



Support to Rural Entrepreneurship, Investment and Trade in Papua New Guinea (STREIT PNG)

BACKGROUND

In November 2018, the EDF Committee approved an initial *Action Document for*, €85 million (under the 11th European Development Fund (EDF) 2014-2020), detailing the main areas that would be covered by this project and a Financial Agreement was signed by the EU on 06 February 2019 to be countersigned by the PNG Government.



Based on the development priorities of Papua New Guinea (PNG), the Project aims at improving sustainable and inclusive economic development and job creation in the Momase Region, with a specific focus on women, youth and climate change. The Project will enable 'hard components' (transport infrastructure, energy access) to be connected with 'soft components' such as financing, training, market access, trade and other value chain support services for commodities, facilitated by the sustainable implementation of digital technologies, services and solutions, under a conducive business environment in order to foster and stimulate climate-resilient rural development activities.

With a view to spurring rural entrepreneurship, investment and trade whilst promoting a safe and sustainable environment, the Project is fully in line with the priorities of the new European Consensus on Development and will contribute to the achievement of Agenda 2030. The broad scope of the Sustainable Development Goals (SDG) coverage is due to the integrated nature of the objectives of this Action that aim to foster economically, socially and environmentally sustainable development in an integrated and holistic way.



OBJECTIVE

The general objective of the project is to increase sustainable and inclusive economic development of rural areas. The specific objectives (SO) of the project are:

SO1: Increased economic return from three selected value chains in the selected regions.

SO2: Strengthened, climate resilient and more efficient value chain enablers.

FOCUS AREAS

The focus area of this project is sustainable development of the value-chain for *Cocoa*, *Vanilla* and *Fisheries* sectors.

BENEFICIARIES

It is anticipated that a total estimate of 250,000 beneficiaries of which twenty-five (25) percent are women will benefit from this project.

PROJECT VALUE & DURATION

The total estimated value of the project is € 85 million (c. PGK321 million) and will have a five-year duration with a one-year inception period included to ensure consultative processes and optimise risk management.

GEOGRAPHICAL SCOPE

The geographical scope of the project will initially be focused on the East Sepik and Sandaun provinces. After the mid-term review of the project, cocoa value chain development activities will be considered for expansion to the neighbouring provinces of Morobe and Madang for those activities that require heavier localised investment.



EXPECTED IMPACTS

- i. **Improved income:** 20% increase for cocoa, vanilla and fisherfolk, and other value chains actors e.g. fermentaries.
- ii. **Improved nutrition and health** – improved availability of fish to address stunting, increased incomes for diversification of food baskets.
- iii. **Job creation:** 2,000 jobs
- iv. **Roads:** up to 250 km of feeder/ring roads upgraded and maintained by the communities sustainably.
- v. **Energy:** Renewable solar energy provided to 20,000 households, over 200 enterprises, improved stoves with low energy use for cooking for over 100,000 households
- vi. **ICT:** Improved access to phone and faster speeds for digital services in rural areas.

POLICY RELEVANCE

The Project was strategically developed in alignment to national plans and policies of the Government of Papua New Guinea. The EU recognizes the PNG Vision 2050 and the Development Strategic Plan 2030



as important guides to the nation's development in the medium to long-term. The recently launched Medium Term Development Plan III sets out the Government's development priorities for the next five (5) years (2018-2022) with greater focus on sustainable and inclusive economic growth in which this important value-chain development programme will overall contribute immensely to *Key Result Areas (KRAs)* 1 (increased revenue and wealth creation), 2 (Quality infrastructure and utilities), 3 (sustainable social development), 5 (Improved service delivery), 6 (improved governance) and 7 (Responsible sustainable development).

IMPLEMENTATION ARRANGEMENTS

The EU has identified the Food and Agriculture Organization of the United Nations (FAO) as the lead Implementing Agency supporting the PNG government agencies to deliver the project. FAO is a specialized technical agency of the United Nations established in 1945 (and operating in PNG since 1975) with technical expertise in areas including food security, agriculture, fisheries, forestry, climate change, environmental conservation and rural development. FAO will also collaborate with other UN partners as required to leverage the comparative expertise and strengths of the UN system.

The government agencies leading the implementation of the project include the Department of National Planning and Monitoring, Department of Agriculture and Livestock, Cocoa Board, National Fisheries Authority, Department of Communications and Information Technology and Energy, Department of Works, and the Provincial and District Administrations of East Sepik, Sandaun, Morobe and Madang provinces.



MONITORING AND REPORTING

A multi-stakeholder Project Steering Committee (PSC) will be established to guide and oversee the implementation of the project. The PSC will be jointly chaired by the EU and the National Authorizing Officer of EDF. Other members of the PSC will be representatives of the Department of Agriculture and Livestock and FAO, as well as of senior government officials from beneficiary institutions/entities, civil and private sector representatives. A Project Implementation and Management Unit (PIMU) in Wewak, will be established to support the day-to-day management, coordination and monitoring of project activities. 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).

