



EN

**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX I**

to the Commission Implementing Decision on the financing of the annual action plan in favour of the Independent State of Papua New Guinea for 2022

**Action Document for Forestry-Climate Change Biodiversity (FCCB) nexus: “Our Forest, Our Future”**

**ANNUAL PLAN**

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23(2) of the NDICI-Global Europe Regulation.

## 1 SYNOPSIS

### 1.1 Action Summary Table

<b>1. Title CRIS/OPSYS business reference Basic Act</b>	Forestry-Climate Change Biodiversity (FCCB) nexus : “Our Forest, Our Future” OPSYS no. ACT-61284 Financed under the Neighbourhood, Development and International Cooperation Instrument ( <u>NDICI-Global Europe</u> )
<b>2. Team Europe Initiative</b>	YES. “Our Forest Our Future” - the Forestry-Climate Change- Biodiversity (FCCB) nexus
<b>3. Zone benefiting from the action</b>	Papua New Guinea (PNG)
<b>4. Programming document</b>	EU-PNG Multi-annual Indicative Programme 2021-2027 <sup>1</sup>
<b>5. Link with relevant MIP(s) objectives / expected results</b>	Priority area 1: To support a development model that reconciles forestry, climate change and biodiversity with sustainable, inclusive and gender-responsive green growth and jobs. at national and pilot subnational/community levels:  SO 1: Effective implementation of evidence-based FCCB policies, governance and institutional frameworks  SO 2: Increased knowledge and awareness on FCCB issues among PNG’s population  SO 3: Increased inclusive and gender responsive green public and private sector investments and deforestation-free livelihoods
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	Priority Area 1 of the EU-PNG MIP 2021-2027: “Our Forest our Future” Forestry, Climate change and Biodiversity nexus
<b>7. Sustainable Development Goals (SDGs)</b>	Main Goal 13 - Climate Action Other significant SDGs: Goal 1 - No poverty,

<sup>1</sup> EU-PNG Multi-annual Indicative Programme 2021-2027: [https://international-partnerships.ec.europa.eu/system/files/2022-01/mip-2021-c2021-8989-papua-new-guinea-annex\\_en.pdf](https://international-partnerships.ec.europa.eu/system/files/2022-01/mip-2021-c2021-8989-papua-new-guinea-annex_en.pdf)

	Goal 2 - Food security, improved nutrition and sustainable agriculture Goal 5 - Gender equality Goal 7 - Sustainable energy Goal 8 - Decent work and economic growth Goal 12 - Responsible consumption and production Goal 15 - Life on land Goal 17 - Partnerships for the goals			
<b>8 a) DAC code(s)</b>	321- Forestry Development- 55% 410 - General Environment Protection-20% 430 - Rural Development-10% Other consideration: 232 - Energy Generation Renewable Resources-10% 140 Water resource conservation-5%			
<b>8 b) Main Delivery Channel</b>	11000 Donor Government: Expertise France (EF) 47018 Center for International Forestry Research (CIFOR)			
<b>9. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

11. Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	digital connectivity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	digital governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Connectivity @	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	energy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
transport	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
education and research				
Migration @ (methodology for tagging under development)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Reduction of Inequalities @ (methodology for marker and tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): BGUE-B2022-14.020132-C1-INTPA Total estimated cost: EUR 54,7 million <i>plus co-funding from CIFOR TBC</i> Total amount of EU budget contribution EUR 54,7 million This action is co-financed in parallel co-financing by: - Centre for International Forestry Research CIFOR: for an indicative amount of EUR 17 million			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	The action will be implemented in Indirect management with: (1) Expertise France (EF) (2) Center for International Forest Research (CIFOR).			

## 1.2 Summary of the Action

Climate change, environmental degradation and the loss of biodiversity are an interlinked and existential threat to PNG, Europe and the world. Unprecedented climate hazards cause dangerous and widespread disruption in nature and affect billions of people, especially those living in the most vulnerable situations.

Because of PNG's high level of vulnerability, climate change action plays an important role in its policy agenda. It is included in PNG's overarching Vision 2050 and central to its 2014 National Strategy for the Responsible Sustainable

Development (StaRs). In 2020, PNG submitted its Enhanced Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC). The recently adopted NDC implementation plans foresee a reduction of greenhouse gas emissions mostly by reducing deforestation and forest degradation. Initiatives promoting the Forestry-Climate Change-Biodiversity (FCCB) nexus are being pursued in several conservation/protection areas with strong engagement of local traditional landowner communities.

The importance of FCCB for PNG's policy agenda reflects both severe risks as well as important opportunities. Hosting one of the world's largest primary forests and 7% of the world's biodiversity, PNG is the custodian of an important global public good. Though increasingly important in the global effort to reverse the impact of climate change, PNG's forests - and with it its unique biodiversity - are increasingly at risk through subsistence and commercial agriculture, unsustainable and often illegal logging, destruction of mangroves and the inefficient use of firewood. The sector faces major challenges in governance and law enforcement. On the other hand, PNG's advanced FCCB policies and legislation, the importance of forest for traditional landowner communities, and recent developments in carbon trading, biodiversity offsetting, and land stewardship/ ecosystem services concepts, offer a unique opportunity for substantial EU support and investment, which is highly appreciated by PNG stakeholders.

FCCB is on top of the EU's domestic and global agenda, notably the EU Cooperation Strategy for the Indo-Pacific, the external component of the EU Green Deal as well as EU policies on forestry, climate change adaptation and mitigation, emission trading, carbon capture, use and storage, and biodiversity<sup>2</sup>, combined with global agreements, notably the Paris Agreement on Climate Change, the conclusions of COP 26 and the global biodiversity framework.

Responding to EU's and PNG policy priorities, aligned with the EU-PNG MIP 2020-2027 (Priority Area 1) and taking specificities (such as customary and community landownership) of PNG's FCCB space into consideration, this Team Europe Initiative (TEI) "Our Forest our Future" – Addressing PNG's Forestry, Climate Change, Biodiversity (FCCB) nexus (in short: FCCB) uses a comprehensive, integrated and strategic approach to help transform PNG's FCCB policies, capacities and actions towards a green economy, as foreseen in PNG's long-term development Vision 2050 and anchored in the current medium term development plan (MDTP III, 2018-2022). The ambitions of the EU's medium – to long term engagement in this sector builds on the possibility to extend and enhance this FCCB phase 1 action with funds from the corresponding priority area in a second phase.

In response to identified strength, weaknesses and challenges in the sector, and building on the existing progress in PNG's FCCB policies, this action will support a development model (at national/ institutional and at pilot community/conservation area levels) that reconciles climate change, environmental protection and biodiversity with sustainable, inclusive and gender-responsive green growth and jobs, by pursuing three specific objectives:

SO 1: Effective implementation of evidence-based FCCB policies, governance and institutional frameworks;

SO 2: Increased knowledge and awareness on FCCB issues among PNG's population;

SO 3: Increased inclusive and gender responsive green public and private sector investments and deforestation-free livelihoods.

Across these three specific objectives, the strategic axes of the action are (a) transforming institutions, policies, capacities and governance, (b) concrete implementation at pilot community levels and (c) investments, including through the use of EFSD+. Each of the three SOs offers significant opportunities for the enhanced use of digital tools. Particular attention will be given to the equal and meaningful involvement of women, youth and marginalized groups, as well as conflict sensitivity and the promotion of peaceful dispute resolution mechanisms.

The action supports PNG's ambition to ensure sustainable management of its natural resources and its transition to a green, carbon neutral economy. In line with the EU Strategy for Cooperation in the Indo-Pacific, notably priority areas 1 and 2 (Sustainable and inclusive prosperity and Green transition), and with the environmental priorities of the EU for NDICI-Global Europe programming in the Pacific Region, it will further strengthen the EU's and PNG's commitment to address the triple forestry, climate change and biodiversity crises, and contribute to the global climate change agenda. Guided by the political and policy priorities of the EU and underpinned by strategic policy dialogue, this TEI, mobilizing support and engagement from other European actors, aims to support transformational change, making the EU and its Member states the partner of reference in the area. Building on EU's extensive experience and

---

<sup>2</sup> Including the 2019 Communication on Stepping up EU Action to Protect and Restore the World's Forest, the EU Emissions Trading system, "Enhancing EU Biodiversity", the "Forging a climate-resilient Europe - the new EU Strategy on Adaptation to Climate Change" and the voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forest (VGGT).

lessons learnt in PNG in forestry, climate change, integrated rural development and sustainable agriculture, this action, together with other EU/EU Member States funded projects, will demonstrate EU leadership in land stewardship models, carbon neutrality, biodiversity conservation and development of deforestation-free commodities.

The action is in line with the UNFCCC Gender Action Plan while enhancing women's participation in climate actions and policy making and contributes to the EU Gender Action Plan III. It reflects the ambition of the PNG Vision 2050 to ensure a more equal distribution of resources and opportunities among people, emphasizing the role of women and youth.

The action will help achieve the objectives of the 2030 Agenda, notably Goal 13 - Climate Action, Goal 15 - Life on land, Goal 1 - No poverty, Goal 2 - Food security, improved nutrition and sustainable agriculture, Goal 5 - Gender equality, Goal 7 - Sustainable energy, Goal 8 - Decent work and economic growth, Goal 12 - Responsible consumption and production, Goal 17 - Partnerships for the goals. The action will make a significant contribution to achieving PNG's commitments under the three Rio conventions<sup>3</sup> and its national FCCB ambitions, notably the National REDD+ Strategy 2017-2027 as well as PNG's Enhanced NDC to the Paris Agreement.

## 2 RATIONALE

### 2.1 Context

#### 1. Political and Financial Outlook

With 80% of the Pacific countries' landmass, population and economy, large reserves in critical mineral resources, and as a focus of intensifying competing geo-political interests, the importance of PNG for the EU is growing. Though affected by various layers of fragility, PNG adheres to EU fundamental values, human rights, democracy and the rule of law, and has recently (January 2022) abolished the death penalty. The most recent Parliamentary elections took place in mid-2022. Despite some shortcomings, the overall democratic and civilian-led political process is considered not to be under threat. Covid-19 hit PNG as the government started implementing wide-ranging macroeconomic reforms under an IMF Staff Monitored Programme. To mitigate the impact of Covid-19 on the economy, PNG opted for expansionary macroeconomic policies, mainly through an ambitious fiscal stimulus package and an increase of capital expenditure. Despite the crisis, the overall financial situation remains under control. According to the IMF, public debt is sustainable, conditional on implementing prudent fiscal policies. PNG's Medium Term Fiscal Strategy 2020-2024 aims at accelerated fiscal consolidation. The EU disbursed the first ever budget support tranche to PNG in December 2021.

#### 2. Specific Sector context

PNG is one of the 17 most megadiverse countries globally, richly endowed with biological diversity in its forests and marine ecosystems, and thus the custodian of an important global public good. With approximately 78% of its landmass covered by forest, PNG contains the third largest tropical rainforest in the world and hosts more than 6% of the world's most biologically diverse ecosystems. Carbon rich lowland tropical forests constitute over 50% of forest area. Forests are critical to the livelihood of its people and economy. Approximately 80% of the population depend on subsistence farming. Land- (and forest-) ownership is mostly customary and communal, making rural communities the most important stakeholders in any forest related action. On less than 1% of the world's landmass, PNG hosts 7% of the world's biodiversity. It is estimated that up to half of PNG's biodiversity remains to be discovered – a huge potential for future nature-based solutions.

Forests play an important role in PNG's economy and its efforts to climate change mitigation. However, forests - and with it an important share of unique biodiversity- are increasingly at risk through subsistence and commercial agriculture, unsustainable timber harvesting<sup>4</sup> at times fraught with illegalities and human rights violations, land conversion, mining and the inefficient use of firewood. As emissions from deforestation and land degradation have significantly increased, the carbon sink capacity of the Land Use, Land Use Change and Forestry (LULUCF) sector

<sup>3</sup> United Nations Framework Convention on Climate Change (UNFCCC), the United Nations Convention on Biological Diversity (UNCBD) and the United Nations Convention to Combat Desertification (UNCCD).

<sup>4</sup> Official logging statistics mask the degradation within these forests catalysed mainly by selective logging and more frequent rotational clearing. It is estimated that the official statistics of approx. 4 million m3 of timber exported per year from PNG is substantially underreported.

decreased by more than 90% since 2020. Since forest and mangroves play a major role in stabilizing the climate and livelihoods of people if protected, or increasing people's vulnerability to climate change if destroyed, forests are identified as main contributor to PNG's Nationally Determined Contribution (NDC) to the UNFCCC.

PNG is one of the world's most climate change vulnerable countries and ranked 149 out of 181 countries in terms of its capacity to adapt to climate change. Sea level rise have resulted in climate change refugees. Since over 80% of the population live in rural areas, most of PNG's population is vulnerable to climate change and variability, particularly women who are heavily dependent on land and forests for survival and have fewer mechanisms to cope with the effects of climate change. A recent assessment indicates that hazards such as flash flooding, landslide, and coastal flooding will intensify over the coming decade, affecting crops, damages to infrastructure affecting economic activities, and salt water contaminating fresh water sources in the coastal areas, among others, leading to displacements and conflict.

In response to the risks, climate change adaptation and mitigation has been and remains high on PNG's policy agenda. In PNG's overarching Vision 2050, climate change is captured under pillar 5. In 2014, GoPNG adopted its National Strategy for the Responsible Sustainable Development (StaRs), prescribing a development strategy aiming at green growth and sustainable development. The country was the first to submit its Intended Nationally Determined Contributions (INDC) in 2015 and in the same year approved the Climate Change (Management) Act 2015 (CCMA), which also formalised the establishment of a dedicated climate change authority. The MTDP 3 (2018-2022) emphasizes the need for Forestry and Biodiversity to be managed responsibly and sustainably under Key Result Area 7. The Goal 7.2 also refers to the need to adapt to the domestic impacts of climate change and to contribute to global efforts to abate GHG emissions.

Among its key sectoral policies are the National Climate Compatible Development Policy, the National REDD+ Strategy<sup>5</sup>, and National Adaptation Plan, the National Strategies for Reforestation and Afforestation 2020-2040, the National Forest Policy and the National Sustainable Land Use Policy 2023-2033). The main legal instruments are the Climate Change Management Act (2015) and the United Nations Paris Agreement (Implementation) Act (2016). More recently, PNG adopted the Sustainable Development Goal 13 Roadmap, and developed the Enhanced Nationally Determined Contributions and its corresponding NDC Implementation Plan<sup>6</sup> and roadmaps for the Agriculture, Forestry and Other Land Use (AFOLU) and energy sectors. In May 2022, PNG submitted its Second Biennial Update Report to the UNFCCC and the National Inventory Report 2000-2017. PNG successfully completed the development of all four design elements of the UNFCCC Warsaw Framework on REDD+, notably the National REDD+ Strategy 2017- 2027 (NRS), National Forest Monitoring System (NFMS) including web portal<sup>7</sup>, Forest Reference Level (FRL) and Safeguards Information System (SIS).

Conservation efforts are being carried out in several protected areas, supported by national and international conservation NGOs such as Wildlife Conservation Society, The Nature Conservancy (TNC), Bread for the World, Tenkile, the Managalas Conservation Foundation, FORCERT and others. More recently, CIFOR, well known for its global role in land stewardship and ecosystem management and a pillar assessed international organization with widely acknowledged experience in EU funding, increased its engagement in PNG through a Peatlands conservation project and the development of a land stewardship model in and around the Managalas Conservation Area, with support of the national and provincial governments and local communities. The Managalas Plateau lies in Oro Province (2.3 million ha) and extends to 360,000 hectares in size including the buffer zone. It contains 22,000 households comprised of 152 clans, 11 tribes, 60 villages and 49 settlements. Forest ownership is in the hand of the communities and presided over by the clan chiefs. However, with economic pressures the scope for commercial logging and land conversion to large-scale agriculture is increasing. The largest conservation area in PNG, Managalas is an ideal case for an EU supported pilot to develop sustainable land stewardship and ecosystem services models to protect PNGs important forest and biodiversity resources, as foreseen in the AAP 2022.

Within the overall framework of global conventions, the key PNG Government agencies at national level mandated to drive the various components of the FCCB nexus are the CCDA, CEPA and the PNG Forest Authority, United Nations agencies are providing significant support to the development of policies, strategies and action plans.

<sup>5</sup> The National REDD+ Strategy provides a framework of actions to be carried out by government, communities and the private sector to help manage the country's forests while also helping to develop rural economies.

<sup>6</sup> The enhanced NDC 2020 – 2030 provides a summary of many of PNG's key action areas and targets as well as setting more specific quantified, conditional, targets for both renewable energy and reductions in emissions from the AFOLU sector.

<sup>7</sup> <http://png-nfms.org/portal/>

However, within the complex scenario of severe risks for PNG's ecosystems and livelihoods on the one hand and major opportunities as described above, several key challenges remain:

## 2.2 Problem Analysis

PNG has tremendous natural capital but cannot afford alone to protect it for the world, yet the world cannot afford to not have it protected.

1. The main **common challenges** for the various key components of the FCCB nexus, namely Forestry, Climate Change, Land Use, Agriculture and Biodiversity, at national and subnational/community levels, are as follows:

(a) *Inadequate FCCB nexus governance:* Despite its updated policies, strategies, actions plans and roadmaps, mandated institutions and some data, PNG primarily lacks implementation, monitoring, compliance and enforcement of rules, regulations and policies as well as global conventions, due to weak and fragmented institutional arrangements, insufficient capacities and to some extent corruption and vested interests in maintaining unsustainable practices. In some areas, logging for round log export has resulted in severe conflicts with traditional landowners, violation of land customary rights, displacement and human rights violations. The lack of a transparent carbon trading mechanism minimizes PNG's opportunities for benefits from its carbon sink capacities, while opening the way for illegitimate actors ('carbon cowboys'). Special Agricultural and Business Leases (SABLs) granted by the state are also often seen as bypassing forestry legislation and customary land rights, if protocols around Free, Prior and Informed (FPIC) consent are not applied.

(b) *Lack of FCCB awareness, knowledge, capacities and mobilization of key stakeholders and the population:* Implementing for the foreseeable future a sustainable green development model as foreseen in PNG's STARS strategy and resisting the temptation of short-term gains at the expense of a sustainable future requires a population (and in particular traditional landowners) that is aware of the risks, opportunities and challenges. It also requires a growing number of knowledgeable professionals across a wide spectrum of stakeholders including public service, civil society, private sector, media and research that are motivated to engage on behalf of future generations.

Though nascent, these three layers of knowledge management are insufficiently developed. Current state and non-state stakeholders involved in or with a mandate to design, monitor, advocate for, and/or implement FCCB actions at national and local levels need more specific knowledge, information and capacities for the fulfilment of their roles and responsibilities. Women and women's organisations, in particular, need strengthening to make sure they can take an active part and advocate for gender-responsive forestry-related policies and actions, considering these have mainly been gender-blind. Educational institutions, including schools, universities, as well as research and teacher training institutions, need to be empowered and enabled to produce a growing number of professionals knowledgeable about FCCB and motivated to engage in the sector for the benefit of PNG's future.

(c) The current *unsustainable economic model in the rural areas*, where 80% of the population live, is based by and large on subsistence agriculture encroaching on forest, on increasing commercial agribusiness/ agriculture commodity plantations including palm oil, almost always linked to deforestation, and on (partly illegal) logging with very limited or no economic benefit for the landowners. With little to no alternative deforestation-free income generating opportunities, especially for women, rural communities engage in unsustainable local economic practices including deforestation and agricultural practices leading to land degradation. Overall, there is a lack of capacity to implement gender equality and human rights commitments and policies in climate actions and rural development.

2. More specific **sector challenges** that prevent PNG from transitioning to a green economy include:

### **Forestry:**

The PNG Forest industry is focused on harvesting natural forest for round log export. Logging of native forests has provided significant input into the PNG economy with round log exports valued at between USD500million and 700m, per annum. Estimates indicate that such high volumes are unsustainable. An assessment of the legality risks for PNG under 2017 determined a Timber Risk Score for PNG of 3/100. Key areas of concern related to legal rights to harvest, payments of taxes and fees, timber harvesting activities, third parties' rights, and transport and trade. This follows allegations of malpractice, corruption, political interference, inadequate monitoring and poor enforcement within the forestry sector for a number of years. An effective system for traceability and verification of legality is still not in place. Regulatory mechanisms are weak and there remains a lack of transparency in forest resource allocation.

In efforts to increase the value of the sector to PNG and shift from a fully exploitative process to a more sustainable long-term system of investment and growth, the government has sought to introduce a round log export ban as well as continuing to enhance export taxes on round log exports to 45%. However, implementation of the ban first proposed in 2014 has continually been delayed. Additional obstacles in the sector include limited data and access to data, low levels of monitoring and enforcement and political interference. Logging operations provide significant potential for revenue for involved actors. Efforts to control and restrict activities that would result in a loss of such revenue streams may face political opposition. Reports show that requirements for informed consent by traditional landowners have frequently been undermined and that exploitation of forests as natural resource has often not translated into socio-economic development in landowning communities but rather captured by elites and the most powerful kinship groups

### **Land-Use**

PNG's land area remains almost entirely under customary ownership with no formal land use planning occurring within these areas. Development activities have relied on the formation of Incorporated Land Groups (ILGs) which act as a legally recognised body able to enter contracts with regard to the use of customary lands. Limited upfront finance for groups has often meant that such engagement processes are compromised. Efforts to address these challenges have been slow to develop with the Department of Lands and Physical Planning (DLPP). Such challenges are also compounded by the highly political nature of any forms of land reform or changes in process. DLPP is finalising its National Sustainable Land Use Planning Policy (NSLUP) which aims 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. Barriers in effectively ensuring that land rights are fully respected include limited information on current land uses and ownership, limited access to information and sharing of information across agencies, limited capacity to manage and verify information on land claims, limited capacity and awareness within rural communities of their rights and impacts of different developments and or access to grievance mechanisms and limited access to recourse mechanisms or other legal support. Many land holding communities are moving towards engagement in significant commercial agreements on the use of their land with very low levels of existing capacity and no external and or impartial support. This gap presents a significant risk that continues through implementation with many of the most vulnerable groups unable to access any form or legal recourse. Land ownership and management issues carry substantial risks for conflicts which need to be considered in the implementation of the action.

### **Environmental Protection/ Conservation**

PNG is one of the world's most biodiverse countries. With current high levels of natural forest cover and relatively low population densities, the country is home to a wide range of endangered species as well as unique habitats. The wealth of biodiversity and relatively undisturbed natural habitats also play a critical role in the country's economy with 85% of PNG's population rural and highly reliant on goods and services provided by the natural environment. Ensuring that these key resources are conserved and managed is critical at a global, national and local scale. The Conservation and Environmental Protection Authority (CEPA) is responsible for implementing two key action areas with relevance to this – the application of environmental safeguards that control development activities and the development of conservation activities to conserve PNG's natural environment. Implementation of adequate protection and conservation faces significant barriers, including lack of enforcement of environmental safeguards, Limited capacity to effectively assess and monitor development activities, limited transparency of environmental assessment and monitoring with limited public access to information them, and limited financing and capacity to implement conservation activities. PNG has made significant progress in establishing a protected areas network, but recent assessments note that the formal network received almost no public funding.

### **Climate Change Mitigation (Low Carbon Growth, REDD+) and Adaptation**

Barriers to the effective implementation of PNG's comprehensive climate change architecture include lack of coordination and high-level decision making body for climate change or specific focus areas (e.g. REDD+); limited data quality and access to data; lack of mainstreaming of climate action and targets; lack of awareness and capacity to respond in in terms of mitigation and adaption; limited technical guidance/ regulation to coordinate and support investment – relatively low levels of accessible climate finance and investment within PNG with gaps in regulatory framework and institutional arrangements combined with the existing challenging investment environment acting as a significant deterrent to many investors -; inconsistencies in the REDD+ safeguard procedures and issues around the lack of enforcement of the recent moratorium on new voluntary carbon market projects. At the subnational level, early action with pilot REDD+ projects has resulted in both domestic and international controversies with challenges in clarifying land ownership structures and implementation modalities. Further action to develop new projects has faced



challenges linked to unclear domestic guidance on nesting from both an emission (carbon accounting standards) and land management approach (evidence of land ownership and management approaches) as well as what benefit sharing structures are required. A number of the constraints above have also resulted in confusion in many areas about required standards and performance of sub-national project scale actions (particularly in the forestry / REDD+ space), risks allowing low quality projects to go ahead and has created a deterrent for high value investors keen to work within a clear regulatory regime. REDD+ has also been linked to substantial risks of conflict.

### **Lack of alternative/ green livelihood and income opportunities**

Significant barriers exist to develop sustainable rural enterprises that link to operational, regulatory and broader operating environment in PNG. PNG has some of the most challenging global geography which when combined with limited infrastructure and low levels of trade present significant barriers in moving products to market. Many regulatory regimes are outdated or do not provide for diversified business approaches, especially within the forest sector. These are combined with a broader context where conflicts over land and resources are common place, security is poor, the court system is overloaded and high risks of corruption present an unconducive environment for attracting investors. Gender norms pose additional challenges for women to participate in income-generating opportunities limited by the fact that men control most of the resources.

### **Community level implementation of FCCB/ sustainable land stewardship models**

The above challenges are reflected in realities at community/ protected and conservation areas levels. Specific issues for the Managalas Conservation Area include: outdated and disconnected community/local/ provincial byelaws, plans and policies; accompanied with inadequate enforcement of forest use, forest protection and round wood sales related regulation; high value but under-remunerated forest resources and their ecosystem services; under-developed agriculture and forest commodity and service value chains and infrastructure; increasing land/soil and forest habitat degradation and hence comprised environmental service provision and community livelihoods; inadequately leveraged human and social capital for landscape stewardship, larger development opportunities and better social cohesion; poor and fragmented data/analyses, resulting in sub-optimal land use planning, monitoring and trading.

### **Gender, Youth, Digitalization**

With a gender inequality index (GII) of 0.740, PNG ranks 161 out of 162 countries in the 2018 index, linked to a number of cross societal challenges including limited representation of women in key decision-making positions, gaps in access to and levels of schooling, low levels and access to healthcare, gender-based violence as well as disparities in participation within the formal economy. Many of these challenges are linked to cultural norms that tend to favour the role of men in leadership, allocation of resources and decision-making in PNG.

About 60 percent of PNG's population is under 25 years old, making the creation of a better future for young people, including those with disabilities and coming from marginalized groups essential to development. Moreover, high population growth rate ensure that young people will remain an important segment of the country's population for years to come. The Global Youth Development Index (2016) ranks PNG 126 out of 183 countries. Youth challenges include underrepresentation in decision-making spaces and lack of access to education and employment opportunities, Very low levels of connectivity and lack of use of digital tools negatively impact the implementation of FCCB policies at all levels.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action

The comprehensive and systemic nature of this action requires involving in multiple ways a wide range of stake-holders.

(1) Main Government stakeholders / duty bearers are the central and local government entities in charge of overall government planning of Forestry, Environmental Protection and Climate Change: Department of National Planning and Monitoring (DNPM), Department for Environmental Protection and its agencies - Climate Change and Development Authority (CCDA) and Conservation and Environmental Protection Agency (CEPA); Department for Forestry and PNG Forest Authority (PNGFA), and Forest Research Institute. Other central government entities involved are the Department of Lands and Physical Planning (DLPP), Department of Agriculture and Livestock (DAL); Department of Provincial and Local Level Government Affairs (DPLLGA), Department for Information and Communication Technology (DICT), National Maritime Safety Authority (on illegal exports of round logs); Tourism

Promotion Authority (TPA – on eco-tourism as alternative income generation). A key role is played by the Parliament. Involved at provincial and local government levels are Provincial Administrations; Provincial and Regional Environment/ Climate Change Offices; Provincial Forest Management Committees; District Administrations and LLGs & Ward Councillors and village courts. Among entities mandated to enforce FCCB rules and regulations are the judicial system, the Police and other enforcement bodies. Key institutions in improving knowledge management and generating a new generation of FCCB-savvy professionals are the Department of Education (DoE, overseeing general education, Flexible & Open Distance Education (FODE) and technical and vocational education training (TVET); the Department of Higher Education, Research, Science, and Technology (DHERST), which administers universities and colleges (including teacher colleges and technical/ business/ specialized colleges) as well as entities providing specific training to public servants, such as the Pacific Institute for Leadership and Governance (PILAG).

**2. Main civil society (CSO) stakeholders**, representing rights of different rights holders, are, in the first place, landowners, landowner communities and their organisations and associations, for instance Integrated Landowner Groups (ILGs), community-based organizations (CBOs) and agricultural associations, including cooperatives. The second group of CSOs include established international and nongovernmental organizations and their alliance and platforms, including organizations rallying youth and women around FCCB, as well as human rights defenders opposing land grabbing<sup>8</sup>. This category of stakeholders also includes influencers, artists, musicians and other individuals engaged in promoting FCCB awareness among their followers. At policy level, the Consultative Implementation and Monitoring Council (CIMC) brings various stakeholders together on a broad range of policies.

**3. Private Sector (PS):** The PS is highly relevant for FCCB in multiple ways. Companies and their associations involved in round log export are lobbying for a continuation of unrestricted round log export. At national level, the Forestry Industries Association brings together private sector involved in timber and logging. The International Tropical Timber Association (ITTA) as well as timber importers in Europe and beyond play an important role. On the climate financing side, large international corporations operate in PNG (such as Total, Oil Search, Steamships) and are subject to global carbon offsetting rules and interested in ensuring that PNG's carbon trading mechanisms is transparent. PS are also interested to portray a more "green" image, including through the promotion of renewable energy and carbon credit generating activities from reforestation and conservation. Companies interested in exporting to European markets will have to comply with EU rules regarding green taxonomy and the imports of deforestation free commodities, and some European companies are interested in resourcing premium quality products from PNG. Finally, the private sector is critical in green investments and creating green jobs. The legal profession may be involved in providing legal assistance to defend landowners' rights against illegal or non-compliant logging. Commercial banks as well as the banking regulator play a role regarding the promotion of green investments on the one hand, and on addressing money laundering from illegal logging on the other hand. PS representatives will be invited to participate in various FCCB working groups.

**4. Development Partners (DPs):** Various DPs are involved in the FCCB space, including at bilateral level, USAID and at multilateral level the UN (various agencies including UNDP, FAO), the Global Green Growth Institute (GGGI), CIFOR. Among DFIs somewhat involved in the sector are the EIB and the AFD. It is expected that Australia, PNG's largest development partner, will, together with New Zealand, increase its engagement in climate change related actions in the near future.

**5. Universities and research institutes:** At national level, teaching and research in FCCB is limited, but consultations indicate that various PNG universities, including UNPNG, UNITECH, UNRA and Western Pacific University are interested to engage with the EU on strengthening higher education teaching and research on the FCCB nexus. This growing interest, combined with the recent appointment of an ERASMUS National Focal point, provides opportunities for increased research partnerships with universities in Europe and across the world, where PNG's relevance for FCCB is well known. This includes for instance the University of South Bohemia, deeply involved in the Binatang Research Centre in PNG which is also connected to civil society and national universities. Other international research institutes with interest in PNG's FCCB nexus include ACIAR and CSIRO. As an entity with a coordinating role, the PNG Science and Technology Council Secretariat on the applied science on forestry, climate change and biodiversity subjects will be involved in the action. Think-tanks with interest in FCCB include the Institute for National Affairs (INA) and the National Research institute (NRI).

---

<sup>8</sup> These include for instance Human Rights Defenders' Association (HRDA), FORCERT, PNG Environmental Alliance; Wildlife Conservation Society, Managalas Conservation Foundation, Partners for Melanesia, PNG Environment Forum; Sea Women of Melanesia, CELCOR, Piku Biodiversity Network, Tenkile, Nature Park, Bread for the World, PNG Council of Churches, Advancing Women Leaders Network

### 3 DESCRIPTION OF THE ACTION

#### 3.1 Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to support a development model (at national as well as pilot subnational and community level) that reconciles forestry, biodiversity and climate change with environmentally and socially sustainable, inclusive and gender-responsive green growth, just transition and decent jobs.

The integrated and mutually reinforcing Specific(s) Objective(s) (Outcomes) of this action are to pursue:

**SO1: Effective implementation of evidence-based FCCB policies, governance and institutional frameworks,**

**SO2: Increased knowledge and awareness on FCCB issues among PNG's population,**

**SO3: Increased inclusive and gender responsive green public and private sector investments and deforestation-free livelihoods.**

All specific objectives of the action offer substantial scope for the enhanced use of digital tools, while building on existing tools such as the PNG Climate Change and Forest Monitoring Web Portal. The action contributes to the 2030 Agenda, notably: Goal 13 - Climate Action, Goal 15 - Life on land, Goal 1 - No poverty, Goal 2 - Food security, improved nutrition and sustainable agriculture, Goal 5 - Gender equality. Goal 7 - Sustainable energy, Goal 8 - Decent work and economic growth, Goal 12 - Responsible consumption and production, Goal 17 - Partnerships for the goals). It will also contribute to target 6.6 "protect and restore water related ecosystems. as well as other multilateral commitments to the global energy transition, PNG's National REDD+ Strategy 2017-2027 as well as PNG's Enhanced NDC to the Paris Agreement. The action will be implemented at national as well as pilot subnational and community levels, including in Bougainville, the Managalas Conservation Area and other community level areas to be identified through the implementer's own grant mechanism. Women and youth will be included throughout the action. Across all SOs, a conflict sensitive approach will be adopted, and peaceful conflict resolution mechanisms will be strengthened.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

contributing to Outcome 1 (or Specific Objective 1)

1.1: Public availability of relevant digitalized data and information (on deforestation and forest degradation, forest cover, biodiversity, carbon stock,) for FCCB sectors increased.

1.2: FCCB stakeholders' participation and coordination mechanisms established and strengthened in line with established rules and guidelines

1.3: Effective governance and institutional gender-responsive frameworks for respect of human rights, including labour rights, environment, forestry, land and climate change designed, adopted and enforced, including a whole of government approach to FCCB.

1.4: A transparent and functioning, widely accepted carbon trading mechanism (that includes a fair cost and benefit sharing mechanism) in place and used by a growing number of private sector actors for carbon offsetting.

1.5: FCCB policy instruments (including international conventions, EU-agreements, fiscal incentives for sustainable forest management and logging, taxation regime to reduce log exports and incentivise domestic wood processing, eg through cooperatives) adopted and implemented.

1.6: Support delivery of a Just Transition to protect labour rights, address social issues, and deliver decent work alongside FCCB policy instruments, while shifting to more sustainable production.

1.7: PNG's Enhanced Nationally Determined Contributions to UNFCCC progressively implemented.

1.8: Forest including mangroves effectively protected, land degradation halted and degraded land restored.

contributing to Outcome 2 (or Specific Objective 2)

2.1: Knowledge and awareness on FCCB issues among PNG's population increased, by using multiple tools and toolkits such as EU's "An Advocacy Toolkit for Nature".

- 2.2: FCCB research enhanced and mainstreamed in the education sector.
- 2.3: Capacities of public, private, social partners and CSO actors including women's organizations in FCCB reinforced, including in local conflict prevention, management and resolution, land tenure and land uses
- 2.4: Green Diplomacy intensified.
- 2.5: Civil society including women and youth, and traditional landowners (men and women), and social partners empowered to contribute to FCCB decision making processes.

#### contributing to Outcome 3 (or Specific Objective 3)

- 3.1: Evidence on attractive and viable business and value chain options, based on market and (gender and youth sensitive) value chain analyses for FCCB sectors increased, and related due diligence, and transparency processes strengthened
- 3.2: Use of environmentally and socially sustainable, deforestation-free, resilient and inclusive food systems, agriculture value chains and agribusiness options increased.
- 3.3: Decent Income and livelihood opportunities in FCCB increased, with particular focus on women and youth in their diversity
- 3.4: Opportunities for public and private sector investments in FCCB identified and promoted.
- 3.5: Proportion of decarbonised, clean, affordable renewable energy increased.
- 3.6: Climate proofing and energy / resource efficiency of relevant infrastructure increased.

## 3.2 Indicative Activities

### **Indicative activities to achieve SO 1:**

**Output 1.1:** Public availability of relevant digitalized data and information for FCCB sectors increased.

1. Support the development of priority information systems, such as: National Carbon Registry; Timber Legality and Sustainability Information System; Sustainable Land Use Planning Information System; Environmental and Biodiversity Information Management System; National Forest Monitoring System/ Forest Inventory
2. Setting up the digital platforms ensuring adequate data access, management and use.
3. Support integrated (disaggregated) data collection, categorization, access systems, analysis, governance, monitoring, and their use/ processing at pilot community levels, including for weather and land health, including a component on community-based data collection and monitoring.
- 4 Develop of regulations and support to early implementation of domestic environmental (carbon / biodiversity) offsetting requirements and their investment in FCCB actions.

**Output 1.2:** FCCB stakeholders' participation and coordination mechanisms established and strengthened.

1. Establish an overall FCCB coordination platform, inter-agency working committees, and stakeholder engagement plans.
2. Assist PNG Parliament and the Environmental Council of PNG on FCCB legislation, oversight and steering.
3. Strengthen FCCB Provincial Coordination and Monitoring Committees (PCMCs) in target provinces.
4. Establish multi-stakeholder platforms and participation opportunities on deforestation-free and sustainable agricultural products, including for women and youth.

**Output 1.3:** Effective governance and institutional gender responsive frameworks for respect of human rights, including labour rights, environment, forestry and climate change designed, adopted and enforced, including through a whole of government approach to FCCB.

1. Design, review of policies and regulations on FCCB, particularly, Forestry Act, Timber Legality, REDD+ Guidelines, Benefit Sharing Mechanism, National Biodiversity Offset Framework.
2. Contribute to addressing illegal forestry and its proceedings.
3. Support High Conservation Value (HCV) and High Carbon Sock (HCS) mapping in target provinces.
4. Assist in aligning and eliminating disconnects between local, provincial and national FCCB planning, policies, bylaws and incentives.
- 5 Help establish adequate FCCB monitoring systems and their operationalization.

6 Train FCCB law enforcement bodies, investigators and judiciary, rangers.

7 Support gender analyses and gender impact assessments of environmental policies and climate strategies, at national and local levels, that are based on gender analysis of risk, needs, demand, barriers and supply, establish mechanisms to increase the proportion of women involved in development and implementation of policies and programmes for environmental protection and conservation at all levels from communities to national level.

8. Strengthen capacities for FCCB related conflict prevention and peaceful dispute resolution

**Output 1.4** A transparent and functioning, widely accepted carbon trading mechanism in place and used by a growing number of private sector actors for carbon offsetting.

1. Advise, train and support stakeholders in options and systems for transparent and functioning carbon trading mechanisms, including grading systems, reporting protocols and associated co-benefits.

2. Support the development of legislation, regulations, strengthen monitoring systems.

**Output 1.5** FCCB policy instruments (including international conventions, EU-agreements) adopted and implemented.

1. Assist the relevant authorities in adopting, monitoring and reporting against international conventions relevant for FCCB, including the Biennial Transparency Report (BTR).

**Output 1.6** Support delivery of a Just Transition to protect labour rights, address social issues, and deliver decent work alongside FCCB policy instruments, while shifting to more sustainable production.

1. Build on lessons learned from other EU projects to address social issues in line with FCCB interventions, Eg EU's sustainable cocoa initiative<sup>9</sup> implemented through ILO and FAO targeting back deforestation and child labour.

**Output 1.6** PNG's 2nd Nationally Determined Contributions to UNFCCC progressively implemented.

1. Support the functioning of multi-stakeholder NDC implementation plan working groups.

2. Support monitoring and reporting mechanisms for NDCs.

**Output 1.7** Forest including mangroves effectively protected, land degradation halted and degraded land restored (pilot community level).

1. Capture and codify local (women's and men's) and biodiversity knowledge.

2. Improve inclusive community forest management including restoration of degraded forest and land in conservation areas and beyond, including through grants to conservation NGOs and CBOs.

3. Progressively reduce illegal and unsustainable deforestation as well as the destruction of mangroves.

4. Support reforestation initiatives, for instance through schools and the education system grants to conservation NGOs/ CBOs.

### **Indicative activities to support SO2:**

**Output 2.1:** Knowledge and awareness on FCCB issues among the PNG population improved.

1. Establish Public Awareness and Knowledge Management Platforms, including through the use of strategies such as the EU Advocacy Toolkit for Nature and material adapted to PNG context.

2. Train media on FCCB and support media campaigns, fora, events, social media, influencers.

3. Mobilize multipliers (e.g. churches) and influencers for FCCB awareness, establish mutual information sharing.

4. Capture and codify local FCCB knowledge and assert rights.

**Output 2.2:** FCCB research enhanced and mainstreamed in the education sector.

1. Support the revision of FCCB curriculum for schools and teacher training institutions, including certificate courses for teachers.

2. Strengthen higher education, postgraduate and research links, capacities (including equipment), networks and exchange between PNG and foreign, especially European, institutions engaged in FCCB, including through the mobilization of Erasmus+.

**Output 2.3:** Capacities of public, private, social partners and CSO actors in FCCB reinforced.

1. Support the development of Integrated FCCB Capacity Building tools (curriculum, certificate courses etc) for Public Servants, for instance in partnership with the Pacific Institute for Leadership and Governance.

---

<sup>9</sup> [EU's sustainable cocoa initiative](#)

2. Organize (structured) training, workshops, conferences for different types of FCCB stakeholders.
3. Strengthen capacities of law enforcement, - i.e. Royal Papua New Guinea Constabulary (RPNGC) - and the judicial system to uphold and enforce environmental legislation.
4. Strengthen, including through grants and technical assistance, capacities of social partners and civil society including women's organizations and organisations representing other specific groups for advocacy, networking, monitoring, reporting and defending communities' rights.

**Output 2.4:** Green Deal Diplomacy intensified.

1. Mobilize and support EU Delegation in green diplomacy and promotion of EU's FCCB strategies and policies (EU Forest Strategy 203, the EU Advocacy Toolkit for Nature" etc), networking and dialogue with stakeholders.

**Output 2.5:** Civil society including women and youth, traditional landowners and social partners empowered to contribute to FCCB decision making processes.

1. Carry out a gender analysis and a capacity gap analysis regarding duty bearer's capacities to respect, fulfil and protect human rights, including labour rights commitments in the sector, implement specific activities promoting the role of women.
2. Establish and support the functioning of a platform to build dialogue between the landowning communities, government, private sector and social partners.
3. Carry out conflict sensitivity assessments in regards to the dynamics of land ownership.

### **Indicative activities to support SO3:**

**Output 3.1:** Evidence on most viable business and value chain options, based on market and (human rights, gender and youth sensitive) value chain analyses for FCCB sectors increased, and related due diligence, and transparency processes strengthened.

1. Selection and mapping of most viable forest-based sustainable value chains and business options (products and services) using a market analysis.
2. Carry out gender and youth sensitive analysis of selected value chains showing value chain actors, their constraints, opportunities and upgrading strategies, with appropriate consideration for decent work opportunities.

**Output 3.2:** Use of environmentally and socially sustainable, deforestation-free, resilient and inclusive food systems, agriculture and forest value chains and agribusiness options increased

1. Support SMEs and communities on environmentally and socially sustainable deforestation-free agricultural, nature based solutions and forest value chains/ value webs and practices innovative solutions in agro-forestry value chains with a special focus on gender responsive innovations and increasing women's participation at all levels of value chains, with appropriate consideration for decent work opportunities.
2. Support Access to commodity markets, including for premium products.
- 3 Promote digitization and traceability systems (including geolocation and time of harvest) of green/deforestation free agriculture, including in view of the EU regulation to prevent deforestation and forest degradation associated with commodities products exported to the EU.

**Output 3.3:** Decent Income and livelihood opportunities in FCCB increased, with particular focus on women and youth (groups/ associations) including through grants to conservation NGOs/ CBOs.

1. Support implementation of inclusive community-based income generating activities, land stewardship rewards and diversification of income generation options, including non-timber forest products, and nature based solutions, for instance through revolving funds.
2. Assist in developing environmentally and socially sustainable forestry downstream processing (domestic value adding instead of merely exporting logs), sustainability certification of forest concessions, sustainable tourism and the development of sustainable value chains of non-timber forest products such as fuelwood/charcoal, sandalwood, rattan, wildlife and honey.

**Output 3.4:** Opportunities for public and private sector investments in FCCB identified and promoted.

1. Assist interested DFIs, notably the EIB and AFD, in identifying investment opportunities for the use of blending and guarantee funds. Support women's access to business development services and finances in the sector.
2. Strengthen enabling environment for green investments, in collaboration with investors, regulators and commercial banks including green taxonomy, reduce the risk of greenwashing, boost green finance flows, and

investments into circular economy solutions, nature based solutions, and strengthen resistance against “carbon cowboys”.

3. Promote green MSME through seed funding or concessional financing.

**Output 3.5:** Proportion of decarbonised, clean, affordable renewable energy increased.

1. Facilitate access to renewable energy to remote FCCB pilot communities including through replicable/ scalable demonstration activities at community level.

2. Support an enabling environment for increased investment in renewable energy.

3. Development of financial products to support roll out of small-scale renewable energy options.

**Output 3.6:** Climate proofing and energy / resource efficiency of relevant infrastructure increased.

1 Facilitate climate proofing of relevant infrastructure in remote FCCB pilot communities.

2. Support an enabling environment for increased investment in climate proofing of relevant infrastructure.

The commitment of the EU’s contribution to the Team Europe Initiative foreseen under this action plan will be complemented by other contributions from Team Europe partners. It is subject to the formal confirmation of each respective partners’ meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise the EU action may continue outside a TEI framework.

### 3.3 Mainstreaming

#### **Environmental Protection & Climate Change**

**Outcomes of the SEA screening** (relevant for budget support and strategic-level interventions):

The Strategic Environmental Assessment (SEA) screening concluded that no further action was required.

**Outcomes of the EIA (Environmental Impact Assessment) screening** (relevant for projects and/or specific interventions within a project): the EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

**Outcome of the CRA (Climate Risk Assessment) screening** (relevant for projects and/or specific interventions within a project): the Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment).

#### **Gender equality and empowerment of women and girls**

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender equality is an important and deliberate objective, but not the principal reason for undertaking the programme. The action will promote non-discrimination and equality through the proactive involvement of women and girls in all activities (including encouraging involvement of women and girls from marginalized groups). The impact of the action on women, including with regards to land rights, will be further studied and monitored. Stakeholder engagement plans and tools to be developed will be based on stakeholder and gender analysis that is premised on specific social and cultural constructs, norms and practices in engaging with different stakeholder groups. Plans and tools will be socially inclusive and gender responsive. It may also improve options for women to be involved in activities that encourage income generation at the subnational level, through increased smallholder productivity as part of sustainable commercial plantations, woodlot development and forest rehabilitation, conservation commodities and sustainable livelihoods in community conservation areas. Collection of sex-disaggregated data as part of the project’s monitoring systems provides an opportunity to monitor the project engagement across groups and to tailor interventions to promote gender equity and women’s’ empowerment. The evaluation will assess impact on gender equality. Management or coordination committees established under this project will ensure women are fairly represented and participate meaningfully in decision-making processes. The action promotes GAP III and particularly its thematic area of engagement “Addressing the challenges and harnessing opportunities offered by the green transition and the digital transformation”.

#### **Human Rights**

This action will apply Human Rights Based Approach (HRBA) principles of non-discrimination, participation, transparency and accountability, and be in support of human rights in many ways, including through: strengthening engagement and empowering indigenous/land-owning communities to engage with government systems for land use planning; ensuring that identified use of land is not changed without free, prior and informed consent of landowning groups. Consultations at both national and subnational level through regular meetings consisting of the

relevant sector agencies (government institutions), private sector, and civil society, as well as local level, district and provincial governments and customary landowners and local communities. Full and effective stakeholder engagement; communities are empowered to choose to designate customary land areas for conservation under community conservation areas through an FPIC process. Support in the development of any benefit sharing agreements with communities within CCA management to ensure the local communities and landowners, particularly women and youth living in vulnerable situations, are not disadvantaged in the process of implementing this project. Stakeholder consultation is required throughout, and a transparent project-level grievance redress process is freely available. The participation of women and people living in vulnerable situations in consultations will be ensured. Empowerment of communities to effectively manage their land.

#### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the project has been screened for disability inclusion, but only found relevant for ensuring accessibility of persons with disability to project activities along with other participants. The project will ensure that within the target groups of the project, those with disabilities are included and able to participate in the activities or benefit from the outputs. To this end trainings/capacity building activities and consultations will be organised in accessible premises to ensure that persons with disabilities are not discriminated against. Job opportunities and community involvement supported in the project will be disability sensitive. Infrastructure development will be disability-friendly.

#### **Democracy**

This action will be in support of democracy in many ways, including through increase participation of stakeholders in decision making related to their resources.

#### **Conflict sensitivity, peace and resilience**

As indicated above, this action addresses issues that are prone to conflict, including benefit sharing from land tenure. Therefore, conflict sensitivity and peaceful conflict/dispute resolution mechanisms will be integrated and promoted. In particular, local communities will be strengthened and empowered and appropriate grievance redress and accountability mechanisms will be promoted. REDD+ related/carbon trading and other actions related to land tenure will take the potential for conflicts into account and promote mechanisms that enable peaceful locally-owned dispute resolution mechanisms, taking consultative processes into consideration that ensure meaningful inclusion of women and marginalized groups.

#### **Disaster Risk Reduction**

This action contributes to disaster risk reduction, including through the protection of forests whose disappearance may otherwise contribute to landslides and alteration of the rivers' discharge regimes.

**Other considerations if relevant:** n/a

### 3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Planning, processes and systems	Weak institutional arrangements and capacities	H	H	The action will invest substantial efforts in improving institutional arrangements and capacities.
Planning, processes and systems	Data collection and analysis compromised	M	M	The provision, ownership and use of reliable data for FCCB, including carbon offsetting, is a key element of the action.
Planning, processes and systems	Lack of political commitment at national and pilot subnational level	M	M	PNG's overall commitment to addressing climate change exists across the political spectrum. Pilot subnational levels will be selected based on proven commitment.
People and the organisation	Communities prioritize short-term gains against long-term land restoration	M	M	The action will address this risk through awareness and demonstrations using adequate tools and mechanisms



People and the organisation	Lack of engagement at pilot community levels. Lack of willingness to increase women's participation and implementation of gender-responsive policies and solutions.	M	M	Pilot communities are selected based on proven interest and commitment. The risk of potential conflicts over project benefits will be addressed through community-based peaceful conflict resolution mechanisms
Legality and regularity aspects	GoPNG reduces attractiveness for green investment	L	L	The push for green investment has been increasing in PNG. The action will through adequate consultation and advocacy continue promoting incentives for green investments
People and the organisation	Exclusion of women and people living in vulnerable situations from dialogue activities, decision-making, gender neutral analysis of climate change patterns and strategies	M	M	Gender mainstreaming will be systematically ensured in all activities of the intervention and expertise ensured in the implementation teams.
Legality and regularity aspects	Conflicts related to carbon trading or land issues arise among communities involved or between communities and private sector, etc.	H	H	Conflict sensitivity will be addressed at each crucial step of implementation, based on adequate analysis.
People and the organisation	Private sector actors do not make use of opportunities provided by the action (de-forestation-free commodities, carbon offsetting)	M	M	Private sector (PS) actors have been included in consultations during formulation, and will be involved through working groups across all relevant elements of the action also to promote social and environmental due diligence.. PS is likely to engage with the action provided the right incentives are created.
Corruption and fraud	Vested interests and corruption resist the functioning and enforcement of FCCB rules and regulations	M/H	M/H	The action addresses several interlinked areas. If substantial resistance due to vested interests arise, specific strategies on addressing these challenges will be developed, while work can continue in areas where vested interests play a minor role.

#### Lessons learnt:

Based on PNG's achievements and challenges, a number of key lessons learned can be drawn that build on international best practice in FCCB on regulatory, capacity development and awareness raising as well as public private partnerships:

- **Conflicting sector policies and absence of an integrated approach towards enforcement of FCCB laws and regulations** – While PNG's central policy framework highlights the importance of stewardship of natural resources and responsible development, there remain significant conflicts across sector policies and targets. The MDTP 3 (2018-22) targets increase in the land area under conservation: from 5% to 10%, and to reduce annual rates of primary forest loss: from 9% to 2%<sup>10</sup>, but also targets significant increases in agricultural

<sup>10</sup> GoPNG (2018) Medium Term Development Plan Three 2018-2022

production including a quadrupling of coffee production and expansion of palm oil areas. Indeed, the National Agricultural Development Plan had targeted a doubling of the area under agricultural production – something that is not feasible without enhanced deforestation. That is why, it is crucial to consider close coordination with sector government agencies through expansive consultations and capacity building interventions.

- **Importance of positive narratives for change and clear messaging** - Establishing an integrated system that ensures private sector actors are listened to and focuses on what can be done to improve a sector is critical to ensuring constructive processes. Clarity of information on expectations of the engagement process and potential impacts is also important to supporting clear engagement from private sector groups who may have more restricted timelines and focused issues they wish to address. In PNG both the forestry and palm oil sector had long been a target for advocacy groups and initially perceived the REDD+ process as one that would be ‘against’ them. Through positive engagement and action to ‘break down’ REDD+ language to enhance understanding, these groups increased their participation and were instrumental in shaping elements of the REDD+ strategy and technical responses proposed including work on timber legality and palm oil certification.
- **Importance of international linkages** - Global market signals have a significant impact on decision-making by the private sector and levels of interest and willingness to engage with programmes of change within producer countries. The absence of clear signals within target markets can significantly undermine efforts towards change. Within PNG timber exports are primarily to Chinese and south east Asian markets which currently have relatively low demands for sustainability certification. A number of initiatives working to highlight the challenges of forest clearing in PNG and its place within international supply chains that include timber processing in China as well as action in China to support moves towards stronger legality checks has helped to strengthen engagement by private sector groups interested in how REDD+ action can help support improved standards and legality assurances. In the palm oil sector PNG’s exports have historically been for European markets that now require certification. New entrants targeting growing markets in Asia however are not being faced with the same market requirements. Addressing competing demands and perceptions and working to ensure the industry is ‘future proofed’ is thus challenging. Action was taken to bring together key buyers within the European markets to demonstrate interest and future demand for PNG sustainable palm oil as a means to show clear market opportunities to decision makers and private sector groups alike.
- **Need to consider broader investment environment** - Development of new sustainable production practices within a producer country often requires significant international investment. This investment can be difficult to attract if the broader investment environment of a country is not conducive. Regulations on foreign investment, tax rates and rule of law (contract enforcement and security) can all have impacts on investment decision making well beyond the potential of incentives for sustainable practices. Capacity to address these issues requires a broader engagement process as well as engagement with key central ministries that may be beyond the original scope of an engagement process. Within PNG early assessments identified key challenges in policies and regulations linked to tax breaks for land clearing as well as challenges for foreign direct investment. Based on this action was taken to engage a broader sphere of stakeholders including the Investment Promotion Authority as well as the Internal Revenue Commission and the Department of Commerce and Industry.
- **Value of targeted and “bankable” investment opportunities** - While private sector groups are enthusiastic to ensure the creation of effective policy and regulatory frameworks that are supportive and place reasonable demands on their industry, there is also significant value on the presence of bankable projects that can allow early action and demonstrate opportunity while also testing systems and approaches.
- **Access to finance** - In PNG the customary land tenure system has made the early identification of site-specific opportunities challenging. This has left potential investors with a limited the number of tangible investment options that they could engage with. This has slowed the movement of new and innovative finance into PNG and put pressure on engagement processes. These include the value of shared cross-sector learning as a means to establish a common baseline of knowledge, as well as establishing a shared understanding of different perspectives and knowledge across sectors and the value of key champions of change within the private sector who are able to demonstrate sustainable business models and act as a mechanism for investments, and crucially add a strong, varied and respected voice to engagement processes.
- **Land ownership & benefit-sharing agreement needs to be improved** as well as FPIC processes so that landowners can get a fair benefit such as sustainable livelihood projects, infrastructures and social & health

services and benefit-sharing agreement arrangements, taking into account all governance levels from developer, national, provincial, district and local level governments to landowners

- **Lack of (or no) coordination, corporation and delegation of duty from top down to local level.** Most government institutions (DNPM, PNGFA, CCDA, CEPA, etc) are working in isolation from agencies or stakeholders, extracted industries (forest, mining), NGOs and other stakeholders;
- **Lack of awareness & education.** 80% of the population lives in remote rural areas. Right information must be disseminated in the form and language desirable to avoid misinterpretation of information, and raising expectations in order to educate people.

### 3.5 The Intervention Logic

Through substantial funding from the EU-PNG MIP 2021-2027 this ambitious action aims to support the transformation of PNG's FCCB space, at national/central government institutional level as well as a growing number of pilot subnational and community levels. Building on existing commitments, policies, capacities, data and initiatives, the action addresses three strategic elements (SOs) driving the transformation of FCCB in PNG, namely (a) the overall FCCB governance architecture (data, policies, institutions, enforcement), (b) awareness, knowledge, capacities and mobilization and (c) green livelihoods, income opportunities, investment, jobs and growth.

The intervention logic based on the three specific objectives is as follows:

(a) IF adequate and disaggregated data on FCCB are being collected, analysed and used; and IF mandated institutions are capacitated and empowered to improve coordinated FCCB policy, budgeting, implementation and monitoring, in a whole of government approach, IF global conventions and relevant rules and regulations are being enforced, then this functioning evidence-based FCCB governance framework will contribute to the progressive implementation of PNG's Enhanced NDC, to the effective use of a transparent carbon trading mechanisms, to the progressive protection and restoration of land and forest, thus contributing to a development model that reconciles climate change responsive environmental protection with sustainable green growth and jobs.

(b) IF the awareness of the population with respect to the risks and opportunities of FCCB increases, IF a growing number of students and all education levels are being taught on the relevance of FCCB, IF relevant research brings forth increasing knowledge, IF capacities of various types of FCCB stakeholders are enhanced, upskilled and IF civil society, women, youth, and traditional landowners are empowered to participate in FCCB decision making, and IF the EU and likeminded partners increase their messaging and public diplomacy, then a growing number of interested actors across the spectrum of stakeholders and the population will be engaged in promoting a development model that reconciles climate change responsive environmental protection with sustainable green growth and jobs.

(c) IF relevant regulations and instruments geared towards the attraction and promotion of green investment ("green business climate") are in place, and IF regulations and instruments promoting deforestation-free forestry, agriculture and livelihoods are implemented, IF inclusive income generating opportunities for communities through forest protection, land stewardship and adequate land use increase, IF enablers for green growth and jobs such as renewable energy and climate-proven infrastructure are available, then economic development will turn green and sustainable.

To ensure mutual reinforcement between the policy level and realities "on the ground", the action will target (a) the national/ institutional level through national policies, regulations, enforcement mechanisms, institutional support and reform, structured capacity building, curricula, and (b) the community/ conservation and protected area level (including Managalas Conservation Area) , through community-level regulations and bylaws involving traditional landowners and communities; training, empowerment and capacity building of a wide spectrum of stakeholders including women and youth; harnessing the power of landscape and ecosystems through the concrete implementation of deforestation-free and climate-sensitive income opportunities and economic activities and measures that contribute to the protection of forest and biodiversity; and the restoration of degraded land. Both levels will provide natural spill-over benefits to the next (pilot subnational) level.

Technical assistance, capacity building, supplies, implementing grants and EFSD+ investments<sup>11</sup> supported by an increase in the use of digital tools and technology will jointly contribute and create synergies to achieve the overall

<sup>11</sup> Investments by EFSD+ actors, notably AFD and EIB, are currently being explored, for instance in the areas of renewable energy, climate proofing of relevant infrastructure, SME lending with guarantees, for deforestation free agriculture, value added wood processing

objective of the action. The enhanced use of digital technology will be crucial to monitor forest and biodiversity degradation while facilitating tracking and tracing ownership, legality and movements and trade of timber and other forest products (e.g. wildlife and natural resources) on a national as well as international scale.

Throughout all outcomes, the Action will help increase the voice of communities, women, youth and other groups in vulnerable situations in decision making, strengthen the capacity of government officials to support decision making processes and help guide companies to support sustainable practices. The main beneficiaries will be the women, youth and traditional landowner communities who will be able to enjoy deforestation-free climate change responsive livelihood. Ultimately, Europe and the world will benefit from PNG's shift to a green, carbon neutral economic model.

### 3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

Results	Results chain	Indicators	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Impact</b>	To support a development model (at national as well as pilot subnational and community level) that reconciles forestry, biodiversity and climate change with sustainable, inclusive and gender-responsive green growth and jobs	1 Status of green economy	1 Tbd (2022)	1 Progress (2027)	1 National reports, global reports on PNG's FCCB progress, media	<i>Not applicable</i>
<b>Outcome 1</b>	1 Effective implementation of evidence-based FCCB policies, governance and institutional frameworks	1.1 Level of coordination of FCCB policies and measures at all levels 1.2 Status of enforcement of FCCB policies and measures at all levels 1.3. Number of proposed policies and measures based on gender analysis of risk, need, demand, barrier and supply	1.1 Inadequate coordination among stakeholders of FCCB policies and measures 1.2. Low enforcement of FCCB policies and measures 1.3 0	1.1 Effective coordination of all FCCB policies and measures by critical stakeholders at national and provincial levels 1.2 Effective enforcement of FCCB related policies and measures at all levels 1.3 Increase, number tbd	1.1 Minutes of meetings, feasibility studies, Stakeholder Engagement Plans 1.2 Yearly reports on enforcement by relevant agencies 1.3 National Gazette, project reports	The GoPNG and relevant authorities remain committed to implementing FCCB policies as per national legislation and plans
<b>Outcome 2</b>	2. Increased knowledge and awareness on FCCB issues among PNG's population	2.1 Status of awareness about FCCB among general population , disaggregated	2.1 Low awareness among general population about FCCB 2.2 FCCB insufficiently mainstreamed in education sector	2.1 Increased awareness among general population about FCCB 2.2 FCCB mainstreamed into curriculum and enhanced uptake of FCCB	2.1 Social Media analytics, public opinion surveys 2.2 Curricula	Relevant authorities, landowner communities and other stakeholders remain

		2.2 Status of FCCB curriculum in education sector 2.3 Number of landowning communities participating in FCCB decision making processes, with EU support	2.3 0	related topics at tertiary level 2.3 Increase (tbd)	2.3 Grievance Redress Mechanism registered complaints and Legal Support Unit reports, project reports	interested in further developing FCCB knowledge
<b>Outcome 3</b>	3. Increased inclusive and gender responsive green public and private sector investments and deforestation-free livelihoods	3.2 Volume of exported certified or sustainably produced forestry and agricultural products as a result of FCCB EU-PNG Partnership 3.3 Number of target communities and farmers with enhanced livelihoods linked to sustainable production systems, disaggregated by sex, as a result of FCCB EU-PNG Partnership	3.1 0 3.2 0	3.1 Increase (tbd) 3.2. Increase (tbd)	3.1 Reports on the export of forestry and agro products to international markets 3.2 Annual reports from IPA, Ministry of Commerce and Industry and MSME Corporation	
<b>Output 1 relating to Outcome 1</b>	1.1 Public availability of relevant digitalized and disaggregated data and information for FCCB sectors increased	1.1.1 Status of integrated and publicly accessible digitalized and disaggregated data sets on FCCB* 1.1.2 Number of monthly users of FCCB Datasets disaggregated by sex	1.1.1 Fragmented digitalised data sets on forestry with limited inter-agency data on environment and climate change 1.1.2 0	1.1.1 At least 4 fully functional integrated and publicly accessible digitalized data sets on FCCB in PNG 1.1.2 Increase (tbd)	1.1.1 Social media platforms and analytics 1.1.2 Website back-end analytics	Competent authorities are committed to share FCCB data

<b>Output 2 relating to Outcome 1</b>	1.2 FCCB stakeholders' participation and coordination mechanisms established and strengthened	1.2.1 Status of stakeholders' participation platforms at the national and provincial levels  1.2.2 Number of women, men, participating equally in public planning and consultation meetings on local and national levels, disaggregated	1.2.1 No "bottom-up" approach and weak coordination within and between agencies on FCCB issues  1.2.2 0	1.2.1 Fully operational multi-stakeholder platforms at the national and provincial levels on FCCB  1.2.2 Increase (tbd)	1.2.1 Multi-stakeholder platforms, minutes of coordination meetings, etc.  1.2.2 Project reports, reports by relevant agencies	Landowner communities, CSOs, private sector and authorities are interested to make multi-stakeholder mechanisms operational
<b>Output 3 relating to Outcome 1</b>	1.3 Effective governance and gender-responsive institutional frameworks for environment, forestry and climate change designed, adopted and enforced, including a whole of government approach to FCCB	1.3.1 Status of governance and gender responsive institutional frameworks for FCCB sector agencies  1.3.2 Status of FCCB related policies and regulations	1.3.1 Weak internal governance and institutional framework within FCCB sector agencies  1.3.2. Weak enforcement of FCCB related policies and regulations on the	1.3.1 Designed and adopted: CCDA, CEPA and PNGFA enhanced their internal governance and institutional frameworks  1.3.2 Approved and enforced at national and provincial levels	1.3.1 Sector-based institutional analysis reports, adopted regulations  1.3.2 Reports by relevant agencies and entities, project reports	Relevant agencies endeavour to collaborate on FCCB issues under a whole of government approach
<b>Output 4 relating to Outcome 1</b>	1.4 A transparent and functioning, widely accepted and used carbon trading mechanism in place and used by a growing number of private sector actors for carbon offsetting	1.4.1 Status of the publicly accessible National Carbon Registry (NCR)	1.4.1 No National Carbon Registry	1.4.1 National Carbon Registry established, operational and publicly accessible	1.4.1 National Carbon Registry, Reports, statistics and digitised data	GoPNG is committed to establish a high quality carbon trading mechanism
<b>Output 5 relating to Outcome 1</b>	1.5 A growing number of FCCB policy instruments (including international conventions, EU-agree-	1.5.1 Progress in implementing FCCB policy instruments	1.5.1 No or little monitoring of FCCB policy instruments adopted by PNG	1.5.1 Full register and monitoring tools in place	1.5.1 National gazette, project reports, reports by	Competent authorities place high



	ments) adopted and implemented				relevant agencies, media	priority on FCCB policies
<b>Output 6 Relating to outcome 1</b>	1.6: Support delivery of a Just Transition to protect labour rights, address social issues, and deliver decent work alongside FCCB policy instruments, while shifting to more sustainable production.	1.6.1 Progress to Just Transition as reported by state reports, civil society and social partners	1.6.1 n/a	1.6.1 Increase (tbd)	1.6.1 International Labour Organisation country reporting; state reports; civil society; and social partners	
<b>Output 7 relating to Outcome 1</b>	1.7 PNG's 2nd Nationally Determined Contributions to UNFCCC progressively implemented	1.7.1 Level of compliance with the national commitments under the Enhanced NDC targets *	1.7.1 Lack of financial and human resources to implement Enhanced NDC commitments	1.7.1 At least 30% contribution to PNG's commitments to achieve targets set in the Enhanced NDCs 2020-2030	1.7.1 Enhanced NDC Mid-term review, sector-based reports	The achievement of the NDCs remain high on GoPNG's agenda
<b>Output 8 relating to Outcome 1</b>	1.8 Forest effectively protected, land degradation halted and degraded land restored	1.8.1 Percentage of forest and land area under monitored protection, restoration and conservation*  1.8.2 Number of trees planted with EU support	1.8.1 Increasing rate of deforestation due to legal and illegal logging and unsustainable agricultural practices.  1.8.2 0	1.8.1 At least x% increase in forest and land area under monitored protection established  1.8.2 Increase (tbd)	1.8.1 CEPA protected area gazette and reports Satellite imagery, Copernicus  1.8.2 Project reports, reports by relevant agencies	Landowner communities, authorities and population work together for protection and reforestation
<b>Output 1 relating to Outcome 2</b>	2.1 Knowledge and awareness on FCCB issues among PNG's population increased	2.1.1 Number of people trained on FCCB issues, disaggregated by sex, age, sector *	2.1.1 0	2.1.1 Increase (tbd)	2.1.1 Project report, report by relevant agencies	Educational authorities work towards improved knowledge of
<b>Output 2</b>	2.2 FCCB mainstreamed in the education sector	2.2.1 Number of students reached through inclusion	2.2.1 0	2.2.1 Increase (tbd)	2.2.1 NEC Decision on Integrated FCCB	

<b>relating to Outcome 2</b>		of FCCB in curricula (disaggregated by sex, level of education)*			Curricula; report by Department of Education	the population on FCCB
<b>Output 3 relating to Outcome 2</b>	2.3 Capacities of public, private and CSO actors in FCCB reinforced	2.3.1 Number of public, private and CSO sector representatives enhanced their capacity on FCCB, disaggregated	2.3.1 0	2.3.1 Increase (tbd)	2.3.1 Capacity needs assessments, training questionnaires	FCCB stakeholder participate in capacity building
<b>Output 4 relating to Outcome 2</b>	2.4 Green Deal Diplomacy intensified	2.4.1 Number of joint events on Green Deal/ Climate Diplomacy among EU private sector and PNG stakeholders *	2.4.1 No joint events between the EU and PNG stakeholders on Green Deal/ Climate Diplomacy	2.4.1 At least three annual Green Deal/ Climate diplomacy events	2.4.1 Reports of the knowledge sharing events, social media analytics	Climate Diplomacy remains high on EUD's agenda
<b>Output 5 relating to Outcome 2</b>	2.5 Civil society including women and youth and resource owners empowered to contribute to FCCB decision making processes	2.5.1 Status of complaints on environmental impacts	2.5.1 Large number of complaints about environmental distractive activities failed to be resolved through legal processes.	2.5.1 Increased attention to complaint about environmental impact by mandated entities and media	2.5.1 Project reports, reports from CSOs and Community Landowners Legal Support Unit,	FCCB stakeholder remain interested in participating in decision making
<b>Output 1 relating to Outcome 3</b>	3.1 Use of sustainable, resilient and inclusive food systems and agribusiness options increased	3.1.1 Status of newly adopted sustainable and resilient food systems and agricultural value chains*  3.1.2 Number of farmers supported to apply new climate-smart agricultural value chains in practice	3.1.1 Weak food systems and agricultural value chains  3.1.2 0	3.1.1 Increased adoption of resilient food systems, sustainable agricultural value chains and premium certification  3.1.2 Increase (tbd)	3.1.1 Reports on agricultural value chains, food security assessment reports  3.1.2 Project reports	Competent authorities and private sector committed to implement green food systems
<b>Output 2</b>	3.2 Income opportunities in FCCB increased with	3.2.1 Number of persons from rural communities with improved FCCB	3.2.1 0	3.2.1 Increase (tbd)	3.2.1 House-hold surveys, commodity group data on crop	Appropriate options for alternative

<b>relating to Outcome 3</b>	particular focus on women and youth	compliant income generation, disaggregated, supported by the action			production photo and video materials	income opportunities are developed
<b>Output 3 relating to Outcome 3</b>	3.3 Opportunities for public and private sector investments in FCCB identified and promoted	3.3.1 Status of new public and private partnership on green investments 3.3.2 Number of green jobs created by the action, with special focus on women and youth, disaggregated 3.3.3 Number of smallholders reached with EU supported interventions aimed to increase their sustainable production, access to markets and/or security of land, disaggregated by sex and age when relevant**	3.3.1 Weak public and private partnership on green investments, including carbon and biodiversity offsetting arrangements  3.3.2 0  3.3.3 0	3.3.1 Improved public-private partnerships on green investments  3.3.2 Increase (tbd)  3.3.3 Increase (tbd)	3.3.1 Green investment reports, number of created green jobs, reports, photo and video materials, IPA yearly reports,  3.3.2 Project reports  3.3.3 Project reports	GoPNG and private sector remain committed to invest in “green” PPPs
<b>Output 4 relating to Outcome 3</b>	3.4 Proportion of decarbonised, clean, affordable renewable energy increased	3.4.1 Additional renewable generation capacity installed with project support in targeted rural communities **	3.4.1 No access to clean, decarbonised affordable renewable energy sources	3.4.1 Increase (tbd)	3.4.1 RE assessment reports, photo and video materials	Framework conditions for RE are improving
<b>Output 5 relating to Outcome 3</b>	3.5 Climate proofing and energy / resource efficiency of relevant infrastructure increased	3.5.1 Number of community-based climate proof/resilient infrastructure projects with support of FCCB	3.5.1 0	3.5.1 Increase (tbd)	3.5.1 Assessment reports, photo and video materials	Adequate options for energy/resource efficient

		identified and effectively implemented based on codes and standards*				infrastructure are developed
<b>Output 6 relating to Outcome 3</b>	3.6 Improved deforestation-free value chains	3.6.1 Number of farmers of target rural communities have adopted climate-smart deforestation-free agricultural value chains with project support, disaggregated by sex	3.6.1 Large-scale adoption of unsustainable farming practices and unsustainable timber value chains.	3.6.1 Increase (tbd)	3.6.1 Renewable energy assessment reports, photo and video materials	Legislation and regulatory framework supports deforestation-free value chains.

## 4 IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with the partner country.

### 4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 84 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

### 4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>12</sup>.

#### 4.3.1 Indirect Management with a pillar assessed entity

Part of this action may be implemented in indirect management with Expertise France (EF). EF is the French international technical cooperation agency, subsidiary of the Agence française de développement Group (AFD Group). This implementation entails support at national level across all specific objectives, including institutional support, technical assistance and capacity building for PNG's comprehensive FCCB policies involving multiple stakeholders. This part will focus on the national/central government level, with spill-over inclusion of pilot provincial levels and several small to midsize grants (totalling between 9-11m EUR) at community/conservation and protected area levels to upscale existing FCCB related initiatives. The envisaged entity has been selected using the following criteria: the implementing partner should preferably, but not necessarily, belong to an EU MS, in line with the requirements of the Team Europe Initiative; it should have specific mandate and/or technical capacity on climate change and forestry related issues in the Pacific. Ideally, the capacity of the agency to implement actions of this nature at the scale envisioned in this Action Document should have been tested and acknowledged by the EU in prior collaborations.

Part of this action may be implemented in indirect management with the CIFOR<sup>13</sup>. This entails support at community/conservation area level across all specific objectives, focussing on the Managalas Plateau, PNG's largest conservation area. Substantial preparatory work notably with CIFOR support has been carried out in this area for the conservation and restoration of land and forest, combined with land stewardship, ecosystem services and green, deforestation-free livelihoods and jobs, with spill-over inclusion of adjacent subnational entities. The envisaged entity has been selected using the following criteria: CIFOR is a pillar-assessed multilateral organization with extensive and acknowledged experience in implementing FCCB related activities at community levels in various parts of the world, and a nascent presence in PNG. More generally, the selected agency should preferably have prior experience working in the Pacific region, ideally at the national and provincial government level, as well as with landowner communities. If possible, the selected implementing partner should be able to mobilize additional third-party funding and therefore contribute to increase the overall financial capacity of the action. The selected partner should ideally hold research, development, delivery, policy and advocacy mandates and/or

<sup>12</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

<sup>13</sup> Fully supported by the PNG national and respective provincial governments and landowners, CIFOR has initiated a partnership with PNG's Oro province to support a comprehensive FCCB agenda in Managalas, PNG's largest conservation areas. Complemented by upscaling of existing FCCB forestry related conservation actions by international environmental CSOs.

capacity in FCCB, including forests, agroforest, tree commodities, climate change, land health, carbon assessments and accounting, and biodiversity inventories.

If negotiations with any of the two above-mentioned entities fail, that part of this action may be implemented in indirect management with the other entity selected under this action using the same criteria. The implementation by this alternative entity would be justified because of the partially overlapping competencies, capabilities and mandates.

In case the envisaged entity would need to be replaced, the Commission's services may select another replacement entity using the same criteria: the third potential partners should hold similar capacities, expertise, and mandate in the specific fields of climate change, forestry, and biodiversity, with ideally prior experience working in the Pacific region and with the EU.

If the entity is replaced, the decision to replace it needs to be justified.

#### 4.3.2 EFSD+ operations covered by budgetary guarantees

A part of this action may be implemented through budgetary guarantees under indirect management. The budgetary guarantees would fall within the following priority areas: Increased investment, sustainable growth and jobs (Specific Objective 3). Consultations are taking place with EIB and the AFD.

This section 4.3.2 is included for information purposes only. A comprehensive action plan covering all EFSD+ budgetary guarantees and the financing decision for the entire annual commitment under the EFSD+ budget line are adopted separately.

If adequate proposals for the use of EFSD+ are not developed, the foreseen amount for this part can be shifted to any or both other components of the action.

#### 4.4 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution, in EUR
<b>Implementation modalities</b>		
<b>Objective 1: Effective implementation of evidence-based FCCB policies, governance and institutional frameworks</b>		
Indirect management with Expertise France (national/institutional level plus pilot grassroot level grants to NGOs)	11 800 000	NA
Indirect management with CIFOR (Managalas community/conservation area level)	2 500 000	1 600 000
<b>Objective 2: Improved FCCB awareness, knowledge, capacities, and mobilisation</b>		
Indirect management with Expertise France (national/institutional level plus pilot grassroot level grants to NGOs)	11 800 000	NA
Indirect management with CIFOR (Managalas community/conservation area level)	3 700 000	3 600 000
<b>Objective 3: Increased inclusive and gender responsive green public and private sector investment, jobs and growth and deforestation-free livelihoods</b>		
Indirect management with Expertise France (national/institutional level plus pilot grassroot level grants to NGOs)	12 900 000	NA
Indirect management with CIFOR (Managalas community/conservation area level)	12 000 000	11 800 000

<b>Evaluation</b> – cf. section 5.2	May be covered by another Decision	N.A.
<b>Audit</b> – cf. section 5.3		
<b>Contingencies</b>	0	0
<b>Totals</b>	54 700 000	17 000 000

## 4.5 Organisational Set-up and Responsibilities

Together with the EU Delegation, the Government of PNG through the Department of National Planning and Monitoring (DNPM) will have the overall oversight for the implementation of the action. Other relevant government agencies as mentioned in the stakeholder analysis will be involved in implementing the parts of the action falling under their respective mandates. The overall Programme Steering Committee (PSC) will be responsible for the general oversight, policy guidance and monitoring of the Action, co-chaired by the GoPNG and the EU Delegation, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. As contracting authority, the EU Delegation will maintain its contractual role and responsibilities. Key state agencies as well as the implementing agencies and the Institute for National Affairs will be part of the PSC, while non state actors (civil society, research institutions/ think tanks, private sector) may be invited at an ad hoc basis. The overall PSC will meet at least bi-annually and more often if needed. Each of the contractual implementation arrangements will have a separate steering committee. The set up and responsibilities of the PSCs for each of these will be defined in the respective Contribution Agreements. Gender equality and human rights-based approach expertise will be ensured during the implementation of the action. Expertise in Gender equality and HRBA will be also integrated in relevant technical assistance and capacity building activities and documents.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

## 4.6 Pre-conditions

N/A

# 5 PERFORMANCE MEASUREMENT

## 5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

In order to increase the effectiveness of the interventions in the FCCB sector, implementing partners will include at least one thorough impact evaluation of one selected activity using methodologies such as quasi-experimental design or randomized controlled trials that can demonstrate causality. This will not only improve the project design, but also contribute to the global knowledge of effective solutions in the FCCB sector. Partners will also establish monitoring systems that can clearly prove the impact regarding increased protection of forests.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring

Implementing partners will be responsible for monitoring and reporting on the indicators of the logframe matrix, including the collection of baseline data during the inception phase and general data collection. Monitoring and evaluation will assess non-discrimination and impact on gender equality and will be based on gender-responsive indicators and indicators that are disaggregated by sex and age when applicable.

This action being a Team Europe Initiative, the EU Delegation will ensure that maximum synergies will be obtained across all actions related to this TEL.

## 5.2 Evaluation

Having regard to the importance of the action, a mid-term and a final evaluation may be carried out for this action or its components via independent consultants contracted by the Commission, in collaboration with the implementing partners.

All evaluations shall assess to what extent the action is considering the human rights-based approach as well as how it contributes to gender equality and women's empowerment. Expertise on human rights and gender equality will be ensured in the evaluation teams.

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to the adjustment of the action in view of a possible phase 2.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that important pilot activities need to be evaluated for the purpose of adjusting and/ or upscaling.

The Commission shall inform the implementing partner at least 3 months in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination<sup>14</sup>. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

The financing of the evaluation may be covered by another measure constituting a Financing Decision.

## 5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

# 6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale. Notwithstanding the above, public diplomacy for FCCB is a key component of this action.

---

<sup>14</sup> See best [practice of evaluation dissemination](#)