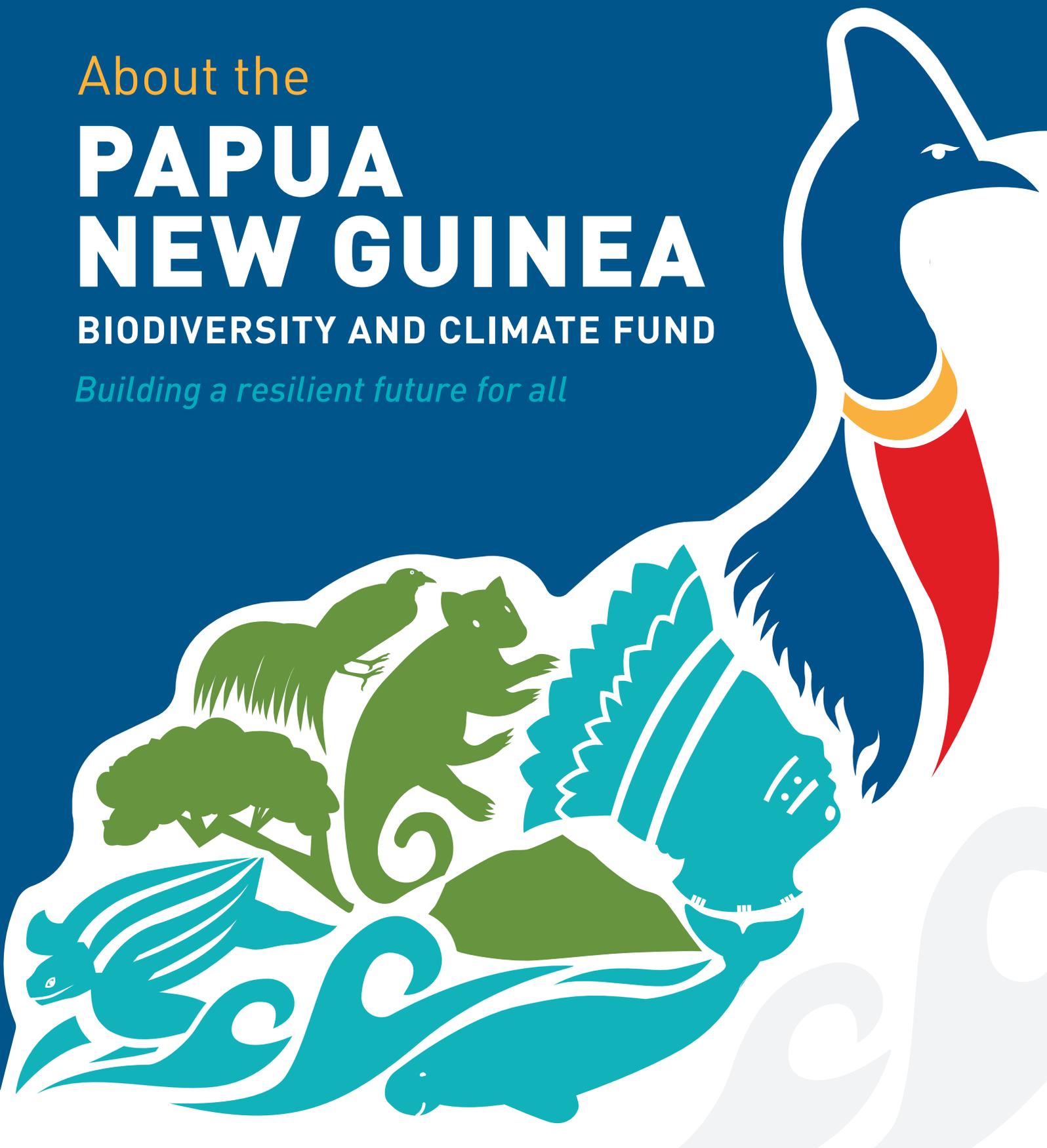


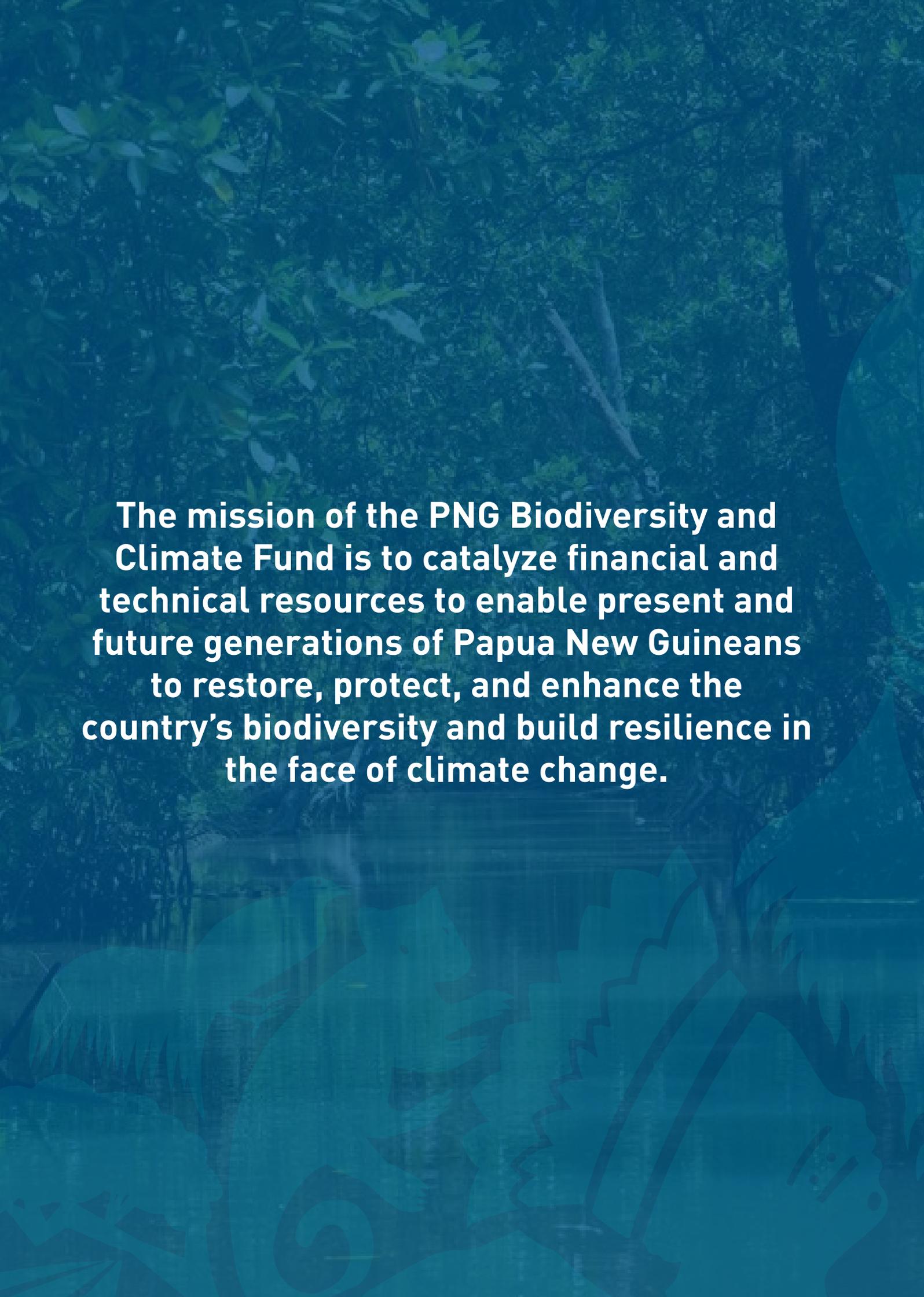
About the

PAPUA NEW GUINEA

BIODIVERSITY AND CLIMATE FUND

Building a resilient future for all





The mission of the PNG Biodiversity and Climate Fund is to catalyze financial and technical resources to enable present and future generations of Papua New Guineans to restore, protect, and enhance the country's biodiversity and build resilience in the face of climate change.

Papua New Guinea (PNG) is endowed with exceptional natural values including spectacular biodiversity. As one of the 17 megadiverse countries in the world, PNG contains:



7% of the world's biodiversity in less than
1% of the world's land



280,000 km² of forests (**60%** of the area of the country) store a significant amount of carbon, maintain water quality, and preserve soil stability, benefiting a diverse indigenous population



2.4 million km² of ocean including **7,000 km²** of coral reefs and **4,200 km²** of diverse mangrove forests

This natural wealth makes a significant contribution to the country's economy. It is estimated that 87% of Papua New Guineans depend on natural resources for their livelihoods and sustenance, making resource conservation and sustainable management initiatives imperative to meet the country's long-term development objectives.



However, PNG's biodiversity is under threat and the country is highly vulnerable to the effects of climate change:



Population growth, logging and industrial-scale monocultures have contributed to increased habitat loss and fragmentation.



Papua New Guinea's low altitude forests, which account for around **20 million** ha of forest cover, are currently being lost at a rate of between **0.3%** and **0.5%** per year.



Maximum temperatures in PNG have increased at a rate of **0.11°C** per decade; sea levels have risen by about **7mm** per year since 1993, and the level of ocean acidification has been slowly increasing threatening both marine biodiversity and local livelihoods.



Rural subsistence communities are particularly vulnerable due to their dependence on natural resources and a reliable climate, combined with their limited capacity for climate adaptation.



Until recently, there has been no single organization in PNG that is coordinating across multiple stakeholders to develop an effective strategy for conservation and climate financing to address these growing challenges and to move the country toward a more sustainable economic model. That changed with the creation of the **Papua New Guinea Biodiversity and Climate Fund (BCF)** in 2022. The BCF is a well-governed, transparent, national-level funding institution that can catalyze resources from a variety of sources - from donors to private sector entities - and deploy them successfully where they are needed most while ensuring their effective use and impact.

The Papua New Guinea Biodiversity and Climate Fund responds to an urgent need – the lack of funding for biodiversity conservation and climate mitigation and adaptation. Analysis suggests PNG has a \$9 million annual funding gap for protected areas and conservation, and a \$10 million annual funding gap for climate mitigation and adaptation projects; this does not account for the costs of expanding the PA network (see Table 1).

BCF will contribute to filling this funding gap by providing needed financial support for terrestrial and marine conservation and for building climate resilience in the country.

Table 1 Estimated Funding Needs

Expenditure category	Est. annual costs (USD)	Current est. annual available funds (USD)	PNG BCF target annual grants			
			By 2026 Final Target		Final Target	
			Amount (USD)	% of Total Annual Costs	Amount (USD)	% of Total Annual Costs
Protected Areas/ Conservation	12 million	3 million	0.5 million	4.2%	1.5 million	12.5%
REDD+/ Climate	24 million	14 million	0.5 million	2.1%	1.5 million	6.3%
Total	36 million	17 million	1 million	2.8%	3 million	8.3%

The BCF is strategically designed to be an independent institution, with a mixed board including government, civil society, and private sector members, and to demonstrate the highest levels of transparency and diligence through adoption of international best practices in its operations. Through its efforts the BCF aims to be responsive and innovative in support of the achievement of national biodiversity and climate objectives.



Funding Priorities

The Fund will leverage seed funding to *demonstrate early impact, then scale ambitiously*. Grants will focus on five key programmatic areas:



Area-Based Conservation Management (PAs, and OECMs)



Climate mitigation and adaptation



Alternative sustainable resilient livelihoods



Applied research to improve knowledge, understanding and awareness



Training and capacity building



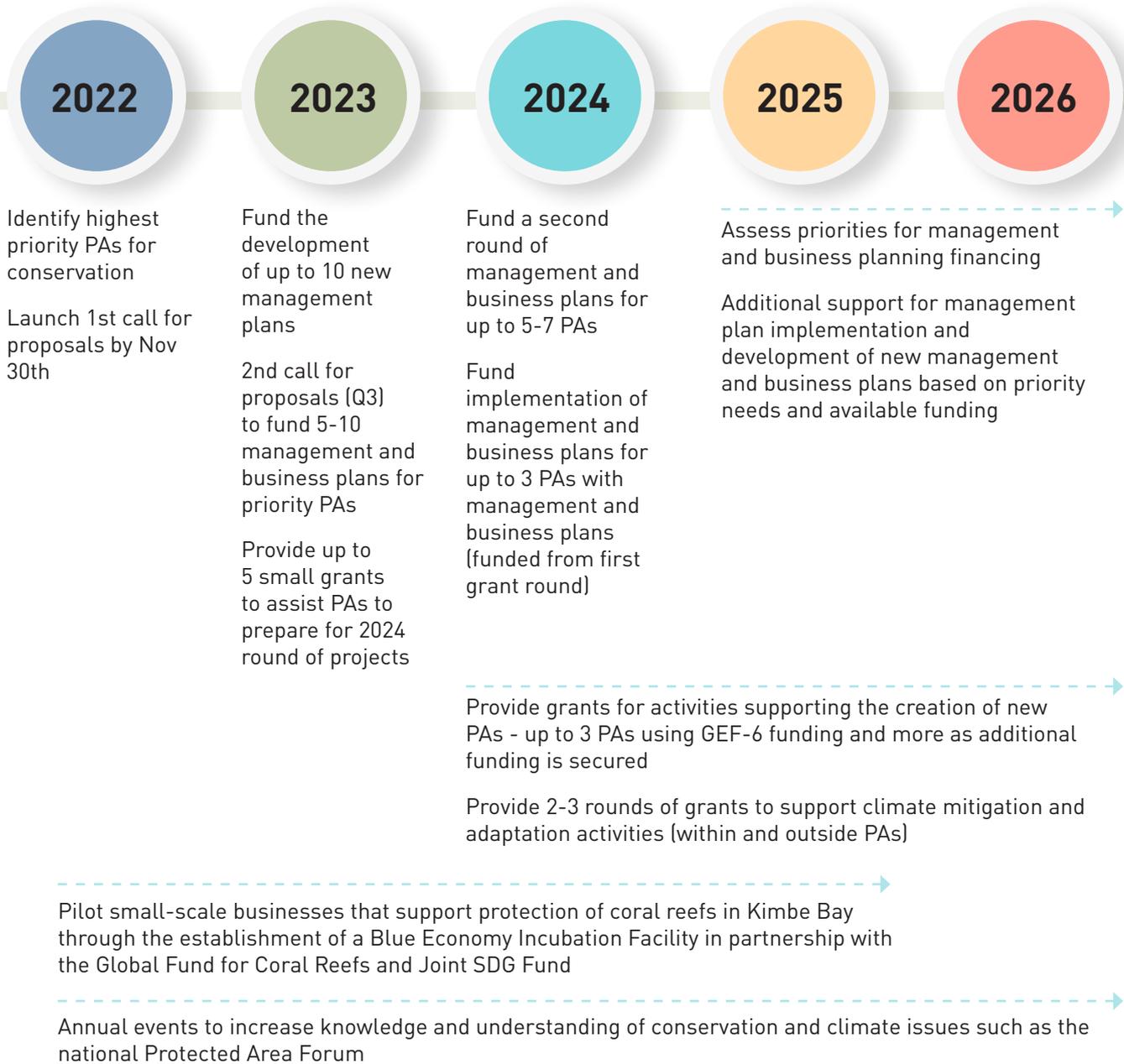
PNG's protected areas are under-funded – fewer than 15% of the country's 62 protected areas have any ongoing funding. With initial funding from the Global Environment Facility (GEF-6) and UNDP, the Fund's initial grant-making (2022-2026) will focus on financial support to **priority protected areas** to allow them to effectively meet their conservation objectives. These will include protected areas managed by PNG's Conservation and Environmental Protection Authority as well as those managed and operated by NGOs and communities. Subsequent rounds of grants will support the development of new management plans for terrestrial and marine protected areas, and then fund the implementation of those plans, coupled with small capacity building grants to assist PAs in developing proposals for funding. Available funding will also support limited expansion of the existing PA network.

As the Fund expands its base of financial support, its grant-making will be increased to include:

- Further expansion of the PA network
- Forest protection and management consistent with national REDD+ benefit sharing guidelines
- Blue carbon feasibility studies and pilot programs
- Climate adaptation and economic diversification projects
- Adaptive agriculture projects aiming to (a) improve yield of cash and subsistence crops, (b) protect biodiversity, and (c) improve communities' resilience to changing climate
- Incubation of blue and green business initiatives
- National events to raise awareness of biodiversity and climate issues
- Building capability in NGOs and CBOs to design projects, prepare project proposals, manage and monitor projects, and account for funds, thus increasing the absorptive capacity of the conservation and climate sector



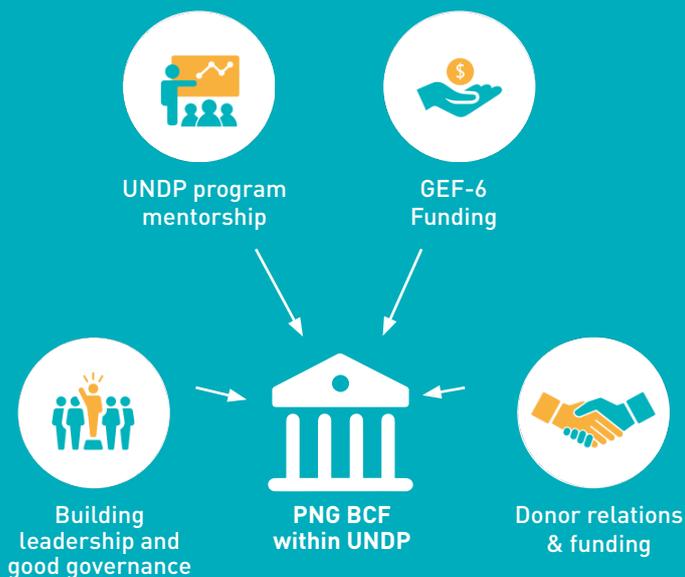
The Fund has established the following programmatic targets during its first five-year strategic plan.



Organization and Governance

In response to stakeholder concerns regarding the need for structured support to a new institution during its start-up phase, the Fund will be incubated within an existing UNDP project during the three-to-four-year start-up phase. This approach will give the Fund's Board and Secretariat time to build capacity, establish norms, and gain fundraising and grant-making experience before transforming to a legally independent institution by mid-2026. This start-up phase will allow the Fund to operate with both strong financial management and governance support.

Progressing to Independence



JUNE 2022



Building a track record of accountability, and results through experience mentoring, and growth



PNG BCF fully independent CTF National Institution

JUNE 2026





Photo Credit: Elodie van Lierde

During this start-up phase, donors will be able to make direct payments to the UNDP country office, or utilize the PNG Country Fund under the UN's Multi-Party Trust Fund (MPTF). Financial management will follow UNDP's rules and procedures, to provide transparency and guarantee robust accounting of resources. Decisions about the Fund's strategies and operations will be made by the Board and implemented by the Fund Secretariat. The arrangement will provide the Fund with a framework that enables it to operate with many of the same governance and administrative procedures and systems that would be in place in a fully independent Fund. However, the added oversight through the UN structure mitigates donor concerns about the learning curve for the Board and staff of a completely new Fund in PNG. The high levels of **transparency and accountability** of the Fund in these early stages of its operations is expected to increase overall donor interest in using the Fund to support biodiversity and climate programs.

The 13-member governing Board will be chaired by UNDP and include representatives from the Government, civil society, development partners, and the private sector. The Board will oversee a professional Secretariat, led by an Executive Director.

The BCF Strategic Plan and governance and operating manuals are available upon request.



Why support the BCF?

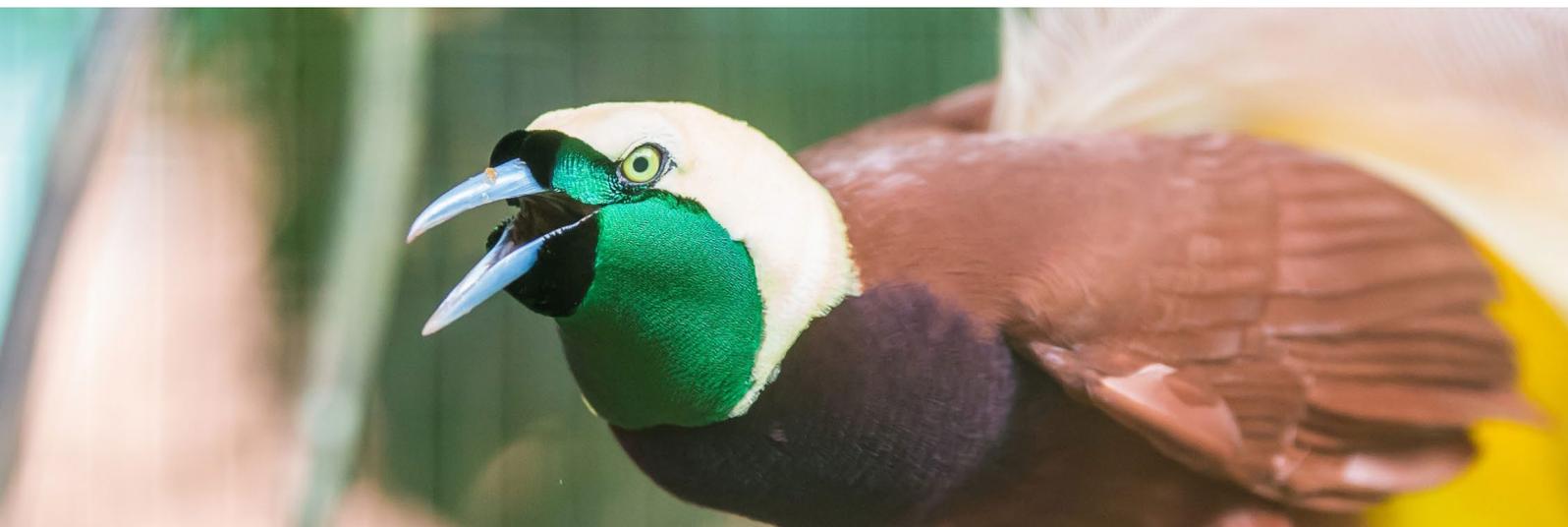
Building effective programs for conservation and climate resilience requires a long-term commitment that goes beyond short-term project cycles and avoids the vagaries of political decisions; this will require long-term donor support that can address the challenges of biodiversity loss and climate change.

The PNG Biodiversity and Climate Fund provides a unique opportunity for donors who prioritize:

- Protection of critical habitats and ecosystems, especially those with exceptional biodiversity;
- Climate mitigation and adaptation efforts, especially those based on nature-based solutions;
- Ensuring Indigenous and local community control of natural resource management; and
- Sustainable economic development, supporting investments in the Blue and Green Economy to address both poverty and natural resource degradation.

The BCF will be PNG's only national-level, stakeholder-led institution dedicated to achieving conservation and climate resilient outcomes. It will be uniquely positioned to translate donor funding priorities to impactful, results-driven action on the ground, in a transparent and efficient manner. **Led by Papua New Guineans using global best practices**, the Fund will ensure that PNG values, traditions, and culture are embedded in all decisions and in the Fund's operations, while ensuring that global standards for accountability are met.

The BCF provides funders an opportunity to channel their resources to a Fund that has the potential to grow into an influential institution affecting conservation and climate issues nationally. Creating a Fund in PNG to address conservation and climate challenges reinforces country ownership of conservation programs and outcomes in ways that traditional project implementation arrangements often do not. Support to the Fund thus strengthens a new environmental institution in the country while providing donors with a direct opportunity to support the development of strategies and priorities for project finance in support of conservation and climate change.



Financial Needs

The BCF has set an **ambitious target to** grow its financial base to realize its mission. The BCF will launch with \$4.2 million USD of funding provided by UNDP; this includes \$2.7 million in funds designated for mission-related grants, paired with \$1.5 million over four years to fund Secretariat operations. The BCF will also administer \$700,000 from the Global Fund for Coral Reefs for a Blue Enterprise Incubation Facility. This early support provides the Fund with a solid foundation to establish its program and to grow through new partnerships with donors, government and communities in any effort to address the country's conservation, climate, and sustainability goals, and improve the livelihoods of the people of Papua New Guinea.

There is a sizeable need for biodiversity and climate funding in PNG, and the Fund's ambitions are scaled accordingly. The Fund's goals ensure sufficient resources to award at least \$1M per year in grants by the end of 2026, growing to a target annual grant-making budget of \$3M.

To achieve these goals, the Fund is seeking to raise:



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