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## Contents

### Summary
- Outputs of Retreat Group Assessments: ........................................ 5
- Cross cutting issues: ............................................................ 6
- Next Steps: ......................................................................... 7
- Immediate Actions: ................................................................ 7
- Planning Actions: ............................................................... 8
- **Retreat Objectives and Outputs:** ........................................ 8
- Retreat Objective: .................................................................. 8
- Retreat outputs: .................................................................... 8
- Overview of Sessions: ............................................................ 9

### Session 1
- **REDD+ and PNG Forestry:** ................................................. 10
- Overview of REDD+: ............................................................ 10
- Changes in Forest Cover: ........................................................ 11
- National Progress on REDD+: .................................................. 12
- Forest Finance and Future Direction ........................................... 13

### Session 2
- **Progress on strengthening forest management** .................. 14
- PNG Forest Resource Information Management System (FRIMS) and Concession Management supported by JICA .................................................. 14
- Timber Legality Standard (TLS): .............................................. 15
- Decision Support System: ....................................................... 16

### Session 3
- **View from the PS and CS** ................................................ 17
- View from the PS: ................................................................. 17

### Session 4
- **Key action areas to reduce emissions:** .............................. 18
- Logging Code of Practice (LCOP): ....................................... 18
- Forest Clearance Authorities: .................................................. 20
- Timber Authorities: .............................................................. 21

### Session 5
- **Forest plantation development** ......................................... 22
- Plantation Development: ......................................................... 23
- Afforestation ........................................................................ 24

### Group Work
- **Day 1 Group Work – big questions:** ................................. 25
- Does PNG need more concessions? ........................................ 25
- How to reduce adverse environmental and social impacts of logging while strengthening economic benefits? .................................................. 26

- **Day 2-3: Addressing Priority Action Areas** ..................... 27
- Achieving Sustainable Forest Management within Natural Forests: ............................................................................. 27
- Down Stream Processing: ...................................................... 29
- Plantation Development: ......................................................... 30
- Small-scale production: .......................................................... 31
- How to effectively manage Forest Clearance Authorities and the need for agricultural conversion .................................................. 31
- Cross Cutting Issues: ............................................................ 32
- **Next Steps:** ...................................................................... 33
- Immediate Actions: ............................................................... 33
- **Proposed Elements for Inclusion within RFIP:** ............... 34
- PNG is able to practice Sustainable Forest Management ................................................................. 34
- Internationally Recognised Timber Legality Verification System strengthens market access for PNG timber ....... 35
- Sustainable Small-scale timber harvesting contributes effectively to the economy .................................................. 36
- Conversion of Forest to Commercial Agriculture effectively managed: .................................................. 36
- Plantation Development: ......................................................... 37
- Retreat in Pictures: ............................................................... 38
A sector planning retreat for Forestry was held from the 30th of August to the 1st of September 2017. The retreat focused on working towards developing a strategic direction for support to PNGFA from FCPF 2 and a list of actions that will be included in the REDD+ Finance and Investment Plan (RFIP) that is planned to be partially financed through a request to the Green Climate Fund (GCF).

The RFIP is intended to provide a roadmap of actions that will be required to implement the National REDD+ Strategy and to ensure that there is finance in place to support implementation. In line with the NRS the retreat thus focused on key action areas within the NRS as well as stated objectives of PNGFA including:

- Strengthening Sustainable Forest Management, and Monitoring
- Increasing PNG’s Wood Supply Capacity (Natural Regeneration, Rehabilitation of degraded lands and Afforestation)
- Increasing Downstream Processing and Exports of Forest Products

Based on this the retreat was divided into five information sessions focusing on:

1. **REDD+ and PNG Forestry** – giving an overview of the global status of REDD+, the current status of forests in PNG, options for finance, and the future goals of the forest sector.

2. **Progress on strengthening forest management** – focusing on efforts to strengthen concessions management and timber legality systems

3. **View from the Private Sector (PS) and Civil Society (CS)** – with presentations on the views of the PS as well as CS with a focus on the application of FSC.

4. **Key action areas to reduce emissions** – including action on Forest Clearance Authorities (FCAs) and the logging code of practice

5. **Forest plantation development** – looking at current strategies and experience of forest plantation development

The sessions provided an overview of the existing status of work in the forest sector and were intended to provide a baseline on which discussions could build. It was stressed that considerable good work has and is being done in strengthening the work of PNGFA and the next steps should look to build on these. In order to discuss these next steps a number of group work sessions were undertaken to allow participants time to discuss key issues and develop proposed areas of action for the forest sector. To help guide these discussions, groups were divided to focus on key priority areas for forestry in PNG targeting:

- Strengthening concession management
- Increasing plantation development
- Managing FCAs and Agriculture Conversion
- Increasing downstream processing
- Strengthening small scale processing

Based on these discussions a number of key action areas and recommendations were developed as well as cross cutting issues identified.
Strengthening concession management

The group identified the need for:

- A review of levels of available resource
- Revision of the National Forest Plan and Provincial Forest Plans based on the assessment of available forest resources
- Establishment of a timber legality standard (TLS) and timber legality verification system (TLVS)
- Build capacity to implement the TLVS through establishment of a chain of custody system, strengthening of data management systems, remote sensing and field monitoring capacities as well as awareness and capacities of all stakeholders to meet standards.
- Encourage uptake of additional voluntary certification standards to enhance access to markets
- Encourage increased sustainability of logging operations, diversification, plantation development and downstream processing through changes in regulatory and fiscal environment
- Encourage resource replacement through research and training
- Improve benefit sharing across stakeholders

Increasing forest plantation development

- Develop a targeted plantation strategy that builds on lessons learned from past and ongoing actions and the "Painim Graun, Planim Diwai" initiative to expand areas of plantation development.
- Develop Enabling environment for plantation development and reforestation / afforestation through increasing awareness of opportunities, building of domestic capacity to operate plantations (at community, government and private sector levels), legislative reform, fiscal framework reform and research and development to improve standards as well as access to quality seed stock and nurseries.
- Initiate high potential planation developments – through support to target areas and partnerships with key stakeholders.

Outputs of Retreat Group Assessments

Outputs from the group discussions are provided in detail in this report with a summary of key elements highlighted below:
Throughout the discussion a number of cross cutting issues were also highlighted that occur both across target action areas as well as across government agencies and indeed stakeholder groups. These are discussed in the report and summarised below:

- **Strengthen monitoring and enforcement capacity within PNGFA** – this includes the need for key legislative tools such as legality standard as well as the systems and resources to support them including effective IT and remote sensing systems and capacity to conduct field monitoring.

- **Need for improvements in land use planning and systems of land management** – it was noted that significant challenges were linked to a lack of broader land use planning that could help decision making of forest and forest clearance operations, as well as significant challenges with engaging with landowning communities and ensuring that agreements are both legitimate and able to last over the time frames needed for forestry projects.

- **Cross sector coordination** – it was noted that there was need for stronger cross sector coordination particularly between Department of Lands and Physical Planning (DLPP), Department of Agriculture (DAL), and the Conservation and Environmental Protection Authority (CEPA) but also the Department of Commerce Trade and Industry (DCTI) to ensure that regulations could be followed and that there was coherent and effective engagement with landowning communities, subnational government and the private sector.

- **Need to build on existing projects and programmes as well as past research and lessons learned** – as noted above it was stressed that significant work has already been done and is ongoing within the forest sector to support priority programme areas and that this work should be built on in a systematic way.

### Increasing downstream processing

- Review existing downstream processing capacity and areas of opportunity for rapid expansion of production as part of review of time line for export ban
- Identify potential market opportunities and trajectory of market development as well as standards and financial structures required and identify measures to increase SME engagement in processing
- Enhance capacity of workforce through strengthening of the training facilities and course options at the Timber and Forestry Training College

### Managing FCAs and Agriculture Conversion

- Review Forestry Act with the view to amend/repeal agricultural conversion process options under FCAs and develop options for using TAs only for such
- Review existing FCAs through a cross sector assessment panel

### Small-scale processing

- Strengthening awareness and capacity of small scale operators to engage in timber markets including through support to local land use planning, and improvements in operational approaches and small business management
- Development of market access through a central processing unit as well as development of production standards and support to building capacity to meet them.
Immediate Actions:

- **Support to identification of priority actions on development of plantation strategy** – A number of consultations have been undertaken on the development of the "Painim graun, Planim diwai" programme as well as a number of projects being in operation that have looked to support small scale forest plantation development. Support should be provided to this process to initiate development of a programme of priority actions around which PNGFA and other stakeholders can target action in the short to medium term.

- **Capacity and regulatory review of industry operations to support downstream processing and sustainability** – The government has set ambitious targets for downstream processing and is also seeking to maintain a strong timber industry. A review of existing processing capacity, market opportunities as well as the current fiscal and regulatory framework to identify how best to strengthen production would help to provide recommendations on how to best to progress this target.

- **Development of data management and concession monitoring plan for PNGFA** – PNGFA has taken significant steps in developing both field level capacity to monitor concessions and the development of data management systems to manage information on concession management – systems that will be critical in ensuring the effectiveness of monitoring, reducing its costs and providing the basis for the timber legality verification system. A clear plan on how existing systems can be integrated and rolled out across PNG however is needed to help catalyse further support.

- **Conduct initial resource assessment** – Key decisions on the future of the forest sector will need to be based on up to date information on the available forest resource. Recent land use assessments and updated data layers combined with information from harvesting systems provide an opportunity for the resource assessment to be updated and used as a key planning tool including for input into national and provincial land use planning activities proposed through other sectors.

- **Finalise Timber Legality Standard with Inclusion of Timber Legality Verification System** – The TLS has been tested and is approaching final phases of discussion. This needs to be linked with the development of a clear system for legality verification and timeline for its implementation to ensure that the standard is able to obtain international recognition.

**Next Steps**

It is proposed that a number of priority next steps be undertaken to help progress developments forward. These can be divided into immediate actions that target kick starting key programmes within PNGFA and laying the ground work for long term investments and planning activities that focus on ensuring clear plans are in place behind which resources can be mobilised through the RFIP.
Planning Actions:
Ongoing engagement to develop priority actions for inclusion within the RFIP. An outline set of actions is included in the final section of this report.

PNG is able to practice Sustainable Forest Management
- The Forest Resource Information Management is used to strengthen effective decision-making on forest resources:
- Internationally Recognised Timber Legality Verification System strengthens market access for PNG timber.
- Sustainable Small-scale timber harvesting contributes effectively to the economy
- Conversion of Forest to Commercial Agriculture effectively managed:
- Enabling Environment for Sustainable Timber Operations Strengthened

PNG has a sustainable Plantation Sector:
- PNG’s wood supply is enhanced and environmental services secured through the plantation development:

Retreat Objectives and Outputs

Retreat Objective:
To develop a clear list of actions to 1) be supported through FCPF 2, 2) included in the REDD+ Finance and Investment Plan (RFIP), and 3) proposed for funding by the Green Climate Fund (GCF)

Retreat outputs:
- All participants are aware of the objectives of PNGFA, the NRS and proposed next steps for REDD+ implementation in PNG
- Develop common understanding and consensus on how to strengthen operations within the forest sector
- Preliminary key theory of change drafted for how emissions from the forest sector can be reduced while maintaining an economically productive and sustainable timber industry.
- List of actions to be included within the framework of the NRS and RFIP and key actors responsible for them.
- Identification of finance needs for the sector and potential funding sources.
The retreat was divided into a number of sessions that sought to address key topics within the forest sector and linking with REDD+, these were:

- **REDD+ and PNG Forestry** – giving an overview of the global status of REDD+, the current status of forests in PNG, options for finance, and the future goals of the forest sector.

- **Progress on strengthening forest management** – focusing on efforts to strengthen concessions management and timber legality systems

- **View from the PS and CS** – with presentations on the views of the PS as well as CS with a focus on the application of FSC.

- **Key action areas to reduce emissions** – including action on FCAs and the logging code of practice

- **Forest plantation development** – looking at current strategies and experience of forest plantation development

These sessions were interspersed with a number of group working sessions that focused on identifying key actions to be taken forward as part of the REDD+ Finance and Investment Plan (RFIP) development process and as part of this for consideration for financing through the Green Climate Fund.

The below sections provide an overview of the information sessions held with the final section looking at the outcomes of group work activities.
Overview of REDD+

- REDD+ stands for Reduced Emissions from Deforestation and forest Degradation and (which is the plus part) the role of conservation, the sustainable management of forests and enhancement of forest carbon stocks (+) in developing countries

- REDD+ is a results based financing mechanism that has been developed under the United Nations Framework Convention on Climate Change (UNFCCC)

- It is included within the Paris Agreement on Climate Change which has been ratified by PNG and came into force in 2016.

- It is intended to provide positive incentives for countries to manage and conserve their forests but that financial support should be targeted at supporting a transition to a new normal where emissions are lower and not an ongoing payment for forest management

- To access support countries need to be able to provide information on:
  - what they are planning to do – through a National REDD+ Strategy (NRS),
  - what the impacts of their actions are compared to the situation without REDD+ – through a Forest Reference Level (FRL)
  - the management of forests – through a National Forest Monitoring System
  - the application of safeguards that prevent any negative environmental or social impacts - through a Safeguards Information System

- PNG has already made significant progress in developing these actions elements and already has a NRS, has submitted a FRL to the UNFCCC, has developed an initial NFMS, and is working on the development of a SIS that will be targeted based on actions developed within the RFIP.
Forest status

- PNG has 78% forest cover of which 77% is identified as degraded or undisturbed by anthropogenic activities in 2015.

- Between 2000-2015 about 0.7% of the forest was converted to other land use with shifting agriculture and oil palm been the most significant drivers of deforestation (see Figure 1).

- In the same period about 6.6% of the forest were degraded or disturbed by anthropogenic activities and most was through commercial logging (see Figure 2) with the majority of this occurring in Western, Gulf, West Sepik, East New Britain and West New Britain provinces (see Figure 3) and within timber concessions.

This has resulted in average annual GHG emissions of 31.6mtCO$_2$e see Figure 4.
PNG’s NRS, developed over 18 months and based on extensive research and assessment work, and agreed by the NEC in May 2017 provides the strategic framework to help transition the country to lower emissions within the forest sector, while continuing to support economic development.

The NRS identifies three key areas of intervention as well as a number of strategic action areas:

- **Strengthened land-use and development planning:**
  - Strengthened and Coordinated National Level Development and Land Use Planning
  - Integrated Subnational Planning

- **Strengthened environmental management, protection and enforcement:**
  - Strengthening climate change legislation, financing and management
  - Strengthening forest management and enforcement practices
  - Strengthening environmental management, enforcement and protection:
  - Strengthen access to information and recourse mechanisms:

- **Enhanced economic productivity and sustainable livelihoods:**
  - Development of a sustainable commercial agriculture sector:
  - Strengthened food security and increased productivity of family agriculture:
Forest Finance and Future Direction

- The RFIP will develop implementation actions for each of these as well as financing for their implementation.

- This finance will come from a combination of government, private sector (PS) and development partner/climate funds

- Government finance will need to target the development of key systems to manage the sector in the most efficient and effective way including creating an effective enabling environment for PS and landowners to manage resources sustainably.

- PS finance will mostly be through investment in both improving the standards of operation (such as adherence to the Timber Legality Standard) or through investment in developments in line with government policies and a low emissions pathway – such as plantations.

- Development partner / climate finance will target key strategic interventions that help to transition the sector from high emissions to low emissions such as support to establishment of key government monitoring systems that will help monitor actions in the sector and the operation of which can be sustainably financed through government.

- It is critical that these activities are effective in supporting the forest sector as a productive sector within the economy with the industry estimated to contribute over $200,000,000 to government and land owning communities on an annual basis through royalties, levies and taxes.

- Actions should also be in line with key government priorities focused on:
  - The Sustainable Management, Development and Monitoring of forest activities
  - Increasing PNG’s Wood Supply Capacity – through plantation development and afforestation / reforestation
  - Increasing Downstream Processing and Exports of Forest Products.
PNG Forest Resource Information Management System (FRIMS) and Concession Management supported by JICA

- All timber permit holders are required to conduct logging as per the LCOP, PMCP/Standards. (Reg. 241, Forestry Regulation ’98)

- The PMCP (Planning, Monitoring and Control Procedures) require a Five Year Forest Working Plan, Annual Logging Plan and Setup plan etc. which the LCoP (Logging Code of Practice) provides the operational standard of logging and skidding etc.

- PNGFA evaluates plans and monitors operation of plans per PMCP/LCoP while operators prepare and implement plans per PMCP/LCoP

- The FRIMS is intended to support the implementation of these actions by providing data on available forest (based on environmental / legislative constraints), existing concessions, levels of harvesting etc.

- Detailed satellite imagery (5m resolution) and information on concession aids field officers to assess and approve forest working plans (Annual, set-up), check consistency of Annual Logging Plan (ALP) with a 5 Year Forest Working Plan (FWP) (Area to be logged, Infrastructure, check area of a Set-up not exceeding 150ha)

- JICA project working with PNGFA to strengthen systems and also build capacity of staff to operate them – capacity building at HQ and pilot provinces; WNB and WSP

- Systems of monitoring being trialled in Aria Vanu Block2 FMA in WNB, Amanab Block 1-4 and Imonda FMA and Bewani FCA in WSP

- Field tests have shown successes and can be adopted by PNGFA to support planning and monitoring including the development of standardized monitoring and evaluation reporting procedures.

- Further training and capacity building is needed for officers to effectively utilize the systems.
Timber Legality Standard (TLS)

- Efforts to develop a TLS initiated in 2007 supported through ITTO with consortium of partners including PNGFA, SGS, Helveta, PIP, FIA and others.

- Idea behind approach was to:
  - To increase the contribution of the forestry sector to PNG’s national economy through enhanced market access and higher foreign exchange remittances.
  - To improve the sectors’ sustainable forest management practices by enhancing forest law enforcement and governance.

- This would be done by improving the detection and prevention of illegal logging and export of wood products from PNG and addressing the Chain of Custody for PNG timbers leaving the shores of PNG.

- Significant challenges in moving the standard forward with balance of interests between PS and civil society

- Standard developed based on 6 principles followed by criteria and indicators. A list of verifiers is also being developed but is not comprehensive with assessors able to identify appropriate verification means.

- Three field tests have been developed:
  - 1st Test – Stettin Bay Lumber Company -2013
  - 2nd Test - Madang Timbers- 2017
  - 3rd Test - Wawoi Guavi Timbers (RH) - 2017

- Initial findings from the tests have allowed for ongoing improvements but noted that companies tested are able to comply, that the TLS can be used for all types of Timber operation- TRP, FMA, FCA, TA and level of operation - large, medium and small.

- Next steps focusing on finalising and approving the TLS include a Technical Committee meeting in September, Stakeholder Workshop in October, followed by the Board’s Consideration. It would then be registered with NISIT and information would be provided to industry on it with appropriate amendments made to legislation and followed by full implementation

- Project partners through testing have been EU/FAO, TNC/RAFT3 Programme, PNGFA, TNC, UPNG, Industry, SGS, PIP, FIA, Landowners
Decision Support System

- DSS developed under Australian Government funded Asia Pacific Forestry Skills & Capacity Building (APFSCB) Program to consolidate all the databases of the PNGFA with idea to ensure sound data management and improve efficiency & effectiveness in management

- Intended to provide information on levels of timber harvested, from where, by who, what royalties and taxes due, aid confirmation of legality and options for chain of custody

- The DSS has been designed and developed with skeleton of all information entered and it will complement Timber Legality Standard

- System trialled in one project – Wawo Guavi Timber operation operated by Rimbunan Hijau with next company to be trialled at the Makapa operation – Innovission (PNG) Ltd, Turama TRP, and Turama FMA Projects and Vailala Blocks 1, 2 & 3

- Next steps will be to enter all information into DSS with system up scaled nation wide

- Key challenges included effort needed to input all data, =the ability of ICT to take ownership of system, for companies to comply once system is rolled out, for PNGFA staff to understand and populate the system, the costs in training and upskilling, the cost of physical IT infrastructure e.g. laptops, internet connectivity etc as well as ongoing maintenance of the system.

Box 1: Key Information Elements of DSS

- Forest industry participants
- Forest Resources Areas
- Type of Resources Security TRP, LFA, FMA, TA, FCA
- Incorporation of land group listing
- Logging concession areas
- Timber species
- Royalty calculation
- Project agreements / Permits / Licences
- 5 year forest working plan/ALP
- Set up plans & Harvest Volume
View from the Private Sector

The presentation reiterated a statement provided to the Department of Trade Commerce and Industry in 2016 by the Forest Industries Association where it noted:

- PNG was a ‘price taker’ not a price setter on the international scale
- That timber exports were anticipated to decline based on PNG government policy and China’s adopted policy of self-sufficiency of wood supply by 2025
- That the combined challenges of the need for international price competitiveness, and production efficiency were difficult when combined with land owner disputes and high operational costs.
- That there is a need for PNG to become ‘a supplier of uniform, quality products, in known volumes, over foreseeable time periods, at a known price.’ At present however this is not possible with firms required to remain ‘spot sellers’ with largely unpredictable cargos due to requirements to harvest every log over 50cm dbh, regardless of the end use. This creates a cargo composition that is not ‘in demand’.
- In addition the industry is faced by a number of institutional challenges related to the need to engage across a large number of government agencies including discretionary powers of two ministers, as well as the need for vessels to return to the nearest main port for export clearance after loading in a non-export clearance port resulting in repeated transitions between ports prior to export.
- A return to a previous system of six month export licensing and a customs officer ‘on board’ each ship while in PNG waters is thus encouraged.

View from the Private Sector and Civil Society

The presentations provided a space for presentations on the views of the Private Sector (PS) as well as Civil Society (CS) with a focus on the application of Forest Stewardship Council.
The session looked at how to address FCAs as well as the strengthening of the Logging Code of Practice.

Logging Code of Practice (LCOP)

The LCOP combined with the PCMP were developed in 1995 and have recently been updated and are ready for submission to the NEC.

PMCP provide all guidelines in the planning and layout of logging operations while PNGLCOP provides standards against which these are monitored.

Before logging starts, there must be: 5 Year FWP, ALP and Set-up Plans.

After logging finishes in one Set Up, a Set-up Clearances (Certificate of Satisfactory Completion of Work) is issued before the operator moves to the next Set-Up.

The objectives of these are to protect the environment, manage production, protect social and cultural values, ensure good technical and smooth operation, strengthen the economics of production.

Set-up plan consists of a number of elements:

Covering Letter- Applicant (Logging Company)

Map plan (1:10,000/1:5,000) (see e.g. in Figure 4) consisting of:

- Setup boundaries
- Surveyed road alignments
- Areas to be excluded from logging (buffer areas)
- Water course crossings
- Planned log landings & skid tracks
- GPS provides exact location of features in the field.

Record of Sampling Intensity

- Conduct 10% sampling
- Conduct 100% tree marking

Figure 4: Example Set up plan
Landowner Consent Form Signed by legitimate agent. If these elements are in order and the field layout is satisfactory, approval is granted. If not, it is rejected and revisions requested.

**Monitoring activities are conducted with logging operators required to demonstrate:**
- Road and logging crews are familiar with colored tapes to identify boundaries, buffers, roads, etc.
- Forest roads, water crossings, skid tracks, and log landings are located as marked in the field.
- Roads and water crossings are constructed in accordance with the Key Standards or PNGLCOP.
- Excluded areas are being observed.
- Proper felling techniques are applied.
- Felled trees are properly trimmed and skid out to log landings.
- PS informed of any deviation/departures.

**PMCP was introduced in 1995 (21 years ago) but still varying opinions of success and failures:**
- Not fully understanding the requirements
- Lack of appropriate tools (logistics) to work with.
- Sometimes ignorant or negligent

**Factors Affecting Successful Implementation of LCOP/PMCP**
- Poor knowledge and comprehension of PMCP/LCOP.
- Understaff. A lone officer is unable to monitor a big project.
- Inadequate logistic support e.g. vehicles, dinghies, motors, 2-way Radios or GPS
- Isolation and communication difficulties.
- Lack of supervision. Thus priority on production over PMCP/LCOP.
- Landowners interferences (entering restricted areas)
- The challenge is not so much understanding the standards theoretically, but the application of it and the continuous improvements that come with it that can make the difference.

**Effective monitoring is the way forward to sustain the industry for now and for future generations. The following elements are needed to achieve this:**
- Capacity building in manpower and training.
- **Provide adequate logistics such as:**
  - Vehicles
  - Dinghies and Motors
  - SSB Two Way Radios GPS and Laptops with GIS Software.
  - Install Wi-Fi Networks in Area Offices (email)
  - Maintain rundown project houses
  - Centralize Project Houses and Offices at existing government stations to access Health services, Education, etc.
Forest Clearance Authorities

A harvesting authority that the National Forest Board issues for areas where large scale conversion of forest are undertaken for agriculture or roadline activities (Sections 90A & 90B of the Forestry Act)

To date 33 FCAs have been issued, 20 of these are operational, 4 have been cancelled, 4 expired and 5 are non operational.

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<th>Region / Province</th>
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The FCA application is lodged with the Managing Director of Papua New Guinea Forest Authority.

It must be lodged in accordance with Section 90A /90B using the relevant Regulation forms (Form 233 & 243). These include various certificates and permits as required by relevant stakeholders including Conservation & Environmental Protection Authority, Department of Agriculture & Livestock, Department of Works and Department of Lands.

If applications are in order they are referred to the respective PFMC which considers the application and then provides a report and recommendations to the board based on regulation form 234

If the PFMC endorses the application it is passed on to the Board

Applications will not be considered if they lack, an environmental permit, a detailed development plan, and a certificate of compliance from for example DAL
Timber Authorities

Like Timber Permit or Forest Clearing Authority, a TA is a harvesting Authority that permits or authorises a company or other business entity to cut merchantable trees within a given area types:

- Domestic Processing – up to 12 months, 5,000m3 per annum, no round log export
- Roadline clearance - Not a forestry project, may be more than 12 months term, harvest volume within 40m corridor of 12.5km, round log can be exported
- Agriculture Clearance - Not a forestry project, may be more than 12 months term, volume within 50 hectares area, round log can be exported
- Plantation Materials - 12 months term, volume depends on planned harvest area, round logs can be exported
- Minor Forest Products – for Rattan, eaglewood etc.. 12 months term, (as yet there have been no applications received for this TA)

Any company or business entities that are registered with PNGFA as a Forest Industries Participant can apply for a TA

Application lodged with the Managing Director’s Office (delegated function of Board) to check for completeness before being referred to the relevant PFMC

PFMC further evaluates application and if satisfied, recommends to the Chairman of the Committee responsible for forestry matters within the Provincial Administration

Before he issues the TA, he seeks the consent from the Chairman of the National Forest Board

All TAs require a performance bond which must be lodged with a commercial bank and original Bank Performance Bond Certificate forwarded to Managing Director within 21 days from the date of issuance of the TA.
The session focused on current strategies and experience of forest plantation development

**Plantation Development**

Plantation division mission statement - To develop and manage the Nation’s Forest Resources as a “renewable and commercially viable asset” by increasing resource base to supply the industry from a sustainable forest estate, with the intention to protect biodiversity in areas in which we operate.

In 1990s K2 million/year approved by the Board for Plantation Development and in 2000 Plantation development resumed.

In 2005 Reforestation Levy funds were suspended, which badly affected maintenance and planting programs.

The “prolong suspension of funds” greatly jeopardized year 2000 to 2005 plantings and results to Loss of Land owner confidence

In 2007-2008 Plantation activities resumes with addressing failures of previous maintenance plantings

Land and funding issues remain major obstacle in progressive Plantation development.

Painim Graun Planim Diwali (PGPD) has been developed as the key programme, with a plantation development plan currently under development with an estimated cost of K14million annually to commence process but this does not include maintenance, Research and Development and other operational activities

**Identifies three different scales of plantation development:**

- Small scale Community / Extension plantation - 0.1 to 2,000ha developed primarily for environmental benefits and small scale commerce
- Medium Scale plantation - 2,000 to 5,000ha to be done by local SMEs
- Large plantation – over 5,000ha – based on a fully commercial operation for both international and national markets with international and domestic companies

Use of companies and communities necessary to relieve the financial pressure on PNGFA to deliver and manage plantations

Key challenges to developing approach include: access to land, ensuring sufficient and consistent investment in plantation development and management, ensuring effective agreements with stakeholders, effective collaboration with research and development
Currently plantations developed on three types of land agreement:

- Customary Owned Land - The Plantation Establishments are under MOU, MOA & Gentleman understanding with the Landowners, Land Security dealings are in Question??
- State Owned Land - Land Occupation under certificate Authorizing Occupancy (CAO), The Land security under CAO is also in Question??
- Private Owned Land - Occupation under Private Lease Land is secure, Land size limiting factor in large scale development

Some key areas of improvement are;

- Active Educational awareness, to unlock and free customary Land for Tree Plantation Development,
- Awareness done in line with the government’s development guidelines, vision 2050 & Climate change
- Establish a Link between agencies by employing a Land officer to facilitate and resolve current & future Land issues.
- Proper Land Acquisition, documentation, Survey, Registration and Title for both Customary & State land in line with the Lands Act.
- Capacity building & Securing Funds for effective Land Acquisition & for Large Scale Plantation Development
- Sound Joint Venture Agreement (JVA)/Partnership Agreement, with honest and strong Leadership understanding the responsibilities and obligations of the Agreement therein is the way forward in Plantation Development
- Ensure sufficient and consistent funds are available for plantation development and management.
- Research and Development (R&D) must be a major arm in the plantation development and management program.
**Afforestation**

There is some interest amongst landowners regarding the planting of trees with landowners coming to Bulolo to request trees to be planted on their land.

There has also been work done on establishing afforestation areas as shown in the table below:

<table>
<thead>
<tr>
<th>SITE</th>
<th>TOTAL AREA (ha)</th>
<th>TRIAL AREA (ha)</th>
<th>STATUS</th>
<th>SPECIES</th>
<th>Annual estimate cost (kina)</th>
<th>Access</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kamox</td>
<td>120</td>
<td>2010</td>
<td>10</td>
<td>Active</td>
<td>20,000.00</td>
<td>Ok (Rd side)</td>
<td>M/Pntng</td>
</tr>
<tr>
<td>Sambio 1</td>
<td>5,000</td>
<td>2011</td>
<td>5-10</td>
<td>Active</td>
<td>15,000.00</td>
<td>Ok (Rd side)</td>
<td>M/Pntng</td>
</tr>
<tr>
<td>Bauyne</td>
<td>22,000</td>
<td>2013</td>
<td>6-10</td>
<td>Not active</td>
<td>20,000.00</td>
<td>Ok (Rd side)</td>
<td>LO dispute</td>
</tr>
<tr>
<td>Sambio 2</td>
<td>2,165</td>
<td>2016</td>
<td>5-15</td>
<td>Not active</td>
<td>20,000.00</td>
<td>1.5 km away</td>
<td>LO dispute</td>
</tr>
<tr>
<td>Sambio 3</td>
<td>3000+</td>
<td>2016</td>
<td>10</td>
<td>Active</td>
<td>Hoop pine</td>
<td>20,000.00</td>
<td>M/Pntng</td>
</tr>
<tr>
<td>Kondiu</td>
<td>165 +</td>
<td>2017</td>
<td>10</td>
<td>Active</td>
<td>Mix</td>
<td>30,000.00</td>
<td>OK</td>
</tr>
<tr>
<td>Kurumugi</td>
<td>20,000+</td>
<td>2017</td>
<td></td>
<td>Active</td>
<td>Mix</td>
<td>30,000.00</td>
<td>OK</td>
</tr>
</tbody>
</table>

The experiences of the above test areas indicate that:

- Land is available to plant trees.
- ILG and MOU documents can be compiled at ease.
- A potential area of 50,000 to 100,000 hectares can be acquired through this outreach and extension planting.
- These are new and additional projects to the existing afforestation projects like, Umi, Oomsis, Fayentina.
- More and more landowners keep coming showing their interest to plant trees on their land.
Challenges:

- Insufficient quantity of seedlings available for planting.
- Logistic support and skilled manpower are needed for a smooth running of these projects.
- Funding is a major concern for these projects. An annual estimate budget of PGK200,000.00 to 500,000.00 is needed in order to keep these projects progressing.
- No support and cooperation from senior staff and colleagues can destroy these opportunities to plant more trees.

Way forward:

- Provision of sufficient funds (K300,000.00) annually and skilled manpower would keep these projects rolling, ultimately increases area of forest plantation in PNG.
- Proposal for this afforestation project have been compiled and submitted to potential donor agencies for funding.

Group Work

Groups we’re divided to discuss a number of ways to strengthen operations within the forest sector linked to the key targets from the PNGFA.

Day 1: Group Work – big questions:

Review of Key questions within the sector:

Does PNG need more concessions?

The group identified that concessions were needed and provided a valuable economic resource for the country as well as to local communities through generation of revenue as well as the provision of services.

The need to gain a clear understanding of the potential resource available was however noted. It was also noted that any expansion should be in FMAs and that the FMA acquisition process should be reviewed to ensure that it was as effective and efficient as possible. It was also noted that both the Forestry Act and all regulations and permitting procedures should be reviewed to allow for more effective participation of small scale producers.
How to reduce adverse environmental and social impacts of logging while strengthening economic benefits?

The group's responses and recommendations can be broadly categorised into the following areas:

**Standards:**
- Need to ensure the effective implementation of standards with TLS being minimum standard with others aiming for international certification
- Improve the capacity of staff to monitor and enforce standards including interagency coordination particularly between CEPA and PNGFA
- Development of professional standards and code of practice to be followed by all staff
- Establish an independent verification body to verify staff standards as well as concessions

**Economic Opportunities:**
- Development of secondary economic activities within concessions
- Fiscal review of taxes and charges and what they incentivise

**Overcoming existing barriers:**
- Strengthening resource security
- Establishing joint venture agreements between landowning communities and companies

**How to effectively manage Forest Clearance Authorities**

The group discussed approaches to managing FCAs with the following key recommendations:
- Review existing FCA checklist
- Reconfirm landowner consent within each FCA and process by which land acquired
- PNGFA to have jurisdiction / mandate to approach other agencies to confirm status
- Clear agricultural suitability criteria developed and assessments conducted
- Develop only 500ha blocks at a time (in accordance with legislation)
- Establish a joint review committee of DAL, DLPP and PNGFA

It was noted that even the existing procedures are not being fully implemented due to developers bypassing elements of the process and political pressure for developments to go ahead.
Day 2-3: Addressing Priority Action Areas

Groups were asked to address key priority actions areas looking initially at key targets including headline targets and subsequent more detailed targets before looking at what actions would be needed to achieve these.

Achieving Sustainable Forest Management within Natural Forests

PNG has benefited from a substantial logging industry for over 50 years and with the industry playing an important role in the economy. It is thus important to identify how this industry can be sustained and strengthened.

Specific 3-year targets:

- Identify, Acquire/Allocate of new FMA
  - Transitions of all TRP and LFA to re-acquire under FMA (that will depend on the, ) 1. resource availability, 2. acceptability of resource owners and 3. compliance. Reason being that TRP and LFA is unsustainable- challenge/reasons.
  - New FMA must meet sustainability requirement (resource availability, compliance, acceptability)

- Ensuring PNG Timber Legality

- Resource replacement

- Promote/encourage fair distribution of benefits

Actions Needed:

1. Identification/Acquisition/Allocation of FMA

1.1. Conduct Resource Assessment: Utilising data from FRIMs and other systems identify level of available forest resource based on existing forest cover, area geographically available for concessions based on environmental and administrative factors, as well as historic harvesting levels.

1.2. Improve quality of data on forest resources
   1.2.1. Complete NFI
   1.2.2. Strengthen remote sensing capacity
   1.2.3. Capacity building on PNGFA on resource assessment and analysis
2. Consult and review Nationa Forest Plans (NFP)/Provincial Forest Plans (PFP)

2.1. Identify relevant NFP/PFP that needs review of their Plans.

2.2. Review and develop draft NFP update based on updated land use information and actions in 1.1.

2.3. Engage relevant stakeholders at the provincial level to update PFPs based on information in draft NFP and provincial priorities.

2.4. Finalised Updated NFP/PFP – based on specific PFPs.

3. Review of FMA allocation process

3.1. Review existing FMA allocation processes to identify opportunities for improvement.

3.2. Development of improved information and awareness materials related to FMA allocation.

4. Initiate Concessions allocation:

4.1. Sensitisation of key stakeholders at provincial and local levels.

4.2. Engagement with PS to identify key investors.

5. Ensure Timber Legality


5.2. Finalise review and assessment across stakeholders.

5.3. Approval from board.

5.4. Registration with National Institute of Standards and Industrial Technology.

6. Establishment of Timber Legality Verification System

6.1. Development of structure of TLVS – this will need to include: A timber tracking system, systems for the verification of timber legality through evidence of the right to harvest (permit acquisition process, correct plans, permissions etc), correct harvesting levels and application of codes (levels of harvest and application of LCOP), correct payments (correct payments of taxes and royalties in appropriate time frames), legality certification issuing processes, oversight mechanisms.

6.2. Awareness raising and capacity building with relation to implication of TVLS.

6.3. Capacity building and roll out of DSS/FRIMS across all provinces.

6.4. Training to all relevant PNGFA staff on LCOP and verification processes.

6.5. Strengthening of PNGFA monitoring capacity through improvements in logistical and operational components.

6.6. Awareness raising and capacity building of land owners, communities and provincial representatives on TLS and its requirements.

6.7. Awareness raising and capacity building on private sector on application of timber legality standards.
7. **Encourage Forest Certification**

7.1. Review of priority opportunities for forest certification (market access, key products)
7.2. Review of fiscal and operational framework to promote certification

8. **Resource Replacement:**

8.1. Research and Development – research on optimum species and approaches to rehabilitation and resource replacement within concessions
8.2. Enrichment planning / natural regeneration management
8.3. Wildling management / development of nurseries
8.4. Awareness raising and capacity building of key stakeholders (logging companies, land owners, communities, PNGFA staff)

9. **Promote and Encourage Fair Distribution of Benefits**

9.1. Review of fiscal system of incentives, royalties and levies
9.2. Review of new and existing benefit sharing agreements within concessions

**Down Stream Processing**

Strengthening of downstream processing capacity has been a key government target for a number of years but has yet to deliver significant increases. Consideration was given to what actions would be needed to develop an approach to achieving increases in capacity in this area.

**Headline Target:**

Ban on round log exports

**Medium term targets:**

- To establish a viable industry that can absorb the log volumes from ban of log exports
- To establish trained and skilled manpower
- To establish secured markets

**Actions Needed:**

1. **Establish a viable downstream processing industry that can absorb log export volumes:**

   1.1. Review existing downstream processing capacity and areas of opportunity for rapid expansion of production as part of review of time line for export ban
   1.2. Identify potential market opportunities and trajectory of market development as well as standards and financial structures required
   1.3. Identify measures to increase SME engagement in processing
   1.4. Enhance capacity of workforce through strengthening of the training facilities and course options at the Forest and Timber College
Plantation Development

The establishment of significant plantations to reduce pressure on natural forest areas has been a target for a number of years and has been identified as a key priority. The group considered key steps to achieving this.

Headline Target:
800,000ha planted by 2050

Medium level targets:
- Improve and strengthen customary land title process
- Identify target areas for plantation
- Identify funding
- Identify markets
- Support Joint Ventures
- Establish adequate seed stock and nurseries

Actions Needed:

1. Develop a targeted plantation strategy:
   1.1. Initial review of lessons learned from plantation activities and review of market options for future expansion
   1.2. Identify areas with potential for rapid expansion – small holder plantations around existing commercial plantations, historic plantation areas, grass land areas within concessions, areas requiring afforestation / reforestation on environmental grounds.
   1.3. Develop strategy for plantation development based on targeted interventions for different scales of plantation and different markets

2. Develop Enabling environment for plantation development and reforestation / afforestation
   2.1. Training elements developed within Forest Training Course
   2.2. Awareness developed across land owners, communities and private sector
   2.3. Review of fiscal framework for plantation development reforestation / afforestation
   2.4. Review amendments to legislative framework
   2.5. Consolidation of research on seed stock and plantation development and establishment of nurseries

3. Initiate high potential plantation developments
   3.1. Development of business plans for high potential areas in partnership with communities and private sector
   3.2. Support to Community / SME plantation development
Small-scale production

Headline Target:

Strengthened small-scale production sector

Medium Level Targets:

• Empower small-scale producers to more effectively engage in forest industries
• Strengthen market access for small-scale producers

Actions Needed:

1. Small-scale producers are empowered to participate in domestic and international supply chains

   1.1. Awareness raising of small-scale producers of opportunities and requirements for commercial production
   1.2. Capacity development programme for small scale producers interested in entering markets – training focusing on harvesting requirements as well as small community based business management approaches
   1.3. Support local level land use and resource planning
   1.4. Develop small scale logging operational guidelines and approaches – forest inventory, harvesting protocols, rehabilitation approaches
   1.5. Develop marketing strategies

2. Strengthen market access though central processing units and regulation of timber sale / export

   2.1. Identify market options for timber produced through small-scale operation and development of CPU business case
   2.2. Build awareness of options across target producers and geographical area
   2.3. Develop standard requirements for producers and provision of capacity building to meet standards

How to effectively manage Forest Clearance Authorities and the need for agricultural conversion

The group discussed how best to address the current prevalence of FCAs and how future conversions can best be managed. Key proposals included.

Headline Target:

Conversion of forest to agriculture is effectively managed

Medium Level Targets:

• Legislation revised
• Existing FCAs reviewed
Cross Cutting Issues

Through the presentations and group discussions a number of cross cutting issues continued to emerge that both related to PNGFA as well as other partner agencies. These include:

- **Legislative reform** – a number of action areas were identified as requiring revisions to legislation including changes related to timber allocation and concession management processes, FCAs, benefit sharing agreements and the broader fiscal framework for forestry.

- **IT Systems** – the importance of effective information management and technology systems were noted for the elements including the implementation of a TLVS, concession allocation and resource management as well as paying of royalties and effective financial management. An effective system that incorporates remote sensing was seen as a potentially important cost saving measure as well as mechanism for rapid verification of encroachments.

- **Human and operational capacity** – it was noted that there was a significant need to build the capacity of PNGFA’s field operations through the NFS, including training of staff as well as logistical elements such as vehicles, housing, IT systems etc.

**Need for improvements in land use planning and systems of land management** – it was noted that significant challenges were linked to a lack of broader land use planning that could help decision making of forest and forest clearance operations, as well as significant challenges with engaging with landowning communities and ensuring that agreements are both legitimate and able to last over the time frames needed for forestry projects.

- **National and provincial land use planning** – Applications for new concessions of all types are required to go through the NFB and PNGFA for initial review. A clear national land use plan would provide a strong basis to guide decision making on whether applications should be supported or not as well as any additional requirements that may be needed. At provincial level provincial plans that include spatial zoning could also work with PFMPs to provide a better basis for allocating resources to ensure options for forest industries are maintained.
It is proposed that a number of priority next steps be undertaken to help progress developments forward. These can be divided into immediate actions that target kick starting key programmes within PNGFA and laying the ground work for long term investments and planning activities that focus on ensuring clear plans are in place behind which resources can be mobilised through the RFIP.

**Immediate Actions**

*Support to identification of priority actions on development of plantation strategy* – a number of consultations have been undertaken on the development of the "Painim graun, Planim diwai" programme as well as a number of projects being in operation that have looked to support small scale plantation development. Support should be provided to this process to initiate development of a programme of priority actions around which PNGFA and other stakeholders can target action in the short to medium term.

*Capacity and regulatory review of industry operations to support downstream processing and sustainability* – The government has set ambitious targets for downstream processing and is also seeking to maintain a strong timber industry. A review of existing processing capacity, market opportunities as well as the current fiscal and regulatory framework to identify how best to strengthen production would help to provide recommendations on how to best
Development of data management and concession monitoring plan for PNGFA – PNGFA has taken significant steps in developing both field level capacity to monitor concessions and the development of data management systems to manage information on concession management – systems that will be critical in ensuring the effectiveness of monitoring, reducing its costs and providing the basis for the timber legality verification system. A clear plan on how existing systems can be integrated and rolled out across PNG however is needed to help catalyse further support.

Conduct initial resource assessment – key decisions on the future of the forest sector will need to be based on up to date information on the available forest resource. Recent land use assessments and updated data layers combined with information from harvesting systems provide an opportunity for the resource assessment to be updated and used as a key planning tool including for input into national and provincial land use planning activities proposed through other sectors.

Finalise Timber Legality Standard with Inclusion of Timber Legality Verification System – The TLS has been tested and is approaching final phases of discussion. This needs to be linked with the development of a clear system for legality verification and timeline for its implementation to ensure that the standard is able to obtain international recognition.

Proposed Elements for Inclusion within RFIP

Based on the information provided within the retreat, group discussions and additional consultations the below action areas are proposed for inclusion within the RFIP. These action areas will need to be further developed with more detailed actions and cost estimates. The below list is thus presented for further consultation and feedback.

PNG is able to practice Sustainable Forest Management

The Forest Resource Information Management is used to strengthen effective decision-making on forest resources:

Background:

The FRIMS has been developed as a multi-functional tool for information management on PNG’s forest resources containing information on biophysical elements of forest resources, institutional designations and can link with the DSS to provide up to date information on levels of resource use, payment of fees and levies and compliance with legality standards. In providing data on PNG’s full forest area the system is also a critical system to strengthen planning of how forest resources are used across PNG.
The system has been under development and has been operationalized across Milne Bay Province, West New Britain Province, West Sepik province with trials of detailed concession management also occurring in a two concessions.

Proposed Actions:

It is proposed that the following actions are undertaken to strengthen the application and use of the FRIMS:

- Roll out of FRIMS across 22 provinces
- Full integration of DSS and FRIMS
- Integration of real time monitoring tool within FRIMS
- FRIMS is utilised to revise National Forest Plan
- FRIMS and NFMS integrated to provide increasingly transparent and up to date information to landowning communities

Potential Financing: JICA are currently financing the development of the FRIMS and initial testing linked with application of the PMCP and LCOP. Funding will come to an end in 2019 and will be reviewed in 2018.

Internationally Recognised Timber Legality Verification System strengthens market access for PNG timber

Background:

Extensive work has been done on the development of a Timber Legality Standard for PNG and it is anticipated the standards will be approved by the NFB working the year. For the standard to be recognised at the international level, however, there is a need for an effective verification system to be in place. Failure to ensure this is in place will significantly diminish international acceptance of the legality standard and any certification within PNG.

Certification of legality while currently not in high demand amongst PNG’s existing markets is becoming increasingly recognised as necessary as linkages between the origin of timber and final markets is being increasingly focused on and with China looking to increase its self-sufficiency in timber there may be a need for PNG to access alternative markets man of which already require strong legality certification.

Proposed Actions:

It is proposed that the following actions are undertaken to ensure the effective development of a timber legality verification system:

- Complete design of TLVS including clear verification system and data sources
- Develop chain of custody tracking systems
- Provision of training to staff and key stakeholders in application of PMCP and LCOP
- Establishment of independent verification body to review and assess legality certifications issued

Potential Financing: Current work on TLS is being financed through RAFT2 and the EU. The EU is currently in the process of developing a new financing tranche for PNG that does not directly target forestry but may have finance available for target actions.
Sustainable Small-scale timber harvesting contributes effectively to the economy

Background:
Small-scale timber operators are numerous but their impact on forests and contribution to the economy are poorly understood. Strengthening the capacity of these operators to undertake sustainable activities could help to provide a valuable low impact timber harvesting approach including the targeted harvesting of high value species and the development of community based enterprises.

Proposed actions:
- Establish central strategy for small-scale timber operation development
- Strengthening of capacity of small-scale operators
- Development of central processing and sales systems that require certification and appropriate timber harvesting standards from small scale operators.

Conversion of Forest to Commercial Agriculture effectively managed

Background:
FCAs have rapidly increased in number since their introduction and are now responsible for approximately a quarter of all round log exports. Establishing systems for the effective management of agricultural expansion within forest areas will be critical to ensuring such clearance actions are not seen as a low regulation option for logging activities.

Proposed Actions:
- Review Legislation to Remove FCAs
- Review and address Existing FCAs through a cross sector review panel

Strengthen Enabling Environment for Sustainable Timber Operations

Background:
The government has recognised the importance of the timber industry in PNG as well as the potential for further benefits to be derived from more sustainable management as well as downstream processing and plantation development. In many of these areas critical constraints relate to a lack of private sector investment which is due to a weak enabling environment and global market competition. Actions within this area will focus on strengthening the enabling environment including training facilities, research capacity and legislative and fiscal instruments.

Proposed Actions:
- Strengthen regulatory and fiscal framework for sustainable forest management, downstream processing and plantation development – this will require action on review work undertaken across other action areas.
Plantation Development

PNG’s wood supply is enhanced and environmental services secured through the plantation development:

**Background:**

PNG has set ambitious targets for plantation development of 800,000ha by 2050. Expansion is currently limited by the lack of a targeted approach to plantation development across different areas of the country, challenges in identifying land and financing. Initial trials of a number of approaches to plantation development have, however, proved the opportunities for initial action within key target areas including the development of out grower plantations around existing nucleus plantations and processing facilities and development of plantations in deforested / grassland areas to maintain environmental services and provide wood supply.

**Proposed Actions:**

It is proposed that the following actions be developed. Further information on these actions will need to be added following initial assessments of existing plantation development options.

- Development of Plantation Development Strategic plan – the plan will identify target areas and target markets and will disaggregate across the different types of plantation, plantation operators and potential markets available.
  - Increase awareness of options for plantation / afforestation action amongst key stakeholders
- Development of seed stocks and nurseries in target investment areas
- Increase capacity within PNGFA to provide technical support to plantation development
Retreat in pictures...
This report was developed with the financial support of UNDP World Bank’s Forest Carbon Partnership Facility REDD+ Project in Papua New Guinea.