The feasibility for air cargo transport facilities (e.g., for enhanced vanilla trade and marketing) in the programme area will be examined in the Inception Phase as both government and other partners are currently considering investing in these facilities and a number of initiatives/studies are already underway.

Selection of these activities/investments will be done according to those prioritised for improving market access and trade for the selected value chains and partnerships with other interested public and private partners will be explored by the project team. Options for collaboration and leverage through blended financing from EU (eg. Pacific Investment and PNG Investment Window Facilities) and International Financial Institutions will be actively explored to enhance transportation systems (including the acquisition of adapted boats).

1.2.2 Assumptions

The three main assumptions²⁸ underlying the achievement of the STREIT outcomes include:

- No severe natural disasters: part of the the programme area can be subject to some adverse
 natural disasters, due to flooding, extreme weather events and possibly earthquakes and
 tsunami. Effective risk management and climate proofing has therefore been planned in the
 programme activities.
- Political stability at provincial, district and ward level: Local elections were held in 2017 and no major changes are expected at provincial, district or ward levels in the coming 2 years²⁹.
- Political will to engage, develop and implement improved legislation and regulations: PNG is
 engaged in a range of measures to improve its political economy as well as foster and support
 economic growth. Improved governance is being considered for support in the upcoming
 collaboration agreement between the GoPNG and the EU.

SECTION 2 - FEASIBILITY

2.1 RISK MANAGEMENT

2.1.1 Significant risks facing the project

Risks faced by the STREIT project include the following broad areas:

Programme co-ordination and management complexity. This is a large-scale project with a number of complex and inter related mechanisms to ensure timely delivery of results. It will require significant co-ordination and joint planning for effectively delivery of planned results by all participating UN agencies as well as other partners.

Weak institutional capacities and unclear coordination mechanisms at different levels in Government. Within the government structures and institutions there can be significant gaps in capacity and in coordination regarding implementation of value chain improvements at local, regional and national level.

Delays in implementation of the project. Past experiences with the EU funded RED II and other large programmes indicate that significant delays can be incurred in project implementation when multiple





²⁸ Based on the Action Document, approved by the EU in Nov. 2018.

²⁹ See also Annex IV on risks

partners are involved with limited planning and interactions, particularly when intervening in a variety of locations throughout the country.

Subsistence producers are not responsive and do not transition to market-oriented operations. Traditional methods of production and past experiences in having limited market access may dissuade agripreneurs and farm families from engaging in more market-oriented operations.

Insecurity is an ongoing concern across the project area with reports on insecurity in both the rural areas as well as criminality/theft in the urban area. Provisions have been made for ensuring the security of all staff in accordance with the established UNDSS requirements, including training as well as escorts to high risk areas.

Land tenure system may hinder value chain development to meet market demands (eg. Drying facility for cocoa). Provision and some level of ownership of land for local enterprises may be a limitation for local enterprises engaging in the programme.

Details on how these and environmental and social risks (see hereunder) will be managed, a risk analysis and scoring as well as detailed mitigating action and responsibilities are detailed in 2.1.3.

During the inception period, the risk matrix will be validated and, as required, updated. During Inception and periodically during implementation, FAO and its UN partners may review and revise the level of various inputs, needs and services required for effective programme delivery in consultation with the Provincial Authorities, the Project Steering Committee and ultimately the EU Delegation in Port Moresby. This may include reallocating funds between budget lines and/or providing additional funds to FAO and UN Partners based on the local situation, needs and conditions as will be documented during implementation. Based on needs identified, the EU Delegation can allow the use of the STREIT Contingency funds³⁰in agreement with the GoPNG (NAO).

2.1.2 Environmental and social risks

Overall the project can be categorized as of low environmental impact³¹. The project will support improved agricultural production and commercialization, including among indigenous and tribal peoples. The project will carefully evaluate, mitigate against and monitor environmental and social risks. The environmental risks largely are those related to potential negative impacts on natural ecosystems. The social risks largely relate to potential negative impacts of the project on indigenous and tribal communities and informal access to land. The risk management approach and strategy for both types of risk is described below.

Impacts on primary forests and biodiversity: As per the guidance of the EU and agreed with the GoPNG, no land use change from primary of secondary forest to cocoa or vanilla production will be supported. The project will focus on cocoa and vanilla production areas which are already under active or past cultivation. By clearly identifying this as a criterion for siting of project investments, we thereby ensure that any agricultural expansion under the project will not affect primary or secondary forests and thus a shift in land use. The project will also avoid financing or executing projects that involve significant conversion or degradation of critical habitats, natural areas of cultural or religious value, areas that are legally protected, officially proposed for protection, or of high conservation or biodiversity value.





 $^{^{30}}$ As per Section 2.3 of Financing Agreement, Euro 3 million is reserved for Contingencies.

³¹ http://www.fao.org/3/a-i4413e.pdf

Impacts of agricultural inputs (especially pesticides and fertilizers): The project does neither promote nor support the use of inorganic fertilizers and pesticides. In close collaboration with Cocoa Board and Provincial Department of Agriculture and Livestock, the project will organize and support specialized training on Integrated Pest and Disease Management (IPDM) for smallholder Cocoa and Vanilla farmers, including agro- ecological approaches. This will include composting of farm and fermentary level products, mulching and use of bio nutrients for enhancing soil fertility and plant protection.

Reduced participation of women farmers and processors: Youth and individual female farmers may not be confident and assertive enough or do not have the capacity and literacy needed to submit concept notes and business plan proposals and the project fails to reach its gender target. The STREIT programme will provide specific training geared towards women and youth and strengthen extension workers and ensure women and youth participation through specific gender and youth targeting and inclusion criteria. The programme will formulate gender sensitive indicators for project's results framework during the Inception period and collect sex-disaggregated data on results and benefits for verification throughout the life of the programme. The project provides for a specific window (budget) for an Innovation grant for Women and Youth specifically. It will also finance specific gender awareness activities at local and national level, including linking to the emerging EU funded Spotlight programme and linked to the Country Gender Policy and Strategy development and roll out in the programme area.

Individual members or organization of Indigenous and Tribal groups: Due to their disadvantaged historical and geographic position, these groups or individuals are not able to submit timely proposals and take advantage for the project. The STREIT will strengthen/train the representatives of local producers' organizations or grouping as well as agripreneurs.

2.1.3 Risk management strategy

The Project Co-ordinator leads much of the risk management as he/she will be based at the project site and working with the range of implementing partners and collaborators. Lessons from the EU funded RED II project have also informed improved processes, joint work planning and implementation measures such as a shared project based located in the programme area and planned joint work planning through Annual Work Plan and Budget.

In its lead role as the Administrative Agent, FAO will monitor overall project risks in co-ordination with each agency. The Pillar Assessed internal control framework of the UN bodies will be applied fully during implementation with management arrangements outlined hereunder.

A detailed risk analysis has been carried out and reflects the main risks identified in the EU Action document as well as an assessment of their potential impact (I) and likelihood (L), as well as proposed mitigation measures. (See Appendix IV for which include effective and timely risk management responsibilities). Responsibilities for mitigation action will be reviewed, and major risks will be reported upwards. The Project Steering Committee meetings will review the risk log and monitor progress of mitigation of key risks.

The PIMU will perform a review revision of the risk log on a quarterly basis, as part of the annual work plan and budgeting process, based on the risk log established at formulation and recommend significant changes to the PSC. With a comprehensive national and international team in situ in the programme area, reaction times to any risks arising is expected to be rapid and will be led by the Programme Co-ordinator.



2.2 IMPLEMENTATION AND MANAGEMENT ARRANGEMENTS

The project is a national project and as such requires the leadership and the participation of state actors. The project will be overseen by a Project Steering Committee (PSC), jointly chaired by the EU and the National Authorizing Office of the EDF. The main institutional partners will be the Department of Agriculture and Livestock (DAL), which will be the lead counterpart and the Departments of Works, Communications, Information and Energy, Trade, Tourism and Industry and the National Fisheries Authority. Additional important parastatals include the Cocoa Board, Small and Medium Enterprise Corporation and NARI. It may also include other members in observer capacity, such as civil society organizations and this will be decided during the initial meetings of the PSC.

A **Project Implementation and Management Unit** (PIMU) hosted in DAL, in Wewak, will be established to support the day-to-day management, coordination and monitoring of project activities. Sub office(s) will also be located in Maprik and possibly also in West Sepik. The PIMU will be led by the FAO Programme Coordinator and consist of the staff from each of the UN Partner Agencies. The Head of the PNG FAO Country Office and the UNRC will be also be remote members of the PIMU. In line with recent UN reforms, the UNRC will guide and support the smooth implementation of the programme.

The main purpose of the PIMU will be to ensure timely and effective project coordination and execution through rigorous and efficient implementation of joint annual Work Plan and Budget. The PIMU will act as Secretary to the PSC and will coordinate all inputs and closely follow up on the execution of project activities, manage daily project work and requirements, coordinate project interventions with other ongoing activities, and ensure a high level of collaboration and joint planning among participating institutions and organizations at all levels (national, and local). It will follow up on project progress and ensure timely delivery of inputs and outputs and results. The PIMU will organize at least quarterly meetings at regional level to quickly address possible bottlenecks and ensure a smooth implementation of the support. Each beneficiary institution will nominate a focal point to attend those meetings, where the NAO and the EU Delegation will be able to attend quarterly meetings of the PIMU as observers.

2.2.1 Institutional Framework and Coordination

A multi-stakeholder Project Steering Committee³² will be established to oversee and validate the overall direction and policy for the implementation of the project as per good Government, EU and FAO practices. This Committee will be jointly chaired by the EU Delegation and the NAO. Specifically, the PSC will:

- a) Provide guidance to the Project Implementation and Management Unit (PIMU) to ensure that project implementation is in accordance with the project results;
- b) Review and approve any proposed revisions to the project results framework and implementation arrangements;
- Review and approve budget revisions and re-allocation of funds.
- d) Review, amend (if appropriate) and endorse joint Annual Work Plan and Budget prepared by PIMU:
- e) Sets allocation criteria and approves resources/funds disbursement;
- f) Review Annual Narrative progress and Financial Reports
- g) Provide comments and approve TORs for evaluations;
- h) Advise on issues and problems arising from project implementation, submitted for consideration by the PIMU or by various stakeholders;
- Facilitate cooperation between all project partners and facilitate collaboration between the Project and other relevant programmes, projects and initiatives;

³² The Steering Committee is a mix of compliance to both the Financial Agreement with Government described one and the UNJP expected one as per Guidance Note of the UN joint programmes



j) The PSC will have the mandate and flexibility to establish specific management committees as needed.

The PSC will meet every six months and shall review the progress of the project. For decisions on urgent matters the PIMU, led by the FAO project co-ordinator, will bring the relevant proposal to PSC that could operate virtually via email or skype. The Steering Committee will include representatives of each of the participating UN Partner Agencies, Senior Government Officials from the participating government bodies including, *inter alia*, the Department of Agriculture and Livestock, DCIE, Commerce and Industry, the Department of Works, as well as representatives from the European Union Delegation in Port Moresby and from FAO as the PSC Secretariat, including the Project Coordinator. In addition, the PSC will also have representatives from the provincial level authorities, local private sector, civil society and farmers' organizations. The Project Implementation and Management Unit will serve as the Secretariat to the PSC.

Table 6 Key institutional partners, their national responsibilities and roles³³

Institution	Role and Responsibilities
NAO of EU	PSC co chair
EU Delegation, Port Moresby	PSC co chair
DAL	PSC members, key partners at national and provincial level
DoW	PSC members, key partners at national and provincial level on roads, infrastructure
NFA	PSC members, key partners at national and provincial level, may become co-financiers (TBC during Inception)
DTTI	PSC members, key partners at national and provincial level
DCIE	PSC members, key partners at national and provincial level, with NICTA
FAO	Lead partner and lead agency for Output 1.1, 1.2, 1.3, 2.1, 2.3 and enterprise development under 2.2. PSC member and Secretariat.
ILO	Roads and infrastructure (Output 2.4) PSC member.
UNDP	Energy policy/strategy and public facilities renewables (Output 2.3, contribution to 2.1) PSC member.
UNCDF	Improved Access to Finance (Output 2.2, contribution to 2.1, 1.1, 1.2,1.3) PSC member.
ITU	ICT and Telecoms (Output 2.3) PSC member.
UNRC PNG	Co-ordination of the UN partners. PSC member.
Head of FAO Country Office	Mandated representative of the FAO in PNG





³³ May be amended during Inception phase

Project Implementation structure

This structure represents the various bodies mentioned in this section. The PSC provides guidance and is the ultimate body for setting strategic direction for the Programme implementation and is cochaired by the EU Delegation and NAO.



STREIT PNG - Governance structure

Role of FAO: FAO is leading the consortium made up of UN agencies for the implementation of this UN Joint Programme as the Administrative Agent and the Convening Agency for the programme.

As the Convening Agent (CA) FAO is accountable for the coordination of programmatic activities and narrative reporting, compilation of annual work plans, monitoring of annual targets, convening and reporting on PSC meetings and facilitating evaluation

As the Administrative Agent (AA), FAO is responsible for the financial and administrative management of the EU funds in compliance with the Rules and Regulations of FAO, the General and Special Conditions of the Contribution Agreement signed with the EU as well as the conditions of the MOU signed between the UN agencies. The AA will manage contributions received from EU and disburse the funds based on the PSC's decisions and instructions, as well as consolidate periodic financial reports and final financial reports for submission to the donor.

- a) Oversee project implementation, as part of the PSC, in accordance with the project document, work plans, budgets, agreements with co-financiers and the rules and procedures of FAO;
- b) Provide technical guidance to ensure that appropriate technical quality is applied to all activities;
- c) Carry out at least one supervision mission per year; and
- d) Report to the EU, through the annual narrative progress and financial reports.
- e) Identify opportunities for sharing project progress and highlighting the involvement of key stakeholders and donors.

As a UN Joint Programme, each of the MoU signatory agencies take on full financial and fiduciary responsibility for the element of the programme as outlined in this UN joint Project document. The PIMU leads the overall implementation of the project. The PIMU implements the programme and contracts services providers, procures goods and services and manages the matching grant scheme.



Project activities are implemented directly by the UN Partner Agencies or via Service Providers, semi state enterprises or partners/private sector.

2.2.2 Strategy/Methodology

The project will focus on developing the capacity of the three identified value chains to identify and produce to the quality and quantity demanded by markets. The project will take a twin-track approach: simultaneously working with the local private sector enterprises to identify market potential and co-invest in the productive capacity to overcome value chain constraints to achieve the needed product quality and quantity.

Investments will be made in infrastructure, equipment, human capital, improving private-sector and farmers' organizations capacities (PPP's). In addition, the project will support the public sector to effectively and efficiently deliver the public goods needed to create a framework under which the private sector can make the appropriate investments to promote inclusive value chains development.

Moreover, the project will support the strengthening of public institutions capacities to deliver needed services (e.g. extension service for cocoa and vanilla) in the context of global agricultural trade (e.g. market information systems). Thus the project will have support windows for both the private sector and public sector at local, provincial and national level.

The PIMU will organize workshops and annual meetings for monitoring project progress and preparing an Annual Work Plan and Budget (AWPB) for submission to the PSC for their approval. An outline workplan has been developed to facilitate early startup for the first year an Inception phase (See Appendix 2). The PIMU will also be responsible for implementing the project's monitoring and evaluation plan, managing the monitoring system and the project's communication programme, preparing and consolidating the Annual Narrative Progress Report and facilitate access to all information needed for the mid-term and final evaluations. It will submit the annual Narrative progress report to the PSC together with annual financial report for review and submission to EU by the AA.

The PIMU will have a blend of national and international staff³⁴ with open and transparent processes of recruitment and advertisements for all posts and employment opportunities as per the UN country level practices. During the project inception period, the PIMU will review the project's procurement; implementation and M&E plans and propose refinements, as necessary. In preparation for a rapid startup, a draft Inception (first year) workplan has been developed by the Partners and includes some 'low hanging fruits' based on lessons learned from past interventions (see Appendix 6). This includes the early set up and expansion of Cocoa bud gardens in the Sepiks, the local contracting of road maintenance works, improved market access for local enterprises, engagement with a range of banking and telcom providers as well as national level policy support and improvement.

2.2.3 Technical Support

Direct placement of a comprehensive management and technical team at the project site(s) in the Sepiks will ensure both effective delivery and mentoring of national counterparts for sustainable and in-situ capacity development. Where available, preference will be given to the sourcing of competent national expertise by all UN partners. Full-time staff will be selected based on a competitive and open process to ensure the best technical expertise available is provided to deliver the planned project outcomes. Provision is also made for the engagement of short-term technical experts to complement the team capacities, including management and technical consultants to guide start-up in the earliest stage of project establishment.

³⁴ See annex V for a detailed indicative list of key international/national project staff



D) E

The project team will develop TOR for additional expertise to be recruited for specific needs of the project based on the subject areas to be covered. These needs will be reviewed and updated during the Inception Phase and included in the subsequent narrative progress report. FAO Technical expertise seconded from the Regional office and HQ will also be part of the project team and support the project. To enhance delivery and rapid startup, a number of specialized management and technical experts will be fielded as consultants for the project startup.

Within FAO, there is extensive expertise on Food Systems, Value Chains, Agribusiness, Plant production, Nutrition etc. available at the Regional Office in Bangkok and in the PNG country office, which can be used to provide technical support and coordinate the provision of high-level technical expertise and advice to the PNG project as required. Additional expertise is also available from the Headquarters specialized teams in value chain development, crop production, fisheries, energy, infrastructure etc. This expertise will be mobilized on a needs basis and sourced on the principle of subsidiarity to ensure value for money.

2.2.4 Government Inputs

The contribution of the Government of PNG will be its commitment to facilitate project activities and to ensure the availability of Ministry staff to participate in project activities, including extension staff at local government and provincial level.

DAL has agreed to house the project base/office and provide space in its main office complex in Wewak and at the provincial compound in Maprik where the project will procure and install offices for the full range of UN partners to ensure cost effectiveness. DAL will also ensure the provision of all necessary staff, for the project activities. A National Project Counterpart/Coordinator (NPC), fully dedicated to the implementation of this project will be appointed by the Department of Agriculture and Livestock/Provincial authorities in Wewak, and will work closely with the Project Co-ordinator for facilitation of project activities. The programme team will engage with the provincial level authorities to explore joint work planning and programme implementation with ongoing successful provincial, district or local level initiatives on the selected value chains. This may for example include the SMART COCOA programme of East Sepik, set up in 2018.

The Government will be responsible for:

- (a) Making available collaborating technical personnel as may be necessary for the successful implementation and completion of the project;
- (b) Ensuring facilitation for staff to participate in the various training and workshop activities as well as in the project steering committee to be established.
- (c) Providing required customs clearance for equipment, clearance of international personnel as may be required,
- (d) Participating in the Steering Committee

2.2.5 Resource Partner Inputs

Support in the form of equipment, training and specialized technical expertise will be provided by the programme. This will include equipment for improved and sustainable cocoa, vanilla and fisheries enterprise development as well as expertise to address specific bottlenecks in national legislation or regulations which limit local SME development (e.g. licensing requirements).

Roads, infrastructure and renewable energy are a major part of the programme and will be implemented and or provided through by local contractors/suppliers, under the close supervision of the programme to ensure quality and value for money.





Details of the inputs planned are covered in the itemized budget in Appendix III detailed by the standard UNDG Harmonised budget categories.

2.2.6 Management and Operational Support Arrangements

The project will be managed by FAO through the PIMU, led by the Project Co-ordinator, which will be in charge of procuring goods, works and services. In addition to the salary of the core PIMU staff (long-term officers, either national or international), project management will also include travel, fuel, and some limited equipment.

The PIMU will be guided by the PSC which provides oversight and guidance as well as higher level decisions on programme delivery and implementation. The PIMU will arrange the PSC meetings and engage with the PSC as required for the review and approval of the joint AWPB.

Operational costs will also include the Monitoring and Evaluation budget as well as the Communication and Visibility budget. Technical Support Services to provide backstopping have been included in their respective component, as has the cost of the specialized expertise/consultancies that the PIMU will hire, both at national and international level.

Equipment and goods procured under the project will be provided directly to the project beneficiaries with an immediate transfer of assets from the participating partners and implementing agencies. Longer-term assets such as the kit house(s) which will serve as the project office and vehicles will be transferred to DAL and the respective government and parastatal partners in the province upon termination of the project.

2.3 MONITORING, PERFORMANCE ASSESSMENT AND REPORTING

2.3.1 Scope and Purpose

Conducting monitoring and evaluation (M&E) activities systematically is critical for supporting the effective implementation of the STREIT towards its intended objectives. In particular, setting up a dedicated monitoring system for the Project is instrumental to provide regular feedback on the performance of the Project, to inform its decision-making processes and to facilitate the reporting of its contribution to the national relevant policies.

The monitoring and evaluation system of the Project will build on a Results Based Management (RBM) approach i.e. "a broad management strategy aimed at achieving improved performance and demonstrable results" (United Nations Evaluation Group, UNEG). The RBM approach emphasizes the importance of linking Planning, Monitoring and Evaluation processes for enhancing the effectiveness of policies, strategies, programmes and projects. In all these contexts, the establishment of M&E systems is instrumental to support the effective interconnection of the complementary processes of Planning, Monitoring and Evaluation.

FAO and partners will design the Monitoring and Evaluation System jointly. The M&E system plan will specify the impact, outcome and output indicators, the activities to be performed, the methodology, and clarify actor's roles and responsibilities. An indicative set of performance indicators are provided in the logical framework annexed to this proposal and will be further detailed during the planned one year Inception period. The system will be based on clear and precise joint annual work plan. The implementation of the annual work plan, including the update of the project activities will be tracked on a six-month basis and shared with the PSC as an interim informal update. An Annual Narrative Progress and Financial report will be submitted to EU as per general conditions. This will feed the mid-term and final evaluations.





FAO, in close consultation with Government Counterparts and UN Partners, will undertake a baseline survey during the one year inception phase, to generate data for the respective indicators of outputs and outcome. They will also conduct an end-line survey to establish Project performance and impact.

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

FAO Project Implementation and Monitoring Unit and Project Task Force staff and Government counterparts will conduct joint Project supervision missions. At least one supervision mission will take place every year. Experts on the various sub-components of the Project perform supervision missions. The Project contemplates research related activities that will also provide relevant inputs for monitoring and evaluation.

M & E activities will provide information on best interventions and approaches for achieving maximum impact for sustainable value chain development. Feedback loops will be established to improve and correct performance as these emerge.

2.3.2. Focus on Achievement of results (Outputs and Outcome)

The monitoring and evaluation approach will focus on results, based on the agreed indicators (with their baseline and target) for the outputs and outcome. These have been established in the logical framework and will be further refined during the one year inception period. While the overall approach is participatory, it is the ultimate responsibility of the Project Budget Holder to coordinate the preparation of the Annual Narrative Progress and Final Report.

It is the responsibility of the Lead Technical Officer to ensure technical validity of the reports as well as to ensure inputs from other Technical Officers from within the PTF and from other partners as needed.

During the one year inception phase and throughout the programme, established and agreed reporting and M & E joint framework format will be used by all UN partners which will be linked to the joint annual workplan and budget.

In line with agreed reporting requirements, the following will constitute the main narrative reporting obligations of the Project:

- Inception phase report: detailing what has been put in place (in terms of institutional arrangements, staff recruitment, assignment/deployment and other arrangements); overall direction of the Project, baseline study, annual work plans of the different components, problems/constraints encountered and adjustments needed in specific cases, etc.
- Annual Report: The PIMU, in collaboration with counterparts and partners, undertake a
 review of the progress with respect to annual work plan and produce the Annual Narrative
 progress report. The report will be reviewed by the PSC and submitted to EU as per General
 Conditions.
- Final Report: At the end of the Project, a final report will be prepared and submitted to the EU. The final report will cover the entire implementation period and will follow article 3.8 of the General conditions. The final report will include:
 - Full description of activities actually carried out with an explanation for any variances with the original plans, agreed modifications or adjustments and a description of accomplishments and difficulties encountered;
 - Description of the process of implementation modalities and the degree to which actual implementation met the original plans in the project document;



- Project performance detailing the degree to which planned activities actually led to the
 accomplishments of expected outputs and the expected outcome. In the case of
 variations, a full account of the circumstances, which prevented progress or delivery of
 services and the measures, should be included;
- The most significant lessons learned from the success or failure of the Project;
- Sustainability plan put in place;
- Recommendations and suggestions for improvements in the financing and execution of related projects.

The annual and final narrative reports will be accompanied by relevant financial reports. Moreover FAO will ensure that special communication and visibility material (such as technical manuals publications, press releases and relevant updates) will also be communicated to the EU delegation, the Government and relevant stakeholders when they are issued.

2.4 COMMUNICATION

In accordance with the relevant provisions under the Financial and Administrative Framework Agreement (FAFA) and as laid down by the Contribution Agreement, visibility actions for this Project will be developed following the Joint Visibility Guidelines for EC-UN Actions in the Field, issued in April 2008. In line with EU requirements, a Communications and Visibility Plan has been developed by FAO and is attached as Annex VI of the Contribution Agreement. This will form the basis for the project to ensure high visibility for the project activities based on EU provided support.

Communication activities will focus on the results and purpose of the Project, targeting general and specific audiences in Papua New Guinea, as well as member countries of the European Union and the wider international community. Communication actions will be aligned with FAO's corporate communication strategy and benefit from the existing expertise and facilities of the Organization's Office for Corporate Communication (OCC).

The main communication and visibility plan activities include the following:

- (i) Preparation and dissemination of relevant communication materials on various aspects of the Project design, implementation and M & E;
- (ii) Project launching and other national visibility events in collaboration with Government Counterparts;
- Sensitization campaigns for awareness raising within Government Counterparts, partners and relevant stakeholders;
- (iv) Field visits and impact coverage from beneficiary perspectives;
- (v) Production of visibility items such as t-shirts, caps and signposts;
- (vi) Printing EU logo in all items procured by the Project.

FAO will take advantage of its expert team and lessons learnt in the application of the Communication for Development approach. Communication for Development (ComDev) is a key driver in agriculture and rural development. It is a results oriented communication process based on dialogue and participation, that allows rural people to voice their opinions, share knowledge and actively engage in their own development. Through a broad range of methods and tools, including local media and ICTs, Communication for Development can maximize the impact of development initiatives, fostering multi-stakeholders dialogue, informed decision making and collective action³⁵.

All UN Agencies are contributing in the communication and visibility plan related activities and outputs and will provide the necessary updates in each annual report.

³⁵ For further reference see: <u>http://www.fao.org/communication-for-development/en/</u>





2.5 PROVISION FOR EVALUATION

The logical framework presented in Appendix I is the agreed framework for monitoring and evaluation based on the EU approved Action Document and Financing Agreement. The UN joint M&E system (based on the annualized joint Annual Workplan and Budgets) will be detailed during the one year inception period and includes relevant quantitative and qualitative indicators agreed to track project progress, outputs and outcomes. The overall results of the M&E will be presented in the interim progress reports and the project completion report, prepared by FAO based on inputs provided by each respective UN agency.

During the inception phase (months 1-12), the current logical framework will be reviewed and updated, particularly with reference to baseline data for key indicators as well as the streamlining and refinement of indicators. FAO will work with its partners to further ensure that activities of the Project and related indicators are accurate and measurable thus allowing to assess the project efficiency and effectiveness in achieving the expected outputs and outcome, which constitute part of the key parameters to determine the impact of the Programme.

In addition, the EU will contract independent consultants to lead a separate mid-term and final evaluation, financed by a separate envelope. The Commission shall inform the implementing partner at least three months in advance of the dates foreseen for the evaluation missions. The implementing partner and other participating UN agencies shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities. FAO has budgeted resources to conduct comprehensive mid-term evaluation and will proactively reach out to the EU to align with or join the EU evaluation exercises and will ensure that the other UN participating agencies and partners on the ground also adequately join the EU evaluation exercises.

An independent Final Evaluation is planned within six months prior to the actual completion date (NTE date) of the project. It will aim at identifying project outcomes, their sustainability and actual or potential impacts. It will also have the purpose of indicating future actions needed to assure continuity of the process developed through the project. The FAO Office of Evaluation, in consultation with project stakeholders and in close co-ordination with the Government, will be responsible for managing the evaluation.³⁶

The evaluation reports will be shared with Government Counterparts and other relevant stakeholders. FAO and the EC, in close collaboration with the other participating UN Agencies, will analyze the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the Government of PNG, jointly decide on the follow-up actions and any required adjustments, including, if indicated, the reorientation of the Project.

For each UN Agency, the project shall be subject exclusively to the internal and external auditing procedures laid down in their respective Financial Regulations, Rules, and directives.

SECTION 3 - SUSTAINABILITY OF RESULTS

3.1 ENVIRONMENTAL SUSTAINABILITY

The Programme will support the Government in its endeavours to foster sustainable development by discouraging unsustainable agriculture and land use by providing alternative economically attractive



³⁶ Project evaluation services are considered direct project costs, as part of technical support provided by FAO.

and sustainable options (cocoa, vanilla, fisheries). With the aim to promote and enhance sinks of Green House Gases, the Programme will specifically avoid the conversion of land use from primary or secondary forest for the production of cocoa or vanilla and, more generally, will help mitigate value chain (including production) emissions.

The Programme will contribute to climate change adaptation through the promotion of climate-smart agricultural practices attuned to specific regional and local climate impacts, providing rural population with enhanced capacity to face slow-onset and extreme climate-related events (e.g. linked to El Niño/La Niña): education, training and public awareness on basic climate adaptation concepts adoption of climate-resilient varieties, diversification and new agricultural systems through an easier access to information and cultivars, promotion of climate proofing of essential transport and renewable energy infrastructures and maintaining the focus on the integration of climate change adaptation into national policy, plans and programmes.

The Programme will benefit from the experience gained in the food security sector by NARI who is implementing an EU-funded project "Strengthening food production capacity and the resilience to drought of vulnerable communities". Based on lessons learned, measures are also planned for the use of soil and water conservation (cocoa boundaries) as well as use of organic fertilizers and composting at farm level and it is also planned to optimise the market potential of the organic but not yet organically certified value chains for improved returns for VC stakeholders and local entrepreneurs.

The planned increased availability and use of renewable energy from the project will not only cut the country's emissions but also allow for decentralised electricity sources without recourse to fossil fuel supplies. To ensure sustainability the use of solar energy kits has been pre-identified as highly suitable for use at farm and enterprise level and will facilitate also local entrepreneurship development for not only supply but also maintenance and repair³⁷.

Integrated with economic sustainability, support is planned to provide renewable energy equipment and technologies to local enterprises that will include cutting down processing costs sustainably for entrepreneurs and, in general, leading to a better processing of cocoa, vanilla, fish and other local food staples such as sago, an important food item that can be stored for long period if properly processed, dried and packaged. It will also include improved use of solar power for improving access of enterprises to improve market access and enhance their communication, banking and access to finance e.g. through the rollout of charging stations and possibly partnering with telcom providers in the use of renewable energy for local towers and banking access points.

Energy efficiency will also be promoted by the Action, for example through the use of higher energy efficiency stoves, with women having a lead role. Environmental sustainability will be supported through ensuring the protection of natural eco-systems, and mitigating against risks to biodiversity and genetic resources. In addition, the project will demonstrate the use and application of renewable energy options at a number of public institutions (schools, hospitals) to demonstrate its applicability and foster increased national capacity to continue to create the appropriate framework and services for the adoptions of renewable energy resources in a sustainable manner and well as to promote the use of high energy efficiency standards and equipment throughout the country.

3.2 GENDER EQUALITY (INCL. YOUTH)

More than 50 percent of the female labour force is engaged in agriculture and women comprise nearly 35 percent of the economically active population in agriculture. Rural women play a prominent role in subsistence food production, agricultural value chains and rural livelihoods. They

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³⁷ Based on EU Expert Renewable Energy mission consultations in April 2019 in Wewak and Port Moresby.

actively participate in livestock and poultry production and in fish farming. Nevertheless, women receive lower wages for agricultural labour, earn less than men from the sale of cash crops, are unequally represented in social forums, and are overlooked both as contributors and beneficiaries in productive economic activities.³⁸

Despite non-discriminatory legislation, women face severe challenges in access to and control over productive resources (land, water, labour, inputs and technology), services (extension, training and credit), markets, and their participation in decision making is limited. Men make important decisions around land use and land management, and women are systematically excluded from access to resources, essential services, and decision making. Overall, highly patriarchal social norms dictate that men make important decisions at all levels, and even though women are beginning to take on more leadership roles, the notion of the 'big man leadership' means that leaders are generally expected to be men. Women's lack of access to collateral means they cannot access financial loans and even though micro-credit initiatives have been established, these have not been successful for female entrepreneurs as they normally use their loans to meet household expenses. Women are less educated and less literate than men and this limit their ability to engage at higher levels of value chains, upgrade their skills, or access ICT for marketing. In addition, women shoulder the bulk of care and community work, which makes them considerably time poor and constrained in engaging in additional activities.

PNG also has extremely high levels of violence against women, which have been connected to household level conflict over negotiation for resources. As a result of all of the above, PNG is ranked in the bottom ten countries of the Gender Inequality Index.

Youth represent over half of the country's population. Young people under 25 make up about 60 per cent of the population in Papua New Guinea (PNG), equating to about 7.3 million inhabitants (UNFPA, 2019). While potentially a key resources for the socio-economic development of the country, youth face many challenges including lack of access to quality education and skill trainings for the labour market, to productive resources and voice. This makes them particularly vulnerable to poverty and involvement in crime and violence as a result of the lack of social and cultural integration, economic opportunity and employment. Young women and girls are further marginalized due to existing social norms and are thus at risk of early marriages and pregnancy.³⁹ Improving youth access to productive resources, pursuing strategies aiming to make agriculture more productive and helping small-scale producers and enterprises to cluster and shift into higher value-added activities in the supply chain can have significant potential to generate decent jobs and reduce poverty.

The deep-rooted discriminatory norms and structural constraints described above mean that women and youth face a number of challenges that need to be overcome in order for this project to succeed. The project will attempt to break down these constraints through an explicit focus on women and youth's socio-economic empowerment, including through voice and collective action, as well as the integration of gender equality and social inclusion across the Action. In addition, it will foster the transformation of gender and social norms through awareness, dialogue and behaviour change communication strategies, among others.

More specifically the project will use a multi-pronged approach including but not limited to: 1) creation of an enabling environment for gender equality and social inclusion; 2) mainstreaming of gender equality throughout the Action; 3) designing and implementing women- and youth- targeted interventions; 4) promotion of awareness raising and behaviour change; and 5) continuous monitoring and feedback loop to allow improvement and adjustment as needed.



³⁸ FAO. Country Gender Assessment of Agriculture and the Rural Sector of Papa New Guinea (forthcoming)

³⁹ http://png.ureport.in; Oaktree, 2016.The Youth Bulge in Papua New Guinea:Challenges and Opportunities

Through gender mainstreaming, the project will ensure that all activities include both women and men as beneficiaries, setting minimum quotas for women and male and female youth as needed, and monitoring progress through gender-, age- and ethnicity- responsive indicators. This will also entail ensuring gender balance in project staffing at different levels.

At the onset of project implementation gender, social inclusion and vulnerability analyses will be conducted to detect the existing gender roles, gaps and constraints and identify leverage points for change in the specific context of the project locations and interventions, including but not limited to the selected value chains. The information needed and data relevant to gender equality and women's and youth's socio-economic empowerment will be also identified through the gender analysis and will contribute to establishing a gender, age and ethnicity/tribal disaggregated baseline. Based on the analysis, the gender strategy and action plan for the project will be formulated.

The project will include enhancing opportunities for women and youth in entrepreneurship, job creation, training and literacy, improved access to livelihoods-related information services through improved digital solution delivery and improved rural-urban linkages. Furthermore, the project will ensure that job creation complies with decent work standards and criteria. This will also include that eventual labour rights violations in the targeted value chains will be assessed, for example in relation to instances of child labour, and consequent actions will be included in the project from both risk management and results perspectives. This is in line with the specific country situation and it is fully aligned with Agenda 2030, - including SDG1: End poverty, SDG5: Achieve gender equality and empower all women and girls, SDG8: Decent work and economic growth and SDG10: Reduce inequality within and among countries - the new European Consensus on Development and the four pivotal areas of the EU Gender Action Plan II 2016-2020.

Some specific examples of project activities include but are not limited to: improvement of market facilities and road infrastructure; provision of gender-responsive labour saving technologies (e.g. solar powered pumps, solar dryer, grinders, improved cooking stoves, etc); financial literacy and capacity development on selected agricultural activities along the selected value chains; awareness raising and access to ICT for improved access to information and markets; establishment of a small grant facility for women's income-generating activities and entrepreneurship; women's group formation, leadership training and empowerment; youth's leadership training, gender awareness and group formation.

The creation of an enabling environment will entail sensitizing project staff, key counterparts and project beneficiaries on the benefits of gender equality and social inclusion. Key gender and youth champions will also be identified among clans, community and religious leaders and community youth who can support the dissemination of gender equality and equity messages at different levels and venues. By taking a proactive approach to promoting awareness raising and dialogue, including through listeners' clubs and behaviours change communication strategies, the project will proactively seek to change perceptions and behaviours that marginalize youth and discriminate against women including in relation to access to resources (e.g. land, inputs) and opportunities (e.g. education, trainings), intra-household division of labour and distribution of care work, and gender based violence. To ensure sensitivity to existing social norms as well as transformation of unequal power relations, the project will seek to engage husbands and wives and households together in value chain activities, while also supporting the formation of women's groups to promote the active participation of women. Additionally, the project may use FAO consolidated methods such as the Dimitra⁴⁰ approach, which has proved successful in changing gender norms and relations and strengthening the participation and voice of women and girls and other marginalized groups by stimulating



⁴⁰ http://www.fao.org/dimitra/about-dimitra/en/

community dialogue and problem solving around key issues of rural development and gender roles and relations. Furthermore, the projects will promote the participation of and facilitate exchange among women's and youth's groups in provincial and national level policy dialogues and fora and proactively feed lessons into national policy processes.

The project also aims to improve availability of data and generation of gender statistics through the generation, compilation and analysis of sex-disaggregated data. The project will collect and maintain sex, age and ethnicity disaggregated and gender-sensitive data for all project activities and promote its systematic use. The data will be included in quarterly and annual reports. Based on yearly gender and social inclusion analyses, further activities might be designed to support women farmers' and youth's empowerment and entrepreneurship and increase the number of female and male youth beneficiaries. The project Gender Specialist in the project team will be actively involved in performance monitoring activities and work closely with the Monitoring and Evaluation (M&E) Specialist to ensure the inclusion of gender-sensitive indicators in activity plans.

The project will showcase successes of women farmers and women and youth entrepreneurs through case studies. Women's and youth's voices will be captured in documentary shootings so to inspire other women and young people, especially young women. The Project will also showcase stories of changed gender relations including for instance men (fathers, brothers, husbands, religious/community leaders, government, market intermediaries etc.) who support women in their process of empowerment.

During the inception phase of the project, a gender-sensitive and rural youth-focused communication diagnostics will also be conducted in the project areas. The diagnostics will look into the needs, practices and information and communications resources available for rural young women and men. Emphasis could be given to assess the adoption and use of ICTs and social media, given the comparative advantage that they represent to provide access to information and communication services to the rural youth. Due attention should be given to the specific needs and concerns of youth of indigenous communities and young rural women.

Once the diagnostic is conducted a subsequent activity could look into Supporting the expansion and development of communication services that could facilitate youth access to employment and agricultural-related information and training, such as digital platforms, social media channels, community media and mobile applications.

Throughout the project, linkages and collaboration will be fostered with the emerging EU-funded SPOTLIGHT project on Gender Based Violence which is also planning to have some activities in the project area as well as the ongoing Markets programme, currently being implemented by UN Women.

3.3 INDIGENOUS PEOPLES41

The indigenous population of Papua New Guinea is one of the most heterogeneous in the world with approximately 312 diverse indigenous tribes and 836 distinct Indigenous languages. Clans inhabit long-standing customary land, and tribal identities and practices remain fundamental to Papua New Guinean society. Up to 97% of the land is held under customary tenure and controlled by different clans (wantok), some of which are matrilineal. Some remote Papuan tribes still have very little contact with the outside world. There is evidence that some rural residents migrate to urban areas to escape tribal violence in their home communities.

⁴¹ Indigenous peoples is the internationally agreed term (United Nations Declaration on the Rights of Indigenous Peoples) and it encompasses tribal peoples, natives, First Nations, pueblos originarios, pueblos autóctonos, nomadic and pastoralists, aboriginal and traditional peoples.



Consistent with FAO's mandate and Policy on Indigenous and Tribal Peoples (FAO, 2010), the project will promote and implement Free Prior and Informed Consent (http://www.fao.org/3/a-i6190e.pdf) to ensure respect, inclusion and promotion of indigenous peoples rights and concerns. Within the project, indigenous peoples in Papua New Guinea are considered fundamental stakeholders and partners, wherefore all communities affected will be equally involved in the participatory mapping to ensure their priorities are taken into account in the project formulation and implementation, as well as their inclusive participation throughout all stages of the project.

In this sense, FAO will follow the six-step procedure to facilitate the Free, Prior and Informed Consent (FPIC) process to minimize risks, build a trust-based relationship and increase ownership and sustainability:

- (1) Identify the Indigenous Peoples' concerned and their respective representatives
- (2) Document geographic and demographic information through participatory mapping (land usage, spiritual practices, traditional ethical codes natural resources, and customary rights)
- (3) Design a participatory communication plan and carry out iterative discussions over which project information will be disclosed in a transparent way
- (4) Reach consent, document Indigenous Peoples' needs that are to be included into the project, and agree on a feedback and complaints mechanism
- (5) Participatory monitoring and evaluation of the agreement
- (6) Document lessons learned and disclose information about project achievements

During project preparation, the design team met with and considered proposals from the Provincial level government as well as 6 visits to various villages in the East Sepik region. These consultations were essential in enabling a cleared understanding of the needs expressed by the stakeholders consulted (producers, (men and women and youth) with focus group discussions with all groups) as well as viewing at first hand their situations and limitations in the three selected value chains.

The project will continue its dialogue with stakeholders and provincial level and local government level stakeholders during the 6 months Inception Period. This will include more in-depth consultations and mapping of the various value chains actors, their roles and needs and current opportunities where the project can intervene to support them. There is agreement that there are many opportunities for indigenous (and tribal) farmers, especially indigenous women to participate in the project but these consultations are essential to ensure that they are effectively reached and benefit from the programme.

3.4 HUMAN RIGHTS BASED APPROACHES (HRBA), INCLUDING RIGHT TO FOOD, DECENT WORK, ACCOUNTABILITY TO AFFECTED POPULATIONS

Through prior and continuous consultation and engagement with the affected populations (farmers, cooperatives, traders, processors, indigenous and tribal peoples), the project will seek to insert and maintain squarely centred a Human Rights Base Approach (HRBA) to its activities and objective. Dialogue will be opened and maintained with indigenous and tribal leaders, the communities, and relevant national and local government agencies to ensure full disclosure and adherence to a HRBA.

The initial value chain assessment will also consider existing human right violations in the specific chains, including labour rights violations such as child or forced labour, and current commitments of existing MSMEs towards improved labour standards.

3.5 CAPACITY DEVELOPMENT





The programme will make significant investments in improving the capacities of enterprises, local agripreneurs as well as government and value chain stakeholders. The project will work within a framework of capacity development, in which the following principles are actively promoted:

- Country ownership: STREIT and its UN Partners will work directly closely with government
 and the private sector/entrepreneurs. Specifically DAL/Cocoa Board and relevant public and
 private partners will be involved in developing, implementing and designing sustainability
 into the project activities and investments to ensure future continuation and sustainability.
 Combining public and private interests will also foster and improve capacities for future
 economic sustainability and enterprise development and growth in the three value chains.
- Low national capacity is a risk and the project will work to strengthen the capacity of key government officials, farmers, private sector actors, youth as well as the capacities of key institutions such as the DAL extension service at local government level as well as at the Provincial level. Enhancing the local capacity at LLG, and Provincial level will positively contribute to providing an evidence base for enhanced policy engagement and development environment.
- A strong technical (national and international) team will be fielded in the province mainly to support, mentor and foster national capacity enhancement including through engagement of government officers such as extension officers and collaborators such as the Cocoa Board in training of VC stakeholders and monitoring and evaluation activities of service providers.
- Collaboration for capacity development with the Cocoa Board and NFA is planned, specifically in the areas to support local enterprise and technical capacity development, e.g., using the Fisheries Training College in Kavieng, as well as the emerging Sepik Rural Technology College which may be a base for more localised training as well as B2B and P2P visits to other islands such as East New Britain and New Ireland for cocoa VC stakeholders and Ley and other areas for Vanilla.
- The private sector will have a key role in the future sustainability of the selected value chains.
 Support will be provided to develop and improve their key skills in not only enterprise management but also in proactively exploring and securing improved markets for higher value added products such as cocoa powder and chocolate in regional and international markets and trade events.
- At provincial level, linkages will be explored with ongoing programmes e.g., SMART COCOA, an initiative under the East Sepik Provincial Government as well as co-financing arrangements. Expansion of existing nurseries and distribution networks (public and private) is planned and will also be used for capacity development and to facilitate rapid startup of the programme in the Sepiks.
- Specific and substantial support will be provided to women as beneficiaries. This will include through dedicated Innovation Fund, with a specific target of 50% for women, including capacity development for use of renewable energy options for lighting, improved stoves for cooking and reduction of drudgery through improved production practices and tools at household and enterprise level.
- With improved knowledge and experiences in sustainable and inclusive value chain development, the capacities of organizations and individuals involved will contribute to an enabling environment. The role of the PSC and consultations with partners have therefore been mainstreamed in the project design and include state, parastatal and non-state actors.
- Capacities of local service and inputs providers will also be strengthened to enable more direct provision of inputs and services in the programme area. This may for example include the early expansion of local bud nurseries as one of the key learnings emerging from the PPAP project and is included in the Inception Workplan.
- The STREIT exit strategy will rest on the viability of the enterprises and supporting environment that are being promoted and supported, improved access to technology, better access to finance and to markets. The financial and economic viability has been examined

and a number of models developed which confirm the viability of improving local enterprises in vanilla, cocoa and fisheries⁴².

⁴² A detailed financial and economic analysis is provided in Appendix VIII indicating that the project interventions in the cocoa and vanilla value chains have high potential but also some risks for which measures have been developed to ensure sustainability. Estimates on returns are also conservatively estimates and include a sensitivity analysis.

Appendix I FAO Logical Framework Matrix

project inception, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and will be updated during the agreed first year of lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators will be disaggregated by sex whenever relevant.

Local market price of fisheries Local market price of fisheries TBD in Increase of x% HIES produces in the Sepiks remains at

Short Changed: the Human and Economic Cost of Child Undernutrition in Papua New Guinea - Save the Children June 2017 When not specified statistics and data will relate to the areas of intervention of the Action within the MOMASE region

