated 5 – 7% of the worlds total biodiversity.

Geographical Location: Jump to "Deforestation Alerts and Monitoring System": The April Salumei REDD Project



Download KML File: [April Salumei KML](#)

### Project Summary

Project ID VCS_2483	Project Name NIHT_Topaiyo_REDD+	Proponent Rainforest Project Management Limited
Methodology VM0007, VM0010	Location -4.558611, 142.688889	Area(ha) 204,343
Scope DF/DG/SFM	Carbon_Pool AGB/BGB/DW/LTR/SOC	Gases CO2/CH4/N2O
Ref_Period 2000 to 2009	Credit Period 2009 to 2049	Estimated ER 1032650
Credit Issued 614104	Uncertainty Provided	Registry AFX
Status Registered		

## C. Non-carbon elements

Please provide link to the summary on information on safeguards:  
[https://redd.unfccc.int/media/4838\\_2\\_png\\_soi.pdf](https://redd.unfccc.int/media/4838_2_png_soi.pdf)

### C.1. Cancun safeguards

#### C.1.1. Compliance with Cancun safeguards.

- (i) **That actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements.**

**Comments:**

The legal framework for forest programs in PNG is the National Forest Policy (National Forest Policy 1991, Part II) refers to Forest Management Policies and outlines the basis for all National Forestry Development Programmes, the National Forestry Development Guidelines and the Forestry and Climate Change Framework for Action 2015. These documents set specific indicators and targets for forest development, also captured within the National REDD+ Strategy (NRS).

The National Constitution sets the overall basis for these forest programmes: the Fourth National Goal and Directive Principle (NGDP) of the Constitution of PNG and section 25 – Implementation of the NGDP's.

These policies emphasize the sustainable use of forest resources, biodiversity conservation, and the involvement of customary landowners and communities<sup>13</sup> in forest management. They focus on reducing deforestation and degradation, improving governance, and strengthening forest tenure for landholders.

The National Forestry Development Programmes translate these policies into action by promoting reforestation, supporting community-based livelihoods like agroforestry and eco-tourism, enhancing local timber processing, and building capacity among stakeholders. These initiatives also encourage international cooperation, aligned with global sustainability goals such as REDD+ and climate financing, to ensure long-term forest conservation and socio-economic benefits for the people of PNG.

In addition, PNG's developing strategies are committed to protecting its natural resources and ecosystems while promoting sustainable food systems for its people.

- PNG Vision 2050, which emphasizes the potential of natural resources for sustainable socioeconomic development, was launched in 2009 to transform the nation's mindset and attitude and align the people, institutions, and systems into an educated, healthy, and prosperous society.
- The vision has been translated into specific goals and indicators in the country's Development Strategic Plan 2010-2030 and subsequent Medium-Term Development Plans (MTDPs), guiding sector development plans and annual budgets.
- The National Strategy for Responsible and Sustainable Development (StaRS) outlines the goals of responsible green growth and drafts PNG's commitment to address and respond to climate change through national action across different sectors. It focuses on green agriculture, forest conservation, biodiversity preservation, and the development of sustainable small and medium-sized enterprises (SMEs).

Furthermore, climate change is a key priority for PNG:

- Climate change is a key priority for PNG. The Climate Compatible Development Action Plan, established in 2010, and the Climate Compatible Development Management Policy (CCDMP)

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<sup>13</sup> In PNG, Indigenous Peoples constitute nearly the entire population. They may live in "traditional villages and communities", in the rural areas, and in deep in the forests in voluntary isolation or first contact. As the international category "Indigenous Peoples" is not systematically referred to in the PNG policy or legal frameworks, FAO uses the term "customary landowners and communities" to refer to the main group to which the GCF IP Policy applies in the context of this project.

The term "customary landowner" has been recognized in PNG as being equivalent to the international category "Indigenous Peoples". This has been stated, among other documents, in the PNG's REDD+ Strategy, that guides the activities to be conducted under this RBP. Just as the international term "Indigenous Peoples" defined in the UN Declaration of the Right of Indigenous Peoples (UNDRIP), the term "customary landowners", refers to specific land tenure rights that emanate from customary law. In PNG, this approach is supported by the distinctive PNG national legal system, which acknowledges the equal value of both customary and common law systems. According to the PNG national Constitution, "custom is adopted, and shall be applied and enforced, as part of the underlying law". As a consequence, rights to land can emanate directly from customary law, following that customary ownership does not need a title to prove its validity in PNG. The customary land tenure system predating the PNG State does not share the Western classical distinction between land ownership, possession, use or occupation, and only refers to "customary land ownership", a term recognized in relevant national laws, such as "The Land Act". According to this framework, distinctions between different forms of land tenure would not be accurate or appropriate. Those distinctions are part of Western law systems and could not find a source in the customary law system. International law supports this approach, as it is consistent with the PNG customary tenure land systems laws. The UNDRIP, which is recognized by both the GCF IP Policy and FAO, states that "traditional ownership or other traditional occupation or use, as well as those which they have otherwise acquired" should be recognized as a right "to own, use, develop and control the lands, territories and resources that they possess". Similarly, Convention ILO 169 states that "the rights of ownership and possession of the peoples concerned over the lands which they traditionally occupy shall be recognized".

FAO has found that other terms used by the national PNG administration may also fall under the term "customary landowner", such as the term "traditional villages or communities" which are administrative units that may be inhabited and ruled by Indigenous Peoples customary leaders. The AE will assess the relevance of preparing an IP Plan "traditional villages or communities", depending on their demographic characteristics, and the scope of their involvement and the impacts those units may suffer from the project. Furthermore, the term "customary landowners" is used in this proposal in binomial with "communities". This follows the REDD National Strategy, which recognizes that there may be women, youth, marginalized and vulnerable groups who do not necessarily have the collective rights of customary landowners, but may have been accorded use rights over land and resources on the land, with the FPIC by the customary landowners..

introduced in 2014, identified essential areas for action against climate change. These policies set ambitious targets, aiming for a 50% reduction in GHG emissions by 2030 and striving for carbon neutrality by 2050.

- The Climate Change Management Act (CCMA) (2015) and the country's Nationally Determined Contributions (NDC) are the mechanisms developed to address climate change further.

The National REDD+ Strategy is integral to the national and international action framework and will significantly contribute to PNG's advancement towards the UN Sustainable Development Goals (SDGs). These goals will be the foundation for PNG's upcoming MTDP, aligning with Vision 2050 and the StaRS. Specifically, PNG's efforts around REDD+ will support the achievement of the Climate Action (SDG13) and Life on Land (SDG15) targets.

PNG is Party to several relevant international conventions and agreements, as outlined in the Sol, section 3.1. (page 19).

The Constitution 'binds' PNG to the instrument once it is ratified, denoting a commitment on PNG's part to ensure compliance with its terms and provisions under its National REDD+ Strategy.

**(ii) Transparent and effective national forest governance structures, taking into account national legislation and sovereignty.**

**Comments:**

As outlined in the Safeguards Sol, the national interpretation of Cancun Safeguard B for the implementation of REDD+ activities is divided and reported under four sub-components:

- Providing and disseminating information included in the Right to Freedom of Information under the National Constitution, also supported by the Forestry legislation public registry to collect necessary documents and decisions concerning forest management.
- Anti-corruption measures per the regulations applied to all government agencies subject to financial, accounting, and auditing processes.
- The protection of land tenure rights is guaranteed through the Constitution and land legislation and complemented by the land titling procedures, emphasising gender equality in land and forest benefits decision-making.
- Dispute resolution mechanisms are established by the Constitution at various government levels, especially for customary land and natural resources. They are complemented by appeals processes within the traditional legal system, the courts, and alternative dispute resolution mechanisms.

Almost all forests and land in PNG, 97% of the land, are under customary ownership or possession. These areas are typically neither registered nor demarcated. To participate in commercial activities, customary landowners and communities must form ILGs, established under the Land Groups Incorporation Act of 1974, to empower customary landowners and communities to manage their land.<sup>14</sup>

Efforts to formalize customary lands through registration have faced challenges. The Government of PNG introduced the Voluntary Customary Land Registration (VCLR) system in 2005 to encourage land registration, but it has seen limited use due to its complexity and costs. Although amendments in 2009 allowed communities to register land through ILGs, less than 1% of the total land area has been registered.

The Special Agriculture Business Lease (SABL) mechanism, included in the 1996 Land Act, allows ILGs to lease customary land to the state, which can then lease it back for 99 years without rent. As of 2017, SABLs covered 5.5 million hectares or 12% of PNG's land area, but their issuance has been on hold since then.

To address these challenges, the 2019 National Land Summit adopted several key resolutions aimed at reforming land administration in a holistic and sustainable manner. One of the primary initiatives

<sup>14</sup> The Land Act defines all Papua New Guinean **citizens** are eligible to hold or lease land, including : (a) a business group; b) a land group; (c) a customary kinship group; (d) a customary descent group; and (e) a customary local group or community. Moreover, the Act adopts the term **customary landowner** to refer more broadly to all those with ownership to customary land. In such complex socio-cultural and customary land tenure regime, PNG's REDD+ Strategy refers to *communities* as a broad stakeholder category that would encompass all Papua New Guineas, and refers to landholders as a broad concept that describes all potential beneficiaries under the NRS, consistent with customary ownership rights recognized in the Land Act. See section 3.2.4. on customary rights and land tenure in ESMF.

involves establishing a structured and transparent process for identifying landholders, ensuring that customary landholders are accurately recognized, and their rights are protected. This step is critical to minimizing disputes and fostering trust in land management systems.

Another important resolution focuses on developing a comprehensive legal framework for equitable benefit sharing. This framework ensures that the economic gains from land and resource utilization are fairly distributed among stakeholders, particularly customary landowners and communities. By promoting fairness, this initiative seeks to enhance social equity and support community development.

Efforts to harmonize title processes are also central to the reform agenda. This includes streamlining and simplifying procedures for obtaining land titles, reducing bureaucratic inefficiencies, and improving transparency. Such measures are expected to encourage investment, facilitate economic growth, and provide greater security of tenure for customary landowners and communities and developers alike.

In addition, the summit emphasized the need to review and strengthen dispute resolution mechanisms. This involves assessing existing systems, identifying areas for improvement, and incorporating culturally appropriate methods that respect traditional practices while aligning with modern legal principles. The goal is to create a more efficient, accessible, and just process for resolving land ownership and land use conflicts.

Lastly, the summit addressed critical issues concerning the future of Voluntary Customary Land Registration (VCLR), Incorporated Land Groups (ILGs), and Special Agricultural and Business Leases (SABLs). These mechanisms, which have significant implications for land tenure and resource management, are being re-evaluated to ensure they align with national development goals, respect customary land rights, and promote sustainable land use.

By adopting these resolutions, the National Land Summit laid the groundwork for transformative changes in land administration, aiming to balance economic development with the protection of customary rights and promote social harmony. PNG's Forest policy and legislative framework is based on the Forestry Act and Forest Policy from 1991. The Policy created key institutions, including PNG Forest Authority (PNGFA), a National Forest Plan which was completed in 1996 and builds on Provincial Forest Plans, National Forest Development Guidelines (developed in 1993 and passed in 2009), the Logging Code of Practice (LCOP) (1997), Planning Monitoring and Control Procedures (PMCP) for Natural Forest Logging Operations.

PNGFA is overseen by the National Forest Board, which advises the Minister for Forests and gives directions to the National Forest Service. The Board has ten members representing the National Forest Service, National Planning & Monitoring, Conservation & Environment Protection Authority, PNG Forest Industries Association Inc., the Association of Foresters, and five other members representing the other major stakeholders of the forest sector, namely Provincial and Local Level Governments, Landowners, Women, the Civil Society, and the Minister.<sup>15</sup>

At the subnational level, there are Provincial Forest Management Committees (PFMC), one for each province, which assist the National Forest Board in fulfilling the Objectives and Functions of PNGFA. The PFMC consists of representatives from the Provincial Administration, the National Forest Service for the Region, the Local Level Government, the Civil Society and customary landowners and communities.

In parallel, the Conservation & Environment Protection Authority (CEPA), established under the Conservation and Environment Protection Authority Act (2015), is the entity mandated to enforce this legislation. Coupled with other conservation and environmental legislation, it sets out the powers, functions and duties of this sector particularly as it relates to the establishment of environmental permits, standards and regulations as well as conservation areas and/or protected areas within PNG.

Other administration bodies are also relevant to the land resources governance, such as the Department of Agriculture and Livestock (DAL), with overall autonomy on matters of management and administration to individual sub-sectors created through commodity boards (e.g. Cocoa and Coffee Boards) and the Department of Lands & Physical Planning, crucial in governing all matters on land use permits, land ownership, land development, planning and zoning in PNG.

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<sup>15</sup> <https://forestlegality.org/risk-tool/country/papua-new-guinea>

<p>Regarding climate change topics, including REDD+, the CCDA is the Designated National Authority (DNA) for PNG under the UNFCCC. CCDA has the mandate for the central coordination of all climate change and, therefore, REDD+ actions in the country.</p> <p>CCDA is the national entity established by virtue of the CCMA 2015 and is solely responsible for governing all matters pertaining to climate change management in the country. The CCMA sets out the core administrative/management structures and functions of the Authority in PNG and its roles and responsibilities related to climate change-related programs, projects and activities.</p> <p>This coordination role aims to manage the national REDD+ process effectively. PNG created enabling institutional frameworks for REDD+ implementation and effective stakeholder engagement operationalised through the National Climate Change Board (NCCB), the National REDD+ Steering Committee (NRSC), supported also by the REDD+ Technical Working Committees (TWC) on National REDD+ Strategy, Social and Environmental Safeguards, Measurement, Reporting and Verification (MRV) and FREL/FRL, pool of local REDD+ Experts.</p>
<p>(iii) Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples.</p> <p>Comments:</p> <p><b><u>Rights of customary landowners and communities are promoted and protected.</u></b></p> <p>The National Constitution of PNG provides a standard criterion for defining 'Indigenous People' in PNG, which is consistent with international law, emphasizing PNG's ethnic diversity. However, the term 'Indigenous People' is not used in the Constitution or in relevant PLRs. The legal framework rather uses the terms 'ethnic groups', 'traditional villages and communities', or '<b>customary landowners.</b>' These definitions are elaborated further in Acts of Parliament relating to land and natural resources.</p> <p>The Constitution obliges the Government, as the custodian of the people of PNG, to recognize and uphold the Underlying Laws governing customs and traditions and the associated rights. These are also detailed and reinforced via specific Acts of Parliament.</p> <p>This legal framework outlines all available means of ensuring sufficient remedies to address any discrimination against customary landowners and communities.</p> <p>The right of self-determination of Indigenous Peoples is recognized in the National Constitution and detailed within specific Acts of Parliament. These Acts are designed to facilitate and to recognize this right through the primary forms of traditional decision-making structures, consistent with the international principle of free, prior, and informed consent.</p> <p>PLRs recognize the collective rights of forest ownership in PNG by establishing ILGs per the relevant legislation. ILGs are designed as a customary social unit for possessing, managing, and trading land.</p> <p>The Constitution recognizes the rights of customary landowners and communities in terms of the inherent right to manage their natural resources following their traditions from time immemorial. This is supported in all respective Policies, Laws and Regulations (PLRs) relating to natural resource development on customary owned land and resources, especially within forest lands that they own or exercise a traditional user right over.</p> <p>Constitution section 53 recognizes the rights of citizens in situations in which there has been an unjust deprivation of property or land, particularly customary land, and provides for the process to be followed within the Land Act 1996 prior to extinguishing or diminishing their rights. In such instances, the Act provides for a monetary form of compensation to be awarded; however, a mitigation hierarchy approach will be applied, and other forms of compensatory non-monetary measures are also considered.<sup>16</sup></p>

<sup>16</sup> Activities to be supported by GCF RBP proceeds will not result in any kind of land deprivation or land/resource use displacement, as per the GCF and FAO's applicable safeguards policies, as established in the exclusion list of this RBP's Environmental and Social Management Framework, as examined in section E.1.2 and in Annex 3 – ESMF.

**Traditional knowledge is recognized and protected.**

The legal framework outlines a clear objective towards safeguarding customary landowners and communities rights as they relate to culture. It also indirectly includes a respect for their identity, customs, traditions, and institutions.

Various legislation promotes the need to maintain cultural heritage through the establishment of institutions and systems that support and facilitate its preservation.

Traditional knowledge has always been an aspect of customary law recognized by the Constitution.

Traditional knowledge is also known as 'customary practices', which refer to the customs or usual practices associated with a particular society, place, or set of circumstances.

The legal framework safeguards the rights of customary landholders, respecting their identity, customs, and traditions. Traditional knowledge and practices are acknowledged.

- (iv) The full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities, in the actions referred to in paragraphs 70 and 72 of 1/CP.16.

Comments:

**Stakeholders are effectively mapped, consulted and participate effectively.**

The National Goals and Directive Principles, 2 and ss.37 and 55 of the National Constitution provide for equal opportunities for the participation of every citizen in the development process and make it mandatory for customary resource owners and local communities to be present in decision making bodies concerning the use of forest resources. (E.g., section 46 of the Forestry Act 1991 and representation of customary owners is seen in the National Forest Board, the Provincial Forest Management Committees (PFMCs) and through multi-stakeholder representation).

Participation by all key stakeholders provided for under sections 98, 115 and 116 of the OLPLG 1998 is mandatory for customary resource owners and local communities to be present on Boards, Committees and Technical Working Groups during the various transactions concerning the use of forest resources, especially the process of planning, acquisition and development.

The responsibilities of all respective agencies in relation to public participation are defined within forestry and natural resource PLRs. Forestry regulations set out timeframes for inputs. PLRs provide for the Right to Freedom of Information (Section 51(3) of the Constitution.) and establish procedures for citizens to access it, subject to certain restrictions. There are also provisions outlining the process of providing and receiving inputs. (Section 88(c)(vi) & (vii) of the Forestry Act 1991 and Regulations 160, 162, 164, 166 and 168 and Form 165 of the Forestry Regulations 1998).

Refusals of applications must state the reasons and be recorded in a public registry established under Section 103A of the Forestry Act 1991. The Register is.) The PLRs provide for access to justice through transparent internal administrative processes (Section 14 of the Environmental Planning Act.) and relate to disputes over environmental plans or impact assessments (Section 13(1) of the Environmental Planning Act). Access to the Register is subject to the payment of a fee (mainly in the case of environmental impact assessments and or environmental plans for large to medium scale development projects); however, on-the-ground activities to be supported by GCF proceeds that will need to be registered in the Registry will include provisions to ensure free access to information and GRM procedures at no cost.

The PLRs allow for a non-prohibitive option in the pursuit of further legal remedies (Section 20 of the Environmental Planning Act, 1978) despite also using internal/administrative dispute resolution processes (Section 18 of the Environmental Planning Act, 1978). They stipulate the timely delivery of rulings as well.

**Right to participate, is recognized and promoted and consistent with the international principle of FPIC**

The PLRs provide for legally recognized traditional structures used by customary landholders to engage with corporations, government, and other stakeholders in activities concerning the utilization/ development of their land or natural resources (The Forestry Act 1991 and Forestry Regulations 1998). This is recognized and provided for within forestry, land and customary law.

Forestry legislation provides for financial assistance to ensure that the ILGs are contributing effectively to the management and development of the forest industry activities.

The Constitution refers to Equality and Participation (National Goals and Directive Principle 2). It reflects the intentions of the UN Declaration on the Rights of Indigenous People (UNDRIP) especially about issues concerning the access to and use of customary land and resources for development purposes. It provides for various guaranteed rights and freedoms (Sections 32-56), which are core to ensuring compliance with the right to FPIC also embodied within relevant Acts of Parliament and specific national policies.

**Gender equality and prevention of gender-based violence is promote and enhance.**

The Constitution recognizes Gender Equality and the Right of women citizens to participate in all economic activities (National Goals and Directive Principles 2, subsections (3) and (5)). This is further recognized and encouraged in specific PLRs at the national level, such as Papua New Guinea National Policy for Women and Gender Equality 2011-2015.

Gender discrimination issues are addressed within specific public service policies and are applicable within all sectors. Devoted public and private agencies have also been established to implement this right, raise awareness, and implement policies on gender equality and discrimination in PNG.

- (v) That actions are consistent with the conservation of natural forests and biological diversity, ensuring that the actions referred to in paragraph 70 of this decision are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits.

Comments:

PNG defines forests as "land spanning more than 1 hectare, with trees higher than 3 meters and the canopy cover of more than 10 per cent (%)" and distinguishes them from forest plantations.

The National Constitution and relevant policies promote the conservation of natural forests and biological diversity. In addition, environmental and forestry legislation set some degree of 'control' over land use conversion in both public and private forests through environmental impact assessments and mitigation measures. The controls are required for large-scale forest conversion, road clearance, and agricultural activities.

REDD+ actions, policies and measures described in the NRS focus on:

- Improved land-use and development planning through coordination with national and local development initiatives, focusing on climate and REDD+ development indicators.
- Enhanced environmental management, enforcement, and protection, including climate change legislation, financing, and management. This includes forest management and enforcement practices and ensuring access to information and recourse mechanisms.
- Boosted economic productivity and sustainable livelihoods by fostering a sustainable commercial agriculture sector, strengthening food security, and increasing the productivity of small-scale family farming.

During the period of results (2014-2016), PNG advanced biodiversity conservation through updated policies and strengthened regulations. Key initiatives included the National Biodiversity Strategy and Action Plan (2014), aligning with international Aichi Biodiversity Targets, and the establishment of the Conservation and Environment Protection Authority (CEPA) under the CEPA Act (2014). The Protected Areas Policy (2014) aimed to expand and manage conservation zones, while climate change efforts like REDD+ supported forest and biodiversity protection. Enhanced regulations under the Environment Act and Forestry Act targeted sustainable resource use and illegal activities. Community-driven conservation initiatives, mangrove rehabilitation, and integration of biodiversity safeguards into agriculture, mining, and fisheries further underscored PNG's commitment to balancing development with ecological preservation.

- (vi) Actions to address the risks of reversals.

Comments:

The system in place to identify and prevent reversal in PNG is based on the NFMS. The NFMS was designed, maintained, and implemented with the appropriate frequency to detect and provide information on reversals and displacement of emissions.

NFMS consists of a monitoring function to assess the implementation and impact of national policies and measures for REDD+ and an MRV function to estimate and report GHG emissions/removals in the Land use, land-use change, and forestry (LULUCF) sector.

The NFMS's Satellite Land Monitoring System (SLMS) comprises Terra PNG, a system for creating wall-to-wall land use mapping, and Collect Earth, a sampling plot assessment tool and methodology that provides detailed information on land use change.

SLMS is complemented with extensive information from the NFI to generate better information on land resources and other relevant sources, such as the Forest Resource Information Management System (FRIMS), to manage information on commercial forestry operations within the country.

Recently, PNG has established a Deforestation Alerts and Monitoring System to provide near-real-time information on deforestation to government authorities and organizations involved in agriculture, forestry, conservation, REDD+, and various land development projects. This information will also be accessible to the public, enhancing the transparency of PNG's REDD+ implementation and reporting on climate change and biodiversity. The system supports the monitoring and evaluation of Policies and Measures (PaMs) related to climate change mitigation actions. Some potential applications of the PNG Near Real-Time Deforestation and Degradation Alerts and Monitoring System include:

- **Monitoring REDD+ activities:** CCDA can use alerts to monitor REDD+ activities if permanence is maintained and reversals are not occurring.
- **Protected area management:** CEPA can use alerts to support "perimeter defence" and prioritize resources to investigate clearing.
- **Logging concession monitoring:** PNGFA can use alerts to quickly identify the activities that violate the PNG Planning, Monitoring & Control Procedures (PMCP) for natural forest logging under timber permit and the Logging Code of Practice (LCOP), understand where forests are being exploited and share alerts with local officers.
- **Management of agricultural and other productive concessions:** DAL and Agricultural companies with "zero deforestation" commitments can use alerts to flag areas where suppliers may not comply with company environmental policies.
- **Interdiction of illegal activities:** Law enforcement agencies can use alerts to prioritize field investigations and implement national zoning and forest protection policies.
- **Raising awareness:** Non-profits and other advocacy groups can use alert systems to sound alarms around illegal or unsustainable clearing.

Complementing the identification and prevention system, PNG has in place a set of regulations to address potential reversals:

- The Forestry Policy provides background considerations concerning forest conversion within the context of Forest Management Agreements (FMAs) and outside of them (Article M.1 of the National Forest Development Guidelines – Conversion of Forest Lands). In addition, environmental and forestry legislation set some degree of 'control' over land use conversion in both public and private forests through environmental impact assessments and mitigation measures.
- Mitigation activities within forestry legislation relate to provisions that deter any interference within naturally forested areas such as the 10% set aside for 'conservation areas' within FMAs or other timber production areas.
- The Environmental Regulation 2002 outlines environmental controls, e.g., Environmental Impact Assessments for large scale forestry activities in both private and public forests. The controls are required for large-scale forest conversion, road clearance, or agricultural activities.

- Under Conservation Areas, which fall under the Conservation Areas Act, natural forest conversion is also controlled. Currently, areas subject to Forest Clearance Authority (FCA), outline clear procedures to monitor the development of agricultural projects.
- Any failure to achieve the planned targets under FCAs results in the seizure of logs held by the company in breach, and their disposal is free of production costs. This is often the outcome of a project commenced under an SABL as per the Land Act 1996. However, these processes are now subject to review as part of national land reforms and amendments to all land legislation.

(vii) Actions to reduce displacement of emissions.

Comments:

The NRS is a comprehensive initiative aimed at achieving results on a national scale. Emission reductions are driven by a series of interconnected enabling policies. These include inter-institutional coordination, land use and development planning, food safety and family agriculture production, sustainable commercial agriculture, and environmental and forest management enforcement and protection.

The NRS consists of a comprehensive set of policies and measures that address the causes of deforestation at a national level, which significantly lowers the risk of displacement. The NRS also promotes the development and enforcement of land-use planning across the landscape. Additionally, it encourages policies and enhances the legal framework to create positive incentives for halting deforestation and the factors driving it. The strategy focuses on action areas that aim to detect and reduce forest disturbances and to implement effective law enforcement measures to combat and eliminate illegal forest-related practices. Furthermore, it supports developing and enforcing land-use planning across the region.

For example:

- The forestry and conservation legislation includes substantial penalties for violations of these provisions and specific penalties for breaches of various forest management practices.
- The Environment Act of 2000 and its subsequent regulations, the Conservation Areas Act and the Land Act/Physical Planning Act contain measures to address illegal forest activities, such as timber felling in protected areas.
- The PNGFA is promoting initiatives such as voluntary legality, chain of custody verification schemes, Forest Stewardship Council (FSC) Controlled Wood certification, and the overall promotion of sustainable deforestation free markets and economies.

In addition, the "REDD+ Web Portal," developed through the collaboration of the government and key international partners, collects updated land use and forest inventories. This resource is essential for managing land use planning and monitoring forest destruction.

Finally, it is important to emphasize that the NRS is a nationwide program, significantly minimizing the risk of emission displacement across regions. Further, including deforestation and forest degradation under REDD+ activities in the FREL/FRL and the LULUCF sectoral GHG Inventory ensures comprehensive coverage, effectively mitigating the risk of emissions shifting from deforestation to forest degradation.

C.1.2. Stakeholder involvement.

PNG's national REDD+ process began in 2008 when the country joined the CfrN, gaining access to additional funding through the UN-REDD Program and the FCPF as part of the REDD+ Readiness phase. During this phase, various PAMs were developed, forming the foundation for key REDD+ elements, including the National Forest Monitoring System, the FREL/FRL, the REDD+ Strategy, and the Safeguards Information System.

The groundwork required to help establish the important safeguard systems for PNG were funded through these programs and involved the design of the National FPIC Guidelines, the Benefit Sharing Distribution System (BSDS), the REDD+ Grievances Redress Mechanisms and other key forestry PAM's such as the Climate Compatible Development Management Policy, the Forestry and Climate Change Action Plan 2014-15 and the establishment of various REDD+ Technical Working Groups and sub-groups who managed different aspects of the REDD+ framework development (e.g., FREL/FRL development, SIS development etc).

These important stakeholder committees/groups were created to help provide an avenue for stakeholder involvement /input into the process of REDD+ development in PNG. Most of the members consisted of the relevant GoPNG representatives e.g., CCDA, PNGFA, Lands, Agriculture and Conservation and Environment as well as DNPM, private sector (e.g. members of the key industries such as the Forest Industries Association, the New Britain Palm Oil) and key civil society organisations such as WCS, TNC, CELCOR and other environmental organisations strongly affiliated with customary landowners and communities from the key project/pilot sites.

These specific initiatives were carried out during the REDD+ readiness phase and were initiated within the results period of this proposal, therefore, are considered as an adequate timeframe for safeguard-related considerations. The initiatives include:

1. A Gap analysis of Existing Policies, Laws and Regulations Towards the development of Social and Environmental Safeguards for REDD+ in PNG.
2. Stakeholder engagement mapping and analysis report for the development of REDD+ Stakeholder Engagement Plans in East New Britain, West New Britain and Madang Provinces of PNG.
3. REDD+ Free Prior Informed Consent Guidelines
4. Sectoral Workshops on REDD+ Finance and Investment Plan (Forestry, Agriculture and Lands)
5. Situation Analysis for Improving Gender Inclusiveness and Participation in PNG's National REDD+ Strategy and Policies.

Past stakeholder engagement processes drawn from pioneer REDD+ projects, such as the April-Salumei project in the East Sepik province, were also fundamental to the initial development of the REDD+ programs and initiatives going as far back as 2008, using participatory and community-led approaches. The pioneer April Salumei project, supported and validated by the OCCD, provided an opportunity for extensive input and feedback gathered during specific stakeholder consultation processes to develop procedures for stakeholder engagement within the majority of climate change projects, including in the context of REDD+.

Of note is the stakeholder engagement process to support the implementation of PNG's National REDD+ Strategy (NRS) with the full and effective participation of key stakeholders developed in the provinces of Madang, East New Britain and West New Britain<sup>17</sup>, which recorded the participation of over 651 participants (see table below) from five stakeholder groups: 1) business/industry representatives (especially logging and palm oil); 2) civil society (e.g. NGOs, CBOs, church leaders, women's and disability groups); 3) sub-national government staff (especially those in climate change committees and lower levels of government); 4) elected representatives (e.g. LLG presidents and district councillors); and 5) customary landowners and communities' members

*Table 4. Summary of stakeholders' participation in Madang, East New Britain and West New Britain*

Province	Female	Male	Sub total
East New Britain	141	99	240

<sup>17</sup> Wildlife Conservation Society, December 2018. Stakeholder engagement mapping and analysis report.

<b>Madang</b>	66	76	142
<b>West New Britain</b>	161	108	269
<b>Sub total</b>	368	283	651

As a result of stakeholder engagement and consultative efforts undertaken over the REDD+ readiness period in PNG, a number of key areas where action was needed to adequately address and reflect key REDD+ PAMs were identified and developed such as:

- Improvements in the laws on forestry,
- Changing existing government administrative arrangements,
- Decentralisation and enforcement,
- Benefit sharing and rights to carbon
- Access to information and involvement in decision-making
- Devolved governance and land-use planning
- Weak implementation of environmental safeguards in existing laws
- Conflicts between national laws and sector policies
- Grievance and redress mechanisms

#### Key Stakeholder Consultations

Stakeholder engagement has been a crucial part of all REDD+ projects since the inception of the REDD+ initiatives and especially as part of the UN-REDD Programme from 2011-2015. Stakeholders were engaged in the enabling measures and early actions that contributed to Emission Reductions through the identification of key drivers of deforestation and forest degradation held as part of the consultations on the National REDD+ Finance and Investment Plan (NRFIP) which ultimately formed the basis for the National REDD+ Strategy.

These consultations involved a wide range of representatives including customary landowners and communities, government (at all levels), civil society (including universities, research institutions), private sector, rural farming cooperatives and local producers, larger corporations and international/foreign entities and individuals. Stakeholders were identified based on the following general criteria developed by the CCDA (and across most relevant government authorities):

- Their mandate and function as related to REDD+ e.g., PNGFA as the entity responsible for monitoring forest resources and forest-based industries.
- The extent to which their oversight and involvement is required in REDD+ governance, e.g., the Department of National Planning and Monitoring as the agency responsible for overall coordination of external development assistance in PNG.
- Those specified by the UNFCCC, including Indigenous Peoples and Local Communities, as per the Cancun Safeguards.
- Close proximity to pilot sites, e.g., areas identified by GoPNG to trial REDD+ activities.
- Principles of good governance, transparency and accountability that require engagement with research institutions and civil society actors.
- Private sector industries that would be impacted by REDD+ actions, such as oil palm and forestry related corporations.
- The necessary political oversight provided by the relevant sector or ministerial head.
- Agencies mandated via an international agreement that PNG has ratified, such as the CEDAW (e.g., Office for the Development of Women, National Council of Women etc.)



Figure 2. Most relevant REDD+ stakeholder engagement activities carried out since 2012 in PNG.

### Customary landowners and communities and the development of the FPIC Guidelines

Customary landowners and communities have always been central to PNG's REDD+ development, as they are the most crucial stakeholder group, holding ownership over 97% of the country's land. Many of the PAMs developed were initiated with these key stakeholder groups in mind and in compliance with the Cancun safeguards principle - "...while implementing REDD+ activities must develop policies and measures that safeguard the implementation processes but also the rights of forest dependent people under the Social and Environment Safeguards (SES)."

An example is the development of the National Guidelines on FPIC, which was initiated in 2011. In May 2013, UN-REDD supported various joint field visits by CCDA, PNGFA and DLPP to REDD+ provincial pilot sites (and areas also predominantly owned by customary landholders). The FPIC workshops commenced in Manus and Goroka as part of REDD+ Training Workshops in November 2013 held in collaboration with the Wildlife Conservation Society (WCS).

The initial site selected to pilot the application of the draft FPIC Guidelines in Manus was Tulu 1, which was chosen due to its accessibility and location with an estimated population of 450. It is situated in central Manus mainland along the north coast which is part of twenty (20) villages and eighty nine (89) wards where Wildlife Conservation Society (WCS) had worked over the last three years. The core objectives of the field testing (consultations) were:

- 1) To test the Guidelines and inform the Tulu 1 Villages of the importance of FPIC, and support to identify when FPIC is required; at what level it shall be applied; who seeks consent; who gives consent; and how outcomes shall be documented; and,
- 2) Provide guidance in the design and implementation of consultative and participatory processes where FPIC is required for REDD+ programs and activities.

The field testing was attended by 28 participants with at least a third of those in attendance representing vulnerable groups i.e., women and youth.

WCS highlighted the following challenges while implementing REDD+ demonstrations and supporting the Ward Plan in Tulu 1:

1. Commitment from the Tulu 1 leaders
2. Lack of capacity by Tulu 1
3. WCS also lack of capacity on Ward Plan development
4. Lack of funding support as Ward Plans were not budgeted for.
5. FPIC if not understood properly will be seen as competing with traditional leadership where the Council of Chief decides for the Wards
6. Roles and responsibility must be clear from the beginning
7. Who take ownership of the FPIC process when the support is not there? Is it the ward councillor or the Council of Chiefs?
8. Language use must be simple but universally acceptable so that the technical terms does not lose its meaning.
9. Attendance and quality of attendance

As a result of this field testing and the key lessons learned, a revised version of the National Guidelines on FPIC was developed in early 2014 and circulated through the SES TWG and FPIC experts in the country. It was also uploaded to the CCDA website, Facebook page and various development groups for feedback. Four regional Safeguards and FPIC workshops were conducted shortly after from May to June 2014, which had over 100 participants in attendance.

Methods of gathering information from key stakeholders included: formal and informal interviews, both with individuals and in small groups; awareness sessions in a community forum setting; and smaller focus group discussions. Most of the focus group discussions held across provincial pilot sites were divided by gender, but there were a few instances where the focus groups were separated according to age.

Several issues and challenges raised by stakeholders during the FPIC stakeholder consultation and participation process included:

- FPIC processes applied by projects should consider the various systems of village and community governance. E.g., the chieftaincy system (the male chief and his close associates make the final decisions). This contrasts with the matrilineal system of governance in provinces such as East New Britain, New Ireland, Milne Bay and some parts of Bougainville where the final decision rests with the head women.
- Importance of field testing the FPIC Guidelines to determine its practicality and acceptance by both customary landowners and communities and relevant stakeholders.

The April Salumei project was also pivotal in developing the existing FPIC Guidelines for CCDA. This process included thorough stakeholder review and feedback from more than 20 provincial, national and international organizations with public consultation meetings hosting more than 150 people per meeting as part of discussions relating to the development of the REDD+ initiative and subsequent PLRs.

Building on these local trainings, field tests and consultations in REDD+ pilot sites, the UN-REDD and the FCPF were able to further support the building of capacities of key national and provincial stakeholders, which were incrementally built through a combination of awareness raising and consultation workshops outlined below:

- Regional workshops on REDD+, awareness, FPIC and safeguards were held in
  - a. Kokopo, East New Britain in April 2014 with 58 participants
  - b. Alotau, Milne Bay Province in May 2014 with 18 participants

- c. Goroka, Eastern Highlands Province in May 2014 with 22 participants
- d. Madang, Madang Province in June 2014 with 24 participants
- National Consultation Workshop for National Guidelines on FPIC, July 2014 held in Port Moresby
- National REDD+ Lessons learned Workshop (4-5 November 2015), held in Port Moresby, and identified achievements to date in PNG and facilitated discussion on next steps towards REDD+ implementation.

Table 5: Stakeholder engagement activities in 2015.

Activity	Number (male/female)
Civil society organizations actively engaged	15 organizations
Participants trained on REDD+ and climate change	55 (35/20)
Participants trained on the four Warsaw Framework for REDD+ elements	27 (18/9)
National consultation workshops	1 x Inception workshop 2 x trainings 1 x REDD+ TWG meeting

Source: Annual FCPF progress report for PNG.

As a result of this process, PNG published its National REDD+ FPIC Guidelines ([https://pngreddplus.org/wp-content/uploads/2022/03/FPIC\\_Draft-National-REDD-FPIC-Guidelines\\_Clean\\_23032.pdf](https://pngreddplus.org/wp-content/uploads/2022/03/FPIC_Draft-National-REDD-FPIC-Guidelines_Clean_23032.pdf)), which will serve as a basis for the ESMP to be prepared for this RBP, as part the basis for the preparation and agreement on Conservation Agreements to be used for the delivery of non-monetary benefits, when reinvesting GCF proceeds.

### Use of Proceeds/Benefit Sharing

The use of proceeds has always been a key /contentious issue faced at the community level and especially with customary landowners and communities due to the existing system of compensation /royalty payments enforced by the Constitution (s.53 – unjust deprivation of property (land) and all relevant legislation on natural resource and land development in PNG. As such, most landowners expect some form of cash payments/royalties to be provided from REDD+ projects. The confusion generated over voluntary REDD+ carbon projects vs. under the umbrella of the National REDD+ Strategy was a major concern raised in most consultations since there was an ongoing issue on quantifying carbon or monetization.

The final report for the Benefit Sharing Distribution System (BSDS) highlighted these concerns and suggested further investigation be carried out through the use of REDD+ pilot sites to test and create/develop a more appropriate BSDS framework. To date this framework has yet to be agreed and developed, and a Benefit Sharing Plan for this RBP proposal will be developed over the inception phase of the project (see Component 1). No GCF proceeds will be distributed through this system.

Through stakeholder engagement processes and community-level consultations, important issues were identified and highlighted during national REDD+ workshops. This ultimately led to the development of key PAMs, including the National REDD+ Strategy and the Safeguards Information System (SIS) for PNG. These initiatives include plans to address both current and future environmental and social concerns. Please refer to the ESA Report, annexed to this FP for a more detailed overview

Table 67. Summary of stakeholder engagement activities between 2014 and 2019.

YEAR	2014	2015	2016	2017	2018	2019
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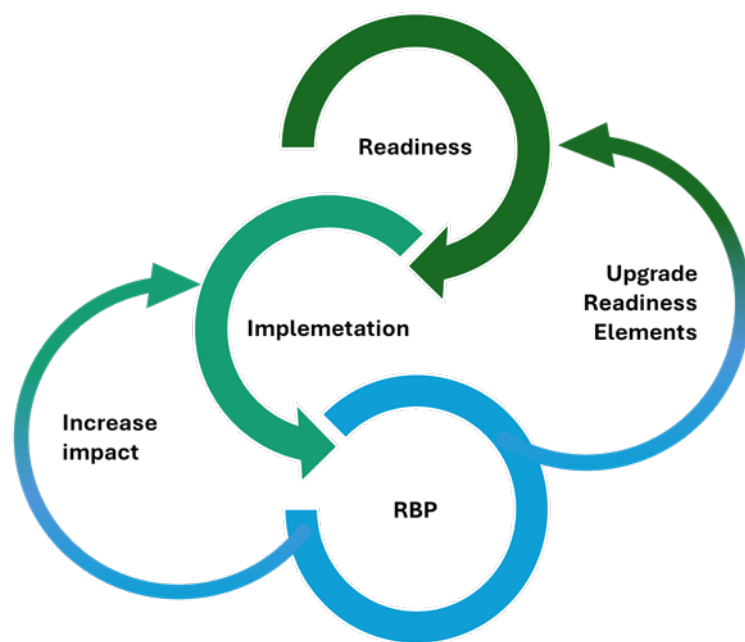
Number of civil society organizations actively engaged	15	15	15	15	15	15
Number of people trained on REDD+ and climate change	100	55 (35 men /9 women)	120 (80 men /40 women)	600 (318 men /282 women)	1420 (806 men /614 women)	1300 (780 men /520 women)
Number of people trained on the four Warsaw Framework for REDD+ elements	100	26 (18 men /9 women)	70 (18 men /9 women)	600 (318 men /282 women)	1420 (806 men /614 women)	1300 (780 men /520 women)
Number of national consultation workshops held.	FPIC National Guidelines public consultation  4 Regional Safeguards and FPIC Workshops	1 Inception Workshop  2 Training  1 REDD+ TWG meeting	22 National Consultation Workshops  2 REDD+ Experts Training  10 Issues and Options Consultation Workshops  2 Palm Oil Consultation Workshops  4 Safeguards / SIS Consultation Workshops  2 Gender Consultation Workshops  2 TWG meetings	2 REDD+ Experts Training  Sector Planning retreat  PreCOP23 Workshop with Private Sector  Lands Retreat  Forestry Retreat  GRM Consultations  RFIP/GCF Consultation Workshop  Provincial consultations in ENB, Madang and WNB	1 REDD+ Expert Training  3 RFIP Consultations  6 Provincial Capacity building trainings  15 Stakeholder Consultation on different elements of NRS  1 Communications and Knowledge Management workshop  3 TWC meetings	10 Stakeholders Consultations Workshops  3 TWC Meetings  2 Communications Capacity Building Trainings  4 Provincial Stakeholder Consultation and Capacity Building training in target provinces
<b>C.2. Use of proceeds and non-carbon benefits</b>						
C.2.1. General description:						

The proceeds will be strategically invested in activities outlined in the NRS to foster a sustainable and successful REDD+ cycle. This cycle focuses on the essential interconnectedness of the three REDD+ phases: Readiness, Implementation, and Results-Based Payments.

PNG will be able to access proceeds from RBP programs in a continuous cycle by:

- Fulfilling and enhancing crucial readiness elements such as FREL/FRL, NMFS, and SIS in accordance with the stepwise approach, and
- Advancing the implementation of the National REDD+ Strategy, increasing its ambition and impact based on proactive actions to reduce emissions from deforestation and forest degradation.

Through this proactive cycle, PNG can continuously improve its carbon accounting and safeguard measures and monitoring and reporting systems, positioning itself to achieve increasingly ambitious environmental goals and impacts.



*Figure 3. Outline of the REDD+ virtuous cycle*

The project activities will address the main drivers of deforestation and forest degradation in PNG, aiming to reduce emissions in the short term while laying the foundation for sustainable development in the country's land use and forestry sector. This objective aligns with the NRS, the country's Vision 2050 and the National StaRS.

**PNG National REDD+ Strategy Vision:**

*“To catalyse transformational change within the forest and land use sector towards a new responsible economy with lower GHG emissions, stronger long-term economic growth and community livelihoods, and the effective conservation of biodiversity and ecosystem services while ensuring that Papua New Guinea’s forest resources are used in a sustainable and equitable manner for the benefit of current and future generations”.*

**National Strategy for Responsible Sustainable Development for PNG (StaRS) calls for:**

*“A paradigm shifts towards an inclusive, ‘green’ or ‘clean’ economic growth path, using clean and sustainable energy and resources and generating low or zero carbon emissions, with the aim of strengthening PNG’s strategic positioning and economic competitiveness in the world, while contributing to a better, high quality of life for all Papua New Guineans now and in the future”*

**Drivers of deforestation and forest degradation in PNG**

Deforestation between 2000 and 2015 affected 261,528 hectares in PNG, resulting in average annual emissions of over 5 MtCO<sub>2e</sub>. The main cause of deforestation has been the conversion of forestland into cropland, which accounts for 87% of the total deforestation. Shifting agriculture is responsible for 63% of the deforested land, while commercial agricultural developments, particularly oil palm plantations, account for 30% of the clearing.

The impact of commercial agriculture has significantly increased since 2000, due to the rapid expansion of SABLs. Only a small portion of the 5.1 million hectare leases, have initiated activities, and there has been an official moratorium followed by a subsequent suspension of many of them, although some logging and land conversion have still occurred.

These trends are closely tied to ongoing population growth, which has an annual growth rate of 3.1% and is likely to continue in the coming years. The demand for agricultural products driven by population growth will likely be a significant factor in forest cover conversion into shifting and permanent cropland.

Between 2000 and 2015, forest degradation affected approximately 2.5 million hectares, leading to average annual emissions of around 25 MtCO<sub>2e</sub>. A significant 98.1% of these emissions were attributed to commercial logging.

This trend is expected to persist, primarily due to the area of forests currently under actual or potential concessions, which covers 8.6 and 8.4 million hectares, respectively. Since 2008, the impact of clearing to prepare land for future agricultural development in SABL areas has increasingly contributed to forest degradation.

Despite the ambitious goals outlined in Vision 2050, efforts to improve forest cover through reforestation and forest rehabilitation activities have been limited. The plan, as mentioned in the NRS, aims to establish 800,000 hectares of forest plantations by the middle of this century. As described in the NRS, the PNGFA estimates that approximately 60,000 hectares have been reforested so far, with a target of an additional 20,000 hectares to be achieved by 2030.

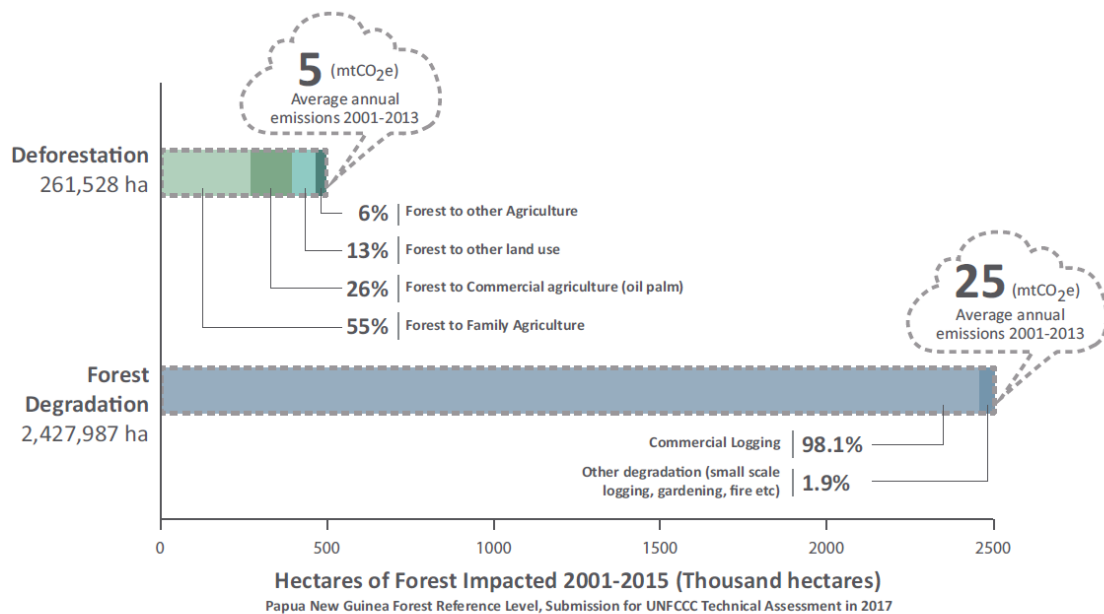


Figure 4. Drivers of deforestation and forest degradation impact in PNG. Source: PNG National REDD+ Strategy.

The underlying drivers identified are linked to the development process in PNG, which is sometimes implemented ineffectively and inefficiently, leading to significant environmental degradation while failing to deliver the expected economic benefits. These limitations have arisen from several factors, including:

- A lack of coordination to implement forest and land use planning: PNG faces significant challenges in aligning forest and land use policies with broader national development objectives. The following issues exacerbate this lack of coordination:
  - **Fragmented Policies and Regulations:** The forestry sector operates under laws and regulations that often conflict with policies governing agriculture and mining. For example, the expansion of oil palm plantations—driven by agricultural policies—frequently overlaps with forested areas designated for conservation or logging under forestry laws. Similarly, granting mining concessions in forest-rich areas often disregards sustainable forest management guidelines. These conflicts create inefficiencies and weaken resource management.
  - **Lack of timely training for local technical personnel:** Provincial and district-level forestry officers often lack the training to interpret and apply complex land-use policies. For instance, limited technical knowledge hampers the ability to assess the environmental impact of large-scale logging or agricultural conversion projects, leading to unsustainable practices.
- **Weak enforcement and implementation capacities of forest authorities.** The enforcement mechanisms and implementation capacities of forest authorities in PNG are critically under-resourced and underdeveloped. Specific contributing factors include:
  - **Lack of detailed legislation:** Current laws on forest conservation and sustainable management often lack specificity and enforceability. For instance, while the Forestry Act of 1991 includes provisions for sustainable forest management, it does not adequately address the nuances of community-led conservation or mechanisms to counter illegal logging effectively. This gap has facilitated the operations of companies involved in unregulated or borderline illegal logging activities.
  - **Land grab, using, or rather misusing, the Lease-Leaseback provision under the Land Act,** notably using 'Special Agricultural and Business Leases'. Misuse of the SABL system under the Lease-Leaseback provision has been a significant driver of deforestation and land alienation. Between 2003 and 2011, over 5 million hectares of land—roughly 12% of Papua New Guinea's total land area—were leased out under SABLs, often without proper consent from customary landowners and communities. In some cases, the SABL mechanism was used to clear large tracts of forest despite opposition from communities.
- **Absence of effective support for rural development targeting customary landowners and communities:** Rural development efforts in PNG often fail to meet the needs of customary landowners and

communities, exacerbating socio-economic disparities and environmental degradation. Specific challenges include:

- Weak development of a forest economy and not enough alternative livelihoods: Many villages and communities rely on subsistence agriculture and small-scale logging due to a lack of support for sustainable forest-based enterprises. Several communities often sell timber to intermediaries at low prices, as there are limited opportunities for value-added processing or market access for sustainably harvested forest products
- Ineffective FPIC Processes: Efforts to identify landholding groups and secure FPIC are often undermined by inadequate implementation. In some cases, communities have reported being misled or excluded from consultation processes, resulting in disputes and long-term grievances.
- Limited Community Awareness and Involvement: Many customary landowners and communities lack awareness of their legal rights regarding land and resource ownership. Some communities affected by logging concessions have frequently reported being excluded from decision-making processes, leaving them unable to contest exploitative agreements.
- Capacity Constraints: customary landowners and communities often lack the skills to negotiate equitable agreements with developers or manage forest resources sustainably. It often happens that communities struggle to organize themselves into effective groups to advocate for their interests or establish alternative livelihoods, leaving them vulnerable to exploitation by logging and mining companies

These underlying drivers collectively undermine PNG's ability to achieve sustainable forest management and rural development, posing significant challenges to conservation, economic growth, and community empowerment.

## Project Objectives

The objectives and outputs have been designed based on the results of the REDD+ Finance and Investment Prospectus<sup>18</sup> and the National REDD+ Strategy.

The project is designed to tackle a critical issue: deforestation and land degradation in PNG are threatening biodiversity, compromising essential ecosystem services such as clean water and carbon sequestration, and endangering the livelihoods of customary landowners and communities<sup>19</sup>.

The project's objective is to support the National and targeted Provincial Governments of PNG in implementing the National REDD+ Strategy for 2017-2027. This implementation will focus on key action areas, including strengthened land planning, law enforcement, forest protection, and the promotion of inclusive sustainable livelihoods for communities.

In the long term, the expected impact is to reduce emissions from land use, deforestation, and forest degradation, and to promote enhanced forest carbon stocks, sustainable forest management, and forest conservation.

## Assumptions

To successfully achieve the objectives of the project, several key assumptions must be considered based on the current circumstances:

1. With a particular emphasis on ensuring the meaningful inclusion of women and other vulnerable and marginalized groups, fostering broad and valued participation in the decision-making process.
2. Strong support will be provided during the implementation phase by both National and Provincial authorities.

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<sup>18</sup> The CCDA, supported by the Forest Carbon Partnership Facility (FCPF) and UNDP, invested significant effort into developing the RFIP, creating a strong sense of ownership within the government. Extensive stakeholder consultations and studies informed the RFIP. Given the limited stakeholder consultation planned for the RBP funding proposal due to time constraints, it's crucial that the RBP funding proposal aligns with the RFIP, which underwent comprehensive stakeholder review and endorsement.

<sup>19</sup> Please see Table 7 for additional description of beneficiaries under the RBP project.

3. The key markets will be accurately identified, allowing for targeted strategies that meet the specific needs of each market segment.
4. The locations selected for implementing of project activities will be accessible, enabling participation and engagement from all involved parties, with a focus on customary landowners and communities, including women and those vulnerable and marginalized ones. Capacity-building initiatives will be effectively designed and implemented to enhance skills and knowledge among participants, ensuring lasting impact.
5. Customary landowners and communities will be actively involved in the project, fostering a sense of ownership and community-driven development.
6. The project will make available strong mechanisms to enable improved land management practices of customary landowners and communities.
7. The legal and governance framework will allow compliance with the legislation and regulations, with particular emphasis on compliance with the Forest Act.
8. The customary landowners and communities actively encourage and support young people and women's participation, helping to foster inclusivity and diversity within all project activities.
9. Conflicts over land tenure and benefit-sharing between customary landowners and communities and project developers will not escalate.

Based on the assumptions, the project will address the main direct and underlying drivers of deforestation and forest degradation while promoting sustainable development in PNG.

The GCF RBP proceeds will be used in complementary and coherence with the most relevant climate finance received by PNG, such as the PNG Forest Country Package (composed primarily by the EU FCCB Project<sup>20</sup>), launched at COP28.

## Project Structure

The project is structured into three Components and five Outputs, including a 2-year inception phase. The organization of the components is based on the targeted measures. Component 0 – Inception phase – focuses on intensive stakeholder engagement in order to develop a detailed design of the project activities and establish the project's social and environmental instruments. Component 1 focuses on actions to enable conditions to enhance the capacities and coordination of National and Subnational Government institutions, civil society and the private sector. In contrast, Component 2 aims to implement direct actions that support the economic productivity and inclusive social development of customary landowners and communities.

The project's outputs are designed to be mutually supportive. Effective coordination among different areas is essential for achieving the project objective. Additionally, the project will ensure the full and effective participation of all relevant stakeholders when developing, reviewing, and implementing activities, with particular focus on women and young people.

### Component 0: Project Inception

The Inception Phase sets the foundation for a successful project by ensuring that key strategic, operational, and compliance mechanisms are in place. This phase emphasizes gender inclusion, environmental and social safeguards, stakeholder engagement, impact assessment, and robust monitoring.

A crucial part of this phase is updating and implementing the Gender Action Plan (GAP) to ensure gender equity and inclusion are at the core of project activities. A rapid gender analysis will identify gaps and barriers, leading to an updated GAP that reflects local realities, national policies, and global best practices. This plan will guide the integration of gender-sensitive approaches, ensuring that women and marginalized groups actively participate in decision-making and benefit equitably from project outcomes. To support this,

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<sup>20</sup> Main objectives of the EU FCCB are: 1) Effective implementation of evidence-based FCCB policies, governance and institutional frameworks. 2) Increased knowledge and awareness on FCCB issues among PNG's population. 3) Increased inclusive and gender responsive green public and private sector investments and deforestation-free livelihoods ([https://www.eeas.europa.eu/delegations/papua-new-guinea/european-union-forestry-climate-change-and-biodiversity-eu-fccb\\_en?s=150](https://www.eeas.europa.eu/delegations/papua-new-guinea/european-union-forestry-climate-change-and-biodiversity-eu-fccb_en?s=150)).

training sessions will be conducted for project staff and local stakeholders to build capacity in gender-responsive programming, and mechanisms will be put in place to collect gender-disaggregated data.

Simultaneously, the project will develop and implement the Environmental and Social Management Plan (ESMP), along with complementary environmental and social safeguard (ESS) plans and as needed. This will involve conducting an in-depth environmental and social risk assessment to ensure alignment with national regulations, the FAO Environmental and Social Framework and the GCF policies. The ESMP will establish mitigation measures, monitoring mechanisms, and compliance structures to prevent or minimize potential negative impacts, as well as contain an integrated Customary landowners and communities Planning Framework (CLCPF)<sup>21</sup>, and which will include detailed provisions and procedures to guide all on-the-ground activities to be supported by the project, consistent with the principle of FPIC and all other elements required for Indigenous Peoples plans, as per the GCF's Indigenous Peoples Policy and FAO ESS 8. Stakeholder consultations will be a critical component of this process, ensuring that communities and relevant actors have a say in how risks are managed. See section E.1.2 for more on the proposed ESMP (Annex 3).

Engaging stakeholders effectively is fundamental to project success, which is why the Stakeholder Engagement Plan will be developed and implemented. A detailed stakeholder mapping and analysis will identify key actors, their interests, and their influence on the project. This plan will outline inclusive engagement strategies tailored to different groups, ensuring that voices from customary landowners, communities, government institutions, the private sector, and civil society are heard.

To ensure a clear roadmap for achieving project goals, the Theory of Change (ToC) will be updated. This process involves reviewing the initial impact pathways, validating assumptions, and refining expected outcomes based on stakeholder insights. The updated ToC will provide a more precise understanding of how activities contribute to the desired long-term impacts, incorporating lessons learned from similar initiatives. Key risks and external influences will be reassessed to strengthen the project's strategic direction. Once finalized, the ToC will be integrated into the project's planning framework and shared with all stakeholders.

A robust Monitoring and Measurement System will be implemented to track progress, evaluate impact, and facilitate adaptive management. This will begin with defining key performance indicators (KPIs) across social, environmental, and economic dimensions, ensuring they align with the revised ToC. A baseline study will establish initial conditions against which progress can be measured. Project staff and local counterparts will receive training on monitoring methodologies to ensure data quality and consistency. Periodic evaluations will inform decision-making, allowing the project team to adjust strategies in response to emerging challenges and opportunities.

By the end of the Inception Phase, the project will have a fully updated Gender Action Plan, an approved Environmental and Social Management Plan, an operational Stakeholder Engagement Plan, a refined Theory of Change, and a functioning Monitoring and Measurement System. These foundational elements will ensure the project moves forward with clarity, accountability, and a strong commitment to sustainability and inclusivity.

This component comprises the following set of activities:

- Activity I. Update and implement the Project's Gender Action Plan
- Activity II. Develop and implement the Environmental and Social Management Plan, and complementary ESS plans (TBD)
- Activity III. Develop and implement a Stakeholder Engagement Plan
- Activity IV. Update the Theory of Change
- Activity V. Implement a monitoring and measurement system

**Component 1: Increased institutional coordination capacities of national and provincial governments in PNG and the targeted provinces.**

The component will focus on a set of enabling actions aimed at the development, enforcement, and application of policies and measures, identifying the main related actions towards the land use planning, environmental management, forest and land use policies, and the REDD+ coordination and reporting. Strengthening

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<sup>21</sup> Section 7.1.1, paragraph 42 of the IPP states that when GCF-financed activities exclusively benefit Indigenous Peoples or when they form the overwhelming majority of beneficiaries, the relevant IPP elements must be incorporated into the overall project design and environmental and social management plans. In such cases, a standalone IPP or IPPF is not required.

institutional capacity fosters stakeholder collaboration, enhancing their ability to manage forests and respond to climate risks.

To achieve expected results and ensure the long-term impact of the project, comprehensive actions across government sectors and stakeholder groups are essential. This effort should take place at all levels, from the national level to target provinces, districts, localities, and wards. These actions must ensure that the country's forests are utilized in accordance with the principles of responsible and sustainable development, ultimately delivering the maximum long-term benefits.

The component is comprised of the following outputs:

- **Output 1.1. Establish the National Sustainable Land Use Planning (NSLUP) framework for the national and provincial governments.**

This output is aligned with the Action Area “Strengthened land-use and development planning PAMs” described in the National REDD+ Strategy.

The challenges of integrated planning are evident between different levels of government, with significant gaps in the bottom-up and top-down planning processes. Limited capacity and resources at the local and ward levels have led to the absence of many local government plans. Even when such plans exist, there is often a lack of connectivity among ward, local, district, and provincial plans. Many districts and provinces struggle to integrate and support the plans of smaller government units, resulting in inadequate service provision and, in many cases, a failure to deliver clear benefits to communities from the planning process.

The main activities carried out within this output are:

- Activity I. Integrate and coordinate existing governance systems.
- Activity II. Update forest policy to consolidate amendments and incorporate legality standards.
- Activity III. Regulate Small-Scale Timber Operations.
- Activity IV. Develop or update spatially explicit subnational development plans.

Activities will be conducted in close collaboration with the Department of Lands and Physical Planning (DLPP), in coordination with other relevant national and subnational government institutions such as the PNGFA, DAL, CEPA, Department of Treasury and Department of Finance, Local Level Government Institutions, and with the support of Civil Society Organizations and customary landowners and communities (ensuring their FPIC, as appropriate).

Activities will support the creation of an inclusive land use planning framework that recognises areas of high social and environmental value and strengthens both the inclusion of all groups and the application of safeguards in land use development planning. Specifically, the output expected to be delivered will create an effective regulatory framework, and capacity increased for national land use planning, enhanced tenure and land use security for land owning communities, enhanced engagement for women, youth and disadvantaged groups in land use decision making and improved land use planning and management strengthening the effective and equitable use of land.

Activities carried out under this output will be aligned and/or based on the achievements from the EU FCCB Project to avoid duplication of efforts and overlapping. The EU FCCB Project activities related to output 1.1. are the “development of key policies, regulations and plans on sustainable land use management and forest management at provincial and district level” and the “training of government officials on forestry, climate change and biodiversity best practices and regulations”.

- **Output 1.2. Enhance and strengthen environmental management, protection, and land use regulations for forest authorities and local stakeholders.**

Focused on the PAMs related to forest and environmental management included in the NRS Action Area “Strengthened environmental management, protection, and enforcement”.

PNG has a significant environmental management legislation with guidance on environmental protection and management within development activities. However, significant challenges exist in the implementation of these acts, including gaps within their regulations, their linkages across sectors, agencies, and the systems and capacity for their enforcement. The output focuses on the need to expand and further strengthen existing efforts across key sectors, including climate change, environment, forestry, agriculture, mining and natural gas extraction to address these challenges.

This output comprises the following set of activities:

- Activity I. Application of environmental and social safeguards at the national and subnational levels.

- Activity II. Implement forest management and enforcement practices.
- Activity III. Application of PNG's Timber Legality.
- Activity IV. Awareness and Training Programs customary landowners and communities, private sector, and provincial governments, including for environmental monitoring.

Activities will be conducted in close collaboration with the PNGFA, in charge of the Forest (Amendment) Act 2019 application, including the monitoring and assessment of existing and planned concessions, and to ensure that concessions meet standards; and the CEPA, responsible for the implementation of the Environment Act 2000, including the application of environmental safeguards that control development activities and the development of conservation activities to conserve PNG's natural environment.

The activities will help to establish an effective and transparent system for environmental management, enforcement and protection that supports informed land use and resource decision-making by both communities and the private sector.

The activities to be carried out will be linked to the EU FCCB Project to ensure efficiency and effectiveness of the proceeds. EU FCCB include a specific activity for the development of key policies, regulations and plans on sustainable land use management and forest management at provincial and district level.

- **Output 1.3. Improve coordination and reporting on the implementation of the NRS, NDC and GHG for the CCDA.**

Based on the Component 2 of the NRS "REDD+ Coordination and Reporting", this output is focused on fulfilling and enhancing crucial readiness elements such as FREL/FRL, NMFS, and SIS in accordance with a stepwise approach. These improvements, together with the advance of the implementation actions, will allow the country to access additional proceeds from RBP programs in a virtuous and continuous cycle.

Beyond the improvements of the readiness elements, further elements aiming to increase the impact of the actions implemented and to monitor the efficiency of the measures will be developed, especially the development of a National Land Use Information System link with those for PNGFA, CEPA, and agriculture to help provide a clear portal for how land is being allocated and used in PNG, and the final implementation of a national Benefit Sharing System.

This output will rely on the achievements and activities carried out under the EU FCCB Project and UN-REDD technical assistance. EU FCCB Project will support the implementation of the NFI and the development of monitoring systems. The results from the NFI will be crucial to improving national information on carbon emissions and removals from the forestry sector, including REDD+, and to gather better data related to the biodiversity.

It is expected that, during the inception phase of the GCF RBP programme, the specific elements to be developed from the improvement of the national monitoring systems will be defined in coordination with the EU FCCB project and UN-REDD technical assistance. The necessary tools to monitor the climate impact of the activities carried out at the local level, considering mitigation and adaptation indicators, will be integrated into the monitoring systems.

In summary, the activities to be conducted under Output 1.3. are the following:

- Activity I. Fulfilling and enhancing readiness elements such as the FREL/ FRL and the NFMS.
- Activity II. Benefit-sharing plan development.
- Activity III. Establish and Strengthen a Safeguard Information System.
- Activity IV. Develop a National Land Use Information System linked with those for PNGFA, CEPA, MRA, and agriculture to help provide a clear portal for how land is utilized.

### **Component 2: Enhanced economic productivity and sustainable livelihoods of customary landowners and communities in the targeted provinces.**

This component, focused on direct actions to be implemented in the land, will intend to secure the primacy of customary landowners and communities as the custodians of their land and managers of many of PNG's most important strategic assets.

Customary landowners and communities are the central custodians of the land in PNG and as those with ancestral roots to the land have the most detailed long-term perspective on how it can be managed. Too often, however, limitations in the planning systems and the availability of resources and information have left these groups out of the development decision-making process. For these groups to play a more active role they must be provided with both the information and tools to engage in and, if necessary, challenge

the development process to ensure that their long-term interests are protected and that those resources that communities have relied upon remain for future generations.

PNG has a rapidly growing and predominantly rural population that will create an increasing demand for land for family agriculture and other commercial land use activities. Thus, it is important that communities have opportunities to access sustainable economic activities that do not negatively impact the integrity and value of their land's natural assets.

Component 2 will support customary landowners and communities, particularly those vulnerable and marginalized, as well as ecosystems to adapt to climate change. By conserving and restoring forests, activities under this component will enhance ecosystem resilience, maintain biodiversity, protect watersheds, and prevent soil erosion, thereby mitigating risks from droughts, floods, and landslides. It will also improve the livelihoods of customary landowners and communities through sustainable forest management, diversified income sources, and enhanced food security, making them more resilient to climate impacts. Additionally, the component fosters the transfer of traditional knowledge and innovative technologies, supporting sustainable land-use practices and climate-smart agriculture.

Component 2 of the project will be implemented in close collaboration with the EU FCCB project. The synergies between the two projects, particularly in the provinces where both are being implemented concurrently, will enhance the impact of financing and reduce implementation efforts. Additionally, work will build on the foundations established in other regions that are not overlapping between the two projects but can offer valuable lessons learned.

- ***Output 2.1 Strengthen Forest landscapes management technical and financial capacities for customary landowners and communities.***

This output, based on the PAMs “Strengthen Forest Management and Enforcement” and “Strengthening Environmental Management, Enforcement and Protection” from NRS Action Areas 2 and 3 respectively, will support the strengthening of institutional capacities to place areas of social and environmental importance under conservation agreements. The focus will be on community-based conservation areas, which provide a clear mechanism for the sustainable use of forest resources within the community, thus helping to conserve global biodiversity and local environmental services while also strengthening the rights of communities over their land and empowering decision making on sustainable land use. In doing so, this output is fully consistent with relevant safeguards and directly contributes to the implementation of Cancun Safeguards with a view to go beyond carbon mitigation and pursue the delivery of social and environmental co-benefits (please see section E and ESMF for further detail).

Customary landowners and communities will be able to receive capacity building and technical assistance to support actions and practices aimed at preserving and restoring ecosystems through Conservation Agreements (CAs) for ecosystem services. Beyond the investment period, the experience gained and the capacities developed will allow customary landowners and communities to further benefit from ecosystem services, as they support the maintenance and generation of environmental services.

The process of developing CAs will involve engaging with customary landowners and communities through specific consultation protocols. The consultations will guide the identification of strategic areas and ecosystems that provide critical environmental services. Based on this process, voluntary commitments will be defined to establish conservation objectives and activities required to achieve them. These commitments will then be formalised in CAs and operationalised.

The criteria for the agreements will be based on the principles of FPIC and a transparent selection process. A competitive mechanism will be developed during the inception phase of the project.

The Conservation Agreements will be established with customary landowners and communities registered or as part of Incorporated Landowner Groups (IGL). As these agreements will be implemented through contracts governed by relevant FAO policy and regulation, the signing parties must be legally recognized as non-commercial entities. Alternatively, at the request of the customary landowners and communities, other legally established non-commercial local organizations may be designated to operationalize the Conservation Agreements. The benefits, whether in the form of technical assistance, inputs for implementation of the Conservation Agreements, or additional in-kind support under these agreements, will ultimately be directed to the customary landowners and communities.

To support long-term sustainability beyond the project's use of proceeds, lessons learned from this approach will inform strategies for scaling up—both geographically and over time. This will be integrated into activities under Output 1.2 to enhance and strengthen environmental management, protection, and land use regulations, ensuring continued impact for forest authorities and local stakeholders. In addition, the output will address the transition to a sustainable forestry sector with higher levels of market access and

increased levels of value addition based on customary landowners and communities. Cross-cutting activities related to timber legality, tree planting, research, and enhanced approaches to forest management will be undertaken, aiming to safeguard key environmental services and improve engagement with and respect for the rights of customary landowners and communities.

Currently, forestry activities outside of concessions are not monitored by the government. To address this, the project will empower communities to obtain sustainable forestry certifications, such as the Programme for the Endorsement of Forest Certification (PEFC) and the Forest Stewardship Council (FSC). This initiative will align with and strengthen the government's planned Timber Legality Verification System. The project will implement activities on timber legality, tree planting, research, and enhanced approaches to forest management, land use planning, and monitoring. These efforts aim to safeguard vital environmental services while promoting greater engagement with and respect for the rights of customary landowners and communities.

Activities to be carried out within this activity include:

- Activity I. Identification of priority livelihoods alternatives
- Activity II. Provide administrative, financial, and technical training to the ILG
- Activity III. Create cooperative-managed financial mechanisms
- Activity IV. Tailored technical support to customary landowners and communities on their production systems/alternative livelihoods.

Activities will be also linked to Output 2.2, providing capacity building support to the development of sustainable agricultural practices. The output will be developed in alignment with the activities carried out in the EU FCCB project, which considers the access to climate finance and forest conservation finance into their key expected results.

- ***Output 2.2 Enhance sustainable livelihoods and green economic productivity for customary landowners and communities***

Based on the PAMs included in the Action Area: "Enhanced economic productivity and sustainable livelihoods".

Over 80% of the PNG population is rural and relies on family-based agricultural activities for both subsistence and basic income. This form of agriculture was responsible for over 60% of all forest conversion to agriculture between 2000 and 2015 and is growing.

However, the increasing pressure on family agriculture has not been matched by significant improvements in agricultural techniques. This includes strategies for addressing climate change and natural hazards such as severe weather events, pests, and diseases. Additionally, there has been insufficient support for communities to adapt to these challenges.

The lack of improved agricultural methods results from capacity and institutional constraints within the agricultural sector, leading to significant gaps in the provision of extension services to customary landowners and communities. Strengthening these services is essential for supporting communities in developing and managing their land. This will help ensure secure livelihoods for families and protect their natural resources. Linked to output 2.1, it will grant access to benefits for ecosystem services based on other climate and biodiversity finance initiatives.

The project, in close consultation with potential beneficiaries, will identify the most suitable alternative livelihoods for customary landowners and communities, encompassing the full spectrum of family agricultural activities, including the sustainable sourcing of fuelwood. These alternative livelihoods will be carefully designed to build on the strengthened capacities of the customary landowners and communities, prioritizing environmental sustainability and socio-economic development as key pillars.

The aim is to facilitate a transition from an economy reliant on short-term extractive practices—which, while generating immediate economic gains, often result in significant environmental degradation—to a development model grounded in long-term planning and delivering multiple benefits. This approach seeks to empower customary landowners and communities with sustainable economic opportunities that harmonize environmental stewardship with improved quality of life.

The project will allocate the majority of its proceeds to initiatives that support the development of sustainable agriculture, which will be aligned with the unique needs and challenges of communities in PNG to implement alternative livelihoods. This effort will integrate sustainable agriculture with forest landscape

management, ensuring that agricultural practices not only enhance productivity but also conserve the country's rich biodiversity and forest resources.

The project will promote cooperative-managed financial mechanisms tailored to PNG's local context, enabling communities to pool resources and access financing for sustainable ventures. The project funding will only be used to establish the cooperative-managed financial mechanisms and will not provide funding under them. Support will also extend to building robust, sustainable agriculture value chains that empower smallholder customary landowners and communities, many of whom rely on subsistence agriculture.

Efforts will include enhancing traceability and transparency to meet international market standards, such as those outlined in the European Union Deforestation Regulation (EUDR). By focusing on market-driven initiatives, the project will help communities in PNG access higher-value markets for sustainably produced goods. For instance, commodities such as coffee, cocoa and wood products will be prioritised for sustainable certification and value chain improvements.

These measures aim to strengthen rural livelihoods while fostering long-term socio-economic development and environmental sustainability. The project will also ensure that traditional knowledge and customary land ownership practices are respected, promoting solutions that are culturally appropriate and community driven. During the inception phase of the project, the potential for mobilising private investment for sustainable commodity value chains (such as cocoa, wood and others) will be assessed, including the identification of partnerships with industry bodies, investment funds or private companies to maximise the project impact, and the specific investment risk factors to address.

Activities to be carried out under output 2.2. are:

- Activity I. Establish conservation agreements to ensure that sacred sites are effectively protected.
- Activity II. Cooperative-managed financial mechanisms
- Activity III. Support to implementation of sustainable agriculture value chain

The output and detailed actions will be designed based on the interim results and lessons learned from the EU-STREIT PNG Programme under implementation and in close alignment with the EU FCCB project.

The EU STREIT Programme aims to help improve the lives of the people from East Sepik and Sandaun provinces of PNG, by focusing on increasing sustainable and inclusive economic development of rural areas through improved economic returns and opportunities from cocoa, vanilla and fishery value chains while strengthening and improving the efficiency of value chain enablers, including the business environment, and supporting sustainable, climate-proof transport and energy infrastructure development.

Further, the EU STREIT project supports compliance with the EUDR by promoting sustainable cocoa production through agroforestry systems, training farmers in deforestation-free practices, and establishing robust traceability mechanisms. It leverages geospatial monitoring to prevent land encroachment, supports certification processes like Rainforest Alliance, and aligns local policies with EUDR standards. By engaging communities and enhancing sustainable supply chains, STREIT ensures environmentally and socially responsible cocoa production.

The EU FCCB project considers a set of activities very close to output 2.2. aiming to establish the necessary improvements to achieve deforestation-free, resilient and inclusive food systems, agriculture and forest value chains and agribusiness options, such as the implementation of inclusive community-based income generating activities, land stewardship rewards and diversification of income generation options; the provision of grants to forest communities to support deforestation free livelihoods opportunities; and the support to customary landowners and communities and small and medium-sized enterprises on sustainable deforestation-free agriculture and forest value chains with a focus on gender responsive value chains.

The alignment between the EU FCCB, EU STREIT, and the GCF RBP will be further warranted due to the involvement of FAO in the three initiatives.

A summary of the project structure is described in the following Theory of Change chart:



**PROBLEM:**

Deforestation and land degradation are threatening the PNG's biodiversity and undermining ecosystem services like clean water, carbon sequestration, and livelihoods of local communities.

**ASSUMPTIONS:**

- A1- Key stakeholders are involved, with an emphasis on women and other underrepresented groups
- A2- National and Provincial authorities support project implementation.
- A3- Key markets are correctly identified
- A4- Accessibility to activities sites
- A5- Successful of capacity building activities
- A6- Active participation of IPLC
- A7- Mechanisms to enable better management of customary landowners
- A8- Enforcement and governance conditions allow to comply the Forest Act
- A9- The community supports the participation of young people and women
- A10- Land tenure conflicts will not escalate

**BARRIERS:**

There are not enough alternative livelihoods	Weak development of a forest economy
Weak enforcement and implementation capacities of forest authorities	Local communities with limited technical, financial, and management skills
Land grab, using, or rather misusing, the Lease-Leaseback provision under the Land Act, notably using 'Special Agricultural and Business Leases'.	Landholders having extremely limited access to information, awareness of their rights, or involvement in government decision-making processes
Inadequately trained local technical personnel	Ineffective application of processes to rightly identify land holding groups and their representatives and implementation of free prior informed consent that fully engaged communities
Forestry policies, laws and regulations are also not harmonized with other legislation affecting forests, including agriculture and mining policies and regulations	The capacity of groups to effectively negotiate with developers

**PNG REDD-plus Results-Based Payments 2014-2015/2016**

**Long-term Impact:** Reduced emissions from land use, deforestation, forest degradation, and sustainable management of forests and conservation and enhancement of forest carbon stocks

**Objective:** To support the National and Provincial Governments of the PNG (TBD provinces) to implement the National REDD+ Strategy 2017 – 2027 with emphasis on the action areas: Strengthened land planning, law enforcement, protection of forests and sustainable livelihoods of communities.

**COMPONENT 0: Inception Phase**  
GAP updated and implemented; Develop and implement the ESMF; Develop and implement a Stakeholder Engagement Plan; Update the ToC; Implement a monitoring and measurement system

**COMPONENT 1: Increased institutional coordination capacities of national and provincial governments in PNG and in the targeted provinces (40%)**

**COMPONENT 2: Enhanced economic productivity and inclusive sustainable livelihoods of customary landowners and local communities in the targeted provinces (60%)**

**OUTPUT 1.1** Establish the National Sustainable Land Use Planning (NSLUP) framework for the national and provincial governments

**OUTPUT 1.2** Enhance and strengthen environmental management, protection, and land use regulations for forest authorities and local stakeholders.

**OUTPUT 1.3** Improve coordination and reporting on the implementation of the NRS, NDC and GHG for the CCAD

**OUTPUT 2.1** Strengthen forest landscapes management technical and financial capacities for customary landowners and local communities

**OUTPUT 2.2** Enhance sustainable livelihoods and green economic productivity for customary landowners and local communities

**OUTCOME 1:**

- a) Coordination among government institutions at the national and provincial levels has improved.
- b) The NSLUP framework was established at the national level and implemented in targeted provinces.
- c) Regulations on environmental management, protection, and land use have been enhanced and strengthened.
- d) PNG is able to report timely to the UNFCCC regarding the implementation of the NRS and other climate actions

**OUTCOME 2:**

- a) Customary landowners and local communities from targeted provinces adopt inclusive sustainable livelihoods and increase productivity.
- b) Forest landscapes are sustainably managed by customary landowners.
- c) Green economic systems and sustainable livelihoods are implemented in targeted provinces.

Figure 5. Theory of Change outline.

## Selection of Targeting Provinces

The project will focus on implementation of direct actions on six targeted provinces: West Sepik, East Sepik, Western, Hela, Chimbu and West New Britain. The provinces targeted were selected under a prioritization process which identifies a set of variables to balance principles of effectiveness and equity among all the provinces:

1. Rewarding provinces with high performance in reducing emissions.
2. Recognizing values of forest beyond carbon, based on forest landscape integrity index, a continuous index of forest condition as determined by the degree of anthropogenic modification.
3. Considering provinces that may have a higher risk of deforestation and forest degradation because of anthropogenic pressure based on population density.

To calculate the average ranking for province prioritization, different weights were allocated as follows:

$$\text{Average Ranking} = (0.5 \times R_{(ERS)}) + (0.2 \times R_{(FLII)}) + (0.2 \times R_{(PD)})$$

Where:

*Average Ranking* is the final ranking prioritizing provinces

$R_{(ERS)}$  is the ranking corresponding to the Emission Reduction achieved by each province

$R_{(FLII)}$  is the ranking corresponding to the Forest Landscape Integrity Index

$R_{(PD)}$  is the ranking associated to the Population Density

The targeted provinces cover an area of 212,978,214.62 km<sup>2</sup> (46.58% of the country's total area), emissions reduction in the provinces during the period 2001-2016 were 29.15 million tCO<sub>2</sub>e. The combined estimated population in 2021 is 3.1 million people (26% of PNG population)<sup>22</sup>.

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<sup>22</sup> [https://png.unfpa.org/sites/default/files/pub-pdf/population\\_estimate\\_results\\_-\\_digital\\_version.pdf](https://png.unfpa.org/sites/default/files/pub-pdf/population_estimate_results_-_digital_version.pdf)

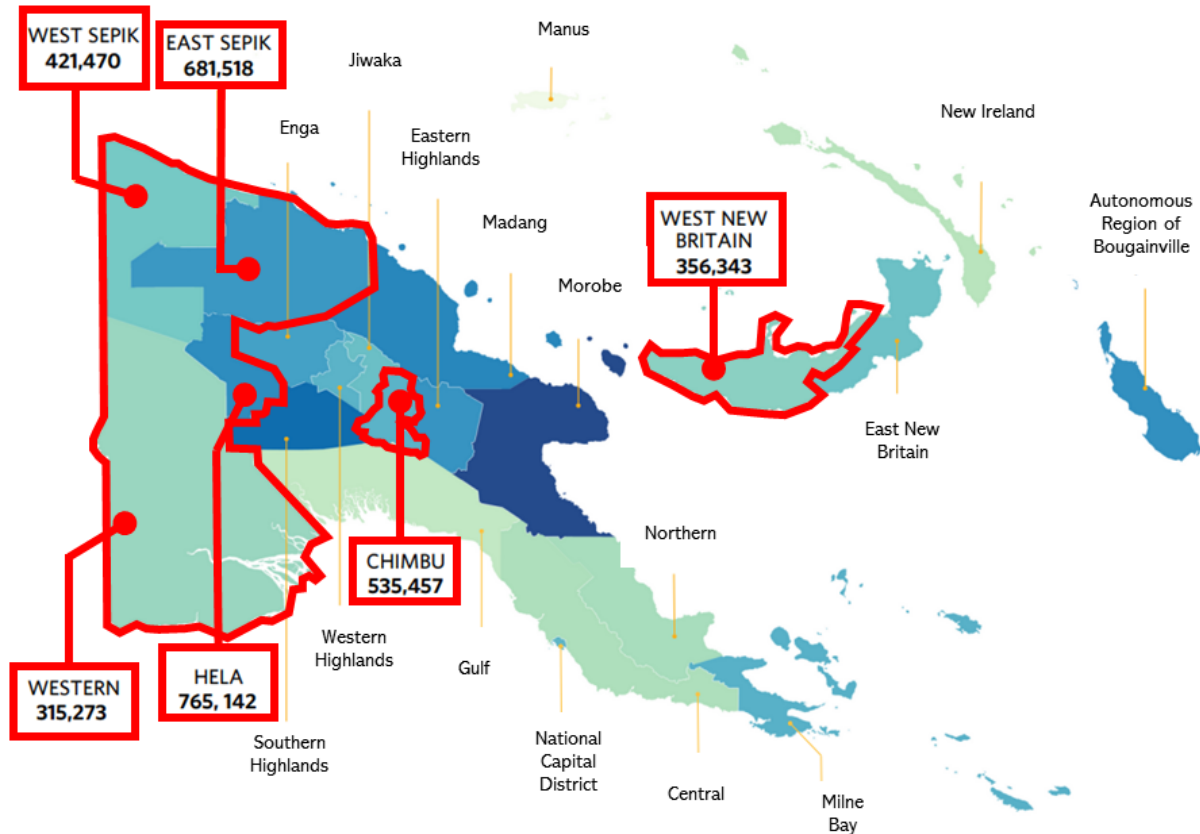


Figure 6. Targeted province including population estimated in 2021. Source: Based on the National Population Estimate 2021, Population Data Project, funded by the Australian Government with technical support from the United Nations Population Fund (UNFPA)

West Sepik Province<sup>23</sup>, also known as Sandaun Province, is situated in the northwest region of PNG. It covers a land area of 35,920 km<sup>2</sup> and has a population of 421,470, estimated in 2021. The province features diverse geographical landscapes, including lush rainforests, mountain ranges, rivers, and coastal plains. It is home to the headwaters of the Sepik River, one of the longest rivers in Papua New Guinea, which plays a significant role in the lives of local communities downstream. Agriculture is the primary economic activity in West Sepik, with subsistence farming serving as the main source of livelihood for many residents.

East Sepik Province<sup>24</sup>, located in the northeastern region of PNG, spans an area of 44,426 km<sup>2</sup> and is home to approximately 700,000 people as of 2021. The province is characterized by its rich and diverse landscapes, including vast river systems, fertile plains, and dense tropical rainforests. Dominating the region is the Sepik River, one of the largest river systems in PNG, which is central to the cultural and economic life of the people. The river's surrounding areas are dotted with villages renowned for their unique traditional art and vibrant customs. Agriculture is the backbone of East Sepik's economy, with cocoa, vanilla, and sago among the key crops cultivated by its inhabitants.

Western Province<sup>25</sup>, with a land area of 98,189 km<sup>2</sup>, is the largest province in the country, accounting for 21% of the PNG total land area. The province boasts rich natural resources like timber, minerals, and fisheries. Mining plays a crucial role in its economy by providing revenue and employment opportunities. As of 2021, the Western Province has an estimated total population of 315,2731 people. The province is culturally diverse.

Hela Province is located in the central highlands of PNG. It covers an area of 10,498 km<sup>2</sup> and has a population of 765,142 inhabitants, predominantly comprised of customary landowners and local communities. The province is rich in natural resources, particularly natural gas and oil. It hosts the PNG LNG project<sup>26</sup>, a major contributor to the national economy, although local benefits and development remain contentious. Hela province faces issues related to infrastructure and disputes over land and resource distribution.

Chimbu Province<sup>27</sup> is located in the central highlands of PNG covering a land area of 6,112 km<sup>2</sup> with a population of 532,457. It is one of the most densely populated provinces in the country. The province is dominated by high-altitude terrain, including Mount Wilhelm, PNG's highest peak. Subsistence agriculture by customary landowners and communities is the primary livelihood, with coffee being the main cash crop. Tourism linked to Mount Wilhelm also contributes to the local economy. Chimbu is a province rich in cultural

heritage and natural resources; however, the province faces issues with road accessibility, healthcare, and education due to its rugged terrain.

West New Britain Province<sup>28</sup> is located in the northeastern part of Papua New Guinea. It covers an area of approximately 20,387 km<sup>2</sup> with a population of 356,343 inhabitants. The province boasts volcanic landscapes, lush rainforests, and abundant marine life. The economy of West New Britain is mainly driven by agriculture, particularly the cultivation of oil palm, coconut, and cocoa. The province is one of the leading producers of palm oil in PNG. Challenges faced by the province include limited access to quality healthcare and education services in some remote areas, as well as the need for improved infrastructure, such as roads and transportation networks.

The provinces have been prioritized for the implementation of policies and measures in the context of this proposal based on their performance in achieving the emission reductions for which GCF RBPs are being requested. However, on-the-ground interventions, including the specific project sites, envisioned under Component 2 will be established on a case-by-case basis throughout project implementation, and consistent with the terms and conditions of the BSP, Conservation Agreements and other operational instruments to be established over the inception phase (see Components 0 and 1).

## Beneficiaries

As per criteria in Table 7, customary landowners and communities holding property or possession rights over customary land will be the prioritized beneficiaries of the project. Producers' associations and other actors involved in forestry/timber and agricultural business will be considered in partnership with customary landowners and communities.

As a starting point, and consistent with PNG's REDD+ Strategy, this RBP Project identifies preliminary groups of beneficiaries at both the national and subnational levels. Building on this preliminary list and as part of the development of a Stakeholder Engagement Plan (SEP), once there is a more explicit definition of activities and intervention areas, the project will identify specific beneficiaries <sup>8</sup>

Table 7. Definition of beneficiaries for the purpose of receiving support under the project.

Type of Beneficiary	Description	Component
<b>Public institutions and national agencies</b>	Key government institutions such as CCDTA, PNGFA, DLPP, DAL, CEPA, DNPM,	Component 1
<b>Local governments</b>	Provincial administrations and officers in forestry, agriculture, climate change, land-use and planning.	Component 1
<b>Customary landowners</b>	Papua New Guinean citizens, organized either under a traditional village or community, that have customary <i>ownership/property</i> or <i>possessory</i> rights to customary land, and whose <i>landowner</i> rights are recognized by the Land Act, and eligible to establish ILGs. .	Component 2
<b>Communities</b>	Papua New Guinean citizens, organized either under a customary village or community, that have customary <i>use</i> rights over customary land, including the most disadvantaged ones, women and youth.	Component 2
<b>Civil Society, academia</b>	Civil society organizations, research institutions (NRI, UPNG) and representatives of producers' associations and other actors involved in forestry/timber and agricultural business activity. Civil Society organizations will only be beneficiary of the project in partnership with customary landowners and communities	Component 2

<sup>23</sup> <https://www.wsp.gov.pg/>

<sup>24</sup> <https://www.esp.gov.pg/>

<sup>25</sup> <https://www.western.gov.pg/>

<sup>26</sup> <https://www.pnglnq.com/>

<sup>27</sup> <https://www.chimbu.gov.pg/>

<sup>28</sup> <https://www.wnb.gov.pg/>

*C.2.2. Expected outputs and outcomes:*

Please provide the following information:

*Table 89. Expected outputs and outcomes.*

Component	Outputs	Key expected results
0 - Project Inception	0.1 Detailed design of the project activities and establishment of social and environmental instruments	<p>Detailed design of project activities</p> <p>Updated Gender Action Plan</p> <p>Stakeholder engagement and Stakeholder Engagement Plan</p> <p>Development of Environmental and Social Management Plan, and complementary ESS plans (TBD)</p> <p>Updated Theory of Change</p> <p>Implementation of a monitoring and measurement system</p>
1 - Increased institutional coordination capacities of national and provincial governments in PNG and the targeted provinces	1.1 Establish the NSLUP framework for the national and provincial governments	Coordination among government institutions at the national and provincial levels has improved.
	1.2 Enhance and strengthen environmental management, protection, and land use regulations	<p>The NSLUP framework was established at the national level and implemented in targeted provinces.</p> <p>Regulations on environmental management, protection, and land use have been enhanced and strengthened.</p>
	1.3 Improve coordination and reporting on the implementation of the NRS, NDC and GHG for the CCAD	PNG is able to report timely to the UNFCCC regarding the implementation of the NRS and other climate actions
2 - Enhanced economic productivity and sustainable livelihoods of customary landowners and communities in the targeted provinces	2.1 Strengthen Forest landscape management technical and financial capacities for customary landowners and communities	<p>Further emission reduction and enhanced removals of GHGs from the forest and land use sector.</p> <p>Customary landowners and communities from targeted provinces adopt inclusive, sustainable livelihoods and increase productivity.</p>
	2.2 Enhance sustainable livelihoods and green economic productivity for customary landowners and communities	Customary landowners and communities sustainably manage forest landscapes.

		<p>Ecosystem services of forests maintained and enhanced.</p> <p>The resilience of forest ecosystems to climate change is enhanced.</p> <p>Green economic systems and sustainable livelihoods are implemented in targeted provinces.</p> <p>Enhanced resilience and socio-economic condition of local communities</p>
3 - Project Management	3.1 Project Management	Daily Project Management
	3.2 Direct Support Costs	Mid-Term Evaluation
	3.3 Provision of supervision services to the project	Final Evaluation

**C.2.3. Timeframe of implementation (for monitoring and reporting purposes):**

Please provide the following information:

The execution of the project will be over 6 years, where it is expected that the first two years will be used to carry out the inception phase. This phase will mainstream a zero-tolerance policy on SEAH and GBV, integrating prevention and management measures into an updated Gender Action Plan and the ESMF, and implementing an increasing awareness and capacity building process with the national, provincial and local level governments. Based on that, the Environmental and Social Management Plan (ESMP) will be developed, including a fit-for-purpose risk screening checklist.

Additionally, a Stakeholder Engagement Plan (SEP) will be developed to ensure meaningful participation and refine the project's geographic and thematic focus. These foundational efforts will create a solid framework for sustainable and equitable program implementation.

The Theory of Change will be also updated, outlining the causal relationships and assumptions that drive the program's impact (including a system to monitor GHG emissions and removals on the ground actions). Finally, FAO will design and implement a robust monitoring and measurement system to assess efficacy, verify assumptions, and generate lessons for adaptive management.

*Table 910. General timeframe of implementation*

Components	Expected year to be achieved
Component 0: Project Inception	Year 2
Component 1: Increased institutional coordination capacities of national and provincial governments in PNG and the targeted provinces	Year 6
Component 2: Enhanced economic productivity and sustainable livelihoods of customary landowners and communities in the targeted provinces	Year 6
Component 3: Project Management	Year 6

If needed, provide any additional comments/explanations:

Every output outlined will be implemented throughout the six-year project, considering significant achievements in relation to the development of the intended outcomes.

Table 1011. Detailed timeframe of implementation

Component	Outputs	Indicative activities	Y1	Y2	Y3	Y4	Y5	Y6
0 - Inception Phase	0.1.- Detailed design of the project activities and establishment of social and environmental instruments	I. Update and implement the Project's Gender Action Plan						
		II. Develop and implement the Environmental and Social Management Plan, and complementary ESS plans (TBD)						
		III. Develop and implement a Stakeholder Engagement Plan						
		IV. Update the Theory of Change						
		V. Implement a monitoring and measurement system						
1 - Increased institutional coordination capacities of national and provincial governments in PNG and the targeted provinces	1.1 Establish the NSLUP framework for the national and provincial governments	I. Integrate and coordinate existing governance systems						
		II. Update forest policy to consolidate amendments and incorporate legality standards						
		III. Regulate Small-Scale Timber Operations.						
		IV. Develop or update spatially explicit subnational development plans						
	1.2 Enhance and strengthen environmental management, protection, and land use regulations.	I. Application of environmental safeguards at the national and subnational levels (implementation of the ESMP at the subnational level)						
		II. Implement forest management and enforcement practices						
		III. Application of PNG's Timber Legality						
		IV. Awareness and Training Programs for customary landowners and communities, private sector and provincial governments, including for environmental monitoring						
	1.3 Improve coordination and reporting on the implementation of	I. Fulfilling and enhancing readiness elements such as the FREL/FRL and the NFMS						

	the NRS, NDC and GHG for the CCAD	II. Benefit-sharing plan development and operation							
		III. Establish and Strengthen a Safeguard Information System							
		IV. Develop a National Land Use Information System linked with those for PNGFA, CEPA, and agriculture to help provide a clear portal for how land is being utilized							
2.- Enhanced economic productivity and sustainable livelihoods of customary landowners and communities in the targeted provinces	2.1 Strengthen Forest landscapes management technical and financial capacities for customary landowners and communities	I. Identification of priority livelihoods alternatives							
		II. Provide administrative, financial and technical training to the ILG							
		III. Create cooperative-managed financial mechanisms							
		IV. Tailored technical support to customary landowners and communities on their production systems / alternative livelihoods							
	2.2 Enhance sustainable livelihoods and green economic productivity for customary landowners and communities	I. Establish Conservation agreements ensuring that sacred sites are effectively protected							
		II. Cooperative-managed financial mechanisms							
III. Support to implementation of sustainable agriculture value chain									
3.- Project Management	3.1. Project Management	I. Daily Project Management							
		II. Mid-Term Evaluation							
		III. Final Evaluation							

C.2.4. Budget estimate (for monitoring and reporting purposes):

Following the procedures of the Terms of Reference for the REDD+ pilot programme for Results-Based payments, the iTAP recommended that the Board consider the following:

1. PNG volume of ERs: 16,969,256 tCO<sub>2</sub> eq
2. Total score achieved 35/48
3. GCF Volume of ERs: 12,373,415.83 tCO<sub>2</sub> eq
4. Additional 2.5 per cent for use of proceeds and non-carbon elements
5. Proposed REDD-plus results-based payments (USD 5/tCO<sub>2</sub>eq): USD 63,413,756

Table 1112. Budget estimate

Component	Output	Indicative cost per Output		Indicative cost per Component	
		(USD)	(%)	(USD)	(%)

<b>Component 0:</b> Project Inception	0.1.- Detailed design of the project activities and establishment of social and environmental instruments	1,902,413	3	1,902,413	3
<b>Component 1:</b> Increased institutional coordination capacities of national and provincial governments in PNG and the targeted provinces	1.1 Establish the National Sustainable Land Use Planning (NSLUP) framework for the national and provincial governments	8,877,926	14	20,292,402	32
	1.2 Enhance and strengthen environmental management, protection, and land use regulations.	8,243,788	13		
	1.3 Improve coordination and reporting on the implementation of the NRS, NDC and GHG for the CCAD	3,170,688	5		
<b>Component 2:</b> Enhanced economic productivity and sustainable livelihoods of customary landowners and communities in the targeted provinces	2.1 Strengthen Forest landscapes management technical and financial capacities for customary landowners and communities	9,512,063	15	34,877,566	55
	2.2 Enhance sustainable livelihoods and green economic productivity for customary landowners and communities	25,365,502	40		
<b>Component 3:</b> Project Management	3.1 Project Management Unit	2,536,550	4	6,341,376	10
	3.2 Direct Support Costs	1,585,344	2.5		
	3.3 Provision of supervision services to the project	2,219,481	3.5		
<b>Indicative total cost</b>		<b>63,413,756</b>	<b>100</b>	<b>63,413,756</b>	<b>100</b>

**C.2.5. Implementation arrangements:**

PNG Government, through the Ministry of Environment, Conservation and Climate Change, has requested FAO's technical and overall assistance for the design and implementation of the REDD+ Results-Based Payments funding proposal. PNG Government also specifically requested that FAO act as the executing entity for the project; responding to such request, FAO will serve both as Accredited Entity (AE) and Executing Entity (EE).

At the highest level, the FAO Rome Headquarters Office will be the GCF Accredited Entity responsible for monitoring and providing technical backstopping during project implementation. It is the only body, aside from the NDA, in direct contact with the GCF.

At the National level, a **Project Board** will be established to work on strategic decisions. It will be composed of the Climate Change Development Authority (**CCDA**) - which convenes and chairs and is represented by the Managing Director- the Managing Directors from the PNG Forest Authority (**PNGFA**) and Conservation and Environmental Protection Authority (**CEPA**), the Secretary of the Department of National Planning and Monitoring (**DNPM**), Department of Agriculture and Livestock (**DAL**) and Department of Land and Physical Planning (**DLPP**), representing the Government of PNG, the PNG Environment Alliance (**PNGEA**) representing the civil society institutions, and the **FAO** National Representative.

The primary responsibilities of the Project Board are providing overall implementation guidance, reviewing and approving the financial and technical Annual Work Plan and Project Reports, and analysing project achievements, risks, and needed improvements. The project board will meet annually but can call extraordinary meetings if needed.

Project Board will be in permanent coordination and communication with the National REDD+ Committee, responsible for overseeing the cohesive function and implementation of the REDD+ Strategy and benefit-sharing system. National REDD+ Committee will be supported in these actions by the REDD+ Technical Working Committee (**REDD+ TWC**), which will periodically inform to the National REDD+ Committee and the Project board about the project implementation achievements and issues. The REDD+ TWC is a multi-sector and stakeholder working group targeting technical development and monitoring of REDD+ under the NRS.

Daily project management and relations with stakeholders, as well as administrative, monitoring and accounting tasks, will be carried out by the Project Management Unit (**PMU**) funded by the GCF. PMU's main task, following the guidelines of the Project Board, is to ensure the project's coordination and execution through the effective implementation of the annual work plans. PMU will be composed, at least, of the National Project Coordinator, an Administrative Assistant, a Communications Expert and a Monitoring and Evaluation Expert. A **dedicated safeguards team** will be ensured, including relevant expertise to ensure project compliance with applicable safeguards. This team will be composed of an **Environmental and Social Safeguards Expert, A Gender Specialist and Provincial Safeguards Specialists**. Given the fact that all Papua New Guineans would fit under the international concept of 'Indigenous Peoples' and that issues relevant to customary landowners and communities are integral to this ESMF and complementary safeguards instruments, the safeguards' team will ensure anthropological / social policy is a cross-cutting area of expertise to ensure key concerns to IPs are adequately managed throughout project implementation.

The PMU will be responsible for developing the project monitoring activities and reports in coordination with the FAO Country Office and following the procedures established by the FAO Headquarters Office.

In addition, the PMU will be in coordination with the REDD+ TWC and supported and assisted, especially for the engagement of stakeholders, by the FREL/NFMS TWC and the REDD+ Safeguards TWC, multi-stakeholders working groups focusing on specific technical areas chaired by the CCDA Manager for MRV and the CCDA Manager for REDD+ respectively.

Following the Project Board guidance and the PMU request, FAO Country Office (CO) will be responsible for the project's financial and operational implementation. This implies that FAO CO will provide procurement and contract services following FAO operational modalities for delivering and procedures.

At the Provincial Level, for each of the five targeted provinces, the PMU will coordinate the project implementation following the existing institutional framework, namely:

- Provincial Climate Change Committee
- Provincial Forest Management Committee
- Oil Palm Commodity Board

At this level, the objectives are to increase governments' national and provincial institutional coordination capacities and to enhance economic productivity and sustainable livelihoods of smallholders and customary landowners and communities in the targeted provinces.

The project will rely on the existing roles and responsibilities of the institutional bodies at the national and provincial levels to operationalize the activities to be carried out. The roles and responsibilities of the main institutions engaged in the project are described below:

- CCDA is the central government agency responsible for coordinating and implementing the country's climate change policies, strategies, and programs. The main roles and responsibilities of the CCDA are:
  - Develop and update national climate change policies, including mitigation, adaptation, and resilience-building strategies.
  - Ensures climate-related activities across various sectors, such as forestry, energy, and agriculture, are aligned with national and international goals.
  - Integrates climate change considerations into national and sectoral development plans.
  - Coordinates REDD+ activities, including developing and implementing the REDD+ Strategy, Finance and Investment Plan, and related safeguards.
  - Develop regulations and monitor carbon offset projects, ensuring they meet PNG's standards and international best practices.
  - Ensures that climate-related projects adhere to environmental and social safeguards, protecting biodiversity and the rights of customary landowners and communities.
  - Educates the public and stakeholders about climate change impacts, mitigation, and adaptation measures.
  - Provide training and technical support to government agencies, provincial authorities, and communities to enhance climate resilience.
  - Collects and maintains climate and emissions data, supporting evidence-based policymaking.
  - Prepares and updates the greenhouse gas inventory to track emissions and inform climate action.
  - Mobilizes resources from international funds (e.g., Green Climate Fund, Adaptation Fund) to support climate initiatives in PNG.
  - Oversees the allocation and use of climate finance, ensuring accountability and transparency.
  - Works with government agencies, NGOs, private sector entities, and communities to design and implement climate projects.
  - Monitors the progress and impact of climate-related programs and projects.
- PNGFA: is the recognized corporate entity empowered to oversee the administration and enforcement of the Forestry Act and any other legislation pertaining to forestry matters, including forestry policy and related guidelines and codes. Its primary functions are:
  - to provide advice to the Minister,
  - to prepare, review and receive endorsement by the NEC for the National Forest Plan.
  - to direct and supervise the NFS.
  - to negotiate FMAs.
  - to select operators and negotiate conditions on which timber permits/authorities, large scale agricultural or other land use and road forest clearing authorities and licences may be granted.
  - to control and regulate the export of forest produce.
  - to evaluate and register persons desiring to participate in the forestry industry,
  - to act as agent for the State in relation to any international agreement relating to forestry matters.
- CEPA: is the primary government agency tasked with overseeing environmental management, conservation, and sustainable development in the country. CEPA's key roles and responsibilities are:
  - Oversees and approves EIAs for proposed developments to ensure environmental and social safeguards are met.
  - Monitors compliance with environmental laws and regulations and enforces penalties for violations.
  - Establishes, manages, and monitors protected areas, including national parks, wildlife sanctuaries, and marine conservation zones.
  - Implements measures to conserve PNG's unique biodiversity, including endangered and endemic species.
  - Develop and enforce policies aimed at maintaining ecosystems and protecting critical habitats.
  - Works to ensure that the exploitation of PNG's natural resources (forests, fisheries, minerals) is sustainable and minimizes environmental damage.
  - Collaborates with stakeholders to integrate conservation objectives into land-use and development planning.
  - Develop national policies on environmental protection, biodiversity conservation, and sustainable development.

- Supports initiatives that address climate change impacts on biodiversity and ecosystems.
- Works on REDD+ programs by managing forest conservation areas contributing to carbon sequestration.
- Provide training and support to communities, government agencies, and other stakeholders to improve environmental management.
- Mediates environmental and resource management conflicts, particularly between developers and local communities.
- DLPP is the main line agency established by law to give effect to the Lands Act, 1996 & Regulations, and the Physical Planning Act, 1989 & Regulations and all other related land use legislation and policy. Its key roles and responsibilities are the following:
  - Maintains and updates land ownership records, including customary, state, and alienated land.
  - Administers the allocation, leasing, and registration of state and alienated land for residential, commercial, and industrial use.
  - Facilitates the registration of customary landowners and communities through mechanisms like Voluntary Customary Land Registration (VCLR), enabling landowners to formalize their land rights.
  - Develops and implements national policies related to land use, land tenure, and urban development.
  - Regulates zoning and land-use activities to promote sustainable and orderly development.
  - Collaborates with relevant agencies to resolve disputes over land ownership and boundaries, particularly for customary land.
  - Develops policies to ensure that customary landowners and communities benefit equitably from land-based development projects.
  - Monitors and enforces compliance with land use and physical planning regulations.
  - Implements measures to combat illegal land acquisition and speculative activities.
- PCCC plays a critical role in implementing climate change initiatives at the provincial level. These committees act as decentralized bodies to align national climate policies with local priorities and ensure community engagement in climate action. Their roles and responsibilities are:
  - Translate and implement national climate change policies, strategies, and programs developed by the CCDA within the province.
  - Develop and oversee provincial climate action plans that align with the NDC and NRS.
  - Coordinate climate change activities among provincial government departments, local governments, and development partners.
  - Facilitate meaningful engagement with customary landowners and communities as described in table 7 above.
  - Work with non-governmental organizations, civil society groups, and businesses to implement and support climate initiatives.
  - Support sustainable forest management and the implementation of REDD+ projects at the provincial level to reduce deforestation and forest degradation.
  - Monitor the implementation of climate-related projects to ensure alignment with national goals and adherence to environmental and social safeguards.
  - Build the capacity of local government officials, community leaders, and stakeholders to implement climate change mitigation and adaptation activities effectively.
  - Facilitate the exchange of best practices and lessons learned among provinces.
- PFMC is established under s.21 of the Act, and its function is to deal with all forestry related matters at the provincial level. It provides for –
  - A forum for consultation and coordination on forest management between all relevant stakeholders.
  - Consultation with the Provincial Forestry Committees on acquisition and allocation of forest resources.
  - Assisting provincial governments in preparing forest plans and development programmes that are consistent with national and provincial programmes.
  - Making recommendations to the NFB on Forest Management Agreements, selection of operators, and the preparation of timber permits and their enforcement.
  - Making recommendations to the Chairman of the Provincial Forestry Committees on the issuance, amendment or surrender of timber authorities and supervising extension services.
  - Overseeing the receipt and distribution of government levies and charges and other benefits due to landowners.

- Assisting in the early resolution of land-owning disputes affecting forest resources.

The institutional arrangement for the project implementation is outlined in the following diagram:

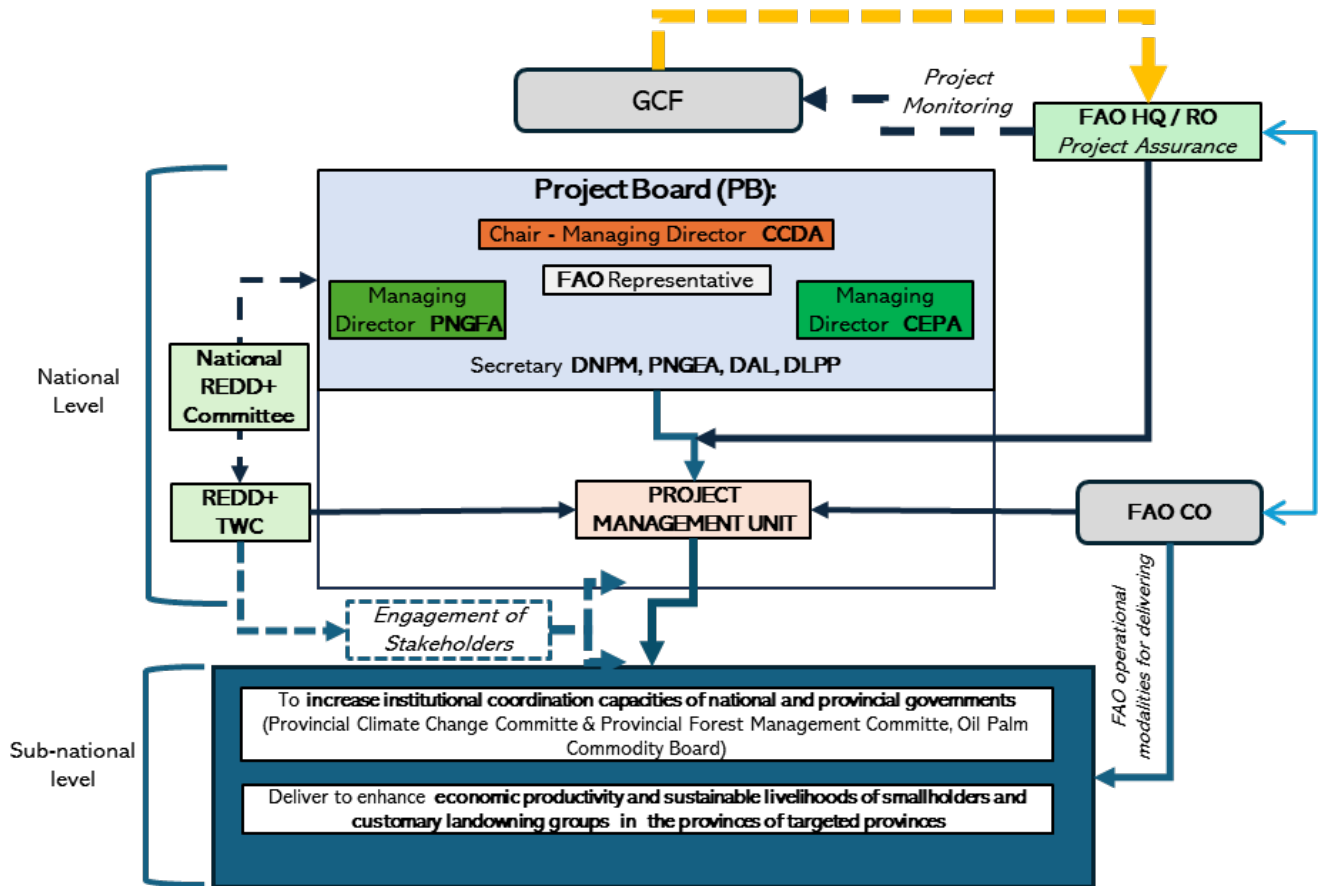


Figure 7. Implementation arrangements scheme.

#### C.2.6. Non-carbon benefits:

PNG's forests are among the most ecologically distinctive in the world. They are home to 191 species of mammals, over 80% of which are endemic, and 750 bird species, more than 50% of which are endemic. Additionally, these forests feature 300 species of reptiles and 197 species of amphibians. The region encompasses a remarkable variety of environments, from coastal atolls and islands that combine limestone and volcanic deposits to the main landmass of New Guinea, which rises from coral reefs at the coast to the highland provinces, reaching elevations of over 4,500 meters. The montane forests in this area are particularly notable for their high levels of endemic species.

These forests play a central role in the social, cultural, and economic livelihoods of the country's 8 million residents. This population is as diverse as the nation's ecology, with over 850 languages spoken. More than 90% of PNG's land is under customary ownership, and with over 80% of the population living in rural areas, the connections between land, culture, and economy are crucial. Rural communities depend on clean river systems for drinking water, while more than 500 species of wild plants are used for food. Additionally, the annual value of bushmeat consumption is estimated at around \$26 million. These resources are essential for the resilience of communities facing environmental challenges and the impacts of climate change.

However, PNG's forests are under significant pressure. Population growth and increased national and international demand for agricultural commodities, land, and timber are contributing to rising levels of deforestation and forest degradation, along with associated emissions.

The extensive loss and degradation of habitats due to deforestation and forest degradation not only leads to significant emissions but also endangers various global, national, and local assets. Habitat loss is the primary threat to over 470 species identified as threatened in PNG. Deforestation is also causing land degradation, pollution of waterways, sedimentation of coral reefs, and adversely affecting the culture and livelihoods of forest-dependent communities. Many of these resources are crucial for the livelihood security of these communities and the country's resilience to external shocks.

At the higher level, the expected non-carbon environmental benefits of the implementation of the NRS have been estimated as follows:

- 6.5 million hectares of forest under conservation
- 470 threatened species for which habitat secured.
- 200,000 hectares of native forest planted.
- \$75 million in sustainable forest products.

For each of the components to be implemented during the project lifetime is expected to achieve the following specific non-carbon benefits:

**COMPONENT 1. Increased institutional coordination capacities of national and provincial governments in PNG and the targeted provinces:**

- **Enhanced Tenure and Land Use Security:** Improved systems and frameworks to secure land ownership rights for customary landowners and communities (including the need to ensure FPIC previously), reducing conflicts and enabling better long-term land management.
- **Increased Inclusivity in Decision-Making:** Greater participation of women, youth, and disadvantaged groups in land-use planning and decision-making processes, promoting equity and diverse perspectives.
- **Enhanced Monitoring and Reporting Capacities:** Strengthened abilities to monitor and report on natural resources, fostering transparency and better-informed resource management.
- **Improved Revenue Generation and Management:** Expanded opportunities for generating and managing revenue from sustainable land-use activities, contributing to broader economic stability.
- **Policy Development and Knowledge Sharing:** A strengthened knowledge base and capacity to inform and influence forest and land-use management policies, ensuring that practices are sustainable and evidence-based.
- **Climate Change Adaptation Impact:** Strengthening institutional capacity fosters stakeholder collaboration, enhancing their ability to manage forests and respond to climate risks.

**COMPONENT 2: Enhanced economic productivity and sustainable livelihoods of customary landowners and communities in the targeted provinces:**

- **Biodiversity Protection:** Increased safeguarding of PNG's unique biodiversity, including over 400 species identified on the IUCN Red List, through conservation-focused initiatives.
- **Sustained Environmental Services:** Preservation of critical ecosystem services, such as water filtration, soil fertility, and climate regulation, along with access to non-timber forest products vital for local livelihoods.
- **Conservation-Linked Tourism Opportunities:** Developing eco-tourism opportunities associated with conservation areas, leveraging PNG's natural and cultural heritage for sustainable economic growth.
- **Sustainable Timber Markets:** Improved market access and higher price potential for sustainably produced timber, benefiting landowners and encouraging responsible forestry practices.
- **Improved Food Security:** Increased agricultural productivity and diversification, enhancing food availability and nutritional outcomes for local communities.

- **Boosted Agricultural Revenues:** Higher revenues from sustainable agricultural production, supported by improved practices, market access, and productivity enhancements.
- **Enhanced Ecosystem Resilience:** By conserving and restoring forests, the project helps to maintain biodiversity, protect watersheds, and prevent soil erosion, reducing the risks associated with climate change impacts like droughts, floods, and landslides.
- **Improved Livelihoods:** Supporting sustainable forest management and sustainable livelihoods strengthens the livelihoods of customary landowners and communities by supporting sustainable land-use practices, diversifying income sources, and enhancing food security. It reduces vulnerability and makes them more resilient to climate change impacts.
- **Knowledge and Technology Transfer:** The project promotes sharing traditional knowledge and innovative technologies that support sustainable land-use practices and climate-smart agriculture.

By achieving these non-carbon benefits, the project supports Papua New Guinea's efforts to mitigate climate change but also promotes inclusive and sustainable development and helps vulnerable communities and ecosystems adapt to the impacts of climate change across the targeted provinces. These outcomes are designed to address the unique challenges faced by customary landowners and communities, ensuring improved livelihoods, enhanced resilience, and the preservation of PNG's rich natural and cultural heritage. Ultimately, the project aims to create a model for sustainable land-use management that balances environmental protection with socio-economic growth, contributing to long-term national goals and global sustainability efforts.

#### D. Investment Framework

*Describe in this section how the proposed REDD-plus results-based programme aligns with each of the criteria of the Investment Framework for the activities that lead to the achieved results for the full period over which the results being submitted in this proposal were achieved.*

##### D.1. Impact potential

In the period 2014 – 2018, PNG reported significant national REDD+ results associated with reducing emissions from deforestation and reducing emissions from forest degradation:

- BUR 1 Technical Annex: 9,004,665 tCO<sub>2</sub>e
  - 2014: 3,958,087 tCO<sub>2</sub>e
  - 2015: 5,046,578 tCO<sub>2</sub>e
- BUR 2 Technical Annex: 61,343,184 tCO<sub>2</sub>e
  - 2016: 13,777,978 tCO<sub>2</sub>e
  - 2017: 24,394,835 tCO<sub>2</sub>e
  - 2018: 23,170,371 tCO<sub>2</sub>e

This proposal emphasizes “Low-emission development pathways – priority mitigation result areas” through two specific options, prioritized as follows:

- M7. Supporting implementation of the phased approach to REDD+
- M6. Reducing emissions from agriculture and related land use management

By leveraging GCF funding, this initiative directly supports the implementation phase of REDD+ under the guidance of Papua New Guinea's NRS. The NRS provides a robust framework to achieve additional measurable emission reductions in the forestry sector, ensuring these efforts gain global recognition through the UNFCCC system.

The NRS is a strategic foundation for integrating REDD+ objectives into government policies, civil society programs, and private-sector initiatives. It lays out actionable steps, cost-effective interventions, and essential investment areas to achieve REDD+ goals while promoting green development. To realize these ambitions, Papua New Guinea must establish comprehensive enabling conditions that bring together government agencies, communities, and businesses under a unified approach. This requires embedding REDD+ principles across multiple sectors and creating policies incentivising sustainable practices, allowing for balanced conservation and development.

This proposal has the potential to catalyse transformational change within the forest and land-use sectors in Papua New Guinea. By prioritising low-emission development, the initiative seeks to reshape the country's

approach to land use and economic growth, setting a trajectory toward long-term sustainability. This vision aligns with Papua New Guinea's broader ambition of fostering an economy that simultaneously achieves lower greenhouse gas emissions, stronger economic growth, and improved community livelihoods. At its core, this transformation promotes the sustainable and equitable use of forest resources, ensuring that benefits are shared among current and future generations.

To achieve meaningful emission reductions, the proposal addresses both direct and indirect drivers of forest loss and degradation. Coordinated efforts across government sectors, civil society, and private stakeholders at all levels—from national to local—are key to driving change. The initiative does not aim to impede economic or social development but instead encourages sustainable resource use that maximizes long-term benefits for the people of Papua New Guinea. By supporting the integration of REDD+ into decision-making processes, this effort ensures that economic growth aligns with environmental and climate goals.

The proposal's two primaries' components address complementary aspects of the challenge.

The first focuses on **enhancing institutional capacity at the national and provincial levels**. This includes establishing a robust NSLUP framework, strengthening enforcement of environmental regulations, and empowering local stakeholders to manage land sustainably. By creating a unified and well-regulated approach to land management, PNG can mitigate climate change, protect biodiversity, and enhance community livelihoods.

The impact of these actions goes far beyond reducing carbon emissions, offering additional benefits such as:

- Conserving endangered species and biodiversity, preventing soil degradation, and safeguarding critical watersheds.
- Improved governance, including stronger enforcement and better interagency coordination to combat illegal logging, mining, and deforestation; enhanced decision-making processes to balance conservation and development, improved interagency coordination to reduce land-use conflicts.
- Increased transparency, accountability, and public trust while setting a foundation for long-term economic growth that supports environmental sustainability.

The second component targets **economic productivity and livelihoods, particularly for customary landholders and local communities**. By introducing sustainable forest management and agroforestry practices. The initiative will reduce pressure on forests by improving productivity and income for customary landowners and communities. Additional measures, such as promoting eco-tourism and enabling access to high-value markets for sustainable products like coffee and cocoa, further diversify livelihood opportunities. These efforts boost economic resilience and ensure fair and equitable benefit-sharing mechanisms that empower marginalized groups and uphold traditional practices. This comprehensive approach enhances food security, reduces poverty, and provides long-term economic stability while protecting natural resources and will also impact by generating additional benefits, such as:

- Economic Benefits: Diversified income streams for customary landowners and communities and enhanced productivity and profitability of sustainable agriculture and forestry.
- Social Benefits: Strengthened livelihoods for marginalized groups, including women and youth, and increased food security through sustainable farming practices.
- Environmental Benefits: Reduced pressure on forests through sustainable land use and preserving biodiversity and natural resources while promoting green development.

By addressing the direct and underlying drivers of deforestation and forest degradation and fostering sustainable development practices, this proposal offers transformative potential for PNG. It promises to deliver significant climate benefits through reduced emissions while safeguarding biodiversity, enhancing livelihoods, and strengthening governance. In doing so, it positions PNG as a global example in sustainable development, balancing economic growth with environmental stewardship to create a thriving, resilient future for its people.

The potential impact of implementing the NRS is as follows:

- Full implementation of NRS could reduce emissions from deforestation and forest degradation by approximately 10-15 million tons of CO<sub>2</sub> annually.

- The NRS aims to preserve large areas of PNG's Forest cover, constituting over 70% of the country's land area. This could safeguard an estimated 28 million hectares of tropical forest, crucial for global biodiversity.
- The strategy emphasizes sustainable livelihoods, potentially benefiting over 85% of PNG's population who depend on forests for their subsistence while creating thousands of green jobs and improving incomes in forest-dependent communities.

The estimated budget to implement the NRS is 1 billion US\$ over 10 years. The GCF project is expected to allocate approximately 5%, resulting in the following estimated impacts:

- A reduction in emissions from deforestation and forest degradation by approximately 3 to 4,5 million tons of CO<sub>2</sub> during the six-year implementation period.
- The safeguarding of an estimated 1.4 million hectares of tropical forest, crucial for global biodiversity.
- Benefits for over 510,000 people (4.5% of PNG's population) who depend on forests for subsistence.

## D.2. Paradigm shift potential

### Potential for scaling up and replication.

PNG faces the dual challenge of a rapidly growing rural population and increasing pressure on land resources, particularly for family farming. Shifting cultivation, a traditional but land-intensive farming practice, remains a primary driver of emissions in the country. The project will focus on fostering sustainable economic development in the targeted provinces to mitigate the adverse effects of agricultural expansion while unlocking opportunities for rural communities. This includes supporting customary landowners and communities, improving land-use planning, and promoting small-scale forestry. These interventions are encapsulated in Component 2, "Enhanced economic productivity and sustainable livelihoods of customary landowners and communities in the targeted provinces."

The primary objective of Component 2 is to strengthen food security within rural communities while advancing sustainable commercial agriculture and forest management systems. These systems will be aligned with evolving international standards, such as the EUDR for agricultural commodities, ensuring that PNG remains competitive in global markets.

The commercial agricultural sector is a cornerstone of PNG's economy. In 2016, the sector generated nearly \$1 billion in exports and provided significant employment opportunities. For example, coffee and cocoa production supports the livelihoods of over 60,000 families. By promoting sustainable and responsible production practices, the project aims to deliver multiple benefits, including access to higher prices, improved working conditions, and the preservation of vital high-value markets in Australia, Europe, and the Americas.

On the other hand, approximately 80% of PNG's population resides in rural areas, relying heavily on family farming and subsistence agriculture. The expansion of this sector has been responsible for 60% of forest conversion between 2000 and 2015, yet significant advancements in agricultural techniques or resilience to climate change and natural hazards have not accompanied it. Institutional constraints have further limited the provision of extension services to rural communities, resulting in low productivity and high dependency on extensive land use.

To address these systemic challenges, the project will prioritize equipping relevant institutions and stakeholders with the resources needed to transform subsistence agriculture into a sustainable and climate-resilient system. The transition to sustainable practices will reduce land pressure, improve productivity, create additional employment, and expand economic opportunities in rural areas. This integrated approach will promote short- to medium-term community development while ensuring long-term sustainability.

The project will initially implement direct activities in six provinces: West Sepik, Western, Hela, Southern Highlands, Chimbu, and West New Britain. These provinces collectively represent 42% of PNG's total land area and, as of 2021, accounted for 28% of the national population. Through these targeted interventions, the project aims to generate tangible impacts at the provincial level, including reduced deforestation, enhanced agricultural productivity, and improved livelihoods.

While the initial focus is on the six targeted provinces, the project's design includes mechanisms to scale its outcomes to the entire country. The following factors enhance its potential for replication and nationwide implementation:

- **Modelling Best Practices:** Successful outcomes in the targeted provinces will be replicable models for other regions, showcasing scalable approaches to land-use planning, sustainable agriculture, and SME development.
- **Capacity Building:** Strengthened institutional capacity at national and provincial levels will create a foundation for replicating successful strategies, including improved agricultural extension services and sustainable forest management practices.
- **Policy Integration:** By mainstreaming sustainable practices into PNG's policies and aligning them with international standards, the project ensures its framework can be adopted across other provinces, fostering national coherence in development approaches.
- **Economic Incentives:** Market access improvements for sustainable products and the economic benefits of diversified rural livelihoods will incentivize broader adoption of sustainable practices.
- **Community Engagement:** Active involvement of customary landowners and communities will foster ownership and facilitate the spread of sustainable practices through peer-to-peer learning and shared experiences.

The project offers a pathway for national transformation by addressing both environmental and socioeconomic challenges. Its focus on sustainable agriculture and forestry aims to mitigate the drivers of deforestation, increase economic opportunities, and build resilience to climate change. This comprehensive approach ensures immediate benefits for targeted provinces and a lasting impact on the country's rural economy and natural resources. Through this vision, PNG can achieve sustainable growth while preserving its rich environmental heritage for future generations.

### **Knowledge and learning potential.**

Capacity development within the government is a critical component of the project, ensuring that institutions are equipped to implement sustainable policies effectively. Customary landowners and communities, who manage most of the PNG's land, are at the heart of this approach. By providing them with accessible information, modern tools, and technical support, the project aims to empower landowners to actively safeguard their long-term interests. This participatory approach enhances trust and accountability and ensures that communities retain the resources they depend on for their livelihoods, enabling them to pass these assets to future generations.

Activity 1.3, which focuses on improving coordination and reporting for the implementation of the NRS, offers significant opportunities for knowledge generation, dissemination, and institutional learning. By addressing key readiness and operational elements and integrating cross-sectoral information systems, this activity contributes to building a robust knowledge infrastructure that fosters long-term capacity development and informed decision-making.

Strengthening NMFS and the SIS requires exhaustive training, capacity building, and technical support to PNG's institutions and stakeholders to gain expertise in carbon accounting, data collection, analysis, and reporting. This technical knowledge becomes a valuable resource, enabling more accurate assessments of the country's emissions and forest dynamics.

The finalization and implementation of the Benefit Sharing System include provisions for ensuring that customary landowners and communities are informed about their rights and the distribution of benefits. This activity promotes awareness at the grassroots level, empowering communities with knowledge about how REDD+ operates and how it can positively impact their livelihoods.

Activity 1.3 generates valuable knowledge that can be codified into reports, policy briefs, case studies, and technical guidelines. These knowledge products can be shared with domestic and international stakeholders. Furthermore, the experience gained in developing and operationalizing systems like the National Land Use Information System and Benefit Sharing System can provide replicable models for other countries facing similar challenges, enabling PNG to contribute to global learning on sustainable land management and climate action.

By embedding knowledge and learning within institutional frameworks, the activity ensures impacts are enduring, fostering a resilient and adaptive governance system that can respond to emerging challenges and opportunities in climate action and sustainable development.

In summary, the project strengthens PNG's technical and institutional capacities and creates a dynamic environment for knowledge generation, sharing, and application. It equips the country with the tools to navigate the complexities of climate action, land management, and sustainable development while positioning PNG as a knowledge leader in the global REDD+ community.

### **Contribution to enabling environment.**

PNG's diversity and the predominance of customary land ownership have posed significant challenges to developing and implementing effective land use and development planning. Despite the enactment of the Planning and Monitoring Responsibility Act in 2016, its implementation has been inconsistent, and critical related regulations (such as the National Sustainable Land Use Policy and the subsequent National Land Use Plan) remain stalled. Strengthening land-use and development planning is, therefore, a cornerstone of this project, aimed at overcoming these barriers and creating a favourable environment for sustainable development.

This initiative seeks to empower communities and landholders as the primary custodians of their land and managers of invaluable strategic assets. At the local level, the project will focus on building capacities and strengthening land-use planning frameworks. Key activities will enable communities to:

- Develop and implement effective land-use plans tailored to their needs.
- Protect and manage critical resources sustainably.
- Engage in sustainable development activities that improve livelihoods and preserve ecological balance.

These actions will create a transformative enabling environment, equipping communities with the tools and knowledge to align their resource management practices with broader sustainable development goals. This approach ensures that landholders and local communities are positioned as active agents of change, fostering long-term resilience and inclusive growth.

Another relevant activity to be implemented during the project aims to strengthen environmental management, enforcement, and protection. This includes key aspects such as climate change mitigation, forest management, and conservation of ecosystems. A favourable enabling environment requires robust coordination across sectors to harmonize laws, policies, and regulations. Establishing integrated financial management systems will also facilitate a shift from intensive production models to sustainable management practices.

The coordinated implementation of these measures will generate significant opportunities for local communities and landowners. By aligning land-use practices with sustainable development principles, the project will catalyse transformative change across the country. This favourable enabling environment will facilitate the responsible management of natural resources and foster inclusive economic growth, biodiversity conservation, and climate resilience—building a foundation for PNG's sustainable future.

In addition, by advancing key readiness elements, PNG positions itself to access additional proceeds from RBP programs in a continuous and virtuous cycle. The ability to document and report on successes effectively enhances PNG's credibility with international funders and opens opportunities for scaling and replicating successful approaches. This financial influx further reinforces the systems and capacities built, creating a feedback loop that strengthens the enabling environment for REDD+.

### **Exit strategy.**

The exit strategy is focused on creating a self-sustaining system that continues to thrive after the GCF financial support concludes.

The first step involves ensuring local capacity and empowerment. This includes training community members, cooperatives, and local institutions to manage and expand the project's initiatives. Knowledge transfer will emphasize practical skills, technical expertise, and leadership development to enable stakeholders to take full ownership of the project's outcomes, especially under component 2.

Livelihood diversification is another cornerstone of the exit strategy. Communities should be equipped to pursue alternative income sources such as ecotourism, agroforestry, or non-timber forest products, reducing dependency on any single sector. Providing skills training for non-agricultural activities, such as handicrafts or small-scale manufacturing, enhances resilience against economic shocks.

Strong value chains for agriculture and forestry products must also be established. This involves connecting producers directly with markets, ensuring adherence to international quality standards, and advocating for infrastructure improvements to reduce costs and enhance access. These steps strengthen local economies and attract further investment in the region.

Financial sustainability is critical to the exit strategy. The project should establish strong market linkages for agricultural and forestry products, creating long-term partnerships with buyers to secure steady income streams for local producers. Local savings and credit schemes can provide additional financial resilience, enabling communities to invest in their growth.

Simultaneously, systems for accessing international climate finance and biodiversity crediting mechanisms or payments for ecosystem services are needed. Indeed, PNG expects to achieve further RBP from other multilateral programmes, such as the LEAF programme and from different Voluntary Carbon Market initiatives as described in Section B.2.2.

Collaboration with national and provincial governments ensures that successful project approaches are embedded within policy frameworks, supporting long-term adoption and scalability. Communities should also be equipped with the skills and knowledge to advocate for supportive policies and additional funding when needed.

Community ownership is essential for long-term success. Active participation in planning and decision-making fosters a deep sense of responsibility and commitment. Aligning project initiatives with traditional practices and local values ensures that the changes introduced are culturally relevant and widely accepted.

By embedding these elements into the exit strategy, the project can ensure its goals remain viable and impactful, empowering communities in PNG to lead sustainable development efforts well into the future.

### **D.3. Sustainable development potential**

As explained above, the project is designed to address the main drivers of deforestation and forest degradation while providing wider environmental, social and economic benefits.

This project exemplifies a holistic approach to sustainable development by addressing the interconnected challenges of environmental degradation, social inequities, and economic underperformance. By aligning with existing national policies and frameworks, it ensures coherence and scalability. These measures contribute to a future where PNG's environmental assets are preserved, rural communities are empowered, and economic development occurs within a framework of sustainability and equity.

The expected wider benefits and priorities from the implementation of the project outputs and activities are the following:

#### **Environmental benefits and priorities**

The project prioritizes strengthened environmental governance and management, ensuring that key ecosystems and resources are sustainably managed. By aligning land use planning with the principles of the National StaRS, the initiative promotes strategic zoning of land to prioritize conservation or sustainable development. This approach enhances the enforcement of environmental regulations, safeguards biodiversity, and protects watersheds.

In addition, strengthening the enforcement capacity of the Forest Act and promoting sustainable timber production tackle major drivers of deforestation, such as illegal logging and poorly managed commercial operations. Supporting small-scale timber producers, improving value chains, and incentivizing sustainable practices through tax reforms and subsidies contribute to a broader framework of forest conservation.

The project also enhances conservation by harmonizing mechanisms like the Biodiversity Trust Fund and improving environmental impact assessment (EIA) processes. By integrating EIA systems into development plans, the project ensures that the intrinsic value of PNG's natural resources is respected, thus reducing the negative impacts of unregulated development. The integration of community conservation efforts further promotes local stewardship over critical habitats.

#### **Social Benefits and Priorities**

Empowering customary landowners and communities is a cornerstone of the project. By involving them as primary custodians of land and resources, the initiative fosters local ownership and participation in

sustainable land management. Enhanced land use planning ensures communities can make informed decisions about land utilization while being protected from poorly planned developments that could adversely affect their livelihoods.

A key social priority is gender equality, which is integrated into all aspects of the project. Women's active participation in decision-making processes, capacity building, and implementation ensures they have the knowledge and skills to contribute to and benefit from REDD+ activities. By addressing gender disparities, the project strengthens the resilience and inclusivity of rural communities.

Improved agricultural systems also contribute to social benefits by enhancing food security and diversifying economic opportunities. Strengthened extension services provide resources and knowledge to customary landowners and communities, fostering resilience against climate-related risks and empowering local populations with sustainable livelihoods.

### **Economic Benefits and Priorities**

The project emphasizes creating sustainable economic opportunities aligned with international standards and market demands. By supporting customary landowners and communities, fostering sustainable agricultural production, and improving value chains, the project drives economic growth while ensuring environmental sustainability. For example, by aligning commercial agriculture practices with global standards, the project ensures that PNG's products remain competitive in high-value markets.

Enhanced productivity and market access, combined with the establishment of economic corridors, create employment and entrepreneurial opportunities. Customary landowners and communities benefit from diversified income streams, including eco-tourism, agroforestry, and value-added agricultural practices. Investments in rural infrastructure further strengthen the connectivity between producers and markets, ensuring long-term economic benefits for rural communities.

The project also supports institutional coordination, helping PNG achieve sustainable growth consistent with global trends in environmental management and green development. By fostering partnerships between government agencies, local communities, and private stakeholders, the initiative lays the groundwork for a transformative, low-emission economic model that benefits all sectors of society.

### **D.4. Needs of the recipient**

PNG has experienced one of the fastest-growing economies globally in the 21st century, with an average annual growth rate of over 6%. This growth has been driven by foreign investments in the natural gas sector and exports of key resources, including petroleum gas (38%), gold (20%), timber (10%), and palm oil (4.3%). While this economic expansion has benefited urban areas and communities directly involved in these industries, significant challenges remain in achieving the country's Vision 2050 goals. These include creating equitable development opportunities for all communities and safeguarding PNG's rich natural environment.

Despite the robust growth, PNG has faced fiscal challenges. By 2016, mounting public debt—accounting for 10% of GDP—had impacted government revenues and economic stability. Credit rating agencies Moody's and S&P downgraded the country's ratings, reflecting concerns about fiscal management. Foreign exchange reserves also plummeted from \$4 billion in 2012 to \$1.7 billion by mid-2016, further straining the economy. The International Finance Corporation's refusal to provide a \$230 million loan facility compounded these issues, forcing the government to significantly cut in public spending.

Given those circumstances, the government's ability to invest in new programs, including REDD+, is severely restricted.

The estimated costs for implementing the actions to achieve REDD+ results are projected to be nearly US\$1 billion over 10 years. This level of expenditure is significantly higher than the current government support for the targeted sectors, representing almost a 50% increase in existing central government spending across these sectors.

Mobilizing additional financing to achieve REDD+ results faces the same challenges as attracting investment in almost any sector in PNG. Although the potential returns on investment—including emissions reductions and various environmental, social, and economic benefits—may be substantial, investors confront several key challenges:

- **High risks of investment:** PNG is considered a high-risk country for investment, ranking 109 out of 189 in the World Bank's Ease of Doing Business Index. Challenges related to land tenure security and regulatory changes make many businesses hesitant to invest.
- **Lack of market knowledge / information:** PNG is a remote and diverse country, which makes it extremely difficult to establish effective connections between commodity producers, plantation development programs, conservation activities, and interested international financiers.
- **High costs of doing business:** Due to its remoteness, PNG faces challenges with limited transport infrastructure and low-capacity levels. The costs associated with developing businesses that require specialized equipment and skills and the expense of getting products to market are relatively high. This presents significant barriers to entry for many businesses and hinders small-scale production efforts.

The Redd+ Finance and Investment Plans identify significant financing gaps and limited financing for the main policies and measures included under the NRS:

- **Strengthened land use and development planning:**

Action will focus on development, strengthening and rolling out the regulations under the draft Sustainable Land Use Planning Policy developed by the DLPP to create an inclusive land use planning framework that recognises areas of high social and environmental value and strengthens both inclusion of all groups and the application of safeguards in land use development planning. Full implementation will require investment of over \$20m over 10 years, with finance covering policy and regulatory development, land use planning systems and capacity, as well as practical role out to rural areas. This level of investment represents a 20% increase in existing recurrent spending for the entire DLPP.

- **Strengthened forest and environmental management, protection, and enforcement:**

Action within the **forest sector** will support the transition to a sustainable and internationally recognised industry with high levels of market access, ability to deliver premium products, and increased levels of value addition.

Estimated costs for implementation are over \$540m over 10 years, equating to just over \$54m per annum. This level of expenditure is close to five times existing levels of recurrent spending by PNGFA, which is nearly \$11m, although the total budget rises to approximately \$26m when income from forestry levies is added. While many of these additional costs do equate to transformational elements, a large proportion is also recurrent and linked to increased staffing and operational costs from improved monitoring, for example, within enhancing timber legality ongoing staff costs (\$2m per annum by the end of 10 years when all staff are on board), forest rehabilitation (\$2m per annum) and engagement of a third party verifier (close to \$3m per annum) alone equates to costs of \$7m in additional recurrent expenditure. This is close to the existing centrally allocated annual budget of PNGFA.

Actions on **environmental management** will focus on strengthening the application of environmental safeguards and placing areas of social and environmental importance under conservation agreements with a focus on community based conservations areas which provide a clear mechanism for sustainable community use of forest resources, thus both helping to conserve global biodiversity, and local environmental services while also strengthening the rights of communities over their land and empowering decision making on sustainable land use.

The action area will require an investment of over \$32m in enhancing environmental permitting and monitoring systems and their application, as well as the development of PNG's Protected Areas network in line with the PNG Protected Areas Policy, with a focus on the development of community-based conservation areas. This investment would represent a 50% increase against recurrent government spending on the sector.

- **Enhanced economic productivity and sustainable livelihoods.**

The investment area has the potential to contribute towards government targets of increased revenue from agricultural exports while also significantly increasing productivity and earnings per ha. Strengthened sustainable agricultural supply chains will also support global progress towards sustainable consumption, while improved productivity and adaptive capacity in PNG will help reduce hunger and vulnerability to climate fluctuations and natural disasters.

Indicative figures for investment needs are more than \$500m based on initial assessments of required technical support and rollout of replanting, extension and market access programmes. There are opportunities for

figures to vary considerably based on crops, locations and implementing partners. The investment need is equivalent to a 50% increase in government spending.

- **REDD+ Coordination and management.**

The establishment of an effective REDD+ coordination and management structure will enable PNG to effectively account for emissions from the forest sector and manage different projects and programmes working to support these. While PNG has made significant progress in this area, further investment is needed estimated at over \$21m, representing a 70% increase in spending against CCDA's existing spending.

- **Social and institutional needs**

Addressing social needs through the NRS is critical in PNG. Over 85% of the nation's 7.9 million people live in rural areas, relying on subsistence agriculture for their livelihoods. These communities face significant barriers, including limited access to health services, a mere 50% literacy rate, and scarce development opportunities.

Customary land ownership is widespread, covering more than 97% of the country's land area. While this ownership is essential to PNG's social and cultural identity, it complicates attracting international investment, with unfamiliarity often creating hesitation. As the population grows rapidly at 3.1% annually, continuing with a "business as usual" approach to development will only lead to greater unsustainability.

The rising demand for resources in rural areas intensifies environmental pressures, and large-scale investments can exacerbate inequalities between those who reap the benefits and those left behind. It is essential to rethink our strategies to ensure a sustainable and equitable future for all Papua New Guineans.

Addressing institutional needs is crucial to achieving effective implementation of the NRS. The CCDA, as a newly formed government entity, is transforming its management processes and building the capacity required to act as the national coordinating agency for all climate change-related efforts in the country.

CCDA is taking proactive steps to embrace this responsibility, leveraging the REDD+ initiative to convene diverse stakeholders. Notable participation has come from various governmental bodies, including Planning, Finance, Treasury, Forestry, Lands, Agriculture, and the Office of the Prime Minister. Furthermore, NGOs focused on forestry and land use and significant private sector players like NBPOL, the largest palm oil producer in Papua New Guinea, are also joining these pivotal discussions.

However, challenges persist regarding institutional capacity within the CCDA and essential sector agencies targeted by the project. The PNGFA stands out as one of the most organized entities at the sub-national level, yet it grapples with critical gaps in effectively monitoring and reporting timber operations. Simultaneously, the OPIC struggles with significant constraints in fulfilling its wide-ranging mandate, including the provision of necessary extension services.

This project is crucial in strengthening the capabilities and fostering collaboration among government agencies and subnational bodies. By addressing these institutional gaps, we can ensure that PNG effectively navigates the path toward sustainable development and climate resilience in the face of ongoing decentralization efforts. Together, we can drive meaningful change that benefits our environment and communities.

#### D.5. Country ownership

PNG has established itself as a global leader in the REDD+ initiative, demonstrating a long-standing commitment to combating climate change. The country's active engagement with REDD+ is pivotal to its NDC and essential for sustainable development. This commitment is underpinned by a comprehensive NRS crafted through extensive consultations at both national and subnational levels. The NRS is intricately aligned with PNG's national and international obligations, encompassing critical frameworks such as the Medium-Term Development Plan, Vision 2050, and the Strategy for Reducing Emissions from Deforestation and Forest Degradation (StaRS).

The NRS is a vital framework comprising two essential components. The first component targets key action areas to address the major drivers of deforestation and forest degradation while simultaneously boosting initiatives to enhance forest cover across the country. The second component focuses on the critical aspects of REDD+ Coordination and Reporting. To successfully manage and report on REDD+ activities in line with the 2015 Paris Agreement and UNFCCC guidelines, PNG must establish a robust system for

coordinating these efforts and transparently tracking progress in emission reductions and removals. Implementing this strategy can ensure a more sustainable future and protect invaluable forests.

The CCDA spearheaded the NRS development, actively collaborating with a diverse array of stakeholders, including government sectors, universities, NGOs, and the private sector. As the NDA for the GCF and the UNFCCC focal point, the CCDA skilfully coordinated the entire process, ensuring meaningful stakeholder involvement. This effort included 20 multi-stakeholder consultations on the pre-NRS 'Issues and Options Paper' and 15 focused discussions on the NRS's content. These consultations spanned across the country between February 2016 and March 2017, culminating in a crucial NRS Validation Workshop on March 27, 2017. After this comprehensive review, the NRS was submitted to the National Executive Council and proudly launched on October 6, 2017. This strategic approach underscores PNG's dedication to REDD+ and positions the country as a model for effective climate action worldwide.

CCDA coordination will be facilitated through the National Climate Change Board (NCCB), the National REDD+ Steering Committee (NRSC), and a range of technical working committees (TWCs) that integrate diverse stakeholders. Leveraging the insights gained during the REDD+ development phase, these collaborative efforts will ensure a more effective and unified approach to climate action.

NCCB, as mandated by the Climate Change Management Act, is responsible for overseeing climate change initiatives and REDD+ activities across various sectors. The board will be a central coordinating body for all climate change efforts. The NCCB will facilitate and support coordination among sectors through its membership of key sector agencies. Additionally, the NCCB will collaborate closely with the Central Agency Coordination Committee (CACC) to develop significant REDD+ related actions.

The National REDD+ Strategy TWC, led by the General Manager for REDD+ and Mitigation at the CCDA, serves as a key component of the governance structure established under the NRSC. This committee plays a crucial role in guiding the implementation of the NRS while also taking charge of the ongoing revision and development of essential supporting documents. Among these are detailed reports submitted to the UNFCCC and comprehensive investment and financing plans aimed at bolstering REDD+ initiatives. The TWC comprises of diverse stakeholders, including representatives from various sectors and agencies, ensuring a collaborative approach to achieving the goals of the NRS.

The MRV/FRL TWC functions as another vital multi-stakeholder technical and advisory forum specifically designed to assist PNG in fulfilling its commitments under the UNFCCC. This committee actively collaborates with the MRV Unit of CCDA and the PNFGA to advance the development of a continuous update of the national FREL/FRL and the implementation and improvements of the NFMS. These tools are essential for PNG's broader REDD+ development framework to effectively monitor forest carbon stocks and emissions. Furthermore, the initiatives undertaken by this committee are set to be enhanced, thereby promoting greater coordination and operational efficiency during the actual implementation of the NRS.

The Social and Environmental Safeguards TWC is another significant multi-stakeholder technical and advisory forum established in response to the complex international safeguarding requirements that PNG faces. This includes strict guidelines outlined in the UNFCCC, specifically the Cancun REDD+ safeguards protocol. To effectively address these requirements, the forum adopts an inclusive, country-specific approach to safeguard implementation, ensuring that environmental and social considerations are integrated into all REDD+ activities. By doing so, the TWC aims to protect the rights and well-being of local communities and the environment as PNG embarks on its journey towards sustainable forest management and climate change mitigation.

#### **D.6. Efficiency and effectiveness**

As explained previously, the proceeds will be strategically invested in activities outlined in the NRS to foster a sustainable and successful cycle of REDD+. This cycle focuses on the essential interconnectedness of the three REDD+ phases: Readiness, Implementation, and Results-Based Payments.

PNG will be able to access proceeds from RBP programs in a continuous cycle by fulfilling and enhancing crucial readiness elements and advancing in the implementation of the National REDD+ Strategy.

The project will support PNG to continuously improve their carbon accounting and safeguard systems to achieve an increasingly ambitious environmental impact, but also to facilitate the country accessing a wider range of carbon and climate finance on a rolling basis, ensuring the effectiveness of the investment.

In addition, the project has been designed to ensure the efficiency of the resources considering the following key elements:

### **Targeting provinces**

The proposal aims to ensure greater efficiency based on a focused allocation of financing to the prioritized provinces. The provinces targeted were selected under a prioritization process which identifies a set of variables to balance principles of effectiveness and equity among all the provinces:

#### **1. Rewarding Provinces with Proven Emission Reduction Success**

Provinces that have demonstrated strong performance in reducing greenhouse gas emissions will be prioritized. Focusing on these areas ensures that incentives are provided to communities and local authorities that have already embraced and successfully implemented sustainable forest and land-use practices. Supporting these provinces further strengthens their ongoing efforts, showcasing successful initiatives as models for replication in other regions.

#### **2. Recognizing the values of forests beyond carbon**

Funding allocation will consider the forest landscape integrity index, which measures the condition of forests based on the extent of anthropogenic modification. Provinces with higher levels of intact landscapes will be prioritized, ensuring that funding supports areas where ecosystems remain relatively undisturbed and have significant ecological and socio-economic value. A holistic approach to forest integrity recognizes biodiversity preservation, ecosystem services, and the cultural and economic importance of forests to indigenous and local communities.

#### **3. Addressing Provinces with Higher Risks of Deforestation and Forest Degradation**

The proposal will also prioritize provinces with higher population densities, as these areas face greater anthropogenic pressures that contribute to deforestation and forest degradation. Funding will be strategically deployed to implement preventive and corrective measures that address activities such as logging, agricultural expansion, and infrastructure development, ensuring sustainable land management practices are prioritized.

#### **4. Promoting Synergies with Existing REDD+ Initiatives and Relevant Programs**

The selection process considers current REDD+ initiatives and other forest conservation programs to build synergies and ensure collaboration across efforts. Initiatives such as community-based forest conservation projects, carbon credit schemes, and landscape restoration efforts were evaluated to avoid duplication and enhance the overall impact of funding allocations. These initiatives include programs led by national and international organizations, NGOs, and government efforts, which were carefully analyzed to ensure that the project's investments complement and strengthen existing efforts rather than compete with them.

### **Benefit Sharing**

In addition, the funds will be allocated following the key principles described in the Benefit Sharing and Distribution Guidelines, including the development or upgrade of these guidelines into the National Benefit Sharing Plan.

The guidelines aim to ensure that the financial and non-financial benefits generated from REDD+ initiatives are distributed equitably and sustainably among all stakeholders, particularly the **customary landowners and communities, local authorities, and relevant government agencies**.

The plan emphasizes FPIC from customary landowners and communities before any REDD+ activity is implemented. This ensures that stakeholders are fully aware of the benefits, risks, and impacts of REDD+ projects and can participate in decision-making processes. A transparent approach to revenue distribution strengthens community trust and participation, fostering a sense of ownership and responsibility.

A substantial part of REDD+ revenues is invested in initiatives that support sustainable livelihoods and alternative income opportunities, such as agriculture, non-timber forest products, and eco-tourism. These initiatives help communities transition from extractive practices to sustainable economic activities, ensuring long-term economic stability. The plan also includes capacity-building programs to equip local communities and authorities with the necessary knowledge and technical skills for sustainable forest management, monitoring, and reporting.

Clear policies and legal frameworks are established to support REDD+ governance and benefit distribution, ensuring transparency, accountability, and equity. These governance mechanisms are overseen by

national and provincial authorities aiming to create a robust and fair system that benefits everyone involved.

Additionally, investments from REDD+ initiatives contribute to maintaining and enhancing forest ecosystem services, such as water regulation, soil fertility, and biodiversity preservation. Projects focus on community-led conservation areas, restoration efforts, and initiatives that protect the ecological integrity of Papua New Guinea's landscapes.

Overall, the Benefit Sharing Plan for REDD+ seeks to create a balanced system where the environmental and economic benefits of carbon markets and sustainable forest management contribute to social equity, community development, and long-term environmental resilience, thus ensuring the efficiency and effectiveness of investment.

## E. Compliance with GCF policies

*Describe how the REDD-plus results-based programme that generated the results submitted in this proposal or will be supported with the proceeds earned by them aligns with GCF policies for the activities that led to the achieved results and for the use of proceeds.*

### E.1. Environmental and social safeguards

#### E.1.1. For the period of the achieved results

The Environmental and Social Assessment (ESA) report submitted with this proposal demonstrates that during the period for which REDD+ results-based payments are being requested, activities were implemented in a way that was consistent with the environmental and social safeguards and standards of the GCF, FAO as AE to the GCF, and the UNFCCC, and anchored in PNG's policy, legal and institutional framework relevant to its National REDD+ Strategy.

As noted in PNG's Final Report to the FCPF for the period 2015-2018, with UNDP's support, a National REDD+ Finance and Investment Plan (NRFIP) was developed, while in parallel PNG started the preparation of its original concept note for GCF's REDD+ RBP Pilot Programme. The RFIP had envisioned to include an assessment of potential environmental and social risks and benefits from the implementation of the specific PAMs and actions to mitigate these risks and enhance the benefits, as part of a dedicated ESMF.

In turn, issues related to potential risks and benefits associated to the REDD+ strategy had been envisioned to be tracked through PNG's Safeguards Information System - the SIS – and reported through its Summaries of Information on Safeguards – the SOI. At the time and following UNDP's Social and Environmental Screening Procedure (SESP) and Social and Environmental Standards (SES) as the proposed AE, a draft Environmental and Social Management Framework (ESMF) had been prepared to support PNG's funding proposal. However, said ESMF was completed prior to the NRFIP, thus PNG acknowledged in its final report to the FCPF that further assessments for consistency would be required.

Noting the exhaustion of the GCF's RBP envelope at the time and the fact that REDD+ Readiness technical and financial support through the FCPF and UNREDD were also finalized by 2018, a comprehensive Strategic Environmental and Social Assessment and resulting ESMF are yet to be developed for PNG's NRFIP. The ESMF proposed for the project builds on outstanding environmental, social and governance potential risks, gaps and priorities, as identified in the ESA Report.

As concluded in detailed in the ESA Report, *'during the results period, PNG's National REDD+ Strategy has not yet been implemented'* and emission reductions achieved over the *results period* cannot be attributed to any specific policies and measures. By 2016, PNG had made significant progress in its REDD+ readiness, establishing solid foundations that were later consolidated in its National REDD+ Strategy and its approach to accessing results-based financing.

The country's REDD+ actions were built on a wide range of technical and institutional assessments, stakeholder consultations, and policy dialogues, which included the consolidation of multi-stakeholder and multi-sectoral platforms. Additionally, the ESA concluded that during the Results Period (2014-2016), PNG had a robust legal and institutional framework that provided a coherent governance environment. This framework clearly defined environmental and development objectives aimed at promoting forest protection, sustainable natural resource use, and the safeguarding of sustainable livelihoods.

The existing policy and legal framework, together with enabling and early actions, allowed PNG to protect rights to prevent potential negative impacts on people and the environment resulting from the implementation of PAMs and activities around REDD+. Notably, PNG's legal and governance framework also upholds the rights of customary landowners and communities over land and forest resources, supported by dedicated land tenure legislation.

As examined in section C.1.2, over the REDD+ Readiness and results periods, PNG undertook a series of stakeholder engagement and consultative efforts, and which overall have demonstrated consistency with applicable GCF policies and FAO's Environmental and Social Operational Pillar 2, ensuring effective and meaningful participation of relevant stakeholders, including customary landowners and communities.

However, it is worth noting that, given the high level nature of the REDD+ Strategy in PNG, and the fact that dedicated readiness technical and financial support largely concluded in 2018, the ESA has not been able to assess the inclusiveness and effectiveness of stakeholder engagement efforts to date, as a result of limited data availability. Key areas for improvement and strengthening in the context of the RBP have been identified (see C.1.2 and the ESA Report).

Moreover, while recalling that over the results period PNG's National REDD+ Strategy has not yet been implemented, the country has implemented a diverse set of policies and measures - from policy, legal and regulatory developments - focused on the conservation, restoration, and sustainable management of forest resources, while also promoting sustainable livelihoods. As a result, and for the purposes of the retroactive due diligence assessment conducted in support of this FP, the ESA Report annexed to this FP, looked at selected PAMs implemented in the country in the established timeframe for the ESA in an illustrative manner - including policy implementation, legal developments, and projects - to examine the extent to which said actions were consistent with the applicable ESS framework. The assessed PAMs are listed below.

- **PAM 1:** Implementation of the **Forestry Policy 1991** through periodic and detailed planning that establishes limits on total allowable cuts for timber harvesting each year. The Forest Policy 1991 addresses the need for the sustainable management of forest resources and adopts an integrated approach to implementing this goal through administrative, research and project approaches.
- **PAM 2:** PNG moving away from **Forest Clearance Authority (FCA)** to the **Forest Management Agreement (FMA)** which has provisions for sustainable forest management. This is in line with the country's overall forestry priority and PNG's international commitment on REDD+
- **PAM 3:** Government's moratorium on the issuing of **Special Agriculture and Business Leases (SABLs)** in 2011 and subsequent suspension of SABL in 2014. SABLs were intended to promote large-scale agriculture on customary land with the consent of traditional landholders. However, many commercial logging companies obtained SABLs without developing agriculture or securing consent, leading to protests. Following an investigation in 2014, over half of the issued SABLs were revoked for failing to follow proper land acquisition procedures.
- **PAM 4: Strengthening the Management Effectiveness of the National System of Protected Areas (GEF Project).** This GEF project was targeted at strengthening national and local capacities to effectively manage the national system of protected areas, and address threats to biodiversity and ecosystem functions in these areas. Particularly, it promoted 'bottom up' conservation initiatives that were established by customary landowners and communities, and conservation partners in key biodiversity areas throughout the country, and a cooperative approach between state and customary landowners and communities to manage protected area sites.

The four PAMs were selected based on policy significance and were deemed as representative of the REDD+ early efforts over the results period as they offer a mix of actions that promote both forest management/production and conservation, as well as different types of instruments including legal developments, policy implementation, and on-the-ground interventions. However, it is worth underscoring that said PAMs' assessment is not meant demonstrate any sort of linkage or attribution in relation to the emission reduction achieved over the results period.

The assessment concluded that the PAMs assessed for illustrative purposes in this ESA stemmed from the effective implementation of this legal and policy framework. The PAMs were carried out within a solid national forest policy framework that protected the rights of customary landowners and communities, promoted stakeholder participation, and adhered to the Cancun Safeguards and the FAO's Forest Environmental and Social Management (FESM) standards, as an accredited entity. The AE acknowledges,

however, that data availability limitations hindered a more detailed assessment on the extent to which social and environmental impacts associated to said PAMs were assessed, identified and managed in consistency with the applicable ESS, as well as the lack of effective information and evaluation systems at the time, including dedicated mechanisms for receiving, managing and tracking complaints and feedback. PAM4 is the only one that provided more information including safeguards documentation and a final project evaluation that was considered for the purpose of this assessment.

For activities involving customary landowners and communities, potential risks identified included social conflict at the community level (particularly at the Varirata-Sogeri Complex) and gender-based conflict over the roles of men and women in natural resource management. The risk on social conflict was not realized as the Project did not progress with the planned activities on the ground in that area, and rather focused on the analysis of historical social and land-use dynamics. Gender risks were addressed by following a gender-responsive approach during project design and implementation. Outstanding environmental, social and governance barriers, potential risks and opportunities identified as a result of the ESA Report will be further assessed as part of the comprehensive and inclusive assessment during the project inception period, in preparation of the project's Environmental and Social Management Plan.

The internal complaint and grievance mechanisms of the Climate Change and Forest Authorities (CCDA and PNGFA) that were available at the time were limited in their capacity to adequately manage conflicts and complaints. Even when authorities managed to address complaints, they often were unsuccessful in tracking the progress of any potential mitigation measures taken.

In the case of REDD+-related issues specifically, the information available was even more limited, with the available information focusing predominantly on the registration of emerging "REDD+" pilot initiatives, which were mostly voluntary forest carbon projects. The RBP project will support PNG in their efforts to establish open, accessible channels for stakeholders on the ground to raise concerns and grievances, thus gaining greater clarity on the potential risks (social and environmental) arising from the implementation of the proposed REDD+ measures. The results of the retroactive assessments of the selected PAMs are included as annexes of the ESA. Annex 1 includes the results for the retroactive environmental and social screening checklist done to the PAMs. Annex 2 includes the retroactive assessment of the PAMs along with the correspondence of the policy, legal, and regulatory framework with PNG's Integrated ESS Framework.

The ESA identified key opportunities for ensuring full compliance with the applicable safeguards over the RBP preparation, inception and implementation, including the need to further strengthening the participation of women and other vulnerable groups in REDD+ actions and the potential to improve the living conditions of underprivileged communities through REDD+. This could be done by building capacity, adapting processes and mechanisms to better meet stakeholder needs, and enhancing economic opportunities and sustainable livelihoods.

The ESA also recognizes that while governance mechanisms in PNG support multi-sectoral coordination, continued efforts are necessary to strengthen coordination and align sectoral instruments. This alignment is crucial to achieve sustained emission reductions and support transformational change in PNG. These issues are addressed in this proposal and the use of proceeds further examined in the related safeguard documents. Key findings relevant to stakeholder engagement and consultations are included in C.1.2, and in relation to gender and GBV and rights of Forest Dependent Indigenous Peoples and other Vulnerable and Marginalized Groups, in sections E.3 and E.5 below, respectively.

#### E.1.2. For the use of proceeds

Following the safeguards frameworks applicable to PNG's REDD+ RBP proposal – namely, the Cancun Safeguards, the GCF Environmental and Social, Indigenous Peoples and Gender Policies, and FAO FESM - and drawing from the conclusions of the ESA Report in relation to outstanding environmental, social and governance issues relevant to REDD+ in PNG, a dedicated ESMF has been prepared, and is an annex to this document (Annex 3).

The proposed ESMF provides a comprehensive policy, legal, governance and procedural framework to guide the on-going screening, identification, assessment and management of all relevant environmental, social and governance potential impacts, risks and co-benefit opportunities associated to the RBP, in full compliance with all applicable safeguards frameworks, policies and standards.

Consistent with the GCF's terms of reference for the pilot programme, the proposed ESMF describes:

- i) how the proposed on-the-ground activities to be supported by GCF proceeds will meet the requirements of FAO and the GCF's ESS, Gender, Indigenous Peoples and Prohibited Policies, and guided by prevailing relevant national laws and/or obligations of the country directly applicable to the activities under relevant international treaties and agreements.
- ii) how environmental and social risks and impacts have been identified, assessed and managed in the context of the RBP project design, and will continue to be throughout project implementation, and in conformance with FAO's Environmental and Social Operational Pillar 1 (ESOP1) Screening, assessment, management of environmental and social risks and impacts;
- iii) how the project will regularly assess and maintain the assigned risk category, informed by on-going stakeholder engagement processes to be implemented throughout project;
- iv) overarching and preliminary management and M&E procedures, and implementation arrangements, relevant to the scope of the proposed ESMF and the identified potential environmental, social and governance risks and impacts and associated management measures, including in relation to the extent to which and how dedicated ESS management procedures / planning frameworks will be further elaborated and operationalized during project implementation (with special attention on issues relevant to FAO's ESS7 and the GCF's Indigenous Peoples Policy and the principle of FPIC;
- v) information on how stakeholder engagement and consultations have been undertaken during the RBP design, and how on-going stakeholder engagement and consultations will continue to be implemented throughout project implementation, particularly in the context of on-the-ground activities to be supported by the RBP proceeds, in compliance with FAO's Environmental and Social Operational Pillar 2 (ESOP2) Stakeholder engagement, information disclosure, and grievance, conflict resolution and accountability mechanisms;
- vi) how the project will ensure free-of-charge and culturally appropriate access to information and grievance redress procedures / mechanisms, in compliance with FAO ESOP2;
- vii) a comprehensive Exclusion List for the project, consistent with the full scope of relevant policies applicable to the RBP and its ESMF, and consistent with environmental, social and governance priority risks identified as a result of both the ESA Report (Annex 2) and FAO's Screening Checklist.

Consistent with the high-level and strategic nature of PNG's National REDD+ Strategy and its priority action areas, specific policies and measures to implement on-the-ground activities had been envisioned to be further refined in the context of a particular programme or project design to implement REDD+ investments, as in this case, this RBP proposal under the GCF REDD+ RBP pilot programme. Similarly, as underscored in previous sections, the potential environmental, social and governance outstanding issues associated to the REDD+ strategy, particularly those relevant to forest dependent customary landowners and communities, as described in table 7 above, will ultimately depend on how on-the-ground measures are designed and implemented. Accordingly, the ESMF should be considered as a strategic and high-level environmental, social and governance management framework for the on-going identification, assessment and management of risks and priorities associated to activities to be supported by the RBP proceeds, while fostering and ensuring effective and meaningful stakeholder engagement and consultations consistent with the international principle of free, prior and informed consent, and stakeholders' rights to access to information and to accessible and effective channels and mechanism provide feedback and raise and address grievances, in a way that demonstrates consistency with all applicable environmental and social safeguards policies and standards

### **E&S Risk categorization and justification**

The proposed RBP Project is designed to result in positive social and environmental benefits including ensuring long-term sustainable livelihoods for communities while enhancing land planning, law enforcement, and forest protection. The project is geared at enhancing institutional coordination capacities of key actors in PNG at different levels to enhance environmental management, protection, and land use regulations and reporting. It also seeks to enhance economic productivity and inclusive sustainable livelihoods of customary landowners and communities through direct on-the-ground actions, technical and financial capacity building. Similarly, and consistent with the precautionary nature of applicable ESS framework and policies, the ESMF recognizes the potential for negative environmental and social impacts that will need to be carefully managed and monitored.

FAO's Environmental and Social Risk Screening Checklist has been applied to the project considering its outputs and indicative activities, leading to the classification of the project as a **Moderate Risk Project (Category B)**. This categorization indicates that the project has potential environmental and social impacts that require the formulation of environmental and social management plans. Various Environmental and Social Safeguard Policies have been deemed as applicable, as follows: ESS1, ESS2, ESS3, ESS4, ESS5, ESS6, ESS7, and ESS8. The results from the screening are included in Annex 1 and Table 7 of the ESMF (Annex 3).

As the final outcomes and activities will be defined during the inception phase, the Risk Screening Checklist will be reapplied when preparing a comprehensive ESMP for the project. No activities greater than Category B will be implemented.

The **Environmental and Social Assessment** will be conducted in a participatory manner with stakeholders during the inception phase of the RBP Program, with the following objectives:

- Screen social and environmental issues and impacts specific to the local context of prioritized areas for implementation under the RBP Program once the requirements for benefit sharing criteria have been defined;
- Further clarify the applicable social and environmental standards triggered by projects implemented under the RBP Program; and
- Take steps necessary in the context of the ESA to fulfil those requirements and make recommendations on how such compliance is to be carried out through the life of the Program.

An **Environmental and Social Management Plan** will be elaborated during the inception phase, as a result of the full ESA. The revised ESMP will:

- Provide time-bound specific recommendations for avoiding adverse impacts, and where avoidance is not possible, for reducing, mitigating, and managing those impacts for all projects implemented under the RBP Program.
- Further identify project activities that cannot take place until certain standards, requirements and mitigation measures are in place and carried out (complimenting and updating what has already been identified in this ESMF).

Identify and elaborate dedicated safeguards' management plans, as necessary and as required by the applicable FAO ESS and the Cancun Safeguards. Indicative outlines are currently included in the ESMF.

Additionally, consistent with the characterization of Indigenous Peoples in PNG – who are organized under hundreds of traditional villages and communities and comprise almost the entirety of the population (see Section 3: Environmental and social baseline) – and in alignment with the GCF's IP Policy for activities where the vast majority of beneficiaries self-identify as members of an indigenous village or community, the ESMF (Annex 3) includes streamlined provisions and procedures relevant to customary landowners and communities. These are framed within the context of the REDD+ strategy and this RBP project, particularly in recognition of customary property, possession or use rights over land as established in the national legal framework.

Key IP concerns have been incorporated into the ESMF and will be integrated into the Environmental and Social Management Plan (ESMP), which will be developed during the project's inception phase, and constitute a Customary landowners and communities Planning Framework<sup>29</sup>. This framework will be a core component of the ESMP and will detail commensurate management and operational procedures to guide the systematic identification, assessment, management, and reporting of environmental, social and governance risks and opportunities relevant to customary landowners and communities as part of the terms and conditions to design, implement and monitor on-the-ground activities to be supported under Component 2. Consistency with the GCF's Indigenous Peoples Policy and FAOs' ESS8 will be ensured. (See FP section E.5., and 5.2.1 in the ESMF.)

A zero-tolerance policy on Gender-based Violence (GBV) and Sexual Exploitation, Abuse and Harassment (SEAH) will be ensured throughout project implementation and streamlined in project documents and operational instruments. For the latter, a dedicated Gender Action Plan has been prepared (Annex 4), and

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<sup>29</sup> Section 7.1.1, paragraph 42 of the IPP states that when GCF-financed activities exclusively benefit Indigenous Peoples or when they form the overwhelming majority of beneficiaries, the relevant IPP elements must be incorporated into the overall project design and environmental and social management plans. In such cases, a standalone IPP or IPPF is not required.

which will be updated and refined, as relevant, over the inception phase and consistent with the ESMP (see section E.3.2).

Screening, identification, assessment, management and reporting of environmental, social and governance risks and opportunities relevant to on-the-ground implementation will be done through systematic and participatory environmental and social assessments for on-the-ground activities, which are yet to be determined, and which will be determined on a case-by-case basis throughout the project implementation. Standardized operating procedures to guide the systematic identification, assessment, management and reporting of environmental, social and governance risks and opportunities relevant to on-the-ground implementation will be integrated in the terms and conditions of the BSP, Conservation Agreements and other operational instruments to be established over the inception phase to support on-the-ground activities under Component 2..

Finally, while a stand-alone strategic environmental and social management framework for the proposed RBP, the ESMF has been conceived under the overarching umbrella of PNG's National REDD+ Strategy and its National Safeguards Standards Framework, the ESMF builds on PNG's REDD+ readiness efforts, including inter alia relation to stakeholders' engagement and consultative efforts and issues on gender and GBV. Moreover, underpinned by PNG's National Safeguards Standards Framework, the ESMF is envisioned to allow reporting on REDD+ implementation in conformance with all applicable safeguards in subsequent REDD+ summaries of information to the UNFCCC, as defined in the implementation, monitoring and reporting arrangements.

### E.1.3. Consultations with stakeholders

#### Stakeholder Engagement during PNG's RBP funding proposal preparation

As described in section C.1.2., between 2008 and 2018, PNG undertook a series of efforts to foster stakeholder engagement and participation in the context of its REDD+ readiness phase. Building on this, in 2019, PNG carried out a stakeholder participation process under the GCF Readiness and Preparatory Support Project. This process set the foundations for the current project design, including for those stakeholder consultations undertaken on PNG between November 2024 and February 2025, in preparation of this RF.

During the preparation of this Funding Proposal, PNG carried out a National Stakeholder Consultation Workshop, that will be followed by 4 regional stakeholder consultation workshops.

On November 8<sup>th</sup>, 2024, the National Stakeholder Consultation Workshop was held in Port Moresby, organized by PNG's CCDA with technical support from FAO.

Its goals were to update stakeholders on PNG's progress with REDD+ initiatives and to seek stakeholder input for the GCF RBP program Funding Proposal.

The consultation brought together 59 participants, 40 males and 19 females, from 26 institutions, including National and Sub-National Government Agencies, Civil Society Organization, Community representatives, Research and Academia institutions, Private Sector, Development Partners and Provincial Climate Change Committees.

After a general update about the PNGs progress on REDD+ and the opportunities in the GCF RBP Pilot Programme, the participants were distributed into focus groups and rotated among topics to provide specific inputs related to Safeguards, ESA and ESMF; Legal framework; Achieved results and results period and Use of proceeds and BSDS, respectively.

In the final session, each group presents the main findings and recommendations to be discussed in a general session. The main direct contributions from the workshop were related to:

- **Inclusivity:** Ensure gender equity with plans to allocate 50% of benefits to women.
- **Sustainability:** Stress long-term benefits over short-term cash distributions.
- **Coordination:** Highlight the need for stronger institutional frameworks and local-level participation.

During February 2025, four regional consultation workshops were held in different provinces to gather further contributions from stakeholders. This contribution will be assessed during a National Validation Workshop in March 2025, providing additional inputs into the final Funding Proposal of the GCF RBP program.

The workshop was a crucial milestone in PNG's efforts to access GCF funding. The focus on safeguards, inclusiveness, and sustainability reflects PNG's commitment to environmental conservation and equitable development.

### **Stakeholder Engagement and Consultations during project implementation**

PNG is committed to the full and effective participation of relevant stakeholders, in particular customary landowners and communities, in alignment with the applicable safeguards policies. As part of the RBP preparation, the following preliminary groups of beneficiaries at both the national and subnational levels have been identified (Table 7 in Section C1.2 and Table 9 in the ESMF).

Building on this preliminary list, and consistent with previous stakeholder engagement, participation and consultative efforts in PNG, a Stakeholder Engagement Plan (SEP) will be prepared during the inception phase of the project – alongside the development of the ESMP - once there is a more refined definition of activities and intervention areas.

A comprehensive stakeholder mapping and socio-cultural characterization are envisioned as part of the environmental and social assessment to inform the ESMP and the SEP. Said stakeholder mapping and analysis will examine, inter alia, the following aspects to understand about each relevant stakeholder group include:

- Type/group of stakeholder
- Level of engagement
- Area of influence
- Relevant Activities
- Preferred Engagement Methods
- Roles and responsibilities

The Project will also take advantage of existing multi-stakeholder platforms at different levels. For instance, at national level, PNG has the National Forest Board which brings together representatives from government agencies in the forest, planning, and environment protection sectors, as well as representatives of forest industries, Association of Foresters, provincial & local level governments, landowners, women, the civil society, and the minister. At the subnational level, there are Provincial Forest Management Committees, one for each province, assisting the National Forest Board in fulfilling the objectives and functions of PNGFA. The PFMC consists of representatives from the provincial administration, the National Forest Service for the region, the local level government, civil society and landowners of the province.

The inception phase of the project, which will take place over the first two years of implementation of the Project, will be used to conduct further and specific stakeholder consultations and social and environmental impact assessments in line with the ESMF, in order to establish detailed and operational safeguards management plans and to inform the broader design of the RBP Program, including the identification of the specific beneficiaries in the project's activities. Additional criteria and priority areas for intervention will be developed and refined in consultation with the relevant stakeholders.

Over the inception period regional consultations will be held in the four priority provinces to gather further contributions from stakeholders which will be then assessed during a National Validation Workshop involving key groups of stakeholders as well as those with assigned roles in the project organization structure (e.g., representatives of FAO Country Office, FAO regional policy and technical advisors, where feasible).

Meaningful, effective and informed stakeholder engagement and participation will continue to be undertaken to build and maintain over time a constructive relationship with stakeholders, with the purpose of avoiding and/or mitigating any potential risks in a timely manner. The scale and frequency of the engagement will reflect the nature of the activity, the magnitude of potential risks and adverse impacts, and concerns raised by affected communities. Once completed, the Stakeholder Engagement Plan will continue to evolve and will be detailed further through the elaboration of project/site-specific stakeholder engagement plans, as needed. Stakeholder engagement arrangements will be consistent with requirements of the FAO FESM and the PNG's own safeguards framework.

### **Communications and Information Disclosure**

PNG conducted a series of stakeholder engagement and consultation efforts. Similarly, in a central role regarding information dissemination, the CCDA as PNG's National REDD+ Authority has a key role to disclose information in a timely, accessible and culturally appropriate manner, including in relevant local languages.

Noting inherent challenges in the country to ensure effective and meaningful stakeholders' engagement and information dissemination efforts, dedicated efforts will be supported by the project, as part of a Communications and Information Disclosure Strategy, to be prepared as part of the Stakeholder Engagement Plan for the RBP project over the inception phase.

To date, a dedicated webpage has been available, managed by CCDA and with the support of UNDP<sup>30</sup> on which relevant information has been published in English. However, as noted in previous sections (and in more detail in E.5), PNG is one of the most ethnically and linguistically diverse countries in the world, with over 800 distinct languages and a wide range of cultural traditions. PNG's Indigenous Peoples belong to two major ethnolinguistic groups: Austronesian (Papuan) peoples, found mainly along the coastal regions and islands, these groups are related to other Austronesian-speaking communities across the Pacific, and non-Austronesian (New Guinean) peoples, found mostly in the highlands and interior regions, these groups speak languages from various indigenous language families. Tailored efforts will be required over the inception phase, as part of the ESA and EMSP to be prepared, to clearly identify selected languages to be prioritized consistent the geographical scope of the RBP.

Consistent with the GCF and FAO policies on access to information and information disclosure, all relevant documents for a project, including the ESMF, ESMP, Gender Action Plan and other safeguards instruments, should be disclosed online in English and in the local language(s). All documents should be available to all stakeholders, including customary landowners and communities, in a form and language that is understandable and culturally appropriate. Such disclosure of relevant project information ensures effective and meaningful participation. FAO is committed to disclosing information in a timely manner, placing due attention to the specific needs of community groups which may be affected by project implementation (e.g. literacy, gender, differences in language or accessibility of technical information or connectivity).

FAO will disclose information in a timely manner and in a way that is accessible and culturally appropriate, placing due attention to the specific needs of community groups which may be affected by project implementation (e.g. literacy, gender, differences in language or accessibility of technical information or connectivity). To ensure the widest dissemination and disclosure of project information, local and accessible disclosure tools including audiovisual materials (e.g. flyers, brochures, community radio broadcasts) will be utilized in addition to the standard portal disclosure tool.

### **Feedback and Grievance Redress Mechanism**

As examined in the ESA Report, PNG had conceived a dedicated GRM mechanism as part of the overall National REDD+ Strategy, building on existing sectoral and institutional mechanisms and procedures in place in PNG over the readiness and results period. However, such dedicated REDD+ GRM has not been tested or put into operation. Rather sectoral, institutional and customary landowners and communities GRM procedures and mechanisms have been accessible and used by stakeholders over the period when REDD+ results were achieved (2014-2016), including forest dependent customary landowners and local communities. Accordingly, to date, PNG's CCDA has relied on proxy GRM procedures to track stakeholders' concerns, issues and grievances related to proposed REDD+ projects and activities. There is evidence that customary landowners and communities have had access and used existing GRM procedures.

FAO is committed to guaranteeing the right of stakeholders involved in or affected by FAO supported activities to express their opinions, whether positive or negative, as well as raise their concerns and grievances have access to fair, transparent, inclusive and no-cost processes and mechanisms to redress grievances and resolve conflict. Addressing grievances early effectively mitigates, manages and resolves problems, and prevents them from becoming worse, and so the existence of a grievance mechanism early in the design of the project design and implementation is crucial. According to FAO's FESM, a grievance, feedback and complaint mechanisms should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, open to continuous learning, and confidential.

FAO PNG Country Office will ensure a dedicated channel for receiving complaints, including a dedicated email address, telephone number and mailing address. Culturally appropriate channels for receiving complaints from customary landowners and communities will be identified and put in place during the inception period of the project, consistent with dedicated provisions to be determined in the ESMP.

<sup>30</sup> (<https://pngreddplus.org>),

FAO will ensure the dedicated GRM is gender-responsive and includes dedicated provisions and procedures tailored for survivors, anchored in the existing sectoral, judicial, administrative and customary GRM regulations and procedures. If a concern or grievance cannot be resolved through consultations and measures at the local level, a complaint requesting a Compliance Review may be filed with the Office of the Inspector-General (OIG) in accordance with the Guidelines. Program and project managers will have the responsibility to address concerns brought to the attention of the focal point. With regards to the prevention of sexual exploitation and abuse (PSEA), through its Grievance Redress Mechanism the Project will ensure that all concerns and/or incidents will be reported to the ESS specialist and the FAO Office of the Inspector General, as appropriate.

## **E.2. Risk assessment**

### **E.2.1. For the period of the achieved results**

REDD+ in PNG is framed within a robust legal and policy framework. The existing policies, laws and regulations (PLRs) provide the legal basis for key aspects of REDD+, including legal definitions, arrangements for benefit-sharing and conflict management, guidance on environmental conservation and sustainable management of forests, among others.

PLRs also set the political and legal structure for climate change mitigation in the country and the institutional mandates and responsibilities of all sectors involved. The following are the key national policies, laws and regulations that were in place during the reporting period to which the emission reductions can be attributed.

#### **Constitution of PNG**

- Fourth National Goal and Directive Principle, and section 25: Promotes the preservation and replenishment of all natural resources that, including natural forests within the development of all national legislation and policies.
- Constitution of PNG, section 53: Recognizes customary landowners as owners of the land.

#### **Acts of the Parliament**

- Forestry Act 1991: Regulates the management, development and protection of PNG forest resources.
- Environment Act & Regulations 2000: Governs and regulates the protection of the environment and impacts of natural resource development activities.
- Land Groups Incorporation (Amendment) Act 2009: Provides for the creation of customary landholder groups called ILG to hold, manage and deal with alienated land.
- Land Registration (Amendment) Act 2009: Provides for customary I in PNG to register their customary land voluntarily.
- Climate Change Management Act 2015: Provides the legal basis for all climate change programs and activities in PNG, setting out the various administrative, financial and project related functions and powers.

#### **National Development Policies and Strategies**

- PNG Vision 2050 (launched in 2010): Long-term underpinning strategy for PNG's development and all its priority sectors/areas of development.
- Medium Term Development Plan 2011 – 2015: Sets out specific indicators and targets relating to the development of PNG's resources and the delivery of its services throughout the country within the medium term.
- Strategy on Responsible Sustainable Development 2014: This policy promotes sustainable development and management of natural resources in PNG.

#### **Sector Plans and Policies**

- National Forestry Policy 1991.
- Forestry Plan 1996.
- Forestry Development Guidelines 2009.
- Forestry and Climate Change Framework for Action Policy 2009-2015.
- National Sustainable Land Use Policy (drafted in 2012 and revised in 2014).

- Climate Compatible Development Management Policy 2014.
- Protected Areas Policy of 2014.

#### **Additional relevant regulatory framework in PNG:**

- Environmental Impact Assessments (EIA). EIAs are integral to the environmental licensing process and have been a main environmental management tool in PNG. They are obligatory for all activities with a potentially significant environmental impact. The EIA process includes the development of an environmental impact report and public hearings, which are organized depending on the size of the project and the level of its potential environmental impact. EIAs are instituted via the Environment Act 2000 and the Environment (Prescribed Activities) Regulation 2002.
- In the context of the management of customary lands, PNG has a Registry of Incorporated Land Groups (ILGs), a national public registry, mandatory for all customary land subject to some form of commercial and business lease or natural resource development project. An ILG is established via the Land Groups Incorporations (Amendment) Act 2009 and recognized within the Land Act 1996, the Forestry Act 1991, the Environment Act 2000, the Climate Change Management Act 2015, and within the agriculture and mining sector legislation.
- Regarding customary people's rights to the land, in PNG, 97% of the land is under customary ownership by virtue of sovereign rights guaranteed to all Papua New Guineans. The traditional customs and practices of the people of PNG are also recognized within Schedule 2.1.1 of the Constitution. Customary landowners also have exclusive usufruct rights over traditionally occupy lands.

#### **Grievance and Redress mechanisms**

During project design and implementation, individuals or groups may face adverse effects, such as land ownership disputes, benefit distribution issues, service disruptions, or environmental grievances like pollution or pesticide use. To address these concerns, PNG implemented grievance mechanisms at national, sub-national, and project levels during the 2014-2016 period.

Over the results period PNG's CCDA relied on proxy GRM procedures to track stakeholders' concerns/ issues/ grievances related to proposed REDD+ projects and activities. Given that PNG's population largely fits under the international category of IPs, there are indeed grievances flagged by customary landowners and communities including, inter alia, one involving the April Salumei LO's and the project of the same name, a high profile pilot projects with strong political support, and the Tavolo project, which was taken to court by the Tavolo LO's as part of an ongoing land dispute.

At the national level, several institutions handled complaints, including the PNGFA, which resolved disputes through its legal division or the higher courts. Oversight was provided by the PNG Ombudsman Commission, which investigated high-level corruption within public institutions, including forestry. Additionally, the 2015 Climate Change Management Act established a legal basis for resolving disputes arising from climate change activities, leading to the development of the National REDD+ Grievance and Redress Mechanism (GRM) Guidelines in 2023.

Sub-national mechanisms included ombudsman entities and traditional legal institutions, often categorized as "external GRM entities" under the REDD+ GRM framework. A network of focal points across sectors and provincial entities ensured grievance coordination and resolution. The Village Courts, operating under the Village Courts Act, provided customary mediation and conflict resolution, covering 90% of the country and addressing land disputes under the Land Dispute Settlement Act.

At the project level, Forestry Management Agreements required written consent from landowners, addressing conflicts over land and benefit-sharing before activities began. Unresolved issues were escalated to the PNGFA's head office or the Office of the Managing Director. Accredited entities, such as the UNDP, offered additional mechanisms through their Social and Environmental Compliance Unit (SECU), which investigated project-related concerns independently and publicly reported findings.

These mechanisms ensured fair, transparent, and timely resolution of grievances while addressing social and environmental challenges across PNG.

#### **Anticorruption practices**

As described in section E.4.1. below, during the period of the achieved results, 2014-2016, the most relevant national policy addressing corruption and other prohibited practices was the National Anti-Corruption Strategy 2010-2020.

The PNG National Anti-Corruption Strategy 2010-2020<sup>31</sup> was a detailed and comprehensive framework developed to tackle the pervasive corruption affecting various sectors of the country. Overall, the PNG Anti-Corruption Strategy 2010-2020 served as a comprehensive roadmap for combating systemic corruption. By implementing its provisions, the nation aimed to create a foundation for more effective governance, promote social justice, and achieve sustainable development in PNG.

### **Transparency**

During the 2014-2016, PNG implemented key measures to address transparency and strengthen institutional frameworks, particularly in alignment with its commitments under international climate agreements and national development priorities. These efforts laid the groundwork for improved governance, accountability, and transparency in various sectors, including forestry, climate change, and land use management. Below is an expanded overview of the institutional framework for addressing transparency during this period:

#### **Legal and Policy Frameworks Supporting Transparency**

- **Climate Change (Management) Act 2015:** The Climate Change (Management) Act 2015 was a cornerstone of PNG's efforts to enhance transparency in climate-related activities. It established the CCDA as the central body to oversee, coordinate, and monitor all climate change activities, including mitigation, adaptation, and reporting. This act provided a legislative framework for transparency in data collection, monitoring, and reporting on GHG emissions and climate change initiatives.
- **National REDD+ Strategy Development:** During this period, PNG began drafting the NRS to align with international standards for emission reductions and ensure compliance with the UNFCCC. The NRS emphasized the need for accurate and transparent data on deforestation, forest degradation, and carbon stocks, supported by the implementation of a robust MRV system.
- **Planning and Monitoring Responsibility Act (PMRA) 2016:** The PMRA aimed to harmonize sectoral development plans with the principles of responsible and sustainable development. It provided a framework for tracking and reporting on progress toward national development goals, including environmental and climate-related targets.

#### **Institutional Mechanisms for Transparency**

- **CCDA:** Established in 2015, the CCDA became the focal institution for climate transparency. Its responsibilities included compiling and submitting national communications, BURs, and other reports required under the UNFCCC. The CCDA also coordinated the implementation of the REDD+ MRV system and facilitated stakeholder engagement for inclusive decision-making.
- **Forest Authority and Land Management Institutions:** Transparency efforts were supported by the PNGFA and the DLPP. The PNGFA collaborated with the CCDA to provide data on forest cover changes and deforestation drivers, which were critical for REDD+ reporting. Meanwhile, the DLPP contributed to the development of transparent land use planning frameworks.
- **REDD+ MRV System:** The development of a REDD+ MRV system was central to PNG's transparency agenda. This system was designed to collect and analyze data on forest cover, deforestation rates, and carbon emissions using satellite imagery, ground surveys, and national inventory data. The MRV system ensured that PNG could produce reliable and transparent reports on forest-based emissions reductions, a requirement for accessing international REDD+ funding.

#### **Transparency in Financial Management**

- **Extractive Industries Transparency Initiative (EITI):** PNG's participation in the EITI was instrumental in improving financial transparency in resource extraction, a sector linked to environmental and social impacts. By publishing data on revenues, payments, and contracts, the EITI promoted accountability in the mining and natural gas sectors, aligning with broader efforts to reduce corruption and improve governance.

#### **Stakeholder Engagement and Capacity Building**

- **Multi-Stakeholder Platforms:** PNG emphasized the importance of multi-stakeholder engagement in its transparency framework. Platforms involving government agencies, civil society, private sector actors, and local communities were established to facilitate inclusive decision-making and ensure transparency in policy development and implementation.
- **Capacity Building for Data Collection and Analysis:** Capacity-building initiatives were implemented to strengthen the technical skills of government officials, researchers, and local stakeholders in data

<sup>31</sup> <https://pmnec.gov.pg/AAWPP/DPM%26NEC%20AAWP%20Policy%202023.pdf>

collection, analysis, and reporting. These efforts focused on improving the quality and reliability of data used in MRV systems, GHG inventories, and national reports.

The transparency framework implemented during 2014-2016 enabled PNG to establish foundational systems for monitoring, reporting, and verifying emissions and sustainable development progress. While significant progress was made, challenges remained, including limited technical and financial resources, fragmented institutional coordination, and capacity gaps at the subnational level. However, these initial steps created a basis for scaling up transparency efforts and accessing international climate finance to support PNG's low-emission development pathway.

#### E.2.2. For the use of proceeds

##### **Adequate policy and regulatory support**

This project will contribute to key existing national programmes that have strong political backing and direct ownership from the PNG Government.

The outputs and activities included in the proposal are aligned with the main policies and development strategies:

- NRS 2017–2027: PNG's NRS establishes the country as a global leader in REDD+ efforts, which is crucial to achieving its Nationally Determined Contributions (NDCs) and promoting sustainable development. Developed through extensive consultations led by the CCDA, the NRS aligns with national and provincial plans to integrate REDD+ initiatives into sustainable land use planning and sectoral goals, including forestry, agriculture, and conservation. Rolling 5-year development plans serve as primary tools for implementing these objectives, interfacing with various policies such as the Forestry Policy, NSLUP, and Climate Change Mitigation Plans.
- StaRS 2015: Promotes sustainable development through green growth and efficient resource management.
- Forestry and Climate Change Framework for Action Policy 2015: Guides forestry-based mitigation, governance, and partnerships.
- The National Sustainable Land Use Policy 2015: Provides a framework for coordinated spatial planning to manage natural resources sustainably.
- Protected Areas Policy 2014: Aims to expand protected areas by 2% in 5-10 years, focusing on biodiversity conservation.
- Climate Compatible Development Policy 2014: Establishes systems for GHG MRV.
- Forest Policy and Plan 1992: Advocates for sustainable forest management through detailed planning, conservation measures, and restrictions on excessive harvesting and exotic species.

These frameworks collectively support PNG's commitment to climate mitigation, sustainable development, and forest conservation.

The project, also complies with the legal and regulatory framework, minimizing risks of conflicts, legal disputes, or environmental degradation. The project adheres to PNG's key environmental and land use laws, including:

- Forestry Act: Governing forest management
- Environment Act: Providing environmental safeguards and impact assessment requirements.
- Land Group Incorporation Act: Protecting customary landowners' rights and ensuring their participation in the decision-making processes

The project will facilitate capacity building for government agencies, customary landowners and communities, and other stakeholders. It promotes institutional coordination among entities like the CCDA, the PNGFA, and provincial governments, enabling efficient project execution.

The project will be supported by a mechanism to ensure transparent governance and accountability needed to manage resources and monitor project outcomes. It also strengthens participatory approaches, ensuring customary landowners and communities have a voice in decision-making processes.

##### **AE / EE capability and capacity to deliver project impact**

FAO, as an AE to the GCF, will use its policies, rules and regulations to manage funds to comply with the provisions of the GCF. These policies will be applied in all activities implemented by FAO and implementing partners and collaborators of the project. FAO is committed to planning, implementing, monitoring and evaluating activities for transparent, efficient and adequate management of resources in line with the country's legal framework and the provisions of relevant international instruments and conventions. FAO has developed and adopted a series of tools and systems to improve the environmental

and social performance of its activities and projects, strengthening the inclusiveness, resilience, sustainability, and accountability of its programming.

Recently (2022), FAO adopted the Framework for Environmental and Social Management (FESM). The FESM establishes environmental and social performance requirements for FAO programming. It includes key elements of a human rights-based approach to ensure that people and the environment are protected from any potential adverse impacts of FAO programs and projects and that all stakeholders have ample opportunities to actively participate in the activities of programs and projects and have access to effective channels to voice their concerns about them.

FAO E&S Framework is underpinned by nine ESS, which reflects the organization's commitment to mainstream social and environmental sustainability in programs and projects, including innovative processes of climate change and disaster risk screening to identify potential risks, mitigation and resilience measures; requirements to conserve and restore renewable natural resources and biodiversity; protect animal welfare; foster resilient livelihoods; manage wastes and non-pesticide hazardous materials; promote resource efficiency; protect community health and promote decent jobs; strengthen requirements for dealing with gender-based violence including the Prevention of Sexual Exploitation and Abuse (PSEA); respect Indigenous Peoples rights (including of those in voluntary isolation); and enhance accountability, conflict resolution and grievance mechanisms. However, it is worth noting that indigenous ethnic groups, clans, or tribes in PNG make up nearly the entire population, and around 97% of land in PNG remains is under customary tenure, and indigenous population living in voluntary isolation has been reported in the country.

Furthermore, FAO has a set of policies that support the implementation of environmental and social safeguards.

- FESM: establishes environmental and social performance requirements for FAO programming. It includes key elements of a human rights-based approach to ensure that people and the environment are protected from any potential adverse impacts of FAO programs and projects and that all stakeholders have ample opportunities to actively participate in the activities of programs and projects and have access to effective channels to voice their concerns about them. In addition, this framework enforces FAO zero-tolerance approach to sexual exploitation, abuse, and harassment. It seeks to identify and address any risk of potential exposure of affected people to gender-based violence and other abuse that may occur in connection with any of its supported activities.
- FAO Accountability Policy (2014): FAO is committed to designing and operating its approach to accountability based on FAO's core values of commitment, respect for all, integrity and transparency, and according to the following principles: (i) Focus on FAO's purpose and outcomes for beneficiaries and partners; (ii) Define clear roles and responsibilities; (iii) Take informed and transparent decisions and communicate clearly, providing the basis for acting with a focus on outcomes and within clearly defined roles; (iv) Put FAO's values into practice through consistent application of a shared ethos and culture in the development of policy and the behaviour of employees; (v) Engage with stakeholders to make accountability real; (vi) Establish a culture of consequences - to be meaningful, accountability must be felt.
- FAO whistle blower protection policy: (administrative circular N°2021/10) applying to any FAO personnel when internal or external reporting according to the consideration of the circular. This Policy is aligned with the best practices across the United Nations common system and aims to foster a culture of trust and ethical conduct in the Organization.
- FAO Policy on Gender Equality 2020-2030: strives to achieve equality between women and men in sustainable agriculture and rural development for the elimination of hunger and poverty.
- FAO PSAE N° 2013/27. The principles of integrity, professionalism, respect for human rights and the dignity of all people underpin FAO's commitment to preventing and addressing acts of sexual exploitation and abuse.
- FAO Policy on the prevention of harassment, sexual harassment, and abuse of authority: N° 2015/03 (2015) and FAO policy on sexual harassment (13 February 2019), which states Sexual Harassment in all its forms is contrary to the United Nations Charter, the Staff Regulations and Staff Rules of the Organization and the Standards of Conduct for the International Civil Service.
- FAO Policy against fraud and other corrupt practices: N° 2015/08 (2015) Fraud and other corrupt practices pose a grave threat to the effective implementation of the Organization's policies and objectives.

As well as GCFs, all FAO projects follow the risk mitigation hierarchy to ensure that any environmental and social risks and potential adverse impacts are anticipated and avoided, or where avoidance is not possible, minimize, and, where residual impacts remain, compensate/offset for risks and impacts to the community or the environment. As an accredited entity to the GCF, FAO Environmental and Social Safeguards are aligned with the GCF-IFC performance standards.

Further information on the continuous risk analysis and screening that will be carried out is available in section E.1.2, helping to ensure that risk tolerance levels will not be exceeded in the implementation of activities carried out with the use of proceeds, nor will any prohibited practices be supported.

#### Comparative Advantages of FAO

With a well-established presence through the FAO Representation in PNG, the organization supports various technical assistance projects in agriculture, forestry, food security, and land management.

The FAO Country Programming Framework (CPF) for PNG focuses on sustainable resource management, food security, and inclusive economic development. It aims to enhance forest and tree management, promote sustainable wildlife harvesting through customary practices, and empower women in agriculture to improve nutrition and family food security. The CPF also seeks to increase income, employment, and food security while strengthening agricultural and fisheries value chains.

FAO's broad mandate across multiple disciplines enables a holistic and multi-sectoral approach to identifying and supporting climate change mitigation priorities within the REDD+ framework.

As an implementing agency of the UN-REDD Programme, FAO has played a pivotal role in supporting PNG's REDD+ readiness process, providing expertise through technical capacity building and sustainable forest management.

Programs such as the Mitigation of Climate Change in Agriculture (MICCA) and the Adapting Irrigation to Climate Change (AICCA) demonstrate FAO's capability in implementing Climate Smart Agriculture (CSA) strategies.

FAO's commitment to capacity building and institutional strengthening is another key advantage. The organization excels in promoting dialogue, consultation, and consensus-building among diverse stakeholders, which is essential for securing local support and ensuring project sustainability. FAO's ability to engage customary landowners and communities, who play a crucial role in land-use decisions, further enhances the effectiveness of project implementation.

Key lessons from past projects implemented by FAO, and which will be incorporated into the implementation of the present RBP, emphasize the importance of involving customary landowners and communities, as their support is essential for success. Gender inequality remains a challenge, with women often lacking access to resources and market opportunities. Engaging local communities in forestry surveys is crucial for completing the National Forest Inventory (NFI), while the GEF7 FOLUR project has demonstrated the effectiveness of successful land-use planning. Targeted capacity building and community education are essential for achieving sustainable development. Additionally, the CPF aligns with PNG's Vision 2050 and the National Biodiversity Strategy and Action Plan (NBSAP).

In addition, FAO has developed a range of tools and guidelines to support the effective implementation of climate, agriculture, social, and environmental actions that will support the project implementation.

In relation to Component 1, FAO provides a comprehensive set of tools, guidelines, and software systems to support land tenure governance, facilitating improved institutional coordination capacities at national and provincial levels in PNG including but not limited to:

- **Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests (VGGT)**<sup>32</sup>: VGGT serve as a key international framework to guide governments in establishing transparent, equitable, and sustainable land tenure governance. These guidelines support policy development, legal reforms, and institutional coordination to ensure responsible land tenure practices.
- **FAO's Land Tenure and Administration Technical Guides**<sup>33</sup>:
  - Governing Land for Women and Men: A Technical Guide to Support the Achievement of Responsible Gender-Equitable Governance of Land Tenure.

<sup>32</sup> <https://www.fao.org/tenure/voluntary-guidelines/en/>

<sup>33</sup> <https://www.fao.org/tenure/resources/collections/governance-of-tenure-technical-guides/en/>

- Improving Governance of Tenure: Enhances institutional coordination and stakeholder engagement.
- Safeguarding Land Tenure Rights in the Context of Agricultural Investments: Supports national and provincial authorities in protecting local land rights.
- Participatory Land Delimitation (PLD): A tool to enhance community participation in land governance.
- **Solutions for Open Land Administration (SOLA):** The SOLA suite provides technical solutions for land administration, particularly in improving government capacities for land registry management, data standardization, and institutional coordination. SOLA supports the digital transformation of land administration services, enhancing efficiency and transparency. SOLA suite includes:
  - Open Tenure Software System<sup>34</sup>: FAO-developed open-source software designed to document and manage land tenure rights at the local level. It can be utilized by PNG's national and provincial governments to improve land records, facilitate tenure security, and promote transparent decision-making in land administration.

In relation to Component 2, FAO provides a range of tools, software, and training programs to enhance economic productivity and support inclusive, sustainable livelihoods for customary landowners and communities.

- **Sustainable Forest Management (SFM) Toolbox<sup>35</sup>:** Is a comprehensive digital platform that offers practical guidance, case studies, and methodologies to improve forest management practices. It supports smallholders and landowning groups in implementing sustainable logging and non-timber forest product harvesting, enhancing community-based forest management and strengthening governance and market access for forest-related products.
- **Open Foris Suite for Forest Monitoring and Resource Assessment<sup>36</sup>:** Includes software tools designed for forest data collection, monitoring, and reporting, which can help smallholders and local groups better manage forest resources. Key tools include Collect Earth, SEPAL and Open Forest Collect.
- **FAO Forest and Farm Facility (FFF) Support<sup>37</sup>:** The FFF initiative strengthens smallholder forest producer organizations by providing business development services to improve value chains for timber and non-timber forest products, training on cooperative models and sustainable enterprise development and policy engagement support to enhance recognition of customary landowners and communities in forest governance.

### E.3. Gender considerations

#### E.3.1. For the period of the achieved results

Over the REDD+ readiness and the results period, PNG had undertaken a series of efforts to promote gender equality and social inclusion, as follows:

:

- The call for equality and participation by PNG's Constitution under its section 55 which encourages the equal participation by women citizens in all economic activities. In addition, many of the key gender policies and plans in the country came into effect within the last decade.
- The *Papua New Guinea National Policy for Women and Gender Equality 2011-2015* as the overarching national policy developed to govern gender discrimination issues within public service and across all sectors of government. This Policy describes the government's mission to promote improved equality, participation, and empowerment of women. It refers to objectives for women's empowerment and the establishment of a policy environment that translates government commitments to gender equality into reality, along with other related policies and mechanisms. It remains a key guiding framework for gender interventions in PNG.
- Incorporation of 'Human Capital Development, Gender, Youth and People Empowerment' as one of the strategic focus areas of the National Strategic Plan 2010-2050 (Vision 2050) which is the national development strategy that guides PNG's social and economic development.

<sup>34</sup> <https://www.fao.org/tenure/sola-suite/open-tenure/en/>

<sup>35</sup> <https://www.fao.org/sustainable-forest-management/toolbox/modules/forest-management-monitoring/tools/en/>

<sup>36</sup> <https://openforis.org/>

<sup>37</sup> [https://www.fao.org/forest-farm-](https://www.fao.org/forest-farm-facility/en/#:~:text=The%20Forest%20and%20Farm%20Facility,communities%20and%20indigenous%20peoples'%20institutions.)

[facility/en/#:~:text=The%20Forest%20and%20Farm%20Facility,communities%20and%20indigenous%20peoples'%20institutions.](https://www.fao.org/forest-farm-facility/en/#:~:text=The%20Forest%20and%20Farm%20Facility,communities%20and%20indigenous%20peoples'%20institutions.)

- The NDC's recognition of the importance of a gender-responsive and inclusive approach, ensuring the participation of men, women, youth, and vulnerable groups in consultations, planning, decision-making, and implementation processes. This approach seeks to promote equitable opportunities for sustainable, low-carbon livelihoods, reinforcing the human rights-based framework in addressing climate change across priority sectors.
- The *Climate Compatible Development Management Policy's* (2014) mention of the need for "fair and equal participation in representation of views and to increase participation in all activities so as to ensure ownership of activities."
- Development of CCDA workplace Guideline for Gender and Climate Change which are in the process of being incorporated into a formal workplace policy.
- Application of 'Gender Mainstreaming Guideline for Project Implementers' for project funded by GCF as part of a broader systematic effort to address gender inequalities in climate change interventions in PNG. The guideline focusses on how this can be achieved across the assessment, design, implementation and Monitoring and Evaluation (M&E) stages of any climate change related action. Although the guideline's focus is on GCF-funded projects, the guideline can also inform the development and implementation of any climate change or development project in PNG.
- Early capacity-building efforts made through the national REDD+ Readiness phase that enabled government agencies and subnational actors to address gender issues by equipping them to collect, interpret, and analyze data effectively. For instance, CCDA/REDD+ staff received training in managing sex-disaggregated data and were deployed in pilot projects to strengthen monitoring and evaluation. Incorporating such data into systems like spatial planning, Forest Information Systems (FIS), and Environmental Management Information Systems (EMIS) improved the tracking of gender interventions, supporting national gender priorities and informing future policy and planning.

Moreover, as underscored in the ESA Report, PNG's Constitution and land and forestry legislation guarantee clear land tenure rights to customary landowners and communities and recognizes the extent of these rights in relation to forest resources, and gender equality is recognized and guaranteed in this context, including in relation to decision making. The Constitution recognizes the right of women citizens to participate in all economic activities, and this was further recognized and encouraged in specific PLRs as Papua New Guinea National Policy for Women and Gender Equality 2011-2015.

Gender discrimination issues are addressed within specific policies of the public service and applicable within all sectors. Gender equality has been recognized as a cross-cutting element for PNG's National REDD+ Strategy, as per its national interpretation of the Cancun Safeguards and the respect of the 'right to participate, in particular for customary landowners and communities, is recognized and promoted under the National REDD+ Strategy through the relevant PLRs of the country, which include the promotion of gender equality and the right to free, prior and informed consent', and a dedicated criteria has been established, for further monitoring and reporting under PNG's SIS and subsequent summaries of information on safeguards (d.3 Gender equality is promoted and protected in the context of the implementation of the REDD+ strategy); see Table 5 in ESA.

Despite there being women in politics or decision-making at all levels of government, as of 2014, five out of eleven National Departments had no gender-related or gender-responsive policies and the rest had incomplete policies, women's role in PNG's REDD+ governance structure at CCDA influenced gender-responsive climate policies in the land and forest sector.

Therefore, PNG has undertaken a series of efforts to mainstream gender issues and priorities in the context of its REDD+ readiness efforts and the definition of its National REDD+ strategy and finance and investment plan. While acknowledging that REDD+ implementation in PNG has not yet started, no actual decision making by any stakeholders in the context of REDD+ implementation has been in place, and rather women's participation throughout REDD+ readiness in PNG has had more of a consultative nature to provide views, interests and feedback in relation to, for instance, the REDD+ strategy or the proposed FPIC Guidelines.

The Gender Assessment and Gender Action Plan provides a comprehensive overview in relation to women's relationship with forests and forest resources, as well as examines in more detail women's participation in PNG's stakeholder engagement and consultation efforts over the readiness period. It also looks at relevant gender specific assessments undertaken in the country, as the 'Situation Analysis and

Recommendations for Improving Gender Inclusiveness and Participation in Papua New Guinea's National REDD+ Strategy and Policies' completed in 2017 with UNDP's support, and priority strategies for foster women's participation in sustainable agricultural and agroforestry practices, as defined in PNG's NDC.

According to the Situation Analysis and Recommendations for Improving Gender Inclusiveness and Participation in Papua New Guinea's National REDD+ Strategy and Policies, several structural and cultural barriers that hinder women's meaningful engagement in REDD+ decision-making processes in Papua New Guinea (PNG) were identified as follows:

- **Male-Dominated Decision-Making Structures:** Traditional societal norms often prioritize male decision-makers, marginalizing women's voices in key discussions and negotiations related to REDD+ policies. This gender imbalance results in women being underrepresented in leadership roles and decision-making bodies.
- **Cultural Gender Roles:** Cultural perceptions of gender roles in PNG often restrict women's participation. These norms dictate that women's responsibilities primarily revolve around domestic duties, which can lead to the exclusion of their unique insights and contributions to resource management and environmental policies.
- **Lack of Access to Education and Information:** Barriers to education, especially in rural areas, impede women's ability to participate effectively in REDD+ activities. Limited access to relevant information further exacerbates this issue, as many women are not aware of their rights or the mechanisms through which they can engage in policy discussions.
- **Insufficient Support Systems:** Existing institutional frameworks often lack the necessary support mechanisms for facilitating women's participation. This includes inadequate training, resources, and funding for initiatives that promote gender inclusivity within REDD+ processes.
- **Gender-Sensitive Policies:** The absence of comprehensive gender-sensitive policies within various sectors reduces the effectiveness of engagement strategies. While some organizations may acknowledge gender disparities, without formal guidelines, practices remain inconsistent and poorly implemented.
- **Cultural Resistance to Change:** Deep-rooted cultural beliefs and practices can resist shifts toward gender equality. Efforts to engage women in REDD+ initiatives must navigate these cultural barriers, often requiring tailored approaches that respect local traditions while promoting inclusive practices.

As identified in the Gender Assessment and the proposed ESMF for the project (section E.1.2 above, and E.3.2 below), despite the recognition of a diversity of rights for women and gender equality anchored in PNG's legal and regulatory framework, gender inequalities, particularly in land rights, the labour market, and decision-making processes, persist in the forestry and agricultural sectors.

Women's participation had primarily been consultative rather than decision-making. Structural and cultural barriers persisted, including male-dominated governance, restrictive gender norms, limited education access, weak institutional support, and insufficient gender-sensitive policies. Despite efforts to integrate gender in REDD+ readiness, gaps remained in benefit-sharing mechanisms, policy frameworks, and engagement strategies.

Moreover, as identified in the GAP and the ESA, given the high-level nature of PNG's REDD+ strategy at the time when results were achieved, no specific SEAH/GBV risks had not been considered, nor triggered, throughout PNG's REDD+ readiness efforts. Accordingly, this is an area to be further examined during project inception, including the consideration of results of stakeholders' consultations undertaken in preparation of this RBP, consistent with all applicable safeguards and the full scope of the ESMF (see E.1.2).

Accordingly, the Project is committed to designing and implementing on-the-ground activities to be financed with GCF proceeds in a way that does not create or exacerbate existing gender inequalities, discrimination and GBV, in alignment with international frameworks on gender equality and women and girls' empowerment and Sexual Exploitation, Abuse and Harassment SEAH. The Project will adopt a strict zero tolerance policy towards SEAH and GBV, ensuring compliance with both the GCF's Gender Policy and FAO's dedicated Environmental and Social Standard 6 on gender equality and prevention of gender-based violence.

### E.3.2. For the use of proceeds

Consistent with the GCF's Terms of Reference for the REDD+ RBP pilot programme, the proposed RBP is underpinned by both the GCF's Gender Policy (2019), and FAO's FESM (2022), and its dedicated Environmental and Social Standard 6 Gender equality and prevention of gender-based violence. ESS6 is geared at ensuring that the design and implementation of FAO programs and projects do not create or

exacerbate existing gender inequalities, discrimination and GBV, in alignment with international frameworks on gender equality and women and girls' empowerment and (SEAH).

The GoPNG has in place key national gender policies which provide a comprehensive framework for the implementation of gender-responsive strategies and actions, including the *National Public Service Gender Equity and Social Inclusion (GESI) Policy and the National Strategy to Prevent and Respond to Gender Based Violence, 2016-2025*. PNG's National Strategy to Prevent and Respond to GBV 2016-2025 and the associated Plan of Implementation consciously adopts the term 'gender-based violence', bringing a gender analysis of the problem to the fore and encouraging gender-aware and gender-sensitive responses to prevention and service provision. Partner and stakeholder consultations across PNG have enabled decision makers, service providers in government, and civil society to understand the strategic value of bringing a gender lens to this work.

Given the high-level nature of PNG's REDD+ strategy at the time when the results were achieved, not specific SEAH/GBV risks had not been considered in the context of PNG's REDD+ strategy. Moreover, despite the recognition of a diversity of rights for women and gender equality anchored in PNG's legal and regulatory framework, gender structural and cultural barriers persist, including male-dominated governance, restrictive gender norms, limited education access, weak institutional support, and insufficient gender-sensitive policies. This is elaborated in greater detail in the GAP and ESA.

Accordingly, and as established in the ESMF, ESS6 has thus been deemed as applicable to the proposed RBP project, acknowledging that, if project activities are not planned and implemented in a gender-sensitive and gender-responsive way, there is a risk of unequal access to opportunities and benefits, inequitable ability to use, develop, or protect natural resources, and potential discrimination against women or minorities in decision-making or the implementation of interventions.

To prevent and mitigate these potential risks to women and instead foster positive improvements for women in the context of the implementation of the RBP project, the project incorporates gender-sensitive activities and a gender mainstreaming approach to address these inequalities, while promoting decent work and rural employment to support sustainable farming practices and the livelihoods of local and rural populations. Accordingly, the Gender Analysis and Action Plan provides specific gender-targeted activities and indicators, and which will be refined and updated during the project inception, as part of the stakeholder engagement process to complete a comprehensive ESA and ESMP for the project.

The project's Gender Action Plan (GAP) outlines entry points for gender-responsive actions within project activities. It includes specific indicators to measure and track progress, which will be incorporated into a detailed Monitoring and Evaluation (M&E) plan developed at the start of implementation.

A dedicated gender expert will oversee the implementation of GAP activities. The roles and responsibilities of the expert are detailed in the Gender Analysis & Gender Action Plan accompanying this proposal, which also includes a specific budget for GAP implementation.

#### E.4. Interim policy on prohibited practices

##### E.4.1. For the period of the achieved results

During the period of the achieved results, 2014-2016 the most relevant national policy addressing corruption and other prohibited practices was the National Anti-Corruption Strategy 2010-2020.

The PNG National Anti-Corruption Strategy 2010-2020<sup>38</sup> was a detailed and comprehensive framework developed to tackle the pervasive issue of corruption affecting various sectors of the country. Below are the key points designed to provide a clearer understanding of the strategy:

#### 1. Vision and Goals:

- Establishing a Culture of Accountability and Transparency: The strategy aimed to foster an environment where government actions are transparent, and officials are held accountable for their decisions and actions.

<sup>38</sup> <https://pmnec.gov.pg/AAWPP/DPM%26NEC%20AAWP%20Policy%202023.pdf>

- **Strengthening Public Confidence:** By effectively addressing corruption, the strategy is to restore and enhance the trust that citizens place in government institutions, thus promoting a sense of belief in the integrity of public service.
- **Aligning Anti-Corruption Efforts with Development Goals:** The strategy intended to ensure that anti-corruption measures complement and support the broader socio-economic development objectives laid out by Papua New Guinea, reinforcing the nation's commitment to progress and stability.

## 2. Key Objectives:

- **Prevention:** This involved implementing proactive measures to reduce the likelihood of corrupt activities, including developing strong ethical guidelines and creating systems that limit opportunities for corruption across both public entities and private enterprises.
- **Detection:** The strategy emphasized the need to improve tools and mechanisms for identifying corrupt practices, which included enhanced reporting systems, whistleblower protections, and rigorous audits.
- **Enforcement:** A core objective was to ensure accountability for those engaged in corrupt activities. This involved imposing strict penalties and consistently applying the law to deter future offenses.
- **Public Awareness:** The strategy underscored the importance of educating the public about the dangers and consequences of corruption, aiming to empower citizens to recognize and report corrupt practices.
- **Capacity Building:** Efforts were made to strengthen the capabilities of institutions involved in combating corruption, including law enforcement agencies and the judiciary, through training, resources, and improved operational frameworks.

## 3. Strategic Pillars:

- **Institutional Reforms:** The strategy called for the establishment and reinforcement of key institutions like the Independent Commission Against Corruption (ICAC), which would spearhead efforts to investigate and address corruption effectively.
- **Legislative Strengthening:** It aimed to improve existing anti-corruption laws and to introduce new legislation that would better define and address various forms of corruption, closing loopholes that previously allowed corrupt activities to go unpunished.
- **Transparency Initiatives:** The strategy sought to promote transparency by improving public access to government information. This included enacting the Freedom of Information Act and implementing frameworks for open data that citizens could easily access and understand.
- **Monitoring and Evaluation:** Establishing systems for continuous monitoring and evaluation was critical. This involved regular assessments of the effectiveness of anti-corruption initiatives to ensure that strategies are adaptively managed and can respond to emerging challenges.

## 4. Implementation Mechanisms:

- **Multi-Stakeholder Collaboration:** The successful execution of the strategy relied on cooperative efforts between the government, civil society, and international partners. This collaboration aimed to pool resources, share knowledge, and enhance the collective impact of anti-corruption initiatives.
- **Action Plan Development:** A detailed action plan was created to outline specific roles, timelines, and resource allocations for every initiative, ensuring clear responsibilities and accountability in implementation.
- **Regular Reporting and Reviews:** To ensure transparency and accountability, the strategy included provisions for regular reporting on progress made and reviews to assess the outcomes of the anti-corruption measures.

## 5. Challenges Addressed:

- **Political Interference:** The strategy acknowledged the significant challenge of political interference, which often undermined anti-corruption measures. Efforts were directed at promoting independent institutions that operate free from political pressure.
- **Limited Public Awareness:** It recognized the necessity of raising awareness among the populace regarding anti-corruption laws and encouraging active citizen engagement in reporting and combating corruption.
- **Weak Enforcement:** The strategy confronted the challenges posed by limited resources within law enforcement and judicial systems, advocating for adequate funding and training to enhance their capacity to act against corruption effectively.

## 6. Success Indicators:

- Reduction in Corruption Cases: A significant indicator of success would be a measurable decline in reported corruption-related cases and complaints, suggesting that anti-corruption efforts are having a tangible impact.
- Increased Transparency: Enhanced transparency in government procurement processes and decision-making would signal that the measures to promote integrity are progressing productively.
- Public Trust: Improved public perceptions regarding trust in government and its institutions would serve as a vital indicator that the community recognizes efforts to combat corruption.

Overall, the PNG Anti-Corruption Strategy 2010-2020 served as a comprehensive roadmap for combating systemic corruption. By implementing its provisions, the nation aimed to create a foundation for more effective governance, promote social justice, and achieve sustainable development in PNG.

In parallel, during this period, the main projects developed within the country were funded by multilateral (UN-REDD, WB - FCPF, GEF) and bilateral (JICA, USAID, EU) facilities and implemented by international entities (mainly FAO and UNDP). All these agencies and facilities have in place strong policies<sup>39 40 41 42 43</sup> to avoid fraud, corruption, collusion, coercion, obstruction, misuse of resources, and conflict of interest; and define clear responsibilities, reporting, investigations and preventive measures to be followed during the implementation of activities and use of proceeds.

#### E.4.2. For the use of proceeds

The Accreditation Master Agreement between the GCF and FAO, signed in June 2018, established the procedures and responsibilities of the Accredited Entity, including in Clause 9, specifications about the Standard of Care, through which FAO is committed:

- To be solely responsible for the administration of GCF Proceeds.
- Take appropriate measures to ensure that GCF Proceeds are used for the purposes for which they were provided.
- Apply the principles and standards of anti-corruption, fraud, financial sanctions and embargoes and comply with AML/CFT Policy.
- Aware of the Fund about issues related to the previous points

FAO, as an AE to the GCF, will use its policies, rules, and regulations for the management of funds to comply with the provisions and policies of the GCF to ensure that activities are implemented in line with the GCF Policy on Prohibited Practices. These policies will be applied in all activities implemented by FAO, implementing partners, and collaborators of the project. FAO is committed to planning, implementing, monitoring and evaluating activities for transparent, efficient and adequate management of resources in line with the country's legal framework and the provisions of relevant international instruments and conventions. In addition, the country has the mechanisms described in the previous section that guarantee an adequate national legal framework.

In this regard, FAO has the Policy against Fraud and Other Corrupt Practices, updated in July 2024, designed to prevent and detect fraud and other corrupt activities.

FAO is committed to ensuring that its resources are used exclusively for their intended purpose, ensuring that all operations are free from fraud and other corrupt practices, and holding itself accountable to donors and beneficiaries. The FAO maintains a zero-tolerance policy towards fraud and corruption, which involves a comprehensive approach to prevent, identify, and combat these practices.

The Policy Against Fraud and Other Corrupt Practices is structured in the following key steps:

<sup>39</sup> World Bank Anti-corruption Policies and Programs:

<https://openknowledge.worldbank.org/server/api/core/bitstreams/1305496d-a546-5977-9bb9-a4089ee047dd/content>

<sup>40</sup> JICA Anti-Corruption Guidance: [https://www.jica.go.jp/Resource/english/our\\_work/compliance/c8h0vm00009ulm1i-att/anti\\_corruption\\_guidance\\_en.pdf](https://www.jica.go.jp/Resource/english/our_work/compliance/c8h0vm00009ulm1i-att/anti_corruption_guidance_en.pdf)

<sup>41</sup> USAID Anti-Corruption Policy: [https://www.usaid.gov/sites/default/files/2022-12/USAID-Anti-Corruption-Policy-FactSheet\\_1.pdf](https://www.usaid.gov/sites/default/files/2022-12/USAID-Anti-Corruption-Policy-FactSheet_1.pdf)

<sup>42</sup> UNDP Policy against Fraud and other Corrupt Practices:

[https://www.undp.org/sites/g/files/zskgke326/files/migration/md/undp-procurement-Internal-Control-Framework\\_Anti-FraudPolicy-2020.pdf](https://www.undp.org/sites/g/files/zskgke326/files/migration/md/undp-procurement-Internal-Control-Framework_Anti-FraudPolicy-2020.pdf)

<sup>43</sup> FAO Policy Against Fraud and Other Corrupt practices: <https://www.fao.org/aud/51279-07948d87544bcba751a2e78b360b0474d.pdf>

1. **Fraud Risk Management:** Fraud risks must be identified and mitigated across various areas, such as human resources, procurement, inventory and asset management. Risk management focal points are designated at FAO Headquarters, Regional, and Country Offices to support the identification and monitoring of risks.
2. **Training and Awareness:** FAO provides mandatory training on fraud for all staff to increase awareness of risks and ensure compliance with relevant procedures.
3. **Roles and Responsibilities:**
  - FAO Personnel: Must adhere to the highest standards of integrity and efficiency and are obligated to report any suspicion of fraud, corruption, or misuse of resources.
  - Managers: Play a crucial role in promoting integrity, enforcing the zero-tolerance policy, implementing anti-fraud controls, and monitoring compliance with the policy.
  - Specific Units at Headquarters: Heads of units are responsible for identifying fraud risks and implementing measures to mitigate them.
  - Office of Strategy, Programme and Budget (OSP): Oversees risk management for the Organization and provides guidance and training on anti-fraud and anti-corruption measures.
  - Office of the Inspector General (OIG): Conducts internal audits and investigations of potential misconduct, operating independently within the Organization.
4. **Vendors, Service Providers, and Operational Partners:** FAO must ensure that their operations align with UN principles, including ethical conduct regarding fraud, corruption, conflicts of interest, and other related standards.
5. **Reporting Fraud:** All FAO personnel are obligated to report any potential fraud or corrupt practices. Reports can be made confidentially through various platforms, including the FAO hotline, web form, or email, with protections under the [Whistleblower Protection Policy](#) to prevent retaliation.

The FAO will also cooperate with national authorities to investigate allegations of fraud or corruption, to the extent permitted by its privileges and immunities.

During project implementation, FAO, as AE, will ensure close monitoring and supervision through its country, sub-regional and regional offices, and HQ to ensure that the activities are implemented in full compliance with the signed project agreement.

FAO will establish appropriate fiduciary management and control measures to ensure that materials or technology procured under this project are used only for the purposes intended and are not diverted or misused for unauthorized, improper or illicit purposes based on its institutional and project-level grievance redress mechanisms, corporate policies on fraud and other corrupt practices, FAO Vendor Sanctions Policy (Admin circular 2014/27), FAO Whistleblower Protection Policy (Admin Circular 2011/05) and others listed here: <http://intranet.fao.org/departments/oig/investigations/> including those of the Office of the Inspector General (OIG) will be in place to address this risk.

In addition, FAO's OIG has the mandate to independently review any complaints about non-compliance with FAO's social and environmental standards that cannot be resolved at the programme management level, as detailed in the [FAO Guidelines for Compliance Reviews Following Complaints Related to the Organization's Environmental and Social Standards](#). Complaints must be made in writing and communicated to OIG by mail, courier, email or fax, directly or via any FAO office. The OIG also investigates allegations of fraud and other misconduct in the programmes and operations of the Organization. It conducts investigations and inspections in compliance with the [FAO Guidelines for Internal Administrative Investigations](#).

In summary, FAO has a strong and structured approach to prevent and combat fraud and corruption, ensuring integrity in the implementation of its programmes and accountability to stakeholders.

#### E.5. Indigenous peoples

PNG is one of the most ethnically and linguistically diverse countries in the world. Indigenous Peoples make up nearly the entire population, with over 800 known tribal groups<sup>44</sup>, 851 languages spoken across country, and a wide range of cultural traditions. The country's indigenous inhabitant have lived on the islands and in

<sup>44</sup> <https://matadornetwork.com/read/tribal-culture-papua-new-guinea/>

the highlands for thousands of years, with complex societies based on kinship, subsistence agriculture, and customary land tenure. PNG's indigenous inhabitants, organized under traditional villages and communities, belong to two major ethnolinguistic groups: Austronesian (Papuan) peoples, found mainly along the coastal regions and islands, these groups are related to other Austronesian-speaking communities across the Pacific, and non-Austronesian (New Guinean) peoples, found mostly in the highlands and interior regions; these groups speak languages from various indigenous language families. Within these broad categories, there are hundreds of distinct tribes and clans, each with its own language, social structures, and traditions.

Indigenous Peoples in PNG have inhabited the region for over 50,000 years. The island's early inhabitants developed sophisticated agricultural systems (e.g., the Kuk Swamp agricultural site, a UNESCO World Heritage site, contains evidence of one of the world's earliest farming systems). Traditional societies were organized into small, autonomous groups, often governed through clan-based leadership and big-man political systems. Many communities maintain traditional subsistence-based economies, relying on agriculture (e.g., taro, yam, sweet potato) and hunting-gathering.

During the colonial period, when PNG was ruled by Germany, Britain, and later Australia, indigenous ethnic groups, clans or tribes were not physically displaced and thus to a high degree, their historical connection to the land remains. While there were impacts associated to the introduction of Christianity, cash economies, and external governance structures, Papua New Guineans kept a strong self-identification and by the most part retained their traditional ways of life and traditional practices, regardless of whether they reside in urban centers or areas/provinces that are different to the province or region that they self-identify with. Moreover, PNG has been reported as home to indigenous inhabitants living in voluntary isolation and first contact – or Indigenous Peoples in Voluntary Isolation and First Contact (IPVIFC), as per international terminology - in remote areas in the rainforests in the highlands, particularly in the west of the country, towards its border with Indonesia.

PNG's customary landowners and communities account for over 70% of the people living in the rural areas of PNG. These people live primarily subsistence to semi-subsistence lifestyles and somewhere between 80-90% of these people are considered customary landowners and communities. As a result, around 97% of land in PNG remains is under customary tenure, meaning it is owned collectively, with decisions over the use of the land made by principal landowners (chiefs) as recognized under the Constitution and relevant land legislation especially the Land Act 1996, the Land Groups Incorporations Act, the Voluntary Land Registration Act and related regulations .

With nearly all its population being indigenous to the land, Papua New Guineans do not commonly self-identify as "Indigenous Peoples" in the way the term is used in international context. Rather they identify more specifically with their ethnic groups, clans, or tribes—such as the Huli, Enga, Tolai, Motu, Sepik, or Asmat—or more broadly as Papua New Guineans.

PNG's Constitution underscores the right for all Papua New Guinean **citizens** to equal opportunities to participate and benefit from development processes in the country, underscoring the rich ethnic and cultural diversity of its people, including all their traditional ways of life and culture. Moreover, the Constitution recognizes **traditional villages and communities** as viable units of Papua New Guinean society. The Land Act refers to customary rights of indigenous inhabitants of PNG, and distinguishes between customary proprietary or possessory rights over the land.

The Land Act defines the **citizens** that are eligible to hold or lease land, including **customary landowners**, as follows: (a) a business group; (b) a land group; (c) a customary kinship group; (d) a customary descent group; and (e) a customary local group or community.

In such complex socio-cultural and customary land tenure regime, PNG's REDD+ Strategy refers to *communities* as a broad stakeholder category that would encompass all Papua New Guineans, and refers to landholders as a broad concept that describes all potential beneficiaries under the NRS, consistent with customary ownership rights recognized in the Land Act. On the other hand, when interpreting international language for 'Indigenous Peoples and Local Communities' as per the Cancun Safeguards, in the context of its first Summary of Information on Safeguards, PNG had adopted the concept of 'customary landowners, local communities and vulnerable groups'. With this in mind, and for the purposes of clarity and consistency in terminology across documents, including PNG's National REDD+ Strategy, the proposed RBP and its complementary ESMF (Annex 3) have adopted the following terms and concepts: **villages and communities** when referring to socio-cultural and socio-economic context and organization of the over 800 **ethnic groups** present in PNG, and **landholders and communities** when describing potential beneficiaries under this RBP, consistent with PNG's complex customary land tenure regime, where:

**landholder** refers to both **customary property (landownership) and possession rights**, and **communities** refers to those with **customary use rights**.

### Legal framework, Governance and Rights of customary landowners and local communities

At the national level, PNG's laws and policies have always sought to preserve the customary landowners and communities' unique identities and have established institutions which help to formulate the implementation of policy, laws and regulations relating to the registration of lands traditionally occupied by customary landowners and communities and help preserve the unique cultural identity of these various customary landowners and communities.<sup>45</sup>

The Organic Law on the Provincial and Local Level Governments is one of the main legal instruments that has direct bearing on this aspect of maintaining culture in PNG at the subnational level of government by ensuring powers to enact laws in relation to environment and cultural protection takes place at the appropriate level. This complements the *National Cultural Commission Act 1994* which assists and facilitates the promotion of traditional cultures of customary landowners and communities.

The National Museum & Art Gallery was established to preserve, protect and promote PNG's cultural heritage including its intangible aspects as well. In terms of protecting the traditional/cultural sites of significance, the National Parks Act (repealed) provides protection of the fauna and flora, scenic beauty, historic remains, and the cultural or spiritual aspects of a specific site through the establishment of protected areas and natural reserves and coincides with the objectives of the Conservation Areas Act.

National laws and regulations for accessing customary land acquisition are quite comprehensive and set out the processes to follow to ensure the rural majority of customary landowners and communities are not adversely impacted as part of this process. Customary law is also recognized and used to resolve disputes within the traditional village setting as seen in the establishment of the Village Courts and village court magistrates as part of the National judicial system in PNG (refer to in the previous section). In addition to these laws and regulations are the national policies that govern the development priorities in PNG that also place a great emphasis on the need for customary landowners and communities to be protected and their rights upheld in all development that occurs in PNG. This includes Vision 2050, MTDP's, the National Agricultural Development Policy.

Policy and legal framework, and overall context on existing GRM procedures, mechanisms and customary practices and institutions, relevant to the definition of GRM mechanisms / procedures tailored to customary landowners and communities, as examined in section E.1.3 above, ensuring compliance with the GCF's policies and with FAO's ESOP 2.

The Registry of ILGs is a national public registry, mandatory for all customary land which is subject to some form of commercial and business lease or natural resource development project. An ILG is established via the Land Groups Incorporations (Amendment) Act 2009 and recognized within the Land Act 1996, the Forestry Act 1991<sup>46</sup>, the Environment Act 2000<sup>47</sup>, the Climate Change Management Act 2015<sup>48</sup>, and within the agriculture and mining sector legislation.

The traditional customs and practices of the people of PNG are also recognized within Schedule 2.1.1 of the Constitution. The Constitution<sup>49</sup> also recognizes the right of customary landholders and communities to not be unjustly deprived of their land and the need to respect that right especially in light of relevant international conventions<sup>50</sup>. The Land Act 1996 also provides the process for acquiring land for development purposes which requires the use of FPIC as part of compulsory acquisition.<sup>51</sup> The process of FPIC is also recognized and respected in Acts of Parliament such as the Forestry Act 1991,<sup>52</sup> the Oil &

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<sup>45</sup> Refer to the NCC and PNG's National Cultural Policy.

<sup>46</sup> sections 54-57

<sup>47</sup> sections 81-86

<sup>48</sup> sections 87-89

<sup>49</sup> Section 53

<sup>50</sup> This respects the objectives of the UNDRIP Article 10.

<sup>51</sup> Section 10 of the Land Act 1996 recognizes the need for Consent to be obtained prior to acquisition of customary owned land and section 12 provides the process which gives rise to compensation for land acquired by the State

<sup>52</sup> This is seen as part of the FMA process under s.58 of the Forestry Act, in which consultations with customary resource owners is necessary to obtain their consent to acquire forest resources in exchange for adequate compensation as per terms stipulated in Project Development Agreements.

Gas Act 1998,<sup>53</sup> the Fauna (Protection and Control) Act<sup>54</sup> and the Climate Change Management Act 2015<sup>55</sup> in relation to the development or protection of natural resources and environmental projects. Customary landholders and communities also have exclusive usufructuary rights over the lands they traditionally occupy.

Autonomy and self-determination of customary landowners and communities underpins participatory decision-making and the establishment of local level/ward planning, which contributes to strengthening customary protection, management and control. These elements are captured in the NRS objectives that reflect the specific visions for customary landowners and communities of PNG and their lands, namely:

- A. Control and protection of customary lands and resources including traditionally led management and monitoring practices;
- B. Sustainable management of natural resources for the promotion of food security and income generation, as well as conservation, restoration and sustainable land use; and
- C. Capacity building for customary landowners and communities as well as institutional strengthening of provincial and local level government organizations.

### **Customary landowners and communities in the context of the RBP proposal**

PNG recognizes that customary landowners and communities require tailored involvement methods that respect their cultural and ethnic diversity. Additionally, specific institutions led by these peoples and adequate resources will be essential for meaningful consultations and implementation of activities. In line with the characterization of customary landowners and communities throughout this document – constituting nearly the entire population and who are eligible to become beneficiaries under this RBP – the ESMP will include provisions and procedures relevant to customary landowners and communities. A Customary landowners and communities Planning Framework (CLCPF) will be prepared as an integral component of the ESMP, and which will be developed during the inception phase. (See section 5.2.1 in the ESMF.)

The ESMP and its CLCPF will ensure consistency with the GCF's IPP, and so detailed provisions and procedures to guide all on-the-ground activities will be integrated in the terms and conditions of the BSP, Conservation Agreements and other operational instruments to operationalize activities under Component 2. By doing so, the RBP is committed to prioritizing, designing, implementing and monitoring on-the-ground activities in consistency with the principle of FPIC and all other elements required for Indigenous Peoples plans, as per the GCF's Indigenous Peoples Policy and FAO ESS 8

Given that this project is classified as Moderate Risk, potential adverse impacts will be continuously screened and monitored, with particular focus on activities involving or potentially affecting customary landowners and communities. A monitoring plan will be established at project inception, once sub-activities and pilot sites are identified. This plan will include specific indicators and measures to avoid, mitigate, or minimize negative impacts while enhancing the benefits of project implementation.

FAO recognizes that traditional knowledge is valuable for identifying and addressing potential risks, including hazards and disaster risks, and should be incorporated into the entire project cycle, as part of the development of ESMPs. Specifically, to determine potential impacts of project on marginalized communities, as well as the scope and classification of the FPIC activities, a FPIC assessment screening was conducted to determine the project risk level and to identify potential mitigation actions (see the ESMF for the results of the screening).

PNG will also leverage resources from the national budget and from programmed REDD+ funding shall be used to continue capacity building and adequate information sharing for the various audiences, especially the customary landowners and local communities.

The RBP Program will also make efforts to increase knowledge sharing to customary landowners and communities on their basic rights and specifically those that relate to the preservation of their traditional way of life, natural and genetic resources and knowledge, and promote their empowerment and participation in governance processes.

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<sup>53</sup> Divisions 5 (Social Mapping & Landowner identification), Div. 6 (Project Consultation), Div.12 (Rights in Respect of Land and Property), Div.14 (Fees and Royalties) and Part IV (Project Benefits) of the Oil and Gas Act 1998.

<sup>54</sup> Section 15(2)(a) of the Fauna Protection and Control Act.

<sup>55</sup> Section 87, 88 and 89 of the CCMA 2015 relating to the need for FPIC (landowner recognition and rights over resource and the process of consultation and compensation.)

Complementary to the FPIC, the project considers mechanisms through which affected parties can raise concerns, grievances, feedback in an efficient, unbiased, transparent, timely and cost-effective manner. See section E.1.3 above regarding the dedicated grievance redress mechanism for the project.

A detailed monitoring plan, along with procedures specific to customary landowners and communities (CLCP), is outlined in the ESMF.

Safeguards, indigenous peoples, and gender specialists supporting the PMU will lead the development of the plan and play a critical role in monitoring, evaluation, and reporting activities related to customary landowners and local communities, as examined in detail in Annex 3, the ESMF.

## E.6. Monitoring and evaluation

Project-level monitoring and evaluation will be undertaken in compliance with FAO policies. The project inception phase will include the formulation of a Theory of Change describing the causal relationship between outcomes that culminate with achieving the desired change and the underlying assumptions about how the change will happen. FAO will ensure a well-designed, operational, and effective impact monitoring and measurement system to measure the causal and attributable change, as well as the contribution and overall causal results of the project. The monitoring system should be designed to understand the efficacy and targeting and verify the assumptions that the program is making. It should also be used to generate information, data and lessons that can be used to feed back into the project implementation and planning components. Progress will be measured against baselines, targets and indicators.

FAO will perform monitoring and reporting throughout the reporting period. FAO has a country's presence and capacity to perform these tasks. FAO will implement the tools and methods to facilitate monitoring of the project. The methods will support vertical monitoring from the beneficiaries to management and facilitate comparative and standardized monitoring. The PMU will use the tools, including the workplans platform, to monitor activities and develop reports to the Project Board that combine financial reporting and progress toward achieving results set out in the Performance Management Framework.

The monitoring system will be comprehensive and entail the Project workplan as well as the action plans for gender, customary landowners and communities, biodiversity, and the social and environmental framework.

The day-to-day project monitoring and implementation responsibility rests on a nationally recruited Project Manager, with the support of the rest of the national and international staff, who will lead the PMU. S/he will be supported by a monitoring and evaluation specialist, who will lead the PMU's Monitoring and Evaluation Unit. The M&E Specialist will coordinate the annual work plans to ensure the efficient implementation of the project. The Project Manager will inform the Project Board and FAO Country Office of any delays or difficulties during implementation, including the M&E plan so that appropriate and corrective measures can be adopted. The PM will ensure that all project staff maintain high transparency, responsibility and accountability when monitoring and reporting project results. FAO will support the Project Manager as needed through annual monitoring missions. Additional M&E and implementation quality assurance and troubleshooting support will be provided by FAO as needed. The CCDA, PNGFA, CEPA, other related institutions, project beneficiaries and stakeholders will be involved as much as possible in project-level M&E.

A project inception workshop will be implemented to: a) agree on the project theory of change, b) build a common understanding of the project strategy and discuss any change in the overall context that might influence implementation, c) discuss the roles and responsibilities of the project team and Project Board, including reporting and communication lines, d) review the results framework and discussion, reporting, monitoring and evaluation roles and responsibilities, and to finalize the M&E plans, e) review financial reporting requirements, and f) planning and scheduling ESC meetings, and g) finalize the first year work plan. The final Inception Report will be approved by the Project Board and FAO.

The PM and FAO will provide input for the Annual Report for each year of implementation. The PM and the M&E Specialist will ensure that the indicators in the results framework are monitored annually. The Annual Reports will be shared with the Steering Committee and other stakeholders. The annual performance reports will be due to GCF 60 days after the end of the year calendar. The final project annual report and the terminal evaluation report will be the final project report package. Mid-term and final evaluations will be undertaken under the responsibility of FAO Office of Evaluation (OED).

In summary, monitoring and evaluation at the project level will be carried out in accordance with FAO's corporate systems and will be undertaken according to the FAO evaluation policy across the project life cycle. The

Project Cycle establishes institutional standards and procedures for project management, improving accountability and quality through results-based management principles, while improving the strategic focus of all FAO projects.

The Project Cycle sets corporate standards and procedures, including quality assurance criteria for phases 1 to 3 of all FAO's projects. These criteria are relevance, feasibility and sustainability, which are complemented by the performance assessment during the implementation of the project (Initial Installation, Annual Project Report, Mid-term and Final Evaluation).

The project team and the FAO Country Office will carry out the M&E Plan in accordance with FAO procedures. The project document within the Field Programme Management Information System (FPMIS) will also include additional information, such as the corresponding means of verification. The M&E plan includes an initial report, annual reports to the GCF, project implementation reviews, a mid-term and a final evaluation. This information will be available online.

The following sections describe the main elements of this plan. The project M&E plan will be presented and finalized after an adjustment of the indicators, means of verification, and a full definition of the M&E responsibilities of the project staff.

- **Initial installation**

The Project Inception Workshop will be held within the first 3 months of the project start, involving those with assigned roles in the project organization structure, FAO Country Office and, where appropriate/feasible, FAO regional technical policy and technical advisors as well as key stakeholders. The Inception Workshop is crucial to building ownership of the project results and planning the first-year annual work plan.

- **Annual Project Report**

This important report is prepared by the Project Technical Advisors, consolidated by the Project Manager, reviewed by the REDD+ TWC and finally approved by the Project Board to monitor progress made since the project started and for the previous reporting period.

The format and content of the annual report will be adjusted based on the simplified reporting regime established for RBP by the GCF.

- **Mid-term evaluation**

The project will undergo an independent mid-term evaluation at the mid-point of project implementation. The mid-term evaluation will determine progress towards the achievement of outcomes and will suggest corrective actions if needed. It will focus on the effectiveness, efficiency, and timeliness of project implementation, highlight issues requiring decisions and actions, and present initial lessons learned about project design, implementation, and management.

- **Final Evaluation**

An independent Final Evaluation will be launched within six months before the project's completion date, NTE. It will aim to identify project outcomes, their sustainability, and actual or potential impacts, including, inter alia, global environmental benefits. It will also indicate future actions needed to ensure the continuity of the process developed through the project. Both mid-term and final evaluations will be managed by FAO OED and coordinate with the FAO Regional Technical Advisor and the Project Board.

During the final three months, the project team will prepare the Project Terminal Report. This comprehensive report will be available to the public through the PNG REDD+ website. It will summarize the results achieved (objectives, outcomes, outputs), lessons learned, problems met and areas where results may not have been achieved. It will also lay out recommendations for any further steps that may need to be taken to ensure the sustainability and replicability of the project's results

## F. Legal arrangements

### E.6.1. Legal title to REDD-plus results

According to Section 78B of the Climate Change (Management) (Amendment) Act (CCMA, n.25/2021) repealed by the CCMA, Amendments (n.17/2023), if the Government engages in any transaction under international REDD+ programmes, including the Green Climate Fund RBPs programme, the "[National Climate Change] Board" has the authority of the landholder to sell and transfer all carbon sequestered by the forest including

in the form of emissions reductions, (...) or carbon sequestration resulting from that programme provided that:"

- (b) The Government compensates the customary landowners and communities through payment for environmental services (PES), where relevant, and any other landholder with forest carbon included in the transaction under an approved benefits sharing plan subject to Section 93.
- (c) the Board has considered the market value of the emissions reductions (...) at the time of evaluating the proposed transaction and the impact that such a transaction will have on Papua New Guinea's NDC.
- (d) and any other necessary arrangements with land holders are entered".

### CLIMATE CHANGE CARBON MARKET REGULATION

Climate Change Carbon Market regulations is currently before the Governor General for endorsement so may be approved by the time of the submission to this proposal. The regulation includes relevant elements, such as:

- It sets out the specifics for issuance of permits for entities entering into carbon projects providing a framework for administering as well as determining carbon rights via a system of registration that will help to track and monitor as well as verify the accuracy/legitimacy of any claims made or in the event of any competing claims that may arise.
- It also gives effect to the CCMA amendments of 2023 in so far as it relates to the framework for Benefit sharing from the sale and transfer of carbon credits including REDD+ transactions.

As it concerns the functions of the Board, Section 2 of the CCMA amendments (n.17/2023) repeals section 13 of the CCMA (2015, not repealed) and redirects the specifies that the Board (e) administration ERs and the receipt of donor funding (such as results-based finance) from REDD+ activities and other national or international climate compatible development Programs from the Minister back to the Board. ". This has been succinctly covered within the various amendments stipulated within the preceding provisions of 78B (n.25/2021) and section 9 of the CCMA Amendments (n.17/2023).

To this effect, the Board in consultation with the Minister responsible for forestry matters approves a benefit sharing plan for any transaction under international REDD+ programmes." (Section 78B(2), CCMA Amendments n.25/2021).

In the context of GCF, no ER transactions will occur. Still, the competent authority has to demonstrate its capacity to receive and administer Result-Based Payments (RBPs), in accordance with the legal framework and ensure the legitimacy of the process, on the basis of a participatory and inclusive benefit-sharing plan, the full respect of rights of the parties involved in ERs activities (customary landowners and communities rights, and beneficiaries' rights), and avoiding any potential claims on the results to be paid by the GCF.

Section 3 of the CCMA Amendment (n.25/2021) repeals Section 2 of the principal Act and defines "carbon rights" as legal claims, verified through social and land mapping, on the benefit streams from carbon sinks." Further to this, Section 92A stipulates that carbon rights and ownership. may be defined and regulated under the Act and subsection (2) states that a Regulation may provide the safeguards, procedures and guidelines on (a) how carbon rights are defined;(b) landownership; and c) institutional arrangements, considering the principles of natural resource ownership in Papua New Guinea."

In Papua New Guinea, customary law is fully recognized by the Constitution of 1975, and under customary law, forest resources are owned by the customary owners of the relevant customary land. In this regard, Section 46 of the Forestry Act (1991) states that "the rights of customary owners of forest resources are to be fully recognized and respected in all transactions affecting the resource".

Section 57 of the CCMA Amendments n.25/2021 amends section 90 to include rights and benefit sharing within all climate change project agreements entered into with landowners. This ensures that they have the rights to the benefits derived from climate change projects. In addition, Section 59 states that for the purposes of Section 1(3) of the Organic Law on Provincial Governments and Local-level Governments (n.28/1998), a

regulation shall prescribe the benefit sharing arrangement of revenues generated by the Authority and further define the processes and allowances for the collection of money for the purpose of Provincial and Local-level Governments (where necessary).

On the other hand, Section 57 (CCMA, 25/2021) further amends Section 90 of the Principal Act and reiterates that: "(1) A climate change related project agreement shall (b) explain and define land holder, rights and benefits, including monetary or PES and other benefits, if any, to be received by the land holders, as prescribed under Part IX, in consideration for the rights granted, and (g) be accompanied by a stakeholder engagement and awareness plan specific to the project area land holders and land holder representatives.

To that effect, the benefit-sharing plan will specify criteria and modalities to ensure that REDD+ Results-Based Payments will be channeled through appropriate mechanisms and that beneficiaries' rights, including those holding carbon rights, will be respected.

In this regard, PNG has recently adopted a set of Guidelines on benefit-sharing and distribution (2023) to enable the CCDA as the mandated Authority according to the CCMA 2021 (s 10 (d)) to "administer compensation or incentive funds, donor money and other funding derived from national and international climate finance under the direction of the Board"(...) in line with relevant sections of the Climate Change (Management) Act 2015 (as Amended), the National REDD+ Strategy 2017-2027 and the REDD+ Finance and Investment Prospectus.

Beneficiaries may include but are not limited to, communities, civil society, and the private sector, including any nested REDD+ projects, while national and sub-national governments may also retain a certain number of payments to cover their costs for implementing and/or managing REDD+ implementation.

Eligibility criteria for beneficiaries should be clearly described in the Benefit Sharing Plan (BSP), avoiding excluding relevant or vulnerable stakeholders. They might include:

- Primary beneficiaries who play a direct role in reducing deforestation and degradation on the ground, perform vital monitoring and reporting functions and have a regulatory or legal right to the land, forests or emission reductions.
- Secondary beneficiaries who have important roles in the implementation of REDD+, but their roles and impacts are largely indirect. To ensure that BSPs can be implemented effectively, practical approaches outlined in the National REDD+ FPIC Guidelines, must also be considered to overcome any exclusion of key stakeholders in Benefit Sharing Agreements (BSA). Due consideration must also be given to the mechanisms proposed to facilitate the sharing and distribution of benefits to REDD+ beneficiaries in a timely manner, reflected in the REDD+ BSAs.

The development of a sound, inclusive and participatory BSP will then avoid excluding vulnerable groups and other potential beneficiaries from the programme and limit any potential claim on the GCF results to be paid.

### G. Accredited entity fee and project management costs

Provide a list of the activities that are expected to be conducted using the AE fees and project management cost with corresponding costs as follows:

Accredited entity fee: 3.5% to be used according to the FAO – GCF agreements on AE entity fee.

Project management costs:

Table 12. Project Management costs description.

List of activities	Costs (USD or EUR)	Explanation/justification
Project Management Unit	2,536,550	Consists of the staff that will coordinate and lead the project (and related costs to make the PMU operational), including: the National Coordinator, administrative clerk, technical area leaders, and experts on

		gender, safeguards, monitoring and evaluation.
Direct Support Cost	1,585,344	<p>This will cover the necessary inputs for FAO PNG to adequately perform its execution functions for this project.</p> <p>Given the complex nature of the interventions, these direct costs will cover the required actions to ensure necessary due diligence during execution and in full compliance with FAO and GCF operational and financial requirements.</p> <p>These costs also include communication services throughout the lifetime of the project and potential additional direct support cost</p>
Provision of supervision services to the project	2,219,481	<p>This item includes the relevant provision of supervision service to the project. It includes spot checks, audits and field visits in accordance with FAO OPIM manual section 701.6.10.7 (assurance activities) for “low risk” operational partners to ensure strict control and compliance with FAO rules and procedures; evaluation costs, two technical missions per year from geographically dispersed FAO technical units are also covered in this item.</p>
Total cost	6,341,376	

The final amount of accredited entity fees and project management costs will be negotiated between the GCF and the accredited entity.

#### H. Annexes

- Annex 1 - Non-objection Letter
- Annex 2 - Environmental and Social Assessment (ESA)
- Annex 3 - Environmental and social management framework (ESMF)
- Annex 4 - Gender Action Plan (GAP)
- Annex 5 - Legal Due Diligence