



The PNG carbon market regulatory environment

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Presentation overview

Objectives

To provide a brief overview of:

- 1) History of the REDD+ agenda in PNG
- 2) Current status of voluntary carbon market (VCM) projects in PNG
- 3) New carbon market regulatory environment in PNG

Background and context: the rise of REDD+

- There has been a lot of interest in carbon trading in PNG since 2007, following the progression of the UNFCCC REDD+ agenda in PNG.
- During this early phase, estimates of up to more than 90 carbon trading projects being promoted by foreign project developers (Filer and Wood 2012).

High profile scandals

- The uptake of REDD+ has been largely unsuccessful. Attempts to establish projects have resulted in land disputes and the emergence of ‘Carbon Cowboys’
- Governance perspective: issues of corruption
- Project level perspective: challenges with FPIC, landowner identification and representation, benefit sharing arrangements



Carbon colonialism

By [Stephen Long](#), [Meghna Bali](#), and Max Murch

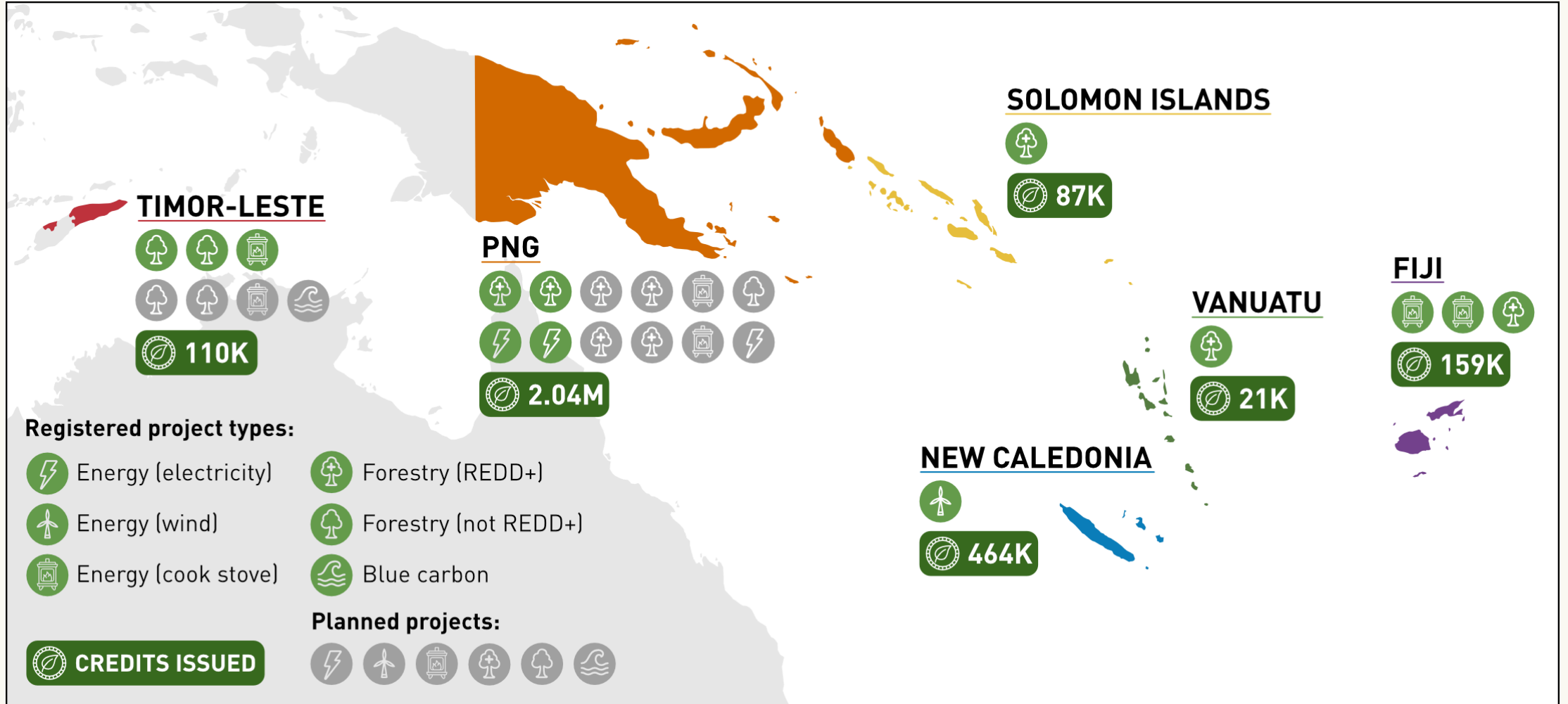


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Overhaul of the carbon market regulatory environment

- The Government has shown a reluctance to promote VCM projects due to these past scandals, instead opting for a coordinated national approach to carbon trading (e.g. PNG National REDD+ Strategy 2017–2027).
- In March 2022, the Government imposed a moratorium on new VCM projects.
- The moratorium is designed to give the Government time to finalise its own carbon market regulation, audit existing VCM projects, and ensure that these projects adhere to PNG's National Approach (Lang 2022).

Voluntary carbon markets in the Pacific



Map of registered and planned voluntary carbon projects in the Pacific and Timor-Leste (Source: Sustineo 2023).

VCM projects in PNG

Papua New Guinea	Project status	Project type	Standard	Project developer	Credits issued	Project registered
NIHT Topaiyo REDD +	Registered	REDD+	VERRA	NIHT Inc.	1,327,442	2020
April Salumei REDD Project	Registered	REDD+	VERRA	Rainforest Project Management Ltd	614,104	2014
Kumbango Pome Methane Capture Project*	Registered	Energy production or conservation (Biogas – Electricity)	Gold Standard	Carbon Bridge Pte Ltd	45,162	2015
Mosa Pome Methane Capture Project*	Registered	Energy production or conservation (Biogas – Electricity)	Gold Standard	Carbon Bridge Pte Ltd	55,390	2015
REDD+ Project in Oro Province	Registration requested	REDD+	VERRA	Kanaka Management Services Private Ltd	N/A	N/A
PNG Communities BEST REDD - Tavolo Project	Registration requested	REDD+	VERRA	FORCERT Ltd	N/A	N/A
Improved Cookstove Grouped Project in PNG	Registration requested	Energy production or conservation	VERRA	Tasman Environmental Markets Asia Pacific Pte. Ltd.	N/A	N/A
Conservation of Native Forest in the Biodiversity Hotspot of PNG	Under validation	REDD+	VERRA	WeAct Pty Ltd	N/A	N/A
Installation of high efficiency wood burning cookstoves in PNG	Under validation	Energy production or conservation	VERRA	C-Quest Capital Stoves Asia Limited	N/A	N/A
Integrated REDD+ Project 1	Under development	REDD+	VERRA	Kanaka Management Services Private Ltd	N/A	N/A
PNG Biomass Markham Valley AR Project**	Under development (estimated)	Forestry (non REDD+)	Gold Standard	Swiss Carbon Value Ltd	N/A	N/A
PNG Biomass Markham Valley Energy Project**	Under development (estimated)	Energy production or conservation (Biomass, or Liquid Biofuel - Electricity)	Gold Standard	Swiss Carbon Value Ltd	N/A	N/A
Total					2,042,098	

Emerging trends in PNG VCM projects

Papua New Guinea	Project status	Standard	Project developer	Credits issued	Est. annual emissions reductions	Project area size (ha)	Date project registered
NIHT Topaiyo REDD +	Registered	VERRA	NIHT Inc.	1,327,442	2,262,521	110,000	2020
April Salumei REDD Project	Registered	VERRA	Rainforest Project Management Ltd	614,104	1,628,812	196,703	2014
REDD+ Project in Oro Province	Registration requested	VERRA	Kanaka Management Services Private Ltd	N/A	8,099,752	418,000	N/A
PNG Communities BEST REDD - Tavolo Project	Registration requested	VERRA	FORCERT Ltd	N/A	168,438	21,782	N/A
Conservation of Native Forest in the Biodiversity Hotspot of Papua New Guinea	Under validation	VERRA	WeAct Pty Ltd	N/A	1,134,215	226,843	N/A
Integrated REDD+ Project 1	Under development	VERRA	Kanaka Management Services Private Ltd	N/A	20,012,952	1,317,082	N/A

Status of the new carbon market regulatory environment

- The Government of PNG has significantly bolstered its carbon market regulation.
- This is in part due to recent scandals with REDD+ projects, as well as an effort from the Government to use carbon markets to achieve development objectives, including NDCs.
- CCDA is the lead government agency responsible for coordinating carbon trading activities.

Key legislation, regulation, and guidelines

- *Climate Change (Management) Act 2015 (as amended)*
 - *Forthcoming Climate Change (Management) (Carbon Markets) Regulation 2023*
 - CCDA's REDD+ Guidelines:
 - National REDD+ Development Guidelines
 - National REDD+ FPIC Guidelines
 - National REDD+ Benefit Sharing and Distribution Guidelines
 - National REDD+ Grievance Redress Mechanism Guidelines
- ❖ Note that CCDA has informed us that the REDD+ Guidelines are applicable to non-REDD+ projects
- ❖ The Guidelines are more than just 'guidelines'. They are referenced by the Act and the Regulation

Regulatory environment: what to pay attention to?

- PNG's regulatory framework has been specifically developed for REDD+ projects.
- The regulatory requirements are rigorous, likely to be more suited to large-scale REDD+ projects where economies of scale can be achieved and the transaction costs are not as significant.
- Extensive engagement and involvement of government at both the national- and provincial-level throughout the design and implementation of VCM projects.

Regulatory environment: What to pay attention to?

- **Land and social mapping:** Regulatory requirements state that landowner investigation studies, and landowner identification and social mapping must be conducted.
- **Benefit sharing and distribution:**
 - Customary landholding community = minimum of 60%
 - Project developer = maximum of 40%
 - CCDA = 7%
 - Sub-national government levels = between 3-5%
- **Extensive government approval process:** government reviews and approvals are required at multiple stages of project development, sometimes from national-level committees

Thank you!

For further questions and inquiries, contact:

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