

**Proposal Submission in response to Call for Proposals (CFP) issued by
LEAF Coalition on April 22, 2021**

Dated: August 2, 2021

Your use and review of this proposal submission (Submission) is subject to the following conditions.

1. **Authorized party.** You represent and warrant that you are an authorized representative of the company that employs you and which is a participant in the LEAF Coalition (Company) and, in that capacity, can bind Company to the terms herein.
2. **Confidentiality.** Except as otherwise agreed by you and Emergent, you understand that the information contained herein is confidential (hereinafter "Information"). You will:
 - a. Use your best efforts to keep the Information confidential;
 - b. Not reveal such Information to parties other than those: (i) which are Emergent-named individuals that represent companies that are members of the LEAF Coalition; and (ii) employees, agents, partners, shareholders, officers, directors or other representatives of Company (collectively, "Representatives") who have an actual need for such Information to further Company discussions that may result in purchase of emission reduction credits ("Activities");
 - c. Advise in writing Representatives receiving the Information of its confidential nature;
 - d. Direct such Representatives to treat the Information confidentially, not to use it except in connection with the Activities, and not disclose it to any third person that is not authorized to receive such Confidential Information.
3. **Disclaimer.** This Submission is the 'raw' submission of a jurisdiction in repose to the CFP. Neither Emergent nor any party of the LEAF Coalition have conducted any verification of claims made in this Submission or made any edits. This disclaimer applies to all sections of the Submission, including claims made around projected emission reductions (ERs).

By accessing this Submission, to protect and further the interests of the LEAF Coalition, if you intend to negotiate an ER transaction contemplated by this Submission within the next twelve months, you agree to work in good faith to reach mutually agreeable terms to transact under the LEAF Coalition, and agree to be transparent about and seek to resolve any complicating issues with the LEAF Coalition. If complications cannot be resolved after good faith efforts, you agree for the next six months to provide prior written notice to Emergent and members of the LEAF Core Advisory Group before you initiate discussions directly or indirectly with the Host Jurisdiction responsible for this Submission with respect to a potential emission reduction transaction contemplated by this Submission outside of the LEAF Coalition.

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Proposal submitted by (Name of Jurisdiction) (referred to as "Supplier" in this document)

Institution name: Climate Change and Development Authority

Country: Papua New Guinea

Focal point's name, title: [REDACTED]

Mailing Address: [REDACTED]

Email address: [REDACTED]

Telephone: [REDACTED]

Brief description of legal authority to represent country or jurisdiction: PNG Focal Point to the UNFCCC and General Manager for the REDD+ & Mitigation Division with the PNG Climate Change and Development Authority, a Government Organization under the Ministry of Environment, Conservation and Climate Change.

Please check applicable category that best defines your institution:

National government

Sub-national government(s)(please specify applicable administrative level of government. If more than one subnational jurisdiction, please specify)

Please confirm that:

- The boundaries of a subnational accounting area correspond with the entire area of one or several administrative jurisdictions no more than one level down from national level and one or several recognized indigenous territories;
- Total forest area of at least 2.5 million hectares;
- The national government will provide the participant with a letter from the relevant national entity authorizing the Participant's application to and participation in ART.

Recognized indigenous communities (TBC – depending on inclusion under the finalized ART TREES 2.0)¹

Please confirm that:

- The boundaries of a subnational accounting area correspond with the entire area of the territory/ territories;

¹ Under the proposed draft of TREES 2.0, "Participants shall be national governments (i.e., the highest level of government that exists in the country), subnational governments no more than one level down from national level, or recognized indigenous communities provided the requirements in section 3.1.1 are met." The ultimate eligibility of Indigenous communities' jurisdictions will depend on the definition of jurisdiction under the finalized ART TREES 2.0.

- Participating territories must be comprised of a total area (forest and non forest) of at least 2.5 million hectares;
- The national government will provide the participant with a letter from the relevant national entity authorizing the Participant's application to and participation in ART.

Expression of Consent

- The Supplier, by checking the box, agrees to negotiate in good faith towards entering into an Emission Reductions Purchasing Agreement (ERPA) with interested LEAF Coalition participants if the proposal is assessed as eligible.

Please note: if a proposal overlaps geographically with another proposal, the LEAF Coalition will require a plan for how the two potential Suppliers will distribute benefits amongst themselves as well as the Supplier Country's authorization in the form of a letter, in accordance with ART/TREES.

Date of submission: 30th July 2021

Name of authorized representative



Signature



1. Forest Emission Reduction Targets (500 words excluding links and appendices)

Please provide a narrative and applicable links, outlining Supplier's forest goals related to emission reductions from REDD+², for example, 2030 zero deforestation goals.

The Government of Papua New Guinea (PNG) has made strong commitments to protect its rich natural resources and ecosystems while promoting sustainable food systems to ensure the livelihoods of its people. These objectives are integrated into [PNG's Vision 2050](#) (2009), which recognizes the great potential of its natural resources to improve the country's socioeconomic development in sustainable manner. This is translated into economic policies and sectoral interventions through [PNG's Development Strategic Plan 2010-2030](#). In order to pursue a more integrated green growth, PNG has launched an ambitious [Strategy for Responsible Sustainable Development for Papua New Guinea](#) (StaRS 2014), which prioritizes green agriculture, conservation of forest and biodiversity and sustainable SME development.

Climate change is at the forefront of PNG's agenda. The [Climate Compatible Development Action Plan](#) (2010) and subsequent policy, the [Climate Compatible Development Management Policy](#) (CCDMP: 2014) identified the key areas for action on climate change including targets of a 50% reduction in GHG emissions by 2030 and to reach a point of carbon neutrality by 2050. In line with the national strategies, PNG prepared and submitted its [1st Nationally Determined Contribution](#) (NDC) in 2016. It proposed that PNG's main contributions will come from the REDD+ initiatives. However, PNG was not able to set quantitative target for forest emission due to the lack of reliable national data at that time.

As committed in the first NDC (2016), PNG accelerated its REDD+ readiness process and significantly improved the National Forest Monitoring System. PNG developed its [National REDD+ Strategy](#) in 2017. The National REDD+ Strategy outlines the key action areas across the sectors. [PNG's Forest Reference Level \(FRL\)](#) was submitted to the UNFCCC in 2017, which shows the historical annual emissions from deforestation and forest degradation of 31,000 Gg CO₂ eq per annum, and it predicts an ongoing increase in the emissions levels. PNG then submitted its [First Biennial Update Report](#) (BUR1) to the UNFCCC in 2019. BUR1 contains the REDD+ results during 2014-15 period as a Technical Annex. All four design elements of the Warsaw Framework (National REDD+ Strategy, National Forest Monitoring System, [Safeguard Information System](#), and FREL/FRL) were developed.

Based on the policies and forest emission data described above, PNG set forest emission reduction targets in the [2nd NDC](#) submitted in 2020. The REDD+ Finance and Investment Prospectus (RFIP) was finalized in 2021. RFIP is integral part of the NDC Implementation Plan identified areas within the AFOLU sector to mitigate GHG Emissions. The RFIP sets out the potential opportunities that scaling up actions in line with PNG's National REDD Strategy (NRS) could deliver. The forest emission reduction targets and estimates in the 2nd NDC and the RFIP are summarized below.

PNG 2nd NDC

The Land Use, Land-Use Change and Forestry (LULUCF) sub-sector is the far most dominant contributors to GHG emissions in PNG. Nevertheless, the sector also has the highest potential for removal. The sector has evolved into a smaller sink over time due to a decrease in forest. The net emissions from the LULUCF sector amounted to 1,717 Gg CO₂ eq in 2015 compared to 21,636 Gg CO₂ eq in 2000, which is a total 1

decrease of removals amounting to 23,370 Gg CO₂ eq.

The emissions in the sector occurred because of deforestation and forest degradation. Almost all deforestation was due to land-use conversion from forest land to cropland, in particular for subsistence agriculture (68.8 %) and oil palm plantations (24.4 percent). Logging was the major driver of forest degradation, accounting for over 90 percent of the total degraded forest in PNG. Hence, the primary mitigation effort of the sector lies in reducing emission from deforestation and forest degradation due to commercial agriculture, subsistence agriculture and commercial logging.

Actions noted within the NDC will transform the increasing emissions trend into a downward trend over the next 10 years (by 2030) as shown in the Figure below. PNG will reduce the area of annual deforestation and annual degradation by 25 percent against 2015 levels (equating to a reduction of 8,300 ha or annual deforestation and 43,300 ha of degradation), as well as increase the area of afforestation, reforestation, and ecosystem restoration. It will reduce 10,000 Gg CO₂ eq of the net emission from the LULUCF sub-sector by 2030. That is about 37,000 Gg CO₂ eq emission reduction compared to the business-as-usual scenario.

REDD+ activities such as enhancement of land use planning and monitoring, promoting climate-friendly agriculture, strengthened monitoring of Forest Clearance Authority (FCA) permits, enhancement of timber legality, and promoting reforestation and ecosystem restoration. PNG will continue improving the monitoring capacity of LULUCF sub-sector by enhancing its National Forest Monitoring System for more accurate monitoring of forest and land-use change, and assessment of GHG emissions in LULUCF sub-sector.

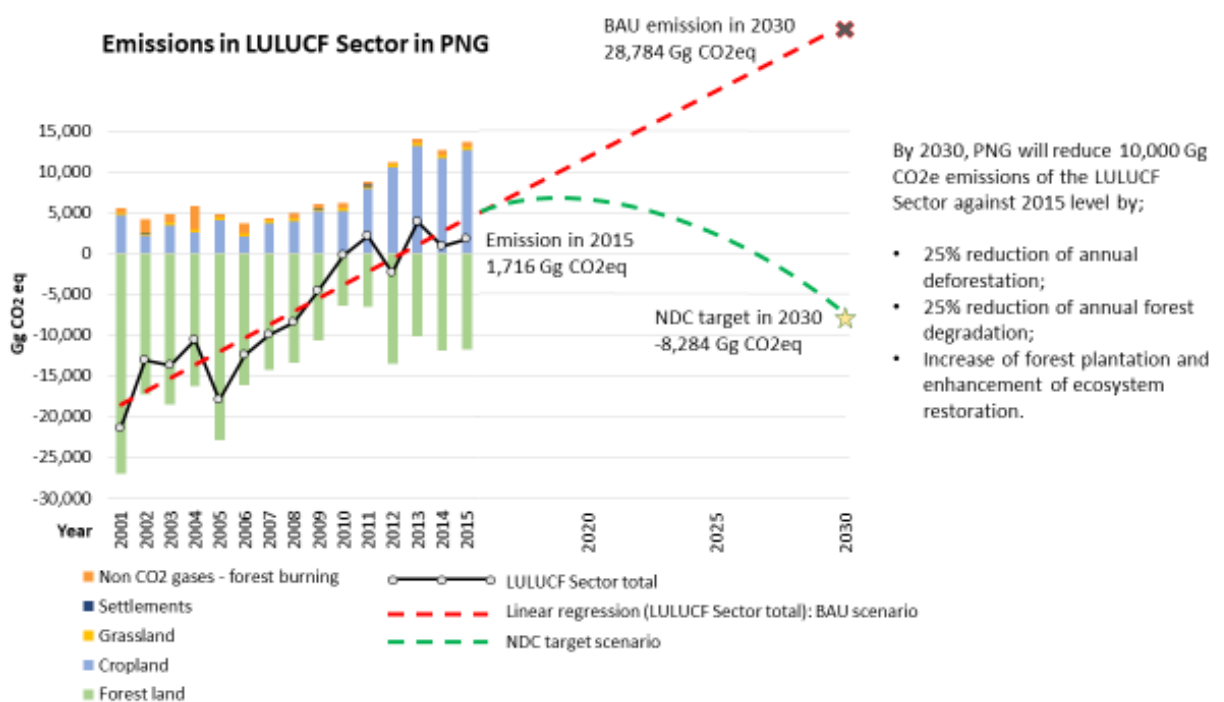


Figure. Forest Emission Reduction Targets in PNG’s 2nd NDC (2020)

REDD+ Finance and Investment Prospectus (RFIP)

Over USD100 million per year, for the next 10 years, is required to support a range of activities. The expected benefits of investing in protecting PNG's native forests are:

- 60 million tonnes of emission reductions;
- 6.5 million hectares of forest under conservation;
- 470 threatened species for which habitat has been secured;
- 200,000 hectares native forest planted;
- USD75 million in sustainable forest products.

2. Progress towards, or readiness to meet (non-safeguards elements of) ART/TREES requirements (500 words excluding links and appendices)

Please provide a summary of the Supplier's progress towards preparing/submitting a concept note, and/or registration document for ART, including expected timelines for submission (e.g. estimated date by which a registration document might be submitted). Please include links to any relevant documentation that has already been submitted to the ART secretariat, if applicable.

Please provide an overview of the steps taken to align with non-safeguards requirements of ART/TREES, and Supplier's ability to meet such requirements. If this proposal is selected by the Coalition participants, this information will be accepted as indication of commitment towards meeting ART/TREES requirements.

PNG is submitting the TREES concept note at the same time as submitting this proposal to LEAF.

Registering under TREES will require PNG to undertake additional technical work. As pointed out under item 3, below, PNG has undertaken a detailed gap analysis against the ART/TREES requirements in order to understand what further work PNG needs to undertake and what technical assistance is needed. The below timeline takes this needed further capacity development into account – expecting a time delay of 1.5 years from start of a technical assistance work package before TREES documentation can be submitted

PNG will aim to register under ART/TREES and generate ART credits with a view on LEAF but also more generally for the country to participate in carbon markets. This means that PNG will work towards participation with the LEAF-preferred vintages 2022-2026 – but in addition PNG will also work to issue and monetize TREES credits for earlier vintages 2017-2021.

PNG proposes the following timeline for accession to TREES and participation under LEAF:

When?	What?
Mid-2021	Submission of TREES concept note and LEAF proposal
End of 2021	Signature of ERPA and concomitant agreement of a technical assistance work package
From early 2022	Work to address capacity gaps and meet TREES requirements, develop TREES registration document and monitoring report (2017-2021)

Mid-2023	Submit for completeness check the TREES registration document and TREES monitoring report (2017-2021), begin validation and verification
End of 2023	Conclude validation and verification for 2017-2021, issuance of ART credits
During 2024	Collect necessary data and prepare monitoring report (2022), undergo verification, issuance of ART credits
During 2026	Collect necessary data and prepare monitoring report (2023-2024), undergo verification, issuance of ART credits
During 2028	Collect necessary data and prepare monitoring report (2025-2026), undergo verification, issuance of ART credits

3. Capacity building/technical assistance needs (500 words excluding links and appendices)

If applicable, please summarize the capacity gaps and needs for support identified as necessary to meet ART/TREES requirements, and plans to address these gaps before submitting validation/ verification documents to ART. This information will be critical for planning purposes.

PNG has undertaken a detailed gap analysis against ART/TREES requirements. The analysis used the support of the UN-REDD Programme and identified the following important gaps that need to be addressed before PNG can register under TREES and issue TREES credits:

Forest monitoring:

- PNG has established a robust National Forest Monitoring System (NFMS) comprised of multiple remote sensing-based information to ensure the highest-level accuracy and field-based inventory. The field inventory is needed to assess the carbon stored in different forest types under different forest statuses, and biodiversity. PNG's NFMS is well described in its Forest Reference Level submission in 2017, the first Biennial Update Report (2019), as well as in the government publication Forest and land use change in PNG, 2000-2015 (2019) and the National Forest Inventory Field Manual (2018). PNG's conferences, and the proceedings was produced. PNG NFI special issue of activity data assessed using remote sensing-based information is very strong and accurate. On the other hand, the Emission Factor is established based on relatively limited scientific studies previously conducted in the country and the default values provided in the IPCC guidelines (2006). PNG has developed the methodologies and commenced the National Forest Inventory (NFI) in 2017. A total of 160 plots were assessed by 2019. The assessment results were presented at the research a peer-reviewed journal is being prepared. However, the assessment was conducted only in 7 provinces out of 22. The information is biased and limited for the national scale GHG monitoring. PNG estimates that a total of 800 plots would be needed to establish a robust emission factor for the nation's REDD+ monitoring. Constrains, including rugged terrain, limited road connections, the requirement of extended awareness due to customary land tenure, and security issues make the NFI implementation very expensive and time-consuming in PNG. Some funding has already been secured for completing the NFI implementation. It is estimated another 3 years to conclude the NFI.
- The PNG NFMS uses a sample-based approach to measuring areas of forest change in a systematic grid. The approach also includes detailed quality management efforts, but it still need to be assessed whether all of ART/TREES specific requirements on data collection protocols were

met. A description of the current PNG's NFMS is provided in the [Technical Annex to the BUR submitted to the UNFCCC in 2019](#).

- The specific carbon accounting rules for ART/TREES are not yet fully implemented in PNG. For example, reversal risks have not yet been assessed, a TREES-compliant uncertainty analysis has not been undertaken, the specific rules for setting the crediting level are not yet implemented.

Safeguards and benefit sharing:

- There is a [detailed SIS design document](#) available, but the SIS has not yet been operationalized; additional efforts are also needed to address some gaps identified in relation to ART-TREES outcome indicators. .
- PNG's first [Sol](#) was submitted to the UNFCCC in early 2021, it includes information for the years 2015-2020. Further submissions need to be undertaken biennially to cover the complete crediting periods for TREES, namely 2017-2021 and 2022-2026.
- The Grievance Redress Mechanism (GRM) Guidelines for the implementation of the national REDD+ strategy were designed in 2018, but the GRM is yet to be operationalized.
- Although much work has been carried out to define the use of proceeds from a proposal to the GCF, there is not yet an established benefit sharing system in PNG.

Legal:

- Participating in TREES requires the CCDA to obtain a clear mandate for transacting emission reduction titles internationally. The current legal framework places much emphasis on the rights of customary landowners. An approach is needed for the customary landowners to provide a mandate for internationally transacting carbon.
- Although legislative reform is already underway (see below), a process is needed to engage stakeholders in PNG's TREES emission reduction programme and collect consent from customary landowners (It is foreseen that FPIC Guidelines will be developed in consultation with relevant stakeholders, in order to enforce proposed provisions to the CCM Act (2015)).
- A transparent means is required to record carbon transactions that PNG enters into, under TREES and otherwise.

Addressing the identified gaps will require technical assistance. PNG is planning to request this technical assistance under the UN-REDD Programme. Although more details will need to be defined with the UN-REDD Programme, an initial support request could relate to the years 2022-2024. It could focus on the following:

Forest monitoring: Data collection on deforestation, forest degradation and restoration areas, as well as ongoing calculation of emission estimates. This will be necessary both for reference level setting and for progress monitoring. At least the period 2012-2020 should be covered initially, with biennial monitoring thereafter. Moreover, an emission reduction calculation tool needs to be built that meets TREES requirements also regarding handling of uncertainties, leakage and permanence.

Safeguards and benefit sharing: The SIS will need to be operationalized, including ensuring the SIS can map to the TREES safeguard indicators, including the outcome indicators. Preparation of additional biennial Sol submissions to the UNFCCC are planned to be submitted from 2022 onwards with data

covering all of the TREES crediting periods – for 2017-2021 and 2022-2026. Supplementary information on safeguards will need to be collected alongside the Sol submissions to meet all of the TREES safeguard indicators. The GRM mechanism will need to be operationalized, along with the benefit-sharing mechanism to guide the use of the proceeds from the TREES programme. These will be finalized and tested, including extensive consultations with stakeholders.

Legal: The Government of PNG will soon pass additional legislation to further clarify the legal nature of emission reductions and who is entitled to transact them. Proposed amendments to the Climate Change Management Act (2015), include the establishment of an FPIC process seeking the consent of customary landholders to mandate the Minister responsible for climate change matters in selling and transferring carbon sequestered by forests in the context of international carbon finance schemes. Work will need to be undertaken to operationalize this additional legislation and to carry out the necessary consultations with customary landholders. A registry will also need to be established to provide transparency on emission reduction transactions using TREES and otherwise.

TREES process: Development of TREES documentation (TREES registration document and ongoing monitoring reports). Validation and verification audits.

4. High Forest Low/Deforestation (HFLD) (if applicable, 500 words excluding links and appendices)
Please indicate whether the Supplier expects to qualify as HFLD according to the criteria in the draft TREES 2.0 and whether the Supplier proposes to make available emission reductions under LEAF according to a future, approved HFLD -methodology in TREES. Please note that expressing expectation to do so is not binding.

With a forest cover of 78% and annual deforestation rates fluctuating between 0.05% and 0.11% over the period 2012-2019, PNG is a “high forest cover, low deforestation” (HFLD) country. The forest cover and deforestation rates have been assessed by PNG Forest Authority through a Collect Earth land use assessment of which the latest update took place in 2021. The HFLD score for the period 2012-2019 fluctuates between 0.67 and 0.72.

	Year	Forest Cover	Deforestation rate	HFLD score
Reference period 1	2012	78.20%	0.08%	0.70
	2013	78.14%	0.11%	0.67
	2014	78.08%	0.08%	0.70
	2015	78.01%	0.09%	0.69
	2016	77.94%	0.09%	0.69
Crediting period 1 / Reference period 2	2017	77.88%	0.07%	0.71
	2018	77.83%	0.07%	0.71
	2019	77.79%	0.05%	0.72
	2020 (estimated)	77.74%	0.06%	0.71
	2021 (estimated)	77.69%	0.06%	0.71

PNG expects to make available emission reductions for the remaining years in the crediting period once this data has been assessed.

5. Estimate of ART/TREES crediting level (non-binding)

Please provide an estimate of the ART/TREES crediting level, including annual estimates used to develop the crediting level, and links to further methodological descriptions of these estimates. We understand that these estimates are based on assumptions and will not be final.

Please indicate a tentative selection of baseline years, consistent with the ART-TREES standard. Please indicate the assumptions made in the emission reduction volume calculations.

Please provide a link to relevant public documentation or reporting (e.g. National Communications, REDD+ strategy/action plan).

PNG has seen a steep upwards trend in historical emissions between 2001-2013. Despite the increasing pressure of development on its forest, PNG has managed to reverse this trend by reducing pioneering deforestation and degradation and emissions for recent years are going down. PNG has reported emission reductions for 2014 and 2015 to the UNFCCC in [the Modified Technical Annex on REDD+ to the BUR1](#). By July 2021, PNG has assessed recent LULUCF using the same method with previous assessment and estimate emissions from deforestation and forest degradation up to the year 2019. PNG intends to submit a concept to TREES during 2021 and present emission reductions starting in 2017. As such, PNGs first reference period concerns 2012-2016 and its first crediting period concerns 2017-2021. PNGs second crediting period would be the period eligible for LEAF and concerns 2022-2026, for which the first crediting period will have become the second reference period. To estimate the crediting level for LEAF, PNG assumes emissions during 2020-2021 to remain at the same level as 2017-2019.

The annual emission estimates over the first reference period and the first crediting level are as follows:

	Net emissions from deforestation	Net emissions from degradation	Total emissions
2012	5,804,810	28,122,531	33,927,340
2013	6,849,637	31,395,182	38,244,819
2014	7,329,080	29,567,990	36,897,069
2015	7,357,970	29,430,034	36,788,044
2016	6,079,834	24,105,617	30,185,451
CL ₂₀₁₇₋₂₀₂₂ (5-year historical average)			35,208,537
(HFLD Score ₂₀₁₂₋₂₀₁₆ x Carbon Stock ₂₀₁₂₋₂₀₁₆)			10,162,460
HFLDCL ₂₀₁₇₋₂₀₂₂			45,370,997

The annual emission estimates over the second reference period and the second crediting level

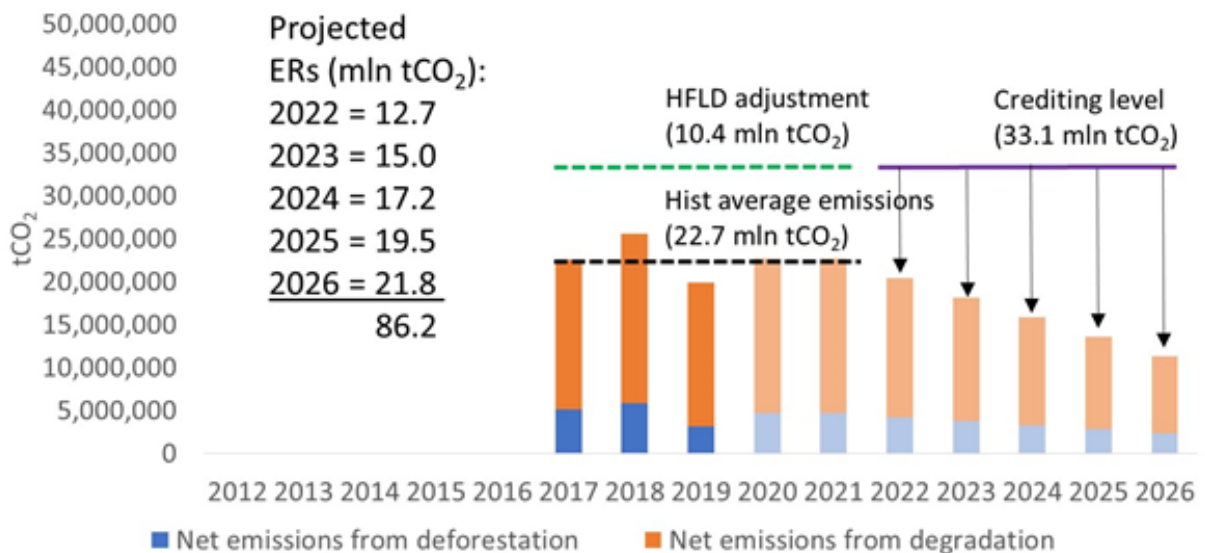
(applicable for LEAF) are as follows:

	Net emissions from deforestation	Net emissions from degradation	Total emissions
2017	5,075,960	17,474,017	22,549,977
2018	5,839,370	19,736,602	25,575,972
2019	3,155,536	16,753,083	19,908,619
2020 (estimated)	4,690,289	17,987,901	22,678,189
2021 (estimated)	4,690,289	17,987,901	22,678,189
CL ₂₀₂₂₋₂₀₂₆ (5-year historical average)			22,678,189
(HFLD Score ₂₀₁₇₋₂₀₂₁ x Carbon Stock ₂₀₁₇₋₂₀₂₁)			10,424,261
HFLDCL ₂₀₂₂₋₂₀₂₆			33,102,451

6. Annual target ERs³ (non-binding)

Please provide an estimate of the ART /TREES expected volumes of ERs that may be delivered annually in the 2022-2026 period. We understand that these estimates are based on assumptions, and will not be final.

The average emissions estimated over 2017-2021 concern a 36% reduction of emissions compared to the 2012-2016 historical average emissions. PNG aims to gradually increase its performance over the period 2022-2026 with a reduction of 10% against historical average emissions in 2022, 20% in 2023, 30% in 2024, 40% in 2025 to achieve a 50% reduction in 2026.



Accordingly, the associated expected emission reductions are as follows:

	Quantity (range, in metric tonnes CO ₂ equivalent)	Crediting year (please specify in brackets if emissions from forests are accounted for according to timelines that deviate from calendar years (e.g. Aug 1 st –July 31 st))
2022	22.8 mln tCO ₂	2017
2022	19.8 mln tCO ₂	2018
2022	25.5 mln tCO ₂	2019
2024	22.7 mln tCO ₂	2020
2024	22.7 mln tCO ₂	2021
2026	12.7 mln tCO ₂	2022
2026	15.0 mln tCO ₂	2023
2028	17.2 mln tCO ₂	2024
2028	19.5 mln tCO ₂	2025
2030	21.8 mln tCO ₂	2026

7. Policies and Measures (500 words excluding links and appendices)

Please provide a summary of existing policy measures, regulations, enforcement and public finance instruments (taxes, transfers, subsidies) the Supplier determines are adequate to achieve the ERs, and a reference to where this information is publicly provided. If applicable, please describe other interventions (beyond policies and measures) Supplier has taken, or will take, to reduce deforestation and forest degradation, and enhance sequestration in order to provide ERs under LEAF (e.g. forest fire prevention). If the interventions are not yet operational, please provide a timeline with milestones.

PNG's [National REDD+ Strategy](#) (NRS) 2017 recognizes the crucial role of forests in commercial and subsistence economics to the country's development. It outlines the broad framework to reduce carbon emissions from the forest and land-use sector and conserve PNG's unique levels of biodiversity and enable tangible benefits to reach communities. The NRS reinforces existing efforts that promote sustainable land use in three main REDD+ Action Areas:

- Strengthened land-use and development planning
- Stronger environmental management, protection and enforcement
- Enhanced economic productivity and sustainable livelihoods

The Forest Policy 1991 addresses need for the sustainable management of forest resources and adopts an integrated approach to implementing this goal through administrative, research and project approaches. The Forest Plan 1996 seeks to implement the Forestry Policy through periodic and detailed planning that establishes limits on total allowable cuts for timber harvesting each year. The PNG Forest Authority (PNGFA) estimated that approximately 60,000 ha have been reforested and are targeting a

further 20,000 ha prior to 2030. In 2020, PNGFA also imposed a 32.5% increase in log export duty from 28.5% to 59% in an effort to drive down log exports and increase government revenue. The forestry sector also introduced national strategies on downstream processing of forest produce and reforestation and afforestation in 2020. PNGFA has been working to enhance the timber legality of the country. The Timber Legality Standard was endorsed by the National Executive Council in 2020. The designing and implementation planning of Timber Legality Verification System are being progressed.

The [Climate Compatible Development Management Policy](#) outlines the development of strategies in which a national system for information gathering, monitoring and evaluation, management and reporting, GHG inventory and monitoring, reporting and verification. The [Protected Areas Policy](#) (PAP) 2014 provides the framework to protect and conserve areas that exist within naturally forested areas. It is a goal of the PAP to increase the existing number of protected areas in PNG by 2% in the next 10 years, particularly in areas that have high biodiversity value and are also under the threat of potential deforestation.

The Climate Change and Development Authority (CCDA) have drafted the **National REDD+ Project Guidelines** that outline the requirements relating to climate change projects, which will be the basis for the development of a REDD+ regulation. An existing environmental management tool is Environmental Impact Assessments (EIA). EIAs are obligatory for all development activities with a potentially significant environmental impact. The level of severity and the corresponding actions to be taken at each level are prescribed in detail within the [Environment \(Prescribed Activities\) Regulation 2002](#). Responsibility for the environmental licensing process is ascribed to the Conservation and Environment Protection Authority (CEPA).

CEPA also led the implementation of the [Community-based Forest and Coastal Conservation and Resource Management \(CbFCCRM\)](#) project from 2012 to 2018. CbFCCRM was designed to demonstrate resources management and conservation models for landowner communities that effectively incorporated community-managed conservation areas as part of agreed priorities. CEPA is currently leading the establishment of a Biodiversity and Climate Trust Fund, which will support the implementation of the PAP and align with the key components of the NRS.

In 2011 the government declared a moratorium on the issuing of Special Agriculture and Business Leases (SABLs), which were intended to promote large-scale agriculture over customary land with the consent of the traditional landholders. However, many commercial logging operators were obtaining SABLs without undertaking any agricultural development and without seeking the consent of traditional landholders. This led to protests from local communities and widespread criticism from the global community. Since the conclusion of an investigation into SABLs in 2014, over half of the issued SABLs were revoked as the proponents did not follow the proper land acquisition process.

8. Use of Proceeds (1000 words excluding links and appendices)

Please acknowledge the eligible uses of proceeds as established in the CFP, and provide initial thinking on the focus of a high-level investment framework describing the plans or arrangements in place for investing the proceeds of a transaction with LEAF Coalition contributors. This plan should be consistent with achieving the Supplier Country's NDC and sustainable economic development with a priority for forest protection and forest restoration, including its REDD+ strategy/action plan. The plan must also explain

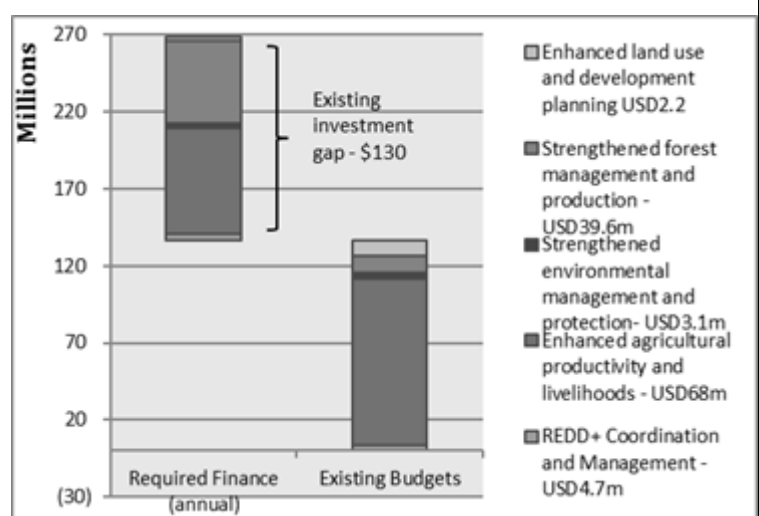
how benefits from such a transaction will be distributed to stakeholders. This plan should demonstrate equity, inclusivity, and transparency, and it should reach local communities and support wider climate goals. Suppliers may indicate whether future payments will be used to leverage up-front investments, if applicable. In other words, proceeds may be used to repay bonds or loans that were used specifically to finance activities that are consistent with the guidance on use of proceeds.

About 97% of land in PNG is under customary tenure. Forests belong to the people, and the majority of the population relies directly on the ecosystem services provided by the forests for their livelihood. PNG's Constitution (1975) sets out five National Goals, the fourth of which is for PNG's natural resources and environment to be conserved and used for the collective benefit of the people of PNG, and be replenished for the benefit of future generations. Customary land tenure is enshrined in the PNG Constitution, and protected against unjust deprivation and compulsory acquisition. The Constitution adopts custom and recognizes that customary tenure shall be applied and enforced as part of the underlying law, to the extent that it is not inconsistent with a Constitutional Law or a statute, or repugnant to the general principles of humanity. The Climate Change Management Act does not specifically address forest carbon rights or payments for environmental services in PNG. However, supporting the sustainable development of forest communities must be prioritized for the use of proceeds.

PNG has developed the National REDD+ Strategy (2017) through the comprehensive stakeholder consultation process across the relevant sectors including national planning, agriculture, forestry, and conservation. It commits to action across the following areas:

- land use planning,
- environmental and forest governance,
- sustainable agricultural development, and
- strengthening action on REDD+ governance, monitoring, reporting and benefit sharing.

The REDD+ Financial and Investment Prospects (RFIP: 2021) were developed to set out the potential opportunities for scaling up actions in line with PNG's National REDD Strategy (NRS). The RFIP is also integral part of the NDC Implementation Plan and identifies areas within the AFOLU sector to mitigate GHG Emissions. These include emissions reductions of more than 60 million tonnes of CO₂e over the coming decade, while also delivering significant economic, social and environmental co-benefits. The proposed action areas are also designed to transform the livelihoods of PNG's rural communities, safeguard biodiversity and progress PNG towards establishing a sustainable and climate smart economy capable of meeting the Sustainable Development Goals while also helping to deliver sustainable deforestation free agricultural commodities to international markets. It



requires about USD 130 million per year over the coming decade in addition to the total government spending across the lands, environment, forestry and agriculture sectors. Activities and investments in the RFIP are summarized in the Table below. A significant portion of PNG's proceeds from sales to the LEAF Coalition will be invested according to the RFIP.

Table. Action areas and the required investment provided in the REDD+ Finance and Investment Plan (2021)

	Action area	Cost over 10 years (USD)
Component 1.1 Sustainable land use planning	Development of Sustainable Land Use Policy and Regulations including policy, legislation, regulations and guidance, information materials	1,132,000
	Development of National Land Use Information System - brings together information from across sectors and can increase transparency and effectiveness of land use decision making	3,076,000
	Development of Ward, LLG, District and Provincial Plans to include spatial elements - under the Planning and Monitoring Responsibility Act (PNGPMRA) (2016) that provide guidance on the desired uses of land bringing together PNG's bottom up and top down planning processes.	16,333,000
Component 1.2 Enhanced forest management and plantation development	<p>Strengthening Policy Dialogue</p> <p>PNG's forest sector has significant opportunities to contribute to the economy but requires further policy coherence and evidenced-based targets that will help the sector meet multiple economic, environmental and social objectives.</p>	3,000,000
	<p>Strengthening timber legality</p> <p>PNG has developed a timber legality standard through a multi-stakeholder process. Planning is underway to establish an industry supported third party verification system that will also help to increase international acceptance of the standard.</p> <p>Further investment is, however, needed to identify how PNGFA can effectively monitor and assess concessions to ensure that they are meeting standards. Key investment areas include:</p> <ul style="list-style-type: none"> • <i>Need for field level operational capacity</i> – including increased staffing, equipment, and operating costs, as well as key remote sensing tools such as a remote deforestation monitoring system. • <i>Need for information systems</i> – PNGFA have developed a number of information systems to capture data on forest use and application of standards. These systems require further development and strengthening. • Establishing approaches to effectively supporting and regulating small scale timber operations. 	100,000,000

	<p>Enhancing planted timber PNGFA have developed the Painim Groun Planim Diwai (Find land, plant trees) programme focused on increasing levels of planted forest. Information materials and have been developed along with early support to land-owning groups responsible for 20,000ha of land. Further investment however is needed to expand the scale and impact of operations to meet targets of 800,000ha.</p>	405,000,000
	<p>Enhancing knowledge on PNG forests Enhancing knowledge on PNG's forests will play a critical role in strengthening the quality of forest management and improving standards for production. This work will be linked with action under component 2 on strengthening MRV and reporting capacity which will include expansion of the National Forest Inventory.</p>	5,000,000
Component 1.3 Strengthening Environmental Management Enforcement and Protection	<p>Strengthening Environmental Safeguards With action focused on increasing awareness of communities, private sector and provincial governments of environmental permitting processes, strengthening national capacity to manage permitting process and building capacity of provincial governments to operate with designated authority for environmental monitoring.</p>	14,300,000
	<p>Enhanced Protected Area Development and Management (through implementation of the Protected Areas Implementation Plan) With action focused on developing the governance and Management of Protected Areas, support to sustainable community livelihoods, effective and adaptive biodiversity management, strengthening the management of the protected areas network and development of sustainable and equitable financing systems.</p>	18,400,000
Component 1.4 Sustainable Agriculture	<p>PNG has taken action to address rapid expansion of commercial agriculture including the cancelling of SABLs and the establishment of a Sustainable Palm Oil Platform. It is also working with partners to strengthen levels of support to farmers with a number of projects supporting provision of technical support to farmers as well as allocation of planting stock. These actions, however, require further expansion and ongoing support to help deliver target increases in productivity while also limiting the expansion of agriculture into forest areas.</p>	500,000,000
Component t.2 REDD+ Coordinati on and	<p>Establish and strengthen coordination mechanisms PNG is working to establish a central coordination mechanism for climate finance. The mechanism will strengthen links between key government agencies in particular the DNPM and CCDA. This central decision making structure will also be supported by</p>	N.A.

	<p>technical input from existing technical working committees (TWC) that have supported REDD+ development including the National REDD+ Strategy TWC, FRL/NFMS TWC and REDD+ Safeguards TWC.</p>	
	<p>Integration of climate relevant indicators into the development planning framework Climate and land use relevant targets and indicators will be integrated into the development-planning framework through creation of sector-based climate mitigation and adaptation plans in line with Sections 70 and 74 of the CCMA (2015) and in close coordination with DNPM. Subnational plans will also be developed as part of subnational development planning required under the PNG Planning and Monitoring Responsibility Act (PNGPMRA) (2016) with spatial elements of planning (including maintenance of forest loss able to be integrated as part of a target framework linked to provision of budgets).</p>	1,447,540
	<p>Strengthen management and reporting of emissions from land use and forestry PNG's national FRL, has been technically assessed by the UNFCCC and was submitted in 2017. A first Biennial Update Report (BUR) with REDD+ Technical Annex was also submitted in 2019. The country's NFMS is operational and provides information on forest and land use concessions.</p> <p>The FRL identifies a number of areas in which information on forest reporting can be strengthened. A key element of this is completion of PNG's National Forest Inventory (NFI) with data from this seen as central to improvements in quality of data and reporting towards Tier 3 levels as well as enhanced information for domestic policy making.</p>	15,000,000
	<p>Establish and Strengthen a Safeguard Information System PNG has developed its first Summary of Information on how the Cancun Safeguards for REDD+ are being addressed and respected with this summary submitted to the UNFCCC. The summary builds on work in the development of a national Safeguard Information System with a framework for a fully operational SIS developed as part of the development of the first summary of information.</p> <p>Further resources are required to fully develop the SIS and ensure that it is managed and updated over time with requirements for both IT systems (including website hosting), staffing and capacity building of key stakeholders to engage with the system.</p>	424,380
	<p>Development of a registry of activities linked to forest carbon PNG has initiated work on the development of a registry to clearly</p>	Yet to be estimated.

	track and account for how any emission reduction units produced are utilized. A phased development process for this has been identified with capacity of the system being increased as PNG becomes increasingly engaged in international action to reduce emissions through both voluntary mechanisms and agreements under Article 6 of the Paris Agreement.	
	<p>Establish system for management of RBPs</p> <p>A transparent system to manage RBPs is required to ensure that funds are effectively managed and that RBPs are able to promote further emissions reductions. The system should be linked with the registry and reporting under the UNFCCC to ensure clarity on how any RBPs are obtained and distributed. It will also require development of a clear benefit distribution mechanism.</p>	1,135,440

PNG NDC (2020) also sets adaptation targets. It focuses on four (4) development sectors central to PNG’s ability to adapt to climate change namely agriculture, health, infrastructure, and transport. The proceeds of LEAF Coalition will be used to achieve the adaptation targets to mitigate the climate risk of the rural communities.

9. NDC Alignment (500 words excluding links and appendices)

Please explain how payments received under LEAF would contribute to achieving the targets established in the Supplier Country’s NDC. Please also indicate how it is envisioned that the payments will contribute to raising the level of NDC ambition over time. Please note that it is not expected that potential Supplier Countries will be able to commit to increasing ambitions by the July 30th deadline. Rather, a simple narrative about how this is envisioned is welcomed.

LEAF enables PNG to set a robust plan backed up by financial assurance for achieving its NDC. LEAF also helps PNG to increase its ambition on forest emission reduction. The current target is a 25% emission reduction from the 2015 level by 2030. With LEAF, PNG can achieve zero-emission (near zero deforestation and zero forest degradation) by 2030 and maintain it in subsequent years.

If PNG achieves its LEAF annual ER target the total emission reduction during the LEAF period becomes 46.9 mln tCO₂e. This level of emission reductions is based on gradually increasing performance over the 2022 – 2026 LEAF period from 10% reduction against historical level in 2022 to 50% reduction in 2026, as explained in Section 6, as well as shown in the Figure below.

Participation in LEAF will enable PNG to further raise ambition on mitigation progress and PNG will continue its effort on forest emission reduction to achieve the REDD+ results after 2026. The LEAF payments will be re-invested for the sustainable development of forest communities and the activities for further forest emission reduction described in Section 8. The crediting level of the subsequent LEAF period (starting 2027) will fall just below the NDC target, as shown in the below Figure. PNG can still reach the NDC target even if the credit title was transferred to the buyers and achieve zero-emission (near zero deforestation and forest degradation) by around 2030, which is far more ambitious than the NDC target.

Without LEAF, PNG's NDC implementation plan is seriously lacking in funding, as described in Section 8. LEAF enables PNG to achieve its NDC target and increase the ambition on forest emission reduction. At the same time, LEAF also helps PNG improve forest communities' livelihood and achieve the nation's sustainable development policies.

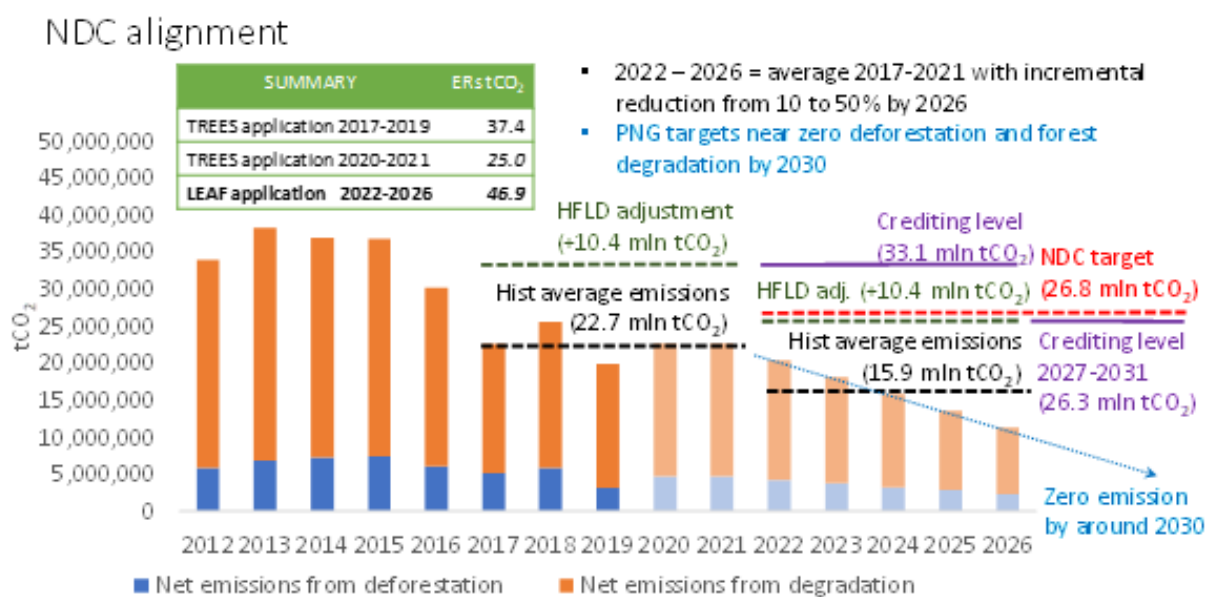


Figure. PNG's crediting level and target for the LEAF proposal period (2022-2026), NDC target emission level, LEAF crediting level for the subsequent period estimated as PNG achieves its LEAF target. (Note: NDC target in this graph is calculated from the NDC submission described in Section 1. PNG uses the same data for GHG reporting and REDD+ reporting. However, calculation guidance for the reporting is different. The significant difference is that GHG reporting includes CO₂ removal of all degraded forests, but REDD+ reporting includes the removal of the forests degraded during the reference and the results period. Thus, the amount of CO₂ removal in REDD+ reporting is significantly smaller than that in the GHG reporting.)

10. Nesting (500 words excluding links and appendices)

If applicable, please describe Supplier's initial approach for how double counting from relevant activities with overlapping geographical scope will be avoided. This should include Supplier's approach to accounting for incorporation of activities either crediting, or seeking results-based payments for emission reductions from forests in the same geographical area (e.g. emission reduction or sequestration projects).

PNG is committed to avoiding double counting. The programme proposed to LEAF for funding covers the whole national territory and because of this, PNG needs to consider nesting across all of its forests and lands. PNG considers the double counting risk to be especially relevant in the following contexts:

- Projects working under the Verified Carbon Standard (VCS) of Verra, a US-based NGO, notably REDD projects. Some of these projects have issued carbon credits for years that overlap with the crediting period for ART/TREES and LEAF (further discussed below)

- Carbon sales under the REDD.plus scheme of the Coalition for Rainforest Nations. A small amount of emission reductions has been transacted through this scheme. The emission reductions a part of the results reported to the UNFCCC for the years 2014-2015. Since these years fall outside the period considered for LEAF, there is *no double counting risk*.
- Results-based payments to be received from the Green Climate Fund (GCF) under its REDD+ pilot programme. In 2021, PNG is working to prepare a proposal for the GCF, which would offer REDD+ emission reductions for the years 2014-2015. Since these years fall outside the period considered for LEAF, there is *no double counting risk*.

In June 2021, the VCS registry lists three forestry / land use projects in PNG, all in the REDD scope:

- The NIHT Topaiyo project: <https://registry.verra.org/app/projectDetail/VCS/2293>. This project has issued VCUs for 1.3 million tCO₂e in 2017-2019. The project enters into agreements with traditional authorities, recognized as ILGs. The agreements transfer the claims to emission reductions from the ILG to the NIHT project. Further issuances could occur. PNG needs an approach to prevent double counting.
- The April Salumei project: <https://registry.verra.org/app/projectDetail/VCS/1122>. This project has issued VCUs for 0.6 million tCO₂e in 2009-2012. The period does not overlap with the years proposed for funding under LEAF. Further, the project is inactive and further issuance are not to be expected. There is therefore *no double counting risk*.
- The PNG Communities best REDD – Tavolo project: <https://registry.verra.org/app/projectDetail/VCS/2483>. This project has not achieved registration or issued any VCUs, although some documentation suggests that it started in 2019. Should the project, in fact, be able to engage appropriately with landowners and achieve registration, then issuances could occur for time periods that overlap with the ART/TREES programme. PNG needs an approach to prevent double counting.

In sum, PNG needs an approach to prevent double counting of emission reductions against REDD projects under the VCS such as the NIHT Topaiyo project or the Tavolo project. The best approach to nesting and avoiding double counting will be defined during 2022-2023 as part of the preparatory work for participation in TREES.

A discussion in PNG among stakeholders about detailed nesting arrangements has already begun. Although there is no clarity yet, such nesting arrangements might include arrangements for agreeing on a crediting level between the CCDA and project, arrangements for transferring ART credits between CCDA and projects, and associated legislative reform. Consultations are currently ongoing.

As a fallback option, and in case discussions about nesting in PNG should not yield a stronger arrangement, PNG will default to a simple yet effective approach to avoiding double counting. Double counting will be avoided by deducting the VCU volumes issued by projects from PNG's TREES-compliant emission reduction volume before issuing ART credits. For example, the 1.3 million VCUs that the NIHT Topaiyo project issued for the years 2017-2019 will be removed from PNG's measured TREES emission reductions for these years.

11. Transfer of Title (500 words excluding links and appendices)

Some buyers will seek transfer of title of ERs on the ART registry, while others will allow the Supplier to retire ERs on the ART registry. Please indicate the Supplier's preference and expectations regarding transfer of title. Please refer to CFP document term "nature of transactions" for a detailed explanation of options under CFP related to transfer of title. Note that jurisdictions may choose to pursue multiple options.

The Government of PNG will soon pass a legislation that will clarify titles and transfer rights over ERs. Proposed amendments to the Climate Change Management Act (2015), include the establishment of an FPIC process seeking the consent of customary landholders to mandate the Minister responsible for climate change matters in selling and transferring carbon sequestered by forests in the context of ER international schemes. FPIC Guidelines will be developed in close consultation with relevant stakeholders to regulate the process.

The proposed amendments to the Climate Change Management Act (CCM Act) to be endorsed by the National Executive Council, will subsequently be discussed in the Parliament. The Climate Change Development Authority (CCDA) is making consistent efforts to have the approval issued by September 2021.

Specifically, the proposed section 78B referring to REDD+ transactions by the Government states that: "Where the Government participates in any transaction under international REDD+ programmes (...), the Minister is to be taken to have the authority of the landholder to sell and transfer all carbon sequestered by the forest including in the form of emissions reductions, Papua New Guinea Mitigation Outcome Units or carbon sequestration resulting from that programme (...)", taking into consideration that "the rights of the customary landholder shall be fully recognized and respected in all transactions affecting the customary land" (section 88).

To that effect, the benefit-sharing plan will specify criteria and modalities to ensure that REDD+ Results-Based Payments will be channeled through appropriate mechanisms and that beneficiaries' rights will be respected.

PNG is aware of four options laid out by LEAF for the nature of transactions that also address the need for title transfers.

	Buyer	Title transfer	ART credit	Buyer's claim	Corresponding adjustment
#1	Sovereign	No title transfer	Retired in PNG's account	Contribute to NDC achievement	No
#2	Private sector	No title transfer	Retired in PNG's account	Contribute to NDC achievement	No
#3	Private sector	Title transfer	Transferred to buyer	Voluntary offsetting – contributing to NDC achievement	No
#4	Private sector	Title transfer	Transferred to	Compliance offsetting –	Yes

			buyer	contributing to buyer's NDC achievement	
<p>PNG is currently preparing a GCF REDD+ RBP pilot project proposal, containing a legal section clarifying ER titles, where transfer of title is not foreseen. Consequently, Pathways #1 and #2 without title transfer are feasible and would be of interest to PNG.</p> <p>Regarding the pathways #3 and #4, PNG also considers these viable and attractive options for transacting carbon credits with LEAF. PNG would appreciate to discuss with Emergent and the LEAF Coalition partners to better understand if stricter rules would apply regarding the need for proving ownership of ER titles, compared with pathways #1 and #2. PNG will also need to present these options to relevant national stakeholders for consideration, before taking a final informed decisions.</p>					
<p>12. Corresponding Adjustments (500 words excluding links and appendices) <i>Please indicate Supplier's willingness to consider ERs with corresponding adjustments, per pathway #4 outlined in the terms of the CFP. If applicable, please indicate the portion of total ERs (if any) for which the Supplier proposes to make a corresponding adjustment to the national account. Please refer to CFP document term "nature of transactions" for detailed explanation of options under CFP related to corresponding adjustments.</i></p> <p>PNG has taken on an ambitious mitigation target for the land-use sector in the 2020 NDC. By 2030, PNG is committing to a reduction in annual emission from deforestation and forest degradation, due to agriculture expansion and commercial logging of 10,000 Gg CO₂ eq compared to 2015 level.</p> <p>The emission reduction vintages offered to LEAF refer to the years 2022-2026 – before the 2030 target year of PNG's emission reduction efforts in the forest sector. Any corresponding adjustments might only become relevant for PNG from 2030.</p> <p>PNG is a least-developed country that needs international support to achieve its ambitious NDC target. PNG hopes to participate in LEAF to help achieve this objective.</p>					

13. Environmental, Social and Governance Safeguards (1000 words excluding links and appendices)
Please provide a brief description of the steps taken to assess safeguards requirements of ART/ TREES and Supplier 's ability to meet such requirements. The Supplier should outline how all the TREES safeguards (Section 12 of the standard) will be addressed and respected, and how a national system for providing information on safeguards, or subnational equivalent, will inform TREES safeguards conformity. Your response should include an outline of key current gaps in TREES safeguards conformance and plans for gap-filling actions. Subnational Suppliers should outline how safeguards tracking and/or monitoring tools are consistent with national tracking or tools, in particular with the national system for providing information on safeguards. Please provide links to relevant publicly available information (e.g. summaries of information on safeguards as submitted to the UNFCCC and/or provide a link to, or describe, the either digital or analog system for providing information on safeguards).

A review of the ART/TREES Environmental, Social and Governance Safeguards document was undertaken to ensure a full understanding of the requirements described under each of the ART/TREES Safeguards indicators in conjunction with a review of PNG's first Summary Of Information (SOI) and Safeguards Information System (SIS) framework document. The safeguards review also used grey literature developed by the Climate Change and Development Authority (CCDA) with the support of the UN-REDD Programme and Forest Carbon Partnership Facility (FCPF).

PNG's [SOI and SIS](#) were endorsed by the government in late 2020 and subsequently submitted to the UNFCCC in January 2021. The SOI describes the PNG's approach to the REDD+ safeguards and how they are addressed and intend to be respected through the monitoring of specific indicators. The SOI describes the relevant PLRs that meet the requirements of the ART/TREES safeguard standards, particularly those related to the **structural and process indicators**. In future SOIs, the information collected through each indicator will be used to identify the necessary support required to overcome challenges and implement capacity building plans.

PNG has undertaken significant stakeholder consultation (SOI, pp. 36) and continues to do so in the context of respecting safeguards. With support from development agencies such as the UN-REDD Programme, FCPF/UNDP and FAO, PNG has designed **key safeguards frameworks** such as: the Grievance Redress Mechanism; the FPIC Guidelines; the [Communications and Knowledge Management Strategy](#) and the REDD+ Guidelines.

The [Stakeholder Engagement Mapping and Analysis Report](#) supports the implementation of the NRS with the meaningful and effective participation of key stakeholders, and focuses on the survey results from three pilot provinces. The Report presents a framework to deliver stakeholder engagement plans and tools that are customized to province-specific social and cultural constructs, norms and practices, as well as proposing institutional capacity development measures to address those identified against the NRS and initiate appropriate interventions at the subnational level. The Benefit Sharing and Distribution System (BSDS) is still being developed with the intention to incorporate a 'nested' approach that will also ensure that the rights of CLLCs are being respected and that they receive adequate benefits of demonstrating REDD+ actions.

The [SIS document](#) outlines the framework for the objectives, functions, institutional arrangements,

resources and the capacity strengthening measures required to establish and maintain the SIS. The SIS has been endorsed by the PNG Cabinet to be implemented by the CCDA (as the Nationally Designated Authority, NDA) as a national system to provide information on how safeguards are being addressed and respected. Once the SIS has been **operationalized**, it is anticipated that the information collected, analyzed and centrally managed by the SIS (through the CCDA REDD+ and Mitigation Division) will better inform the TREES safeguards conformity particularly with regards to the outcome indicators. Furthermore, the SIS will provide a **basis for evidence** to support better governance and decision-making, as well as improving coordination across the relevant public sector agencies responsible for REDD+ actions.

A key current gap in TREES safeguards conformance is the operationalization of the SIS. The government has endorsed the SIS, yet there has been a lack of budgetary support to immediately engage the required technical expertise to collect, analyse, manage and disseminate the safeguards information in addition to designing and facilitating the required data collection and information management training. An **operational and functioning SIS** would promote transparency amongst REDD+ implementers and the respective sector agencies that closely engage with the NDA (e.g., lands, forestry, agriculture, and environment) as well as recognising and protecting the rights of CLLCs to participate meaningfully where REDD+ actions are being carried out. Consequently, the current gaps in TREES safeguards conformance – and the broader respecting of the Cancun safeguards – can be respected with a functioning SIS.

Furthermore, the Grievance Redress Mechanism (GRM) Guidelines for the implementation of the NRS was designed in 2018 and is also yet to be operationalized. The **GRM Guidelines** propose a model that is an intermediary step between proactive stakeholder dialogue and the existing formal GRMs provided through the traditional legal system. The REDD+ GRM is preventative in nature and strengthens safeguards implementation in relation to NRS implementation, specifically with regards to promoting and fulfilling the rights of all relevant stakeholders (including CLLCs) in the implementation of REDD+ actions. The operationalization of the GRM would primarily support PNG's conformance to the TREES standard. The GRM emphasizes the role of subnational GRM entities closely coordinating with the national GRM entities and the traditional judiciary/sector tribunals and legal bodies to guarantee non-discriminatory and non-cost access to dispute resolution mechanisms at all levels.

Another key gap in PNG's conformance to the TREES safeguards standards is the absence of an established **benefit sharing system**. Under the current review of the Climate Change Management Act, there are two notable sections that pertain to benefit sharing. Section 90 relates to climate change project agreements that must include provisions that explain and define landholder rights and benefits, including monetary or payment for ecosystem services (PES) or other benefits. Secondly, Section 93 states that a regulation will prescribe the benefit sharing arrangement of revenue generated by CCDA and further define the process for subnational governments to collect revenue, where necessary. With the support from the FCPF, there have been several consultations regarding the development of the National REDD+ Benefit Sharing Distribution System (BSDS) that proposes a two-track approach to nesting a national system with smaller-scale third party projects. Additional work will carefully consider the challenges to the BSDS approach, such as the different metrics REDD+ projects are using to determine how benefits are shared and distributed. An appropriate BSDS would align with PNG's conformance with the TREES standards relating to governance, recognition and fulfilment of customary landowners and local community rights and social and environment benefits.

Recent examples of REDD+ projects at the subnational level (e.g., BEST Tavolo Community project) have been designed and are being implemented with due consideration for the rights of customary landowners and local communities (CLLCs), information disclosure, stakeholder engagement with State and non-State actors, FPIC and appropriate benefit sharing arrangements. These REDD+ projects build on the forest and biodiversity conservation projects that have been designed and implemented towards pursuing the objectives of the Protected Areas Policy and Network as well as the NRS.

Additionally, there are gaps relating to the effective and transparency enforcement of PLRs by the responsible sector agencies that may result in minor non-conformances with the TREES safeguards standard. For instance, the monitoring of Forest Clearing Authorities and compliance of forestry industry participants with the recent increase in the log export tax is one relevant example. There are also reports of forest clearance occurring within Wildlife Management Areas, but this challenge is being addressed through the current policy and legislative reforms under the Protected Areas Bill and Policy.

14. Financial Intermediary (FI)

Before an ERPA can be finalized, an accredited FI must be identified as a channel for disbursement of funds. FIs will ensure that robust monitoring and reporting procedures on the use of proceeds are in place. If available, please provide the name of the proposed institution(s). Please note there may be multiple candidate institutions.

PNG has working relationships with several agencies that would be eligible to act as financial intermediaries for LEAF. These include the Asian Development Bank (AE for the GCF-funded “Pacific Islands Renewable Energy Investment Program”), UNDP (technical assistance to PNG on numerous projects, including also on matters related to REDD+ under the FCPF), FAO (which provided technical assistance to PNG on numerous projects, including also on matters related to REDD+ under the UN-REDD programme).

The financial intermediary will be selected through detailed discussions with them once there is more clarity from LEAF in their interest to purchase emission reductions from PNG.

15. Contacts and Implementation Arrangements

Please describe the key jurisdictional contacts and government entities managing the jurisdictional program and indicate preferences for how subsequent correspondence with your jurisdictions should be handled.

[Redacted]

Other key contacts:

[Redacted]