



Pre-feasibility Assessment for Forest Conservation Project with Payment for Ecosystem Services Finance

Yavusa Kavula and Navucivuci Tribal Land, Vanua Levu, Fiji

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Glossary

ADB	Asia Development Bank
ADRA	Adventist Development and Relief Agency
ECAP	Ecosystems-Based Climate Adaptation Project
EFA	Eligible Forest Area
FDB	Fiji Development Bank
GIS	Geospatial Information Systems
ICROA-	International Carbon Reduction and Offset Alliance
LLEE Fiji	Live & Learn Environmental Education Fiji
Mataqali	Fijian language for landowning clan
PES	Payment for Ecosystem Services
REDD+	Reducing Emissions from Deforestation and Forest Degradation
SWOT	Strengths, Weaknesses, Opportunities, and Threats
iTLTB	iTaukei Land Trust Board
VCM	Voluntary Carbon Market
WCS	Wildlife Conservation Society

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1 Executive Summary

In November 2022, Live and Learn Environmental Education Fiji under the EU-funded “Ecosystems-Based Climate Adaptation Project” (ECAP) engaged the Nakau Programme to prepare a *Pre-Feasibility Assessment of Yavusa Kavula and Navucivuci Lands for potential Payment for Ecosystem Services (PES)*.

The assessment investigates the potential of two sites located in Vanua Levu in Fiji’s Northern Division for community forest conservation projects with PES finance from the voluntary carbon market. Under the ECAP project, 17 communities have received support in livelihood, land use planning and PES since 2020. All sites were subjected to an eligibility and suitability assessment using the Nakau PES screening tool through which Kavula and Navucivuci were pre-selected as the target sites for this assignment. Both communities have agreed on and mapped forest areas to be protected under conservation leases which cover 1336.3 hectares in Kavula and 809.4 hectares in Navucivuci.

The proposed PES activity in both sites is the prevention of commercial logging and active forest conservation management. Both proposed forest areas are covered by moderately disturbed and undisturbed native forest which would be threatened by commercial logging in the absence of PES project activities. This circumstance demonstrates the additionality of the proposed PES activity. Forest inventory reference data estimates an average commercial timber yield of 89 m³ per hectare which is considered sufficient for a commercially viable logging operation in the baseline. In a project period of 30 years, logging is assumed to occur in two 15-year rotations, where 50% of the commercial yield is extracted in each rotation. Over the 30-year project period, avoided logging would generate significant emission reductions and carbon benefits of 8734 t CO₂ per year in Kavula and 5963 t CO₂ per year in Navucivuci. The details of the carbon analysis are presented in chapter 8.

The feasibility assessment was carried out in social and financial dimensions. The social component assessed the extent to which the communities can meet the social and governance requirements of the Nakau PES methodology and Plan Vivo International Carbon Standard, based on results from social interview questions carried out with LLEE Fiji local experts. The financial assessment projected and compared project costs and potential PES revenue using voluntary carbon market prices, operational cost data and forest carbon accounting results based on secondary data. The methodological details of the social and financial assessments are presented in chapter 3. Additionally, the remaining 15 potential sites were assessed at a lower level of detail to provide considerations and recommendations for further development.

Our assessment indicates that PES projects would be **financially feasible** in both Kavula and Navucivuci in terms of income and cashflows to sustain and meet all project costs over a reference period of 15 years from 2026-2039. The project development costs are estimated at FJD \$342,798 and are assumed to be sourced through donor or private sector finance. We have estimated that the average per annum revenue available from carbon credit sales would amount to FJD \$325,413 in Kavula and FJD \$248,200 in Navucivuci. The average surplus from carbon credit sales (after deduction of operational expenses) available for community benefit sharing and the continued development of alternative livelihoods would amount to FJD \$193,826 per annum in Kavula and FJD \$165,403 per annum in Navucivuci. The detailed results of the financial feasibility assessment are presented in chapter 9.

Our assessment indicates that PES projects would be **feasible from a social and project governance perspective** in both Kavula and Navucivuci. A SWOT analysis of social assessment findings in both sites identified significant strengths and relatively few risks. The most important strengths related to PES project governance are clear and uncontested land ownership and absence of land tenure conflicts,

the presence of functional social governance systems and dispute resolution mechanisms, the existence of active community cooperatives with the capacity to govern livelihood activities and income streams and existing experience with managing land use leases and shared benefits across several mataqali. The most important risks related to PES project governance are a lack of inclusiveness of the traditional governance system regarding women's involvement in land use decision making, and a lack of inclusion of secondary landowners and settlers as project beneficiaries and potential associated grievances over income and restrictions over the use of land and forest resources. The detailed findings of the social assessment are presented in chapter 7.

Our overall assessment is that PES projects both in Kavula and Navucivuci would be **feasible from a financial and social perspective** if funding can be sourced for project development and the identified social and project governance risks are managed. In chapter 10, we provide a synthesis of the financial feasibility results and present recommendations on how the identified governance strengths could be leveraged to benefit PES project development and how the risks should be managed and mitigate potential constraints.

2 Introduction

2.1 Overview

Live and Learn Environmental Education (LLEE) Fiji under the EU-funded "Ecosystems-Based Climate Adaptation Project" (ECAP) engaged the Nakau Programme to prepare a *Pre-Feasibility Assessment of Yavusa Kavula and Navucivuci Lands for Payment for Ecosystem Services Finance*. The Project is intended to support the development of community forest conservation projects with payment for ecosystem services (PES) finance in Vanua Levu, Fiji.

Prior to Nakau's engagement, LLEE Fiji had pre-selected 17 sites for potential PES project development. Through a systematic screening of all sites, Kavula and Navucivuci were selected as the target sites to carry out a more thorough pre-feasibility assessment. The 15 other potential sites were investigated in less detail for future consideration.

The present report is the final deliverable of the assignment and presents the methodology, results and conclusions of the social and financial pre-feasibility assessments in Kavula and Navucivuci. The report further provides an overview over site screening results and considerations for 15 additional potential project locations.

2.2 Plan Vivo and the Nakau Methodology

This study assumes that Plan Vivo is the carbon standard used for verifying carbon credits generated through the proposed projects. Plan Vivo is Nakau's preferred standard for PES projects due to its suitability for social and environmental circumstances in the Pacific region and the emphasis on non-carbon co-benefits like ecosystem services, sustainable livelihoods and biodiversity conservation. Nakau's PES project methodology is closely aligned with the Plan Vivo requirements and designed to be replicable under a range of social, environmental and governance conditions. Plan Vivo has recently been upgraded to version 5 which is ICROA-endorsed and includes a number of changes that increase the integrity of carbon certificates without changing Plan Vivo's focus and objectives.

2.3 Objectives

The main objectives of this assignment are to a) assess and inform on the feasibility of developing PES projects in the two target sites Kavula and Navucivuci, and b) to screen and provide recommendations for further steps in 15 additional potential locations in Vanua Levu, Fiji. The overall feasibility of the two target sites is assessed in two components: Social feasibility, based on project owner capacity to meet project governance requirements and financial feasibility, based on forecasted project costs and income from carbon benefits. The main objectives are guided by the following specific objectives:

- Inform on biophysical site features relevant for PES project requirements in the target sites;
- Inform on the extent to which the target communities can meet the social and governance requirements of the Nakau methodology;
- Estimate potential carbon emission reductions and carbon benefits generated from project activity in the target sites;
- Forecast carbon revenue and project operational expenses and determine project financial feasibility in the target sites;
- Provide conclusions and recommendations to support further project development in the target sites;
- Inform on strengths and weaknesses and provide considerations for 15 other potential locations pre-selected by LLEE Fiji.

3 Methodologies

3.1 Site Screening

Nakau has developed a site screening methodology to verify the potential of an area and landowning community for the development of a PES project under the Plan Vivo Standard. The four sites Kavula, Navucivuci, Naniudrau and Naisamuwaga had previously been shortlisted as target sites by LLEE Fiji. The screening of these sites was carried out in a workshop with LLEE Fiji and Nakau participants with application of the Nakau site screening methodology. The site screening process follows the procedures described below:

1. Site eligibility check: Verification of 6 mandatory requirements for PES project development under the Plan Vivo standard;
2. Site suitability check: Verification of 24 criteria that facilitate PES project development under the Nakau methodology;
3. SWOT analysis: Comparison of strengths, weaknesses, opportunities and threats of each site;
4. Site ranking and shortlisting for financial and social feasibility assessment

As a result from the site screening, Kavula and Navucivuci were selected as the target sites for further investigation under this assignment. The screening results from the workshop are presented in Annexes 3 and 4.

3.2 Mapping of Land Cover and Project Areas

The LLEE Fiji team provided spatial data on different types of land use in both proposed project areas. The land use and conservation area data are the result of land use planning and stratification exercises previously carried out by LLEE Fiji with the communities. Additionally, the LLEE team provided spatial data of the communities mataqali boundaries and villages, supplied from ITLTB, and active and inactive forestry and agricultural leases over both areas from the Ministry of Forestry. The spatial data

were overlaid with open-source satellite imagery in QGIS to create maps of land use and conservation areas. To create the Eligible Forest Area (EFA), 10-meter river buffer zones and areas of slopes above 25 degrees were mapped through spatial analysis and subsequently extracted from the proposed conservation compartments. The conservation compartments were further stratified according to forest condition, based on a visual interpretation of forest canopy characteristics using open-source high resolution satellite imagery, as shown in the table below:

<i>Table 1: Characteristics of disturbed and undisturbed forest in the project areas</i>	
Forest Condition	Visible Characteristics
Undisturbed old-growth forest	Uniformly closed and dense canopy with frequent presence of large tree crowns
Disturbed old-growth forest	Mostly closed canopy, less dense with presence of canopy gaps and areas of forest cover loss

3.3 Carbon Analysis

At the time of this assessment, there was no site-specific data available on forest biomass and carbon stocks in Kavula and Navucivuci conservation areas. As a reference, forest inventory data from the Drawa Forest Conservation Project located in central Vanua Levu was sourced, which is expected to be comparable in terms of forest biomass and carbon stocks. The emission sources and carbon pools included and excluded in the carbon analysis are presented in the table below:

<i>Table 2: Emission sources and sinks included in and excluded from the carbon analysis</i>		
Emission Source/Sink	Carbon Pools included in the Analysis	Carbon Pools excluded from Analysis
Baseline Emissions	- Woody biomass of extracted logs and harvest residue - Deadwood from harvest residue and logging damage	- Non-woody biomass - Organic litter - Soil Carbon
Baseline Removals	- Woody biomass increment from forest growth - Carbon sequestered in long-lived wood products	- Non-woody biomass - Organic litter - Soil Carbon
Project Emissions		Potential Leakage
Project Removals	Woody biomass increment from forest growth	- Non-woody biomass - Organic litter - Soil Carbon

3.4 Social Assessment

The key objectives were to assess the social conditions of the two target sites recommended by LLEE Fiji and understand if the two communities can meet the social and governance requirements of a PES project, based on Nakau's methodology and experience. The objectives were investigated through key informant interviews using a Talanoa approach with eight guiding questions, each with further sub-questions. The questions were shared with LLEE Fiji prior to the interview, enabling them to gather data and information. The following table presents the guiding questions, as well as the desired information outputs.

<i>Table 3: Guiding questions used in the key informant interviews</i>	
Guiding Questions	Expected outputs
1. General information	Information on villages, households, population, mataqali; Information on types and status of leases on land
2. Who 'owns' the land and forest and how is it used?	Information on levels of land tenure (primary, secondary) and user rights; Information on potential disputes over landownership or resource access; Information on land use and forest utilization
3. Who would be the beneficiaries of a potential PES scheme involving these lands?	Information on potential beneficiaries and non-beneficiaries of a PES project and carbon income/benefits
4. What are the existing governance arrangements in relation to land and social/economic benefits that derive from land and natural resources?	Information on local/traditional governance system; Information on inclusiveness of local governance system; Information on effectiveness of local governance system to enforce rules; Information on dispute resolution mechanism
5. What are the existing community governance arrangements /capacities for the management of a PES project and the distribution of benefits	Information on local entities engaged in livelihood management; Information on inclusiveness of local entities; Information on potential capacity for managing a PES project and benefits under the Nakau Methodology
6. What role can local institutions play in PES project implementation?	Information on local institution engaged with target communities; Information on partnerships and programs; Information on capacity of local institutions to support PES project development; Information on previous conservation activities
7. What are the community aspirations regarding the PES project?	Information on community expectations from a PES project; Information on community concerns about a PES project; Information on needs and preferences for livelihood improvements
8. What role has the PES project to support vulnerable and disadvantaged people?	Information on vulnerable or disadvantaged groups; Information on roles of vulnerable or disadvantaged groups in the community; Information on empowerment of vulnerable/disadvantaged groups

The detailed questions and sub-questions are available in the Annex 6 of this report. The detailed findings from the social assessment are presented in Chapter 7. The key findings from the social assessment are synthesized in a SWOT analysis that highlights the strengths, weaknesses, opportunities and threats regarding the social conditions in each site.

4 Eligibility of proposed sites for PES Projects

4.1 Baseline Scenario

The most credible baseline scenario in the absence of project activities is most likely commercial logging, as is justified through in the simplified barrier analysis presented in the table below. Logging

in the baseline is expected to occur in two rotations of 15 years each, totalling a project period of 30 years.

<i>Table 4: Justification of commercial logging as a credible baseline activity</i>	
Baseline activity:	Logging of undisturbed old-growth natural forest Logging of disturbed old-growth natural forest (Re-entry logging)
Environmental Barriers	There are no environmental barriers to logging in the proposed project sites. The areas are suitable for logging in terms of topography. The terrain consists mainly of slopes below 25 degrees. The forest type in both areas is old-growth lowland forest which is expected to yield sufficient commercial timber resources to allow for a viable commercial logging operation.
Legal barriers for baseline activity:	There are no legal barriers for logging the forest in the proposed project areas under the Fiji forest regulations. River buffer zones and steep slopes where logging is not permitted according to the Fiji Timber Harvesting Code of Conduct 2013 were removed from the EFA for carbon credit estimation (see Table 7)
Investment barriers for baseline activity:	There are no investment barriers for logging to occur at the proposed project sites. The logging contractor is Fiji Hardwood Corporation currently holds and operates forestry leases in both in Kavula and Navucivuci lands and thereby demonstrates the capacity to finance logging operations.
Technical Barriers	There are no technical barriers to logging at the proposed project site. The logging contractor Fiji Hardwood Corporation currently holds and operates forestry leases in both Kavula and Navucivuci land and thereby demonstrates the technical capacity to carry out a logging operations.
Socioeconomic barriers	There are no socioeconomic barriers to logging. Both Kavula and Navucivuci lands were partially logged in the past and have current logging operations underway. Without the option of PES finance, the area would most likely be placed under a forestry lease for logging.

4.2 Project Additionality

Kavula and Navucivuci communities plan to establish conservation leases if the development of forest carbon projects is found feasible. There is a lack of financial incentives to establish a forest conservation lease without the prospect of PES income, which would be a barrier to prevent the project activity. The communities also face barriers to establishing forest carbon projects without external financial and technical support from a project coordinator. Due to the financial and technical barriers, there is a high probability that the proposed conservation area would be logged in the absence of project activities. Both areas could further be legally logged under the Fiji forest legislation which is demonstrated by the presence of active forestry leases and logging operations managed by the Fijian Hardwood Company in both areas. The proposed project areas were further leased by the Fiji Forestry Industry Company and have been partially logged in the past.

The combination of existing logging threats and financial/technological barriers to forest conservation in the absence of project support demonstrates that the project activity would be additional in both sites. By meeting the project additionality requirements, both areas have demonstrated eligibility for the development of forest carbon projects under the Plan Vivo Standard.

Whilst both sites were originally intended to operate and sell carbon credits under the Fiji National REDD+ program, to date, the program has not reached the monitoring stage where credits are issued. The Fiji Government is still engaged in a national REDD+ program under the World Bank's Forest

Carbon Partnership Facility¹ until 2024 but has signalled political support to voluntary market projects beyond 2024.

5 Site Details: Yavusa Kavula

5.1 Location of Proposed Project Area

Kavula land is located in the Bua Province in the southwestern region of Vanua Levu, Fiji and covers an area of 5739.3 hectares that is owned by five mataqali. A map of the mataqali land is provided in Figure 3 (Annex 1). The population mostly resides across Kavula and Banikea villages located to the north of the proposed project area.

5.2 Land Cover

There are several active and non-active forestry leases on Kavula land and the proposed project area. The leases are held by three different companies, the Fiji Hardwood Corporation, the Fiji Forestry Industry Limited and Fiji Pine Limited (see map in Figure 4, Annex 1). The data supplied by LLEE Fiji indicates that all of the leases are currently active. However, a more thorough investigation indicates that Fiji Forest Industries Ltd company (displayed in dark brown in Figure 4) has gone into liquidation. According to the data provided, this lease was scheduled to expire only on the 31st of December 2025. The Fiji Pine Ltd lease (in cream in Figure 4) is still active, with pine plantations being harvested. The Fiji Hardwood Ltd lease (in orange in Figure 4) is also still active and set to expire in 2038. A summary of the lease details, provided by the Fiji Ministry of Forestry, is presented in the table below.

<i>Table 5: Information on leases on Kavula land</i>					
Lease Type	Company	Status	Lease Commence	Expiry Date	Area (ha)
Forestry	Fiji Hardwood Corp.	Active	01-07-1988	01-07-2038	367.9
Forestry	Fiji Pine Ltd	Active	n/a	n/a	462.2
Forestry	Fiji Forestry Industry Ltd	Inactive	01-01-2006	31-12-2025	3140.4

Source: Fiji Ministry of Forestry

The LLEE Fiji team hosted a land use planning exercise in the Kavula communities which resulted in the stratification of several distinct land use zones with proposed borders as shown in the map in Figure 5 (Annex 1). The different land use areas were demarcated by the village leadership, with inputs from the community members including women but the borders have not been confirmed through an FPIC process.

5.3 Conservation Lease

The proposed conservation lease area covers 1336.3 hectares and is allocated in an area formally designated for commercial logging under the forestry lease owned by the company Fiji Forestry Industry Ltd. The area was recently excluded from the forestry lease with the intention to establish a forest conservation lease and a forest carbon project (see map in Figure 5, Annex 1). Currently, LLEE Fiji is supporting the community to achieve the eligibility requirements of carbon trading under an international standard. The Fijian Government, specifically ITLTB is advocating for a 99-year conservation lease agreement, whilst LLEE Fiji is aiming for a 30-year lease, based on Nakau's model applied in the Drawa project. The ITLTB has also offered to forgo the rent for the lease for the first 5-

¹ <https://www.forestcarbonpartnership.org/country/fiji>. Accessed on 21 December 2022

years if a carbon project is established under the National REDD+ Programme but it is not known if a similar arrangement is available for a VCM project.

<i>Table 6: Area breakdown of the land use planning on Kavula land.</i>		
Land Cover	Area (ha)	% Area
Conservation Area	1336.3	23.3
Farming Area	1139.0	19.8
Grazing Area	186.2	3.2
Other	3,077.8	53.6
Total	5739.3	100.0

5.4 Proposed Eligible Forest Area (EFA)

The EFA is the protected forest area designated to generate carbon credits, which corresponds to the area where logging would be legally allowed to occur in the baseline scenario. Within the proposed conservation area, a spatial analysis was carried out to systematically exclude the areas that are not eligible for logging according to the regulations from the Fiji Timber Harvesting Code of Conduct 2013 (see Table 7). These are areas with steep slope above 25 degrees as well as buffer zones around rivers and streams. In this analysis, it is assumed that the majority of the streams in the conservation area are below 10m wide which requires buffers of 10m width.

<i>Table 7: Forestry regulations relevant to commercial logging in Fiji</i>	
Parameter	Regulations in Fiji Timber Harvesting Code of Conduct 2013
Stream Buffers ²	
Stream width >20 m	Buffer width: 30 m
Stream width 10-20 m	Buffer width: 20 m
Stream width 0-10 m	Buffer width 10 m
Slope ³	
Maximum slope where felling is allowed	Felling should not occur in areas where the average slope exceed 25 degrees over a distance of a 100 metres.

After the exclusion of non-eligible areas, the potential EFA in Kavula covers a net area of 1177.3 hectares, which represents 88% of the proposed conservation lease area. A map of the EFA is provided in Figure 6 (annex 1).

<i>Table 8: Proposed EFA and non-eligible forest area for carbon crediting in Kavula land.</i>		
Land Cover	Total Area Size (ha)	% Area
Total Area	5,739.3	100
Total Conservation Lease	1336.3	23.2
Non-eligible areas (river buffers and steep slopes) in conservation lease	159.0	3.0
EFA	1177.3	20.2

² Reference: Fiji Timber Harvesting Code of Conduct 2013 Section 9, page 11-12.

³ Reference: Fiji Timber Harvesting Code of Conduct 2013 Section 11, page 22

5.5 Forest Condition

The northern part of the conservation lease in Kavula was commercially logged approximately 20 years ago⁴. The forest in these areas is disturbed, as is informed by a visual interpretation of the forest condition using open-source satellite imagery (Google Earth) that reveals canopy gaps and areas of forest cover loss which can be attributed to historical felling activities and clearing for forest roads. Logging occurred in compartments 3-5 in an area of 441.0 hectares. In the southern part of the conservation lease in compartments 1 and 2, satellite imagery shows the forest canopy to be uniformly closed and dense. It is assumed that these areas were not previously logged and that the forest condition is undisturbed. The undisturbed forest area covers a total of 736.3 hectares. The boundary of the EFA and disturbed/undisturbed compartments is presented in the map in Figure 6 (Annex 1).

Table 9: Areas of disturbed and undisturbed forest within the EFA in Kavula land.

Forest Condition	Area Size (ha)	% of EFA
Undisturbed Forest	736.3	63.0
Disturbed Forest	441.0	37.0
Total	1177.3	100.0

6 Site Details Navucivuci

6.1 Location of Proposed Project Area

Navucivuci land is located in the Bua Province, in southwestern Vanua Levu, Fiji and covers 3320.4 hectares owned by one mataqali. Navucivuci borders Kavula to the southeast. The area comprises coastal plains and extends into the mountains in the hinterland. The mataqali populations resides in Saolo village, located on the coast. A map of the area boundary is provided in Figure 7 (Annex 2).

6.2 Land Cover

There are eight active and non-active leases in the Navucivuci area. The map in Figure 8 (Annex 2) shows all the lease area locations. There are two forestry leases held by the Fiji Hardwood Corporation and Fiji Forestry Industry Ltd. which are located further inland, away from the coast and the Saolo village settlement. Further, there are six agriculture leases which are held by individual people. The information supplied by the Fiji Ministry of Forestry indicates that only the forestry lease held by the Fiji Hardwood Corporation is currently active and operational with native tree species currently being harvested. The active agricultural leases make up a much smaller area than the forestry leases. A summary of all the lease details provided by the, is shown in the table below.

Table 10: List of leases on Navucivuci land.

Lease Type	Company	Status	Lease Commence	Expiry Date	Area (ha)
Forestry	Fiji Hardwood Corp.	Active	01-07-1997	30-06-2049	334.5
Forestry	Fiji Forestry Industry Ltd (Liquidated)	Inactive	01-01-2006	31-12-2025	1836.5
Agriculture	Alfred Lagi Tau	Inactive	01-07-1986	01-07-2016	73.2
Agriculture	Apolosi Navuni	Active	01-01-2009	01-01-9999	53.1
Agriculture	Marientuinette Pecham	Inactive	01-01-2002	31-05-2013	144.6
Agriculture	Peni Navuaku	Active	01-01-2002	31-12-2031	47.2

⁴ Information provided by LLEE Fiji

Table 10: List of leases on Navucivuci land.

Lease Type	Company	Status	Lease Commence	Expiry Date	Area (ha)
Agriculture	Ponipate Vuni	Active	01-01-2010	01-01-2040	38.5
Agriculture	Viliame Naqeleuvuki	Active	01-07-2012	01-07-2043	39.3

6.3 Proposed Eligible Forest Area (EFA)

The proposed Navucivuci site does not yet have a designated forest conservation lease or EFA. The ECAP team provided a photocopy of a map, with a sketch that informs on the approximate conservation area location and size measuring 2000 acres (809 hectares). The sketch map is provided in Figure 9, Annex 2. A spatial analysis based on this sketch map was not conducted because the proposed area has no accurate boundaries based on geographic features. Digitizing the sketch map boundary would therefore result in an inaccurate representation of the boundary and could result in misleading information. As such, we have used the proposed extent of the conservation area but could not calculate the EFA according to landscape features as dictated by the Fiji Timber Harvesting Code of Conduct 2013 (see Table 7). As a practical alternative, we removed illegible areas in the same proportion as the Kavula site (Table 8).

Table 11: Proposed EFA in Navucivuci land.

Land Cover	Area Size (ha)	% Area
Total Area	3320.4	100
Total Conservation Area	809.0	24.3
Non-eligible areas (river buffers and steep slopes) in conservation lease	97.0 (tbc)	3.0 (tbc)
EFA	712.0	21.3

6.4 Forest Condition

The general extent of the proposed conservation area covers mainly undisturbed, closed canopy forest). There is a forestry lease held by Fiji Forestry Industry Ltd which covers the whole extent of the proposed conservation area, but the lease is inactive and there are no visible signs of previous logging disturbance. Only the eastern tip of the proposed conservation area shows signs of heavy disturbance from agriculture. It is assumed however, that this section will not be included in the conservation area but falls into an agriculture lease. As a result, it is assumed that the whole proposed EFA is covered by undisturbed forest.

Table 12: Areas of disturbed and undisturbed forest within the EFA in Navucivuci land.

Forest Condition	Area Size (ha)	% of EFA
Undisturbed Forest	712.0	100.0
Disturbed Forest	0.0	0.0
Total	712.0	100.0

7 Social Assessment Findings

7.1 Social Assessment Findings in Kavula

7.1.1 Tenure and land use

Kavula land is owned by five mataqali (clans) made up of two tribes, with their populations spread across the Kavula and Banikea villages. Across the two villages, there are 79 households, with an approximate population of 800 people. There are a few members of the mataqali that reside in regional centres, including Labasa and Suva, however, there are no key decision-makers residing outside the two villages. It is unlikely that a community member residing outside the village could dictate decisions, for example, advocate for logging or other land use decisions. The table below displays the population across the two villages, disaggregated into their respective mataqali.

<i>Table 13 The Kavula population disaggregated into the respective mataqali</i>	
Mataqali Name	Population Count
Navakai	33
Natubaleta	198
Nawaisavu	183 (tbc)
Navulai	209
Rara (Banikea)	177
Total	800

The community and the primary beneficiaries use the forest for timber harvesting under forestry lease arrangements. The forestry leases are used for harvesting natural forest and pine plantations. In exchange, the primary beneficiaries receive royalty payments from the logging companies. The community members also harvest timber for building materials, furniture, fixtures and handicrafts. The broader forest area is also used for gathering non-timber forest products such as foods and medicinal plants. Some forest areas are also dedicated to farming, where community members can cultivate subsistence gardens for household consumption and local markets.

There are secondary beneficiaries within the Kavula mataqali which are community members who are connected to a mataqali through marriage. The secondary members do not have ownership rights and do not receive financial benefits from forestry leases and other forest uses, but do have user rights and can benefit from the ecosystem services that the forests provide. The secondary landowners and the women are traditionally not able to make decisions regarding the forest and land use, however, they can contribute to the overall discussion and are heard during talanoa processes.

7.1.2 Community governance system

The Kavula community has existing local governance arrangements, following the Itaukei village tradition. The mataqali have their respective village chiefs (turaga), who make the decisions about village matters, land use planning and natural resource management, including logging.

In terms of disputes regarding the cooperatives, trespassing and land management, the traditional governance structure is used where the turaga of each mataqali is mandated for managing and enforcing the rules and would declare if the decision by the mataqali is fair and just. The following are the steps in the community's dispute mechanism:

- i. A verbal warning is given from the turaga to the offender;

- ii. Raising the issue with the offender and requiring a public response in a village meeting;
- iii. Ordering the offender to perform community service activities, such as manual labour, as decided by the village board.
- iv. If the rules are continued to be broken, then the offender will be taken to court and reported to the police.

The enforcement of the rules and functioning of the dispute mechanism is considered effective and they have been tested by previous incidents, where the mechanism has been used for settling natural resource management issues. An example is an occurrence in 2022, when a person from outside the village had been cutting trees and harvesting timber within the Kavula boundary, in a leased area. The person had claimed that he had been permitted by a village member to harvest the trees. At a formal village meeting, the person trespassing and harvesting the trees was instructed to stop these activities and there were no further incidents or repercussions.

The community's governance and social structure have been indicated to be inclusive of women and secondary community members, but not at a high level. The interviews indicated that people with disabilities and physical challenges are involved in community workshops and discussions. Women, youth and secondary landowners attend workshops and talanoa discussions, and were involved in demarcating the boundaries of agricultural and conservation areas, but do not participate in decision making over land use.

7.1.3 Existing governance arrangements that could facilitate the management of a PES project

The Kavula community has established an association and a formal cooperative under the Fiji Cooperatives Act. The Cooperative is run by the turaga of the mataqali and a group of trustees. The cooperative is managed under an Itaukei structure where the turaga establishes the rules and governs over forest carbon and other land use matters. There have been talanoa sessions regarding the rules of the cooperative, however, the rules have not yet been formalized and this is expected to occur in 2023 when LLEE Fiji will support the community to develop its forest management plan. The Kavula community further has a committee that manages the water supply from an upstream dam to the two villages.

The cooperative is viewed by the community members as having an inclusive governance approach, as the turaga has given opportunities and responsibilities to women and youth, who manage their own activities and finances under the cooperative and have their own associations and committees in the community. This indicates that they could be empowered and take-on roles in the carbon project. Further, women, youth and secondary landowners all contribute to the discussions regarding the rules, land use planning and natural resource management of the Kavula forest area.

The community considers the cooperative to be financially accountable, and accountable for its activities. Both the women's and youth's clubs have their own committees and make financial contributions to the cooperative, through their own beekeeping activities. In the likelihood that one of the committees is unable to achieve their activities, they would be supported by each other and be accountable to the turaga.

The Kavula communities potentially have the capacity to manage a carbon project. A number of the cooperative members are well educated, have university degrees or have formally worked in the community development sector, for example with organizations such as the Pacific Community (SPC).

The existing governance arrangements provide opportunity and low risk for establishing a PES project. The mataqali governance structure has been in place for many years and the members understand lease agreements and arrangements. In the proposed carbon project, there is a low risk of boundary and benefit-sharing conflict amongst the Kavula mataqali because the structure has experience managing disputes over forest resources and income distribution. The community has come to an understanding that some mataqali have more land and therefore they are entitled to proportionally higher benefits associated with the developments on their land, for instance from logging or carbon activities.

As the project will generate financial benefits, there is an inherent risk of conflict and disagreement. At the same time, the PES project can decrease the chance of conflict by providing ways for the mataqali and cooperative to practise financial transparency and good accounting practises.

7.1.4 Roles of local institutions in supporting forest conservation

The Kavula communities have established relationships with several local institutions that could support the development and establishment of a PES project. The main partner institution is LLEE Fiji, which is currently supporting the community to establish a forest carbon project under the EU funded ECAP project. The Kavula communities have been working with LLEE Fiji since 2020, and this partnership is expected to continue if funding is available. Over the previous two years, the communities have participated in cooperative training, climate change/REDD+ awareness and land use planning. LLEE Fiji further provided honey production and bee keeping training and materials for the Kavula organization and supported the establishment of the cooperative. LLEE Fiji is also the project coordinator for the only carbon project with PES finance in Fiji, the Drawa Forest Conservation Project. This experience provides evidence that LLEE Fiji have the capacity to support a potential PES project in Kavula in the long-term.

The Kavula communities further previously engaged with the Wildlife Conservation Society (WCS). WCS targets communities in Bua Province, due to the high poverty levels in Western Vanua Levu and the community's impact from cyclones. Previously, WCS ran conservation initiatives including freshwater fish surveys in the rivers that flow through the Kavula land. The community has experience with community conservation activities, including controlling fishing in the river for cultural and food security purposes.

7.1.5 Community aspirations regarding a PES project

Currently, the Kavula communities expect that they will be able to develop a carbon project and receive carbon income. Since the liquidation of the forestry lease held by Fiji Forest Industries Ltd, the Kavula communities have halted all logging on the previously leased land with the intention of protecting the forest and trading carbon under the national REDD+ programme. They understand that the development of a carbon project can take considerable time but favour the option of forest conservation and carbon trade over logging the forest.

The interviews didn't indicate any urgent economic priorities but the Kavula mataqali have been indicated to be living below the poverty line and are considered to be some of the poorest communities in Fiji, according to the Asia Development Bank. There is no electricity in the villages, other than generator power and solar lights. However, most houses have good sanitation and flush toilets. There is a regular and stable water supply from a dam upstream in the mountains. The Kavula community has set up a committee that manages the water supply to the two villages.

Regarding the potential carbon income, the Kavula community members have some preliminary investment ideas. The Kavula community aspires to use the funding to extend the village hall and upgraded village footpaths. They are currently using the income earned from the lease of Fiji Pine Limited to pay for similar community infrastructure. The Kavula cooperative intends to develop investment priorities for their carbon income during 2023.

7.1.6 The role of the PES project to support vulnerable and disadvantaged people

The PES project aims to support the empowerment of women, and vulnerable and disadvantaged people within the Kavula mataqali. There is the potential for community-based conflict if women take responsibilities away from the men and if outsiders come into the mataqali structure and nominate people for the roles in the project organisation.

For the PES project to achieve empowerment meaningfully and without causing community conflict or putting individuals at further risk, decisions towards benefit sharing and roles within the PES project, need to be done in a culturally appropriate manner that focuses on collective decision-making through talanoa.

Further, the PES project can also support the initiative by supporting the turaga mataqali to practise good governance and continue their efforts to ensure everyone is involved and feels supported during the project. Again, this must be achieved in a culturally appropriate way, where engagement occurs through a collective approach, which allows the youth, women, elderly and other disadvantaged community members to contribute to the talanoa in the decision-making process regarding the PES project.

7.2 Social Assessment Findings in Navucivuci

7.2.1 Tenure and Land Use

Navucivuci land is owned by the Navucivuci mataqali, with the majority of their members residing in the Saolo Village. In the village, there are 47 members of Navucivuci mataqali, whilst the rest of the members reside in Suva, Labasa and other villages. However, there are 127 people living in the village, of which the other 80 residents are members of other mataqali and are not landowners or beneficiaries of the project. Overall, the Navucivuci Mataqali has a small population, with only 34 adults and 13 youth residing in the Saolo village.

The Navucivuci mataqali only has one turaga, as the head chief and decision maker, who is relatively young in the Fijian context. There are no key decision-makers residing outside the Saolo village. With the small population and one chief, it is very unlikely that a community member residing in Saolo or elsewhere could dictate decisions, for example, advocate for logging or other land use decisions.

Table 14 The population aggregation of the Navucivuci members in Saolo Village.

Male	Female	Major Count	Minor Count	Total
28	19	34	13	47

The primary beneficiaries use the forest area for logging and agriculture under their active lease arrangements (see map in Figure 8, Annex 2). The area under a forestry lease is used for commercial timber harvesting by the Fiji Hardwood Corporation and several individuals have active agriculture leases for producing cash crops, root crops and other agricultural activities. The community also uses the unleased areas for production of yaqona, root crops, cash crops and subsistence gardens. The

broader forest area is also used for gathering herbal medicines, fishing and hunting and collecting fruits and vegetables.

There are approximately 20 secondary landowners, who are married into the Navucivuci mataqali. The secondary members are actively involved in community activities, including in the cooperative, workshops and conservation planning. The secondary members do not financially benefit from leases but do benefit through access to forest resources and ecosystem services.

There are several other mataqali members living within the Saolo Village but it is not known if and how they use the Navucivuci forest area. The main Saolo village is located on the coast and quite far away from the forest and proposed conservation area, and it appears that most people residing in Saolo rely on areas closer to the village for their gardens and agricultural leases. There is an informal settlement located further inland near the forest conservation area. The people residing in this settlement are not members of the Navucivuci mataqali and it is not known if they are reliant on the forest for their livelihood. However, it is likely that they enter and use the forest and the conservation area. The turaga of the Navucivuci mataqali has raised the issue of the settlers with the ITLTB and is interested in charging rent for the area they occupy and ensure they abide by the mataqali rules through establishing a lease arrangement under the village governance system.

With regard to forest conservation and PES, no internal conflicts towards the proposed project activities and the proposed conservation area boundaries were identified. The turaga of the mataqali is very interested in the carbon project and associated conservation and financial benefits. There is neither a pro-conservation nor pro-logging group within the mataqali. There are no known claims or challenges over land tenure or land use from neighbouring mataqali or those residing in the Saolo village.

7.2.2 Community Governance System

The Navucivuci mataqali population is small and has an existing governance arrangement that is organized in the iTaukei context. The Turaga mataqali is the head of community decision-making as well as the president of the cooperative. Despite his young age, he is viewed as a capable coordinator, often delegating roles to members of the mataqali, based on their skill set and suitability.

The mataqali has its own established rules and dispute mechanism, which would apply to the proposed carbon project and conservation area. The traditional governance structure is in place for settling disputes, village matters and land management including access rights. The turaga mataqali is responsible for overseeing and enforcing the rules and to ensure fair and just decision-making over disputes. The community has the following steps in their dispute mechanism, which would occur if any rule was broken:

- i. A verbal warning is issued from the turaga mataqali to the offender;
- ii. Raising the issue with the offender and requiring a public response in a village meeting;
- iii. Ordering the offender to perform community service activities, such as manual labour
- iv. If the rules are continued to be broken, then the offender will be taken to court and reported to police.

There are two social risks that have been identified relating to the governance of the proposed carbon project and associated conservation activities, including managing the cooperative and abiding by potential rules. Firstly, the mataqali has a small population and skills pool of people that are engaged in the cooperative -if someone was to leave this would create a capacity gap.

Secondly, the informal settlement identified on mataqali land poses a potential social governance risk. Currently, the settlers do not abide by the traditional governance in place by the Navucivuci mataqali and it is not known to which degree they rely on the forest and the proposed conservation area. Whilst there have not been any known trespasses or conflicts with the current logging or agricultural leases, the occurrence is possible and may affect the conservation lease. The mataqali is however engaged with ITLTB to establish a formal rental arrangement with the settlers.

The current governance arrangement is inclusive and works as a collective. Whilst the mataqali turaga makes the final decision, other members of the community, including the women and youth contribute to the Talanoa discussions and participate in the activities of the cooperative.

7.2.3 Existing Community Governance Arrangements that could facilitate the Management of a PES project

The traditional structure for the governance and dispute resolution regarding the cooperative and land management could be used for the governance of the proposed carbon project.

The Navucivuci mataqali has an established cooperative with four operational income streams beekeeping, honey production, yaqona and transport. The income generation activities have been ongoing for approximately five years, including benefit sharing, informal employment, and business management. However, it was only recently that the mataqali established a formal cooperative under the Fiji Cooperatives Act. The cooperative has a president, a treasurer, secretary and a bookkeeper, in addition to the clan members who are engaged in the cooperative activities. This capacity could prove useful for the set-up and implementation of a carbon project's financial and business management.

The cooperative owns a truck which is managed by youth to transport yaqona between villages but also provide paid transport services for other members and villages. Likewise, the cooperative owns a fishing boat, which is operated by primary and secondary women in the clan. The mataqali purchased the truck and boat with a bank loan, and the repayments are managed by the cooperative. Currently, there are no signs of the loan repayment obligations not being met by the cooperative and the mataqali.

The benefit sharing and governance arrangements under the cooperative are well organized, as there is only one mataqali, with a small population, mostly located in Saolo village. Through the current financial system and any future benefit sharing mechanism, there is little need to move money between villages and other locations to reach beneficiaries and achieve communication about finances. The few members that live outside the village and need to be informed are reachable via phone. As with any project creating and managing financial benefit, there is an inherent risk of conflict and disagreement. This is especially the case, as the current secretary is not a member of the mataqali but is married into the clan and therefore has a secondary landownership status. Therefore, the PES project can decrease the chance of conflict by providing ways for the mataqali and cooperative to practise financial transparency and good accounting practises

The mataqali has experience in managing logging and agricultural leases, therefore financial management rules including rental fees, lease fees, payments to operators as well as and rules about land management are well-known concepts.

7.2.4 Roles of local institutions in supporting forest conservation

The Navucivuci mataqali has an established relationship with LLEE Fiji for the development of the forest carbon PES project. Currently, LLEE Fiji is supporting the community to establish a carbon

project under the national REDD+ programme, with further support from ITLTB and the Ministry of Forestry. The ITLTB has offered to forgo the rental fees for 5-years if the carbon project is established under the REDD+ program, scheduled to be established by 2024. It is not known if similar agreements could be negotiated if the community was to operate and sell carbon credits on the voluntary carbon market.

The Navucivuci mataqali has worked with LLEE Fiji since 2020, and this partnership is expected to continue if funding is available. Over the previous two years, the community has participated in cooperative training, climate change/REDD+ awareness and land use planning. LLEE Fiji have also provided honey production and beekeeping training.

In 2023, LLEE Fiji is planning further training to strengthen the capacity of the cooperative. There will be specific training on bookkeeping, financial management and reporting. LLEE Fiji also intend to conduct forest management and monitoring trainings, with involvement with the Ministry of Forestry and the forest rangers from the Drawa Forest Conservation Project. This training will be very useful for the preparation of the community to implement PES project management activities.

LLEE Fiji are currently the Project Coordinator for the only VCM carbon project in Fiji, the Drawa Forest Conservation Project, which demonstrates that they have the capacity to support the proposed carbon project in the long-term, if the project was to be established on the voluntary carbon market under the Nakau Programme.

However, LLEE Fiji has identified that mataqali and themselves would need additional support and capacity building to support the Navucivuci PES project long-term. They would need continuous support to manage the complexities and technicalities of the forest carbon project during its development and implementation. Likewise, the Navucivuci mataqali would benefit from technical assistance to improve financial and operational management through the introduction of improved systems.

In reference to conservation, other than under the ECAP partnership, there have been no formal terrestrial conservation activities in Navucivuci land. Previously the community had established an informal, community-based marine protected area with rules and regulations on tambu sites for fishing. While the marine protection is currently not practised anymore, this does demonstrate that conservation and community-based governance towards conservation activities are not foreign concepts.

7.2.5 Community aspirations regarding a PES project

The Navucivuci community expect that they will be able to develop a carbon project and receive carbon income from their proposed conservation area. Since the liquidation of the forestry lease held by Fiji Forest Industries Ltd, the community has halted logging in their previously leased area with the intention of trading carbon under the national REDD+ programme. Despite the potential time constraints to establish a carbon project, the community is willing to protect their forest and trade carbon, rather than commercially log the forest. The mataqali are not particularly concerned with the timeline and potential delays in carbon project development. They are focusing on their current income-generating activities and cooperative initiatives that are keeping the mataqali occupied and provide sufficient financial benefits. As such, the mataqali currently appear happy to give the carbon project the time it needs to be developed.

In terms of the dimension of financial returns from carbon credit sales, there are currently no expectations held by the mataqali members and leadership group.

The community have identified several priorities that they aspire to spend their income on if they were able to sell carbon. Currently, the cooperative's financial returns are already being invested in these areas. However, it is not known if the mataqali has an established community development or business plan, which can be referenced. The following were listed as key areas for the carbon finance to contribute to:

- Assistance and contributions to the repayments for the cooperative vehicle;
- Assistance and contributions to the repayments for the cooperative fishing boat;
- Finance for the ongoing maintenance of the cooperative boat and vehicle;
- Investment in WASH activities, including improvement of toilets and water supply;
- Improvement of the water infrastructure, specifically to protect their water springs and well, which are at risk of sea-water intrusion.

7.2.6 The Role of the PES project support to women, vulnerable and disadvantaged people

The PES project aims to support the empowerment of women, vulnerable and disadvantaged people in the Saolo village and within the Navucivuci mataqali. There is the potential for community-based conflict if women take responsibilities away from the men and if outsiders come into the mataqali structure and nominate people for roles in the project organisation. For the PES project to achieve the empowerment meaningfully and without causing community conflict or putting individuals at further risk, decisions towards benefit sharing and roles within the PES project, need to be done in a culturally appropriate manner that focuses on collective decision making through talanoa.

Further, the PES project can also support the initiative by supporting the turaga mataqali to practise good governance and continue his efforts to ensure everyone is involved and supported during the course of the project. The mataqali is very active and the president of the cooperative nominated a clan member who formerly worked for the Fiji Development Bank (FDB) to oversee its daily operations. Encouraging the turaga mataqali to continue the involvement of the members based on their skills will increase the likelihood of the project supporting disadvantaged people. However, this must be achieved in a culturally appropriate way, where engagement occurs through a collective approach, which allows the youth, women, elderly and other disadvantaged community members to contribute to the talanoa in the decision-making process regarding the PES project.

7.3 Summary of Key Findings

The key findings of the social assessment for each of the two target sites are synthesized through a SWOT Analysis. The analysis aims to highlights the strengths, weaknesses, opportunities and threats related to the social conditions for the proposed PES project in each of the sites.

<i>Table 15: SWOT Analysis Kavula Tribal Land</i>			
Strengths	Weaknesses	Opportunities	Threats (Risks)
1. Proximity: The majority of mataqali members reside in two villages located inside the tribal lands. 2. Functional local governance system: Presence of functional iTaukei governance system and dispute resolution mechanism. 3. Existing organizational structure and benefit sharing mechanism: Formal cooperative in place with rules and regulations that govern various community land use and livelihood activities and benefit distribution across five mataqali. 4. Existing local capacity: Members of the cooperative have formal training and skills and have received additional training in corporate administration and financial management. 5. Women's empowerment: Women (and youths) are empowered to manage livelihood activities and benefits under the cooperative. 6. Commitment to forest conservation: The liquidation of a forestry lease in favour of a conservation lease demonstrates commitment to forest protection by the tribal leadership.	1. Relatively large tribe: Population of 800 people increases the complexity of decision making and decreases per capita benefits. 2. Lack of inclusiveness in traditional governance: In the traditional governance system, women and secondary landowners do not take part in decision making over land use matters.	1. Existing governance arrangements: The cooperative governance structure and capacity of the community to manage livelihood activities and benefits reduces the risk of establishing a PES project. 2. Absence of conflict: No conflict or dispute exists over land ownership or proposed conservation land use which provides opportunities for steady progress in project development. 3. Project support: The community has established a partnership with LLEE Fiji for the development of a carbon project. There is an opportunity for additional technical and financial support in 2023 and potentially beyond if LLEE were to take on the role of the project coordinator.	1. Uncertainty over beneficiaries: Secondary landowners do not have land ownership rights and would likely not be entitled to receive financial benefits from the project. This situation could lead to potential grievances over PES benefits in the community.

Table 16: SWOT Analysis Navucivuci Tribal Land

Strengths	Weaknesses	Opportunities	Threats
1. Functional local governance system: Presence of functional iTaukei governance system and dispute resolution mechanism. 2. Existing organizational structure and benefit sharing mechanism: Formal cooperative in place with rules and regulations that govern various community land use and livelihood activities and benefit distribution across mataqali. 3. Established income streams: Community has four income streams through their cooperative and are managing assets and financial commitments. 4. Existing local capacity: Members of the cooperative have formal training and skills and have received additional training in corporate administration and financial management. 5. Women's empowerment: Women (and youths) are empowered to manage livelihood activities and benefits under the cooperative.	1. Lack of inclusiveness in traditional governance: In the traditional governance system, women and secondary landowners do not take part in decision making over land use matters. 2. Limited skills pool: the mataqali has a small population and skills pool, if someone was to leave the cooperative this would create a capacity gap.	1. Small population: The small tribal population potentially facilitates decision making regarding the PES project and increases potential per-capita benefits. 2. Absence of conflict: No conflict or dispute exists over land ownership or proposed conservation land use which provides opportunities for quick progress in project development. 3. Existing governance arrangements: The corporative governance structure and capacity of the community to manage livelihood activities and benefits reduces the risk of establishing a PES project. 4. Identified community priorities: The community has identified development areas for investment priorities they are already working towards. 5. Project support: The community has established a partnership with LLEE Fiji for the development of a carbon project. There is an opportunity for additional technical and financial support in 2023 and possibly further if LLEE were to take on the role of the project coordinator.	1. Uncertainty over beneficiaries: Secondary landowners do not have land ownership rights and would likely not be entitled to receive financial benefits from the project. This situation could lead to potential grievances over PES benefits in the community. 2. Informal settlement: An informal settlement located on the tribal land poses a potential social governance and reversal risk. It is unclear if and how the settlers could be involved in the project activity without causing grievances.

8 Estimation of Carbon Benefits

8.1 Estimation of Carbon Benefits in the Kavula EFA

Table 17 shows the baseline assumptions for commercial logging in the Kavula EFA, stratified by disturbed and undisturbed forest areas. In a project period of 30 years, logging is assumed to occur in two rotations of 15 years each. The baseline data on commercial yield originates from a forest inventory carried out in the Drawa Forest Conservation Project located in central Vanua Levu.

<i>Table 17: Baseline parameters for logging in the Kavula EFA</i>			
Parameter	Value	Unit	Source
Proposed EFA – undisturbed forest	736.3	ha	Nakau GIS
Proposed EFA – disturbed forest	441.0	ha	
Proposed EFA –Total	1177.3	ha	
Commercial yield undisturbed forest	97.4	m ³ ha ⁻¹	Drawa forest inventory data
Commercial yield disturbed forest	60.0	m ³ ha ⁻¹	
Baseline Harvest Rate (per Rotation)	50	% of commercial yield	Nakau Technical Specification AFD-LfPF
Harvest Rate Rotation 1	41.7	m ³ ha ⁻¹	Drawa forest inventory data
Harvest Rate Rotation 2	29.2	m ³ ha ⁻¹	
Harvest Rate Rotation 1	49,086.6	m ³	
Harvest Rate Rotation 2	34,317.6	m ³	
Harvest Rate Project Period	83,406.3	m ³	

Table 18 shows the preliminary carbon accounting results for the Kavula EFA, as annual average values per rotation and over the whole project period. The project activity is estimated to generate 11,893 net carbon credits annually in rotation 1 and 5,575 net carbon credits annually in rotation 2. This corresponds to 10.1 net carbon credits per year and hectare in rotation 1 and 4.7 net carbon credits per year and hectare in rotation 2. The total avoided emissions and carbon benefits in Kavula over a 30-year project period would amount to 262,017 tons of CO₂. The estimates of carbon benefits are conservative as they are based on relatively disturbed forest with medium carbon stocks in the Drawa forest area.

<i>Table 18: Carbon analysis results for the Kavula EFA</i>				
Parameter	Units	Rotation 1	Rotation 2	Project Period
Baseline Emissions harvested logs	t CO ₂ yr ⁻¹	2,998.6	2,096.4	2,547.5
Baseline Emissions harvest residue	t CO ₂ yr ⁻¹	1,199.4	838.6	1,019.0
Baseline Emissions logging damage to stand	t CO ₂ yr ⁻¹	13,423.8	6,627.3	10,025.5
Total Baseline Emissions	t CO ₂ yr ⁻¹	17,621.8	9,562.2	13,592.0
Baseline Removals from forest biomass increment	t CO ₂ yr ⁻¹	4,834.8	4,834.8	4,834.8
Baseline Removals from long-lived wood products	t CO ₂ yr ⁻¹	352.4	191.2	271.8
Total Baseline Removals	t CO ₂ yr ⁻¹	5,187.2	5,026.0	5,106.6
Net Baseline Emissions	t CO ₂ yr ⁻¹	12,434.6	4,536.2	8,485.4

<i>Table 18: Carbon analysis results for the Kavula EFA</i>				
Parameter	Units	Rotation 1	Rotation 2	Project Period
Project emissions from woody biomass	t CO ₂ yr ⁻¹	0.0	0.0	0.0
Total Project emissions from Leakage	t CO ₂ yr ⁻¹	0.0	0.0	0.0
Project Removals from forest biomass increment	t CO ₂ yr ⁻¹	2,432.0	2,432.0	2,432.0
Net Project Benefits	t CO ₂ yr ⁻¹	2,432.0	2,432.0	2,432.0
Buffer Net Baseline Emissions	t CO ₂ yr ⁻¹	2,486.9	907.2	1,697.1
Buffer Net Project Benefits	t CO ₂ yr ⁻¹	486.4	486.4	486.4
Net Carbon Credits per year	t CO₂ yr⁻¹	11,893.3	5,574.6	8,733.9
Net Carbon Credits Project Period	t CO₂	178,399	83,618	262,017
Net Carbon Credits per year and hectare	t CO₂ yr⁻¹ ha⁻¹	10.1	4.7	7.4

8.2 Estimation of Carbon Benefits in the Navucivuci EFA

Table 19 shows the baseline assumptions for commercial logging in the Navucivuci EFA which is entirely covered by undisturbed forest. In a project period of 30 years, logging is assumed to occur in two rotations of 15 years each. The baseline data on commercial yield originates from a forest inventory carried out in the Drawa Forest Conservation Project located in central Vanua Levu.

<i>Table 19: Baseline parameters for logging in the Navucivuci EFA.</i>			
Parameter	Value	Unit	Source
Proposed EFA – undisturbed forest	712.0	ha	Nakau GIS
Proposed EFA – Total	712.0	ha	Nakau GIS
Commercial yield	97.4	m ³ ha ⁻¹	Drawa Forest inventory data
Baseline Harvest Rate per Rotation	50	% of commercial yield	Nakau Technical Specification AFD-LfPF
Harvest Rate Rotation 1	48.7	m ³ ha ⁻¹	
Harvest Rate Rotation 2	32.7	m ³ ha ⁻¹	
Total harvested timber Rotation 1	34,674.4	m ³	Drawa Forest Conservation Project- Forest inventory data
Total harvested timber Rotation 2	23,248.6	m ³	
Total harvested timber Project Period	57,923.0	m ³	

Table 20 shows the carbon analysis results for the Navucivuci EFA, as annual average values per rotation and over the whole project period. The project activity is estimated to generate 8,706 net carbon credits annually in rotation 1 and 3,220 net carbon credits annually in rotation 2. This corresponds to 12.2 net carbon credits per year and hectare in rotation 1 and 4.5 net carbon credits per year and hectare in rotation 2. The total avoided emissions and carbon benefits in Navucivuci over a 30-year project period would amount to 178,888 tons of CO₂. The estimates of carbon benefits are conservative as they are based on relatively disturbed forest with medium carbon stocks in the Drawa forest area.

<i>Table 20: Carbon analysis results for the Navucivuci EFA</i>				
Parameter	Units	Rotation 1	Rotation 2	Project Period
Baseline Emissions harvested logs	t CO ₂ yr ⁻¹	2,118.1	1,420.2	1,769.2
Baseline Emissions harvest residue	t CO ₂ yr ⁻¹	847.3	568.1	707.7
Baseline Emissions logging damage to stand	t CO ₂ yr ⁻¹	10,510.2	4,489.6	7,499.9
Total Baseline Emissions	t CO ₂ yr ⁻¹	13,475.6	6,477.8	9,976.7
Baseline Removals from forest biomass increment	t CO ₂ yr ⁻¹	2,923.9	2,923.9	2,923.9
Baseline Removals from long-lived wood products	t CO ₂ yr ⁻¹	269.5	129.6	199.5
Total Baseline Removals	t CO ₂ yr ⁻¹	3,193.5	3,053.5	3,123.5
Net Baseline Emissions	t CO ₂ yr ⁻¹	10,282.1	3,424.3	6,853.2
Project emissions from woody biomass	t CO ₂ yr ⁻¹	0.0	0.0	0.0
Total Project Emissions from Leakage	t CO ₂ yr ⁻¹	0.0	0.0	0.0
Project Removals from forest biomass increment	t CO ₂ yr ⁻¹	600.5	600.5	600.5
Net Project Benefits	t CO ₂ yr ⁻¹	600.5	600.5	600.5
Buffer Net Baseline Emissions	t CO ₂ yr ⁻¹	2,056.4	684.9	1,370.6
Buffer Net Project Benefits	t CO ₂ yr ⁻¹	120.1	120.1	120.1
Net Carbon Credits	t CO₂ yr⁻¹	8,706.1	3,219.8	5,962.9
Net Carbon Credits Project Period	t CO₂	130,591	48,297	178,888
Net Carbon Credits per year and hectare	t CO₂ yr⁻¹ ha⁻¹	12.2	4.5	8.4

8.3 Potential Leakage

It needs to be highlighted that, in the current analysis, emissions from potential activity shifting leakage (the displacement of commercial logging caused by the project activities to areas owned/controlled by the mataqali that lie outside the EFA) are excluded due to data deficiency. If activity shifting leakage occurs, it could significantly reduce the project carbon benefits and threaten the project's financial feasibility. To avoid project emissions from leakage, the following situations need to be prevented or controlled during project development and implementation:

- Extension of forestry lease area: If the establishment of the conservation lease causes an increase or shift of the forestry lease area elsewhere in the land owned by the mataqali to compensate foregone logging income this would be activity shifting leakage attributable to the project activities. Consequently, the emissions caused by the shifted logging activities would need to be deducted from the project's carbon benefits.
- Increase of harvest intensity: If the establishment of the conservation lease causes an increase in the harvesting intensity in the existing forestry leases beyond what was planned in the harvesting plans to compensate for foregone logging income, this would be considered activity shifting leakage attributable to the project activities. Consequently, emissions caused by increased harvesting intensity would need to be deducted from the project's carbon benefits.

9 Financial Feasibility Assessment

9.1 Outlook on the Voluntary Carbon Market

The voluntary carbon market (VCM) is expected to continue to grow within the project period and beyond, fuelled by increased demand for high integrity emission reductions which clearly establish co-benefits to landowner communities. A distinct feature of the VCM is the diversity of attributes associated with any given project, and subsequently, the credits produced and how these are valued⁵. Key factors that impact baseline pricing include project type, location, carbon standard used, offset vintage, offset quality (assessed through the standard by which it's verified), demonstrated and sustained co-benefits, additionality, and the integrity of project outcomes⁶. As a consequence, there is a potentially high level of uncertainty when estimating carbon credit sale prices over the 30-year life of a Plan Vivo PES project. An analysis of the current market trends, pricing structure and financial forecasting has been prepared noting that:

- There is increasingly high demand for what are considered *premium* carbon credits which are sourced from developing countries and generate certified co-benefits (e.g. biodiversity, clean water, community development). Transactions of carbon credits which generate emissions reductions by harnessing carbon finance to protect tropical forests from human-caused destruction or degradation increased 280% between 2020 and 2022⁵
- Nature-based solutions have grown by 64 % in response to market demand and it is expected that the Voluntary Carbon Market will continue the growth trajectory with anticipated increases of 15-fold by 2030, and 100-fold by 2050⁷.
- Carbon offsets are influenced by the size of transactions, with larger volume deals typically garnering a discounted price per ton. Given the boutique size of both proposed projects and the environmental and community co-benefits, we anticipate this would result in *premium* revenues.

9.2 Pricing Estimates and Assumptions

A diverse and dynamic market such as the voluntary carbon market is inherently difficult to forecast, as such, specialists are less inclined to settle on a firm baseline price for carbon offsets. Variations in projects add an additional layer of complexity in determining a baseline pricing mechanism. As a result, carbon revenue is forecasted over a reduced, 15-year period, which corresponds to the first logging rotation in the baseline. Forecasting over a longer period could result in increased inaccuracy and unreliable projections. The anticipated reference prices for sales of carbon credits are presented in the table below, based on an assumption of a 30% growth rate at each issuance.

<i>Table 21: Anticipated carbon credit prices during the project period.</i>				
Issuance Year	2024	2027	2032	2037
Projected USD Rate per t CO ₂	\$12.85	\$15.96	\$22.92	\$32.90
Projected FJD Rate per t CO ₂	\$28.55	\$35.47	\$50.93	\$73.11

Forecasts for the potential sales opportunities for PES projects in Kavula and Navucivuci are based on the following data:

- Historical sales data of existing Nakau Projects;
- Analysis of Ecosystem Marketplace data, specific to the Plan Vivo Standard;

⁵ Ecosystem Marketplace Insights Report: Markets in Motion -State of the Voluntary Carbon Markets 2022 Installment 1

⁶ <https://www.goldstandard.org/blog-item/carbon-pricing-why-do-prices-vary-project-type>

⁷ Taskforce on Scaling Voluntary Carbon Markets. <https://www.iif.com/tsvcm#>

- Analysis of the Fairtrade Cost-Based Projects for forest management.

We note that the estimated baseline carbon price presented in this report is lower than the anticipated growth of the Voluntary Carbon Market (VCM). A consolidation of the available market data has been undertaken with a fundamentally conservative approach as to avoid overstating the value of the activities over the forecast period. Our forecast costing includes an estimate of indexation of costs at 3%.

Table 22: Carbon credit prices on the VCM by carbon standards

Data Source	USD	FJD
Fairtrade Minimum (Premium)	13.73	30.50
Verified Carbon Standard (Average 2021)	4.17	9.27
Plan Vivo (Average 2021)	11.58	25.73
Nakau Historical Data < 5000 Units	15.00	33.33
Average Estimated Baseline Price Per t CO₂	11.12	24.71

9.3 Carbon Revenue Assessment

Under the Plan Vivo Standard, carbon credits are made available for issuance once the monitoring period is completed and verification via an audit has occurred (ex-post). In this instance, and assuming it is possible for monitoring to begin in 2024, we recommend that the project is fully developed and 'brought to market' after two years of monitoring in 2026. The benefit of a is the ability to deliver revenues within a shorter timeframe. Subsequent monitoring periods could follow a 3 - 5-year cadence over 15-year reference period (rotation 1 in the logging baseline).

Table 23: Estimated project revenue – Kavula Land (in FJD).

Year of Issuance	2026	2029	2034	2039
	(2 Years)	(3 Years)	(5 Years)	(5 Years)
Net Carbon Credits (tCO ₂)	23,786	35,679	59,465	59,465
Estimated Price (per credit)	28.55	35.47	50.93	73.11
Total Revenue	679,182	1,265,619	3,028,267	4,347,470
40% Project Developer & Coordinator	271,673	506,247	1,211,307	1,738,988
60% Community Cooperative ⁸	407,509	759,371	1,816,960	2,608,482

Table 24: Estimated project revenue – Navucivuci Land (in FJD).

Year of Issuance	2026	2029	2034	2039
Net Carbon Credits (tCO ₂)	17,412	26,118	43,530	43,530
Estimated Price (per credit)	28.55	35.47	50.93	73.11
Total Revenue	497,180	926,468	2,216,774	3,182,466
40% Project Developer & Coordinator	198,872	370,587	886,709	1,272,986
60% Community Cooperative	298,308	555,880	1,330,064	1,909,480

⁸ iTLTB Compensation and lease payments have been included as operational expenses to the Community Cooperative and are not included in the Revenue figures above. Further consideration of the impact of Lease and Compensation agreements should be undertaken when details of these agreements are confirmed.

9.4 Financial Estimates

9.4.1 Financial Results Project Coordinator

The project forecast assumes development costs to be invested through a donor grant or development agreement with an investor to ensure capital development expenditures are covered in the project coordinator and the community organisations. We have included an amount of FJD 240,576 + FJD 102,222 (project coordinator operational costs years 2024 -2025) as an estimate of the required capital investment for project development which serves to de-risk the project environment. The financial results set out in this report are contingent on the funds granted by an appropriate investor or a similar donor.

<i>Table 25: Project Coordinator financial results Navucivuci & Kavula Combined (in FJD)</i>				
Year of Issuance	2026	2029	2034	2039
Project Coordinator Income (20%) FJD	235,272	438,417	1,049,008	1,505,987
Operating Expenses (FJD)*	174,272	277,410	514,577	595,575
Net Surplus (FJD)	61,000	161,006	534,431	910,411
Net Surplus %	26%	37%	51%	60%

*Consideration: The 1st year operating expenses would be covered in donor grant or private funds investment

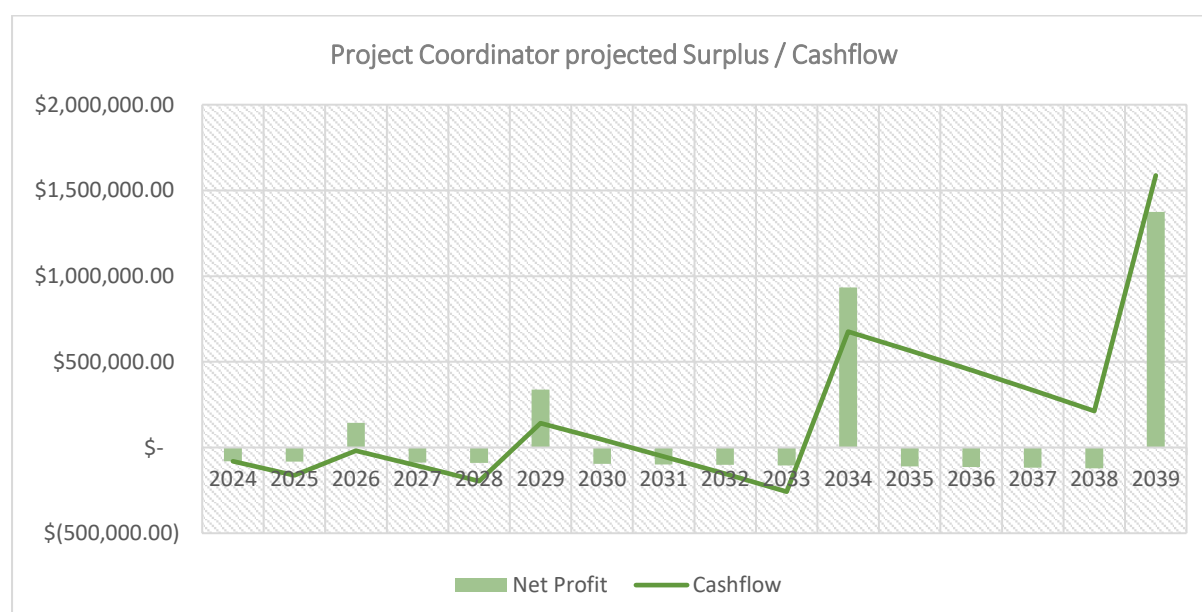


Figure 1: Estimated project coordinator surplus and cashflow from carbon credit sales (in FJD).

9.4.2 Financial Results Kavula Community Cooperative

<i>Table 26: Community cooperative financial results Kavula (in FJD)</i>				
Issuance year	2026	2029	2034	2039
Kavula Cooperative Revenue	407,509	759,371	1,816,960	2,608,482
Operating Expenses	209,814	324,279	575,308	624,845
Net Surplus	197,695	435,092	1,241,652	1,983,636
Net Surplus %	49	57	61	70

Average operating expenses for a carbon project managed by the Kavula cooperative are considered to be FJD 131,587 per annum and broken down into the following cost categories:

<i>Table 27: Estimated annual project operating expenses of the Navucivuci Co-operative</i>		
Cost Categories Kavula	OPEX per annum (FJD)	% of Revenue
Administration & Office Costs	26,208.5	8.1
Employment Costs	44,142.4	13.6
Equipment Budget	415.5	0.1
Meetings & Workshops	7,962.9	2.4
iTLTB Lease Fee (FJD 2.0 per t CO ₂)	52,857.8	16.2
Total FJD	131,587.1	

9.4.3 Financial Results Navucivuci Community Cooperative

<i>Table 28: Community Co-operative financial results Navucivuci (in FJD)</i>				
Year of Issuance	2026	2029	2034	2039
Navucivuci Cooperative Revenue	298,308	555,880	1,330,064	1,909,480
Operating Expenses (FJD)	148,525	229,319	406,010	439,863
Net Surplus (FJD)	149,782	326,561	924,054	1,469,616
Net Surplus %	50%	59%	61%	70%

The average operating expenses of a carbon project managed by the Navucivuci cooperative are considered to be FJD 82,087 per annum and broken down into the following cost categories:

<i>Table 29: Estimated annual project operating expenses of the Navucivuci cooperative</i>		
Cost Categories Navucivuci	OPEX per annum (FJD)	% of Revenue
Administration & Office Costs	1,050.1	0.4
Employment Costs	36,185.2	14.6
Equipment Budget	340.6	0.1
Meetings & Workshops	5,818.0	2.3
iTLTB Lease Fee (FJD 2.0 per t CO ₂)	38,693.3	15.6
Total	82,087.2	

9.4.4 Estimated Surplus for both Kavula and Navucivuci Community Cooperatives

Indicative surpluses for the cooperatives are set out below and are expected within a reference period of 15 years (1st rotation in logging baseline) of the project period. Revenue surpluses will be significantly decreased in the 2nd period due to reduced carbon volumes. Our recommendation is for the cooperatives to develop comprehensive business plans and long-range budget forecasts to ensure financial stability across the project period of 30 years. Rotation 1 surpluses could be invested in alternative livelihood activities to create additional revenue streams that ensure the financial longevity of the community cooperatives beyond the PES project.

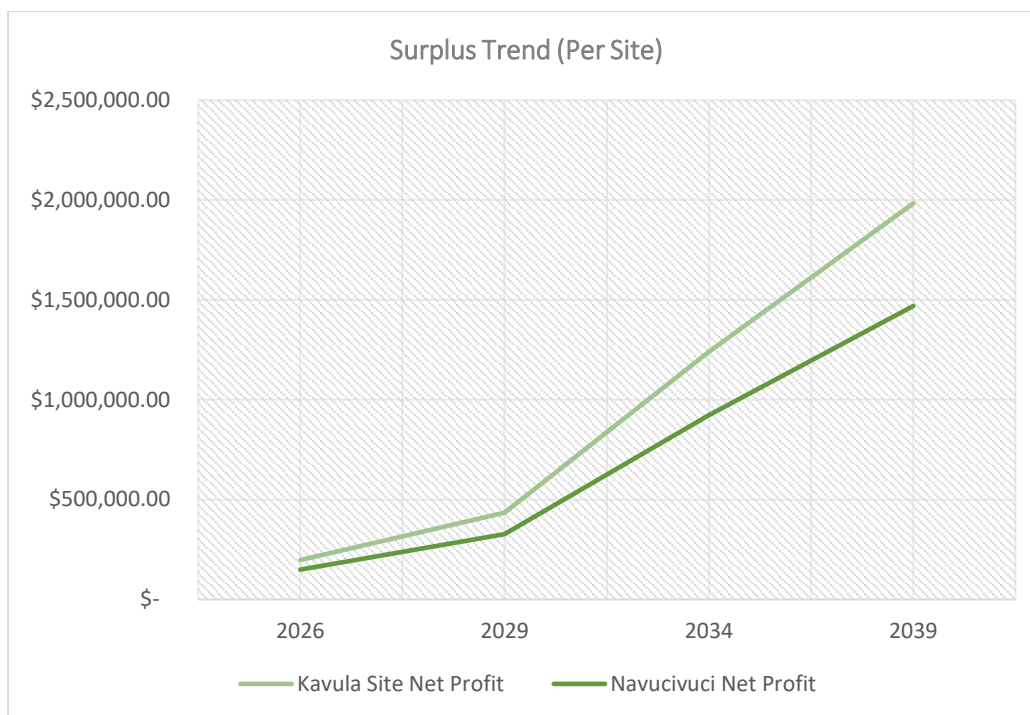


Figure 2: Annual surplus in Kavula and Navucivuci cooperatives in reference period 2026-2039 (in FJD)

10 Conclusions and Recommendations

Our overall conclusion is that, on the basis of potential carbon income and community social/governance conditions, the development of forest conservation projects with PES finance would be **feasible from a financial and social perspective** in both Kavula and Navucivuci. The following section builds on the financial and social feasibility assessment results and draws conclusions for PES project development in both sites.

10.1 Financial Feasibility

The results of the financial assessment indicate that PES project development would be financially feasible in both Kavula and Navucivuci sites. On the basis of the credit volumes available, both sites demonstrate the ability to achieve sufficient income and cashflows to financially sustain and meet all obligations of the project coordinator and community cooperative organisations and various needs of the PES project sites over a reference period of 15 years.

Subject to securing investor or donor finance for project development, and until such time as the first issuance, it is expected that both sites will be cashflow positive from the release of 1st issuance of carbon credits. The estimated project development costs of FJD \$342,798 would likely be sourced through donor grants however opportunities exist to engage private sector finance to fund project development subject to agreements on terms and proposed investment returns. Private investment returns have however not been considered in our financial forecasts.

We have estimated that average per annum revenue available from carbon credit sales would amount to FJD \$325,413 in the Kavula cooperative and FJD \$248,200 in the Navucivuci cooperative.

We have estimated that the average per annum surplus available from carbon credit sales for community benefit sharing and the continued development of alternative livelihood activities would amount to FJD \$193,826 in the Kavula cooperative and FJD \$165,403 in the Navucivuci cooperative.

10.2 Social Feasibility

10.2.1 Kavula Land

The findings from the social assessment indicate that a carbon project in Kavula would be **feasible from a social perspective**. A SWOT analysis of the social assessment findings reveals 9 strengths and opportunities compared to 3 weaknesses and threats. The following section provides a description of the main identified strengths/opportunities and recommendations on how these could be leveraged to benefit PES project development as well as a description of the main identified weaknesses/threats and recommendations how these should be addressed to manage project governance risks.

1. Presence of a functioning local governance system and dispute mechanism that could be important for the development of a PES project.

Recommendations:

- When developing the rules for the carbon project and the associated benefit sharing and land management systems, these should be discussed in relation to how they can be governed in the current iTaukei system;
- The governance structure of the carbon project should be designed in a culturally appropriate way.

2. Existence of a formal and active community cooperative with rules and regulations that govern various community land use activities. Under the cooperative, mataqali members have gained practical experience in managing forestry leases and income across mataqali boundaries.

Recommendation:

- Carry out an assessment to investigate in which way the cooperative system could facilitate or interact with the planned PES project and how management rules are aligned;
- Leverage the experience and rules in managing forestry leases across mataqali boundaries to land management and permanence rules for the PES project. Building on the previous knowledge of the community will increase the likelihood of the land management rules being accepted and successful.

3. Under the community cooperative, mataqali members have established a benefit-sharing system across five mataqali based on the areas of land leased by each mataqali.

Recommendations:

- If the benefit sharing system applied under the leases is accepted to be culturally appropriate and fair by the Kavula mataqali, it could be replicated during the design of the benefit-sharing system for the PES project;
- Investigate how a PES benefit sharing system can be designed in an inclusive and culturally appropriate way, that does not alienate some mataqali members or create conflict and grievances.

4. There is an inherent project risk associated with managing financial benefits, particularly, with perceptions towards possible elite capture or exclusion of certain clan members from project benefits.

Recommendation:

- Investigate and test an appropriate inclusive financial management system to support the cooperative and de-risk the potential of finance-based conflict and grievances caused by PES project activities.

5. Absence of identified boundary and land tenure conflict between the mataqali participating in the community cooperative and likewise for neighbouring communities.

Recommendation:

- Conduct a social mapping exercise to investigate the social structures further, to ensure that there is no disagreement on forest conservation and lack of community commitment to developing a PES project in the long-term.

6. Some members of the cooperative have high-capacity and skills, such as financial management, and are actively involved and supportive in the carbon project development.

Recommendation:

- The capacity of some members should be leveraged in the design of the carbon project, without creating community conflict.

7. Women, youth and secondary landowners are not directly involved in decision-making over land use and cooperative management but have a voice during talanoa workshops. Further, women and youth have management roles and responsibilities within their respective activities in the cooperative, particularly in the honey business.

Recommendations:

- Women and youths should be involved in the carbon project but supported and empowered in a culturally sensitive way, to not put their wellbeing at risk nor create community conflict that jeopardises the project;
- There is an opportunity to get women and youth involved in the carbon project through their own committees and activities associated with the cooperative which is not likely to cause community conflict if the decision is agreed by the turaga mataqali.

10.2.2 Navucivuci Land

The findings from the social assessment indicate that a carbon project in Navucivuci would be feasible from a social perspective. A SWOT analysis of the social assessment findings reveals 10 strengths and opportunities compared to 5 weaknesses and threats. The following section provides a description of the main identified strengths/opportunities and recommendations on how these could be leveraged to benefit PES project development as well as a description of the main identified weaknesses and threats and recommendations how these should be addressed to manage project governance risks.

1. Presence of a functioning local governance system and dispute mechanism that could be important for the development of a PES project.

Recommendations:

- When developing the rules for the PES project and the associated benefit sharing and land management, these should be discussed in relation to how they can be governed in the current Itaukei system;
 - The governance structure of the carbon project should be designed in a culturally appropriate way.
2. Existence of a functioning formal cooperative with strong financial capacity and several assets, including vehicles. The cooperative is managing several income streams and supports numerous community livelihood activities and access to markets for several products. The established cooperative is a strong asset for the proposed carbon activity.

Recommendations:

- The established cooperative could be a strong asset for the proposed PES activity. Carry out an assessment to investigate in which way the cooperative system could facilitate or interact with the planned PES project and how management rules are aligned;
 - Investigate the financial capacity and applications used to manage income streams in the cooperative and the potential opportunities this provides for the PES project structure;
3. Under the community cooperative, mataqali members have established a benefit-sharing system across several mataqali based on the areas of land leased by each mataqali.

Recommendations:

- If the benefits sharing system applied under the leases is accepted to be culturally appropriate and fair by the Navucivuci mataqali, it could be replicated during the design of the benefit-sharing system for the PES project;
 - Investigate how a PES benefit sharing system can be designed in an inclusive and culturally appropriate way, that does not alienate some mataqali or create conflict and grievances;
 - Leverage the experience and rules in managing forestry leases across mataqali boundaries to land management and permanence rules for the PES project. Building on the previous knowledge of the community will increase the likelihood of the land management rules being accepted and successful.
4. Despite the community being small, there is an inherent project risk associated with managing financial benefits, particularly, with perceptions towards possible elite capture or exclusion of secondary clan members from project benefits.

Recommendation:

- Investigate and test an appropriate inclusive financial management system to support the cooperative and de-risk the potential of finance-based conflict and grievances caused by PES project activities.
5. The Navucivuci mataqali is quite small and well-governed, which is very advantageous for a PES project. There is under 50 members and most reside in the Saolo village. However, if people with capacity left the cooperative, it would be difficult to replace them and fill the required skills gap.

Recommendation:

- Potential PES project development should consider ways to maintain capacity and potentially create succession plans for particular roles in the cooperative.

6. Absence of land tenure conflict between the mataqali participating in the community cooperative and likewise for neighbouring communities. However, there is an informal settlement near the proposed conservation area.

Recommendation:

- Conduct a further social assessment to understand how these groups would be involved in or impacted by the carbon project and if there is a risk of a social conflict or grievances.

7. The mataqali members hold basic knowledge of community conservation and have carried out marine conservation initiatives in the past. It is expected that some of this knowledge can be leveraged to benefit a forest carbon project.

Recommendation:

- The conservation knowledge and key actors of the community should be investigated further and strengthened through the project development process.

10.3 Recommendations for Target Sites

This last section provides general recommendations for next steps that would benefit PES project development in both target sites:

1. Carry out detailed spatial planning of the conservation lease to be able to clearly define the EFA boundaries in both sites;
2. Carry out a training on the fundamentals of forest carbon projects with PES finance and details on PES project development steps under the Nakau methodology (FPIC);
3. Conduct inclusive stakeholder consultation(s) on the planned conservation lease and proposed PES project (FPIC);
4. Conduct information sharing and awareness-raising on prevention of potential activity shifting leakage. Include measures to prevent leakage issues into land-use planning;
5. Investigate the possibility to increase the areas of conservation leases;
6. Clarify arrangements of rental payments for the conservation lease and proposed PES project with the ITaukei Lands Trust Board. Advocate for an exemption period for VCM projects analogous to national REDD+ pilot sites;
7. Leverage existing political support to building socio-economic resilience and livelihoods for communities that are living in poverty for PES project development in the proposed areas;
8. Prior to investment in activities to develop projects under the VCM, it is critical to obtain clear advice from the Fiji Government (Ministry of Economy and Ministry of Forestry) to determine that such activities will be allowable and will not incur double counting. While the Fiji Climate Change Act makes allowances for VCM activities, there are significant uncertainties regarding where they can be implemented.

10.4 Considerations for Other Potential Sites

Site Name/Location	Proposed Conservation Area (ha)	Strengths/Opportunities	Weaknesses/Risks	Considerations/Recommendations for PES Project Development
1. Nakawakawa - Naniudrau Cooperative, District Wainunu, Bua Province	812.8	1. Large conservation area 2. Small homogeneous group (1 clan) 3. Previous experience with nature conservation	1. Logged over forest condition 2. Difficult access and communication	• Confirm if forest area is suitable for logging in terms of timber resources • Shortlist site if above can be confirmed and funding should become available
2. Dawara – Naisamuwaga Cooperative, Wailevu-West, Cakaudrove	1127.5	1. Large conservation area 2. Community supportive of conservation 3. Community has basic understanding of carbon trade	1. Difficult access and communication 2. Uncertainty over threat to forest 3. Logged over forest condition 4. Relatively large population and number of clans	• Confirm if threat to proposed conservation area is significant • Confirm if forest area is suitable for logging in terms of timber resources • Shortlist site if above can be confirmed and funding should become available
3. Nakasa – Waiwai Cooperative, 4. Nacodreudreu-Naboutini Cooperative 5. Wailevu – Ravilekaleka Cooperative, Wailevu-East, Cakaudrove	720 ha (group)	1. Leadership skills and active cooperative (Nakasa) 2. Active youth and women's club (Nakasa) 3. Good communal partnership (Nakasa)	1. Individual conservation areas of Nacodreudreu and Ravilekaleka are very small 2. Relatively large population and number of clans 3. Uncertainties over landowner agreement to forest conservation in Wailevu 4. Uncertainty over additionality	• Option for 3 locations to form a group project should be verified • Group project could involve complexities in project design and governance • Nakasa appears to be most suitable area in terms of size and identified strengths • Explore potential to increase conservation area
6. Nakawaga – Nabulebulewa Landowners Cooperative, Koroalau, Cakaudrove	1110.6	1. Large conservation area 2. Small homogeneous group 3. Undisturbed forest condition 4. Strong financial capacity and understanding 5. Presence of educated elders (retired civil servants)	1. Limited area access 2. Limited network coverage	• Many strengths/opportunities • Shortlist site if funding should become available • Confirm undisturbed forest condition

Site Name/Location	Proposed Conservation Area (ha)	Strengths/Opportunities	Weaknesses/Risks	Considerations/Recommendations for PES Project Development
		6. Existing experience with forest conservation work (Eco-tourism)		
7. Nacereyaga – Nakula Cooperative Seaqaqa, Macuata	370.0	1. Very small population (1 clan) 2. Existing institutional partnership (HABITAT)	1. Small area 2. Logged over forest 3. Landowners do not live in proximity of proposed conservation area	• Likely only viable as part of a group project at current extent • Explore potential to increase conservation area
8. Bucalevu-Delaimariko Cooperative, Koroalau, Cakaudrove	600.0	1. Area likely large enough 2. Small population (2 clans)	1. Logged-over forest condition 2. Mineral lease (overlap?)	• Confirm if forest area is suitable for logging in terms of timber resources • Explore potential to increase conservation area
9. Vatukuca – Vatukuca Cooperative, Vatuova, Cakaudrove	483.2	1. Existing institutional partnership (ADRA) 2. Only one mataqali	1. Small Area 2. Disturbed forest condition (agriculture) 3. Uncertainty if agriculture threat is significant enough for carbon project	• Likely only viable as part of a group project at current extent • Confirm degree of forest disturbance • Verify significance of threat to forest • Confirm population size
10. Bagata, Wainikeu Landowners Cooperative, Wailevu-East, Cakaudrove	479.1	1. Existing institutional partnership (ADRA and HABITAT) 2. Only two mataqali	1. Small Area 2. Partially already protected through hydropower lease 3. Disturbed forest condition (agriculture) 4. Uncertainty if agriculture threat is significant enough for carbon project	• Likely only viable as part of a group project at current extent • Exclude hydropower lease from conservation area • Confirm degree of forest disturbance • Verify significance of threat to forest • Confirm population size
11. Navakasali-Savuunuku Cooperative, Wainunu, Bua	134.1	1. Very small population (1 mataqali) 2. Committed community	1. Very small area 2. Logged-over forest condition	• Likely only viable as part of a group project at current extent

Site Name/Location	Proposed Conservation Area (ha)	Strengths/Opportunities	Weaknesses/Risks	Considerations/Recommendations for PES Project Development
12. Nabalebale – Baleyaganikula Cooperative, Wailevu-East, Cakaudrove	400.0	1. Existing institutional partnership (ADRA and HABITAT) 2. Only one mataqali	1. Small area 2. Disturbed forest condition (agriculture) 3. Uncertainty if agriculture threat is significant enough for carbon project	• Likely only viable as part of a group project at current extent • Confirm degree of forest disturbance • Verify significance of threat to forest
13. Nawaisomo – Mataqali Raviravi Cooperative, Wainunu, Bua	62.1		1. Very small area	• Likely not viable as a carbon project at current extent
14. Vanuavou – Vanuavou Cooperative, Vatuova, Cakaudrove	16.5		1. Very small area	• Likely not viable as a carbon project at current extent
15. Driti – Matavo Cooperative, Dama, Bua	296.3	1. Undisturbed forest condition 2. Existing institutional partnership in conservation (WCS)	1. Small Area- 2. Lack of commitment in the project 3. Difficult communication 4. Weak leadership structure in the community	• Likely only viable as part of a group project at current extent

11 Appendices

Annex 1: Site Maps of Kavula

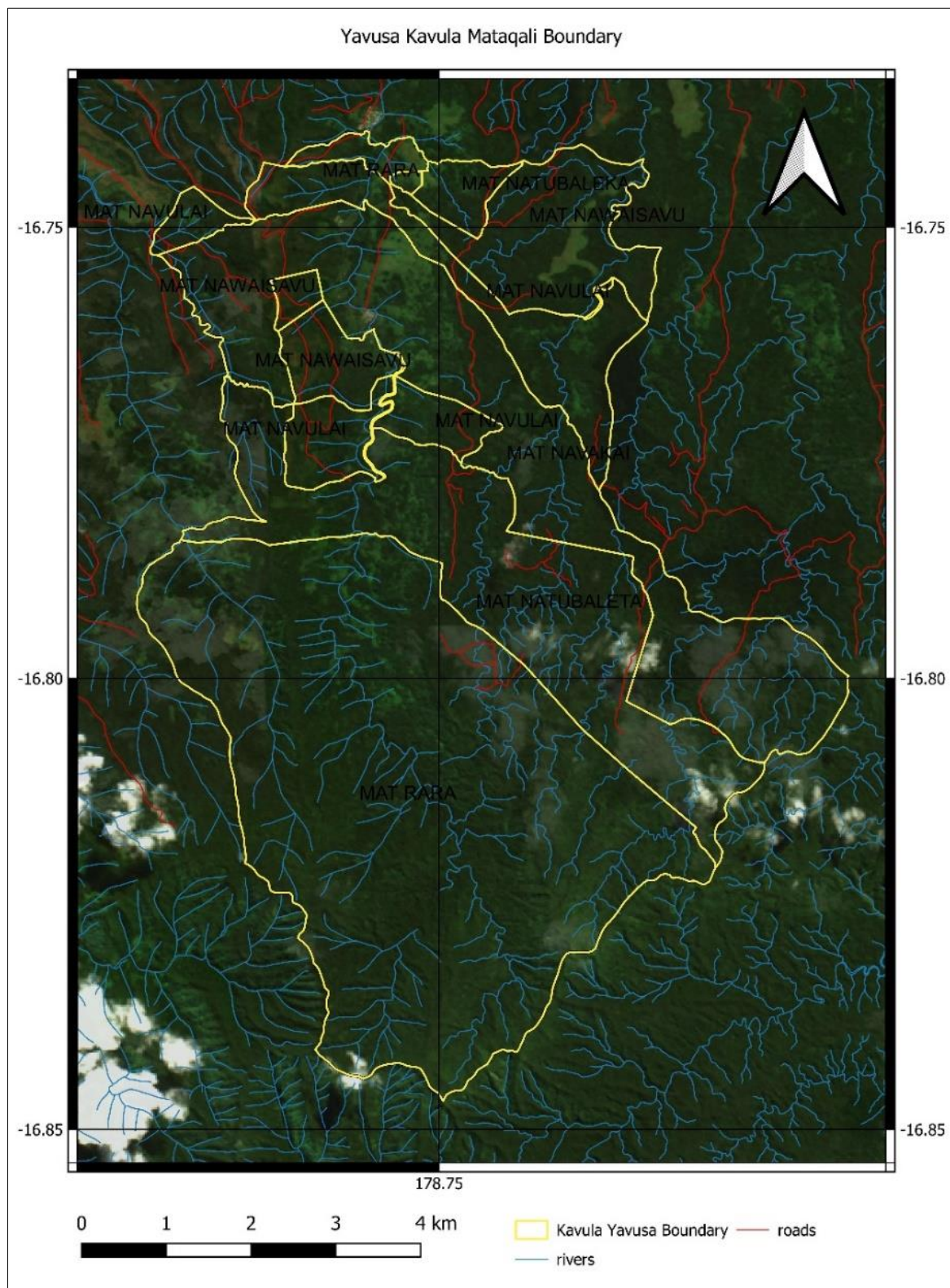


Figure 3: Map displaying Kavula area boundary

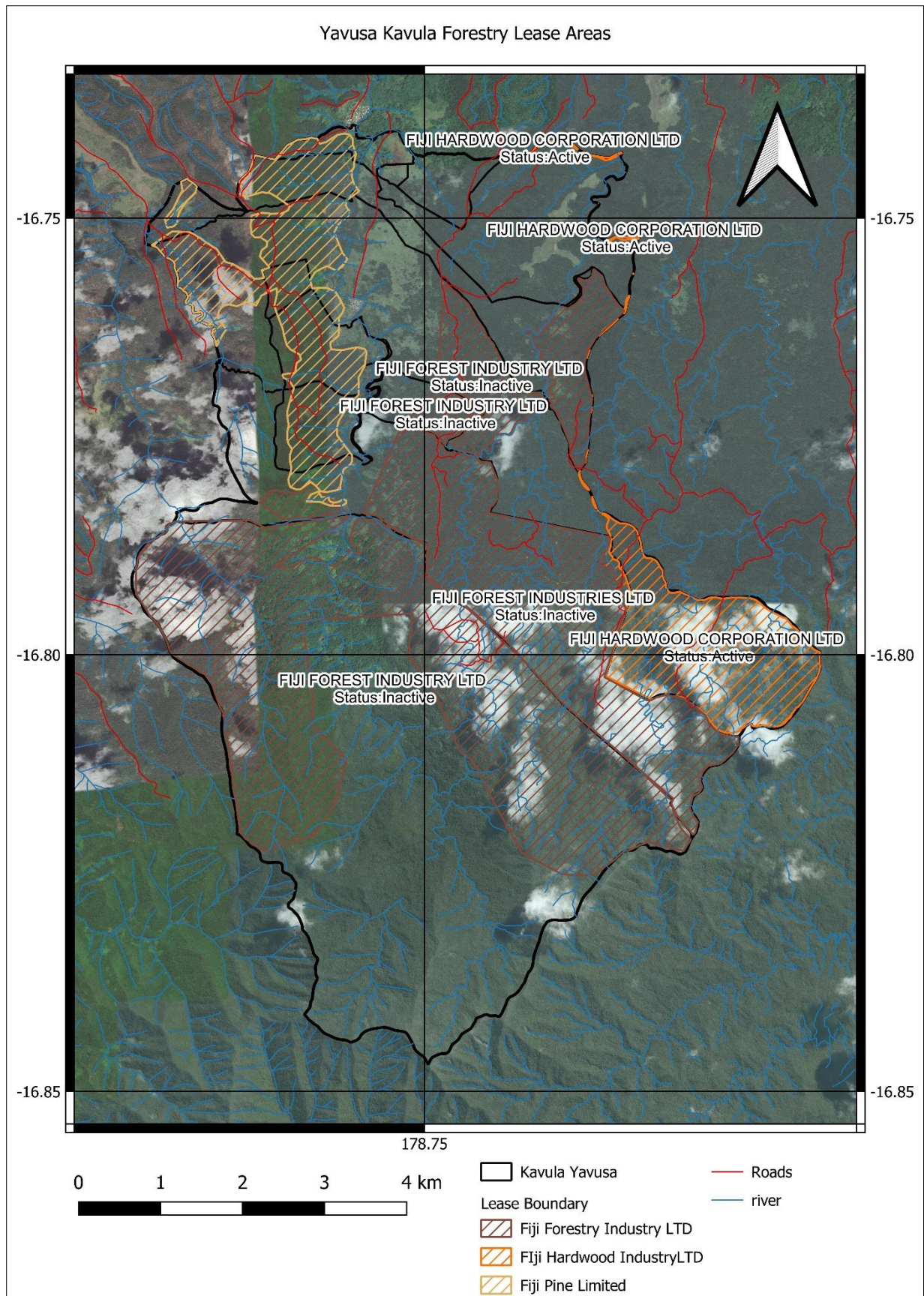


Figure 4: Map displaying forestry lease areas within Kavula land.

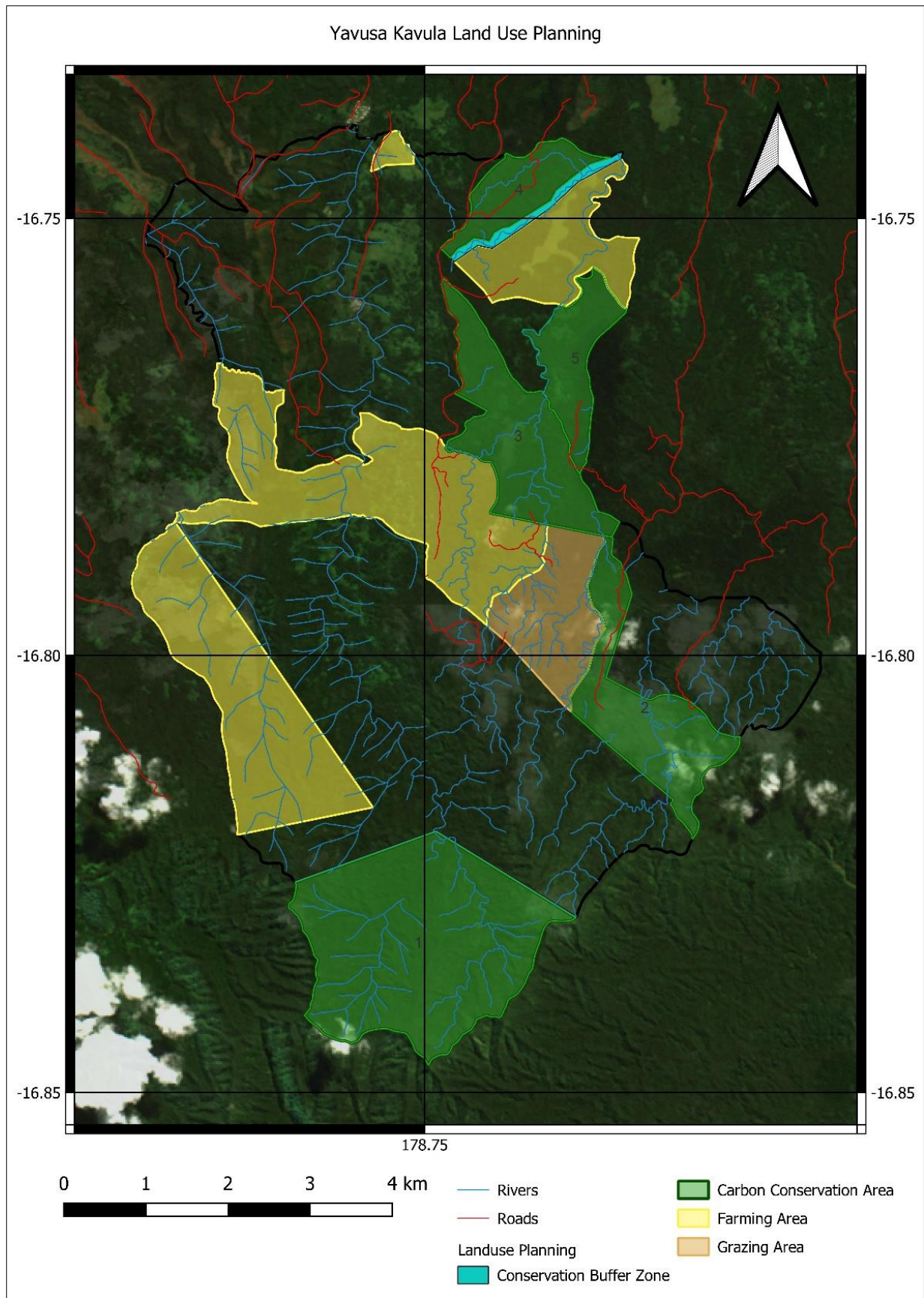


Figure 5: Map displaying land use planning and proposed conservation lease area in Kavula land.

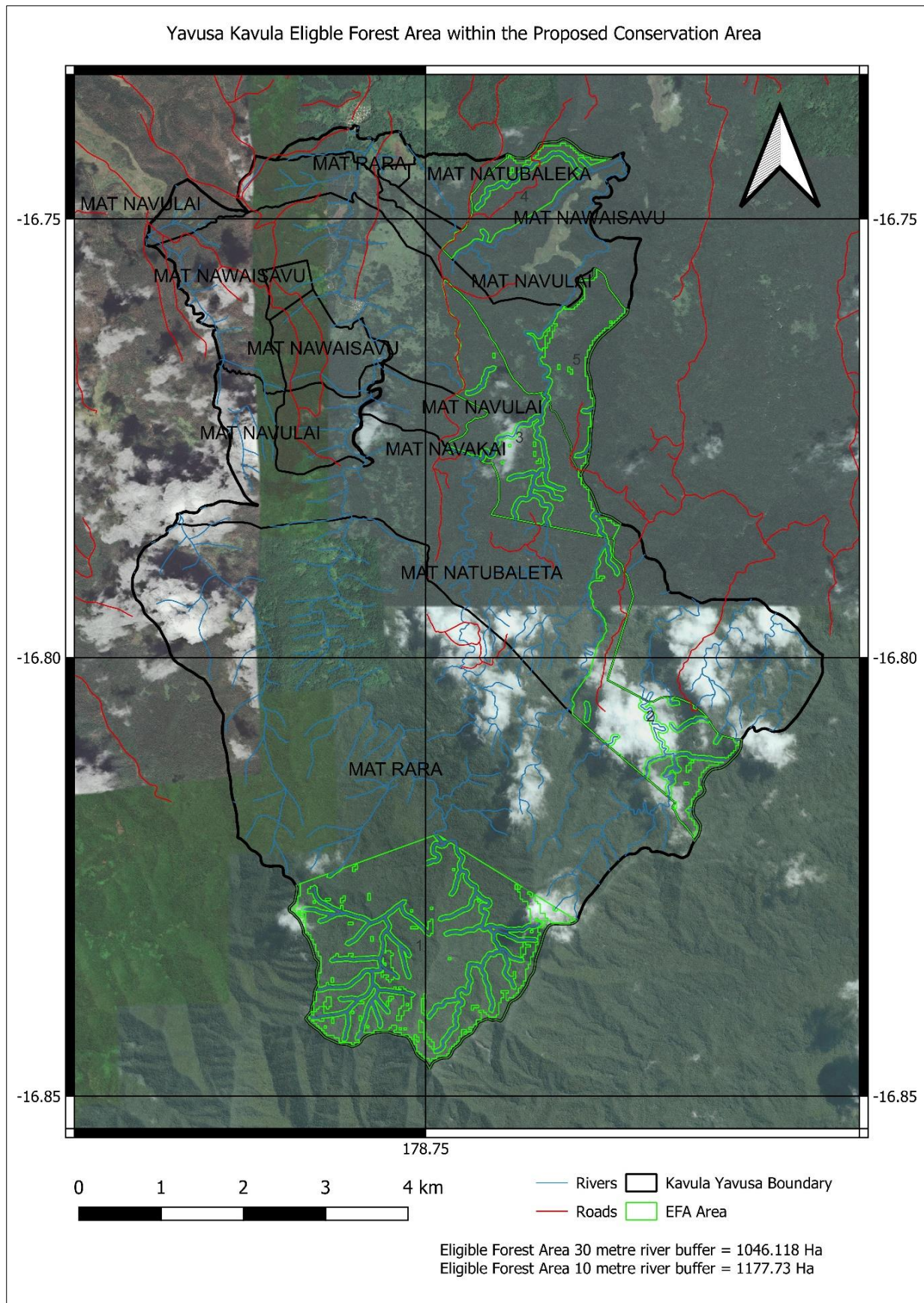


Figure 6: Map displaying the Kavula EFA that excludes river buffers and steep slopes within the proposed conservation lease area.

Annex 2: Site Maps of Navucivuci

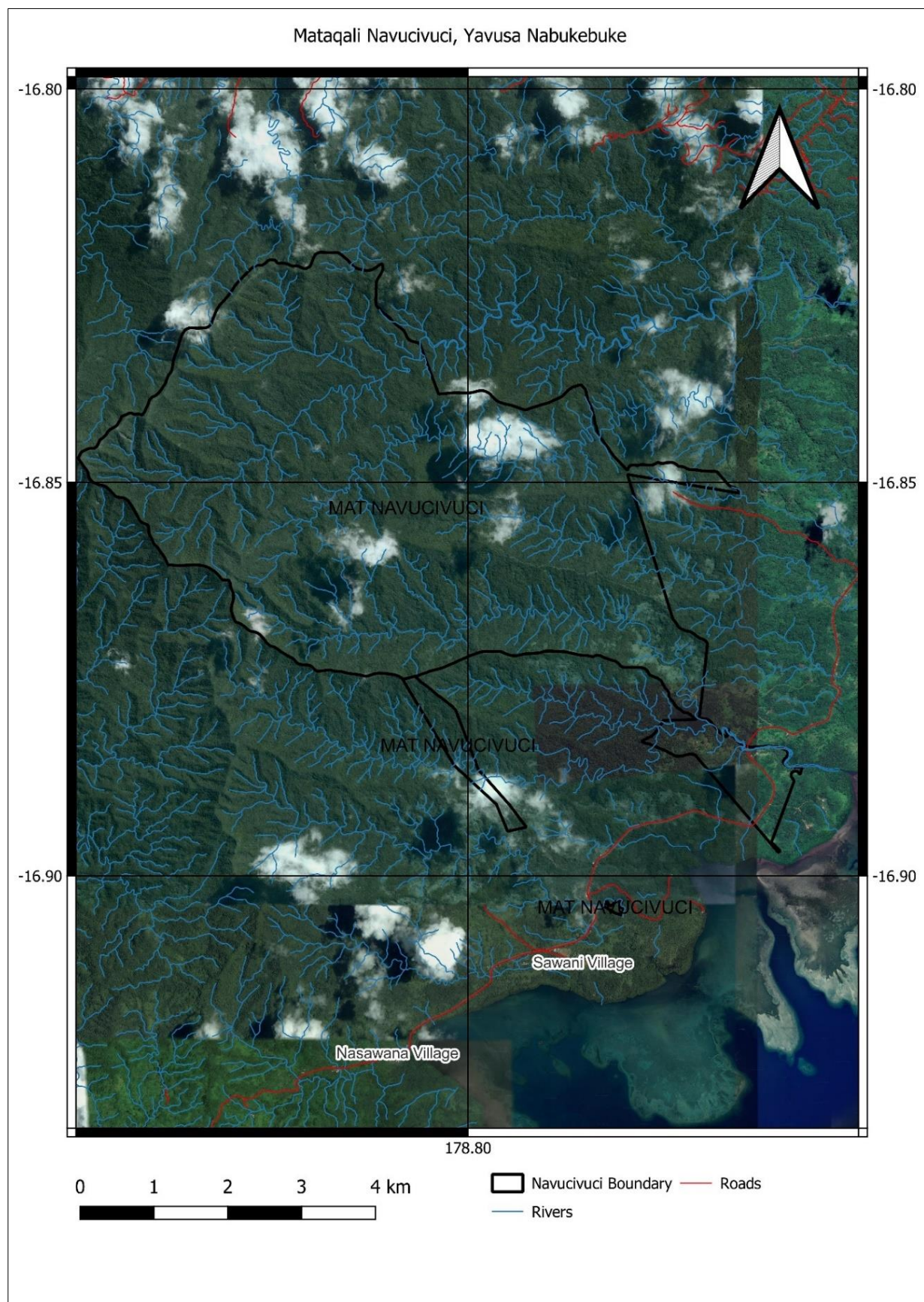


Figure 7: Map displaying the Navucivuci land boundary

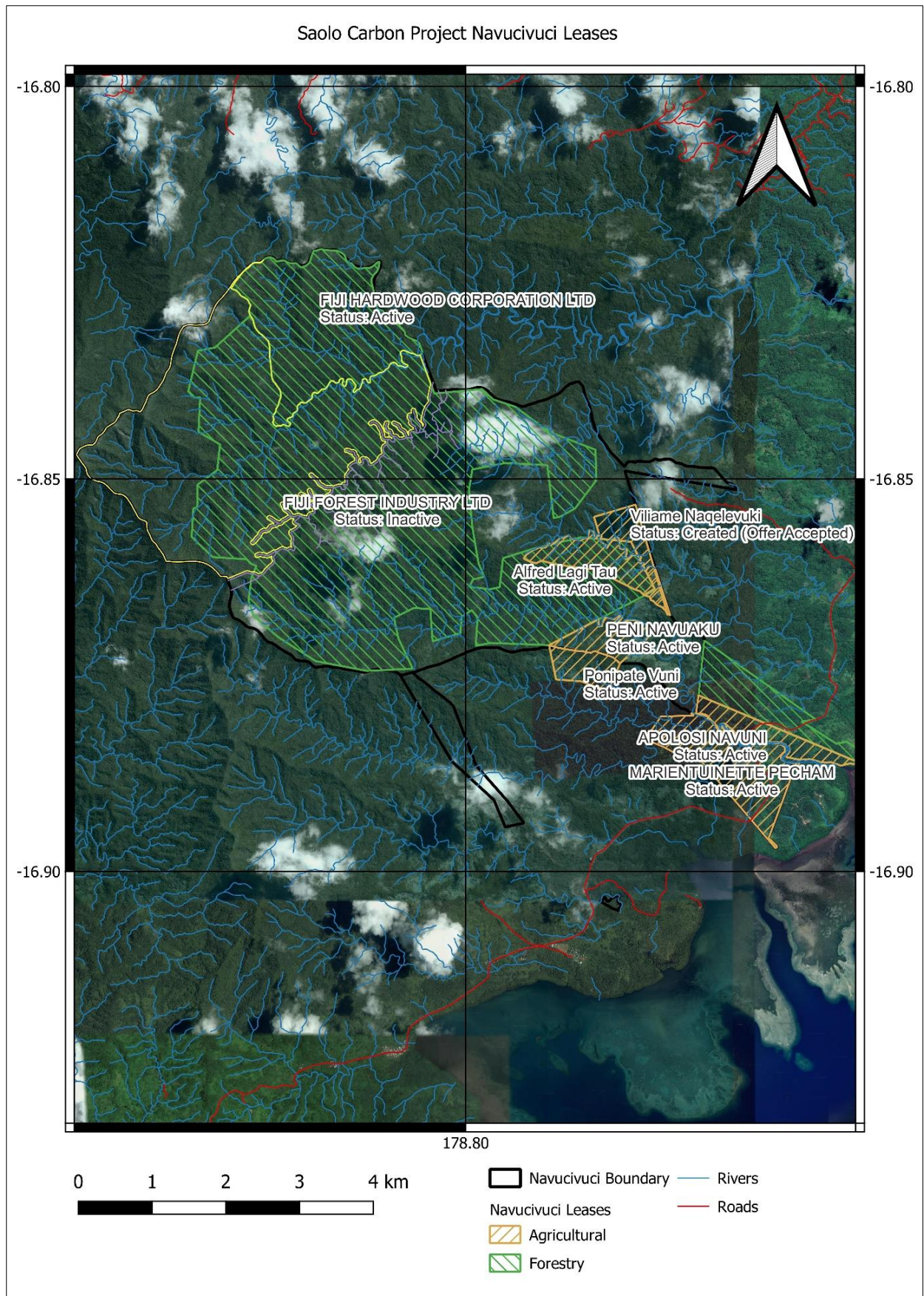


Figure 8: Map displaying leases over the Navucivuci proposed project area.

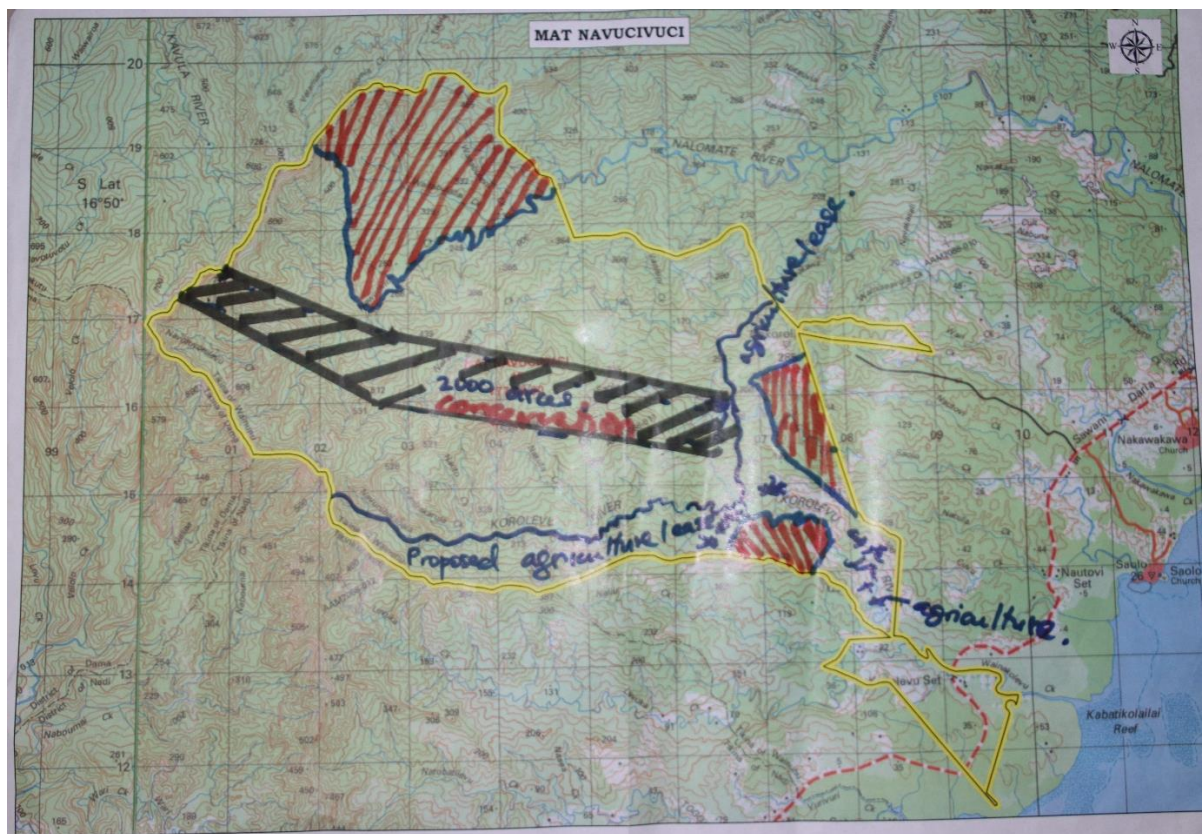


Figure 9: Sketch map of proposed forest conservation area in Navucivuci land.

Annex 3: Site Screening Results Yavusa Kavula

Step 1: General Information

- Site or tribal name: Yavusa Kavula
- Site Location: Kavula/Banikea villages
- Land Area (ha): 5739.3
- Proposed Conservation Area: 1336.3 ha
- Land Title: Mataqali Rara, Natubaleta, Nawaisavu, Navulai, Navakai

Step 2: Eligibility Assessment

Eligibility Criteria (EC)	Guiding Questions and Answers
EC1: Forest in proposed conservation area would be under threat from human disturbance (if it were not for a forest carbon project)	<i>Would the forest area be under threat from deforestation or forest degradation in the absence of the project intervention?</i> Yes, it would be under threat because of forestry leases by Fiji Hardwood Corporation and Fiji Pine Ltd. present on the land. Due to Fiji Pine Ltd having a different jurisdiction on forest harvesting, they are not being subjected to sustainable harvesting practices.
EC2: Would the forest in the proposed conservation area be protected even if a forest carbon project didn't happen?	<i>Are there barriers for landowners to carry out a forest conservation project without PES finance?</i> <i>Assess the following barriers:</i> • <i>Financial Barriers</i> Yes, few mataqali areas are already subjected to logging • <i>Technological Barriers</i> There are no internet services within the village. The nearest government station (Lekutu govt station) is approximately 7.5km. • <i>Social Barriers</i> n/a
EC3: Baseline activity is legally sanctioned in the project area	<i>Is the most realistic baseline activity legally permitted in the proposed project area?</i> Yes
EC4: Project proponents hold land ownership and carbon rights	<i>Are the project proponents the rightful landowners of the proposed project area?</i> Yes
EC5: Land tenure is clear, secure and undisputed	<i>Are there any existing disputes regarding land ownership?</i> No
EC6: Forest area can be protected under a conservation lease	<i>Are the project proponents willing to establish a conservation lease over the proposed project area?</i> Yes <i>Are there other lease agreements in place which would impede the establishment of a conservation lease?</i> No

Step 3: Suitability Assessment

Suitability Criteria (SC)	Guiding Questions
SC1: The proposed conservation area is over 500 ha in size	<i>Is the proposed conservation area (= indicative area for carbon crediting) over 500 hectares in size?</i> Yes, 1336.3 ha
SC2: Forest condition	<i>Is the forest in undisturbed (i.e. no previous logging, conversion to agriculture etc)? or has it previously been logged or used for agriculture (secondary forest)?</i> Yes, it is undisturbed logging occurred more than 20 years ago
SC3: Clearly defined land boundaries	<i>Are there spatial data and maps available on the mataqali boundaries?</i> Yes
SC4: Landowner commitment to forest conservation	<i>Does the mataqali leadership demonstrate clear will to commit to forest conservation?</i> Yes <i>Do you know of any past forest conservation efforts in the tribal area?</i> No
SC5: Land -Use Conflicts	<i>Are there any disputes within the tribes related to land use that could disrupt forest conservation efforts?</i> No
SC6: Population of Tribal group	<i>Does the tribe have a small, medium or large population and number of beneficiaries? (small = less than 500, medium = 500-1500, large= more than 1500)</i> Small
SC7: Institutional partnerships	<i>Does the project proponent receive any support (previous or current) through partnerships with NGOs, for instance in in community livelihood or conservation projects?</i> Yes, NGO Wildlife Conservation Society has provided bee equipment's and PPEs to the women's group in the village. They have also assisted in the identification of an endemic fish species known as <i>Redigobius balteatus</i> (beli).
SC8: Local governance systems	<i>Does the project proponent have a local governance system with rules and regulations?</i> Yes <i>Does the tribal leadership have the capacity to enforce rules and settle disputes?</i> Yes <i>Are the landowners able to establish a business entity (e.g. cooperative) to manage a project on their behalf?</i> Yes
SC9: Political Support	<i>Is the proposed project location of location of strategic interest for government and likely to receive political support?</i> Yes

Step 4: Summary of Suitability Assessment

Strengths	Weakness
Large proposed conservation area	Partially logged area
Functional community governance system and dispute resolution mechanism	Relatively large population and number of different clans
Active cooperative	Inaccessible to the proposed site (road).
Absence of conflict over land ownership	No cellular connection
Good understanding of the land boundaries	
They are the rightful owners and are well acquainted with each other.	
Previous experience with nature conservation	

Annex 4: Site Screening Results Navucivuci

Step 1: General Information

- Site or tribal name: Navucivuci
- Site Location: Saolo village
- Land Area (ha): tbc
- Proposed Conservation Area: 809.4 ha
- Land Title: Mataqali Navucivuci

Step 2: Eligibility Assessment

Eligibility Criteria (EC)	Guiding Questions and Answers
EC1: Forest in proposed conservation area would be under threat from human disturbance (if it were not for a forest carbon project)	<i>Would the forest area be under threat from deforestation or forest degradation in the absence of the project intervention?</i> Yes, logging and agriculture
EC2: Would the forest in the proposed conservation area be protected even if a forest carbon project didn't happen?	<i>Are there barriers for landowners to carry out a forest conservation project without PES finance?</i> <i>Assess the following barriers:</i> • <i>Financial Barriers</i> The proposed area would be logged to generate income without a PES project • <i>Technological Barriers</i> n/a • <i>Social Barriers</i> n/a
EC3: Baseline activity is legally sanctioned in the project area	<i>Is the most realistic baseline activity legally permitted in the proposed project area?</i> Yes
EC4: Project proponents hold land ownership and carbon rights	<i>Are the project proponents the rightful landowners of the proposed project area?</i> Yes, communally owned
EC5: Land tenure is clear, secure and undisputed	<i>Are there any existing disputes regarding land ownership?</i> No, land ownership is clear and uncontested
EC6: Forest area can be protected under a conservation lease	<i>Are the project proponents willing to establish a conservation lease over the proposed project area?</i> Yes <i>Are there other lease agreements in place which would impede the establishment of a conservation lease?</i> Not in the proposed conservation area, however they have existing lease outside the proposed area

Step 3: Suitability Assessment

Suitability Criteria (SC)	Guiding Questions
SC1: The proposed conservation area is over 500 ha in size	<i>Is the proposed conservation area (= indicative area for carbon crediting) over 500 hectares in size?</i> Yes, 809.4 ha
SC2: Forest condition	<i>Is the forest in undisturbed (i.e. no previous logging, conversion to agriculture etc)? or has it previously been logged or used for agriculture (secondary forest)?</i> Previously been leased to Fiji Forest Industries (Logging company) Logged in the past 15 -20years
SC3: Clearly defined land boundaries	<i>Are there spatial data and maps available on the mataqali boundaries?</i> Boundaries-yes, conservation lease- no
SC4: Landowner commitment to forest conservation	<i>Does the mataqali leadership demonstrate clear will to commit to forest conservation?</i> Yes – an indication is that they have registered their cooperative <i>Do you know of any past forest conservation efforts in the tribal area?</i> Not for forest conservation but have received training for marine conservation
SC5: Land -Use Conflicts	<i>Are there any disputes within the tribes related to land use that could disrupt forest conservation efforts?</i> No. If there is dispute with matters of their land it is normally because of areas that have been leased for agriculture or with those sitting tenants (Non-LOU) who have yet to secure lease for the purpose of agriculture.
SC6: Population of Tribal group	<i>Does the tribe have a small, medium or large population and number of beneficiaries? (small = less than 500, medium = 500-1500, large= more than 1500)</i> Population is small: Clan – 110 people
SC7: Institutional partnerships	<i>Does the project proponent receive any support (previous or current) through partnerships with NGOs, for instance in in community livelihood or conservation projects?</i> Yes – for marine conservation (WCS)
SC8: Local governance systems	<i>Does the project proponent have a local governance system with rules and regulations?</i> Yes – Village and Cooperative by-laws <i>Does the tribal leadership have the capacity to enforce rules and settle disputes?</i> Yes – Tribal (Yavusa) structure
	<i>Are the landowners able to establish a business entity (e.g. cooperative) to manage a project on their behalf?</i> Established – Mataqali Navucivuci Cooperative Ltd (Work in progress to open their account)
SC9: Political Support	<i>Is the proposed project location of location of strategic interest for government and likely to receive political support?</i>

Suitability Criteria (SC)	Guiding Questions
	This District has been assessed as below poverty lines (ADB report) and govt is prioritising supporting communities with the Wainunu District. However, plans to counter this through livelihood projects or economic wellbeing is to be confirmed

Step 4: Summary of Suitability Assessment

Strengths	Weakness
Small homogeneous group owning large area They are the rightful owners and are well acquainted with each other. They have an existing structure to resolve disputes	Limited network connectivity due to remoteness of location Accessibility to the conservation site could be an issue Limited understanding on carbon sequestration

Annex 5: Summary of Screening Results of Potential Sites

Site Name/Location	Proposed Conservation Area (ha)	Threats to Forest	Barriers to forest conservation	Clear and uncontested land tenure	Forest Area can be protected	Forest Condition	Tribal Population	Local Governance	Institutional Partnership
1. Nakawakawa - Naniudrau Cooperative, District Wainunu, Bua Province	812.8	Commercial Logging	Potential Logging income	yes	yes	Logged over 20 years	43 (1 mataqali)	Village (Cogea) and Cooperative by-laws	Habitat, Seep
2. Dawara – Naisamuwaga Cooperative, Wailevu-West, Cakaudrove	1127.5	Commercial Mining	Access and communication	yes	yes	Logged over 20 years	Less than 500 (4 mataqali)	Registered Cooperative to take ownership of project	Habitat for Humanity Fiji facilitated construction skills
3. Nakasa – Waiwai Cooperative, 4. Nacodreudreu-Nabouthini Cooperative 5. Wailevu – Ravilekaleka Cooperative, Wailevu-East, Cakaudrove	Possibility for 3 locations to form a group cooperative with total area of approx. 720 ha	Commercial Logging, Agriculture	Potential Logging income	Yes Boundary maps available	partially Potential overlap with forestry lease	Logged over (15-20 years)	Less than 500 (4 mataqali)	Village (Cogea) and Cooperative by-laws	Adventist Development and Relief Agency (ADRA) for livelihood Others: tbc
6. Nakawaga – Nabulebulewa Landowners Cooperative, Koroalau, Cakaudrove	1110.6	Commercial Logging	tbc	Yes Boundary maps available	yes	undisturbed	246 (1 mataqali)	Village (Cogea) and Cooperative by-laws	tbc
7. Nacereyaga – Nakula Cooperative Seaqaga, Macuata	370.0	Commercial Logging	Potential Logging income	Yes Boundary maps available	yes	Logged over (30 years)	14 (1 mataqali)	Village and Cooperative by-laws	HABITAT (shelter)
8. Bucalevu-Delaimariko Cooperative, Koroalau, Cakaudrove	600.0	Tbc-potentially logging and mining (mineral lease)	Potential Logging income Mining income	Yes Boundary maps available	yes	Logged over (partially)	251 (2 mataqali)	Village and Cooperative by-laws	None

Site Name/Location	Proposed Conservation Area (ha)	Threats to Forest	Barriers to forest conservation	Clear and uncontested land tenure	Forest Area can be protected	Forest Condition	Tribal Population	Local Governance	Institutional Partnership
9. Vatukuca – Vatukuca Cooperative, Vatuova, Cakaudrove	483.2	Agriculture Mining (gravel extraction)	Potential Logging and Mining income	Yes Boundary maps available	yes	Disturbed (farming)	Less than 500 (1 mataqali)	Village and Cooperative by-laws	Adventist Development and Relief Agency (ADRA) for livelihood
10. Bagata, Wainikeu Landowners Cooperative, Wailevu-East, Cakaudrove	479.1	Agriculture	Income from crop production	Yes Boundary maps available	Partially, parts already protected through hydropower lease	Partially disturbed (farming)	Tbc (2 mataqali)	Village and Cooperative by-laws	Adventist Development and Relief Agency (ADRA) for livelihood, HABITAT (shelter)
11. Navakasali-Savuinku Cooperative, Wainunu, Bua	134.1	Commercial Logging	Potential Logging income	Yes Boundary maps available	yes	Logged over (20 year), partially cleared	13 (1 mataqali)	Village and Cooperative by-laws	None
12. Nabalebale – Baleyaganikula Cooperative, Wailevu-East, Cakaudrove	400.0	tbc	tbc	Yes Boundary maps available	yes	Partially disturbed by agriculture	tbc (1 mataqali)	Village and Cooperative by-laws	Adventist Development and Relief Agency (ADRA) for livelihood, HABITAT (shelter), Conservation International (CI)
13. Nawaisomo – Mataqali Raviravi Cooperative, Wainunu, Bua	62.1	Commercial Logging (forestry lease)	Logging income from forestry lease	Yes Boundary maps available	yes	Partially disturbed by logging and agriculture	tbc (1 mataqali)	Village and Cooperative by-laws	None
14. Vanuavou – Vanuavou Cooperative, Vatuova, Cakaudrove	16.5	Agriculture	Income from Agriculture	Yes Boundary maps available	yes	Partially disturbed by agriculture	209 (1 mataqali)	Village and Cooperative by-laws	None
15. Driti – Matavo Cooperative, Dama, Bua	296.3	none	none	Yes Boundary maps available	yes	undisturbed	41 (1 mataqali)		WCS

Annex 6 – Social Interview Questions

The preliminary field assessment's key objective of the PES social research component was to assess the extent to which the two communities recommended by Live & Learn Fiji can meet the social and governance requirements of a PES project, based on Nakau's methodology. This objective was operationalised through the investigation of nine guiding questions, each with further sub-questions, as presented in the table below. The social research component was delivered through a talanoa interview approach. Data was collected using Key Informant Interviews (KIIs), conducted by Nakau with Live & Learn Fiji.

1. General questions	a. How many households are in the village? b. How many people are living in the village, or are members of the one clan? c. What is the status of the conservation lease, when did the start and when would it occur? d. Could the conservation lease go through without the carbon project? Was the carbon incentive driving the conservation lease? e. How much support do you have from the government to establish a carbon project in this area?
2. Who 'owns' the land and forest?	a. Is ownership disputed at any level? b. How is the forest currently used by the beneficiaries? c. Are there any gardens in the conservation areas? d. Why were the conservation areas selected? Can they be logged? Are they not suitable for agriculture? Where did they use in the past?
3. Who would be the beneficiaries of a potential PES scheme involving these lands?	a. Where are these beneficiaries located? b. Would the beneficiaries only be members of the primary landowning group? What about community members who hold secondary rights or use rights?
4. How should community members who are not members of the customary landowning/tribal group be involved in the PES scheme? This question should be asked on a community visit only.	a. What level of support does the PES scheme have from community members who are not part of the customary/landowning tribal group?
5. What are the existing governance arrangements in relation to land and social/economic benefits that derive from land and natural resource projects in the target community?	a. How socially inclusive are they? b. How well managed and accountable are they? c. What level of local capacity is there to manage the benefits from PES-type scheme? d. What sort of local-level dispute resolution mechanisms exist and how effective are they? e. What are the risks and opportunities in relation to existing or potential governance arrangements for a PES scheme?

	f. Are there any conflicts or disagreements among the chief systems regarding the forest use or natural resource use or boundaries? g. What are the tribal leadership views towards conservation and land use planning/area size? h. How was the land use planning done, who was involved and how were the boundaries decided?
6. What are the existing community governance arrangements for the management of the project and the distribution of benefits?	a. What governance arrangements best support social inclusivity? b. What governance arrangements best support effective management and accountability? c. How can existing local-level dispute resolution mechanisms be adapted to the PES scheme?
7. What role can local institutions play in PES project implementation?	a. What local institutions are active in the area? b. How has LLEE Fiji worked with these communities, what is the relationship and partnership structured? c. What is the capacity of local institutions to support project implementation? d. Please describe more about the conservation work with WCS and the women's work that has acquired in the village?
8. What are the aspirations of the people in the target community regarding the PES project?	a. What are the expectations from the carbon project? b. Are there concerns about the time it takes to develop a project? c. Is there an urgent need for economic and livelihood improvements? d. How would community members like income from the project to be used? Do they have any development plans already established?
9. How can the PES project support women's, vulnerable and disadvantaged groups empowerment?	a. Are there any disadvantaged and vulnerable people? b. What roles do they play in the community? c. Does empowerment of traditionality disadvantaged groups lead to conflict? d. How can the project support their involvement in community decision-making? e. How can the project support their economic empowerment?