

FINAL REPORT

**United Nations Development Programme
Papua New Guinea
FCPF REDD+ Readiness Project
December 2020**

Reporting Period	2015 - 2018
Donor	Forest Carbon Partnership Facility (FCPF)
Country	Papua New Guinea
Project Title	FCPF REDD+ Readiness Project
Project ID (Atlas Award ID)	00084582
Outputs (Atlas Project ID and Description)	00092531 PNG FCPF REDD+ Readiness Project
Strategic Plan and/or CPD Outcomes	CPD Outcome: By 2018, Government and civil society have enhanced capacity to implement biodiversity conservation, low carbon and climate resilient development initiatives for environmental sustainability and improved livelihood to reduce the vulnerability of women, girls, men and boys to disaster risks
Implementing Partner(s)	Climate Change and Development Authority "CCDA"
Project Start Date	January 2015
Project End Date	December 2018
Total resources required	USD 4,104,000
Revenue received	<ul style="list-style-type: none"> • Regular USD 27,633 • Other: Forest Carbon Partnership Facility USD 4,104,000 • Total USD 4,131,633
Unfunded budget	USD 0.00
UNDP Contact Person	Name: Dirk Wagener Title: Resident Representative UNDP- Papua New Guinea Email: dirk.wagener@undp.org Tel.: +675 7196 3600

Reporting Period	2018 - 2020
Donor	Forest Carbon Partnership Facility (FCPF)
Country	Papua New Guinea
Project Title	Forest Carbon Partnership Facility II
Project ID (Atlas Award ID)	00105180
Outputs (Atlas Project ID and Description)	00106398 Forest Carbon Partnership Facility II
Strategic Plan and/or CPD Outcomes	CPD Outcome: By 2018, Government and civil society have enhanced capacity to implement biodiversity conservation, low carbon and climate resilient development initiatives for environmental sustainability and improved livelihood to reduce the vulnerability of women, girls, men and boys to disaster risks
Implementing Partner(s)	Climate Change and Development Authority "CCDA"
Project Start Date	January 2018
Project End Date	December 2020
Total resources required	USD 5,400,000
Revenue received	<ul style="list-style-type: none"> • Regular USD 0.00 • Other: Forest Carbon Partnership Facility USD 5,400,000 • Total USD 5,400,000
Unfunded budget	USD 0.00
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I. Executive summary

The project has supported the establishment of the REDD+ Warsaw framework in PNG enabling the country to effectively participate in REDD+. This includes:

- A National REDD+ Strategy (NRS), developed a highly participative, intersectoral and successful process, and endorsed by the National Executive Council in May 2017. A National REDD+ Finance and Investment Plan (NRFIP), aimed at turning the NRS into a more concrete, detailed and costed plan to implement, with responsibilities clearly defined and existing funding sources identified should be finalized by the end of 2020. While the NRFIP represents a good framework for future investments to align with, it does not provide a detailed step-by-step concrete and detailed approach for REDD+ implementation, as well as a thorough assessment of the feasibility of each activity.
- A Forest Reference Emissions Level (FREL) submitted to the UNFCCC in 2017, technically assessed by UNFCCC and resubmitted the same year. It provided the basis for the development of a REDD+ annex to Biennial Update Report (BUR) that has been submitted by the country to the UNFCCC in 2019. The data and information provided in this annex, which covers the 2014-2015 period, has been deemed compliant by the UNFCCC, which allows PNG to be eligible for Results-based Payments, for example under the GCF.
- A National Forest Monitoring Systems (NFMS), for which a web portal has been established. The NFMS should be strengthened in the future with new data from the National Forest Inventory and the remeasurement of Permanent Sampling Plots to improve accuracy of estimating GHG removal in degraded forest.
- A Summary Of Information (SOI) on safeguards, together with a National Safeguards Information System (SIS), which have been endorsed by the National Executive Council in November 2020, as well as the guidelines for a Grievance and Redress Mechanism (GRM).

National REDD+ management arrangements are not fully in place with the absence of a national REDD+ Steering committee. However, the project has successfully engaged, informed and built the capacities of key stakeholders and supported a real improvement in cross-sectoral coordination between key national agencies.

It has supported significant policy reforms, for which the technical work should be finalized by the end of 2020. These reforms aimed at aligning the land use legislative and policy frameworks (climate change, forestry, land use) with the National REDD+ Strategy. Their adoption could represent historical progress.

The table below synthesizes the factors that have affected the performance of the project. It highlights important best practices and lessons learnt.

Positive influence	Negative influence
<ul style="list-style-type: none"> - Good adaptive project management. - Quality and continuity of staffs, in particular CTA, and expertise mobilized. - Government ownership, thanks to the project team being housed in CCDA building and a system of pairing connecting each UNDP project's staff with a CCDA staff. - Interagency collaboration and the role of sectoral retreats. - Partnerships and donors coordination. - Important stakeholders engagement. - Embed works (e.g. SIS, GRM) in existing national systems 	<ul style="list-style-type: none"> - Lack of capacity of public agencies (understaffed). - Lack of data, data management and reluctance to share data. - Relatively weak connection to pilot projects and local level that has prevented learning and operationalization. - Coordination between many different workstreams and REDD+ strategic alignment sometimes challenging. - Some delays due to political reasons (e.g. PNGPOP, forest act, sustainable land use policy). - Reduction of public budget affecting CCDA capacity. - COVID 19 outbreak and the state of emergency.

Some recommendations have been proposed to support the REDD+ process in PNG (see below).

1. In brief, what were the main REDD+ readiness-related activities delivered within your country during the project period?

During the project period (2015-2020), the national REDD+ process in PNG has focused on the following activities:

- The establishment of National REDD+ Management arrangements.
- Capacity-building and engagement of REDD+ stakeholders and institutions through trainings and consultations, including subnational stakeholders in particular in three pilot provinces.
- Development of communication materials and platforms.
- Development of the National REDD+ Strategy (NRS) and the National REDD+ Finance and Investment Plan (NRFIP);
- Development of policy reforms (on sustainable palm oil development, forest act, climate change management act, sustainable land use policy, provincial forest plans guidelines, etc.).
- Development of a Forest Reference Emission-Level (FREL) and National Forest Monitoring System (NFMS).
- Development of a Safeguards Information System (SIS) and Summary of Information (SOI).

2. What were the main REDD+ readiness-related achievements in your country for the project period?

- Government ownership, thanks to the project team being housed in CCDA building and a system of pairing connecting each UNDP project's staff with a CCDA staff.
- Technical Working Committees (TWC) including representatives from different stakeholders have been established for (i) REDD+ strategy, (ii) FREL and NFMs, (iii) Safeguards.
- Stakeholders' capacities on REDD+ has been built through extensive consultations and trainings. The different consultations and other capacity building programmes at the national and provincial levels have involved 1400 participants (35% female)¹.
- The project has supported a real improvement in cross-sectoral coordination between key national agencies. This is often perceived as a unique successful experience in the country's recent history. Government agencies, such as CCDA and PNGFA, have seen their mandates in relation to REDD+ clarified, which should be reflected in the CCMA and forest act revisions. The project has also secured the engagement in REDD+ of different sectors such as forestry, agriculture and land through targeted supports and action plans.
- REDD+ stakeholders' information has been significantly enhanced through a REDD+ website, as social media channels, a wide range of communication materials (posters, videos, calendars, tee-shirts, hats, etc.) and capacity-building of local journalists.
- A National REDD+ Strategy (NRS) has been developed and endorsed by the Government in 2017.
- A National REDD+ Finance and Investment Plan (NRFIP) has been developed and should be finalised before the end of 2020.
- The project has supported the revision of major policies:
 - o The Climate Change Management Act (CCMA), whose amendment bill is expected to be passed and endorsed by end of 2020.
 - o PNG's National Sustainable Land Use Policy, which is expected to be submitted to National Executive Council for endorsement before end of 2020. This is a significant achievement as the policy framework on land use has not changed for three decades.
 - o The Forest Act whose revision should be finalized by the end of 2020 and submitted to the National Executive Council for endorsement.
 - o Guidelines on Provincial Forest Plans (PFP) endorsed by the National Forest Board in May 2020 and trialed in three target provinces of West and East New Britain and Madang.
- A Forest Reference Emission-Level (FREL) has been submitted to the UNFCCC, technically assessed and resubmitted in 2017.

¹ Among these numbers, many are of course the same people participating in a different event.

- A Biennial Update Report (BUR) has been submitted by the country in 2019, including a REDD+ annex (covering the 2014-2015 period), which has been deemed compliant by the UNFCCC, allowing PNG to be eligible for Results-based Payments, for example under the GCF.
- Deforestation maps and analyses have been developed, with activity data and emissions factors improved, including through the National Forest Inventory (NFI),
- A web portal has been established for its National Forest Monitoring System (NFMS).
- A Safeguards Information System (SIS) and Summary of Information (SOI) have been developed and endorsed by the Government.
- Guidelines for a Grievance and Redress Mechanism (GRM) have been developed.

3. What were the main REDD+ readiness-related challenges and/or problems during the project period?

- Lack of capacity of public agencies (understaffed).
- Lack of data, data management and reluctance to share data.
- Relatively weak connection to pilot projects and local level that has prevented learning and operationalization.
- Coordination between many different workstreams and REDD+ strategic alignment sometimes challenging.
- Some delays due to political reasons (e.g. PNGPOP, forest act, sustainable land use policy).
- Lack of endorsement to date of the work on sustainable palm oil development.
- Reduction of public budget affecting CCDA capacity.
- COVID 19 outbreak and the state of emergency.
- The National REDD+ Steering Committee (NRSC) have not yet been established, as initially planned in the project, though its terms of references have been developed

4. To help build an understanding of the FCPF strengths, weaknesses and contributions to REDD+, please indicate the extent to which you agree with the following statements:

Mark 'X' as appropriate

	Completely disagree	Disagree	Neutral	Agree	Completely agree
The FCPF's support has had a central influence on the development our national REDD+ systems and processes					X
The FCPF's support has improved the quality of our national REDD+ systems and processes					X
The FCPF's support has improved national capacities to develop and deliver REDD+ projects					X

The FCPF's support has helped to ensure substantive involvement of multiple stakeholders (including women, IPs, CSOs and local communities in our national REDD+ systems and processes					X
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Comments / clarifications, if appropriate:

FCPF support has been instrumental in allowing the country to achieve REDD+ readiness

5. To help assess the usefulness and application of FCPF knowledge products (publications, seminars, learning events, web resources), please indicate the extent to which you agree with the following statements:

Mark 'X' as appropriate

	Completely disagree	Disagree	Neutral	Agree	Completely agree
We regularly access FCPF knowledge products to obtain REDD+ related information					X
FCPF knowledge products are relevant to our REDD+ related information requirements					X
FCPF knowledge products are sufficient to address all of our REDD+ related information requirements					X
The FCPF website is a useful resource for accessing FCPF and REDD+ related information					X

Comments / clarifications, if appropriate:

A majority of the knowledge products are guided by a stakeholder approved REDD+ Communication and Knowledge Management Strategy (RCKMS). The RCKMS successfully identifies target audiences and guides on communication focus areas, communication mediums, knowledge management and monitoring and evaluation. FCPF have facilitated the engagement of in-country communication specialists who have been responsible for the development of REDD+ knowledge products to complement the implementation of the REDD+ Actions (NRS 2015) at the sub-national level.

The knowledge products produced by FCPF is sufficient to understand REDD+ activities however sectors are still questioning their role in REDD+. It is clear that directly identifying and determining the role of each sector is not FCPF's role and FCPF has maintain a good reputation on that. FCPF through their support in developing the national strategy has outlined

the key actions which each of these sectors should employ in their policies and development aspirations. These advisory roles that FCPF is playing is slowly pulling key stakeholders to understand their role in REDD+ and this needs to be triggered down to the sub-national level.

At the sub-national level, there is different range of stakeholder with different level of capacity to understand new concepts like climate change, REDD+ and MRV. FCPF has already supported efforts to reach the sub-national stakeholders and communities however more work is needed especially in information dissemination. It is through understanding these new concepts that will make implementation at the sub-national and local level effective as they are mostly the implementing stakeholders.

II. Background

Building on and complementing initial works by the UN-REDD programme from 2011 to 2017, the World Bank-funded FCFPF REDD+ Readiness Project has been implemented in Papua New Guinea (PNG) since March 2015 and will end in December 2020.

The first phase of the project (FCPF project I) lasted from March 2015 to December 2018 with a US\$ 3.8 million² budget. Since the UN-REDD Programme was mainly focused on NFMS and FREL/FRL, the FCPF project I focused on establishing capacities for efficient management of REDD+ and the National REDD+ Strategy. Consequently, it pursued the following two outcomes:

- Outcome 1: Capacities exist for effective and efficient management of REDD+, including full and effective participation of all relevant stakeholders.
- Outcome 2: The National REDD+ strategy.

The decision to fund the second phase was taken on the basis of a mid-term review of the phase 1 of the project conducted in 2016 – 2017. With a US\$ 5 million³ budget, FCPF project II is being implemented for the period 2018 – 2020. It has the following outcomes:

- Outcome 1: Capacities exist for effective and efficient management of REDD+, including full and effective participation of all relevant stakeholders.
- Outcome 2: Endorsement of PNG's National REDD+ Strategy and National REDD+ Finance and Investment Plan (NRFIP);
- Outcome 3: Sub-national stakeholders have capacity for REDD+ planning.
- Outcome 4: Capacities exist for NFMS and FREL management and development.

Both projects were implemented by UNDP Country office in PNG under support to National Implementation Modality (NIM). The lead implementing agencies were the Office of Climate Change and Development (OCCD) for the first phase and the Climate Change and Development Authority (CCDA) for the second phase⁴, while PNG Forest Authority (PNGFA) acted as the responsible party.

Though they were expected outputs of the project, the Provincial REDD+ Action Plans have not been developed. The rationale for this decision is based on lessons learnt from other countries (e.g. Vietnam), which has led to prioritize mainstreaming REDD+ in provincial development plans.

² This amount excludes the fees received for GMS. When added, the amount for FCPF project 1 is USD 4.104 million.

³ As per footnote number 2, this amount excludes the fees received for GMS. When added, the amount for FCPF project II is USD 5.4 million.

⁴ OCCD became CCDA under the Climate Change (Management) Act 2015.

III. Progress Review

1. Please provide your own assessment of national progress against all REDD+ readiness sub-components:

Table 1- Readiness assessment

Complete	The sub-component has been completed
Significant progress	
Progressing well, further development required	
Further development required	
Not yet demonstrating progress	
N/A	The sub-component is not applicable to our process

Sub-component	Progress rating (mark 'X' as appropriate)	Narrative assessment (briefly explain your rating)
R-PP Component 1: Readiness Organisation and Consultation		
Sub-component 1a: National REDD+ Management Arrangements	Complete	
	Significant progress	
	Progressing well, further development required	X
	Further development required	
	Not yet demonstrating progress	
	N/A	
Sub-component 1b:	Complete	
Significant progress	X	

Sub-component	Progress rating (mark 'X' as appropriate)		Narrative assessment (briefly explain your rating)
Consultation, Participation and Outreach	Yellow		relevant stakeholders. A national REDD+ website ⁵ has been established. Civil society coordination is still deficient, as well as the direct participation of local Civil Society Organization. Gender-disaggregated data on participation are monitored.
	Orange		
	Red		
	N/A		
R-PP Component 2: REDD+ Strategy Preparation			
Sub-component 2a: Assessment of Land Use, Land Use Change Drivers, Forest Law, Policy and Governance	Complete	X	The National REDD+ Strategy is based on an effective assessment and prioritization of land use, land use change drivers and barriers to REDD+ activities. Together with the National REDD+ Finance and Investment Plan to be finalized and endorsed soon, they include action plans to address them through policies, laws, regulations and investments.
	Green		
	Yellow		
	Orange		
	Red		
	N/A		
Sub-component 2b: REDD+ Strategy Options	Complete	X	The National REDD+ Strategy (NRS) was adopted in 2017 and will be soon completed by a National REDD+ Finance and Investment Plan. The two documents are based on a selection and prioritization of strategic options with an assessment of their costs, and benefits. They lack a thorough assessment of the feasibility, associated with each strategic option. The implications of strategy options on existing sectoral policies have been identified, action plans to address them developed.
	Green		
	Yellow		
	Orange		
	Red		
	N/A		
Sub-component 2c: Implementation Framework	Complete		The REDD+ implementation framework is still largely under development. No REDD+ Fund, financial mechanism and registry are yet in place in the country. A Benefit Sharing Distribution Systems (BSDS) for both national and project approaches is under development and should be adopted by the end of the year.
	Green		
	Yellow	X	
	Orange		
	Red		
	N/A		

⁵ <http://pngreddplus.org.pg/>

Sub-component	Progress rating (mark 'X' as appropriate)		Narrative assessment (briefly explain your rating)
			However, the system may require more specifications to be more fully operational. National REDD+ guidelines are also being revised to ensure REDD+ project compliance with Cancun safeguards and PNG approach in terms of FPIC, GRM and BSDS. Reflections on how to nest REDD+ projects within national or subnational approaches have been developed, but it is not clear yet if they will be fully elaborated by the end of the project. A key aspect is the need to align national and project baselines, as well as MRV systems. Some major policy reforms are about to be enacted (forest act, climate change management act, sustainable land use policy) or have been enacted (provincial forest plans guidelines).
Sub-component 2d: Social and Environmental Impacts	Complete		The operationalization of Cancun safeguards in PNG have been assessed and a Draft Environmental and Social Management Framework (ESMF) has been developed as part of a UNDP proposal to the GCF to support the implementation of the NRS. This work has not been much integrated to the NRFIP as the ESMF was finalized before an advanced version of the NRFIP was available, which lacks a detailed assessment of the risks and mitigation measures associated with each investment. However, as the NRFIP is informed by the NRS, there is some alignment with the ESMF.
	X		
N/A			
R-PP Component 3: Reference Emissions Level/Reference Levels			
Component 3: Reference Emissions Level/Reference Levels	Complete	X	a Forest Reference Emissions Level (FREL) has been submitted to the UNFCCC in 2017, technically assessed

Sub-component	Progress rating (mark 'X' as appropriate)	Narrative assessment (briefly explain your rating)
	[Orange]	
	[Red]	
	N/A	
R-PP Component 4: Monitoring Systems for Forests and Safeguards		
Sub-component 4a: National Forest Monitoring System	Complete	X
	[Green]	
	[Yellow]	
	[Orange]	
	[Red]	
	N/A	
Sub-component 4b: Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards	Complete	X

⁶ <https://pngsis.org/sis/>

Sub-component	Progress rating (mark 'X' as appropriate)	Narrative assessment (briefly explain your rating)
		(SOI) on safeguards have also been developed.

2. Does your national REDD+ Strategy or Action Plan include activities that directly aim to sustain and enhance livelihoods (e.g. one of your program objective/s is explicitly targeted at livelihoods; your approach to non-carbon benefits explicitly incorporates livelihoods)?

Yes		(delete as appropriate)
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If yes, please provide further detail, including attachments and/or references to the documentation that outlines your approach:

Component 1 of the Papua New Guinea’s National REDD+ Strategy (PNG NRS) identifies and stresses the action areas for REDD+ targeting the policies and measures. The first action area underlines the importance to strengthen the landuse and development planning, while second action area discusses the importance to strengthen environmental management, enforcement and protection of forests while the third important action area looks at enhancing economic productivity and promoting sustainable livelihoods.

The NRS has acknowledged that agriculture is the centre to the livelihoods of the communities with over 80% of the population engaged in subsistence agriculture and agricultural exports exceeding \$1b per annum. A rapidly expanding population is driving an increase in the clearing of land for family agriculture. The NRS therefore targets actions within these two areas in an effort to strengthen food security within rural communities and to develop a commercial agriculture sector that is sustainable and able to respond to changing international standards.

Oil Palm Industry is the major driver of deforestation and forest degradation in PNG thus the project has partnered with the UNDP’s Green Commodities Programme (GCP) to support the GoPNG to strengthen its approach to sustainable palm oil development. Consultations and extensive technical works have been carried out to develop a policy submission, proposing:

- The establishment of a PNG Multi-stakeholder Palm Oil Platform (PNGPOP);
- The Issuance of a Declaration on Sustainable Palm Oil for PNG;
- The development of a sustainable oil palm policy.

However, due to changes in government and gaps in high level support, the process has been delayed for more than two years. It seems there is still a possibility for the policy to be

endorsed in the short term, which would affirm the Government of PNG's commitment to a sustainable oil palm sector.

3. Does your national REDD+ Strategy or Action Plan include activities that directly aim to conserve biodiversity (e.g. one of your program objective/s is explicitly targeted at biodiversity conservation; your approach to non-carbon benefits explicitly incorporates biodiversity conservation)?

Yes	<input type="checkbox"/>	(delete as appropriate)
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If yes, please provide further detail, including attachments and/or references to the documentation that outlines your approach

One of the three action area of the National REDD+ strategy is “Strengthened environmental management, protection and enforcement”. This includes actions by Conservation and Environment Protection Agency (CEPA) on “Strengthening environmental management, enforcement and protection) through:

- strengthening of environmental policies, regulations and guidelines
- Strengthening enforcement capacity of CEPA
- Strengthening the capacity of Provincial governments for environmental management
- Strengthen conservation planning, financing and management.” The latter

The Strategy encourages actions to respect and promote local initiatives ensuring that local and ward level planning are built and based on Integrated Subnational Planning and the work by Conservation and Environment Protection Authority (CEPA) on community conservation areas. The strategy aims to provide sustainable financial support through the Biodiversity Trust Fund to support communities in their conservation activities and community-based land use planning, and to ensure that communities are presented with a coherent and easy to manage set of options to support their conservation efforts.

5. Please describe how project comply with FCPF Common Approach for Multiple Delivery Partners.

The project complied with FCPF Common Approach for Multiple Delivery Partners.

Based on UNDP's Social and Environmental Screening Procedure (SESP) applying UNDP's Social and Environmental Standards (SES), a draft Environmental and Social Management Framework (ESMF) has been developed for a UNDP concept note for the Green Climate Fund (GCF) that aimed to implement the National REDD+ Strategy (NRS). However, this analysis has not been much integrated to the NRFIP as the ESMF was finalized before an advanced version of

the NRFIP was available, which lacks an assessment of the risks and mitigation measures associated with each investment. However, as the NRFIP is informed by the NRS, there is some alignment with the ESMF.

FCPF/UN-REDD Guidelines on Stakeholder Engagement in REDD+ Readiness have been applied, through a strong, inclusive and transparent consultation process backed by capacity-building activities to ensure informed discussions. It has been supported by an initial mapping of key stakeholders and a stakeholder's engagement plan. Gender-inclusive REDD+ stakeholder engagement plans have been developed for the three provinces in order to support the full and effective participation of key stakeholders in the implementation of PNG's National REDD+ Strategy. However, they have not been clearly endorsed by the provinces. Though this is not an easy task, the project has missed the opportunity to strengthen civil society coordination that has been undermined by the disappearance of the eco-forestry forum. The project would have benefitted from further engaging representatives of civil society from the local level, rather than relying to a large extent to representatives at the national level.

The project seems to have complied with FCPF Guidelines on the Disclosure of Information. Communication, information and transparency is generally perceived as adequate. A communication and knowledge management strategy has been developed and implemented with a primary focus on the national level. A national REDD+ website⁷ has been established, where relevant information is displayed. Social media channels have also been used.

FCPF Guidelines for Establishing Grievance and Redress Mechanisms at the Country Level have been applied. Guidelines for a Grievance and Redress Mechanism (GRM) have been developed, which aims at building on existing systems and rely on different focal points in sectors and provinces. Consultation and feedbacks from suggested focal points have been limited in spite of significant efforts by the PMU, which raises questions on its operationalization.

⁷ <http://pngreddplus.org.pg/>

IV. Project Risks and Issues

Risks or issues	Mitigation measures
Government of PNG commitment towards implementing REDD does not remain firm	Mitigating this risk has been closely collaborating with all stakeholders to ensure their active involvement in the development of the National REDD+ strategy and the REDD+ Finance and Investment Plan and ensure effective implementation of the National REDD+ Strategy. UNDP PNG Country Office has worked with the CCDA as a lead government agency to coordinate climate change to support efforts to effectively engage in the international climate negotiations. At the domestic level high-level political support is linked to the success of project activities in East and West New Britain pilot provinces. The project will further support further demonstration activities as well as developing a clear roadmap towards implementing REDD+ (REDD+ Finance and Investment Plan).
Influential stakeholders who could profit from REDD+ take over the national REDD+ Readiness process.	DP PNG CO has helped the CCDA to review the Climate Change (Management) Act, where a clear structure of REDD+ Management is embedded in the legislation. The proposed structure helps to reduce the potential for one group to dominate REDD+. UNDP has clearly communicated the potential benefits and challenges of REDD+ at the provincial level which will help to manage expectations and engage people with the right interests.
Government agencies do not cooperate and coordinate activities effectively	UNDP PNG Country Office through Technical Working Committees has strengthened cooperation and coordination of activities between key government agencies and other relevant stakeholders. Key government agencies have been effectively engaged including through dedicated sectoral retreats to define action plans. It is also important for CCDA to lead the TWC coordination with all government agencies. The establishment of the National REDD+ Steering Committee, which has been long delayed, will support further the cooperation and coordination of government agencies/
Sub-national authorities do not share central government's commitment to REDD+	The project (phase 2) component 3 targeted the subnational level authorities to raise their awareness about the importance of REDD+ and to build their capacities in planning and implementing REDD+ related activities. The project strengthened the linkages between national and provincial authorities through capacity building activities and technical discussions. It also targeted key demonstration provinces to provide test cases that can then be used to increase interest across all provincial authorities. UNDP PNG Country Office through its portfolio on Climate Change, Environment and

	<p>Disaster Risk Reduction strengthened the linkages between national and provincial authorities as well as synergies within its initiatives.</p>
<p>Sub-national activities pose environmental and social impacts that significantly affect land tenure arrangements and/or traditional cultural ownership patterns</p>	<p>The project worked with provincial authorities and communities to develop approaches to REDD+ that are locally appropriate and allow for a diversity of activities while also helping to ensure landowners see the value of REDD+ related approaches to land management. The project supported land use planning and development of management plans of natural resources including forests in a manner that pays due attention to existing tenure arrangements and ownership. The project also included specific components to promote community-based REDD+ to strengthen community land tenure and ownership of forests and to promote sustainable management of natural resources. A safeguards information system has been developed as well as guidelines for FPIC and a Grievance and Redress Mechanism (GRM).</p>

V. Lessons Learned

The table below synthesizes the factors that have affected the performance of the project. It highlights important best practices and lessons learnt.

Positive influence	Negative influence
<ul style="list-style-type: none"> - Good adaptive project management. - Quality and continuity of staffs, in particular CTA, and expertise mobilized. - Government ownership, thanks to the project team being housed in CCDA building and a system of pairing connecting each UNDP project's staff with a CCDA staff. - Interagency collaboration and the role of sectoral retreats. - Partnerships and donors coordination. - Important stakeholders engagement. - Embed works (e.g. SIS, GRM) in existing national systems 	<ul style="list-style-type: none"> - Lack of capacity of public agencies (understaffed). - Lack of data, data management and reluctance to share data. - Relatively weak connection to pilot projects and local level that has prevented learning and operationalization. - Coordination between many different workstreams and REDD+ strategic alignment sometimes challenging. - Some delays due to political reasons (e.g. PNGPOP, forest act, sustainable land use policy). - Reduction of public budget affecting CCDA capacity. - COVID 19 outbreak and the state of emergency.

VI. Conclusions and Way Forward

Overall, the project has been very successful in establishing the building blocks of REDD+ readiness in the country, which was its objective. Beyond putting in place the Warsaw Framework, it has generated significant policy reforms and facilitated the engagement of key stakeholders and cross-sectoral cooperation.

However, much remains to be done to ensure the success of REDD+ implementation in the country. The REDD+ implementation framework is still incipient and important questions remain on how to operationalize REDD+ and bring tangible benefits to landholders at the local level.

The sustainability of the project is likely in the sense that REDD+ readiness is formally achieved and that some individual and institutional capacities have been built. It is estimated that the NRFIP implementation requires to double the current level of funding of REDD+ activities and provide over than USD 100 million per year. The project has been able to raise funding for the continuation of some activities, in particular through:

- The “Establishing systems for sustainable integrated land-use planning across New-Britain Island in Papua New Guinea” project (USD 10.7 million mobilized from GEF and USD 49 million from other partners), whose implementation should start in mid-2021 and allow FCPF work in East and West New Britain to continue through a smooth transition.
- The USD 5.4 million project “Strengthening Integrated Sustainable Landscape Management in Enga Province Papua New Guinea” funded by the European Union

Other opportunities of funding are also being pursued, such as Results-Based Payment by the Green Climate Fund for the REDD+ results achieved by PNG during the 2014-2015 period. The revised Climate Change Management Act (CCMA) could also establish significant sources of funding for REDD+, in a context where public budgets are tightened. However, the transition towards REDD+ implementation has not been sufficiently prepared and the potential lack of external support to help steer the REDD+ process will certainly be challenging.

The following recommendations have been proposed to support the REDD+ process in PNG:

1. Develop a formal exit strategy, with a clear action plan and priorities to support the REDD+ process, and strategies to support institutional memory, continuation of activities and staffs (for example through the GEF 7 project). The present final evaluation of the project offers the basis to do that.
2. Restructure CCDA REDD+ team for the next phase of the REDD+ process: implementation.
3. Complete some readiness work, in particular the REDD+ implementation framework (BSDS, financial mechanism, establishment of a REDD+ fund with a potential support from UNDP Multi-Partner Trust Fund Office, establishment of a REDD+ registry with FAO support, etc.) and NFI/ PSP re-measurement, and legalize the technical works through regulations and guidelines for REDD+ implementation.

4. Develop step by step approach to REDD+ implementation and ensure implementation by all agencies.
5. Develop gender guidelines for REDD+ implementation.
6. Strengthen engagement with pilot projects and local level to favor learning and operationalization of REDD+ processes.
7. Support the completion of policy, laws and regulation works and in particular on oil palm, agricultural and conservation, forestry, land and climate policies.
8. Support a better integration of NRS and NRFIP into MTDP IV, sectoral and provincial development plans.
9. Strengthen REDD+ governance, through the establishment of the NRSC (particularly important as the PEB will no longer function) and of cross sectoral coordination mechanisms in provinces with due care to avoid duplications (including through potential integration of the Provincial Forest Management Committees).
10. Support strengthening of civil society and its coordination.
11. Raise funds for REDD+ implementation.

VII. Financial Status⁸

After the summary, Insert the Interim Financial Donor Report (IDR) or Cumulative Financial Donor Report here. Include the disclaimer below in the note. If the Cumulative Financial Donor Report is used, include the second disclaimer as well

Summary

Please detail the amount of all finance received in support of development and delivery of your national REDD+ readiness process since the date that your R-PP was signed. Figures should only include secured finance (i.e. fully committed) – ex ante, (unconfirmed) finance or in-kind contributions should not be included:

Amount (US\$)	Source (e.g. FCPF, FIP, name of gov't department)	Date committed (MM/YY)	Public or private finance? (Delete as appropriate)	Grant, loan or other? (Delete as appropriate)
\$3,800,000 \$304,000 Total \$ 4,103,788.43	FCPF Readiness Preparation Grant	01 May 2015 10 May 2017	Public	Grant
\$5,200,000 \$200,000 Total \$5,400,000	FCPF Readiness Preparation Grant	06 March 2018 15 Sep 2020	Public	Grant

Please detail any ex ante (unconfirmed) finance or in-kind contributions that you have secured in support of your national REDD+ readiness process:

Amount (US\$)	Source (e.g. FCPF, FIP, name of gov't department)	Public or private finance? (Delete as appropriate)	Grant, loan or other? (Delete as appropriate)
N/A	N/A	N/A	N/A

⁸ *Disclaimer: Data contained in this financial report section is an extract of UNDP financial records. All financial provided above is provisional.*

Disclaimer: UNDP adopted IPSAS (International Public Sector Accounting Standards) on 1 January 2012, cumulative totals that include data prior to that date are presented for illustration only.

FCPF – 1 (2015 – 2018) – project 00092531						
OUTPUTS	Amount Transferred by UNDP (USD)	Cumulative Expenditures up to 31 December 2018				Total Expenditures
		2015	2016	2017	2018	
Outcome 1. Capacities exist for effective and efficient management of REDD+, including full and effective participation of all relevant stakeholders	912,739.96	84,210.28	284,372.02	626,973.21	-85,568.75	909,986.76
Outcome 2: The National REDD+ strategy	1,971,173.63	229,501.30	834,594.01	658,744.29	217,483.10	1,940,322.70
Project Management	942,909	108,927.53	449,814.32	312,490.71	105,069.40	976,301.96
Depreciated assets	810.39	202.50	202.50	202.50	202.50	810.39
GMS (8%)	304,000.00	29,585.50	125,392.76	120,951.34	28,070.40	304,000
Sub-total	4,131,632.98	452,427.11	1,694,375.61	1,719,362.05	265,256.65	4,131,421.81

FCPF-2 (2018- November 2020) – Project 00106398					
OUTPUTS	Amount Transferred by UNDP (USD)	Cumulative Expenditures up to 25 November 2020 (Please note these figures are indicative and a final financial report will be provided)			Total Expenditures (USD)
		2018	2019	2020	
Outcome 1. Capacities exist for effective and efficient management of REDD+, including full and effective participation of all relevant stakeholders	1,351,628	315,358.90	331,459.06	125,616.57	772,435.53
Outcome 2: The Endorsement of PNG's National REDD+ Strategy and National REDD+ Finance and Investment Plan (NRFIP)	962,536	640,275.27	845,719.82	285,444.10	1,771,441.19
Outcome 3: Sub-National Stakeholders have capacity for REDD+ Planning	1,294,458	286,924.69	411,584.50	107,556.36	806,068.55
Outcome 4: Capacities Exist for NFMS and FREL management and development	800,000	0.00	636,723.80	-36,066.00	600,661.80
Project Management	591,378	270,205.77	184,637.91	103,162.63	558,011.31
GMS 8% (as per ProDoc)	400,000	121,086.34	192,844.44	44,907.24	358,838.02
Sub-total	5,400,000	1,633,850.97	2,602,969.53	630,620.90	4,867,456.40

VIII. Annex

KNOWLEDGE AND LESSONS LEARNED

DELIVERING REDD+ IN A RAPIDLY EXPANDING ECONOMY AND WITH PRIVATE SECTOR SUPPORT IN PAPUA NEW GUINEA

INTRODUCTION

In the face of rapid global change, Papua New Guinea (PNG) is a country at economic, social, environmental and geopolitical cross-roads which requires careful decision-making to balance conflicting priorities. PNG's economy is largely supported by four sectors: (i) agriculture, forestry and fishing; (ii) mining; (iii) extraction of crude oil and petroleum; and (iv) wholesale retail and trade, which collectively contribute more than a half the Gross Domestic Product (GDP) of PNG. Agriculture, forestry and fisheries combined are the largest sources of employment domestically, providing jobs to around 20% of the total population⁹. Moreover, these sectors maintain a strong cultural connection with the citizens of PNG. Given the urgent need to raise the standard of living (PNG ranked 154 out of 187 countries on the Human Development Index in 2016) and meet the growing international demand for timber, food (demand for food is expected to double by 2050) and other natural-resource based commodities, the scaling-up of these industries is a priority for the Government of PNG (GoPNG).

More than three quarters of PNG's carbon rich and biodiverse forests (28 million hectares) remain undisturbed – a proportionately high level compared to world standards, and a strategic and sustainable investment opportunity if GoPNG plays its cards right. While some of this land will be required to achieve economic growth through the expansion of forestry and agriculture, unsustainable land use policies and lack of enforcement will put at risk the “natural capital” advantage that PNG currently enjoys. PNG's natural capital includes not only its forests, but its rich and fertile soils (suitable for growing food and fibre), its rivers and streams, its native plant and wildlife, and its marine ecosystems and fisheries.

This natural capital is already under threat. In the commercial logging sector, the largest driver of forest emissions, there are currently over 8.6m hectares of forest under logging concessions and a further 8.4m ha have been identified for potential future development. Commercial agriculture, another major driver of emissions in PNG, is dominated by oil palm, which, in 2013 covered an area of approximately 350,000 ha. Secondary cash crops, including cocoa, palm oil, coffee, and coconuts collectively cover an equivalent area of land. The GoPNG has set ambitious plans for agricultural expansion, targeting a five-fold increase by 2030 which would see an additional 1.3 million ha of land converted to cropland¹⁰.

The clearing and degradation of native forests to scale-up forestry and commercial and family agriculture does not just impact the natural environment and biodiversity. Soil erosion and runoff associated with land clearing, pollution from pesticides fertilisers associated with intensified agriculture, enter streams and rivers, and finally are discharged into the sea. This damages PNG's marine ecosystems and therefore impacts commercial and subsistence fisheries. The clearing of coastal wetlands and mangrove forests can also impact fisheries and expose coastal communities and land-based industry to sea-level rise and storm

⁹ Bank of PNG March 2019 Quarterly Economic Bulletin

¹⁰ PNG Agriculture Sector Draft Plan 2019-2029

surge events – both of which are increasing due to climate change.

While GoPNG considers the direction in which it will drive the country’s future, it needs to partner with the private sector to promote investment in business models that do not degrade natural capital. The PNG private sector is already showing a clear preference for forestry and agri-business projects that do not degrade the country’s natural resource base. Critically, this private sector “impact investment” can be combined with international public-sector climate finance flows to de-risk these new business models that are centred on sustainability.

To its credit, GoPNG has shown leadership and commitment to contribute to the reduction of global GHG emissions by transitioning to a low carbon economy – as demonstrated by its relevant climate change legislation (*Climate Change Management Act 2015* and *Paris Agreement Act 2016*), and in policies such as the *National Climate-Compatible Development Management Policy 2014* and the *National REDD+ Strategy (NRS)*. The GoPNG has also enshrined the concept of “sustainable land development” in many of its other national plans and targets. For example, the 2018—2022 Medium-Term Development Plan (MTDP) reiterated the government’s commitments to increasing the area under conservation and reducing rates of forest loss while continuing to support responsible and sustainable development particularly in rural areas.

This knowledge document captures key lessons learned through engagement work of government, private sector, and key stakeholders in PNG moving forward under the REDD+ and forestry related activities. It summarizes how the private sector is being engaged in the process to ensure sustainable investment in PNG’s natural capital.

KNOWLEDGE PROCESSING AND LESSONS LEARNED

REDD+ being a results-based scheme under the United Nations Framework Climate Change Convention (UNFCCC) through which developing countries can earn results-based payments by reducing emissions from forests, REDD+ will help strengthen sustainability of management of PNG’s forests while helping to improve land use planning and to reduce the vulnerability of communities to climate change. The implementation of the National REDD+ Strategy (NRS) will help PNG meet its international obligations on climate change by delivering a 50% reduction in emissions by 2030 and achieving carbon neutrality by 2050, as laid out in the Vision 2050.

The GoPNG has shown leadership and commitment to REDD+ and to global efforts to reduce GHG emissions by transitioning to a low carbon economy through various actions. For example, the GoPNG has enshrined the concept of “sustainable land development” in many of its national plans and targets and is also developing relevant climate change legislation (*Climate Change Management Act 2015* and *Paris Agreement Act 2016*), and policies such as the *National Climate-Compatible Development Management Policy 2014* and the NRS. The 2018-2022 Medium-Term Development Plan (MTDP) has also reiterated the government’s commitments to increasing the area under conservation and reducing rates of forest loss while continuing to support responsible and sustainable development particularly in rural areas.

PNG’s experience in phases 1 and 2 of REDD+ have generated numerous lessons of interest and relevance internationally. These are described in four key areas:

1. Private Sector Engagement.
2. Establishment of Sustainable Palm Oil Platform.
3. Social and Environmental Safeguards; and
4. Policies and Regulations, including on financial management

1. PRIVATE SECTOR ENGAGEMENT:

One of the consequences of degrading PNG's natural capital is to increase PNG's greenhouse (GHG) emissions. PNG's forests store a significant amount of carbon – the clearance of all 4 million hectares of Special Agriculture Business License (SABL) designated areas would result in emissions of 1.2 GtCO₂e, equivalent to around 30 years of emissions at current levels; and, if the expansion of the agriculture sectors were not well managed, PNG's GHG emissions would conservatively increase by an additional 220 million tCO₂ over a 15-year period – a 50% increase in current emissions from commercial agriculture.

Development of future Scenarios for Private Sector Engagement in PNG's Forest Sector

Following multiple broad and cross-sectoral stakeholder consultations at national and provincial levels since 2018, the GoPNG has been developing a future scenarios assessment for private sector engagement in forestry sector, aimed at informing the implementation of the government's objectives to increase domestic processing of logs and the expansion of the planted forest estate to 800,000 ha nationally by 2050. Stakeholders include government departments, private sector representatives, landowners, growers, processors and exporting industries.

The participatory process includes extensive awareness raising, consultations and collaboration. In 2018, more than 60 cross-sectoral consultations, including sector-based retreats and face-to-face consultations, as well as capacity building and training events with over 800 participants (up to 40% female) from relevant agencies and sectors and covering government, private sector and civil society helped establish the REDD+ Finance and Investment Plan (RFIP). All these consultations were led by the Climate Change Department Authority (CCDA), as the lead national agency for coordination of climate change related activities in the country.

Private sector engagement will provide significant opportunities for PNG to improve and enhance various issues, including forest management, environmental and social mechanisms, and investment related issues. Some examples are:

The private sector is showing enormous interest in sustainable agriculture and forestry investments. Investors are requiring new finance criteria be met to mitigate the downside legal, market and reputational risks associated with goods and services that degrade environmental assets e.g. conventional forestry. This is increasingly being reflected in assessments by Credit Rating Agencies (e.g. Moody's and S&P), statements by regulators, and ultimately, in higher insurance premiums. This change in investor sentiment is nudging producers and supply-chain managers to seek alternative business models that improve environmental and social conditions, and that address consumer concerns e.g. chemicals in food, deforestation and waste.

PNG has a strong sustainability story to tell impact investors. Its forests and other ecosystems (much of which are ecologically intact) are a significant contributor to climate change mitigation, it harbours a rich array of biodiversity, and, its people maintain strong cultural connections. Conventional business models that destroy natural ecosystems are slowly being phased out with improved technology.

PNG's natural and social capital, and its geostrategic location, are its comparative advantages. When climate finance orientated impact investors, both from the public and private sectors, look at PNG, they see a strong business case for co-investment in projects and programs that not only return a market-rate financial return, but that also result in verifiable and promotable co-benefits such as climate change mitigation, biodiversity conservation and community livelihood. PNG is also seen as geopolitically strategic investment by several nations.

International climate finance will unlock even larger amounts of private sector investment. International climate finance will fuel co-financing opportunities, whereby significant private sector impact investment can “piggy-back” off other public-sector money (e.g. World Bank, GCF, GEF and via National Government bilateral agreements such as with Australia) if PNG's policy and governance settings are right. Government funding acts to de-risk innovative sustainable resource management business models. De-risking such projects is critical in both industrialized and developing countries, but especially so for PNG if it is to capture a share of these finance flows.

2. ESTABLISHMENT OF SUSTAINABLE PALM OIL PLATFORM:

As the global demand for palm oil drives growth across PNG's industry, the nation has a significant opportunity now to ensure that its valuable palm oil sector develops sustainably for the benefit of everyone.

PNG palm oil is world renowned for its high standards of production, and the overwhelming majority of PNG's palm oil is sold to markets where buyers favour palm oil that is certified as sustainable. As the number one source of agricultural revenue for PNG, the palm oil industry provides jobs and other opportunities to rural communities as well as government income through taxes and levies.

Managed sustainably, palm oil production in PNG has the potential to help the nation meet many of its development goals, such as reducing poverty and increasing opportunities in rural areas, while also managing valuable forest resources. In fact, a sustainable palm oil approach directly supports the Government's commitment to protecting biodiversity and “our children's future”, as outlined in the country's strategy for responsible sustainable development and the Medium-Term Development Plan three.

SNAPSHOT:

The PNG palm oil industry

- **#1 SOURCE** of agriculture revenue for PNG.
- Providing at least **200,000 JOBS** + rural incomes.
- Creating more than **US\$ 344 MILLION** in export values in 2017.
- **OVER 95%** of PNG palm oil is certified as sustainable sold to the most lucrative

Seeing the importance of palm oil investment in leveraging PNG's economic growth and ensuring better investment process for the country and its people, a Palm Oil Platform (POP) has been introduced.

The design process of PNG's Multi-Stakeholder POP, along with a national policy for sustainable palm oil production in PNG, is led by the Government of PNG aiming to improve transparency and accountability in an industry whose compliance on social and environmental safeguards has been weak or ineffective. It will also address one of the main drivers of deforestation, namely commercial agriculture, driven by unsustainable palm oil production.

The PNG-POP Project's platform has established strong partnership with UNDP's Green Commodities Programme to continue support on the establishment of PNG's POP¹¹ and development of national policy on sustainable palm oil.

The POP platform has given many interested and relevant stakeholders a mechanism for dialogue to improve sustainability, grow export opportunities and better support small-holder growers in a sector that has generated approximately 39% of PNG's agricultural export dollars over the last decade.

Establishment Process:

A Declaration on PNG's Sustainable Palm Oil was developed by a working group comprised of representatives from the relevant government agencies, the private sector and civil society organisations in April 2018. A PNG-POP team was established, and this team facilitated a number of Coordination Committee meetings¹² to oversee the establishment of the platform. This committee is made of senior government officers at the level of Secretaries, Deputy Secretaries, Managing Directors and Divisional heads, heads of civil society organizations (CSOs), Chairs of Associations from the Private Sector and UNDP. The PNG POP Coordination Committee (PNG-POPCC) serves as a multi-stakeholder advisory and decision-making forum established to oversee and drive the platform development.

The PNG-POP process will develop a National Action Plan that focuses on maximizing benefits for communities, promoting sustainable economic development, and playing a role in protecting the nation's valuable forest resources.

As a government-led forum, the PNG-POP aims at making and sustaining the palm oil sector operating in PNG. It provides a meeting place where all stakeholders in the industry can openly share their views and develop solutions together to address the challenges. All stakeholders are required to be part of long-term planning and improvement, so that PNG can make the best possible palm oil industry a reality for the nation.

¹¹ <http://www.greencommodities.org/content/gcp/en/home/countries-and-commodities/papua-new-guinea-palm-oil.html>
¹² <https://twitter.com/UNDPinPNG/status/1015114516449775616>

Under this platform, PNG-POP tries to involve everyone and all stakeholder groups. Because palm oil production cuts across sectors and involves issues in farming, forestry, trade and commodities; PNG-POP brings together different sections and levels of government; grower community and civil society representatives; business, plantation companies, traders, and buyers.

PNG-POP works with different stakeholders to identify and agree on the key challenges facing the sector. These stakeholders with support from the PNG-POP coordination team is to develop a National Action Plan to address issues related, before working in partnership to implement the plan.

BENEFITS:

- Increase employment and other opportunities in grower communities
- Safeguarding the sustainable use and management of PNG's valuable forest resources
- A strong and competitive sector, with access to premium markets, securing higher foreign exchange
- Stronger safeguards for the social interests of workers and communities
- Increase transparency and information sharing via the PNG palm oil platform

As part of awareness and outreach, a PNG-POP communications plan was established. The PNG-POP team initially developed a list of communications products, including a logo as a brand identity, an information brochure, banner, and a PNG-POP explainer video. The materials have been endorsed by the PNG-POP Coordination Committee. To have all PNG-POP communication materials secured, a branding guideline has been also developed to guide the correct use of logos and messages for communication materials.

Participation by government representatives at the 16th Roundtable on Sustainable Palm Oil (RSPO) Conference in Malaysia in 2018 allowed the PNG government representatives to learn best practice from other countries in the palm oil sector so that they are prepared to manage their own process and platform in dealing with private engagement and investment process. The PNG-POP team hosted a successful side event, with over 40 people (30% female) in attendance. For the first time, the GoPNG is able to share their work in the PNG palm oil sector with other countries.

The determination of the PNG government will help guard its palm oil reputation and sustain a high-quality sustainable palm oil standard for PNG. The PNG-POP will be officially launched after the GoPNG endorses a PNG-POP Policy Submission that has been developed through a consultative process between the and Department of Agriculture and Livestock, CCDA, Department of National Planning and Monitoring (DNPM), National Institute of Standards and Industrial Technology, and the Department of Trade Commerce and Industry.

3. SOCIAL AND ENVIRONMENTAL SAFEGUARDS:

Palm oil smallholders struggle to meet requirements established by the EU and US in sourcing palm oil. Helping them to adhere to environmental and social safeguards in palm oil development can help to overcome this challenge.

PNG has established a multi-stakeholder Technical Working Committee on Social and Environmental Safeguards (SES-TWC) to serve as the primary platform for engaging stakeholders in its country approach to safeguards. The SES-TWC is co-chaired by DNPM and CCDA. Its members comprise representatives from government agencies, academic institutions, civil society organizations and private sector.

The objective of the TWC is to meet the need for PNG to respond to the multiple international safeguard requirements, in particular, those under the UNFCCC (Cancun safeguards) and the FCPF [Strategic Environmental and Social Assessment (SESA) and Environmental and Social Management Framework (ESMF)], through the adoption of a Country Approach to Safeguards (CAS).

At the national legislative and policy level, the Climate Change (Management) Act (2015) also gives consideration towards addressing and respecting the Cancun Safeguards.

The RFIP (see next section) will include an assessment of potential environmental and social risks and benefits from the implementation of the specific PAMs (SESA), and actions to mitigate these risks and enhance the benefits (ESMF). In turn, the SIS will track how these safeguards are addressed and respected.

An integrated approach to forest and land-use planning has been piloted in target provinces of East New Britain¹³ and West New Britain¹⁴ as well as Madang¹⁵, and one of the approaches is the development of provincial stakeholder engagement plans¹⁶ and tools that are customized to province-specific social and cultural constructs, norms and practices. More than 800 people (48% female) participated in undertaking the stakeholder's engagement plans development process. The outcome of the assessment demonstrates that the provincial administrations are likely to be the single most important group for facilitating information exchange around REDD+ within the provinces. These plans and operational tools for gender inclusion and Free, Prior and Informed Consent will be finalized in 2020.

4. POLICIES AND REGULATIONS:

Sustainable finance

PNG will not be able to achieve its REDD+ goals, and more broadly establish financially and environmentally sustainable agriculture and forestry industries of the future by relying only on grants from multilateral and bilateral climate finance sources. Private impact investment will be needed. In the short- term, PNG will need to rely on upfront grant funding from sources that have an appetite for high-levels of risk (e.g. World Bank, GCF, GFE) to slowly but surely put in place the building blocks that will mitigate investment risk and encourage FDI in projects that have REDD+ benefits.

PNG has had to address the challenge of positioning itself as an attractive climate finance and impact investment destination. Among numerous policies and regulations still under preparation,

¹³ http://www.pg.undp.org/content/dam/papua_new_guinea/docs/Projects/PNG%20FCPF%20REDD%2B%20Readiness/Consultation%20workshop%20report%20ENB.pdf

¹⁴ http://www.pg.undp.org/content/dam/papua_new_guinea/docs/Projects/PNG%20FCPF%20REDD%2B%20Readiness/Consultation%20workshop%20report%20WNB.pdf

¹⁵ http://www.pg.undp.org/content/dam/papua_new_guinea/docs/Projects/PNG%20FCPF%20REDD%2B%20Readiness/Consultation%20workshop%20report%20Madang.pdf

¹⁶ http://www.pg.undp.org/content/dam/papua_new_guinea/docs/Projects/PNG%20FCPF%20REDD%2B%20Readiness/Full%20report%20Stakeholder%20engagement%20mapping%20and%20analysis.pdf

a National REDD+ Finance and Investment Plan (RFIP) is currently under development that ensure long-term sustainable financing and management systems are in place to support implementation of the NRS.

A number of analyses have been undertaken in the development of the RFIP. These include an assessment of land use financial flows, a review of Climate Change (Management) Act (2015), National Sustainable Land-Use Policy (NSLUP), and Forestry Act, development of stakeholder engagement plans at the sub-national level, development of a Grievance Redress Mechanism and continuation of work on Safeguards and PNG's Safeguards Information System.

These analyses also indirectly address several key barriers to Foreign Direct Investment (FDI) in PNG and help catalyse private sector impact investment in projects such as plantation development, conservation and sustainable agriculture. Through this impact investment, these projects will deliver social, economic and environmental benefits, while also indirectly helping PNG to meet the National REDD+ Strategy (NRS) targets. This initial investment of \$200-300 million will be a key ingredient to attracting billions of dollars in FDI, which is needed to scale-up PNG's sustainable and mainstream primary industries of the future.

Other policies and regulations

PNG has committed to a 100% renewable energy by 2050 through its National Energy Policy and Vision 2050, with support from the World Bank (WB), Global Environment Facility (GEF) and bilateral assistance from Australia, China, New Zealand and United States of America (USA).

Various reviews were done on the PNG Climate Change (Management) Act, PNG National Sustainable Land Use Plan, PNG Forestry Act, Provincial Forest Guidelines and Development of Provincial Forest Plan for WNB Province to ensure that they are in place and rightly regulated to serve the people, the country and all stakeholders engaging any sort of businesses, activities, and work in PNG.

In addition to this, the country's first ever NSLUP has been developed, the Forestry Act 1991 and Climate Change Management Act (2015) are currently being reviewed. The Land Information Management System has been strengthened and Provincial Forest Plans developed for East New Britain, West New Britain and Madang Provinces. Following piloting in these provinces, the Provincial Forest Planning process will be scaled up to all 19 provinces of PNG.

The PNG's Provincial Forest Guidelines (PFP) have been revised so as to improve forest governance and logging operations which are a major issue in the country.

THE CHALLENGE AHEAD:

The results described above have placed PNG in an excellent position to make a significant contribution to global efforts to mitigate the impacts of climate change while simultaneously supporting a growing and vibrant natural resource-based economy. However, being in an excellent position does not guarantee success – challenges still lie ahead.

Analysis currently underway suggests that approximately \$200-300 millions of core financing (an

equivalent increase of 50% on existing government budgets) is required to help meet the targets for avoided deforestation and emissions under the National REDD+ Strategy. Challenges remaining to be overcome include:

- **Capturing a share of international and private sector financing opportunities is far from guaranteed for PNG.** Like for other investment opportunities in PNG, there are underlying and persistent barriers to attracting climate finance for sustainable land management. These key investment barriers include inadequate frameworks and systems to provide robust governance and financial transaction transparency; relative high difficulty and risk of doing business in PNG; high transaction costs; and too many climate finance related policy proposals, creating confusion.
- **Strong economic development will require rural communities to have more support.** This means better rural infrastructure and services, as well as new and more equitable opportunities for an increasing population. But improved infrastructure may change attitudes as new options are opened up, and current support for nature-based solutions may be undermined. Achieving sustainable growth into the future will require the government to improve its regulation and oversight of the palm oil sector, and to create arrangements that can have stakeholders working together in a new way to address the industry challenges.
- **Mobilizing international public-sector and private sector climate finance takes time and stable commitment.** The current high level of political and technical commitment has thus far failed to increase the share of impact investment flowing into PNG. Investors, be they in the public or private sector, are always concerned about risk, and for a natural resource-based economy like PNG's, financial and economic risk is intrinsically volatile. To help to manage and mitigate these risks, PNG needs to:
 - Build capacities at the grassroots (community) level.
 - Develop and implement a coordinated strategy for tapping into international climate finance flows, and further down the track, impact investment.
 - Identify and develop a pipeline of bankable projects.
 - Develop mitigation risk planning to expand international climate finance and impact investment flows.
 - Embrace carbon as a commodity, and promote PNG as an exporter of sustainable products; and critically
 - Put in-place strong systems of transparent and inclusive governance and clear channels of responsibility, and address barriers for private sector investors looking to fund projects in PNG.