



The Programme

The UK Government's UK Climate Change Unit (UKCCU) commenced implementation of its £11 million '**Green Economic Growth Programme for Papua Provinces**' (GEGPP) on October 1, 2017. Implementation of this programme is expected to run for 5 years.

What is the rationale for GEGPP?

The starting point of the GEGPP derives from genuine concerns that Papua may follow the same development pathway as other forest resource rich provinces (e.g., Sumatra and Kalimantan) that have led to wholesale destruction of the forest resource. Papua has the largest area of intact natural forest in South East Asia (31 million hectares). The regional Gross Domestic Product is around \$6 billion. Approximately, 84% of Papua's population (around 1.766 million people) directly depend on forests for 50% of their livelihoods or are affected by what happens in upstream forest areas. Papua is currently on a high-risk, carbon-intensive growth trajectory, and at risk of further unplanned extraction of its natural resource assets (this sector accounts for 80% of Papua's economy). The most disturbing aspect of this situation for indigenous Papuans is the on-going and unsustainable trade in illegal logging, which is overwhelmingly under the control of non-Papuans.

The Government of Papua is ready to pursue an alternative low carbon pathway. The provincial government's 'Vision 2100' and 'Blueprint for Sustainable Land Use' aim for an economic model that delivers equitable growth, is ecologically sustainable, and improves the lives of Papuans. The Provincial Spatial Plan for Papua sets an ambitious target of 90% forest cover and aims to reduce the area previously earmarked for planned deforestation by 21%. The GEGPP represents the next phase of UKCCU support; it is providing technical support for selected Papuan small holder farmers and SMEs to develop from the bottom-up, while increasing the confidence to go-into-business. The Programme aims to increase the confidence of local authorities to manage local economic development and attract investors to green businesses in rural and urban regions of Papua.

The programme will identify and support a portfolio of nascent Papuan agribusiness smallholders and SMEs that will be the basis for a more comprehensive green investment strategy for both provinces in Papua. The success of selected small holder farmers (SHFs) and micro, small medium enterprises (MSMEs) should catalyse more green investment by leveraging successful Programme interventions to attract support from other donors, local government funding and ultimately private finance to support potential green enterprises in both provinces.

The programme will address five critical issues preventing Papuan small holder farmers (SHFs) and micro small medium enterprises (SMEs) from developing sustainable agribusiness enterprises and viable small businesses:

- Weak capacity (low levels of education, lack of knowledge and basic business skills) of SHFs and SMEs;
- Papuan SHFs and SMEs in remote rural locations struggle to produce commercially viable volumes of commodities and have very limited access to markets;
- Most Papuan SMEs have difficulty accessing commercially viable amounts of credit and face high entry barriers;
- A lack of coordination and synergy among key government agencies and donors that are supposed to support Papuan SHFs and SMEs;
- The high cost of official licensing and permits required to do business, and the unofficial costs associated with local rent seeking.

Programme implementation has been structured around 5 technical work streams:

1. **Market Systems Analysis (WS1)** - The GEGPP will identify, define and pilot test the changes to market systems which are needed, in order to enable wide scale adoption of sustainable crop farming systems and land use practices (and thus improved climate resilience). Many of those systems are not specific to only GEGPP target beneficiaries and may affect a wider group of farmers.
2. **Socio-economic Planning and Gender Analysis (WS2)** - The GEGPP will address the chronic capacity deficits that challenge rural Papuan SHFs and hamper their ability to compete with the agrarian trading/cultures of non-Papuan migrants, especially in more remote locations like the highlands. A customised and culturally appropriate adult education methodology will equip SHFs with higher level “soft skills” such as self-organising and economic development planning skills.
3. **Farming Methods and Production Systems (WS3)** - The GEGPP will assist SHFs adopt sustainable crop systems and land use practices. The crops, value added products, and MSMEs selected and the supporting activities provided by the GEGPP team will be guided by a core set of internationally recognised sustainability principles. WS3 will address the specific technical needs of each producer-farmer through effective basic training to increase yields, improve quality, and ensure consistency and stability. The training will vary, based on the specific commodity and producer relationships.
4. **Credit, Finance and Small Business Development (WS4)** - The GEGPP will assist financial service providers become more active and build a portfolio of loans in the agriculture and agribusiness sector targeting indigenous Papuans. The delivery of WS 4 will require working partnerships with local banks, financial institutions and other rural credit / finance initiatives such as ‘PROSPEK’ and ‘Gerbang Mas Hasrat’. Public funding opportunities through the Dana Desa will also be explored.
5. **Business Incubator and Investor Engagement (WS5)** - The GEGPP will help ensure improved access to business support services and investment funding to green growth oriented lead firms, ISPs and SMEs through a structured incubation and investment facilitation process. WS5 will have a combined function of coordinating the provision of business support services to ISPs and SMEs and facilitate investment into green growth oriented lead firms through a structured incubation and investment facilitation process.

The Programme has identified the following commodities, products and services that have potential to be developed into green, commercially sustainable enterprises by Papuans:

- Agroforestry: Coffee, Cacao, Coconut Products (VCO, vinegar, charcoal)
- Spices (vanilla, black pepper, nutmeg)
- Seaweed (and down-stream products)
- Sago
- Cassava
- Timber (modular houses, furniture)
- Eco, Cultural, and Adventure Tourism
- Non-timber Forest Products (massoia, damar, akar wangi, nilam, honey, red fruit)
- Renewable Energy: Micro Hydro, Solar Energy, Biogas
- Local Transportation and logistics services to support commodity producers
- Post harvest processing and value-added services to support commodity producers